

TRUSTEES OF THE PUBLIC LIBRARY OF THE CITY OF BOSTON

Meeting of the Trustees as a Corporation and Administrative Agency

Tuesday, January 15, 2019 at 3:00 p.m.
Central Library, Commonwealth Salon
700 Boylston Street, Boston, MA 02116

REVISED AGENDA

I. Chairman's Call to Order and Report

Robert Gallery, Chair

A. Welcome Remarks

B. Review and Approval of Minutes for the Trustees Meeting held on November 16, 2018

C. FY20 Budget Submission Guidance

Emme Handy, Chief Financial Officer, Collector-Treasurer for City of Boston Office

II. Trustees Finance and Audit Committee

John Hailer, Trustees Finance and Audit Committee Member

Ellen Donaghey, Chief Financial Officer

A. Emerging Markets Equity Manager recommendation

VOTED: “that, the Trustees of the Public Library of the City of Boston award management of the Emerging Markets Equity portfolio to UBS Asset Management, in the amount of 5% of the portfolio, in accordance with the asset allocation plan. “

III. President's Report

David Leonard, President

A. FY20 Capital Budget Submission Update

B. FY20 Operating Budget Submission Update

IV. Trustees Governance and Development Committee

John Hailer, Committee Chair

A. Steering Committee Update

V. New Business

VI. Public Comment

VII. Adjournment

VIII. **Executive Session**

Robert Gallery, Chair

- A. Discuss Collective Bargaining Update
Jessica Dembro, Human Resources Manager

IX. **Reconvene Public Meeting of the Trustees**

VOTED: “that, the Trustees of the Public Library of the City of Boston, accept management’s recommendation to endorse the terms of the successor City of Boston/Boston Public Library and AFSCME Local 1526, Collective Bargaining Agreement ratified by AFSCME Local 1526 on January 9, 2019.”

X. **Adjournment**

Robert Gallery, Chair

2019 Trustee Meeting Schedule

- Thursday, March 28, 2019, 4:00 p.m., ***Location TBD***
 - Tuesday May 14, 2019, 8:30 a.m., Annual Meeting, Central Library
- *All meetings are subject to change***

Trustees of the Public Library of the City of Boston

Robert E. Gallery, Chair; Evelyn Arana-Ortiz, Vice Chair,
Zamawa Arenas, Jabari Asim, Ben Bradlee, Cheryl Cronin, Priscilla Douglas,
Linda Dorcena Forry, John Hailer, Representative Byron Rushing
President, David Leonard
Clerk of the Board, Pamela R. Carver

This is an open meeting. The public is welcome to attend.
For information check www.bpl.org

TRUSTEES OF THE PUBLIC LIBRARY OF THE CITY OF BOSTON

Meeting of the Trustees as a Corporation and Administrative Agency

Friday, November 16, 2018 at 3:00 p.m.

Central Library, Commonwealth Salon

700 Boylston Street, Boston, MA 02116

DRAFT MINUTES

A Meeting of the Trustees of the Public Library of the City of Boston as a Corporation and Administrative Agency was held at the Central Library, 700 Boylston Street, Boston, MA 02116 on Friday, November 16, 2018 at 3:00 p.m. in the Commonwealth Salon.

Present at the meeting were: Chair, Robert Gallery and Vice-Chair Evelyn Arana-Ortiz and Trustees: Zamawa Arenas, Jabari Asim, Ben Bradlee, Cheryl Cronin, Priscilla Douglas, Senator Linda Dorcea Forry, and Representative Byron Rushing. John Hailer was not present. Also present were: David Leonard, President, Pamela Carver, Clerk of the Board, along with BPL staff and members of the public.

Chair Robert Gallery called the meeting to order at 3:05 p.m. and addressed the order of business. Mr. Gallery thanked everyone for their presence. He called for the approval of the minutes of the September 27, 2018 meeting. With no edits or comments, a motion was duly made and seconded. The Trustees voted in favor to approve the meeting minutes of September 27, 2018.

Mr. Leonard gave the President's report. He gave a brief update on the ongoing capital projects. He explained they will meet in Executive Session at the conclusion of the public meeting to give the Trustees an update on the Facilities Department. Mr. Leonard explained there is new leadership in many positions and they are continuing to see improvements in the BPL operations. He acknowledged the Boston Book Festival was another great success. He noted the Employee Appreciation Dinner was that evening honoring four employees who have 25 years of service at the BPL.

Mr. Leonard invited Laura Irmischer, Chief of Collections to give an update on the Rare Books Department renovation. Ms. Irmischer explained they are entering the end of the design phase and expecting to be done by the end of 2018 and selecting a contractor. She noted how pleased they are with the moving company they selected for the safe packing, shipping and storage of the collection. It is going extremely well. She explained the need for the music collection to be packed and stored with the vendor, along with the rare books collection, in preparation of the space effected by the renovation. She acknowledged her entire staff for their hard work and being incredibly flexible. She explained that the next steps are to prep for the renovation, ensuring each space is ready for the construction and the expansion of the footprint of the space. Staff will be transitioning as well to do some projects during this time. In the last 3 years, inventory work has been prioritized to gather more intellectual control and inventory over 535,000 items, including prints, photographs, rare books, manuscripts, and music. They are following industry best practices for maintaining information moving forward on all projects. David Leonard added that through this daunting process of inventorying the approximate 22 million in the collection we will get a better sense of a true number of items in the collections. Ms. Irmischer added that they implemented doing an inventory of the entire collection of a branch that is going into a renovation. The goal is to have a long term plan that will still be relevant in twenty years.

Next, Mr. Leonard invited Mr. Salvatore DeGeorge, Assistant General Manager of The Catered Affair to give an update on their design plans for the Map Room Café. Mr. DeGeorge explained they will be

renaming the two McKim restaurants to the Map Room Tea Room and Courtyard Tea Room. The goal is to be more inclusive to millennials and single tourists in a casual environment while visiting the Library. They will offer similar food offerings of the Courtyard Tea Room in the Map Tea Room such as soups, salads, and charcuterie plates to the formal high tea lunch while adding an infused tea bar in a themed setting that has a nod to 19th century authors. They hope to expand the capacity a bit with the redesign to accommodate more guests. He reviewed some proposed programming i.e., “Wisdom Wednesdays”, readings, and musical entertainment from local schools and entertainers.

Mr. Leonard added they have seen a decline in numbers at the Map Room and Courtyard Restaurants since the renovation of the Johnson Building. Mr. DeGeorge noted that with the addition of some marketing and outreach, they have seen an increase in the tea experience. They estimate the patrons are 60% tourists and 40% are local visitors. Mr. DeGeorge explained their timeline is to rollout new layout in the latter part of January. Will invite the members of the Better Business Bureau, local conceirges, etc. and work out any kinks in early February. Mr. DeGeorge added they plan to add a small Gift Shop in both the Newsfeed Café and by the host in the Map Tea Room. They are working with a small committee to get ideas on items to sell and will present at a future meeting. Mr. Leonard added they hope to offer both traditional and new items to appeal to both McKim and Johnson buildings. The Trustees discussed their enthusiasm about the future design of the restaurant spaces.

Mr. Gallery invited Ms. Arana-Ortiz to give the report for the Finance and Audit Committee. Ms. Arana-Ortiz reviewed the vote to delegate approval of any E-rate contracts to the Finance and Audit Committee between the period of January 2019 and April 2019. By way of background, she explained that this is for federal funding for technology to the BPL. The application process can be very time sensitive and therefore the need for quick turnaround can be necessary in some cases for Trustees approval. The contracts will be reviewed, vetted and brought to the full board, but occasionally there is a need to delegate to the committee for that time in between full board meetings. With no questions, a motion was duly made and seconded,

VOTED: “that, the Trustees of the Public Library of the City of Boston delegate approval of any E-rate contract during the period between January 2019 and April 2019 to the Finance and Audit Committee.”

Mr. Gallery invited Mr. Leonard to update on the Special Collections Committee. Mr. Leonard explained that three committee members had resigned. and suggested adding Trustees Ben Bradlee and Priscilla Douglas to join the committee. Mr. Gallery commented they have graciously agreed to serve and therefore appointed them to the Special Collections Committee.

President Leonard gave the final report for the Governance and Development Committee. He noted there was a very active Steering Committee of independent volunteers to support the launch of the BPL Fund. Work is underway in the search for the Executive Director for that organization who will serve on the Leadership team. The Fund will be the successor of the BPL Foundation and will be the entity charged with fundraising efforts. He noted there will be tighter integration with affiliates and will have their own 501(C) He was happy to report negotiations with the Map Center is going well and they are committed to working with the BPL on the new fund and Gala on June 7, 2019. There is a very strong gala committee and the co-chairs include Ron O’Hanley, Alan Leventhal, and John Fish.

Mr. Gallery asked if there was any New Business for which there was none.

Mr. Gallery asked if there was any Public Comment. Elissa Cadillic, president of AFSCME welcomed the two new trustees, noting Senator Forry's advocacy for the BPL has been wonderful in the past. She explained with respect to the Special Collections plan, the staff are in the dark and should be updated. She asked for a schedule from TCA so they can best answer patrons inquiries on the various programs. She added that the gift shop is something she has asked to be added. She felt that BPL staff should be in charge of it and it should be included in the plans while renovating. She also asked that members of the various committees be noted on the website as well as the minutes be posted prior to meetings.

Next, a patron who teaches at Boston University stated she felt unsafe at the library. She stated she has written the President in the past but felt some of the patrons were grotesque and frightening to look at. She said she has been semi-assaulted by staff and didn't know what to do. Mr. Leonard pointed to Mr. Colford and suggested she speak to him to address her concerns appropriately.

Mr. Gallery closed by thanking everyone for attending and thanked the staff for their continued commitment to the library and hoped they enjoyed their evening of celebration.

Mr. Gallery called for an Executive Session to give an update on the Facilities department staffing and negotiations with union and exempt personnel. He noted that public discussions could have detrimental effects on the deliberations and therefore the need for the Executive Session. He added that they will not be reconvening in a public meeting. The Clerk of the Board polled the Trustees and all unanimously voted to enter into an executive session. With no further comments, the public meeting was adjourned at 4:05 p.m.

Respectfully submitted,



Pamela Carver
Clerk of the Board of Trustees

EMERGING MARKETS EQUITY MANAGER SEARCH



BOSTON PUBLIC LIBRARY

January 8, 2019

Sebastian Grzejka, CAIA, Senior Consultant
Marisa Gorman, Analyst



BOSTON | ATLANTA | CHARLOTTE | CHICAGO | DETROIT | LAS VEGAS | PORTLAND | SAN FRANCISCO

ASSET ALLOCATION RECOMMENDATIONS

- **NEPC and the Boston Public Library reviewed and adjusted the asset allocation of the portfolio in 2017**
 - The focus was to enhance the portfolio to be better positioned for today's market opportunities, while also maintaining a conservative posture
- **As part of the review, we recommended the following within the specific underlying asset classes**
 - Within equity, we recommend maintaining the overall target, however, believe there should be greater balance between regional exposures
 - As a result, we recommend the following steps to complete implementation
 - Step 1 – Retain SSgA EAFE hedged index strategy **(COMPLETE)**
 - Step 2 – Conduct search for emerging markets manager ← Goal is to approve EM manager during today's meeting
 - Step 3 – Conduct search for complementary international manager
 - Once the equity allocation is complete, we recommend adding a complementary strategy(ies) to PIMCO within the Multi Asset exposure
 - There are no recommendations for fixed income at this time as the fixed income implementation is complete
- **The following pages will review the emerging markets equity manager search**
 - We recommend a \$3,000,000 mandate, resulting in a 5% allocation which is consistent with our asset allocation recommendations



WHY EMERGING MARKETS EQUITY?

- **Emerging equities offer the highest total return potential to investors**
 - Higher volatility and total return expectations
- **High tracking error strategies offer greater flexibility to invest across emerging countries and are preferred to benchmark focused mandates**
 - Opportunity set for excess return appears more abundant in EM versus developed markets
 - Strategies that invest down the market cap spectrum can offer investors more pure local growth exposure
- **Emerging equities remain a critical part of a diversified equity allocation and overall portfolio**
 - Important to evaluate cap exposures in implementation
 - Opportunity for enhanced exposure to consumption theme through smaller cap companies
 - Critical to understand country/regional composition
- **We have profiled three finalist managers:**
 - Two All Cap managers: Fidelity Select Emerging Markets Equity and UBS Emerging Markets Equity HALO
 - One Smid Cap manager: Oppenheimer Emerging Market Innovators



EME IMPLEMENTATION

	Market Value	Current Weight in Fund	Target Weight	Over/Under%	Recommendation	New Market Value	New Weight
Composite	\$ 61,473,286	100.0%	100.0%	0.0%	\$ -	\$ 61,473,286	100.0%
Total US Equity	\$ 22,020,878	35.8%	25.0%	10.8%	\$ (1,500,000)	\$ 20,520,878	33.4%
SSgA SRI S&P 500	\$ 9,045,969	14.7%	10.0%	4.7%	\$ -	\$ 9,045,969	14.7%
Diamond Hill Large Cap	\$ 6,340,225	10.3%	10.0%	0.3%	\$ -	\$ 6,340,225	10.3%
Segall Bryant Small Cap	\$ 6,634,684	10.8%	5.0%	5.8%	\$ (1,500,000)	\$ 5,134,684	8.4%
Total Non US equity	\$ 8,781,219	14.3%	25.0%	-10.7%	\$ 3,000,000	\$ 11,781,219	19.2%
Earnest International Equity	\$ 5,859,936	9.5%	10.0%	-0.5%	\$ -	\$ 5,859,936	9.5%
SSgA Hedge EAFE Index	\$ 2,921,283	4.8%	5.0%	-0.2%	\$ -	\$ 2,921,283	4.8%
International Equity Manager TBD	\$ -	0.0%	5.0%	-5.0%	\$ -	\$ -	0.0%
Emerging Equity Manager TBD	\$ -	0.0%	5.0%	-5.0%	\$ 3,000,000	\$ 3,000,000	4.9%
Total Fixed Income	\$ 24,722,734	40.2%	30.0%	10.2%	\$ (1,500,000)	\$ 23,222,734	37.8%
IRM Core Bond	\$ 12,478,085	20.3%	10.0%	10.3%	\$ (1,500,000)	\$ 10,978,085	17.9%
SSgA TIPS	\$ 6,176,847	10.0%	10.0%	0.0%	\$ -	\$ 6,176,847	10.0%
Manulife	\$ 6,067,802	9.9%	10.0%	-0.1%	\$ -	\$ 6,067,802	9.9%
Total Multi Asset	\$ 5,948,455	9.7%	20.0%	-10.3%	\$ -	\$ 5,948,455	9.7%
PIMCO All Asset	\$ 5,948,455	9.7%	10.0%	-0.3%	\$ -	\$ 5,948,455	9.7%
Multi Asset Manager TBD	\$ -	0.0%	10.0%	-10.0%	\$ -	\$ -	0.0%

- We recommend taking \$1,500,000 from Segall Bryant Small Cap and \$1,500,000 from IRM Core Bond to fund the EME manager



Data as of November 30, 2018

FIRM AND PRODUCT SUMMARY

Firm/Product	Firm/Team Comments	Investment Style/Strategy	Performance Expectations	Portfolio Positioning
Emerging Markets Equity				
Fidelity - Slt Emg Mkts. E	Fidelity Institutional Asset Management (FIAM) is a newly re-organized combination of Pyramis and Fidelity. All resources are pooled and available to the investment team.	This strategy is designed to be core/growth in style and run country and sector neutral to the MSCI EM benchmark.	The strategy should never be too far away from the benchmark either over or underweight. They should outperform if growth is in favor.	This strategy is focused on stock specific risk and will be country and sector neutral to the benchmark.
UBS - EME HALO	UBS Asset Management's Emerging Markets Equity High Alpha Long-term Opportunity ("UBS HALO") is a concentrated fundamental all cap strategy ran by a large, experienced team of analysts under the leadership of Geoffrey Wong. The team is based in Singapore with analysts and offices throughout Asia and Europe, and leverages broad resources within UBS.	High conviction, concentrated best ideas portfolio of 25-35 stocks chosen through a disciplined, highly selective bottom-up investment process.	UBS HALO seeks to outperform the MSCI Emerging Markets Index by 500 basis points (gross of fees) per annum over the course of a 3 to 5 year-cycle with an average ex-ante tracking error of 4 8%, but no more than 12%.	Concentrated in 25-35 positions diversified across sectors and countries with no small mid cap bias.
Emerging Markets Small-Cap Equity				
Oppenheimer - Emerg Mkt Innovators	OFI Global Asset Management, Inc. (OFI Global) is a wholly-owned subsidiary of OppenheimerFunds, Inc.	The team utilizes bottom-up, fundamental investment analysis to identify and invest in high-quality companies that demonstrate sustainable, above-average growth potential over a three-to five-year time horizon.	The EM Innovators strategy will struggle in a de-risking market environment or a market driven by commodity and resource stocks.	OFI will apply broad investment themes: broader financial participation, privatization of education, content ownership, advanced engineering, pollution reduction, and healthcare. The portfolio will be benchmark agnostic with the preferred benchmark being the MSCI Emerging Markets Mid Cap benchmark.

NEPC INVESTMENT THESIS

Firm/Product	NEPC Investment Thesis
Emerging Markets Equity	
Fidelity - Slct Emg Mkts. E	The value add from the strategy comes through the combination of the broad based coverage research model implemented by Fidelity's large on the ground analyst platform and the opportunistic research model implemented by the global sector analysts. This combination allows the Select Emerging Markets team to exploit inefficiencies at the stock level that occur around the globe.
UBS - EME HALO	UBS HALO team boasts a solid track record running a high conviction quality-value bottom up EM all cap strategy. Their value add comes from a stable and experienced team with a strong foothold in Asia, coupled with a disciplined long-term fundamental process. The lead PM sits in Singapore, with supporting analysts and PMs in Hong Kong, Shanghai and Zurich. The key focus is on intrinsic value and digging for non-consensus bottom up views.
Emerging Markets Small-Cap Equity	
Oppenheimer - Emerg Mkt Innovators	The Global Emerging Markets team seeks to invest in companies with sizeable competitive advantages that are capable of generating long-term, durable (not cyclical), superior growth driven by the powerful structural change derived from specific investment themes. OFI generates outperformance through the identification of companies that are long term benefactors of these themes.



EQUITY PRODUCT COMPARISON

Firm/Product	Primary Equity Capitalization	Current Number of Holdings	Typical Holdings	Wgt'd. Avg. Mkt. Cap (\$MM)	Median Mkt. Cap (\$MM)	Annual Turnover (%)	Max Cash Position (%)	Typical Cash (%)
Emerging Markets Equity								
Fidelity - Slct Emg Mkts. E	All Cap	116	113	102,148	16,517	75	5	2
UBS - EME HALO	All Cap	31	30	119,613	32,907	26	10	2
Emerging Markets Small-Cap Equity								
Oppenheimer - Emerg Mkt Innovators	Small-Mid Cap	107	100	3,950	2,200	20	15	4

Firm/Product	% Portfolio in Market Cap Range:						
	> \$50 Billion (%)	\$15-50 Billion (%)	\$7.5-15 Billion (%)	\$1.5-7.5 Billion (%)	\$750-1.5 Billion (%)	\$400-750 Million (%)	< \$400 Million (%)
Emerging Markets Equity							
Fidelity - Slct Emg Mkts. E	45	28	10	16	0	1	0
UBS - EME HALO	55	23	16	4	0	0	2
Emerging Markets Small-Cap Equity							
Oppenheimer - Emerg Mkt Innovators	0	1	18	54	20	5	2



EQUITY SECTOR ALLOCATIONS

Firm/Product	Consumer Discretionary (%)	Consumer Staples (%)	Energy (%)	Financials (%)	Health Care (%)	Industrials (%)	Info. Tech. (%)	Materials (%)	Real Estate (%)	Comm. Serv. (%)	Utilities (%)	Other (%)
Emerging Markets Equity												
Fidelity - Sltc Emg Mkts. E	10.3	5.3	9.2	25.3	3.4	5.1	17.4	7.1	1.6	13.7	1.7	0.0
UBS - EME HALO	12.1	3.6	7.3	26.7	0.0	0.0	27.8	11.0	1.7	2.1	1.9	5.8
Emerging Markets Small-Cap Equity												
Oppenheimer - Emerg Mkt Innovators	27.3	8.8	0.0	13.9	16.0	7.2	19.6	2.9	1.2	3.1	0.0	0.0

Benchmark												
MSCI EM-ND	10.5	6.6	8.2	23.2	3.0	5.5	15.8	7.9	2.8	14.1	2.4	0.0



TRAILING PERIOD RETURNS - (NET OF FEES)

	Benchmark	Qtr	YTD	1 Year	3 Year	5 Year	7 Year	10 Year
Emerging Markets Equity								
Fidelity - Sltc Emg Mkts. E	1	-3.7%	-11.9%	-5.5%	13.6%	5.9%	6.1%	5.7%
UBS - EME HALO	1	-4.1%	-10.2%	-2.7%	14.8%	6.2%	7.8%	9.3%
Emerging Markets Small-Cap Equity								
Oppenheimer - Emerg Mkt Innovators	2	-8.0%	-12.6%	-5.7%	8.6%	NA	NA	NA

Actual Return

1 MSCI EM-ND	-1.1%	-7.7%	-0.8%	12.4%	3.6%	5.0%	5.4%
2 MSCI EM Small Cap-ND	-4.2%	-12.3%	-4.2%	7.4%	2.7%	4.8%	7.4%



Past performance is no guarantee of future results

Performance as of September 30, 2018

CALENDAR YEAR RETURNS AND EXCESS RETURNS - (NET OF FEES)

	Bench mark	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Emerging Markets Equity											
Fidelity - Slct Emg Mkts. E	1	44.8%	11.8%	-12.1%	2.4%	-1.7%	15.4%	-21.5%	14.9%	82.7%	NA
UBS - EME HALO	1	46.9%	11.3%	-4.7%	-2.0%	-7.2%	26.0%	-17.4%	18.8%	107.1%	NA
Emerging Markets Small-Cap Equity											
Oppenheimer - Emerg Mkt Innovators	2	41.1%	-0.8%	-5.5%	NA	NA	NA	NA	NA	NA	NA

	Bench mark	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Emerging Markets Equity											
Fidelity - Slct Emg Mkts. E	1	7.5%	0.6%	2.8%	4.6%	0.9%	-2.8%	-3.1%	-3.9%	4.2%	NA
UBS - EME HALO	1	9.6%	0.1%	10.2%	0.2%	-4.6%	7.8%	1.1%	-0.1%	28.6%	NA
Emerging Markets Small-Cap Equity											
Oppenheimer - Emerg Mkt Innovators	2	7.3%	-3.1%	1.3%	NA	NA	NA	NA	NA	NA	NA

Actual Index Return

1	MSCI EM-ND	37.3%	11.2%	-14.9%	-2.2%	-2.6%	18.2%	-18.4%	18.9%	78.5%	-53.3%
2	MSCI EM Small Cap-ND	33.8%	2.3%	-6.8%	1.0%	1.0%	22.2%	-27.2%	27.2%	113.8%	-58.2%

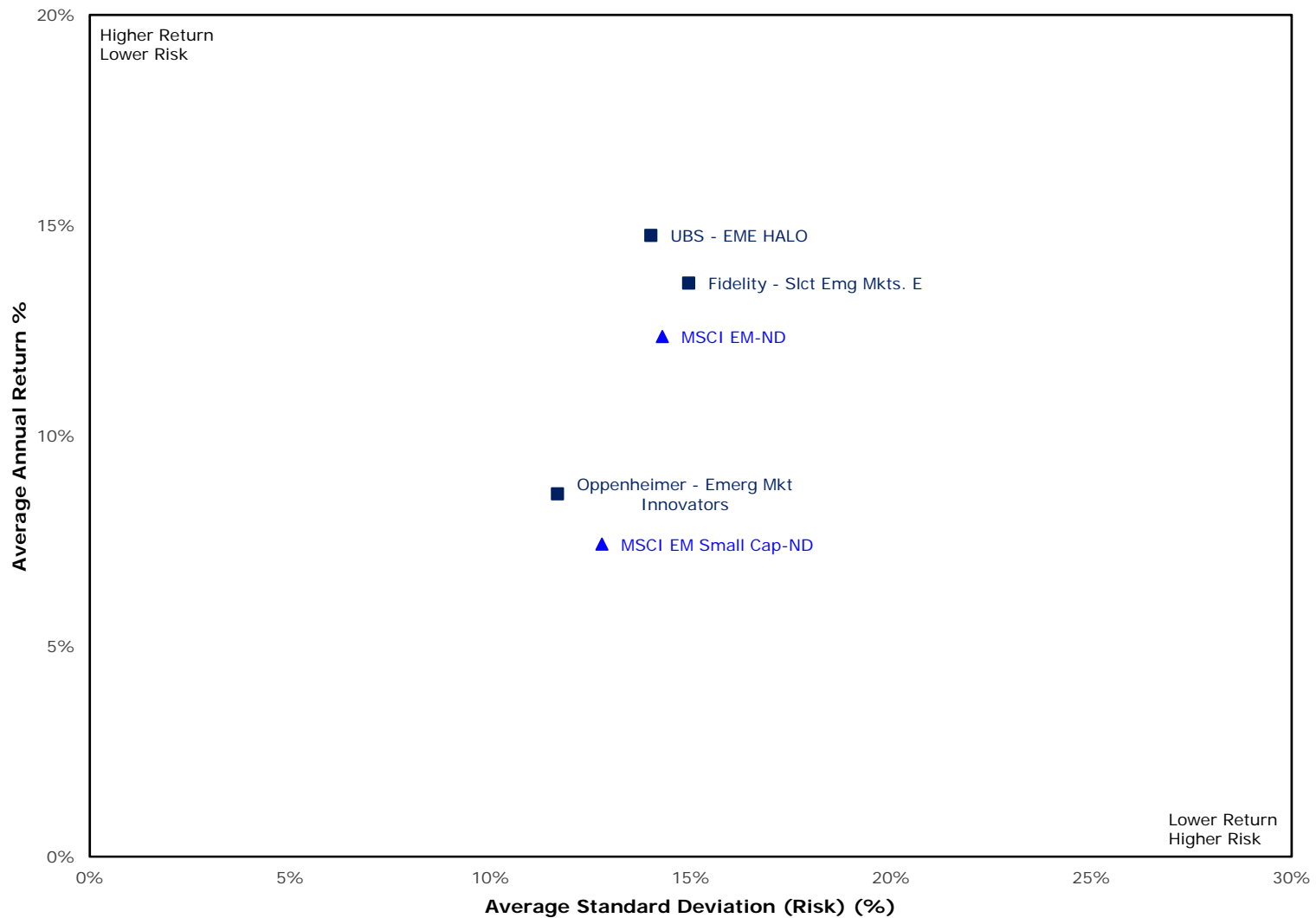
Manager Excess Return: > 3%, between 0% and 3%, between -0% and -3%, < -3%



Past performance is no guarantee of future results

Performance as of September 30, 2018

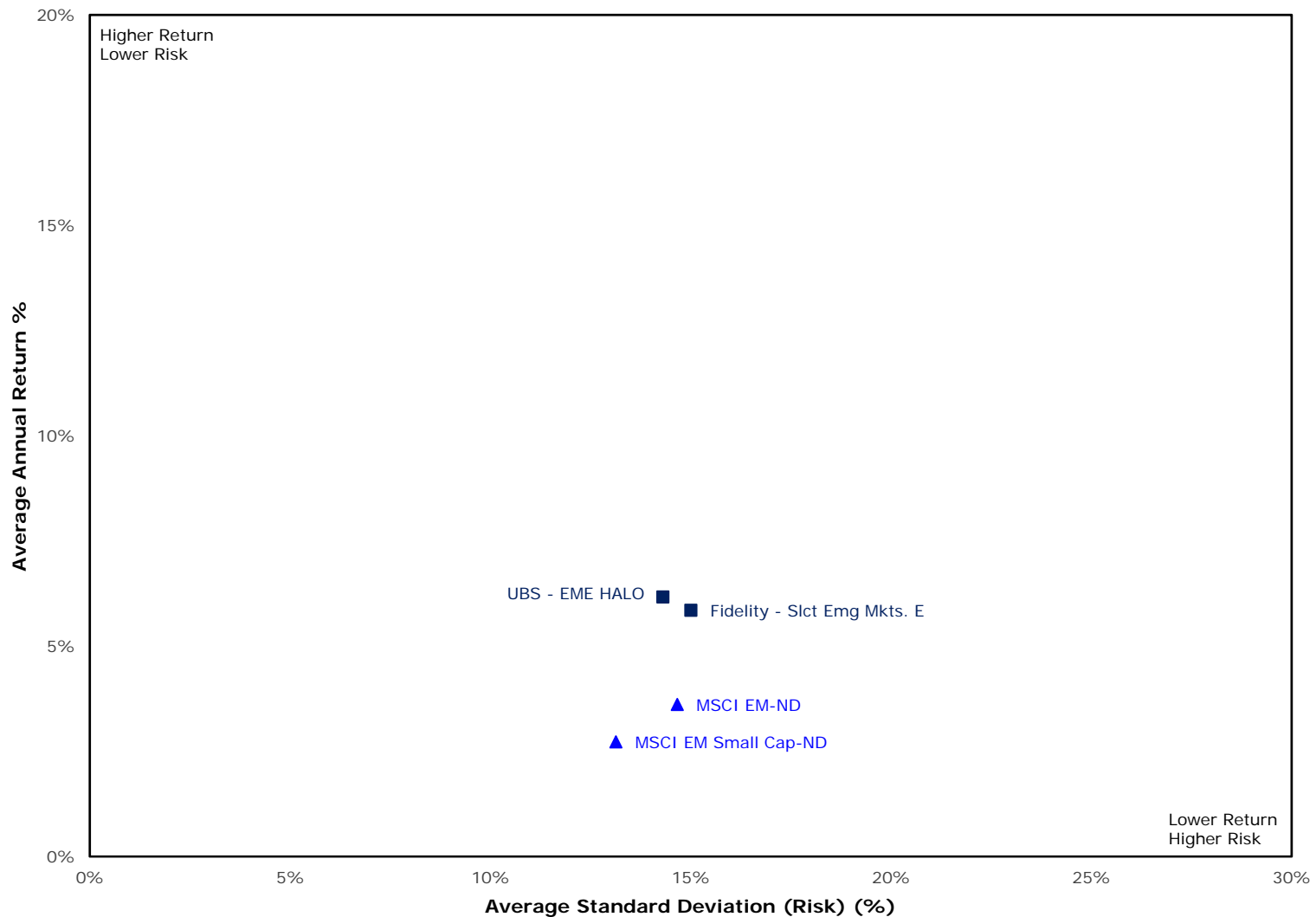
3 YEAR TOTAL RISK/RETURNS COMPARISON - (NET OF FEES)



Past performance is no guarantee of future results

Performance as of September 30, 2018

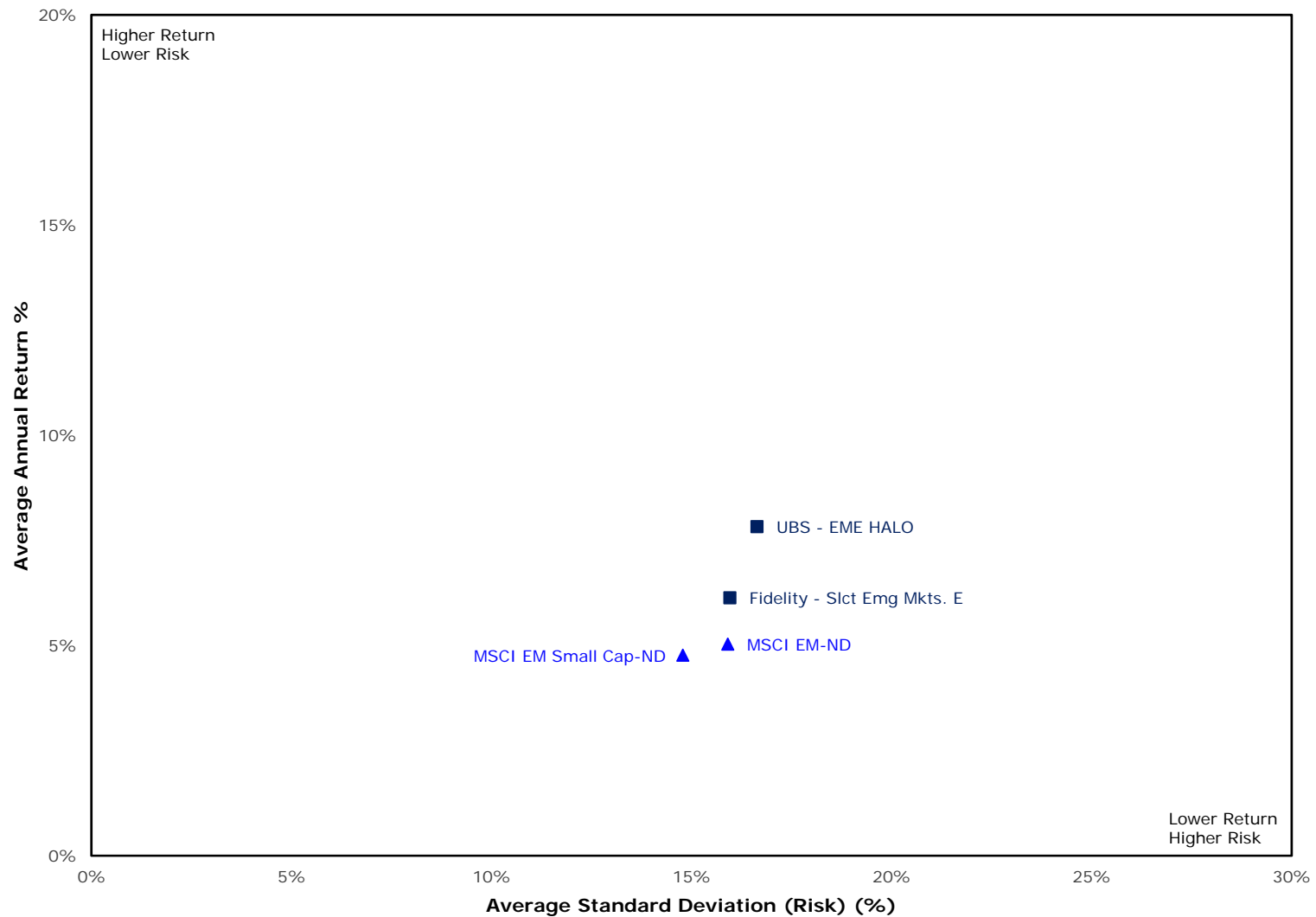
5 YEAR TOTAL RISK/RETURNS COMPARISON - (NET OF FEES)



Past performance is no guarantee of future results

Performance as of September 30, 2018

7 YEAR TOTAL RISK/RETURNS COMPARISON - (NET OF FEES)

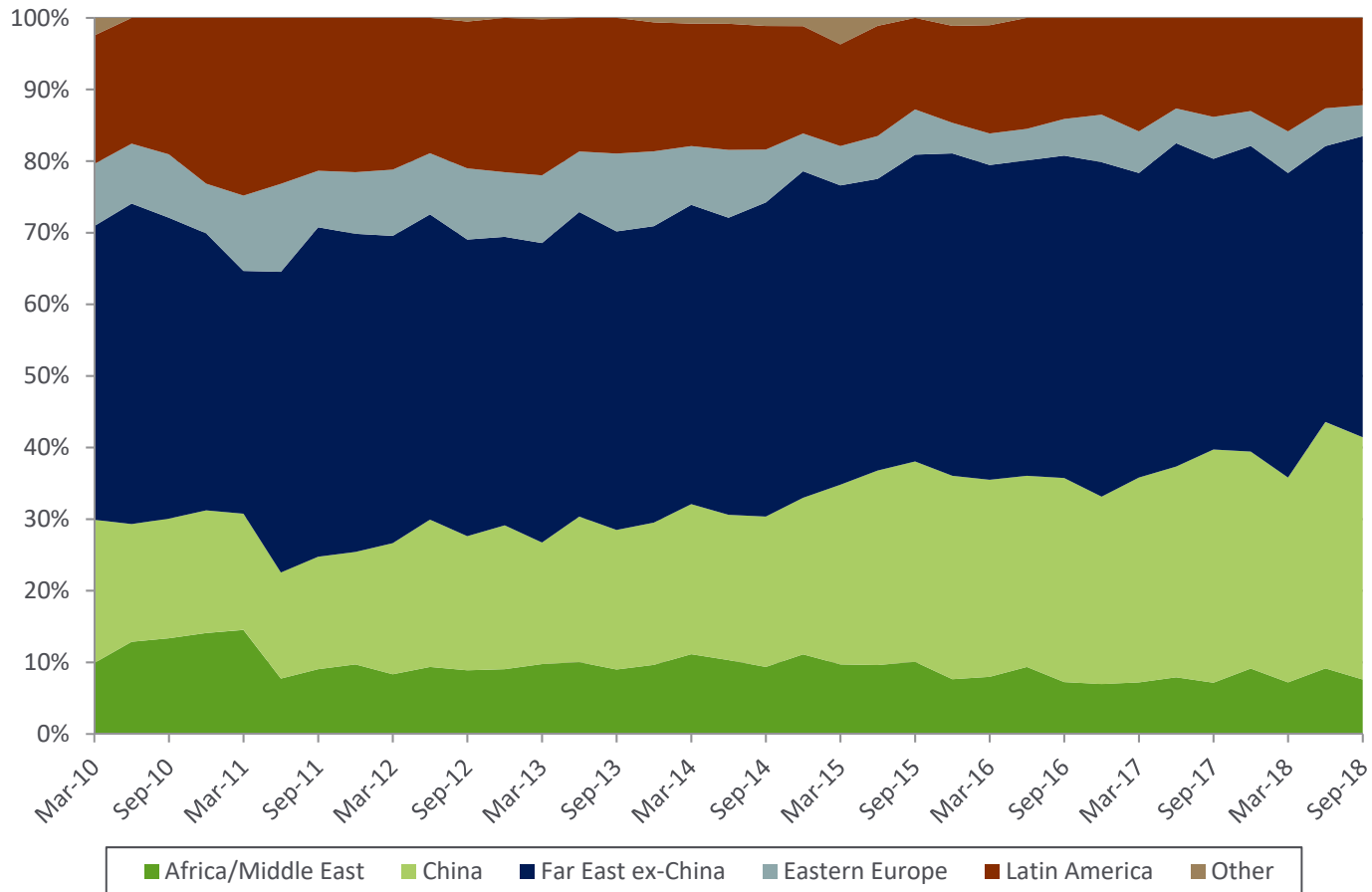


Past performance is no guarantee of future results

Performance as of September 30, 2018

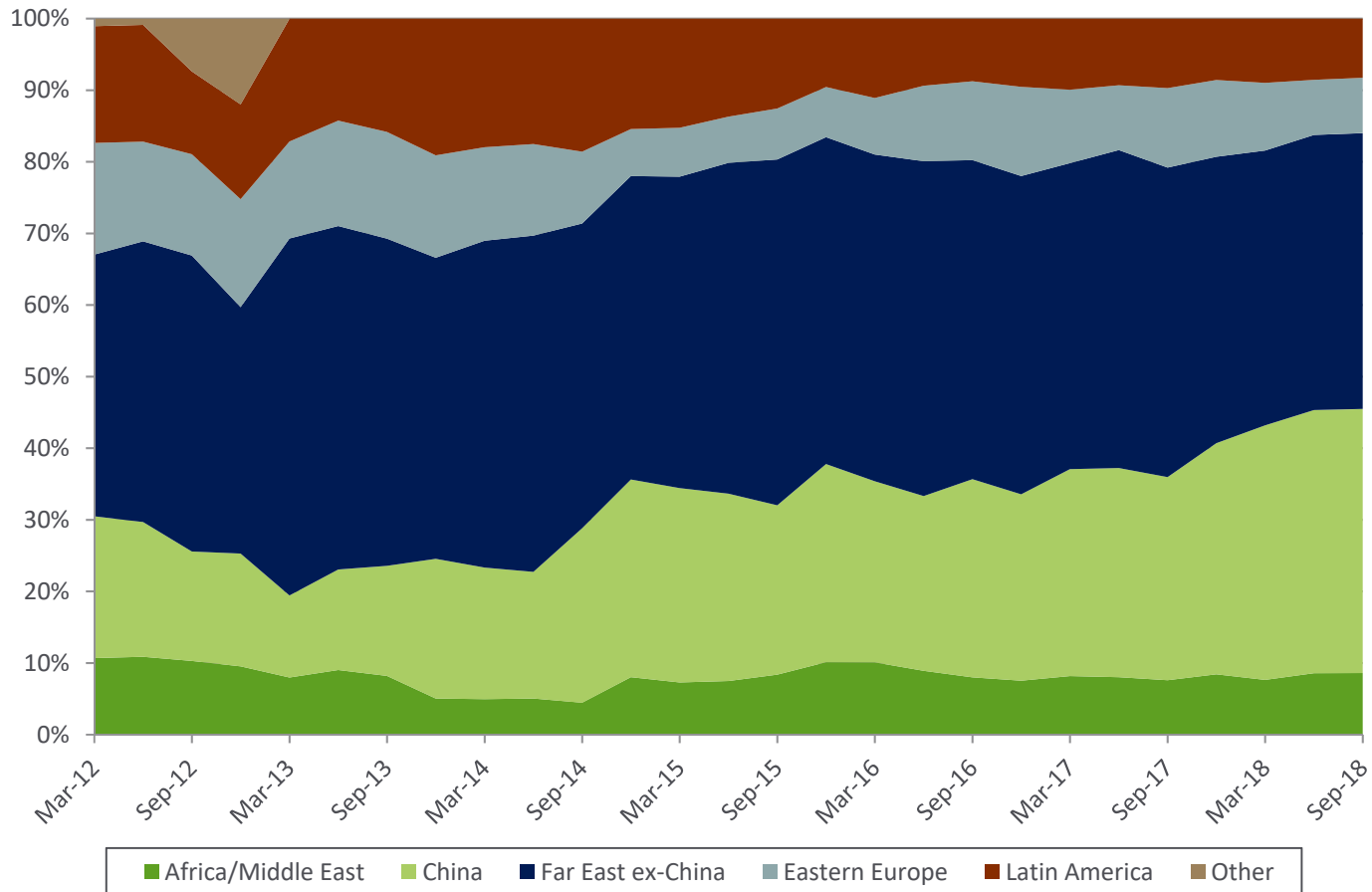
COUNTRY ALLOCATIONS

Fidelity Institutional Asset Management Select Emerging Markets Equity



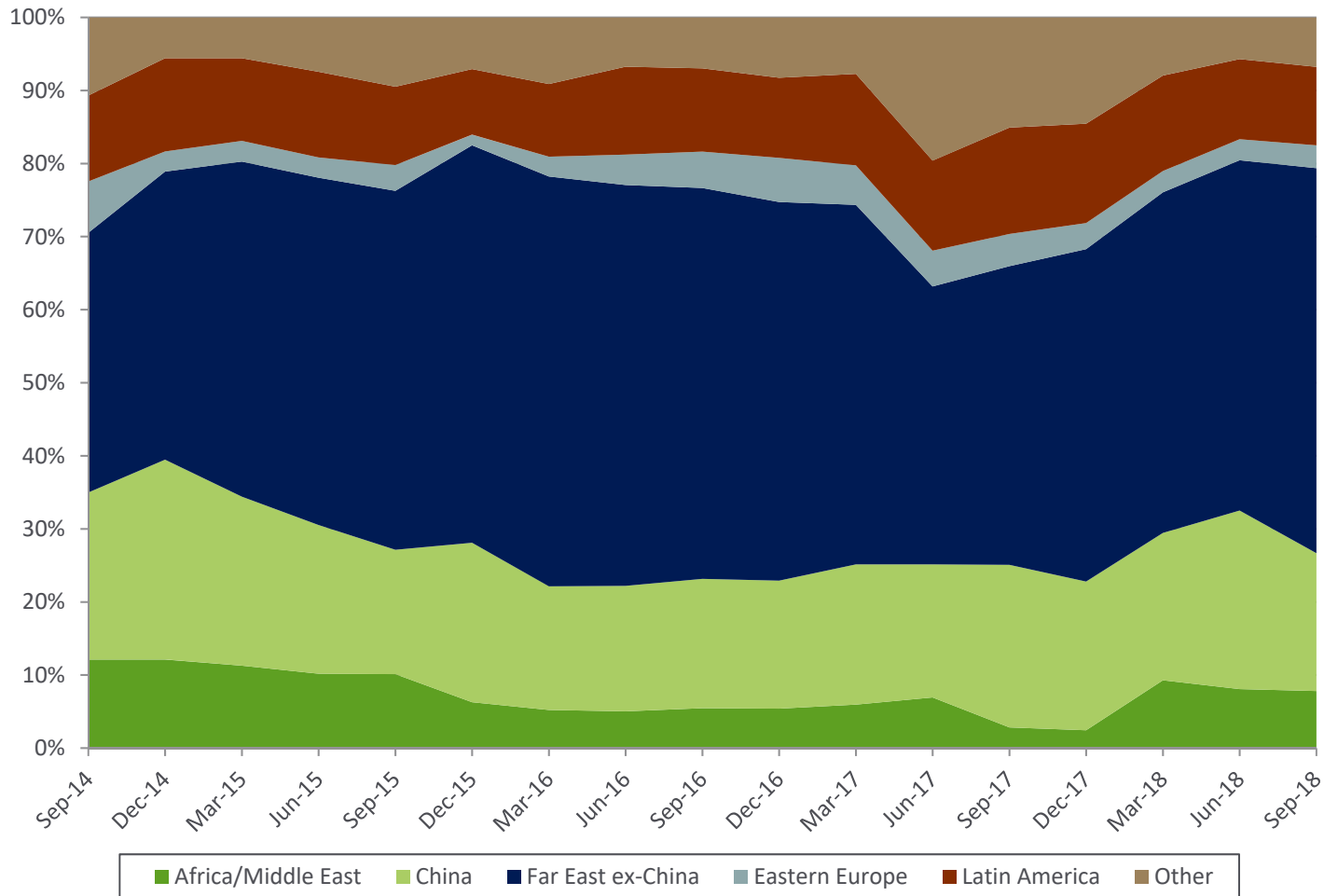
COUNTRY ALLOCATIONS

UBS Asset Management Emerging Markets Equity HALO



COUNTRY ALLOCATIONS

OFI Global Asset Management (Oppenheimer Funds, Inc.) Emerging Markets Innovators



ACCOUNT MINIMUMS AND FEE SCHEDULES

Firm/Product	Separate Account Min. (\$MM)	Commingled Fund Min. (\$MM)	Mutual Fund Min. (\$MM)	Separate Account Fee Schedule	Commingled Fund Fee Schedule	Mutual Fund Ticker and Fee
Emerging Markets Equity						
Fidelity - Sltc Emg Mkts. E	50	5	NA	All Assets at 0.90%	First \$50 million - 0.70% Next \$150 million - 0.55% Balance - 0.45%	Not Available
UBS - EME HALO	50	5*	5*	First \$50 million - 0.88% Next \$50 million - 0.81% Next \$150 million - 0.79% Balance - 0.77%	First \$30 million - 0.78% Next \$20 million - 0.70% Next \$50 million - 0.69% Next \$100 million - 0.67% Balance - 0.66%	First \$30 million - 0.78% Next \$20 million - 0.70% Next \$50 million - 0.69% Next \$100 million - 0.67% Balance - 0.66%
Emerging Markets Small-Cap Equity						
Oppenheimer - Emerg Mkt Innovators	25	5	1	First \$50 million - 1.00% Next \$50 million - 0.95% Balance - 0.90%	First \$50 million - 1.00% Next \$50 million - 0.95% Balance - 0.90%	EMVIX - 1.26%

*UBS has agreed to waive the minimum



As of September 30, 2018

DISCLOSURE

Data Disclosure:

- Investment fees can have a significant effect on total returns. The results profiled herein reflect the deduction of management fees and other expenses, except where specifically noted.

Footnotes:

- Fees and Liquidity
 - Fidelity: An anti-dilution fee could be applied if the client reaches a materiality threshold of 5% or more of the funds total assets.
 - UBS: The proposed CIT vehicle requires a two day notice prior to the transaction.
 - UBS: The firm has agreed to waive the \$5 million minimum investment for both vehicles.
- Firm Ownership:
 - OFI: The firm is a direct subsidiary of Oppenheimer Funds Inc., and an indirect subsidiary of Massachusetts Mutual Life Insurance Company (MassMutual). MassMutual indirectly controls Oppenheimer Funds, Inc. through majority equity ownership of Oppenheimer Acquisition Corp. (OAC), the holding corporation founded after MassMutual's acquisition of Oppenheimer Funds in 1990. Currently 82% of authorized shares of OAC are owned by MassMutual. The remaining 18% of equity in OAC is owned by or reserved for employee ownership through the company's long-term awards program.



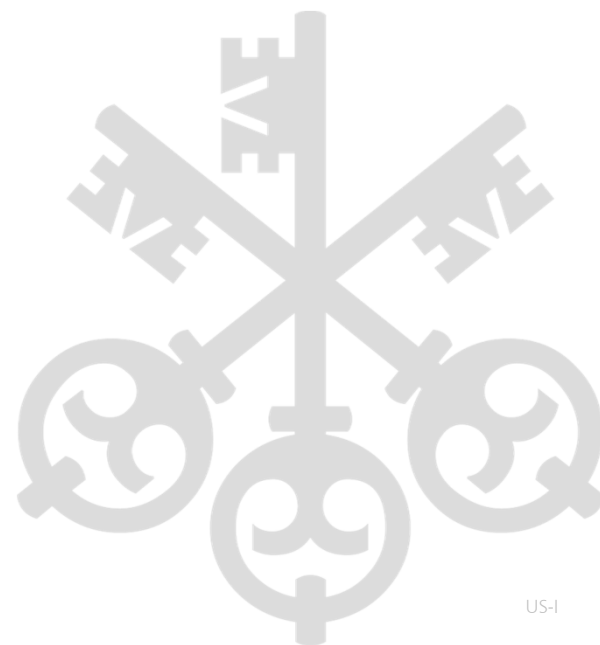
DISCLAIMER

- This report contains summary information regarding the investment management approaches described herein but is not a complete description of the investment objectives, policies or portfolio management and research that supports these approaches. This analysis does not constitute a recommendation to implement any of the aforementioned approaches.
- Past performance is no guarantee of future results.
- Information on market indices was provided by sources external to NEPC, and other data used to prepare this report was obtained directly from the investment manager(s). While NEPC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within.
- This report may contain confidential or proprietary information and may not be copied or redistributed to any party not legally entitled to receive it.



Emerging Markets Equity

High Alpha Long-term Opportunity (HALO) Strategy



Who we are

A diversified, large-scale global asset manager backed by the strength of UBS

#1 largest mutual fund manager in Switzerland³

#1 asset manager in China⁵



In the **top 10** largest managers globally of direct real estate⁷

2nd largest Europe-based passive player⁴



2nd largest fund of hedge funds manager⁶

A **Leader** in Impact Investing



Notes

1 Data is a percent of assets under management (AUM) as of September 30, 2018 and includes AUM and personnel of the Asset Management Division of UBS globally

2 Data is a percent of invested assets as of September 30, 2018 in the Americas Region of the Asset Management Division of UBS

3 Morningstar/Swiss Fund Data FundFlows, March 2018.

4 UBS Asset Management, December 2017.

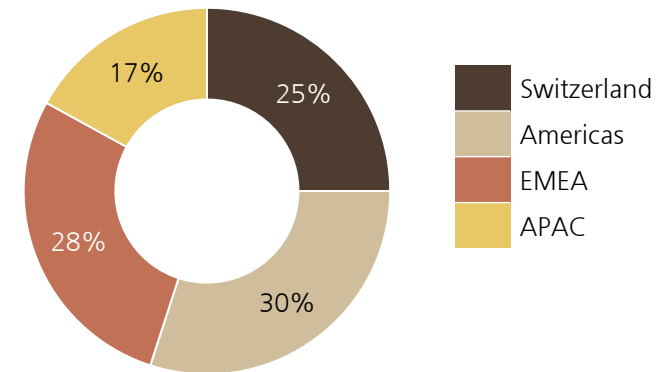
5 Z-Ben Advisors, 2018 China Rankings, the top foreign firms in China, April 2018

6 HFM InvestHedge Billion Dollar Club, published September 2018

7 INREV / ANREV Fund Manager Survey 2018 (data as at December 31, 2017)

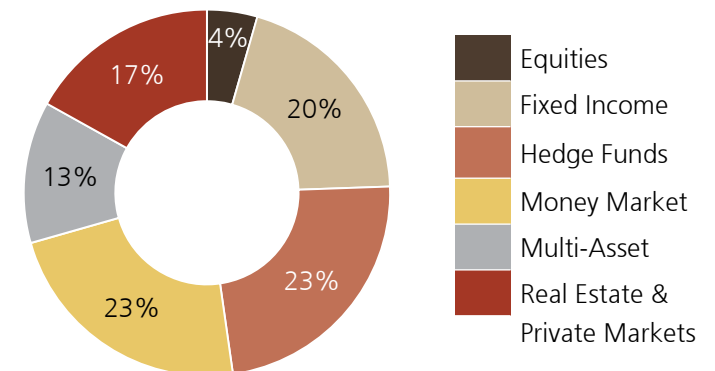
Global institutional client assets by region

Invested assets of USD 581 billion¹



Americas region—Institutional AUM by asset type

Invested assets of USD 176 billion²



Comprehensive range of active and passive strategies

Tailoring investment solutions that meets your risk and return objectives

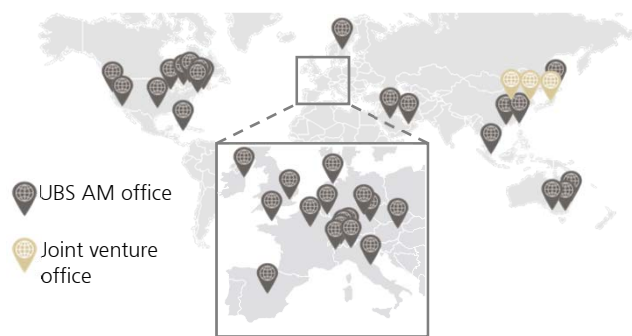
Traditional			Alternatives			
Equities	Fixed Income and Money Market	Multi-Asset and Currency	Hedge Funds	Direct Real Estate	Direct Infrastructure	Multi-Managers
▼	▼	▼	▼	▼	▼	▼
Emerging markets	Emerging markets	Diversified growth	Single manager	Asia Pacific	Infrastructure equity	Real estate
Global and regional	Global and regional	Global balanced	Multi-manager	Brazil	Infrastructure debt	Infrastructure
Long / short	High yield	Multi-asset income		EMEA ex-CH		Private equity
Opportunity / high alpha	Liquidity / short duration	Regional balanced		North America		Real estate securities
Passive	Long duration	Unconstrained / high alpha		Switzerland		
Quantitative	Opportunistic securitized			Customized mandates		
Sustainable investing	Passive			Real estate debt		
	Structured credit					
	Unconstrained					

Answering your investment challenges

We connect expertise, ideas and thinking from our globally integrated firm

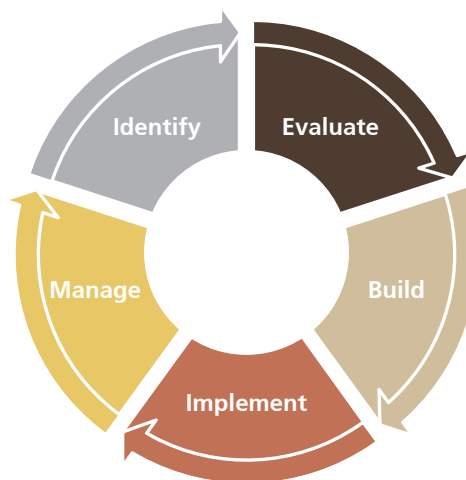
A truly global footprint

Bringing our diverse investment expertise to you from around the globe and on the ground locally.



Solutions based thinking

Focusing on finding the answers you need and helping you make informed decisions through insightful conversations, active debate and tailored solutions.



Ideas and investment excellence

Providing you with access to ideas, distinct viewpoints and high quality investment performance.



About UBS Asset Management

Four UBS Business Divisions



2002

Rebranded as UBS Global Asset Management, known today as UBS Asset Management

2000

Integration of the investment teams of the respective asset management businesses:
UBS Asset Management, Brinson Partners and Phillips & Drew

1998

Merger of Union Bank of Switzerland & Swiss Bank Corporation

1980s

Chicago firm, Brinson Partners established

1895

London firm, Phillips & Drew established

Services to U.S. persons are provided by UBS Asset Management (Americas) Inc. or UBS Asset Management Trust Company. Assets under management/advisement for UBS Asset Management (Americas) Inc. were \$183 billion, as of September 30, 2018, which includes \$5.8 billion for UBS Asset Management Trust Company.

UBS Asset Management (Americas) Inc., a Delaware corporation, is a member of the UBS Asset Management business division of UBS Group AG, a publicly traded Swiss bank (NYSE: UBS). UBS Asset Management (Americas) is an indirect wholly owned subsidiary of UBS Group AG and is registered as an investment adviser pursuant to the Investment Advisers Act of 1940, as amended¹.

¹An investment adviser does not have to demonstrate or meet any minimum level of skill or training to register with the U.S. Securities and Exchange Commission. Not intended for redistribution. For important additional information, please see the Additional Disclosures at the end of the presentation.

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Section 2	Portfolio & Performance
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Section 1

UBS Emerging Markets Equity High Alpha Long-term Opportunity (HALO) Strategy

Why UBS for Emerging Market Equities

Well diversified, high conviction portfolio of best ideas



People

25 experienced investment professionals
Most members originate from EM/Asia
Dedicated team for China equities



Product & process

"Boots on the ground" research
"Time- arbitrage" via intrinsic value calculation
Quality assessment of companies
25-35 "best ideas"



Performance

Attractive and consistent outperformance¹

- >5% over benchmark p.a. since inception
- A leader amongst peers in risk-adjusted performance²

UBS Asset Management Infrastructure & Support

Global Equity Analysts

Equity Trading
Platform

Information Technology
& Operational
Portfolio Management

Legal & Compliance

Client Portfolio Managers
& Marketing Support

¹ Since inception: 1 September 2008. Performance is gross of fees relative to the MSCI EM benchmark

² Source: eVeststment as of September 30, 2018

Past performance is no guarantee of future results.

Investment team: Stable, experienced and local

With average industry experience of 16 years, of which 9 years with UBS



¹ Member of Emerging Markets Equity Strategy Committee

² Grant Bughman is based in New York and represents Active Equity strategies in the Americas.

As of September 2018

Portfolio summary

High conviction portfolio of ~30 stocks (Range 25-35)¹

Stock weight: typically 2-6%, max 10%

Country and sector weights: typically within +/- 10% of the benchmark²

Highly selective, quality companies at reasonable valuations

Low turnover typically 20-50% p.a.¹

Very active with typical active share ~80%, typical tracking error 4-8%¹

¹ Portfolio construction parameters are presented for informational purposes only and are subject to change

² Benchmark refers to the MSCI Emerging Markets index

Investment philosophy

We believe that a high-conviction portfolio, which exploits the apparent inefficiencies uncovered through a long-term price to intrinsic value methodology, provides the opportunity to maximize alpha

Price to intrinsic value

A 30+ year history of price to intrinsic value investing

Intrinsic value: determined by a company's future cash flows

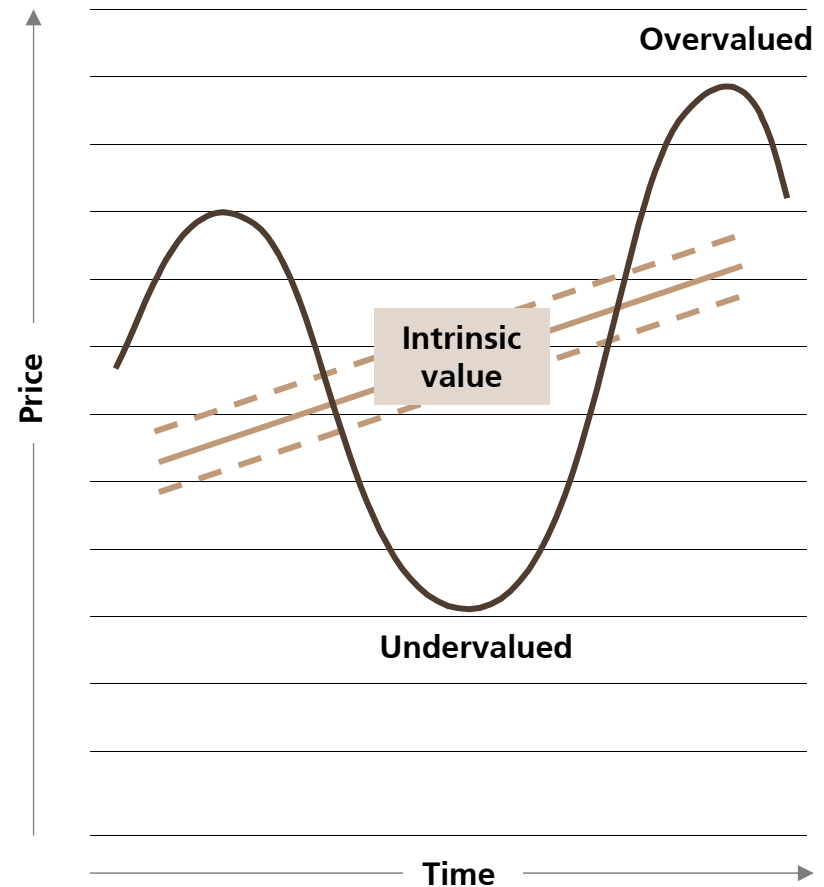
Discrepancies between price and intrinsic value, combined with market behavior, may provide opportunities

Focus on quality

Industry structure and competitive positioning

Profitability trends and sustainability

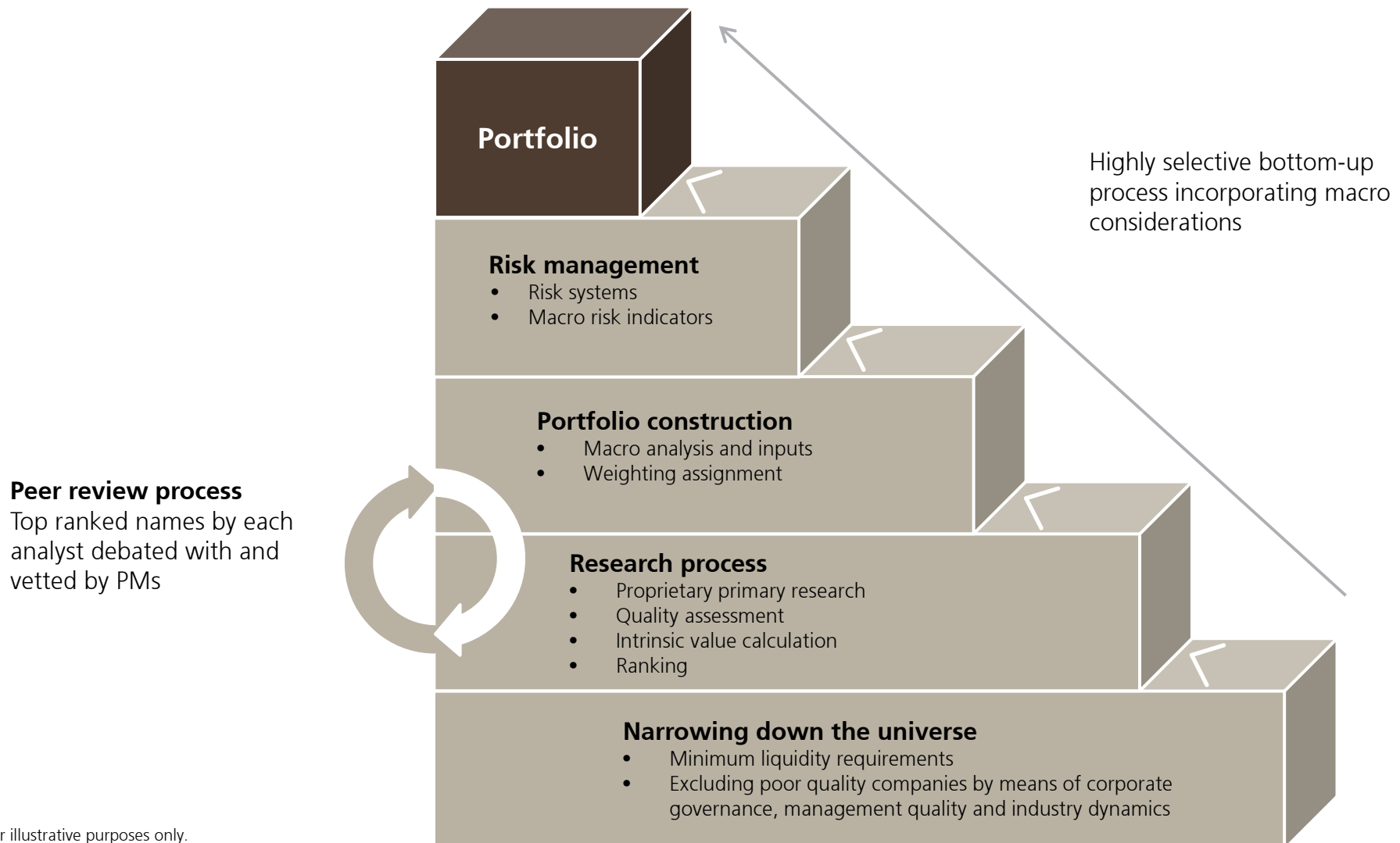
Governance, disclosure, environmental and social practices



For illustrative purposes only.

Investment process

Disciplined application of fundamental research & risk management

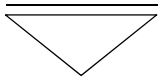


For illustrative purposes only.

Research process

Fundamental proprietary primary research

Proprietary primary research

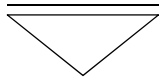


Sector analysts covering 20-40 stocks each

On the ground unconventional research on industry and company

Documented in a company research note (CRN)

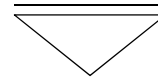
Quality assessment



Quality checklist for each company covered

Scoring and ranking stocks on quality

Intrinsic value calculation

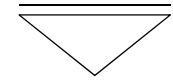


Determined by the fundamentals that drive a security's future cash flow

Modelling financial statements over 5 years

Proprietary valuation system

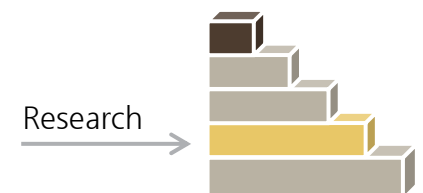
Ranking



Best ideas ranked by sector analysts

Based on quality & valuations

Top ranked names per analyst brought to peer review process



Quality Assessment

Checklist with 32 questions quantifies the quality of a company

Industry structure & competitive positioning = 12

Profitability trends and sustainability = 6

Governance, disclosure, environmental and social practices = 14



For Asset Management Internal Use Only

COMPANY CHECKLIST v.2012.01.02

Company: TSMC
Bloomberg ID: 2330 TT
Analyst: Chao Shou Pin
Date: 27-Jul-15

	% Score	Subtotal	Max score
Total:			
Industry Structure and Company's Competitiveness:	69%	190	275
Profitability, trend and sustainability:	74%	115	155
Corporate Governance:	100%	260	260

	Score	Max score
A. Industry Structure and Company's Competitiveness:		
1 How concentrated is the industry?		
a Not concentrated (eg number of relevant competitors >8 or Herfindahl-Hirschman Index <10%, or market share of top 4 (CR4) <50%)	0	
b Moderate (eg number of relevant competitors 4-7 or HHI 10-18%, CR4 50-80%)	10	
c Concentrated (eg number of relevant competitors <4 or HHI >18% or CR4 >80%)	20	
Answer: c		20
Optional Comment: For the high end market, Samsung is becoming a more meaningful competitor		
2 Is the number of competitors in the industry increasing or decreasing?		
a Increasing significantly	0	
b Increasing slightly	10	
c Stable	12.5	
d Decreasing	20	
e Significant consolidation	25	
f Not Applicable	12.5	
Answer: b		10
Optional Comment: For the high end market, Samsung is becoming a more meaningful competitor		
3 Are competitors increasing capacity at a rate beyond demand growth?		
a Well in excess	0	
b Somewhat in excess	10	
c In line	15	
d Capacity growing somewhat less than demand	20	
e Capacity highly constrained	30	
f Not Applicable	15	
Answer: c		15
Optional Comment: On the assumption that demand is not falling off significantly given the possible lull in product cycle		
4 Expected trend in intensity of rivalry in the industry eg price competition, attempts to gain market share etc.		
a Intense price or other forms of competition expected to continue	5	
b Benign competitive environment expected to continue	25	

Form Letters: 1
04/29/16

Research



Note: For illustrative purposes only. This information should not be considered a recommendation to purchase or sell any security.
Source: UBS Asset Management

Quantifying qualitative boots-on-ground research

Modelling full financial statements 5 years out

Mid cycle assumption for economy
Normalising margins, debt ratios, etc.
FX converges to average historical effective exchange rate.

INCOME STATEMENT

For fiscal year end May, USDm

	2015	2016	2017F	2018F	2019F	2020F	2021F
Net revenue	1246.8	1478.3	1769.6	2256.5	2990.3	3985.7	5284.5
Gross profit	720.4	864.0	1028.2	1315.5	1758.3	2355.5	3170.7
Net profit (Non-GAAP)	210.3	241.7	282.0	397.7	563.6	771.3	1057.4
Earnings per share	1.34	1.54	1.79	2.53	3.58	4.90	6.72

⋮

BALANCE SHEET

Net cash / Total Assets	27.2%	30.1%	33.5%	39.1%	45.4%	51.3%	56.6%
-------------------------	-------	-------	-------	-------	-------	-------	-------

⋮

CASH FLOW STATEMENT

Cash flow from operations	374.1	517.9	447.3	686.5	977.8	1332.8	1770.1
Cash flow from investment	(173.4)	(309.7)	(227.5)	(267.6)	(324.8)	(393.2)	(468.6)
Cash flow from financing activities	(44.3)	5.5	0.0	0.0	0.0	0.0	0.0
Net change in cash	159.7	177.9	219.8	418.9	653.0	939.6	1301.5

Research →



Note: For illustrative purposes only. This information should not be considered a recommendation to purchase or sell any security.
Source: UBS Asset Management

Arriving at intrinsic value

UBS' proprietary Global Equity Valuation System (GEVS)

Normal inputs Output

Security	SEDOL	CUSIP	Ticker	Country	Market	Currency	Last Updated	Analyst

History:

EPS			EPS consensus (IBES)			DPS			EPS 12	Normal	Active Status	Fiscal	Ind	Current
Last 12	1 Year	2 Year	Last 12	1 Year	2 Year	Last 12	1 Year	2 Year	Through	Input Date	ACT	Year	Div	Yield
1.55	1.80	2.37	1.87	2.37	3.17	0.00	0.00	0.00	31May17	07Apr17	A	5	0.00	0.00
1.55	1.80	2.37	1.87	2.37	3.17	0.00	0.00	0.00	31May17	07Apr17	A	5	0.00	0.00

EPS GTN	YTN	Normalized						Trans	Terminal			
		EPS	XCPS	Growth	Real Grwt	Payout	Imp ROE	Years	Code	Growth	Payout	Imp ROE
34.09	5	6.72	3.36	10.00	7.84	50.00	20.00	46	0	4.50	50.00	9.00
34.09	5	6.72	3.36	10.00	7.84	50.00	20.00	46	0 Default	4.50	50.00	9.00

Price	Pricing	Market	Downside	Downside	Required	Value	Required	Implied	Alpha	Beta	P/E Ratios			
Bonus	Date	Price	Price	Price%	Price	Price	Rate	Rate			Last 12	1 Year	2 Year	Normal
0.00	04Sep17	84.12	50.00	40.56	97.61	16.03	8.37	11.64	3.27	0.82	54.27	46.73	35.49	21.06
0.00	04Sep17	84.12	50.00	40.56	97.61	16.03	8.37	11.64	3.27	0.82	54.27	46.73	35.49	21.06

Sub Industry		MCap USD	Shares	P/E Ratios				Admin Info	
Default	Analyst	(Billions)	(Millions)	Status2	SP 500	MSCI	Priority	Price Conv. Factor	Rounding Devisor
Education Services	Education Services	13.3	158	0	0	0	0	1.000000	1.00
Education Service	Education Services	13.3	158	0	0	0	0	Market Index	0
								Record Type	Global

Note: For illustrative purposes only. This information should not be considered a recommendation to purchase or sell any security.
Source: UBS Asset Management

Research →



Peer review process key to portfolio construction

Vetting process by experienced Portfolio Managers

Peer review process

Analysts discuss / debate research and conclusions with portfolio managers

Consensus decision on overall rank, with Geoffrey Wong having final decision/veto authority

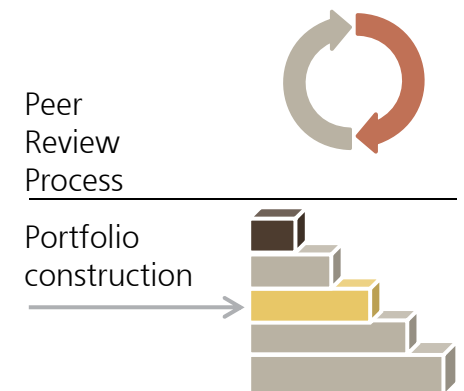
Typically, the top 1 – 4 stocks per analyst eligible for inclusion in portfolio

Portfolio construction

Bi-weekly meetings of EM Strategy Committee

Assessment of macro warning flags, and country / sector considerations

Decision on analyst weights and number of stocks per analyst



Macro analysis and inputs

Monitoring 20 macro parameters across each EM country

Macro risk indicators tool to monitor each country's:

1. Sovereign / Macro risk
2. Financial system risk
3. Political & Regulatory risk

Provides warning flags when these indicators exceed predefined limits, and/ or if the country scores poorly in aggregate



Korea			Flags
Sovereign/macro		Public debt	■
		Fiscal balance	■
		CA balance	■
		Change in trade balance	■
		...	■
Financial system		...	■
		...	■
		Inflation vs. 5 year average	■
		...	■
		3-year % change in loans (real)	■
Political/regulatory		3-year % pts change in loans/GDP	■
		...	■
		Loan/deposit ratio	■
		...	■
		Election in 12 month or other socio-political risks	■

Portfolio construction

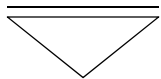


Note: For illustrative purposes only. This information should not be considered a recommendation to purchase or sell any security.
Source: UBS Asset Management

Risk management

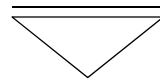
Built into each step of the process

Bottom up...through our research process



Quality checklist on each company helps to avoid the bottom-tier quality stocks

Top down...through our construction process

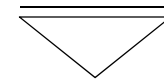


Macro risk indicators tool to monitor each country's:

1. Sovereign / Macro risk
2. Financial system risk
3. Political & Regulatory risk

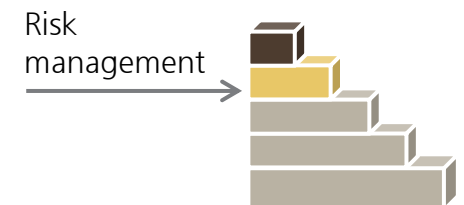
Diversification across region, countries and sectors

...and through our risk systems



BARRA and UBS proprietary risk models

Scenario analyses with RiskMetrics



Risk management systems

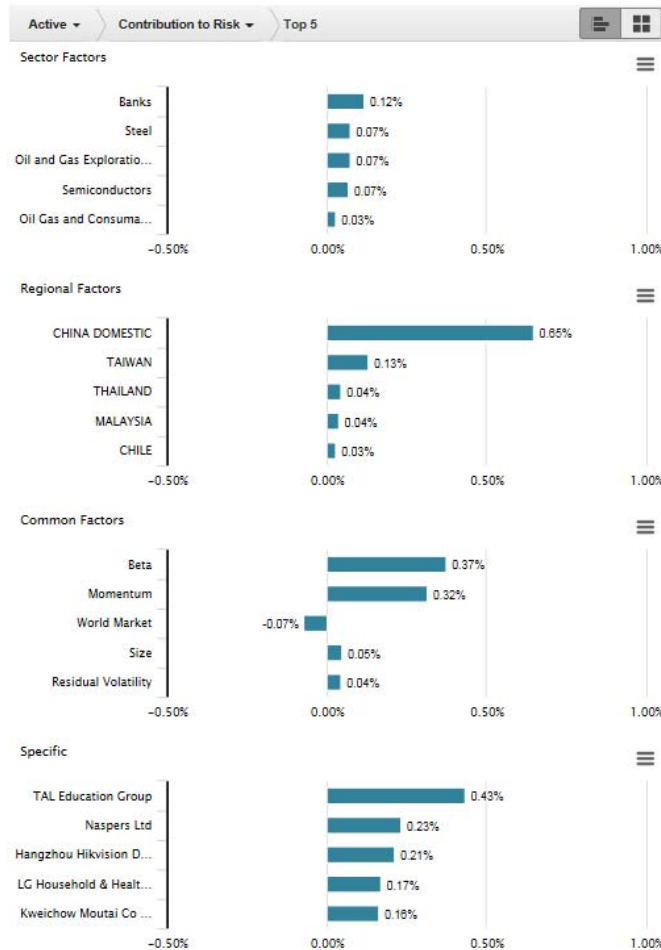
UBS' proprietary Risk System monitored by EM Strategy Committee

Risk Summary					
	Total	Assets Total	Assets Factor	Assets Specific	Currency
Active	3.89%	3.85%	2.31%	3.08%	0.51%
Portfolio	15.19%	12.65%	12.00%	4.00%	4.23%
Benchmark	14.18%	11.28%	11.12%	1.89%	4.32%
Beta to Benchmark	1.04	1.07			0.97
Correlation to Benchmark	0.97	0.95			0.99
Cash Weight	2.38%				

Active Risk Decomposition				
	Total	Assets Total	Assets Factor	Assets Specific
Active	3.89%	3.85%	2.31%	3.08%
Active Residual	3.88%	3.77%		
Active Benchmark	0.51%	0.80%		
Cash Exposure		0.27%		
Beta Exposure		1.07%		

Factor Summary		Active	Contribution to Risk	Risk Decomposition
Specific				3.08%
Factor				2.31%
Industry				0.44%
Country				1.07%
Common				0.80%

Majority of risk is company specific



Risk management



Note: For illustrative purposes only. Based on a representative account within the Emerging Markets Equity HALO composite vs. MSCI Emerging Markets Index. This information should not be considered a recommendation to purchase or sell any security.

Source: GRS, UBS Asset Management

Section 2

Portfolio & Performance

Composite performance

As of September 30, 2018 (in USD)

Standard periods performance (%)

	Month	Last Three Months	Year to Date	Annualized								Since Inception ¹
				One Year	Two Years	Three Years	Four Years	Five Years	Ten Years	Fifteen Years	Twenty Years	
Composite (Gross of Fees)	-1.03	-3.90	-9.56	-1.86	13.51	15.76	9.07	7.10	10.29	-	-	8.28
MSCI Emerging Markets (net)	-0.53	-1.09	-7.68	-0.81	10.21	12.36	3.44	3.61	5.40	-	-	3.37
Value Added ²	-0.50	-2.81	-1.88	-1.05	3.30	3.40	5.63	3.48	4.89	-	-	4.91
Standard Deviation ³												
Composite				13.14	12.96	13.74	14.10	14.23	22.28	-	-	22.94
Primary Benchmark				13.13	11.67	14.01	14.89	14.58	21.63	-	-	22.41
Tracking Error ⁴				4.08	3.91	4.79	4.70	4.71	4.49	-	-	4.49
Information Ratio ⁵				-0.26	0.84	0.71	1.20	0.74	1.09	-	-	1.10

Calendar year performance (%)

	Year to Date	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	Since Inception ¹
Composite (Gross of Fees)	-9.56	48.18	12.26	-3.84	-1.13	-6.36	27.1	-16.62	19.79	108.85	-	8.28
MSCI Emerging Markets (net)	-7.68	37.28	11.19	-14.92	-2.19	-2.6	18.22	-18.42	18.88	78.51	-53.33	3.37
Value Added ²	-1.88	10.9	1.08	11.08	1.06	-3.76	8.87	1.8	0.91	30.35	-	4.91

1 Periods greater than one year are annualized. Inception: August 31, 2008

2 Value added is the arithmetic difference between the composite return and the benchmark return.

3 For periods greater than 1 year, the annualized standard deviation is based on monthly logarithmic returns.

4 Tracking error is the standard deviation of the difference between the monthly composite and benchmark returns, based on logarithmic returns. Tracking error is annualized for periods greater than one year.

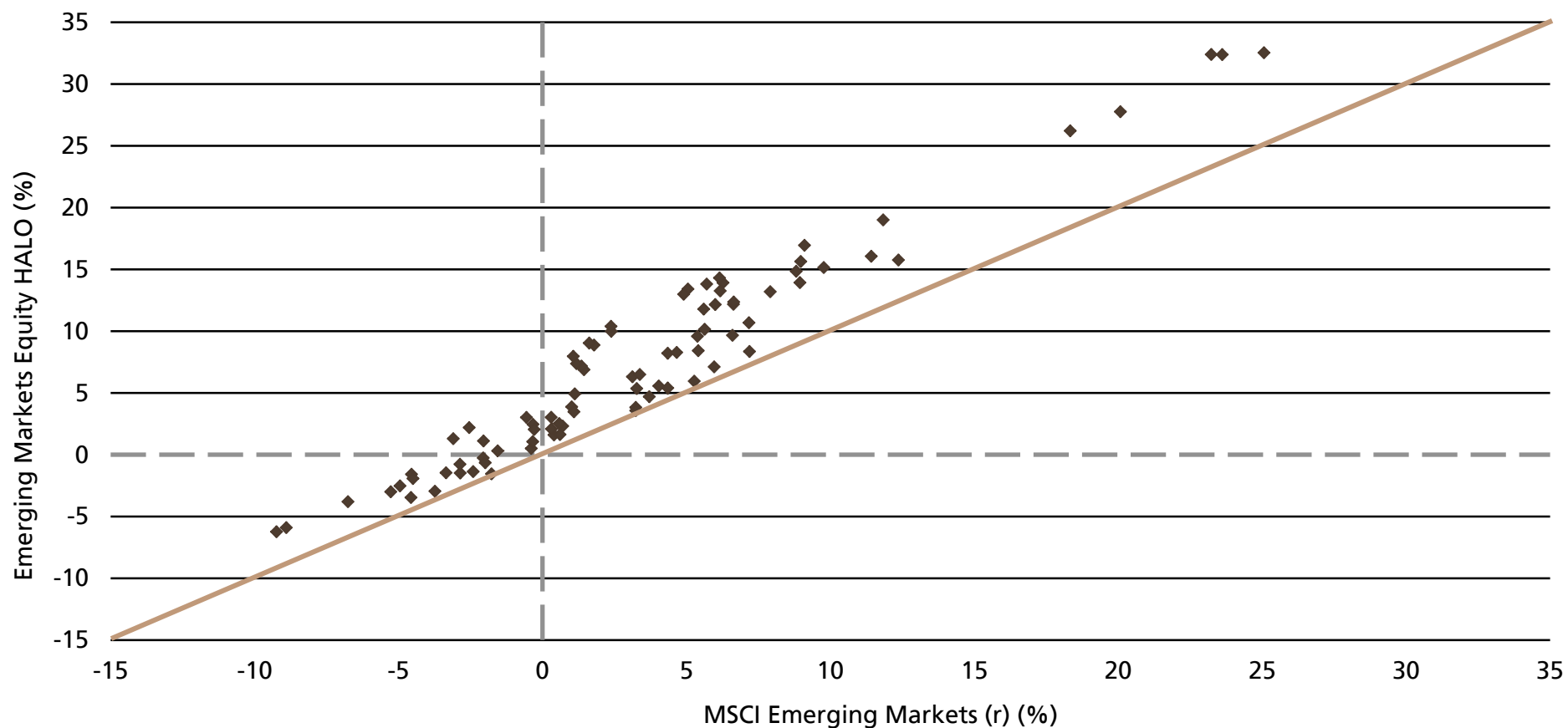
5 Information ratio is the arithmetic value added divided by the tracking error. For periods greater than one year, annualized returns are used to calculate the value added and the tracking error.

Source: UBS Asset Management. Global Composite System, Performance is gross of fees. Composite: Emerging Markets Equity HALO (EMEHALO), Benchmark: MSCI Emerging Markets (net) (in USD).

Past performance of investments is not necessarily an indicator of future results.

Composite performance vs. MSCI EM

Annualized rolling three-year returns, monthly (in USD)



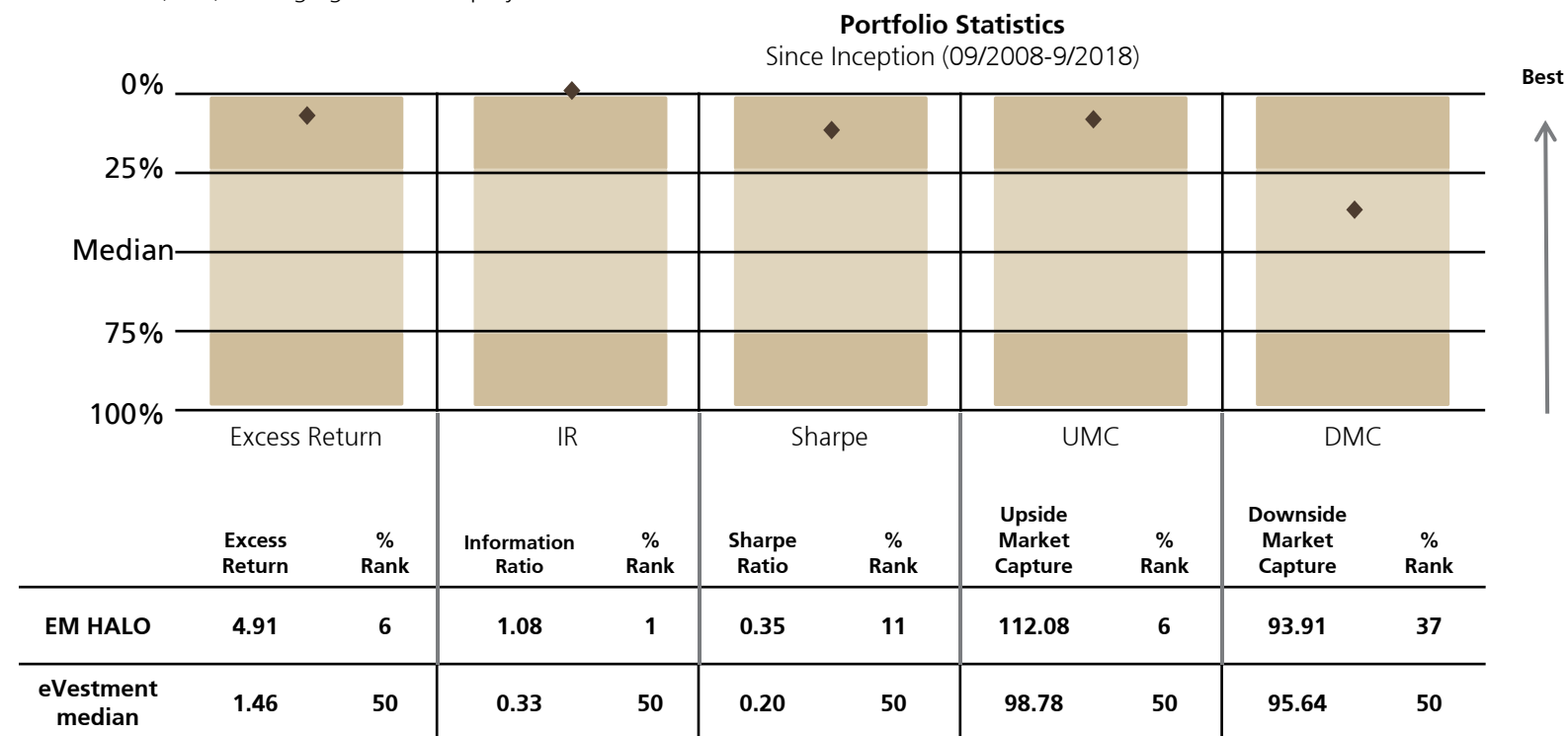
The returns shown above are based on currently available information and are subject to revision. **Past performance is no guarantee of future results.** Performance figures are gross of fees, since inception through September 30, 2018. Please see attached composite disclosure information.

Attractive performance vs. peers

Since inception statistics as of September 30, 2018

Universe: eVestment Emerging Markets All Cap Core Equity

◆ UBS AM (USD): Emerging Markets Equity HALO



◆ UBS AM (USD): Emerging Markets Equity HALO

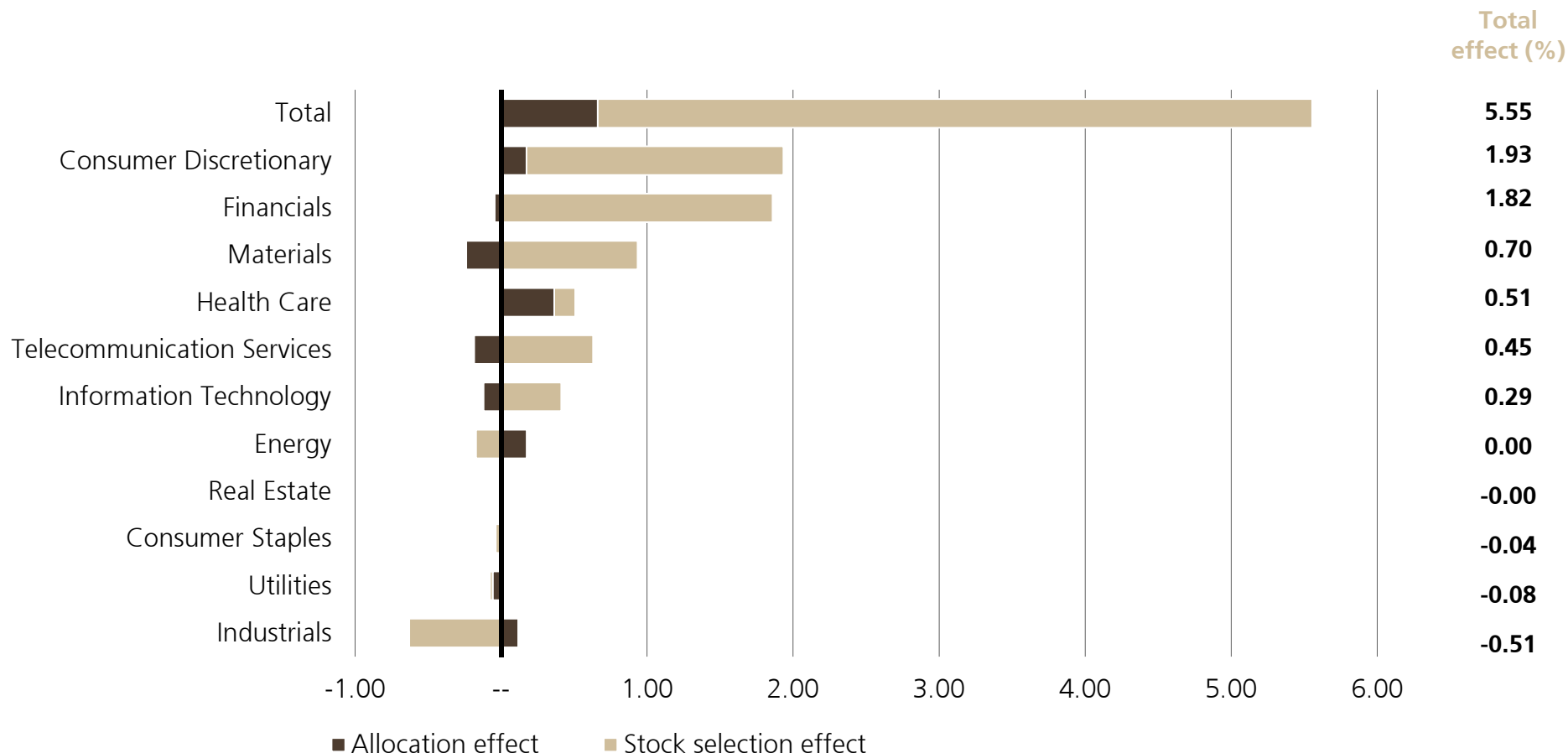
Source: eVestment Alliance

Note: The returns shown are based on currently available information and are subject to revision. **Past performance is no guarantee of future results.** Performance figures are gross of fees. The % Rank stat for Downside Market Capture is inverted for ease of read.

The eVestment Emerging Markets All Cap Core Equity peer universe includes 71 strategies with a since inception date of September 2008 and earlier. Data as of October 25, 2018. The eVestment Emerging Markets All Cap Core Equity peer universe is made up of equity products that invest primarily in small, middle, and/or large capitalization stocks in emerging market countries. The expected benchmark for this universe is the MSCI EM.

Performance attribution: Sector

Since inception ending September 30, 2018 (USD, annualized)

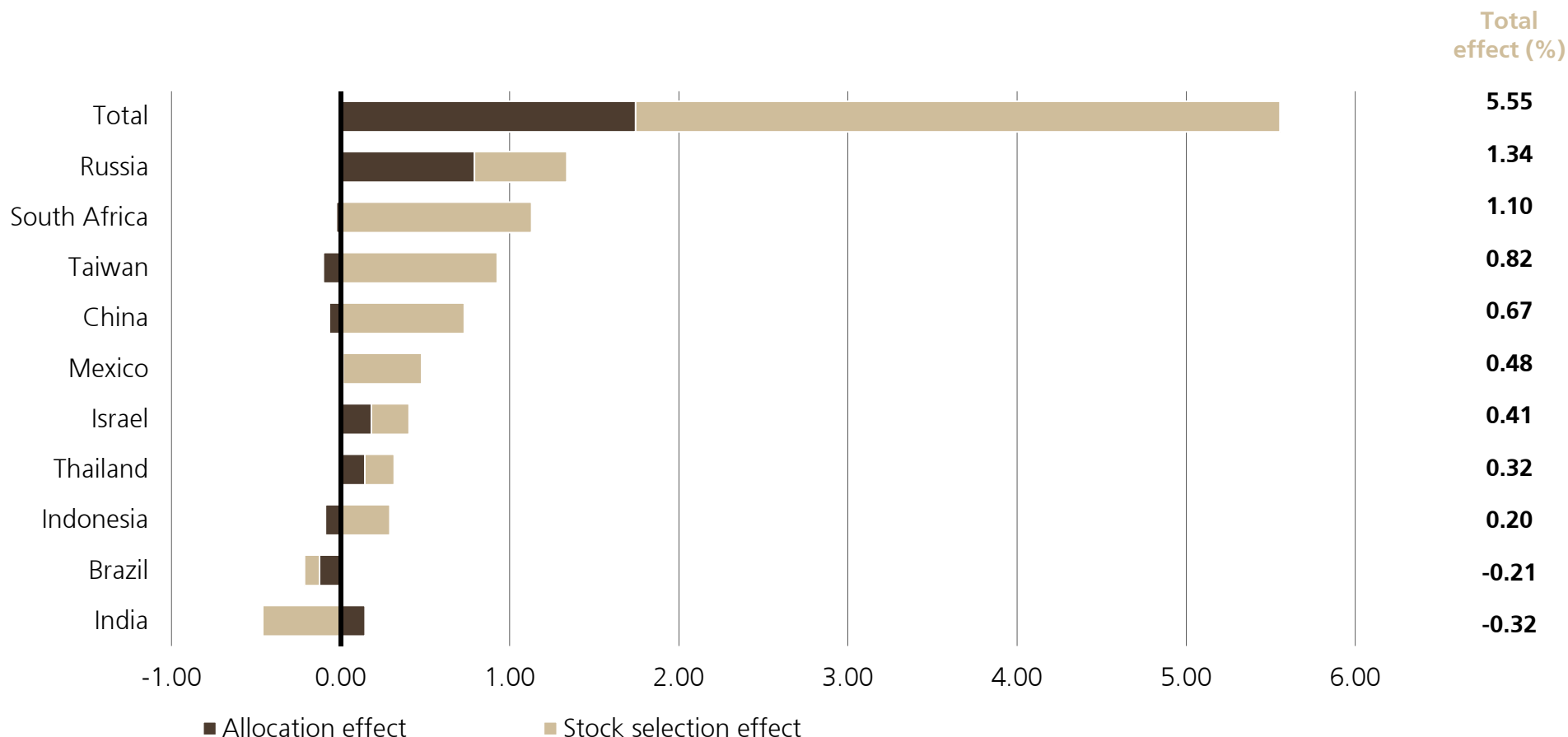


Source: UBS Asset Management – Factset.

Note: The performance attribution analysis serves as an indication of the key drivers of performance and the total over-/underperformance numbers may differ from the actual/official performance of an account. Units of figures in the table are in percent. Performance attribution is for a representative account within the Emerging Markets HALO Composite and may vary. Attribution is calculated based on holdings in FactSet whose weights and performance versus the MSCI Emerging Markets Index determine the relative contribution over the selected period. The returns shown above are based on currently available information and are subject to revision. **Past performance is no guarantee of future results.** Performance figures are gross of fees and in USD. Please see attached disclosure information. *This list represents all sectors in the EM HALO portfolio. Inception: August 31, 2008

Performance attribution: Country

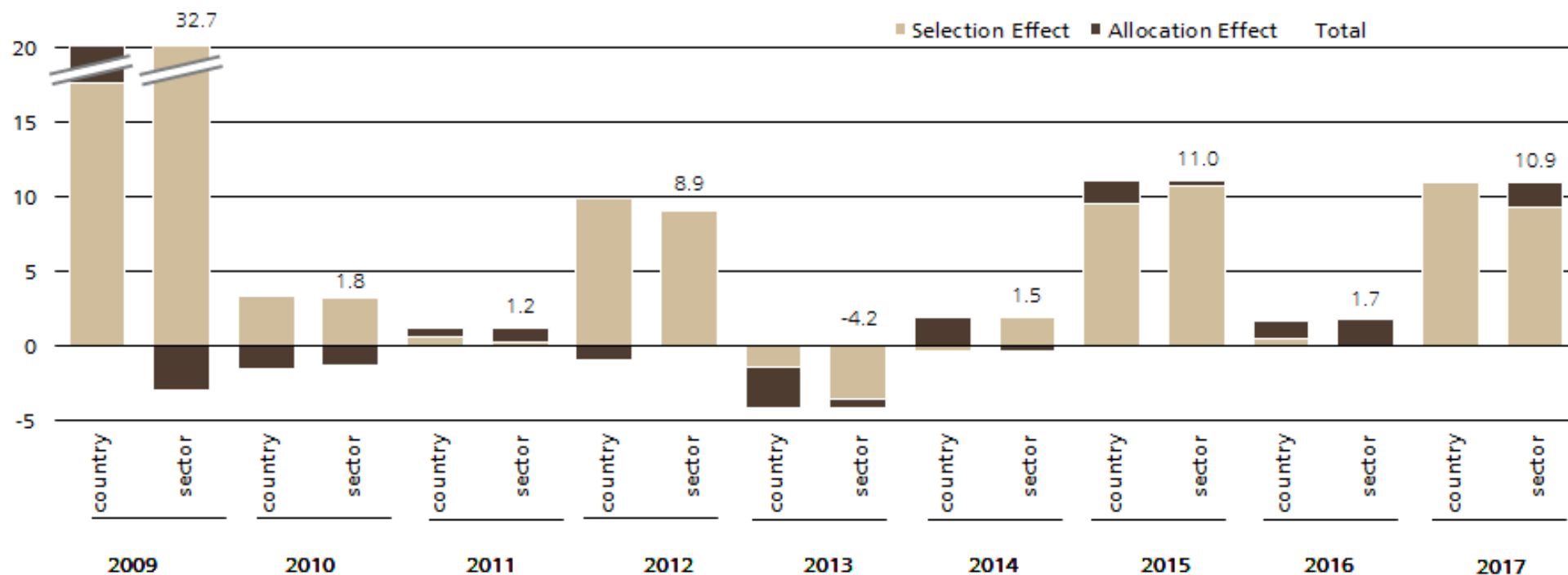
Since inception ending September 30, 2018 (USD, annualized)



Source: UBS Asset Management – Factset.

Note: The performance attribution analysis serves as an indication of the key drivers of performance and the total over-/underperformance numbers may differ from the actual/official performance of an account. Units of figures in the table are in percent. Performance attribution is for a representative account within the Emerging Markets HALO Composite and may vary. Attribution is calculated based on holdings in FactSet whose weights and performance versus the MSCI Emerging Markets Index determine the relative contribution over the selected period. The returns shown above are based on currently available information and are subject to revision. **Past performance is no guarantee of future results.** Performance figures are gross of fees and in USD. Please see attached disclosure information. *We only show impact bigger than 20 bps. Inception: August 31, 2008

Performance attribution: Calendar year



Source: UBS Asset Management – Factset.

Note: The performance attribution analysis serves as an indication of the key drivers of performance and the total over-/underperformance numbers may differ from the actual/official performance of an account. Units of figures in the table are in percent. Performance attribution is for a representative account within the Emerging Markets HALO Composite and may vary. Attribution is calculated based on holdings in FactSet whose weights and performance versus the MSCI Emerging Markets Index determine the relative contribution over the selected period. The returns shown above are from full calendar years only, based on currently available information and are subject to revision. **Past performance is no guarantee of future results.** Performance figures are gross of fees and in USD. Please see attached disclosure information.

Emerging Markets Equity HALO Portfolio

Portfolio positioning as of September 30, 2018

Sector weights (in %)	Strategy	Benchmark	Relative to Benchmark
Financials	28.0	23.2	4.8
Information Technology	33.1	28.7	4.4
Materials	10.4	7.9	2.5
Consumer Staples	6.6	6.6	0.1
Consumer Discretionary	6.9	7.2	-0.3
Utilities	1.8	2.4	-0.6
Real Estate	1.6	2.8	-1.2
Energy	6.9	8.2	-1.3
Telecommunication Services	2.0	4.5	-2.5
Health Care	0.0	3.0	-3.0
Industrials	0.0	5.4	-5.4
Country weights (in %)	Strategy	Benchmark	Relative to Benchmark
China	33.8	30.9	2.9
Hungary	3.1	0.3	2.8
Korea	17.5	14.9	2.6
Russia	5.7	3.7	2.0
Indonesia	3.4	2.0	1.4
South Africa	7.0	6.1	0.9
India	9.4	8.5	0.9
Brazil	6.8	6.2	0.6
Mexico	2.7	3.2	-0.5
Malaysia	1.5	2.4	-0.9
Philippines	0.0	1.0	-1.0
Chile	0.0	1.1	-1.1
Poland	0.0	1.2	-1.2
Thailand	0.0	2.5	-2.5
Taiwan	6.7	12.2	-5.6

Source: UBS Asset Management, Factset

Benchmark is the MSCI Emerging Market Index. The following countries not shown: Colombia, Czech Republic, Egypt, Greece, Hungary, Pakistan, Peru, Qatar, UAE (UW = 3.0%). Cash is 2.6%. Information based on a representative account within the EM Equity HALO composite. Naspers classified as Information Technology (Official MSCI Classification Consumer Discretionary)

In summary

High conviction portfolio with high active share of ~80%

25-35 "best ideas" of the investment team

Well diversified

Ideas generated by our sector analysts, rigorously reviewed and approved by PMs

Diversified across regions, countries and sectors

Competitive and consistent risk-adjusted performance:

Outperformed benchmark over 1, 3 and 5 years, and since inception

Outperformed in all 3 year-rolling periods

High upside market capture of >110% and low downside market capture of <95%

Source: UBS Asset Management

Note: Inception on August 31, 2008. Performance is gross of fees. **Past performance is no guarantee of future results.**

Emerging Markets Equity HALO Composite

Schedule of composite performance

UBS Asset Management (the Firm) claims compliance with the Global Investment Performance Standards (GIPS) and has prepared and presented this report in compliance with the GIPS standards. UBS Asset Management has been independently verified for the periods January 1, 2002 through December 31, 2017. The verification reports are available upon request. Verification assesses whether (1) the Firm has complied with all the composite construction requirements of the GIPS standards on a Firm-wide basis and (2) the Firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

Performance : Emerging Markets Equity HALO
September 01, 2008 Through December 31, 2017
Amounts and returns expressed in USD (US DOLLAR)

Year	Gross Asset-Weighted Return (%)	Net Asset-Weighted Return (%)	Benchmark Return (%)	Composite 3-Yr St Dev (%)	Benchmark 3-Yr St Dev (%)	# of Portfolios End of Period	Total Composite Assets End of Period (millions)	Asset Weighted Dispersion (%)	Composite Assets as % of Firm Assets	Firm Assets (billions)
2008*	-37.19	-37.24	-40.27	N/A	N/A	1	13	N/A	0.00	451
2009	108.85	108.46	78.51	N/A	N/A	1	80	N/A	0.02	482
2010	19.79	19.42	18.88	N/A	N/A	3	668	0.20	0.13	515
2011	-16.62	-16.98	-18.42	27.16	25.56	3	977	0.59	0.19	511
2012	27.10	26.43	18.22	23.34	21.89	4	2,607	0.54	0.47	557
2013	-6.36	-6.85	-2.60	21.42	19.49	6	2,960	0.38	0.51	581
2014	-1.13	-1.63	-2.19	17.33	15.28	6	2,794	0.19	0.47	597
2015	-3.84	-4.23	-14.92	14.23	14.36	6	2,507	0.11	0.43	577
2016	12.26	11.66	11.19	14.76	16.22	6	2,707	0.22	0.47	582
2017	48.18	47.28	37.28	14.22	15.44	6	3,349	0.30	0.46	727

* Performance Presented for Sep, 2008 through Dec, 2008. No statistics are annualized.

** 3 yr standard deviations are based on the gross returns

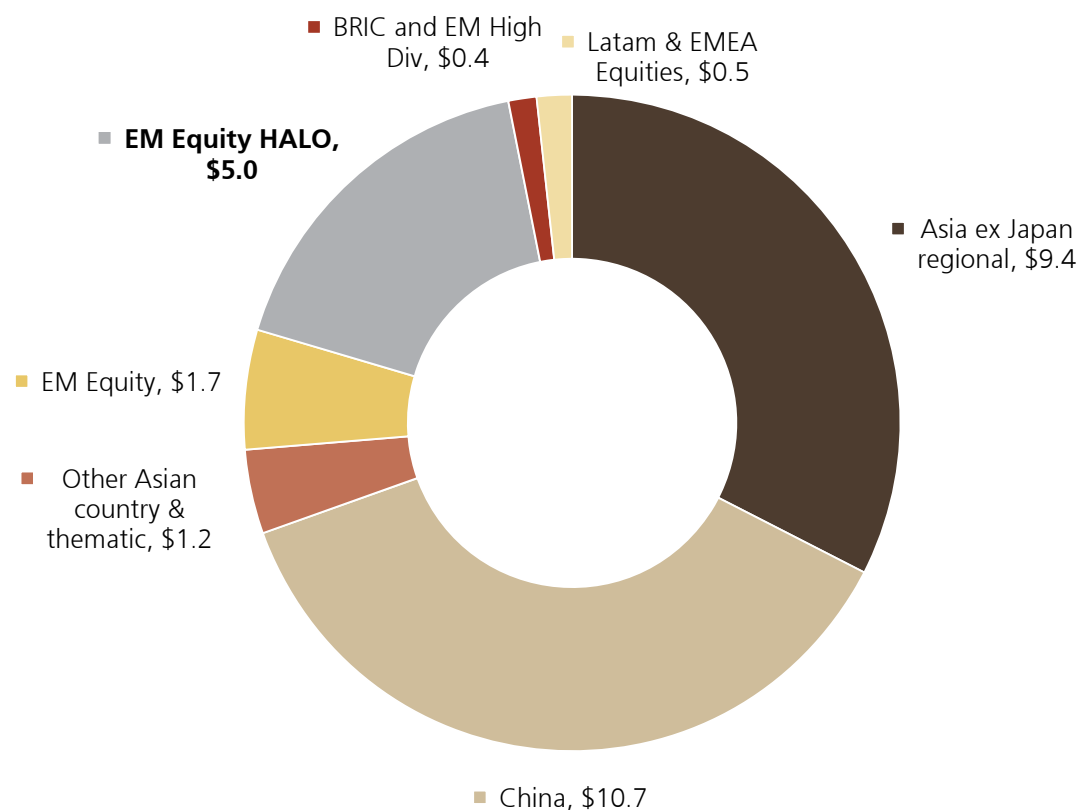
1. EMEHALO - Emerging Markets Equity HALO Composite is a Multi-entire Composite. It is a composite of high alpha, long only unconstrained accounts with a three to five year time horizon and flexibility to take meaningful positions in attractive price/value Emerging Market equities. Despite potential near term volatility, the funds will focus on Equities which stand to benefit disproportionately from Emerging Market growth, targeting 4-6% per annum of alpha. Benchmark is MSCI Emerging Markets (netUS) USD. This composite was created in January 2010.
2. The Firm is defined as all actively and passively managed institutional and retail accounts of UBS Asset Management ("the Firm") throughout the world. The Firm was inceptioned in January 01, 2002 following the reorganisation of the asset management divisions of UBS AG under a single Asset Management brand. The performance record prior to 2002 is that of the local asset management division which managed the composite, and has been prepared in compliance with GIPS from the inception date of this composite. Each of the entities comprising the Firm definition is an affiliate of UBS AG. Policies for valuing portfolios, calculating performance and preparing compliant presentations are available upon request.
3. Investment returns are time-weighted total rates of return including cash and cash equivalents, income and realised and unrealised gains and losses, and are calculated using WM/Reuters exchange rates. Until 31/03/99 composite results were based on either monthly or quarterly revaluation of individual portfolios. From 01/04/99 there has been monthly revaluation of all portfolios and calculation of composite results. Composite results are weighted by individual portfolio size using start of period market values. Eligible portfolios are added to the composite at the start of the next measurement period following full investment. Individual asset classes of multi asset portfolios or sub-portfolios forming part of a larger portfolio, the returns for which have been included in another composite, are not included in the above composite. Returns for unithold funds are calculated on a mid-to-mid basis except for direct property which is calculated on an NAV-NAV basis. Investment Transactions are accounted for on a trade date basis. Where applicable, returns are shown net of non-recoverable withholding tax. Derivative instruments may be used for efficient portfolio management and currency management. Such instruments have not been used to leverage portfolios included in the above composite.
4. The composite includes only fee-paying discretionary portfolios. Where the ability of the Firm to manage any portfolio against the specified client benchmark has been materially impacted by investment restrictions, the portfolio has been deemed to be non-discretionary.
5. The rates of return are presented both net and gross of fees. Due to the graduated nature of fees, as account size increases, the annual percentage fee may decline. The calculation of net and gross returns as well as the nature of fee may differ across the regional performance offices. a) Return values are calculated net of fees. The gross returns are calculated based on all fee components excluding transaction costs by adding the daily fee components to the underlying net return. b) The rates of return are presented both gross and net of investment management and custody fees. Portfolio Management Fee agreements do cover the portfolio management fee, bundled fee contracts do cover portfolio management and custody fee. Both fee agreements do not cover transaction costs. c) The rates of return are presented both net and gross of investment management fees. Net of fee performance reflects the deduction of the highest fee charged, as described in Part II of Form ADV. Net of fee returns are calculated by geometrically deducting the deannualized highest annual management fee from each monthly gross return and geometrically linking the monthly returns for each period. d) The performance results are presented gross of management and custodian fees but after all trading expenses. Where a net return is also presented, this is calculated net of management fees and all trading expenses. This composite has a max flat rate of 234bps p.a. (this represents the highest possible standard fee for this composite) Due to the varying client segmentation the charged fee for this composite can differentiate. The flat fee includes all charges for portfolio management, custody, and other administrative fees.
6. Composite dispersion represents the consistency of the Firm's composite performance results with respect to the individual portfolio returns within the composite. Presented is the asset-weighted dispersion (standard deviation) of the portfolios within the composite. Only portfolios in the composite for each full time period are included in the dispersion calculation and no dispersion is presented for composites consisting of only a single portfolio. The 3 year annualized ex-post standard deviations are based on monthly returns, shown starting with the first full 3 year calendar period.
7. A complete list of all Firm composite descriptions is available upon request. The composite's past performance is not necessarily an indication of how it will perform in the future. Additional information regarding policies for calculating and reporting returns is available on request.

Section 3

Appendix

Assets under management

Total AUM of USD 29 bn as of September 30, 2018



Summary	Assets (USD bn)
Asia ex Japan Equities	10.6
Global EM Equities	7.1
China Equities	10.7
Latin America, Europe, Middle East & Africa Equities	0.5
Total	28.9

UBS Asset Management. Data is from the investment team in USD bn, and is unaudited and approximate.

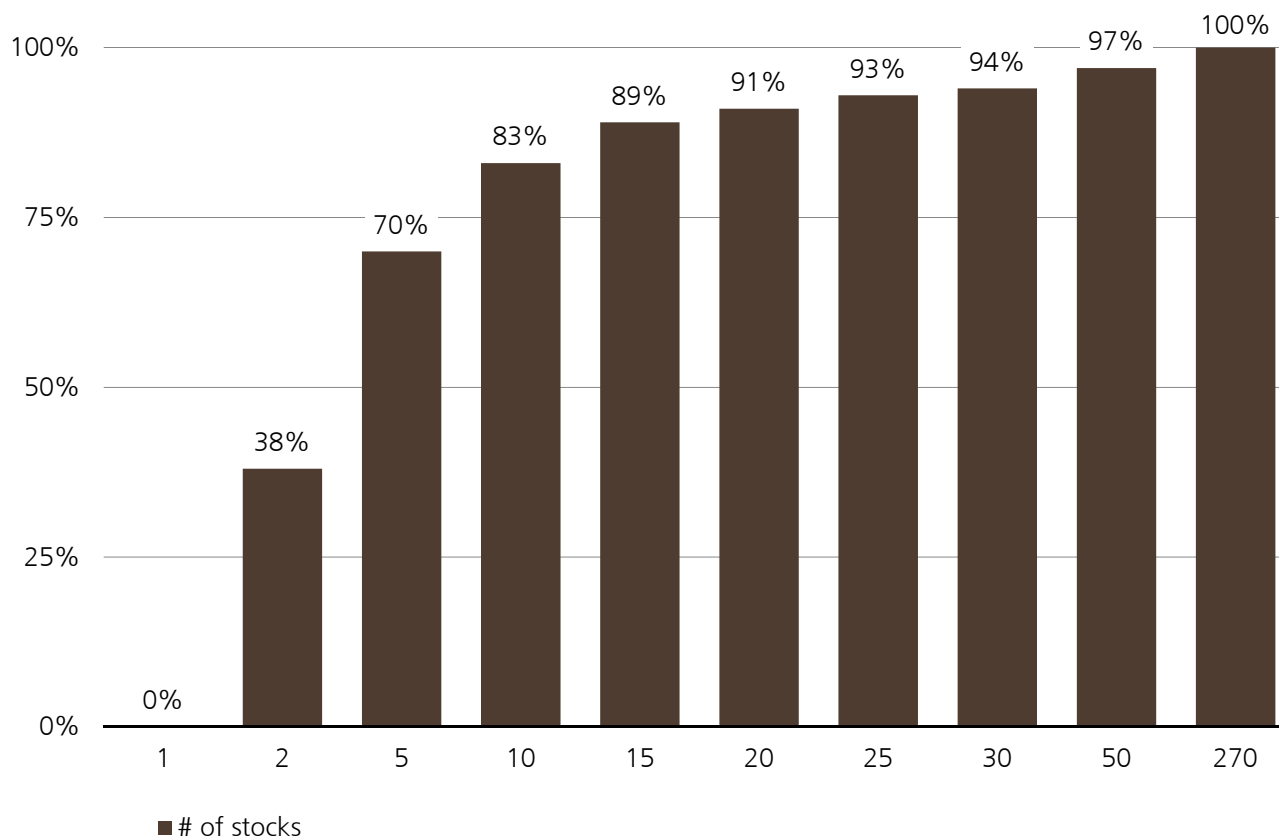
High conviction and diversified

Best ideas generated by our sector analysts, rigorously vetted by PMs

Portfolio diversified across sectors, countries and regions

Academic study indicates >90% diversification achieved with only 20 stocks¹

Portfolio standard deviation reduction benefit by number of stocks

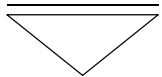


Source: ¹Based on methodology described in a 1968 paper by John Evans and Stephen Archer, Diversification and the Reduction of Dispersion: an Empirical Analysis; uses an average individual-stock standard deviation of 45%, an inter-stock correlation of 0.11 and equal weighting. This chart above is for illustrative purposes only.

How our process comes together

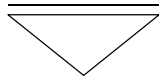
Example: Semiconductor Company

Idea generation



IT Hardware universe narrowed, from 45-60 stocks down to 25-30 stocks, which are then covered by the Analyst

Research process



Analyst meets with Semiconductor Company management teams (onsite and offsite) numerous times

Portfolio Managers also meet with Semiconductor Company on several occasions

Analyst meets with various industry experts and competitors

Quality assessment (checklist):

- Semiconductor Company scores high: 1/5

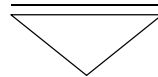
Intrinsic value calculations:

- Semiconductor Company is attractively valued

Analyst ranking:

- Semiconductor Company ranked as Analyst's current #2 best idea and takes to peer review

Portfolio construction

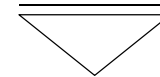


IT Hardware sector is 13% of MSCI

EM strategy committee makes decision to overweight the sector +3% given industry dynamics

Analyst identified four stocks in this sector as candidates, including Semiconductor Company, with each at a 4% weight

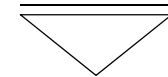
Risk management



Semiconductor Company adds to Taiwan exposure

Taiwan scores well on macro risk tool

EM HALO Portfolio



Semiconductor Company is selected to enter the portfolio

UBS EM
HALO



For illustrative purposes only. This is not a recommendation to buy or sell any particular security.

Sell discipline

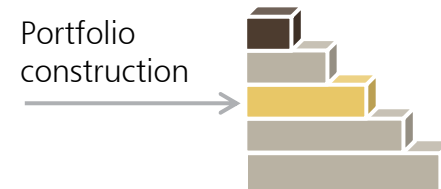
Sell discipline – we consider selling :

If relative valuations are un-attractive:

- If the valuation of a stock fully reflects the positive elements of its investment thesis
- and/or if we perceive that better combination of valuation and quality exists for another company

If we reach the conclusion that our assumptions and/or investment theses will not be met (thesis violation) for any reason

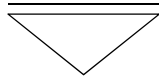
Portfolio
construction



Compensation overview: Investment professionals

A clear focus on sustainable performance, fully aligned with client interests

Compensation philosophy

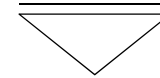


To attract a diverse and talented workforce by fostering effective individual performance management work ethic

To align reward with sustainable financial performance through appropriate and controlled risk taking

To incentivize for contribution each year, while ensuring that the more senior employees are focused on longer-term sustainable performance

The elements of total compensation



Fixed component (base salary and benefits)

- Reflecting an individual's experience, skills and knowledge and set

Performance award

- Linked to investment performance and based on a given individual's financial and non-financial contribution
- Approximately 50% of award based on 1-3 years rolling performance of key strategies
- Beyond a defined threshold, 40-50% of award is deferred 3-5 years and invested predominantly in funds managed by the team (mainly EM HALO)

Geoffrey Wong, CFA

Head of Emerging Markets and Asia-Pacific Equities
Managing Director



Years of investment
industry experience: 31

Education: Massachusetts
Institute of Technology
(US), SM, SB, MBA

Geoffrey Wong is Head of Emerging Markets and Asia-Pacific Equities with overall responsibility for all Emerging Markets, Asian, Japanese and Australian equity teams, strategies and research. Geoffrey is also responsible for research, portfolio management and construction for Emerging Market Strategies.

He chairs the Emerging Markets Equity Strategy Committee and is based in Singapore.

Geoffrey joined UBS in 1997. His prior experience includes co-founding an Asian investment management firm, where he served as Director of Investment Management responsible for asset allocation and stock selection for global and regional institutional portfolios.

Geoffrey served on the board of directors of Singapore Exchange, the combined stock and futures exchange of Singapore between 2003 and 2006. He is a member of the Singapore Society of Financial Analysts and a Fellow of the Institute of Banking and Finance.

Note: As at March 2018

Urs Antonioli, CFA

Head of EM EMEA & Latin America Equities
Managing Director



Years of investment
industry experience: 23

Education: University of
Fribourg (Switzerland), Lic.
rer. pol

Urs Antonioli heads investment management and research for Emerging Europe, the Middle East and Latin America. He manages a team of analysts researching companies, industries and countries in the above region.

Urs is a member of the UBS Asset Management Emerging Markets Strategy Committee.

Urs began his financial career by joining the UBS Zurich graduate training programme in 1994. In 1995 he moved to UBS Asset Management to launch and manage the first UBS emerging market fund investing in Eastern European countries. From 1996 to 2000, his responsibilities comprised management of all Eastern European portfolios managed at UBS. He has spent more than eight years in research activities, specializing in energy, telecommunications, basic materials and the technology sector. He took up his present position in August 2001.

Note: As at March 2018

Projit Chatterjee, CFA

Senior Equity Specialist, Emerging Markets and Asia Pacific Equities
Managing Director



Years of investment
industry experience: 21

Education: Indian Institute
of Technology (India),
B.Tech;
Indian Institute of
Management (India), MBA

Projit Chatterjee is a Senior Equity Specialist within the Emerging Markets and Asia-Pacific Equities team. He has primary responsibility for overall product positioning and development of Emerging Markets and Asian equity strategies, as well as marketing and communication of these strategies to existing and prospective clients globally.

He is a member of the Emerging Markets Equity Strategy Committee and is based in Singapore.

Projit joined UBS in 1997 as a Corporate Finance Analyst with UBS Investment Bank in Mumbai, India. In 1999, he moved to UBS Asset Management in Zurich to work in Strategic Projects, International Fund Marketing. In Zurich, Projit held various roles in the areas of strategic business development, business management and investment solutions. He also led an acquisition project in the Indian market.

Before joining UBS, Projit worked as a money market and foreign exchange dealer in the treasury of MashreqBank, a UAE bank in Mumbai.

Note: As at March 2018

Additional disclosures

Past performance is no guarantee of future results. Potential for profit is accompanied by possibility of loss. Any statements made regarding investment performance objectives, risk and/or return targets shall not constitute a representation or warranty that such investment objectives or expectations will be achieved.

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The gross performance figures reflect the deduction of transaction costs but not investment advisory fees or external custodial charges. A client's actual return will be reduced by investment advisory fees and other expenses. The deduction of investment advisory fees would have a compounding effect, which will increase the impact of the fees by an amount directly related to the gross account performance. For example, on an account with an initial value of \$10,000 and a 0.5% annual fee, if the gross performance is 10% per year over a five-year period, the annual compound net rate of return would be 9.45% per year and the total value of the client's portfolio at the end of the five-year period would be \$16,105 without the fee and \$15,707 with the fee. Performance results include all cash and cash equivalents, are time weighted, annualized for time periods greater than one year and include realized and unrealized capital gains and losses and reinvestment of dividends, interest and other income. A client's returns will be reduced by advisory fees and other expenses incurred by the client. Advisory fees are described in Part 2A of Form ADV for UBS Asset Management (Americas) Inc.

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The achievement of a targeted ex-ante tracking error does not imply the achievement of an equal ex-post tracking error or actual specified return. According to independent studies, ex-ante tracking error can underestimate realized risk (ex-post tracking error), particularly in times of above-average market volatility and increased momentum. Different models for the calculation of ex-ante tracking error may lead to different results. There is no guarantee that the models used provide the same results as other available models.

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Strategies may include the use of derivatives. Derivatives involve risks different from, and possibly greater than, the risks associated with investing directly in securities and other instruments. Derivatives require investment techniques and risk analyses different from those of other investments. If a manager incorrectly forecasts the value of securities, currencies, interest rates, or other economic factors in using derivatives, the portfolio might have been in a better position if the portfolio had not entered into the derivatives. While some strategies involving derivatives can protect against the risk of loss, the use of derivatives can also reduce the opportunity for gain or even result in losses by offsetting favorable price movements in other portfolio investments. Derivatives also involve the risk of mispricing or improper valuation, the risk that changes in the value of a derivative may not correlate perfectly with the underlying asset, rate, index, or overall securities markets, and counterparty and credit risk (the risk that the other party to a swap agreement or other derivative will not fulfill its contractual obligations, whether because of bankruptcy or other default). Gains or losses involving some options, futures, and other derivatives may be substantial (for example, for some derivatives, it is possible for a portfolio to lose more than the amount the portfolio invested in the derivatives). Some derivatives tend to be more volatile than other investments, resulting in larger gains or losses in response to market changes. Derivatives are subject to a number of other risks, including liquidity risk (the possible lack of a secondary market for derivatives and the resulting inability of the portfolio to sell or otherwise close out the derivatives) and interest rate risk (some derivatives are more sensitive to interest rate changes and market price fluctuations). Finally, a portfolio's use of derivatives may cause the portfolio to realize higher amounts of short-term capital gains (generally taxed at ordinary income tax rates) than if the portfolio had not used such instruments.

Services to U.S. persons are provided by UBS Asset Management (Americas) Inc. ("Americas") or UBS Asset Management Trust Company. Americas is registered as an investment adviser with the US Securities and Exchange Commission ("SEC") under the Investment Advisers Act of 1940. From time to time, Americas' non-US affiliates in the Asset Management Division who are not registered with the SEC ("Participating Affiliates") provide investment advisory services to Americas' U.S. clients. Americas has adopted procedures to ensure that its Participating Affiliates are in compliance with SEC registration rules.

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Diversity and Inclusion

Factsheet



Diversity and Inclusion at UBS

UBS is a global firm with a network of offices in over 50 countries on five continents. Headquartered in Zurich, Switzerland, UBS is present in all major financial centers worldwide.

Our collective efforts to build a cohesive and collaborative culture are strengthened by our ongoing strides to increase diversity and inclusion across the firm. Our teams reflect diversity in race, ethnicity, age, gender, background, education, sexual orientation and other characteristics. We consider the diversity of our global workforce a competitive differentiator and one that equips us to uniquely understand and relate to clients' needs.

Employee geographical distribution

- 34% in the Americas
- 34% in Switzerland
- 18% in the rest of Europe, the Middle East and Africa
- 14% in Asia Pacific

UBS Group AG employs nearly 60,000 people around the world.

Diversity of thought, opinion and experience helps us make more informed decisions. Similarly, an inclusive work environment attracts high-quality people and makes the firm a better place to work for all.

Looking forward: growing a diverse workforce

We are committed to hiring, retaining and promoting more women at all levels across the firm. Our goal is to achieve one-third representation of women in leadership roles by 2020. To support this goal, we continue to develop career opportunities and continually evaluate and update HR policies and processes that advance our progress in this area.

Our workforce needs to reflect the diversity of the clients we want to attract and serve for successful integration into cultures and markets around the world.

Equal Opportunity

UBS is an equal opportunity employer. We aim to ensure that all employment decisions are based on legitimate business considerations and that all employees and job candidates are treated without regard to sex (including pregnancy, childbirth or related medical condition), race, color, religion, creed, age, ancestry, national origin, disability, medical condition, genetic information, marital status, sexual orientation, gender identity or expression, citizenship, status as a Vietnam-era, disabled or other covered veteran, military and veteran status, and any additional categories protected by local law. This policy applies to everything we do—hire, evaluate, promote, compensate, train, and terminate.

You are responsible for carrying out the UBS Equal Employment Opportunity policy. Therefore, we won't tolerate violations of this policy. Contact Human Resources if you have any questions about this policy.

Anti-Harassment, Anti-Bullying and Non-Discrimination

We're firmly committed to providing a workplace free of discrimination, bullying or harassment based on any categories protected by law.

It is unlawful and against the policies of UBS for any employee, regardless of gender, to sexually harass another employee. Sexual harassment includes, but is not limited to, unwelcome sexual advances, requests for sexual favors, or engaging in other verbal, physical, or visual conduct of a sexual nature where either:

- Submission to such conduct is made an explicit or implicit term or condition of employment;
- Submission to or rejection of such conduct is used as the basis for employment decisions;
- Such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile or offensive working environment.

You may not participate in work-related activities (whether inside or outside of the workplace) that are inconsistent with a professional atmosphere that promotes equal employment opportunity or that offend any individual based on any characteristics. Because we want UBS to be a place where you will thrive, we won't tolerate unlawful discrimination, bullying or harassment by managers, supervisors, co-workers or non-employees in the workplace, including verbal, physical or visual conduct that creates an intimidating, offensive, or hostile work environment or an environment that unreasonably interferes with work performance. Bullying may also include verbal, physical, written or other

aggressive behavior such as threats, stalking, sabotage, manipulation, blackmail or extortion that is intended to hurt, threaten or frighten another individual.

Entertainment and Events

Staff and business entertainment aren't permitted at establishments that explicitly discriminate on the basis of race, gender, religion or other inappropriate factors. This includes patronizing, in connection with work-related activities, establishments that provide entertainment of a sexually explicit nature.

We ask you to consider, respect and uphold our policies and core values when selecting a venue and determining the type of entertainment offered. You should not attend locations and entertainment situations that may:

- Cause embarrassment to UBS or its reputation
- Lead to behaviors that are offensive or harmful to others
- Systematically and unduly pressure employees to participate in entertainment in order to maintain employment standing; and/or
- Systematically exclude certain groups of employees.

You are accountable for behaving respectfully and with cultural sensitivity. Keep in mind cultural norms and dietary requests when requesting food and beverage accommodations. Make efforts to avoid hosting events on significant religious and cultural holidays.

Complaint Procedure

If you have a complaint about harassment and/or bullying, wish to report an incident or learn that conduct described in this policy may be going on, immediately report the matter to your supervisor, your next level manager or an HR Advisor. If you do not feel comfortable discussing a situation with them, bring the situation to the attention of the Americas Head of Employee Relations or the Head of Human Resources, Americas and WMA. Similarly, you may take an issue to this level if you feel that you did not get a timely response to a complaint or that the terms of this policy are not being enforced.

Any UBS supervisor or manager who receives a report or a complaint of discrimination, bullying or harassment, or who learns that conduct of the nature prohibited in this policy may be occurring, must report that offense immediately to an HR Advisor.

Complaints of harassment and/or bullying will be investigated promptly, appropriately and as confidentially as possible. The investigation may include interviews with the complainant, the accused, and others who may be witnesses to the conduct at issue. You must cooperate if you

are contacted during an investigation. We won't tolerate any retaliation against employees as a result of lodging a complaint or participating in a workplace investigation.

Responsive Action

We'll take corrective action ranging from verbal or written warnings to dismissal if it is determined that an employee has engaged in a violation of policy. When facts are unclear or the violation does not warrant disciplinary measures, we will take appropriate action nonetheless to ensure a safe, harassment-free workplace. In the case of inappropriate conduct of or by a customer, consultant, temporary employee or vendor, appropriate corrective action will also be taken.

Our policies, initiatives and networks

- All of our human resources policies and processes reinforce our commitment to a diverse and inclusive workplace with equal opportunities for all employees. As part of this unified approach, each business division is expected to deliver on specific action plans.
- Every year, we support numerous internal and external initiatives in each region focused on education and coaching.
- Internally, our employee networks regularly host events on gender, culture, life stage, sexual orientation, and other topics. In 2016, we sponsored 32 employee networks globally, with more than 18,500 members.

Benefits / Policies for employees in the U.S.

- 20 weeks paid Child Care Leave for **Primary Caregiver**
- 3 weeks paid Child Care Leave for **non-primary Caregiver**
- We continue to enhance policy offerings to support our employees:
 - **Phase back from maternity leave policy** that offers women the option to return to work on a (3) day workweek schedule for the first (2) weeks, paid at 100% before returning to a full workweek
 - **2 Family Care Days** per year (to care for a sick family member, or accompany them to a physician's appointment)
 - **Backup/Emergency Child Care** program (when regular childcare arrangements are unavailable)
 - **Work/Life Assistance Program** (provides resources and referrals for child care, among other services)
 - **New Parent Coaching** (personal coach to assist new parents on practical parenting tips and guidance for a smooth transition to workplace re-entry following your leave)
 - **Mother's Rooms** (aka lactation rooms)

Leadership at UBS

How we lead is critical to the firm's performance and culture. Effective leadership is a key element in strengthening team performance. Our leaders are expected to be inspiring role models who take responsibility for fostering a level of inclusion that leverages diverse opinions, articulates the value of diversity and inclusion and engages all employees.

Recruitment

To sustain and grow our business, we recruit from a broad pool of talent, including people with diversity in background, culture, experience level, skill and viewpoint. Sources include employee referrals, private employment agencies, external job boards, social media, schools and colleges, and partnerships with affinity organizations including diversity-themed professional conferences.

Key partner organizations include:

- 100 Women in Hedge Funds
- Financial Women's Association
- Jopwell
- Sponsors for Educational Opportunity (SEO)
- JumpStart
- Associate of Latina Professionals For America (ALFA)
- Out for Undergraduate Business Conference
- Williams Institute

Global Commitment to Talent Development

Developing current and future leaders is crucial to our success, and we expect them to be champions for our strategy and culture. We value strong performance and personal accountability, and we are committed to individual development through a broad range of training and learning opportunities to build employees' skills. Each year, programs like our Senior Leadership Experience for the firm's senior executives, along with mid- and first-level line manager programs, help define our expectations for leadership excellence, build confidence in our strategy and increase commitment to the firm's three keys to success.

In 2016, globally, our permanent employees participated in approximately 719,000 development activities, including mandatory training on compliance, business and other topics. This was an average of 11.8 training sessions, or 2.4 training days, per employee.

Key Regional Programs

- **Career Comeback Program:** (US, UK and Switzerland)
This program opens the door to experienced professionals looking to return to corporate jobs after a career break. In the US, Career Comeback features a 20-week paid internship including on-the-job experience, classroom learning and mentoring, with a goal of permanent placement at the end of the program.
- **Veterans Associate Program:** prepares veterans for a post-military career at UBS; 20-week rotational internship where participants work side by side with successful leaders across all lines of business; expand veteran network/connections and gain new skills, with a goal of permanent placement at the end of the program.
- **Graduate Talent Program:** provides high quality, diverse, entry-level talent with the necessary skills, relevant business knowledge, and immersion in the UBS culture to form the foundation for a successful career.
- **Coaching Circles:** a 12-month coaching/mentoring forum to foster community, connections and empowerment amongst top diverse talent. Participants gain access to senior leadership thinking and insights. Coaches receive reciprocal learning and insights with potential of elevating and addressing across the organization to further address the needs of diverse employee base.
- **Do You Hear What I Hear:** borrowed from the New Manager Assimilation Methodology first designed by the US Military to enhance leadership effectiveness of command changes during combat situations, this program provides leadership with a forum to gain a point of personal insight related to diversity challenges, hidden/unrevealed. Through this creative and innovative process, diverse employees are brought together with leadership in a facilitated, safe environment with a goal to resolve issues or leverage opportunities previously unknown.
- **Diversity and Inclusion Training Curriculum:** provides foundational training across D&I dimensions such as Unconscious Bias, Conscious Inclusion, and engaging men in the D&I dialog. Target audience is line managers and senior leadership.

Community Affairs

Today's philanthropic landscape is evolving more rapidly than ever before, and the need for strong corporate citizens has never been greater. At UBS, we understand this and are committed to establishing strong partnerships and initiatives to tackle the opportunities ahead. It starts with a simple belief that every dollar and volunteer hour matters. With that in mind, we're committed to building stronger communities where everyone has the opportunity to fulfill their potential and achieve financial independence.

Signature Americas initiatives:

- **UBS Elevating Entrepreneurs** is focused on spurring economic growth by supporting early stage entrepreneurs and small businesses as they build their companies, create jobs and contribute to local economies.
 - Through **Project Entrepreneur**, we are increasing the pipeline of women building high-growth companies by providing them with access to the tools, training and networks needed to build scalable companies. Since launching the program in 2015, we have trained more than 1,200 women entrepreneurs in educational symposiums and maintained 50% ethnic diversity in the applicant pool.
 - We are committed to inclusive entrepreneurship and supporting next-generation entrepreneurs, founders of color and small businesses through our strategic partnerships.
- **UBS NextGen Leaders** aims to increase college and career success for first-generation, lower-income students. We support intergenerational economic mobility through bachelor's degree attainment and career readiness.
 - Our **UBS-SEO College Scholars** program supports 125 African American and Hispanic/Latino young men to persist to graduation at competitive institutions.
 - Through **The TalentED Project**, an online platform designed to match underrepresented college-goers with select institutions that are a good fit for them, we are helping to boost professional connections between college access professionals and admissions recruiters in order to strengthen the pipeline of high-potential students from diverse backgrounds.
- **UBS Community Corps** enables our employees to serve their communities in ways that are meaningful to them through both hands-on and skills based volunteering including supporting underprivileged youth through mentoring, mock interviews, and financial literacy.
 - In 2016, **8,687 employees** volunteered a total of **72,381 hours**.

Awards

UBS has received numerous awards for our leadership, programs and policies that support the diversity of our employees:

Global

- Top 50 - World's Most Attractive Employers (Universum, 2009–2017)
- No. 9 - Global Ideal Employers (eFinancialCareers, 2017)
- No. 8 - Global Female Ideal Employers (eFinancialCareers, 2017)
- No. 6 - Global Banking Ideal Employers (eFinancialCareers, 2017)
- No. 5 - Global Investment banking Ideal Employers (eFinancialCareers, 2017)
- Top 50 - APAC's Most Attractive Employers (Universum, 2016)
- No. 5 - APAC Ideal Employers (eFinancialCareers, 2017)
- No. 5 - APAC Female Ideal Employers (eFinancialCareers, 2017)
- No. 6 - Europe Ideal Employers (eFinancialCareers, 2017)
- Top 100 - Europe's most attractive employers among business students (trendence, 2016)
- Bloomberg Financial Services Gender-Equality Index (Bloomberg, 2017)
- Shortlisted for Europe's Diversity Team of the Year (European Diversity Awards, 2015)
- Shortlisted for Europe's Most Inclusive Employers of the Year (European Diversity Awards, 2015)

Americas

- Top 20 - North America Ideal Employers (eFinancialCareers, 2017)
- #7 - North America Banking Ideal Employers (eFinancialCareers, 2017)
- #Working Mother magazine's "100 Best Companies" (Working Mother magazine, 2014–2016)
- Top 10 - Best Banking Firms for Women (Vault, 2017)
- Top 15 - Best Banking Firms to Work for (Vault, 2017)
- Top 15 - Best Banking Firms for Diversity (Vault, 2017)
- Best Places to Work for LGBT Equality (Human Rights Campaign, 2008–2017)

Capital Budget FY20

Projects Currently Underway

- Rare Books Renovation (& Johnson Roof Replacement) –To Open 2020
- Dudley Branch –To Open 2020
- Adams Street Branch Complete Design in 2019
- Roslindale Branch Complete Design in 2019

Projects in Planning/Kick Off

- Uphams Corner Branch (possible mixed use)
- Fields Corner Programming Study (possible mixed use)
- McKim Master Plan Update
- Faneuil Design

Mini FY19 Capital Projects

- Lower Mills –planning interior improvements, requesting additional funds
- West Roxbury –interior improvements
- South Boston –exterior improvements
- South End –planning interior improvements, requesting full programming study

New Projects Introduced for FY20

- Research Collections Preservation and Storage Plan
- Hyde Park Branch Basement Repair
- Johnson Building: Staff Women's Locker Room
- Public Services Technology Assessment

Note: Boiler Replacements at Brighton & Egleston scheduled for Critical Repair, FY19

Projects with timeline TBD

- Chinatown Permanent Location –Design & Fit Planning/Design (possible mixed use)
- Egleston Square (possible mixed use)
- North End
- West End (possible mixed use)
- Codman Square –to request project

FY20 Operating Budget

City of Boston Submission

- City Maintenance Budget:
 - From \$36.8m to \$ 37.6m, a 2% increase
- Overall Budget
 - From \$45.6m to \$47m, a 3% increase
- 2% Reduction Exercise:
 - \$736,927

City of Boston Submission –Supplemental Materials

- Potential Reform Areas
 - for further exploration
- Potential Revenue Areas for Exploration
 - for further exploration

Potential Investment Areas/Areas of Need

- Support Services
- Security Services
 - PMO
 - WIFI Hotspot Lending Post Pilot Program
 - Library Data Analytics
- Collections
 - Collections Budget
 - Collections Support
- Staffing Areas:
 - Branch Services
 - Systemwide Teen Services
 - Children’s Library
 - Welcome Services
 - Outreach Services

Governance & Development Items For Review

- Launch of New Fund for the BPL
- Executive Director Search
- Steering Committee / New Fund Board
- Capacity Funding Grants
- June Gala, in cooperation with NBLMEC
- GALA Co-Chairs -Strong Commitments
- Finalizing MOU with NBLMEC
- Associates MOU Conversations ongoing
- Run for the Library –15 runners selected

—www.crowdrise.com: \$7,500 min per person