

# Investment policy statements

A family-centered approach to investing family wealth



**UBS**

# Introduction

Some of the most important and far-reaching decisions families make relate to how their wealth is invested. An Investment Policy Statement (IPS) serves as a strategic guide for families and family offices in planning and executing an investment program. Ensuring an IPS is centered in and aligned with the family's mission and values can help ensure the family flourishes now and in the future.

In our approach, an IPS creates a framework for how assets should be managed relative to a family's mission, serving as a strategic guide to planning and executing an investment program. When implemented successfully, an IPS anticipates issues related to:

- Governance of the investment program
- Planning for the appropriate risk-focused asset allocation
- Implementing an investment program with both internal and/or external managers
- Monitoring the results
- Managing risk
- Reporting appropriate information on a regular basis



The IPS implements a governance framework that enforces accountability for all stages of investment policy development and implementation. It can reinforce the obligations of advisers to offer counsel and of principals to ultimately approve or disapprove the policy. In addition, an IPS can help address the financial needs of the family. It can offer guidance around managing distributions to meet individual family member's financial needs or philanthropic goals.

An IPS also establishes accountability for the various entities that may work on behalf of the investor(s). Perhaps most importantly, it serves as a guide that can offer an objective course of action to be followed during periods of market disruption when emotional or instinctive responses might otherwise provoke less prudent actions that can lead to behavioral investment mistakes.

In our whitepaper, *The Family Focused Family Office*, we highlighted how families should establish a framework centered around the family that fosters initiatives to enhance family communication, strengthen bonds and forge connections, as well as support family members to articulate the family's purpose and vision for the future. Building on this framework, we present a similar approach to the IPS that anchors this critical document in the family's mission and values.

# 1

## Family mission statement



In advance of crafting an IPS, it is important to engage the family across generations to establish a set of guiding principles. A family mission statement can help articulate these principles as well as a shared vision. A family mission statement that holds merit should embody the values of generations past, present and future so it reflects the values of the entire family.

A thoughtful family mission statement articulates a shared sense of purpose, provides a comfortable basis for ongoing

dialogue, offers guidance to rising generation family members as to what the family is all about, and incorporates each family members' unique thoughts, talents, and contributions. It may be a couple of lines or a few paragraphs. Whatever its length, it ideally tries to answer these five questions:

- Who are we?
- What are our values?
- What do we stand for?
- What do we want to do?
- How will we accomplish our goals?

Through this process, the family can develop key guiding principles for responsible stewardship. At a high level, these principles should focus on the most important issues for the family. Additionally, you want them to be durable with the ability to address future developments, as well as strengthen communication among family members, and cohesion around the family mantra.

For more information about family mission statements, please see [\*An overview on family mission statements.\*](#)

# 2

## Investment committee

Once a family mission statement is in place, the family's guiding principles and goals should directly tie to the investment objectives and risk appetite. Additionally, consideration should be given to defining the investor(s), their tax status and understanding of the ownership entity of the asset. Key to ensuring that the family's objectives are met is implementing an Investment Committee to incorporate principles that foster collaboration and transparency. The Investment Committee develops the investment strategy, often in discussions with the family office and external investment advisors, and memorializes it in a well-thought-out investment policy statement. The IPS acts as the foundational document that professionalizes the family's investment management function.

The family Investment Committee provides oversight and monitoring of stakeholders who are delegated with implementing the IPS. The ideal IPS is created as a partnership between the Investment Committee and family, and ultimately agreed to by vote of the Investment Committee and officially implemented through the key designated members. The IPS should be structured for multi-generational objectives, while allowing the space for flexibility and updates where needed. The Investment Committee should review the provisions outlined within the IPS to ensure that needs and the desired outcomes are met.

### **Considerations for framing an Investment Committee**

- Does the family envision an Investment Committee?
- What will be the criteria for the members?
- Will it include family members as well as external professionals?
- Will the committee have the sole responsibility of crafting a clear and cogent investment philosophy?
- Is the Investment Policy Statement consistent with furthering the organization's objectives?

# 3

## Investment Committee roles and responsibilities

As noted, the Investment Committee has direct responsibility for developing investment policies and procedures, as well as overseeing and managing investments.

### **Specifically, it will:**

- Determine risk tolerance and investment horizon, which in turn establish reasonable and consistent investment objectives, policies and guidelines which will direct the investment of the assets as reflected in the IPS.
- Project financial needs of recipient(s) and communicate such needs to the investment managers on a timely basis.
- Determine the allocation and implementation of assets, acting within the parameters of the IPS and liquidity needs.
- Provide specific guidelines for the investment of assets:
  - Are there any restrictions either by industry or sector?
  - Does the portfolio have a sustainable investment lens?
  - Suitability risks and benefits?
  - Active, passive or both?
- Oversee the assets and review Investment Performance
  - Measure portfolio and manager performance against specific benchmarks and the financial goals of the corpus over time. Additionally, performance should be measured against like peers and comparable universe(s) based on prevailing market conditions within a specified time period.
  - IPS Monitoring measures the portfolio against specific boundaries established by the Investment Committee; ultimately the boundaries, or rules, drive investment and manager selection for the portfolio, and should be measured in concert with performance evaluations.
- Review and, where possible, control investment expenses.
  - All expenses must be customary and reasonable, and will be borne by the portfolio as deemed appropriate and necessary.



- Specific return objectives, spending rates and portfolio risk breakdown should be stated and be reasonable in light of each other.
- The spending rate should detail whether it is gross or net of fees.
- Review this policy, along with those retained to assist the committee, at least annually, recommending changes to the Investment Committee.
- Provide Investment Monitoring reports on a quarterly basis. The Investment Committee should be responsible for maintaining detailed records of all invested funds and for carrying out the investment policies and procedures established by the Investment Committee.
- Integrate the mission and family values into investment decisions, including criteria for securities eligible for inclusion in portfolios, i.e., sustainable/ ESG/impact investing.

The development of the IPS is an iterative process of creating and refining a document serving as an investment road map for all parties engaged in the investment operations of the plan or investment pool.

# 4 Risk



The IPS becomes the keystone in how the assets are to be managed and how to appropriately size the risk underwritten in the asset allocation. There are many variables to measure risk, with the most common being to use standard deviation as a short-hand measurement. That said, for many families, an unexpected market drawdown putting significant principal at risk or failure to meet long-term goals is a key focus. For that reason, as we think about the asset allocation, the portfolio's goal is to balance the various risks to provide a high probability of success in meeting the targeted return with the least amount of volatility.

Providing investment counsel to individuals requires addressing a variety of priorities and concerns in addition to the absolute bottom line of investment performance. The investment strategy must be considered in the context of the family's overall financial plan, short- and long-term objectives, risk tolerance, liquidity needs, and preferences. The potential complexity associated with taking all of these factors into account in an investment strategy requires a disciplined approach.

# 5

## The investment process

The investment process is designed to achieve replicable, high-quality results through applying intellectual rigor, strong process governance and clear responsibility to customize asset allocation advice to meet specific investor goals and objectives. Each investment should have a defined purpose within the portfolio and aid in meeting key objectives, when viewed holistically.

- Description of assets included in analysis
- Investment time horizon
- Investment objectives, i.e., growth, capital preservation
- Risk considerations
- Investment preferences and other considerations
- Target strategic asset allocation with deviation guidelines
- Income/distribution/liquidity considerations
- Tax, trust and estate planning considerations and contact information
- Rebalancing rules

As Maginn and Tuttle (1994) wrote, a good investment policy covers not only the asset allocation, but is squarely focused on risk tolerance, return expectations and realized returns, and any investment and liquidity restrictions. Building on this thought in addition to the asset allocation, consider creating both a fee and liquidity budget.

Since we believe that the IPS should be tailored for the particular family, it is rare to find a concrete road map. Our CIO has provided a [brief schematic](#) to help guide the portfolio construction journey. Additionally, we are fortunate that there is a class of investor where IPSs

are widely used and often publicly available: foundations and university endowments. However, it is important to keep in mind that these institutions don't pay taxes. The investment management firm Aperio (now part of BlackRock) challenged the thinking of individuals following the endowment model. In their study, they pointed out that Yale's endowment portfolio would need to be constructed very differently if it were taxable. When comparing the Yale endowment's portfolio to a taxable portfolio, the asset allocation changes dramatically.<sup>1</sup> That said, we can still learn from endowments on how to build a factor-based approach to asset allocation.

# 6

## Portfolio construction framework

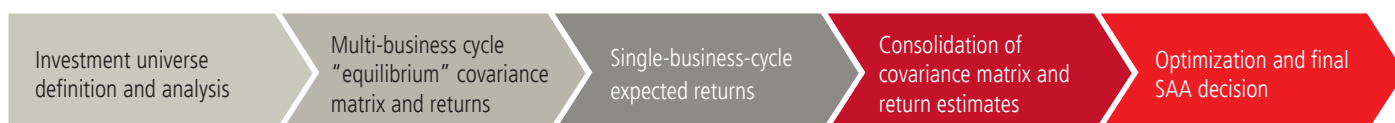
As we turn to the portfolio construction considerations for the IPS, it's important to consider the long-term objectives and build an asset allocation that provides the proper risk profile to underwrite an asset allocation that has a high probability of success—with a goals-based approach (See page 14, UBS Wealth Way: A holistic approach).

When thinking about the allocation, it's our view that the allocation focuses on the desired market factors that create attractive risk-adjusted returns and would be implemented irrespective of investment vehicle, including both public and private markets, in a total portfolio approach. Willis Towers Watson published a key paper on this topic coming out of their [Thinking Ahead Institute](#). A good example of a total portfolio approach is

that when considering your equity beta exposure, it's not just your public equity allocation but also the private equity exposure and any other equity beta exposure found in the portfolio as well.

### **Portfolio construction process involves:**

- Defining the investment universe and risk budget
- Estimating multi-business-cycle "equilibrium" asset class returns and a covariance matrix
- Estimating single-business-cycle (five-to-seven-year) asset class returns
- Diversifying the contribution of unique risk drivers
- Sizing active vs. passive risks where there is edge to outperform relative to cost
- Consolidating asset class estimates within one quantitative platform
- Constructing SAAs based on optimal risk and return trade-off, including testing portfolios across history and possible future market stress



# 7

## Strategic asset allocation

Key to portfolio construction will be the strategic asset allocation (SAA). The SAAs are designed to provide an attractive risk-return trade-off over a full economic cycle, typically a five- to seven-year period. SAAs are essential as they set the allocation midpoint for fluctuations due to volatility from year to year.

Because of the asset allocation's importance, the Investment Committee typically retains approval of the strategic asset allocation (SAA) decision. A SAA decision process should entail a predefined asset class allocation toward which the portfolio is to be rebalanced either at regular intervals or when some predefined deviation limits are reached. This approach aims to keep the portfolio within a predefined risk level while generating returns from both the long-term return expectations of each asset class and from the mean-reverting behavior of asset class performance. Often a proposal is developed only after a formal asset allocation study that incorporates return objectives and constraints via historical backtests and simulations (Monte Carlo)

of possible investment outcomes over an agreed-upon investment horizon and evaluates the risk/return characteristics of the possible allocation strategies.

Asset allocation recommendations should focus on defining risk capacity, minimizing tail risks, exploiting tactical opportunities and using alternative "betas" and alpha drivers to meet the challenging environment investors face in arranging asset classes to achieve the targeted risk profile and most efficient after-tax return. The SAAs will help to underpin the fundamentals that frame investment decisions around risk and return.

The Investment Committee should consider constructing consistent capital market assumptions

(CMAs) of future expected returns based on market, policy and economic fundamentals. This would enable the Committee to bring together many of the risk and return parameters of each asset class used in a proposed asset allocation to estimate the overall return and volatility/risk (standard deviation) of any given investment portfolio, along with wealth projections. From here, a core allocation can be built that reflects the desired risk profile of the investor(s), and allows them to stress-test the allocation relative to the financial goals and risk tolerance laid out in the IPS.

The SAA decision determines return levels irrespective of active or passive implementation.

# 8

## Tactical asset allocation

The SAAs serve as a midpoint to take into consideration the market's volatility effect on the allocation. Tactical asset allocation (TAA) works in tandem with the SAA, to improve the risk and return trade-offs of the portfolio by taking advantage of short-term market opportunities—or mitigating temporary risks—while ensuring that the portfolio remains within their defined risk profile.

Typical TAA methodology is based on the view that over a tactical horizon (six to 12 months), behavioral biases and fundamental economic dynamics are the main drivers of market performance. These drivers are best understood by analyzing the business cycle, market sentiment and momentum, and to a lesser extent valuation. The Investment Committee should have an ongoing assessment of these drivers to determine whether a given tilt in the portfolio is supportive of their targeted return goals.

Tactical tilts can be used to rebalance the portfolio, and tax-loss harvesting can be a very

useful by-product of this process. That said, tax-loss harvesting is an important consideration independent of tactical tilts and should be pursued throughout the year. Further, the Investment Committee should take caution to properly rebalance the SAA allocations so as to not change the underlying portfolio's risk profile. The IPS should specify specific rebalancing actions and avoid ambiguous rebalancing guidance that is likely to provide little value. Rebalancing is better enacted as a policy decision upfront and not as a reaction to market events, to keep portfolios in line with the IPS risk profile.

### **Setting tactical ranges to maintain risk budget**

One concern around tactical tilts is creating a range or bands that are too large around the SAA midpoints resulting in changing the risk profile of the portfolio. As a word of caution, taking on too much or too little risk at market inflection points can significantly lower the probability of the portfolio reaching its targeted goals.

# 9

## Portfolio implementation

Once the asset allocation has been set, the next steps are implementation. It will be incumbent on the Investment Committee to put a rigorous due diligence process in place that breaks down an investment strategy in order to gain an understanding of the strategy's risk profile and fully understand how the strategy will perform in all market environments. No one ever wants to be surprised, either by significant underperformance or unaccountable excess performance. In the latter case, surprising outperformance may suggest that you've misread or misunderstood the strategy's risk.

Transparency is another key element of the due diligence process, ensuring that the

Investment Committee understands the strategy. From here, you can leverage appropriate products for active management, as well as consider passive investment vehicles to round out the allocation. You may want to consider incorporating tax-loss harvesting technology around any passive investments to provide incremental tax alpha, depending on the current environment. From here, the Investment Committee can create a diversified portfolio that seeks to extract the most return for any given level of risk with the intent to be on the efficient frontier. The Harvard Business School has reviewed the Yale Endowment over the years, highlighting the challenge of finding the efficient frontier, but it remains a worthy goal.<sup>2</sup>

At the end of the day, an IPS should include a clear statement of investment beliefs. These beliefs can cover a broad range of topics as long as they are clearly defined. Topics will include acceptable asset classes, investment costs, spending rates, governance, and the like. Such clarity provides for meaningful discourse among investment decision makers. Such clarity is better than having to infer the underlying investment beliefs from the IPS. Specifying beliefs can help make the IPS a document for improving the portfolio management process.



# UBS Wealth Way: A holistic approach

The UBS Wealth Way approach is focused on a holistic wealth philosophy to managing assets relative to liabilities in such a way as to accomplish the family's objectives through all market cycles. At its core, this is a framework of interaction between performance seeking and liability-hedging portfolios that allows for a deeper understanding of the role that each portfolio component plays, and for the portfolio to evolve over time. It is designed to provide clarity for all financial decisions embedded in the family's specific goals and

objectives over various investment horizons, while providing a bulwark against the behavioral mistakes that investors are prone to make and reducing inherent investment biases. By judging a portfolio on its ability to meet its financial goals, investors are better positioned to set realistic expectations and incorporate rational decision-making. Knowing that near-term expenditures are conservatively segmented helps investors maintain a long-term view, and may provide some comfort when markets perform poorly.

UBS Wealth Way is an approach incorporating Liquidity, Longevity, Legacy, strategies that UBS Financial Services Inc. and our Financial Advisors can use to assist clients in exploring and pursuing their wealth management needs and goals over different timeframes. This approach is not a promise or guarantee that wealth, or any financial results, can or will be achieved. All investments involve the risk of loss, including the risk of loss of the entire investment. Timeframes may vary. Strategies are subject to individual client goals, objectives and suitability.

The 3L strategy categorizes assets into “sleeves,” based on the specific timelines of an individual’s needs and goals.

**Liquidity:** Assets and resources in the Liquidity strategy are allocated to match expenditures in order to provide stable cash flow for the next three to five years. The goal of these assets is to provide confidence that you will meet their financial needs during bear markets and avoid locking in what are likely temporary losses in risk assets held in the Longevity and Legacy strategies.

**Longevity:** The Longevity strategy is earmarked to include all of the assets and resources the family plans to utilize for the remainder of their lifetimes, which provides a clear picture of what future spending objectives will cost. It is also managed with that goal in mind. This strategy’s priority is to maximize after-tax growth with a well-diversified portfolio, but with an eye to inflation and managing downside risk.

**Legacy:** The Legacy strategy is comprised of assets that are in excess of what the family members need to meet their own lifetime objectives. The Legacy strategy clarifies how much a family can do to improve the lives of others—either now or in the future. Investment portfolios in the Legacy strategy are typically invested fairly aggressively since the time horizon associated with the portfolio can usually be measured in decades, and might also include business interests, collectibles, charitable funds, or multiple homes. In implementing the 3L framework, UBS has found that clients with large Legacy sleeves will tend to have more illiquidity via a tilt to private equity investments and depending on the client’s tax sensitivity the Legacy sleeve will generally have more alternatives (hedge funds) than a typical wealth management portfolio as well.

The three sleeves dynamically change over time with the changing needs and objectives of the family, providing a blueprint to help make sure that all financial decisions are aligned with those objectives. By understanding the purpose of different segments of your family’s wealth and managing risks relative to the time-horizon of goals, you are more likely to make better decisions over time. Combined, the three portfolios will comprise your family’s total portfolio.

### **Learn more**

To learn more about our approach to developing and implementing an investment policy statement aligned with a family's mission and values, please contact your UBS Financial Advisor.

### **About UBS Family Office Solutions**

Family Office Solutions is a team of specialists that works exclusively with qualified US families and family offices with a net worth of USD 100 million+. The team helps clients navigate the challenges and opportunities across their family enterprises, including their businesses, family offices, philanthropic structures, and passions and interests. Having this expertise under one roof allows for integration and layering of services across the UBS ecosystem, delivering a personalized, holistic client experience.

# Checklist

## **Family mission statement**

- Identify core values such as responsible stewardship
- Establish a set of core guiding principles
- Should be at a high level and focus upon most important issues for the family
- Should be made “durable” to allow for the ability to address future developments
- Help strengthen family communication and cohesion

## **Investment policy statement guidelines**

- Guiding principles and goals tied to investment objectives
- Governance: Investment Committee criteria, monitoring and reporting
- Clear investment philosophy
- Establishing an IPS that is consistent with furthering the organization’s objectives
- Operating guidelines
- Parameters: Risk and liquidity

## **Roles and responsibilities**

- Investment Committee
- Investment managers
- Custodian

## **Risk tolerance and constraints**

- Investment restrictions (if any)
- Time horizon
- Measurement of investment objectives/performance metrics
- Fee budget
- Liquidity budget
- Periodic review and rebalancing protocol



### **Strategic asset allocation framework**

- Capital market assumptions
- Time horizon selection aligned with objectives
- Risk assumptions—historical vs projected
- Return assumptions—historical vs projected (baseline from risk-free rate)
- Reset conditions—periodically revisit: macro; policy; valuation; technology innovation; temporal

### **Strategic asset allocation**

- Inputs: Asset class schema
- Mean-variance efficiency optimization vs proper risk profile
- Monte Carlo simulation
- Periodic rebalancing and reset of SAA

### **Incorporate tactical asset allocation**

- Risk mitigation vs opportunity.
- Setting risk bands to maintain risk budget
- Impacted by business cycle, policy shift, valuation
- Monitoring and rebalancing

### **Instrument selection**

- Due diligence processes
- Reputable provider
- Transparency
- Liquidity
- Passive vs active

## UHNW US-focused investor with non-traditional assets

|                                | Conservative | Moderately Conservative | Moderate     | Moderately Aggressive | Aggressive   |
|--------------------------------|--------------|-------------------------|--------------|-----------------------|--------------|
| <b>Cash</b>                    | <b>2.0%</b>  | <b>2.0%</b>             | <b>2.0%</b>  | <b>2.0%</b>           | <b>2.0%</b>  |
| <b>Fixed Income</b>            | <b>63.0%</b> | <b>52.0%</b>            | <b>33.0%</b> | <b>18.0%</b>          | <b>6.0%</b>  |
| <b>US Fixed Income</b>         | <b>63.0%</b> | <b>52.0%</b>            | <b>33.0%</b> | <b>18.0%</b>          | <b>6.0%</b>  |
| US Gov't FI (short)            | 2.0%         | 1.0%                    | 0.0%         | 0.0%                  | 0.0%         |
| US Gov't FI (intermediate)     | 3.0%         | 2.5%                    | 2.0%         | 2.0%                  | 0.0%         |
| US Gov't FI (long)             | 0.0%         | 0.0%                    | 1.0%         | 0.0%                  | 1.0%         |
| US TIPS FI                     | 1.0%         | 1.0%                    | 0.0%         | 0.0%                  | 0.0%         |
| US Municipal FI (short)        | 15.0%        | 9.0%                    | 3.5%         | 2.0%                  | 0.0%         |
| US Municipal FI (intermediate) | 29.0%        | 22.0%                   | 12.5%        | 6.0%                  | 1.5%         |
| US Municipal FI (long)         | 0.0%         | 6.0%                    | 7.0%         | 6.0%                  | 2.5%         |
| US IG Corp FI                  | 9.0%         | 5.5%                    | 4.0%         | 2.0%                  | 1.0%         |
| US HY Corp FI                  | 0.0%         | 2.0%                    | 1.0%         | 0.0%                  | 0.0%         |
| US MBS                         | 4.0%         | 3.0%                    | 2.0%         | 0.0%                  | 0.0%         |
| <b>Equity</b>                  | <b>10.0%</b> | <b>21.0%</b>            | <b>35.0%</b> | <b>50.0%</b>          | <b>62.0%</b> |
| <b>US Equity</b>               | <b>8.5%</b>  | <b>18.0%</b>            | <b>30.0%</b> | <b>42.5%</b>          | <b>53.0%</b> |
| US Large Cap Growth            | 3.5%         | 7.5%                    | 12.5%        | 18.0%                 | 22.5%        |
| US Large Cap Value             | 3.5%         | 7.5%                    | 12.5%        | 18.0%                 | 22.5%        |
| US Mid Cap                     | 1.5%         | 2.0%                    | 3.0%         | 4.5%                  | 5.0%         |
| US Small Cap                   | 0.0%         | 1.0%                    | 2.0%         | 2.0%                  | 3.0%         |
| <b>International Equity</b>    | <b>1.5%</b>  | <b>3.0%</b>             | <b>5.0%</b>  | <b>7.5%</b>           | <b>9.0%</b>  |
| Int'l Developed Markets        | 1.5%         | 3.0%                    | 5.0%         | 7.5%                  | 9.0%         |
| <b>Non-traditional</b>         | <b>25.0%</b> | <b>25.0%</b>            | <b>30.0%</b> | <b>30.0%</b>          | <b>30.0%</b> |
| <b>Hedge Funds</b>             | <b>10.0%</b> | <b>8.0%</b>             | <b>6.0%</b>  | <b>5.0%</b>           | <b>4.0%</b>  |
| Multi-Strategy                 | 1.5%         | 1.0%                    | 0.0%         | 0.0%                  | 0.0%         |
| Global Macro                   | 3.5%         | 2.0%                    | 1.0%         | 1.0%                  | 0.0%         |
| Event Driven                   | 1.0%         | 1.0%                    | 1.5%         | 1.0%                  | 1.0%         |
| Relative Value                 | 3.0%         | 2.0%                    | 1.5%         | 1.0%                  | 1.0%         |
| Equity Hedge                   | 1.0%         | 2.0%                    | 2.0%         | 2.0%                  | 2.0%         |
| <b>Private Equity</b>          | <b>3.0%</b>  | <b>7.0%</b>             | <b>14.0%</b> | <b>17.0%</b>          | <b>20.5%</b> |
| Buyout                         | 2.0%         | 4.0%                    | 7.5%         | 9.0%                  | 10.0%        |
| Growth Equity                  | 0.0%         | 2.0%                    | 4.5%         | 5.0%                  | 6.5%         |
| Venture Capital                | 0.0%         | 0.0%                    | 0.0%         | 1.0%                  | 3.0%         |
| Secondaries                    | 1.0%         | 1.0%                    | 2.0%         | 2.0%                  | 1.0%         |
| <b>Private Credit</b>          | <b>6.0%</b>  | <b>5.0%</b>             | <b>5.0%</b>  | <b>4.0%</b>           | <b>3.0%</b>  |
| Direct Lending                 | 6.0%         | 5.0%                    | 5.0%         | 4.0%                  | 2.0%         |
| Distressed Credit              | 0.0%         | 0.0%                    | 0.0%         | 0.0%                  | 1.0%         |
| <b>Private Real Assets</b>     | <b>6.0%</b>  | <b>5.0%</b>             | <b>5.0%</b>  | <b>4.0%</b>           | <b>2.5%</b>  |
| Core/Core + Real Estate        | 2.5%         | 2.0%                    | 2.0%         | 2.0%                  | 1.5%         |
| Opportunistic Real Estate      | 0.0%         | 0.0%                    | 1.0%         | 1.0%                  | 1.0%         |
| Infrastructure                 | 3.5%         | 3.0%                    | 2.0%         | 1.0%                  | 0.0%         |

Source: UBS Wealth Management USA Asset Allocation Committee, as of March 10, 2025. Asset allocation does not assure profits or prevent against losses from an investment portfolio or accounts in a declining market. See Important Information section, Wealth Management USA Asset Allocation Committee and the UBS Capital Market Assumptions and Strategic Asset Allocation Models, for more information.

For illustrative purposes only. This should not be relied upon as investment advice or the basis for making any investment decisions. It has not been prepared with regard to the specific objectives, financial situation or particular needs of any specific person.

<sup>1</sup> Geddes, P., Goldberg, L. R., and Bianchi, CFA, S. W., "What would Yale Do If It Were Taxable?" (2015, corrected January 2016). *Financial Analysts Journal*, 71(4), 10 – 23.

<sup>2</sup> Lerner, Josh, Jo Tango, and Alys Ferragamo, "Yale Investments Office: November 2020," Harvard Business School, Case 821-074, March 2021.

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