

EURO STOXX 50 ESG UCITS ETF

UBS ETF **On Track Research**



Invest in top Eurozone companies through a core equity benchmark, filtered by ESG criteria for enhanced sustainability.

UBS ETF (LU) EURO STOXX 50 ESG UCITS ETF – Going green with Eurozone blue-chip equities

- EURO STOXX 50 is one of the most renowned benchmark indices for investors in Eurozone equities with Euro 31.3bn¹ ETF assets tracking it globally.
- The 10% lowest ESG-scoring companies are filtered out to tilt the index towards more sustainable companies.
- In addition, the EURO STOXX 50 ESG index filters out companies with revenue exposure to controversial weapons manufacturers, tobacco, thermal coal and those that do not comply with the United Nations Global Compact (UNGC) principles.
- EURO STOXX 50 ESG targets comparable performance to the standard EURO STOXX 50 index.
- To bring the number of constituents and sector exposure back in line with the standard EURO STOXX 50 index, the excluded companies are replaced with higher ESG-scoring companies from the same ICB Supersector.
- EURO STOXX 50 ESG can be seen as a 'core replacement'. It is designed to maintain the characteristics of the EURO STOXX 50 while also meeting relevant and meaningful ESG criteria.
- All funds and share classes are UCITS V compliant. Share classes are available with and without currency hedging.

Core equity, ESG in mind

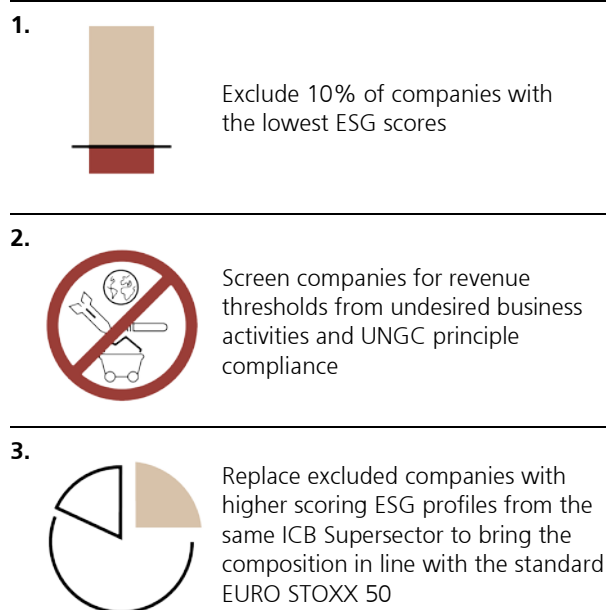
As investors become increasingly aware of the impact of their investment choices, they are increasingly looking for sustainable versions of their core benchmarks. The goal of such sustainable core benchmarks is to provide a similar risk-return profile as the non-screened version while significantly improving the sustainability footprint.

Taking the next step

After the successful launch of the UBS ETF (IE) S&P 500 ESG UCITS ETF, which catered for the need for a sustainable U.S. core equity solution, the next logical step was to make additional markets investible by creating sustainable versions of their core indices. The EURO STOXX 50 is the single largest Eurozone benchmark for ETFs globally with around Euro 31.3bn¹ assets tracking it and a track record of over 20 years.

¹ Source: Morningstar. Data as of June 2019.

Figure 1: Summary of ESG screening methodology



Source: STOXX, UBS Asset Management Switzerland AG.
Data as of June 2019.

Sustainability filtering – a three stage process

The EURO STOXX 50 ESG index employs a comprehensive three stage process for screening companies for sustainability:

In the first step, from the 50 constituents the five companies (10% of constituents) with the lowest ESG scores are excluded.

In the second step, companies are screened for exceeding revenue thresholds from undesired business activities such as the production and sale of controversial weapons (>0%), or voting rights in such companies (>10%), revenue from tobacco production (>0%) or thermal coal extraction and power generation (>25%). The screening also assesses companies' compliance with the UNGC principles' four pillars: human rights, labor, environment and anti-corruption. Companies that fail to comply with any of the screening criteria are excluded from the index (Figure 2).

Step three involves new inclusions to fill the allocation space left by the first two exclusion phases. Replacements are sourced from the universe within the same sector, where the replacement company has a higher ESG score than it replaces. Simple yet robust process for the creation of a new-generation ESG index.

Figure 2: Excluded companies and reasons

Company	EURO STOXX 50 index weight	ESG score	Exclusion criteria
Airbus	2.8%	72	Controversial weapons
Vinci	2.0%	63	Bottom 10%
Safran	1.8%	64	Bottom 10% & Controversial weapons
VW	1.1%	59	Bottom 10%
Vivendi	1.0%	64	Bottom 10%
Fresenius	0.8%	55	Bottom 10%

Source: STOXX. Data as of March 2019.

Risk, return and sector neutrality

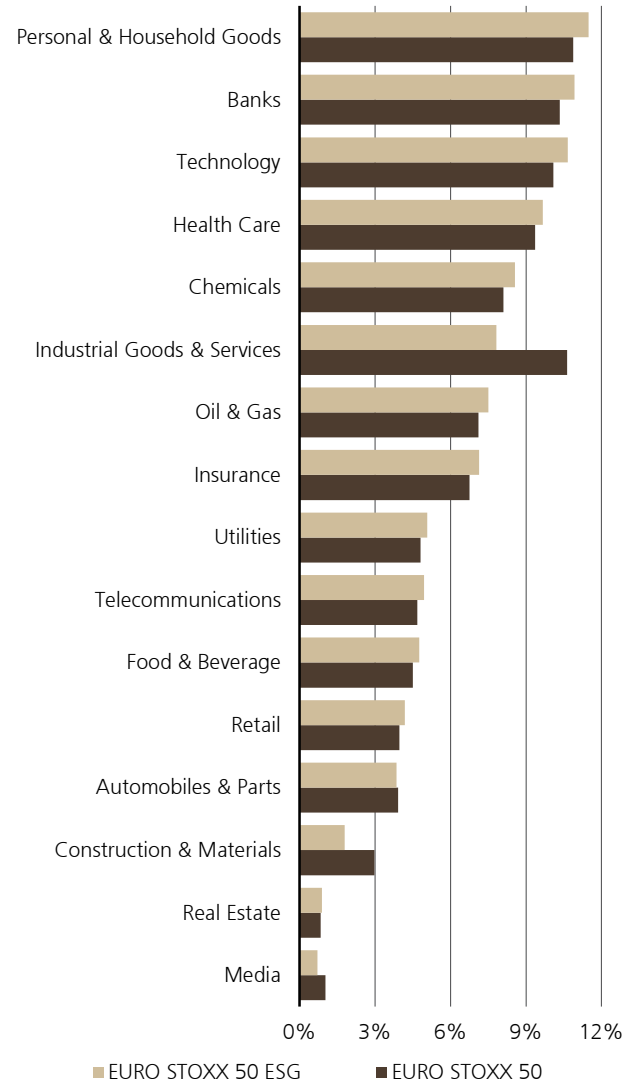
Applying sustainability filtering leaves the index at less than 50 companies. For each company excluded, an additional company that meets the sustainable requirement is selected from the same ICB Supersector, in order to bring back the constituents to 50 (Figure 3). The result is an index that has shown very similar risk and return characteristics to the standard index in long term back tests (Figure 4).

The case for sustainable core Eurozone equity

Investors in Eurozone equity often choose the EURO STOXX 50 benchmark as it tracks the blue-chip Eurozone equity market. The new ESG screened version of this core portfolio component allows investors to make sure that they are compliant with certain ESG requirements, such as adherence to UNGC principles and avoidance of undesired revenue exposure to business activities like controversial weapons manufacturing and sales.

The EURO STOXX 50 ESG presents an all-new core benchmark in that it maintains the characteristics of the established and renowned core-equity index while meeting relevant and increasingly important ESG criteria.

Figure 3: ICB Supersector index allocation

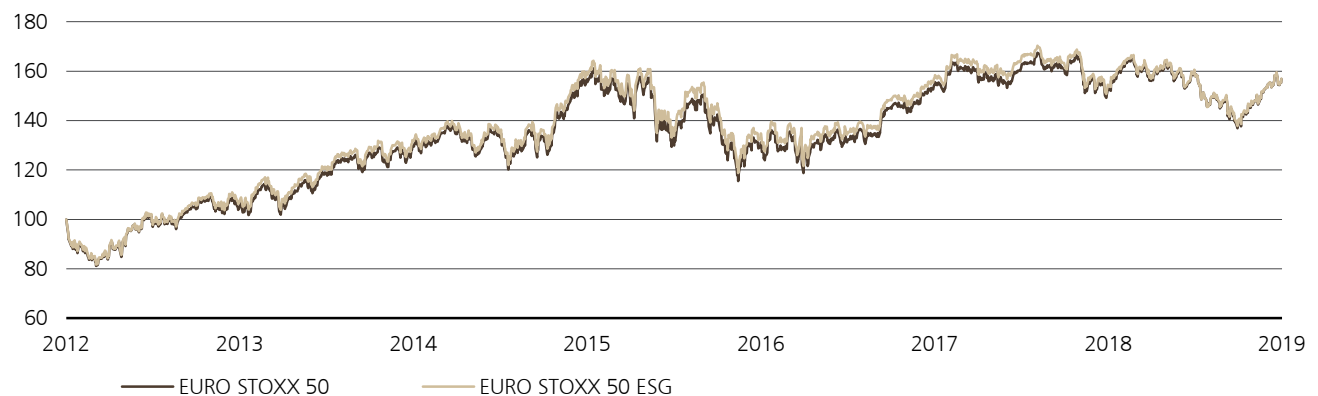


Source: STOXX, UBS Asset Management. Data as of March 2019.

Past performance is not a reliable indicator of future results.

Figure 4: Long-term index performance

Both indices Total Return Net. Indexed to 100 as of 30 Mar 2012.



Source: STOXX, Bloomberg, UBS Asset Management Switzerland AG. Data as of March 2019.

Relevant ETF Exposure

The EURO STOXX 50 ESG

Fund name	Fee	NAV ccy	Replication	Distribution	ISIN	Bloomberg
UBS ETF – EURO STOXX 50 ESG UCITS ETF (EUR) A-dis	0.15%	EUR	Physical	Yes	LU1971906802	E5ESG SW
UBS ETF – EURO STOXX 50 ESG UCITS ETF (EUR) A-dis	0.15%	EUR	Physical	Yes	LU1971906802	E50ESG IM
UBS ETF – EURO STOXX 50 ESG UCITS ETF (EUR) A-dis	0.15%	EUR	Physical	Yes	LU1971906802	UET5 GY

Source: UBS Asset Management Switzerland AG.

Current fund performance data and further product information are available at www.ubs.com/etf.

About UBS ETFs

Index-tracking investment solutions have been a core competence of UBS Asset Management for over 35 years. As a leading fund house in Europe, UBS launched its first ETF in Europe in 2001 and is currently both one of Europe's foremost providers as well as a dominant force in currency hedged ETFs in the region. The range comprises more than 290 ETFs and offers investors a transparent and flexible opportunity to diversify their investments across key markets and all asset classes, including equities, bonds, real estate, commodities and alternative investments. UBS ETFs are listed on the following stock exchanges around the world – SIX Swiss Exchange, Borsa Italiana, London Stock Exchange, Deutsche Börse XETRA, Euronext Amsterdam, Australian Securities Exchange ASX, KRX Korea Exchange and Tokyo Stock Exchange and the Mexican Stock Exchange BMV.



Bloomberg: UETF <GO>

E-Mail: ubs-etf@ubs.com

Website: www.ubs.com/etf

UBS ETF Italia

Via del Vecchio Politecnico 3

20121 Milano

Tel. +39 02 7641 4611

Risk disclaimer

This UBS Exchange Traded Fund invests in equities and may therefore be subject to high fluctuations in value. For this reason, an investment horizon of at least five years and corresponding risk tolerance and capacity are required. All investments are subject to market fluctuations. Every fund has specific risks, which can significantly increase under unusual market conditions. As a result, the net asset value of the funds' assets is directly dependent on the performance of the underlying index. Losses that could be avoided via active management will not be offset.

For marketing and information purposes by UBS.

For professional clients / qualified investors only.

UBS funds under Luxembourg law.

The EURO STOXX 50 ESG® index and the trademarks used in the index name are the intellectual property of STOXX Limited, Zurich, Switzerland and/or its licensors. The index is used under license from STOXX. The financial instruments based on the index are in no way sponsored, endorsed, sold or promoted by STOXX and/or its licensors and neither STOXX nor its licensors shall have any liability with respect thereto.

Before investing in a product please read the latest prospectus carefully and thoroughly. The information and opinions contained in this document have been compiled or arrived at based upon information obtained from sources believed to be reliable and in good faith, but is not guaranteed as being accurate, nor is it a complete statement or summary of the securities, markets or developments referred to in the document. Members of the UBS Group may have a position in and may make a purchase and / or sale of any of the securities or other financial instruments mentioned in this document. Units of UBS funds mentioned herein may not be eligible for sale in all jurisdictions or to certain categories of investors and may not be offered, sold or delivered in the United States. The information mentioned herein is not intended to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. Past performance is not a reliable indicator of future results. The performance shown does not take account of any commissions and costs charged when subscribing to and redeeming units. Commissions and costs have a negative impact on performance. If the currency of a financial product or financial service is different from your reference currency, the return can increase or decrease as a result of currency fluctuations. This information pays no regard to the specific or future investment objectives, financial or tax situation or particular needs of any specific recipient. The details and opinions contained in this document are provided by UBS without any guarantee or warranty and are for the recipient's personal use and information purposes only. This document may not be reproduced, redistributed or republished for any purpose without the written permission of UBS Asset Management Switzerland AG or a local affiliated company. Source for all data and charts (if not indicated otherwise): UBS Asset Management.

This document contains statements that constitute "forward-looking statements", including, but not limited to, statements relating to our future business development. While these forward-looking statements represent our judgments and future expectations concerning the development of our business, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations.

Prospectuses, simplified prospectuses or key investor information, the articles of association or the management regulations as well as annual and semi-annual reports of UBS funds are available in a language required by the local applicable law free of charge from Northern Trust Global Services Limited, Luxembourg Branch, 6, rue Lou Hemmer, L-1748 Senningerberg or from UBS Europe SE, Luxembourg Branch, P.O. Box 2, L-2010 Luxembourg. For more information on the distribution of UBS funds, in particular the applicable tax regime, please consult the Supplementary Information Memorandum for Portugal, available free of charge from the placing agent.

More explanations of financial terms can be found at ubs.com/glossary

© UBS 2019. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.