# Information Memorandum

## Restricted Funds

UBS (Lux) Bond SICAV - Asian Investment Grade Bonds Sustainable (USD)
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UBS (Lux) Bond SICAV - Short Term USD Corporates Sustainable (USD)
UBS (Lux) Bond SICAV - USD Corporates (USD)
UBS (Lux) Bond SICAV - USD High Yield (USD)
UBS (Lux) Bond SICAV - Global Short Term Flexible (USD)
UBS (Lux) Bond SICAV - Emerging Economies Corporates (USD)
UBS (Lux) Bond SICAV - Emerging Economies Local Currency Bond (USD)
UBS (Lux) Bond SICAV - Global Dynamic (USD)
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UBS (Lux) Bond SICAV - 2023 (USD)
UBS (Lux) Bond SICAV - 2024 (USD)
UBS (Lux) Bond SICAV - Fixed Maturity Series 1 (USD)
UBS (Lux) Bond SICAV - 2025 I (EUR)
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UBS (Lux) Bond SICAV - Fixed Maturity Series 8
UBS (Lux) Bond SICAV - Global Corporates (USD)
UBS (Lux) Bond SICAV - USD Investment Grade Corporates Sustainable (USD)

## Restricted and Recognised Funds (“Concurrent Funds”)

UBS (Lux) Bond SICAV - Asian High Yield (USD)
UBS (Lux) Bond SICAV - Floating Rate Income (USD)
UBS (Lux) Bond SICAV - China High Yield (USD)

sub-funds of

**UBS (Lux) Bond SICAV (“Fund”)**

## Information for Singapore Investors

This Information Memorandum in connection with the offer or sale, or invitation for subscription or purchase, of shares of each of the Restricted Funds and in connection with the restricted offer or sale, or invitation for subscription or purchase, of shares of each of the Concurrent Funds (“**Shares**”) incorporates and is not valid without the attached Sales Prospectus (“**Prospectus**”) and the attached additional documents including fact sheet(s).

The Fund is regulated by Part I of the Luxembourg Law of 17 December 2010 on undertakings for collective investment.

The depositary is UBS Europe SE, Luxembourg Branch (**"Depositary"**), incorporated in Luxembourg.

The supervisory authority of the offer of the Fund, the Management Company (as referred to in the Prospectus) and the Depositary is Commission de Surveillance du Secteur Financier ("**CSSF**"), contact details of which are:

Address: 283, route d'Arlon, L-1150 Luxembourg
Phone: (+352) 26 25 1 - 1 (switchboard)

In addition to the CSSF, the supervisory authority of the Depositary in Germany is Federal Financial Supervisory Authority, contact details of which are:

Address: Marie-Curie-Str. 24-28 60439 Frankfurt am Main
Phone: +49 (0) 228 41 08 - 0

Information on past performance of each of the above sub-funds can be obtained from UBS Asset Management (Singapore) Ltd of 9 Penang Road Singapore 238459.

Additionally, the factsheets of the above sub-funds can be obtained from the following website:

https://www.ubs.com/ch/en/asset-management/private-investors/funds-prices.html.

**Singapore Selling Restriction**

The Restricted Funds are not authorised under Section 286 of the Securities and Futures Act, Chapter 289 of Singapore, as amended or modified (the "**SFA**") or recognised under Section 287 of the SFA by the Monetary Authority of Singapore (the "**MAS**") and Shares of the Restricted Funds are not allowed to be offered to the retail public.

This Information Memorandum and any other document or material issued to you in connection with the offer or sale of the Restricted Funds and the restricted offer or sale of the Concurrent Funds is not a prospectus as defined in the SFA. Accordingly, statutory liability under the SFA in relation to the content of prospectuses would not apply. You should consider carefully whether the investment is suitable for you.

This Information Memorandum has not been registered as a prospectus with the MAS. Accordingly, this Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Shares of the Restricted Funds and in connection with the restricted offer or sale, or invitation for subscription or purchase, of Shares of the Concurrent Funds may not be circulated or distributed, nor may Shares of the Restricted Funds be offered or sold, or be made the subject of an invitation for subscription or purchase, or Shares of the Concurrent Funds in connection with the restricted offer or sale, or invitation for subscription or purchase, be offered or sold, or be made the subject of an invitation for subscription or purchase, pursuant to this Information Memorandum, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in the SFA) under Section 304 of the SFA, or (ii) to a relevant person (as defined in Section 305(5) of the SFA) pursuant to Section 305(1), and in accordance with the conditions specified in Section 305 of the SFA, , and where applicable, the conditions specified in Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. The restricted offer or invitation of Shares of the Concurrent Funds made to you pursuant to this Information Memorandum is made under and in reliance on Section 305 of the SFA, unless otherwise notified to you in writing.

Where Shares are subscribed or purchased under Section 305 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Shares pursuant to an offer made under Section 305 of the SFA except:

(1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 305A(3)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 305A(5) of the SFA; or

(5) as specified in Regulation 36A of the Securities and Futures (Offers of Investments) (Collective Investment Schemes) Regulations 2005 of Singapore.

# UBS (Lux) Bond SICAV

**Investment company under Luxembourg law (the “Company”)**

March 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).

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,<br>Managing Director,<br>UBS Asset Management Switzerland AG,<br>Zurich |
| Members | Francesca Guagnini,<br>Managing Director,<br>UBS Asset Management (UK) Ltd.,<br>London |
| | Josée Lynda Denis,<br>Independent Director,<br>Luxembourg |
| | Ioana Naum,<br>Executive Director,<br>UBS Asset Management Switzerland AG,<br>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,<br>Head of Products, UBS Asset Management Switzerland AG,<br>Zurich, Switzerland |
| Members | Francesca Prym,<br>CEO, UBS Fund Management (Luxembourg) S.A.,<br>Luxembourg, Grand Duchy of Luxembourg |
| | Ann-Charlotte Lawyer,<br>Independent Director,<br>Luxembourg, Grand Duchy of Luxembourg |
| | Miriam Uebel,<br>Institutional Client Coverage, UBS Asset Management (Deutschland) GmbH,<br>Frankfurt, Germany |
| | Eugène Del Cioppo,<br>CEO, UBS Fund Management (Switzerland) AG,<br>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)<br>UBS (Lux) Bond SICAV – EUR Corporates Sustainable (EUR)<br>UBS (Lux) Bond SICAV – Green Social Sustainable Bonds (EUR)<br>UBS (Lux) Bond SICAV – Short Term EUR Corporates Sustainable (EUR)<br>UBS (Lux) Bond SICAV – Short Term USD Corporates Sustainable (USD) | UBS Asset Management Switzerland AG, Zurich |
| UBS (Lux) Bond SICAV – Global Short Term Flexible (USD)<br>UBS (Lux) Bond SICAV – Global Corporates (USD)<br>UBS (Lux) Bond SICAV – Global Dynamic (USD)<br>UBS (Lux) Bond SICAV – Global Inflation-linked (USD)<br>UBS (Lux) Bond SICAV – Global SDG Corporates Sustainable (USD) | UBS Asset Management (UK) Ltd., London, United Kingdom |
| UBS (Lux) Bond SICAV – 2023 (USD)<br>UBS (Lux) Bond SICAV – 2024 (USD)<br>UBS (Lux) Bond SICAV – 2025 I (EUR)<br>UBS (Lux) Bond SICAV – 2025 I (USD)<br>UBS (Lux) Bond SICAV – Fixed Maturity Series 3 (EUR)<br>UBS (Lux) Bond SICAV – Fixed Maturity Series 1 (USD)<br>UBS (Lux) Bond SICAV – Fixed Maturity Series 8 (USD)<br>UBS (Lux) Bond SICAV – Emerging Economies Corporates (USD)<br>UBS (Lux) Bond SICAV – Emerging Economies Local Currency Bond (USD)<br>UBS (Lux) Bond SICAV – Floating Rate Income (USD)<br>UBS (Lux) Bond SICAV – Short Duration High Yield Sustainable (USD)<br>UBS (Lux) Bond SICAV – USD Corporates (USD)<br>UBS (Lux) Bond SICAV – USD High Yield (USD)<br>UBS (Lux) Bond SICAV – USD Investment Grade Corporates Sustainable (USD) | UBS Asset Management (Americas) Inc., Chicago, US |
| UBS (Lux) Bond SICAV – China Fixed Income (RMB)<br>UBS (Lux) Bond SICAV – Asian High Yield (USD)<br>UBS (Lux) Bond SICAV – China High Yield (USD)<br>UBS (Lux) Bond SICAV – Asian Investment Grade Bonds Sustainable (USD)<br>UBS (LUX) Bond SICAV – China Flexible (RMB) | UBS Asset Management (Hong Kong) Limited, Hong Kong |

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.

**Depositary 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 depositary of the Company (the "**Depositary**"). The Depositary will also provide paying agent services to the Company.
The Depositary 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 Depositary 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)
**UBS (Lux) Bond SICAV – Fixed Maturity Series 3 (EUR)**
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. 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)
**UBS (Lux) Bond SICAV – Fixed Maturity Series 8 (USD)**

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.

### 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.

<table>
<tr><td colspan="2">Name of the Company:</td><td colspan="2">UBS (Lux) Bond SICAV</td></tr>
<tr><td colspan="2">Legal form:</td><td colspan="2">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</td></tr>
<tr><td colspan="2">Date of incorporation:</td><td colspan="2">7 October 1996</td></tr>
<tr><td colspan="2">Entered in the Luxembourg trade and companies register under:</td><td colspan="2">RCS B 56.385</td></tr>
<tr><td colspan="2">Financial year:</td><td colspan="2">1 June to 31 May</td></tr>
<tr><td colspan="2">Ordinary general meeting:</td><td colspan="2">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.</td></tr>
<tr><td colspan="4">Articles of Incorporation:</td></tr>
<tr><td rowspan="4"></td><td>Initial publication</td><td>8 November 1996</td><td>Published in the Mémorial</td></tr>
<tr><td rowspan="3">Amendments</td><td>27 October 1997</td><td>Published in the Mémorial on 17 November 1997</td></tr>
<tr><td>5 December 2005</td><td>Published in the Mémorial on 24 March 2006</td></tr>
<tr><td>10 June 2011</td><td>Published in the Mémorial on 24 August 2011</td></tr>
<tr><td colspan="2">Management Company</td><td colspan="2">UBS Fund Management (Luxembourg) S.A., RCS Luxembourg B 154.210</td></tr>
</table>

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.

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| 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. |

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| | 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. |
| I-A1 | 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. |
| I-A2 | 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).<br>Upon subscription<br>(i) a minimum subscription must be made in accordance with the list above; or<br>(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<br>(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.<br>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. |
| I-A3 | 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).<br>Upon subscription<br>(i) a minimum subscription must be made in accordance with the list above; or<br>(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<br>(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.<br>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. |
| I-A4 | 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).<br>Upon subscription:<br>(i) a minimum subscription must be made in accordance with the list above; or<br>(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<br>(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.<br>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. |
| I-B | 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 |

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| | 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:

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| 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"<br>and<br>"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.<br>For share classes denominated in RMB and/or RMB hedged (the "RMB classes"), the net asset value is calculated in offshore RMB.<br><br>However, for the UBS (Lux) Bond SICAV – China Fixed Income (RMB) and UBS (Lux) Bond SICAV – China Flexible (RMB) sub-funds, 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. |

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| | 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.<br>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).<br><br>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.<br><br>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.<br><br>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". |
| "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) ("**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 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 **UK reporting fund** 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%",<br>"4%",<br>"6%",<br>"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.<br>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.

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% | 0.065% |

| | | |
|---|---|---|
| | (0.000%) | (0.000%) |
| Share classes with "I-X" in their name | 0.000%<br>(0.000%) | 0.000%<br>(0.000%) |
| Share classes with "U-X" in their name | 0.000%<br>(0.000%) | 0.000%<br>(0.000%) |

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

**Fees**

| | Maximum flat fee (maximum management fee)<br>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%<br>(0.360%) | 0.500%<br>(0.400%) |
| Share classes with "K-1" in their name | 0.350%<br>(0.280%) | 0.380%<br>(0.300%) |
| Share classes with "K-B" in their name | 0.065%<br>(0.000%) | 0.065%<br>(0.000%) |
| Share classes with "K-X" in their name | 0.000%<br>(0.000%) | 0.000%<br>(0.000%) |
| Share classes with "F" in their name | 0.250%<br>(0.200%) | 0.280%<br>(0.220%) |
| Share classes with "Q" in their name | 0.350%<br>(0.280%) | 0.400%<br>(0.320%) |
| Share classes with "QL" in their name | 0.350%<br>(0.280%) | 0.400%<br>(0.320%) |
| Share classes with "I-A1" in their name | 0.300%<br>(0.240%) | 0.330%<br>(0.260%) |
| Share classes with "I-A2" in their name | 0.280%<br>(0.220%) | 0.310%<br>(0.250%) |
| Share classes with "I-A3" in their name | 0.250%<br>(0.200%) | 0.280%<br>(0.220%) |
| Share classes with "I-A4" in their name | 0.250%<br>(0.200%) | 0.280%<br>(0.220%) |
| Share classes with "I-B" in their name | 0.065%<br>(0.000%) | 0.065%<br>(0.000%) |
| Share classes with "I-X" in their name | 0.000%<br>(0.000%) | 0.000%<br>(0.000%) |
| Share classes with "U-X" in their name | 0.000%<br>(0.000%) | 0.000%<br>(0.000%) |

**UBS (Lux) Bond SICAV – Fixed Maturity Series 1 (USD)**
**UBS (Lux) Bond SICAV – Fixed Maturity Series 3 (EUR)**
**UBS (Lux) Bond SICAV – Fixed Maturity Series 8 (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 a specified term. 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.

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 – Fixed Maturity Series 3 (EUR)**
**Currency of account: EUR**

**UBS (Lux) Bond SICAV – Fixed Maturity Series 8 (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 | 1.050% (0.840%) | 1.100% (0.880%) |
| Share classes with "N" in their name | 1.200% (0.960%) | 1.250% (1.000%) |
| Share classes with "K-1" in their name | 0.800% (0.640%) | 0.830% (0.660%) |
| Share classes with "K-B" in their name | 0.115% (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 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.**

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, and which have a sound ESG profile (ESG = environmental, social, and governance).. 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.
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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%<br>(0.000%) | 0.065%<br>(0.000%) |
| Share classes with “I-X” in their name | 0.000%<br>(0.000%) | 0.000%<br>(0.000%) |
| Share classes with “U-X” in their name | 0.000%<br>(0.000%) | 0.000%<br>(0.000%) |

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

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 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%<br>(0.920%) | 1.200%<br>(0.960%) |
| Share classes with “K-1” in their name | 0.900%<br>(0.720%) | 0.930%<br>(0.740%) |
| Share classes with “K-B” in their name | 0.160%<br>(0.000%) | 0.160%<br>(0.000%) |
| Share classes with “K-X” in their name | 0.000%<br>(0.000%) | 0.000%<br>(0.000%) |
| Share classes with “F” in their name | 0.550% | 0.580% |

| | | |
|---|---|---|
| | (0.440%) | (0.460%) |
| Share classes with "Q" in their name | 0.750%<br>(0.600%) | 0.800%<br>(0.640%) |
| Share classes with "QL" in their name | 0.650%<br>(0.520%) | 0.700%<br>(0.560%) |
| Share classes with "I-A1" in their name | 0.650%<br>(0.520%) | 0.680%<br>(0.540%) |
| Share classes with "I-A2" in their name | 0.600%<br>(0.480%) | 0.630%<br>(0.500%) |
| Share classes with "I-A3" in their name | 0.550%<br>(0.440%) | 0.580%<br>(0.460%) |
| Share classes with "I-A4" in their name | 0.550%<br>(0.440%) | 0.580%<br>(0.460%) |
| Share classes with "I-B" in their name | 0.160%<br>(0.000%) | 0.160%<br>(0.000%) |
| Share classes with "I-X" in their name | 0.000%<br>(0.000%) | 0.000%<br>(0.000%) |
| Share classes with "U-X" in their name | 0.000%<br>(0.000%) | 0.000%<br>(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

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 $CO_2$ 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 convertible bonds and non-convertible bonds, all ratings and calculations relating to ESG Consensus Score, $CO_2$ and all exclusion-based restrictions are based on their respective issuers.

For equities, all calculations relating to ESG Consensus Score, $CO_2$ 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%<br>(0.720%) | 0.950%<br>(0.760%) |
| Share classes with "I-A1" in their name | 0.750%<br>(0.600%) | 0.780%<br>(0.620%) |
| Share classes with "I-A2" in their name | 0.650%<br>(0.520%) | 0.680%<br>(0.540%) |
| Share classes with "I-A3" in their name | 0.550%<br>(0.440%) | 0.580%<br>(0.460%) |
| Share classes with "I-A4" in their name | 0.550%<br>(0.440%) | 0.580%<br>(0.460%) |
| Share classes with "I-B" in their name | 0.065%<br>(0.000%) | 0.065%<br>(0.000%) |
| Share classes with "I-X" in their name | 0.000%<br>(0.000%) | 0.000%<br>(0.000%) |
| Share classes with "U-X" in their name | 0.000%<br>(0.000%) | 0.000%<br>(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%<br>(0.720%) | 0.930%<br>(0.740%) |
| Share classes with "K-B" in their name | 0.115%<br>(0.000%) | 0.115%<br>(0.000%) |
| Share classes with "K-X" in their name | 0.000%<br>(0.000%) | 0.000%<br>(0.000%) |
| Share classes with "F" in their name | 0.560%<br>(0.450%) | 0.590%<br>(0.470%) |
| Share classes with "Q" in their name | 0.800%<br>(0.640%) | 0.850%<br>(0.680%) |
| Share classes with "QL" in their name | 0.800%<br>(0.640%) | 0.850%<br>(0.680%) |
| Share classes with "I-A1" in their name | 0.630%<br>(0.500%) | 0.660%<br>(0.530%) |
| Share classes with "I-A2" in their name | 0.600%<br>(0.480%) | 0.630%<br>(0.500%) |
| Share classes with "I-A3" in their name | 0.560%<br>(0.450%) | 0.590%<br>(0.470%) |
| Share classes with "I-A4" in their name | 0.560%<br>(0.450%) | 0.590%<br>(0.470%) |
| Share classes with "I-B" in their name | 0.115%<br>(0.000%) | 0.115%<br>(0.000%) |
| Share classes with "I-X" in their name | 0.000%<br>(0.000%) | 0.000%<br>(0.000%) |
| Share classes with "U-X" in their name | 0.000%<br>(0.000%) | 0.000%<br>(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)<br>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% | 1.190% |

| | | |
|---|---|---|
| | (0.910%) | (0.950%) |
| Share classes with “K-1” in their name | 0.600%<br>(0.480%) | 0.630%<br>(0.500%) |
| Share classes with “K-B” in their name | 0.065%<br>(0.000%) | 0.065%<br>(0.000%) |
| Share classes with “K-X” in their name | 0.000%<br>(0.000%) | 0.000%<br>(0.000%) |
| Share classes with “F” in their name | 0.360%<br>(0.290%) | 0.390%<br>(0.310%) |
| Share classes with “Q” in their name | 0.600%<br>(0.480%) | 0.650%<br>(0.520%) |
| Share classes with “QL” in their name | 0.600%<br>(0.480%) | 0.650%<br>(0.520%) |
| Share classes with “I-A1” in their name | 0.500%<br>(0.400%) | 0.530%<br>(0.420%) |
| Share classes with “I-A2” in their name | 0.450%<br>(0.360%) | 0.480%<br>(0.380%) |
| Share classes with “I-A3” in their name | 0.360%<br>(0.290%) | 0.390%<br>(0.310%) |
| Share classes with “I-A4” in their name | 0.360%<br>(0.290%) | 0.390%<br>(0.310%) |
| Share classes with “I-B” in their name | 0.065%<br>(0.000%) | 0.065%<br>(0.000%) |
| Share classes with “I-X” in their name | 0.000%<br>(0.000%) | 0.000%<br>(0.000%) |
| Share classes with “U-X” in their name | 0.000%<br>(0.000%) | 0.000%<br>(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 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 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)).
s.

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 supra-national 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 manageme fee) p.a. for share classes with "hedged" 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% | 0.065% |

| | | |
|---|---|---|
| | (0.000%) | (0.000%) |
| Share classes with "I-X" in their name | 0.000%<br>(0.000%) | 0.000%<br>(0.000%) |
| Share classes with "U-X" in their name | 0.000%<br>(0.000%) | 0.000%<br>(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 US Corporates High Yield 1-3 Years, 2% Constrained ex. Hybrids USD 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 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".

**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)<br>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%<br>(1.010%) | 1.310%<br>(1.050%) |
| Share classes with "N" in their name | 1.750%<br>(1.400%) | 1.800%<br>(1.440%) |
| Share classes with "K-1" in their name | 0.700%<br>(0.560%) | 0.730%<br>(0.580%) |
| Share classes with "K-B" in their name | 0.065%<br>(0.000%) | 0.065%<br>(0.000%) |
| Share classes with "K-X" in their name | 0.000%<br>(0.000%) | 0.000%<br>(0.000%) |
| Share classes with "F" in their name | 0.500%<br>(0.400%) | 0.530%<br>(0.420%) |
| Share classes with "Q" in their name | 0.720%<br>(0.580%) | 0.770%<br>(0.620%) |
| Share classes with "QL" in their name | 0.720%<br>(0.580%) | 0.770%<br>(0.620%) |
| Share classes with "I-A1" in their name | 0.600%<br>(0.480%) | 0.630%<br>(0.500%) |
| Share classes with "I-A2" in their name | 0.550%<br>(0.440%) | 0.580%<br>(0.460%) |
| Share classes with "I-A3" in their name | 0.500%<br>(0.400%) | 0.530%<br>(0.420%) |
| Share classes with "I-A4" in their name | 0.500%<br>(0.400%) | 0.530%<br>(0.420%) |

| | | |
|---|---|---|
| Share classes with "I-B" in their name | 0.065%<br>(0.000%) | 0.065%<br>(0.000%) |
| Share classes with "I-X" in their name | 0.000%<br>(0.000%) | 0.000%<br>(0.000%) |
| Share classes with "U-X" in their name | 0.000%<br>(0.000%) | 0.000%<br>(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%<br>(0.650%) | 0.860%<br>(0.690%) |
| Share classes with "N" in their name | 1.440%<br>(1.150%) | 1.490%<br>(1.190%) |
| Share classes with "K-1" in their name | 0.500%<br>(0.400%) | 0.530%<br>(0.420%) |
| Share classes with "K-B" in their name | 0.065%<br>(0.000%) | 0.065%<br>(0.000%) |
| Share classes with "K-X" in their name | 0.000%<br>(0.000%) | 0.000%<br>(0.000%) |
| Share classes with "F" in their name | 0.290%<br>(0.230%) | 0.320%<br>(0.260%) |
| Share classes with "Q" in their name | 0.450%<br>(0.360%) | 0.500%<br>(0.400%) |
| Share classes with "QL" in their name | 0.450%<br>(0.360%) | 0.500%<br>(0.400%) |
| Share classes with "I-A1" in their name | 0.430%<br>(0.340%) | 0.460%<br>(0.370%) |
| Share classes with "I-A2" in their name | 0.380%<br>(0.300%) | 0.410%<br>(0.330%) |
| Share classes with "I-A3" in their name | 0.290%<br>(0.230%) | 0.320%<br>(0.260%) |
| Share classes with "I-A4" in their name | 0.290%<br>(0.230%) | 0.320%<br>(0.260%) |

| | | |
|---|---|---|
| Share classes with "I-B" in their name | 0.065%<br>(0.000%) | 0.065%<br>(0.000%) |
| Share classes with "I-X" in their name | 0.000%<br>(0.000%) | 0.000%<br>(0.000%) |
| Share classes with "U-X" in their name | 0.000%<br>(0.000%) | 0.000%<br>(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 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.

**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%<br>(1.010%) | 1.310%<br>(1.050%) |
| Share classes with "K-1" in their name | 0.700%<br>(0.560%) | 0.730%<br>(0.580%) |
| Share classes with "K-B" in their name | 0.065%<br>(0.000%) | 0.065%<br>(0.000%) |
| Share classes with "K-X" in their name | 0.000%<br>(0.000%) | 0.000%<br>(0.000%) |
| Share classes with "F" in their name | 0.520%<br>(0.420%) | 0.550%<br>(0.440%) |
| Share classes with "Q" in their name | 0.720% | 0.770% |

| | | |
|---|---|---|
| | (0.580%) | (0.620%) |
| Share classes with “QL” in their name | 0.720%<br>(0.580%) | 0.770%<br>(0.620%) |
| Share classes with “I-A1” in their name | 0.620%<br>(0.500%) | 0.650%<br>(0.520%) |
| Share classes with “I-A2” in their name | 0.580%<br>(0.460%) | 0.610%<br>(0.490%) |
| Share classes with “I-A3” in their name | 0.520%<br>(0.420%) | 0.550%<br>(0.440%) |
| Share classes with “I-A4” in their name | 0.520%<br>(0.420%) | 0.550%<br>(0.440%) |
| Share classes with “I-B” in their name | 0.065%<br>(0.000%) | 0.065%<br>(0.000%) |
| Share classes with “I-X” in their name | 0.000%<br>(0.000%) | 0.000%<br>(0.000%) |
| Share classes with “U-X” in their name | 0.000%<br>(0.000%) | 0.000%<br>(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%<br>(0.910%) | 1.190%<br>(0.950%) |
| Share classes with “K-1” in their name | 0.600%<br>(0.480%) | 0.630%<br>(0.500%) |
| Share classes with “K-B” in their name | 0.065%<br>(0.000%) | 0.065%<br>(0.000%) |
| Share classes with “K-X” in their name | 0.000%<br>(0.000%) | 0.000%<br>(0.000%) |
| Share classes with “F” in their name | 0.360%<br>(0.290%) | 0.390%<br>(0.310%) |

| | | |
|---|---|---|
| Share classes with "Q" in their name | 0.600%<br>(0.480%) | 0.650%<br>(0.520%) |
| Share classes with "QL" in their name | 0.600%<br>(0.480%) | 0.650%<br>(0.520%) |
| Share classes with "I-A1" in their name | 0.500%<br>(0.400%) | 0.530%<br>(0.420%) |
| Share classes with "I-A2" in their name | 0.450%<br>(0.360%) | 0.480%<br>(0.380%) |
| Share classes with "I-A3" in their name | 0.360%<br>(0.290%) | 0.390%<br>(0.310%) |
| Share classes with "I-A4" in their name | 0.360%<br>(0.290%) | 0.390%<br>(0.310%) |
| Share classes with "I-B" in their name | 0.065%<br>(0.000%) | 0.065%<br>(0.000%) |
| Share classes with "I-X" in their name | 0.000%<br>(0.000%) | 0.000%<br>(0.000%) |
| Share classes with "U-X" in their name | 0.000%<br>(0.000%) | 0.000%<br>(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 CNY / 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:** 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 | 0.800% (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 | 0.750% (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 | 0.580% (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%) |

## 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 Moneymarkets 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 depositary and the CCDC and SCH as the onshore depositaries 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 depositary recognised by the Hong Kong Monetary Authority ("HKMA"), opens nominee accounts with the onshore depositary 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 depositaries ("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 depositary 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-depositary and admitted to the SEHK. After settlement by brokers or depositaries (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 depositary 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.

**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.

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 3 (EUR) | 0% | 15% | 0% | 10% | 20% | 50% |
| UBS (Lux) Bond SICAV – Fixed Maturity Series 8 (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 3 (EUR) | Commitment approach | n/a | n/a |
| UBS (Lux) Bond SICAV – Fixed Maturity Series 8 (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 US Corporates High Yield 1-3 Years, 2% Constrained ex. Hybrids. |
| 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) |
|---|---|
| **Fixed and variable-rate interest-bearing instruments** | |
| 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 is made 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 CIBM. By investing in A shares or onshore bonds in the PRC through a QFI or directly on the CIBM or through Bond Connect, 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. 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 QFIIs and QFIs. Under Circular 79, for QFIIs/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 on numerous occasions said 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 QFIIs/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 taxe 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 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

**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.
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.
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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## 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 Euro-pean 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 2022must, 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 proceeds received from securities lending transactions negotiated at arm's length are credited to the relevant sub-fund, while 40% of the gross proceeds are retained as costs/fees by UBS Europe SE, Luxembourg Branch as the securities lending intermediary and UBS Switzerland AG as the securities lending service provider. All costs/fees for operating the securities lending program are paid from the securities lending agent's share of gross income. This includes all direct and indirect costs/fees 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)** |
| --- | --- |
| **Fixed and variable-rate interest-bearing instruments** | |
| 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% |

| | |
| --- | --- |
| **Shares** | 8% |

| 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 recallable 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**

**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.

**Product name:**

UBS (Lux) Bond SICAV - Asian High Yield (USD)

**Legal entity identifier:**

5493003OFW5AUJYPQN78

## 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 __% 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:

• 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).

- ***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.

- ***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.*

### Does this financial product consider principal adverse impacts on sustainability factors?

☐ Yes

☒ No

### What investment strategy does this financial product follow?

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

**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.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

- ***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 binding element(s) are calculated at quarter end using the average of all business days' values in the quarter.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

  Not applicable.

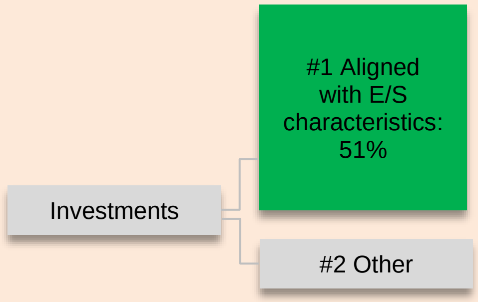
- ***What is the policy to assess good governance practices of the investee companies?***

  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%.

**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.

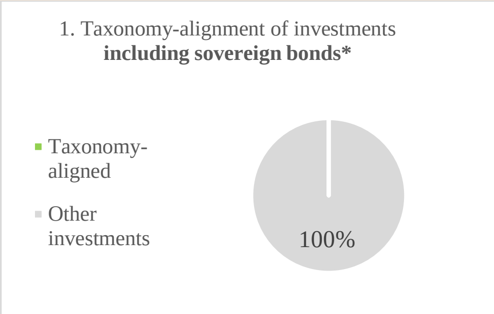
## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

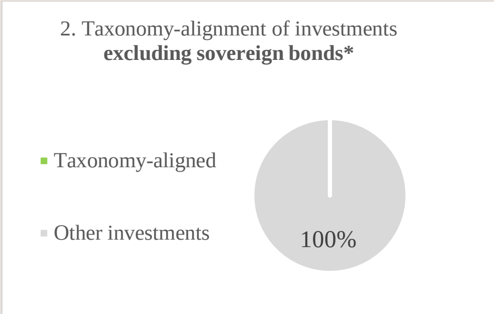
Not applicable.

**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*

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 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.

**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

**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.

| **Product name:** | **Legal entity identifier:** |
|---|---|
| UBS (Lux) Bond SICAV - Asian Investment Grade Bonds Sustainable (USD) | 549300SZWE50SJLLTL56 |

# 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 10% 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 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).

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.

- ***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, 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.

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.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

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, 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, 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.

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.

Companies violating the United Nations Global Compact (UNGC) principles, which do not demonstrate credible corrective action will be excluded from the investment universe.

☐ No

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

## 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:**

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).

**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 the benchmark's sustainability profile.

Characteristic 2):

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

A lower Scope 1 and 2 Weighted Average Carbon Intensity (WACI) than its benchmark.

The calculations do not take account of cash, derivatives and unrated investment instruments.

The binding element(s) are calculated at quarter end using the average of all business days' values in the quarter.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

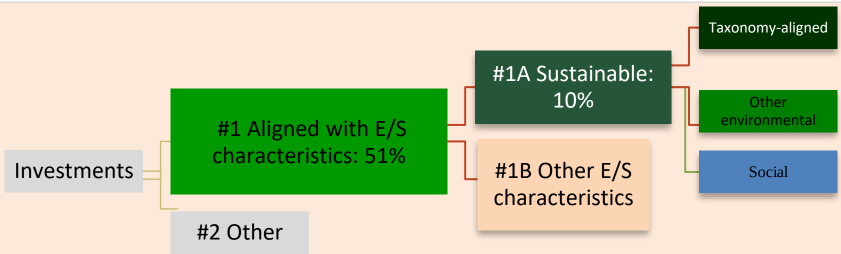
- ***What is the policy to assess good governance practices of the investee companies?***

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%. The minimum proportion of sustainable investments of the financial product is 10%.

**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.

- ***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.

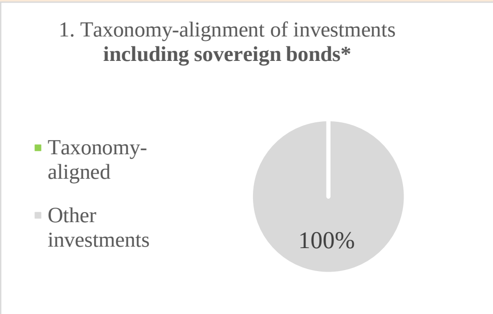
**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

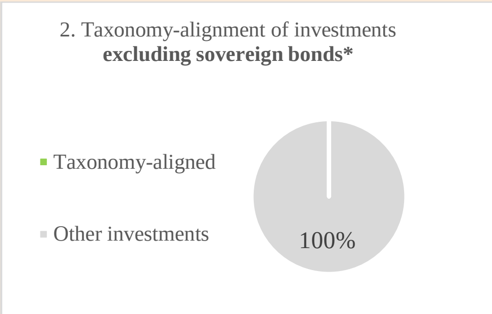
It has not been possible to collect data on the environmental objective(s) set out in Article 9 of the Taxonomy Regulation and on how and to what extent the investments underlying the financial product are in economic activities that qualify as environmentally sustainable under Article 3 of the Taxonomy Regulation ("Taxonomy Aligned Investments"). On that basis, the financial product has 0% Taxonomy Aligned Investments.

**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*

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 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 financial product invests in economic activities which are environmentally sustainable but not EU Taxonomy aligned, this is due to the absence of the required implementing legislation and in particular the absence of the necessary taxonomy-related data provided by the investee companies and of a well-defined calculation methodology. The financial product targets a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy greater than 0%.

**What is the minimum share of socially sustainable investments?**

The financial product targets a minimum share of socially sustainable investments greater than 0%.

**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?**

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

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

**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.

**Product name:**

UBS (Lux) Bond SICAV - Convert Global (EUR)

**Legal entity identifier:**

5493008BX0OT3X4QQV05

## 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 __% 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.

## What environmental and/or social characteristics are promoted by this financial product?

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

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).

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

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 $CO_2$ 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 convertible bonds 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.

**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.

- ***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.*

**Does this financial product consider principal adverse impacts on sustainability factors?**

☐ Yes

☒ No

**What investment strategy does this financial product follow?**

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

**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).

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

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 binding element(s) are calculated at quarter end using the average of all of business days' values in the quarter.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

  Not applicable.

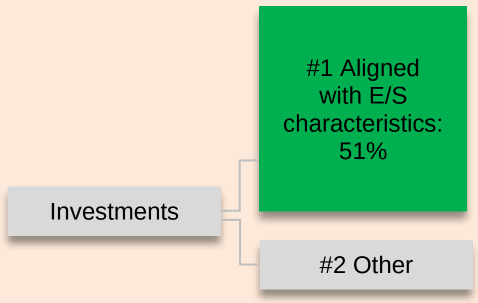
- ***What is the policy to assess good governance practices of the investee companies?***

  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%.

**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.

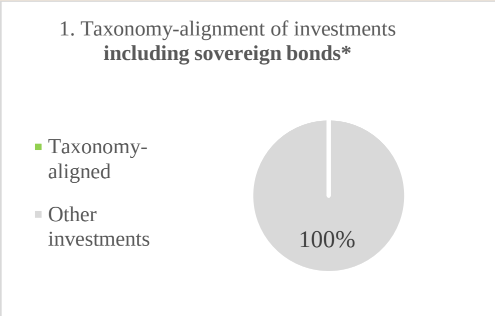
## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

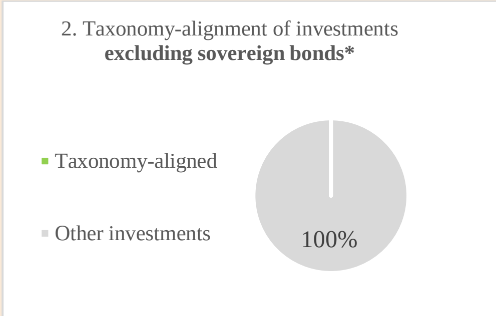
Not applicable.

**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*

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 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.

**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

**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.

**Product name:** UBS (Lux) Bond SICAV - EUR Corporates Sustainable (EUR)

**Legal entity identifier:** 549300NJVNSFL44P4L94

# 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 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).

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.

- ***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, 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.

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.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

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, 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, 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.

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.

Companies violating the United Nations Global Compact (UNGC) principles, which do not demonstrate credible corrective action will be excluded from the investment universe.

☐ No

## What investment strategy does this financial product follow?

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

**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:**

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.

**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 the benchmark's sustainability profile.

Characteristic 2):

A lower Scope 1 and 2 Weighted Average Carbon Intensity (WACI) than its benchmark.

The calculations do not take account of cash, derivatives and unrated investment instruments.

The binding element(s) are calculated at quarter end using the average of all business days' values in the quarter.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

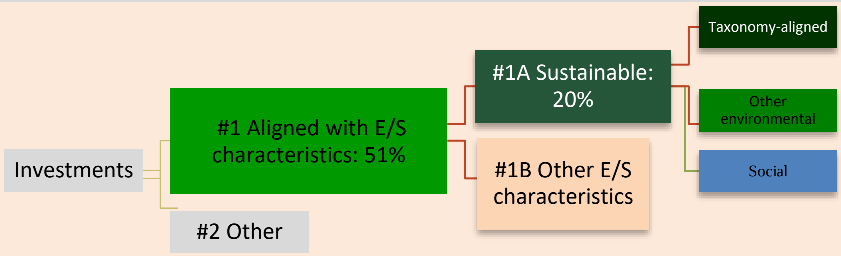
- ***What is the policy to assess good governance practices of the investee companies?***

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%. The minimum proportion of sustainable investments of the financial product is 20%.

**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.

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.

**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.

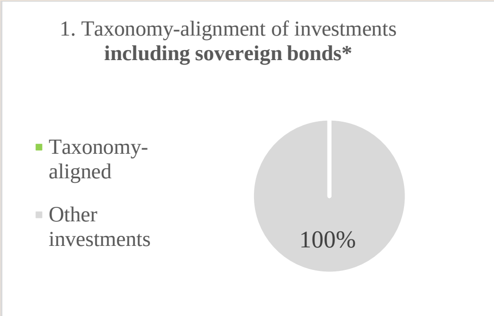
### To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

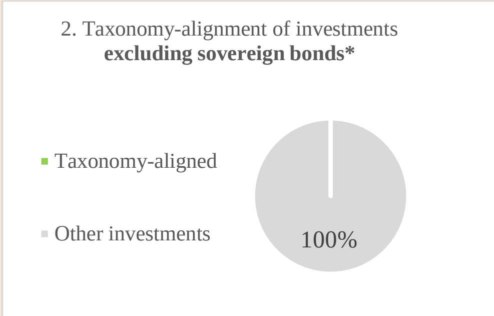
It has not been possible to collect data on the environmental objective(s) set out in Article 9 of the Taxonomy Regulation and on how and to what extent the investments underlying the financial product are in economic activities that qualify as environmentally sustainable under Article 3 of the Taxonomy Regulation ("Taxonomy Aligned Investments"). On that basis, the financial product has 0% Taxonomy Aligned Investments.

**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*

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 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 financial product invests in economic activities which are environmentally sustainable but not EU Taxonomy aligned, this is due to the absence of the required implementing legislation and in particular the absence of the necessary taxonomy-related data provided by the investee companies and of a well-defined calculation methodology. The financial product targets a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy greater than 0%.

**What is the minimum share of socially sustainable investments?**

The financial product targets a minimum share of socially sustainable investments greater than 0%.

**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.

**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

**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.

**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

# 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 __% 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:

• 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).

- ***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.

- ***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.*

**Does this financial product consider principal adverse impacts on sustainability factors?**

☐ Yes

☒ No

**What investment strategy does this financial product follow?**

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

**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:

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 binding element(s) are calculated at quarter end using the average of all business days' values in the quarter.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

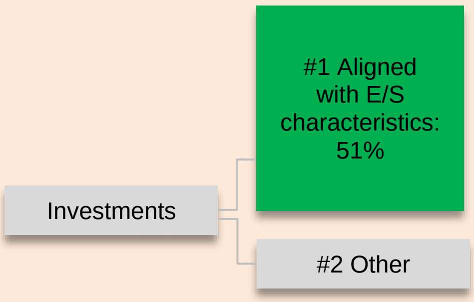
- ***What is the policy to assess good governance practices of the investee companies?***

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%.

**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.

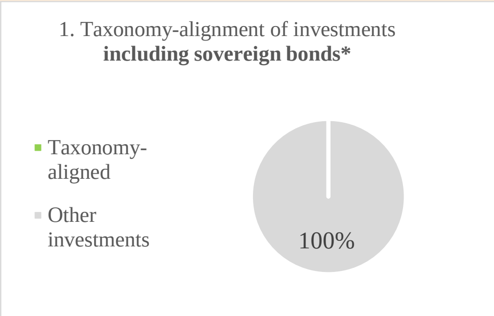
**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

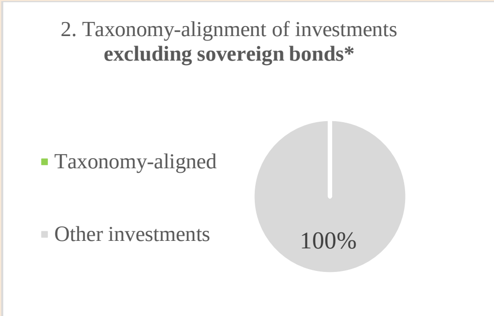
Not applicable.

**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*

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 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?**

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

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

**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.

**Product name:**

UBS (Lux) Bond SICAV - Global Dynamic (USD)

**Legal entity identifier:**

549300TWKUEFOMOSFB08

# 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 __% 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 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).

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.

- ***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.*

**Does this financial product consider principal adverse impacts on sustainability factors?**

☐ Yes

☒ No

**What investment strategy does this financial product follow?**

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

**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 assets invested in issuers with sustainability profiles in the top half of the UBS ESG Consensus score scale.

Characteristic 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. If the benchmark contains no sovereign bonds from issuers with "controversies", the sub-fund is not permitted to hold any issuers with "controversies".

The calculations do not take account of cash, derivatives and unrated investment instruments.

The binding element(s) are calculated at quarter end using the average of all business days' values in the quarter.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

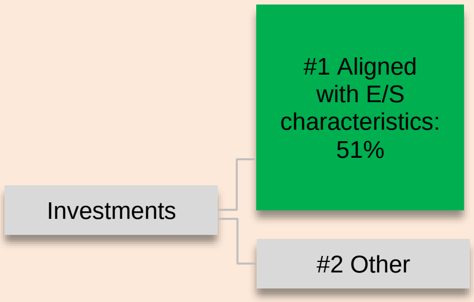
- ***What is the policy to assess good governance practices of the investee companies?***

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%.

**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.

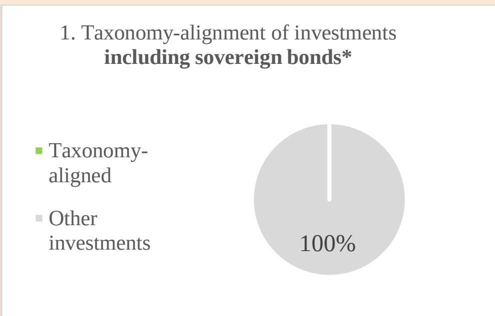
## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

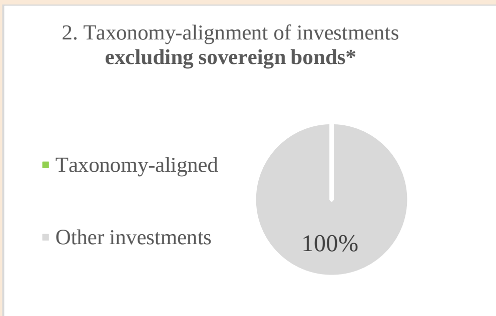
Not applicable.

**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*

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 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.

**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

**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.

**Product name:**

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

**Legal entity identifier:**

549300ABUHXUT50Z9P45

## 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 __% 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.

## What environmental and/or social characteristics are promoted by this financial product?

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

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).

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.

- ***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.*

**Does this financial product consider principal adverse impacts on sustainability factors?**

☐ Yes

☒ No

**What investment strategy does this financial product follow?**

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

**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 assets invested in issuers with sustainability profiles in the top half of the UBS ESG Consensus score scale.

Characteristic 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. If the benchmark contains no sovereign bonds from issuers with "controversies", the sub-fund is not permitted to hold any issuers with "controversies".

The calculations do not take account of cash, derivatives and unrated investment instruments.

The binding element(s) are calculated at quarter end using the average of all business days' values in the quarter.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

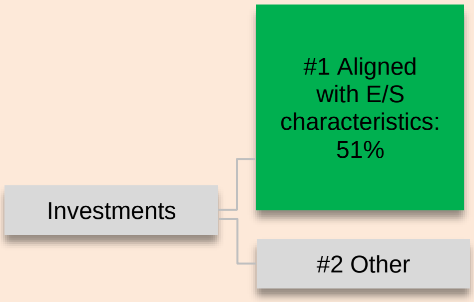
- ***What is the policy to assess good governance practices of the investee companies?***

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%.

**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.

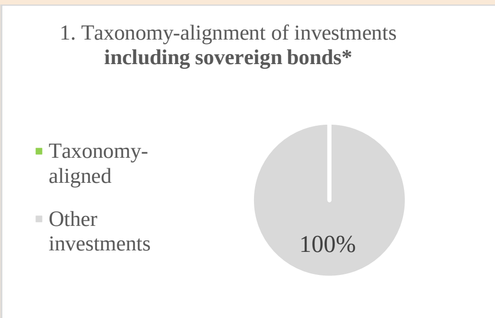
## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

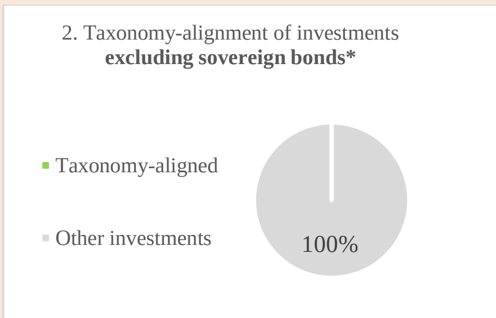
Not applicable.

**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*

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 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.

**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

**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.

**Product name:** UBS (Lux) Bond SICAV - Global SDG Corporates Sustainable (USD)

**Legal entity identifier:** 391200DD2LAPGC17ZD37

# 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.

**What environmental and/or social characteristics are promoted by this financial product?**

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

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.

**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.

- ***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..

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

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, 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.

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.

Companies violating the United Nations Global Compact (UNGC) principles, which do not demonstrate credible corrective action will be excluded from the investment universe.

☐ No

**What investment strategy does this financial product follow?**

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

**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 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.

**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:

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.

The calculations do not take account of cash, derivatives and unrated investment instruments.

The binding element(s) are calculated at quarter end using the average of all business days’ values in the quarter.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

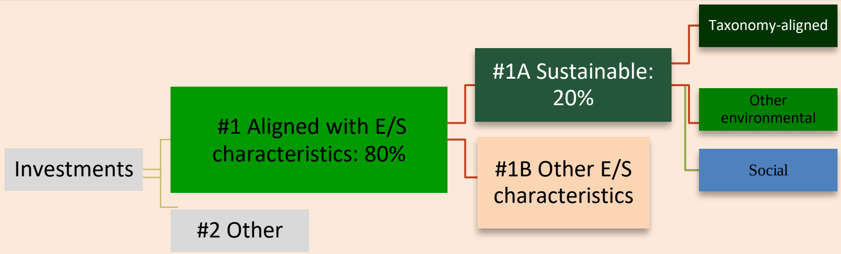
- ***What is the policy to assess good governance practices of the investee companies?***

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 80%. The minimum proportion of sustainable investments of the financial product is 20%.

**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.

- ***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.

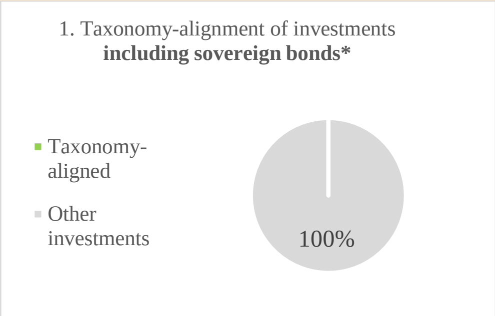
## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

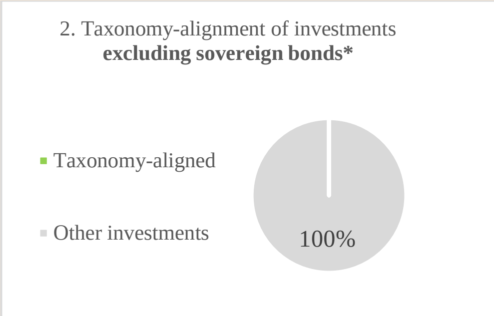
It has not been possible to collect data on the environmental objective(s) set out in Article 9 of the Taxonomy Regulation and on how and to what extent the investments underlying the financial product are in economic activities that qualify as environmentally sustainable under Article 3 of the Taxonomy Regulation ("Taxonomy Aligned Investments"). On that basis, the financial product has 0% Taxonomy Aligned Investments.

**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*

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 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 financial product invests in economic activities which are environmentally sustainable but not EU Taxonomy aligned, this is due to the absence of the required implementing legislation and in particular the absence of the necessary taxonomy-related data provided by the investee companies and of a well-defined calculation methodology. The financial product targets a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy greater than 0%.

**What is the minimum share of socially sustainable investments?**

The financial product targets a minimum share of socially sustainable investments greater than 0%.

**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

**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.

**Product name:**

UBS (Lux) Bond SICAV - Global Short Term Flexible (USD)

**Legal entity identifier:**

5493001GWYOZAX6OFV90

# 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 __% 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 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).

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.

- ***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.*

**Does this financial product consider principal adverse impacts on sustainability factors?**

☐ Yes

☒ No

**What investment strategy does this financial product follow?**

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

**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 assets invested in issuers with sustainability profiles in the top half of the UBS ESG Consensus score scale.

Characteristic 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. If the benchmark contains no sovereign bonds from issuers with "controversies", the sub-fund is not permitted to hold any issuers with "controversies".

The calculations do not take account of cash, derivatives and unrated investment instruments.

The binding element(s) are calculated at quarter end using the average of all business days' values in the quarter.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

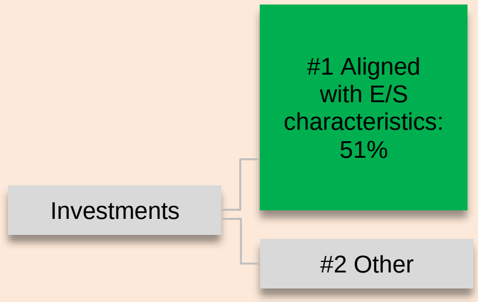
- ***What is the policy to assess good governance practices of the investee companies?***

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%.

**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.

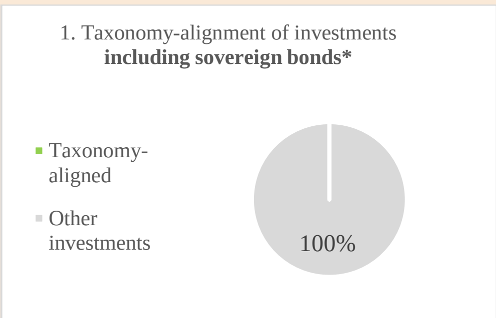
## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

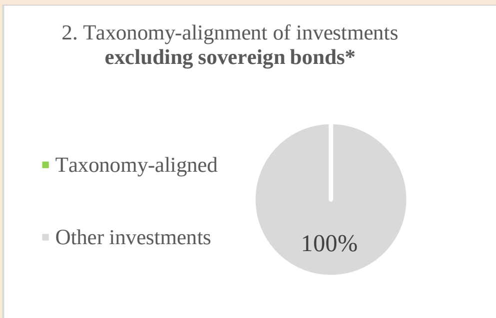
Not applicable.

**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*

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 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.

**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

**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.

**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 - Green Social Sustainable Bonds (EUR) | 549300QRLQHB53UP7O78 |

## 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 50% 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** |

**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.

**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.

- ***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.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

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, 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.

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.

Companies violating the United Nations Global Compact (UNGC) principles, which do not demonstrate credible corrective action will be excluded from the investment universe.

☐ No

**What investment strategy does this financial product follow?**

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

<u>**ESG Integration:**</u>

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 overall UBS ESG risk recommendation is between 1 and 3, which is considered to be an acceptable risk for Sustainability Focus funds.

**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:

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.

The calculations do not take account of cash, derivatives and unrated investment instruments.

The binding element(s) are calculated at quarter end using the average of all business days' values in the quarter.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

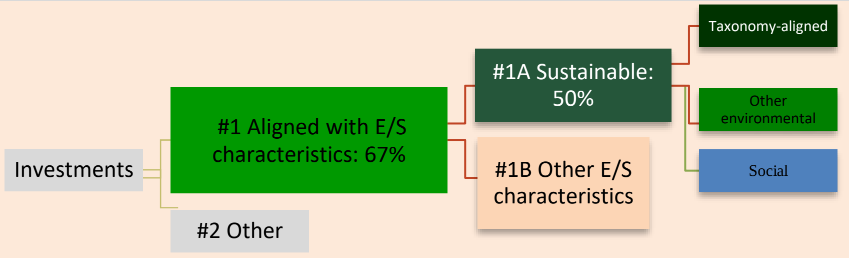
- ***What is the policy to assess good governance practices of the investee companies?***

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 67%. The minimum proportion of sustainable investments of the financial product is 50%.

**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.

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.

**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.

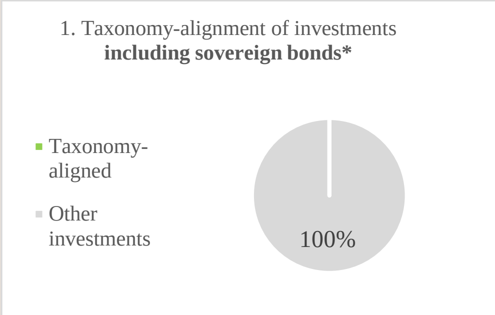
**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

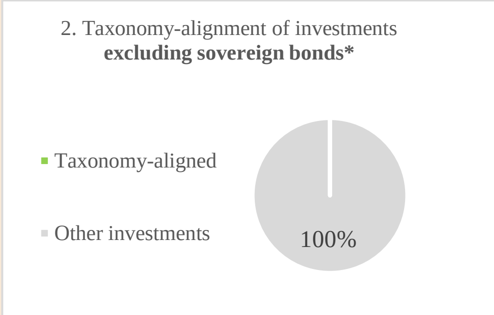
It has not been possible to collect data on the environmental objective(s) set out in Article 9 of the Taxonomy Regulation and on how and to what extent the investments underlying the financial product are in economic activities that qualify as environmentally sustainable under Article 3 of the Taxonomy Regulation ("Taxonomy Aligned Investments"). On that basis, the financial product has 0% Taxonomy Aligned Investments.

**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*

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 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 financial product invests in economic activities which are environmentally sustainable but not EU Taxonomy aligned, this is due to the absence of the required implementing legislation and in particular the absence of the necessary taxonomy-related data provided by the investee companies and of a well-defined calculation methodology. The financial product targets a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy greater than 0%.

**What is the minimum share of socially sustainable investments?**

The financial product targets a minimum share of socially sustainable investments greater than 0%.

**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.

**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?

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.

- ***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

**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.

**Product name:**

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

**Legal entity identifier:**

549300B9Y4PBRWQIEF74

# 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 10% 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 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).

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.

- ***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, 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.

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.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

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, 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, 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.

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.

Companies violating the United Nations Global Compact (UNGC) principles, which do not demonstrate credible corrective action will be excluded from the investment universe.

☐ No

## What investment strategy does this financial product follow?

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

**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:**

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).

**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 the benchmark's sustainability profile.

Characteristic 2):

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

A lower Scope 1 and 2 Weighted Average Carbon Intensity (WACI) than its benchmark.

The calculations do not take account of cash, derivatives and unrated investment instruments.

The binding element(s) are calculated at quarter end using the average of all business days' values in the quarter.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

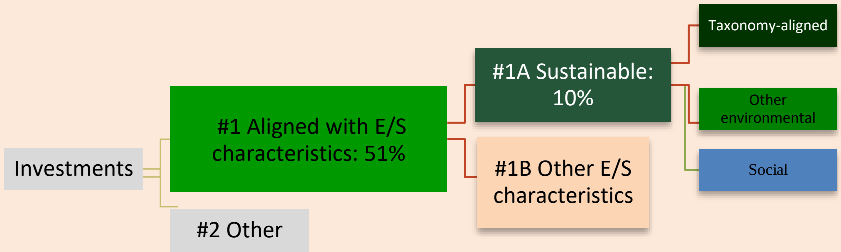
- ***What is the policy to assess good governance practices of the investee companies?***

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%. The minimum proportion of sustainable investments of the financial product is 10%.

**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.

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.

**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.

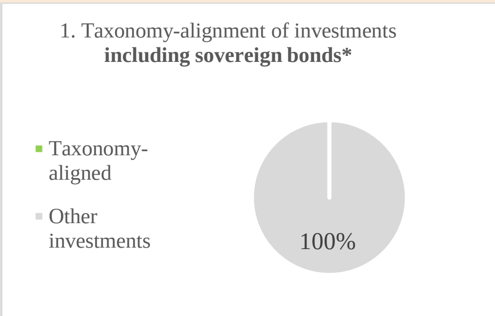
### To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

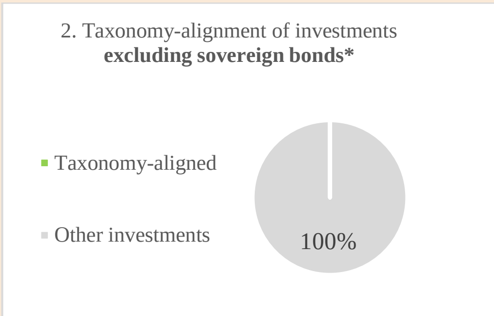
It has not been possible to collect data on the environmental objective(s) set out in Article 9 of the Taxonomy Regulation and on how and to what extent the investments underlying the financial product are in economic activities that qualify as environmentally sustainable under Article 3 of the Taxonomy Regulation ("Taxonomy Aligned Investments"). On that basis, the financial product has 0% Taxonomy Aligned Investments.

**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*

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 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 financial product invests in economic activities which are environmentally sustainable but not EU Taxonomy aligned, this is due to the absence of the required implementing legislation and in particular the absence of the necessary taxonomy-related data provided by the investee companies and of a well-defined calculation methodology. The financial product targets a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy greater than 0%.

**What is the minimum share of socially sustainable investments?**

The financial product targets a minimum share of socially sustainable investments greater than 0%.

**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?**

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

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

**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.

**Product name:** UBS (Lux) Bond SICAV - Short Term EUR Corporates Sustainable (EUR)

**Legal entity identifier:** 549300F3WN3OGRS1AJ03

## 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.

## 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.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

- ***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).

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.

- ***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, 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.

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.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

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, 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, 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.

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.

Companies violating the United Nations Global Compact (UNGC) principles, which do not demonstrate credible corrective action will be excluded from the investment universe.

☐ No

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

## 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:**

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.

**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 the benchmark's sustainability profile.

Characteristic 2):

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

A lower Scope 1 and 2 Weighted Average Carbon Intensity (WACI) than its benchmark.

The calculations do not take account of cash, derivatives and unrated investment instruments.

The binding element(s) are calculated at quarter end using the average of all business days' values in the quarter.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

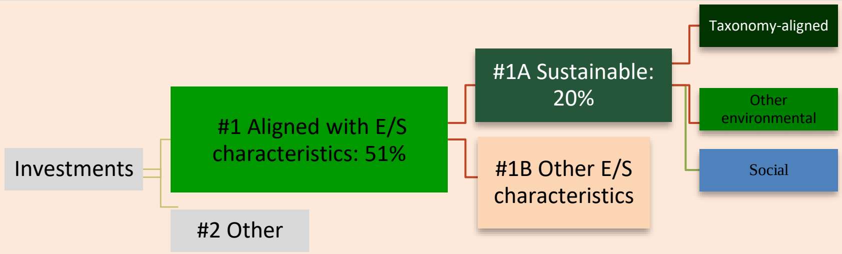
- ***What is the policy to assess good governance practices of the investee companies?***

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%. The minimum proportion of sustainable investments of the financial product is 20%.

**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.

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.

**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.

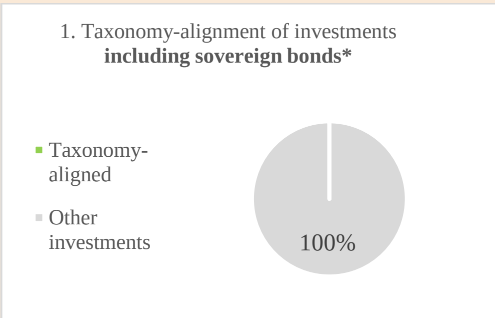
**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

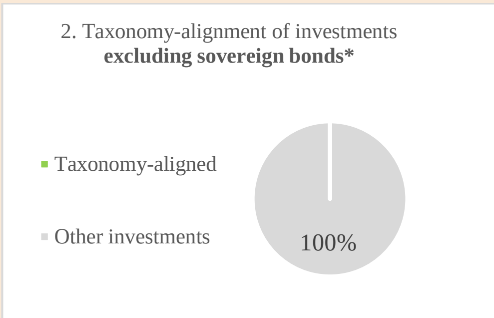
It has not been possible to collect data on the environmental objective(s) set out in Article 9 of the Taxonomy Regulation and on how and to what extent the investments underlying the financial product are in economic activities that qualify as environmentally sustainable under Article 3 of the Taxonomy Regulation ("Taxonomy Aligned Investments"). On that basis, the financial product has 0% Taxonomy Aligned Investments.

**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*

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 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 financial product invests in economic activities which are environmentally sustainable but not EU Taxonomy aligned, this is due to the absence of the required implementing legislation and in particular the absence of the necessary taxonomy-related data provided by the investee companies and of a well-defined calculation methodology. The financial product targets a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy greater than 0%.

**What is the minimum share of socially sustainable investments?**

The financial product targets a minimum share of socially sustainable investments greater than 0%.

**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.

**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

**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.

**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 - Short Term USD Corporates Sustainable (USD) | 549300JC0NCH4DVR5250 |

# 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 10% 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** |

**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).

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.

- ***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, 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.

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.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

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, 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, 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.

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.

Companies violating the United Nations Global Compact (UNGC) principles, which do not demonstrate credible corrective action will be excluded from the investment universe.

☐ 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.

**Fund specific exclusions:**

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.

**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:

Characteristic 1):

A sustainability profile that is higher than the benchmark's sustainability profile.

Characteristic 2):

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

A lower Scope 1 and 2 Weighted Average Carbon Intensity (WACI) than its benchmark.

The calculations do not take account of cash, derivatives and unrated investment instruments.

The binding element(s) are calculated at quarter end using the average of all business days' values in the quarter.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

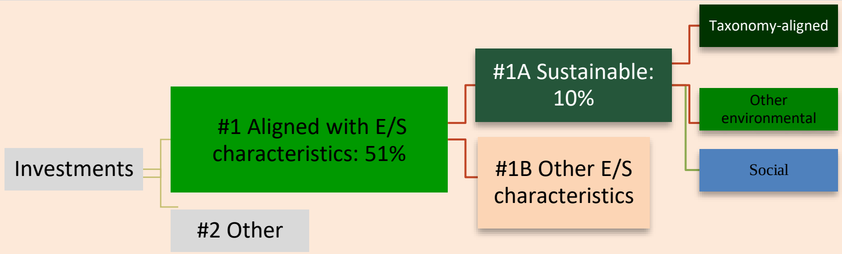
- ***What is the policy to assess good governance practices of the investee companies?***

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%. The minimum proportion of sustainable investments of the financial product is 10%.

**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.

- ***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.

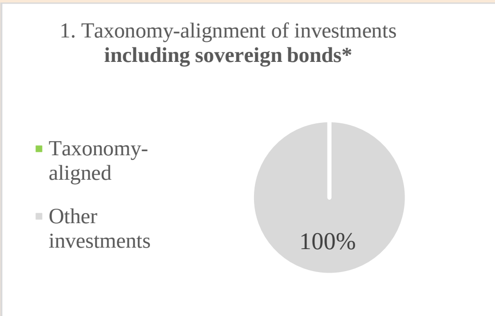
## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

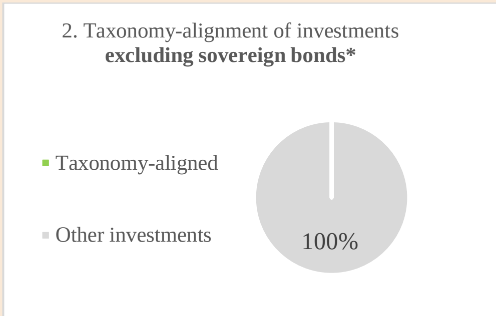
It has not been possible to collect data on the environmental objective(s) set out in Article 9 of the Taxonomy Regulation and on how and to what extent the investments underlying the financial product are in economic activities that qualify as environmentally sustainable under Article 3 of the Taxonomy Regulation ("Taxonomy Aligned Investments"). On that basis, the financial product has 0% Taxonomy Aligned Investments.

**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*

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 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 financial product invests in economic activities which are environmentally sustainable but not EU Taxonomy aligned, this is due to the absence of the required implementing legislation and in particular the absence of the necessary taxonomy-related data provided by the investee companies and of a well-defined calculation methodology. The financial product targets a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy greater than 0%.

**What is the minimum share of socially sustainable investments?**

The financial product targets a minimum share of socially sustainable investments greater than 0%.

**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?**

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

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

**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.

**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

# 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 __% 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:

• 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).

- ***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.

- ***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.*

**Does this financial product consider principal adverse impacts on sustainability factors?**

☐ Yes

☒ No

**What investment strategy does this financial product follow?**

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

**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:

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 binding element(s) are calculated at quarter end using the average of all business days' values in the quarter.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

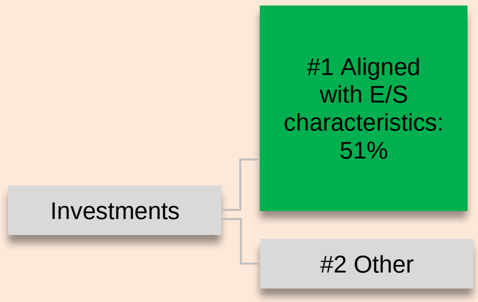
- ***What is the policy to assess good governance practices of the investee companies?***

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%.

**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.

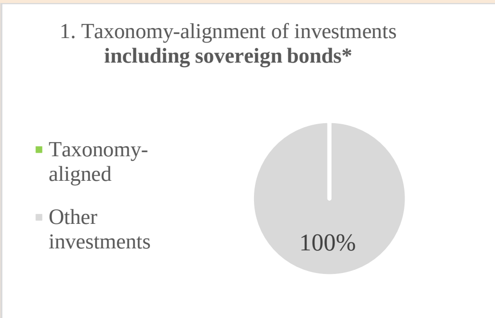
**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

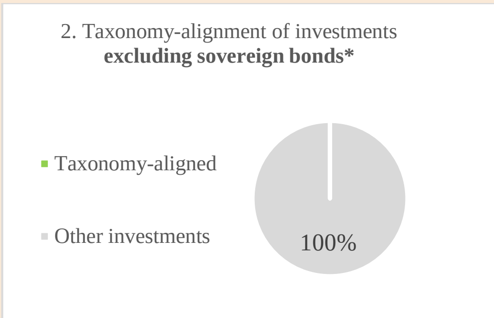
Not applicable.

**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*

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 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.

**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

**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.

**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 |

# 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 10% 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 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).

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?***

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.

**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 exclusions include thermal coal mining and thermal coal-based energy production & 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.

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.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

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, 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, 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.

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Companies violating the United Nations Global Compact (UNGC) principles, which do not demonstrate credible corrective action will be excluded from the investment universe.

☐ No

## What investment strategy does this financial product follow?

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

**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:**

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.

**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?***

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

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 the benchmark's sustainability profile.

Characteristic 2):

A lower Scope 1 and 2 Weighted Average Carbon Intensity (WACI) than its benchmark.

The calculations do not take account of cash, derivatives and unrated investment instruments.

The binding element(s) are calculated at quarter end using the average of all business days' values in the quarter.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

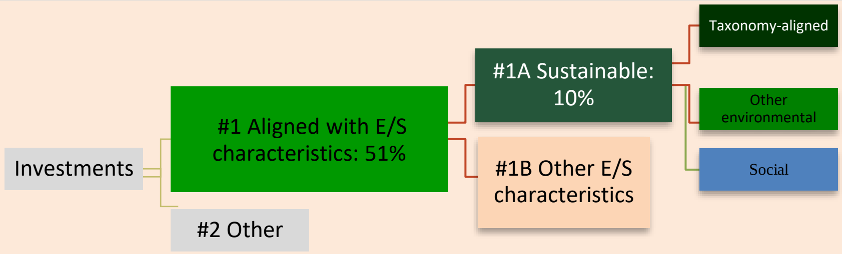
- ***What is the policy to assess good governance practices of the investee companies?***

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%. The minimum proportion of sustainable investments of the financial product is 10%.

**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.

- ***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.

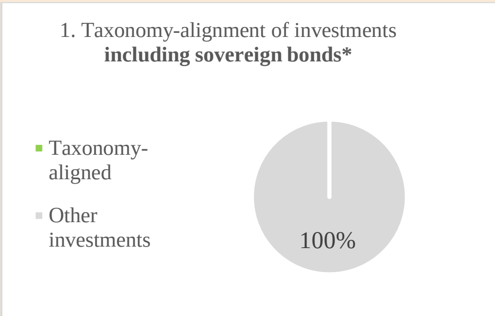
**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

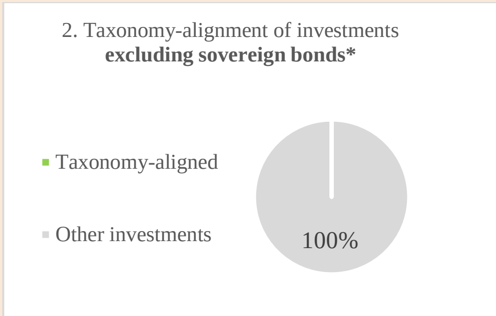
It has not been possible to collect data on the environmental objective(s) set out in Article 9 of the Taxonomy Regulation and on how and to what extent the investments underlying the financial product are in economic activities that qualify as environmentally sustainable under Article 3 of the Taxonomy Regulation ("Taxonomy Aligned Investments"). On that basis, the financial product has 0% Taxonomy Aligned Investments.

**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*

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 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 financial product invests in economic activities which are environmentally sustainable but not EU Taxonomy aligned, this is due to the absence of the required implementing legislation and in particular the absence of the necessary taxonomy-related data provided by the investee companies and of a well-defined calculation methodology. The financial product targets a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy greater than 0%.

**What is the minimum share of socially sustainable investments?**

The financial product targets a minimum share of socially sustainable investments greater than 0%.

**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.

**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

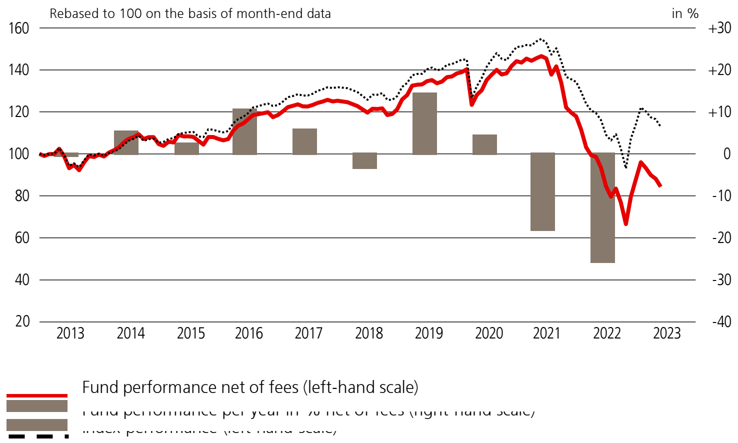
# UBS Bond Asian High Yield

## Performance Review

UBS (Lux) Bond SICAV - Asian High Yield (USD) P-acc

**Global markets retreated in May amid concerns over the potential for further Fed tightening and slower growth in China. The JP Morgan Asia Credit Index was down in May, with weakness driven predominantly by the sub-investment grade real estate sub-sector.**

### Performance (basis USD, net of fees)[1]




**Past performance is not a reliable indicator of future results.**

### Performance in % (net of fees)[1]

| in % | 1 year | 3 years | 5 years | Ø p.a. 3 years | Ø p.a. 5 years |
|---|---|---|---|---|---|
| Fund (USD) | -9.74 | -35.28 | -30.42 | -13.50 | -7.00 |
| Ref. Index[2] | -2.80 | -17.14 | -11.70 | -6.07 | -2.46 |

The performance shown does not take account of any commissions, entry or exit charges.

1 These figures refer to the past. **If the currency of a financial product, financial service or its costs is different from your reference currency, the return and/or costs can increase or decrease as a result of currency fluctuations.** Source for all data and chart (if not indicated otherwise): UBS Asset Management.
2 Reference Index in currency of share class (without costs)

### Monthly performance

In May the fund performed negatively with 4.3%. Fund returns were negative in May given continued weak sentiment in the Chinese property sector. The month also saw idiosyncratic events impacting certain property companies such as Sino-Ocean, Dalian Wanda and KWG.

### YTD performance

YTD as of the end of May, the fund has delivered a negative performance of 3.9%. Returns on the fund have now turned negative for the year. The Chinese property sector has weakened since mid-February, driven initially by profit-taking, followed by risk-off sentiment due to the US banking crisis and several credit events.

### Performance contributors

Issue selection in diversified sectors and sovereigns generated a positive relative performance.

### Performance detractors

Issue selection in real estate and consumer staples detracted from returns.

**For more information**
**Phone: +352-45-12 11**
Internet: www.ubs.com/luxembourgfunds
Contact your client advisor

**Portfolio management representatives**
Raymond Gui
Smit Rastogi
Lewis Teo

# UBS Bond Asian High Yield

### Market exposure (%)

| | Fund |
|---|---|
| China | 21.9 |
| India | 14.9 |
| Hong Kong | 13.4 |
| Macau | 10.1 |
| Philippines | 5.0 |
| Republic of Korea | 4.6 |
| Thailand | 3.6 |
| Indonesia | 3.6 |
| Sri Lanka | 2.9 |
| Pakistan | 2.5 |
| Others | 17.4 |

### Sector exposure (%)

| | Fund |
|---|---|
| Financial | 22.9 |
| Real estate | 16.5 |
| Consumer Services | 14.4 |
| Sovereigns | 9.3 |
| Utilities | 8.8 |
| Quasi-Sovereign | 4.3 |
| Mining & Metal | 3.9 |
| Tmt | 3.6 |
| Diversified | 3.1 |
| Others | 13.4 |

### 10 largest positions (%)

| | Fund |
|---|---|
| Ind & Comm Bk Of China | 3.63 |
| Greenko Dutch Bv | 2.38 |
| Nwd Finance (Bvi) Ltd | 1.76 |
| Mgm China Holdings Ltd | 1.65 |
| Islamic Rep Of Pakistan | 1.54 |
| Republic Of Sri Lanka | 1.49 |
| Melco Resorts Finance | 1.43 |
| Wynn Macau Ltd | 1.42 |
| Sands China Ltd | 1.41 |
| 10 Renew Power Subsidiar | 1.32 |

### Current investment strategy

With the recently announced and expected policy stance changes from the Chinese government, we could conceivably see continued momentum in the recovery of the Asian credit market. Nonetheless, volatility is expected due to the fact that there has been a sharp rally recently and the road to full reopening will be bumpy.

### Risks

Depending on the credit quality, the default risk is higher in the case of high yield bonds than with investment grade corporate and government bonds. Changes in interest and exchange rates have an effect on the value of the portfolio. This requires corresponding risk tolerance and capacity. All investments are subject to market fluctuations. Every fund has specific risks, which can significantly increase under unusual market conditions.





755067/755047

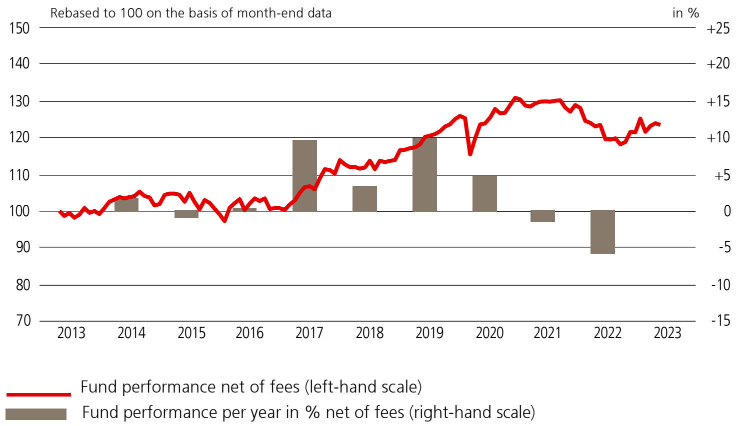
**For marketing purposes**
Data as at end-May 2023
ISIN: LU0891671751

# UBS Global Dynamic

## Performance Review

UBS (Lux) Bond SICAV - Global Dynamic (USD) P-acc

### Performance (basis USD, net of fees)[1]




**Past performance is not a reliable indicator of future results.**

### Performance in % (net of fees)[1]

| in % | 2019 | 2020 | 2021 | 2022 | 2023 YTD[2] | May 2023 | 5 years | Ø p.a. 5 years |
|---|---|---|---|---|---|---|---|---|
| Fund (USD) | 9.80 | 4.66 | -1.49 | -5.77 | 1.65 | -0.37 | 10.69 | 2.05 |

The performance shown does not take account of any commissions, entry or exit charges.

1 These figures refer to the past. **If the currency of a financial product, financial service or its costs is different from your reference currency, the return and/or costs can increase or decrease as a result of currency fluctuations**. Source for all data and chart (if not indicated otherwise): UBS Asset Management.
2 YTD: year-to-date (since beginning of the year)

### Flexible duration management helping to navigate rising yields

**Monthly performance**
In May the fund performed negatively with 0.4%. Markets were driven by sticky inflation and better-than-expected activity indicators prompting receding recession risk. At the end of the month the yield on the 10-year US Treasury stood higher, at 3.65%.

**YTD performance**
YTD as of the end of May, the fund has delivered a positive performance of 1.6%. Returns have been driven by government bond yield volatility, but have generally been lower than at the start of the year. Despite narrowing in January, credit spreads have widened for the rest of the period.

**Performance contributors**
The strategy's negative duration in Canada, Australia and Poland contributed to performance as yields rose, while positive duration in Brazil, where yields fell, was also a contributor.

**Performance detractors**
Detractors included our positive duration positions in South Africa, Mexico, New Zealand and the US as government bond yields rose. Exposure to China and Asian high yield also continued to underperform.

**For more information**
**UBS Fund Infoline: 0800 899 899**
Internet: www.ubs.com/funds
Contact your client advisor

**Portfolio management representatives**
Kevin Ziyi Zhao
Jerry Jones
Alexander Wise

# UBS Global Dynamic

### Credit quality (%)

| | Fund |
|---|---|
| AAA | 44.3 |
| AA | 14.7 |
| A | 9.0 |
| BBB | 16.6 |
| BB | 5.9 |
| B | 2.0 |
| CCC&lower | 0.7 |
| NR | 6.9 |

### Investment instrument exposure (%)

| | Fund |
|---|---|
| Treasury | 55.9 |
| Emerging Markets Debts | 11.8 |
| Corporates | 10.3 |
| CMBS / MBS | 9.7 |
| Cash & Equivalents | 6.6 |
| High Yield Bonds | 3.7 |
| Government Bonds | 2.0 |
| Interest Rate Derivatives | 0.0 |

### Currency over-and underweights

| | Fund |
|---|---|
| AUD | 8.0 |
| NOK | 5.7 |
| INR | 1.9 |
| BRL | 1.9 |
| MYR | 1.3 |
| DIV | -1.6 |
| EUR | -1.8 |
| SGD | -3.0 |
| GBP | -3.0 |
| NZD | -3.8 |
| USD | -5.6 |

### Current investment strategy

We continue looking to increase duration on bond sell-offs after tactically taking profits in March. We are positioning the strategy for potential bond market rallies once central banks approach the end of their policy tightening cycles. We own diversified and reduced exposure to credit and selected emerging market sovereign bonds.

### Risks

The fund may employ higher-risk strategies within fixed income and currency markets, and may take both long and short positions utilizing derivatives. This may result in additional risks, particularly counterparty risk. Depending on the credit quality, default risk is higher with corporate bonds than with government bonds and higher with high-yield or emerging market bonds than with investment grade corporate and government bonds. Changes in interest rates, credit spreads and exchange rates may have an impact on the fund's value. Emerging markets are at an early stage of development, which may involve a high level of price volatility and other specific risks (transparency, regulatory hurdles, corporate governance, political and social challenges) and liquidity may be limited. Increased portfolio flexibility may increase the risk of PM decisions adversely impacting performance. All investments are subject to fluctuations. Every fund has specific risks, which can significantly increase under unusual market conditions. The above does require that investors have a corresponding risk tolerance and capacity.





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For Professional / Institutional / Accredited investors only
Not for Retail distribution

Aligned with
Article 8
of the EU SFDR

# Tapping into growth

## UBS Bond Asian Investment Grade Sustainable (USD)

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March 2023

# Table of contents



UBS

Section 1

# The case for Asian credit

# Why Asian Investment Grade Credit

## Executive summary

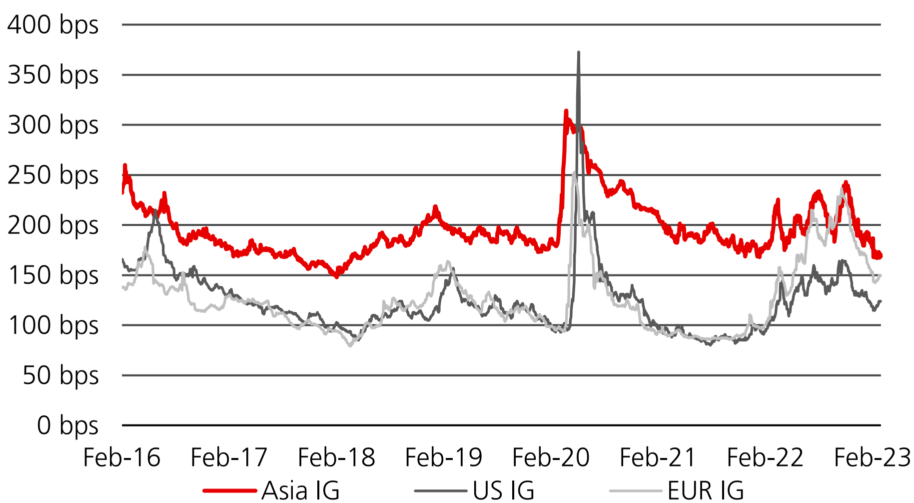
| | |
|---|---|
| Market opportunity | • Asia stands out as the world's growth region<br>• Asian credit fundamentals have overall improved in recent years<br>• Supportive technicals driven by broad-based demand for Asian credits from a wide range of investors<br>• Asian credit benefits from the China re-opening theme |
| Portfolio benefits | • Asian bonds offer greater return potential with higher yields relative to global credits, coupled with shorter duration which means less interest rate sensitivity<br>• Asian credit offers diversification benefits to traditional developed market fixed income fund allocations |
| UBS Asian Investment Grade Sustainable strengths | • UBS Bond Asian Investment Grade Sustainable has delivered strong returns relative to both peers and the benchmark index The actively-managed strategy dynamically manages credit, country and duration exposures<br>• Aligned with Article 8 of the EU SFDR, leveraging unique market insights from UBS-AM's robust in-house Sustainability team |

UBS

# Credit spreads and yields

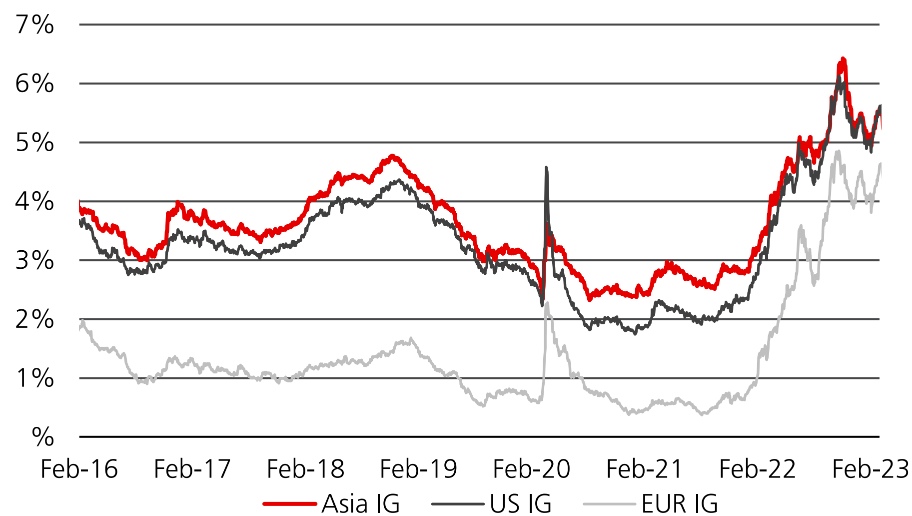
## Credit spreads still wider than developed market credit

**Investment grade credit market: Spreads**




| Spread | Asia IG | US IG | EUR IG |
|---|---|---|---|
| Latest | 169 | 124 | 150 |
| MTD Change | -15 | +5 | -3 |
| YTD Change | -11 | -6 | -20 |
| All-time wides | 314 | 373 | 318 |
| All-time tights | 148 | 80 | 79 |
| Current percentile | 6% | 48% | 75% |

**Investment grade credit market: Yields**



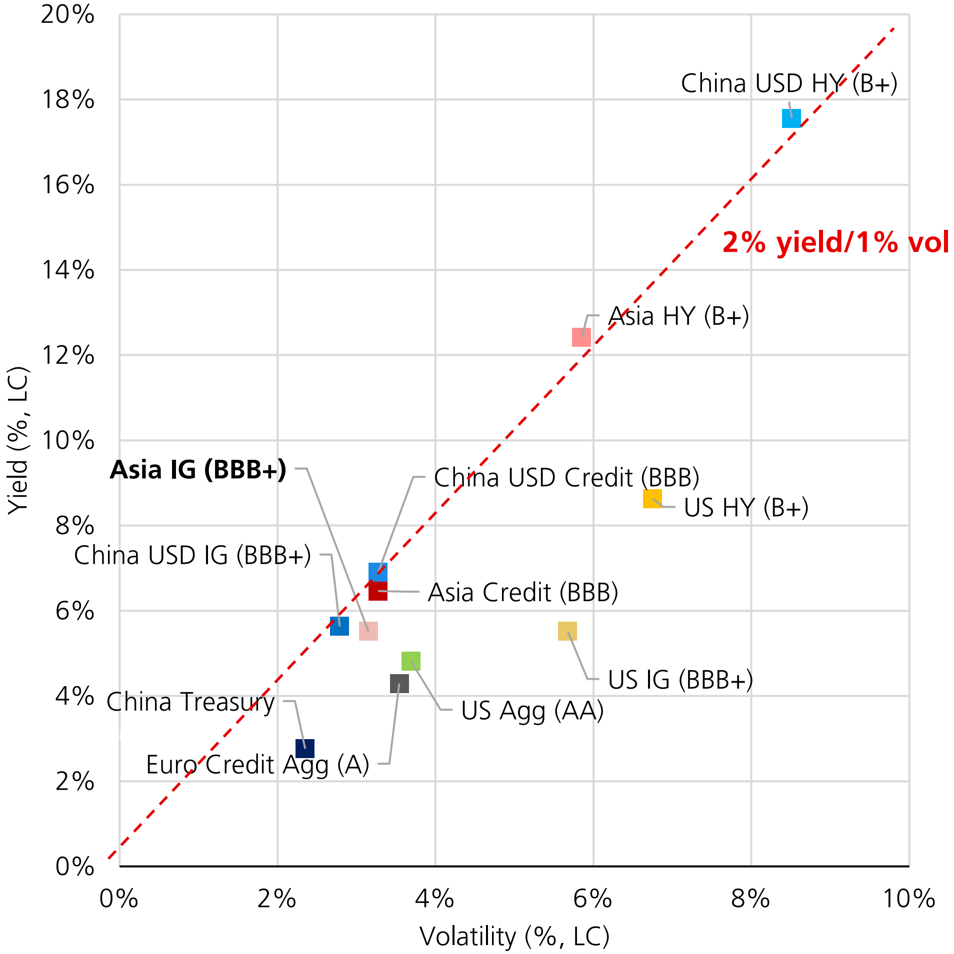

| Yield | Asia IG | US IG | EUR IG |
|---|---|---|---|
| Latest | 5.51% | 5.51% | 4.53% |
| MTD Change | 0.37% | 0.55% | 0.42% |
| YTD Change | 0.02% | 0.09% | 0.02% |

For information purposes only.
Source: Bloomberg Finance L.P., J.P. Morgan. As of end February 2023

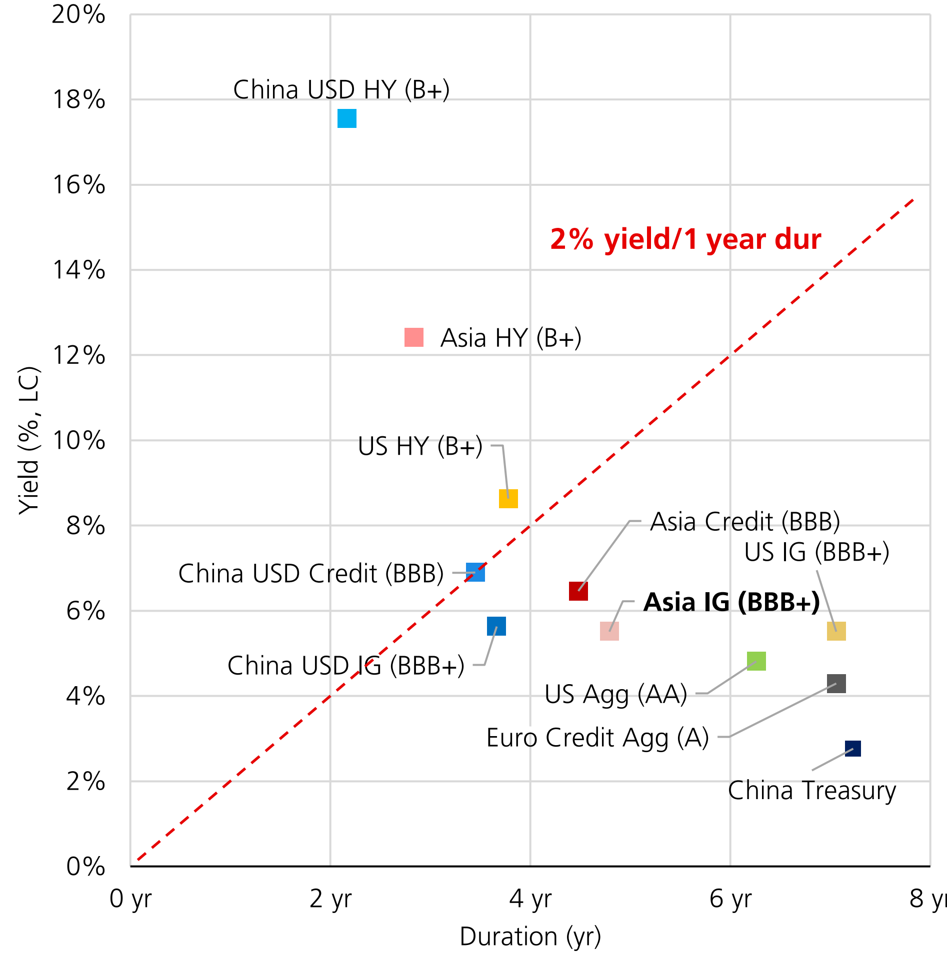
# Asia Investment Grade's compelling risk-return profile

## Asia Investment Grade has attractive yields with measured volatility and duration risk

**Yield / Volatility**




**Yield / Duration**




For information purposes only.
Source: Bloomberg Finance L.P., J.P. Morgan, weekly-volatility 10 years. As of end February 2023

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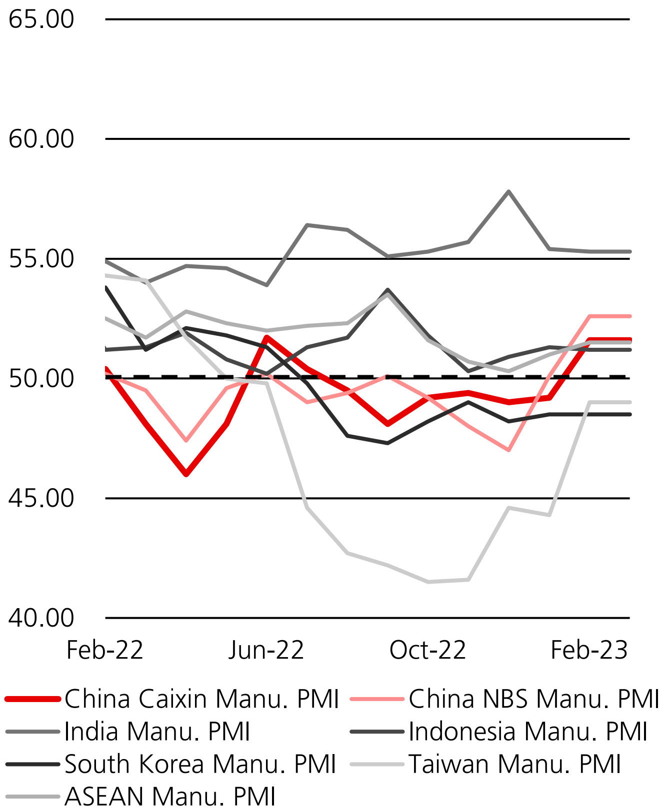
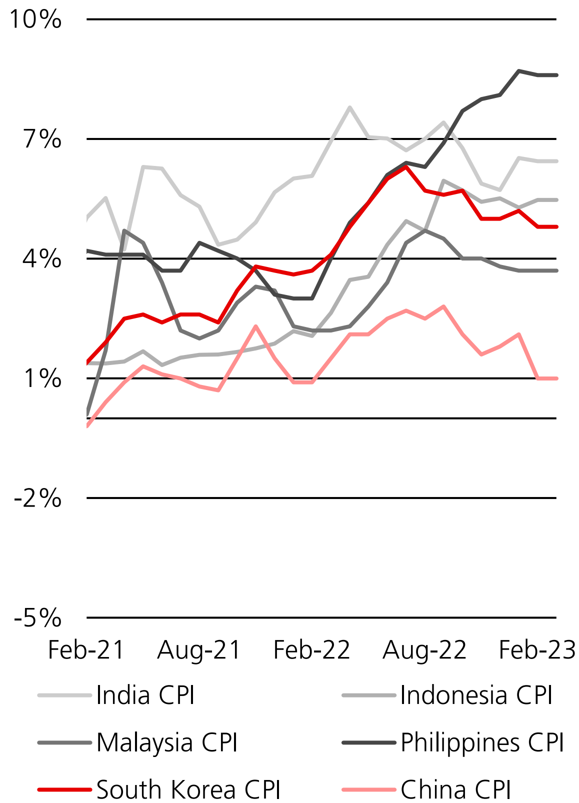
# Asia's macro-economic environment

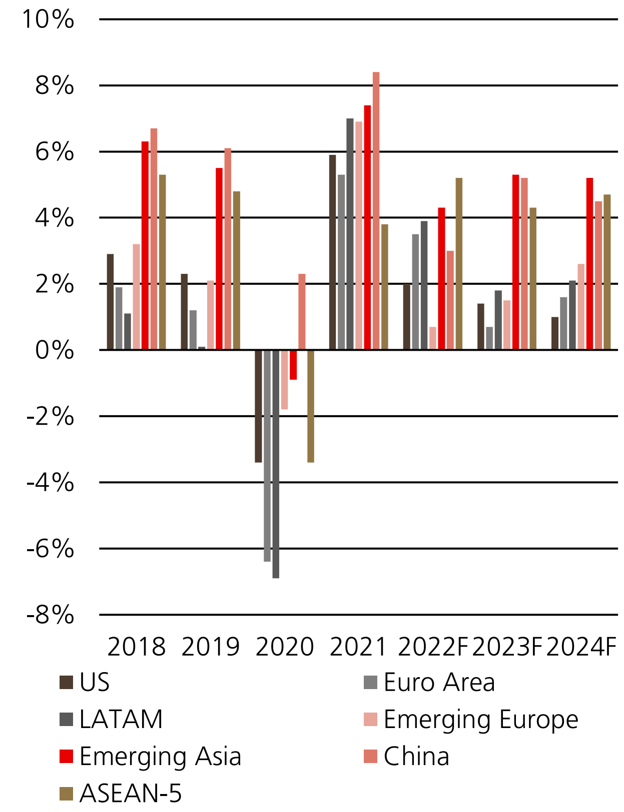
**Manufacturing PMIs mostly in expansionary region**




**Headline CPI still manageable**




**GDP Growth Forecast**




Source: IMF World Economic Outlook (WEO) data as of end January 2023. Bloomberg Finance L.P., data as of end February 2023.

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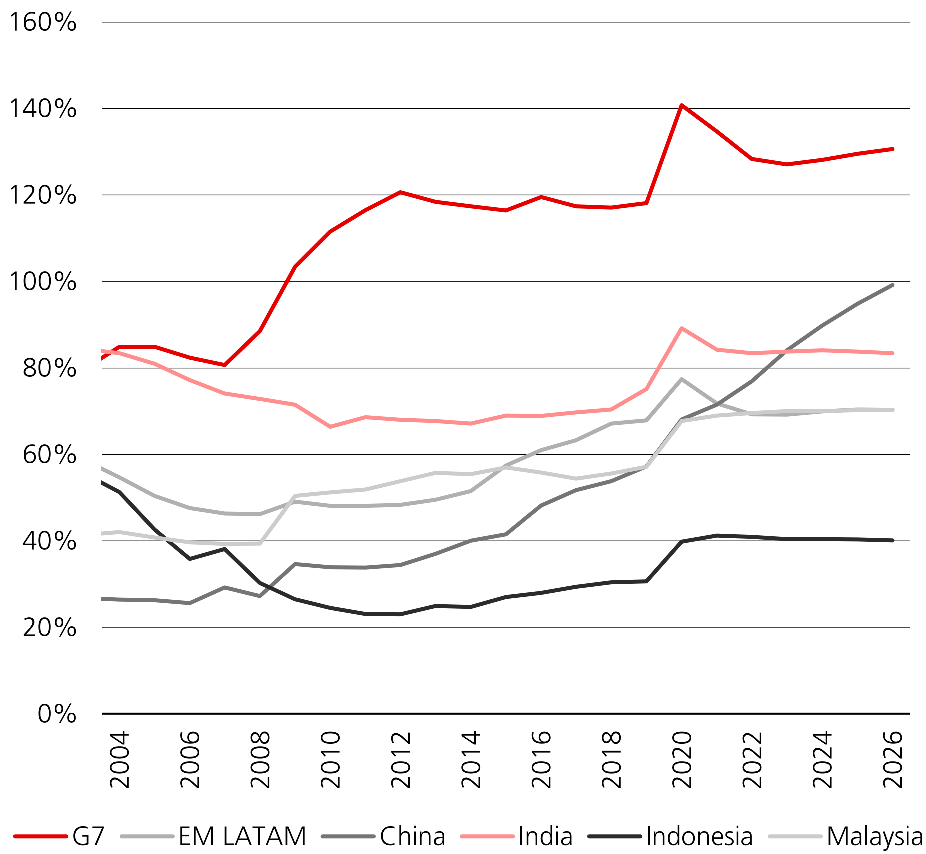
# Asia sovereigns with robust fundamentals

## Asia sovereigns exhibit more moderate debt-to-GDP levels compared to developed market aggregate

**General government gross debt / GDP (%)**




Source: IMF. As of end February 2023

**Robust credit ratings across the region**

| | S&P | | Moody's | |
|---|---|---|---|---|
| | 2015 | 2022 | 2015 | 2022 |
| China | AA- | A+ | Aa3 | A1 |
| India | BBB- | BBB- | Baa3 | Baa3 |
| Indonesia | BB+ | BBB | Baa3 | Baa2 |
| Malaysia | A- | A- | A3 | A3 |
| South Korea | AA- | AA | Aa2 | Aa2 |
| Singapore | AAA | AAA | Aaa | Aaa |
| Hong Kong | AAA | AA+ | Aa1 | Aa3 |
| Philippines | BBB | BBB+ | Baa2 | Baa2 |
| Taiwan | AA- | AA+ | Aa3 | Aa3 |
| Thailand | BBB+ | BBB+ | Baa1 | Baa1 |

Rating upgrade in comparison period

Rating downgrade in comparison period

Source: Bloomberg Finance L.P. As of end February 2023

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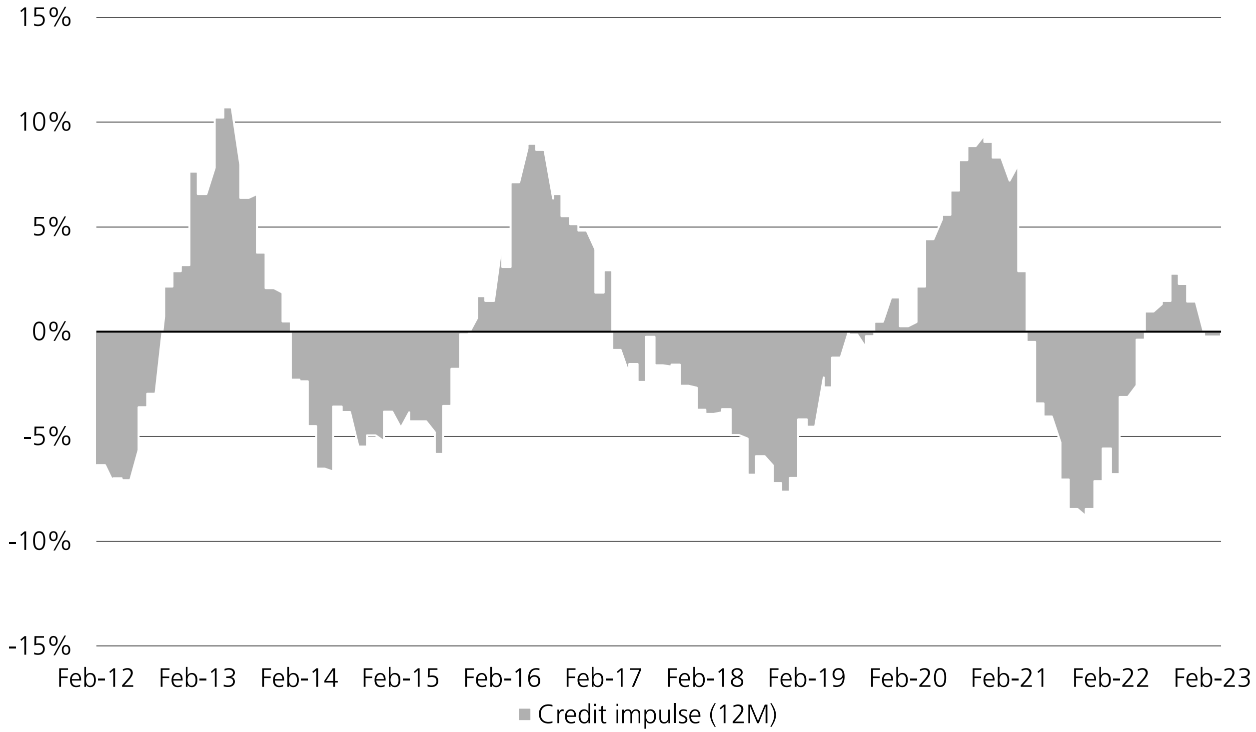
# China credit impulse as forward-looking indicator

**Bloomberg China Credit Impulse**
(yoy % change)




**Credit impulse**

- Measures change in new credit issued as a percentage of GDP
- China's credit impulse signals economic and investment activity inflection points
- China's policy approach contrasted with those of other developed economies in the past 12 months

Source: Bloomberg Finance L.P. As of end February 2023

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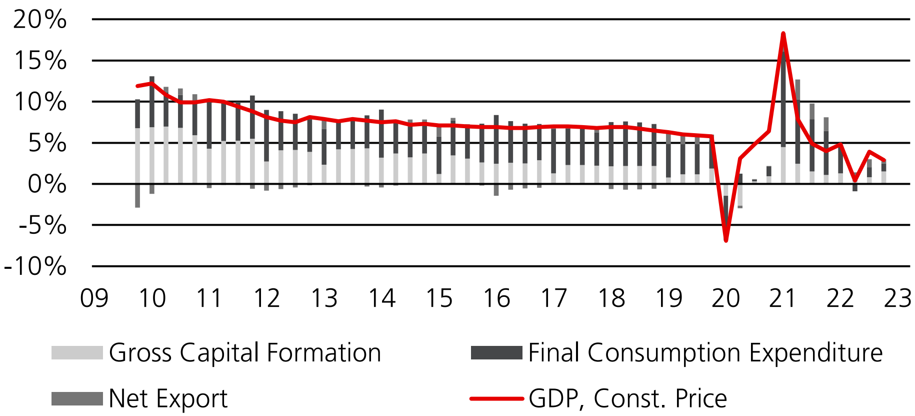
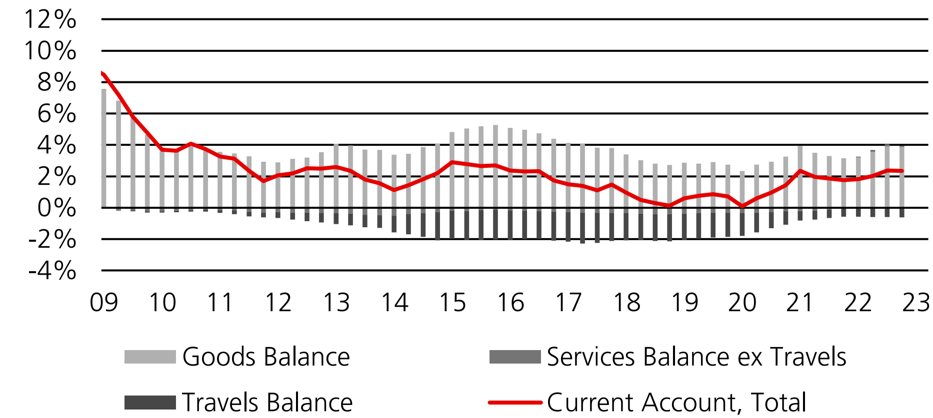
# China – macro indicators (1)

### China GDP and Component Growth

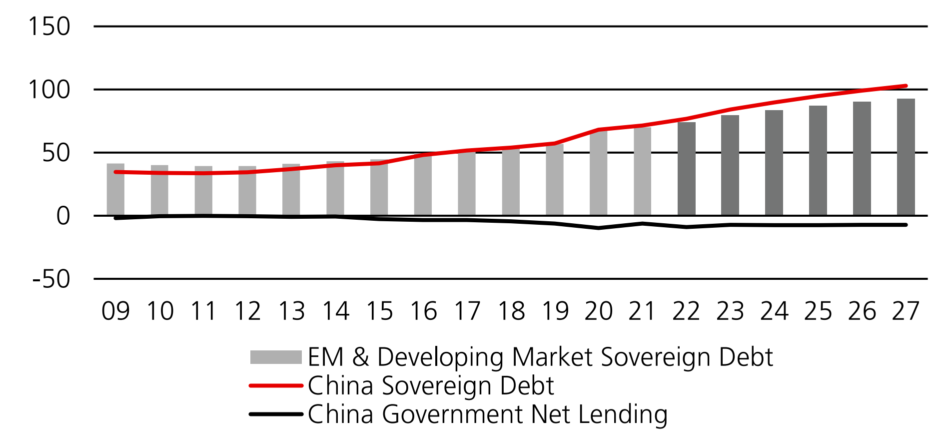



### China Current Account (% of GDP)




### China PMI and Industrial Production


### China and EM Sovereign Debt (% of GDP)




Source: Macrobond, UBS Asset Management. Data as of February 2023, where available.

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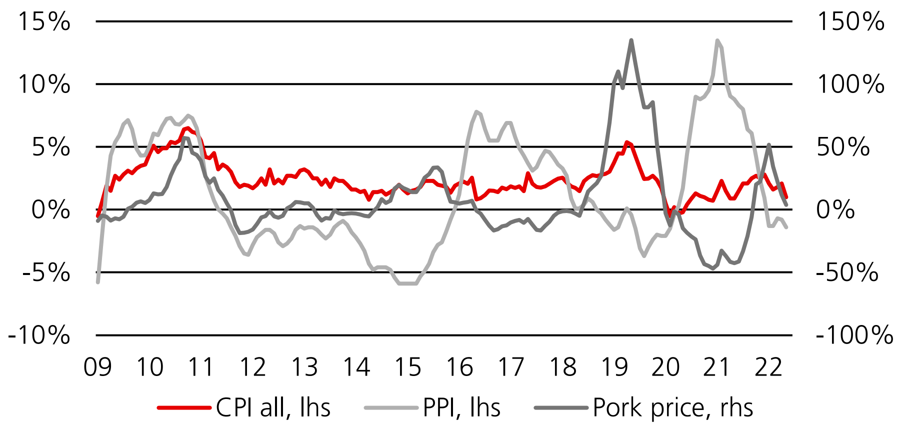
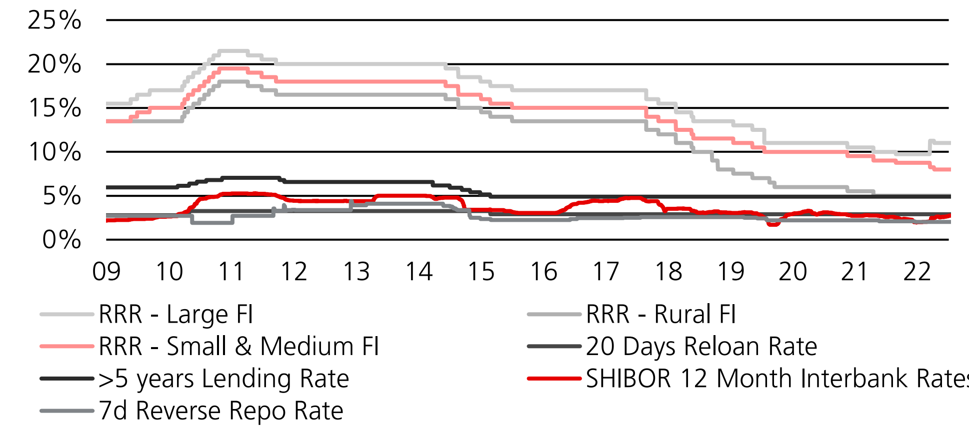
# China – macro indicators (2)

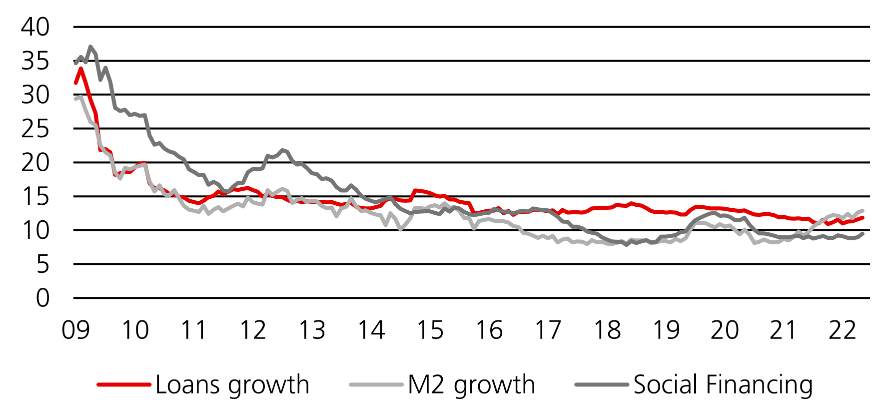
**China Inflation (YoY)**



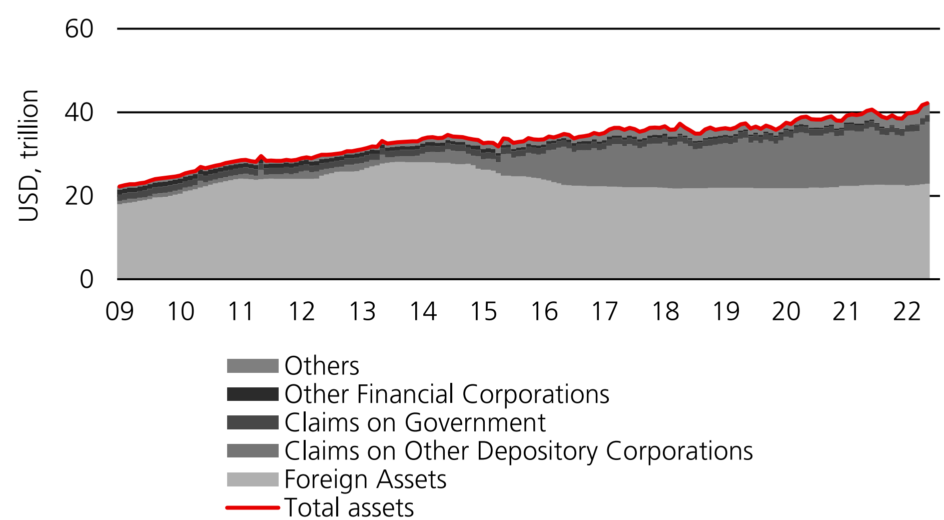

**China Monetary Policy**




**China Credit Growth (YoY)**




**PBOC Balance Sheet**




Source: Macrobond, UBS Asset Management. Data as of February 2023, where available.

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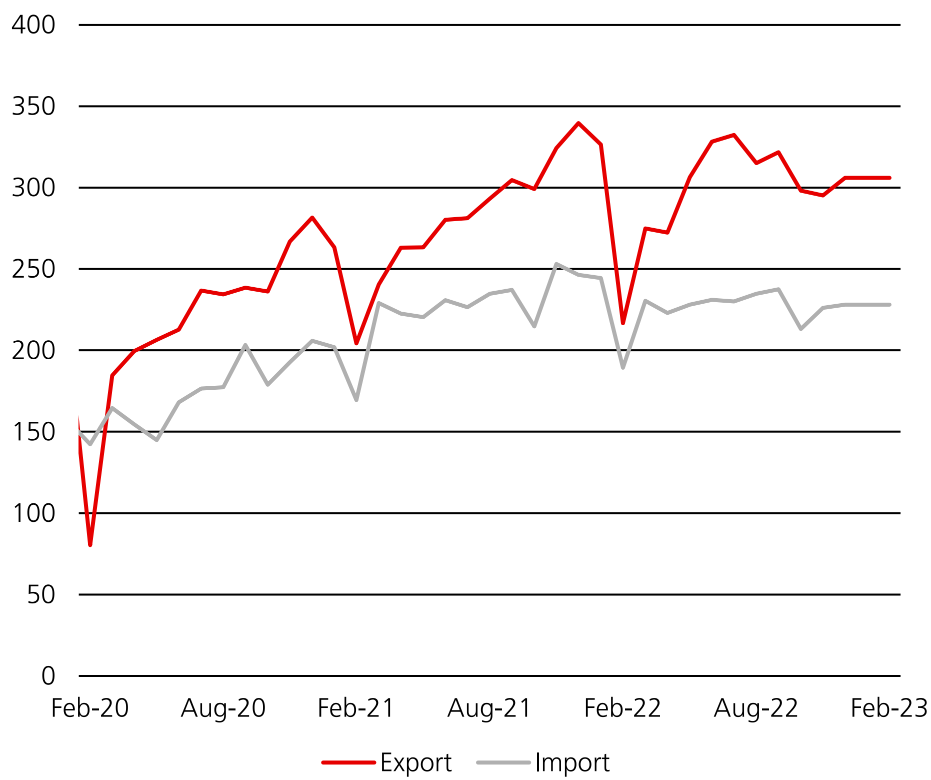
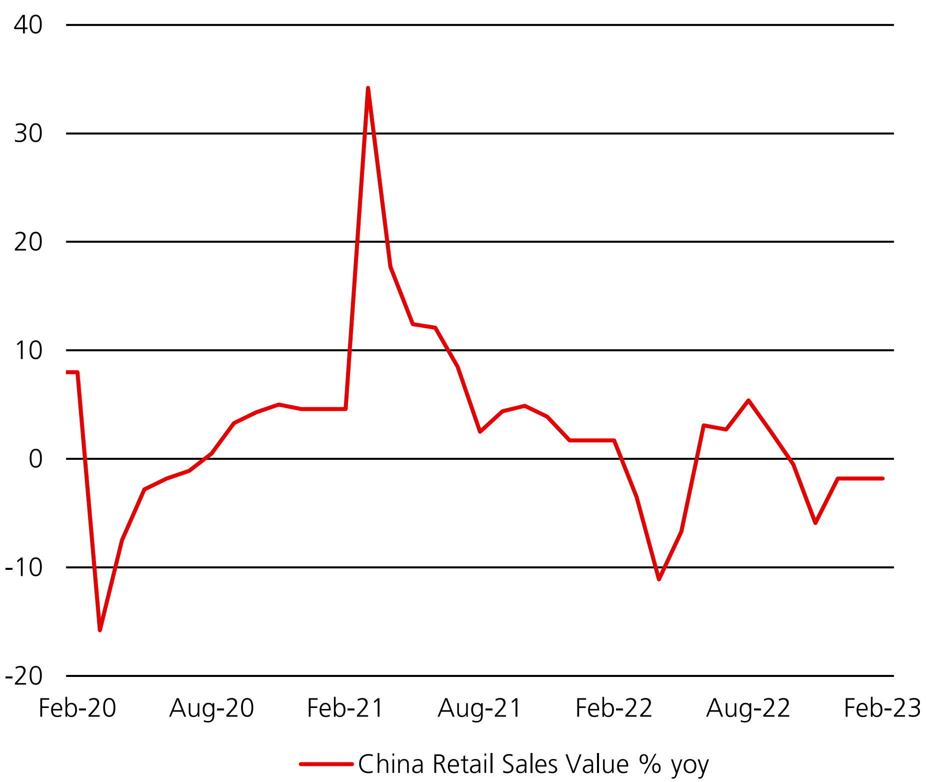
# China trade and consumer data

**Merchandise exports and imports** (USD bn, nsa, 3mma)




**Retail sales growth** (%yoy, 3mma)




Source: Bloomberg Finance L.P. As of end February 2023

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Section 2

# Team

# Experienced Emerging Market and Asia fixed income investment team

**Hayden Briscoe**
Head of Fixed Income, Global Emerging Markets and Asia Pacific

## Portfolio Management

- Raymond Gui
- Smit Rastogi
- Nicole Lian
- Kate Chih
- Federico Kaune
- David Michael
- Igor Arsenin
- Michael Fleisch
- Yunxi Liu
- Pantheon Chung
- Cash Huang

## Credit Research

**EM Corporate**
Michael Stansfield
Jose Bernal
Will Riva
Brian Huang
Ethan Wang
William Yiu
Jocelyn Jiang
Jiahui Tan

**APAC DM**
Ben Squire
Earl San Juan

**EM Sovereign**
Juha Seppala
Yuni Kim
Gianandrea Moccetti

**Sustainable Investing**
Team of 10+

## Trading

**APAC**
Khashayar Surti
Abel Koh

**Taiwan**
Jessica Chen

**China**
Johnnie Guo

**US**
Bill Spencer
Will Hilton

**Global**
Tam Nguyen
Ian Packer
David Maynard

**FX Trading**
Sarah Collins
Ian Packer
David Maynard
Tam Nguyen

## Investment Specialists

**Asia**
Martin Wiethuechter
Sangram Jadhav
Lewis Teo

**Global EM**
Rui Wyern Yeow

APAC | US | EMEA | Multiple

Source: UBS Asset Management. As of January 2023

# Sustainable Investing Team

**Head of Sustainable Investing & Impact**
Lucy Thomas

## Sustainable Thematic Engagement

Driving active ownership outcomes through evidence-based sustainability-themed research and engagement programs

- **Francis Condon** – Head Sustainable Thematic Research & Engagement
- **Karianne Lancee** – Social Thematic Lead
- **Aarti Ramachandran** – Climate and Environmental Thematic Lead
- **Christiana Tsiligianni** – SI Analyst
- **Henry Russell** – SI Analyst
- **Derek Ip** – SI Analyst
- **Chloe Zhou** – SI Analyst
- **Yuan Ning Mock** – SI Analyst

## Stewardship

Driving active ownership outcomes through proxy voting execution, corporate engagement and participation in industry standards initiatives

- **Paul Clark** – Head Stewardship
- **Jason Rambaran** – Stewardship Analyst
- **Matteo Passero** – Stewardship Analyst
- **Emiliano Torracca** – Stewardship Analyst
- **Robert Keehn** – Stewardship Analyst
- **Rachael Atkinson** – Stewardship Analyst
- **Joseph Insirello** – Stewardship Analyst

## Sustainable Investment Specialists

Supporting our client interactions by working with teams across AM to provide client-focused sustainable investing advice and solutions

- **Karsten Guettler** – Head Sustainable Investment Specialists
- **Eveline Maechler** – Sustainable Investment Specialist
- **Sabine Bierich** – Sustainable Investment Specialist
- **Benjamin Dennis** – Sustainable Investment Specialist
- **Juliette Vartikar** – Sustainable Investment Specialist
- **James Thompson** – Sustainable Investment Specialist
- **Emily McDonald** – Sustainable Investment Specialist
- **Amy Farrell** – Sustainable Investment Specialist
- **Melissa Amler** – Sustainable Investment Specialist
- **David Lewandowski** – Sustainable Investment Specialist
- **Yuan Jiang** – Sustainable Investment Specialist
- **Nickael Tan** – Sustainable Investment Specialist

## Sustainable Investment Quant Analytics

Driving quantitative assessment of ESG risks and opportunities, as well as supporting analyses of sustainability-related regulatory requirements

- **Rajdip Gosh** – Head Sustainable Investment Quant Analytic
- **Kalliroi Prassa** – Sustainable Investment Data Scientist
- **Michael Klene** – Sustainable Investment Data Scientist
- **Katerina Papamihail** – Sustainable Investment Data Scientist
- **Radek Ogrodnik** – Sustainable Investment Data Scientist

## Impact Engagement

Advanced corporate engagement to drive portfolio and real-world outcomes supporting clients' return and impact objectives.

- **Hans-Christoph Hirt** – Head Impact Engagement

## Impact Investing

Leading expansion of UBS-AM's impact investing offering, research and impact measurement capabilities

- **Narina Mnatsakanian** – Head Impact Investing

## Sustainable Investing Governance

Developing and implementing best practice sustainable investing policies and methodologies across asset classes

- **Anne Ackermann Amar** – Head Sustainable Investing Governance

**Supported by**

- Group Chief Sustainability Office of 29 experts connecting UBS ecosystems
- 10 Real Estate and Private Market ESG experts
- SI Ambassadors across Investments, Products, Client Coverage, Data & Research, and Chief Operating Office
- Quantitative Engineering & Data Science Experts embedded in Investment teams

= Zurich
= Amsterdam
= Krakow
= London
= Singapore
= Hong Kong
= San Francisco
= New York
= Chicago

Source: UBS Asset Management, as of March 2023.
Please note: Thematic analysts will specialize primarily on specific sustainability topics, as shown. Stewardship analysts are responsible for specific markets of coverage. All analysts may cover a range of E, S and G topics through their research and engagement, and collaborate where overlaps with specific issuers arise.

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Section 3

# Process

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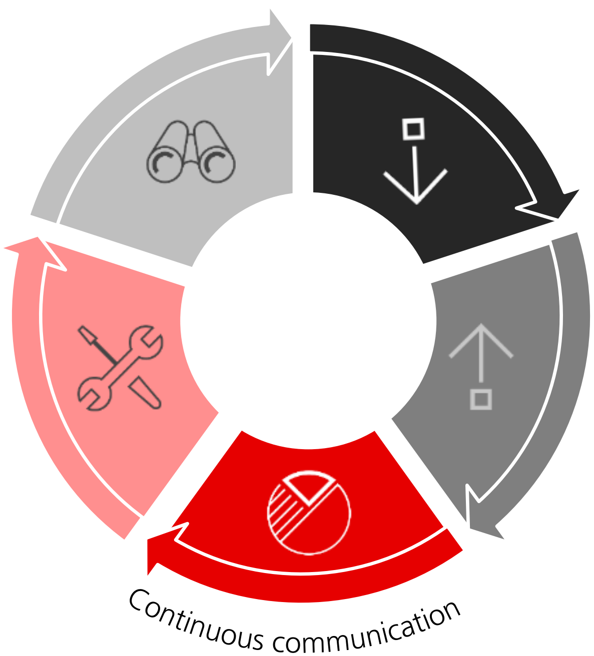
# UBS-AM Fixed Income investment process

## Each stage is critical to the investment process

**Continuous active portfolio management**




### Top-Down Strategy
- Fixed Income Investment Forum
- Establish and monitor strategic views across rates, credit, currencies, and liquidity

### Bottom-Up Strategy
- Global Credit Research
- Sector, industry and issuer analysis providing fundamental, relative value and ESG ratings

### Portfolio Construction
- Portfolio management
- Alignment of client needs, investment goals and market environment

### Implementation
- Portfolio management and centralized trading
- Best execution and timing

### Risk Management and Compliance Oversight
- Portfolio Management, Risk Control, Compliance
- Quarterly Portfolio Reviews by senior management
- Compliance & Operational Risk Control: Three Lines of Defense

For illustrative purposes only

# Collaboration – Portfolio management and credit analysts

Consistent performance is derived by leveraging global portfolio management insights and regional interaction with analysts

**Portfolio Management**

| Global macroeconomic assessment | Focus on regional drivers | Risk adjusted outcomes for credit, rates & FX | Portfolio construction | Timing, execution liquidity management |
|---|---|---|---|---|

**Alpha generation**

Credit selection

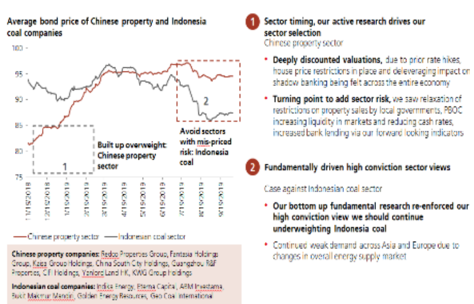
- Bottom-up research

Valuations

- Relative and absolute

Macroeconomic picture

- Technical trends



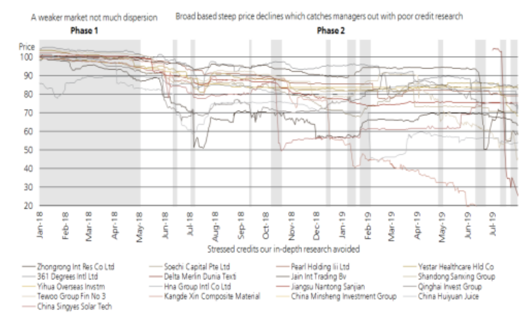

**Risk management**

Idiosyncratic risk

- Understand business model
- Assess financial condition
- Monitor event risk

Industry risk

- Assess business cycles




**Credit Analysts**

| Fundamental credit analysis | On the ground company research | Country and sector expertise | Preservation of capital | High conviction relative value opinions |
|---|---|---|---|---|

For illustrative purposes only

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# Fixed Income & Sustainable Investing

Embedding ESG factors to generate opportunities and mitigate risks

Focus on ESG factors that are

Relevant and material to the investment thesis

Sustainable Investment Research team

Dedicated SI team focusing on ESG thematic research and engagement

Standardized ESG integration across asset classes

Proprietary ESG Risk Dashboard

to identify ESG risks

UBS-AM ESG Methodology Forum

Providing ESG governance

Fixed Income Research team

Assign UBS-AM:

- ESG risk recommendation
- Forward-looking views for corporates

Supported by:

- Risk Analytics & Modelling
- Regulatory Management

Source: UBS Asset Management.
Note: For illustration purpose only.

# ESG Integration occurs at every stage of investment process

## Research

- Material Issues Framework incorporates financially-relevant ESG factors
- ESG Risk Dashboard highlights ESG risks
- ESG Risk Recommendation encapsulates results of analyst qualitative review of ESG risk

## Screening

- Exclusions per UBS AM Sustainability Exclusions Policy
- Investable universe screen by SI Focused ESG risk signal and UBS ESG Risk recommendations (as per prospectus)

## Engagement

- Risk and Opportunities drives engagement focus
- Thematic climate engagements, resulting in divestment/ exclusion where progress against goals not achieved

## Decision

- PM tools integrate ESG factors/ exposures
- ESG scores measure sustainability profiles to inform security selection/ portfolio construction
- Pre-trade restriction controls enforce exclusions, risk screening and positive ESG promotion characteristics at point of investment decision

## Reporting

- Reporting transparency of ESG profile
- ESG regulatory disclosures in prospectuses and websites

Source: UBS Asset Management 2022. For illustrative purposes only.

# Process: Bottom-up

## Key factors in fundamental research analysis

| | | |
|---|---|---|
| Business Model and Qualitative Factors | • Management<br>• Corporate Strategy<br>• Competitive environment<br>• Market position | • Financial flexibility<br>• Financial policies<br>• Transparency |
| Financial and Quantitative Factors | • Operating Results<br>• Cash Flow Analysis<br>• Leverage | • Financial flexibility<br>• Deployment of capital<br>• Ratio & Scenario Analysis |
| Other Considerations | • Event Risk<br>• Covenants / Legal<br>• Headline Risk | • Contingent Liabilities<br>• ESG<br>• Investor Relations |

### Fundamental Assessment

**UBS Credit Rating** and **Forward-looking Fundamental Recommendation** within an industry or coverage sub-group

### ESG Assessment

**ESG Risk Recommendation** assesses forward-looking material sustainability considerations and opportunities for engagement.

### Relative Value Assessment

**Relative Value Recommendation (RVR)** within an industry or coverage sub-group for various currencies of issuance.

# ESG research integration in investment decision making

## ESG risk assessment: identify – review – decide

**Identify** | **Review** | **Decide**

### 1. ESG Risk Signal

- ESG Risk Signal focuses analysts' thinking on most relevant ESG issues.
- Underlying ESG risk dimensions provide further granularity.

### 2. Analyst ESG Risk Assessment

- Standardized ESG assessment completed for every company covered by analysts as part of investment thesis.
- Expectation to provide robust rationale, when challenging ESG risk signal.
- Involvement of SI Analyst for companies with ESG risk signal driven by Controversies, but considered to be held in SI Focus strategies.

### 3. ESG Risk Recommendation

- Standardized qualitative assessment summarized in "ESG risk recommendation" conducted by fundamental analysts.
- Clear reference point for PMs.
- Information shared and distributed via investment tools across Fixed Income, Equities and SI teams.

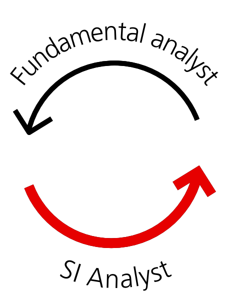
### 4. Portfolio Manager Decision

- PM incorporates ESG risk recommendation in investment decision.
- PM action may vary, depending on product type.

**Controversies**

No

Yes




1 Negligible ESG Risk

2 Low ESG Risk

3 Moderate ESG Risk

4 High ESG Risk

5 Severe ESG Risk

**ESG Integrated strategies:**
No hard investment universe constraints, considered alongside other factors, PM justification for holding 5 - severe risk names is tracked and monitored.

**SI Focus strategies**:
Direct influence on investment universe with hard constraints.

Source: UBS Asset Management, December 2022. For illustrative purposes only.

# Monitoring ESG risks across multiple dimensions

## Proprietary methodology for Corporates & Sovereigns

**UBS ESG Dashboard incorporates both internal and external ESG metrics**

| | | Relative ESG Risk | Identification of 'Outliers' | | |
|---|---|---|---|---|---|
| **Company** | **ESG Risk Signal[1]** | **UBS ESG Consensus Score[2]** | **Absolute ESG Risk[3]** | **Governance Risk[4]** | **Controversies[5]** |
| A | ● No | 4.0 | Medium | 8.2 | No |
| B | ● Yes | 3.7 | Medium | 0.0 | No |
| C | ● Yes | 6.5 | Severe | 1.5 | Yes |
| D | ● No | 4.2 | Medium | 10.0 | No |
| E | ● Yes | 2.1 | Low | 5.0 | No |

20,000 issuers, including 130 sovereigns

Proprietary methodology triggers ESG Risk Signal

ESG Risk Signal is driven the four ESG risk dimensions, in combination or individually. Underlying data sources vary depending on the sub-asset class

## Sustainable Investing Team

- Develops and continuously innovates ESG risk signal methodology
- Enables investment teams to integrate ESG Risk Dashboard data into the research and investment process
- Owns the process of onboarding and processing new data sets of the ESG Risk Dashboard
- Utilizes best practices for evaluating robustness of our data sets

Source: UBS Asset Management, as of 31 December 2022. For illustrative purposes only. The table above does not represent the full coverage of the UBS ESG Proprietary Risk Dashboard.
Notes: 1) Scale: yes/ no; 2) Scale: 0-10 with 10=best ESG score; Corporates: Sector relative; Sovereigns: Country relative 3) 5-level scale from negligible to severe; 4) Scale: 0-10 with 10=best G-score; 5) Scale Yes / No means for Corporates: Scale: Pass/ Watch List/ Fail and Group SCR list; Sovereigns: 0-5 with 5 = most severe

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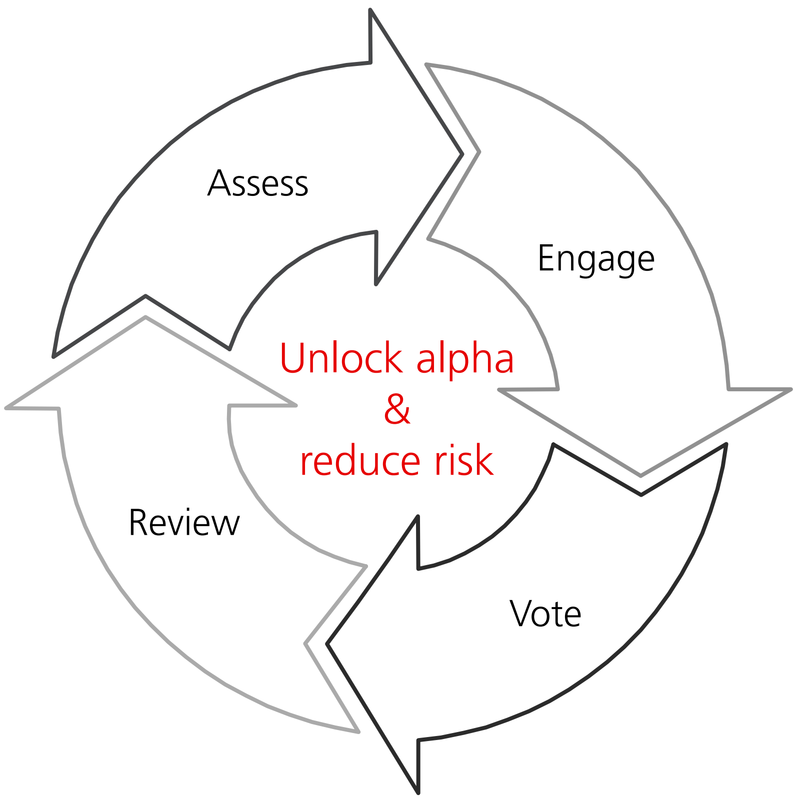
# Transparent and proactive investment stewardship

Leveraging our strength as a large, diversified asset manager to drive positive, material change




## Core part of the investment process

- Grounded in driving performance and avoiding downside risks
- High quality engagements on sustainability issues with senior executives and board members

## Combined strengths across active and index strategies

- Seeking to maximize outcomes by combining insights from active investments with voting power of index linked strategies[1]
- Stewardship approach pursued consistently across fixed income and equities on behalf of UBS-AM looking to maximize impact of engagement outcomes

## Strong external collaboration

- Helping to further ESG best practices across the investment industry
- Leading within the Climate Action 100+ coalition
- Concrete outcomes including:
  - Repsol's Net Zero commitment (first in the industry)
  - Equinor's alignment of strategy with Paris Agreement

1 In the 12-month period ended 31 December 2021, UBS gave instructions (based on AM's corporate governance principles) to vote on 117,373 separate resolutions at 12,244 company meetings, with 270 of these resolutions being directly related to environmental and social issues. Source: UBS Sustainability report 2021.

# UBS AM: Committed to Sustainable Investing in Fixed Income

## Our commitment globally

- **Top-down UBS Group commitment**
- **Dedicated team** of skilled SI experts
- **ESG data and regulatory** specialists
- **Fixed income team (120+)** with sustainability skills[1]
- Including **30+ buy side credit analysts** integrating ESG into research[1]
- **Objective of sustainable investments:** Positive environmental or social impact alongside risk adjusted returns

## A provider of sustainable offerings in Fixed Income

- **44 bn USD in sustainability-focused** fixed income assets[2]
- **11 bn USD** in **Green,** Social, Sustainable bonds[3]
- Evolving product shelf: latest addition **- UBS Global SDG Corporates Sustainable fund**.

## Sustainability and Fixed Income

- Sound **framework for corporate and non-corporate** fixed income
- Framework **for Green, Social and Sustainable bonds**
- **Thematic products** such as climate aware, SDG aligned, and Multi-Development Bank bonds

**1** Data as of end of September 2022 Assets **2** Morningstar data as of end of August 2022 **3** Assessment Assets under management as of 30 September 2022, including non-fee bearing assets

# Where we come from

## Our journey in sustainable investing

**1992**
Among the first signatories of the UNEP bank declaration (UNEP FI)

**1997**
Launch of our first sustainability strategy: Global Sustainable Equity

**2003**
Participant in first UK Shareholder Voting Working Group (SVWG).
**First Fixed Income mandate with country exclusions**

**2009**
Signatory to UN Principles for Responsible Investment (UNPRI)

**2010**
UBS-AM policy to prohibit investments in antipersonnel mines and cluster munitions

**2013**
Launch of our Clean Energy Infrastructure Switzerland Strategy
Member of Sustainability Accounting Standards Board (SASB) and Institutional Advisory Group

**2015**
Member of the Forum for Sustainable and Responsible Investing (US SIF)
**Launch of the world's first ESG Fixed Income ETF and became market leader for SRI ETFs in Europe**

**2016**
Partnered with City University of New York and Harvard University to develop ESG measurement framework

**2017**
Industry Group Leader in DJSI for third year in a row

**2018**
Received an A+ in Strategy and Governance module for 2018 UN PRI results and named Industry Group Leader in DJSI for a fourth year
UBS Group became #1 market player for SI in Switzerland
Integrated ESG into fixed income and equity research globally
Joined Climate Active 100+ and Institutional Investors Group on Climate change

**2019**
**Launch of the first UBS active Fixed Income sustainable funds**
UBS Group recognized as a Climate A list company by CDP

**2020**
**Launch of the UBS Climate aware Fixed Income funds (active and rule based)**

**2021**
Implementation SFDR regulation

Source: UBS-AM. For illustrative purposes only.

# How is the fund aligned to Article 8?

## Criteria based on the UBS AM framework for UBS Sustainable Investing fund family members

| | | Measurement |
|---|---|---|
| Promoting Environmental/Social characteristic: | Invest in companies so that the portfolio has a lower carbon profile than benchmark and/or a low absolute profile | Weighted Average Carbon Intensity[1] |
| | Invest in companies so that the portfolio has a better sustainability profile than benchmark[3] and/or have companies with sustainability profiles over 7 (scale 0-10 with 10=best ESG score) | UBS ESG consensus score[2] |
| Ensuring Good Governance | Do not invest in companies with an ESG risk flag (incl. governance) unless ESG risk recommendation of 1-3 (no investments in high and severe ESG risk) | UBS ESG risk assessment based on UBS ESG Risk Dashboard |
| Exclusions: As a principle do not invest in companies that produce/do: | Controversial weapons 1 (Ethix list): cluster munitions, anti-personnel mines, biological weapons, chemical weapons, nuclear weapons | Involvement entity list |
| | Controversial weapons 2: Depleted uranium | > 0% of revenues |
| | Thermal coal mining / extraction | > 20% of revenues |
| | Oil sands-based extraction | > 20% of revenues |
| | Tobacco | > 5% of revenues |
| | Adult Entertainment | > 5% of revenues |
| | Gambling (online / offline) | > 5% of revenues |
| | Conventional military weapons | > 10% of revenues |
| | Thermal coal-based energy production | > 20% of revenues |
| "Do no harm" | Do not invest in companies with UN Global Compact compliance failures (without credible corrective action) | Failure entity list |
| | Do not invest in companies that failed in UBS AM engagement program, incl. climate-related engagements | Failure entity list |

Source: UBS Asset Management, December 2022. For illustrative purposes only.

1 Portfolio Weighted Average Carbon-Intensity lower than benchmark; Absolute target: <100 tons of $CO_2$ emissions per million dollars of revenue

2 Top half of benchmark: Have at least 51% of the portfolio with a better ESG rating than benchmark

3 Where benchmark already has a strong sustainability profile, such as Europe the hurdle will be above an absolute score of 7 (0-10) on the UBS Consensus score

UBS

Section 4

# UBS Asian Investment Grade Sustainable (USD) – Positioning and Performance

UBS

# Why invest in the UBS Asian Investment Grade?

**Consistent risk adjusted returns over time by…**

- … focusing on total return complemented by yield
- … using a flexible approach to navigate evolving markets
- … dynamic risk budgeting

Strong track record[1] relative to peers and benchmark

Active views for dynamic bottom-up credit selection, sector and country rotation

Additional active FX views and duration allocations

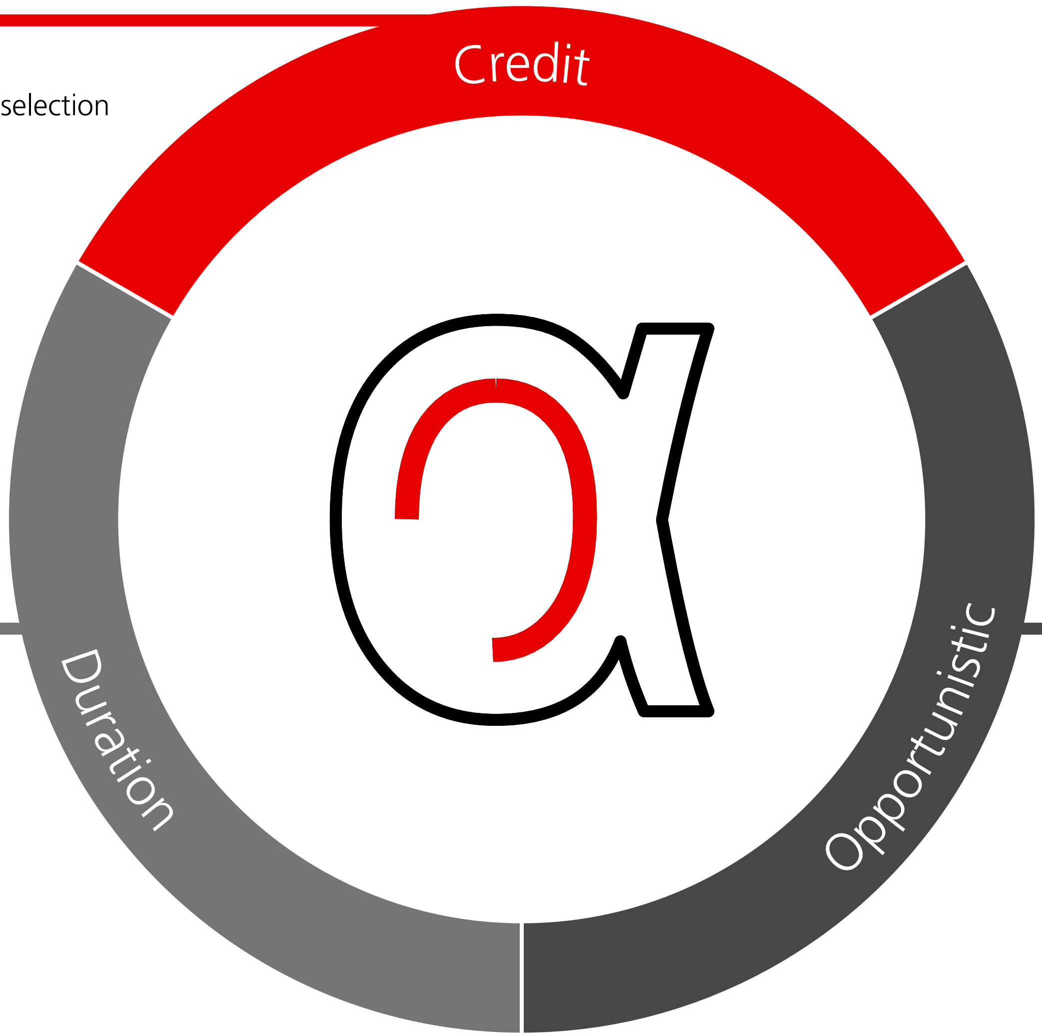
The product described herein aligns to Article 8 of Regulation (EU) 2019/2088
Effective 18 October 2021

Source: UBS Asset Management
1 Incepted in 2016

# Alpha from different sources…

… and a holistic investment process in the evolving Asia credit market

- **Asian credit expertise**
- Sector rotation, issuer and issue selection




- **Long or short** duration relative to benchmark
- **Curve positioning** (short-end vs. long-end)

- **Opportunistic positions** in other **global rates**

For illustrative purposes only

# UBS Bond Asian Investment Grade Sustainable performance

**Total returns (USD, Gross)**

| | 1 Month | 3 Months | Year-to-date | 1 Year | Annualized[1] 3 Years | 5 Years | Since inception |
|---|---|---|---|---|---|---|---|
| UBS Bond Asian Investment Grade Sustainable | -1.63 | 1.65 | 0.82 | -6.18 | -1.66 | 2.33 | 2.26 |
| J.P. Morgan Asia Credit Index Investment Grade | -1.29 | 1.74 | 0.90 | -5.86 | -1.94 | 1.82 | 1.92 |
| **Value added[2]** | -0.34 | -0.09 | -0.07 | -0.32 | 0.29 | 0.51 | 0.35 |
| Tracking error[3] | | | | 0.97 | 0.99 | 0.83 | 0.75 |

**Past performance is not a reliable indicator of future results.**
Source: UBS Asset Management, as at end February 2023

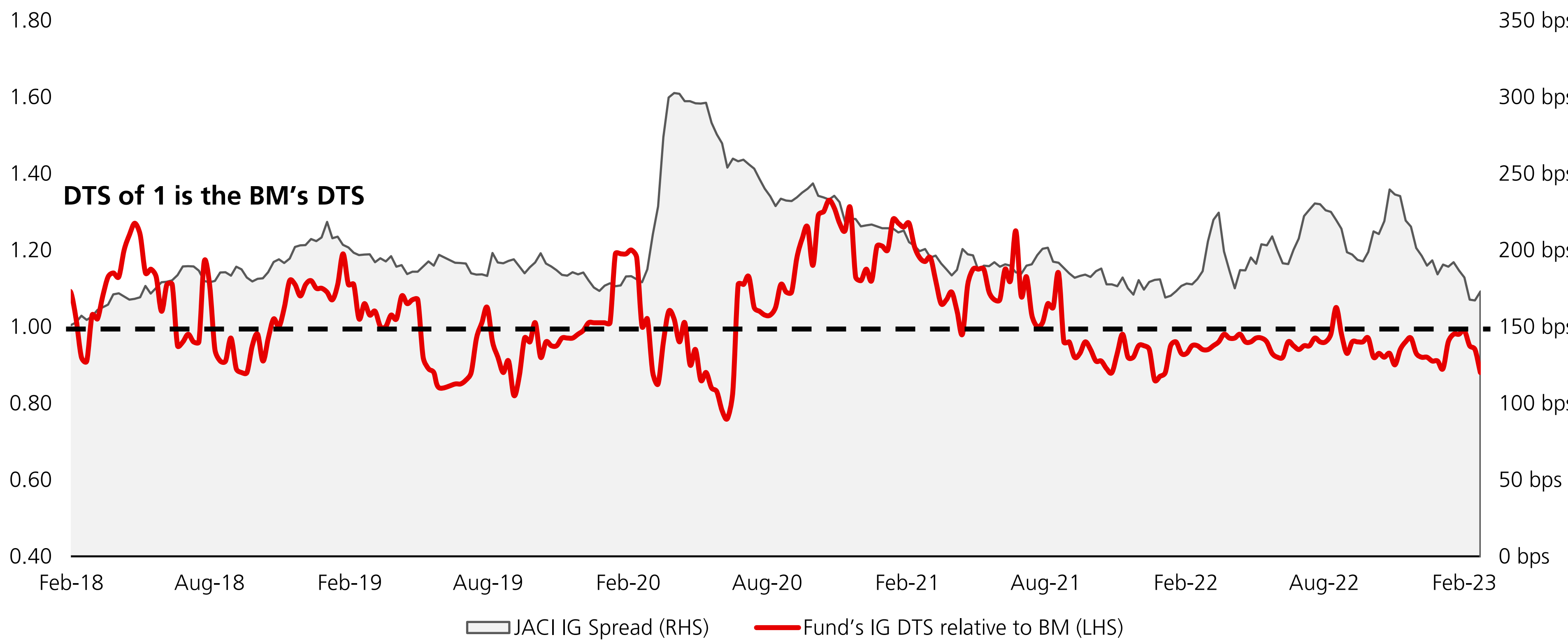
Note: The returns shown above are based on currently available information and are subject to revision. Performance figures are gross of fees. Please see attached disclosure information. Inception date as of 31 May 2016
The portfolio manager is not tied to the benchmark in terms of investment selection and weight. Strategy performance may differ considerably from the benchmark during periods of high market volatility.

1 Data for periods greater than 1 year is annualized
For periods greater than 1 year, annualized returns are used to calculate the value added and the tracking error
For periods greater than 1 year, the annualized standard deviation is based on monthly logarithmic returns
2 Value added is the arithmetic difference between the composite return and the benchmark return
3 Tracking error is the standard deviation of the difference between the monthly composite and benchmark returns, based on logarithmic returns
Tracking error is annualized for periods greater than 1 year

UBS

# Active **credit** management

## Asia IG DTS versus JACI IG Spread

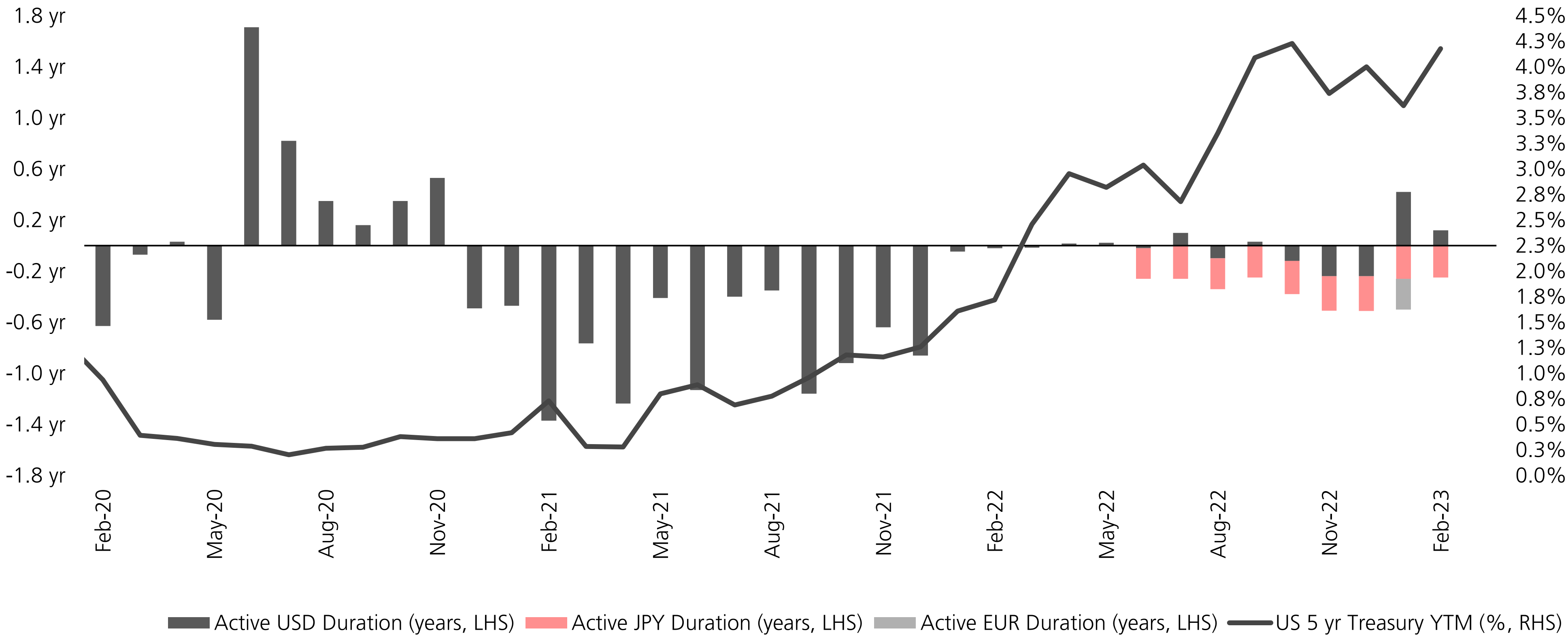



Source: UBS Asset Management, Bloomberg Finance L.P. Based on unofficial PM data and subject to change. As of end February 2023

UBS

# Active **duration**: Important factor in portfolio construction

**Active duration positions relative to benchmark**




Source: UBS Asset Management, Bloomberg Finance L.P. Based on unofficial PM data and subject to change. As of end February 2023

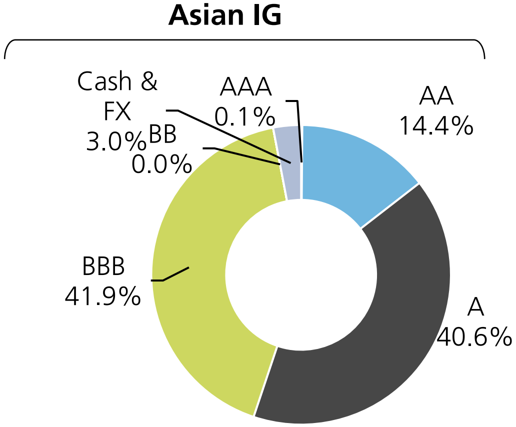
# UBS Bond Asian Investment Grade: Positioning

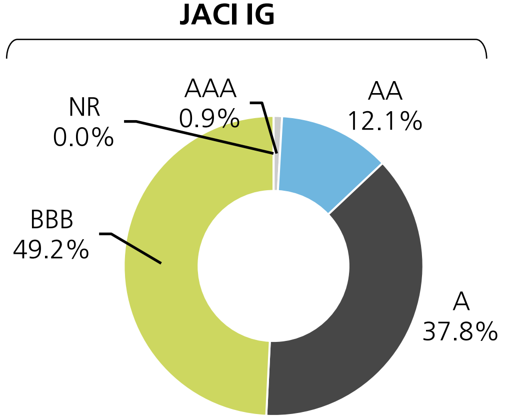
As of 28 February 2023

**Key statistics**

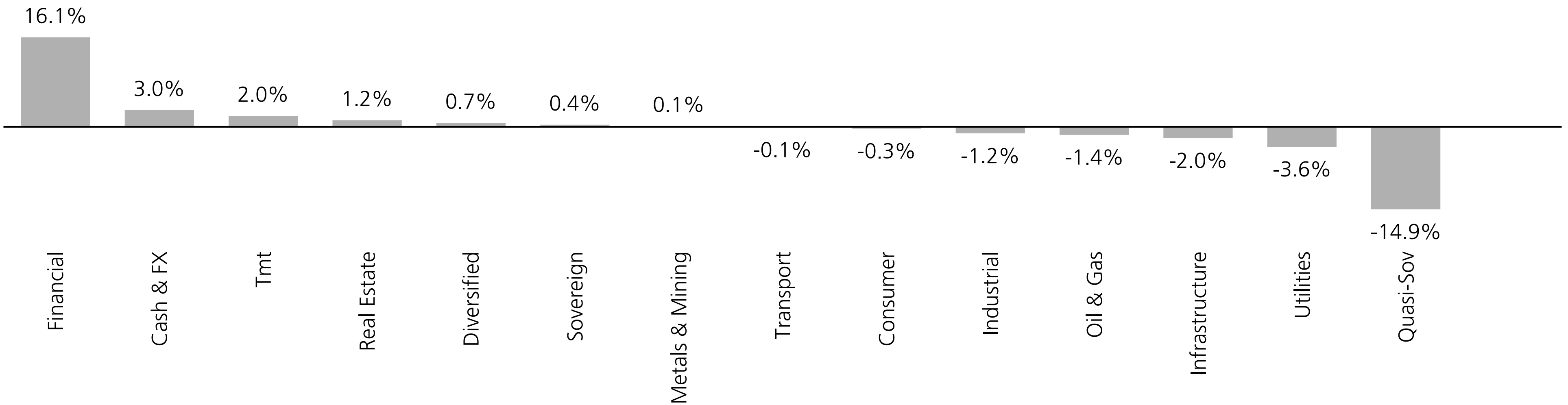
| | Strategy | Index |
|---|---|---|
| Yield to Maturity (gross) | 5.54% | 5.73% |
| OAD (years) | 4.62 | 4.75 |
| Average rating of holdings | A- | BBB+ |

**Quality allocation**




**Sector Allocation vs Index**

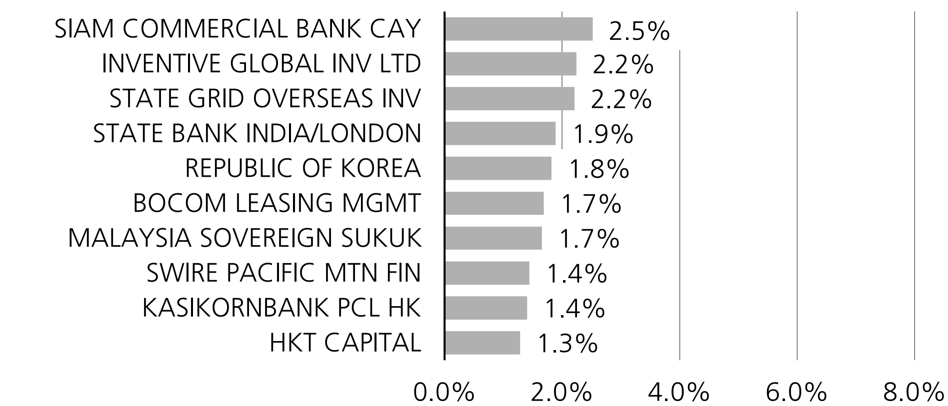



Source: UBS Asset Management
Note: Please note that information is representative of a specific Asian high yield portfolio and may vary. All figures above are gross of fees.

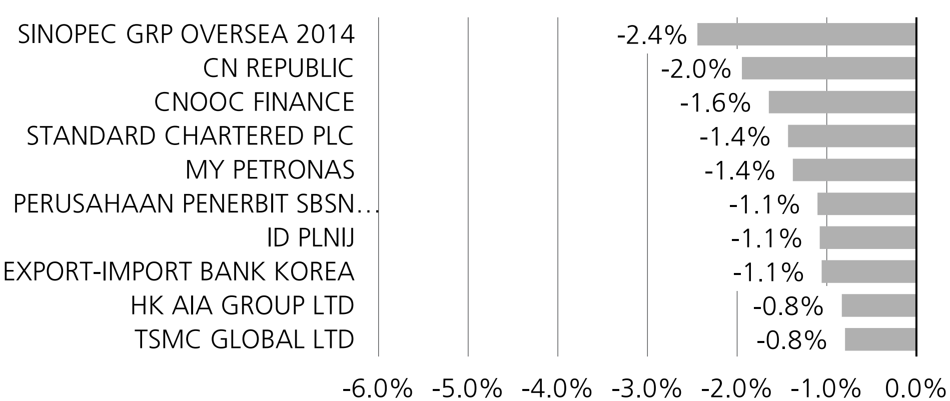
# UBS Bond Asian Investment Grade: Positioning

As of 28 February 2023

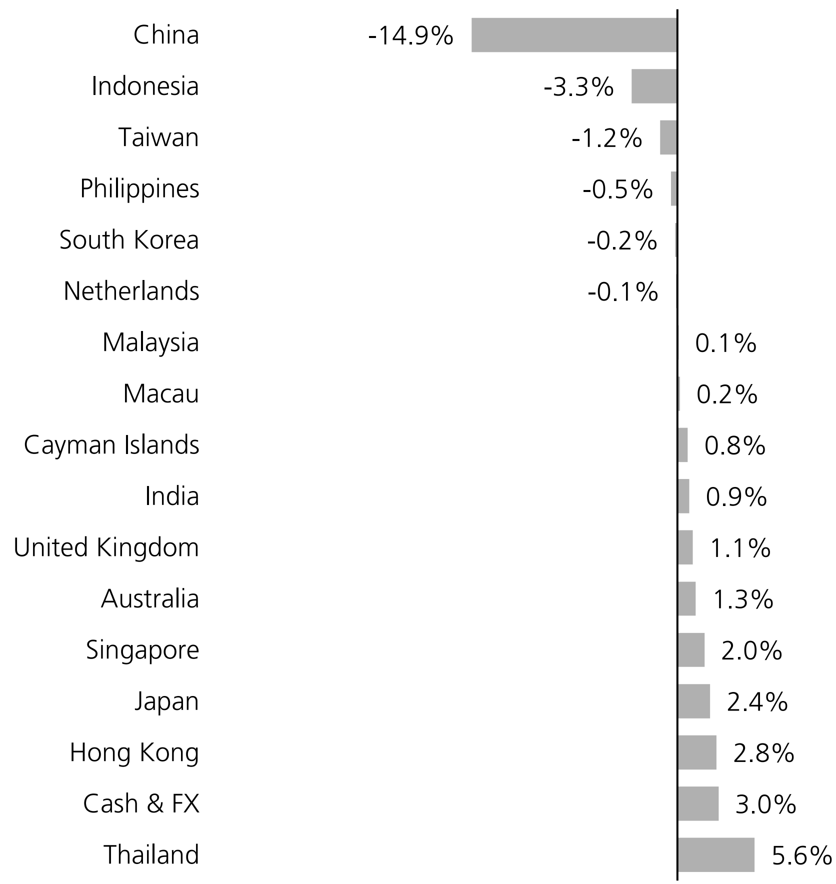
**Top 10 Issuer Overweights**




**Top 10 Issuer Underweights**




**Market Exposure vs. Index**




Source: UBS Asset Management
Note: Please note that information is representative of a specific Asian high yield portfolio and may vary. All figures above are gross of fees.

Section 5

# Appendix A – Additional slides

# Key investment guidelines

## UBS Asian Investment Grade Bonds Sustainable

| Criteria | Description |
|---|---|
| **Benchmark** | JP Morgan Asia Credit Index - Investment Grade (in USD) |
| **Tracking error limit** | None |
| **Rating** | Average rating shall be equal or above BBB-<br>At initial purchase, all securities must be rated AAA to BBB- |
| **Issuer limit** | Max. 10% per issuer |
| **Derivatives** | Exposure to non-linear derivatives must not exceed 30% of the NAV |
| **Currency** | Non-base currency net exposure: max. 5% of the NAV |
| **Prohibited securities** | Investments in precious metals, commodities, real estate, equities |
| **Managers** | Raymond Gui, Smit Rastogi |

Source: UBS Asset Management.

# Our investment philosophy

Successful management based on a disciplined investment process, risk management and an understanding of clients needs

We believe in **active management** and that markets are ultimately driven by **fundamentals**

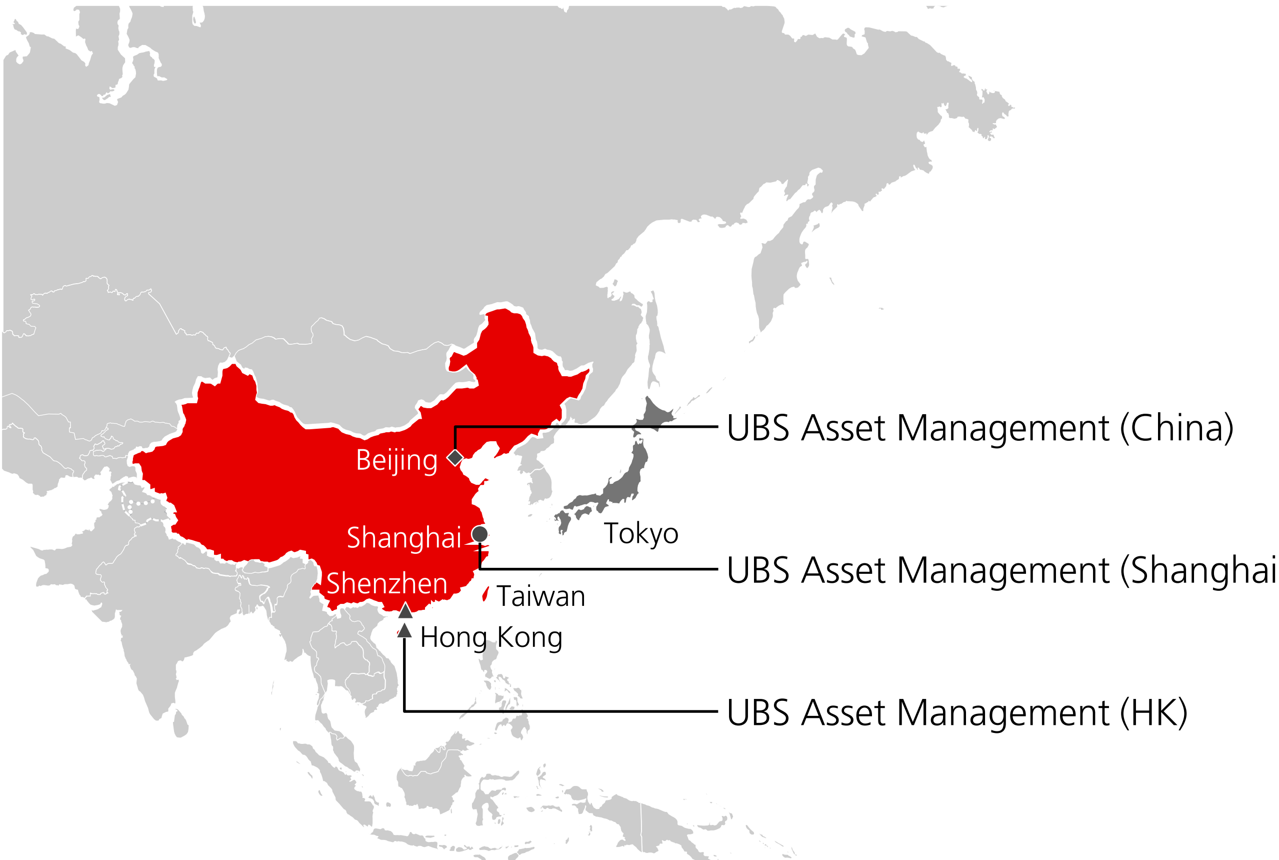
Consistent investment returns are the result of **diversified sources of excess returns** and **opportunistic bias**

**Longstanding investment culture** focused on client value

UBS

# Over 20 years of successful history in Asia…

… with full commitment to Asia as a key pillar of UBS Asset Management




**UBS AM's full commitment to Asia:**

- Longstanding history in Asia with full dedication
- First-mover as foreign asset manager in China
- Strong client relationships built up all across Asia
- Dedicated investment team all across Asia with deep expertise
- Strong standing of UBS group across Asia

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# UBS AM's 20+ year history in Asia

## Long-term commitment, experience and track record in managing Asian bonds

**2006**
- Asian local currency bond mandate

**2010**
- CNH bond portfolio
- Asian USD credit fund

**2011**
- Asian USD HY credit funds
- Asian local currency bond fund
- CNH bond fund

**2012**
- Asian local currency bond segregated mandate

**2013**
- Onshore China fixed income fund

**2014**
- Onshore China short term fund
- Asian USD IG credit segregated portfolio

**2015**
- Asian USD IG credit buy & hold mandate

**2016**
- Asian USD credit fixed maturity fund
- Asian USD IG credit fund

**2017**
- China high yield fund

**2018**
- Onshore China CNY bond fund
- WFOE onshore China Flexible Bond Fund and customized funds

**2019**
- China Treasury segregated portfolio

**2021**
- Asian USD income bond fund

### Industry recognition

- **UBS (Lux) Bond Fund – Full Cycle Asian Bond[1] (USD):** P-acc: **Best Asia Bond Fund in the Morningstar Hong Kong Fund Awards for 2017;** P-mdist: **Outstanding Achiever in Asia Pacific Fixed Income (Hard Currency) in the BENCHMARK Top Fund of the Year Awards for Hong Kong 2020;** IX-a: **Best in Class in Asia Pacific Fixed Income in the BENCHMARK Top Fund of the Year Awards for Singapore 2021;** Q-acc: **4-star Morningstar rating** in the EAA Fund Asia Bond category
- **UBS (Lux) Bond SICAV – China Fixed Income (USD): 1 Year Golden Bull Overseas China Fixed Income Fund award** 2022, 2021; P-acc (RMB): **Hong Kong Lipper Fund award 2022** in the **3-year Bond CNY category**; Q-acc: **4-star Morningstar rating** in the EAA Fund RMB Bond category
- **UBS (HK) Fund Series - China High Yield Bond: 1 Year Golden Bull Overseas China Fixed Income Fund award** 2020
- **UBS (Lux) Bond SICAV – Asian High Yield (USD)** Q-acc: **3-star Morningstar rating** in the EAA Fund Asia High Yield Bond category

**Past performance is not a reliable indicator of future results.**
Source: UBS Asset Management, as of November 2022

1 Renamed to 'UBS (Lux) Bond Fund – Asia Flexible (USD)', effective as of 30 September 2022

UBS

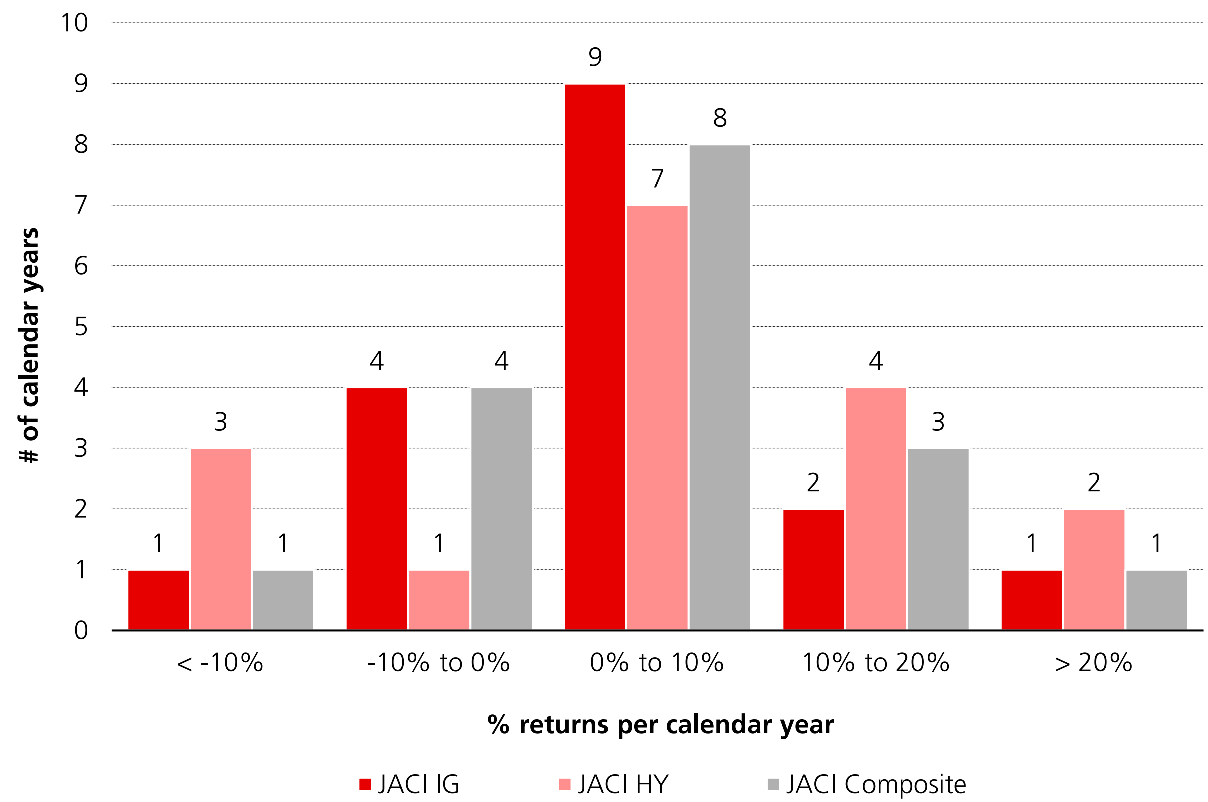
# Historical returns of Asia credit indices generally positive

- Looking at the past 17 years (2006 to 2022), the returns on JACI Composite, JACI IG and JACI HY indices have a positive skew.

- JACI HY: There were 4 negative years - 2008 (-17.7% GFC), 2018 (-3.2% risk assets pressured on back of US-China tensions and jitters that US Fed will raise rates too quickly) and 2021 & 2022 (-11.3% and -15.09% due to regulatory stress on Chinese property developers). JACI HY rebounded strongly in the subsequent years of 2009 (+43.2%) and 2019 (+12.8%).

- Overall positive returns reflect long-term resilience of the Asian credit asset class as well as investors' interest and hunt for yield

**Yearly calendar returns, 2006-2022**




Source: J.P. Morgan Asia Credit Index (JACI), UBS Asset Management
Data as of end Dec 2022

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Section 6

# Appendix B – Biographies

UBS

# Hayden Briscoe

## Head of UBS Asset Management, Hong Kong; Head of Fixed Income, Global Emerging Markets and Asia Pacific Managing Director

Years of investment industry experience: 32

Education: University of New South Wales (Australia), BA

Hayden Briscoe has overall responsibility for all Global Emerging Markets and Asia Pacific fixed income activities at UBS Asset Management. He is also a member of the Global Fixed Income Management Team and Global Fixed Income Investment Forum. Along with his functional role, Hayden is the Head of UBS Asset Management Hong Kong and a member of the board of directors.

Prior to joining UBS Asset Management, Hayden was a Senior Vice President and Director of Asia Pacific Fixed Income at Alliance Bernstein. In this role he was instrumental in building out their Asian fixed income platform and responsible for regional and country portfolios as well as having input in global aggregate strategies.

Hayden previously worked at Schroders Investment Management, Colonial First State and Bankers Trust, where he fulfilled fund management, portfolio management, and trader roles.

Note: As at March 2023

# Raymond Gui

## Head of Fixed Income Portfolio Management, Asia
## Managing Director

Years of investment industry experience: 21

Education: Chinese University of Hong Kong, MBA; Tsinghua University (China), M. Finance & B. Finance

Raymond Gui is a senior portfolio manager with the Asia fixed income team and he has overall responsibility for Asia Pacific fixed income portfolio management activities.

Prior to joining UBS Asset Management, Raymond was co-CIO and senior portfolio manager at Income Partners Asset Management covering Asian USD credit and RMB fixed income strategies. His mandate included launching, managing and growing the firm's fixed income business and strategy range.

Raymond previously worked at China Construction Bank, Bank of China International as well as China's State Administration of Foreign Exchange (SAFE). He has won various awards including the "Outstanding Achiever" Benchmark Fund of the Year awards.

Note: As at March 2023

# Smit Rastogi, CFA

## Portfolio Manager
## Director

Years of investment industry experience: 11

Education: Indian Institute of Technology Delhi, M. Tech; Indian Institute of Management Calcutta PGDM

Smit Rastogi is a portfolio manager with the Asia fixed income team. He assists with the management of the Asian USD credit portfolios, contributing to security selection and portfolio construction.

Prior to joining portfolio management team, Smit has been part of UBS Asset Management's Global Credit Research and covered a range of issuers across China, India, Indonesia. Smit joined UBS Asset Management in September 2015, and previously worked most recently as a credit analyst at Royal Bank of Scotland (RBS), based in Singapore. At RBS, Smit worked predominantly as a generalist covering issuers across Asia. Prior to that he worked as an analyst in the Special Situations Group of RBS, focusing on distressed loans and bonds in APAC and Europe.

Note: As at March 2023

# UBS Bond Asian Investment Grade

## Schedule of composite performance

**UBS Asset Management (the Firm) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. UBS Asset Management has been independently verified for the periods January 1, 2002 through December 31, 2021. The verification reports are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.**

**Performance : UBS Bond Asian Investment Grade**
**June 01, 2016 Through December 31, 2022**
**Amounts and returns expressed in USD (US DOLLAR)**

| Year | Gross Asset-Weighted Return (%) | Net Asset-Weighted Return (%) | Benchmark Return (%) | Composite 3-Yr St Dev (%) | Benchmark 3-Yr St Dev (%) | # of Portfolios End of Period | Total Composite Assets End of Period (millions) | Asset Weighted Dispersion (%) | Composite Assets as % of Firm Assets | Firm Assets (billions) |
|---|---|---|---|---|---|---|---|---|---|---|
| 2016* | 0.55 | 0.34 | 0.15 | N/A | N/A | 1 | 21 | N/A | 0.00 | 580 |
| 2017 | 4.67 | 4.29 | 5.46 | N/A | N/A | 1 | 27 | N/A | 0.00 | 745 |
| 2018 | 0.57 | 0.21 | -0.04 | N/A | N/A | 1 | 34 | N/A | 0.00 | 725 |
| 2019 | 11.88 | 11.48 | 10.98 | 2.62 | 2.55 | 1 | 52 | N/A | 0.01 | 841 |
| 2020 | 9.10 | 8.71 | 6.86 | 3.93 | 3.86 | 1 | 65 | N/A | 0.01 | 1,020 |
| 2021 | -0.46 | -0.82 | -0.01 | 3.88 | 3.83 | 1 | 167 | N/A | 0.01 | 1,132 |
| 2022 | -10.29 | -10.61 | -10.01 | 5.83 | 5.44 | 1 | 112 | N/A | 0.01 | 975 |

* Performance Presented for Jun, 2016 through Dec, 2016. No statistics are annualized.
** 3 yr standard deviations are based on the gross returns

1. The composite invests predominantly in investment grade rated debt instruments and claims issued by international or supranational organizations, public-sector or quasi-sovereign institutions and/or companies which are principally active in Asia (ex Japan) or have registered offices there. The manager of the composite combines carefully selected issuers from different sectors and countries and securities with different maturities with the aim to seize interesting investment opportunities while managing risk. The Composite Creation Date is 30 Jun 2016. The Composite Inception Date is 31 May 2016. The actual benchmark for this composite always reflects the best match to the investment strategy. Benchmark changes over time are necessary to underline this fact. The benchmark is JP Morgan Asia Credit Index - Investment Grade.
2. The Firm is defined as all actively and passively managed institutional and retail accounts of UBS Asset Management ("the Firm") throughout the world. The Firm was incepted in January 01, 2002 following the reorganisation of the asset management divisions of UBS AG under a single Asset Management brand. A list of all entities that are included and excluded from the GIPS firm is available upon request. The performance record prior to 2002 is that of the local asset management division which managed the composite, and has been prepared in compliance with GIPS from the inception date of this composite. The composites are administrated out of UBS Asset Management Basel office. The firm, UBS Asset Management - Fund Management Switzerland has complete discretion for all investment activities within the fund. As per January 1st, 2010 the three Firms: UBS Global Asset Management Switzerland - Retail Fund Management, UBS Global Asset Management Switzerland - Institutional Fund Management and UBS Global Asset Management Switzerland - AST Fund Management were merged into UBS Global Asset Management - Fund Management Switzerland. The Firm includes all traditional UBS branded Wholesale, Institutional and AST Funds domiciled in Switzerland or Luxembourg. Policies for valuing portfolios, calculating performance and preparing GIPS reports are available upon request. As per October 5th, 2015 the company name was changed from UBS Global Asset Management to UBS Asset Management. This change of the firm's name does not impact the definition and scope of the GIPS firm or the composites.
3.

| Year | Total Risk % | Derivative Risk % |
|---|---|---|
| 2016 | 128.3 | 29.2 |
| 2017 | 112.4 | 13.1 |
| 2018 | 105.3 | 6.2 |
| 2019 | 107.3 | 8.2 |
| 2020 | 118.0 | 18.7 |
| 2021 | 107.4 | 8.1 |
| 2022 | 110.0 | 11.0 |

Explanation of the table above: All figures presented are fully in-line with the KKV-FINMA guideline on the use of derivative instruments for collective investments. The Total Risk is the sum of the direct investment exposure and the derivative risk. The direct investment exposure is calculated as the market value of all direct investments, excluding cash and other liquid assets. The derivative risk is the sum of the net credit-, currency- and market-risk. The market risk consists of equity-, interest- and commodity-risk. Derivative financial instruments are only used in the course of ordinary management of portfolio assets and to hedge the currency risk exposure. Leverage in the sense of short sales may not be used. Investment Transactions are accounted for on a trade date basis.

4. Performance is calculated on a time-weighted return basis, taking into account the accrued interests and dividends. Where applicable, returns are shown net of non-recoverable withholding taxes.
5. The performance is calculated net-of-fees. The gross-of-fee returns are calculated based on all fee components excluding transaction costs. This composite has a 100% flat fee of max. 36 bps p.a. (this represents the highest possible standard fee for this composite). Due to the varying client segmentation the charged fee for this composite can differentiate. The bundled fee includes all charges for portfolio management, custody, and other administrative fees. The only costs not covered are transaction costs incurred in the administration of the fund's assets (brokerage fees in line with the market, fees, duties, etc. as well as any applicable taxes). TER is 3 bps p.a. as at 31.05.2022.
6. Composite dispersion represents the consistency of the Firm's composite performance results with respect to the individual portfolio returns within the composite. Presented is the asset-weighted dispersion (standard deviation) of the portfolios within the composite. Only portfolios in the composite for each full time period are included in the dispersion calculation and no dispersion is presented for composites consisting of only a single portfolio. The 3 year annualized ex-post standard deviations are based on monthly returns, shown starting with the first full 3 year calendar period.
7. A complete list of all Firm composite descriptions, pooled fund descriptions for limited distribution pooled funds, and broad distribution pooled funds is available upon request. The composite's past performance is not necessarily an indication of how it will perform in the future. A List of broad distribution pooled funds is available on request. Additional information regarding policies for valuing investments, calculating performance, and preparing GIPS reports is available on request.

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# UBS Global convertible bonds

## Market review January 2021

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February 2021

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# UBS Global Convertible Bonds

## Executive summary

### Opportunity set

- Prolonged period of attractive risk adjusted return relative to equities
- Asset class provides a strong value proposition in uncertain and volatile market environments
- The convertible bond market continuously regenerates itself with a flow of attractive new issues

### Key benefits

- Dedicated and experienced investment team with a longstanding, award-winning[1], track record
- Seeks to deliver attractive risk-adjusted returns over the market cycle[2] by giving access to the broad convertible bond asset class
- Leveraging the broader research platform of UBS Asset Management
- A defensive strategy to gain equity exposure

### Investment approach

- Bottom-up approach to the portfolio, with strategies set in absolute terms
- Strives for broad diversification benefits
- Extensive track record since 2000[3]
- Long-term investment horizon
- Maintaining strong relationships with relevant counterparties

1 Strong long term track record in Europe, Asia and Global rewarded by several "Lipper – Best Fund" and "€uro am Sonntag – in der Kategorie Rentenfonds Wandelanleihen Euro" fund awards as well as with the Fund Manager of the Year 2014/2015 & 2017/2018 award from "Investment Europe"
2 Full market cycle defined between 3-5 years
3 Inception date is 19 May 2000

Section 1

# Monthly Market Review

UBS

# Main performance drivers – market review

## Convertible performance was positive over the month

### Equity markets (equity component)

- Global stock markets finished the month down, with the exception of Asia, where markets continued their upward trajectory. GDP data in the US revealed that growth slowed down in the fourth-quarter as consumers grew more cautious about spending, putting investors on cautious footing. Meanwhile, stock markets in Asia continued to enjoy heightened optimism from investors.
- Global equity markets as measured by the MSCI World (TR) in USD decreased by 1%.

### Interest rates (duration component)

- EUR and USD interest rate levels increased slightly over the month.
- Effective duration was approximately 1.5 years.

### Credit spreads (credit component)

- Credit spreads widened for investment grade credit qualities, as well as for sub-investment grade qualities.
- CBs earned a carry due to the passage of time.

### Convertibles market specific factors

- Convertible Bond valuations increased in all regions with the exceptions of Asia (ex Japan), where valuations decreased.
- A total of USD 13.3bn convertible bonds were issued in January, above the size a year ago (USD 9.4bn). The largest CB deals were issued in Europe with Prysmian 0% 2026 (EUR 650mn) followed by Cathay Pacific 2.75% 2026 (HKD 6bn) in Asia.

### Overall

Source: UBS Asset Management
Note: Data as at end of January 2021. These figures refer to the past. **Past performance is not indicative of future results**.
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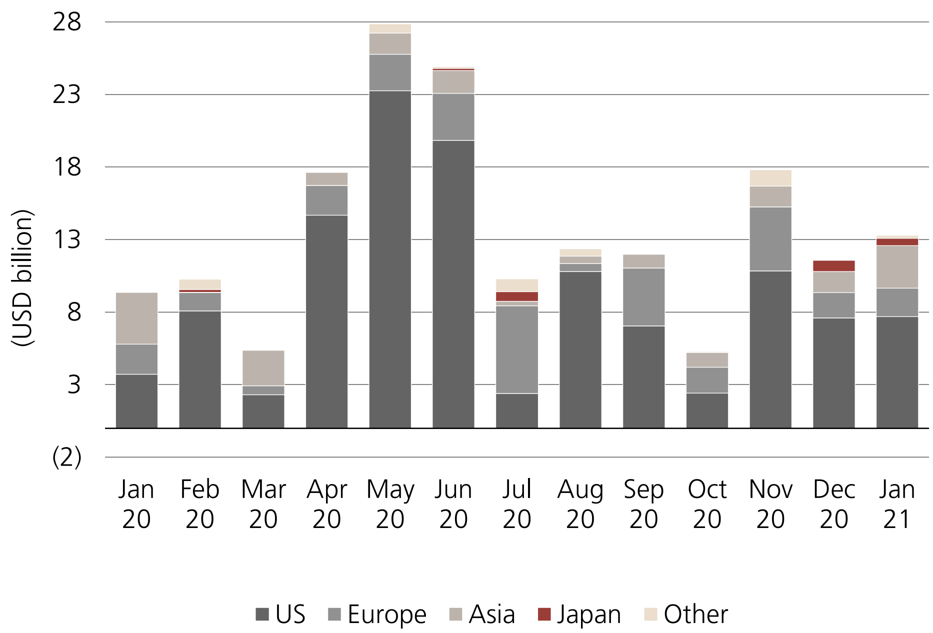
# Global convertible bond issuance

## Monthly convertible bond issuance 2020/2021




### Selection of new issues during the month

| Name | Region | Ccy | Size (m) |
|---|---|---|---|
| Prysmian 0% 2026 | Europe | EUR | 650 |
| Cathay Pacific 2.75% 2026 | Asia ex Japan | HKD | 6000 |
| NIO Inc 0.5% 2027 | US | USD | 650 |
| NIO Inc 0% 2026 | US | USD | 650 |
| BridgeBio Pharma 2.25% 2029 | US | USD | 400 |

| Name | Region | Ccy | Size (m) |
|---|---|---|---|
| Bentley Systems 0.125% 2026 | US | USD | 500 |
| DocuSign 0% 2024 | US | USD | 500 |
| 21Vianet 0% 2026 | US | USD | 525 |
| Hansoh Pharmaceutical Group 0% 2026 | Asia ex Japan | USD | 500 |
| Marriott Vacations 0% 2026 | US | USD | 500 |

Source: UBS Convertibles Marketing / Refinitiv
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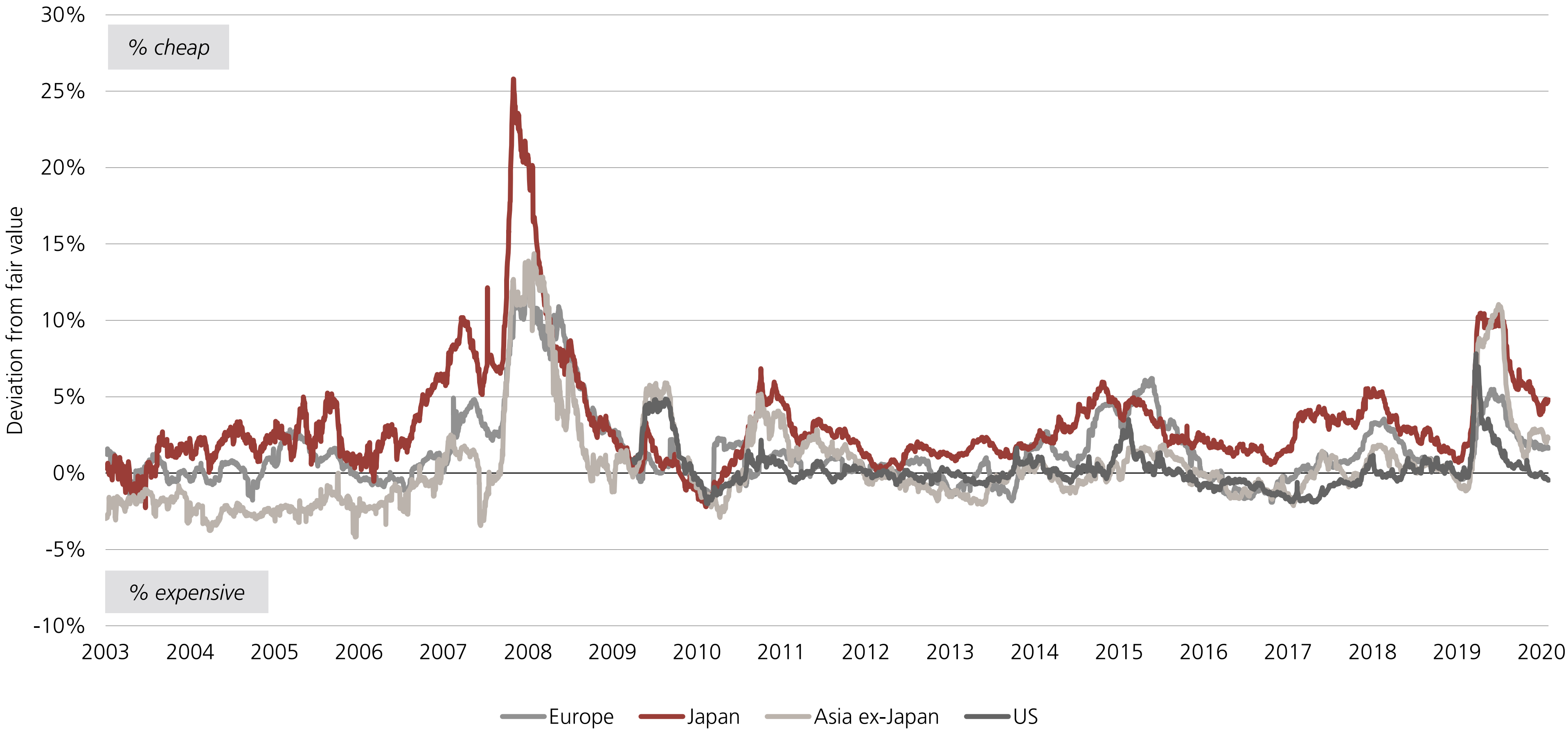
# Current valuations in the asset class remain cheap

## Normalisation is on its way




Source: Nomura. Data as at end-Jan 2021
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Section 2

# Positioning and performance:

# UBS (Lux) Bond Sicav - Convert Global (EUR)

UBS

# UBS (Lux) Bond Sicav – Convert Global (EUR)

**Fund description**

The fund invests worldwide in convertible bonds. Convertible bonds combine the upside potential of equities and the defensive characteristics of bonds. The investment objective is to take full advantage of the beneficial risk-return characteristics of the global convertible bond markets. Foreign currencies are actively managed versus the reference currency and are extensively hedged. All share classes of the UBS (Lux) Bond Sicav – Convert Global (EUR) are open for subscriptions.

**Key benefits**

- Investors participate in some of the price gains when equity markets are rising, and benefit from the defensive characteristics of a bond investment in falling markets.
- The portfolio's return potential is considerably increased using carefully selected convertible bonds, without incurring significant additional risk.

**Total fund asset**

EUR 4,761 million

**Benchmark**

Refinitiv Global Convertible Index - Global Vanilla Hedged EUR

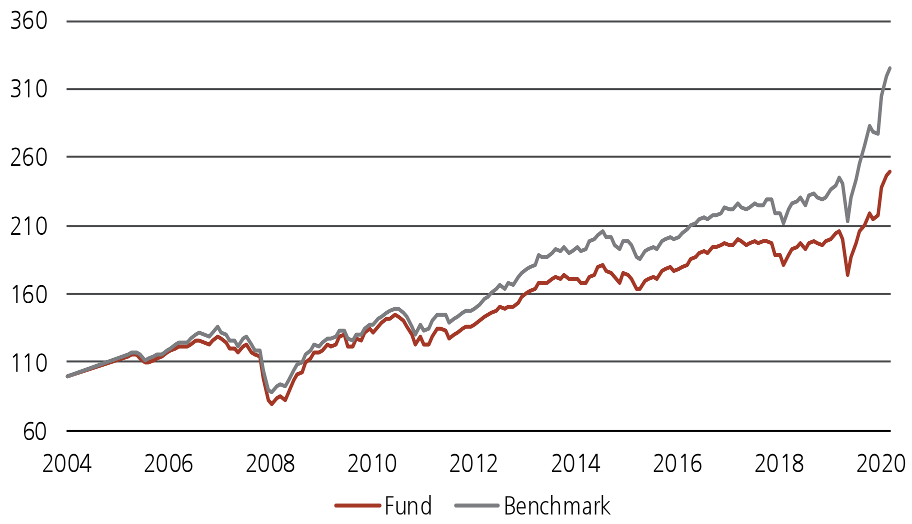
**Risks**

Convertible bonds are subject to price fluctuations due to share price and interest rate movements. The price volatility of convertible bond Funds is generally lower than with equity investments but higher than traditional corporate bonds, and thus calls for medium risk tolerance and capacity. All investments are subject to market fluctuations. Every Fund has specific risks, which can significantly increase under unusual market conditions. The fund can use derivatives, which may result in additional risks (particularly counterparty risk).

Source: UBS Asset Management
Note: Data as at end-January 2021

# UBS (Lux) Bond Sicav – Convert Global (EUR)

## Performance (share class P-acc; basis EUR, net of fees, unhedged in EUR until 31 July 2006)




| **Peer group** | **1 year** | **3 years** | **5 years** |
|---|---|---|---|
| Fund (EUR) | 20.64% | 25.93% | 44.25% |
| Ø peer group[1] | 16.05% | 17.45% | 23.43% |
| Quartile ranking[2] | 2 | 1 | 1 |
| Number of Peers | 449 | 368 | 284 |

**Peer group information.** Peer group category used: EAA Fund Convertible Bond - Global, EUR Hedged. Source and calculation: Morningstar

1 Average performance Performance: Morningstar Category Average

2 Quartile 1,2,3,4; e.g.: 1= fund is part of the best 25% of all funds of the peer group


Past performance is no guarantee of future results.

### Performance

| | 2017 | 2018 | 2019 | 2020 | 2021 YTD[3] | Jan 2021 | 5 years | Ø p.a. 5 years | since Inception[4] | Ø p.a. Inception[4] | Ø ann. volatility[4,5] |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Fund (EUR)[1] | 8.67% | -7.25% | 12.54% | 20.70% | 1.58% | 1.58% | 52.17% | 8.76% | 150.03% | 5.81% | 11.53% |
| Benchmark[2] | 7.96% | -4.05% | 12.96% | 33.40% | 1.40% | 1.40% | 73.46% | 11.65% | 224.52% | 7.53% | 10.92% |

Source: UBS Asset Management

Note: These figures refer to the past. **Past performance is not a reliable indicator of future results.** Performance figures refer to share class P-acc. The performance shown does not take account of any commissions and costs charged when subscribing and redeeming units.

1 UBS (LUX) Bond Sicav - Convert Global (EUR) P-acc, unhedged in EUR until 31 July 2006

2 Refinitiv Global Convertible Index - Global Vanilla Hedged in EUR, unhedged in EUR until 31 July 2006

3 YTD year-to-date (since beginning of the year)

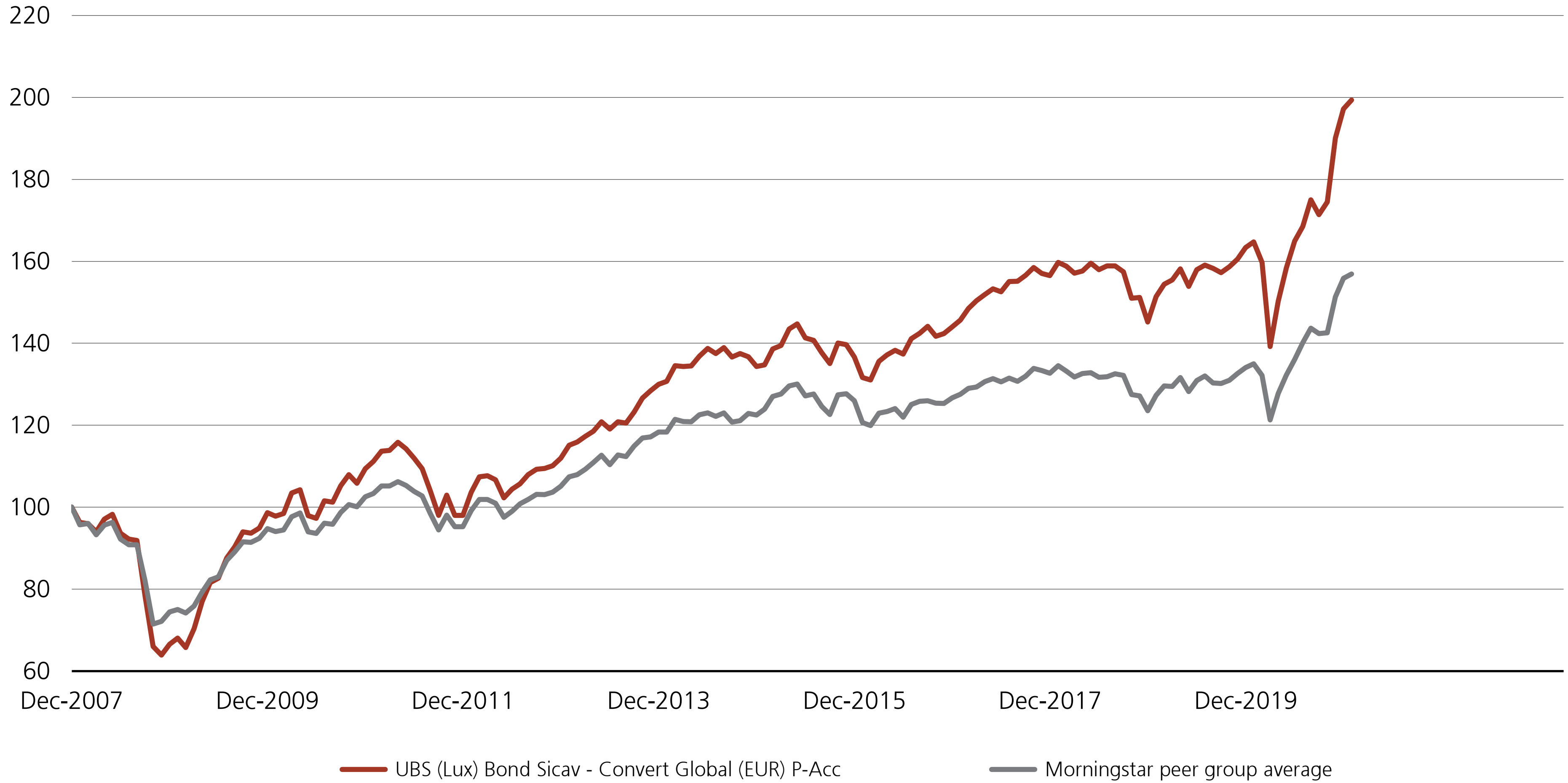
4 Since 18 November 2004

5 Monthly prices

Data as at end of January 2021

# UBS (Lux) Bond Sicav – Convert Global (EUR)

Performance vs. Morningstar peer group average (net of fees)




Source: Morningstar. Data as at end-Jan 2021

Note: **Past performance is not indicative of future results.** The performance shown does not take account of any commissions and costs charged when subscribing to and redeeming units.

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# UBS (Lux) Bond Sicav – Convert Global (EUR)

## Monthly fund performance review

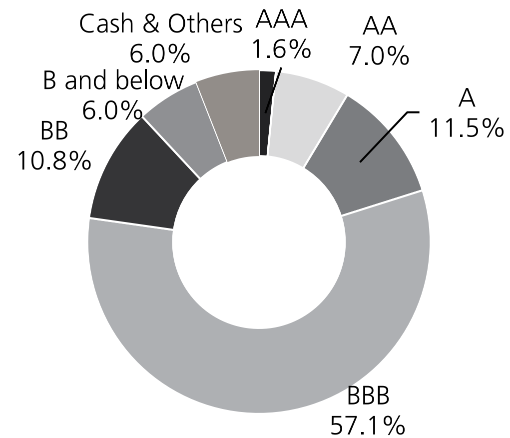
| | | Performance impact | |
|---|---|---|---|
| | | **Absolute** | **Relative** |
| Equity markets (equity component) | • The MSCI World Total Return hedged (EUR) decreased by 0.8% over the period.<br>• The fund's equity sensitivity (delta) was below its benchmark. | ↘ | ↗ |
| Interest rates (duration component) | • EUR and USD interest rate levels increased slightly over the month.<br>• Effective duration was approximately 1.4 years, which is shorter than the benchmark duration. | ↘ | ↗ |
| Credit spreads (credit component) | • Credit spreads widened for investment grade credit qualities, as well as for sub-investment grade qualities.<br>• The fund had a higher credit sensitivity than its benchmark.<br>• CBs earned a carry due to the passage of time. | ↘ | ↘ |
| CB market specific factors | • Convertible Bond valuations increased in all regions with the exceptions of Asia (ex Japan), where valuations decreased. | ↗ | → |
| Security Selection | • Security selection contributed negatively this month. Not owning any Tesla Bonds was again the single largest negative contributor to the underperformance this month.<br>• The fund participated in the newly issued NIO Inc 0% 2026 Convertible Bond. | | ↘ |
| | Overall | ↗ | ↘ |

Source: UBS Asset Management. Data as at end of January 2021
Note: Performance comments refer to share class P-acc (gross of fees, unswung). The benchmark is the Refinitiv Global Convertible Index – Global Vanilla Hedged in EUR. **Past performance is not indicative of future results.** The performance shown does not take account of any commissions and costs charged when subscribing to and redeeming units. For informational purposes only. Not investment advice or a recommendation to buy or sell any securities. Absolute means that returns are not linked to a benchmark. Note that returns on absolute type investments can still be negative compared to initial investment values.

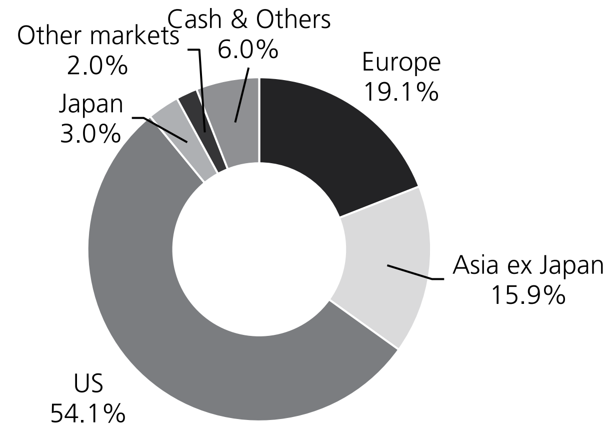
# UBS (Lux) Bond Sicav – Convert Global (EUR)

| Characteristics | Fund | Benchmark |
|---|---|---|
| Average delta | 51.4% | 55.1% |
| Average equity premium | 62.2% | 43.3% |
| Average premium to inv. value | 41.4% | 46.2% |
| Average effective duration | 1.34 | 1.53 |
| Average running yield | 1.2% | 0.8% |
| Average yield to worst | -9.0% | -9.0% |
| Average life in years | 5.26 | 6.86 |
| Average weighted credit rating[1] | BBB+ | BBB |
| Number of bonds | 148 | 496 |
| Profile | Equity | Equity |

**Credit Quality**



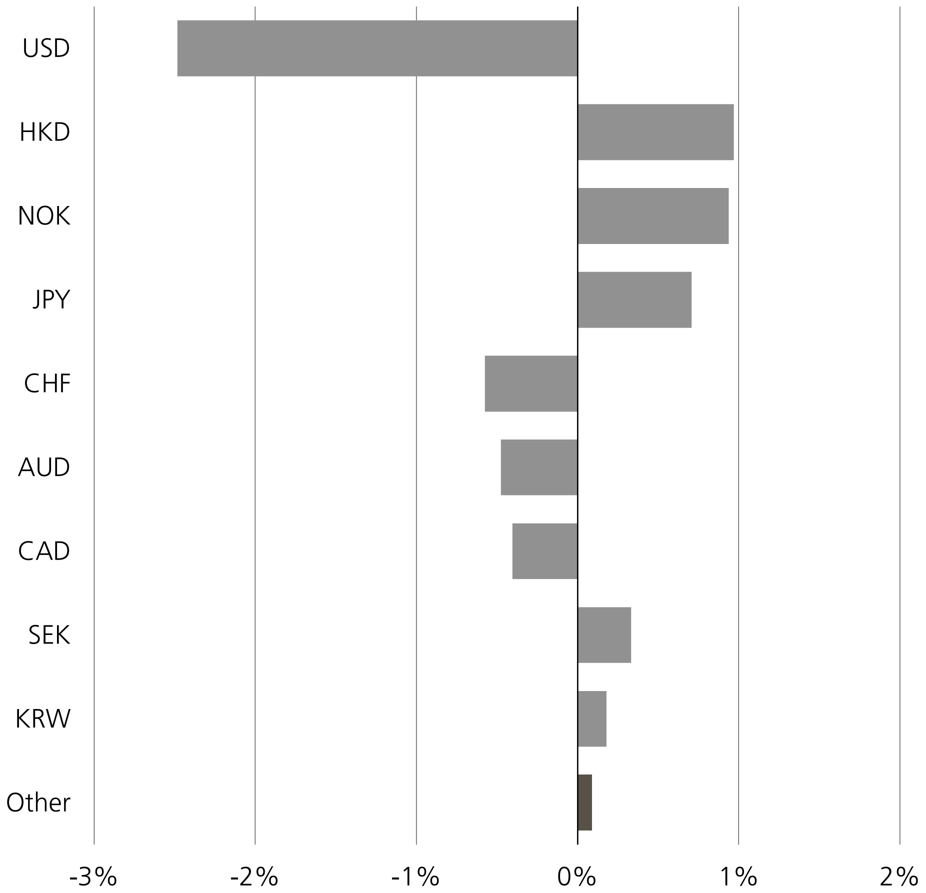

**Breakdown per region**
(based on underlying equity)



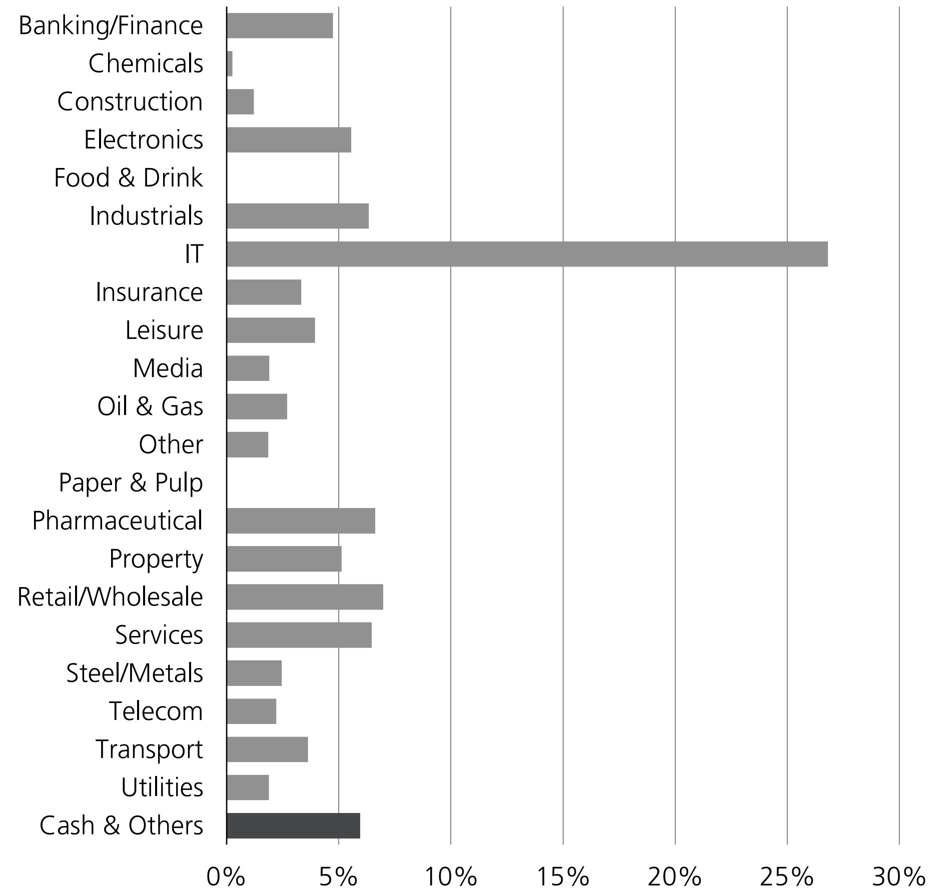

Source: UBS Asset Management
Note: Data as at end-January 2021, fund exposures refer to share class P-acc
1 Assuming a linear relationship between different credit ratings

# UBS (Lux) Bond Sicav – Convert Global (EUR)

**Currency Exposure**




**Sector allocation** (based on underlying equity)




Source: UBS Asset Management
Note: Data as at end-January 2021, fund exposures refer to share class P-acc

Section 3

# Market outlook

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# Main performance drivers – market outlook

## Current outlook – a strategically attractive asset class with an attractive risk/return profile

| | |
|---|---|
| Equity markets (equity component) | • We are positive on global equity markets.<br>• Global equities remain slightly expensive in the very near term given election and US stimulus uncertainties but our outlook for stocks over the next 12m remains positive and we view the recent pullback as an opportunity to increase risk.<br>• The economic recovery is likely to continue next year on the back of additional global fiscal stimulus and still accommodative financial condition.<br>• Current convertible market sensitivity is +/- 5.5% for +/-10% equity move. |
| Interest rates (duration component) | • We consider interest rates globally to stay at this low level but higher inflationary pressure could change this scenario.<br>• Convertible market exposure to interest rates remains low.<br>• Current convertible market sensitivity is -/+ 1.5% for +/-1% yield change. |
| Credit spreads (credit component) | • The coronavirus crises has spilled over into the credit markets, causing investment grade (IG) spreads as well as high yield (HY) spreads to widen significantly.<br>• While spreads have tightened from the highs seen in March we see potential for further normalization in spreads.<br>• Even without any tightening, being invested in credit earns a yield carry.<br>• Diversification of credits remains key. |
| Convertibles market specific factors | • Convertible valuations are cheap as converts didn't fully adjust to higher equity volatilities in the wake of the Corona crisis.<br>• An extraordinary amount of convertible issuance, especially in the US, offers many investment opportunities and keeps valuations attractive.<br>• The segment of less liquid and less well known issuers and structures offers additional recovery potential as many of these names have been overlooked in the first phase of the recovery trade. |

Overall

Section 5

# Appendix

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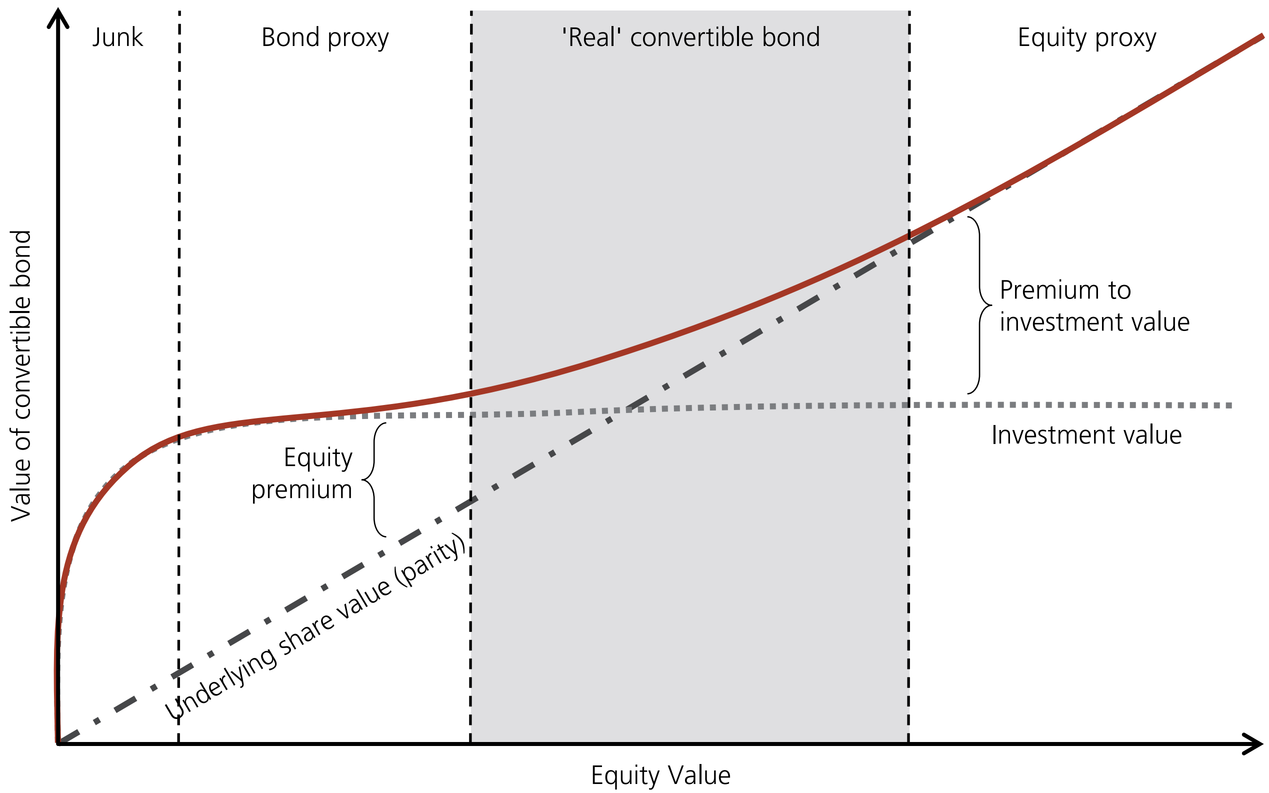
# Convertible bonds: the best of both worlds

- Convertible bonds are fixed-income instruments that pay a coupon and can be redeemed at a predetermined price at maturity
- Prior to maturity, the investor may exchange a convertible bond for a predetermined number of shares
- When the stock markets are performing well, the convertible bond will behave like an equity share, and the probability of conversion will increase
- When the stock markets are performing badly, the convertible bond will behave like a straight bond, and the probability of conversion will fall




Note: For illustration purposes only

**A good value proposition in an uncertain world**

# Convertible bonds

## Glossary

**Where available official rating from Moody's or S&P. For all other bonds we take the implied credit rating deducted from the bond valuation.**

| | |
|---|---|
| Delta | The delta shows how sensitive the convertible bond fund is to changes in the value of the underlying stocks. The higher the delta is, the stronger a convertible reacts to the stock moves and vice versa. For example with a delta of 50% the fund would participate 50% of the change in the equity market. |
| Effective duration | Effective duration measures the price sensitivity of the convertible bond fund to changes in interest rates. For example with an effective duration of 2 years the fund would gain 2% if interest rates were to drop by 1%. |
| Equity premium | Difference between the value of the convertible bond and the current value of the shares it is convertible in (parity). Usually it is expressed in percentage of the parity. |
| Exchangeable bonds | A bond is called exchangeable when the issuer of the bond is different from the underlying equity. Our naming convention shows the issuer in brackets. For example if we look at the Galp (ENI) 0.25% 2015 convertible bond, the issuer is ENI and it is convertible into Galp shares. |

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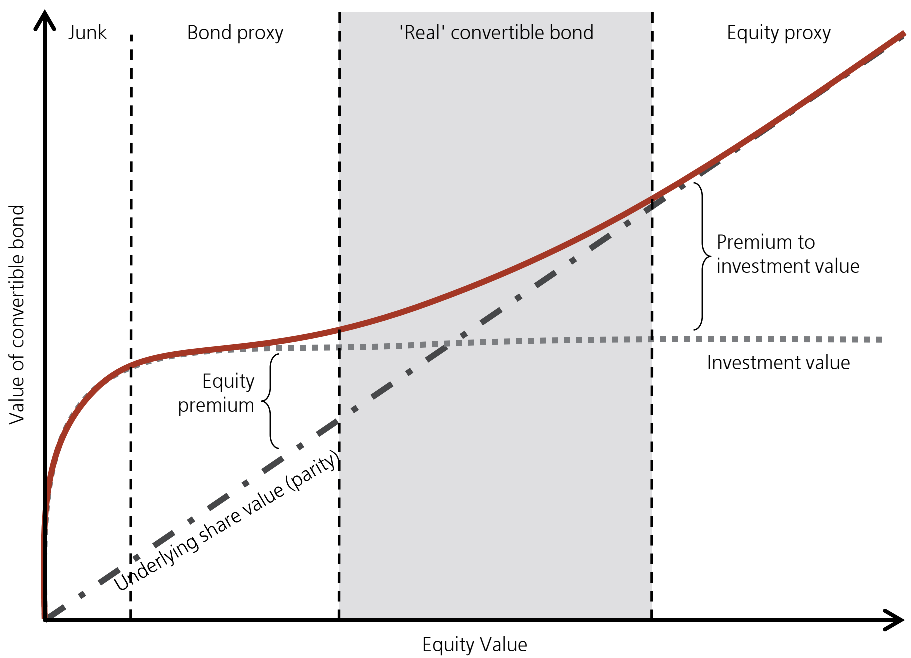
# Convertible bonds

## Glossary

### Fund profile

Due to the characteristics of convertible bonds their risk profile switches between that of a bond, equity, or balanced portfolio. Their current profile depends on where the underlying equity trades. If the value of the underlying share falls, the value of the convertible bond trades close to its bond value (investment value) and has a bond profile. In contrast if the equity rises, the convertible bond will trade like a share and has an equity profile. In between these two cases convertibles are called balanced convertibles or also “real” convertible bonds. On one hand they offer potential for equity upside participation and on the other hand, in the case of an equity fall, they can benefit from the defensiveness of their bond characteristics.




### Investment value

- Is the theoretical price of a convertible bond if only its straight bond part would be priced and the right to convert at certain conditions is valued at zero.

### Life (remaining life)

- Is the difference between the convertible bond’s maturity date and the current date. This characteristic does not take any potential calls or puts into consideration. It is expressed in numbers of years.

### Premium to investment value

- Is the difference between the convertible’s market price and its investment value, expressed as a percentage. This figure indicates approximately the level of downside risk.

### Running yield

- This is defined as the coupon divided by the convertible bond price. It gives an indication about the current coupon income of the bond.

### Yield to worst

- The lowest yield the convertible bond holder can expect in the worst case, unless the company goes bankrupt.

Note: For illustration purposes only

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# Picking credit spreads with a focus on the short term

## Short Term USD Corporates Sustainable

Asset Management

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February 2022

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Section 1

# Short Term USD Corporates Sustainable – Overview

# Why short term corporate bonds?

**Short term corporate bonds allow investors to…**

- Benefit from credit spreads as potential compensation for the credit risk taken
- Assume lower interest rate risk compared to longer-term bonds given the lower duration (1 to 3 years)
- Profit from the attractive return potential a well-diversified portfolio with efficient risk/return characteristics can offer

Investors can benefit from corporate bond yields through a well-diversified and actively managed short-term corporate bond portfolio involving lower interest rate risk compared to longer-term bonds.

Note: This does not constitute a guarantee by UBS AG, Asset Management.

# Enhancing yields through credit spreads

**Fundamentals**

- Credit spreads still compensate for defaults and offer investors a fair carry. The short duration profile helps mitigating impacts from potential rate hikes.

**Market behavior**

- The short term corporate asset class continues to be supported by good demand

**Short-term USD corporate spreads (%)**


**Past performance is not a reliable indicator of future results**
Note: Data as per end of January 2022. Source: Bloomberg. These figures refer to the past.

**Definition of spread:**
Spread is defined as the difference in yield between government and corporate bonds with the same maturity.

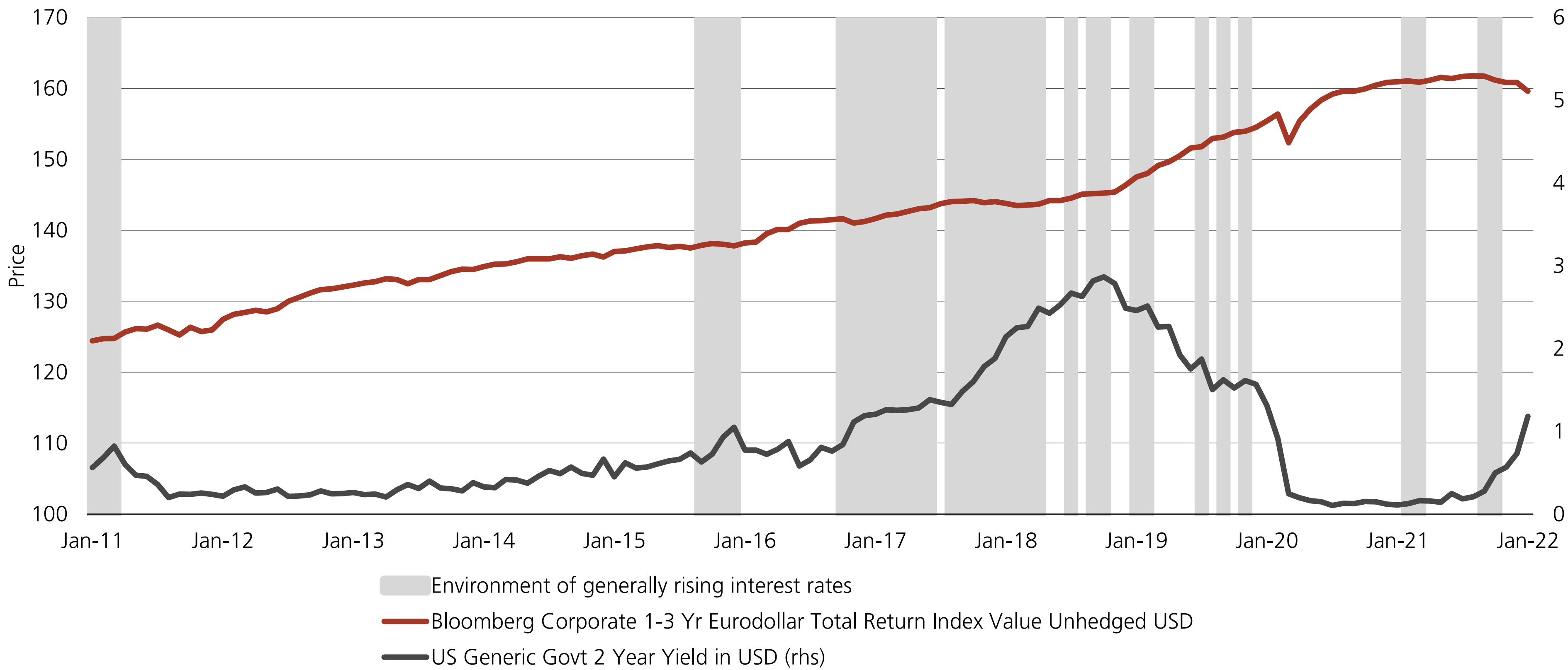
This implies potential for higher yields versus government for investors who are ready to take the additional credit risk involved with corporate bonds.

# Short term means lower interest rate sensitivity

## The past has shown that short-term corporate bonds held up well when interest rates were on the rise

- Lower sensitivity to interest rate movements compared to longer-term bonds means positive performance potential in different interest rate environments.

**Short-term USD corporate bonds and USD interest rates over the past decade**



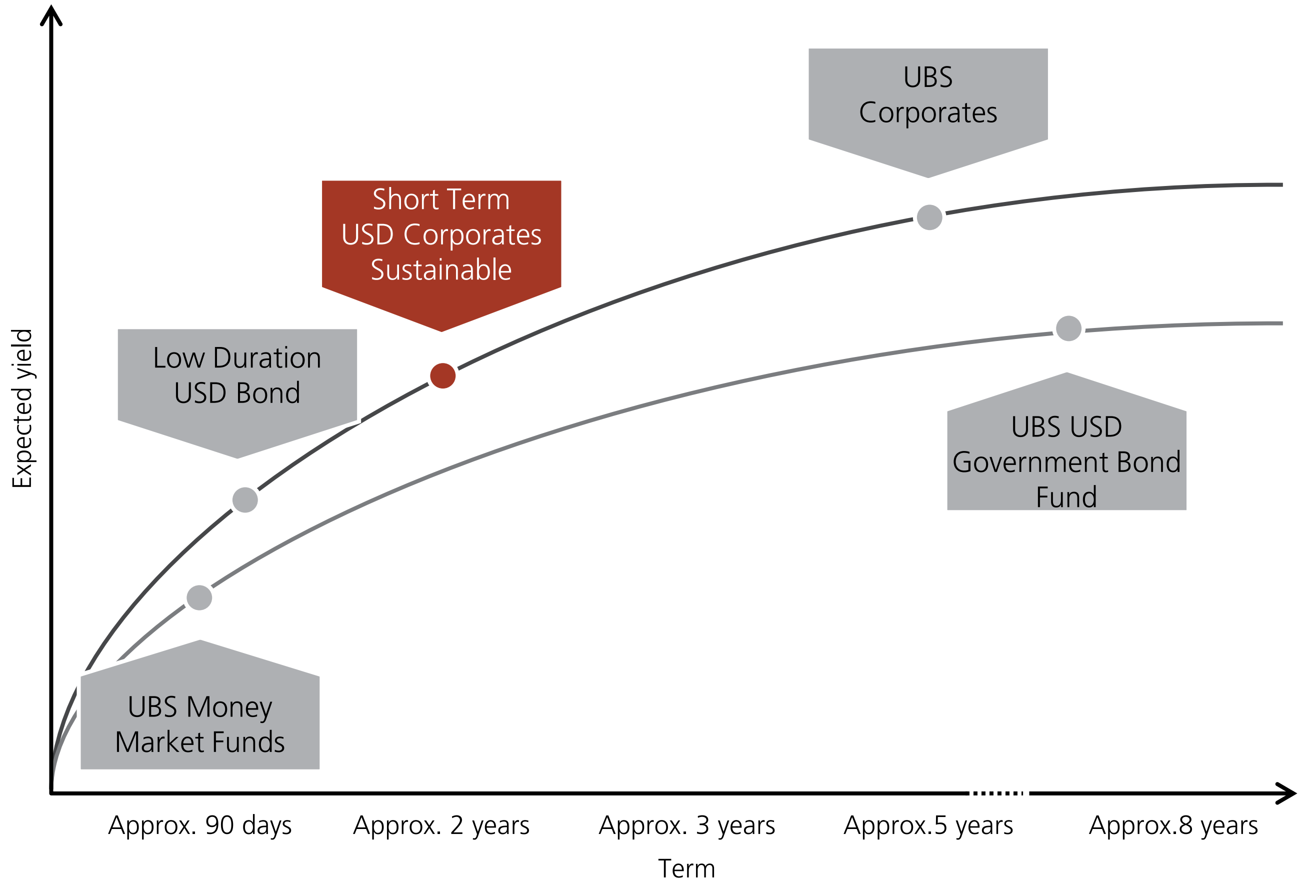

UBS

**Past performance is not a reliable indicator of future results**
Note: For illustrative purposes only. Data as per end of January 2022. These figures refer to the past.

# A good choice within the fixed income range

## UBS Bond Funds lie on two different yield curves

- UBS Government and Long Term Bond Funds have a higher bias towards government bonds.
- UBS Short Term Corporates and UBS Corporates involve higher credit risk while offering higher yield potential.



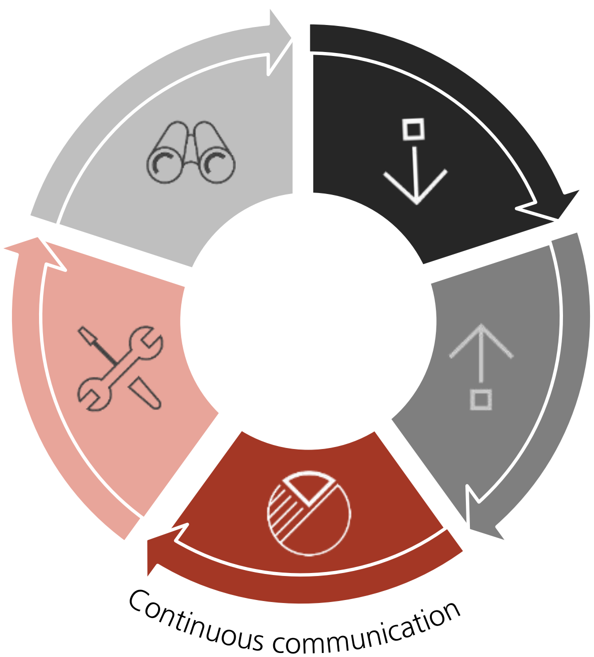

With short-term corporate bonds the investor can **benefit from credit spreads compensating for the credit risk taken** with lower interest rate risk compared to longer-term bonds.

Note: For illustrative purposes only. Markets are subject to change and returns vary.

# UBS-AM Fixed Income investment process

## Each stage is critical to the investment process

**Continuous active portfolio management**




### Top-Down Strategy
- Fixed Income Investment Forum
- Establish and monitor strategic views across rates, credit, currencies, and liquidity

### Bottom-Up Strategy
- Global Credit Research
- Sector, industry and issuer analysis providing fundamental, relative value and ESG ratings

### Portfolio Construction
- Portfolio management
- Alignment of client needs, investment goals and market environment

### Implementation
- Portfolio management and centralized trading
- Best execution and timing

### Risk Management and Compliance Oversight
- Portfolio Management, Risk Control, Compliance
- Quarterly Portfolio Reviews by senior management
- C&ORC Three Lines of Defense

For illustrative purposes only

# Process and output

## Fixed Income Investment Forum

### Review and adjustments

**Ongoing**

- Adjust forecasts if necessary
- Discuss relevant topics
- Update potential impact data

### Macro view

**3 & 12 month horizons**

- Growth
- Inflation
- Cash rates
- Output: Macro themes and risks


### Communication

**Ongoing**

- Communicate macro themes and risks
- Track performance
- Monitor risk

### Investment trade ideas

**3 months**

- Expected returns
- Output: trade ideas based on high conviction views

### Sector forecasts

**3 & 12 months**

- Factor ranges
- Conviction
- Output: Sub-committees generate sector forecasts across 250+ factors

# Key facts

On-the-ground presence in several locations globally enhances our research capabilities

**Global Team**

7 locations

**Career credit research analysts**

Average 17 years experience

**Extensive coverage across the rating spectrum**

IG, HY, EM, Securitized, Municipal*

**ESG research & engagement**

3 dedicated SI champions + 1 dedicated FI ESG expert (tbd)

**Depth and breadth of resources**

30+ credit analysts

**Issuer Coverage**

2000+ issuers

**Sectoral Forum**

13 industry coordinators

Note: As of September 2021.
* Municipal & EM sovereign research report into the investment strategy head, not into Research

# Key factors in fundamental research analysis

## Fundamental credit analysis is at the core of the analyst assessment

| | | |
|---|---|---|
| Business Model and Qualitative Factors | • Management<br>• Corporate Strategy<br>• Competitive environment<br>• Market position | • Financial flexibility<br>• Financial policies<br>• Transparency |
| Financial and Quantitative Factors | • Operating Results<br>• Cash Flow Analysis<br>• Leverage | • Financial flexibility<br>• Deployment of capital<br>• Ratio & Scenario Analysis |
| Other Considerations | • Event Risk<br>• Covenants / Legal<br>• Headline Risk | • Contingent Liabilities<br>• ESG<br>• Investor Relations |

### Fundamental Assessment

**UBS Credit Rating** and **Forward-looking Fundamental Recommendation** within an industry or coverage sub-group

### ESG Assessment

**ESG Risk Recommendation** assesses forward-looking material sustainability considerations and opportunities for engagement.

### Relative Value Assessment

**Relative Value Recommendation (RVR)** within an industry or coverage sub-group for various currencies of issuance.

# Standardized ESG integration across asset classes

ESG factors integrated into mainstream strategies utilizing a systematic risk-based research process

## ESG data input

**UBS ESG Risk Signal**

- A clear, actionable signal helps to drive the in-house research process
- Proprietary ESG Risk Dashboard to identify ESG risks across four dimensions, based on various ESG data provider inputs:
  - UBS ESG Consensus Score
  - Absolute ESG Risk
  - Governance Risk
  - Controversies

## In-house research

Fundamental analysis

- In-house ESG risk recommendation is part of the investment case
- UBS risk assessment is forward-looking and focused on material issues
- Strong collaboration across investment teams to drive stewardship outcomes

~11 Dedicated SI analysts1 | ~58 Equity analysts | ~30+ Fixed Income analysts

- In-depth ESG research and stewardship expertise amplifies ESG know-how across investment teams
- Company specific and thematic ESG research on high-risk issues

SI research analysis

## Investment decision making

**Portfolio Managers**
Incorporation of ESG risks in investment decision making

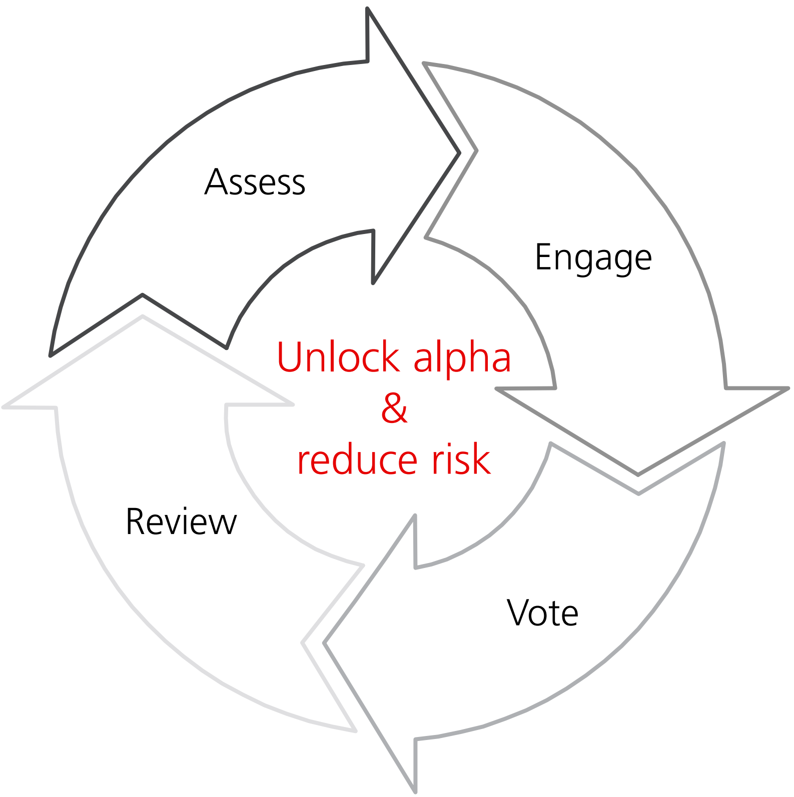
- UBS ESG Risk Recommendation summarizes final ESG view to PMs
- ESG risks may be mitigated through engagement and on-going monitoring
- Confirmation of ESG risks may trigger sell decision
- Portfolio manager may decide to maintain the position with a justification that the opportunity outweighs the risks

Identify — Review — Decide

Source: UBS Asset Management as of December 2021. For illustrative purposes only.
1 We plan to add 2 full-time SI Research analysts by 2022.

# Transparent and proactive investment stewardship

## Leveraging our strength as a large, diversified asset manager to drive positive, material change




### Core part of the investment process

- Grounded in driving performance and avoiding downside risks
- High quality engagements on sustainability issues with senior executives and board members

### Combined strengths across active and index strategies

- Seeking to maximize outcomes by combining insights from active investments with voting power of index linked strategies[1]
- Stewardship approach pursued consistently across fixed income and equities on behalf of UBS-AM looking to maximize impact of engagement outcomes

### Strong external collaboration

- Helping to further ESG best practices across the investment industry
- Leading within the Climate Action 100+ coalition2
- Concrete outcomes including:
  - Repsol's Net Zero commitment (first in the industry)
  - Equinor's alignment of strategy with Paris Agreement

Source: UBS Asset Management, for illustrative purposes only.
1 In the 12-month period ended 31 December 2020, UBS gave instructions (based on AM's corporate governance principles) to vote on 115,222 separate resolutions at 11,616 company meetings, with 267 of these resolutions being directly related to environmental and social issues. Source: UBS Sustainability report 2020.
2 Source: www.climateaction100.org

# Strong collaboration with clear responsibilities

## The most comprehensive analysis comes from a truly integrated research platform

### UBS ESG Methodology Committee

Providing oversight on the ESG roadmap

### Sustainable Investment Research

**15+ SI Specialists**

**Materiality**
Identify material ESG factors and issues for credit assessment

**Top-down views**
Research on SI issues and trends

**Bottom- up research**
Ongoing support for company analysis

**Engagement**
Pro-active engagement with companies

### Fixed Income Credit Research

**30+ Fixed Income Credit Analysts**

**In-depth sector and company knowledge**
Dedicated buy side fixed income analysts

**Top-down**
Fundamental industry recommendations integrating ESG themes

**Bottom-up**
Fundamental issuer recommendations integrating ESG
Relative value recommendations integrating ESG

**UBS ESG Risk Recommendation**
Incorporate forward looking view

### Portfolio Management

**60+ Fixed Income Portfolio Managers**
Portfolio Construction (rates, credit, currency)
Portfolio Implementation
Portfolio Risk Monitoring



Source: UBS Asset Management. Data as at January 2022.

Section 2

# Investment solution – UBS Short Term Corporates

UBS

# Product specialties

## UBS Short Term Corporates Sustainable boasts a number of interesting features

### Investment objective

- Investment target is to outperform the 1–3 years investment grade universe over a full market cycle (in USD)

### Investment universe

- Fixed income securities mainly issued by corporations and denominated in the fund’s reference currency
- Focus on the 1–3-year term
- Min. 90% investment grade issuer quality (S&P ratings AAA to BBB-)

### Portfolio duration

- 2 years on average (min. 1 year, max. 3 years)
- Lower interest rate risk compared to longer-term bonds

### Investment style

- We follow our disciplined investment process based on fundamental, quantitative and qualitative input factors

### Active management

- Active management with focus on active sector and security selection
- To a lesser extent: active yield curve and duration management

Note: This does not constitute a guarantee by UBS Asset Management

# Key benefits

## Short Term USD Corporates Sustainable

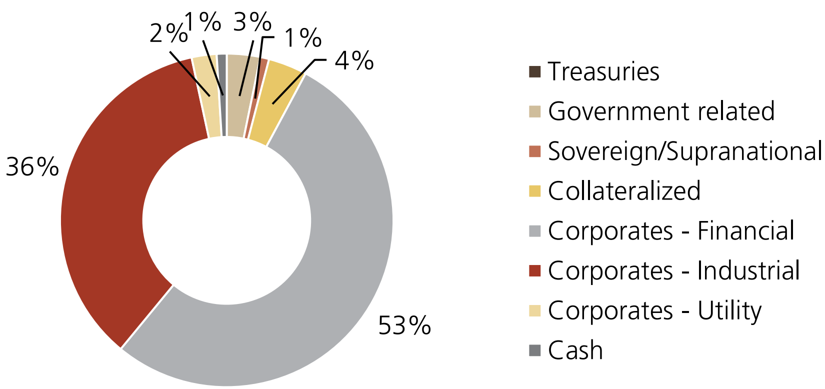
**UBS Short Term Corporates allows investors to…**

- Benefit from active management by a team of investment experts, who take decisions based on their ample global market knowledge and thorough research
- Benefit from careful issuer selection based on profound credit research by a dedicated team of career credit analysts
- Invest in short term corporate bonds predominantly with investment grade issuer quality (ratings AAA to BBB-)
- Have a short-term bond portfolio broadly diversified across sectors and ratings
- Assume lower interest rate risk given lower duration (1 to 3 years)
- Benefit from credit spreads compensating the credit risk taken

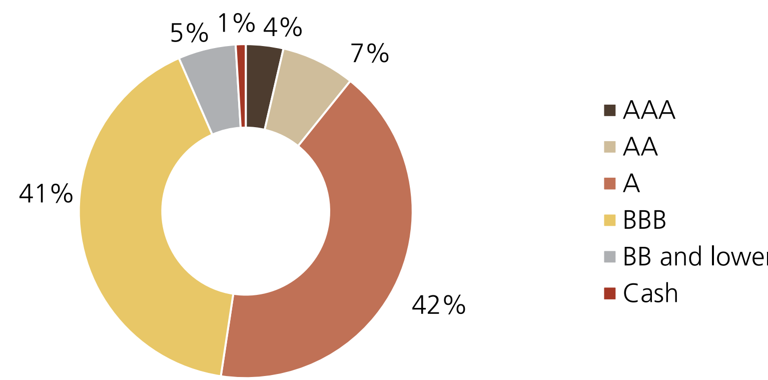
# Portfolio Structure

## Short Term USD Corporates Sustainable

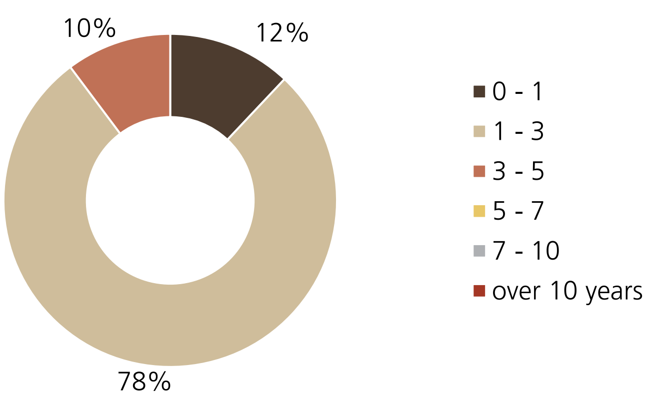
**By sector (%)**




**By credit rating (%)**




**By maturities (%)**




USD 973

Total product assets

1.89%

Theoretical yield to worst (gross of fees)

1.74

Modified duration

Source: UBS Asset Management; data as per 31. January 2022

UBS

# Composite performance

## Total returns for periods ending 31. January 2022

**Short Term USD Corporates Sustainable**

| | 1 month | 3 months | YTD | 2021 | 1 year | Annualized 3 years | Annualized 5 years | Annualized Since inception[1] |
|---|---|---|---|---|---|---|---|---|
| UBS Bond Short Term USD Corp Sustainable | -0.79% | -0.98% | -0.79% | 0.23% | -0.62% | 2.84% | 2.56% | 2.41% |
| Bloomberg Eurodollar Corporate 1-3yrs | -0.77% | -0.98% | -0.77% | 0.00% | -0.84% | 2.66% | 2.41% | 2.30% |
| **Value Added** | **-0.02%** | **0.00%** | **-0.02%** | **0.23%** | **0.22%** | **0.19%** | **0.15%** | **0.11%** |

**Past performance is not a reliable indicator of future results**
Source: UBS Asset Management. All data as 31. January 2022
Note: The returns shown above are based on currently available information and are subject to revision. Performance figures are gross of fees and stated in percentage. Periods greater than 1 year are annualized.
1 Inception as of 28 February 2010

Section 3

# Additional information

# UBS-AM Fixed Income at a glance

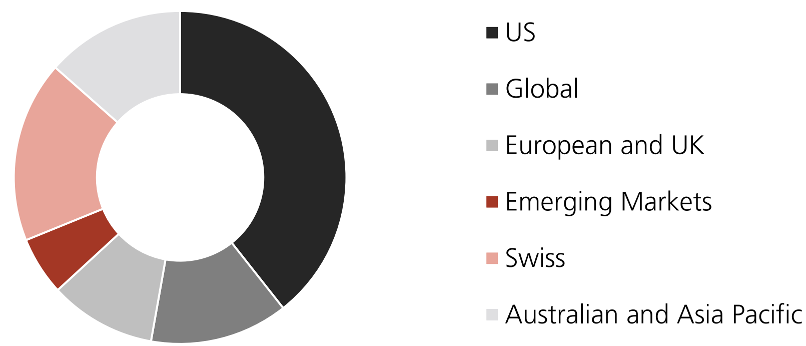
## Leading manager with USD 285 billion in assets under management

### Key strengths of Global Fixed income

- Deep expertise with 130+ fixed income investment professionals, averaging 18 years investment experience
- Globally integrated platform offering local insights and diverse perspectives
- Disciplined investment approach drawing on deep resources to employ diverse alpha sources
- Commitment to proprietary research across the full investment spectrum

### Total AUM USD 285 billion, by strategy

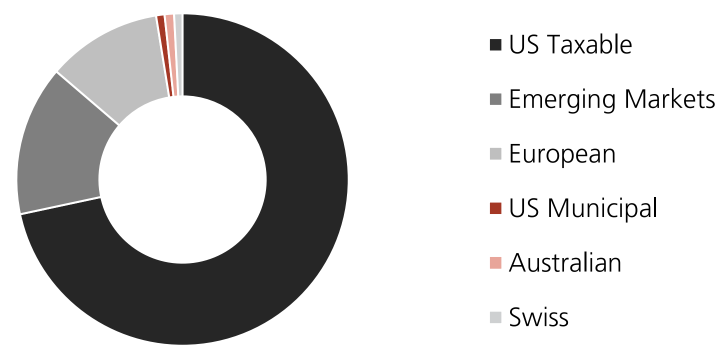
Bonds USD 193 billion




### Global presence

| | |
|---|---|
| Chicago | Hong Kong |
| New York | Shanghai |
| London | Tokyo |
| Zurich | Sydney |
| Singapore | |

Money Market USD 92 billion




Source: UBS Asset Management: worldwide fixed income invested assets. As of December 31, 2021

1 Excludes fixed income assets in multi asset mandates and other strategies managed by Multi Asset and Solutions

# Four Ps

| | |
|---|---|
| Product | Long standing expertise |
| People | Dedicated and stable investment team |
| Process | Proven investment process and proprietary tools |
| Performance | Consistent past performance |

Note: Past performance is no guarantee of future results.

# UBS-AM Sustainable and Impact investing differentiators

## UBS Group commitment to sustainable investment

- UBS is a member of the CDP A List 2020[1]
- UBS is the diversified financials industry leader in the Dow Jones Sustainability Index since 2015[2]
- UBS ranked first globally in Sustainable and Impact Investing[3]
- UBS Group has USD 793 billion in core sustainable investments[4]
- USD 13.1 billion of client assets committed toward SDG-related impact investments, including world's first Multi-lateral development bank bond fund[5]

## UBS-AM is a leading provider of sustainable offerings

- Founding member of Net Zero Asset Managers initiative, committed to net zero emissions goal by 2050 or sooner[6]
- A+ ranking for our approach to Climate Stewardship from InfluenceMap[7]
- UBS AM: USD 480.4bn ESG integrated and USD 112.3bn in SI focused AUM[8]
- 40+ SI focused strategies across active and passive, fixed income and equities
- Fastest growing European asset manager in SI focused AUM since January 2018[9]
- Leading sustainability ETF provider with over USD 28.7bn in SI AUM[10]
- A/A+ ratings from UNPRI across all assessment modules[11]

## Innovation through client-focused collaboration

- 20+ year history in managing sustainable investment funds
- Developed award winning Climate approach with leading UK pension fund[12]
  - Active engagement in coordination with Climate Action 100+
- Developed impact investing methodology with leading Dutch pension fund
  - Invests in companies that offer products and services that help deal with key sustainability challenges
- Over USD 90bn of dedicated Index solutions through collaborations with clients[13]

**1** https://www.cdp.net/en/companies/companies-scores; **2** Source: S&P Global; **3** 2020 Awards from Environmental Finance, PWM The Banker, Euromoney; **4** Sustainable investments across UBS Group, UBS Sustainability report 2020; **5** Source UBS Sustainability report 2020; **6** http://www.netzeroassetmanagers.org; **7** https://influencemap.org/report/Asset-Managers-and-Climate-Change-cf90d26dc312ebe02e97d2ff6079ed87; **8** Assets under management as of March 2021; **9** Growth in absolute AUM since Jan 2018, Source: Morgan Stanley, May 2020 and Morningstar; **10** Market share in Europe for sustainable ETFs: 18.85%, Source Etfbook as of 20 April 2021; **11** 2020 UN PRI Assessment; **12** 2017 Fund Launch of the Year Award, Funds Europe; **13** Asset under management as of March 2021.

# How is the fund aligned to Article 8?

## Criteria based on the UBS AM framework for UBS Sustainable Investing fund family members

| | Criteria | Measurement |
|---|---|---|
| Promoting Environmental/Social characteristic: Will: | Invest in companies so that the portfolio has a better sustainability profile than benchmark or have companies with sustainability profiles over 6 minimum 51% (scale 0-10 with 10=best ESG score) | UBS ESG consensus score |
| | Invest in companies so that the portfolio has a lower carbon profile than benchmark and/or a low absolute profile | Weighted Average Carbon Intensity[1] |
| Ensuring Good Governance | Do not invest in companies with an ESG risk flag (incl. governance) unless ESG risk recommendation of 1-3. HY, Asia, EM allowed UBS ESG risk recommendation up to 20% (no investments in high and severe ESG risk) | UBS ESG risk assessment based on UBS ESG Risk Dashboard |
| | Exclude UBS ESG Risk recommendation 5<br>Exclude UBS ESG Risk recommendation 4 with negative UBS ESG direction | UBS ESG Risk recommendation |
| Exclusions: As a principle do not invest in companies that produce/do: | Controversial weapons 1 (Ethix list): cluster munitions, anti-personnel mines, biological weapons, chemical weapons, nuclear weapons | Involvement entity list |
| | Controversial weapons 2: Depleted uranium | > 0% of revenues |
| | Thermal coal mining / extraction | > 20% of revenues |
| | Oil sands-based extraction | > 20% of revenues |
| | Tobacco | > 5% of revenues |
| | Adult Entertainment | > 5% of revenues |
| | Gambling (online / offline) | > 5% of revenues |
| | Conventional military weapons | > 10% of revenues |
| | Thermal coal-based energy production | > 20% of revenues |
| "Do no harm" | Do not invest in companies with UN Global Compact compliance failures (without credible corrective action) | Failure entity list |
| | Do not invest in companies that failed in UBS AM engagement program, incl. climate-related engagements | Failure entity list |

Source: UBS Asset Management, December 2021. For illustrative purposes only.

1 Portfolio Weighted Average Carbon-Intensity lower than benchmark; Absolute target: <100 tons of $CO_2$ emissions per million dollars of revenue. Only relevant for corporate funds.

UBS

# Why UBS Fixed Income for Sustainable solutions?

Embedding ESG factors to generate opportunities and mitigate risks

Focus on ESG factors that are

**Relevant and material to the investment thesis**

Sustainable Investment Research team

**Dedicated SI team focusing on ESG specific research and engagement**

Standardized ESG integration across asset classes

**Proprietary ESG Risk Dashboard** to identify ESG risks

UBS-AM ESG Methodology Committee

**Providing oversight on the ESG roadmap**

Research analysts

**Assign UBS-AM:**

- ESG risk recommendation
- Forward-looking views for corporates

Team

3 dedicated SI champions +

1 dedicated FI ESG expert (tbd)

Source: UBS Asset Management.
Note: For illustration purpose only.

# Fixed Income Switzerland

**Head of Fixed Income Switzerland**
*Matthias Dettwiler*

**Executive Assistant**
Prisca Hardmeier

**CHF and Multi Sector**
*Clemens Rich*
Roland Emch
Géraldine Haldi[1]
S. Leuenberger
Carlo Schopp

**EUR**
Michael Hitzlberger
M. Wehlen-Bodé[2]
Leonardo Brenna

**Money Market**
*Michael Hitzlberger*
Leonardo Brenna
Robbie Taylor

**Indexing**
*Matthias Dettwiler*
Marco Bontognali
Eric Chevallier
Roland Niederer
Joel Sidler
Mélanie Souchois

**Emerging Market** [5] (Federico Kaune)
Gianandrea Moccetti[4]
Will Riva[4]

**Investment Research**[3] (Nicole Froehlich)
Credit research team (30+ analysts)
Quantitative investment research
C. Vortmueller[4]
Brian O' Brien[4]
M. Rodriguez-Galindo[4]
O. Kalliala[4]

**Investment Specialists**[3]
(15+ investment specialists)
*Anna Findling*[4]
Uta Fehm[4]
Andy Nham[4]
Martin Wiethuechter[4]

As of November 2021. Chart does not necessarily reflect reporting lines.
1 Reporting to Head of FI Switzerland
2 Reporting to Jonathan Gregory, Head of Global Credit Portfolios
3 Reporting to Head of Fixed Income
4 Based in Switzerland
5 Reporting to Head of FI APAC

PM Strategy teams
Global fixed income resources

UBS

# Global credit research team

## Our analysts are industry specialists organized by region averaging 17 years of experience

**Nicole Froehlich**
Head Fixed Income Research

31 FI Analysts | North America: 11 | EMEA: 10 | APAC: 10

| Securitized | | North America | | Europe | | Global EM | | Asia-Pacific DM | | EM Sovereign[1] | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Barbara English* | 34 | Jill Fine | 25 | Phil Spencer | 21 | Michael Stansfield | 9 | Ben Squire | 27 | | |
| John Mulligan | 32 | Steve Breen | 26 | Nadia El-Alaoui | 15 | Jose Bernal | 19 | Earl San Juan | 17 | Yuni Kim | 8 |
| A Jain | 2 | Chip Campbell | 23 | Oskari Kalliala | 6 | Jeff Brown | 4 | | | Gianandrea Moccetti | 6 |
| P Raghuqanshi | 2 | Bill Doyle | 27 | Brian O'Brien | 11 | Brian Huang | 11 | | | Juha Seppala | 13 |
| A Taneja | 2 | Damian Geistkemper | 30 | Giulio Ponte | 15 | Jocelyn Jiang | 6 | | | | |
| TBA | | Jack Moody | 1 | Maria Rodriguez GG | 6 | Will Riva | 14 | | | | |
| | | Nick Wiseman | 8 | Claudia Vortmueller | 22 | Ethan Wang | 10 | | | | |
| | | TBA | | TBA | | William Yiu | 11 | | | | |

**Supported by global investment resources of UBS Asset Management**

- Quant Evidence & Data Science (team of 15)
- Sustainable & Impact Investing (team of 11)
- Fundamental Equity Research (team of 55)
- External Research Providers

As of January 2022
Numbers denote years of industry experience.
** Cadet: 2/3 Global EM, 1/3 APAC DM
• Also acts as Money Market Controller
1. Reports to Head of Emerging Markets Fixed Income

UBS

# Géraldine Haldi

## Senior Portfolio Manager
## Executive Director

Géraldine is a member of the fixed income team based in Zurich and is Portfolio Manager for actively managed USD Aggregate and Corporate portfolios, mutual funds as well as segregated mandates.

She is a member of the Fixed Income Investment Forum (FIIF), Multi Sector team as well as the Rates and FX subgroup of the FIIF.

She joined UBS Asset Management as quantitative analyst in 2007 after graduating her master studies in finance and business administration in Basel. She moved to the portfolio manager role in 2011.

Years of investment industry experience: 14

Education: University of Basel (Switzerland), Msc

Note: As at March 2021

# Martine Wehlen-Bodé, CFA

## Senior Portfolio Manager
## Managing Director

Years of investment industry experience: 27

Education: University of St. Gallen (Switzerland), M.A. HSG

Martine Wehlen-Bodé heads the EUR Corporate strategy team. She is responsible for the strategy and management of EUR investment grade credit portfolios as well as for the corporate allocation of EUR aggregate mandates.

Martine is in charge of Euro Corporate Strategy Meeting. Additionally, she is a member of the European Fixed Income Strategy group.

After graduating from university in 1994, Martine completed an 18-month trainee programme in the area of fixed income investments at UBS Luxembourg SA. From there she went on to become a fixed income Portfolio Manager. She has since gained experience in portfolio management for all major currencies in the European single currency and multi-currency area. Additionally, she has managed various fixed income risk classes, from government to high yield; been responsible for EUR High Yield strategy and portfolio management (1999 to 2002); and was a driving force in setting up the EUR Corporate capability.

Note: As at April 2021

# Matthias Dettwiler, CIIA

## Head of Index Fixed Income and Head of Fixed Income Switzerland
## Managing Director

Years of investment industry experience: 26

Education: Swiss Business School; University of St. Gallen (Switzerland), Executive MBA

Matthias Dettwiler is head of Index Fixed Income since 2012 where he has the overall responsibility for all index tracking fixed income portfolios globally including exchange traded funds.

In addition, he is head of Fixed Income Switzerland for all Fixed Income investment capabilities.

Prior to being appointed to his Index Fixed Income role in November 2012, Matthias headed the FX and Global Bonds team in Zurich and was responsible for implementing active and passive global bond strategies across Zurich-based portfolios. In addition, he was a senior portfolio manager of USD denominated money market, short and medium term aggregate and credit mandates for more than 10 years.

Matthias joined UBS in 1995 on a three-year banking apprenticeship. In 1998 he moved to UBS Investment Bank (Eurobond execution) and subsequently to UBS Private Banking (International Fund Distribution). He joined fixed income portfolio management in 2000.

Matthias holds the 'Certified International Investment Analyst' designation and the 'Swiss Federal Diploma for Expert in Finance and Investment'. He is a member of the European Council of Bloomberg Barclays Indices and the FTSE EMEA Bond Index Series Advisory Committee.

In addition, for the UBS Asset Management Switzerland AG, Matthias acts as Deputy Head of Investments.

Note: As at March 2021

# Performance: UBS Bond Short Term USD Corporates

## GIPS Disclosure

UBS Asset Management (the Firm) claims compliance with the Global Investment Performance Standards (GIPS) and has prepared and presented this report in compliance with the GIPS standards. UBS Asset Management has been independently verified for the periods January 1, 2002 through December 31, 2019. The verification reports are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. GIPS is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

**Performance : UBS Bond Short Term USD Corporates**
**March 01, 2010 Through December 31, 2020**
**Amounts and returns expressed in USD (US DOLLAR)**

| Year | Gross Asset-Weighted Return (%) | Net Asset-Weighted Return (%) | Benchmark Return (%) | Composite 3-Yr St Dev (%) | Benchmark 3-Yr St Dev (%) | # of Portfolios End of Period | Total Composite Assets End of Period (millions) | Asset Weighted Dispersion (%) | Composite Assets as % of Firm Assets | Firm Assets (billions) |
|---|---|---|---|---|---|---|---|---|---|---|
| 2010* | 2.01 | 1.24 | 2.12 | N/A | N/A | 1 | 247 | N/A | 0.05 | 515 |
| 2011 | 1.18 | 0.27 | 1.38 | N/A | N/A | 1 | 218 | N/A | 0.04 | 511 |
| 2012 | 5.77 | 4.82 | 4.81 | N/A | N/A | 1 | 285 | N/A | 0.05 | 557 |
| 2013 | 1.92 | 1.01 | 1.88 | 1.68 | 1.32 | 1 | 413 | N/A | 0.07 | 582 |
| 2014 | 1.31 | 0.41 | 1.30 | 1.20 | 1.05 | 1 | 655 | N/A | 0.11 | 598 |
| 2015 | 1.03 | 0.13 | 1.15 | 0.77 | 0.78 | 1 | 638 | N/A | 0.11 | 577 |
| 2016 | 2.49 | 1.58 | 2.49 | 0.94 | 0.88 | 1 | 1,182 | N/A | 0.20 | 579 |
| 2017 | 2.12 | 1.21 | 1.99 | 0.83 | 0.85 | 1 | 934 | N/A | 0.13 | 724 |
| 2018 | 1.62 | 0.70 | 1.62 | 0.93 | 0.87 | 1 | 989 | N/A | 0.14 | 709 |
| 2019 | 5.64 | 4.70 | 5.55 | 0.94 | 0.93 | 1 | 982 | N/A | 0.12 | 819 |
| 2020 | 4.36 | 3.48 | 4.09 | 3.42 | 2.34 | 1 | 925 | N/A | 0.06 | 1,547 |

* Performance Presented for Mar, 2010 through Dec, 2010. No statistics are annualized.
** 3 yr standard deviations are based on the gross returns

1. The composite invests in short-dated fixed income securities that are largely issued by companies and denominated in the fund's reference currency. The majority of issuers have investment-grade ratings (AAA to BBB-). The investment objective is to achieve an attractive return by exploiting the performance potential of corporate bonds, which is higher than that of government bonds. Interest-rate risk is limited to the short-dated segment. The Composite Inception Date is 28 February 2010. The actual benchmark for this composite always reflects the best match to the investment strategy. Benchmark changes over time are necessary to underline this fact. The benchmark is Bloomberg Barclays Eurodollar Corporate 1-3yrs. Up until 28.02.2011 the Benchmark was Barclays Capital EuroDollar 1-3Y.
2. The Firm is defined as all actively and passively managed institutional and retail accounts of UBS Asset Management ("the Firm") throughout the world. The Firm was incepted in January 01, 2002 following the reorganization of the asset management divisions of UBS AG under a single Asset Management brand. The performance record prior to 2002 is that of the local asset management division which managed the composite, and has been prepared in compliance with GIPS from the inception date of this composite. The composites are administrated out of UBS Asset Management Basel office. The firm, UBS Asset Management - Fund Management Switzerland has complete discretion for all investment activities within the fund. As per January 1st, 2010 the three Firms: UBS Global Asset Management Switzerland - Retail Fund Management, UBS Global Asset Management Switzerland - Institutional Fund Management and UBS Global Asset Management Switzerland - AST Fund Management were merged into UBS Global Asset Management - Fund Management Switzerland. The Firm includes all traditional UBS branded Wholesale, Institutional and AST Funds domiciled in Switzerland or Luxembourg. Policies for valuing portfolios, calculating performance and preparing compliant presentations are available upon request. As per October 5th, 2015 the company name was changed from UBS Global Asset Management to UBS Asset Management. This change of the firm's name does not impact the definition and scope of the GIPS firm or the composites.
3. 

| Year | Total Risk % | Derivative Risk % |
|---|---|---|
| 2014 | 127.3 | 27.6 |
| 2015 | 111.1 | 12.3 |
| 2016 | 134.9 | 35.8 |
| 2017 | 132.2 | 33.7 |
| 2018 | 135.3 | 36.5 |
| 2019 | 124.4 | 26.3 |
| 2020 | 119.3 | 21.5 |

Explanation of the table above: All figures presented are fully in-line with the KKV-FINMA guideline on the use of derivative instruments for collective investments. The Total Risk is the sum of the direct investment exposure and the derivative risk. The direct investment exposure is calculated as the market value of all direct investments, excluding cash and other liquid assets. The derivative risk is the sum of the net credit-, currency- and market-risk. The market risk consists of equity-, interest- and commodity-risk. Derivative financial instruments are only used in the course of ordinary management of portfolio assets and to hedge the currency risk exposure. Leverage in the sense of short sales may not be used. Investment Transactions are accounted for on a trade date basis.

4. Performance is calculated on a time-weighted return basis, taking into account the accrued interests and dividends. Where applicable, returns are shown net of non-recoverable withholding taxes.
5. The performance is calculated net-of-fees. The gross-of-fee returns are calculated based on all fee components excluding transaction costs. This composite has a 100% flat fee of max. 160 bps p.a. (this represents the highest possible standard fee for this composite). Due to the varying client segmentation the charged fee for this composite can differentiate. The bundled fee includes all charges for portfolio management, custody, and other administrative fees. The only costs not covered are transaction costs incurred in the administration of the fund's assets (brokerage fees in line with the market, fees, duties, etc. as well as any applicable taxes).
6. Composite dispersion represents the consistency of the Firm's composite performance results with respect to the individual portfolio returns within the composite. Presented is the asset-weighted dispersion (standard deviation) of the portfolios within the composite. Only portfolios in the composite for each full time period are included in the dispersion calculation and no dispersion is presented for composites consisting of only a single portfolio. The 3 year annualized ex-post standard deviations are based on monthly returns, shown starting with the first full 3 year calendar period.
7. A complete list of all Firm composite descriptions is available upon request. The composite's past performance is not necessarily an indication of how it will perform in the future.
8. A List of broad distribution pooled funds is available on request.

UBS

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Article 8
of the EU SFDR

# US Investment Grade Corporate Bonds

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February 2022

US-I

Section 1

# UBS AM Fixed Income

UBS

# UBS-AM Fixed Income at a glance

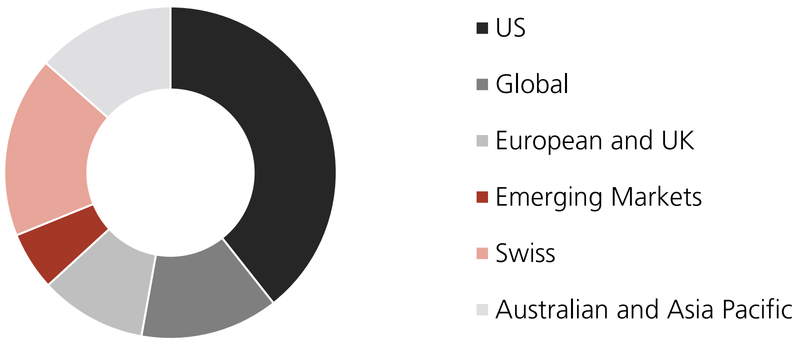
Leading manager with USD 285 billion in assets under management

## Key strengths of Global Fixed income

- Deep expertise with 130+ fixed income investment professionals, averaging 18 years investment experience
- Globally integrated platform offering local insights and diverse perspectives
- Disciplined investment approach drawing on deep resources to employ diverse alpha sources
- Commitment to proprietary research across the full investment spectrum

## Total AUM USD 285 billion, by strategy

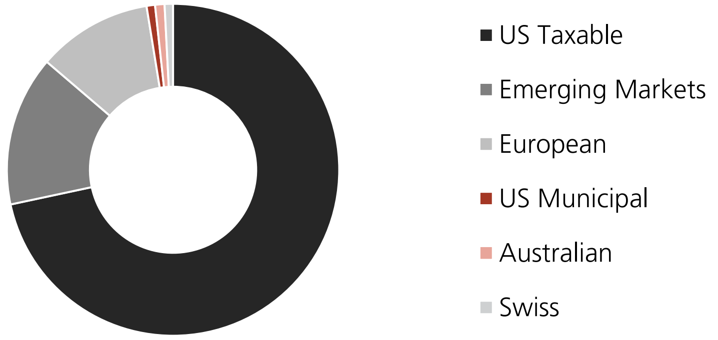
Bonds USD 193 billion




## Global presence

Chicago
New York
London
Zurich
Singapore
Hong Kong
Shanghai
Tokyo
Sydney

Money Market USD 92 billion

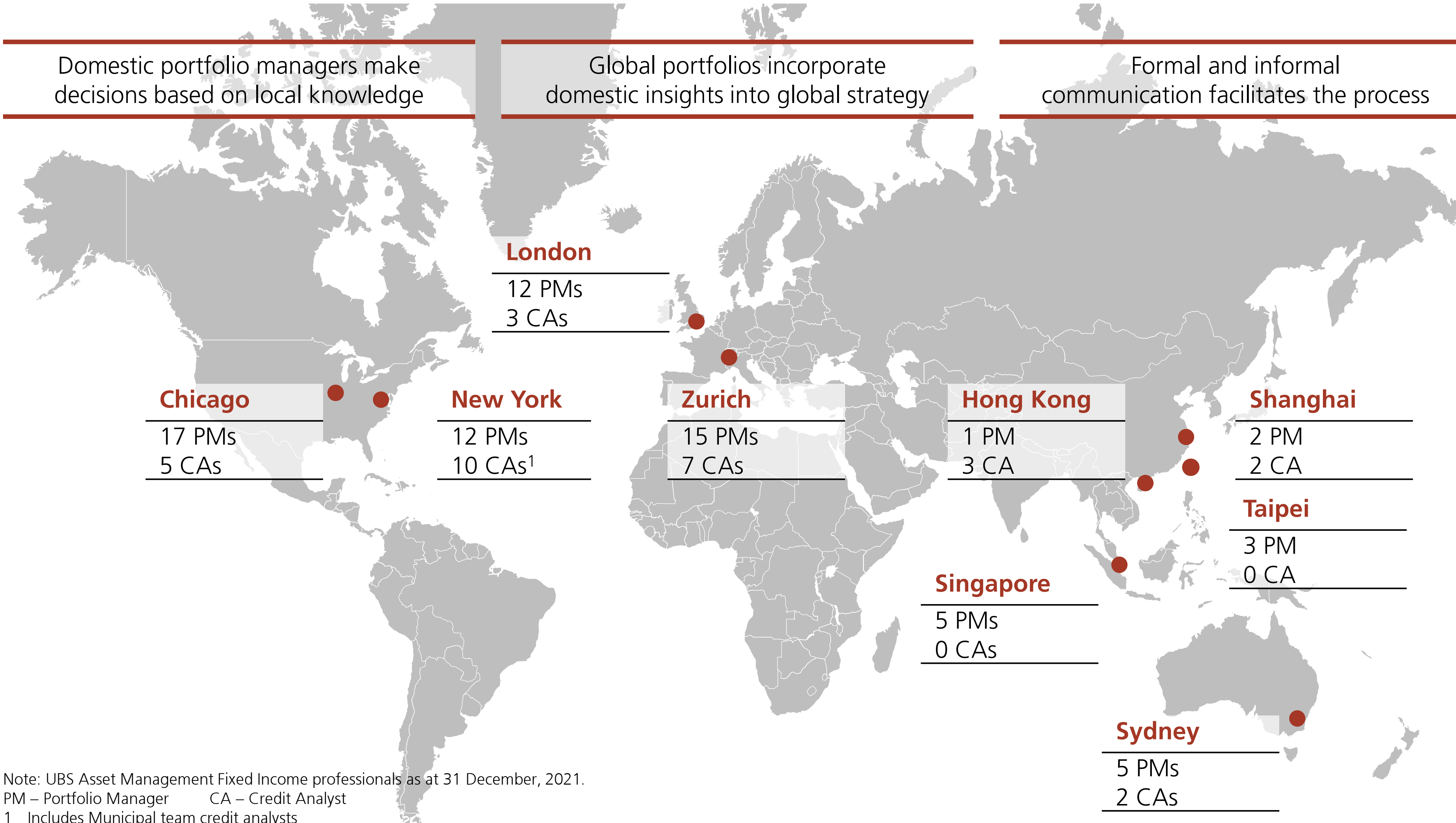



Source: UBS Asset Management: worldwide fixed income invested assets. As of December 31, 2021
1 Excludes fixed income assets in multi asset mandates and other strategies managed by Multi Asset and Solutions

# UBS-AM Global Fixed Income: Leveraging local expertise

Integrated local teams within UBS AM Fixed Income can offer more insights and be more responsive

| Domestic portfolio managers make decisions based on local knowledge | Global portfolios incorporate domestic insights into global strategy | Formal and informal communication facilitates the process |
|---|---|---|




Note: UBS Asset Management Fixed Income professionals as at 31 December, 2021.
PM – Portfolio Manager    CA – Credit Analyst
1 Includes Municipal team credit analysts

# Global Fixed Income Team

**Head of Fixed Income**
*Charlotte Baenninger[1]*

### Global, UK, & Currency
*J Gregory[1]*

*K Zhao[1]*
V Acharya[2]
J Davies[1]
J Jones[1]
L Oster[1]
E O'Sullivan[1]
K Zhang[1]

### Americas
*Craig Ellinger[3]*

**Liquidity Management**
*R Sabatino[3]*
D Johnson[3]
B Strole[3]
D Walczak[3]

**US Multi-Sector**
*S Dolan[3]*
J Haleen[3]
D Kim[3]
M McManus[3]
B Petranovic[3]
D Rothweiler[3]
A Wiltshire[3]

**Municipal Bonds**
*C Grande[3]*
*E Gerry[3]*
B Crofton[3]
L DiPaolo[3]
A Doshi[3]
M Khan[3]
P Matijevich[3]
K McIntyre[3]
O Morodokhin[3]
R Nugent[3]
A O'Hara[3]
J Smith[3]
D Walsh[3]
M Weisi[3]

**Corporate Credit**
*C Ellinger[3]*
M Iannucci[3*]
J Mather[1+]
A Nelson[3*]
Z Swabe[1+]
F Telles[3]
D Vignolo[3]

**Advisory Specialists**
*A Liotti[3]*
S Canter[3]
N Talbot[3]

### Asia Pacific & Emerging Market
*Hayden Briscoe[2]*

**Pan Asia**
*H Briscoe[2]*
S Lei[2]
Y Liu[2]
S Rastogi[2]

**Australia**
*T Van Klaveren[2]*
J Grow[2]
B Mandile[2]
K Medina[2]
T Nash[2]

**Emerging Market Debt**
*F Kaune[3]*
I Arsenin[3]
Y Kim[3]
D Michael[3]
G Moccetti[1]
J Seppala[3]

**Japan**
E Yamamoto[2]

**Taiwan**
M Chou[2]
P Chung[2]
H Wei[2]

### Switzerland
*M Dettwiler[1]*
L Brenna[1]
R Emch[1]
G Haldi[1]
M Hitzlberger[1]
S Leuenberger[1]
C Rich[1]
R Taylor[1]
M Wehlen-Bode[1]

### Index
*M Dettwiler[1]*
M Bontognali[1]
E Chevallier[1]
C Fernandes[1]
J Ma[1]
R Niederer[1]
T Puri[3]
J Sidler[1]
M Souchois[1]
D West[1]
S Prasad[3]

### Quantitative Research
*M Dettwiler[1]*
*C Maru[3]*
H Padmanabhan[3]

### Credit Research
*Nicole Froehlich[1]*

**Securitized**
*B English[3]*
J Mulligan[3]
A Jain[2]
P Raghuqanshi[2]
A Taneja[2]
TBA

**North America**
*J Fine[3]*
S Breen[3*]
C Campbell[3]
B Doyle[3*]
D Geistkemper[3*]
J Moody[3]
N Wiseman[3]

**Europe**
*P Spencer[1+]*
N El Alaoui[1+]
O Kalliala[1]
B O'Brien[1]
G Ponte[13+]
M Rodriguez-Galindo García[1]
C Vortmueller[1]
TBA

**Global EM**
*M Stansfield[2]*
J Bernal[3]
J Brown[2]
B Huang[2]
J Jiang[2]
W Riva[1]
E Wang[2]
W Yiu[2]

**Asia – Pacific DM**
*B Squire[2]*
E San Juan[2]

### Fixed Income Specialists
*A H Findling[1]*
T Appiah[1]
J Blair[2]
A Brunner[1]
U Fehm[1]
M Fleisch[2]
R Martin[3]
A Nham[1]
J Sylvia[3]
J Tay[2]
L Teo[2]
M Wang[3]
M Wiethuechter[1]
A Wise[1]

### Business Management
L Bean[1]
J Benady[2]
G Saleem[1]
D Zeriillo[3]

Note: As of January 2022. Chart does not necessarily reflect reporting lines.
**1** Based in EMEA; **2** Based in APAC; **3** Based in Americas
- US HY; + EUR HY

Global resource

UBS

# Standardized ESG integration across asset classes

## ESG factors integrated into mainstream strategies utilizing a systematic risk-based research process

### ESG data input

**UBS ESG Risk Signal**

- A clear, actionable signal helps to drive the in-house research process
- Proprietary ESG Risk Dashboard to identify ESG risks across four dimensions, based on various ESG data provider inputs:
  - UBS ESG Consensus Score
  - Absolute ESG Risk
  - Governance Risk
  - Controversies

### In-house research

Fundamental analysis

- In-house ESG risk recommendation is part of the investment case
- UBS risk assessment is forward-looking and focused on material issues
- Strong collaboration across investment teams to drive stewardship outcomes

~11 Dedicated SI analysts[1] | ~58 Equity analysts | ~30+ Fixed Income analysts

- In-depth ESG research and stewardship expertise amplifies ESG know-how across investment teams
- Company specific and thematic ESG research on high-risk issues

SI research analysis

### Investment decision making

**Portfolio Managers**
Incorporation of ESG risks in investment decision making

- UBS ESG Risk Recommendation summarizes final ESG view to PMs
- ESG risks may be mitigated through engagement and on-going monitoring
- Confirmation of ESG risks may trigger sell decision
- Portfolio manager may decide to maintain the position with a justification that the opportunity outweighs the risks

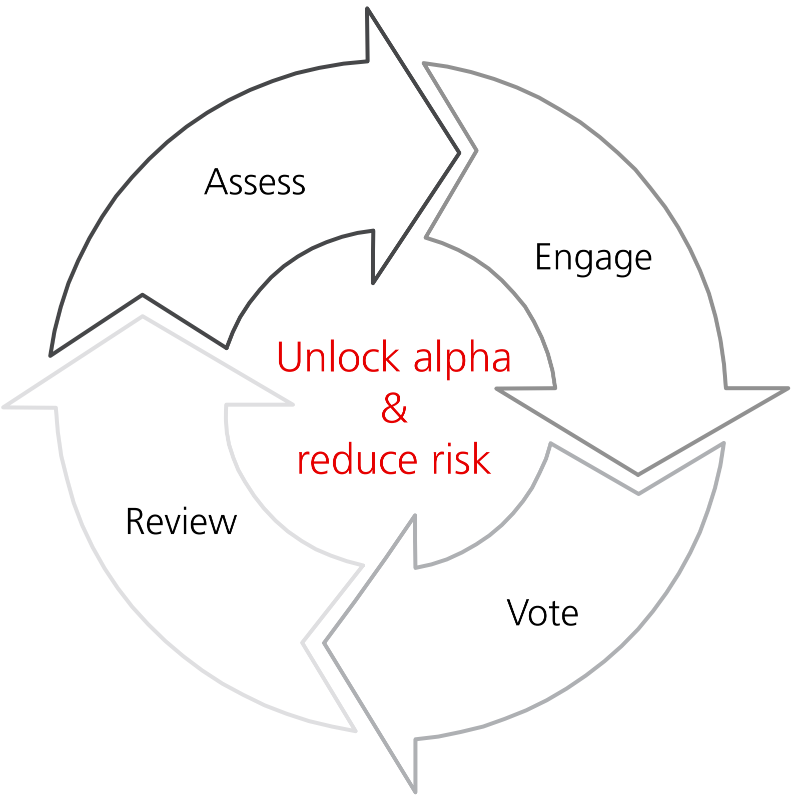
Identify | Review | Decide

Source: UBS Asset Management as of December 2021. For illustrative purposes only.
1 We plan to add 2 full-time SI Research analysts by 2022.

UBS

# Transparent and proactive investment stewardship

Leveraging our strength as a large, diversified asset manager to drive positive, material change




## Core part of the investment process

- Grounded in driving performance and avoiding downside risks
- High quality engagements on sustainability issues with senior executives and board members

## Combined strengths across active and index strategies

- Seeking to maximize outcomes by combining insights from active investments with voting power of index linked strategies[1]
- Stewardship approach pursued consistently across fixed income and equities on behalf of UBS-AM looking to maximize impact of engagement outcomes

## Strong external collaboration

- Helping to further ESG best practices across the investment industry
- Leading within the Climate Action 100+ coalition2
- Concrete outcomes including:
  - Repsol's Net Zero commitment (first in the industry)
  - Equinor's alignment of strategy with Paris Agreement

Source: UBS Asset Management, for illustrative purposes only.
1 In the 12-month period ended 31 December 2020, UBS gave instructions (based on AM’s corporate governance principles) to vote on 115,222 separate resolutions at 11,616 company meetings, with 267 of these resolutions being directly related to environmental and social issues. Source: UBS Sustainability report 2020.
2 Source: www.climateaction100.org

Section 2

# US Investment Grade Credit at UBS

UBS

# Our investment framework

## Leading manager with USD 285bn in fixed income strategies invested around the globe1

### Philosophy

- A global network of investors that collaborate to add value anytime and at any point in the investment process

### People

- Dedicated portfolio management team of 130+ professionals with 17 years average industry experience[1]
- Proprietary research team includes 30+ credit research analysts leveraging 55+ equity analysts and 10+ Sustainable investing specialists[2]

### Process

- Combine top-down macroeconomic and quantitative research with bottom-up company or bond level credit/securitized research
- Diversification of alpha sources with integrated risk management tools allows for effective risk budgeting
- Material financial and non-financial (ESG) factors provide a holistic perspective on investment

### Product

- Full range of strategies
- Customized portfolios to meet client needs in changing rate and credit environments

Source: UBS Asset Management
1 As of 31 December 2021
2 As of 31 December 2021

# Investment Philosophy

A global network of investors that collaborate to add value anytime and at any point in the investment process

We bring together our diverse, global network of experienced strategists, portfolio managers and analysts on a regular basis to uncover high level investment opportunities and hedging strategies

- Produce macro outlooks on growth, inflation and rates
- Isolate themes and risks as a basis of identifying value to drive investment performance
- Generate rolling 3-month return forecasts across all major rate, credit and currency markets to identify high conviction trades

We bring together our global network of specialists on a continuous basis to manage portfolios that coincide with our high conviction trade ideas and are built on the bond level recommendations of our geographically diverse analyst team

- Portfolio managers and analysts iteratively structure risk adjusted portfolios to generate competitive returns
- Portfolio managers strive to achieve the most effective way to add/subtract risk using all available instruments
- Analysts  assess financial and non-financial (ESG) factors harnessing years of research expertise

Our objective is to take compensated risks with diversification seeking to generate achievable and targeted risk-adjusted returns for our clients over market cycles

# People: Investment Grade Credit Team

## Seasoned portfolio management team with an average 21 years of industry experience

| Name | Role | | Years Exp. | Years UBS |
|---|---|---|---|---|
| **David Vignolo** | **Head of US Investment Grade Corporate Strategies** | | **32 years** | **9 years** |
| Felipe Telles | Deputy Portfolio Manager | | 11 years | 9 years |
| Branimir Petranovic | Portfolio Manager, Multi-Sector | | 22 years | 14 years |
| David Rothweiler | Portfolio Manager, Multi-Sector | | 28 years | 17 years |
| Martine Wehlen-Bodé | Portfolio Manager, EUR Corporate | | 27 years | 24 years |
| Ross Dilkes | Portfolio Manager, Asia Corporate | | 16 years | 16 years |
| Vivek Acharya | Portfolio Manager, Global Corporate | | 15 years | 9 years |
| | | **Average:** | **22 years** | **14 years** |

**Fixed Income Investment Forum**
10 members

**Global Credit Research Analysts**
30+ analysts

**Global Fixed Income resources**
130+ professionals

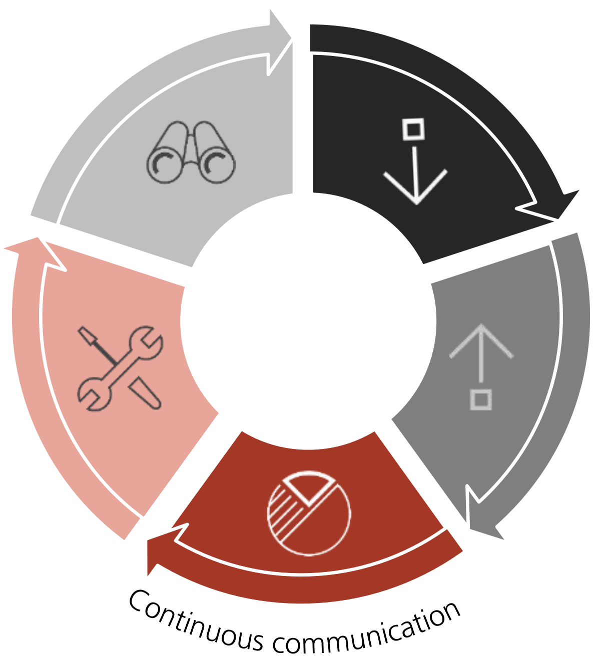
**Sustainable Investing**
18+ professionals

Note: As December 2021

# UBS-AM Fixed Income investment process

## Each stage is critical to the investment process

**Continuous active portfolio management**




### Top-Down Strategy
- Fixed Income Investment Forum
- Establish and monitor strategic views across rates, credit, currencies, and liquidity

### Bottom-Up Strategy
- Global Credit Research
- Sector, industry and issuer analysis providing fundamental, relative value and ESG ratings

### Portfolio Construction
- Portfolio management
- Alignment of client needs, investment goals and market environment

### Implementation
- Portfolio management and centralized trading
- Best execution and timing

### Risk Management and Compliance Oversight
- Portfolio Management, Risk Control, Compliance
- Quarterly Portfolio Reviews by senior management
- C&ORC Three Lines of Defense

For illustrative purposes only

# Process and output

## Fixed Income Investment Forum

### Review and adjustments

**Ongoing**

- Adjust forecasts if necessary
- Discuss relevant topics
- Update potential impact data

### Macro view

**3 & 12 month horizons**

- Growth
- Inflation
- Cash rates
- Output: Macro themes and risks


### Communication

**Ongoing**

- Communicate macro themes and risks
- Track performance
- Monitor risk

### Investment trade ideas

**3 months**

- Expected returns
- Output: trade ideas based on high conviction views

### Sector forecasts

**3 & 12 months**

- Factor ranges
- Conviction
- Output: Sub-committees generate sector forecasts across 250+ factors

UBS

# Structure and membership

## Fixed Income Investment Forum

### FIIF Macro Committee

**Charlotte Baenninger**
Head of Fixed Income

**Hayden Briscoe**
Head of Fixed Income Global EM and Asia Pacific
**Scott Dolan**
Head of US Multi-Sector Fixed Income
**Craig Ellinger**
Head of Fixed Income North America

**Nicole Froehlich**
Head of Research
**Jonathan Gregory**
Head of Fixed Income UK
**Federico Kaune**
Senior Portfolio Manager, Emerging Markets

**Tim Van Klaveren**
Senior Portfolio Manager, Australia
**Kevin Zhao**
Head of Global Sovereign and Currency

### FIIF Sub-committees

| **Credit Research** | **Investment Grade** | **High Yield** | **Asia & EM** | **Rates & FX** | **Multi-Sector** |
|---|---|---|---|---|---|
| Nicole Froehlich | Tim Van Klaveren | Craig Ellinger | Hayden Briscoe | Jonathan Gregory | Jonathan Gregory |
| Barbara English | Vivek Acharya | Matt Iannucci | Igor Arsenin | Scott Dolan | Scott Dolan |
| Jill Fine | Smit Rastogi | Jonathan Mather | Federico Kaune | Jeff Grow | Jeff Grow |
| Phil Spencer | David Vignolo | Branimir Petranovic | David Michael | David Kim | Jeff Haleen |
| Ben Squire | Martine Wehlen-Bode | Zachary Swabe | Nicole Froehlich | Lionel Oster | Jerry Jones |
| Michael Stansfield | Nicole Froehlich | Nicole Froehlich | | Kevin Zhao | Branimir Petranovic |
| *Ad-hoc Research analysts for specific industry insights* | | | | | Kevin Zhao |

Note: As of February 2022

UBS

# Key facts

On-the-ground presence in several locations globally enhances our research capabilities

**Global Team**

7 locations

**Career credit research analysts**

Average 17 years experience

**Extensive coverage across the rating spectrum**

IG, HY, EM, Securitized, Municipal*

**ESG research & engagement**

3 dedicated SI champions + 1 dedicated FI ESG expert (tbd)

**Depth and breadth of resources**

30+ credit analysts

**Issuer Coverage**

2000+ issuers

**Sectoral Forum**

13 industry coordinators

Note: As of September 2021.

* Municipal & EM sovereign research report into the investment strategy head, not into Research

# Key factors in fundamental research analysis

## Fundamental credit analysis is at the core of the analyst assessment

### Business Model and Qualitative Factors

- Management
- Corporate Strategy
- Competitive environment
- Market position
- Financial flexibility
- Financial policies
- Transparency

### Financial and Quantitative Factors

- Operating Results
- Cash Flow  Analysis
- Leverage
- Financial flexibility
- Deployment of capital
- Ratio & Scenario Analysis

### Other Considerations

- Event Risk
- Covenants / Legal
- Headline Risk
- Contingent Liabilities
- ESG
- Investor Relations

### Fundamental Assessment

**UBS Credit Rating** and **Forward-looking Fundamental Recommendation** within an industry or coverage sub-group

### ESG Assessment

**ESG Risk Recommendation** assesses forward-looking material sustainability considerations and opportunities for engagement.

### Relative Value Assessment

**Relative Value Recommendation (RVR)** within an industry or coverage sub-group for various currencies of issuance.

# Global credit research team

Our analysts are industry specialists organized by region averaging 17 years of experience

**Nicole Froehlich**
Head Fixed Income Research

31 FI Analysts | North America: 11 | EMEA: 10 | APAC: 10

| Securitized | | North America | | Europe | | Global EM | | Asia-Pacific DM | | EM Sovereign[1] | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Barbara English* | 34 | Jill Fine | 25 | Phil Spencer | 21 | Michael Stansfield | 9 | Ben Squire | 27 | | |
| John Mulligan | 32 | Steve Breen | 26 | Nadia El-Alaoui | 15 | Jose Bernal | 19 | Earl San Juan | 17 | Yuni Kim | 8 |
| A Jain | 2 | Chip Campbell | 23 | Oskari Kalliala | 6 | Jeff Brown | 4 | | | Gianandrea Moccetti | 6 |
| P Raghuqanshi | 2 | Bill Doyle | 27 | Brian O'Brien | 11 | Brian Huang | 11 | | | Juha Seppala | 13 |
| A Taneja | 2 | Damian Geistkemper | 30 | Giulio Ponte | 15 | Jocelyn Jiang | 6 | | | | |
| TBA | | Jack Moody | 1 | Maria Rodriguez GG | 6 | Will Riva | 14 | | | | |
| | | Nick Wiseman | 8 | Claudia Vortmueller | 22 | Ethan Wang | 10 | | | | |
| | | TBA | | TBA | | William Yiu | 11 | | | | |

**Supported by global investment resources of UBS Asset Management**

| | | | |
|---|---|---|---|
| Quant Evidence & Data Science (team of 15) | Sustainable & Impact Investing (team of 11) | Fundamental Equity Research (team of 55) | External Research Providers |

As of January 2022
Numbers denote years of industry experience.
** Cadet: 2/3 Global EM, 1/3 APAC DM
• Also acts as Money Market Controller
1. Reports to Head of Emerging Markets Fixed Income

UBS

# Process: Portfolio construction

## 1. Risk budgeting

**Benchmark**

Rates: Duration / yield curve

Credit: Investment grade corporates

Securitized

High yield

Emerging markets

FX: Non-US currencies

**SHORT** ↔ **LONG**

## 2. Strategy

**Top-Down Macro Strategies**

Rates | Credit | Currency | Liquidity

**Client Portfolio**

Sector Allocation | Industry Allocation | Issuer Allocation

**Bottom-Up Security Selection Strategies**

## 3. Implementation

## 4. Risk Measurement

## 5. Performance Measurement

## 6. Re-assessment and Re-balancing

For illustrative purposes only.

# Process: Implementation

## Execution is a Shared Responsibility

**Strategy Set**
Portfolio manager sets strategy based on current pricing.

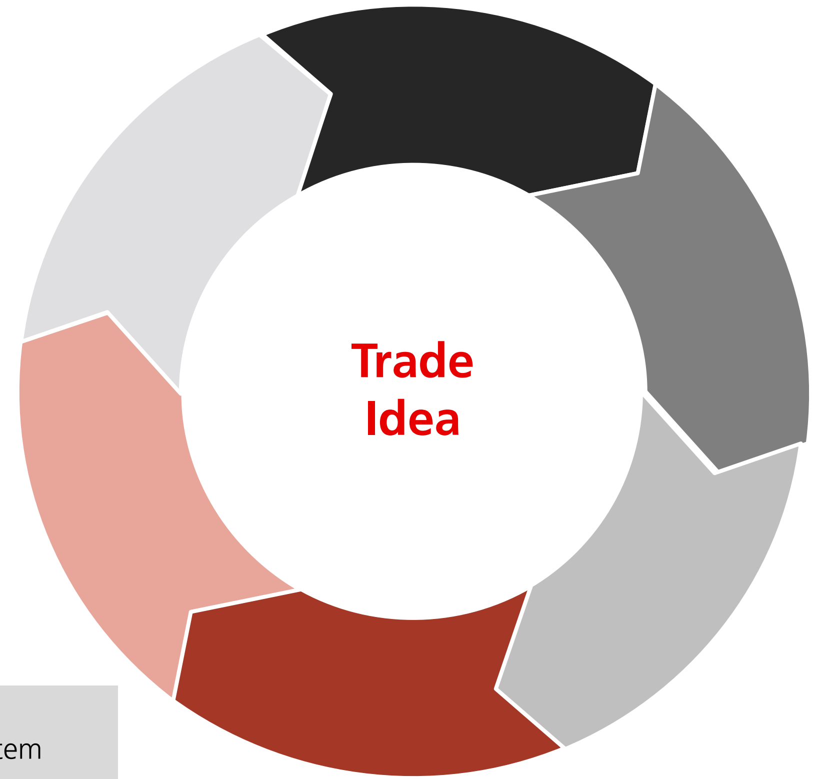
**Trade modeled**
Portfolio managers allocate trade in our portfolio management system with limits.

**Pre-trade compliance check**
Proposed trade is sent to compliance for review against guidelines.

**Order Generated and Sent to Trader**
Upon approval, trade is routed to a centralized trading blotter.

**Trade Execution**
Centralized trader faces off with multiple counterparties to obtain intelligence and possibly execute trade.

**Trade Outcome Communicated**
Post-trade compliance completed. Trade details communicated to PM if trade was completed.




**Systems**

- Trade Model – Portfolio Management System
- Pre and post trade compliance – Sentinel
- Order Management – Longview ,Sophis, FXCM
- Execution– Bloomberg, TradeWeb, MarketAxess, ICE Select, Brokers

Note: For illustrative purposes only

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# Fixed Income risk framework

Portfolio managers at center stage, supported by independent checks and balances

## Investment Team

Reports to Head of Investments

**Portfolio managers**

- Daily risk management and monitoring
- Weekly performance attribution
- Monthly risk forum

## AM Risk Control

Reports to CRO

**Independent from investment team**

- Risk monitoring
- Stress analysis
- Counterparty risk
- Escalation power

## Business Risk Management

Reports to COO

**Independent from investment team**

- Operational Risk Inventory
- Front to back Risk Governance (TRPA / NBI)
- ICAP (process risks)
- Information security

## Corporate Governance

**AM Senior management**

- UBS Policies & Procedures
- Business continuity plans
- Set risk framework and raise risk awareness
- Quarterly portfolio reviews

## Product Control & Logistics

**Independent from investment team**

- Pre-trade guideline checks
- Post-trade guideline checks

## Compliance & Operational Risk Control

**Independent from investment team**

- Best execution check
- Fair trade allocation check
- Operational Risk Events Guidelines
- Personal dealing

Clear adjustment and error policies are in place covering all aspects of the portfolio management process

# Product: Investment Grade Corporate strategies

**Asset class**

- US Investment Grade Corporate
- Global Corporate
- Regional Corporate – EUR, Australia, Asia

**Maturity**

- Short term (1-5 year)
- Intermediate (1-10 years)
- Long Credit (10 years +)
- Full Index

**Investment style**

- Active vs. benchmark with low, medium and high active risk
- Buy-and-hold mandates (fixed maturity mandates)

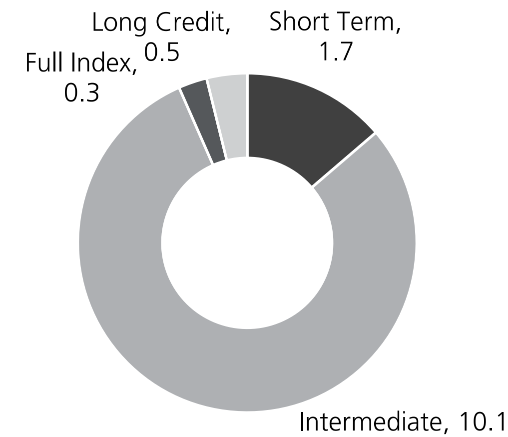
**Customizations**

- Investment grade with high yield allocation
- Customized client solutions
- Sustainability focused strategies
- Climate Aware

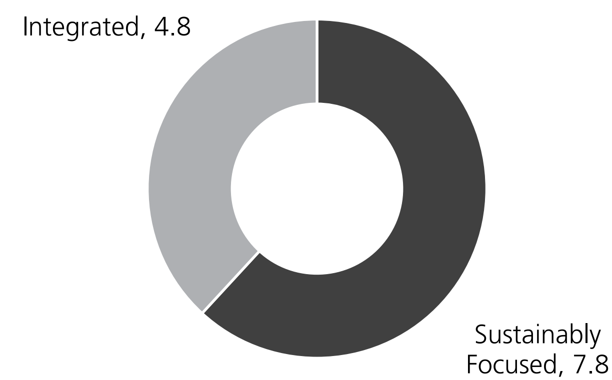
**Benchmarks**

- Bloomberg Barclays US IG Corporate
- ICE BofAML
- JPMorgan

**Total AUM USD 12.7 billion, by maturity**




**USD 7.8 billion in sustainably focused**




As of December 31, 2021

UBS

Section 3

# Portfolio characteristics and performance

# Performance: US Corporate Bond Composite

## Total returns for periods ending January 31, 2022 (USD) – Gross of fees

| | | | Annualised | | | | |
|---|---|---|---|---|---|---|---|
| | YTD | 1 year | 3 years | 5 years | 10 years | 15 years | Since inception[1] |
| UBS US Corporate Bond Composite (%) | -3.28 | -2.72 | 6.24 | 5.05 | 4.53 | 5.36 | 5.28 |
| Bloomberg US Corporate Index (%) | -3.37 | -3.13 | 5.55 | 4.48 | 4.11 | 5.16 | 5.05 |
| Value added (%) | 0.08 | 0.42 | 0.69 | 0.57 | 0.42 | 0.20 | 0.23 |
| Tracking error (%)[2] | | 0.40 | 1.49 | 1.20 | 0.93 | 1.39 | 1.29 |
| Information ratio[3] | | 1.05 | 0.46 | 0.48 | 0.45 | 0.14 | 0.18 |

Note: The returns shown above are based on currently available information and are subject to revision. **Past performance is no guarantee of future results.**
Performance figures are gross of fees. Please see attached disclosure information.

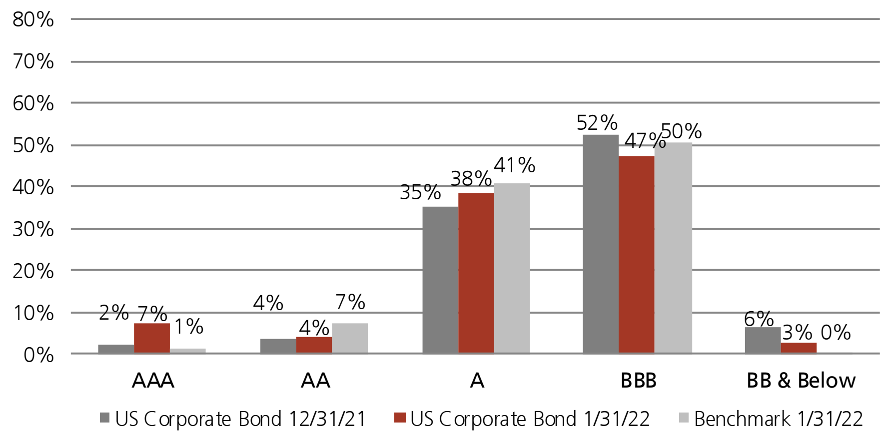
1 Inception as of 31 August, 2003
2 Tracking error is the standard deviation of the difference between the monthly composite and benchmark returns, based on logarithmic returns. Tracking error is annualized for periods greater than one year
3 Information ratio is the arithmetic value added divided by the tracking error. For periods greater than one year, annualized returns are used to calculate the value added and the tracking number

# US Corporate Bond: Current portfolio positioning

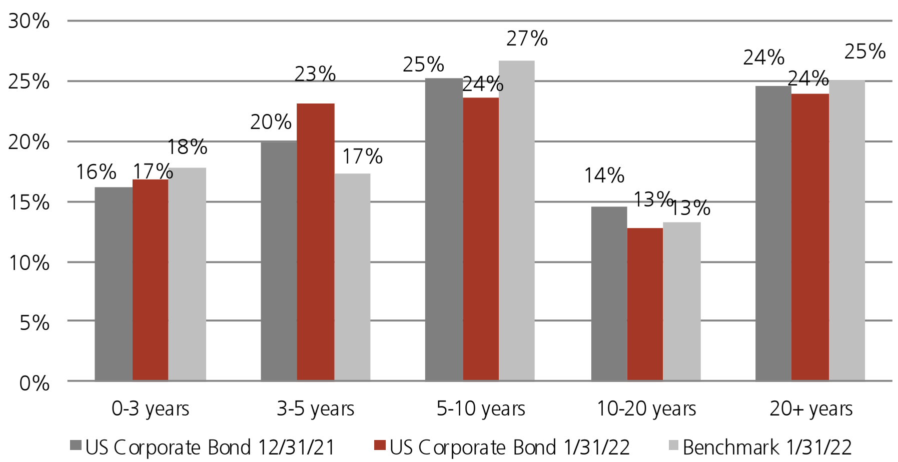
## As of January 31, 2022

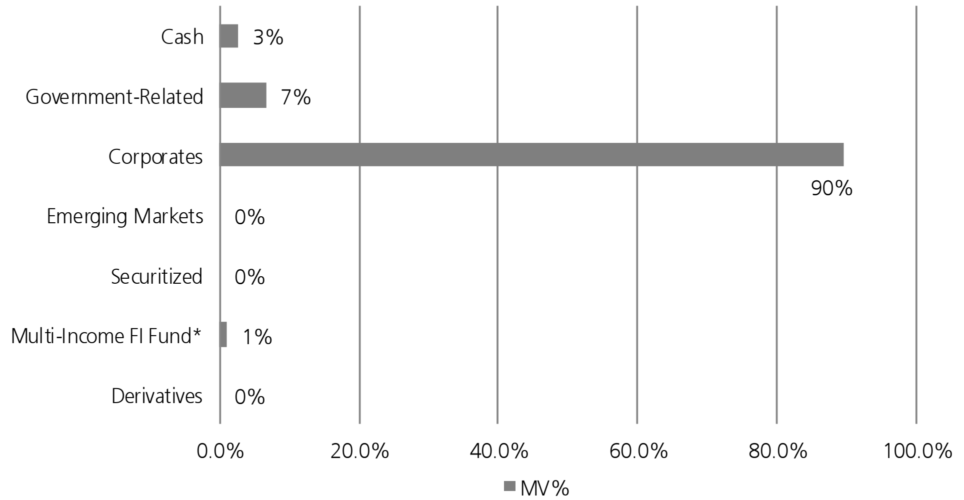
| Portfolio Characteristics | US Corporate Bond | Benchmark |
|---|---|---|
| Yield To Worst | 2.75% | 2.76% |
| Average Coupon (MV basis) | 3.55% | 3.67% |
| OAD (years) | 8.37 | 8.35 |
| OASD (years) ex Tsy | 7.77 | 8.27 |
| DTS | 10.67 | 11.05 |
| Option Adjusted Spread (bps) | 112 | 105 |
| Average rating of holdings | Baa1 | Baa1 |

**Quality Allocation**




**Yield Curve Positioning**




Benchmark: Bloomberg US Corporate Index
Information is supplemental to the US Corporate Bond composite

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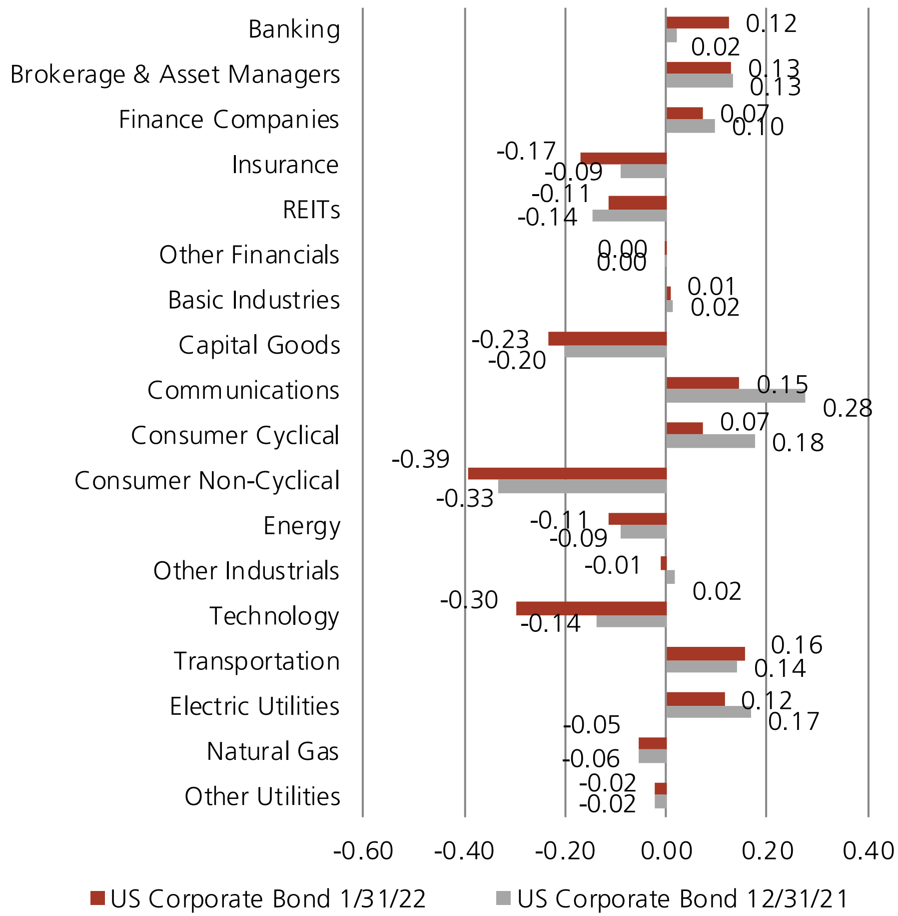
# US Corporate Bond: Current portfolio positioning

As of January 31, 2022

**Investment Grade Industry Allocation vs. Benchmark (CTSD ex-TSY, years)**




| | MV (%) | | | CTD | | |
|---|---|---|---|---|---|---|
| | Account | Bench | Diff | Account | Bench | Diff |
| Banking | 27.9% | 21.6% | **6.3%** | 1.32 | 1.19 | **0.13** |
| Brokerage & Asset Manag | 1.4% | 1.2% | **0.1%** | 0.22 | 0.09 | **0.13** |
| Finance Companies | 2.8% | 1.3% | **1.5%** | 0.13 | 0.05 | **0.07** |
| Insurance | 1.6% | 4.5% | **-2.9%** | 0.27 | 0.44 | **-0.17** |
| REITs | 1.9% | 3.0% | **-1.1%** | 0.09 | 0.20 | **-0.11** |
| Other Financials | 0.0% | 0.0% | **0.0%** | 0.00 | 0.00 | **0.00** |
| Basic Industries | 3.5% | 2.7% | **0.8%** | 0.27 | 0.26 | **0.01** |
| Capital Goods | 1.8% | 5.7% | **-3.8%** | 0.23 | 0.46 | **-0.24** |
| Communications | 8.1% | 9.0% | **-0.9%** | 1.11 | 0.96 | **0.15** |
| Consumer Cyclicals | 7.2% | 6.6% | **0.5%** | 0.58 | 0.50 | **0.08** |
| Consumer Non-Cyclicals | 9.9% | 15.5% | **-5.5%** | 1.09 | 1.49 | **-0.40** |
| Energy | 7.0% | 7.7% | **-0.7%** | 0.53 | 0.65 | **-0.12** |
| Other Industrials | 0.5% | 0.5% | **0.0%** | 0.07 | 0.08 | **-0.01** |
| Technology | 5.6% | 10.1% | **-4.5%** | 0.56 | 0.86 | **-0.30** |
| Transportation | 4.7% | 2.5% | **2.2%** | 0.43 | 0.27 | **0.16** |
| Electric Utilities | 5.6% | 7.4% | **-1.8%** | 0.89 | 0.77 | **0.12** |
| Natural Gas | 0.3% | 0.6% | **-0.3%** | 0.01 | 0.06 | **-0.05** |
| Other Utilities | 0.0% | 0.2% | **-0.2%** | 0.00 | 0.02 | **-0.02** |
| **IG Corporate Total** | **89.7%** | **100.0%** | **-10.3%** | **7.79** | **8.35** | **-0.55** |
| Non-IG Corporate | 10.3% | 0.0% | 10.3% | 0.55 | 0.00 | 0.55 |
| **Total** | **100.0%** | **100.0%** | **0.0%** | **8.37** | **8.35** | **0.02** |

Benchmark: Bloomberg US Corporate Index
MV = Market Value
CTD = Contribution to Duration
CTSD ex-TSY = Contribution to Spread Duration (excluding Treasuries)
Information is supplemental to the US Corporate Bond composite

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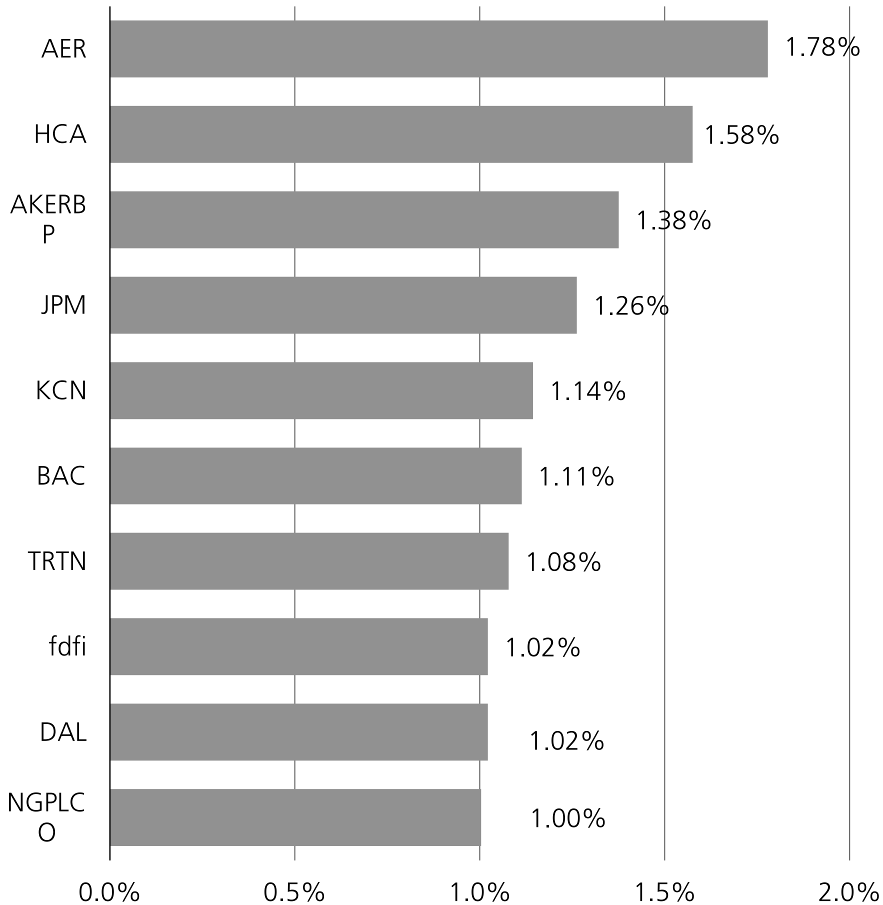
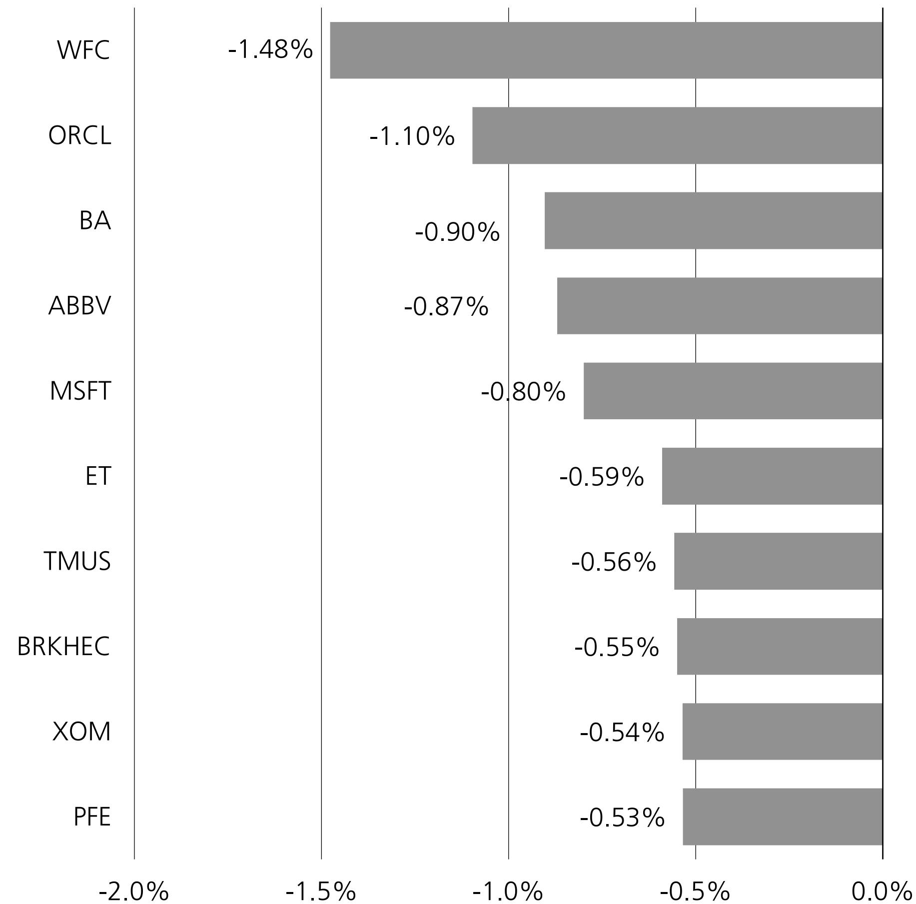
# US Corporate Bond: Current portfolio positioning

As of January 31, 2022

**Top 10 overweights**




**Top 10 underweights**




Note: Information is supplemental to the US Corporate Bond composite
Overweight/underweight data excludes exposure to US Treasuries

Section 4

# Market Outlook

# Fixed Income strategy – themes

In the US, high inflation and tight labor markets will force the Fed to change its policy. The taper will be complete by the end of March 2022 and now a reduction of the balance sheet is also firmly on the policy agenda. Market pricing anticipates at least 125bp of hikes by year-end. The combination of higher policy rates and balance sheet reduction could be problematic for risks assets. While fighting inflation should dominate Fed thinking, the pace of tightening will slow if there is a serious dislocation in risk assets tied to geopolitical concerns.

In Europe, the situation is extremely challenging. The war in Ukraine means it is unlikely the ECB will tighten policy this year. Europe could be moving into a period of stagflation, with a huge jump in energy and food prices while spending collapses. Energy prices could easily spiral to new heights if EU governments are unwilling or unable to import gas supplies from Russia. Household spending and business investment will be challenged for the foreseeable future. A recession, seems to be a likely outcome.

In China, the economy has been battered by the collapse in the real-estate sector, the regulatory clampdown, and the regional impact of the zero-covid policy. There are signs that the situation will improve in 2022 with central planning goals that could be more supportive. Some fiscal and monetary policy interventions should ease conditions in targeted sectors of the economy. The full impact of those will only be felt in the latter part of the year.

UBS AM Fixed Income Investment Forum (FIIF) views as of March 2022

# Investment outlook – risks

Any escalation of the conflict in Ukraine will be detrimental to risk assets, particularly if Europe and the US are drawn into a direct engagement with Russia. On the other hand, if Russia was forced into some sort of retreat or climbdown (however unlikely) then confidence in equities and credit will rebound.

Higher policy rates may be required even if output is falling. It remains to be seen whether central banks can bring inflation under control. Sustained upward pressure on energy and food prices would likely batter consumer and business confidence and pose a serious policy dilemma for central banks.

UBS AM Fixed Income Investment Forum (FIIF) views as of March 2022

# Investment Grade Corporates: outlook

## The most important themes for 2022

### Monetary Policy and Inflation

- The Fed will finish tapering by end of Q1 with initial discussions of quantitative tightening
- Rate hike liftoff priced in for late Q1/early Q2 and three rate hikes by year end
- The credit market will be driven by how successful the Fed can navigate the path of tightening financial conditions to fight inflation versus slowing economic growth

### Corporate Fundamentals

- Corporate earnings have remained strong and continue to trend positively
- Signs of supply chain pressures easing have recently emerged
- High yield defaults expected to remain low

### Technical environment

- IG credit remains a source of diversified, high quality yield for global investors particularly with higher all-in entry yield as rates rise
- Inflows continue into to the investment grade credit market given more attractive hedging costs for global investors
- New issue supply expected to be lower in 2022 compared to 2021

### Geopolitics

- Omicron variant contributes to uneven recovery and divergence across regions
- Rising tensions in select emerging markets such as Russia, Ukraine, China and Turkey could contribute to volatility
- Domestic agenda in the US faces difficult path in midterm election year

Views as of December 2021. Not a recommendation to buy or sell any securities, strategy, or fund.

# US IG corporate spread outlook - strategy

- FIIF OAS range between 90bps and 120bps (currently at 99bps) through Q1
- Neutral IG, with allocation to SD HY
- We see future opportunities in issuer selection, credit curve positioning, and sub-sector positioning.

**Spread market beta**
***Neutral***

Fed more hawkish to fight inflation
Valuations stretched
Use market volatility to adjust beta

**Duration**
***Tactical***

Currently underweight
Disciplined to expected ranges

**Credit Curve**
***Overweight belly***

2-4 years: Underweight
4-10 years: Overweight
Long-end (10+): Underweight

**Financials**
***Overweight***

Prefer US money center banks
Constructive fundamental outlook
Should benefit from Improving economic environment

**Industrials**
***Underweight***

Overweight: chemical, manufacturing (Autos), and aviation
Neutral: Energy
Underweight: homebuilders, pharma, food

**Utilities**
***Neutral***

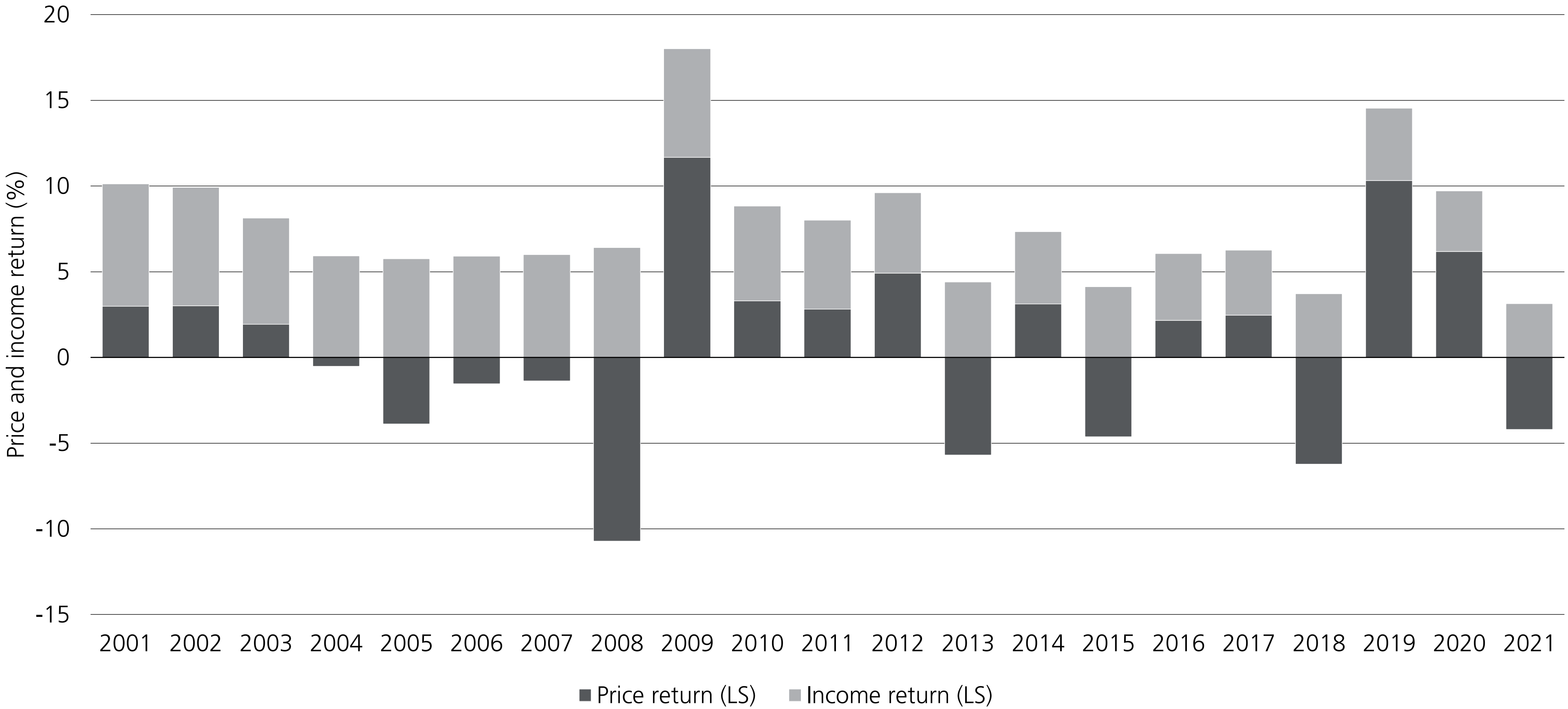
Limited remaining relative value
Underweight positions in issuers that have poor ESG scores

Source: UBS Asset Management, data as per December 2021
Note: This document contains statements that constitute "forward-looking statements", including, but not limited to, statements relating to our future business development. While these forward-looking statements represent our judgments and future expectations concerning the development of our business, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations.

# Historical US IG Corporate total returns

## Corporate bond income has historically compensated for price changes

Average income return (2001-2021): 5.10%




Source: Barclays, as at December 31, 2021
Past performance is no guarantee of future results

# Appendix

# David B. Vignolo

## Head of US Investment Grade Credit
## Managing Director

Years of investment industry experience: 32

Education: Indiana University (US), BS; Case Western Reserve University (US), MBA

David Vignolo heads the US Corporate strategy team and is responsible for developing and implementing duration, yield curve, sector and issue selection decisions in US investment grade credit and long duration credit strategies.

Prior to joining the firm in 2012, David was the Head of Corporate Strategy at Deutsche Asset Management/DB Advisors. In this role he managed the corporate trading team and was responsible for dedicated corporate bond mandates as well as corporate strategy within Enhanced Core, Core and Gov/Credit mandates.

Prior to Deutsche Asset Management/DB Advisors, David was a Portfolio Manager and Senior Corporate Bond Trader at Invesco, where he was responsible for managing the corporate trading team.

Previous experience includes fixed income portfolio management roles with Conning Asset Management and ANB Investment Advisors.

Note: As at March 2022

# Felipe Telles, CFA, CA

Portfolio Manager
Director

Years of investment industry experience: 10

Education: University of Sydney (Australia), B.Com; Emory University (USA), BBA

Felipe Telles is a portfolio manager on the credit portfolio management team. His responsibilities include trading, portfolio management and analysis, and working with the senior credit portfolio management in the planning and execution of credit strategies.

Prior to his role as a portfolio manager, Felipe was a member of the Global Credit Research team and was responsible for the credit coverage and development of trade recommendations for Global Industrials.

Felipe joined UBS Asset Management in April 2012. Prior to joining UBS, Felipe gained experience with KPMG Sydney in a variety of positions including analyst roles with the transaction services and corporate finance advisory teams.

Note: As at March 2021

# US Corporate Bond Composite

## Schedule of composite performance

UBS Asset Management (the Firm) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. UBS Asset Management has been independently verified for the periods January 1, 2002 through December 31, 2019. The verification reports are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

Performance : UBS Corporate Bond (USD)
September 01, 2003 Through December 31, 2020

Amounts and returns expressed in USD (US DOLLAR)

| Year | Gross Asset-Weighted Return (%) | Net Asset-Weighted Return (%) | Benchmark Return (%) | Composite 3-Yr St Dev (%) | Benchmark 3-Yr St Dev (%) | # of Portfolios End of Period | Total Composite Assets End of Period (millions) | Asset Weighted Dispersion (%) | Composite Assets as % of Firm Assets | Firm Assets (billions) |
|---|---|---|---|---|---|---|---|---|---|---|
| 2003* | 4.30 | 3.90 | 4.19 | N/A | N/A | 1 | 81 | N/A | 0.02 | 452 |
| 2004 | 5.43 | 4.34 | 5.40 | N/A | N/A | 1 | 124 | N/A | 0.02 | 499 |
| 2005 | 1.71 | 0.55 | 1.67 | N/A | N/A | 1 | 102 | N/A | 0.02 | 542 |
| 2006 | 5.03 | 3.86 | 4.31 | 3.83 | 4.17 | 1 | 95 | N/A | 0.01 | 644 |
| 2007 | 1.58 | 0.44 | 4.56 | 3.18 | 3.46 | 1 | 93 | N/A | 0.01 | 667 |
| 2008 | -4.55 | -5.64 | -4.93 | 9.11 | 8.21 | 1 | 100 | N/A | 0.02 | 451 |
| 2009 | 18.45 | 17.09 | 18.87 | 9.95 | 9.11 | 1 | 266 | N/A | 0.06 | 482 |
| 2010 | 10.71 | 9.26 | 9.00 | 10.08 | 9.23 | 2 | 473 | 0.12 | 0.09 | 515 |
| 2011 | 8.36 | 7.04 | 8.15 | 5.38 | 5.19 | 1 | 458 | N/A | 0.09 | 511 |
| 2012 | 11.98 | 10.70 | 9.82 | 4.37 | 3.95 | 1 | 858 | N/A | 0.15 | 557 |
| 2013 | -1.84 | -2.98 | -1.53 | 5.01 | 4.49 | 1 | 1,330 | N/A | 0.23 | 582 |
| 2014 | 7.44 | 6.22 | 7.46 | 4.44 | 4.07 | 1 | 2,311 | N/A | 0.39 | 598 |
| 2015 | -1.27 | -2.39 | -0.68 | 4.55 | 4.19 | 1 | 2,647 | N/A | 0.46 | 575 |
| 2016 | 6.59 | 5.39 | 6.11 | 4.21 | 4.20 | 1 | 1,671 | N/A | 0.29 | 580 |
| 2017 | 7.49 | 6.27 | 6.42 | 3.93 | 3.92 | 1 | 899 | N/A | 0.12 | 725 |
| 2018 | -2.66 | -3.77 | -2.51 | 3.60 | 3.70 | 1 | 649 | N/A | 0.09 | 710 |
| 2019 | 15.39 | 14.08 | 14.54 | 3.71 | 3.66 | 1 | 455 | N/A | 0.05 | 820 |
| 2020 | 10.97 | 9.71 | 9.89 | 8.21 | 7.00 | 1 | 504 | N/A | 0.05 | 995 |

* Performance Presented for Sep, 2003 through Dec, 2003. No statistics are annualized.
** 3 yr standard deviations are based on the gross returns

1. The composite invests in USD-denominated investment-grade bonds. The composite focuses on active duration management. The investment objective is to achieve an attractive return based on the performance of the USD corporate market. The composite is appropriate for investors seeking to achieve an attractive return with a broadly diversified USD portfolio of corporate bonds. The performance figures shown before the firm merger of 1.1.2010 reflect the track-record of the composite of the firm UBS Global Asset Management Switzerland - Retail Fund Management. The Composite Creation Date is 31 Aug 2003. The Composite Inception Date is 31 August 2003. The actual benchmark for this composite always reflects the best match to the investment strategy. Benchmark changes over time are necessary to underline this fact. The benchmark is the Bloomberg Barclays US Corporate Investment Grade Index.
2. The Firm is defined as all actively and passively managed institutional and retail accounts of UBS Asset Management ("the Firm") throughout the world. The Firm was incepted in January 01, 2002 following the reorganization of the asset management divisions of UBS AG under a single Asset Management brand. A list of all entities that are included and excluded from the GIPS firm is available upon request. The performance record prior to 2002 is that of the local asset management division which managed the composite, and has been prepared in compliance with GIPS from the inception date of this composite. The composites are administered out of UBS Asset Management Basel office. The firm, UBS Asset Management - Fund Management Switzerland has complete discretion for all investment activities within the fund. As per January 1st, 2010 the three Firms: UBS Global Asset Management Switzerland - Retail Fund Management, UBS Global Asset Management Switzerland - Institutional Fund Management and UBS Global Asset Management Switzerland - AST Fund Management were merged into UBS Global Asset Management - Fund Management Switzerland. The Firm includes all traditional UBS branded Wholesale, Institutional and AST Funds domiciled in Switzerland or Luxembourg. Policies for valuing portfolios, calculating performance and preparing GIPS reports are available upon request. As per October 5th, 2015 the company name was changed from UBS Global Asset Management to UBS Asset Management. This change of the firm's name does not impact the definition and scope of the GIPS firm or the composites.
3.

| Year | Total Risk % | Derivative Risk % |
|---|---|---|
| 2014 | 100.5 | 0.0 |
| 2015 | 102.7 | 3.6 |
| 2016 | 100.4 | 1.2 |
| 2017 | 101.9 | 3.6 |
| 2018 | 100.5 | 1.6 |
| 2019 | 103.2 | 3.4 |
| 2020 | 99.8 | 0.0 |

Explanation of the table above: All figures presented are fully in-line with the KKV-FINMA guideline on the use of derivative instruments for collective investments. The Total Risk is the sum of the direct investment exposure and the derivative risk. The direct investment exposure is calculated as the market value of all direct investments, excluding cash and other liquid assets. The derivative risk is the sum of the net credit-, currency- and market-risk. The market risk consists of equity-, interest- and commodity-risk. Derivative financial instruments are only used in the course of ordinary management of portfolio assets and to hedge the currency risk exposure. Leverage in the sense of short sales may not be used. Investment Transactions are accounted for on a trade date basis.

4. Performance is calculated on a time-weighted return basis, taking into account the accrued interests and dividends. Where applicable, returns are shown net of non-recoverable withholding taxes.
5. The performance is calculated net-of-fees. The gross-of-fee returns are calculated based on all fee components excluding transaction costs. This composite has a 100% flat fee of max. 175 bps p.a. (this represents the highest possible standard fee for this composite). Due to the varying client segmentation the charged fee for this composite can differentiate. The bundled fee includes all charges for portfolio management, custody, and other administrative fees. The only costs not covered are transaction costs incurred in the administration of the fund's assets (brokerage fees in line with the market, fees, duties, etc. as well as any applicable taxes).
6. Composite dispersion represents the consistency of the Firm's composite performance results with respect to the individual portfolio returns within the composite. Presented is the asset-weighted dispersion (standard deviation) of the portfolios within the composite. Only portfolios in the composite for each full time period are included in the dispersion calculation and no dispersion is presented for composites consisting of only a single portfolio. The 3 year annualized ex-post standard deviations are based on monthly returns, shown starting with the first full 3 year calendar period.
7. A complete list of all Firm composite descriptions, pooled fund descriptions for limited distribution pooled funds, and broad distribution pooled funds is available upon request. The composite's past performance is not necessarily an indication of how it will perform in the future.

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# US High Yield

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March 2022

US-I

Section 1

# Market outlook

# Fixed Income strategy – themes

In the US, high inflation and tight labor markets will force the Fed to change its policy. The taper will be complete by the end of March 2022 and now a reduction of the balance sheet is also firmly on the policy agenda. Market pricing anticipates at least 125bp of hikes by year-end. The combination of higher policy rates and balance sheet reduction could be problematic for risks assets. While fighting inflation should dominate Fed thinking, the pace of tightening will slow if there is a serious dislocation in risk assets tied to geopolitical concerns.

In Europe, the situation is extremely challenging. The war in Ukraine means it is unlikely the ECB will tighten policy this year. Europe could be moving into a period of stagflation, with a huge jump in energy and food prices while spending collapses. Energy prices could easily spiral to new heights if EU governments are unwilling or unable to import gas supplies from Russia. Household spending and business investment will be challenged for the foreseeable future. A recession, seems to be a likely outcome.

In China, the economy has been battered by the collapse in the real-estate sector, the regulatory clampdown, and the regional impact of the zero-covid policy. There are signs that the situation will improve in 2022 with central planning goals that could be more supportive. Some fiscal and monetary policy interventions should ease conditions in targeted sectors of the economy. The full impact of those will only be felt in the latter part of the year.

UBS AM Fixed Income Investment Forum (FIIF) views as of March 2022

# Investment outlook – risks

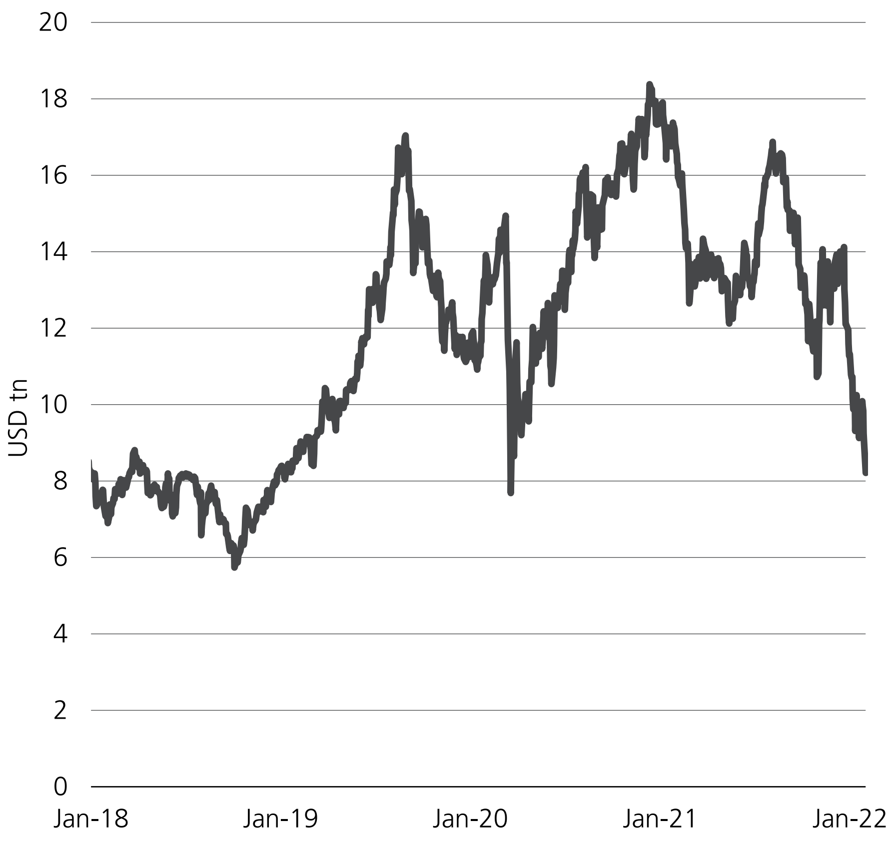
Any escalation of the conflict in Ukraine will be detrimental to risk assets, particularly if Europe and the US are drawn into a direct engagement with Russia. On the other hand, if Russia was forced into some sort of retreat or climbdown (however unlikely) then confidence in equities and credit will rebound.

Higher policy rates may be required even if output is falling. It remains to be seen whether central banks can bring inflation under control. Sustained upward pressure on energy and food prices would likely batter consumer and business confidence and pose a serious policy dilemma for central banks.

UBS AM Fixed Income Investment Forum (FIIF) views as of March 2022

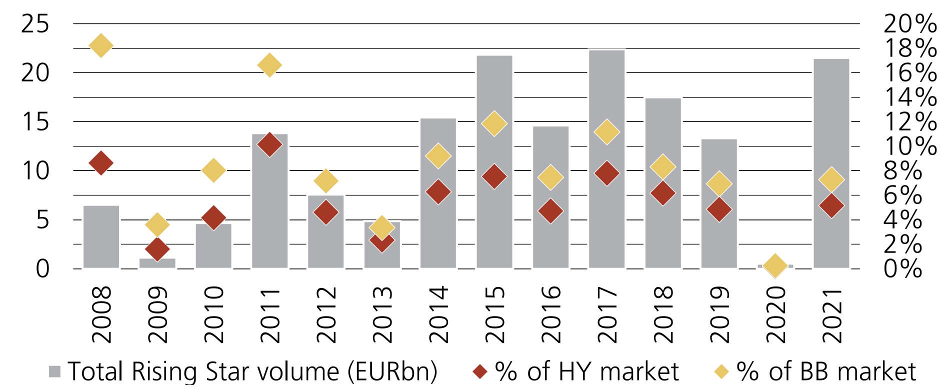
# Technical factors supporting the market

**More than USD 11tn of negative yielding debt globally**

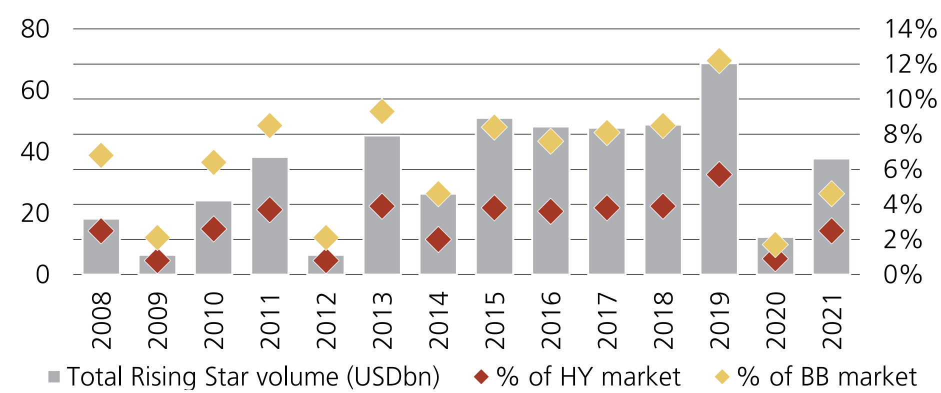



Source: Bloomberg data as at 31 January 2022.

**European Rising Stars** (volume per annum)




**US Rising Stars** (volume per annum)




Source: BofA Global Research, ICE Data Indices LLC, Bloomberg. Data as per end of October 2021.

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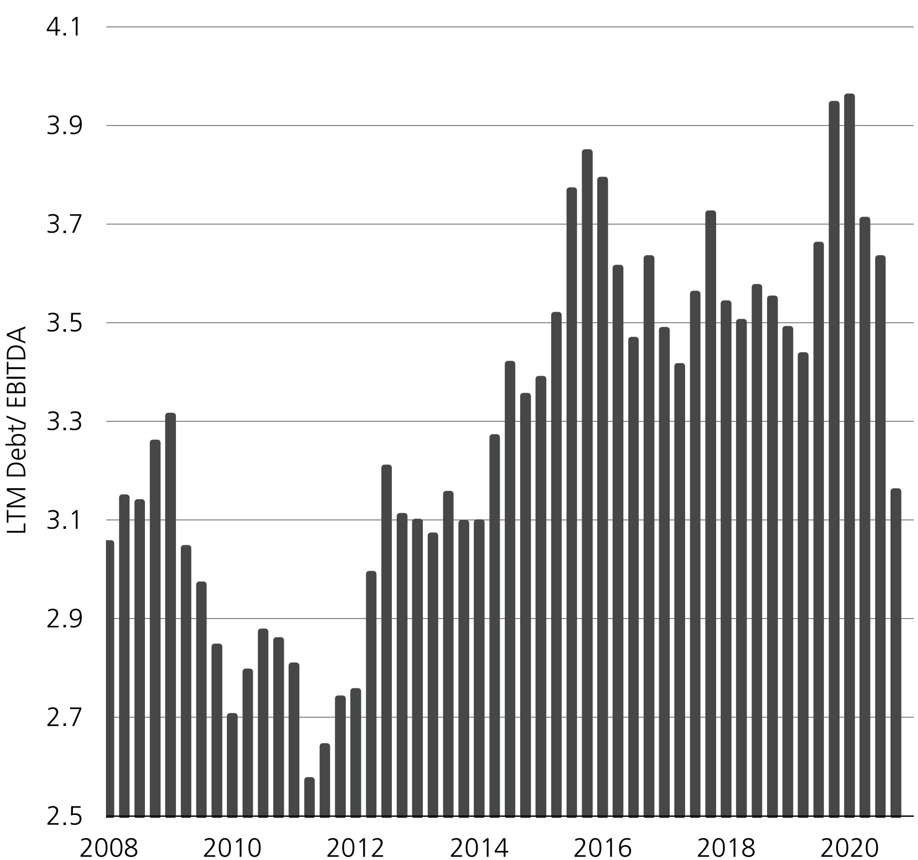
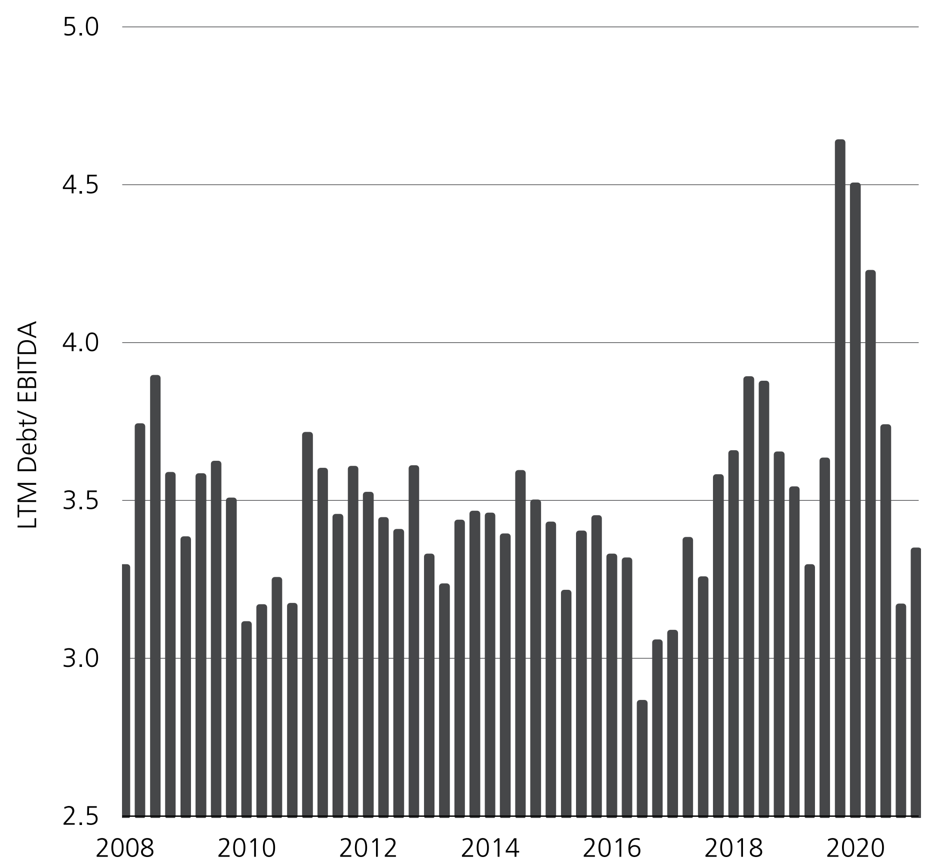
# Leverage improving post COVID-19 highs

**US High Yield Net leverage**




Source: Morgan Stanley data as at 30 September 2021.

**EUR High Yield Net leverage**

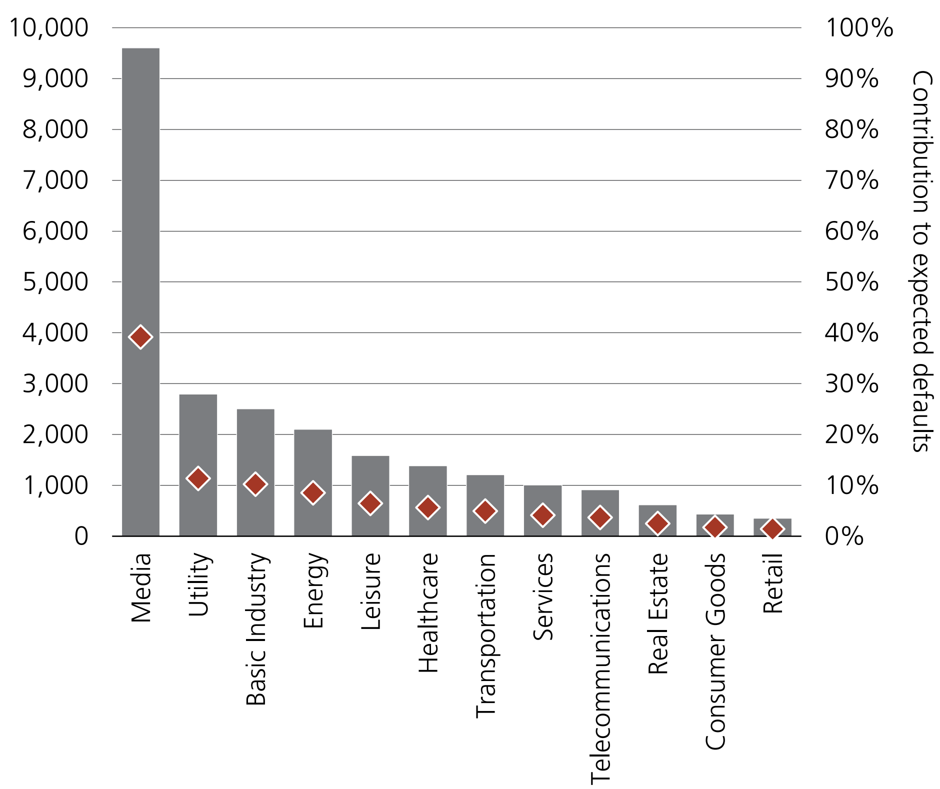



Source: Morgan Stanley data as at 30 September 2021.

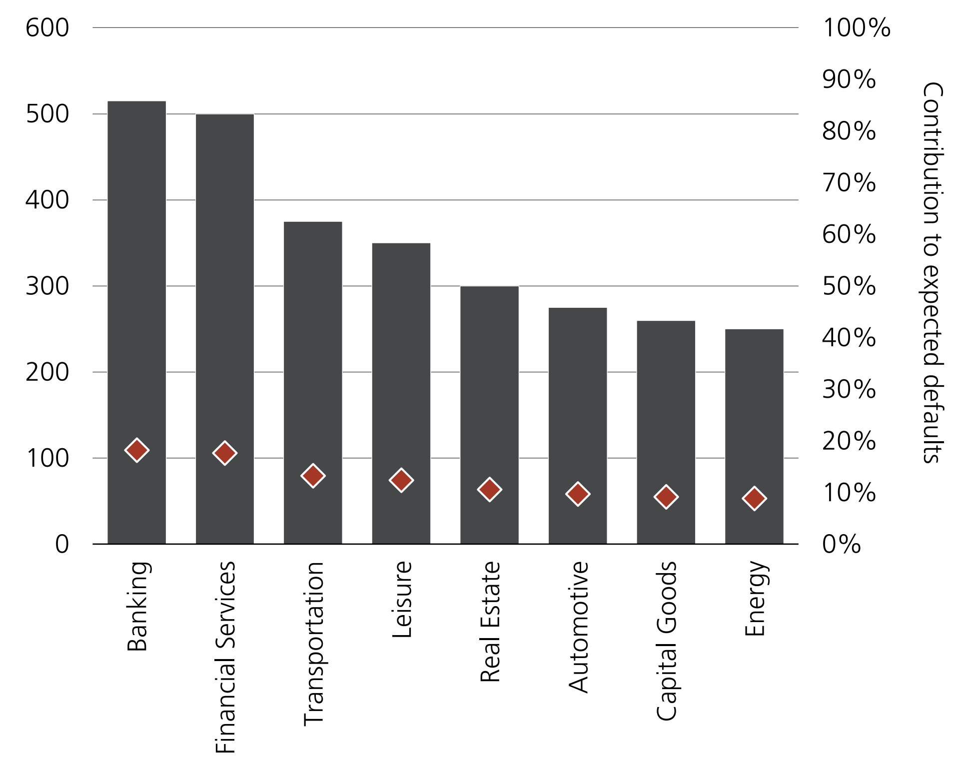
UBS

# UBS-AM High Yield bond default expectations

**US High Yield defaults expected to be 1.6%** Defaults (USDm)



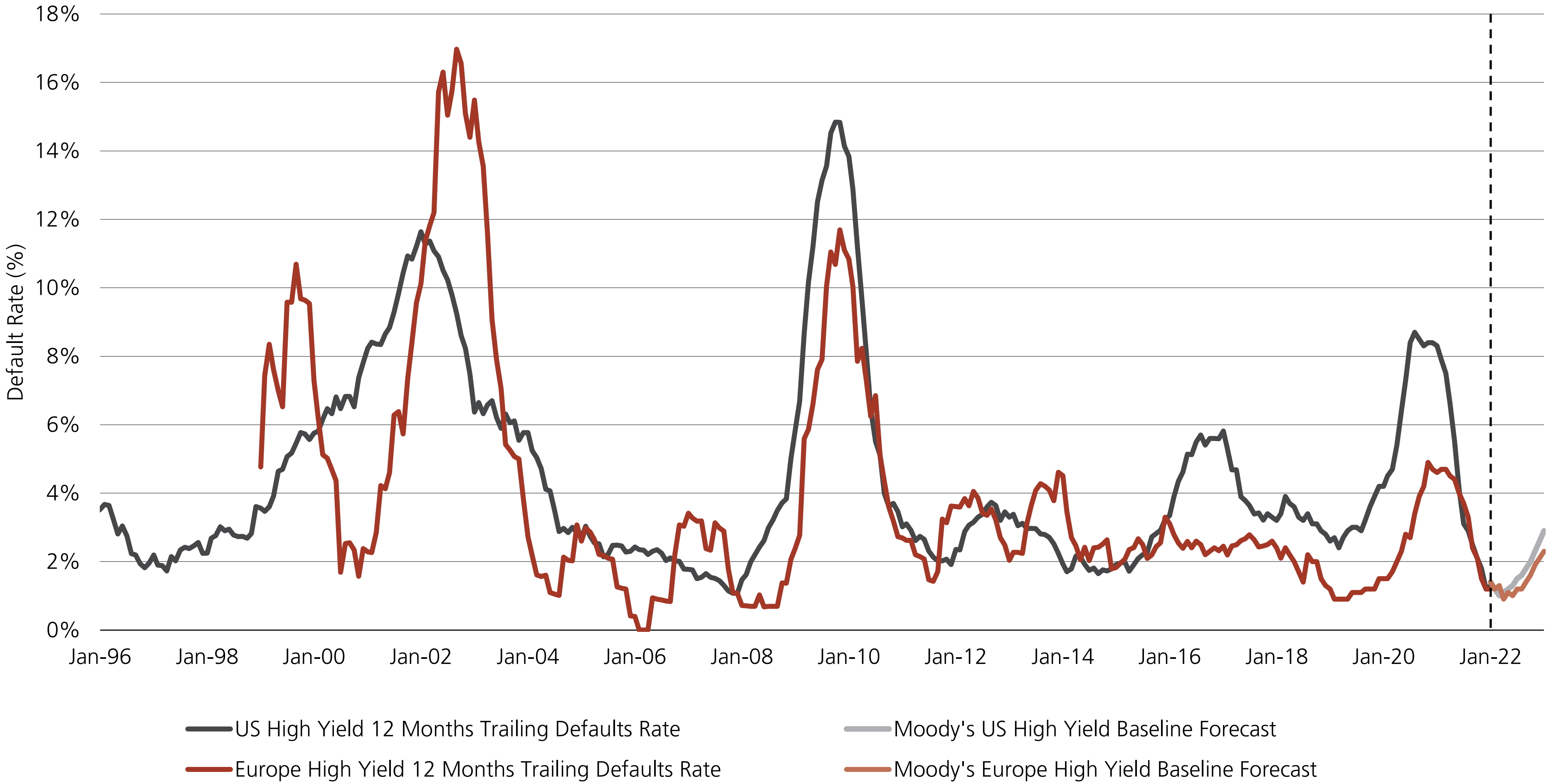

**EUR High Yield defaults expected to be 0.6%** Defaults (EURm)




Key: Bar shows USD/EUR amount of total defaults based on original face value. Diamond shows contribution to expected default.
Source: UBS Asset Management, data as at 31 December 2021.
Note: This does not constitute a guarantee by UBS AG, Asset Management.

UBS

# The default cycle




Source: Moody’s as at 31 January 2022.

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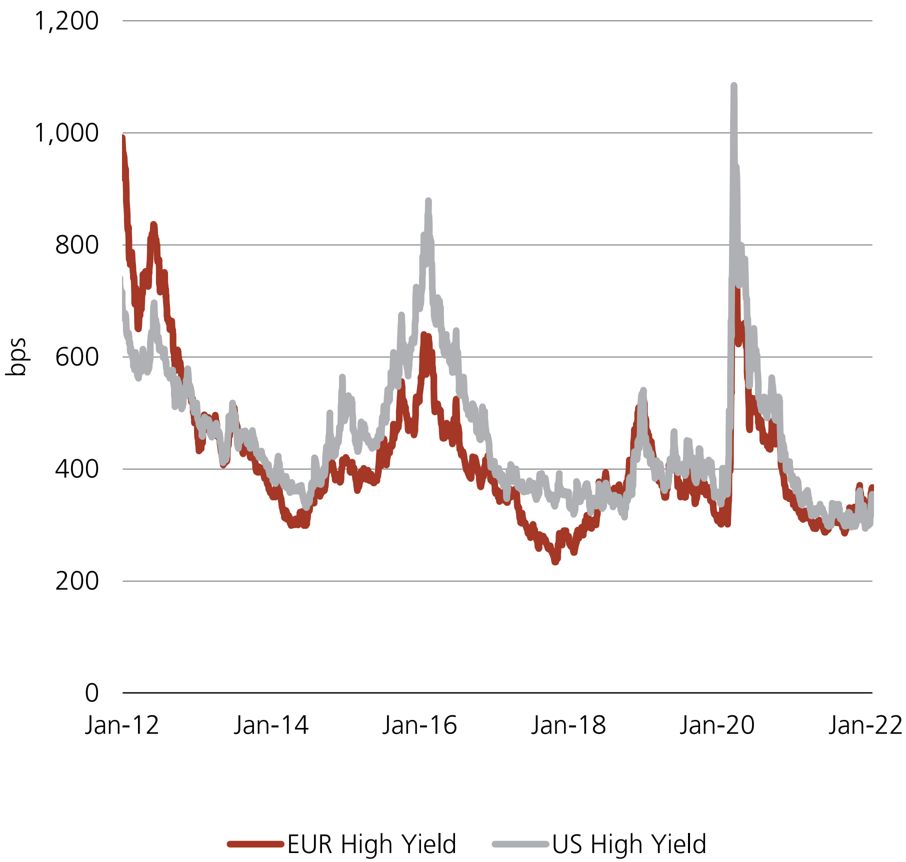
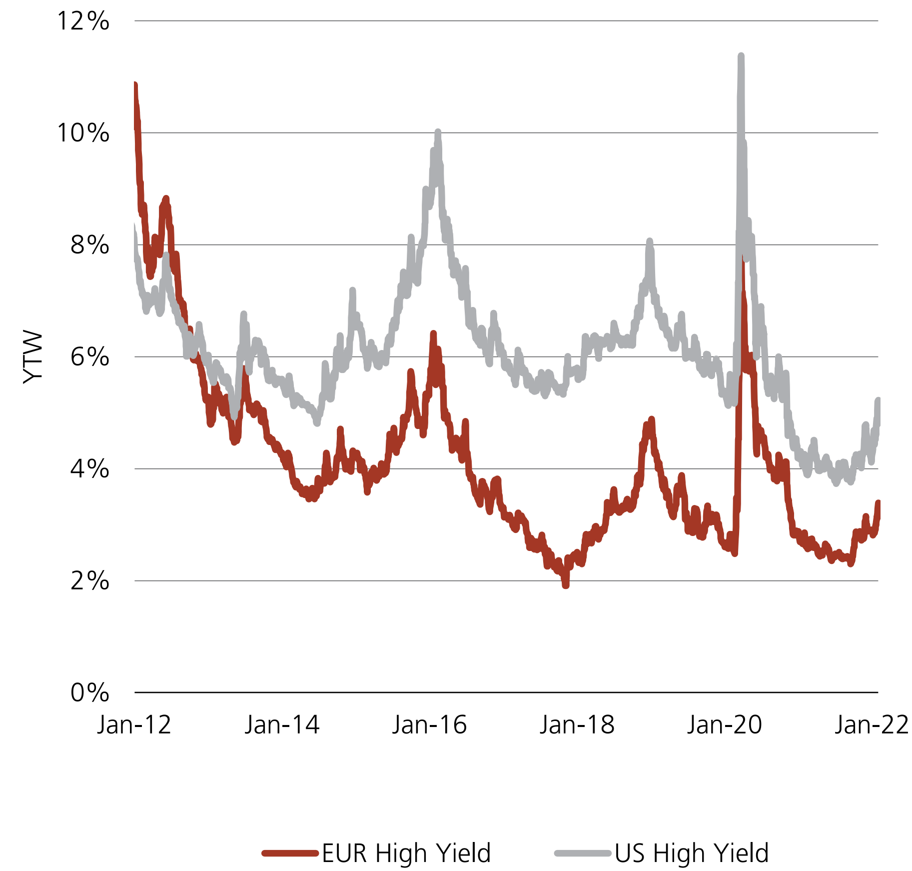
# Evolution of spreads and yields

**High Yield option adjusted spread**




Source: ICE BofA Merrill Lynch Indices, data as at 31 January 2022.

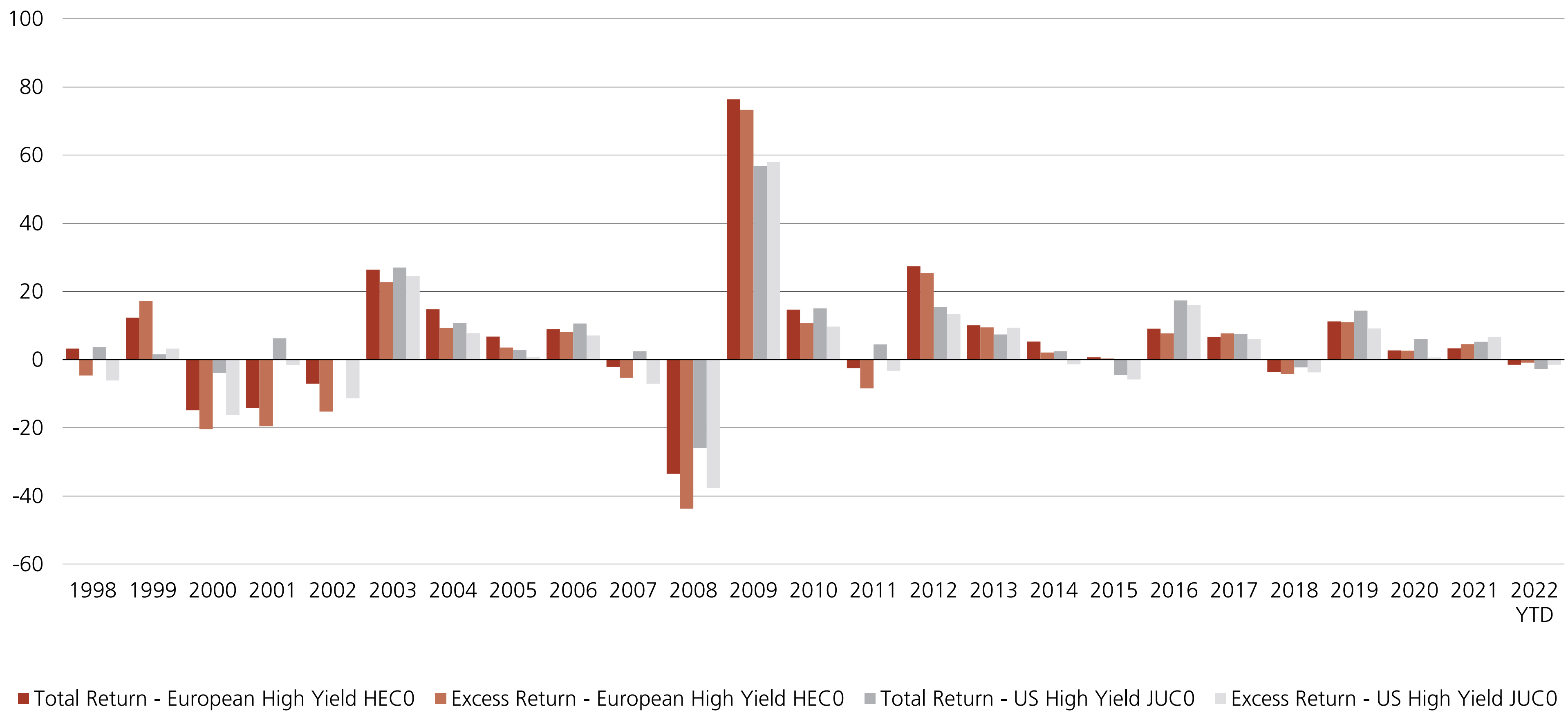
**YTW evolution**




Source: ICE BofA Merrill Lynch Indices Data as at 31 January 2022.

# Calendar year returns

**Historical total and excess returns** (%)




Source: ICE Bank of America Merrill Lynch Indices, as at 31 January 2022.
Note: Past performance is no guarantee of future results.

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Section 2

# Performance and portfolio characteristics – US High Yield

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# US High Yield Bond Composite: performance

## Total returns for periods ending 31 January 2022 (USD)

| | | | | | Annualized | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1 month | 3 months | YTD | 1 year | 3 years | 5 years | Since inception[1] | Risk[2] | Active risk[3] | Info ratio[4] |
| US High Yield Bond Composite | -2.50 | -1.52 | -2.50 | 2.21 | 5.84 | 5.38 | 6.13 | 7.64 | 0.61 | 0.31 |
| ICE BofA ML US High Yield Index (Cash Pay Constrained)[5] | -2.74 | -1.90 | -2.74 | 2.06 | 5.92 | 5.20 | 6.72 | 7.79 | | |
| **Value added** | **0.25** | **0.38** | **0.25** | **0.15** | **-0.07** | **0.19** | **-0.60** | | | |

**Past performance is not a reliable indicator of future results.**

Note: The returns shown above are based on currently available information and are subject to revision. Performance figures are gross of fees. Please see attached disclosure information.

1 Inception as of 30 November 1996

2 Since inception standard deviation based on monthly logarithmic returns (5 years)

3 Tracking error is defined as annualized standard deviation of the difference between the monthly logarithmic returns of the portfolio and its benchmark (5 years)

4 Information ratio is defined as the added value divided by tracking error (5 years)

5 Inception – 5/31/05 Merrill Lynch High Yield Master Cash Pay Only, 6/1/05 to current Merrill Lynch U.S. High Yield Cash Pay Constrained.

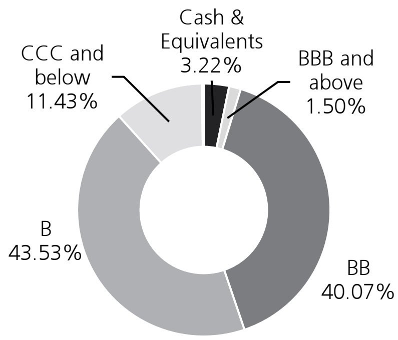
# Representative Portfolio: US High Yield

As of 31 January 2022

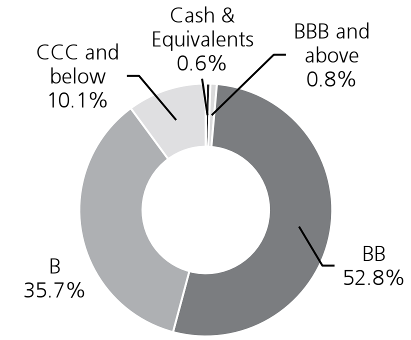
| | US HY Portfolio | ICE BofA ML US HY Index |
|---|---|---|
| Yield To Worst | 5.20% | 5.12% |
| Option Adjusted Spread | 265 | 329 |
| Duration | 3.7 | 4.0 |
| Spread Duration | 2.8 | 4.0 |
| Average Coupon | 5.75% | 5.62% |
| Average Price | 101 | 99 |
| Average rating of holdings | BB3 | B1 |
| Number of Issuers[1] | **217** | **951** |

**Quality Allocation**

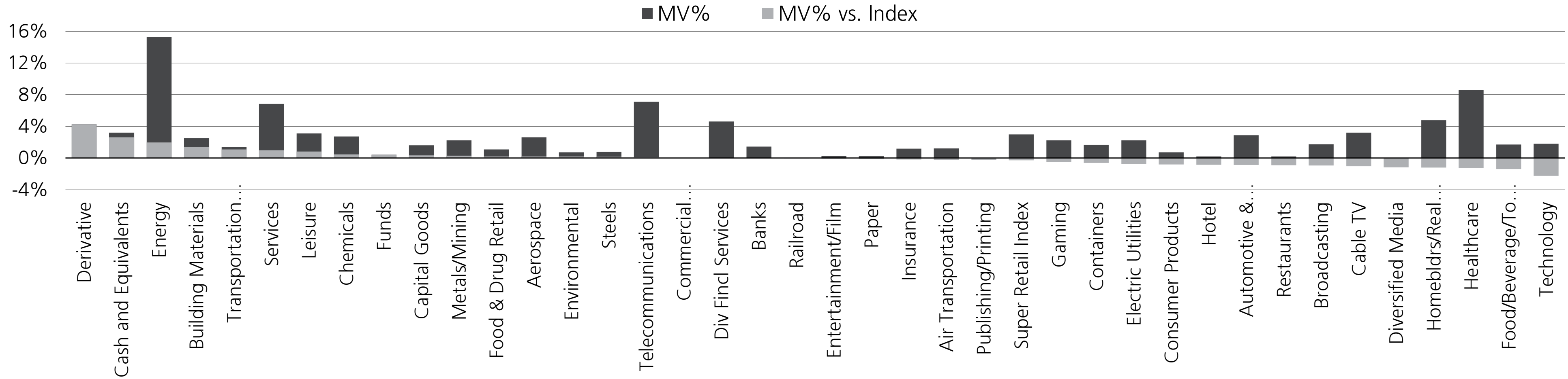
US HY Portfolio




ICE BofA ML US HY Index




**Industry Allocation**




Source: UBS Asset Management

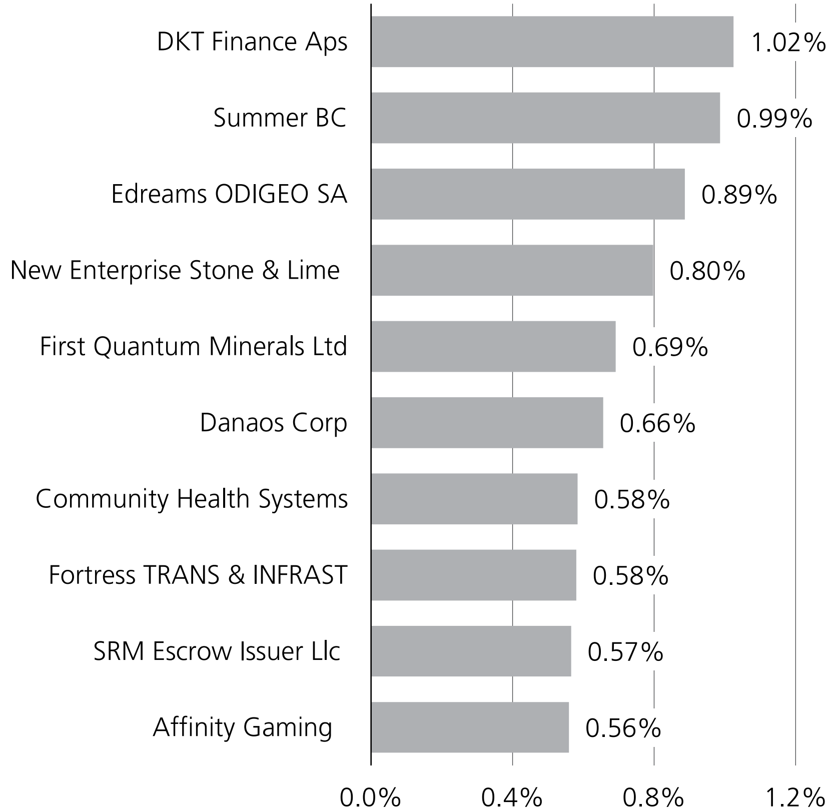
Note: Please note that information is representative of a specific US High Yield portfolio and may vary. All figures above are gross of fees.

1 Fund also holds allocation to other funds– holdings not included in the calculation

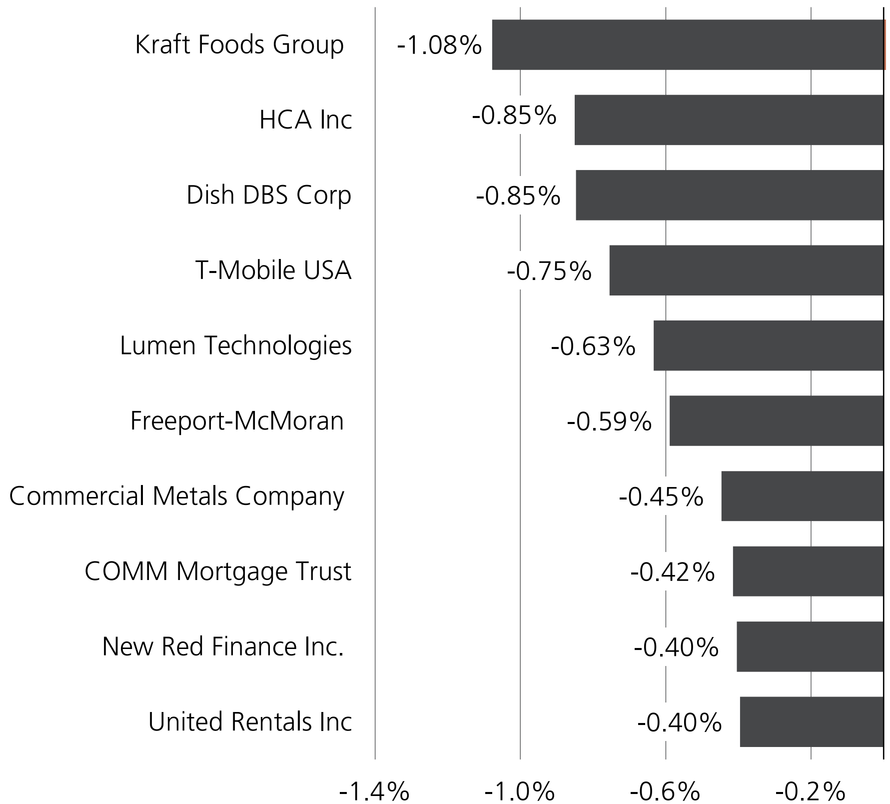
# Representative Portfolio: US High Yield summary

As of 31 January 2022

**Top 10 Overweights**




**Top 10 Underweights**

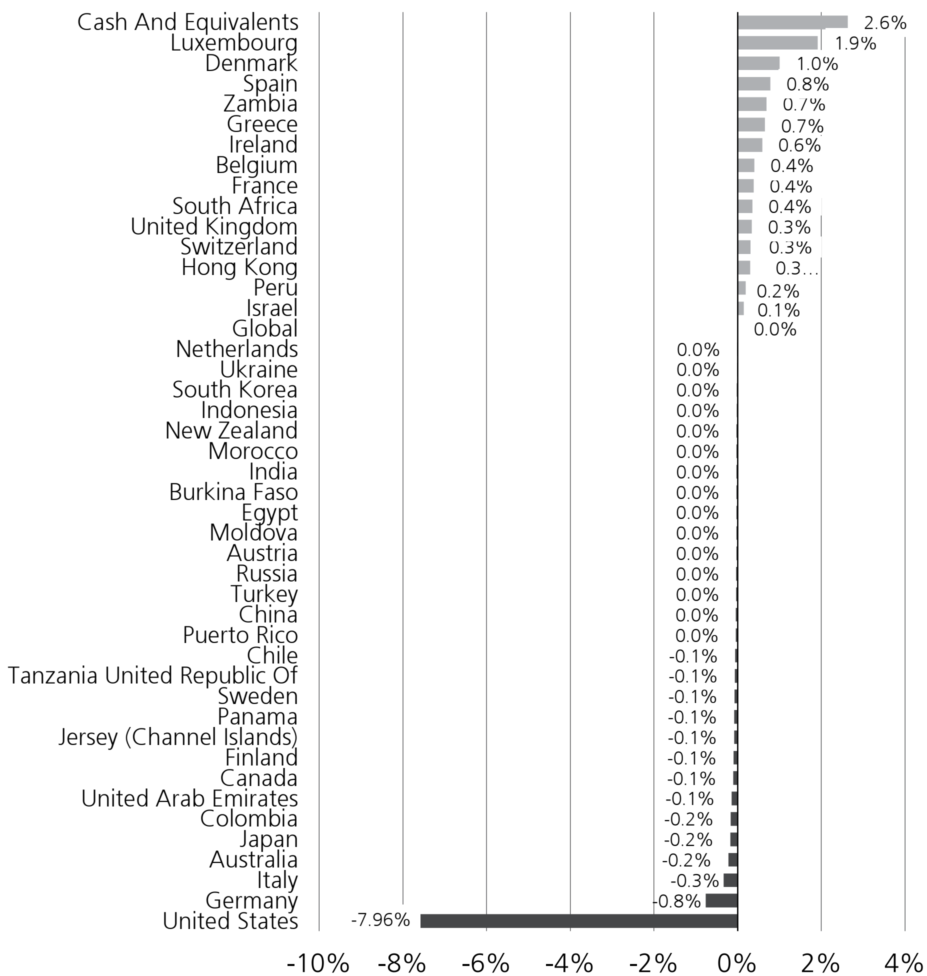



Source: UBS Asset Management
Note: Please note that information is representative of a specific US High Yield portfolio and may vary. Information is supplemental to the USHY composite. Index is the Merrill Lynch High Yield Cash Pay Constrained (from 6/05) index

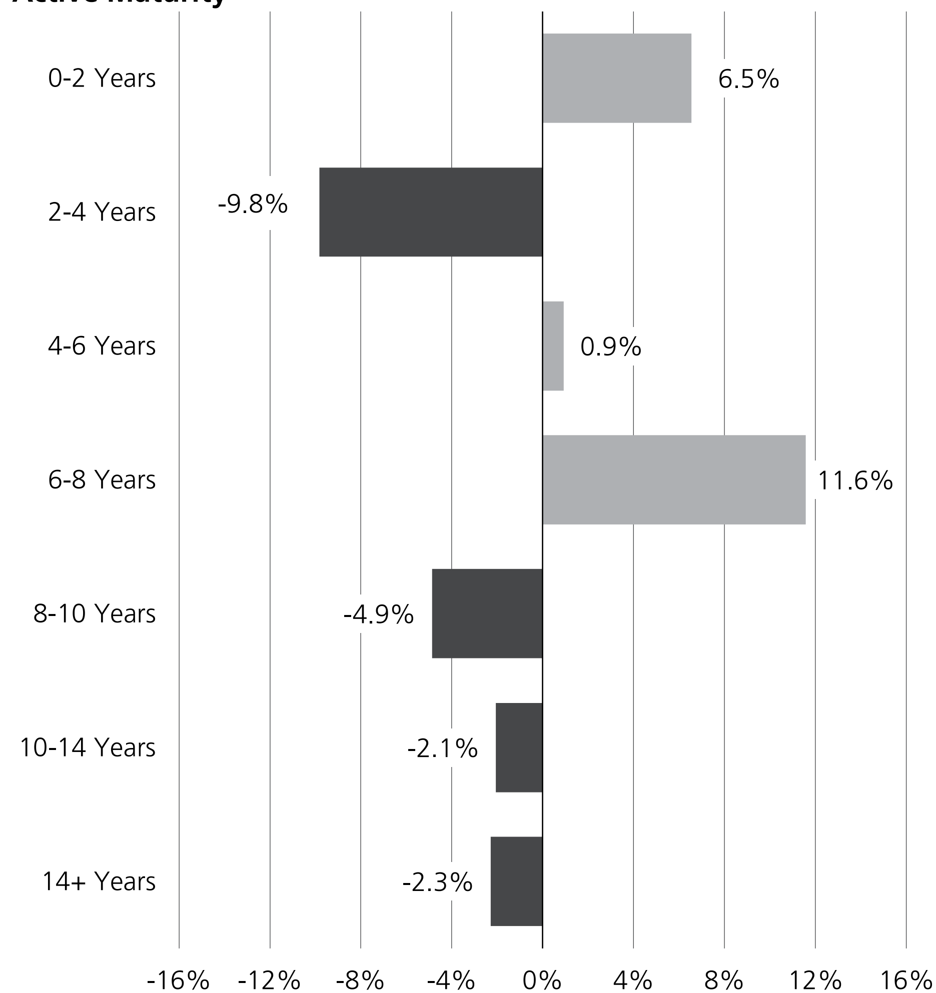
# Representative Portfolio: US High Yield summary

As of 31 January 2022

**Active Market Exposure**




**Active Maturity[1]**




Source: UBS Asset Management

Please note that information is representative of a specific US High Yield portfolio and may vary. Due to collateral required for derivatives usage, cash values may appear high.

1 Active Maturity = Maturity of Strategy less maturity of benchmark

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Section 3

# Philosophy, people & process

# UBS-AM's philosophy

> “Credit markets are inefficient due to imperfect information on corporate fundamentals. An unrelenting focus on uncovering valuation opportunities and managing downside risk is key to generating risk adjusted returns. Our global team of portfolio managers and credit analysts build flexible portfolios based on proprietary analysis that are intended to outperform a high yield bond universe.

# Global High Yield Team

## People

**Head of Fixed Income**

*Charlotte Baenninger*

| **Head of Americas** | | | **Years experience** | **Years at UBS** |
|---|---|---|---|---|
| *Craig Ellinger* | | | | |
| Matthew Iannucci | Head Developed Market High Yield | Chicago | 26 years | 25 years |
| Branimir Petranovic | Portfolio Manager | Chicago | 22 years | 14 years |
| Anders Nelson | Portfolio Manager | Chicago | 6 years | 4 years |
| Zachary Swabe | Portfolio Manager (Lead EUR HY) | London | 17 years | 10 years |
| Jonathan Mather | Portfolio Manager | London | 13 years | 6 years |

| **Head of Asia Pacific & Emerging Market** | | | **Years experience** | **Years at UBS** |
|---|---|---|---|---|
| *Hayden Briscoe* | | | | |
| Smit Rastogi | Portfolio Manager (APAC HY) | Singapore | 8 years | 6 years |

**Investment Specialist**

*Anais Brunner*

**Fixed Income Investment Forum**

10 members

**Global Credit Research Analysts**

30+ analysts

**Global Fixed Income resources**

130+ professionals

**Sustainable Investing**

10+ professionals

Source: UBS Asset Management, as of February 2022. Does not reflect reporting lines.

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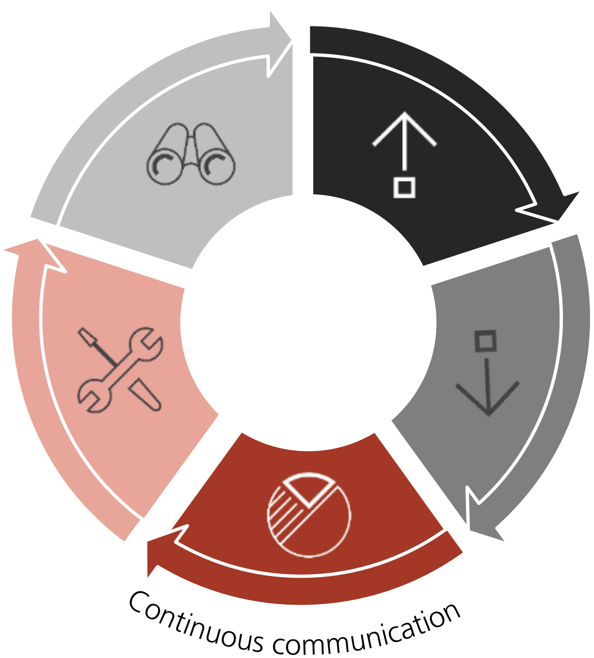
# UBS-AM's process combines bottom up and top down views

Active allocation to sectors with the best risk/reward ratio as the market changes.

**Continuous active portfolio management**




## Top-Down Strategy
- Responsibility: Strategy and PM-team, credit research, Fixed Income Forum
- Establish and monitor strategic views of key global investment themes that drive performance

## Bottom-Up Strategy
- Responsibility: Credit research, Strategy and PM-team, SI-team
- Fundamental company analysis, Relative Value and Capital Structure analysis

## Portfolio Construction
- Responsibility: Strategy and PM-team
- Alignment of client needs, investment goals and market environment

## Implementation
- Responsibility: Strategy and PM-team
- Best execution and timing

## Risk Management and Performance Evaluation
- Responsibility: Strategy and PM-team and independent Risk-Control Team
- Quarterly Portfolio Reviews by senior management
- AM Senior Management set risk framework and raise risk awareness

For illustrative purposes only

# Process and output

## Fixed Income Investment Forum

### Review and adjustments

**Ongoing**

- Adjust forecasts if necessary
- Discuss relevant topics
- Update potential impact data

### Macro view

**3 & 12 month horizons**

- Growth
- Inflation
- Cash rates
- Output: Macro themes and risks

Monthly FIIF review

FIIF macro meeting

FIIF sector output meeting

FIIF Sub-committees

### Communication

**Ongoing**

- Communicate macro themes and risks
- Track performance
- Monitor risk

### Investment trade ideas

**3 months**

- Expected returns
- Output: trade ideas based on high conviction views

### Sector forecasts

**3 & 12 months**

- Factor ranges
- Conviction
- Output: Sub-committees generate sector forecasts across 250+ factors

Note: As of April 2021

UBS



US-I

# Structure and membership

## Fixed Income Investment Forum

### FIIF Macro Committee

**Charlotte Baenninger**
Head of Fixed Income

**Hayden Briscoe**
Head of Fixed Income Global EM and Asia Pacific
**Scott Dolan**
Head of US Multi-Sector Fixed Income
**Craig Ellinger**
Head of Fixed Income North America

**Nicole Froehlich**
Head of Research
**Jonathan Gregory**
Head of Fixed Income UK
**Federico Kaune**
Senior Portfolio Manager, Emerging Markets

**Tim Van Klaveren**
Senior Portfolio Manager, Australia
**Kevin Zhao**
Head of Global Sovereign and Currency

### FIIF Sub-committees

| Credit Research | Investment Grade | High Yield | Asia & EM | Rates & FX | Multi-Sector |
|---|---|---|---|---|---|
| Nicole Froehlich | Tim Van Klaveren | Craig Ellinger | Hayden Briscoe | Jonathan Gregory | Jonathan Gregory |
| Barbara English | Vivek Acharya | Matt Iannucci | Igor Arsenin | Scott Dolan | Scott Dolan |
| Jill Fine | Smit Rastogi | Jonathan Mather | Federico Kaune | Jeff Grow | Jeff Grow |
| Phil Spencer | David Vignolo | Branimir Petranovic | David Michael | David Kim | Jeff Haleen |
| Ben Squire | Martine Wehlen-Bode | Zachary Swabe | Nicole Froehlich | Lionel Oster | Jerry Jones |
| Michael Stansfield | Nicole Froehlich | Nicole Froehlich | | Kevin Zhao | Branimir Petranovic |
| *Ad-hoc Research analysts for specific industry insights* | | | | | Kevin Zhao |

Note: As of February 2022

# Key facts

On-the-ground presence in several locations globally enhances our research capabilities

**Global Team**

7 locations

**Career credit research analysts**

Average 17 years experience

**Extensive coverage across the rating spectrum**

IG, HY, EM, Securitized, Municipal*

**ESG research & engagement**

3 dedicated SI champions + 1 dedicated FI engagement expert (tbd)

**Depth and breadth of resources**

30+ credit analysts

**Issuer Coverage**

2000+ issuers

**Sectoral Forum**

13 industry coordinators

Note: As of June 2021.

* Municipal & EM sovereign research report into the investment strategy head, not into Research

# Key factors in fundamental research analysis

## Fundamental credit analysis is at the core of the analyst assessment

| | | |
|---|---|---|
| Business Model and Qualitative Factors | • Management<br>• Corporate Strategy<br>• Competitive environment<br>• Market position | • Financial flexibility<br>• Financial policies<br>• Transparency |
| Financial and Quantitative Factors | • Operating Results<br>• Cash Flow Analysis<br>• Leverage | • Financial flexibility<br>• Deployment of capital<br>• Ratio & Scenario Analysis |
| Other Considerations | • Event Risk<br>• Covenants / Legal<br>• Headline Risk | • Contingent Liabilities<br>• ESG<br>• Investor Relations |

### Fundamental Assessment

**UBS Credit Rating** and **Forward-looking Fundamental Recommendation** within an industry or coverage sub-group

### ESG Assessment

**ESG Risk Recommendation** assesses forward-looking material sustainability considerations and opportunities for engagement.

### Relative Value Assessment

**Relative Value Recommendation (RVR)** within an industry or coverage sub-group for various currencies of issuance.

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# Standardized ESG integration across asset classes

ESG factors integrated into mainstream strategies utilizing a systematic risk-based research process

## ESG data input

**UBS ESG Risk Signal**

- A clear, actionable signal helps to drive the in-house research process
- Proprietary ESG Risk Dashboard to identify ESG risks across four dimensions, based on various ESG data provider inputs:
  - UBS ESG Consensus Score
  - Absolute ESG Risk
  - Governance Risk
  - Controversies

## In-house research

Fundamental analysis

- In-house ESG risk recommendation is part of the investment case
- UBS risk assessment is forward-looking and focused on material issues
- Strong collaboration across investment teams to drive stewardship outcomes

~11 Dedicated SI analysts1

~58 Equity analysts

~30+ Fixed Income analysts

- In-depth ESG research and stewardship expertise amplifies ESG know-how across investment teams
- Company specific and thematic ESG research on high-risk issues

SI research analysis

## Investment decision making

**Portfolio Managers**

Incorporation of ESG risks in investment decision making

- UBS ESG Risk Recommendation summarizes final ESG view to PMs
- ESG risks may be mitigated through engagement and on-going monitoring
- Confirmation of ESG risks may trigger sell decision
- Portfolio manager may decide to maintain the position with a justification that the opportunity outweighs the risks

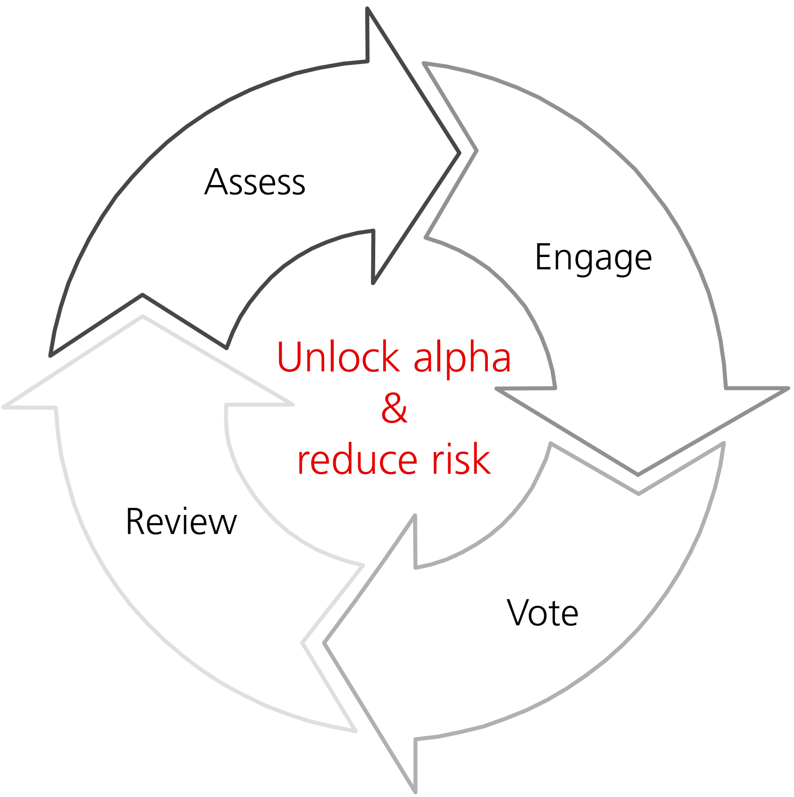
Identify — Review — Decide

Source: UBS Asset Management as of December 2021. For illustrative purposes only.

1 We plan to add 2 full-time SI Research analysts by 2022.

# Transparent and proactive investment stewardship

## Leveraging our strength as a large, diversified asset manager to drive positive, material change




### Core part of the investment process

- Grounded in driving performance and avoiding downside risks
- High quality engagements on sustainability issues with senior executives and board members

### Combined strengths across active and index strategies

- Seeking to maximize outcomes by combining insights from active investments with voting power of index linked strategies[1]
- Stewardship approach pursued consistently across fixed income and equities on behalf of UBS-AM looking to maximize impact of engagement outcomes

### Strong external collaboration

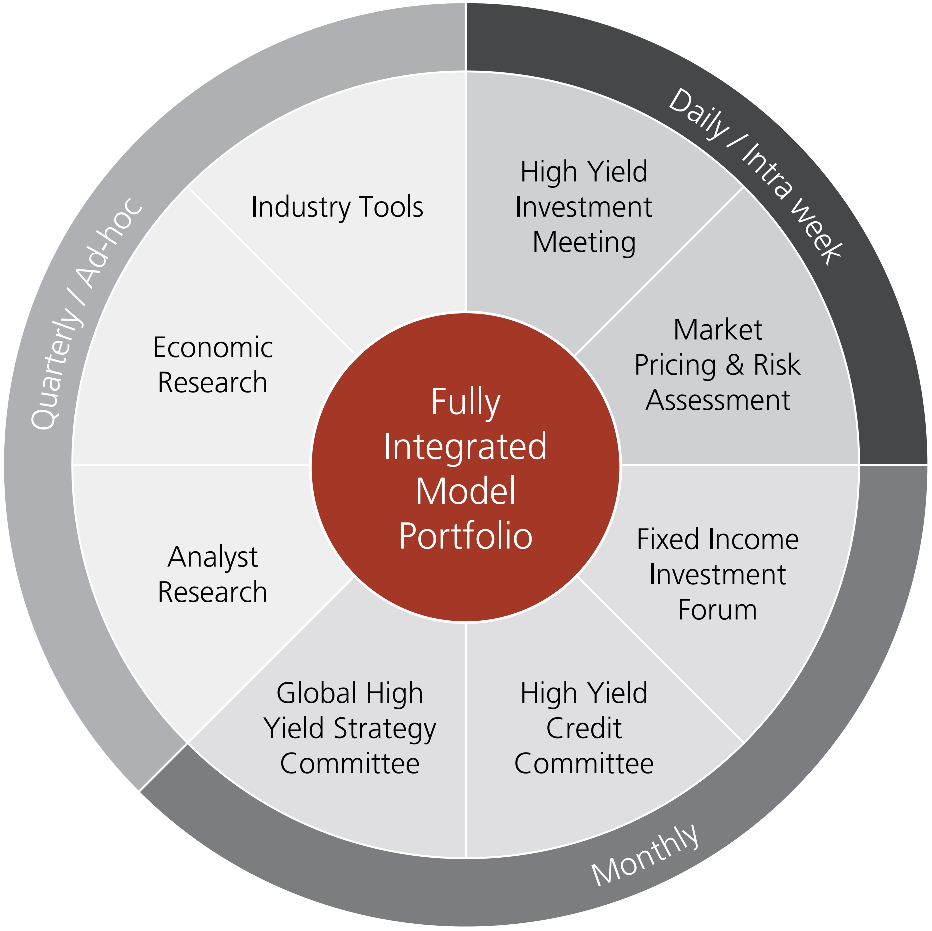
- Helping to further ESG best practices across the investment industry
- Leading within the Climate Action 100+ coalition2
- Concrete outcomes including:
  - Repsol's Net Zero commitment (first in the industry)
  - Equinor's alignment of strategy with Paris Agreement

Source: UBS Asset Management, for illustrative purposes only.
1 In the 12-month period ended 31 December 2020, UBS gave instructions (based on AM's corporate governance principles) to vote on 115,222 separate resolutions at 11,616 company meetings, with 267 of these resolutions being directly related to environmental and social issues. Source: UBS Sustainability report 2020.
2 Source: www.climateaction100.org

# Team interaction

## Deep resources, truly global organisation

- Draws on global resources of fixed income investment professionals
- Deep, broad coverage with global team of career analysts
- Proprietary tools promote consistency and communication as part of fundamental research
- Industry tools and issuer analysis leverage analyst insights for sector and issue selection
- Regular dialogue and interaction




For illustrative purposes only

# Portfolio construction

## Portfolios are built with bonds selected by portfolio managers & analysts

- Issuer level research is performed by a dedicated team of career analysts
- Weights are assigned based on fundamental views and pricing differences
- Portfolio managers execute trades when analyst views fit their broad strategic themes and specific risk budgets

### HY Credit Research

- Industry Overview
- Financial Projections
- Capital Structure
- Cash Flow & Liquidity
- Covenant Review
- Management Review
- Ownership Structure
- Assess ESG profile

### HY Analyst Views

- Fundamental Overview
- Industry Investment Thesis
- Industry Relative Weighting
- Issue Relative Weights
- Assign UBS ESG risk recommendation

### HY PM Views

- Beta Positioning
- Industry Allocation
- Quality Distribution
- Liquidity Needs
- Performance Targets
- Risk Budgets
- UBS ESG risk recommendation

### Portfolio Holding

# Fixed Income risk framework

Portfolio managers at center stage, supported by independent checks and balances

## Investment Team

Reports to Head of Investments

**Portfolio managers**

- Daily risk management and monitoring
- Weekly performance attribution
- Monthly risk forum

## AM Risk Control

Reports to CRO

**Independent from investment team**

- Risk monitoring
- Stress analysis
- Counterparty risk
- Escalation power

## Business Risk Management

Reports to COO

**Independent from investment team**

- Operational Risk Inventory
- Front to back Risk Governance (TRPA / NBI)
- ICAP (process risks)
- Information security

## Corporate Governance

**AM Senior management**

- UBS Policies & Procedures
- Business continuity plans
- Set risk framework and raise risk awareness
- Quarterly portfolio reviews

## Product Control & Logistics

**Independent from investment team**

- Pre-trade guideline checks
- Post-trade guideline checks

## Compliance & Operational Risk Control

**Independent from investment team**

- Best execution check
- Fair trade allocation check
- Operational Risk Events Guidelines
- Personal dealing

Clear adjustment and error policies are in place covering all aspects of the portfolio management process

Section 4

# Additional slides

# US High Yield Investment Guidelines

## The fund is suitable for investors who wish to invest in a diversified portfolio of US high yield corporate bonds

| Criteria | Description |
|---|---|
| **Benchmark** | ICE BofA Merrill Lynch US High Yield Cash Pay Constrained Index |
| **Rating** | AAA to BBB- Max.10%<br>BB+ to CCC 67%-100%<br>Below CCC lowest of 10% of fund assets or max. BM +3% |
| **OAD** | Duration deviation vs. benchmark: +/- 2 years |
| **Issuer** | Typically +/- 2% |
| **Issue** | Max. 10% of the total bond outstanding |
| **Derivatives** | Typically used TRS, CDS, CDX, IRS, Futures, FX Forwards |
| **Currency** | Min. 67% in USD<br>Any non-USD denominated exposure is hedged back to USD |
| **Sector** | Max 10% cash and equivalents<br>Max. 20% ABS, MBS, CMBS and CDOs<br>Max 10% in convertible bonds, notes, warrant bonds and other debt instruments having equity elements |
| **Investments in other UCI/UCITS** | Max.10% |
| **Inception** | 30 November 1996 |
| **Managers** | Matthew Iannucci, Craig Ellinger |

Source: UBS Asset Management.

# High Yield

| | UBS (Lux) Bond SICAV – US High Yield | UBS (Lux) Bond Fund – EUR High Yield | UBS (Lux) Bond SICAV – Short Duration High Yield Sustainable | UBS (Lux) Bond SICAV – Floating Rate Income | UBS (Lux) Bond SICAV – Asian High Yield | UBS (HK) Fund Series – China High Yield Bond |
|---|---|---|---|---|---|---|
| Universe/Style | USD non-investment grade | EUR non-investment grade | Short-dated Global non-investment grade | Floating like Global non-investment grade | USD Asian non-investment grade credit | USD China non-investment grade credit |
| Benchmark | ICE BofAML US Cash Pay High Yield Constrained | ICE BofAML Euro High Yield 3% Constrained | × | × | J.P. Morgan Asia Credit Index Non Investment Grade | × |
| Option Adjusted Duration | 3.6 | 2.5 | 1.6 | 0.2 | 2.1 | 2.6 |
| Average Rating | BB3 | B1 | BB3 | BB3 | Ba3 | B1 |
| Yield to Maturity | 4.8% | 4.4% | 3.6% | 5.3% | 14.9% | 23.0% |
| Derivatives | Medium | Medium | Low | High | Low | Low |
| Alpha Target | 100-200bps | 100-200bps | N/A | N/A | 100-200bps | N/A |
| Tracking Error Target | 200-400bps | 200-400bps | N/A | N/A | 200-400bps | N/A |
| Volatility (5 years) | 7.53 | 8.57 | 4.82 | - | 9.42 | - |
| Perf - abs. 1yr | 4.88 | 4.25 | 3.43 | 4.99 | -17.10 | -26.13 |
| Perf - Rel. 1yr | -0.40 | 0.90 | - | - | -6.06 | - |
| Perf - abs. 3yr | 8.45 | 6.01 | 5.57 | 4.86 | 0.46 | -2.97 |
| Perf - Rel. 3yr | -0.07 | 0.31 | - | - | -1.26 | - |
| Inception | 1995 | 1998 | 2011 | 2017 | 2011 | 2017 |
| AuM Fund ($mm) | 742 | 1,760 | 944 | 141 | 3,054 | 208 |
| AuM Strategy ($mm) | 812 | 3,168 | 1,469 | 141 | 3,054 | 475 |

Source: UBS Asset Management as at end of December 2021.

# UBS-AM Sustainable and Impact investing differentiators

## UBS Group commitment to sustainable investment

- UBS is a member of the CDP A List 2020[1]
- UBS is the diversified financials industry leader in the Dow Jones Sustainability Index since 2015[2]
- UBS ranked first globally in Sustainable and Impact Investing[3]
- UBS Group has USD 793 billion in core sustainable investments[4]
- USD 13.1 billion of client assets committed toward SDG-related impact investments, including world's first Multi-lateral development bank bond fund[5]

## UBS-AM is a leading provider of sustainable offerings

- Founding member of Net Zero Asset Managers initiative, committed to net zero emissions goal by 2050 or sooner[6]
- A+ ranking for our approach to Climate Stewardship from InfluenceMap[7]
- UBS AM: USD 480.4bn ESG integrated and USD 112.3bn in SI focused AUM[8]
- 40+ SI focused strategies across active and passive, fixed income and equities
- Fastest growing European asset manager in SI focused AUM since January 2018[9]
- Leading sustainability ETF provider with over USD 28.7bn in SI AUM[10]
- A/A+ ratings from UNPRI across all assessment modules[11]

## Innovation through client-focused collaboration

- 20+ year history in managing sustainable investment funds
- Developed award winning Climate approach with leading UK pension fund[12]
  - Active engagement in coordination with Climate Action 100+
- Developed impact investing methodology with leading Dutch pension fund
  - Invests in companies that offer products and services that help deal with key sustainability challenges
- Over USD 90bn of dedicated Index solutions through collaborations with clients[13]

**1** https://www.cdp.net/en/companies/companies-scores; **2** Source: S&P Global; **3** 2020 Awards from Environmental Finance, PWM The Banker, Euromoney; **4** Sustainable investments across UBS Group, UBS Sustainability report 2020; **5** Source UBS Sustainability report 2020; **6** http://www.netzeroassetmanagers.org; **7** https://influencemap.org/report/Asset-Managers-and-Climate-Change-cf90d26dc312ebe02e97d2ff6079ed87; **8** Assets under management as of March 2021; **9** Growth in absolute AUM since Jan 2018, Source: Morgan Stanley, May 2020 and Morningstar; **10** Market share in Europe for sustainable ETFs: 18.85%, Source Etfbook as of 20 April 2021; **11** 2020 UN PRI Assessment; **12** 2017 Fund Launch of the Year Award, Funds Europe; **13** Asset under management as of March 2021.

# Global credit research team

Our analysts are industry specialists organized by region averaging 17 years of experience

**Nicole Froehlich**
Head Fixed Income Research

31 FI Analysts | North America: 11 | EMEA: 10 | APAC: 10

| Securitized | | North America | | Europe | | Global EM | | Asia-Pacific DM | | EM Sovereign[1] | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Barbara English* | 34 | Jill Fine | 25 | Phil Spencer | 21 | Michael Stansfield | 9 | Ben Squire | 27 | | |
| John Mulligan | 32 | Steve Breen | 26 | Nadia El-Alaoui | 15 | Jose Bernal | 19 | Earl San Juan | 17 | Yuni Kim | 8 |
| A Jain | 2 | Chip Campbell | 23 | Oskari Kalliala | 6 | Jeff Brown | 4 | | | Gianandrea Moccetti | 6 |
| P Raghuqanshi | 2 | Bill Doyle | 27 | Brian O'Brien | 11 | Brian Huang | 11 | | | Juha Seppala | 13 |
| A Taneja | 2 | Damian Geistkemper | 30 | Giulio Ponte | 15 | Jocelyn Jiang | 6 | | | | |
| TBA | | Jack Moody | 1 | Maria Rodriguez GG | 6 | Will Riva | 14 | | | | |
| | | Nick Wiseman | 8 | Claudia Vortmueller | 22 | Ethan Wang | 10 | | | | |
| | | TBA | | TBA | | William Yiu | 11 | | | | |

**Supported by global investment resources of UBS Asset Management**

| | | | |
|---|---|---|---|
| Quant Evidence & Data Science (team of 15) | Sustainable & Impact Investing (team of 11) | Fundamental Equity Research (team of 55) | External Research Providers |

As of January 2022
Numbers denote years of industry experience.
** Cadet: 2/3 Global EM, 1/3 APAC DM
- Also acts as Money Market Controller

1. Reports to Head of Emerging Markets Fixed Income

UBS

Section 5

# Biographies

UBS

# Matthew A. Iannucci, CFA

## Senior Portfolio Manager
## Managing Director

Years of investment industry experience: 27

Education: Oswego School of Business, State University of New York (US), BS

Matthew Iannucci is the lead portfolio manager for US high yield corporate bonds. Matthew's responsibilities include coordinating all US high yield portfolio construction and analysis efforts, formulating strategy across mandates, and trading.

Matthew is a member of the Global High Yield strategy Team.

Prior to his current role, Matthew performed in other investment capacities that contributed to the high yield business. As a credit research analyst, Matthew focused on industrials and services. Matthew began his career as a portfolio analyst, where he was responsible for providing portfolio risk assessments, performance attribution and trading.

Matthew is CFA Charterholder and a member of the CFA Institute.

Note: As at March 2022

# Anders Nelson, CFA

## Trader / Associate Portfolio Manager
## Associate Director

Years of investment industry experience: 6

Education: Swiss Federal Institute of Technology (ETH), Zurich (Switzerland), BS and MS

Anders Nelson is a trader/associate portfolio manager in the US High Yield team in Chicago. His responsibilities include trading and assisting in managing the high yield credit portfolios.

Prior to joining the High Yield team in October 2018, Anders was a graduate trainee in UBS Asset Management within Fixed Income based in Zurich. Before joining UBS Asset Management Anders undertook a number of internships with a focus on Fixed Income.

Anders has a Bachelor's degree in Engineering and a Master's degree in Business. He is a CFA charterholder.

Note: As at March 2021

# Anaïs Brunner

## Fixed Income Specialist
## Director

Years of investment industry experience: 11

Education: University of Surrey, BSc (Hons)

Anaïs Brunner is a Fixed Income Specialist with a focus on High Yield credit strategies and Sustainable Investing. In this role she communicates our investment capabilities to clients and consultants as well as providing the link between the fixed income investment team and client relationship managers. Anaïs also develops new business and provides and coordinates regular portfolio strategy commentaries.

Anaïs is a member of the Global High Yield strategy Team.

Anaïs joined UBS Asset Management in 2011. Prior to this she undertook a one year industrial placement at UBS Asset Management within the Global Communications and Consultant relationship team.

Anaïs holds the Investment Management Certificate (Level 4).

Note: As at March 2021

Section 6

# Disclaimers

# Performance: UBS Bond USD High Yield

## GIPS Disclosure

**UBS Asset Management (the Firm) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. UBS Asset Management has been independently verified for the periods January 1, 2002 through December 31, 2019. The verification reports are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.**

**Performance : UBS Bond USD High Yield**
**December 01, 1996 Through December 31, 2020**
**Amounts and returns expressed in USD (US DOLLAR)**

| Year | Gross Asset-Weighted Return (%) | Net Asset-Weighted Return (%) | Benchmark Return (%) | Composite 3-Yr St Dev (%) | Benchmark 3-Yr St Dev (%) | # of Portfolios End of Period | Total Composite Assets End of Period (millions) | Asset-Weighted Dispersion (%) | Composite Assets as % of Firm Assets | Firm Assets (billions) |
|---|---|---|---|---|---|---|---|---|---|---|
| 1996* | -0.92 | -1.01 | -0.96 | N/A | N/A | 1 | 38 | N/A | 0.04 | 99 |
| 1997 | 8.95 | 7.78 | 10.33 | N/A | N/A | 1 | 43 | N/A | 0.04 | 109 |
| 1998 | 7.30 | 6.23 | 10.66 | N/A | N/A | 1 | 45 | N/A | 0.04 | 127 |
| 1999 | 1.11 | 0.05 | -1.29 | 5.97 | 3.73 | 1 | 22 | N/A | 0.02 | 129 |
| 2000 | -0.69 | -1.76 | -3.85 | 4.24 | 4.54 | 1 | 39 | N/A | 0.03 | 122 |
| 2001 | 3.52 | 2.04 | 6.27 | 7.88 | 7.32 | 1 | 127 | N/A | 0.10 | 122 |
| 2002 | 1.42 | 0.15 | -2.14 | 8.45 | 9.67 | 1 | 137 | N/A | 0.04 | 307 |
| 2003 | 21.22 | 19.71 | 27.23 | 8.96 | 10.04 | 1 | 402 | N/A | 0.09 | 432 |
| 2004 | 12.44 | 11.03 | 10.76 | 6.01 | 8.14 | 1 | 490 | N/A | 0.09 | 499 |
| 2005 | 1.19 | -0.07 | 3.01 | 5.09 | 5.32 | 1 | 196 | N/A | 0.04 | 542 |
| 2006 | 10.81 | 9.42 | 10.62 | 4.29 | 3.83 | 1 | 206 | N/A | 0.03 | 644 |
| 2007 | 0.22 | -1.03 | 2.30 | 4.87 | 4.40 | 1 | 130 | N/A | 0.02 | 667 |
| 2008 | -23.91 | -24.87 | -25.96 | 12.70 | 14.01 | 1 | 99 | N/A | 0.02 | 451 |
| 2009 | 42.16 | 40.39 | 56.78 | 15.82 | 17.16 | 1 | 208 | N/A | 0.04 | 482 |
| 2010 | 13.64 | 14.63 | 15.10 | 15.96 | 17.50 | 2 | 716 | 0.39 | 0.14 | 519 |
| 2011 | 4.04 | 2.79 | 4.40 | 10.50 | 10.63 | 1 | 970 | N/A | 0.19 | 511 |
| 2012 | 14.71 | 13.27 | 15.40 | 7.34 | 6.99 | 1 | 2,080 | N/A | 0.37 | 557 |
| 2013 | 7.25 | 5.90 | 7.37 | 6.78 | 6.41 | 1 | 2,926 | N/A | 0.50 | 582 |
| 2014 | 1.99 | 0.71 | 2.45 | 4.80 | 4.47 | 1 | 3,423 | N/A | 0.57 | 598 |
| 2015 | -3.21 | -4.42 | -4.52 | 5.90 | 5.52 | 1 | 2,882 | N/A | 0.50 | 575 |
| 2016 | 14.81 | 13.38 | 17.34 | 5.65 | 6.04 | 1 | 1,156 | N/A | 0.19 | 580 |
| 2017 | 8.15 | 6.78 | 7.48 | 5.00 | 3.61 | 1 | 1,245 | N/A | 0.17 | 729 |
| 2018 | -2.02 | -3.26 | -2.26 | 4.01 | 4.64 | 1 | 947 | N/A | 0.13 | 716 |
| 2019 | 15.64 | 14.19 | 14.40 | 4.23 | 4.16 | 1 | 1,029 | N/A | 0.13 | 820 |
| 2020 | 5.16 | 5.84 | 6.10 | 9.60 | 9.70 | 1 | 1,013 | N/A | 0.10 | 909 |

* Performance Presented for Dec, 1996 through Dec, 1996. No statistics are annualized
** 3 yr standard deviations are based on the gross returns

1. The composite invests primarily in USD high-yield corporate bonds selected using strict criteria. When selecting issuers of such bonds, particular attention is taken to spread investments across the various credit ratings. The investment objective is to generate a higher return than on prime USD bonds. The performance figures shown before the firm merger of 1.1.2010 reflect the track record of the composite of the firm UBS Global Asset Management Switzerland - Retail Fund Management. The Composite Creation Date is 30 Nov 1996. The Composite Inception Date is 30 November 1996. The actual benchmark for this composite always reflects the best match to the investment strategy. Benchmark changes over time are necessary to underline this fact. The benchmark is ICE BofAML High Yield Cash Pay Constrained Index. Until 2018 [illegible] the benchmark was BofA Merrill Lynch High Yield Cash Pay Constrained Index.
2. The Firm is defined as all actively and passively managed institutional and retail accounts of UBS Asset Management ("the Firm") throughout the world. The Firm was [illegible] January 1, 2002 following the reorganization of the asset management divisions of UBS AG under a single Asset Management brand. A list of all entities that are included and excluded from the GIPS firm is available upon request. The performance record prior to 2002 is that of the local asset management division which managed the composite, and has been prepared in compliance with GIPS from the inception date of this composite. The composites are administrated out of UBS Asset Management Basel office. The firm, UBS Asset Management - Fund Management Switzerland has complete discretion for all investment activities within the fund. As per January 1st, 2010 the three Firms: UBS Global Asset Management Switzerland - Retail Fund Management, UBS Global Asset Management Switzerland - Institutional Fund Management and UBS Global Asset Management Switzerland - AST Fund Management were merged into UBS Global Asset Management - Fund Management Switzerland. The Firm includes all traditional UBS branded Wholesale, Institutional and AST Funds domiciled in Switzerland or Luxembourg. Policies for valuing portfolios, calculating performance and preparing GIPS reports are available upon request. As per October 5th, 2015 the company name was changed from UBS Global Asset Management to UBS Asset Management. This change of the firm's name does not impact the definition and scope of the GIPS firm or the composites.
3.

| Year | Total Risk % | Derivative Risk % |
|---|---|---|
| 2014 | 102.0 | 2.2 |
| 2015 | 100.9 | 1.8 |
| 2016 | 98.4 | 0.0 |
| 2017 | 102.7 | 4.4 |
| 2018 | 99.1 | 0.8 |
| 2019 | 98.4 | 0.0 |
| 2020 | 99.9 | 1.5 |

Explanation of the table above: All figures presented are fully in line with the KAG-FINMA guideline on the use of derivative instruments for collective investments. The Total Risk is the sum of the direct investment exposure (Total Exposure net) and the derivative risk (Global Exposure net). The direct investment exposure (Total Exposure net) is calculated as the market value of all direct investments, excluding cash and other liquid assets. The derivative risk (Global Exposure net) is the sum of the net credit-, currency- and market-risk. The market risk consists of equity-, interest- and commodity-risk. Derivative financial instruments are only used in the course of ordinary management of portfolio assets and to hedge the currency risk exposure. Leverage in the sense of short sales may not be used. Investment Transactions are accounted for on a trade date basis.
4. Performance is calculated on a time-weighted return basis, taking into account the accrued interests and dividends, i.e. the gross distribution (before withholding tax is deducted) - and including pro-tax charges.
5. The performance is calculated net of fees. The gross of fee returns are calculated based on all fee components excluding transaction costs. This composite has a [illegible] flat fee of max. [illegible] p.a. (this represents the highest possible standard fee for this composite). Due to the varying client segmentation the charged fee for this composite can differentiate. The bundled fee includes all charges for portfolio management, custody, and other administrative fees. The only costs not covered are transaction costs incurred in the administration of the fund's assets (brokerage fees in line with the market, fees, duties, etc. as well as any applicable taxes).
6. Composite dispersion represents the consistency of the Firm's composite performance results with respect to the individual portfolio returns within the composite. Presented is the asset-weighted dispersion (standard deviation) of the portfolios within the composite. Only portfolios in the composite for each full time period are included in the dispersion calculation and no dispersion is presented for composites consisting of only a single portfolio. The 3 year annualized ex-post standard deviations are based on monthly returns, shown starting with the first full 3 year calendar period.
7. A complete list of all Firm composite descriptions, pooled fund descriptions for limited distribution pooled funds, and broad distribution pooled funds is available upon request. The composite's past performance is not necessarily an indication of how it will perform in the future.

UBS

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

## A short duration Core Plus solution from our Global Bond team

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February 2022

Section 1

# Global Fixed Income

# UBS-AM Fixed Income at a glance

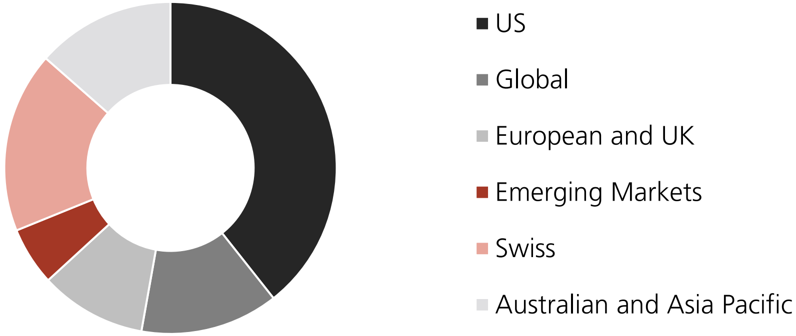
Leading manager with USD 285 billion in assets under management

## Key strengths of Global Fixed income

- Deep expertise with 130+ fixed income investment professionals, averaging 18 years investment experience
- Globally integrated platform offering local insights and diverse perspectives
- Disciplined investment approach drawing on deep resources to employ diverse alpha sources
- Commitment to proprietary research across the full investment spectrum

## Total AUM USD 285 billion, by strategy

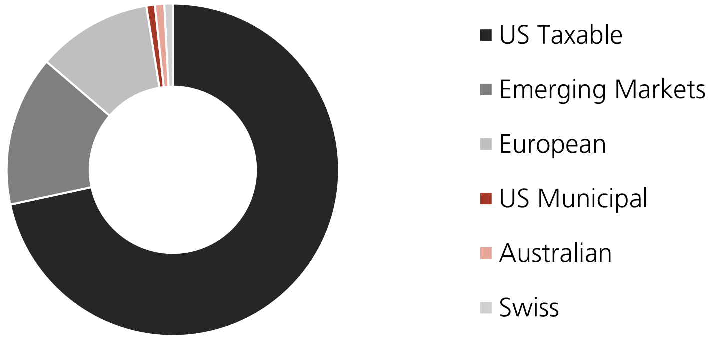
Bonds USD 193 billion




## Global presence

| | |
|---|---|
| Chicago | Hong Kong |
| New York | Shanghai |
| London | Tokyo |
| Zurich | Sydney |
| Singapore | |

Money Market USD 92 billion




Source: UBS Asset Management: worldwide fixed income invested assets. As of December 31, 2021

1 Excludes fixed income assets in multi asset mandates and other strategies managed by Multi Asset and Solutions

# Our approach

## Guiding principles

### Solutions Driven:

- We look to strategically partner with clients to understand and address their investment challenges.

### Global Integration:

- Globally integrated investment platform allows us to combine the skill and insight of local regional specialists with global expertise.

### Emphasis on Research:

- Uniquely structured and integrated global credit research process distinguished by team of career credit analysts. Research is a fundamental component of our investment approach and encompasses credit research, economic and quantitative research, and sovereign research.

### Diversified Sources of Alpha:

- Disciplined investment process combines top-down and bottom-up elements to exploit diversified sources of alpha, which we believe is key to delivering consistent performance over time.

### Risk Management:

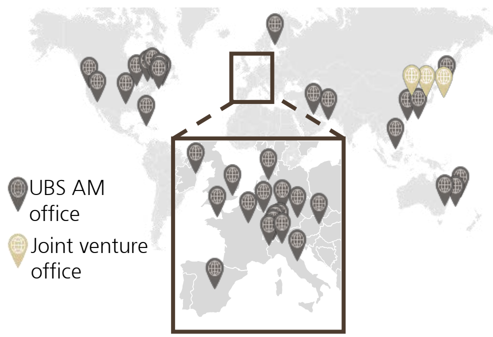
- A culture that emphasizes a multi-dimensional, layered, and comprehensive risk management approach expanding beyond traditional measures including liquidity.

# How we work together with you

We harness the power of our investment experts across the globe, combined with unique research insights, and multi-layered risk management

## Truly global footprint

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




## Unique credit research

Dedicated career credit research analyst team with an average 16 years of experience[1]. Active collaboration with UBS AM equity research.

## Diversified sources of alpha

Expertise across rates, credit, and currency markets allows for multiple sources of alpha which we view as critical to consistent performance over time.


## Multi-layered risk management

A culture which emphasizes layered and comprehensive risk management including traditional and non-traditional measures.

…to answer your investment challenges

1 Information as of December 2020. For illustrative purposes only

Section 2

# UBS (Lux) Bond SICAV –<br>Global Short Term Flexible (USD)

UBS

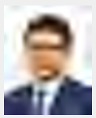
# UBS (Lux) Bond SICAV – Global Short Term Flexible (USD)

## A short duration Core Plus strategy

**For clients looking for**

- An actively managed fixed income solution with a relatively low sensitivity to interest rates (duration profile of 0-4 years)
- A core global fixed income strategy with the ability to hold off-benchmark exposures for potential alpha generation
- Enhanced active returns through tactical credit, duration and currency management
- High quality, flexibility, liquidity and transparency

# Your experienced team for Global Short Term Flexible



**Kevin Zhao**
Head Global Sovereign and Currency

**Global Rates PM**

| | | | |
|---|---|---|---|
| **Jerry Jones**<br>PM Global | **Lionel Oster**<br>PM Global | **Edward O'Sullivan**<br>PM Global<br><br>**Kent Zhang**<br>Dedicated PM Global Credit | **Juwon Davies**<br>Global Team Apprentice |

**Regional Rates PM**

| | | | |
|---|---|---|---|
| **US**<br>Scott Doland<br>David Kim | **Europe**<br>Roland Emch<br>Geraldine Haldi<br>Michael Hitzlberger<br>Clemens Rich | **Global**<br>Kevin Zhao<br>Jerry Jones<br>Lionel Oster<br>Edward O'Sullivan | **APAC**<br>Jeff Grow |

**IG Corps PM**

| | | | | | |
|---|---|---|---|---|---|
| **Vivek Acharya**<br>PM Global | **Jonathan Gregory**<br>Head of Fixed Income UK | **Tim Van Klaveren**<br>PM Australia | **David Vignolo**<br>PM US | **Martine Wehlen**<br>PM Europe | **Kent Zhang**<br>PM Global |

**HY Corps PM**

| | | |
|---|---|---|
| **Matt Iannucci**<br>Global Head of High Yield | **EUR High Yield**<br>Zachary Swabe<br>Jonathan Mather | **US High Yield**<br>Matt Iannucci<br>Branimir Petranovic<br>Anders Nelson |

**EM and Asia Team**

| | | | | | |
|---|---|---|---|---|---|
| **Hayden Briscoe**<br>Head of EM and Asia | **Federico Kaune**<br>Senior PM EM | **Igor Arsenin**<br>PM EM | **David Michael**<br>PM EM | **Ross Dilkes**<br>PM Asia | **Smit Rastogi**<br>PM Asia<br><br>**Brian Lou**<br>PM Asia |

**Investment Specialists**

| | | | | | |
|---|---|---|---|---|---|
| **Alexander Wise**<br>Investment Specialist | **Tony Appiah**<br>Investment Specialist | **Martin Wiethuechter**<br>Investment Specialist | **Anaïs Brunner**<br>Investment Specialist | **Anna Findling**<br>Investment Specialist | **Uta Fehm**<br>Investment Strategist |

Source: UBS Asset Management. As of June 2021.

London — Chicago — Zurich — Sydney — APAC x AUS — New York

UBS

# Structure and membership

Fixed Income Investment Forum

## FIIF Macro Committee

**Charlotte Baenninger**
Head of Fixed Income

**Hayden Briscoe**
Head of Fixed Income Global EM and Asia Pacific
**Scott Dolan**
Head of US Multi-Sector Fixed Income
**Craig Ellinger**
Head of Fixed Income North America

**Nicole Froehlich**
Head of Research
**Jonathan Gregory**
Head of Fixed Income UK
**Federico Kaune**
Senior Portfolio Manager, Emerging Markets

**Tim Van Klaveren**
Senior Portfolio Manager, Australia
**Kevin Zhao**
Head of Global Sovereign and Currency

## FIIF Sub-committees

**Credit Research**
Nicole Froehlich

Barbara English
Jill Fine
Phil Spencer
Ben Squire
Michael Stansfield
*Ad-hoc Research analysts for specific industry insights*

**Investment Grade**
Tim Van Klaveren

Vivek Acharya
Smit Rastogi
David Vignolo
Martine Wehlen-Bode
Nicole Froehlich

**High Yield**
Craig Ellinger

Matt Iannucci
Jonathan Mather
Branimir Petranovic
Zachary Swabe
Nicole Froehlich

**Asia & EM**
Hayden Briscoe

Igor Arsenin
Federico Kaune
David Michael
Nicole Froehlich

**Rates & FX**
Jonathan Gregory

Scott Dolan
Jeff Grow
David Kim
Lionel Oster
Kevin Zhao

**Multi-Sector**
Jonathan Gregory

Scott Dolan
Jeff Grow
Jeff Haleen
Jerry Jones
Branimir Petranovic
Kevin Zhao

Note: As of February 2022

# Top-down: Fixed Income Investment Forum (FIIF)

Establish and monitor strategic and tactical views of key global investment themes that drive performance

| | |
|---|---|
| Teamwork | Bring together senior investors |
| Expertise | Leverage specialist expertise |
| Understanding | Formulate key macro themes |
| Quality | Value 250+ rates, currency and credit factors |
| Ideas | Identify high conviction investment trade ideas |

As of December 2020

10 members with an average industry experience of 30 years

# Disciplined 4-step dynamic investment process

Combining top-down views and bottom-up security selection with ongoing risk management

| | | |
|---|---|---|
| 1. | Identification of themes / long-term fundamentals | • Identify key macroeconomic drivers<br>• Establish global investment context (stage of economic cycle, economic data trends, inflationary pressures, policy response and market valuation) |
| 2. | Idea generation and filtering | • Identify opportunities in context themes / long-term fundamentals<br>• Thorough analysis and filtering of ideas based on risk / return profile<br>• Best risk-reward trades selected for closer monitoring |
| 3. | Trade analysis and implementation | • Use quantitative and qualitative techniques to determine entry levels, stop loss limits and trade sizing |
| 4. | Portfolio construction and risk management | • Construct diversified portfolios while closely monitoring all portfolio risks – identify and manage tail risk<br>• Conduct stress testing against extreme outcomes – strictly adhere to stop loss discipline |

## UBS Global Portfolios

# UBS (Lux) Bond SICAV – Global Short Term Flexible (USD): guidelines

A diversified portfolio of high quality global fixed income assets: government, agency, corporate and collateralized bonds, supplemented by opportunistic positions in high yield, emerging markets and currencies

| | | |
|---|---|---|
| Interest rates | Overall portfolio duration | 0 years – 4years |
| Credit | Investment grade bonds | 70% – 100% |
| | Emerging market debt | max. benchmark + 30% |
| | High yield corporate bonds | max. 20% |
| | Covered/Securitized bonds | max. benchmark + 15% |
| Currencies | Active currency | Max ex-ante TE contribution: 100bps |

Benchmark index from November 2018: Barclays Global Aggregate 1-3 yr (USD hedged)

UBS

Note: Information as at December 2018.

# Diversified sources of return

To systematically generate consistent excess returns in all market environments

Top-down strategies

Duration | Yield Curve | Sector | Credit Quality | Currency

Portfolio

Credit Analysis | Industry Analysis | Fundamental Ranking | Relative Value Ranking

Bottom-up strategies

# Standardized ESG integration across asset classes

ESG factors integrated into mainstream strategies utilizing a systematic risk-based research process

## ESG data input

**UBS ESG Risk Signal**

- A clear, actionable signal helps to drive the in-house research process
- Proprietary ESG Risk Dashboard to identify ESG risks across four dimensions, based on various ESG data provider inputs:
  - UBS ESG Consensus Score
  - Absolute ESG Risk
  - Governance Risk
  - Controversies

## In-house research

Fundamental analysis

- In-house ESG risk recommendation is part of the investment case
- UBS risk assessment is forward-looking and focused on material issues
- Strong collaboration across investment teams to drive stewardship outcomes

| | | |
|---|---|---|
| ~11 Dedicated SI analysts[1] | ~58 Equity analysts | ~30+ Fixed Income analysts |

- In-depth ESG research and stewardship expertise amplifies ESG know-how across investment teams
- Company specific and thematic ESG research on high-risk issues

SI research analysis

## Investment decision making

**Portfolio Managers**
Incorporation of ESG risks in investment decision making

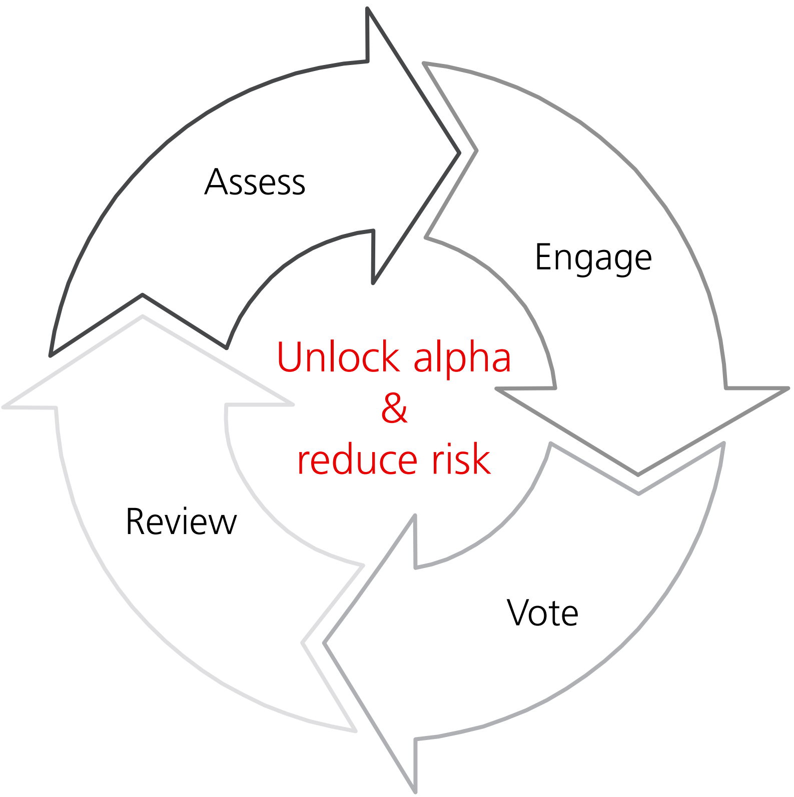
- UBS ESG Risk Recommendation summarizes final ESG view to PMs
- ESG risks may be mitigated through engagement and on-going monitoring
- Confirmation of ESG risks may trigger sell decision
- Portfolio manager may decide to maintain the position with a justification that the opportunity outweighs the risks

Identify — Review — Decide

Source: UBS Asset Management as of December 2021. For illustrative purposes only.
1 We plan to add 2 full-time SI Research analysts by 2022.

# Transparent and proactive investment stewardship

## Leveraging our strength as a large, diversified asset manager to drive positive, material change




### Core part of the investment process

- Grounded in driving performance and avoiding downside risks
- High quality engagements on sustainability issues with senior executives and board members

### Combined strengths across active and index strategies

- Seeking to maximize outcomes by combining insights from active investments with voting power of index linked strategies[1]
- Stewardship approach pursued consistently across fixed income and equities on behalf of UBS-AM looking to maximize impact of engagement outcomes

### Strong external collaboration

- Helping to further ESG best practices across the investment industry
- Leading within the Climate Action 100+ coalition2
- Concrete outcomes including:
  - Repsol's Net Zero commitment (first in the industry)
  - Equinor's alignment of strategy with Paris Agreement

Source: UBS Asset Management, for illustrative purposes only.
1 In the 12-month period ended 31 December 2020, UBS gave instructions (based on AM's corporate governance principles) to vote on 115,222 separate resolutions at 11,616 company meetings, with 267 of these resolutions being directly related to environmental and social issues. Source: UBS Sustainability report 2020.
2 Source: www.climateaction100.org

# Fixed Income risk framework

Portfolio managers at center stage, supported by independent checks and balances

## Investment Team

Reports to Head of Investments

**Portfolio managers**

- Daily risk management and monitoring
- Weekly performance attribution
- Monthly risk forum

## AM Risk Control

Reports to CRO

**Independent from investment team**

- Risk monitoring
- Stress analysis
- Counterparty risk
- Escalation power

## Business Risk Management

Reports to COO

**Independent from investment team**

- Operational Risk Inventory
- Front to back Risk Governance (TRPA / NBI)
- ICAP (process risks)
- Information security

## Corporate Governance

**AM Senior management**

- UBS Policies & Procedures
- Business continuity plans
- Set risk framework and raise risk awareness
- Quarterly portfolio reviews

## Product Control & Logistics

**Independent from investment team**

- Pre-trade guideline checks
- Post-trade guideline checks

## Compliance & Operational Risk Control

**Independent from investment team**

- Best execution check
- Fair trade allocation check
- Operational Risk Events Guidelines
- Personal dealing

Clear adjustment and error policies are in place covering all aspects of the portfolio management process

Section 3

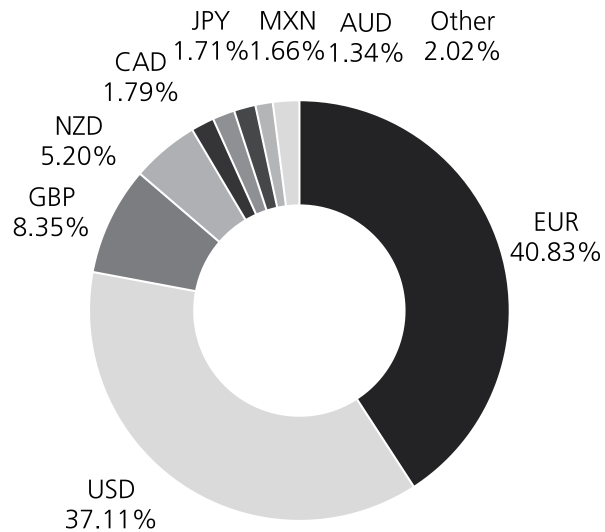
# Performance and positioning

UBS

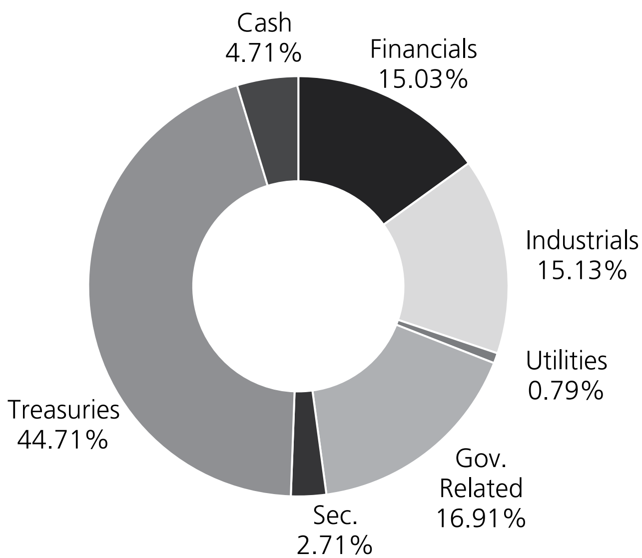
# Positioning

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

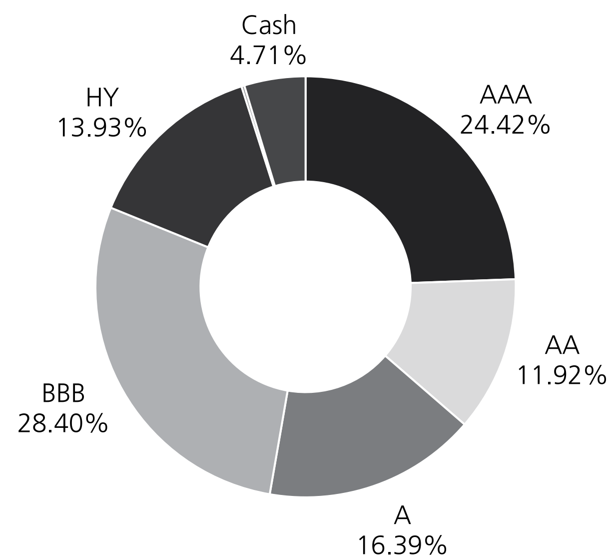
**By country[1]**




**By sector**




**By rating**



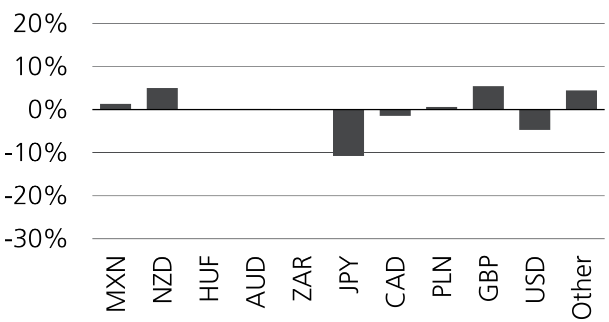

| | Portfolio | Benchmark | Active |
|---|---|---|---|
| OA duration | 1.04 | 1.83 | -0.79 |
| Yield to maturity[1] | 2.23% | 0.95% | 1.28% |
| Average rating | A3 | Aa3 | - |

Source: UBS Asset Management. As at 31 January 2022.
1 Unhedged

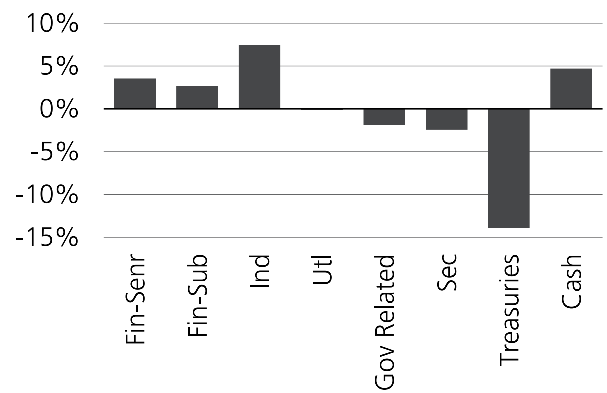
# Positioning

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

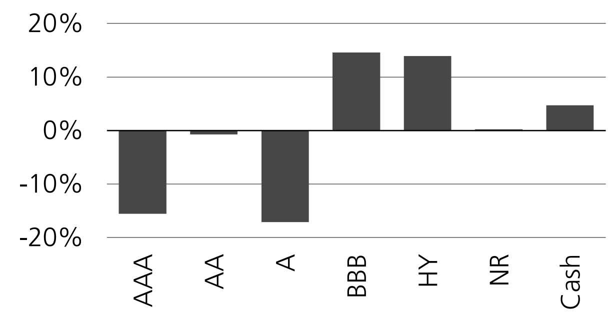
**Active % MV by country[1]**



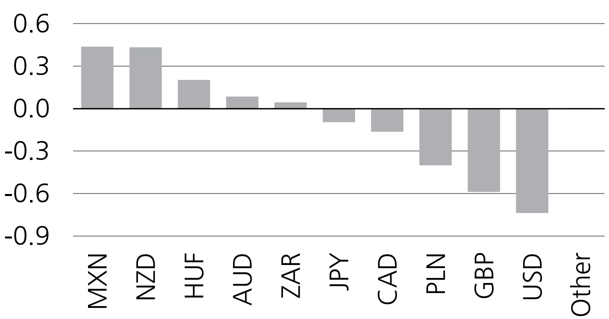

**Active % MV by sector**



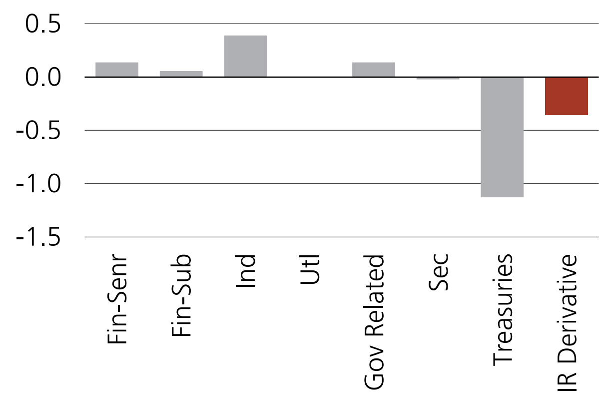

**Active % MV by rating**



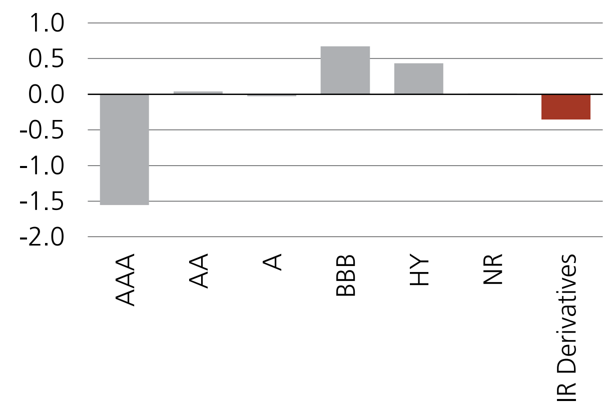

**Active OAD by country[1]**




**Active OAD by sector[2]**




**Active OAD by rating**




Source: UBS Asset Management. As at 31 January 2022.
1 Unhedged

UBS

# Performance – Global Short Term Flexible Composite

## Total returns for periods ending 31 January 2022 (USD) – Gross of fees

| | | | | Annualised | |
|---|---|---|---|---|---|
| | **1 month** | **3 months** | **1 year** | **3 year** | **Since inception[1]** |
| Global Short Term Flexible Composite (%) | -0.29 | 0.17 | 0.44 | 3.10 | 3.39 |
| Bloomberg Barclays Global Aggregate 1-3 yr TR (USD hedged, %) | -0.37 | -0.35 | -0.46 | 1.73 | 1.94 |
| **Value added (%)** | **0.09** | **0.52** | **0.91** | **1.37** | **1.45** |
| Tracking error (%)[2] | | | 1.20 | 2.69 | 2.62 |
| Information ratio[3] | | | 0.76 | 0.51 | 0.55 |

**Past performance is not a reliable indicator of future results.**

Note: The returns shown above are based on currently available information and are subject to revision. Performance figures are gross of fees. Please see attached disclosure information.

1 Inception as of 30 November 2018

UBS

# Consistent, repeatable approach leads to consistent results

## Outperformance across range of strategies

| | Global Dynamic | Global Flexible | Global Aggregate | Global Corporate | Global Sovereign | Global Inflation-Linked |
|---|---|---|---|---|---|---|
| Objective | Total Return | High Alpha Global Bonds | Diversified Global Bonds | Diversified Global Corporate Bonds | Diversified Global Government Bonds | Real Return |
| Typical benchmark | No benchmark | Bloomberg Barclays Global Aggregate | Bloomberg Barclays Global Aggregate | Bloomberg Barclays Global Aggregate – Corporates | JPM Global GBI / Citi WGBI | Bloomberg Barclays Global Inflation-Linked 1-10 Years |
| Excess Return | | | | | | |
| 1 year | -0.34%[1] | +0.85% | +0.32% | +0.24% | -0.30% | -1.69% |
| 3 years (ann.) | +4.68%[1] | +2.45% | +0.71% | +1.03% | +0.32% | +1.31% |
| 5 years (ann.) | +6.44%[1] | +2.48% | +0.60% | +0.67% | +0.44% | +1.35% |

**Past performance is not a reliable indicator of future results.**

Note: The returns shown above are based on currently available information and are subject to revision. Performance figures are gross of fees as at 31 December 2021.

1 Global Dynamic has no benchmark, performance is absolute returns rather than excess returns

UBS

# Fixed income market outlook

## January 2022

- Developed market government bond yields moved higher in December as fears subsided around Omicron virus variant and the Fed pivoted towards earlier an earlier hike, faster tightening and possible reduction of its bloated balance sheet. 10 Year US Treasury yields moved 7 bps higher to end the year at 1.51% while the move in German 10 year yields was even more pronounced as they rose 17bps to -0.18%. We believe DM government bond yields will trade higher in 2022 driven by the Fed tightening cycle and less favorable demand-supply imbalance as central banks end bond purchases.

- The confluence of globalization, technological innovation, baby boomers entering retirement and sky-high government debt from increased fiscal spending to combat the pandemic all point towards low potential growth and low inflation beyond the near-term cyclical rebound.

- We remain focused on opportunities for relative value investments across countries and asset classes. Over the medium term we are bearish the US, UK, Germany and Switzerland while being fundamentally bullish on New Zealand, China, Mexico and countries whose yields have more room to move lower as a result of central bank accommodative measures to counteract the economic impact of COVID-19. We hold long duration positions in NZ as a relative value strategy versus the UK. We are bearish on 10-year rates in Poland as the central bank starts to catch up with the rest of Central European central banks in dealing with high inflation and high wage growth. Over the past 3 months the National Bank of Poland raised policy rate from zero to 2.5%. We believe more hikes are needed as the economy has shown ample signs of overheating fueled by the large fiscal stimulus and quick rebound in growth.

- We moved duration in the Eurozone to underweight after a strong rally in Q4. Within the Eurozone, we are neutral on Italy, although we trade actively the Italy-Germany spread,  and overweight Spain, Slovenia and Ireland relative to Germany.
  - Eurozone potential growth remains weak, while bond valuations improved after the latest sell-off.
  - Although both CPI and core have risen above the ECB target it is likely to be a temporary phenomenon with subdued wage growth and large output gap remaining structural headwinds. In addition, the average inflation over the past 10 years is only around half of the 2% target, giving the ECB leeway to be patient for monetary policy normalization.
  - The ECB is doing whatever it can within its mandate, but this has so far been insufficient in helping the central bank achieve its inflation target over the medium term as evidenced by the policy rate being currently at the effective lower bound (ELB).
  - Italy and Spain have suffered the most from the pandemic and will likely incur further indebtedness on their respective government balance sheets. We expect some relaxation of the SGP rules and believe the Next Generation EUR 750 bn EU fund will provide support over the next 2-3 years.

- **Risks:** The new omicron variant, China deleveraging and increasing regulations plDarus high energy prices are the near term risks to growth while overreaction to Fed tightening could lead to increased volatility in equity markets. In addition, credit market liquidity is a concern at a time when corporate leverage is elevated. Any major policy mistakes could result in significant market volatility and credit spreads widening.

Source: UBS Asset Management, as at 31 December 2021.

# Currency outlook

| Currency | Views | |
|---|---|---|
| USD | Neutral | The unexpected sharp rise in inflation is pressuring the Fed into accelerating its tapering with rising expectations for first hike in March '22. The most recent minutes have brought forward expectations of ending bond purchase by March with active discussion for balance sheet reduction. For now, a hawkish Fed if not matched by other central banks and higher yields are positive for USD while valuation, current account and budget deficits remain long-term negatives. |
| EUR | Neutral | The pandemic related rises in inflation appear to have pressured ECB to turn hawkish at its February press conference to prevent current high inflation morphing into higher wage demand which has so far shown no sign of rising. Whilst the fiscal gap between the next-generation EU Fund (NGEF) and the Biden stimulus remains, the forward interest rate differential has started to narrow. This adds further support to EUR on top of a large current account surplus and reasonable valuation. |
| JPY | Neutral | Lack of carry, weak growth rebound and hawkish turn by central banks elsewhere continue to put downward pressure on the safe-haven JPY. Current account surpluses and cheap valuation should underpin JPY over the medium to long term. |
| GBP | Neutral | In another confusing decision, the BoE hiked rates further in February. The surging Covid-19 cases since December will lead to weaker growth in Q4 and Q1 then rebound subsequently, but so far has had minimum impact on GBP and UK interest rate expectations. The risk of the UK calling for Art. 16 and retaliation from the EU on NI protocol remain despite Lord Frost's resignation, albeit in the background only. Further out, how financial services will perform post-Brexit will determine whether GBP strength vs. EUR can be sustained, while large current account deficit will remain negative headwinds for GBP. |
| Dollar bloc | AUD: Positive<br>NZD: Positive<br>CAD: Negative | Rising oil price in 2021 has been positive for CAD while lockdowns and China slowdowns have weighted on AUD and NZD. We are watching closely how the local economies will perform as AU and NZ exited lockdown after reaching 80% vaccination. Over the medium term, AUD and NZD are still supported by the improving global outlook and commodity prices. CAD has given back some of 2021 rally after the Fed brought the first rate hike to close to that of BoC. NZD has also lost ground with other central banks catching up on policy rate normalization. RBA remains resistant to early tightening though its QE program will also end soon. More evidence of strong wage growth and core inflation moving above its 2.5% target on a sustainable basis is needed for RBA to act. |
| European crosses | EURCHF: Negative<br>EURSEK: Positive<br>EURNOK: Positive | The Swedish economy continues to recover strongly but core inflation remains lackluster. With ECB signaling possible rate hike in 2022, the Riksbank could start to bring forward the recently introduced 1st hike forecast. Oil prices should continue to drive NOK. Norges Bank has hiked in Dec again and pointed to further hikes. We believe that NOK offers medium term opportunities based on valuation and Norway's large current account surplus. For CHF, deeply negative rates make it attractive as a funding currency in an environment of global recovery and rising equity markets but a large current account surplus exerts upward pressure over the long run. |
| Emerging market currencies | N/A | EMFX has mixed performance in '21. CNY, TWD and RUB performed well in contrast with weak THB, KRW and PHP in Asia, weaker LATAM currencies in general and a collapsing TRY. We think CEE3 currencies PLN, CZK and HUF are attractive due to strong growth and central banks' rapid rate hikes. In the near term we remain tactical and cautious given a hawkish Fed, the uncertain impact of new Omicron variant and the low vaccination in many emerging economies. Over the medium term we prefer a differentiated strategy in EMFX focusing on different domestic economic conditions, fragility to global risk, exposures to commodity prices, trade tensions and local political risks. We aim at earning good carry from those EMFX with reasonable long term fundamentals. |

Source: UBS Asset Management, as at 31 January 2021.

Section 4

# FAQ

# UBS Fixed Income Product Offering

## A fund for each investment style

| Typical Features | Classic Bond Funds | Global Flexible | Global Short Term Flexible | Global Dynamic |
|---|---|---|---|---|
| Investment Style | Core | Core Plus | Core Plus | Total Return |
| Benchmark | ✓ | ✓ | ✓ | × |
| Portfolio Construction | Benchmark with limited deviations | Benchmark and off-benchmark positions | Benchmark and off-benchmark positions | Best idea portfolio, net long exposures |
| Liquidity | High | High | High | High |
| Use of derivatives | Low | Medium | Medium | High |
| Correlation of returns to fixed income markets | Very high | High | High | Medium |
| High Transparency | ✓ | ✓ | ✓ | ✓ |

Source: UBS Asset Management.

# Core, Core Plus, Total Return

A suite of solutions with distinctive characteristics

**Benchmark**

- Core: Yes
- Core Plus: Yes
- Total Return: None, best idea portfolio

**Sources of Return**

- Core: Actively managed benchmark beta + alpha
- Core Plus: Actively managed benchmark beta + additional flexibility to generate alpha
- Total Return: Selected market beta plus alpha

**Portfolio Construction**

- Core: Actively managed benchmark exposures plus limited tactical off-benchmark allocations
- Core Plus: Actively managed benchmark exposures plus tactical off-benchmark allocations
- Total Return: At manager's discretion. Overall net long exposures to fixed income markets

**Role in a client's portfolio**

- Core: Core investment, as stand alone solution or combined with a more flexible/total return strategy
- Core Plus: Core investment, as stand alone solution or combined with a more flexible/total return strategy
- Total Return: Combined with core investment or used stand alone as core investment replacement

Investors seeking an actively managed, broadly diversified fixed income solution have the choice among three different investment styles

# FAQ

## What is the appropriate fixed income strategy?

**Given the current market environment, what is the return potential from fixed income?**

- The ability to generate returns by relying on market exposure has become more difficult given historically low yields
- Active management style will play a more important part in generating attractive total returns going forward

**Which investment style:**

- The appropriate fixed income strategy will be a function of the clients risk-return profile
- Core Plus fixed income strategies can be used on a stand alone basis or successfully combined with other strategies, for example Total Return

**Is YTM helpful to predict future returns?**

- YTM does not capture all return sources of a core plus or unconstrained strategy and does therefore not help to estimate potential returns of the fund

Section 5

# ESG Integration

# UBS-AM Sustainable and Impact investing differentiators

## UBS Group commitment to sustainable investment

- UBS is a member of the CDP A List 2020[1]
- UBS is the diversified financials industry leader in the Dow Jones Sustainability Index since 2015[2]
- UBS ranked first globally in Sustainable and Impact Investing[3]
- UBS Group has USD 793 billion in core sustainable investments[4]
- USD 13.1 billion of client assets committed toward SDG-related impact investments, including world's first Multi-lateral development bank bond fund[5]

## UBS-AM is a leading provider of sustainable offerings

- Founding member of Net Zero Asset Managers initiative, committed to net zero emissions goal by 2050 or sooner[6]
- A+ ranking for our approach to Climate Stewardship from InfluenceMap[7]
- UBS AM: USD 480.4bn ESG integrated and USD 112.3bn in SI focused AUM[8]
- 40+ SI focused strategies across active and passive, fixed income and equities
- Fastest growing European asset manager in SI focused AUM since January 2018[9]
- Leading sustainability ETF provider with over USD 28.7bn in SI AUM[10]
- A/A+ ratings from UNPRI across all assessment modules[11]

## Innovation through client-focused collaboration

- 20+ year history in managing sustainable investment funds
- Developed award winning Climate approach with leading UK pension fund[12]
  - Active engagement in coordination with Climate Action 100+
- Developed impact investing methodology with leading Dutch pension fund
  - Invests in companies that offer products and services that help deal with key sustainability challenges
- Over USD 90bn of dedicated Index solutions through collaborations with clients[13]

**1** https://www.cdp.net/en/companies/companies-scores; **2** Source: S&P Global; **3** 2020 Awards from Environmental Finance, PWM The Banker, Euromoney; **4** Sustainable investments across UBS Group, UBS Sustainability report 2020; **5** Source UBS Sustainability report 2020; **6** http://www.netzeroassetmanagers.org; **7** https://influencemap.org/report/Asset-Managers-and-Climate-Change-cf90d26dc312ebe02e97d2ff6079ed87; **8** Assets under management as of March 2021; **9** Growth in absolute AUM since Jan 2018, Source: Morgan Stanley, May 2020 and Morningstar; **10** Market share in Europe for sustainable ETFs: 18.85%, Source Etfbook as of 20 April 2021; **11** 2020 UN PRI Assessment; **12** 2017 Fund Launch of the Year Award, Funds Europe; **13** Asset under management as of March 2021.

# Our approaches to sustainable investing

## Exclusion

Exclusion of certain sectors or companies based on specific ESG criteria

## ESG Integration

Integration of material ESG factors into credit analysis and research recommendations used by active portfolio managers

## Sustainability Focus

Strategies where sustainability plays a significant role in the investment process and security selection (better in class approach)

## Impact

Investment strategies seeking to have positive social and environmental impacts alongside financial returns

**Measurement and reporting**

Measure and report ESG and/or Impact performance of companies and investment portfolios

**Stewardship**

Proactively engaging with companies to discuss material ESG issues

Source: UBS Asset Management, for illustrative purposes only.

Section 6

# Biographies and disclaimer

# Kevin Zhao

Head of Global Sovereign and Currency, Fixed Income
Managing Director

Years of investment industry experience: 28

Education: Wuhan Institute of Technology (China), B.Eng; Harbin Institute of Technology (China), MSc; University of Western Ontario (Canada), MBA

Kevin Zhao is the lead portfolio manager on all active Global Sovereign and Flexible Fixed Income Strategies as well as Active Currency Management. In this role he is responsible for all investment decisions taken for and implemented in these strategies. He is a member of the Fixed Income Investment Forum.

Kevin joined UBS Asset Management in October 2011. He previously worked at Union Bancaire Privée where he was Senior Portfolio Manager, Absolute Return from 2009 to 2011.

Prior to this, Kevin worked at Goldman Sachs Asset Management for a total of 14 years, from 2004 to 2008 and from 1993 to 2003 in a number of senior fixed income portfolio management roles, including Head of European Fixed Income and Head of Global Short Duration. During 2003 and 2004 he was a senior global macro trader at Brevan Howard Asset Management. In 1993, he joined Goldman Sachs International as a proprietary trader in London.

Note: As at March 2021.

UBS

# Jerry Jones

Portfolio Manager
Director

Years of investment industry experience: 20

Education: University of Nottingham (UK), BA. University of Warwick (UK), MSc.

Jerry Jones is a Portfolio Manager in the Fixed Income team. He contributes to the management of a range of global sovereign and currency strategies.

Jerry joined UBS Asset Management in November 2014. He was previously at the Bank of England, and spent seven years working in the Reserves Management area, most recently as a senior portfolio manager, where he actively managed the US Dollar and Canadian fixed income portfolios. He had previously managed the Euro and Yen portfolios. Prior to working in Reserves Management, Jerry also held roles in the Monetary Analysis and Risk Management Divisions at the Bank.

Note: As at March 2021.

# Lionel Oster, ASIP

## Portfolio Manager
## Executive Director

Years of investment industry experience: 25

Education: Institut d’Etudes Commerciales Superieures (France), Diplome; CASS Business School (UK), MBA

Lionel Oster is a Portfolio Manager in the Fixed Income team. He contributes to the management of a range of Currency and Global Sovereign strategies.

Lionel joined UBS Asset Management in 2006. Prior to this he worked at F&C Asset Management for 10 years, most recently as head of the European government bond team.

Lionel is a Regular Member of the UKSIP.

Note: As at March 2021

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# Flexible fixed income investing

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

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February 2023

Section 1

# Introduction

# Unconstrained investing focused on quality and liquidity

## Executive summary

**Global Dynamic Bond strategy**

| | |
|---|---|
| Opportunity | • No single fixed income sector performs consistently strongly through the full market cycle<br>• Global Dynamic Bond strategy provides a core fixed income holding (average investment grade) with the ability to deliver positive total returns across the cycle<br>• Expected medium-term volatility ranges between 4-6% (typical global bond volatility) |
| Key benefits | • Strategy suits investors who want unconstrained fixed income investing with a focus on quality and liquidity that maximizes (risk adjusted) total return |
| Investment approach | • Balanced approach, global diversification with no particular regional, sector or style bias, utilizing multiple independent return sources<br>• No benchmark means every decision is an active decision<br>• Global Bond Team draws upon local market and sector specialists, exploiting full fixed income spectrum across Government Bonds, Investment Grade, High Yield, EM, Securitized & FX markets<br>• Leveraging unique market insights from UBS-AM's robust in-house Sustainability team |
| ESG | • Dedicated proprietary credit research including ESG integration<br>• Aligned with Article 8 of the EU SFDR |
| Performance | • 2019: Won Lipper Fund Award for Best Global Bond Fund over 3 Years (1/148) and 4 star fund in Morningstar<br>• 2017, 2018: 1st quartile performance in Morningstar ranking<br>• 5Y: 1st quartile performance.<br>• Track record since 2013 available |

Source: UBS Asset Management. Data as at 31 December 2022

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# Why UBS for global fixed income

## Breadth and depth of expertise across fixed income markets, serving a diverse client base

### People

- Connecting global expertise with deep local knowledge, 100+ investment professionals in 9 key market segments
- Unique insights gained from extensive work with central banks, sovereigns, policymakers and other official institutions

### Process

- Combining top-down macro views with bottom-up security selection
- Supported by sector experts forecasting more than 300 factors across fixed income markets
- Time-tested, diversified drivers of performance emphasizes multiple independent alpha sources
- Dedicated career credit analyst platform with integrated ESG research

### Products

- Managing more than USD 277 billion globally[1]
- Vast range of successful and award-winning global strategies

### Performance

- 63% of fixed income fund assets have outperformed peers over rolling five year period[2]
- Leading Fund House in Europe
- Top foreign asset manager in China[3]
- Refinitiv Lipper Fund awards 2019 (Global Dynamic)[4]
- Refinitiv Lipper Fund awards 2020 (Global Flexible and Global Inflation Linked)[4]
- Refinitiv Lipper Fund awards 2021 (Global Flexible, EUR Flexible and Global Inflation Linked)[4]

Source: UBS Asset Management
Note: **Past performance is not a reliable indicator of future results**. The return may increase or decrease as a result of currency fluctuations, if the fund is denominated in a currency different from the investor's reference currency. The performance shown does not take account of any commissions, entry or exit charges.

1 As of 31 March 2022
2 Percentage of active fund assets above benchmark (gross of fees) / peer median. Based on the Universe of European domiciled active wholesale funds available to UBS's wealth management businesses and other wholesale intermediaries as of 31 December 2020. Source of comparison versus peers: Thomson Reuters LIM (Lipper Investment Management). Source of comparison versus benchmark: UBS. Our analysis covers 56 actively managed UBS Fixed Income Funds (excl. ETF's, Institutional, Insurance, Pension Trust and UBS Money Market Funds).
3 Broadridge's Top 10 China Power Ranking for foreign managers April 2020
4 Refinitiv Lipper Fund awards: 2019 Global Dynamic 3 years in the UK; 2020 Global Flexible and Global Inflation Linked 3 years in Austria; 2021 Global flexible over 3 and 5 years in Switzerland and Germany, EUR Flexible and Global Inflation Linked over 3 years in UK and Germany.

Section 2

# The case for 'unconstrained' bond funds

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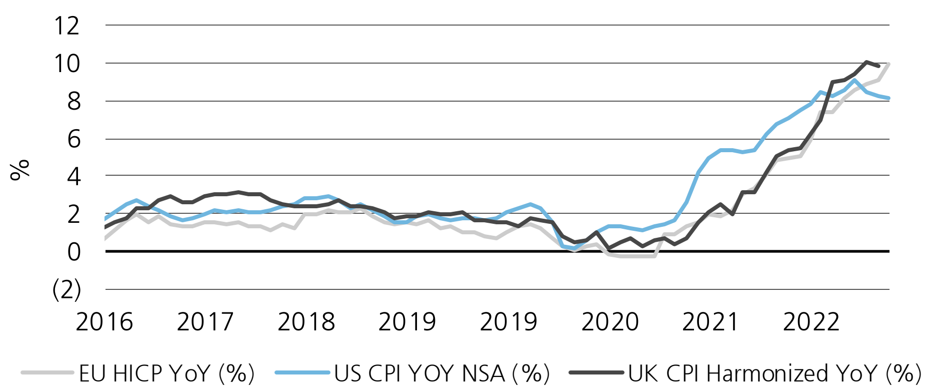
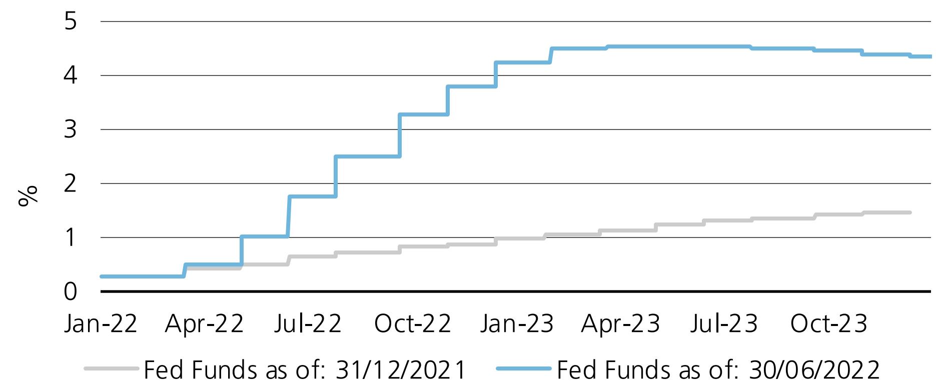
# Major challenges for fixed income investors

**Rapidly rising rates of inflation – purchasing power erosion**



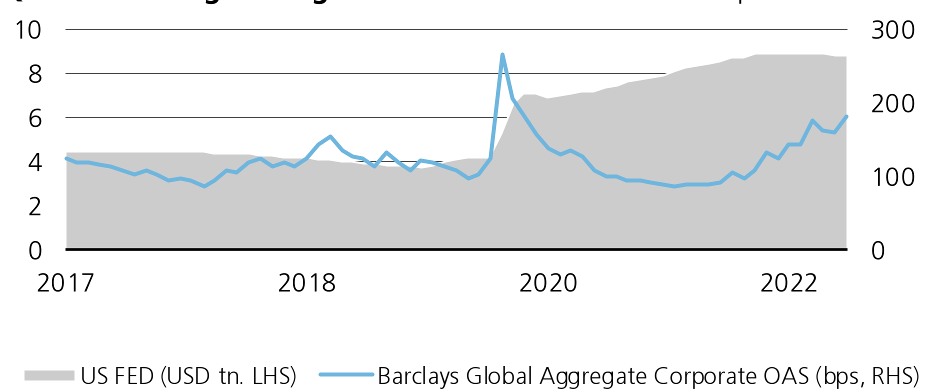

Source: Bloomberg, data as at September 2022.

**Policy rates expected to rise: Market implied expectations**



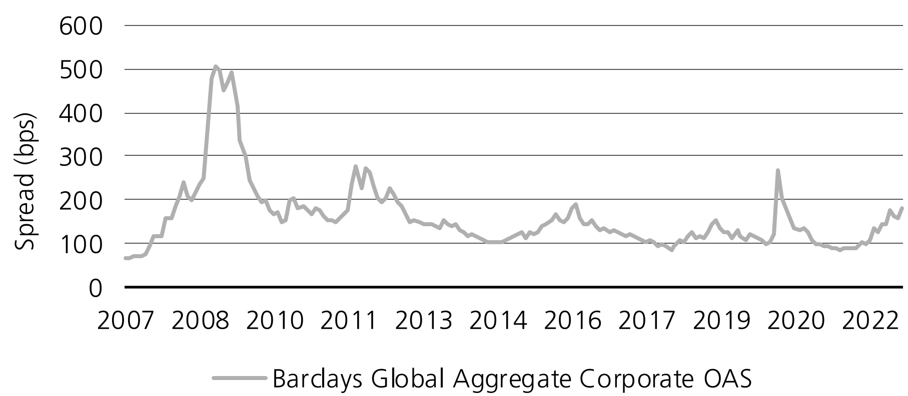

Source: Bloomberg. Data as at September 2022.

**Quantitative tightening:** Central Bank balance sheets expected to shrink




Source: Bloomberg. Data as at September 2022.

**Corporate credit spreads at historically tight levels**




Source: Bloomberg Global Aggregate Corporate Index. Data as at September 2022.

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# Solution: Flexible investing works across the cycle

## Market environment

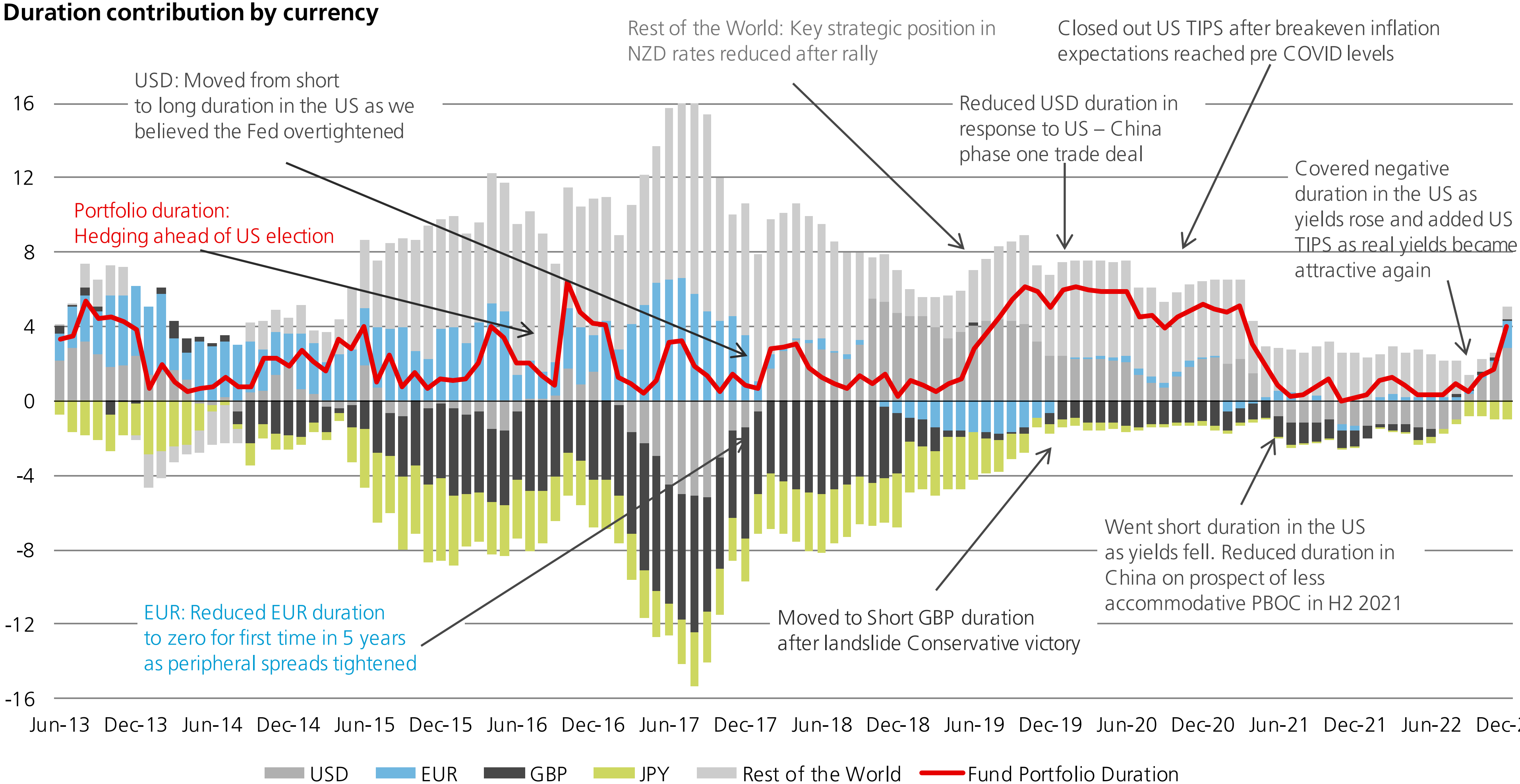
| Attractiveness of fixed income asset classes | **Expansion** Interest rates: ↑ | **Recession** Interest rates: ↓ | **Trough** Interest rates: ↓ | **Recovery** Interest rates: → |
|---|---|---|---|---|
| High yield bonds | ✓✓ | – | – | ✓✓ |
| Emerging markets debt | ✓✓ | – | – | ✓✓ |
| Sovereign bonds | – | ✓✓ | ✓✓ | – |
| Investment grade corporates bonds | ✓ | ✓ | ✓ | ✓✓ |
| Flexible investing across fixed income asset classes | ✓✓ | ✓✓ | ✓✓ | ✓✓ |

For illustrative purposes only

# Proof point: Actively managing duration across markets

No geographical bias – key to pursuing positive returns throughout the cycle

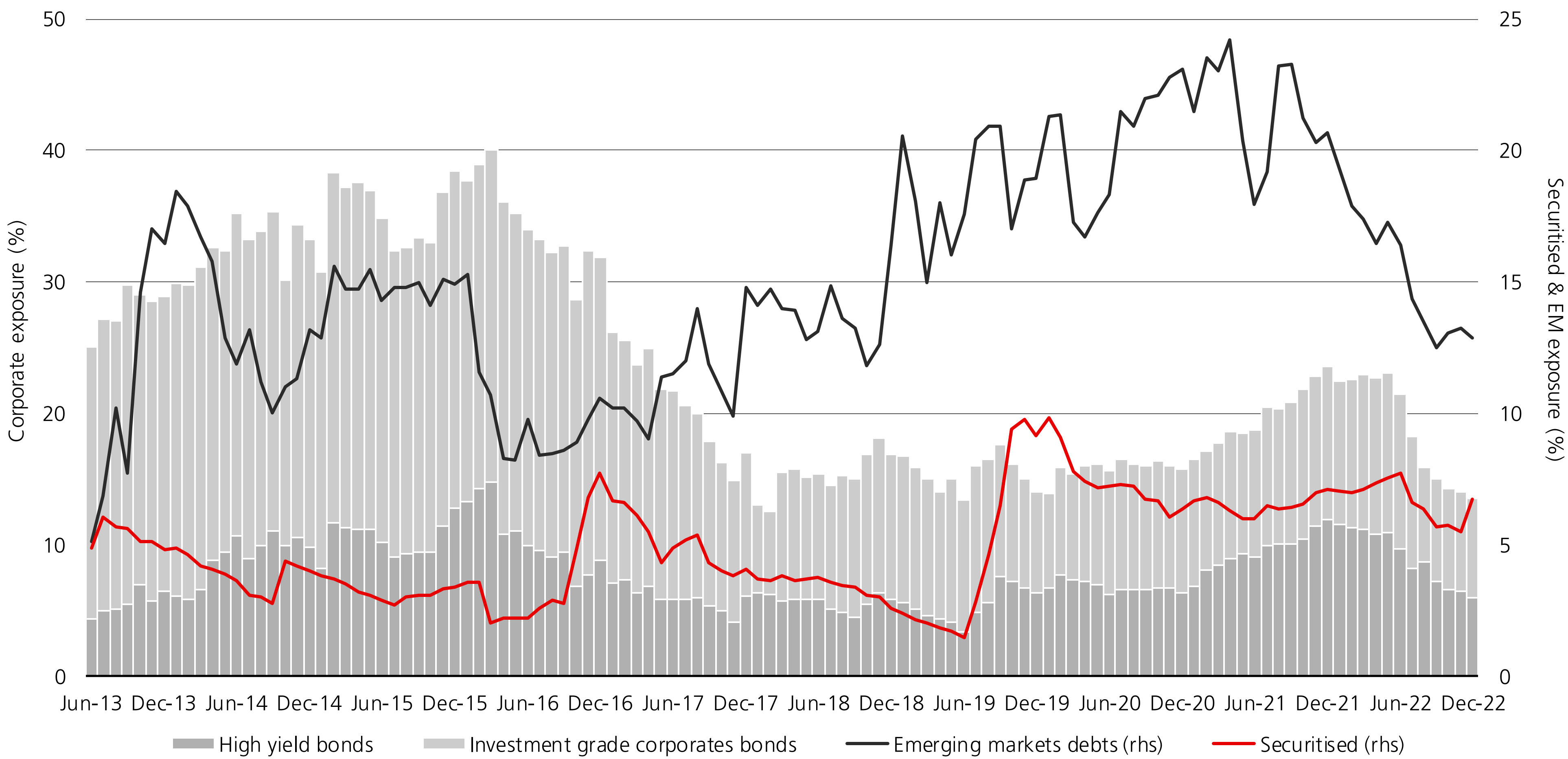
**Duration contribution by currency**




Source: UBS Asset Management, as of 31 December 2022.

# Proof point: Actively allocating to credit sectors

## Recently trimmed our credit exposure to position defensively in face of rising spreads and volatility




Source: UBS, as of 31 December 2022.

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# Leading to: diversified sources of alpha

## Since inception attribution

| | 2013 S.I. | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 YTD |
|---|---|---|---|---|---|---|---|---|---|---|
| Rates: DM | 0.44 | 1.16 | 0.07 | -3.96 | 6.98 | 5.88 | 3.71 | 3.65 | -1.64 | -0.39 |
| Rates: EM | -0.38 | 0.13 | -0.14 | -0.33 | 0.00 | -0.20 | 4.32 | 2.37 | -0.10 | -1.36 |
| Gov-related, Supra | 0.42 | 0.48 | -0.63 | 0.72 | 0.74 | -0.06 | 0.43 | 0.07 | -0.43 | -0.03 |
| Credit: Investment Grade | 0.90 | 1.03 | 0.18 | 1.41 | 0.88 | -0.21 | 1.05 | 0.51 | 0.35 | -0.62 |
| Credit: High Yield | 0.42 | -0.06 | 0.20 | 1.18 | 0.61 | -0.10 | 0.88 | 0.19 | 0.58 | -2.65 |
| Credit: Securitized | -0.08 | -0.16 | -0.06 | 0.17 | 0.33 | 0.01 | 0.05 | -0.55 | 0.29 | -0.19 |
| Credit: EMD | 0.24 | 0.49 | 0.27 | 0.55 | 0.17 | -0.19 | 0.56 | 0.44 | 0.42 | -1.34 |
| Cash / Synthetic | -0.03 | 0.16 | 0.24 | -0.04 | -0.18 | 0.16 | 0.08 | -0.09 | -0.07 | -0.17 |
| FX: DM | -1.58 | -0.20 | 0.05 | 1.30 | 0.34 | 0.39 | 0.36 | -0.46 | 1.01 | 0.11 |
| FX: EM | -0.29 | -0.62 | -0.65 | -0.05 | 0.09 | -1.40 | -0.15 | -0.07 | -0.56 | 0.10 |
| Other | 0.78 | 0.56 | 0.99 | 0.58 | 0.95 | 0.49 | 0.06 | 0.07 | -0.01 | -0.82 |
| **TOTAL** | **0.83** | **2.96** | **0.52** | **1.53** | **10.90** | **4.80** | **11.35** | **6.14** | **-0.16** | **-7.36** |

Source: UBS Asset Management, Cloud Attribution as of 30 September 2022.
Inception: 31 May 2013.
Notes: Other includes Trade/Intraday, Swing Pricing and Unallocated

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Section 3

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

# UBS Global Dynamic Bond

## Flexible total return[1] bond fund targeting an attractive return compared to broad fixed income markets

- An actively managed total return fixed income solution with an element of income (yield) as well as capital gains
- A flexible strategy that invests dynamically across the opportunity set of global fixed income markets: global rates, investment grade and high-yield corporates, securitized assets, emerging markets debt, developed and emerging market currencies, convertible bonds
- A portfolio that can implement individual short exposures, e.g. as part of relative-value positioning or through active management of credit / interest rate exposure or hedging, while maintaining an overall positive portfolio duration and net long fixed income market exposure
- An experienced investment team which draws on global research resources

**0 – 10**

Duration range

**BBB**

Investment grade credit quality

Diversified globally
Diversified by asset class

High Yield
Sovereign
Securitized
Emerging Markets
Investment Grade

Active FX views

1 This is a traditional benchmark agnostic approach which seeks to generate a return in all circumstances. This does not constitute a guarantee by UBS, Asset Management.
Investors are acquiring units or shares in a fund, and not in a given underlying asset such as building or shares of a company.

# Global Dynamic: answering the investment challenge

**A benchmark-agnostic strategy with flexibility to invest across the global fixed income universe and less reliant on favourable markets for a positive total return**

Beta exposure
We take market exposures, but every one is an active decision

Relative value
An essential part of the opportunity set in pursuing positive returns

Blend strategic and tactical
Both top down macro views and bottom up security selection

Global expertise
Draws on our extensive fixed income resources and global capabilities

**"Unconstrained" but maintains the key characteristics of traditional core bond strategies**

Quality
We maintain an average investment grade credit quality

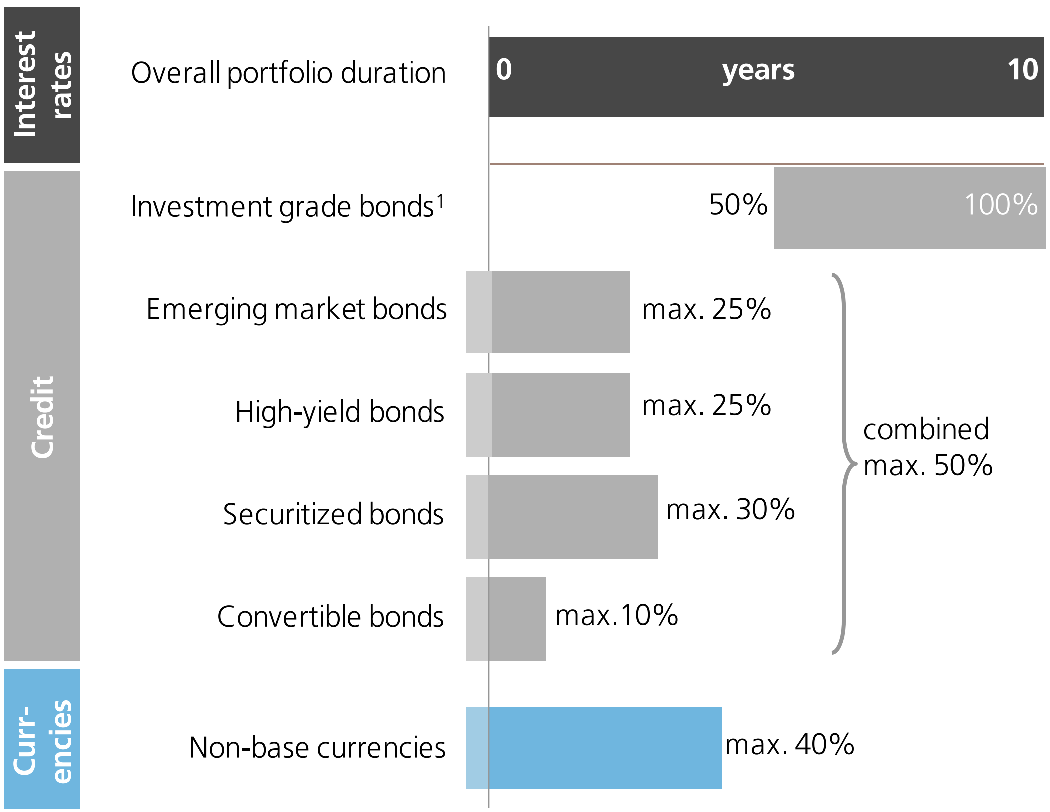
Volatility
We aim for return volatility similar to clients' experience with traditional core bond strategies

Diversification
We are globally diversified and actively avoid sector or regional bias

Liquidity
We place priority on maintaining liquidity

# 'Unconstrained' but with sensible investment parameters

## Net exposure ranges




- The strategy is not allowed to have net short exposure to interest rates, credit or currencies, but can have individual short exposures, e.g. as part of relative-value positioning or through active management of credit / interest rate exposure or hedging.

**Relative-value trade examples:**

- The strategy may be short US duration and long Japan duration but staying a small net long overall in the view that performance may still benefit from rising interest rates in non-Japan markets.
- The strategy may hold investment grade corporate bonds and buy protection on high-yield bonds through derivatives (cross-sector hedge), which at a disaggregated level would look long investment grade and short high-yield, but actually means net flat credit exposure.

Volatility range 4 – 6%.
Expected sources of return: active interest rate and currency positions (approx. 50%), asset allocation (approx. 30%), security selection (approx. 20%)

Note: Trade examples are provided for informational purposes only and are not a recommendation to buy or sell any particular security.
1 Government and corporate

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# Risk budgeting and potential sources of return

## Global Dynamic Bond – expected average risk budgeting

| | Global duration and curve | Cross country relative value | Index linked and breakeven inflation | Currency |
|---|---|---|---|---|
| Active risk | 100 bps | 100 bps | 50 bps | 150 bps |

**Expected average active risk[1] 4 – 6%**

| | Investment grade corporates | Securitised (ABS, MBS, Covered) | High yield | Emerging market debt |
|---|---|---|---|---|
| Active risk | 180 bps | 50 bps | 100 bps | 100 bps |

For illustrative purposes only . All metrics are expectations in the medium term and are not historical figures relating to a live portfolio within the composite

1 Please note that the historical active risk is not a guide to the future. Active risk levels will vary according to market conditions and our views

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Section 4

# Investment philosophy and style

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# Fixed Income investment philosophy

## We believe that markets can be inefficient, impacting bond prices at times

| | | |
|---|---|---|
| Inefficiencies are derived from a number of factors including: | • Investor preferences<br>• The actions of price-insensitive investors<br>• Mandate restrictions<br>• Behavioral factors<br>• They can exist in the long and the short term | We exploit these pricing inefficiencies through an understanding of fundamentals and valuations, market behavioural indicators, macroeconomic trends and consideration of cyclical and secular themes |
| To achieve consistently strong risk-adjusted alpha in an investment universe that is globally integrated yet impacted by regional and country factors, we believe a manager must have the following core strengths: | • Demonstrated ability to make the right macro calls at the right time<br>• Regional sector specialist PMs and analysts to provide local insights to global portfolios<br>• Thorough credit analysis, integrating ESG material financial and non-financial factors<br>• Insights on market behavior to guide the timing of investment decisions<br>• Robust portfolio construction supported by disciplined risk management | We have built our resources, processes and decision-making structures around each of these requirements |

# Investment style and focus

## Global Dynamic Bond

| | |
|---|---|
| Investment Style | Total Return |
| Benchmark | None |
| Target Alpha (p.a.) | Maximize Total Return |
| Portfolio Construction | Flexible, benchmark agnostic, global bond fund |
| Liquidity | High |
| Use of derivatives | Medium |
| Correlation of returns to fixed income markets | Medium |
| High Transparency | ✓ |
| AuM | USD 1,478m |
| Inception Date | 31 May 2013 |

Source: UBS Asset Management. Data as at 31 December 2022.

- Maximize total returns with bond-like volatility and a high degree of investment flexibility
- Freedom to canvass the global fixed income universe and invest in the best available opportunities across global rates, credits and currency markets
- Less reliant on favorable markets for a positive total return than traditional fixed income funds
- Every exposure is an active decision
- Balanced approach to portfolio construction: diversifying across asset classes and regions while managing downside risk by rotating between multiple independent alpha sources, blending styles and time horizons (strategic vs tactical trades) and careful risk budgeting
- Performance is not reliant on any one particular alpha source, placing greater emphasis on quality and liquidity than many other total return strategies

# Your experienced team for Global Dynamic

**Kevin Zhao**
Head Global Sovereign and Currency

## Global Rates PM

- **Jerry Jones** – PM Global
- **Lionel Oster** – PM Global
- **Edward O'Sullivan** – PM Global
- **Kent Zhang** – Dedicated PM Global Credit
- **Juwon Davies** – Global Team Apprentice

## Regional Rates PM

- **US**: Scott Dolan, David Kim
- **Europe**: Roland Emch, Geraldine Haldi, Michael Hitzlberger, Clemens Rich
- **Global**: Kevin Zhao, Jerry Jones, Lionel Oster, Edward O'Sullivan
- **APAC**: Jeff Grow

## IG Corps PM

- **Vivek Acharya** – PM Global
- **Jonathan Gregory** – Head of Fixed Income UK
- **Tim Van Klaveren** – PM Australia
- **David Vignolo** – PM US
- **Martine Wehlen** – PM Europe
- **Kent Zhang** – PM Global

## HY Corps PM

- **Matt Iannucci** – Global Head of High Yield
- **EUR High Yield**: Zachary Swabe, Jonathan Mather
- **US High Yield**: Matt Iannucci, Branimir Petranovic, Anders Nelson

## EM and Asia Team

- **Hayden Briscoe** – Head of EM and Asia
- **Federico Kaune** – Senior PM EM
- **Igor Arsenin** – PM EM
- **David Michael** – PM EM
- **Smit Rastogi** – PM Asia
- **Raymond Gui** – PM Asia

## Investment Specialists

- **Alexander Wise** – Investment Specialist
- **Martin Wiethuechter** – Investment Specialist
- **Anaïs Brunner** – Investment Specialist
- **Anna Findling** – Investment Specialist
- **Uta Fehm** – Investment Specialist

Source: UBS Asset Management. As of October 2022.

London | New York | Zurich | Sydney | APAC ex Aus | Chicago

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# Structure and membership

## Fixed Income Investment Forum

### FIIF Macro Forum

**Charlotte Baenninger**
Head of Fixed Income

**Hayden Briscoe**
Head of UBS Asset Management, Hong Kong
Head of Fixed Income Global EM and Asia Pacific
**Scott Dolan**
Head of US Multi-Sector Fixed Income
**Craig Ellinger**
Head of Fixed Income North America

**Nicole Froehlich**
Head of Research
**Jonathan Gregory**
Head of Fixed Income UK
**Raymond Gui**
Head of Fixed Income Asia

**Federico Kaune**
Senior Portfolio Manager, Emerging Markets
**Tim Van Klaveren**
Senior Portfolio Manager, Australia
**Kevin Zhao**
Head of Global Sovereign and Currency

### FIIF Sub-forums

| Credit Research | Investment Grade | High Yield | Asia & EM | Rates & FX | Multi-Sector |
|---|---|---|---|---|---|
| Nicole Froehlich | Tim Van Klaveren | Craig Ellinger | Hayden Briscoe | Jonathan Gregory | Jonathan Gregory |
| Barbara English | Vivek Acharya | Raymond Gui | Igor Arsenin | Scott Dolan | Scott Dolan |
| Jill Fine | Smit Rastogi | Matt Iannucci | Raymond Gui | Jeff Grow | Jeff Grow |
| Phil Spencer | David Vignolo | Jonathan Mather | Federico Kaune | Geraldine Haldi | Jeff Haleen |
| Ben Squire | Martine Wehlen-Bode | Branimir Petranovic | David Michael | David Kim | Geraldine Haldi |
| Michael Stansfield | | Zachary Swabe | Smit Rastogi | Tom Nash | Jerry Jones |
| *Ad-hoc Research analysts* | | | | Lionel Oster | Branimir Petranovic |
| *for specific industry insights* | | | | Kevin Zhao | Kevin Zhao |

Note: As of December 2022

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Section 5

# Investment process and portfolio construction

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# Top-down: Fixed Income Investment Forum (FIIF)

Establish and monitor strategic and tactical views of key global investment themes that drive performance

| | |
|---|---|
| Teamwork | Bring together senior investors |
| Expertise | Leverage specialist expertise |
| Understanding | Formulate key macro themes |
| Quality | Value 250+ rates, currency and credit factors |
| Ideas | Identify high conviction investment trade ideas |

As of December 2020

10 members with an average industry experience of 30 years

# Disciplined 4-step dynamic investment process

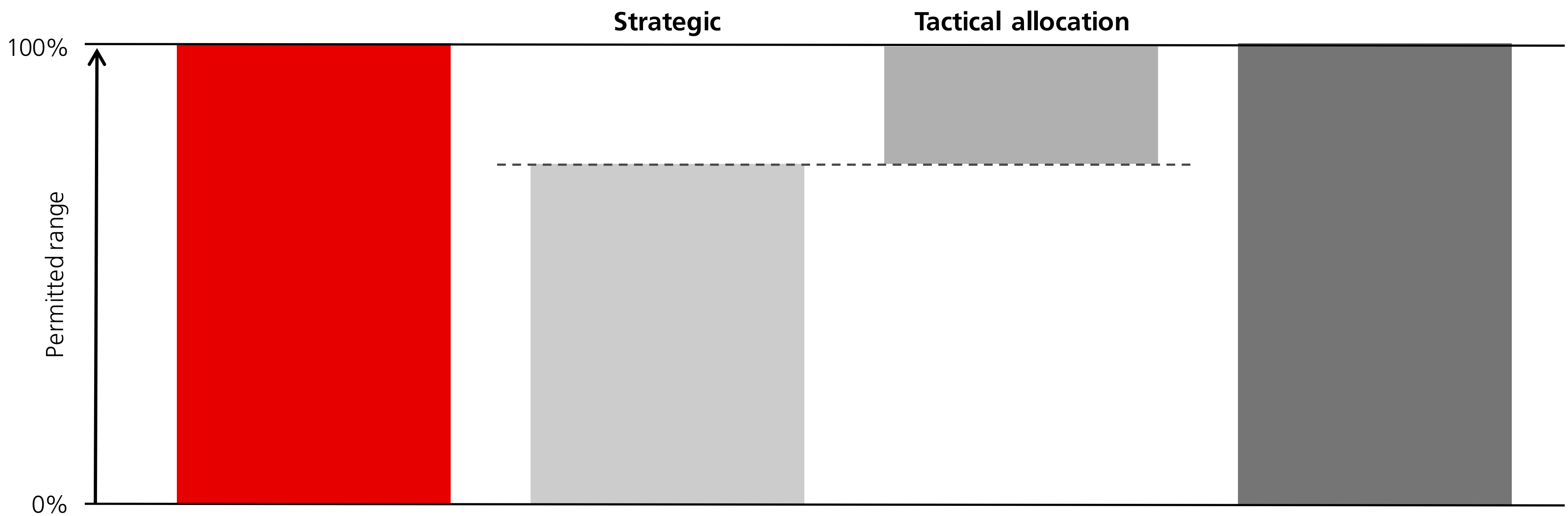
## Combining top-down views and bottom-up security selection with ongoing risk management

| | | |
|---|---|---|
| 1. | Identification of themes / long-term fundamentals | • Identify key macroeconomic drivers<br>• Establish global investment context (stage of economic cycle, economic data trends, inflationary pressures, policy response and market valuation) |
| 2. | Idea generation and filtering | • Identify opportunities in context themes / long-term fundamentals<br>• Thorough analysis and filtering of ideas based on risk / return profile<br>• Best risk-reward trades selected for closer monitoring |
| 3. | Trade analysis and implementation | • Use quantitative and qualitative techniques to determine entry levels, stop loss limits and trade sizing |
| 4. | Portfolio construction and risk management | • Construct diversified portfolios while closely monitoring all portfolio risks – identify and manage tail risk<br>• Conduct stress testing against extreme outcomes – strictly adhere to stop loss discipline |

UBS Global Portfolios

# Constructing core high quality bond portfolios with dynamic management of downside risk…

…by diversifying the portfolio using multiple independent alpha sources, blending styles and time horizons and careful risk budgeting




**Fixed Income asset classes**

- Investment grade
- High yield
- Emerging market debt
- Convertible bonds
- Covered bonds
- Securitized

**Long-term**

- Core holdings
- Best bottom-up ideas

**Medium-term**

- ETFs
- Total return swaps

**Overlay**

Derivatives for hedging and Relative Value:

- Futures
- Swaps
- Options

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# Standardized ESG integration across asset classes

## ESG factors systematically integrated into investment process

### ESG data input

**UBS ESG Risk Signal**

- Identify ESG risks using the proprietary ESG Risk Dashboard
- Starting point for further in-house research

### In-house research


- UBS ESG Risk Recommendation
- Collaboration across investment teams

~13 Dedicated SI analysts | ~58 Equity analysts | ~30 Fixed Income analysts

- Company specific ESG research


### Investment decision making

**Portfolio Managers**

- ESG risks integrated in investment decisions
- High / Severe ESG risks may lead to divestment and/or engagement

Identify — Review — Decide

Source: UBS Asset Management, September 2022. For illustrative purposes only.

# What do you need to know about stewardship at UBS AM?

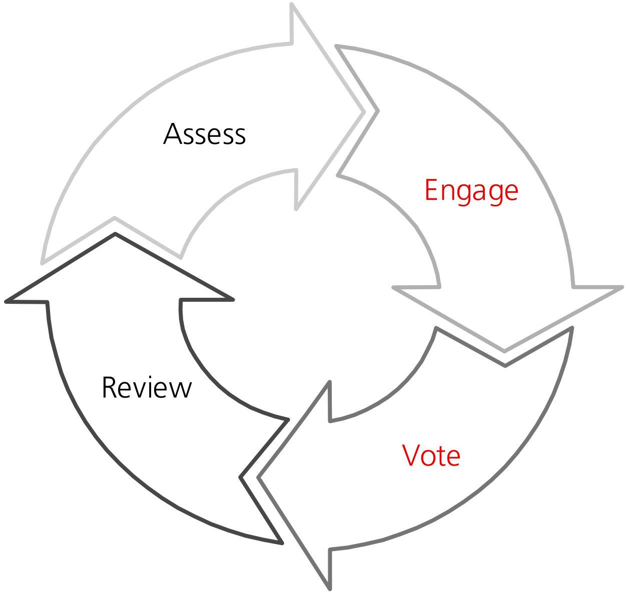
## Voting and Engagement: We put stewardship of client assets in the center of our fiduciary responsibilities

### Stewardship is as an integral part of our investment process

- Stewardship enables us to identify and highlight key environmental, social and governance issues facing investors and companies
- Engagement is a two-way dialogue in which we intend to influence a company's performance
- Proxy voting enables us to express our opinion with management consistently across strategies
- Leveraging our strength as a large, diversified asset manager to drive positive, material change
- Clear approach across asset classes, encompassing:
  - Integration of sustainability related factors into investment decision making
  - High quality engagement with corporates
  - Proxy voting
  - Advocacy with standard setters
  - Collaboration with market peers and our clients

### Engagement Cycle:

Enhance performance and risk management




Source: UBS Asset Management, for illustrative purposes only.

# How is the fund aligned to Article 8?

## Criteria based on the UBS AM framework for UBS Article 8 Standard fund family members

| | | Measurement |
|---|---|---|
| Promoting Environmental/ Social characteristic: | Investing in companies so that the portfolio has a better sustainability profile than benchmark and/or have companies with sustainability profiles in the top half of the benchmark | UBS ESG consensus score[2] |
| Ensuring Good Governance | Invest in companies so that the portfolio has a better sustainability profile than benchmark and/or have companies with sustainability profiles in the top half of the benchmark (via governance pillar of the ESG score) | UBS ESG consensus score[2] |
| Exclusions: As a principle do not invest in companies that produce/do: | Controversial weapons 1 (Ethix list): cluster munitions, anti-personnel mines, biological weapons, chemical weapons, nuclear weapons | Involvement entity list |
| | Controversial weapons 2: Depleted uranium | > 0% of revenues |
| | Thermal coal mining / extraction | > 20% of revenues |
| | Oil sands-based extraction | > 20% of revenues |
| "Do no harm" | Do not invest in companies with UN Global Compact compliance failures (without credible corrective action) | Failure entity list |

Source: UBS Asset Management, September 2021. For illustrative purposes only.

1 Portfolio Weighted Average Carbon Intensity lower than benchmark; Absolute target: < 100 tons of $CO_2$ emissions per million dollars of revenue

2 Top half of benchmark: Have at least 51% of the portfolio with a better ESG rating than benchmark

# Fixed Income risk framework

## Portfolio managers at center stage, supported by independent checks and balances

### Investment Team

Reports to Head of Investments

**Portfolio managers**

- Daily risk management and monitoring
- Weekly performance attribution
- Monthly risk forum

### AM Risk Control

Reports to CRO

**Independent from investment team**

- Risk monitoring
- Stress analysis
- Counterparty risk
- Escalation power

### Business Risk Management

Reports to COO

**Independent from investment team**

- Operational Risk Inventory
- Front to back Risk Governance (TRPA / NBI)
- ICAP (process risks)
- Information security

### Corporate Governance

**AM Senior management**

- UBS Policies & Procedures
- Business continuity plans
- Set risk framework and raise risk awareness
- Quarterly portfolio reviews

### Product Control & Logistics

**Independent from investment team**

- Pre-trade guideline checks
- Post-trade guideline checks

### Compliance & Operational Risk Control

**Independent from investment team**

- Best execution check
- Fair trade allocation check
- Operational Risk Events Guidelines
- Personal dealing

Clear adjustment and error policies are in place covering all aspects of the portfolio management process

Source: UBS Asset Management

UBS

# Important risk metrics: tracking error and sources of risks

## Ex-ante tracking error and its sub-components are identified and measured

**Duration Summary**

| Item | Duration (Opt. adj.) | Total Risk | Bond Risk | | | | | Currency Risk |
|---|---|---|---|---|---|---|---|---|
| | | | Total | Default Free | Swap Spread | Spread | Specific | |
| Active | 5.20 | 5.40% | 4.92% | 4.62% | 1.22% | 1.36% | 0.53% | 1.31% |
| Portfolio | 5.20 | 5.40% | 4.92% | 4.62% | 1.22% | 1.36% | 0.53% | 1.31% |
| Benchmark | 0.00 | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

**Active Curve Allocation**

| Vertex | Default Free Weight | Spread Weight | Default Free Duration | Spread Duration |
|---|---|---|---|---|
| ST | -0.08% | -6.62% | 0.00 | 0.00 |
| 1 M | 5.34% | 7.85% | 0.00 | 0.01 |
| 3 M | 4.83% | 0.82% | 0.01 | 0.00 |
| 6 M | -11.92% | 3.00% | -0.06 | 0.01 |
| 1 Y | 2.21% | 3.10% | 0.02 | 0.03 |
| 2 Y | 22.47% | 19.32% | 0.45 | 0.39 |
| 3 Y | 1.54% | 3.75% | 0.05 | 0.11 |
| 4 Y | -3.54% | -2.88% | -0.14 | -0.12 |
| 5 Y | 14.42% | -1.91% | 0.72 | -0.10 |
| 7 Y | 0.00% | -0.54% | 0.00 | -0.04 |
| 10 Y | 1.66% | -0.71% | 0.17 | -0.07 |
| 15 Y | 7.40% | 7.49% | 1.11 | 1.12 |
| 20 Y | 8.17% | 8.42% | 1.63 | 1.68 |
| 25 Y | 5.13% | 12.38% | 1.28 | 3.10 |
| 30 Y | -0.17% | 3.99% | -0.05 | 1.20 |
| 100 Y | 0.00% | 0.00% | 0.00 | 0.00 |
| Money Market | -57.47% | -57.47% | 0.00 | 0.00 |
| Total | 0.00% | 0.00% | 5.20 | 7.34 |

**Inflation**

| Factor | Active Weight | Def. Free Duration | Def. Free Risk |
|---|---|---|---|
| Nominal Bonds | 21.24% | -0.37 | 1.44% |
| Real Rate Bonds | 36.23% | 5.57 | 3.18% |
| Money Market | -57.47% | 0.00 | 0.00% |
| Total | 0.00% | 5.20 | 4.62% |

**Active Specific Risk Allocation**

| Issuer | Contrib. to Active Spec. |
|---|---|
| Treasuries | 0.36% |
| Industrial | 0.01% |
| Utility | 0.00% |
| Financials | 0.00% |
| Agencies | 0.02% |
| Sovereign | 0.05% |
| EUR Constituent | 0.10% |
| ABS | 0.00% |
| CMBS | 0.00% |
| CMO | 0.00% |
| Covered | 0.00% |
| not covered | 0.00% |
| Total | 0.53% |

**Active Currency Allocation**

| Currency | Active Weight | Contrib. to Active curr. Risk |
|---|---|---|
| NOK | 13.44% | 1.01% |
| SEK | 5.31% | 0.20% |
| BRL | 2.97% | 0.19% |
| PLN | 2.96% | 0.10% |
| JPY | 2.88% | 0.06% |
| HUF | 2.80% | 0.09% |
| AUD | 2.66% | 0.13% |
| TRY | 2.03% | 0.10% |
| KRW | 0.77% | 0.02% |
| MYR | 0.77% | 0.02% |
| ARS | 0.53% | 0.01% |
| CHF | 0.18% | 0.00% |
| CNY | 0.08% | 0.00% |
| RUB | 0.01% | 0.00% |
| MXN | 0.01% | 0.00% |
| CLP | 0.00% | 0.00% |
| IDR | 0.00% | 0.00% |
| INR | 0.00% | 0.00% |
| SGD | 0.00% | 0.00% |
| GBP | -0.84% | -0.01% |
| TWD | -0.90% | -0.01% |
| THB | -0.91% | -0.01% |
| ZAR | -1.95% | -0.08% |
| NZD | -2.81% | -0.09% |
| CAD | -4.35% | -0.07% |
| USD | -7.79% | 0.00% |
| EUR | -17.86% | -0.35% |
| Total | 0.00% | 1.31% |

**Active Quality Allocation**

| Spread | Active Weight | Contrib. to Active Sprd. Duration | Contrib. to Active Sprd. Risk |
|---|---|---|---|
| AAA | 2.40% | 2.77 | 0.00% |
| AA | 6.98% | 0.60 | 0.05% |
| A | 14.45% | 1.26 | 0.14% |
| BBB | 20.62% | 1.91 | 0.58% |
| BB | 4.68% | 0.25 | 0.06% |
| B | 5.75% | 0.28 | 0.27% |
| CCC | 2.15% | 0.05 | 0.04% |
| Swap Leg | 0.27% | 0.21 | 0.70% |
| Money Market | -57.47% | 0.00 | 0.00% |
| not covered | 0.18% | 0.00 | 0.00% |
| Total | 0.00% | 7.34 | 1.84% |

**Active Sector Allocation**

| Spread | Active Weight | Contrib. to Active Sprd. Duration | Contrib. to Active Sprd. Risk |
|---|---|---|---|
| Treasuries | 47.84% | 7.07 | 0.00% |
| Industrial | 8.68% | 0.57 | 0.16% |
| Utility | 0.70% | 0.06 | 0.01% |
| Financials | 7.13% | 0.34 | 0.10% |
| Agencies | 4.55% | 0.38 | 0.15% |
| Local Authorities | 0.00% | 0.00 | 0.00% |
| Sovereign | 6.96% | 0.50 | 0.28% |
| EUR Constituent | -25.31% | -2.15 | 0.39% |
| ABS | 0.85% | 0.02 | 0.00% |
| CMBS | 5.60% | 0.34 | 0.06% |
| CMO | 0.00% | 0.00 | 0.00% |
| Covered | 0.02% | 0.00 | 0.00% |
| Swap Leg | 0.27% | 0.21 | 0.70% |
| Money Market | -57.47% | 0.00 | 0.00% |
| not covered | 0.18% | 0.00 | 0.00% |
| Total | 0.00% | 7.34 | 1.84% |

**Active Market Allocation**

| Default Free | Active Weight | Contrib. to Active Def. Duration | Contrib. to Active Def. Risk |
|---|---|---|---|
| USD | 35.78% | 4.27 | 1.92% |
| CNY | 2.07% | 1.74 | 0.25% |
| NZD | 17.00% | 1.57 | 1.42% |
| MXN | 5.25% | 1.31 | 1.02% |
| ZAR | 1.44% | 0.53 | 0.30% |
| CAD | 0.00% | 0.32 | 0.12% |
| RUB | 4.93% | 0.28 | 0.13% |
| BRL | 0.76% | 0.08 | 0.04% |
| TRY | 1.80% | 0.07 | 0.06% |
| Money Market | -57.47% | 0.00 | 0.00% |
| AUD | -0.22% | -0.01 | 0.00% |
| GBP | 2.86% | -0.04 | 0.00% |
| CHF | 0.00% | -0.72 | -0.07% |
| SEK | 0.00% | -1.07 | -0.17% |
| JPY | 1.34% | -1.42 | -0.10% |
| EUR | -15.55% | -1.69 | -0.31% |
| Total | 0.00% | 5.20 | 4.62% |

Note: For indicative purposes only

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# Fixed income independent Risk Control

- Independent team with escalation powers
- Provides challenge to investment team on portfolio positioning
- Regular reporting on portfolio exposures, risk characteristics, scenario analysis and stress testing (eg impact of rate and spreads moves on NAV)

**Exposure Summary**

| | Market Value |
|---|---|
| Long | 493,603,617 |
| Short | -1,129,414 |
| Gross | 494,733,030 |
| Net | 492,474,203 |
| Cash | 8,972,854 |

**Duration & Convexity**

| | Portfolio | Benchmark | Relative |
|---|---|---|---|
| Duration | 5.75 | 6.24 | -0.49 |
| Spread Duration | 6.39 | 6.43 | -0.04 |
| Convexity | 0.66 | 0.81 | -0.15 |
| DV01 | -258,098 | -282,823 | 24,725 |
| DV100 | -24,833,381 | -27,025,387 | 2,192,005 |

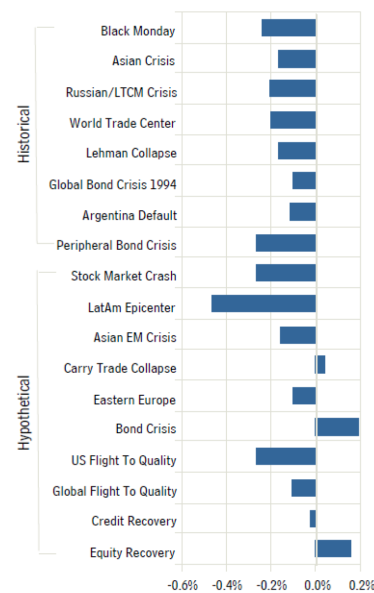
**Annualized Volatility**

| Type | 2Yr Hist % AUM | 5Yr Hist % AUM | 2Yr MC % AUM |
|---|---|---|---|
| Portfolio | 1.86 | 2.13 | 1.70 |
| Benchmark | 2.12 | 2.42 | 1.72 |
| Relative | 0.53 | 0.62 | 0.69 |

**Top 5 FX Delta**

| CCY | Long (%AUM) | Short (%AUM) |
|---|---|---|
| Euro | 0.23 | - |
| British pound | - | -0.14 |
| Canadian dollar | 0.11 | - |
| Australian dollar | - | -0.08 |
| Japanese yen | 0.00 | - |

**Stress Test Summary (% AUM - Relative)**



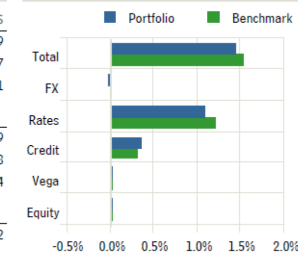

| | | Portfolio | Benchmark | Relative | Duration † |
|---|---|---|---|---|---|
| Historical | Black Monday | -1.43 | -1.19 | -0.24 | -0.13 |
| | Asian Crisis | -1.12 | -0.95 | -0.17 | -0.04 |
| | Russian/LTCM Crisis | 0.14 | 0.35 | -0.21 | -0.02 |
| | World Trade Center | -0.42 | -0.23 | -0.20 | -0.01 |
| | Lehman Collapse | -2.47 | -2.30 | -0.17 | -0.07 |
| | Global Bond Crisis 1994 | 0.32 | 0.43 | -0.10 | -0.03 |
| | Argentina Default | -0.33 | -0.22 | -0.11 | -0.03 |
| | Peripheral Bond Crisis | 0.03 | 0.29 | -0.26 | -0.12 |
| Hypothetical | Stock Market Crash | -0.83 | -0.56 | -0.27 | -0.03 |
| | LatAm Epicenter | -1.77 | -1.31 | -0.46 | -0.13 |
| | Asian EM Crisis | -1.18 | -1.02 | -0.16 | -0.12 |
| | Carry Trade Collapse | -1.41 | -1.45 | 0.04 | -0.06 |
| | Eastern Europe | -1.03 | -0.93 | -0.10 | -0.10 |
| | Bond Crisis | -2.22 | -2.41 | 0.19 | 0.05 |
| | US Flight To Quality | 1.41 | 1.68 | -0.27 | -0.05 |
| | Global Flight To Quality | -0.58 | -0.47 | -0.11 | -0.03 |
| | Credit Recovery | -0.25 | -0.23 | -0.03 | 0.00 |
| | Equity Recovery | 0.91 | 0.76 | 0.15 | 0.02 |

† Change in Duration

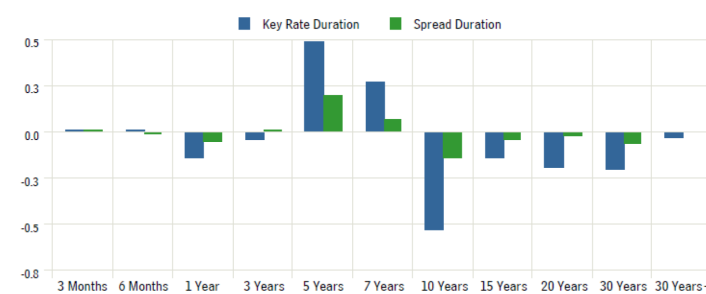
**99% VaR Summary % AUM**

| Portfolio | 2Yr Hist | 2Yr ES | 5Yr Hist | 5Yr ES | 2Yr MC | 2Yr ES |
|---|---|---|---|---|---|---|
| 1 Day | 0.31 | 0.35 | 0.37 | 0.48 | 0.25 | 0.29 |
| 10 Day | 1.09 | 1.21 | 1.40 | 1.65 | 0.90 | 0.97 |
| 20 Day | 1.45 | 1.56 | 2.04 | 2.27 | 1.43 | 1.61 |
| Benchmark | | | | | | |
| 1 Day | 0.34 | 0.38 | 0.41 | 0.53 | 0.26 | 0.29 |
| 10 Day | 1.10 | 1.27 | 1.46 | 1.70 | 0.81 | 0.88 |
| 20 Day | 1.53 | 1.66 | 2.04 | 2.28 | 1.23 | 1.34 |
| Relative | | | | | | |
| 20 Day | 0.35 | 0.40 | 0.44 | 0.50 | 0.46 | 0.52 |

**Hist IVaR 99 (20 Day) by Risk Type (%AUM)**




**Duration and Spread Duration by Yield Curve (Relative)**




Source: RiskMetrics. For illustrative purposes only.

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Section 6

# Strategy positioning and performance

# Outlook and Investment strategy

## January 2023

**Our Investment strategy:**

Positioning the strategy for bond market rallies once inflation starts to fall and central banks approach the end of their policy tightening cycles.
Own diversified and reduced exposure to corporate bonds and SSA sectors and selective EM sovereign bonds.

**Rates:**

- Rapidly increased overall portfolio duration to around 4.7 years into 2022 year-end and January 2023.
- Relative value: Long markets where we think central banks are close to the end of their tightening cycle (US, New Zealand) and market provides attractive risk adjusted income (Mexico, Brazil, South Africa). Balanced with negative duration where yields are lower and have more room to rise (such as Canada, Australia) or central banks are behind in early stages of tightening (Japan).
- Own Inflation-linked bonds where real yields are attractive (New Zealand) and added US Inflation linked bonds as real yields rose to the highest level since 2010.

**Credit**

- Diversified basket of EM issuers where we see attractive risk adjusted carry, with limited default risks, 13% incl. both EMD and local rates
- Below average allocation to diversified and defensive basket of credit exposures, looking to take profit on rallies:
  - 9.4% in Investment Grade Corporates, recently increased with attractive new issues
  - 5.8% in High Yield Corporates, defensively positioned
  - 8.9% in Securitised (CMBS), should benefit from Fed pause and provides high quality carry

**Currencies**

- Currently low risk allocation: mainly commodity currencies against the USD.

Note: Strategy information is provided for informational purposes only and is subject to change. Data as of 31 January 2023.

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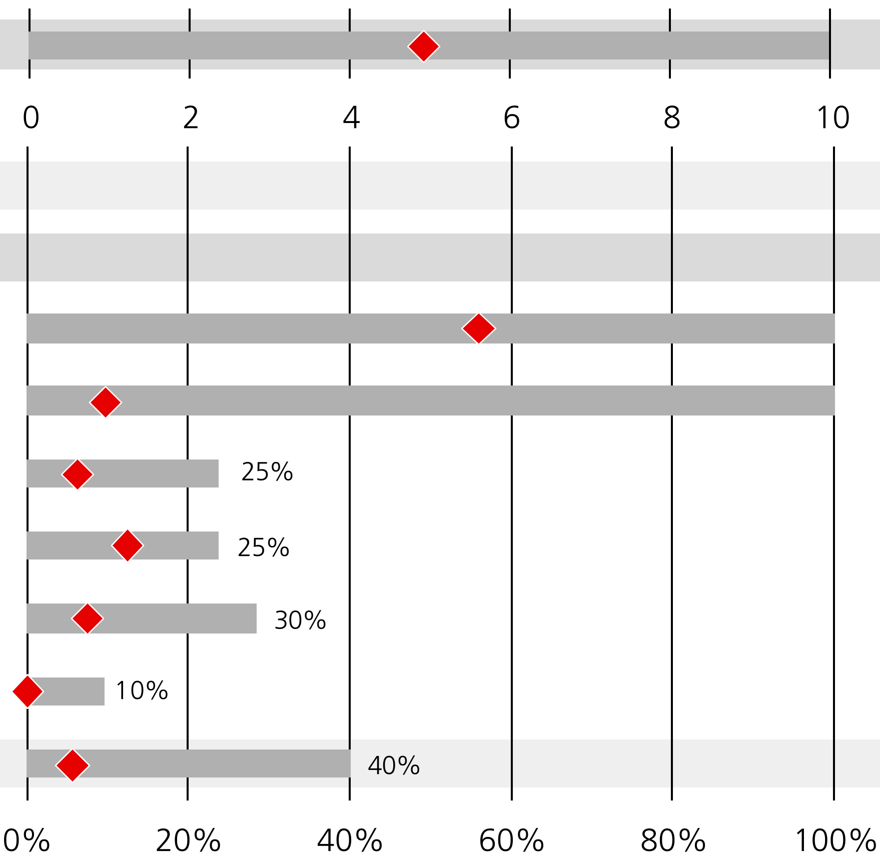
# Sector allocation

## Global Dynamic offers sensible investment guidelines and multiple performance drivers




| | | Min. | Current as of 31.01.2023 | Max. |
|---|---|---|---|---|
| **Duration** | Overall portfolio duration | **0 years** | **4.7 years** | **10 years** |
| **Credit quality** | Average rating[1] | **> BBB-** | **A1** | |
| **Asset allocation** | | | | |
| | DM Government Bonds | **0%** | 57.0% | **100%** |
| | DM IG Corporates | **0%** | 9.4% | **100%** |
| | DM HY Corporates | **0%** | 5.8% | 25% |
| | EM debt (Hard & Local) | **0%** | 13.2% | 25% |
| | Securitized debt | **0%** | 8.9% | 30% |
| | Convertible bonds | **0%** | 0% | 10% |
| **Currency exposure** | Non-base currencies | | **7.5%** | **40%** |

**Volatility range:** 4 – 6%.

Source: UBS Asset Management

1 Government and corporate

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# Global Dynamic Bond Strategy: Positioning

As of 31st January 2023

| Sector allocation | Cash Bond Market Value % | Duration (Contribution) |
|---|---|---|
| Government Bonds | 56.97% | 2.98 |
| Nominal | 34.19% | 0.33 |
| Real | 22.78% | 2.64 |
| Government related | 2.00% | 0.18 |
| Investment Grade Corporates | 9.36% | 0.45 |
| High Yield Corporates | 5.79% | 0.17 |
| Emerging markets debt | 13.20% | 0.87 |
| Securitized debt | 8.87% | 0.29 |
| Interest rates derivatives | 0.00% | -0.26 |
| Cash and equivalents | 3.8% | 0.00 |
| **TOTAL** | **100.0%** | **4.68** |

Yield to maturity: **7.7%** Average credit rating of holdings: **A1**

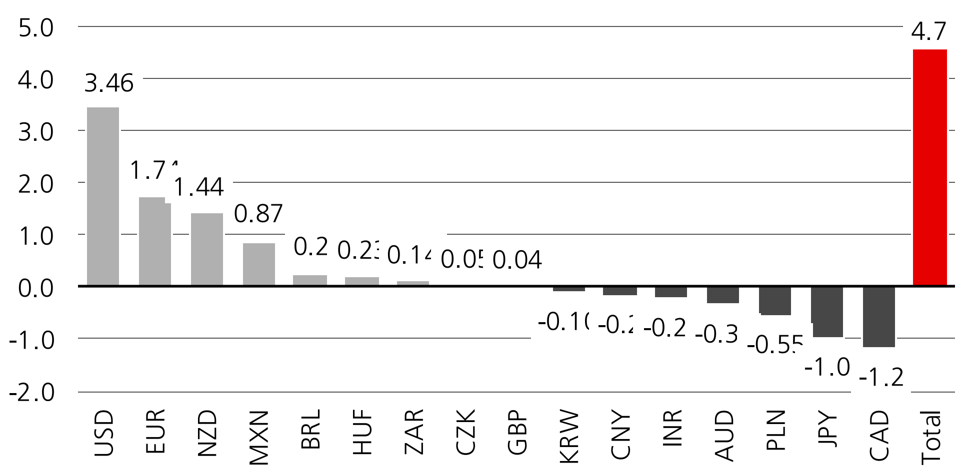
**Maturity allocation**
(Market Value %)

| Maturity (Years) | Market Value% | Duration Contr. | Duration Contr. (US) |
|---|---|---|---|
| 0-1 | 5.75% | 0.1 | 0.0 |
| 1-3 | 13.41% | 0.8 | 0.4 |
| 3-5 | 21.00% | 0.6 | 0.4 |
| 5-7 | 12.22% | 0.0 | 0.1 |
| 7-10 | 15.86% | -0.8 | 0.2 |
| 10-30 | 31.15% | 3.9 | 2.3 |
| 30+ | 0.61% | 0.1 | 0.0 |
| **TOTAL** | **100%** | **4.68** | **3.46** |

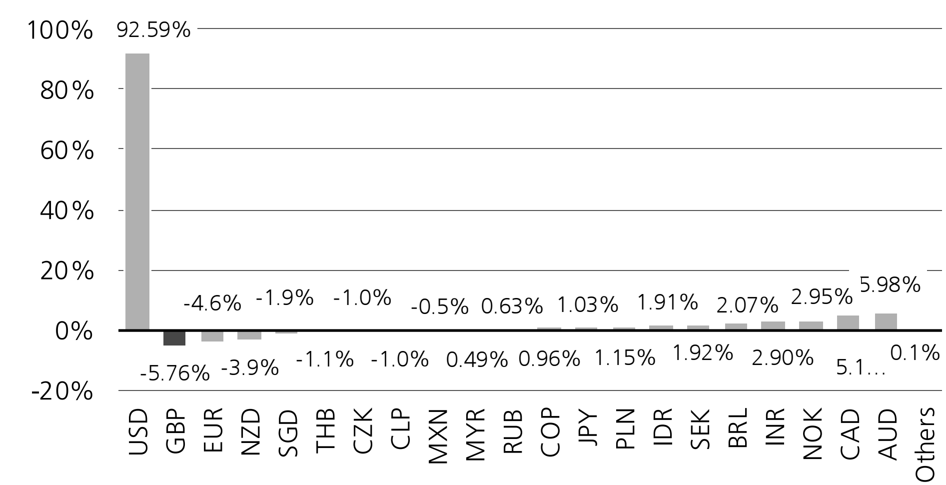
**Credit quality allocation**
(Market Value %)[1]

| Rating | Market Value % |
|---|---|
| AAA | 48.5% |
| AA | 8.3% |
| A | 8.7% |
| BBB | 17.9% |
| BB | 8.3% |
| B | 2.3% |
| CCC and below | 1.1% |
| NR | 1.2% |
| Cash & Equivs. | 3.8% |
| **TOTAL** | **100%** |

**Duration contribution by currency (yrs.)**




**Currency exposure (MV%)**

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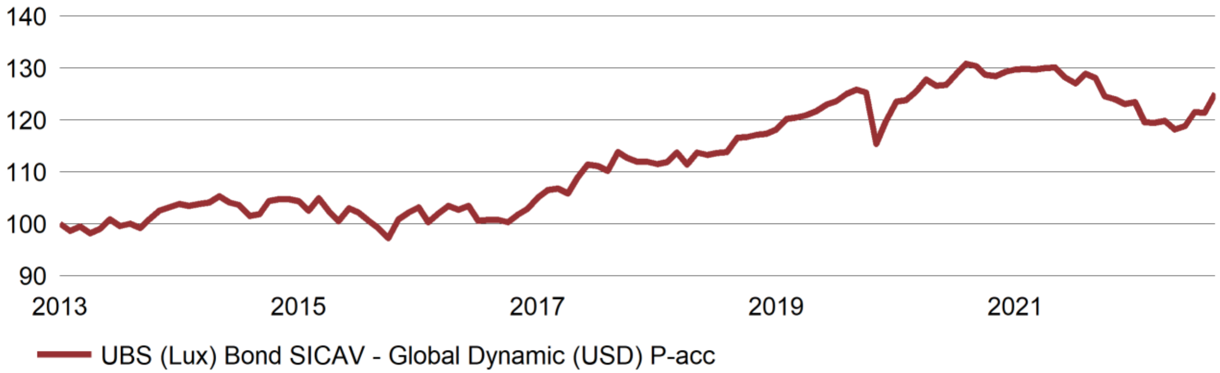
Source: UBS Asset Management
Net exposure includes cash bonds and derivatives positions. 1 Average of S&P, Fitch, Moody's;

# Fund performance as of 31 January 2023

## UBS (Lux) Bond SICAV - Global Dynamic (USD) P-acc

| % return (rolling periods) | Fund | Ref. Index | Value added |
|---|---|---|---|
| | Performance (basis USD, net of fees)[1] | | |
| Year to date | 3.06 | n.a. | n.a. |
| Last 3 months | 5.37 | n.a. | n.a. |
| 1 year | -2.26 | n.a. | n.a. |
| 3 years annualized | -0.20 | n.a. | n.a. |
| 5 years annualized | 1.91 | n.a. | n.a. |
| Since inception (31.05.2013), annualized | 2.35 | n.a. | n.a. |

**Net performance vs. benchmark**




| Portfolio characteristics | 1Y | 3Y | 5Y |
|---|---|---|---|
| Beta | n.a. | n.a. | n.a. |
| Information Ratio | n.a. | n.a. | n.a. |
| Volatility[2] | | | |
| Fund | 6.16 | 7.06 | 5.88 |
| Benchmark | n.a. | n.a. | n.a. |

Source: UBS Asset Management

Note: **Past performance is not a reliable indicator of future results.** The performance shown does not take account of any commissions, entry or exit charges. If the currency of a financial product, financial service or its costs is different from your reference currency, the return and/or costs can increase or decrease as a result of currency fluctuations.

1 These figures refer to the past. Source for all data and charts (if not indicated otherwise): UBS Asset Management

2 Annualized standard deviation



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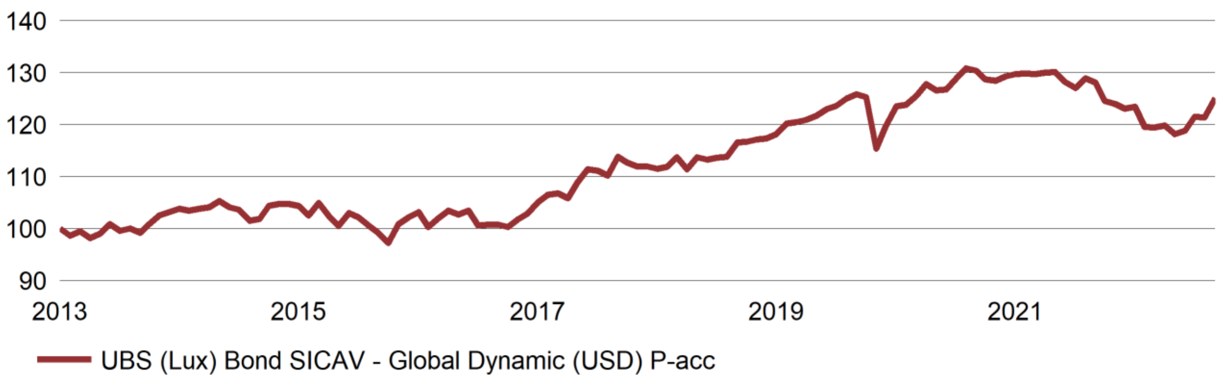
# Fund performance as of 31 January 2023

## UBS (Lux) Bond SICAV - Global Dynamic (USD) P-acc

| % return per calendar year | Performance (basis USD, net of fees)[1] Fund | Ref. Index | Value added |
|---|---|---|---|
| 2022 | -5.77 | n.a. | n.a. |
| 2021 | -1.49 | n.a. | n.a. |
| 2020 | 4.66 | n.a. | n.a. |
| 2019 | 9.80 | n.a. | n.a. |
| 2018 | 3.33 | n.a. | n.a. |

**Net performance vs. benchmark**




| Portfolio characteristics | 1Y | 3Y | 5Y |
|---|---|---|---|
| Beta | n.a. | n.a. | n.a. |
| Information Ratio | n.a. | n.a. | n.a. |
| Volatility[2] | | | |
| Fund | 6.16 | 7.06 | 5.88 |
| Benchmark | n.a. | n.a. | n.a. |

Source: UBS Asset Management

Note: **Past performance is not a reliable indicator of future results.** The performance shown does not take account of any commissions, entry or exit charges. If the currency of a financial product, financial service or its costs is different from your reference currency, the return and/or costs can increase or decrease as a result of currency fluctuations.

1 These figures refer to the past. Source for all data and charts (if not indicated otherwise): UBS Asset Management

2 Annualized standard deviation

Section 7

# ESG integration

# Asset Management Sustainable Investing (SI) Team

Dedicated SI Team is supported by sustainability experts embedded in teams across Asset Management

**Head of Sustainable Investing and Impact**
Lucy Thomas

**SI Governance**
Anne Ackermann Amar

Developing and implementing best practice sustainable investing policies and methodologies across asset classes

**Stewardship**
Paul Clark

Supporting companies achieve positive, material change through proxy voting execution, corporate engagement and participation in industry standards initiatives

**Thematic Engagement**
Francis Condon

Supporting companies achieve positive, material change through evidence-based sustainability-themed research and engagement programs

**Impact Engagement**
Hans-Christoph Hirt

Advancing corporate engagement to support value-enhancing outcomes for portfolios supporting both clients' alpha and impact objectives

**Impact Investing**
Narina Mnatsakanian

Leading expansion of UBS-AM's impact investing offering, research and impact measurement capabilities

**SI Specialists**
Karsten Guettler

Supporting our client interactions by working with teams across AM to provide client-focused sustainable investing advice and solutions

Collaborating with

**Group Chief Sustainability Office**

Connecting UBS ecosystems

**Quantitative Evidence & Data Science Team**

ESG data insights

27 sustainability experts with average of 13 years industry experience and 10 years Sustainable Investing experience

Source: UBS Asset Management, as of January 2023. Note: May not represent reporting lines.

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# UBS-AM Sustainable and Impact investing differentiators

## UBS Group commitment to sustainable investment

- UBS is a member of the CDP A List 2020[1]
- UBS is the diversified financials industry leader in the Dow Jones Sustainability Index since 2015[2]
- UBS ranked first globally in Sustainable and Impact Investing[3]
- USD 23.4 billion in Climate Aware strategies[4]
- Climate Action 100+ has the support of 700 investors, representing more than USD 68 trillion of assets under management[5]

## UBS-AM is a leading provider of sustainable offerings

- Founding member of Net Zero Asset Managers initiative, committed to net zero emissions goal by 2050 or sooner[6]
- A+ ranking for our approach to Climate Stewardship from InfluenceMap[7]
- 40+ SI focused strategies across active and passive, fixed income and equities
- Fastest growing European asset manager in SI focused AUM since January 2018[8]
- USD 11.6bn directed to SDG-related impact investments, above our commitment of USD 5bn[4]
- A/A+ ratings from UNPRI across all assessment modules[9]

## Innovation through client-focused collaboration

- 20+ year history in managing sustainable investment funds
- Developed award winning Climate approach with leading UK pension fund[10]
  - Active engagement in coordination with Climate Action 100+
- Developed impact investing methodology with leading Dutch pension fund
  - Invests in companies that offer products and services that help deal with key sustainability challenges
- AM launches innovative climate transition fund in partnership with Aon[11]– aiming to mitigate climate-related investment risks while aiming to have a positive impact on society

**1** https://www.cdp.net/en/companies/companies-scores; **2** Source: S&P Global; **3** 2020 Awards from Environmental Finance, PWM The Banker, Euromoney; **4** UBS AM Sustainability Report 11 March 2022 **5** Climate Action 100+ report 2022 **6** http://www.netzeroassetmanagers.org; **7** https://influencemap.org/report/Asset-Managers-and-Climate-Change-cf90d26dc312ebe02e97d2ff6079ed87; **8** Growth in absolute AUM since Jan 2018, Source: Morgan Stanley, May 2020 and Morningstar; ; **9** 2020 UN PRI Assessment; **10** 2017 Fund Launch of the Year Award, Funds Europe **12** Source: UBS AM April 2022.

# Standardized ESG integration across asset classes

## ESG factors systematically integrated into investment process

### ESG data input

**UBS ESG Risk Signal**

- Identify ESG risks using the proprietary ESG Risk Dashboard
- Starting point for further in-house research

### In-house research

Fundamental analysis

- UBS ESG Risk Recommendation
- Collaboration across investment teams

| | | |
|---|---|---|
| -15 Dedicated SI analysts | -60 Equity analysts | -30 Fixed Income analysts |

- Thematic ESG research
- Controversies review

SI research analysis

### Investment decision making

**Portfolio Managers**

- ESG risks integrated in investment decisions
- High/Severe ESG risks may lead to divestment and/or engagement

Identify → Review → Decide

Source: UBS Asset Management, 31 December 2022. For illustrative purposes only.

# What do you need to know about stewardship at UBS AM?

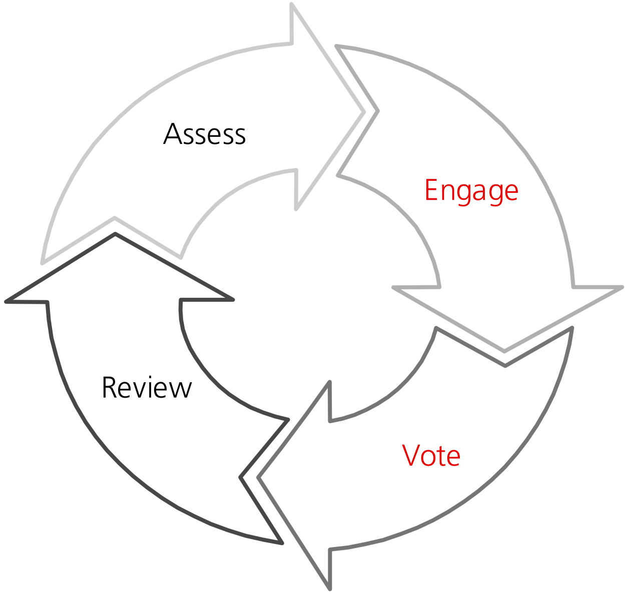
## Voting and Engagement: We put stewardship of client assets in the center of our fiduciary responsibilities

### Stewardship is as an integral part of our investment process

- Stewardship enables us to identify and highlight key environmental, social and governance issues facing investors and companies
- Engagement is a two-way dialogue in which we intend to influence a company's performance
- Proxy voting enables us to express our opinion with management consistently across strategies
- Leveraging our strength as a large, diversified asset manager to drive positive, material change
- Clear approach across asset classes, encompassing:
  - Integration of sustainability related factors into investment decision making
  - High quality engagement with corporates
  - Proxy voting
  - Advocacy with standard setters
  - Collaboration with market peers and our clients

### Engagement Cycle:

Enhance performance and risk management




Source: UBS Asset Management, for illustrative purposes only.

# How is the fund aligned to Article 8?

## Criteria based on the UBS AM framework for UBS Article 8 Standard fund family members

| | | Measurement |
|---|---|---|
| Promoting Environmental/ Social characteristic: | Investing in companies so that the portfolio has a better sustainability profile than benchmark and/or have companies with sustainability profiles in the top half of the benchmark | UBS ESG consensus score[2] |
| Ensuring Good Governance | Invest in companies so that the portfolio has a better sustainability profile than benchmark and/or have companies with sustainability profiles in the top half of the benchmark (via governance pillar of the ESG score) | UBS ESG consensus score[2] |
| Exclusions: As a principle do not invest in companies that produce/do: | Controversial weapons 1 (Ethix list): cluster munitions, anti-personnel mines, biological weapons, chemical weapons, nuclear weapons | Involvement entity list |
| | Controversial weapons 2: Depleted uranium | > 0% of revenues |
| | Thermal coal mining / extraction | > 20% of revenues |
| | Oil sands-based extraction | > 20% of revenues |
| "Do no harm" | Do not invest in companies with UN Global Compact compliance failures (without credible corrective action) | Failure entity list |

Source: UBS Asset Management, December 2021. For illustrative purposes only.

1 Portfolio Weighted Average Carbon Intensity lower than benchmark; Absolute target: < 100 tons of $CO_2$ emissions per million dollars of revenue

2 Top half of benchmark: Have at least 51% of the portfolio with a better ESG rating than benchmark

UBS

Section 8

# Biographies

# Kevin Zhao

## Head of Global Sovereign and Currency, Fixed Income
## Managing Director

Years of investment industry experience: 29

Education: Wuhan Institute of Technology (China), B.Eng; Harbin Institute of Technology (China), MSc; University of Western Ontario (Canada), MBA

Kevin Zhao is the lead portfolio manager on all active Global Sovereign and Flexible Fixed Income Strategies as well as Active Currency Management. In this role he is responsible for all investment decisions taken for and implemented in these strategies. He is a member of the Fixed Income Investment Forum.

Kevin joined UBS Asset Management in October 2011. He previously worked at Union Bancaire Privée where he was Senior Portfolio Manager, Absolute Return from 2009 to 2011.

Prior to this, Kevin worked at Goldman Sachs Asset Management for a total of 14 years, from 2004 to 2008 and from 1993 to 2003 in a number of senior fixed income portfolio management roles, including Head of European Fixed Income and Head of Global Short Duration. During 2003 and 2004 he was a senior global macro trader at Brevan Howard Asset Management. In 1993, he joined Goldman Sachs International as a proprietary trader in London.

Note: As at March 2022.

# Jerry Jones

## Portfolio Manager
## Director

Years of investment industry experience: 21

Education: University of Nottingham (UK), BA. University of Warwick (UK), MSc.

Jerry Jones is a Portfolio Manager in the Fixed Income team. He contributes to the management of a range of global sovereign and currency strategies.

Jerry joined UBS Asset Management in November 2014. He was previously at the Bank of England and spent seven years working in the Reserves Management area, most recently as a senior portfolio manager, where he actively managed the US Dollar and Canadian fixed income portfolios. He had previously managed the Euro and Yen portfolios. Prior to working in Reserves Management, Jerry also held roles in the Monetary Analysis and Risk Management Divisions at the Bank.

Note: As at March 2022.

# Lionel Oster, ASIP

## Portfolio Manager
## Executive Director

Years of investment industry experience: 26

Education: Institut d'Etudes Commerciales Superieures (France), Diplome; CASS Business School (UK), MBA

Lionel Oster is a Portfolio Manager in the Fixed Income team. He contributes to the management of a range of Currency and Global Sovereign strategies.

Lionel joined UBS Asset Management in 2006. Prior to this he worked at F&C Asset Management for 10 years, most recently as head of the European government bond team.

Lionel is a Regular Member of the UKSIP.

Note: As at March 2022

Section 9

# Additional information

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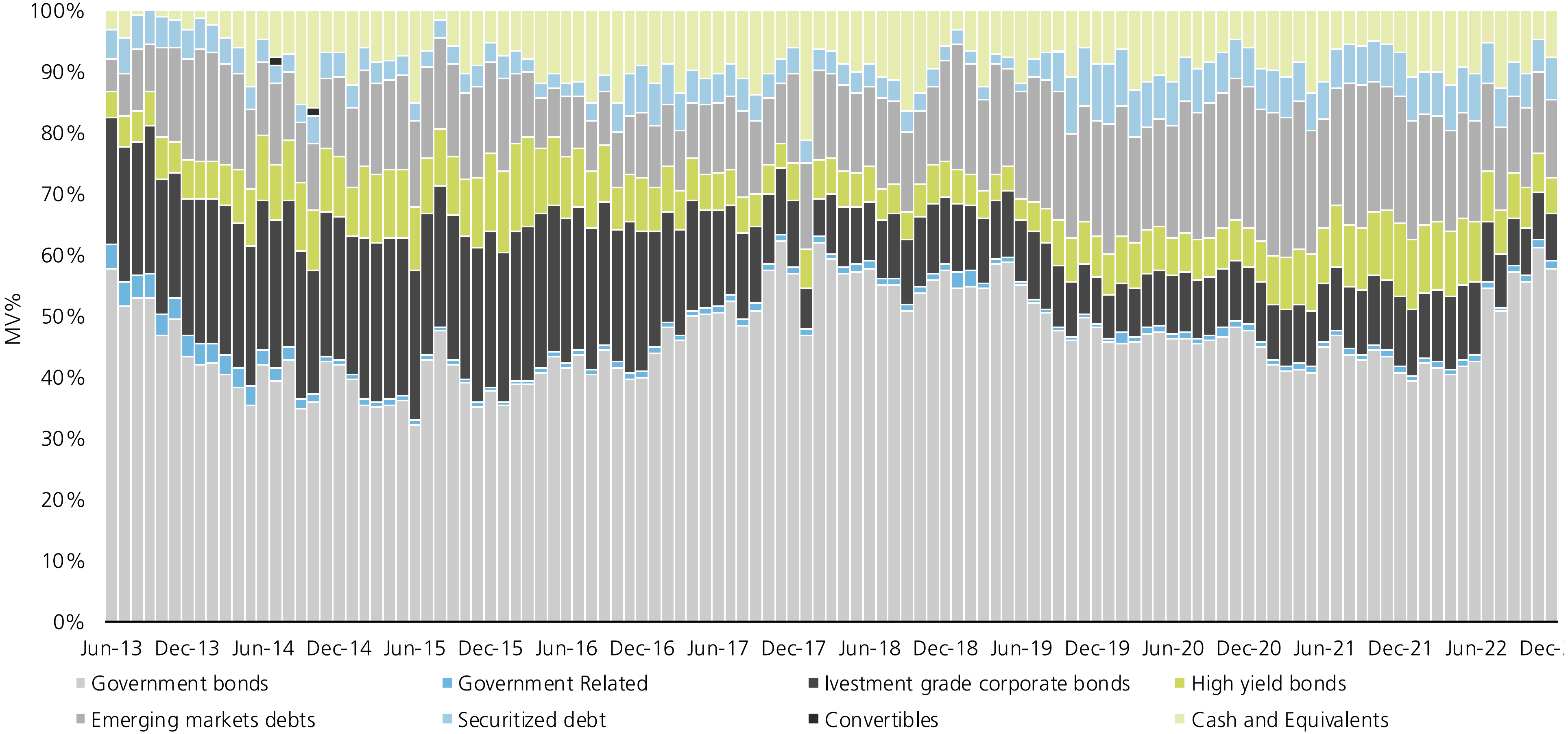
# Asset allocation to fixed income is active over time

**Global Dynamic Bond Strategy Market value (MV) % invested by asset class**




Source: UBS Asset Management as at 31 December 2022

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# Performance: UBS Bond Global Dynamic

## GIPS Disclosure

**UBS Asset Management (the Firm) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. UBS Asset Management has been independently verified for the periods January 1, 2002 through December 31, 2020. The verification reports are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.**

**Performance : UBS Bond Global Dynamic**
**June 01, 2013 Through December 31, 2021**

**Amounts and returns expressed in USD (US DOLLAR)**

| Year | Gross Asset-Weighted Return (%) | Net Asset-Weighted Return (%) | Benchmark Return (%) | Composite 3-Yr St Dev (%) | Benchmark 3-Yr St Dev (%) | # of Portfolios End of Period | Total Composite Assets End of Period (millions) | Asset Weighted Dispersion (%) | Composite Assets as % of Firm Assets | Firm Assets (billions) |
|---|---|---|---|---|---|---|---|---|---|---|
| 2013* | 0.77 | -0.05 | N/A | N/A | N/A | 1 | 56 | N/A | 0.01 | 582 |
| 2014 | 2.96 | 1.53 | N/A | N/A | N/A | 1 | 220 | N/A | 0.04 | 598 |
| 2015 | 0.52 | -0.88 | N/A | N/A | N/A | 1 | 234 | N/A | 0.04 | 575 |
| 2016 | 1.56 | 0.01 | N/A | 5.62 | N/A | 1 | 140 | N/A | 0.02 | 580 |
| 2017 | 10.95 | 9.04 | N/A | 5.79 | N/A | 1 | 145 | N/A | 0.02 | 725 |
| 2018 | 4.84 | 3.02 | N/A | 5.42 | N/A | 1 | 225 | N/A | 0.03 | 710 |
| 2019 | 11.41 | 9.49 | N/A | 3.94 | N/A | 1 | 748 | N/A | 0.09 | 821 |
| 2020 | 6.17 | 4.33 | N/A | 6.86 | N/A | 1 | 1,283 | N/A | 0.13 | 997 |
| 2021 | -0.06 | -1.79 | N/A | 6.55 | N/A | 1 | 1,261 | N/A | 0.11 | 1,106 |

* Performance Presented for Jun, 2013 through Dec, 2013. No statistics are annualized.
** 3 yr standard deviations are based on the gross returns

1. The composite is an actively managed total return bond composite that has the flexibility to invest dynamically across the global universe of fixed income and currency markets without the constraints of a benchmark. The composite actively takes positions in global interest rates, credit and currencies using bonds and derivatives, while maintaining an overall positive portfolio duration and net long fixed income market exposure. The composite utilizes a rigorous investment approach drawing on a comprehensive research and risk management framework. The Composite Creation Date is 30 Jun 2013. The Composite Inception Date is 31 May 2013. For this composite investment strategy, there is no appropriate benchmark available.
2. The Firm is defined as all actively and passively managed institutional and retail accounts of UBS Asset Management ("the Firm") throughout the world. The Firm was incepted in January 01, 2002 following the reorganisation of the asset management divisions of UBS AG under a single Asset Management brand. A list of all entities that are included and excluded from the GIPS firm is available upon request. The performance record prior to 2002 is that of the local asset management division which managed the composite, and has been prepared in compliance with GIPS from the inception date of this composite. The composites are administrated out of UBS Asset Management Basel office. The firm, UBS Asset Management - Fund Management Switzerland has complete discretion for all investment activities within the fund. As per January 1st, 2010 the three Firms: UBS Global Asset Management Switzerland - Retail Fund Management, UBS Global Asset Management Switzerland - Institutional Fund Management and UBS Global Asset Management Switzerland - AST Fund Management were merged into UBS Global Asset Management - Fund Management Switzerland. The Firm includes all traditional UBS branded Wholesale, Institutional and AST Funds domiciled in Switzerland or Luxembourg. Policies for valuing portfolios, calculating performance and preparing GIPS reports are available upon request. As per October 5th, 2015 the company name was changed from UBS Global Asset Management to UBS Asset Management. This change of the firm's name does not impact the definition and scope of the GIPS firm or the composites.
3.

| Year | Total Risk % | Derivative Risk % |
|---|---|---|
| 2014 | 354.7 | 246.1 |
| 2015 | 687.5 | 585.7 |
| 2016 | 466.9 | 363.1 |
| 2017 | 574.3 | 469.1 |
| 2018 | 438.4 | 338.4 |
| 2019 | 320.0 | 220.9 |
| 2020 | 238.5 | 138.5 |
| 2021 | 98.5 | 0.0 |

Explanation of the table above: All figures presented are fully in-line with the KKV-FINMA guideline on the use of derivative instruments for collective investments. The Total Risk is the sum of the direct investment exposure and the derivative risk. The direct investment exposure is calculated as the market value of all direct investments, excluding cash and other liquid assets. The derivative risk is the sum of the net credit-, currency- and market-risk. The market risk consists of equity-, interest- and commodity-risk. Derivative financial instruments are only used in the course of ordinary management of portfolio assets and to hedge the currency risk exposure. Leverage in the sense of short sales may not be used. Investment Transactions are accounted for on a trade date basis.

4. Performance is calculated on a time-weighted return basis, taking into account the accrued interests and dividends. Where applicable, returns are shown net of non-recoverable withholding taxes.
5. The performance is calculated net-of-fees. The gross-of-fee returns are calculated based on all fee components excluding transaction costs. This composite has a 100% flat fee of max. 175 bps p.a. (this represents the highest possible standard fee for this composite). Due to the varying client segmentation the charged fee for this composite can differentiate. The bundled fee includes all charges for portfolio management, custody, and other administrative fees. The only costs not covered are transaction costs incurred in the administration of the fund's assets (brokerage fees in line with the market, fees, duties, etc. as well as any applicable taxes).
6. Composite dispersion represents the consistency of the Firm's composite performance results with respect to the individual portfolio returns within the composite. Presented is the asset-weighted dispersion (standard deviation) of the portfolios within the composite. Only portfolios in the composite for each full time period are included in the dispersion calculation and no dispersion is presented for composites consisting of only a single portfolio. The 3 year annualized ex-post standard deviations are based on monthly returns, shown starting with the first full 3 year calendar period.
7. A complete list of all Firm composite descriptions, pooled fund descriptions for limited distribution pooled funds, and broad distribution pooled funds is available upon request. The composite's past performance is not necessarily an indication of how it will perform in the future.
8. A List of broad distribution pooled funds is available on request.

# Opportunities and risks

**Opportunities**

- Diversification across geography, sub-asset class and issuer to mitigate risks such as liquidity and defaults
- Flexible duration management allowing portfolio managers to protect capital in rising rate environments or increase returns in anticipation of falling yields
- Focusing on high conviction trade ideas across interest rates, credit and currency markets
- Balanced approach without sector bias and with multiple performance drivers
- Greater emphasis on quality and liquidity, maintaining an investment grade rating
- Low to medium correlation to standard bond and equity indices and to peers
- Experienced team with extensive expertise drawing on local presence and knowledge of sector specialist teams located in the US, Europe, Australia and Asia that other managers may not have access to

**Risks**

- The fund may employ higher-risk strategies within fixed income and currency markets, and may take both long and short positions utilizing derivatives
- The use of derivatives may result in additional risks, particularly counterparty risk
- Increased portfolio flexibility may increase the risk of portfolio management decisions adversely affecting performance
- Changes in interest rates, credit spreads and exchange rates may have an impact on the fund's value
- Depending on the credit quality, default risk is higher with corporate bonds than with government bonds and higher with high-yield or emerging market bonds than with investment grade corporate and government bonds
- Emerging markets investing involves specific risks
- Every fund has specific risks, which can significantly increase under unusual market conditions
- The above does require that investors have a corresponding risk tolerance and capacity

# Risk disclosure

**Any decision to invest should take into account all the characteristics or objectives of the promoted fund as described in its prospectus, or similar legal documentation.**

For complete information about the fund, including the risks of investing, applicable fees (e.g. entry or exit fees) and other important information, investors prior to investing should read the Key Investor Information Document (KIID), full prospectus, the complete risk information and any applicable local offering documents. Please refer to your adviser for more information.

- The fund may employ higher-risk strategies within fixed income and currency markets, and may take both long and short positions utilizing derivatives. This may result in additional risks, particularly counterparty risk.
- Depending on the credit quality, default risk is higher with corporate bonds than with government bonds and higher with high-yield or emerging market bonds than with investment grade corporate and government bonds.
- Changes in interest rates, credit spreads and exchange rates may have an impact on the fund's value.
- Emerging markets are at an early stage of development, which may involve a high level of price volatility and other specific risks (transparency, regulatory hurdles, corporate governance, political and social challenges) and liquidity may be limited.
- Increased portfolio flexibility may increase the risk of PM decisions adversely impacting performance. All investments are subject to fluctuations.
- Every fund has specific risks, which can significantly increase under unusual market conditions.
- The above does require that investors have a corresponding risk tolerance and capacity.

# Glossary

**Correlation**
In the investment industry, correlation measures the degree to which two securities move in relation to each other.

**Convertible bonds**
Debt security that can be converted into a predetermined amount of the underlying company's equity at certain times during the bond's life, usually at the discretion of the bondholder.

**Currency risk**
Fluctuations in exchange rates may expose a strategy to losses.

**Derivatives**
A financial security with a value that is reliant upon or derived from an underlying asset or group of assets.

**Duration**
Duration is a measure of a bond's price sensitivity to changes in interest rates. If a bond has a duration of 6 years, for example, its price will rise about 6% if interest rates drop by 1%, and its price will fall by about 6% if rates rise by that amount.

**High yield bonds**
A bond with a credit rating below investment grade as indicated by agencies such as Standard & Poor's, Moody's and Fitch.

**Investment grade**
Rating that indicates that a bond has a relatively low risk of default.

**Risk**
Exposure to damage or financial loss, e.g. a fall in the price of a security, or insolvency on the part of a debtor. It is measured by the degree of expected return fluctuations.

**Securitized debt**
Securitization is the financial practice of pooling various types of contractual assets and selling their related cash flows to third party investors.

**Sovereign bonds**
Are issued by governments. They can be either local-currency-denominated or denominated in a foreign currency.

**Treasuries**
Refer to all the tradable and negotiable debt obligations issued by a country's government. Broadly speaking, when an investor is referring to "Treasuries," he or she is referring to U.S. Treasuries.

**Unconstrained**
Portfolio manager has the freedom to invest according to his own strategy, not being obliged to allocate capital according to the weightings of any index, for example.

**Volatility**
Measure of the fluctuations in the rate of return of a security within a specific period. Usually stated as an annualized standard deviation.

More explanations of financial terms can be found at ubs.com/glossary

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# Short Duration High Yield Sustainable



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February 2022

US-I

Section 1

# The case for Short Duration High Yield Sustainable

# Why Sustainable?

**Market backdrop**

Embedding ESG factors to generate opportunities and
mitigate risks

Growth in Sustainability Focus products
+161 %[1]

Regulation
Increasing focus from regulators

**UBS-AM Fixed Income differentiated approach**

Focus on ESG factors that are
relevant and material to the investment thesis

Research analysts
Assign proprietary UBS ESG risk recommendation and forward-looking views

Sustainable Investment Research team
Dedicated SI team focusing on ESG specific research and engagement

UBS SI FI Advisory Board
Providing oversight on the Fixed Income ESG roadmap

Source: UBS Asset Management.
Note: For illustration purpose only.
1 Global Sustainable Investment Alliance, 2018 Global Sustainable Investment Review. Growth between 2016-2018.

# Why invest in UBS Short Duration High Yield Sustainable?

## Strong focus on risk-adjusted returns

**Conservative tilt:**

- Duration
- Up in quality
- Focus on bottom-up credit research to avoid losers
- Credit analysts provide additional sign-off for names to be included in the fund

## Global expertise

- Stable team with Matthew Iannucci leading since inception of the fund
- Strong collaboration between Fixed Income team and Sustainable Research analysts
- Deep market insights resulting from efficient and dynamic communication between teams

## ESG integration

**A proprietary ESG approach**

- Integration into fundamental credit research
- Embedded in portfolio construction

Source: UBS Asset Management, as at July 2020

Section 2

# Market outlook

# Fixed Income strategy – themes

In the US, high inflation and tight labor markets will force the Fed to change its policy. The taper will be complete by the end of March 2022 and now a reduction of the balance sheet is also firmly on the policy agenda. Market pricing anticipates at least 125bp of hikes by year-end. The combination of higher policy rates and balance sheet reduction could be problematic for risks assets. While fighting inflation should dominate Fed thinking, the pace of tightening will slow if there is a serious dislocation in risk assets tied to geopolitical concerns.

In Europe, the situation is extremely challenging. The war in Ukraine means it is unlikely the ECB will tighten policy this year. Europe could be moving into a period of stagflation, with a huge jump in energy and food prices while spending collapses. Energy prices could easily spiral to new heights if EU governments are unwilling or unable to import gas supplies from Russia. Household spending and business investment will be challenged for the foreseeable future. A recession, seems to be a likely outcome.

In China, the economy has been battered by the collapse in the real-estate sector, the regulatory clampdown, and the regional impact of the zero-covid policy. There are signs that the situation will improve in 2022 with central planning goals that could be more supportive. Some fiscal and monetary policy interventions should ease conditions in targeted sectors of the economy. The full impact of those will only be felt in the latter part of the year.

UBS AM Fixed Income Investment Forum (FIIF) views as of March 2022

# Investment outlook – risks

Any escalation of the conflict in Ukraine will be detrimental to risk assets, particularly if Europe and the US are drawn into a direct engagement with Russia. On the other hand, if Russia was forced into some sort of retreat or climbdown (however unlikely) then confidence in equities and credit will rebound.

Higher policy rates may be required even if output is falling. It remains to be seen whether central banks can bring inflation under control. Sustained upward pressure on energy and food prices would likely batter consumer and business confidence and pose a serious policy dilemma for central banks.

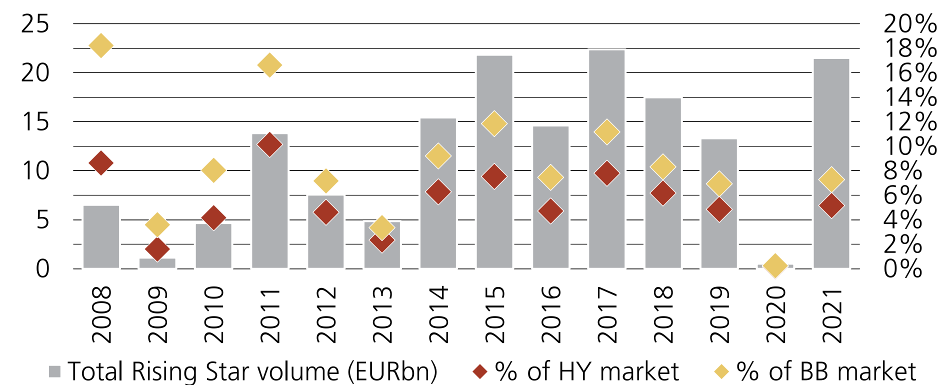
UBS AM Fixed Income Investment Forum (FIIF) views as of March 2022

# Technical factors supporting the market

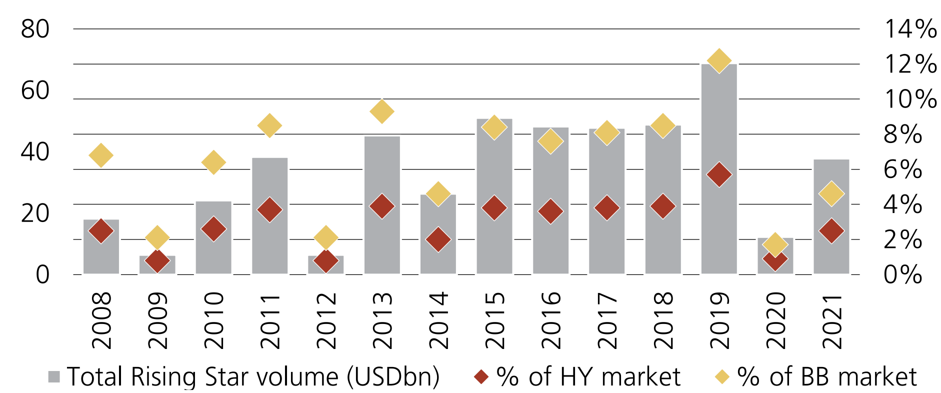
**More than USD 11tn of negative yielding debt globally**


Source: Bloomberg data as at 31 January 2022.

**European Rising Stars** (volume per annum)




**US Rising Stars** (volume per annum)




Source: BofA Global Research, ICE Data Indices LLC, Bloomberg. Data as per end of October 2021.

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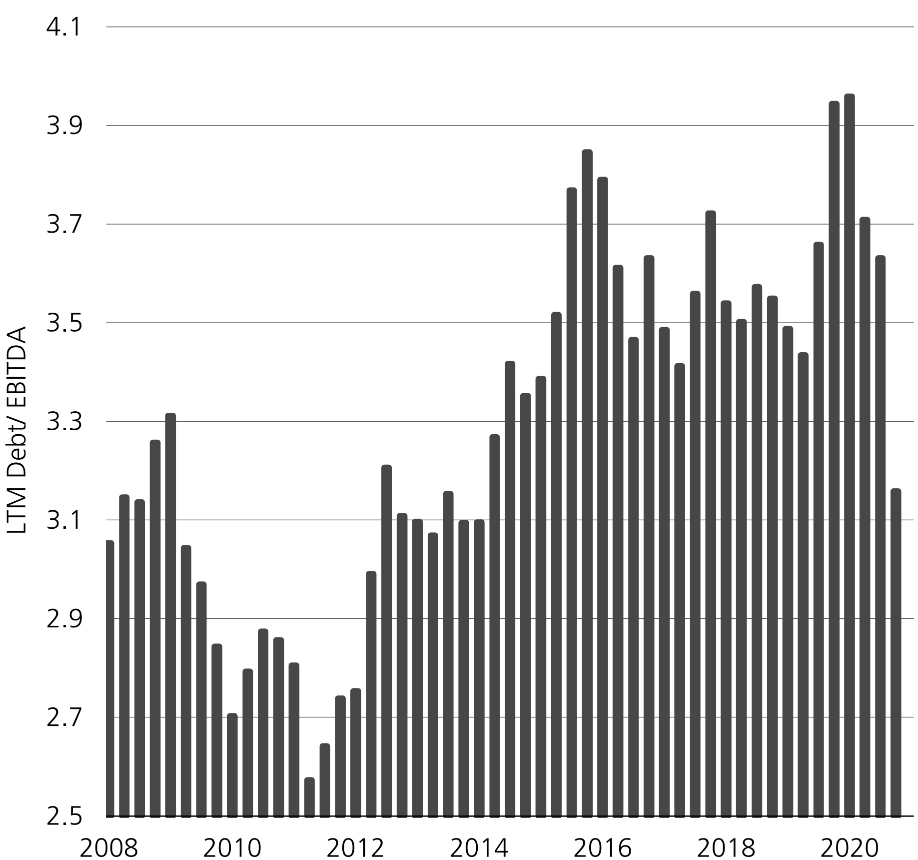
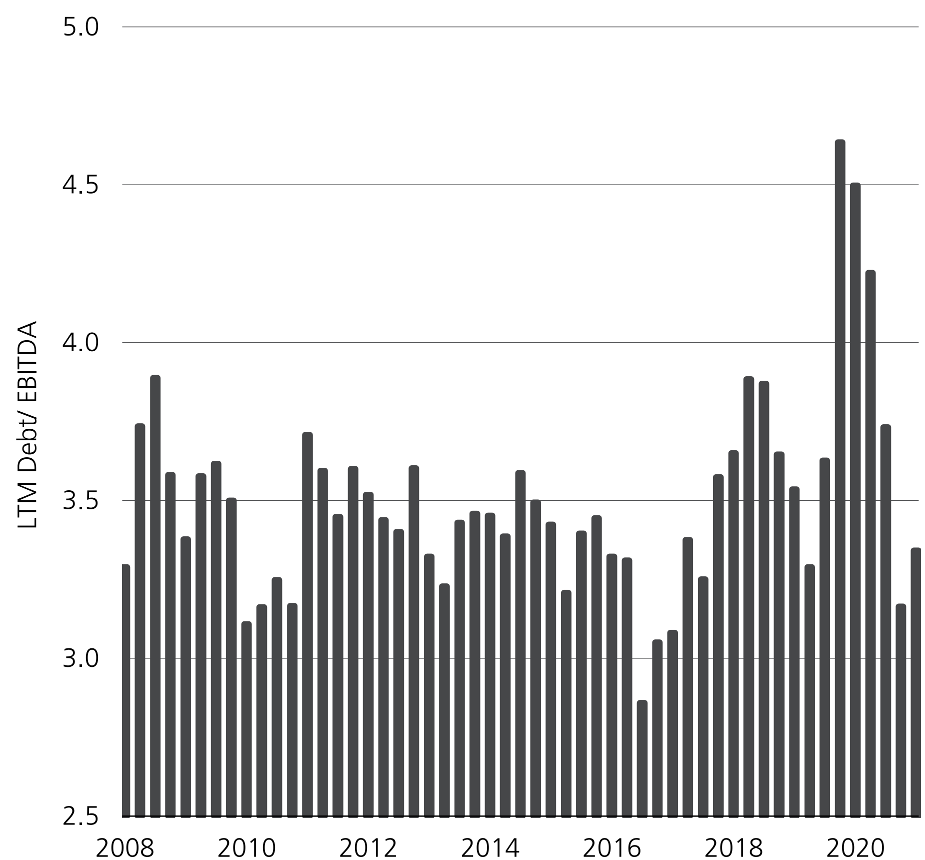
# Leverage improving post COVID-19 highs

**US High Yield Net leverage**




Source: Morgan Stanley data as at 30 September 2021.

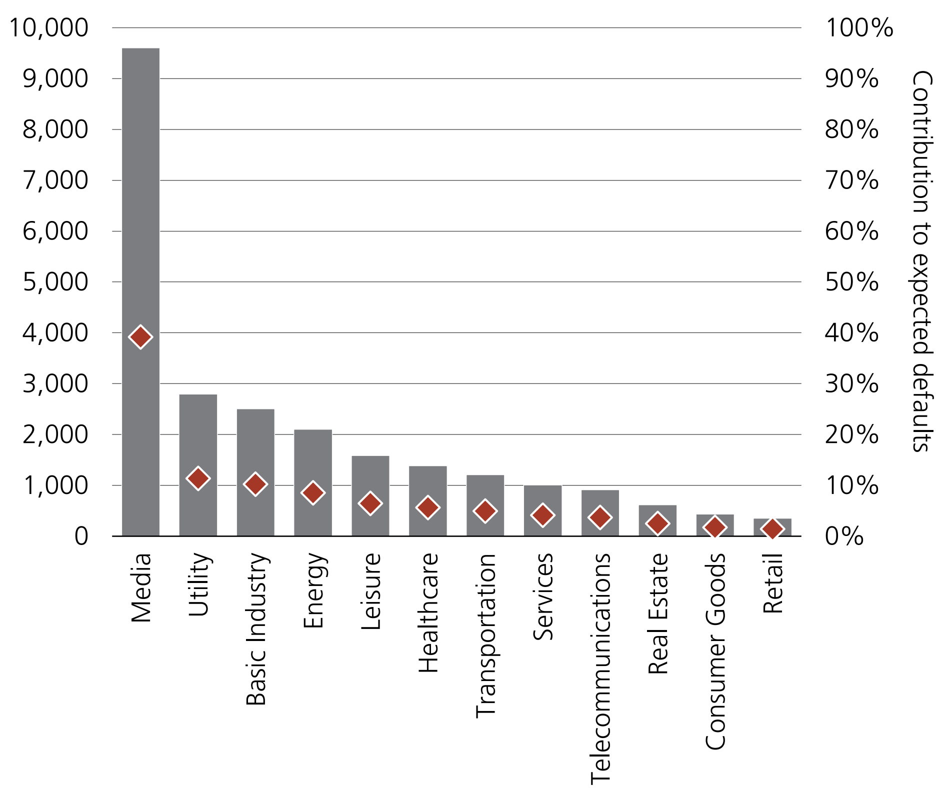
**EUR High Yield Net leverage**



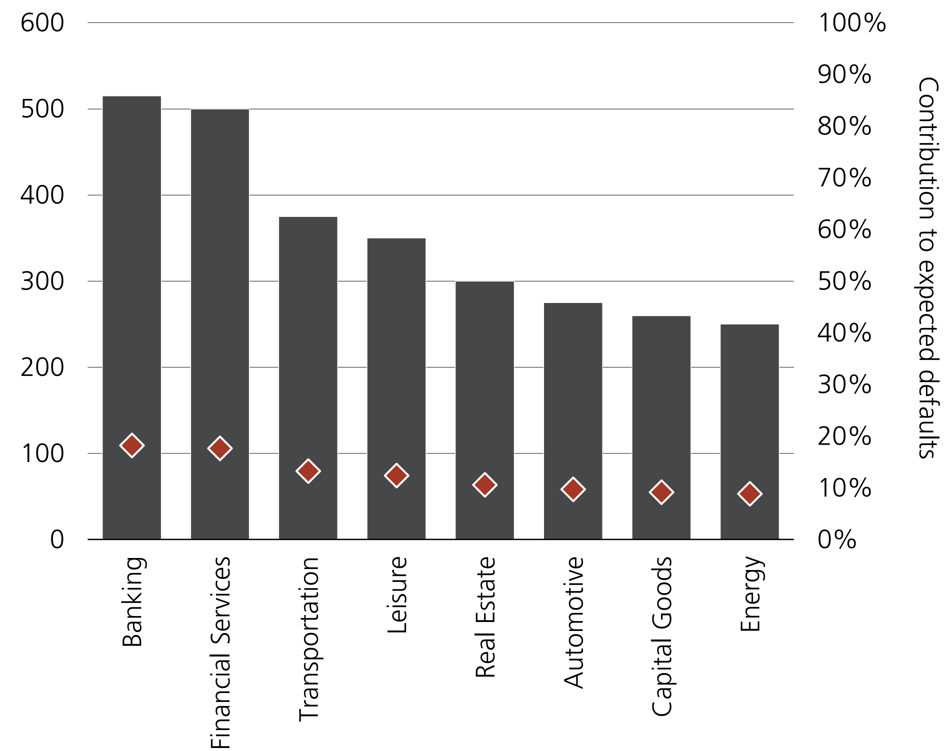

Source: Morgan Stanley data as at 30 September 2021.

# UBS-AM High Yield bond default expectations

**US High Yield defaults expected to be 1.6%** Defaults (USDm)



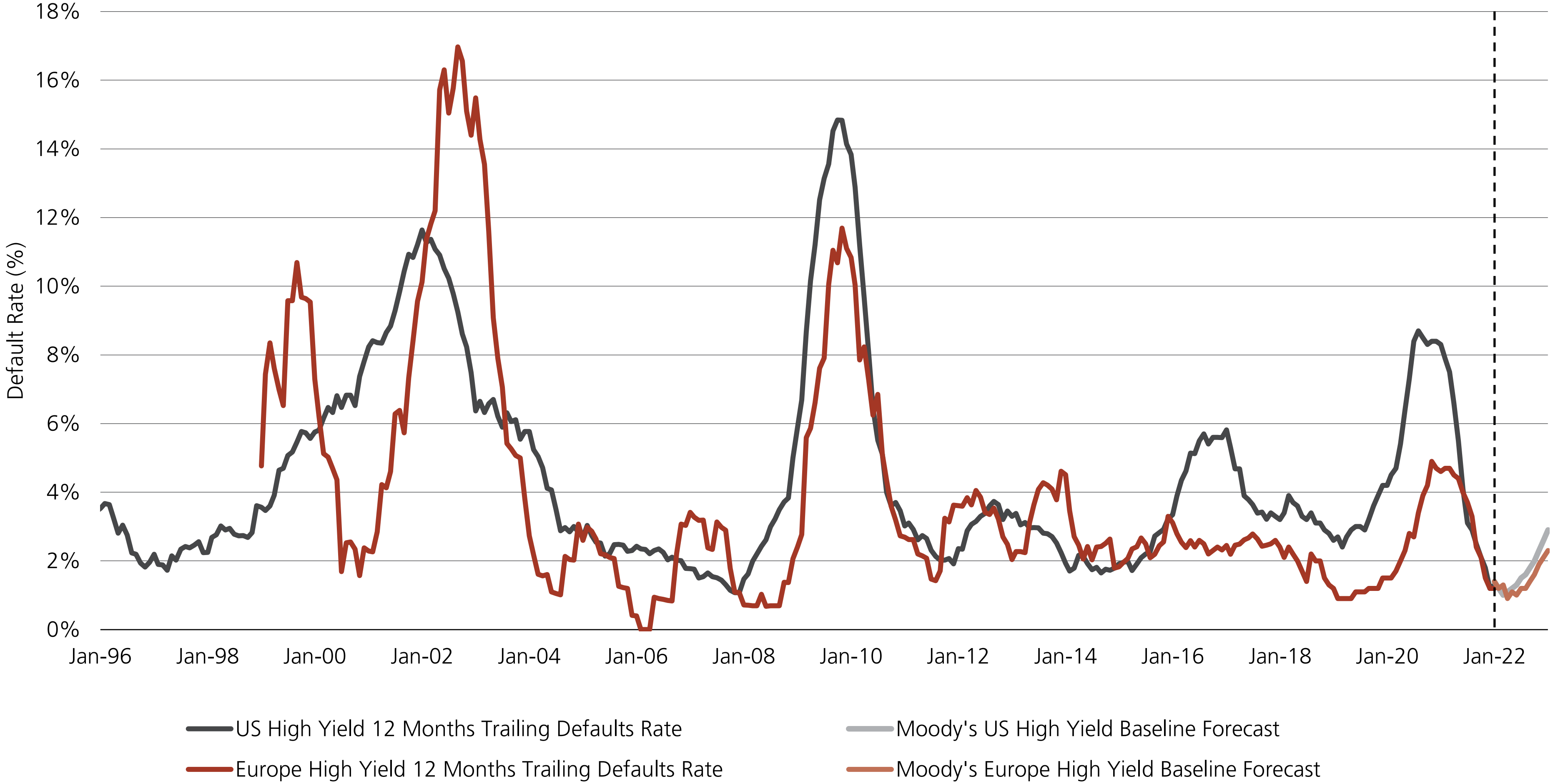

**EUR High Yield defaults expected to be 0.6%** Defaults (EURm)




Key: Bar shows USD/EUR amount of total defaults based on original face value. Diamond shows contribution to expected default.
Source: UBS Asset Management, data as at 31 December 2021.
Note: This does not constitute a guarantee by UBS AG, Asset Management.

UBS

# The default cycle

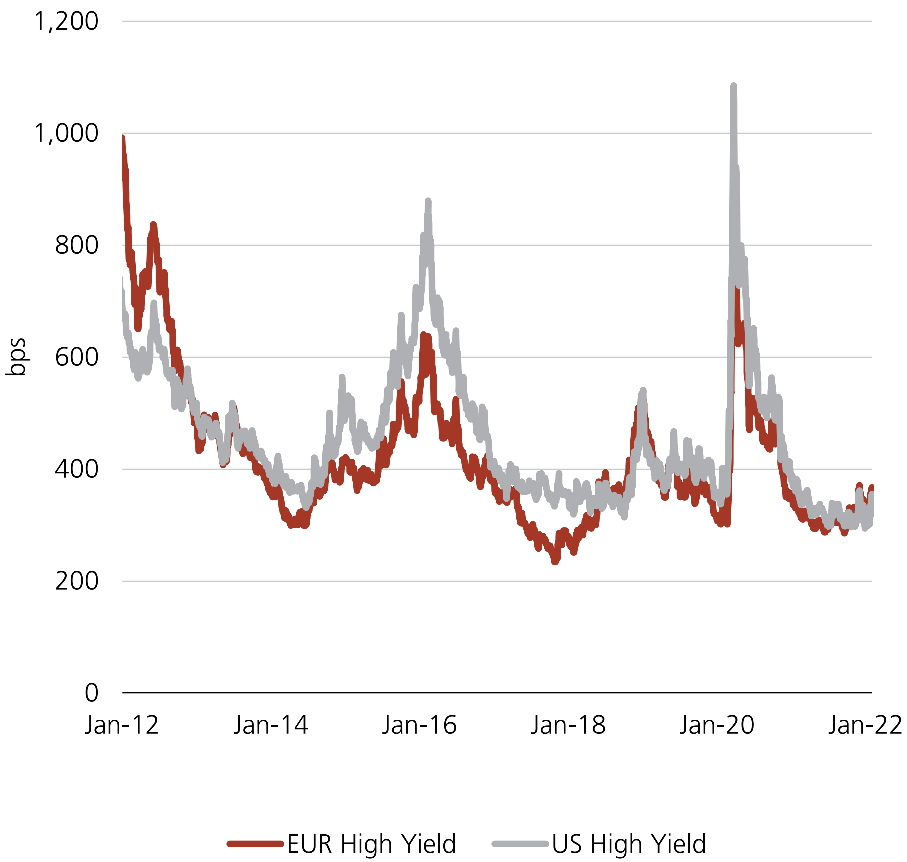



Source: Moody's as at 31 January 2022.

UBS

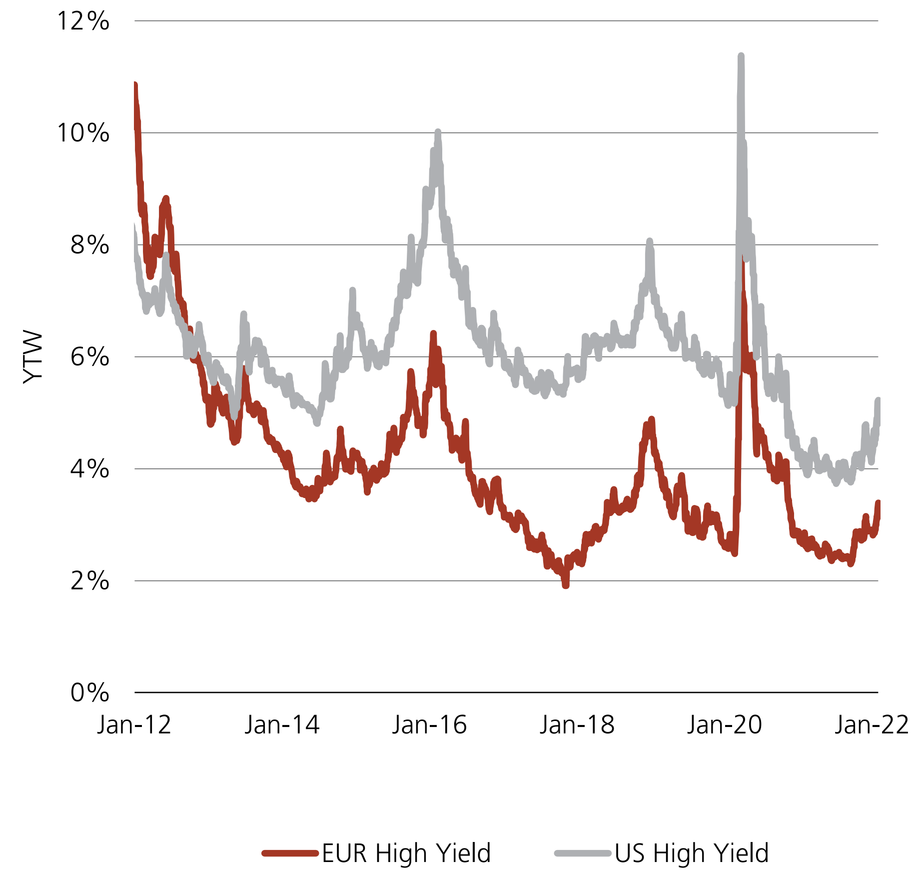
# Evolution of spreads and yields

**High Yield option adjusted spread**




Source: ICE BofA Merrill Lynch Indices, data as at 31 January 2022.

**YTW evolution**




Source: ICE BofA Merrill Lynch Indices Data as at 31 January 2022.

UBS

Section 2

# Performance and portfolio characteristics – Short Duration High Yield Sustainable

UBS

# Short Duration High Yield Bond Sustainable: Performance

## Total returns for periods ending 31 January 2022 (USD)

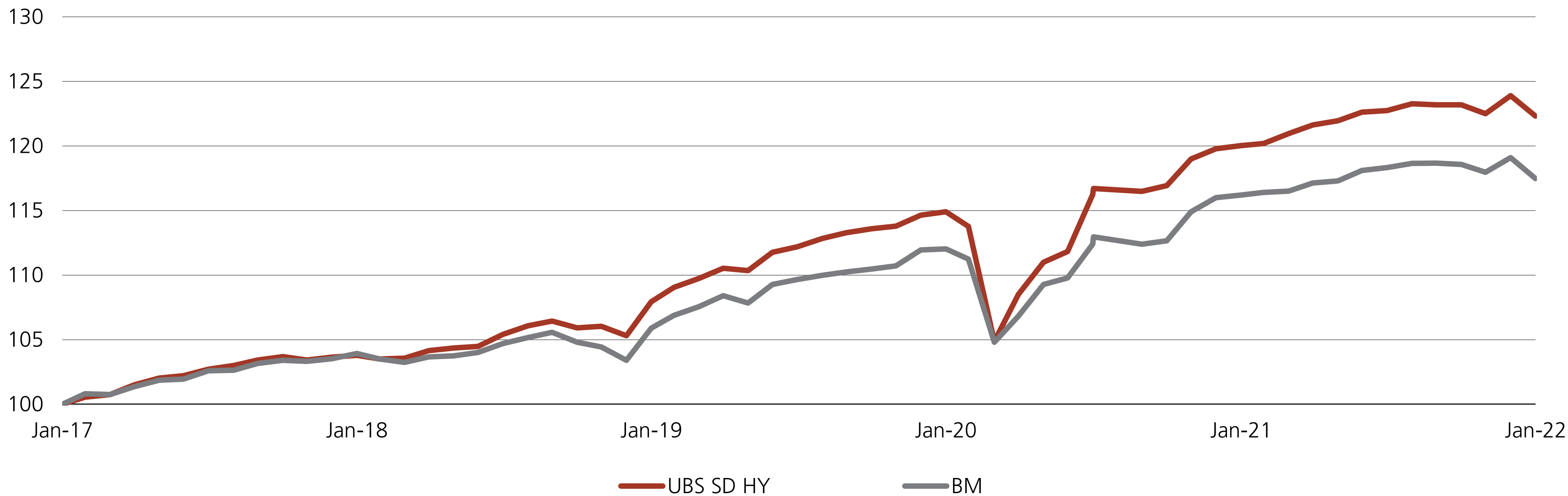
| | | | | | Annualized | | |
|---|---|---|---|---|---|---|---|
| | 1 month | 3 month | YTD | 1 year | 3 years | 5 years | Since inception[1] |
| Composite Performance | -1.27 | -0.69 | -1.27 | 1.91 | 4.26 | 4.11 | 4.01 |
| Standard Deviation[2] | | | | 2.15 | 6.11 | 4.88 | 3.83 |

1 Inception as of 28 February 2011
2 For period greater than 1 year, the annualized standard deviation is based on monthly logarithmic returns
3 The returns shown above are based on currently available information and are subject to revision. Past performance is no guarantee of future results.
Performance figures are gross of fees. Benchmark figures are not provided as the strategy is not managed against an official benchmark. Please see attached disclosure information.
The composite described herein aligns to Article 8 of Regulation (EU) 2019/2088.

# UBS Short Duration High Yield Sustainable Fund Performance versus Blended Benchmark…

…exhibits more attractive returns

**UBS US Short Duration High Yield Sustainable versus blended benchmark**




| | 1 Year Returns | 1 Year Return / Vol | 3 Year Returns (ann) | 3 Year Return / Vol (ann) | 5 Year Returns (ann) | 5 Year Return / Vol (ann) |
|---|---|---|---|---|---|---|
| UBS Short Duration High Yield Sustainable (USD) | 1.91 | 0.89 | 4.26 | 0.71 | 4.11 | 0.86 |
| Blended Benchmark | 1.10 | 0.53 | 3.52 | 0.77 | 3.27 | 0.87 |

Source: UBS Asset Management, Bloomberg. Data as at 31 January 2022.
Returns and standard deviation based on monthly data. Please note that past performance is not a guide to the future.
Benchmark is a blend of 50% ICE Bank of America Merrill Lynch US High Yield Cash Pay Constrained Index and 50% risk free rate.
The product described herein aligns to Article 8 of Regulation (EU) 2019/2088.

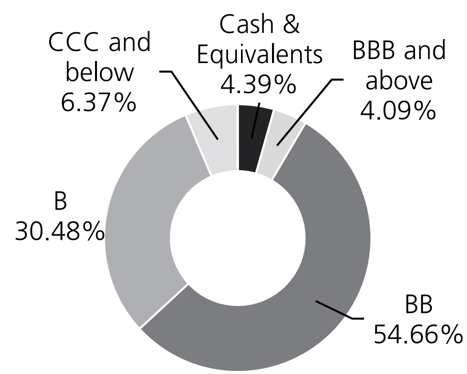
UBS

# Representative portfolio:
# Short Duration High Yield Sustainable

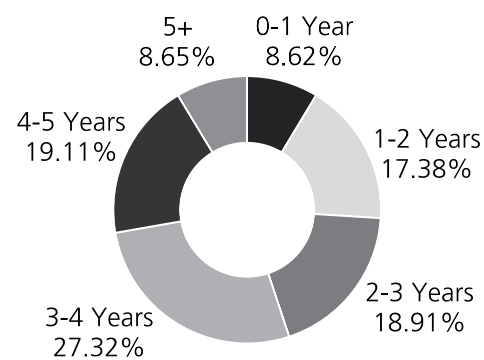
As of 31 January 2022

| | SD HY Portfolio |
|---|---|
| Yield To Worst | 3.79% |
| Option Adjusted Spread | 216 |
| Duration | 1.75 |
| Spread Duration | 1.27 |
| Average Coupon | 5.23% |
| Average rating of holdings | BB3 |
| Number of Issuers | 120 |

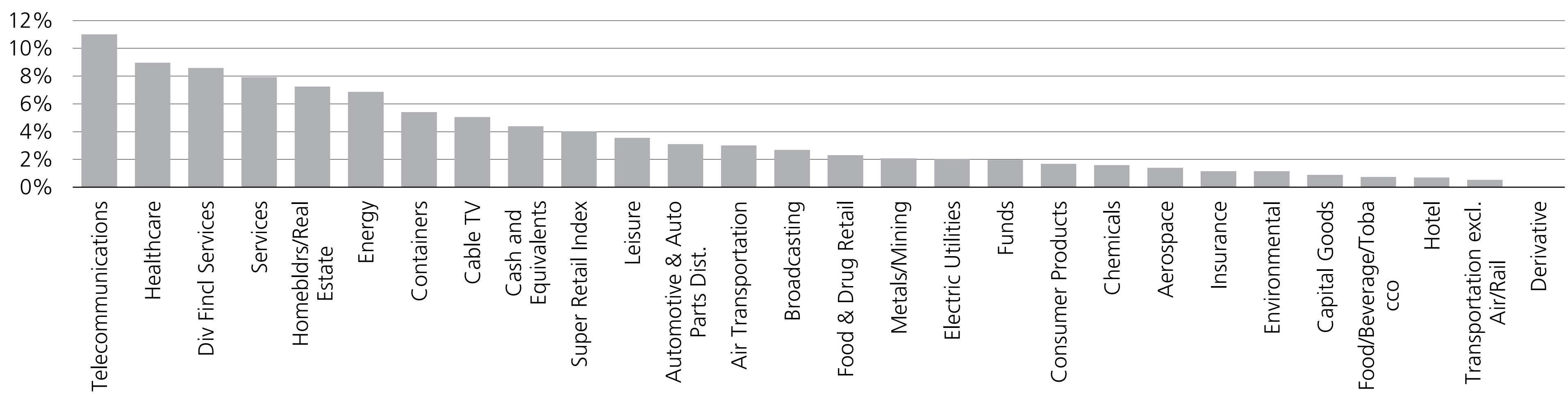
**Quality Allocation**




**Maturity Breakdown**




**Industry Allocation**



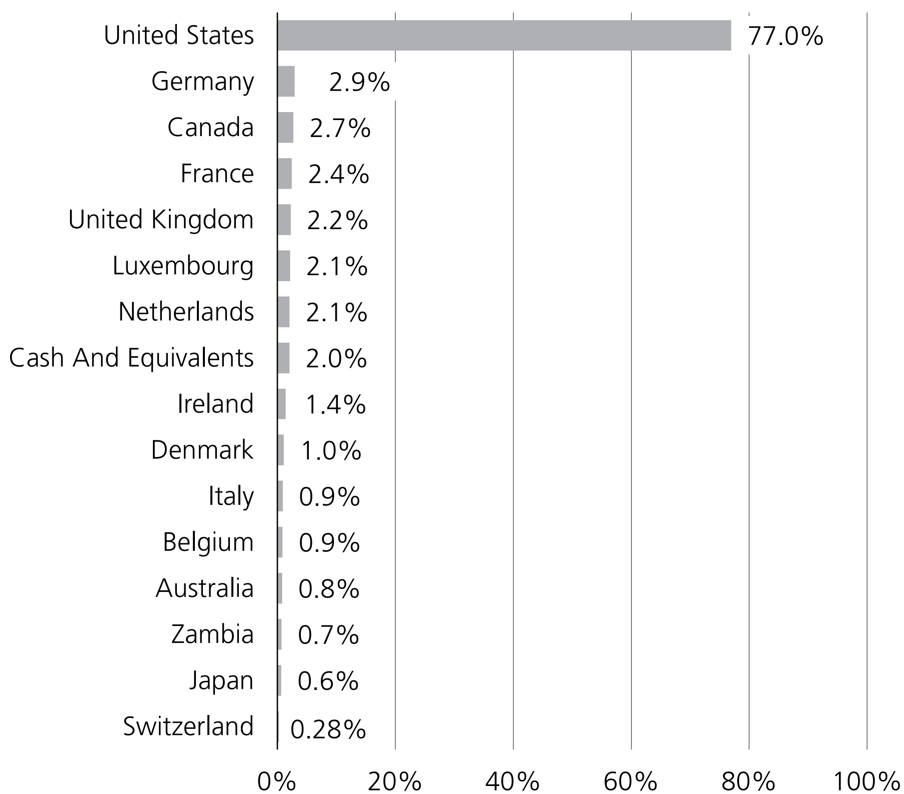

Source: UBS Asset Management
Note: Please note that information is representative of a specific Short Duration High Yield portfolio and may vary. All figures above are gross of fees.
The product described herein aligns to Article 8 of Regulation (EU) 2019/2088.

UBS

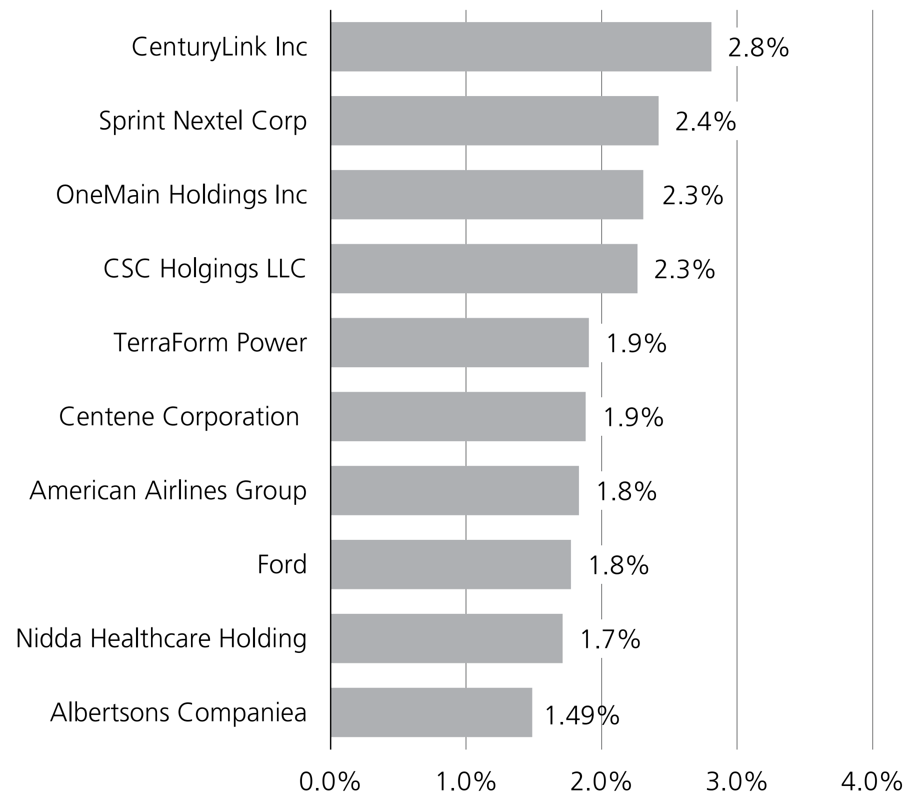
# Representative portfolio: Short Duration High Yield Sustainable

As of 31 January 2022

**Market Exposure**




**Top 10 Issuers**




Source: UBS Asset Management
Note: Please note that information is representative of a specific Short Duration High Yield portfolio and may vary. Information is supplemental to the Short Duration High Yield composite.
The product described herein aligns to Article 8 of Regulation (EU) 2019/2088.

Section 3

# Philosophy, people & process

# UBS-AM's philosophy

> "Credit markets are inefficient due to imperfect information on corporate fundamentals. An unrelenting focus on uncovering valuation opportunities and managing downside risk is key to generating risk adjusted returns. Our global team of portfolio managers and credit analysts build flexible portfolios based on proprietary analysis that are intended to outperform a high yield bond universe.

# Global High Yield Team

## People

**Head of Fixed Income**

*Charlotte Baenninger*

| **Head of Americas** | | | **Years experience** | **Years at UBS** |
|---|---|---|---|---|
| *Craig Ellinger* | | | | |
| Matthew Iannucci | Head Developed Market High Yield | Chicago | 26 years | 25 years |
| Branimir Petranovic | Portfolio Manager | Chicago | 22 years | 14 years |
| Anders Nelson | Portfolio Manager | Chicago | 6 years | 4 years |
| Zachary Swabe | Portfolio Manager (Lead EUR HY) | London | 17 years | 10 years |
| Jonathan Mather | Portfolio Manager | London | 13 years | 6 years |

| **Head of Asia Pacific & Emerging Market** | | | **Years experience** | **Years at UBS** |
|---|---|---|---|---|
| *Hayden Briscoe* | | | | |
| Smit Rastogi | Portfolio Manager (APAC HY) | Singapore | 8 years | 6 years |

**Investment Specialist**

*Anais Brunner*

**Fixed Income Investment Forum**

10 members

**Global Credit Research Analysts**

30+ analysts

**Global Fixed Income resources**

130+ professionals

**Sustainable Investing**

10+ professionals

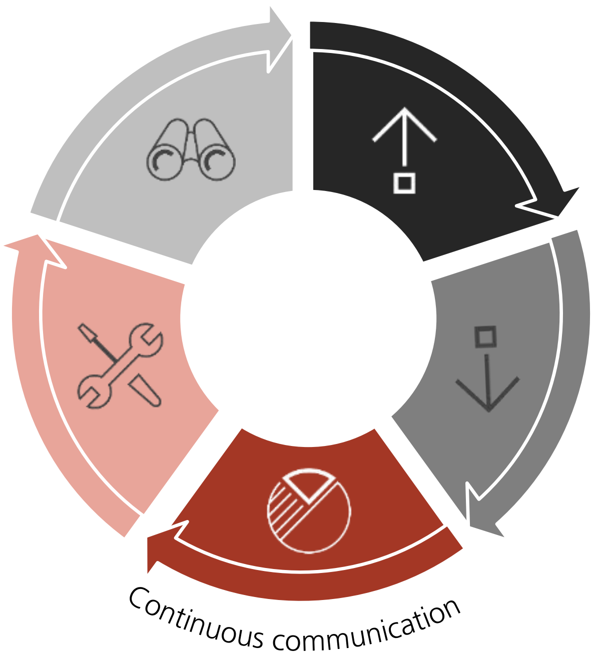
Source: UBS Asset Management, as of February 2022. Does not reflect reporting lines.

UBS

# UBS-AM's process combines bottom up and top down views

Active allocation to sectors with the best risk/reward ratio as the market changes.

**Continuous active portfolio management**




## Top-Down Strategy
- Responsibility: Strategy and PM-team, credit research, Fixed Income Forum
- Establish and monitor strategic views of key global investment themes that drive performance

## Bottom-Up Strategy
- Responsibility: Credit research, Strategy and PM-team, SI-team
- Fundamental company analysis, Relative Value and Capital Structure analysis

## Portfolio Construction
- Responsibility: Strategy and PM-team
- Alignment of client needs, investment goals and market environment

## Implementation
- Responsibility: Strategy and PM-team
- Best execution and timing

## Risk Management and Performance Evaluation
- Responsibility: Strategy and PM-team and independent Risk-Control Team
- Quarterly Portfolio Reviews by senior management
- AM Senior Management set risk framework and raise risk awareness

For illustrative purposes only

# Process and output

Fixed Income Investment Forum

## Review and adjustments

**Ongoing**

- Adjust forecasts if necessary
- Discuss relevant topics
- Update potential impact data

Monthly FIIF review

## Macro view

**3 & 12 month horizons**

- Growth
- Inflation
- Cash rates
- Output: Macro themes and risks

FIIF macro meeting

## Communication

**Ongoing**

- Communicate macro themes and risks
- Track performance
- Monitor risk

FIIF sector output meeting

FIIF Sub-committees

## Investment trade ideas

**3 months**

- Expected returns
- Output: trade ideas based on high conviction views

## Sector forecasts

**3 & 12 months**

- Factor ranges
- Conviction
- Output: Sub-committees generate sector forecasts across 250+ factors

Note: As of April 2021

# Structure and membership

Fixed Income Investment Forum

## FIIF Macro Committee

**Charlotte Baenninger**
Head of Fixed Income

**Hayden Briscoe**
Head of Fixed Income Global EM and Asia Pacific
**Scott Dolan**
Head of US Multi-Sector Fixed Income
**Craig Ellinger**
Head of Fixed Income North America

**Nicole Froehlich**
Head of Research
**Jonathan Gregory**
Head of Fixed Income UK
**Federico Kaune**
Senior Portfolio Manager, Emerging Markets

**Tim Van Klaveren**
Senior Portfolio Manager, Australia
**Kevin Zhao**
Head of Global Sovereign and Currency

## FIIF Sub-committees

**Credit Research**
Nicole Froehlich

Barbara English
Jill Fine
Phil Spencer
Ben Squire
Michael Stansfield
*Ad-hoc Research analysts for specific industry insights*

**Investment Grade**
Tim Van Klaveren

Vivek Acharya
Smit Rastogi
David Vignolo
Martine Wehlen-Bode
Nicole Froehlich

**High Yield**
Craig Ellinger

Matt Iannucci
Jonathan Mather
Branimir Petranovic
Zachary Swabe
Nicole Froehlich

**Asia & EM**
Hayden Briscoe

Igor Arsenin
Federico Kaune
David Michael
Nicole Froehlich

**Rates & FX**
Jonathan Gregory

Scott Dolan
Jeff Grow
David Kim
Lionel Oster
Kevin Zhao

**Multi-Sector**
Jonathan Gregory

Scott Dolan
Jeff Grow
Jeff Haleen
Jerry Jones
Branimir Petranovic
Kevin Zhao

Note: As of February 2022

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# Key facts

On-the-ground presence in several locations globally enhances our research capabilities

**Global Team**

7 locations

**Career credit research analysts**

Average 17 years experience

**Extensive coverage across the rating spectrum**

IG, HY, EM, Securitized, Municipal*

**ESG research & engagement**

3 dedicated SI champions + 1 dedicated FI engagement expert (tbd)

**Depth and breadth of resources**

30+ credit analysts

**Issuer Coverage**

2000+ issuers

**Sectoral Forum**

13 industry coordinators

Note: As of June 2021.
* Municipal & EM sovereign research report into the investment strategy head, not into Research

UBS

# Key factors in fundamental research analysis

Fundamental credit analysis is at the core of the analyst assessment

| | | |
|---|---|---|
| Business Model and Qualitative Factors | • Management<br>• Corporate Strategy<br>• Competitive environment<br>• Market position | • Financial flexibility<br>• Financial policies<br>• Transparency |
| Financial and Quantitative Factors | • Operating Results<br>• Cash Flow Analysis<br>• Leverage | • Financial flexibility<br>• Deployment of capital<br>• Ratio & Scenario Analysis |
| Other Considerations | • Event Risk<br>• Covenants / Legal<br>• Headline Risk | • Contingent Liabilities<br>• ESG<br>• Investor Relations |

## Fundamental Assessment

**UBS Credit Rating** and **Forward-looking Fundamental Recommendation** within an industry or coverage sub-group

## ESG Assessment

**ESG Risk Recommendation** assesses forward-looking material sustainability considerations and opportunities for engagement.

## Relative Value Assessment

**Relative Value Recommendation (RVR)** within an industry or coverage sub-group for various currencies of issuance.

# Standardized ESG integration across asset classes

## ESG factors integrated into mainstream strategies utilizing a systematic risk-based research process

### ESG data input

**UBS ESG Risk Signal**

- A clear, actionable signal helps to drive the in-house research process
- Proprietary ESG Risk Dashboard to identify ESG risks across four dimensions, based on various ESG data provider inputs:
  - UBS ESG Consensus Score
  - Absolute ESG Risk
  - Governance Risk
  - Controversies

### In-house research

Fundamental analysis

- In-house ESG risk recommendation is part of the investment case
- UBS risk assessment is forward-looking and focused on material issues
- Strong collaboration across investment teams to drive stewardship outcomes

~11 Dedicated SI analysts1 | ~58 Equity analysts | ~30+ Fixed Income analysts

- In-depth ESG research and stewardship expertise amplifies ESG know-how across investment teams
- Company specific and thematic ESG research on high-risk issues

SI research analysis

### Investment decision making

**Portfolio Managers**

Incorporation of ESG risks in investment decision making

- UBS ESG Risk Recommendation summarizes final ESG view to PMs
- ESG risks may be mitigated through engagement and on-going monitoring
- Confirmation of ESG risks may trigger sell decision
- Portfolio manager may decide to maintain the position with a justification that the opportunity outweighs the risks

Identify → Review → Decide

Source: UBS Asset Management as of December 2021. For illustrative purposes only.

1 We plan to add 2 full-time SI Research analysts by 2022.

# UBS ESG Risk Dashboard & Signal

## Proprietary methodology to identify and monitor ESG risks across four dimensions

**UBS ESG Risk Dashboard hosts proprietary UBS ESG Risk Signal**

- Full transparency on ESG risk across portfolios and investment universe
- Hosts UBS ESG Risk Signal, covering approx. 20,000 entities
- ESG Risk Signal focuses further in-house ESG research assessment by analysts

| | | | Industry-relative ESG risk | Identification of "Outliers" | | |
|---|---|---|---|---|---|---|
| **Company** | **Sector** | **ESG Risk Signal**[1] | **UBS ESG Consensus Score**[2] | **Absolute ESG Risk**[3] | **Governance Risk**[4] | **Controversies**[5] |
| A | Life & Health Insurance | ● No | 4.0 | Medium | 8.2 | Pass |
| B | Retail – Consumer Discretion | ● Yes | 3.7 | Medium | 0.0 | Pass |
| C | Interactive Media & Services | ● Yes | 6.5 | Severe | 1.5 | Fail |
| D | Technology Hardware, Services | ● No | 4.2 | Medium | 10.0 | Watch List |
| E | Diversified Consumer Services | ● Yes | 2.1 | Low | 5.0 | Pass |
| F | Software & Services | ● No | 9.3 | Low | 10.0 | Pass |
| G | Beverages | ● Yes | 1.6 | High | 3.0 | Pass |
| H | Retail – Consumer Discretion | ● No | 3.4 | High | 4.0 | Watch List |

**Quantitative Evidence and Data Science Team (QED)**

- Owns the process of evaluating, onboarding and processing new data sets
- Owns the production of the ESG Risk Dashboard
- Utilizes best practices for evaluating robustness of our data sets

Proprietary methodology to identify and monitor ESG risks across four dimensions

Source: UBS Asset Management, September 2021. For illustrative purposes only.
Notes: 1) Scale: yes/ no; 2) Scale: 0-10 with 10=best ESG score; 3) 5-level scale from negligible to severe; 4) Scale: 0-10 with 10=best G-score; 5) Scale: Pass/ Watch List/ Fail
This information should not be considered a recommendation to purchase or sell any particular security. The table above does not represent the full coverage of the UBS ESG Proprietary Risk Dashboard.

# From ESG Integration to Sustainability Focus

## ESG Integration

**Standard exclusions**
Avoidance of investments which are deemed undesirable either by UBS or our clients.
UBS standard exclusions in actively-managed strategies, such as controversial weapons and thermal coal.

**Screening and SI Assessment (ESG profile)**
Used to assess risks based on scores from different ESG vendors (quantitative) and Incorporation of ESG research in security analysis alongside other material factors (qualitative).

**Stewardship**
Monitoring companies' ESG performance, engaging with management on identified risks and opportunities and voting consistently at shareholder meetings.

Investment strategies which build on the foundations of ESG integration by adding additional layers of ESG criteria in order to invest for sustainable oriented outcomes

## Sustainability Focus

**Activity based exclusions**
Exclusions are applied in various areas based on products and involvement (e.g. tobacco, coal, controversial weapons).

**Risk based screening**
Risk based screening is applied to identify those higher risk issuers which are to be avoided within the investable universe (e.g. UN Global Compact Breach)

**Superior ESG profile and/or CO2 profile**
The portfolio composition places a higher weight on those issuers with positive sustainable characteristics and/or a superior carbon profile.

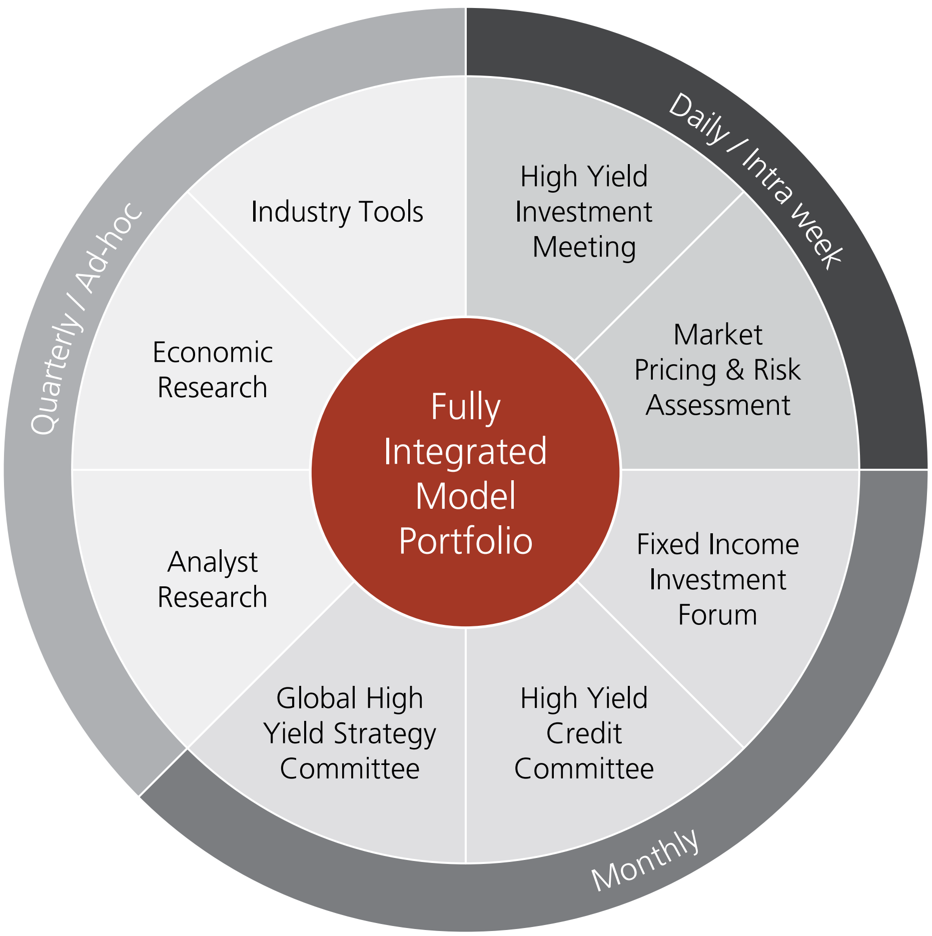
**Maintaining an active dialogue**
With and the exercising of voting rights in selected companies in order to improve their sustainability profile.

Source: UBS Asset Management 2021. For illustrative purposes only.

# Team interaction

## Deep resources, truly global organisation

- Draws on global resources of fixed income investment professionals
- Deep, broad coverage with global team of career analysts
- Proprietary tools promote consistency and communication as part of fundamental research
- Industry tools and issuer analysis leverage analyst insights for sector and issue selection
- Regular dialogue and interaction



# Portfolio construction

## Portfolios are built with bonds selected by portfolio managers & analysts

- Issuer level research is performed by a dedicated team of career analysts
- Weights are assigned based on fundamental views and pricing differences
- Portfolio managers execute trades when analyst views fit their broad strategic themes and specific risk budgets

### HY Credit Research

- Industry Overview
- Financial Projections
- Capital Structure
- Cash Flow & Liquidity
- Covenant Review
- Management Review
- Ownership Structure
- Assess ESG profile

### HY Analyst Views

- Fundamental Overview
- Industry Investment Thesis
- Industry Relative Weighting
- Issue Relative Weights
- Assign UBS ESG risk recommendation

### HY PM Views

- Beta Positioning
- Industry Allocation
- Quality Distribution
- Liquidity Needs
- Performance Targets
- Risk Budgets
- UBS ESG risk recommendation

### Portfolio Holding

# Fixed Income risk framework

Portfolio managers at center stage, supported by independent checks and balances

### Investment Team

Reports to Head of Investments

**Portfolio managers**

- Daily risk management and monitoring
- Weekly performance attribution
- Monthly risk forum

### AM Risk Control

Reports to CRO

**Independent from investment team**

- Risk monitoring
- Stress analysis
- Counterparty risk
- Escalation power

### Business Risk Management

Reports to COO

**Independent from investment team**

- Operational Risk Inventory
- Front to back Risk Governance (TRPA / NBI)
- ICAP (process risks)
- Information security

### Corporate Governance

**AM Senior management**

- UBS Policies & Procedures
- Business continuity plans
- Set risk framework and raise risk awareness
- Quarterly portfolio reviews

### Product Control & Logistics

**Independent from investment team**

- Pre-trade guideline checks
- Post-trade guideline checks

### Compliance & Operational Risk Control

**Independent from investment team**

- Best execution check
- Fair trade allocation check
- Operational Risk Events Guidelines
- Personal dealing

Clear adjustment and error policies are in place covering all aspects of the portfolio management process

Section 4

# Additional slides

UBS

# UBS-AM Sustainable and Impact investing differentiators

## UBS Group commitment to sustainable investment

- UBS is a member of the CDP A List 2020[1]
- UBS is the diversified financials industry leader in the Dow Jones Sustainability Index since 2015[2]
- UBS ranked first globally in Sustainable and Impact Investing[3]
- UBS Group has USD 793 billion in core sustainable investments[4]
- USD 13.1 billion of client assets committed toward SDG-related impact investments, including world's first Multi-lateral development bank bond fund[5]

## UBS-AM is a leading provider of sustainable offerings

- Founding member of Net Zero Asset Managers initiative, committed to net zero emissions goal by 2050 or sooner[6]
- A+ ranking for our approach to Climate Stewardship from InfluenceMap[7]
- UBS AM: USD 480.4bn ESG integrated and USD 112.3bn in SI focused AUM[8]
- 40+ SI focused strategies across active and passive, fixed income and equities
- Fastest growing European asset manager in SI focused AUM since January 2018[9]
- Leading sustainability ETF provider with over USD 28.7bn in SI AUM[10]
- A/A+ ratings from UNPRI across all assessment modules[11]

## Innovation through client-focused collaboration

- 20+ year history in managing sustainable investment funds
- Developed award winning Climate approach with leading UK pension fund[12]
  - Active engagement in coordination with Climate Action 100+
- Developed impact investing methodology with leading Dutch pension fund
  - Invests in companies that offer products and services that help deal with key sustainability challenges
- Over USD 90bn of dedicated Index solutions through collaborations with clients[13]

**1** https://www.cdp.net/en/companies/companies-scores; **2** Source: S&P Global; **3** 2020 Awards from Environmental Finance, PWM The Banker, Euromoney; **4** Sustainable investments across UBS Group, UBS Sustainability report 2020; **5** Source UBS Sustainability report 2020; **6** http://www.netzeroassetmanagers.org; **7** https://influencemap.org/report/Asset-Managers-and-Climate-Change-cf90d26dc312ebe02e97d2ff6079ed87; **8** Assets under management as of March 2021; **9** Growth in absolute AUM since Jan 2018, Source: Morgan Stanley, May 2020 and Morningstar; **10** Market share in Europe for sustainable ETFs: 18.85%, Source Etfbook as of 20 April 2021; **11** 2020 UN PRI Assessment; **12** 2017 Fund Launch of the Year Award, Funds Europe; **13** Asset under management as of March 2021.

# Global credit research team

Our analysts are industry specialists organized by region averaging 17 years of experience

**Nicole Froehlich**
Head Fixed Income Research

31 FI Analysts | North America: 11 | EMEA: 10 | APAC: 10

| Securitized | | North America | | Europe | | Global EM | | Asia-Pacific DM | | EM Sovereign[1] | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Barbara English* | 34 | Jill Fine | 25 | Phil Spencer | 21 | Michael Stansfield | 9 | Ben Squire | 27 | | |
| John Mulligan | 32 | Steve Breen | 26 | Nadia El-Alaoui | 15 | Jose Bernal | 19 | Earl San Juan | 17 | Yuni Kim | 8 |
| A Jain | 2 | Chip Campbell | 23 | Oskari Kalliala | 6 | Jeff Brown | 4 | | | Gianandrea Moccetti | 6 |
| P Raghuqanshi | 2 | Bill Doyle | 27 | Brian O'Brien | 11 | Brian Huang | 11 | | | Juha Seppala | 13 |
| A Taneja | 2 | Damian Geistkemper | 30 | Giulio Ponte | 15 | Jocelyn Jiang | 6 | | | | |
| TBA | | Jack Moody | 1 | Maria Rodriguez GG | 6 | Will Riva | 14 | | | | |
| | | Nick Wiseman | 8 | Claudia Vortmueller | 22 | Ethan Wang | 10 | | | | |
| | | TBA | | TBA | | William Yiu | 11 | | | | |

**Supported by global investment resources of UBS Asset Management**

| | | | |
|---|---|---|---|
| Quant Evidence & Data Science (team of 15) | Sustainable & Impact Investing (team of 11) | Fundamental Equity Research (team of 55) | External Research Providers |

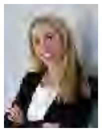
As of January 2022
Numbers denote years of industry experience.
** Cadet: 2/3 Global EM, 1/3 APAC DM
- Also acts as Money Market Controller
1. Reports to Head of Emerging Markets Fixed Income

UBS

# AM SI Team – benefitting from expanded support functions

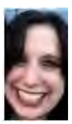
## Further collaboration with QED, GRS, Regulatory Management, and Group CSO

### Head of SI



**Lucy Thomas**
Head of Sustainable Investing
Chair of SI Methodology Committee

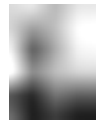
### Business Management



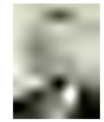
**Christine Banaszak**
Business Manager

### SI Research & Stewardship (11 FTE SI Analysts)

**Henrike Kulmann**
Head ESG Research and Integration
14 years industry experience

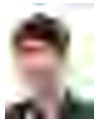


**Francis Condon**
Head Thematic Engagement and Collaboration
34 years industry experience

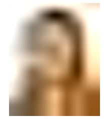


**Paul Clark**
Head Stewardship
35 years industry experience

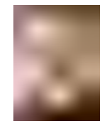
**Jason Rambaran**
SI Analyst
8 years industry experience



**Derek Ip**
SI Analyst
13 years industry experience



**Karianne Lancee**
Social Thematic Lead
12 years industry experience



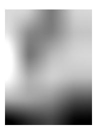
**Rachael Atkinson**
SI Analyst
19 years industry experience

**Matteo Passero**
SI Analyst
5 years industry experience

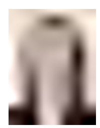
**2 full-time**
SI Analyst
By 2022

**Emiliano Torracca**
SI Analyst
13 years industry experience

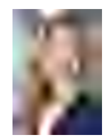
### SI Specialists (8 FTE SI Specialists)



**Karsten Guettler**
Head SI Specialists
Global
18 years industry experience



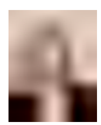
**Amy Farrell**
SI Specialist
Americas
27 years industry experience



**Eveline Maechler**
SI Specialist
DACH
3 years industry experience

**Juliette Vartikar**
SI Specialist
Benelux, Nordics, UK
13 years industry experience

**Yuan Jiang**
SI Specialist
APAC
13 years industry experience



**Sabine Bierich**
Content Specialist
2 years industry experience

**2 full-time**
SI Specialists
By 2022

**Supported by…**

**Quantitative Evidence and Data Science (QED)** (15 FTE)

**Bryan Cross**

**Analytics & Modelling (GRS)** (18 FTE)

**Stefan Scholz**

**Regulatory Management** (5 FTE)

**Juergen Dolle**

**Group Chief Sustainability Office** (25 FTE)

**Michael Baldinger**

**Collaborating with…**

**Equity Analysts**

55+ FTE Fundamental Equity Analysts

**Credit Analysts**

30+ FTE Fundamental Credit Analysts

Source: UBS Asset Management, as of January 10, 2022. Note: May not represent reporting lines.

UBS

# Our approaches to sustainable investing

## Exclusion

Exclusion of certain sectors or companies based on specific ESG criteria

## ESG Integration

Integration of material ESG factors into credit analysis and research recommendations used by active portfolio managers

## Sustainability Focus

Strategies where sustainability plays a significant role in the investment process and security selection (better in class approach)

## Impact

Investment strategies seeking to have positive social and environmental impacts alongside financial returns

**Measurement and reporting**

Measure and report ESG and/or Impact performance of companies and investment portfolios

**Stewardship**

Proactively engaging with companies to discuss material ESG issues

Source: UBS Asset Management, for illustrative purposes only.

# How is the fund aligned to Article 8?

## Criteria based on the UBS AM framework for UBS Sustainable Investing fund family members

| | | Measurement |
|---|---|---|
| Promoting Environmental/Social characteristic: Will: | Invest in companies so that the portfolio has a lower carbon profile than benchmark and/or a low absolute profile | Weighted Average Carbon Intensity[1] |
| | Invest in companies so that the portfolio has a better sustainability profile than benchmark[2] and/or have companies with sustainability profiles over 7 (scale 0-10 with 10=best ESG score) | UBS ESG consensus score[2] |
| Ensuring Good Governance | Do not invest in companies with an ESG risk flag (incl. governance) unless ESG risk recommendation of 1-3 (no investments in high and severe ESG risk) | UBS ESG risk assessment based on UBS ESG Risk Dashboard |
| Exclusions: As a principle do not invest in companies that produce/do: | Controversial weapons 1 (Ethix list): cluster munitions, anti-personnel mines, biological weapons, chemical weapons, nuclear weapons | Involvement entity list |
| | Controversial weapons 2: Depleted uranium | > 0% of revenues |
| | Thermal coal mining / extraction | > 20% of revenues |
| | Oil sands-based extraction | > 20% of revenues |
| | Tobacco | > 5% of revenues |
| | Adult Entertainment | > 5% of revenues |
| | Gambling (online / offline) | > 5% of revenues |
| | Conventional military weapons | > 10% of revenues |
| | Thermal coal-based energy production | > 20% of revenues |
| Adherence to "Do no significant harm" principle | Do not invest in companies with UN Global Compact compliance failures (without credible corrective action) | Failure entity list |
| | Do not invest in companies that failed in UBS AM engagement program, incl. climate-related engagements | Failure entity list |

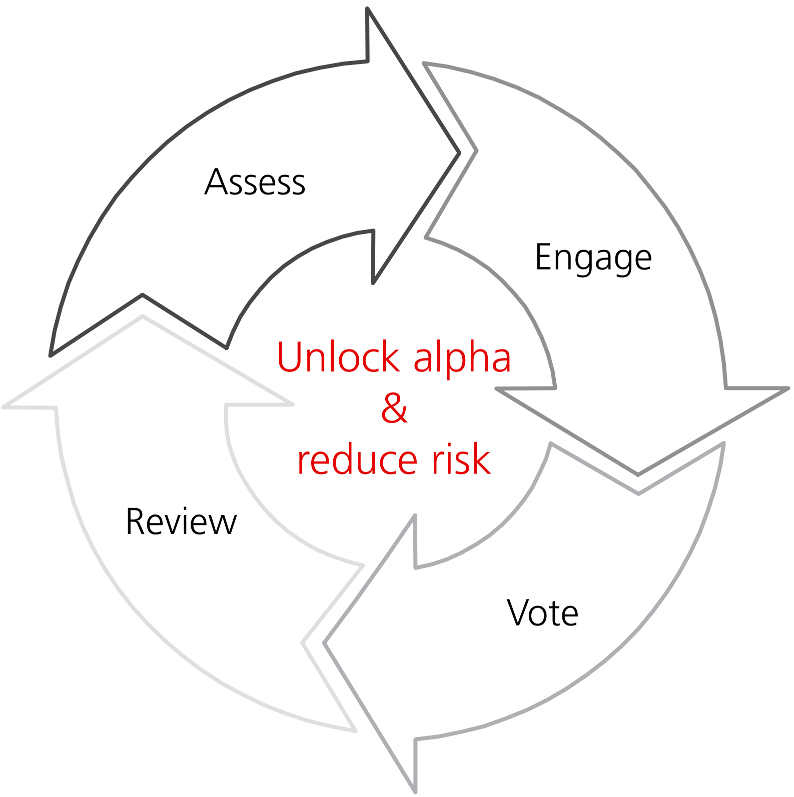
Source: UBS Asset Management, September 2021. For illustrative purposes only.

1 Portfolio Weighted Average Carbon-Intensity lower than benchmark; Absolute target: <100 tons of $CO_2$ emissions per million dollars of revenue

2 Where benchmark already has a strong sustainability profile, such as Europe the hurdle will be above an absolute score of 7 (0-10) on the UBS Consensus score

# Transparent and proactive investment stewardship

Leveraging our strength as a large, diversified asset manager to drive positive, material change




## Core part of the investment process

- Grounded in driving performance and avoiding downside risks
- High quality engagements on sustainability issues with senior executives and board members

## Combined strengths across active and index strategies

- Seeking to maximize outcomes by combining insights from active investments with voting power of index linked strategies[1]
- Stewardship approach pursued consistently across fixed income and equities on behalf of UBS-AM looking to maximize impact of engagement outcomes

## Strong external collaboration

- Helping to further ESG best practices across the investment industry
- Leading within the Climate Action 100+ coalition2
- Concrete outcomes including:
  - Repsol's Net Zero commitment (first in the industry)
  - Equinor's alignment of strategy with Paris Agreement

Source: UBS Asset Management, for illustrative purposes only.
1 In the 12-month period ended 31 December 2020, UBS gave instructions (based on AM's corporate governance principles) to vote on 115,222 separate resolutions at 11,616 company meetings, with 267 of these resolutions being directly related to environmental and social issues. Source: UBS Sustainability report 2020.
2 Source: www.climateaction100.org

# Issuer research example: ESG considerations led to change in analyst recommendation

European Airline: UBS-AM ESG risk recommendation 4, downgraded from UBS ESG risk recommendation 3

## Fundamental bottom-up analysis

Key points

- Leading low-cost European airline
- Quantitative
  - Solid FY 2019 results
  - Credit metrics expected to continue to improve
  - Improving profitability and FCF
- Qualitative
  - Successful expansion into new routes which is accretive to margins
  - Improving staff relations leading to lower risk of strikes and labor disputes
  - New planes will reduce fuel consumption

**UBS Fundamental Ranking (RFR)**

| | |
|---|---|
| 1 | Best in class |
| 2 | |
| 3 | |
| 4 | |
| 5 | Worst in class |

## ESG Fundamental bottom-up analysis

Key points

- Air travel is coming under increasing public scrutiny due to the carbon emissions associated with flying
- Risks:
  - Growing passenger numbers will lead to greater $CO_2$ emissions
  - Regulatory changes aimed at taxing $CO_2$ emissions would hurt profitability
  - Shift to rail could reduce demand
- Strengths:
  - Board is diverse and independent
  - Newer planes are more fuel efficient which may help offset $CO_2$ increases

**UBS ESG risk recommendation**

| Score | ESG risk | Forward Looking |
|---|---|---|
| 1 | Negligible | |
| 2 | Low | Positive |
| 3 | Moderate | Stable |
| 4 | High | Negative |
| 5 | Severe | |

## Relative value

Key points

- Change RV recommendation to underweight as we believe that market spreads do not fully capture the increasing importance investors are placing on airline emissions

**UBS Relative Value Recommendation**

| | |
|---|---|
| ✓ | Strong overweight |
| ✓ | Overweight |
| ✓ | Neutral |
| ✓ | Underweight |
| ✓ | Avoid |

Deteriorating environmental criteria had a negative impact on our relative value assessment to underweight

UBS

Note: For illustrative purposes only. Not a recommendation to purchase or sell any security

# Why UBS Fixed Income for Sustainable solutions?

Embedding ESG factors to generate opportunities and mitigate risks

Focus on ESG factors that are

Relevant and material
to the investment thesis

Sustainable Investment Research team

Dedicated SI team focusing
on ESG specific research
and engagement

Standardized ESG integration across asset classes

Proprietary ESG Risk Dashboard
to identify ESG risks

UBS-AM ESG Methodology Committee

Providing oversight on the
ESG roadmap

Research analysts

Assign UBS-AM:

- ESG risk recommendation
- Forward-looking views for corporates

Team

3 dedicated SI champions +

1 dedicated FI ESG expert (tbd)

Source: UBS Asset Management.
Note: For illustration purpose only.

Section 5

# Biographies

# Matthew A. Iannucci, CFA

## Senior Portfolio Manager
## Managing Director

Years of investment industry experience: 27

Education: Oswego School of Business, State University of New York (US), BS

Matthew Iannucci is the lead portfolio manager for US high yield corporate bonds. Matthew's responsibilities include coordinating all US high yield portfolio construction and analysis efforts, formulating strategy across mandates, and trading.

Matthew is a member of the Global High Yield strategy Team.

Prior to his current role, Matthew performed in other investment capacities that contributed to the high yield business. As a credit research analyst, Matthew focused on industrials and services. Matthew began his career as a portfolio analyst, where he was responsible for providing portfolio risk assessments, performance attribution and trading.

Matthew is CFA Charterholder and a member of the CFA Institute.

Note: As at March 2022

# Anders Nelson, CFA

## Trader / Associate Portfolio Manager
## Associate Director

Years of investment industry experience: 6

Education: Swiss Federal Institute of Technology (ETH), Zurich (Switzerland), BS and MS

Anders Nelson is a trader/associate portfolio manager in the US High Yield team in Chicago. His responsibilities include trading and assisting in managing the high yield credit portfolios.

Prior to joining the High Yield team in October 2018, Anders was a graduate trainee in UBS Asset Management within Fixed Income based in Zurich. Before joining UBS Asset Management Anders undertook a number of internships with a focus on Fixed Income.

Anders has a Bachelor's degree in Engineering and a Master's degree in Business. He is a CFA charterholder.

Note: As at March 2021

# Anaïs Brunner

## Fixed Income Specialist
## Director

Years of investment industry experience: 11

Education: University of Surrey, BSc (Hons)

Anaïs Brunner is a Fixed Income Specialist with a focus on High Yield credit strategies and Sustainable Investing. In this role she communicates our investment capabilities to clients and consultants as well as providing the link between the fixed income investment team and client relationship managers. Anaïs also develops new business and provides and coordinates regular portfolio strategy commentaries.

Anaïs is a member of the Global High Yield strategy Team.

Anaïs joined UBS Asset Management in 2011. Prior to this she undertook a one year industrial placement at UBS Asset Management within the Global Communications and Consultant relationship team.

Anaïs holds the Investment Management Certificate (Level 4).

Note: As at March 2021

Section 6

# Disclaimers

# Performance: UBS Bond Short Duration HY

## GIPS Disclosure

**UBS Asset Management (the Firm) claims compliance with the Global Investment Performance Standards (GIPS) and has prepared and presented this report in compliance with the GIPS standards. UBS Asset Management has been independently verified for the periods January 1, 2002 through December 31, 2019. The verification reports are available upon request. Verification assesses whether (1) the Firm has complied with all the composite construction requirements of the GIPS standards on a Firm-wide basis and (2) the Firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.**

**Performance : UBS Bond Short Duration HY**
**March 01, 2011 Through December 31, 2020**

**Amounts and returns expressed in USD (US DOLLAR)**

| Year | Gross Asset-Weighted Return (%) | Net Asset-Weighted Return (%) | Benchmark Return (%) | Composite 3-Yr St Dev (%) | Benchmark 3-Yr St Dev (%) | # of Portfolios End of Period | Total Composite Assets End of Period (millions) | Asset Weighted Dispersion (%) | Composite Assets as % of Firm Assets |
|---|---|---|---|---|---|---|---|---|---|
| 2011* | 3.04 | 1.96 | N/A | N/A | N/A | 1 | 809 | N/A | 0.16 |
| 2012 | 7.60 | 6.25 | N/A | N/A | N/A | 1 | 2,054 | N/A | 0.37 |
| 2013 | 5.12 | 3.80 | N/A | N/A | N/A | 1 | 2,417 | N/A | 0.42 |
| 2014 | 1.31 | 0.04 | N/A | 2.05 | N/A | 1 | 1,885 | N/A | 0.32 |
| 2015 | 0.65 | -0.61 | N/A | 2.26 | N/A | 1 | 1,161 | N/A | 0.20 |
| 2016 | 5.00 | 3.69 | N/A | 2.11 | N/A | 1 | 1,088 | N/A | 0.19 |
| 2017 | 4.24 | 2.94 | N/A | 1.81 | N/A | 1 | 840 | N/A | 0.12 |
| 2018 | 1.61 | 0.33 | N/A | 1.38 | N/A | 1 | 642 | N/A | 0.09 |
| 2019 | 8.87 | 7.50 | N/A | 1.86 | N/A | 1 | 561 | N/A | 0.07 |
| 2020 | 4.49 | 3.18 | N/A | 6.18 | N/A | 1 | 922 | N/A | 0.07 |

* Performance Presented for Mar, 2011 through Dec, 2011. No statistics are annualized.
** 3 yr standard deviations are based on the gross returns

1. The composite invests primarily in high-yield corporate bonds with a focus on shorter duration issues selected using strict criteria. When selecting issuers, emphasis will be on issuers with a higher quality bias. Provides investors seeking exposure to High Yield as an asset class with a potentially less volatile risk/return profile compared with a full market High Yield strategy. The Composite Creation Date is 28 Feb 2011. For this composite investment strategy, there is no appropriate benchmark available.
2. The Firm is defined as all actively and passively managed institutional and retail accounts of UBS Asset Management ("the Firm") throughout the world. The Firm was incepted in January 01, 2002 following the reorganisation of the asset management divisions of UBS AG under a single Asset Management brand. The performance record prior to 2002 is that of the local asset management division which managed the composite, and has been prepared in compliance with GIPS from the inception date of this composite. The composites are administrated out of UBS Asset Management Basel office. The firm, UBS Asset Management - Fund Management Switzerland has complete discretion for all investment activities within the fund. As per January 1st, 2010 the three Firms: UBS Global Asset Management Switzerland - Retail Fund Management, UBS Global Asset Management Switzerland - Institutional Fund Management and UBS Global Asset Management Switzerland - AST Fund Management were merged into UBS Global Asset Management - Fund Management Switzerland. The Firm includes all traditional UBS branded Wholesale, Institutional and AST Funds domiciled in Switzerland or Luxembourg. Policies for valuing portfolios, calculating performance and preparing compliant presentations are available upon request. As per October 5th, 2015 the company name was changed from UBS Global Asset Management to UBS Asset Management. This change of the firm's name does not impact the definition and scope of the GIPS firm or the composites.
3.

| Year | Total Risk % | Derivative Risk % |
|---|---|---|
| 2014 | 99.4 | 0.0 |
| 2015 | 98.5 | 0.0 |
| 2016 | 99.2 | 0.0 |
| 2017 | 98.0 | 0.0 |
| 2018 | 98.8 | 0.1 |
| 2019 | 98.0 | 0.0 |
| 2020 | 102.7 | 6.3 |

Explanation of the table above: All figures presented are fully in-line with the KKV-FINMA guideline on the use of derivative instruments for collective investments. The Total Risk is the sum of the direct investment exposure (Total Exposure net) and the derivative risk (Global Exposure net). The direct investment exposure (Total Exposure net) is calculated as the market value of all direct investments, excluding cash and other liquid assets. The derivative risk (Global Exposure net) is the sum of the net credit-, currency- and market-risk. The market risk consists of equity-, interest- and commodity-risk. Derivative financial instruments are only used in the course of ordinary management of portfolio assets and to hedge the currency risk exposure. Leverage in the sense of short sales may not be used. Investment Transactions are accounted for on a trade date basis.

4. Performance is calculated on a time-weighted return basis, taking into account the accrued interests and dividends, i.e. the gross distribution (before withholding tax is deducted) - and including pre-tax charges.
5. The performance is calculated net-of-fees. The gross-of-fee returns are calculated based on all fee components excluding transaction costs. This composite has a 100% flat fee of max. 175 bps p.a. (this represents the highest possible standard fee for this composite). Due to the varying client segmentation the charged fee for this composite can differentiate. The bundled fee includes all charges for portfolio management, custody, and other administrative fees. The only costs not covered are transaction costs incurred in the administration of the fund's assets (brokerage fees in line with the market, fees, duties, etc. as well as any applicable taxes).
6. Composite dispersion represents the consistency of the Firm's composite performance results with respect to the individual portfolio returns within the composite. Presented is the asset-weighted dispersion (standard deviation) of the portfolios within the composite. Only portfolios in the composite for each full time period are included in the dispersion calculation and no dispersion is presented for composites consisting of only a single portfolio. The 3 year annualized ex-post standard deviations are based on monthly returns, shown starting with the first full 3 year calendar period.
7. A complete list of all Firm composite descriptions is available upon request. The composite's past performance is not necessarily an indication of how it will perform in the future.

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# China's fast-growing onshore bond market – too big to ignore

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

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September 2021

# Table of contents



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# Why China Fixed Income

## Market opportunity

1. China market size and index inclusion
2. China bonds – attractive yield and diversification
3. Accessibility no longer an issue
4. The rise of CNY as reserve currency

## Our Solution: UBS China Fixed Income

1. Attractive income source in low interest rate world
2. Safe haven asset class
3. Efficient access to China onshore with experienced, longstanding team

Source: UBS Asset Management.

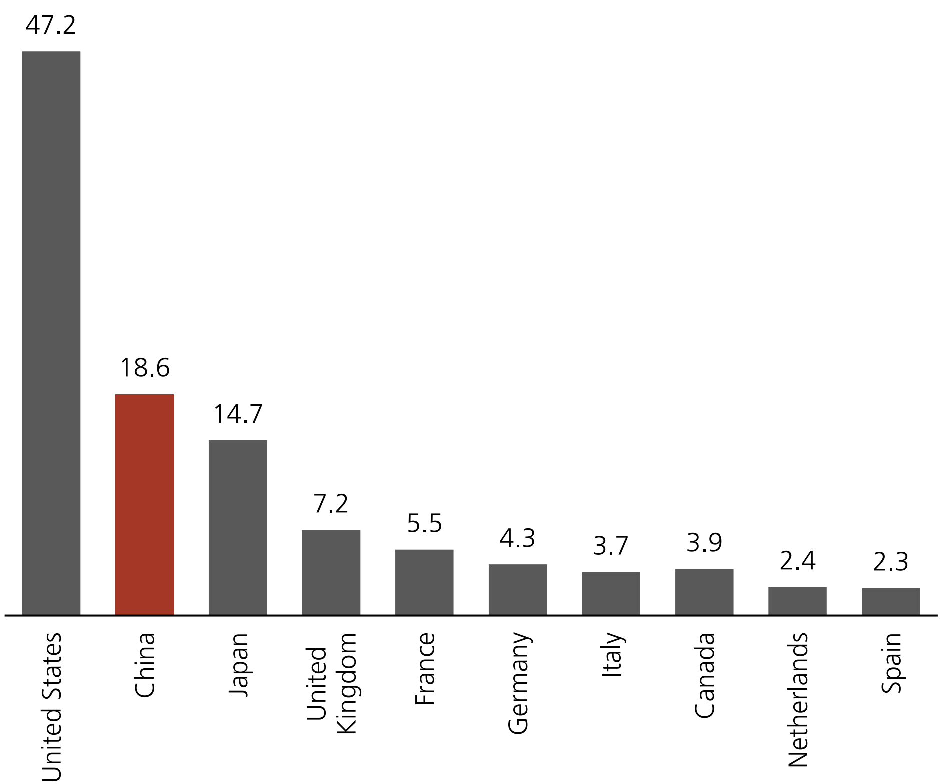
Section 1

# Why invest into China bonds?

# Second largest bond market, but under-represented

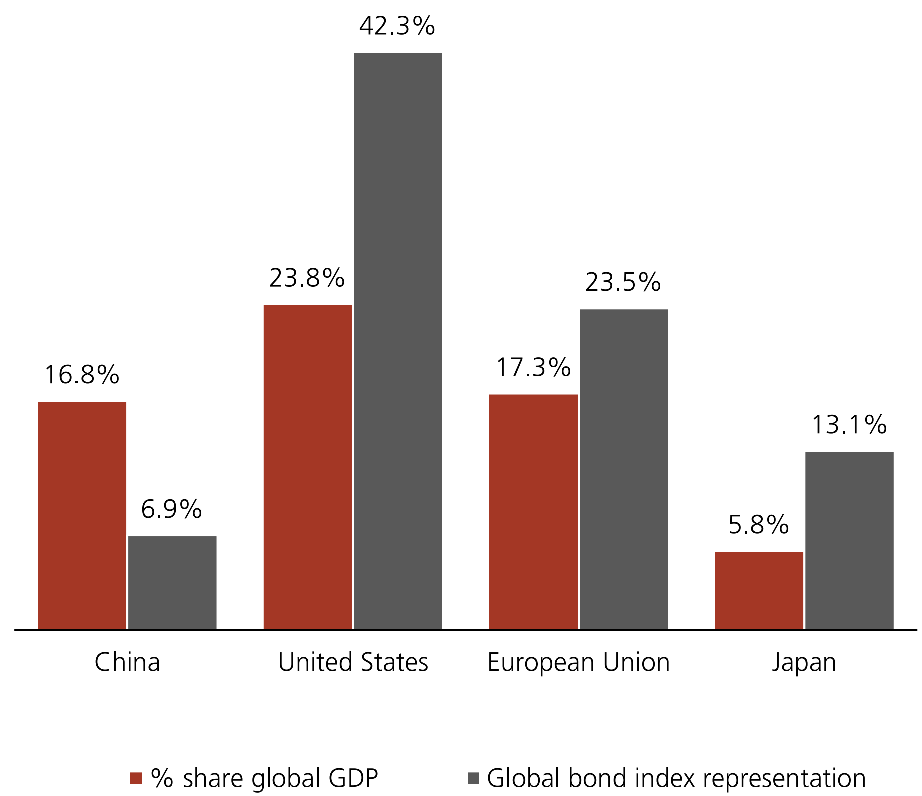
China accounts for 16% of the world's GDP, but only makes up 6.9% of major global bond indices

**Bond market size**
USD trn




Source: Bloomberg, BIS Total Debt Securities issued, as of end August 2021

**% of global GDP and representation in major global indices**




Source: Bloomberg. World Bank, BIS Total Debt Securities issued, as of 2020. GDP estimates per World Bank, 2019. Index representation per Bloomberg Global Aggregate Index. As of end December 2020.

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# Global index inclusion will lure more foreign investors

## The market remains under-owned by foreign investors

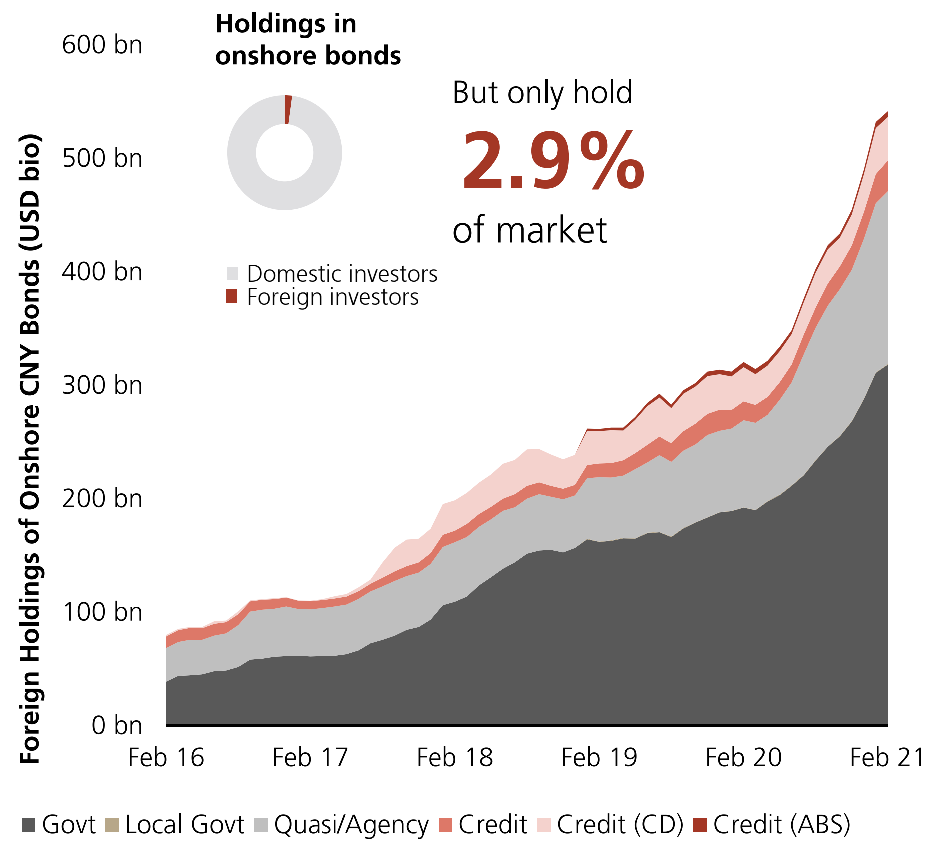
### Global index inclusion

- **Bloomberg Barclays Global Aggregate**
  inclusion finished in Nov 2020, 6% weight
- **JPM index series**
  inclusion finished in Dec 2020, 10% weight
- **FTSE Russell World Government Bond Index**
  inclusion starting in Oct 2021, estimated target weight of 6.7%

- Index inclusion target weights in major bond indices


Source: Bloomberg, JP Morgan, WIGBI, UBS Asset Management. As of February 2021
The China Aggregate Index is a component of the new "Global Aggregate + China" index

### Foreign ownership increasing at rapid pace




Source: WIND. ABS = Asset-backed securities. CD = Certificate of deposits. As of end February 2021

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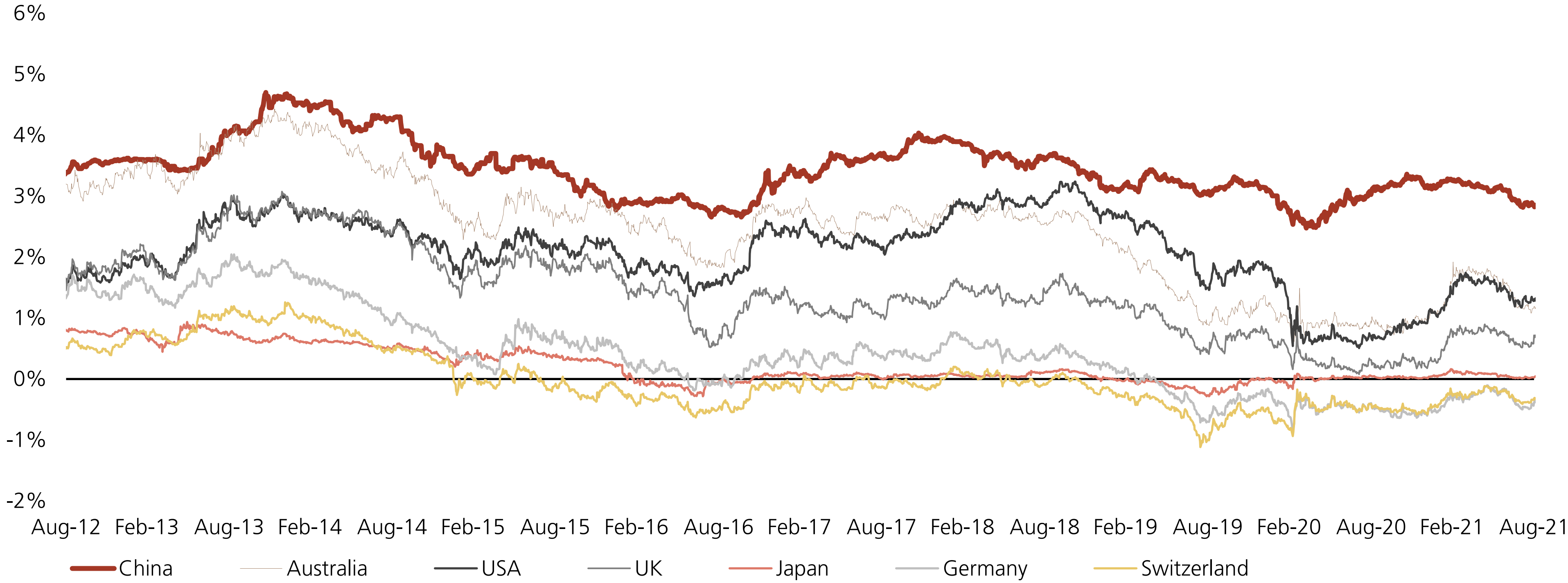
# Higher yields compared to major developed markets

The China bond markets offers a yield pick-up in excess of 1-3% relative to major global bond markets

**Nominal yields**




| Yields | US | China | Germany | Japan | UK | Switzerland | Australia |
|---|---|---|---|---|---|---|---|
| Latest | 1.31% | 2.85% | -0.38% | 0.03% | 0.71% | -0.32% | 1.16% |
| MTD Change | 0.09% | -0.01% | 0.08% | 0.00% | 0.15% | 0.05% | -0.03% |
| YTD Change | 0.40% | -0.30% | 0.19% | 0.00% | 0.52% | 0.23% | 0.19% |

Source: Bloomberg. Based on 10-year sovereign yields. As of end August 2021

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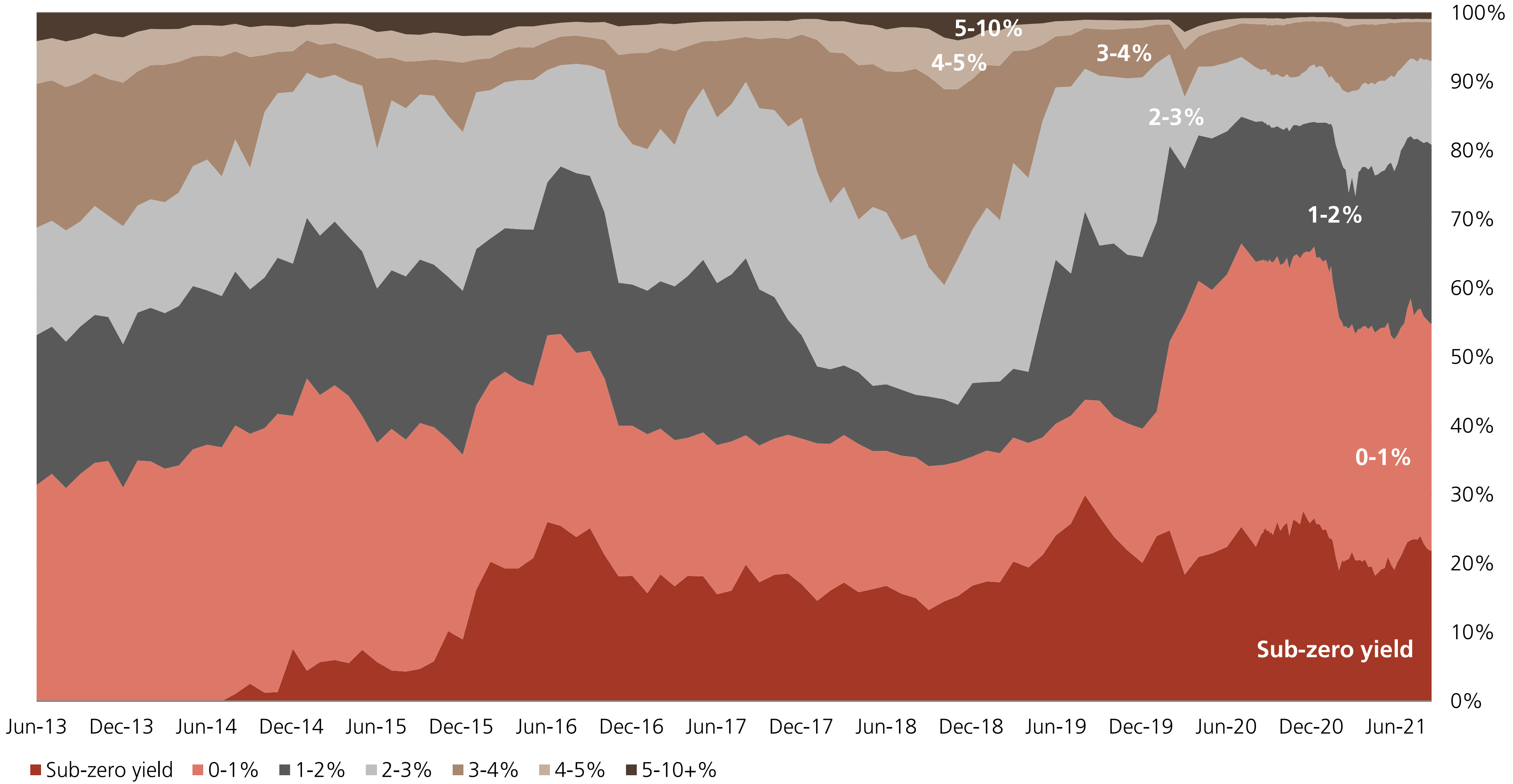
# Asian credit bonds provide strong income proposition

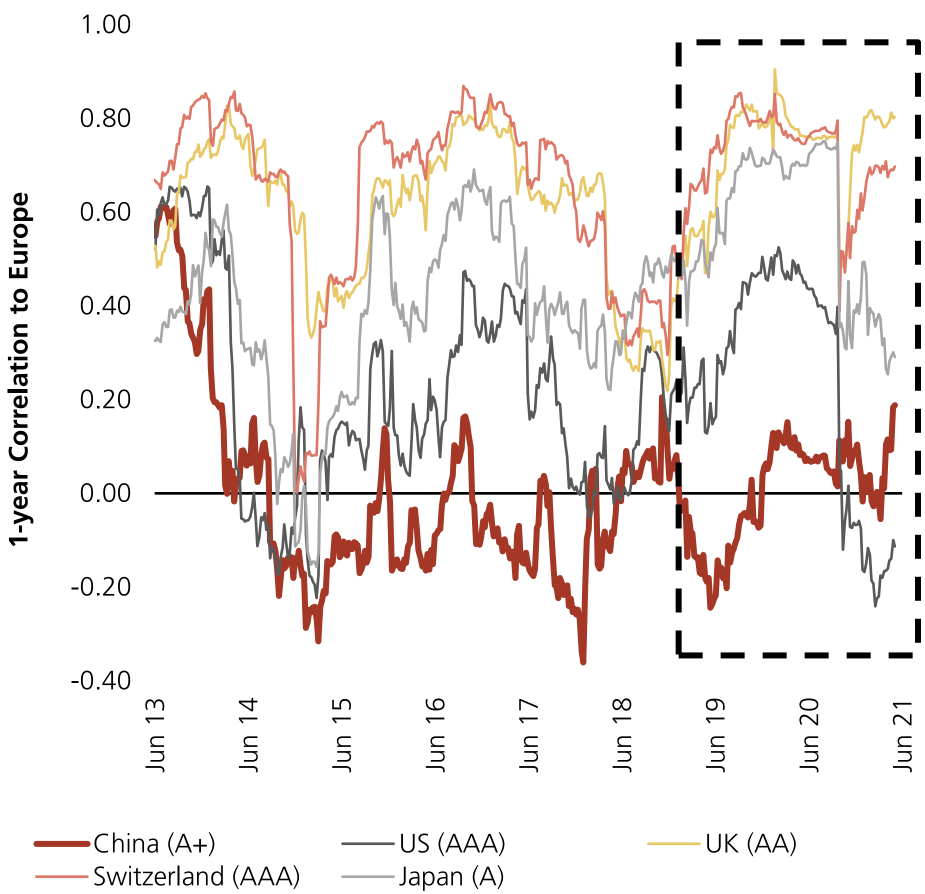
## Amount of low and negative yielding bonds increased substantially globally



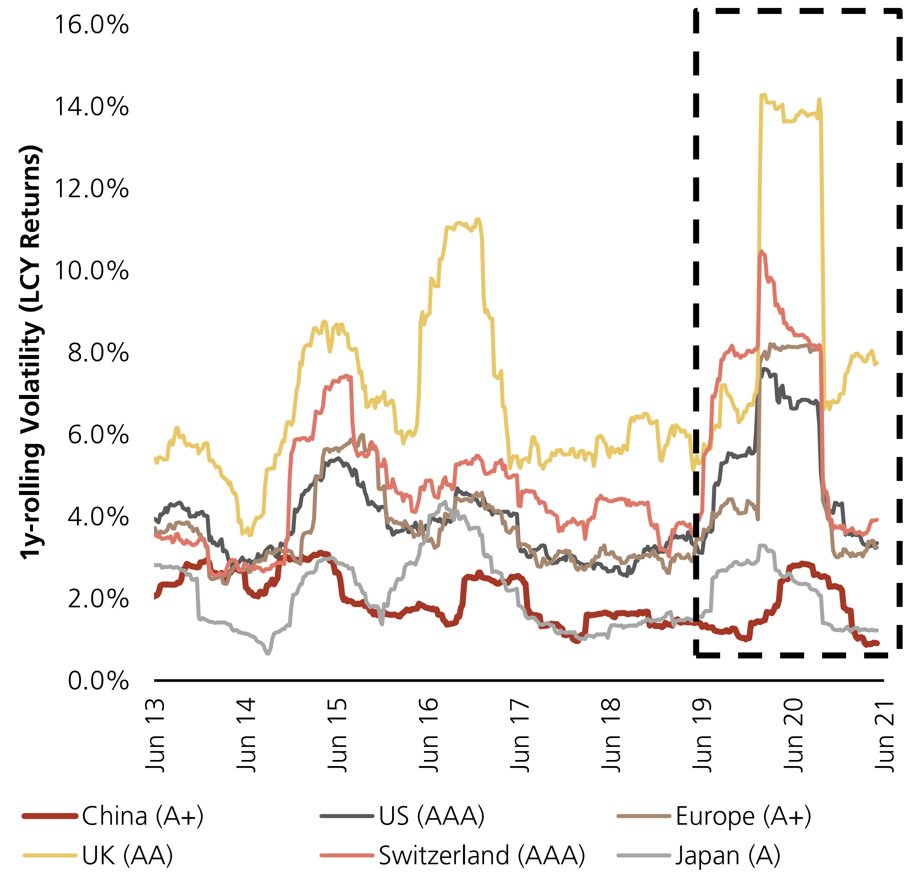

Source: Bloomberg, Bloomberg Global Aggregate Index MV USD. As of end August 2021

# What happened in 2020 bond markets with COVID-19?

**Bond markets were more correlated…**



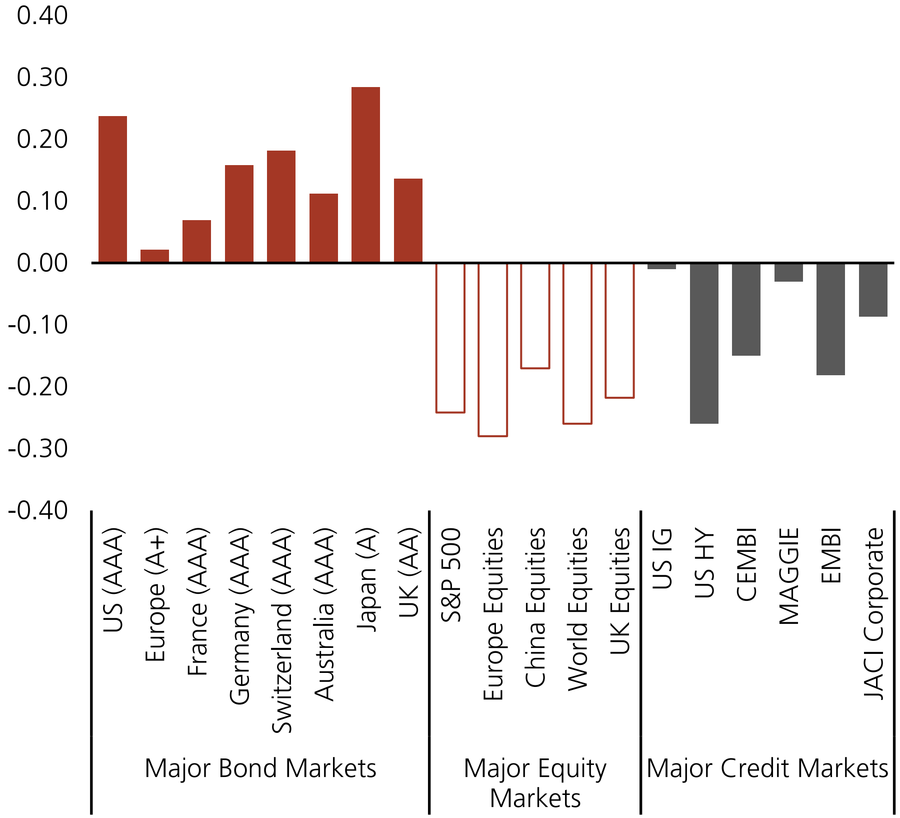

**… and were more volatile**




Source: Bloomberg.
China (A+): Bloomberg Barclays China Agg Index, US (AAA): J.P. Morgan GBI US, UK (AA): J.P. Morgan GBI UK, Switzerland (AAA): Swiss Bond Index (SBI), Japan (A): J.P. Morgan GBI Japan, Europe (A+): J.P. Morgan GBI EMU. As of end June 2021

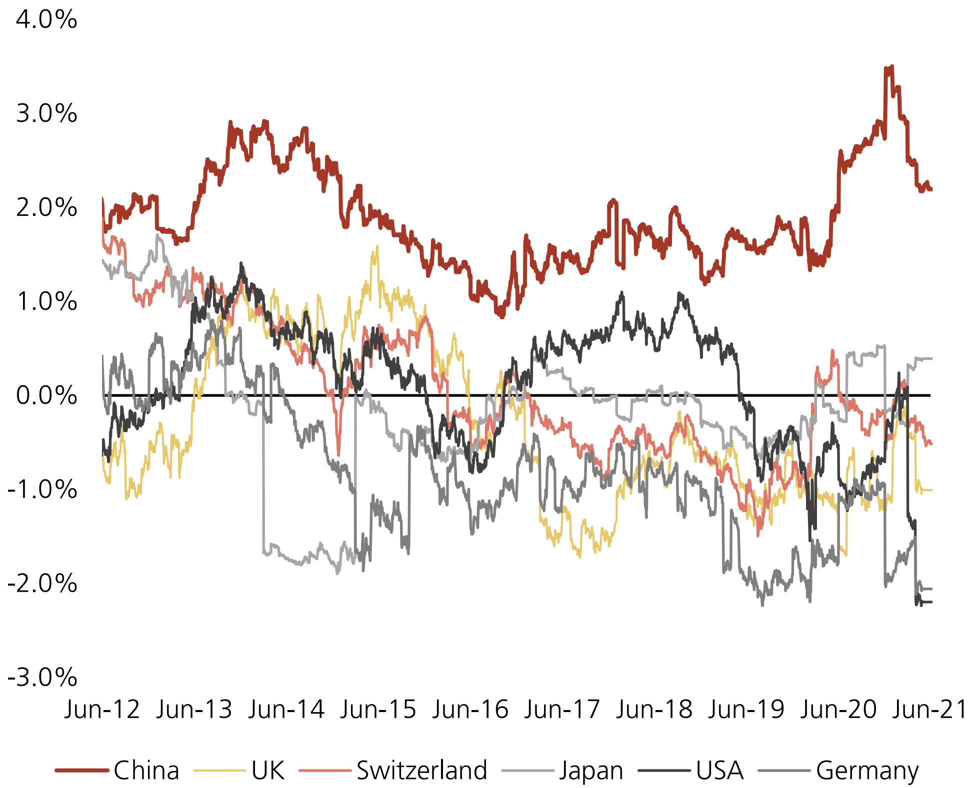
# Positive real yielding asset with diversification benefits

## Diversification benefits through low correlations (5 years)




## Wealth preservation with China bonds

Sovereign real yields (based on core CPI)




Source: *Bloomberg*

*Note: (1) Correlations are made to the China bond market, represented by Bloomberg Index I08271CN. (2) Major equity markets are represented by the following indexes: (S&P 500) Bloomberg code: SPX:IND; Europe Equities represented by EURO STOXX 50 Index, Bloomberg code: SX5E:Ind; China Equities: represented by Shanghai Stock Exchange Composite Index. Bloomberg code: SHCOMP; World Equities represented by MSCI World Index, Bloomberg code: MXWO; UK Equities represented by FTSE 100 Index, Bloomberg code: UKX.*

(3) Left hand side chart: China (A+): Bloomberg Barclays China Agg Index, US (AAA): J.P. Morgan GBI US, Europe (A+): J.P. Morgan GBI EMU, France (AAA): J.P. Morgan GBI France, Germany (AAA): J.P. Morgan GBI Germany, Switzerland (AAA): Swiss Bond Index (SBI), Australia (AAA): J.P. Morgan GBI Australia, Japan (A): J.P. Morgan GBI Japan, UK (AA): J.P. Morgan GBI UK. (4) Indices used are in local currency.

Data as of end June 2021

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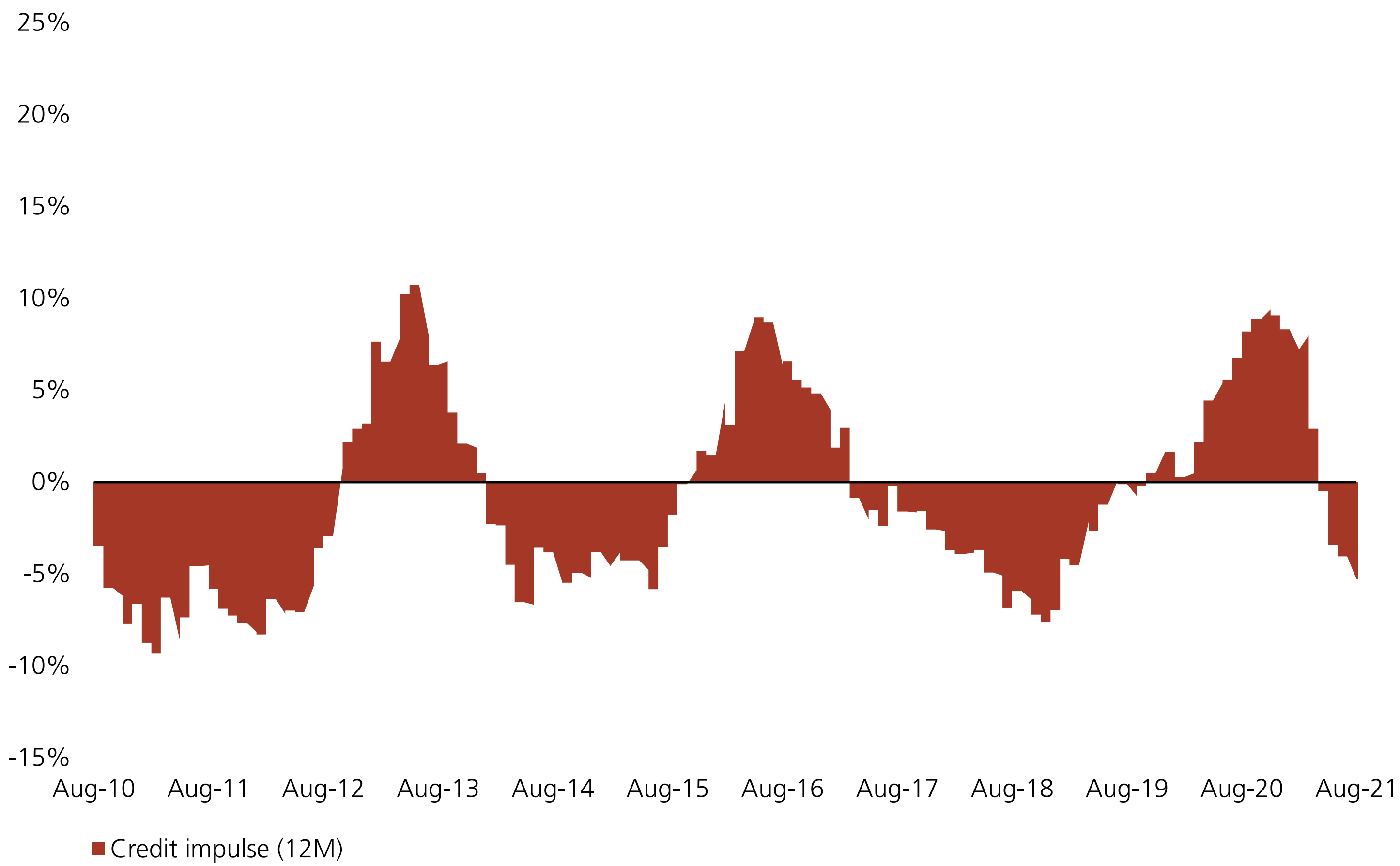
Section 2

# How to invest into the China bond market?

# China credit impulse as forward-looking indicator

**Bloomberg China Credit Impulse (yoy % change)**




Source: Bloomberg. As of end August 2021

## Credit impulse

Measures change in new credit issued as a percentage of GDP

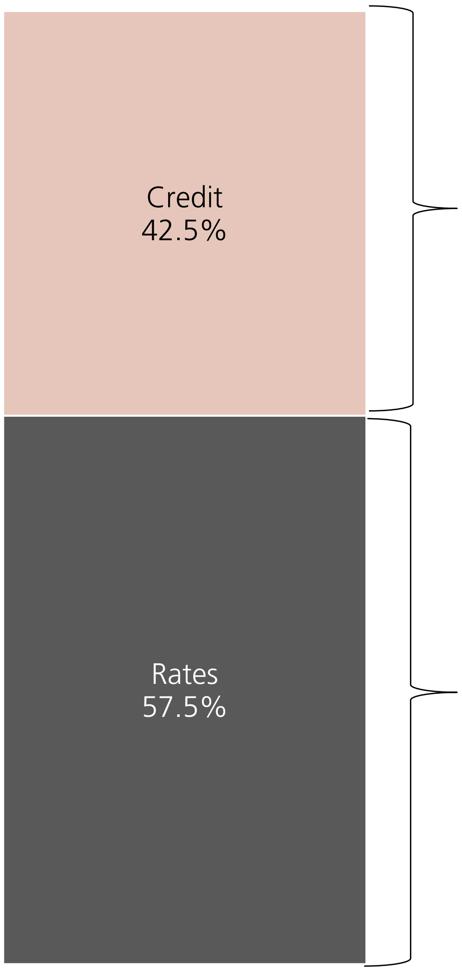
China's credit impulse signals economic and investment activity inflection points

China's policy approach has contrasted with global policy measures in the past year

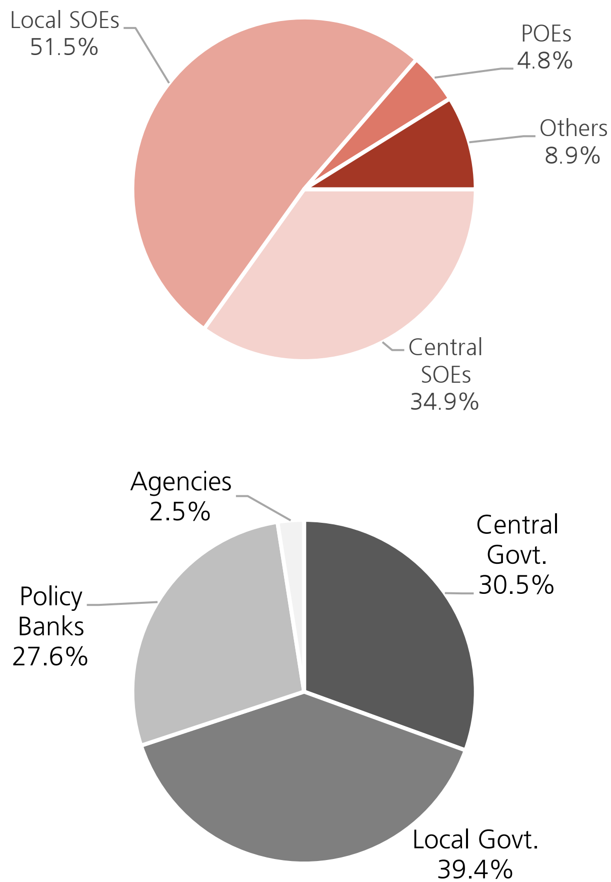
UBS

# Breakdown of the onshore bond market

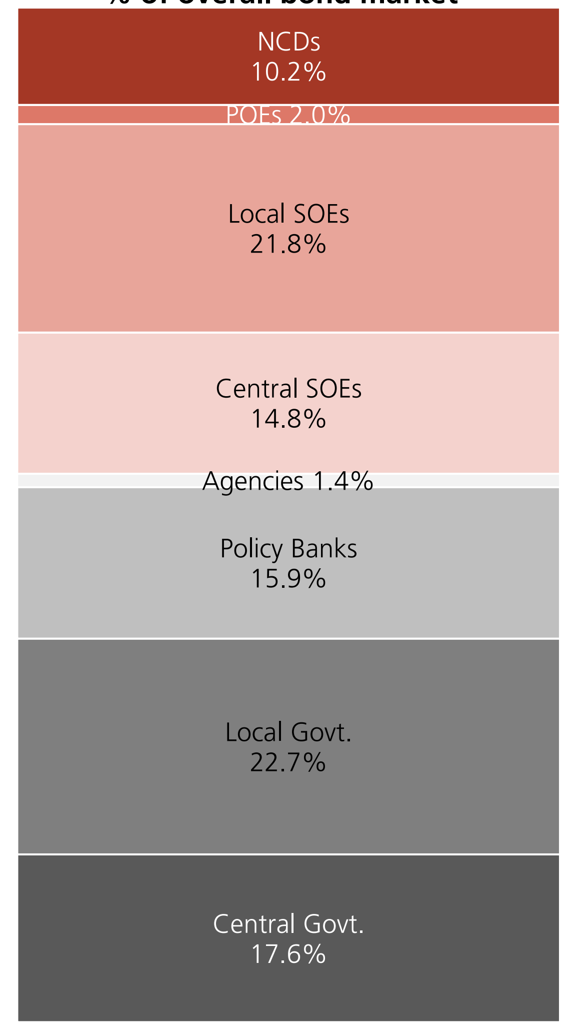
**Bond market composition**




**Breakdown by issuer type**



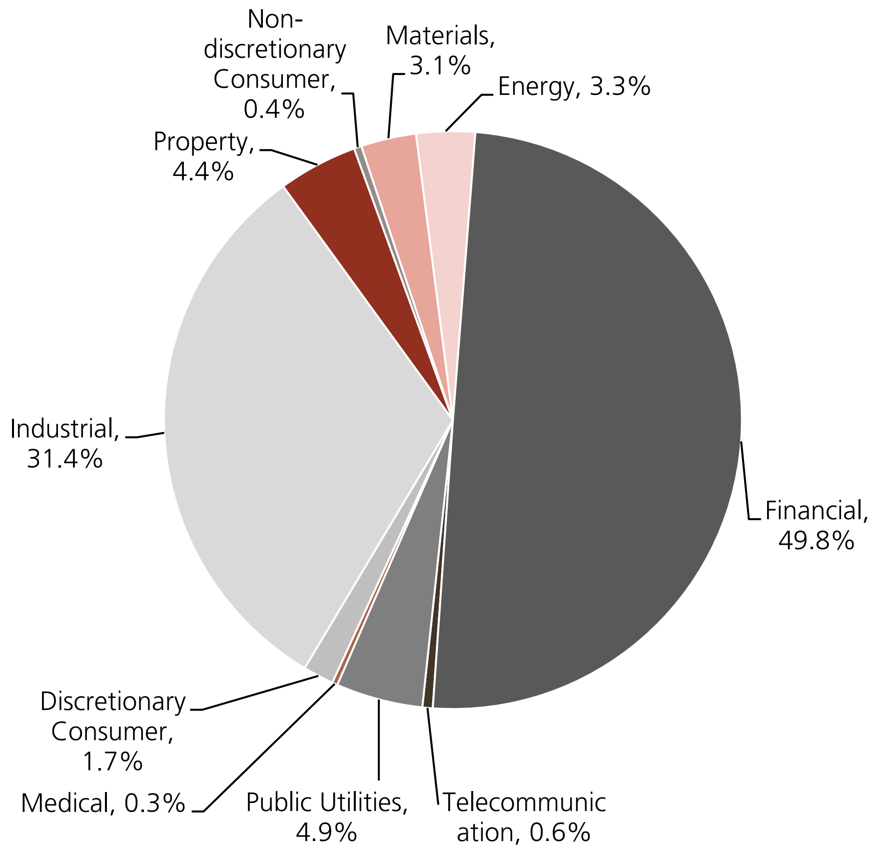

**% of overall bond market**



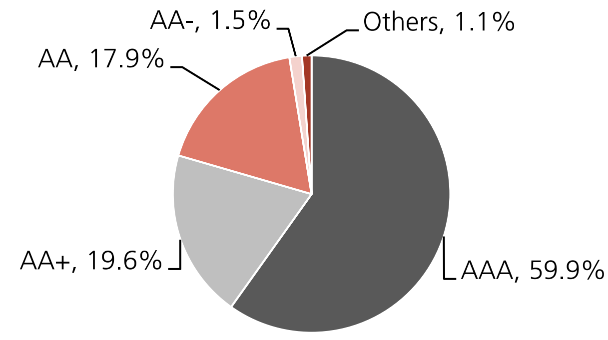

Source: WIND, UBS Asset Management. SOEs = State owned enterprises. POEs = Private owned enterprises . As of end June 2021

# A closer look at onshore credit markets

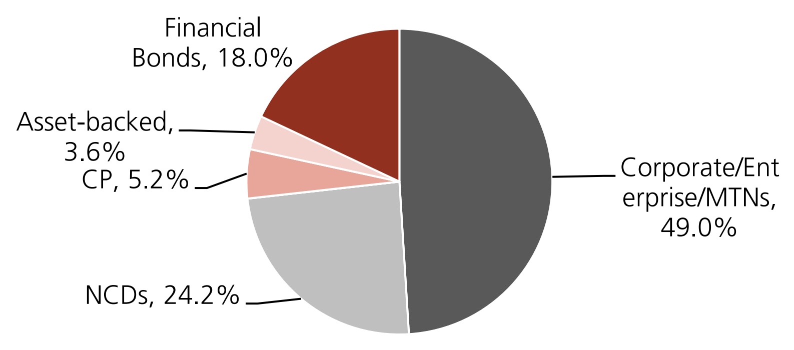
### Sector breakdown




### Onshore credit rating breakdown



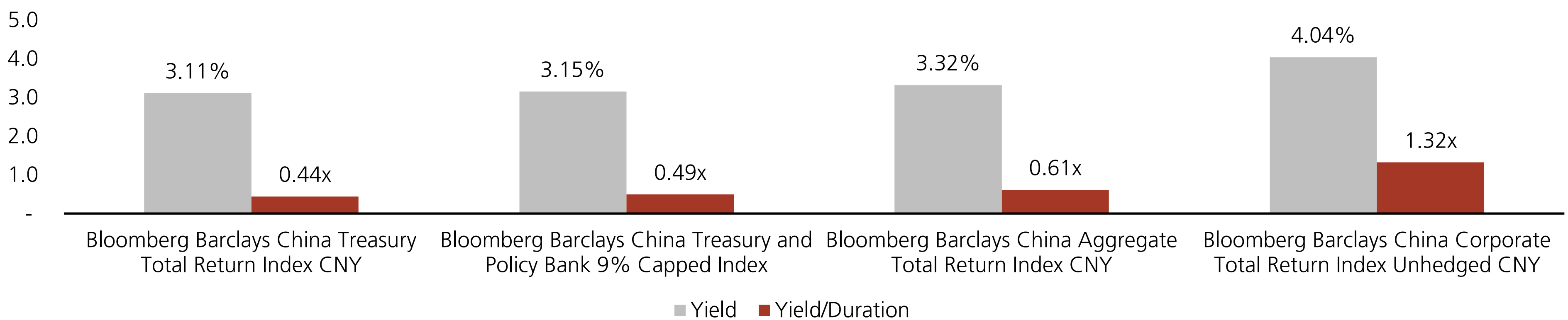

### Bond type breakdown




Source: WIND, UBS Asset Management. As of end October 2020

# Different segments of the universe

## The China onshore bond market continues to mature and is gaining more depth



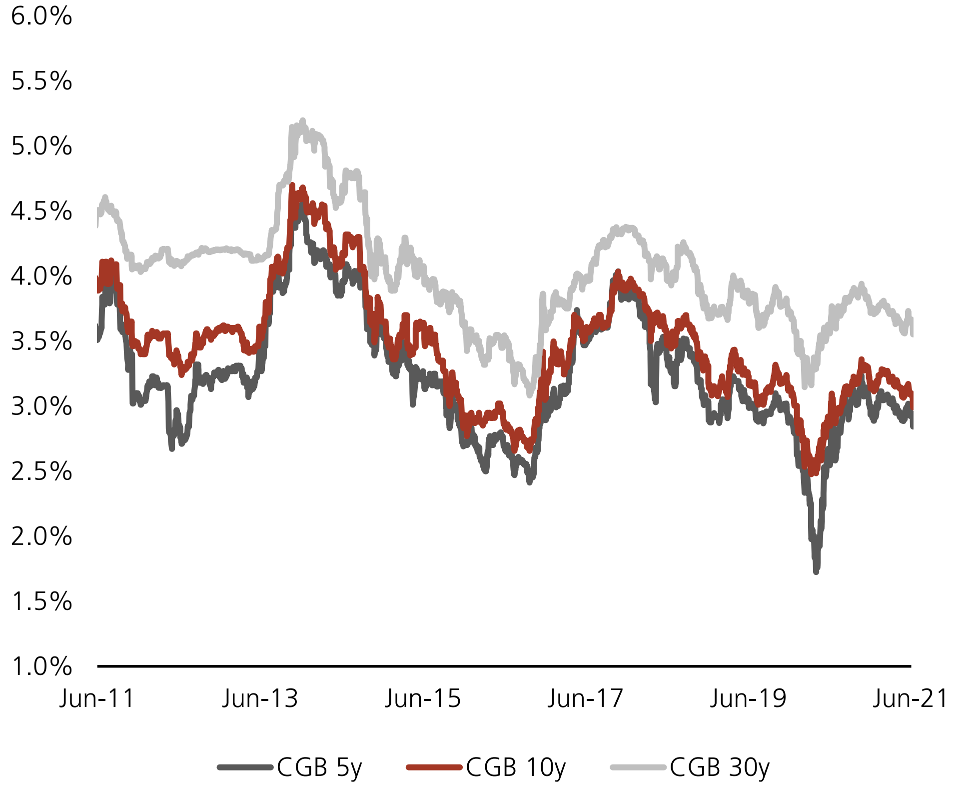

| | ONSHORE | | | Rapidly developing segments… | |
|---|---|---|---|---|---|
| **7y rolling** | **China Treasury** | **China Treasury + Policy Bank** | **China Aggregate** | **China Agencies** | **China Corporates** |
| Cumulative Return | 38.15% | 39.01% | 41.65% | 43.67% | 46.26% |
| Annualised Return | 4.72% | 4.81% | 5.10% | 5.31% | 5.58% |
| Volatility (annualised) | 2.98% | 2.83% | 2.63% | 2.81% | 2.06% |
| Ex-Post Return/Vol Ratio | 1.59 | 1.70 | 1.94 | 1.89 | 2.71 |
| Average Monthly Return | 0.39% | 0.40% | 0.42% | 0.44% | 0.46% |
| Best Monthly Return | 2.30% | 2.14% | 1.95% | 1.99% | 1.74% |
| Worst Monthly Return | -1.85% | -1.90% | -2.07% | -2.39% | -1.92% |
| Yield | 3.12 | 3.19 | 3.33 | 3.45 | 4.00 |
| Duration | 7.21 | 6.44 | 5.42 | 4.39 | 2.72 |
| Mkt Value (USD bio) | 13'894 | 29'579 | 46'110 | 20'291 | 2'649 |
| Yield per Unit Duration | 0.43 | 0.49 | 0.61 | 0.79 | 1.47 |
| Quality | A1/A1 | A1/ A1 | A1/A2 | A1/A2 | Baa1/Baa2 |

China Treasury — Bloomberg Barclays China Treasury Total Return Index CNY
China Treasury + Policy Bank — Bloomberg Barclays China Treasury and Policy Bank 9% Capped Index
China Aggregate — Bloomberg Barclays China Aggregate Total Return Index CNY
China Agencies — Bloomberg Barclays China Agencies Total Return Index Unhedged CNY
China Corporate — Bloomberg Barclays China Corporate Total Return Index Unhedged CNY

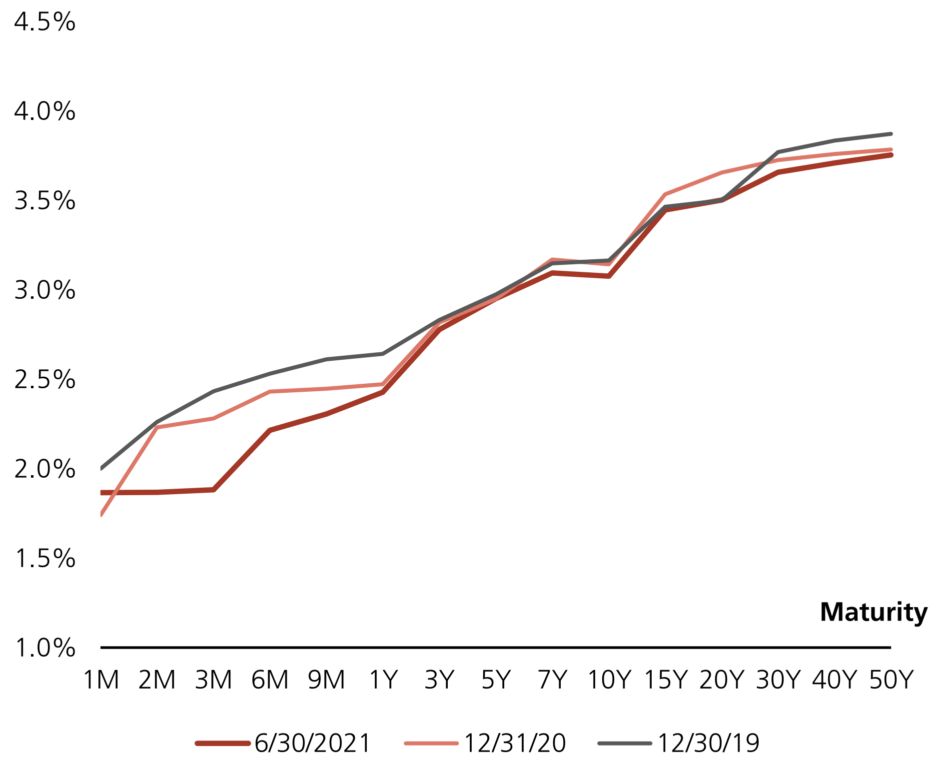
Source: Bloomberg. As of end December 2020

# Chinese government bond yield curve

**China government bond yields**




**China government bond yield curves**




Source: Bloomberg, ChinaBond. As of end June 2021

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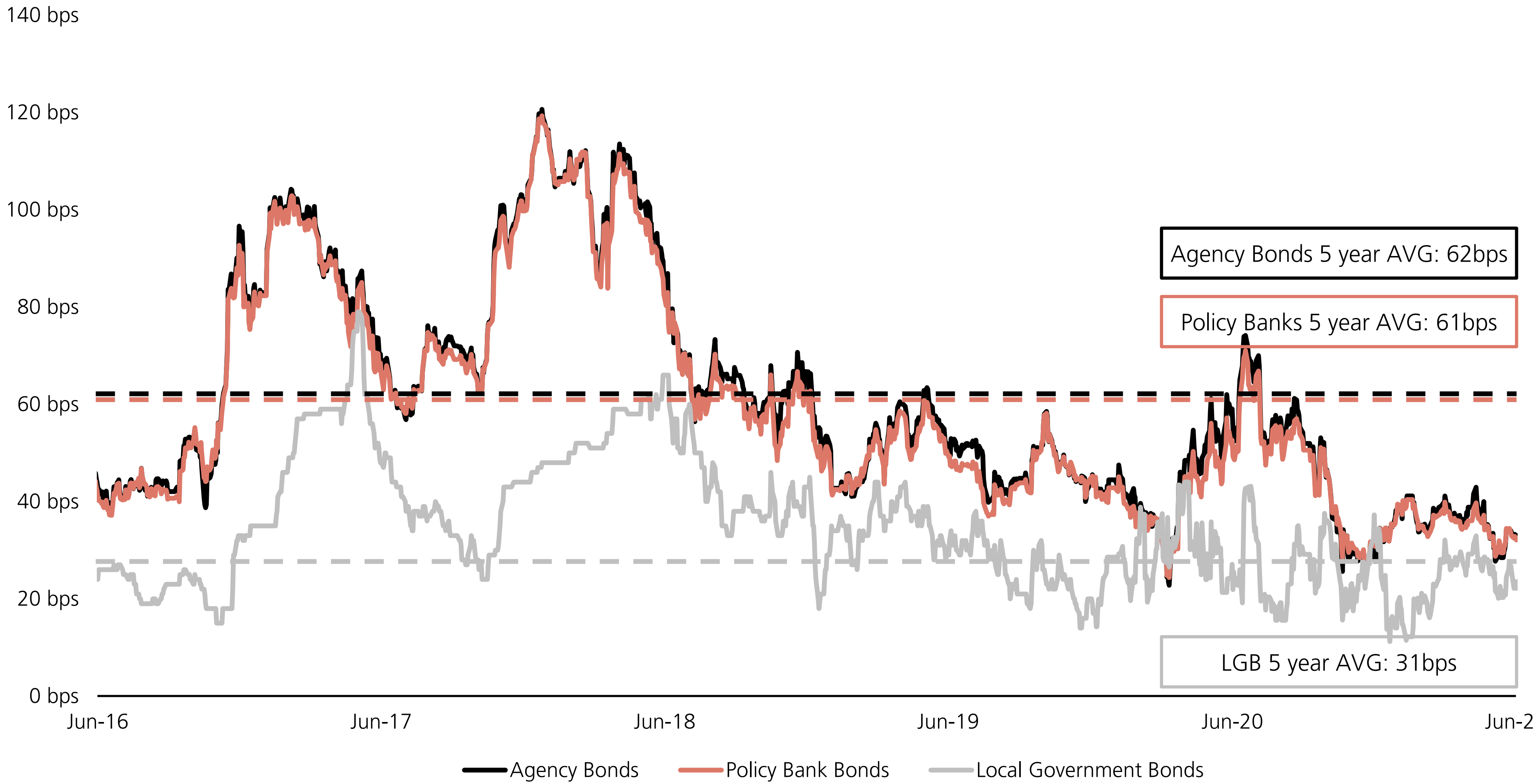
# Investment opportunities - Rates

## Local government bonds and policy bank bonds are near their historical tights




Source: Bloomberg. As of end June 2021

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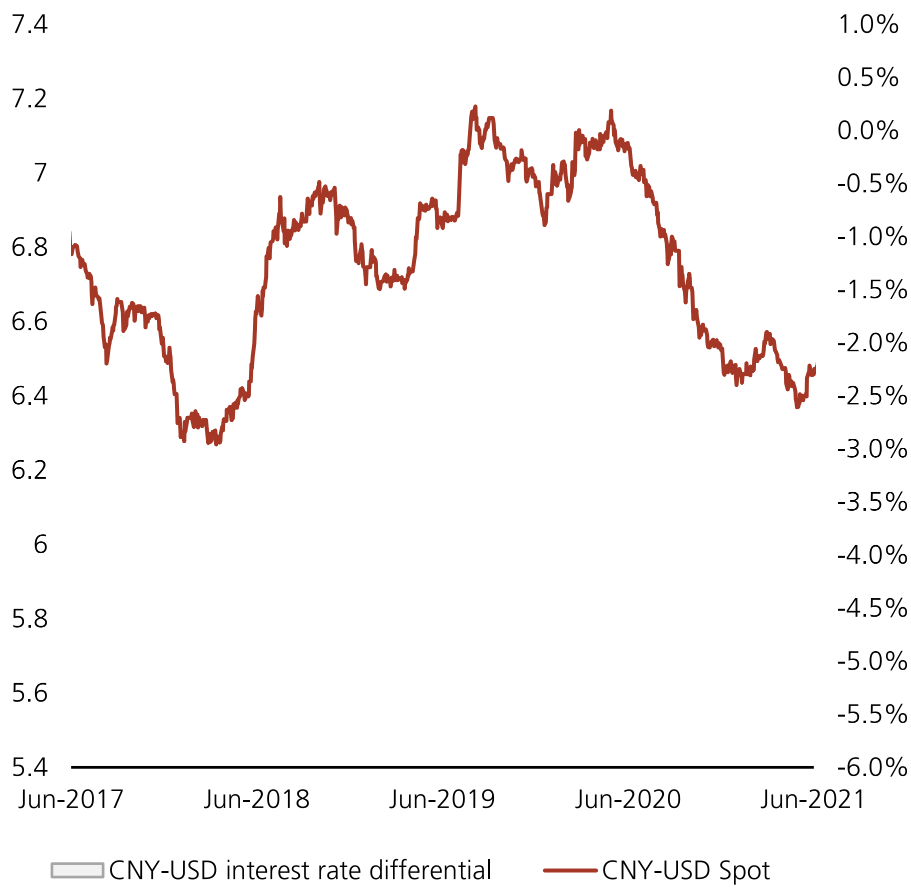
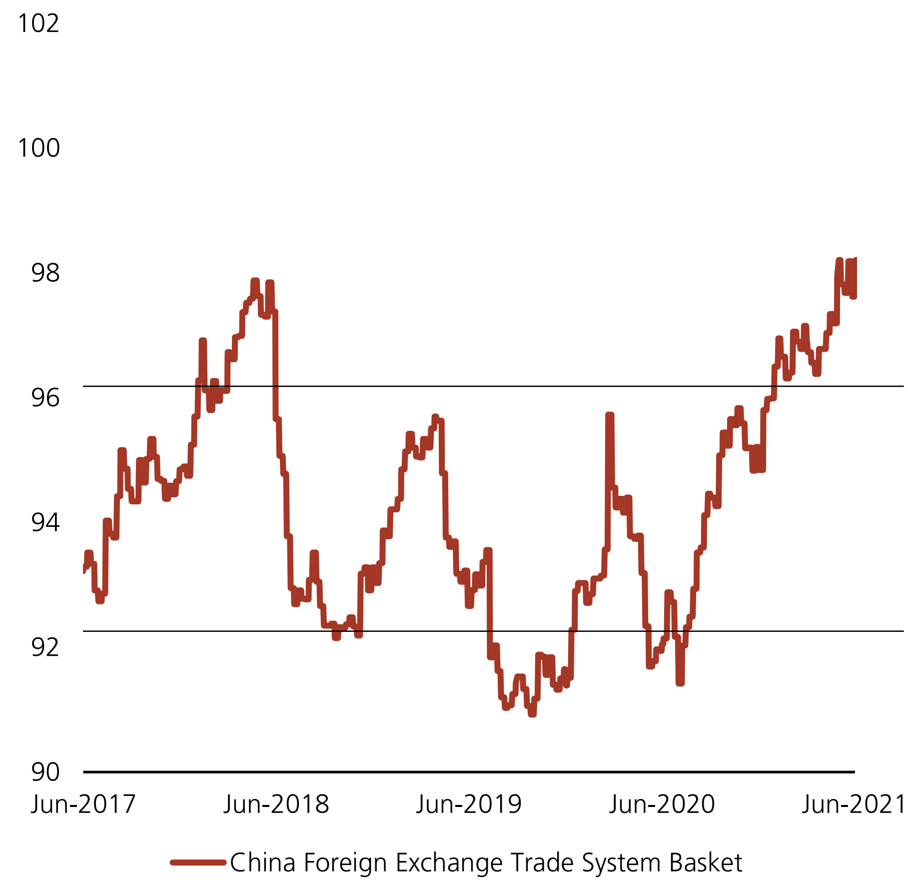
# Near-term RMB picture

**USD-CNY spot, USD-CNY interest rate differential**



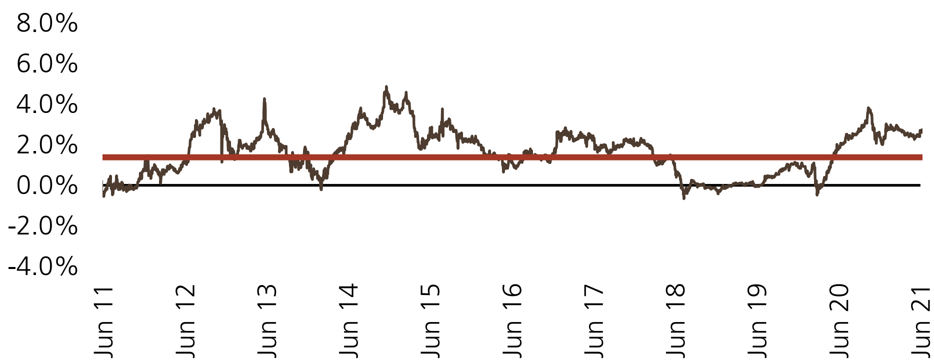

**China Foreign Exchange Trade System Basket**



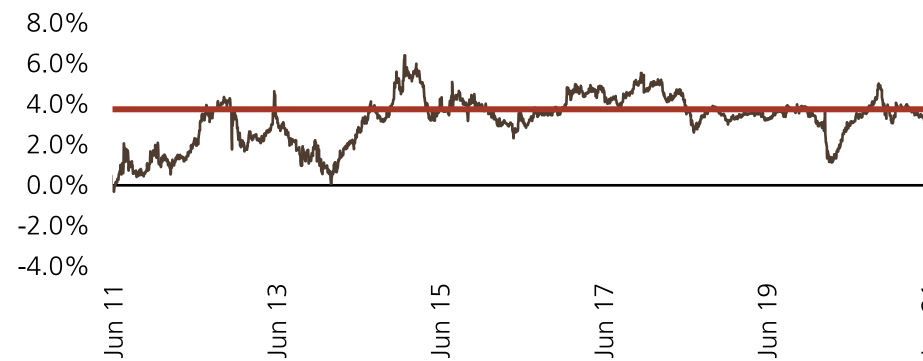

Source: Bloomberg. As of end June 2021

# Current CNY FX volatility can be hedged tactically…

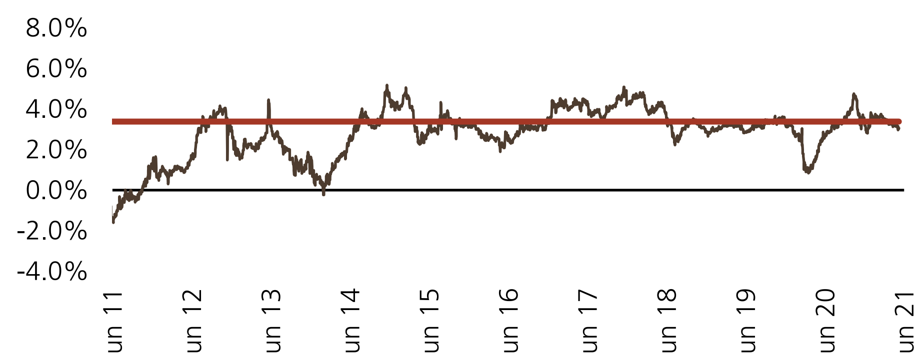
**Hedging cost to USD**



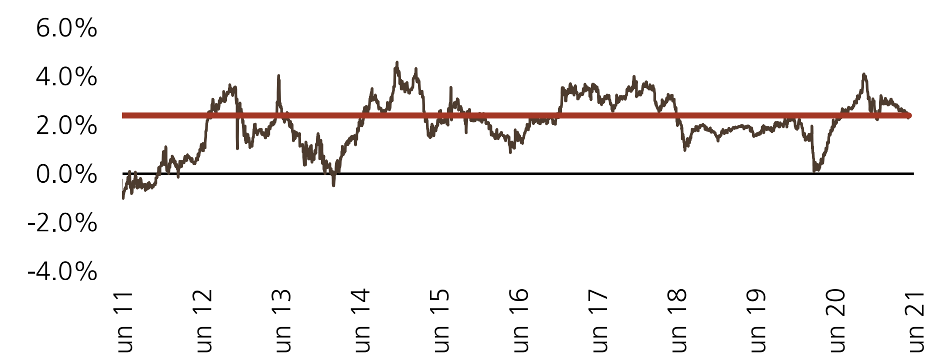

**Hedging cost to CHF**




**Hedging cost to EUR**




**Hedging cost to GBP**




Source: Bloomberg. The red line indicates the 5-year average of current hedging costs. As of end June 2021

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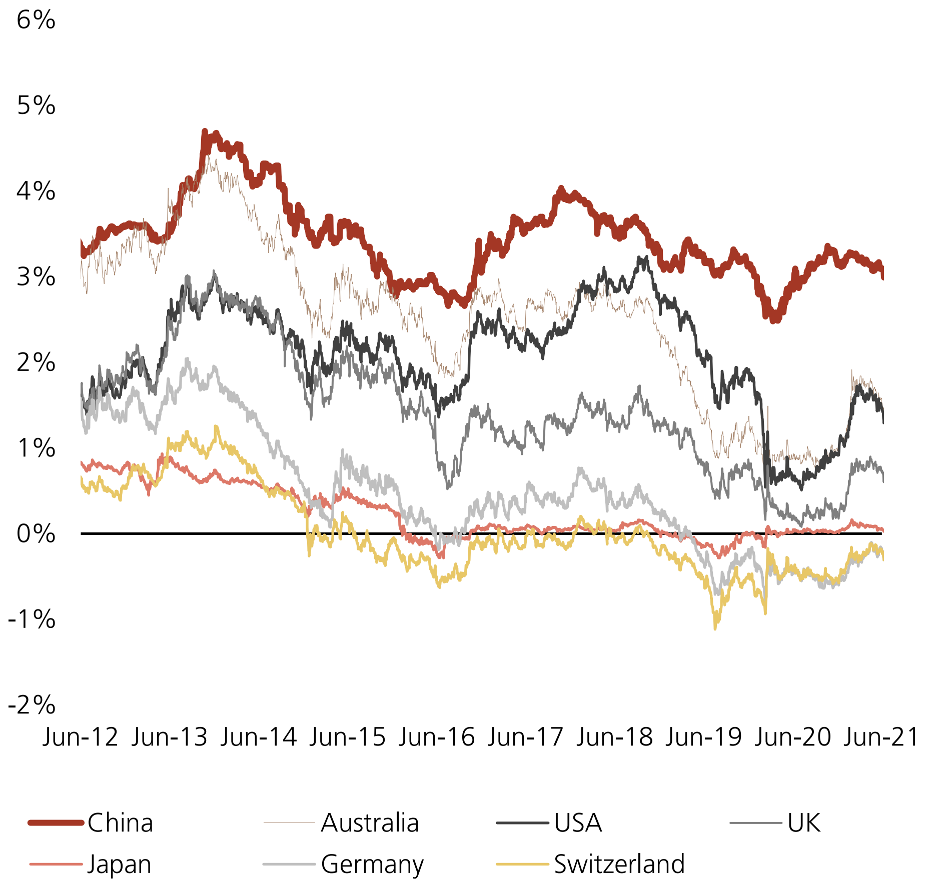
# A closer look at treasury returns in 2021

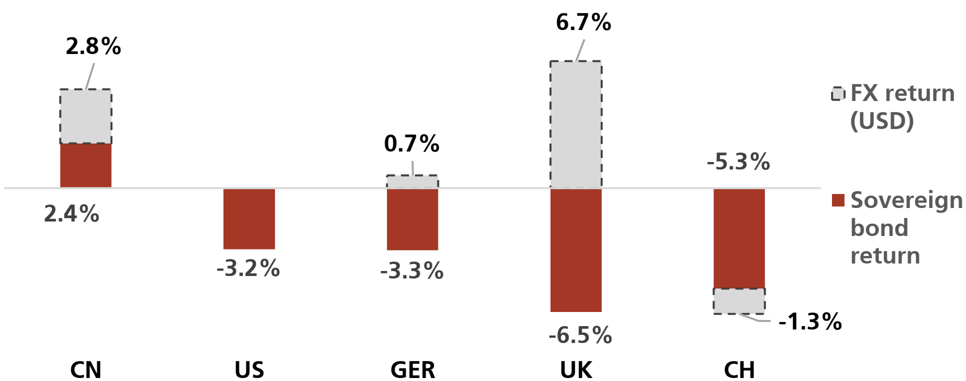
## The China bond markets offers a yield pick-up in excess of 1-3% relative to major global bond markets

- Nominal sovereign yields

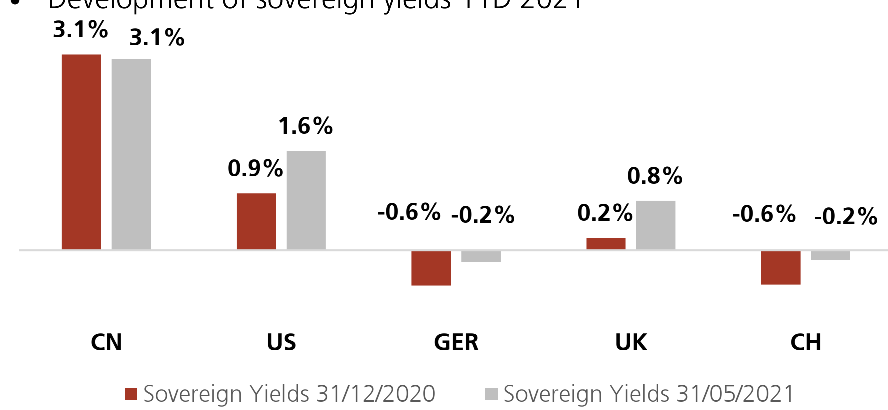



Source: Bloomberg. Based on 10-year sovereign yields. As of end June 2021

- sovereign bond performance YTD 2021




- Development of sovereign yields YTD 2021




Source: Bloomberg. As of end May 2021

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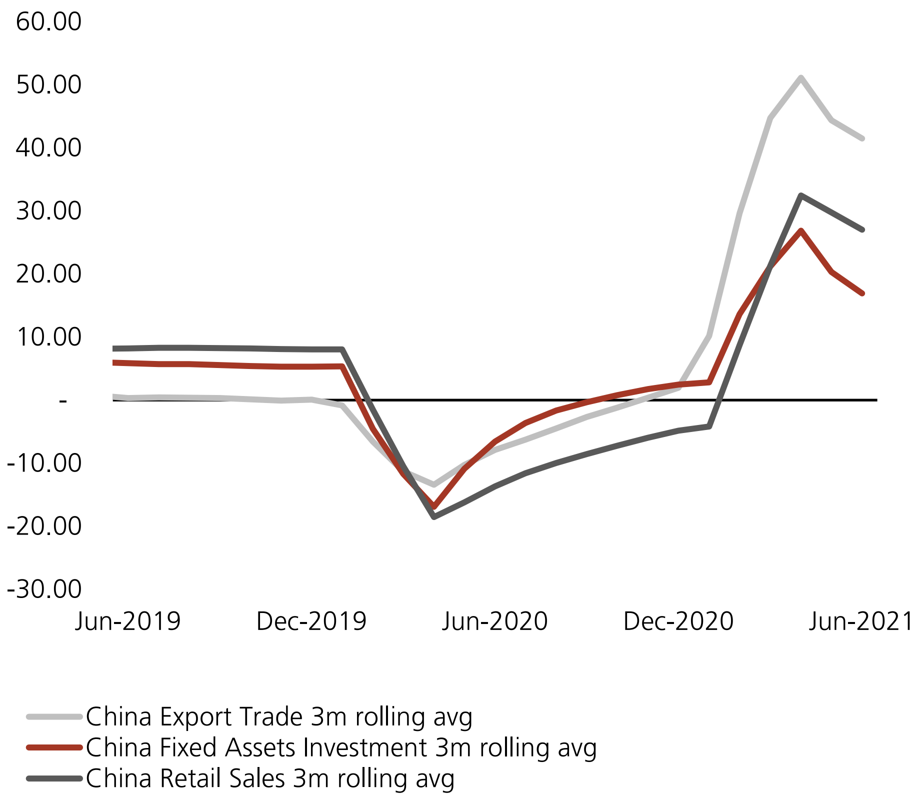
Section 3

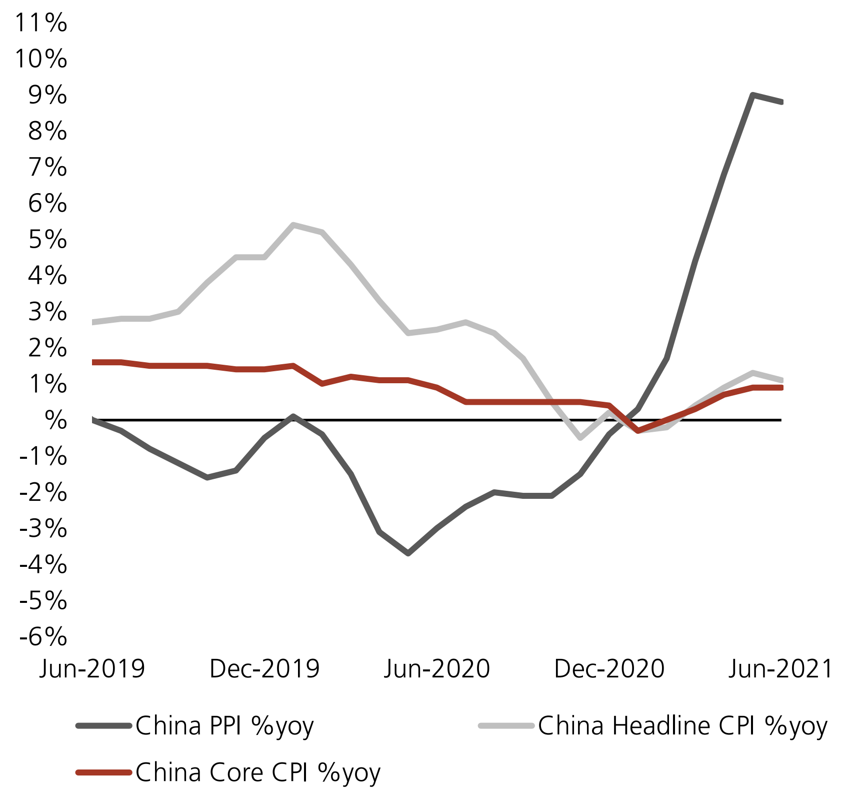
# China macro environment

# China's economic picture

**China's economy back to normal**



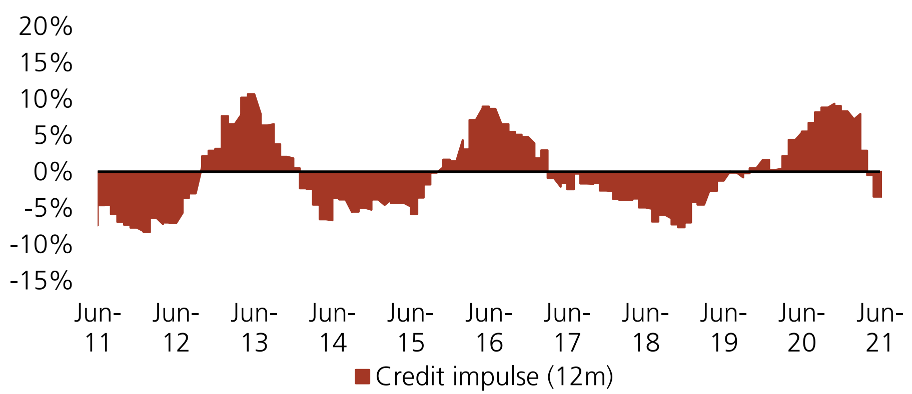

**PPI inflation driven by commodity prices**



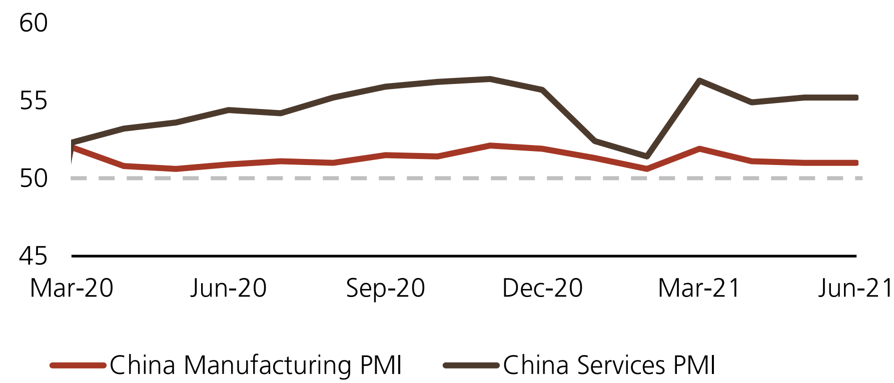

Source: Bloomberg. As of end June 2021

# Key China forward-looking macroeconomic indicators

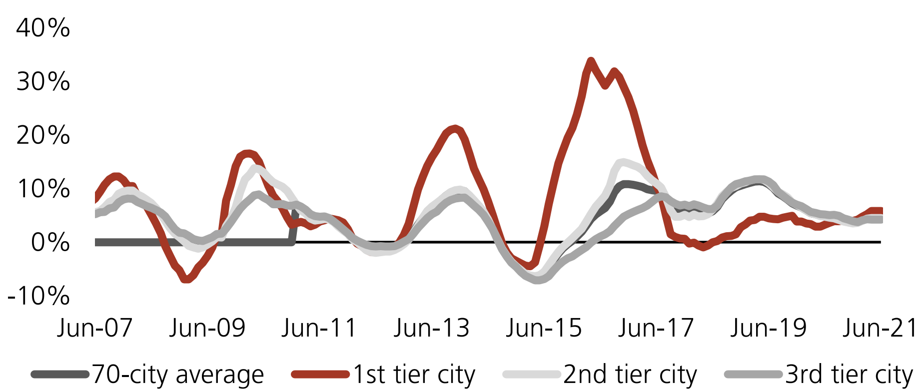
### China credit impulse as leading indicator



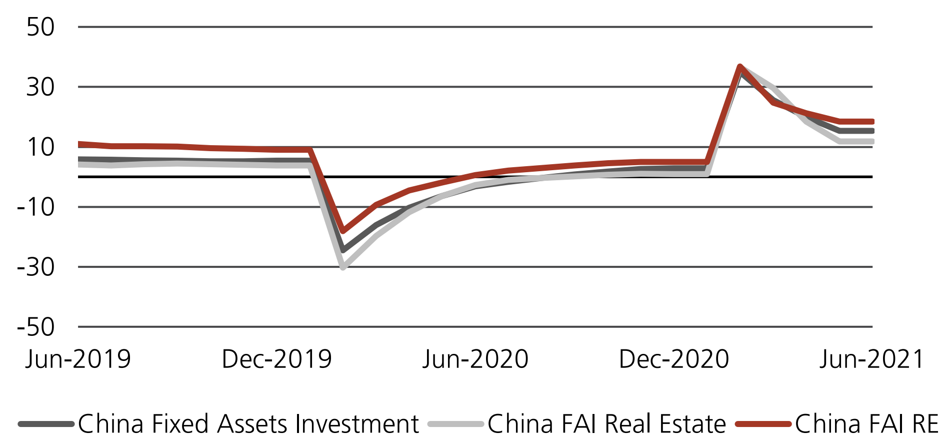

### PMI numbers as market sentiment indicator




### Property price development




### Fixed Asset Investment




Source: Bloomberg, WIND. As of end June 2021

# China's three red lines – Re-rating phase for property sector

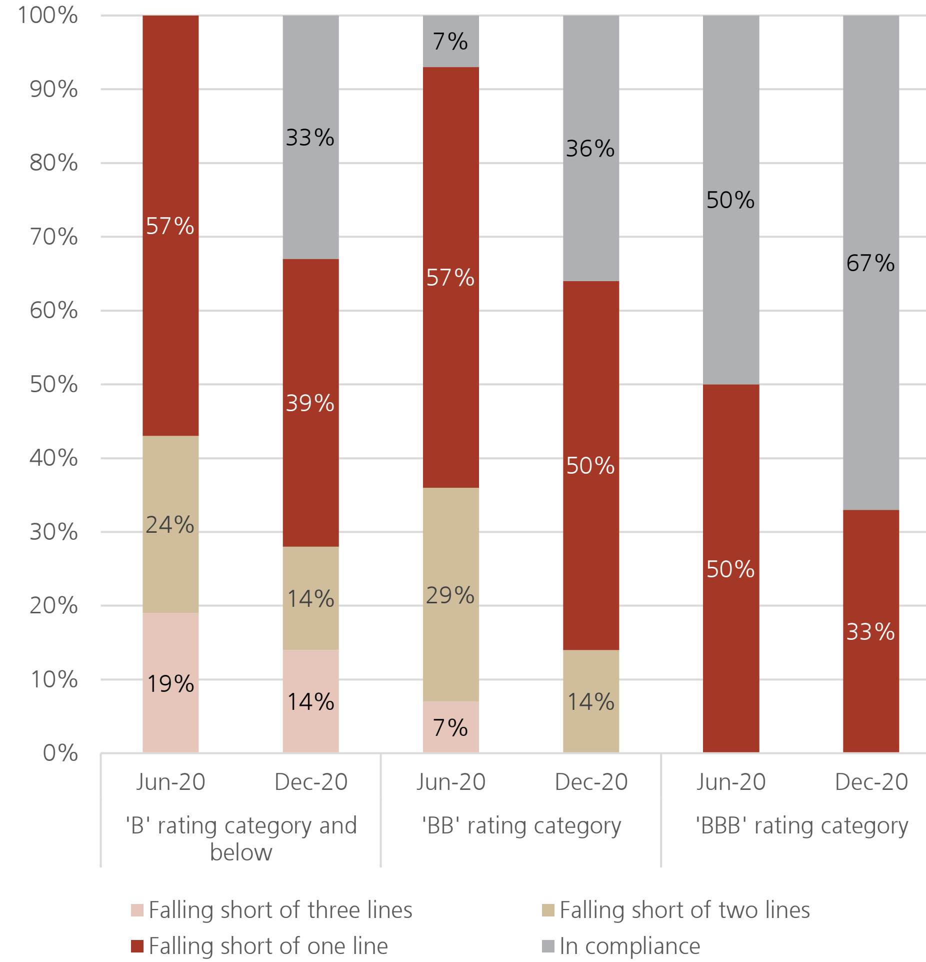
## 3 red lines: **Why**, and **why now?**

- **Housing** is **socially and systemically important** to the economy
- **To control house prices:** Housing is for living in, not speculating. Affordable for all
- **Manage land markets:** Developers bidding up land prices fuels higher housing costs
- **Control household demand for housing:** Tiered caps to banks' exposure to property loans and mortgage lending (Jan 2021)
- **3 criteria:**
  - Cash to short-term debt < 1x,
  - Asset-to-liability ratio of < 70%, and
  - Net-debt-to-equity > 100%

| Color code | | Number of red lines breached | Allowable annual growth in debt |
|---|---|---|---|
| Green | | 0 | 15% |
| Yellow | | 1 | 10% |
| Orange | | 2 | 5% |
| Red | | 3 | 0% |

Source: UBS Asset Management

**Rated Chinese Developers' Compliance with Three Red Lines**




Source: S&P Global Ratings, as of 2 April 2021
Data compiled based on rated Chinese developers who have released their annual results for Fiscal Year 2020.
Domestic perpetual bonds are treated as equity.
Percentage shown represents a portion of each rating category that falls short of the requirement.

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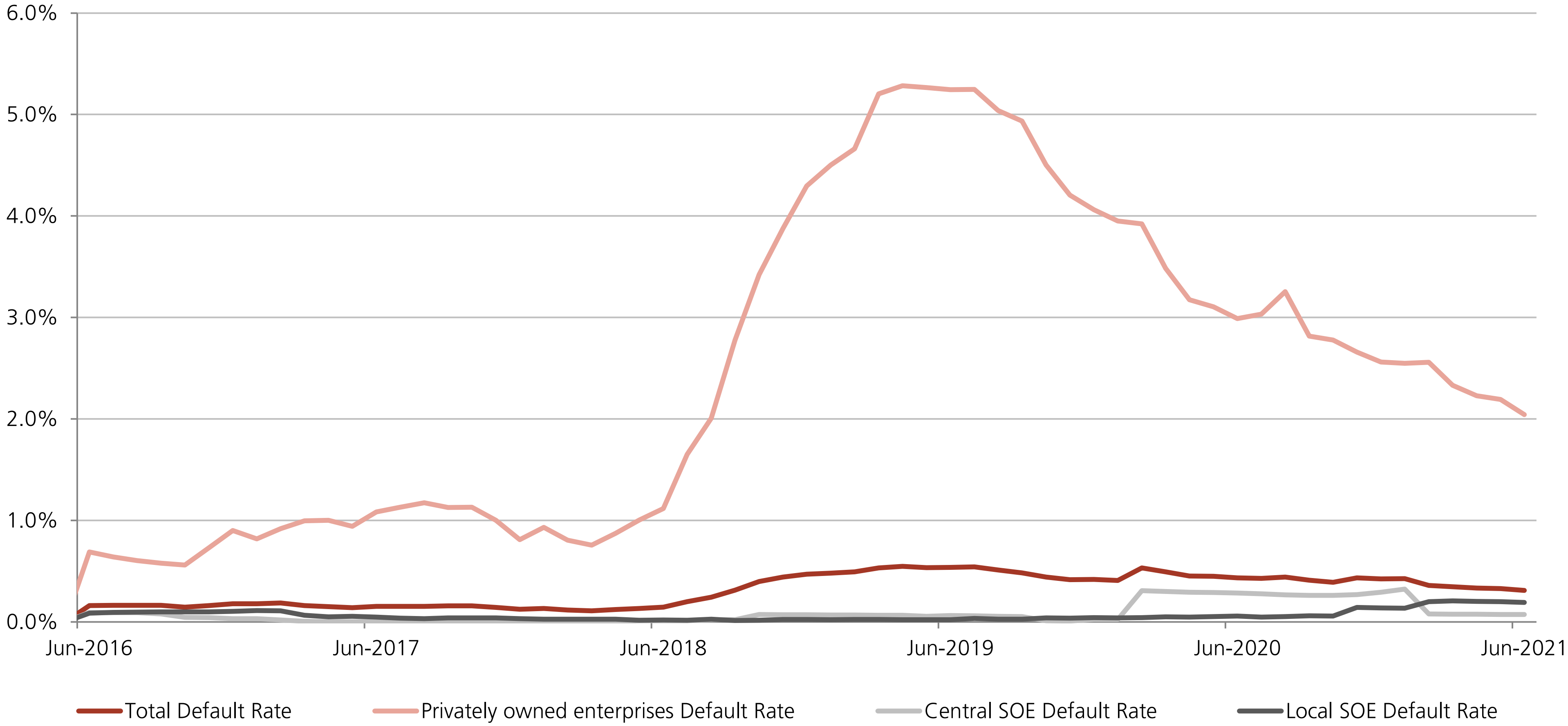
# China default rates remain low

**Default rates onshore split by Privately-owned enterprises (POEs) and State-owned enterprises (SOEs)**




Source: WIND, UBS Asset Management. As of end June 2021

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Section 4

# People

# Experienced Emerging Market and Asia fixed income investment team

**Hayden Briscoe**
Head of Fixed Income, Global Emerging Markets and Asia Pacific

## Portfolio Management

- **Ross Dilkes**
- **Smit Rastogi**
- **Jiayi Yew**
- **Brian Lou**
- **Federico Kaune**
- **David Michael**
- **Igor Arsenin**
- **Mark Chou**
- **Pantheon Chung**
- **Helen Wei**
- **Sophie Lei**
- **Yunxi Liu**

## Credit Research

**EM Corporate**
Michael Stansfield
Jose Bernal
Will Riva
Brian Huang
Ethan Wang
William Yiu
Jocelyn Jiang
Jeff Brown

**APAC DM**
Ben Squire
Earl San Juan
Jeff Brown

**EM Sovereign**
Yuni Kim
Gianandrea Moccetti

**Sustainable Investing**
Chris Greenwald and Team

## Trading

**APAC**
Martin David
Khashayar Surti

**Taiwan**
Wei-Ping Wu

**China**
Jimmy Yang
Feifei Yu

**US**
William Spencer

**Global**
Tam Nguyen

**FX Trading**
Colin Rooney
Ian Packer
David Maynard

## Investment Specialists

**Asia**
James Blair
Jamie Tay
Michael Fleisch
Lewis Teo

**Global EM**
Tony Appiah
Robert Martin

APAC | US | EMEA | Multiple

Source: UBS Asset Management. As of August 2021

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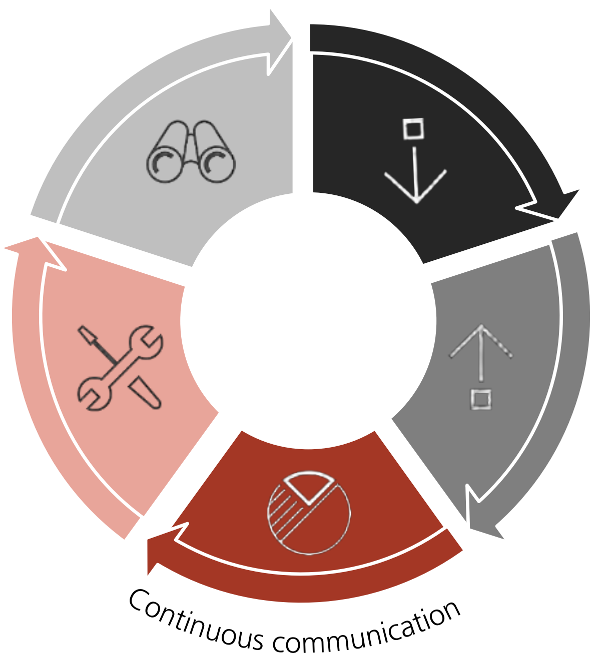
Section 5

# Process

# Holistic investment management process…

… with an active allocation to sectors with the best risk/reward ratio as the market changes.

**Continuous active portfolio management**




## Top-Down Strategy

- Fixed Income Investment Forum
- Establish and monitor strategic views across rates, credit, currencies, and liquidity

## Bottom-Up Strategy

- Global Credit Research
- Sector, industry and issuer analysis providing fundamental, relative value and ESG ratings

## Portfolio Construction

- Portfolio management
- Alignment of client needs, investment goals and market environment

## Implementation

- Portfolio management and centralized trading
- Best execution and timing

## Risk Management and Compliance Oversight

- Portfolio Management, Risk Control, Compliance
- Quarterly Portfolio Reviews by senior management
- C&ORC Three Lines of Defense

For illustrative purposes only

# Collaboration – Portfolio management and credit analysts

Consistent performance is derived by leveraging global portfolio management insights and regional interaction with analysts

**Portfolio Management**

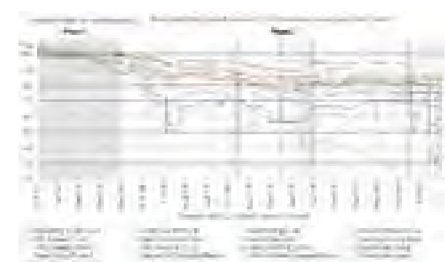
- Global macroeconomic assessment
- Focus on regional drivers
- Risk adjusted outcomes for credit, rates & FX
- Portfolio construction
- Timing, execution & liquidity management

## Alpha generation

- **Credit selection**
  Bottom-up research
- **Valuations**
  relative and absolute
- **Macroeconomic picture**
  Technical trends

## Risk management

- **Idiosyncratic risk**
  Understand business model
  Assess financial condition
  Monitor event risk
- **Industry risk**
  Assess business cycles



**Credit Analysts**

- Fundamental credit analysis
- On the ground company research
- Country and sector expertise
- Preservation of capital
- High conviction relative value opinions

For illustrative purposes only

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# Credit research process

## Research Conducted for 800+ IG issuers, 500+ HY issuers and 500+ securitized issues

### Constant and dynamic communication and feedback

| Research inputs | Research Recommendations | Communication | Bloomberg RMS |
|---|---|---|---|

**Research inputs**

- External sources
  - Financial statements
  - Company research and road shows
  - Earnings Calls
  - A.I. Technology
- UBS AM Equities Research
  - Shared meetings
  - Access to management
- UBS AM SI team
  - Engagement
- UBS relationships
  - Sell side research and analysts

**Research Recommendations**

- Fundamental Assessments
  - Relative Fundamental Ranking
  - Fundamental Trajectory
  - Investment Grade Horizon
  - Internal Ratings
  - Agency Sentiment
  - Money Markets Tenor
- ESG Ratings
  - UBS ESG Score
  - ESG Direction
- Relative value recommendation
- Industry Outlook

**Communication**

- Regular dialogue between PM and analysts
- Written
  - Credit Review
  - Sector Review
  - ESG Review
  - RMS Notes
  - FIIF Forecast
  - Top picks/pans
  - Skype Chats
  - Targeted Emails
- Verbal
  - Desk interactions
  - Phone Calls
  - Weekly Credit Meeting

**Bloomberg RMS**

- Internal research stored in Bloomberg RMS and accessible globally
  - Power search functionality
  - Rankings, ratings, and recommendations in Launchpad
  - Seamless Integration between PMs and Research

**Unique aspects of UBS credit research team**

- Default forecast – bottom-up name by name analysis
- Sector spread forecast – quarterly review
- ESG integration – proprietary UBS rating including forward looking view
- Globally integrated team – allows for nimble approach to upgrades/downgrades
- Focus on main universe but not only – encouraged to look beyond benchmark for opportunities

As of March 2021. For illustrative purposes only.

# Portfolio optimization and sector output

## Portfolio optimization process

1. Define the investable universe (study of fundamentals, liquidity, risk, valuation)

2. Divide the investment universe into sub-buckets by studying risk characteristics

3. Perform quantitative optimization with suitable constraints to arrive at efficient model portfolio

4. Use efficient model portfolio as an input to portfolio construction

**Sample output of portfolio optimizer**

| Sector | Benchmark | Model recommendation |
|---|---|---|
| CGB | 34.0% | Uw |
| LGB | 17.3% | Uw |
| SDBC | 18.5% | Ow |
| ADBC | 9.7% | Ow |
| EXIMCH | 6.2% | Ow |
| Agency (MRAIL and HUIJIN) | 3.8% | Ow |
| AAA+ | 10.5% | Ow |
| Total | 100.0% | |

Source: UBS Asset Management. For illustrative purposes only. Not a recommendation to buy or sell any securities, strategy, or fund.

# Duration and forward yield curve analysis

We extract forward curves to gauge market's forward expectations of interest rates and compare it to fundamental analysis

**Adjusted Forward Curve Matrix for Government Bonds**

| Govt Bond | 1y Fwd | 2y Fwd | 3y Fwd | 5y Fwd | 7y Fwd | 10y Fwd |
|---|---|---|---|---|---|---|
| 1 | - | - | - | - | - | - |
| 2 | 2.85 | - | - | - | - | - |
| 3 | 2.90 | 2.96 | - | - | - | - |
| 5 | 3.02 | 3.08 | 3.14 | - | - | - |
| 7 | 3.21 | 3.28 | 3.36 | 3.59 | - | - |
| 10 | 3.17 | 3.21 | 3.25 | 3.29 | 3.09 | - |
| 30 | 3.86 | 3.90 | 3.94 | 4.00 | 4.03 | 4.18 |

**Adjusted Forward Curve Matrix for Policy Bank Bonds**

| Policy Banks | 1y Fwd | 2y Fwd | 3y Fwd | 5y Fwd | 7y Fwd | 10y Fwd |
|---|---|---|---|---|---|---|
| 1 | - | - | - | - | - | - |
| 2 | - | - | - | - | - | - |
| 3 | 3.48 | - | - | - | - | - |
| 5 | 3.65 | - | 3.82 | - | - | - |
| 7 | 3.77 | - | 3.91 | 4.00 | - | - |
| 10 | 3.80 | - | 3.90 | 3.93 | 3.88 | - |
| 30 | - | - | - | - | - | - |

**Percentile forward rates for Government Bonds**

| To \ From | 1y | 2y | 3y | 5y | 7y | 10y |
|---|---|---|---|---|---|---|
| 1y | - | - | - | - | - | - |
| 2y | 52.9% | - | - | - | - | - |
| 3y | 44.0% | 60.9% | - | - | - | - |
| 5y | 28.9% | 51.0% | 63.4% | - | - | - |
| 7y | 48.2% | 54.6% | 60.4% | 81.5% | - | - |
| 10y | 24.7% | 30.7% | 33.1% | 55.9% | 52.5% | - |
| 30y | - | - | - | - | - | 63.1% |

**Percentile forward rates for Policy Bank Bonds**

| To \ From | 1y | 2y | 3y | 5y | 7y | 10y |
|---|---|---|---|---|---|---|
| 1y | - | - | - | - | - | - |
| 2y | - | - | - | - | - | - |
| 3y | 36.8% | - | - | - | - | - |
| 5y | 34.4% | - | 56.0% | - | - | - |
| 7y | 40.1% | - | 48.8% | 71.8% | - | - |
| 10y | 32.6% | - | 36.5% | 50.5% | 60.9% | - |
| 30y | - | - | - | - | - | - |

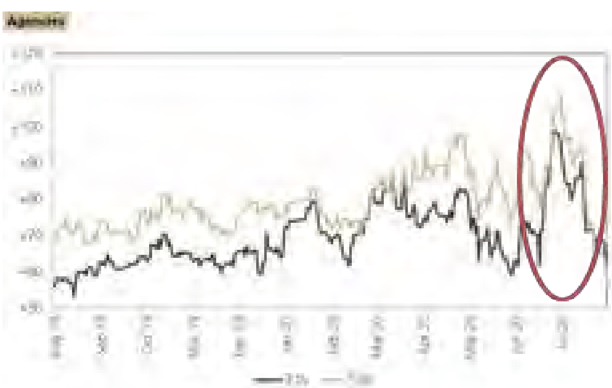
Source: UBS Asset Management, WIND. For illustrative purposes only. Not a recommendation to buy or sell any securities, strategy, or fund.

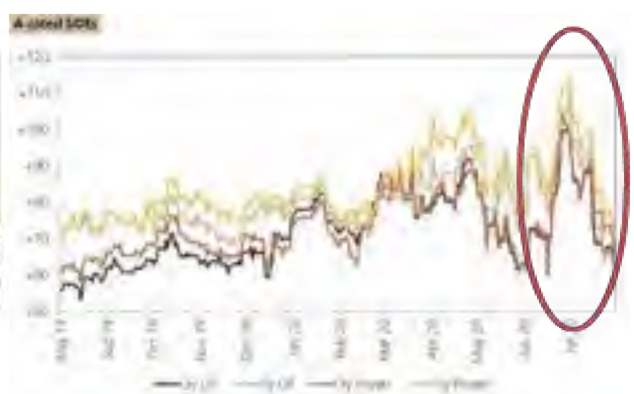
# Trade example – Steering PBoC monetary policy in 2020

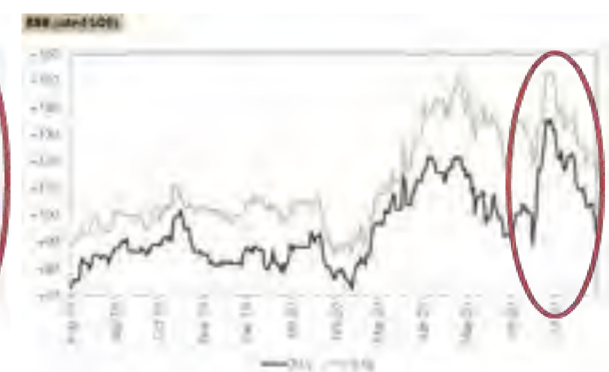
In late June/early July 2020, credit spreads for SOEs, Policy Banks and Agencies widened onshore as marginally tighter policy drove rates to sell off

- Macro/fundamentals: we recognized and acknowledge the marginally tighter monetary policy
- Valuations: However, spreads have widened to 2017/18 levels, when PBOC was clearly tightening monetary policy. The tracking error of A-rated and BBB-rated SOEs against matching-tenure government bonds are around 1.00% - 1.20% respectively. Spreads not only approached 2017/18 highs, but were sufficient to cover tracking error.
- Policy: Whilst we believe PBOC wants to tweak monetary policy to be less loose, it is not on a tightening cycle
- Technicals: Speaking to the street, we understood that leveraged funds were forced selling positions

We initiated buy trades for the portfolio at +95, and spreads have tightened in since.







Source: UBS Asset Management, WIND. For illustrative purposes only. Not a recommendation to buy or sell any securities, strategy, or fund.

# UBS-AM Sustainable and Impact investing differentiators

## UBS Group commitment to sustainable investment

- UBS is a member of the CDP A List 2020[1]
- UBS is the diversified financials industry leader in the Dow Jones Sustainability Index since 2015[2]
- UBS ranked first globally in Sustainable and Impact Investing[3]
- UBS Group has USD 793 billion in core sustainable investments[4]
- USD 13.1 billion of client assets committed toward SDG-related impact investments, including world's first Multi-lateral development bank bond fund[5]

## UBS-AM is a leading provider of sustainable offerings

- Founding member of Net Zero Asset Managers initiative, committed to net zero emissions goal by 2050 or sooner[6]
- A+ ranking for our approach to Climate Stewardship from InfluenceMap[7]
- UBS AM: USD 480.4bn ESG integrated and USD 112.3bn in SI focused AUM[8]
- 100% of Active Equities and Active Fixed Income integrate sustainability
- 40+ SI focused strategies across active and passive, fixed income and equities
- Fastest growing European asset manager in SI focused AUM since January 2018[9]
- Leading sustainability ETF provider with over USD 28.7bn in SI AUM[10]
- A/A+ ratings from UNPRI across all assessment modules[11]

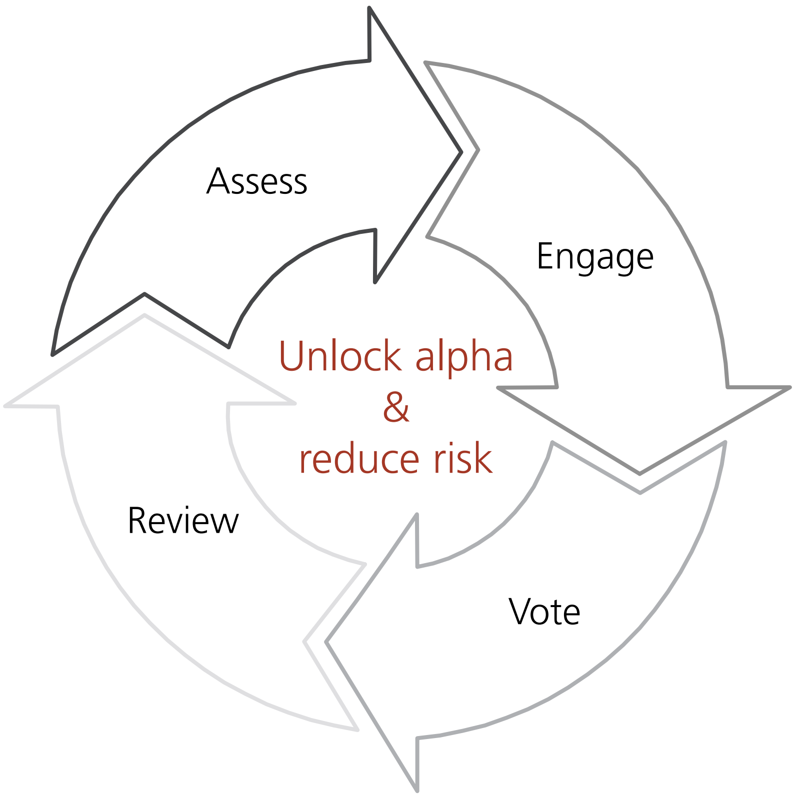
## Innovation through client-focused collaboration

- 20+ year history in managing sustainable investment funds
- Developed award winning Climate approach with leading UK pension fund[12]
  – Active engagement in coordination with Climate Action 100+
- Developed impact investing methodology with leading Dutch pension fund
  – Invests in companies that offer products and services that help deal with key sustainability challenges
- Over USD 90bn of dedicated Index solutions through collaborations with clients[13]

**1** https://www.cdp.net/en/companies/companies-scores; **2** Source: S&P Global; **3** 2020 Awards from Environmental Finance, PWM The Banker, Euromoney; **4** Sustainable investments across UBS Group, UBS Sustainability report 2020; **5** Source UBS Sustainability report 2020; **6** http://www.netzeroassetmanagers.org; **7** https://influencemap.org/report/Asset-Managers-and-Climate-Change-cf90d26dc312ebe02e97d2ff6079ed87; **8** Assets under management as of March 2021; **9** Growth in absolute AUM since Jan 2018, Source: Morgan Stanley, May 2020 and Morningstar; **10** Market share in Europe for sustainable ETFs: 18.85%, Source Etfbook as of 20 April 2021; **11** 2020 UN PRI Assessment; **12** 2017 Fund Launch of the Year Award, Funds Europe; **13** Asset under management as of March 2021.

# Transparent and proactive investment stewardship

Leveraging our strength as a large, diversified asset manager to drive positive, material change




## Core part of the investment process

- Grounded in driving performance and avoiding downside risks
- High quality engagements on sustainability issues with senior executives and board members

## Combined strengths across active and index strategies

- Seeking to maximize outcomes by combining insights from active investments with voting power of index linked strategies[1]
- Stewardship approach pursued consistently across fixed income and equities on behalf of UBS-AM looking to maximize impact of engagement outcomes

## Strong external collaboration

- Helping to further ESG best practices across the investment industry
- Leading within the Climate Action 100+ coalition
- Recognized strengths in climate voting and engagement[2]
- Concrete outcomes including:
  - Repsol's Net Zero commitment (first in the industry)
  - Equinor's alignment of strategy with Paris Agreement

Source: UBS Asset Management, 30 June 2021

1 In 2020, UBS AM voted on 10,000+ company shareholder annual meetings, with 1,400+ meetings with companies and 358 proactive engagements

2 A+ rating on Stewardship, UN PRI, 2020; A+ rating on climate voting and engagement, Influence Map, 2021

# Standardized ESG integration across asset classes

ESG factors integrated into mainstream strategies utilizing a systematic risk-based research process

## ESG data inputs

**UBS ESG Risk Signal**

- A clear, actionable signal helps to drive the in-house research process
- Proprietary ESG Risk Dashboard to identify ESG risks across four dimensions, based on various ESG data provider inputs

## In-house research

Fundamental analysis

- In-house ESG risk recommendation is part of the investment case
- UBS risk assessment is forward-looking and focused on material issues
- Strong collaboration across investment teams to drive stewardship outcomes

~10 Dedicated SI analysts | ~59 Equity analysts | ~25 Fixed Income analysts

- In-depth ESG research and stewardship expertise amplifies ESG know-how across investment teams
- Company specific and thematic ESG research on high-risk issues

SI research analysis

## Investment decision making

**Portfolio Managers**
Incorporation of ESG risks in investment decision making

- UBS ESG Risk Recommendation summarizes final ESG view to PMs
- ESG risks may be mitigated through engagement and on-going monitoring
- Confirmation of ESG risks may trigger sell decision

Source: UBS Asset Management as of 30 June 2021

Section 6

# UBS (Lux) Bond SICAV – China Fixed Income (RMB) – Positioning and Performance

# Our solution: UBS China Fixed Income

## Longstanding investment expertise in China

- **Easy and direct access**
  to China's fast-growing and very large onshore fixed income market
- **Attractive yield**
  from investment grade portfolio
- **Active, diversified portfolio**
  managed by a team with years of experience in onshore China securities

## Portfolio strategy

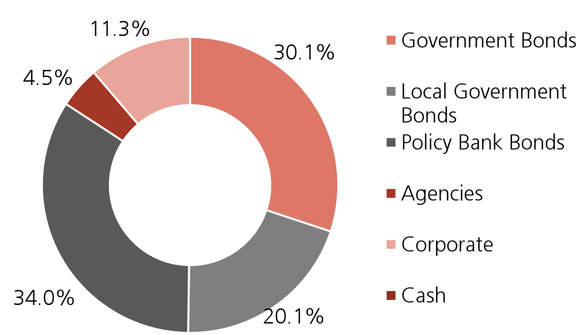
- **Performance drivers for the strategy**
  - **Duration:** Positioning on the curve to benefit from changing yield curves
  - **Sector Allocation:** Active shifts across sectors given valuations
  - **Relative Value:** Assessing relative attractiveness of positioning

## Attractive market opportunity

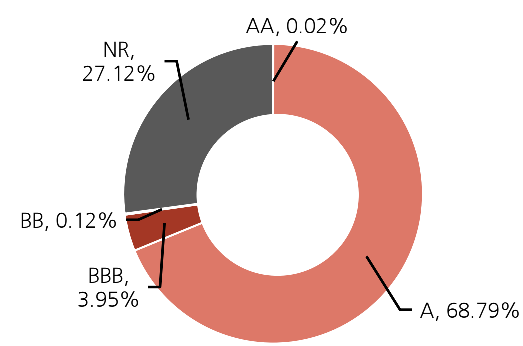
- **Attractive yield pick-up**
  with strong risk-adjusted returns compared to major developed markets
- **Strong technical demand**
  by inclusion in global indices
- **Ideal safe haven asset**
  with low realized volatility and low correlation to other markets

The product described herein aligns to Article 6 of Regulation (EU) 2019/2088

**Benchmark Sector allocation**




**Benchmark Credit Quality allocation**




Source: UBS Asset Management, Bloomberg, Morningstar Direct. As of end April 2021

# UBS-AM China Fixed Income performance

## Total return (%) in CNY for period ending 31 July 2021

**Total returns (CNY, Gross)**

| | 1 month | 3 months | Year-to-date | 1 Year | Annualized[1] 2 Years | Annualized[1] Since inception |
|---|---|---|---|---|---|---|
| UBS Bond China Fixed Income | 1.64 | 2.49 | 3.98 | 5.00 | 4.81 | 5.79 |
| Bloomberg Barclays China Aggregate Index CNY | 1.49 | 2.24 | 3.77 | 4.79 | 4.52 | 5.65 |
| **Value added** | **0.15** | **0.25** | **0.21** | **0.21** | **0.30** | **0.13** |
| Tracking error | | | | 0.33 | 0.39 | 0.46 |

Outperformed peers (Morningstar Category: EAA Fund RMB Bond – Onshore) in terms of Sharpe Ratio over 3 year basis: 0.72 vs peer average of 0.55 (as of end April 2021)

Source: UBS Asset Management
Note: The returns shown above are based on currently available information and are subject to revision. Past performance is no guarantee of future results. Performance figures are unswung and gross of fees. Please see attached disclosure information. Inception date as of 31 Mar 2018

1 Periods greater than 1 year are annualized.
2 Value added is the arithmetic difference between the composite return and the benchmark return.
3 Tracking error is the standard deviation of the difference between the monthly composite and benchmark returns, based on logarithmic returns
Tracking error is annualized for periods greater than 1 year

# UBS China Fixed Income: Positioning

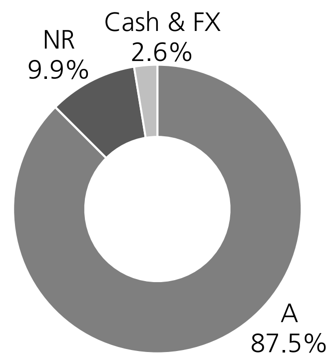
As of 31 July 2021

**Key statistics**

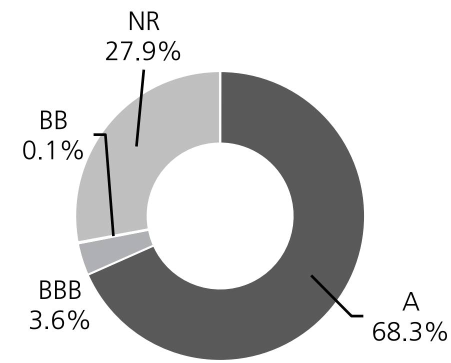
| | Fund | Index |
|---|---|---|
| Yield to Maturity (gross) | 3.10% | 3.00% |
| OAD (years) | 6.13 | 5.45 |
| Average rating of holdings | A | A |

**Credit quality allocation** (MV%)

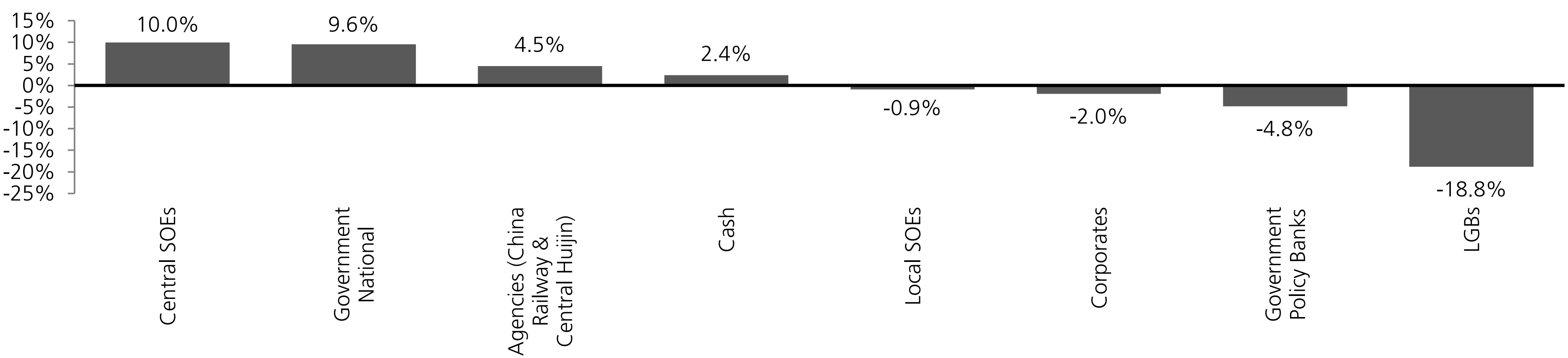
**China Fixed Income Fund**




**China Aggregate Index CNY**



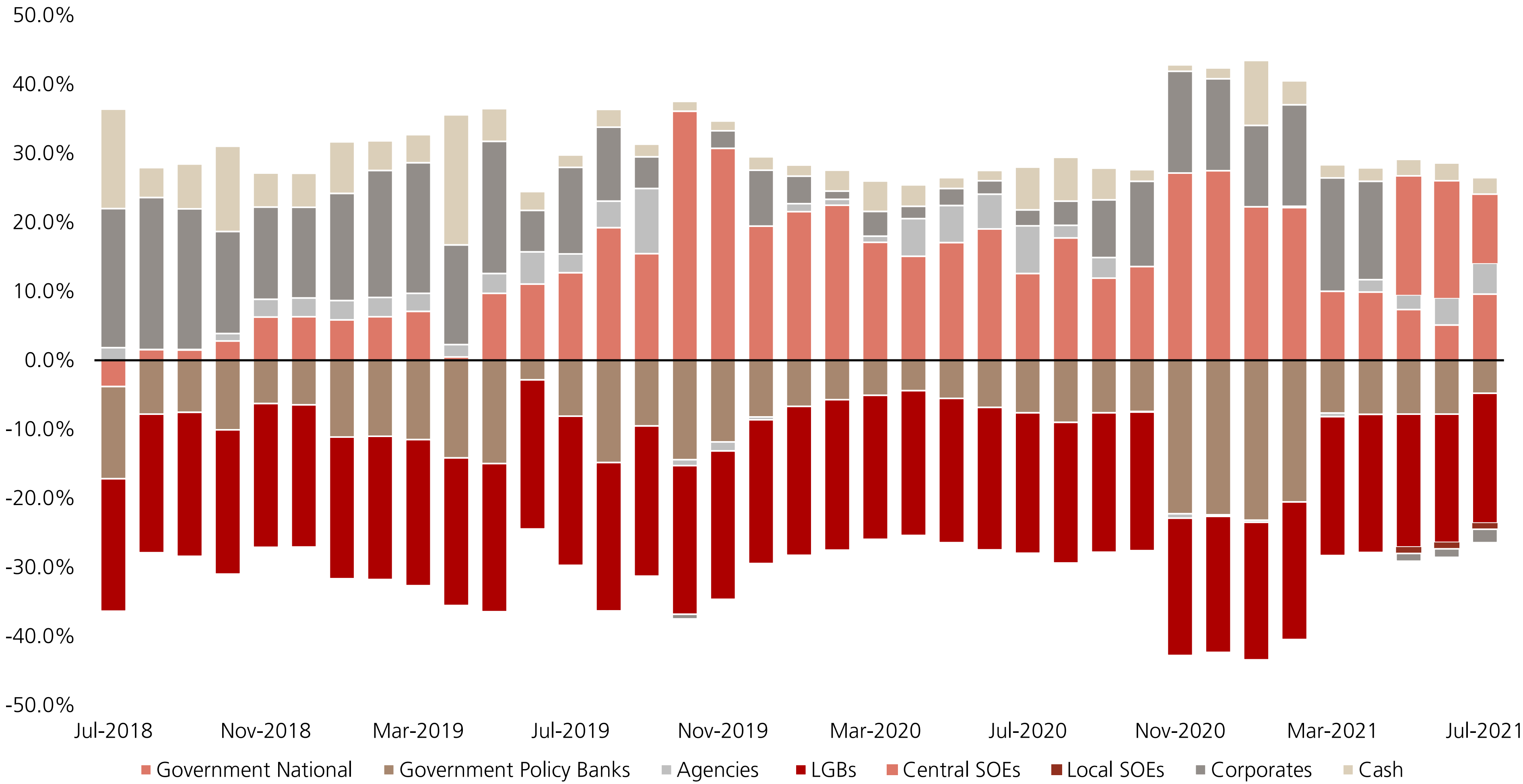

**Sector Allocation vs Index**




Source: UBS Asset Management
Note: Please note that information is representative of a specific China bond portfolio and may vary. All figures above are gross of fees.

# Flexible approach in navigating evolving markets

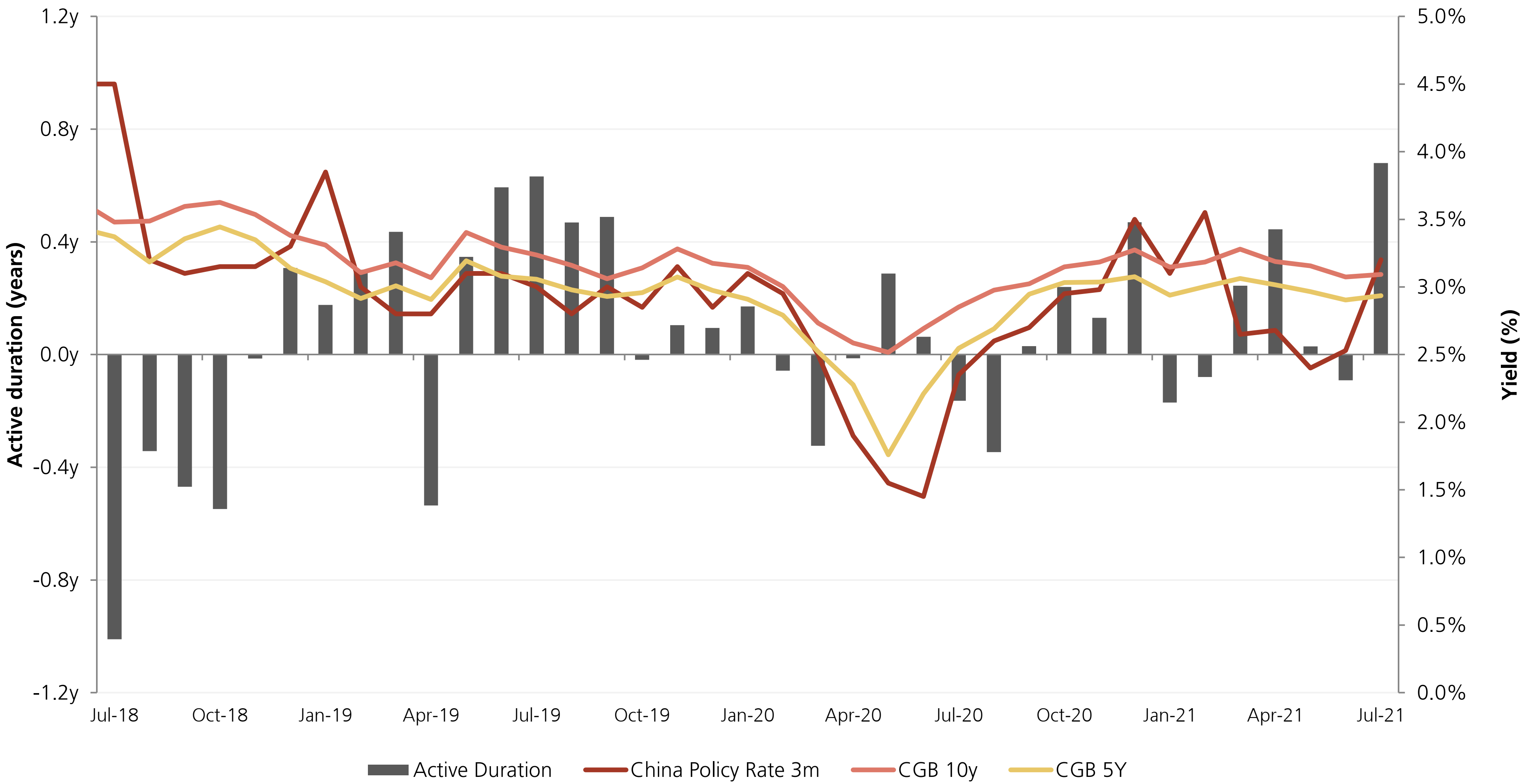
## China Fixed Income sector positioning over time




Source: UBS Asset Management. As of end July 2021
*Change in internal sector classification to further breakdown "Corporates" into Central SOEs, Local SOEs and Corporates in May 2021.

# Active duration a critical factor in portfolio construction

## Dynamic duration management as key success factor




Source: UBS Asset Management, Bloomberg. Past performance is not a reflection of future results. Based on unofficial PM data and subject to change. As of end July 2021

UBS

# Fund performance as of 31 August 2021

## UBS (Lux) Bond SICAV - China Fixed Income (RMB) P-acc

| | Performance (basis CNY, net of fees)[1] | | |
|---|---|---|---|
| **% return (rolling periods)** | **Fund** | **Ref. Index*** | **Value added** |
| Year to date | 3.48 | 4.12 | -0.64 |
| Last 3 months | 1.74 | 1.97 | -0.23 |
| 1 year | 4.37 | 5.48 | -1.11 |
| 3 years annualized | 4.06 | 5.18 | -1.12 |
| 5 years annualized | n.a. | n.a. | n.a. |
| Since inception (14.03.2018), annualized | 4.53 | 5.75 | -1.22 |

*Bloomberg Barclays China Aggregate Index in CNY

**Net performance vs. benchmark**


| **Portfolio characteristics** | **1Y** | **3Y** | **5Y** |
|---|---|---|---|
| Beta | 1.15 | 1.07 | n.a. |
| Information Ratio | -3.13 | -1.55 | n.a. |
| Volatility[2] | | | |
| Fund | 1.75 | 2.53 | n.a. |
| Benchmark | 1.49 | 2.26 | n.a. |

Source: UBS Asset Management

Note: **Past performance is not a reliable indicator of future results.** The return may increase or decrease as a result of currency fluctuations, if the fund is denominated in a currency different from the investor's reference currency. The performance shown does not take account of any commissions, entry or exit charges.

1 These figures refer to the past. Source for all data and charts (if not indicated otherwise): UBS Asset Management

2 Annualized standard deviation

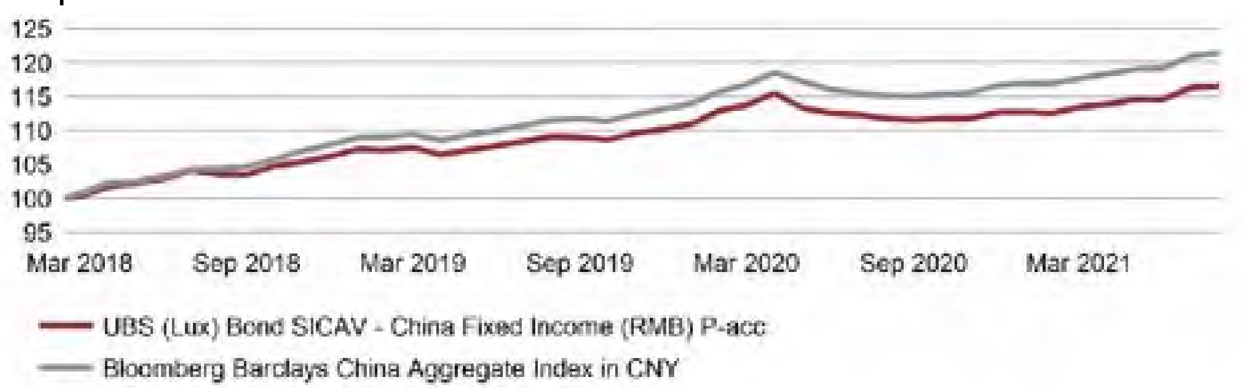
# Fund performance as of 31 August 2021

## UBS (Lux) Bond SICAV - China Fixed Income (RMB) P-acc

| % return per calendar year | Performance (basis CNY, net of fees)[1] Fund | Ref. Index* | Value added |
|---|---|---|---|
| 2020 | 2.29 | 3.06 | -0.77 |
| 2019 | 3.69 | 4.86 | -1.17 |
| 2018 | n.a. | n.a. | n.a. |
| 2017 | n.a. | n.a. | n.a. |
| 2016 | n.a. | n.a. | n.a. |

*Bloomberg Barclays China Aggregate Index in CNY

**Net performance vs. benchmark**




| Portfolio characteristics | 1Y | 3Y | 5Y |
|---|---|---|---|
| Beta | 1.15 | 1.07 | n.a. |
| Information Ratio | -3.13 | -1.55 | n.a. |
| Volatility[2] | | | |
| Fund | 1.75 | 2.53 | n.a. |
| Benchmark | 1.49 | 2.26 | n.a. |

Source: UBS Asset Management

Note: **Past performance is not a reliable indicator of future results.** The return may increase or decrease as a result of currency fluctuations, if the fund is denominated in a currency different from the investor's reference currency. The performance shown does not take account of any commissions, entry or exit charges.

1 These figures refer to the past. Source for all data and charts (if not indicated otherwise): UBS Asset Management

2 Annualized standard deviation

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# Key investment risks for a foreign investor

| Category | Investment Risk | Remarks |
|---|---|---|
| Currency Risk | If investors choose an unhedged share class, they will take on CNY currency risk | Investor to decide if they would like CNY currency risk, and choose the share class accordingly |
| Interest rate Risk | An increase in interest rates is usually negative for bond prices | Internal investment guidelines limit portfolio duration to +/- 3 years versus the benchmark index |
| Credit Risk | Sovereign as well as corporate credit risk | CFI Fund is predominantly sovereign and high quality corporate credit<br>Max 10% in a single non-sovereign issuer |
| Emerging Market Risk | Risks include: economy, political, market liquidity, convertibility and capital controls | Relatively higher level of overall market risk compared to investments in a developed country |
| China Interbank Bond Market (CIBM) | Regulatory risk, trade settlement and counterparty risk | Accounts for the large majority of all bond trades in China |

Source: UBS Asset Management. For illustration purposes only

Section 7

# Appendix A – Additional slides

UBS

# Our investment philosophy

> **Successful management based on a disciplined investment process, risk management and an understanding of clients needs**

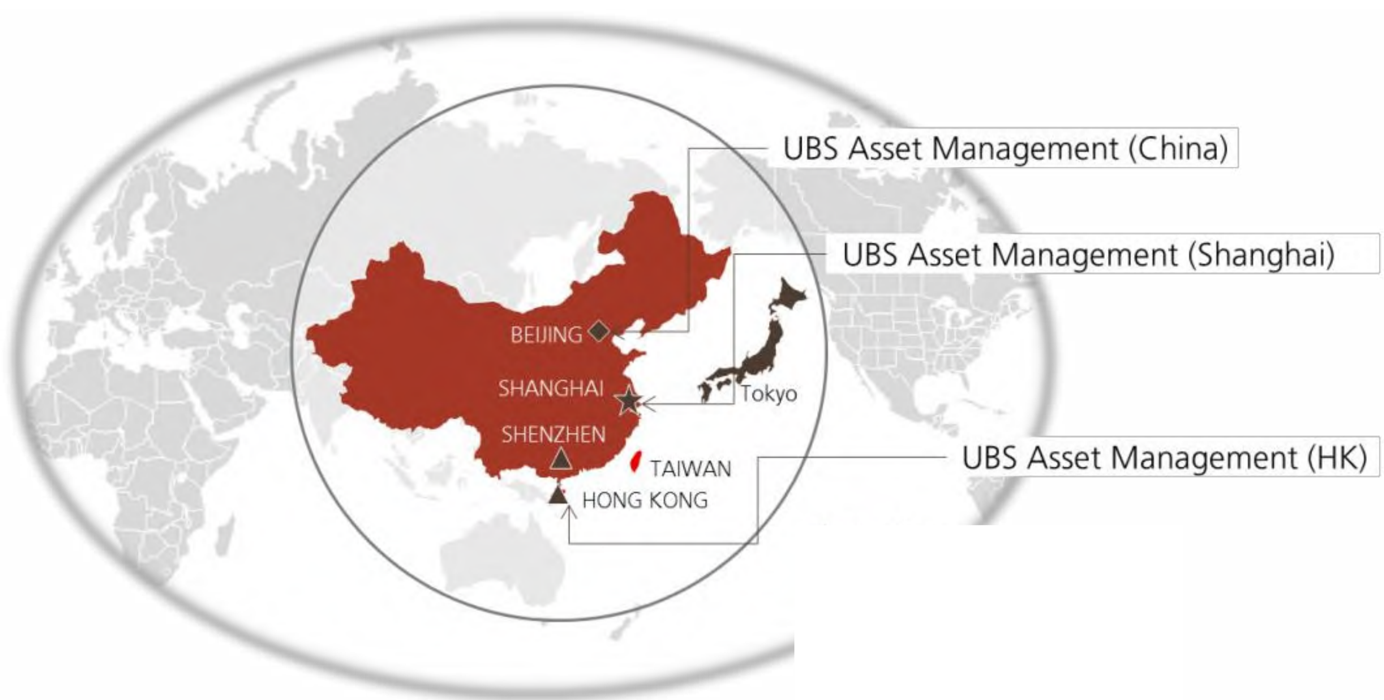
We believe in **active management** and that markets are ultimately driven by **fundamentals**

Consistent investment returns are the result of **diversified sources of excess returns** and **opportunistic bias**

**Longstanding investment culture** focused on client value

# Over 20 years of successful history in Asia…

… with full commitment to Asia as a key pillar of UBS Asset Management




**UBS AM's full commitment to Asia:**

- **Longstanding history** in Asia with full dedication
- First-mover as **foreign asset manager** in China
- **Strong client relationships** built up all across Asia
- **Dedicated investment team** all across Asia with deep expertise
- **Strong standing of UBS group** across Asia

For illustrative purposes only

# UBS AM's 20+ year history in Asia

## Long-term commitment, experience and track record in managing Asian bonds

**2006**
- Asian local currency bond mandate

**2010**
- CNH bond portfolio
- Asian USD credit fund

**2011**
- Asian USD HY credit funds
- Asian local currency bond fund
- CNH bond fund

**2012**
- Asian local currency bond segregated mandate

**2013**
- Onshore China fixed income fund

**2014**
- Onshore China short term fund
- Asian USD IG credit segregated portfolio

**2015**
- Asian USD IG credit buy & hold mandate

**2016**
- Asian USD credit fixed maturity fund
- Asian USD IG credit fund

**2017**
- China high yield fund

**2018**
- Onshore China CNY bond fund
- WFOE onshore China Flexible Bond Fund and customized funds

**2019**
- China Treasury segregated portfolio

**2021**
- Asian USD income bond fund

### Industry recognition

- UBS (Lux) Bond Fund – Full Cycle Asian Bond (USD) P-acc: awarded **Best Asia Bond Fund in the Morningstar Hong Kong Fund Awards for 2017;** P-mdist: awarded **Outstanding Achiever in Asia Pacific Fixed Income (Hard Currency) in the BENCHMARK Top Fund of the Year Awards for Hong Kong 2020;** IX-a: awarded **Best in Class in Asia Pacific Fixed Income in the BENCHMARK Top Fund of the Year Awards for Singapore 2021;** Q-acc: **4-star Morningstar rating** in the EAA Fund Asia Bond category, with **3 Globes rating**
- UBS (HK) Fund Series - China High Yield Bond: awarded **1 Year Golden Bull Overseas China Fixed Income Fund** for 2020 China Overseas Fund Golden Bull Award; A-Mdist share class: **5-star Morningstar rating** in the EAA Fund Greater China High Yield Bond category, with **4 Globes rating**
- UBS (Lux) Bond SICAV – Asian High Yield (USD) Q-acc: **4-star Morningstar rating** in the EAA Fund Asia High Yield Bond category, with **4 Globes rating**
- UBS (Lux) Bond SICAV – China Fixed Income (USD) Q-acc: **4-star Morningstar rating** in the EAA Fund RMB Bond category

Source: UBS Asset Management. Past performance is not an indicator of future return. As of April 2021

UBS

# UBS Asset Management - no stranger to the China bond market

- UBS Asset Management has been investing in China for more than 20 years
  – Local presence since 2005 through our joint venture with UBS SDIC Fund Management and established a wholly foreign-owned enterprise in 2017.

- We were one of the early investors in China's domestic capital markets and have participated across the various access schemes.

- In the onshore bond market, we have provided investors access since 2013 through our QFII and RQFII quotas in 2 onshore China funds.

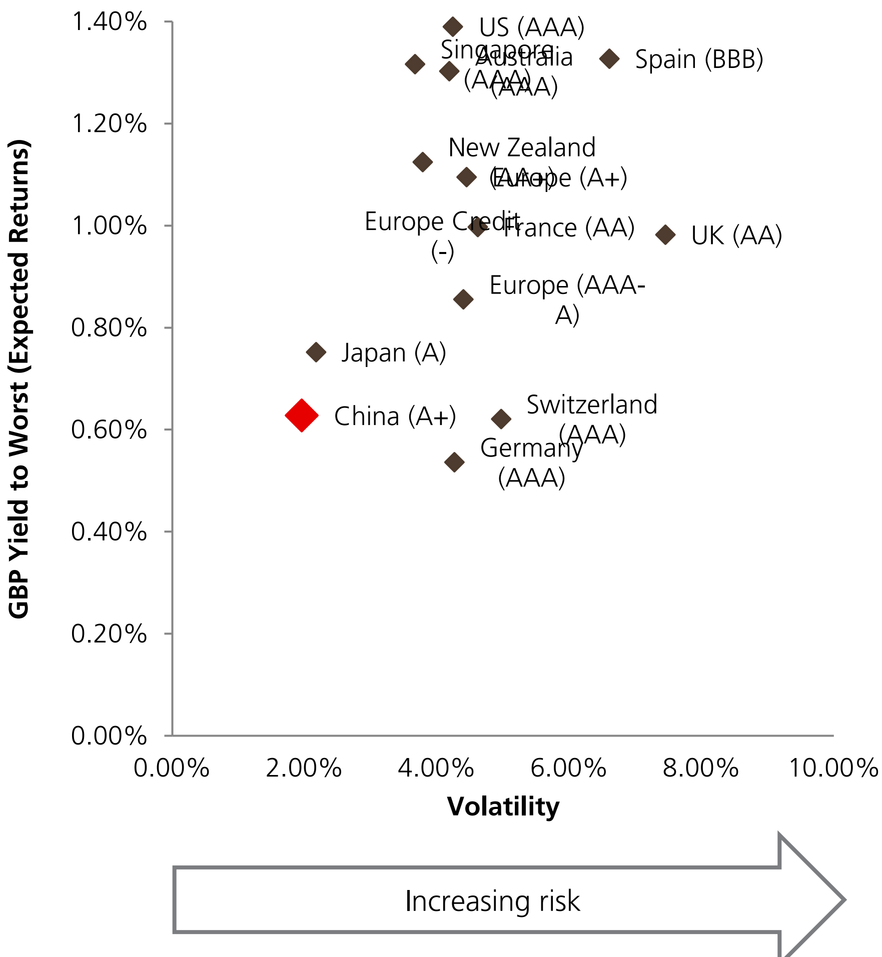
- The China Interbank Bond Market ("CIBM") is not new to us and we have transacted through this since late 2013.

- Our dedicated China and sector analysts are often on-the-ground for due diligence on China issuers.

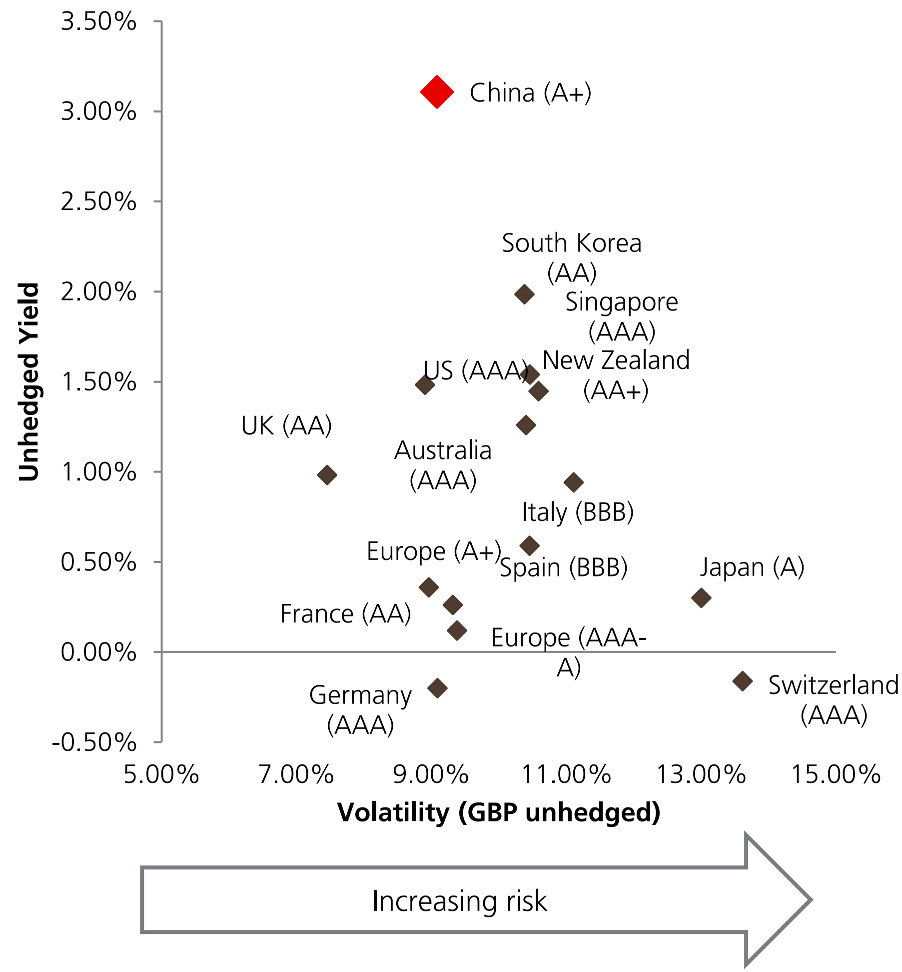
Source: UBS Asset Management. As of December 2019

# China defined by superior yield / volatility ratio: GBP

**GBP-hedged yields / volatility**




**Unhedged yields / volatility**

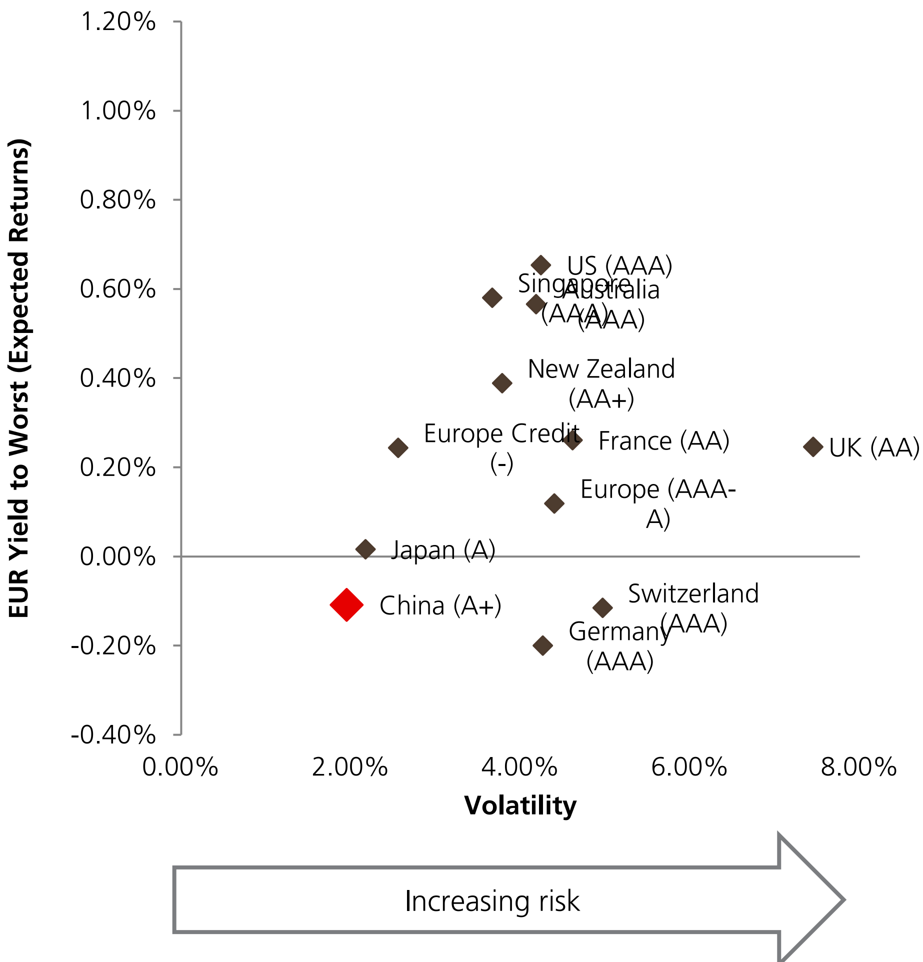



Source: Bloomberg. As of end June 2021

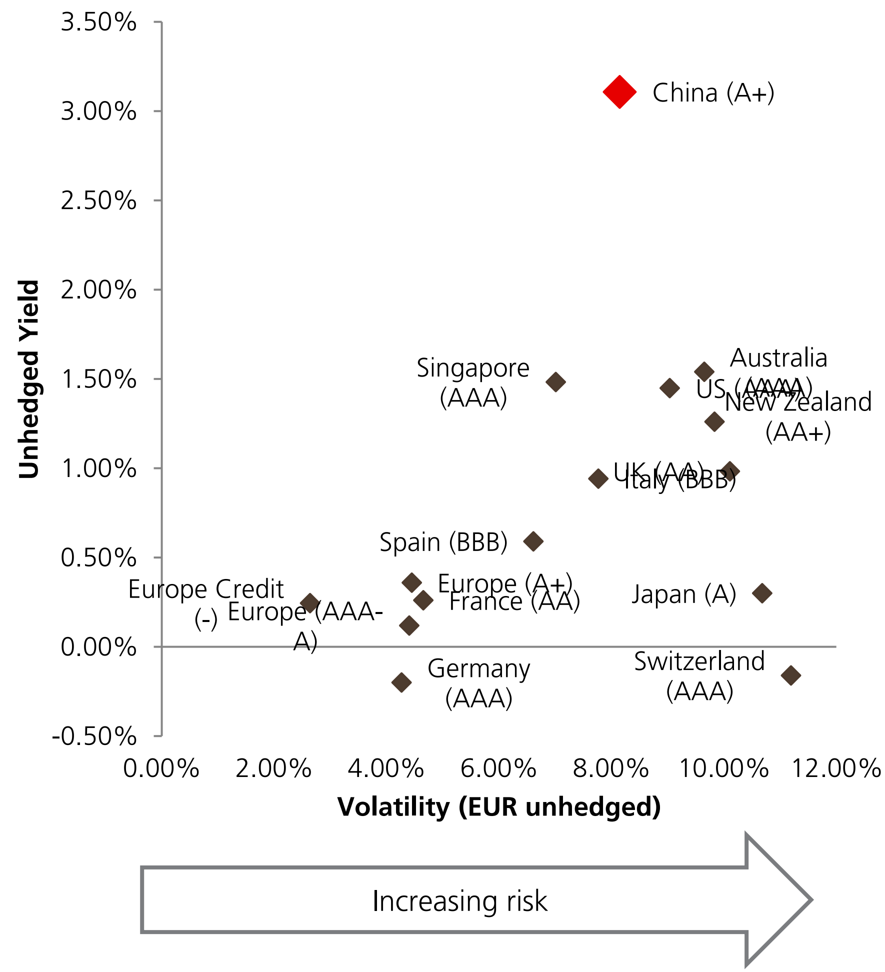
UBS

# China defined by superior yield / volatility ratio: EUR

**EUR-hedged yields / volatility**




**Unhedged yields / volatility**

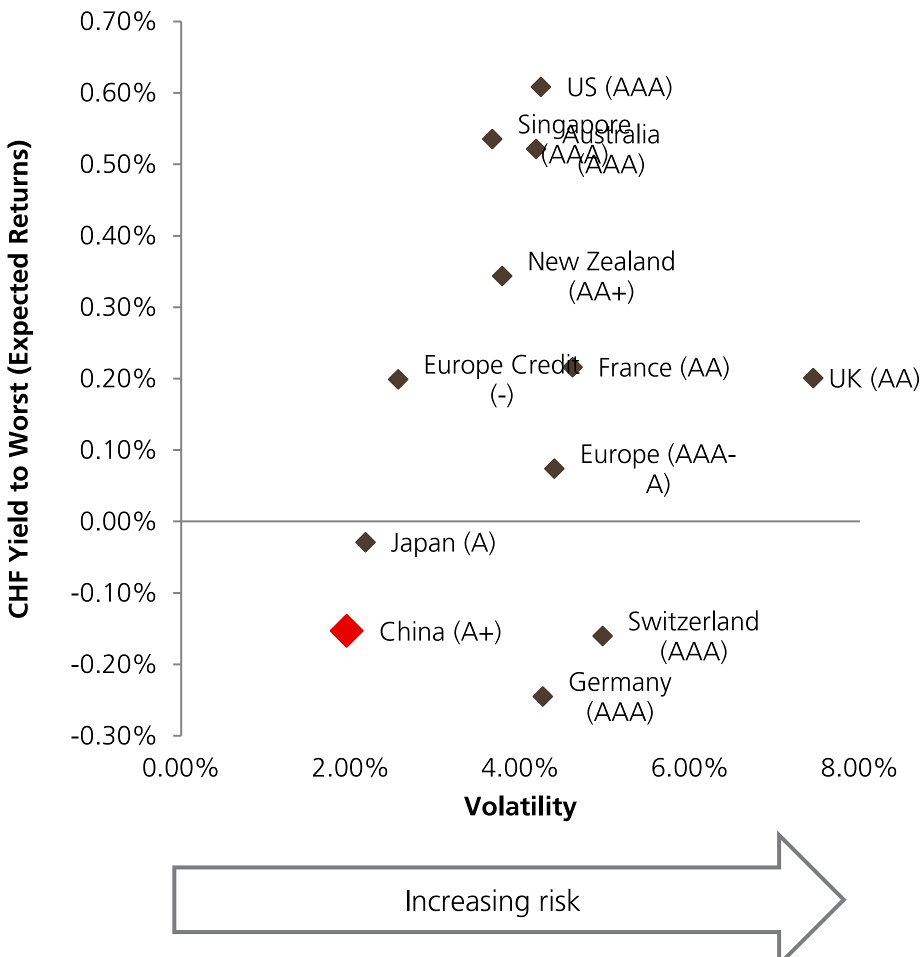



Source: Bloomberg. As of end June 2021

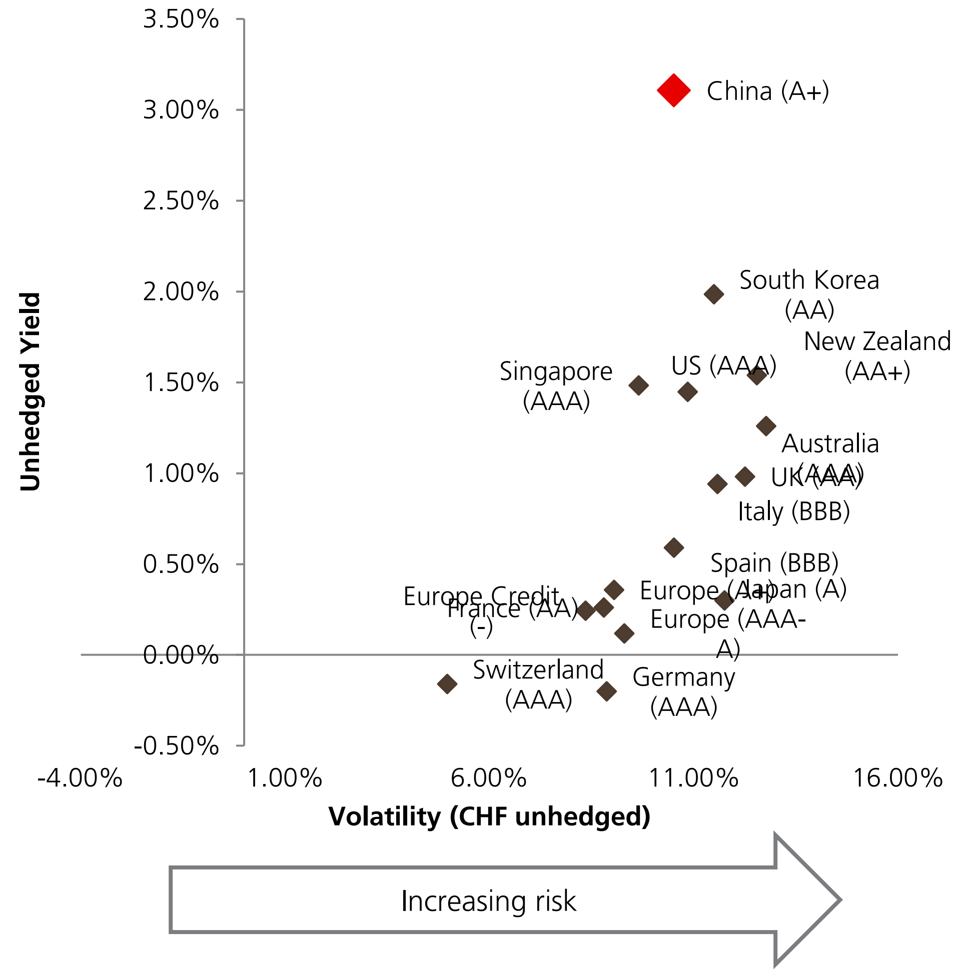
UBS

# China defined by superior yield / volatility ratio: CHF

**CHF-hedged yields / volatility**



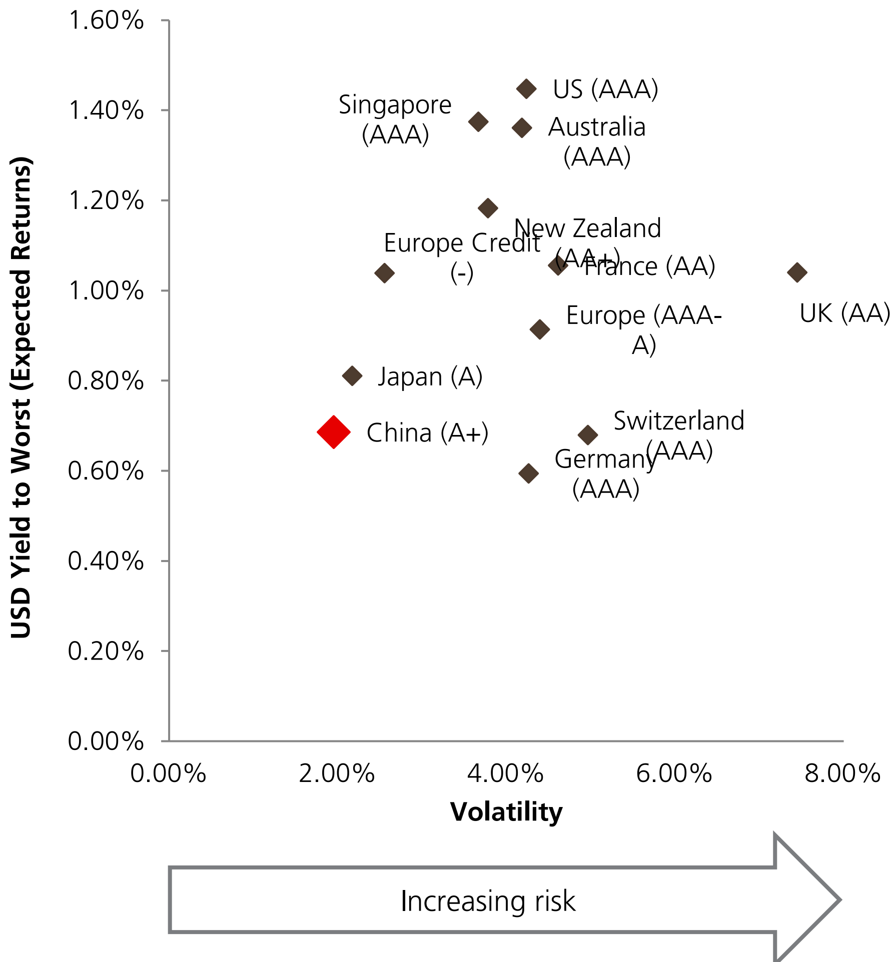

**Unhedged yields / volatility**



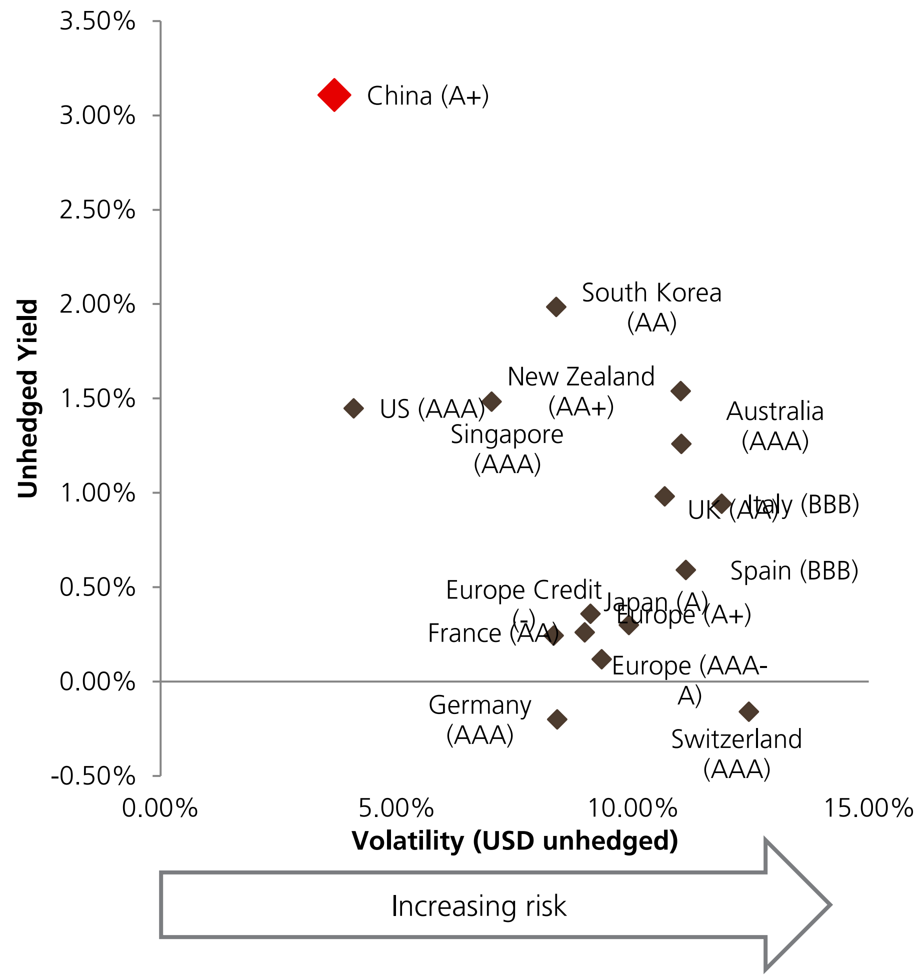

Source: Bloomberg. As of end June 2021

# China defined by superior yield / volatility ratio: USD

**USD-hedged yields / volatility**




**Unhedged yields / volatility**




Source: Bloomberg. As of end June 2021

UBS

Section 8

# Appendix B – Biographies

# Hayden Briscoe

## Head of Fixed Income, Global Emerging Markets and Asia Pacific
## Managing Director

Years of investment industry experience: 31

Education: University of New South Wales (Australia), BA

Hayden Briscoe has overall responsibility for all Global Emerging Markets and Asia Pacific fixed income activities at UBS Asset Management. He is also a member of the Global Fixed Income Management and Global Fixed Income Investment Committees.

Prior to joining UBS Asset Management, Hayden was a Senior Vice President and Director of Asia Pacific Fixed Income at Alliance Bernstein. In this role he was instrumental in building out their Asian fixed income platform and responsible for regional and country portfolios as well as having input in global aggregate strategies.

Hayden previously worked at Schroders Investment Management, Colonial First State and Bankers Trust, where he fulfilled fund management, portfolio management, and trader roles.

Note: As at April 2021

# Jiayi Yew

## Portfolio Manager
## Director

Years of investment industry experience: 11

Education: University of Cambridge (UK), MA, MEng

Jiayi Yew is a portfolio manager with the Pan Asia fixed income team and is responsible for analysing, developing and implementing China fixed-income strategies. Jiayi joined UBS Asset Management in August 2019 from Credit Suisse, where he was responsible for managing Pan Asia USD credit portfolios and conducting credit research.

Prior to that, Jiayi worked at Allianz Global Investors as a fixed income portfolio manager responsible for Asia local- and hard-currency fixed income strategies. At Allianz, he managed a flagship retail bond fund and helped to setup investment platforms into the China onshore market.

Jiayi started his career with the Royal Bank of Scotland on the Emerging Market Asian FX/Rates team in Singapore, where he was a trader responsible for market-making such products. In addition, he was also responsible for the bank's principal dealership franchises in both Singapore and Malaysia.

Note: As at April 2021

# Brian Lou

## Portfolio Manager
## Director

Years of investment industry experience: 11

Education: Hong Kong University of Science and Technology, B.Eng; The University of Hong Kong, M.Sc

Brian Lou is a portfolio manager with the Pan Asia fixed income team based in Shanghai and has responsibility for the analysis, development and implementation of China onshore interest rate and credit bond strategies.

Brian joined UBS Asset Management in July 2017. He previously worked at Samsung Asset Management (SAM) Hong Kong for two years as a portfolio manager, where he was responsible for managing the Samsung China onshore bond fund and undertaking China macro research. He was responsible for setting up SAM HK's fixed income platform, formulating fixed income investment strategies and conducting marketing activities around the launch of SAM's first fixed income fund outside Korea.

Prior to this, Brian was with AllianceBernstein Hong Kong, where he was associate portfolio manager and a member of Asian fixed income team with a focus on Asian bonds, FX and derivatives. He worked for China Life Franklin Asset Management prior to AllianceBernstein, focusing on Asian local and hard currency credit research and bond execution.

Note: As at April 2021

# UBS Bond China Fixed Income

## Schedule of composite performance

**UBS Asset Management (the Firm) claims compliance with the Global Investment Performance Standards (GIPS) and has prepared and presented this report in compliance with the GIPS standards. UBS Asset Management has been independently verified for the periods January 1, 2002 through December 31, 2019. The verification reports are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. GIPS is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.**

**Performance : UBS Bond China Fixed Income**
**April 01, 2018 Through December 31, 2020**

**Amounts and returns expressed in CNY (CHINESE YUAN RENMINBI)**

| Year | Gross Asset-Weighted Return (%) | Net Asset-Weighted Return (%) | Benchmark Return (%) | Composite 3-Yr St Dev (%) | Benchmark 3-Yr St Dev (%) | # of Portfolios End of Period | Total Composite Assets End of Period (millions) | Asset Weighted Dispersion (%) | Composite Assets as % of Firm Assets |
|---|---|---|---|---|---|---|---|---|---|
| 2018* | 6.89 | 5.97 | 7.11 | N/A | N/A | 1 | 826 | N/A | 0.02 |
| 2019 | 4.89 | 3.69 | 4.86 | N/A | N/A | 1 | 3,367 | N/A | 0.06 |
| 2020 | 3.47 | 2.29 | 3.06 | N/A | N/A | 1 | 6,855 | N/A | 0.07 |

* Performance Presented for Apr. 2018 through Dec. 2018. No statistics are annualized.
** 3 yr standard deviations are based on the gross returns

1. The composite invests mainly in RMB-denominated fixed-income instruments that are primarily issued by, but not limited to, the central government or local governments, government-related entities, banks and other financial institutions or corporate entities. Investments are conducted in the onshore China Interbank Bond Market (CIBM) and may include both direct securities (physical bonds) and derivatives related to fixed income securities where allowed. The Composite Creation Date is 31 Mar 2018. The actual benchmark for this composite always reflects the best match to the investment strategy. Benchmark changes over time are necessary to underline this fact. The benchmark is Bloomberg Barclays China Aggregate Index in CNY.
2. The Firm is defined as all actively and passively managed institutional and retail accounts of UBS Asset Management ("the Firm") throughout the world. The Firm was incepted in January 01, 2002 following the reorganisation of the asset management divisions of UBS AG under a single Asset Management brand. The performance record prior to 2002 is that of the local asset management division which managed the composite, and has been prepared in compliance with GIPS from the inception date of this composite. The composites are administered out of UBS Asset Management Basel office. The firm, UBS Asset Management - Fund Management Switzerland has complete discretion for all investment activities within the fund. As per January 1st 2010 the three Firms: UBS Global Asset Management Switzerland - Retail Fund Management, UBS Global Asset Management Switzerland - Institutional Fund Management and UBS Global Asset Management Switzerland - AST Fund Management were merged into UBS Global Asset Management - Fund Management Switzerland. The Firm includes all traditional UBS branded Wholesale, Institutional and AST Funds domiciled in Switzerland or Luxembourg. Policies for valuing portfolios, calculating performance and preparing compliant presentations are available upon request. As per October 5th, 2015 the company name was changed from UBS Global Asset Management to UBS Asset Management. This change of the firm's name does not impact the definition and scope of the GIPS firm or the composites.
3. 

| Year | Total Risk % | Derivative Risk % |
|---|---|---|
| 2018 | 97.9 | 0.0 |
| 2019 | 98.2 | 0.0 |
| 2020 | 98.7 | 0.0 |

Explanation of the table above: All figures presented are fully in-line with the KKV-FINMA guideline on the use of derivative instruments for collective investments. The Total Risk is the sum of the direct investment exposure and the derivative risk. The direct investment exposure is calculated as the market value of all direct investments, excluding cash and other liquid assets. The derivative risk is the sum of the net credit-, currency- and market-risk. The market risk consists of equity-, interest- and commodity-risk. Derivative financial instruments are only used in the course of ordinary management of portfolio assets and to hedge the currency risk exposure. Leverage in the sense of short sales may not be used. Investment Transactions are accounted for on a trade date basis.

4. Performance is calculated on a time-weighted return basis, taking into account the accrued interests and dividends. Where applicable, returns are shown net of non-recoverable withholding taxes.
5. The performance is calculated net-of-fees. The gross-of-fee returns are calculated based on all fee components excluding transaction costs. This composite has a 100% flat fee of max. 140 bps p.a. (this represents the highest possible standard fee for this composite). Due to the varying client segmentation the charged fee for this composite can differentiate. The bundled fee includes all charges for portfolio management, custody, and other administrative fees. The only costs not covered are transaction costs incurred in the administration of the fund's assets (brokerage fees in line with the market, fees, duties, etc. as well as any applicable taxes).
6. Composite dispersion represents the consistency of the Firm's composite performance results with respect to the individual portfolio returns within the composite. Presented is the asset-weighted dispersion (standard deviation) of the portfolios within the composite. Only portfolios in the composite for each full time period are included in the dispersion calculation and no dispersion is presented for composites consisting of only a single portfolio. The 3 year annualized ex-post standard deviations are based on monthly returns, shown starting with the first full 3 year calendar period.
7. A complete list of all Firm composite descriptions is available upon request. The composite's past performance is not necessarily an indication of how it will perform in the future.

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# Global Inflation-Linked Bonds

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June 2022

# Table of contents



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Section 1

# Inflation-linked bonds explained

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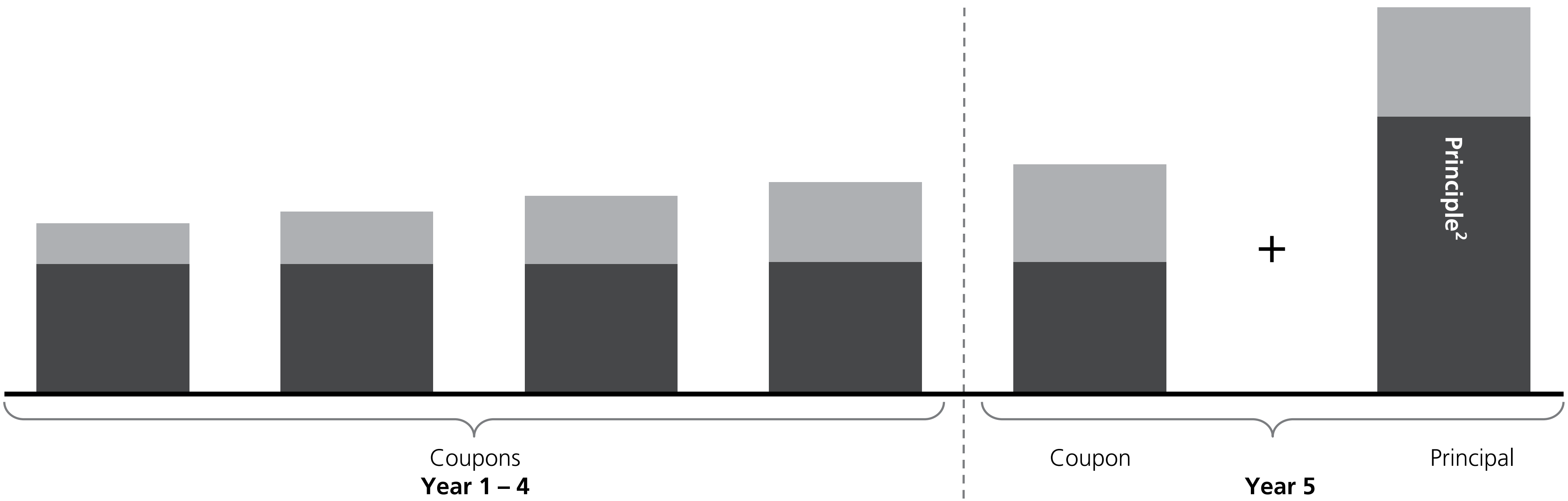
# Mechanics of an inflation-linked bond

Inflation-linked bonds can preserve the purchasing power of the investment against inflation over a defined investment horizon




Changes dependent on inflation rate changes because of link to inflation index[1] (when the monthly published CPI registers a rise, the future coupons are adjusted accordingly)

Real coupon

Note: Example of payment schedule for a 5-year inflation linked bond. For illustrative purposes only.

1 Deflation results in a reduction of payments to the investor / a loss of value. However, the purchasing power of these payments remains the same, as with deflation the price of goods also falls.

2 The scale has been adapted for illustrative purposes. In reality, the principal is much higher than the coupons.

# When do inflation-linked bonds have an advantage?

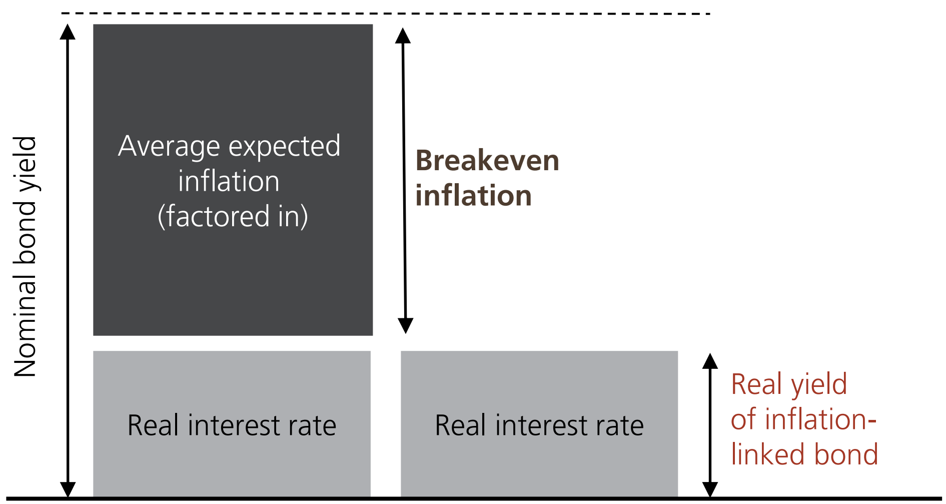
Investors who believe that actual inflation will turn out to be higher than the expected inflation can capture the opportunity by investing in inflation-linked bonds

- If actual inflation exceeds expected inflation incorporated in a nominal bond, the return on the investment in an inflation-linked bond will exceed the return of the nominal bond

- If actual inflation equals the expected inflation incorporated in the nominal bond, nominal and inflation linked bond returns will be similar

- Inflation-linked bonds in major markets (US, Europe) usually have a so-called deflation floor[1]

**Nominal bond yield vs. inflation-linked bond yield**




1 Feature of many inflation-linked bonds which ensures repayment at maturity not below par value
A deflationary period would offset any previous inflation accrual on the bond.

Simplified for illustrative purposes only.
Assuming the nominal and inflation linked bond have the same maturity.

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# Inflation-linked bonds can offer a number of benefits

## Inflation-linked bonds offer…

- A defensive hedge against inflation
- Diversification
  - In the context of a portfolio of nominal bonds and equities, adding inflation-linked bonds can reduce the overall risk, as their correlation to asset classes with an inferior or no degree of inflation hedge is low
- Tactical advantages
  - Offer opportunities to anticipate changes in inflation and real interest rates
- Strategic advantages
  - Can help to meet long-term investment goals

**Inflation-linked bonds can be the answer if an investor …**

- Fears that his money could lose in purchasing power and seeks a defensive hedge against inflation
- Wishes to further diversify his portfolio because he wants to reduce risk and fears that his investment could lose in real value

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Section 2

# Why Global Inflation-linked bonds?

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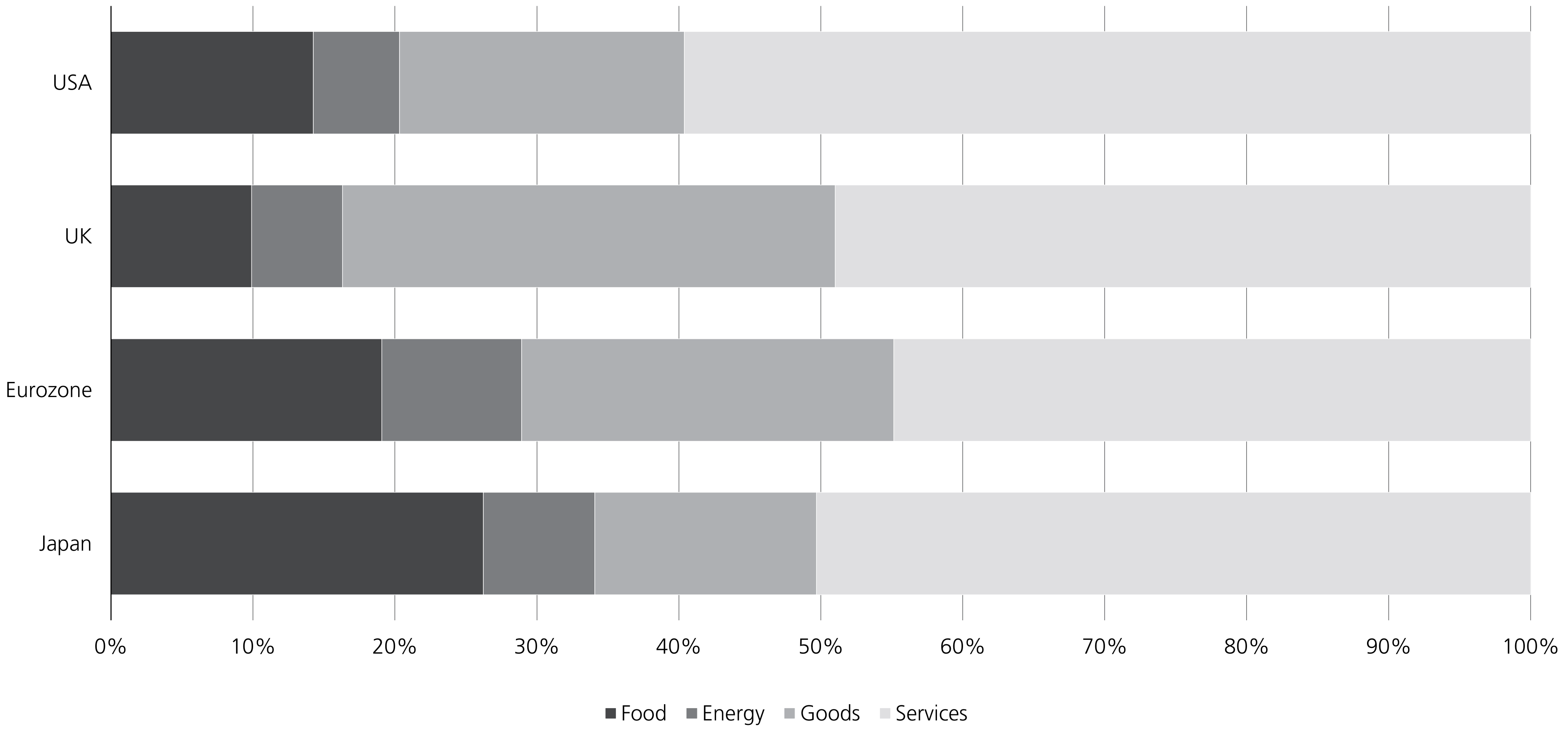
# Why global? Inflation composition differs by country

Inflation baskets – Japan, Eurozone, UK and USA




Source: BLS, ONS, Eurostat, Ministry of Internal Affairs and Communication. Weights data as at 31 August 2020.

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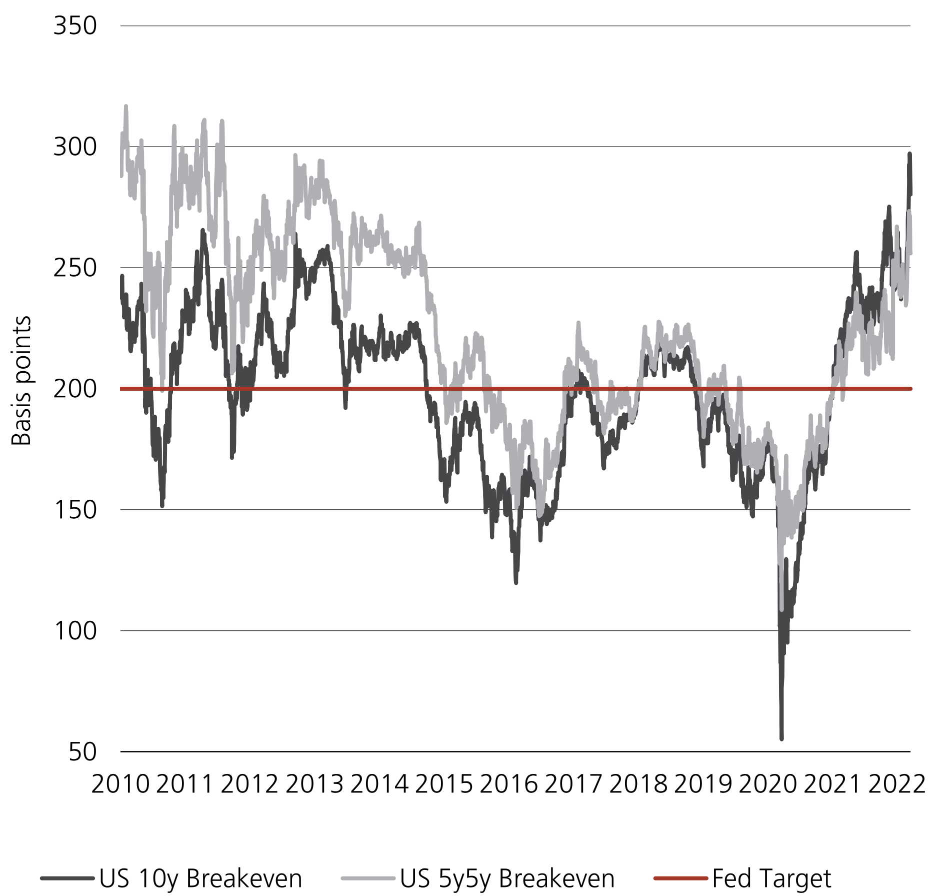
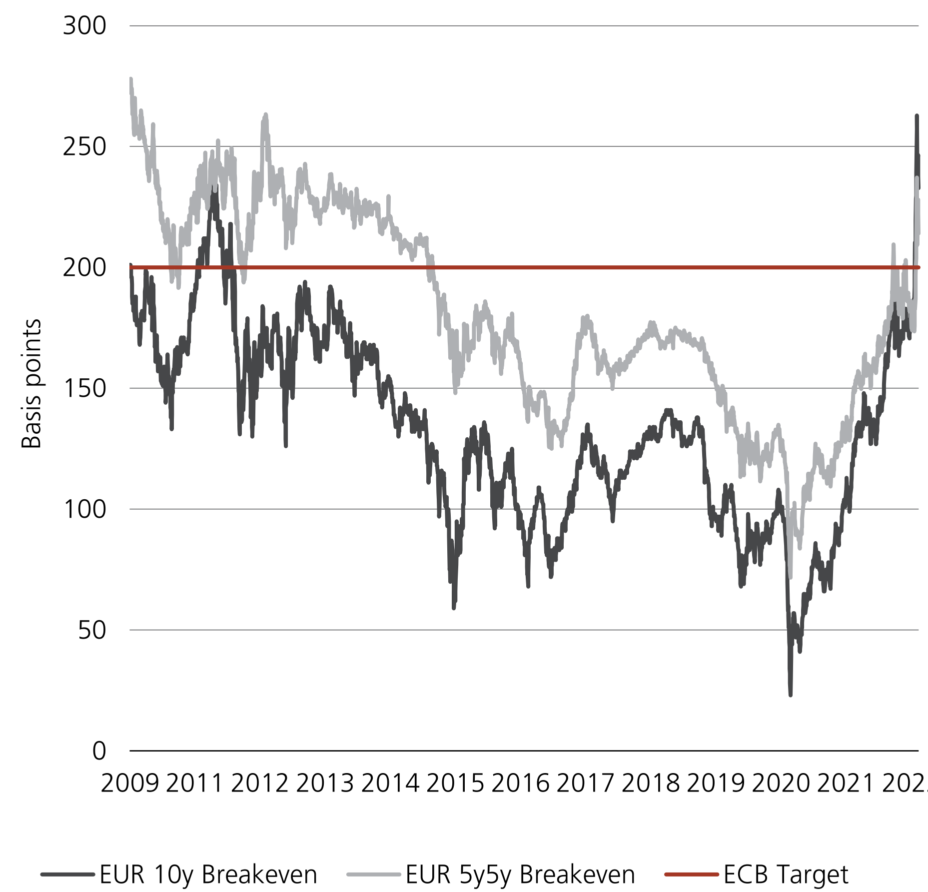
# Why now? Protection against rising inflation risks

Risks of high future inflation include unprecedented fiscal/monetary stimulus, supply disruption, MMT, debt monetisation

**US**




**EUR**




Source: Bloomberg, as at 16 March 2022.

Section 4

# UBS Global Inflation-linked Bond Fund

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Section 4.1

# Our fund

# Fund characteristics

## UBS Bond Inflation-linked Global

**Benchmark**

- Bloomberg Barclays Global inflation linked 1 – 10 years (USD hedged)
- EUR/CHF hedged share classes also available

**Investment universe**

- Global

**Instruments**

- Inflation-linked bonds (minimum 66.6% in government inflation-linked bonds)
- Nominal bonds
- Swaps (interest rate, inflation, total return, credit default), futures and currency forwards

**Sectors**

- Government
- Sovereign, supranational and agency
- Corporate credit (investment grade and high yield) and covered/securitized bonds
- Emerging market debt

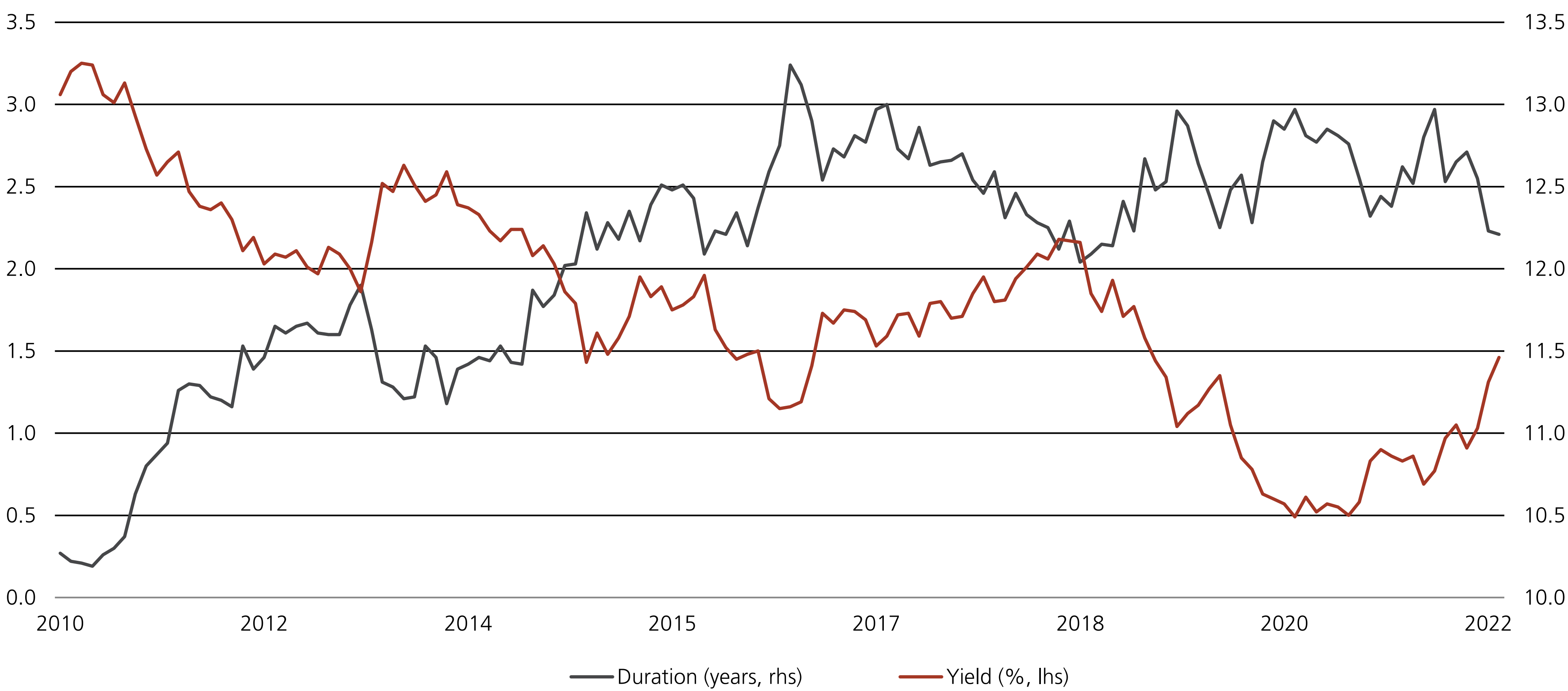
**Rating**

- Average investment grade

# Key difference – defensive shorter maturity strategy

The full maturity index carries higher risks of capital losses if real yields rise. Adding alpha through diversified active investment strategies globally.

**Bloomberg Barclays Global Inflation Linked Yield (LHS) and Duration (RHS)**




Source: Bloomberg, UBS Asset Management as at 28 February 2022

# Investment parameters

A portfolio providing exposure to high quality Global inflation-linked assets, supplemented by opportunistic positions in government, agency, corporate & collateralized, high yield & emerging market bonds & currencies

| Category | Parameter | Limit |
|---|---|---|
| Interest rates and inflation | Overall portfolio duration | -3.0 years – Benchmark – +3.0 years |
| | Government inflation-linked exposure | 66.6% – 100% |
| Credit | Investment grade bonds[1] | 70% – 100% |
| | IG corporate credit | max. 30% |
| | HY corporate credit | max. 20% |
| | Emerging market debt | max. 20% |
| | Covered/Securitized bonds | max. 10% |
| Currencies | Active currency | Permitted with max ex-ante TE contribution: 100bps |

Combined max. 40% (IG corporate credit, HY corporate credit, Emerging market debt, Covered/Securitized bonds)

(to include inflation-linked bonds issued by corporate or EM sovereign issuers)

Benchmark – Bloomberg Barclays Global Inflation-Linked 1-10 years; Tracking error – max 300bps

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1 Government and corporate

Section 4.2

# Our team and process

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# UBS-AM Fixed Income at a glance

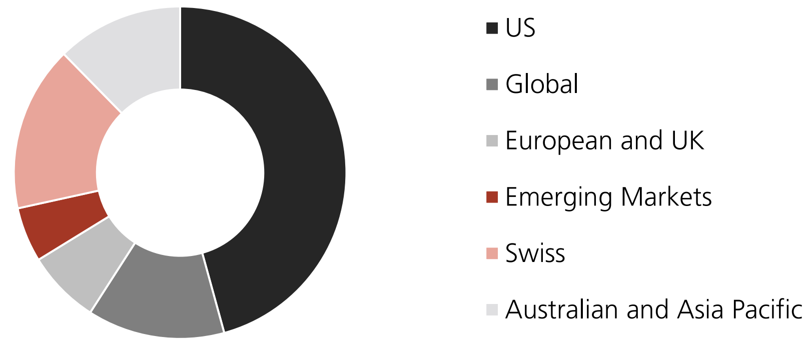
## Leading manager with USD 277 billion in assets under management

### Key strengths of Global Fixed income

- Deep expertise with 130+ fixed income investment professionals, averaging 19 years investment experience
- Globally integrated platform offering local insights and diverse perspectives
- Disciplined investment approach drawing on deep resources to employ diverse alpha sources
- Commitment to proprietary research across the full investment spectrum

### Total AUM USD 277 billion, by strategy

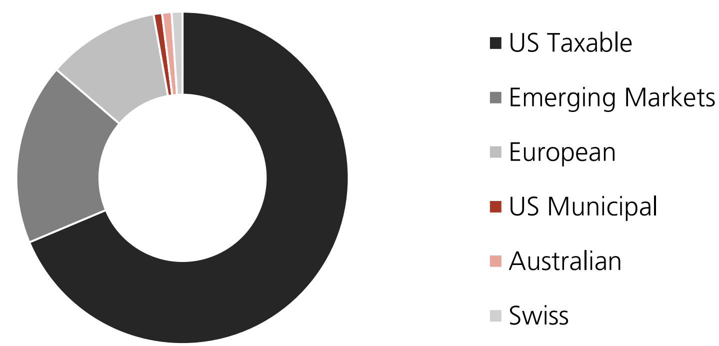
Bonds USD 192 billion




### Global presence

| | |
|---|---|
| Chicago | Hong Kong |
| New York | Shanghai |
| London | Tokyo |
| Zurich | Sydney |
| Singapore | |

Money Market USD 85 billion




Source: UBS Asset Management: worldwide fixed income invested assets. As of March 31, 2022
1 Excludes fixed income assets in multi asset mandates and other strategies managed by Multi Asset and Solutions

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# Global Bond Investment Team

## Global Bond Team draws on global resources

**Kevin Zhao**
Head Global Sovereign and Currency

### Global Rates PM

- **Jerry Jones** – PM Global
- **Lionel Oster** – PM Global
- **Edward O'Sullivan** – PM Global
- **Kent Zhang** – Dedicated PM Global Credit
- **Juwon Davies** – Global Team Apprentice

### Regional Rates PM

- **US**: Scott Dolan, David Kim
- **Europe**: Roland Emch, Geraldine Haldi, Michael Hitzlberger, Clemens Rich
- **Global**: Kevin Zhao, Jerry Jones, Lionel Oster, Edward O'Sullivan
- **APAC**: Jeff Grow

### IG Corps PM

- **Vivek Acharya** – PM Global
- **Jonathan Gregory** – Head of Fixed Income UK
- **Tim Van Klaveren** – PM Australia
- **David Vignolo** – PM US
- **Martine Wehlen** – PM Europe
- **Kent Zhang** – PM Global

### HY Corps PM

- **Matt Iannucci** – Global Head of High Yield
- **EUR High Yield**: Zachary Swabe, Jonathan Mather
- **US High Yield**: Matt Iannucci, Branimir Petranovic, Anders Nelson

### EM and Asia Team

- **Hayden Briscoe** – Head of EM and Asia
- **Federico Kaune** – Senior PM EM
- **Igor Arsenin** – PM EM
- **David Michael** – PM EM
- **Ross Dilkes** – PM Asia
- **Smit Rastogi** – PM Asia
- **Brian Lou** – PM Asia

### Investment Specialists

- **Alexander Wise** – Investment Specialist
- **Tony Appiah** – Investment Specialist
- **Martin Wiethuechter** – Investment Specialist
- **Anaïs Brunner** – Investment Specialist
- **Anna Findling** – Investment Specialist
- **Uta Fehm** – Investment Strategist

Source: UBS Asset Management. As of June 2021.

London · Chicago · Zurich · Sydney · APAC x AUS · New York

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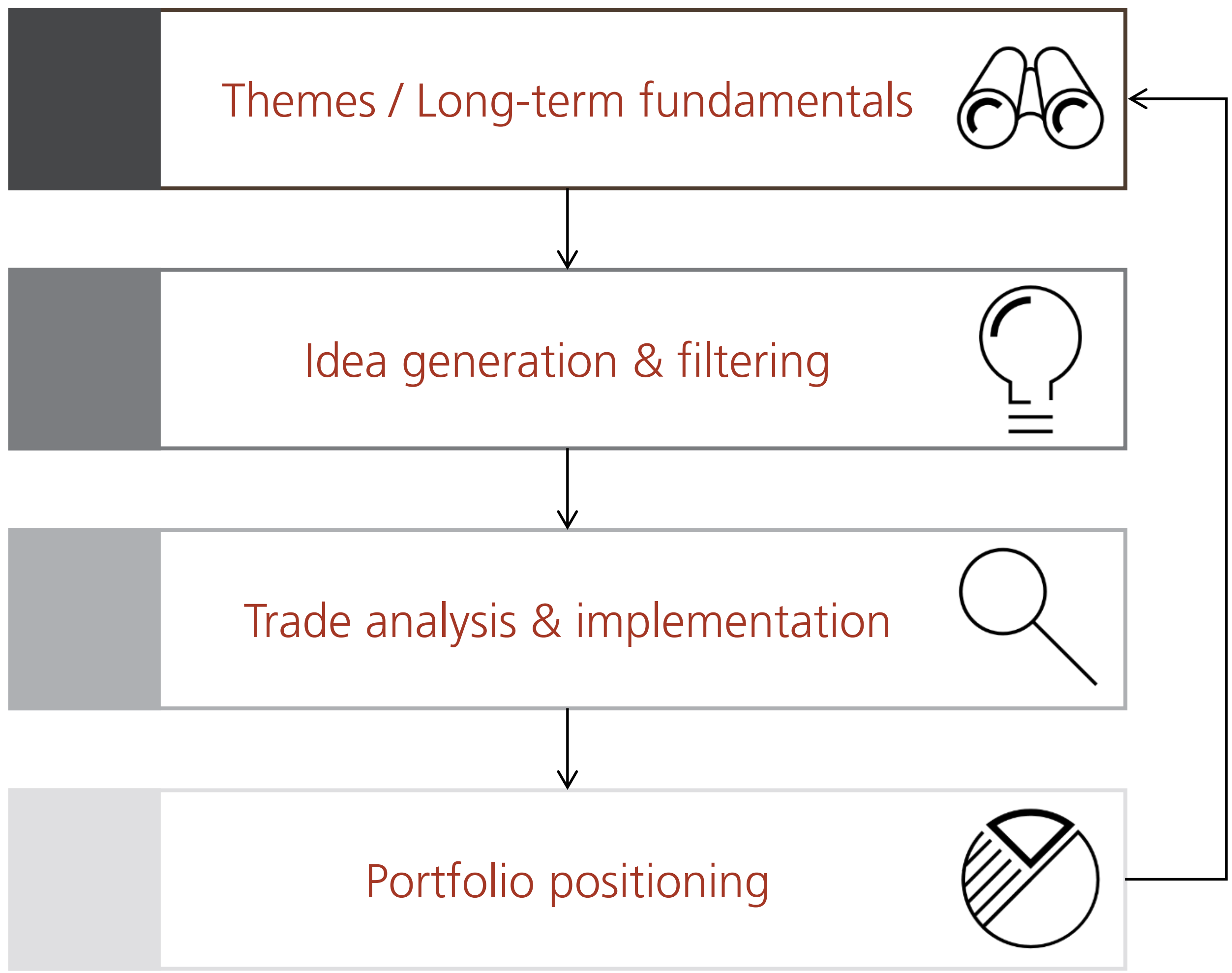
# Investment process

## Global Sovereign and Active Currency



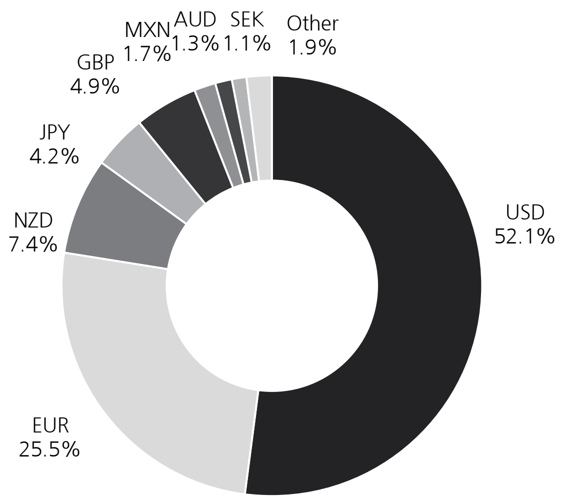
Section 4.3

# Current positioning and performance

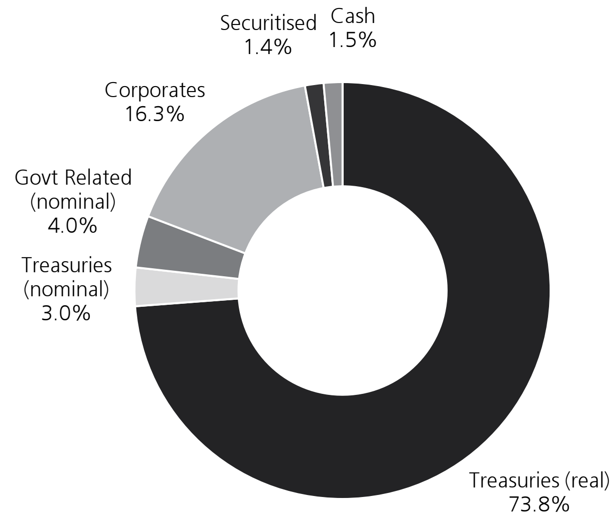
# Current positioning

## Global Inflation-Linked

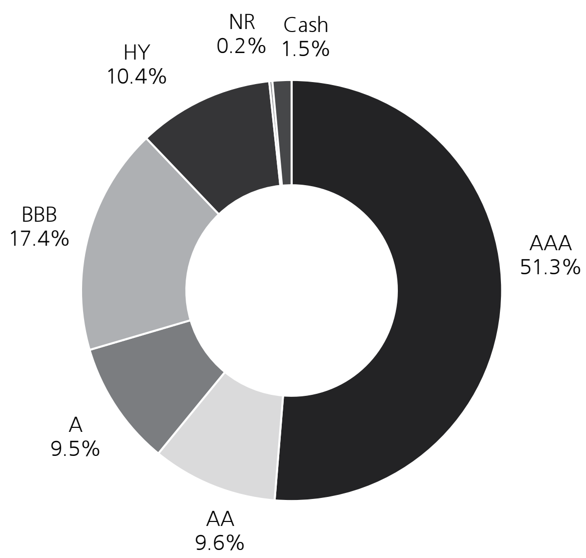
**By currency**[1]




**By sector**




**By rating**



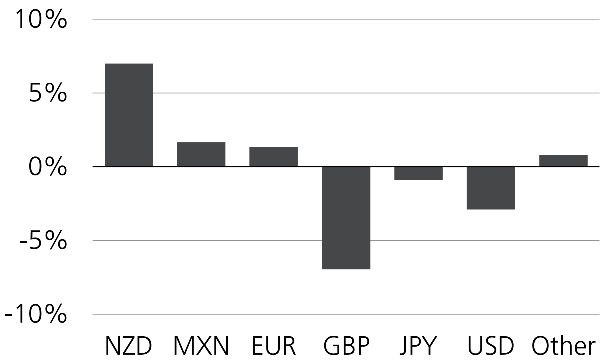

| | Portfolio | Benchmark | Active |
|---|---|---|---|
| OA duration | 3.90 | 4.73 | -0.83 |
| Yield to maturity[1] | 4.21% | 2.34% | 1.86% |
| Average rating | A1 | Aa2 | - |

Source: UBS Asset Management. As at 31 May 2022.
1 Unhedged

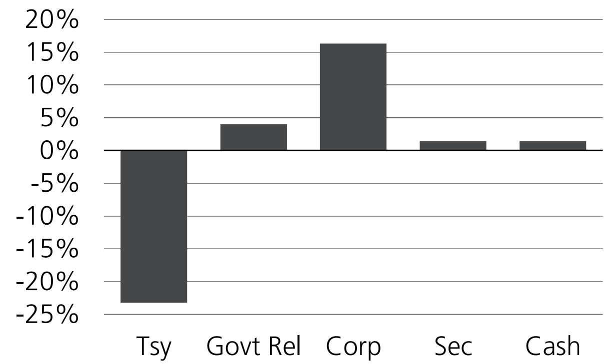
# Current positioning

## Global Inflation-Linked

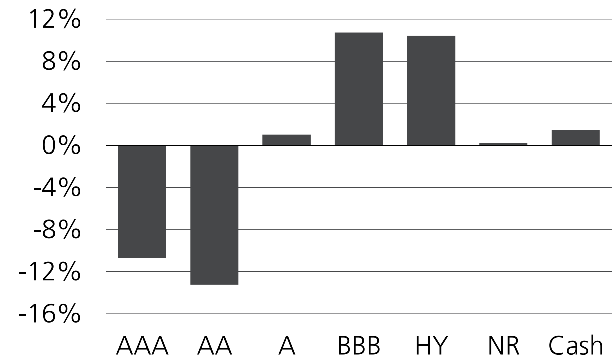
**Active % MV by country[1]**



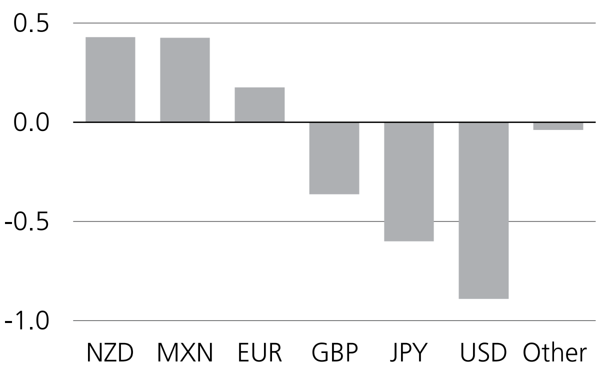

**Active % MV by sector**



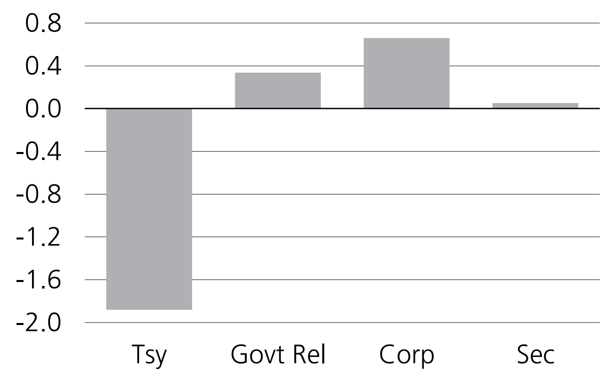

**Active % MV by rating**



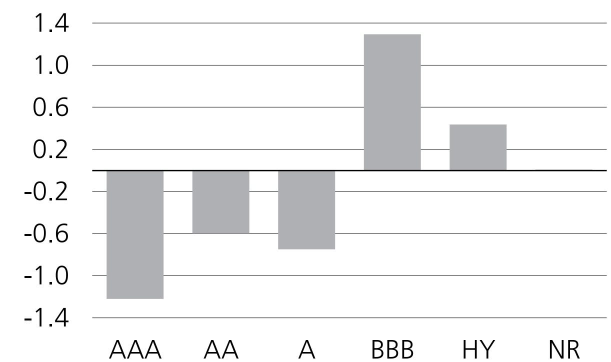

**Active OAD by country[1]**




**Active OAD by sector[2]**




**Active OAD by rating[2]**




Source: UBS Asset Management. As at 31 May 2022.
1 Unhedged
2 Including derivatives

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# Performance

## Global Inflation-Linked Composite

**Total returns for periods ending 31 May 2022 (USD) – Gross of fees**

| | | | | Annualised | | | |
|---|---|---|---|---|---|---|---|
| | **1 month** | **3 months** | **YTD** | **1 year** | **3 years** | **5 years** | **Since inception[1]** |
| UBS Bond Inflation-Linked Global (%) | -0.35 | -2.12 | -3.62 | -1.01 | 4.59 | 4.39 | 3.73 |
| Bloomberg Barclays Global Inflation Linked 1-10 years (%) | -0.41 | -1.41 | -0.97 | 2.52 | 4.21 | 3.62 | 3.31 |
| **Value added (%)** | **0.06** | **-0.72** | **-2.64** | **-3.53** | **0.38** | **0.77** | **0.41** |
| Tracking error (%)[2] | | | | 1.90 | 2.96 | 2.46 | 1.59 |
| Information ratio[3] | | | | -1.86 | 0.13 | 0.32 | 0.26 |

Note: The returns shown above are based on currently available information and are subject to revision. **Past performance is no guarantee of future results.**
Performance figures are gross of fees. Please see attached disclosure information.
1 Inception as of 31 October, 2009
2 Tracking error is the standard deviation of the difference between the monthly composite and benchmark returns, based on logarithmic returns. Tracking error is annualized for periods greater than one year
3 Information ratio is the arithmetic value added divided by the tracking error. For periods greater than one year, annualized returns are used to calculate the value added and the tracking number

Section 5

# Additional information

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# Investment Guideline Comparison

## Guidelines widened from existing ones

| | UBS (Lux) Bond Fund – Global inflation-linked (USD)<br>Investment Guidelines following repositioning on 1-Aug-17 | UBS (Lux) Bond Fund – Global inflation-linked (USD)<br>Investment Guidelines to end July 2017 |
|---|---|---|
| **Benchmark** | Bloomberg Barclays Global Inflation-linked 1-10 years (USD hedged) | Bloomberg Barclays Global Inflation-linked 1-10 years (USD hedged) |
| **Alpha** | 75 bps | 40 bps |
| **TE (target)** | 150 bps | N/A |
| **TE (max.)** | 300 bps | N/A |
| **IR Duration** | +/- 1.5yrs | N/A |
| **IG Corporate Exposure[1]** | Max 30% | None |
| **HY Corporate Exposure[1]** | Max 20% | None |
| **EMD Exposure[1]** | Max 20% including corporates | Sovereign only |
| **Issuer limits** | Max 10% of a single corporate issuer<br>Non sovereign issuer rated BB+ and below max 5% | Max BM +1.5% single issuer BBB+ to BBB-<br>Max 1% single issuer BB+ to B- |
| **Rating Guidelines** | Average rating equal to or above BBB-<br>Maximum exposure below BBB-: 30% | Average rating: Min A-(S&P)/A3(Moody's)/A-(Fitch)<br>Max 10% total exposure to BB+ to B-<br>Max BM+15% total exposure to BBB+ to BBB- |
| **Currency Exposure** | Max ex-ante TE contribution of non-base currencies exposure: 100bps | Hedge ratio: 98-100% |

Source: UBS Asset Management

1 Total combined corporate credit (IG and HY), EMD and nominal bond exposure must not exceed 40% (including inflation-linked bonds issued by corporates or EM sovereigns)

# Fund features

| | | | | | |
|---|---|---|---|---|---|
| **Fund name** | UBS (Lux) Bond SICAV – Inflation-linked Global P-acc / K-1-acc | | | | |
| | UBS (Lux) Bond SICAV – Inflation-linked Global (CHF hedged) P-acc / K-1-acc | | | | |
| | UBS (Lux) Bond SICAV – Inflation-linked Global (EUR hedged) P-acc / K-1-acc | | | | |
| **Fund domicile** | Luxembourg | | | | |
| **Launch date** | 19 October 2009 | | | | |
| **Portfolio management** | UBS Global Asset Management | | | | |
| **Currency of account** | USD/CHF/EUR | | | | |
| **Accounting year ends** | 31-May | | | | |
| **Distribution** | None, reinvestment | | | | |
| **Issue/Redemption** | Daily | | | | |
| **Flat fee** | 0.90% p.a. | | | | |
| **EU savings tax** | Affected | | | | |
| **Swing price** | Yes | | | | |
| **Security no. / ISIN** | **P-acc** | **Sec. no.** | **ISIN** | **K-1-acc** | **Sec. no.** |
| | USD | 10 531 938 | LU0455550201 | USD | 10 531 944 |
| | CHF | 10 531 964 | LU0455553486 | CHF | 10 531 970 |
| | EUR | 10 531 990 | LU0455556406 | EUR | 10 531 996 |
| **Benchmark** | Barclays Capital Global inflation linked 1-10 years (USD hedged / CHF hedged / EUR hedged) | | | | |

UBS

# Performance: UBS Bond Inflation-Linked Global

## GIPS Disclosure

**UBS Asset Management (the Firm) claims compliance with the Global Investment Performance Standards (GIPS) and has prepared and presented this report in compliance with the GIPS standards. UBS Asset Management has been independently verified for the periods January 1, 2002 through December 31, 2018. The verification reports are available upon request. Verification assesses whether (1) the Firm has complied with all the composite construction requirements of the GIPS standards on a Firm-wide basis and (2) the Firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.**

**Performance : UBS Bond Inflation-linked Global**
**November 01, 2009 Through December 31, 2019**

**Amounts and returns expressed in USD (US DOLLAR)**

| Year | Gross Asset-Weighted Return (%) | Net Asset-Weighted Return (%) | Benchmark Return (%) | Composite 3-Yr St Dev (%) | Benchmark 3-Yr St Dev (%) | # of Portfolios End of Period | Total Composite Assets End of Period (millions) | Asset Weighted Dispersion (%) | Composite Assets as % of Firm Assets |
|---|---|---|---|---|---|---|---|---|---|
| 2009* | 1.13 | 0.98 | 1.04 | N/A | N/A | 1 | 40 | N/A | 0.01 |
| 2010 | 3.87 | 2.94 | 4.66 | N/A | N/A | 1 | 49 | N/A | 0.01 |
| 2011 | 5.91 | 4.96 | 6.13 | N/A | N/A | 1 | 101 | N/A | 0.02 |
| 2012 | 7.04 | 6.08 | 6.75 | 2.24 | 2.20 | 1 | 145 | N/A | 0.03 |
| 2013 | -2.82 | -3.69 | -3.13 | 3.16 | 3.17 | 1 | 166 | N/A | 0.03 |
| 2014 | 3.42 | 2.49 | 2.84 | 3.09 | 3.06 | 1 | 146 | N/A | 0.02 |
| 2015 | 0.76 | -0.14 | -0.02 | 3.12 | 3.00 | 1 | 187 | N/A | 0.03 |
| 2016 | 4.49 | 3.55 | 4.48 | 2.54 | 2.35 | 1 | 103 | N/A | 0.02 |
| 2017 | 3.32 | 2.40 | 2.36 | 2.23 | 2.05 | 1 | 171 | N/A | 0.02 |
| 2018 | 1.67 | 0.75 | 0.84 | 1.84 | 1.74 | 1 | 210 | N/A | 0.03 |
| 2019 | 10.76 | 9.76 | 6.11 | 1.91 | 1.67 | 1 | 144 | N/A | 0.02 |

* Performance Presented for Nov, 2009 through Dec, 2009. No statistics are annualized.
** 3 yr standard deviations are based on the gross returns

1. The composite invests globally in selected inflation-linked bonds mainly with investment grade and predominantly issued by governments. The composite is globally diversified across countries, ratings and maturities. The composite is actively managed with the aim to outperform nominal bonds and to preserve the purchasing power of clients' investments against inflation over a 3- to 5-year horizon. The Composite Creation Date is 31 Oct 2009. The actual benchmark for this composite always reflects the best match to the investment strategy. Benchmark changes over time are necessary to underline this fact. The benchmark is Bloomberg Barclays Global inflation linked 1-10 years.
2. The Firm is defined as all actively and passively managed institutional and retail accounts of UBS Asset Management ("the Firm") throughout the world. The Firm was incepted in January 01, 2002 following the reorganisation of the asset management divisions of UBS AG under a single Asset Management brand. The performance record prior to 2002 is that of the local asset management division which managed the composite, and has been prepared in compliance with GIPS from the inception date of this composite. The composites are administrated out of UBS Asset Management Basel office. The firm, UBS Asset Management - Fund Management Switzerland has complete discretion for all investment activities within the fund. As per January 1st, 2010 the three Firms: UBS Global Asset Management Switzerland - Retail Fund Management, UBS Global Asset Management Switzerland - Institutional Fund Management and UBS Global Asset Management Switzerland - AST Fund Management were merged into UBS Global Asset Management - Fund Management Switzerland. The Firm includes all traditional UBS branded Wholesale, Institutional and AST Funds domiciled in Switzerland or Luxembourg. Policies for valuing portfolios, calculating performance and preparing compliant presentations are available upon request. As per October 5th, 2015 the company name was changed from UBS Global Asset Management to UBS Asset Management. This change of the firm's name does not impact the definition and scope of the GIPS firm or the composites.
3.

| Year | Total Risk % | Derivative Risk % |
|---|---|---|
| 2014 | 101.8 | 1.1 |
| 2015 | 100.1 | 1.5 |
| 2016 | 100.1 | 0.6 |
| 2017 | 224.7 | 125.4 |
| 2018 | 220.1 | 121.2 |

Explanation of the table above: All figures presented are fully in-line with the KKV-FINMA guideline on the use of derivative instruments for collective investments. The Total Risk is the sum of the direct investment exposure and the derivative risk. The direct investment exposure is calculated as the market value of all direct investments, excluding cash and other liquid assets. The derivative risk is the sum of the net credit-, currency- and market-risk. The market risk consists of equity-, interest- and commodity-risk. Derivative financial instruments are only used in the course of ordinary management of portfolio assets and to hedge the currency risk exposure. Leverage in the sense of short sales may not be used. Investment Transactions are accounted for on a trade date basis.

4. Performance is calculated on a time-weighted return basis, taking into account the accrued interests and dividends. Where applicable, returns are shown net of non-recoverable withholding taxes.
5. The performance is calculated net-of-fees. The gross-of-fee returns are calculated based on all fee components excluding transaction costs. This composite has a 100% flat fee of max. 160 bps p.a. (this represents the highest possible standard fee for this composite). Due to the varying client segmentation the charged fee for this composite can differentiate. The bundled fee includes all charges for portfolio management, custody, and other administrative fees. The only costs not covered are transaction costs incurred in the administration of the fund's assets (brokerage fees in line with the market, fees, duties, etc. as well as any applicable taxes).
6. Composite dispersion represents the consistency of the Firm's composite performance results with respect to the individual portfolio returns within the composite. Presented is the asset-weighted dispersion (standard deviation) of the portfolios within the composite. Only portfolios in the composite for each full time period are included in the dispersion calculation and no dispersion is presented for composites consisting of only a single portfolio. The 3 year annualized ex-post standard deviations are based on monthly returns, shown starting with the first full 3 year calendar period.
7. A complete list of all Firm composite descriptions is available upon request. The composite's past performance is not necessarily an indication of how it will perform in the future.

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# UBS (Lux) Bond SICAV - 2023

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November 2019

# UBS Emerging Markets Bonds 2023 (USD)[1]

Proven investment concept and structure with an attractive yield

**Uncertain global outlook**
UBS GWM CIO thinks the odds are high for emerging market bond yields to rise in the long term. Reducing portfolio maturity limits the risk of mark-to-market losses and possible margin calls.[2]

129
holdings

**Global and diversified universe** across rating, countries and sectors

USD
bonds

**USD-denominated bonds from emerging markets issuers**
No hedging cost

BBB-
average credit quality

**Investment grade**
(as at 17 October 2019)

**Target yield range**
**5.25% to 5.50%**
p.a. gross of fees, USD, assuming no defaults and held to maturity (excl. issuing commission)

**Continuous portfolio monitoring to** adjust positions in case default risks increase significantly

**Lower transaction costs than single bonds** thanks to 'buy and hold to maturity' approach

**2.75**
Mid-duration

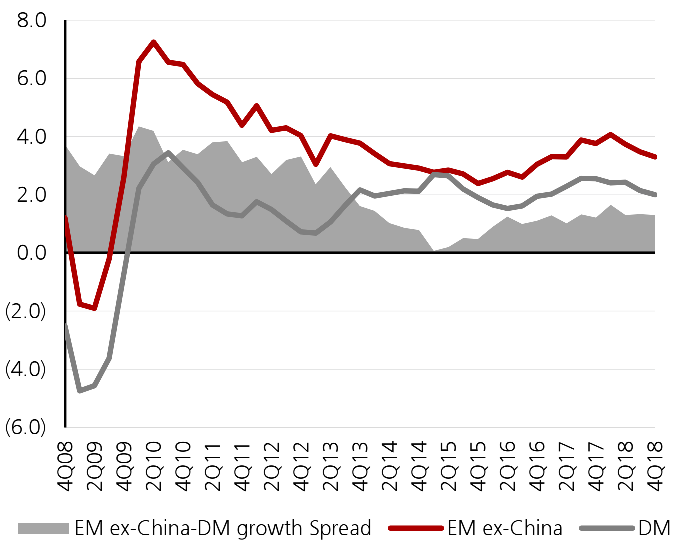
**Reduced duration** to protect investors from risk of changing interest rates (increasing as well as decreasing)

1 UBS (Lux) Bond SICAV – 2023 (USD)
2 UBS GWM CIO, "When EM bonds meet smart leverage", 15 July 2019
As at 21 October 2019, data based on USD and gross of fees. Indicative yield range. Yield is not guaranteed.
The allocations can be changed any time at UBS's / portfolio manager's sole discretion. UBS has no obligation to re-open this fund.

# Why emerging markets bonds now?

Capturing the solid return potential of emerging markets bonds

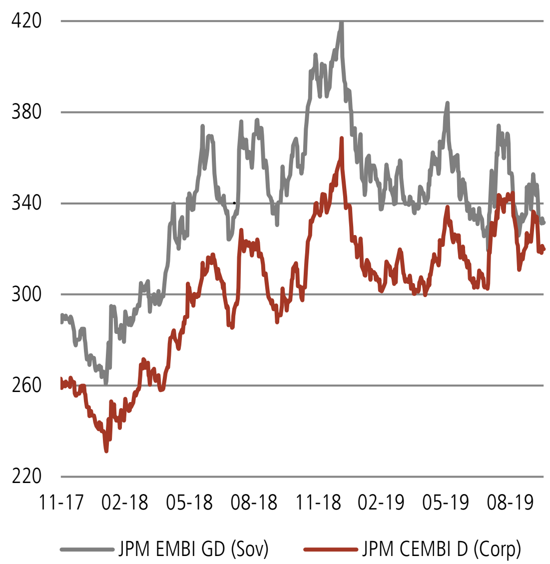
**Global real GDP growth**
(% y/y) - Quarterly data




Source: IMF, Macrobond
Data as at 31 December 2018

**While developed market growth seem to reach the peak in 2019, Emerging economies are expected to grow solidly over the next 3-4 years – a positive indicator for the ability to meet credit obligations**

**Attractive spreads**
(in basis points over US Treasuries)




Source: JP Morgan, Bloomberg
Data as at 21 October 2019

**In what is still a more low-yield environment, at least in Europe, spreads offer attractive return levels**

**Legend to abbreviations**
EMD: emerging market debt
DM: developed markets
EMBI: Emerging markets bonds index
CEMBI: Corporate Emerging Markets Bond Index

- **Solid economic environment in EM countries**
  While volatility should stay high, we don't expect a complete sell-off in EM bonds
- **Attractive returns in still low yield environment**
  Spreads widened out due to increasing risk aversion and (geo)political tensions, the structure of the fund offers to capture this while managing the risks
- Despite several risks, UBS GWM CIO thinks **global growth should hold up better than currently feared** and policy makers remain willing and able to support, which they think favors carry trades. In the longer term a bottom-up selection and the short maturity of the bonds offer some downside protection against rising bond yields and default rates[1]

1 UBS GWM CIO, "When EM bonds meet smart leverage", 15 July 2019

UBS

# Why a fixed maturity fund?

Fixed maturity funds combine the best features of single bond investment and traditional bond funds

| | Single bond investment | Traditional bond fund | Fixed maturity fund |
|---|---|---|---|
| **Research, selection, and monitoring** | managing credit risk might be a challenge | done by investment experts based on a rigorous process | done by investment experts based on a rigorous process |
| **Diversification** | ✗ | ✓ | ✓ |
| **Default risk** | could have a significant impact on invested capital | ↘ lower vs. single bond investment due to diversification | ↘ lower vs. single bond investment due to diversification |
| **Maturity date** | ✓ | ✗ | ✓ |
| **Transaction costs** | ↗ higher vs. both traditional bond fund and fixed maturity fund | ↘ lower vs. single bond investment due to economies of scale | ↘ lower vs. both single bond investment and traditional bond fund due to economies of scale and buy-and-hold approach |
| **Liquidity** | depends on market supply and demand | daily* | daily* (for redemptions) |

* Mutual funds target daily liquidity. However, this target might not be achieved in extreme market conditions.
For illustration purposes only.

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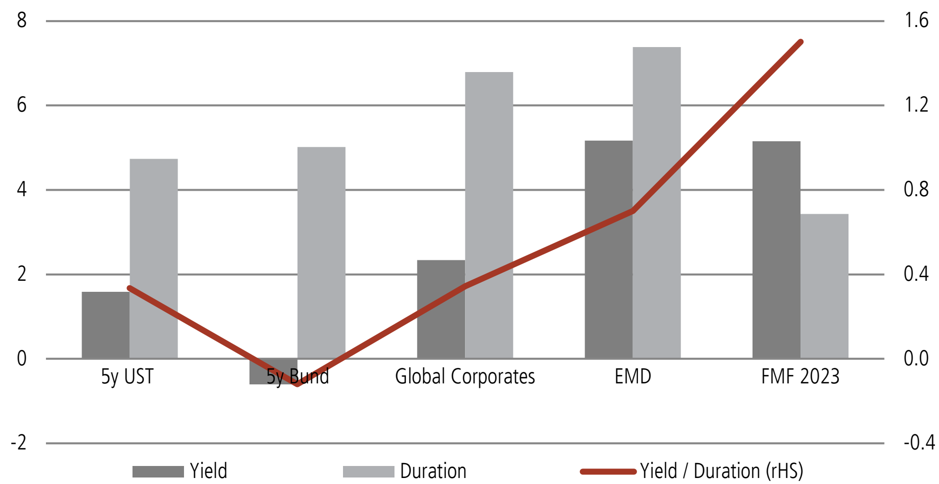
# Why a fixed maturity fund?

Fixed maturity funds allow investors to manage the risk of changing interest rates

**Yield (%) and Duration (years)**




Source: JP Morgan, UBS AM
Data as at 21 October 2019

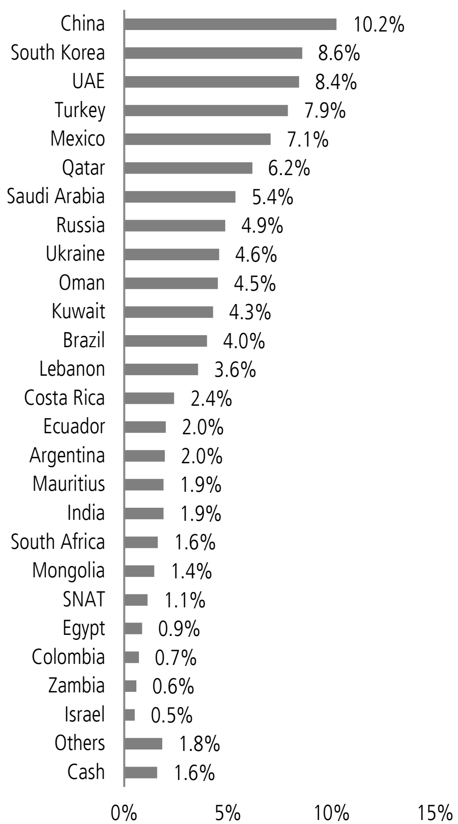
**Yield per unit duration is most attractive for emerging markets fixed maturity investments – can offer solid return with limited duration risk**

**Legend to abbreviations**
UST: US Treasuries
IG: investment grade
EMD: emerging market debt
HY: high yield
FMF: fixed maturity fund

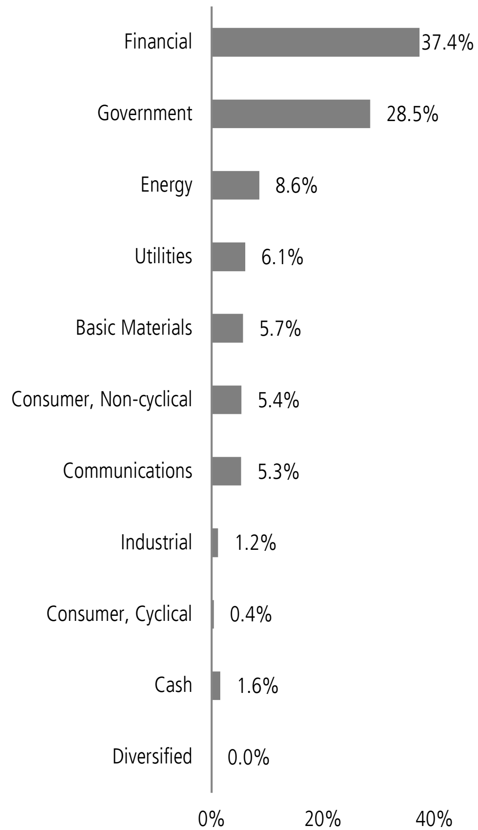
- **Global investment portfolio and diversification**
  A broad number of issuers and various different bonds providing access to a global and diversified investment universe
- **Lower default risk**
  Diversification of the portfolio allows to spread risks across issuers, regions, making the portfolio more robust
- **Defined maturity of the investment**
  Investors can plan cash-flows with certainty
- **Continuous monitoring** of positions
  Our professional investment team constantly assesses the risks and makes unbaised allocation decisions to keep a stable risk exposure
- **Lower transactions costs**
  Due to economies of scale and buy-and-hold approach of the fund structure
- **Lower duration risk** without compromising on the yield
  Reduce investors' exposure to the risk of changing interest rates (increasing as well as decreasing) by locking in spreads and duration through buy-and-hold approach

# FMF 2023[1]: Portfolio Composition

## Composition by market

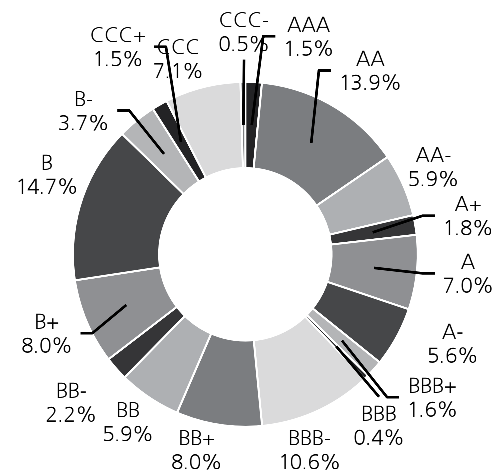



## Composition by sector

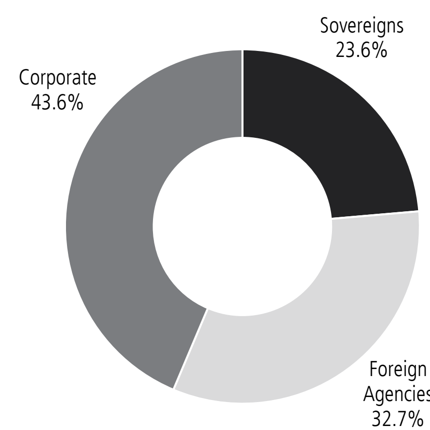



## Composition by rating

- Total HY: 51.55%
- Avg. rating: BBB-




## Composition by issuer type




1 UBS (Lux) Bond SICAV – 2023 (USD)

Data as at 17 October 2019. Source: UBS Asset Management.
This may change during the life of the fund. Characteristics and holdings of final portfolio may differ.

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# FMF 2023[1]: Portfolio Composition

## Top 10 Positions

| Market | Issuer | Description | Industry sector | Maturity | Rating | Weight |
|---|---|---|---|---|---|---|
| Saudi Arabia | Kingdom of Saudi Arabia | KSA 2 7/8 03/04/23 | Government | 04.03.2023 | A | 3.39% |
| Qatar | State of Qatar | QATAR 3 7/8 04/23/23 | Government | 23.04.2023 | AA- | 3.37% |
| Mexico | Petróleos Mexicanos | PEMEX 4 5/8 09/21/23 | Energy | 21.09.2023 | BBB- | 3.31% |
| Russia | VEB Finance Plc | VEBBNK 5.942 11/21/23 | Financial | 21.11.2023 | BBB- | 2.77% |
| Turkey | TC Ziraat Bankasi A.S. | TCZIRA 5 1/8 09/29/23 | Financial | 29.09.2023 | B | 2.75% |
| Kuwait | State of Kuwait | KUWIB 2 3/4 03/20/22 | Government | 20.03.2022 | AA | 2.36% |
| South Korea | Harvest Operations Corp. | KOROIL 4.2 06/01/23 | Energy | 01.06.2023 | AA | 2.31% |
| South Korea | Korea East-West Power Co. Ltd | KOEWPW 3 7/8 07/19/23 | Utilities | 19.07.2023 | AA | 2.15% |
| Oman | National Bank Of Oman | NBOBOM 5 5/8 09/25/23 | Financial | 25.09.2023 | BB+ | 2.06% |
| UAE | Emirate of Abu Dhabi | ADGB 2 1/2 10/11/22 | Government | 11.10.2022 | AA | 2.05% |

1 UBS (Lux) Bond SICAV – 2023 (USD)

Data as at 17 October 2019. Source: UBS Asset Management.
For informational purposes only. Characteristics and holdings of final portfolio may differ.
This information should not be considered a recommendation to purchase or sell any particular security.

# Details on UBS Emerging Markets Bonds 2023 (USD)[1]

## Careful and diversified selection plus stringent monitoring are key

**Investment universe & philosophy**

- primarily USD-denominated bonds from emerging markets issuers
- sovereign, quasi-sovereign, and corporate
- 'buy and hold to maturity' approach
- continuous portfolio monitoring until fund maturity

**Average credit quality**

- at initial investment: investment grade* i.e. not lower than BBB- (Standard & Poor's), and Baa3 (Moody's) respectively
- Portfolio consists of investment grade and non-investment grade bonds. In average the overall portfolio is investment grade

* This may change during the life of the fund.

**Fund maturity & liquidity**

- maturity date: 21. Nov. 2023
- no single bond in the portfolio **matures** later than the fund itself
- **no liquidity** issue at fund maturity because no bond in the portfolio has to be sold at that date
- please note that any spread widening and price fluctuation during the life cycle of the fund might not trigger a sale of the position as long as we see the repayment at the maturity of the bond as given

**Cash flows from matured bonds**

- will be reinvested in issues not purchased at fund inception
- will be used to increase any existing portfolio positions
- will be held in cash / cash equivalents to meet fund liquidity requirements
- all cash flows will be reinvested at best market level, which might result in an increasing cash position towards the end of the maturity

## Important note

**Actually realized return at fund maturity and reinvestment risk**

- may be reduced by potential bond issuer defaults
- will deviate from the initial yield to maturity, since all bonds in the portfolio mature before fund maturity and reinvestment opportunities for these cash flows will depend on market conditions then
- how cash flows from matured bonds can be reinvested depends on the market conditions prevailing then
- no guarantee by UBS Asset Management

1 UBS (Lux) Bond SICAV – 2023 (USD)

# Investment process

## Portfolio results from collaborative effort by portfolio managers and credit analysts

**Investor makes an initial investment in the fund like in a single bond, whilst the fund buys a range of bonds in line with its investment policy[1]**

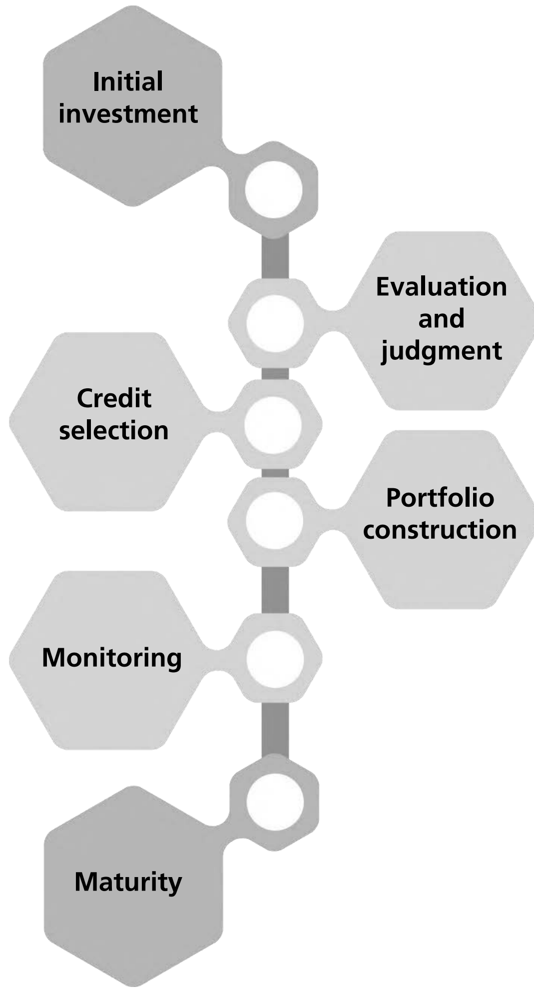
**Credit selection**

- driven by a bottom-up approach, with top-down considerations informing the view
- fundamental research conducted by credit analysts at issuer level, forming views within their region / industry-based on credit fundamentals and relative value

**Monitoring**

portfolio manager team is continuously monitoring the fundamentals of each individual holding and **takes appropriate action in case of rising default risk**

**At maturity, the fund's final net asset value (NAV) is paid back to the investor[1]**




**Quantitative evaluation & qualitative judgement**

- analysis of global economic environment and definition of risk parameters
- fundamentals-driven analysis of countries and issuers
- analysis and monitoring of country-specific factors
- analysis of economic conditions (political environment, social structure, geographical significance)

**Portfolio construction**

portfolio manager team is responsible for issue selection, reflecting the analysts' views within the overall top-down portfolio considerations and investment guidelines

For illustrative purposes only.

1 Repayment at fund maturity and distributions will be influenced by potential bond issuer defaults and market conditions for reinvestments of coupon payments and cash flows from matured bonds.

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# Opportunities and risks

**Opportunities**

- Investors can make an investment akin to a single bond with a fixed maturity, but with all the benefits of diversification and professional management
- Investors can lock in yields and credit spreads at current levels due to a 'buy and hold to maturity' approach
- Investors have access to a bond investment with limited duration risk, provided they stay invested until maturity, which may be of particular interest for those concerned about rising interest rates
- Investors can gain broad exposure to emerging markets sovereign and corporate bonds in a cost- and time-efficient way

**Risks**

- Emerging market bonds are usually subject to a high credit risk (i.e. potential loss due to failure of issuer)
- Investment in fixed income securities are usually considered as carrying credit risk (i.e. potential loss due to failure of issuer)
- The fund can invest in less liquid assets that may be difficult to sell in distressed markets
- The fund may use derivatives which can reduce investor risks or give rise to market risks as well as potential loss due to failure of counterparty
- The value of a unit at expiration depends on the repayment of invested assets and reinvestments
- Every fund is exposed to specific risks. A detailed and comprehensive list of risk descriptions can be found in the prospectus

# Technical data

| Fund name | UBS (Lux) Bond SICAV – 2023 (USD) | | | |
|---|---|---|---|---|
| Portfolio management | UBS Asset Management | | | |
| Reference index | no representative reference index available | | | |
| Fund currency | USD | | | |
| Fund maturity | 21 November 2023 (early liquidation possible to achieve an actual realized return as favorable as possible for investors) | | | |
| Accounting year end | 31 May | | | |
| Subscriptions / redemptions | Daily; closed for further subscriptions after inception (later re-openings possible) | | | |
| Distribution | acc share classes: none;<br>dist share classes: annual distribution;<br>qdist share classes: quarterly distribution | | | |
| Swing price | Yes (Please note swing price will be applicable in case investors redeem before the expiry of the fund or in case of a reopening.) | | | |
| Minimum subscription | P and Q share classes: No minimum;<br>K-1 share classes: approximately USD 3 million or equivalent in foreign currency | | | |
| Share class | **P-acc (USD)** | **P-dist (USD)** | **P-qdist (USD)** | **P-qdist (HKD)** |
| Launch date | 01.02.2019 | 01.02.2019 | 13.05.2019 | 13.05.2019 |
| ISIN | LU1914375511 | LU1914375602 | LU1980165606 | LU1980165945 |
| Management fee p.a. | 0.68% | 0.68% | 0.68% | 0.68% |
| Ongoing charges | 0.90% | 0.90% | 0.90% | 0.90% |
| Share class | **Q-acc* (USD)** | **Q-dist* (USD)** | | |
| Launch date | 01.02.2019 | 01.02.2019 | | |
| ISIN | LU1914375784 | LU1914375867 | | |
| Management fee p.a. | 0.48% | 0.48% | | |
| Ongoing charges | 0.65% | 0.65% | | |
| Share class | **K-1-acc (USD)** | **K-1-dist (USD)** | **K-1-qdist (USD)** | |
| Launch date | 01.02.2019 | 01.02.2019 | 01.02.2019 | |
| ISIN | LU1914375941 | LU1914376089 | LU1914376162 | |
| Management fee p.a. | 0.48% | 0.48% | 0.48% | |
| Ongoing charges | 0.65% | 0.65% | 0.65% | |

UBS

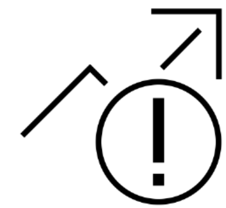
Source: UBS Asset Management, data as of September 2019. For information only, please refer to Quotes for latest fund information and fees.
*Class Q is only available in the context of an advisory mandate (e.g. UBS Advice). Please check with your Client Advisor for further information.

# Risks considerations

## Aspects requiring corresponding risk tolerance and capacity

- The fund is exposed to the risk of default on the payment of coupon or principal by issuers it holds in the underlying portfolio. Should any such default event occur, the value of the fund will be negatively impacted.
- During the fund’s life, its net asset value (NAV) will be impacted by interest rate and credit spread movements affecting its underlying bond holdings. Typically, a bond’s value is negatively impacted by rising interest rates and/or credit spread widening.
- Depending on the credit quality, the default risk is higher in the case of high yield bonds than with investment grade corporate and government bonds.
- Emerging markets are at an early stage of development, which can typically involve a high level of price volatility and other specific risks, such as lower market transparency, regulatory hurdles, corporate governance as well as political and social challenges.
- The fund does not provide any guarantee on pay-outs of income and final net asset value. There is no specific estimate of the fund’s value as of maturity. This value depends on repayments of the bonds purchased by the fund and the reinvestment of undistributed interest income.
- All investments are subject to market fluctuations. Every fund has specific risks, which may increase considerably in unusual market conditions.

For complete information about the fund, including the risks of investing, applicable fees and other important information, prospective investors are advised to read the full prospectus.



# Glossary: Hold-to-maturity strategies

## Holding until maturity calls for stamina and diversification

**Expected return**
A hold-to-maturity strategy (as proxied by the initial yield to maturity) may offer **favorable** expected return potential compared to a strategy with an open-ended duration profile (e.g. traditional bond investment tracking a benchmark).

**Duration exposure**
When interest rates are expected to rise (which would have a negative impact on longer duration open-ended funds) **shorter** duration exposure is preferable as it naturally rolls down the curve to maturity and therefore can outperform longer-duration portfolios (excl. bond issuer defaults).

**Market volatility**
Be prepared to accept (or ignore) market volatility between initial investment and maturity. Selling during the investment period for reasons of volatility or change in view involves price and/or reinvestment **risk**.

**Credit outlook**
The credit outlook for an issuer should be **reasonably ascertained** for the life of the investment (i.e. no change of issuers' circumstances and no issuer defaults over the period). The investment horizon is key in such a determination, hence a 10-year hold-to-maturity portfolio for example will have significantly less certainty that all issuers will remain sound credits compared to a 3-year hold-to-maturity portfolio.

**Degree of diversification**
The more diversified a hold-to-maturity portfolio, the smaller the negative impact from unexpected credit events. Fixed maturity funds feature comparably **broad** diversification.

**Benefits**

- Can be used as a tool to better match maturity of assets and liabilities, if necessary
- Can be tailored to meet the risk tolerance or preference of the investor in terms of interest rate and credit risk
- Provides reasonable indication of potential return (excl. credit events)

**Drawbacks**

- Valuations may become expensive and not justify the ongoing credit risk being taken (calling for active management of credit exposure). A portfolio established on day 1 may no longer be appropriate in e.g. a year's time, leading to potential opportunity cost.
- It is difficult to completely forecast credit events on any company over an extended period. Confidence in a multi-year view will obviously be less than say a 1-year view for a particular company. The less diversified the hold-to-maturity portfolio, the greater the negative impact from unexpected credit events.
- There is significant ballooning of reinvestment risk at the end of the investment period when all bonds mature, leaving the investor subject to market conditions prevailing then.

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*Please refer to the Prospectus for more information on the risks associated with investments in financial derivative instruments and the Sub-Fund's volatility.

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# Yielding Attractive Returns

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

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January 2023

# Table of contents

Section 1

# The case for Asian High Yield

# Why Asian High Yield

## Executive summary

| | |
|---|---|
| Market opportunity | • Asia is key driver of global economic growth going forward<br>• Asia high yield market at attractive valuations at current spread and yield levels, especially compared to other high yield markets globally<br>• Easing of China's dynamic zero Covid policy could be potential upside catalyst for Asian credit markets |
| Our solution: UBS Bond Asian High Yield | • Dependable income source: distribution yield > 6% p.a.<br>• Actively managed, which provides a flexible approach in navigating evolving markets<br>• Aligned with Article 8 of the EU SFDR, leveraging unique market insights from UBS-AM's robust in-house Sustainability team |

Source: UBS Asset Management, as of end October 2022

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# Why invest in Asian High Yield today?

**Asian credit markets continue to grow**

Broadening opportunity sets across the region for investors

**Attractive valuations**

Attractive entry point into Asia high yield market at current spread and yield levels*

**Significant policy measures**

Fiscal and monetary policy measures remain key drivers for markets

**Strong economic recovery**

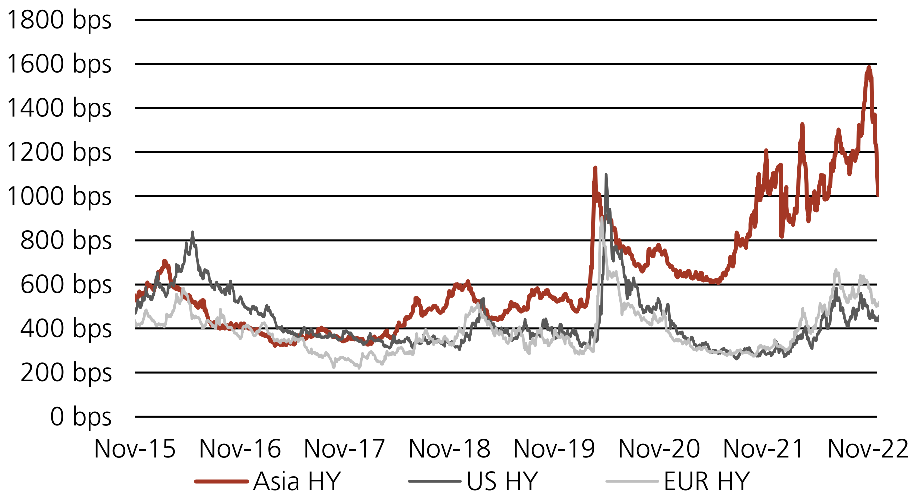
Significant recovery and growth in Asian economies

*Yield is not guaranteed. **Past performance is not a reliable indicator of future results.**
Source: UBS Asset Management

# Credit spreads and yields

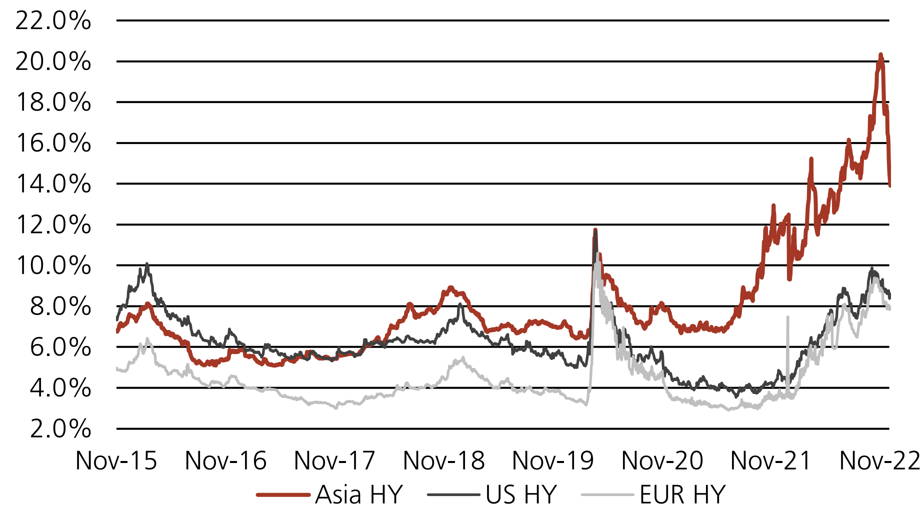
## Credits spreads at all-time wides: Yields present an attractive income proposition

**High yield credit market: Spreads**




| Spread | Asia HY | US HY | EUR HY |
|---|---|---|---|
| Latest | 1111 | 448 | 513 |
| MTD Change | -452 | -35 | -91 |
| YTD Change | +471 | +56 | +162 |
| All-time wides | 1585 | 1971 | 2013 |
| All-time tights | 154 | 233 | 183 |
| Current percentile | 97% | 50% | 67% |

**High yield credit market: Yields**




| Yield | Asia HY | US HY | EUR HY |
|---|---|---|---|
| Latest | 15.16% | 8.63% | 7.93% |
| MTD Change | -4.76% | -0.49% | -0.90% |
| YTD Change | 8.41% | 4.45% | 4.53% |

For information purposes only. **Past performance is not a reliable indicator of future results.**
Source: Bloomberg Finance L.P., J.P. Morgan. As of end November 2022

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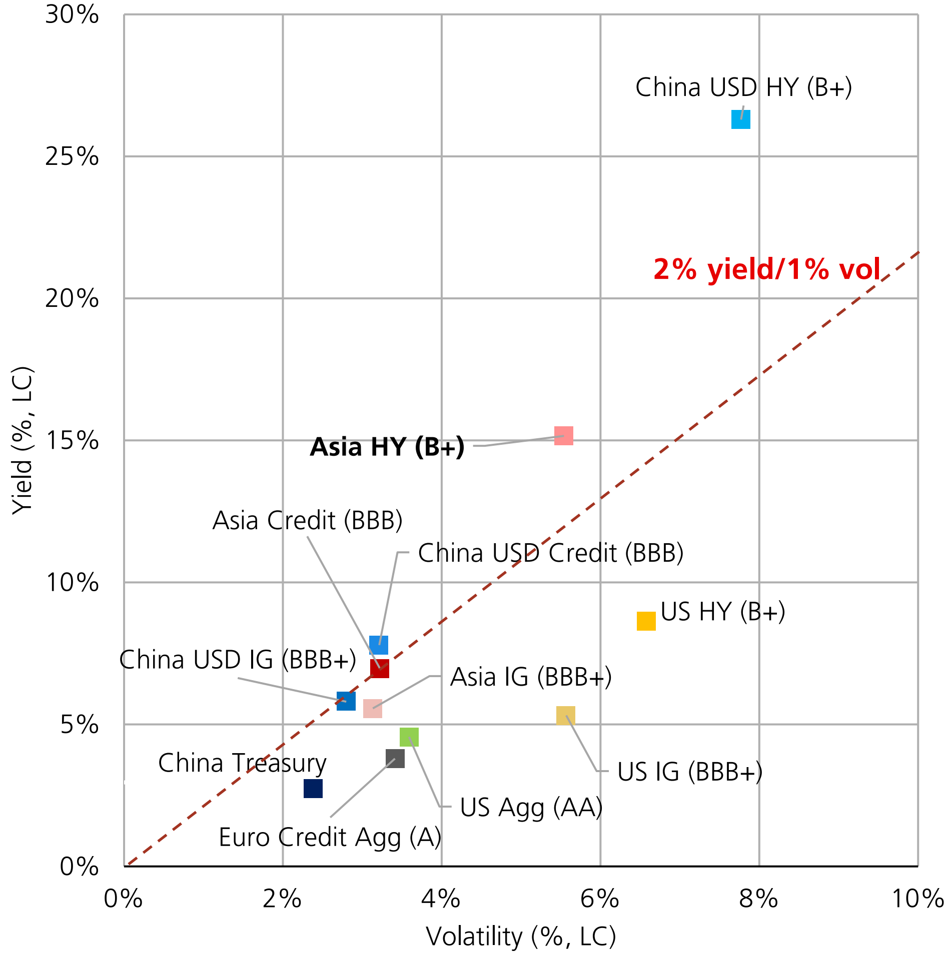
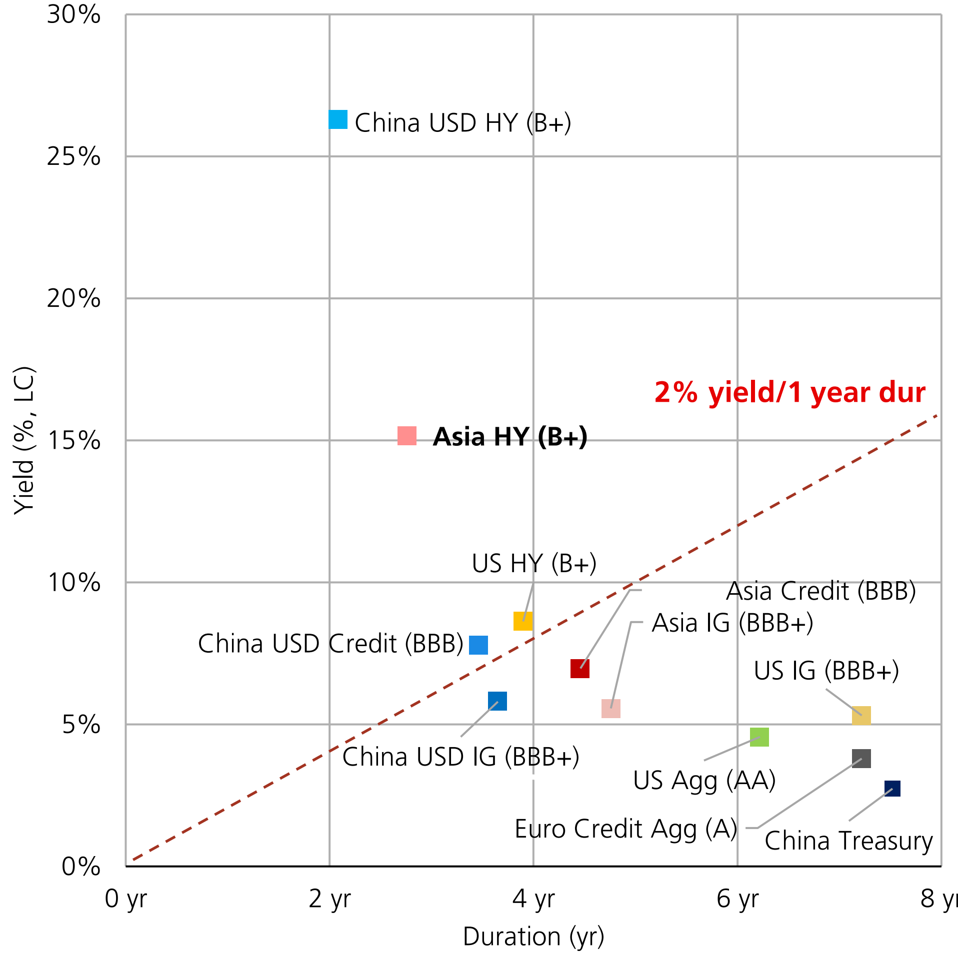
# Asia credit's risk-return profile

## Asia credit has lower duration risk

**Yield / Volatility**




**Yield / Duration**




For information purposes only. **Past performance is not a reliable indicator of future results.**
Source: Bloomberg Finance L.P., J.P. Morgan, weekly-volatility 10 years. As of end November 2022

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# China property: Market implied default rate

## China HY property: Market implied default rate estimation

(Data below is as at 31 July 2022)

- **Average market price (par-weighted basis): 36**
- Recovery value assumption in case of default: 10
- **Current market prices are pricing in a default rate of 73%**

- Price distribution of China HY property bonds :

| | |
|---|---|
| >90 | 3.62% |
| 90-70 | 8.00% |
| 70-50 | 9.30% |
| 50-40 | 6.46% |
| 40-30 | 23.95% |
| 30-20 | 22.41% |
| <=20 | 26.26% |

## Our view:

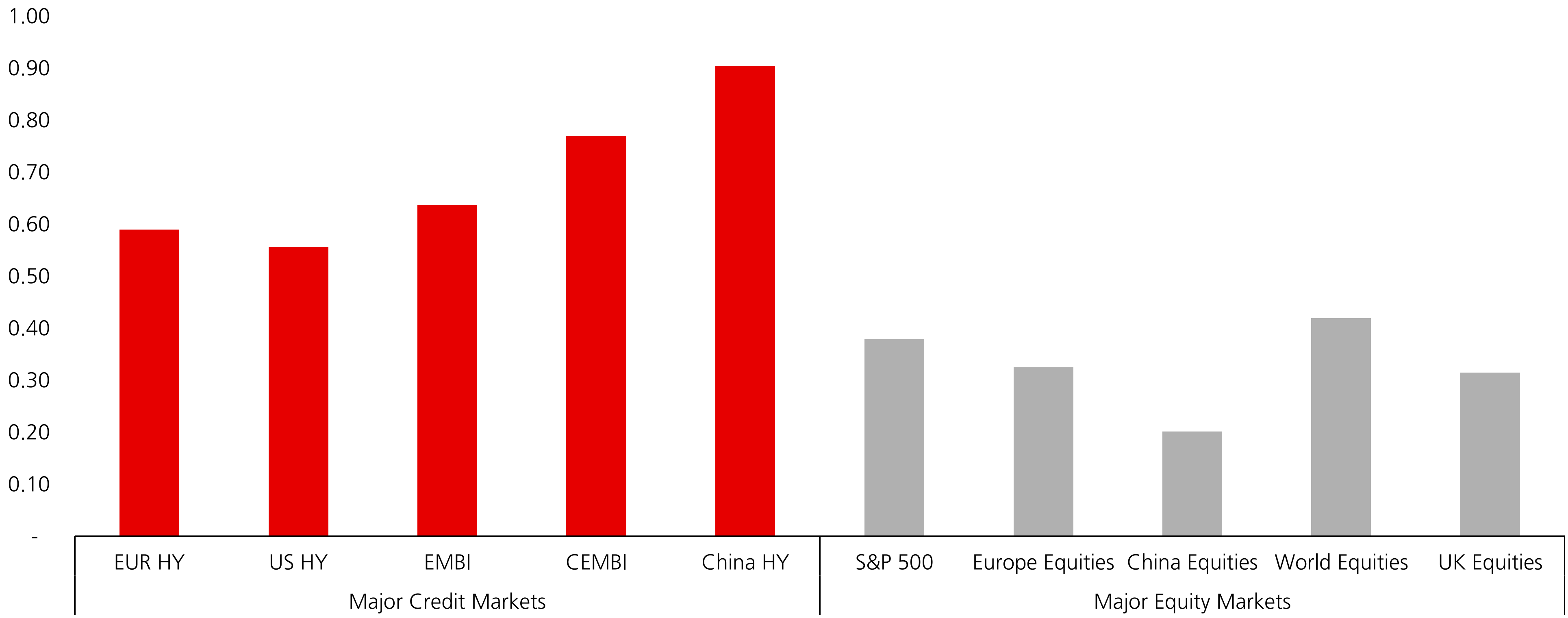
- We believe that the current market's distressed price level is extreme and does not currently reflect the fundamentals

- The current gap in pricing may have to eventually close

Source: Bloomberg Finance L.P., UBS Asset Management, as of end July 2022

# Asia high yield in a global credit market perspective

**Correlation (5 year) of Asia High Yield USD market to global credit and equity markets**




Source: Bloomberg Finance L.P., UBS Asset Management, as of end November 2022
Note:
(1) Correlations are made to the China high yield USD credit market, represented by JP Morgan JACI China High Yield Index.
(2) Major equity markets are represented by the following indexes: (S&P 500) Bloomberg code: SPX:IND; Europe Equities represented by EURO STOXX 50 Index, Bloomberg code: SX5E:Ind; China Equities: represented by Shanghai Stock Exchange Composite Index. Bloomberg code: SHCOMP; World Equities represented by MSCI World Index, Bloomberg code: MXWO; UK Equities represented by FTSE 100 Index, Bloomberg code: UKX.

# China's three red lines – Re-rating phase for property sector

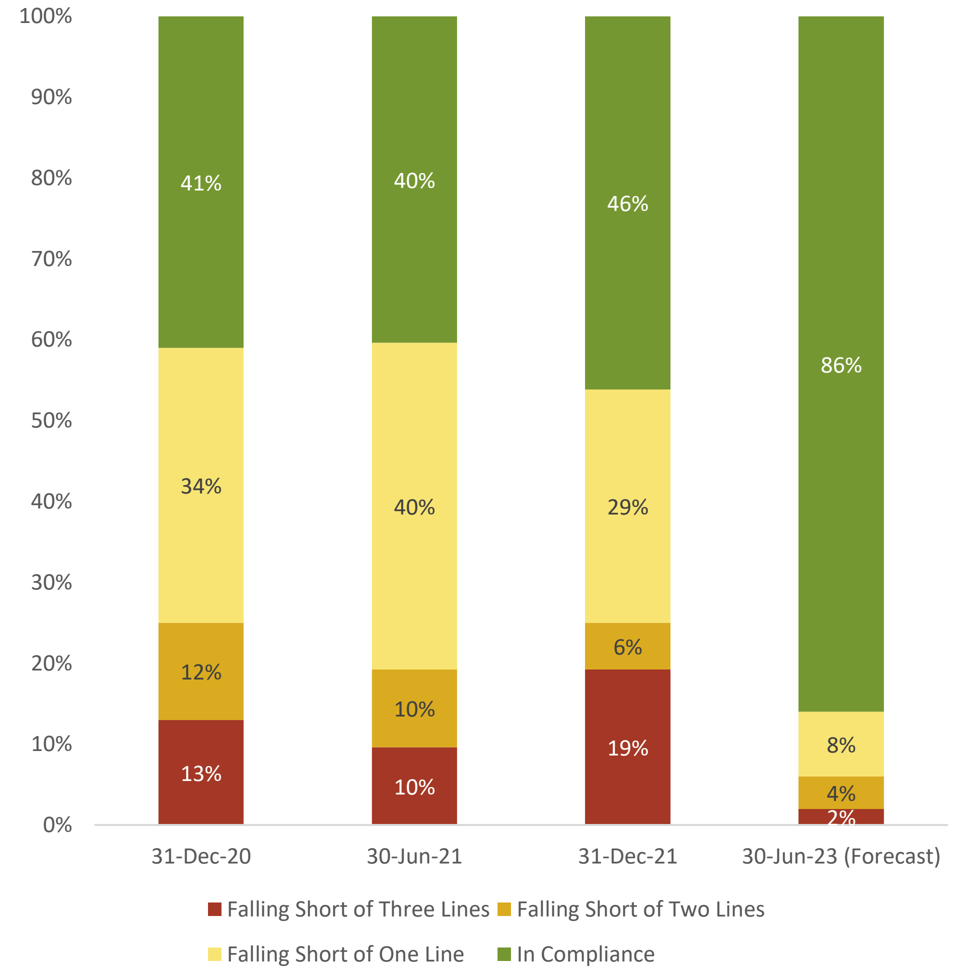
## 3 red lines: **Why**, and **why now?**

- **Housing** is **socially and systemically important** to the economy
- **To control house prices:** Housing is for living in, not speculating. Affordable for all
- **Manage land markets:** Developers bidding up land prices fuels higher housing costs
- **Control household demand for housing:** Tiered caps to banks' exposure to property loans and mortgage lending (Jan 2021)
- **3 criteria:**
  - Cash to short-term debt < 1x,
  - Asset-to-liability ratio of < 70%, and
  - Net-debt-to-equity > 100%

| Color code | Number of red lines breached | Allowable annual growth in debt |
|---|---|---|
| Green | 0 | 15% |
| Yellow | 1 | 10% |
| Orange | 2 | 5% |
| Red | 3 | 0% |

Source: UBS Asset Management

**Listed Chinese Developers' Compliance with Three Red Lines**




Source for Dec 2020 and June 2023 figures: BQuant, Company Filings, Bloomberg Intelligence as of 8 Oct 2021. Data compiled based on 181 Chinese developers as of 30 Jun 2021.
Source for Jun 2021 and Dec 2021 figures: JP Morgan as of 5 May 2022. Data compiled based on 52 listed Chinese developers as of 31 Dec 2021.
Perpetual capital is treated as equity when calculating net debt to equity ratio.
Percentage shown represents a portion of each rating category that falls short of the requirement.

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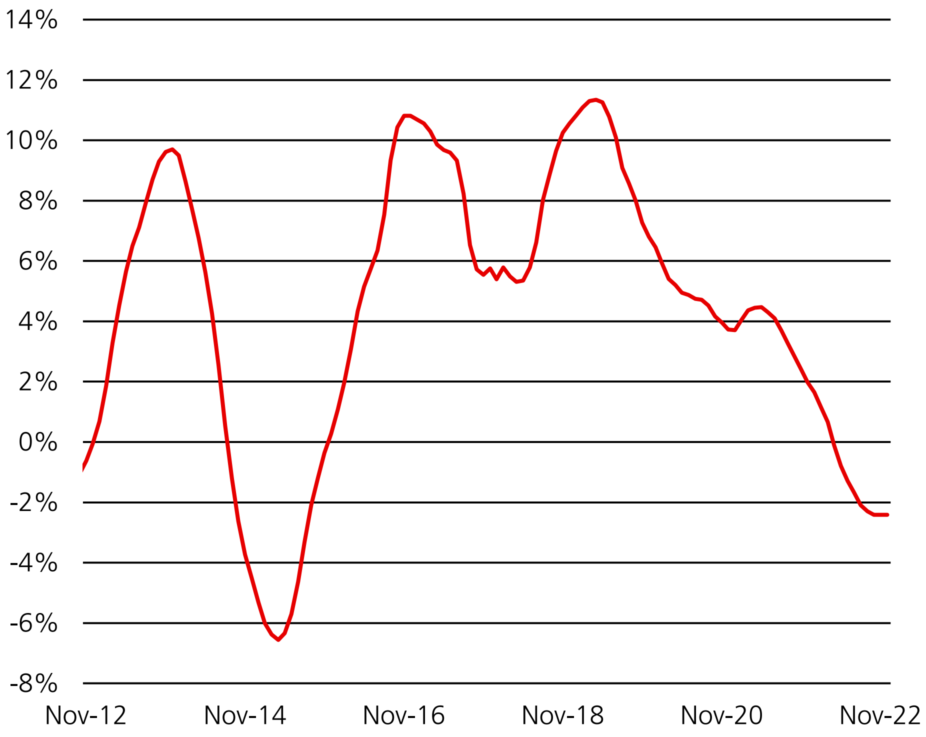
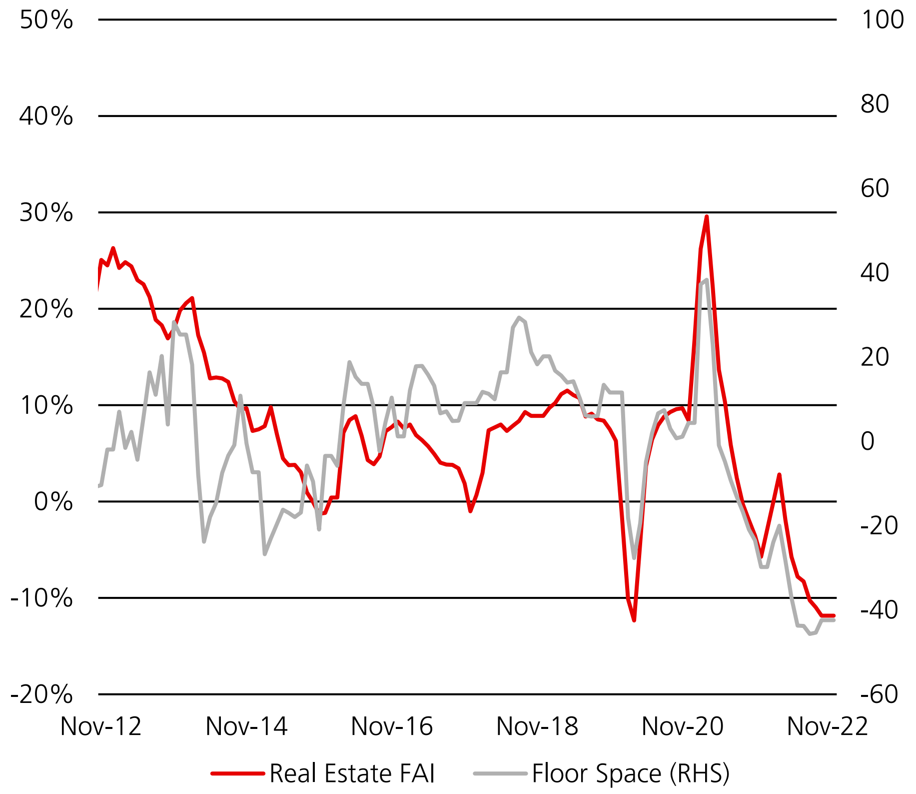
# China housing market backdrop

**China: 70-city average property prices**
(%yoy)




**China: real estate investment and floor space started**
(%yoy, 3mma)




Source: Bloomberg Finance L.P. As of end November 2022

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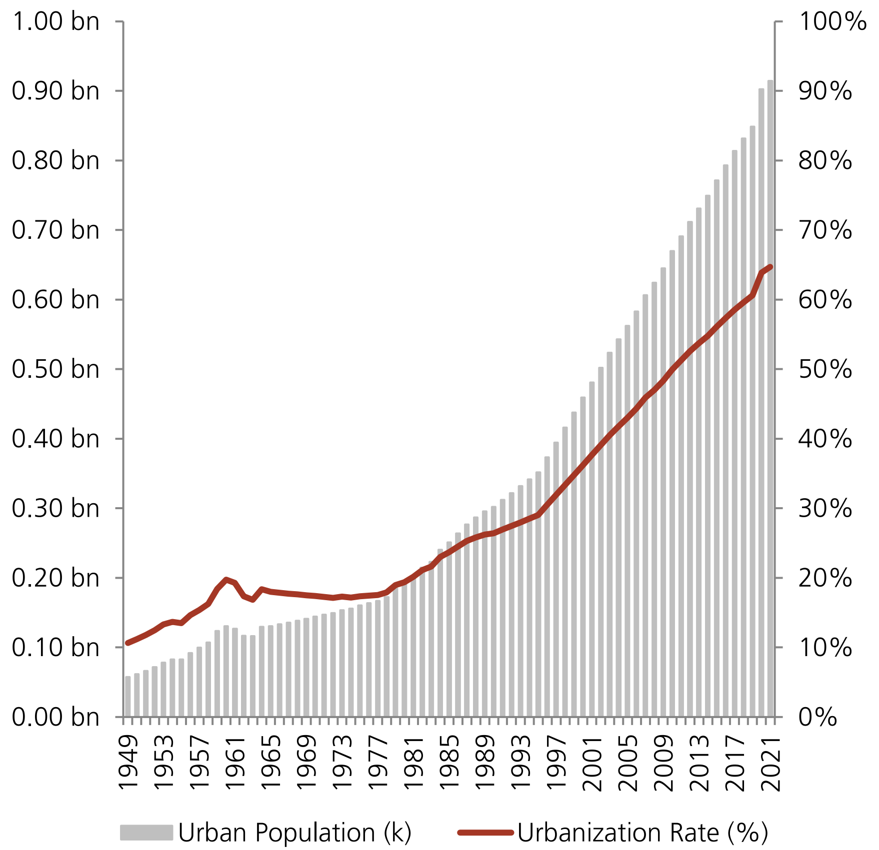
# Longer term trends in China

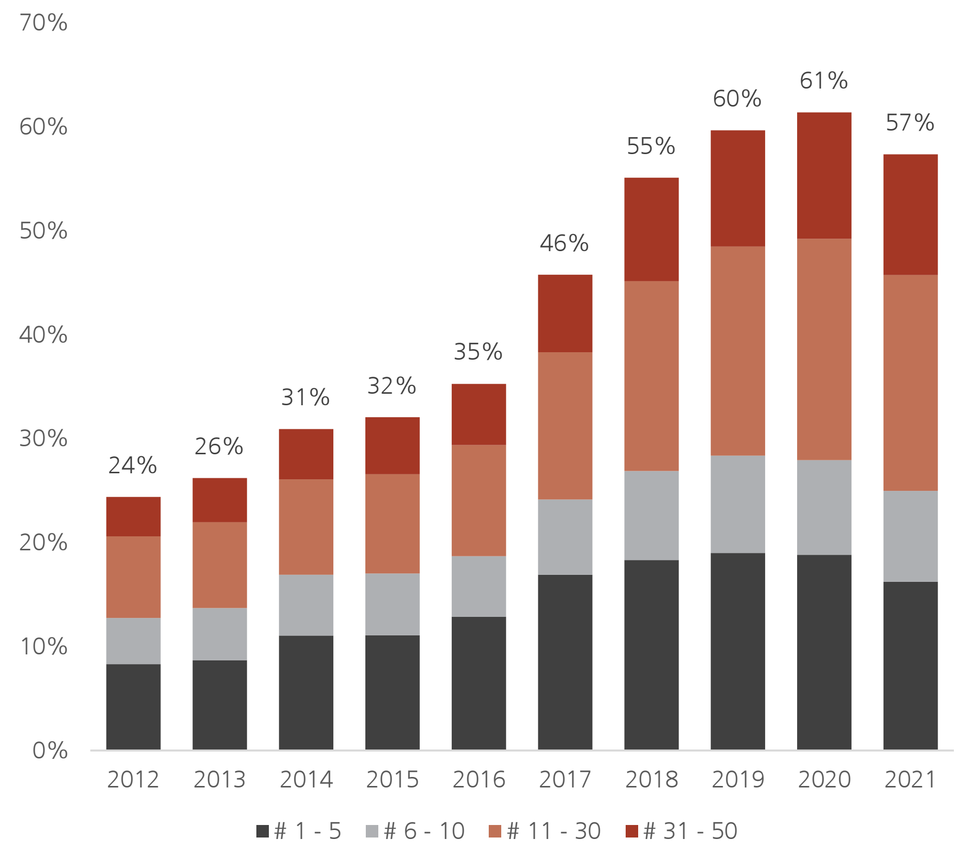
## Ongoing urbanization trend in China to an expected 80-90% level provides firm demand backdrop for China property

### Ongoing urbanization trend in China




Source: WIND, China Bureau of Statistics, as of end December 2021

### China top 50 developers' market share, by sales value




Source: CRIC, Credit Suisse, as of end December 2021

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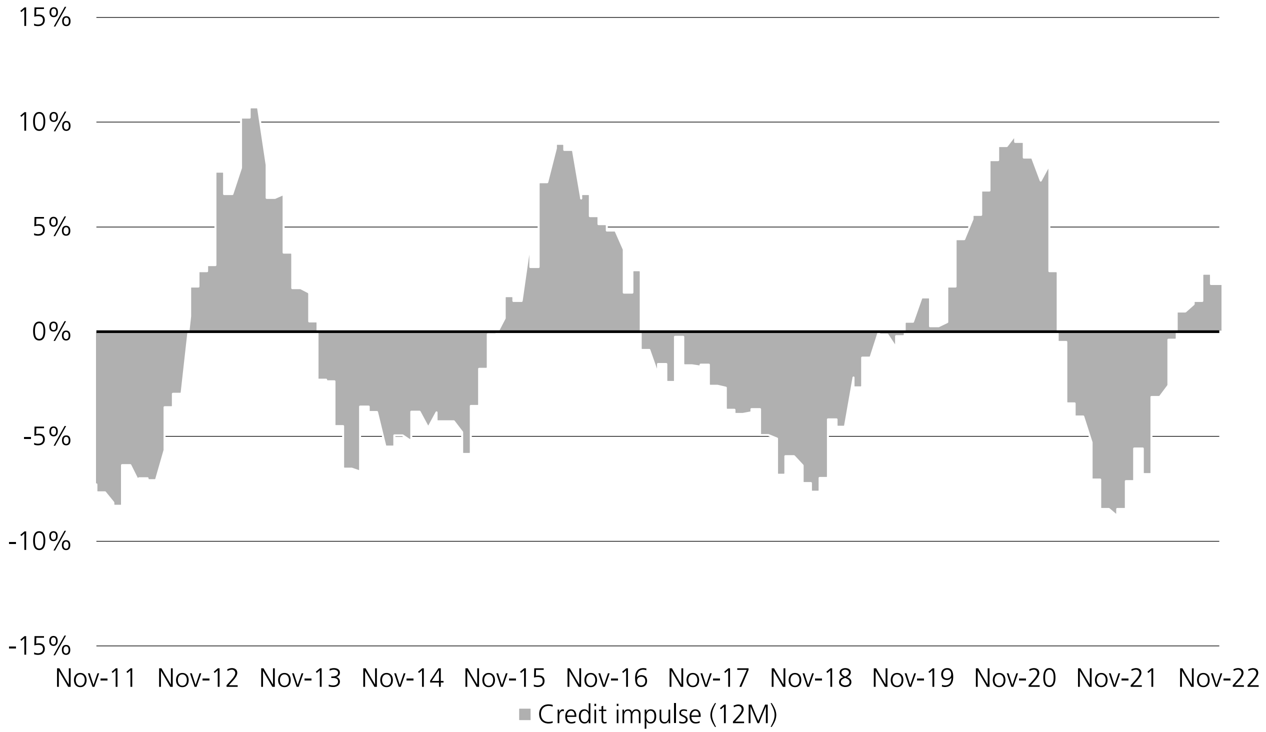
# China credit impulse as forward-looking indicator

**Bloomberg China Credit Impulse**
(yoy % change)




**Credit impulse**

- Measures change in new credit issued as a percentage of GDP
- China's credit impulse signals economic and investment activity inflection points
- China's policy approach contrasted with those of other developed economies in the past 12 months

Source: Bloomberg Finance L.P. As of end November 2022

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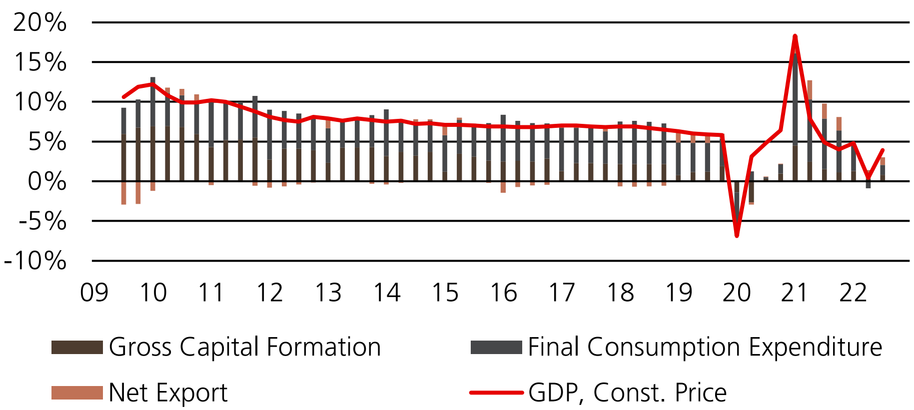
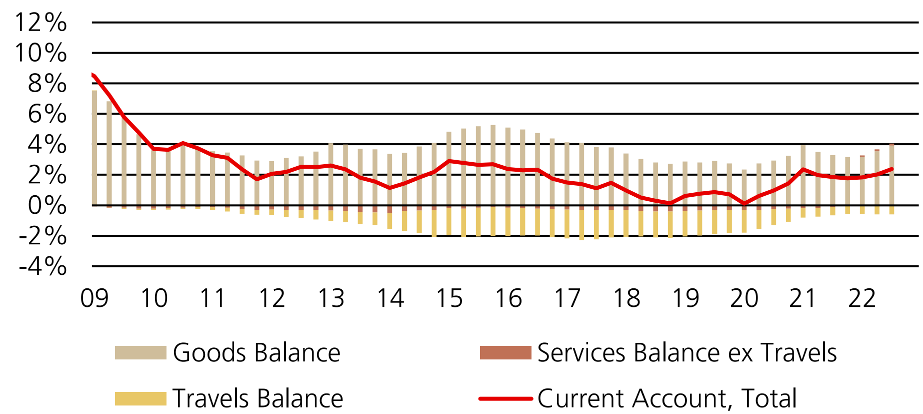
# China – macro indicators (1)

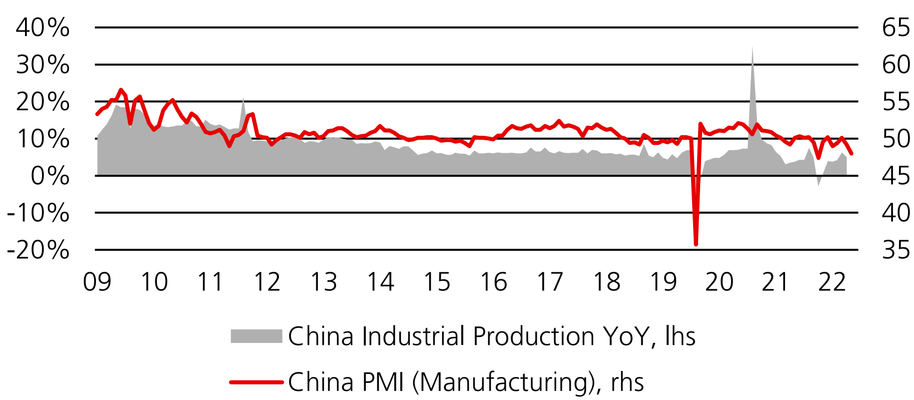
### China GDP and Component Growth



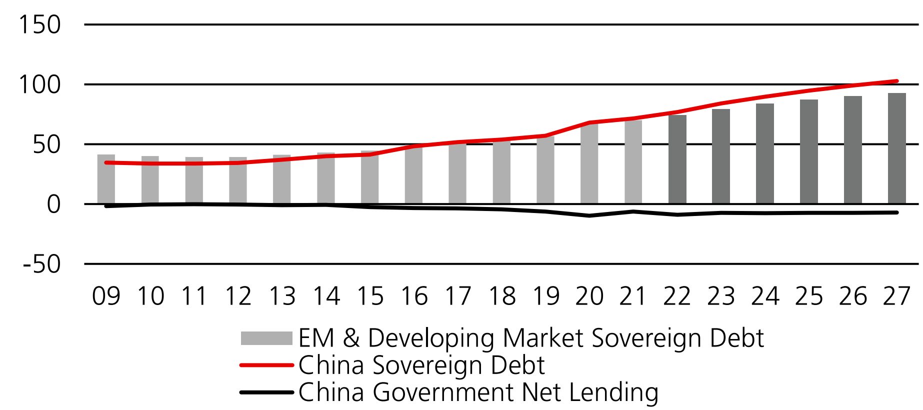

### China Current Account (% of GDP)




### China PMI and Industrial Production



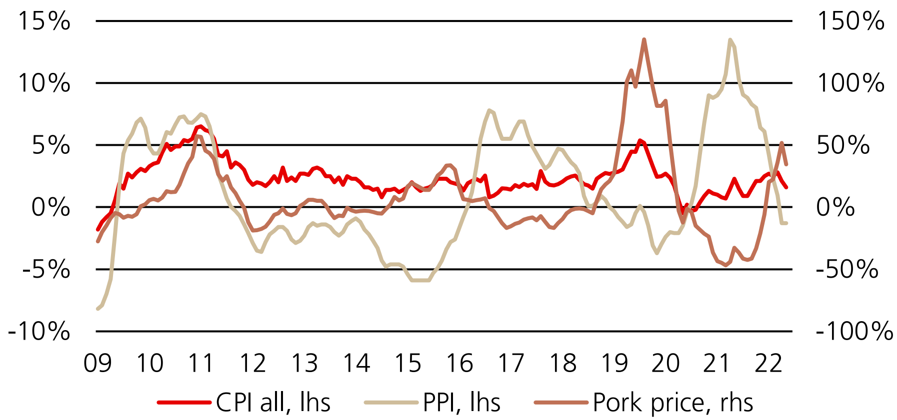

### China and EM Sovereign Debt (% of GDP)



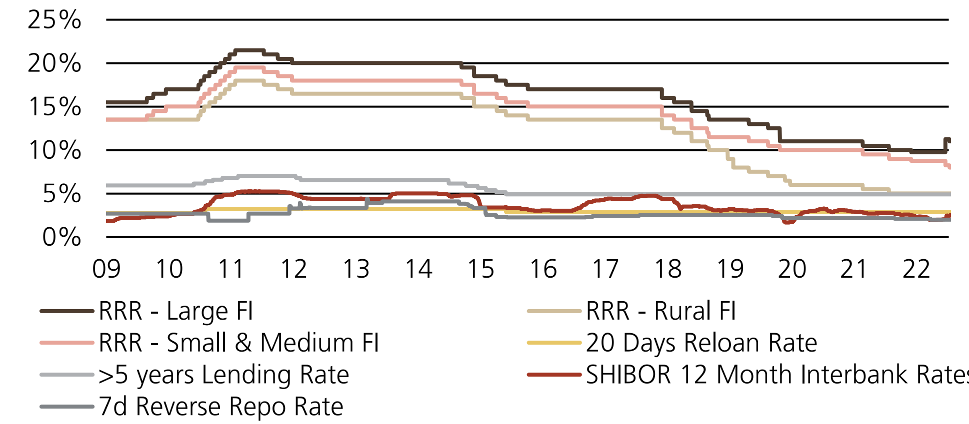

Source: Macrobond, UBS Asset Management. Data as of November 2022, where available.

# China – macro indicators (2)

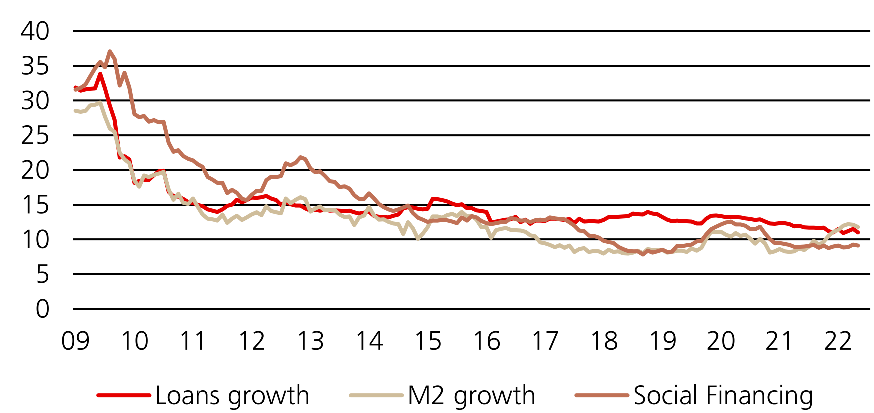
**China Inflation (YoY)**



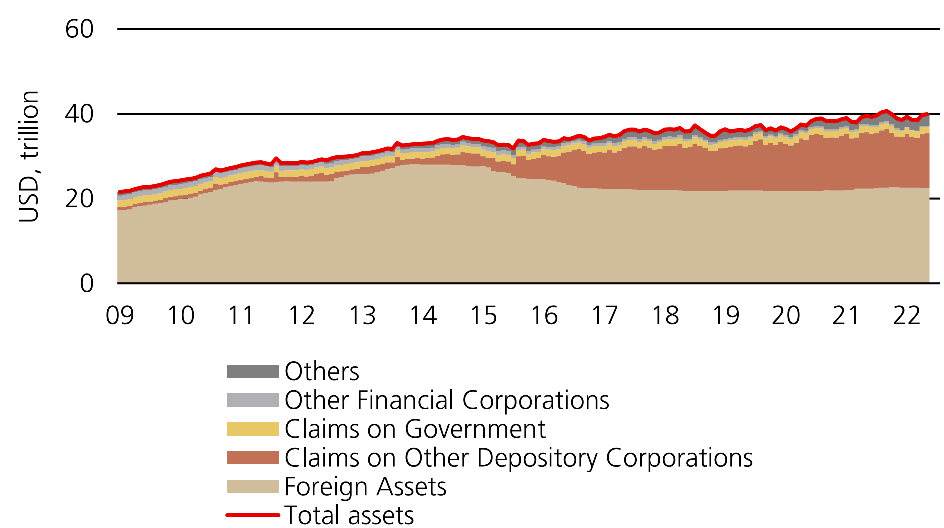

**China Monetary Policy**




**China Credit Growth (YoY)**



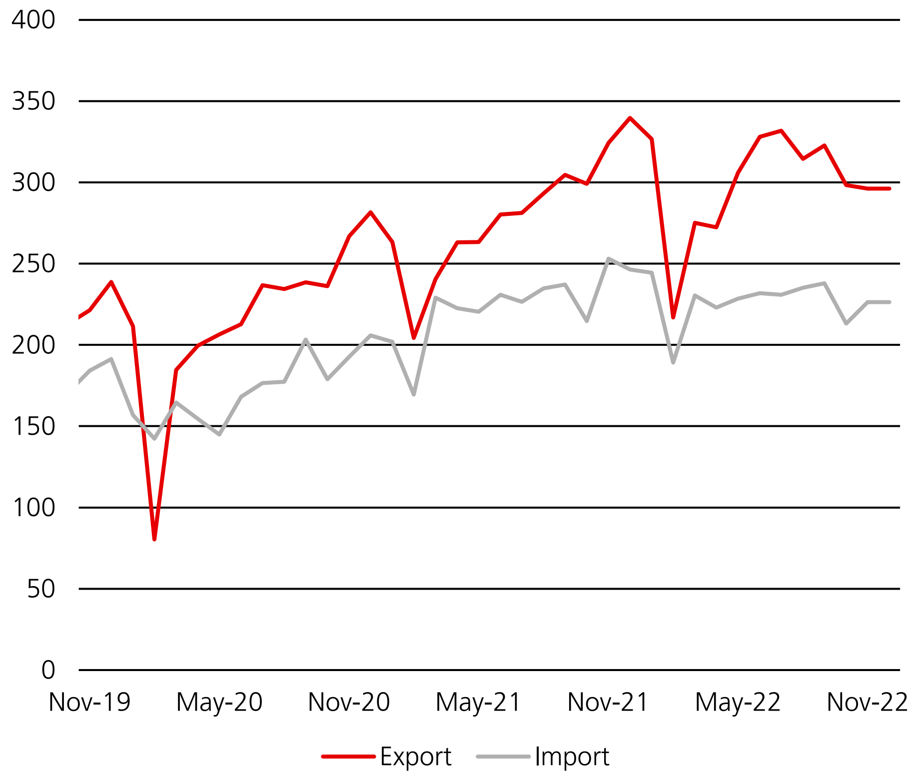

**PBOC Balance Sheet**



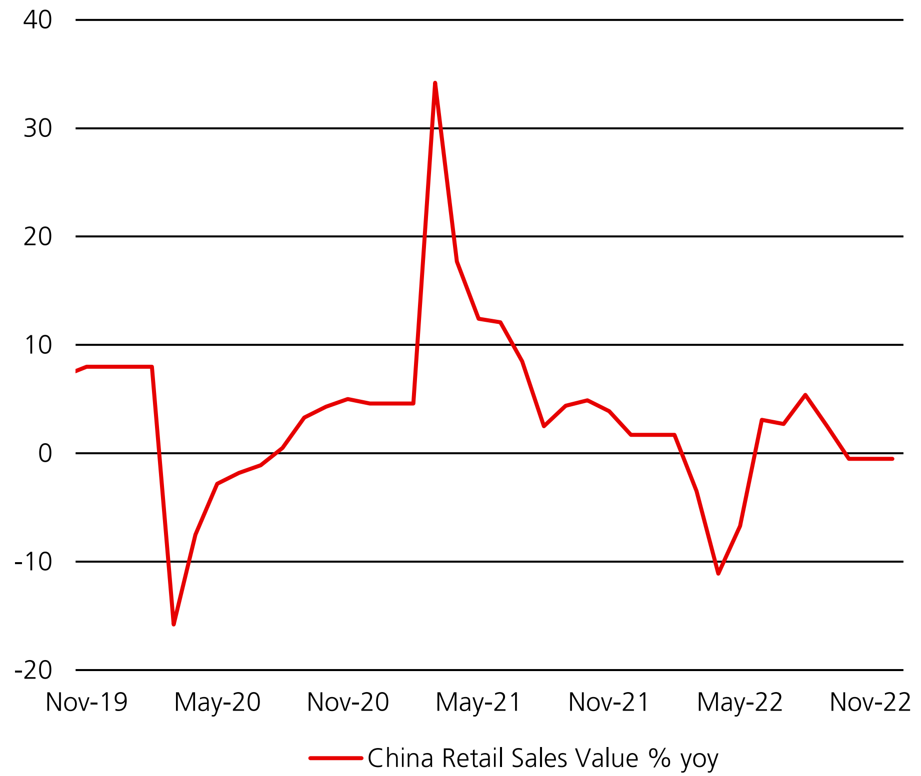

Source: Macrobond, UBS Asset Management. Data as of November 2022, where available.

# China trade and consumer data

**Merchandise exports and imports (USD bn, nsa, 3mma)**



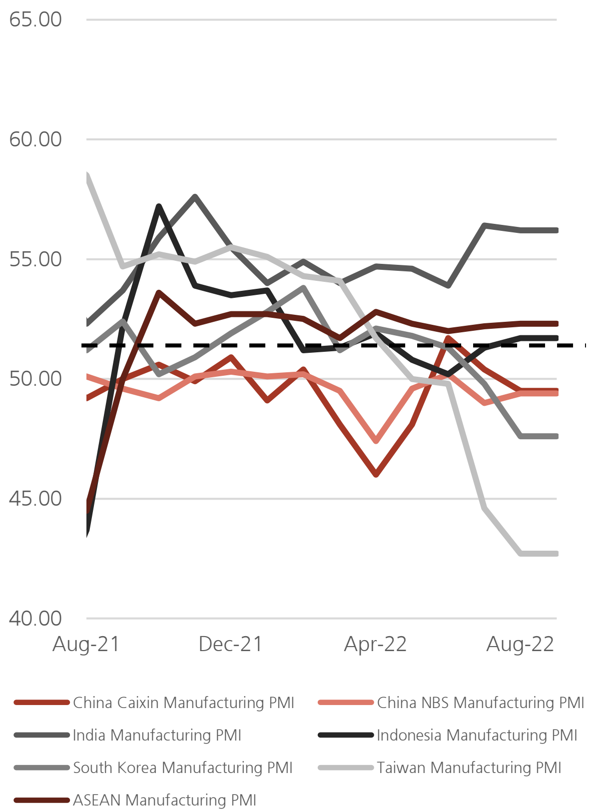

**Retail sales growth (%yoy, 3mma)**



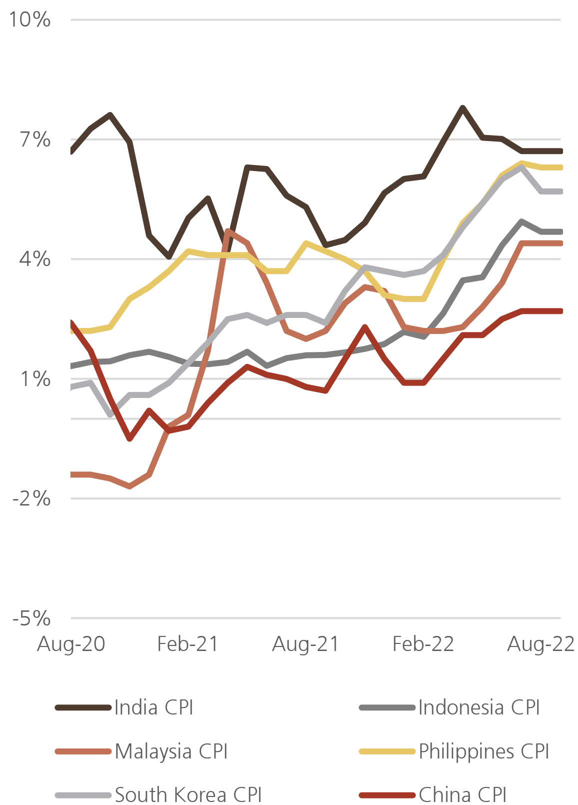

Source: Bloomberg Finance L.P. As of end November 2022

# Asia's macro-economic environment

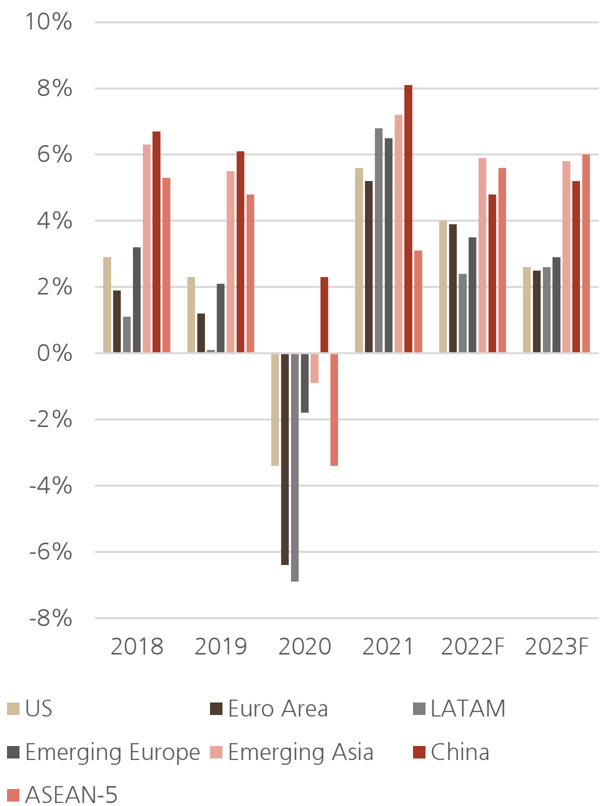
**Manufacturing PMIs in expansionary area**




**Headline CPI**




**GDP Growth Forecast**

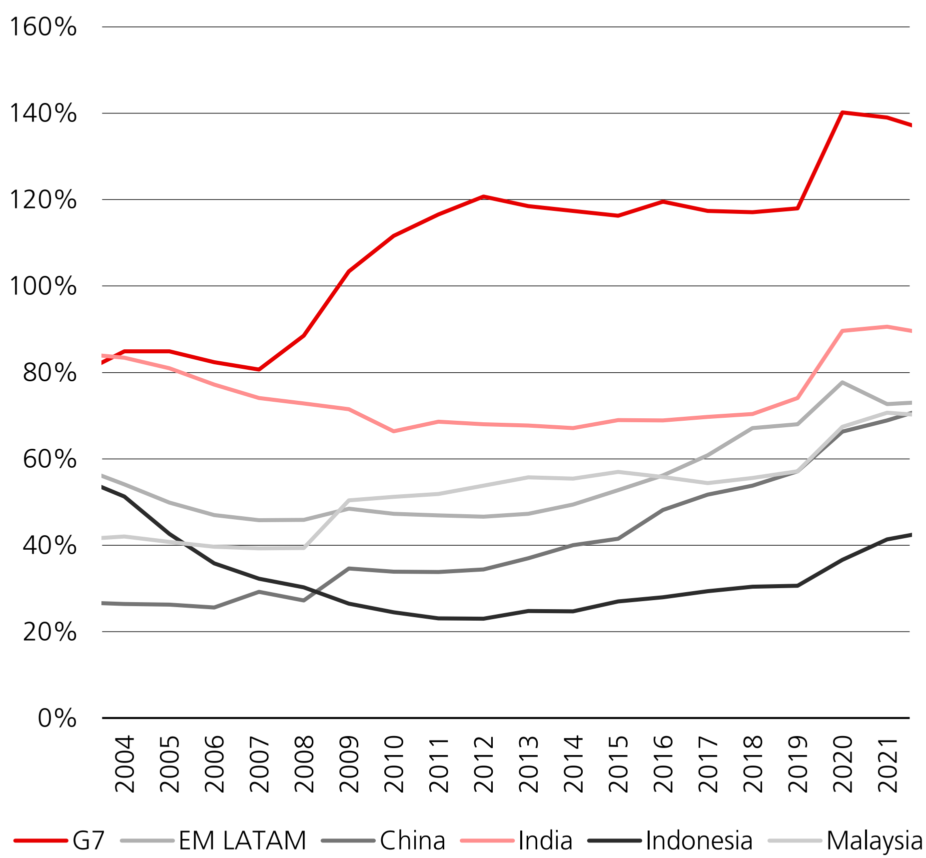



UBS Source: IMF World Economic Outlook (WEO) data as at January 2022. Bloomberg data as of end August 2022.

# Asia sovereigns with robust fundamentals

## Asia sovereigns exhibit more moderate debt-to-GDP levels compared to developed market aggregate

**General government gross debt / GDP (%)**




Source: IMF. As of end December 2021

**Robust credit ratings across the region**

| | S&P | | Moody's | |
|---|---|---|---|---|
| | 2015 | 2022 | 2015 | 2022 |
| China | AA- | A+ | Aa3 | A1 |
| India | BB+ | BBB- | Baa3 | Baa3 |
| Indonesia | BB+ | BBB | Baa3 | Baa2 |
| Malaysia | A- | A- | A3 | A3 |
| South Korea | AA- | AA | Aa2 | Aa2 |
| Singapore | AAA | AAA | Aaa | Aaa |
| Hong Kong | AAA | AA+ | Aa1 | Aa3 |
| Philippines | BBB | BBB+ | Baa2 | Baa2 |
| Taiwan | AA- | AA+ | Aa3 | Aa3 |
| Thailand | BBB+ | BBB+ | Baa1 | Baa1 |

Rating upgrade in comparison period

Rating downgrade in comparison period

Source: Bloomberg Finance L.P. As of end October 2022

Section 2

# UBS Asian High Yield Bond Fund

UBS

# Why invest in the UBS Asian High Yield?

## Key benefits

- provides access to the Asian US dollar high-yield bond market – an **expanding investment universe** with enhanced diversification and increasing liquidity, offering **attractive relative-value and diversification opportunities** from other high-yield bond markets
- represents an **actively managed investment strategy** characterized by expected returns between that of equity and fixed income
- can provide an **attractive yield**, given the high coupons of the underlying holdings
- The fund is more dynamic in managing the credit, country, duration and currency exposures relative to peers who appear to take a less flexible approach

Asia's spreads higher than other developed markets'


Additional active FX views and duration allocations

Dependable income source: **> 6%** distribution yield p.a.[1]

Source: UBS Asset Management. Data as of end December 2022.

1 Yield is not guaranteed. Equivalent yield is derived from simple arithmetic calculation where the dividend is divided by the NAV, and annualized thereafter. Please use this for REFERENCE ONLY. Total payout is subject to investment manager's discretion. This share class may make monthly and gross-of-fee distributions. In the case where the fund may pay dividends out of capital, dividends paid out of capital amount to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment, i.e. this share class which pays distribution may distribute not only investment income, but also realized and unrealized capital gains or capital. This will result in a corresponding reduction in the value of Shares, and a reduction in the potential for long-term capital growth. Please refer to the offering document for further details of the fund's distribution policy. For investors in some jurisdictions, higher distributions and the distribution of realized and unrealized capital gains or capital can impact the investor's tax liability on the investment in the fund and could have negative tax consequences for investors in some jurisdictions. UBS will not provide fund tax reporting in Hong Kong and Singapore for this share class and will not provide information in respect of the income or capital components which are distributed. Investors should seek their own tax advice.

# Why invest in UBS Asian High Yield?

## High yield expertise in Asia

- **Focus on attractive risk adjusted returns** and total return not just yield
- Downside risk mitigation through **dynamic risk budgeting and hedging**
- **Excellent track record** versus peers

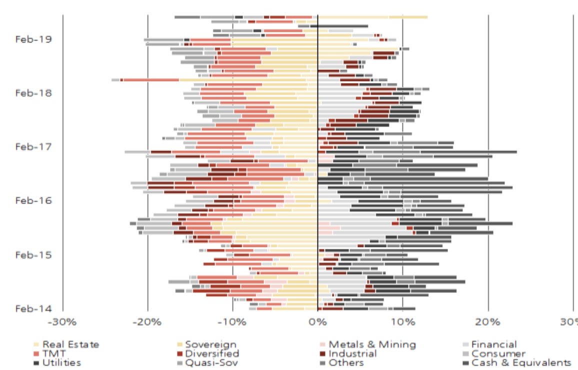
USD returns net

| USD: | YTD | 1Y | 3Y |
|---|---|---|---|
| **UBS Asian High Yield*** | **-25.5** | **-25.5** | **-36.5** |
| JACI Non IG TR USD | -15.1 | -15.1 | -20.7 |
| AVG peer performance | -19.5 | -19.5 | -28.1 |

Source: Morningstar Direct, as of end December 2022.
Past performance is not an indicator of future results.
*Performance of (USD) P-acc share class, net of fees but gross of sales charges.

## Research insight navigates cycles

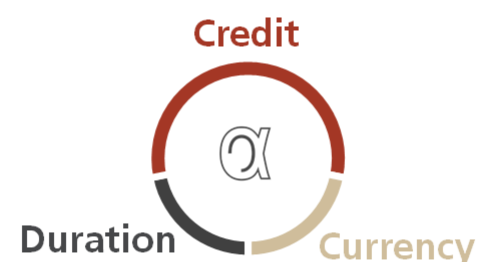
- Expertise in China with longstanding history of **20 years**
- Effective **tail risk management** key to protecting returns
- In-depth research generates **significant alpha opportunities**




Source: UBS Asset Management
For illustrative purposes only

## Dynamic in an evolving market

- Flexibility to change the **risk profile of the fund quickly and efficiently**
- Dynamic shifts in asset allocation and **active implementation** of market views
- Global presence provides broad market and **macro insights**



# UBS Asian High Yield investment guidelines

## Key investment guidelines

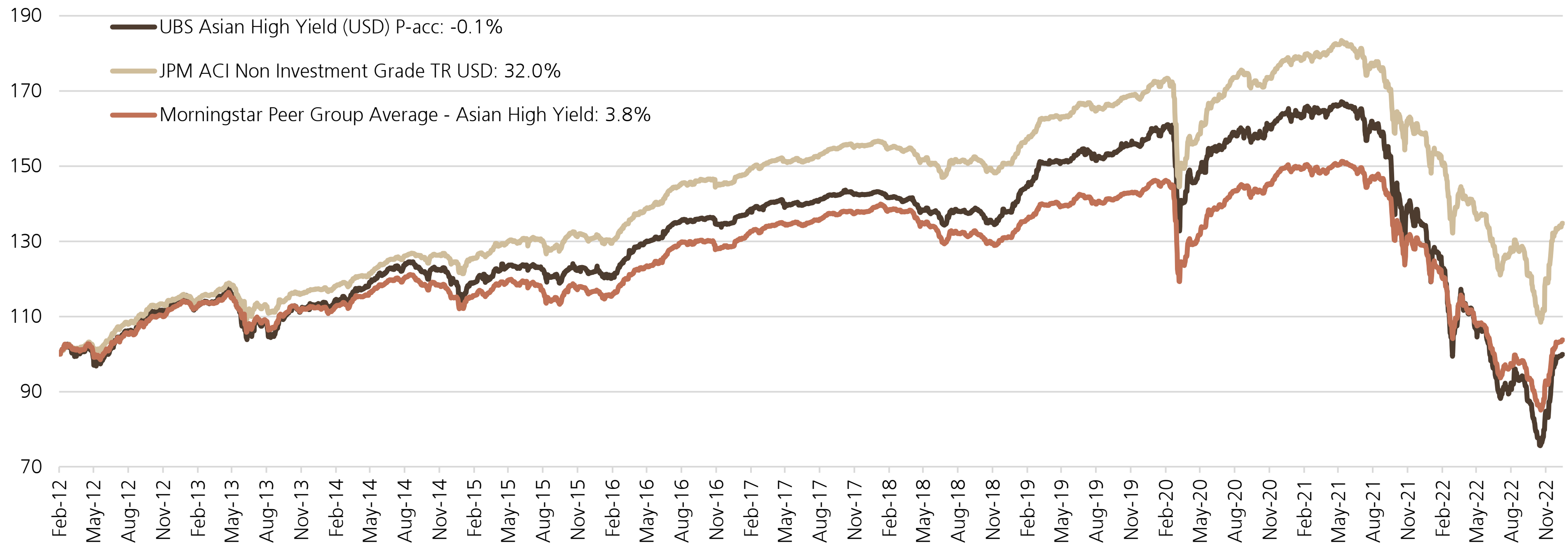
| Criteria | Description |
|---|---|
| **Benchmark** | J.P. Morgan Asia Credit Non-Investment Grade Index (USD) |
| **Portfolio** | Min. 75% in bonds issued by companies, whose registered offices are in Asia or who are principally active in Asia, and by international and supranational organizations as well as public-sector and quasi-sovereign institutions |
| **Tracking error limit** | Max. 8% |
| **Rating** | Max. 25% total exposure to BBB- and above<br>Min. 75% total exposure to BB+ and below |
| **Issuer limit** | Max. 10% in a single issuer (non-government) |
| **Issue limit** | Max. 10% of a single corporate issue |
| **Currency** | Max. non-USD currency exposure: 20% |
| **Managers** | Raymond Gui, Smit Rastogi |

Source: UBS Asset Management.
*The Portfolio Manager may use discretion when constructing the portfolio and is not tied to the benchmark in terms of investment selection or weight.
Investors are acquiring units or shares in a fund, and not in a given underlying asset such as building or shares of a company
If part of the total costs to be paid is different from your reference currency, the costs may increase or decrease as a result of currency fluctuations

# UBS Asian High Yield Bond Fund - Performance

## Data as of 31 December 2022

**Performance indexed at 100 on inception date (17/02/2012), USD P-acc share class, cumulative, net of fees returns (%)**




| Performance (USD, %, cumulative) | YTD | 2021 | 2020 | 2019 | 1 Month | 1 Year | 3 Years | 5 Years | Inception Date | Since Inception (since 17/2/2012) |
|---|---|---|---|---|---|---|---|---|---|---|
| UBS Asian High Yield (USD) P-acc | -25.5 | -18.3 | 4.2 | 14.1 | 10.3 | -25.5 | -36.5 | -29.9 | 17/2/2012 | -0.1 |
| JPM ACI Non-Investment Grade TR (USD) | -15.1 | -11.1 | 4.94 | 12.76 | 6.3 | -15.1 | -20.7 | -13.5 | | 32.0 |
| Morningstar Peer Average: Asian High Yield Bond | -19.5 | -14.0 | 3.8 | 10.1 | 7.1 | -19.5 | -28.1 | -25.0 | | 3.8 |

UBS

Source: UBS Asset Management, Morningstar. These figures refer to the past. Past performance is not indicative of future results. Share class performance is calculated on a NAV price basis, with distribution reinvested. The performance shown is net of fees, but does not take account of any commissions and costs charged when subscribing to and redeeming units.

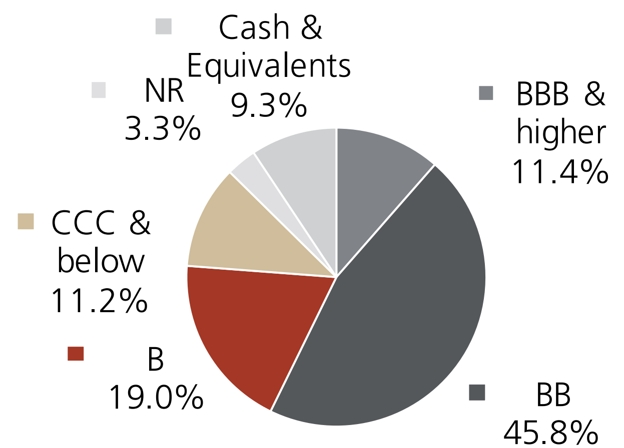
# UBS Asian High Yield Bond Fund: Positioning I

As of 31 December 2022

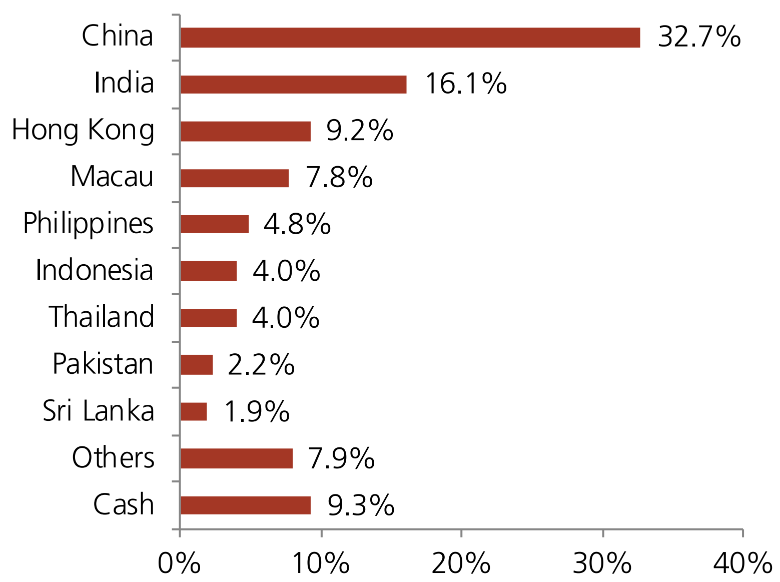
**Key Statistics**

| | Fund | Index |
|---|---|---|
| Yield to Maturity (gross) | 13.5% | 15.8% |
| OAD (years) | 2.3 | 2.8 |
| Average rating of holdings | BB | B+ |
| No. of issuers | 136 | - |
| No. of bonds | 227 | - |

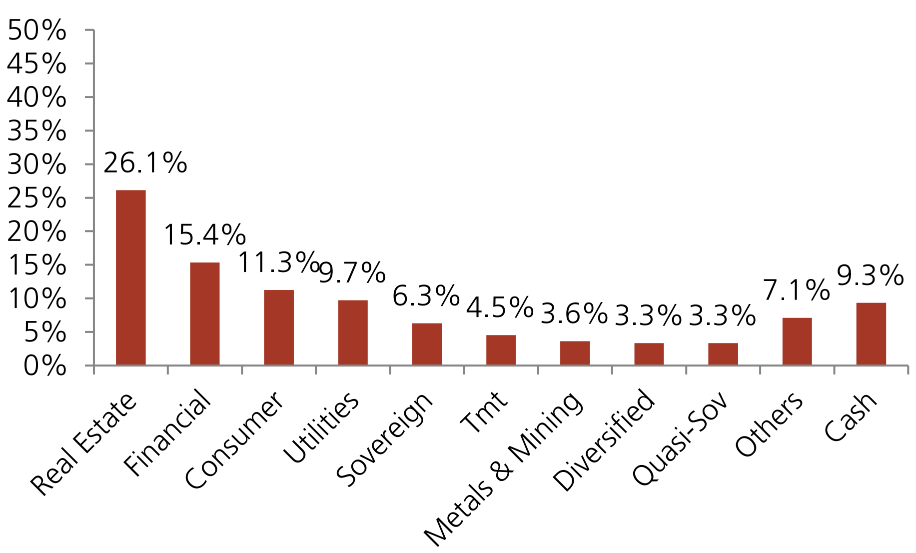
**Credit Rating Allocation**




**Market Allocation**




**Sector Allocation**






Source: UBS Asset Management.
For informational purposes only. This information should not be considered as a recommendation to purchase or sell any security. The portfolio is actively managed, thus the allocations can be changed any time at UBS's / the portfolio manager's sole discretion. Past performance is not a reliable indicator of future results. Charts may not add up to 100% due to rounding.

# UBS Asian High Yield Bond Fund – Positioning II

As of 31 December 2022

| Top 10 Bond Issuers | Fund (%) |
|---|---|
| Country Garden Holdings | 4.2% |
| Ind & Comm Bk Of China | 3.1% |
| Greenko Dutch BV | 2.7% |
| Wynn Macau | 2.6% |
| Melco Resorts Finance Ltd | 2.3% |
| Islamic Rep Of Pakistan | 2.2% |
| Fosun International | 1.9% |
| Republic Of Sri Lanka | 1.9% |
| New World Development | 1.8% |
| SMC Global Power Holdings | 1.7% |

| Top 10 Bond Issues | Market | Sector | Fund (%) |
|---|---|---|---|
| Ind & Comm Bk Of China 3.58 31 Dec 2999 Ba1/N.A./N.A. | China | Financial | 3.1% |
| Greenko Dutch Bv 3.85 29 Mar 2026 Ba1/N.A./Bb | India | Utilities | 2.7% |
| 10 Renew Power Subsidiar 4.5 14 Jul 2028 Ba3/N.A./Bb- | India | Utilities | 1.5% |
| Mgm China Holdings Ltd 4.75 01 Feb 2027 Ba3/B+/Wd | Macau | Consumer | 1.5% |
| Islamic Rep Of Pakistan Regs 7.375 08 Apr 2031 Caa1/B-/Ccc+ | Pakistan | Sovereign | 1.4% |
| Country Garden Hldgs 5.4 27 May 2025 N.A./N.A./Bb- | China | Real Estate | 1.4% |
| Wynn Macau Ltd Regs 5.625 26 Aug 2028 B2/B+/N.A. | Macau | Consumer | 1.4% |
| Melco Resorts Finance Regs 5.75 21 Jul 2028 Ba3/Bb-/N.A. | Hong Kong | Consumer | 1.4% |
| Smc Global Power Hldgs 7 31 Dec 2999 N.A./N.A./N.A. | Philippines | Utilities | 1.3% |
| Bangkok Bank Pcl/Hk 5 31 Dec 2999 Ba1/N.A./N.A. | Thailand | Financial | 1.1% |

UBS

Source: UBS Asset Management.
For informational purposes only. This information should not be considered as a recommendation to purchase or sell any security. The portfolio is actively managed, thus the allocations can be changed any time at UBS's / the portfolio manager's sole discretion. Past performance is not a reliable indicator of future results.

# UBS Asian High Yield Bond Fund – Distribution record

## As of end December 2022

| **UBS (Lux) Bond SICAV - Asian High Yield (USD) P-mdist<br>ISIN: LU0626906746** | | | |
|---|---|---|---|
| Distribution month | Previous month-end NAV (USD) | Dividend per unit (USD) | Equivalent yield (p.a.)* |
| 12/22 | 44.45 | 0.26 | 7.0% |
| 11/22 | 37.35 | 0.22 | 7.1% |
| 10/22 | 43.40 | 0.24 | 6.6% |
| 09/22 | 47.40 | 0.27 | 6.8% |
| 08/22 | 45.48 | 0.26 | 6.9% |
| 07/22 | 48.61 | 0.28 | 6.9% |
| 06/22 | 54.03 | 0.30 | 6.7% |
| 05/22 | 57.32 | 0.32 | 6.7% |
| 04/22 | 58.13 | 0.33 | 6.8% |
| 03/22 | 60.67 | 0.34 | 6.7% |
| 02/22 | 66.10 | 0.37 | 6.7% |
| 01/22 | 70.24 | 0.40 | 6.8% |
| 12/21 | 71.73 | 0.40 | 6.7% |

Source: UBS Asset Management.
*Equivalent yield is derived from simple arithmetic calculation where the dividend is divided by the NAV and annualized thereafter. Equivalent yield = (Dividend per unit on last record date x 12 / Previous month-end NAV) x 100. The use of a different methodology in the calculation derive in a different equivalent yield respectively and the figures shown in here are for illustrative purpose only. As such, please use this for REFERENCE ONLY.

Past performance is not indicative of future results. The investment returns of some of our range of funds are denominated in currency other than USD/HKD. US/HK Dollar-based investors are therefore exposed to fluctuations in the US/HK dollar/ foreign currency exchange rate. The value of the funds and income from them can go up as well as down and consequently you may not get back the amount originally invested. Investors should refer to the offering document for further details including the risk factors.

A positive distribution yield does not imply a positive return. Share classes with "-mdist" in their name may also make distributions out of capital (i.e. which includes the existing issued share capital, realised and unrealised capital gains) ("Capital"), at the discretion of the Management Company, or pay distributions out of gross income while charging/paying all or part of the Fund's fees and expenses to/out of the capital of the Fund, resulting in an increase in distributable income for the payment of distributions by the Fund and therefore, the Fund may effectively pay distributions out of Capital. Any distributions involving payment of dividends out of the Fund's Capital or payment of dividends effectively out of the Fund's Capital (as the case may be) may result in an immediate reduction of the net asset value per unit.

# UBS Asian High Yield (1/2)

| | |
|---|---|
| **Legal Fund name** | UBS (Lux) Bond SICAV – Asian High Yield |
| **Inception Date** | 17 February 2012 (P-acc USD) |

| Share class | Currency | ISIN | Distribution | Management Fee p.a. | Ongoing Charges p.a. | Remarks |
|---|---|---|---|---|---|---|
| **USD P-acc** | USD | LU0626906662 | - | 1.12% | 1.46% | |
| **USD P-dist** | USD | LU0725271786 | Yearly | 1.12% | 1.46% | |
| **USD P-mdist** | USD | LU0626906746 | Monthly | 1.12% | 1.46% | |
| **HKD P-mdist** | HKD | LU2184895089 | Monthly | 1.12% | 1.46% | |
| **AUD-hedged P-mdist** | AUD | LU2199720918 | Monthly | 1.16% | 1.51% | |
| **CHF-hedged P-acc** | CHF | LU0626907470 | - | 1.16% | 1.51% | |
| **EUR-hedged P-acc** | EUR | LU0626907397 | - | 1.16% | 1.51% | |
| **SGD-hedged P-mdist** | SGD | LU0626907124 | Monthly | 1.16% | 1.51% | |
| **USD K-1-acc** | USD | LU0725271869 | - | 0.72% | 0.96% | Minimum investment is USD 5 million |
| **USD K-1-mdist** | USD | LU2179105015 | Monthly | 0.72% | 0.96% | |

*Please check with your Client Advisor for further information.

Source: UBS Asset Management. Data as of end December 2022.

For information only. Only partial share class has been shown. Please be reminded to validate the information prior to trade placement.

# UBS Asian High Yield (2/2)

| | |
|---|---|
| **Legal Fund name** | UBS (Lux) Bond SICAV – Asian High Yield |
| **Inception Date** | 17 February 2012 (P-acc USD) |

| Share class | Currency | ISIN | Distribution | Management Fee p.a. | Ongoing Charges p.a. | Remarks |
|---|---|---|---|---|---|---|
| **USD Q-acc** | USD | LU1240770955 | - | 0.64% | 0.86% | Only available in the context of an advisory mandate (e.g. UBS Advice)* |
| **USD Q-dist** | USD | LU1240771094 | Yearly | 0.64% | 0.86% | |
| **USD Q-mdist** | USD | LU1240771177 | Monthly | 0.64% | 0.86% | |
| **CHF-hedged Q-acc** | CHF | LU1240770799 | - | 0.68% | 0.91% | |
| **EUR-hedged Q-acc** | EUR | LU1240770872 | - | 0.68% | 0.91% | |
| **GBP-hedged Q-acc** | GBP | LU2183825921 | - | 0.68% | 0.91% | |
| **GBP-hedged Q-dist** | GBP | LU2270292001 | Yearly | 0.68% | 0.91% | |
| **SGD-hedged Q-mdist** | SGD | LU2181965513 | Monthly | 0.68% | 0.91% | |

*Please check with your Client Advisor for further information.

UBS

Source: UBS Asset Management.  Data as of end December 2022.

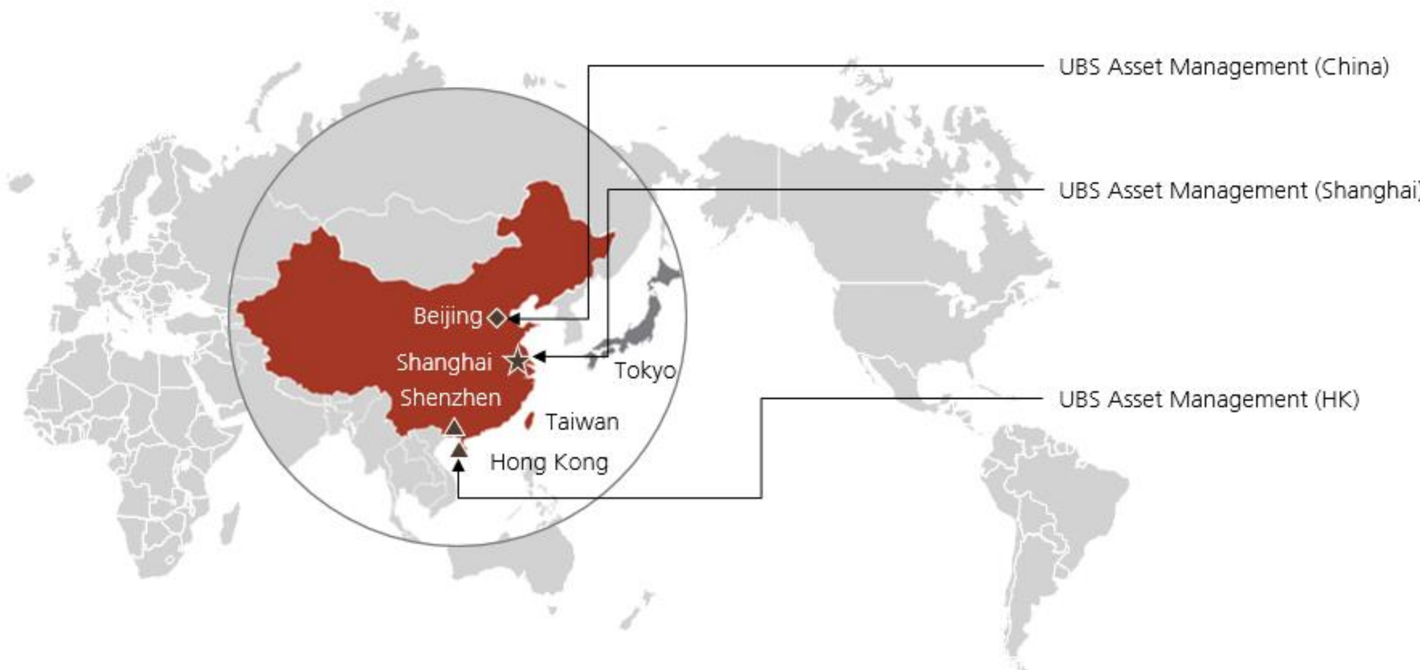
For information only. Only partial share class has been shown. Please be reminded to validate the information prior to trade placement.

Section 3

# Investment Team & Process

# Over 20 years of successful history in Asia…

… with full commitment to Asia as a key pillar of UBS Asset Management




**UBS AM's full commitment to Asia:**

- **Longstanding history** in Asia with full dedication
- First-mover as **foreign asset manager** in China
- **Strong client relationships** built up all across Asia
- **Dedicated investment team** all across Asia with deep expertise
- **Strong standing of UBS group** across Asia

For illustrative purposes only

# UBS AM's 20+ year history in Asia

## Long-term commitment, experience and track record in managing Asian bonds

**2006**
- Asian local currency bond mandate

**2010**
- CNH bond portfolio
- Asian USD credit fund

**2011**
- Asian USD HY credit funds
- Asian local currency bond fund
- CNH bond fund

**2012**
- Asian local currency bond segregated mandate

**2013**
- Onshore China fixed income fund

**2014**
- Onshore China short term fund
- Asian USD IG credit segregated portfolio

**2015**
- Asian USD IG credit buy & hold mandate

**2016**
- Asian USD credit fixed maturity fund
- Asian USD IG credit fund

**2017**
- China high yield fund

**2018**
- Onshore China CNY bond fund
- WFOE onshore China Flexible Bond Fund and customized funds

**2019**
- China Treasury segregated portfolio

**2021**
- Asian USD income bond fund

**Industry recognition**

**Past performance is not a reliable indicator of future results.**
Source: UBS Asset Management.
As of June 2022

UBS

- **UBS (Lux) Bond Fund – Full Cycle Asian Bond (USD):** P-acc: **Best Asia Bond Fund in the Morningstar Hong Kong Fund Awards for 2017;** P-mdist: **Outstanding Achiever in Asia Pacific Fixed Income (Hard Currency) in the BENCHMARK Top Fund of the Year Awards for Hong Kong 2020;** IX-a: **Best in Class in Asia Pacific Fixed Income in the BENCHMARK Top Fund of the Year Awards for Singapore 2021;** Q-acc: **4-star Morningstar rating** in the EAA Fund Asia Bond category
- **UBS (Lux) Bond SICAV – China Fixed Income (USD): 1 Year Golden Bull Overseas China Fixed Income Fund** for 2021 China Overseas Fund Golden Bull Award; P-acc (RMB): **Hong Kong Lipper Fund award 2022** in the **3-year Bond CNY category**; Q-acc: **4-star Morningstar rating** in the EAA Fund RMB Bond category
- **UBS (HK) Fund Series - China High Yield Bond: 1 Year Golden Bull Overseas China Fixed Income Fund** for 2020 China Overseas Fund Golden Bull Award
- **UBS (Lux) Bond SICAV – Asian High Yield (USD)** Q-acc: **3-star Morningstar rating** in the EAA Fund Asia High Yield Bond category

# Experienced Emerging Market and Asia fixed income investment team

**Hayden Briscoe**
Head of Fixed Income, Global Emerging Markets and Asia Pacific

## Portfolio Management

Raymond Gui, Smit Rastogi, Nicole Lian, Kate Chih, Federico Kaune, David Michael, Igor Arsenin

Michael Fleisch, Yunxi Liu, Pantheon Chung, TBA

## Credit Research

**EM Corporate**
Michael Stansfield
Jose Bernal
Will Riva
Brian Huang
Ethan Wang
William Yiu
Jocelyn Jiang

**APAC DM**
Ben Squire
Earl San Juan

**EM Sovereign**
Juha Seppala
Yuni Kim
Gianandrea Moccetti

**Sustainable Investing**
Team of 10+

## Trading

**APAC**
Martin David
Khashayar Surti

**Taiwan**
Jessica Chen

**China**
Johnnie Guo

**US**
Bill Spencer
Will Hilton

**Global**
Tam Nguyen
Ian Packer
David Maynard

**FX Trading**
Sarah Collins
Ian Packer
David Maynard
Tam Nguyen

## Investment Specialists

**Asia**
Martin Wiethuechter
Jamie Tay
Lewis Teo

**Global EM**
Tony Appiah
Robert Martin

APAC | US | EMEA | Multiple

Source: UBS Asset Management. As of August 2022

# AM Sustainable Investing and Impact Team[1]

**Head of SI**

**Lucy Thomas**
Head of Sustainable Investing and Impact
Chair of SI Methodology Committee

**SI Research and Stewardship**

**Henrike Kulmann**
Head ESG Research and Integration
15 years industry experience

**Francis Condon**
Head Thematic Engagement and Collaboration
34 years industry experience

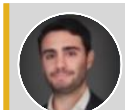
**Paul Clark**
Head Stewardship
35 years industry experience

**Jason Rambaran**
SI Analyst
8 years industry experience

**Derek Ip**
SI Analyst
13 years industry experience

**Karianne Lancee**
Social Thematic Lead
13 years industry experience

**Rachael Atkinson**
SI Analyst
20 years industry experience



**Matteo Passero**
SI Analyst
5 years industry experience

**Henry Russell**
SI Analyst
5 years industry experience

**Christiana Tsiligianni**
SI Analyst
4 years industry experience

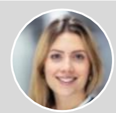
**Emiliano Torracca**
SI Analyst
14 years industry experience

**Aarti Ramachandran**
SI Analyst
5 years industry experience

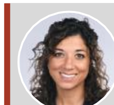
**SI Specialists**

**Karsten Guettler**
SI Specialist
Frameworks & Methodology
18 years industry experience

**Amy Farrell**
SI Specialist
Americas
28 years industry experience



**Eveline Maechler**
SI Specialist
CH, GER, AUT
3 years industry experience



**Juliette Vartikar**
SI Specialist
UK, Benelux, Nordics
15 years industry experience

**Yuan Jiang**
SI Specialist
APAC
14 years industry experience

**Sabine Bierich**
Content Specialist
2 years industry experience

**Supported by…**

- **Business Management**
- **Quantitative Evidence and Data Science (QED)**
- **Analytics & Modelling (GRS)**
- **Regulatory Management**
- **Group Chief Sustainability Office**

= Zurich
= London
= Hong Kong
= Amsterdam
= San Francisco

1 We plan to add 2 full-time SI Analysts and 3 SI Specialists by Q3 2022.
Source: UBS Asset Management, as of April 2022. Note: May not represent reporting lines.

UBS

# Hayden Briscoe

## Head of UBS Asset Management, Hong Kong

## Head of Fixed Income, Global Emerging Markets and Asia Pacific
## Managing Director

Years of investment industry experience: 32

Education: University of New South Wales (Australia), BA

Hayden Briscoe has overall responsibility for all Global Emerging Markets and Asia Pacific fixed income activities at UBS Asset Management. He is also a member of the Global Fixed Income Management Team and Global Fixed Income Investment Forum. Along with his functional role, Hayden is the Head of UBS Asset Management Hong Kong and a member of the board of directors.

Prior to joining UBS Asset Management, Hayden was a Senior Vice President and Director of Asia Pacific Fixed Income at Alliance Bernstein. In this role he was instrumental in building out their Asian fixed income platform and responsible for regional and country portfolios as well as having input in global aggregate strategies.

Hayden previously worked at Schroders Investment Management, Colonial First State and Bankers Trust, where he fulfilled fund management, portfolio management, and trader roles.

Note: As at August 2022

# Raymond Gui

## Head of Fixed Income Portfolio Management, Asia
## Managing Director

Years of investment industry experience: 20

Education: Chinese University of Hong Kong, MBA; Tsinghua University (China), M. Finance & B. Finance

Raymond Gui is a senior portfolio manager with the Asia fixed income team and he has overall responsibility for Asia Pacific fixed income portfolio management activities.

Prior to joining UBS Asset Management, Raymond was co-CIO and senior portfolio manager at Income Partners Asset Management covering Asian USD credit and RMB fixed income strategies. His mandate included launching, managing and growing the firm's fixed income business and strategy range.

Raymond previously worked at China Construction Bank, Bank of China International as well as China's State Administration of Foreign Exchange (SAFE). He has won various awards including the "Outstanding Achiever" Benchmark Fund of the Year awards.

Note: As at August 2022

# Smit Rastogi, CFA

## Portfolio Manager
## Director

Years of investment industry experience: 10

Education: Indian Institute of Technology Delhi, M. Tech; Indian Institute of Management Calcutta PGDM

Smit Rastogi is a portfolio manager with the Asia fixed income team. He assists with the management of the Asian USD credit portfolios, contributing to security selection and portfolio construction.

Prior to joining portfolio management team, Smit has been part of UBS Asset Management's Global Credit Research and covered a range of issuers across China, India, Indonesia. Smit joined UBS Asset Management in September 2015, and previously worked most recently as a credit analyst at Royal Bank of Scotland (RBS), based in Singapore. At RBS, Smit worked predominantly as a generalist covering issuers across Asia. Prior to that he worked as an analyst in the Special Situations Group of RBS, focusing on distressed loans and bonds in APAC and Europe.

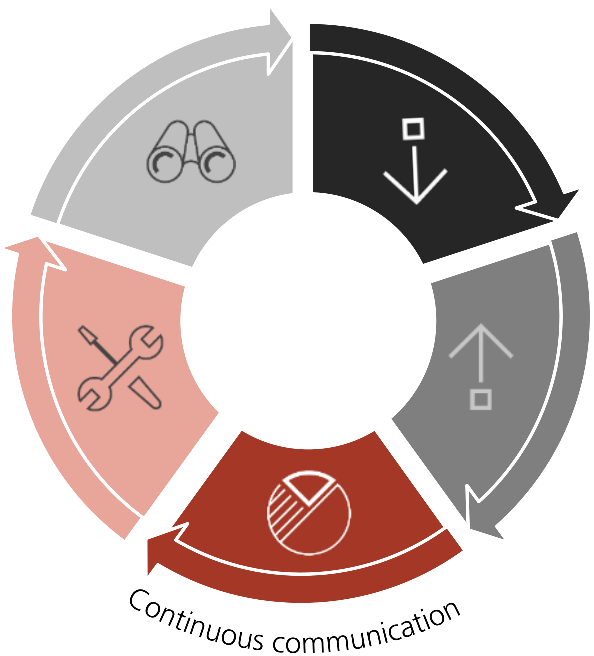
Note: As at May 2022

UBS

# Holistic investment management process…

… with an active allocation to sectors with the best risk/reward ratio as the market changes.

**Continuous active portfolio management**




## Top-Down Strategy
- Fixed Income Investment Forum
- Establish and monitor strategic views across rates, credit, currencies, and liquidity

## Bottom-Up Strategy
- Global Credit Research
- Sector, industry and issuer analysis providing fundamental, relative value and ESG ratings

## Portfolio Construction
- Portfolio management
- Alignment of client needs, investment goals and market environment

## Implementation
- Portfolio management and centralized trading
- Best execution and timing

## Risk Management and Compliance Oversight
- Portfolio Management, Risk Control, Compliance
- Quarterly Portfolio Reviews by senior management
- C&ORC Three Lines of Defense

For illustrative purposes only

# Collaboration – Portfolio management and credit analysts

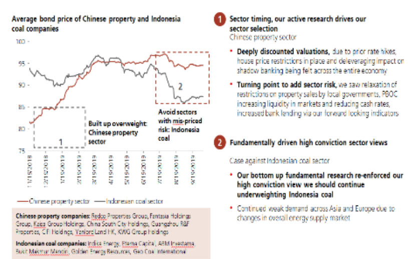
Consistent performance is derived by leveraging global portfolio management insights and regional interaction with analysts

**Portfolio Management**

| Global macroeconomic assessment | Focus on regional drivers | Risk adjusted outcomes for credit, rates & FX | Portfolio construction | Timing, execution & liquidity management |
|---|---|---|---|---|

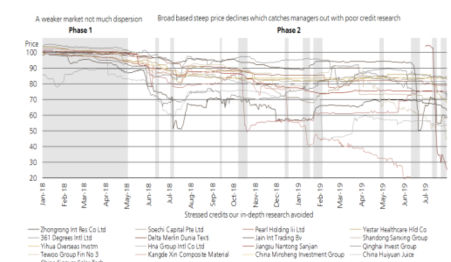
## Alpha generation

- **Credit selection**
  Bottom-up research
- **Valuations**
  relative and absolute
- **Macroeconomic picture**
  Technical trends



## Risk management

- **Idiosyncratic risk**
  Understand business model
  Assess financial condition
  Monitor event risk
- **Industry risk**
  Assess business cycles



**Credit Analysts**

| Fundamental credit analysis | On the ground company research | Country and sector expertise | Preservation of capital | High conviction relative value opinions |
|---|---|---|---|---|

For illustrative purposes only

# ESG Integration occurs at every stage of investment process

## Research

- Material Issues Framework incorporates financially-relevant ESG factors
- ESG Risk Dashboard highlights ESG risks
- ESG Risk Recommendation encapsulates results of analyst qualitative review of ESG risk

## Screening

- Exclusions per UBS AM Sustainability Exclusions Policy
- Investable universe screen by SI Focused ESG risk signal and UBS ESG Risk recommendations (as per prospectus)

## Engagement

- Risk and Opportunities drives engagement focus
- Thematic climate engagements, resulting in divestment/ exclusion where progress against goals not achieved

## Decision

- PM tools integrate ESG factors/ exposures
- ESG scores measure sustainability profiles to inform security selection/ portfolio construction
- Pre-trade restriction controls enforce exclusions, risk screening and positive ESG promotion characteristics at point of investment decision

## Reporting

- Reporting transparency of ESG profile
- ESG regulatory disclosures in prospectuses and websites

Source: UBS Asset Management as of 31 December 2021. For illustrative purposes only.

# How is the strategy aligned to Article 8?

## Criteria based on the UBS AM framework for UBS ESG Integration fund family members

| | Criteria | Measurement |
|---|---|---|
| Promoting Environmental/Social characteristic: Will: | Investing in companies so that the portfolio has a lower carbon profile than benchmark and/or a low absolute profile | Weighted Average Carbon Intensity[1] |
| | Investing in companies so that the portfolio has a better sustainability profile than benchmark and/or have companies with sustainability profiles in the top half of the benchmark | UBS ESG consensus score[2] |
| Ensuring Good Governance | Invest in companies so that the portfolio has a better sustainability profile than benchmark and/or have companies with sustainability profiles in the top half of the benchmark (via governance pillar of the ESG score) | UBS ESG consensus score[2] |
| Exclusions: As a principle do not invest in companies that produce/do: | Controversial weapons 1 (Ethix list): cluster munitions, anti-personnel mines, biological weapons, chemical weapons, nuclear weapons | Involvement entity list |
| | Controversial weapons 2: Depleted uranium | > 0% of revenues |
| | Thermal coal mining / extraction | > 20% of revenues |
| | Oil sands-based extraction | > 20% of revenues |
| "Do no harm" | Do not invest in companies with UN Global Compact compliance failures (without credible corrective action) | Failure entity list |

Source: UBS Asset Management, September 2021. For illustrative purposes only.
Any decision to invest should take into account all the characteristics or objectives of the promoted fund as described in its prospectus, or similar legal documentation.

1 Portfolio Weighted Average Carbon Intensity lower than benchmark; Absolute target: <100 tons of CO2 emissions per million dollars of revenue

2 Top half of benchmark: Have at least 51% of the portfolio with a better ESG rating than benchmark

# UBS-AM Sustainable and Impact investing differentiators

## UBS Group commitment to sustainable investment

- UBS is a member of the CDP A List 2020[1]
- UBS is the diversified financials industry leader in the Dow Jones Sustainability Index since 2015[2]
- UBS ranked first globally in Sustainable and Impact Investing[3]
- UBS Group has USD 793 billion in core sustainable investments[4]
- USD 13.1 billion of client assets committed toward SDG-related impact investments, including world's first Multi-lateral development bank bond fund[5]

## UBS-AM is a leading provider of sustainable offerings

- Founding member of Net Zero Asset Managers initiative, committed to net zero emissions goal by 2050 or sooner[6]
- A+ ranking for our approach to Climate Stewardship from InfluenceMap[7]
- UBS AM: USD 480.4bn ESG integrated and USD 112.3bn in SI focused AUM[8]
- 40+ SI focused strategies across active and passive, fixed income and equities
- Fastest growing European asset manager in SI focused AUM since January 2018[9]
- Leading sustainability ETF provider with over USD 28.7bn in SI AUM[10]
- A/A+ ratings from UNPRI across all assessment modules[11]

## Innovation through client-focused collaboration

- 20+ year history in managing sustainable investment funds
- Developed award winning Climate approach with leading UK pension fund[12]
  - Active engagement in coordination with Climate Action 100+
- Developed impact investing methodology with leading Dutch pension fund
  - Invests in companies that offer products and services that help deal with key sustainability challenges
- Over USD 90bn of dedicated Index solutions through collaborations with clients[13]

**1** https://www.cdp.net/en/companies/companies-scores; **2** Source: S&P Global; **3** 2020 Awards from Environmental Finance, PWM The Banker, Euromoney; **4** Sustainable investments across UBS Group, UBS Sustainability report 2020; **5** Source UBS Sustainability report 2020; **6** http://www.netzeroassetmanagers.org; **7** https://influencemap.org/report/Asset-Managers-and-Climate-Change-cf90d26dc312ebe02e97d2ff6079ed87; **8** Assets under management as of March 2021; **9** Growth in absolute AUM since Jan 2018, Source: Morgan Stanley, May 2020 and Morningstar; **10** Market share in Europe for sustainable ETFs: 18.85%, Source Etfbook as of 20 April 2021; **11** 2020 UN PRI Assessment; **12** 2017 Fund Launch of the Year Award, Funds Europe; **13** Asset under management as of March 2021.

# Standardized ESG integration across asset classes

## ESG factors integrated into mainstream strategies utilizing a systematic risk-based research process

### ESG data input

**UBS ESG Risk Signal**

- A clear, actionable signal helps to drive the in-house research process
- Proprietary ESG Risk Dashboard to identify ESG risks across four dimensions, based on various ESG data provider inputs:
  - UBS ESG Consensus Score
  - Absolute ESG Risk
  - Governance Risk
  - Controversies

### In-house research

Fundamental analysis

- In-house ESG risk recommendation is part of the investment case
- UBS risk assessment is forward-looking and focused on material issues
- Strong collaboration across investment teams to drive stewardship outcomes

~11 Dedicated SI analysts1 | ~58 Equity analysts | ~30+ Fixed Income analysts

- In-depth ESG research and stewardship expertise amplifies ESG know-how across investment teams
- Company specific and thematic ESG research on high-risk issues

SI research analysis

### Investment decision making

**Portfolio Managers**
Incorporation of ESG risks in investment decision making

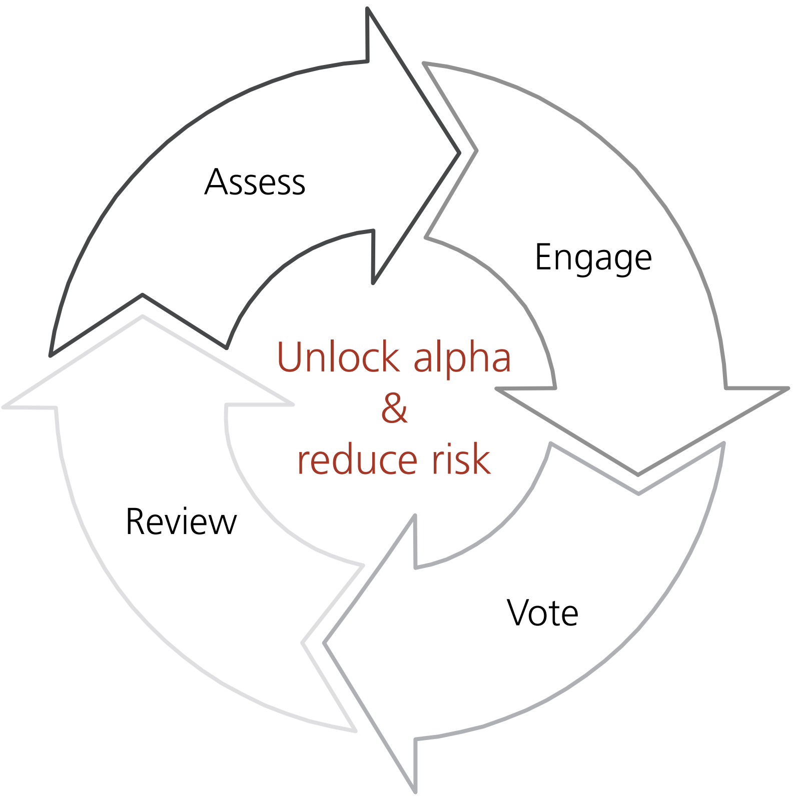
- UBS ESG Risk Recommendation summarizes final ESG view to PMs
- ESG risks may be mitigated through engagement and on-going monitoring
- Confirmation of ESG risks may trigger sell decision
- Portfolio manager may decide to maintain the position with a justification that the opportunity outweighs the risks

Identify | Review | Decide

Source: UBS Asset Management as of December 2021. For illustrative purposes only.
1 We plan to add 2 full-time SI Research analysts by 2022.

# Transparent and proactive investment stewardship

## Leveraging our strength as a large, diversified asset manager to drive positive, material change




### Core part of the investment process

- Grounded in driving performance and avoiding downside risks
- High quality engagements on sustainability issues with senior executives and board members

### Combined strengths across active and index strategies

- Seeking to maximize outcomes by combining insights from active investments with voting power of index linked strategies[1]
- Stewardship approach pursued consistently across fixed income and equities on behalf of UBS-AM looking to maximize impact of engagement outcomes

### Strong external collaboration

- Helping to further ESG best practices across the investment industry
- Leading within the Climate Action 100+ coalition[2]
- Concrete outcomes including:
  - Repsol's Net Zero commitment (first in the industry)
  - Equinor's alignment of strategy with Paris Agreement

Source: UBS Asset Management, for illustrative purposes only.
1 In the 12-month period ended 31 December 2020, UBS gave instructions (based on AM's corporate governance principles) to vote on 115,222 separate resolutions at 11,616 company meetings, with 267 of these resolutions being directly related to environmental and social issues. Source: UBS Sustainability report 2020.
2 Source: www.climateaction100.org

# UBS ESG Risk Dashboard & Signal

## Proprietary methodology to identify and monitor ESG risks across four dimensions

**UBS ESG Risk Dashboard hosts proprietary UBS ESG Risk Signal**

- Full transparency on ESG risk across portfolios and investment universe
- Hosts UBS ESG Risk Signal, covering approx. 20,000 entities
- ESG Risk Signal focuses further in-house ESG research assessment by analysts

| | | | Industry-relative ESG risk | Identification of "Outliers" | | |
|---|---|---|---|---|---|---|
| Company | Sector | ESG Risk Signal[1] | UBS ESG Consensus Score[2] | Absolute ESG Risk[3] | Governance Risk[4] | Controversies[5] |
| A | Life & Health Insurance | ● No | 4.0 | Medium | 8.2 | Pass |
| B | Retail – Consumer Discretion | ● Yes | 3.7 | Medium | 0.0 | Pass |
| C | Interactive Media & Services | ● Yes | 6.5 | Severe | 1.5 | Fail |
| D | Technology Hardware, Services | ● No | 4.2 | Medium | 10.0 | Watch List |
| E | Diversified Consumer Services | ● Yes | 2.1 | Low | 5.0 | Pass |
| F | Software & Services | ● No | 9.3 | Low | 10.0 | Pass |
| G | Beverages | ● Yes | 1.6 | High | 3.0 | Pass |
| H | Retail – Consumer Discretion | ● No | 3.4 | High | 4.0 | Watch List |

**Quantitative Evidence and Data Science Team (QED)**

- Owns the process of evaluating, onboarding and processing new data sets
- Owns the production of the ESG Risk Dashboard
- Utilizes best practices for evaluating robustness of our data sets

Proprietary methodology to identify and monitor ESG risks across four dimensions

Source: UBS Asset Management, September 2021. For illustrative purposes only.
Notes: 1) Scale: yes/ no; 2) Scale: 0-10 with 10=best ESG score; 3) 5-level scale from negligible to severe; 4) Scale: 0-10 with 10=best G-score; 5) Scale: Pass/ Watch List/ Fail
This information should not be considered a recommendation to purchase or sell any particular security. The table above does not represent the full coverage of the UBS ESG Proprietary Risk Dashboard.

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# Dynamically riding the tide

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

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September 2022

# The elevator pitch!

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

**Attractive Income potential**

- Investing in the fund provides investors with protection against rising interest rates and gives exposure to high yield in an environment which is supportive of credit

**Protection against interest rate increases**

- As the global economy recovers, central banks will start to focus on normalizing monetary policy

9.92%

Yield to Maturity

Interest rate protection

Duration target:
0.1-0.3 year

BB

High Yield
credit quality

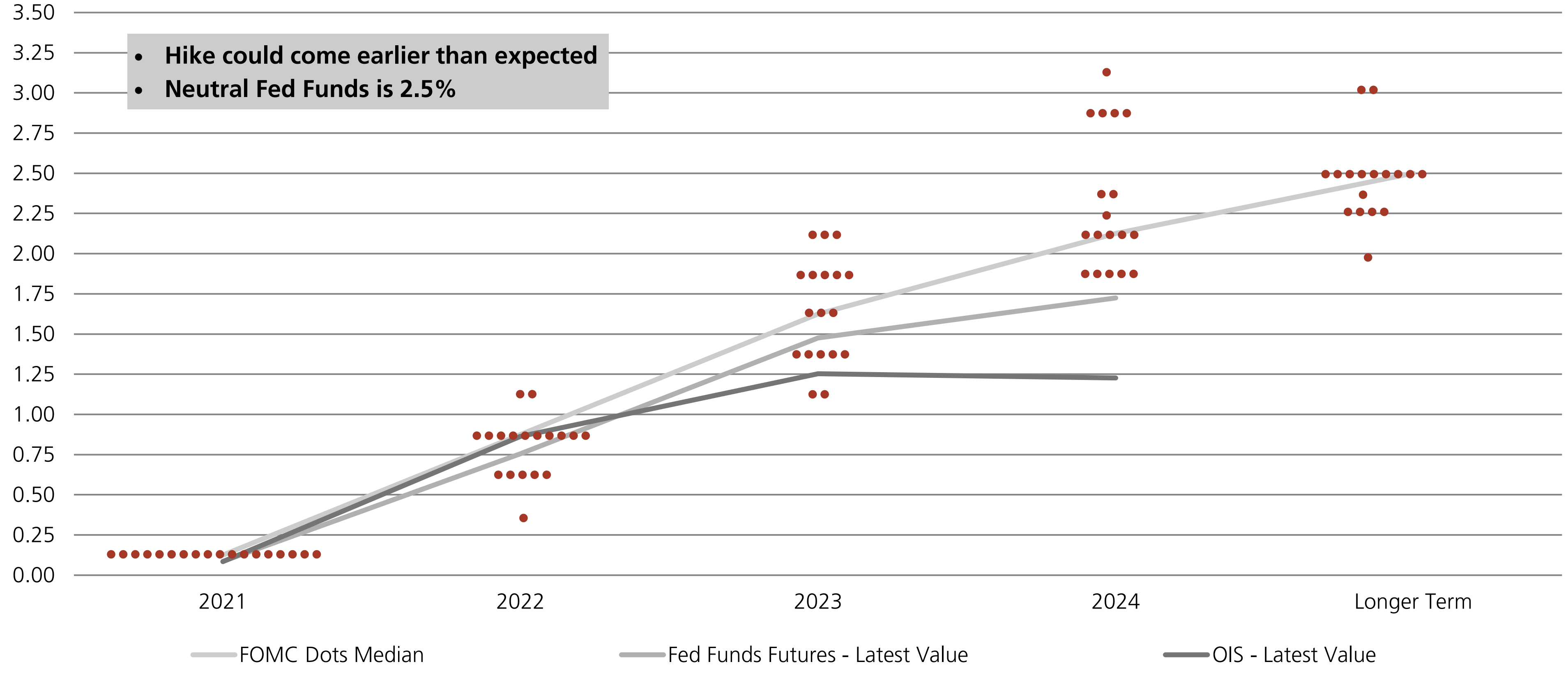
Fully hedged to USD
All non-USD exposure hedged back to USD

Source: UBS Asset Management. Data as at 31 August 2022. All figures gross of fees.

# FOMC dot projections

## Distribution of FOMC members projections for Fed Funds rate

**Meeting date 15 December 2021**




Source: Federal Reserve, as of 16 December 2021
Overnight Index Swap (OIS) is an interest rate swap involving the overnight rate being exchanged for a fixed interest rate. An overnight index swap uses an overnight rate index, such as the Federal Funds Rate, as the underlying for its floating leg, while the fixed leg would be set at an assumed rate. Overnight index swaps are popular amongst financial institutions for the reason that the overnight index is considered to be a good indicator of the interbank credit markets, and less risky than other traditional interest rate spreads.

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# What is expected from floating rate notes?

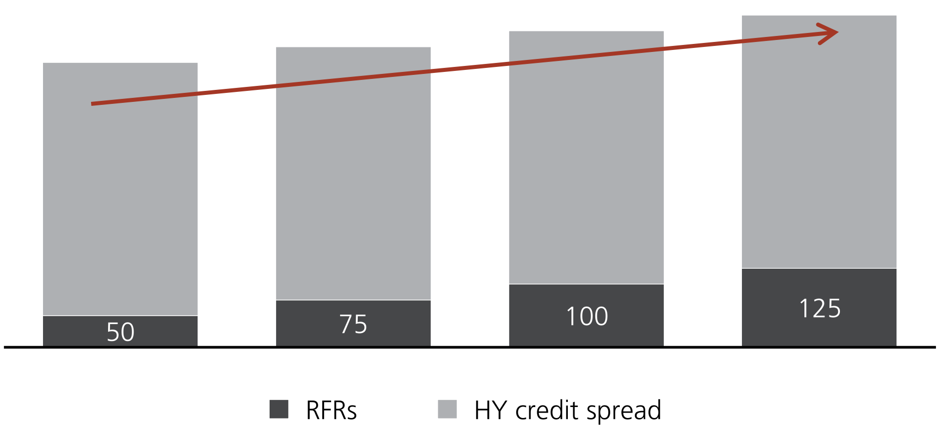
## Coupon increases with the rise in risk free rates (RFRs)

**Characteristics**

RFRs + Spread = Yield

Risk free rates | reflects issuer's credit quality | consists of 2 components

- Coupon is comprised of a fixed spread and a floating component which moves with interest rate changes
- Spread reflects default risk and liquidity risk




**What is the impact from an increase in rates…**

- Leads to an increase in coupons
- Leads to an increase in income in what is still a very low yield environment
- Coupon rate resets typically quarterly reflecting changes in risk free rates

For illustrative purposes only

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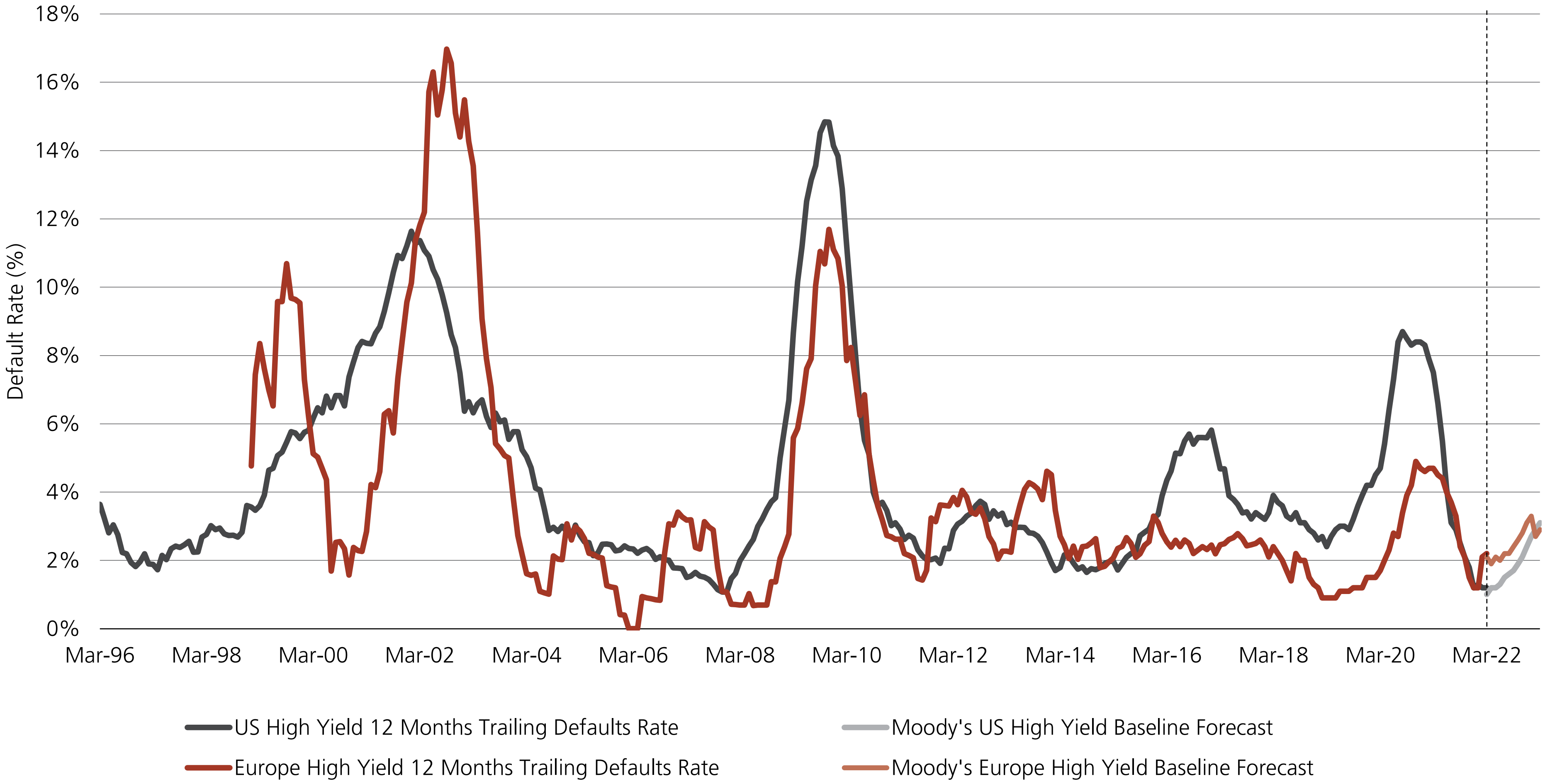
# The default cycle




Source: Moody’s as at 31 March 2022.

# What does the fund invest in?

## Floating rate and fixed to floating rate bonds

### Floating rate bonds

Reducing interest rate risk

### Sub-investment grade corporates

Enhancing income potential

### Investment grade and securitized

Diversifying credit risk

### Credit derivatives

Managing liquidity

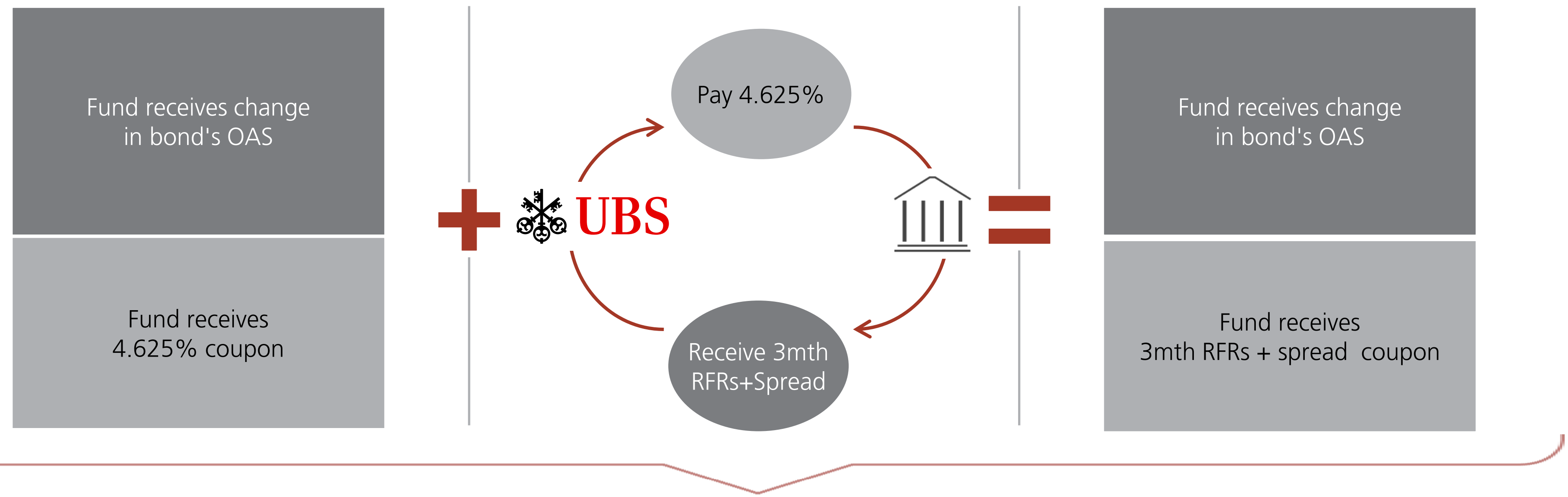
Active risk management

For illustrative purposes only
This does not constitute a guarantee by UBS Asset Management.

# Why create a Fixed to Floating coupon?

Example: UBS research team likes Nabors Industries Inc (NBR), but NBR has no floating debt.
Purchase NBR fixed coupon and convert into floating

**1. Buy NBR 4.625% 2021** **2. Swap Fixed for Floating coupon bond** **3. Synthetic Floating Rate Note**

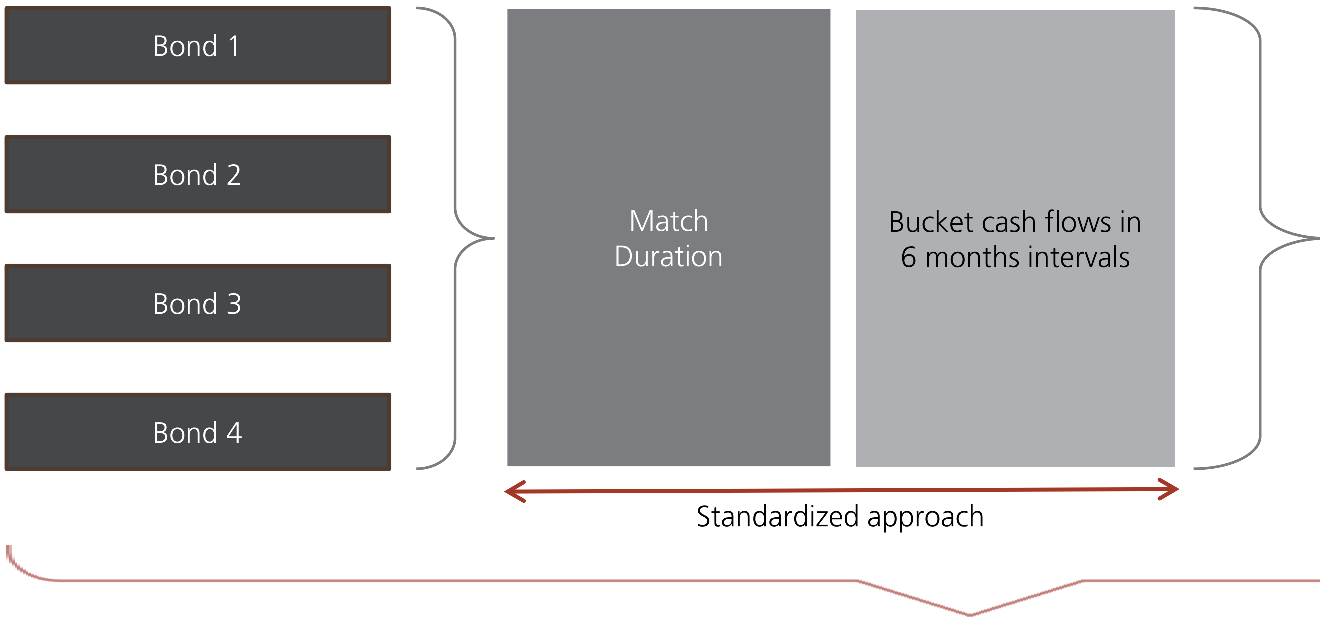



- Gain exposure to UBS AM analysts recommendations in issuers with no floating debt available
- Improved convexity versus typical FRN or Loan instrument
- Keep capital gain potential (OAS tightening) while converting income stream to floating
- Execution cost of swaps is very low (typically below 1bp) - centrally cleared reducing counterparty risk

Source: UBS Asset Management.

# How do we implement interest rate swaps?

## Matching Cash Flows in a cost efficient manner




- Bonds are grouped and hedged on a daily basis
- It is more operationally and cost effective to group trades on a daily basis

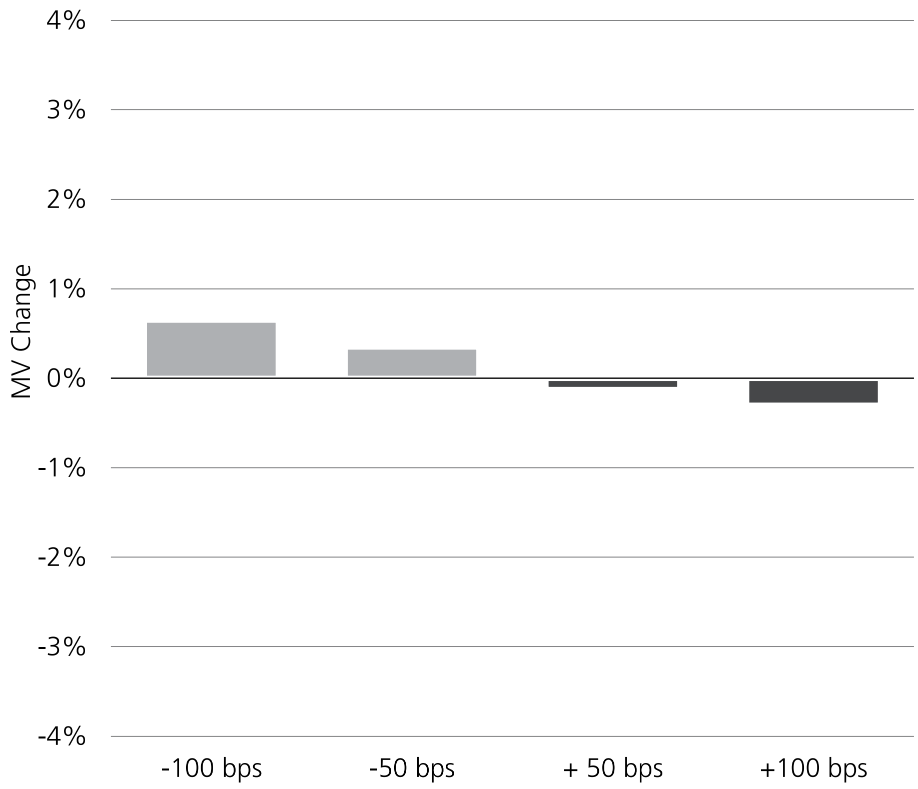
**Counterparties and Margin**

- UBS Best Execution policy – approved counterparties
- IRS traded through cleared exchange (CME)
- Daily variation margin posted
  - i.e. Risk free rate increases = PV Floating leg > PV Fixed leg
  - Counterparty out of the money hence needs to post margin
  - Initial margin posted by both parties

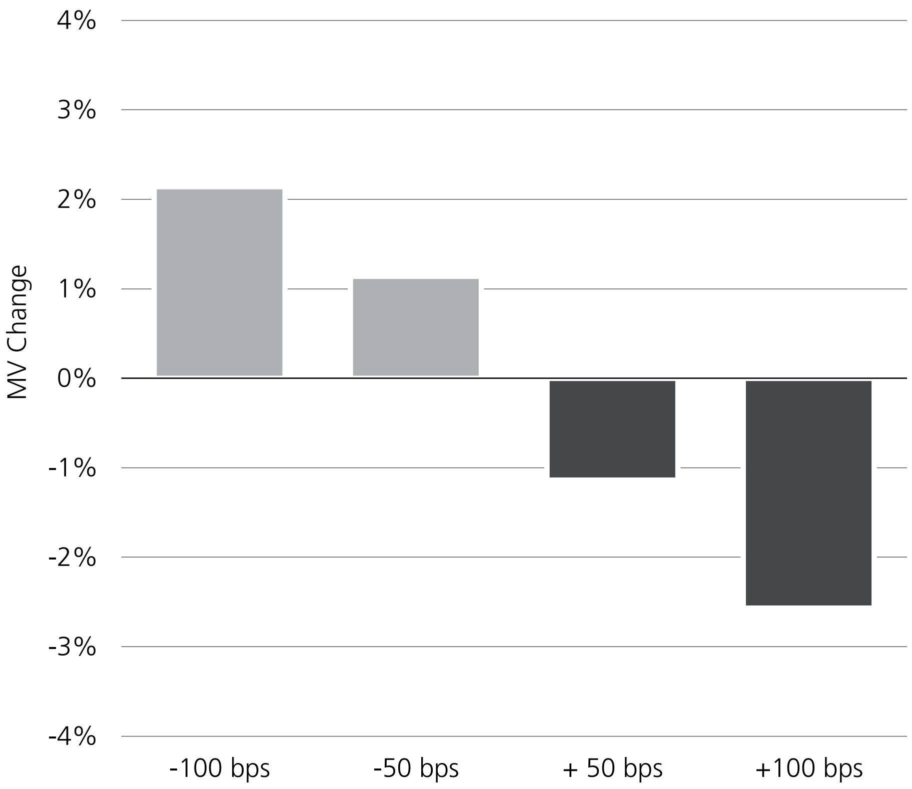
Source: UBS Asset Management.

# How will the fund perform?

**Interest Rate Shocks**




**Credit Spread Shocks**

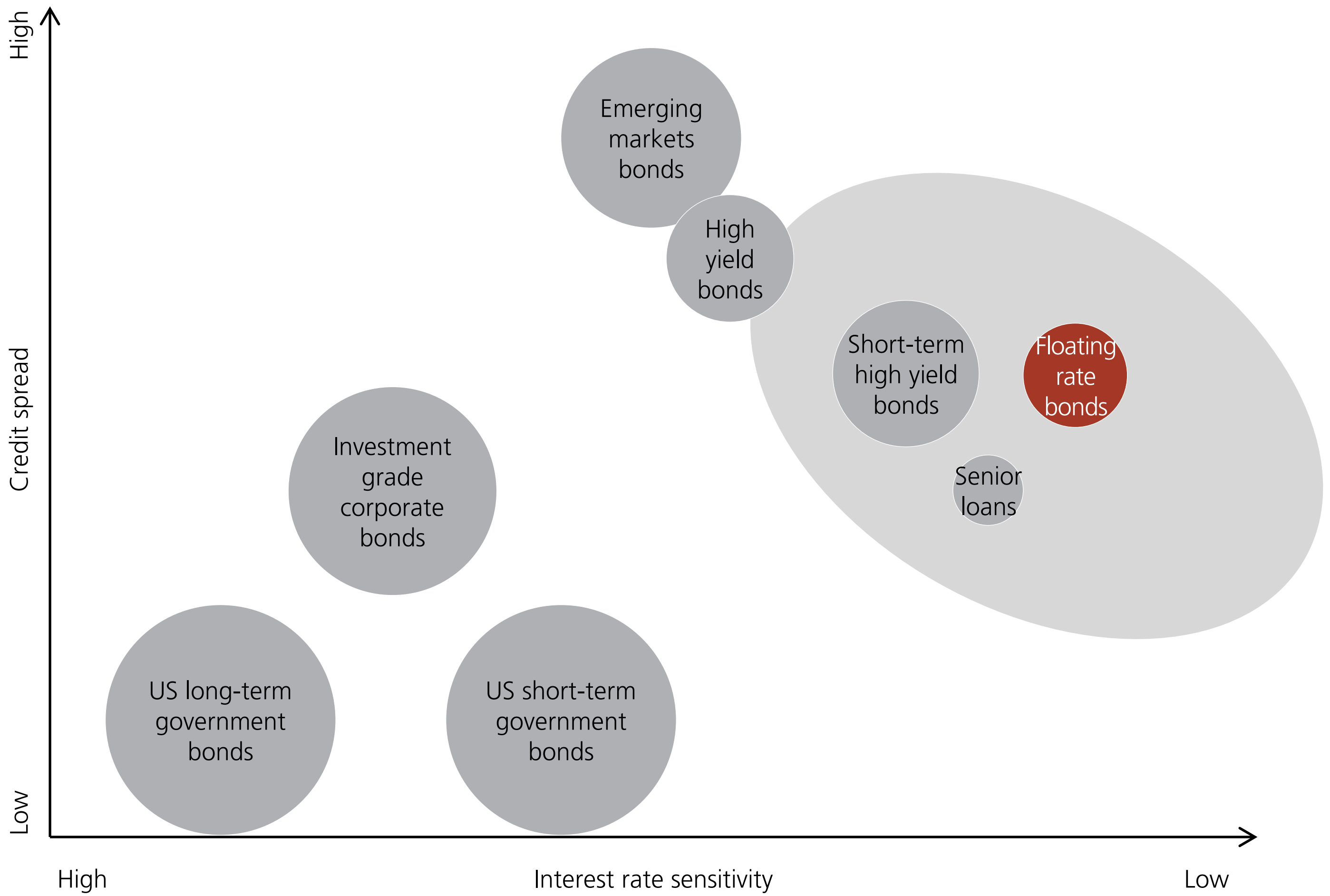



Source: RiskMetrics, UBS Asset Management Risk Control. Data: as of 31 March 2019.
Past performance of investments, whether simulated or actual, is not necessarily an indicator of future results.

UBS

# How does the fund compare?

## Low rate sensitivity and moderate spread risk



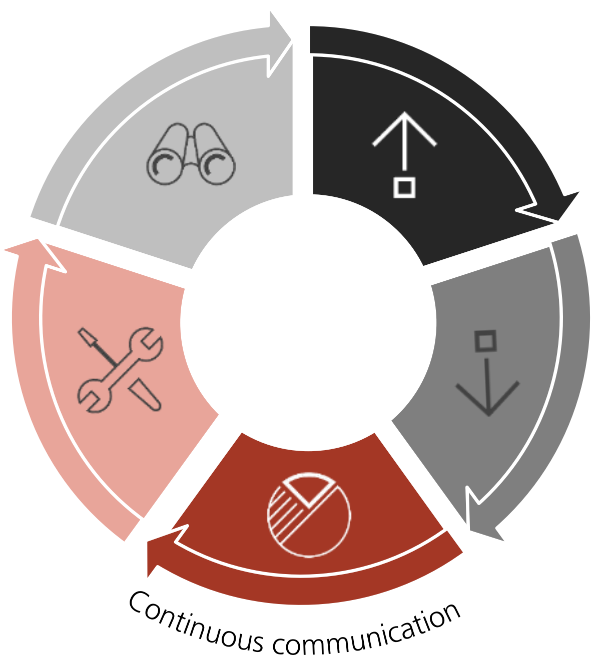

Note: For illustrative purposes only. Snapshot as of August 2017, based on approximate average estimates.
Liquidity is indicated by the circle sizes in the illustration: the bigger the circle, the greater the market liquidity of the respective bond sector

UBS

# UBS-AM's process combines bottom up and top down views

Active allocation to sectors with the best risk/reward ratio as the market changes.

**Continuous active portfolio management**




### Top-Down Strategy
- Responsibility: Strategy and PM-team, credit research, Fixed Income Forum
- Establish and monitor strategic views of key global investment themes that drive performance

### Bottom-Up Strategy
- Responsibility: Credit research, Strategy and PM-team, SI-team
- Fundamental company analysis, Relative Value and Capital Structure analysis

### Portfolio Construction
- Responsibility: Strategy and PM-team
- Alignment of client needs, investment goals and market environment

### Implementation
- Responsibility: Strategy and PM-team
- Best execution and timing

### Risk Management and Performance Evaluation
- Responsibility: Strategy and PM-team and independent Risk-Control Team
- Quarterly Portfolio Reviews by senior management
- AM Senior Management set risk framework and raise risk awareness

For illustrative purposes only

# Global High Yield Team

## People

**Head of Fixed Income**

*Charlotte Baenninger*

| **Head of Americas** | | | **Years experience** | **Years at UBS** |
|---|---|---|---|---|
| *Craig Ellinger* | | | | |
| Matthew Iannucci | Head Developed Market High Yield | Chicago | 26 years | 25 years |
| Branimir Petranovic | Portfolio Manager | Chicago | 22 years | 14 years |
| Anders Nelson | Portfolio Manager | Chicago | 6 years | 4 years |
| Zachary Swabe | Portfolio Manager (Lead EUR HY) | London | 17 years | 10 years |
| Jonathan Mather | Portfolio Manager | London | 13 years | 6 years |

| **Head of Asia Pacific & Emerging Market** | | | **Years experience** | **Years at UBS** |
|---|---|---|---|---|
| *Hayden Briscoe* | | | | |
| Smit Rastogi | Portfolio Manager (APAC HY) | Singapore | 8 years | 6 years |

**Investment Specialist**

*Anais Brunner*

**Fixed Income Investment Forum**

10 members

**Global Credit Research Analysts**

30+ analysts

**Global Fixed Income resources**

130+ professionals

**Sustainable Investing**

10+ professionals

Source: UBS Asset Management, as of February 2022. Does not reflect reporting lines.

UBS

# Why UBS Fixed Income?

## Over 130 investment professionals

### Global

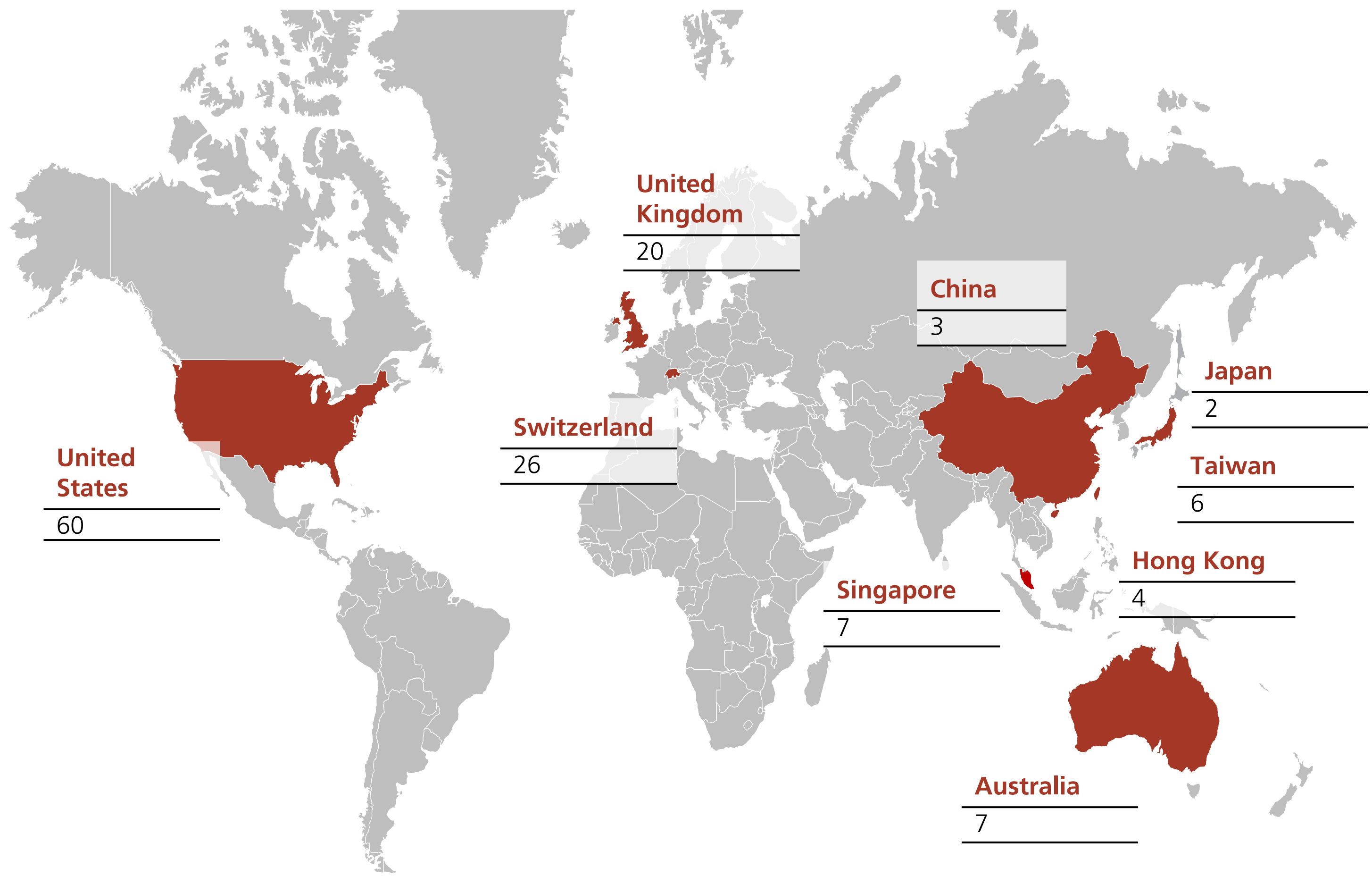
- Product
- Investment Team

### Diverse

- Client structure
- Mindset

### Expertise

- Fostering innovation
- Lead in sustainable investment
- Unique strategy formulation process




On average the team has been with UBS for 10 years

UBS

Source: UBS Asset Management Fixed Income professionals as at 31 December 2020.

Section 1

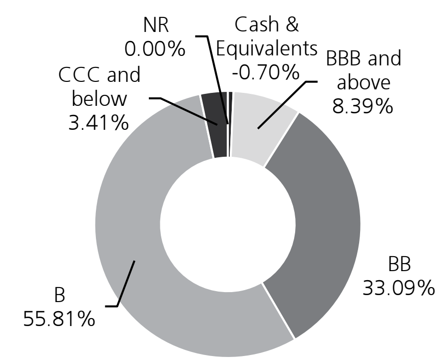
# Performance and portfolio characteristics – Floating Rate Income

# Representative portfolio: Floating Rate Income

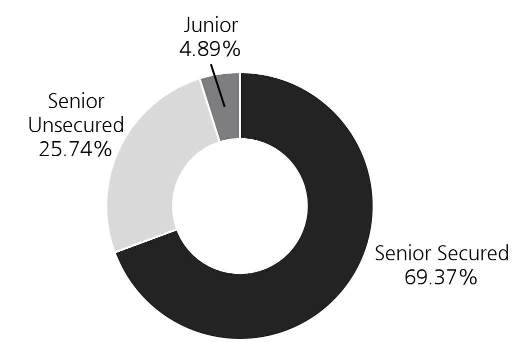
## As of 31 August 2022

| | Portfolio |
|---|---|
| Yield To Maturity | 9.92% |
| Option Adjusted Spread[1] | 513 |
| Duration | 0.21 |
| Spread Duration | 1.82 |
| Average rating of holdings | BB3 |
| Number of Issuers[2] | 127 |

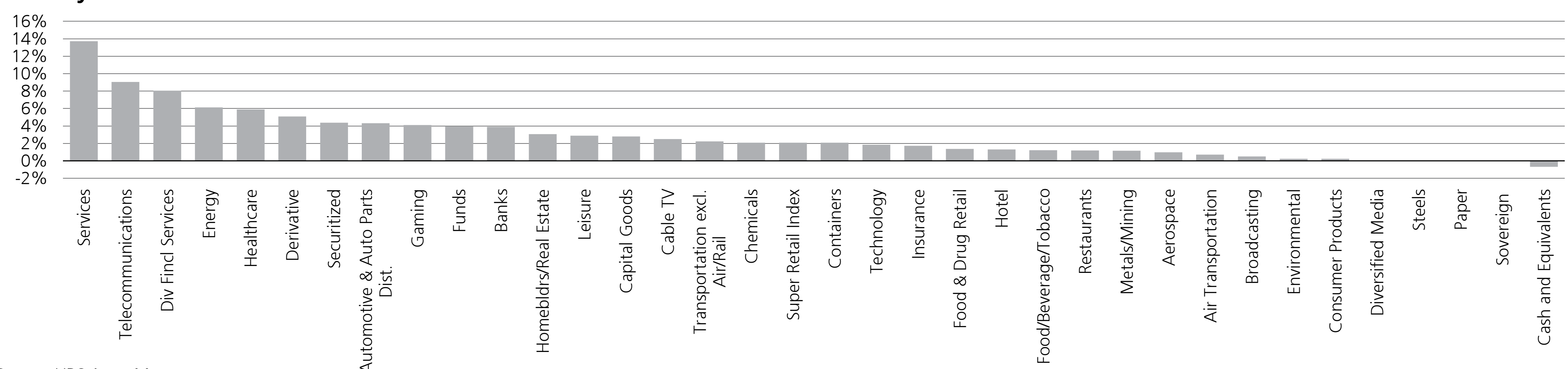
### Quality Allocation




### Seniority Breakdown




### Industry Allocation

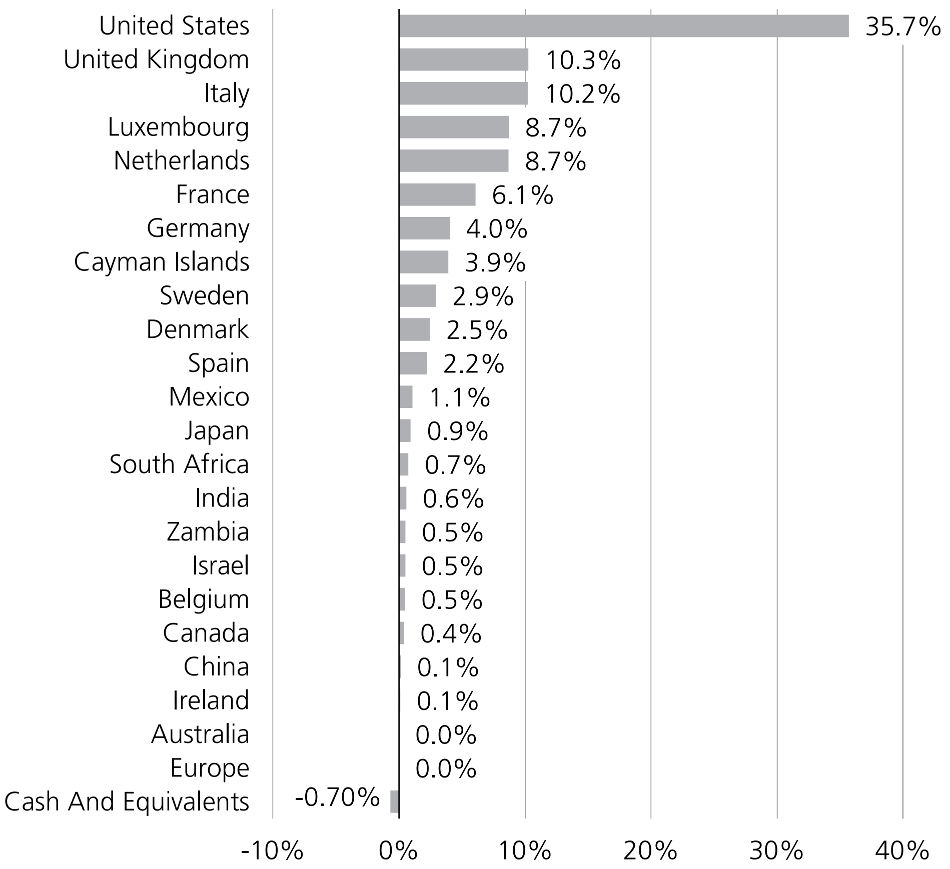



Source: UBS Asset Management
Note: Please note that information is representative of a specific portfolio and may vary. All figures above are gross of fees.
1 Based on Libor OAS
2 Number of issuers does not include positions held in funds
3 Cash and equivalents also include cash held as collateral for derivatives positions and at times this might lead to a negative cash and equivalent.

# Representative portfolio: Floating Rate Income

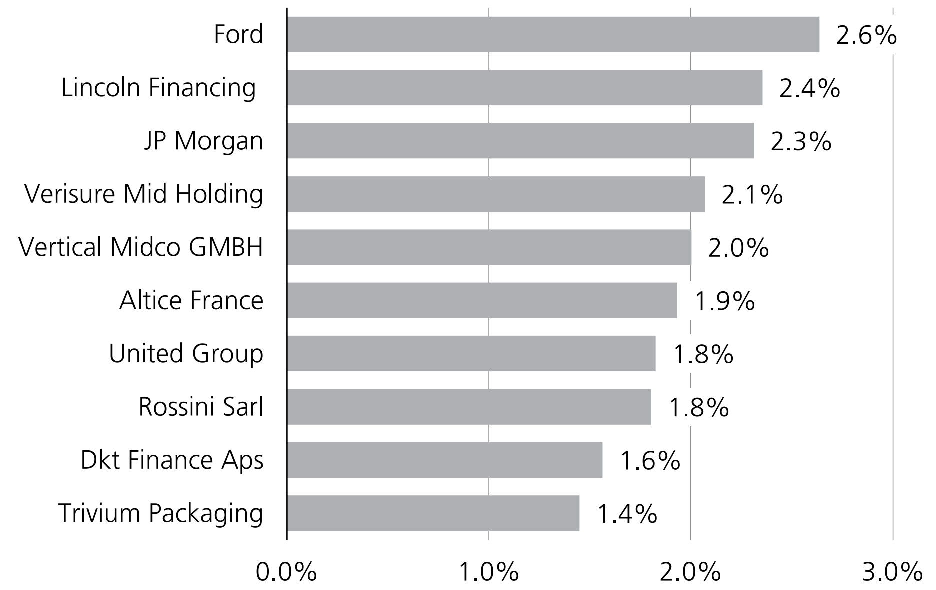
As of 31 August 2022

**Market Exposure**




| Instruments | MV (%) |
|---|---|
| Physical Floating Rate Notes | 46.66 |
| Fixed to Floating Rate Bonds | 48.95 |
| Credit Derivatives | 5.09 |
| Cash and Equivalents[1] | -0.70 |

**Top 10 Credit Issuers**




Source: UBS Asset Management
Note: Please note that information is representative of a specific Floating Rate Income portfolio and may vary.
1 Cash and equivalents also include cash held as collateral for derivatives positions and at times this might lead to a negative cash and equivalent.

# Floating Rate Income Composite: Performance

## Total returns for periods ending 31 August 2022 (USD)

| | 1 Month | 3 Months | YTD | 1 Year | 3 Years | Since Inception[1] |
|---|---|---|---|---|---|---|
| Composite Performance % | 0.86 | -0.55 | -1.93 | -0.77 | 1.88 | 2.68 |

| | Dec-17 | Jan-18 | Feb-18 | Mar-18 | Apr-18 | May-18 | Jun-18 | Jul-18 | Aug-18 | Sep-18 | Oct-18 | Nov-18 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Composite Performance % | 0.05 | 1.02 | -0.11 | -0.10 | 0.61 | -0.52 | 0.09 | 1.13 | 0.40 | 0.53 | -0.39 | -0.72 |

| | Dec-18 | Jan-19 | Feb-19 | Mar-19 | Apr-19 | May-19 | Jun-19 | Jul-19 | Aug-19 | Sep-19 | Oct-19 | Nov-19 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Composite Performance % | -1.66 | 3.08 | 1.17 | 0.59 | 0.92 | -0.56 | 1.04 | 0.75 | -0.21 | 0.72 | 0.00 | 0.45 |

| | Dec-19 | Jan-20 | Feb-20 | Mar-20 | Apr-20 | May-20 | June-20 | Jul-20 | Aug-20 | Sept-20 | Oct-20 | Nov-20 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Composite Performance % | 1.60 | -0.16 | -1.42 | -13.08 | 5.09 | 2.35 | 1.23 | 2.42 | 1.03 | -0.49 | 0.48 | 2.61 |

| | Dec-20 | Jan-21 | Feb-21 | Mar-21 | Apr-21 | May-21 | June-21 | Jul-21 | Aug-21 | Sept-21 | Oct-21 | Nov-21 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Composite Performance % | 1.01 | 0.43 | 0.54 | 0.51 | 0.69 | 0.46 | 0.64 | 0.04 | 0.40 | 0.21 | -0.02 | -0.31 |

| | Dec-21 | Jan-22 | Feb-22 | Mar-22 | Apr-22 | May-22 | June-22 | Jul-22 | Aug-22 | Sept-22 | Oct-22 | Nov-22 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Composite Performance % | 1.30 | -0.59 | -0.36 | 0.88 | -0.56 | -0.76 | -3.36 | | | | | |

Note: Performance figures are gross of fees. Benchmark figures are not provided as the strategy is not managed against an official benchmark. Please see attached disclosure information.
The returns shown above are based on currently available information and are subject to revision. **Past performance is no guarantee of future results.**

1 Inception as of 30 November 2017

Section 2

# Additional slides

UBS

# Floating Rate Income Investment Guidelines

| | |
|---|---|
| Benchmark | The fund has no official benchmark. |
| Rating | The fund has a tilt towards sub-investment grade bonds minimum 2/3 BBB+ to CCC |
| OAD | Fund expected to maintain a duration of 0.1-0.3.<br>The maximum duration shall not exceed 0.5 year. |
| Issuer | Objective to run a diversified portfolio. Maximum 5% single issuer.<br>Not own more than 10% of a single corporate issue amount outstanding. |
| Derivatives | TRS, CDS, CDX, IRS, Futures, FX Forwards |
| Sector | Securitized max. 15% |
| Currency | All non-USD exposure is hedged back to USD. |
| Investments in other UCI/UCITS | Max 10% |
| Inception | 30 November 2017 |
| Manager | Matthew Iannucci |

Source: UBS Asset Management.

# Global credit research team

Our analysts are industry specialists organized by region averaging 15 years of experience

**Nicole Froehlich**
Head Fixed Income Research

31 FI Analysts | North America: 14 | EMEA: 10 | APAC: 7

| Securitized | | North America | | Europe | | Global EM | | Asia-Pacific DM | | EM Sovereign[1] | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Barbara English[2] | 35 | Jill Fine | 26 | Phil Spencer | 22 | Michael Stansfield | 10 | Ben Squire | 28 | | |
| John Mulligan | 33 | Steve Breen | 27 | Nadia El-Alaoui | 16 | Jose Bernal | 20 | Earl San Juan | 18 | Yuni Kim | 9 |
| Uwe Schreiner | 27 | Chip Campbell | 24 | Maria Rodriguez GG | 7 | Brian Huang | 12 | | | Gianandrea Moccetti | 7 |
| eValueServe[3] | | Bill Doyle | 28 | Joanna Saw | 10 | Jocelyn Jiang | 7 | | | Juha Seppala | 14 |
| A Jain | 2 | Damian Geistkemper | 31 | James Tyson | 4 | Will Riva | 15 | | | | |
| P Raghuqanshi | 2 | Jack Moody | 2 | Claudia Vortmueller | 23 | Ethan Wang | 11 | | | | |
| A Taneja | 2 | Giulio Ponte | 16 | Hans Zhu | 7 | William Yiu | 12 | | | | |
| | | Ryan Vaughn | 15 | TBD | | TBD | | | | | |

**Supported by global investment resources of UBS Asset Management**

| Quant Evidence & Data Science | Sustainable & Impact Investing | Fundamental Equity Research | External Research Providers |
|---|---|---|---|

As of August 2022
Numbers denote years of industry experience.
1 Reports to Head of Emerging Markets Fixed Income
2 Also acts as Money Market Controller
3 External contractor, supervised by Money Market Controller

UBS

# Bond instrument characteristics

## Comparison

| | High yield floating rate bonds | High yield bonds | Loans |
|---|---|---|---|
| **Interest rate risk** (years) | Very low | Low | Very low |
| **Liquidity** | Daily | Daily | Daily but… |
| **Prepayment risk** | On average 1.5 yr prepayment protection | On average 4.5 yr prepayment protection | High |
| **Premium** | Low | 1st call typically ½ to ¾ of coupon | Very low |
| **Security** (Capital structure) | Mainly senior secured | Mainly senior unsecured | Mainly senior secured |
| **Market size** (USD bn) | 36[1] | 2,618[1] | 1,186[1] |
| **Transparency** | Regular reporting required | Regular reporting required | No need for regular reporting |
| **UCITS approved** | Yes | Yes | No |

High Yield bonds have higher capital appreciation upside versus loans

Source: UBS Asset Management, ICE BofAML.
1 Data as at 28 February 2021.

# High Yield

| | UBS (Lux) Bond SICAV – US High Yield | UBS (Lux) Bond Fund – EUR High Yield | UBS (Lux) Bond SICAV – Short Duration High Yield Sustainable | UBS (Lux) Bond SICAV – Floating Rate Income | UBS (Lux) Bond SICAV – Asian High Yield | UBS (HK) Fund Series – China High Yield Bond |
|---|---|---|---|---|---|---|
| Universe/Style | USD non-investment grade | EUR non-investment grade | Short-dated Global non-investment grade | Floating like Global non-investment grade | USD Asian non-investment grade credit | USD China non-investment grade credit |
| Benchmark | ICE BofAML US Cash Pay High Yield Constrained | ICE BofAML Euro High Yield 3% Constrained | ✗ | ✗ | J.P. Morgan Asia Credit Index Non Investment Grade | ✗ |
| Option Adjusted Duration | 3.8 | 2.8 | 2.0 | 0.1 | 2.5 | 2.2 |
| Average Rating | BB3 | B1 | BB3 | BB2 | Ba3 | Ba2 |
| Yield to Maturity | 8.7% | 8.8% | 7.6% | 8.7% | 23.7% | 48.4% |
| Derivatives | Medium | Medium | Low | High | Low | Low |
| Alpha Target | 100-200bps | 100-200bps | N/A | N/A | 100-200bps | N/A |
| Tracking Error Target | 200-400bps | 200-400bps | N/A | N/A | 200-400bps | N/A |
| Volatility (5 years) | 8.57 | 9.30 | 5.26 | - | 11.26 | 14.46 |
| Perf - abs. 1yr | -12.15 | -11.90 | -5.13 | -3.15 | -40.08 | -56.53 |
| Perf - Rel. 1yr | 0.44 | 2.94 | - | - | -11.41 | - |
| Perf - abs. 3yr | -0.24 | -1.01 | 1.34 | 1.09 | -12.83 | -21.83 |
| Perf - Rel. 3yr | -0.17 | 1.36 | - | - | -4.77 | - |
| Inception | 1995 | 1998 | 2011 | 2017 | 2011 | 2017 |
| AuM Fund ($mm) | 553 | 1,236 | 638 | 150 | 1,344 | 106 |
| AuM Strategy ($mm) | 609 | 2,316 | 1,291 | 150 | 1,344 | 236 |

Source: UBS Asset Management as at end of June 2022.

# Why UBS-AM for Sustainable and Impact investing

## Key differentiators

**Commitment from the top**
- UBS Group is committed to align sustainable practices across all businesses
- USD 23.4 billion in Climate Aware strategies[1]
- 103 green, social, sustainability or sustainability-linked bond transactions supported[1]
- USD 251 billion in sustainability focus and impact investments[1]

**UBS-AM—a leading provider of sustainable offerings**
- Founding member of Net Zero Asset Managers initiative[2]
- Fastest growing European asset manager globally in SI focused AUM[3]
- USD 39 billion invested in MSCI exchange traded funds (ETFs), helping to reduce carbon[1]

**Innovation and performance**
- Developed award winning Climate approach with leading UK pension fund[4]
- 40+ SI Focused strategies across equities and fixed income

## Standardized ESG integration

**Analyze ESG data inputs**
- Utilize proprietary risk dashboard to drive in-house research process with our proprietary methodology

**In-house research**
- Dedicated SI Research Analysts collaborate across Equities and Fixed Income analysts to create ESG risk recommendations that are forward-looking and materially relevant

**Investment decision making**
- ESG risks are considered throughout portfolio construction process
- ESG risks maybe be mitigated through ongoing monitoring and engagement

## Proactive investment stewardship

**Driving performance**
- Investing in impactful companies that support UN SDGs
- Quality engagements fundamentally linked to integration and the investment thesis
- Majority of meetings with senior management and directors of the board

**Proxy voting**
- UBS votes globally in over 60 countries across both our actively managed and index/rules based passive strategies.[5]

**Strong external collaboration**
- A+ ranking for our approach to Climate Stewardship from InfluenceMap[5]
- Active collaborative engagement in coordination with Climate Action 100+[6]

**Note:** ESG integration for the HVEP portfolios as of November 2020. **1** UBS AM Sustainability Report 11 March 2022; **2** http://www.netzeroassetmanagers.org; **3** Growth in absolute AUM, Source: Morgan Stanley, May 2020 and Morningstar **4** 2017 Fund Launch of the Year Award, Funds Europe; **5** UBS Asset Management Proxy voting Policy 2021. Please refer to ADV part 2 in regards to proxy voting **6** Source UBS AM April 2022

Section 3

# Disclaimers

# Performance: UBS Bond Floating Rate Income

## GIPS Disclosure

**UBS Asset Management (the Firm) claims compliance with the Global Investment Performance Standards (GIPS) and has prepared and presented this report in compliance with the GIPS standards. UBS Asset Management has been independently verified for the periods January 1, 2002 through December 31, 2019. The verification reports are available upon request. Verification assesses whether (1) the Firm has complied with all the composite construction requirements of the GIPS standards on a Firm-wide basis and (2) the Firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.**

**Performance : UBS Bond Floating Rate Income**
**December 01, 2017 Through December 31, 2020**

**Amounts and returns expressed in USD (US DOLLAR)**

| Year | Gross Asset-Weighted Return (%) | Net Asset-Weighted Return (%) | Benchmark Return (%) | Composite 3-Yr St Dev (%) | Benchmark 3-Yr St Dev (%) | # of Portfolios End of Period | Total Composite Assets End of Period (millions) | Asset Weighted Dispersion (%) | Composite Assets as % of Firm Assets |
|---|---|---|---|---|---|---|---|---|---|
| 2017* | 0.05 | -0.01 | N/A | N/A | N/A | 1 | 176 | N/A | 0.02 |
| 2018 | 0.21 | -0.54 | N/A | N/A | N/A | 1 | 579 | N/A | 0.08 |
| 2019 | 9.93 | 9.11 | N/A | N/A | N/A | 1 | 306 | N/A | 0.04 |
| 2020 | -0.10 | -0.85 | N/A | 9.55 | N/A | 1 | 166 | N/A | 0.02 |

* Performance Presented for Dec, 2017 through Dec, 2017. No statistics are annualized.
** 3 yr standard deviations are based on the gross returns

1. The composite invests primarily in floating rate high yield corporate bonds, complemented by securitized bonds and derivatives (floating rate bond yields are linked to interest rate movements; high yield bonds pay higher yields but bear higher credit risk). The composite's average credit quality is non-investment grade. At fund level, any non-USD currency exposure is hedged back to USD. The portfolio management team actively combines different bond instruments in line with their investment views with the aim to reduce interest rate risk, enhance income potential, diversify credit risk and manage liquidity. The Composite Creation Date is 30 Nov 2017. For this composite investment strategy, there is no appropriate benchmark available.
2. The Firm is defined as all actively and passively managed institutional and retail accounts of UBS Asset Management ("the Firm") throughout the world. The Firm was incepted in January 01, 2002 following the reorganisation of the asset management divisions of UBS AG under a single Asset Management brand. The performance record prior to 2002 is that of the local asset management division which managed the composite, and has been prepared in compliance with GIPS from the inception date of this composite. The composites are administrated out of UBS Asset Management Basel office. The firm, UBS Asset Management - Fund Management Switzerland has complete discretion for all investment activities within the fund. As per January 1st, 2010 the three Firms: UBS Global Asset Management Switzerland - Retail Fund Management, UBS Global Asset Management Switzerland - Institutional Fund Management and UBS Global Asset Management Switzerland - AST Fund Management were merged into UBS Global Asset Management - Fund Management Switzerland. The Firm includes all traditional UBS branded Wholesale, Institutional and AST Funds domiciled in Switzerland or Luxembourg. Policies for valuing portfolios, calculating performance and preparing compliant presentations are available upon request. As per October 5th, 2015 the company name was changed from UBS Global Asset Management to UBS Asset Management. This change of the firm's name does not impact the definition and scope of the GIPS firm or the composites.
3.

| Year | Total Risk % | Derivative Risk % |
|---|---|---|
| 2017 | 101.9 | 3.4 |
| 2018 | 110.4 | 10.6 |
| 2019 | 103.5 | 3.2 |
| 2020 | 101.3 | 1.2 |

Explanation of the table above: All figures presented are fully in-line with the KKV-FINMA guideline on the use of derivative instruments for collective investments. The Total Risk is the sum of the direct investment exposure and the derivative risk. The direct investment exposure is calculated as the market value of all direct investments, excluding cash and other liquid assets. The derivative risk is the sum of the net credit-, currency- and market-risk. The market risk consists of equity-, interest- and commodity-risk. Derivative financial instruments are only used in the course of ordinary management of portfolio assets and to hedge the currency risk exposure. Leverage in the sense of short sales may not be used. Investment Transactions are accounted for on a trade date basis.

4. Performance is calculated on a time-weighted return basis, taking into account the accrued interests and dividends. Where applicable, returns are shown net of non-recoverable withholding taxes.
5. The performance is calculated net-of-fees. The gross-of-fee returns are calculated based on all fee components excluding transaction costs. This composite has a 100% flat fee of max. 160 bps p.a. (this represents the highest possible standard fee for this composite). Due to the varying client segmentation the charged fee for this composite can differentiate. The bundled fee includes all charges for portfolio management, custody, and other administrative fees. The only costs not covered are transaction costs incurred in the administration of the fund's assets (brokerage fees in line with the market, fees, duties, etc. as well as any applicable taxes).
6. Composite dispersion represents the consistency of the Firm's composite performance results with respect to the individual portfolio returns within the composite. Presented is the asset-weighted dispersion (standard deviation) of the portfolios within the composite. Only portfolios in the composite for each full time period are included in the dispersion calculation and no dispersion is presented for composites consisting of only a single portfolio. The 3 year annualized ex-post standard deviations are based on monthly returns, shown starting with the first full 3 year calendar period.
7. A complete list of all Firm composite descriptions is available upon request. The composite's past performance is not necessarily an indication of how it will perform in the future.

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