

**This Hong Kong Covering Document forms part of and should be read in conjunction with the Sales Prospectus of UBS (Lux) Bond SICAV dated October 2023, as amended from time to time.**

# **UBS (Lux) Bond SICAV**

## **Hong Kong Covering Document**

October 2023

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## IMPORTANT INFORMATION FOR HONG KONG INVESTORS

This Hong Kong Covering Document must be read in conjunction with the Sales Prospectus of UBS (Lux) Bond SICAV (the “**Company**”) dated October 2023 (the “**Sales Prospectus**”) and the Product Key Facts Statements of the Sub-Funds (as defined below). Investors should refer to the Sales Prospectus for full details relating to the Company. The Sales Prospectus, this Hong Kong Covering Document and the Product Key Facts Statements together form the offering document (the “**Hong Kong Offering Document**” or “**HKOD**”) of the Company and the Sub-Funds. The purpose of this Hong Kong Covering Document is to set out information relating to the Company and the Sub-Funds which is particular to the offering of the shares attributable to the Sub-Funds (the “**Shares**”) to investors in Special Administrative Region of the People’s Republic of China (“**Hong Kong**”).

Capitalised terms used in this Hong Kong Covering Document shall, unless otherwise defined or re-defined herein or unless the context otherwise requires, have the meanings ascribed to them in the Sales Prospectus.

**Important – if you are in any doubt about the contents of the HKOD, you should seek independent professional financial advice.**

**WARNING:** In relation to the sub-funds as set out in the Sales Prospectus, only the Company and the following funds (each a “Sub-Fund”, and collectively, the “Sub-Funds”) are authorised by the Securities and Futures Commission of Hong Kong (the “SFC”) pursuant to Section 104 of the Securities and Futures Ordinance (Cap 571, Laws of Hong Kong) (the “SFO”), and hence may be offered to the public in Hong Kong:

- UBS (Lux) Bond SICAV – Asian High Yield (USD)
- UBS (Lux) Bond SICAV – USD High Yield (USD)
- UBS (Lux) Bond SICAV – China Fixed Income (RMB)
- UBS (Lux) Bond SICAV – Asian Investment Grade Bonds Sustainable (USD)\* (This Sub-Fund is not classified as an ESG fund in Hong Kong\*)

\*The Sub-Fund is not classified as an ESG fund in Hong Kong pursuant to the Circular to management companies of SFC authorised unit trusts and mutual funds – ESG funds issued by the SFC dated 29 June 2021 as may be revised from time to time.

Please note that the Sales Prospectus is a global offering document and therefore also contains information of the following sub-fund(s) which are not authorised by the SFC:

- UBS (Lux) Bond SICAV – Convert Global (EUR)
- UBS (Lux) Bond SICAV – EUR Corporates Sustainable (EUR)
- UBS (Lux) Bond SICAV – Green Social Sustainable Bonds (EUR)
- UBS (Lux) Bond SICAV – Short Term EUR Corporates Sustainable (EUR)
- UBS (Lux) Bond SICAV – Short Term USD Corporates Sustainable (USD)
- UBS (Lux) Bond SICAV – Global Short Term Flexible (USD)
- UBS (Lux) Bond SICAV – Global Corporates (USD)
- UBS (Lux) Bond SICAV – Global Dynamic (USD)
- UBS (Lux) Bond SICAV – Global Inflation-linked (USD)
- UBS (Lux) Bond SICAV – Global SDG Corporates Sustainable (USD)
- UBS (Lux) Bond SICAV – 2023 (USD)
- UBS (Lux) Bond SICAV – 2024 (USD)
- UBS (Lux) Bond SICAV – 2025 I (EUR)
- UBS (Lux) Bond SICAV – 2025 I (USD)
- UBS (Lux) Bond SICAV – Fixed Maturity Series 4 (EUR)
- UBS (Lux) Bond SICAV – Fixed Maturity Series 5 (EUR)
- UBS (Lux) Bond SICAV – Fixed Maturity Series 1 (USD)
- UBS (Lux) Bond SICAV – Fixed Maturity Series 11 (USD)
- UBS (Lux) Bond SICAV – Fixed Maturity Series 12 (USD)
- UBS (Lux) Bond SICAV – Emerging Economies Corporates (USD)
- UBS (Lux) Bond SICAV – Emerging Economies Local Currency Bond (USD)
- UBS (Lux) Bond SICAV – Floating Rate Income (USD)
- UBS (Lux) Bond SICAV – Short Duration High Yield Sustainable (USD)
- UBS (Lux) Bond SICAV – USD Corporates (USD)
- UBS (Lux) Bond SICAV – USD Investment Grade Corporates Sustainable (USD)

**UBS (Lux) Bond SICAV – China High Yield (USD)**  
**UBS (Lux) Bond SICAV – China Flexible (RMB)**  
**UBS (Lux) Bond SICAV – Multi Income (USD)**

**No offer shall be made to the public in Hong Kong in respect of the above unauthorised sub-funds. The issue of the HKOD was authorised by the SFC only in relation to the offer of the Sub-Funds to the public in Hong Kong.**

**Intermediaries should take note of this restriction.**

**SFC authorisation is not a recommendation or endorsement of the Company or the Sub-Funds nor does it guarantee the commercial merits of a Sub-Fund or its performance. It does not mean a Sub-Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.**

The Directors of the Company accept full responsibility for the accuracy of the information contained in this document as being accurate as at the date of publication. Neither the delivery of this document nor the offer or issue of Shares relating to a Sub-Fund shall under any circumstance constitute a representation that the information in this document is correct as of any time subsequent to such date. The offering document may be updated from time to time. Prospective investors should ensure that they have reviewed the latest version of the offering document before making an investment decision. The Directors of the Company confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement in this document misleading.

The Sub-Funds are offered solely on the basis of the information in the Hong Kong Offering Document and the accounts, semi-annual reports and annual reports of the Company. Any information not in the Hong Kong Offering Document given by any distributor, sub-distributor, salesman or other person should be regarded as unauthorised and accordingly must not be relied upon.

## **CLASSES OF SHARES**

Investors should also refer to the section “Share classes” in the Sales Prospectus for further details on each share class (the “**Share Class**”) of the Company and for information on any additional features which other Share Classes may have. Investors should note that not all of the Shares Classes set out in the Sales Prospectus may be offered to Hong Kong investors in respect of a Sub-Fund at any particular date. Share Classes which are available in each Sub-Fund may be obtained from the Hong Kong Representative and found in the Product Key Facts Statement of the relevant Sub-Fund. Investors should check with the Hong Kong Representative or the relevant authorised distributors for Share Classes available.

## **INVESTMENT OBJECTIVES AND POLICIES**

The assets of each Sub-Fund will be invested separately in accordance with the investment objective, general investment policy and specific investment policies of the relevant Sub-Fund, which are set out in each section relating to the relevant Sub-Fund in the Sales Prospectus.

Each Sub-Fund’s investments shall be subject to the general investment restrictions as set out under the section “Investment principles” in the Sales Prospectus and the specific investment restrictions set out in the relevant section relating to that Sub-Fund.

In addition to the specific investment objective and investment policies of each Sub-Fund as provided in the relevant Sub-Fund specific section the Sales Prospectus, further clarificatory information is given below:

### **General**

All references of “debt securities” referred in the Hong Kong Offering Document (comprising this Hong Kong Covering Document and the product key facts statements) have the same meaning as “debt securities and claims” as defined in the section “Investment objective and investment policy of the sub-funds” in the Sales Prospectus.

For the avoidance of doubt, the Sub-Funds are not designated by the Management Company as “ESG Funds” in accordance with the SFC circular to management companies of SFC-authorised unit trusts and mutual

funds on ESG Funds dated 29 June 2021 and ESG is not a key investment focus and consideration of the Sub-Funds.

#### Sub-Fund details

##### **UBS (Lux) Bond SICAV – Asian High Yield (USD)**

The Sub-Fund may invest at least two-thirds and up to 100% of its total net asset value in debt securities issued by international and supranational organisations, public and semi-public bodies, and companies based in Asia or that are predominantly active in that region.

At least two-thirds of the Sub-Fund's investments in debt securities have a maximum rating of BBB by Standard & Poor's, a comparable rating from another internationally recognised rating agency or are unrated (and have a comparable internal UBS rating). For the purpose of the Sub-Fund, "unrated" means that neither the instrument or its issuer has an internationally recognised credit rating.

The Sub-Fund can participate in the performance of and may gain exposure to the local Asian currencies either directly through the acquisition of securities denominated in local Asian currencies or indirectly through the use of derivative instruments, or by a combination of both methods.

The Sub-Fund may invest up to 20% of its total net asset value in Urban Investment Bonds (城投債), being debt instruments issued by Mainland Chinese local government financing vehicles ("LGFVs"), such bonds are typically not guaranteed by local governments or the central government of mainland China. These LGFVs are separate legal entities established by local governments and/or their affiliates to raise financing for public welfare investment or infrastructure projects.

The Sub-Fund is currently expected to invest no more than 30%, but it may invest up to 50%, of its total net asset value in instruments with loss-absorption features ("LAP") and such instruments include contingent convertible debt securities ("CoCos"), non-preferred senior debt instruments, senior or subordinated debt instruments, debt instruments that meet the qualifying criteria to be Additional Tier 1 Capital or Tier 2 Capital under the Banking (Capital) Rules and similar debt instruments issued under an equivalent regime of non-Hong Kong. These LAP instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s). For the avoidance of doubt, the Sub-Fund may invest up to 20% of its assets in CoCos and investments in each other category of LAP instruments will not exceed 30% of the total net asset value of the Sub-Fund.

The Sub-Fund may use financial derivative instruments for investment management and hedging purposes. The active currency positions implemented by the Sub-Fund may not be correlated with the underlying securities positions held by the Sub-Fund.

#### *Use of derivatives*

The Sub-Fund's net derivative exposure may be up to 50% of the Sub-Fund's net asset value.

##### **UBS (Lux) Bond SICAV – USD High Yield (USD)**

The Sub-Fund invests at least two-thirds of its assets in debt securities issued by international and supranational organisations, public entities, private borrowers and semi-public issuers, with at least two-thirds of such assets invested in bonds with a rating between BB+ and CCC by Standard & Poor's or a comparable rating from another internationally recognised rating agency or unrated (and have a comparable internal UBS rating).

For the avoidance of doubt, at least two-thirds of the Sub-Fund's assets in debt securities have a maximum rating of BBB by Standard & Poor's, or a comparable rating from another internationally recognised rating agency or are unrated (and have a comparable internal UBS rating). Investments in bonds with a rating below CCC by Standard & Poor's, a comparable rating from another internationally recognised rating agency, or unrated (and have a comparable internal UBS rating) may not exceed 10% of the Sub-Fund's assets. For the purpose of the Sub-Fund, "unrated" means that neither the instrument or its issuer has a credit rating. The Sub-Fund is not subject to any limitation on the portion of its total net asset value that may be invested in any one country or region.

The Sub-Fund is currently expected to invest no more than 30%, but it may invest up to 50%, of its total net asset value in instruments with loss-absorption features (“LAP”) and such instruments include contingent convertible debt securities (“CoCos”), non-preferred senior debt instruments, senior or subordinated debt instruments, debt instruments that meet the qualifying criteria to be Additional Tier 1 Capital or Tier 2 Capital under the Banking (Capital) Rules and similar debt instruments issued under an equivalent regime of non-Hong Kong jurisdictions. These LAP instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s). For the avoidance of doubt, the Sub-Fund may invest up to 20% of its assets in CoCos and investments in each other category of LAP instruments will not exceed 30% of the total net asset value of the Sub-Fund.

The Sub-Fund may use financial derivative instruments for investment management and hedging purposes.

#### *Use of derivatives*

The Sub-Fund’s net derivative exposure may be up to 50% of the Sub-Fund’s net asset value.

#### **UBS (Lux) Bond SICAV – China Fixed Income (RMB)**

The Sub-Fund invests at least two thirds of its total net asset value in local, fixed-income Chinese securities denominated in onshore RMB (i.e. CNY). The Sub-Fund may invest up to one-third of its total net asset value in fixed income instruments not denominated in RMB, such as USD. The Sub-Fund may from time to time adopt a hedging strategy for its non-RMB denominated investments, but it is not obligated to do so.

The Sub-Fund may invest up to 100% in fixed income securities which have a maximum rating of BBB by Standard & Poor’s or a comparable rating from another internationally recognised rating agency or are unrated (and have a comparable internal UBS rating). For the purpose of the Sub-Fund, “unrated” means that neither the instrument or its issuer has a credit rating.

The Sub-Fund may also invest in distressed securities (bonds with a credit rating of CC and lower by Standard & Poor’s, a comparable rating from another internationally recognised rating agency or CCC and lower by an onshore China rating agency or are unrated (and have a comparable internal UBS rating). As many of the debt instruments in the People’s Republic of China (“PRC”) do not have rating assigned by international credit rating agencies, the credit rating assigned by an onshore China credit rating agency is likely to apply to the distressed securities.

The Sub-Fund is currently expected to invest no more than 30%, but it may invest up to 50%, of its total net asset value in instruments with loss-absorption features (“LAP”) and such instruments include contingent convertible debt securities (“CoCos”), non-preferred senior debt instruments, senior or subordinated debt instruments, debt instruments that meet the qualifying criteria to be Additional Tier 1 Capital or Tier 2 Capital under the Banking (Capital) Rules and similar debt instruments issued under an equivalent regime of non-Hong Kong jurisdictions. These LAP instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s). For the avoidance of doubt, the Sub-Fund may invest up to 20% of its assets in CoCos and investments in each other category of LAP instruments will not exceed 30% of the total net asset value of the Sub-Fund.

The Sub-Fund may invest up to 30% of its total net asset value in Urban Investment Bonds (城投債), being debt instruments issued by Mainland Chinese local government financing vehicles (“LGFVs”), such bonds are typically not guaranteed by local governments or the central government of mainland China. These LGFVs are separate legal entities established by local governments and/or their affiliates to raise financing for public welfare investment or infrastructure projects.

The Sub-Fund may use financial derivative instruments for investment management and hedging purposes.

#### *Use of derivatives*

The Sub-Fund’s net derivative exposure may be up to 50% of the Sub-Fund’s net asset value.

#### **UBS (Lux) Bond SICAV – Asian Investment Grade Bonds Sustainable (USD)\* (This Sub-Fund is not classified as an ESG fund in Hong Kong\*)**

**\*The Sub-Fund is not classified as an ESG fund in Hong Kong pursuant to the Circular to management companies of SFC authorised unit trusts and mutual funds – ESG funds issued by the SFC dated 29 June 2021 as may be revised from time to time.**

The Sub-Fund invests primarily (i.e. at least two-thirds of its net asset value) in debt securities with an investment-grade rating issued by international and supranational organisations, public-sector and quasi-government institutions in Asia (excluding Japan) and/or companies that are predominantly active in Asia (excluding Japan) or whose registered offices are in Asia.

The Sub-Fund invests primarily (i.e. at least two-thirds of its net asset value) in debt securities that have a rating between AAA and BBB- by Standard & Poor's, a comparable rating from another internationally recognised rating agency or are unrated (but deemed to have a comparable internal UBS rating based on the Fixed Income Research Analyst's independent credit risk assessment of the issuer using quantitative and qualitative fundamentals, such as the issuer's market position and competitive environment, operating margins and credit ratios). For the purpose of this Sub-Fund, "unrated" means the instrument and/or its issuer does not have a credit rating.

The Sub-Fund is currently expected to invest no more than 30% of its total net asset value in instruments with loss-absorption features ("**LAP**") and such instruments include contingent convertible debt securities ("CoCos"), non-preferred senior debt instruments, senior or subordinated debt instruments, debt instruments that meet the qualifying criteria to be Additional Tier 1 Capital or Tier 2 Capital under the Banking (Capital) Rules and similar debt instruments issued under an equivalent regime of non-Hong Kong jurisdictions. These LAP instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s). For the avoidance of doubt, the Sub-Fund may invest up to 20% of its assets in CoCos and investments in each other category of LAP instruments will not exceed 30% of the total net asset value of the Sub-Fund.

After deducting cash and cash equivalents, the Sub-Fund may invest up to one third of its assets in money market instruments (eg. US treasury bills, certificates of deposit and fixed and floating rate short-term notes).

The Sub-Fund may use financial derivative instruments for investment management and hedging purposes.

#### *Use of derivatives*

The Sub-Fund's net derivative exposure may be up to 50% of the Sub-Fund's net asset value.

## **CHINA INTERBANK BOND MARKET**

China Interbank Bond Market ("**CIBM**") is the over-the-counter market for bonds issued and traded in mainland China. A scheme was launched in 2016 to open up CIBM to eligible foreign institutional investors to access onshore bonds directly ("**CIBM Initiative**"). Under this scheme, foreign institutions can trade bonds directly through onshore settlement agents (i.e. banks) in mainland China. There are no specific quota limits imposed on the foreign institutional investor.

Participation in the CIBM Initiative by foreign institutional investors (such as a Sub-Fund) is governed by rules and regulations as promulgated by the Mainland Chinese authorities, i.e., the PBOC and the State Administration of Foreign Exchange ("**SAFE**"). Such rules and regulations may be amended from time to time and include (but are not limited to):

- (i) the "Announcement (2016) No 3" issued by the PBOC (中國人民銀行公告[2016]第3號) on 24 February 2016;
- (ii) the "Implementation Rules for Filing by Foreign Institutional Investors for Investment in Interbank Bond Markets" (境外機構投資者投資銀行間債券市場備案管理實施細則) issued by the Shanghai Head Office of PBOC on 27 May 2016;
- (iii) the "Circular concerning the Foreign Institutional Investors' Investment in Interbank bond market in relation to foreign currency control" (國家外匯管理局關於境外機構投資者投資銀行間債券市場有關外匯管理問題的通知) issued by SAFE on 27 May 2016; and
- (iv) any other applicable regulations promulgated by the relevant authorities.

Under the prevailing regulations in mainland China, foreign institutional investors who wish to invest directly in the CIBM may do so via an onshore settlement agent, who will be responsible for making the relevant

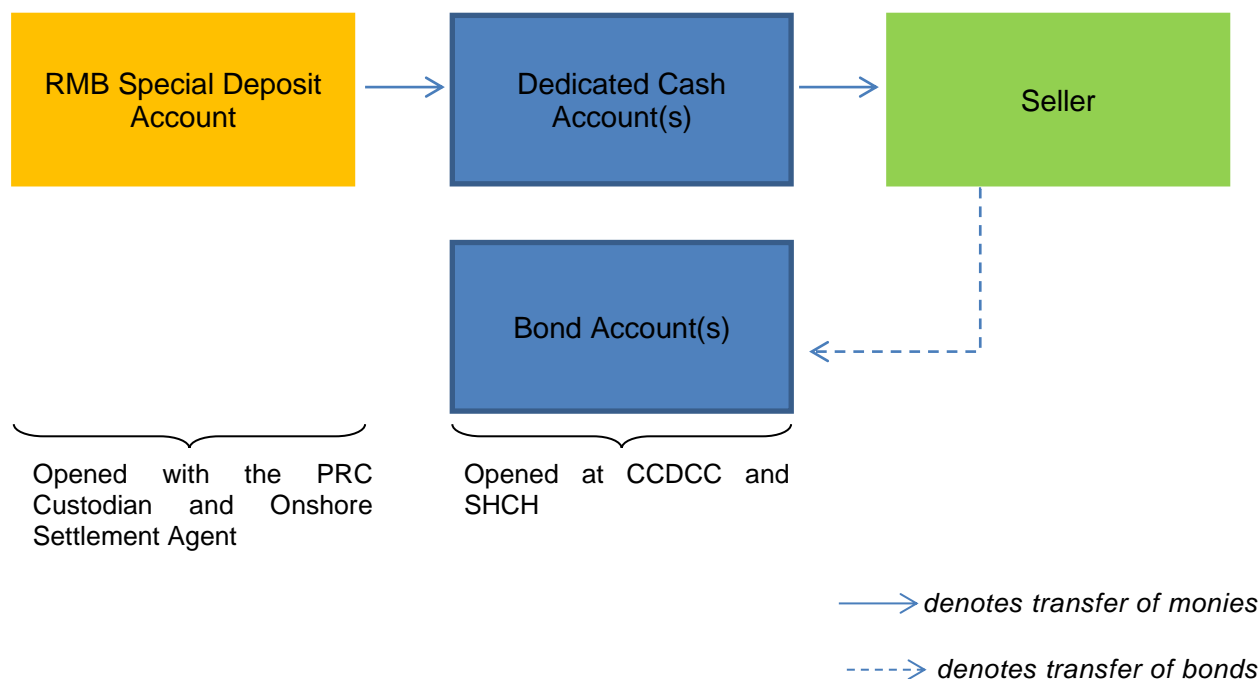
filings and account opening with the relevant authorities. There is no quota limitation. The onshore settlement agent may provide foreign institutional investors with services including inter-bank bond market investment filing, opening of accounts, trading and settlement of bonds, handling of matters relating to payment of interest, custody and processing of financial statements.

Under the prevailing regulations in mainland China, the following types of accounts will need to be opened for the Sub-Fund to utilise the CIBM Initiative:

- (1) Bond Account(s), opened at China Central Depository & Clearing Co., Ltd. (中央國債登記結算有限責任公司) of the PRC (“**CCDCC**”) and Shanghai Clearing House (銀行間市場清算所股份有限公司) of the PRC (“**SHCH**”), for the purpose of registration of bonds held by the Sub-Fund under CIBM Initiative;
- (2) Dedicated Cash Account(s), opened at CCDCC and SHCH, for handling delivery-versus-payment monies settlements for bond transactions by the Sub-Fund under CIBM Initiative; and
- (3) RMB Special Deposit Account, opened with the PRC Custodian and Onshore Settlement Agent, for the sole purpose of monies settlement for bond transactions by the Sub-Fund under CIBM Initiative, which will be the account to receive investment principal denominated in RMB, to pay monies into and receive monies from the Dedicated Cash Account(s), etc.

In terms of fund remittance, foreign investors (such as a Sub-Fund) may remit investment principal in RMB or foreign currency into mainland China for investing in the CIBM. For repatriation, where the Sub-Fund repatriates funds out of mainland China, the ratio of RMB to foreign currency (“**Currency Ratio**”) should generally match the original Currency Ratio when the investment principal was remitted into mainland China, with a maximum permissible deviation of 10%.

For a purchase of bonds using the CIBM Initiative, investment principal in RMB will be remitted directly in the RMB Special Deposit Account opened with the PRC Custodian and Onshore Settlement Agent. Upon the Management Company’s instructions for a trade, the PRC Custodian and Onshore Settlement Agent will transfer monies to the relevant Dedicated Cash Account. Provided that there are enough monies in the relevant Dedicated Cash Account to settle a trade, CCDCC or SHCH (as the case may be) will directly debit the relevant Dedicated Cash Account, and the bonds will be concurrently transferred into the relevant Bond Account. This is illustrated in the diagram below:

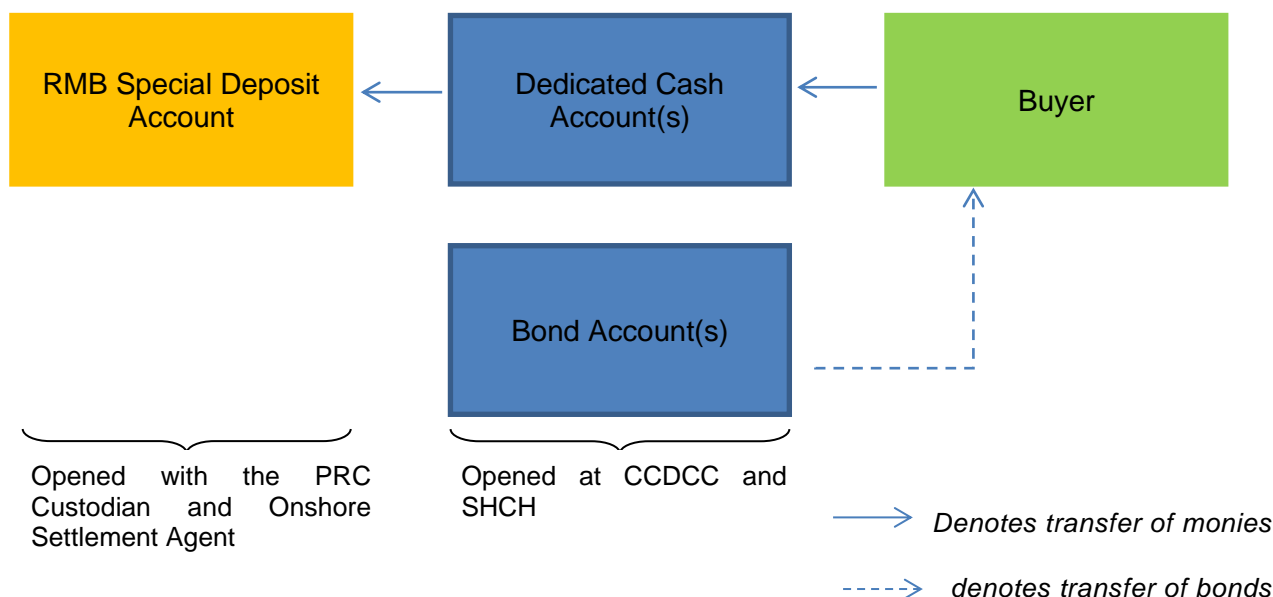


For a sale of bonds using the CIBM Initiative, upon a sale order by the Management Company, provided that there are enough bonds in the relevant Bond Account, CCDCC and/or SHCH will directly credit the relevant



Dedicated Cash Account, and the bonds will be concurrently transferred out of the relevant Bond Account.

The PRC Custodian and Onshore Settlement Agent may transfer monies from the Dedicated Cash Account(s) to the RMB Special Deposit Account during the day. Monies not transferred out of the Dedicated Cash Account(s) by the PRC Custodian and Onshore Settlement Agent will be automatically transferred to the RMB Special Deposit Account at the end of the day, as the Dedicated Cash Account(s) must maintain a balance of zero at the end of the each day according to the relevant regulations.



### Custody Arrangements

The Depository has put in place proper arrangements to ensure that:

- (i) the Depository takes into its custody or under its control the assets of the relevant Sub-Fund, including onshore PRC assets deposited in the Bond Account(s) and cash of the Sub-Fund deposited in the Dedicated Cash Account(s) or RMB Special Deposit Account with or otherwise held by CCDCC, SHCH or the PRC Custodian and Onshore Settlement Agent, and holds the same in trust for the Shareholders;
- (ii) cash and registrable assets of the Sub-Fund, including assets deposited in the Bond Account(s) and cash of the Sub-Fund deposited in the Dedicated Cash Account(s) or RMB Special Deposit Account with or otherwise held by CCDCC, SHCH or the PRC Custodian and Onshore Settlement Agent, are registered in the name of or held to the order of the Depository; and
- (iii) the PRC Custodian and Onshore Settlement Agent will look to the Depository (directly or indirectly through the Custodian) for instructions and solely act in accordance with the Depository's instructions through the Custodian, save as otherwise required under applicable regulations.

### BOND CONNECT

Bond Connect is a new initiative launched in July 2017 for mutual bond market access between Hong Kong and mainland China ("**Bond Connect**") established by China Foreign Exchange Trade System & National Interbank Funding Centre ("**CFETS**"), CCDCC, SHCH, and Hong Kong Exchanges and Clearing Limited and Central Moneymarkets Unit.

Bond Connect is governed by rules and regulations as promulgated by the PRC authorities. Such rules and regulations may be amended from time to time and include (but are not limited to):

- the "Interim Measures for the Administration of Mutual Bond Market Access between mainland China and Hong Kong (Decree No.1 [2017])" (內地與香港債券市場互聯互通合作管理暫行辦法(中國人民銀行令 [2017] 第 1 號)) issued by the PBOC on 21 June 2017;

- the “Guide on Registration of Overseas Investors for Northbound Trading in Bond Connect” (中國人民銀行上海總部“債券通”北向通境外投資者准入備案業務指引) issued by the Shanghai Head Office of PBOC on 22 June 2017; and
- any other applicable regulations promulgated by the relevant authorities.

Under the prevailing regulations in China, eligible foreign investors will be allowed to invest in the bonds circulated in the PRC inter-bank bond market through the northbound trading of Bond Connect (“**Northbound Trading Link**”). There will be no investment quota for Northbound Trading Link.

Under the Northbound Trading Link, eligible foreign investors are required to appoint the CFETS or other institutions recognised by the People’s Bank of China (“**PBOC**”) as registration agents to apply for registration with the PBOC.

Pursuant to the prevailing regulations in China, an offshore custody agent recognised by the Hong Kong Monetary Authority (currently, the Central Moneymarkets Unit) shall open omnibus nominee accounts with the onshore custody agent recognised by the PBOC (currently, the CCDC and SHCH). All bonds traded by eligible foreign investors will be registered in the name of Central Moneymarkets Unit, which will hold such bonds as a nominee owner.

## **RISK FACTORS**

The nature of a Sub-Fund’s investments involves certain risks and uncertainties, including those inherent in any investment. There can be no assurance that the investment objective of a Sub-Fund will be achieved. Before investing in the Company, potential investors should consider the risks involved. Please refer to the section “General risk information” in the Sales Prospectus and, in respect of each Sub-Fund, the Sub-Fund specific section in the Sales Prospectus.

A Sub-Fund’s investment portfolio may fall in value due to any of the risk factors set out in the offering document and therefore an investor may suffer losses. There is no guarantee of the repayment of principal.

Investors should consult their independent professional or financial advisors before making any investment in a Sub-Fund.

### *Concentration risk*

A Sub-Fund which focuses on investing in a single sector, geographical area or country is highly specialised. Although the Sub-Fund’s investment portfolio may be diversified in terms of the underlying investments, the relevant Sub-Fund is likely to be more volatile than a broad-based fund, such as a global equity fund, and they may be more susceptible to fluctuations in value resulting from adverse conditions in the sectors or countries in which the Sub-Fund invests.

Where a Sub-Fund’s portfolio is concentrated in a particular geographical area, the value of such Sub-Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the relevant markets.

### *Further risks relating to emerging markets / developing economies*

The Sub-Funds may invest in securities from emerging markets / developing economies which may involve increased risks and special considerations not typically associated with investment in more developed markets, such as liquidity risks, currency risks/control, political and economic uncertainties, legal and taxation risks, settlement risks, custody risk and the likelihood of a high degree of volatility.

The Sub-Funds’ investments may be concentrated in securities from emerging markets / developing economies. The value of the Sub-Funds may be more volatile than that of a fund having a more diverse portfolio of investments, and may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory events affecting emerging markets.

High market volatility and potential settlement difficulties in the equity markets of emerging markets / developing economies may also result in significant fluctuations in the prices of the securities traded on such markets and thereby may adversely affect the value of the Sub-Funds.

Securities exchanges in emerging markets / developing economies typically have the right to suspend or limit trading in any security traded on the relevant exchange. The government or the regulators may also implement policies that may affect the financial markets. All these may have a negative impact on the Sub-Funds.

#### *Further risks relating to equities*

Risk of investing in small capitalisation / mid capitalisation companies: Typically, stocks of small capitalisation / mid capitalisation trade less frequently and in smaller volumes and may be subject to more abrupt or erratic price movements than stocks of larger companies. The securities of small capitalisation / mid capitalisation companies may also be more sensitive to market changes and adverse economic developments than securities in large companies. As such, this may adversely impact the Sub-Fund and/or the interests of investors.

Risks associated with high volatility of equity markets: High market volatility and potential settlement difficulties in the equity markets of some countries may also result in significant fluctuations in the prices of the securities traded on such markets and thereby may adversely affect the value of the Sub-Funds.

Risks associated with securities exchanges of equity markets: Some securities exchanges may have the right to suspend or limit trading in any security traded on the relevant exchanges. Governments or regulators may also implement policies that may affect the relevant financial markets. All these may have a negative impact on the Sub-Funds.

#### *Asset-backed securities (including mortgage-backed securities) risk*

Some Sub-Funds will invest in asset-backed securities (including mortgage-backed securities and asset-backed commercial paper), as specified in the relevant Sub-Fund specific section of the Sales Prospectus. Asset-backed securities are a type of securitised or structured debt instruments (collectively, “**structured debt instruments**”), which provide exposure to underlying assets and the risk/return profile is determined by the cash flows derived from such assets. Some of such instruments involve multiple instruments and cash flow profiles such that it is not possible to predict with certainty the outcome from all market scenarios. Also, the price of such an investment could be contingent on, or highly sensitive to, changes in the underlying components of the structured debt instrument. Issuers of asset-backed securities may also have limited ability to enforce the security interest in the underlying assets in the event of default. The underlying assets can take many forms including, but not limited to, credit card receivables, residential mortgages, corporate loans, manufactured housing loans or any type of receivables from a company or structured vehicle that has regular cash flows from its customers. Such instruments are also exposed to the risk that the payment obligations relating to the underlying assets are not met.

Asset-backed securities may be highly illiquid and prone to substantial price volatility. These instruments may be subject to greater credit, liquidity and interest rate risk compared to other debt securities. They are often exposed to extension and prepayment risks and risks that the payment obligations relating to the underlying assets are not met, which may adversely impact the returns of the securities.

Some structured debt securities have embedded call options exercisable by the issuer which creates prepayment risk (the risk of unexpected early return of principal on the security), while other features may create extension risk (the risk that the security's tenure is unexpectedly extended due to lower repayment levels). Some structured debt instruments may employ leverage which can cause the price of the instruments to be more volatile than if they had not employed leverage. In addition, structured debt instruments may be highly illiquid, which in turn renders them prone to substantial price volatility.

As such, these instruments may be subject to greater credit, liquidity and interest rate risks compared to other debt securities, and all of these factors may adversely impact the returns of the securities.

#### *Risk of investing in fixed income instruments*

Interest rate risk: The Sub-Fund's investments in fixed income instruments are subject to interest rate risk. Generally, the value of fixed income instruments is expected to be inversely correlated with changes in interest rates. As interest rates rise, the market value of fixed income instruments tends to decrease. Long-term fixed income instruments in general are subject to higher sensitivity to interest rate changes than short-term fixed income instruments. Any increase in interest rates may adversely impact the value of the Sub-Fund's fixed income portfolio.

As some Sub-Funds may invest in fixed income instruments issued in the Asian markets, the Sub-Funds are additionally subject to policy risk as changes in macro-economic policies in the Asian markets (including monetary policy and fiscal policy) may have an influence over the Asian capital markets and affect the pricing of the fixed income instruments in the relevant Sub-Fund's portfolio, which may in turn adversely affect the return of the relevant Sub-Fund.

**Volatility and liquidity risk:** The fixed income securities in emerging markets may be subject to higher volatility and lower liquidity compared to more developed markets. The prices of securities traded in such markets may be subject to fluctuations. The bid and offer spreads of the price of such securities may be large and the Sub-Fund may incur significant trading costs.

**Credit risk:** The value of a Sub-Fund is affected by the credit worthiness of its underlying investments. A deterioration of credit quality (e.g. an issuer credit downgrade or credit event leading to widening of credit spread) of an underlying investment will adversely impact the value of such investment. There is no assurance that the fixed income instruments invested in by the Sub-Fund will maintain their credit ratings in the future.

**Credit ratings risk:** The ratings of fixed-income securities by Standard & Poor's, Fitch or Moody's are a generally accepted barometer of credit risk. They are, however, subject to certain limitations from an investor's standpoint and do not guarantee the creditworthiness of the security and/or the issuer at all times. The rating on an issuer or a security is heavily weighted by past performance and does not necessarily reflect probable future conditions. There is frequently a lag between the time the rating is assigned and the time it is updated. In addition, there may be varying degrees of difference in credit risk of securities within each rating category. In the event of a down-grading of the credit rating of a security or an issuer relating to a security, the value of a Sub-Fund investing in such security may be adversely affected.

**Credit rating agency risk:** The credit appraisal system in China and the rating methodologies employed in China may be different from those employed in other markets. Credit ratings given by Chinese rating agencies may therefore not be directly comparable with those given by international rating agencies.

Investment in fixed income instruments is subject to the credit risk of the issuers which may be unable or unwilling to make timely payments of principal and/or interest. In the event of a default or credit rating downgrading of the issuers of the fixed income instruments held by the Sub-Fund, valuation of the Sub-Fund's portfolio may become more difficult as the value of fixed income instruments may decline rapidly, the Sub-Fund's value will be adversely affected and investors may suffer a substantial loss as a result. The Sub-Fund may also encounter difficulties or delays in enforcing its rights against the issuers who are incorporated outside of Hong Kong and therefore not subject to the laws of Hong Kong.

Fixed income instruments are typically offered on an unsecured basis without collateral, and will rank equally with other unsecured debts of the relevant issuer. As a result, if the issuer becomes bankrupt, proceeds from the liquidation of the issuer's assets will be paid to holders of fixed income instruments only after all secured claims have been satisfied in full. The Sub-Fund is therefore fully exposed to the credit/insolvency risk of its counterparties as an unsecured creditor.

*Further risks relating to debt securities which are unrated or rated below investment grade*

Bonds and other debt securities which are unrated securities or rated below investment grade are generally subject to lower liquidity, higher volatility and greater risk of loss of principal and interest than high-rated debt securities.

**Downgrading risk:** The credit rating of a debt instrument or its issuer may subsequently be downgraded. In the event of such downgrading, the value of the Sub-Fund holding the instrument may be adversely affected. The Portfolio Manager(s) may or may not be able to dispose of the debt instruments that are being downgraded at favourable prices or at all.

*Further risks relating to sovereign debt*

Investment in debt obligations issued or guaranteed by governments may be exposed to political, social and economic risks. In adverse situations, such government issuers may not be able or willing to repay the principal and/or interest when due in accordance with the terms of such debt. Government issuers may default on their sovereign debt. Holders of sovereign debt, including the relevant Sub-Fund, may be requested to

participate in the rescheduling of such debt and to extend further loans to the government issuers. The above circumstances may adversely affect net asset value of the relevant Sub-Fund.

#### *Currency Hedging Risk*

While potentially reducing the currency risks to which a Sub-Fund would otherwise be exposed, currency hedging instruments may involve the risk of a default by a counterparty (counterparty risk). In addition, hedging involves costs and may be ineffective, resulting in significant loss and may have adverse impact on the investors. The cost of hedging transactions which may be borne by the Sub-Fund and hedging conducted at the Sub-Fund level may preclude shareholders from benefitting from the appreciation of currencies which are not the base currency of the Sub-Fund. Significant cost may be incurred if large portion of non-RMB denominated instruments is hedged back to RMB.

#### *Risk relating to hedged Share Classes*

The hedging strategy for a Share Class which is hedged against the base currency of the Sub-Fund, may not work as intended, exposing investors of that class to currency risk. Additionally, investors of a hedged Share Class may be exposed to fluctuations in the net asset value per Share reflecting the gains/losses on and the associated transaction costs of the financial instruments used for hedging, and such investors may be adversely impacted.

#### *Risks of implementing active currency position*

As the active currency position implemented by a Sub-Fund may not be correlated with the underlying securities positions held by the Sub-Fund, the fund may suffer a significant or total loss even if there is no loss of the value of the underlying securities positions being fixed income securities held by the Sub-Fund.

#### *PRC Sovereign Debt Risk*

Some Sub-Funds may invest in sovereign debt securities and such investments involve special risks. The Chinese governmental entity that controls the repayment of sovereign debt may not be able or willing to repay the principal and/or interest when due in accordance with the terms of such debt. A Chinese governmental entity's willingness or ability to repay principal and interest due in a timely manner may be affected by, among other factors, its cash flow situation, the extent of its foreign reserves, the availability of sufficient foreign exchange on the date a payment is due, the relative size of the debt service burden to the economy as a whole, the Chinese governmental entity's policy towards the International Monetary Fund and the political constraints to which a governmental entity may be subject. Chinese governmental entities may also be dependent on expected disbursements from foreign governments, multilateral agencies and others abroad to reduce principal and interest arrearage on their debt. The commitment on the part of these governments, agencies and others to make such disbursements may be conditioned on a Chinese governmental entity's implementation of economic reforms and/or economic performance and the timely service of such debtor's obligations. Failure to implement such reforms, achieve such levels of economic performance or repay principal or interest when due may result in the cancellation of such third parties' commitments to lend funds to the Chinese governmental entity, which may further impair such debtor's ability or willingness to service its debt on a timely basis. Consequently, governmental entities may default on their sovereign debt. Holders of PRC sovereign debt, including the Sub-Fund, may be requested to participate in the rescheduling of such debt and to extend further loans to governmental entities. As at the date of this Hong Kong Covering Document, there is no bankruptcy proceeding by which sovereign debt on which a Chinese governmental entity has defaulted may be collected in whole or in part. The Sub-Fund's recourse against a defaulting sovereign is limited.

A lowering of the credit rating of the Chinese government may also affect the liquidity of sovereign bonds, making it more difficult to sell. In general, debt instruments that have a lower credit rating or that are non-rated will be more susceptible to the credit risk of the issuers. In the event of a credit rating downgrade of the Chinese government, the Sub-Fund's value will be adversely affected and investors may suffer a substantial loss as a result.

#### *Risks of investing in hybrid securities*

Hybrid securities are securities that combine both debt and equity characteristics. Hybrid securities include convertible bonds (which are hybrids between debt and equity and permit holders to convert shares into the company issuing the bond at a specified future date) and convertible preferred shares. Convertible bonds will be exposed to equity movements and greater volatility than straight bond investments. Investments in

such convertible bonds are subject to the same type of interest rate risk, credit risk, liquidity risk and prepayment risk associated with comparable straight bond investments. Convertible preferred shares may be less liquid than common shares and the value of such securities may also be affected by prevailing interest rates and the credit quality of the issuer.

#### *Risks associated with Bond Connect*

Some Sub-Fund may invest via Bond Connect and the relevant rules and regulations on Bond Connect are subject to change which may have potential retrospective effect. Where a suspension in the trading through Bond Connect is effected, the ability of the relevant Sub-Fund to invest in bonds or access the PRC market through the programme will be adversely affected. In such event, the Sub-Fund will have to increase its reliance on the China Interbank Bond Market, and its ability to achieve its investment objective could be negatively affected.

Trading through Bond Connect is performed through newly developed trading platforms and operational systems. There is no assurance that such systems will function properly or will continue to be adapted to changes and developments in the market. In the event that the relevant systems fail to function properly, trading through Bond Connect may be disrupted. A Sub-Fund's ability to trade through Bond Connect (and hence to pursue its investment strategy) may therefore be adversely affected. In addition, where a Sub-Fund invests in the China Interbank Bond Market through Bond Connect, it may be subject to risks of delays inherent in the order placing and/or settlement systems.

Under the Bond Connect, a trading order can only be executed with onshore market makers approved by the Chinese regulators as the counterparty. Currently, there are a total number of 56 approved market makers with more to be added to the list. The debt securities purchased through Bond Connect generally may not be sold, purchased or otherwise transferred other than through Bond Connect in accordance with applicable rules. This may expose the Sub-Fund to settlement risks if its counterparty defaults and limit the Sub-Fund's ability to execute trades with different counterparties.

#### *Further risks relating to China Interbank Bond Market*

Investing in the China Interbank Bond Market is also subject to certain restrictions imposed by the PRC authorities on fund remittance and repatriation which may potentially affect the Sub-Fund's performance and liquidity. Any non-compliance with or failure to meet the fund remittance and repatriation requirements may result in regulatory sanctions which in turn may have an adverse impact on the portion of the Sub-Fund's investment via the China Interbank Bond Market Initiative. Further, there is no assurance that the fund remittance and repatriation requirements in relation to investment in China Interbank Bond Market will not be changed as a result of change in government policies or foreign exchange control policies. The Sub-Fund may incur loss in the event such change in the fund remittance and repatriation requirements in relation to investment in China Interbank Bond Market occurs.

Since the relevant filings and account opening for investment in the China Interbank Bond Market via the China Interbank Bond Market Initiative have to be carried out via an onshore settlement agent, the Sub-Fund is subject to the risks of default or errors on the part of the onshore settlement agent. The Sub-Fund may also incur losses due to the acts or omissions of the onshore settlement agent in the process of settling any transactions. As a result, the net asset value of the Sub-Fund may be adversely affected.

Cash deposited in the cash account of the Sub-Fund with the relevant onshore settlement agent will not be segregated. In the event of the bankruptcy or liquidation of the onshore settlement agent, the Sub-Fund will not have any proprietary rights to the cash deposited in such cash account and may face difficulty and/or encounter delays in recovering such assets, or may not be able to recover it in full or at all, in which case the Sub-Fund will suffer losses.

Market volatility and potential lack of liquidity due to low trading volume of certain debt securities in the China interbank bond market may result in prices of certain debt securities traded on such market fluctuating significantly. The Sub-Fund is therefore subject to liquidity and volatility risks. The bid and offer spreads of the prices of such securities may be large, and the Sub-Fund may therefore incur significant trading and realisation costs and may even suffer losses when selling such investments.

The Sub-Fund is also exposed to risks associated with settlement procedures and default of counterparties. The counterparty which has entered into a transaction with the Sub-Fund may default in its obligation to settle the transaction by delivery of the relevant security or by payment for value.

For investments via the CIBM Initiative and/or Bond Connect, the relevant filings, registration with the PBOC and account opening have to be carried out via an onshore settlement agent, offshore custody agent, registration agent or other third parties (as the case may be). As such, the Sub-Fund is subject to the risks of default or errors on the part of such third parties.

Investing in the China inter-bank bond market via the CIBM Initiative and/or Bond Connect is also subject to regulatory risks. The relevant rules and regulations on these regimes are subject to change which may have potential retrospective effect. In the event that the relevant Mainland Chinese authorities suspend account opening or trading on the China inter-bank bond market, the Sub-Fund's ability to invest in the PRC inter-bank bond market will be adversely affected. In such event, the Sub-Fund's ability to achieve its investment objective will be negatively affected.

In addition, investors should note that there is uncertainty as to the PRC tax arrangement for investments via the CIBM Initiative. By investing in PRC debt securities issued by PRC tax resident enterprises, irrespective of whether such securities are issued or distributed onshore or offshore, a Sub-Fund may be at risk of being subject to PRC taxes. There is a possibility that the current tax laws, rules, regulations and practice in the PRC and/or the current interpretation or understanding thereof may change in the future and such change(s) may have retrospective effect. A Sub-Fund could become subject to additional taxation that is not anticipated as at the date hereof or when the relevant investments are made, valued or disposed of. Any of those changes may reduce the income from, and/or the value of, the relevant investments in the Sub-Fund.

#### *Eurozone risk*

As a result of the crisis of confidence in the markets, brought about by the worsening fiscal conditions and concerns on sovereign debt of certain Eurozone countries, which has caused bond yield spreads (the cost of borrowing in the debt capital markets) and credit default spreads (the cost of purchasing credit protection) to increase, certain countries in the EU have had to accept "bailouts" from banks and lines of credit from supra-governmental agencies such as the International Monetary Fund and the recently created European Financial Service Facility. The European Central Bank has also been intervening to purchase Eurozone debt in an attempt to stabilise markets and reduce borrowing costs. In December 2011, leaders of the countries in the Eurozone, as well as the leaders of certain other countries in the EU, met in Brussels and agreed a "fiscal compact" which includes a commitment to a new fiscal rule, to be introduced into the legal systems of the relevant countries, as well as acceleration of the entry into force of the European Stability Mechanism treaty.

Notwithstanding the measures described above, and future measures which may be introduced, it is possible that a country may leave the Eurozone and return to a national currency, and as a result may leave the EU and/or that the Euro, the European single currency, will cease to exist in its current form and/or lose its legal status in one or more countries in which it currently has such status. Such potential events may have a negative impact on the Sub-Funds which are denominated in Euro or which invest in instruments predominantly tied to Europe. Such Sub-Funds may also be subject to higher volatility, liquidity, currency and default risks. Any adverse events, such as credit downgrade of a sovereign or exit of EU members from the Eurozone, may also have a negative impact on the value of the Sub-Fund.

#### *Valuation risk*

Valuation of the Sub-Funds' investments may involve uncertainties and judgemental determinations. If such valuations are incorrect, this may affect the net asset value calculation of the Sub-Funds.

#### *Liquidity risk*

Some securities, primarily unlisted securities and/or those traded in over-the-counter markets (for example, unlisted securities), may be subject to lower liquidity. The prices of such securities may be subject to higher fluctuation compared with securities listed on a recognised stock exchange. Bid and offer spreads may be large and a Sub-Fund investing in such securities may incur significant trading costs.

#### *Operational risk*

Some Sub-Funds may invest in markets where settlement systems are less well organised than those of developed markets. Thus settlement may be delayed and cash or securities belonging to the relevant Sub-Fund may be in jeopardy.

#### *Counterparty risk*

Other financial institutions provide services to the Sub-Funds such as safekeeping of assets or may serve as counterparties to financial contracts such as derivatives. There is a risk a counterparty will not meet its obligations and/or default.

#### *Currency risk*

The underlying investments of the Sub-Funds may be denominated in currencies other than their base currency. Certain Share Classes may also have a reference currency which is different from most of the investments of the relevant Sub-Fund's portfolio. A class currency may be designated in a currency other than the Sub-Fund's base currency. In this regard, there is a currency exchange risk involved as a result of fluctuations in exchange rates between the base currency and such other currencies, which may affect the value of such Sub-Funds.

Sub-Funds which invest in emerging market securities may also be denominated in currencies which are subject to governmental controls and restriction. Such currencies may not be freely convertible and may be subject to controls on remittance and currency exchange, and may therefore be subject to higher risk compared to other non-restricted currencies.

#### *RMB currency risk*

Certain Sub-Funds or Share Classes may be denominated in RMB. RMB is not a freely convertible currency and it is subject to foreign exchange control policies and repatriation restrictions imposed by the PRC government. Such government policies and restrictions are subject to change, and there can be no assurance that the RMB exchange rate will not fluctuate widely against the base currency of the Sub-Fund or any other foreign currency in the future. Non-RMB based investors are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the investors' base currencies (for example HKD) will not depreciate. Any depreciation of RMB could adversely affect the value of an investor's investments in the Sub-Fund. Although offshore RMB (CNH) and onshore RMB (CNY) are the same currency, they trade at different rates. Any divergence between CNH and CNY may adversely impact investors. Under exceptional circumstances, payment of redemptions and/or dividend payment in RMB may be delayed due to the exchange controls and restrictions applicable to RMB.

#### *Risks relating to securities lending transactions*

Securities lending transactions may involve the risk that the borrower may fail to return the securities lent out in a timely manner and the value of the collateral may fall below the value of the securities lent out.

#### *Risks relating to sale and repurchase transactions*

In the event of the failure of the counterparty with which collateral has been placed, the Sub-Fund may suffer loss as there may be delays in recovering collateral placed out or the cash originally received may be less than the collateral placed with the counterparty due to inaccurate pricing of the collateral or market movements.

#### *Risks relating to reverse repurchase transactions*

In the event of the failure of the counterparty with which cash has been placed, the fund may suffer loss as there may be delay in recovering cash placed out or difficulty in realising collateral or proceeds from the sale of the collateral may be less than the cash placed with the counterparty due to inaccurate pricing of the collateral or market movements.

#### *Dividend risk*

Where a Sub-Fund invests in securities which may pay dividends, there is no assurance that dividends will be declared and paid in respect of such underlying investments held by a Sub-Fund. The rates of dividend



payment in respect of such securities may be affected by factors beyond the control of the Management Company.

*Risks relating to payment of dividends out of or effectively out of capital*

Classes of a Sub-Fund may pay dividend out of gross investment income (i.e. investment income net of withholding taxes but gross of expenses) while all or part of the fees and expenses are charged to/paid out of the capital of the Sub-Fund, resulting in an increase in distributable income for the payment of dividends, which is effectively a payment out of the capital of the Sub-Fund.

Payment of dividends out of or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from capital gains attributable to that original investment. Any distributions involving payment of dividends out of or effectively out of capital may result in an immediate reduction in the net asset value per Share of the relevant class.

The distribution amount and net asset value of a hedged Share Class may be adversely affected by differences in the interest rates of the reference currency of the hedged Share Class and the Sub-Fund's Base Currency, which may result in an increase in the amount of distribution that is paid out of or effectively out of capital and hence a greater erosion of capital than other non-hedged Share Classes. The distribution for a hedged Share Class is based on the net investment income attributable to that Class.

*Risks relating to unit classes with a fixed percentage in their names*

Constant distributing Share Classes must not be seen as alternative to savings account or fixed-interest paying investment. The constant distribution Share Class does not distribute a fixed amount. Rather a fixed percentage will apply to the net asset value of the Sub-Fund as of the end of the month. The constant percentage distribution results in higher absolute distributions when net asset values are high and in lower absolute distributions when net asset values are low. Hence, the absolute distributions received by investors may vary from month to month.

The percentage distribution rate of any Share Class is unrelated to expected or past income or return of the Share Class or the Sub-Fund. The distribution can thus be higher or lower than the income and return that were effectively realized. These Share Classes continue to distribute in periods that the Sub-Fund has negative return / is making losses, which further reduces the net asset value of the Sub-Fund. In extreme circumstances, investors may not be able to get back the original investment amount.

*Reliance on the same group risk*

Although separate legal entities and operationally independent, each of the Management Company, the Portfolio Managers and the Depositary are presently part of the same financial group. In the event of a financial catastrophe or the insolvency of any member of the group, the net asset value and liquidity of the fund may be adversely affected and its operation may be disrupted.

Given that the Management Company, the Portfolio Managers and the Depositary are all members of the group, conflicts of interest in respect of the fund may arise from time to time amongst any of them. The Portfolio Manager will vigorously manage any such conflict in the best interest of investors.

*Urban investment bonds risk*

Urban investment bonds are issued by LGFVs, such bonds are typically not guaranteed by local governments or the central government of the mainland China. In the event that the LGFVs default on payment of principal or interest of the urban investment bonds, the Sub-Fund could suffer substantial loss and the Net Asset Value of the Sub-Fund could be adversely affected.

*Risks associated with investments in debt instruments with loss-absorption features (LAP)*

Debt instruments with loss-absorption features are subject to greater risks when compared to traditional debt instruments as such instruments are typically subject to the risk of being written down or converted to ordinary shares upon the occurrence of pre-defined trigger event(s) (e.g. when the issuer is near or at the point of non-viability or when the issuer's capital ratio falls to a specified level), which are likely to be outside of the issuer's control. Such trigger events are complex and difficult to predict and may result in a significant or total reduction in the value of such instruments.

In the event of the activation of a trigger, there may be potential price contagion and volatility to the entire asset class. Debt instruments with loss-absorption features may also be exposed to liquidity, valuation and sector concentration risk.

The Sub-Fund may invest in senior non-preferred debts. While these instruments are generally senior to subordinated debts, they may be subject to write-down upon the occurrence of a trigger event and will no longer fall under the creditor ranking hierarchy of the issuer. This may result in total loss of principal invested.

#### *Further risks relating to FATCA*

The provisions of the FATCA were enacted on 18 March 2010 as part of the HIRE Act and became part of the US Internal Revenue Code. They include provisions under which foreign financial institutions ("**FFIs**") may be required to report directly to the Internal Revenue Service ("**IRS**") certain information about accounts held by US persons for the purposes of FATCA or other foreign entities subject to FATCA and to collect additional identification information for this purpose. Financial institutions that do not enter into an agreement with the IRS and comply with the FATCA regime could be subject to 30% withholding tax on any payment of US source income as well as on the gross proceeds deriving from the sale of securities generating US income made to such financial institution.

Pursuant to FATCA, and in order to avoid a U.S. withholding tax being imposed on U.S. source income and proceeds of disposition received by a Sub-Fund (which tax, if imposed, may adversely impact a Sub-Fund and its investors), each Sub-Fund is a registered deemed compliant Foreign Financial Institution under FATCA and the equivalent Luxembourg domestic law following the signing of a Model 1 Inter-Governmental Agreement between the Government of the Grand Duchy of Luxembourg with the US Treasury on 28 March 2014.

The Management Company will take any actions necessary to ensure that the Sub-Funds comply with this status, including, but not limited to, fulfilling the reporting and/or withholding obligations. In this context, Shareholders may be required to provide identity, residency and citizenship information to the Sub-Funds which, for those who meet the criteria of a reportable account under FATCA, may be provided by the Sub-Funds to the Luxembourg tax authorities and subsequently to the U.S. tax authorities together with annual income and transaction information.

By investing in the Sub-Funds and providing the Sub-Funds with their identity and residency information, the Shareholders will be deemed to have consented to the Sub-Funds disclosing such information to U.S. tax authorities. In addition, Shareholders that are distributors or financial intermediaries will be required, as FFI, to provide evidence of their FATCA compliant status (Participating FFI, Deemed Compliant FFI or exempt). If a Shareholder does not provide such requested information and documentation in a timely manner, he will qualify as "recalcitrant account" or "non-participating FFI", and, in addition to its reporting obligations, the relevant Sub-Fund may have to withhold the 30% tax on the payments processed to his account and/or redeem securities held by the Shareholder or on account of the Shareholder. In the event that the Management Company exercises its discretion to withhold tax on payments to, or redeem securities held by, a Shareholder who is considered a "recalcitrant account" or "non-participating FFI", the Management Company will do so acting in good faith and on reasonable grounds and subject to applicable laws and regulations.

As a result of these regulations, the Company, the Management Company and the Administrative Agent may be obliged to collect and transmit to relevant tax authorities Shareholders' financial account information as appropriate.

Although the Management Company will attempt to satisfy any obligations imposed on the Sub-Funds to maintain their FATCA compliant status and avoid the imposition of FATCA withholding tax, no assurance can be given that the Sub-Funds will always be able to fully satisfy these obligations. If the Sub-Funds become subject to withholding tax as a result of the FATCA regime, the value of Shares held by Shareholders may suffer material losses.

All prospective investors should consult with their own tax advisers regarding the possible implications of FATCA on them and on their investment in a Sub-Fund.

## **MANAGEMENT AND ADMINISTRATION OF THE COMPANY**

Information on the management and administration of the company is set out in the section “Management and administration” in the Sales Prospectus.

### **Hong Kong Representative**

The Hong Kong Representative is UBS Asset Management (Hong Kong) Limited.

The Hong Kong Representative acts as the representative of the Company in Hong Kong and is authorised pursuant to the Hong Kong Representative Agreement entered into with the Company to carry out the duties of a representative as set out in Chapter 9 of the SFC’s Code on Unit Trusts and Mutual Funds (the “**UT Code**”) when needed.

The office of the Hong Kong Representative is located at Levels 45 & 47-52, Two International Finance Centre, 8 Finance Street, Central, Hong Kong, with phone number (852) 2971 6188.

### **Enquiries and Complaints**

Hong Kong investors may contact the Hong Kong Representative if they have any enquiries in respect of the Company or the Sub-Funds. Depending on the subject matter of the complaints or enquiries, these will be dealt with either by the Hong Kong Representative directly, or referred to the Management Company or the relevant parties for further handling. The Hong Kong Representative will, on a best effort basis, revert and address the investor’s complaints and enquiries as soon as practicable.

### **Legal Adviser as to Hong Kong law**

Dechert  
31F Jardine House  
1 Connaught Place  
Hong Kong

### **PRC Custodian Onshore Settlement Agent**

HSBC Bank (China) Company Limited  
33/F, HSBC Building  
Shanghai ifc  
8 Century Avenue  
Pudong, Shanghai  
China 200120

## **DEALING IN SHARES**

Investors should refer to the sections “Conditions for the issue and redemption of shares”, “Issue of shares”, “Redemption of shares” and “Conversion of shares” in the Sales Prospectus and the following paragraphs applicable to Hong Kong investors.

### Subscription procedures

Hong Kong investors must forward the completed application form and application monies to the relevant authorised distributor or the Hong Kong Representative, which is authorized by the Company to receive applications for Shares on its behalf, for onward transmission to the Company in Luxembourg. **No money should be paid to any intermediary in Hong Kong who is not licensed or registered to carry on Type 1 regulated activity under Part V of the SFO.** Applications for subscription of Shares received by the relevant authorised distributor or the Hong Kong Representative by or before 5 p.m. (Hong Kong time) on a business day in Hong Kong (“**Hong Kong business day**”) (“**Hong Kong Dealing Cut-off point**”) will be transmitted as soon as practicable after receipt. Applications received after the Hong Kong Dealing Cut-off point will normally be dealt with on the following Hong Kong business day. Notwithstanding the above, investors in Hong Kong should also check with their respective Hong Kong distributor(s) or intermediary(ies) for their respective cut-off times for receipt of applications, as this may vary depending on the particular Hong Kong distributor or intermediary.

For the avoidance of doubt, the Hong Kong Representative has no authority to agree on behalf of the Company (or otherwise) that the applications will be accepted or rejected. The monies paid in respect of any rejected application will be returned to the applicants at their own risk and without interest.

Investors should note that distributors and other intermediaries may apply different investment minima.

Shares to be issued to Hong Kong investors will be issued in registered form only and the register of shareholders is conclusive evidence of the ownership of such Shares. No certificates in respect of those Shares will be issued. Shareholders should therefore be aware of the importance of ensuring that the Administrative Agent is informed of any change to their registered details.

#### Redemption and conversion procedures

Hong Kong investors must lodge their redemption and conversion orders with the relevant authorised distributor or the Hong Kong Representative, which is authorized by the Company to receive redemption and conversion orders on its behalf, for onward transmission to the Company in Luxembourg. Applications for redemption and/or conversion of Shares received by the relevant authorised distributor or the Hong Kong Representative by or before 5 p.m. (Hong Kong time) on a Hong Kong business day (“**Hong Kong Dealing Cut-off point**”) will be transmitted as soon as practicable after receipt, and the orders will normally be notified to the Company on the same day. Orders received after the Hong Kong Dealing Cut-off point will normally be dealt with on the following Hong Kong business day. Notwithstanding the above, investors in Hong Kong should also check with their respective Hong Kong distributor(s) or intermediary(ies) for their respective cut-off times for receipt of orders, as this may vary depending on the particular Hong Kong distributor or intermediary. For the avoidance of doubts, the Hong Kong Representative has no authority to agree on behalf of the Company (or otherwise) that the orders will be accepted or rejected. The maximum period between any relevant value date following receipt by the Company of a request for redemption and the dispatch of the redemption monies will not exceed one calendar month from the date of receipt of a properly documented redemption request.

Investors in Hong Kong should note that any conversion can only be made into a UBS fund which is authorized for sale in Hong Kong. Moreover, Hong Kong investors should note that conversion(s) may only be made into share/unit classes that are offered to the public in Hong Kong.

### **CALCULATION OF NET ASSET VALUE**

If a price representative of a security is not readily available from the pricing principles described under the section “Net asset value, issue, redemption and conversion price” in the Sales Prospectus, or if the accuracy of a portfolio’s valuation, as established pursuant to the calculation principles, is materially affected by events that occur prior to the net asset value being calculated, the relevant security or securities will be valued at a fair value, as determined by the Management Company with due care, skill and diligence and in good faith in accordance with the policies and procedures established by the Management Company in consultation with the Depositary.

### **PUBLICATION OF NET ASSET VALUE**

The latest net asset value of each Class of each Sub-Fund will be available on every business day (as defined in the Sales Prospectus) at <https://www.ubs.com/hk/en/assetmanagement/> (this website has not been reviewed by the SFC and may contain information on sub-funds which have not been authorised by the SFC and are not available to the public in Hong Kong).

### **SUSPENSION OF NET ASSET VALUE CALCULATIONS**

As described in the section “Suspension of net asset value calculation, and suspension of the issue, redemption and conversion of shares” in the Sales Prospectus, the Company may, in consultation with the Depositary, suspend the determination of the net asset value of any or all Sub-Fund(s) or Class(es) and suspend the issue, redemption and conversion of Shares of such Sub-Fund(s) or Class(es) in certain circumstances.

The Management Company or the Hong Kong Representative will immediately notify the SFC if dealing in Shares ceases or is suspended. The fact that dealing is suspended will be published immediately following such decision and at least once a month during the period of suspension on the Hong Kong Representative’s website at <https://www.ubs.com/hk/en/assetmanagement/> (this website has not been reviewed by the SFC

and may contain information on sub-funds which have not been authorised by the SFC and are not available to the retail public in Hong Kong).

## LIQUIDATION AND DISSOLUTION

Upon liquidation of the Company, a Sub-Fund or a Class in accordance with the Articles of Incorporation of the Company and as disclosed under section "Liquidation of the Company and its sub-funds" in the Sales Prospectus, any unclaimed proceeds upon liquidation will be deposited with the Caisse de Consignation in Luxembourg. If not claimed, under Luxembourg law, such proceeds shall be forfeited after 30 years after being deposited with the Caisse de Consignation.

## FEES AND EXPENSES

**An investment in a Sub-Fund will be subject to the fees and charges set out in the Sales Prospectus and the Product Key Facts Statement of each Sub-Fund. Details of the level of the various fees and charges paid by or payable to the Company, as well as details of the expenses borne by the Company in respect of the different Sub-Funds, are set out in the Sales Prospectus. Expenses arising out of any advertising or promotional activities in connection with the Company or the Sub-Funds will not be paid from the property of the Sub-Funds for as long as they are authorised in Hong Kong.**

A summary of the fees and charges that may be payable by Hong Kong investors of each Sub-Fund are set out below:

**Subscription fee:** Up to 3% of the subscription amount (which is referred to as the "capital commitment" in the section of the Sales Prospectus titled "Issue of shares"), except for "mdist" Share Classes which is up to 5%\*.

**Switching fee (conversion fee):** Up to 3% of the net asset value per Share of the Sub-Fund or Share Class from which the Shareholder is switching out multiplied by the number of Shares to be switched by the Shareholder (which is also referred to as the "capital commitment" in the section of the Sales Prospectus titled "Conversion of shares"), except for "mdist" Share Classes, which is up to 5%\*.

\* Investors should note that in respect of "mdist" Share Class, a maximum of up to 6% may be charged upon giving one month's prior notice to affected investors.

Hong Kong investors should check with the relevant authorised distributors to confirm the applicable fees and charges (including any additional taxes or commissions, where applicable) incurred in Hong Kong on the issuance, redemption or conversion of Shares.

### Notice of increase in fees and charges

Any increase in the fees and charges and/or in respect of any increase in the current level of the flat fee up to the maximum level set out in the Sales Prospectus will be subject to not less than one month's prior notice to affected Shareholders. No annual fee is currently paid to the Hong Kong Representative but such annual fee may be paid in an amount as may from time to time be agreed between the Sub-Fund and the Hong Kong Representative. Shareholders will be given at least one month's prior notice (or such other notice period as the SFC may approve in advance) if such charges are introduced.

### Soft Commission and Cash Rebates

The Management Company, the Portfolio Managers or any of their delegates or connected persons may not retain cash or other rebates but may receive, and are entitled to retain, goods and services (known as soft dollar benefits) from brokers and other persons through whom investment transactions are carried out ("**brokers**") which are of demonstrable benefit to the Shareholders (as may be permitted under applicable rules and regulations) and where transaction execution is made on best execution terms and brokerage rates are not in excess of customary institutional full-service brokerage rates and the services provided must be of a type which assist in the provision of investment services to the Company. In addition, the availability of such soft dollar benefits should not be the sole or primary purpose to perform or arrange transaction with such broker or dealer.

Where a Sub-Fund invests in another collective investment scheme, the Directors, the Management Company, the Portfolio Managers or any person acting on behalf of the Company or the Management Company shall not obtain a rebate on any fees or charges levied by the underlying collective investment scheme or its management company, or any quantifiable monetary benefits in connection with investments in such underlying collective investment scheme.

## **TRANSACTION WITH CONNECTED PERSONS**

For the purposes of this section, “Connected Person”, in relation to a company, means:

- (a) any person or company beneficially owning, directly or indirectly, 20% or more of the ordinary share capital of that company or able to exercise directly or indirectly, 20% or more of the total votes in that company; or
- (b) any person or company controlled by a person who or which meets one or both of the descriptions given in (a); or
- (c) any member of the group of which that company forms part; or
- (d) any director or officer of that company or of any of its connected persons as defined in (a), (b) or (c).

Cash forming part of the property of any Sub-Fund may be placed as deposits with the Depositary or with any Connected Person of the Depositary (being an institution licensed to accept deposits) so long as such cash deposit is maintained in a manner that is in the best interests of the Shareholders, having regard to prevailing commercial rate for a deposit of similar type, size and term negotiated at arm’s length in accordance with ordinary and normal course of business.

Money can be borrowed from the Depositary or any of its Connected Persons (being a bank) so long as that bank charges interest at no higher rate, and any fee for arranging or terminating the loan is of no greater amount than is in accordance with normal banking practice, the commercial rate for a loan of the size and nature of the loan in question negotiated at arm’s length.

Any transactions between the Company and the Management Company, the Portfolio Managers, the Directors or any of their Connected Persons as principal may only be made with the prior written consent of the Depositary.

All transactions carried out by or on behalf of the Company must be at arm’s length and executed on the best available terms.

In transacting with brokers or dealers connected to the Management Company, the Portfolio Managers or the Directors or any of their Connected Persons, the following must be complied with:

- such transactions are on arm’s length terms;
- such brokers or dealers are selected with due care and they must be suitably qualified in the circumstances;
- transaction execution is consistent with applicable best execution standards;
- the fee or commission paid to any such broker or dealer in respect of a transaction must not be greater than that which is payable at the prevailing market rate for a transaction of that size and nature;
- the Management Company or its delegate will monitor such transactions to ensure compliance with its obligations; and
- the nature of such transactions and the total commissions and other quantifiable benefits received by such brokers or dealers (if any) are disclosed in the Company’s annual report.

## **REPORTS AND ACCOUNTS**

### Annual Report and Semi-Annual Report

The Company's financial year end is on 31 May of each year. Audited accounts and unaudited semi-annual accounts will be available within four months of the end of each financial year and two months of the end of the semi-financial year respectively. Once these reports are made available, registered Shareholders will be notified of the means of accessing such reports within the relevant timeframe. Hard copies of these financial reports may also be inspected free of charge or obtained for a reasonable fee from the Hong Kong Representative during normal Hong Kong business hours. Soft copies may also be downloaded from the Hong Kong Representative’s website at <https://www.ubs.com/hk/en/assetmanagement/> (this website has not

been reviewed by the SFC and may contain information on sub-funds which have not been authorised by the SFC and are not available to the retail public in Hong Kong).

Investors should note that only the English version of the annual report and the semi-annual report of the Company will be available.

#### Documents Available for Inspection

For so long as the Company and the Sub-Funds remain authorised by the SFC, a copy of each of the following documents in relation to the Company and the Sub-Funds may be inspected, free of charge, during normal business hours at the offices of the Hong Kong Representative:

- (a) the Articles of Incorporation of the Company;
- (b) the Sales Prospectus, the Hong Kong Covering Document and the Product Key Facts Statement in respect of each Sub-Fund; and
- (c) the latest annual report and accounts and semi-annual report of the Company.

Shareholders or prospective investors may also purchase copies of the above documents on payment of the reasonable costs associated with the making and forwarding of such copies.

### **LIQUIDITY RISK MANAGEMENT**

The Company has put in place measures to effectively manage the liquidity risk of the Sub-Funds. The Board of Directors of the Company provides general oversight of the investment programme and operations of the Sub-Funds in accordance with the Company's liquidity risk management policies and procedures.

The Portfolio Managers are responsible for the day-to-day cash management of the Sub-Funds and have access to daily cash management reports and regular monitoring reports which track historical redemption activity, cash and other highly liquid assets held by the Sub-Funds. Liquidity considerations are also part of the investment process and Portfolio Managers to assess the long-term liquidity prospects of any issue and issuer before investing.

#### Liquidity Risk Management Policy

The Company has, as part of its overall risk management programme, established liquidity risk management policies and procedures which are reviewed periodically from time to time.

The key elements to the Company's risk management policy include (but not limited to) the following in accordance with its liquidity risk management policies and procedures:

Considering risk appetite: The Company considers the liquidity risks facing a Sub-Fund to ensure that the dealing arrangements of the relevant Sub-Fund are appropriate for its investment strategy and underlying assets. Among other things, the Company seeks to (a) understand and align the liquidity profile of a Sub-Fund's liabilities with the liquidity profile of the Sub-Fund's assets, (b) understand investors' historical and expected redemption patterns, and (c) determine an appropriate dealing frequency taking into account the liquidity profile of the Sub-Fund and investors' redemption patterns.

Ongoing liquidity risk assessment through qualitative and quantitative evaluations: The Company assesses, on a regular basis, the liquidity profile of:

- (a) the liabilities of the Sub-Fund, in particular the its investor profile and historical and future redemption patterns and likely liquidity demands; and
- (b) the Sub-Fund's assets, using both quantitative metrics such as Days-to-Trade and Costs-to-Trade) and qualitative factors such as asset class or credit quality and the Company's professional judgment, taking into account the characteristics of the assets and markets invested in by the Sub-Fund. Risk models and targets are reviewed regularly to ensure they are appropriate and effective. The Company assesses the Sub-Fund's liquidity position against the internal liquidity indicators.

Stress testing that are also conducted for the Company and the Sub-Funds on a daily basis. There are five different scenarios (from normal environment to extreme stress) in Bloomberg' Liquidity Assessment Tool

(BBG LQA) based on the following to assess a Sub-Fund's ability to meet redemption obligations and the impact on the remaining unitholders when there is a significant decrease in the liquidity of underlying assets or a significant increase in redemption requests:

- (a) Expected Daily Volume: The expected daily trading volume that's available for a given security.
- (b) Target Liquidation Volume: The amount or redemption size set to be liquidated.
- (c) Target Liquidity Cost: The cost constraint (value impact) applied in solving for the optimal LQA Liquidation Horizon at the security level.

Stress test results will be reviewed by the Board of Directors of the Management Company to determine whether further action will be required.

### Liquidity Risk Management Tools

The Company may utilise the following liquidity management tools in order to protect the interests of the Shareholders:

**Suspension of redemption:** The Company, in consultation with the Depositary, has discretion to suspend redemption or delay the payment of any moneys or the transfer of any securities in specie under exceptional circumstances, such as the closure, suspension or restriction of trading on any markets, having regard to the best interests of shareholders. Please refer to section "Suspension of the net asset value calculation and of the issue, redemption and conversion of shares" in the Sales Prospectus for more information.

**Limitations on redemption and conversion:** The Company reserves the right not to execute redemption and conversion orders in full (redemption gate) on any Order Date on which this would lead to outflows of more than 10% of the net assets of a Sub-Fund on that Order Date to protect the interests of Shareholders. Execution of redemption and conversion orders in excess of 10% of the net assets of a Sub-Fund may be postponed to the next business day (as defined in the Sales Prospectus) (if required, subject to further postponement) with priority status (relative to orders received on the next Order Date). Please refer to section "Redemption of shares" in the Sales Prospectus for more information.

**Redemptions in-kind:** The Company has discretion to agree with redeeming Shareholders that the Sub-Fund will meet part of the redemption request in-kind, by transferring underlying assets of an equivalent value to the Shareholder. Please refer to section "Redemption of shares" in the Sales Prospectus for more information.

**Anti-dilution adjustment:** Please refer to section "Net asset value, issue, redemption and conversion price" in the Sales Prospectus for more information.

**Other Investment and Borrowing Restrictions:** Apart from being subject to investment restrictions and borrowing restrictions as outlined in section "Investment principles" in the Sales Prospectus, the Sub-Funds may not hold any physical commodities or engage in short selling activities.

## **DISTRIBUTION POLICY**

Classes of a Sub-Fund may pay dividend out of gross investment income (i.e. investment income net of withholding taxes but gross of fees and expenses) while all or part of the fees and expenses are charged to/paid out of the capital of the Sub-Fund, resulting in an increase in distributable income for the payment of dividends, which is effectively a payment out of the capital of the Sub-Fund. For details, please refer to the section "Distributions" in the Sales Prospectus and the Product Key Facts Statement of the relevant Sub-Fund.

The compositions of the dividends (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) for the last 12 months are available from the Hong Kong Representative on request and on <https://www.ubs.com/hk/en/assetmanagement/> (which website has not been reviewed by the SFC).

The Company may amend a Sub-Fund's dividend policy with respect to the distribution out of capital (or effectively out of capital) of the Sub-Fund subject to the SFC's prior approval and by giving not less than one month's prior notice to the affected Shareholders.



## **TAXATION**

Investors should consult their professional advisers on the consequences to them of subscribing, holding, redeeming, transferring or selling Shares under the relevant laws of the jurisdictions to which they are subject, including the tax consequences and any exchange control requirements. These consequences, including the availability of, and the value of, tax relief to investors will vary with the law and practice of the investors' country of citizenship, residence, domicile or incorporation and their personal circumstances. The following statements regarding taxation are based on advice received by the Company regarding the law and practice in force in Hong Kong at the date of this document. Investors should be aware that levels and bases of taxation are subject to change and that the value of any relief from taxation depends upon the individual circumstances of the taxpayer.

For so long as they are authorised by the SFC, the Company and the Sub-Funds will not expect to be subject to Hong Kong tax in respect of any of their authorised activities.

No tax will be payable by Shareholders in Hong Kong in respect of dividends or other distributions of a Sub-Fund or in respect of any capital gains arising on a sale, redemption or other disposal of Shares, except that Hong Kong profits tax may arise where such transactions form part of a trade, profession or business carried on in Hong Kong.

# UBS (Lux) Bond SICAV

Investment company under Luxembourg law (the "Company")

October 2023

## Sales Prospectus

Shares in the Company may be acquired on the basis of this Sales Prospectus, the Company's Articles of Incorporation, the latest annual report and, if already published, the subsequent semi-annual report.

Only the information contained in the Sales Prospectus and the aforementioned documents shall be deemed valid.

Furthermore, a key information document for retail and insurance-based packaged investment products within the meaning of Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for retail and insurance-based packaged investment products (PRIIPs) ("KID") is made available to investors before subscribing for shares. For the avoidance of doubt, UCITS Key Investor Information Documents ("KIIDs") shall continue to be made available to investors in the UK to the extent this remains a regulatory requirement. References to the "KID" in this Prospectus shall therefore also be read as a reference to the "KIID" where applicable. Information on whether a sub-fund of the Company is listed on the Luxembourg Stock Exchange can be obtained from the administrative agent or the Luxembourg Stock Exchange website ([www.bourse.lu](http://www.bourse.lu)).

The issue and redemption of Company shares is subject to the regulations prevailing in the country where this takes place. The Company treats all investor information with the strictest confidentiality, unless its disclosure is required pursuant to statutory or supervisory provisions.

Shares in this Company may not be offered, sold or delivered within the United States.

Shares of this Company may not be offered, sold or delivered to investors who are US Persons. A US Person is any person who:

- (i) is a United States person within the meaning of Section 7701(a)(30) of the US Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder;
- (ii) is a US person within the meaning of Regulation S under the US Securities Act of 1933 (17 CFR § 230.902(k));
- (iii) is not a Non-United States person within the meaning of Rule 4.7 of the US Commodity Futures Trading Commission Regulations (17 CFR § 4.7(a)(1)(iv));
- (iv) is in the United States within the meaning of Rule 202(a)(30)-1 under the US Investment Advisers Act of 1940, as amended;
- or
- (v) is any trust, entity or other structure formed for the purpose of allowing US Persons to invest in the Company.

### **Management and administration**

#### **Registered office**

33A, avenue J.F. Kennedy, L-1855 Luxembourg, B.P. 91, L-2010 Luxembourg

#### **Board of Directors of the Company**

Chairman	Robert Süttinger, Managing Director, UBS Asset Management Switzerland AG, Zurich
Members	Francesca Guagnini, Managing Director, UBS Asset Management (UK) Ltd., London
	Josée Lynda Denis, Independent Director, Luxembourg
	Ioana Naum, Executive Director, UBS Asset Management Switzerland AG, Zurich

Raphael Schmidt-Richter,  
Executive Director,  
UBS Asset Management (Deutschland) GmbH,  
Frankfurt

### **Management Company**

UBS Fund Management (Luxembourg) S.A., RCS Luxembourg B 154.210 (the “**Management Company**”).

The Management Company was established in Luxembourg on 1 July 2010 as an Aktiengesellschaft (public limited company) for an indefinite period. Its registered office is located at 33A avenue J.F. Kennedy, L-1855 Luxembourg.

The Articles of Incorporation of the Management Company were published on 16 August 2010 by way of a notice of deposit in the Mémorial, Recueil des Sociétés et Associations (the “Mémorial”).

The consolidated version of the Articles of Incorporation may be consulted at the Luxembourg Trade and Companies Register (Registre de Commerce et des Sociétés). The corporate purpose of the Management Company is to manage undertakings for collective investment pursuant to Luxembourg law and to issue/redeem units or shares in these products, among other activities. In addition to the Company, the Management Company currently also manages other undertakings for collective investment. The Management Company has fully paid-up equity capital of EUR 13,000,000.

The Management Company also acts as domiciliary agent for the Company.

### **Board of Directors of the Management Company**

Chairman	Michael Kehl, Head of Products, UBS Asset Management Switzerland AG, Zurich, Switzerland
Members	Francesca Prym, CEO, UBS Fund Management (Luxembourg) S.A., Luxembourg, Grand Duchy of Luxembourg
	Ann-Charlotte Lawyer, Independent Director, Luxembourg, Grand Duchy of Luxembourg
	Miriam Uebel, Institutional Client Coverage, UBS Asset Management (Deutschland) GmbH, Frankfurt, Germany
	Eugène Del Cioppo, CEO, UBS Fund Management (Switzerland) AG, Basel, Switzerland

### **Conducting Officers of the Management Company**

Valérie Bernard,  
UBS Fund Management (Luxembourg) S.A.,  
Luxembourg, Grand Duchy of Luxembourg

Geoffrey Lahaye,  
UBS Fund Management (Luxembourg) S.A.,  
Luxembourg, Grand Duchy of Luxembourg

Federica Ghirlandini,  
UBS Fund Management (Luxembourg) S.A.,  
Luxembourg, Grand Duchy of Luxembourg

Olivier Humbert,  
UBS Fund Management (Luxembourg) S.A.,  
Luxembourg, Grand Duchy of Luxembourg

Barbara Chamberlain,  
UBS Fund Management (Luxembourg) S.A.,  
Luxembourg, Grand Duchy of Luxembourg

Andrea Papazzoni,  
UBS Fund Management (Luxembourg) S.A.,  
Luxembourg, Grand Duchy of Luxembourg

Stéphanie Minet  
UBS Fund Management (Luxembourg) S.A.,  
Luxembourg, Grand Duchy of Luxembourg

## Portfolio Manager

Sub-fund	Portfolio Manager
UBS (Lux) Bond SICAV – Convert Global (EUR)	UBS Asset Management Switzerland AG, Zurich
UBS (Lux) Bond SICAV – Green Social Sustainable Bonds (EUR)	
UBS (Lux) Bond SICAV – Short Term EUR Corporates Sustainable (EUR)	
UBS (Lux) Bond SICAV – Short Term USD Corporates Sustainable (USD)	
UBS (Lux) Bond SICAV – Global Short Term Flexible (USD)	UBS Asset Management (UK) Ltd., London, United Kingdom
UBS (Lux) Bond SICAV – Global Corporates (USD)	
UBS (Lux) Bond SICAV – EUR Corporates Sustainable (EUR)	
UBS (Lux) Bond SICAV – Global Dynamic (USD)	
UBS (Lux) Bond SICAV – Global Inflation-linked (USD)	
UBS (Lux) Bond SICAV – Global SDG Corporates Sustainable (USD)	
UBS (Lux) Bond SICAV – 2023 (USD)	UBS Asset Management (Americas) Inc., Chicago, US
UBS (Lux) Bond SICAV – 2024 (USD)	
UBS (Lux) Bond SICAV – 2025 I (EUR)	
UBS (Lux) Bond SICAV – 2025 I (USD)	
UBS (Lux) Bond SICAV – Fixed Maturity Series 4 (EUR)	
UBS (Lux) Bond SICAV – Fixed Maturity Series 5 (EUR)	
UBS (Lux) Bond SICAV – Fixed Maturity Series 1 (USD)	
UBS (Lux) Bond SICAV – Fixed Maturity Series 11 (USD)	
UBS (Lux) Bond SICAV – Fixed Maturity Series 12 (USD)	
UBS (Lux) Bond SICAV – Emerging Economies Corporates (USD)	
UBS (Lux) Bond SICAV – Emerging Economies Local Currency Bond (USD)	
UBS (Lux) Bond SICAV – Floating Rate Income (USD)	
UBS (Lux) Bond SICAV – Short Duration High Yield Sustainable (USD)	
UBS (Lux) Bond SICAV – USD Corporates (USD)	
UBS (Lux) Bond SICAV – USD High Yield (USD)	
UBS (Lux) Bond SICAV – USD Investment Grade Corporates Sustainable (USD)	
UBS (Lux) Bond SICAV – China Fixed Income (RMB)	UBS Asset Management (Hong Kong) Limited, Hong Kong
UBS (Lux) Bond SICAV – Asian High Yield (USD)	
UBS (Lux) Bond SICAV – China High Yield (USD)	
UBS (Lux) Bond SICAV – Asian Investment Grade Bonds Sustainable (USD)	
UBS (Lux) Bond SICAV – China Flexible (RMB)	

The Portfolio Manager has been assigned the management of the securities portfolio under the supervision and responsibility of the Management Company; to this end, it carries out all transactions relevant hereto in accordance with the prescribed investment restrictions.

The Portfolio Management entities of UBS Asset Management may transfer their mandates, fully or in part, to associated Portfolio Managers within UBS Asset Management. Responsibility in each case remains with the aforementioned Portfolio Manager assigned by the Company.

## Depository and Main Paying Agent

UBS Europe SE, Luxembourg Branch, 33A avenue J.F. Kennedy, L-1855 Luxembourg, (B.P. 2, L-2010 Luxembourg)

UBS Europe SE, Luxembourg Branch, has been appointed as depository of the Company (the “**Depository**”). The Depository will also provide paying agent services to the Company.

The Depository is a Luxembourg branch of UBS Europe SE, a European company (societas Europaea – SE) with its registered office in Frankfurt am Main, Germany, listed in the trade and companies register of the Frankfurt am Main district court (Handelsregister des Amtsgerichts Frankfurt am Main) under number HRB 107046. The Depository is located at 33A avenue J.F. Kennedy, L-1855 Luxembourg, and is entered in the Luxembourg trade and companies register under B 209.123.

The Depositary has been assigned the safekeeping of those financial instruments of the Company that can be held in custody, as well as the record keeping and verification of ownership for other assets held by the Company. The Depositary shall also ensure the effective and proper monitoring of the Company's cash flows pursuant to the provisions of the Law of 17 December 2010 on undertakings for collective investment ("**Law of 2010**") and the depositary agreement (hereinafter referred to as the "**Depositary Agreement**"), each as amended.

Assets held in custody by the Depositary shall not be reused for their own account by the Depositary or any third party to whom custody has been delegated, unless such reuse is expressly permitted by the Law of 2010.

In addition, the Depositary shall also ensure that (i) the sale, issue, repurchase, redemption and cancellation of shares is carried out in accordance with Luxembourg law, the Sales Prospectus and the Articles of Incorporation; (ii) the value of the shares is calculated in accordance with Luxembourg law; (iii) the instructions of the Management Company or the Company are carried out, unless they conflict with applicable Luxembourg law, the Sales Prospectus and/or the Articles of Incorporation; (iv) for transactions involving the Company's assets, any consideration is remitted to the Company within the usual time limits; and (v) the Company's income is appropriated in accordance with Luxembourg law, the Sales Prospectus and the Articles of Incorporation.

In accordance with the provisions of the Depositary Agreement and the Law of 2010, the Depositary may appoint one or more sub-depositaries. Subject to certain conditions and with the aim of effectively fulfilling its duties, the Depositary may thus delegate all or part of the safekeeping of those financial instruments that can be held in custody as entrusted to it, and/or all or part of its duties regarding the record keeping and verification of ownership of other assets of the Company.

In accordance with the applicable laws and regulations, as well as the directive on conflicts of interest, the Depositary shall assess potential conflicts of interest that may arise from the delegation of its safekeeping tasks to a sub-depositary or sub-delegate before any such appointing takes place. The Depositary is part of the UBS Group: a global, full-service private banking, investment banking, asset management and financial services organisation that is a major player on the global financial markets. As such, conflicts of interest may arise in connection with the delegation of its safekeeping tasks, because the Depositary and its affiliates engage in various business activities and may have diverging direct or indirect interests.

Investors may obtain additional information free of charge by addressing a written request to the Depositary.

Irrespective of whether a sub-depositary or sub-delegate is part of the UBS Group, the Depositary will exercise the same level of due skill, care and diligence both in the selection and appointment as well as in the on-going monitoring of the respective sub-depositary or sub-delegate. Furthermore, the conditions determining the appointment of any sub-depositary or sub-delegate that is member of the UBS Group will be negotiated at arm's length in order to protect the interests of the Company and its shareholders. Should a conflict of interest arise and prove impossible to mitigate, such conflict of interest will be disclosed to the shareholders, together with all decisions taken pertaining thereto. An up-to-date description of all custody tasks delegated by the Depositary, alongside an up-to-date list of these delegates and sub-delegate(s) can be found on the following webpage: <https://www.ubs.com/global/en/legalinfo2/luxembourg.html>

Where the law of a third country requires that financial instruments be held in custody by a local entity and no local entity satisfies the delegation requirements of Article 34 bis, Paragraph 3, lit. b) i) of the Law of 2010, the Depositary may delegate its tasks to such local entity to the extent required by the law of such third country for as long as there are no local entities satisfying the aforementioned requirements. In order to ensure that its tasks are only delegated to sub-depositaries providing an adequate standard of protection, the Depositary must exercise all due skill, care and diligence as required by the Law of 2010 in the selection and appointment of any sub-depositary to which it intends to delegate a portion of its tasks. Furthermore, it must continue to exercise all due skill, care and diligence in the periodic review and ongoing monitoring of any sub-depositary to which it has delegated a portion of its tasks and of any arrangements entered into by the sub-depositary in respect of the matters delegated to it. In particular, delegation is only permitted if the sub-depositary keeps the assets of the Company separate from the Depositary's own assets and the assets belonging to the sub-depositary at all times during performance of the delegated tasks pursuant to the Law of 2010. The Depositary's liability shall not be affected by any such delegation, unless otherwise stipulated in the Law of 2010 and/or the Depositary Agreement.

The Depositary is liable to the Company and its shareholders for the loss of a financial instrument held in custody within the meaning of Article 35(1) of the Law of 2010 and Article 12 of Commission Delegated Regulation (EU) 2016/438 of 17 December 2015 supplementing the UCITS Directive with regard to the obligations of depositaries (the "**Deposited Fund Assets**") by the Depositary and/or a sub-depositary (the "**Loss of a Deposited Fund Asset**").

In the event of the Loss of a Deposited Fund Asset, the Depositary must provide a financial instrument of the same type or value to the Company without undue delay. In accordance with the provisions of the Law of 2010, the Depositary will not be liable for the Loss of a Deposited Fund Asset if this was the result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary.

Without prejudice to the special liability of the Depositary in the event of the loss of any fund assets held in custody, the Depositary shall be liable for any loss or damage suffered by the Company resulting directly from the Depositary's negligence, fraud or wilful misconduct in the execution of the services under the Depositary Agreement, except in respect of the Depositary's duties under the Law of 2010 for which the Depositary will be liable for any loss or damage suffered by the Company resulting directly from the Depositary's negligent or intentional failure to properly fulfil its obligations pursuant to the Law of 2010.

The Company and the Depositary may terminate the Depositary Agreement at any time by giving three (3) months' notice via registered letter. Under certain circumstances, the Depositary Agreement may also be terminated with a shorter notice period, for example in the event of a material breach of duty by one of the parties. Until a new depositary has been appointed, which must occur within no more than two (2) months of the time when notice to terminate the Depositary Agreement took effect, the Depositary shall take all necessary steps in order to ensure that the interests of investors in the Company are upheld. If the Company

does not name another depositary as its successor within this period, the Depositary may notify the Luxembourg supervisory authority ("Commission de Surveillance du Secteur Financier – "CSSF") concerning the situation.

The Depositary shall be entitled to be remunerated for its services out of the net assets of the Company, as agreed upon in the Depositary Agreement. In addition, the Depositary is entitled to be reimbursed by the Company for its reasonable out-of-pocket expenses and disbursements and for the charges of any correspondents.

The Depositary is not involved, directly or indirectly, with the business affairs, organisation or management of the Company and is not responsible for the content of this document and thus accepts no responsibility for the accuracy of any information contained herein or the validity of the structure and investments of the Company. The Depositary has no decision-making discretion nor any advice duty relating to the Company's investments and is prohibited from meddling in the management of the Company's investments. The Depositary does not have any investment decision-making role in relation to the Company.

In case the Depositary receives investors' data, such data might be accessible and/or transferred by the Depositary to other entities controlled by the UBS Group AG currently or in the future as well as third-party service providers (the "UBS Partners"), in their capacity as service providers on behalf of the Depositary. UBS Partners are domiciled in the EU or in countries located outside the EU but with an adequate level of data protection (on the basis of an adequacy decision by the European Commission) such as Switzerland. Data could be made available to UBS entities located in Poland, the UK, Switzerland, Monaco, and Germany as well as other branches of UBS Europe SE (in France, Italy, Spain, Denmark, Sweden, Switzerland and Poland), for the purpose of outsourcing certain infrastructure (e.g. telecommunications, software) and/or other tasks in order to streamline and/or centralise a series of processes linked to the finance, operational, back-office, credit, risk, or other support or control functions. Further information about the outsourcing and processing of personal data by the Depositary is available at <https://www.ubs.com/lux-europe-se>.

#### **Administrative agent**

Northern Trust Global Services SE, 10, rue du Château d'Eau, L-3364 Leudelange

The administrative agent is responsible for the general administrative tasks involved in managing the Company as prescribed by Luxembourg law. These administrative services mainly include calculating the net asset value per share, keeping the Company's accounts and carrying out reporting activities.

#### **Auditor of the Company**

PricewaterhouseCoopers, Société coopérative, 2, rue Gerhard Mercator, L-2182 Luxembourg.

#### **Paying agents**

UBS Europe SE, Luxembourg Branch, 33A avenue J.F. Kennedy, L-1855 Luxembourg, (B.P. 2, L-2010 Luxembourg) and other paying agents in the various distribution countries.

#### **Distributors and other sales agents, referred to as "distributors" in the Sales Prospectus.**

UBS Asset Management Switzerland AG, Zurich, and other distributors in the various countries of distribution.

### **Profile of the typical investor**

#### **UBS (Lux) Bond SICAV – 2025 I (EUR)** (end of term: 30 October 2025)

The actively managed sub-fund is suitable for investors who wish to invest in a diversified portfolio of bonds and whose investment horizon generally corresponds to that of the sub-fund. The end of the term will be determined by the Board of Directors as part of the launch process for the respective sub-fund; it will then be included under "Profile of the typical investor". The currency exposure is largely hedged against the EUR.

#### **UBS (Lux) Bond SICAV – 2023 (USD)** (end of term: 21 November 2023)

#### **UBS (Lux) Bond SICAV – 2024 (USD)** (end of term: 15 October 2024)

#### **UBS (Lux) Bond SICAV – 2025 I (USD)** (end of term: 30 October 2025)

#### **UBS (Lux) Bond SICAV – Fixed Maturity Series 1 (USD)** (end of term: 17 May 2024)

The actively managed sub-funds are suitable for investors who wish to invest in a diversified portfolio of bonds and whose investment horizon generally corresponds to that of the sub-fund. The end of the term will be determined by the Board of Directors as part of the launch process for the respective sub-fund; it will then be included under "Profile of the typical investor". The sub-funds will typically have different launch dates and maturity dates.

#### **UBS (Lux) Bond SICAV – Asian High Yield (USD)**

The actively managed sub-fund is suitable for investors who wish to invest in a sub-fund which promotes environmental and/or social characteristics and in a diversified portfolio of high-yield bonds with low ratings issued primarily in Asia, and who are prepared to accept the interest rate, currency and credit risk resulting from the different economic and financial market cycles.

#### **UBS (Lux) Bond SICAV – China High Yield (USD)**

The actively managed sub-fund is suitable for investors who wish to invest in a diversified portfolio of high-yield debt instruments from issuers in the Greater China region (People's Republic of China, Hong Kong and Macau), and are prepared to accept the associated credit, interest and currency risks.

**UBS (Lux) Bond SICAV – Asian Investment Grade Bonds Sustainable (USD)**

The actively managed sub-fund is suitable for investors who wish to invest in a diversified portfolio of fixed-income investment grade bonds from issuers in the Asian region (excluding Japan) and in a sub-fund promoting environmental and/or social characteristics.

**UBS (Lux) Bond SICAV – China Fixed Income (RMB)**

The actively managed sub-fund is suitable for investors who wish to invest in a diversified portfolio of fixed-income securities issued by borrowers in China, and are prepared to accept the associated interest, credit and currency risks.

**UBS (Lux) Bond SICAV – Convert Global (EUR)**

The actively managed sub-fund is suitable for investors who wish to invest in a sub-fund promoting environmental and/or social characteristics and in a globally diversified portfolio of convertible bonds.

**UBS (Lux) Bond SICAV – Global Short Term Flexible (USD)**

The actively managed sub-fund is suitable for investors who wish to invest in a globally diversified portfolio of short-term bonds that can be flexibly adapted to the current market situation. This sub-fund promotes environmental and/or social characteristics.

**UBS (Lux) Bond SICAV – Emerging Economies Corporates (USD)**

The actively managed sub-fund is suitable for investors who wish to invest in a diversified portfolio of corporate bonds issued by borrowers from emerging markets, and who are prepared to accept the associated risk.

**UBS (Lux) Bond SICAV – Emerging Economies Local Currency Bond (USD)**

The actively managed sub-fund is suitable for investors who wish to invest in a diversified portfolio of bonds predominantly issued in emerging markets, and who are prepared to accept the associated interest rate, currency and credit risk resulting from the different economic and financial market cycles.

**UBS (Lux) Bond SICAV – EUR Corporates Sustainable (EUR)**

The actively managed sub-fund is suitable for investors who wish to invest in a diversified portfolio of corporate bonds denominated in EUR and in a sub-fund which promotes environmental and/or social characteristics. Investors should be prepared to assume the interest rate and credit risks inherent in this type of asset.

**UBS (Lux) Bond SICAV – USD Corporates (USD)**

The actively managed sub-fund is suitable for investors who wish to invest in a diversified portfolio of US corporate bonds and in a sub-fund promoting environmental and/or social characteristics.

**UBS (Lux) Bond SICAV – Floating Rate Income (USD)**

The actively managed sub-fund is suitable for investors who wish to invest in a diversified portfolio of floating-rate high-yield corporate bonds with low ratings. Investors in this sub-fund are prepared to accept the higher risks associated with these assets compared to investments in bonds of first-class issuers.

**UBS (Lux) Bond SICAV – Global Corporates (USD)**

The actively managed sub-fund is suitable for moderately risk-tolerant investors who wish to invest in a diversified portfolio of corporate bonds worldwide and in a sub-fund promoting environmental and/or social characteristics.

**UBS (Lux) Bond SICAV – Global Dynamic (USD)**

The actively managed sub-fund is suitable for investors who wish to participate in the growth and yield potential of the global fixed-income securities markets by means of diversification and in a sub-fund promoting environmental and/or social characteristics.

**UBS (Lux) Bond SICAV – Global Inflation-linked (USD)**

The actively managed sub-fund is suitable for risk-conscious investors who wish to invest in a globally diversified portfolio of inflation-linked bonds issued by international and supranational organisations and public, semi-public or private borrowers. This sub-fund promotes environmental and/or social characteristics.

**UBS (Lux) Bond SICAV – Green Social Sustainable Bonds (EUR)**

The actively managed sub-fund is suitable for investors who wish to invest in a diversified portfolio of "green", "social", "sustainable" bonds the proceeds of which are used for eligible environmental and social projects. Investors should be prepared to assume the interest rate and credit risks inherent in this type of asset. This sub-fund promotes environmental and/or social characteristics.

**UBS (Lux) Bond SICAV – Short Duration High Yield Sustainable (USD)**

The actively managed sub-fund is suitable for investors who wish to invest in a diversified portfolio of high-yield bonds with short durations and low ratings and in a sub-fund which promotes environmental and/or social characteristics. Investors should be prepared to accept the higher risks associated with these assets compared to investments in bonds of first-class issuers.

**UBS (Lux) Bond SICAV – Short Term EUR Corporates Sustainable (EUR)****UBS (Lux) Bond SICAV – Short Term USD Corporates Sustainable (USD)**

The actively managed sub-funds are suitable for investors who wish to invest in a portfolio with a duration that is continuously adjusted to suit the prevailing market situation and does not exceed three years and in a sub-fund which promotes environmental and/or social characteristics.

**UBS (Lux) Bond SICAV – USD High Yield (USD)**

The actively managed sub-fund is suitable for investors who wish to invest in a diversified portfolio of high-yield corporate bonds with low ratings denominated in USD.

**UBS (Lux) Bond SICAV – USD Investment Grade Corporates Sustainable (USD)**

The actively managed sub-fund is suitable for investors who wish to invest in a diversified portfolio of mainly investment grade corporate bonds denominated in USD and in a sub-fund promoting environmental and/or social characteristics. Investors should be prepared to accept the interest rate and credit risks inherent in this type of asset.

**UBS (Lux) Bond SICAV – Global SDG Corporates Sustainable (USD)**

The actively managed sub-fund is suitable for investors who wish to invest in a globally diversified portfolio of predominantly corporate bonds. This sub-fund promotes environmental and/or social characteristics and is aligned with the United Nations Sustainable Development Goals (SDGs). Investors should be prepared to assume the interest rate and credit risks inherent in this type of asset.

**UBS (Lux) Bond SICAV – China Flexible (RMB)**

The actively managed sub-fund is suitable for investors who wish to invest in a diversified portfolio of fixed-income debt instruments from issuers with their registered office in the Greater China region (People's Republic of China, Hong Kong and Macau) or that conduct the majority of their business in this region. Investors in this sub-fund are prepared to accept the associated credit, interest and currency risks.

**UBS (Lux) Bond SICAV – Fixed Maturity Series 11 (USD)****UBS (Lux) Bond SICAV – Fixed Maturity Series 12 (USD)**

The actively managed sub-funds are suitable for investors who wish to invest in a diversified portfolio of bonds and whose investment horizon corresponds to that of the sub-fund. The end of the term will be determined by the Board of Directors as part of the launch process for the respective sub-fund and will be disclosed under "Profile of the typical investor" and in the KID and/or KIID of the sub-fund. The sub-funds will typically have different launch dates and maturity dates. The currency exposure is largely hedged against the USD.

**UBS (Lux) Bond SICAV – Fixed Maturity Series 4 (EUR)****UBS (Lux) Bond SICAV – Fixed Maturity Series 5 (EUR)**

The actively managed sub-funds are suitable for investors who wish to invest in a diversified portfolio of bonds and whose investment horizon corresponds to that of the sub-fund. The end of the term will be determined by the Board of Directors as part of the launch process for the respective sub-fund and will be disclosed under "Profile of the typical investor" and in the KID and/or KIID of the sub-fund. The sub-funds will typically have different launch dates and maturity dates.

**Historical performance**

Information on where historical performance can be found is outlined in the KID or in the corresponding sub-fund-specific document for the Company's distribution countries.

**Risk profile**

Sub-fund investments may be subject to substantial fluctuations and no guarantee can be given that the value of a Company share will not fall below its value at the time of acquisition.

Factors that can trigger such fluctuations or influence their magnitude include but are not limited to:

- Company-specific changes;
- Changes in interest rates;
- Changes in exchange rates;
- Changes in commodity prices and energy sources,
- Changes in cyclical factors such as employment, government spending and debt, inflation,
- Changes in the legal environment and
- Changes in investor confidence in certain asset classes (e.g. equities), markets, countries, industries and sectors.

By diversifying investments, the Portfolio Manager seeks to partly reduce the negative impact of these risks on the value of the sub-fund.

Where sub-funds are exposed to specific risks due to their investments, information on these risks is included in the investment policy of this sub-fund.



## Legal aspects

### The Company

The Company offers investors various sub-funds (“**umbrella structure**”) that invest in accordance with the investment policy described in this Sales Prospectus. The specific features of each sub-fund are defined in this Sales Prospectus, which will be updated each time a new sub-fund is launched.

Name of the Company:	UBS (Lux) Bond SICAV		
Legal form:	Open-ended investment fund legally established in the form of a société d'investissement à capital variable (“SICAV”) pursuant to Part I of the Law of 2010		
Date of incorporation:	7 October 1996		
Entered in the Luxembourg trade and companies register under:	RCS B 56.385		
Financial year:	1 June to 31 May		
Ordinary general meeting:	Held annually at 11:30 on 24 November at the registered office of the Company. Should 24 November fall on a day that is not a business day in Luxembourg (i.e. a day on which banks in Luxembourg are open during normal business hours), then the general meeting will be held on the next business day.		
Articles of Incorporation:			
	Initial publication	8 November 1996	Published in the Mémorial
	Amendments	27 October 1997	Published in the Mémorial on 17 November 1997
		5 December 2005	Published in the Mémorial on 24 March 2006
		10 June 2011	Published in the Mémorial on 24 August 2011
Management Company	UBS Fund Management (Luxembourg) S.A., RCS Luxembourg B 154.210		

The consolidated version of the Articles of Incorporation of the Company may be consulted at the Luxembourg trade and companies register (Registre de Commerce et des Sociétés). Any amendments thereto shall be notified by way of a notice of deposit in the Recueil Electronique des Sociétés et Associations (“**RESA**”), as well as by any other means described below in the section entitled “Regular reports and publications”. Amendments become legally binding following their approval by the general meeting of shareholders.

The combined net assets of the individual sub-funds form the total net assets of the Company, which at all times constitute the Company’s share capital and consist of fully-paid up, no-par value shares (the “**shares**”).

The Company asks investors to note that they only benefit from shareholder rights – particularly the right to participate in general meetings – if they are entered in their own name in the register of shareholders following their investment in the Company. However, if investors buy Company shares indirectly through an intermediary that makes the investment in its own name on behalf of the investor, and as a result, said intermediary is entered into the shareholders’ register instead of the investor, the aforementioned shareholder rights may be granted to the intermediary and not the investor. Investors are therefore advised to enquire as to their investor rights before making an investment decision.

At general meetings, shareholders are entitled to one vote per share held, irrespective of any differences in value between the shares in the individual sub-funds. Shares of a particular sub-fund carry the right of one vote per share held when voting at meetings affecting this sub-fund.

The Company forms a legal unit. As regards the association between shareholders, each sub-fund is considered to be independent of the others. The assets of a sub-fund are only liable for liabilities incurred by that sub-fund. As no division of liabilities is made between share classes, there is a risk that, under certain conditions, currency hedging transactions for share classes with “hedged” in their name may result in liabilities that affect the net asset value of other unit classes of the same sub-fund.

The Company may decide to liquidate existing sub-funds and/or launch new sub-funds and/or create different share classes with specific characteristics within these sub-funds at any time. This Sales Prospectus will be updated each time a new sub-fund or additional share class is launched.

The Company’s duration and total assets are unlimited.

UBS (Lux) Bond SICAV was established on 7 October 1996 as an open-ended investment fund in the form of a SICAV pursuant to Part I of the Luxembourg Law of 30 March 1988 relating to undertakings for collective investment and was adapted in December 2005 to comply with the provisions of the Law of 2002; it has been subject to the Law of 2010 since 1 July 2011. With effect from 15 June 2011, the Company has appointed UBS Fund Management (Luxembourg) S.A. as its Management Company.

## Share classes

Various share classes may be offered for each sub-fund. Information on the share classes available in each sub-fund can be obtained from the administrative agent or at [www.ubs.com/funds](http://www.ubs.com/funds).

P	Shares in classes with "P" in their name are available to all investors. Their smallest tradable unit is 0.001. Unless the Company decides otherwise, the initial issue price of these shares amounts to AUD 100, BRL 400, CAD 100, CHF 100, CZK 2,000, DKK 700, EUR 100, GBP 100, HKD 1,000, JPY 10,000, NOK 900, NZD 100, PLN 500, RMB 1,000, RUB 3,500, SEK 700, SGD 100, USD 100 or ZAR 1,000.
N	Shares in classes with "N" in their name (shares with restrictions on distribution partners or countries) are issued exclusively through distributors authorised by UBS Asset Management Switzerland AG and domiciled in Spain, Italy, Portugal and Germany, or in other distribution countries insofar as this has been decided by the Company. No entry costs shall be charged for these classes, even if they have additional characteristics. Their smallest tradable unit is 0.001. Unless the Company decides otherwise, the initial issue price of these shares amounts to AUD 100, BRL 400, CAD 100, CHF 100, CZK 2,000, DKK 700, EUR 100, GBP 100, HKD 1,000, JPY 10,000, NOK 900, NZD 100, PLN 500, RMB 1,000, RUB 3,500, SEK 700, SGD 100, USD 100 or ZAR 1,000.
K-1	Shares in classes with "K-1" in their name are available to all investors. Their smallest tradable unit is 0.001. The minimum investment amount is equivalent to the initial issue price of the unit class and is applicable on the level of the clients of financial intermediaries. This minimum investment amount must be met or exceeded with every subscription order that is placed. Unless the Company decides otherwise, the initial issue price of these shares amounts to AUD 5 million, BRL 20 million, CAD 5 million, CHF 5 million, CZK 100 million, DKK 35 million EUR 3 million, GBP 2.5 million, HKD 40 million, JPY 500 million, NOK 45 million, NZD 5 million, PLN 25 million, RMB 35 million, RUB 175 million, SEK 35 million, SGD 5 million, USD 5 million or ZAR 40 million.
K-B	Shares in classes with "K-B" in their name are exclusively reserved for investors who have signed a written agreement with UBS Asset Management Switzerland AG or one of its authorised distribution partners on investing in one or more sub-funds of this umbrella fund. The costs for asset management are charged to investors under the aforementioned agreements. Their smallest tradable unit is 0.001. Unless the Company decides otherwise, the initial issue price of these shares amounts to AUD 100, BRL 400, CAD 100, CHF 100, CZK 2,000, DKK 700, EUR 100, GBP 100, HKD 1,000, JPY 10,000, NOK 900, NZD 100, PLN 500, RMB 1,000, RUB 3,500, SEK 700, SGD 100, USD 100 or ZAR 1,000.
K-X	Shares in classes with "K-X" in their name are exclusively reserved for investors who have signed a written agreement with UBS Asset Management Switzerland AG or one of its authorised contractual partners on investing in one or more sub-funds of this umbrella fund. The costs for asset management, fund administration (comprising the costs incurred by the Company, administrative agent and the Depositary) and distribution are charged to investors under the aforementioned agreements. Their smallest tradable unit is 0.001. Unless the Company decides otherwise, the initial issue price of these shares amounts to AUD 100, BRL 400, CAD 100, CHF 100, CZK 2,000, DKK 700, EUR 100, GBP 100, HKD 1,000, JPY 10,000, NOK 900, NZD 100, PLN 500, RMB 1,000, RUB 3,500, SEK 700, SGD 100, USD 100 or ZAR 1,000.
F	Shares in classes with "F" in their name are exclusively reserved for UBS Group AG affiliates. The maximum flat fee for this class does not include distribution costs. These shares may only be acquired by UBS Group AG affiliates, either for their own account or as part of discretionary asset management mandates concluded with UBS Group AG companies. In the latter case, the shares will be returned to the Company upon termination of the mandate at the prevailing net asset value and without being subject to charges. The smallest tradable unit of these shares is 0.001. Unless the Company decides otherwise, the initial issue price of these shares amounts to AUD 100, BRL 400, CAD 100, CHF 100, CZK 2,000, DKK 700, EUR 100, GBP 100, HKD 1,000, JPY 10,000, NOK 900, NZD 100, PLN 500, RMB 1,000, RUB 3,500, SEK 700, SGD 100, USD 100 or ZAR 1,000.
Q	Shares in classes with "Q" in their name are exclusively reserved for financial intermediaries that (i) make investments for their own account, and/or (ii) receive no distribution fees in accordance with regulatory requirements, and/or (iii) can only offer their clients classes with no retrocessions, where these are available in the investment fund in question, in accordance with written agreements or agreements on fund savings plans concluded with their clients. Investments that no longer meet the above conditions may be forcibly redeemed at the prevailing net asset value or exchanged for another class of the sub-fund. The Company and the Management Company are not liable for any tax consequences that may result from a forcible redemption or exchange. The smallest tradable unit of these shares is 0.001. Unless the Company decides otherwise, the initial issue price of these shares amounts to AUD 100, BRL 400, CAD 100, CHF 100, CZK 2,000, DKK 700, EUR 100, GBP 100, HKD 1,000, JPY 10,000, NOK 900, PLN 500, RMB 1,000, RUB 3,500, SEK 700, SGD 100, USD 100, NZD 100 or ZAR 1,000.
QL	Shares in classes with "QL" in their name are exclusively reserved for selected financial intermediaries that: (i) have received approval from the Management Company prior to first subscription, and (ii) receive no distribution fees in accordance with regulatory requirements and/or can only offer their clients classes with no retrocessions, where these are available in the investment fund in question, in accordance with written agreements concluded with their clients. The Management Company will require a minimum investment of CHF 200 million (or the equivalent in another currency). The Management Company may waive the minimum investment temporarily or permanently. Investments that no longer meet the above conditions may be forcibly redeemed at the prevailing net asset value or exchanged for another class of the sub-fund. The Company and the Management Company are not liable for any tax consequences that may result from a forcible redemption or exchange.

	<p>The smallest tradable unit of these shares is 0.001. Unless the Company decides otherwise, the initial issue price of these shares amounts to AUD 100, BRL 400, CAD 100, CHF 100, CZK 2,000, DKK 700, EUR 100, GBP 100, HKD 1,000, JPY 10,000, NOK 900, NZD 100, PLN 500, RMB 1,000, RUB 3,500, SEK 700, SGD 100, USD 100 or ZAR 1,000.</p>
I-A1	<p>Shares in classes with "I-A1" in their name are exclusively reserved for institutional investors within the meaning of Article 174(2)(c) of the Law of 2010. The maximum flat fee for this class does not include distribution costs. The smallest tradable unit of these shares is 0.001. Unless the Company decides otherwise, the initial issue price of these shares amounts to AUD 100, BRL 400, CAD 100, CHF 100, CZK 2,000, DKK 700, EUR 100, GBP 100, HKD 1,000, JPY 10,000, NOK 900, NZD 100, PLN 500, RMB 1,000, RUB 3,500, SEK 700, SGD 100, USD 100 or ZAR 1,000.</p>
I-A2	<p>Shares in classes with "I-A2" in their name are exclusively reserved for institutional investors within the meaning of Article 174(2)(c) of the Law of 2010. The maximum flat fee for this class does not include distribution costs. The smallest tradable unit of these shares is 0.001. Unless the Company decides otherwise, the initial issue price of these shares amounts to AUD 100, BRL 400, CAD 100, CHF 100, CZK 2,000, DKK 700, EUR 100, GBP 100, HKD 1,000, JPY 10,000, NOK 900, NZD 100, PLN 500, RMB 1,000, RUB 3,500, SEK 700, SGD 100, USD 100 or ZAR 1,000. The minimum subscription amount for these shares is CHF 10 million (or foreign currency equivalent).</p> <p>Upon subscription</p> <p>(i) a minimum subscription must be made in accordance with the list above; or</p> <p>(ii) based on a written agreement between the institutional investor and UBS Asset Management Switzerland AG (or one its authorised contractual partners) or on the written approval of UBS Asset Management Switzerland AG (or one its authorised contractual partners), the investor's total assets managed by UBS or its holdings in UBS collective investment schemes must be more than CHF 30 million (or foreign currency equivalent); or</p> <p>(iii) the institutional investor must be an institution for occupational retirement provision that is part of UBS Group AG or must be one of its wholly-owned group companies.</p> <p>The management company may waive the minimum subscription if the total assets under management at UBS or the holdings of UBS collective investment schemes by institutional investors exceed CHF 30 million within a specified period.</p>
I-A3	<p>Shares in classes with "I-A3" in their name are exclusively reserved for institutional investors within the meaning of Article 174(2)(c) of the Law of 2010. The maximum flat fee for this class does not include distribution costs. The smallest tradable unit of these shares is 0.001. Unless the Company decides otherwise, the initial issue price of these shares amounts to AUD 100, BRL 400, CAD 100, CHF 100, CZK 2,000, DKK 700, EUR 100, GBP 100, HKD 1,000, JPY 10,000, NOK 900, NZD 100, PLN 500, RMB 1,000, RUB 3,500, SEK 700, SGD 100, USD 100 or ZAR 1,000. The minimum subscription amount for these shares is CHF 30 million (or foreign currency equivalent).</p> <p>Upon subscription</p> <p>(i) a minimum subscription must be made in accordance with the list above; or</p> <p>(ii) based on a written agreement between the institutional investor and UBS Asset Management Switzerland AG (or one its authorised contractual partners) or on the written approval of UBS Asset Management Switzerland AG (or one its authorised contractual partners), the investor's total assets managed by UBS or its holdings in UBS collective investment schemes must be more than CHF 100 million (or foreign currency equivalent); or</p> <p>(iii) the institutional investor must be an institution for occupational retirement provision that is part of UBS Group AG or must be one of its wholly-owned group companies.</p> <p>The management company may waive the minimum subscription if the total assets under management at UBS or the holdings of UBS collective investment schemes by institutional investors exceed CHF 100 million within a specified period.</p>
I-A4	<p>Shares in classes with "I-A4" in their name are exclusively reserved for institutional investors within the meaning of Article 174(2)(c) of the Law of 2010. The maximum flat fee for this class does not include distribution costs. The smallest tradable unit of these shares is 0.001. Unless the Management Company decides otherwise, the initial issue price of these shares amounts to AUD 100, BRL 400, CAD 100, CHF 100, CZK 2,000, DKK 700, EUR 100, GBP 100, HKD 1,000, JPY 10,000, NOK 900, NZD 100, PLN 500, RUB 3,500, SEK 700, SGD 100, USD 100 or ZAR 1,000. The minimum subscription amount for these shares is CHF 100 million (or foreign currency equivalent).</p> <p>Upon subscription:</p> <p>(i) a minimum subscription must be made in accordance with the list above; or</p> <p>(ii) based on a written agreement between the institutional investor and UBS Asset Management Switzerland AG (or one its authorised contractual partners) or on the written approval of UBS Asset Management Switzerland AG (or one its authorised contractual partners), the investor's total assets managed by UBS or its holdings in UBS collective investment schemes must be more than CHF 500 million (or foreign currency equivalent); or</p> <p>(iii) the institutional investor must be an institution for occupational retirement provision that is part of UBS Group AG or must be one of its wholly-owned group companies.</p> <p>The Management Company may waive the minimum subscription amount if the total assets managed by UBS or the amount held in UBS collective investment schemes for institutional investors is more than CHF 500 million within a defined period. Investments that no longer meet the above conditions may be forcibly redeemed at the prevailing net asset value or exchanged for another class of the sub-fund. The Company and the Management Company are not liable for any tax consequences that may result from a forcible redemption or exchange.</p>
I-B	<p>Shares in classes with "I-B" in their name are exclusively reserved for institutional investors within the meaning of Article 174(2)(c) of the Law of 2010 who have signed a written agreement with UBS Asset</p>

	Management Switzerland AG or one of its authorised contractual partners on investing in one or more sub-funds of this umbrella fund. A fee covering the costs for fund administration (comprising the costs of the Company, the administrative agent and the Depositary) is charged directly to the sub-fund. The costs for asset management and distribution are charged to investors under the aforementioned agreements. Their smallest tradable unit is 0.001. Unless the Company decides otherwise, the initial issue price of these shares amounts to AUD 100, BRL 400, CAD 100, CHF 100, CZK 2,000, DKK 700, EUR 100, GBP 100, HKD 1,000, JPY 10,000, NOK 900, NZD 100, PLN 500, RMB 1,000, RUB 3,500, SEK 700, SGD 100, USD 100 or ZAR 1,000.
I-X	Shares in classes with "I-X" in their name are exclusively reserved for institutional investors within the meaning of Article 174(2)(c) of the Law of 2010 who have signed a written agreement with UBS Asset Management Switzerland AG or one of its authorised contractual partners on investing in one or more sub-funds of this umbrella fund. The costs for asset management, fund administration (comprising the costs incurred by the Company, administrative agent and the Depositary) and distribution are charged to investors under the aforementioned agreements. Their smallest tradable unit is 0.001. Unless the Company decides otherwise, the initial issue price of these shares amounts to AUD 100, BRL 400, CAD 100, CHF 100, CZK 2,000, DKK 700, EUR 100, GBP 100, HKD 1,000, JPY 10,000, NOK 900, NZD 100, PLN 500, RMB 1,000, RUB 3,500, SEK 700, SGD 100, USD 100 or ZAR 1,000.
U-X	Shares in classes with "U-X" in their name are exclusively reserved for institutional investors within the meaning of Article 174(2)(c) of the Law of 2010 who have signed a written agreement with UBS Asset Management Switzerland AG or one of its authorised contractual partners on investing in one or more sub-funds of this umbrella fund. The costs for asset management, fund administration (comprising the costs of the Company, the administrative agent and the Depositary) and distribution are charged to investors under the aforementioned agreements. This share class is exclusively geared towards financial products (i.e. funds of funds or other pooled structures under various legislative frameworks). Their smallest tradable unit is 0.001. Unless the Company decides otherwise, the initial issue price of these shares amounts to AUD 10,000, BRL 40,000, CAD 10,000, CHF 10,000, CZK 200,000, DKK 70,000, EUR 10,000, GBP 10,000, HKD 100,000, JPY 1 million, NOK 90,000, NZD 10,000, PLN 50,000, RMB 100,000, RUB 350,000, SEK 70,000, SGD 10,000, USD 10,000 or ZAR 100,000.

Additional characteristics:

Currencies	The share classes may be denominated in AUD, BRL, CAD, CHF, CZK, DKK, EUR, GBP, HKD, JPY, NOK, NZD, PLN, RMB, RUB, SEK, SGD, USD or ZAR. For share classes issued in the currency of account of the sub-fund, this currency will not be included in the share class name. The currency of account features in the name of the relevant sub-fund.
"hedged"	For share classes with "hedged" in their name and with reference currencies different to the sub-fund's currency of account ("classes in foreign currencies"), the risk of fluctuations in the value of the reference currency is hedged against the sub-fund's currency of account. The amount of the hedging shall in principle be between 95% and 105% of the total net assets of the share class in foreign currency. Changes in the market value of the portfolio, as well as subscriptions and redemptions of share classes in foreign currencies, can result in the hedging temporarily surpassing the aforementioned range. The Company and the Portfolio Manager will take all necessary steps to bring the hedging back within the aforementioned limits. The hedging described has no effect on possible currency risks resulting from investments denominated in a currency other than the sub-fund's currency of account.
"portfolio hedged"	For share classes with "portfolio hedged" in their name, the currency risk of the sub-fund's investments is hedged against the reference currency of the share class as follows: Systematically, between 95% and 105% of the proportion of investments in developed nation foreign currencies relative to the share class' total net assets is hedged, except where this is unfeasible or not cost-effective. Emerging market foreign currency investments are not hedged. Changes in the market value of the sub-fund's investments, as well as subscriptions and redemptions of share classes, can cause the hedge to temporarily exceed the range specified by the Portfolio Manager. The Company and the Portfolio Manager will take all necessary steps to bring the hedging back within the aforementioned limits. The hedging described is used to hedge the currency risk resulting from investments denominated in a currency other than the share class' reference currency, as described above.
"BRL hedged"	The Brazilian real (ISO 4217 currency code: BRL) may be subject to exchange control regulations and repatriation limits set by the Brazilian government. Prior to investing in BRL classes, investors should also bear in mind that the availability and tradability of BRL classes, and the conditions under which they may be available or traded, depend to a large extent on the political and regulatory developments in Brazil. The risk of fluctuations is hedged as described above under "hedged". Potential investors should be aware of the risks of reinvestment, which could arise if the BRL class has to be liquidated early due to political and/or regulatory circumstances. This does not apply to the risk associated with reinvestment due to liquidation of a share class and/or the sub-fund in accordance with the section "Liquidation and merger of the Company and its sub-funds; merger of sub-funds".
"RMB" and "RMB hedged"	Investors should note that the renminbi ("RMB") (ISO 4217 currency code: CNY), the official currency of the People's Republic of China (the "PRC"), is traded on two markets, namely as onshore RMB (CNY) in mainland China and offshore RMB (CNH) outside mainland China. For share classes denominated in RMB and/or RMB hedged (the "RMB classes"), the net asset value is calculated in offshore RMB.  However, for the UBS (Lux) Bond SICAV – China Fixed Income (RMB) sub-fund, the net asset value of the RMB classes is calculated in onshore RMB. No currency conversion takes place in the case of cross-border transfers between offshore and onshore RMB resulting from subscriptions or redemptions of the RMB classes. As such, the amount in RMB does not change, as offshore RMB and onshore RMB refer to the same currency.

	<p>Onshore RMB is not a freely convertible currency and is subject to foreign exchange control policies and repatriation and conversion restrictions imposed by the PRC government. Offshore RMB, on the other hand, may be traded freely against other currencies, particularly EUR, CHF and USD.</p> <p>Convertibility between offshore RMB and onshore RMB is a regulated process subject to foreign exchange control policies and repatriation restrictions imposed by the PRC government in coordination with offshore supervisory and governmental agencies (e.g. the Hong Kong Monetary Authority).</p> <p>Prior to investing in RMB classes, investors should bear in mind that the requirements relating to regulatory reporting and fund accounting of RMB are not clearly regulated. Furthermore, investors should be aware that offshore RMB and onshore RMB have different exchange rates against other currencies. The value of offshore RMB can potentially differ significantly from that of onshore RMB due to a number of factors including, without limitation, foreign exchange control policies and repatriation restrictions imposed by the PRC government at certain times, as well as other external market forces. Any devaluation of RMB against other currencies could adversely affect the value of investors' investments in the RMB classes if denominated in another currency. Investors should therefore take these factors into account when calculating the conversion of their investments and the ensuing returns from RMB into their target currency.</p> <p>Prior to investing in RMB classes, investors should also bear in mind that the availability and tradability of RMB classes, and the conditions under which they may be available or traded, depend to a large extent on the political and regulatory developments in the PRC. Thus, no guarantee can be given that RMB or the RMB classes will be offered and/or traded in future, nor can there be any guarantee as to the conditions under which RMB and/or RMB classes may be made available or traded. If the currency of account of the relevant sub-funds offering the RMB classes were in a currency other than RMB, the ability of the relevant sub-fund to make redemption payments in RMB would be subject to the sub-fund's ability to convert its currency of account into RMB, which may be restricted by the availability of RMB or other circumstances beyond the control of the Company.</p> <p>Potential investors should be aware of the risks of reinvestment, which could arise if the RMB class has to be liquidated early due to political and/or regulatory circumstances. This does not apply to the risk associated with reinvestment due to liquidation of a share class and/or the sub-fund in accordance with the section "Liquidation of the Company and its sub-funds; merger of sub-funds". The risk of fluctuations for RMB-hedged share classes is hedged as described above under "hedged".</p>
"acc"	The income of share classes with "-acc" in their name is not distributed unless the Company decides otherwise.
"dist"	The income of share classes with "-dist" in their name is distributed unless the Company decides otherwise.
"qdist"	Shares in classes with "-qdist" in their name may make quarterly distributions, gross of fees and expenses. Distributions may also be made out of the capital (this may include, inter alia, realised and unrealised net gains in net asset value) (" <b>capital</b> "). Distributions out of capital result in the reduction of an investor's original capital invested in the sub-fund. Furthermore, any distributions from the income and/or involving the capital result in an immediate reduction of the net asset value per share of the sub-fund. Investors in certain countries may be subject to higher tax rates on distributed capital than on any capital gains from the sale of fund units. Some investors may therefore prefer to subscribe to accumulating (-acc) rather than distributing (-dist, -qdist) share classes. Investors may be taxed at a later point in time on income and capital arising on accumulating (-acc) share classes compared with distributing (-dist) share classes. Investors should consult qualified experts for tax advice regarding their individual situation.
"mdist"	Shares in classes with "-mdist" in their name may make monthly distributions, gross of fees and expenses. Distributions may also be made out of capital. Distributions out of capital result in the reduction of an investor's original capital invested in the sub-fund. Furthermore, any distributions from the income and/or involving the capital result in an immediate reduction of the net asset value per share of the sub-fund. Investors in certain countries may be subject to higher tax rates on distributed capital than on any capital gains from the sale of fund units. Some investors may therefore prefer to invest in accumulating (-acc) rather than distributing (-dist, -mdist) share classes. Investors may be taxed at a later point in time on income and capital arising on accumulating (-acc) share classes compared with distributing (-dist) share classes. Investors should consult qualified experts for tax advice regarding their individual situation. The maximum entry costs for shares in classes with "-mdist" in their name are 6%.
"UKdist"	The aforementioned share classes can be issued as those with "UKdist" in their name. In these cases, the Company intends to distribute a sum that corresponds to 100% of the reportable income within the meaning of the <b>UK reporting fund</b> rules when the share classes are subject to these reporting fund rules. The Company does not intend to make taxable values for these share classes available in other countries, as they are intended for investors whose investment in the share class is liable to tax in the UK.
"2%", "4%", "6%", "8%"	Shares in classes with "2%" / "4%" / "6%" / "8%" in their name may make monthly (-mdist), quarterly (-qdist) or annual (-dist) distributions at the respective aforementioned annual percentage rates, gross of fees and expenses. The distribution amount is calculated based on the net asset value of the respective share class at the end of the month (in the case of monthly distributions), financial quarter (in the case of quarterly distributions) or financial year (in the case of annual distributions). These share classes are suitable for investors who wish for more stable distributions, unrelated to past or expected returns or income of the relevant sub-fund.
	Distributions may thus also be made from the capital. Distributions out of capital result in the reduction of an investor's original capital invested in the sub-fund. Furthermore, any distributions from the income and/or involving the capital result in an immediate reduction of the net asset value per share of the sub-

	fund. Investors in certain countries may be subject to higher tax rates on distributed capital than on any capital gains from the sale of fund units. Some investors may therefore choose to invest in the accumulating (-acc) instead of the distributing (-dist, -qdist, -mdist) share classes. Investors may be taxed at a later point in time on income and capital arising on accumulating (-acc) share classes compared with distributing (-dist, -qdist, -mdist) share classes. Investors should consult qualified experts for tax advice regarding their individual situation.
"seeding"	Shares with "seeding" in their name are only offered for a limited period of time. At the end of this period, no further subscriptions are permitted unless the Company decides otherwise. However, shares can still be redeemed in accordance with the conditions for share redemptions. Unless otherwise decided by the Company, the smallest tradeable unit, the initial issue price and the minimum subscription amount shall correspond to the characteristics of the share classes listed above.

## **Investment objective and investment policy of the sub-funds**

### **Investment objective**

The Company aims to achieve high current earnings, while giving due consideration to capital security and the liquidity of the Company's assets.

### **General investment policy**

As part of the investment policy, priority will be given to diversification, issuer rating and maturity structures in line with interest rate expectations.

The sub-funds mainly invest their assets in debt securities and claims.

Debt securities and claims include bonds, notes (including loan participation notes), all types of asset-backed securities and similar fixed and floating-rate secured or unsecured debt instruments issued by international and supranational organisations, public entities, private borrowers and semi-public issuers, as well as similar securities.

The sub-funds may also invest their assets in money market instruments and convertible, exchangeable and warrant-linked bonds, as well as in convertible debentures and equities, equity rights and warrants.

Furthermore, the sub-funds may invest in collateralised debt obligations (CDOs), credit default notes (CDNs) and inflation-linked notes (ILNs).

Convertible debentures entitle the holders and/or the issuers of a bond to exchange the bond for shares on a predetermined date in the future.

Credit default notes (CDNs) are fixed-income securities into which a credit derivative is embedded that is handled in a similar way to credit default swaps (see Point 5 of the investment principles). Investments in CDNs are subject to the provisions in Point 5 of the "Investment principles".

Inflation-linked notes (ILNs) are fixed-income and floating-rate securities with interest income that is linked to an inflation rate.

The equities acquired by exercise of rights or through subscription must be sold no later than 12 months after they were acquired, unless otherwise stipulated in the investment policy of the sub-fund in question

The aforementioned securities and book-entry securities are securities as defined in Article 41 of the Law of 2010 insofar as this is required under the terms of the investment restrictions detailed below.

The currency of account of the individual sub-funds (which is indicated in the name of the respective sub-fund) refers only to the currency in which the net asset value of the respective sub-fund is calculated and not to its investment currency. Investments are made in the currencies that are most suitable for the performance of the sub-funds. The sub-funds may use all legally permitted instruments for currency management including currency derivatives (exchange traded and OTC).

As set out in Point 1.1(g) and Point 5 of the investment principles, the Company may, as a main element in achieving the investment policy for each sub-fund and within the statutory limits defined, use special techniques and financial instruments whose underlying assets are securities, money market instruments and other financial instruments.

### **The markets in options, futures and swaps are volatile; both the opportunity to achieve gains as well as the risk of suffering losses are higher than with investments in securities.**

These techniques and instruments will be employed only if they are compatible with the investment policies of the individual sub-funds and do not diminish their quality.

Each sub-fund may invest up to 20% of its net assets in ancillary liquid assets. The upper limit of 20% may only be temporarily exceeded for a period no longer than absolutely necessary if exceptionally unfavourable market conditions so require and if such a breach is justified taking the interests of investors into account. This restriction does not apply to liquid assets held to cover the risks of derivative financial instruments. Bank deposits, money market instruments or money market funds that meet the criteria of Article 41(1) of the Law of 2010 do not qualify as ancillary liquid assets within the meaning of Article 41(2) of the Law of 2010. Ancillary liquid assets should be limited to sight bank deposits, such as cash held in current accounts at a bank with instant access to cover current or exceptional payments, or for the period required for reinvestment in eligible assets pursuant to Article 41(1) of the Law of 2010, or for a period no longer than absolutely necessary in the event of unfavourable market conditions. A sub-fund may not invest more than 20% of its net asset value in sight deposits with a single institution.

With the sub-funds, care is also taken to ensure that investments are broadly diversified in terms of markets, sectors, borrowers, ratings and companies. For this purpose, the sub-funds may invest up to 10% of their assets in existing UCITS and UCI, unless otherwise defined in the individual sub-funds' investment policy.

### **ESG Integration**

UBS Asset Management categorises certain sub-funds as **ESG Integration funds**. The Portfolio Manager aims to achieve investors' financial objectives while incorporating sustainability into the investment process. The Portfolio Manager defines sustainability as the ability to leverage the Environmental, Social and Governance (ESG) factors of business practices seeking to generate opportunities and mitigate risks that contribute to the long-term performance of issuers ("Sustainability"). The Portfolio Manager believes that consideration of these factors will deliver better informed investment decisions. **Unlike funds which promote ESG characteristics or with a specific sustainability or impact objective that may have a focused investment universe, ESG Integrated Funds are investment funds that primarily aim at maximising financial performance, whereby ESG aspects are input factors within the investment process.** Investment universe restrictions applied on all actively managed funds are captured in the Sustainability Exclusion Policy. Further binding factors, if applicable, are outlined in the Investment Policy of the Sub-Fund.

ESG integration is driven by taking into account material ESG risks as part of the research process. For corporate issuers, this process utilises the ESG Material Issues framework which identifies the financially relevant factors per sector that can impact investment decisions. This orientation toward financial materiality ensures that analysts focus on sustainability factors that can impact the financial performance of the company and therefore investment returns. ESG integration can also identify opportunities for engagement to improve the company's ESG risk profile and thereby mitigate the potential negative impact of ESG issues on the company's financial performance. The Portfolio Manager employs a proprietary ESG Risk Dashboard that combines multiple ESG data sources in order to identify companies with material ESG risks. An actionable risk signal highlights ESG risks to the Portfolio Manager for incorporation in their investment decision making process. For non-corporate issuers, the Portfolio Manager may apply a qualitative or quantitative ESG risk assessment that integrates data on the most material ESG factors. The analysis of material sustainability/ESG considerations can include many different aspects, such as the following among others: the carbon footprint, health and well-being, human rights, supply chain management, fair customer treatment and governance.

### **Sustainability Exclusion Policy**

The Sustainability Exclusion Policy of the Portfolio Manager outlines the exclusions applied to the investment universe of the sub-funds.

<https://www.ubs.com/global/en/asset-management/investment-capabilities/sustainability.html>

### **Sustainability Annual Reporting**

The "UBS Sustainability Report" is the medium for UBS' sustainability disclosures. Published annually, the report aims to openly and transparently disclose UBS' sustainability approach and activities, consistently applying UBS' information policy and disclosure principles.

<https://www.ubs.com/global/en/asset-management/investment-capabilities/sustainability.html>

### **Sustainability Focus/Impact Funds**

UBS Asset Management categorises certain sub-funds as Sustainability Focus/Impact funds. Sustainability Focus/Impact funds promote ESG characteristics or have a specific sustainability objective which is defined in the investment policy.

## **The sub-funds and their special investment policies**

### **UBS (Lux) Bond SICAV – 2023 (USD)**

### **UBS (Lux) Bond SICAV – 2024 (USD)**

### **UBS (Lux) Bond SICAV – 2025 I (EUR)**

### **UBS (Lux) Bond SICAV – 2025 I (USD)**

UBS Asset Management categorises these sub-funds as ESG integration funds which do not promote particular ESG characteristics or pursue a specific sustainability or impact objective. The sub-funds are set up for the term specified in their names. The sub-funds invest mainly in bonds, notes or other similar fixed-income or floating-rate securities, and are actively managed without reference to a benchmark.

The Portfolio Manager positions the investments of the individual sub-funds based on the attractiveness of specific bond markets during the launch period. The Portfolio Manager constructs the portfolio at inception and pursues a buy-and-hold strategy. It may deviate from this, either for reinvestment purposes or to avoid losses in periods of major volatility on the markets.

Under the terms of their investment policy, the sub-funds may invest a significant portion of their assets in debt securities issued by borrowers from emerging markets and/or in high yield debt securities. Emerging markets are countries which are in a transitional phase towards becoming modern industrial nations. They are typically characterised by low or medium average income and their growth rates are generally high. Emerging markets are at an early stage of development and suffer from higher risks of expropriation and nationalisation, as well as social, political and economic instability. The risks associated with investments in emerging markets are listed in the section entitled "Risk information". For the reasons mentioned, this sub-fund is particularly suitable for risk-conscious investors. Investments with lower ratings (high yield) may carry an above-average yield, but also a higher credit risk than investments in securities of first-class issuers.

The investments are made in the currencies deemed best suited for performance, although the proportion of investments in foreign currencies not hedged against the currency of account may not exceed 20% of the assets. The currency of account is included in the name of the Fund.

The sub-funds may also invest indirectly via structured products (e.g. certificates, ABS, MBS). The sub-fund may purchase structured products issued by borrowers domiciled in the US. Investments in structured products may not exceed 20% of the sub-fund's net assets. The risks associated with investments in ABS/MBS are listed in the section entitled "Risk information".

Apart from money market instruments, all the instruments used shall take account of the end of the sub-funds' term in respect of their maturity and have no maturities occurring later than the end of the sub-funds' term. As a result, the sub-funds may hold up to 100% of their assets in liquid funds, money market instruments and money market funds up to 12 months prior to the end of the term.

If the liquidation of the sub-fund at the end of the term results in an adverse situation for the value of the portfolio due to prevailing market conditions, the Company may bring forward or postpone the liquidation and payment of the final maturity amount in the interests of the investors in accordance with the provisions set out in the "Redemption of shares" section of this Sales Prospectus.

To achieve the sub-funds' investment objectives, the Board of Directors may cease issuing shares in the sub-funds at any time following the initial issuing period. The redemption of shares shall be possible at any time until five working days before the end of the sub-funds' term using the procedure described in the section "Redemption of shares" in this Sales Prospectus.

The investments underlying these financial products do not take into account the EU criteria for environmentally sustainable economic activities (Art. 7 Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 ("Taxonomy Regulation")). Each sub-fund complies with Article 6 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector ("SFDR"). As such they do not consider principal adverse impacts on sustainability factors due to their investment strategy and the nature of the underlying investments (Art. 7(2) SFDR).

### **UBS (Lux) Bond SICAV – 2023 (USD)**

**Currency of account:** USD

#### **Fees**

	Maximum flat fee (maximum management fee) p.a.
Share classes with "P" in their name	0.850% (0.680%)
Share classes with "K-1" in their name	0.600% (0.480%)
Share classes with "K-B" in their name	0.115% (0.000%)
Share classes with "K-X" in their name	0.000% (0.000%)
Share classes with "F" in their name	0.420% (0.340%)
Share classes with "Q" in their name	0.600% (0.480%)
Share classes with "QL" in their name	0.600% (0.480%)
Share classes with "I-A1" in their name	0.540% (0.430%)
Share classes with "I-A2" in their name	0.480% (0.380%)
Share classes with "I-A3" in their name	0.420% (0.340%)
Share classes with "I-A4" in their name	0.420% (0.340%)
Share classes with "I-B" in their name	0.115% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)



**UBS (Lux) Bond SICAV – 2024 (USD)**

Currency of account: USD

**Fees**

	Maximum flat fee (maximum management fee) p.a.
Share classes with "P" in their name	0.790% (0.630%)
Share classes with "K-1" in their name	0.550% (0.440%)
Share classes with "K-B" in their name	0.115% (0.000%)
Share classes with "K-X" in their name	0.000% (0.000%)
Share classes with "F" in their name	0.420% (0.340%)
Share classes with "Q" in their name	0.550% (0.440%)
Share classes with "QL" in their name	0.550% (0.440%)
Share classes with "I-A1" in their name	0.540% (0.430%)
Share classes with "I-A2" in their name	0.480% (0.380%)
Share classes with "I-A3" in their name	0.420% (0.340%)
Share classes with "I-A4" in their name	0.420% (0.340%)
Share classes with "I-B" in their name	0.115% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)

**UBS (Lux) Bond SICAV – 2025 I (USD)**

Currency of account: USD

**Fees**

	Maximum flat fee (maximum management fee) p.a.	Maximum flat fee (maximum management fee) p.a. for share classes with "hedged" in their name
Share classes with "P" in their name	0.470% (0.380%)	0.520% (0.420%)
Share classes with "K-1" in their name	0.370% (0.300%)	0.400% (0.320%)
Share classes with "K-B" in their name	0.065% (0.000%)	0.065% (0.000%)
Share classes with "K-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "F" in their name	0.270% (0.220%)	0.300% (0.240%)
Share classes with "Q" in their name	0.370% (0.300%)	0.420% (0.340%)
Share classes with "QL" in their name	0.370% (0.300%)	0.420% (0.340%)
Share classes with "I-A1" in their name	0.320% (0.260%)	0.350% (0.280%)
Share classes with "I-A2" in their name	0.300% (0.240%)	0.330% (0.260%)
Share classes with "I-A3" in their name	0.270% (0.220%)	0.300% (0.240%)
Share classes with "I-A4" in their name	0.270% (0.220%)	0.300% (0.240%)

Share classes with "I-B" in their name	0.065% (0.000%)	0.065% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)	0.000% (0.000%)

**UBS (Lux) Bond SICAV – 2025 I (EUR)**  
**Currency of account: EUR**

**Fees**

	Maximum flat fee (maximum management fee) p.a.	Maximum flat fee (maximum management fee) p.a. for share classes with "hedged" in their name
Share classes with "P" in their name	0.450% (0.360%)	0.500% (0.400%)
Share classes with "K-1" in their name	0.350% (0.280%)	0.380% (0.300%)
Share classes with "K-B" in their name	0.065% (0.000%)	0.065% (0.000%)
Share classes with "K-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "F" in their name	0.250% (0.200%)	0.280% (0.220%)
Share classes with "Q" in their name	0.350% (0.280%)	0.400% (0.320%)
Share classes with "QL" in their name	0.350% (0.280%)	0.400% (0.320%)
Share classes with "I-A1" in their name	0.300% (0.240%)	0.330% (0.260%)
Share classes with "I-A2" in their name	0.280% (0.220%)	0.310% (0.250%)
Share classes with "I-A3" in their name	0.250% (0.200%)	0.280% (0.220%)
Share classes with "I-A4" in their name	0.250% (0.200%)	0.280% (0.220%)
Share classes with "I-B" in their name	0.065% (0.000%)	0.065% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)	0.000% (0.000%)

**UBS (Lux) Bond SICAV – Fixed Maturity Series 1 (USD)**

UBS Asset Management categorises these sub-funds as ESG integration funds which do not promote particular ESG characteristics or pursue a specific sustainability or impact objective.

The sub-fund is set up for a specified term. The sub-fund invests mainly in bonds, notes or other similar fixed-income or floating-rate securities, and are actively managed without reference to a benchmark.

The Portfolio Manager positions the investments of the sub-fund based on the attractiveness of specific bond markets during the launch period. The Portfolio Manager constructs the portfolio at inception and pursues a buy-and-hold strategy. It may deviate from this, either for reinvestment purposes or to avoid losses in periods of major volatility on the markets.

The sub-fund may invest a significant portion of its assets in debt securities issued by borrowers from emerging markets and/or in high yield debt securities. Emerging markets are countries which are in a transitional phase towards becoming modern industrial nations. They are typically characterised by low or medium average income and their growth rates are generally high. Emerging markets are at an early stage of development and suffer from higher risks of expropriation and nationalisation, as well as social, political and economic instability. The risks associated with investments in emerging markets are listed in the section entitled "Risk information". For the reasons mentioned, this sub-fund is particularly suitable for risk-conscious investors. Investments with lower ratings (high yield) may carry an above-average yield, but also a higher credit risk than investments in securities of first-class issuers.

The investments are made in the currencies deemed best suited for performance, although the proportion of investments in foreign currencies not hedged against the currency of account may not exceed 20% of the assets. The currency of account is included in the name of the sub-fund.

The sub-fund may also invest indirectly via structured products (e.g. certificates, ABS, MBS). The sub-fund may purchase structured products issued by borrowers domiciled in the US. Investments in structured products may not exceed 20% of the sub-fund's net assets. The risks associated with investments in ABS/MBS are listed in the section entitled "Risk information".

Apart from money market instruments, all the instruments used shall take account of the end of the sub-funds' term in respect of their maturity and have no maturities occurring later than the end of the sub-fund's term. As a result, the sub-fund may hold up to 100% of its assets in liquid funds, money market instruments and money market funds up to 12 months prior to the end of the term.

If the liquidation of the sub-fund at the end of the term results in an adverse situation for the value of the portfolio due to prevailing market conditions, the Company may bring forward or postpone the liquidation and payment of the final maturity amount in the interests of the investors in accordance with the provisions set out in the "Redemption of shares" section of this Sales Prospectus.

To achieve the sub-fund's investment objectives, the Board of Directors may cease issuing shares in the sub-fund at any time following the initial issuing period. The redemption of shares shall be possible at any time until five working days before the end of the sub-fund's term using the procedure described in the section "Redemption of shares" in this Sales Prospectus.

The investments underlying these financial products do not take into account the EU criteria for environmentally sustainable economic activities (Art. 7 Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 ("Taxonomy Regulation")). The sub-fund complies with Article 6 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector ("SFDR"). As such they do not consider principal adverse impacts on sustainability factors due to their investment strategy and the nature of the underlying investments (Art. 7(2) SFDR).

### **UBS (Lux) Bond SICAV – Fixed Maturity Series 1 (USD)** **Currency of account: USD**

#### **Fees**

	Maximum flat fee (maximum management fee) p.a.	Maximum flat fee (maximum management fee) p.a. for share classes with "hedged" in their name
Share classes with "P" in their name	0.600% (0.480%)	0.650% (0.520%)
Share classes with "K-1" in their name	0.450% (0.360%)	0.480% (0.380%)
Share classes with "K-B" in their name	0.065% (0.000%)	0.065% (0.000%)
Share classes with "K-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "F" in their name	0.350% (0.280%)	0.380% (0.300%)
Share classes with "Q" in their name	0.450% (0.360%)	0.500% (0.400%)
Share classes with "QL" in their name	0.450% (0.360%)	0.500% (0.400%)
Share classes with "I-A1" in their name	0.440% (0.350%)	0.470% (0.380%)
Share classes with "I-A2" in their name	0.400% (0.320%)	0.430% (0.340%)
Share classes with "I-A3" in their name	0.350% (0.280%)	0.380% (0.300%)
Share classes with "I-A4" in their name	0.350% (0.280%)	0.380% (0.300%)
Share classes with "I-B" in their name	0.065% (0.000%)	0.065% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)	0.000% (0.000%)

### **UBS (Lux) Bond SICAV – Asian High Yield (USD)**

This sub-fund promotes environmental and/or social characteristics and complies with Article 8 of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector ("SFDR"). Further information related to environmental and/or social characteristics is available in Annex I to this document (SFDR RTS Art. 14(2)).

The actively managed sub-fund uses the benchmark JP Morgan Asian Credit Non-Investment Grade Index USD as a reference for portfolio construction, performance evaluation, sustainability profile comparison and risk management purposes. The benchmark is not designed to promote ESG characteristics. For share classes with "hedged" in their name, currency-hedged versions of the

benchmark (if available) are used. Although part of the portfolio may be invested in the same instruments and applying the same weightings as the benchmark, the Portfolio Manager is not constrained by the benchmark in terms of choice of instruments. In particular, the Portfolio Manager may at its own discretion invest in bonds of issuers that are not contained in the benchmark and/or structure the share of the investments in sectors in a way that differs from their weighting in the benchmark, with a view to exploiting investment opportunities. The performance of the sub-fund may therefore differ considerably from the benchmark during periods of high market volatility.

The sub-fund invests the majority of its assets in debt securities and claims issued by international and supranational organisations, public and semi-public bodies, and companies based in Asia or that are predominantly active in that region.

Investors can participate in the performance of the local Asian currencies either directly through the acquisition of securities denominated in local Asian currencies or indirectly through the use of derivative instruments, or by a combination of both methods.

The sub-fund may invest no more than 20% of its net assets in fixed-income instruments denominated in RMB and traded on the China Interbank Bond Market ("CIBM") or through Bond Connect. These instruments may include securities issued by governments, quasi-public corporations, banks, corporations and other institutions in the People's Republic of China ("PRC" or "China") that are authorised to be traded directly on the CIBM or through Bond Connect. The associated risks are described in the section "Risk information on investments traded on the China Interbank Bond Market" and "Risk information on investments traded on the CIBM via the Northbound Trading Link through Bond Connect".

**Investments in Asian countries may be more volatile and in certain circumstances less liquid than investments in American or European countries. Furthermore, public regulation may be less stringent in countries where the sub-fund invests than in other states and the accounting, auditing and reporting methods employed may not meet the standards used in other countries. For the reasons given, the sub-fund is particularly suitable for investors who are aware of these risks.**

At least two thirds of investments in debt securities and claims have lower ratings and therefore have a maximum rating of BBB (Standard & Poor's), a comparably low rating from another recognised rating agency or – insofar as a new issue that does not yet have an official rating or an issue without any rating at all is concerned – a comparably low internal UBS rating.

**Investments with lower ratings may carry an above-average yield, but also a higher credit risk than investments in securities of first-class borrowers.**

Up to 25% of the sub-fund's assets may be invested in convertible, exchangeable and warrant-linked bonds as well as convertible debentures. In addition, after deducting cash and cash equivalents, the sub-fund may invest up to 10% of its assets in equities, equity rights and warrants as well as shares, other equity shares and dividend-right certificates acquired through the exercise of conversion rights, subscription rights or options, in addition to warrants remaining after the separate sale of ex-warrant bonds and any equities acquired with these warrants. The equities acquired by exercise of rights or through subscription must be sold no later than 12 months after they were acquired. The sub-fund may not at any time conduct physical short-selling.

As part of efficient asset management or in order to hedge interest-rate, currency and credit risks, the sub-fund may invest in all the derivative financial instruments listed in the section "Special techniques and instruments with securities and money market instruments as underlying assets" section, provided the restrictions stipulated therein are observed. Permitted underlyings include, in particular, the instruments specified under Point 1.1(a) and (b) ("Permitted investments of the Company").

The sub-fund may invest in ABS and MBS, with the exception of US MBS, US CMBS, US ABS and US CDOs. The risks associated with investments in ABS/MBS are listed in the section entitled "Risk information".

**The sub-fund may also invest up to 20% of its assets in contingent convertible bonds (CoCos). The associated risks are described in the section "Risks associated with the use of CoCos".**

**Currency of account:** USD

**Fees**

	Maximum flat fee (maximum management fee) p.a.	Maximum flat fee (maximum management fee) p.a. for share classes with "hedged" in their name
Share classes with "P" in their name	1.400% (1.120%)	1.450% (1.160%)
Share classes with "K-1" in their name	0.900% (0.720%)	0.930% (0.740%)
Share classes with "K-B" in their name	0.115% (0.000%)	0.115% (0.000%)
Share classes with "K-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "F" in their name	0.520% (0.420%)	0.550% (0.440%)
Share classes with "Q" in their name	0.800% (0.640%)	0.850% (0.680%)
Share classes with "QL" in their name	0.800% (0.640%)	0.850% (0.680%)
Share classes with "I-A1" in their name	0.680% (0.540%)	0.710% (0.570%)
Share classes with "I-A2" in their name	0.620% (0.500%)	0.650% (0.520%)
Share classes with "I-A3" in their name	0.520% (0.420%)	0.550% (0.440%)
Share classes with "I-A4" in their name	0.520% (0.420%)	0.550% (0.440%)

Share classes with "I-B" in their name	0.115% (0.000%)	0.115% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)	0.000% (0.000%)

### **UBS (Lux) Bond SICAV – China High Yield (USD)**

UBS Asset Management categorises this sub-fund as an ESG integration fund which does not promote particular ESG characteristics or pursues a specific sustainability or impact objective.

The investment objective of the sub-fund is to generate capital growth and income, mainly by investing in fixed-income securities from issuers with a non-investment grade rating in the Greater China region. This sub-fund is actively managed, without reference to a benchmark. The sub-fund invests at least 70% of its assets in debt instruments from issuers that are domiciled or generate most of their sales and/or profit in the Greater China region. The debt instruments in which the sub-fund invests comprise bonds that are denominated either in USD or RMB (traded in and outside mainland China).

At least 70% of investments in debt securities and claims have lower ratings and therefore have a maximum rating of BB+ (Standard & Poor's), a comparably low rating from another recognised rating agency or – insofar as a new issue that does not yet have an official rating or an issue without any rating at all is concerned – a comparably low internal UBS rating. Investments with lower ratings may carry an above-average yield, but also a higher credit risk than investments in securities of first-class borrowers.

The sub-fund may invest no more than 20% of its net assets in fixed-income instruments denominated in RMB and traded on the China Interbank Bond Market ("CIBM") or through Bond Connect. These instruments may include securities issued by governments, quasi-public corporations, banks, corporations and other institutions in the People's Republic of China ("PRC" or "China") that are authorised to be traded directly on the CIBM or through Bond Connect. The associated risks are described in the section "Risk information on investments traded on the China Interbank Bond Market" and "Risk information on investments traded on the CIBM via the Northbound Trading Link through Bond Connect".

Although distressed security exposure is not intended to be a key driver of the investment strategy, the sub-fund may invest up to 10% of its assets in debt instruments with a rating below CCC or similar. Distressed bonds are securities issued by companies or public institutions in serious financial difficulty, and thus bear a high risk of capital loss.

The sub-fund may not invest in MBS, CMBS, ABS or CDOs.

Investments may be made both directly and indirectly via derivatives. The sub-fund invests in all financial derivatives listed in the section "Special techniques and instruments with securities and money market instruments as underlying assets", provided the restrictions specified in this section are observed. Permitted underlyings include, in particular, the instruments specified under Point 1.1(a) and (b) ("Permitted investments of the Company").

**The sub-fund may also invest up to 20% of its assets in contingent convertible bonds (CoCos). The associated risks are described in the section "Risks associated with the use of CoCos".**

**Investments with lower ratings may carry an above-average yield, but also a higher credit risk than investments in securities of first-class borrowers.**

The risks associated with such investments are described in the section "High-yield bonds"

As the sub-fund invests in foreign currencies, it is at the sub-fund's discretion to hedge the portfolio or parts thereof against the reference currency of the sub-fund in order to reduce the associated foreign currency risks.

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities (Art. 7 Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 ("Taxonomy Regulation")). This sub-fund complies with Article 6 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector ("SFDR"). As such it does not consider principal adverse impacts on sustainability factors due to its investment strategy and the nature of the underlying investments (Art. 7(2) SFDR).

**Currency of account: USD**

### **Fees**

	Maximum flat fee (maximum management fee) p.a.	Maximum flat fee (maximum management fee) p.a. for share classes with "hedged" in their name
Share classes with "P" in their name	1.400% (1.120%)	1.450% (1.160%)
Share classes with "K-B" in their name	0.115% (0.000%)	0.115% (0.000%)
Share classes with "K-X" in their name	0.000% (0.000%)	0.000% (0.000%)

Share classes with "F" in their name	0.520% (0.420%)	0.550% (0.440%)
Share classes with "Q" in their name	0.800% (0.640%)	0.850% (0.680%)
Share classes with "QL" in their name	0.800% (0.640%)	0.850% (0.680%)
Share classes with "I-A1" in their name	0.680% (0.540%)	0.710% (0.570%)
Share classes with "I-A2" in their name	0.620% (0.500%)	0.650% (0.520%)
Share classes with "I-A3" in their name	0.520% (0.420%)	0.550% (0.440%)
Share classes with "I-A4" in their name	0.520% (0.420%)	0.550% (0.440%)
Share classes with "I-B" in their name	0.115% (0.000%)	0.115% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)	0.000% (0.000%)

### **UBS (Lux) Bond SICAV – Asian Investment Grade Bonds Sustainable (USD)**

UBS Asset Management categorises this sub-fund as a Sustainability Focus Fund. This sub-fund promotes environmental and/or social characteristics and complies with Article 8 of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector ("SFDR"). Further information related to environmental and/or social characteristics is available in Annex I to this document (SFDR RTS Art. 14(2)). The actively managed sub-fund invests primarily in debt securities and claims with an investment-grade rating issued by international and supranational organisations, public-sector and quasi-government institutions and/or companies that are predominantly active in Asia (excluding Japan) or whose registered offices are in Asia. The sub-fund invests primarily in debt securities that have a rating between AAA and BBB- (Standard & Poor's), a similar rating from another recognised agency or – insofar as a new issue that does not yet have an official rating or an issue without any rating at all is concerned – a comparable internal UBS rating. The sub-fund uses the benchmark JP Morgan Asia Credit Index – Investment Grade USD as a reference for portfolio construction, performance evaluation, sustainability profile comparison and risk management purposes. The benchmark is not designed to promote ESG characteristics. For share classes with "hedged" in their name, currency-hedged versions of the benchmark (if available) are used.

The sub-fund may invest no more than 20% of its net assets in fixed-income instruments denominated in RMB and traded on the China Interbank Bond Market ("CIBM") or through Bond Connect. These instruments may include securities issued by governments, quasi-public corporations, banks, corporations and other institutions in the People's Republic of China ("PRC" or "China") that are authorised to be traded directly on the CIBM or through Bond Connect. The associated risks are described in the section "Risk information on investments traded on the China Interbank Bond Market" and "Risk information on investments traded on the CIBM via the Northbound Trading Link through Bond Connect".

The portion of investments in foreign currencies not hedged against the sub-fund's currency of account may not exceed 5% of the assets. The currency of account is the USD.

After deducting cash and cash equivalents, the sub-funds may invest up to one third of their assets in money market instruments.

### **Investments with lower ratings may carry an above-average yield, but also a higher credit risk than investments in securities of first-class issuers.**

Investments in Asian securities may be more volatile and less liquid than investments in developed markets. Furthermore, public regulation may be less efficient in countries where the sub-funds invest than in other states, and the accounting, auditing and reporting methods employed may not meet the standards used in more developed countries. For these reasons, the sub-fund is particularly suitable for investors who are aware of these risks.

As part of efficient asset management or in order to hedge interest-rate, currency and credit risks, the sub-fund may invest in any derivative financial instruments listed in the section "Special techniques and instruments with securities and money market instruments as underlying assets", provided the restrictions specified therein are observed. Permitted underlyings include, in particular, the instruments specified under Point 1.1(a) and (b) ("Permitted investments of the Company").

The sub-fund may buy or sell ABS, MBS, futures, swap contracts (including NDIRS, TRS, CDS, index CDS and NDS), forwards/non-deliverable forwards, options, total return bonds, credit-linked notes, convertible bonds, money market papers/liquid funds and other suitable, legally permitted investment instruments. The risks associated with investments in ABS/MBS are listed in the section entitled "Risk information".

**Currency of account:** USD

### **Fees**

	Maximum flat fee (maximum management fee) p.a.	Maximum flat fee (maximum management fee) p.a. for share classes with "hedged" in their name
Share classes with "P" in their name	1.140% (0.910%)	1.190% (0.950%)

Share classes with "K-1" in their name	0.600% (0.480%)	0.630% (0.500%)
Share classes with "K-B" in their name	0.065% (0.000%)	0.065% (0.000%)
Share classes with "K-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "F" in their name	0.360% (0.290%)	0.390% (0.310%)
Share classes with "Q" in their name	0.600% (0.480%)	0.650% (0.520%)
Share classes with "QL" in their name	0.600% (0.480%)	0.650% (0.520%)
Share classes with "I-A1" in their name	0.500% (0.400%)	0.530% (0.420%)
Share classes with "I-A2" in their name	0.450% (0.360%)	0.480% (0.380%)
Share classes with "I-A3" in their name	0.360% (0.290%)	0.390% (0.310%)
Share classes with "I-A4" in their name	0.360% (0.290%)	0.390% (0.310%)
Share classes with "I-B" in their name	0.065% (0.000%)	0.065% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)	0.000% (0.000%)

#### **UBS (Lux) Bond SICAV – China Fixed Income (RMB)**

This actively managed sub-fund uses the benchmark Bloomberg China Aggregate Index in CNY as reference for portfolio construction, performance evaluation and risk management purposes. For share classes with "hedged" in their name, currency-hedged versions of the benchmark (if available) are used. Although part of the portfolio may be invested in the same instruments and applying the same weightings as the benchmark, the Portfolio Manager is not constrained by the benchmark in terms of choice of instruments. In particular, the Portfolio Manager may at its own discretion invest in bonds of issuers that are not contained in the benchmark and/or structure the share of the investments in sectors in a way that differs from their weighting in the benchmark, with a view to exploiting investment opportunities. The performance of the sub-fund may therefore differ considerably from the benchmark during periods of high market volatility.

The aim of the sub-fund is to generate capital growth and income, mainly by investing in local, fixed-income Chinese securities denominated in onshore RMB. The sub-fund invests mainly in local, fixed-income instruments denominated in RMB that are principally but not exclusively issued by the central bank or local governments, local government-related companies, local banks, other local financial institutions or local industrial companies. These investments are conducted on the local China Interbank Bond Market (CIBM) and on the local currency market, both directly and indirectly via derivatives (traded on an exchange or OTC). The associated risks are described in the section "Risk information on investments traded on the CIBM". The sub-fund may invest up to 20% of its net assets in ABS, MBS and CDOs/CLOs, with the exception of US MBS, US CMBS, US ABS and US CDOs/CLOs. **The sub-fund may also invest up to 20% of its assets in contingent convertible bonds (CoCos). The associated risks are described in the section "Risks associated with the use of CoCos".**

**Although distressed security exposure is not intended to be a key driver of the investment strategy, the sub-fund may invest in such securities (bonds with a rating of CC and lower by an international rating agency or CCC and lower by an onshore China rating agency). As many of the debt instruments in the PRC do not have rating assigned by international credit agencies, the rating by the onshore credit rating agency is likely to apply. The exposure limit to such securities is 5%. Distressed bonds are securities issued by companies or public institutions in serious financial difficulty, and thus bear a high risk of capital loss. Many of the debt instruments in the PRC do not have rating assigned by international credit agencies. The credit appraisal system in the PRC is at an early stage of development. There is no standard credit rating methodology used in investment appraisal and the same rating scale may be interpreted differently by different rating agencies. The assigned ratings may not reflect the actual financial strength of the appraised asset.**

**Rating agencies are private service providers that issue ratings on the credit quality of debt instruments. Ratings assigned by a rating agency are not absolute standards of credit quality and do not evaluate market risks. Rating agencies may fail to make timely changes to credit ratings and an issuer's current financial condition may be better or worse than a rating indicates.**

The sub-fund invests in all financial derivatives listed in the section "Special techniques and instruments with securities and money market instruments as underlying assets", provided the restrictions specified in this section are observed. Permitted underlyings include, in particular, the instruments specified under Point 1.1(a) and (b) ("Permitted investments of the Company").

The sub-fund does not promote Environmental, Social or Governance (ESG) characteristics or pursue a sustainability or impact objective. Sustainability risks are not systematically integrated due to the investment strategy and the nature of the underlying investments. The sub-fund may invest in underlying strategies and/or instruments which are ESG integrated. However, the allocation to these investments does not allow for this sub-fund to be categorised by UBS Asset Management as an ESG-integrated fund. Sustainability risks are currently not expected to have a material impact on the returns of the sub-fund.

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities (Art. 7 Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 ("Taxonomy Regulation")). This sub-fund complies with Article 6 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector ("SFDR"). As such it does not consider principal adverse impacts on sustainability factors due to its investment strategy and the nature of the underlying investments (Art. 7(2) SFDR).

**Currency of account:** CNY

#### Fees

	Maximum flat fee (maximum management fee) p.a.	Maximum flat fee (maximum management fee) p.a. for share classes with "hedged" in their name
Share classes with "P" in their name	1.150% (0.920%)	1.200% (0.960%)
Share classes with "K-1" in their name	0.900% (0.720%)	0.930% (0.740%)
Share classes with "K-B" in their name	0.140% (0.000%)	0.140% (0.000%)
Share classes with "K-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "F" in their name	0.550% (0.440%)	0.580% (0.460%)
Share classes with "Q" in their name	0.750% (0.600%)	0.800% (0.640%)
Share classes with "QL" in their name	0.650% (0.520%)	0.700% (0.560%)
Share classes with "I-A1" in their name	0.650% (0.520%)	0.680% (0.540%)
Share classes with "I-A2" in their name	0.600% (0.480%)	0.630% (0.500%)
Share classes with "I-A3" in their name	0.550% (0.440%)	0.580% (0.460%)
Share classes with "I-A4" in their name	0.550% (0.440%)	0.580% (0.460%)
Share classes with "I-B" in their name	0.140% (0.000%)	0.140% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)	0.000% (0.000%)

#### **UBS (Lux) Bond SICAV – Convert Global (EUR)**

This sub-fund promotes environmental and/or social characteristics and complies with Article 8 of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector ("SFDR"). Further information related to environmental and/or social characteristics is available in Annex I to this document (SFDR RTS Art. 14(2)).

This actively managed sub-fund uses the benchmark Refinitiv Global Convertible Index – Global Vanilla Hedged EUR Index as reference for performance evaluation, sustainability profile comparison and risk management purposes. The benchmark is not designed to promote ESG characteristics. For share classes with "hedged" in their name, currency-hedged versions of the benchmark (if available) are used. Although part of the portfolio may be invested in the same instruments and applying the same weightings as the benchmark, the Portfolio Manager is not constrained by the benchmark in terms of choice of instruments. In particular, the Portfolio Manager may at its own discretion invest in convertible, exchangeable and warrant-linked bonds of issuers that are not contained in the benchmark and/or structure the share of the investments in sectors in a way that differs from their weighting in the benchmark, with a view to exploiting investment opportunities. The performance of the sub-fund may therefore differ considerably from the benchmark during periods of high market volatility.

The sub-fund invests at least two thirds of its assets in convertible, exchangeable and warrant-linked bonds as well as convertible debentures worldwide. The sub-fund is suitable for investors who wish to profit from the development of the global stock market, but do not want to relinquish a certain level of security such as that afforded by the "bond floor" offered by a convertible bond.

The sub-fund may invest a total of up to one third of its assets in the above securities when these are issued or guaranteed by borrowers from emerging markets or borrowers that conduct a large proportion of their business operations on such markets or issue instruments associated with a credit risk in respect of emerging markets.

The term "emerging markets" is used to describe markets included in the International Finance Corporation Composite Index and/or the MSCI Emerging Markets Index, as well as other countries that are at a comparable level of economic development or in which there are new capital markets.

Emerging markets are at an early stage of development and suffer from higher risks of expropriation and nationalisation, as well as social, political and economic instability. The risks associated with investments in emerging markets are listed in the section entitled "Risk information". For the reasons mentioned, this sub-fund is particularly suitable for risk-conscious investors.



The sub-fund may invest no more than 20% of its net assets in fixed-income instruments denominated in RMB and traded on the China Interbank Bond Market ("CIBM") through the programme for qualified foreign investors ("QFIs") or through Bond Connect. These instruments may include securities issued by governments, quasi-public corporations, banks, corporations and other institutions in the People's Republic of China ("PRC" or "China") that are authorised to be traded directly on the CIBM or through Bond Connect. The associated risks are described in the section "Risk information on investments traded on the China Interbank Bond Market" and "Risk information on investments traded on the CIBM via the Northbound Trading Link through Bond Connect".

After deducting cash and cash equivalents, the sub-fund may invest up to 10% of its assets in money market instruments and bonds, equities, equity rights and warrants as well as shares, other equity shares and dividend-right certificates acquired through the exercise of conversion rights, subscription rights or options, in addition to warrants remaining after the separate sale of ex-warrant bonds and any equities acquired with these warrants. The equities acquired by exercise of rights or through subscription must be sold no later than 12 months after they were acquired. Furthermore, and as part of this 10% threshold, this sub-fund may only invest up to 5% of its assets in UCITS and/or UCIs that are classed as "non-qualifying offshore UCIs" according to British law. Investors should note that the sub-fund's exposure may also include Chinese A shares traded via Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect. Chinese A shares are renminbi-denominated A shares of companies domiciled in mainland China; these are traded on Chinese stock exchanges such as the Shanghai Stock Exchange and the Shenzhen Stock Exchange. Investors should read, be aware of and take into account the risks associated with investments traded via Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect. Information on this topic can be found after the section "General risk information".

The currency of account is the EUR. The investments are made in the currencies deemed best suited for performance, although the proportion of investments in foreign currencies not hedged against the currency of account (EUR) may not exceed 20% of the assets. The sub-fund may buy or sell futures, swaps, non-deliverable forwards and currency options in order to:

- wholly or partially hedge investments that make up the sub-fund's assets against the currency risk associated with the sub-fund's reference currency. This can be achieved directly (hedging a currency against the reference currency) or indirectly (hedging a currency against a third currency, which is then hedged against the reference currency).
- Build up currency positions against the currency of account or other currencies. Non-deliverable forwards enable currency positions to be built up and hedged against exchange rate risks without the need to physically transfer these currencies or conduct transactions on a local market. This makes it possible to avoid the local counterparty risk as well as the risks and costs of holding local currencies arising from any currency export restrictions. Moreover, there are generally no local exchange controls on NDFs in US dollars between two offshore contractual partners.

The UBS ESG consensus score is used to identify issuers/companies for the investment universe with strong environmental and social performance characteristics, or a strong sustainability profile. This UBS ESG consensus score is a normalized weighted average of ESG score data from internal and recognized external providers. Rather than relying on an ESG score from a single provider, the consensus score approach increases conviction in the validity of the sustainability profile.

The UBS ESG consensus score assesses sustainability factors, such as the performance of the relevant issuers/companies with reference to environmental, social and governance (ESG) aspects. These ESG aspects relate to the main areas in which the issuers/companies operate and their effectiveness in managing ESG risks. Environmental and social factors can include (amongst others) the following: environmental footprint and operational efficiency, environmental risk management, climate change, natural resource usage, pollution and waste management, employment standards and supply chain monitoring, human capital, diversity within the board of directors, occupational health and safety, product safety, as well as anti-fraud and anti-corruption guidelines. The individual investments in the sub-fund have a UBS ESG consensus score (on a scale of 0-10, with 10 having the best sustainability profile).

The sub-fund carries out an ESG analysis using the UBS ESG Consensus Score for:

- at least 90% (based on market value) of the developed market equities or convertible bonds that may be converted into high-cap (equity market capitalisation greater than EUR 10 billion) developed market equities, other debt securities and money market instruments (regardless of company size and credit rating), and
- at least 75% (based on market value) for all other equities or convertible bonds, including convertible bonds exchangeable into equity baskets

Developed markets are defined as those contained in the MSCI World index. The calculation excludes cash, certain derivatives and other instruments without a rating.

The sub-fund aims (i) based on the UBS ESG Consensus Score, to maintain a sustainability profile that is higher than its benchmark's sustainability profile or (ii) to have a minimum of 51% of the sub-fund invested in companies with sustainability profiles in the top half of the sub-fund's investment universe (ranked by the UBS ESG consensus score). The investment universe is defined as all convertible, exchangeable and warrant-linked bonds with a minimum capitalisation of USD 50 m provided by the index provider (Refinitiv).

The sub-fund will have a lower Weighted Average Carbon Intensity (WACI) than the reference benchmark or a low absolute carbon profile. WACI will be measured on the basis of data provided by a recognised external provider (e.g. MSCI).

For convertible bonds, all ratings and calculations relating to ESG Consensus Score, sustainability profile and CO<sub>2</sub> are based on the share into which the respective convertible bond may be converted (as opposed to the bond issuer). The issuer of a convertible bond is taken into consideration for all exclusion-based restrictions.

For money market instruments and non-convertible bonds, all ratings and calculations relating to ESG Consensus Score, CO<sub>2</sub> and all exclusion-based restrictions are based on their respective issuers.

For equities, all calculations relating to ESG Consensus Score, CO<sub>2</sub> and all exclusion-based restrictions are based on the respective issuer.

**Currency of account:** EUR

**Fees**

	Maximum flat fee (maximum management fee) p.a.	Maximum flat fee (maximum management fee) p.a. for share classes with "hedged" in their name
Share classes with "P" in their name	1.800% (1.440%)	1.850% (1.480%)
Share classes with "K-1" in their name	1.080% (0.860%)	1.110% (0.890%)
Share classes with "K-B" in their name	0.065% (0.000%)	0.065% (0.000%)
Share classes with "K-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "F" in their name	0.550% (0.440%)	0.580% (0.460%)
Share classes with "Q" in their name	0.900% (0.720%)	0.950% (0.760%)
Share classes with "QL" in their name	0.900% (0.720%)	0.950% (0.760%)
Share classes with "I-A1" in their name	0.750% (0.600%)	0.780% (0.620%)
Share classes with "I-A2" in their name	0.650% (0.520%)	0.680% (0.540%)
Share classes with "I-A3" in their name	0.550% (0.440%)	0.580% (0.460%)
Share classes with "I-A4" in their name	0.550% (0.440%)	0.580% (0.460%)
Share classes with "I-B" in their name	0.065% (0.000%)	0.065% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)	0.000% (0.000%)

**UBS (Lux) Bond SICAV – Global Short Term Flexible (USD)**

This sub-fund promotes environmental and/or social characteristics and complies with Article 8 of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector ("SFDR"). Further information related to environmental and/or social characteristics is available in Annex I to this document (SFDR RTS Art. 14(2)).

This actively managed sub-fund uses the benchmark Bloomberg Global Aggregate 1-3 years TR (USD hedged) Index as reference for portfolio construction, sustainability profile comparison and performance evaluation purposes. The benchmark is not designed to promote ESG characteristics. For share classes with "hedged" in their name, currency-hedged versions of the benchmark (if available) are used. Although part of the portfolio may be invested in the same instruments and applying the same weightings as the benchmark, the Portfolio Manager is not constrained by the benchmark in terms of choice of instruments. In particular, the Portfolio Manager may at its own discretion invest in bonds of issuers that are not contained in the benchmark and/or structure the share of the investments in sectors in a way that differs from their weighting in the benchmark, with a view to exploiting investment opportunities. The performance of the sub-fund may therefore differ considerably from the benchmark during periods of high market volatility.

The sub-fund seeks to achieve attractive returns by investing in the global bond markets while managing the overall portfolio risk. Within the scope of the general investment policy, this sub-fund invests at least two-thirds of its assets in a globally diversified portfolio of debt securities and claims. This includes ABS, MBS and CDOs, which may not exceed 40% of the sub-fund's net assets in total. The risks associated with investments in ABS/MBS are described in the section "Risks connected with the use of ABS/MBS". Up to 25% of its assets may be invested in convertible, exchangeable and warrant-linked bonds as well as convertible debentures. Furthermore, after deducting cash and cash equivalents, the sub-fund may invest up to 10% of its assets in equities, equity rights and warrants as well as equities, other equity-like securities and dividend-right certificates acquired through the exercise of conversion and subscription rights or options, in addition to warrants remaining after the separate sale of ex-warrant bonds and any equities acquired with these warrants. The equities acquired by exercise of rights or through subscription must be sold no later than 12 months after they were acquired. After deducting cash and cash equivalents, the sub-fund may invest up to one third of its assets in money market instruments. **The sub-fund may also invest up to 10% of its assets in contingent convertible bonds (CoCos). The associated risks are described in the section "Risks associated with the use of CoCos".**

The sub-fund may invest up to one third of its assets in debt securities and claims with lower ratings (below investment grade). Investments with lower ratings may carry an above-average yield, but also a higher credit risk than investments in securities of first-class issuers. **Although distressed security exposure is not intended to be a key driver of the investment strategy, the sub-fund may invest in such securities (bonds with a rating of CC and lower or bonds with a similar rating). The exposure limit to such securities is 5%. Distressed bonds are securities issued by companies or public institutions in serious financial difficulty, and thus bear a high risk of capital loss.**

Furthermore, the sub-fund may invest up to one third of its assets in emerging market bonds. **The risks associated with investments in emerging markets are described in the section ‘General risk information’. For the reasons mentioned, this sub-fund is particularly suitable for risk-conscious investors.**

The sub-fund may invest no more than 20% of its net assets in fixed-income instruments denominated in RMB and traded on the China Interbank Bond Market (“CIBM”) or through Bond Connect. These instruments may include securities issued by governments, quasi-public corporations, banks, corporations and other institutions in the People’s Republic of China (“PRC” or “China”) that are authorised to be traded directly on the CIBM or through Bond Connect. The associated risks are described in the section “Risk information on investments traded on the CIBM” and “Risk information on investments made via China-Hong Kong Bond Connect” (“Bond Connect”).

**The use of derivatives plays a key role in achieving the investment objectives. To implement the investment strategy, it is assumed that the Portfolio Manager will acquire derivatives in order to invest in legally permissible assets included in the investment policy, without directly acquiring the underlying instruments. Derivatives are used in order to build up and hedge the portfolio’s market exposure. The total exposure of the sub-fund is measured using the absolute VaR method. The average leverage for the sub-fund is 1,000% of the net asset value over an average period of one year; however, this level may occasionally be exceeded. Leverage is calculated as the sum of notional exposure of the derivatives used, and is not necessarily representative of the level of investment risk within the sub-fund. The sum-of-notionals approach does not allow netting of derivative positions, which may include hedge transactions and other risk mitigation strategies. Derivative strategies using instruments with high leverage may increase the leverage of the sub-fund, but this will have little to no effect on the overall risk profile of the sub-fund, which is monitored and controlled in accordance with the UCITS Directive. Investors should also note the risks described in the section “Use of financial derivative transactions”, which are of particular significance in this case due to the high leverage.** The sub-fund may use interest rate derivatives such as interest rate futures, bond futures, interest rate swaps, options on interest rate futures, options on bond futures and swaptions to build up net short or net long positions in relation to individual interest rate curves, provided that a net long duration is maintained at overall Fund level. The average duration of the sub-fund’s net assets will be flexibly adjusted within a 0–4 year range depending on the current market situation. The sub-fund may use credit derivatives such as credit-linked securities, credit default swaps on different types of underlying assets (specific issuers, credit indices, ABS indices or other bond indices) to build up net short or net long exposures in individual market segments (region, sector, rating), currencies or specific issuers, provided that a net long duration is maintained at overall Fund level. The sub-fund may use total return swaps on bond indices to build up short or long exposures to a specific bond market. Furthermore, the sub-fund shall invest in to-be-announced trades (TBAs), i.e. forward-settling mortgage-backed securities (MBS). These are highly liquid contracts used to purchase or sell US government MBS at a specified time in the future. MBS are usually traded in the United States as TBAs. The main aspect of a TBA trade is that the actual securities that will be delivered to the buyer are not specified at the time the trade is made, which helps ensure a liquid futures market.

The currency of account is the USD; however, investments are made in the currencies deemed to be most favourable for performance. The Portfolio Manager adopts an opportunistic approach and takes active positions on currencies in order to generate additional value for the portfolio. The currency strategy includes building positions in national currencies. The following options are available for participating in the performance of national currencies: direct participation by purchasing securities denominated in national currencies, indirect participation by means of derivatives or a combination of both these methods. The sub-fund may use currency derivatives such as currency forwards, non-deliverable forwards (NDF), currency swaps and currency options to increase or reduce exposure in different currencies, with the option of entering into net short or net long overall positions in individual currencies.

#### Currency of account: USD

#### Fees

	Maximum flat fee (maximum management fee) p.a.	Maximum flat fee (maximum management fee) p.a. for share classes with “hedged” in their name
Share classes with “P” in their name	0.820% (0.660%)	0.870% (0.700%)
Share classes with “K-1” in their name	0.470% (0.380%)	0.500% (0.400%)
Share classes with “K-B” in their name	0.040% (0.032%)	0.040% (0.032%)
Share classes with “K-X” in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with “F” in their name	0.300% (0.240%)	0.330% (0.260%)
Share classes with “Q” in their name	0.490% (0.390%)	0.540% (0.430%)
Share classes with “QL” in their name	0.490% (0.390%)	0.540% (0.430%)
Share classes with “I-A1” in their name	0.370% (0.300%)	0.400% (0.320%)

Share classes with "I-A2" in their name	0.340% (0.270%)	0.370% (0.300%)
Share classes with "I-A3" in their name	0.300% (0.240%)	0.330% (0.260%)
Share classes with "I-A4" in their name	0.300% (0.240%)	0.330% (0.260%)
Share classes with "I-B" in their name	0.040% (0.032%)	0.040% (0.032%)
Share classes with "I-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)	0.000% (0.000%)

### **UBS (Lux) Bond SICAV – Emerging Economies Corporates (USD)**

UBS Asset Management categorises this sub-fund as an ESG integration fund which does not promote particular ESG characteristics or pursues a specific sustainability or impact objective.

This actively managed sub-fund uses the benchmark JP Morgan CEMBI Diversified USD Index as reference for portfolio construction, performance evaluation and risk management purposes. For share classes with "hedged" in their name, currency-hedged versions of the benchmark (if available) are used. Although part of the portfolio may be invested in the same instruments and applying the same weightings as the benchmark, the Portfolio Manager is not constrained by the benchmark in terms of choice of instruments. In particular, the Portfolio Manager may at its own discretion invest in bonds of issuers that are not contained in the benchmark and/or structure the share of the investments in sectors in a way that differs from their weighting in the benchmark, with a view to exploiting investment opportunities. The performance of the sub-fund may therefore differ considerably from the benchmark during periods of high market volatility.

The objective of the sub-fund is to generate above-average long-term returns with a portfolio of corporate bonds issued by borrowers from emerging markets. To achieve this objective, the sub-fund invests predominantly in fixed-income and floating-rate securities issued by companies domiciled or chiefly active in emerging markets. These securities do not need a rating from a recognised rating agency (e.g. Moody's, S&P or Fitch).

The sub-fund may invest no more than 20% of its net assets in fixed-income instruments denominated in RMB and traded on the China Interbank Bond Market ("CIBM") or through Bond Connect. These instruments may include securities issued by governments, quasi-public corporations, banks, corporations and other institutions in the People's Republic of China ("PRC" or "China") that are authorised to be traded directly on the CIBM or through Bond Connect. The associated risks are described in the section "Risk information on investments traded on the China Interbank Bond Market" and "Risk information on investments traded on the CIBM via the Northbound Trading Link through Bond Connect".

To achieve the investment objective, the sub-fund may also use derivative instruments traded on the stock exchange or over the counter (OTC). These investment instruments may be used for hedging purposes and/or in view of benefiting from expected market developments. Furthermore, the sub-fund may, to the extent permitted by law, invest in money market instruments, structured products and other suitable, legally permitted investment instruments. The securities are denominated either in USD or other currencies, including the national currencies of emerging markets in which the Fund invests. The sub-fund's currency of account is the USD.

The sub-fund invests primarily in securities that focus on emerging markets. This means that the sub-fund is exposed to specific risks that may be greater than the normal risks inherent in investments in industrialised nations. Emerging markets are countries that are developing into modern industrial nations. They generally have low or medium average income and high growth rates. Emerging markets comprise, for example, countries included in the JP Morgan Emerging Markets Indices (or their successor indices).

**Emerging markets are at an early stage of development and suffer from higher risks of expropriation and nationalisation, as well as social, political and economic instability. The risks associated with investments in emerging markets are listed in the section entitled "Risk information". For the reasons mentioned, this sub-fund is particularly suitable for risk-conscious investors.**

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities (Art. 7 Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 ("Taxonomy Regulation").

This sub-fund complies with Article 6 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector ("SFDR"). As such it does not consider principal adverse impacts on sustainability factors due to its investment strategy and the nature of the underlying investments (Art. 7(2) SFDR).

**Currency of account:** USD

### **Fees**

	Maximum flat fee (maximum management fee) p.a.	Maximum flat fee (maximum management fee) p.a. for share classes with "hedged" in their name
Share classes with "P" in their name	1.800% (1.440%)	1.850% (1.480%)
Share classes with "K-1" in their name	1.020% (0.820%)	1.050% (0.840%)
Share classes with "K-B" in their name	0.115% (0.000%)	0.115% (0.000%)

Share classes with "K-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "F" in their name	0.650% (0.520%)	0.680% (0.540%)
Share classes with "Q" in their name	0.980% (0.780%)	1.030% (0.820%)
Share classes with "QL" in their name	0.980% (0.780%)	1.030% (0.820%)
Share classes with "I-A1" in their name	0.750% (0.600%)	0.780% (0.620%)
Share classes with "I-A2" in their name	0.700% (0.560%)	0.730% (0.580%)
Share classes with "I-A3" in their name	0.650% (0.520%)	0.680% (0.540%)
Share classes with "I-A4" in their name	0.650% (0.520%)	0.680% (0.540%)
Share classes with "I-B" in their name	0.115% (0.000%)	0.115% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)	0.000% (0.000%)

### **UBS (Lux) Bond SICAV – Emerging Economies Local Currency Bond (USD)**

UBS Asset Management categorises this sub-fund as an ESG integration fund which does not promote particular ESG characteristics or pursues a specific sustainability or impact objective.

This actively managed sub-fund uses the benchmark JP Morgan GBI-EM Global Diversified USD Index as reference for portfolio construction, performance evaluation and risk management purposes. For share classes with "hedged" in their name, currency-hedged versions of the benchmark (if available) are used. Although part of the portfolio may be invested in the same instruments and applying the same weightings as the benchmark, the Portfolio Manager is not constrained by the benchmark in terms of choice of instruments. In particular, the Portfolio Manager may at its own discretion invest in bonds of issuers that are not contained in the benchmark and/or structure the share of the investments in sectors in a way that differs from their weighting in the benchmark, with a view to exploiting investment opportunities. The performance of the sub-fund may therefore differ considerably from the benchmark during periods of high market volatility.

In accordance with the investment policy described above, the sub-fund invests at least two thirds of its assets in debt instruments and receivables issued by international and supranational organisations, public entities and private and semi-private issuers domiciled in or chiefly active in emerging markets.

The sub-fund may invest no more than 20% of its net assets in fixed-income instruments denominated in RMB and traded on the China Interbank Bond Market ("CIBM") or through Bond Connect. These instruments may include securities issued by governments, quasi-public corporations, banks, corporations and other institutions in the People's Republic of China ("PRC" or "China") that are authorised to be traded directly on the CIBM or through Bond Connect. The associated risks are described in the section "Risk information on investments traded on the China Interbank Bond Market" and "Risk information on investments traded on the CIBM via the Northbound Trading Link through Bond Connect".

Using derivatives, the composition of the portfolio can be adapted to the economic and financial market cycles in terms of interest rates, currency and credit risk.

The term "emerging markets" is used to describe markets included in the International Finance Corporation Composite Index and/or the MSCI Emerging Markets Index, as well as other countries that are at a comparable level of economic development or in which there are new capital markets.

**Emerging markets are at an early stage of development and suffer from higher risks of expropriation and nationalisation, as well as social, political and economic instability. The risks associated with investments in emerging markets are listed in the section entitled "Risk information". For the reasons mentioned, this sub-fund is particularly suitable for risk-conscious investors.**

After deducting cash and cash equivalents, no more than 25% of the sub-fund's assets may be invested in convertible, exchangeable and warrant-linked bonds as well as convertible debentures. In addition, after deducting cash and cash equivalents, the sub-fund may invest up to 10% of its assets in equities, equity rights and warrants as well as shares, other equity shares and dividend-right certificates acquired through the exercise of conversion rights, subscription rights or options, in addition to warrants remaining after the separate sale of ex-issues and any equities acquired with these warrants. The equities acquired by exercise of rights or through subscription must be sold no later than 12 months after they were acquired.

The sub-fund may also invest indirectly via structured products (e.g. certificates, ABS, MBS, credit-linked notes). Investments in structured products may not exceed 20% of the sub-fund's net assets. The sub-fund will not purchase any structured products issued by borrowers domiciled in the US. The risks associated with investments in ABS/MBS are listed in the section entitled "Risk information".

The reference currency of the sub-fund is the USD. However, investments are made in the currencies that are deemed most suitable for the good performance of the sub-fund. An essential component of the currency strategy of this sub-fund is the building up of currency exposure in local emerging market currencies. Investors can participate in the performance of local emerging market currencies either directly through the acquisition of securities denominated in local emerging market currencies or indirectly through the use of derivative instruments, or by a combination of both methods.

To achieve its investment objective, the sub-fund may use derivative instruments traded on a stock exchange or over the counter (OTC), in particular futures, swaps (including IRS/NDIRS, TRS, CDS, index CDS and NDS), forwards/non-deliverable forwards, options, total-return bonds and bonds with embedded derivatives, e.g. convertible bonds.

Moreover, the sub-fund may, to the extent permitted by law, buy or sell money market instruments, liquid funds and other suitable, legally permissible investment instruments. These investment instruments may, as a result, both be used for hedging purposes and in view of benefiting from expected market developments.

To achieve its investment objective, the sub-fund may also use the techniques and instruments listed in the section “Special techniques and instruments with securities and money market instruments as underlying assets”.

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities (Art. 7 Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (“Taxonomy Regulation”).

This sub-fund complies with Article 6 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (“SFDR”). As such it does not consider principal adverse impacts on sustainability factors due to its investment strategy and the nature of the underlying investments (Art. 7(2) SFDR).

**Currency of account:** USD

## Fees

	Maximum flat fee (maximum management fee) p.a.	Maximum flat fee (maximum management fee) p.a. for share classes with “hedged” in their name
Share classes with “P” in their name	1.500% (1.200%)	1.550% (1.240%)
Share classes with “K-1” in their name	0.900% (0.720%)	0.930% (0.740%)
Share classes with “K-B” in their name	0.115% (0.000%)	0.115% (0.000%)
Share classes with “K-X” in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with “F” in their name	0.560% (0.450%)	0.590% (0.470%)
Share classes with “Q” in their name	0.800% (0.640%)	0.850% (0.680%)
Share classes with “QL” in their name	0.800% (0.640%)	0.850% (0.680%)
Share classes with “I-A1” in their name	0.630% (0.500%)	0.660% (0.530%)
Share classes with “I-A2” in their name	0.600% (0.480%)	0.630% (0.500%)
Share classes with “I-A3” in their name	0.560% (0.450%)	0.590% (0.470%)
Share classes with “I-A4” in their name	0.560% (0.450%)	0.590% (0.470%)
Share classes with “I-B” in their name	0.115% (0.000%)	0.115% (0.000%)
Share classes with “I-X” in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with “U-X” in their name	0.000% (0.000%)	0.000% (0.000%)

## **UBS (Lux) Bond SICAV – EUR Corporates Sustainable (EUR)**

UBS Asset Management categorises this sub-fund as a Sustainability Focus Fund. This sub-fund promotes environmental and/or social characteristics and complies with Article 8 of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (“SFDR”). Further information related to environmental and/or social characteristics is available in Annex I to this document (SFDR RTS Art. 14(2)).

The actively managed sub-fund invests primarily in corporate bonds denominated in EUR of issuers with a strong ESG (Environmental, Social and Governance) profile.

The sub-fund uses the benchmark Bloomberg Euro Aggregate 500mio+ Corporate EUR Index as reference for portfolio construction, performance evaluation, sustainability profile comparison and risk management purposes. The benchmark is not designed to promote ESG characteristics. For share classes with “hedged” in their name, currency-hedged versions of the benchmark (if available) are used. The sub-fund invests at least two thirds of its assets in corporate bonds rated between AAA and BBB- (Standard & Poor’s) or that have a similar rating from another recognised agency or – insofar as a new issue that does not yet have an official rating is concerned – a comparable internal UBS rating.

Investments in bonds with a rating below BBB- or similar may not exceed one third of the sub-fund’s assets. The sub-fund may invest up to one third of its assets in money market instruments. Up to 25% of its assets may be invested in convertible, exchangeable and warrant-linked bonds as well as convertible debentures. Furthermore, the sub-fund may invest up to 10% of its assets in equities, equity rights and warrants as well as equities, other equity-like securities and dividend-right certificates acquired through

the exercise of conversion and subscription rights or options, in addition to warrants remaining after the separate sale of ex-warrant bonds and any equities acquired with these warrants. The equities acquired by exercise of rights or through subscription must be sold no later than 12 months after they were acquired. The sub-fund may invest up to 20% of its net assets in ABS, MBS and CDOs/CLOs. The associated risks are described in the section "Risks associated with the use of ABS/MBS" or "Risks associated with the use of CDOs/CLOs". At least two thirds of the investments are denominated in EUR. The portion of investments in foreign currencies not hedged against the sub-fund's currency of account may not exceed 10% of the assets. As part of efficient asset management, the sub-fund may invest in all derivative financial instruments listed in the section "Special techniques and instruments with securities and money market instruments as underlying assets", provided the rules and guidelines specified in this section are observed. Permitted underlyings include, in particular, the instruments specified under Point 1.1 (g) ("Permitted investments of the Company").

**The sub-fund may also invest up to 10% of its assets in contingent convertible bonds (CoCos). The associated risks are described in the section "Risks associated with the use of CoCos".**

**Currency of account:** EUR

## Fees

	Maximum flat fee (maximum management fee) p.a.	Maximum flat fee (maximum management fee) p.a. for share classes with "hedged" in their name
Share classes with "P" in their name	1.140% (0.910%)	1.190% (0.950%)
Share classes with "K-1" in their name	0.600% (0.480%)	0.630% (0.500%)
Share classes with "K-B" in their name	0.065% (0.000%)	0.065% (0.000%)
Share classes with "K-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "F" in their name	0.360% (0.290%)	0.390% (0.310%)
Share classes with "Q" in their name	0.600% (0.480%)	0.650% (0.520%)
Share classes with "QL" in their name	0.600% (0.480%)	0.650% (0.520%)
Share classes with "I-A1" in their name	0.500% (0.400%)	0.530% (0.420%)
Share classes with "I-A2" in their name	0.450% (0.360%)	0.480% (0.380%)
Share classes with "I-A3" in their name	0.360% (0.290%)	0.390% (0.310%)
Share classes with "I-A4" in their name	0.360% (0.290%)	0.390% (0.310%)
Share classes with "I-B" in their name	0.065% (0.000%)	0.065% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)	0.000% (0.000%)

## **UBS (Lux) Bond SICAV – USD Corporates (USD)**

This sub-fund promotes environmental and/or social characteristics and complies with Article 8 of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector ("SFDR"). Further information related to environmental and/or social characteristics is available in Annex I to this document (SFDR RTS Art. 14(2)).

The actively managed sub-fund uses the benchmark Bloomberg US Corporate Investment Grade Index USD as a reference for portfolio construction, performance evaluation, sustainability profile comparison and risk management purposes. The benchmark is not designed to promote ESG characteristics. For share classes with "hedged" in their name, currency-hedged versions of the benchmark (if available) are used. Although part of the portfolio may be invested in the same instruments and applying the same weightings as the benchmark, the Portfolio Manager is not constrained by the benchmark in terms of choice of instruments. In particular, the Portfolio Manager may at its own discretion invest in bonds of issuers that are not contained in the benchmark and/or structure the share of the investments in sectors in a way that differs from their weighting in the benchmark, with a view to exploiting investment opportunities. The performance of the sub-fund may therefore differ considerably from the benchmark during periods of high market volatility.

In line with the investment policy described above, the sub-fund invests at least two thirds of its assets in debt securities and claims pursuant to the above definition that are issued by companies. At least two thirds of the sub-fund's investments must be rated between AAA and BBB- (Standard & Poor's) or have a similar rating from another recognised agency or – insofar as a new issue that does not yet have an official rating is concerned – a comparable internal UBS rating. Investments in bonds with a rating below BBB- or similar may not exceed 20% of the sub-fund's assets. At least two thirds of the investments are denominated in USD. The portion of investments in foreign currencies not hedged against the sub-fund's currency of account may not exceed 10% of the assets.

After deducting cash and cash equivalents, the sub-fund may invest up to one third of its assets in money market instruments. Up to 25% of its assets may be invested in convertible, exchangeable and warrant-linked bonds as well as convertible debentures.

In addition, after deducting cash and cash equivalents, the sub-fund may invest up to 10% of its assets in equities, equity rights and warrants as well as shares, other equity shares and dividend-right certificates acquired through the exercise of conversion rights, subscription rights or options, in addition to warrants remaining after the separate sale of ex-warrant bonds and any equities acquired with these warrants. The equities acquired by exercise of rights or through subscription must be sold no later than 12 months after they were acquired. The sub-fund may invest a total of up to 20% of its net assets in ABS, MBS, CMBS and CDOs/CLOs. The associated risks are described in the section "Risks associated with the use of ABS/MBS" or "Risks associated with the use of CDOs/CLOs".

**The sub-fund may also invest up to 10% of its assets in contingent convertible bonds (CoCos). The associated risks are described in the section "Risks associated with the use of CoCos".**

**Currency of account:** USD

#### Fees

	Maximum flat fee (maximum management fee) p.a.	Maximum flat fee (maximum management fee) p.a. for share classes with "hedged" in their name
Share classes with "P" in their name	1.140% (0.910%)	1.190% (0.950%)
Share classes with "K-1" in their name	0.600% (0.480%)	0.630% (0.500%)
Share classes with "K-B" in their name	0.065% (0.000%)	0.065% (0.000%)
Share classes with "K-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "F" in their name	0.360% (0.290%)	0.390% (0.310%)
Share classes with "Q" in their name	0.600% (0.480%)	0.650% (0.520%)
Share classes with "QL" in their name	0.600% (0.480%)	0.650% (0.520%)
Share classes with "I-A1" in their name	0.500% (0.400%)	0.530% (0.420%)
Share classes with "I-A2" in their name	0.450% (0.360%)	0.480% (0.380%)
Share classes with "I-A3" in their name	0.360% (0.290%)	0.390% (0.310%)
Share classes with "I-A4" in their name	0.360% (0.290%)	0.390% (0.310%)
Share classes with "I-B" in their name	0.065% (0.000%)	0.065% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)	0.000% (0.000%)

#### **UBS (Lux) Bond SICAV – Floating Rate Income (USD)**

UBS Asset Management categorises this sub-fund as an ESG integration fund which does not promote particular ESG characteristics or pursues a specific sustainability or impact objective.

This sub-fund is actively managed, without reference to a benchmark.

The sub-fund invests worldwide, mainly in floating-rate high-yield corporate bonds and asset-backed securities with low ratings that may be denominated in various currencies. The sub-fund also invests in short-term, high-yield bonds and asset-backed securities. The exposure to floating-rate bonds can be constructed directly or synthetically through various combinations of corporate bonds, government bonds, cash, credit default swaps, interest rate swaps, asset swaps or other credit derivatives. The average duration of the sub-fund's net assets must not exceed one year. The sub-fund invests at least two thirds of its assets in debt securities and claims from issuers rated between BBB+ and CCC (Standard & Poor's) or that have a similar rating from another recognised agency or – insofar as a new issue that does not yet have an official rating is concerned – a comparable internal UBS rating. Investments with lower ratings may carry an above-average yield, but also a higher credit risk than investments in securities of first-class borrowers.



The sub-fund may also invest in government securities, other securities, collective investment schemes, cash and near-money assets (including money market instruments), warrants, money market instruments and other derivative instruments, although investments in cash and near-money assets (including money market instruments) must not exceed one-third of its assets. Up to 25% of its assets may be invested in convertible, exchangeable and warrant-linked bonds. In addition, the sub-fund may invest up to 10% of its assets in equities, equity rights and warrants, equity options, equity futures, ETFs on equities or equity indices and dividend-right certificates acquired through the exercise of conversion rights, subscription rights or options, in addition to warrants remaining after the separate sale of ex-warrant bonds and any equities acquired with these warrants. The sub-fund may invest in instruments that are denominated in currencies other than USD. However, the portion of investments in foreign currencies not hedged against the sub-fund's currency of account may not exceed 10% of the assets. **The sub-fund may invest up to 25% of its net assets in ABS, MBS and CDOs/CLOs. The associated risks are described in the section "Risks connected with the use of ABS/MBS" or "Risks connected with the use of CDOs/CLOs". The sub-fund may also invest up to 20% of its assets in contingent convertible bonds (CoCos). The associated risks are described in the section "Risks associated with the use of CoCos".**

**Although distressed security exposure is not intended to be a key driver of the investment strategy, the sub-fund may invest in such securities (bonds with a rating of CC and lower or bonds with a similar rating). The exposure limit to such securities is 5%.**

**Distressed bonds are securities issued by companies or public institutions in serious financial difficulty, and thus bear a high risk of capital loss.**

**The sub-fund can invest in all financial derivatives listed in the section "Special techniques and instruments with securities and money market instruments as underlying assets", provided the restrictions specified in this section are observed. Permitted underlyings include, in particular, the instruments specified under Point 1.1(a) and (b) ("Permitted investments of the Company").**

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities (Art. 7 Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 ("Taxonomy Regulation").

This sub-fund complies with Article 6 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector ("SFDR"). As such it does not consider principal adverse impacts on sustainability factors due to its investment strategy and the nature of the underlying investments (Art. 7(2) SFDR).

**Currency of account:** USD

#### Fees

	Maximum flat fee (maximum management fee) p.a.	Maximum flat fee (maximum management fee) p.a. for share classes with "hedged" in their name
Share classes with "P" in their name	1.300% (1.040%)	1.350% (1.080%)
Share classes with "K-1" in their name	0.900% (0.720%)	0.930% (0.740%)
Share classes with "K-B" in their name	0.065% (0.000%)	0.065% (0.000%)
Share classes with "K-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "F" in their name	0.550% (0.440%)	0.580% (0.460%)
Share classes with "Q" in their name	0.750% (0.600%)	0.800% (0.640%)
Share classes with "QL" in their name	0.750% (0.600%)	0.800% (0.640%)
Share classes with "I-A1" in their name	0.650% (0.520%)	0.680% (0.540%)
Share classes with "I-A2" in their name	0.600% (0.480%)	0.630% (0.500%)
Share classes with "I-A3" in their name	0.550% (0.440%)	0.580% (0.460%)
Share classes with "I-A4" in their name	0.550% (0.440%)	0.580% (0.460%)
Share classes with "I-B" in their name	0.065% (0.000%)	0.065% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)	0.000% (0.000%)

#### **UBS (Lux) Bond SICAV – Global Corporates (USD)**

This sub-fund promotes environmental and/or social characteristics and complies with Article 8 of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector ("SFDR"). Further information related to environmental and/or social characteristics is available in Annex I to this document (SFDR RTS Art. 14(2)).

The actively managed sub-fund uses the benchmark Bloomberg Global Aggregate – Corporates (hedged USD) Index as a reference for portfolio construction, performance evaluation, sustainability profile comparison and risk management purposes. The benchmark is not designed to promote ESG characteristics. For share classes with "hedged" in their name, currency-hedged versions of the benchmark (if available) are used. Although part of the portfolio may be invested in the same instruments and applying the same weightings as the benchmark, the Portfolio Manager is not constrained by the benchmark in terms of choice of instruments. In particular, the Portfolio Manager may at its own discretion invest in bonds of issuers that are not contained in the benchmark and/or structure the share of the investments in sectors in a way that differs from their weighting in the benchmark, with a view to exploiting investment opportunities. The performance of the sub-fund may therefore differ considerably from the benchmark during periods of high market volatility.

In line with the general investment policy, the sub-fund invests at least two thirds of its assets worldwide in debt securities and claims issued by companies. At least two thirds of the sub-fund's investments must be rated between AAA and BBB- (Standard & Poor's) or have a similar rating from another recognised agency or – insofar as a new issue that does not yet have an official rating is concerned – a comparable internal UBS rating. Investments in bonds with a rating below BBB- or similar may not exceed 20% of the sub-fund's assets.

After deducting cash and cash equivalents, the sub-fund may invest up to one third of its assets in liquid funds and money market instruments. Up to 25% of the assets may be invested in convertible, exchangeable and warrant-linked bonds as well as convertible debentures.

The sub-fund may invest no more than 20% of its net assets in fixed-income instruments denominated in RMB and traded on the China Interbank Bond Market ("CIBM") or through Bond Connect. These instruments may include securities issued by governments, quasi-public corporations, banks, corporations and other institutions in the People's Republic of China ("PRC" or "China") that are authorised to be traded directly on the CIBM or through Bond Connect. The associated risks are described in the section "Risk information on investments traded on the China Interbank Bond Market" and "Risk information on investments traded on the CIBM via the Northbound Trading Link through Bond Connect".

In addition, after deducting cash and cash equivalents, the sub-fund may invest up to 10% of its assets in equities, equity rights and warrants as well as shares, other equity shares and dividend-right certificates acquired through the exercise of conversion rights, subscription rights or options, in addition to warrants remaining after the separate sale of ex-warrant bonds and any equities acquired with these warrants. The equities acquired by exercise of rights or through subscription must be sold no later than 12 months after they were acquired.

Within the scope of the aforementioned investment limits, the sub-fund may invest a total of up to one third of its assets in the above-mentioned legally permissible investment instruments, provided these are issued or guaranteed by borrowers from emerging markets or borrowers which conduct a large proportion of their business operations on such markets or issue instruments associated with a credit risk in respect of emerging markets. The term "emerging markets" is used to describe markets included in the International Finance Corporation Composite Index and/or the MSCI Emerging Markets Index, as well as other countries that are at a comparable level of economic development or in which there are new capital markets.

Emerging markets are at an early stage of development and suffer from higher risks of expropriation and nationalisation, as well as social, political and economic instability. The risks associated with investments in emerging markets are listed in the section entitled "Risk information". For the reasons mentioned, this sub-fund is particularly suitable for risk-conscious investors.

The sub-fund may invest a total of up to 20% of its net assets in ABS, MBS, CMBS and CDOs/CLOs. The associated risks are described in the section "Risks associated with the use of ABS/MBS" or "Risks associated with the use of CDOs/CLOs".

The sub-fund may also invest up to 10% of its assets in contingent convertible bonds (CoCos). The associated risks are described in the section "Risks associated with the use of CoCos".

The currency of account is the USD. The investments are made in the currencies deemed best suited for good performance, although the proportion of investments in foreign currencies not hedged against the currency of account (USD) may not exceed 20% of the assets.

#### Currency of account: USD

#### Fees

	Maximum flat fee (maximum management fee) p.a.	Maximum flat fee (maximum management fee) p.a. for share classes with "hedged" in their name
Share classes with "P" in their name	0.800% (0.640%)	0.850% (0.680%)
Share classes with "K-1" in their name	0.550% (0.440%)	0.580% (0.460%)
Share classes with "K-B" in their name	0.065% (0.000%)	0.065% (0.000%)
Share classes with "K-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "F" in their name	0.350% (0.280%)	0.380% (0.300%)
Share classes with "Q" in their name	0.500% (0.400%)	0.550% (0.440%)
Share classes with "QL" in their name	0.500% (0.400%)	0.550% (0.440%)
Share classes with "I-A1" in their name	0.450% (0.360%)	0.480% (0.380%)

Share classes with "I-A2" in their name	0.400% (0.320%)	0.430% (0.340%)
Share classes with "I-A3" in their name	0.350% (0.280%)	0.380% (0.300%)
Share classes with "I-A4" in their name	0.350% (0.280%)	0.380% (0.300%)
Share classes with "I-B" in their name	0.065% (0.000%)	0.065% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)	0.000% (0.000%)

### **UBS (Lux) Bond SICAV – Global Dynamic (USD)**

This sub-fund promotes environmental and/or social characteristics and complies with Article 8 of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector ("SFDR"). Further information related to environmental and/or social characteristics is available in Annex I to this document (SFDR RTS Art. 14(2)).

This actively managed sub-fund uses the benchmark Bloomberg Global Aggregate TR (USD hedged) Index as reference for sustainability profile comparison purposes. The benchmark is not designed to promote ESG characteristics.

The sub-fund seeks to achieve attractive returns by investing in the global bond markets while managing the overall portfolio risk. This sub-fund is actively managed, without reference to a benchmark.

It seeks to spread capital across strategies that offer the best opportunities at any given time and on any given market or sector. Consequently, it is anticipated that the exposure to worldwide bond and currency markets may change over time at the discretion of the Portfolio Manager. By using legally permissible instruments such as direct investments, derivatives and UCIs or UCITS with exposure to the worldwide bond markets, the sub-fund invests in different types of fixed-income securities, including government, corporate, high-yield, emerging market and convertible bonds as well as ABS/MBS and CDOs/CLOs (collateralised debt obligations/collateralised loan obligations). Derivative strategies are seen as key to achieving the investment objectives. All strategies depend on the sub-fund's risk budget to keep risk moderate overall. Although the sub-fund's Portfolio Manager manages the sub-fund's overall risk and volatility prudently, it is nevertheless possible that the sub-fund will generate negative returns in a particular month, quarter or year.

The investment process is organised as follows: The investment team follows an investment process consisting of four stages, combining top-down and bottom-up analyses. The most important macro-economic drivers are then identified to ascertain the wider global investment context. Investment opportunities and trading ideas are identified that are in line with the global investment context and filtered based on the potential risk/return profile. Next, the most efficient procedure for implementing the trading ideas is determined using quantitative and qualitative inputs. Lastly, the team assesses the impact on overall portfolio risk and diversification by carrying out stress tests to record extreme events and identify and control extreme risks. Investors should note that the investment process is regularly reviewed to identify potential changes or room for improvement and that it may therefore be changed without prior notice.

The sub-fund may invest no more than 20% of its net assets in fixed-income instruments denominated in RMB and traded on the China Interbank Bond Market ("**CIBM**") or through Bond Connect. These instruments may include securities issued by governments, quasi-public corporations, banks, corporations and other institutions in the People's Republic of China ("**PRC**" or "**China**") that are authorised to be traded directly on the CIBM or through Bond Connect. The associated risks are described in the section "Risk information on investments traded on the China Interbank Bond Market" and "Risk information on investments traded on the CIBM via the Northbound Trading Link through Bond Connect".

At least 50% of the sub-fund's total assets are invested in securities or money market instruments with an investment-grade rating, while up to 50% of its net assets may be used for investments in high-yield, emerging market and convertible bonds as well as ABS/MBS and CDOs/CLOs or a combination thereof. While investments with a lower rating may generate above-average returns, they may also carry a higher solvency risk than investments in bonds issued by investment-grade issuers.

The value of investments in ABS, MBS and CDOs/CLOs may not exceed 35% of the sub-fund's net assets. The associated risks are described in the section "Risks associated with the use of ABS/MBS" or "Risks associated with the use of CDOs/CLOs".

The sub-fund may hold up to 100% of its assets in cash or other near-money market securities.

Up to 25% of its assets may be invested in convertible, exchangeable and warrant-linked bonds as well as convertible debentures. Furthermore, the sub-fund may invest up to 10% of its assets in equities, equity rights and warrants as well as securities, other equity-like securities and dividend-right certificates acquired through the exercise of conversion and subscription rights or warrants, as well as in warrants remaining after the separate sale of ex-warrant bonds and any equities acquired with these warrants. The equities acquired through the exercise of conversion and subscription rights must be sold no later than 12 months after they were acquired.

The sub-fund does not engage in physical short-selling.

The use of derivatives is a core element in achieving the investment objectives. The derivatives will be used to build and hedge the portfolio's market exposure. To implement the investment strategy, it is assumed that the Portfolio Manager will acquire derivatives in order to invest in legally permissible assets included in the investment policy, without directly acquiring the underlying instruments. After using interest-rate and credit derivatives the Fund has a net long duration overall.

The sub-fund may use interest rate derivatives such as interest rate futures, bond futures, interest rate swaps, options on interest rate futures, options on bond futures and swaptions to build up net short or net long positions in relation to individual interest

curves, provided that a net long duration is maintained at overall Fund level. Through the use of derivatives the sub-fund seeks to implement (i) directional strategies to exploit parallel movements of interest curves, or (ii) curve positioning strategies to exploit non-parallel movements of interest curves. Through the use of options and swaptions, the sub-fund implements non-linear directional strategies in relation to the interest curve.

In the case of a net long duration, the sub-fund can be expected to achieve a negative (or positive) performance if interest rates rise (or fall).

The sub-fund may use credit derivatives such as credit-linked securities, credit default swaps on different types of underlying assets (specific issuers, credit indices, ABS indices or other bond indices) to build up net short or net long exposures in individual market segments (region, sector, rating), currencies or specific issuers, provided that a net long duration is maintained at overall Fund level.

In the case of a net long duration in a specific market segment or issuer, the sub-fund can be expected to achieve a negative (or positive) performance if the credit spread rises (or falls). In the case of a net short duration in a specific market segment or issuer, the sub-fund can be expected to achieve a positive (or negative) performance if the credit spread rises (or falls).

The sub-fund may use total return swaps on bond indices to build up short or long exposures to a specific bond market.

The sub-fund may use currency derivatives such as currency forwards, non-deliverable forwards (NDF), currency swaps and currency options to increase or reduce exposure in different currencies, with the option of entering into net short or net long overall positions in individual currencies. In the case of net long exposure in a specific currency, the sub-fund can be expected to achieve a positive (or negative) performance if the currency gains (or falls) against the sub-fund's currency of account or the relevant share class appreciates (or depreciates) in value. In the case of net short exposure in a specific currency, the sub-fund can be expected to achieve a positive (or negative) performance if the currency falls (or gains) against the sub-fund's currency of account or the relevant share class depreciates (or appreciates) in value.

The sub-fund may use currency forwards and non-deliverable forwards to manage currency-hedged share classes.

The currency of account is the USD; however, investments are made in the currencies deemed to be most favourable for performance. The currency strategy involves building up positions in national currencies. The following options are available for participating in the performance of national currencies: direct participation by purchasing securities denominated in national currencies, indirect participation by means of derivatives or a combination of both these methods.

**Emerging markets are countries that are in a transitional phase towards becoming modern industrial nations. These countries are characterised by a low or medium average income and generally high growth rates. The term "emerging markets" is used, for example, for describing the countries included in the JP Morgan Emerging Markets Indices (or the respective successor indices). Investments in emerging markets may be more volatile and less liquid than investments in industrialised countries. In certain countries investments may be adversely affected by expropriation, taxation on a par with confiscation or political or social instability. The quality of financial reporting, auditing and reporting methods may not be comparable to the standards of industrial nations. Furthermore, the regulation of stock exchanges, financial institutions and issuers as well as government prudential supervision may be less reliable than in industrial nations. Under certain conditions, the processing and settlement conditions in emerging markets may not be very well organised. Due to this, there is a risk that transactions could be delayed and the sub-fund's liquid funds or securities jeopardised. The sub-fund and its shareholders bear these and similar risks associated with these markets.**

**Currency of account:** USD

#### Fees

	Maximum flat fee (maximum management fee) p.a.	Maximum flat fee (maximum management fee) p.a. for share classes with "hedged" in their name
Share classes with "P" in their name	1.400% (1.120%)	1.450% (1.160%)
Share classes with "K-1" in their name	0.900% (0.720%)	0.930% (0.740%)
Share classes with "K-B" in their name	0.065% (0.000%)	0.065% (0.000%)
Share classes with "K-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "F" in their name	0.550% (0.440%)	0.580% (0.460%)
Share classes with "Q" in their name	0.800% (0.640%)	0.850% (0.680%)
Share classes with "QL" in their name	0.800% (0.640%)	0.850% (0.680%)
Share classes with "I-A1" in their name	0.650% (0.520%)	0.680% (0.540%)
Share classes with "I-A2" in their name	0.600% (0.480%)	0.630% (0.500%)
Share classes with "I-A3" in their name	0.550% (0.440%)	0.580% (0.460%)
Share classes with "I-A4" in their name	0.550% (0.440%)	0.580% (0.460%)

Share classes with "I-B" in their name	0.065% (0.000%)	0.065% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)	0.000% (0.000%)

#### **UBS (Lux) Bond SICAV – Global Inflation-linked (USD)**

This sub-fund promotes environmental and/or social characteristics and complies with Article 8 of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector ("SFDR"). Further information related to environmental and/or social characteristics is available in Annex I to this document (SFDR RTS Art. 14(2)).

This actively managed sub-fund uses the benchmark Bloomberg Global inflation linked 1-10 years (hedged USD) Index as reference for portfolio construction, performance evaluation and risk management purposes. This actively managed sub-fund uses the benchmark Bloomberg Global Aggregate TR (USD hedged) Index as reference for sustainability profile comparison purposes. The benchmark is not designed to promote ESG characteristics. For share classes with "hedged" in their name, currency-hedged versions of the benchmark (if available) are used. Although part of the portfolio may be invested in the same instruments and applying the same weightings as the benchmark, the Portfolio Manager is not constrained by the benchmark in terms of choice of instruments. In particular, the Portfolio Manager may at its own discretion invest in bonds of issuers that are not contained in the benchmark and/or structure the share of the investments in sectors in a way that differs from their weighting in the benchmark, with a view to exploiting investment opportunities. The performance of the sub-fund may therefore differ considerably from the benchmark during periods of high market volatility.

The sub-fund invests at least two-thirds of its assets in inflation-linked debt securities and claims issued by international or supranational organisations, public-sector, semi-public or private borrowers. The sub-fund may invest no more than 20% of its net assets in fixed-income instruments denominated in RMB and traded on the China Interbank Bond Market ("CIBM") or through Bond Connect. These instruments may include securities issued by governments, quasi-public corporations, banks, corporations and other institutions in the People's Republic of China ("PRC" or "China") that are authorised to be traded directly on the CIBM or through Bond Connect. The associated risks are described in the section "Risk information on investments traded on the China Interbank Bond Market" and "Risk information on investments traded on the CIBM via the Northbound Trading Link through Bond Connect".

After deducting cash and cash equivalents, the sub-fund may invest up to one third of its assets in money market instruments. The sub-fund may invest up to 20% of its net assets in ABS and MBS, including US MBS, US CMBS, US ABS and US CDOs. The risks associated with investments in ABS/MBS are listed in the section entitled "Risk information". It invests its assets in instruments such as inflation-linked and other debt securities and all types of money market instruments, and uses futures, credit default swaps, interest rate swaps, inflation swaps and currency derivatives such as forwards, futures and options.

The currency of account is the USD. The investments are made in the currencies deemed best suited for good performance, although the proportion of investments in foreign currencies not hedged against the currency of account (USD) may not exceed 20% of the assets.

As part of efficient asset management and to achieve the investment policy's aims, the sub-fund may invest in all the derivative financial instruments listed in "Special techniques and instruments with securities and money market instruments as underlying assets" subject to the provisions and guidelines set forth therein. Permitted underlyings include, in particular, the instruments specified under Point 1.1(a) and (b) ("Permitted investments of the Company").

#### **Currency of account: USD**

#### **Fees**

	Maximum flat fee (maximum management fee) p.a.	Maximum flat fee (maximum management fee) p.a. for share classes with "hedged" in their name
Share classes with "P" in their name	0.900% (0.720%)	0.950% (0.760%)
Share classes with "K-1" in their name	0.550% (0.440%)	0.580% (0.460%)
Share classes with "K-B" in their name	0.065% (0.000%)	0.065% (0.000%)
Share classes with "K-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "F" in their name	0.420% (0.340%)	0.450% (0.360%)
Share classes with "Q" in their name	0.500% (0.400%)	0.550% (0.440%)
Share classes with "QL" in their name	0.500% (0.400%)	0.550% (0.440%)
Share classes with "I-A1" in their name	0.520% (0.420%)	0.550% (0.440%)
Share classes with "I-A2" in their name	0.480% (0.380%)	0.510% (0.410%)
Share classes with "I-A3" in their name	0.420% (0.340%)	0.450% (0.360%)

Share classes with "I-A4" in their name	0.420% (0.340%)	0.450% (0.360%)
Share classes with "I-B" in their name	0.065% (0.000%)	0.065% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)	0.000% (0.000%)

### **UBS (Lux) Bond SICAV – Green Social Sustainable Bonds (EUR)**

UBS Asset Management categorises this sub-fund as a Sustainability Focus Fund. This sub-fund promotes environmental and/or social characteristics and complies with Article 8 of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector ("SFDR"). Further information related to environmental and/or social characteristics is available in Annex I to this document (SFDR RTS Art. 14(2)).

The sub-fund seeks to achieve attractive returns by investing in the global bond markets while managing the overall portfolio risk. The actively managed sub-fund uses the benchmark ICE Green, Social and Sustainable Bond Custom Index EUR hedged (Bloomberg Ticker: Q5BL) as reference for portfolio construction, performance evaluation, sustainability profile comparison and risk management purposes. The benchmark is designed to promote ESG characteristics. For share classes with "hedged" in their name, currency-hedged versions of the benchmark (if available) are used.

The sub-fund invests at least two thirds of its assets in "green", "social", "sustainable" bonds the proceeds of which are used for eligible environmental and social projects, in "sustainability-linked" bonds that include environmental, social and governance-related key performance indicators to which the issuers are committed, as well as in bonds from issuers that generate more than 50% of their revenue from activities that contribute to resolving environmental and social challenges.

The sub-fund may invest up to one third of its assets in issuers that do not meet the criteria described above.

At least two thirds of the sub-fund's investments must be rated between AAA and BBB- (Standard & Poor's) or have a similar rating from another recognised agency or – insofar as a new issue that does not yet have an official rating is concerned – a comparable internal UBS rating. Investments in bonds with a rating below BBB- or similar may not exceed 20% of the sub-fund's assets.

After deducting cash and cash equivalents, the sub-fund may invest up to one third of its assets in liquid funds and money market instruments. Up to 25% of the assets may be invested in convertible, exchangeable and warrant-linked bonds as well as convertible debentures.

The sub-fund may invest no more than 20% of its assets in fixed-income instruments denominated in RMB and traded on the China Interbank Bond Market ("**CIBM**") or through Bond Connect. These instruments may include securities issued by governments, quasi-public corporations, banks, corporations and other institutions in the People's Republic of China ("**PRC**" or "**China**") that are authorised to be traded directly on the CIBM or through Bond Connect. The associated risks are described in the section "Risk information on investments traded on the China Interbank Bond Market" and "Risk information on investments traded on the CIBM via the Northbound Trading Link through Bond Connect".

In addition, after deducting cash and cash equivalents, the sub-fund may invest up to 10% of its assets in equities, equity rights and warrants as well as shares, other equity shares and dividend-right certificates acquired through the exercise of conversion rights, subscription rights or options, in addition to warrants remaining after the separate sale of ex-warrant bonds and any equities acquired with these warrants. The equities acquired by exercise of rights or through subscription must be sold no later than 12 months after they were acquired.

Within the scope of the aforementioned investment limits, the sub-fund may invest a total of up to one third of its assets in the above-mentioned legally permissible investment instruments, provided these are issued or guaranteed by borrowers from emerging markets or borrowers which conduct a large proportion of their business operations on such markets or issue instruments associated with a credit risk in respect of emerging markets. The term "emerging markets" is used to describe markets included in the International Finance Corporation Composite Index and/or the MSCI Emerging Markets Index, as well as other countries that are at a comparable level of economic development or in which there are new capital markets.

**Emerging markets are at an early stage of development and suffer from higher risks of expropriation and nationalisation, as well as social, political and economic instability. The risks associated with investments in emerging markets are listed in the section entitled "Risk information". For the reasons mentioned, this sub-fund is particularly suitable for risk-conscious investors.**

**The sub-fund may also invest up to 10% of its assets in contingent convertible bonds (CoCos). The associated risks are described in the section "Risks associated with the use of CoCos".**

The currency of account is the EUR. The investments are made in the currencies deemed best suited for performance, although the proportion of investments in foreign currencies not hedged against the currency of account (EUR) may not exceed 20% of the assets.

**Currency of account:** EUR

**Fees**

	Maximum flat fee (maximum management fee) p.a.	Maximum flat fee (maximum management fee) p.a. for share classes with "hedged" in their name
Share classes with "P" in their name	0.600% (0.480%)	0.650% (0.520%)
Share classes with "K-B" in their name	0.065% (0.000%)	0.065% (0.000%)
Share classes with "K-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "F" in their name	0.180% (0.140%)	0.210% (0.180%)
Share classes with "Q" in their name	0.300% (0.240%)	0.350% (0.280%)
Share classes with "QL" in their name	0.300% (0.240%)	0.350% (0.280%)
Share classes with "I-A1" in their name	0.300% (0.240%)	0.330% (0.260%)
Share classes with "I-A2" in their name	0.240% (0.190%)	0.270% (0.210%)
Share classes with "I-A3" in their name	0.180% (0.140%)	0.210% (0.160%)
Share classes with "I-A4" in their name	0.180% (0.140%)	0.210% (0.160%)
Share classes with "I-B" in their name	0.065% (0.000%)	0.065% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)	0.000% (0.000%)

#### **UBS (Lux) Bond SICAV – Short Duration High Yield Sustainable (USD)**

UBS Asset Management categorises this sub-fund as a Sustainability Focus Fund. This sub-fund promotes environmental and/or social characteristics and complies with Article 8 of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector ("SFDR"). Further information related to environmental and/or social characteristics is available in Annex I to this document (SFDR RTS Art. 14(2)).

The actively managed sub-fund invests primarily in debt instruments and assets denominated in USD of issuers with a strong ESG (Environmental, Social and Governance) profile .

The sub-fund uses the benchmark ICE BofA 1-3 Year US Cash Pay Fixed Maturity High Yield Constrained Index as reference for sustainability profile comparison and risk management purposes. The benchmark is not designed to promote ESG characteristics. For share classes with "hedged" in their name, currency-hedged versions of the benchmark (if available) are used.

The sub-fund invests at least two thirds of its assets in bonds that have a rating of between BBB+ and CCC from Standard & Poor's or a similar rating from another recognised agency or, in the case of a new issue that does not yet have an official rating, a comparable internal UBS rating. At least 50% of investments are denominated in USD. However, the portion of investments in foreign currencies not hedged against the sub-fund's currency of account may not exceed 10% of the assets.

The average duration of the sub-fund's net assets shall not exceed three years.

After deducting cash and cash equivalents, the sub-fund may invest up to one third of its assets in money market instruments. Up to 25% of its assets may be invested in convertible, exchangeable and warrant-linked bonds as well as convertible debentures.

In addition, after deducting cash and cash equivalents, the sub-fund may invest up to 10% of its assets in equities, equity rights and warrants, equity options, equity futures, ETFs on equities or equity indices, and dividend-right certificates acquired through the exercise of conversion rights, subscription rights or options, in addition to warrants remaining after the separate sale of ex-warrant bonds and any equities acquired with these warrants.

The sub-fund may invest a total of up to 20% of its net assets in ABS, MBS, CMBS and CDOs/CLOs. The associated risks are described in the section "Risks associated with the use of ABS/MBS" or "Risks associated with the use of CDOs/CLOs".

**Investments with lower ratings may carry an above-average yield, but also a higher credit risk than investments in securities of first-class borrowers.**

**Currency of account:** USD

#### **Fees**

	Maximum flat fee (maximum management fee) p.a.	Maximum flat fee (maximum management fee) p.a. for share classes with "hedged" in their name
Share classes with "P" in their name	1.260% (1.010%)	1.310% (1.050%)

Share classes with "N" in their name	1.750% (1.400%)	1.800% (1.440%)
Share classes with "K-1" in their name	0.700% (0.560%)	0.730% (0.580%)
Share classes with "K-B" in their name	0.065% (0.000%)	0.065% (0.000%)
Share classes with "K-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "F" in their name	0.500% (0.400%)	0.530% (0.420%)
Share classes with "Q" in their name	0.720% (0.580%)	0.770% (0.620%)
Share classes with "QL" in their name	0.720% (0.580%)	0.770% (0.620%)
Share classes with "I-A1" in their name	0.600% (0.480%)	0.630% (0.500%)
Share classes with "I-A2" in their name	0.550% (0.440%)	0.580% (0.460%)
Share classes with "I-A3" in their name	0.500% (0.400%)	0.530% (0.420%)
Share classes with "I-A4" in their name	0.500% (0.400%)	0.530% (0.420%)
Share classes with "I-B" in their name	0.065% (0.000%)	0.065% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)	0.000% (0.000%)

**UBS (Lux) Bond SICAV – Short Term EUR Corporates Sustainable (EUR)**

**UBS (Lux) Bond SICAV – Short Term USD Corporates Sustainable (USD)**

UBS Asset Management categorises these sub-funds as Sustainability Focus funds. These sub-funds promote environmental and/or social characteristics and comply with Article 8 of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector ("SFDR"). Further information related to environmental and/or social characteristics is available in Annex I to this document (SFDR RTS Art. 14(2)). The actively managed sub-funds primarily invest in corporate bonds with short maturities from high-quality creditors (classified as "investment grade" by the established ratings agencies). The duration of the portfolios is continually adapted to the prevailing market situation, but may not exceed three years ("short term"). The sub-funds use the Bloomberg Euro Corporate Index 500mio+ 1-3yrs EUR and Bloomberg Eurodollar Corporate 1-3yrs USD benchmarks, respectively, as a reference for portfolio construction, performance evaluation, sustainability profile comparison and risk management purposes. The benchmarks are not designed to promote ESG characteristics. For share classes with "hedged" in their name, currency-hedged versions of the benchmark (if available) are used.

At least two thirds of the investments are denominated in the currency indicated in the respective sub-fund's name. However, the portion of investments in foreign currencies not hedged against the currency of account of the respective sub-fund may not exceed 10% of the assets.

After deducting cash and cash equivalents, the sub-funds may invest up to one third of their assets in money market instruments. Up to 25% of their assets may be invested in convertible, exchangeable and warrant-linked bonds as well as convertible debentures. The sub-fund may invest a total of up to 20% of its net assets in ABS, MBS, CMBS and CDOs/CLOs. The associated risks are described in the section "Risks associated with the use of ABS/MBS" or "Risks associated with the use of CDOs/CLOs".

**The sub-funds may also invest up to 10% of their assets in contingent convertible bonds (CoCos). The associated risks are described in the section "Risks associated with the use of CoCos".**

In addition, after deducting cash and cash equivalents, the sub-funds may invest up to 10% of their assets in equities, equity rights and warrants as well as shares, other equity shares and dividend-right certificates acquired through the exercise of conversion rights, subscription rights or options, in addition to warrants remaining after the separate sale of ex-warrant bonds and any equities acquired with these warrants.

The equities acquired by exercise of rights or through subscription must be sold no later than 12 months after they were acquired.

**UBS (Lux) Bond SICAV – Short Term EUR Corporates Sustainable (EUR)**

**Currency of account:** EUR

**UBS (Lux) Bond SICAV – Short Term USD Corporates Sustainable (USD)**

**Currency of account:** USD

**Fees**

	Maximum flat fee (maximum management fee) p.a.	Maximum flat fee (maximum management fee) p.a. for share classes with "hedged" in their name
Share classes with "P" in their name	0.810% (0.650%)	0.860% (0.690%)



Share classes with "N" in their name	1.440% (1.150%)	1.490% (1.190%)
Share classes with "K-1" in their name	0.500% (0.400%)	0.530% (0.420%)
Share classes with "K-B" in their name	0.065% (0.000%)	0.065% (0.000%)
Share classes with "K-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "F" in their name	0.290% (0.230%)	0.320% (0.260%)
Share classes with "Q" in their name	0.450% (0.360%)	0.500% (0.400%)
Share classes with "QL" in their name	0.450% (0.360%)	0.500% (0.400%)
Share classes with "I-A1" in their name	0.430% (0.340%)	0.460% (0.370%)
Share classes with "I-A2" in their name	0.380% (0.300%)	0.410% (0.330%)
Share classes with "I-A3" in their name	0.290% (0.230%)	0.320% (0.260%)
Share classes with "I-A4" in their name	0.290% (0.230%)	0.320% (0.260%)
Share classes with "I-B" in their name	0.065% (0.000%)	0.065% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)	0.000% (0.000%)

#### **UBS (Lux) Bond SICAV – USD High Yield (USD)**

UBS Asset Management categorises this sub-fund as an ESG integration fund which does not promote particular ESG characteristics or pursues a specific sustainability or impact objective.

This actively managed sub-fund uses the benchmark ICE BofA US High Yield Cash Pay Constrained Index USD as reference for portfolio construction, performance evaluation and risk management purposes. For share classes with "hedged" in their name, currency-hedged versions of the benchmark (if available) are used. Although part of the portfolio may be invested in the same instruments and applying the same weightings as the benchmark, the Portfolio Manager is not constrained by the benchmark in terms of choice of instruments. In particular, the Portfolio Manager may at its own discretion invest in bonds of issuers that are not contained in the benchmark and/or structure the share of the investments in sectors in a way that differs from their weighting in the benchmark, with a view to exploiting investment opportunities. The performance of the sub-fund may therefore differ considerably from the benchmark during periods of high market volatility.

In line with the investment policy above, the sub-fund invests at least two thirds of its assets in debt securities and claims as defined above, with at least two thirds of its assets invested in bonds with a rating of between BB+ and CCC (Standard & Poor's), a similar rating from another recognised agency or – insofar as a new issue that does not yet have an official rating is concerned – a comparable internal UBS rating. Investments in bonds with a rating below CCC or similar may not exceed 10% of the sub-fund's assets. Care is taken to ensure that investments are broadly diversified in terms of sectors and borrowers. Investments with lower ratings may carry an above-average yield, but also a higher credit risk than investments in securities of first-class borrowers. At least two thirds of the investments are denominated in USD.

However, the portion of investments in foreign currencies not hedged against the currency of account (USD) may not exceed 10% of the assets.

After deducting cash and cash equivalents, the sub-fund may invest up to one third of its assets in money market instruments. Up to 25% of its assets may be invested in convertible, exchangeable and warrant-linked bonds as well as convertible debentures.

The sub-fund may invest a total of up to 20% of its net assets in ABS, MBS, CMBS and CDOs/CLOs. The associated risks are described in the section "Risks associated with the use of ABS/MBS" or "Risks associated with the use of CDOs/CLOs".

**The sub-fund may also invest up to 20% of its assets in contingent convertible bonds (CoCos). The associated risks are described in the section "Risks associated with the use of CoCos".**

In addition, after deducting cash and cash equivalents, the sub-fund may invest up to 10% of its assets in equities, equity rights and warrants, equity options, equity futures, ETFs on equities or equity indices, and dividend-right certificates acquired through the exercise of conversion rights, subscription rights or options, in addition to warrants remaining after the separate sale of ex-warrant bonds and any equities acquired with these warrants.

**Investments with lower ratings may carry an above-average yield, but also a higher credit risk than investments in securities of first-class borrowers.**

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities (Art. 7 Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 ("Taxonomy Regulation").

This sub-fund complies with Article 6 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector ("SFDR"). As such it does not consider principal adverse impacts on sustainability factors due to its investment strategy and the nature of the underlying investments (Art. 7(2) SFDR).

**Currency of account:** USD

**Fees**

	Maximum flat fee (maximum management fee) p.a.	Maximum flat fee (maximum management fee) p.a. for share classes with "hedged" in their name
Share classes with "P" in their name	1.260% (1.010%)	1.310% (1.050%)
Share classes with "K-1" in their name	0.700% (0.560%)	0.730% (0.580%)
Share classes with "K-B" in their name	0.065% (0.000%)	0.065% (0.000%)
Share classes with "K-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "F" in their name	0.520% (0.420%)	0.550% (0.440%)
Share classes with "Q" in their name	0.720% (0.580%)	0.770% (0.620%)
Share classes with "QL" in their name	0.720% (0.580%)	0.770% (0.620%)
Share classes with "I-A1" in their name	0.620% (0.500%)	0.650% (0.520%)
Share classes with "I-A2" in their name	0.580% (0.460%)	0.610% (0.490%)
Share classes with "I-A3" in their name	0.520% (0.420%)	0.550% (0.440%)
Share classes with "I-A4" in their name	0.520% (0.420%)	0.550% (0.440%)
Share classes with "I-B" in their name	0.065% (0.000%)	0.065% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)	0.000% (0.000%)

**UBS (Lux) Bond SICAV – USD Investment Grade Corporates Sustainable (USD)**

UBS Asset Management categorises this sub-fund as a Sustainability Focus Fund. This sub-fund promotes environmental and/or social characteristics and complies with Article 8 of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector ("SFDR"). Further information related to environmental and/or social characteristics is available in Annex I to this document (SFDR RTS Art. 14(2)).

The actively managed sub-fund invests primarily in corporate bonds denominated in USD of issuers with a strong ESG (Environmental, Social and Governance) profile .

The sub-fund uses the benchmark Bloomberg US Corporate Intermediate Index (TR) as reference for portfolio construction, performance evaluation, sustainability profile comparison and risk management purposes. The benchmark is not designed to promote ESG characteristics. For share classes with "hedged" in their name, currency-hedged versions of the benchmark (if available) are used.

The sub-fund invests at least two thirds of its assets in investment-grade claims and debt securities that are issued by companies. At least two thirds of the sub-fund's investments must be rated between AAA and BBB- (Standard & Poor's) or have a similar rating from another recognised agency or – insofar as a new issue that does not yet have an official rating is concerned – a comparable internal UBS rating. Investments in bonds with a rating below BBB- or similar may not exceed 20% of the sub-funds' assets. **Investments with lower ratings may carry an above-average yield, but also a higher credit risk than investments in securities of first-class issuers.**

At least two thirds of the investments are denominated in USD. The portion of investments in foreign currencies not hedged against the sub-fund's currency of account may not exceed 10% of the assets. The sub-fund's currency of account is the USD.

After deducting cash and cash equivalents, the sub-fund may invest up to one third of its assets in money market instruments.

The sub-fund may also invest indirectly via structured products (e.g. certificates, ABS, MBS). Investments in structured products may not exceed 20% of the sub-fund's net assets. The risks associated with investments in ABS/MBS are listed in the section entitled "Risk information".

**The sub-fund may also invest up to 20% of its assets in contingent convertible bonds (CoCos). The associated risks are described in the section "Risks associated with the use of CoCos".**

As part of efficient asset management or in order to hedge interest-rate, currency and credit risks, the sub-fund may invest in all derivative financial instruments listed in Section 5 "Special techniques and instruments with securities and money market instruments as underlying assets", provided the restrictions specified in this section are observed. Permitted underlyings include, in particular, the instruments specified under Point 1.1(a) and (b) ("Permitted investments of the Company").

**Currency of account:** USD

**Fees**

	Maximum flat fee (maximum management fee) p.a.	Maximum flat fee (maximum management fee) p.a. for share classes with "hedged" in their name
Share classes with "P" in their name	1.140% (0.910%)	1.190% (0.950%)
Share classes with "K-1" in their name	0.600% (0.480%)	0.630% (0.500%)
Share classes with "K-B" in their name	0.065% (0.000%)	0.065% (0.000%)
Share classes with "K-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "F" in their name	0.360% (0.290%)	0.390% (0.310%)
Share classes with "Q" in their name	0.600% (0.480%)	0.650% (0.520%)
Share classes with "QL" in their name	0.600% (0.480%)	0.650% (0.520%)
Share classes with "I-A1" in their name	0.500% (0.400%)	0.530% (0.420%)
Share classes with "I-A2" in their name	0.450% (0.360%)	0.480% (0.380%)
Share classes with "I-A3" in their name	0.360% (0.290%)	0.390% (0.310%)
Share classes with "I-A4" in their name	0.360% (0.290%)	0.390% (0.310%)
Share classes with "I-B" in their name	0.065% (0.000%)	0.065% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)	0.000% (0.000%)

**UBS (Lux) Bond SICAV – Global SDG Corporates Sustainable (USD)**

UBS Asset Management categorises this sub-fund as a Sustainability Focus Fund. This sub-fund promotes environmental and/or social characteristics and complies with Article 8 of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector ("SFDR"). Further information related to environmental and/or social characteristics is available in Annex I to this document (SFDR RTS Art. 14(2)).

The sub-fund invests at least 80% of its assets worldwide in corporate bonds from developed market or emerging market issuers that promote one or more United Nations Sustainable Development Goals (SDGs) such as SDG 7 (Affordable and Clean Energy), SDG 9 (Industry, Innovation and Infrastructure), SDG 3 (Good Health and Well-Being) and SDG 6 (Clean Water and Sanitation), as well as in "green", "social", "sustainable" bonds from companies (including supranational and agency bonds), the proceeds of which will be used for eligible environmental and social projects.

The sub-fund may invest up to 20% of its assets in bonds from issuers that do not promote any SDGs. This sub-fund is actively managed, without reference to a benchmark.

At least 75% of the sub-fund's investments must have a credit rating between AAA and BBB- (Standard & Poor's) or a similar rating from another recognised agency or – insofar as a new issue that does not yet have an official rating is concerned – a comparable internal UBS rating.

Investments in bonds with a credit rating below BBB- or similar may not exceed 25% of the sub-fund's assets. Investments with lower ratings (high yield) may carry an above-average yield, but also a higher credit risk than investments in securities of first-class issuers. Further risks are described in the section "High-yield bonds".

Although distressed security exposure is not intended to be a key driver of the investment strategy, the sub-fund may invest up to 5% of its assets in debt instruments with a rating below CCC or similar. Distressed bonds are securities issued by companies or public institutions in serious financial difficulty, and thus bear a high risk of capital loss.

The sub-fund may invest up to 20% of its assets in money market instruments.

In addition, the sub-fund may invest up to 10% of its assets in convertible, exchangeable and warrant-linked bonds as well as convertible debentures. The equities acquired by exercise of rights or through subscription must be sold no later than 12 months after they were acquired.

The sub-fund may invest up to 20% of its assets in fixed-income instruments denominated in RMB and traded on the China Interbank Bond Market ("CIBM") or through Bond Connect. These instruments may include securities issued by governments, quasi-public corporations, banks, corporations and other institutions in the People's Republic of China ("PRC" or "China") that are authorised to be traded directly on the CIBM or through Bond Connect. The associated risks are described in the section "Risk information on investments traded on the China Interbank Bond Market" and "Risk information on investments traded on the CIBM via the Northbound Trading Link through Bond Connect".

The sub-fund may invest a total of up to 10% of its assets in ABS, MBS, CMBS and CDOs/CLOs. The associated risks are described in the section "Risks associated with the use of ABS/MBS" or "Risks associated with the use of CDOs/CLOs".

**The sub-fund may also invest up to 10% of its assets in contingent convertible bonds (CoCos). The associated risks are described in the section "Risks associated with the use of CoCos".**

As part of efficient asset management or in order to hedge interest-rate, currency and credit risks, the sub-fund may invest in all derivative financial instruments listed in Section 5 "Special techniques and instruments with securities and money market instruments as underlying assets", provided the restrictions specified in this section are observed. Permitted underlyings include, in particular, the instruments specified under Point 1.1(a) and (b) ("Permitted investments of the Company").

Within the scope of the aforementioned investment limits, the sub-fund may invest a total of up to 25% of its assets in the above-mentioned legally permissible investment instruments, provided these are issued or guaranteed by borrowers from emerging markets or borrowers which conduct a large proportion of their business operations in such markets or issue instruments associated with a credit risk in respect of emerging markets. The term "emerging markets" is used to describe markets included in the International Finance Corporation Composite Index and/or the MSCI Emerging Markets Index, as well as other countries that are at a comparable level of economic development or in which there are new capital markets.

**Emerging markets are at an early stage of development and suffer from higher risks of expropriation and nationalisation, as well as social, political and economic instability. The risks associated with investments in emerging markets are listed in the section entitled "Risk information". For the reasons mentioned, this sub-fund is particularly suitable for risk-conscious investors.**

The currency of account is the USD. The investments are made in the currencies deemed best suited for good performance, although the proportion of investments in foreign currencies not hedged against the currency of account (USD) may not exceed 20% of the assets.

**Currency of account:** USD

**Fees**

	Maximum flat fee (maximum management fee) p.a.	Maximum flat fee (maximum management fee) p.a. for share classes with "hedged" in their name
Share classes with "P" in their name	0.900% (0.720%)	0.950% (0.760%)
Share classes with "K-1" in their name	0.550% (0.440%)	0.580% (0.460%)
Share classes with "K-B" in their name	0.065% (0.000%)	0.065% (0.000%)
Share classes with "K-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "F" in their name	0.280% (0.220%)	0.310% (0.250%)
Share classes with "Q" in their name	0.530% (0.420%)	0.580% (0.460%)
Share classes with "QL" in their name	0.530% (0.420%)	0.580% (0.460%)
Share classes with "I-A1" in their name	0.410% (0.330%)	0.440% (0.350%)
Share classes with "I-A2" in their name	0.340% (0.270%)	0.370% (0.300%)
Share classes with "I-A3" in their name	0.280% (0.220%)	0.310% (0.250%)

Share classes with "I-A4" in their name	0.280% (0.220%)	0.310% (0.250%)
Share classes with "I-B" in their name	0.065% (0.000%)	0.065% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)	0.000% (0.000%)

### **UBS (Lux) Bond SICAV – China Flexible (RMB)**

UBS Asset Management categorises this sub-fund as an ESG integration fund which does not promote particular ESG characteristics or pursues a specific sustainability or impact objective.

The actively managed sub-fund uses a composite benchmark consisting of 50% Bloomberg China Aggregate Total Return Index CNH / 50% JP Morgan Asia Credit Index China (hedged in CNH) as reference for portfolio construction, performance evaluation and risk management purposes. For share classes with "hedged" in their name, currency-hedged versions of the benchmark (if available) are used. Although part of the portfolio may be invested in the same instruments and applying the same weightings as the benchmark, the Portfolio Manager is not constrained by the benchmark in terms of choice of instruments. In particular, the Portfolio Manager may at its own discretion invest in bonds of issuers that are not contained in the benchmark and/or structure the share of the investments in sectors in a way that differs from their weighting in the benchmark, with a view to exploiting investment opportunities. The performance of the sub-fund may therefore differ considerably from the benchmark during periods of high market volatility.

The objective of the sub-fund is to generate capital growth and income, mainly by investing in fixed-income RMB and/or USD securities from issuers with their registered office in the Greater China region or that operate mainly in this region. The Portfolio Manager has flexibility with regard to weighting USD- and RMB-denominated securities in onshore and offshore markets and across the entire credit rating spectrum.

The sub-fund participates in the performance of both currencies either directly through the acquisition of securities denominated in these currencies or indirectly through the use of derivative instruments (for example, for hedging), or by a combination of both methods.

Investments in debt securities with a credit rating below BBB- or similar may not exceed 70% of the sub-fund's assets. Investments with lower ratings (high yield) may carry an above-average yield, but also a higher credit risk than investments in securities of first-class issuers. Further risks are described in the section "High-yield bonds". For the reasons mentioned, this sub-fund is particularly suitable for risk-conscious investors. Although distressed security exposure is not intended to be a key driver of the investment strategy, the sub-fund may invest up to 10% of its assets in debt instruments with a rating below CCC or similar. Distressed bonds are securities issued by companies or public institutions in serious financial difficulty, and thus bear a high risk of capital loss.

To achieve its investment objective, the sub-fund may use derivative instruments traded on a stock exchange or over the counter (OTC), in particular futures, swaps (including IRS/NDIRS, TRS, CDS, index CDS and NDS), forwards/non-deliverable forwards, options, total-return bonds and bonds with embedded derivatives, e.g. convertible bonds. The sub-fund may invest in any derivative financial instruments listed in the section "Special techniques and instruments with securities and money market instruments as underlying assets", provided the restrictions specified in that section are observed. Permitted underlyings include, in particular, the instruments specified under Point 1.1(a) and (b) ("Permitted investments of the Company").

The sub-fund may invest in fixed-income instruments denominated in RMB and traded on the China Interbank Bond Market ("CIBM") through the programme for qualified foreign investors ("QFIs") or through Bond Connect. These instruments may include securities issued by governments, quasi-public corporations, banks, corporations and other institutions in the People's Republic of China ("PRC" or "China") that are authorised to be traded directly on the CIBM or through Bond Connect. The associated risks are described in the section "Risk information on investments traded on the China Interbank Bond Market" and "Risk information on investments traded on the CIBM via the Northbound Trading Link through Bond Connect" and "QFI risk".

The sub-fund can invest in ABS/MBS and CDOs/CLOs, or a combination thereof. The value of investments in ABS, MBS and CDOs/CLOs may not exceed 10% of the sub-fund's net assets. The associated risks are described in the section "Risks associated with the use of ABS/MBS" or "Risks associated with using CDOs/CLOs".

**The sub-fund may also invest up to 20% of its assets in contingent convertible bonds (CoCos). The associated risks are described in the section "Risks associated with the use of CoCos".**

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities (Art. 7 Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 ("Taxonomy Regulation")).

This sub-fund complies with Article 6 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector ("SFDR"). As such it does not consider principal adverse impacts on sustainability factors due to its investment strategy and the nature of the underlying investments (Art. 7(2) SFDR).

**Currency of account:** CNH

**Fees**

	Maximum flat fee (maximum management fee) p.a.	Maximum flat fee (maximum management fee) p.a. for share classes with "hedged" in their name
Share classes with "P" in their name	1.150% (0.920%)	1.200% (0.960%)
Share classes with "K-1" in their name	0.800% (0.640%)	0.830% (0.660%)
Share classes with "K-B" in their name	0.180% (0.000%)	0.180% (0.000%)
Share classes with "K-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "F" in their name	0.470% (0.380%)	0.500% (0.400%)
Share classes with "Q" in their name	0.650% (0.520%)	0.700% (0.560%)
Share classes with "QL" in their name	0.650% (0.520%)	0.700% (0.560%)
Share classes with "I-A1" in their name	0.650% (0.520%)	0.680% (0.540%)
Share classes with "I-A2" in their name	0.580% (0.460%)	0.610% (0.490%)
Share classes with "I-A3" in their name	0.470% (0.380%)	0.500% (0.400%)
Share classes with "I-A4" in their name	0.470% (0.380%)	0.500% (0.400%)
Share classes with "I-B" in their name	0.180% (0.000%)	0.180% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)	0.000% (0.000%)

**UBS (Lux) Bond SICAV – Fixed Maturity Series 4 (EUR)**

**UBS (Lux) Bond SICAV – Fixed Maturity Series 5 (EUR)**

UBS Asset Management categorizes these sub-funds as ESG Integration funds which do not promote particular ESG characteristics or pursue a specific sustainability or impact objective.

The sub-funds are set up for a specified term. The sub-funds invest mainly in bonds, notes or other similar fixed-income or floating-rate securities. The sub-fund is actively managed with no reference to a benchmark.

The Portfolio Manager orientates the investments of the individual sub-funds according to the attractiveness of specific bond markets during the launch period. The Portfolio Manager composes the portfolio at fund launch with a buy-and-hold approach and may modify it either for undertaking income re-investments or in periods of higher market volatility for avoiding defaults.

The sub-funds may invest a significant portion of their assets in debt securities issued by borrowers from emerging markets and/or in high yield debt securities. Emerging markets are countries which are in a transitional phase towards becoming modern industrial nations. They are typically characterised by low or medium average income and their growth rates are generally high. Emerging markets are at an early stage of development and suffer from higher risks of expropriation and nationalisation, as well as social, political and economic instability. The risks associated with investments in emerging markets are listed in the section entitled "Risk information". For the reasons mentioned, this sub-fund is particularly suitable for risk-conscious investors. Investments with lower ratings (high yield) may carry an above-average yield, but also a higher credit risk than investments in securities of first-class issuers.

Investments are made in the currencies deemed best suited for performance. The currency exposure is largely hedged against the currency of account. The currency of account is included in the name of the Fund.

The sub-funds may also invest indirectly via structured products (e.g. certificates, ABS, MBS). Investments in structured products may not exceed 20% of the sub-fund's net assets. The risks associated with investments in ABS/MBS are listed in the section entitled "Risk information".

The sub-funds may also invest up to 10% of its net assets in contingent convertible bonds (CoCos). The associated risks are described in the section "Risks associated with the use of CoCos".

The sub-funds may, to a lesser extent, use credit derivatives such as credit-linked securities, total return swaps, credit default swaps on different types of underlying assets (specific issuers, credit indices, ABS indices or other bond indices) to build up net short or net long exposures in individual market segments (region, sector, rating), currencies or specific issuers.

Apart from money market instruments, all the instruments used shall take account of the end of the sub-funds' term in respect of their maturity and have no maturities occurring later than the end of the sub-funds' term. As a result, the sub-funds may hold up to 50% of fund assets in bank deposits, money market instruments and money market funds between 12 and 6 months before maturity and up to 100% of fund assets in the last 6 months before maturity

If the liquidation of the sub-fund at the end of the term results in an adverse situation for the value of the portfolio due to prevailing market conditions, the Management Company may bring forward or postpone the liquidation and payment of the final maturity amount in the interests of the investors in accordance with the provisions set out in the "Redemption of units" section of this Sales Prospectus.

To achieve the sub-funds' investment objectives, the Board of Directors may cease issuing units in the sub-funds at any time following the initial issuing period. Thereafter, the Board of Directors may also resume issuing units in the sub-funds at any time. The redemption of units shall be possible at any time until five working days before the end of the sub-funds' term using the procedure described in the section "Redemption of units" in this Sales Prospectus.

The investments underlying these financial products do not take into account the EU criteria for environmentally sustainable economic activities (Art. 7 Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 ("Taxonomy Regulation")).

Each sub-fund complies with Article 6 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector ("SFDR"). As such they do not consider principal adverse impacts on sustainability factors due to their investment strategy and the nature of the underlying investments (Art. 7(2) SFDR).

#### Currency of account: EUR

#### Fees

	Maximum flat fee (maximum management fee) p.a.	Maximum flat fee (maximum management fee) p.a. for share classes with "hedged" in their name
Share classes with "P" in their name	1.050% (0.840%)	1.100% (0.880%)
Share classes with "K-1" in their name	0.800% (0.640%)	0.830% (0.66%)
Share classes with "K-B" in their name	0.115% (0.000%)	0.115% (0.000%)
Share classes with "K-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "F" in their name	0.620% (0.500%)	0.650% (0.520%)
Share classes with "Q" in their name	0.800% (0.640%)	0.850% (0.680%)
Share classes with "QL" in their name	0.800% (0.640%)	0.850% (0.680%)
Share classes with "I-A1" in their name	0.640% (0.510%)	0.670% (0.540%)
Share classes with "I-A2" in their name	0.580% (0.460%)	0.610% (0.490%)
Share classes with "I-A3" in their name	0.520% (0.420%)	0.550% (0.440%)

Share classes with "I-A4" in their name	0.520% (0.420%)	0.550% (0.440%)
Share classes with "I-B" in their name	0.115% (0.000%)	0.115% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)	0.000% (0.000%)

**UBS (Lux) Bond SICAV – Fixed Maturity Series 11 (USD)**

**UBS (Lux) Bond SICAV – Fixed Maturity Series 12 (USD)**

UBS Asset Management categorizes these sub-funds as ESG Integration funds which do not promote particular ESG characteristics or pursue a specific sustainability or impact objective.

The sub-funds are set up for a specified term. The sub-funds invest mainly in bonds, notes or other similar fixed-income or floating-rate securities. The sub-fund is actively managed with no reference to a benchmark.

The Portfolio Manager orientates the investments of the individual sub-funds according to the attractiveness of specific bond markets during the launch period. The Portfolio Manager composes the portfolio at fund launch with a buy-and-hold approach and may modify it either for undertaking income re-investments or in periods of higher market volatility for avoiding defaults.

The sub-funds may invest a significant portion of their assets in debt securities issued by borrowers from emerging markets and/or in high yield debt securities. Emerging markets are countries which are in a transitional phase towards becoming modern industrial nations. They are typically characterised by low or medium average income and their growth rates are generally high. Emerging markets are at an early stage of development and suffer from higher risks of expropriation and nationalisation, as well as social, political and economic instability. The risks associated with investments in emerging markets are listed in the section entitled "Risk information". For the reasons mentioned, this sub-fund is particularly suitable for risk-conscious investors. Investments with lower ratings (high yield) may carry an above-average yield, but also a higher credit risk than investments in securities of first-class issuers.

Investments are made in the currencies deemed best suited for performance. The currency exposure is largely hedged against the currency of account. The currency of account is included in the name of the Fund.

The sub-funds may also invest indirectly via structured products (e.g. certificates, ABS, MBS). Investments in structured products may not exceed 20% of the sub-fund's net assets. The risks associated with investments in ABS/MBS are listed in the section entitled "Risk information".

The sub-funds may also invest up to 10% of its net assets in contingent convertible bonds (CoCos). The associated risks are described in the section "Risks associated with the use of CoCos".

The sub-funds may, to a lesser extent, use credit derivatives such as credit-linked securities, total return swaps, credit default swaps on different types of underlying assets (specific issuers, credit indices, ABS indices or other bond indices) to build up net short or net long exposures in individual market segments (region, sector, rating), currencies or specific issuers.

Apart from money market instruments, all the instruments used shall take account of the end of the sub-funds' term in respect of their maturity and have no maturities occurring later than the end of the sub-funds' term. As a result, the sub-funds may hold up to 50% of fund assets in bank deposits, money market instruments and money market funds between 12 and 6 months before maturity and up to 100% of fund assets in the last 6 months before maturity

If the liquidation of the sub-fund at the end of the term results in an adverse situation for the value of the portfolio due to prevailing market conditions, the Management Company may bring forward or postpone the liquidation and payment of the final maturity amount in the interests of the investors in accordance with the provisions set out in the "Redemption of units" section of this Sales Prospectus.

To achieve the sub-funds' investment objectives, the Board of Directors may cease issuing units in the sub-funds at any time following the initial issuing period. Thereafter, the Board of Directors may also resume issuing units in the sub-funds at any time. The redemption of units shall be possible at any time until five working days before the end of the sub-funds' term using the procedure described in the section "Redemption of units" in this Sales Prospectus.

The investments underlying these financial products do not take into account the EU criteria for environmentally sustainable economic activities (Art. 7 Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 ("Taxonomy Regulation")).

Each sub-fund complies with Article 6 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector ("SFDR"). As such they do not consider principal



adverse impacts on sustainability factors due to their investment strategy and the nature of the underlying investments (Art. 7(2) SFDR).

**Currency of account: USD**

**Fees**

	Maximum flat fee (maximum management fee) p.a.	Maximum flat fee (maximum management fee) p.a. for share classes with "hedged" in their name
Share classes with "P" in their name	1.050% (0.840%)	1.100% (0.880%)
Share classes with "K-1" in their name	0.800% (0.640%)	0.830% (0.66%)
Share classes with "K-B" in their name	0.115% (0.000%)	0.115% (0.000%)
Share classes with "K-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "F" in their name	0.620% (0.500%)	0.650% (0.520%)
Share classes with "Q" in their name	0.800% (0.640%)	0.850% (0.680%)
Share classes with "QL" in their name	0.800% (0.640%)	0.850% (0.680%)
Share classes with "I-A1" in their name	0.640% (0.510%)	0.670% (0.540%)
Share classes with "I-A2" in their name	0.580% (0.460%)	0.610% (0.490%)
Share classes with "I-A3" in their name	0.520% (0.420%)	0.550% (0.440%)
Share classes with "I-A4" in their name	0.520% (0.420%)	0.550% (0.440%)
Share classes with "I-B" in their name	0.115% (0.000%)	0.115% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)	0.000% (0.000%)

**General risk information**

**Risk information:**

**Emerging markets are at an early stage of development and suffer from higher risks of expropriation and nationalisation, as well as social, political and economic instability.**

**The following is an overview of the general risks associated with investing in the emerging markets:**

**► Counterfeit securities – due to inadequate supervisory structures, it is possible that securities purchased by the sub-fund could be counterfeit. It is therefore possible to suffer losses.**

- ▶ **Illiquidity** – the buying and selling of securities can be costlier, more time-consuming and generally more difficult than on more developed markets. Difficulties with liquidity can also increase price volatility. Many emerging markets are small, have low trading volumes and suffer from low liquidity and high price volatility.
- ▶ **Volatility** – investments in emerging markets may post more volatile performances.
- ▶ **Currency fluctuations** – compared to the sub-fund's currency of account, the currencies of countries in which the sub-fund invests may be subject to substantial fluctuations after the sub-fund has invested in these currencies. Such fluctuations may have a significant impact on the sub-fund's income. It is not possible to apply currency risk hedging techniques to all currencies in emerging market countries.
- ▶ **Currency export restrictions** – it cannot be ruled out that emerging markets may limit or temporarily suspend the export of currencies. Consequently, it would not be possible for the sub-fund to draw any sales proceeds without delays. To minimise the possible impact on redemption applications, the sub-fund will invest in a large number of markets.
- ▶ **Settlement and custody risks** – the settlement and custody systems in emerging market countries are less well developed than those in developed markets. Standards are not as high and the supervisory authorities not as experienced. Consequently, settlement may be delayed, thereby posing disadvantages for liquidity and securities.
- ▶ **Restrictions on buying and selling** – in some cases, emerging markets can place restrictions on the purchase of securities by foreign investors. Some equities are thus not available to the sub-fund because the maximum number allowed to be held by foreign shareholders has been exceeded. In addition, the participation of foreign investors in the net income, capital and distributions may be subject to restrictions or government approval. Emerging markets may also limit the sale of securities by foreign investors. Should the sub-fund be barred due to such a restriction from selling its securities in an emerging market, it will try to obtain an exceptional approval from the relevant authorities or to counter the negative impact of this restriction through its investments in other markets. The sub-fund will only invest in markets in which the restrictions are acceptable. However, it is not possible to prevent additional restrictions from being imposed.
- ▶ **Accounting** – the accounting, auditing and reporting standards, methods, practices and disclosures required of companies in emerging markets differ from those in developed markets in terms of content, quality and the deadlines for providing information to investors. It may thus be difficult to correctly evaluate the investment options.

### **Specific risks of investing in the People's Republic of China**

#### **Risk information on investments traded on the CIBM**

The bond market in mainland China comprises the interbank bond market and the listed bond market. The China Interbank Bond Market ("CIBM") was established in 1997 as an over-the-counter ("OTC") market, and it accounts for 90% of all bond trades in China. Primarily, government bonds, corporate bonds, bonds issued by state-owned banks and medium term debt instruments are traded on this market.

The CIBM is undergoing a phase of development and internationalisation. Market volatility and a potential lack of liquidity due to low trade volumes can lead to dramatic fluctuations in certain debt securities traded on this market. Sub-funds that invest in this market are therefore exposed to liquidity and volatility risk, and may suffer losses from mainland Chinese bond trades. In particular, the bid and offer spread of mainland Chinese bonds may be wide, and selling such investments may thus generate considerable trading and realisation costs for the sub-fund in question. The sub-fund may also incur risks in connection with settlement processes and counterparty default. It is possible that the sub-fund may enter into transactions with counterparties who are then unable to fulfil their obligations by delivering or paying for the appropriate securities.

The CIBM is also subject to regulatory risk.

#### **Risk information on investments traded on the CIBM via the Northbound Trading Link through Bond Connect**

Bond Connect is a new scheme that was introduced in July 2017 to enable mutual bond market access between Hong Kong and mainland China ("Bond Connect"). It was set up by the China Foreign Exchange Trade System & National Interbank Funding Centre ("CFETS"), the China Central Depository & Clearing Co. Ltd ("CCDC"), the Shanghai Clearing House ("SCH"), the Hong Kong Stock Exchange ("HKEx") and the Central Money Markets Unit ("CMU"). In accordance with the applicable regulations in mainland China, eligible foreign investors may invest in bonds on the CIBM via the Bond Connect Northbound Trading Link. No investment quotas are imposed under the Northbound Trading Link. As part of the Northbound Trading Link, eligible foreign investors must appoint the CFETS or another institution recognised by the People's Bank of China ("PBC") as registrar; this will enable them to register with the PBC.

The Northbound Trading Link uses trading platforms outside mainland China that are connected to the CFETS, allowing eligible foreign investors to submit their trade orders for bonds on the CIBM through Bond Connect. The HKEx and the CFETS work with electronic offshore bond trading platforms in order to provide electronic trading services and platforms that enable direct trade between eligible foreign investors and eligible onshore traders in mainland China via the CFETS.

Eligible foreign investors can submit trade orders for bonds on the CIBM via the Northbound Trading Link, which is made available through electronic offshore bond trading platforms such as Tradeweb and Bloomberg. These platforms then submit investors' requests for quotes to the CFETS. The CFETS sends the requests for quotes to a range of eligible onshore traders (including market makers and other brokers in the market making business) in mainland China. The eligible onshore traders respond to the requests for quotes via the CFETS, which then sends the responses to the eligible foreign investors through the same electronic offshore bond trading platforms. If an eligible foreign investor accepts the offer, the trade is closed on the CFETS.

Meanwhile, the settlement and custody of bonds traded on the CIBM through Bond Connect is carried out via the settlement and custody link between the CMU as the offshore depository and the CCDC and SCH as the onshore depositories and clearing houses in mainland China. Under the settlement link, the CCDC or the SCH settles confirmed trades onshore on a gross basis, while the CMU processes the bond settlement instructions from CMU members on behalf of the eligible foreign investors and in accordance with the applicable rules.

In accordance with the applicable regulations in mainland China, the CMU, as the offshore depository recognised by the Hong Kong Monetary Authority ("HKMA"), opens nominee accounts with the onshore depository recognised by the PBC (i.e. the CCDC and Hong Kong Interbank Clearing Limited). All bonds held by eligible foreign investors are registered in the name of the CMU, which will be the nominee holder of the bonds.

### **Segregation of assets**

Under Bond Connect, assets are maintained by the onshore and offshore central securities depositories ("CSD") at three rigidly divided levels. Investors who trade through Bond Connect are required to hold their bonds in a separate account maintained by the offshore depository in the name of the end investor. Bonds acquired through Bond Connect are held in onshore accounts at the CCDC in the name of the HKMA. Ultimately, the investors are the beneficial owners of the bonds by means of a segregated account structure with the CMU in Hong Kong.

### **Clearing and settlement risk**

The CMU and the CCDC have established a clearing network, where each is a clearing member of the other. This helps facilitate the clearing and settlement of cross-border transactions. In cross-border transactions initiated in one of the markets, the clearing house in that market clears/settles the transaction with their own clearing members; at the same time, it undertakes to fulfil the clearing and settlement obligations of its clearing members towards the counterparty's clearing house. As the national central counterparty for the PRC's securities market, the CCDC operates a comprehensive bond clearing, settlement and custody network. The CCDC has established a risk management framework and measures that have been approved by the PBC and that are subject to monitoring. The risk of default by the CCDC is considered extremely low. Under its agreements with the clearing members, in the unlikely event that the CCDC defaults, the CMU's obligations in relation to Bond Connect bonds are limited to helping the clearing members assert their claims against the CCDC. The CMU will make every effort to recover the outstanding bonds and sums from the CCDC in good faith via the available legal channels, or by liquidating the CCDC. In this event, the relevant sub-fund may experience delays in recovering these sums. Under certain circumstances, it may be unable to fully recover its losses from the CCDC.

### **Regulatory risk**

Bond Connect is a new concept. The current provisions have therefore not been tested yet and there is no certainty as to how they will be implemented in practice. In addition, the current regulations may be subject to changes (that may apply retroactively), and there is no guarantee that the Bond Connect scheme will be permanent. Over time, the supervisory authorities in the PRC and Hong Kong may introduce new regulations in connection with business activities, the legal enforcement of claims and cross-border transactions under Bond Connect. Such changes may have a negative effect on the relevant sub-fund. Macroeconomic policy reforms and changes (e.g. to monetary and fiscal policy) may affect interest rates. This can have an adverse impact on the prices and returns of bonds held in the portfolio.

### **Foreign exchange risk**

Sub-funds whose base currency is not the RMB may also be exposed to currency risk, as investments in bonds traded on the CIBM through Bond Connect must be converted into RMB. These currency conversions may also incur conversion costs for the relevant sub-fund. The exchange rate may be subject to fluctuation; if the RMB is devalued, the relevant sub-fund may experience losses when converting their gains from the sale of CIBM bonds into their base currency.

Further information on Bond Connect can be found online at <http://www.chinabondconnect.com/en/index.htm>.

### **Risk information on investments traded via Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect ("Stock Connect"):**

#### **Risks relating to securities trading in mainland China via Stock Connect**

If sub-fund investments in mainland China are traded via Stock Connect, there are additional risk factors in relation to these transactions. Investors should note in particular that Stock Connect is a new trading programme. There is currently no empirical data. Furthermore, the corresponding provisions could change in future. Stock Connect is subject to quota limits that could restrict the sub-fund's ability to perform transactions in a timely manner via Stock Connect. This could impair the sub-fund's ability to effectively implement its investment strategy. The scope of Stock Connect initially encompasses all securities included on the SSE 180 Index and SSE 380 Index, as well as all Chinese A shares listed on the Shanghai Stock Exchange ("SSE"). It also extends to all securities included in the SZSE Component Index and the SZSE Small/Mid Cap Innovation Index with a market capitalisation of at least RMB 6 billion, as well as to all Chinese A shares listed on the Shenzhen Stock Exchange ("SZSE"). Shareholders should also note that under the applicable regulations, a security can be removed from the Stock Connect programme. This could have an adverse effect on the sub-fund's ability to achieve its investment objective, for example if the Portfolio Manager wishes to acquire a security that has been removed from the Stock Connect programme.

### **Beneficial owner of SSE shares/SZSE shares**

Stock Connect consists of the northbound link, through which investors in Hong Kong and abroad – such as the sub-fund – may acquire and hold Chinese A shares listed on the SSE (“**SSE shares**”) and/or SZSE (“**SZSE shares**”), and the southbound link, through which investors in mainland China may acquire and hold shares listed on the Hong Kong Stock Exchange (“**SEHK**”). The sub-fund trades in SSE and/or SZSE shares through its broker, which is associated with the Company’s sub-depository and admitted to the SEHK. After settlement by brokers or depositories (the clearing agents), these SSE shares or SZSE shares shall be held in accounts in the Hong Kong Central Clearing and Settlement System (“**CCASS**”) maintained by Hong Kong Securities and Clearing Company Limited (“**HKSCC**”), the central securities depository in Hong Kong and the nominee. HKSCC in turn holds the SSE and/or SZSE shares of all participants on a “Single Nominee Omnibus Securities Account”, which is registered in its name with ChinaClear, the central securities depository in mainland China.

Since HKSCC is only the nominee and not the beneficial owner of the SSE and/or SZSE shares, if HKSCC were to be wound down in Hong Kong, the SSE and/or SZSE shares would not be deemed part of HKSCC’s general assets available for distribution to creditors, even under PRC law. However, HKSCC is not required to take legal measures or initiate legal proceedings to enforce rights on behalf of investors in SSE and/or SZSE shares in mainland China. Foreign investors – such as the sub-fund in question – who invest through Stock Connect and hold SSE and/or SZSE shares via HKSCC are the beneficial owners of the assets and are therefore entitled to exercise their rights exclusively through the nominee.

### **The Investor Compensation Fund**

Investments via Stock Connect are carried out using brokers and are subject to the risk of these brokers defaulting on the payment of their obligations. For payment defaults arising on or after 1 January 2020, the Hong Kong Investor Compensation Fund covers investor losses in relation to securities traded on a stock market operated by the SSE or SZSE and for which purchase or sale orders may be transmitted through the Northbound Link of a Stock Connect agreement. However, as the relevant sub-funds execute Northbound trades through securities brokers in Hong Kong but not through securities brokers in mainland China, they are not protected by the China Securities Investor Protection Fund in mainland China.

### **Risk of quotas being used up**

Once the daily quotas for northbound and southbound transactions have been reached, acceptance of corresponding purchase orders will be immediately suspended and no further purchase orders will be accepted for the rest of the day. Purchase orders that have already been accepted are not affected in the event the daily quota is used up. Sell orders will continue to be accepted.

### **Risk of payment default at ChinaClear**

ChinaClear has set up a risk management system, and has taken measures that have been approved by the China Securities Regulatory Commission (“**CSRC**”) and are subject to its supervision. Under the general CCASS rules, should ChinaClear (as the central counterparty) not meet its obligations, HKSCC shall attempt, where applicable, in good faith to claim the outstanding Stock Connect securities and ChinaClear funds via the available legal channels available and during the winding up of ChinaClear.

HKSCC shall, in turn, distribute the Stock Connect securities and/or funds that can be reclaimed pro rata to qualified participants in accordance with the regulations of the competent Stock Connect authority. Investors should be aware of these regulations and the potential risk of a payment default by ChinaClear before investing in the sub-fund and its participation in northbound trading.

### **Risk of HKSCC payment default**

Should HKSCC be delayed in fulfilling its obligations, or even fail to do so altogether, this could lead to settlement default or the loss of Stock Connect securities and/or associated funds. The sub-fund and its investors could incur losses as a result. Neither the sub-fund nor the Portfolio Manager is responsible or liable for such losses.

### **Ownership of Stock Connect securities**

Stock Connect securities are unsecuritised and held by HKSCC on behalf of their holders. The physical deposit and withdrawal of Stock Connect securities are not available to the sub-fund under northbound trading.

The ownership and ownership rights of the sub-fund and entitlements to Stock Connect securities (regardless of the legal nature thereof, in equity jurisprudence or otherwise) are subject to the applicable requirements, including the laws on the disclosure of interests and the restrictions on foreign share ownership. It is unclear whether the Chinese courts recognise investors and would grant them standing to initiate legal proceedings against Chinese companies in the event of disputes. This is a complex legal area and investors should seek independent professional advice.

### **QFI risk**

#### **QFI Status**

Under the provisions in force in the PRC, foreign investors can invest in the A share market and other QFI eligible securities through institutions that have obtained qualified investor status in the PRC such as QFI status. The current QFI regulations impose strict restrictions (such as investment guidelines) on A share investments.

The sub-funds themselves are not QFIs, but may invest directly in A shares and other QFI eligible securities by means of the QFI status of the Portfolio Manager or Investment Advisor. Potential investors should note that there is no guarantee that any of the sub-funds will continue to benefit from the QFI status of the Portfolio Manager or Investment Advisor, nor that it will be made exclusively available to any of the sub-funds.

No guarantee can be given that redemption orders can be processed in a timely manner in the event of adverse changes in relevant laws or regulations, including changes in QFI repatriation restrictions. Such restrictions may result in the suspension of the sub-fund trading activities.

Should the Portfolio Manager or Investment Advisor lose its QFI status, cease trading or be removed, the sub-fund may not be able to invest in A shares or other QFI eligible securities through the QFI status of the Portfolio Manager or Investment Advisor, and the sub-fund may be required to sell its positions, which would likely have an adverse effect on the sub-fund.

### **QFI regulations**

The QFI regulations that govern investments by QFIs in the PRC as well as repatriation and currency conversion are relatively new. The application and interpretation of the QFI regulations are therefore relatively untested and there is uncertainty about how they will be applied. The China Securities Regulatory Commission (“**CSRC**”) and the State Administration of Foreign Exchange (“**SAFE**”) in the PRC have been given broad discretionary powers in relation to the QFI regulations and there is no precedent or certainty as to how these discretions might be exercised now or in the future. At this early stage of development, the QFI regulations may be subject to further revisions in the future. It is uncertain whether such revisions will prejudice the QFIs, or whether the QFI status of the Portfolio Manager or Investment Advisor, which is subject to review from time to time by CSRC and SAFE, may be revoked entirely.

### **PRC Brokers**

In its capacity as QFI, the relevant Portfolio Manager or Investment Advisor will also select brokers (“**PRC Brokers**”) to execute transactions for the sub-fund in the markets in the PRC. The sub-fund may have difficulty obtaining best execution of transactions involving QFI eligible securities due to restrictions/limits under the applicable QFI regulations or operational constraints such as a restriction/limit on the number of brokers that the Portfolio Manager or Investment Advisor may appoint in its capacity as QFI. If a PRC Broker offers the sub-fund standards of execution that the Portfolio Manager or Investment Advisor is satisfied are best practice in the marketplace in the PRC, the Portfolio Manager or Investment Advisor may determine that transactions consistently be executed with that PRC Broker (even if it is an affiliate), regardless of the fact that they might not be executed at the best price and the fact that there is no accountability towards the sub-fund for the difference between the price at which the sub-fund executes transactions and any other price that might have been available in the market at the relevant time.

### **Custody**

The Depositary of the sub-fund holds the sub-fund’s assets in custody. The QFI acting on behalf of the sub-fund and the Depositary will appoint a sub-custodian for the sub-fund (the “**PRC Sub-Custodian**”), and the PRC Sub-Custodian will hold in custody the assets of the sub-fund invested in the PRC through the QFI status of the Portfolio Manager or Investment Advisor.

Any QFI eligible securities acquired by the sub-fund through the QFI status of the Portfolio Manager or Investment Advisor will be kept by the PRC Sub-Custodian in separate securities accounts and will be registered for the sole benefit and use of the sub-fund or the Company (for account of the sub-fund) subject to the applicable laws. The assets will be segregated by the PRC Sub-Custodian such that the assets of the sub-fund do not form part of the assets of the Portfolio Manager or Investment Advisor in its capacity as QFI, the PRC Sub-Custodian, or the PRC Brokers. However, subject to the investment regulations, the Portfolio Manager or Investment Advisor (in its capacity as QFI) could be the party entitled to the securities in such securities accounts (even though this entitlement does not constitute an ownership interest or preclude the Portfolio Manager or Investment Advisor from purchasing the securities for the sub-fund), meaning that such securities may be vulnerable to a claim by a liquidator of the Portfolio Manager or Investment Advisor and may not be as well protected as if they were registered solely in the name of the sub-fund. In particular, there is a risk that creditors of the Portfolio Manager or Investment Advisor may incorrectly assume that the sub-fund’s assets belong to the Portfolio Manager or Investment Advisor and such creditors could seek to gain control of the sub-fund’s assets to meet the liabilities of the Portfolio Manager or Investment Advisor to such creditors.

Investors should note that cash deposited in the cash account of the sub-fund with the PRC Sub-Custodian may not be segregated but may be a liability of the PRC Sub-Custodian in respect of the sub-fund as a depositor. Such cash will be pooled with cash belonging to other clients of the PRC Sub-Custodian. In the event of bankruptcy or liquidation of the PRC Sub-Custodian, the sub-fund may not have any ownership rights to the cash deposited in such cash account, and the sub-fund could become an unsecured creditor, ranking *pari passu* with all other unsecured creditors of the PRC Sub-Custodian. The sub-fund may have difficulties and/or encounter delays recovering such debt, or might not be able to recover the debt in full or at all, in which case the sub-fund would suffer losses.

### **Redemption restrictions**

Transfers and repatriations for the account of the sub-fund may be made on a daily basis by the PRC Sub-Custodian through the QFI status of the Portfolio Manager or Investment Advisor to meet the net subscriptions and redemptions of shares of the sub-fund/Company (as the case may be).

Please note that there is no certainty that there will be no regulatory restrictions in the PRC on the repatriation of monies by the sub-fund in future. The investment regulations and/or the approach adopted by SAFE in relation to the repatriation of monies may change from time to time.

### **Clearing reserve fund risk**

Under the QFI regulations, the PRC Sub-Custodian is required to deposit a minimum clearing reserve fund, the percentage amount of which is determined from time to time by China Securities Depository and Clearing Corporation Limited (Shanghai, Shenzhen and Beijing branches) (the “**CSDCC**”). The PRC Sub-Custodian will deposit a portion of the assets of the sub-fund as part of the minimum clearing reserve fund. The minimum clearing reserve percentage is determined by the CSDCC from time to time and will be deposited by the PRC Sub-Custodian into the minimum clearing reserve fund. If the value of securities in the PRC increases, the sub-fund’s assets held in the clearing reserve fund could have a negative effect on the performance of the sub-fund. On the other hand, the performance of the sub-fund can be better than it otherwise would have been during periods when the value of securities falls in the PRC.

### **Investments in UCIs and UCITS**

Sub-funds, which have invested at least half of their assets in existing UCIs and UCITS in accordance with their special investment policies, are structured as a fund of funds.

The general advantage of a fund of funds over funds investing directly is the greater level of diversification (or risk spreading). In a fund of funds, portfolio diversification extends not only to its own investments because the investment objects (target funds) themselves are also governed by the stringent principles of risk diversification. A fund of funds enables the investor to invest in a product that spreads its risks on two levels and thereby reduces the risks inherent in the individual investment objects, with the investment policy of the UCITS and UCIs in which most investments are made being required to accord as far as possible with the

Company's investment policy. The Company additionally permits investment in a single product, by which means the investor gains an indirect investment in numerous securities.

Certain fees and charges may be incurred more than once when investing in existing funds (such as Depositary and central administrative agent fees, management/advisory fees and issuing/redemption charges of the UCI and/or UCITS in which the investment is made). Such commission payments and expenses are charged at the level of the target fund as well as of the fund of funds.

The sub-funds may also invest in UCIs and/or UCITS managed by UBS Fund Management (Luxembourg) S.A. or by a company linked to UBS Fund Management (Luxembourg) S.A. through common management or control, or through a substantial direct or indirect holding. In this case, no issuing or redemption charge will be charged on subscription to or redemption of these units. The double charging of commission and expenses referred to above does, however, remain.

The section titled "Expenses paid by the Company" presents the general costs and expenses associated with investing in existing funds.

### **Tracking accuracy of passively managed sub-funds**

The sub-fund is not expected to track the relevant underlying index with the same accuracy as an instrument that invests in each security comprising the index. However, the difference between the performance of the shares of a sub-fund (before costs) and that of the index should generally not exceed 1%, but this is not guaranteed. Most sub-funds are expected to have a difference of less than 1%; however, exceptional circumstances may arise which can cause this figure to exceed 1%. In addition, due to the composition of the respective index of certain sub-funds, it may be virtually impossible to achieve such a degree of accuracy, for example as a result of the Company's investment restrictions. For sub-funds where such tracking accuracy is virtually impossible, the normal annual difference is expected not to exceed 5%. Since the different share classes of a sub-fund will each have different fee structures, the tracking accuracy may vary with respect to different share classes of the same sub-fund.

The following factors may adversely affect the tracking of a sub-fund's index:

- the sub-fund is subject to various expenses that are not incurred by the underlying index (this may include costs for derivative transactions);
- in certain sub-funds, the securities held are not identical to those in the underlying index. However, these other securities were selected with the aim of achieving as close a performance as possible. Their investment performance may differ from that of the index;
- the management of certain sub-funds may be limited to a representative selection of index securities. This method may, in some cases, adversely affect the replication of the index. The "Investment principles" section lists concentration limits for index securities and other securities. This limitation may also have an adverse effect on the replication of the index, as the sub-fund may not be able to hold the optimal percentage of certain securities;
- a sub-fund must comply with statutory restrictions, such as the Company's investment restrictions, which do not affect the calculation of the relevant index;
- the existence of uninvested assets in the sub-funds (including cash and prepaid expenses);
- the fact that a sub-fund may be subject to foreign withholding tax different from that applicable to the index;
- Income from securities lending.

Although the portfolio manager will regularly monitor the tracking accuracy of the share classes of the sub-fund in question, no assurance can be given as to how accurately any share class of the sub-fund replicates the performance of the underlying index.

### **Index risk**

No assurance can be given that each index will continue to be calculated and published in the manner described in this Sales Prospectus, or that it will not be substantially altered. The past performance of the individual indices is no guarantee of future performance.

An index provider is not obliged to take into account the needs of the Company or the shareholders when determining, composing or calculating an index. An index provider is neither responsible for nor involved in determining the launch date or the prices and quantities at the time of listing the shares. Nor does it have any influence on the determination or calculation of the equation according to which the shares can be redeemed for cash or in kind.

### **Use of financial derivative transactions**

Financial derivative transactions are not in themselves investment instruments but rights whose valuation mainly derives from the price and the price fluctuations and expectations of an underlying instrument. Investments in financial derivative transactions are subject to the general market risk, settlement risk, credit and liquidity risk.

Depending on the specific characteristics of financial derivative transactions, however, the aforementioned risks may be of a different kind and occasionally turn out to be higher than the risks with an investment in the underlying instruments. The use of leveraged financial derivatives may lead to fluctuations in the net asset value of the sub-fund in question that are greater than those resulting from direct investments in the underlying instruments. Relatively small price movements in the underlying of a financial derivative may therefore lead to considerable losses due to the leverage effect.

That is why the use of financial derivative transactions not only requires an understanding of the underlying instrument but also in-depth knowledge of the financial derivative transactions themselves.

The risk of default in the case of financial derivative transactions traded on an exchange is generally lower than the risk associated with financial derivative transactions that are traded over-the-counter on the open market, because the clearing agents, which assume the function of issuer or counterparty in relation to each financial derivative transaction traded on an exchange, assume a performance guarantee. To reduce the overall risk of default, such guarantee is supported by a daily payment system maintained by the clearing agent, in which the assets required for cover are calculated. In the case of financial derivative transactions traded over-the-counter on the open market, there is no comparable clearing agent guarantee and in assessing the potential risk of default, the Company must take account of the creditworthiness of each counterparty.

There are also liquidity risks since it may be difficult to buy or sell certain financial derivative instruments. When financial derivative transactions are particularly large, or the corresponding market is illiquid (as may be the case with financial derivative transactions

traded over-the-counter on the open market), it may under certain circumstances not always be possible to fully execute a transaction or it may only be possible to liquidate a position by incurring increased costs.

Additional risks connected with the use of financial derivative transactions lie in the incorrect determination of prices or valuation of financial derivative transactions. There is also the possibility that financial derivative transactions do not completely correlate with their underlying assets, interest rates or indices. Many financial derivative transactions are complex and frequently valued subjectively. Inappropriate valuations can result in higher demands for cash by counterparties or in a loss of value for the Company. There is not always a direct or parallel relationship between a financial derivative transaction and the value of the assets, interest rates or indices from which it is derived. For these reasons, the use of financial derivative transactions by the Company is not always an effective means of attaining the Company's investment objective and can at times even have the opposite effect.

### **Swap Agreements**

A sub-fund may enter into swap agreements (including total return swaps and contracts for differences) with respect to various underlyings, including currencies, interest rates, securities, collective investment schemes and indices. A swap is a contract under which one party agrees to provide the other party with something, for example a payment at an agreed rate, in exchange for receiving something from the other party, for example the performance of a specified asset or basket of assets. A sub-fund may use these techniques for example to protect against changes in interest rates and currency exchange rates. A sub-fund may also use these techniques to take positions in or protect against changes in securities indices and specific securities prices.

In respect of currencies, a sub-fund may utilise currency swap contracts where the sub-fund may exchange currencies at a fixed rate of exchange for currencies at a floating rate of exchange or vice versa. These contracts allow a sub-fund to manage its exposures to currencies in which it holds investment but also to obtain opportunistic exposure to currencies. For these instruments, the sub-fund's return is based on the movement of currency exchange rates relative to a fixed currency amount agreed by the parties.

In respect of interest rates, a sub-fund may utilise interest rate swap contracts where the sub-fund may exchange a fixed rate of interest against a variable rate (or the other way round). These contracts allow a sub-fund to manage its interest rate exposures. For these instruments, the sub-fund's return is based on the movement of interest rates relative to a fixed rate agreed by the parties. The sub-fund may also utilise caps and floors, which are interest rate swap contracts in which the return is based only on the positive (in the case of a cap) or negative (in the case of a floor) movement of interest rates relative to a fixed rate agreed by the parties.

In respect of securities and securities indices a sub-fund may utilise total return swap contracts where the sub-fund may exchange interest rate cash flows for cash flows based on the return of, for example, an equity or fixed income instrument or a securities index. These contracts allow a sub-fund to manage its exposures to certain securities or securities indices. For these instruments, the sub-fund's return is based on the movement of interest rates relative to the return on the relevant security or index. The sub-fund may also use swaps in which the sub-fund's return is relative to the volatility of price of the relevant security (a volatility swap, which is a forward contract whose underlying is the volatility of a given product. This is a pure volatility instrument allowing investors to speculate solely upon the movement of a stock's volatility without the influence of its price) or to the variance (the square of the volatility) (a variance swap which is a type of volatility swap where the payout is linear to variance rather than volatility, with the result that the payout will rise at a higher rate than volatility).

Where a sub-fund enters into total return swaps (or invests in other financial derivative instruments with the same characteristics) it will only do so on behalf of the sub-fund with counterparties that are entities with legal personality, typically located in OECD jurisdictions. These counterparties will be subject to a credit assessment. Where the counterparty is subject to a credit rating by any agency registered and supervised by ESMA, that rating shall be taken into account in the credit assessment. Where a counterparty is downgraded to A2 or below (or comparable rating) by such a credit rating agency, a new credit assessment in respect of the counterparty will be undertaken without delay. Subject to compliance with those conditions, the Portfolio Manager has full discretion as to the appointment of counterparties when entering into total return swaps in furtherance of the relevant sub-fund's investment objective and policies.

A credit default swap ("CDS") is a derivative instrument which is a mechanism for transferring and transforming credit risk between purchaser and seller. The protection buyer purchases protection from the protection seller for losses that might be incurred as a result of a default or other credit event in relation to an underlying security. The protection buyer pays a premium for the protection and the protection seller agrees to make a payment to compensate the protection buyer for losses incurred upon the occurrence of any one of a number of possible specified credit events, as set out in the CDS agreement. In relation to the use of CDS, the sub-fund may be a protection buyer and/or a protection seller. A credit event is an event linked to the deteriorating credit worthiness of an underlying reference entity in a credit derivative. The occurrence of a credit event usually triggers full or partial termination of the transaction and a payment from protection seller to protection buyer. Credit events include, but are not limited to, bankruptcy, failure to pay, restructuring, and obligation default.

### **Insolvency risk on swap counterparties**

Margin deposits made in relation to swap contracts will be held with brokers. Though there are provisions in the structure of these contracts intended to protect each party against the insolvency for the other, these provisions may not be effective. This risk will further be mitigated by the exclusive choice of reputable swap counterparties.

### **Potential illiquidity of exchange traded instruments and swap contracts**

It may not always be possible for the Company to execute a buy or sell order on exchanges at the desired price or to liquidate an open position due to market conditions including the operation of daily price fluctuation limits. If trading on an exchange is suspended or restricted, the Company may not be able to execute trades or close out positions on terms which the Portfolio Manager believes are desirable.

Swap contracts are over-the-counter contracts with a single counterparty and may as such be illiquid. Although swap contracts may be closed out to realise sufficient liquidity, such closing out may not be possible or very expensive for the Company in extreme market conditions.

### **Liquidity risk**

A sub-fund may invest in securities that subsequently prove difficult to sell due to reduced liquidity. This may have a negative effect on their market price and consequently on the sub-fund's net asset value. The reduced liquidity of these securities may be due to unusual or extraordinary economic or market events, such as a deterioration in the credit rating of an issuer or the lack of an efficient market. In extreme market situations, there may be few willing buyers and it may not be easy to sell the investments at the chosen time; in addition, these sub-funds may have to agree to a lower price in order to sell the investments, or they may not be able to sell the investments at all. Trading in certain securities or other instruments may be suspended or restricted by the relevant exchange or by a governmental or regulatory body, which may cause the sub-fund to incur a loss. The inability to sell a portfolio position may have a disadvantageous effect on the value of these sub-funds or prevent them from being able to exploit other investment opportunities. In order to meet redemption requests, these sub-funds may be forced to sell investments at unfavourable times and/or on unfavourable terms.

### **Bonds**

Bonds are subject to actual and perceived measures of creditworthiness. Bonds, and in particular high-yield bonds, may be impaired by negative headlines and an unfavourable perception on the part of investors; such perceptions may not be based on a fundamental analysis, and may have a negative effect on the value and liquidity of the bond.

### **High-yield bonds**

Investing in debt instruments involves interest-rate, sector, security and credit risk. Compared with investment-grade bonds, high-yield bonds generally attract a lower rating and usually offer higher yields in order to offset the lower credit rating or higher default risk associated with these securities. High-yield bonds involve a greater risk of capital erosion through default or in the case of an effective interest rate that is below the current rate of interest. Economic conditions and changes in the level of interest rates may have a considerable impact on the value of these bonds. In addition, high-yield bonds may be exposed to greater credit or default risk than bonds with a high rating. These bonds tend to react more to developments affecting market and credit risk than securities with a higher rating. The value of high yield bonds may be negatively affected by overall economic conditions, such as an economic downturn or a period of rising interest rates. High-yield bonds may be less liquid and more difficult to sell or value at a favourable point in time or price than bonds with a higher rating. In particular, high-yield bonds are often issued by smaller, less creditworthy and more indebted companies that are generally less able to pay capital and interest on schedule than financially sound companies.

### **Distressed securities**

Certain sub-funds may hold distressed securities or, may, in accordance with their individual investment policies, invest in distressed securities. Investments in distressed securities may include issuers with substantial capital needs or negative net worth or issuers that are, have been or may become, involved in bankruptcy or reorganisation proceedings. It may take a significant amount of time for distressed securities to realise the Portfolio Manager's perceived fair value and/or for any reorganisation to occur which would be beneficial for the relevant sub-fund. However, there can be no assurance that this will occur and the securities may become further distressed, resulting in a negative outcome for the relevant sub-fund. A sub-fund may be required to sell its investment at a loss or hold its investment pending bankruptcy proceedings. Distressed securities may carry a significant risk of becoming illiquid and/or resulting in capital losses. In certain circumstances this may result in a full default with no recovery and the sub-fund losing its entire investment in the distressed security.

### **Risks connected with the use of ABS/MBS**

Investors are advised that investing in ABS, MBS and CMBS may involve higher complexity and lower transparency. These products involve exposure in a pool of receivables (for ABS, these receivables may be car or student loans or other receivables based on credit card agreements; for MBS or CMBS, they are mortgages), with the receivables issued by an institution founded exclusively for this purpose and which is independent from the lender of the receivables in the pool from a legal, bookkeeping and economic perspective. The payment flows from the underlying receivables (including interest, repayment of receivables and any unscheduled repayments) are passed on to the investors in the products. These products include various tranches subject to a hierarchy. This structure determines the order of repayments and any unscheduled special repayments within the tranches. If interest rates rise or fall, investors are subject to a higher or lower repayment or reinvestment risk if the unscheduled special repayments for the underlying receivables increase or decrease due to better or worse refinancing options for the debtors.

The average term of sub-fund investments in ABS/MBS often differs from the maturity date set for the bonds. The average term is generally shorter than the final maturity date and depends on the dates of repayment flows, which are normally based on the structure of the security and the priority of cash inflows and/or borrower's behaviour in respect of refinancing, repayment and default.

ABS/MBS originate from different countries with differing legal structures. ABS/MBS may be investment grade, non-investment grade or have no rating.

### **Risks connected with the use of CDOs/CLOs**

Investors are advised that some sub-funds may invest in certain kinds of asset-backed securities known as collateralised debt obligations (**CDOs**) or, where the underlying assets are loans, collateralised loan obligations (**CLOs**). CLOs and CDOs are typically structured in several tranches with different priorities, with the most senior tranche being the first served from principal and interest payments from the underlying asset pool, then the next most senior, and so forth down to the most junior tranche (the equity tranche), which is the last served from principal repayments and interest. CDOs/CLOs can be seriously disadvantaged by a drop in the value of their underlying assets. In addition, their complex structure can make them difficult to value, and their performance in different market scenarios difficult to predict.



### **Risks connected with the use of CoCos**

A CoCo is a hybrid bond that, according to the relevant specific conditions, can either be converted into equity capital at a predetermined price, written off, or written down in value as soon as a predefined trigger event occurs. A sub-fund investing in CoCos may be subject to industry concentration risk.

The use of CoCos gives rise to structure-specific risks including liquidity risk and conversion risk. In some cases, the issuer may arrange to convert convertible securities into ordinary shares. If convertible securities are converted into ordinary shares, the Company may hold these ordinary shares in its portfolio, even if it does not usually invest in such shares.

CoCos are also subject to trigger level risk. These trigger levels vary and determine the degree of conversion risk, depending on the difference between the trigger level and the capital ratio. The Portfolio Manager of the sub-fund may find it difficult to foresee the triggers that would require the debt security to be converted into equity capital.

In addition, CoCos are subject to capital structure inversion risk. In the issuer's capital structure, CoCos are generally classed as subordinate in relation to traditional convertible bonds. In some cases, investors in CoCos may suffer a capital loss, while shareholders are only affected later or not at all.

It should also be noted that the use of CoCos is subject to return or valuation risk. The valuation of CoCos is influenced by many unforeseeable factors, e.g. the creditworthiness of the issuer and fluctuations in their capital ratios, the supply and demand for CoCos, the general market conditions and the available liquidity, or economic, financial and political events that have an impact on the issuer, the market in which they operate, or the financial markets in general.

Furthermore, CoCos are subject to the risk of coupon payment suspensions. Coupon payments on CoCos are at the discretion of the issuer, who may suspend such payments at any time and for whatever reason, for an indefinite period. The arbitrary suspension of payments is not deemed as payment default. It is not possible to call for the reintroduction of coupon payments or the subsequent payment of suspended payments. Coupon payments may also be subject to approval by the supervisory authority of the issuer, and may be suspended if insufficient distributable reserves are available. As a result of the uncertainty regarding coupon payments, CoCos are volatile. A suspension of coupon payments may result in drastic price drops.

CoCos are also subject to a call extension risk. CoCos are perpetual instruments and may only be terminated on predetermined dates after approval by the competent supervisory authority. There is no guarantee that the capital that the sub-fund has invested in CoCos will be returned.

Finally, CoCos are subject to unknown risk, since these instruments are relatively new and, as a result, the market and the regulatory environment for these instruments are still evolving. It is therefore uncertain how the CoCo market overall would react to a trigger or a coupon suspension relating to an issuer.

### **Risks connected with the use of efficient portfolio management techniques**

A sub-fund may enter into repurchase agreements and reverse repurchase agreements as a buyer or as a seller subject to the conditions and limits set out in Section 5 entitled "Special techniques and instruments with securities and money market instruments as underlying assets". If the other party to a repurchase agreement or reverse repurchase agreement should default, the sub-fund might suffer a loss to the extent that the proceeds from the sale of the underlying securities and/or other collateral held by the sub-fund in connection with the repurchase agreement or reverse repurchase agreement are less than the repurchase price or, as the case may be, the value of the underlying securities. In addition, in the event of bankruptcy or similar proceedings of the other party to the repurchase agreement or reverse repurchase agreement or its failure otherwise to perform its obligations on the repurchase date, the sub-fund could suffer losses, including loss of interest on or principal of the security and costs associated with delay and enforcement of the repurchase agreement or reverse repurchase agreement.

A sub-fund may enter into securities lending transactions subject to the conditions and limits set out in Section 5 entitled "Special techniques and instruments with securities and money market instruments as underlying assets". Securities lending transactions involve counterparty risk, including the risk that the securities lent cannot be returned or redeemed on time. If the borrower of securities fails to return the securities lent by a sub-fund, there is a risk that the collateral received may be realised at a lower value than the securities lent, whether due to inaccurate pricing of the collateral, adverse market movements, a deterioration in the creditworthiness of the collateral issuer, illiquidity of the market on which the collateral is traded, negligence or insolvency of the custodian holding collateral or termination of legal agreements, e.g. due to insolvency, which adversely affects the performance of the sub-fund. If the other party to a securities lending transaction should default, the sub-fund might suffer a loss to the extent that the proceeds from the sale of the collateral held by the Company in connection with the securities lending transaction are less than the value of the securities lent. In addition, in the event of the bankruptcy or similar proceedings of the other party to the securities lending transaction or its failure to return the securities as agreed, the sub-fund could suffer losses, including loss of interest on or principal of the securities and costs associated with delay and enforcement of the securities lending agreement.

The sub-funds will only use repurchase agreements, reverse repurchase agreements or securities lending transactions for the purpose of either reducing risks (hedging) or generating additional capital or income for the relevant sub-fund. When using such techniques, the sub-fund will comply at all times with the provisions set out in Section 5 entitled "Special techniques and instruments with securities and money market instruments as underlying assets". The risks arising from the use of repurchase agreements, reverse repurchase agreements and securities lending transactions will be closely monitored and techniques (including collateral management) will be employed to seek to mitigate those risks. Although it is expected that the use of repurchase agreements, reverse repurchase agreements and securities lending transactions will generally not have a material impact on a sub-fund's performance, the use of such techniques may have a significant effect, either negative or positive, on a sub-fund's net asset value.

### **ESG risks**

"Sustainability risk" means an environmental, social or governance event or condition which could have a material or potentially substantial adverse effect on the value of the investment. If a sustainability risk associated with an investment materialises, it could lead to the loss in value of an investment.

### **Exposure to securities financing transactions**

The sub-funds' exposure to total return swaps, repurchase agreements/reverse repurchase agreements and securities lending transactions is set out below (in each case as a percentage of Net Asset Value):

Sub-fund	Total Return Swaps		Repurchase agreements/reverse repurchase agreements		Securities Lending	
	Expected	Maximum	Expected	Maximum	Expected	Maximum
UBS (Lux) Bond SICAV – 2023 (USD)	0%	15%	0%	10%	20%	50%
UBS (Lux) Bond SICAV – 2024 (USD)	0%	15%	0%	10%	20%	50%
UBS (Lux) Bond SICAV – 2025 I (EUR)	0%	15%	0%	10%	20%	50%
UBS (Lux) Bond SICAV – 2025 I (USD)	0%	15%	0%	10%	20%	50%
UBS (Lux) Bond SICAV – Fixed Maturity Series 1 (USD)	0%	15%	0%	10%	20%	50%
UBS (Lux) Bond SICAV – Fixed Maturity Series 4 (EUR)	0%	15%	0%	10%	20%	50%
UBS (Lux) Bond SICAV – Fixed Maturity Series 5 (EUR)	0%	15%	0%	10%	20%	50%
UBS (Lux) Bond SICAV – Fixed Maturity Series 11 (USD)	0%	15%	0%	10%	20%	50%
UBS (Lux) Bond SICAV – Fixed Maturity Series 12 (USD)	0%	15%	0%	10%	20%	50%
UBS (Lux) Bond SICAV – Asian High Yield (USD)	0%	40%	0%	10%	20%	50%
UBS (Lux) Bond SICAV – China High Yield (USD)	0%	40%	0%	10%	10%	50%
UBS (Lux) Bond SICAV – Asian Investment Grade Bonds Sustainable (USD)	0%	40%	0%	10%	30%	75%
UBS (Lux) Bond SICAV – China Fixed Income (RMB)	0%	15%	0%	10%	0%	50%
UBS (Lux) Bond SICAV – Convert Global (EUR)	0%	5%	0%	5%	0%	50%
UBS (Lux) Bond SICAV – Global Short Term Flexible (USD)	0%–10%	50%	0%	10%	40%	75%
UBS (Lux) Bond SICAV – Emerging Economies Corporates (USD)	0%	20%	0%	10%	40%	75%
UBS (Lux) Bond SICAV – Emerging Economies Local Currency Bond (USD)	0%	20%	0%	10%	20%	50%
UBS (Lux) Bond SICAV – EUR Corporates Sustainable (EUR)	0%–10%	50%	0%	10%	30%	50%
UBS (Lux) Bond SICAV – Floating Rate Income (USD)	0%-7%	15%	0%	10%	10%	50%
UBS (Lux) Bond SICAV – Global Corporates (USD)	0%–10%	50%	0%	10%	20%	50%
UBS (Lux) Bond SICAV – Global Dynamic (USD)	0%–10%	50%	0%	10%	50%	75%
UBS (Lux) Bond SICAV – Global Inflation-linked (USD)	0%–10%	50%	0%	10%	50%	100%
UBS (Lux) Bond SICAV – Green Social Sustainable Bonds (EUR)	5%	15%	0%	10%	20%	100%
UBS (Lux) Bond SICAV – Short Duration High Yield Sustainable (USD)	0%	15%	0%	10%	10%	50%
UBS (Lux) Bond SICAV – Short Term EUR Corporates Sustainable (EUR)	0%–10%	30%	0%	10%	20%	50%
UBS (Lux) Bond SICAV – Short Term USD Corporates Sustainable (USD)	0%–10%	30%	0%	10%	10%	50%
UBS (Lux) Bond SICAV – USD Corporates (USD)	0%	15%	0%	10%	10%	50%
UBS (Lux) Bond SICAV – USD High Yield (USD)	0%-7%	15%	0%	10%	10%	50%
UBS (Lux) Bond SICAV – USD Investment Grade Corporates Sustainable (USD)	0%	15%	0%	10%	10%	50%
UBS (Lux) Bond SICAV – Global SDG Corporates Sustainable (USD)	0-10%	50%	0%	10%	20%	50%
UBS (Lux) Bond SICAV – China Flexible (RMB)	0%	15%	0%	10%	10%	50%

### Risk management

Risk management in accordance with the commitment approach and the value-at-risk approach is carried out pursuant to the applicable laws and regulatory provisions. Pursuant to CSSF circular 14/592 (on the ESMA guidelines on ETFs and other UCITS issues), the risk management procedure will also be applied within the scope of collateral management (see section entitled

“Collateral management” below) and the techniques and instruments for the efficient management of the portfolio (see Section 5 entitled “Special techniques and instruments with securities and money market instruments as underlying assets”).

### Leverage

The leverage for UCITS using the value-at-risk (“VaR”) approach is defined pursuant to CSSF circular 11/512 as the “sum of the notionals” of the derivatives used by the respective sub-fund. Shareholders should note that this definition may lead to artificially high leverage that does not reflect the actual economic risk due to, inter alia, the following reasons:

- Regardless of whether a derivative is used for investment or hedging purposes, it increases the leverage amount calculated according to the sum-of-notionals approach;
- The duration of interest rate derivatives is not taken into account. A consequence of this is that short-term interest rate derivatives generate the same leverage as long-term interest rate derivatives, even though short-term ones generate a considerably lower economic risk.

The economic risk of UCITS pursuant to the VaR approach is determined as part of a UCITS risk management process. This contains (among other things) restrictions on the VaR, which includes the market risk of all positions, including derivatives. The VaR is supplemented by a comprehensive stress-test programme.

The average leverage for each sub-fund using the VaR approach is expected to be within the range stated in the table below. Leverage is expressed as a ratio between the sum of the notionals and the net asset value of the sub-fund in question. Greater leverage amounts may be attained for all sub-funds, under certain circumstances.

Sub-fund	Global risk calculation method	Expected range of leverage	Reference portfolio
UBS (Lux) Bond SICAV – 2023 (USD)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV – 2024 (USD)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV – 2025 I (EUR)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV – 2025 I (USD)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV – Fixed Maturity Series 1 (USD)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV – Fixed Maturity Series 4 (EUR)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV – Fixed Maturity Series 5 (EUR)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV – Fixed Maturity Series 11 (USD)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV – Fixed Maturity Series 12 (USD)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV – Asian High Yield (USD)	Relative VaR approach	0–2	JP Morgan Asian Credit Non-Investment Grade Index USD
UBS (Lux) Bond SICAV – China High Yield (USD)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV – Asian Investment Grade Bonds Sustainable (USD)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV – China Fixed Income (RMB)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV – Convert Global (EUR)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV – Emerging Economies Corporates (USD)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV – Emerging Economies Local Currency Bond (USD)	Relative VaR approach	0–2	JP Morgan GBI-EM Global Diversified USD Index
UBS (Lux) Bond SICAV – EUR Corporates Sustainable (EUR)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV – Floating Rate Income (USD)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV – Global Corporates (USD)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV – Global Dynamic (USD)	Absolute VaR approach	0-15	n/a
UBS (Lux) Bond SICAV – Global Inflation-linked (USD)	Relative VaR approach	0-5	Bloomberg Global inflation linked 1-10 years (hedged USD)

UBS (Lux) Bond SICAV – Global Short Term Flexible (USD)	Absolute VaR approach	0-10	n/a
UBS (Lux) Bond SICAV – Green Social Sustainable Bonds (EUR)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV – Short Duration High Yield Sustainable (USD)	Relative VaR approach	0–2	ICE BofA 1-3 Year US Cash Pay Fixed Maturity High Yield Constrained Index
UBS (Lux) Bond SICAV – Short Term EUR Corporates Sustainable (EUR)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV – Short Term USD Corporates Sustainable (USD)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV – USD Corporates (USD)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV – USD High Yield (USD)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV – USD Investment Grade Corporates Sustainable (USD)	Commitment approach	n/a	n/a
UBS (LUX) Bond SICAV – Global SDG Corporates Sustainable (USD)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV – China Flexible (RMB)	Commitment approach	n/a	n/a

### Collateral management

If the Company enters into OTC transactions, it may be exposed to risks associated with the creditworthiness of these OTC counterparties: should the Company enter into futures or options contracts, or use other derivative techniques, it shall be subject to the risk that an OTC counterparty might not meet (or cannot meet) its obligations under one or more contracts.

Counterparty risk can be reduced by depositing a security (“collateral”, see above). Collateral may be provided in the form of liquid assets in highly liquid currencies, highly liquid equities and first-rate government bonds. The Company will only accept such financial instruments as collateral, which would allow it (after objective and appropriate valuation) to liquidate these within an appropriate time period. The Company, or a service provider appointed by the Company, must assess the collateral’s value at least once a day. The collateral’s value must be higher than the value of the position of the respective OTC counterparty. However, this value may fluctuate between two consecutive valuations.

After each valuation, however, it is ensured (where appropriate, by requesting additional collateral) that the collateral is increased by the desired amount to meet the value of the respective OTC counterparty’s position (mark-to-market). In order to adequately take into account the risks related to the collateral in question, the Company determines whether the value of the collateral to be requested should be increased, or whether this value should be depreciated by an appropriate, conservatively measured amount (haircut). The larger the collateral's value may fluctuate, the higher the markdown.

The Company shall set up internal regulations determining the details of the above-mentioned requirements and values, particularly regarding the types of collateral accepted, the amounts to be added to and subtracted from the respective collateral, and the investment policy for liquid funds that are deposited as collateral. This framework agreement is reviewed and adapted where appropriate by the Company on a regular basis.

The Board of Directors of the Company has approved instruments of the following asset classes as collateral in OTC derivative transactions and determined the following haircuts to be used on these instruments:

Asset class	Minimum haircut (% deduction from market value)
<b>Fixed and variable-rate interest-bearing instruments</b>	
Liquid funds in the currencies CHF, EUR, GBP, USD, JPY, CAD and AUD.	0%
Short-term instruments (up to one year) issued by one of the following countries (Australia, Austria, Belgium, Denmark, Germany, France, Japan, Norway, Sweden, UK, US) and the issuing country has a minimum rating of A	1%
Instruments that fulfil the same criteria as above and have a medium-term maturity (one to five years).	3%
Instruments that fulfil the same criteria as above and have a long-term maturity (five to ten years).	4%
Instruments that fulfil the same criteria as above and have a very long-term maturity (more than ten years).	5%
US TIPS (Treasury inflation protected securities) with a maturity of up to ten years	7%
US Treasury strips or zero coupon bonds (all maturities)	8%
US TIPS (Treasury inflation protected securities) with a maturity of over ten years	10%

The haircuts to be used on collateral from securities lending, as the case may be, are described in Section 5 entitled “Special techniques and instruments with securities and money market instruments as underlying assets”.

Securities deposited as collateral may not have been issued by the respective OTC counterparty or be highly correlated with this OTC counterparty. For this reason, shares from the finance sector are not accepted as collateral. Securities deposited as collateral shall be held in safekeeping by the Depositary on behalf of the Company and may not be sold, invested or pledged by the Company.

The Company shall ensure that the collateral received is adequately diversified, particularly regarding geographic dispersion, diversification across different markets and the spreading of concentration risk. The latter is considered to be sufficiently diversified if securities and money market instruments held as collateral and issued by a single issuer do not exceed 20% of the relevant sub-fund's net assets.

In derogation to the above paragraph and in accordance with the modified Point 43(e) of the ESMA Guidelines on ETFs and other UCITS issues of 1 August 2014 (ESMA/2014/937), the Company may be fully collateralised in various transferable securities and money market instruments issued or guaranteed by an EU Member State, one or more of its local authorities, a non-Member State, or a public international body to which one or more EU Member States belong. If this is the case, the Company must ensure that it receives securities from at least six different issues, but securities from any single issue may not account for more than 30% of the net assets of the respective sub-fund.

**The Board of Directors of the Company has decided to make use of the exemption clause described above and accept collateralisation of up to 50% of the net assets of the respective sub-fund in government bonds that are issued or guaranteed by the following countries: US, Japan, UK, Germany and Switzerland.**

Collateral that is deposited in the form of liquid funds may be invested by the Company. Investments may only be made in: sight deposits or deposits at notice in accordance with Point 1.1(f) of Section 1 "Permitted investments of the Company"; high-quality government bonds; repurchase agreements within the meaning of Section 5 "Special techniques and instruments with securities and money market instruments as underlying assets", provided the counterparty in such transactions is a credit institution within the meaning of Point 1.1(f) of Section 1 "Permitted investments of the Company" and the Company has the right to cancel the transaction at any time and to request the back transfer of the amount invested (incl. accrued interest); short-term money market funds within the meaning of CESR Guidelines 10-049 regarding the definition of European money market funds.

The restrictions listed in the previous paragraph also apply to the spreading of concentration risk. Bankruptcy and insolvency events or other credit events involving the Depositary or within its sub-depositary/correspondent bank network may result in the rights of the Company in connection with the collateral being delayed or restricted in other ways. If the Company owes collateral to the OTC counterparty pursuant to an applicable agreement, then any such collateral is to be transferred to the OTC counterparty as agreed between the Company and the OTC counterparty. Bankruptcy and insolvency events or other credit default events involving the OTC counterparty, the Depositary or its sub-depositary/correspondent bank network may result in the rights or recognition of claims of the Company in connection with the collateral being delayed, restricted or even eliminated, which would go so far as to force the Company to fulfil its obligations within the framework of the OTC transaction, regardless of any collateral that had previously been provided to cover any such obligation.

#### **Net asset value, issue, redemption and conversion price**

The net asset value and the issue, redemption and conversion price per share of each sub-fund or share class are expressed in the currency of account of the respective sub-fund or share class, and are calculated each business day by dividing the overall net assets of the sub-fund attributable to each share class by the number of issued shares in this share class of the sub-fund. However, the net asset value of a share may also be calculated on days where no shares are issued or redeemed, as described in the following section. In this case, the net asset value may be published, but it may only be used for the purpose of calculating performance, statistics or fees. Under no circumstances should it be used as a basis for subscription and redemption orders.

The percentage of the net asset value attributable to each share class of a sub-fund changes each time shares are issued or redeemed. It is determined by the ratio of the shares in circulation in each share class to the total number of sub-fund shares in circulation, taking into account the fees charged to that share class.

The value of the assets of each sub-fund is calculated as follows:

a) liquid assets (whether in the form of cash and bank deposits, bills of exchange, cheques, promissory notes, expense advances, cash dividends and declared or accrued interest still receivable) are valued at face value, unless this value is unlikely to be fully paid or received, in which case their value is determined by deducting an amount deemed appropriate to arrive at their real value.

b) securities, derivatives and other assets listed on a stock exchange are valued at the most recent market prices available. If these securities, derivatives or other assets are listed on several stock exchanges, the most recently available price on the stock exchange that represents the major market for this asset shall apply.

In the case of securities, derivatives and other assets not commonly traded on a stock exchange and for which a secondary market exists among securities traders with pricing based on market standards, the Company may value these securities, derivatives and other investments based on these prices. Securities, derivatives and other investments not listed on a stock exchange, but traded on another regulated market that operates regularly and is recognised and open to the public, are valued at the most recently available price on this market.

c) securities and other investments not listed on a stock exchange or traded on another regulated market, and for which no appropriate price can be obtained, are valued by the Company on the basis of the likely sales prices according to other principles chosen by the Company in good faith.

d) derivatives not listed on a stock exchange (OTC derivatives) are valued on the basis of independent pricing sources. If only one independent pricing source is available for a derivative, the plausibility of the valuation obtained will be verified using calculation models that are recognised by the Company and the Company's auditors, based on the market value of that derivative's underlying.

e) units of other undertakings for collective investment in transferable securities (UCITS) and/or undertakings for collective investment (UCIs) are valued at their last known asset value.

Certain units or shares of other UCITS and/or UCIs may be valued based on estimates of their value from reliable service providers that are independent from the target fund portfolio manager or investment adviser (value estimation).

f) money market instruments not traded on a stock exchange or on another regulated market open to the public will be valued on the basis of the relevant curves. Curve-based valuations are calculated from interest rates and credit spreads. The following principles are applied in this process: The interest rate nearest the residual maturity is interpolated for each money market instrument. Thus calculated, the interest rate is converted into a market price by adding a credit spread that reflects the creditworthiness of the underlying borrower. This credit spread is adjusted if there is a significant change in the borrower's credit rating.

g) securities, money market instruments, derivatives and other assets denominated in a currency other than the relevant sub-fund's currency of account, and not hedged by foreign exchange transactions, are valued using the average exchange rate (between the bid and ask prices) known in Luxembourg or, if none is available, using the rate on the most representative market for that currency.

h) term and fiduciary deposits are valued at their nominal value plus accumulated interest.

i) the value of swaps is calculated by an external service provider and a second independent valuation is provided by another external service provider. Such calculations are based on the net present value of all cash flows (both inflows and outflows). In some specific cases, internal calculations (based on models and market data made available by Bloomberg) and/or broker statement valuations may be used. The valuation method depends on the security in question and is chosen pursuant to the applicable UBS valuation policy.

The Company is authorised to apply other generally recognised and verifiable valuation criteria in good faith to arrive at an appropriate valuation of the net assets if, due to extraordinary circumstances, a valuation in accordance with the foregoing provisions proves unfeasible or inaccurate.

In extraordinary circumstances, additional valuations may be made throughout the day. Such new valuations shall apply for subsequent issues and redemptions of shares.

Due to fees and charges as well as the buy-sell spread for the underlying investments, the actual costs of buying and selling assets and investments for a sub-fund may differ from the last available price or, if applicable, the net asset value used to calculate the net asset value per share. These costs have a negative effect on the value of a sub-fund and are termed "dilution". To reduce the effects of dilution, the Board of Directors may at its own discretion make a dilution adjustment to the net asset value per share (swing pricing).

Shares are generally issued and redeemed based on a single price: the net asset value. To reduce the effects of dilution, the net asset value per share is nevertheless adjusted on valuation days as described below; this takes place irrespective of whether the sub-fund is in a net subscription or net redemption position on the relevant valuation day. If no trading is taking place in any sub-fund or class of a sub-fund on a particular valuation day, the unadjusted net asset value per share is applied. The circumstances in which such a dilution adjustment takes place are determined at the discretion of the Board of Directors. The requirement to carry out a dilution adjustment generally depends on the scale of subscriptions or redemptions of shares in the relevant sub-fund. The Board of Directors may carry out a dilution adjustment if, in its view, the existing shareholders (in the case of subscriptions) or remaining shareholders (in the case of redemptions) could be put at a disadvantage. The dilution adjustment may take place if:

- (a) a sub-fund records a steady fall (i.e. a net outflow due to redemptions);
- (b) a sub-fund records a considerable volume of net subscriptions relative to its size;
- (c) a sub-fund shows a net subscription or net redemption position on a particular valuation day; or
- (d) In all other cases in which the Board of Directors believes a dilution adjustment is necessary in the interests of the shareholders.

When a valuation adjustment is made, a value is added to or deducted from the net asset value per share depending on whether the sub-fund is in a net subscription or net redemption position; the extent of the valuation adjustment shall, in the opinion of the Board of Directors, adequately cover the fees and charges as well as the spreads of buy and sell prices. In particular, the net asset value of the respective sub-fund will be adjusted (upwards or downwards) by an amount that (i) reflects the estimated tax expenses, (ii) the trading costs that may be incurred by the sub-fund, and (iii) the estimated bid-ask spread for the assets in which the sub-fund invests. As some equity markets and countries may show different fee structures on the buyer and seller side, the adjustment for net inflows and outflows may vary. The adjustments are generally limited to a maximum of 2% of the prevailing net asset value per share at the time. The Board of Directors may decide to temporarily apply a dilution adjustment of more than 2% of the prevailing net asset value per share at the time in respect of any sub-fund and/or valuation date in exceptional circumstances (e.g. high market volatility and/or liquidity, exceptional market conditions, market disruption, etc.), provided the Board of Directors can justify that this is representative of the prevailing market conditions and that it is in the best interest of the shareholders. This dilution adjustment will be calculated in accordance with the method determined by the Board of Directors. Shareholders will be informed via the usual communication channels when the temporary measures are introduced and when they end.

The net asset value of each class of the sub-fund is calculated separately. However, dilution adjustments affect the net asset value of each class to the same degree in percentage terms. The dilution adjustment is made at sub-fund level and relates to capital activity, but not to the specific circumstances of each individual investor transaction.

## **Investing in UBS (Lux) Bond SICAV**

### **Conditions for the issue and redemption of shares**

Sub-fund shares are issued and redeemed on every business day. A "business day" is a normal bank business day in Luxembourg (i.e. a day when the banks are open during normal business hours), except for 24 and 31 December; individual, non-statutory days

of rest in Luxembourg; and days on which stock exchanges in the main countries in which the respective sub-fund invests are closed, or on which 50% or more of the investments of the sub-fund cannot be adequately valued.

“Non-statutory days of rest” are days on which banks and financial institutions are closed.

Furthermore, for the sub-funds UBS (LUX) Bond SICAV – China Fixed Income (RMB) and UBS (LUX) Bond SICAV – China Flexible (RMB), days on which the stock exchanges in the People’s Republic of China or Hong Kong are closed are not deemed business days for these sub-funds.

No shares will be issued or redeemed on days for which the Company has decided not to calculate any net asset values, as described in the section “Suspension of net asset value calculation, and suspension of the issue, redemption and conversion of shares”. In addition, the Company is entitled to reject subscription orders at its discretion.

The Company prohibits all transactions that it deems potentially detrimental to shareholder interests, including (but not limited to) market timing and late trading. It is entitled to refuse any application for subscription or conversion that it considers to be allied to such practices. The Company is also entitled to take any action it deems necessary to protect shareholders from such practices.

**Subscription and redemption orders (“orders”) registered with the administrative agent by 15:00 CET (“cut-off time”) on a business day (“order date”) will be processed on the basis of the net asset value calculated for that day after the cut-off time (“valuation date”).**

**By way of exception, the cut-off time of the UBS (Lux) Bond SICAV – China Fixed Income (RMB) sub-fund is 11:00 (CET) and of the UBS (Lux) Bond SICAV – Asian High Yield (USD), UBS (Lux) Bond SICAV – China High Yield (USD) and UBS (LUX) Bond SICAV – China Flexible (RMB) sub-funds 13:00 (CET).**

All orders sent by fax must be received by the administrative agent at least one hour prior to the stated cut-off time of the respective sub-fund on a business day. However, the central settling agent of **UBS AG** in Switzerland, the distributors and other intermediaries may apply other cut-off times that are earlier than those specified above vis-à-vis their clients in order to ensure the correct submission of orders to the administrative agent. Information on this may be obtained from the central settlement agent of **UBS AG** in Switzerland, as well as from the respective distributors and other intermediaries.

For orders registered with the administrative agent after the respective cut-off time on a business day, the order date is considered to be the following business day.

The same applies to requests for the conversion of shares of a sub-fund into those of another sub-fund of the Company performed on the basis of the net asset values of the respective sub-funds.

This means that the net asset value used for settlement is not known at the time the order is placed (forward pricing). It will be calculated on the basis of the last-known market prices (i.e. using the latest available market prices or closing market prices, provided these are available at the time of calculation). The individual valuation principles applied are described in the section above.

Subject to applicable laws and regulations, the distributors entrusted with the acceptance of orders shall request and accept subscription, redemption and/or conversion orders from investors on the basis of a written agreement or order form or by equivalent means, including receipt of orders by electronic means. The application of equivalent means to written form requires the prior written consent of the Management Company and/or UBS Asset Management Switzerland AG at its own discretion.

### **Issue of shares**

The issue price of sub-fund shares is calculated according to the provisions in the section “Net asset value, issue, redemption and conversion price”.

Unless otherwise provided for in the section “Share classes”, depending on the various distributors who have informed investors in advance of the method used, entry costs of a maximum of 3%, and a maximum of 4% for the UBS (Lux) Bond SICAV – Convert Global (EUR) sub-fund, may be deducted from the capital commitment (or charged in addition) or added to the net asset value and paid to distributors involved in the distribution of shares in the sub-fund and/or to financial intermediaries.

Any taxes, charges or other fees incurred in the relevant country of distribution will also be charged. Additional information can be found in the local offer documents.

Subject to applicable laws and regulations, the Depositary and/or the agents entrusted with receiving subscription payments may, at their discretion and upon investors’ request, accept the payment in currencies other than the currency of account of the respective sub-fund and the subscription currency of the share class to be subscribed. The exchange rate used will be determined by the respective agent on the basis of the bid-ask spread of the relevant currency pair. Investors shall bear all fees associated with currency exchange. Notwithstanding the above, payment of subscription prices for shares denominated in RMB and/or RMB hedged shall be made in RMB only. No other currency will be accepted for the subscription of these share classes.

The shares may also be subscribed through savings plans, payment plans or conversion plans, in accordance with the locally prevailing market standards. Further information on this can be requested from the local distributors.

The issue price of sub-fund shares is paid into the Depositary’s account in favour of the sub-fund no later than three days (three business days for the sub-funds UBS (Lux) Bond SICAV – China Fixed Income (RMB) and UBS (LUX) Bond SICAV – China Flexible (RMB)) after the order date (“**settlement date**”).

If, on the settlement date or any day between the order date and the settlement date, banks in the country of the currency of the relevant share class are not open for business or the relevant currency is not traded in an interbank settlement system, these days are disregarded for the purposes of calculating the settlement date. The settlement date can only be a day on which these banks are open or these settlement systems are available for transactions in the relevant currency.

A local paying agent will carry out the requisite transactions on behalf of the final investor on a nominee basis. Costs for services of the Paying Agent may be imposed on the investor.

At the shareholders' request, the Company may accept full or partial subscriptions in kind at its own discretion. In such cases, the contribution in kind must suit the investment policy and restrictions of the relevant sub-fund. Such payments in kind will also be appraised by the auditor selected by the Company. The costs incurred will be charged to the relevant investor.

Shares are issued as registered shares only. This means that the shareholder status of the investor in the Company with all associated rights and obligations will be based on the respective investor's entry in the Company's register. A conversion of registered shares into bearer shares may not be requested. Shareholders are reminded that registered shares may also be cleared through recognised external clearing houses like Clearstream.

All shares issued have the same rights. The Articles of Incorporation nonetheless provide for the possibility of issuing various share classes with specific features within a particular sub-fund.

Furthermore, fractions of shares can be issued for all sub-funds/share classes. Fractions of shares are expressed up to three decimal places and do not confer the right to vote at general meetings. If the relevant sub-fund or share class is liquidated, however, fractional shares entitle the holder to a distribution or proportionate share of the liquidation proceeds.

### **Redemption of shares**

Redemption orders, accompanied by any certificates that may have been issued, are accepted by the Management Company, the administrative agent, the Depositary or another suitably authorised sales or paying agent.

Consideration for sub-fund shares submitted for redemption is paid no later than the third day (three business days for the sub-funds UBS (Lux) Bond SICAV – China Fixed Income (RMB) and UBS (LUX) Bond SICAV – China Flexible (RMB)) after the order date ("**settlement date**") unless legal provisions, such as foreign exchange controls or restrictions on capital movements, or other circumstances beyond the control of the Depositary, make it impossible to transfer the redemption amount to the country in which the redemption order has been submitted.

If, on the settlement date or any day between the order date and the settlement date, banks in the country of the currency of the relevant share class are not open for business or the relevant currency is not traded in an interbank settlement system, these days are disregarded for the purposes of calculating the settlement date. The settlement date can only be a day on which these banks are open or these settlement systems are available for transactions in the relevant currency.

If the value of a share class in relation to the total net asset value of a sub-fund has fallen below, or failed to reach, a level that the Board of Directors of the Company has fixed as the minimum level for the economically efficient management of a share class, the Board of Directors of the Company may decide that all shares in this class are to be redeemed against payment of the redemption price on a business day determined by the Board. Investors of the class/sub-fund concerned shall not have to bear any additional costs or other financial burdens as a result of this redemption. Where applicable, the swing pricing principle described in the Section "**Net asset value, issue, redemption and conversion price**" shall apply.

For sub-funds with multiple share classes that are denominated in different currencies, shareholders may, in principle, only receive the equivalent value for their redemption in the currency of the respective share class or the currency of account of the respective sub-fund.

Subject to applicable laws and regulations, the Depositary and/or the agents entrusted with paying the redemption proceeds may, at their discretion and upon investors' request, make the payment in currencies other than the currency of account of the respective sub-fund and the currency of the share class redeemed. The exchange rate used will be determined by the respective agent on the basis of the bid-ask spread of the relevant currency pair.

Investors shall bear all fees associated with currency exchange. These fees, as well as any taxes, commissions or other fees that may be incurred in the relevant country of distribution and, for example, levied by correspondent banks, will be charged to the relevant investor and deducted from the redemption proceeds. Notwithstanding the above, payment of redemption proceeds for shares denominated in RMB and/or RMB hedged shall be made in RMB only. The investor may not request payment of the redemption proceeds in any currency other than RMB.

Any taxes, charges or other fees incurred in the relevant country of distribution (including those levied by correspondent banks) will be charged.

However, no redemption charged may be levied.

The performance of the net asset value determines whether the redemption price is higher or lower than the issue price paid by the shareholder.

The Company reserves the right to refrain from executing redemption and conversion orders in full (redemption gate) on order dates on which the total orders would cause an outflow of funds of more than 10% of the sub-fund's net assets on that date. In such cases, the Company may decide to execute only a portion of redemption and conversion orders, and to postpone the execution of the remaining redemption and conversion orders for that order date with priority status and for a period generally not to exceed 20 business days.

In the event of a large volume of redemption orders, the Company may decide to postpone the execution of redemption orders until equivalent Company assets have been sold, without undue delay. Should such a measure be necessary, all redemption orders received on the same day will be processed at the same price.

A local paying agent will carry out the requisite transactions on behalf of the final investor on a nominee basis. Costs for services of the Paying Agent as well as fees that are levied by correspondent banks may be imposed on the investor.

At the shareholders' request, the Company may grant investors full or partial redemptions in kind at its own discretion.

In this case, the capital redeemed in kind must suit the relevant sub-fund's investment policy and restrictions. In addition, such payments in kind will be appraised by the auditor selected by the Company, and must have no negative impact on the remaining shareholders in the Company. The costs incurred will be charged to the relevant investor.



### Conversion of shares

At any time, shareholders may convert their shares into those of another share class within the same sub-fund, and/or may convert their shares into those of another sub-fund. Conversion orders are subject to the same procedures as the issue and redemption of shares.

The number of shares resulting from the conversion of a shareholder's existing shares is calculated according to the following formula:

$$\alpha = \frac{\beta * \chi * \delta}{\varepsilon}$$

where:

- $\alpha$  = number of shares of the new sub-fund or share class into which conversion is requested
- $\beta$  = number of shares of the sub-fund or share class from which conversion is requested
- $\chi$  = net asset value of the shares submitted for conversion
- $\delta$  = foreign-exchange rate between the sub-funds or share classes in question. If both sub-funds or share classes are valued in the same currency of account, this coefficient equals 1
- $\varepsilon$  = net asset value of the shares in the sub-fund or share class into which conversion is requested plus any taxes, charges or other fees

Depending on the various distributors who have informed investors in advance of the method used, a maximum conversion fee in the amount of the maximum entry costs on the capital commitment may be deducted (or charged as an addition) or added to the net asset value for payment on to distributors involved in the distribution of shares in the sub-fund and/or to financial intermediaries. No redemption charge is applied in such cases, in accordance with the information in the section titled "Redemption of shares".

Subject to applicable laws and regulations, the Depositary and/or the agents entrusted with receiving conversion payments may, at their discretion and upon investors' request, accept the payment in currencies other than the currency of account of the respective sub-fund and/or the subscription currency of the share class into which the conversion will take place. The exchange rate used will be determined by the respective agent on the basis of the bid-ask spread of the relevant currency pair. These commissions, as well as any fees, taxes and stamp duties incurred in the individual countries for a sub-fund conversion are charged to the shareholders.

### Prevention of money laundering and terrorist financing

The Company's distributors must comply with the provisions of the Luxembourg Law of 12 November 2004 on the fight against money laundering and terrorist financing, as amended, as well as the relevant statutory provisions and applicable circulars of the CSSF.

Accordingly, investors must provide proof of their identity to the distributor or sales agent receiving their subscription. The distributor or sales agent must request the following identifying documents from investors as a minimum: natural persons must provide a certified copy of their passport/identity card (certified by the distributor or sales agent or by the local administrative authority); companies and other legal entities must provide a certified copy of the articles of incorporation, a certified copy of the extract from the trade and companies register, a copy of the most recently published annual accounts and the full name of the beneficial owner.

Depending on the circumstances, the distributor or sales agent must request additional documents or information from investors requesting subscriptions or redemptions. The distributor must ensure that the sales agents strictly adhere to the aforementioned identification procedures. The administrative agent and the Company may, at any time, demand assurance from the distributor that the procedures are being adhered to. The administrative agent will monitor compliance with the aforementioned provisions for all subscription and redemption orders they receive from sales agents or distributors in countries in which such sales agents or distributors are not subject to requirements equivalent to Luxembourg or EU law on fighting money laundering and terrorist financing.

Furthermore, the distributor and its sales agents must comply with all the regulations for the prevention of money laundering and terrorist financing in force in the respective countries.

### Suspension of net asset value calculation, and suspension of the issue, redemption and conversion of shares

The Company may temporarily suspend the calculation of the net asset value of one or more sub-funds, as well as the issue and redemption of shares, and conversions between individual sub-funds due to the following:

- the closure, other than for customary holidays, of one or more stock exchanges used to value a substantial portion of the net assets, or of foreign exchange markets in whose currency the net asset value, or a substantial portion of the net assets, is denominated, or if trade on these stock exchanges or markets is suspended, or if these stock exchanges or markets become subject to restrictions or experience major short-term price fluctuations;
- events beyond the control, liability or influence of the Company and/or Management Company prevent access to the net assets under normal conditions without causing severe detriment to shareholder interests;
- disruptions in the communications network or any other event that prevents the value of a substantial portion of the net assets from being calculated;

- circumstances making it impossible for the Company to repatriate funds to pay redemption orders in the sub-fund in question, or where the Board of Directors of the Company deems the transfer of funds from the sale or for the acquisition of investments, or for payments following share redemptions, to be impossible at normal exchange rates;
- political, economic, military or other circumstances outside the control of the Company prevent the disposal of the Company's assets under normal conditions without seriously harming the interests of the shareholders;
- for any other reason the value of assets held by a sub-fund cannot be promptly or accurately determined;
- the convocation of an extraordinary general shareholders' meeting for the liquidation of the Company has been published;
- such a suspension is justified for the protection of the shareholders, after the convening notice of an extraordinary general shareholders' meeting for the merger of the Company or of a sub-fund, or a notice to the shareholders on a decision by the Board of Directors of the Company to merge one or more sub-funds was published; and
- the Company can no longer settle its transactions due to restrictions on foreign exchange and capital movements.

Should the calculation of the net asset value, the issue and redemption of shares, or the conversion of shares between sub-funds be suspended, this will be notified without delay to all the relevant authorities in the countries where Company shares are approved for distribution to the public; in addition, notification will be published in the manner described below in the section titled "Regular reports and publications".

If investors no longer meet the requirements of a share class, the Company is further obliged to request that the investors concerned:

- a) return their shares within 30 calendar days in accordance with the provisions on the redemption of shares; or
- b) transfer their shares to a person who meets the aforementioned requirements for acquiring shares in this class; or
- c) convert their shares into those of another share class of the respective sub-fund for which they are eligible in accordance with the acquisition requirements of this share class.

In addition, the Company is entitled to:

- a) refuse a request to buy shares, at its own discretion;
- b) redeem, at any time, shares that were purchased in defiance of an exclusion clause.

### **Distributions**

The payment of distributions for a certain sub-fund or share class, as well as the amount of any such distributions, is decided by the general meeting of shareholders of this sub-fund; it shall do so acting on a proposal from the Company's Board of Directors after closure of the annual accounts. Distributions may be composed of income (e.g. dividend income and interest income) or capital and they may include or exclude fees and expenses.

Investors in certain countries may be subject to higher tax rates on distributed capital than on any capital gains from the sale of fund units. Some investors may therefore prefer to invest in accumulating (-acc) rather than distributing (-dist, -mdist) share classes. Investors may be taxed at a later point in time on income and capital arising on accumulating (-acc) share classes compared with distributing (-dist) share classes. Investors should consult qualified experts for tax advice regarding their individual situation. Any distribution results in an immediate reduction of the net asset value per share of the sub-fund. The payment of distributions must not result in the net assets of the Company falling below the minimum amount for company assets laid down by the Law of 2010. If distributions are made, payment will be effected within four months of the end of the financial year.

The Board of Directors of the Company is entitled to determine whether interim dividends are paid and whether distribution payments are suspended.

Entitlements to distributions and allocations not claimed within five years of falling due will lapse and be paid back into the respective sub-fund or share class. If said sub-fund or share class has already been liquidated, the distributions and allocations will accrue to the remaining sub-funds of the Company or the remaining share classes of the sub-fund concerned in proportion to their respective net assets. At the proposal of the Company's Board of Directors, the general meeting may decide, in connection with the appropriation of net investment income and capital gains, to issue bonus shares. An income equalisation amount will be calculated so that the distribution corresponds to the actual income entitlement.

### **Taxes and expenses**

#### **Taxation**

The Company is subject to Luxembourg law. In accordance with current legislation in the Grand Duchy of Luxembourg, the Company is not subject to any Luxembourg withholding, income, capital gains or wealth taxes. From the total net assets of each sub-fund, however, a tax of 0.05% p.a. ("taxe d'abonnement") payable to the Grand Duchy of Luxembourg is due at the end of every quarter (reduced taxe d'abonnement amounting to 0.01% p.a. for share classes F, I-A1, I-A2, I-A3, I-B, I-X and U-X). This tax is calculated on the total net assets of each sub-fund at the end of every quarter. In the event that the competent tax authority changes an investor's tax status, all shares in classes F, I-A1, I-A2, I-A3, I-B, I-X and U-X may be taxed at the rate of 0.05%.

The taxable values provided are based on the most recently available data at the time they were calculated. Shareholders are not required, under current tax law, to pay any income, gift, inheritance or other tax in Luxembourg, unless they are domiciled or resident or maintain their usual place of abode in Luxembourg, or were previously resident in Luxembourg and hold more than 10% of the shares in the Company.

The aforementioned represents a summary of the fiscal impact and makes no claim to be exhaustive. It is the responsibility of purchasers of shares to seek information on the laws and regulations governing the purchase, possession and sale of shares in connection with their place of residence and their nationality.

### **Automatic exchange of information – FATCA and the Common Reporting Standard**

As an investment undertaking established in Luxembourg, the Company is bound by certain agreements on the automatic exchange of information – such as those described below (and others that may be introduced in future, as the case may be) – to collect specific information on its investors and their tax status, and to share this information with the Luxembourg tax authority, which may then exchange this information with the tax authorities in the jurisdictions in which the investors are resident for tax purposes.

According to the US Foreign Account Tax Compliance Act and the associated legislation (“**FATCA**”), the Company must comply with extensive due diligence obligations and reporting requirements, established to ensure the US Treasury is informed of financial accounts belonging to specified US persons as defined in the Intergovernmental Agreement, “**IGA**” between Luxembourg and the US. Failure to comply with these requirements may subject the Company to US withholding taxes on certain US-sourced income and, with effect from 1 January 2019, gross proceeds. In accordance with the IGA, the Company has been classed as “compliant” and is not charged any withholding tax if it identifies financial accounts belonging to specified US persons and immediately reports these to the Luxembourg tax authorities, which then provide this information to the US Internal Revenue Service.

Drawing extensively on the intergovernmental approach to implementing FATCA, the OECD developed the Common Reporting Standard (“**CRS**”) to combat offshore tax evasion on a global scale. Pursuant to the CRS, financial institutions established in participating CRS jurisdictions (such as the Company) must report to their local tax authorities all personal and account information of investors, and where appropriate controlling persons, resident in other participating CRS jurisdictions that have concluded an agreement for the exchange of information with the jurisdiction governing the financial institution. Tax authorities in participating CRS jurisdictions will exchange such information on an annual basis. Luxembourg has enacted legislation to implement the CRS. As a result, the Company is required to comply with the CRS due diligence and reporting requirements adopted by Luxembourg. In order to enable the Company to meet its obligations under FATCA and the CRS, prospective investors are required to provide the Company with information about their person and tax status prior to investment, and to update this information on an ongoing basis. Prospective investors should note that the Company is obliged to disclose this information to the Luxembourg tax authorities. The investors accept that the Company may take any action it deems necessary regarding their stake in the Company to ensure that any withholding tax incurred by the Company and any other related costs, interest, penalties and other losses and liabilities arising from the failure of an investor to provide the requested information to the Company are borne by this investor. This may include making this investor liable for any resulting US withholding taxes or penalties arising under FATCA or the CRS, and/or the compulsory redemption or liquidation of this investor’s stake in the Company.

Prospective investors should consult qualified experts for tax advice regarding FATCA and the CRS and the potential consequences of such automatic exchange of information regimes.

### **“Specified US person” as defined by FATCA**

The term “specified US person” refers to any citizen or resident of the United States, and any company or trust established in the US or under US federal or state law in the form of a partnership or corporation, provided (i) a court within the United States is authorised, pursuant to applicable law, to issue orders or pass rulings in connection with all aspects of the administration of the trust, or (ii) one or more specified US persons are authorised to take all essential decisions regarding the trust or the estate of a testator who was a US citizen or resident. The section must comply with the US Internal Revenue Code.

### **Taxation in the PRC**

For the purposes of this section of the Sales Prospectus: (i) “sub-fund” refers to the sub-funds investing directly or indirectly in QFII/QFI eligible securities through the QFII and/or QFI status of the Portfolio Manager or Investment Advisor or through the QFII and/or QFI status of any other entity within the UBS group, or investing in PRC onshore bonds that are traded directly on the CIBM or through Bond Connect; and (ii) “Portfolio Manager” refers to the Portfolio Manager, Investment Advisor or any other entity within the UBS group, as the context may require.

Pursuant to the current provisions in the PRC, foreign investors, including the sub-funds, generally invest in Chinese A shares and certain other investment products through a QFI, or via Stock Connect, or invest in onshore bonds in the PRC directly through the CIBM or through Bond Connect. By investing in PRC securities, the sub-fund may be subject to withholding tax and other taxes imposed by the PRC tax authorities.

#### **a) Corporate income tax:**

Pursuant to general tax law in the PRC, if the sub-fund is considered tax resident in the PRC, it will be subject to corporate income tax (“**CIT**”) of 25% on its worldwide taxable income. If the sub-fund is considered non-tax resident in the PRC with a place of establishment (“**PE**”) in the PRC, the profits attributable to that PE are subject to CIT of 25%. If the sub-fund is considered non-tax resident in the PRC and has no PE there, the sub-fund’s income from PRC onshore bonds will generally be subject to withholding income tax (“**WIT**”) of 10% on the income earned in the PRC, including but not limited to passive income (e.g. interest) and gains arising from transfers of PRC onshore bonds, if this income is not exempt from such tax pursuant to an applicable double taxation treaty or a specific provision of domestic tax law.

The Portfolio Manager intends to operate the sub-fund in such a manner that the sub-fund will not be treated as tax resident in the PRC or non-tax resident with a PE in the PRC for CIT purposes. However, due to uncertainty surrounding the tax laws and practices in the PRC, this cannot be guaranteed.

## Interest

Where the tax law and regulations in the PRC or the relevant tax treaty do not specifically provide for an exemption or reduction, non-tax resident companies with no PE in the PRC will generally be subject to CIT in the form of a withholding tax of 10%. On 22 November 2018, the Ministry of Finance ("MOF") and the State Taxation Administration ("STA") of the PRC jointly released the Caishui [2018] No 108 circular ("Circular 108") to address the tax issues in relation to interest income on bonds earned by foreign institutional investors from investments in the PRC bond market. In accordance with Circular 108, interest income on bonds earned by foreign institutional investors with no PE in the PRC (or with a PE in the PRC, but where such income generated in the PRC is not effectively related to that PE) between 7 November 2018 and 6 November 2021 is temporarily exempt from CIT. Further to Circular 108, on 22 November 2021, the MOF and the STA jointly released MOF/STA PN [2021] No 34 ("PN 34") extending the exemption under Circular 108 until 31 December 2025. As this exemption under circulars 108 and PN 34 is only temporary, it is unclear whether such an exemption will also apply after 31 December 2025. Pursuant to applicable tax law in the PRC, interest on government bonds issued by the competent Finance Bureau of the State Council and/or local government bonds approved by the State Council is exempt from CIT.

## Capital gains

Based on the CIT Act and its implementation rules, "income from the transfer of property" earned in the PRC by companies that are non-tax resident in the PRC should be subject to 10% WIT in the PRC unless exempt or taxable at a reduced rate under an applicable tax treaty.

On 14 November 2014, the MOF, the SAT and the CSRC of the PRC jointly released Caishui [2014] No. 79 ("Circular 79") to address the tax issues in relation to capital gains on equity investments earned by QFIs and QFIs. Under Circular 79, for QFIs/QFIs (without a PE in the PRC or with a PE in the PRC but the income earned in China is effectively not connected with that PE) such capital gains were temporarily exempt from WIT in the PRC if they were realised on or after 17 November 2014, and subject to 10% WIT in the PRC in accordance with the applicable law if they were realised before 17 November 2014.

Circular 79 did not offer any further guidance concerning the question as to whether the temporary exemption applies to securities other than A shares.

There are no specific regulations on the taxation of capital gains made by foreign investors from trading PRC onshore bonds. In the absence of specific regulations, the application of CIT is governed by the general tax provisions of CIT law in the PRC and is subject to the interpretation of the PRC tax authorities. With regard to the capital gains on the disposal of PRC onshore bonds, the PRC tax authorities have verbally indicated on numerous occasions that such gains are not considered to have been made in the PRC and are therefore not subject to the WIT applicable in the PRC. However, there is no specific written tax provision confirming this. In practice, no WIT is currently applied to capital gains made by foreign investors from trading PRC onshore bonds. Should the PRC tax authorities decide to tax such income in the future, the portfolio manager would request the PRC tax authorities to treat the sub-fund as tax resident in Luxembourg and invoke the capital gains tax exemption provided for in the double taxation treaty between the PRC and Luxembourg, although this cannot be guaranteed.

### b) Value added tax ("VAT"):

According to the Caishui [2016] No. 36 circular ("**Circular 36**") on the last phase of the VAT reform that came into force on 1 May 2016, gains on the transfer of PRC onshore securities became subject to VAT as of 1 May 2016, unless a special exemption applies.

According to Circular 36 and the Caishui [2016] No. 70 circular ("Circular 70"), gains made on the transfer of PRC onshore bonds by foreign institutional investors that have been granted direct access to the CIBM by the People's Bank of China ("PBOC") and gains realised by QFIs/QFIs from the transfer of PRC debt instruments are exempt from VAT.

Interest income earned by foreign investors on investments in PRC onshore bonds are subject to 6% VAT where no special exemption applies (see notes to Circular 108 and PN 34 below). According to Circular 36, interest income on deposits is not subject to VAT, and interest income on government bonds is exempt from VAT. Circular 108 provides for an exemption from VAT on interest income on bonds earned by foreign institutional investors investing in the Chinese bond market between 7 November 2018 and 6 November 2021. This period was extended until 31 December 2025 by PN 34. As this exemption under circulars 108 and PN 34 is only temporary, it is unclear whether such an exemption will also apply after 31 December 2025. Where VAT is payable, additional taxes also apply (including the urban construction and maintenance tax, the education surcharge and the regional education surcharge) amounting to up to 12% of the applicable VAT.

## Tax risk in the PRC

There are risks and uncertainties associated with the applicable tax laws and regulations and the current tax practice in the PRC for capital gains and interest income realised for the sub-fund's investments in PRC securities (that may apply retroactively). A high tax liability for the fund may have a negative effect on the fund's value.

The following principles formed on the basis of independent, professional tax advice apply to the creation of tax provisions for the sub-fund:

- For the 10% WIT, a provision is made for non-government PRC onshore bonds for any interest income earned before 7 November 2018 that was not subject to the WIT as a withholding tax by the issuer in the PRC.
- For the 6.3396% VAT (including surcharges), a provision is made for non-government PRC onshore bonds for any interest income earned before 7 November 2018 that was not subject to the VAT as a withholding tax by the issuer in the PRC (this VAT regime is applicable as of 1 May 2016).

Any portion of the real tax liability for the sub-fund's assets not covered by the tax provision detracts from the sub-fund's NAV. The real tax liability may be lower than the tax provision. Depending on the timing of their subscriptions and/or redemptions, investors may be adversely affected by a deficit in the tax provision/will not be entitled to a portion of any surplus. Shareholders should consult their tax advisers with regard to their own tax liability for their investments in the sub-fund.

## **Taxation in the United Kingdom**

### **Reporting sub-funds**

Within the meaning of the UK Taxation (International and Other Provisions) Act 2010 (hereinafter the "TIOPA"), special provisions apply to investments in offshore funds. The individual share classes of these offshore funds are treated as separate offshore funds for this purpose. The taxation of shareholders in a reporting share class is different to the taxation of shareholders in non-reporting share classes. The individual taxation systems are explained below. The Board of Directors reserves the right to apply for the status of reporting fund for individual share classes.

### **Shareholders in non-reporting share classes**

Each individual share class is an offshore fund within the meaning of the TIOPA and the UK Offshore Funds (Tax) Regulations 2009 that came into force on 1 December 2009. Within this framework, all income from the sale, disposal or redemption of offshore fund units held by persons resident or ordinarily resident in the United Kingdom at the time of the sale, disposal or redemption are taxed as income and not as capital gains. However, this is not the case if the fund is approved as a reporting fund by the UK tax authorities for the period in which units are held. Shareholders who are resident or ordinarily resident in the United Kingdom for tax purposes and invest in non-reporting share classes may be obliged to pay income tax on the income from the sale, disposal or redemption of shares. Such income is therefore taxable, even if investors would be exempt from capital gains tax under general or special provisions, which may lead to some UK investors bearing a comparatively higher tax burden. Shareholders who are resident or ordinarily resident in the United Kingdom can offset losses on the disposal of shares in non-reporting share classes against capital gains.

### **Shareholders in reporting share classes**

Each individual share class is an offshore fund within the meaning of the TIOPA. Within this framework, all income from the sale, disposal or redemption of offshore fund units at the time of the sale, disposal or redemption are taxed as income and not as capital gains. These provisions do not apply if the fund is accorded reporting fund status and maintains this status during the period in which units are held.

For a share class to qualify as a reporting fund, the Company must apply to the UK tax authorities for the inclusion of the sub-fund in this category. The share class must then report 100% of the income of the share class for each financial year. The corresponding report can be consulted by investors on the UBS website. Private investors resident in the United Kingdom should include the reportable income in their income tax return. They will then be assessed on the basis of the declared income, whether the income was distributed or not. In determining the income, the income for accounting purposes is adjusted for capital and other items and is based on the reportable income of the corresponding sub-fund. Shareholders are hereby informed that income from trading (but not from investment activities) is classified as reportable income. The key criteria is the business activity. Given the lack of clarity in the guidelines concerning the difference between trading and investment activities, there is no guarantee that the proposed activities are not trading activities. Should the activities of the Company be partly or wholly classified as trading activities, then the annual reportable income for shareholders and the corresponding tax burden would probably be significantly higher than would otherwise be the case. Provided that the relevant share class fulfils the status of a reporting sub-fund, the income from this share class will be taxed as a capital gain and not as income, unless the investor is a securities trader. Such gains may therefore be exempt from capital gains tax under general or special provisions, which may lead to some UK investors bearing a comparatively lower tax burden.

In accordance with Part 3 Chapter 6 of the Offshore Funds (Tax) Regulations 2009 (hereinafter the "**2009 Regulations**"), certain transactions of a regulated sub-fund such as the Company are generally not treated as trading activities in the calculation of reportable income for reporting sub-funds that fulfil a genuine diversity of ownership condition. In this respect, the Board of Directors confirms that all share classes are primarily for private and institutional investors and are offered to these target groups. Regarding the 2009 Regulations, the Board of Directors confirms that the shares of the Company can be easily acquired and are marketed and made available in order to reach and attract the targeted categories of investors.

The attention of persons ordinarily resident in the United Kingdom is drawn to the provisions of Part 13(2) of the Income Tax Act 2007 ("Transfer of Assets Abroad"), which provide that under certain circumstances, these persons may be subject to income tax in connection with non-distributed income and profits arising on investments in sub-fund(s), or similar income and profits, which is not receivable in the United Kingdom by those persons.

In addition, it is important to note the provisions of Section 13 of the Taxation of Chargeable Gains Act of 1992, which govern the distribution of chargeable gains of companies that are not resident in the United Kingdom and that would be considered "close companies" if they were resident in the UK. These gains are distributed to investors who are domiciled or have their ordinary place of residence in the UK. Profits distributed in this manner are taxable for all investors holding a share of more than 10% of the distributed profit either individually or together with associated persons.

The Company intends to make all reasonable efforts to ensure that the sub-fund or sub-funds are not classed as a "close company" within the meaning of Section 13 of the Taxation of Chargeable Gains Act if domiciled in the United Kingdom. Moreover, when determining the impact of Section 13 of the Taxation of Chargeable Gains Act of 1992, it is important to ensure that the regulations of the double taxation treaty between the United Kingdom and Luxembourg are taken into account.

### **Partial exemption under the German Investment Tax Act of 2018**

All sub-funds are to be considered "**other funds**" within the meaning of the German Investment Tax Act (Investmentsteuergesetz – **InvStG**) and therefore do not qualify for partial exemption pursuant to section 20 of the InvStG.

## DAC 6 – Disclosure requirements for reportable cross-border tax arrangements

On 25 June 2018, Council Directive (EU) 2018/822 (“DAC 6”) entered into force, which introduces rules on the mandatory automatic exchange of information in the field of taxation in relation to reportable cross-border arrangements. DAC 6 is designed to give the tax authorities of EU Member States access to comprehensive and relevant information on potentially aggressive tax-planning arrangements, and to enable them to react promptly against harmful tax practices and to close loopholes by enacting legislation or by undertaking adequate risk assessments and carrying out tax audits

Although the commitments under DAC 6 only apply from 1 July 2020, it may be necessary to notify arrangements implemented between 25 June 2018 and 30 June 2020. The Directive requires intermediaries in the EU to provide information on reportable cross-border arrangements, including details of the arrangement and information identifying the intermediaries and relevant taxpayers involved, i.e. the persons to whom the reportable cross-border arrangement is made available, to the relevant local tax authorities. The local tax authorities then exchange this information with the tax authorities of other EU Member States. The company may therefore be required by law to provide the competent tax authorities with information known to it, in its possession or under its control about cross-border arrangements that are subject to reporting requirements. This legislation may also concern schemes which are not necessarily aggressive tax planning.

### Expenses paid by the Company

The Company pays a maximum monthly flat fee for share classes “P”, “N”, “K-1”, “F”, “Q”, “QL”, “I-A1”, “I-A2”, “I-A3” and “I-A4” calculated on the average net asset value of the sub-funds.

This shall be used as follows:

1. For the management, administration, portfolio management and distribution of the Company (if applicable), as well as for all the tasks of the Depositary, such as the safekeeping and supervision of the Company’s assets, the handling of payment transactions and all other tasks listed in the section entitled “Depositary and Main Paying Agent”, a maximum flat fee based on the net asset value of the Company is paid from the Company’s assets, in accordance with the following provisions: This fee is charged to the Company’s assets on a pro rata basis upon every calculation of the net asset value and is paid on a monthly basis (maximum flat fee). The maximum flat fee for share classes with “hedged” in their name may include foreign exchange risk hedging charges. The relevant maximum flat fee will not be charged until the corresponding share classes have been launched. An overview of the maximum flat fees can be found under “The sub-funds and their special investment policies”. The maximum flat fee effectively applied can be found in the annual and semi-annual reports.

2. The maximum flat fee does not include the following fees and additional expenses, which are also charged to the Company’s assets:

a) All additional expenses related to management of the Company’s assets for the sale and purchase of assets (bid-ask spread, brokerage fees in line with the market, commissions, fees, etc.). As a rule, these expenses are calculated upon the purchase or sale of the respective assets. In derogation hereto, these additional expenses, which arise through the sale and purchase of assets in connection with the settlement of the issue and redemption of units, are covered by the application of a dilution levy or the swing pricing principle pursuant to the section titled “Net asset value, issue, redemption and conversion price”.

b) fees of the supervisory authority for the establishment, modification, liquidation and merger of the Company, as well as all charges payable to the supervisory authorities and any stock exchanges on which the sub-funds are listed;

c) auditor’s fees for the annual audit and certification in connection with the establishment, modification, liquidation and merger of the Company, as well as any other fees paid to the audit firm for the services it provides in relation to the administration of the Fund as permitted by law;

d) fees for legal and tax advisers, as well as notaries, in connection with the establishment, registration in distribution countries, modification, liquidation and merger of the Company, as well as for the general safeguarding of the interests of the Company and its investors, insofar as this is not expressly prohibited by law;

e) costs for the publication of the Company’s net asset value and all costs for notices to investors, including translation costs;

f) costs for the Company’s legal documents (prospectuses, KIDs, annual and semi-annual reports, as well as all other documents legally required in the countries of domiciliation and distribution);

g) costs for the Company’s registration with any foreign supervisory authorities, if applicable, including fees payable to the foreign supervisory authorities, as well as translation costs and fees for the foreign representative or paying agent;

h) expenses incurred through use of voting or creditors’ rights by the Company, including fees for external advisers;

i) costs and fees related to any intellectual property registered in the Company’s name or to the Company’s rights of usufruct;

j) all expenses arising in connection with any extraordinary measures taken by the Management Company, Portfolio Manager or Depositary to protect the interests of the investors;

k) if the Management Company participates in class-action suits in the interests of investors, it may charge the Company’s assets for the expenses arising in connection with third parties (e.g. legal and Depositary costs). Furthermore, the Management Company may charge for all administrative costs, provided these are verifiable, and published and/or taken into account in the disclosure of the Company’s total expense ratio (TER).

l) fees, costs and expenses payable to the directors of the Company (including reasonable out-of-pocket expenses, insurance coverage and reasonable travel expenses in connection with meetings of the Board of Directors and remuneration of directors).

3. The Management Company may pay retrocessions to cover the distribution activities of the Company.

4. The Management Company or its agents may pay rebates directly to investors. Rebates serve to reduce the cost attributable to investors concerned.

Rebates are permitted provided that they:

- are paid out of fees of the Management Company or its agents and thus do not additionally impair the assets of the sub-fund;
- are granted on the basis of objective criteria;
- are granted to the same extent to all investors who meet the objective criteria equally and demand rebates;
- increase the quality of the service for which the rebate is granted (e.g. by contributing to higher assets of the sub-fund that can lead to a more efficient management of the assets and a reduced liquidation probability of the sub-fund and/or a reduction of the fixed costs pro rate for all investors) and all investors bear their fair share of the sub-fund's fees and costs.

The objective criterion for granting rebates is:

- the total assets held by the investor in the share class of the sub-fund that qualifies for rebates;

Additional criteria may be:

- the total assets in UBS collective investment schemes held by the investor and/or
- the region where the investor is domiciled.

Upon request of the investor, the Management Company or its agents shall disclose the corresponding amount of the rebates free of charge.

All taxes levied on the income and assets of the Company, particularly the tax d'abonnement, will also be borne by the Company.

For purposes of general comparability with fee rules of different fund providers that do not have a flat fee, the term "maximum management fee" is set at 80% of the flat fee.

For share class "I-B", a fee is charged to cover the costs of fund administration (comprising the costs of the Company, the administrative agent and the Depositary). The costs for asset management and distribution are charged outside of the Company under a separate contract concluded directly between the investor and UBS Asset Management Switzerland AG or one of its authorised representatives.

Costs relating to the services performed for share classes I-X, K-X and U-X for asset management, fund administration (comprising the costs of the Company, the administrative agent and the Depositary) and distribution are covered by the compensation to which UBS Asset Management Switzerland AG is entitled to under a separate contract with the investor.

Costs relating to the services to be performed for share classes "K-B" for asset management purposes are covered by the compensation to which UBS Asset Management Switzerland AG or one of its authorised distribution partners is entitled under a separate contract with the investor.

All costs that can be allocated to specific sub-funds will be charged to those sub-funds.

Costs that can be attributed to individual share classes will be charged to these share classes. If costs are incurred in connection with several or all sub-funds/share classes, however, these costs will be charged to these sub-funds/share classes in proportion to their relative net asset values.

With regard to sub-funds that may invest in other UCIs or UCITS under the terms of their investment policies, fees may be incurred both at the level of the sub-fund as well as at the level of the relevant target fund.

The management fees (excluding performance fees) of the target fund in which the assets of the sub-fund are invested may amount to a maximum of 3.00%, taking into account any trailer fees.

Should a sub-fund invest in units of funds that are managed directly or by delegation by the Management Company or by another company linked to the Management Company through common management or control or through a substantial direct or indirect holding, no issue or redemption charges may be charged to the investing sub-fund in connection with these target fund units.

Details of the Company's ongoing costs (or ongoing charges) can be found in the KIDs.

## **Information for shareholders**

### **Regular reports and publications**

For the Company and each of its sub-funds, an annual report shall be published on 31 May and a semi-annual report on 30 November.

The aforementioned reports contain a breakdown of each sub-fund, or respectively, each share class in the relevant currency of account. The consolidated breakdown of assets for the Company as a whole is given in USD.

The annual report, which is published within four months of the end of the financial year, contains the annual accounts audited by the independent auditors. It also contains details on the underlying assets to which the respective sub-funds are exposed

through the use of derivative financial instruments and the counterparties involved in these derivative transactions, as well as the amount and type of collateral provided in favour of the sub-fund by the counterparties in order to reduce the credit risk. These reports are available to shareholders at the registered office of the Company and the Depositary.

The issue and redemption prices of the shares of each sub-fund are made available in Luxembourg at the registered office of the Company and the Depositary.

Notices to shareholders will be published at [www.ubs.com/lu/en/asset\\_management/notifications](http://www.ubs.com/lu/en/asset_management/notifications) and can be sent by email to those shareholders who have provided an email address for this purpose. Paper copies of such notices will be mailed to those shareholders who have not provided an email address at the postal address recorded in the shareholder registry. Paper copies will also be mailed to shareholders where required by Luxembourg law or supervisory authorities, or legally required in the relevant countries of distribution, and/or published in another form permitted by Luxembourg law.

### **Inspection of documents**

The following documents are kept at the registered office of the Company and/or Management Company, where they can be viewed:

1. Articles of Incorporation of the Company and the Management Company
2. Depositary Agreement
3. Portfolio Management Agreement
4. Management Company Agreement
5. Administrative Agent Agreement

The aforementioned agreements may be amended by common consent of the parties involved.

### **Handling complaints, strategy for exercising voting rights and best execution**

In accordance with Luxembourg laws and regulations, the Management Company provides additional information on procedures for handling complaints and best execution, as well as the strategy for exercising voting rights on the following website:

[http://www.ubs.com/lu/en/asset\\_management/investor\\_information.html](http://www.ubs.com/lu/en/asset_management/investor_information.html)

### **Remuneration policy of the Management Company**

The Board of Directors of the Management Company has adopted a remuneration policy that aims to ensure remuneration complies with the applicable regulations – in particular the provisions defined under (i) UCITS Directive 2014/91/EU, the ESMA final report on sound remuneration policies under the UCITS Directive and AIFMD published on 31 March 2016, (ii) the Alternative Investment Fund Managers (AIFM) Directive 2011/61/EU, enacted into Luxembourg national law by the AIFM Law of 12 July 2013, as amended, the ESMA guidelines on sound remuneration policies under the AIFMD, published on 11 February 2013 and (iii) the CSSF Circular 10/437 on Guidelines concerning the remuneration policies in the financial sector, issued on 1 February 2010 – as well as the guidelines of the UBS Group AG remuneration policy. This remuneration policy is reviewed at least annually.

The remuneration policy promotes a solid and effective risk management framework, is aligned with the interests of investors, and prevents risks from being taken that do not comply with the risk profiles, the Management Regulations, or the Articles of Incorporation of this UCITS/AIF. The remuneration policy also ensures compliance with the strategies, objectives, values and interests of the Management Company and the UCITS/AIF, including measures to prevent conflicts of interest.

Furthermore, this approach aims to:

- Evaluate performance over a multi-year period that is suitable to the recommended holding period of investors in the sub-fund, in order to ensure that the evaluation process is based on the Company's long-term performance and investment risks, and that performance-related remuneration is actually paid out over the same period;
- Provide employees with remuneration that comprises a balanced mix of fixed and variable elements. The fixed remuneration component represents a sufficiently large portion of the total remuneration amount, which allows for a flexible bonus strategy. This includes the option not to pay any variable remuneration. This fixed remuneration is determined according to the individual employee's role, which includes their responsibilities and the complexity of their work, their performance, and the local market conditions. Furthermore, it should be noted that the Management Company may, at its own discretion, offer benefits to employees. These form an integral part of the fixed remuneration.

All information relevant hereto shall be disclosed in the annual reports of the Management Company in accordance with the provisions of UCITS Directive 2014/91/EU.

Investors can find more details about the remuneration policy, including, but not limited to, the description of how remuneration and benefits are calculated, the identity of persons responsible for awarding the remuneration and benefits, including the composition of the remuneration committee (if any), are available on [http://www.ubs.com/lu/en/asset\\_management/investor\\_information.html](http://www.ubs.com/lu/en/asset_management/investor_information.html).

This information can also be requested in hard copy from the Management Company free of charge.

### **Conflicts of interest**

The Board of Directors, the Management Company, the Portfolio Manager, the Depositary, the administrative agent and the other service providers of the Company, and/or their respective affiliates, associates, employees or any person connected with them may be subject to various conflicts of interest in their relationships with the Company.

The Management Company, the Company, the Portfolio Manager, the administrative agent and the Depositary have adopted and implemented a policy on conflicts of interest. They have taken suitable organisational and administrative measures to identify and



manage conflicts of interest so as to minimise the risk of the Company's interests being prejudiced, as well as to ensure that the Company's shareholders are treated fairly in the event that a conflict of interest cannot be prevented.

The Management Company, the Depositary, the Portfolio Manager, the principal distributor, the Securities Lending Agent and the Securities Lending Service Provider are part of the UBS Group (the "**Affiliated Person**").

The Affiliated Person is a global, full-service private banking, investment banking, asset management and financial services organisation that is a major player in the global financial markets. As such, the Affiliated Person is engaged in various business activities and may have other direct or indirect interests in the financial markets in which the Company invests.

The Affiliated Person (as well as its subsidiaries and branches) may serve as the counterparty in financial derivative contracts entered into with the Company. Conflicts of interest may also potentially arise if the Depositary is closely associated with a legally independent entity of the Affiliated Person that provides other products or services to the Company.

In the conduct of its business, the Affiliated Person shall endeavour to identify, manage and where necessary prohibit any action or transaction that may lead to a conflict of interest between the various business activities of Affiliated Person and the Company or its shareholders. The Affiliated Person endeavours to manage any conflicts in a manner consistent with the highest standards of integrity and fair dealing. To this end, the Affiliated Person has implemented procedures to ensure that any business activities giving rise to a conflict that could harm the interests of the Company or its shareholders are carried out with an appropriate level of independence and that any conflicts are resolved fairly. Investors may obtain additional information on the Management Company and/or the Company's policy on conflicts of interest free of charge by addressing a written request to the Management Company.

Despite the Management Company's best efforts and due care, there remains the risk that the organisational or administrative measures taken by the Management Company for the management of conflicts of interest may not be sufficient to ensure, with reasonable confidence, that all risks of damage to the interests of the Company or its shareholders are eliminated. If this should be the case, any non-mitigated conflicts of interest and any decisions taken in relation thereto will be notified to investors on the following website of the Management Company: [http://www.ubs.com/lu/en/asset\\_management/investor\\_information.html](http://www.ubs.com/lu/en/asset_management/investor_information.html).

This information is also available free of charge at registered office of the Management Company.

In addition, it must be taken into account that the Management Company and the Depositary are members of the same group. Accordingly, both these entities have put in place policies and procedures to ensure that they (i) identify all conflicts of interests arising from this relationship and (ii) take all reasonable steps to avoid such conflicts of interest.

Where a conflict of interest arising out of the relationship between the Management Company and the Depositary cannot be avoided, the Management Company or the Depositary will manage, monitor and disclose that conflict of interest in order to prevent adverse effects on the interests of the Company and of the shareholders.

A description of all custody tasks delegated by the Depositary, as well as a list of all delegates and sub-delegates of the Depositary can be found on the following webpage: <https://www.ubs.com/global/en/legalinfo2/luxembourg.html>. Up-to-date information on this will be made available to investors upon request.

## **Benchmark Regulation**

The indices used by the sub-funds as benchmarks ("use" defined in accordance with Regulation (EU) 2016/1011, hereinafter the "Benchmark Regulation") as at the date of this Sales Prospectus are provided by:

(i) benchmark administrators included in the register of administrators and benchmarks kept by ESMA in accordance with Article 36 of the Benchmark Regulation. Up-to-date information on whether the benchmark is provided by an administrator included in the ESMA register of administrators and benchmarks from the EU and third countries is available at <https://registers.esma.europa.eu>; and/or

(ii) benchmark administrators authorised under the Benchmarks (Amendment and Transitional Provision) (EU Exit) Regulations 2019 of the United Kingdom ("UK Benchmark Regulation") have the status of benchmark administrators from third countries within the meaning of the Benchmark Regulation and are included in a register of administrators and benchmarks kept by the FCA and is available at <https://register.fca.org.uk/BenchmarksRegister>; and/or

(iii) benchmark administrators to whom the transitional arrangements under the Benchmark Regulation apply and, consequently, are not yet included in the register of administrators and benchmarks kept by the ESMA.

The transition period for benchmark administrators and the period in which they must apply for authorisation or registration as an administrator under the Benchmarks Regulation depend both on the classification of the benchmark concerned and on the domicile of the benchmark administrator.

In the event of significant changes to or the cessation of a benchmark, the Management Company has a written contingency plan that includes the measures to be taken in such a case, as required by Article 28(2) of the Benchmark Regulation. Shareholders can consult this contingency plan free of charge at the registered office of the Management Company.

## **Data protection**

In accordance with the provisions of the Luxembourg Law of 1 August 2018 on the organisation of the National Data Protection Commission and the general data protection framework, as amended, and Regulation (EU) 2016/679 of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (the "data protection legislation"), the Company acts as a data controller and collects, stores and processes, by electronic or other means, the data provided by investors for the purpose of performing the services required by investors and in order to meet the Company's legal and supervisory obligations.

The data processed includes in particular the investor's name, contact details (including their postal or email address), bank account details, the amount and the nature of the investments in the Company (and if the investor is a legal entity, the data of natural persons connected with this legal entity, such as its contact person(s) and/or beneficial owner(s)) ("personal data").

Investors may decline to transfer personal data to the Company at their own discretion. However, in this case the Company is entitled to reject orders to subscribe shares.

Investors' personal data is processed when they enter into a relationship with the Company and in order to carry out the subscription of shares (i.e. to fulfil a contract), to safeguard the Company's legitimate interests and to meet the Company's legal obligations. Personal data is processed for the following purposes in particular: (i) to carry out subscriptions, redemptions and conversions of shares, pay dividends to investors and administer client accounts; (ii) to manage client relationships; (iii) to carry out checks relating

to excess trading and market timing practices and for tax identification that may be mandated by Luxembourg or foreign legislation and regulations (including laws and regulations relating to FATCA and the CRS); (iv) to comply with applicable anti-money laundering regulations. Data provided by shareholders is also processed (v) to administer the Company's register of shareholders. In addition, personal data may be used (vi) for marketing purposes.

The above-mentioned legitimate interests include:

- the purposes listed in points (ii) and (vi) of the previous paragraph of this data protection section for which data may be processed;
- meeting the accounting and supervisory obligations of the Company in general;
- carrying out the Company's business in accordance with appropriate market standards.

For this purpose and in accordance with the provisions of the data protection legislation, the Company may transfer personal data to its data recipients (the "recipients"), who may be affiliated or external companies that assist the Company in its activities in relation to the above-mentioned purposes. These include in particular the management company, the administrative agent, the distributors, the depositary, the paying agent, the investment manager, the domiciliary agent, the global distributor, the auditor and the legal advisor of the Company.

The recipients may pass on the personal data on their own responsibility to their representatives and/or agents (the "sub-recipients"), who may process the personal data solely for the purpose of assisting the recipients in performing their services for the Company and/or in meeting their legal obligations.

The recipients and sub-recipients may be located in countries inside or outside the European Economic Area (EEA) where data protection legislation may not provide an appropriate level of protection.

When transferring personal data to recipients and/or sub-recipients located in a country outside the EEA which does not have appropriate data protection standards, the Company shall establish contractual safeguards to ensure that investors' personal data is afforded the same protection as that provided by the data protection legislation and may use the model clauses approved by the European Commission to do so. Investors are entitled to request copies of the relevant documents that enable the transfer of personal data to these countries by sending a written request to the Company's address listed above.

When subscribing to shares, every investor is explicitly reminded that their personal data may be transferred to and processed by the above-mentioned recipients and sub-recipients, including companies located outside the EEA and in particular in countries that may not offer an appropriate level of protection.

The recipients and sub-recipients may process the personal data as processors when handling the data on the Company's instructions, or as controllers in their own right when processing the personal data for their own purposes, i.e. to meet their own legal obligations. The Company may also transfer personal data to third parties in accordance with the applicable legislation and regulations, such as government and supervisory authorities, including tax authorities inside or outside the EEA. In particular, personal data may be passed on to the Luxembourg tax authorities which in turn act as controllers and can forward this data to foreign tax authorities.

In accordance with the provisions of the data protection legislation, every investor has the right, by sending a written request to the Company's address listed above, to the following:

- Access to their personal data (i.e. the right to obtain confirmation from the Company as to whether their personal data is being processed, the right to obtain certain information as to how the fund processes their personal data, the right of access to such data and the right to obtain a copy of the personal data processed (subject to any statutory exemptions));
- Rectification of their personal data if it is inaccurate or incomplete (i.e. the right to oblige the Company to update or correct inaccurate or incomplete personal data or factual errors accordingly);
- Restriction of the use of their personal data (i.e. the right to request that the processing of their personal data is restricted to the storage of such data in certain circumstances until they give consent);
- Objecting to the processing of their personal data, including to the processing of their personal data for marketing purposes (i.e. the right to object, on grounds relating to the specific situation of the investor, to the processing of personal data based on the performance of a task carried out in the public interest or the legitimate interests of the Company; the Company terminates such processing unless it can prove that there are compelling legitimate grounds for the processing which override the interests, rights and freedoms of the investor or that they need to process the data for the establishment, exercise or defence of legal claims);
- Deletion of their personal data (i.e. the right to request the erasure of personal data under certain conditions, including when processing of such data by the Company is no longer necessary in relation to the purposes for which it was collected or processed);
- Data portability (i.e. the right, if technically feasible, to request the transfer of the data to the investor or another controller in a structured, widely used and machine-readable format).

Investors also have the right to lodge a complaint with the National Data Protection Commission at 1, Avenue du Rock'n'Roll, L-4361 Esch-sur-Alzette, Grand Duchy of Luxembourg, or with another national data protection authority if they are resident in another Member State of the European Union.

Personal data will not be stored for longer than required for the purpose for which the data is being processed. The relevant statutory time limits for data storage shall apply.

## Index provider

### **J.P. Morgan**

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### **Refinitiv**

Refinitiv Global Convertible Index – Global Vanilla Hedged EUR Index powered by Refinitiv data and calculated by Refinitiv.

### **ICE BofA**

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## Liquidation of the Company and its sub-funds; merger of sub-funds

### **Liquidation of the Company and its sub-funds**

The Company may be dissolved at any time by the general meeting of shareholders in due observance of the legal provisions governing the quorum and majority voting requirements.

If the total net assets of the Company fall below two thirds or one quarter of the prescribed minimum capital, the Board of Directors of the Company must ask for a vote by the general meeting of shareholders on whether to liquidate the Company. If the Company is liquidated, it will be wound up by one or more liquidators. These shall be designated by the general meeting of shareholders, which will also determine their remuneration and the scope of the powers granted to them. The liquidators will realise the Company's assets in the best interests of the shareholders and distribute the net proceeds from the liquidation of these sub-funds to the shareholders of these sub-funds or share classes in proportion to their respective holdings. Any liquidation proceeds which cannot be distributed to the shareholders at the end of the liquidation process (which can take up to nine months), will be deposited immediately at the Caisse de Consignation in Luxembourg.

Defined maturity sub-funds are automatically wound up and liquidated upon expiry of their respective terms.

If the total net asset value of a sub-fund, or share class within a sub-fund, has fallen below or failed to reach a value required for that sub-fund or share class to be managed with economic efficiency; or in the event of a substantial change in the political, economic or monetary environment; or as part of a rationalisation; the Company may decide to redeem all shares of the corresponding share class(es) at the net asset value (taking into account the actual investment realisation rates and expenses) as at the valuation date or time at which this decision takes effect.

Notwithstanding the powers of the Board of Directors of the Company, the general meeting of shareholders of a sub-fund can reduce the Company capital at the proposal of the Board of Directors of the Company by withdrawing shares issued by said sub-fund and refunding shareholders with the net asset value of their shares.

The net asset value is calculated for the day on which the decision comes into force, taking into account the actual price realised on liquidating the sub-fund's assets and any costs arising from this liquidation.

The shareholders of the respective sub-fund will be informed of the decision taken by the general meeting of shareholders or the Company's Board of Directors to redeem and cancel shares in the manner described above in the section titled "Regular reports and publications". The countervalue of the net asset value of liquidated shares that have not been submitted by shareholders for redemption will be deposited immediately at the Caisse de Consignation in Luxembourg.

### **Merger of the Company or of sub-funds with another undertaking for collective investment ("UCI") or with a sub-fund thereof; merger of sub-funds**

"Mergers" are transactions in which

- a) one or more UCITS or sub-funds of such UCITS (the "**absorbed UCITS**"), upon being wound up without liquidation, transfer all assets and liabilities to another existing UCITS or a sub-fund of that UCITS (the "**absorbing UCITS**"), and the shareholders of the absorbed UCITS receive in return shares in the absorbing UCITS and, if applicable, a cash payment not exceeding 10% of the net asset value of such shares;
- b) two or more UCITS or sub-funds of such UCITS (the "**absorbed UCITS**"), upon being wound up without liquidation, transfer all their assets and liabilities to another UCITS formed by them or a sub-fund of that UCITS (the "**absorbing UCITS**"), and the shareholders of the absorbed UCITS receive in return shares in the absorbing UCITS and, if applicable, a cash payment not exceeding 10% of the net asset value of such shares;

- c) one or more UCITS or sub-funds of such UCITS (the “**absorbed UCITS**”) that continue to exist until liabilities have been paid off transfer all net assets to another sub-fund of the same UCITS, to another UCITS formed by them or to another existing UCITS or a sub-fund of that UCITS (the “**absorbing UCITS**”).

Mergers are permissible under the conditions provided for in the Law of 2010. The legal consequences of a merger are defined in the Law of 2010.

Under the conditions described in the section “Liquidation of the Company and its sub-funds”, the Board of Directors of the Company may decide to allocate the assets of a sub-fund or of a share class to another existing sub-fund or share class of the Company, or to another Luxembourg UCI pursuant to Part I of the Law of 2010, or to a foreign UCITS pursuant to the provisions of the Law of 2010; and to redesignate the shares of the sub-fund or share class in question as shares of another sub-fund or of another share class (as a result of the scission or consolidation, if necessary, and through the payment of an amount that corresponds to the pro rata entitlement of the shareholders). Notwithstanding the powers of the Board of Directors of the Company mentioned in the previous section, the decision to merge sub-funds, as described above, may also be taken by the general meeting of the shareholders of the sub-fund in question.

Shareholders will be informed of any such decision in the manner described above in the section entitled “Regular reports and publications”. During the 30 days following the notification of such a decision, shareholders will have the right to redeem all or part of their shares at the prevailing net asset value, free of redemption charge or other administrative charges, in accordance with the established procedure outlined under “Redemption of shares”. Shares not presented for redemption will be exchanged on the basis of the net asset value of the relevant sub-fund, calculated for the day on which the decision takes effect. If units in an investment fund established as a “fonds commun de placement” are allocated, the decision is binding only for the investors who voted in favour of the allocation.

#### **General meeting of the Company or of the shareholders of the relevant sub-fund**

For both the liquidation and merger of sub-funds, no minimum quorum is required at the General meeting of the Company or of the shareholders of the relevant sub-fund, and decisions can be approved by a simple majority of the shares present or represented at this general meeting.

#### **Applicable law, place of performance and legally binding document language**

The Luxembourg District Court shall have jurisdiction to hear all legal disputes between the shareholders, the Company, the Management Company and the Depositary. Luxembourg law shall apply. However, in matters concerning the claims of investors from other countries, the Company and/or the Depositary may elect to make themselves subject to the jurisdiction of the countries in which the shares were bought and sold.

Only the English version of this Sales Prospectus shall be legally binding. However, the Company may recognise translations (it itself has approved) into the languages of the countries in which shares are offered or sold to investors as binding upon themselves in matters concerning those shares.

#### **Investment principles**

The following conditions also apply to the investments made by each sub-fund:

##### **Permitted investments of the Company**

- 1.1 The investments of the Company may consist exclusively of one or more of the following components:
- a) Securities and money market instruments that are listed or traded on a “regulated market” as defined in Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments;
  - b) Securities and money market instruments that are traded in a Member State on another market which is recognised, regulated, operates regularly and is open to the public. The term “**Member State**” designates a member country of the European Union; countries that are parties to the agreement on the European Economic Area but are not Member States of the European Union are considered equivalent to Member States of the European Union, within the limits of said agreement and its related agreements;
  - c) Securities and money market instruments admitted to official listing on a stock exchange in a non-Member State or traded on another market of a European, American, Asian, African or Australasian country (hereinafter “**approved state**”) which operates regularly and is recognised and open to the public;
  - d) Newly issued securities and money market instruments, provided the terms of issue stipulate that an application must be made for admission to official listing on one of the securities exchanges or regulated markets mentioned under Points 1.1(a)–(c), and that this admission must be granted within one year of the issue of the securities;
  - e) Units of UCITS admitted pursuant to Directive 2009/65/EC and/or other UCIs within the meaning of Article 1(2)(a) and (b) of Directive 2009/65/EC with their registered office in a Member State as defined in the Law of 2010, or in a non-Member State, provided that:
    - such other UCIs have been approved in accordance with legislation subjecting them to prudential supervision that, in the opinion of the CSSF, is equivalent to that which applies under Community law, and that adequate provision exists for ensuring cooperation between authorities;
    - the level of protection afforded to unitholders in the other UCIs is equivalent to that afforded to shareholders in the Company and, in particular, regulations apply that are equivalent to those in Directive 2009/65/EC

governing the segregation of assets, borrowing, lending and the short-selling of securities and money market instruments;

- the business operations of the other UCIs are the subject of annual and semi-annual reports that permit an assessment to be made of the assets and liabilities, income and transactions arising during the reporting period; and
- the UCITS or such other UCIs, the units of which are to be acquired, may invest no more than 10% of its assets in units of other UCITS or UCIs pursuant to its Management Regulations or its founding documents.

Each sub-fund may invest no more than 10% of its assets in other UCITS or UCIs, unless otherwise stipulated in the investment policy of that sub-fund.

- f) Sight deposits or deposits at notice at credit institutions with a term of up to 12 months, provided the credit institution has its registered office in an EU Member State, or (if the credit institution's registered office is located in a non-Member State) it is subject to supervisory regulations that the CSSF deems equivalent to those under Community law;
- g) Derivative financial instruments ("**derivatives**"), including equivalent cash-settled instruments, which are traded on one of the regulated markets listed in (a), (b) and (c) above, or derivatives that are not traded on a stock exchange ("**OTC derivatives**"), provided that:
  - the use of derivatives is in accordance with the investment purpose and investment policy of the respective sub-fund and is suited to achieving their goals;
  - the underlying securities are instruments in accordance with the definition given under points 1.1(a) and 1.1(b) or financial or macroeconomic indices, interest rates, currencies or other underlying instruments in which the Company may invest either directly or indirectly via other existing UCI or UCITS pursuant to its investment policy;
  - the sub-funds ensure, through adequate diversification of the underlying assets, that the diversification requirements applicable to them and listed in the section entitled "Risk diversification" are adhered to;
  - the counterparties in transactions involving OTC derivatives are institutions subject to prudential supervision and belonging to the categories admitted by the CSSF and expressly approved by the Company. The approval process by the Company is based on the principles drawn up by UBS AM Credit Risk and concerning, inter alia, the creditworthiness, reputation and experience of the relevant counterparty in settling transactions of this type, as well as their willingness to provide capital. The Company maintains a list of counterparties it has approved;
  - the OTC derivatives are valued daily in a reliable and verifiable manner and may be sold, liquidated or settled by means of a back-to-back transaction at any time, upon the Company's initiative and at the appropriate fair value; and
  - the counterparty is not granted discretion regarding the composition of the portfolio managed by the relevant sub-fund (e.g. in the case of a total return swap or a derivative financial instrument with similar characteristics), or regarding the underlying of the relevant OTC derivative.
- h) Money market instruments within the meaning of the provisions set out under "Investment Policy" which are not traded on a regulated market, provided that the issue or issuer of these instruments is already subject to regulations on deposit and investor protection, and provided that these instruments are:
  - issued or guaranteed by a central, regional or local authority or the central bank of a Member State, the European Central Bank, the European Union or European Investment Bank, a non-Member State, or, in the case of a federal state, a Member State of the federation, or by a public international institution of which at least one Member State is a member;
  - issued by an undertaking whose securities are traded on the regulated markets listed under Point 1.1(a), (b) and (c);
  - issued or guaranteed by an institution subject to official prudential supervision in accordance with the criteria laid down in Community law, or by an institution subject to prudential supervision that, in the opinion of the

CSSF, is at least as stringent as that provided for in Community law, and that complies with it, or issued by other issuers belonging to a category authorised by the CSSF, provided that regulations protecting investors that are equivalent to those in the first, second or third points above apply to investments in these instruments, and provided that the issuers constitute either a company with equity capital amounting to at least ten million euro (EUR 10,000,000) that prepares and publishes its annual accounts in accordance with the Fourth Council Directive 78/660/EEC, or an entity within a group encompassing one or more listed companies and responsible for its financing, or an entity that is to fund the securitisation of liabilities by means of a credit line provided by a bank.

- 1.2 In derogation of the investment restrictions set out in Point 1.1, each sub-fund may invest up to 10% of its net assets in securities and money market instruments other than those named in Point 1.1.
- 1.3 The Company ensures that the overall risk associated with derivatives does not exceed the overall net value of the Company portfolio. As part of its investment strategy, each sub-fund may invest in derivatives within the limits set out in Points 2.2 and 2.3, provided the overall risk of the underlying instruments does not exceed the investment limits stipulated in Point 2.
- 1.4 Each sub-fund may hold ancillary liquid assets.

### **Risk diversification**

- 2.1 In accordance with the principle of risk diversification, the Company is not permitted to invest more than 10% of the net assets of a sub-fund in securities or money market instruments from a single institution. The Company may not invest more than 20% of the net assets of a sub-fund in deposits with a single institution. In transactions by a sub-fund in OTC derivatives, counterparty risk must not exceed 10% of the assets of that sub-fund if the counterparty is a credit institution as defined in Point 1.1(f). The maximum allowable counterparty risk is reduced to 5% in transactions with other counterparties. The total value of all positions in the securities and money market instruments of those institutions that account for more than 5% of the net assets of a sub-fund may not exceed 40% of the net assets of that sub-fund. This restriction does not apply to deposits and transactions in OTC derivatives with financial institutions that are subject to prudential supervision.
- 2.2 Regardless of the maximum limits set out in Point 2.1, each sub-fund may not invest more than 20% of its net assets in a single institution through a combination of:
  - securities and money market instruments issued by this institution,
  - deposits with that institution and/or
  - OTC derivative contracts with this institution.
- 2.3 In derogation of the above, the following applies:
  - a) The maximum limit of 10% mentioned in Point 2.1 is raised to 25% for certain bonds which fall under the definition of covered bonds in point (1) of Article 3 of Directive (EU) 2019/2162 of the European Parliament and of the Council and for bonds that were issued before 8 July 2022 by credit institutions domiciled in an EU Member State and subject, in that particular country, to special prudential supervision by public authorities designed to protect the holders of these instruments. In particular, funds originating from the issue of such bonds issued before 8 July 2022 must, in accordance with the law, be invested in assets that provide sufficient cover for the obligations arising from them during the entire term of the bonds and that provide a preferential right to payment of the capital and interest in the event of insolvency of the issuer. If a sub-fund invests more than 5% of its net assets in bonds of a single issuer, then the total value of these investments may not exceed 80% of the value of the net assets of the sub-fund.
  - b) The maximum limit of 10% is raised to 35% for securities or money market instruments issued or guaranteed by an EU Member State or its local authorities, by another approved state, or by public international bodies of which one or more EU Member States are members. Securities and money market instruments that come under the special ruling referenced in Point 2.3(a) and (b) are not accounted for in calculating the aforementioned 40% maximum limit pertaining to risk diversification.
  - c) The limits set out in points 2.1, 2.2, 2.3(a) and (b) may not be aggregated; therefore, the investments listed in these paragraphs made in securities or money market instruments of a single issuing institution, or in deposits with that institution or derivatives thereof, may not exceed 35% of the net assets of a given sub-fund.
  - d) Companies belonging to the same group for the purposes of consolidated accounts, as defined by Council Directive 83/349/EEC Article 1(1) or recognised international accounting rules, must be treated as a single issuer for the calculation of the investment limits set out in this section. However, investments by a sub-fund in securities and money market instruments of a single corporate group may total up to 20% of the assets of that sub-fund.
  - e) **In the interest of risk diversification, the Company is authorised to invest up to 100% of a sub-fund's net assets in securities and money market instruments from various issues that are guaranteed or issued by an EU Member State or its local authorities, another authorised OECD member state, China, Russia, Brazil, Indonesia or**

**Singapore, or by public international bodies of which one or more EU Member States are members. These securities and money market instruments must be divided into at least six different issues, with securities or money market instruments from a single issue not exceeding 30% of the total net assets of a sub-fund.**

- 2.4 The following provisions apply with regard to investments in other UCITS or UCIs:
- a) The Company may invest up to 20% of the net assets of a sub-fund in units of a single UCITS or other UCI. In implementing this investment limit, each sub-fund of a UCI comprising multiple sub-funds is treated as an independent issuer, provided each of these sub-funds is individually liable in respect of third parties.
  - b) Investments in units of UCIs other than UCITS may not exceed 30% of the sub-fund's net assets. The assets of the UCITS or other UCI in which a sub-fund has invested are not included when calculating the maximum limits set out in Points 2.1, 2.2 and 2.3.
  - c) For sub-funds that, in accordance with their investment policies, invest a significant portion of their assets in units or shares of other UCITS and/or other UCIs, the maximum management fees chargeable by the sub-fund itself and by the other UCITS and/or other UCIs in which it invests are listed in the section titled "Expenses paid by the Company".
- 2.5 The sub-funds may subscribe, acquire and/or hold shares that are to be issued by or have been issued by one or more other sub-funds of the Company, provided that:
- the target sub-fund does not itself invest in the sub-fund that is investing in that target sub-fund; and
  - the target sub-funds to be acquired may, in accordance with their sales prospectuses or articles of incorporation, invest no more than 10% of their own assets in units of other target sub-funds of the same UCI; and
  - any voting rights associated with the securities in question are suspended for the period they are held by the sub-fund in question, regardless of their appropriate valuation in financial accounts and periodic reports; and
  - as long as these securities are held by the sub-fund, their value is not, in any event, included in the calculation of the sub-fund's net asset value described in the Law of 2010 to verify the minimum net assets in accordance with that law; and
  - no administration/subscription or redemption fees are double charged at the level of the sub-fund and that of the target sub-fund in which it invests.
- 2.6 The Company may invest up to 20% of a sub-fund's assets in equities and/or debt securities of a single issuer if, according to that sub-fund's investment policy, the sub-fund's objective is to replicate a specific equity or bond index recognised by the CSSF. This is subject to the following conditions:
- the composition of the index is sufficiently diversified;
  - the index is an appropriate benchmark for the market it represents;
  - the index is published in an appropriate manner.

The limit is 35% provided this is justified due to exceptional market conditions; particularly on regulated markets heavily predominated by certain securities or money market instruments. Investment up to this upper limit is only permitted in the case of a single issuer.

If the limits mentioned in Points 1 and 2 are exceeded unintentionally or as a consequence of the exercise of subscription rights, the Company must manage the sale of its securities so as to give top priority to amending the situation while working in the best interests of the shareholders.

For a period of six months after they are officially approved, newly launched sub-funds may deviate from the particular restrictions pertaining to risk diversification indicated, provided that they continue to observe the principle of risk diversification.

### **3. Investment restrictions**

The Company is prohibited from:

- 3.1 Acquiring securities, if the subsequent sale of these is restricted in any way by contractual agreements;
- 3.2 Acquiring shares with voting rights that would enable the Company, possibly in collaboration with other investment funds under its management, to exert a significant influence on the management of an issuer;

### 3.3 Acquiring more than:

- 10% of the non-voting shares of a single issuer;
- 10% of the debt instruments of a single issuer;
- 25% of the units of a single UCITS or UCI;
- 10% of the money market instruments of a single issuer.

In the latter three cases, the restrictions on acquiring securities need not be observed if, at the time of acquisition, it is impossible to determine the gross sum of debt instruments or money market instruments, and the net sum of units issued.

The following are exempt from the provisions of 3.2 and 3.3:

- securities and money market instruments issued or guaranteed by an EU Member State or its local authorities, or by another approved state;
- Securities and money market instruments issued or guaranteed by a non-Member State;
- securities and money market instruments issued by public international bodies to which one or more Member States of the European Union belong;
- Shares in a company in a non-Member State that primarily invests its assets in the securities of issuers domiciled in that non-Member State, where under that non-Member State's law, holding such shares is the only way to legally invest in the securities of that non-Member State's issuers. In doing so, the provisions of the Law of 2010 must be complied with; and
- Shares in subsidiary companies that carry out certain administrative, advisory or sales activities surrounding the repurchase of units at the behest of shareholders, in the country in which they are located and exclusively on behalf of the Company.

3.4 Short-selling securities, money market instruments or other instruments listed in Point 1.1(e), (g) and (h);

3.5 Acquiring precious metals or related certificates;

3.6 Investing in real estate and buying or selling commodities or commodities contracts;

3.7 Taking out loans, unless

- the loan is a back-to-back loan to purchase foreign currency;

the loan is only temporary and does not exceed 10% of the net assets of the sub-fund in question;

3.8 Granting loans or acting as guarantor for third parties. This restriction does not prevent the acquisition of securities, money market instruments or the other instruments listed in Point 1.1(e), (g) and (h) if these are not fully paid up.

3.9 Notwithstanding the aforementioned prohibited investments, the Company is entitled to invest in the following financial instruments:

- certificates, in the broader sense, that have individual precious metals as underlying assets, that comply with the securities requirements stipulated in Article 2 of Directive 2007/16/EC, and that contain no embedded derivatives linked to the performance of an index.
- certificates, in the broader sense, that have individual commodities or commodities indices as underlying assets, that comply with the securities requirements stipulated in Article 2 of Directive 2007/16/EC, and that contain no embedded derivatives linked to the performance of an index.

The Company is authorised to introduce additional investment restrictions at any time in the interests of the shareholders, provided these are necessary to ensure compliance with the laws and regulations of those countries in which Company shares are offered and sold.

## 4. Asset pooling

The Company may permit internal merging and/or the collective management of assets from particular sub-funds in the interest of efficiency. In such cases, assets from different sub-funds are managed collectively. A group of collectively managed assets is referred to as a "pool"; pooling is used exclusively for internal management purposes. Pools are not official entities and cannot be accessed directly by shareholders.



## Pools

The Company may invest and manage all or part of the portfolio assets of two or more sub-funds (referred to as “**participating sub-funds**” in this context) in the form of a pool. Such an asset pool is created by transferring cash and other assets (provided these assets suit the relevant pool’s investment policy) from each participating sub-fund to the asset pool. From then on, the Company can make transfers to the individual asset pools. Assets can also be returned to a participating sub-fund, up to the full amount equivalent to its participation.

A participating sub-fund’s share in a particular asset pool is calculated in terms of notional units of equal value. When an asset pool is created, the Company must specify a starting value for the notional units (in a currency that the Company deems appropriate) and allot to each participating sub-fund notional units equivalent to the cash (or other assets) it has contributed. The value of a notional unit is then calculated by dividing the net assets of the asset pool by the number of existing notional units.

If additional cash or assets are contributed to or withdrawn from an asset pool, the notional units assigned to the relevant participating sub-fund are increased or reduced by a figure that is arrived at by dividing the cash or assets contributed or withdrawn by the participating sub-fund by the current value of that participating sub-fund’s share in the pool. If cash is contributed to the asset pool, it is reduced for the purposes of calculation by an amount that the Company deems appropriate to cover any tax expenses, as well as for the closing charges and acquisition costs for the cash investment. If cash is withdrawn, a corresponding deduction may be made to account for any costs incurred in the disposal of securities or other assets of the asset pool.

Dividends, interest and other income-like distributions obtained from the assets of an asset pool are allocated to that asset pool, and thus increase its net assets. If the Company is liquidated, the assets of an asset pool are allocated to the participating sub-funds in proportion to their respective shares in the asset pool.

## Collective management

To reduce operating and management costs while enabling broader diversification of investments, the Company may decide to manage part or all of the assets of one or more sub-funds collectively with those of other sub-funds or other undertakings for collective investment. In the following paragraphs, the term “**collectively managed entities**” refers to the Company and each of its sub-funds, as well as any entities with or between which a collective management agreement might exist. The term “**collectively managed assets**” refers to the whole of the assets of these collectively managed entities, which is managed in accordance with the aforementioned collective management agreement.

As part of the collective management agreement, the respective portfolio manager is entitled, on a consolidated basis for the relevant collectively managed entities, to make decisions on investments and sales of assets that affect the composition of the portfolio of the Company and its sub-funds. Each collectively managed entity holds a share in the collectively managed assets in proportion with its own net assets’ contribution to the aggregate value of the collectively managed assets. This proportion held (referred to in this context as a “**proportionate share**”) applies to all asset classes held or acquired under collective management. Investment and/or divestment decisions have no effect on a collectively managed entity’s proportionate share, and future investments are allotted in proportion with it. When assets are sold, they are subtracted proportionately from the collectively managed assets held by each collectively managed entity.

When a new subscription is made with one of the collectively managed entities, subscription proceeds are allocated to each collectively managed entity taking into account the adjusted proportionate share of the jointly managed entity to which the subscription applies; this adjustment corresponds to the increase in that entity’s net assets. Allocating assets from that collectively managed entity to the others changes the net asset total of each in line with its adjusted proportionate share. By the same token, when a redemption is ordered from one of the collectively managed entities, the requisite cash is taken from the collectively managed entities’ cash reserves based on the proportionate shares as adjusted for the decrease in the net assets of the collectively managed entity to which the redemption applies. In this case, too, the total net assets of each will change to match its adjusted proportionate share.

Shareholders should note that the collective management agreement may lead to the composition of the assets of a particular sub-fund being affected by events (e.g. subscriptions and redemptions) that concern other collectively managed entities unless extraordinary measures are taken by the Company or an entity commissioned by the Company. Thus, all other things being equal, subscriptions received by an entity that is collectively managed with a sub-fund will result in an increase in that sub-fund’s cash reserves. Conversely, redemptions received by an entity that is collectively managed with a sub-fund will serve to reduce that sub-fund’s cash reserves. However, subscriptions and redemptions can be executed on the special account opened for each collectively managed entity outside the scope of the agreement, through which subscriptions and redemptions must pass. Because a large volume of subscriptions and redemptions may be ordered to these special accounts and because the Company or entities it commissions may decide to end a sub-fund’s participation in the collective management agreement at any time, that sub-fund may avoid restructuring its portfolio if this could adversely affect the interests of the Company, its sub-funds and its shareholders.

If a change in the structure of the Company’s portfolio, or the portfolio of one or more of its sub-funds, occurring as a result of redemptions or payments of fees and expenses associated with another collectively managed entity (i.e. one that cannot be counted as belonging to the Company or one of its sub-funds), could cause a breach of the investment restrictions on the Company or those sub-funds, the relevant assets will be excluded from the agreement before the change takes effect so that they are not impacted by the resulting adjustments.

Collectively managed assets of sub-funds will only be managed collectively with assets to be invested in pursuit of the same investment objectives. This serves to ensure that investment decisions can be reconciled with the investment policy of the relevant sub-fund in every respect. Collectively managed assets may only be managed together with assets for which the same Portfolio Manager is authorised to make investment and divestment decisions, and for which the Depositary also acts as depositary. This serves to ensure that the Depositary is fully capable of carrying out its functions and meeting its obligations to the Company and

its sub-funds in accordance with the Law of 2010 and other legal requirements. The Depositary must always keep the assets of the Company separate from those of the other collectively managed entities; this allows it to accurately determine the assets of each individual sub-fund at any time. As the investment policies of the collectively managed entities need not correspond exactly with that of any sub-fund, the collective investment policy for these entities may be more restrictive than that of the sub-fund.

The Company may decide to terminate a collective management agreement at any time without giving prior notice.

At any time, shareholders may request information from the Company's registered office on the proportion of collectively managed assets and on the entities with which a collective management agreement exists at the time of their enquiry. The composition and percentages of collectively managed assets must be stated in the annual reports.

Collective management agreements with non-Luxembourg entities are permissible if (i) the agreement involving the non-Luxembourg entity is governed by Luxembourg law and subject to Luxembourg jurisdiction or (ii) each collectively managed entity is endowed with such rights that no insolvency or bankruptcy administrator, or creditor, of the non-Luxembourg entity has access to the assets or is authorised to freeze them.

## 5. Special techniques and instruments with securities and money market instruments as underlying assets

Subject to the conditions and limits set out in the Law of 2010, the Company and its sub-funds may use repurchase agreements, reverse repurchase agreements, securities lending agreements and/or other techniques and instruments that have securities and money market instruments as underlying assets for efficient portfolio management purposes in accordance with the requirements defined by the CSSF (the "techniques"). If such transactions relate to the use of derivatives, the terms and limits must comply with the provisions of the Law of 2010. The techniques will be used on an ongoing basis as described in the section "Exposure to securities financing transactions", but it may be decided from time to time, depending on market conditions, to suspend or reduce exposure to securities financing transactions. The use of these techniques and instruments must be in accordance with the best interests of the investors.

Repurchase agreements are transactions in which one party sells a security to the other party with a simultaneous agreement to repurchase the security at a fixed future date at a stipulated price reflecting a market rate of interest unrelated to the coupon rate of the securities. A reverse repurchase agreement is a transaction whereby a sub-fund purchases securities from a counterparty and simultaneously commits to resell the securities to the counterparty at an agreed upon date and price. A securities lending agreement is an agreement whereby title to the "loaned" securities is transferred by a "lender" to a "borrower" with the borrower contracting to deliver "equivalent securities" to the lender at a later date ("securities lending").

Securities lending may be effected only via recognised clearing houses such as Clearstream International or Euroclear, or using first-class financial institutions that specialise in such activities and following the procedure specified by them.

In the case of securities lending transactions, the Company must, in principle, receive collateral, the value of which must at least correspond to the total value of the securities lent out and any accrued interest thereon. This collateral must be issued in a form of financial collateral permitted by the provisions of Luxembourg law. Such collateral is not required if the transaction is effected via Clearstream International or Euroclear, or another organisation which guarantees the Company that the value of the securities lent will be refunded.

The provisions of the section entitled "Collateral management" shall apply accordingly to the management of collateral that was left to the Company within the scope of securities lending. In derogation of the provisions of the section entitled "Collateral management", shares from the finance sector are accepted as securities within the framework of securities lending.

Service providers that provide services to the Company in the field of securities lending have the right to receive a fee in return for their services that is in line with the market standards. The amount of this fee will be reviewed annually and adjusted if necessary. Currently, 60% of the gross revenue received from securities lending transactions negotiated at arm's length is credited to the relevant sub-fund, while 30% of the gross revenue are retained as fees by UBS Switzerland AG as the securities lending provider, responsible for the ongoing securities lending activities and collateral management, and 10% of the gross revenue are retained as fees by UBS Europe SE, Luxembourg Branch as the securities lending agent, responsible for the transactions management, ongoing operational activities and collateral safekeeping. All fees for operating the securities lending program are paid from the securities lending agent's portion of the gross income. This covers all direct and indirect costs incurred through securities lending activities. UBS Europe SE, Luxembourg Branch and UBS Switzerland AG are part of the UBS Group. Furthermore, the Company has drawn up internal framework agreements regarding securities lending. These framework agreements contain, among other things, the relevant definitions, the description of the principles and standards of the contractual management of the securities lending transactions, the quality of the collateral, the approved counterparties, the risk management, the fees to be paid to third parties and fees to be received by the Company, as well as the information to be published in the annual and semi-annual reports.

The Board of Directors of the Company has approved instruments of the following asset classes as collateral from securities lending transactions and determined the following haircuts to be used on these instruments:

Asset class	Minimum haircut (% deduction from market value)
<b>Fixed and variable-rate interest-bearing instruments</b>	
Instruments issued by a state belonging to the G-10 (excluding the US, Japan, the UK, Germany and Switzerland, including their federal states and cantons as issuers) and with a minimum rating of A*	2%
Instruments issued by the US, Japan, the UK, Germany and Switzerland, including their federal states and cantons**	0%
Bonds with a minimum rating of A	2%
Instruments issued by supranational organisations	2%

Instruments issued by an entity and belonging to an issue with a minimum rating of A	4%
Instruments issued by a local authority and with a minimum rating of A	4%

<b>Shares</b>	8%
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Shares listed on the following indexes are accepted as permissible collateral:	Bloomberg ID
Australia (S&P/ASX 50 INDEX)	AS31
Austria (AUSTRIAN TRADED ATX INDX)	ATX
Belgium (BEL 20 INDEX)	BEL20
Canada (S&P/TSX 60 INDEX)	SPTSX60
Denmark (OMX COPENHAGEN 20 INDEX)	KFX
Europe (Euro Stoxx 50 Pr)	SX5E
Finland (OMX HELSINKI 25 INDEX)	HEX25
France (CAC 40 INDEX)	CAC
Germany (DAX INDEX)	DAX
Hong Kong (HANG SENG INDEX)	HSI
Japan (NIKKEI 225)	NKY
Netherlands (AEX-Index)	AEX
New Zealand (NZX TOP 10 INDEX)	NZSE10
Norway (OBX STOCK INDEX)	OBX
Singapore (Straits Times Index STI)	FSSTI
Sweden (OMX STOCKHOLM 30 INDEX)	OMX
Switzerland (SWISS MARKET INDEX)	SMI
Switzerland (SPI SWISS PERFORMANCE IX)	SPI
UK (FTSE 100 INDEX)	UKX
U.S. (DOW JONES INDUS. AVG)	INDU
U.S. (NASDAQ 100 STOCK INDX)	NDX
U.S. (S&P 500 INDEX)	SPX
U.S. (RUSSELL 1000 INDEX)	RIY

\* In this table, "rating" refers to the rating scale used by S&P. Ratings by S&P, Moody's and Fitch are used with their corresponding scales. If the ratings given to a certain issuer by these rating agencies are not uniform, then the lowest rating shall apply.

\*\* Unrated issues by these states are also permissible. No haircut is applied to these either.

In general, the following requirements apply to repurchase/reverse repurchase agreements and securities lending agreements:

- (i) Counterparties to a repurchase/reverse repurchase agreement or securities lending agreement will be entities with legal personality typically located in OECD jurisdictions. These counterparties will be subject to a credit assessment. Where the counterparty is subject to a credit rating by any agency registered and supervised by ESMA, that rating shall be taken into account in the credit assessment. Where a counterparty is downgraded to A2 or below (or comparable rating) by such a credit rating agency, a new credit assessment in respect of the counterparty will be undertaken without delay.
- (ii) The Company must be able at any time to recall any security that has been lent out or terminate any securities lending agreement into which it has entered.
- (iii) When the Company enters into a reverse repurchase agreement it must ensure that it is able at any time to recall the full amount of cash (including the interest incurred up to the time of being recalled) or to terminate the reverse repurchase agreement on either an accrued basis or a mark-to-market basis. When the cash is callable at any time on a mark-to-market basis, the mark-to-market value of the reverse repurchase agreement should be used for the calculation of the Net Asset Value of the relevant sub-fund. Fixed-term reverse repurchase agreements that do not exceed seven days should be considered as arrangements on terms that allow the assets to be recalled at any time by the Company.
- (iv) When the Company enters into a repurchase agreement it must ensure that it is able at any time to recall any securities subject to the repurchase agreement or to terminate the repurchase agreement into which it has entered. Fixed-term repurchase agreements that do not exceed seven days should be considered as arrangements on terms that allow the assets to be recalled at any time by the Company.
- (v) Repurchase/reverse repurchase agreements or securities lending do not constitute borrowing or lending for the purposes of the UCITS Directive.
- (vi) All the revenues arising from efficient portfolio management techniques, net of direct and indirect operational costs/fees, will be returned to the relevant sub-fund.
- (vii) Any direct and indirect operational costs/fees arising from efficient portfolio management techniques that may be deducted from the revenue delivered to the relevant sub-fund must not include hidden revenue. Such direct and indirect operational costs/fees will be paid to the entities outlined in the respective annual or semi-annual report of the Company, which shall indicate the amounts of the respective fees and whether the entities are related to the Management Company or the Depositary.

In general, the following applies to total return swaps:

- i) One hundred percent (100%) of the gross return from total return swaps less direct and indirect operating costs/fees reverts to the sub-funds.
- (ii) All direct and indirect operating costs/fees incurred on total return swaps will be paid to the entities outlined in the annual and semi-annual report of the Company.
- (iii) There are no fee-splitting arrangements for total return swaps.

The Company and its sub-funds may under no circumstances deviate from their investment objectives for these transactions. Equally, the use of these techniques may not cause the risk level of the sub-fund in question to increase significantly with regard to its original risk level (i.e. without the use of these techniques).

With regards to the risks inherent to the use of these techniques, reference is made here to the information contained in the section entitled "Risks connected with the use of efficient portfolio management techniques".

The Company ensures that it or one of its appointed service providers will monitor and manage the risks incurred through the use of these techniques, particularly counterparty risk, as part of the risk management procedure. The monitoring of potential conflicts of interest arising from transactions with companies associated with the Company, the Management Company and the Depositary is primarily carried out through reviewing the contracts and corresponding processes on a regular basis. Furthermore, the Company ensures that, despite the use of these techniques and instruments, the investors' redemption orders can be processed at any time.

\*\*\*\*\*

**Annex I – SFDR related  
information**

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Product name:**

UBS (Lux) Bond SICAV - Asian High Yield (USD)

**Legal entity identifier:**

5493003OFW5AUJYPQN78

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

## Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?	
<p><span style="color: green;">●●</span> <input type="checkbox"/> <b>Yes</b></p>	<p><span style="color: green;">●</span> <span style="color: white;">●</span> <input checked="" type="checkbox"/> <b>No</b></p>
<p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b>: ____ %</p> <p style="margin-left: 20px;"><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p style="margin-left: 20px;"><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b>: _____ %</p>	<p><input type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ____% of sustainable investments</p> <p style="margin-left: 20px;"><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p style="margin-left: 20px;"><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p style="margin-left: 20px;"><input type="checkbox"/> with a social objective</p> <p><input checked="" type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>



**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

## What environmental and/or social characteristics are promoted by this financial product?

The following characteristic is promoted by the financial product:

- A sustainability profile that is higher than its benchmark's sustainability profile or a minimum of 51% of assets invested in issuers with sustainability profiles in the top half of the UBS ESG Consensus score scale.

The benchmark is a broad market index which does not assess or include constituents according to environmental and/or social characteristics and therefore is not intended to be consistent with the characteristics promoted by the financial product. No ESG reference benchmark has been designated for the purpose of attaining the characteristics promoted by the financial product.

- ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The above characteristic is measured using the following indicators respectively:

The UBS ESG consensus score is used to identify issuers/companies for the investment universe with strong environmental and social performance characteristics, or a strong sustainability profile. This UBS ESG consensus score is a normalized weighted average of ESG score data from internal and recognized external providers. Rather than relying on an ESG score from a single provider, the consensus score approach increases conviction in the validity of the sustainability profile.

The UBS ESG consensus score assesses sustainability factors, such as the performance of the relevant issuers/companies with reference to environmental, social and governance (ESG) aspects. These ESG aspects relate to the main areas in which the issuers/companies operate and their effectiveness in managing ESG risks. Environmental and social factors can include (amongst others) the following: environmental footprint and operational efficiency, environmental risk management, climate change, natural resource usage, pollution and waste management, employment standards and supply chain monitoring, human capital, diversity within the board of directors, occupational health and safety, product safety, as well as anti-fraud and anti-corruption guidelines.

The individual investments in the sub-fund have a UBS ESG consensus score (on a scale of 0-10, with 10 having the best sustainability profile). There is no minimum UBS ESG consensus score at individual investment level.

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable.

- ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

Not applicable.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?  
Details:*

Not applicable.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti - corruption and anti - bribery matters.

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

*The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.*

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes

No



**What investment strategy does this financial product follow?**

**ESG Integration:**

ESG Integration is driven by taking into account material ESG risks as part of the research process. ESG integration enables the Portfolio Manager to identify financially relevant sustainability factors that impact investment decisions and to incorporate ESG considerations when implementing investment decisions, and allows ESG risks to be systematically monitored and compared to risk appetite and constraints. It also assists in portfolio construction through securities selection, investment conviction and portfolio weightings.

- For corporate issuers, this process utilizes an internal UBS ESG material issues framework which identifies the financially relevant factors per sector that can impact investment decisions. This orientation toward financial materiality ensures that analysts focus on sustainability factors that can impact the financial performance of the company and therefore investment returns. ESG integration can also identify opportunities for engagement to improve the company’s ESG risk profile and thereby mitigate the potential negative impact of ESG issues on the company’s financial performance. The Portfolio Manager employs an internal UBS ESG risk dashboard that combines multiple internal and external ESG data sources in order to identify companies with material ESG risks. An actionable risk signal highlights ESG risks to the Portfolio Manager for incorporation in their investment decision making process.

- For non-corporate issuers, the Portfolio Manager applies a qualitative or quantitative ESG risk assessment that integrates data on material ESG factors.

The analysis of material sustainability/ESG considerations can include many different aspects, such as the following among others: the carbon footprint, health and well-being, human rights, supply chain management, fair customer treatment and governance.

**Sustainability Exclusion Policy:**

The Sustainability Exclusion Policy of the Portfolio Manager outlines the exclusions applied to the investment universe of the financial product. The link to the Sustainability Exclusion Policy can be found in the main body of the Sales Prospectus.

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.



- **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The following binding element(s) of the investment strategy are used to select the investments to attain the characteristic(s) promoted by this financial product:

A sustainability profile that is higher than its benchmark's sustainability profile or a minimum of 51% of assets invested in issuers with sustainability profiles in the top half of the UBS ESG Consensus score scale.

The calculations do not take account of cash, derivatives and unrated investment instruments.

The characteristic(s) and the minimum proportion of investments used to meet the environmental and/or social characteristics promoted by the financial product are calculated at quarter end using the average of all business days' values in the quarter.

**Sustainability Exclusion Policy:**

The Sustainability Exclusion Policy of the Portfolio Manager outlines the exclusions applied to the investment universe of the financial product. The link to the Sustainability Exclusion Policy can be found in the main body of the Sales Prospectus.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

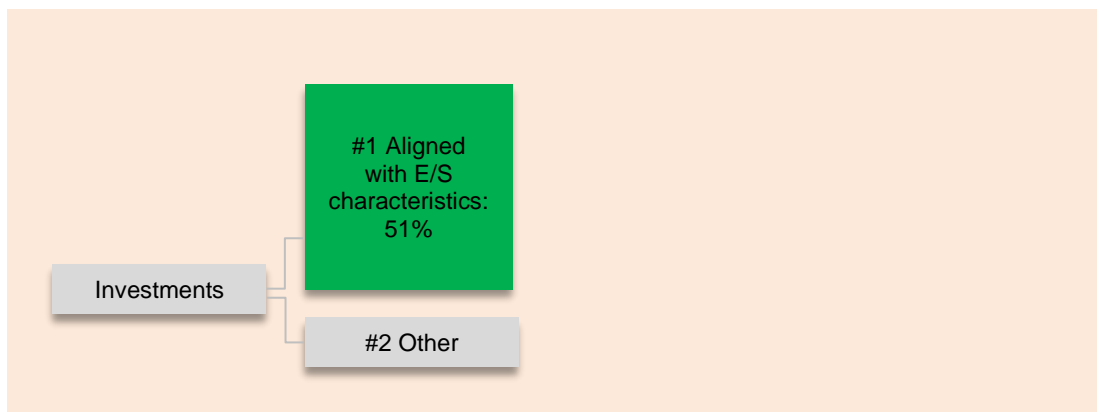
Not applicable.

- **What is the policy to assess good governance practices of the investee companies?**

Good corporate governance is a key driver of sustainable performance and is therefore embedded in the Portfolio Manager's investment strategy. The Portfolio Manager employs a proprietary ESG Risk Dashboard that combines multiple ESG data sources from internal and recognized external providers in order to identify companies with material ESG risks. An actionable risk signal highlights ESG risks to the Portfolio Manager for incorporation in their investment decision making process. The assessment of good governance includes consideration of board structure and independence, remuneration alignment, transparency of ownership and control, and financial reporting.

**What is the asset allocation planned for this financial product?**

The minimum proportion of the investments used to meet the environmental and/or social characteristics promoted by the financial product is 51%.



**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

**Asset allocation** describes the share of investments in specific assets.

**Taxonomy-aligned** activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Derivatives are not used for the attainment of the characteristics promoted by this financial product. Derivatives are primarily used for hedging and liquidity management purposes.

**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

Not applicable.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?**

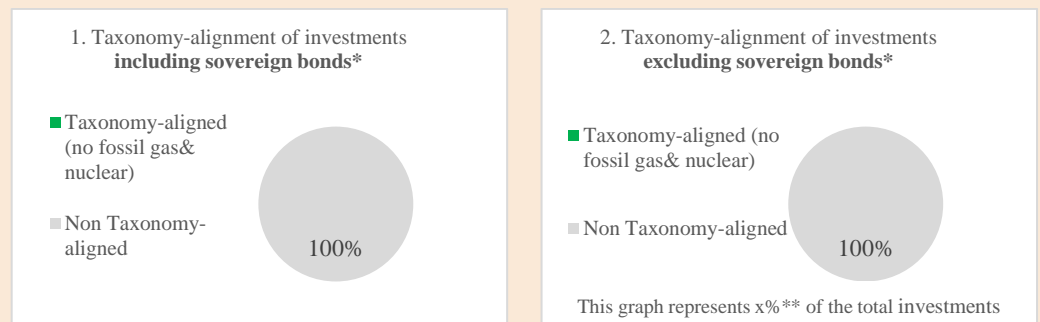
- Yes:
- In fossil gas       In nuclear energy
- No

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

*The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

\*\* No percentage has been inserted as it is not relevant (no Taxonomy-aligned investments)

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

- **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

Not applicable.



**What is the minimum share of socially sustainable investments?**

Not applicable.



**What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

Included in “#2 Other” are cash and unrated instruments for the purpose of liquidity and portfolio risk management. Unrated instruments may also include securities for which data needed for the measurement of attainment of environmental or social characteristics is not available.



**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

No ESG reference benchmark has been designated for the purpose of determining whether the financial product is aligned with the characteristics that it promotes.

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

Not applicable.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

Not applicable.

- **How does the designated index differ from a relevant broad market index?**

Not applicable.

- **Where can the methodology used for the calculation of the designated index be found?**

Not applicable.



**Where can I find more product specific information online?**

More product-specific information can be found on the website: [www.ubs.com/funds](http://www.ubs.com/funds)

 are environmentally sustainable investments that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Product name:**

**Legal entity identifier:**

UBS (Lux) Bond SICAV - Asian Investment Grade Bonds Sustainable (USD)

549300SZWE50SJLLTL56

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

## Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?	
<p><span style="color: green;">●●</span> <input type="checkbox"/> <b>Yes</b></p>	<p><span style="color: green;">●</span> <span style="color: white;">●</span> <input checked="" type="checkbox"/> <b>No</b></p>
<p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b>: ____ %</p> <p style="margin-left: 20px;"><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p style="margin-left: 20px;"><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b>: ____ %</p>	<p><input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10% of sustainable investments</p> <p style="margin-left: 20px;"><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> with a social objective</p> <p><input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>



**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

**What environmental and/or social characteristics are promoted by this financial product?**

The following characteristics are promoted by the financial product:

- 1) A sustainability profile that is higher than its benchmark's sustainability profile.
- 2) A lower Weighted Average Carbon Intensity (WACI) than the reference benchmark.

The benchmark is a broad market index which does not assess or include constituents according to environmental and/or social characteristics and therefore is not intended to be consistent with the characteristics promoted by the financial product. No ESG reference benchmark has been designated for the purpose of attaining the characteristics promoted by the financial product.

- ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The above characteristics are measured using the following indicators respectively:

Characteristic 1):

The UBS ESG consensus score is used to identify issuers/companies for the investment universe with strong environmental and social performance characteristics, or a strong sustainability profile. This UBS ESG consensus score is a normalized weighted average of ESG score data from internal and recognized external providers. Rather than relying on an ESG score from a single provider, the consensus score approach increases conviction in the validity of the sustainability profile.

The UBS ESG consensus score assesses sustainability factors, such as the performance of the relevant issuers/companies with reference to environmental, social and governance (ESG) aspects. These ESG aspects relate to the main areas in which the issuers/companies operate and their effectiveness in managing ESG risks. Environmental and social factors can include (amongst others) the following: environmental footprint and operational efficiency, environmental risk management, climate change, natural resource usage, pollution and waste management, employment standards and supply chain monitoring, human capital, diversity within the board of directors, occupational health and safety, product safety, as well as anti-fraud and anti-corruption guidelines.

The individual investments in the sub-fund have a UBS ESG consensus score (on a scale of 0-10, with 10 having the best sustainability profile). There is no minimum UBS ESG consensus score at individual investment level.

Characteristic 2)

Scope 1 and 2 Weighted Average Carbon Intensity (WACI):

- Scope 1 refers to direct carbon emissions and therefore includes all direct greenhouse gas emissions from owned or controlled sources of the relevant entity or issuer.

- Scope 2 refers to indirect carbon emissions and therefore includes greenhouse gas emissions from the generation of electricity, thermal energy and/or steam that is consumed by the relevant entity or issuer.

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The objectives of the sustainable investments that the financial product partially intends to make is to contribute to the environmental and/or social characteristic(s) promoted by the financial product.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti - corruption and anti - bribery matters.

	<ul style="list-style-type: none"> <li>● <b>How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?</b></li> </ul>
	<p>The Portfolio Manager applies exclusions to the investment universe of the financial product. The link to the Sustainability Exclusion Policy can be found in the main body of the Sales Prospectus.</p> <p>The exclusions include thermal coal mining and thermal coal-based energy production &amp; oil sands, the portfolio manager selects investments based upon a lower absolute or relative scope 1+2 carbon intensity. UBS Asset Management does not invest in companies involved in controversial weapons i.e. cluster munitions, anti-personnel mines, chemical and biological weapons, or companies in breach of the Treaty on the Non-Proliferation of Nuclear Weapons.</p> <p>Investments are positively screened according to the environmental and/or social characteristics promoted by the financial product.</p>
	<p><i>How have the indicators for adverse impacts on sustainability factors been taken into account?</i></p>
	<p>The Portfolio Manager employs a proprietary ESG Risk Dashboard, the Dashboard allows equity and credit analysts to quickly identify companies with significant ESG risks via the "UBS ESG Risk Signal". This clear, actionable signal serves as starting point for more in-depth analysis of the underlying sources of these risks and the links to their investment cases.</p>
	<p><i>How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:</i></p>
	<p>Companies violating the United Nations Global Compact (UNGC) principles, who do not demonstrate credible corrective action will be excluded from the investment universe.</p>

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

*The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.*

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes

Principal adverse impacts (the “PAI”) are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters. UBS integrates PAI indicators in its decision making process.

At present, the following PAI indicators are considered by means of exclusions from the investment universe:

1.4 “Exposure to companies active in the fossil fuel sector”:

- Companies that exceed a certain revenue threshold (as per the UBS AM Sustainability Exclusion Policy) from thermal coal mining and its sale to external parties or from oil sands extraction are excluded

- Companies that exceed a certain revenue threshold (as per the UBS AM Sustainability Exclusion Policy) from thermal coal-based power generation are excluded.

**1.10 “Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises”:**

- Companies violating the United Nations Global Compact UNGC) principles which do not demonstrate credible corrective action as determined by UBS-AM’s Stewardship Committee are excluded

**1.14 “Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)”:**

- UBS-AM does not invest in companies involved in: cluster munitions, anti-personnel mines or chemical and biological weapons, nor does it invest in companies in breach of the Treaty on the Non- Proliferation of Nuclear Weapons. UBS-AM considers a company to be involved in controversial weapons if the company is involved in development, production, storage, maintenance or transport of controversial weapons, or is a majority shareholder (>50% ownership stake) of such a company.

The link to the Sustainability Exclusion Policy can be found in the main body of the Sales Prospectus.

The following PAI indicator is considered by virtue of the promoted characteristics:

**1.3 “GHG intensity of investee companies”**

- The Portfolio Manager selects investments based upon a low scope 1+2 carbon intensity, either absolute or relative to a benchmark

When assessing “do no significant harm” (DNSH), we consider selected principal adverse impact indicators based on availability and appropriateness. These indicators are combined into a signal based on individual thresholds defined per indicator. A fail on a single indicator leads to an investment failing the DNSH criteria. The following PAI indicators are additionally part of this signal:

**1.7 “Activities negatively affecting bio-diversity-sensitive areas”**

**1.13 “Board gender diversity”**

**1.15. “GHG Intensity”**

**1.16. “Investee countries subject to social violations”**

Information on consideration of PAIs on sustainability factors is also available in the sub-fund’s annual report.

No



**What investment strategy does this financial product follow?**

**ESG Integration:**

ESG Integration is driven by taking into account material ESG risks as part of the research process. ESG integration enables the Portfolio Manager to identify financially relevant sustainability factors that impact investment decisions and to incorporate ESG considerations when implementing investment decisions, and allows ESG risks to be systematically monitored and compared to risk appetite and constraints. It also assists in portfolio construction through securities selection, investment conviction and portfolio weightings.

- For corporate issuers, this process utilizes an internal UBS ESG material issues framework which identifies the financially relevant factors per sector that can impact investment decisions. This orientation toward financial

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

	<p>materiality ensures that analysts focus on sustainability factors that can impact the financial performance of the company and therefore investment returns. ESG integration can also identify opportunities for engagement to improve the company's ESG risk profile and thereby mitigate the potential negative impact of ESG issues on the company's financial performance. The Portfolio Manager employs an internal UBS ESG risk dashboard that combines multiple internal and external ESG data sources in order to identify companies with material ESG risks. An actionable risk signal highlights ESG risks to the Portfolio Manager for incorporation in their investment decision making process.</p> <ul style="list-style-type: none"> <li>• For non-corporate issuers, the Portfolio Manager applies a qualitative or quantitative ESG risk assessment that integrates data on material ESG factors.</li> </ul> <p>The analysis of material sustainability/ESG considerations can include many different aspects, such as the following among others: the carbon footprint, health and well-being, human rights, supply chain management, fair customer treatment and governance.</p> <p><b><u>Fund specific exclusions:</u></b></p> <p>Issuers are assessed for ESG risks using a proprietary UBS ESG Risk Recommendation, which rates issuers using a five-point scale (1 – negligible, 2 – low, 3 – moderate, 4 – high and 5 – severe ESG risk). The sub-fund will generally exclude corporate issuers with risks identified in the ESG Risk Dashboard (described in the ESG Integration section) unless the overall UBS ESG risk recommendation is between 1 and 3. Due to diversification requirements, it is permitted to hold in the portfolio securities of issuers with identified ESG risks of up to 20% rated 4 and up to 10% unrated (for example, due to new issuance or availability of information).</p> <p><b><u>Sustainability Exclusion Policy:</u></b></p> <p>The Sustainability Exclusion Policy of the Portfolio Manager outlines the exclusions applied to the investment universe of the financial product. The link to the Sustainability Exclusion Policy can be found in the main body of the Sales Prospectus.</p>
	<ul style="list-style-type: none"> <li>• <b><i>What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?</i></b></li> </ul>
	<p>The following binding element(s) of the investment strategy are used to select the investments to attain the characteristic(s) promoted by this financial product:</p> <p>Characteristic 1):</p> <p>A sustainability profile that is higher than the benchmark's sustainability profile.</p> <p>Characteristic 2):</p> <p>A lower Scope 1 and 2 Weighted Average Carbon Intensity (WACI) than its benchmark.</p> <p>The calculations do not take account of cash, derivatives and unrated investment instruments.</p> <p>The characteristic(s), the minimum proportion of sustainable investments and the minimum proportion of investments used to meet the environmental and/or social characteristics promoted by the financial product are calculated at quarter end using the average of all business days' values in the quarter.</p> <p><b><u>Fund specific exclusions:</u></b></p> <p>Issuers are assessed for ESG risks using a proprietary UBS ESG Risk Recommendation, which rates issuers using a five-point scale (1 – negligible, 2 – low, 3 – moderate, 4 – high and 5 – severe ESG risk). The sub-fund will generally exclude corporate issuers with risks identified in the ESG Risk Dashboard (described in the ESG Integration section) unless the overall UBS ESG risk recommendation is between 1 and 3. Due to diversification requirements, it is permitted to hold in the portfolio securities of issuers with identified ESG risks of up to 20% rated 4 and up to 10% unrated (for example, due to new issuance or availability of information).</p>



	<p><b>Sustainability Exclusion Policy:</b></p> <p>The Sustainability Exclusion Policy of the Portfolio Manager outlines the exclusions applied to the investment universe of the financial product. The link to the Sustainability Exclusion Policy can be found in the main body of the Sales Prospectus.</p>
	<ul style="list-style-type: none"> <li>• <b>What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?</b></li> </ul>
	<p>Not applicable.</p>
	<ul style="list-style-type: none"> <li>• <b>What is the policy to assess good governance practices of the investee companies?</b></li> </ul>
	<p>Good corporate governance is a key driver of sustainable performance and is therefore embedded in the Portfolio Manager’s investment strategy. The Portfolio Manager employs a proprietary ESG Risk Dashboard that combines multiple ESG data sources from internal and recognized external providers in order to identify companies with material ESG risks. An actionable risk signal highlights ESG risks to the Portfolio Manager for incorporation in their investment decision making process. The assessment of good governance includes consideration of board structure and independence, remuneration alignment, transparency of ownership and control, and financial reporting.</p>
	<p><b>What is the asset allocation planned for this financial product?</b></p>
	<p>The minimum proportion of the investments used to meet the environmental and/or social characteristics promoted by the financial product is 51%. The minimum proportion of sustainable investments of the financial product is 10%.</p>

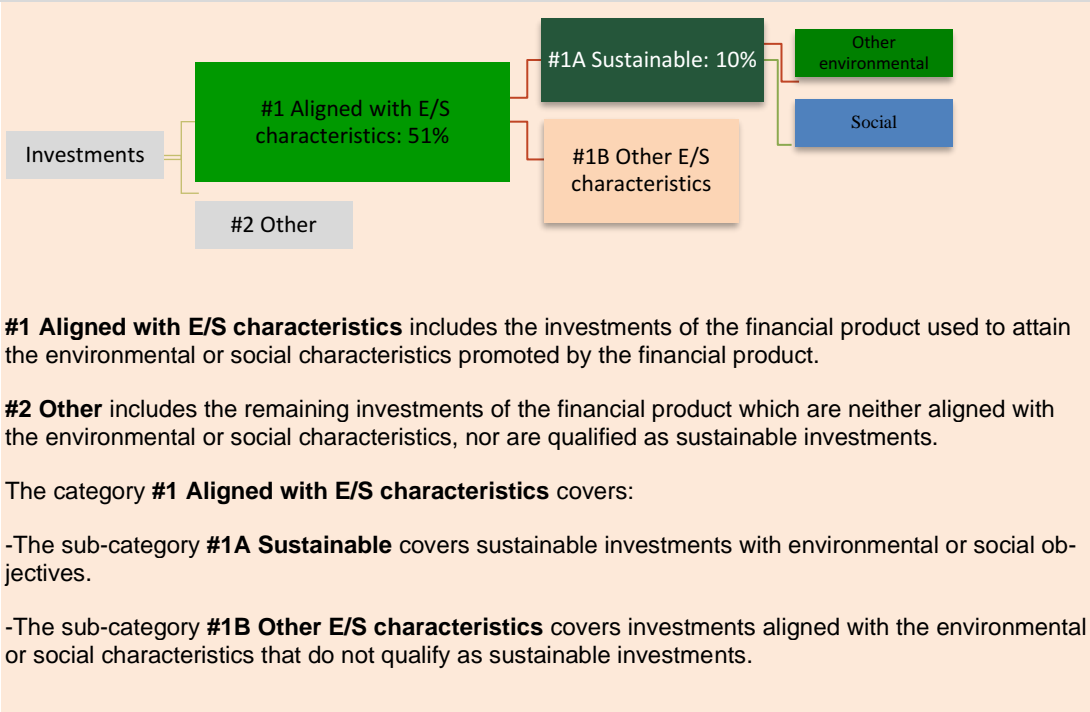
**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

**Asset allocation** describes the share of investments in specific assets.



**Taxonomy-aligned** activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure (CapEx)** showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure (OpEx)** reflecting green operational activities of investee companies.




	<ul style="list-style-type: none"> <li>• <b>How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?</b></li> </ul>
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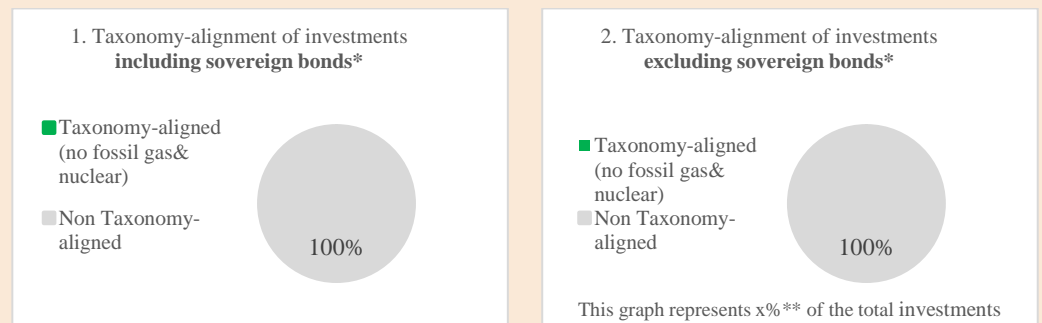
To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

	Derivatives are not used for the attainment of the characteristics promoted by this financial product. Derivatives are primarily used for hedging and liquidity management purposes.
	<b>To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?</b>
	It has not been possible to collect data on the environmental objective(s) set out in Article 9 of the Taxonomy Regulation and on how and to what extent the investments underlying the financial product are in economic activities that qualify as environmentally sustainable under Article 3 of the Taxonomy Regulation (“Taxonomy Aligned Investments”). On that basis, the financial product has 0% Taxonomy Aligned Investments.
	<ul style="list-style-type: none"> <li>● <b>Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?<sup>2</sup></b></li> </ul>
	<input type="checkbox"/> Yes: <input type="checkbox"/> In fossil gas <input type="checkbox"/> In nuclear energy  <input checked="" type="checkbox"/> No

**The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.**



\* For the purpose of these graphs, ‘sovereign bonds’ consist of all sovereign exposures


\*\* No percentage has been inserted as it is not relevant (no Taxonomy-aligned investments)

	<ul style="list-style-type: none"> <li>● <b>What is the minimum share of investments in transitional and enabling activities?</b></li> </ul>
	There is no commitment to a minimum proportion of investments in transitional and enabling activities.

<sup>2</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

 are environmentally sustainable investments that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

	<p><b>What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?</b></p>
	<p>The sustainable investments made by the financial product will contribute to either environmental or social objectives or both. The financial product does not commit to a predetermined combination of environmental or social objectives, and therefore there is no minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy. Where the financial product does invest in environmentally sustainable investments that are not Taxonomy-aligned, this is due to the absence of necessary data to determine Taxonomy-alignment.</p>
	<p><b>What is the minimum share of socially sustainable investments?</b></p> <p>The sustainable investments made by the financial product will contribute to either environmental or social objectives or both. The financial product does not commit a predetermined combination of environmental or social objectives, and therefore there is no minimum share of socially sustainable investments.</p>
	<p><b>What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?</b></p> <p>Included in “#2 Other” are cash and unrated instruments for the purpose of liquidity and portfolio risk management. Unrated instruments may also include securities for which data needed for the measurement of attainment of environmental or social characteristics is not available.</p>
	<p><b>Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?</b></p> <p>No ESG reference benchmark has been designated for the purpose of determining whether the financial product is aligned with the characteristics that it promotes.</p>
	<ul style="list-style-type: none"> <li>• <b><i>How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?</i></b></li> </ul>
	<p>Not applicable.</p>
	<ul style="list-style-type: none"> <li>• <b><i>How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?</i></b></li> </ul>
	<p>Not applicable.</p>
	<ul style="list-style-type: none"> <li>• <b><i>How does the designated index differ from a relevant broad market index?</i></b></li> </ul>
	<p>Not applicable.</p>
	<ul style="list-style-type: none"> <li>• <b><i>Where can the methodology used for the calculation of the designated index be found?</i></b></li> </ul>
	<p>Not applicable.</p>
	<p><b>Where can I find more product specific information online?</b></p> <p>More product-specific information can be found on the website: <a href="http://www.ubs.com/funds">www.ubs.com/funds</a></p>

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Product name:**

UBS (Lux) Bond SICAV - Convert Global (EUR)

**Legal entity identifier:**

5493008BX00T3X4QQV05

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

## Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?	
<p><span style="color: green;">●●</span> <input type="checkbox"/> <b>Yes</b></p>	<p><span style="color: green;">●</span> <span style="color: white;">●</span> <input checked="" type="checkbox"/> <b>No</b></p>
<p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b>: ____ %</p> <p style="margin-left: 20px;"><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p style="margin-left: 20px;"><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b>: _____ %</p>	<p><input type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ____% of sustainable investments</p> <p style="margin-left: 20px;"><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p style="margin-left: 20px;"><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p style="margin-left: 20px;"><input type="checkbox"/> with a social objective</p> <p><input checked="" type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>



**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

## What environmental and/or social characteristics are promoted by this financial product?

The following characteristics are promoted by the financial product:

- 1) A sustainability profile that is higher than its benchmark's sustainability profile or a minimum of 51% of the sub-fund invested in companies with sustainability profiles in the top half of the sub-fund's investment universe (ranked by the UBS ESG consensus score).
- 2) A lower Weighted Average Carbon Intensity (WACI) than the reference benchmark or a low absolute carbon profile.

The benchmark is a broad market index which does not assess or include constituents according to environmental and/or social characteristics and therefore is not intended to be consistent with the characteristics promoted by the financial product. No ESG reference benchmark has been designated for the purpose of attaining the characteristics promoted by the financial product.

- ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The above characteristics are measured using the following indicators respectively:

Characteristic 1):

The investment universe is defined as all convertible, exchangeable and warrant-linked bonds with a minimum capitalisation of USD 50 m provided by the index provider (Refinitiv). The investment universe is ranked by the UBS ESG Consensus score.

The UBS ESG consensus score is used to identify issuers/companies for the investment universe with strong environmental and social performance characteristics, or a strong sustainability profile. This UBS ESG consensus score is a normalized weighted average of ESG score data from internal and recognized external providers. Rather than relying on an ESG score from a single provider, the consensus score approach increases conviction in the validity of the sustainability profile.

The UBS ESG consensus score assesses sustainability factors, such as the performance of the relevant issuers/companies with reference to environmental, social and governance (ESG) aspects. These ESG aspects relate to the main areas in which the issuers/companies operate and their effectiveness in managing ESG risks. Environmental and social factors can include (amongst others) the following: environmental footprint and operational efficiency, environmental risk management, climate change, natural resource usage, pollution and waste management, employment standards and supply chain monitoring, human capital, diversity within the board of directors, occupational health and safety, product safety, as well as anti-fraud and anti-corruption guidelines.

The individual investments in the sub-fund have a UBS ESG consensus score (on a scale of 0-10, with 10 having the best sustainability profile). There is no minimum UBS ESG consensus score at individual investment level.

The sub-fund carries out an ESG analysis using the UBS ESG Consensus Score for:

- at least 90% (based on market value) of the developed market equities or convertible bonds that may be converted into high-cap (equity market capitalisation greater than EUR 10 billion) developed market equities, other debt securities and money market instruments (regardless of company size and credit rating), and
- at least 75% (based on market value) for all other equities or convertible bonds, including convertible bonds exchangeable into equity baskets

Developed markets are defined as those contained in the MSCI World index. The calculation excludes cash, certain derivatives and other instruments without a rating.

For convertible bonds, all ratings and calculations relating to ESG Consensus Score, sustainability profile and CO2 are based on the share into which the respective convertible bond may be converted

(as opposed to the bond issuer). The issuer of a convertible bond is taken into consideration for all exclusion-based restrictions.

For money market instruments and non-convertible bonds, all ratings and calculations relating to ESG Consensus Score, CO2 and all exclusion-based restrictions are based on their respective issuers.

For equities, all calculations relating to ESG Consensus Score, CO2 and all exclusion-based restrictions are based on the respective issuer.

Characteristic 2):

Scope 1 and 2 Weighted Average Carbon Intensity (WACI):

- Scope 1 refers to direct carbon emissions and therefore includes all direct greenhouse gas emissions from owned or controlled sources of the relevant entity or issuer.

- Scope 2 refers to indirect carbon emissions and therefore includes greenhouse gas emissions from the generation of electricity, thermal energy and/or steam that is consumed by the relevant entity or issuer.

Low absolute carbon profile is defined as below 100 tonnes of CO2 emissions per million US dollars of revenues.

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable.

- ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

Not applicable.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?  
Details:*

Not applicable.

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

*The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.*

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti - corruption and anti - bribery matters.



## Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No



## What investment strategy does this financial product follow?

### ESG Integration:

ESG Integration is driven by taking into account material ESG risks as part of the research process. ESG integration enables the Portfolio Manager to identify financially relevant sustainability factors that impact investment decisions and to incorporate ESG considerations when implementing investment decisions, and allows ESG risks to be systematically monitored and compared to risk appetite and constraints. It also assists in portfolio construction through securities selection, investment conviction and portfolio weightings.

- For corporate issuers, this process utilizes an internal UBS ESG material issues framework which identifies the financially relevant factors per sector that can impact investment decisions. This orientation toward financial materiality ensures that analysts focus on sustainability factors that can impact the financial performance of the company and therefore investment returns. ESG integration can also identify opportunities for engagement to improve the company's ESG risk profile and thereby mitigate the potential negative impact of ESG issues on the company's financial performance. The Portfolio Manager employs an internal UBS ESG risk dashboard that combines multiple internal and external ESG data sources in order to identify companies with material ESG risks. An actionable risk signal highlights ESG risks to the Portfolio Manager for incorporation in their investment decision making process.

- For non-corporate issuers, the Portfolio Manager applies a qualitative or quantitative ESG risk assessment that integrates data on material ESG factors.

The analysis of material sustainability/ESG considerations can include many different aspects, such as the following among others: the carbon footprint, health and well-being, human rights, supply chain management, fair customer treatment and governance.

### Sustainability Exclusion Policy

The Sustainability Exclusion Policy of the Portfolio Manager outlines the exclusions applied to the investment universe of the financial product. The link to the Sustainability Exclusion Policy can be found in the main body of the Sales Prospectus.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The following binding element(s) of the investment strategy are used to select the investments to attain the characteristic(s) promoted by this financial product:

Characteristic 1):

A sustainability profile that is higher than its benchmark's sustainability profile or a minimum of 51% of the sub-fund invested in companies with sustainability profiles in the top half of the sub-fund's investment universe (ranked by the UBS ESG consensus score).

Characteristic 2):

A lower Scope 1 and 2 Weighted Average Carbon Intensity (WACI) than its benchmark or a low absolute carbon profile.

The calculations do not take account of cash, derivatives and unrated investment instruments.

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

The characteristic(s) and the minimum proportion of investments used to meet the environmental and/or social characteristics promoted by the financial product are calculated at quarter end using the average of all of business days' values in the quarter.

### **Sustainability Exclusion Policy**

The Sustainability Exclusion Policy of the Portfolio Manager outlines the exclusions applied to the investment universe of the financial product. The link to the Sustainability Exclusion Policy can be found in the main body of the Sales Prospectus.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

- ***What is the policy to assess good governance practices of the investee companies?***

Good corporate governance is a key driver of sustainable performance and is therefore embedded in the Portfolio Manager's investment strategy. The Portfolio Manager employs a proprietary ESG Risk Dashboard that combines multiple ESG data sources from internal and recognized external providers in order to identify companies with material ESG risks. An actionable risk signal highlights ESG risks to the Portfolio Manager for incorporation in their investment decision making process. The assessment of good governance includes consideration of board structure and independence, remuneration alignment, transparency of ownership and control, and financial reporting.

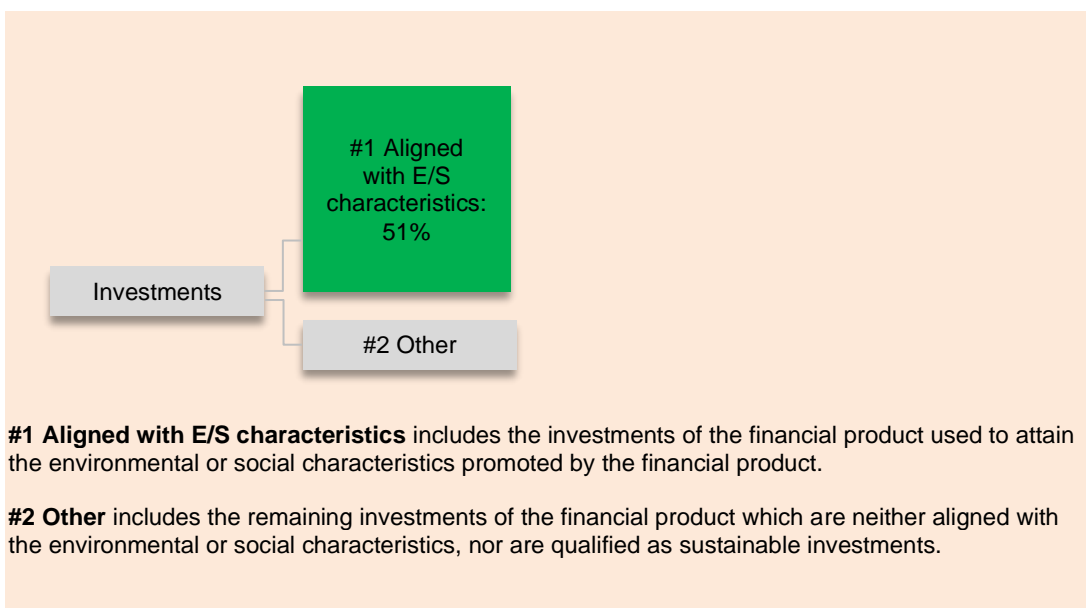
**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.



### **What is the asset allocation planned for this financial product?**

The minimum proportion of the investments used to meet the environmental and/or social characteristics promoted by the financial product is 51%.

**Asset allocation** describes the share of investments in specific assets.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

**Taxonomy-aligned** activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

Derivatives are not used for the attainment of the characteristics promoted by this financial product. Derivatives are primarily used for hedging and liquidity management purposes.





## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Not applicable.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

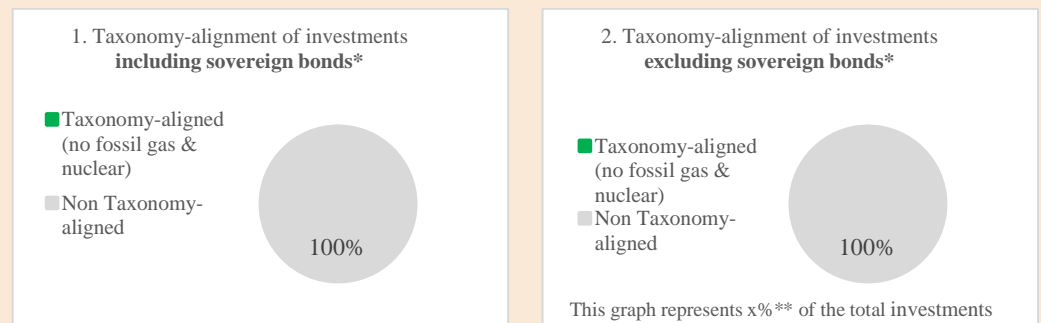
### ● Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>3</sup>?

Yes:

In fossil gas     In nuclear energy

No

*The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

\*\* No percentage has been inserted as it is not relevant (no Taxonomy-aligned investments)

### ● What is the minimum share of investments in transitional and enabling activities?

Not applicable.

## What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Not applicable.



are environmentally sustainable investments that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.



<sup>3</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.



### What is the minimum share of socially sustainable investments?

Not applicable.



### What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

Included in “#2 Other” are cash and unrated instruments for the purpose of liquidity and portfolio risk management. Unrated instruments may also include securities for which data needed for the measurement of attainment of environmental or social characteristics is not available.



### Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No ESG reference benchmark has been designated for the purpose of determining whether the financial product is aligned with the characteristics that it promotes.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

Not applicable.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

Not applicable.

- **How does the designated index differ from a relevant broad market index?**

Not applicable.

- **Where can the methodology used for the calculation of the designated index be found?**

Not applicable.



### Where can I find more product specific information online?

More product-specific information can be found on the website: [www.ubs.com/funds](http://www.ubs.com/funds)

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Product name:**

UBS (Lux) Bond SICAV - EUR Corporates Sustainable (EUR)

**Legal entity identifier:**

549300NJVNSFL44P4L94

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

## Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?	
<p><span style="color: green;">●●</span> <input type="checkbox"/> <b>Yes</b></p>	<p><span style="color: green;">●</span> <span style="color: white;">●</span> <input checked="" type="checkbox"/> <b>No</b></p>
<p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b>: ____ %</p> <p style="margin-left: 20px;"><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p style="margin-left: 20px;"><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b>: ____ %</p>	<p><input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 20% of sustainable investments</p> <p style="margin-left: 20px;"><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> with a social objective</p> <p><input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>



**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

**What environmental and/or social characteristics are promoted by this financial product?**

The following characteristics are promoted by the financial product:

- 1) A sustainability profile that is higher than its benchmark's sustainability profile.
- 2) A lower Weighted Average Carbon Intensity (WACI) than the reference benchmark.

The benchmark is a broad market index which does not assess or include constituents according to environmental and/or social characteristics and therefore is not intended to be consistent with the characteristics promoted by the financial product. No ESG reference benchmark has been designated for the purpose of attaining the characteristics promoted by the financial product.

- ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The above characteristics are measured using the following indicators respectively:

Characteristic 1):

The UBS ESG consensus score is used to identify issuers/companies for the investment universe with strong environmental and social performance characteristics, or a strong sustainability profile. This UBS ESG consensus score is a normalized weighted average of ESG score data from internal and recognized external providers. Rather than relying on an ESG score from a single provider, the consensus score approach increases conviction in the validity of the sustainability profile.

The UBS ESG consensus score assesses sustainability factors, such as the performance of the relevant issuers/companies with reference to environmental, social and governance (ESG) aspects. These ESG aspects relate to the main areas in which the issuers/companies operate and their effectiveness in managing ESG risks. Environmental and social factors can include (amongst others) the following: environmental footprint and operational efficiency, environmental risk management, climate change, natural resource usage, pollution and waste management, employment standards and supply chain monitoring, human capital, diversity within the board of directors, occupational health and safety, product safety, as well as anti-fraud and anti-corruption guidelines.

The individual investments in the sub-fund have a UBS ESG consensus score (on a scale of 0-10, with 10 having the best sustainability profile). There is no minimum UBS ESG consensus score at individual investment level.

Characteristic 2):

Scope 1 and 2 Weighted Average Carbon Intensity (WACI):

- Scope 1 refers to direct carbon emissions and therefore includes all direct greenhouse gas emissions from owned or controlled sources of the relevant entity or issuer.

- Scope 2 refers to indirect carbon emissions and therefore includes greenhouse gas emissions from the generation of electricity, thermal energy and/or steam that is consumed by the relevant entity or issuer.

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The objectives of the sustainable investments that the financial product partially intends to make is to contribute to the environmental and/or social characteristic(s) promoted by the financial product.

- ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti - corruption and anti - bribery matters.

	<p>The Portfolio Manager applies exclusions to the investment universe of the financial product. The link to the Sustainability Exclusion Policy can be found in the main body of the Sales Prospectus.</p> <p>The exclusions include thermal coal mining and thermal coal-based energy production &amp; oil sands, the portfolio manager selects investments based upon a lower absolute or relative scope 1+2 carbon intensity. UBS Asset Management does not invest in companies involved in controversial weapons i.e. cluster munitions, anti-personnel mines, chemical and biological weapons, or companies in breach of the Treaty on the Non-Proliferation of Nuclear Weapons.</p> <p>Investments are positively screened according to the environmental and/or social characteristics promoted by the financial product.</p>
	<p><i>How have the indicators for adverse impacts on sustainability factors been taken into account?</i></p>
	<p>The Portfolio Manager employs a proprietary ESG Risk Dashboard, the Dashboard allows equity and credit analysts to quickly identify companies with significant ESG risks via the "UBS ESG Risk Signal". This clear, actionable signal serves as starting point for more in-depth analysis of the underlying sources of these risks and the links to their investment cases.</p>
	<p><i>How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:</i></p>
	<p>Companies violating the United Nations Global Compact (UNGC) principles, who do not demonstrate credible corrective action will be excluded from the investment universe.</p>


*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

*The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.*

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



<p><b>Does this financial product consider principal adverse impacts on sustainability factors?</b></p>	<p><input checked="" type="checkbox"/> Yes</p> <p>Principal adverse impacts (the “PAI”) are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters. UBS integrates PAI indicators in its decision making process.</p> <p>At present, the following PAI indicators are considered by means of exclusions from the investment universe:</p> <p><b>1.4 “Exposure to companies active in the fossil fuel sector”:</b></p> <ul style="list-style-type: none"> <li>- Companies that exceed a certain revenue threshold (as per the UBS AM Sustainability Exclusion Policy) from thermal coal mining and its sale to external parties or from oil sands extraction are excluded</li> <li>- Companies that exceed a certain revenue threshold (as per the UBS AM Sustainability Exclusion Policy) from thermal coal-based power generation are excluded.</li> </ul>
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	<p><u>1.10 “Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises”:</u></p> <ul style="list-style-type: none"> <li>- Companies violating the United Nations Global Compact (UNGC) principles which do not demonstrate credible corrective action as determined by UBS-AM’s Stewardship Committee are excluded</li> </ul> <p><u>1.14 “Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)”:</u></p> <ul style="list-style-type: none"> <li>- UBS-AM does not invest in companies involved in: cluster munitions, anti-personnel mines or chemical and biological weapons, nor does it invest in companies in breach of the Treaty on the Non- Proliferation of Nuclear Weapons. UBS-AM considers a company to be involved in controversial weapons if the company is involved in development, production, storage, maintenance or transport of controversial weapons, or is a majority shareholder (&gt;50% ownership stake) of such a company.</li> </ul> <p>The link to the Sustainability Exclusion Policy can be found in the main body of the Sales Prospectus.</p> <p>The following PAI indicator is considered by virtue of the promoted characteristics:</p> <p><u>1.3 “GHG intensity of investee companies”</u></p> <ul style="list-style-type: none"> <li>- The Portfolio Manager selects investments based upon a low scope 1+2 carbon intensity, either absolute or relative to a benchmark</li> </ul> <p>When assessing “do no significant harm” (DNSH), we consider selected principal adverse impact indicators based on availability and appropriateness. These indicators are combined into a signal based on individual thresholds defined per indicator. A fail on a single indicator leads to an investment failing the DNSH criteria. The following PAI indicators are additionally part of this signal:</p> <p><u>1.7 “Activities negatively affecting bio-diversity-sensitive areas”</u></p> <p><u>1.13 “Board gender diversity”</u></p> <p><u>1.15. “GHG Intensity”</u></p> <p><u>1.16. “Investee countries subject to social violations”</u></p> <p>Information on consideration of PAIs on sustainability factors is also available in the sub-fund’s annual report.</p>
	<p><input type="checkbox"/> No</p>
 <p><b>The investment strategy</b> guides investment decisions based on factors such as investment objectives and risk tolerance.</p>	<p><b>What investment strategy does this financial product follow?</b></p> <p><u>ESG Integration:</u></p> <p>ESG Integration is driven by taking into account material ESG risks as part of the research process. ESG integration enables the Portfolio Manager to identify financially relevant sustainability factors that impact investment decisions and to incorporate ESG considerations when implementing investment decisions, and allows ESG risks to be systematically monitored and compared to risk appetite and constraints. It also assists in portfolio construction through securities selection, investment conviction and portfolio weightings.</p> <ul style="list-style-type: none"> <li>• For corporate issuers, this process utilizes an internal UBS ESG material issues framework which identifies the financially relevant factors per sector that can impact investment decisions. This orientation toward financial materiality ensures that analysts focus on sustainability factors that can impact the financial performance of the company and therefore investment returns. ESG integration can also identify opportunities for engagement to improve the company’s ESG risk profile and thereby mitigate the potential negative impact of ESG issues on the company’s financial performance. The Portfolio Manager employs an internal UBS ESG risk dashboard that combines multiple internal and external ESG data sources in order to identify companies with material ESG risks. An</li> </ul>

	<p>actionable risk signal highlights ESG risks to the Portfolio Manager for incorporation in their investment decision making process.</p> <ul style="list-style-type: none"> <li>• For non-corporate issuers, the Portfolio Manager applies a qualitative or quantitative ESG risk assessment that integrates data on material ESG factors.</li> </ul> <p>The analysis of material sustainability/ESG considerations can include many different aspects, such as the following among others: the carbon footprint, health and well-being, human rights, supply chain management, fair customer treatment and governance.</p> <p><b><u>Fund specific exclusions:</u></b></p> <p>Issuers are assessed for ESG risks using a proprietary UBS ESG Risk Recommendation, which rates issuers using a five-point scale (1 – negligible, 2 – low, 3 – moderate, 4 – high and 5 – severe ESG risk). The sub-fund will generally exclude corporate issuers with risks identified in the ESG Risk Dashboard (described in the ESG Integration section) unless the overall UBS ESG risk recommendation is between 1 and 3, which is considered to be an acceptable risk for Sustainability Focus funds.</p> <p><b><u>Sustainability Exclusion Policy:</u></b></p> <p>The Sustainability Exclusion Policy of the Portfolio Manager outlines the exclusions applied to the investment universe of the financial product. The link to the Sustainability Exclusion Policy can be found in the main body of the Sales Prospectus.</p>
	<ul style="list-style-type: none"> <li>• <b><i>What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?</i></b></li> </ul>
	<p>The following binding element(s) of the investment strategy are used to select the investments to attain the characteristic(s) promoted by this financial product:</p> <p>Characteristic 1):</p> <p>A sustainability profile that is higher than the benchmark's sustainability profile.</p> <p>Characteristic 2):</p> <p>A lower Scope 1 and 2 Weighted Average Carbon Intensity (WACI) than its benchmark.</p> <p>The calculations do not take account of cash, derivatives and unrated investment instruments.</p> <p>The characteristic(s), the minimum proportion of sustainable investments and the minimum proportion of investments used to meet the environmental and/or social characteristics promoted by the financial product are calculated at quarter end using the average of all business days' values in the quarter.</p> <p><b><u>Fund specific exclusions:</u></b></p> <p>Issuers are assessed for ESG risks using a proprietary UBS ESG Risk Recommendation, which rates issuers using a five-point scale (1 – negligible, 2 – low, 3 – moderate, 4 – high and 5 – severe ESG risk). The sub-fund will generally exclude corporate issuers with risks identified in the ESG Risk Dashboard (described in the ESG Integration section) unless the overall UBS ESG risk recommendation is between 1 and 3, which is considered to be an acceptable risk for Sustainability Focus funds.</p> <p><b><u>Sustainability Exclusion Policy:</u></b></p> <p>The Sustainability Exclusion Policy of the Portfolio Manager outlines the exclusions applied to the investment universe of the financial product. The link to the Sustainability Exclusion Policy can be found in the main body of the Sales Prospectus.</p>
	<ul style="list-style-type: none"> <li>• <b><i>What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?</i></b></li> </ul>
	<p>Not applicable.</p>

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

	<ul style="list-style-type: none"> <li><b>What is the policy to assess good governance practices of the investee companies?</b></li> </ul>
	<p>Good corporate governance is a key driver of sustainable performance and is therefore embedded in the Portfolio Manager’s investment strategy. The Portfolio Manager employs a proprietary ESG Risk Dashboard that combines multiple ESG data sources from internal and recognized external providers in order to identify companies with material ESG risks. An actionable risk signal highlights ESG risks to the Portfolio Manager for incorporation in their investment decision making process. The assessment of good governance includes consideration of board structure and independence, remuneration alignment, transparency of ownership and control, and financial reporting.</p>



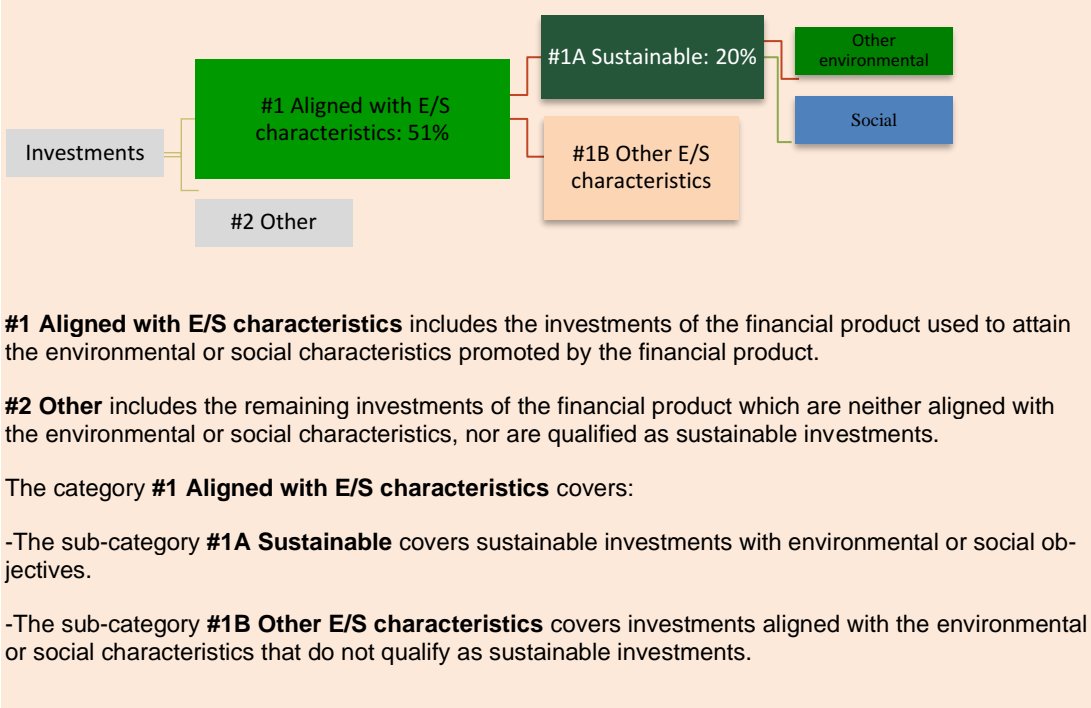
**Asset allocation** describes the share of investments in specific assets.

**Taxonomy-aligned activities** are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

**What is the asset allocation planned for this financial product?**

The minimum proportion of the investments used to meet the environmental and/or social characteristics promoted by the financial product is 51%. The minimum proportion of sustainable investments of the financial product is 20%.



	<ul style="list-style-type: none"> <li><b>How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?</b></li> </ul>
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Derivatives are not used for the attainment of the characteristics promoted by this financial product. Derivatives are primarily used for hedging and liquidity management purposes.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

It has not been possible to collect data on the environmental objective(s) set out in Article 9 of the Taxonomy Regulation and on how and to what extent the investments underlying the financial product are in economic activities that qualify as environmentally sustainable under Article 3 of the Taxonomy Regulation (“Taxonomy Aligned Investments”). On that basis, the financial product has 0% Taxonomy Aligned Investments.



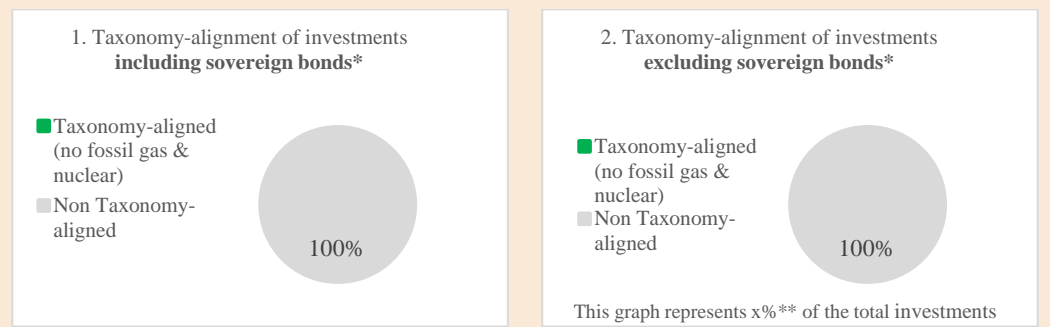
To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

	<ul style="list-style-type: none"> <li>● <b>Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>4</sup>?</b></li> </ul>
	<input type="checkbox"/> Yes: <input type="checkbox"/> In fossil gas <input type="checkbox"/> In nuclear energy  <input checked="" type="checkbox"/> No

*The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*






\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

\*\* No percentage has been inserted as it is not relevant (no Taxonomy-aligned investments)

	<ul style="list-style-type: none"> <li>● <b>What is the minimum share of investments in transitional and enabling activities?</b></li> </ul>
	There is no commitment to a minimum proportion of investments in transitional and enabling activities.
	<p><b>What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?</b></p> <p>The sustainable investments made by the financial product will contribute to either environmental or social objectives or both. The financial product does not commit to a predetermined combination of environmental or social objectives, and therefore there is no minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy. Where the financial product does invest in environmentally sustainable investments that are not Taxonomy-aligned, this is due to the absence of necessary data to determine Taxonomy-alignment.</p>
	<p><b>What is the minimum share of socially sustainable investments?</b></p>

are environmentally sustainable investments that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

<sup>4</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

	<p>The sustainable investments made by the financial product will contribute to either environmental or social objectives or both. The financial product does not commit a predetermined combination of environmental or social objectives, and therefore there is no minimum share of socially sustainable investments.</p>
	<p><b>What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?</b></p> <p>Included in “#2 Other” are cash and unrated instruments for the purpose of liquidity and portfolio risk management. Unrated instruments may also include securities for which data needed for the measurement of attainment of environmental or social characteristics is not available.</p>
	<p><b>Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?</b></p>
<p>No ESG reference benchmark has been designated for the purpose of determining whether the financial product is aligned with the characteristics that it promotes.</p>	
<ul style="list-style-type: none"> <li>• <b><i>How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?</i></b></li> </ul>	<p>Not applicable.</p>
<ul style="list-style-type: none"> <li>• <b><i>How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?</i></b></li> </ul>	<p>Not applicable.</p>
<ul style="list-style-type: none"> <li>• <b><i>How does the designated index differ from a relevant broad market index?</i></b></li> </ul>	<p>Not applicable.</p>
<ul style="list-style-type: none"> <li>• <b><i>Where can the methodology used for the calculation of the designated index be found?</i></b></li> </ul>	<p>Not applicable.</p>
<p>Not applicable.</p>	
	<p><b>Where can I find more product specific information online?</b></p> <p>More product-specific information can be found on the website: <a href="http://www.ubs.com/funds">www.ubs.com/funds</a></p>

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Product name:**

UBS (Lux) Bond SICAV - Global Corporates (USD)

**Legal entity identifier:**

54930056U01IZDXUJ005

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

## Environmental and/or social characteristics

### Does this financial product have a sustainable investment objective?

**Yes**

It will make a minimum of **sustainable investments with an environmental objective:** \_\_\_\_ %

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective:** \_\_\_\_ %

**No**

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of \_\_\_\_% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**



**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

**What environmental and/or social characteristics are promoted by this financial product?**

The following characteristic is promoted by the financial product:

- A sustainability profile that is higher than its benchmark’s sustainability profile or a minimum of 51% of assets invested in issuers with sustainability profiles in the top half of the UBS ESG Consensus score scale.

The benchmark is a broad market index which does not assess or include constituents according to environmental and/or social characteristics and therefore is not intended to be consistent with the characteristics promoted by the financial product. No ESG reference benchmark has been designated for the purpose of attaining the characteristics promoted by the financial product.

- ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The above characteristic is measured using the following indicators respectively:

The UBS ESG consensus score is used to identify issuers/companies for the investment universe with strong environmental and social performance characteristics, or a strong sustainability profile. This UBS ESG consensus score is a normalized weighted average of ESG score data from internal and recognized external providers. Rather than relying on an ESG score from a single provider, the consensus score approach increases conviction in the validity of the sustainability profile.

The UBS ESG consensus score assesses sustainability factors, such as the performance of the relevant issuers/companies with reference to environmental, social and governance (ESG) aspects. These ESG aspects relate to the main areas in which the issuers/companies operate and their effectiveness in managing ESG risks. Environmental and social factors can include (amongst others) the following: environmental footprint and operational efficiency, environmental risk management, climate change, natural resource usage, pollution and waste management, employment standards and supply chain monitoring, human capital, diversity within the board of directors, occupational health and safety, product safety, as well as anti-fraud and anti-corruption guidelines.

The individual investments in the sub-fund have a UBS ESG consensus score (on a scale of 0-10, with 10 having the best sustainability profile). There is no minimum UBS ESG consensus score at individual investment level.

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable.

- ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

Not applicable.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

Not applicable.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti - corruption and anti - bribery matters.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes

No



**What investment strategy does this financial product follow?**

**ESG Integration:**

ESG Integration is driven by taking into account material ESG risks as part of the research process. ESG integration enables the Portfolio Manager to identify financially relevant sustainability factors that impact investment decisions and to incorporate ESG considerations when implementing investment decisions, and allows ESG risks to be systematically monitored and compared to risk appetite and constraints. It also assists in portfolio construction through securities selection, investment conviction and portfolio weightings.

- For corporate issuers, this process utilizes an internal UBS ESG material issues framework which identifies the financially relevant factors per sector that can impact investment decisions. This orientation toward financial materiality ensures that analysts focus on sustainability factors that can impact the financial performance of the company and therefore investment returns. ESG integration can also identify opportunities for engagement to improve the company’s ESG risk profile and thereby mitigate the potential negative impact of ESG issues on the company’s financial performance. The Portfolio Manager employs an internal UBS ESG risk dashboard that combines multiple internal and external ESG data sources in order to identify companies with material ESG risks. An actionable risk signal highlights ESG risks to the Portfolio Manager for incorporation in their investment decision making process.


- For non-corporate issuers, the Portfolio Manager applies a qualitative or quantitative ESG risk assessment that integrates data on material ESG factors.

The analysis of material sustainability/ESG considerations can include many different aspects, such as the following among others: the carbon footprint, health and well-being, human rights, supply chain management, fair customer treatment and governance.

**Sustainability Exclusion Policy:**

The Sustainability Exclusion Policy of the Portfolio Manager outlines the exclusions applied to the investment universe of the financial product. The link to the Sustainability Exclusion Policy can be found in the main body of the Sales Prospectus.

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

	<ul style="list-style-type: none"> <li>● <b>What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?</b></li> </ul>
	<p>The following binding element(s) of the investment strategy are used to select the investments to attain the characteristic(s) promoted by this financial product:</p> <p>A sustainability profile that is higher than its benchmark's sustainability profile or a minimum of 51% of assets invested in issuers with sustainability profiles in the top half of the UBS ESG Consensus score scale.</p> <p>The calculations do not take account of cash, derivatives and unrated investment instruments.</p> <p>The characteristic(s) and the minimum proportion of investments used to meet the environmental and/or social characteristics promoted by the financial product are calculated at quarter end using the average of all business days' values in the quarter.</p> <p><b>Sustainability Exclusion Policy:</b></p> <p>The Sustainability Exclusion Policy of the Portfolio Manager outlines the exclusions applied to the investment universe of the financial product. The link to the Sustainability Exclusion Policy can be found in the main body of the Sales Prospectus.</p>
	<ul style="list-style-type: none"> <li>● <b>What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?</b></li> </ul>
	<p>Not applicable.</p>
	<ul style="list-style-type: none"> <li>● <b>What is the policy to assess good governance practices of the investee companies?</b></li> </ul>
	<p>Good corporate governance is a key driver of sustainable performance and is therefore embedded in the Portfolio Manager's investment strategy. The Portfolio Manager employs a proprietary ESG Risk Dashboard that combines multiple ESG data sources from internal and recognized external providers in order to identify companies with material ESG risks. An actionable risk signal highlights ESG risks to the Portfolio Manager for incorporation in their investment decision making process. The assessment of good governance includes consideration of board structure and independence, remuneration alignment, transparency of ownership and control, and financial reporting.</p>
	<p><b>What is the asset allocation planned for this financial product?</b></p> <p>The minimum proportion of the investments used to meet the environmental and/or social characteristics promoted by the financial product is 51%.</p>

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

**Asset allocation** describes the share of investments in specific assets.


**Taxonomy-aligned** activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure (CapEx)** showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure (OpEx)** reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

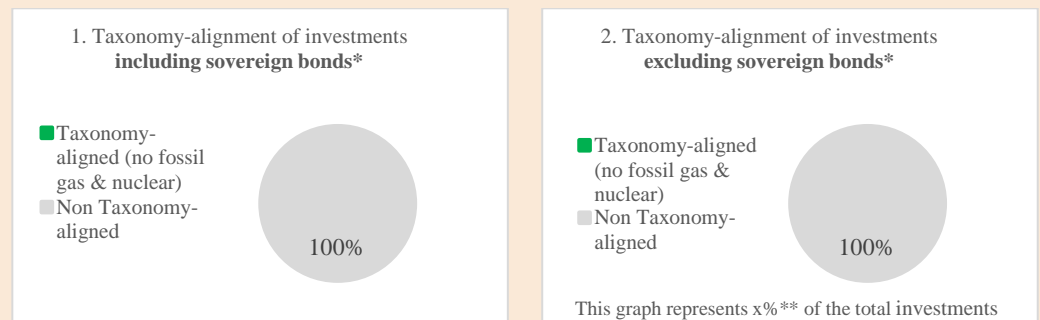
	<ul style="list-style-type: none"> <li><b>How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?</b></li> </ul>
	<p>Derivatives are not used for the attainment of the characteristics promoted by this financial product. Derivatives are primarily used for hedging and liquidity management purposes.</p>
	<p><b>To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?</b></p>
	<p>Not applicable.</p>
	<ul style="list-style-type: none"> <li><b>Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>5</sup>?</b></li> </ul>
	<p> <input type="checkbox"/> Yes:           <input type="checkbox"/> In fossil gas    <input type="checkbox"/> In nuclear energy           <input checked="" type="checkbox"/> No       </p>

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.







\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

\*\* No percentage has been inserted as it is not relevant (no Taxonomy-aligned investments)

<sup>5</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

 are environmentally sustainable investments that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

	<ul style="list-style-type: none"> <li>• <b>What is the minimum share of investments in transitional and enabling activities?</b></li> </ul>
	Not applicable.
	<b>What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?</b>
	Not applicable.
	<b>What is the minimum share of socially sustainable investments?</b>
	Not applicable.
	<b>What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?</b>
	Included in “#2 Other” are cash and unrated instruments for the purpose of liquidity and portfolio risk management. Unrated instruments may also include securities for which data needed for the measurement of attainment of environmental or social characteristics is not available.
	<b>Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?</b>
	No ESG reference benchmark has been designated for the purpose of determining whether the financial product is aligned with the characteristics that it promotes.
	<ul style="list-style-type: none"> <li>• <b>How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?</b></li> </ul>
	Not applicable.
	<ul style="list-style-type: none"> <li>• <b>How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?</b></li> </ul>
	Not applicable.
	<ul style="list-style-type: none"> <li>• <b>How does the designated index differ from a relevant broad market index?</b></li> </ul>
	Not applicable.
	<ul style="list-style-type: none"> <li>• <b>Where can the methodology used for the calculation of the designated index be found?</b></li> </ul>
	Not applicable.





**Where can I find more product specific information online?**

More product-specific information can be found on the website: [www.ubs.com/funds](http://www.ubs.com/funds)

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Product name:**

UBS (Lux) Bond SICAV - Global Dynamic (USD)

**Legal entity identifier:**

549300TWKUEFOMOSFB08

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

## Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?	
<p><span style="color: green;">●●</span> <input type="checkbox"/> <b>Yes</b></p>	<p><span style="color: green;">●</span> <span style="color: white;">●</span> <input checked="" type="checkbox"/> <b>No</b></p>
<p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b>: ____ %</p> <p style="margin-left: 20px;"><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p style="margin-left: 20px;"><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b>: _____ %</p>	<p><input type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ____% of sustainable investments</p> <p style="margin-left: 20px;"><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p style="margin-left: 20px;"><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p style="margin-left: 20px;"><input type="checkbox"/> with a social objective</p> <p><input checked="" type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>



**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

**What environmental and/or social characteristics are promoted by this financial product?**

The following characteristics are promoted by the financial product:

- 1) A sustainability profile that is higher than its benchmark’s sustainability profile or a minimum of 51% of assets invested in issuers with sustainability profiles in the top half of the UBS ESG Consensus score scale.
- 2) The percentage of sub-fund assets invested in sovereign bonds from issuers showing “controversies” on the UBS ESG Risk Dashboard is lower than the percentage in the benchmark.

The benchmark is a broad market index which does not assess or include constituents according to environmental and/or social characteristics and therefore is not intended to be consistent with the characteristics promoted by the financial product. No ESG reference benchmark has been designated for the purpose of attaining the characteristics promoted by the financial product.

- ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The above characteristics are measured using the following indicators respectively:

Characteristic 1):

The UBS ESG consensus score is used to identify issuers/companies for the investment universe with strong environmental and social performance characteristics, or a strong sustainability profile. This UBS ESG consensus score is a normalized weighted average of ESG score data from internal and recognized external providers. Rather than relying on an ESG score from a single provider, the consensus score approach increases conviction in the validity of the sustainability profile.

The UBS ESG consensus score assesses sustainability factors, such as the performance of the relevant issuers/companies with reference to environmental, social and governance (ESG) aspects. These ESG aspects relate to the main areas in which the issuers/companies operate and their effectiveness in managing ESG risks. Environmental and social factors can include (amongst others) the following: environmental footprint and operational efficiency, environmental risk management, climate change, natural resource usage, pollution and waste management, employment standards and supply chain monitoring, human capital, diversity within the board of directors, occupational health and safety, product safety, as well as anti-fraud and anti-corruption guidelines.

The individual investments in the sub-fund have a UBS ESG consensus score (on a scale of 0-10, with 10 having the best sustainability profile). There is no minimum UBS ESG consensus score at individual investment level.

Characteristic 2):

The Portfolio Manager employs a proprietary ESG Risk Dashboard that combines multiple ESG data sources in order to identify companies with material ESG risks. An actionable risk signal highlights ESG risks to the Portfolio Manager for incorporation in their investment decision making process.

Controversies capture high impact incidents and events that may affect the prosperity and economic development of a country, such as (but not limited to) natural disasters, labor rights or environmental pollution. They measure the country’s ability to manage the impact of these controversies in an effective and sustainable way.

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti - corruption and anti - bribery matters.

	<ul style="list-style-type: none"> <li>• <b>How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?</b></li> </ul>
	Not applicable.
	<i>How have the indicators for adverse impacts on sustainability factors been taken into account?</i>
	Not applicable.
	<i>How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:</i>
	Not applicable.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes

No



**What investment strategy does this financial product follow?**


**ESG Integration:**

ESG Integration is driven by taking into account material ESG risks as part of the research process. ESG integration enables the Portfolio Manager to identify financially relevant sustainability factors that impact investment decisions and to incorporate ESG considerations when implementing investment decisions, and allows ESG risks to be systematically monitored and compared to risk appetite and constraints. It also assists in portfolio construction through securities selection, investment conviction and portfolio weightings.

- For corporate issuers, this process utilizes an internal UBS ESG material issues framework which identifies the financially relevant factors per sector that can impact investment decisions. This orientation toward financial materiality ensures that analysts focus on sustainability factors that can impact the financial performance of the company and therefore investment returns. ESG integration can also identify opportunities for engagement to improve the company’s ESG risk profile and thereby mitigate the potential negative impact of ESG issues on the company’s financial performance. The Portfolio Manager employs an internal UBS ESG risk dashboard that combines multiple internal and external ESG data sources in order to identify companies with material ESG risks. An actionable risk signal highlights ESG risks to the Portfolio Manager for incorporation in their investment decision making process.

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

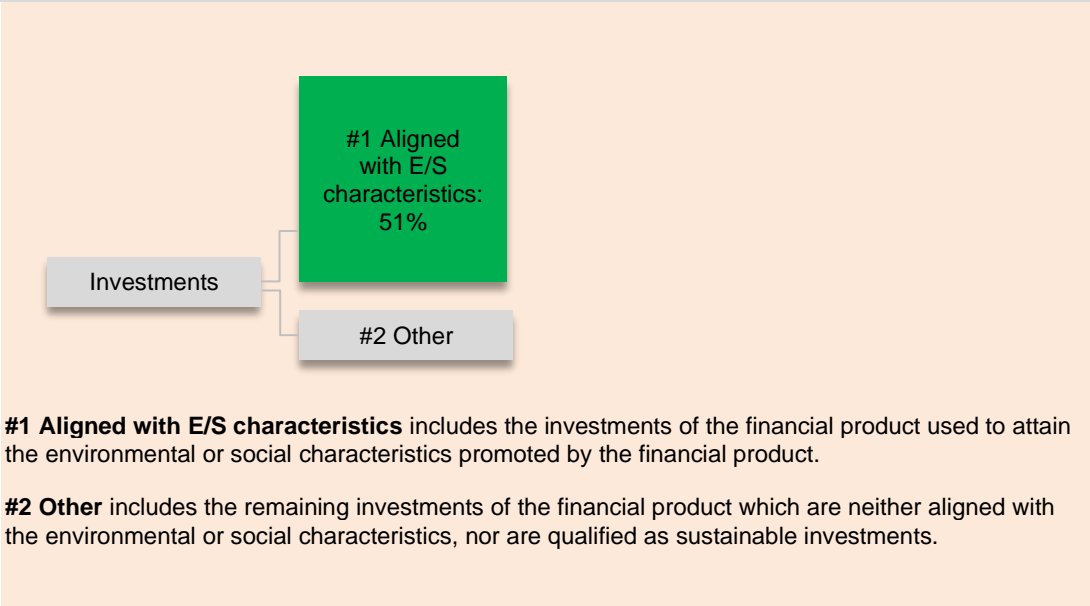
	<ul style="list-style-type: none"> <li>• For non-corporate issuers, the Portfolio Manager applies a qualitative or quantitative ESG risk assessment that integrates data on material ESG factors.</li> </ul> <p>The analysis of material sustainability/ESG considerations can include many different aspects, such as the following among others: the carbon footprint, health and well-being, human rights, supply chain management, fair customer treatment and governance.</p> <p><b><u>Sustainability Exclusion Policy:</u></b></p> <p>The Sustainability Exclusion Policy of the Portfolio Manager outlines the exclusions applied to the investment universe of the financial product. The link to the Sustainability Exclusion Policy can be found in the main body of the Sales Prospectus.</p>
	<ul style="list-style-type: none"> <li>• <b><i>What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?</i></b></li> </ul>
	<p>The following binding element(s) of the investment strategy are used to select the investments to attain the characteristic(s) promoted by this financial product:</p> <p>Characteristic 1):</p> <p>A sustainability profile that is higher than its benchmark’s sustainability profile or a minimum of 51% of assets invested in issuers with sustainability profiles in the top half of the UBS ESG Consensus score scale.</p> <p>Characteristic 2):</p> <p>The percentage of sub-fund assets invested in sovereign bonds from issuers showing “controversies” on the UBS ESG Risk Dashboard is lower than the percentage in the benchmark. If the benchmark contains no sovereign bonds from issuers with “controversies”, the sub-fund is not permitted to hold any issuers with “controversies”.</p> <p>The calculations do not take account of cash, derivatives and unrated investment instruments.</p> <p>The characteristic(s) and the minimum proportion of investments used to meet the environmental and/or social characteristics promoted by the financial product are calculated at quarter end using the average of all business days’ values in the quarter.</p> <p><b><u>Sustainability Exclusion Policy:</u></b></p> <p>The Sustainability Exclusion Policy of the Portfolio Manager outlines the exclusions applied to the investment universe of the financial product. The link to the Sustainability Exclusion Policy can be found in the main body of the Sales Prospectus.</p>
	<ul style="list-style-type: none"> <li>• <b><i>What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?</i></b></li> </ul>
	<p>Not applicable.</p>
	<ul style="list-style-type: none"> <li>• <b><i>What is the policy to assess good governance practices of the investee companies?</i></b></li> </ul>
<p><b>Good governance</b> practices include sound management structures, employee relations, remuneration of staff and tax compliance.</p>	<p>Good corporate governance is a key driver of sustainable performance and is therefore embedded in the Portfolio Manager’s investment strategy. The Portfolio Manager employs a proprietary ESG Risk Dashboard that combines multiple ESG data sources from internal and recognized external providers in order to identify companies with material ESG risks. An actionable risk signal highlights ESG risks to the Portfolio Manager for incorporation in their investment decision making process. The assessment</p>


	of good governance includes consideration of board structure and independence, remuneration alignment, transparency of ownership and control, and financial reporting.
	<b>What is the asset allocation planned for this financial product?</b>
	The minimum proportion of the investments used to meet the environmental and/or social characteristics promoted by the financial product is 51%.

**Asset allocation** describes the share of investments in specific assets.

**Taxonomy-aligned activities** are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



	<ul style="list-style-type: none"> <li>● <b>How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?</b></li> </ul>
	Derivatives are not used for the attainment of the characteristics promoted by this financial product. Derivatives are primarily used for hedging and liquidity management purposes.
	<b>To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?</b>
	Not applicable.
	<ul style="list-style-type: none"> <li>● <b>Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>6</sup>?</b></li> </ul>
	<input type="checkbox"/> Yes:

<sup>6</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

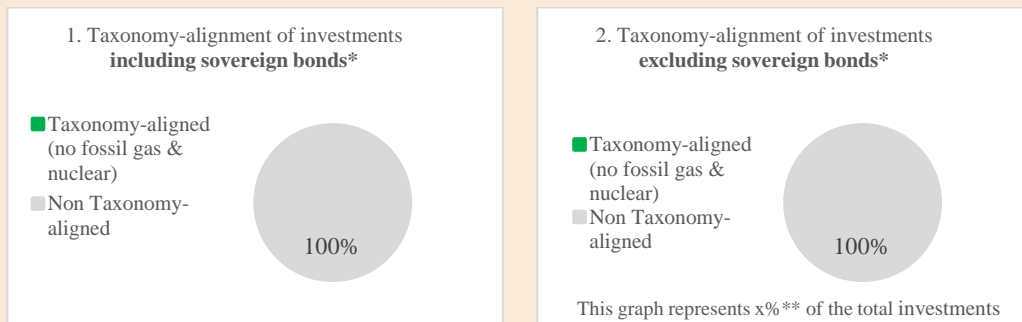
**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

are environmentally sustainable investments that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

In fossil gas     In nuclear energy  
 No


**The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.**



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

\*\* No percentage has been inserted as it is not relevant (no Taxonomy-aligned investments)

	<ul style="list-style-type: none"> <li><b>What is the minimum share of investments in transitional and enabling activities?</b></li> </ul>
	Not applicable.
	<b>What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?</b>
	Not applicable.
	<b>What is the minimum share of socially sustainable investments?</b>
	Not applicable.
	<b>What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?</b>
	Included in “#2 Other” are cash and unrated instruments for the purpose of liquidity and portfolio risk management. Unrated instruments may also include securities for which data needed for the measurement of attainment of environmental or social characteristics is not available.
	<b>Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?</b>
	No ESG reference benchmark has been designated for the purpose of determining whether the financial product is aligned with the characteristics that it promotes.

	<ul style="list-style-type: none"> <li>• <b>How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?</b></li> </ul>
	Not applicable.
	<ul style="list-style-type: none"> <li>• <b>How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?</b></li> </ul>
	Not applicable.
	<ul style="list-style-type: none"> <li>• <b>How does the designated index differ from a relevant broad market index?</b></li> </ul>
	Not applicable.
	<ul style="list-style-type: none"> <li>• <b>Where can the methodology used for the calculation of the designated index be found?</b></li> </ul>
	Not applicable.
	<p><b>Where can I find more product specific information online?</b></p> <p>More product-specific information can be found on the website: <a href="http://www.ubs.com/funds">www.ubs.com/funds</a></p>



**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Product name:**

UBS (Lux) Bond SICAV - Global Inflation-linked (USD)

**Legal entity identifier:**

549300ABUHXUT50Z9P45

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The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

## Environmental and/or social characteristics

### Does this financial product have a sustainable investment objective?

**Yes**

It will make a minimum of **sustainable investments with an environmental objective:** \_\_\_\_ %

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective:** \_\_\_\_ %

**No**

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of \_\_\_\_% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**



**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

**What environmental and/or social characteristics are promoted by this financial product?**

The following characteristics are promoted by the financial product:

- 1) A sustainability profile that is higher than its benchmark’s sustainability profile or a minimum of 51% of assets invested in issuers with sustainability profiles in the top half of the UBS ESG Consensus score scale.
- 2) The percentage of sub-fund assets invested in sovereign bonds from issuers showing “controversies” on the UBS ESG Risk Dashboard is lower than the percentage in the benchmark.

The benchmark is a broad market index which does not assess or include constituents according to environmental and/or social characteristics and therefore is not intended to be consistent with the characteristics promoted by the financial product. No ESG reference benchmark has been designated for the purpose of attaining the characteristics promoted by the financial product.

- ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The above characteristics are measured using the following indicators respectively:

Characteristic 1):

The UBS ESG consensus score is used to identify issuers/companies for the investment universe with strong environmental and social performance characteristics, or a strong sustainability profile. This UBS ESG consensus score is a normalized weighted average of ESG score data from internal and recognized external providers. Rather than relying on an ESG score from a single provider, the consensus score approach increases conviction in the validity of the sustainability profile.

The UBS ESG consensus score assesses sustainability factors, such as the performance of the relevant issuers/companies with reference to environmental, social and governance (ESG) aspects. These ESG aspects relate to the main areas in which the issuers/companies operate and their effectiveness in managing ESG risks. Environmental and social factors can include (amongst others) the following: environmental footprint and operational efficiency, environmental risk management, climate change, natural resource usage, pollution and waste management, employment standards and supply chain monitoring, human capital, diversity within the board of directors, occupational health and safety, product safety, as well as anti-fraud and anti-corruption guidelines.

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Controversies capture high impact incidents and events that may affect the prosperity and economic development of a country, such as (but not limited to) natural disasters, labor rights or environmental pollution. They measure the country’s ability to manage the impact of these controversies in an effective and sustainable way.

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti - corruption and anti - bribery matters.

	<ul style="list-style-type: none"> <li>• <b>How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?</b></li> </ul>
	Not applicable.
	<i>How have the indicators for adverse impacts on sustainability factors been taken into account?</i>
	Not applicable.
	<i>How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:</i>
	Not applicable.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes

No



**What investment strategy does this financial product follow?**

**ESG Integration:**


ESG Integration is driven by taking into account material ESG risks as part of the research process. ESG integration enables the Portfolio Manager to identify financially relevant sustainability factors that impact investment decisions and to incorporate ESG considerations when implementing investment decisions, and allows ESG risks to be systematically monitored and compared to risk appetite and constraints. It also assists in portfolio construction through securities selection, investment conviction and portfolio weightings.

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**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

	<ul style="list-style-type: none"> <li>• For non-corporate issuers, the Portfolio Manager applies a qualitative or quantitative ESG risk assessment that integrates data on material ESG factors.</li> </ul> <p>The analysis of material sustainability/ESG considerations can include many different aspects, such as the following among others: the carbon footprint, health and well-being, human rights, supply chain management, fair customer treatment and governance.</p> <p><b><u>Sustainability Exclusion Policy:</u></b></p> <p>The Sustainability Exclusion Policy of the Portfolio Manager outlines the exclusions applied to the investment universe of the financial product. The link to the Sustainability Exclusion Policy can be found in the main body of the Sales Prospectus.</p>
	<ul style="list-style-type: none"> <li>• <b><i>What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?</i></b></li> </ul>
	<p>The following binding element(s) of the investment strategy are used to select the investments to attain the characteristic(s) promoted by this financial product:</p> <p>Characteristic 1):</p> <p>A sustainability profile that is higher than its benchmark’s sustainability profile or a minimum of 51% of assets invested in issuers with sustainability profiles in the top half of the UBS ESG Consensus score scale.</p> <p>Characteristic 2):</p> <p>The percentage of sub-fund assets invested in sovereign bonds from issuers showing “controversies” on the UBS ESG Risk Dashboard is lower than the percentage in the benchmark. If the benchmark contains no sovereign bonds from issuers with “controversies”, the sub-fund is not permitted to hold any issuers with “controversies”.</p> <p>The calculations do not take account of cash, derivatives and unrated investment instruments.</p> <p>The characteristic(s) and the minimum proportion of investments used to meet the environmental and/or social characteristics promoted by the financial product are calculated at quarter end using the average of all business days’ values in the quarter.</p> <p><b><u>Sustainability Exclusion Policy:</u></b></p> <p>The Sustainability Exclusion Policy of the Portfolio Manager outlines the exclusions applied to the investment universe of the financial product. The link to the Sustainability Exclusion Policy can be found in the main body of the Sales Prospectus.</p>
	<ul style="list-style-type: none"> <li>• <b><i>What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?</i></b></li> </ul>
	<p>Not applicable.</p>
	<ul style="list-style-type: none"> <li>• <b><i>What is the policy to assess good governance practices of the investee companies?</i></b></li> </ul>
	<p>Good corporate governance is a key driver of sustainable performance and is therefore embedded in the Portfolio Manager’s investment strategy. The Portfolio Manager employs a proprietary ESG Risk Dashboard that combines multiple ESG data sources from internal and recognized external providers in order to identify companies with material ESG risks. An actionable risk signal highlights ESG risks to the Portfolio Manager for incorporation in their investment decision making process. The assessment</p>


	of good governance includes consideration of board structure and independence, remuneration alignment, transparency of ownership and control, and financial reporting.
	<p><b>What is the asset allocation planned for this financial product?</b></p> <p>The minimum proportion of the investments used to meet the environmental and/or social characteristics promoted by the financial product is 51%.</p>

**Asset allocation** describes the share of investments in specific assets.

**Taxonomy-aligned activities** are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



	<ul style="list-style-type: none"> <li>• <b>How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?</b></li> </ul>
	Derivatives are not used for the attainment of the characteristics promoted by this financial product. Derivatives are primarily used for hedging and liquidity management purposes.
	<p><b>To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?</b></p>
	Not applicable.

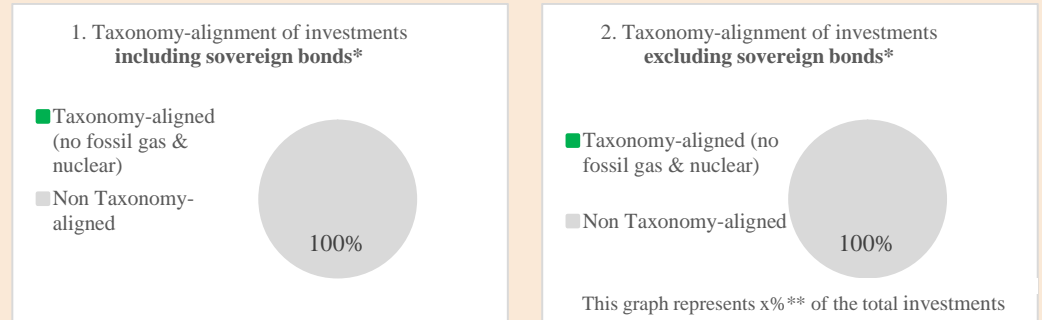
To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

	<ul style="list-style-type: none"> <li>● <b>Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?</b></li> </ul>
	<input type="checkbox"/> Yes: <input type="checkbox"/> In fossil gas <input type="checkbox"/> In nuclear energy <input checked="" type="checkbox"/> No

*The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures



\*\* No percentage has been inserted as it is not relevant (no Taxonomy-aligned investments)

	<ul style="list-style-type: none"> <li>● <b>What is the minimum share of investments in transitional and enabling activities?</b></li> </ul>
	Not applicable.
	<b>What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?</b>
	Not applicable.
	<b>What is the minimum share of socially sustainable investments?</b>
	Not applicable.
	<b>What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?</b>

are environmentally sustainable investments that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

<sup>7</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

	<p>Included in “#2 Other” are cash and unrated instruments for the purpose of liquidity and portfolio risk management. Unrated instruments may also include securities for which data needed for the measurement of attainment of environmental or social characteristics is not available.</p>
	<p><b>Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?</b></p> <p>No ESG reference benchmark has been designated for the purpose of determining whether the financial product is aligned with the characteristics that it promotes.</p>
	<ul style="list-style-type: none"> <li>• <b><i>How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?</i></b></li> </ul>
	<p>Not applicable.</p>
	<ul style="list-style-type: none"> <li>• <b><i>How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?</i></b></li> </ul>
	<p>Not applicable.</p>
	<ul style="list-style-type: none"> <li>• <b><i>How does the designated index differ from a relevant broad market index?</i></b></li> </ul>
	<p>Not applicable.</p>
	<ul style="list-style-type: none"> <li>• <b><i>Where can the methodology used for the calculation of the designated index be found?</i></b></li> </ul>
	<p>Not applicable.</p>
	<p><b>Where can I find more product specific information online?</b></p> <p>More product-specific information can be found on the website: <a href="http://www.ubs.com/funds">www.ubs.com/funds</a></p>

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Product name:**

**Legal entity identifier:**

UBS (Lux) Bond SICAV – Global SDG Corporates Sustainable (USD)

391200DD2LAPGC17ZD37

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

## Environmental and/or social characteristics

### Does this financial product have a sustainable investment objective?

**Yes**

**No**

It will make a minimum of **sustainable investments with an environmental objective**: \_\_\_\_ %

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 20% of sustainable investments

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It will make a minimum of **sustainable investments with a social objective**: \_\_\_\_ %

It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.





**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

**What environmental and/or social characteristics are promoted by this financial product?**

The following characteristic is promoted by the financial product:

Invest at least 80% of the assets worldwide in corporate bonds from developed market or emerging market issuers that promote one or more United Nations Sustainable Development Goals (SDGs), such as SDG 7 (Affordable and Clean Energy), SDG 9 (Industry, Innovation and Infrastructure), SDG 3 (Good Health and Well-Being) and SDG 6 (Clean Water and Sanitation), as well as in “green”, “social”, “sustainable” bonds from companies (including supranational and agency bonds), the proceeds of which will be used for eligible environmental and social projects.

- ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The above characteristic is measured using the following indicators respectively:

Companies have revenue exposure of at least 20% to one or more SDGs, such as SDG 7 (Affordable and Clean Energy), SDG 9 (Industry, Innovation and Infrastructure), SDG 3 (Good Health and Well-Being) and SDG 6 (Clean Water and Sanitation).

The classification as green, social, sustainable is based on external providers and relates to:

-Green bonds: Use of proceeds to finance projects that advance environmental objectives (e.g. renewable energy, clean transportation).

-Social bonds: Use of proceeds for projects aiming to addressing / mitigating a specific social issue and/or seek to achieve positive social outcomes (e.g. affordable housing, food security).

-Sustainable bonds: Use of proceeds that intentionally mix eligible Green and Social projects and adhere to specific guidelines.

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The objectives of the sustainable investments that the financial product partially intends to make is to contribute to the environmental and/or social characteristic(s) promoted by the financial product.

- ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

The Portfolio Manager applies exclusions to the investment universe of the financial product. The link to the Sustainability Exclusion Policy can be found in the main body of the Sales Prospectus.

The exclusions include thermal coal mining and thermal coal-based energy production & oil sands. UBS Asset Management does not invest in companies involved in controversial weapons i.e. cluster munitions, anti-personnel mines, chemical and biological weapons, or companies in breach of the Treaty on the Non-Proliferation of Nuclear Weapons.

Investments are positively screened according to the environmental and/or social characteristics promoted by the financial product.

***How have the indicators for adverse impacts on sustainability factors been taken into account?***

The Portfolio Manager employs a proprietary ESG Risk Dashboard, the Dashboard allows equity and credit analysts to quickly identify companies with significant ESG risks via the “UBS ESG Risk Signal”. This clear, actionable signal serves as starting point for more in-depth analysis of the underlying sources of these risks and the links to their investment cases..

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti - corruption and anti - bribery matters.

	<i>How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:</i>
	Companies violating the United Nations Global Compact (UNGC) principles, who do not demonstrate credible corrective action will be excluded from the investment universe.

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

*The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.*

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes<sup>\*\*\*</sup>

Principal adverse impacts (the “PAI”) are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters. UBS integrates PAI indicators in its decision making process.

At present, the following PAI indicators are considered by means of exclusions from the investment universe:

**1.4 “Exposure to companies active in the fossil fuel sector”:**

- Companies that exceed a certain revenue threshold (as per the UBS AM Sustainability Exclusion Policy) from thermal coal mining and its sale to external parties or from oil sands extraction are excluded
- Companies that exceed a certain revenue threshold (as per the UBS AM Sustainability Exclusion Policy) from thermal coal-based power generation are excluded.

**1.10 “Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises”:**

- Companies violating the United Nations Global Compact UNGC) principles which do not demonstrate credible corrective action as determined by UBS-AM’s Stewardship Committee are excluded

**1.14 “Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)”:**

- UBS-AM does not invest in companies involved in: cluster munitions, anti-personnel mines or chemical and biological weapons, nor does it invest in companies in breach of the Treaty on the Non- Proliferation of Nuclear Weapons. UBS-AM considers a company to be involved in controversial weapons if the company is involved in development, production, storage, maintenance or transport of controversial weapons, or is a majority shareholder (>50% ownership stake) of such a company.

The link to the Sustainability Exclusion Policy can be found in the main body of the Sales Prospectus.

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.



	<p>When assessing “do no significant harm” (DNSH), we consider selected principal adverse impact indicators based on availability and appropriateness. These indicators are combined into a signal based on individual thresholds defined per indicator. A fail on a single indicator leads to an investment failing the DNSH criteria. The following PAI indicators are additionally part of this signal:</p> <p><u>1.7 “Activities negatively affecting bio-diversity-sensitive areas”</u></p> <p><u>1.13 “Board gender diversity”</u></p> <p><u>1.15. “GHG Intensity”</u></p> <p><u>1.16. “Investee countries subject to social violations”</u></p> <p>Information on consideration of PAIs on sustainability factors is also available in the sub-fund’s annual report.</p>
	<p><input type="checkbox"/> No</p>
	<p><b>What investment strategy does this financial product follow?</b></p> <p><b><u>ESG Integration:</u></b></p> <p>ESG Integration is driven by taking into account material ESG risks as part of the research process. ESG integration enables the Portfolio Manager to identify financially relevant sustainability factors that impact investment decisions and to incorporate ESG considerations when implementing investment decisions, and allows ESG risks to be systematically monitored and compared to risk appetite and constraints. It also assists in portfolio construction through securities selection, investment conviction and portfolio weightings.</p> <ul style="list-style-type: none"> <li>• For corporate issuers, this process utilizes an internal UBS ESG material issues framework which identifies the financially relevant factors per sector that can impact investment decisions. This orientation toward financial materiality ensures that analysts focus on sustainability factors that can impact the financial performance of the company and therefore investment returns. ESG integration can also identify opportunities for engagement to improve the company’s ESG risk profile and thereby mitigate the potential negative impact of ESG issues on the company’s financial performance. The Portfolio Manager employs an internal UBS ESG risk dashboard that combines multiple internal and external ESG data sources in order to identify companies with material ESG risks. An actionable risk signal highlights ESG risks to the Portfolio Manager for incorporation in their investment decision making process.</li> <li>• For non-corporate issuers, the Portfolio Manager applies a qualitative or quantitative ESG risk assessment that integrates data on material ESG factors.</li> </ul> <p>The analysis of material sustainability/ESG considerations can include many different aspects, such as the following among others: the carbon footprint, health and well-being, human rights, supply chain management, fair customer treatment and governance.</p> <p><b><u>Fund specific exclusions:</u></b></p> <p>The sub-fund may invest up to 20% of its assets in bonds from issuers that do not promote any SDGs. Issuers are assessed for ESG risks using a proprietary UBS ESG Risk Recommendation, which rates issuers using a five-point scale (1 – negligible, 2 – low, 3 – moderate, 4 – high and 5 – severe ESG risk). The sub-fund will generally exclude corporate issuers with risks identified in the ESG Risk Dashboard (described in the ESG Integration section) unless the overall UBS ESG risk recommendation is between 1 and 3, which is considered to be an acceptable risk for Sustainability Focus funds.</p> <p><b><u>Sustainability Exclusion Policy:</u></b></p> <p>The Sustainability Exclusion Policy of the Portfolio Manager outlines the exclusions applied to the investment universe of the financial product. The link to the Sustainability Exclusion Policy can be found in the main body of the Sales Prospectus.</p>

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

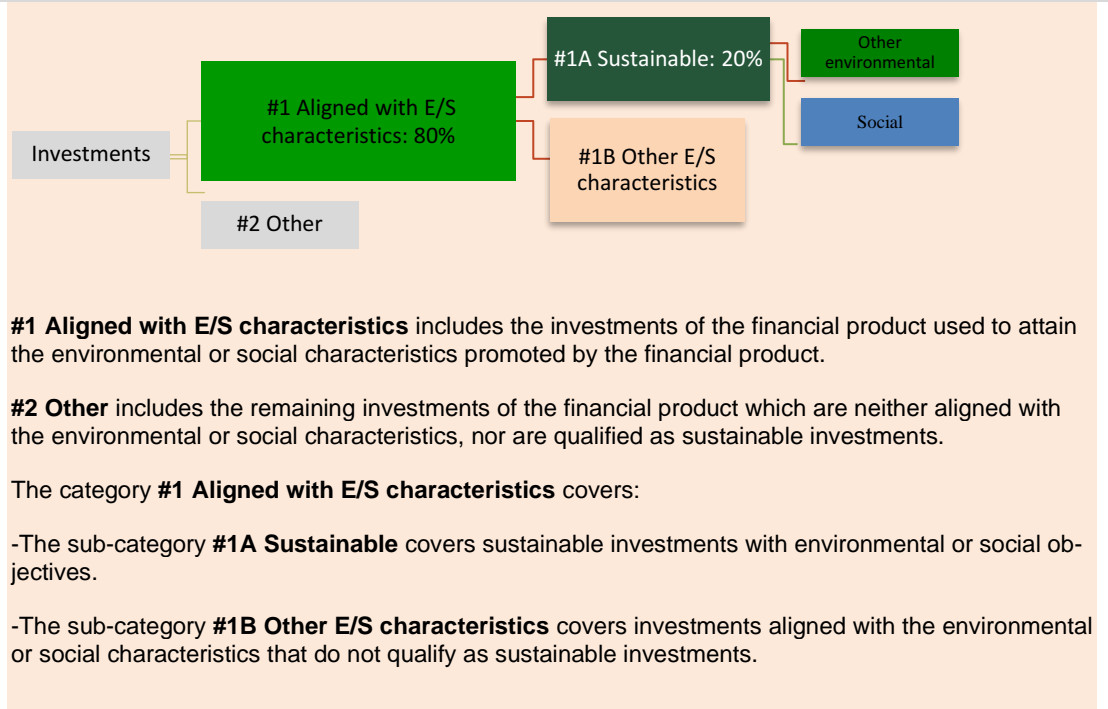


	<ul style="list-style-type: none"> <li>● <b>What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?</b></li> </ul>
	<p>The following binding element(s) of the investment strategy are used to select the investments to attain the characteristic(s) promoted by this financial product:</p> <p>Invest at least 80% of the assets worldwide in corporate bonds from developed market or emerging market issuers that promote one or more United Nations Sustainable Development Goals (SDGs), such as SDG 7 (Affordable and Clean Energy), SDG 9 (Industry, Innovation and Infrastructure), SDG 3 (Good Health and Well-Being) and SDG 6 (Clean Water and Sanitation), as well as in “green”, “social”, “sustainable” bonds from companies (including supranational and agency bonds), the proceeds of which will be used for eligible environmental and social projects.</p> <p>The calculations do not take account of cash, derivatives and unrated investment instruments.</p> <p>The characteristic(s), the minimum proportion of sustainable investments and the minimum proportion of investments used to meet the environmental and/or social characteristics promoted by the financial product are calculated at quarter end using the average of all business days’ values in the quarter.</p> <p><b>Fund specific exclusions:</b></p> <p>The sub-fund may invest up to 20% of its assets in bonds from issuers that do not promote any SDGs. Issuers are assessed for ESG risks using a proprietary UBS ESG Risk Recommendation, which rates issuers using a five-point scale (1 – negligible, 2 – low, 3 – moderate, 4 – high and 5 – severe ESG risk). The sub-fund will generally exclude corporate issuers with risks identified in the ESG Risk Dashboard (described in the ESG Integration section) unless the overall UBS ESG risk recommendation is between 1 and 3, which is considered to be an acceptable risk for Sustainability Focus funds.</p> <p><b>Sustainability Exclusion Policy:</b></p> <p>The Sustainability Exclusion Policy of the Portfolio Manager outlines the exclusions applied to the investment universe of the financial product. The link to the Sustainability Exclusion Policy can be found in the main body of the Sales Prospectus.</p>
	<ul style="list-style-type: none"> <li>● <b>What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?</b></li> </ul>
	<p>Not applicable.</p>
	<ul style="list-style-type: none"> <li>● <b>What is the policy to assess good governance practices of the investee companies?</b></li> </ul> <p>Good corporate governance is a key driver of sustainable performance and is therefore embedded in the Portfolio Manager’s investment strategy. The Portfolio Manager employs a proprietary ESG Risk Dashboard that combines multiple ESG data sources from internal and recognized external providers in order to identify companies with material ESG risks. An actionable risk signal highlights ESG risks to the Portfolio Manager for incorporation in their investment decision making process. The assessment of good governance includes consideration of board structure and independence, remuneration alignment, transparency of ownership and control, and financial reporting.</p>
	<p><b>What is the asset allocation planned for this financial product?</b></p> <p>The minimum proportion of the investments used to meet the environmental and/or social characteristics promoted by the financial product is 80%. The minimum proportion of sustainable investments of the financial product is 20%.</p>

**Asset allocation** describes the share of investments in specific assets.

**Taxonomy-aligned activities** are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure (CapEx)** showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure (OpEx)** reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

	<ul style="list-style-type: none"> <li>● <b>How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?</b></li> </ul>
	<p>Derivatives are not used for the attainment of the characteristics promoted by this financial product. Derivatives are primarily used for hedging and liquidity management purposes.</p>
	<p><b>To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?</b></p>
	<p>It has not been possible to collect data on the environmental objective(s) set out in Article 9 of the Taxonomy Regulation and on how and to what extent the investments underlying the financial product are in economic activities that qualify as environmentally sustainable under Article 3 of the Taxonomy Regulation (“Taxonomy Aligned Investments”). On that basis, the financial product has 0% Taxonomy Aligned Investments.</p>
	<ul style="list-style-type: none"> <li>● <b>Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>8</sup>?</b></li> </ul>
	<p><input type="checkbox"/> Yes:</p> <p style="padding-left: 40px;"><input type="checkbox"/> In fossil gas    <input type="checkbox"/> In nuclear energy</p> <p><input checked="" type="checkbox"/> No</p>

<sup>8</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

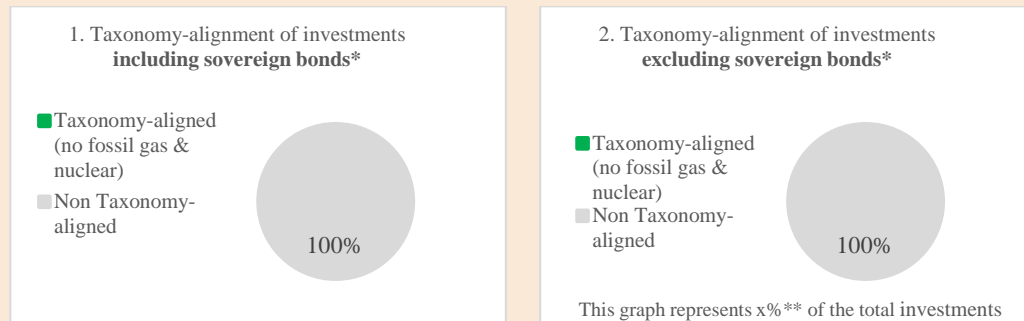
To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.




 are environmentally sustainable investments **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

*The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

\*\* No percentage has been inserted as it is not relevant (no Taxonomy-aligned investments)

	<ul style="list-style-type: none"> <li>• <b>What is the minimum share of investments in transitional and enabling activities?</b></li> </ul>
	There is no commitment to a minimum proportion of investments in transitional and enabling activities.
	<p><b>What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?</b></p> <p>The sustainable investments made by the financial product will contribute to either environmental or social objectives or both. The financial product does not commit to a predetermined combination of environmental or social objectives, and therefore there is no minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy. Where the financial product does invest in environmentally sustainable investments that are not Taxonomy-aligned, this is due to the absence of necessary data to determine Taxonomy-alignment.</p>
	<p><b>What is the minimum share of socially sustainable investments?</b></p> <p>The sustainable investments made by the financial product will contribute to either environmental or social objectives or both. The financial product does not commit a predetermined combination of environmental or social objectives, and therefore there is no minimum share of socially sustainable investments.</p>
	<p><b>What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?</b></p> <p>Included in “#2 Other” are cash and unrated instruments for the purpose of liquidity and portfolio risk management. Unrated instruments may also include securities for which data needed for the measurement of attainment of environmental or social characteristics is not available.</p>



**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

No ESG reference benchmark has been designated for the purpose of determining whether the financial product is aligned with the characteristics that it promotes.

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

Not applicable.

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

Not applicable.

- ***How does the designated index differ from a relevant broad market index?***

Not applicable.

- ***Where can the methodology used for the calculation of the designated index be found?***

Not applicable.



**Where can I find more product specific information online?**

More product-specific information can be found on the website: [www.ubs.com/funds](http://www.ubs.com/funds)

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Product name:**

UBS (Lux) Bond SICAV - Global Short Term Flexible (USD)

**Legal entity identifier:**

5493001GWYOZAX60FV90

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

## Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?	
<p><span style="color: green;">●●</span> <input type="checkbox"/> <b>Yes</b></p>	<p><span style="color: green;">●</span> <span style="color: white;">●</span> <input checked="" type="checkbox"/> <b>No</b></p>
<p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b>: ____ %</p> <p style="margin-left: 20px;"><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p style="margin-left: 20px;"><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b>: _____ %</p>	<p><input type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ____% of sustainable investments</p> <p style="margin-left: 20px;"><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p style="margin-left: 20px;"><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p style="margin-left: 20px;"><input type="checkbox"/> with a social objective</p> <p><input checked="" type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>





**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

**What environmental and/or social characteristics are promoted by this financial product?**

The following characteristics are promoted by the financial product:

- 1) A sustainability profile that is higher than its benchmark’s sustainability profile or a minimum of 51% of assets invested in issuers with sustainability profiles in the top half of the UBS ESG Consensus score scale.
- 2) The percentage of sub-fund assets invested in sovereign bonds from issuers showing “controversies” on the UBS ESG Risk Dashboard is lower than the percentage in the benchmark.

The benchmark is a broad market index which does not assess or include constituents according to environmental and/or social characteristics and therefore is not intended to be consistent with the characteristics promoted by the financial product. No ESG reference benchmark has been designated for the purpose of attaining the characteristics promoted by the financial product.

- ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The above characteristics are measured using the following indicators respectively:

Characteristic 1):

The UBS ESG consensus score is used to identify issuers/companies for the investment universe with strong environmental and social performance characteristics, or a strong sustainability profile. This UBS ESG consensus score is a normalized weighted average of ESG score data from internal and recognized external providers. Rather than relying on an ESG score from a single provider, the consensus score approach increases conviction in the validity of the sustainability profile.

The UBS ESG consensus score assesses sustainability factors, such as the performance of the relevant issuers/companies with reference to environmental, social and governance (ESG) aspects. These ESG aspects relate to the main areas in which the issuers/companies operate and their effectiveness in managing ESG risks. Environmental and social factors can include (amongst others) the following: environmental footprint and operational efficiency, environmental risk management, climate change, natural resource usage, pollution and waste management, employment standards and supply chain monitoring, human capital, diversity within the board of directors, occupational health and safety, product safety, as well as anti-fraud and anti-corruption guidelines.

The individual investments in the sub-fund have a UBS ESG consensus score (on a scale of 0-10, with 10 having the best sustainability profile). **There is no minimum UBS ESG consensus score at individual investment level.**

Characteristic 2):

The Portfolio Manager employs a proprietary ESG Risk Dashboard that combines multiple ESG data sources in order to identify companies with material ESG risks. An actionable risk signal highlights ESG risks to the Portfolio Manager for incorporation in their investment decision making process.

Controversies capture high impact incidents and events that may affect the prosperity and economic development of a country, such as (but not limited to) natural disasters, labor rights or environmental pollution. They measure the country’s ability to manage the impact of these controversies in an effective and sustainable way.

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti - corruption and anti - bribery matters.

	<ul style="list-style-type: none"> <li>• <b>How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?</b></li> </ul>
	Not applicable.
	<i>How have the indicators for adverse impacts on sustainability factors been taken into account?</i>
	Not applicable.
	<i>How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:</i>
	Not applicable.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes

No



**What investment strategy does this financial product follow?**

**ESG Integration:**

ESG Integration is driven by taking into account material ESG risks as part of the research process. ESG integration enables the Portfolio Manager to identify financially relevant sustainability factors that impact investment decisions and to incorporate ESG considerations when implementing investment decisions, and allows ESG risks to be systematically monitored and compared to risk appetite and constraints. It also assists in portfolio construction through securities selection, investment conviction and portfolio weightings.

- For corporate issuers, this process utilizes an internal UBS ESG material issues framework which identifies the financially relevant factors per sector that can impact investment decisions. This orientation toward financial materiality ensures that analysts focus on sustainability factors that can impact the financial performance of the company and therefore investment returns. ESG integration can also identify opportunities for engagement to improve the company’s ESG risk profile and thereby mitigate the potential negative impact of ESG issues on the company’s financial performance. The Portfolio Manager employs an internal UBS ESG risk dashboard that combines multiple internal and external ESG data sources in order to identify companies with material ESG risks. An actionable risk signal highlights ESG risks to the Portfolio Manager for incorporation in their investment decision making process.

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

	<ul style="list-style-type: none"> <li>• For non-corporate issuers, the Portfolio Manager applies a qualitative or quantitative ESG risk assessment that integrates data on material ESG factors.</li> </ul> <p>The analysis of material sustainability/ESG considerations can include many different aspects, such as the following among others: the carbon footprint, health and well-being, human rights, supply chain management, fair customer treatment and governance.</p> <p><b><u>Sustainability Exclusion Policy:</u></b></p> <p>The Sustainability Exclusion Policy of the Portfolio Manager outlines the exclusions applied to the investment universe of the financial product. The link to the Sustainability Exclusion Policy can be found in the main body of the Sales Prospectus.</p>
	<ul style="list-style-type: none"> <li>• <b><i>What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?</i></b></li> </ul>
	<p>The following binding element(s) of the investment strategy are used to select the investments to attain the characteristic(s) promoted by this financial product:</p> <p>Characteristic 1):</p> <p>A sustainability profile that is higher than its benchmark’s sustainability profile or a minimum of 51% of assets invested in issuers with sustainability profiles in the top half of the UBS ESG Consensus score scale.</p> <p>Characteristic 2):</p> <p>The percentage of sub-fund assets invested in sovereign bonds from issuers showing “controversies” on the UBS ESG Risk Dashboard is lower than the percentage in the benchmark. If the benchmark contains no sovereign bonds from issuers with “controversies”, the sub-fund is not permitted to hold any issuers with “controversies”.</p> <p>The calculations do not take account of cash, derivatives and unrated investment instruments.</p> <p>The characteristic(s) and the minimum proportion of investments used to meet the environmental and/or social characteristics promoted by the financial product are calculated at quarter end using the average of all business days’ values in the quarter.</p> <p><b><u>Sustainability Exclusion Policy:</u></b></p> <p>The Sustainability Exclusion Policy of the Portfolio Manager outlines the exclusions applied to the investment universe of the financial product. The link to the Sustainability Exclusion Policy can be found in the main body of the Sales Prospectus.</p>
	<ul style="list-style-type: none"> <li>• <b><i>What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?</i></b></li> </ul>
	<p>Not applicable.</p>
	<ul style="list-style-type: none"> <li>• <b><i>What is the policy to assess good governance practices of the investee companies?</i></b></li> </ul>
	<p>Good corporate governance is a key driver of sustainable performance and is therefore embedded in the Portfolio Manager’s investment strategy. The Portfolio Manager employs a proprietary ESG Risk Dashboard that combines multiple ESG data sources from internal and recognized external providers in order to identify companies with material ESG risks. An actionable risk signal highlights ESG risks to the Portfolio Manager for incorporation in their investment decision making process. The assessment</p>

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

	of good governance includes consideration of board structure and independence, remuneration alignment, transparency of ownership and control, and financial reporting.
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**What is the asset allocation planned for this financial product?**

The minimum proportion of the investments used to meet the environmental and/or social characteristics promoted by the financial product is 51%.

**Asset allocation** describes the share of investments in specific assets.

**Taxonomy-aligned activities** are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



	<ul style="list-style-type: none"> <li>● <b>How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?</b></li> </ul>
	Derivatives are not used for the attainment of the characteristics promoted by this financial product. Derivatives are primarily used for hedging and liquidity management purposes.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

Not applicable.

	<ul style="list-style-type: none"> <li>● <b>Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>9</sup>?</b></li> </ul>
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<sup>9</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

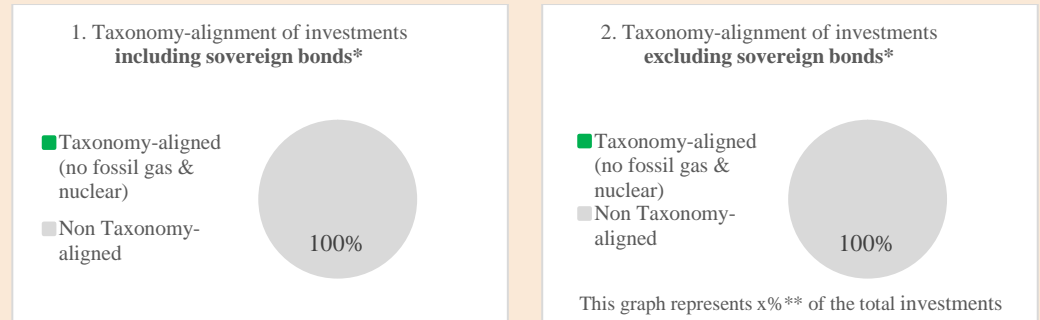
Yes:
   
 In fossil gas     In nuclear energy
   
 No

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

**The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.**




\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

\*\* No percentage has been inserted as it is not relevant (no Taxonomy-aligned investments)

are environmentally sustainable investments that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

	<ul style="list-style-type: none"> <li><b>What is the minimum share of investments in transitional and enabling activities?</b></li> </ul>
	Not applicable.
	<b>What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?</b>
	Not applicable.
	<b>What is the minimum share of socially sustainable investments?</b>
	Not applicable.
	<b>What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?</b>
	Included in “#2 Other” are cash and unrated instruments for the purpose of liquidity and portfolio risk management. Unrated instruments may also include securities for which data needed for the measurement of attainment of environmental or social characteristics is not available.
	<b>Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?</b>
	No ESG reference benchmark has been designated for the purpose of determining whether the financial product is aligned with the characteristics that it promotes.

	<ul style="list-style-type: none"> <li>• <b>How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?</b></li> </ul>
	Not applicable.
	<ul style="list-style-type: none"> <li>• <b>How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?</b></li> </ul>
	Not applicable.
	<ul style="list-style-type: none"> <li>• <b>How does the designated index differ from a relevant broad market index?</b></li> </ul>
	Not applicable.
	<ul style="list-style-type: none"> <li>• <b>Where can the methodology used for the calculation of the designated index be found?</b></li> </ul>
	Not applicable.
	<p><b>Where can I find more product specific information online?</b></p> <p>More product-specific information can be found on the website: <a href="http://www.ubs.com/funds">www.ubs.com/funds</a></p>

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Product name:**

UBS (Lux) Bond SICAV – Green Social Sustainable Bonds (EUR)

**Legal entity identifier:**

549300QLQHB53UP7078

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

## Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?	
<p><span style="color: green;">●●</span> <input type="checkbox"/> <b>Yes</b></p>	<p><span style="color: green;">●</span> <span style="color: white;">●</span> <input checked="" type="checkbox"/> <b>No</b></p>
<p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b>: ____ %</p> <p style="margin-left: 20px;"><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p style="margin-left: 20px;"><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b>: ____ %</p>	<p><input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 50% of sustainable investments</p> <p style="margin-left: 20px;"><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> with a social objective</p> <p><input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>



**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

**What environmental and/or social characteristics are promoted by this financial product?**

The following characteristic is promoted by the financial product:

Invests at least two thirds of the assets in “green”, “social”, “sustainable” bonds, the proceeds of which are used for eligible environmental and social projects, in “sustainability-linked” bonds that include environmental, social and governance-related key performance indicators to which the issuers are committed, as well as in bonds from issuers that generate more than 50% of their revenue from activities that contribute to resolving environmental and social challenges.

- ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The above characteristic is measured using the following indicators respectively:

The classification as green, social, sustainable or sustainability linked bonds is based on external providers and relates to:

-Green bonds: Use of proceeds to finance projects that advance environmental objectives (e.g. renewable energy, clean transportation).

-Social bonds: Use of proceeds for projects aiming to addressing / mitigating a specific social issue and/or seek to achieve positive social outcomes (e.g. affordable housing, food security).

-Sustainable bonds: Use of proceeds that intentionally mix eligible Green and Social projects and adhere to specific guidelines.

-Sustainability linked bonds: Bonds with financial and/or structural characteristics (e.g. coupon) linked to issuer achieving predefined sustainability objectives.

Issuers with relevant environmental or social revenue would origin from:

-Environmental revenues: related to alternative energy, energy efficiency, green building, pollution prevention, sustainable water, or sustainable agriculture.

-Social revenues: related to nutrition, sanitation, major diseases treatment, SME finance, education, affordable real estate or connectivity.

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The objectives of the sustainable investments that the financial product partially intends to make is to contribute to the environmental and/or social characteristic(s) promoted by the financial product.

- ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

The Portfolio Manager applies exclusions to the investment universe of the financial product. The link to the Sustainability Exclusion Policy can be found in the main body of the Sales Prospectus.

The exclusions include thermal coal mining and thermal coal-based energy production & oil sands. UBS Asset Management does not invest in companies involved in controversial weapons i.e. cluster munitions, anti-personnel mines, chemical and biological weapons, or companies in breach of the Treaty on the Non-Proliferation of Nuclear Weapons.

Investments are positively screened according to the environmental and/or social characteristics promoted by the financial product.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti - corruption and anti - bribery matters.



	<i>How have the indicators for adverse impacts on sustainability factors been taken into account?</i>
	The Portfolio Manager employs a proprietary ESG Risk Dashboard, the Dashboard allows equity and credit analysts to quickly identify companies with significant ESG risks via the “UBS ESG Risk Signal”. This clear, actionable signal serves as starting point for more in-depth analysis of the underlying sources of these risks and the links to their investment cases.
	<i>How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:</i>
	Companies violating the United Nations Global Compact (UNGC) principles, who do not demonstrate credible corrective action will be excluded from the investment universe.

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

*The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.*

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



## Does this financial product consider principal adverse impacts on sustainability factors?

Yes<sup>\*\*\*</sup>

Principal adverse impacts (the “PAI”) are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters. UBS integrates PAI indicators in its decision making process.

At present, the following PAI indicators are considered by means of exclusions from the investment universe:

### 1.4 “Exposure to companies active in the fossil fuel sector”:

- Companies that exceed a certain revenue threshold (as per the UBS AM Sustainability Exclusion Policy) from thermal coal mining and its sale to external parties or from oil sands extraction are excluded
- Companies that exceed a certain revenue threshold (as per the UBS AM Sustainability Exclusion Policy) from thermal coal-based power generation are excluded.

### 1.10 “Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises”:

- Companies violating the United Nations Global Compact (UNGC) principles which do not demonstrate credible corrective action as determined by UBS-AM’s Stewardship Committee are excluded

### 1.14 “Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)”:

- UBS-AM does not invest in companies involved in: cluster munitions, anti-personnel mines or chemical and biological weapons, nor does it invest in companies in breach of the Treaty on the Non- Proliferation of Nuclear Weapons. UBS-AM considers a company to be involved in

	<p>controversial weapons if the company is involved in development, production, storage, maintenance or transport of controversial weapons, or is a majority shareholder (&gt;50% ownership stake) of such a company.</p> <p>The link to the Sustainability Exclusion Policy can be found in the main body of the Sales Prospectus.</p> <p>When assessing “do no significant harm” (DNSH), we consider selected principal adverse impact indicators based on availability and appropriateness. These indicators are combined into a signal based on individual thresholds defined per indicator. A fail on a single indicator leads to an investment failing the DNSH criteria. The following PAI indicators are additionally part of this signal:</p> <p><u>1.7 “Activities negatively affecting bio-diversity-sensitive areas”</u></p> <p><u>1.13 “Board gender diversity”</u></p> <p><u>1.15. “GHG Intensity”</u></p> <p><u>1.16. “Investee countries subject to social violations”</u></p> <p>Information on consideration of PAIs on sustainability factors is also available in the sub-fund’s annual report.</p>
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	<p><input type="checkbox"/> No</p>
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**What investment strategy does this financial product follow?**

**ESG Integration:**

ESG Integration is driven by taking into account material ESG risks as part of the research process. ESG integration enables the Portfolio Manager to identify financially relevant sustainability factors that impact investment decisions and to incorporate ESG considerations when implementing investment decisions, and allows ESG risks to be systematically monitored and compared to risk appetite and constraints. It also assists in portfolio construction through securities selection, investment conviction and portfolio weightings.

- For corporate issuers, this process utilizes an internal UBS ESG material issues framework which identifies the financially relevant factors per sector that can impact investment decisions. This orientation toward financial materiality ensures that analysts focus on sustainability factors that can impact the financial performance of the company and therefore investment returns. ESG integration can also identify opportunities for engagement to improve the company’s ESG risk profile and thereby mitigate the potential negative impact of ESG issues on the company’s financial performance. The Portfolio Manager employs an internal UBS ESG risk dashboard that combines multiple internal and external ESG data sources in order to identify companies with material ESG risks. An actionable risk signal highlights ESG risks to the Portfolio Manager for incorporation in their investment decision making process.
- For non-corporate issuers, the Portfolio Manager applies a qualitative or quantitative ESG risk assessment that integrates data on material ESG factors.

The analysis of material sustainability/ESG considerations can include many different aspects, such as the following among others: the carbon footprint, health and well-being, human rights, supply chain management, fair customer treatment and governance.


**Fund specific exclusions:**

The sub-fund may invest up to one third of its assets in issuers that do not meet the criteria described in the environmental and/or social characteristic(s) promoted by the financial product. These issuers are assessed for ESG risks using a proprietary UBS ESG Risk Recommendation, which rates issuers using a five-point scale (1 – negligible, 2 – low, 3 – moderate, 4 – high and 5 – severe ESG risk). The sub-fund will generally exclude corporate issuers with risks identified in the ESG Risk Dashboard (described in the ESG Integration section) unless the

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

	<p>overall UBS ESG risk recommendation is between 1 and 3, which is considered to be an acceptable risk for Sustainability Focus funds.</p> <p><b><u>Sustainability Exclusion Policy:</u></b></p> <p>The Sustainability Exclusion Policy of the Portfolio Manager outlines the exclusions applied to the investment universe of the financial product. The link to the Sustainability Exclusion Policy can be found in the main body of the Sales Prospectus.</p>
	<ul style="list-style-type: none"> <li>● <b><i>What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?</i></b></li> </ul>
	<p>The following binding element(s) of the investment strategy are used to select the investments to attain the characteristic(s) promoted by this financial product:</p> <p>Invests at least two thirds of the assets in “green”, “social”, “sustainable” bonds, the proceeds of which are used for eligible environmental and social projects, in “sustainability-linked” bonds that include environmental, social and governance-related key performance indicators to which the issuers are committed, as well as in bonds from issuers that generate more than 50% of their revenue from activities that contribute to resolving environmental and social challenges.</p> <p>The calculations do not take account of cash, derivatives and unrated investment instruments.</p> <p>The characteristic(s), the minimum proportion of sustainable investments and the minimum proportion of investments used to meet the environmental and/or social characteristics promoted by the financial product are calculated at quarter end using the average of all business days’ values in the quarter.</p> <p><b><u>Fund specific exclusions:</u></b></p> <p>The sub-fund may invest up to one third of its assets in issuers that do not meet the criteria described in the environmental and/or social characteristic(s) promoted by the financial product. These issuers are assessed for ESG risks using a proprietary UBS ESG Risk Recommendation, which rates issuers using a five-point scale (1 – negligible, 2 – low, 3 – moderate, 4 – high and 5 – severe ESG risk). The sub-fund will generally exclude corporate issuers with risks identified in the ESG Risk Dashboard (described in the ESG Integration section) unless the overall UBS ESG risk recommendation is between 1 and 3, which is considered to be an acceptable risk for Sustainability Focus funds.</p> <p><b><u>Sustainability Exclusion Policy:</u></b></p> <p>The Sustainability Exclusion Policy of the Portfolio Manager outlines the exclusions applied to the investment universe of the financial product. The link to the Sustainability Exclusion Policy can be found in the main body of the Sales Prospectus.</p>
	<ul style="list-style-type: none"> <li>● <b><i>What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?</i></b></li> </ul>
	<p>Not applicable.</p>
	<ul style="list-style-type: none"> <li>● <b><i>What is the policy to assess good governance practices of the investee companies?</i></b></li> </ul>
	<p>Good corporate governance is a key driver of sustainable performance and is therefore embedded in the Portfolio Manager’s investment strategy. The Portfolio Manager employs a proprietary ESG Risk Dashboard that combines multiple ESG data sources from internal and recognized external providers in order to identify companies with material ESG risks. An actionable risk signal highlights ESG risks to the Portfolio Manager for incorporation in their investment decision making process. The assessment</p>

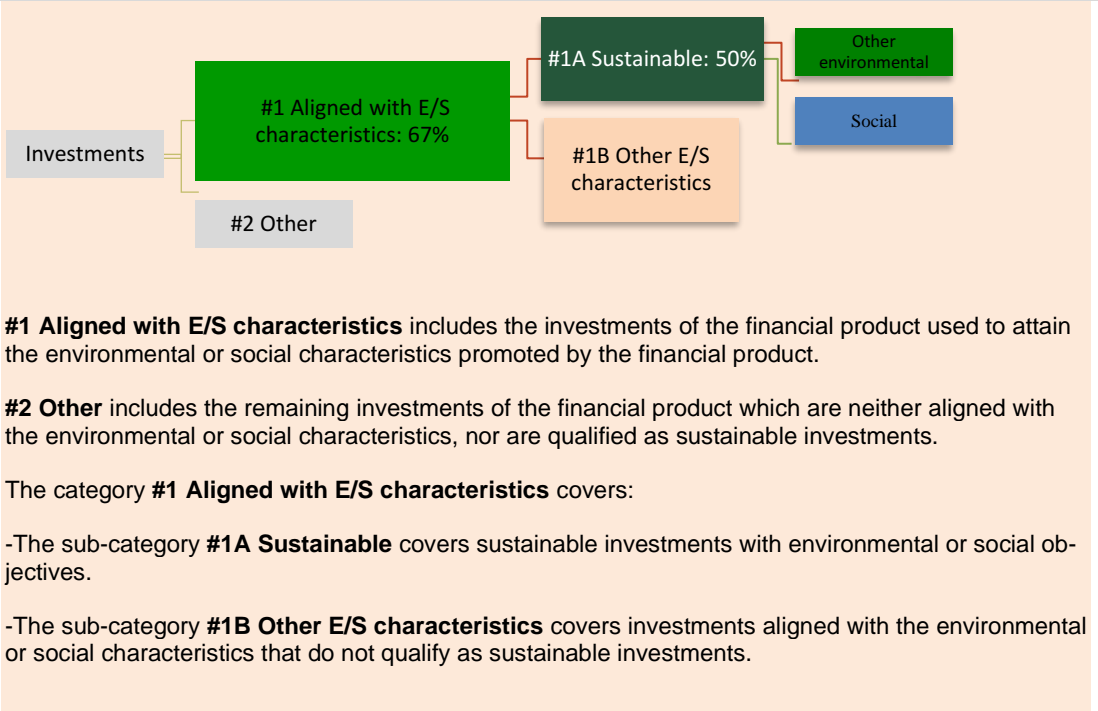
**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.


	of good governance includes consideration of board structure and independence, remuneration alignment, transparency of ownership and control, and financial reporting.
	<b>What is the asset allocation planned for this financial product?</b>
	The minimum proportion of the investments used to meet the environmental and/or social characteristics promoted by the financial product is 67%. The minimum proportion of sustainable investments of the financial product is 50%.

**Asset allocation** describes the share of investments in specific assets.

**Taxonomy-aligned activities** are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure (CapEx)** showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure (OpEx)** reflecting green operational activities of investee companies.



	<ul style="list-style-type: none"> <li>• <b>How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?</b></li> </ul>
	Derivatives are not used for the attainment of the characteristics promoted by this financial product. Derivatives are primarily used for hedging and liquidity management purposes.
	<b>To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?</b>
	It has not been possible to collect data on the environmental objective(s) set out in Article 9 of the Taxonomy Regulation and on how and to what extent the investments underlying the financial product are in economic activities that qualify as environmentally sustainable under Article 3 of the Taxonomy Regulation (“Taxonomy Aligned Investments”). On that basis, the financial product has 0% Taxonomy Aligned Investments.
	<ul style="list-style-type: none"> <li>• <b>Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>10</sup>?</b></li> </ul>

<sup>10</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

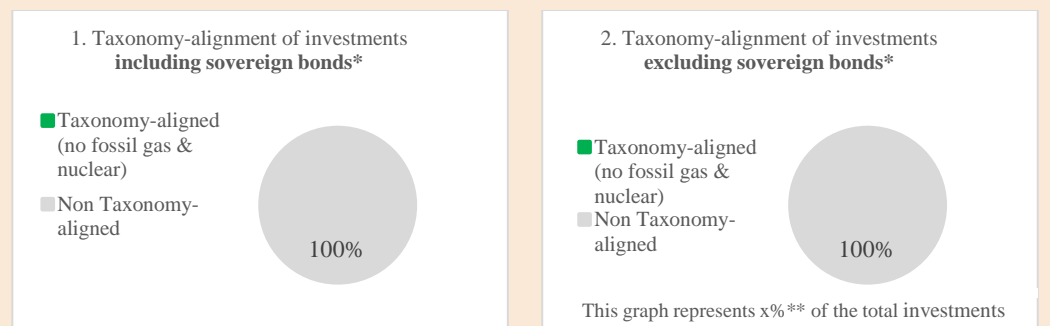
**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

Yes:  
 In fossil gas     In nuclear energy

No

**The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.**



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

\*\* No percentage has been inserted as it is not relevant (no Taxonomy-aligned investments)

• **What is the minimum share of investments in transitional and enabling activities?**

There is no commitment to a minimum proportion of investments in transitional and enabling activities.

 **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The sustainable investments made by the financial product will contribute to either environmental or social objectives or both. The financial product does not commit to a predetermined combination of environmental or social objectives, and therefore there is no minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy. Where the financial product does invest in environmentally sustainable investments that are not Taxonomy-aligned, this is due to the absence of necessary data to determine Taxonomy-alignment.

 **What is the minimum share of socially sustainable investments?**

The sustainable investments made by the financial product will contribute to either environmental or social objectives or both. The financial product does not commit a predetermined combination of environmental or social objectives, and therefore there is no minimum share of socially sustainable investments.

 are environmentally sustainable investments that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.



**What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

Included in “#2 Other” are cash and unrated instruments for the purpose of liquidity and portfolio risk management. Unrated instruments may also include securities for which data needed for the measurement of attainment of environmental or social characteristics is not available.



**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

The actively managed sub-fund uses the benchmark ICE Green, Social and Sustainable Bond Custom Index EUR hedged (Bloomberg Ticker: Q5BL), which is designed to promote ESG characteristics.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

The Reference Benchmark Index is composed only of fixed income securities issued for qualified green, social or sustainable purposes, which have a clearly designated use of proceeds that is solely applied towards projects with direct environmental and/or social and/or sustainability benefits as outlined by ICMA guidelines and principles.

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

The benchmark is comprised of green, social and sustainable bonds. The fund must hold a majority of the assets in benchmark eligible securities.

- ***How does the designated index differ from a relevant broad market index?***

The Reference Benchmark Index covers only qualified green, social or sustainable bonds, whereas the broad market index measures investment grade debt publicly issued in major domestic and eurobond markets, which do not need to have a clearly designated use of proceeds.

- ***Where can the methodology used for the calculation of the designated index be found?***

The methodology used for the calculation of the Reference Benchmark Index can be found on the website of the benchmark index provider:

<https://www.theice.com/market-data/indices/sustainability-indices>



**Where can I find more product specific information online?**

More product-specific information can be found on the website: [www.ubs.com/funds](http://www.ubs.com/funds)

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Product name:**

UBS (Lux) Bond SICAV - Short Duration High Yield Sustainable (USD)

**Legal entity identifier:**

549300B9Y4PBRWQIEF74

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

## Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?	
<p><span style="color: green;">●●</span> <input type="checkbox"/> <b>Yes</b></p>	<p><span style="color: green;">●</span> <span style="color: white;">●</span> <input checked="" type="checkbox"/> <b>No</b></p>
<p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b>: ____ %</p> <p style="margin-left: 20px;"><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p style="margin-left: 20px;"><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b>: ____ %</p>	<p><input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10% of sustainable investments</p> <p style="margin-left: 20px;"><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> with a social objective</p> <p><input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>



**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

**What environmental and/or social characteristics are promoted by this financial product?**

The following characteristics are promoted by the financial product:

- 1) A sustainability profile that is higher than its benchmark's sustainability profile.
- 2) A lower Weighted Average Carbon Intensity (WACI) than the reference benchmark.

The benchmark is a broad market index which does not assess or include constituents according to environmental and/or social characteristics and therefore is not intended to be consistent with the characteristics promoted by the financial product. No ESG reference benchmark has been designated for the purpose of attaining the characteristics promoted by the financial product.

- ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The above characteristics are measured using the following indicators respectively:

Characteristic 1):

The UBS ESG consensus score is used to identify issuers/companies for the investment universe with strong environmental and social performance characteristics, or a strong sustainability profile. This UBS ESG consensus score is a normalized weighted average of ESG score data from internal and recognized external providers. Rather than relying on an ESG score from a single provider, the consensus score approach increases conviction in the validity of the sustainability profile.

The UBS ESG consensus score assesses sustainability factors, such as the performance of the relevant issuers/companies with reference to environmental, social and governance (ESG) aspects. These ESG aspects relate to the main areas in which the issuers/companies operate and their effectiveness in managing ESG risks. Environmental and social factors can include (amongst others) the following: environmental footprint and operational efficiency, environmental risk management, climate change, natural resource usage, pollution and waste management, employment standards and supply chain monitoring, human capital, diversity within the board of directors, occupational health and safety, product safety, as well as anti-fraud and anti-corruption guidelines.

The individual investments in the sub-fund have a UBS ESG consensus score (on a scale of 0-10, with 10 having the best sustainability profile). There is no minimum UBS ESG consensus score at individual investment level.

Characteristic 2):

Scope 1 and 2 Weighted Average Carbon Intensity (WACI):

- Scope 1 refers to direct carbon emissions and therefore includes all direct greenhouse gas emissions from owned or controlled sources of the relevant entity or issuer.

- Scope 2 refers to indirect carbon emissions and therefore includes greenhouse gas emissions from the generation of electricity, thermal energy and/or steam that is consumed by the relevant entity or issuer.

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The objectives of the sustainable investments that the financial product partially intends to make is to contribute to the environmental and/or social characteristic(s) promoted by the financial product.



**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti - corruption and anti - bribery matters.

	<ul style="list-style-type: none"> <li>● <b>How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?</b></li> </ul>
	<p>The Portfolio Manager applies exclusions to the investment universe of the financial product. The link to the Sustainability Exclusion Policy can be found in the main body of the Sales Prospectus.</p> <p>The exclusions include thermal coal mining and thermal coal-based energy production &amp; oil sands, the portfolio manager selects investments based upon a lower absolute or relative scope 1+2 carbon intensity. UBS Asset Management does not invest in companies involved in controversial weapons i.e. cluster munitions, anti-personnel mines, chemical and biological weapons, or companies in breach of the Treaty on the Non-Proliferation of Nuclear Weapons.</p> <p>Investments are positively screened according to the environmental and/or social characteristics promoted by the financial product.</p>
	<p><i>How have the indicators for adverse impacts on sustainability factors been taken into account?</i></p>
	<p>The Portfolio Manager employs a proprietary ESG Risk Dashboard, the Dashboard allows equity and credit analysts to quickly identify companies with significant ESG risks via the "UBS ESG Risk Signal". This clear, actionable signal serves as starting point for more in-depth analysis of the underlying sources of these risks and the links to their investment cases.</p>
	<p><i>How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:</i></p>
	<p>Companies violating the United Nations Global Compact (UNGC) principles, who do not demonstrate credible corrective action will be excluded from the investment universe.</p>

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

*The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.*

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes

Principal adverse impacts (the “PAI”) are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters. UBS integrates PAI indicators in its decision making process.

At present, the following PAI indicators are considered by means of exclusions from the investment universe:

1.4 “Exposure to companies active in the fossil fuel sector”:

- Companies that exceed a certain revenue threshold (as per the UBS AM Sustainability Exclusion Policy) from thermal coal mining and its sale to external parties or from oil sands extraction are excluded

- Companies that exceed a certain revenue threshold (as per the UBS AM Sustainability Exclusion Policy) from thermal coal-based power generation are excluded.

**1.10 “Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises”:**

- Companies violating the United Nations Global Compact UNGC) principles which do not demonstrate credible corrective action as determined by UBS-AM’s Stewardship Committee are excluded

**1.14 “Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)”:**

- UBS-AM does not invest in companies involved in: cluster munitions, anti-personnel mines or chemical and biological weapons, nor does it invest in companies in breach of the Treaty on the Non- Proliferation of Nuclear Weapons. UBS-AM considers a company to be involved in controversial weapons if the company is involved in development, production, storage, maintenance or transport of controversial weapons, or is a majority shareholder (>50% ownership stake) of such a company.

The link to the Sustainability Exclusion Policy can be found in the main body of the Sales Prospectus.

The following PAI indicator is considered by virtue of the promoted characteristics:

**1.3 “GHG intensity of investee companies”**

- The Portfolio Manager selects investments based upon a low scope 1+2 carbon intensity, either absolute or relative to a benchmark

When assessing “do no significant harm” (DNSH), we consider selected principal adverse impact indicators based on availability and appropriateness. These indicators are combined into a signal based on individual thresholds defined per indicator. A fail on a single indicator leads to an investment failing the DNSH criteria. The following PAI indicators are additionally part of this signal:

**1.7 “Activities negatively affecting bio-diversity-sensitive areas”**

**1.13 “Board gender diversity”**

**1.15. “GHG Intensity”**

**1.16. “Investee countries subject to social violations”**

Information on consideration of PAIs on sustainability factors is also available in the sub-fund’s annual report.

No



**What investment strategy does this financial product follow?**

**ESG Integration:**

ESG Integration is driven by taking into account material ESG risks as part of the research process. ESG integration enables the Portfolio Manager to identify financially relevant sustainability factors that impact investment decisions and to incorporate ESG considerations when implementing investment decisions, and allows ESG risks to be systematically monitored and compared to risk appetite and constraints. It also assists in portfolio construction through securities selection, investment conviction and portfolio weightings.

- For corporate issuers, this process utilizes an internal UBS ESG material issues framework which identifies the financially relevant factors per sector that can impact investment decisions. This orientation toward financial

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

	<p>materiality ensures that analysts focus on sustainability factors that can impact the financial performance of the company and therefore investment returns. ESG integration can also identify opportunities for engagement to improve the company's ESG risk profile and thereby mitigate the potential negative impact of ESG issues on the company's financial performance. The Portfolio Manager employs an internal UBS ESG risk dashboard that combines multiple internal and external ESG data sources in order to identify companies with material ESG risks. An actionable risk signal highlights ESG risks to the Portfolio Manager for incorporation in their investment decision making process.</p> <ul style="list-style-type: none"> <li>• For non-corporate issuers, the Portfolio Manager applies a qualitative or quantitative ESG risk assessment that integrates data on material ESG factors.</li> </ul> <p>The analysis of material sustainability/ESG considerations can include many different aspects, such as the following among others: the carbon footprint, health and well-being, human rights, supply chain management, fair customer treatment and governance.</p> <p><b><u>Fund specific exclusions:</u></b></p> <p>Issuers are assessed for ESG risks using a proprietary UBS ESG Risk Recommendation, which rates issuers using a five-point scale (1 – negligible, 2 – low, 3 – moderate, 4 – high and 5 – severe ESG risk). The sub-funds will generally exclude corporate issuers with risks identified in the ESG Risk Dashboard (described in the ESG Integration section) unless the overall UBS ESG risk recommendation is between 1 and 3. Due to diversification requirements, it is permitted to hold in the portfolio securities of issuers with identified ESG risks of up to 20% rated 4 and up to 10% unrated (for example, due to new issuance or availability of information).</p> <p><b><u>Sustainability Exclusion Policy:</u></b></p> <p>The Sustainability Exclusion Policy of the Portfolio Manager outlines the exclusions applied to the investment universe of the financial product. The link to the Sustainability Exclusion Policy can be found in the main body of the Sales Prospectus.</p>
	<ul style="list-style-type: none"> <li>• <b><i>What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?</i></b></li> </ul>
<p><b>Good governance</b> practices include sound management structures, employee relations, remuneration of staff and tax compliance.</p>	<p>The following binding element(s) of the investment strategy are used to select the investments to attain the characteristic(s) promoted by this financial product:</p> <p>Characteristic 1):</p> <p>A sustainability profile that is higher than the benchmark's sustainability profile.</p> <p>Characteristic 2):</p> <p>A lower Scope 1 and 2 Weighted Average Carbon Intensity (WACI) than its benchmark.</p> <p>The calculations do not take account of cash, derivatives and unrated investment instruments.</p> <p>The characteristic(s), the minimum proportion of sustainable investments and the minimum proportion of investments used to meet the environmental and/or social characteristics promoted by the financial product are calculated at quarter end using the average of all business days' values in the quarter.</p> <p><b><u>Fund specific exclusions:</u></b></p> <p>Issuers are assessed for ESG risks using a proprietary UBS ESG Risk Recommendation, which rates issuers using a five-point scale (1 – negligible, 2 – low, 3 – moderate, 4 – high and 5 – severe ESG risk). The sub-funds will generally exclude corporate issuers with risks identified in the ESG Risk Dashboard (described in the ESG Integration section) unless the overall UBS ESG risk recommendation is between 1 and 3. Due to diversification requirements, it is permitted to hold in the portfolio securities of issuers with identified ESG risks of up to 20% rated 4 and up to 10% unrated (for example, due to new issuance or availability of information).</p> <p><b><u>Sustainability Exclusion Policy:</u></b></p>

The Sustainability Exclusion Policy of the Portfolio Manager outlines the exclusions applied to the investment universe of the financial product. The link to the Sustainability Exclusion Policy can be found in the main body of the Sales Prospectus.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

Not applicable.

- **What is the policy to assess good governance practices of the investee companies?**

Good corporate governance is a key driver of sustainable performance and is therefore embedded in the Portfolio Manager’s investment strategy. The Portfolio Manager employs a proprietary ESG Risk Dashboard that combines multiple ESG data sources from internal and recognized external providers in order to identify companies with material ESG risks. An actionable risk signal highlights ESG risks to the Portfolio Manager for incorporation in their investment decision making process. The assessment of good governance includes consideration of board structure and independence, remuneration alignment, transparency of ownership and control, and financial reporting.

**Asset allocation** describes the share of investments in specific assets.



**What is the asset allocation planned for this financial product?**

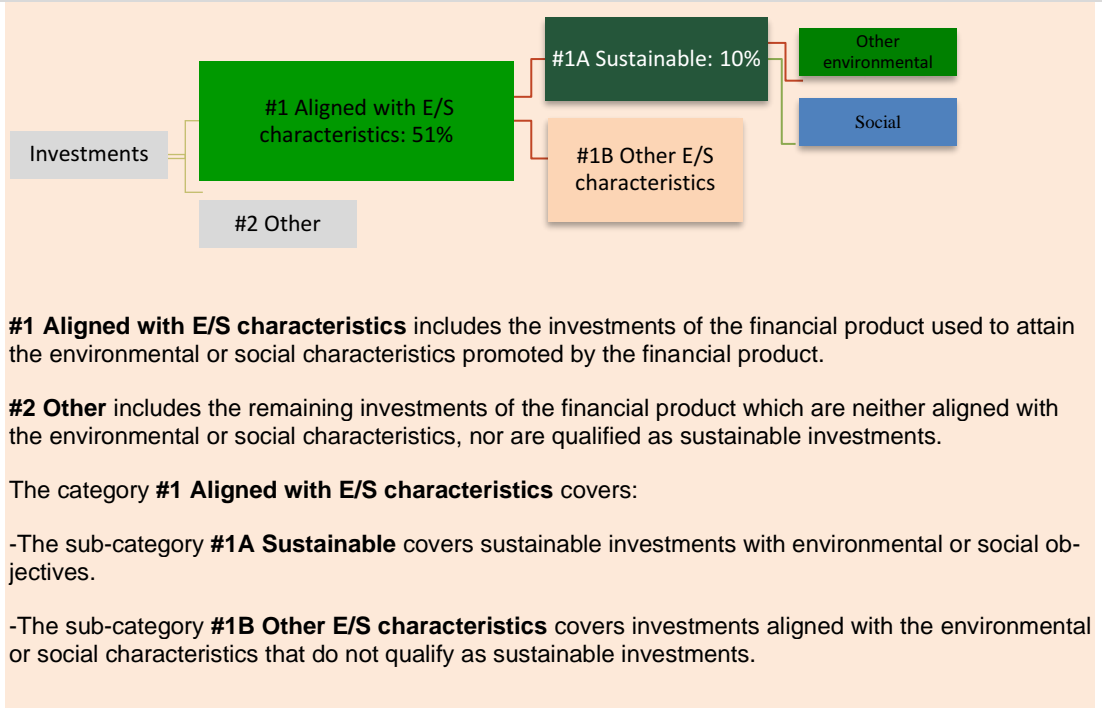
The minimum proportion of the investments used to meet the environmental and/or social characteristics promoted by the financial product is 51%. The minimum proportion of sustainable investments of the financial product is 10%.

**Taxonomy**-aligned activities are expressed as a share of:


- **turnover** reflecting the share of revenue from green activities of investee companies

- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.

- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



- **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

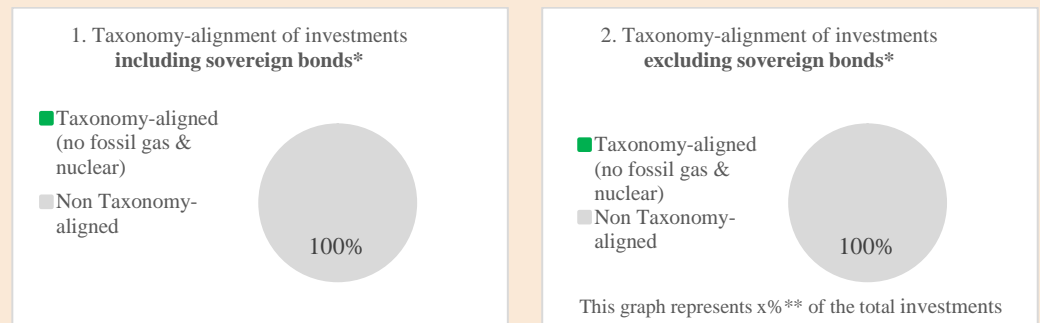
	Derivatives are not used for the attainment of the characteristics promoted by this financial product. Derivatives are primarily used for hedging and liquidity management purposes.
	<b>To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?</b>
	It has not been possible to collect data on the environmental objective(s) set out in Article 9 of the Taxonomy Regulation and on how and to what extent the investments underlying the financial product are in economic activities that qualify as environmentally sustainable under Article 3 of the Taxonomy Regulation (“Taxonomy Aligned Investments”). On that basis, the financial product has 0% Taxonomy Aligned Investments.
	<ul style="list-style-type: none"> <li>● <b>Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>11</sup>?</b></li> </ul>
	<input type="checkbox"/> Yes: <ul style="list-style-type: none"> <li><input type="checkbox"/> In fossil gas    <input type="checkbox"/> In nuclear energy</li> </ul> <input checked="" type="checkbox"/> No

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

*The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



\* For the purpose of these graphs, ‘sovereign bonds’ consist of all sovereign exposures

\*\* No percentage has been inserted as it is not relevant (no Taxonomy-aligned investments)

	<ul style="list-style-type: none"> <li>● <b>What is the minimum share of investments in transitional and enabling activities?</b></li> </ul>
	There is no commitment to a minimum proportion of investments in transitional and enabling activities.

<sup>11</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

 are environmentally sustainable investments that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

	<p><b>What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?</b></p>
	<p>The sustainable investments made by the financial product will contribute to either environmental or social objectives or both. The financial product does not commit to a predetermined combination of environmental or social objectives, and therefore there is no minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy. Where the financial product does invest in environmentally sustainable investments that are not Taxonomy-aligned, this is due to the absence of necessary data to determine Taxonomy-alignment.</p>
	<p><b>What is the minimum share of socially sustainable investments?</b></p>
	<p>The sustainable investments made by the financial product will contribute to either environmental or social objectives or both. The financial product does not commit a predetermined combination of environmental or social objectives, and therefore there is no minimum share of socially sustainable investments.</p>
	<p><b>What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?</b></p>
	<p>Included in “#2 Other” are cash and unrated instruments for the purpose of liquidity and portfolio risk management. Unrated instruments may also include securities for which data needed for the measurement of attainment of environmental or social characteristics is not available.</p>
	<p><b>Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?</b></p> <p>No ESG reference benchmark has been designated for the purpose of determining whether the financial product is aligned with the characteristics that it promotes.</p> <ul style="list-style-type: none"> <li>● <b><i>How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?</i></b></li> </ul> <p>Not applicable.</p> <ul style="list-style-type: none"> <li>● <b><i>How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?</i></b></li> </ul> <p>Not applicable.</p> <ul style="list-style-type: none"> <li>● <b><i>How does the designated index differ from a relevant broad market index?</i></b></li> </ul> <p>Not applicable.</p> <ul style="list-style-type: none"> <li>● <b><i>Where can the methodology used for the calculation of the designated index be found?</i></b></li> </ul> <p>Not applicable.</p>
	<p><b>Where can I find more product specific information online?</b></p> <p>More product-specific information can be found on the website: <a href="http://www.ubs.com/funds">www.ubs.com/funds</a></p>

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Product name:**

UBS (Lux) Bond SICAV - Short Term EUR Corporates Sustainable (EUR)

**Legal entity identifier:**

549300F3WN3OGRS1AJ03

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

## Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?	
<p><span style="color: green;">●●</span> <input type="checkbox"/> <b>Yes</b></p>	<p><span style="color: green;">●</span> <span style="color: white;">●</span> <input checked="" type="checkbox"/> <b>No</b></p>
<p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b>: ____ %</p> <p style="margin-left: 20px;"><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p style="margin-left: 20px;"><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b>: _____ %</p>	<p><input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 20% of sustainable investments</p> <p style="margin-left: 20px;"><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> with a social objective</p> <p><input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>



**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

**What environmental and/or social characteristics are promoted by this financial product?**

The following characteristics are promoted by the financial product:

- 1) A sustainability profile that is higher than its benchmark's sustainability profile.
- 2) A lower Weighted Average Carbon Intensity (WACI) than the reference benchmark.

The benchmark is a broad market index which does not assess or include constituents according to environmental and/or social characteristics and therefore is not intended to be consistent with the characteristics promoted by the financial product. No ESG reference benchmark has been designated for the purpose of attaining the characteristics promoted by the financial product.

- ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The above characteristics are measured using the following indicators respectively:

Characteristic 1):

The UBS ESG consensus score is used to identify issuers/companies for the investment universe with strong environmental and social performance characteristics, or a strong sustainability profile. This UBS ESG consensus score is a normalized weighted average of ESG score data from internal and recognized external providers. Rather than relying on an ESG score from a single provider, the consensus score approach increases conviction in the validity of the sustainability profile.

The UBS ESG consensus score assesses sustainability factors, such as the performance of the relevant issuers/companies with reference to environmental, social and governance (ESG) aspects. These ESG aspects relate to the main areas in which the issuers/companies operate and their effectiveness in managing ESG risks. Environmental and social factors can include (amongst others) the following: environmental footprint and operational efficiency, environmental risk management, climate change, natural resource usage, pollution and waste management, employment standards and supply chain monitoring, human capital, diversity within the board of directors, occupational health and safety, product safety, as well as anti-fraud and anti-corruption guidelines.

The individual investments in the sub-fund have a UBS ESG consensus score (on a scale of 0-10, with 10 having the best sustainability profile). There is no minimum UBS ESG consensus score at individual investment level.

Characteristic 2):

Scope 1 and 2 Weighted Average Carbon Intensity (WACI):

- Scope 1 refers to direct carbon emissions and therefore includes all direct greenhouse gas emissions from owned or controlled sources of the relevant entity or issuer.

- Scope 2 refers to indirect carbon emissions and therefore includes greenhouse gas emissions from the generation of electricity, thermal energy and/or steam that is consumed by the relevant entity or issuer.

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The objectives of the sustainable investments that the financial product partially intends to make is to contribute to the environmental and/or social characteristic(s) promoted by the financial product..



**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti - corruption and anti - bribery matters.

	<ul style="list-style-type: none"> <li>● <b>How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?</b></li> </ul>
	<p>The Portfolio Manager applies exclusions to the investment universe of the financial product. The link to the Sustainability Exclusion Policy can be found in the main body of the Sales Prospectus.</p> <p>The exclusions include thermal coal mining and thermal coal-based energy production &amp; oil sands, the portfolio manager selects investments based upon a lower absolute or relative scope 1+2 carbon intensity. UBS Asset Management does not invest in companies involved in controversial weapons i.e. cluster munitions, anti-personnel mines, chemical and biological weapons, or companies in breach of the Treaty on the Non-Proliferation of Nuclear Weapons.</p> <p>Investments are positively screened according to the environmental and/or social characteristics promoted by the financial product.</p>
	<p><i>How have the indicators for adverse impacts on sustainability factors been taken into account?</i></p>
	<p>The Portfolio Manager employs a proprietary ESG Risk Dashboard, the Dashboard allows equity and credit analysts to quickly identify companies with significant ESG risks via the "UBS ESG Risk Signal". This clear, actionable signal serves as starting point for more in-depth analysis of the underlying sources of these risks and the links to their investment cases.</p>
	<p><i>How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:</i></p>
	<p>Companies violating the United Nations Global Compact (UNGC) principles, who do not demonstrate credible corrective action will be excluded from the investment universe.</p>

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

*The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.*

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes

Principal adverse impacts (the “PAI”) are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters. UBS integrates PAI indicators in its decision making process.

At present, the following PAI indicators are considered by means of exclusions from the investment universe:

1.4 “Exposure to companies active in the fossil fuel sector”:

- Companies that exceed a certain revenue threshold (as per the UBS AM Sustainability Exclusion Policy) from thermal coal mining and its sale to external parties or from oil sands extraction are excluded

- Companies that exceed a certain revenue threshold (as per the UBS AM Sustainability Exclusion Policy) from thermal coal-based power generation are excluded.

**1.10 “Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises”:**

- Companies violating the United Nations Global Compact UNGC) principles which do not demonstrate credible corrective action as determined by UBS-AM’s Stewardship Committee are excluded

**1.14 “Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)”:**

- UBS-AM does not invest in companies involved in: cluster munitions, anti-personnel mines or chemical and biological weapons, nor does it invest in companies in breach of the Treaty on the Non- Proliferation of Nuclear Weapons. UBS-AM considers a company to be involved in controversial weapons if the company is involved in development, production, storage, maintenance or transport of controversial weapons, or is a majority shareholder (>50% ownership stake) of such a company.

The link to the Sustainability Exclusion Policy can be found in the main body of the Sales Prospectus.

The following PAI indicator is considered by virtue of the promoted characteristics:

**1.3 “GHG intensity of investee companies”**

- The Portfolio Manager selects investments based upon a low scope 1+2 carbon intensity, either absolute or relative to a benchmark

When assessing “do no significant harm” (DNSH), we consider selected principal adverse impact indicators based on availability and appropriateness. These indicators are combined into a signal based on individual thresholds defined per indicator. A fail on a single indicator leads to an investment failing the DNSH criteria. The following PAI indicators are additionally part of this signal:

**1.7 “Activities negatively affecting bio-diversity-sensitive areas”**

**1.13 “Board gender diversity”**

**1.15. “GHG Intensity”**

**1.16. “Investee countries subject to social violations”**

Information on consideration of PAIs on sustainability factors is also available in the sub-fund’s annual report.

No



**What investment strategy does this financial product follow?**


**ESG Integration:**

ESG Integration is driven by taking into account material ESG risks as part of the research process. ESG integration enables the Portfolio Manager to identify financially relevant sustainability factors that impact investment decisions and to incorporate ESG considerations when implementing investment decisions, and allows ESG risks to be systematically monitored and compared to risk appetite and constraints. It also assists in portfolio construction through securities selection, investment conviction and portfolio weightings.

- For corporate issuers, this process utilizes an internal UBS ESG material issues framework which identifies the financially relevant factors per sector that can impact investment decisions. This orientation toward financial

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

	<p>materiality ensures that analysts focus on sustainability factors that can impact the financial performance of the company and therefore investment returns. ESG integration can also identify opportunities for engagement to improve the company's ESG risk profile and thereby mitigate the potential negative impact of ESG issues on the company's financial performance. The Portfolio Manager employs an internal UBS ESG risk dashboard that combines multiple internal and external ESG data sources in order to identify companies with material ESG risks. An actionable risk signal highlights ESG risks to the Portfolio Manager for incorporation in their investment decision making process.</p> <ul style="list-style-type: none"> <li>• For non-corporate issuers, the Portfolio Manager applies a qualitative or quantitative ESG risk assessment that integrates data on material ESG factors.</li> </ul> <p>The analysis of material sustainability/ESG considerations can include many different aspects, such as the following among others: the carbon footprint, health and well-being, human rights, supply chain management, fair customer treatment and governance.</p> <p><b><u>Fund specific exclusions:</u></b></p> <p>Issuers are assessed for ESG risks using a proprietary UBS ESG Risk Recommendation, which rates issuers using a five-point scale (1 – negligible, 2 – low, 3 – moderate, 4 – high and 5 – severe ESG risk). The sub-funds will generally exclude corporate issuers with risks identified in the ESG Risk Dashboard (described in the ESG Integration section) unless the overall UBS ESG risk recommendation is between 1 and 3, which is considered to be an acceptable risk for Sustainability Focus funds.</p> <p><b><u>Sustainability Exclusion Policy:</u></b></p> <p>The Sustainability Exclusion Policy of the Portfolio Manager outlines the exclusions applied to the investment universe of the financial product. The link to the Sustainability Exclusion Policy can be found in the main body of the Sales Prospectus.</p>
	<ul style="list-style-type: none"> <li>• <b><i>What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?</i></b></li> </ul>
	<p>The following binding element(s) of the investment strategy are used to select the investments to attain the characteristic(s) promoted by this financial product:</p> <p>Characteristic 1):</p> <p>A sustainability profile that is higher than the benchmark's sustainability profile.</p> <p>Characteristic 2):</p> <p>A lower Scope 1 and 2 Weighted Average Carbon Intensity (WACI) than its benchmark.</p> <p>The calculations do not take account of cash, derivatives and unrated investment instruments.</p> <p>The characteristic(s), the minimum proportion of sustainable investments and the minimum proportion of investments used to meet the environmental and/or social characteristics promoted by the financial product are calculated at quarter end using the average of all business days' values in the quarter.</p> <p><b><u>Fund specific exclusions:</u></b></p> <p>Issuers are assessed for ESG risks using a proprietary UBS ESG Risk Recommendation, which rates issuers using a five-point scale (1 – negligible, 2 – low, 3 – moderate, 4 – high and 5 – severe ESG risk). The sub-funds will generally exclude corporate issuers with risks identified in the ESG Risk Dashboard (described in the ESG Integration section) unless the overall UBS ESG risk recommendation is between 1 and 3, which is considered to be an acceptable risk for Sustainability Focus funds.</p>

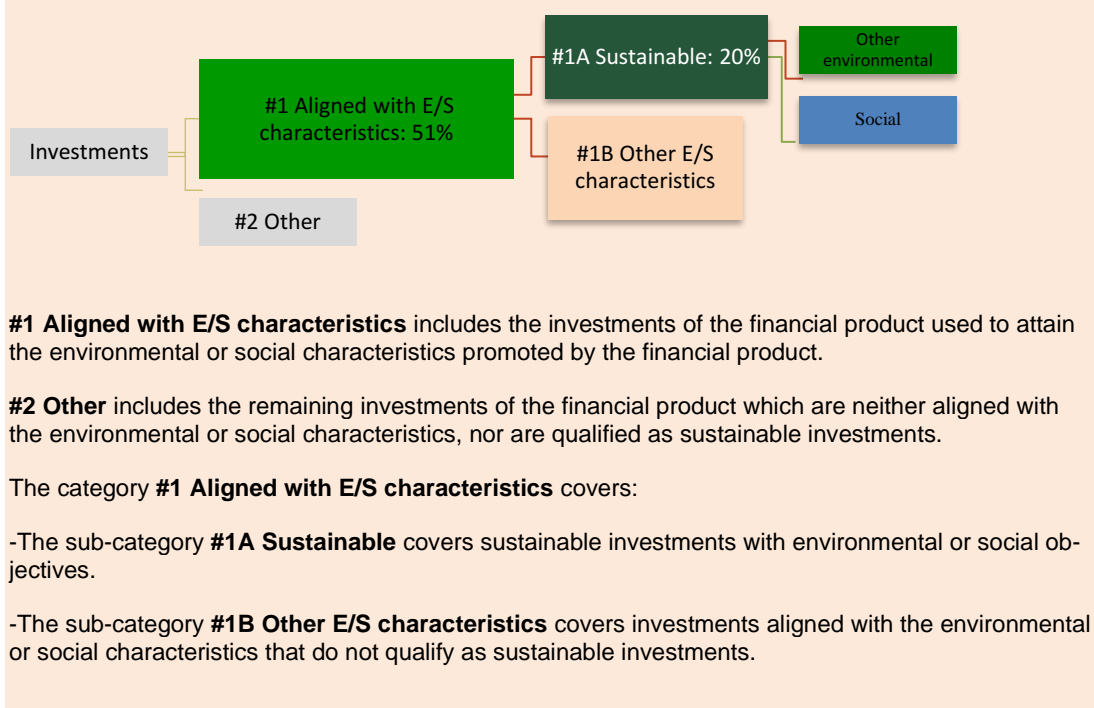
	<p><b>Sustainability Exclusion Policy:</b></p> <p>The Sustainability Exclusion Policy of the Portfolio Manager outlines the exclusions applied to the investment universe of the financial product. The link to the Sustainability Exclusion Policy can be found in the main body of the Sales Prospectus.</p>
	<ul style="list-style-type: none"> <li>• <b>What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?</b></li> </ul>
	<p>Not applicable.</p>
	<ul style="list-style-type: none"> <li>• <b>What is the policy to assess good governance practices of the investee companies?</b></li> </ul>
	<p>Good corporate governance is a key driver of sustainable performance and is therefore embedded in the Portfolio Manager’s investment strategy. The Portfolio Manager employs a proprietary ESG Risk Dashboard that combines multiple ESG data sources from internal and recognized external providers in order to identify companies with material ESG risks. An actionable risk signal highlights ESG risks to the Portfolio Manager for incorporation in their investment decision making process. The assessment of good governance includes consideration of board structure and independence, remuneration alignment, transparency of ownership and control, and financial reporting.</p>
	<p><b>What is the asset allocation planned for this financial product?</b></p> <p>The minimum proportion of the investments used to meet the environmental and/or social characteristics promoted by the financial product is 51%. The minimum proportion of sustainable investments of the financial product is 20%.</p>


**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

**Asset allocation** describes the share of investments in specific assets.

**Taxonomy**-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure (CapEx)** showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure (OpEx)** reflecting green operational activities of investee companies.



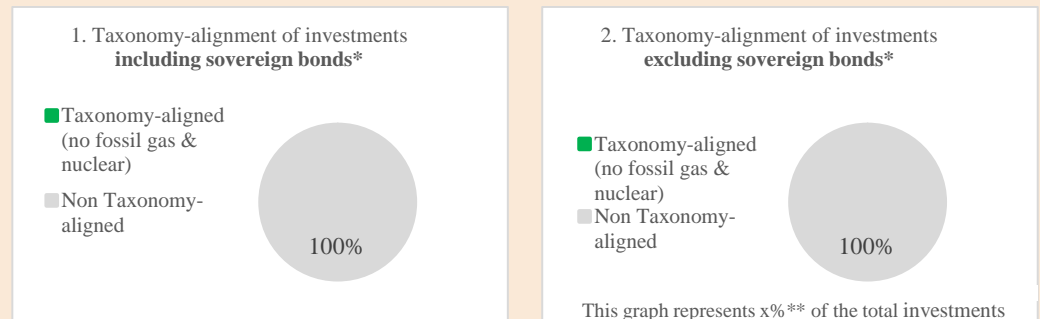
	<ul style="list-style-type: none"> <li>● <b>How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?</b></li> </ul>
	<p>Derivatives are not used for the attainment of the characteristics promoted by this financial product. Derivatives are primarily used for hedging and liquidity management purposes.</p>
	<p><b>To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?</b></p>
	<p>It has not been possible to collect data on the environmental objective(s) set out in Article 9 of the Taxonomy Regulation and on how and to what extent the investments underlying the financial product are in economic activities that qualify as environmentally sustainable under Article 3 of the Taxonomy Regulation (“Taxonomy Aligned Investments”). On that basis, the financial product has 0% Taxonomy Aligned Investments.</p>
	<ul style="list-style-type: none"> <li>● <b>Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>12</sup>?</b></li> </ul>
	<p><input type="checkbox"/> Yes:</p> <p style="padding-left: 40px;"><input type="checkbox"/> In fossil gas    <input type="checkbox"/> In nuclear energy</p> <p><input checked="" type="checkbox"/> No</p>

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

*The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



\* For the purpose of these graphs, ‘sovereign bonds’ consist of all sovereign exposures

\*\* No percentage has been inserted as it is not relevant (no Taxonomy-aligned investments)

	<ul style="list-style-type: none"> <li>● <b>What is the minimum share of investments in transitional and enabling activities?</b></li> </ul>
	<p>There is no commitment to a minimum proportion of investments in transitional and enabling activities.</p>

<sup>12</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

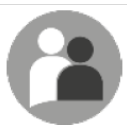


are environmentally sustainable investments **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The sustainable investments made by the financial product will contribute to either environmental or social objectives or both. The financial product does not commit to a predetermined combination of environmental or social objectives, and therefore there is no minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy. Where the financial product does invest in environmentally sustainable investments that are not Taxonomy-aligned, this is due to the absence of necessary data to determine Taxonomy-alignment.



**What is the minimum share of socially sustainable investments?**

The sustainable investments made by the financial product will contribute to either environmental or social objectives or both. The financial product does not commit a predetermined combination of environmental or social objectives, and therefore there is no minimum share of socially sustainable investments.



**What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

Included in “#2 Other” are cash and unrated instruments for the purpose of liquidity and portfolio risk management. Unrated instruments may also include securities for which data needed for the measurement of attainment of environmental or social characteristics is not available.



**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

No ESG reference benchmark has been designated for the purpose of determining whether the financial product is aligned with the characteristics that it promotes.

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

Not applicable.

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

Not applicable.

- ***How does the designated index differ from a relevant broad market index?***

Not applicable.

- ***Where can the methodology used for the calculation of the designated index be found?***

Not applicable.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.



**Where can I find more product specific information online?**

More product-specific information can be found on the website: [www.ubs.com/funds](http://www.ubs.com/funds)

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Product name:**

UBS (Lux) Bond SICAV - Short Term USD Corporates Sustainable (USD)

**Legal entity identifier:**

549300JCONCH4DVR5250

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

## Environmental and/or social characteristics

### Does this financial product have a sustainable investment objective?

**Yes**

It will make a minimum of **sustainable investments with an environmental objective**: \_\_\_\_ %

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective**: \_\_\_\_ %

**No**

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**





**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

**What environmental and/or social characteristics are promoted by this financial product?**

The following characteristics are promoted by the financial product:

- 1) A sustainability profile that is higher than its benchmark's sustainability profile.
- 2) A lower Weighted Average Carbon Intensity (WACI) than the reference benchmark.

The benchmark is a broad market index which does not assess or include constituents according to environmental and/or social characteristics and therefore is not intended to be consistent with the characteristics promoted by the financial product. No ESG reference benchmark has been designated for the purpose of attaining the characteristics promoted by the financial product.

- ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The above characteristics are measured using the following indicators respectively:

Characteristic 1):

The UBS ESG consensus score is used to identify issuers/companies for the investment universe with strong environmental and social performance characteristics, or a strong sustainability profile. This UBS ESG consensus score is a normalized weighted average of ESG score data from internal and recognized external providers. Rather than relying on an ESG score from a single provider, the consensus score approach increases conviction in the validity of the sustainability profile.

The UBS ESG consensus score assesses sustainability factors, such as the performance of the relevant issuers/companies with reference to environmental, social and governance (ESG) aspects. These ESG aspects relate to the main areas in which the issuers/companies operate and their effectiveness in managing ESG risks. Environmental and social factors can include (amongst others) the following: environmental footprint and operational efficiency, environmental risk management, climate change, natural resource usage, pollution and waste management, employment standards and supply chain monitoring, human capital, diversity within the board of directors, occupational health and safety, product safety, as well as anti-fraud and anti-corruption guidelines.

The individual investments in the sub-fund have a UBS ESG consensus score (on a scale of 0-10, with 10 having the best sustainability profile). There is no minimum UBS ESG consensus score at individual investment level.

Characteristic 2):

Scope 1 and 2 Weighted Average Carbon Intensity (WACI):

- Scope 1 refers to direct carbon emissions and therefore includes all direct greenhouse gas emissions from owned or controlled sources of the relevant entity or issuer.

- Scope 2 refers to indirect carbon emissions and therefore includes greenhouse gas emissions from the generation of electricity, thermal energy and/or steam that is consumed by the relevant entity or issuer.

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The objectives of the sustainable investments that the financial product partially intends to make is to contribute to the environmental and/or social characteristic(s) promoted by the financial product.


**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti - corruption and anti - bribery matters.

	<ul style="list-style-type: none"> <li>● <b>How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?</b></li> </ul>
	<p>The Portfolio Manager applies exclusions to the investment universe of the financial product. The link to the Sustainability Exclusion Policy can be found in the main body of the Sales Prospectus.</p> <p>The exclusions include thermal coal mining and thermal coal-based energy production &amp; oil sands, the portfolio manager selects investments based upon a lower absolute or relative scope 1+2 carbon intensity. UBS Asset Management does not invest in companies involved in controversial weapons i.e. cluster munitions, anti-personnel mines, chemical and biological weapons, or companies in breach of the Treaty on the Non-Proliferation of Nuclear Weapons.</p> <p>Investments are positively screened according to the environmental and/or social characteristics promoted by the financial product.</p>
	<p><i>How have the indicators for adverse impacts on sustainability factors been taken into account?</i></p>
	<p>The Portfolio Manager employs a proprietary ESG Risk Dashboard, the Dashboard allows equity and credit analysts to quickly identify companies with significant ESG risks via the "UBS ESG Risk Signal". This clear, actionable signal serves as starting point for more in-depth analysis of the underlying sources of these risks and the links to their investment cases.</p>
	<p><i>How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:</i></p>
	<p>Companies violating the United Nations Global Compact (UNGC) principles, who do not demonstrate credible corrective action will be excluded from the investment universe.</p>

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

*The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.*

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

	<p><b>Does this financial product consider principal adverse impacts on sustainability factors?</b></p>
	<p><input checked="" type="checkbox"/> Yes</p> <p>Principal adverse impacts (the “PAI”) are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters. UBS integrates PAI indicators in its decision making process.</p> <p>At present, the following PAI indicators are considered by means of exclusions from the investment universe:</p> <p><u>1.4 “Exposure to companies active in the fossil fuel sector”:</u></p>

	<ul style="list-style-type: none"> <li>- Companies that exceed a certain revenue threshold (as per the UBS AM Sustainability Exclusion Policy) from thermal coal mining and its sale to external parties or from oil sands extraction are excluded</li> <li>- Companies that exceed a certain revenue threshold (as per the UBS AM Sustainability Exclusion Policy) from thermal coal-based power generation are excluded.</li> </ul> <p><u>1.10 “Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises”:</u></p> <ul style="list-style-type: none"> <li>- Companies violating the United Nations Global Compact (UNGC) principles which do not demonstrate credible corrective action as determined by UBS-AM’s Stewardship Committee are excluded</li> </ul> <p><u>1.14 “Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)”:</u></p> <ul style="list-style-type: none"> <li>- UBS-AM does not invest in companies involved in: cluster munitions, anti-personnel mines or chemical and biological weapons, nor does it invest in companies in breach of the Treaty on the Non- Proliferation of Nuclear Weapons. UBS-AM considers a company to be involved in controversial weapons if the company is involved in development, production, storage, maintenance or transport of controversial weapons, or is a majority shareholder (&gt;50% ownership stake) of such a company.</li> </ul> <p>The link to the Sustainability Exclusion Policy can be found in the main body of the Sales Prospectus.</p> <p>The following PAI indicator is considered by virtue of the promoted characteristics:</p> <p><u>1.3 “GHG intensity of investee companies”</u></p> <ul style="list-style-type: none"> <li>- The Portfolio Manager selects investments based upon a low scope 1+2 carbon intensity, either absolute or relative to a benchmark</li> </ul> <p>When assessing “do no significant harm” (DNSH), we consider selected principal adverse impact indicators based on availability and appropriateness. These indicators are combined into a signal based on individual thresholds defined per indicator. A fail on a single indicator leads to an investment failing the DNSH criteria. The following PAI indicators are additionally part of this signal:</p> <p><u>1.7 “Activities negatively affecting bio-diversity-sensitive areas”</u></p> <p><u>1.13 “Board gender diversity”</u></p> <p><u>1.15. “GHG Intensity”</u></p> <p><u>1.16. “Investee countries subject to social violations”</u></p> <p>Information on consideration of PAIs on sustainability factors is also available in the sub-fund’s annual report.</p>
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	<input type="checkbox"/> No
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	<p><b>What investment strategy does this financial product follow?</b></p>
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	<p><b><u>ESG Integration:</u></b></p>
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	<p>ESG Integration is driven by taking into account material ESG risks as part of the research process. ESG integration enables the Portfolio Manager to identify financially relevant sustainability factors that impact investment decisions and to incorporate ESG considerations when implementing investment decisions, and allows ESG risks</p>
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**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

	<p>to be systematically monitored and compared to risk appetite and constraints. It also assists in portfolio construction through securities selection, investment conviction and portfolio weightings.</p> <ul style="list-style-type: none"> <li>• For corporate issuers, this process utilizes an internal UBS ESG material issues framework which identifies the financially relevant factors per sector that can impact investment decisions. This orientation toward financial materiality ensures that analysts focus on sustainability factors that can impact the financial performance of the company and therefore investment returns. ESG integration can also identify opportunities for engagement to improve the company's ESG risk profile and thereby mitigate the potential negative impact of ESG issues on the company's financial performance. The Portfolio Manager employs an internal UBS ESG risk dashboard that combines multiple internal and external ESG data sources in order to identify companies with material ESG risks. An actionable risk signal highlights ESG risks to the Portfolio Manager for incorporation in their investment decision making process.</li> <li>• For non-corporate issuers, the Portfolio Manager applies a qualitative or quantitative ESG risk assessment that integrates data on material ESG factors.</li> </ul> <p>The analysis of material sustainability/ESG considerations can include many different aspects, such as the following among others: the carbon footprint, health and well-being, human rights, supply chain management, fair customer treatment and governance.</p> <p><b><u>Fund specific exclusions:</u></b></p> <p>Issuers are assessed for ESG risks using a proprietary UBS ESG Risk Recommendation, which rates issuers using a five-point scale (1 – negligible, 2 – low, 3 – moderate, 4 – high and 5 – severe ESG risk). The sub-funds will generally exclude corporate issuers with risks identified in the ESG Risk Dashboard (described in the ESG Integration section) unless the overall UBS ESG risk recommendation is between 1 and 3, which is considered to be an acceptable risk for Sustainability Focus funds.</p> <p><b><u>Sustainability Exclusion Policy:</u></b></p> <p>The Sustainability Exclusion Policy of the Portfolio Manager outlines the exclusions applied to the investment universe of the financial product. The link to the Sustainability Exclusion Policy can be found in the main body of the Sales Prospectus.</p>
	<ul style="list-style-type: none"> <li>• <b><i>What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?</i></b></li> </ul>
	<p>The following binding element(s) of the investment strategy are used to select the investments to attain the characteristic(s) promoted by this financial product:</p> <p>Characteristic 1):</p> <p>A sustainability profile that is higher than the benchmark's sustainability profile.</p> <p>Characteristic 2):</p> <p>A lower Scope 1 and 2 Weighted Average Carbon Intensity (WACI) than its benchmark.</p> <p>The calculations do not take account of cash, derivatives and unrated investment instruments.</p> <p>The characteristic(s), the minimum proportion of sustainable investments and the minimum proportion of investments used to meet the environmental and/or social characteristics promoted by the financial product are calculated at quarter end using the average of all business days' values in the quarter.</p> <p><b><u>Fund specific exclusions:</u></b></p> <p>Issuers are assessed for ESG risks using a proprietary UBS ESG Risk Recommendation, which rates issuers using a five-point scale (1 – negligible, 2 – low, 3 – moderate, 4 – high and 5 – severe ESG risk). The sub-funds will generally exclude corporate issuers with risks identified in the ESG Risk Dashboard (described in the ESG Integration section) unless the overall UBS ESG risk recommendation is between 1 and 3, which is considered to be an acceptable risk for Sustainability Focus funds.</p>

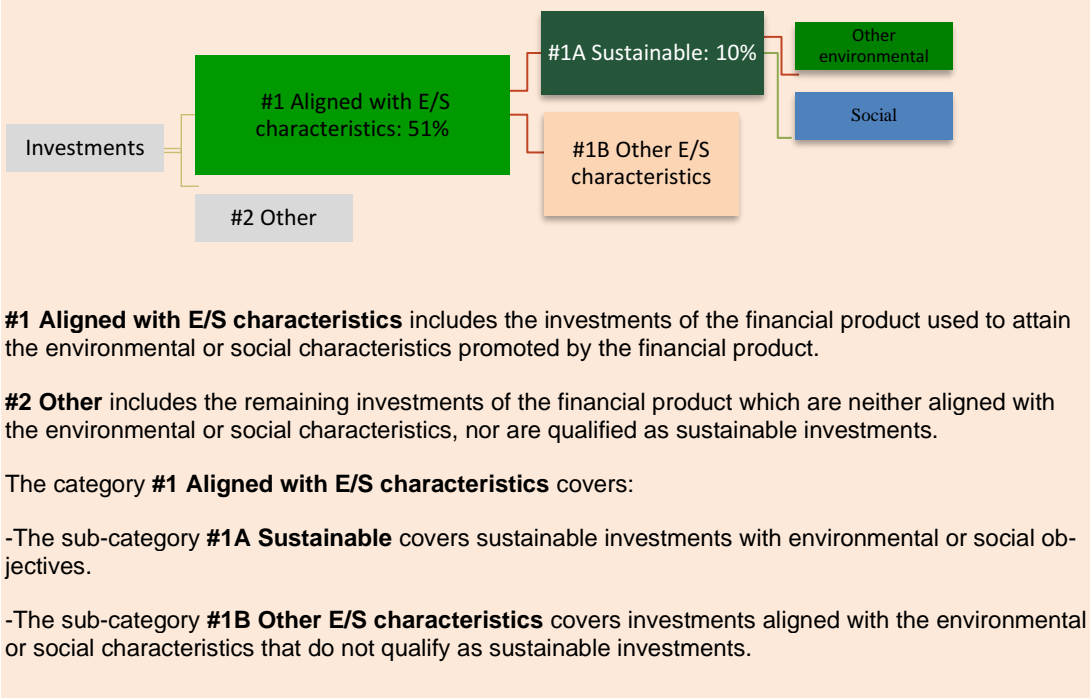
**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

**Asset allocation** describes the share of investments in specific assets.


**Taxonomy-aligned activities** are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

	<p><b>Sustainability Exclusion Policy:</b></p> <p>The Sustainability Exclusion Policy of the Portfolio Manager outlines the exclusions applied to the investment universe of the financial product. The link to the Sustainability Exclusion Policy can be found in the main body of the Sales Prospectus.</p>
	<ul style="list-style-type: none"> <li>• <b>What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?</b></li> </ul>
	Not applicable.
	<ul style="list-style-type: none"> <li>• <b>What is the policy to assess good governance practices of the investee companies?</b></li> </ul>
	<p>Good corporate governance is a key driver of sustainable performance and is therefore embedded in the Portfolio Manager’s investment strategy. The Portfolio Manager employs a proprietary ESG Risk Dashboard that combines multiple ESG data sources from internal and recognized external providers in order to identify companies with material ESG risks. An actionable risk signal highlights ESG risks to the Portfolio Manager for incorporation in their investment decision making process. The assessment of good governance includes consideration of board structure and independence, remuneration alignment, transparency of ownership and control, and financial reporting.</p>
	<p><b>What is the asset allocation planned for this financial product?</b></p>
	<p>The minimum proportion of the investments used to meet the environmental and/or social characteristics promoted by the financial product is 51%. The minimum proportion of sustainable investments of the financial product is 10%.</p>



	<ul style="list-style-type: none"> <li>• <b>How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?</b></li> </ul>
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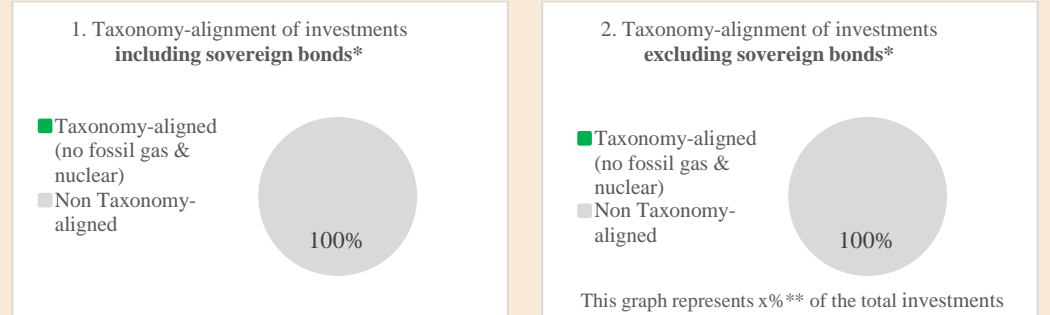
	Derivatives are not used for the attainment of the characteristics promoted by this financial product. Derivatives are primarily used for hedging and liquidity management purposes.
	<b>To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?</b>
	It has not been possible to collect data on the environmental objective(s) set out in Article 9 of the Taxonomy Regulation and on how and to what extent the investments underlying the financial product are in economic activities that qualify as environmentally sustainable under Article 3 of the Taxonomy Regulation (“Taxonomy Aligned Investments”). On that basis, the financial product has 0% Taxonomy Aligned Investments.
	<ul style="list-style-type: none"> <li>● <b>Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>13</sup>?</b></li> </ul>
	<input type="checkbox"/> Yes: <ul style="list-style-type: none"> <li><input type="checkbox"/> In fossil gas</li> <li><input type="checkbox"/> In nuclear energy</li> </ul> <input checked="" type="checkbox"/> No

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

*The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



\* For the purpose of these graphs, ‘sovereign bonds’ consist of all sovereign exposures


\*\* No percentage has been inserted as it is not relevant (no Taxonomy-aligned investments)

	<ul style="list-style-type: none"> <li>● <b>What is the minimum share of investments in transitional and enabling activities?</b></li> </ul>
	There is no commitment to a minimum proportion of investments in transitional and enabling activities.

<sup>13</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

 are environmentally sustainable investments that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

	<p><b>What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?</b></p>
	<p>The sustainable investments made by the financial product will contribute to either environmental or social objectives or both. The financial product does not commit to a predetermined combination of environmental or social objectives, and therefore there is no minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy. Where the financial product does invest in environmentally sustainable investments that are not Taxonomy-aligned, this is due to the absence of necessary data to determine Taxonomy-alignment.</p>
	<p><b>What is the minimum share of socially sustainable investments?</b></p>
	<p>The sustainable investments made by the financial product will contribute to either environmental or social objectives or both. The financial product does not commit a predetermined combination of environmental or social objectives, and therefore there is no minimum share of socially sustainable investments.</p>
	<p><b>What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?</b></p>
	<p>Included in “#2 Other” are cash and unrated instruments for the purpose of liquidity and portfolio risk management. Unrated instruments may also include securities for which data needed for the measurement of attainment of environmental or social characteristics is not available.</p>
	<p><b>Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?</b></p>
	<p>No ESG reference benchmark has been designated for the purpose of determining whether the financial product is aligned with the characteristics that it promotes.</p>
	<ul style="list-style-type: none"> <li>● <b>How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?</b></li> </ul>
	<p>Not applicable.</p>
	<ul style="list-style-type: none"> <li>● <b>How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?</b></li> </ul>
	<p>Not applicable.</p>
	<ul style="list-style-type: none"> <li>● <b>How does the designated index differ from a relevant broad market index?</b></li> </ul>
	<p>Not applicable.</p>
	<ul style="list-style-type: none"> <li>● <b>Where can the methodology used for the calculation of the designated index be found?</b></li> </ul>
	<p>Not applicable.</p>
	<p><b>Where can I find more product specific information online?</b></p> <p>More product-specific information can be found on the website: <a href="http://www.ubs.com/funds">www.ubs.com/funds</a></p>

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Product name:**

UBS (Lux) Bond SICAV - USD Corporates (USD)

**Legal entity identifier:**

WKG5L8WHJEBPPES0NJ68

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

## Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

**Yes**

**No**

It will make a minimum of **sustainable investments with an environmental objective:** \_\_\_\_ %

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective:** \_\_\_\_ %

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of \_\_\_\_% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**





**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

**What environmental and/or social characteristics are promoted by this financial product?**

The following characteristic is promoted by the financial product:

- A sustainability profile that is higher than its benchmark’s sustainability profile or a minimum of 51% of assets invested in issuers with sustainability profiles in the top half of the UBS ESG Consensus score scale.

The benchmark is a broad market index which does not assess or include constituents according to environmental and/or social characteristics and therefore is not intended to be consistent with the characteristics promoted by the financial product. No ESG reference benchmark has been designated for the purpose of attaining the characteristics promoted by the financial product.

- ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The above characteristic is measured using the following indicators respectively:

The UBS ESG consensus score is used to identify issuers/companies for the investment universe with strong environmental and social performance characteristics, or a strong sustainability profile. This UBS ESG consensus score is a normalized weighted average of ESG score data from internal and recognized external providers. Rather than relying on an ESG score from a single provider, the consensus score approach increases conviction in the validity of the sustainability profile.

The UBS ESG consensus score assesses sustainability factors, such as the performance of the relevant issuers/companies with reference to environmental, social and governance (ESG) aspects. These ESG aspects relate to the main areas in which the issuers/companies operate and their effectiveness in managing ESG risks. Environmental and social factors can include (amongst others) the following: environmental footprint and operational efficiency, environmental risk management, climate change, natural resource usage, pollution and waste management, employment standards and supply chain monitoring, human capital, diversity within the board of directors, occupational health and safety, product safety, as well as anti-fraud and anti-corruption guidelines.

The individual investments in the sub-fund have a UBS ESG consensus score (on a scale of 0-10, with 10 having the best sustainability profile). There is no minimum UBS ESG consensus score at individual investment level.

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable.

- ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

Not applicable.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

Not applicable.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti - corruption and anti - bribery matters.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes

No



**What investment strategy does this financial product follow?**

**ESG Integration:**

ESG Integration is driven by taking into account material ESG risks as part of the research process. ESG integration enables the Portfolio Manager to identify financially relevant sustainability factors that impact investment decisions and to incorporate ESG considerations when implementing investment decisions, and allows ESG risks to be systematically monitored and compared to risk appetite and constraints. It also assists in portfolio construction through securities selection, investment conviction and portfolio weightings.

- For corporate issuers, this process utilizes an internal UBS ESG material issues framework which identifies the financially relevant factors per sector that can impact investment decisions. This orientation toward financial materiality ensures that analysts focus on sustainability factors that can impact the financial performance of the company and therefore investment returns. ESG integration can also identify opportunities for engagement to improve the company’s ESG risk profile and thereby mitigate the potential negative impact of ESG issues on the company’s financial performance. The Portfolio Manager employs an internal UBS ESG risk dashboard that combines multiple internal and external ESG data sources in order to identify companies with material ESG risks. An actionable risk signal highlights ESG risks to the Portfolio Manager for incorporation in their investment decision making process.


- For non-corporate issuers, the Portfolio Manager applies a qualitative or quantitative ESG risk assessment that integrates data on material ESG factors.

The analysis of material sustainability/ESG considerations can include many different aspects, such as the following among others: the carbon footprint, health and well-being, human rights, supply chain management, fair customer treatment and governance.

**Sustainability Exclusion Policy:**

The Sustainability Exclusion Policy of the Portfolio Manager outlines the exclusions applied to the investment universe of the financial product. The link to the Sustainability Exclusion Policy can be found in the main body of the Sales Prospectus.

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

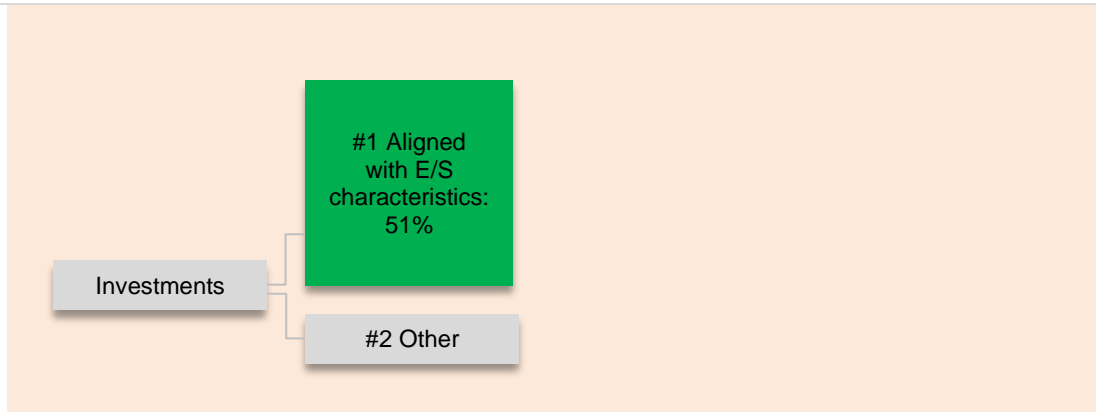
	<ul style="list-style-type: none"> <li>• <b>What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?</b></li> </ul>
	<p>The following binding element(s) of the investment strategy are used to select the investments to attain the characteristic(s) promoted by this financial product:</p> <p>A sustainability profile that is higher than its benchmark’s sustainability profile or a minimum of 51% of assets invested in issuers with sustainability profiles in the top half of the UBS ESG Consensus score scale.</p> <p>The calculations do not take account of cash, derivatives and unrated investment instruments.</p> <p>The characteristic(s) and the minimum proportion of investments used to meet the environmental and/or social characteristics promoted by the financial product are calculated at quarter end using the average of all business days’ values in the quarter.</p> <p><b>Sustainability Exclusion Policy:</b></p> <p>The Sustainability Exclusion Policy of the Portfolio Manager outlines the exclusions applied to the investment universe of the financial product. The link to the Sustainability Exclusion Policy can be found in the main body of the Sales Prospectus.</p>
	<ul style="list-style-type: none"> <li>• <b>What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?</b></li> </ul>
	<p>Not applicable.</p>
	<ul style="list-style-type: none"> <li>• <b>What is the policy to assess good governance practices of the investee companies?</b></li> </ul>
	<p>Good corporate governance is a key driver of sustainable performance and is therefore embedded in the Portfolio Manager’s investment strategy. The Portfolio Manager employs a proprietary ESG Risk Dashboard that combines multiple ESG data sources from internal and recognized external providers in order to identify companies with material ESG risks. An actionable risk signal highlights ESG risks to the Portfolio Manager for incorporation in their investment decision making process. The assessment of good governance includes consideration of board structure and independence, remuneration alignment, transparency of ownership and control, and financial reporting.</p>
	<p><b>What is the asset allocation planned for this financial product?</b></p> <p>The minimum proportion of the investments used to meet the environmental and/or social characteristics promoted by the financial product is 51%.</p>

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

**Asset allocation** describes the share of investments in specific assets.


**Taxonomy-aligned** activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure (CapEx)** showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure (OpEx)** reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

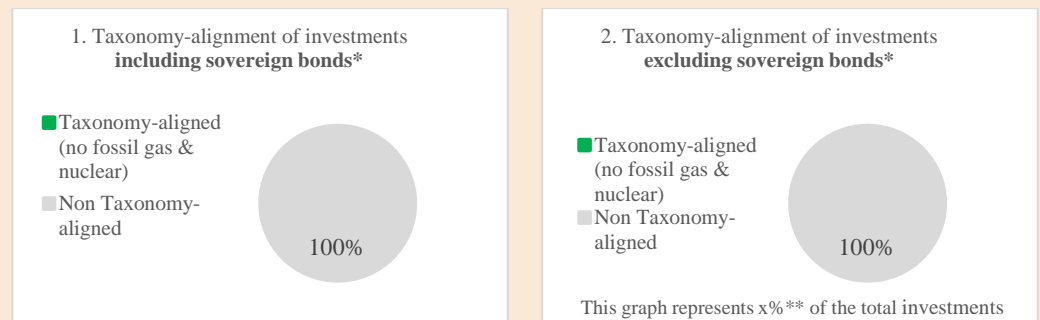
	<ul style="list-style-type: none"> <li><b>How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?</b></li> </ul>
	<p>Derivatives are not used for the attainment of the characteristics promoted by this financial product. Derivatives are primarily used for hedging and liquidity management purposes.</p>
	<p><b>To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?</b></p>
	<p>Not applicable.</p>
	<ul style="list-style-type: none"> <li><b>Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>14</sup>?</b></li> </ul>
	<p><input type="checkbox"/> Yes:  <input type="checkbox"/> In fossil gas    <input type="checkbox"/> In nuclear energy</p> <p><input checked="" type="checkbox"/> No</p>

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

*The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*








\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

\*\* No percentage has been inserted as it is not relevant (no Taxonomy-aligned investments)

<sup>14</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

 are environmentally sustainable investments that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

	<ul style="list-style-type: none"> <li>• <b>What is the minimum share of investments in transitional and enabling activities?</b></li> </ul>
	Not applicable.
	<b>What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?</b>
	Not applicable.
	<b>What is the minimum share of socially sustainable investments?</b>
	Not applicable.
	<b>What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?</b>
	Included in “#2 Other” are cash and unrated instruments for the purpose of liquidity and portfolio risk management. Unrated instruments may also include securities for which data needed for the measurement of attainment of environmental or social characteristics is not available.
	<b>Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?</b>
	No ESG reference benchmark has been designated for the purpose of determining whether the financial product is aligned with the characteristics that it promotes.
	<ul style="list-style-type: none"> <li>• <b>How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?</b></li> </ul>
	Not applicable.
	<ul style="list-style-type: none"> <li>• <b>How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?</b></li> </ul>
	Not applicable.
	<ul style="list-style-type: none"> <li>• <b>How does the designated index differ from a relevant broad market index?</b></li> </ul>
	Not applicable.
	<ul style="list-style-type: none"> <li>• <b>Where can the methodology used for the calculation of the designated index be found?</b></li> </ul>
	Not applicable.
	<b>Where can I find more product specific information online?</b>

	More product-specific information can be found on the website: <a href="http://www.ubs.com/funds">www.ubs.com/funds</a>

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Product name:**

**Legal entity identifier:**

UBS (Lux) Bond SICAV – USD Investment Grade Corporates Sustainable (USD)

5493004V19YQWEMGY865

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

## Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?	
<p><span style="color: green;">●●</span> <input type="checkbox"/> <b>Yes</b></p>	<p><span style="color: green;">●</span> <span style="color: white;">●</span> <input checked="" type="checkbox"/> <b>No</b></p>
<p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b>: ____ %</p> <p style="margin-left: 20px;"><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p style="margin-left: 20px;"><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b>: ____ %</p>	<p><input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10% of sustainable investments</p> <p style="margin-left: 20px;"><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> with a social objective</p> <p><input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>



**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

**What environmental and/or social characteristics are promoted by this financial product?**

The following characteristics are promoted by the financial product:

- 1) A sustainability profile that is higher than its benchmark's sustainability profile.
- 2) A lower Weighted Average Carbon Intensity (WACI) than the reference benchmark.

The benchmark is a broad market index which does not assess or include constituents according to environmental and/or social characteristics and therefore is not intended to be consistent with the characteristics promoted by the financial product. No ESG reference benchmark has been designated for the purpose of attaining the characteristics promoted by the financial product.

- ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The above characteristics are measured using the following indicators respectively:

Characteristic 1):

The UBS ESG consensus score is used to identify issuers/companies for the investment universe with strong environmental and social performance characteristics, or a strong sustainability profile. This UBS ESG consensus score is a normalized weighted average of ESG score data from internal and recognized external providers. Rather than relying on an ESG score from a single provider, the consensus score approach increases conviction in the validity of the sustainability profile.

The UBS ESG consensus score assesses sustainability factors, such as the performance of the relevant issuers/companies with reference to environmental, social and governance (ESG) aspects. These ESG aspects relate to the main areas in which the issuers/companies operate and their effectiveness in managing ESG risks. Environmental and social factors can include (amongst others) the following: environmental footprint and operational efficiency, environmental risk management, climate change, natural resource usage, pollution and waste management, employment standards and supply chain monitoring, human capital, diversity within the board of directors, occupational health and safety, product safety, as well as anti-fraud and anti-corruption guidelines.

The individual investments in the sub-fund have a UBS ESG consensus score (on a scale of 0-10, with 10 having the best sustainability profile). There is no minimum UBS ESG consensus score at individual investment level.

Characteristic 2):

Scope 1 and 2 Weighted Average Carbon Intensity (WACI):

- Scope 1 refers to direct carbon emissions and therefore includes all direct greenhouse gas emissions from owned or controlled sources of the relevant entity or issuer.

- Scope 2 refers to indirect carbon emissions and therefore includes greenhouse gas emissions from the generation of electricity, thermal energy and/or steam that is consumed by the relevant entity or issuer.

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The objectives of the sustainable investments that the financial product partially intends to make is to contribute to the environmental and/or social characteristic(s) promoted by the financial product.

- ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti - corruption and anti - bribery matters.



	<p>The Portfolio Manager applies exclusions to the investment universe of the financial product. The link to the Sustainability Exclusion Policy can be found in the main body of the Sales Prospectus.</p> <p>The exclusions include thermal coal mining and thermal coal-based energy production &amp; oil sands, the portfolio manager selects investments based upon a lower absolute or relative scope 1+2 carbon intensity. UBS Asset Management does not invest in companies involved in controversial weapons i.e. cluster munitions, anti-personnel mines, chemical and biological weapons, or companies in breach of the Treaty on the Non-Proliferation of Nuclear Weapons.</p> <p>Investments are positively screened according to the environmental and/or social characteristics promoted by the financial product.</p>
	<p><i>How have the indicators for adverse impacts on sustainability factors been taken into account?</i></p>
	<p>The Portfolio Manager employs a proprietary ESG Risk Dashboard, the Dashboard allows equity and credit analysts to quickly identify companies with significant ESG risks via the “UBS ESG Risk Signal”. This clear, actionable signal serves as starting point for more in-depth analysis of the underlying sources of these risks and the links to their investment cases.</p>
	<p><i>How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:</i></p>
	<p>Companies violating the United Nations Global Compact (UNGC) principles, who do not demonstrate credible corrective action will be excluded from the investment universe.</p>

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

*The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.*

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes<sup>\*\*\*</sup>

Principal adverse impacts (the “PAI”) are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters. UBS integrates PAI indicators in its decision making process.

At present, the following PAI indicators are considered by means of exclusions from the investment universe:

**1.4 “Exposure to companies active in the fossil fuel sector”:**

- Companies that exceed a certain revenue threshold (as per the UBS AM Sustainability Exclusion Policy) from thermal coal mining and its sale to external parties or from oil sands extraction are excluded
- Companies that exceed a certain revenue threshold (as per the UBS AM Sustainability Exclusion Policy) from thermal coal-based power generation are excluded.

1.10 “Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises”:

- Companies violating the United Nations Global Compact (UNGC) principles which do not demonstrate credible corrective action as determined by UBS-AM’s Stewardship Committee are excluded

1.14 “Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)”:

- UBS-AM does not invest in companies involved in: cluster munitions, anti-personnel mines or chemical and biological weapons, nor does it invest in companies in breach of the Treaty on the Non-Proliferation of Nuclear Weapons. UBS-AM considers a company to be involved in controversial weapons if the company is involved in development, production, storage, maintenance or transport of controversial weapons, or is a majority shareholder (>50% ownership stake) of such a company.

The link to the Sustainability Exclusion Policy can be found in the main body of the Sales Prospectus.

The following PAI indicator is considered by virtue of the promoted characteristics:

1.3 “GHG intensity of investee companies”

- The Portfolio Manager selects investments based upon a low scope 1+2 carbon intensity, either absolute or relative to a benchmark

When assessing “do no significant harm” (DNSH), we consider selected principal adverse impact indicators based on availability and appropriateness. These indicators are combined into a signal based on individual thresholds defined per indicator. A fail on a single indicator leads to an investment failing the DNSH criteria. The following PAI indicators are additionally part of this signal:

1.7 “Activities negatively affecting bio-diversity-sensitive areas”

1.13 “Board gender diversity”

1.15. “GHG Intensity”

1.16. “Investee countries subject to social violations”

Information on consideration of PAIs on sustainability factors is also available in the sub-fund’s annual report.

No



**What investment strategy does this financial product follow?**

**ESG Integration:**

ESG Integration is driven by taking into account material ESG risks as part of the research process. ESG integration enables the Portfolio Manager to identify financially relevant sustainability factors that impact investment decisions and to incorporate ESG considerations when implementing investment decisions, and allows ESG risks to be systematically monitored and compared to risk appetite and constraints. It also assists in portfolio construction through securities selection, investment conviction and portfolio weightings.

- For corporate issuers, this process utilizes an internal UBS ESG material issues framework which identifies the financially relevant factors per sector that can impact investment decisions. This orientation toward financial materiality ensures that analysts focus on sustainability factors that can impact the financial performance of the company and therefore investment returns. ESG integration can also identify opportunities for engagement to improve the company’s ESG risk profile and thereby mitigate the potential negative impact of ESG issues on the company’s financial performance. The Portfolio Manager employs an internal UBS ESG risk dashboard that combines multiple internal and external ESG data sources in order to identify companies with material ESG risks. An

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

	<p>actionable risk signal highlights ESG risks to the Portfolio Manager for incorporation in their investment decision making process.</p> <ul style="list-style-type: none"> <li>• For non-corporate issuers, the Portfolio Manager applies a qualitative or quantitative ESG risk assessment that integrates data on material ESG factors.</li> </ul> <p>The analysis of material sustainability/ESG considerations can include many different aspects, such as the following among others: the carbon footprint, health and well-being, human rights, supply chain management, fair customer treatment and governance.</p> <p><b><u>Fund specific exclusions:</u></b></p> <p>Issuers are assessed for ESG risks using a proprietary UBS ESG Risk Recommendation, which rates issuers using a five-point scale (1 – negligible, 2 – low, 3 – moderate, 4 – high and 5 – severe ESG risk). The sub-fund will generally exclude corporate issuers with risks identified in the ESG Risk Dashboard (described in the ESG Integration section) unless the overall UBS ESG risk recommendation is between 1 and 3, which is considered to be an acceptable risk for Sustainability Focus funds.</p> <p><b><u>Sustainability Exclusion Policy:</u></b></p> <p>The Sustainability Exclusion Policy of the Portfolio Manager outlines the exclusions applied to the investment universe of the financial product. The link to the Sustainability Exclusion Policy can be found in the main body of the Sales Prospectus.</p>
	<ul style="list-style-type: none"> <li>• <b><i>What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?</i></b></li> </ul>
	<p>The following binding element(s) of the investment strategy are used to select the investments to attain the characteristic(s) promoted by this financial product:</p> <p>Characteristic 1):</p> <p>A sustainability profile that is higher than the benchmark's sustainability profile.</p> <p>Characteristic 2):</p> <p>A lower Scope 1 and 2 Weighted Average Carbon Intensity (WACI) than its benchmark.</p> <p>The calculations do not take account of cash, derivatives and unrated investment instruments.</p> <p>The characteristic(s), the minimum proportion of sustainable investments and the minimum proportion of investments used to meet the environmental and/or social characteristics promoted by the financial product are calculated at quarter end using the average of all business days' values in the quarter.</p> <p><b><u>Fund specific exclusions:</u></b></p> <p>Issuers are assessed for ESG risks using a proprietary UBS ESG Risk Recommendation, which rates issuers using a five-point scale (1 – negligible, 2 – low, 3 – moderate, 4 – high and 5 – severe ESG risk). The sub-fund will generally exclude corporate issuers with risks identified in the ESG Risk Dashboard (described in the ESG Integration section) unless the overall UBS ESG risk recommendation is between 1 and 3, which is considered to be an acceptable risk for Sustainability Focus funds.</p> <p><b><u>Sustainability Exclusion Policy:</u></b></p> <p>The Sustainability Exclusion Policy of the Portfolio Manager outlines the exclusions applied to the investment universe of the financial product. The link to the Sustainability Exclusion Policy can be found in the main body of the Sales Prospectus.</p>
	<ul style="list-style-type: none"> <li>• <b><i>What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?</i></b></li> </ul>
	<p>Not applicable.</p>

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

	<ul style="list-style-type: none"> <li><b>What is the policy to assess good governance practices of the investee companies?</b></li> </ul>
	<p>Good corporate governance is a key driver of sustainable performance and is therefore embedded in the Portfolio Manager’s investment strategy. The Portfolio Manager employs a proprietary ESG Risk Dashboard that combines multiple ESG data sources from internal and recognized external providers in order to identify companies with material ESG risks. An actionable risk signal highlights ESG risks to the Portfolio Manager for incorporation in their investment decision making process. The assessment of good governance includes consideration of board structure and independence, remuneration alignment, transparency of ownership and control, and financial reporting.</p>

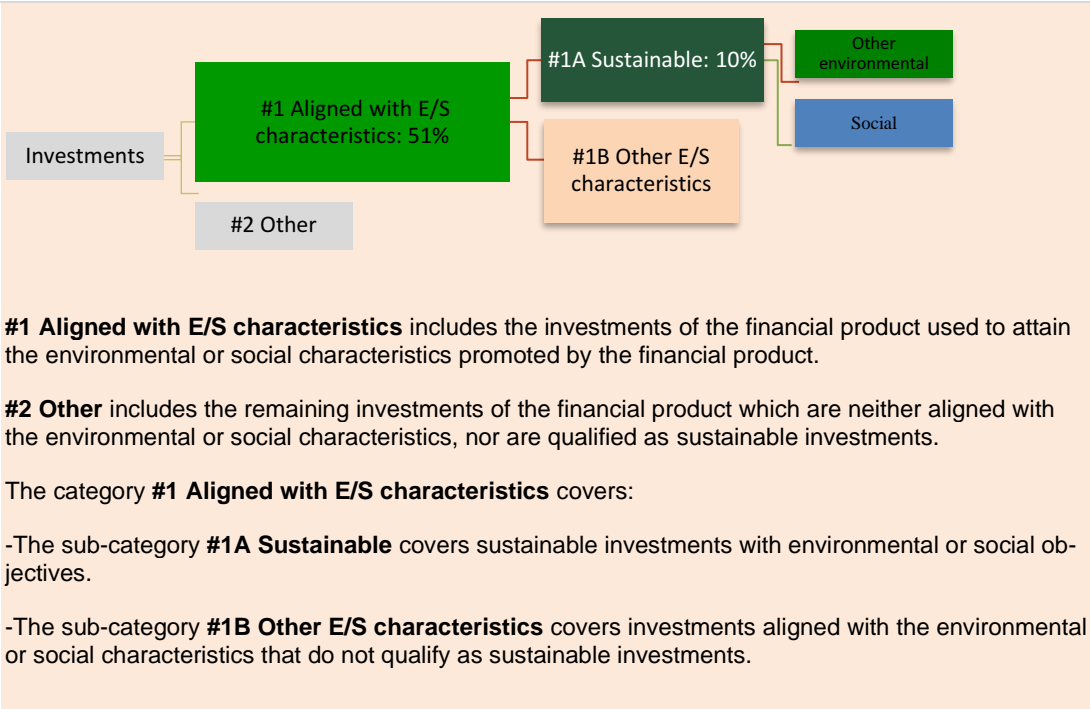


**Asset allocation** describes the share of investments in specific assets.

	<p><b>What is the asset allocation planned for this financial product?</b></p> <p>The minimum proportion of the investments used to meet the environmental and/or social characteristics promoted by the financial product is 51%. The minimum proportion of sustainable investments of the financial product is 10%.</p>
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**Taxonomy-aligned** activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



	<ul style="list-style-type: none"> <li><b>How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?</b></li> </ul>
	<p>Derivatives are not used for the attainment of the characteristics promoted by this financial product. Derivatives are primarily used for hedging and liquidity management purposes.</p>



	<p><b>To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?</b></p>
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	<p>It has not been possible to collect data on the environmental objective(s) set out in Article 9 of the Taxonomy Regulation and on how and to what extent the investments underlying the financial product are in economic</p>
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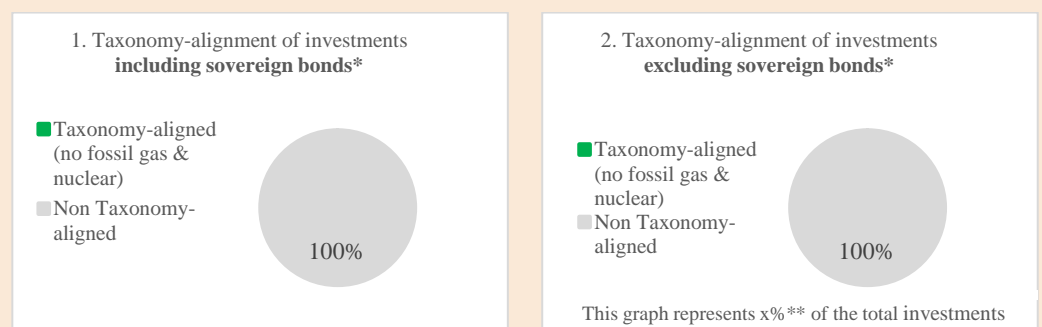
To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

	activities that qualify as environmentally sustainable under Article 3 of the Taxonomy Regulation (“Taxonomy Aligned Investments”). On that basis, the financial product has 0% Taxonomy Aligned Investments.
	<ul style="list-style-type: none"> <li>● <b>Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>15</sup>?</b></li> </ul>
	<input type="checkbox"/> Yes: <ul style="list-style-type: none"> <li><input type="checkbox"/> In fossil gas</li> <li><input type="checkbox"/> In nuclear energy</li> </ul> <input checked="" type="checkbox"/> No

*The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



\* For the purpose of these graphs, ‘sovereign bonds’ consist of all sovereign exposures





\*\* No percentage has been inserted as it is not relevant (no Taxonomy-aligned investments)

	<ul style="list-style-type: none"> <li>● <b>What is the minimum share of investments in transitional and enabling activities?</b></li> </ul>
	There is no commitment to a minimum proportion of investments in transitional and enabling activities.
	<ul style="list-style-type: none"> <li>● <b>What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?</b></li> </ul>
	The sustainable investments made by the financial product will contribute to either environmental or social objectives or both. The financial product does not commit to a predetermined combination of environmental or social objectives, and therefore there is no minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy. Where the financial product does invest in environmentally sustainable investments that are not Taxonomy-aligned, this is due to the absence of necessary data to determine Taxonomy-alignment.

are environmentally sustainable investments that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

<sup>15</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

	<p><b>What is the minimum share of socially sustainable investments?</b></p> <p>The sustainable investments made by the financial product will contribute to either environmental or social objectives or both. The financial product does not commit a predetermined combination of environmental or social objectives, and therefore there is no minimum share of socially sustainable investments.</p>
	<p><b>What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?</b></p> <p>Included in “#2 Other” are cash and unrated instruments for the purpose of liquidity and portfolio risk management. Unrated instruments may also include securities for which data needed for the measurement of attainment of environmental or social characteristics is not available.</p>
	<p><b>Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?</b></p> <p>No ESG reference benchmark has been designated for the purpose of determining whether the financial product is aligned with the characteristics that it promotes.</p>
	<ul style="list-style-type: none"> <li>• <b><i>How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?</i></b></li> </ul>
	<p>Not applicable.</p>
	<ul style="list-style-type: none"> <li>• <b><i>How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?</i></b></li> </ul>
	<p>Not applicable.</p>
	<ul style="list-style-type: none"> <li>• <b><i>How does the designated index differ from a relevant broad market index?</i></b></li> </ul>
	<p>Not applicable.</p>
	<ul style="list-style-type: none"> <li>• <b><i>Where can the methodology used for the calculation of the designated index be found?</i></b></li> </ul>
	<p>Not applicable.</p>
	<p><b>Where can I find more product specific information online?</b></p> <p>More product-specific information can be found on the website: <a href="http://www.ubs.com/funds">www.ubs.com/funds</a></p>