

Gender-Lens Wealth

UBS Chief Investment Office Wealth
Management Research **white paper**

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Related publication:

[On the road to parity: gender lens investing](#)

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Foreword

Dear reader,

As the world grows increasingly complex and as decision-makers focus on building a sustainable future for our planet, traditional large-scale problem-solving strategies tend to feel inadequate. The challenges we face together are more complicated than ever before, and institutions that effectively addressed our most pressing issues in the past are often ill-equipped to deliver solutions that are relevant in our dynamic, interconnected global environment.

This is a topic UBS first addressed at this year's World Economic Forum (WEF) Annual Meeting in Davos with the white paper "Mobilizing private wealth for public good." The paper called for new ways to address the world's biggest and most daunting challenges, as defined by the United Nations' 17 Sustainable Development Goals (SDGs). This report expands on that subject, and explores the need to leverage private capital and expertise to advance one of the SDGs: achieving gender equality and expanding female empowerment.

In the following pages, we explore the systemic and cultural barriers that have long held back women from fully participating in or benefiting from the economic and social progress enjoyed by their male counterparts. As pressures to break down those barriers grow more intense, UBS believes that private wealth can and must play a central role in catalyzing positive change for women and girls in areas like financial inclusion, education and healthcare. As governmental and NGO resources are stretched ever more thinly, corporate and individual wealth offers new pathways to supporting gender parity, reducing gender-based violence and discrimination, and unlocking the full potential of roughly half of the world's population.

At UBS, we proactively advise our clients about how they can help make the world a gender-equal place. We also embrace our own responsibility to operate and conduct business in a way that's consistent with the guidance we offer clients. This report aligns with those efforts. We thank you for reading it and joining this important conversation.



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Executive summary

Achieving gender equality and female empowerment is the fifth of the United Nations' 17 Sustainable Development Goals (SDGs) for 2030. Yet, according to a recent World Economic Forum report, basic global gender gaps could take 83 years to close at current rates. One key driver of change could be gender-lens wealth - mobilizing private wealth towards gender equality goals. This report shows that SDG 5 can benefit greatly from systematic, coordinated private support, especially in the fields of policy, business, education, and networking as well as gender-lens investing and philanthropy.

According to the WEF, women experience only 59% of the economic opportunities and participation rates that their male counterparts enjoy globally. Women's legal protections are also still underdeveloped, with women in some countries having little access to land, financial services or inheritance. Despite this, SDG 5 has received little funding so far, or only 2.6% of donations towards SDG-related causes between 2000-2013, according to AidData. Within private wealth, one driver may be that only 2% of wealth managers treat and service women as a distinct group with specific interests, according to analysis by UBS Unique, a program focused on female clients, and BCG¹.

When tackling SDG 5, this report recommends that private individuals focus particularly on three key areas which, in our view, have almost universal relevance for women's professional and personal lives: improving maternity provisions, relieving the burden of unpaid domestic work, and increasing participation in science, technology,



engineering, and math (STEM) education. Women globally still spend an average of 4.5 hours a day on unpaid care work versus 2.2 hours for men, while STEM qualifications, which are associated with higher-paying employment, are received by 30% of male graduates versus 16% of female peers.

All five main aspects of gender-lens wealth - policy, business, investing, giving, and education - can play a role in these three core areas. Private individuals can conduct policy and education campaigns on provisions for maternity leave, affordable childcare, and female STEM studies can be effective, as well as provide philanthropic subsidies. They can also try to ensure their own organizations or businesses meet acceptable standards in these areas.

As for their investments, individuals can tilt their listed equity portfolios towards companies which have a greater proportion of senior female managers. A higher level of female executives and directors has generally been found to correlate with higher returns. While women in leadership may not necessarily be the direct cause of outperformance, gender balance may be a reliable proxy indicator for better-performing companies.

Within the field of impact investing, which aims to generate an additive measurable social impact as well as a compelling return, opportunities in affordable childcare and STEM education exist although they may not be enough to warrant a broad range of successful dedicated funds. In many cases,

investors, primarily ultra high net worth individuals with the ability to do their own solo or joint deals, will likely have to pursue such avenues independently. Nevertheless, women themselves appear particularly open to making such investments, with 88% wishing to invest in entities with a positive social impact, according to Ernst & Young².

Finally, as shown by UBS's white paper for Davos 2017, networks and communities remain crucial in coordinating and leveraging responses to all the UN SDGs, bringing together private wealth and other inputs. Within investing and philanthropy, examples include a proposed WEF Young Global Leader initiative called Align17, an SDG-focused platform that has received expressions of interest from the Gates Foundation, PwC, the SDG Philanthropy Platform, and other potential stakeholders.

Given this area's importance, private individuals should seize on opportunities to establish SDG 5-related networks that can connect gender-lens wealth with policy, education, and business as well as philanthropy and investing opportunities. Networked organizations such as the Womensphere Foundation and iamtheCODE aim to connect women and girls with professional developmental opportunities. Such organizations are also increasingly linking up with one another via initiatives such as UBS's Global Visionaries community.

¹Global Wealth 2016: Navigating the client landscape, Boston Consulting Group, 2016

²Harnessing the power of women investors in wealth management, Ernst & Young LLP, 2016

Why Gender-Lens Wealth?



Why Gender-Lens Wealth?

In September 2015, the United Nations agreed its Sustainable Development Goals (SDGs) for 2030 at a gathering of world leaders in New York. Reaching these ambitious milestones - spanning health, education, justice, economic activity, and the environment - is already demanding a substantial global effort. According to the Brookings Institution, SDG-related funding needs currently total USD 5-7 trillion a year¹.

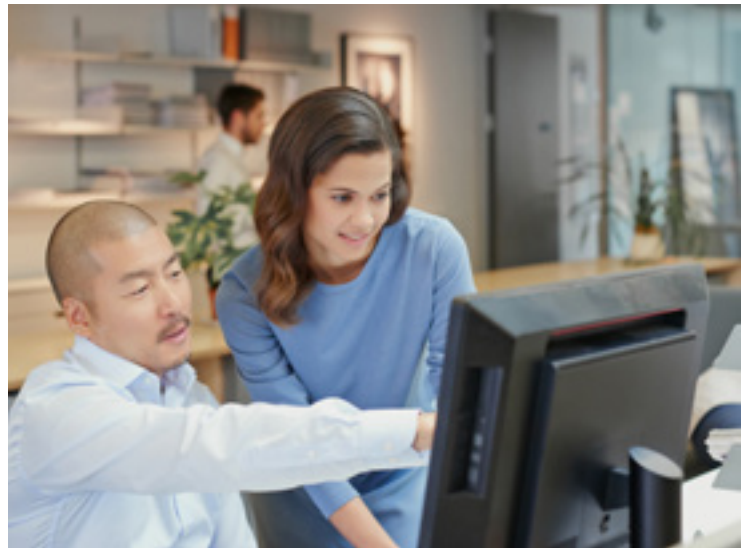
In January 2017, UBS published a white paper for the World Economic Forum (WEF) Annual Meeting in Davos entitled "Mobilizing private wealth for public good." The white paper found that very few SDG funding initiatives focus on harnessing private wealth. This is despite the fact that, according to Credit Suisse, households globally were worth roughly USD 250 trillion in 2015².

One example of these challenges is the fifth goal, SDG 5 - achieving gender equality and empowering all women and girls. According to a WEF report in 2016, it could take 83 years to close the global gender gap across a range of economic, educational, health, and political outcomes at the current rate of progress. In particular, it will be many decades before women participate in the labor force to the same extent as men, receive equal pay, and hold as much political power.

Against this backdrop, SDG 5 cannot be restricted to improving outcomes by 2030 and merely hoping they will be adequate over the very long term. The nine UN targets underlying SDG 5 (see Fig. 1 overleaf) require the elimination of gender-oriented discrimination and abuse, as well as equitable political, economic, health-related, and even technological treatment. To achieve this, all individuals will have to establish the intention to deliver those outcomes and establish a framework by which they can realize them in full after 2030.

Significant efforts have already been made to mobilize private wealth towards gender equality and female empowerment. Since the dawn of the modern women's rights movement in the 19th century, related policy and educational initiatives have received significant support from networks of private individuals. Philanthropy has been another longstanding favorite.

In more recent years, executives have experienced pressure to diversify the boards of companies they own or operate - by appointing more women, etc. Gender-lens investing strategies, which allocate more money to listed companies



with a minimum number of female directors, grew fivefold from 2014-2016, according to Veris Wealth Partners and Women Effect³. Finally, online networks like Twitter have the potential to rally private citizens in unprecedented numbers around gender-oriented causes.

What is missing is an approach that brings together all this private financial and human capital globally and unites it in a systematic SDG 5-related campaign. UBS CIO's proposed solution is gender-lens wealth. Rather than just focusing on listed companies, philanthropy, or public campaigns, gender-lens wealth aims to channel all types of private financial and human capital towards entities and initiatives that support gender equality and female empowerment, using digital and other networks to coordinate private and public efforts.

On the private side, this is partly because managers of wealth tend not to view women as a specific client group with different interests compared to men. Analysis by UBS Unique and Boston Consulting Group has shown that only around 2% of wealth managers treat and service women as an individual client segment, despite women holding 30% of private wealth.

To understand how private wealth can contribute to SDG 5, it is helpful to divide the underlying inequalities into two subsets. The first type is broader and affects most women's professional as well as personal lives globally. These inequalities include discrimination, especially in the workplace; disproportionate uncompensated childcare and other domestic responsibilities relative to men; and unequal provisions for education, health and well-being, particularly around childcare, maternity, and reproductive health. The second type affects more specific groups of women or more specific areas of women's lives. These inequalities include gender-based abuse; economic inequalities that have case-by-case professional implications, such as certain types of property rights; and a lack of political empowerment.

The first subset is a highly socially compelling focus for gender-lens wealth due to its wider impact on women. In most cases, the social benefits of addressing it are not only universal but also more quantifiable professionally as well as financially. Hence, these benefits compare more easily with the value of the resources contributed, including time volunteered in a professional capacity as well as money donated or invested.

For instance, private individuals who wage a successful campaign to improve maternity or childcare policies can compare professional as well as financial data from before and after the policies were introduced. Such data includes the percentage of women who leave the workforce after childbirth and the impact on female labor force participation as well as women's private incomes. STEM (science, technology, engineering, and math) education initiatives that raise the number of female STEM students – an important tool in closing income gaps – can assess the students' likely average earnings after graduation relative to their non-STEM peers (based on broad averages for female STEM and non-STEM graduates).

The second subset presents an equally urgent target, but for more specific reasons. Many property rights, such as inheritance and land ownership, are very relevant to all women's personal finances but may only affect women professionally in cases where they use the assets involved to develop their careers. By contrast, to take two examples from the first subset, decisions about maternity affect all women both personally and professionally, typically at a specific stage of their working lives, while STEM instruction helps broaden all women and girls' personal and professional knowledge into subjects from which many women and girls have traditionally been excluded.

However, the more specific causes underlying the second subset do not make them any less important. For instance, on a global level, gender-based abuse is not only common but also under-reported and very traumatic. From a gender-lens wealth perspective, the difficulties in quantifying its economic impact do not make it less pertinent.

¹Links in the chain of sustainable finance, Brookings Institute, 2016

²Global Wealth Report 2015, Credit Suisse, 2015

³Project Rose, Veris Wealth Partners and Women Effect, 2016

Fig. 1: The nine targets underlying UN SDG 5

1. End all forms of discrimination against all women and girls everywhere
2. Eliminate all forms of violence against all women and girls in the public and private spheres, including trafficking and sexual and other types of exploitation
3. Eliminate all harmful practices, such as child, early and forced marriage and female genital mutilation
4. Recognize and value unpaid care and domestic work through the provision of public services, infrastructure and social protection policies and the promotion of shared responsibility within the household and the family as nationally appropriate
5. Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life
6. Ensure universal access to sexual and reproductive health and reproductive rights as agreed in accordance with the Programme of Action of the International Conference on Population and Development and the Beijing Platform for Action and the outcome documents of their review conferences
7. Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources, in accordance with national laws
8. Enhance the use of enabling technology, in particular information and communications technology, to promote the empowerment of women
9. Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels

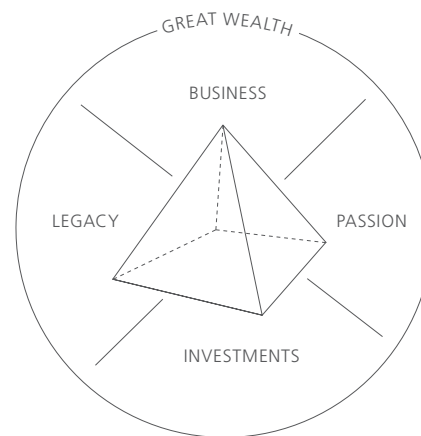
Source: UN

Great Wealth through a Gender Lens



Great Wealth through a Gender Lens

Given their contrasting nature, some private individuals may end up mobilizing very different aspects of their wealth for different types of gender equality and empowerment goals. The great wealth accumulated by ultra-high net worth individuals (UHNWIs) in particular has four fundamental dimensions – business, investment, passion, and legacy – although aspects of this model may also be applied to non-UHNWIs. At the extreme ends of the spectrum, individuals' businesses are suited to tackling broader economic challenges around gender equality (e.g. provision of STEM education), while issues with a more focused or less quantifiable economic component are better suited to passion projects such as philanthropy (e.g. funding campaigns to reduce violence against women and girls).



Business

Individuals who own or operate businesses can use their company policies to address gender equality workplace issues and lobby to encourage competitors and suppliers to adopt similar standards. Areas of focus can include maternity and childcare policies, health benefits, professional training and education for women as well as men, and zero tolerance on discrimination. In select cases such as financial services, individuals may also see opportunities to offer products and services to underserved female audiences, in cases where these have historically been optimized for male tastes.

Investment

Our performance analysis suggests a positive relationship between greater gender balance in companies and financial returns. Since managerial diversity tends to reduce groupthink and improve corporate decision-making, we believe that the growing amount of research linking corporate performance to having female leaders is unlikely to be a coincidence. As well as investing in listed companies with gender-diverse boards, individuals can directly fund private enterprises that fulfill unmet female demand for specific products and services as well as generate a compelling return.

Passion

Philanthropic, education and policy initiatives without a for-profit component are particularly suited to meeting SDG 5 targets in cases which do not involve developing or offering products and services. This includes traditional not-for-profit work, awareness campaigns, or lobbying for policy change. Regulatory reform in areas like maternity, education, healthcare, and property rights will be particularly critical to meeting SDG 5.

Legacy

One of the key challenges facing gender-lens wealth is ensuring its achievements leave a lasting legacy. New owners or policymakers can reverse sensible business practices or regulatory reform. Philanthropic or investment projects can fail. Misinformation can undermine educational initiatives. Private individuals can pursue their chosen gender-lens causes in perpetuity by establishing or locking up dedicated capital in a permanent investment portfolio, charity, endowment, or foundation.

Gender-Lens Policy





Gender-Lens Policy

One way for gender-lens wealth to pursue its goals is to support policy initiatives. UBS's WEF 2017 white paper identified regulatory reform on equality issues (e.g. provisions for parental leave) as a bigger driver than private or public capital in meeting SDG 5. Policy reform can to some extent address every aspect of SDG 5, ranging from discrimination laws to subsidies for financial services for women to improvements in maternity and education policy. Private individuals can contribute money and other resources to initiatives, campaign personally on their behalf, or implement the relevant calls to action within their own organizations.

The difficulty is knowing where to start. Globally, progress has been made in several key areas. For instance, women's survival rates are 96% of men's levels, and women's educational enrolment and literacy rates are 95% of men's rates, according to the WEF Global Gender Gap Report¹. However, women enjoy only 59% of male economic opportunity and participation rates¹. As identified in UBS CIO's report "Women as a force for economic change" (published October 2016), other well-being factors, most notably maternity and unpaid care work, and advanced education factors, notably access to STEM (science, technology, engineering, and math) subjects, are holding women back. The WEF says the global gender gap in STEM is 47%, with 30% of male graduates receiving STEM qualifications versus 16% of female peers.

Improved education and well-being boost female empowerment

According to UNESCO, women have been the principal beneficiaries of a major expansion in global higher education. Female enrollment in tertiary education has increased almost twofold relative to men since 1970². It is conventional wisdom that girls with a higher level of education will likely have a higher income, marry later in life, and have fewer but healthier children. They are also more likely to send their own children to school in the future. But despite these improvements, women still face significant obstacles as they move up the education ladder. For instance, women make up only around 30-35% of science, engineering, manufacturing and construction graduates at tertiary level. Robust policy initiatives that promote STEM education specifically are an attractive target for assistance from private individuals.

Issues around well-being vary by country. In many developing countries, family planning is still an underutilized tool for women to reduce unintended pregnancies, prevent maternal and newborn deaths, and allow women to pursue a better education, higher incomes, and more independence. Middle-to-high income countries provide access to reproductive health but inequalities remain. Uneven maternity policies, unaffordable childcare and unpaid work due to child-rearing reduce the likelihood of women remaining in the workforce during childbearing years. Again, all these issues remain a viable target for gender-lens wealth.

Globally, women spend on average 4.5 hours a day on unpaid care work while men spend close to 2.2 hours³. According to the OECD, there is a negative correlation between the number of hours spent on unpaid care work and participation in the labor force. In countries where women spend three hours a day on unpaid care work, 60% of women are active in the labor force. This number drops to 50% if they spend five hours.

In many regions, gender roles are evolving but women are still primarily seen as wives, mothers, and homemakers. Maternity and domestic burdens are common challenges among women. These are key reasons why women abstain from the workforce or seek part-time jobs. Paid parental leave rather than maternal leave can contribute to improving female participation rates in the economy. In addition, access to subsidized childcare supports women returning to the workforce. Maternity leave is still low in most countries and there is no correlation between income levels and number of weeks' leave across the world. In fact, US workers get 12 weeks of unpaid maternal leave while in Latin America and Asia the average is close to 13 weeks and 100% is paid by social insurance.



Around the world, women still struggle to have the same rights as men to access economic resources or financial services. The latter is critical to reducing poverty and boosting inclusive economic growth. Owning land or accessing the financial system provides opportunities to start a business, save up for education, or manage day-to-day financial concerns. The World Bank Global Findex database shows that in 2014 62% of the world's adult population had a bank account. In 2014, however, the gender gap persisted, with 65% of men having an account and 58% of women having an account. In addition, in some countries, women may not be able to exercise financial rights due to customary practices. Early or forced marriage, preferential treatment of male offspring and lack of regulatory frameworks on inheritance are still deeply rooted in some countries and continue to perpetuate inequalities.

¹Global Gender Gap Report, World Economic Forum, 2016

²Women in Higher Education, Chiao-Ling Chien, UNESCO.

³Unpaid Care Work: The missing link in the analysis of gender gaps in labor outcomes, OECD Development Centre, 2014.

Structure of the WEF's Global Gender Gap Index

Subindex	Variable	Source
Economic Participation and Opportunity	Ratio: female labor force participation over male value	International Labor Organization (ILO), Key Indicators of the Labor Market (KILM) database, 9th edition, 2015
	Wage equality between women and men for similar work (survey data, normalized on a scale of 0 to -1)	World Economic Forum, Executive Opinion Survey (EOS), 2015-16
	Ratio: female estimated earned income over male value	World Economic Forum calculations based on the United Nations Development Programme methodology (refer to Human Development Report 2007/2008)
	Ratio: female legislators, senior officials and managers over male value	International Labor Organization, ILOSTAT database, 2015 or latest available data
	Ratio: female professional and technical workers over male value.	International Labor Organization, ILOSTAT database, 2015 or latest available data
Educational Attainment	Ratio: female literacy rate over male value	United Nations Educational, Scientific and Cultural Organization (UNESCO) Institute for Statistics, Education indicators, database, 2015 or latest data available; United Nations Development Programme, Human Development Report 2009, most recent year available between 1997 and 2007
	Ratio: female net primary enrolment rate over male value	UNESCO Institute for Statistics, Education indicators database, 2015 or latest data available
	Ratio: female gross secondary enrolment ratio over male value	UNESCO Institute for Statistics, Education indicators database, 2015 or latest data available
	Ratio: female gross tertiary enrolment ratio over male value	UNESCO Institute for Statistics, Education indicators database, 2015 or latest data available
Health and Survival	Sex ratio at birth (converted to female-over-male ratio)	Central Intelligence Agency, The CIA World Factbook 2016, data updated weekly
	Ratio: female healthy life expectancy over male value	World Health Organization, Global Health Observatory database, data from 2013
Political Empowerment	Ratio: females with seats in parliament over male value	Inter-Parliamentary Union, Women in Politics: 2016, reflecting elections/appointments up to 1 June 2016
	Ratio: females at ministerial level over male value	Inter-Parliamentary Union, Women in Politics: 2015, reflecting appointments up to 1 January 2015
	Ratio: number of years with a female head of state (last 50 years) over male value	World Economic Forum calculations, reflecting situation as of 30 June 2016

Source: World Economic Forum

Gender-Lens Giving and Education



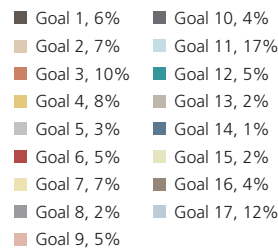
Gender-Lens Giving and Education

Between 2000 and 2013, close to USD 2.2 trillion was donated towards causes embodied by the SDG goals. But only USD 56 billion, or 2.6% of the total, went to causes related to gender equality, according to AidData. The largest recipient since 2000 was the Middle East and Africa, followed by Latin America and South Asia Pacific, which received close to 40%, 18%, and 21% of total funding, respectively. In terms of the targets underlying SDG 5, close to 70% of the funding has gone into programs related to population policies, reproductive rights, health, and government and civil society. Accordingly, on a longer-term view, subsidizing maternity leave, childcare, STEM (science, technology, engineering, and math) education, and financial services for women may be relatively overlooked focuses for philanthropic capital.



Funding for individual SDG-related causes

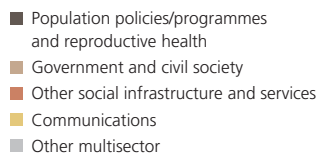
% of total



Source: AidData, 2017 (reflecting 2000-2013 funding)

Regional SDG 5 funding by sector

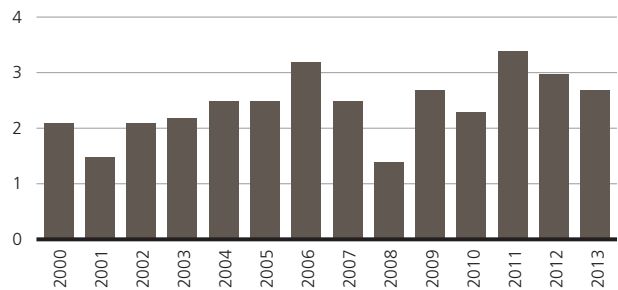
% of total



Source: AidData, 2017 (reflecting 2000-2013 funding)

Funding for SDG 5 causes

% of total

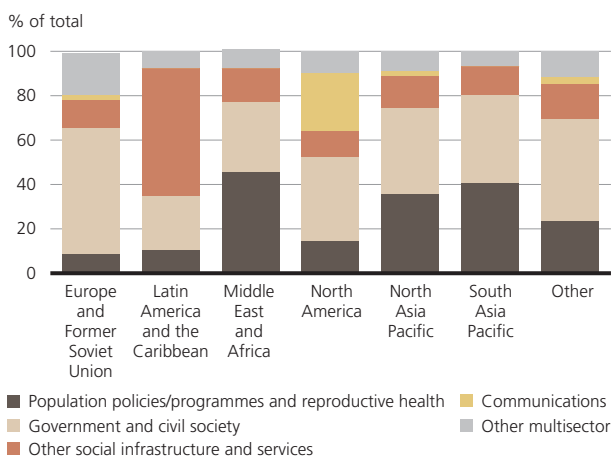


■ Goal 5 (% funding relative to all SDG goals)

Source: AidData, 2017 (reflecting 2000-2013 funding)

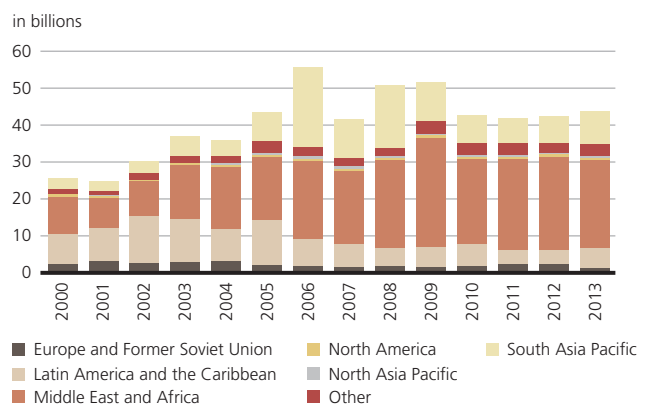


Money inflows by regions and SDG sub-goals



Source: AidData, 2017 (reflecting 2000-2013 funding)

Middle East and Africa has been one of the largest beneficiaries



Source: AidData, 2017 (reflecting 2000-2013 funding)

(Note: All charts exclude bilateral agreements)

Interview with Phyllis Costanza

CEO of the UBS Optimus Foundation



How can philanthropy help address gender-related issues and what are the challenges?

The main talking point here is gender inequality and its consequences. Issues such as lack of access to education, economic opportunities, healthcare and protection from abuse are not exclusively female problems, but it's women and girls who are impacted disproportionately. They represent the vast majority of the world's voiceless and vulnerable. Women make up nearly two-thirds of the world's illiterate¹. Today, more than 800 women² will die of pregnancy-related complications because they lack the basic healthcare we take for granted. And women and girls³ represent the majority of those trafficked into sex and forced labor slavery. We often try to make problems simple, but the reality is they are highly contextual. Gender inequality in Manchester, for example, is very different from gender inequality in Monrovia. Yet, there is a universal truth. Given the chance, women and girls can also be the drivers of change. Educating girls, challenging repressive social norms and giving women control of purse-strings works, but we need a concerted global effort to create the generational change that can reframe the future for millions. Encouragingly, this, as well as the significant role philanthropy has to play, is recognized in the new UN Sustainable Development Goals. Effective gender-lens philanthropy should challenge the one-size-fits-all approach, shine a light into neglected corners, support innovation, and bridge the gaps preventing women and girls from thriving.

Who has donated most actively to gender-related issues and what are they looking for?

We have seen interest across the board from the ultra high net worth segment right down the wealth curve. But things are changing rapidly and we have to listen and learn. The new generation of philanthropists may have been inspired by their parents but they have their own ideas. They want their philanthropy to be more immediate, more impactful, more hands on, and more networked. And they are looking for a more professional, transparent and outcome-focused approach. For many this means exploring innovative new philanthropic and investing tools, like development impact bonds. Others take a more traditional approach. But one thing is for sure – they all want a real and sustainable social return.

Who might contribute more? How can we best encourage them?

The simple answer is we all can contribute more. But too often people don't know how or are unimpressed with the results. A UBS study⁴ in the US found that over 90% of millionaires were involved in philanthropy, but only 20% felt it was highly effective. They tended to simply respond to funding requests, and this "checkbox philanthropy" left them uncertain about their impact. If we are to harness people's desire to give, we need to show them they can make a real difference, connect them with great entrepreneurs focused on social change who share their vision, look at new ways of connecting capital and impact, and develop ways to bring likeminded philanthropists together around issues of mutual importance. Traditional philanthropy remains crucial, but these new approaches have the potential to deliver far more than the sum of their parts.

Which gender-related issues need more resources? Are there any where philanthropy will have to play a particularly central role?

I mentioned the Sustainable Development Goals, which are very much focused on tackling gender-related issues. And philanthropy undoubtedly has a bigger role to play here. The UN estimates we need an extra USD 1.4 trillion a year until 2030 to reach those goals on top of existing funding. That's a huge price tag, especially given the "mere" USD 160 billion spent on development aid last year. Despite the billions spent so far, we have not achieved what we should be entitled to expect. Philanthropists can help address this. They are willing to take more risks and adopt new ideas. They bring much-needed resources to bear, are focused on outcomes and value for money, and are willing to explore areas, including gender-related issues, which have been neglected by governments and NGOs.

Education is of course another key way of boosting awareness about gender inequality and promoting change in this field. Educating women and girls is also a means of reducing inequality. Leaving aside their businesses and investments, which we have tackled in a separate section, how can wealthy individuals best leverage their resources to help?

There are over 60 million girls around the world who don't attend school. Even those who do attend are often not learning basic skills and may drop out early. In India, for instance, three million girls are out of school, and only 1% of those who do attend school reach 12th grade. Yet, the arguments for improving the situation in India and elsewhere are compelling. Educating girls helps break the cycle of poverty. Each year that a girl attends school can increase her future earnings by between 10% and 20%⁷. Educated women are less likely to marry early and against their will, less likely to die in childbirth, more likely to have healthy babies, and more likely to send their own children to school. And some countries lose more than USD 1 billion a year⁸ by failing to educate girls to the same level as boys. Donors can increase their impact by working with partners with the know-how to select innovative, transformational and scalable programs, explore innovative financing vehicles like development impact bonds, work in collaboration with other likeminded donors, and seek out organizations that can use their networks to leverage donations through matched funding. Success breeds success, and donors who are satisfied with their impact are more likely to spread the word and be ambassadors influencing others

An educated girl is more likely to...



- Earn 10% more
- Have fewer but healthier children
- Survive pregnancy and childbirth
- Increase her country's GDP
- Marry 4 years later
- Send her own future children to school

What should financial services companies be doing to help wealthy individuals with gender-related giving and education projects?

We need to recognize that what we did yesterday isn't sufficient for tomorrow. Today's donors want to achieve greater social impact more easily, efficiently and effectively. This new breed of philanthropist is passionate and willing to take bigger risks. They understand that it takes time and resources to establish what works best. They don't just accept an idea because it seems like the obvious solution. For example, from my own experience I know of a group who wanted to improve educational outcomes in a developing country context. After researching the issues they became aware that illness and malnutrition as a result of intestinal worms were making children ill and unable to attend school. So rather than building a school, which was their initial choice, they invested in a Randomized Control Test that identified de-worming tablets as the best intervention. It improved educational outcomes by almost ten times as children were fit for school, and at a tenth of the cost of other, more traditional educational interventions. This subsequently leveraged hundreds of millions of dollars into similar programs funded sustainably by big pharmaceutical companies through free drug distribution. These same lessons can and should be applied when thinking about addressing all gender-related and other issues.

¹Source: UIS. ²Source: World Health Organization factsheet on maternal mortality 2015. ³Source: UN International Labour Organization: Forced Labour, modern slavery and human trafficking report. ⁴Source: UBS Investor Watch- Doing well at doing good 2014. ⁵Source: No Ceilings: The Full Participation Project. ⁶Source: UIS/GEM Report Policy Paper 27/Fact Sheet 37, p.1. ⁷Source: World Bank, Returns to Investment in Education (2002). ⁸Plan International: Paying the price: The economic cost of failing to educate girls, p.10

6 million children die every year of preventable causes



Undernutrition is linked to 60% of all deaths of children under age of 5



70% of health centers lack access to **reliable electricity** in rural areas



1 billion people live their entire lives **without access** to health care



In rural areas, up to 80% of **births** are **unattended**



Majority of deaths among children aged 0-4 occur in **first 60 days of life**



Liberia, a nation of 4 million people, has only **50 trained physicians**

Gender-Lens Business and Investing



Gender-Lens Business and Investing

For many wealthy individuals, the professional starting point for boosting gender equality is their businesses. Gender balance among senior management should help them promote diverse perspectives within their companies. It also ensures gender-specific areas, such as maternity, do not turn into professional barriers for their employees.

One area in which diverse perspectives can offer value is products and services. Managers and employees who understand female customer behavior are more likely to develop the right products and services for those customers and sell or market to them more effectively. In sectors like finance, gaps in servicing female clients may present more specific opportunities. For instance, only 2% of wealth managers treat and service women as a specific client segment, according to UBS Unique and BCG, even though women hold roughly 30% of private wealth globally.

For wealthy individuals, however, making their businesses more gender-equal will have less impact than persuading peers to do the same. Business networks and online resources are a key means of promoting gender equality, educating companies on implementation, and drawing up sector- and/or region-specific standards. Wealthy individuals can also use their often prominent status within their industries or localities to leverage change.

Similar principles extend to wealthy individuals' personal portfolios. In recent years, one popular way of aligning private investments with gender equality goals has been to invest in listed companies with progressive gender policies. Our research, as well as external studies, shows that companies that have achieved specific progressive results with respect to gender have indeed outperformed.

A greater proportion of female executives and directors generally correlates with higher returns. While women in leadership may not necessarily be the direct cause of outperformance, gender balance may be a reliable proxy indicator for better-performing companies. For example, it may be that female leaders are effective at choosing to work for more successful companies. Or a strong and inclusive corporate culture may lead to better results and better female representation in senior leadership. Finally, the causality may even be reversed with well-performing companies having more flexibility to focus on diversity initiatives.



The strong increase in recent years is partly also driven by supporting regulation. In general, European countries have greater female representation on boards. France, for instance, has had a law since 2014 stating that at least 20% of board members should be female, or 40% from 2017 onwards. Norway has had a similar regulation since 2006, with at least 40% required to ensure diversity.

While a causal relationship between women in leadership and higher returns is difficult to establish, some indications do exist. For instance, studies focused on dividend payout policy lend some credibility to the claim that diversity at the board level can enhance total returns. Unlike studies of firm performance which may be influenced by a number of external factors, dividend payout policy is a directly measurable corporate decision that is approved by the board of directors. A 2013 study found that firms with diverse boards are more likely to pay dividends and tend to pay larger dividends than those with non-diverse boards, even after taking other relevant explanatory variables into account. Similarly, our own analysis of Russell 1000 companies (the 1000 largest US-listed firms) found that gender-balanced companies have higher dividend yields, on average.

In terms of listed equity markets, a number of gender-lens products are already available to investors. What is missing is gender-lens impact investments that aim to generate not only a compelling return but also an additive, measurable impact on gender equality. In and of itself, investing in existing company stock does not introduce new measures to advance goals such as gender equality or pressure companies to do so, except when it is executed on an unusually large scale relative to the size of the company or accompanied by an open policy campaign with demonstrable results. And yet there is a growing demand to use investments to generate

social as well as financial benefits. Women themselves appear particularly open to making such investments, with 88% wishing to invest in entities with a positive social impact, according to Ernst & Young¹.

To generate an additive, measurable impact, investors need to take control of an investment and direct it towards new initiatives that can add impact and measure it over time. At present, this is typically only achievable in private markets. One example within gender-lens impact investing might include buying out a company where an insufficiently diverse management team is hampering decision-making, then installing a more diverse senior management with greater female representation in a way which better serves the company's objectives. Another might be lending to a project that will introduce products and services targeted at women, such as financial or education services, in a way that fills a gap in a specific region or market.

The difficulty with gender-lens impact investing is generating a steady stream of opportunities that would permit investment firms to launch a broad range of gender-lens-focused products. Theoretically, a buyout fund could invest only or mainly in companies where there would be an opportunity to introduce more progressive gender policies. But buyouts are already so competitive that it is unclear whether extra restrictions might hamper performance. In terms of products and services for women, the socially problematic gaps tend to exist at the retail end of the market where providers often need substantial scale to be competitive.

In this respect, investor networks have a key role to play in sourcing direct as well as pooled investment opportunities. Investors who cannot find a suitable gender-lens product or a product with a gender-lens component can network with each other and with businesses in the field to source and invest in opportunities directly, without going through a fund or a manager. These networks can take the form of more traditional associations and investment "clubs" or online forums and platforms, often with in-person spin-off events. The solo or joint investment opportunities that can result from these connections can be just as productive as investments through a fund or a manager, although investors must have the capability to make suitable investment decisions and oversee their own due diligence.

¹Harnessing the power of women investors in wealth management, Ernst & Young LLP, 2016



The World through a Gender Lens

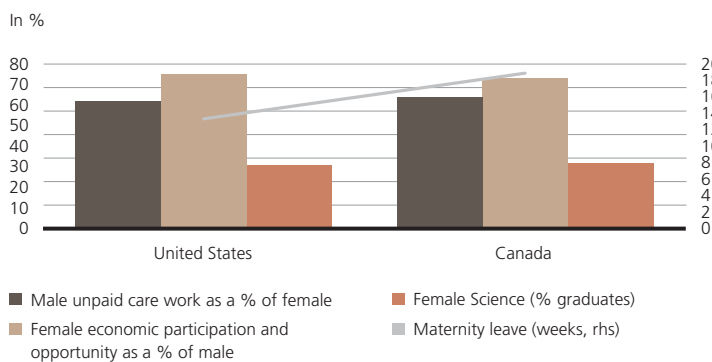


Americas

Developed economies

In the US and Canada, women have roughly 60% of the economic privileges of men, according to the WEF Global Gender Gap Report, slightly higher than the global average. North America also enjoys one of the highest male participation rates in unpaid care work globally, according to the UN. Men and women have equal rights but women's political empowerment (as measured by the WEF Global Gender Gap Report) is just 16-22% of men's. At 30%, female participation in science fields is also low, below even some countries in Latin America. Maternity leave in the US typically lasts only 12 weeks, usually unpaid.

North America

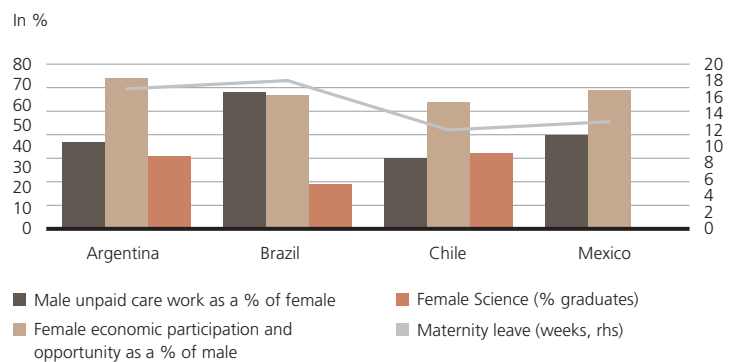


Source: World Economic Forum (economic participation and opportunity, 2016), OECD (unpaid care work, 2014), ILO (maternity leave, June 2013)

Emerging economies

In larger Latin American markets, female economic participation and opportunity is still around 50% of the male average. Women bear most of the burden of unpaid care work, according to the UN, with Mexico, Argentina and Brazil having the lowest male participation. Women still face discrimination in terms of inheritance and access to financial services and land. WEF political empowerment subindex readings are above the emerging market average, in particular Argentina, where women are 35% as politically empowered as men. Except for Mexico, major Latin American economies offer women as much maternity leave as France and Germany.

Latin America and the Caribbean



Source: World Economic Forum (economic participation and opportunity, 2016), OECD (unpaid care work, 2014), ILO (maternity leave, June 2013)

Americas

	Secure access to land	Access to financial services	Inheritance	Female political empowerment as a % of male
United States	Yes	Yes	Yes	16%
Canada	Yes	Yes	Yes	22%
Argentina	w/Exceptions	Yes	Yes	35%
Brazil	Yes	w/Exceptions	w/Exceptions	13%
Chile	Yes	Yes	w/Exceptions	25%
Mexico	w/Exceptions	w/Exceptions	w/Exceptions	28%

Source: World Economic Forum (political empowerment, 2016), Social Institutions and Gender Index, OECD. Latest available data; dates may vary.

Europe and Former Soviet Union

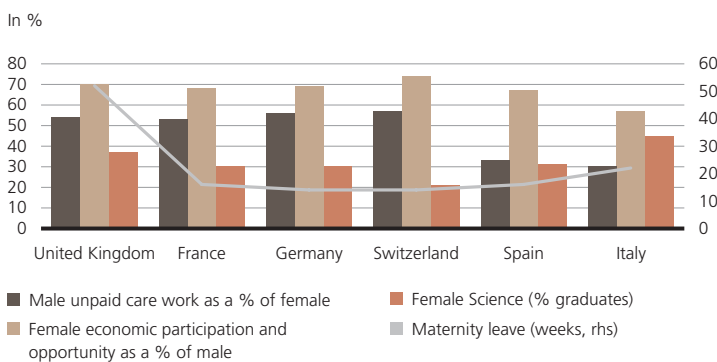
Developed economies

According to the WEF, women have access to 60-70% of male economic participation and opportunities in the biggest markets. The ratio of women in science-related fields is low (30% on average), according to the UN. Men and women have equal rights but female political empowerment remains below 40% of male outcomes for all countries. Women participate in the workforce but have a low presence in decision-making and science and engineering. Maternity leave is longer than the developed market average. Germany and France lead the pack among the larger markets, while Italy and Spain are behind some countries in emerging Europe.

Emerging economies

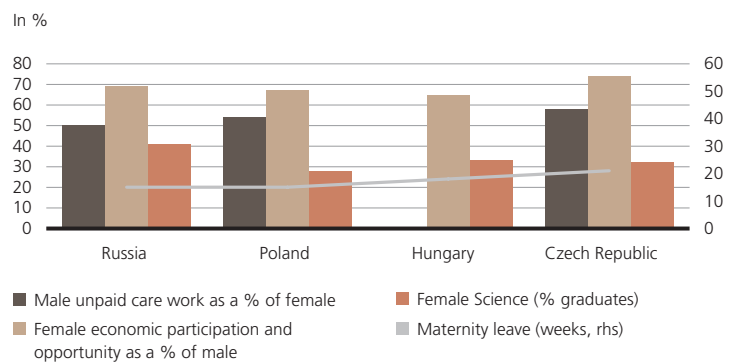
As in developed Europe, female economic participation and opportunities are above 60% of the male total in larger markets. But women still have the burden of unpaid care work and political empowerment is below 25%, with Russia and Hungary among the lowest. Maternity leave is well above the average for emerging markets and close to many developed markets. Women make up over 30% of science graduates, competitive with developed markets in the region.

Western Europe



Source: World Economic Forum (economic participation and opportunity, 2016), OECD (unpaid care work, 2014), ILO (maternity leave, June 2013)

Eastern Europe and Former Soviet Union



Source: World Economic Forum (economic participation and opportunity, 2016), OECD (unpaid care work, 2014), ILO (maternity leave, June 2013)

Europe and Former Soviet Union

	Secure access to land	Access to financial services	Inheritance	Female political empowerment as a % of male
United Kingdom	Yes	w/Exceptions	Yes	34%
France	Yes	Yes	Yes	36%
Germany	Yes	Yes	Yes	43%
Switzerland	Yes	Yes	w/Exceptions	39%
Spain	Yes	Yes	w/Exceptions	32%
Italy	Yes	Yes	Yes	33%
Russia	Yes	Yes	Yes	7%
Poland	Yes	Yes	Yes	24%
Hungary	Yes	Yes	-	3%
Czech Republic	Yes	Yes	Yes	13%

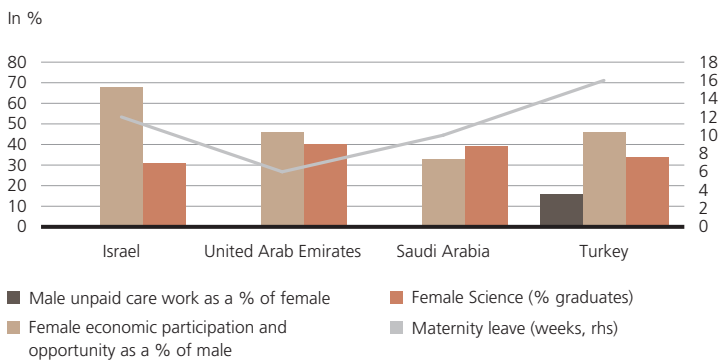
Source: World Economic Forum (political empowerment, 2016), Social Institutions and Gender Index, OECD. Latest available data; dates may vary.

Middle East, Israel, and Africa

Middle East and Israel

Overall, the largest economies in the region rank low relative to the rest of the world, although there are large disparities in the region. Turkey has the lowest participation of men in unpaid work and the lowest female economic participation and opportunity score, or 33%. The country ranks 129 out of 144 on the latter, according to the WEF. In the UAE and Saudi Arabia women do not have the same rights as men in terms of access to financial services, land and inheritance. In addition, political empowerment is extremely low in Saudi Arabia as well as Turkey (ranked 121 and 113 out of 144 respectively).

Middle East

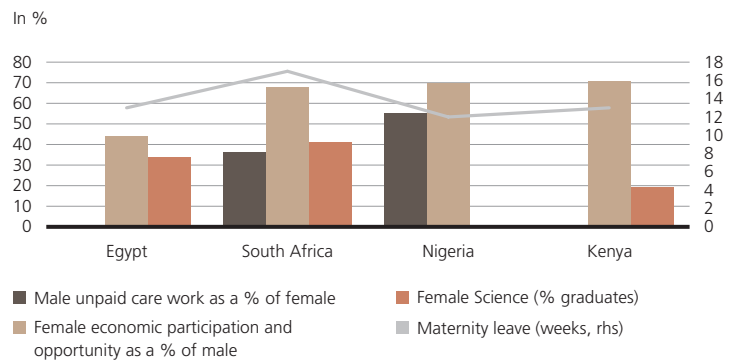


Source: World Economic Forum (economic participation and opportunity, 2016), OECD (unpaid care work, 2014), ILO (maternity leave, June 2013)

Africa

Female participation and opportunity is above 65% in the largest economies, with the exception of Egypt. Male unpaid care work as a percentage of female is also lagging in South Africa, at 36%. Women face some discrimination in access to land across all countries, while Nigerian women have very limited rights in terms of access to financial services and inheritance.

Africa



Source: World Economic Forum (economic participation and opportunity, 2016), OECD (unpaid care work, 2014), ILO (maternity leave, June 2013)

Middle East, Israel, and Africa

	Secure access to land	Access to financial services	Inheritance	Female political empowerment as a % of male
Israel	Yes	Yes	Yes	22%
United Arab Emirates	w/Exceptions	w/Exceptions	No	14%
Saudi Arabia	w/Exceptions	w/Exceptions	No	8%
Turkey	Yes	Yes	Yes	9%
Egypt	w/Exceptions	w/Exceptions	No	9%
South Africa	w/Exceptions	Yes	Yes	40%
Nigeria	w/Exceptions	No	No	10%
Kenya	w/Exceptions	w/Exceptions	w/Exceptions	18%

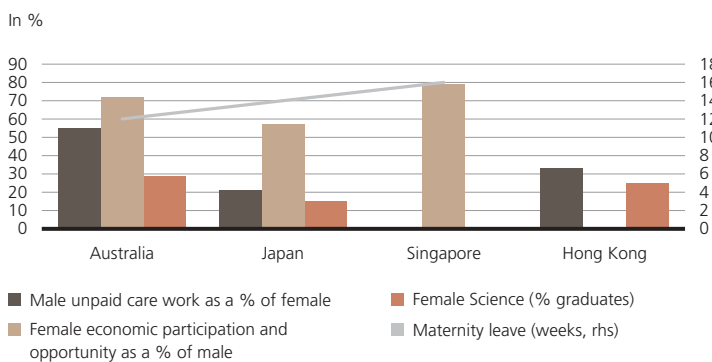
Source: World Economic Forum (political empowerment, 2016), Social Institutions and Gender Index, OECD. Latest available data; dates may vary.

Asia Pacific

Developed economies

Australia and Singapore have some of the highest levels of women's economic participation and opportunity in the world. However, the percentage of women working in science is around 30% in these two nations, and as low as 15% in Japan, according to the WEF. Women do not have a high participation in public decision making as reflected by an 11-19% reading on the WEF's political empowerment sub-index. Maternity leave provisions are also closer to US standards than to France and Germany.

Asia Pacific (developed)

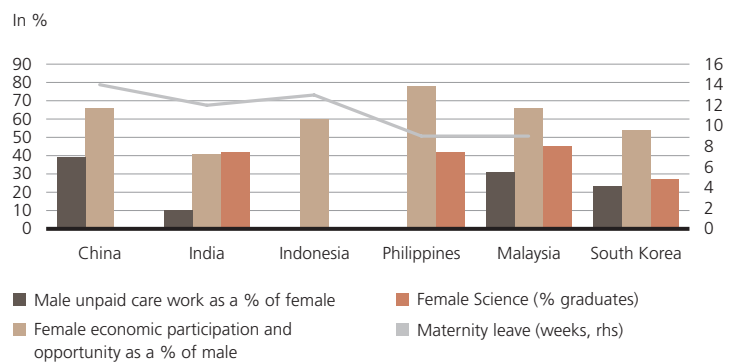


Source: World Economic Forum (economic participation and opportunity, 2016), OECD (unpaid care work, 2014), ILO (maternity leave, June 2013)

Emerging economies

Among the largest economies, India shows the lowest male participation in unpaid care work as well as the lowest female economic participation and opportunity rates. However, the percentage of women in science is around 40%, higher than developed countries in the region, and the country ranks ninth out of 144 in the political empowerment sub-index. Malaysia and Korea rank very low on political empowerment and male participation in unpaid care work.

Asia Pacific (emerging)



Source: World Economic Forum (economic participation and opportunity, 2016), OECD (unpaid care work, 2014), ILO (maternity leave, June 2013)

Asia Pacific

	Secure access to land	Access to financial services	Inheritance	Female political empowerment as a % of male
Australia	Yes	Yes	Yes	19%
Japan	Yes	Yes	Yes	10%
Singapore	w/Exceptions	Yes	w/Exceptions	11%
Hong Kong	w/Exceptions	Yes	w/Exceptions	-
China	w/Exceptions	Yes	w/Exceptions	16%
India	w/Exceptions	w/Exceptions	w/Exceptions	43%
Indonesia	Yes	w/Exceptions	w/Exceptions	17%
Philippines	w/Exceptions	w/Exceptions	w/Exceptions	39%
Malaysia	w/Exceptions	Yes	No	5%
South Korea	Yes	Yes	Yes	12%

Source: World Economic Forum (political empowerment, 2016), Social Institutions and Gender Index, OECD. Latest available data; dates may vary.

Recommendations



For individuals who want to make the broadest contribution to gender equality and female empowerment, the most pertinent targets for gender-lens wealth - as well as some of the most underfunded from a philanthropic perspective - remain maternity leave, domestic work (including childcare), and STEM education. These issues have the widest professional as well as personal impact. Female leadership and access to financial services, land, and inheritance also play a broad and critical role.

As a supplement, individuals can directly address the professional consequences of such issues - e.g. income inequality - by campaigning for workplace reforms or implementing them in their own organizations. If introduced evenly on a national level, such practices would hopefully put pressure on employers to close gaps by stamping out wage discrimination and inappropriate policies and/or via better mentoring and developing women's careers.

In individual regions (see previous section), we recommend focusing on areas where gaps are particularly acute.



Maternity, domestic work and STEM education

All five main aspects of gender-lens wealth - policy, business, investing, giving, and education - can play a role in these three key areas. Private individuals can conduct policy and education campaigns on provisions for maternity leave, affordable childcare, and female STEM (science, technology, engineering, and math) studies, as well as provide philanthropic subsidies. They can also ensure their own organizations or businesses meet acceptable standards in these areas, including more appropriate maternity provisions, company-sponsored childcare schemes, and a greater focus on STEM training for female employees. Impact investing opportunities in affordable childcare and STEM education exist but will probably be highly selective and insufficient to warrant a broad range of successful dedicated funds. Investors, primarily ultra high net worth individuals (UHNWIs) with the ability to do their own solo or club deals, will likely have to pursue such avenues independently.

Finally, although more large-scale efforts will be required to meet gender equality goals, niche focuses can also continue to make a meaningful impact. With respect to domestic work, in Morocco, the World Bank's Rural Water Supply and Sanitation Project tried to reduce the onus on girls to fetch water, freeing up time for education. In the six provinces where the project was implemented, girls' school attendance increased by 20% in four years. Reducing water scarcity more generally remains a key CIO long-term investment theme as well as an important focus for philanthropic capital due to difficulties in pricing water.



Female leadership

Policy and education (i.e. awareness) campaigns and associated donations are essential to increasing the number of women in leadership roles. Women's participation in politics and decision making is still low in most countries around the world. According to the UN Women report for 2015, women are still usually excluded from high rank positions in government. Globally, the share of women among ministers is close to 18% and they are usually assigned "social" portfolios. The implementation of quotas in countries like Germany has helped to improve women's political empowerment but participation remains low at about 30%.

In the private sector, individuals can promote female leadership through mentoring and by increasing the number of female leaders in their own businesses and organizations. For politicians, ensuring minimum female participation in senior leadership positions or a minimum number of female candidates would be another means of closing the gap. Overall, more diverse leadership also typically improves the quality of executive decision-making. Our research shows a positive relationship between greater gender balance in listed companies and financial returns. Investors can participate using a selection of stocks or funds that target this theme.



Access to financial services, land, and inheritance

Inequality is not only reflected in the political arena but also within households. In many countries, women still face discrimination when trying to access financial services and ownership rights. On the policy and education/awareness fronts, promoting legal aid, particularly in low income countries, with respect to land rights and social protection benefits will likely reduce the disparities.

On the giving, business, and investing sides, subsidizing or offering loans and financial services promotes economic independence and empowerment. The Grameen Bank in Bangladesh offers long-term loans to buy housing and land if these are registered in women's names, providing security and ownership inside the household. In India, another project offers loans to adolescent girls to purchase a productive asset providing an income and hence delaying marriage and contributing to the dowry required. However, on the investing side, these opportunities are selective and unlikely to form a sufficiently reliable stream for a broad range of successful dedicated funds or similar instruments.



Conclusion: Gender-Lens Networks

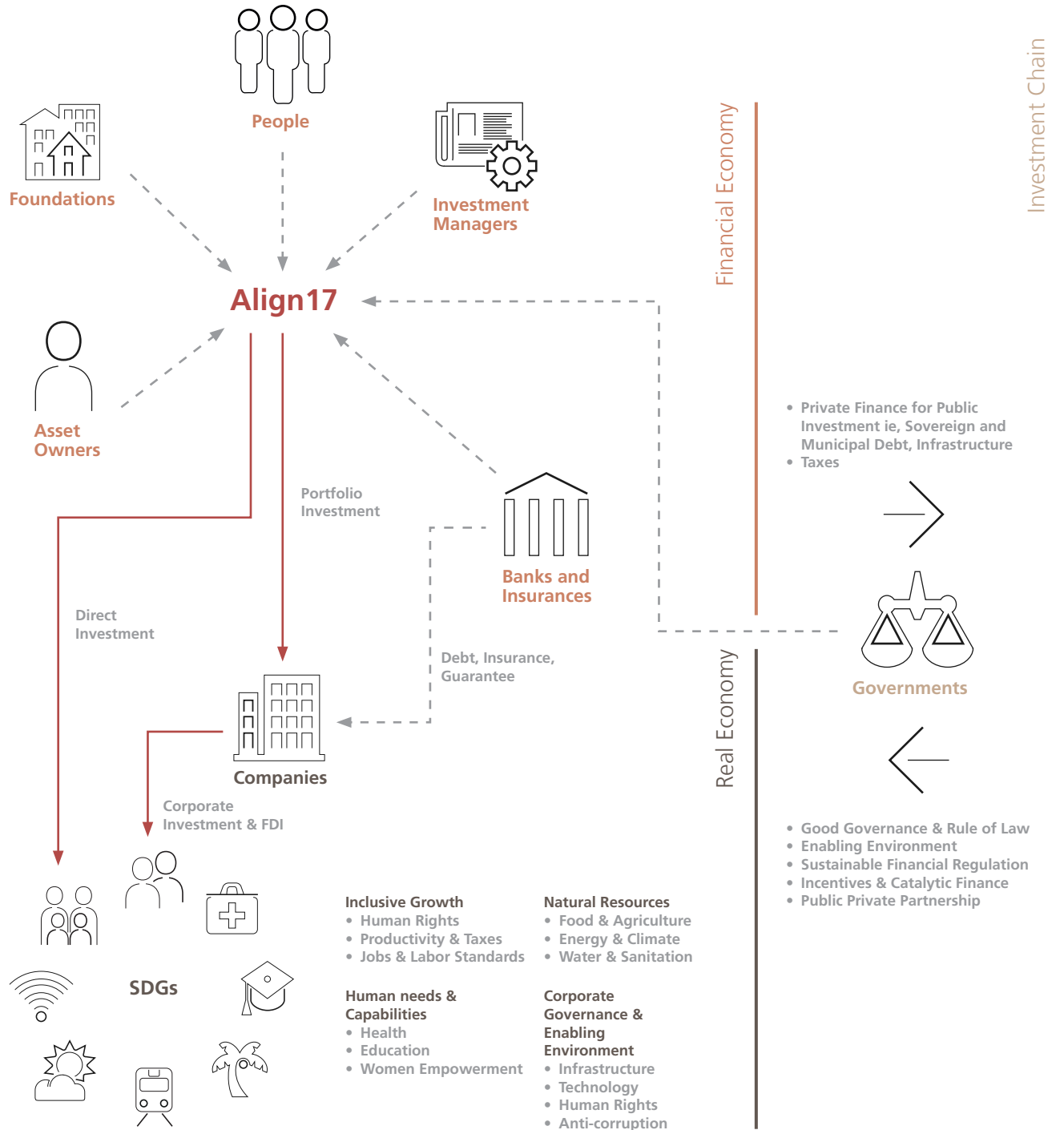
As explained in UBS's white paper for WEF 2017, networks and communities remain crucial in coordinating and leveraging responses to all the UN SDGs, bringing together private wealth and other inputs. Within investing and philanthropy, examples include a proposed WEF Young Global Leader initiative called Align17 (see overleaf), an SDG-focused platform that has received expressions of interest from the Gates Foundation, PwC, the SDG Philanthropy Platform, and other potential stakeholders.

Given this area's importance, private individuals should seize on opportunities to establish SDG 5-related networks that can connect gender-lens wealth with policy, education, and business as well as philanthropy and investing opportunities. Networked organizations such as the Womensphere Foundation and iamtheCODE aim to connect women and girls with professional developmental opportunities. Such organizations are also increasingly linking up with one another via initiatives such as UBS's Global Visionaries community.

In addition to connecting gender-lens wealth and other resources with relevant opportunities, networks also help collect, pool, and publish SDG 5-related data. As was apparent from the missing data points highlighted in the regional section of this report, relevant information is not always available and may also be under-reported, especially in the case of highly sensitive areas like gender-based discrimination and abuse. Networks can help standardize corporate, investment, and even government disclosures relating to SDG 5, which helps gender-lens wealth identify gaps and mobilize more resources towards relevant SDG targets.

In conclusion, there are many avenues for gender-lens wealth to work towards gender equality and female empowerment. However, if private individuals act alone rather than connecting and leveraging others' work, gender-lens wealth will not have the scale that is necessary to meet the goal's 2030 deadline. By espousing SDG 17 - partnership for the goals - via networking and collaboration, gender-lens wealth can take a much greater step towards meeting SDG 5 and explore options for furthering its agenda until 2030 and beyond.

Epilogue: How Align17 would work to help meet SDG funding gaps



Source: UBS, based on "Private Sector Investment and Sustainable Development" UN Global Compact, UNCTAD, UNEPFI, PRI (2015)

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For more background on emerging markets generally, see the WMR Education Notes, “Emerging Market Bonds: Understanding Emerging Market Bonds,” 12 August 2009 and “Emerging Markets Bonds: Understanding Sovereign Risk,” 17 December 2009.

Investors interested in holding bonds for a longer period are advised to select the bonds of those sovereigns with the highest credit ratings (in the investment grade band). Such an approach should decrease the risk that an investor could end up holding bonds on which the sovereign has defaulted. Sub-investment grade bonds are recommended only for clients with a higher risk tolerance and who seek to hold higher yielding bonds for shorter periods only.

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