UBS

Information on Sustainability-related disclosures

Multi Manager Access II - Sustainable Investing Balanced

Environmental or social characteristics promoted by the financial product

The sub-fund shall invest in target UCIs or via Dedicated Portfolios ("Investment Strategies") which promote environmental (E) and/or social (S) characteristics and/or investment strategies with sustainable investment or a reduction in carbon emissions as their objective.

Sustainable investments shall include at least one of the eight ESG categories listed below:

a) ESG engagement equities: An approach where fund managers take active equity stakes in order to engage company management to improve their performance on ESG issues and opportunities.

b) ESG engagement high yield bonds: An approach where fund managers take active bond positions in issuers with credit ratings below BBB- in order to engage company management to improve their performance on ESG issues and opportunities.

c) Development bonds: Bonds issued by multilateral development banks (MDBs). MDBs are backed by multiple governments with the aim of financing sustainable economic growth.

d) ESG thematic equities: Equity shares in companies that sell products and services that tackle a particular environmental or social challenge, and/or whose businesses are particularly good at managing a single ESG factor, such as gender equality.

e) Improving ESG equities: Equity shares in companies that are getting better at managing a range of critical ESG issues and opportunities.

f) ESG leaders equities: Equity shares in companies that manage a range of critical ESG issues and seize ESG opportunities better than their competitors.

g) Green bonds: Bonds that finance environmental projects. Issuers include corporations, municipalities, and development banks.

h) ESG leaders bonds: Bonds issued by companies that manage a range of critical ESG issues and seize opportunities better than their competitors.

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Investment strategy

The investment objective of the actively managed sub-fund is to seek long-term real returns by investing in Investment Strategies, which promote environmental or social characteristics.

A minimum of two thirds of the sub-fund's assets (excluding cash) shall be invested in investment strategies which promote environmental (E) and/or social (S) characteristics in accordance with Article 8 of the Sustainable Finance Disclosure Regulation, or investment strategies with sustainable investment or a reduction in carbon emissions as their objective in accordance with Article 9 of the Sustainable Finance Disclosure Regulation.

The sub-fund may invest up to one third of the sub-fund’s assets (excluding cash) in target UCIs or Dedicated Portfolios which do not systematically integrate sustainability risks and ESG considerations into the investment process.

Reference benchmark

The sub-fund is actively managed and is not constrained by a benchmark index. A benchmark index is not used for performance comparison purposes.

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Monitoring of environmental or social characteristics

UBS conducts in-depth due diligence on the target fund or Dedicated Portfolio (“Investment Strategy”) before selecting the Investment Strategy for the sub-fund. Based on the collected information, UBS develops a view on the quality of that investment process, including its approach to ESG integration. The view is documented in the formal due diligence report. The due diligence process includes questionnaires and interviews where investment managers of the Investment Strategies (“Investment Managers”) are asked to provide specific information including on ESG, e.g. how ESG is integrated within their investment process or what the company-wide ESG efforts are.

In the course of the regular Investment Strategy monitoring process, adherence to the ESG approach is monitored. UBS reviews the annual ESG questionnaire requested from the Investment Manager to monitor any potential changes to the overall view. During periodic meetings the Investment Strategy’s results and people or process changes (incl. the sustainable investing approach and ESG integration) will be discussed, assessed and documented in the annual due diligence update report. The UBS analyst‘s assessment of the Investment Strategy will be re-evaluated in all aspects.

The ESG rating for each Investment Strategy is reviewed annually alongside normal investment reviews. If the ESG rating deteriorates to a level which falls outside the established parameters, then UBS will remove the Investment Strategy from the portfolio.

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Methodologies

In the course of the due diligence and monitoring process, UBS forms an assessment as to whether the Investment Strategy as implemented qualifies to be labelled “sustainable”. In addition, UBS will consider the pre-contractual disclosure made by the Investment Manager under the Sustainable Finance Disclosure Regulation. UBS does not systematically measure fulfillment of sustainable investing criteria beyond the level of ‘eligible’ or ‘not eligible’. UBS endeavors to provide investors with both quantitative and qualitative information to illustrate how their investments are making a difference to sustainability. However, the reporting of sustainable outcomes is not portfolio-specific and depends on the information that UBS receives from Investment Managers.

Data sources & processing

UBS uses the following inputs to assist in determining whether the Investment Strategy is labelled sustainable:

(1) Internal ESG score assigned to the Investment Strategy based on information gathered from the Investment Manager from due diligence questionnaires and interviews

(2) Assessment as to whether the Investment Strategy follows one of the eight ESG categories defined by UBS as sustainable investments

(3) Pre-contractual disclosure provided by the Investment Manager in accordance with the Sustainable Finance Disclosure Regulation