Yield Enhancement Strategy

Portfolio Management Program

Matthew Buchsbaum - *Managing Director, Senior Portfolio Manager*
Scott Rosenberg - *Managing Director, Senior Portfolio Manager*
Sonia Attkiss - *Managing Director*
Gerard Costello - *Managing Director*
UBS Private Wealth Management
UBS Financial Services Inc.
299 Park Avenue, 25th Floor
New York, NY 10171
Phone: 844-229-0886

This presentation cannot be presented or distributed without the accompaniment of the Options Disclosure Document (ODD).

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YES Overview

Strategy Overview

- The Yield Enhancement Strategy ("YES Strategy") is an investment strategy that can be utilized within the Portfolio Management Program (PMP) to seek to generate returns through the strategic sale and purchase of SPX index option spreads. YES returns are incremental to the underlying asset returns and offer clients a way to potentially generate additional cash flow from lower yielding assets.
- Accomplished by selling short term out-of-the-money European style puts and calls on the S&P 500 Index. To help mitigate downside and upside market exposure short term below-market puts and above-market calls options are purchased with the same duration as the puts and calls sold.
- The YES Strategy does not employ a static model. The YES Strategy is actively managed by the YES Team. Specifically, positions may be adjusted, at the YES Team's discretion, for various reasons which may include seeking to generate income, or provide additional protection. Positions may be adjusted depending on a variety of factors including, but not limited to changes in the price of the S&P 500 index, option implied volatility, time, and changes in interest rates.
- The strategy may also engage in other option strategies, including long calls, long puts, call spreads, put spreads and combinations of options with limited risk. While these strategies may add an element of directionality to the portfolio, the maximum loss is defined and limited to the premium paid.
- YES seeks to provide an additional source of income to portfolios when markets are flat, trending higher or trending lower.
- The execution of the strategy is transparent, and each client has his/her own account (accounts are not comingled).
- The YES strategy is offered through the firm's PMP Program which is a fee-based investment advisory program. The fees charged will have a direct impact on performance. Unlike traditional managed accounts, the billing is not based on the assets under management. The fee is calculated as a percentage of the "Mandate" amount. The Mandate is an amount, agreed upon with the client, representing the amount of collateral they are willing to commit to the strategy. The collateral may be held in either a brokerage account, Advisory account, or combination of brokerage and Advisory accounts. The fee in this strategy is based on the entire Mandate amount, and remains unchanged regardless of the actual dollar value or notional amount of options invested in the YES Strategy account. In other words, the client is billed on the full Mandate amount, even if the options reference a smaller notional amount.
- Other option overlay strategies from other portfolio managers are available at UBS. Please consult your Financial Advisor, as well as the Option Overlay Marketing Material provided to you, for more information.

About the UBS Portfolio Management Program (PMP)

Keeping abreast of the ever-changing global economy and world capital markets is more than a full-time job, particularly in the current environment. Few individual investors have the time, technical expertise or analytical resources to stay on top of a portfolio of investments.

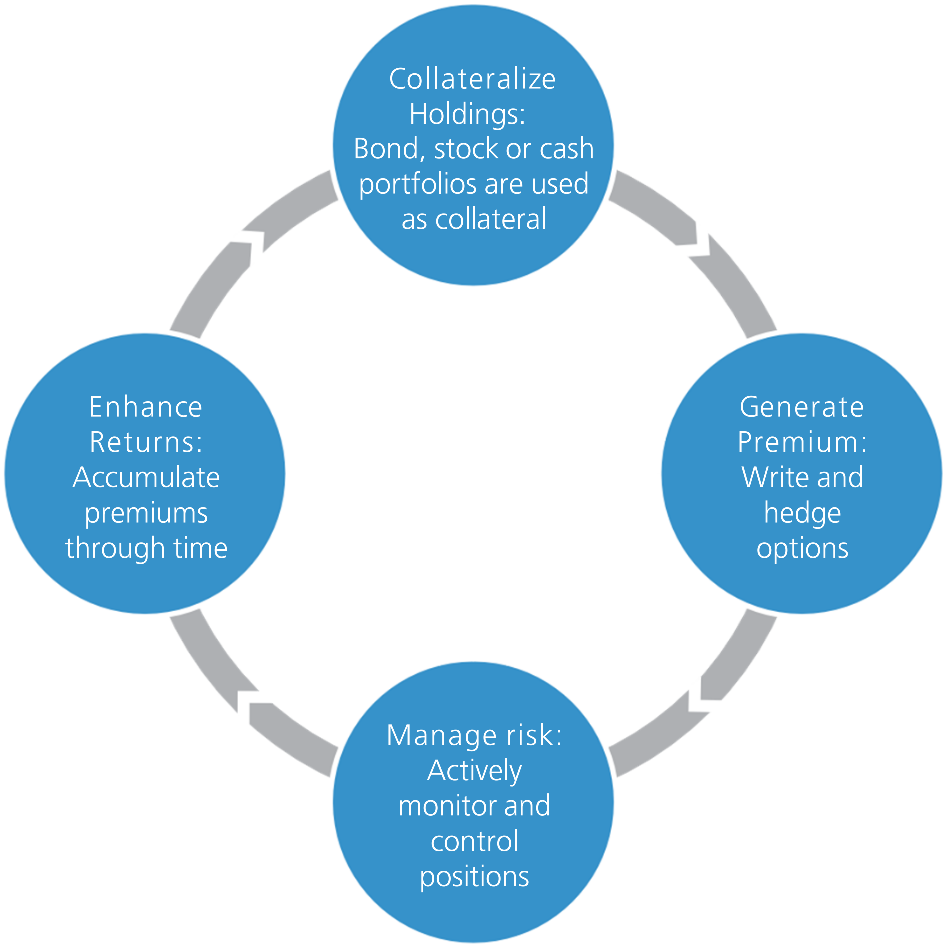
For clients who prefer to delegate the day-to-day management of their assets to a Financial Advisor, UBS offers a personalized investment service, backed by the Firm's extensive global resources.

PMP clients establish a one-on-one relationship with their personal portfolio manager, who is experienced in designing and executing customized investment strategies.

Yield Enhancement Strategy Description

Option Strategy Highlights

- Actively managed investment strategy
- Uses existing bond portfolio, stock portfolio, or concentrated stock position as collateral to help generate incremental yield
- Implemented through strategic sale and purchase of out-of-the-money European-Style S&P 500 index options
- Call and put protection seeks to limit exposure to significant upside or downside market moves
- In addition to the iron condor strategy, the other trading strategies may result in realizing additional losses
- Please review the risks and considerations section on pages 4-5



Main Features

Full Transparency	• Individual client account trade execution and holdings create full transparency
Liquidity	• Exchange-traded S&P options are highly liquid for maximum flexibility • Index options settle for cash rather than an underlying equity position
Tax Efficiency*	• Index options may offer favorable tax treatment • 40% of the gains are considered short-term gains and 60% are considered long-term capital gains Please consult your personal tax advisor
Diversification	• Because the YES Strategy has limited correlation with the market or a single stock position, the YES Strategy may provide portfolio diversification
Upside & Downside Protection	• We prepare for unexpectedly volatile market conditions by purchasing both out-of-the-money call and put protection financed by premium generated from the sale of options

*UBS Financial Services Inc., its affiliates and its employees are not in the business of providing tax or legal advice. Clients should seek advice based on their particular circumstances from an independent tax or legal advisor.

Considerations and Risks

Strategy Risks

- Significant market moves either up or down may result in losses.
- Selling options involves a high degree of risk and is not suitable for all investors. Suitability requirements include financial sophistication and the ability to withstand losses.
- During periods of high volatility positions may be adjusted, at our discretion, to seek to provide additional protection or to increase returns. This could potentially result in the realization of additional losses.
- In addition to the iron condor strategy, the other trading strategies may result in realizing additional losses.

Key Person Risk

The YES Strategy is managed by Matthew Buchsbaum and his team. The portfolio management of the strategy is dependent on Mr. Buchsbaum's skills and ability. If Mr. Buchsbaum is no longer able to fulfill his obligations to the Strategy, the performance of the Strategy could suffer and UBS in its sole discretion could decide to terminate the Strategy, which could cause investors to incur losses during the Strategy's unwinding. This activity could potentially result in tax consequences.

Portfolio Leverage

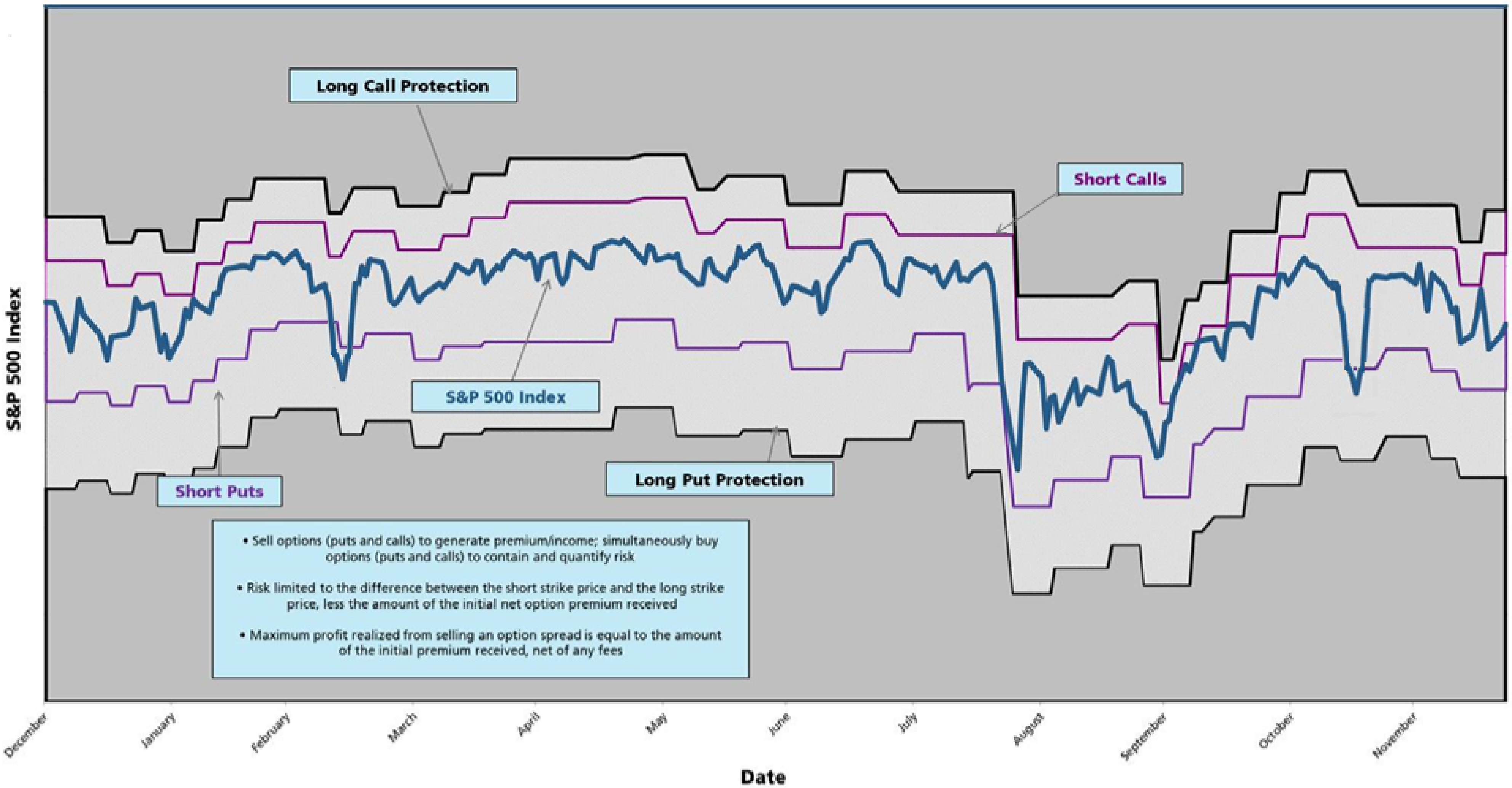
In order to establish a YES account, the cash securities used as collateral to support the Mandate must be held in a margin account. The margin release from these securities is used to meet the margin requirements of the option positions held in the YES account. Using the margin release of securities in order to enter into the options positions for the YES strategy results in leverage. The maximum losses incurred can be significantly higher than the premiums received. Clients may be required to contribute additional cash or securities as collateral to support the mandate. In addition, it is possible that the investment advisory fee a client pays for this strategy or any losses resulting from this strategy could potentially cause a margin debit to occur. Carrying a margin debit will cause margin interest to be charged. The interest rate charged on any negative balances (margin loans) may exceed the rate of return on accounts the client uses as collateral.

Considerations and Risks

Index Options Risks

- Cash-settled index options do not relate to a particular number of shares. Rather, the underlying instrument of an index option is usually the value of the underlying index of stocks times a multiplier, which is generally $100.
- Purchasing an index option does not give the investor the right to purchase or sell all of the stocks that are contained in the underlying index. Because an index is simply an intangible, representative number, the investor might view the purchase of an index option as buying a value that changes over time as market sentiment and prices fluctuate.
- Selling options involves a high degree of risk and is not suitable for all investors. Suitability requirements include financial sophistication and the ability to withstand losses.
- During periods of high volatility, positions may be adjusted, at our discretion, to seek to provide additional protection or to increase returns. This could potentially result in the realization of additional losses.
- An SPX European-style option is one that can only be exercised by its holder during a specified period of time prior to its expiration, and this period may vary with different classes of index options. The writer of a European-style option can be assigned only during this same period.
- S&P 500 Index Options (SPX) have both AM & PM exercise settlement styles depending on the specific expiration date. PM settlement - Exercise settlement values are based on the reported level of the index calculated with the last reported prices of the index's component stocks at the close of market hours on the day of exercise. AM settlement - Exercise settlement values are based on the reported level of the index calculated with the opening prices of the index's component stocks on the day of exercise.
- The value of every index underlying an option, including the exercise settlement value, is the value of the index as determined by the reporting authority designated by the market where the option is traded. Unless the Options Clearing Corporation (OCC) directs otherwise, the value determined by the reporting authority is conclusively presumed to be accurate and deemed to be final for the purpose of calculating the exercise settlement amount.
- Writers of cash-settled index call options cannot provide in advance for their potential settlement obligations by acquiring and holding the underlying interest. All settlement obligations settle for cash.
- Cash-settled index options whose exercise settlement values are based on the opening prices of the constituent securities are not traded on the last scheduled trading day for those securities prior to the option expiration date. An option holder will be able to realize value from his option on that day only if the option is in the money and is exercised. A writer of this type of option who has not previously closed out his position will be unable to do so on that last trading day for the constituent securities and will be at risk of being assigned an exercise.

Conceptual Illustration of Iron Condor Strategy



The Iron Condor is generally considered a combination of two vertical spreads – a bear call spread and a bull put spread. An iron condor has four different options contracts, each with the same expiration date and different exercise prices. In addition to the iron condor strategy, other trading strategies may be used.

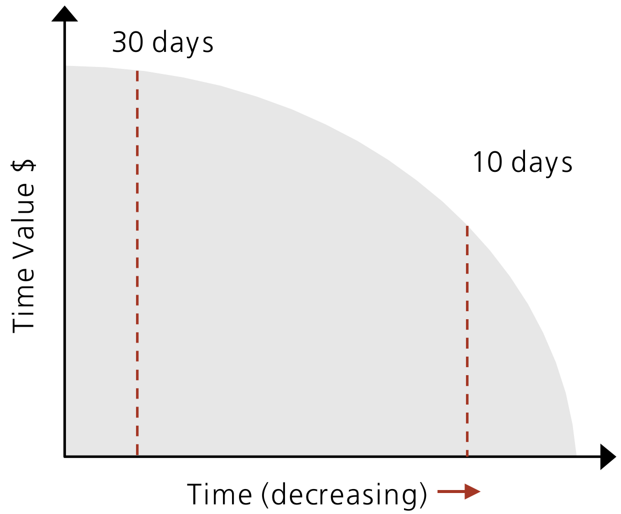
This Chart is for Illustrative Purposes Only to explain how the purchases and sales for the options occur and is not a representation of an actual account or index information.

Erosion of Time Premium

The strategy seeks to generate additional income through erosion of time premiums ("time decay")

Erosion of Time Premium ("Time Decay")
In simple terms an option premium is composed of intrinsic + time premium. An options time premium 'decays' in value as we get closer to the expiration. The key point is that this decay isn't linear – it doesn't erode at an equal increment per day as expiration approaches. Rather an option's premium decay accelerates as expiration approaches. This is why the time premium graph makes a sharp drop in the last 30 days of an options life. Theta is an important part of an options pricing model like Black Scholes. It is something that can be measured and quantified given the volatility, strike, price, & time until expiration.

Time Decay



Option Value = Intrinsic Value + Time Premium

- Intrinsic Value: Out-of-the-money options have an intrinsic value of 0
- Time Premium: Decreases with time*

*The value of an option is a function of the underlying stock price, option strike price, option expiration date, volatility, and risk-free rate. In the example, it is assumed that all variables, except for time, are held constant.

Historical Implied Volatility Premiums

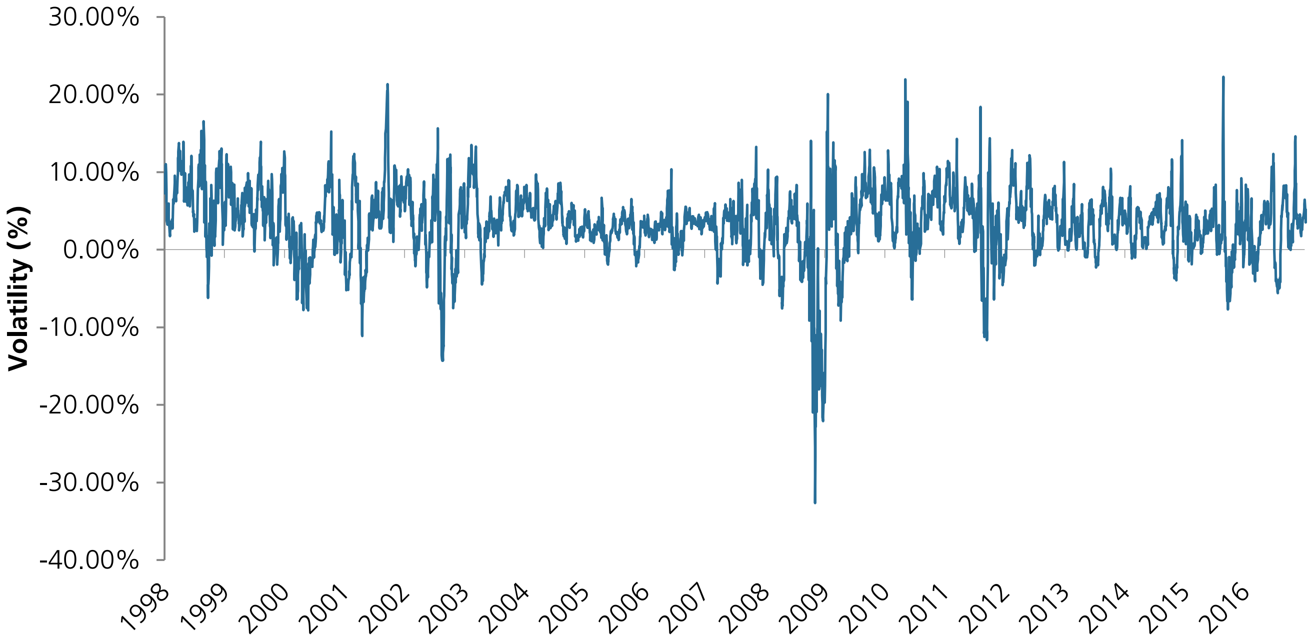
We *sell calls and puts* on the S&P 500 Index to *take advantage of the volatility premiums*—the persistent *premium of index implied volatility* relative to ensuing realized volatility—in option pricing. The historical implied volatility premium on the S&P 500 (1 month) from 1998 to 2016 averaged **3.38%***.

Implied Volatility is that value of the volatility of the underlying instrument which, when input in an option pricing model (such as Black–Scholes) will return a theoretical value equal to the current market price of the option.

Realized Volatility (sometimes referred to as historical volatility) is a measure of a security's stability over a given period of time. While there are various ways to calculate it, the most common way is to compute the average deviation from the average price over the period of time one wishes to measure.

While the implied volatility refers to the market's assessment of future volatility, the realized volatility measures what actually happened in the past.

Implied Volatility Premium (1998 – 2016)
(Implied Volatility Minus Realized Volatility)



Source: Bloomberg 2017

*Computed by averaging the difference between the 1-month implied and realized volatility on the S&P 500 Index with strike set to 100. Past volatility is not an indicator of future volatility.

The average volatility premium shown is not indicative of the average volatility of the options strategy being presented.
For Illustrative Purposes Only
Supporting documentation will be supplied upon request.

UBS

YES Sensitivity to Equity Market Performance

YES Sensitivity Under Different Equity Market Conditions

	Sharp Downward Move	Trending Down	Flat	Trending Up	Sharp Upward Move
YES	↓	↑↑	↑↑	↑↑	↓
Stock Portfolio	↓↓	↓	↔	↑	↑↑
Bond Portfolio	↑↑	↑	↔	↓	↓↓
Covered Call	↓↓	↔ / ↓	↑	↔ / ↑	↑

- Yield Enhancement Strategy is more likely to perform well in trending or flat markets.

For Illustrative Purposes Only and not a representation of an actual account

Explanation of Symbols and Phrases

In reference to previous slide's chart

↑↑ Scenario most likely for portfolio / strategy to generate positive return

↑ Scenario likely for portfolio / strategy to generate positive return

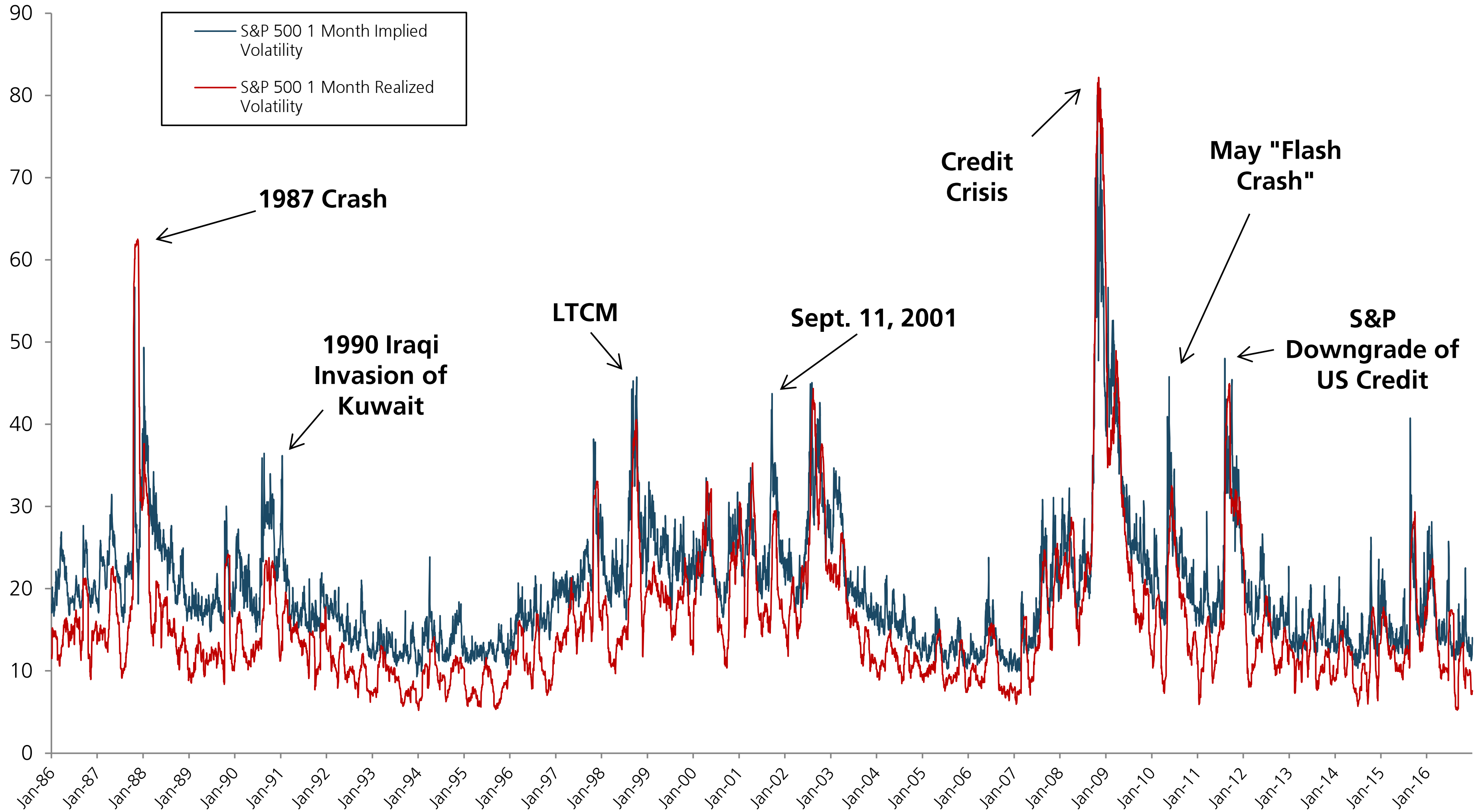
↔ Scenario for portfolio / strategy to generate minimal positive / negative return

↓ Scenario likely for portfolio / strategy to generate negative return

↓↓ Scenario most likely for portfolio / strategy to generate negative return

- Sharp Downward Move: More than -5% over a week
- Trending Down: Between -1% and -4% over 30 days
- Flat: Between -1% and 1% over 30 days
- Trending Up: Between 1% and 4% over 30 days
- Sharp Upward Move: More than 5% over a week

S&P 500 Implied vs. Realized Volatility: 1986 – 2016



Source: CBOE, Bloomberg 2017

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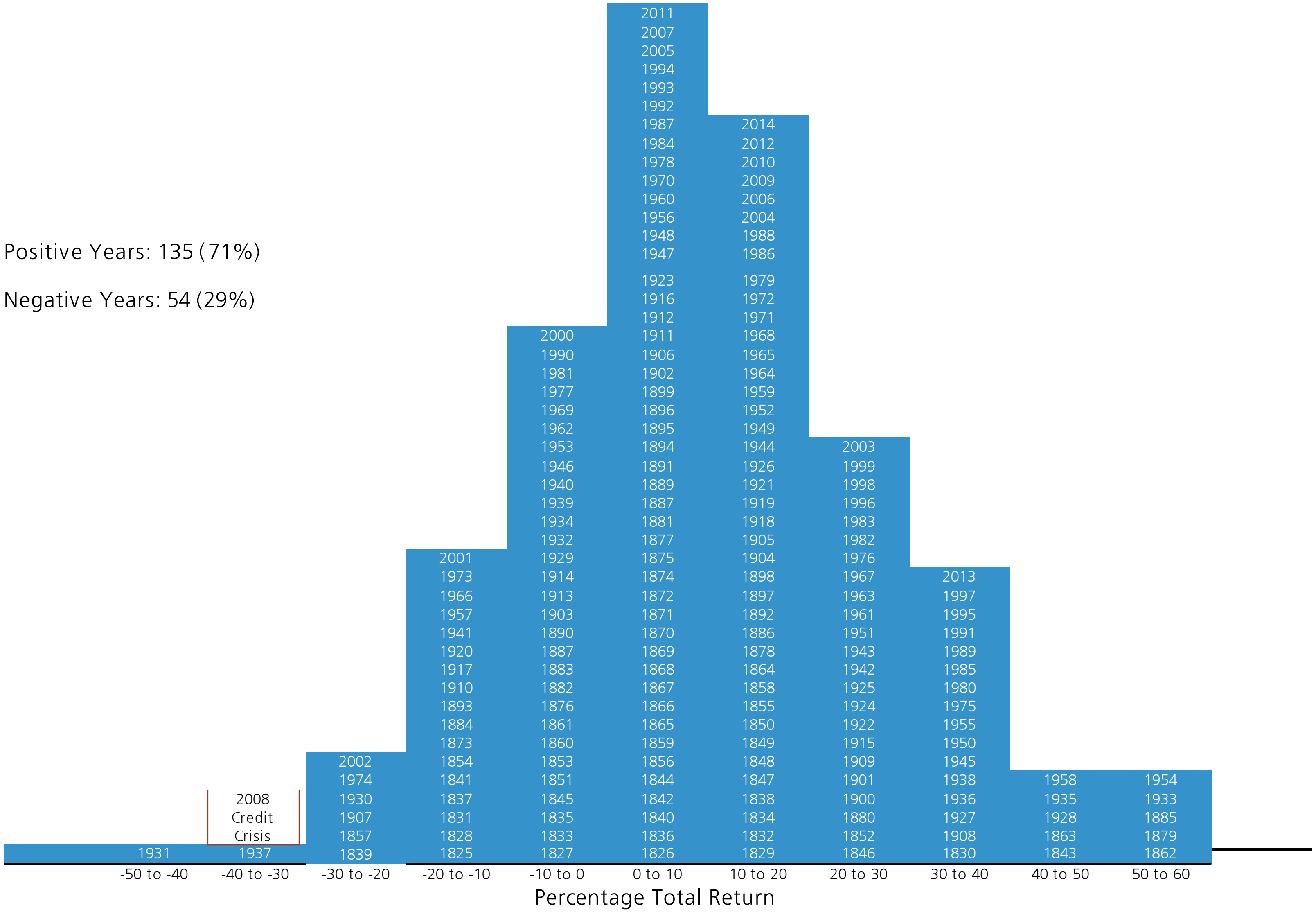
S&P 500 Historical Returns Distribution



Source: Value Square Asset Management, Yale University.

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Index vs. Single Stock Options

Unlike single stock options, S&P options are not

- As price sensitive to corporate takeovers, earnings shortfalls, or other company specific exogenous events (accounting issues, options scandals, etc.)
- Subject to early call away risk. Index options are European-style, which settle for cash (exercisable at expiration date only) not American-style (can be exercised at any time up to the expiration date)

S&P Options are

- Impacted by market events, including individual company events that create market events
- Index options may offer favorable tax treatment (60% of gains considered long term capital gains, 40% considered short term gains)[1]

[1] Broad-based index options may be considered Section 1256 contracts subject to a special 60% long-term – 40% short-term allocation for purposes regardless of holding period. Consult with your tax advisor.

Meet Our Team

Matthew S. Buchsbaum
Managing Director - Wealth Management, UBS Private Wealth Management

Prior to joining UBS, Matt spent 16 years at Credit Suisse. Matt has spent over 20 years focused on providing sophisticated stock and option trading strategies to high net worth individuals and family offices. In this capacity, Matt has developed, and is lead portfolio manager of, the team's proprietary options strategy designed specifically to help enhance the yield from a client's stock or bond portfolio and provide clients with differentiated returns. Matt also has experience in the equity and fixed-income markets. Matt received his B.S. degree in business from Skidmore College in 1987.

Scott M. Rosenberg
Managing Director - Wealth Management, UBS Private Wealth Management

Scott has been co-manager of the team's Yield Enhancement Strategy focusing on risk monitoring and strategy development. Scott has been trading options and using option strategies since 1997. Specifically, Scott has worked with clients to identify ways to help maximize portfolio return and efficiency using options and proprietary equity strategies. Prior to joining UBS, Scott spent 17 years at Credit Suisse. Prior hereto, he was a practicing attorney with two major New York law firms, however, does not perform this function at UBS. Scott holds a M.B.A. from the Wharton School of Business, University of Pennsylvania, a J.D. from Georgetown University and a B.A. from the University of Michigan.

Gerard J. Costello
Managing Director - Wealth Management, UBS Private Wealth Management

Since 1999, Jerry has advised clients on the use of alternative investment strategies. Prior to joining UBS, Jerry spent 15 years at Credit Suisse. Prior to that he was a practicing attorney at the law firms of Cahill Gordon & Reindel and Tenzer Greenblatt specializing in securities litigation, however, does not perform this function at UBS. Jerry received his B.A. from Washington & Lee University, his J.D. from New York Law School and his M.B.A. from the Stern School of Business, New York University. At NYLS, Jerry was awarded the Joseph T. Arenson Award for Excellence in Wills & Decedent's Estates.

Yield Enhancement Management Team

Michael Lorenzo
Director - Wealth Management, Senior Wealth Strategy Associate, UBS Private Wealth Management

Prior to joining UBS, Michael spent 12 years at Credit Suisse as an equity and options trading specialist for the Private Bank. Michael has developed an expertise for managing equity risk through the use of options. Since 2006, Michael has been the assistant portfolio manager and co-head of trading for the Yield Enhancement Strategy. Michael graduated with a B.S. in Finance from Sacred Heart University.

Sonia M. Attkiss
Managing Director - Wealth Management, UBS Private Wealth Management

Prior to joining UBS, Sonia spent 17 years at Credit Suisse working extensively with sophisticated clients in the private bank. Sonia has been instrumental in helping oversee the risk monitoring of the Yield Enhancement Strategy and the management of the business aspects of the Yield Enhancement Strategy. Sonia received her B.A. from Harvard University and her M.B.A. from Haas School of Business at University of California, Berkeley.

Definitions

- Realized return: The growth of a dollar over time, including only realized gains and losses.
- Marginal return: The change in account value from month to month, including unrealized and realized gains and losses.
- Annualized volatility: The standard deviation of monthly returns converted into an annual figure, providing a proxy for volatility. Lower volatility indicates that returns are more tightly centered on the average.
- Beta: A measure of systematic risk to which a portfolio is exposed in relation to the market. A smaller magnitude beta indicates that the strategy has lower correlation to market movements.
- Sharpe Ratio: A risk-adjusted performance measure. In other words, the compensation for an extra unit of risk. The greater the Sharpe ratio, the better the risk-adjusted performance has been.
- Jensen's Alpha: A risk-adjusted measure of performance that indicates how much excess return (in relation to the average expected return from the CAPM), a portfolio has earned, given its beta and the average market return. A positive alpha indicates that the portfolio is earning returns in excess of its intrinsic risk. In other words, it indicates that a portfolio has "beat the market."
- S&P 500 Index: A market-value-weighted index of 500 stocks that are traded on the NYSE, AMEX, and NASDAQ. The weightings make each company's influence on the Index performance directly proportional to that company's market value. The S&P 500 total returns were used for comparison against the YES strategy.
- Barclays Capital U.S. Aggregate Bond Index: (Formerly known as the Lehman Aggregate Bond Index) An index composed of securities from Barclays Government/Corporate Bond Index, Mortgage-Backed Securities Index, and the Asset-Backed Securities Index. Total return comprises price appreciation/depreciation and income as a percentage of the original investment. Indexes are rebalanced monthly by market capitalization.

Important disclaimers

Important information about advisory & brokerage services

All investments carry risk of loss and certain investments are considered speculative and involve significant risks. Performance is not guaranteed.
PMP is a wrap fee advisory program in which our Financial Advisors manage client accounts on a discretionary basis. PMP is designed for clients who (i) want to delegate portfolio management discretion to their Financial Advisor; (ii) are looking to implement a medium to long-term investment plan; and (iii) prefer the consistency of fee-based pricing.

PMP is not appropriate for clients who: (i) want to maintain trading control over their account; (ii) seek a short-term investment; (iii) want to maintain consistently high levels of cash, money market funds, or invest primarily in no-load mutual funds; (iv) want to maintain highly concentrated positions that will not be sold regardless of market conditions; or (v) who anticipate significant withdrawals from the account.

It is important that you understand the ways in which we conduct business and the applicable laws and regulations that govern us. As a firm providing wealth management services to clients, we are registered with the U.S. Securities and Exchange Commission (SEC) as an investment adviser and a broker-dealer, offering both investment advisory and brokerage services. Though there are similarities among these services, the investment advisory programs and brokerage accounts we offer are separate and distinct, differ in material ways and are governed by different laws and separate contracts. It is important that you carefully read the agreements and disclosures that we provide to you about the products or services we offer. While we strive to ensure the nature of our services is clear in the materials we publish, if at any time you seek clarification on the nature of your accounts or the services you receive, please speak with your Financial Advisor.

For more information, please visit our web site at www.ubs.com/workingwithus.

In providing a financial plan, we may act as a broker-dealer or investment adviser, depending on whether we charge a fee for the service. Financial plans provided free of charge are a service incidental to our brokerage relationship and the service terminates upon delivery of the plan. We provide financial planning services as an investment adviser for a separate fee pursuant to a written agreement, which details the terms, conditions, fee and scope of the engagement. For information about our fee-based financial planning services, see the firm’s Financial Planning ADV Disclosure Brochure. Note that financial planning does not alter or modify in any way the nature of a client’s UBS accounts, their rights and our obligations relating to these accounts or the terms and conditions of any UBS account agreement in effect during or after the financial planning service. Clients are not required to establish accounts, purchase products or otherwise transact business with us to implement any of the suggestions made in the financial plan. Should a client decide to implement their financial plan with us, we will act as either a broker-dealer or an investment adviser, depending on the service selected.

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Options, structured derivative products and futures are not suitable for all investors, and trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Past performance is not necessarily indicative of future results. Various theoretical explanations of the risks associated with these instruments have been published. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "The Characteristics and Risks of Standardized Options." You may read the document at http://www.optionsclearing.com/about/publications/character-risks.jsp or by writing to UBS Financial Services, Inc., 1200 Harbor Boulevard, Weehawken, NJ, 07086.

The margin eligible securities you use as collateral for an options overlay strategy may decrease in value and become inadequate to support the options positions in the strategy, resulting in a margin call. If a margin call occurs, you may be required to contribute additional cash or margin eligible securities as collateral or UBS may force the sale of the securities in your collateral account without contacting you first, potentially triggering a tax event. If UBS forces a sale of securities held as collateral, the securities may be sold at prices not advantageous to you and the sale may result in a greater loss than if, in hindsight, other securities in your account had been sold. Also, the interest rate charged on any negative balances (margin loans) may exceed the rate of return on the accounts you use as collateral, resulting in a loss to you.

The past performance of an index is not a guarantee of future results. Each index reflects an unmanaged universe of securities without any deduction for advisory fees or other expenses that would reduce actual returns. An actual investment in the securities included in the index would require an investor to incur transaction costs, which would lower the performance results. Indices are not actively managed and investors cannot invest directly in the indices.

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