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Sustainable investing in charts

December 2025

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Sustainable and Impact Investing
UBS Global Investment Management

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Key messages: Sustainable investment case remains robust amid uncertainty

1 The UBS Chief Investment Office sees multiple approaches to sustainable investing, applying distinct approaches across asset classes. SI building blocks can provide diversification benefits, providing stability through the market cycle.

2 Diversifying across Leaders, Thematic and Improver equity strategies has supported portfolios over periods of market volatility, as shown by CIO research.

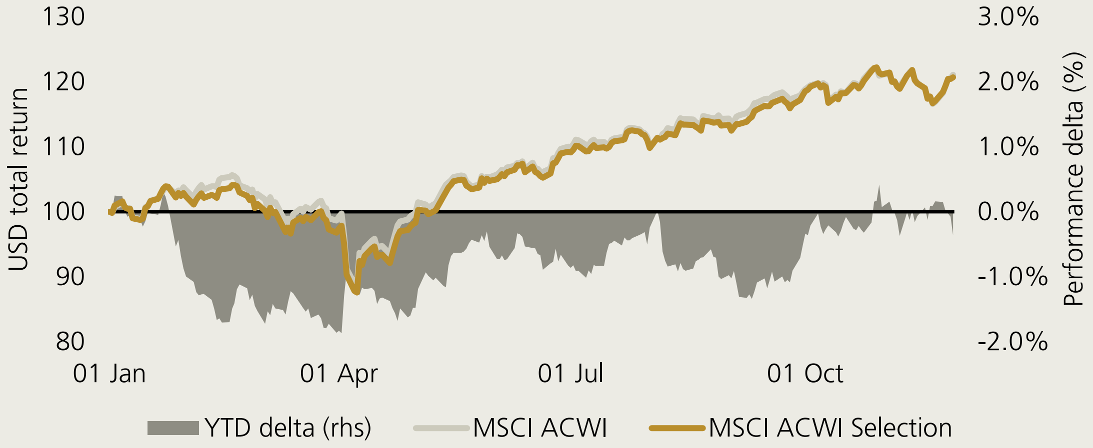
3 The global ESG leader index had a strong second half year (p.6), and remains on par with its traditional counterpart over the longer-term (p.7-8). Thematic indices are showing a strong performance year-to-date (p.12-14).

4 2025 has been an eventful year across many areas of sustainability and sustainable investing. The '2025 in review' section breaks down notable events that happened throughout the year (p.25-36).

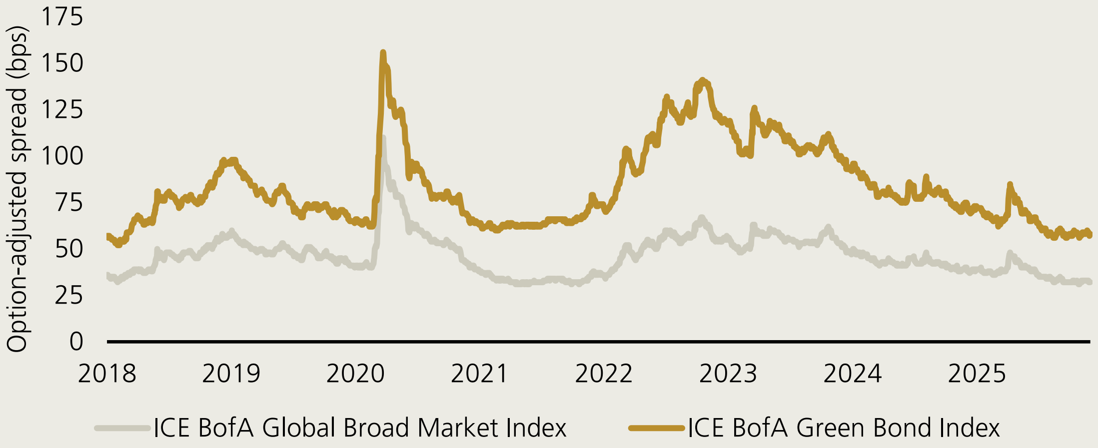
5 This report includes a tracker of the transition across sectors, including the immediate effects of temperature rise (p.38-39), the deployment of renewables (p.42-45), corporate decarbonization commitments (p.46), and more.

At a glance: Performance across asset classes

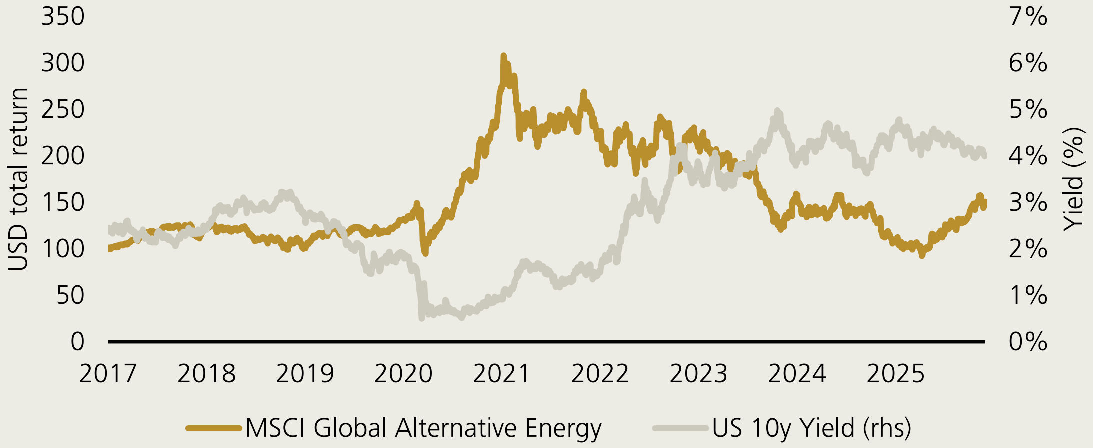
Global ESG leader equities: Recovery after a weak first quarter
MSCI ACWI Selection total return relative to MSCI ACWI



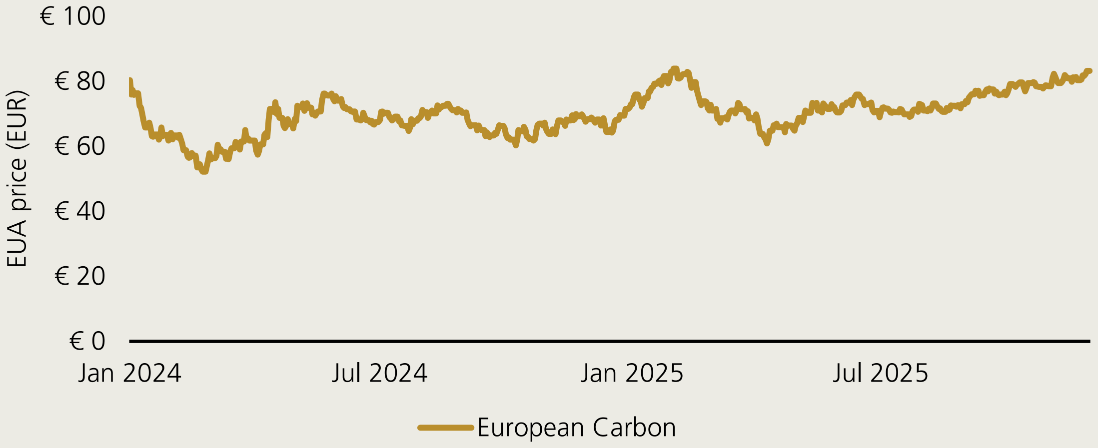
Thematic sustainable fixed income: Spreads have tightened
Option-adjusted spread in basis points



ESG thematic equity: Alternative energy has first strong year since '20
MSCI Global Alternative Energy total return (lhs) and US 10-year yield (rhs)



Carbon markets: Two volatile years trading in EUR 60-80 range
Spot price of EU carbon credits in EUR per ton of CO_2



Refer to the Appendix for a glossary and overview of all indices referenced throughout this document.

At a glance: Key events in sustainability throughout 2025

January | President Trump has signed many more executive orders during his second term

February | Investors reconsider aerospace and defense exposure as policy momentum shifts

March | Celebrating International Women's Day, Women now occupy 30% of Russell 3000 board seats

April | *Liberation day* tariffs shake up markets, triggering drawdowns across asset classes

May | Renewables accounted for 57% of European Union electricity generation

June | Extreme weather events increase, economic losses due to natural disasters increased 15% in 1H25 relative to 1H24

July | One Big Beautiful Bill Act is signed into law, slightly more favorable to renewables

August | Increased drought poses risk for agriculture, tech, and hydropower

September | Record sustainable investing assets under management at USD 3.7 trillion for the month

October | Hyperscalers strike deals for low-carbon energy capacity, continuing to support data center expansion

November | Adaptation takes center stage at 30th climate conference in Brazil, as physical risks materialize

Refer to the Appendix for a glossary and overview of all indices referenced throughout this document.
Please see important disclaimer at the end of this document.

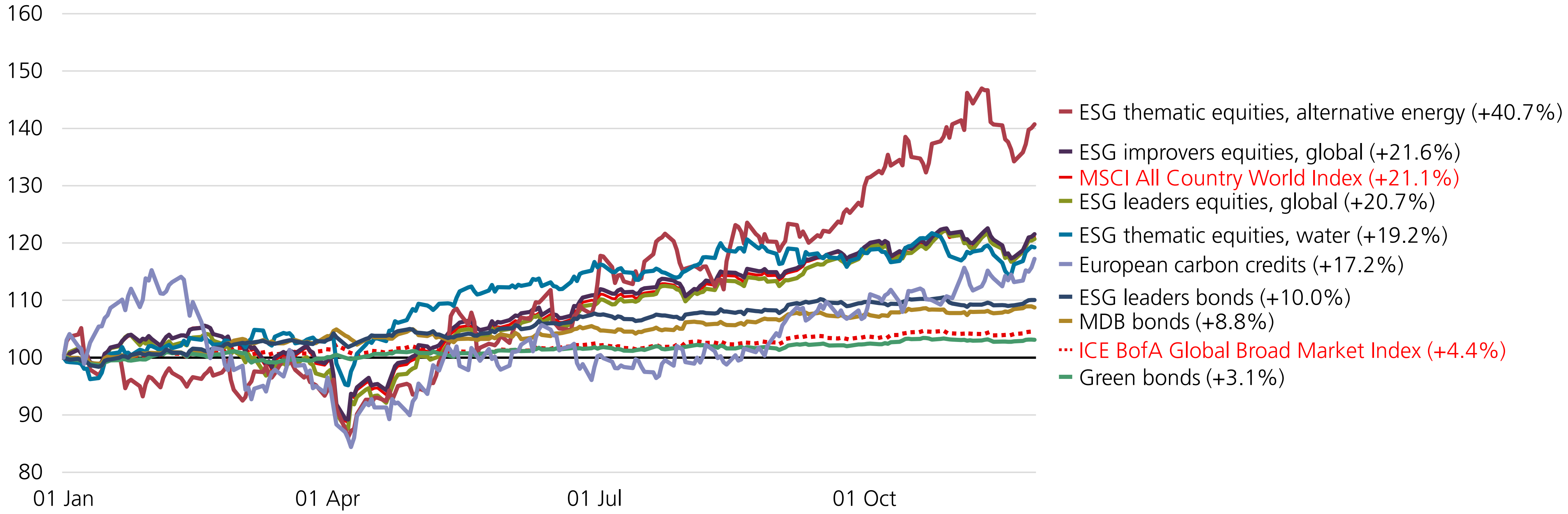
UBS

Financial performance of select sustainable investing strategies

Sustainable investing includes multiple strategies applying distinct approaches across asset classes

Asset class overview: Performance of select SI strategies through November

Sustainable investing is not a monolith, with diverging performance characteristics across asset classes



MSCI, S&P, ICE, and Solactive indices in USD total return, 1 January 2025 = 100.
Indices used (including longer history) are referenced throughout this document.
Source: Refinitiv Datastream, UBS Global Wealth Management (as of 30 November 2025).

ESG leaders equities: Strong Q4 sees ESG leaders pull close to market

Global ESG leaders equities lagged traditional equivalent by 40bps in year to date

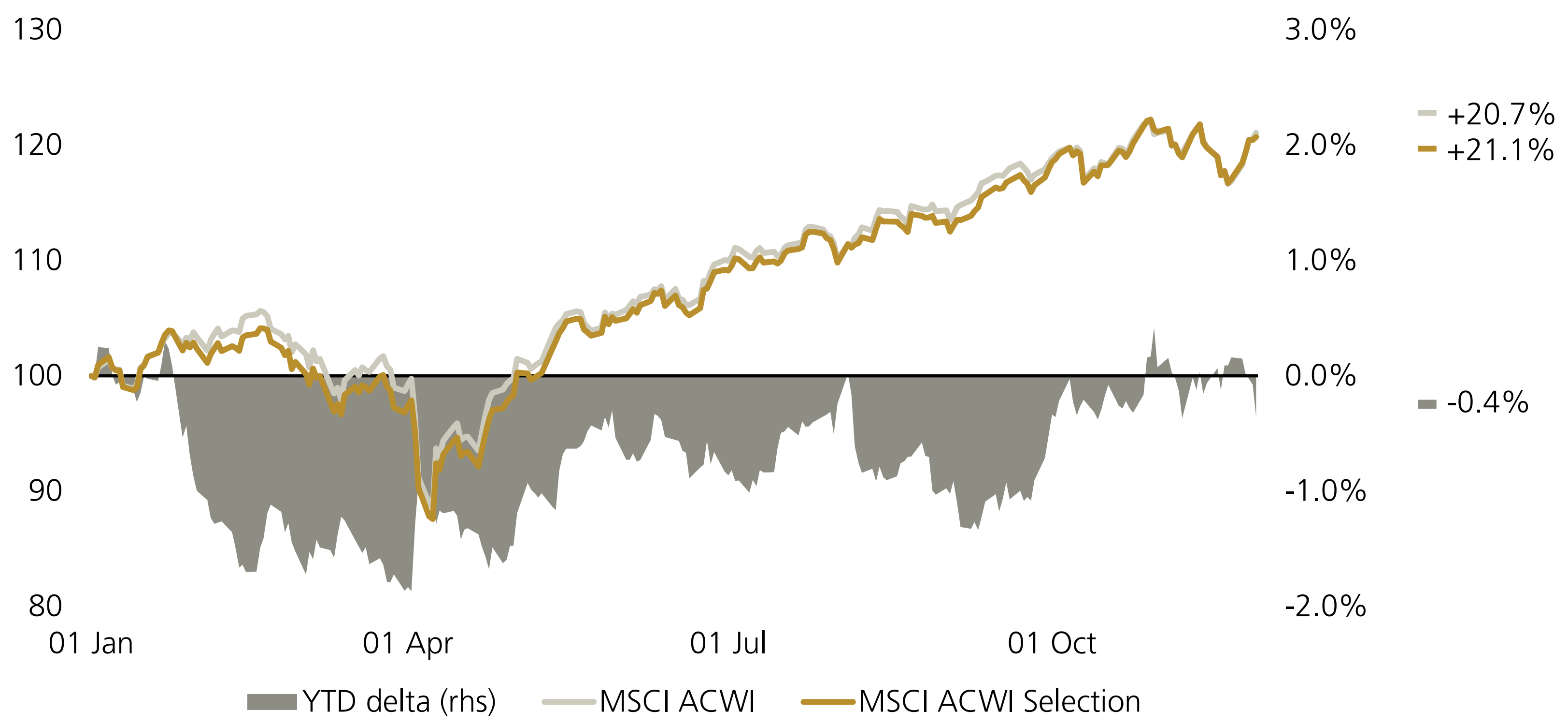
The MSCI index representing global ESG leader companies has lagged its traditional counterpart by 0.4% in the first ten months of the year, after initially falling behind in February. Some of the underperformance was recovered after President Trump announced tariffs: MSCI ACWI dropped 8.6% the two days following the announcement, MSCI ACWI Selection dropped by 7.8%. A particularly strong May and October further reduced the relative underperformance.

While the global ESG leader index excludes some members (Apple, Amazon, and Meta) of the Magnificent 7, the index is overweight the Mag. 7 in aggregate (especially Nvidia, at +4.3pp), which detracted from performance at the start of the year.

Actively managed ESG leader strategies may run into concentration restrictions on the Mag. 7 and therefore might not reflect index weights. Implementation selectivity is important given there is variance in the approaches managers apply to this sustainable investing approach.

Year-to-date performance of global ESG leaders

USD net total return (left axis) and delta in percentage points (right axis)



Source: Refinitiv Datastream, UBS Global Wealth Management (as of 30 November 2025).
Note: MSCI 'ESG leaders' index suite was renamed to 'Selection' in February 2025.

ESG leaders equities: Annual performance comparison with traditional index

Global ESG leaders show comparable performance to traditional

CIO believes that ESG leaders indices and strategies aim to be sector neutral, meaning global performance isn't significantly driven by sector- or country tilts. However, this might vary in implementation, where managers take a range of approaches.

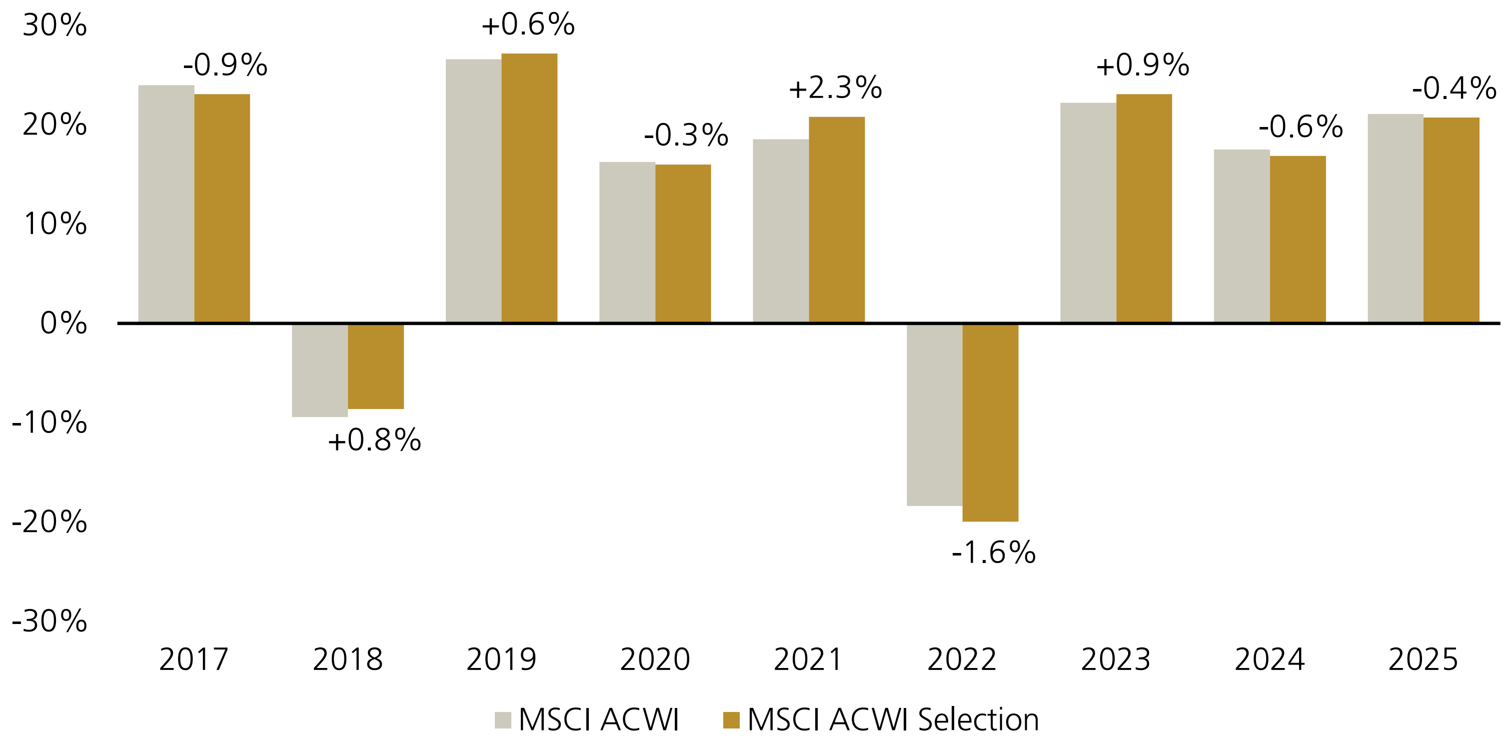
Performance on a calendar-year basis of MSCI indices shows that ESG leaders have tended to perform similarly to their traditional counterparts, with some fluctuations of out- or under-performance.

The strongest (relative) year was 2021, followed by the weakest in 2022, when limited energy exposure dragged on relative performance.

At the index level, factor exposure shows a slight overweight to growth and quality, and the current valuation premium (as measured through 12m forward P/E based on Refinitiv data) stands below historical averages.

Calendar year performance of global ESG leaders

USD net total return (including delta in percentage points per year)



Source: Refinitiv Datastream, UBS Global Wealth Management (as of 30 November 2025).
Note: MSCI 'ESG leaders' index suite was renamed to 'Selection' in February 2025.

ESG leaders equities: Longer-term comparative performance for the index

Global ESG leaders equities display comparable risk and return to traditional

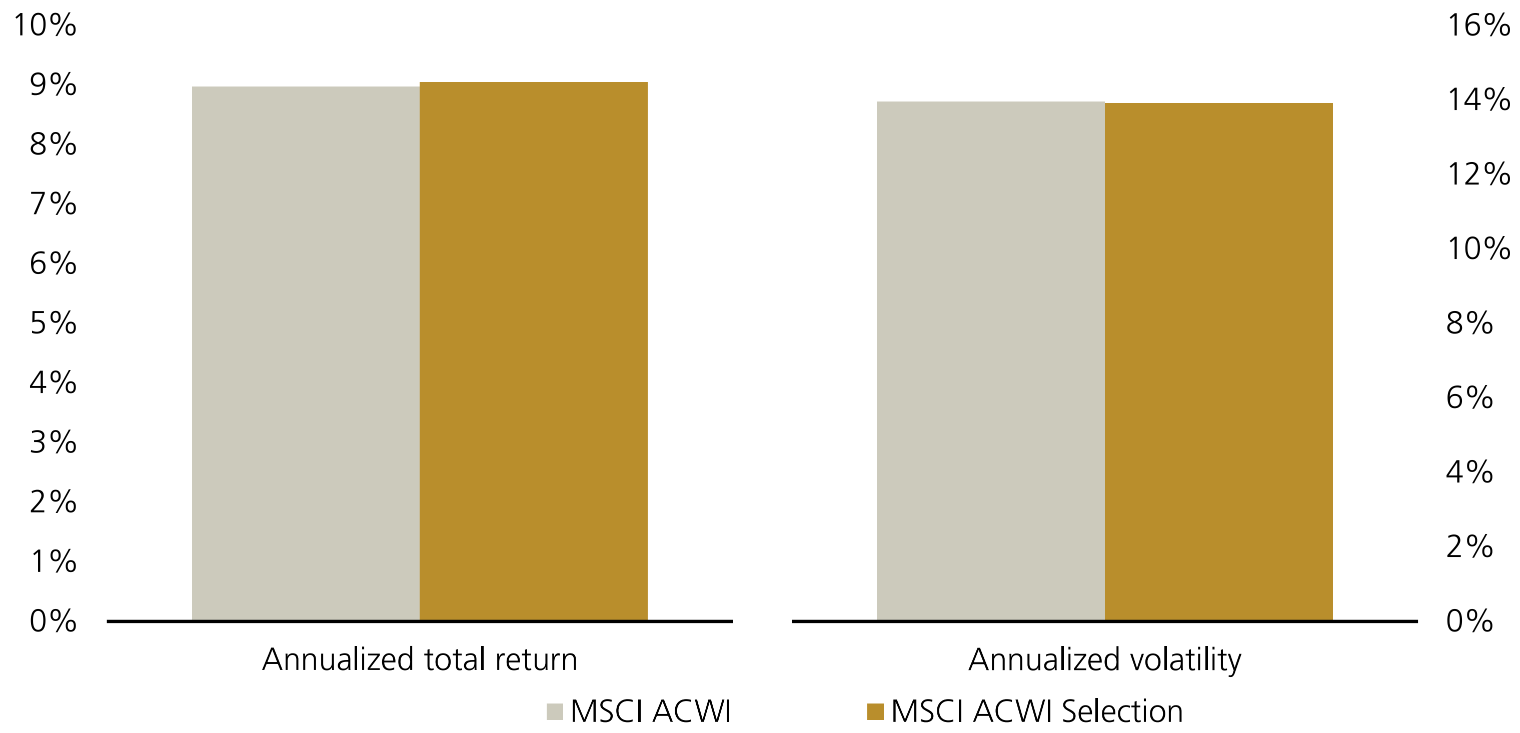
ESG leaders indices and strategies aim to be (close to) sector neutral, meaning global performance isn't significantly driven by sector- or country tilts. However, this might vary in implementation, where managers take a range of approaches.

Factor exposure shows a slight overweight to growth and quality, and the current valuation premium (as measured through 12m forward P/E) stands below historical averages.

Since 2014, MSCI ACWI ESG Leaders has had stronger performance than its traditional counterpart in seven years out of 11.

Long-term performance of global ESG leaders

USD net total return; 1 January 2014 through 30 November 2025



Source: Refinitiv Datastream, UBS Global Wealth Management (as of 30 November 2025).
Note: MSCI 'ESG leaders' index suite was renamed to 'Selection' in February 2025.

ESG leaders equities: Valuation premium dropped to all-time low in Q3

Decline in valuation premium brings opportunity to enter ESG leaders

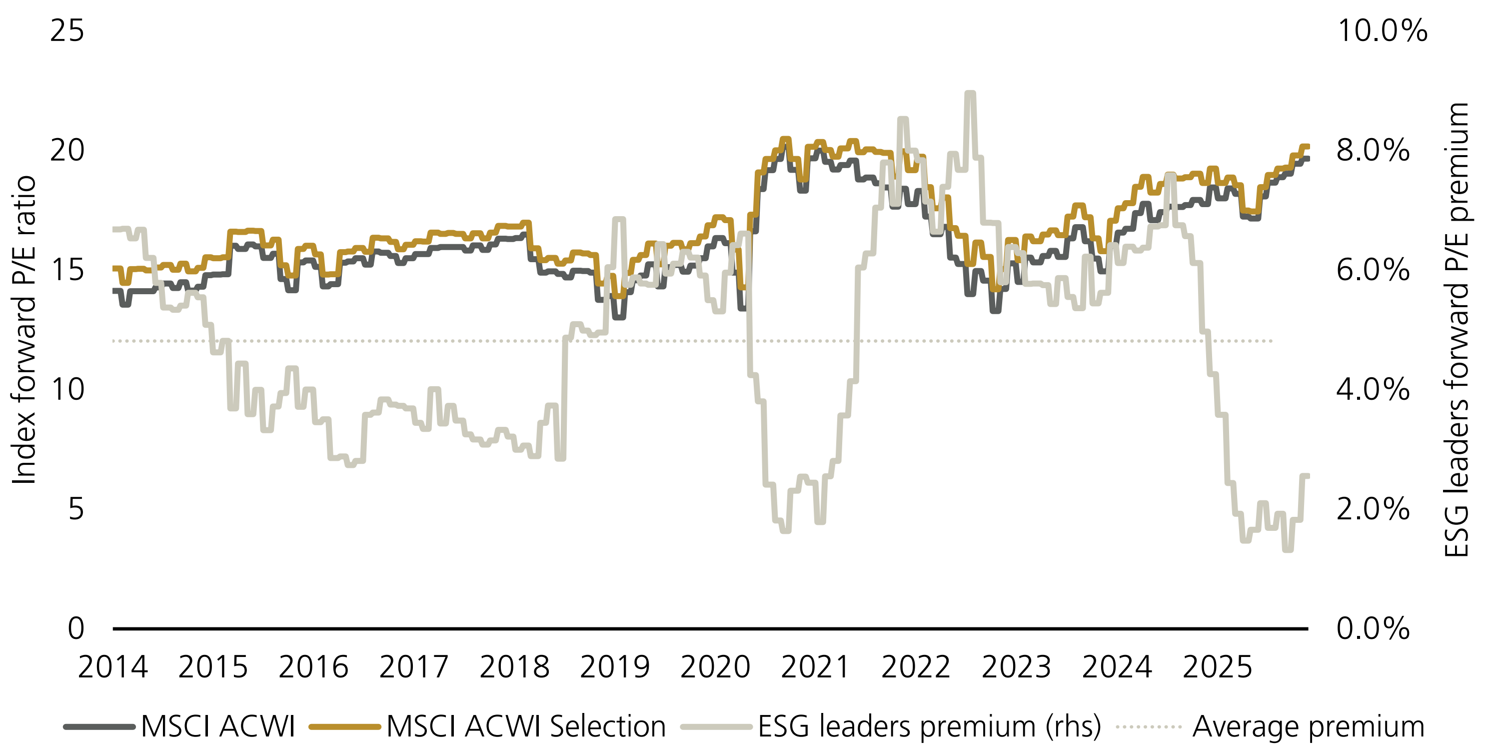
The global MSCI index representing ESG leaders historically traded at a forward price/earnings ratio premium of 5% on average, relative to the broader market.

Between 2021 and late 2024, this index of ESG leaders was trading above this historical average. After hitting a 7.6% premium in July 2024, the valuation premium has rapidly declined, rebounding to 2.6% in November. This means investors are still willing to pay 2.6% more for future earnings of companies in this ESG leaders index than for the broader market (20.2 versus 19.8).

This decline in valuation premium helps explain the total return divergence between global markets and ESG leaders: although forward EPS estimates grew faster for ESG leaders, the multiple expansion of the broad market compared to that of the ESG leader index more than compensated for this difference. Dividend yields of MSCI ACWI and MSCI ACWI Selection are comparable (1.7% and 1.6%, respectively).

Forward valuation premium of global ESG leaders

Index forward P/E ratio; 1 January 2014 through 30 November 2025



Source: Refinitiv Datastream, UBS Global Wealth Management (as of 30 November 2025).
Note: MSCI 'ESG leaders' index suite was renamed to 'Selection' in February 2025.

ESG leaders equities: Relative performance differs across regions, and over time

ESG leaders continue strong EM performance, challenges in Europe

Regional MSCI ESG leaders indexes are more concentrated than the benchmark, as they invest in a subset of the parent. European MSCI ESG leaders indices have struggled over the past year, losing relative performance.

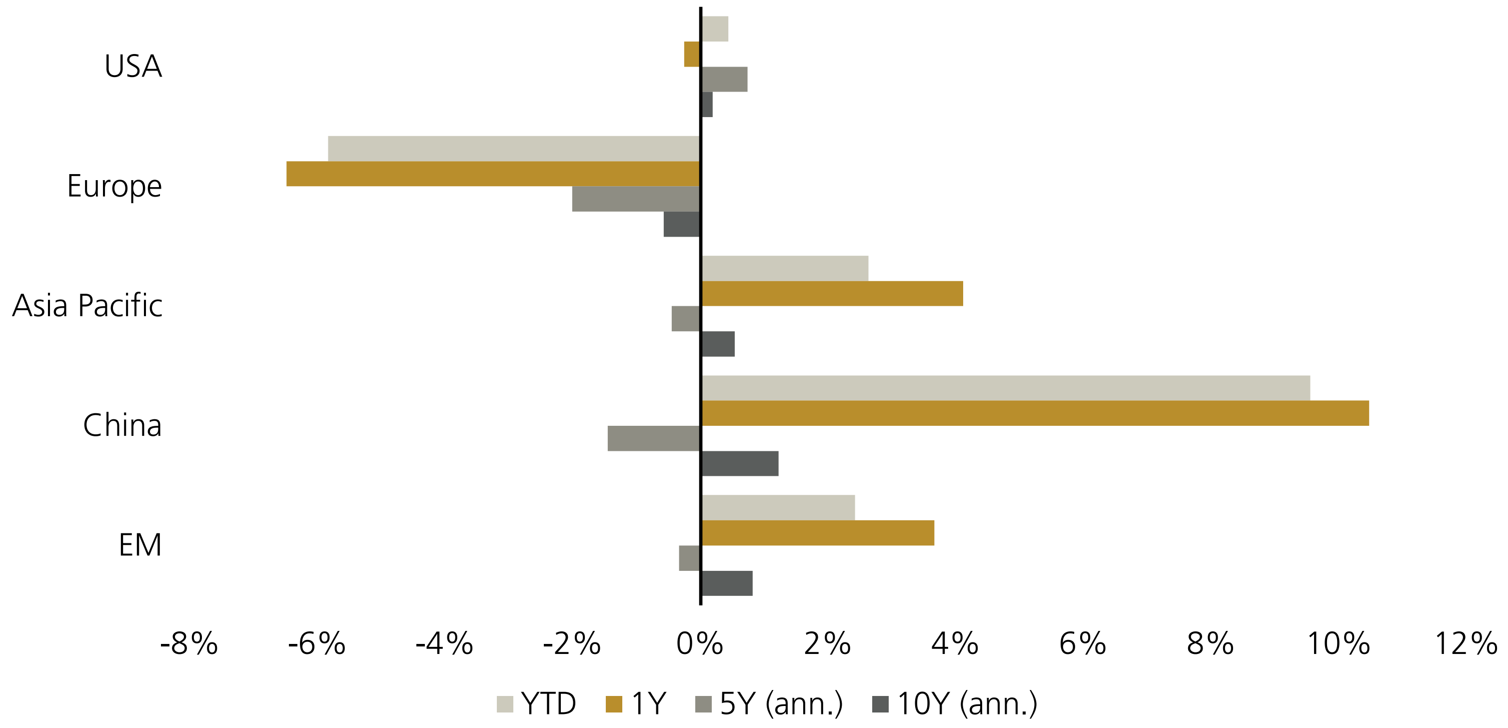
The *MSCI USA ESG leaders* index is overweight Microsoft (by 5.4 pps), Nvidia, and Alphabet compared to the parent index, delivering YTD performance on par with the parent index.

The top 10 constituents of the *MSCI Europe ESG leaders* index make up 31% of the index, compared to 20% of the parent. Financials and Industrials hold the largest weights.

Both the *MSCI China* and *Emerging Markets ESG leaders* indices delivered relative outperformance year to date. Outperformance of the *China ESG leaders* index was largely driven my stronger multiple expansion, while stronger earnings growth was the source of *EM ESG leaders'* outperformance.

Regional ESG leaders compared to parent benchmark

Regional MSCI indices in USD net total return



Source: Refinitiv Datastream, UBS Global Wealth Management (as of 30 November 2025).
Note: MSCI 'ESG leaders' index suite was renamed to 'Selection' in February 2025.

ESG leaders equities: Valuation premia low across the globe

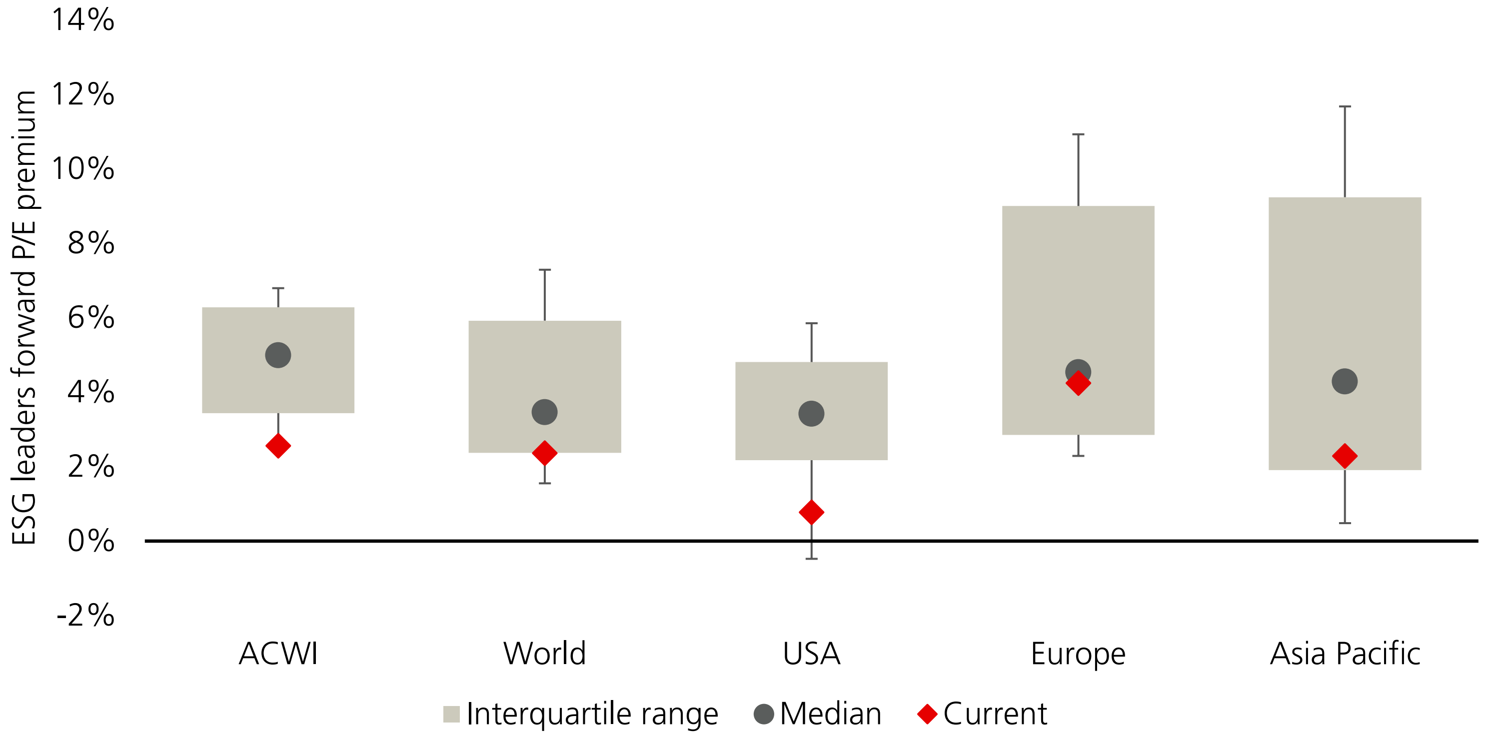
European ESG leaders' valuation premium dropped quickly in 2025

Historically, companies in the MSCI index representing ESG leaders have traded at a forward price/earnings ratio premium relative to the broader market. The median premium sits between 4% and 6% across regions, with European ESG leaders typically enjoying the largest valuation premium. This valuation premium has declined rapidly since 3Q24, across regions.

This decline in forward P/E ratio premium explains the significant underperformance of European ESG leaders indices over the past year (6.5% underperformance on a one-year basis). Where European ESG leaders were trading at a 14.3% premium in July 2024, this has dropped to a mere 3.9% premium at the end of October 2025. The current premium is below the median since 2014, while the valuation premium in 2024 was the highest recorded since inception.

Valuation premium of regional ESG leaders

Forward P/E premium of regional ESG leader indices; whiskers represent 10th and 90th percentiles since 2014



Source: Refinitiv Datastream, UBS Global Wealth Management (as of 30 November 2025).
Note: MSCI 'ESG leaders' index suite was renamed to 'Selection' in February 2025.

ESG thematic equities: Alternative energy rallied after "Liberation Day"

Alternative energy theme off to a strong start in first three quarters of 2025

Thematic investment ideas generally have more tracking error than broad-market indices due to higher sector/stock concentration in relatively fewer names. The higher concentration tends to result in more idiosyncratic risk.

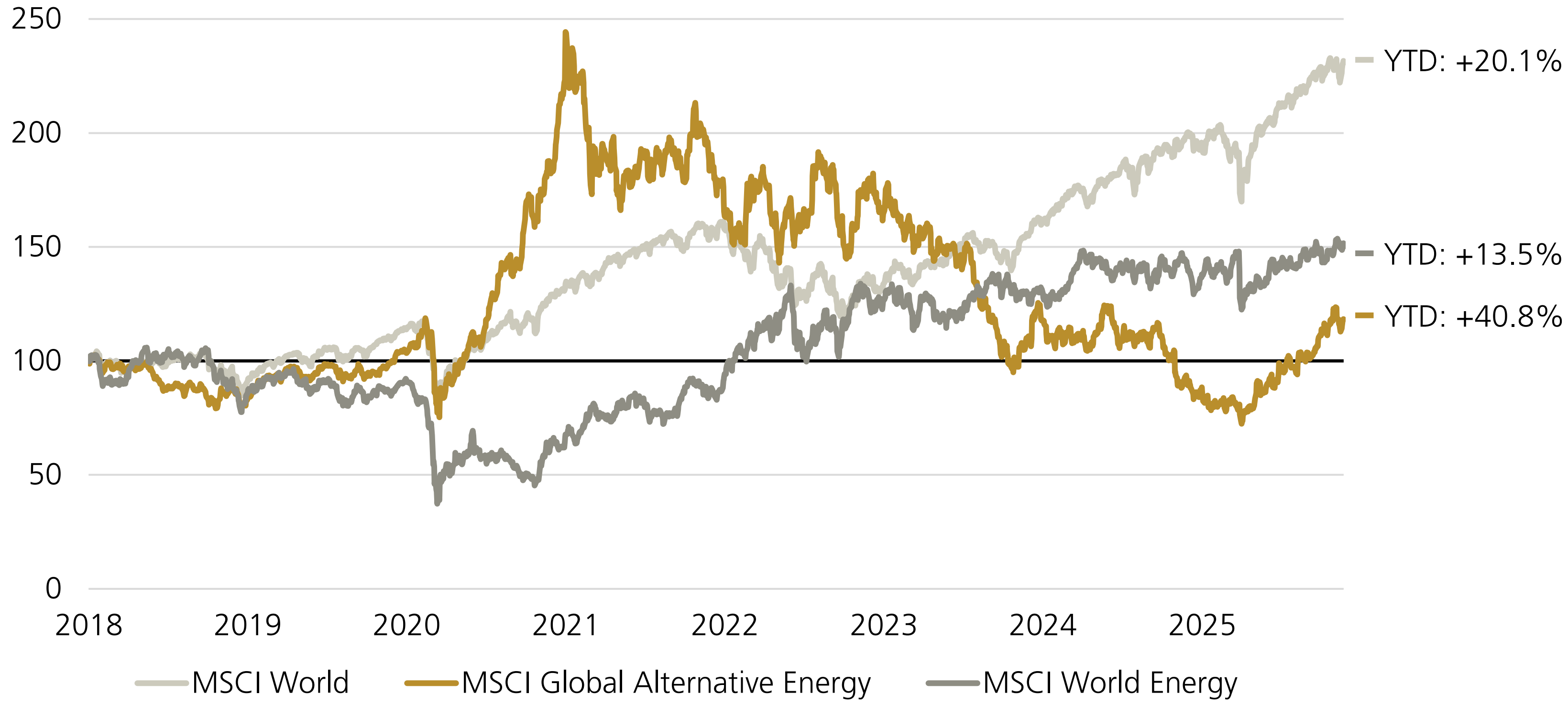
An example is alternative energy, where over the years we've seen rallies and selloffs, greater rate sensitivity, etc.

- The MSCI Global Alternative Energy index only has 71 holdings, with 29% concentrated in two stocks (Vestas Wind Systems and FirstSolar).
- The divergence between themes is significant, but typically we see a bias toward smaller capitalization companies in thematic indices like this one as compared to the broad market.

Many thematic indices (such as alternative energy) have struggled compared to their benchmark in 2022-24, but other themes (e.g., smart grids, water scarcity) have done well as shown by CIO research.

Alternative energy theme relative to benchmark and traditional energy

USD net total return



Source: Refinitiv Datastream, UBS Global Wealth Management (as of 30 November 2025).

ESG thematic equities: Alternative energy supported by AI power demand

US elections and rising rates driven by uncertainty have put pressure on theme

Elections: The 2024 US election result led to a drop in alternative energy equities. Stocks with renewables and clean-tech exposure traded down, with the MSCI Global Alternative Energy index down 8.8%.

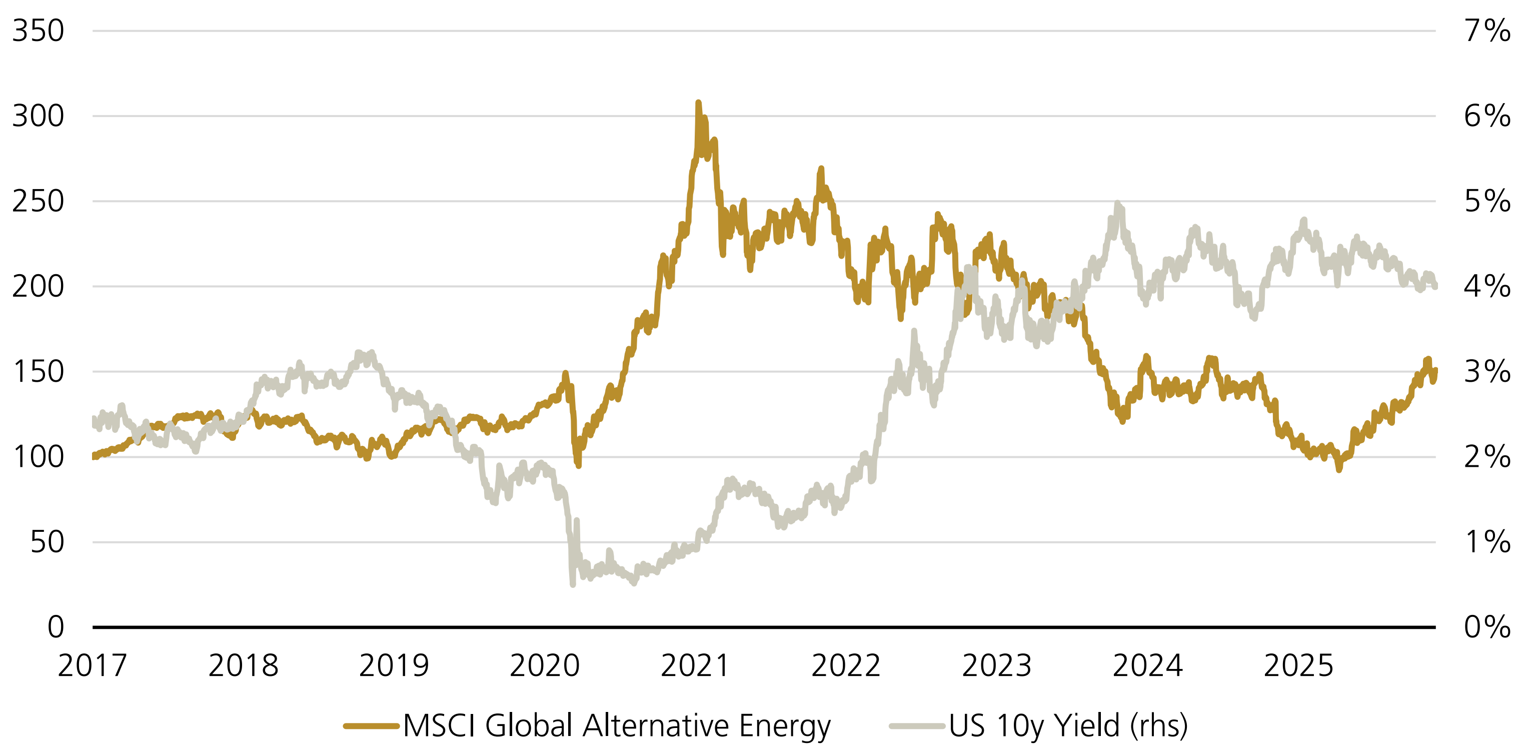
Yields: Because of the growth and small-cap focus of many of these companies, the theme has suffered as higher yields weighed on future cash flows. However, the index (and often implementation of this theme) tends to be invested heavily in the utilities sectors, which had positive performance following the US tariff announcements on April 2 and due to rising AI power demand.

Valuations: Current valuations stand at a full standard deviation lower than the past five-year average, implying potential for long-term-oriented investors to reposition in the sector.

Security selection matters in this area, in particular in the near-to-medium term as pure-play renewable energy providers and diversified utilities are positioned differently in volatile markets.

Alternative energy theme has faced challenges amid higher longer-term yields

USD net total return (left axis) and US 10-year yield in % (right axis)



Source: Refinitiv Datastream, UBS Global Wealth Management (as of 30 November 2025).

ESG thematic equities: Water theme has proven resilient in 2025

Defensive nature of water has supported performance

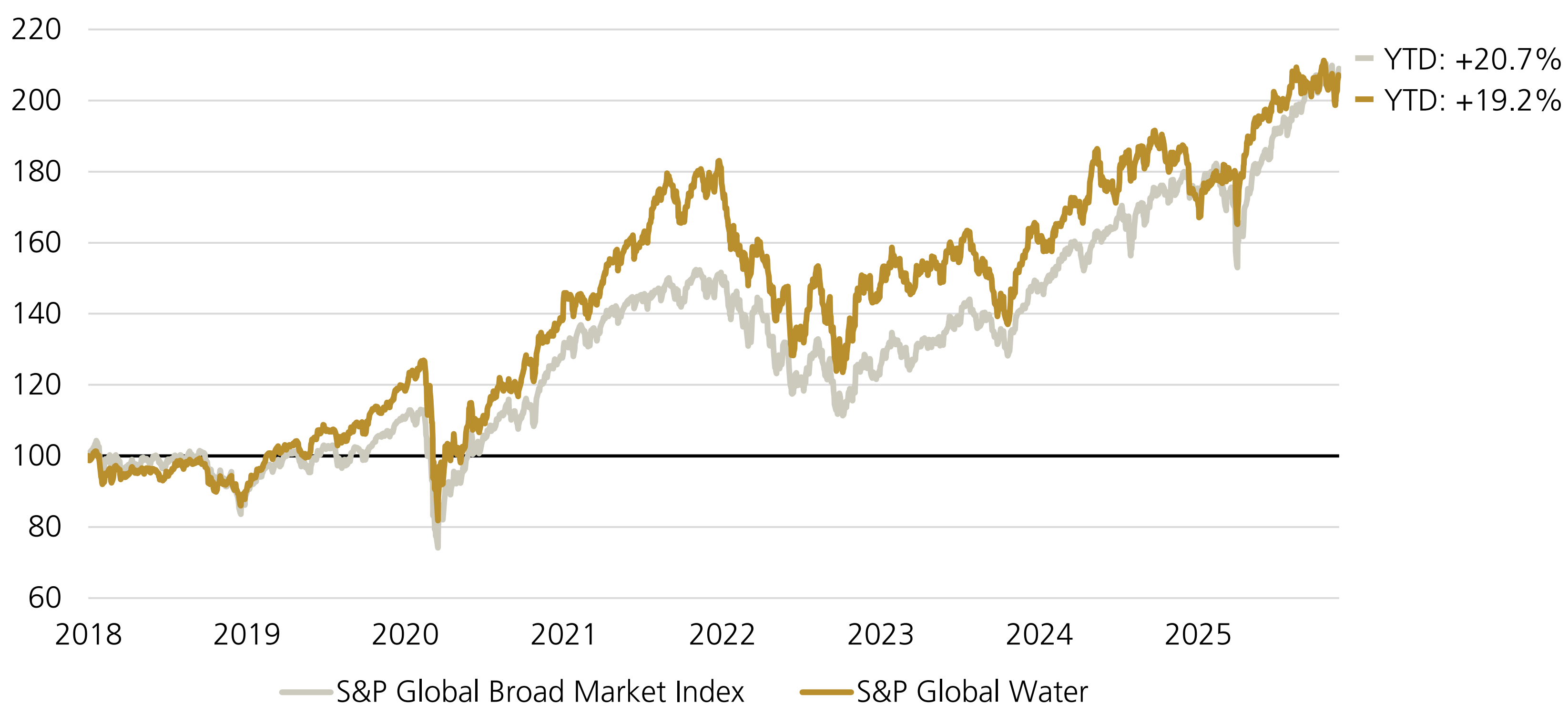
Water is in high demand for both municipal and industrial use, with several structural drivers that support growth. Structural drivers for global water demand growth include continued urbanization and industrialization in emerging markets and population growth.

The rapid expansion of data centers, which often require significant amounts of water for cooling, has supported water demand globally and is expected to continue to grow.

Following the US tariff announcements on April 2, the performance of an index tied to the water theme has proven resilient. The defensive nature of the theme, with significant exposure to utilities and a lower reliance on imports, has supported performance.

Water theme has proven resilient in the first three quarters of the year

USD net total return



Source: Refinitiv Datastream, UBS Global Wealth Management (as of 31 October 2025).

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ESG engagement equities: Bias to small- and mid-cap challenged performance

Dislocation between SMID and large-cap performance pressured engagement

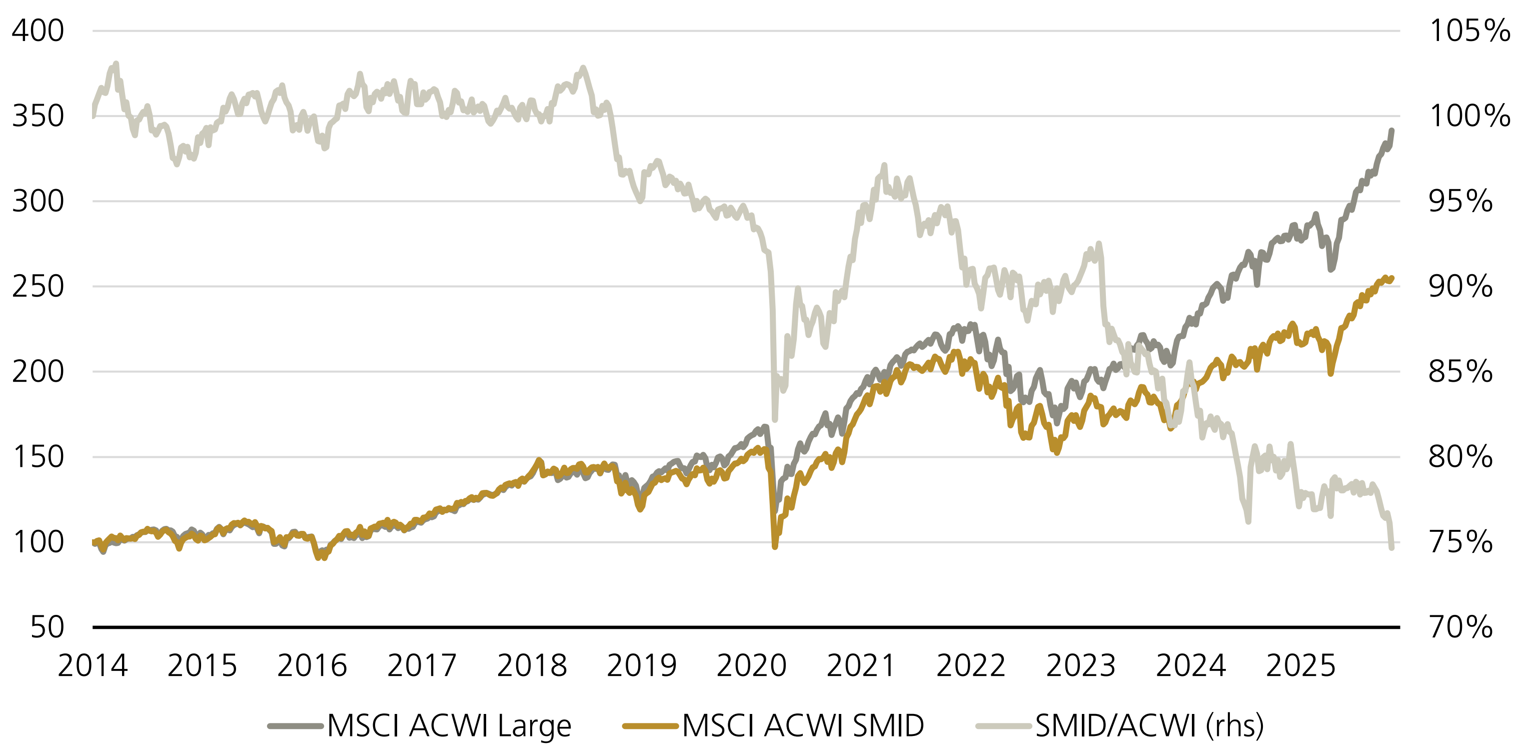
Given the highly active and concentrated nature of engagement strategies, there are no indices that represent ESG engagement equity strategies accurately.

Most engagement strategies focus on small- and mid-cap (SMID) companies, as managers have easier access to management teams. Nonetheless, some managers may still focus more on engagements with large-cap companies.

Market gains have been driven significantly by large-cap companies, causing SMID to lag the broader market. This divergence started in 2018 but has accelerated since 2023. Investors in engagement strategies should consider this potential SMID bias, and may observe performance divergence from large-cap strategies.

Small- and mid-cap stocks have struggled as rallies are driven by mega-caps

USD net total return (left axis) and relative performance of SMID versus Large (right axis)

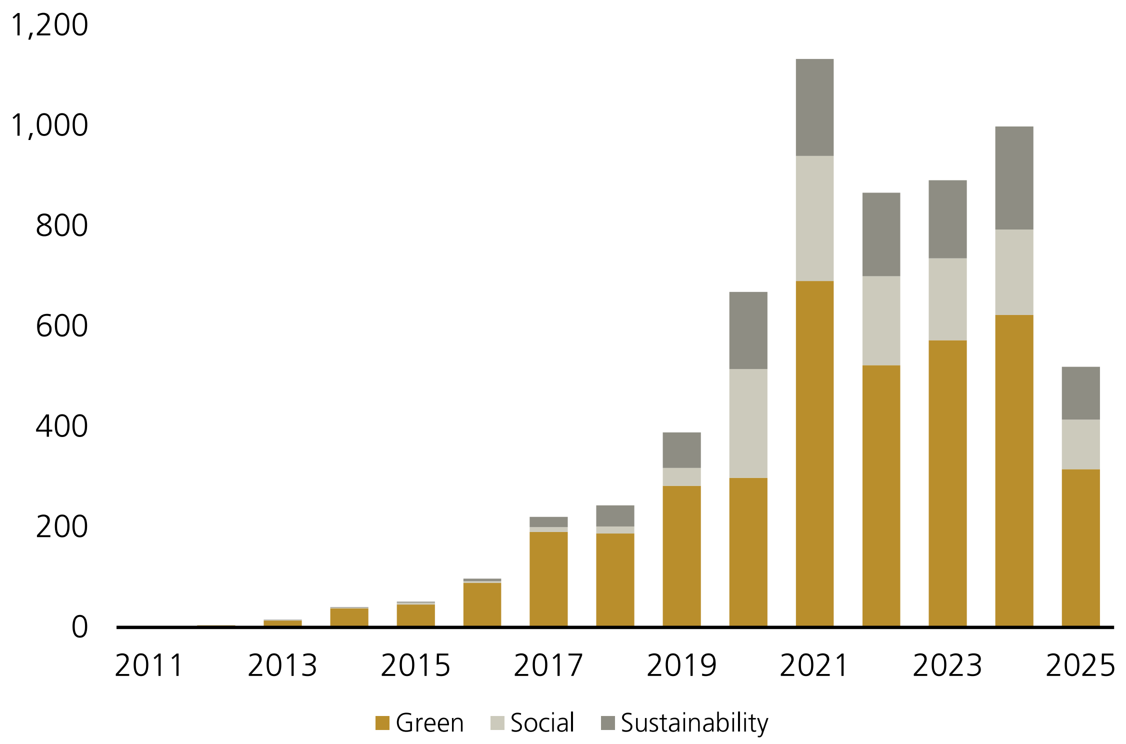


Source: Refinitiv Datastream, UBS Global Wealth Management (as of 30 November 2025).

Thematic sustainable fixed income: Corporates dominate green bond issuance

Issuance of thematic sustainable fixed income, by type

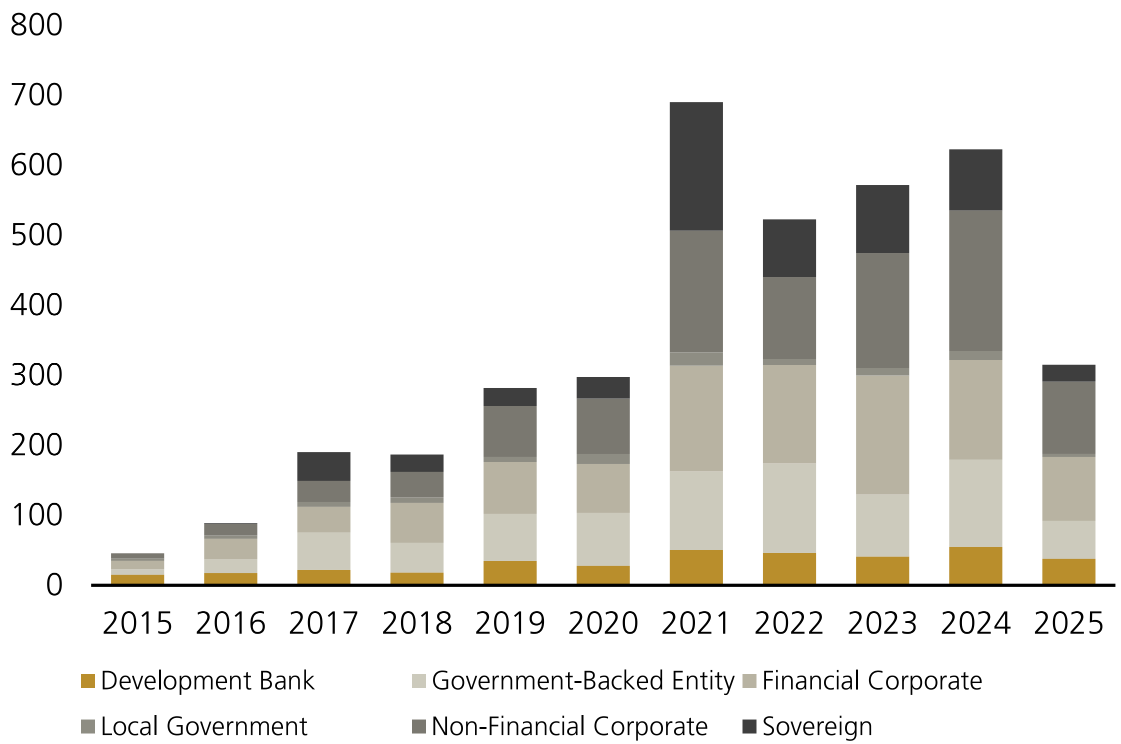
Annual issuance in USD bn



Source: Climate Bonds Initiative, UBS Global Wealth Management (as of 31 August 2025).

Issuance of green bonds, by issuer type

Annual issuance in USD bn



Source: Climate Bonds Initiative, UBS Global Wealth Management (as of 31 August 2025).

Thematic sustainable fixed income: Spread compression drove performance

Increased uncertainty and higher yields drives performance

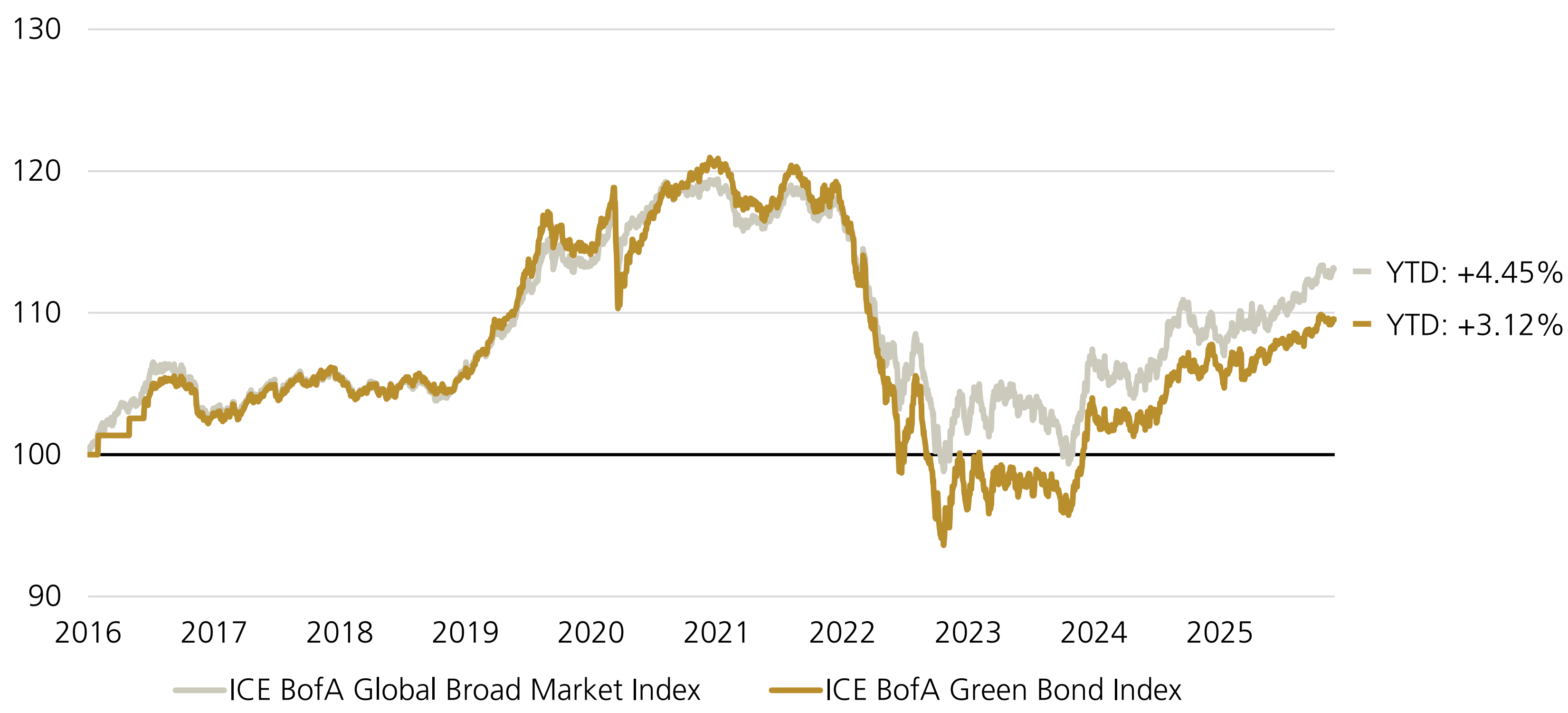
Thematic sustainable fixed income issuance (esp. green bonds) tilts to EUR-denominated, longer-tenor, European sovereign issuers, affecting performance. We have observed relatively lower corporate issuance for green bonds in 2025 compared to 2024, with particularly US corporate issuance slowing down on a relative basis.

Spreads have tightened over the recent years. Green bonds (and other labeled bonds) have had wider spreads than global IG, at 57bps and 32bps respectively, with spreads briefly widening following the April 2 US tariff announcements and narrowing thereafter.

Further, a significant share of recent issuance is by supranational and sovereigns, which tend to choose longer tenors. The market composition exposes investors to greater duration risk, presenting greater valuation losses when interest rates rise.

Thematic sustainable fixed income performance

USD net total return



Source: Refinitiv Datastream, UBS Global Wealth Management (as of 30 November 2025).
For more, see the CIO [Education primer: thematic sustainable fixed income] (07 June 2024).

Thematic sustainable fixed income: Spreads narrowed further in third quarter

Spreads of green bonds at lowest levels since 2018

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Green bond spreads have narrowed since "Liberation Day" spike

Option-adjusted spread (OAS) in basis points

Source: Refinitiv Datastream, UBS Global Wealth Management (as of 30 November 2025).
For more, see the CIO Education primer: thematic sustainable fixed income (07 June 2024).

MDB bonds: Close ties to US yield curve with small liquidity premium

MDB yield curve sits between 6 and 17bps above US Treasuries

CIO sees Multilateral Development Banks as an asset class that offers an appealing risk-return profile, particularly in a scenario where economic growth could weaken further and as major central banks continue to lower policy rates.

Following a White House executive order, all international intergovernmental organizations with US membership will be reviewed. Markets are still awaiting the outcome of this review as a full US withdrawal poses downside risk to the credit profile. However, MDBs are likely to have continued support from other members and maintain a strong standalone credit profile. For more, see the CIO publication 'Assessing the impact of the US MDB membership review.'

The yield curve for MDB bonds closely follows the US Treasury yield curve, where MDB bonds provide slightly higher yields than US Treasuries. This spread ranges from 5 to 30 basis points across the cycle.

Global multilateral development bank bond performance

USD net total return

Source: Refinitiv Datastream, Bloomberg, UBS Global Wealth Management (as of 30 November 2025).
For more, see the CIO Education primer: Multilateral Development Banks (26 September 2024).

MDB bonds: Close ties to US yield curve with small liquidity premium

MDB yield curve sits between 6 and 17bps above US Treasuries

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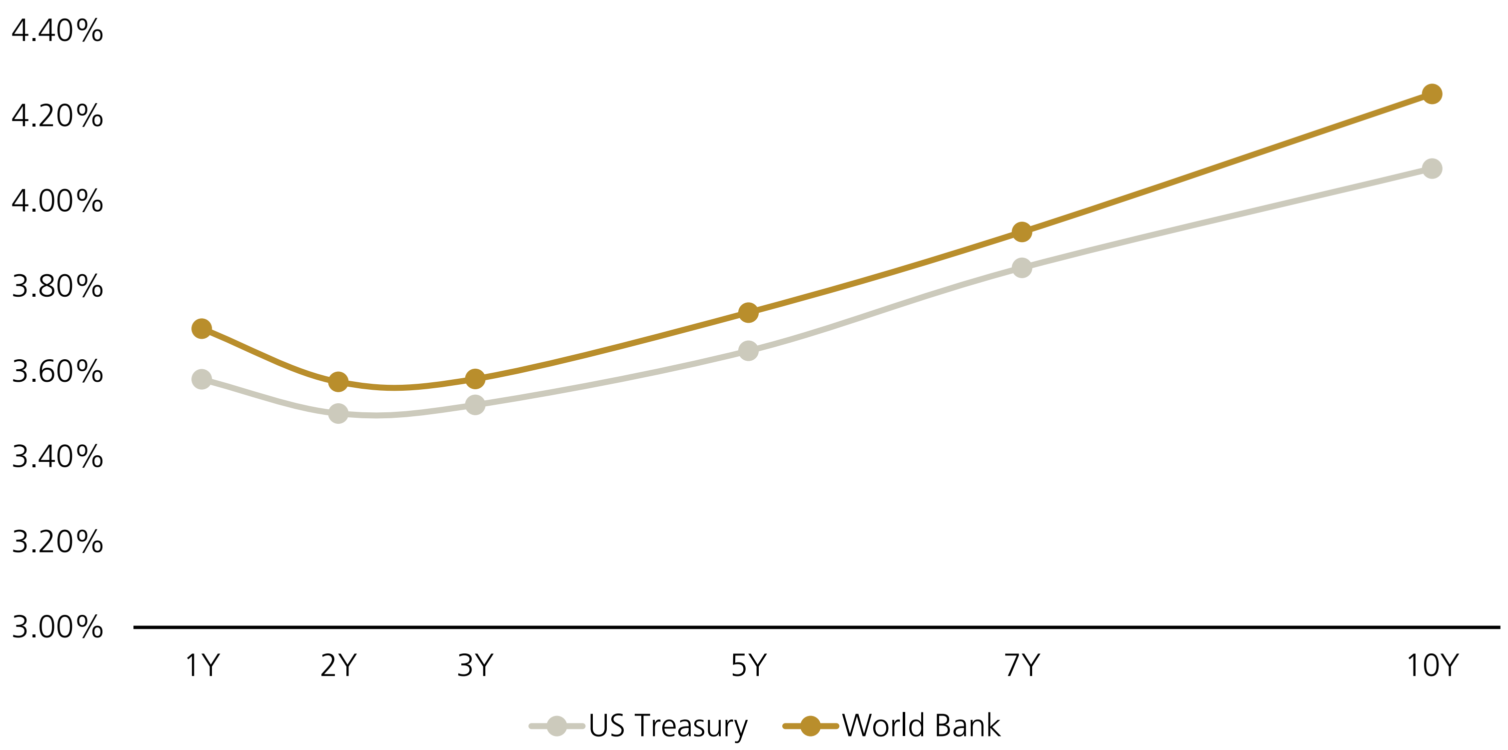
USD yields on US Treasury and World Bank bonds

Yields as of 30 November 2025



Source: Refinitiv Datastream, UBS Global Wealth Management (as of 30 November 2025).
For more, see the CIO Education primer: Multilateral Development Banks (26 September 2024).

ESG leader bonds: Sustainable alternatives show similar performance

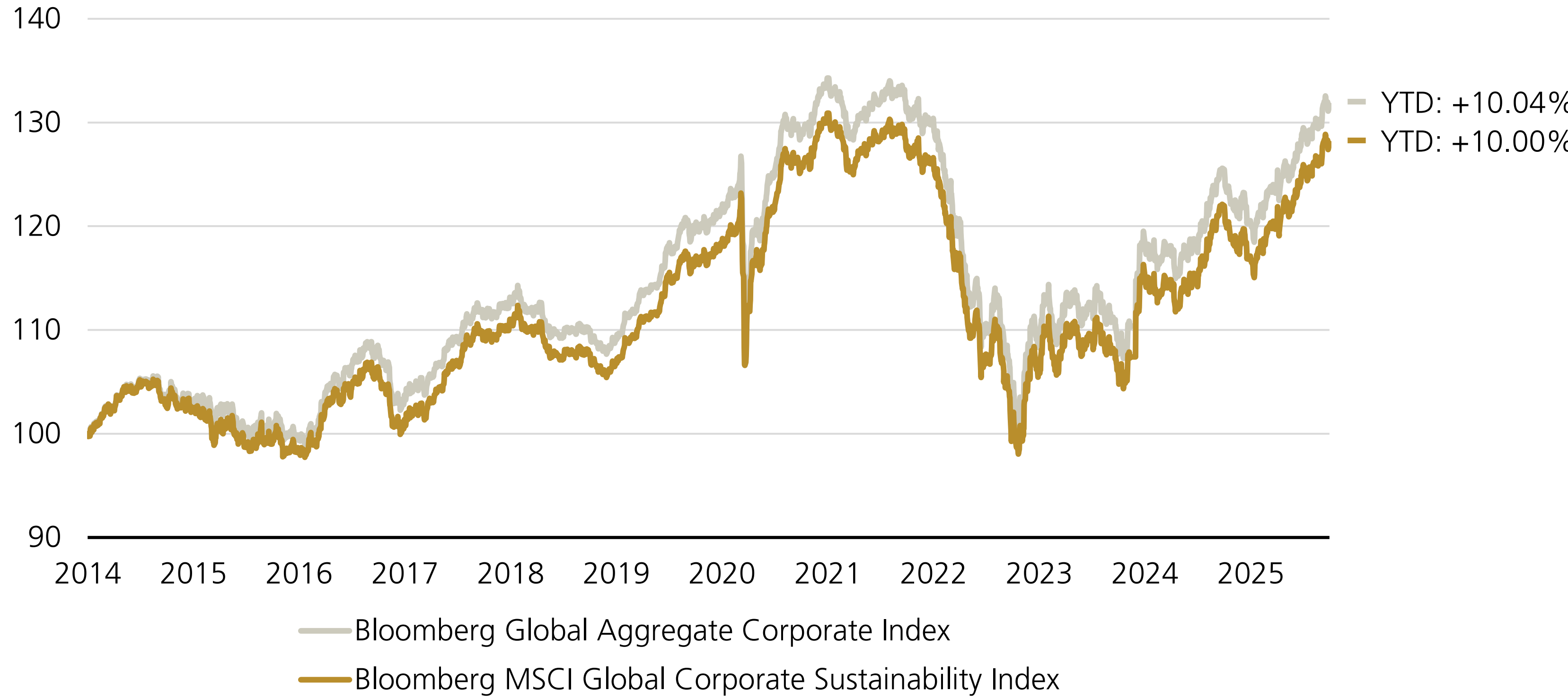
Closer tracking of traditional counterpart in recent years

Much of the performance lag between indices tracking ESG leader corporate bonds and the traditional counterpart incurred prior to 2020. Since 2020, performance of the ESG leaders bond index has tracked the traditional counterpart more closely, with reduced tracking error.

The market remains focused on President Trump's policy priorities and policy sequencing. Although the US economy and the labor market continue to display resilience, in recent weeks the uncertainty associated with tariffs, migration, tax, federal government spending cuts and regulatory policies has started to weigh on sentiment surveys. The market has fluctuated between pricing one more Fed rate cut to now over two, and a terminal policy rate slightly below 4%.

ESG leader corporate bonds performance

USD net total return



Source: Bloomberg, UBS Global Wealth Management (as of 30 November 2025).

Carbon markets: EU ETS volatility remains, 25% of global emissions are priced

European carbon market volatility continues, constructive on medium term

European regulatory carbon allowance prices have been on an uptrend, with prices breaching EUR 80 per ton in November. Since 2024, European carbon prices have fluctuated in the EUR 60-80 range.

CIO views the recent rally as partially driven by sentiment, as the market sees fundamentals improving next year. Investment funds have been positioned opportunistically, with net long positions rapidly increasing in the third and fourth quarter.

The introduction of the European Carbon Border Adjustment Mechanism (CBAM) goes into effect in January 2026, meaning importers in six carbon-intense industries will need to purchase carbon allowances, further supporting prices (all else equal).

As of 2025, approximately 28% of global emissions are subject to some price on carbon (whether an emissions trading system or a carbon tax). The Chinese market is the largest by absolute emissions covered, but the European market is the largest by activity.

Development of EU regulatory carbon price

EUR per ton of CO_2

Source: Refinitiv Datastream, UBS Global Wealth Management (as of 30 November 2025).
For more, see the [Sustainable investing in carbon markets](#) primer by CIO (20 July 2023).

Carbon markets: EU ETS volatility remains, positive support expected

Positive support for European carbon prices expected later this year

Since 2024, European carbon prices have fluctuated in the EUR 60-80 range. CIO sees room for prices to move above the EUR 80 mark in the coming months, with positive supports emerging later this year.

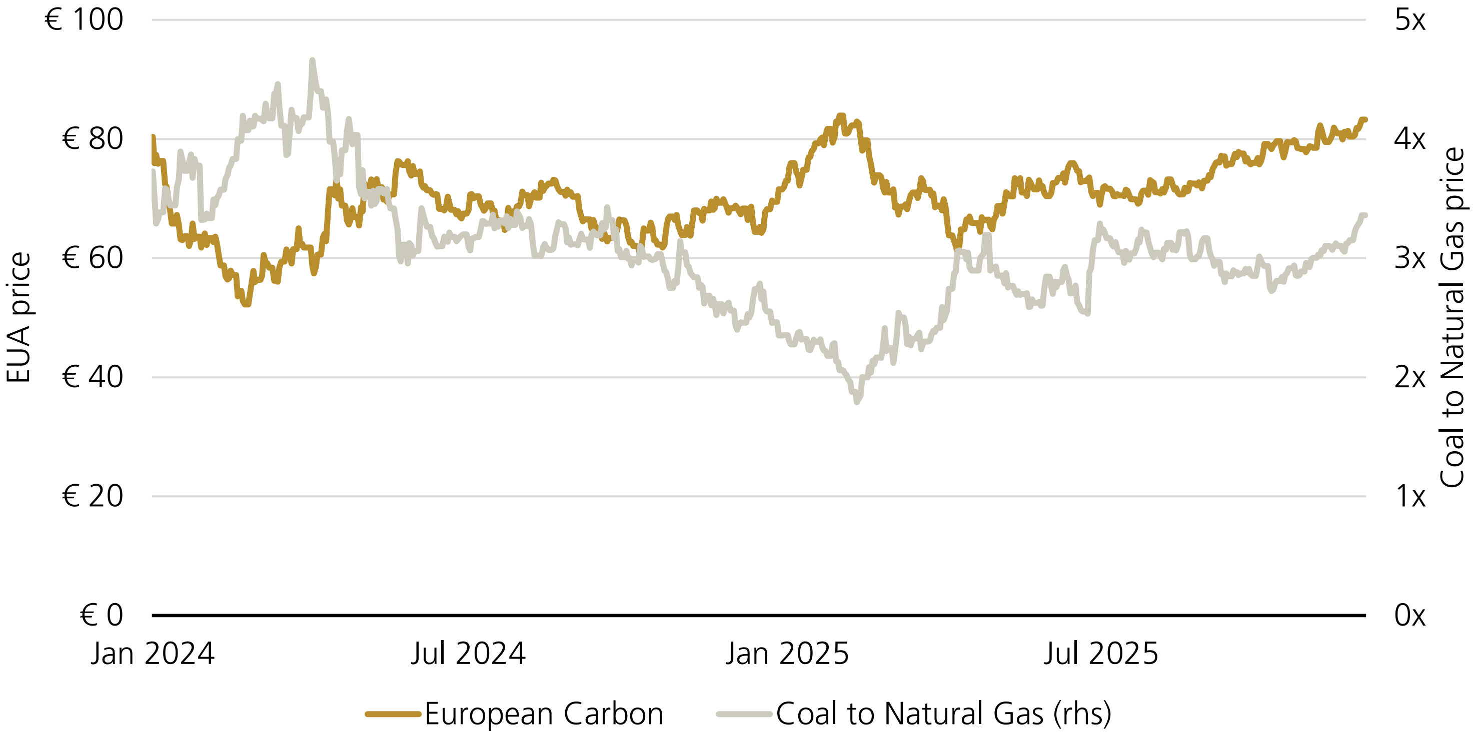
The strong inverse correlation to the relative price of coal versus natural gas (as seen in early 2025 when natural gas prices fell) has weakened since the second quarter of this year. Slowing economic activity, as well as trade tensions, are further potential headwinds for the European carbon market.

Auction supplies were reduced in September for 12 months, which should be a positive driver for European carbon prices as the market shifts into a larger deficit.

Furthermore, the European Carbon Border Adjustment Mechanism (CBAM) goes into effect in January 2026, meaning importers in six carbon-intense industries will need to purchase carbon allowances, further supporting prices (all else equal).

Development of EU regulatory carbon price and price of coal relative to natural gas

EUR per ton of CO_2 (left axis) and price of coal per ton relative to natural gas per MWh (right axis)



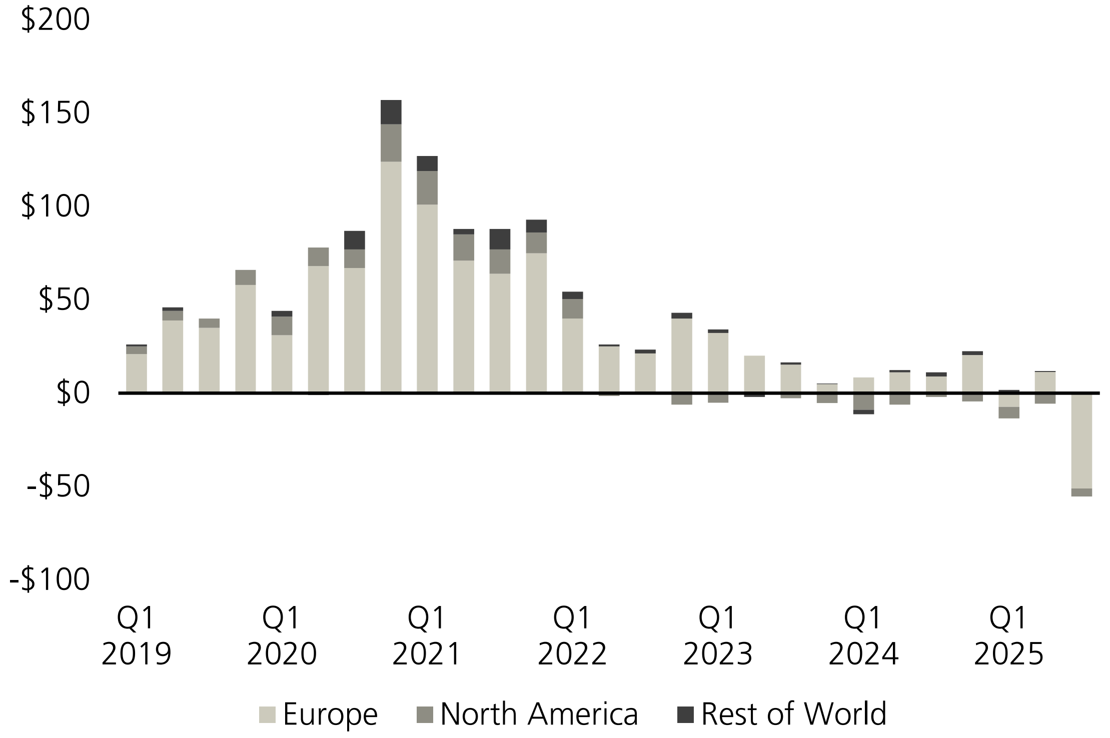
Source: Refinitiv Datastream, UBS Global Wealth Management (as of 30 November 2025).
For more, see the Sustainable investing in carbon markets primer by CIO (20 July 2023).

Sustainable fund flows: Record assets in sustainable investing funds

This tracks overall assets under management in sustainable investing funds classified by Morningstar. European domiciled funds make up over 80% of invested assets in these strategies. Equity funds also make up over three-quarters of both number of funds offered and total assets invested. The significant outflow in 3Q25 is explained by a move of USD 48bn to privately-managed ESG mandates, which are not tracked by Morningstar.

Flows into sustainable funds, by region

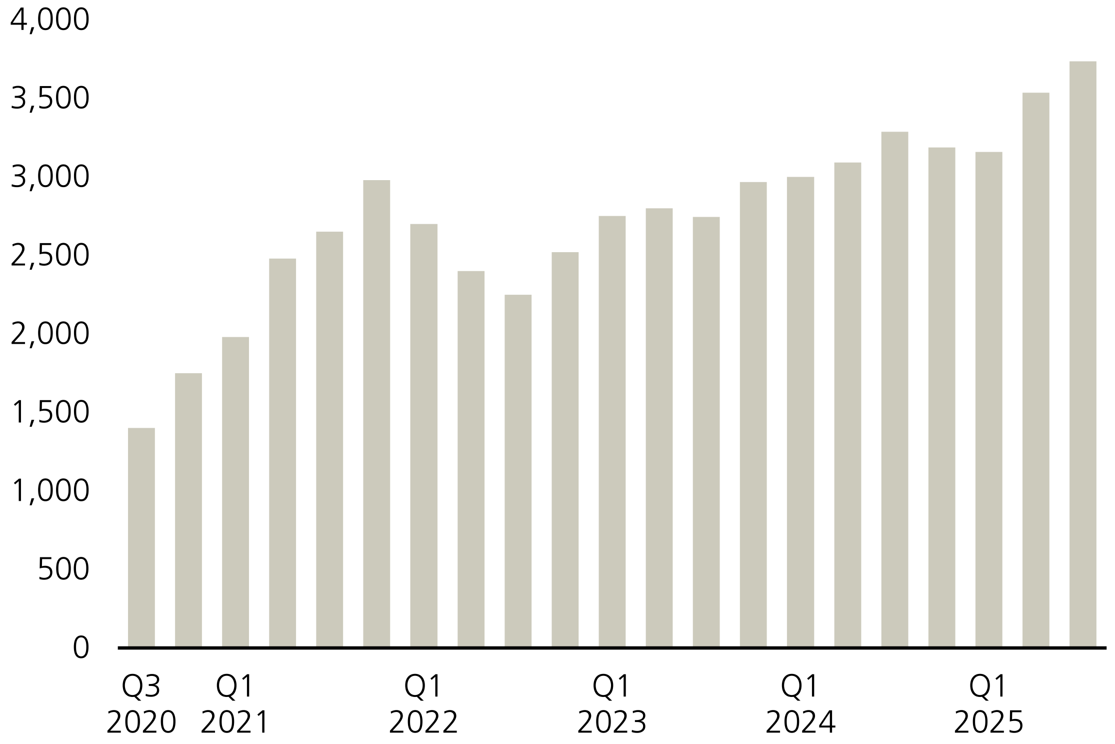
USD bn



Source: Morningstar, UBS Global Wealth Management (as of September 2025).

Sustainable funds assets under management

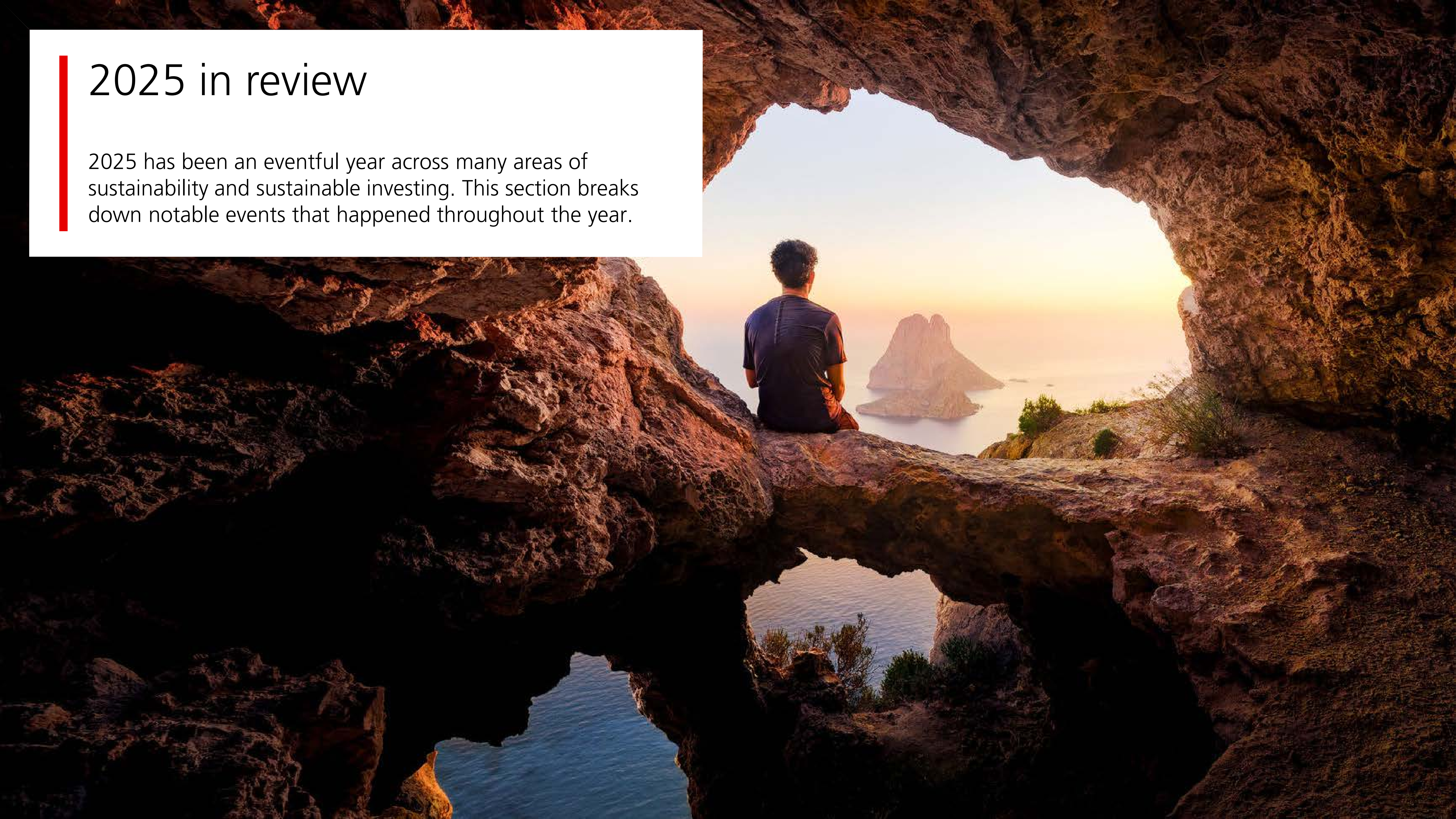
USD bn



Source: Morningstar, UBS Global Wealth Management (as of September 2025).

2025 in review

2025 has been an eventful year across many areas of sustainability and sustainable investing. This section breaks down notable events that happened throughout the year.



January: President Trump takes office for second term

President Trump's administration shows most frequent use of executive orders in 50 years

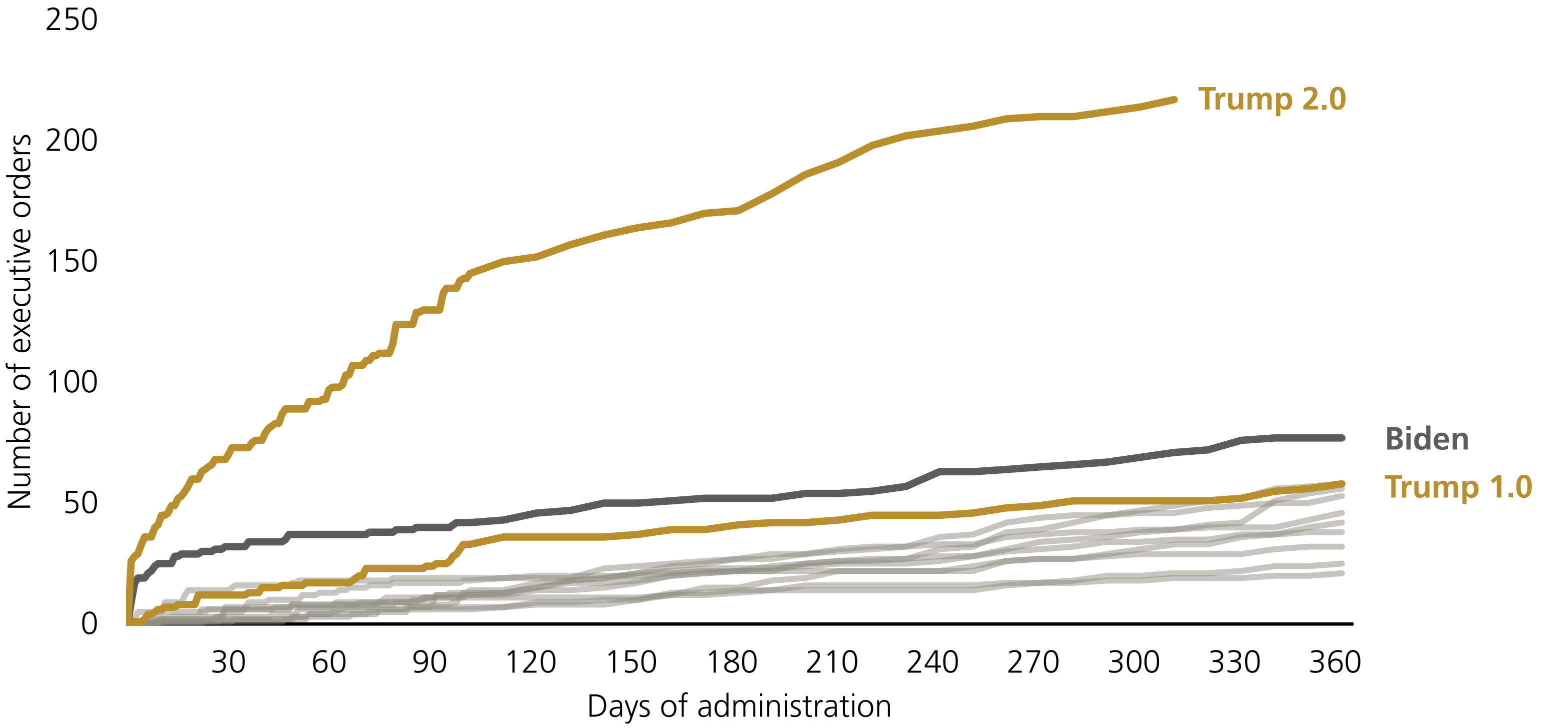
Initial executive orders overturned many of those from the prior administration, including those related to climate change, such as withdrawing the US from the Paris Climate Agreement, limiting offshore wind production, and declaring an energy emergency that prioritized traditional energy sources. Nuclear has also become a focus in the administration.

In general, the executive orders have focused on energy & the environment, social inclusion & diversity, tariffs, deregulation, and restructuring the federal government. Despite the frequent use of executive orders, many have been met with lawsuits, limiting their effectiveness or reducing their impact.

While there are broader environmental and social implications, it is believed these do not disrupt the economic case for investments in renewable energy, energy efficiency, and diversity.

President Trump has signed many more executive orders during his second term

Cumulative number of executive orders signed during first year in office



Source: Federal Register, UBS Global Wealth Management (2025).

February: New momentum has sustainable investors reconsidering defense

Sustainable equity indices are structurally underweight the defense sector

Investments in defense have been a topic of interest in recent years, as geopolitical risk has sparked an increase in policy momentum. President Trump has called for NATO members to raise defense spending, and the European Union introduced its *ReArm Europe* plan.

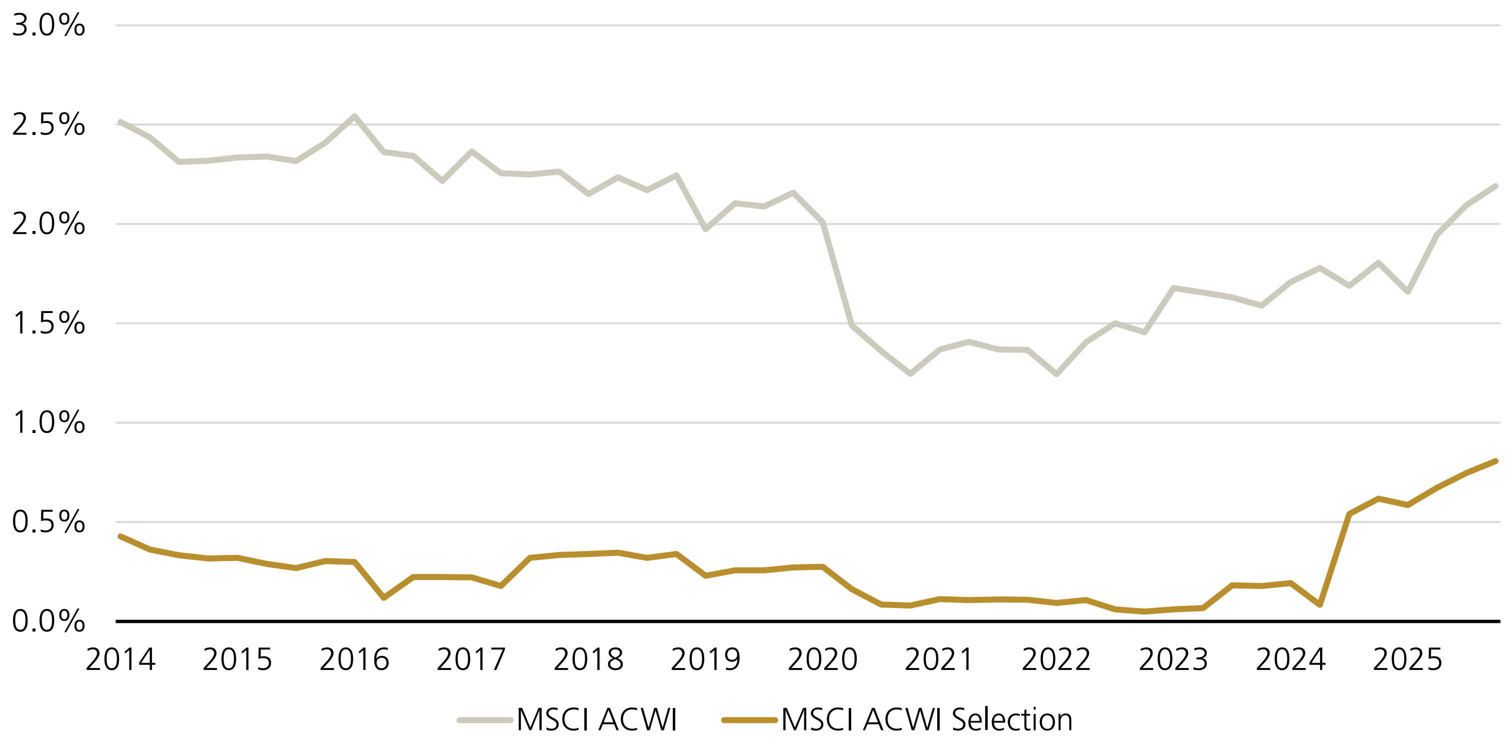
ESG leaders strategies often exclude (controversial) weapons, and the MSCI ACWI Selection (ESG Leaders) index has historically been 60-80% underweight the industry. Despite this structural underweight, the MSCI ACWI Selection index reached a record exposure of 0.8% in October.

Sustainable investing norms and regulations today present minimum safeguards against controversial weapons only, while advancing datasets enable more in-depth analysis of multi-faceted exposure.

Sustainable investing-labeled funds may differ in the application of these practices; some can (and do) actively invest in Defense and Aerospace companies even as they limit exposure to controversial businesses.

Aerospace and defense exposure reached record high in MSCI ACWI Selection

Exposure to aerospace and defense industry in percentage points



Source: Refinitiv Datastream, UBS Global Wealth Management (as of October 2025).
Note: MSCI 'ESG leaders' index suite was renamed to 'Selection' in February 2025.

March: International Women's Day

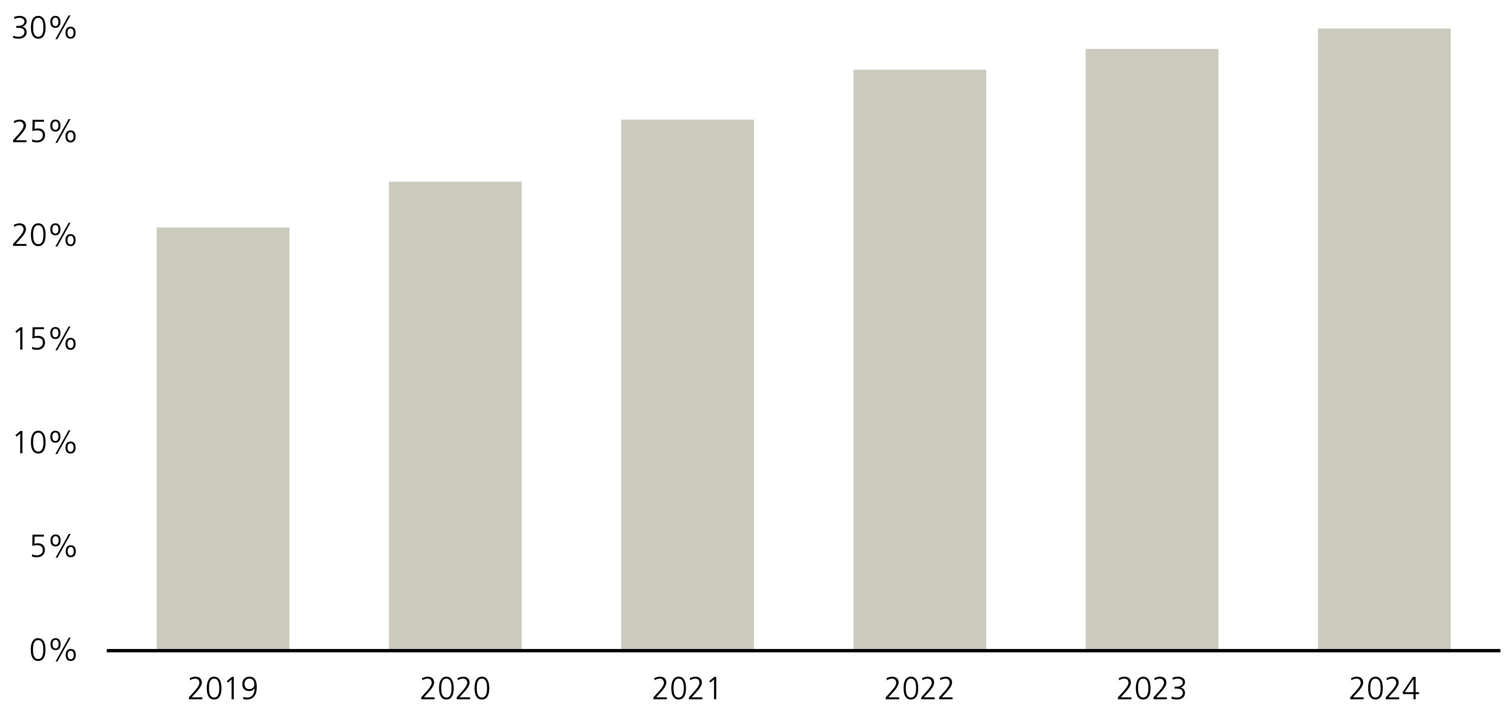
Share of women on boards keeps increasing across the globe

The regulatory environment in the United States has become a headwind for companies reporting on diversity,[1] as the US government pressed companies to end practices to which it refers as "illegal DEI discrimination." Consequently, over half of reporting US companies decreased their diversity disclosures in 2025 relative to 2024. However, CIO research believes lower public disclosure may be a potential risk for investors, as it will become challenging to identify leaders.

The EU has implemented a series of binding policies to strengthen its commitment to equality. The EU Gender Equality Strategy, for instance, aims to end gender-based violence, closing gender gaps in the labor market, and achieving gender balance in decision-making. The policies cover also large non-EU domiciled companies operating in these countries. These measures are driving real change: currently, women make up more than 35% of board members in the EU's largest listed companies, a record high.

Women now occupy 30% of Russell 3000 board seats

Share of board seats occupied by women (%)



Source: 50/50 Women on Boards, UBS Global Wealth Management (2025).

[1] UBS Chief Investment Office: Diversity and equality (2025).

April: Liberation day tariffs shake up markets

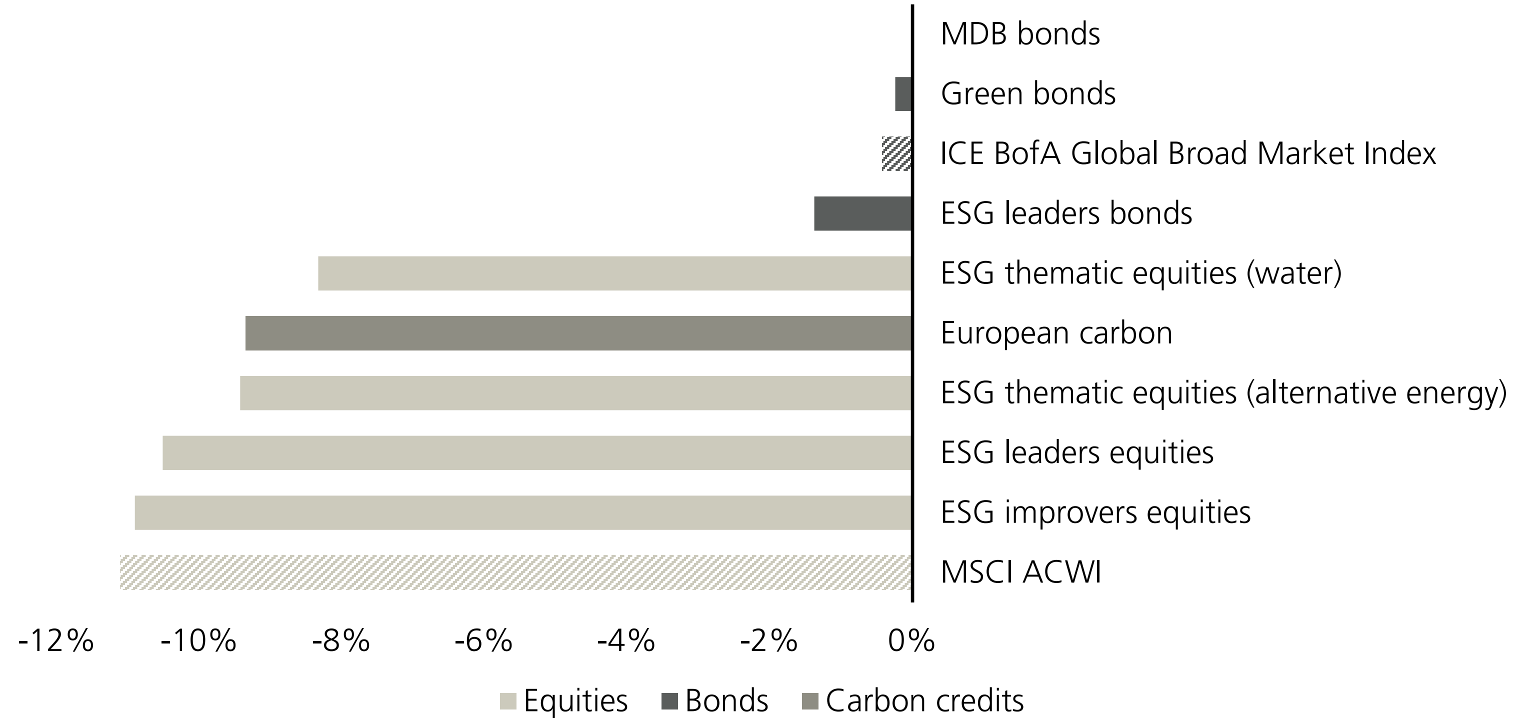
President Trump's *Liberation day* tariff announcement increased market volatility

After market close on 2 April, President Trump announced major increases in tariffs on imports into the United States. The President initially introduced a "baseline" tariff of 10% on imports from all other nations starting on 5 April, with higher "reciprocal" rates on specified trading partners deemed to have excessive tariff or non-tariff barriers from 9 April.

Markets reacted negatively to the announcement, with equity markets slumping around 10% in the following days. Global ESG leaders had a slightly milder reaction to the announcement than the broad market, and alternative energy stocks dropped less owing to high exposure to utilities.

Drawdown across asset classes following *Liberation day* tariff announcements

Drawdown from peak (April 2) to trough (April 8) in percentage points



Note: Benchmarks (MSCI ACWI and ICE BofA Global Broad Market Index) are denoted by shaded bars.
Source: Refinitiv Datastream, UBS Global Wealth Management (2025).

May: Record renewable electricity generation in European Union

Renewables accounted for 57% of European Union electricity generation in May

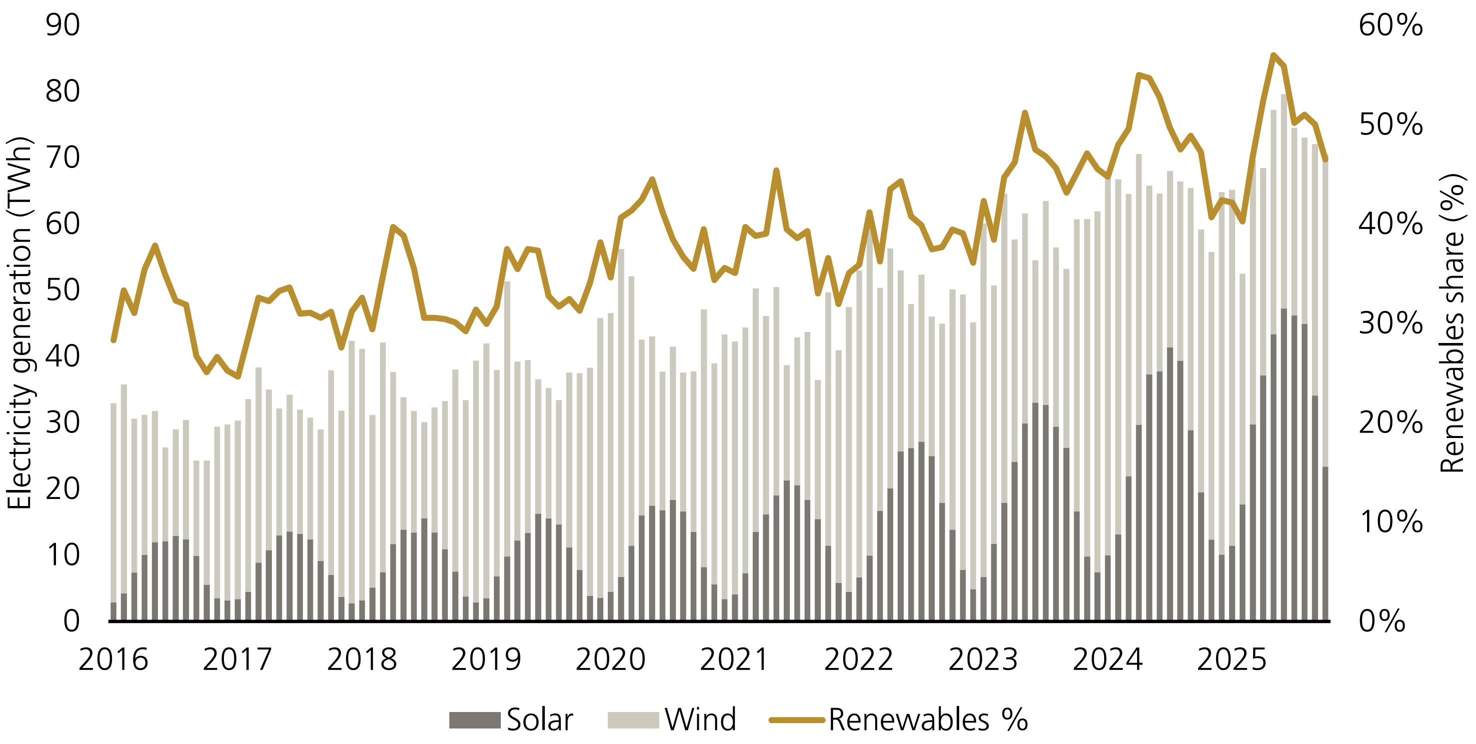
The European Union has rapidly scaled its investments in renewable power, adding more than 70 Gigawatts (GW) of renewables capacity in the last two years. Simultaneously, the block is scaling back its dependency on fossil fuels: coal and gas accounted for a record low of 21% of electricity generation in May.

One month later, in June 2025, solar became the European Union's single largest source of energy (generating 47 TWh), ahead of nuclear (44 TWh) and wind (32 TWh).

With electricity demand expected to rise significantly owing to advances in AI and ongoing electrification, the shift toward low-carbon electricity may increase the risk of stranded assets for fossil fuel operators, especially those reliant on coal, over the medium to long term. For further insights, refer to the *Energy Transition(s)* long-term investment theme from CIO.

Renewables have been growing as a share of the electricity mix

Electricity generation in TWh and share of renewables in the electricity mix (% of total)



Source: Ember, UBS Global Wealth Management (through November 2025).

June: Extreme weather events are increasing in both frequency and cost

Global economic losses due to natural disasters in 1H of 2025 estimated at USD 162 billion

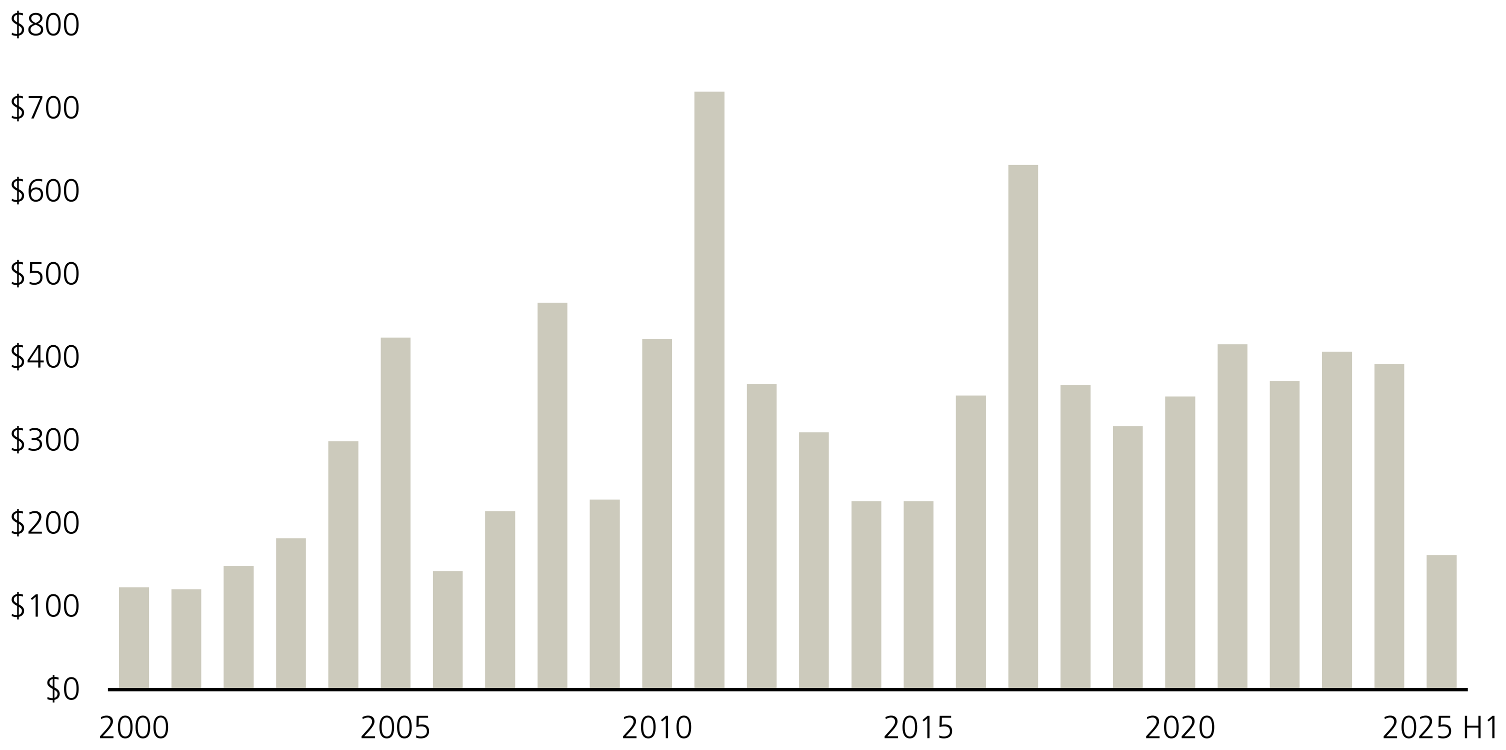
Last year, the US experienced 27 extreme weather events for which the cost exceeded USD 1bn, primarily severe storms. The number of severe storms globally and their associated cost (a proxy for severity) has been trending upwards in recent years.

The total global cost of extreme weather events in 2024 was almost USD 370bn, which includes estimates of the costs associated with hurricanes Helene and Milton. Costly extreme weather events are becoming more commonplace: global natural catastrophe costs exceeded USD 300bn every year since 2016.

Increased extreme weather events may affect company asset values, insurance premiums, and business continuity. Munich RE estimates that only 40% of economic losses associated with extreme weather events were covered by insurance. [1]

Economic losses due to natural disasters increased 15% in 1H25 relative to 1H24

Economic losses due to natural disasters in USD bn



Source: AON, UBS Global Wealth Management (2025).

[1] Munich RE: https://www.munichre.com/en/company/media-relations/media-information-and-corporate-news/media-information/2025/natural-disaster-figures-2024.html

July: One Big Beautiful Bill Act is signed into law

OBBBA does not fully repeal Inflation Reduction Act

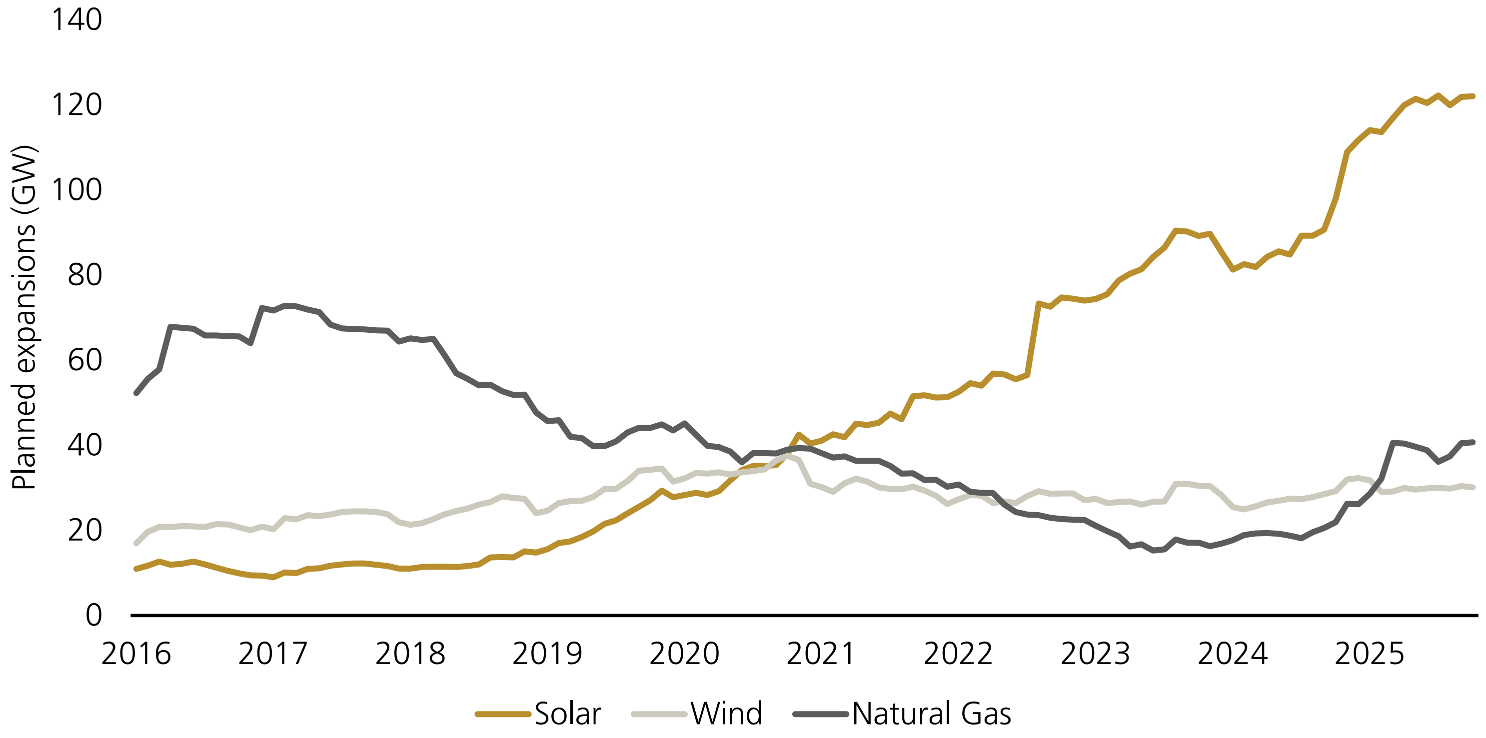
President Trump signed the "One Big, Beautiful Bill" into law on the 4 July. CIO believes the final version of the bill is slightly more favorable to renewables overall than the first version passed by the House. Some key takeaways from the bill include:

Solar and wind credits are ending earlier than planned (now scheduled to end in 2027), but there is an additional year for projects to begin construction and still be eligible for tax credits. The extra year for "safe harbor" activities may allow renewable developers, particularly large-scale developers, to continue to add new energy resources over the next five years and fuel a short-term acceleration of projects.

Energy storage, including battery storage for utility-scale projects are exempt from the phase-down of wind and solar tax credits. Credits for nuclear, hydro, and geothermal energy production stay unchanged and remain until 2032.

Planned solar additions have slowed, but not dropped, as a result of OBBBA

Planned capacity additions (GW)



Source: U.S. Energy Information Administration, UBS Global Wealth Management (as of October 2025).

August: Increased drought poses risk for agriculture, tech, and hydropower

Water scarcity is emerging as a critical and underappreciated risk

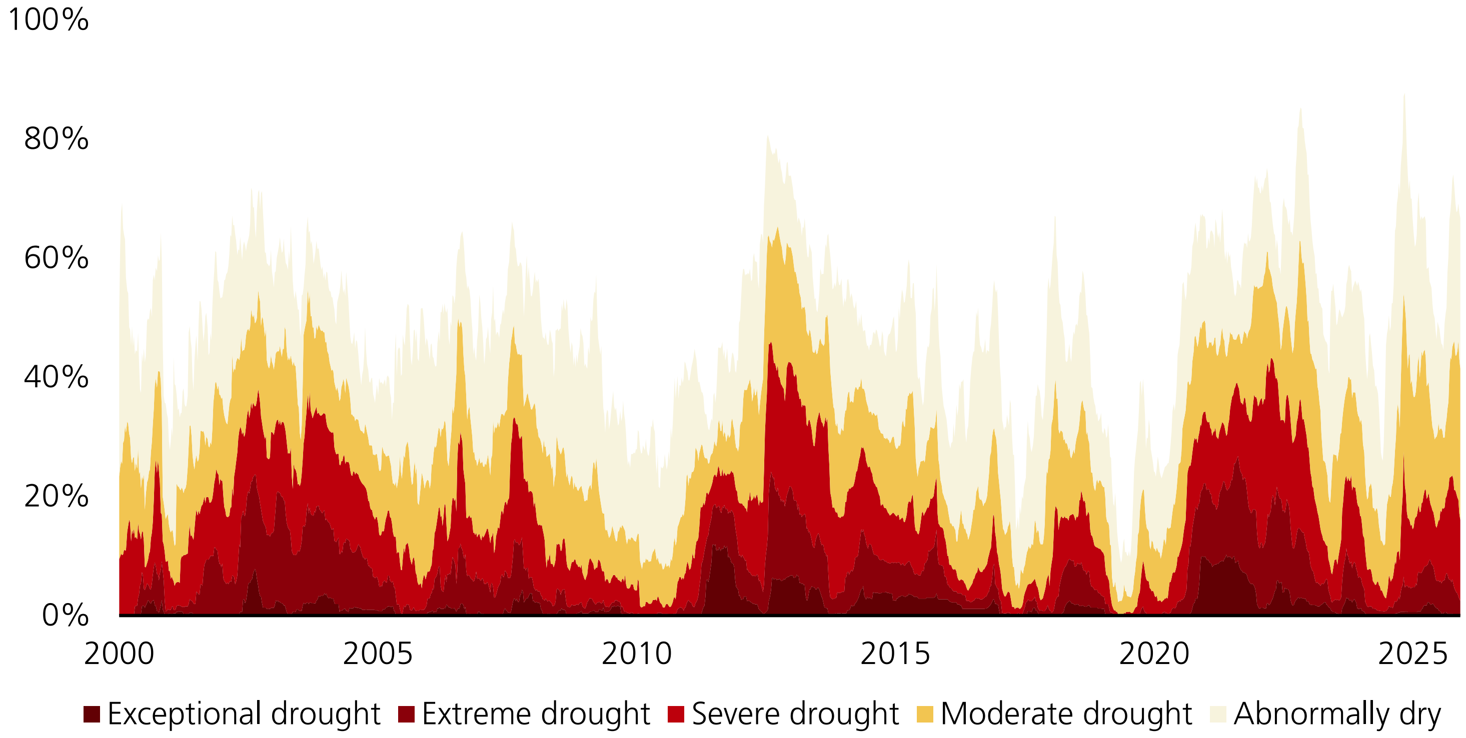
Water scarcity is a systemic and growing global financial risk, with acute impact which extend across industries, from energy to agriculture and technology.

Droughts, now more frequent and severe, are directly affecting hydropower output. In 2024, Ecuador, where hydropower makes up 70% of electricity, imposed nightly blackouts for 12 provinces owing to a severe drought. In the western US and southern Europe, declining reservoir levels have forced utilities to curtail hydroelectric generation, leading to price spikes and increased reliance on fossil fuels.

As CIO Research recommends in its Longer-Term Investment theme on Water Scarcity,[1] solutions in water efficiency and infrastructure represent a structural growth opportunity aligned with long-term investment themes. As water stress intensifies owing to climate change, population growth, and infrastructure inefficiencies, the reliability and cost structure of energy supply are increasingly vulnerable.

Share of Continental United States exposed to droughts

Share of total land area exposed to drought



Source: University of Nebraska-Lincoln, National Drought Mitigation Center, UBS Global Wealth Management (2025).

[1] UBS Chief Investment Office: Water scarcity (2025).

September: Record sustainable investing assets under management

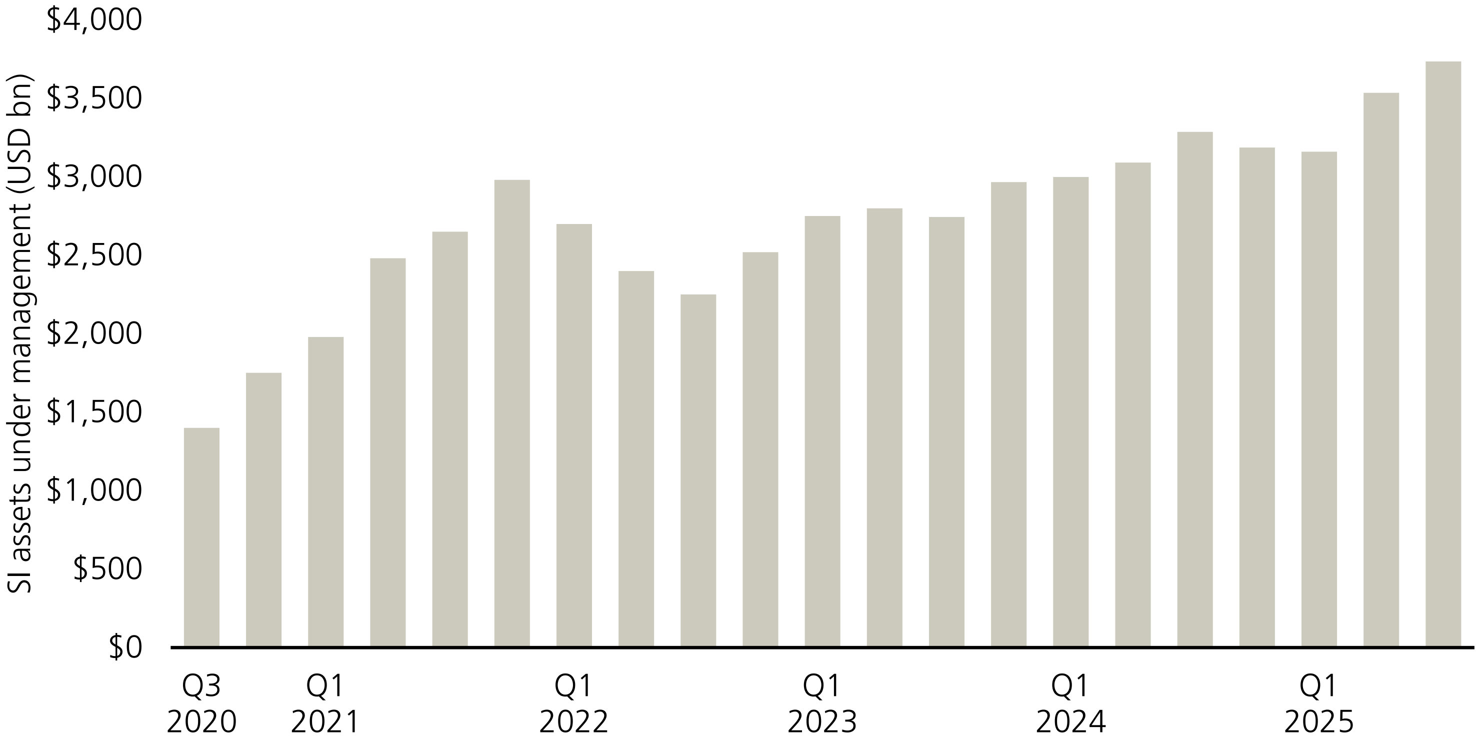
Sustainable investing funds continue to grow in 2025

Sustainable investing funds (as defined by Morningstar research) surpassed USD 3.7 trillion in assets under management in the third quarter of 2025. Flows into sustainable investing funds have slowed in recent years, with European funds experiencing their first net outflows in the first quarter of this year.

European domiciled funds make up over 80% of invested assets in these strategies. Morningstar research also finds that equity funds make up over three-quarters of both number of funds offered and total assets invested.

Global sustainable investing assets reach USD 3.7 trillion in September

Assets in sustainable investing strategies (as per Morningstar) in USD billions



Source: Morningstar, UBS Global Wealth Management (2025).

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October: Hyperscalers strike deals for low-carbon energy capacity

Low-carbon electricity continues to support data center expansion

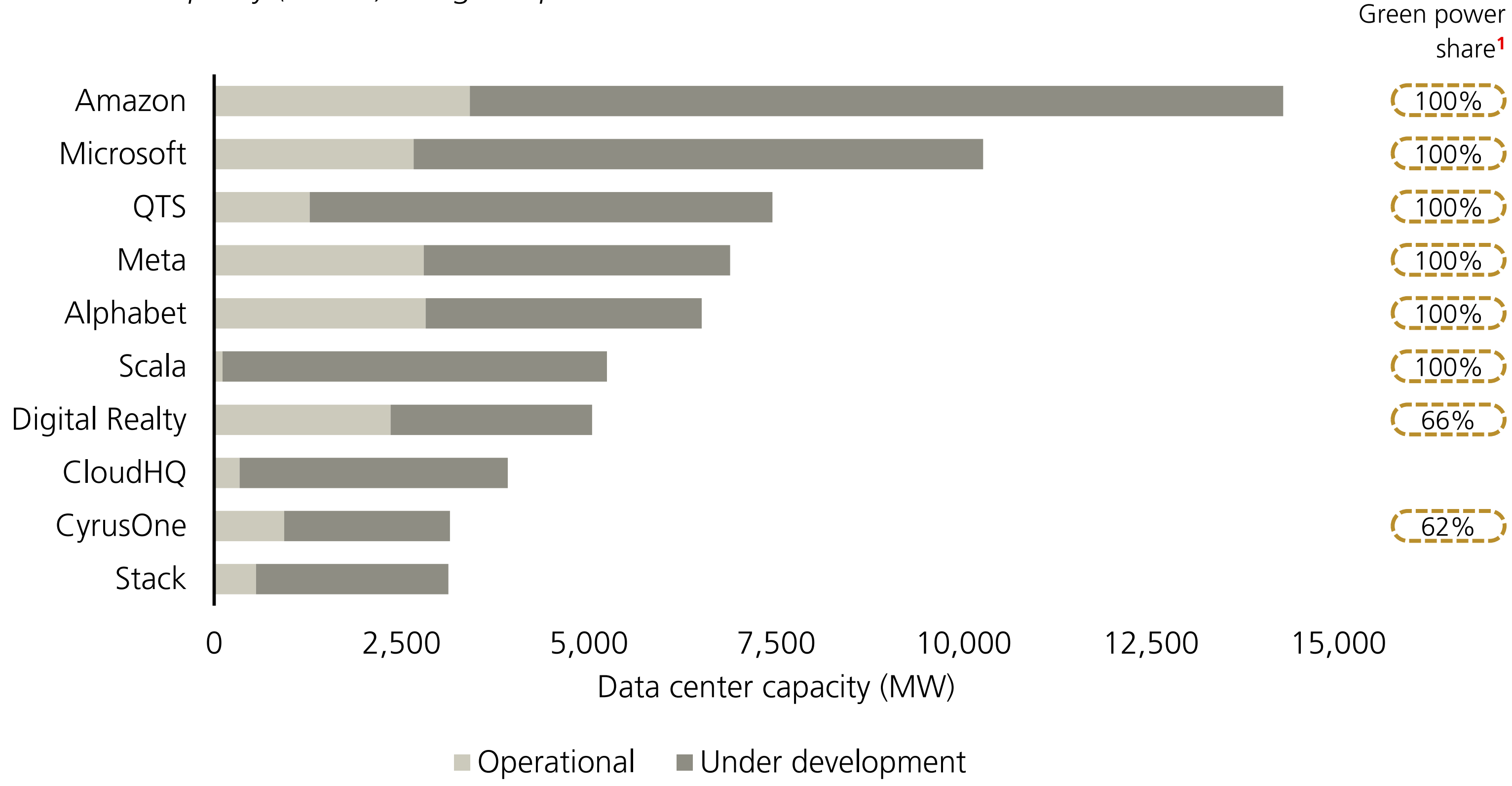
The rapid rise in electricity demand from artificial intelligence data centers has hyperscalers rapidly looking for new sources of electricity. Simultaneously, most data center operators have decarbonization objectives in place.[1] These companies rely on a combination of power purchase agreements, voluntary carbon credits, and co-location with renewable power plants to reach their targets.

Nuclear power has re-entered the conversation around low-carbon electricity generation after several decades of underinvestment. In October, Alphabet and NextEra announced that Alphabet would be purchase power from a restarted nuclear power plant in Iowa.

Hyperscalers are among the biggest backers for Small Modular Reactors (SMRs), a class of nuclear reactors that are much smaller than traditional nuclear power plants.

Hyperscalers keep targets for low-carbon electricity in place

Data center capacity (in MW) and green power share



Source: DC Byte, BloombergNEF, UBS Global Wealth Management (2025).
1 Green power share of Microsoft and QTS datacenters are based on 2025 targets.

[1] BloombergNEF: https://about.bnef.com/insights/clean-energy/power-hungry-data-centers-are-driving-green-energy-demand/

November: Adaptation takes center stage at 30th climate conference in Brazil

Increased attention for adaptation at COP 30 as physical risks materialize

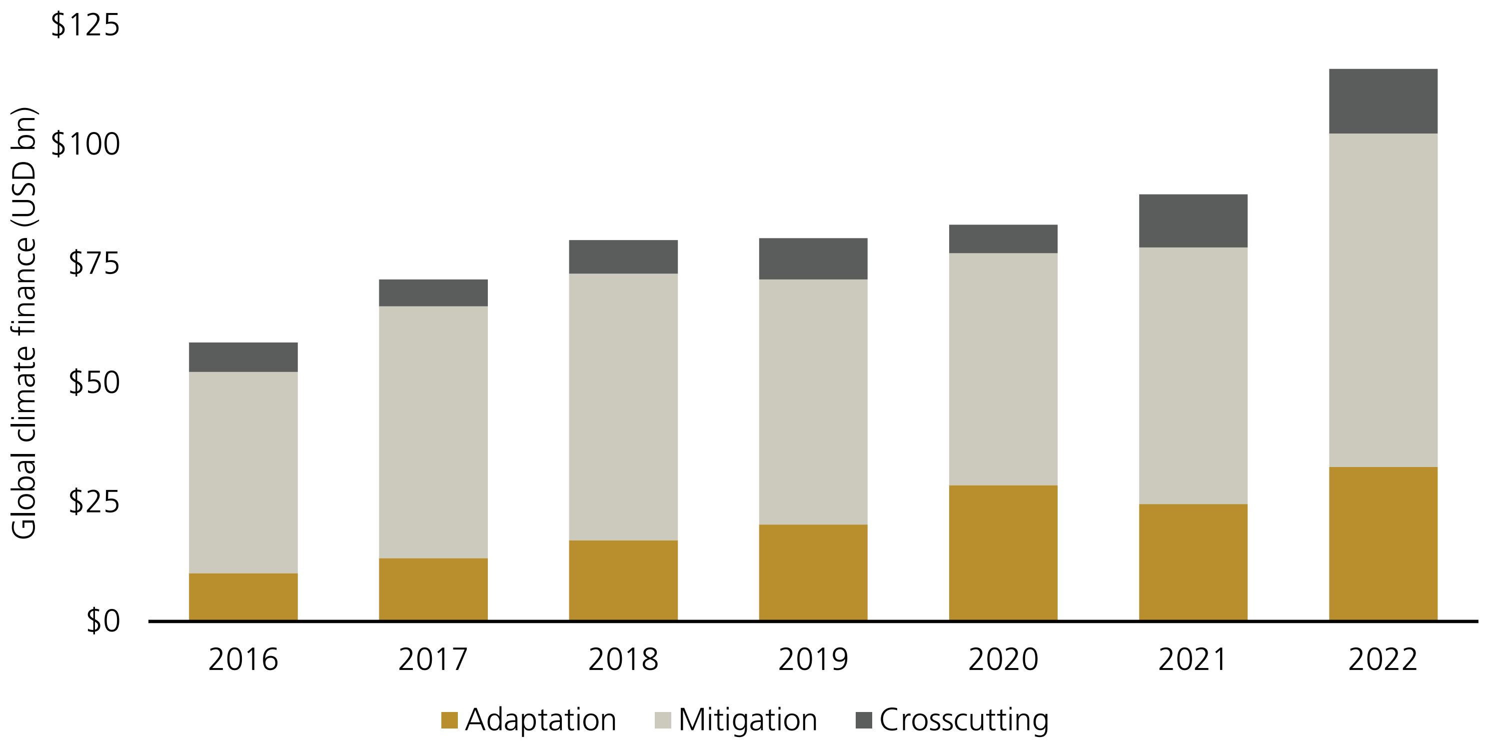
Although countries and companies have been working toward reducing carbon emissions, the climate is already changing. There has been a steady increase in the number of extreme weather events, as well as more permanent changes to climate conditions.[1]

To that end, WRI suggests existing NDCs are not nearly ambitious enough to limit global warning to below 1.5 degrees Celsius and countries are acknowledging that adaptation is increasingly relevant, while mitigation efforts continue.[2]

Adaptation will be prominent at COP30 in Brazil, after COP28 in Dubai led to the adoption of the Global Goal on Adaptation. Although adaptation infrastructure has historically been predominantly financed through public capital, there are avenues for investors to gain exposure to adaptation. For example, multilateral development banks committed over USD 31 billion to climate adaptation in 2024. [3]

Adaptation is becoming a more significant part of global climate finance

Global climate finance by topic in USD billions



Source: OECD, UBS Global Wealth Management (2024)

[1] World Meteorological Organization: https://wmo.int/topics/extreme-weather
[2] European Environment Agency: https://www.eea.europa.eu/en/about/contact-us/faqs/what-is-the-difference-between-adaptation-and-mitigation
[3] European Investment Bank: https://www.eib.org/en/publications/20250071-2024-joint-report-on-mdbs-climate-finance

Tracking the transition

The transition to a low-carbon economy is a key focus area: we track the latest on global temperature rise and the policy and consumer response. For the full transition coverage, see Investing in the transition.

Temperature rise: 2025 slightly cooler, still likely to breach 1.5°C warming

Global temperatures in 2025 are lower than 2024, owing to a cooler summer

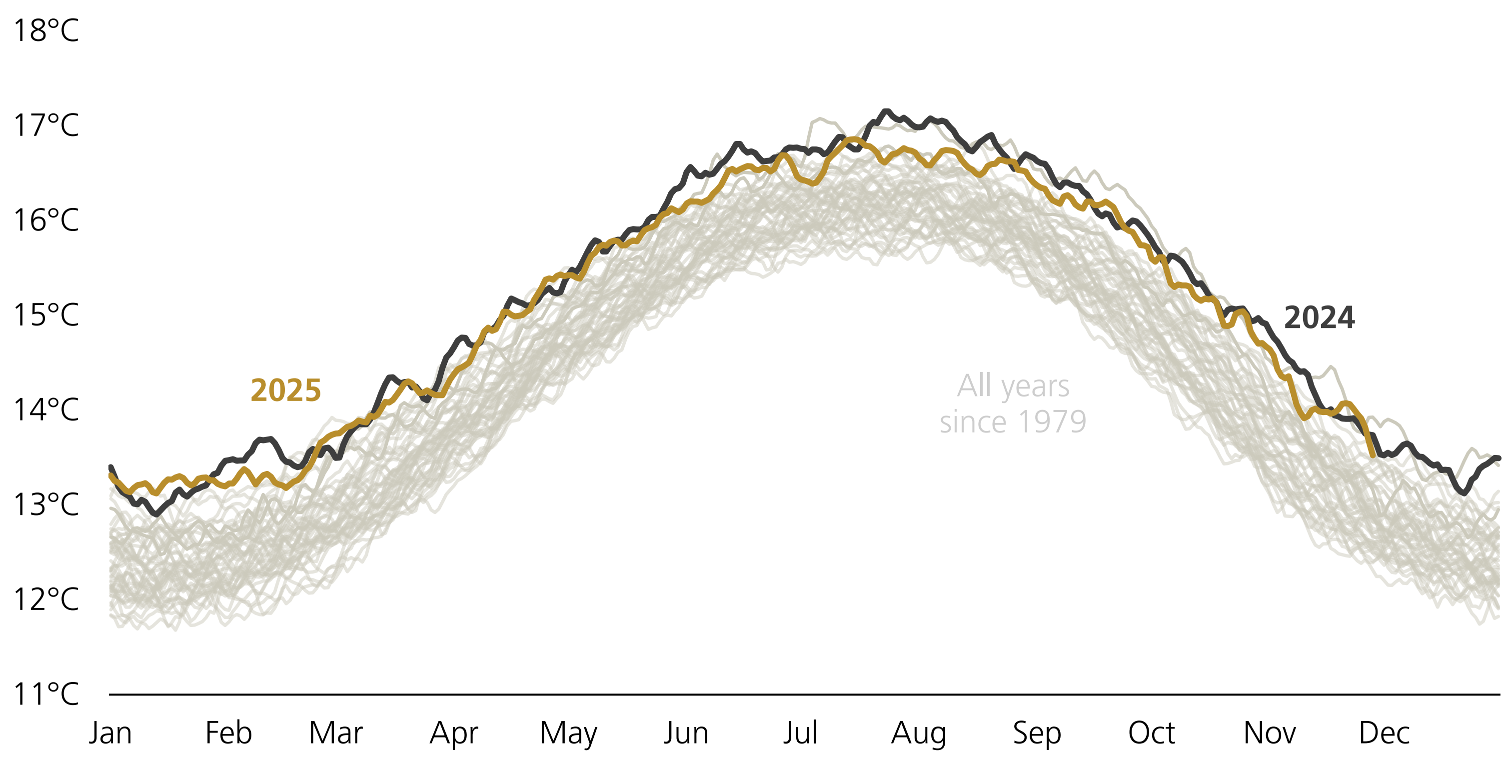
Last year was, once more, the hottest year on record. It was the first year in which global temperatures exceeded 1.5°C above pre-industrial levels. Climate scientists highlight that human activity is the key driver of the record temperatures, but weather factors like El Niño also contributed to the record year.[1]

Regional differences exist: Europe has, on multiple occasions, already exceeded 1.5°C of warming in a year. The objective of the Paris Agreement is to limit long-term warming to 1.5°C above pre-industrial levels, with limited temperature overshoot. This means that one year of temperature overshoot does not imply the goal was missed.

This matters: global warming above 1.5°C poses significant risk to food security (lower crop yields), human health (heat-related mortality), water supply, and water stress (drought and sea level rise), potentially affecting portfolios and livelihoods.

Global average surface temperatures continue inching higher

Surface temperature in degrees Celsius (°C)



Source: NCEP Climate Forecast System (CFS), CFS Reanalysis, Climate Reanalyzer, UBS Global Wealth Management (as of 30 November 2025).

[1] Copernicus Climate Center: https://climate.copernicus.eu/copernicus-2024-first-year-exceed-15degc-above-pre-industrial-level

Climate risk: Extreme weather events are increasing in both frequency and cost

Costly extreme weather events increase, physical climate risk starts materializing

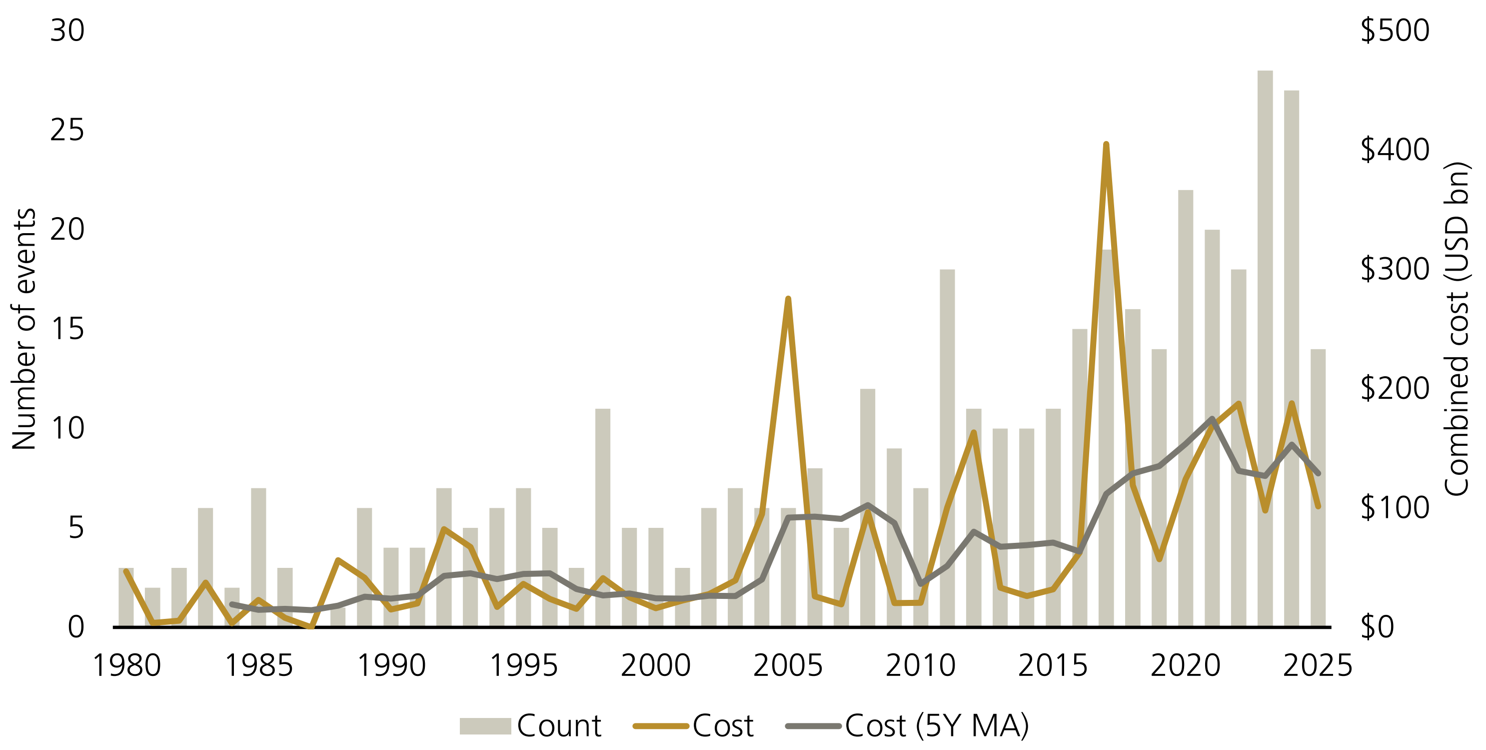
Last year, the US experienced 27 extreme weather events for which the cost exceeded USD 1bn, primarily severe storms. The number of severe storms globally and their associated cost (a proxy for severity) has been trending upwards in recent years.

The total global cost of extreme weather events in 2024 was almost USD 370bn, which includes estimates of the costs associated with hurricanes Helene and Milton. Costly extreme weather events are becoming more commonplace: global natural catastrophe costs exceeded USD 300bn every year since 2016.

Takeaway: increased extreme weather events may affect company asset values, insurance premiums, and business continuity. Munich RE estimates that only 40% of economic losses associated with extreme weather events were covered by insurance. [1]

United States economic losses from natural disasters

Inflation-adjusted cost in USD bn



Source: Climate Central, UBS Global Wealth Management (through June 2025).

[1] Munich RE: https://www.munichre.com/en/company/media-relations/media-information-and-corporate-news/media-information/2025/natural-disaster-figures-2024.html

Global emissions: Electricity main culprit, industrial processes harder to abate

Small set of countries responsible for majority of global emissions

The five largest emitters—China, the United States, the European Union, India, and Russia—account for 60% of global emissions.

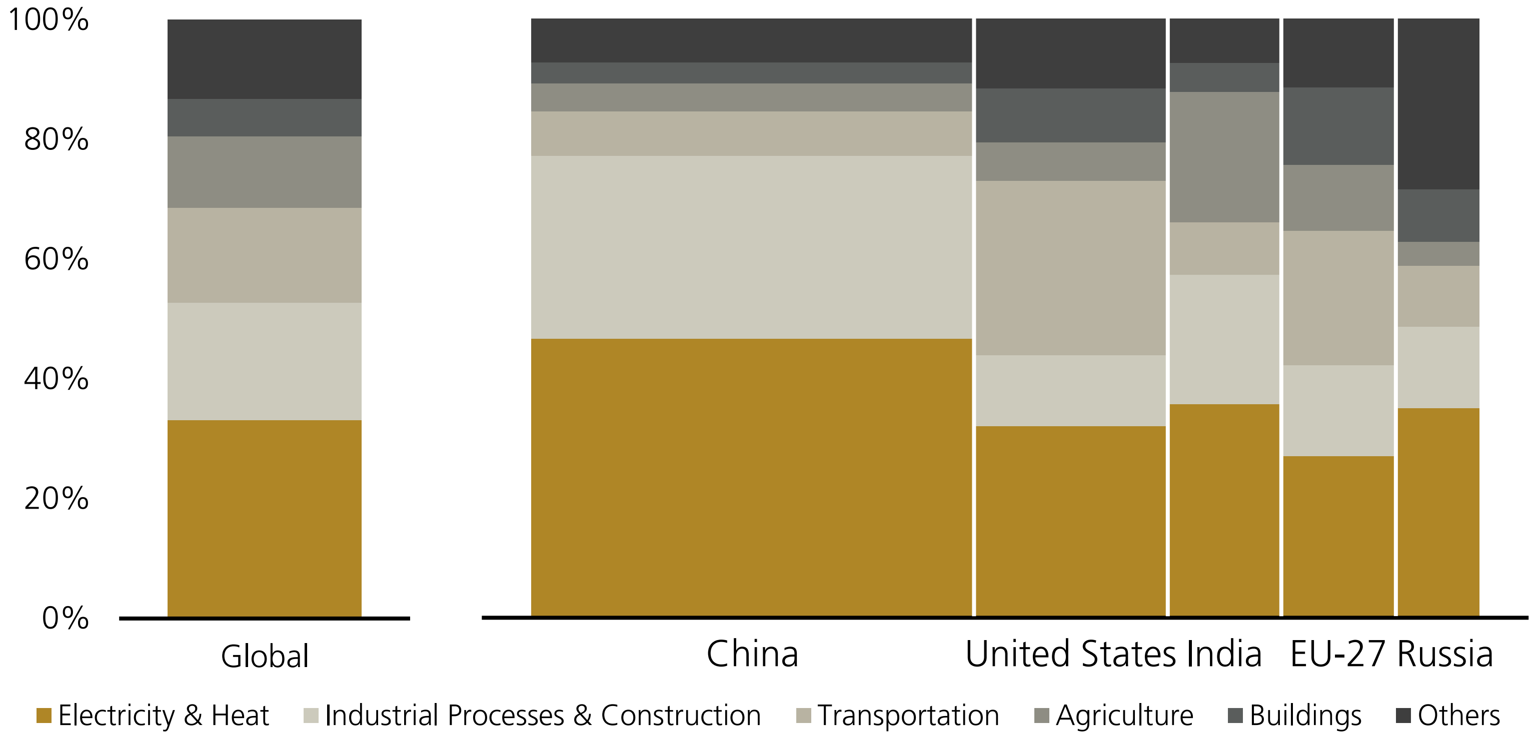
There are notable differences between countries, indicating that a uniform approach to emission reduction is ineffective. Nations are at various stages in their transition, with progress differing across sectors.

China's relatively low transportation emissions suggest that rapid adoption of electric vehicles could help reduce future emissions in this sector.

Key point: The transition affects sectors and regions unevenly, so investment opportunities will develop at different rates. According to CIO, a comprehensive, all-encompassing strategy is necessary for investing in the transition. For more details, see the CIO report: Investing in the transition (03 January 2025).

Sector distribution of global emissions and top five polluters (60% of total)

Percentage (%) of total emissions, excluding land use change and forestry



Width of columns denotes share of emissions of the top five polluters, which make up 60% of total global emissions.
Source: World Resources Institute, CAIT Climate Data, UBS Chief Investment Office (2025).

Critical minerals: Transition solutions support demand growth

Critical mineral demand from transition solutions continues to rise

Minerals like copper, graphite, and nickel are key ingredients for the transition to a low-carbon economy for solutions like renewable power and electric vehicles. As renewables penetration increases across the globe, and investments in grids and batteries increase to meet AI power demand, demand for these minerals is expected to grow.[1]

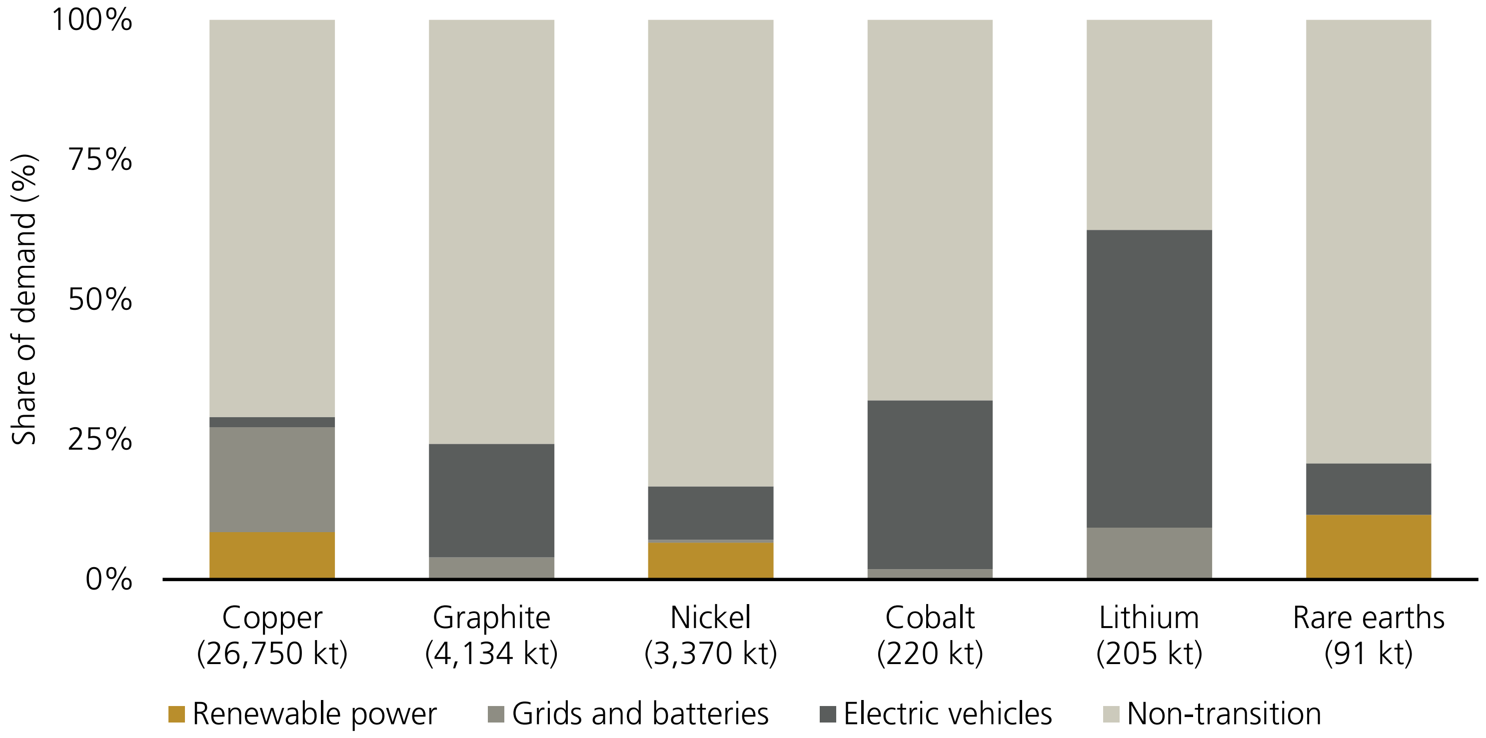
Graphite, cobalt, and lithium each see a large share of total demand coming from electric vehicles and associated parts (20%, 30%, and 53%, respectively).

Rare earth elements (rare earths), which have been in focus as part of US-China trade tensions, also have key transition applications.

Takeaway: Critical mineral demand is expected to grow as a result of electrification and renewable power capacity growth. Concentration of supply chains and sensitivity to global trade tensions may drive volatility in associated markets.

Significant share of critical mineral demand driven by transition solutions

Share of mineral demand from various transition solutions, per mineral (including 2024 demand)



Note: Rare earth elements (rare earths) included in this analysis are *praseodymium*, *neodymium*, *terbium*, and *dysprosium*.
Source: International Energy Agency, UBS Global Wealth Management (2025).

[1] International Energy Agency: https://www.iea.org/reports/global-critical-minerals-outlook-2025

Greener grids: US and EU electricity mix reaches record renewables share

Renewables accounted for a combined 34% of the electricity mix in the US and EU

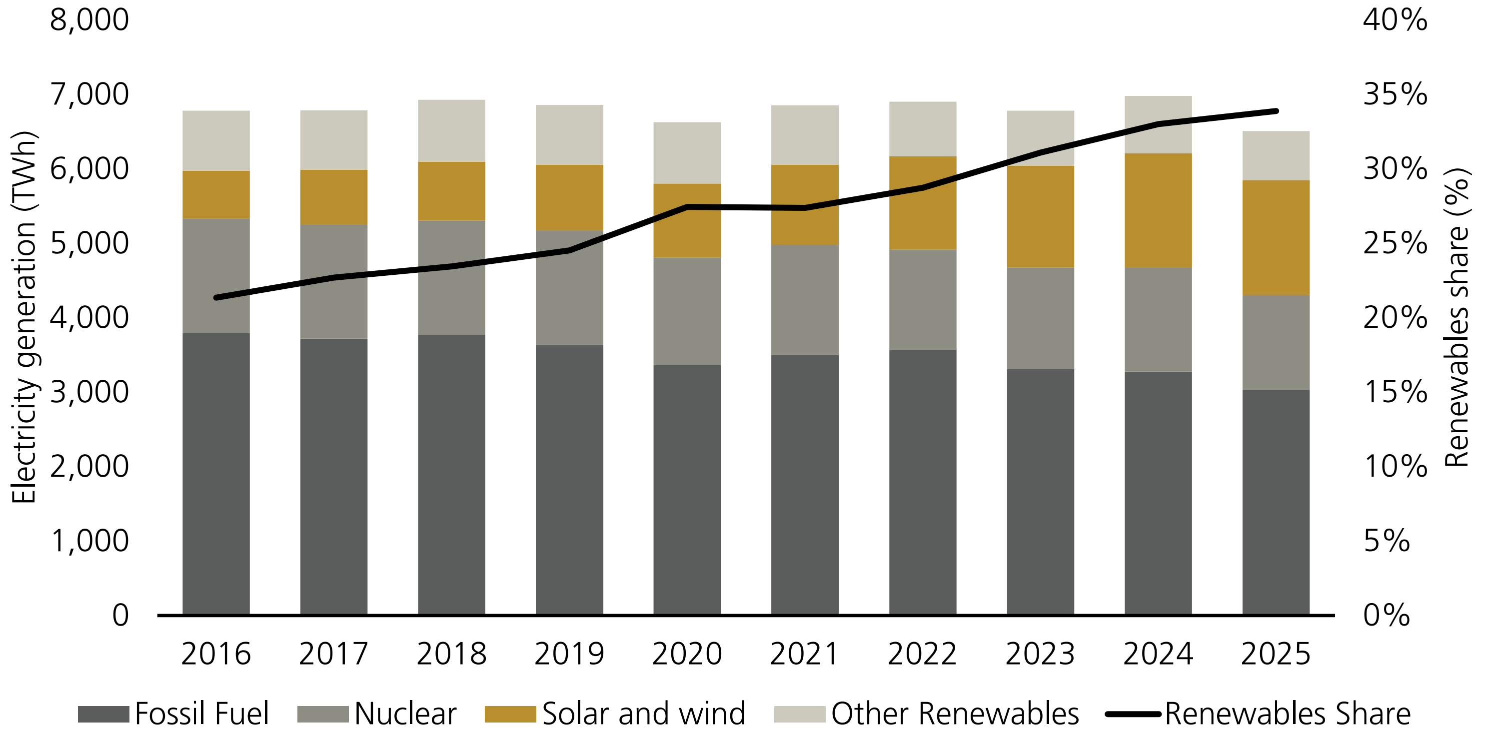
Renewable energy continues to achieve record levels within the electricity mix across many countries. In 2024, renewables comprised 48% of the European Union's and 26% of the United States' electricity generation. Both regions are gradually reducing their dependence on coal-fired power while increasing their use of renewable energy and natural gas.

According to IEA data, global coal consumption is still rising, with a 0.9% increase in 2024. While China, the largest coal consumer globally, experienced a year-over-year rise in total coal use, the proportion of coal in its electricity generation has declined from 78% in 2000 to 58% in 2024, while renewables grew.

Takeaway: With electricity demand expected to rise significantly owing to advances in AI and ongoing electrification, the shift toward low-carbon electricity may increase the risk of stranded assets for fossil fuel operators, especially those reliant on coal, over the medium to long term. For further insights, refer to the *Energy Transition(s)* long-term investment theme from CIO.

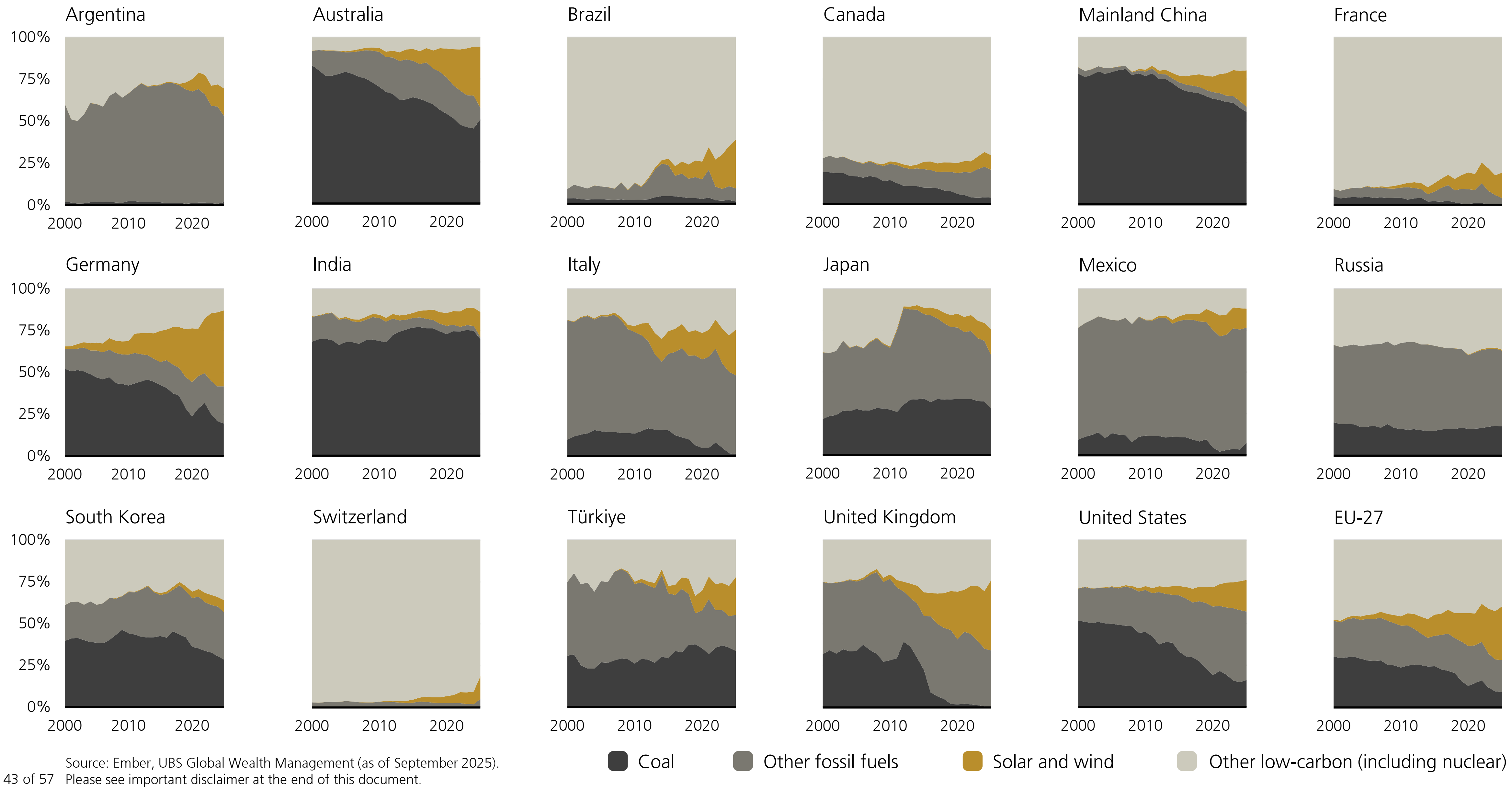
Electricity mix of the European Union and United States

Electricity generation in TWh (left axis) and share of renewables (right axis)



Source: Ember, UBS Global Wealth Management (through November 2025).

Greener grids: Electricity mix changes at a different pace across the globe



Source: Ember, UBS Global Wealth Management (as of September 2025).
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Greener grids: Renewables are driving electricity capacity additions

Global electricity capacity growth is driven by renewables

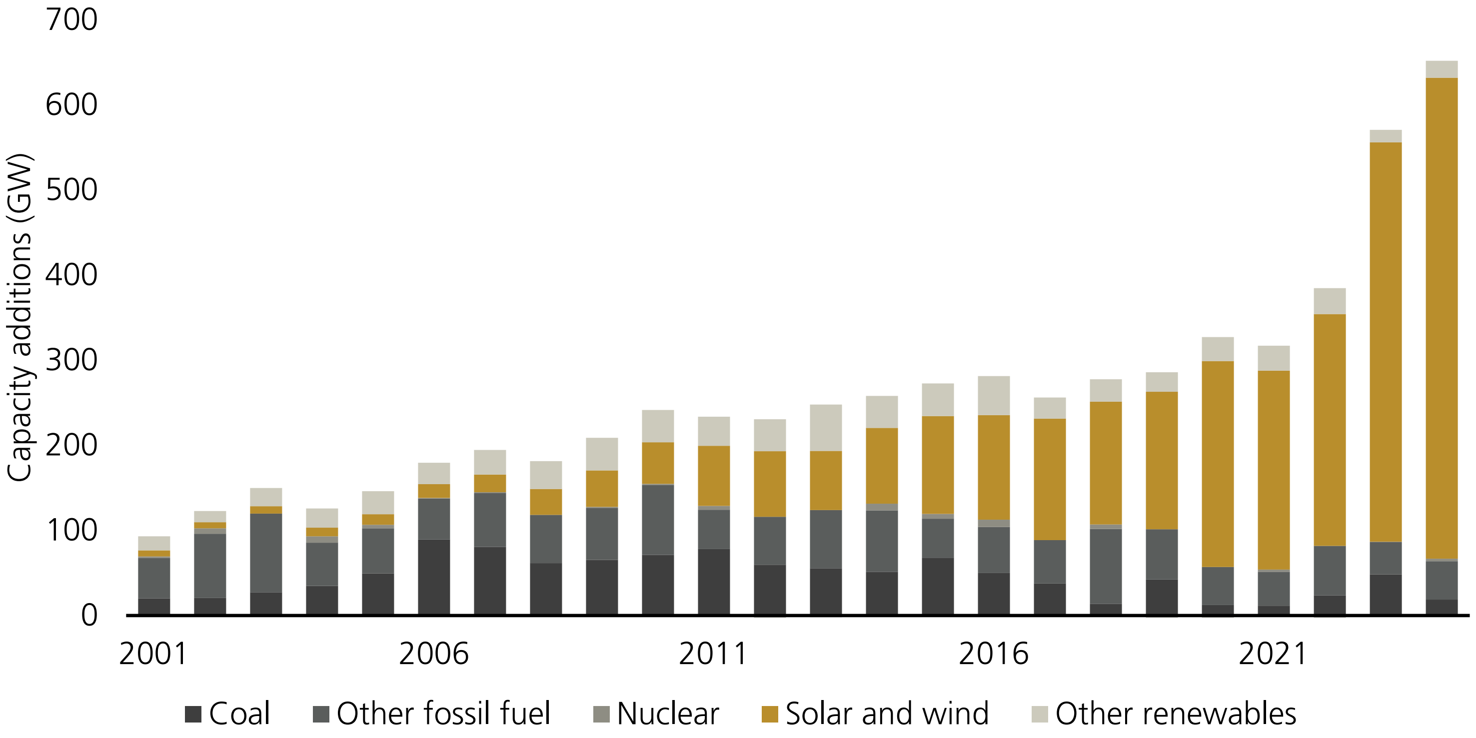
In 2024, nearly 90% of the new electricity capacity added worldwide came from renewable energy sources. Although fossil fuel capacity additions remain positive, they have declined considerably in recent years.

Net capacity additions accounted for 7.5% of the total power generation capacity last year, indicating that a large portion of global electricity still relies on non-renewable sources. China continues to lead in both installed capacity and capacity growth.

Takeaway: According to CIO, investing in renewable energy infrastructure is an attractive opportunity due to decreasing technology costs, the ongoing shift toward decarbonization, and increasing support from government policies and public funding. For more details, refer to CIO's *Power and resources* TRIO.

Global electricity generation capacity additions

Capacity additions by source, in GW



Source: Ember, UBS Global Wealth Management (2025).

Greener grids: US electricity capacity growth driven by renewables

Renewables account for 89% of new capacity additions in the United States in 2025

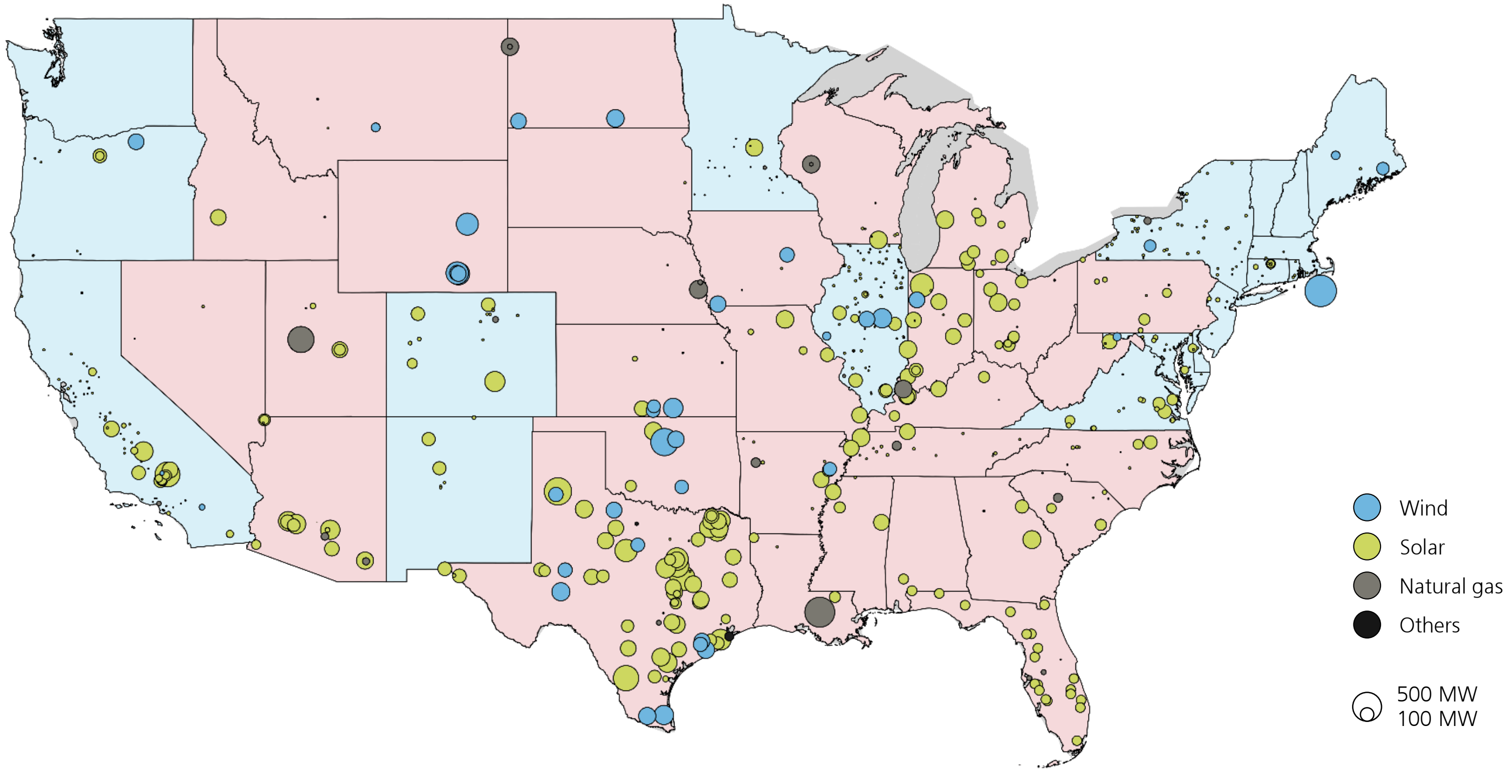
Data from the U.S. Energy Information Administration suggests over 45 Gigawatts (GW) of additional power generation capacity will have been added to the American grid by the end of 2025.[1] Of this new capacity, 87% is expected to be sourced from renewable electricity sources.

A significant share of new renewable projects are developed in Texas, where 11GW of solar capacity is expected to be added to the grid this year, as well as 2GW of wind capacity. This is more than six times as much as California is expected to add this year, the next largest developer of renewable electricity projects.

CIO sees US electricity demand rising rapidly, driven by AI data center growth, industrial reshoring, and electrification. For more details, refer to CIO's *Power and resources* TRIO.

New power plants in 2025 across the United States, by type

Bubbles represent new (or planned) power plants in the US for 2025, bubble size denotes capacity in MW



Note: State color denotes the winning party in the 2024 presidential elections, where red/blue represent a Republican/Democrat victory, respectively.
Source: U.S. Energy Information Administration, UBS Global Wealth Management (as of October 2025).

[1] U.S. Energy Information Agency: https://www.eia.gov/electricity/data/eia860M/

Decarbonization commitments: New targets slowing, validations on the rise

Corporate commitments to decarbonize continue, results need to follow

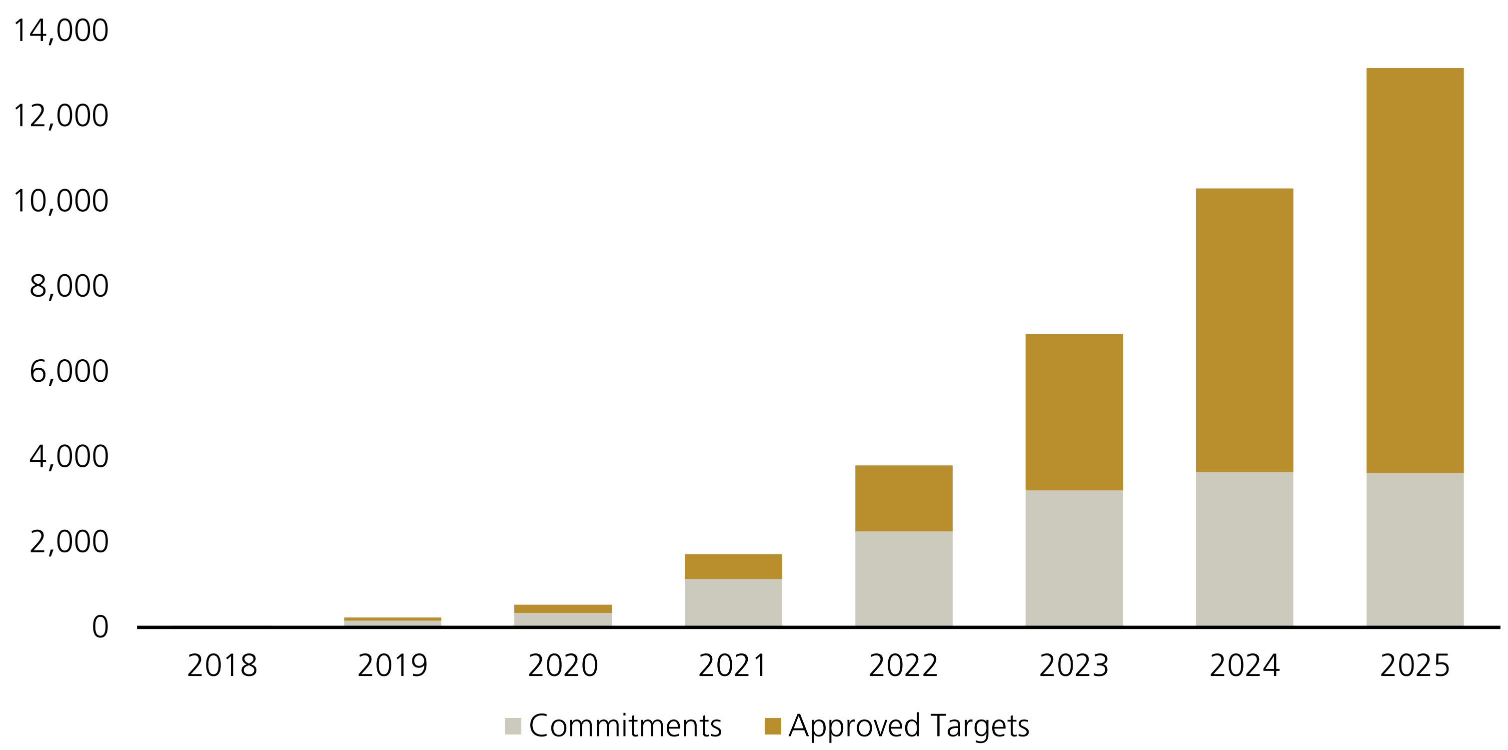
Science-backed commitments to decarbonization are positive, yet the true test lies in companies' capacity to execute these plans and meet their goals. For instance, tech firms have faced challenges in achieving their decarbonization targets, with emissions rising sharply owing to the expansion of AI. For more details, refer to CIO's Sustainable investing perspectives (07 June 2024).

There is notable concentration in the Industrials sector, where approximately 3,700 companies have approved decarbonization targets and an additional 1,000 have made related commitments. This sector accounts for nearly one-third of all such efforts.

Takeaway: Businesses are refining their decarbonization strategies to focus on feasible objectives. The sustained commitment signals potential investment opportunities in supporting solution providers; for example, commitments in real estate suggest prospects for HVAC companies.

Companies with science-based GHG emissions reduction targets

Number of companies with decarbonization commitments or verified targets



Source: Science Based Targets Initiative, UBS Global Wealth Management (as of November 2025).

Electric vehicles: Growth continues in China, fewer incentives in US and EU

EV sales growth remains in China, rebound in United States and Germany after slowdown

The global EV market, including plug-in hybrids, is likely to remain the fastest-growing segment of the auto market moving forward, but regional differences persist. According to BNEF data, EV sales in China grew 38% in 2024, with almost 4 million EVs sold during 4Q24. Growth continued in 2Q25, with sales increasing 30% relative to last year's first quarter.

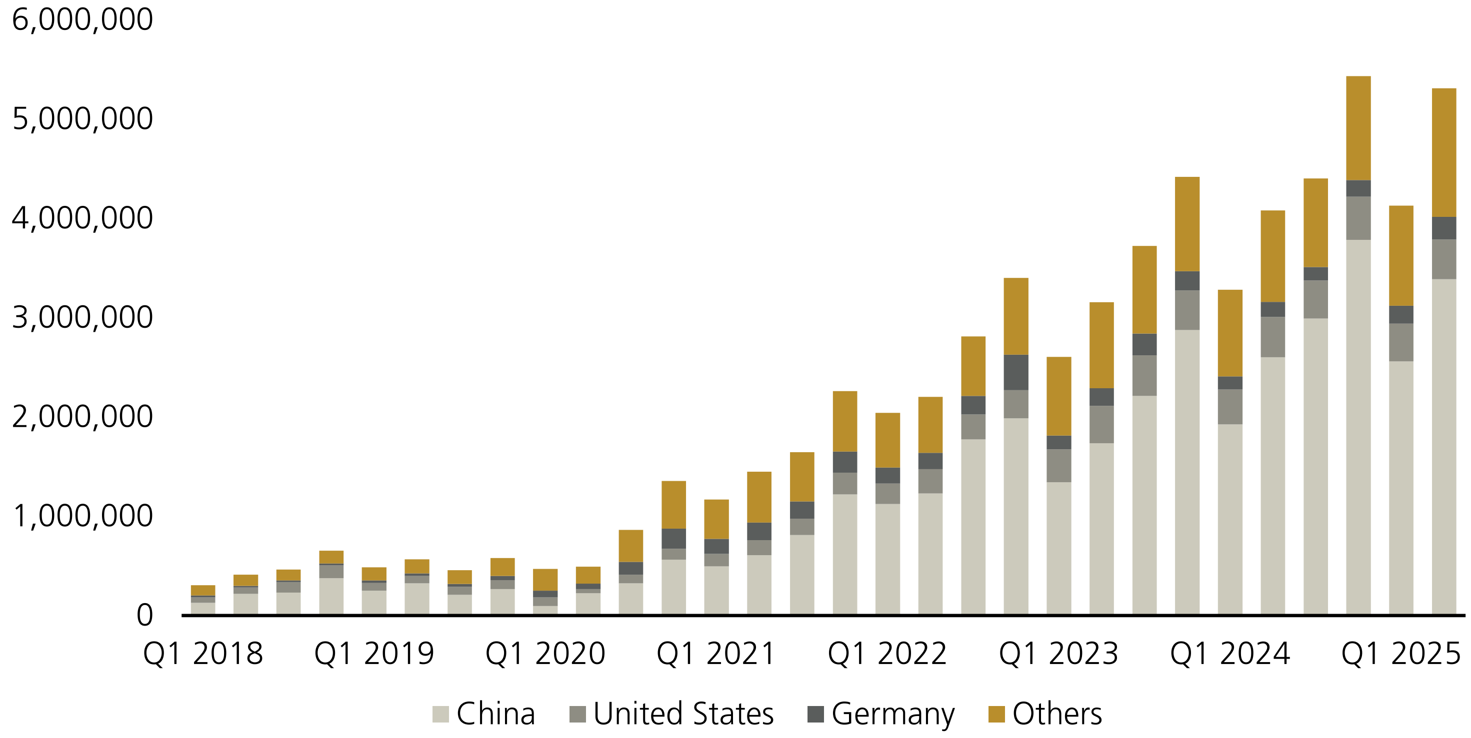
Near-term demand faces challenges in the US and in some European markets. President Trump's suspension of the USD 5bn EV charging infrastructure program will likely hurt further growth.

US EV sales were flat in 2Q25 relative to 2Q24, with sales in Germany increasing 51%. Sales in the rest of the world grew by 41% in the second quarter.

Takeaway: Selectivity remains important in the global EV supply chain, as geopolitical and tariff pressures continue. See CIO's *Smart mobility* LTI theme for more.

Electric vehicle sales globally and in key markets

Number of EVs sold per quarter across regions



Source: BloombergNEF, UBS Global Wealth Management (2025).

Electric vehicles: Buildout of charging networks needed to facilitate EV growth

Increasing availability of charging infrastructure drives EV adoption

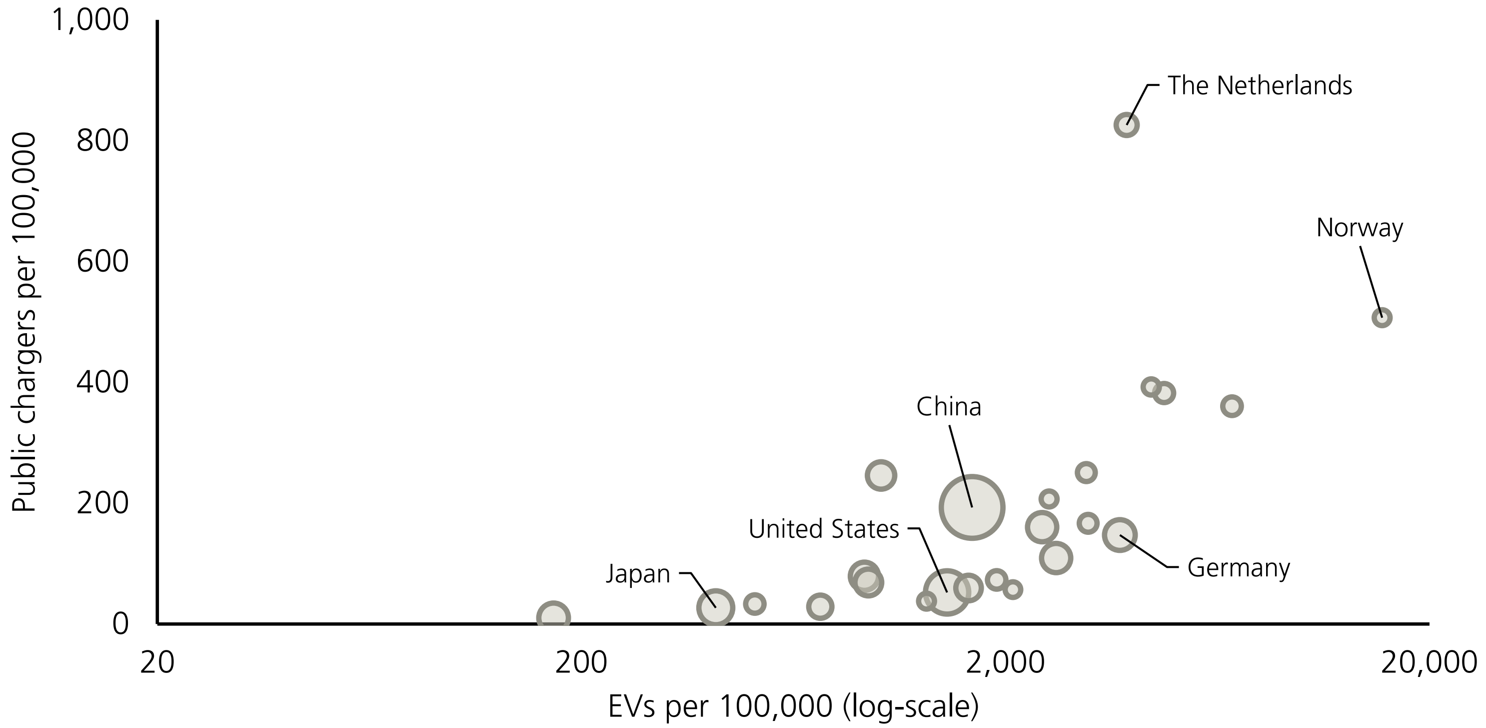
The availability and accessibility of public charging stations play a crucial role in encouraging EV adoption by helping to alleviate "range anxiety." China, with nearly 3 million public chargers serving 24 million EVs, ranks third globally in charger availability, following South Korea and The Netherlands. In contrast, the United States has about 175,000 public chargers for close to 5 million EVs.

According to BloombergNEF, as the proportion of electric vehicles increases, investments ranging from USD 1.6 to 2.5 trillion will be necessary to expand charging infrastructure by 2050.

Takeaway: A comprehensive charging infrastructure is essential for boosting EV adoption. Expanding charging networks alongside greater affordability might facilitate the medium-term shift in transportation. For further insights, refer to CIO's *Smart mobility* long-term investment theme.

EV adoption goes hand-in-hand with charging infrastructure

EVs and public chargers per 100,000 population; bubble size represents population size



Source: BloombergNEF, UBS Global Wealth Management (2025).

Nature: Impact of natural capital cuts across many sectors

Value of natural capital is increasingly recognized as financially relevant

CIO views nature as a vital pillar for the global economy, with over half of worldwide GDP reliant on healthy ecosystems—yet the importance of natural capital is frequently underestimated amid accelerating biodiversity loss. As businesses encounter growing operational, supply chain, and reputational risks, many are turning to nature-based solutions to enhance resilience and discover new prospects.

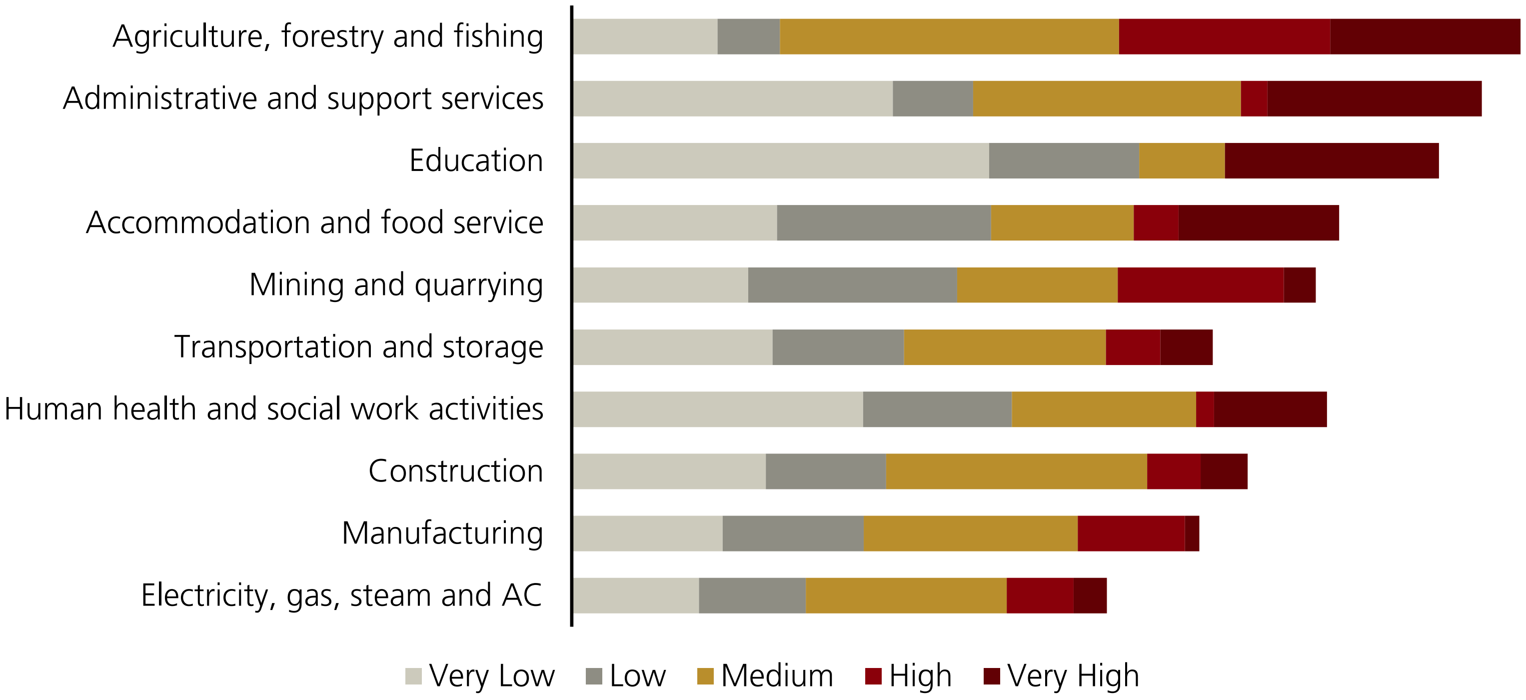
Given the significant financial impact of nature-related risks, investors are paying closer attention to companies tackling biodiversity decline. Industries heavily dependent on ecosystem services include agriculture, mining, and construction.

Takeaway: Investing in nature is still in its infancy, with risks and opportunities varying greatly by location. Consequently, investment approaches are often customized, and measurement standards continue to develop.

For further information, see the CIO publication '[An introduction to nature investing]' (06 June 2025).

Sectors most dependent on ecosystem services

Top 10 sector dependencies on nature ecosystems, weighted by materiality



Source: ENCORE, UBS Chief Investment Office (2025).

Investment solutions: Growing opportunity set for transition-focused investors

Increased focus on transition presents opportunity for investors

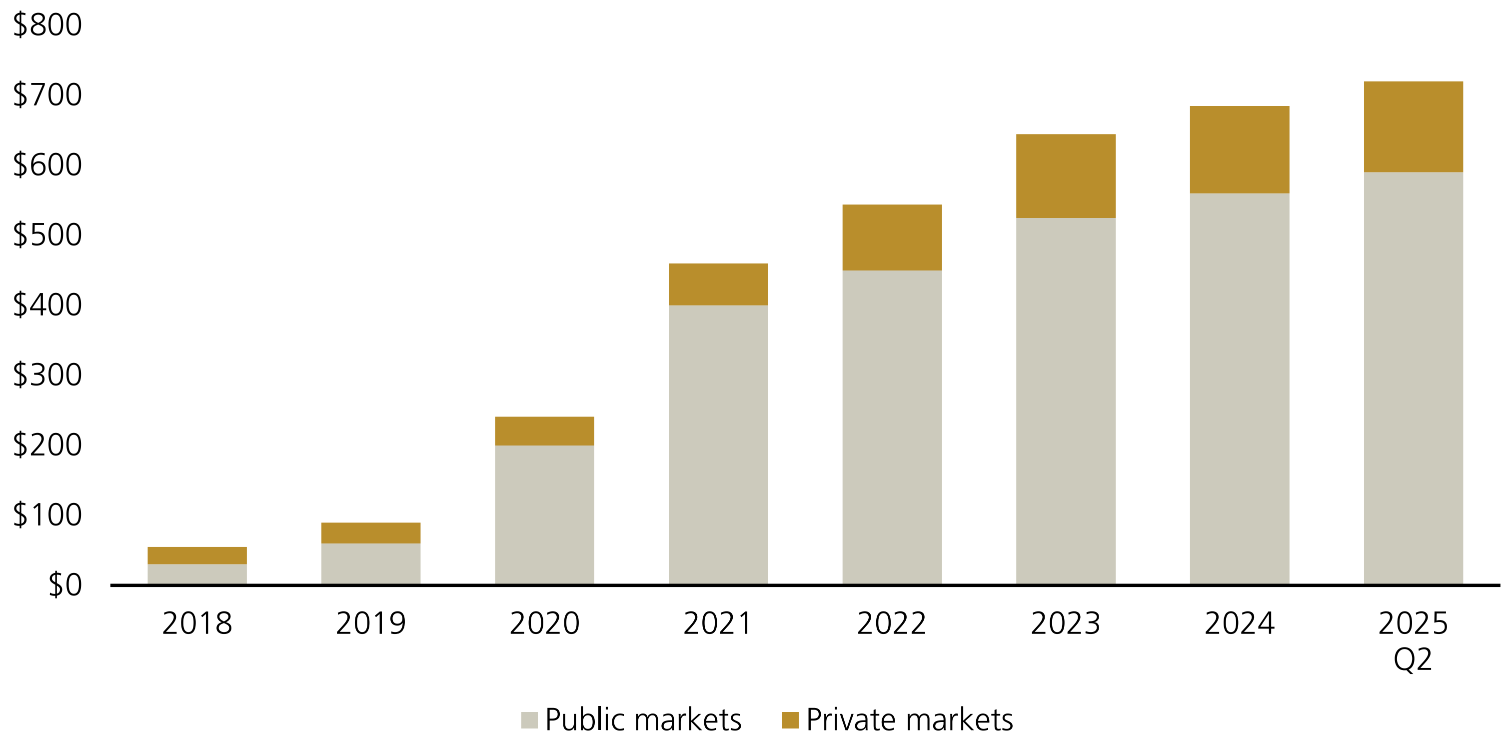
The transition to a low-carbon economy presents one of the largest investment opportunities of the current decade. It also is an incredibly complex challenge. Already accounting for two-thirds of the estimated total energy investment in 2024, the about USD 2 trillion being invested in clean energy annually needs to more than double by 2030 to achieve climate targets, according to IEA.

Historically, climate-focused investors have primarily addressed the transition through investments in climate solutions, including renewables. We observe an increasing interest in investments aligned with transitioning assets, as shown by MSCI data.

Takeaway: The transition to a low-carbon economy is a secular trend, that will play out across every sector and region and will affect every asset class. The holistic nature of the low-carbon transition lends itself to a portfolio approach, with cross-asset strategies offering diverse channels to capture opportunities. For more details, see the CIO report: [Investing in the transition] (03 January 2025).

Transition solutions have driven growth of assets in climate investment strategies

Assets under management for public markets, cumulative assets raised in private markets (both in USD bn)



Source: MSCI, UBS Global Wealth Management (2025).

How to invest: Thinking about the transition in a portfolio context

Each of these approaches will result in distinct biases compared to a given benchmark, both on the equity and fixed income side. By selecting investment ideas across all three, investors can manage overall portfolio skews and manage risk and return potential.

Transition leaders

Companies with a low emissions intensity (low-carbon leaders). Prioritizes excluding the most carbon-intense investments and adjusts portfolio weights to reach a lower portfolio-level carbon intensity.

May help in minimizing future portfolio transition risk but does not drive real economy decarbonization.

Transition solutions

Companies that are facilitating the transition to the low-carbon economy. Prioritizes investing in companies that offer solutions to tackling climate change or the effects thereof, rather than optimizing for portfolio-level carbon intensity.

Themes of interest include but are not limited to: *Energy transition(s)* and *Smart mobility*.

Transition improvers

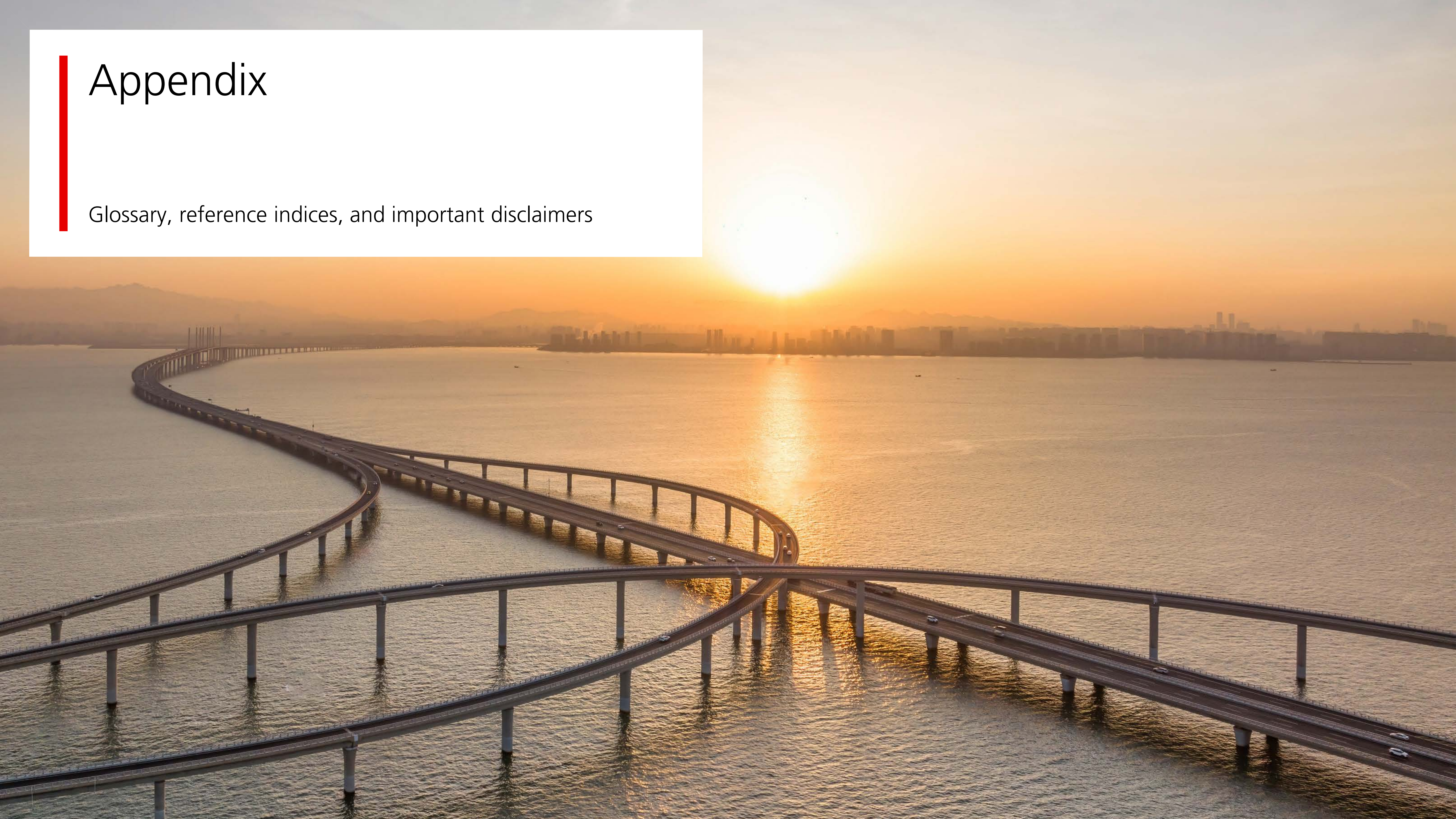
Targeted investments in companies that have future decarbonization potential. Often prioritizes carbon-intense sectors and carbon-intense companies within sectors, utilizing active ownership to drive real economy decarbonization.

May have a higher carbon footprint today but can be a driver of real economy decarbonization.

For more details, see the CIO report: Investing in the transition (03 January 2025).

Appendix

Glossary, reference indices, and important disclaimers



Glossary

Building block	Description
ESG engagement equities	Strategies where equity fund managers aim to actively engage company management to improve corporate performance on ESG issues and opportunities.
ESG engagement high yield bonds	Strategies where fixed income fund managers aim to actively engage company management to improve corporate performance on ESG issues and opportunities.
ESG improvers equities	Strategies that invest predominantly in equities of companies that are improving at managing a range of critical ESG issues.
ESG leaders corporate bonds	Strategies that invest predominantly in bonds of companies that manage a range of critical ESG issues and seize ESG opportunities better than their competitors.
ESG leaders equities	Strategies that predominantly invest in equities of companies that manage a range of critical ESG issues and seize ESG opportunities better than their competitors.
ESG thematic equities	Strategies that invest predominantly in equities of companies that sell products or services that tackle a particular environmental or social challenge, and/or whose businesses are particularly good at managing a single ESG topic or factor, such as gender equality.
Multilateral development bank bonds	Strategies that invest predominantly in bonds issued by MDBs, such as the World Bank directly or via passive or actively managed solutions. Proceeds are directed with the intent to generate positive environmental and/or social impact through development finance.
Sustainable municipal bonds	Strategies that invest predominantly in municipal bonds whose proceeds are designated to fund projects with specific social and environmental objectives.
Thematic sustainable fixed income	Strategies that invest predominantly in bonds that finance environmental and/or social projects and activities, as well as a transition process toward stronger ESG credentials. Investments can be implemented through individual securities or through passively or actively managed solutions. Bond investments in this asset class include green, social, sustainability and sustainability-linked bonds issued by public sector and corporate borrowers.
Sustainable investing	A set of investment strategies that incorporate material environmental, social, and governance considerations into investment decisions. These strategies usually seek to fulfill one or more of the following objectives: 1) achieve a positive environmental or social impact alongside financial returns; 2) align investments with personal values; and 3) improve portfolio risk-return characteristics.
Sustainability focus	When selecting an investment opportunity, sustainable investing considers environmental, social and governance issues alongside financial criteria. UBS provides knowledge, advisory and investment solutions for people looking to pursue a sustainable investing approach in their portfolios.
Impact investing	Investing with the explicit intent to generate a measurable and verifiable positive environmental and social impact alongside competitive financial returns. Examples include growth equity and venture capital strategies that invest in companies whose business models address specific sustainability challenges; equity and bond strategies with a focus on active engagement with public companies that are prioritizing sustainability outcomes; and bringing additional investment to multilateral development bank bonds focused on sustainable development activities.

These building blocks refer to approaches an investment strategy can take using sustainability information rather than a specific basket of securities. These approaches are presented and defined by UBS Global Wealth Management and may not reflect standard industry terminology or practice.

Indices referenced in this document

Index	Section	Description
MSCI ACWI	ESG leaders equities, ESG engagement equities	Large and mid cap representation across developed and emerging markets. Represents the global investable equity opportunity set.
MSCI ACWI Selection	ESG leaders equities	Targets 50% free float-adjusted market capitalization of the parent index (MSCI ACWI), based on ESG criteria.
MSCI USA	ESG leaders equities	Large and mid cap representation of the US market. Represents the US investable equity opportunity set.
MSCI Europe	ESG leaders equities	Large and mid cap representation of the European market. Represents the European investable equity opportunity set.
MSCI Asia Pacific	ESG leaders equities	Large and mid cap representation of the Asia-Pacific market. Represents the Asia-Pacific investable equity opportunity set.
MSCI China	ESG leaders equities	Large and mid cap representation of the Chinese market. Represents the Chinese investable equity opportunity set.
MSCI Emerging Markets	ESG leaders equities	Large and mid cap representation of Emerging Markets. Represents the EM investable equity opportunity set.
MSCI USA Selection	ESG leaders equities	Targets 50% free float-adjusted market capitalization of the parent index (MSCI USA), based on ESG criteria.
MSCI Europe Selection	ESG leaders equities	Targets 50% free float-adjusted market capitalization of the parent index (MSCI Europe), based on ESG criteria.
MSCI Asia Pacific Selection	ESG leaders equities	Targets 50% free float-adjusted market capitalization of the parent index (MSCI Asia Pacific), based on ESG criteria.
MSCI China Selection	ESG leaders equities	Targets 50% free float-adjusted market capitalization of the parent index (MSCI China), based on ESG criteria.
MSCI Emerging Markets Selection	ESG leaders equities	Targets 50% free float-adjusted market capitalization of the parent index (MSCI Emerging Markets), based on ESG criteria.
MSCI World	ESG leaders equities	Large and mid cap representation across developed markets. Represents the developed market investable equity opportunity set.
MSCI World Selection	ESG leaders equities, ESG thematic equities	Targets 50% free float-adjusted market capitalization of the parent index (MSCI World), based on ESG criteria.
MSCI Global Alternative Energy	ESG thematic equities	Large, mid, and small cap companies that derive at least 50% of their revenues from products/services in alternative energy.
MSCI World Energy	ESG thematic equities	Targets all companies classified in the Energy sector (based on GICS sector) in the parent index (MSCI World).
S&P Global Broad Market Index	ESG thematic equities	Large, mid, and small cap companies across developed and emerging markets. Represents the global investable equity opportunity set.
S&P Global Water Index	ESG thematic equities	Targets 100 companies that are involved in water-related businesses (Water Utilities & Infrastructure and Water Equipment & Materials).
MSCI ACWI SMID	ESG engagement equities	Small and mid cap representation across developed and emerging markets. Most engagement strategies target small and mid cap companies.
ICE BofA Global Broad Market Index	Thematic sustainable fixed income	Investment grade debt, constituting sovereign, quasi-government, corporate, securitized and collateralized securities.
ICE BofA Green Bond Index	Thematic sustainable fixed income	Investment grade debt, constituting sovereign, quasi-government, corporate, securitized and collateralized securities, qualified for green purposes.
Bloomberg U.S. Treasury 5-10	MDB bonds	U.S. Treasury bonds with a maturity of 5 to 10 years.
Solactive Global MDB Bond USD 5-10	MDB bonds	Bonds issued by multilateral development bank bonds, with a maturity of 5 to 10 years.
Bloomberg Global Aggregate Corporate Index	ESG leaders bonds	Investment grade debt issued by corporations across developed and emerging markets.
Bloomberg MSCI Global Corporate Sustainability Index	ESG leaders bonds	Investment grade debt issued by corporations across developed and emerging markets with strong ESG ratings.
European carbon credits	Carbon markets	European Union Allowance (EUA) for carbon emissions per ton of CO_2, nearest future (monthly continuation).
Coal	Carbon markets	Rotterdam coal futures, nearest future (monthly continuation).
Natural gas	Carbon markets	Dutch TTF natural gas futures, nearest future (monthly continuation).

Refer to the Appendix for a glossary and overview of all indices referenced throughout this document.
Past performance of investments is not a guarantee of future results and the value of investments may fluctuate over time.
Please see important disclaimer at the end of this document.

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