

ANNEX IV

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Template periodic disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/8522020/852

Product name:	Legal entity identifier
UBS (Lux) Fund Solutions – Sustainable Development Bank Bonds UCITS ETF	54930010AOY87UJZRG60

Sustainable investment objective

Did this financial product have a sustainable investment objective?

<p><input checked="" type="radio"/> <input checked="" type="radio"/> <input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> It made sustainable investments with an environmental objective: ___%</p> <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <p><input checked="" type="checkbox"/> It made sustainable investments with a social objective: 97.59%</p>	<p><input checked="" type="radio"/> <input type="radio"/> <input type="checkbox"/> No</p> <p><input type="checkbox"/> It promoted Environmental/Social (E/S) characteristics and while it did not have as its objective a sustainable investment, it had a proportion of ___% of sustainable investments</p> <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective <p><input type="checkbox"/> It promoted E/S characteristics, but did not make any sustainable investments</p>
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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.

Sustainability indicators measure how the sustainable objectives of this financial product are attained.



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.

To what extent was the sustainable investment objective of this financial product met?

This financial product has sustainable investment as its objective and aims to track, before expenses, the price and income performance of the Solactive Global Multilateral Development Bank Bond USD 25% Issuer Capped Index (Total Return) (the "Index"). An independent research-driven screening is used by the Index provider to evaluate index-eligible issuer which must be a Multilateral Development Bank, having a credit quality rating of AA- (S&P) or Aa3 (Moody's) and higher (if several ratings are available, the lowest rating is considered).

The Reference Benchmark (the "Index") designated for the purpose of attaining the sustainable investment objective of this financial product is the Solactive Global Multilateral Development Bank Bond USD 25% Issuer Capped Index (Total Return).

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

The Reference Benchmark (the "Index") designated for the purpose of attaining the sustainable investment objective of this financial product is the Solactive Global Multilateral Development Bank Bond USD 25% Issuer Capped Index (Total Return).

The following indicators are used to measure the attainment of the sustainable investment objective

- Whether the issuer of the securities is classified as a Multilateral Development Bank Issuer.

A minimum of 90% of the financial product's assets were invested in securities of the reference benchmark.

In 2023 the investment in Multilateral Development Banks was more than 99%.

Multilateral Development Bank (MDB) is an international financial institution chartered by two or more countries for the purpose of encouraging economic development in poorer nations. Multilateral development banks consist of member nations from developed and developing countries. MDBs provide loans and grants to member nations to fund projects that support social and economic development, such as the building of new roads or providing clean water to communities. MDBs are supranational institutions set up by sovereign states, which are their shareholders. The objective of the use of proceeds of the MDBs are very aligned to the SDG 17.

Please note that while the Reference Benchmark is provided by Solactive, the Portfolio manager will rely on data provided by MSCI. As a result, there might be a discrepancy between the figures disclosed by the Portfolio manager and the Reference Benchmark provider.

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

The investments in Multilateral Development Banks were 99% in 2023 versus 98% per 31 December 2022.

● **How did the sustainable investments not cause significant harm to any sustainable investment objective?**

The 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.

Securities are only eligible for the Index if they meet the rule set by the index methodology that the index-eligible issuer which must be a Multilateral Development Bank, having a credit quality rating of AA- (S&P) or Aa3 (Moody's) and higher (if several ratings are available, the lowest rating is considered). Unlike commercial banks, MDBs do not seek to maximize profits for their shareholders. Instead, they prioritize development goals (aligned with the SDG 17), such as ending extreme poverty and reducing economic inequality. They often lend at low or no interest or provide grants to fund projects in infrastructure, energy, education, environmental sustainability, and other areas that promote development.

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

The sub-fund excludes exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons).

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

There is no controversies screening on the index issuers.



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.

The issuer of all securities held by the financial product is classified as a Multilateral Development Bank and due to the nature of these supranational institutions, not all principal adverse impact indicators are relevant.

At present and where relevant, exclusions are based on the following PAI indicators:

“Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)”:

- UBS-AM does not invest in companies involved in: cluster munitions, anti-personnel mines or chemical and biological weapons, nor does it invest in companies in breach of the Treaty on the Non- Proliferation of Nuclear Weapons.

- UBS-AM considers a company to be involved in controversial weapons if the company is involved in development, production, storage, maintenance or transport of controversial weapons, or is a majority shareholder (>50% ownership stake) of such a company.



What were the top investments of this financial product?

Largest investments	Sector	% Assets*	Country
Asian Development Bank	Government	24.03	
Inter-American Development Bank	Government	20.37	
International Bank for Reconstruction & African Development Bank	Government	18.14	
European Bank for Reconstruction & Inter American Devel Bk	Government	13.18	
Intl Bk Recon & Develop	Government	11.93	
International Finance Corp	Government	2.95	
Cash and Cash Equivalents		2.23	
Inter American Devel Bk	Government	2.06	
International Development Association	Government	1.71	US
Intl Development Assoc	Government	1.54	
Asian Development Bank	Government	1.14	
Intl Finance Corp	Government	0.62	
Intl Development Assoc	Government	0.5	
	Government	0.42	
	Government	0.20	

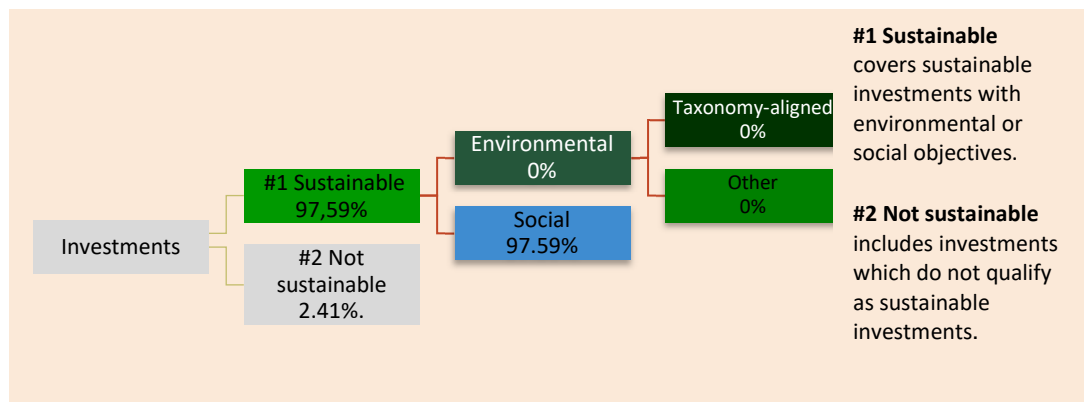
*Minor differences with "Schedule of Investments" might occur due to rounding and valuation differences in production systems.



What was the proportion of sustainability-related investments?

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

What was the asset allocation?



#1 Sustainable covers sustainable investments with environmental or social objectives.

#2 Not sustainable includes investments which do not qualify as sustainable investments.

Asset allocation describes the share of investments in specific assets.

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 economic activities for which low-carbon alternatives are not yet available and that 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.

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

Please refer to the section “Structure of the Securities Portfolio” 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 sustainable investments with an environmental objective aligned with the EU Taxonomy?

● **Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy¹?**

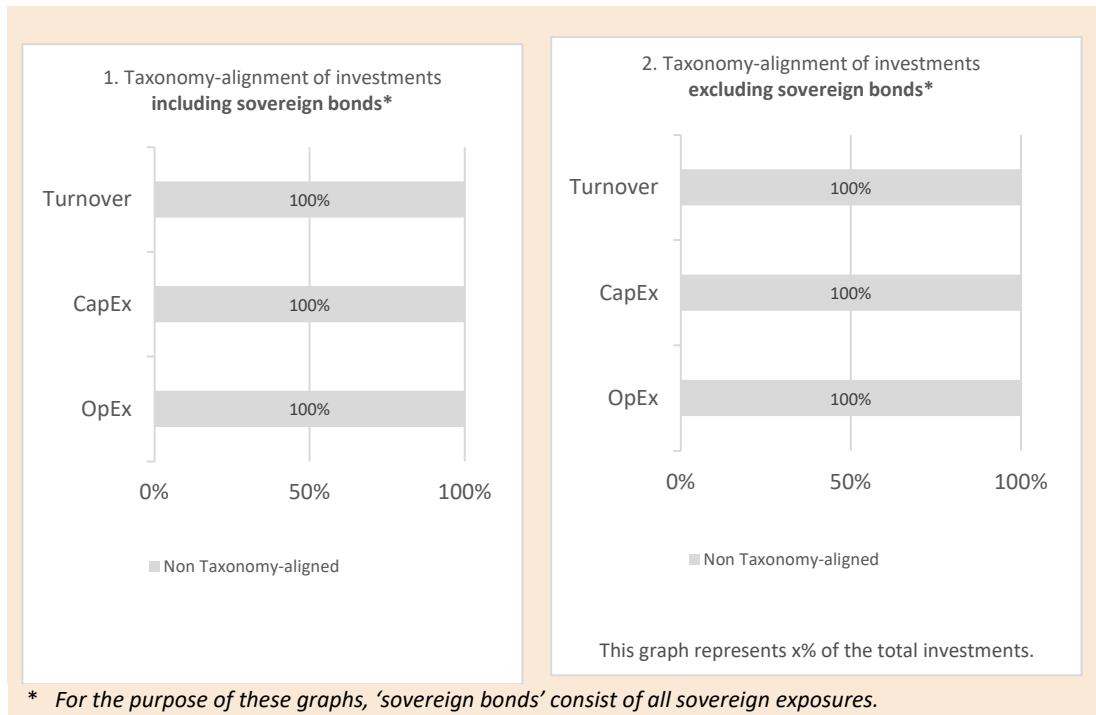
Yes:

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.*

¹ 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 no significant harm to 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.



● **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 aligned with the EU Taxonomy compare with previous reference periods?**

No change. 0% Taxonomy Aligned Investments.



What was the share of sustainable investments with an environmental objective that were 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 97.59%



What investments were included under “not sustainable”, what was their purpose and were there any minimum environmental or social safeguards?

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

Included in “#2 not sustainable” are cash, cash equivalents, money market instruments and derivatives or other instruments for hedging purposes including in the event of a re-balance of the index constituents by the index provider.



What actions have been taken to attain the sustainable investment objective 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 will track the Index in line with the limits set out in the investment policy of the fund.

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

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 sustainable benchmark?

● **How did the reference benchmark differ from a broad market index?**

The broad market index is the Solactive World All Bond IG Index.

The Solactive Global Multilateral Development Bank Bond USD 25% Issuer Capped Index offers investors exposure to Multilateral Development Banks (known as supranationals) which are backed by multiple sovereigns incl. all G7 countries. Bonds issued by the MDBs are mostly AAA-rated and the credit risk profile and returns are comparable to US Treasuries while the MDB providing guarantees and knowledge for developing countries to end global poverty and to promote sustainable economic growth (aligned to the SDG 17).

● **How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the sustainable investment objective?**

The investments in Multilateral Development Banks Issuer was 0.39% lower than that of the reference benchmark (Solactive Global Multilateral Development Bank Bond USD 25% Issuer Capped Index (99.61% vs 100%).

Reference benchmarks are indexes to measure whether the financial product attains the sustainable objective.

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

The investments in Multilateral Development Banks Issuer was 0.39% lower than that of the reference benchmark (Solactive Global Multilateral Development Bank Bond USD 25% Issuer Capped Index (99.61% vs 100%).

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

The investments in Multilateral Development Banks Issuer was 11.76% higher than that of the parent benchmark (Solactive World All Bond IG Index (99.76% vs 89.13%).