UBS

Strategy Profile

First Quarter
data as of March 31, 2013

Analyst: HYLTON PHILLIPS-PAGE

Horizon Asset Management LLC - Core Value

Summary

- Horizon Asset Management, Inc. ("Horizon") began as a research boutique providing independent research to third party money managers. Although Horizon has transitioned to primarily an investment management firm, it continues to generate research publications spanning multiple disciplines (i.e., spinoffs, contrarian reports, special situations, etc.). Many of these reports form the basis for its idea generation.
- Horizon relies on its in-house research to identify businesses that it believes to be relatively protected from severe price competition or technical obsolescence and which, as a consequence, may be able to sustain a high return on equity. Using its proprietary fundamental research, Horizon seeks to invest in companies based on its assessment of three components: quality, valuation, and margin of safety. In Horizon's opinion, such companies must have long product life cycles, not be too capital intensive, and have the ability to generate high cash flow and sustainable return on equity.
- The portfolio is comprised of companies from across the market capitalization spectrum, as well as companies located outside of the U.S., although the majority of stocks will tend to be larger U.S. companies.
- Horizon believes that unusually favorable risk/reward opportunities are often the product of a sector dislocation. This belief may frequently lead to portfolios containing themes, with allocations of 25% or more in one area.

Key Strengths

- Murray Stahl and Steve Bregman, the senior investment professionals at Horizon, have significant industry experience and have worked together since the inception of Horizon. In our opinion, they have articulated an original and consistent framework from which they view the market and form the core of an intelligent and motivated team.
- Horizon's investment approach seeks to maximize absolute return while incurring the lowest risk of permanent capital loss possible, investing in stocks that they believe are overlooked or misunderstood by the vast majority of investors. Horizon's approach has a strong contrarian tilt, and places less importance on returns relative to a benchmark.

Differentiating Attributes

- Idea generation, a key aspect of Horizon's thematic investments, emanates from its original research. The thesis which drives their work often relies on conservatively framed assumptions of a return to "normal" at the company or industry level. The time horizon for such return to be realized, if realized, may be quite long.
- Although the research that underlies the investment process may be theme-driven, security selection is primarily bottom-up. Horizon believes the most profitable opportunities are to be found in temporarily out-of-favor companies trading below their estimate of intrinsic value. For clients with long-term time horizons and a lack of benchmark sensitivity, this strategy may offer a diversification benefit, and the possibility for independent alpha, since the strategy is benchmark agnostic and normally very lowly correlated versus almost all popular benchmarks - international and domestic.

Issues to Consider

- This strategy has no hard guidelines limiting sector, industry, market capitalization or country exposures. It has the latitude to hold equities, cash, fixed income securities, emerging market securities and/or derivatives. Historically, the strategy has tended to be eclectic with respect to the varying instruments (i.e., convertibles or options), although non-U.S. and emerging market exposure and sector concentration has persisted and/or grown.

This report is intended for use only in investment advisory programs and not brokerage accounts. Past performance is not a guarantee of future results. This report is for informational purposes only and is not intended as an offer or solicitation with respect to the purchase or sale of any security. See important notes and disclosures on the footnote page(s).

Horizon Asset Management LLC
New York, NY 10016
AUM: $4.0 Billion
Total Staff: 82
Ownership: Employee Owned

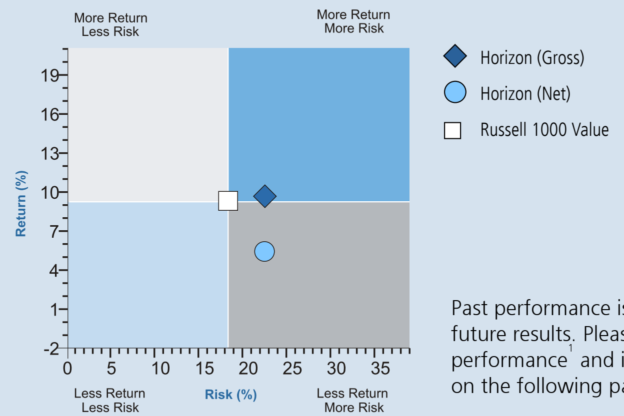
Portfolio Characteristics

Average No. of Holdings: 25 - 35
Capitalization Range: generally, > $2 billion
Average Annual Turnover: Approximately 20%
Cash Limit/Range: No guidelines

Top 10 Holdings

Liberty Media Corporation	8.86%
Jarden Corporation	8.18%
Howard Hughes Corp	6.54%
Brookfield Asset Management	6.02%
AutoNation Inc	5.47%
Leucadia National Corporation	4.88%
Henderson Land Development	4.40%
Starz Inc Class A	3.90%
Dreamworks Animation SKG	3.56%
Sears Holdings Corporation	3.39%
	55.20%

Risk/Return Comparison
3/31/2003 - 3/31/2013



Past performance is not indicative of future results. Please refer to the performance[1] and index[2] disclosures on the following pages of this report.

Analysis of the strategy's performance below is on a gross-of-fees basis unless otherwise noted.

Historical Performance

The strategy has produced mixed results when compared to the Russell 1000 Value Index. As of 3/31/2013, the strategy has outperformed the index over the 10-year period, while underperforming over the trailing 3, 5, and 7-year periods. Over the past seven calendar years ended 12/31/2012, the strategy has outperformed in four of them but recorded considerable underperformance in 2008. Due to the manager's contrarian nature and its many holdings of out-of-benchmark names (particularly international names in the form of ADRs), the portfolio's returns have been quite volatile with the standard deviation for the most recent 5-year period being higher than that of the benchmark as well as a high tracking error of approximately 10.4%.

Market Commentary

During the first quarter the Russell 1000 Value Index returned +12.31%, outperforming the Russell 1000 Growth Index (+9.54%) by 277 basis points (bps). Contrary to the fourth quarter, sector selection favored both cyclical and non-cyclical segments of the market, with the best performing sectors being Technology (+16.9%) and Consumer Staples (+16.8%). Within these sectors, the most significant contributions were made by Hewlett-Packard (+68.35%) and Proctor & Gamble (+14.43%) respectively. The worst performing sectors were Materials (+3.1%), Telecommunication Services (+7.5%), and Energy (+9.8%), with Cliffs Natural Resources (-50.44%), CenturyLink (-8.80%), and Peabody Energy (-20.24%) respectively detracting most significantly in these sectors. Cyclical sectors like Consumer Discretionary (+12.7%) and Industrials (+12.5%) produced above benchmark returns alongside non-cyclical sectors like Health Care (+14.6%) and Utilities (+13.6%), while Financials (+12.1%) produced benchmark like returns, after leading the market in 2012.

Recent Performance (12/31/2012 - 3/31/2013)

In the first quarter of 2013, the strategy underperformed the benchmark by 92 basis points (+11.39% vs. +12.31%), adding to the 11 bps of underperformance produced in the fourth quarter. In 2012, the strategy led the benchmark by a sizable1059 bps, with a return of 28.10% vs. +17.51% for the benchmark.

Contributors to Performance

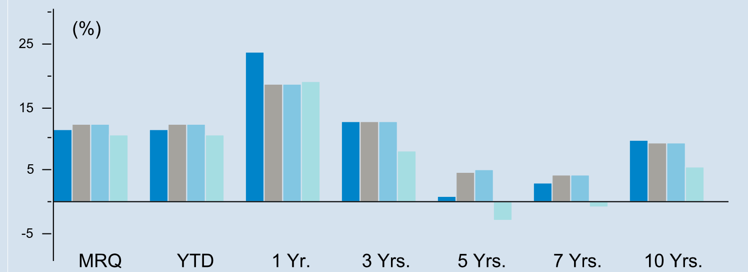
- Although sector allocation decisions detracted overalll, an underweight in Energy (3.7% vs. 16.0%) helped performance.
- Stock selection was not a major factor during the quarter, although it did contribute positively in the Energy and Consumer Discretionary sectors. Within these sectors, the most significant contributors included: Tourmaline Oil (+23.27%) and Continental Resources (+18.29%) in the Energy sector, and Starz Liberty Capital (+53.60%) and Jarden Corp. (+24.32%) in the Consumer Discretionary sector.

Detractors from Performance

- Although stock selection was not a major factor overall, it detracted in the Materials and Financials sectors. Within these sectors the most significant detractors included: Franco-Nevada (-19.68%) in the Materials sector and Henderson Land Development (-3.07%) in the Financials sector.
- Sector allocation decisions detracted overall, primarily as a result of an underweight in the Technology sector (1.1% vs. 6.5%) and a cash position of 4.4%

See important performance footnotes and other disclosures on the following page(s).

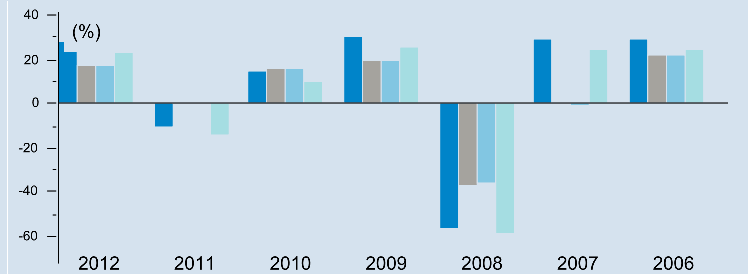
Performance for periods ending 3/31/13 (annualized for periods greater than one year)



	MRQ	YTD	1 Yr.	3 Yrs.	5 Yrs.	7 Yrs.	10 Yrs.
Horizon (Gross)	11.39	11.39	23.65	12.54	1.05	3.11	9.68
Primary Index*	12.31	12.31	18.77	12.74	4.85	4.19	9.18
Secondary Index**	12.26	12.26	18.71	12.70	5.05	4.15	9.33
Horizon (Net)	10.39	10.39	19.03	8.22	-2.95	-0.95	5.43
+/- to Index* (Gross)	-0.92	-0.92	4.88	-0.20	-3.80	-1.08	0.50
+/- to Index* (Net)	-1.92	-1.92	0.26	-4.52	-7.80	-5.14	-3.75

*Primary Index = Russell 1000 Value
**Secondary Index = Russell 3000 Value

Calendar Year Performance



	2012	2011	2010	2009	2008	2007	2006
Horizon (Gross)	28.10	-10.19	14.11	29.84	-56.10	29.30	29.12
Primary Index*	17.51	0.39	15.51	19.69	-36.85	-0.17	22.25
Secondary Index**	17.55	-0.10	16.23	19.76	-36.25	-1.01	22.34
Horizon (Net)	23.35	-13.84	9.75	25.02	-58.22	24.52	24.35
+/- to Index* (Gross)	10.59	-10.58	-1.40	10.15	-19.25	29.47	6.87
+/- to Index* (Net)	5.84	-14.23	-5.76	5.33	-21.37	24.69	2.10

*Primary Index = Russell 1000 Value
**Secondary Index = Russell 3000 Value

Performance Statistics

5-years Annualized as of 03/31/2013

	Manager (Gross)	Benchmark*	Manager (Net)
R-Squared	0.86	1.00	0.86
Standard Deviation (%)	27.32	23.32	27.32
Sharpe Ratio	0.16	0.30	0.02
Alpha(%)	-3.26	-	-7.09
Beta	1.09	1.00	1.09
Tracking Error (%)	10.44	-	10.44
Information Ratio	-0.36	-	-0.75
Upside Capture	102.27	-	90.60
Downside Capture	117.82	-	125.25

*Russell 1000 Value

Footnotes

Important Notes and Disclosures

This Investment Strategy Profile reflects the opinions of the UBS Financial Services Inc. Manager Research Group. Those opinions are based on due diligence meetings, documents, data and information provided by the individual managers and publicly available information. While we believe those sources to be reliable, we do not guarantee the accuracy or completeness of such information. This Report is for informational purposes only and is not intended as an offer or solicitation with respect to the purchase or sale of any security. For more information on the Manager Research Group's manager rating system, please contact your Financial Advisor for a copy of the brochure, Selecting an Investment Manager: The Investment Manager Research Process. All opinions included in this report constitute our judgment and assessment of the manager as of the date at the top of this profile and are subject to change without notice.

Note on Investor Suitability – Equity Risk

The value of investments in equity securities will fluctuate in response to general economic conditions and to changes in the prospects of particular companies and/or sectors in the economy.

Note on Investor Suitability – Fixed income

The value of the portfolio will fluctuate based on the value of the underlying securities. Two main risks related to fixed income investing are interest rate risk and credit risk. Typically, when interest rates rise, there is a corresponding decline in the market value of bonds. Credit risk refers to the possibility that the issuer of the bond will not be able to make principal and interest payments.

Note on Investor Suitability - Small Cap Risk

The value of the portfolio will fluctuate based on the value of the underlying securities. Small-cap stocks may be subject to a higher degree of risk than more established companies' securities, including higher volatility.

Note on Investor Suitability – International Risk

The value of the portfolio will fluctuate based on the value of the underlying securities. Foreign investing involves risks, including risks related to foreign currency, limited liquidity, less government regulation and the possibility of substantial volatility due to adverse political, economic or other developments.

INVESTMENT PROGRAMS: We offer a variety of managed account investment advisory programs ("UBS Programs"). This investment manager and strategy is available in our ACCESS or MAC Researched program and may also be available in other UBS Programs. The manager's investment process for this strategy is consistently applied across all UBS Programs where the strategy is offered. Each program offers a different mix of services, and features and has different fee schedules and minimum account sizes. Due to these program differences the performance results achieved in other UBS Programs will differ from the performance shown from the UBS ACCESS composite if in ACCESS or from Informa PSN if in MAC. Please read the important performance footnotes appearing on this page for the source of the performance data. The suitability of each specific program and investment strategy within that program must be viewed in light of a client's individual circumstances, goals and risk tolerance for that account or portion of their portfolio. The compensation to UBS, and its Financial Advisors' compensation, may vary by product and over time. Please review the product descriptions carefully before deciding how to implement the strategy.

[1]Performance

The composite performance for this strategy is provided by a third party data provider Informa PSN. More detailed information this composite is available from the Manager. All results reflect all items of income, gain and loss and the reinvestment of dividends and other income.

Although Horizon applies a consistent management style across all accounts managed with this strategy, because the accounts may be different in size than a typical account within a UBS Program or may have been managed with a view toward different client needs and considerations, the specific securities held and rate of return achieved may differ among accounts.

Performance - Fee Information

Gross composite results are net of commission on securities transactions, but do not reflect payment of investment management or other fees and expenses. The payment of actual fees and expenses will reduce a client's return. Please refer to the fees stated in the Separately Managed Accounts Manager's Form ADV Part II. The net effect of the deduction of fees on annualized performance, including the compounded effect over time, is determined by the relative size of the fee and the account's performance. For example, an account with a 2.8% annual fee deducted quarterly and a hypothetical 8.0% annualized performance will have a net performance after fees of about 5.0% per year, a reduction of 3.0% per year. Compounding will similarly affect the account's performance on a cumulative basis. Net composite results reflect the deduction of the maximum MAC Researched program quarterly fee and the highest manager fee charged by a equity/balanced manager within MAC Researched, for an annual fee of 4.05%. Actual client a ccounts within the MAC Researched program may have paid a lower fee and the results are therefore a conservative representation of the manager's net performance. Individual investor results will vary.

[2]Indexes

The Russell 1000 Value Index: Measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 companies with lower price-to-book ratios and lower expected growth values.

Russell 3000 Value Index: Contains those Russell 3000 Index securities with a less-than-average growth orientation. Securities in this index tend to exhibit low price-to-book and price/earnings ratios, higher dividend yields and lower forecasted growth than the Growth universe.

Indexes are not available for direct investment.

Performance Statistics

R-Squared - The proportion of the variability of an investment that can be explained by a benchmark or another investment.

Standard Deviation - A measure of the dispersion of returns for an investment ; the higher the value, the more variable the pattern of returns on a security, portfolio or index over a specified time period.

Sharpe Ratio - The ratio of excess return (an investment's return less the risk-free rate, e.g., T-bills) to the standard deviation (a measure of risk) of the investment's returns.

Alpha - A risk-adjusted statistic that measures the value added by the investment manager. A positive alpha indicates the portfolio achieved a higher return for the risk level assumed, while a negative alpha indicates a lower than expected return for the risk level assumed.

Beta - A measure of the sensitivity of a security or portfolio in relation to market movements. Betas greater than 1.0 indicate an investment is more sensitive, while betas less than 1.0 indicate an investment is less sensitive to market movements.

Tracking error - A measure of variability relative to an index. The standard deviation of the difference between the returns on a specified portfolio and its benchmark's returns.

Information ratio - The ratio of excess return (performance above or below the benchmark) to the tracking

Footnotes continued

error.

Capture ratios - The percentage of the market's performance (as measured by the primary benchmark) an investment manager "captured", or participated in, over a specified time period, in both rising and declining markets. Strategy Profiles calculate capture ratios for a five year time period using quarterly data. The **upside capture ratio** is the compound return of the portfolio for all quarters in which the benchmark was up, divided by the compound return of the benchmark during the same quarters. The **downside capture ratio** is the compound return of the portfolio for all quarters in which the benchmark was down, divided by the compound return of the benchmark during the same quarters. For example, if a portfolio's compound return during positive markets was 21% and the benchmark's return was 20%, the upside capture ratio would be 1.05. It is desirable for a manager to capture more of the market's returns in rising markets, and capture less of the returns (which are negative) in declining markets, so a good upside capture ratio is greater than 1.00 and a good downside capture ratio is less than 1.00.

Top 10 Equity Holdings The information shown is based on a representative sample account from the composite or from the Manager. The Top 10 Equity Holdings indicate the largest stock security holdings in the portfolio. This is measured as a percentage of the total portfolio's asset value as of the date indicated above on this profile or if different the date of the holdings will appear beneath the Top 10 Equity Holdings table. All of the recommendations made/positions held within the preceding 12-month period are available upon request. Not all recommendations/holdings should be assumed to be profitable and future recommendations/holdings may not be profitable.

Data Verification Unless otherwise stated, the investment description, firm background, key personnel and certain performance and characteristics data contained in this Manager profile are based on data received from the Manager and other sources. The information has not been verified by UBS Financial Services Inc., and we are not responsible for the accuracy of the data provided.

Past performance is not a guarantee of future results.