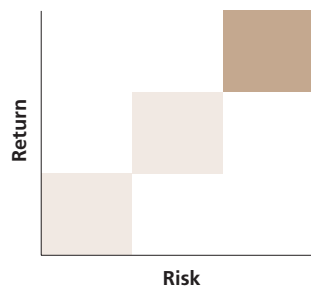


# US Short Duration Municipal Bond Strategy

2Q 2018 | Short Duration Strategies<sup>1</sup>

## Risk vs. return<sup>2</sup>



## Target investor

Designed for investors with a longer investment horizon, seeking incremental yield over money market funds and the benefits of tax-efficient securities.

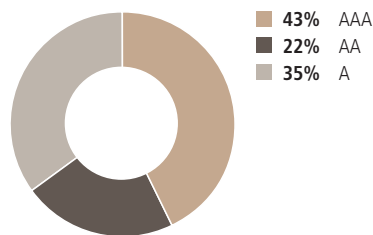
## Objective

To seek both capital appreciation and current income in providing total return management. The benchmark is 95% Bloomberg Barclays 5-Year Municipal Bond Index/5% iMoneyNet First Tier Tax-Free Institutional Average.

## Yield to maturity (gross)

2.09%

## Quality allocation<sup>3</sup>



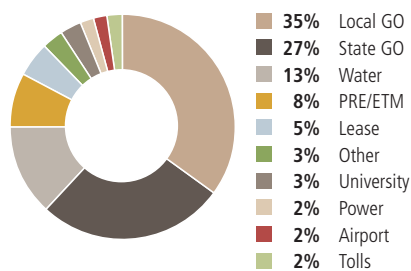
## Strategy duration

3.47 years

## Average credit quality of holdings<sup>4</sup>

AA+

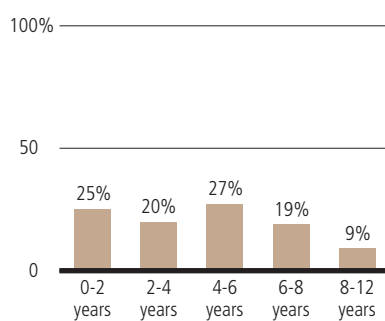
## Sector allocation<sup>3</sup>



## Investment process

- The UBS Asset Management (Americas) Inc. Municipal Investment Team adheres to a disciplined top-down investment process.
- The investment process relies on relative valuation combined with fundamental research performed by an experienced team of analysts.
- There is a commitment to in-depth proprietary quantitative, credit, market and economic research in three distinct areas: duration, sector allocation and security selection.
- The Team seeks to build portfolios that are consistent with clients' goals, guidelines and risk parameters.

## Duration distribution<sup>3</sup>



## Philosophy

- We believe that the successful management of clients' assets is based on a disciplined investment process that is supported by extensive and in-depth research.
- We strive to deliver consistent, above-average returns with below-average risk.
- Our disciplined investment process is designed to deliver long-term, "northwest quadrant" risk/return performance results.
- Our overall focus is on seeking minimal loss of capital and maintaining liquid portfolios with enhanced yields.

## Client service

To learn more about this or other available strategies, please contact the Institutional Sales Team at 212-882 5368.

<sup>1</sup> All figures as of June 30, 2018, unless otherwise noted.

<sup>2</sup> For illustrative purposes only. Does not imply specific risk or return expectations.

<sup>3</sup> Based upon a representative account within US Short Duration Municipal Bond Strategy. Information may be different for a specific client account.

<sup>4</sup> Average Credit Rating for lowest Rating across major Rating agencies.

**Total supplemental returns (in USD)**

For periods ending June 30, 2018

	2Q18 (%)	YTD (%)	1 Year (%)	3 Years (%)	5 Years (%)	Since inception (9/30/09) (%)
<b>Supplemental PWS US Short Duration Municipal Bond Composite (Gross of fees)</b>	0.63	0.00	0.21	1.30	1.68	2.36
<b>Supplemental PWS US Short Duration Municipal Bond Composite (Net of fees)</b>	0.51	-0.25	-0.29	0.79	1.16	1.84
<b>95% Bloomberg Barclays 5 Year Municipal Bond Index/ 5% iMoneyNet First Tier Tax-Free Institutional Average</b>	0.84	0.31	0.30	1.56	1.98	2.52
<b>Value Added</b>	-0.21	-0.31	-0.09	-0.26	-0.30	-0.16

**Note: returns for periods greater than one year are annualized.**

The returns shown above are based on currently available information and are subject to revision. **Past performance is no guarantee of future results.** The rates of return presented are the gross results of the UBS PWS Short Duration Municipal Bond Strategy. As an institutional composite is not available, the UBS PWS Short Duration Municipal Bond Composite results are shown. The Private Wealth Solutions (PWS) program is a separately managed account program. US Short Duration Municipal Bond Strategy accounts are managed according to a strategy that is similar to, but differs in some ways from, the strategy used for Private Wealth Solutions accounts.

The investment return and principal value of an investment will fluctuate so that an investment, when redeemed, may be worth more or less than its original value. Performance of different types of investment vehicles, including mutual funds and separately managed accounts, employing the Strategy may differ as a result of the different fees, expenses, charges, number of securities, and regulatory requirements and/or restrictions applicable to the vehicles.

The benchmark for the US Short Duration Municipal Bond Strategy is 95% Bloomberg Barclays 5 Year Municipal Bond Index and 5% iMoneyNet First Tier Tax-Free Institutional Average. Indices are unmanaged, do not reflect the deductions of any fees or expenses, and are not available for direct investment.

**Past performance is no guarantee of future results.** Potential for profit is accompanied by possibility of loss. The information contained in this profile should not be considered a recommendation to purchase or sell any particular security. There is no assurance that any securities discussed herein will remain in an account's portfolio at the time you receive this information or that securities sold have not been repurchased. The securities discussed do not represent an account's entire portfolio over the course of a full market cycle.

Information presented has been obtained from sources believed to be reliable, but not guaranteed, and reflects expectations for prospective return and risk using current market assumptions. The opinions expressed are a reflection of UBS Asset Management's best judgment at the time this report is compiled, and any obligation to update or alter expectations as a result of new information, future events or otherwise is disclaimed. There can be no assurance that any trends or projections described will continue or that forecasts will ultimately be realized as economic and market conditions change frequently. 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.

A client's returns will be reduced by advisory fees and other expenses incurred by the client. Advisory fees are described in Part II of Form ADV for UBS Asset Management (Americas) Inc.

This profile does not constitute an offer to sell or a solicitation to offer to buy any securities, and nothing in this presentation shall limit or restrict the particular terms of any specific offering. Offers will be made only to qualified investors by means of a prospectus or confidential private placement memorandum providing information as to the specifics of the offering. No offer of any interest in any product will be made in any jurisdiction in which the offer, solicitation or sale is not permitted, or to any person to whom it is unlawful to make such offer, solicitation or sale.

Services to US clients for any strategy herein are provided by UBS Asset Management (Americas) Inc. ("Americas"). Americas is registered as an investment adviser with the U.S. Securities and Exchange Commission ("SEC") under the Investment Advisers Act of 1940.

**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, 2016. 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.**

1. A composite of wrap accounts sponsored by UBS Global Asset Management that seeks both capital appreciation and current income by investing in shorter duration US municipal fixed income securities. The benchmark is 95% Bloomberg Barclays US Municipal 5 Yr Index/5% iMoney Net First Tier Tax-Free Institutional Average. The Composite Creation Date is 30 Sep 2009.
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 reorganization 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. Composites consisting of more than one portfolio are asset weighted by beginning-of-period asset values. Investment results are time-weighted performance calculations representing total return. Returns are calculated using geometric linking of monthly returns. Composites are valued at least monthly, taking into account cash flows. All realized and unrealized capital gains and losses, as well as all dividends and interest from investments and cash balances, are included. Interest income from fixed income securities is accrued, and equity dividends are accrued as of the ex-dividend date. Investment Transactions are accounted for on a trade date basis. Where applicable, returns are shown net of non-recoverable withholding tax.
4. Results include all actual fee-paying, discretionary client portfolios including those clients no longer with the Firm. Portfolios are included in the composite beginning with the first full month of performance to the present or to the cessation of the client's relationship with the Firm. Terminated accounts are included through the last full month in which they were fully invested, and no alterations of composites have occurred due to changes in personnel.
5. The rates of return are presented both net and gross of investment management fees. Net of fee performance typically reflects the deduction of the highest fee charged, as described in Part II of Form ADV. Due to the graduated nature of fees, as account size increases, the annual percentage fee will decline. Net of fee returns are calculated by geometrically deducting the de-annualized highest annual management fee from each monthly gross return and geometrically linking the monthly returns for each period. Gross of fee returns are calculated net of transaction fees and other trading expenses. The highest wrap fee charged for accounts of this type may be up to 1.25%
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.

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**Performance: PWS Municipal Fixed Income-Short Duration Composite**

October 01, 2009 Through December 31, 2016. Amounts and returns expressed in USD (US DOLLAR).

Year	Gross asset-weighted return (%)	Net asset-weighted return (%)	Benchmark return (%)	Composite 3-year Standard Deviation (%)	Benchmark 3-year Standard Deviation (%)	Number of portfolios end of period	Total Composite assets end of period (\$ millions)	Asset-weighted dispersion (%)	Composite assets as percent of firm assets
2009*	1.07	0.99	0.52	N/A	N/A	15	14	N/A	0.00
2010	3.11	2.65	3.24	N/A	N/A	131	193	0.24	0.04
2011	6.32	5.72	6.58	N/A	N/A	157	301	0.28	0.06
2012	2.75	2.19	2.82	2.33	2.29	207	386	0.16	0.07
2013	0.68	0.15	0.78	2.16	2.26	252	528	0.19	0.09
2014	2.56	2.04	3.03	1.91	2.03	291	597	0.54	0.10
2015	1.92	1.42	2.31	1.84	2.02	278	556	0.46	0.10
2016	-0.21	-0.72	-0.36	2.29	2.35	282	569	0.23	0.10

\* Performance Presented for Oct, 2009 through Dec, 2009. No statistics are annualized.

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