

Important Dates

Open Date	4 April 2011
Issue Date / Strike Date	9 May 2011
Maturity Date	9 August 2012 (15 months)

Key Information

Investment Type	Each investment is a Deferred Purchase Agreement ("DPA") entered into by the Issuer and the investor.
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Issuer	UBS Investments Australia Pty Limited.
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Guarantor	UBS AG
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Reference Basket (ASX Codes)	Series 12: ANZ, CBA, NAB, QBE, WBC Series 13: AIO, ANZ, OST, RIO, STO Series 14: AIO, ANZ, BSL, FMG, QBE - each a Component Share.
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Delivery Asset	Ordinary shares in BHP Billiton Limited (BHP).
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Issue Price	\$1.00 per Unit*.
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Kick – In Price	For each Component Share, 70% of the Closing Price on the Strike Date.
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Kick In Event	A Kick-In Event shall be deemed to occur if, on the Maturity Date , the Closing Price of any of the Component Shares is equal to or less than its Kick-In Price.
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Minimum Periodic Payment Rate**	Series 12: 11.00% p.a. Series 13: 12.50% p.a. Series 14: 14.50% p.a.
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Liquidity	Weekly liquidity provided by the Issuer (at its discretion).
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Minimum Investment	\$10,000, thereafter in multiples of \$1,000.
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Fees & Commissions

Approved Adviser Upfront Fee	Up to 2.00% (inc GST) of the Total Investment Amount payable by the Issuer to advisers.
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* Unit refers to an agreement to buy a Delivery Asset between the Issuer and investor pursuant to the Deferred Purchase Agreement. Units are not units in a managed investment scheme.

** The issue will not proceed if the Periodic Payment Rate is less than the Minimum Periodic Payment Rate. As at the date of the PDS the Periodic Payment Rates for Series 12 -14 would have been 12.40% p.a., 14.40% p.a., and 17.00% p.a. respectively.

What this Rating Means

- An 'Approved' rating means the structure provides an adequate means for investors to gain exposure to the underlying investments.
- Products rated using this rating scale are either Approved or Not Approved.

Scope of this Rating

This rating is based on the structure of the Units, not an assessment of the appropriateness of the underlying shares in the Reference Basket. In addition, the rating does not consider the individual taxation position of investors, either individual or superannuation funds.

Using this Structure

This is General Advice for financial advisers only and not prospective investors. It should be read in conjunction with the Disclaimer, Disclosure and Warning on the final page and the Product Disclosure Statement dated 4 April 2011 ("PDS") prior to making a recommendation or providing advice regarding the product to a prospective investor. Capitalised terms used in this report and not defined have the meaning given to them in the PDS.

Lonsec views this product as an Australian Equities exposure with an income focus and appropriate for some Balanced and Growth investors. Investors should be comfortable with current stock prices for the relevant Series and be willing to incur any losses associated with a fall to or below the Kick-In Price at Maturity. An investment in the Units may suit:

- Investors who believe the market (or more specifically the Component Shares for the relevant Series) will move sideways over the investment term or fall less than 30% from the Issue Date to the Maturity Date.
- Investors seeking a quarterly fixed payment over the short term.
- Investors who are prepared to have their capital at risk.
- Investors who believe the total return (dividends plus capital growth) on the Reference Basket for the relevant Series will not be higher than the Minimum Periodic Payment Rate.

Product Risk Characteristics

	Low	Moderate	High
Leverage	▲		
Liquidity Risk	▲		
Concentration			▲
Counterparty	▲		
Volatility			▲

Risk categories are based on Lonsec's qualitative opinion of the risks inherent in the product's asset class and the risks relative to other products in the relevant Lonsec sector universe.

Lonsec Opinion of this Structure

- The Units are deferred purchase agreements (DPAs) which pay a quarterly Periodic Payment and have a Final Value at Maturity linked to the performance of the five ASX listed Component Shares for the relevant Series. Investors are able to choose from 3 Series with different Reference Baskets, which have different Periodic Payment Rates that vary directly with the volatility of the Reference Baskets.
- The product is designed to take advantage of the high levels of volatility currently being experienced in financial markets. The premium received from the sale of options embedded in the structure provides the basis of the Periodic Payment Rate. Investors in this structure should have strong expectations about the share price movements of the Component Shares for the relevant Series over the investment term as the Final Value at Maturity is determined by the performance of these Component Shares. Investors should be comfortable with the downside risk of the Closing Price of any Component Share in the relevant Series falling below its Kick-In Price at the Maturity Date. In this case investors are exposed to the performance of the lowest performing Component Share in the Reference Basket for the Series. In a worst case scenario, where Closing Price of any Component Share in a Series falls to zero at the Maturity Date, the Final Value per Unit for that Series will equal zero and investors would lose their invested capital.
- Investors should note that the upside of the product is capped at the Periodic Payment Rate for the relevant Series and is therefore likely to underperform strongly upward trending markets. Investors can mitigate the opportunity cost of holding the product in such a market by utilising the liquidity facility (which is at the discretion of the Issuer) and selling prior to Maturity.
- The Periodic Payment Rates for each Series outlined in the PDS are dependent on a number of variables including the price, dividend yield and volatility of the Component Shares for the Series, the correlation between the Component Shares for the Series, interest rates and the Issuer Credit Margin (which may also be affected by the creditworthiness of UBS AG) up to the Issue Date. There is a Minimum Periodic Payment Rate that must be achieved before the issue will proceed. Lonsec believes this is prudent given the current volatile market conditions.
- Whilst Fees & Commissions are clearly outlined in the PDS, fees paid to the Issuer are not transparent. The pricing of the options embedded in the structure are not set until the Issue Date and the many variables affecting the pricing are subject to change.

Issuer Profile

The Issuer of UBS Goals+ - Series 12-14 is UBS Investments Australia Pty Limited. The Issuer is an Australian private company and a wholly owned subsidiary of UBS AG. The Issuer is a thinly

capitalised entity and it is not an Authorised Deposit-Taking Institution under the Banking Act 1959 (Cth).

The obligations of the Issuer are unsecured obligations which rank equally with all of its other unsecured obligations. However, the Issuer's obligations in respect of the Units are guaranteed by the Guarantor (UBS AG) subject to certain qualifications. The issuer will provide a copy, free of charge, of the latest available annual financial report for the Guarantor upon request.

UBS AG was formed on 29 June 1998 from the merger of Swiss Bank Corporation and Union Bank of Switzerland.

The issue of the PDS in Australia is arranged by UBS Securities Australia Limited pursuant to an intermediary authorisation for the purposes of section 911A2(b) of the Corporations Act. UBS Securities Australia Limited is an Australian unlisted public company and also a wholly owned subsidiary of UBS AG.

UBS Securities Australia Limited's latest available annual financial report can be downloaded from www.ubs.com/equitysolutions.

How Does the Structure Work?

Investors enter into a deferred purchase agreement (DPA) with the Issuer, which pays a quarterly fixed Periodic Payment and a Final Value at Maturity linked to the Closing Price of the Component Shares on the Maturity Date.

Each Series of Goals+ references an underlying asset or basket of assets and has a Minimum Fixed Periodic Payment Rate, with the final Periodic Payment Rate set on the Strike Date. It should be noted investors do not receive the dividends on the Component Shares in the Reference Basket.

Details of Series 12 - 14 are:

Series 12		Series 13		Series 14	
Min Rate	Rate at PDS date	Min Rate	Rate at PDS date	Min Rate	Rate at PDS date
11.00% p.a.	12.40% p.a.	12.50% p.a.	14.40% p.a.	14.50% p.a.	17.00% p.a.
	ANZ		AIO		AIO
	CBA		ANZ		ANZ
	NAB		OST		BSL
	QBE		RIO		FMG
	WBC		STO		QBE

Investor returns are made up of two components:

- **Quarterly fixed Periodic Payments** paid regardless of the performance of the Component Shares. Equal to (Periodic Payment Rate / 4) x Issue Price.
- **A Final Value per Unit** which is dependent on the performance of the Component Shares at the Maturity Date.

The Final Value per Unit is calculated as follows:

- If the Closing Price of all Component Shares are above its the Kick-In Price on the Maturity Date, the Final Value per Unit will be the Issue Price of \$1.00.
- If the Closing Price of one or more of the Component Shares is at or below its Kick-In Price on the Maturity Date (a Kick-In Event has occurred), the Final Value per Unit will be:

\$1 x (Closing Price on Maturity Date of lowest performing Component Share / Closing Price of lowest performing Component Share on Strike Date)

The examples below are hypothetical only and are not intended to indicate the anticipated future performance of any Component Share or an investment in the Units.

1) No Component Share Closing Price is at or below the Kick-In Price at the Maturity Date.

Component Share	Closing Price on Strike Date	Kick-In Price	Closing Price on Maturity Date
AIO	\$1.80	\$1.26	\$2.00
ANZ	\$24.00	\$16.80	\$20.00
OST	\$2.50	\$1.75	\$3.00
RIO	\$85.00	\$59.50	\$80.00
STO	\$16.00	\$11.20	\$17.00

Investors receive the quarterly Periodic Payment over the investment term, plus a Final Value per Unit of \$1.00.

2) One or more of the Component Share Closing Prices is below its Kick-In Price at the Maturity Date.

Component Share	Closing Price on Strike Date	Kick-In Price	Closing Price on Maturity Date
AIO	\$1.80	\$1.26	\$1.00
ANZ	\$24.00	\$16.80	\$22.00
OST	\$2.50	\$1.75	\$5.80
RIO	\$85.00	\$59.50	\$34.00
STO	\$16.00	\$11.20	\$67.00

Investors receive the quarterly Periodic Payment over the investment term, plus a Final Value per Unit of \$0.5555 (based on the lowest performing Component Share, being AIO, given the share price having fallen by 44.44%).

In a worst case scenario, where **any one** of the Component Shares Closing Prices falls to zero at the Maturity Date, investors would only receive the quarterly Periodic Payment, with the Final Value per Unit equal to zero.

Liquidity

The Issuer will provide a weekly Buy-Back facility. The Buy-Back Price the Issuer pays may be below the initial Purchase Price of the investment and the Issuer can cease to buy-back Units at any time in its discretion.

What Happens at Maturity?

Investors choose one of the two options:

- Accept physical delivery of the Delivery Asset; or
- Instruct the Issuer to sell the Delivery Asset on their behalf under the Agency Sale Arrangement and receive the Sale Proceeds.

The value of the Delivery Assets received will equate to the Final Value of the Units at Maturity. The Sale Proceeds will be net of any Costs and Taxes.

Risks

An investment in the UBS Goals+ carries a number of standard investment risks associated with investment markets. These include performance, market value, counterparty, tax, change of terms, liquidity and substitution risks. These and other risks are outlined in further detail in Section 8 of the PDS and should be read in full and understood by financial adviser and potential investors. Lonsec considers the following to be the major risks:

- **Performance risk** – The performance of the Component Shares in the Reference Basket is the key component of Unit returns. There is no guarantee the Component Shares will fall in value by less than required for a Kick-In Event to occur. If a Kick-In Event occurs, the Final Value per Unit will be less than \$0.70 and may be zero.
- **Market value risk** – The market value of Units may fluctuate due to several factors including the price, dividend yield and volatility of the Component Shares, interest rates, the UBS Credit Margin, time to Maturity and whether a Kick-In Event has occurred.
- **Counterparty risk** – Investors are exposed to the creditworthiness of the Issuer, as the product returns are dependent on the Issuer performing its obligations under the Terms. The obligations of the Issuer are unsecured obligations which rank equally with all of its other unsecured obligations. However, the Issuer's obligations in respect of the Units are guaranteed by the Guarantor (UBS AG) subject to certain qualifications.
- **Tax risk** – The expected tax implications of investing in Goals+ may change as a result of changes in tax laws or interpretations by the Australian Tax Office.
- **Change of Terms by the Issuer** – the Issuer has wide powers to adjust the Terms of the Units. This includes powers to bring the Maturity Date forward or vary or make adjustments to the Terms of the Units on the occurrence of certain events such as mergers,

price source disruption, trading suspensions and other events as outlined in the PDS.

- **Early Maturity Value and Buy-Back Price risk** – If the Units are subject to Early Maturity or if an investor requests a Buy-Back, the Early Maturity Value or Buy-Back Price of the Units may be less than the Issue Price.
- **Liquidity risks** – The Issuer has stated that they intend to provide investors with liquidity. However, the Issuer is not required to carry out any Buy-Back and may stop offering the service at any time.
- **Substitution risk** – The Issuer may substitute the Delivery Asset for any other security quoted and traded on the ASX (that is in the S&P/ASX200 Index) if it determines that it is not possible using commercially reasonable efforts to obtain or transfer one or more of the intended delivery assets.

Taxation

Investors and their advisers are advised to refer to the Taxation Summary (Section 11) of the PDS which has been prepared by Clayton Utz solicitors.

Lonsec advises potential investors to consult a taxation specialist before making a decision to invest based upon these taxation considerations. Investors should refer to Section 11 of the PDS.

Contact Information

Further information can be found by contacting UBS:

General number for enquiries: 1800 633 100

Website: www.ubs.com/equitysolutions

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Date Prepared: April 2011
Analyst: Michael Elsworth
Release Authorised by: Grant Kennaway

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