

Multi Manager Access II - Future of Earth

No sustainable investment objective

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment.

For the sustainable investments the sub-fund partially intends to make, the Portfolio Managers consider the relevant indicators for principal adverse impacts on sustainability factors and adherence to global norms, i.e. UN Global Compact (UNGC) Principles, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

The sub-fund considers adverse impacts of its investments on society and the environment through a combination of portfolio management decisions, active ownership activities, and exclusion of companies or sectors associated with controversial conduct or activities.

The indicators for adverse impacts on sustainability factors that the sub-fund focuses on include (but are not limited to) exposure to controversial weapons and violation of UN Global Compact Principles.

Companies violating the United Nations Global Compact (UNGC) principles, who do not demonstrate credible corrective action do not qualify as sustainable investments within the portfolio.

Environmental or social characteristics of the financial product

The following characteristics are promoted by the financial product:

The sub-fund promotes environmental and/or social characteristics by investing primarily in companies focusing on combatting water scarcity, combatting land degradation and preserving food systems, reducing reliance on fossil fuels and meeting growing demands for energy and electricity, and mitigating negative impacts of the environment on health and communities; themes which are aligned with several of the environmental objectives of the UN Sustainable Development Goals, which may include Clean Water and Sanitation, Affordable and Clean Energy, Climate Action, Life on Land, and others.

The characteristic(s) is/are measured using the following indicator(s) respectively:

The attainment of the characteristics promoted by the sub-fund and described above is measured using the percentage of investments in companies aligned with the following Themes:

- (1) Combatting water scarcity
- (2) Combatting land degradation and preserving food systems
- (3) Reducing reliance on fossil fuels and meeting growing demands for energy and electricity
- (4) Mitigating negative impacts of the environment on health and communities

The indicators used to measure the alignment with the Themes include:

- Revenues from products and services generated from activities that facilitate achievement of the Themes
- Profits from products and services generated from activities that facilitate achievement of the Themes
- Capital expenditure towards activities that facilitate achievement of the Themes
- Operating expenditure towards activities that facilitate achievement of the Themes

Investment strategy

The investment universe of the sub-fund is focused on companies which the Portfolio Managers believe enable and/or facilitate the achievement of one or more of the following Themes:

- (1) Combatting water scarcity
- (2) Combatting land degradation and preserving food systems
- (3) Reducing reliance on fossil fuels and meeting growing demands for energy and electricity
- (4) Mitigating negative impacts of the environment on health and communities

The assessment of the contribution to the specified Themes is based on qualitative and quantitative analysis, using the Portfolio Manager's internal analysis and revenue attribution as indicators.

The assessment may be based on quantitative measures, whereby the Portfolio Managers assess the proportion of the revenue and/or profits as of today or short to medium term, and/or the discounted future cashflows of each company attributable to activities that facilitate the achievement of one or more Themes;

The majority of the sub-fund's assets shall be invested in companies with a minimum of 20% exposure to the Themes, as measured by revenues, profits, capital expenditure, operating expenditure, enterprise value, or other similar metrics).

Proportion of investments

The minimum proportion of the investments used to meet the environmental and/or social characteristics promoted by the financial product is 80%. The minimum proportion of sustainable investments of the financial product is 50%.

Derivatives are not used to attain the environmental or social characteristics promoted by the sub-fund. Derivatives are primarily used for hedging and liquidity management purposes.

Monitoring of environmental or social characteristics

The Portfolio Managers have data indicators and systemic pre-trade guideline controls in place to monitor the stated environmental or social characteristics promoted by the financial product, specifically the binding targets stated in the investment strategy.

Methodologies

The performance of the indicators used to measure the environmental or social characteristics promoted by the financial product are monitored daily, measured monthly and reported annually.

Data sources and processing

Data used to measure the alignment with the Themes is supplied by leading data vendors.

Data is consumed from leading providers and processed in accordance with defined guidelines. Data coverage for the above is consistent with industry best practice.

Limitations to methodologies and data

A minimum coverage threshold is applied for the data sources used to attain the stated environmental or social characteristics of the financial product, these thresholds ensure that the binding targets can be monitored and measured. Accuracy of data is dependent on 3rd party data providers. Coverage of data sources can be less than 100% due to uncovered asset types, incomplete or inconsistent data and gaps in the coverage of these 3rd party providers.

Due diligence

As part of the investment due diligence process, the Portfolio Managers consider environment, social and governance aspects of each underlying investment, and make use of a range of proprietary and independent tools and data sources, including but not limited to proprietary and independent fundamental research and independent ratings in the investment selection process.

The Portfolio Managers' due diligence includes the assessment of the contribution of each underlying investment to the specified Themes, using qualitative and quantitative analysis. The Portfolio Managers rely on various sources of information to analyze and monitor potential investments, including ESG research providers, financial press and media reports, analysts and brokers from other financial institutions, and credit rating services.

Engagement policies

Through the investment research process, the Portfolio Managers also seek to identify companies where material environmental, social and/or governance factors may present a future negative risk. As part of the engagement policies, the Portfolio Managers and/or UBS may prioritize such companies for engagement and additionally utilize proxy voting as part of the stewardship activities to minimize adverse impacts where appropriate.

Designated reference benchmark

Not applicable.