

Dual Currency Deposits

With Dual Currency Deposit investments, you benefit from yield enhancement. You can earn a higher interest income than ordinary time deposits while you 'target' your purchase of a specific currency.

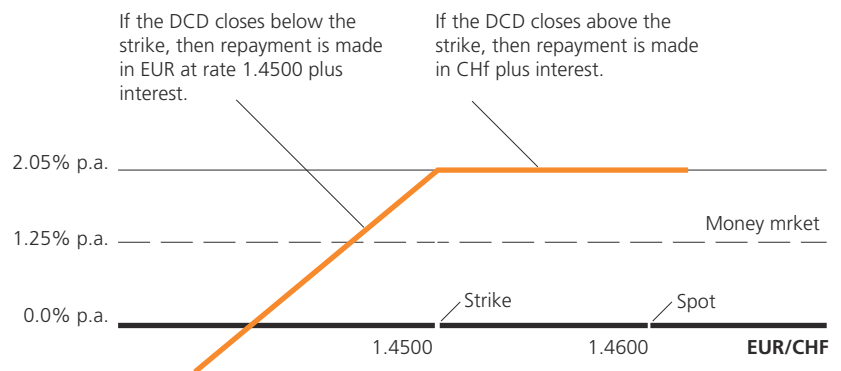
What is Dual Currency Deposit or 'DCD'?

Despite its name and similar behaviour to a normal time deposit under favourable market conditions, a Dual Currency Deposit is not your usual time deposit. It is a structured deposit that enables investors to obtain a higher income than a time deposit with the same tenor and in the same currency. At the product's maturity, investors may receive the invested principal and interest in the investment currency or in an alternative currency at a pre-agreed exchange rate. It is this involvement of two currencies in a deposit-like investment vehicle that gave rise to the name "Dual Currency Deposit".

DCDs are suitable for investors who desire yield enhancement and can accept the risk of repayment of their investment in another currency (at a pre-determined price). It is also used to earn a higher interest income while waiting to buy a currency at a target price.

Investment behaviour
If at maturity the market exchange rate is lower than a pre-agreed exchange rate, investors will receive the DCD principal and interest in the investment currency. However if the reverse is true, investors will receive their principal and interest in the alternative currency (converted at the pre-agreed rate) at maturity.

Sample payoff scheme of a Standard DCD using the EUR/CHF exchange rate (CHF investment)



Variety of DCD Structures

There is no limit to the creativity available with structured products given the diversity of derivatives offered in today's market. There are many variations of DCDs but all are yield enhancement products. Ask your UBS client advisor about them. Here are two examples:

- A common and simple variation is that the repayment of principal could be in the alternative currency but the interest earned is paid in the investment currency.
- A more sophisticated version is the 'Appearing DCD', which only behaves like a DCD after a pre-set price limit is reached. Hence its DCD nature 'appears' under specified conditions and not from the very start of the investment.

Availability of DCD at UBS

- Tenor from 1 week to 1 year
- Any pair of the major currencies
- Minimum investment of USD100,000 or its equivalent amount in other currencies
- No pre-mature redemption