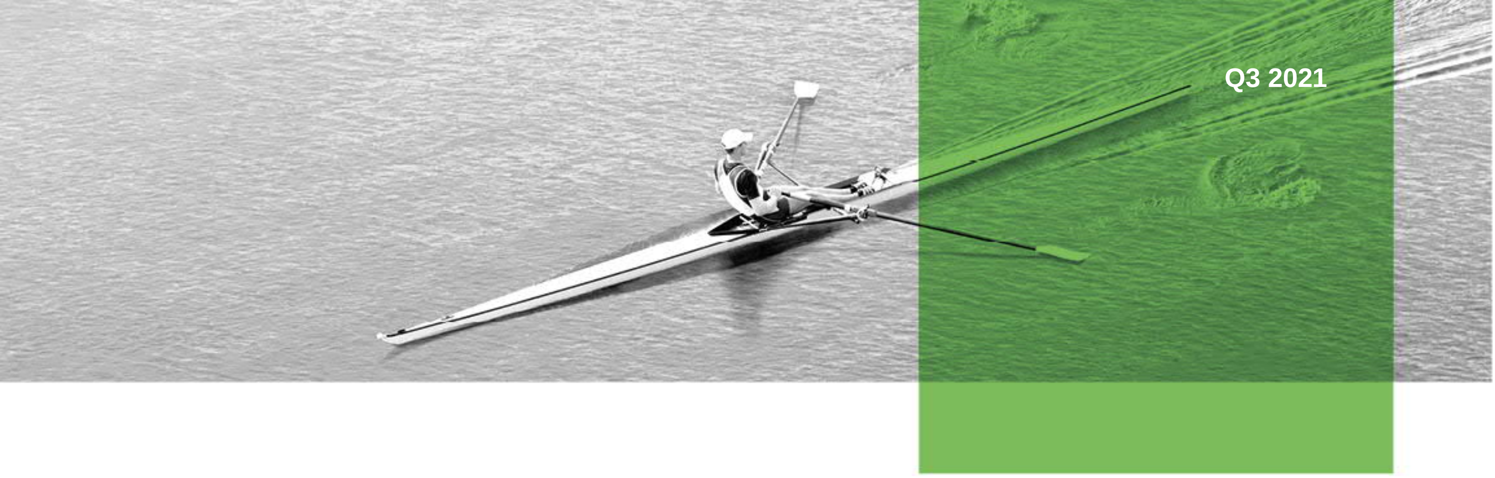


Q3 2021

UBAm - Positive Impact Equity

Quarterly Comment

For Professional Investors in Switzerland or Professional Investors as defined by the relevant laws.
Fund classification under Sustainable Financial Disclosure Regulation (SFDR): Article 9

Market Comment

- Late summer brought with it renewed volatility in the markets and a decline for most assets. Investors have become increasingly concerned about global growth amid inflationary pressures, supply chain bottlenecks and a looming energy crisis.
- Earnings revision ratios again moderated ahead of the coming reporting season, but the number of upgrades continue to outweigh the number of downgrades in all regions except emerging markets as a whole.
- Global equities ended the quarter down with -1.05% (MSCI ACWI*). In the US specifically, the S&P 500* index progressed by 0.48% during the second quarter with a noticeable outperformance of the Growth segment over the Value (1.10% q/q for the Russell 1000 Growth* and -0.93% q/q for the Russell 1000 Value*). In this context the MSCI Europe* delivered +0.73%, behind the MSCI Europe Small Cap* with + 2.52%. Finally, the Emerging markets delivered -8.09%, again with a high dispersion. India was up +12.57% and on the other side, Brazil was down –20.19%.
- The IPPC (Intergovernmental Panel on Climate Change) published on August 9 the first part of its Sixth Assessment Report with the following key takeaways:
    - Since the 1970s, the world has warmed faster than in any period of similar length in the last 2,000 years.
    - The globe is certain to reach a +1.5°C level of warming compared with pre-industrial levels by 2040.
    - There is some hope amidst the gloom:
        - Most of the IPCC scenarios suggest that once net zero is achieved and sustained, warming will plateau.
        - Decarbonisation could be accelerated through the scaling-up of technologies.

This latest IPCC report provides an important platform for leaders to rally around at November's COP26 summit in Glasgow.

** net total return index*

Sources: UBP, Bloomberg Finance LP.

All performance figures are given net of fees. Past performance is not a guide to current or future returns. See full disclaimer at the end of the document.

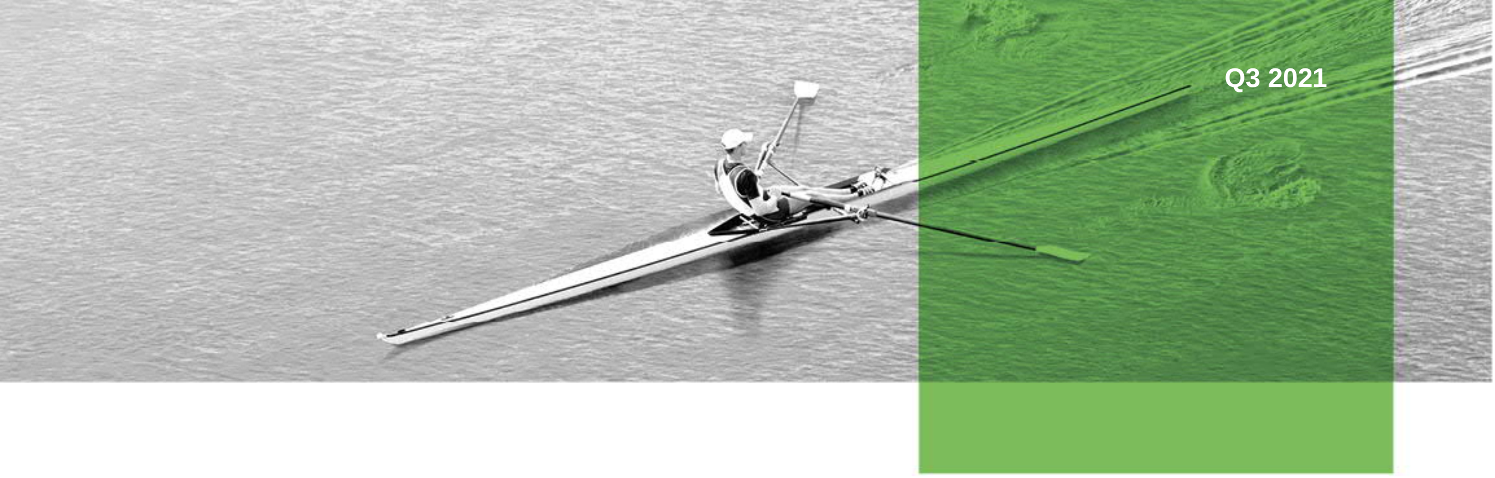
Performance Review

- Following moderate gains during the quarter, developed market equities experienced a widespread decline in September which erased the previously achieved performance. This resulted in flat returns despite the concerns about a peak in the rate of economic growth thanks to the supportive earnings expectations for the coming years.
- While the performance differential between styles expanded and subsequently contracted, market leadership remained in the hands of value companies throughout due to the strengthening inflationary environment, supply chain constraints and lately the energy price crunch.
- Resulting performance was +0.12% (net of fees, IC EUR class) for the UBAM Positive Impact Equity fund, +0.73% for MSCI Europe* and +1.25% for MSCI ACWI* (EUR). This shows overall resilience to the Covid evolution thanks to encouraging signs that the number of hospitalisations has peaked in most key economies.
- The biggest positive contributors were Arcadis (+25.09%), Thule (+16.44%) and Croda (+16.39%), all displaying very strong earnings progression and further upside potential. Structural growth drivers remain particularly strong in the infrastructure sector where Arcadis operates, and the company has recently strengthened its sustainability ambitions and positioning which will allow it to capture additional revenue streams. Similarly, Thule's brands benefit from very strong demand supported by healthy and outdoor lifestyles.
- On the other hand, the largest detractors to performance were companies exposed to supply chain disruptions like Siemens Gamesa (-21.80%), Signify (-19.10%) or Ocado (-17.09%). Although medium term opportunities and growth drivers for these companies remain strong, raw material prices and shortages weigh on short-term sales growth and earnings prospects.

* net total return index
** in local currencies

Portfolio activity:

- Early in the quarter, position sizes of Tomra, ThermoFisher, Sika, Alk Abello, Croda and Chegg were all adjusted down reflecting the regular valuation and technical review we conduct on our entire portfolio. This disciplined approach balances the generation of positive outcomes for our investors with investment returns when positions look technically overbought. In the case of Tomra, the move to reduce the position size from one of our largest holdings reflected the strong share price performance leading to a valuation at the top end of its long-term range.
- The proceeds of these sales were predominately used to build up four positions – Diasorin and Civitas (new positions from June 2021) , Thule and Biffa. In the case of Thule, our regular valuation and technical review meeting suggested that the shares looked very attractive and indeed when the company released its Q2 results, consensus expectations were once again surpassed as the structural growth associated with the outdoors and fitness continued. For Biffa, we are very interested in the journey that the traditional waste recycler is taking as it invests in other areas of recycling that are key to the delivery of a fully circular economy. Finally, in the case of Ecolab, we increased our position modestly reflecting the recent improvement in operating trends we have identified in the company over recent quarters
- Another important contributor to portfolio activity is the stock sizing model which highlighted the strong fundamental characteristics of DS Smith and Hoffmann Green Cement – the positions were increased accordingly.



- On the other hand, the model identified the change in market estimates for a number of companies creating a sale signal – TPIC, Xylem, and Corticeira Amorim were reduced modestly.
- During the month of September, a new holding in Fastned was added. The Dutch company focuses on building out a high speed EV charging network around Europe. Currently the company operates charging stations in the Netherlands, Belgium, Germany, Switzerland and the UK and over time their network will continue to expand. The company is very well placed to capitalise on the need for new fast chargers throughout Europe's road system.
- A couple of positions were exited during the quarter:

  Ping An Healthcare following a team review following the conclusion that the investment case had changed since the point of purchase, particularly from the management point of view where the founding entrepreneurs had been substantially removed from the decision making process. This was coupled with a move to sacrifice near term profitability in the search for higher levels of revenue growth, a move which is now currently showing signs of successful delivery. In summary, the resulting investment case is no longer quite so compelling.

  The managers also exited their position in NanoX Imaging. The exposure to the company has been held since IPO in 2020 although the size of the holding had already been reduced after the shares has risen strongly. The decision to exit entirely is related to a reassessment of the near-term prospects as part of a standard process employed for those impact holdings which are pre profit. This work concluded that NanoX imaging still had a number of hurdles to navigate before the true commercial opportunity can be assured with a high level of probability.

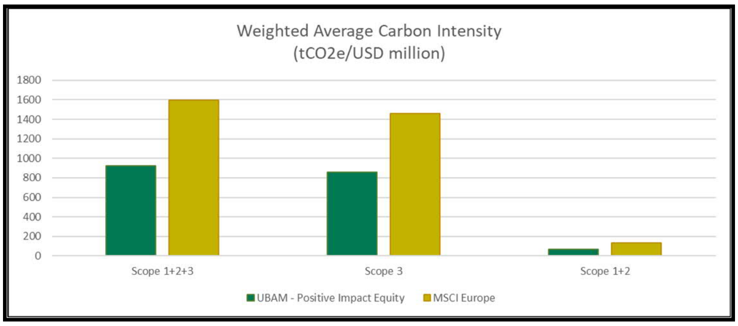
ESG Monitoring

(MSCI methodology provided in the appendix)

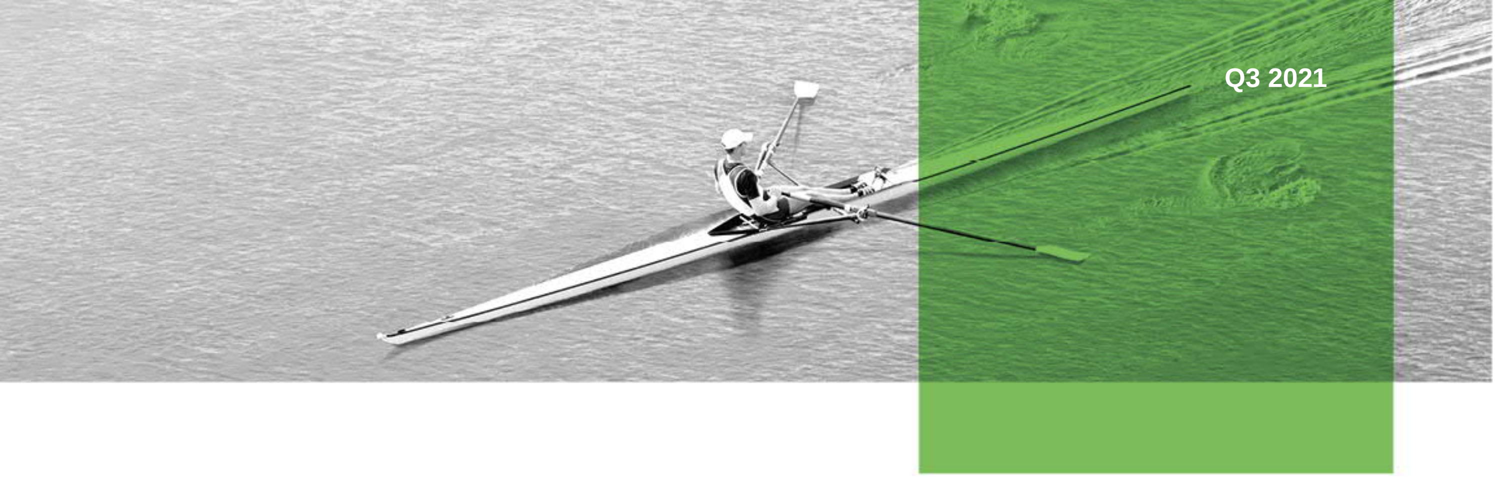
- **Human rights and Social** (Disclosure: Fund 92.7% / Index:99.8%)

	UN Global Compact			Human Rights Compliance			Labour Compliance - Core			Labor Compliance - Broad		
	Pass	Watchlist	Fail	Pass	Watchlist	Fail	Pass	Watchlist	Fail	Pass	Watchlist	Fail
Fund	37	1	0	37	1	0	38	0	0	38	0	0
MSCI Europe	383	30	3	395	20	1	410	6	0	408	8	0
Fund	97%	3%	0%	97%	3%	0%	100%	0%	0%	100%	0%	0%
MSCI Europe	92%	7%	1%	95%	5%	0%	99%	1%	0%	98%	2%	0%

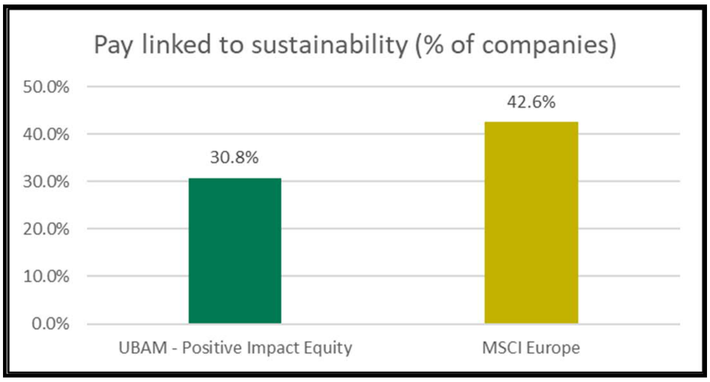
- **Environment** (Disclosure: Fund 92.7% / Index: 99.8%)



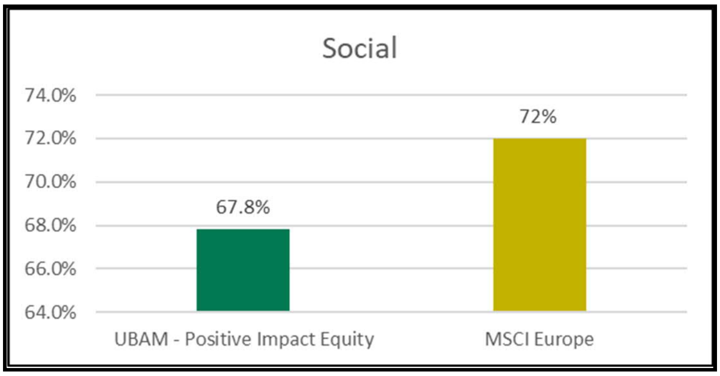
Carbon Intensity metric: UBAM - Positive Impact Equity aims to beat the benchmark (MSCI Europe) for this metric



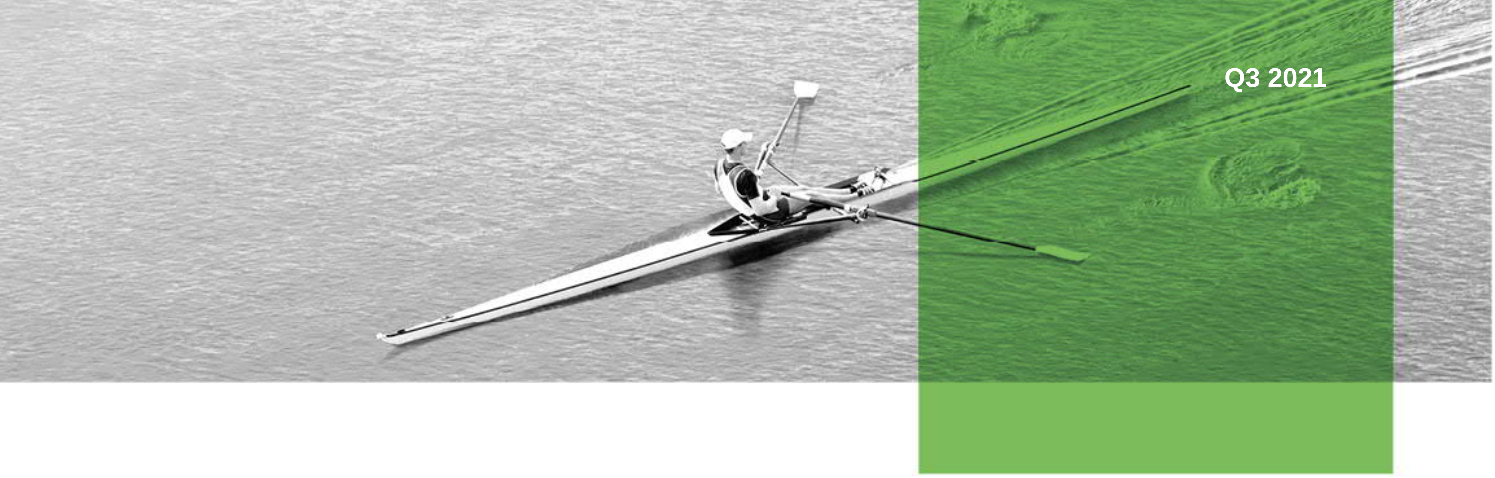
➢ **Governance** (Disclosure: Fund 95% / Index:99.8%)



➢ **Labour**
Employee Satisfaction (Disclosure: Fund 90.2% / Index:100%)

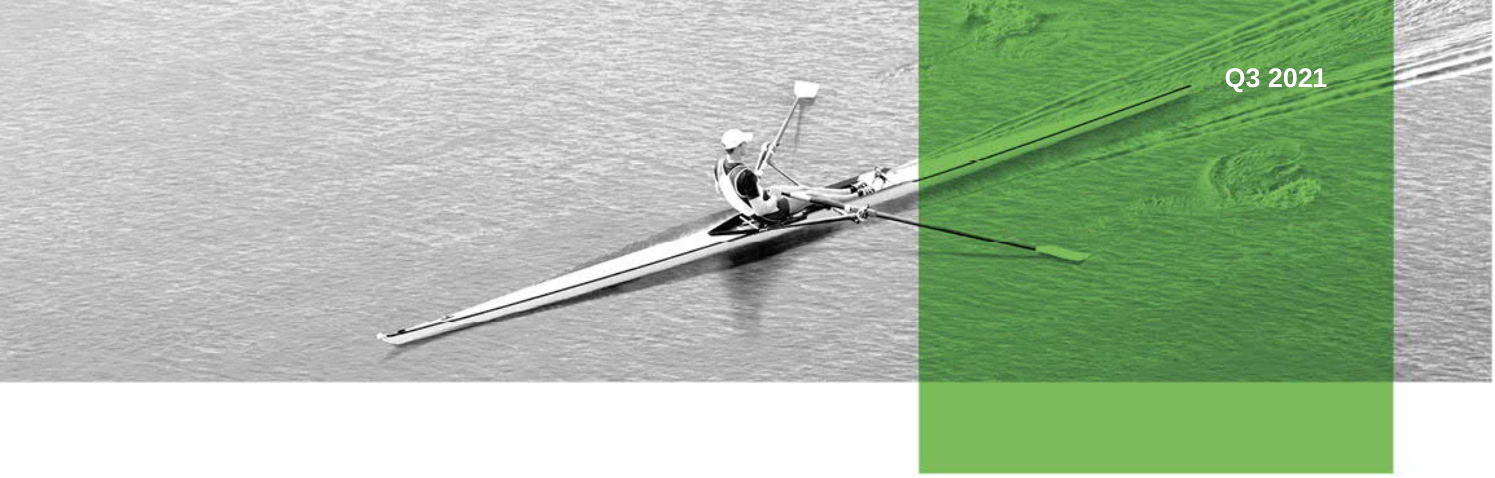


Sources: UBP, Based on MSCI ESG Research LLC and Urgentem



Outlook

- Despite peaking growth and rising inflationary pressures, the outlook for equities remains positive thanks to still sustained earnings growth.
  - The economic cycle is expected to normalise in the next quarters, leading to better sequential Q4 growth after weak Q3 but a moderating trend in 2022.
  - Shortages in industry should progressively fade and inventories will be rebuilt. Deteriorating purchasing power hit consumers in Q3 but an improving labour market should refuel trend on consumption.
  - Fiscal policy will remain a support in developed countries, while monetary policy is removing measures launched during the pandemic as central banks look to normalise key rates.
- In the US:
  - The pace of consumption has disappointed in Q3 due to remaining virus concerns and declining purchasing power in the absence of renewed public support. As the labour situation should improve further, a Q4 rebound is expected.
  - The housing sector peaked and momentum in investment should rotate in favour of infrastructure next year. The 2021 growth outlook has been revised from 6.3% to 5.9% and the 2022 scenario from 4.3% to 3.7%.
- In Europe:
  - Activity has benefited from reopening of services in Q3, after strong recovery in Q2. As consumers focus more on purchasing power and employment, consumption should moderate over the next quarters while industry still suffers from bottlenecks.
  - Q2 GDP growth was revised up, from 4.7% to 5.2% but unchanged in 2022; growth is expected to normalise in the next quarters but should benefit from the effective support of the European recovery fund.
- In China:
  - China’s deployment of a growing range of policy tools highlights the sharp pivot that has taken place from the ‘To get rich is glorious’ era of Deng Xiaoping to the ‘Common Prosperity’ epoch heralded by President Xi Jinping.
  - Common Prosperity will therefore seek to realign China’s factors of production towards labour, in order to facilitate a transition to consumption-led growth. Going forward, we expect to see tougher regulations aimed at addressing the “three burdens” affecting households: housing, education and healthcare. Reducing these burdens would improve marginal propensity to consume and allow for higher fertility rates, at least in theory.



Appendix

Methodology

- Global Compact Compliance
  This factor indicates whether the company is in compliance with the United Nations Global Compact principles. The possible values are Fail, Watch List, or Pass.
- Human Rights Compliance
  This factor indicates whether the company is in compliance with the United Nations Guiding Principles for Business and Human Rights. The possible values are Fail, Watch List, or Pass.
- Weighted Average Carbon Intensity
  This figure represents the company's Scope 1 + Scope 2+ Scope 3 greenhouse gas emissions normalized by sales in USD, which allows for comparison between companies of different sizes. This is a weighted average calculated using Urgentem data.
- Labor Compliance - Core
  This factor indicates whether the company is in compliance with the International Labour Organization’s fundamental principles. The possible values are Fail, Watch List, or Pass.
- Labor Compliance - Broad
  This factor indicates whether the company is in compliance with the International Labour Organization’s broader set of labor standards. The possible values are Fail, Watch List, or Pass.
- Monitors employee satisfaction
  Flagged as "Yes" if company monitors employee satisfaction.
- Average R&D to sales
  Simple average of portfolio companies’ R&D spend relative to their sales.
- Pay Linked to Sustainability
  Has the company, if designated as having either a high environmental or social impact, failed to incorporate links to sustainability performance in its current incentive pay policies? Flagged if yes. This metric is based entirely on the company’s own reporting, and is strictly focused on the specific inclusion or not of such metrics in the determination of variable pay components and does not take into consideration their effectiveness. High Environmental Impact: If any of the following ESG Ratings Key Issues carry more than a 5% weight: Carbon Emissions, Water Stress, Toxic Emissions & Waste, Product Carbon Footprint, Raw Material Sourcing, Packaging Material & Waste, Electronic Waste, Biodiversity & Land Use, Energy Efficiency. High Social Impact: If any of the following ESG Ratings Key Issues carry more than a 5% weight: Labor Management, Health & Safety, Product Safety & Quality, Supply Chain Labor

Disclaimer