

Sustainably pursuing your investment goals

UBS Strategy Funds **Sustainable**



How you may achieve long-term investment success



Analysis

Invest with a clear objective

We believe you'll get to your destination more easily and directly if you're well-prepared before heading out. It's therefore important to be specific about where you want to go. Set a clearly defined investment objective, base an investment strategy on it, then implement it in a disciplined way.



Strategy & discipline

Stay invested throughout different market cycles

Sticking to a clearly defined investment strategy over time is the key to success. As long-term investors we believe you should give yourself and your investments time and remain invested even if the short-term outlook is gloomy.



Sustainability

Align what matters to you with your portfolio

Investors increasingly want to incorporate sustainable objectives into their investment decisions. These range from identifying environmental and societal investment opportunities to addressing ESG risks in portfolio construction.

ESG is at the heart of our investments

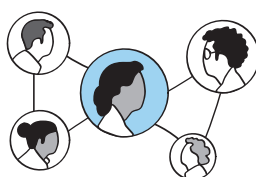
If you're not just investing for financial performance and want to have the potential to make a positive impact on the environment and society, then ESG is key topic



What does ESG mean?

Environmental

Climate change, pollution and waste, environmental opportunities.



Social

Workplace safety, discrimination and diversity, supply chain, community controversies, human rights.



Governance

Corruption, tax gaps, anti-competitive behavior, business ethics, board structure.

What could be affected?

Investments may plummet when an environmental disaster comes to light.

Companies may struggle from conflicts with local communities, and investments can suffer due to customer boycotts.

Investments may fall if companies receive significant fines for anti-practice or are pursued for back taxes.

Potential to benefit?

Investments may grow market share on the back of favorable regulation and shifting consumer preferences.

There may be greater worker productivity which could lead to improved industry margins.

Investments may attract high-quality institutional investors drawn by good governance, which could result in lower investment volatility.

Combining innovative sustainable SAA with expertly chosen sustainable investments

Together, we put sustainability front and center



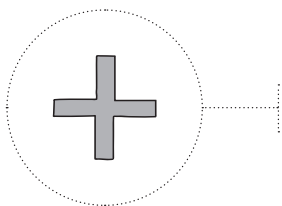
UBS Global Wealth Management CIO (UBS GWM CIO):

Definition of Sustainable Investing Strategic Asset Allocation (SI SAA)

UBS GWM CIO has created an innovative approach that allows for explicit sustainable criteria to be considered, while at the same time following core asset allocation principles.

The result is an SI SAA with underlying sustainable asset classes, such as Multilateral Development Bank Debt and ESG Engagement Equities.

These are used to create an SI SAA for the investors' specific risk profile, and the tactical asset allocation (TAA) trades will also be mostly based on those sustainable asset classes.



Asset Management (AM):

Investment selection and implementation

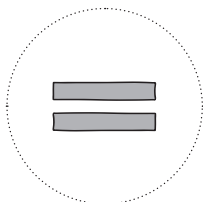
AM expertly selects underlying investments, for example funds, that are focused on both sustainability and traditional investment criteria.

ESG is key throughout the investment process, taking environmental (E) and social (S) issues into account.

Exclusions are also considered, such as controversial weapons (see AM Exclusion Policy).¹

The SI SAA and the Investment Selection are efficiently implemented into all risk profiles.

Governance aspects (G) are included in both the regulatory "Good Governance" requirement and the ESG evaluation process.



Entire range of specialized UBS investment knowledge

The result is that the UBS Strategy Funds Sustainable can benefit from the entire range of specialized UBS investment knowledge, research and analysis, from the SAA and TAA to the selection and efficient implementation.

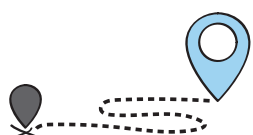
The aim going forward is to continue to deliver attractive risk-adjusted returns for each risk profile, but with a focus on sustainability.



¹ Exclusion criteria apply to single stocks and bonds only.

Sources: UBS Switzerland AG, UBS Chief Investment Office Global Wealth Management.

Solution: UBS Strategy Funds Sustainable



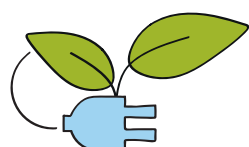
Aiming for long-term investment success with strategy and purpose

- Invest with a **clear objective**.
- **Stay invested** throughout different market cycles.
- Align your portfolio with **what matters to you**.



ESG is at the heart of our investments

- Beyond financial performance, we aim to **generate a positive effect on the environment and society**.
- **Environmental** investments may **gain market share** due to favorable regulation and shifting consumer preferences.
- **Social** investments may lead to greater worker productivity and **improved industry margins**.
- A focus on **governance** may attract high-quality institutional investors, which could result in **lower investment volatility**.



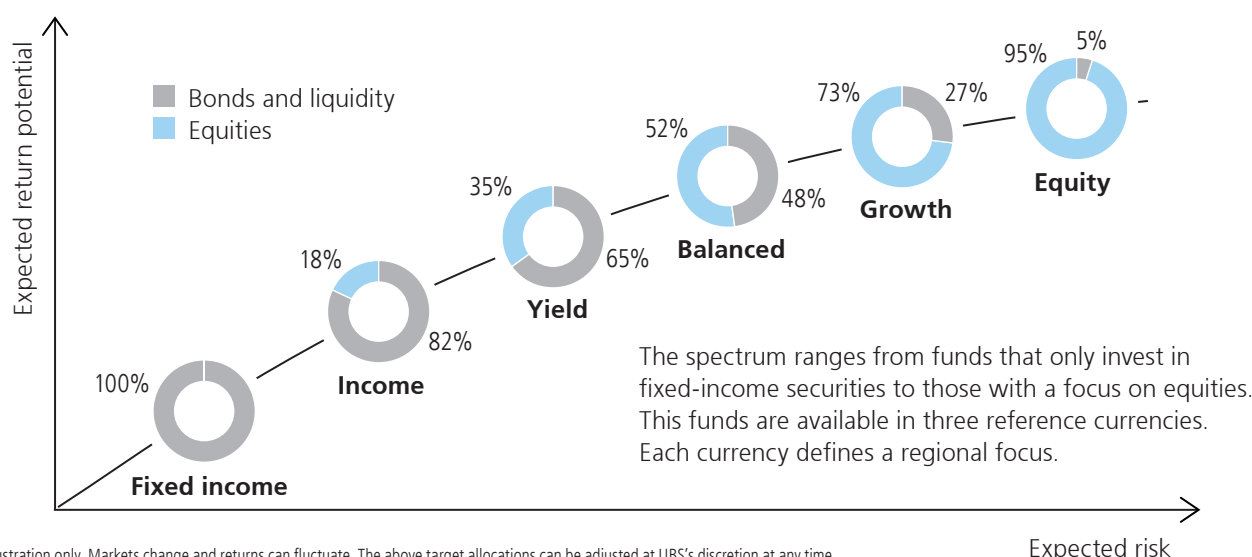
Combining innovative sustainable SAA with expertly chosen sustainable investments

- Access to the innovative UBS GWM CIO SI SAA, based on sustainable asset classes that maintain core asset allocation principles.
- AM expertly selects and efficiently implements underlying sustainable investments.
- The aim of this institutional-like, actively managed core solution is to continue to deliver sustainable and attractive risk-adjusted returns for each risk profile.

Benefit from flexible investment opportunities ...

... while at the same time having the certainty that the asset allocation will remain within set ranges

Six different risk profiles, so suitable for virtually any investor profile



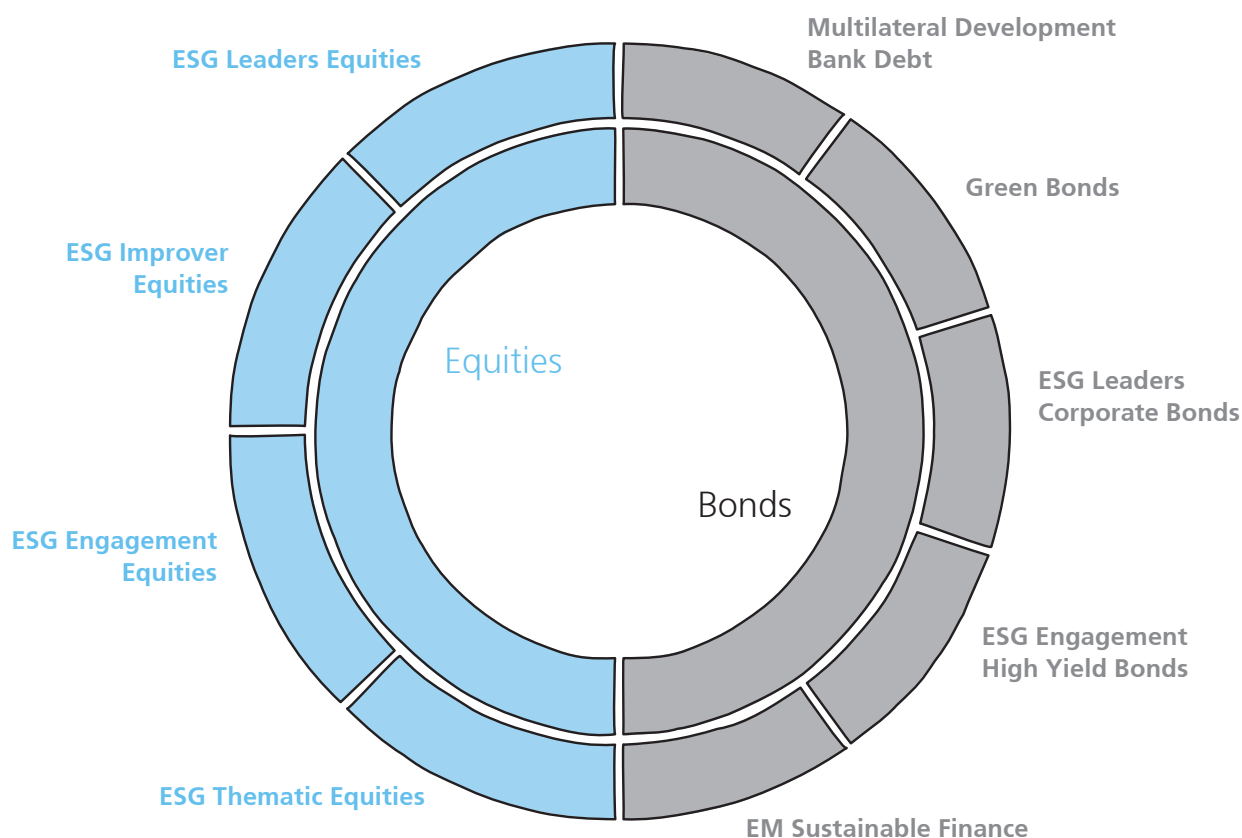
For illustration only. Markets change and returns can fluctuate. The above target allocations can be adjusted at UBS's discretion at any time.



We offer six different risk profiles, making it suitable for virtually any investor profile. The spectrum ranges from funds that only invest in fixed-income securities to those with a focus on equities. Your regional preferences can be considered by various currencies we offer. Scan the QR code and explore the whole offering of UBS Strategy Funds Sustainable.

Investors are acquiring units in a fund, and not in a given underlying asset such as building or shares of a company.

UBS House View: Sustainable Investing Strategic Asset Allocation



ESG Leaders Equities

Equity shares in companies that manage a range of critical ESG issues and seize ESG opportunities better than their competitors.

ESG Improver Equities

Equity shares in companies that are getting better at managing a range of critical ESG issues and opportunities.

ESG Engagement Equities

An approach where fund managers take active equity stakes in order to engage company management to improve their performance on ESG issues and opportunities.

ESG Thematic Equities

Equity shares in companies that sell products and services that tackle a particular environmental or social challenge and/or whose businesses are particularly good at managing a single ESG factor, such as gender equality.

Multilateral Development Bank Debt (1-5 years) and (5-10 years)

Bonds issued by multilateral development banks (MDBs). MDBs are backed by multiple governments with the aim of financing sustainable economic development.

Green Bonds

Bonds that finance environmental projects. Issuers include corporations, municipalities, and development banks.

ESG Leaders Corporate Bonds

Bonds issued by companies that manage a range of critical ESG issues and seize opportunities better than their competitors.

ESG Engagement High Yield Bonds

An approach where fund managers take active bond positions in issuers with credit ratings below BBB- in order to engage company management to improve their performance on ESG issues and opportunities.

EM Sustainable Finance




Strategies that comprise fixed income and currency solutions to provide private funding in emerging markets (EM) and support the efforts of development finance institutions.

What drives the portfolio performance?

How the concept works

In a nutshell, the strategic asset allocation (SAA) focuses on the longer term and suggests an asset class mix based on long-term market assumptions, while the tactical asset allocation (TAA) focuses on taking advantage of shorter-term market opportunities.

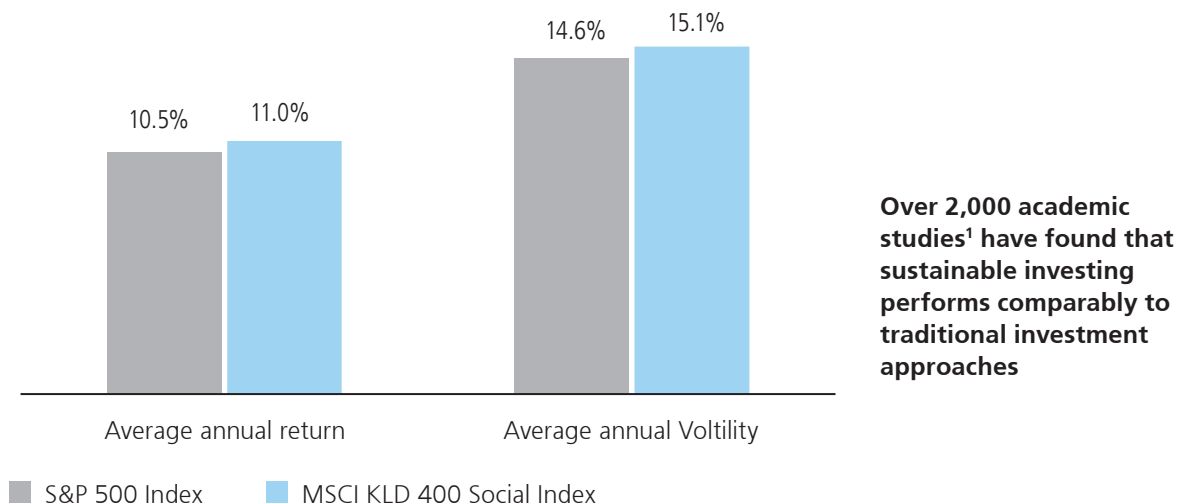
Instrument choice is about selecting suitable investment instruments to build the portfolio along the SAA and TAA.

Concept	Why it matters	How that benefits you	Performance contribution
Strategic Asset Allocation (SAA)	Market timing Picking the best asset class every year is almost impossible	Focus on more reliable longer-term market trends	
	Emotions Emotions may lead to hasty decisions	Systematic approach minimizes behavioral bias	
	Diversification Investors often focus on single asset classes and markets only	Diversifying asset exposure improves your return outlook for a given level of risk	
Tactical Asset Allocation (TAA)	Market dislocation Investors may interpret market dynamics or emerging trends differently or overreact to events	Ability to take advantage of short-term opportunities or to mitigate potential risk	
Instrument choice	Portfolio engineering Creating a diversified portfolio requires the right investment instruments	Continuous review of portfolio holdings to keep your portfolio on track	

Sustainable investment but with similar expected risk/returns

Comparison of conventional investments versus sustainable investments

Average annual returns and volatility for the period from 6 January 1995 to 23 July 2021.



Sources: UBS Switzerland AG, UBS Chief Investment Office Global Wealth Management, Thomson Reuters, Standard & Poor's (S&P) and MSCI.

¹ Professor Timo Busch, School of Business, Economics and Social sciences, University of Hamburg, Senior Fellow at the Center for Sustainable Finance and Private Wealth of University of Zurich, 2017. For illustrative purposes only. Performance figures refer to the past and past performance is not a reliable indicator of future performance/results.



Opportunities

- Attractive opportunities for returns thanks to a broadly diversified, global investment portfolio
- Investors profit from a comprehensive investment solution that would otherwise only be possible with a discretionary mandate with a high minimum investment amount
- Actively managed fund with straightforward and convenient access to UBS House View, which draws on the professional insights of UBS investment specialists worldwide
- UBS Strategy Funds Sustainable are managed with specific investment profiles, whose investments and associated risks are systematically monitored
- Investment decisions are based on a investment philosophy and fundamental research, the fund is not managed in reference to any benchmark



Risks

- Fund invests in equities, bonds of varying credit quality and money market securities on a global basis, and may therefore be subject to high fluctuations in value
- This requires that investors have an appropriate risk tolerance and capacity
- The value of a unit may fall below the purchase price
- Changes in interest rates have an effect on the value of the portfolio
- The value of a unit may be influenced by currency fluctuations
- Investment in fixed income securities are usually considered as carrying credit risk (i.e. potential loss due to failure of issuer)
- Fund can use derivatives which can reduce investment risk or give rise to additional risks (particularly counterparty risk)
- Every fund has specific risks, which can significantly increase under unusual market conditions

Any decision to invest should take into account all the characteristics or objectives of the fund as described in its prospectus, or similar legal documentation.

For complete information about the fund, including the risks of investing, applicable fees (e.g. entry or exit fees) and other important information, investors prior to investing should read the Key Investor Information Document (KIID), full prospectus, the complete risk information and any applicable local offering documents. Please refer to your adviser for more information.

Glossary

Asset allocation fund: Investment fund which applies the custodian bank's official investment policy. Depending on the risk category, the asset allocation fund may invest solely in the money market and bonds (income-oriented) or also in equities (capital gains-oriented).

Benchmark: Reference parameter (e.g., a share index or an index portfolio) used to compare the performance of a portfolio. A benchmark that is an index is also called a reference index.

Counterparty risk: Loss that a bank would incur if a business partner were to become insolvent.

Diversification: Strategy of spreading an investment over different assets in order to reduce portfolio risk.

Drawdown: The peak-to-trough decline during a specific record period of an investment or fund. It is usually quoted as the percentage between the peak and the trough.

Engagement: Interactions between an investor and current or potential investees/issuers in order to improve practices on an ESG issue, change a sustainability outcome in the real world or improve public disclosure. Engagement can also be with non-issuers, such as policy makers or standard setters (Definition: PRI Principles of Responsible Investing, unpri.org).

Environmental, social, and governance (ESG): A set of criteria that helps determine the sustainability of an investment. "Environmental" covers criteria such as climate change, pollution and waste, and environmental opportunities. "Social" covers criteria such as workplace safety,

discrimination and diversity, supply chain, community controversies, and human rights. "Governance" covers areas such as corruption, tax gaps, anti competitive behavior, business ethics, and board structure.

Investment strategy: Entirety of the guidelines that determine the portfolio structure in terms of investment vehicle, currency, sector and maturity structure required to achieve the defined investment objective

Risk: Exposure to damage or financial loss, e.g., a fall in the price of a security or insolvency on the part of a debtor. Financial market theory measures the risk of an investment or portfolio by the degree of expected return fluctuations.

Risk tolerance: Also known as risk appetite, this refers to a person's willingness to accept risk or their specific attitude toward risk. They may be willing to accept risks, or they can be risk-averse.

Strategic asset allocation (SAA): Long-term composition of a portfolio by currency and asset class.

Tactical asset allocation (TAA): Shorter-term deviations of the portfolio weights from the strategic asset allocation (SAA).

Volatility: Measure of the fluctuations in the rate of return of a security within a specific period. Usually stated as an annualized standard deviation.

For any further explanations of financial terms, please refer to ubs.com/am-glossary

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