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*

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**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*

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**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](http://www.bpl.org)
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

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 Dorcena 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 Irmscher, Chief of Collections to give an update on the Rare Books Department renovation. Ms. Irmscher 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 if 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. Irmscher 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 concierges, 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
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
    • 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

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<thead>
<tr>
<th>Recommendation</th>
<th>New Market Value</th>
<th>New Weight</th>
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<tbody>
<tr>
<td>$1,500,000</td>
<td>$5,134,684</td>
<td>8.4%</td>
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<tr>
<td>$1,500,000</td>
<td>$10,978,085</td>
<td>17.9%</td>
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</table>

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

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**Data as of November 30, 2018**
## FIRM AND PRODUCT SUMMARY

<table>
<thead>
<tr>
<th>Firm/Product</th>
<th>Firm/Team Comments</th>
<th>Investment Style/Strategy</th>
<th>Performance Expectations</th>
<th>Portfolio Positioning</th>
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</thead>
<tbody>
<tr>
<td><strong>Emerging Markets Equity</strong></td>
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<tr>
<td>Fidelity - Slct Emg Mkts. E</td>
<td>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.</td>
<td>This strategy is designed to be core/growth in style and run country and sector neutral to the MSCI EM benchmark.</td>
<td>The strategy should never be too far away from the benchmark either over or underweight. They should outperform if growth is in favor.</td>
<td>This strategy is focused on stock specific risk and will be country and sector neutral to the benchmark.</td>
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<tr>
<td>UBS - EME HALO</td>
<td>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.</td>
<td>High conviction, concentrated best ideas portfolio of 25-35 stocks chosen through a disciplined, highly selective bottom-up investment process.</td>
<td>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%.</td>
<td>Concentrated in 25-35 positions diversified across sectors and countries with no small mid cap bias.</td>
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<tr>
<td><strong>Emerging Markets Small-Cap Equity</strong></td>
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<tr>
<td>Oppenheimer - Emerg Mkt Innovators</td>
<td>OFI Global Asset Management, Inc. (OFI Global) is a wholly-owned subsidiary of OppenheimerFunds, Inc.</td>
<td>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.</td>
<td>The EM Innovators strategy will struggle in a de-risking market environment or a market driven by commodity and resource stocks.</td>
<td>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.</td>
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## NEPC INVESTMENT THESIS

<table>
<thead>
<tr>
<th>Firm/Product</th>
<th>NEPC Investment Thesis</th>
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<tbody>
<tr>
<td><strong>Emerging Markets Equity</strong></td>
<td></td>
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<tr>
<td>Fidelity - Slt Emg Mkts. E</td>
<td>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.</td>
</tr>
<tr>
<td>UBS - EME HALO</td>
<td>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.</td>
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<tr>
<td><strong>Emerging Markets Small-Cap Equity</strong></td>
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<tr>
<td>Oppenheimer - Emerg Mkt Innovators</td>
<td>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.</td>
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</table>
# EQUITY PRODUCT COMPARISON

<table>
<thead>
<tr>
<th>Firm/Product</th>
<th>Primary Equity Capitalization</th>
<th>Current Number of Holdings</th>
<th>Typical Holdings</th>
<th>Wgtd. Avg. Mkt. Cap ($MM)</th>
<th>Median Mkt. Cap ($MM)</th>
<th>Annual Turnover (%)</th>
<th>Max Cash Position (%)</th>
<th>Typical Cash (%)</th>
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<tr>
<td><strong>Emerging Markets Equity</strong></td>
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</tr>
<tr>
<td>Fidelity - Slt Emg Mkts. E</td>
<td>All Cap</td>
<td>116</td>
<td>113</td>
<td>102,148</td>
<td>16,517</td>
<td>75</td>
<td>5</td>
<td>2</td>
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<tr>
<td>UBS - EME HALO</td>
<td>All Cap</td>
<td>31</td>
<td>30</td>
<td>119,613</td>
<td>32,907</td>
<td>26</td>
<td>10</td>
<td>2</td>
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<tr>
<td><strong>Emerging Markets Small-Cap Equity</strong></td>
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<tr>
<td>Oppenheimer - Emerg Mkt Innovators</td>
<td>Small-Mid Cap</td>
<td>107</td>
<td>100</td>
<td>3,950</td>
<td>2,200</td>
<td>20</td>
<td>15</td>
<td>4</td>
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<thead>
<tr>
<th>Firm/Product</th>
<th>% Portfolio in Market Cap Range:</th>
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<tr>
<td></td>
<td>&gt; $50 Billion (%)</td>
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<tr>
<td><strong>Emerging Markets Equity</strong></td>
<td></td>
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<tr>
<td>Fidelity - Slt Emg Mkts. E</td>
<td>45</td>
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<tr>
<td>UBS - EME HALO</td>
<td>55</td>
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<td><strong>Emerging Markets Small-Cap Equity</strong></td>
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<td>Oppenheimer - Emerg Mkt Innovators</td>
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# EQUITY SECTOR ALLOCATIONS

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<thead>
<tr>
<th>Firm/Product</th>
<th>Consumer Discretionary (%)</th>
<th>Consumer Staples (%)</th>
<th>Energy (%)</th>
<th>Financials (%)</th>
<th>Health Care (%)</th>
<th>Industrials (%)</th>
<th>Info. Tech. (%)</th>
<th>Materials (%)</th>
<th>Real Estate (%)</th>
<th>Comm. Serv. (%)</th>
<th>Utilities (%)</th>
<th>Other (%)</th>
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<tr>
<td><strong>Emerging Markets Equity</strong></td>
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<tr>
<td>Fidelity - Slct Emg Mkts. E</td>
<td>10.3</td>
<td>5.3</td>
<td>9.2</td>
<td>25.3</td>
<td>3.4</td>
<td>5.1</td>
<td>17.4</td>
<td>7.1</td>
<td>1.6</td>
<td>13.7</td>
<td>1.7</td>
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<td>UBS - EME HALO</td>
<td>12.1</td>
<td>3.6</td>
<td>7.3</td>
<td>26.7</td>
<td>0.0</td>
<td>0.0</td>
<td>27.8</td>
<td>11.0</td>
<td>1.7</td>
<td>2.1</td>
<td>1.9</td>
<td>5.8</td>
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<tr>
<td>Oppenheimer - Emerg Mkt Innovators</td>
<td>27.3</td>
<td>8.8</td>
<td>0.0</td>
<td>13.9</td>
<td>16.0</td>
<td>7.2</td>
<td>19.6</td>
<td>2.9</td>
<td>1.2</td>
<td>3.1</td>
<td>0.0</td>
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<th>Benchmark</th>
<th>Consumer Discretionary (%)</th>
<th>Consumer Staples (%)</th>
<th>Energy (%)</th>
<th>Financials (%)</th>
<th>Health Care (%)</th>
<th>Industrials (%)</th>
<th>Info. Tech. (%)</th>
<th>Materials (%)</th>
<th>Real Estate (%)</th>
<th>Comm. Serv. (%)</th>
<th>Utilities (%)</th>
<th>Other (%)</th>
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<tbody>
<tr>
<td>MSCI EM-ND</td>
<td>10.5</td>
<td>6.6</td>
<td>8.2</td>
<td>23.2</td>
<td>3.0</td>
<td>5.5</td>
<td>15.8</td>
<td>7.9</td>
<td>2.8</td>
<td>14.1</td>
<td>2.4</td>
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**TRAILING PERIOD RETURNS - (NET OF FEES)**

<table>
<thead>
<tr>
<th>Benchmark</th>
<th>Qtr</th>
<th>YTD</th>
<th>1 Year</th>
<th>3 Year</th>
<th>5 Year</th>
<th>7 Year</th>
<th>10 Year</th>
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<tr>
<td><strong>Emerging Markets Equity</strong></td>
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<tr>
<td>Fidelity - Slct Emg Mkts. E</td>
<td>1</td>
<td>-3.7%</td>
<td>-11.9%</td>
<td>-5.5%</td>
<td>13.6%</td>
<td>5.9%</td>
<td>6.1%</td>
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<tr>
<td>UBS - EME HALO</td>
<td>1</td>
<td>-4.1%</td>
<td>-10.2%</td>
<td>-2.7%</td>
<td>14.8%</td>
<td>6.2%</td>
<td>7.8%</td>
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<td><strong>Emerging Markets Small-Cap Equity</strong></td>
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<tr>
<td>Oppenheimer - Emerg Mkt Innovators</td>
<td>2</td>
<td>-8.0%</td>
<td>-12.6%</td>
<td>-5.7%</td>
<td>8.6%</td>
<td>NA</td>
<td>NA</td>
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**Actual Return**

1. MSCI EM-ND
   - 1M: -1.1%
   - 2M: -7.7%
   - 3Y: -0.8%
   - 5Y: 12.4%
   - 7Y: 3.6%
   - 10Y: 5.0%
   - 10Y: 5.4%

2. MSCI EM Small Cap-ND
   - 1M: -4.2%
   - 2M: -12.3%
   - 3Y: -4.2%
   - 5Y: 7.4%
   - 7Y: 2.7%
   - 10Y: 4.8%
   - 10Y: 7.4%
Performance as of September 30, 2018

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

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<tr>
<td><strong>Emerging Markets Equity</strong></td>
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<tr>
<td>Fidelity - Sict Emg Mkts. E</td>
<td>1</td>
<td>44.8%</td>
<td>11.8%</td>
<td>-12.1%</td>
<td>2.4%</td>
<td>-1.7%</td>
<td>15.4%</td>
<td>-21.5%</td>
<td>14.9%</td>
<td>82.7%</td>
</tr>
<tr>
<td>UBS - EME HALO</td>
<td>1</td>
<td>46.9%</td>
<td>11.3%</td>
<td>-4.7%</td>
<td>-2.0%</td>
<td>-7.2%</td>
<td>26.0%</td>
<td>-17.4%</td>
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<td>41.1%</td>
<td>-0.8%</td>
<td>-5.5%</td>
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<tr>
<td>Fidelity - Sict Emg Mkts. E</td>
<td>1</td>
<td>7.5%</td>
<td>0.6%</td>
<td>2.8%</td>
<td>4.6%</td>
<td>0.9%</td>
<td>-2.8%</td>
<td>-3.1%</td>
<td>-3.9%</td>
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<td>UBS - EME HALO</td>
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<td>9.6%</td>
<td>0.1%</td>
<td>10.2%</td>
<td>0.2%</td>
<td>-4.6%</td>
<td>7.8%</td>
<td>1.1%</td>
<td>-0.1%</td>
<td>28.6%</td>
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<tr>
<td>Oppenheimer - Emerg Mkt Innovators</td>
<td>2</td>
<td>7.3%</td>
<td>-3.1%</td>
<td>1.3%</td>
<td>NA</td>
<td>NA</td>
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</tr>
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</table>

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

Past performance is no guarantee of future results
5 YEAR TOTAL RISK/RETURNS COMPARISON - (NET OF FEES)

Performance as of September 30, 2018

Past performance is no guarantee of future results
7 YEAR TOTAL RISK/RETURNS COMPARISON - (NET OF FEES)

Higher Return
Lower Risk

Higher Return
Higher Risk

Fidelity - Slt Emg Mkts. E

UBS - EME HALO

MSCI EM Small Cap-ND

MSCI EM-ND

Past performance is no guarantee of future results
COUNTRY ALLOCATIONS

UBS Asset Management
Emerging Markets Equity HALO

Characteristics as of September 30, 2018
COUNTRY ALLOCATIONS

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

Characteristics as of September 30, 2018
## ACCOUNT MINIMUMS AND FEE SCHEDULES

<table>
<thead>
<tr>
<th>Firm/Product</th>
<th>Separate Account Min. ($MM)</th>
<th>Commingled Fund Min. ($MM)</th>
<th>Mutual Fund Min. ($MM)</th>
<th>Separate Account Fee Schedule</th>
<th>Commingled Fund Fee Schedule</th>
<th>Mutual Fund Ticker and Fee</th>
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<tr>
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<tr>
<td>Fidelity - Slct Emg Mkts. E</td>
<td>50</td>
<td>5</td>
<td>NA</td>
<td>All Assets at 0.90%</td>
<td>First $50 million - 0.70%</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>Next $150 million - 0.55%</td>
<td>Balance - 0.45%</td>
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<tr>
<td>UBS - EME HALO</td>
<td>50</td>
<td>5*</td>
<td>5*</td>
<td>First $50 million - 0.88%</td>
<td>First $30 million - 0.78%</td>
<td>First $30 million - 0.78%</td>
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<tr>
<td></td>
<td></td>
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<td></td>
<td>Next $50 million - 0.81%</td>
<td>Next $20 million - 0.70%</td>
<td>Next $20 million - 0.70%</td>
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<td></td>
<td></td>
<td></td>
<td>Next $150 million - 0.79%</td>
<td>Next $50 million - 0.69%</td>
<td>Next $50 million - 0.69%</td>
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<td></td>
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<td></td>
<td>Balance - 0.77%</td>
<td>Next $100 million - 0.67%</td>
<td>Next $100 million - 0.67%</td>
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<tr>
<td></td>
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<td></td>
<td>Balance - 0.66%</td>
<td>Balance - 0.66%</td>
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<td><strong>Emerging Markets Small-Cap Equity</strong></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oppenheimer - Emerg Mkt Innovators</td>
<td>25</td>
<td>5</td>
<td>1</td>
<td>First $50 million - 1.00%</td>
<td>First $50 million - 1.00%</td>
<td>EMVIX - 1.26%</td>
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<td></td>
<td></td>
<td></td>
<td>Next $50 million - 0.95%</td>
<td>Next $50 million - 0.95%</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>Balance - 0.90%</td>
<td>Balance - 0.90%</td>
<td></td>
</tr>
</tbody>
</table>

*UBS has agreed to waive the minimum
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 or 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 Switzerland

#1 asset manager in China

In the top 10 largest managers globally of direct real estate

2nd largest Europe-based passive player

2nd largest fund of hedge funds manager

A Leader in Impact Investing

Global institutional client assets by region
Invested assets of USD 581 billion

Americas region—Institutional AUM by asset type
Invested assets of USD 176 billion

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
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)
Comprehensive range of active and passive strategies

Tailoring investment solutions that meets your risk and return objectives

<table>
<thead>
<tr>
<th>Traditional</th>
<th>Alternatives</th>
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<td><strong>Equities</strong></td>
<td>Hedge Funds</td>
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<tr>
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<td>Direct Real Estate</td>
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<tr>
<td></td>
<td>Direct Infrastructure</td>
</tr>
<tr>
<td></td>
<td>Multi-Managers</td>
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<tr>
<td><strong>Fixed Income and Money Market</strong></td>
<td><strong>Hedge Funds</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Direct Real Estate</strong></td>
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<tr>
<td></td>
<td><strong>Direct Infrastructure</strong></td>
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<td><strong>Multi-Managers</strong></td>
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<tr>
<td><strong>Multi-Asset and Currency</strong></td>
<td><strong>Hedge Funds</strong></td>
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<td><strong>Direct Real Estate</strong></td>
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<td><strong>Direct Infrastructure</strong></td>
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<td><strong>Multi-Managers</strong></td>
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<td><strong>Emerging markets</strong></td>
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<td><strong>Direct Infrastructure</strong></td>
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<td><strong>Multi-Managers</strong></td>
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<td><strong>Global and regional</strong></td>
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<td><strong>Direct Infrastructure</strong></td>
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<td><strong>Long / short</strong></td>
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<td><strong>Direct Real Estate</strong></td>
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<td><strong>Direct Infrastructure</strong></td>
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<td><strong>Opportunity / high alpha</strong></td>
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<td><strong>Direct Real Estate</strong></td>
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<td><strong>Direct Infrastructure</strong></td>
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<td><strong>Multi-Managers</strong></td>
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<td><strong>Passive</strong></td>
<td><strong>Hedge Funds</strong></td>
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<td><strong>Direct Infrastructure</strong></td>
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<td><strong>Direct Infrastructure</strong></td>
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<td><strong>Multi-Managers</strong></td>
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<td><strong>Sustainable investing</strong></td>
<td><strong>Hedge Funds</strong></td>
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<td><strong>Direct Real Estate</strong></td>
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<tr>
<td></td>
<td><strong>Direct Infrastructure</strong></td>
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<tr>
<td></td>
<td><strong>Multi-Managers</strong></td>
</tr>
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- Emerging markets
- Global and regional
- Long / short
- Opportunity / high alpha
- Passive
- Quantitative
- Sustainable investing
- Equities
- Fixed Income and Money Market
- Multi-Asset and Currency
- Hedge Funds
- Direct Real Estate
- Direct Infrastructure
- Multi-Managers
- Single manager
- Multi-manager
- Asia Pacific
- Brazil
- EMEA ex-CH
- North America
- Switzerland
- Customized mandates
- Real estate debt
- Real estate
- Infrastructure
- Infrastructure equity
- Infrastructure debt
- Private equity
- Real estate securities

UBS
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
# Table of contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>UBS Emerging Markets Equity High Alpha Long-term Opportunity (HALO) Strategy</td>
</tr>
<tr>
<td>2</td>
<td>Portfolio &amp; Performance</td>
</tr>
<tr>
<td>3</td>
<td>Appendix</td>
</tr>
</tbody>
</table>
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 outperformance
• >5% over benchmark p.a. since inception
• A leader amongst peers in risk-adjusted performance

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: eVestment 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 benchmark\(^2\)

**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

Peer review process
Top ranked names by each analyst debated with and vetted by PMs

Research process
- Proprietary primary research
- Quality assessment
- Intrinsic value calculation
- Ranking

Narrowing down the universe
- Minimum liquidity requirements
- Excluding poor quality companies by means of corporate governance, management quality and industry dynamics

Risk management
- Risk systems
- Macro risk indicators

Portfolio construction
- Macro analysis and inputs
- Weighting assignment

Portfolio

Highly selective bottom-up process incorporating macro considerations

For illustrative purposes only.
# Research process

**Fundamental proprietary primary research**

<table>
<thead>
<tr>
<th>Proprietary primary research</th>
<th>Quality assessment</th>
<th>Intrinsic value calculation</th>
<th>Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sector analysts covering 20-40 stocks each</td>
<td>Quality checklist for each company covered</td>
<td>Determined by the fundamentals that drive a security's future cash flow</td>
<td>Best ideas ranked by sector analysts</td>
</tr>
<tr>
<td>On the ground unconventional research on industry and company</td>
<td>Scoring and ranking stocks on quality</td>
<td>Modelling financial statements over 5 years</td>
<td>Based on quality &amp; valuations</td>
</tr>
<tr>
<td>Documented in a company research note (CRN)</td>
<td></td>
<td>Proprietary valuation system</td>
<td>Top ranked names per analyst brought to peer review process</td>
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</table>
Quality Assessment

Checklist with 32 questions quantifies the quality of a company

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<th>Quality Assessment</th>
<th>Industry structure &amp; competitive positioning = 12</th>
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<tr>
<td></td>
<td>Profitability trends and sustainability = 6</td>
</tr>
<tr>
<td></td>
<td>Governance, disclosure, environmental and social practices = 14</td>
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</tbody>
</table>

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

<table>
<thead>
<tr>
<th>For fiscal year end May, USDm</th>
<th>2015</th>
<th>2016</th>
<th>2017F</th>
<th>2018F</th>
<th>2019F</th>
<th>2020F</th>
<th>2021F</th>
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<tr>
<td>Net revenue</td>
<td>1246.8</td>
<td>1478.3</td>
<td>1769.6</td>
<td>2256.5</td>
<td>2990.3</td>
<td>3985.7</td>
<td>5284.5</td>
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<tr>
<td>Gross profit</td>
<td>720.4</td>
<td>864.0</td>
<td>1028.2</td>
<td>1315.5</td>
<td>1758.3</td>
<td>2355.5</td>
<td>3170.7</td>
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<tr>
<td>Net profit (Non-GAAP)</td>
<td>210.3</td>
<td>241.7</td>
<td>282.0</td>
<td>397.7</td>
<td>563.6</td>
<td>771.3</td>
<td>1057.4</td>
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<tr>
<td>Earnings per share</td>
<td>1.34</td>
<td>1.54</td>
<td>1.79</td>
<td>2.53</td>
<td>3.58</td>
<td>4.90</td>
<td>6.72</td>
</tr>
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</table>

### 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 |

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)**

<table>
<thead>
<tr>
<th>Security</th>
<th>SEISOL</th>
<th>CUSIP</th>
<th>Ticker</th>
<th>Country</th>
<th>Market</th>
<th>Currency</th>
<th>Last Updated</th>
<th>Analyst</th>
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### Normal inputs

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<th>EPS</th>
<th>EPS consensus (IBES)</th>
<th>DPS</th>
<th>EPS 12 Through</th>
<th>Normal Input Date</th>
<th>Active Status</th>
<th>Fiscal Year</th>
<th>Ind</th>
<th>Current</th>
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<tr>
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### Output

<table>
<thead>
<tr>
<th>Price</th>
<th>Pricing</th>
<th>Market</th>
<th>Downside</th>
<th>Downside Price%</th>
<th>Required</th>
<th>Value</th>
<th>Required</th>
<th>Implied</th>
<th>Rate</th>
<th>Alpha</th>
<th>Beta</th>
<th>P/E Ratios</th>
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<tr>
<td>0.00</td>
<td>04Sep17</td>
<td>04.12</td>
<td>50.00</td>
<td>40.56</td>
<td>97.61</td>
<td>16.03</td>
<td>8.37</td>
<td>11.64</td>
<td>3.27</td>
<td>0.82</td>
<td>54.27</td>
<td>46.73, 35.49, 21.06</td>
</tr>
<tr>
<td>0.00</td>
<td>04Sep17</td>
<td>04.12</td>
<td>50.00</td>
<td>40.56</td>
<td>97.61</td>
<td>16.03</td>
<td>8.37</td>
<td>11.64</td>
<td>3.27</td>
<td>0.82</td>
<td>54.27</td>
<td>46.73, 35.49, 21.06</td>
</tr>
</tbody>
</table>

### Research

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

Source: UBS Asset Management
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
- Inflation vs. 5 year average
- 3-year % change in loans (real)

Financial system
- 3-year % pts change in loans/GDP
- Loan/deposit ratio

Political/regulatory
- Election in 12 month or other socio-political risks

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

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 (%)

<table>
<thead>
<tr>
<th></th>
<th>Month</th>
<th>Last Three Months</th>
<th>Year to Date</th>
<th>One Year</th>
<th>Two Years</th>
<th>Three Years</th>
<th>Four Years</th>
<th>Five Years</th>
<th>Ten Years</th>
<th>Fifteen Years</th>
<th>Twenty Years</th>
<th>Since Inception</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Composite (Gross of Fees)</strong></td>
<td>-1.03</td>
<td>-3.90</td>
<td>-9.56</td>
<td>-1.86</td>
<td>13.51</td>
<td>15.76</td>
<td>9.07</td>
<td>7.10</td>
<td>10.29</td>
<td>-</td>
<td>-</td>
<td>8.28</td>
</tr>
<tr>
<td><strong>MSCI Emerging Markets (net)</strong></td>
<td>-0.53</td>
<td>-1.09</td>
<td>-7.68</td>
<td>-0.81</td>
<td>10.21</td>
<td>12.36</td>
<td>3.44</td>
<td>3.61</td>
<td>5.40</td>
<td>-</td>
<td>-</td>
<td>3.37</td>
</tr>
<tr>
<td><strong>Value Added</strong></td>
<td>-0.50</td>
<td>-2.81</td>
<td>-1.88</td>
<td>-1.05</td>
<td>3.30</td>
<td>3.40</td>
<td>5.63</td>
<td>3.48</td>
<td>4.89</td>
<td>-</td>
<td>-</td>
<td>4.91</td>
</tr>
</tbody>
</table>

- Standard Deviation
  - Composite: 13.14, 12.96, 13.74, 14.10, 14.23, 22.28, -, -
- Primary Benchmark: 13.13, 11.67, 14.01, 14.89, 14.58, 21.63, -, -

- Tracking Error
  - Composite: 4.08, 3.91, 4.79, 4.70, 4.71, 4.49, -, -

- Information Ratio
  - Composite: -0.26, 0.84, 0.71, 1.20, 0.74, 1.09, -, -

### Calendar year performance (%)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Composite (Gross of Fees)</strong></td>
<td>-9.56</td>
<td>48.18</td>
<td>12.26</td>
<td>-3.84</td>
<td>-1.13</td>
<td>-5.36</td>
<td>27.1</td>
<td>-16.62</td>
<td>19.79</td>
<td>108.85</td>
<td>-</td>
</tr>
<tr>
<td><strong>Value Added</strong></td>
<td>-1.88</td>
<td>10.9</td>
<td>1.08</td>
<td>11.08</td>
<td>1.06</td>
<td>-3.76</td>
<td>8.87</td>
<td>1.8</td>
<td>0.91</td>
<td>30.35</td>
<td>-</td>
</tr>
</tbody>
</table>

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.


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

Portfolio Statistics
Since Inception (09/2008-9/2018)

<table>
<thead>
<tr>
<th></th>
<th>Excess Return</th>
<th>IR</th>
<th>Sharpe Ratio</th>
<th>UMC</th>
<th>DMC</th>
</tr>
</thead>
<tbody>
<tr>
<td>EM HALO</td>
<td>4.91</td>
<td>1.08</td>
<td>0.35</td>
<td>11.20</td>
<td>93.91</td>
</tr>
<tr>
<td>eVestment median</td>
<td>1.46</td>
<td>0.33</td>
<td>0.20</td>
<td>98.78</td>
<td>95.64</td>
</tr>
</tbody>
</table>

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)

<table>
<thead>
<tr>
<th>Total</th>
<th>Consumer Discretionary</th>
<th>Financials</th>
<th>Materials</th>
<th>Health Care</th>
<th>Telecommunication Services</th>
<th>Information Technology</th>
<th>Energy</th>
<th>Real Estate</th>
<th>Consumer Staples</th>
<th>Utilities</th>
<th>Industrials</th>
</tr>
</thead>
</table>

- Allocation effect
- Stock selection effect

Total effect (%)
- 5.55
- 1.93
- 1.82
- 0.70
- 0.51
- 0.45
- 0.29
- 0.00
- -0.00
- -0.04
- -0.08
- -0.51

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)

- Allocation effect
- Stock selection effect

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

<table>
<thead>
<tr>
<th>Sector weights (in %)</th>
<th>Strategy</th>
<th>Benchmark</th>
<th>Relative to Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financials</td>
<td>28.0</td>
<td>23.2</td>
<td>4.8</td>
</tr>
<tr>
<td>Information Technology</td>
<td>33.1</td>
<td>28.7</td>
<td>4.4</td>
</tr>
<tr>
<td>Materials</td>
<td>10.4</td>
<td>7.9</td>
<td>2.5</td>
</tr>
<tr>
<td>Consumer Staples</td>
<td>6.6</td>
<td>6.6</td>
<td>0.1</td>
</tr>
<tr>
<td>Consumer Discretionary</td>
<td>6.9</td>
<td>7.2</td>
<td>-0.3</td>
</tr>
<tr>
<td>Utilities</td>
<td>1.8</td>
<td>2.4</td>
<td>-0.6</td>
</tr>
<tr>
<td>Real Estate</td>
<td>1.6</td>
<td>2.8</td>
<td>-1.2</td>
</tr>
<tr>
<td>Energy</td>
<td>6.9</td>
<td>8.2</td>
<td>-1.3</td>
</tr>
<tr>
<td>Telecommunication Services</td>
<td>2.0</td>
<td>4.5</td>
<td>-2.5</td>
</tr>
<tr>
<td>Health Care</td>
<td>0.0</td>
<td>3.0</td>
<td>-3.0</td>
</tr>
<tr>
<td>Industrials</td>
<td>0.0</td>
<td>5.4</td>
<td>-5.4</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Country weights (in %)</th>
<th>Strategy</th>
<th>Benchmark</th>
<th>Relative to Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>33.8</td>
<td>30.9</td>
<td>2.9</td>
</tr>
<tr>
<td>Hungary</td>
<td>3.1</td>
<td>0.3</td>
<td>2.8</td>
</tr>
<tr>
<td>Korea</td>
<td>17.5</td>
<td>14.9</td>
<td>2.6</td>
</tr>
<tr>
<td>Russia</td>
<td>5.7</td>
<td>3.7</td>
<td>2.0</td>
</tr>
<tr>
<td>Indonesia</td>
<td>3.4</td>
<td>2.0</td>
<td>1.4</td>
</tr>
<tr>
<td>South Africa</td>
<td>7.0</td>
<td>6.1</td>
<td>0.9</td>
</tr>
<tr>
<td>India</td>
<td>9.4</td>
<td>8.5</td>
<td>0.9</td>
</tr>
<tr>
<td>Brazil</td>
<td>6.8</td>
<td>6.2</td>
<td>0.6</td>
</tr>
<tr>
<td>Mexico</td>
<td>2.7</td>
<td>3.2</td>
<td>-0.5</td>
</tr>
<tr>
<td>Malaysia</td>
<td>1.5</td>
<td>2.4</td>
<td>-0.9</td>
</tr>
<tr>
<td>Philippines</td>
<td>0.0</td>
<td>1.0</td>
<td>-1.0</td>
</tr>
<tr>
<td>Chile</td>
<td>0.0</td>
<td>1.1</td>
<td>-1.1</td>
</tr>
<tr>
<td>Poland</td>
<td>0.0</td>
<td>1.2</td>
<td>-1.2</td>
</tr>
<tr>
<td>Thailand</td>
<td>0.0</td>
<td>2.5</td>
<td>-2.5</td>
</tr>
<tr>
<td>Taiwan</td>
<td>6.7</td>
<td>12.2</td>
<td>-5.6</td>
</tr>
</tbody>
</table>

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, 1992 through December 31, 2017. The verification reports are available upon request. Verification assesses whether (1) the Firm has compiled 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)

<table>
<thead>
<tr>
<th>Year</th>
<th>Gross Asset-Weighted Return (%)</th>
<th>Asset-Weighted Return (%)</th>
<th>Net Asset-Weighted Return (%)</th>
<th>Benchmark Return (%)</th>
<th>Composite 5-Yr St Dev (%)</th>
<th>Benchmark 5-Yr St Dev (%)</th>
<th># of Portfolios End of Period</th>
<th>Total Composite Assets End of Period (millions)</th>
<th>Asset Weighted Depreciation (%)</th>
<th>Composite Asset as % of Firm Assets</th>
<th>Firm Assets (Billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008*</td>
<td>-37.19</td>
<td>-37.24</td>
<td>-40.37</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>1</td>
<td>13</td>
<td>N/A</td>
<td>0.06</td>
<td>471</td>
</tr>
<tr>
<td>2009</td>
<td>108.85</td>
<td>108.46</td>
<td>75.51</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>1</td>
<td>80</td>
<td>N/A</td>
<td>0.02</td>
<td>482</td>
</tr>
<tr>
<td>2010</td>
<td>19.70</td>
<td>19.45</td>
<td>18.98</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>1</td>
<td>608</td>
<td>0.20</td>
<td>0.13</td>
<td>515</td>
</tr>
<tr>
<td>2011</td>
<td>-14.62</td>
<td>-16.98</td>
<td>-18.42</td>
<td>27.16</td>
<td>25.56</td>
<td>3</td>
<td>972</td>
<td>0.50</td>
<td>0.10</td>
<td>511</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>27.10</td>
<td>26.43</td>
<td>13.22</td>
<td>23.34</td>
<td>21.89</td>
<td>4</td>
<td>2,697</td>
<td>0.54</td>
<td>0.47</td>
<td>557</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>-6.95</td>
<td>-6.65</td>
<td>-5.90</td>
<td>21.41</td>
<td>19.49</td>
<td>8</td>
<td>2,980</td>
<td>0.38</td>
<td>0.51</td>
<td>581</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>-1.13</td>
<td>-1.63</td>
<td>-2.10</td>
<td>17.33</td>
<td>15.28</td>
<td>6</td>
<td>2,724</td>
<td>0.10</td>
<td>0.48</td>
<td>597</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>-3.84</td>
<td>-4.33</td>
<td>-4.92</td>
<td>14.23</td>
<td>13.36</td>
<td>6</td>
<td>2,567</td>
<td>0.11</td>
<td>0.41</td>
<td>577</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>12.25</td>
<td>11.60</td>
<td>11.19</td>
<td>14.76</td>
<td>16.22</td>
<td>6</td>
<td>2,707</td>
<td>0.22</td>
<td>0.47</td>
<td>582</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>48.18</td>
<td>47.28</td>
<td>37.28</td>
<td>23.22</td>
<td>15.44</td>
<td>6</td>
<td>2,449</td>
<td>0.30</td>
<td>0.46</td>
<td>727</td>
<td></td>
</tr>
</tbody>
</table>


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

1. EMHALO - Emerging Markets Equity HALO Composite is a multi-asset composite. It is composed of a high alpha, low only uncommitted accounts with a three to five year time horizon and flexibility to take meaningful positions in attractive valuations 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 gross. Benchmark is MSCI Emerging Markets (net)/USD. This composite was created in January 2010.

2. The Firm is defined as all activity and passively managed institutional and retail accounts of UBS Asset Management (the Firm) throughout the world. The Firm was the lead asset manager of UBS Group and was acquired by the Firm in January 2001. The performance record prior to 2001 is that of the local asset management division which managed the composite, and has been reported 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, portfolio, 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, realized and unrealized gains and losses, and are calculated using WCM/Reuter's exchange rates. Until 31/12/99, composite returns were based on euro. After that, composite returns and annual returns are stated in USD.

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 volumes are calculated on an annual basis. Net returns are calculated after all fee components excluding transaction costs by adding the daily fee component to the underlying net return. The net of the return is presented both net and gross of investment management fees. b) The rate of return is the return over the period. 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 this ADV. Net of fee returns are calculated by annually deducting the highest annual management fee for each fund. d) The performance returns presented are gross of management and custodian fees but after all trading expenses. Where a net return is also presented, it is calculated net of management fees and all trading expenses. This composite has a max fund rate of 2.5% per year (this represents the highest possible fee for this composite). Due to the varying client segmentation the charged fee for this composite can differ. The net 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 at each full time period are included in the dispersion calculation and no dispersion is presented for portfolios consisting of only a single portfolio. The 3 year average annual dispersion is 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 indicative 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**

<table>
<thead>
<tr>
<th>Assets (USD bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia ex Japan Equities</td>
</tr>
<tr>
<td>Global EM Equities</td>
</tr>
<tr>
<td>China Equities</td>
</tr>
<tr>
<td>Latin America, Europe, Middle East &amp; Africa Equities</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

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 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.

Portfolio standard deviation reduction benefit by number of stocks

0% 25% 50% 75% 100%
1 2 5 10 15 20 25 30 50 270
# 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

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
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

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.

Years of investment industry experience: 31

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

Note: As at March 2018
Urs Antonioli, CFA

Head of EM EMEA & Latin America Equities
Managing Director

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

Years of investment industry experience: 23

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

Years of investment industry experience: 21
Education: Indian Institute of Technology (India), B.Tech; Indian Institute of Management (India), MBA

Note: As at March 2018
Additional disclosures

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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.

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
- 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)
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