

Template pre-contractual 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) 2020/852

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:

UBS (Lux) Fund Solutions – Sustainable Development Bank Bonds UCITS ETF

Legal entity identifier:

54930010AOY87UJZRG60

Sustainable investment objective

Does this financial product have a sustainable investment objective? *[tick and fill in as relevant, the percentage figure represents the minimum commitment to sustainable investments].*

☒ Yes

☐ It will make a minimum of **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 will make a minimum of **sustainable investments with a social objective:** 90 %

☐ No

☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of __ % 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 promotes E/S characteristics, but **will not make any sustainable investments**

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



What is the sustainable investment objective of this financial product?

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 (known as supranationals), 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).

• *What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?*

The attainment of the sustainable investment objective is measured using the following indicators respectively:

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

A 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.

The following issuers are classified as MDBs:

- World Bank (incl. IBRD, IDA and IFC)
- Inter-American Development Bank (IADB),
- Asian Development Bank (ADB),
- African Development Bank (AfDB), and
- European Bank for Reconstruction and Development (EBRD)

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 do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?*

The financial product is passively managed and tracks an Index, 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 have the indicators for adverse impacts on sustainability factors been taken into account?

There are no value-based criteria which can be excluded due to the given nature of the issuers.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

There is no controversies screening on the index issuers.



Does this financial product consider principal adverse impacts on sustainability factors?

☒ Yes

Yes, 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.

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 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.

The financial product exclude 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.

☐ No



What investment strategy does this financial product follow?

This financial product is passively managed and seeks to achieve the objective by tracking the Index.

- ***What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?***

A minimum of 90% of the financial product's assets are invested in sustainable investments with a social objective.

This financial product is passively managed. It seeks to achieve its sustainable investment objective by tracking the Index (Solactive Global Multilateral Development Bank Bond USD 25% Issuer Capped). Only fixed income securities issued by Multilateral Development Banks are eligible for inclusion in the Index.

The binding element(s) are calculated at quarter end using the average of all of business days' values in the quarter.

- ***What is the policy to assess good governance practices of the investee companies?***

There is no policy to assess good governance practices due to the given nature of the issuers.

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

Asset allocation
describes the share
of investments in
specific assets.

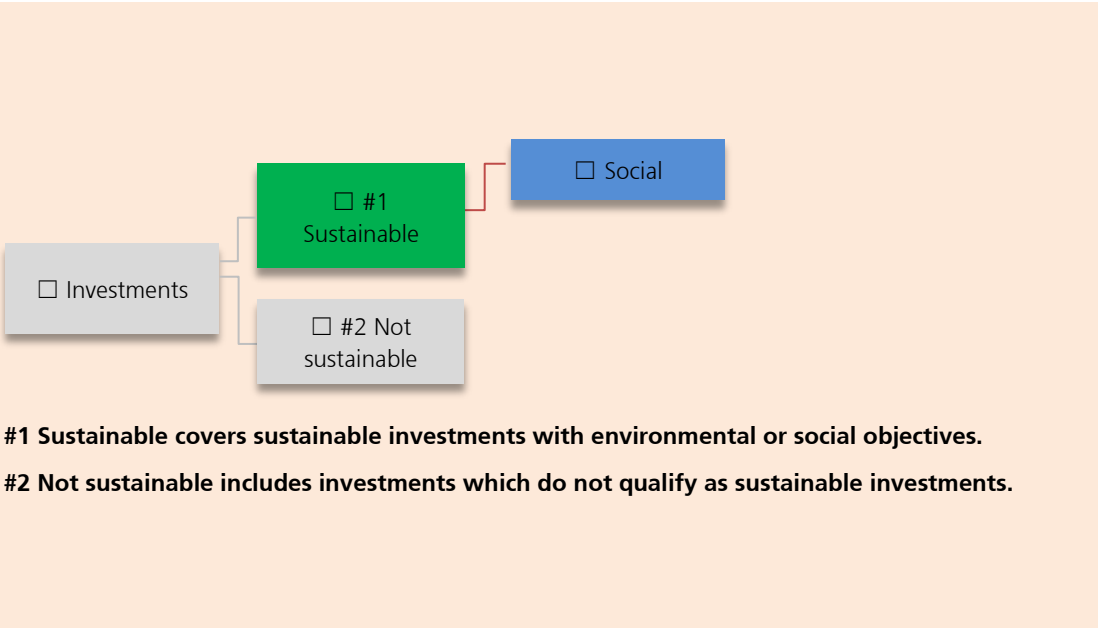



What is the asset allocation and the minimum share of sustainable investments?

The minimum proportion of the investments of the financial product used to meet the sustainable investment objective is 90 %, with the exception of any investments used for hedging or relating to cash held as ancillary liquidity including in the event of a re-balance of the index constituents by the index provider (10%).

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.

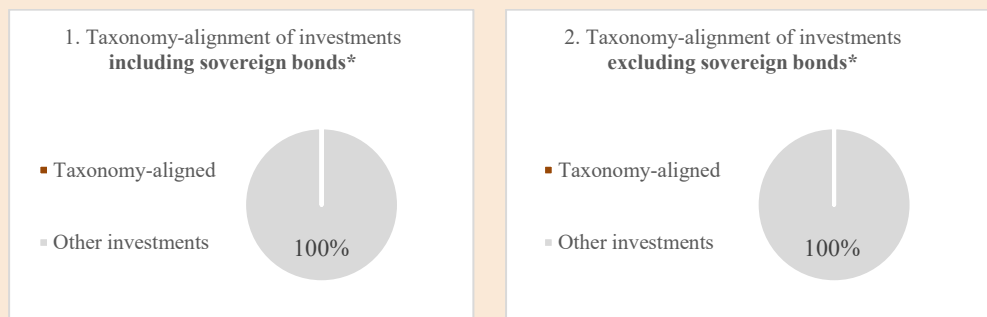


	<ul style="list-style-type: none"> How does the use of derivatives attain the sustainable investment objective?
	<p>Derivatives are not used for the attainment of the characteristics promoted by this financial product. Derivatives will be primarily used for hedging and liquidity management purposes.</p>
	<p>To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?</p>
	<p>Not applicable</p>

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.

The two graphs below show in green the minimum percentage of investments that are 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.

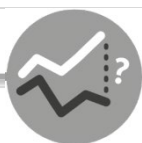


*For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

are environmentally sustainable investments that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

	<ul style="list-style-type: none"> What is the minimum share of investments in transitional and enabling activities?
	Not applicable
	<p>What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?</p> <p>The financial product invests in economic activities which are environmentally sustainable but not EU Taxonomy aligned, this is due to the absence of the required implementing legislation and in particular the absence of the necessary taxonomy-related data provided by the investee companies and of a well-defined calculation methodology. The financial product targets a minimum proportion of sustainable investment as stated in the asset allocation section of this annex, these investments have both environmental and social objectives however there are no specific minimum proportions for each of these categories.</p>
	<p>What is the minimum share of sustainable investments with a social objective?</p> <p>The financial product targets a minimum proportion of 90% sustainable investment, these investments have social objectives.</p>
	<p>What investments are included under “#2 Not sustainable”, what is their purpose and are there any minimum environmental or social safeguards?</p> <p>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.</p>

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



Is a specific index designated as a reference benchmark to meet the sustainable investment objective?

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

- *How does the reference benchmark take into account sustainability factors in a way that is continuously aligned with the sustainable investment objective?*

The financial product has initially selected the reference benchmark for its relevance to its investment strategy and the attainment of the sustainable objective it seeks to achieve. The Index rebalances on a monthly basis, more details on the index methodology applied by the Index provider can be found below. It is not anticipated that the composition of the Index will be adjusted to the extent that tracking is not possible.

- *How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?*

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 does the designated index differ from a relevant broad market 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).

- *Where can the methodology used for the calculation of the designated index be found?*

The methodology of the construction of the Index can be found in the fund factsheet of the prospectus.



Where can I find more product specific information online?

More product-specific information can be found on the website:

www.ubs.com/etf