

Myth vs. reality

The truth about sustainable investing

- 1** “You give up returns with sustainable investments.”

Reality
Actually, returns are comparable to traditional investments. Historically, the S&P 500 Index and the MSCI KLD 400 Social Index, a sustainable equivalent to the S&P 500, perform similarly.¹
- 2** “You can’t measure the impact of a sustainable investment.”

Reality
Funds and companies are increasingly reporting on their social and environmental impact. Impact investing, the most intentional sustainable investing strategy, does require measurement.
- 3** “Sustainable investing is niche and is a fad.”

Reality
According to the Global Sustainable Investment Alliance, sustainable investments totaled \$23t assets in 2016. Global exchanges had a value of \$69t that same year.²
- 4** “Sustainable investing means excluding companies from your portfolio.”

Reality
Exclusionary screening—removing companies that are not values-aligned—is only one sustainable investing approach, alongside ESG integration and impact investing, which are more positive, intentional approaches.
- 5** “Sustainable investing is all about equities.”

Reality
There are multiple sustainable fixed income investments, including green bonds, development bank bonds, corporate bonds and sustainable municipal bonds.
- 6** “Sustainable investing is only about protecting the environment.”

Reality
Sustainable investing incorporates environmental, social and governance (ESG) considerations. Social and governance issues include health and safety, privacy and data security, labor management and business ethics.
- 7** “I need to be an expert to do sustainable investing.”

Reality
Sustainable investing mutual funds, SMAs and ETFs are commonplace today. By 2023, investors expect it to be mainstream.³
- 8** “Sustainable investments aren’t liquid.”

Reality
You can find sustainable investing solutions in public equities and fixed income, in addition to private equity and private debt.
- 9** “Wealthy investors don’t invest sustainably.”

Reality
In the U.S., the richest wealth segment invests sustainably far more than any other. A full 40% of investors with \$50M+ invest sustainably, compared to 8% of those with \$1 – 2M.³
- 10** “There are no benchmarks for sustainable investing.”

Reality
UBS and others have created benchmarks for various sustainable investing approaches.

Is your portfolio achieving the impact you want? Talk to your UBS Financial Advisor.

¹ Bloomberg, as of August 31, 2018.

² Global Sustainable Investment Alliance: "Global Sustainable Investment Review," 2016.

³ *UBS Investor Watch: "Return on values,"* 2018.

In providing wealth management services to clients, we offer both investment advisory and brokerage services which are separate and distinct and differ in material ways. For information, including the different laws and contracts that govern, visit ubs.com/workingwithus.

ESG investing risk—Environmental, Social and Governance factors may inhibit a portfolio manager's ability to participate in certain investment opportunities that otherwise would be consistent with its investment objective and other principal investment strategies. Underlying companies in a particular fund may not necessarily meet exemplary standards in all aspects of ESG performance; nor is any company perfect when it comes to corporate responsibility or sustainability. Past performance is no guarantee of future results.

Standard & Poor's 500 Index—is a commonly recognized, market capitalization weighted index of 500 widely held equity securities, designed to measure broad U.S. equity performance. Covers 500 industrial, utility, transportation and financial companies of the U.S. markets (mostly NYSE issues). Individuals cannot invest directly in any index.

The MSCI KLD 400 Social Index is designed to provide exposure to companies with high MSCI ESG Ratings while excluding companies whose products may have negative social or environmental impacts. It consists of 400 companies selected from the MSCI USA IMI Index, which includes large-, mid- and small-cap US companies. It aims to select companies with the highest ESG Ratings in each sector and maintain sector weights similar to those of the parent index.

© UBS 2018. All rights reserved. The key symbol and UBS are among the registered and unregistered trademarks of UBS. UBS Financial Services Inc. is a subsidiary of UBS AG. Member FINRA/SIPC.