

ANNEX IV

Template periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Product name:

Legal entity identifier

UBS (Lux) Fund Solutions – Bloomberg  
MSCI Euro Area Liquid Corporates  
Sustainable UCITS ETF

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## Environmental and/or social characteristics

### Did this financial product have a sustainable investment objective?

Yes

No

It made **sustainable investments with an environmental objective: \_\_\_%**

- in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It made **sustainable investments with a social objective: \_\_\_%**

It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of 68.61% of sustainable investments

- with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- with a social objective

It promoted E/S characteristics, but **did not make any sustainable investments**



**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

## To what extent were the environmental and/or social characteristics promoted by this financial product met?

### ● ***How did the sustainability indicators perform?***

The ESG promotion characteristics are measured using the following indicators respectively:

The ESG Score was 12.52% higher than that of the parent benchmark (Bloomberg MSCI Euro Area Liquid Corporates Total Return Index) (7.73 vs. 6.87)

Indicator definitions can be found in the first page of the SFDR level 2 disclosures.

The parent benchmark is a broad market index which does not assess or include constituents according to environmental and/or social characteristics and therefore is not intended to be consistent with the characteristics promoted by the financial product.

### ● ***...and compared to previous periods?***

The ESG Score (MSCI ESG Score) was 1.18% percent higher as per 31 December 2023 vs 31 December 2022. (7.73 vs. 7.64)

### ● ***What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?***

The objectives of the sustainable investments that the financial product partially intends to make, is to contribute to environmental and/or social characteristics the financial product promotes. The financial product intends to make sustainable investment by investing at least 90% of its total net assets in securities that are constituents of the Index. Bloomberg MSCI Sustainability Indices positively screen issuers from existing Bloomberg parent indices based on MSCI ESG Ratings, which are a “best in class” assessment of how well an issuer manages ESG risks relative to its industry peer group. The minimum threshold applied to Bloomberg flagship indices is an ESG rating of BBB or better. MSCI ESG Ratings are designed to help investors identify the environmental, social and governance (ESG) risks and opportunities of their investments and to integrate these factors into their portfolio construction. The MSCI ESG Rating includes environmental and social pillars such as climate change, natural capital, pollution & waste, environmental opportunities, human capital, product liability, stakeholder opposition & social opportunities.

### ● ***How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?***

This financial product is passively managed and tracks an Index, indicators for adverse impacts on sustainability factors are taken into account by the Index provider as appropriate to the Index family.

Further details can be found in the prospectus annex for each fund.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

- *How were the indicators for adverse impacts on sustainability factors taken into account?*

Indicators for adverse impacts on sustainability factors are taken into account by the Index provider as appropriate to the Index family. The indices incorporate the MSCI ESG Controversies score, screening out on a timely basis any issuers in significant breach of ESG norms. MSCI ESG Controversies are designed to provide timely and consistent assessments of ESG controversies involving issuers. Any issuer with a “Red” MSCI ESG Controversies Score (score less than 1) is excluded from Sustainability indices. The Controversy Score measures an issuer’s involvement in major ESG controversies and how well the issuer adheres to international norms and principles. The financial product excludes investments in companies involved directly in the use, development, manufacturing, stockpiling, transfer or trade of cluster munitions and/or anti-personnel landmines, nuclear weapons, biological weapons or chemical weapons.

- — *Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The MSCI ESG Controversies tool monitors company involvement in notable ESG controversies related to the company’s operations and/or products, possible breaches of international norms and principles such as the UN Global Compact, and performance with respect to these norms and principles. <https://www.msci.com/documents/1296102/14524248/MSCI+ESG+Research+Controversies+Executive+Summary+Methodology+---+July+2020.pdf/b0a2bb88->

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



## How did this financial product consider principal adverse impacts on sustainability factors?

This financial product is passively managed and tracks an Index, indicators for adverse impacts on sustainability factors are taken into account by the Index provider as appropriate to the Index family.

Further details can be found in the prospectus annex for each fund.



## What were the top investments of this financial product?

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: 2023

Largest investments	Sector	% Assets	Country
Banque Federative du Credit Mutuel	Finance	3.75	France
ING Groep	Finance	2.88	Netherlands
Societe Generale	Finance	2.77	France
CaixaBank	Finance	2.45	Spain
BPCE	Finance	2.43	France
Credit Agricole	Finance	2.15	France
BNP Paribas	Finance	2.07	France
Vonovia	Finance	2.00	Germany
ABN AMRO Bank NV	Finance	1.99	Netherlands
Banco Santander	Finance	1.92	Spain
KBC Group NV	Finance	1.63	Belgium
Bnp Paribas	Finance	1.47	France
Deutsche Bank AG	Finance	1.46	Germany
Intesa Sanpaolo SpA	Finance	1.37	Italy
Nordea Bank Abp	Finance	1.32	Finland



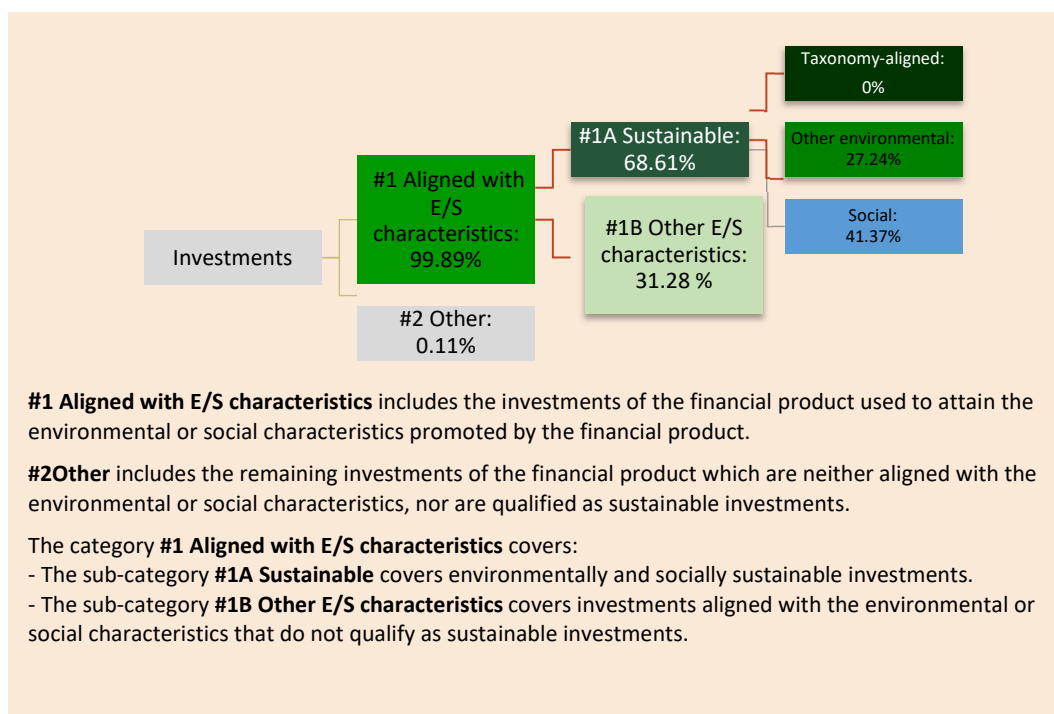
## What was the proportion of sustainability-related investments?

As per the end of the reference period the proportion of the investments used to meet the environmental and/or social characteristics promoted by the financial product was 99.89%. The proportion of sustainable investments of the financial product was 68.61%.

**Asset allocation** describes the share of investments in specific assets.

### ● *What was the asset allocation?*

The proportions of investments of the financial product were calculated as per the end of the reference period, which is: 31 December 2023



### ● *In which economic sectors were the investments made?*

Please refer to the section "Schedule of Investments" of the relevant sub-fund of this Annual report to review the breakdown of the economic sectors where the investments were made.



## To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

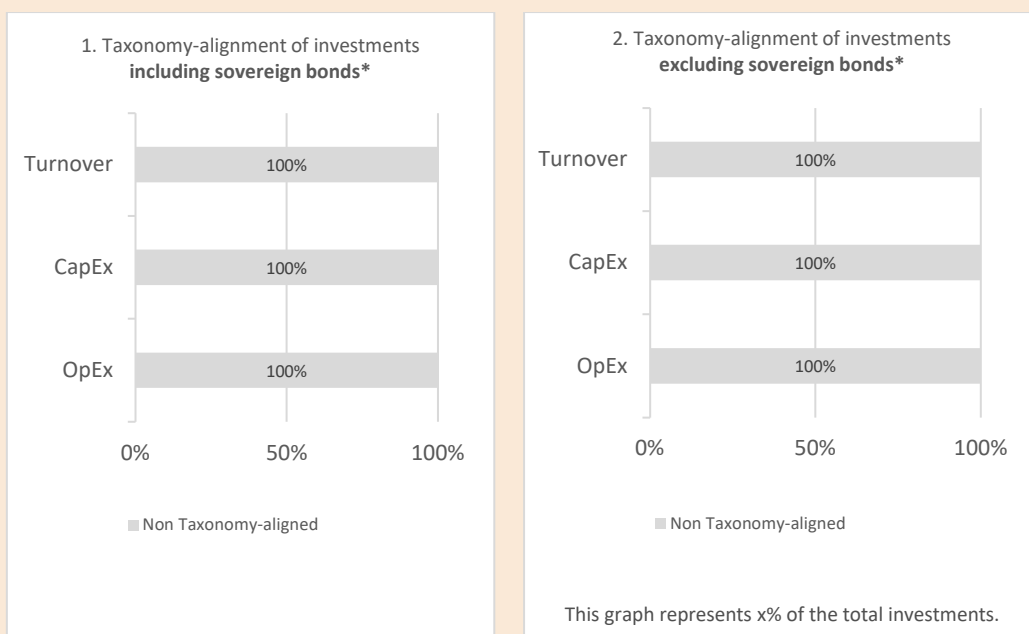
Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies.
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

● **Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy<sup>1</sup>?**

- Yes:
  - In fossil gas
  - In nuclear energy
- No

*The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

● **What was the share of investments made in transitional and enabling activities?**

There were no investments in transitional and enabling activities.

● **How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**

No change. 0% Taxonomy Aligned Investments.

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.



### **What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?**

The financial product had a proportion of sustainable investment with an environmental objective not aligned with the EU Taxonomy as stated in the asset allocation section of this annex.



### **What was the share of socially sustainable investments?**

The financial product had a proportion of socially sustainable investment as stated in the asset allocation section of this annex of 41.37%



### **What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?**

Included in “#2 Other” are cash and unrated instruments for the purpose of liquidity and portfolio risk management relative to the benchmark weighting. This category may also include securities for which relevant data is not available.



### **What actions have been taken to meet the environmental and/or social characteristics during the reference period?**

The alignment of the investment strategy with the methodology of the index is ensured on a continuous basis as the index provider rebalances the index on a regular basis and the Investment Manager tracks the Index in line with the limits set out in the investment policy of Fund.

The financial product has initially selected the reference benchmark for its relevance to its investment strategy and the attainment of the characteristics it seeks to promote.

The investment strategy of the fund is to track the benchmark’s return and its characteristics, including ESG characteristics, as closely as reasonably possible. The investment strategy is to replicate the index by applying stratified sampling managing the tracking error.

The investment manager reviews the index methodology when the product is set up and the Index provider may be contacted if the Index methodology is no longer in line with the investment strategy of the financial product.



## How did this financial product perform compared to the reference benchmark?

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- ***How does the reference benchmark differ from a broad market index?***

The Bloomberg MSCI Euro Area Liquid Corporates Sustainable Index is a market capitalization weighted index. The Index represents liquid corporate bonds, issued by investment grade companies that are consistent with specific values based criteria such as religious beliefs, moral standards or ethical views, and targets companies with high sustainability ratings relative to their sector peers and that are available to investors worldwide. Bonds are screened by age, type, size and sustainability rating. Debt issued by financial and non-financial companies is eligible for the Index so that bonds from issuers of different sectors are in the index including such from the financial industry. The issuer domicile is relevant and only an issuer from the Euro zone member state, as defined by Bloomberg Indices, and issuing in EUR is included. The bonds are valued daily based on Bid prices, however on rebalancing new bonds enter the index at the Ask price and they are removed based on the Bid Price. The index is rebalanced on a monthly basis.

- ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?***

The ESG Score was 0.39% lower than that of the reference benchmark (Bloomberg MSCI Euro Area Liquid Corporates Sustainable Total Return Index) (7.73 vs. 7.76).

It is not the intention of the sub-fund to have an indicator which is better than that of the reference benchmark. The intention is to have an indicator which is better than that of the parent benchmark (broad market index). The portfolio manager aims to be in line with the reference benchmark and will review the deviation.

- ***How did this financial product perform compared with the reference benchmark?***

The ESG Score was 0.39% lower than that of the reference benchmark (Bloomberg MSCI Euro Area Liquid Corporates Sustainable Total Return Index) (7.73 vs. 7.76).

It is not the intention of the sub-fund to have an indicator which is better than that of the reference benchmark. The intention is to have an indicator which is better than that of the parent benchmark (broad market index). The portfolio manager aims to be in line with the reference benchmark and will review the deviation.

- ***How did this financial product perform compared with the broad market index?***

The ESG Score was 12.52% higher than that of the parent benchmark (Bloomberg MSCI Euro Area Liquid Corporates Total Return Index) (7.73 vs. 6.87)