

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

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.

Product name:

UBS (Lux) Equity Fund - Mid Caps USA (USD)

Legal entity identifier:

549300P1FG7FH1IVCM07

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 lower Weighted Average Carbon Intensity (WACI) than the reference benchmark or a low absolute carbon profile.
- 2) A sustainability profile that is higher than its benchmark's sustainability profile or a minimum of 51% of assets invested in companies with a sustainability profile in the top half of 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 characteristics are measured using the following indicators respectively:

Characteristic 1):

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.

Characteristic 2):

The UBS Blended ESG 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 Blended ESG 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 UBS Blended ESG Score approach increases conviction in the validity of the sustainability profile.

The UBS Blended ESG 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 Blended ESG Score (on a scale of 0-10, with 10 having the best sustainability profile). There is no minimum UBS Blended ESG Score at individual investment level.

With respect to the sub-fund's investments the Portfolio Manager includes ESG analysis by means of the UBS Blended ESG Score (by number of issuer) for at least (i) 90% of the securities issued by large capitalisation companies domiciled in "developed" countries and (ii) 75% of the securities issued by large capitalisation companies domiciled in "emerging" countries (by reference to the benchmark) and at least 75% for all other companies.

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"> 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.
	<ul style="list-style-type: none"> 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.
	<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

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

	<p>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"> • For non-corporate issuers, the Portfolio Manager applies a qualitative or quantitative ESG risk assessment that integrates data on material ESG factors. <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><u>Sustainability Exclusion Policy:</u></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 section headed “Sustainability Exclusion Policy” in the main body of the Sales Prospectus.</p>
	<ul style="list-style-type: none"> • <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>
	<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 lower Scope 1 and 2 Weighted Average Carbon Intensity (WACI) than its benchmark or a low absolute carbon profile.</p> <p>Characteristic 2):</p> <p>A sustainability profile that is higher than its benchmark’s sustainability profile or a minimum of 51% of assets invested in companies with a sustainability profile in the top half of the 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 are calculated at quarter end using the average of all business days’ values in the quarter.</p> <p><u>Sustainability Exclusion Policy:</u></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 section headed “Sustainability Exclusion Policy” in the main body of the Sales Prospectus.</p>
	<ul style="list-style-type: none"> • <i>What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?</i>
	Not applicable.
	<ul style="list-style-type: none"> • <i>What is the policy to assess good governance practices of the investee companies?</i>
	<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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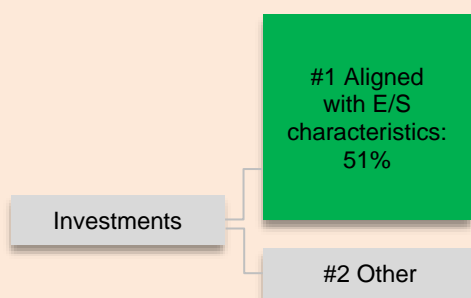
What is the asset allocation planned for this financial product?

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.



#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"> • 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.
	<ul style="list-style-type: none"> • Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹¹?
	<input type="checkbox"/> Yes: <div style="display: flex; justify-content: space-around; margin-top: 5px;"> <input type="checkbox"/> In fossil gas <input type="checkbox"/> In nuclear energy </div> <input checked="" type="checkbox"/> No

¹¹ 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.

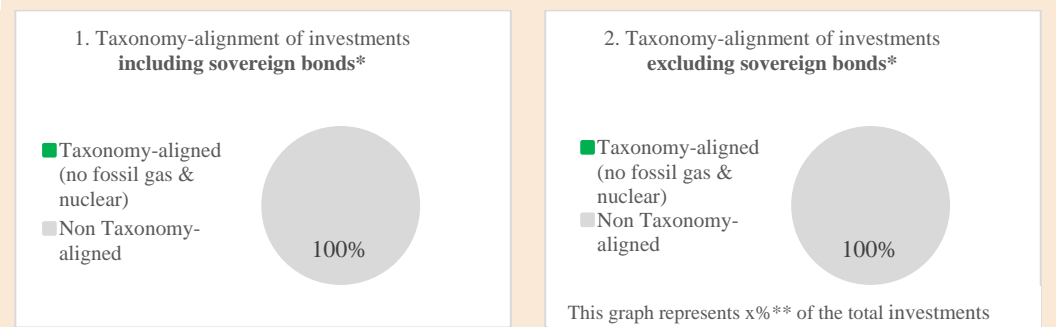
Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

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.


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"> 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.
	<ul style="list-style-type: none"> How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?
	Not applicable.

	<ul style="list-style-type: none"> • <i>How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?</i>
	Not applicable.
	<ul style="list-style-type: none"> • <i>How does the designated index differ from a relevant broad market index?</i>
	Not applicable.
	<ul style="list-style-type: none"> • <i>Where can the methodology used for the calculation of the designated index be found?</i>
	Not applicable.
	<p>Where can I find more product specific information online?</p> <p>More product-specific information can be found on the website: www.ubs.com/funds</p>