

Press Release

Solactive releases White Paper on Multilateral Development Banks

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In the light of the recent release of the Solactive UBS Development Bank Bond Index Family, Solactive is pleased to announce the publication of a dedicated white paper on Multilateral Development Bank Bonds, called: *Multilateral Development Bank Bonds: A Rewarding Investment for a Better Society*.

Essentially, Multilateral Development Banks (MDB) are supranational institutions created by multiple sovereign governments, whose purpose is to fund infrastructure and provide technical assistance in developing countries. They issue bonds in the international capital markets and use the proceeds to finance projects with positive social and economic impact in emerging nations. As shareholders of the MDB, sovereign governments support the MDB by using the subscribed capital to meet any obligations related to the loans of the MDB. Subsequently, investors are not only able to participate in the support of social and economic development projects but also to gain exposure to bonds with high credit ratings and returns comparable to those of sovereign bonds.

Since the relatively unexplored market for MDBs denotes a blind spot for a majority of investors, Solactive demonstrates the concept in a dedicated white paper. The report provides insights into the world of Multilateral Development Bank Bonds and answers questions such as "What is a Multilateral Development Bank?", "What do Multilateral Development Bank Bonds look like?", and "Are MDB bonds appealing?". Given Solactive's sharp focus on Environmental, Social, and Governance (ESG) strategies, the publication aims to expose a field of impact investment that has not been widely explored before by the public.

As a part of the project, Solactive released its Solactive UBS Development Bank Bond Index Family in spring. The index family can be subdivided into three groups: indices covering bonds issued by Development Banks, bonds issued by global Multilateral Development Banks, and bonds issued by the World Bank. All three subgroups carry an attractive risk-return profile. For instance, over the last twelve months, the benchmark of

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Developed Sovereign Bonds demonstrates an average yield of 1.36 percent while maintaining an AA rating.¹ For the same period, the debt of MDBs, which are backed by G7 countries, reflects a considerably higher yield of 2.56 along with AAA rating.²

Timo Pfeiffer concludes: *"The Solactive UBS Multilateral Development Bank Index Family has been Solactive's first step into the development bank bond space. Considering the potential of this market, especially in the context of passive products, we are eager to provide investors with the insightful information presented in our white paper, so that they can better understand these institutions and the characteristics of these bonds."*

As part of the Solactive UBS Development Bank Bond Index Family, the Solactive UBS Global Multilateral Development Bank Bond USD 25% Issuer Capped TR Index will be tracked by the UBS ETF – Sustainable Development Bank Bonds UCITS ETF, which was listed in November in Germany, UK, as well as in Switzerland.

To access the white paper, please visit: www.solactive.com/news/publications/

For further information, please visit: www.solactive.com

Note to editors

About Solactive

Solactive AG is an innovative index provider that focuses on the development, calculation and distribution of tailor-made indices across all asset classes. As at January 2018, Solactive AG served approximately 400 clients in Europe, America and Asia, with approximately USD 200 billion invested in products linked to indices calculated by the company globally, primarily via 350 exchange-traded funds from a number of well-known providers. Solactive AG was established in 2007 and is headquartered in Frankfurt.

¹ Based on the Solactive Broad Global Developed Government Bond TR EUR Index (Oct. 2017 to Oct. 2018).

² Based on the Solactive UBS Global Multilateral Development Bank Bond USD TR Index (Oct. 2017 to Oct. 2018).

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