

UBS Sustainable Development Bank Bond Fund

Quarterly Spotlight: **International Bank for Reconstruction and Development**

Highlights

- The UBS Sustainable Development Bank Bond Fund ("SDBB") promotes growth and sustainable development through investment in development bank bonds. **Ticker: UDBPX**
- Development banks help bridge the investment gap needed to satisfy the UN Sustainable Development Goals by providing capital and advisory services to help developing countries.
- SDBB is designed for investors seeking a sustainable investing alternative to conventional government bond exposure with comparable credit ratings and similar yield profile.
- Each quarter, one of these development banks is featured to highlight their priorities and efforts to reduce poverty and build shared prosperity in developing countries.

The International Bank for Reconstruction and Development ("IBRD") is the world's largest development bank. Established in 1944 to help Europe rebuild after World War II, IBRD and its sister organization, the International Development Agency, collectively form the World Bank. IBRD's mission is to provide financial products and policy advice to middle-income and creditworthy developing countries. Representing more than 70 percent of the world's poor people, these countries are major drivers of global growth and are making economic and social progress. In fiscal year 2019, IBRD made new lending commitments of \$23.2 billion for 100 operations to support inclusive and sustainable economic growth.¹

¹ www.worldbank.org

World's largest development bank

- 189 member countries
- Has provided more than \$500 billion in loans to alleviate poverty
- The single largest provider of financing for projects and programs that deliver social and environmental impact
- Raises its funds in the financial markets
- Since it is guaranteed by the G-7 it "inherits" the triple-A ratings from Moody's and S&P, allowing the IBRD to borrow at low cost and pass the savings on to its borrowing members

Supporting developing countries

- Helps developing countries find solutions to the toughest global and local development challenges – from adapting to climate change to boosting food security or fighting corruption.
- Provides financial resources, knowledge, and technical services
- Provides strategic advice that helps governments reform to improve services, encourage private investment, and share solutions

The Sustainable Development Goals ("SDGs")

In 2015, all 193 United Nations Member States signed on to the 17 Sustainable Development Goals ("SDGs"). The SDGs recognize that ending poverty and other deprivations must go hand in hand with strategies that improve health and education, reduce inequality and spur economic growth, while tackling climate change and working to preserve our oceans and forests. The World Bank Group's twin goals to end poverty and build shared prosperity are consistent with the SDGs.²

Highlights from World Bank programs supporting the SDGs

SDG	World Bank Commitment	Ongoing Programs
#3: Good Health	<ul style="list-style-type: none"> - Provide direct investments at the country-level and support global health security. - \$15 billion in grants, credits and loans to 80 countries in support of reforms toward universal health coverage. 	Indonesia: Between 2007 and 2015, block grants to improve health and education services reached almost 5 million people in roughly 5,500 villages across 11 provinces. Nearly 3.5 million women and children received nutrition counseling and support, and 915,000 children were immunized.
#4: Quality Education	<ul style="list-style-type: none"> - Currently financing nearly 150 education projects ranging from early childhood development, basic education, secondary education and skills development to tertiary education. - \$15 billion in support for education projects 	Mongolia: between 2007 and 2013, 560 classroom libraries were established in all 383 rural primary schools, benefiting 130,000 students , and over 4,500 rural primary teachers and school directors were trained.
#5: Gender Equality	<ul style="list-style-type: none"> - A gender strategy focused on removing constraints to more and better jobs and helping countries improve women's access to economic resources. 	Jordan: Since 2013 provided support that helped create over 2000 jobs for the most disadvantaged people, with 85% of the beneficiaries women-owned enterprises.
#6: Clean Water and Sanitation	<ul style="list-style-type: none"> - \$38 billion in commitments to projects supporting access to clean water. 	Angola: between 2015 and 2017 six provincial water and sanitation facilities were created. By April 2019, five of the utilities had recovered costs and 107,000 households were connected to water supply systems.
#7: Affordable Clean Energy	<ul style="list-style-type: none"> - A portfolio of \$11.5 billion of finance for renewable energy and energy efficiency projects in developing and middle-income countries. 	Jamaica: Between 2010 to 2017, renewable energy generation nearly doubled from 9 percent to 17 percent and dependency on oil imports decreased from 95 percent to 71 percent.

Sources: "The 2030 Sustainable Development Agenda and the World Bank Group: Closing the SDGs Financing Gap, 2019 Update" The World Bank Annual Report 2019.

² "The 2030 Sustainable Development Agenda and the World Bank Group: Closing the SDGs Financing Gap, 2019 Update"

IBRD and Covid-19

The World Bank Group announced it will provide up to \$160 billion in financial support to help developing countries strengthen their pandemic response, and as of May 19 its emergency operations had reached 100 developing countries – home to 70% of the world’s population. The Covid-19 response program is based on three pillars: protect the poorest and most vulnerable households, support businesses and save jobs, and help developing countries implement emergency health operations and strengthen economic resilience. The Covid-19 program has been coordinated with World Bank Group development partners including governments, the International Monetary Fund, the private sector, and regional multilateral development banks.³

Impact spotlight: expanding access to electricity and scaling up clean energy

- SDG 7 targets affordable and clean energy.
- The World Bank is one of the largest providers of finance for renewable energy and energy efficiency projects in developing countries.
- Between fiscal years 2014 and 2018, the World Bank helped provide new electricity connections for more than 52 million people and significantly expanded support to energy access.
- In 2018, the World Bank announced a \$1 billion program to accelerate investments in battery storage for energy systems in developing countries.
- In South Africa, the World Bank developed 1,440 megawatt hours of battery storage capacity to enable the integration of current and future variable renewable energy capacity.
- In India, the Innovation in Solar Power and Hybrid Technologies Project helps strengthen institutional capacity to facilitate scale-up of innovative renewable energy technologies, including battery storage solutions.

Source: "The 2030 Sustainable Development Agenda and the World Bank Group: Closing the SDGs Financing Gap, 2019 Update"

IBRD Commitments by Region, Fiscal year 2019:⁴

millions of dollars

Region	Commitments
Africa	820
East Asia & Pacific	4,030
Europe & Central Asia	3,749
Latin America & the Caribbean	5,709
Middle East & North Africa	4,872
South Asia	4,011

IBRD Commitments by Sector, Fiscal year 2019:⁵

millions of dollars

Sector	Commitments
Agriculture, Fishing & Forestry	1,025
Education	1,875
Energy & Extractives	2,847
Financial Sector	2,299
Health	1,674
Industry, Trade and Services	2,361
Information & Communications Technology	611
Public Administration	5,327
Social Protection	2,115
Transportation	1,485
Water, Sanitation, and Waste Management	1,571

³ <https://www.worldbank.org/en/about/what-we-do/brief/world-bank-group-operational-response-covid-19-coronavirus-projects-list>

⁴ "Annual Report 2019: Ending Poverty, Investing in Opportunity," World Bank Group

⁵ "Annual Report 2019: Ending Poverty, Investing in Opportunity," World Bank Group

IBRD Commitments by Theme, Fiscal year 2019:

millions of dollars

Theme	Commitments
Economic Policy	1,363
Environment & Natural Resources	8,514
Finance	8,514
Human Development & Gender	7,227
Private Sector Development	4,438
Public Sector Management	2,912
Social Development & Protection	2,453
Urban & Rural Development	6,511

Note: Because lending commitments for individual operations can be applied to multiple theme categories, figures organized by theme do not add up to fiscal year commitment totals, and therefore should not be summed.

Source, IBRD Annual Report 2019

For more information:

Mutual funds are sold by prospectus. You should carefully read and consider the Fund's investment objectives, risks, charges and expenses before investing. The prospectus contains this and other information about the Fund. For a current prospectus, contact UBS Asset Management at 888-793 8637. An investment in a fund is only one component of a balanced investment plan. Diversification and asset allocation strategies do not ensure gains or guarantee against loss.

Risk information:

There are certain risks associated with investing in the Fund, which include, but are not limited to: interest rate risk, credit risk, prepayment or call risk, political risk, focus risk, tax liability risk, US government securities risk, illiquidity risk, high yield bond risk, non-diversification risk, derivatives risk, leverage risk associated with financial instruments, management risk, and market risk. For detailed information about the Fund's main risks, please refer to the Fund's prospectus.

- **Interest rate risk:** An increase in prevailing interest rates typically causes the value of fixed income securities to fall. Changes in interest rates will likely affect the value of longer-duration fixed income securities more than shorter-duration securities and higher-quality securities more than lower-quality securities.
- **Credit risk:** The risk that the strategy could lose money if the issuer or guarantor of a fixed income security, or the counterparty to the guarantor of a derivative contract, is unable or unwilling to meet its financial obligations. This risk is greater for lower-quality investments than for investments that are higher-quality.

Investor concerns and suitability:

Investors in the Fund should be able to withstand short-term fluctuations in the fixed income markets in return for potentially higher returns over the long term. The value of the Fund's portfolio changes every day and may be affected by changes in interest rates, general market conditions, and other political, social and economic developments, as well as specific matters relating to the issuers and companies in whose securities the Fund invests. Shares of Funds are not deposits or obligations of any bank or government agency and are not guaranteed by the FDIC or any other agency.

© UBS 2020. All rights reserved.

AMMA-4912 C-0819 8/20

www.ubs.com/am-us

UBS Asset Management (US) Inc. is an indirect wholly owned subsidiary of UBS Group AG.

