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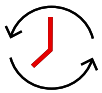
Reserve Management Seminar

Willem Keogh
Head ETF & Index Fund Investment Analytics

UBS Asset Management
ETF & Index Fund Investment Analytics

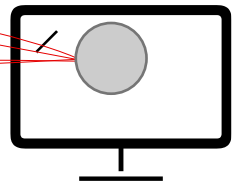
27 June 2024

Why do investors prefer ETFs?

 Transparency	• ETFs are totally transparent, from the index methodology to holdings and real-time pricing during exchange trading hours.
 Convenience	• An ETF is just another security and thus doesn't require a procurement process as one does with segregated mandates. It means one can invest immediately once the decision has been taken and it also allows an investor to quickly change allocations if necessary.
 Ease of Trading & Access to Liquidity	• ETFs allow all investors to easily implement their investment objectives. It is possible to implement large positions of >$1bn in a single ETF trade, or, to build a position in smaller quantities gradually. • ETFs trade like securities and an ETF is at least as liquid as its underlying securities.
 Operational Efficiency	• One of the reasons for using ETFs in some markets is the operational complexity of opening separate accounts at custodians for each market when investing in-house. ETFs provide the possibility of entering these markets quickly after an investment decision has been made.
 Cost Efficiency	• With an ETF you can purchase an entire portfolio of stocks in a cost-efficient way as opposed to buying each portfolio component individually. Not only is this more cost-efficient, but you receive diversification benefits as compared to investing in a smaller number of single names.
 Aligned Investment Objective	• Investors can align their investment objectives, whether it is a beta exposures, or to meet their Sustainable Investment Objectives through ETFs. The latter could range from best-in-class ESG to Climate solutions with a 1.5-degree Celsius objective.

Increased ETF adoption by Reserve Managers

Reserve Managers



Investment solutions (SAA)

- Beta building blocks
- Alpha overlay
- Market access

Trading solutions (TAA)

- Access to liquidity
- Transition management
- Exposure management

Market Access ETFs

Building block approach allow clients maximum flexibility

Equity *and* Fixed Income ETFs

Granular access to specific markets & segments and liquidity

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