

US Sustainable Equity

Investment profile | UBS Asset Management—Americas Institutional

Objective

The US Sustainable Equity Strategy seeks to provide value-added investment results over the S&P 500 Index by investing in attractively valued companies with strong fundamental valuation, as well as a long-term sustainable business model. The strategy is actively positioned to benefit from themes such as water and energy conservation, demographics and other important trends. In short, we believe that combining a traditional valuation discipline with sustainability analysis enhances the possibilities for value-added returns.

Investment philosophy and process

Our investment philosophy and process combine our bottom-up fundamental research with rigorous sustainability analysis. We actively look for companies that appear attractively valued and can benefit from secular themes, such as energy and water conservation, health care, demographics and other long-term trends. Sustainability has emerged as,

arguably, the largest growing consideration as companies look to achieve long-term viability and profitability. Shareholders own much more than a company's financial statement – they have invested in its management, buildings, employees, culture, regulatory environment, governance and brand equity. We look at the whole picture when making investment decisions.

Our fundamental research is driven by a team of experienced career analysts. They focus on deep non consensus research and cash flow modeling that seek to define a security's intrinsic value based on its future cash flows. We use a company-wide, proprietary valuation model to make our projections as comparable as possible. Through this process, we aim to identify the best investment ideas across sectors from a stock-specific standpoint. This component of the process provides strong traditional valuation support to our stock selection strategy.

Key points

- Invests in “sustainability champions” that feature innovative products or services that meet environmental or social challenges, deliver impact and have the ability to drive returns
- Bottom-up best-ideas stock selection based on sustainability thesis, fundamental analysis and thematic exposure
- Long history of global sustainable investing with a 20-year track record¹

¹ Global Sustainable Equity strategy inception June 1997.

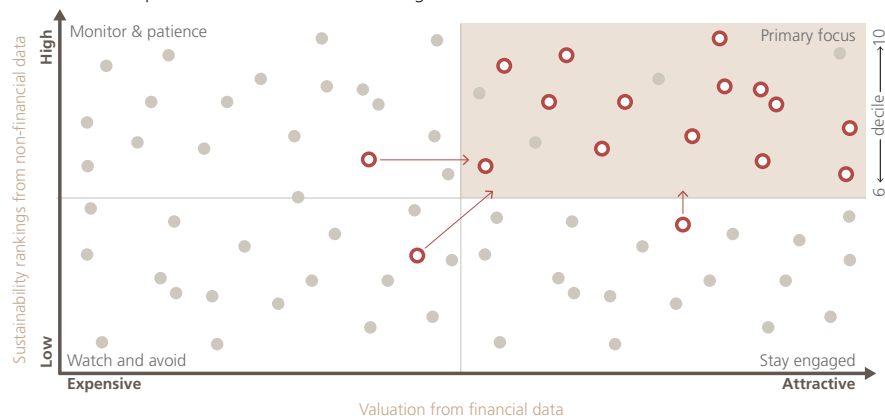
Portfolio construction

The Sustainable Investors team integrates these inputs into a best-ideas portfolio of stocks that it believes are attractively valued and have a strong sustainability profile. In doing so, the Team draws upon its members' years of experience and utilizes the firm's proprietary risk management tools.

This all-cap strategy seeks to access the full range of sustainable investment opportunities, allocating approximately 80 percent to large caps and up to 20 percent to small caps. These proportions will vary depending on our assessment of relative return opportunities.

Sustainable equity investment process

State-of-the-art portfolio construction and idea generation



For illustrative purposes only.

For institutional investors only.

While the strategy is benchmark-aware, the sizing of positions is dependent on relative opportunity, which means that the largest positions in the portfolio are often small- or mid-cap stocks that we believe provide superior return opportunity. The full market cap universe allows investors to potentially benefit from broad diversification, strong fundamental analysis and valuation, as well as a thematic component.

UBS—A leader in sustainability

The US Sustainable Equity strategy also benefits from a company-wide commitment to leading-edge sustainability research and initiatives across all of UBS's divisions. This includes the UBS Investment Bank's award-winning sustainability research unit, UBS Wealth Management's thematic research team

and UBS Asset Management's Sustainable Investors team. In addition, UBS is a leader in advancing state-of-the-art sustainability analysis, through its commitments to key organizations, such as: Sustainability Accounting Standards Board, the US Social Investment Forum, Carbon Disclosure Project and Principles for Responsible Investment, among others.

Team leadership

The US Sustainable Equity strategy is managed by the Sustainable Investors team, which is responsible for fundamental and sustainable equity research, and portfolio management. The portfolio is managed by:

Thomas J. Digenan, CFA, CPA

- Managing Director, Head of US Intrinsic Value Equity
- 31 years of investing experience

Bruno Bertocci

- Managing Director, Head of Sustainable Equities
- 37 years of investing experience

Dinah Koehler

- Executive Director, Equity Specialist
- 25 years of investing experience

Alix Foulonneau

- Director, Equity Specialist
- 9 years of investing experience

Vehicle availability²

- Segregated account

² Certain vehicles may not be available to all investors. Please contact your local representative for more information.

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