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News Release

UBS and BlackRock partner on new development bank debt ETF

iShares product will offer UBS wealth clients exposure to high-quality debt with a focus on advancing the United Nations Sustainable Development Goals (UN SDGs)

Zurich, 18 February 2020 – UBS, the world's leading global wealth manager, has partnered with BlackRock on the launch of a new exchange-traded fund (ETF) investing in multilateral development bank (MDB) debt.

The ETF will be included in certain UBS Global Wealth Management (GWM) mandates and offered on GWM platforms as an alternative to traditional high-quality fixed income investments such as government bonds. MDB debt offers strong – often AAA – credit ratings, high liquidity, and a higher yield than US Treasuries. The funds raised by MDB debt are also focused on advancing the UN SDGs.

The iShares USD Development Bank Bonds UCITS ETF tracks the FTSE World Broad Investment-Grade USD MDB Bond Capped Index. Supported by initial UBS seed capital, the ETF currently has assets of over USD 120 million. In total, UBS now oversees more than USD 1 billion of client assets in development bank debt.

The FTSE index offers exposure to US dollar debt securities issued by African Development Bank, Asian Development Bank, European Bank for Reconstruction and Development, Inter-American Development Bank, International Development Association, and the World Bank Group's International Bank for Reconstruction and Development and International Finance Corporation. Each issuer carries a AAA credit rating from at least one major rating agency, has the US as a member, and has pledged support for critical UN SDGs.

The launch is UBS GWM's first collaboration with an external fund manager on a development bank bond ETF. UBS Asset Management also offers a Sustainable Development Bank Bond Ucits ETF, tracking an MDB bond benchmark that UBS launched in partnership with index provider Solactive.

Mark Haefele, Chief Investment Officer at UBS Global Wealth Management, said: "Our clients see development bank debt as an attractive means of diversifying their portfolios and focusing them on the United Nations Sustainable Development Goals. Exchange-traded funds will continue to represent an important route for clients to access this growing asset class."

Brett Olson, Head of Fixed Income iShares in EMEA for BlackRock, said: "More and more clients are using fixed income ETFs for low-cost, efficient access to specific asset classes. As investors seek to diversify their bond portfolios, debt of multi-lateral development banks can be a liquid substitute for other investment grade credit exposures within their asset allocations."

Hassatou N'Sele, Treasurer of the African Development Bank, said: "The African Development Bank is delighted to be a constituent of this new ETF, which allows investors to support our efforts in tackling climate change and improving quality of life. The AfDB is an impactful institution whose strategy addresses 14 of the 17 SDGs, and is leading Africa's transition to inclusive and green growth."

The fund will be distributed in Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom.

About UBS

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UBS is present in all major financial centers worldwide. It has offices in 50 markets, with about 31% of its employees working in the Americas, 32% in Switzerland, 19% in the rest of Europe, the Middle East and Africa and 18% in Asia Pacific. UBS Group AG employs over 67,000 people around the world. Its shares are listed on the SIX Swiss Exchange and the New York Stock Exchange (NYSE).

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