

Global family businesses

Families - a **success factor and return generator**

UBS Certificate linked to the Solactive Global Family Owned Companies Index

Model for success

Many internationally successful companies are run by dedicated families that want to pass on a prosperous business to future generations. A recent UBS Global Research study shows that family-controlled companies have better long-term performance and profitability¹. The experts also discovered that share prices for family-owned companies were less volatile than their peers in global large cap indexes.

Unearthing the secret to their success

UBS Global Research believes that more efficient governance and disciplined cost management are the main reasons why family-controlled companies outperform their peers. They are managed for the long-term, and not optimized to meet certain quarterly targets. Rigorous succession planning also plays a big role. The world's 50 largest family-owned companies are being run by the fourth generation on average. That builds trust for the future.

Quiet champions in one package

The University of St. Gallen is also deeply interested in this subject. It even maintains a research and education centre on family businesses. Together with the consulting firm Ernst & Young, the St. Gallen researchers have launched the Global Family Business Index comprising the world's 50 largest family-owned companies by sales. Listed and unlisted companies are treated differently, however. Listed companies only count as family-owned if one family holds at least 32 percent of their voting rights. In Switzerland, that criterion holds true for example for pharmaceutical giant Roche, logistics specialist Kühne + Nagel, Sika AG and the Schindler Holding industrial group. There are large family-owned multinationals in other countries as well. They include Beiersdorf, Continental and Henkel in Germany, Inditex in Spain, and Ford Motor, Marriott International and Wal-Mart in the US.

Ingenious index design

A multi-generational planning horizon should be particularly attractive to long-term investors. The only question is how to gain exposure. To meet this need, index provider Solactive launched the Solactive Global Family Owned Companies Index in September 2015.



UBS Certificate linked to the Solactive Global Family Owned Companies Index

Currency	ISIN	Alpha Code
ZAR	ZAE000302154	UBFAMU

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The equity universe consists of the Global Family Business Index, which comprises the world's 50 largest family-owned companies by sales. Equities are only included in the index if they pass a systematic selection process. For example, when they are added to the index, they must have a minimum market capitalisation of 1 billion USD and a minimum average daily trading volume of 10 million USD for the past three months. The index contains the 50 companies with the lowest 12-month volatility whereas each stock initially has a maximum weighting of 5%. The index members are weighted quarterly in January, April, July and October based on their inverse 12-month volatility. The US is the largest region in the index at 46.5%.

The index gives investors the opportunity to gain broadly diversified exposure to families as a success factor. The index's composition is dynamic and adapts to market events. Every April, Solactive AG reviews the Solactive Global Family Owned Companies Index, checking its composition and adjusting it as needed.

The product solution

UBS Certificate linked to the Solactive Global Family Owned Companies Index mirrors the performance of the underlying index, which reinvests any net dividends paid to the index members.

Opportunities

- Equity-linked exposure to potential gains in the share prices of international family-run companies.
- Highly regarded University of St. Gallen provides the underlying universe.
- Designed, composed and calculated by Solactive AG, an experienced index provider.
- Index uses lowest volatility design.
- 50 index members ensure broad diversification.
- Tradable every trading day under normal trading conditions.

Risks

- No capital protection: investors run the risk of losing their investment if the price of the underlying index worsens.
- Investors bear the issuer risk and could lose their investment if the issuer files for bankruptcy.
- The issuer intends to ensure liquidity in normal market phases on trading days. However, investors should realise that they may not be able to buy / sell the product at any point in time.
- As the stocks included in the index may be listed in different currencies and the product does not have any currency hedges, the investor may also be exposed to an exchange rate risk, which may adversely affect the value of the product.
- The issuer has the right to terminate the product if certain conditions are met.

UBS Certificate linked to the Solactive Global Family Owned Companies Index

Underlying	Solactive Global Family Owned Companies NTR Index
ISIN	ZAE000302154
UBS AG credit rating	S&P A+ Moody's Aa3 Fitch A+
Primary exchange	Johannesburg Stock Exchange
Management fee	0.40% p.a.
Issue date	06 September 2021
Maturity date	08 September 2026
Issue price	ZAR 100.00
Settlement currency	ZAR
Alpha Code	UBFAMU

Investor profile

Solutions for investors with experience in stock market topics and structured products and with a medium to increased risk tolerance who would like to participate in the performance of the equities included in the index at little capital and administrative expense.

The product documentation, i.e. the applicable pricing supplement and termsheet can be found on [keyinvest-za.ubs.com](https://keyinvest.za.ubs.com)

Further information about the Index and the methodology used to compute the level of the Index is available at the website of the index calculator.

¹UBS Global Research, Q-Series - Why do Family-Controlled Public Companies Outperform? The Value of Disciplined Governance, 2015.

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UBS AG, London Branch

5 Broadgate
London, EC2M 2QS

UBS South Africa (Pty) Ltd

8th Floor South Wing
144 Oxford Road
Johannesburg, 2196

keyinvestza@ubs.com
ubs.com/keyinvest
+27 11 322 7129 / 7317*

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