

# Myth vs. reality

## The truth about sustainable investing



"You can't measure the impact of a sustainable investment."

"Sustainable investing is niche and is a fad."

Reality

Historically, the S&P 500 Index and the MSCI KLD 400 Social Index, a sustainable equivalent to the S&P 500, perform similarly.1

Actually, returns are comparable

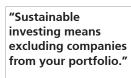
to traditional investments.

### Reality

Funds and companies are increasingly reporting on their social and environmental impact. Impact investing, the most intentional sustainable investing strategy, does require measurement.

### 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.<sup>2</sup>



"Sustainable investing is all about equities."

#### 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.

#### Realitv There are multiple sustainable fixed income investments,

including areen bonds. development bank bonds, corporate bonds and sustainable municipal bonds.



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

<sup>1</sup> Bloomberg, as of August 31, 2018. <sup>2</sup> Global Sustainable Investment Alliance: "Global Sustainable Investment Review," 2016.
<sup>3</sup> UBS Investor Watch: "Return on values," 2018.

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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-, midand 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.

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