**For marketing purposes**
Luxembourg edition
Data as at end-September 2026,
unless otherwise indicated

# UBS Sustainable Development Bank Bonds UCITS ETF hEUR acc

## Fund Fact Sheet

UBS Exchange Traded Funds > UBS (Lux) Fund Solutions

### Fund description

- The fund generally invests in the Solactive Global Multilateral Development Bank Bond USD 25% Issuer Capped hedged to EUR Total Return Index. The relative weightings of the companies correspond to their weightings in the index.
- The investment objective is to replicate the price and return performance of the index. The security exchange price may differ from the net asset value.
- The fund is passively managed.

| | |
|---|---|
| Name of fund | **UBS Sustainable Development Bank Bonds UCITS ETF** |
| Share class | UBS Sustainable Development Bank Bonds UCITS ETF hEUR acc |
| ISIN | LU1852211991 |
| UCITS V | yes |
| Launch date | 30.04.2019 |
| Currency of fund / share class | USD/EUR |
| TER (flat fee) | 0.18% |
| Yield to maturity[1] | 4.97 |
| Modified duration | 3.48 |
| Name of the Management Company | UBS Asset Management (Europe) S.A., Luxembourg |
| Accounting year end | 31 December |
| Distribution | Reinvestment |
| Replication methodology | Physical + Optimized (equities) / sampled (bonds) |
| Portfolio management representatives | UBS Asset Management Switzerland AG, Zurich |
| Fund domicile | Luxembourg |
| SFDR Alignment | Art.9 |

1 **This does not constitute a guarantee by UBS Asset Management.**

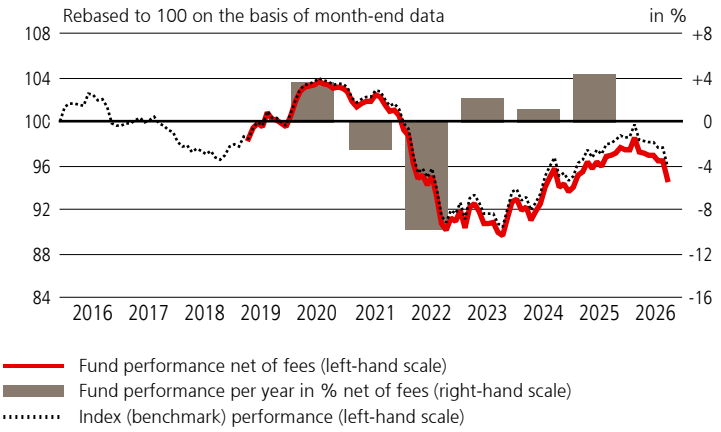
### Fund statistics

| | |
|---|---|
| Net asset value (EUR, 30.09.2026) | 9.91 |
| Last 12 months (EUR) – high | 10.30 |
| – low | 9.91 |
| Total fund assets (EUR m) | 1 626.12 |
| Share class assets (EUR m) | 853.87 |

| | 2 years | 3 years | 5 years |
|---|---|---|---|
| Volatility[1] | | | |
| – Fund | 2.81% | 3.15% | 3.66% |
| – Benchmark | 2.82% | 3.17% | 3.67% |
| Tracking error (ex post) | 0.05% | 0.17% | 0.15% |

1 Annualised standard deviation

### Performance (basis EUR, net of fees)[1]




**Past performance is not a reliable indicator of future results. If the currency of a financial product, financial service or its costs is different from your reference currency, the return and/or costs can increase or decrease as a result of currency fluctuations.**

### Performance in % (net of fees)

| in % | 1 year | 3 years | 5 years | Ø p.a. 3 years | Ø p.a. 5 years |
|---|---|---|---|---|---|
| Fund (EUR) | -2.28 | 5.36 | -6.65 | 1.75 | -1.37 |
| Index[2] | -2.18 | 5.69 | -5.99 | 1.86 | -1.23 |

The performance shown does not take account of any commissions, entry or exit charges.

1 These figures refer to the past. Source for all data and chart (if not indicated otherwise): UBS Asset Management.
2 Index (benchmark) in currency of share class (without costs)

### Index description

The Solactive Global Multilateral Development Bank Bond USD 25% Issuer Capped hedged to EUR TR Index is a rules-based, market value weighted and 25% issuer capped index engineered to mirror the performance of the USD-denominated bonds issued by entitled Multilateral Development Banks (MDB). The index covers bonds whose issuer is recognized as MDB - an international financial institution created for the purpose of economic development.

| | |
|---|---|
| Index name | Solactive Global Multilateral Development Bank Bond USD 25% Issuer Capped hedged to EUR Total Return Index |
| Index type | Total Return Net |
| Number of index constituents | 98 |
| Bloomberg ticker | MDB25EUR |
| Reuters | .MDB25EUR |
| Modified duration | 3.50 |

### For more information

Phone: +352-45-12 11
Internet: www.ubs.com/luxembourgfunds
Contact your client advisor

### Registrations for public distribution

AT, AU, CH, CL, DE, DK, ES, FI, FR, GB, IE, IT, LI, LU, NL, NO, PT, SE

12 years'
experience in sustainable ETFs

# UBS Sustainable Development Bank Bonds UCITS ETF hEUR acc

### 10 largest positions (%)

| | Fund |
|---|---|
| Asian Development Bank | 24.9 |
| Inter-American Development Bank | 24.9 |
| International Bank for Reconstruction & Developmen | 19.1 |
| African Development Bank | 14.2 |
| European Bank for Reconstruction & Development | 10.8 |
| International Development Association | 3.8 |
| International Finance Corp | 2.2 |

### Benefits

Clients benefit from the flexibility of an exchange-traded investment.
Provides access to this segment of the market with a single transaction.
Optimised risk/return profile thanks to a broad diversification across a range of countries and sectors.
The fund offers a high degree of transparency and cost efficiency.
UCITS compliant fund.

### Risks

This UBS Exchange Traded Fund invests in supranational bonds and may therefore be subject to high fluctuations in value. This Fund may not be appropriate for investors who plan to withdraw their money before the recommended holding period disclosed in the PRIIPs KID, if available for this share class. Sustainability risks are environmental, social or governance events or conditions that can have a material negative effect on the return, depending on the relevant sector, industry and company exposure. Sustainability risk: the risk arising from any environmental, social or governance events or conditions that, were they to occur, could cause a material negative impact on the value of the investment. All investments are subject to market fluctuations. Every fund has specific risks, which can significantly increase under unusual market conditions. As a result, the net asset value of the funds assets is directly dependent on the performance of the underlying index. Losses that could be avoided via active management will not be offset.

### Listing and trading information

| Exchange | Trading currency | Trading hours (local time) | Bloomberg Ticker | Reuters RIC | iNAV Bloomberg |
|---|---|---|---|---|---|
| Borsa Italiana | EUR | 09:00am - 05:30pm CET | MDBE IM | MDBE.MI | MDBEEUIV |
| Deutsche Börse (XETRA) | EUR | 09:00am - 05:30pm CET | MDBE GY | MDBE.DE | MDBEEUIV |
| SIX Swiss Exchange | EUR | 09:00am - 05:30pm CET | MDBE SW | MDBE.S | MDBEEUIV |

**Your capital is at risk. The value of an investment may fall as well as rise and you may not get back the original amount. Please note that additional fees (e.g. entry or exit fees) may be charged. Please refer to your financial adviser for more details. Investors should read the Key Information Document, Prospectus and any applicable local offering document prior to investing and to get complete information of the risks. Investors are acquiring units or shares in a fund, and not in a given underlying asset such as building or shares of a company. For a definition of financial terms refer to the glossary available at www.ubs.com/am-glossary.**

**For marketing and information purposes by UBS.** UBS funds under Luxembourg law. Arrangements for marketing fund units mentioned in this document may be terminated at the initiative of the management company of the fund(s). Prospectuses, key information document (KID) where applicable, the articles of association or the management regulations as well as annual and semi-annual reports are available for the purpose of inspection and obtaining copies thereof in a language required by the local applicable law free of charge at UBS Asset Management (Europe) S.A., 33A avenue J.F. Kennedy, 1855 Luxembourg and online at www.fundinfo.com. The product described herein aligns to Article 9 Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector. Information on sustainability-related aspects pursuant to that regulation can be found on www.ubs.com/funds. The benchmark is the intellectual property of the respective index provider. The fund or the share class is neither sponsored nor endorsed by the index provider. The fund prospectus or supplemental prospectus contains the full disclaimer. Before investing in a product please read the latest prospectus and key information document or similar legal documentation carefully and thoroughly. Any decision to invest should take into account all the characteristics or objectives of the product as described in its prospectus, or similar legal documentation. Investors are acquiring units or shares in a fund, and not in a given underlying asset such as building or shares of a company. The information and opinions contained in this document have been compiled or arrived at based upon information obtained from sources believed to be reliable and in good faith, but is not guaranteed as being accurate, nor is it a complete statement or summary of the securities, markets or developments referred to in the document. Any Index referenced in this document is not administered by UBS. Members of the UBS Group may have a position in and may make a purchase and / or sale of any of the securities or other financial instruments mentioned in this document. Units of UBS funds mentioned herein may not be eligible for sale in all jurisdictions or to certain categories of investors and may not be offered, sold or delivered in the United States. The information mentioned herein is not intended to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. Past performance is not a reliable indicator of future results. The calculated performance takes all costs on the product level into consideration (ongoing costs). The entry and exit costs, which would have a negative impact on the performance, are not taken into consideration. If whole or part of the total costs to be paid is different from your reference currency, the costs may increase or decrease as a result of currency and exchange rate fluctuations. Commissions and costs have a negative impact on the investment and on the expected returns. If the currency of a financial product or financial service is different from your reference currency, the return can increase or decrease as a result of currency and exchange rate fluctuations. This information pays no regard to the specific or future investment objectives, financial or tax situation or particular needs of any specific recipient. Future performance is subject to taxation which depends on the personal situation of each investor and which may change in the future. The details and opinions contained in this document are provided by UBS without any guarantee or warranty and are for the recipient's personal use and information purposes only. This document may not be reproduced, redistributed or republished for any purpose without the prior written permission of the relevant UBS management company or the relevant local UBS entity responsible for distribution, as applicable. Source for all data and charts (if not indicated otherwise): UBS Asset Management. A summary of investor rights in English can be found online at www.ubs.com/funds-regulatoryinformation. More explanations of financial terms can be found at www.ubs.com/am-glossary.
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# UBS Sustainable Development Bank Bonds UCITS ETF

## ESG Report

**Terms used within this document do not refer to or relate to any regulatory definitions or provisions. Where applicable, a country-specific notice is provided in this document and must be read in conjunction with the factsheet.**

**ESG** is an abbreviation for Environmental, Social and Governance (factors). These factors are used to evaluate companies and countries on how advanced they are with respect to sustainability. Once sufficient data on these factors are available, they can be used to assess and compare assets and also to inform the investment process when deciding what assets to buy, hold or sell.

**Effective from Q2 2026, UBS Asset Management has updated its methodology to scaling carbon emissions metrics by applying a portfolio-level approach instead of an asset-level, excluding derivative exposures and considering long-only portfolio exposure.**

In addition to the fund's specific ESG characteristics and/or objectives, the details of which can be viewed in the fund's legal documents, the following approaches are applied:

☐ Exclusion ☑ ESG Integration ☐ Voting ☐ Engagement program

For more information refer to the glossary. For details on specific ESG characteristics and/or objectives including exclusion thresholds or any other binding criteria, refer to fund's legal documents. Source: UBS Asset Management

The following illustrations provide transparency on key sustainability metrics that may be of interest to investors but may not be part of the fund's investment process. This information is provided to enable comparison with other financial products and to help investors assess their exposure to ESG topics.

### ESG details of the top 10 fixed income positions

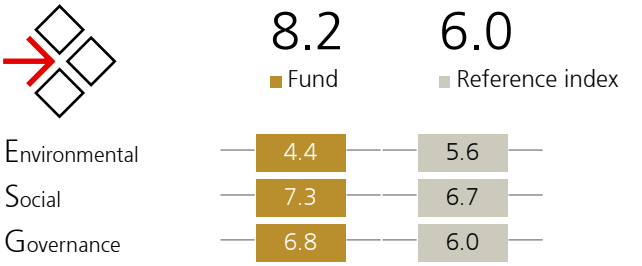
(in % of fund AuM)[1,2]

| Holding (fixed income) | Weight | ESG Score |
|---|---|---|
| Asian Development Bank | 24.9 | 7.2 |
| Inter-American Development Bank | 24.9 | 8.3 |
| International Bank for Reconstruction & Developmen | 19.1 | 8.9 |
| African Development Bank | 14.2 | n.a. |
| European Bank for Reconstruction & Development | 10.8 | 9.0 |
| International Development Association | 3.8 | n.a. |
| International Finance Corp | 2.2 | 9.9 |

1 This is not a recommendation to buy or sell any security
2 AuM = Assets under Management
Source: MSCI ESG Research

### MSCI ESG scores, scaled

(holding-weighted average 0-10)




Fund actual data coverage: 81.9%
Reference index actual data coverage: 93.2%

Source: MSCI ESG Research
Reference Index: Solactive World All Bond IG Index

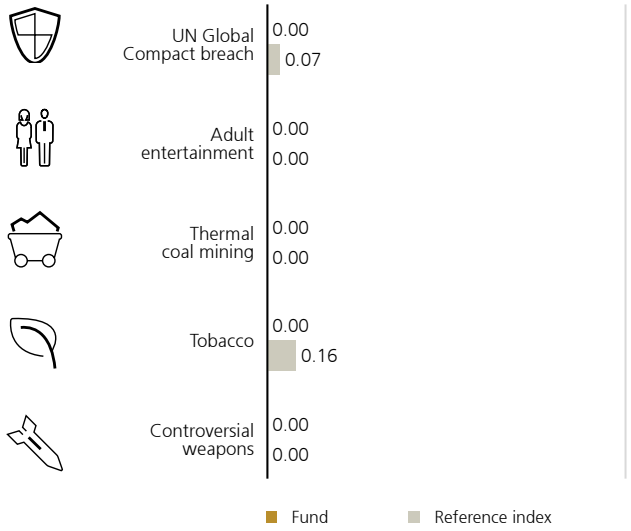
The reference index used on this page is the parent index which does not seek to include certain environmental or social characteristics promoted by the financial product in its construction and is different form the designated reference benchmark.

# UBS Sustainable Development Bank Bonds UCITS ETF

## ESG Report

### Business activities and norms check

(in % of fund AuM)[1]




1 Assets under Management

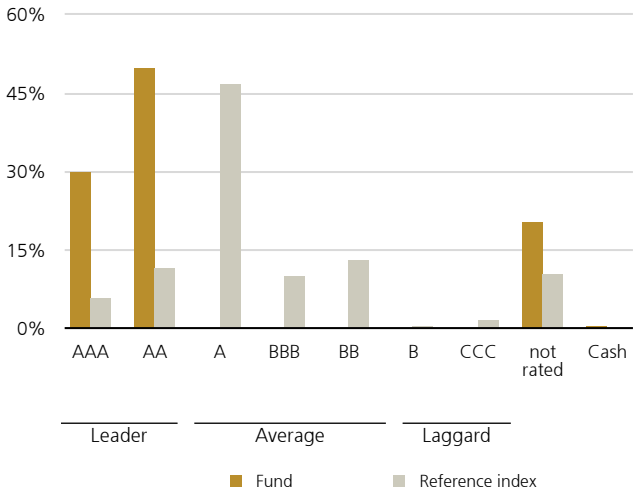
Source: MSCI ESG Research, UBS-AM exclusion policy (ISS Ethix and UNGC w/o credible corrective actions)
Reference Index: Solactive World All Bond IG Index

### External fund ratings[1]




1 As of 30.09.2026
Source: MSCI ESG Research

### MSCI ESG rating breakdown




The final industry-adjusted ESG scores are mapped to letter MSCI ESG rating with AAA/AA leaders; A/BBB/BB average; B/CCC laggards.

Source: MSCI. Certain information © 2026 MSCI ESG Research LLC. Reproduced by permission.

Reference Index: Solactive World All Bond IG Index

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# UBS Sustainable Development Bank Bonds UCITS ETF

## ESG Report

**Country-specific notice:**

**UK**: If this product is distributed in the UK, please note: This product is based overseas and is not subject to the UK sustainable investment labelling and disclosure requirements (SDR). This product does not make any claims under the UK SDR.

**Glossary**

**Business activities and norms check:** Controversial Business Involvement exposure is the exposure to companies with a revenue share exceeding a certain threshold of the respective field (production). Link to our Approach to Exclusion for more details: -> link

**MSCI ESG scores** are provided by MSCI ESG Research and are measured on a scale from 0 (lowest/worst score) to 10 (highest/best score). The individual MSCI E-, S-, and G-score indicates the resilience of issuers to environmental, social or governance related risks that are most material to an industry. The aggregated MSCI ESG score is based on these MSCI E-, S-, and G-scores but normalizes them relative to industry peers. This leads to a weighted average industry-adjusted MSCI ESG score which is comparable across industries. The metric is scaled up to 100% if actual data coverage is above the defined thresholds – fixed income: 50%, equities: 67%, multi-asset: 50%. Otherwise, the metric is reported as "-". More details available at this link.

**UBS AM sustainability approaches applied:**
Exclusion: Strategies that exclude securities from funds where they are not aligned to an investor's values. Includes customized screening criteria. Subject to certain activities and threshold limitations. For details please refer to fund's legal documents.
ESG Integration: Strategies that integrate environmental, social, and governance (ESG) factors into fundamental financial analysis to improve the risk/return profile. This approach may have limited or no impact on portfolio composition. However, where fund-specific exclusions exist in relation to ESG integration or sustainability profile risks, as set out in the fund's legal documents, these may lead to divestment and/or a reduced position size within a portfolio.
Voting: Voting refers to how UBS Asset Management exercises proxy voting rights to act in the best financial interests of clients and support long term value creation. We promote strong corporate governance and responsible business practices in the companies in which we invest on behalf of our clients. Our approach is guided by our internal standards as outlined in the latest UBS Asset Management Corporate Governance & Proxy Voting Policy. This is not an indication that voting on sustainability-related topics has taken place with respect to companies in this portfolio during any given time period.
Engagement program: We regard engagement to be a two-way mutually beneficial dialogue with an issuer / company, with the objective to share information, enhance understanding and help to improve business practices and performance. The issuers / companies we engage with are selected from across the universe in which UBS Asset Management invests using a top-down approach in accordance with our principles, as outlined in our stewardship approach. This is not an indication that sustainability-related engagement has taken place with respect to issuers / companies in this portfolio during any given time period or that issuers / companies in this portfolio were chosen with the goal to actively engage. Information on UBS Asset Management's selection of issuers / companies, engagement activities, prioritization process and understanding of concerns can be found in the UBS Asset Management Stewardship Annual Report and in our stewardship approach.

**Aggregation of ESG/carbon data**: ESG scores of holdings in the portfolio and the reference index are aggregated based on their respective individual weights and ESG scores (sumproduct).

**Fund of funds investments, derivatives and cash:** Fund of funds investments used in the portfolio are treated on a lookthrough basis, whereby the economic exposures is allocated to the underlying securities held by these funds, and is treated as if it were a direct investment in those individual securities. These may lead to minimal exposures to securities that are excluded from direct investments. Derivative instruments within the portfolio, whether held directly or via fund of funds investments, are excluded from carbon metrics and other calculations. As a result, derivatives have no effect on the reported metrics. Portfolios for which we report the sustainability metrics may include cash positions, these are however excluded from any calculations. Exclusively long-only portfolio exposure is considered. The information disclosed in this report, in particular the treatment of derivatives and cash, may or may not correspond with the investment characteristics of the fund and how the fund is managed. The sustainability metrics in this report may therefore differ from other UBS reports produced on the same date.

**MSCI ESG Fund Ratings** are designed to measure the environmental, social and governance (ESG) characteristics of a fund's underlying holdings, making it possible to rank or screen mutual funds and ETFs on a AAA to CCC ratings scale. More details available at this link.

**Weighted average carbon intensity – corporate issuers/ carbon-intensive sovereign issuers:** These metrics measure a fund's exposure to carbon-intensive companies and governments. These metrics provide an insight into potential risks related to the transition to a lower-carbon economy, because companies with higher carbon intensity are likely to face more exposure to carbon related market and regulatory risks. These metrics are applicable across asset classes. It is the sumproduct of the fund weights and individual carbon intensities (carbon emissions scope 1+2 / USDm sales or GDP). The metric is scaled up to 100% if actual data coverage is above the defined thresholds – fixed income, 50%; equities: 67%, multi-asset: 50%. Otherwise, the metric is reported as "-". Classification system to separate corporate and sovereign issuers: Bloomberg Barclays Methodology. Securitized bonds are excluded from the calculation. "No exposure" if the fund is not invested in the respective issuers for the month. More details available at this link.

**MSCI ESG rating breakdown:** The final sector-adjusted ESG score of the portfolio is broken down into three rating categories with AAA/AA leaders, A/BBB/BB average and B/CCC laggards, and compared to the rating breakdown of the reference index.

**Passive ESG:** Benchmark selection is driven by portfolio implementation considerations, in particular to closely reflect

The reference index used on this page is the parent index which does not seek to include certain environmental or social characteristics promoted by the financial product in its construction and is different form the designated reference benchmark.

the financial and ESG objectives of the fund. For passively managed strategies, an ESG benchmark would be selected for the purpose of balancing between reasonable tracking error and high ESG alignment. In order to assess the magnitude of ESG improvements, the fund's ESG performance is also shown against a selected broad market index which closely represents the parent investment universe on which the ESG benchmark is based.

**Important information about sustainable investing strategies**
Sustainable investing strategies aim to consider and incorporate environmental, social and governance (ESG) factors into investment process and fund construction. Strategies across geographies and styles approach ESG analysis and incorporate the findings in a variety of ways. Incorporating ESG factors or sustainable investing considerations may inhibit UBS's ability to participate in or to advise on certain investment opportunities that otherwise would be consistent with the Client's investment objectives. The returns on a fund consisting primarily of sustainable investments may be lower or higher than funds where ESG factors, exclusions, or other sustainability issues are not considered by UBS, and the investment instruments available to such funds may differ. Companies, product issuers and/or manufacturers may not necessarily meet high performance standards on all aspects of ESG or sustainable investing issues.

Reconciliation of Assets under Management (AuM)
This report does not contain reconciled AuM positions, it only takes in consideration positions with settlement date as of report date. This means that traded but not settled positions are not included. Therefore, AuM figures in this report may differ from other UBS reports produced on the same date.

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# UBS Sustainable Development Bank Bonds UCITS ETF hEUR acc

UBS AM standard glossary. For additional investment terms, please refer to the online glossary here.

**Accumulation**: Reinvestment of income generated by the investment fund into the fund's assets.
**Active management**: Here the fund manager uses their expertise to pick investments to achieve the fund's objectives.
**Alpha**: A fund's alpha is its outperformance relative to a benchmark. If a fund has a consistently high alpha this can indicate skillful management. If the benchmark returns 12% and the portfolio returns 14%, the outperformance (alpha) is equal to 14% - 12% = 2%. Compare with beta.
**Benchmark**: Index against which an investment fund's performance is measured. Also called a reference index.
**Beta**: A measure of risk that indicates an investment's sensitivity to fluctuations in the market, as represented by the relevant benchmark. For example, a beta of 1.2 tells us that the value of an investment fund can be expected to change by 12% if the market is forecast to move by 10%.
**Bonds**: Debt instruments with a fixed or variable rate of interest and generally with a fixed maturity and redemption date. The most common issuers are major companies, government bodies such as the federal government and the cantons, public institutions, and international organizations such as the World Bank or the International Monetary Fund.
**Commodities**: A tradeable item that can be further processed and sold. Industrial (metals), agricultural (wool, wheat, sugar) and bulk commodities (coal, iron ore) are examples. It is possible to invest in physical commodities or in derivatives based on commodity prices.
**Convertible bonds**: Bonds that feature a conversion right entitling the holder to convert the bond into shares of the company in question at a certain point in time and at a pre-defined conversion ratio.
**Corporate bonds**: Strictly speaking, corporate bonds are those issued by companies. Generally, however, the term is used to cover all bonds other than those issued by governments in their own currencies. Therefore the "credit" sector, as it is often known, includes issues by companies, supranational organizations and government agencies. The key feature that distinguishes corporate bonds from government bonds is the risk of default – see credit risk.
**Correlation**: A measure of the degree to which the price trends of various investment categories or instruments move in the same direction.
**Derivatives**: Investments whose value is linked to another investment, to the performance of a stock exchange or to some other variable factor, such as interest rates.
**Distribution**: Payment by an investment fund to distribute the income generated to its unit holders.
**Diversification**: Holding a variety of investments that typically perform differently from one another.
**Duration**: The duration represents the length of time for which capital is "tied up" in a bond investment. The concept of duration takes account of the time structure of returning cash flows (such as coupon repayments). The average duration of the portfolio is derived from the weighted average duration of the individual securities. The "modified duration" is derived from the duration and provides a measure of the sensitivity of bonds or bond portfolios to interest rate changes.
**Emerging economy or market**: Emerging markets or developing markets – mainly in Asia, Eastern Europe, and Latin America – that are growing quickly, but whose economies and stock markets have not yet reached Western standards.
**Equities**: Securities that represent an equity interest in a company. As a joint owner, the shareholder has rights of participation (voting right, right to information) and rights to assets (right to a share of profits, subscription rights).
**Exchange traded fund (ETF)**: An investment fund that is traded like stocks on an exchange. Most ETFs are index funds: they hold the same securities in the same proportions as a certain index.
**Feeder fund**: An investment fund that invests the majority of its assets into a master fund.
**Flat fee**: UBS applies a so-called flat fee to most securities and money market funds. This fee is charged to the fund's assets and covers all expenses incurred in the management, administration and safekeeping of the fund's assets as well as costs incurred in the distribution of the fund (printing prospectuses, annual and semi-annual reports, costs for auditing and publication of prices, fees charged by the supervisory authority etc.). The only costs not covered are transaction costs incurred in the administration of the fund's assets (brokerage fees in line with the market, fees, duties etc. as well as any applicable taxes). UBS's flat fee is comprehensive and very client-friendly. It cannot be compared with similarly named fees from other fund providers, because these often only cover part of the investor's effective costs. Also refer to "management fee". The flat fee is not charged to the investor, but directly to the fund's assets. For example, UBS Funds domiciled in Luxembourg, Switzerland or Germany with the exception of UBS Real Estate Funds, charge a "Flat fee".
**Hedging**: Protecting investments against losses. UBS asset allocation funds and hedged UBS ETFs specifically hedge against exchange rate risks.
**High watermark**: The high watermark is used in connection with the performance fee. The fund manager calculates his or her share of the profits on the basis of the value increment over and above the last peak in the NAV. As a result, the performance fee does not become payable until all losses incurred have been completely recovered.
**High yield bonds**: Bonds issued by borrowers with lower credit ratings. Such bonds offer higher rates of interest, but at the same time there is also a higher risk of default, i.e. that interest payments will not be paid or that the face value will not be repaid.
**Illiquid**: Illiquid assets are those assets that cannot be easily bought, sold, or converted into cash. It may often be impossible to convert the asset to cash until the end of the life of the asset.
**Index**: Indicator of performance on one or more markets. The oldest and best-known stock market index is the Dow Jones. Indexes make it possible to compare the performance of a fund invested in a specific market with the development of that market.
**Index fund**: An investment fund that replicates a chosen stock market index in its stock selection and weightings as exactly as possible.
**Inflation-linked bonds**: An inflation-linked bond provides investors with protection from inflation by linking its principal amount or interest payments to a specific inflation index.
**Investment grade**: Term used to denote securities with ratings of between BBB and AAA, indicating that their credit quality is satisfactory or good.
**Leverage**: With derivative instruments, greater returns can be earned with a comparatively lower capital investment than

with an investment in the actual underlying instrument. This effect is called leverage.
**Management fee**: The charge levied by the management company for the administration of an investment fund. The amount of the fee is expressed in percentage or tenth of a percentage of the fund assets or in basis points. Less comprehensive than UBS's all-in fee and covers only part of the costs due.
**Management style**: Manner in which investment decisions are made to achieve the investment objective (see also active management and passive management).
**Master fund**: Funds invested in respective feeder funds that are then invested into the master fund. The master fund holds the portfolio investments and conducts all trading activity.
**Maturity**: Period from the issue of a bond to its due date or to the premature repayment of the bond. Not to be confused with duration.
**Net asset value (NAV)**: Used to describe the value of a company's assets less the value of their liabilities.
**Ø** – Average.
**Over the counter (OTC)**: An over-the-counter financial contract is one that is not traded on an exchange but is "tailor-made" for a client by a financial institution.
**Passive management**: Passive management seeks to attain performance equal to market or index returns.
**Performance fee**: For non-classical investment funds such as hedge funds, the investor must often pay, in addition to the conventional management fee, a supplementary performance fee in the form of a percentage (e.g. 20%) of the fund's annual increase in value.
**Physical replication**: In physical replication, an ETF invests directly in securities held in the benchmark it is tracking. To do so, the ETF can buy some or all of the securities that make up the replicated index – this method is called full replication and is suitable for liquid indexes.
**Rating**: The measure of a borrower's creditworthiness by special rating agencies such as Standard & Poor's or Moody's. As a rule, UBS bond funds principally invest in bonds issued by prime borrowers.
**Reinvestment**: The possibility of reinvesting the distribution in the same fund. Certain funds offer investors a special reinvestment discount on the issuing price if the annual distribution is reinvested.
**Risk-free rate**: An investment with no chance of default and a known or certain rate of return.
**Share class**: An investment fund can issue several types of share certificates with different criteria. The share certificate classes may differ in the amount of fees, the appropriation of income or the currency of the share certificate class.
**Sharpe ratio**: A measure that expresses how much higher (or lower) a return an investor can expect compared to the risk-free rate of interest (e.g., interest rates on savings accounts) per unit of risk (volatility). The risk-free rate of interest varies from currency to currency.
**Standard deviation**: Statistical measure of the degree to which an individual value in a probability distribution tends to vary from the mean of the distribution. The greater the degree of dispersion the greater the risk.
**Swing pricing**: Method used to calculate the net asset values of investment funds. This method allows transaction costs arising from subscriptions made by incoming investors and redemptions made by outgoing investors to be borne by the incoming and outgoing investors, rather than existing investors.
**Switching costs**: The costs of buying and selling investments in order to implement a change in investment strategy.
**Synthetic replication**: In contrast to physical replication, synthetic replication means that an ETF does not invest directly in the securities held in the benchmark. Instead, it enters into a swap agreement with a counterparty that promises to pay the return on the replicated index to the ETF.
**Total expense ratio (TER)**: The ratio of total expense to a fund's average size over an annualized accounting period. Expenses are considered to include all expenses shown in the income account, including management, administration, custody, audit, legal and professional fees. For ETFs, the term TER may be used interchangeably for the flat fee (current).
**Tracking error**: Measure of the deviation of a fund's return compared to the return of a benchmark over a fixed period, expressed as a percentage. The more passively the investment fund is managed, the smaller the tracking error.
**UCITS**: Undertakings for Collective Investment in Transferable Securities. A UCITS fund is an authorized fund that may be sold across all EU countries.
**Volatility**: A measure of the size of short-term changes in the value of an investment.
**Yield to maturity**: Weighted average rate earned by an investor who buys the bond portfolio today at the market price and holds the bond portfolio until maturity, also assuming that all coupon and principal payments will be made on schedule.