Product Key Facts

UBS (Lux) Key Selection SICAV – Asia Allocation Opportunity (USD)

Management Company:

UBS Fund Management (Luxembourg) S.A. **April 2022**

This statement provides you with key information about this product.
This statement is a part of the offering document.
You should not invest in this product based on this statement alone.

Quick Facts

Management Company:	UBS Fund Management (Luxembourg) S.A.	
Portfolio Manager:	UBS Asset Management (Hong Kong) Limited, Hong Kong (internal delegation)	
Depositary:	UBS Europe SE, Luxembourg Branch	
Dealing frequency:	Daily (generally every Luxembourg business day)	
Base currency:	USD	
Ongoing charges over a year:	(EUR hedged) P-acc	1.73%#
	(HKD) P-mdist^	1.68%#
	P-acc	1.68%#
	P-mdist^	1.68%#

^ Share classes with "-mdist" in their name may make monthly distributions excluding fees and expenses. They may also make distributions out of capital and realised capital gains, at the discretion of the Management Company, or pay distributions out of gross income while charging/ paying all or part of a Sub-Fund's fees and expenses to/ out of the capital of the Sub-Fund, resulting in an increase in distributable income for the payment of distributions by the Sub-Fund and therefore, the Sub-Fund may effectively pay distributions out of capital. Any distributions involving payment of dividends out of the Sub-Fund's capital or payment of dividends effectively out of the Sub-Fund's capital (as the case may be) may result in an immediate reduction of the net asset value ("NAV") per share.

 # This ongoing charges figure is a best estimate based on the estimated total costs to be borne by the share class over a 12-month period as from 3 August 2021 divided by average net asset value in the last 12 months, having regard to the repositioning of the investment strategy and reduction of the maximum management flat fee in respect of this share class effective as from 3 August 2021. The actual figure may differ and the figure may vary from year to year.

Dividend policy:	P-acc	Accumulating (no distribution of dividend, income will be reinvested for this Sub-Fund, if any)
	P-mdist	Distributing monthly (the Management Company will decide whether and to what extent distributions are to be declared and paid)
Financial year end of this Sub-Fund:	30 September	
Minimum investment:	0.001 share (initial investment and any subsequent investment) (Please also check whether your sales intermediary (if any) has any specific dealing requirements)	

What is this product?

The UBS (Lux) Key Selection SICAV – Asia Allocation Opportunity (USD) (the "**Sub-Fund**") is a sub-fund of UBS (Lux) Key Selection SICAV constituted as an open-ended investment fund in the form of a Luxembourg *Société d'Investissement à Capital Variable*. It is a UCITS fund and is domiciled in Luxembourg and its home regulator is the *Commission de Surveillance du Secteur Financier*.

Objective and Investment Strategy

Objective

The objective of this Sub-Fund is to achieve capital growth and generate income by investing in a diversified portfolio with a focus on Asia.

Strategy

To achieve the above objective, the Sub-Fund invests mainly (i.e. at least 70% of its net assets) in equities and equity rights (including Real Estate Investment Trusts ("**REITs**")) or debt securities of companies domiciled or chiefly active in Asia. Up to 75% of the Sub-Fund's net assets may be invested in equity securities of companies that are listed, or have their registered offices, or that generate a predominant share of their sales and/or profits, in Asia (including emerging markets), and up to 75% of the Sub-Fund's net assets may be invested in debt securities issued or guaranteed by bodies in, registered in, or with significant operations in Asia. The asset allocation of the Sub-Fund will change according to the Portfolio Manager's views of fundamental economic and market conditions and investment trends across the globe, taking into consideration factors such as liquidity, costs, timing of execution, relative attractiveness of individual securities and issuers available in the market. The Sub-Fund's investments are not limited to a particular range of market capitalisations. The Sub-Fund also invests in emerging markets within Asia.

The Sub-Fund may invest up to 35% of its net assets in REITs if such investments fulfil the criteria of being (i) a UCITS or other UCI or (ii) a transferable security. A closed-ended REIT whose units are listed on a regulated market meets the criteria of a security listed on a regulated market and therefore constitutes a permissible investment for the Sub-Fund under Luxembourg law. Within the legally permissible framework, the Sub-Fund also invests in non-traditional asset classes focusing for instance on infrastructure or commodities, via financial derivative instruments, UCIs and/ or UCITS.

The Sub-Fund may invest less than 50% of its net assets in debt securities with a rating of BB+ or lower (by Standard & Poor's), a comparable rating from another internationally recognised rating agency or unrated securities determined by the Portfolio Manager to be equivalent. For the purpose of the Sub-Fund, "unrated" means that neither the instrument or its issuer has a credit rating.

The Sub-Fund may invest up to 20% of its net assets in China 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.

The Sub-Fund may invest up to 25% of its net assets in fixed-income instruments denominated in RMB and traded on the China Interbank Bond Market ("**CIBM**") through the CIBM Initiative or the 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 Sub-Fund may invest up to 20% of its net assets in Urban Investment Bonds (城投債), which are debt instruments issued by Mainland Chinese local government financing vehicles ("**LGFVs**") and are typically not guaranteed by local governments or the central government of the Mainland China.

In order to fulfil its investment objective and achieve broad diversification, other than with respect to REITS, the Sub-Fund may invest up to 10% of its net assets in UCITS and other UCIs within the meaning of Point 1.1(e) of the section entitled "Investment principles" in the Prospectus.

In addition, in order to make the best use of the investment opportunities, the Sub-Fund may invest up to 10% of its net assets in securities issued and/or guaranteed by a single sovereign issuer which are below investment grade.

The Sub-Fund may invest up to 50% of its net assets in instruments with loss-absorption features including contingent convertible debt securities, non-preferred senior debt instruments and senior or subordinated debt instruments. These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s). Within this limit, the Sub-Fund may also invest up to 10% of its net assets in contingent convertible bonds.

The Sub-Fund is expected to conduct securities lending up to 40% of its net asset value. The Sub-Fund is not currently expected to engage in repurchase or reverse repurchase transactions.

The Sub-Fund may invest in exchange-traded and OTC derivatives for investment purposes efficient portfolio management and/or for hedging market and currency positions. This includes, inter alia, forwards, futures, swaps and options.

The Sub-Fund may invest in currencies other than the base currency. The active currency positions implemented by the Sub-Fund may not be correlated with the underlying securities positions held by the Sub-Fund.

Use of derivatives

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

What are the key risks?

Investment involves risks. Please refer to the offering document for details including the risk factors.

Investment risk
- The Sub-Fund is an investment fund. There is no guarantee of the repayment of principal.
- The Sub-Fund's investment portfolio may fall in value and therefore your investment in the Sub-Fund may suffer losses.

Asset allocation strategy risk
- The performance of the Sub-Fund with an asset allocation strategy is partially dependent on the success of the asset allocation strategy employed by the Sub-Fund at any particular time. Accordingly, in such circumstances, there is no assurance that the asset allocation strategy employed by the Sub-Fund will be successful and therefore the investment objectives of the Sub-Fund may not be achieved. Also, The investments of the Sub-Fund may be periodically rebalanced and therefore the Sub-Fund may incur greater transaction costs than a fund with static allocation strategy.

Concentration risk
- Concentration risk arises if one or only few financial instruments make up a significant part of the total portfolio of the Sub-Fund or if financial instruments representing a certain market sector and/or a certain geographical region (eg. Asia and China) make up a significant part of the total portfolio of the Sub-Fund. In a market downturn, such portfolios can suffer more substantial losses than diversified portfolios, i.e. portfolios where investments are spread over different assets, asset classes, market sectors and/or geographical regions in order to reduce the risk of earnings fluctuations.

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

Currency risk
- The Sub-Fund may hold assets that are not denominated in its base currency. In the short to medium term, the actual exchange rates can deviate from the long-term equilibrium due to different types of focus in the market such as geopolitical, capital flows, risk appetite and

macroeconomic expectations. Under extreme market conditions and circumstances, such currency fluctuation may potentially result in total loss.
- The Sub-Fund may suffer significant or total loss even if there is no loss of the value of the underlying securities invested by the Sub-Fund as the active currency positions implemented by the Sub-Fund may not be correlated with the underlying assets of the Sub-Fund.

Equity risk
- The returns of securities are affected by various factors including the underlying strength of cash flows, balance sheets and management. These factors may impact the ability of the underlying company to meet the challenges of fluctuating economic growth, structural change and competitive forces and the ability to pay dividends to shareholders.
- Dividends declared by the companies in which the Sub-Fund may invest are not guaranteed. Investment in equities may result in the loss of capital.

Risk associated with small-capitalisation / mid-capitalisation companies
- The stock of small-capitalisation / mid-capitalisation companies may have lower liquidity and their prices are more volatile to adverse economic developments than those of larger capitalisation companies in general.

Risks relating to debt securities
- *Fixed Income risk:* The capital value of fixed income securities will rise and fall as a consequence of changes in interest rates. If interest rates rise, the value of a fixed income security falls; if interest rates fall, its value rises. Increase in market interest rates will adversely impact on the value of these fixed income securities. The magnitude of these changes depends mainly on the term to maturity of the security. When investing in fixed income securities it is also necessary to consider the impact of credit risk. Credit risk refers to the issuer of a debt instrument failing to meet an obligation to pay periodic interest or to repay the principal sum at maturity. In addition, emerging markets debt which is normally below investment grade quality has a much higher risk of default. The entire purchase price of the debt instrument is at risk of loss if there is no recovery after default. Investment returns from international bonds (and related derivatives) are also affected by fluctuations in exchange rates. Such circumstances may adversely affect the NAV per share of the Sub-Fund and investors may as a result suffer losses.
- *Downgrading risk:* The general assessment of an issuer's creditworthiness may affect the value of the fixed income securities issued by the issuer. This assessment generally depends on the ratings assigned to the issuer or its affiliated companies by rating agencies such as Moody's, Fitch and Standard & Poor's. A reassessment of the creditworthiness that results in a downgrading of the rating assigned to an issuer may negatively affect the value of the fixed income securities issued by this issuer and hence affect the NAV of the Sub-Fund. Further, the Portfolio Manager may or may not be able to dispose of the fixed income securities that are being downgraded.
- *Risk of investing in high yield bonds:* The Sub-Fund may invest in higher yielding (and therefore, higher risk) debt securities. Such securities may be below investment grade or unrated and face on-going uncertainties and are vulnerable to adverse business, financial and economic conditions. Such investment increases the credit risk of the Sub-Fund since these issuers have a higher possibility of defaulting on such issues or failing to meet its obligation to repay the principal or any interest payment thereon. Investments in below investment grade debt securities may be partially or fully lost under such adverse conditions as compared to higher rated debt securities. When compared to higher-rated debt securities, below investment grade debt securities are generally subject to lower liquidity, higher volatility and greater loss of loss of principal and interest. Where counterparty fails to perform its contractual obligations, either in whole or in part, this may result in a loss to the Sub-Fund.
- *Volatility and liquidity risk*: The debt securities in emerging markets may be subject to higher volatility and lower liquidity compared to more developed markets. The prices of securities traded in such markets may be subject to fluctuations. The bid and offer spreads of the price of such securities may be large and the Sub-Fund may incur significant trading costs.

Risks relating to China
- *China market risk:* China is considered as an emerging market and investing in China may subject the Sub-Fund to higher economic, political, social, legal and regulatory risks than more developed economies or markets. Investments in China may also be less liquid and more volatile. The Sub-Fund invests substantially in securities related to the China market and may be subject to additional concentration risk. The China debt securities market may be subject to higher volatility compared to more developed markets. The prices of securities traded in such market may be subject to fluctuations.

- *Stock Connect Risk:* The relevant rules and regulations on Stock Connect are subject to change which may have potential retrospective effect. The Stock Connect is subject to quota limitations. Where a suspension in the trading through the programme is effected, the Sub-Fund's ability to invest in China A-shares or access the PRC market through the programme will be adversely affected. In such event, the Sub-Fund's ability to achieve its investment objective could be negatively affected.
- *China interbank bond market risk:* The China interbank bond market is subject to regulatory risks. Market volatility and potential lack of liquidity due to low trading volume may result in prices of certain debt securities traded on such market to fluctuate significantly. In particular, the bid and offer spreads of the prices of securities traded on CIBM may be large, and the Sub-Fund may therefore incur significant trading and realisation costs when selling such investments. The Sub-Fund may also be exposed to risks associated with settlement procedures and default of counterparties, as well as restrictions on investment quota and the repatriation of capital.
- *Risks associated with Bond Connect:* Investing in the China interbank bond market via Bond Connect is subject to regulatory risks and various risks such as volatility risk, liquidity risk, settlement and counterparty risk as well as other risk factors typically applicable to debt securities. The relevant rules and regulations on investment in the China interbank bond market via Bond Connect are subject to change which may have potential retrospective effect. In the event that the relevant mainland Chinese authorities suspend account opening or trading on the China interbank bond market, the Sub-Fund's ability to invest in the China interbank bond market will be adversely affected. In such event, the Sub-Fund's ability to achieve its investment objective will be negatively affected.
- *Risks relating to investment in Urban Investment Bonds:* The Sub-Fund may invest in Urban Investment Bonds. Urban Investment Bonds are issued by LGFVs and are typically not guaranteed by local governments or the central government of China. In the event that the LGFVs default on payment of principal or interest of the urban investment bonds, the Sub-Fund could suffer substantial loss and the net asset value of the Sub-Fund could be adversely affected.
- *RMB currency risk:* RMB is not a freely convertible currency and it is subject to foreign exchange control policies of and repatriation restrictions imposed by the PRC government. If such policies or restrictions change in the future, the position of the Sub-Fund or its investors may be adversely affected. Non-RMB based investors are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the investors' base currencies (for example HKD) will not depreciate. Any depreciation of RMB could adversely affect the value of the investor's investment in the Sub-Fund. The offshore investment of the Sub-Fund may be denominated in CNH. The rates of offshore RMB (CNH) and onshore RMB (CNY) are different and any divergence between CNH and CNY may adversely impact the value of investments in the Sub-Fund.
- *China tax risk:* There are risks and uncertainties associated with the current Chinese tax laws, regulations and practice in respect of capital gains realized via access products on the Sub-Fund's investments in China (which may have retrospective effect). Any increased tax liabilities on the Sub-Fund may adversely affect the Sub-Fund's value. Based on professional and independent tax advice, the Sub-Fund will not make any tax provisions on realised and/or unrealised capital gains on China debt securities.

Real estate fund risk

- Although the Sub-Fund will not invest in real property directly, insofar as the Sub-Fund may invest in REITs or UCITS or other UCI which invest indirectly in real estate, the Sub-Fund may be subject to risks similar to those associated with the direct ownership of real property.
- Investing in such real estate related assets and securities may expose the Sub-Fund to additional risks. For instance, the value of the Sub-Fund may be impacted by the performance of these REITs or UCITS or other UCI which invest indirectly in real estate and their underlying investments or holdings and changes in economic conditions.
- Investors should note that the underlying REITs of the Sub-Fund may not necessarily be authorised by the SFC and the dividend policy of the Sub-Fund is not representative of the dividend policy of the underlying REITs.

Counterparty risk

- Where a counterparty fails to perform its contractual obligations, either in whole or in part, this may result in a loss to the Sub-Fund.

Liquidity risk

- Some investments may be thinly traded or illiquid and cannot be traded in reasonable sizes and therefore may be sold in small lots over longer periods or even at a discount resulting in a loss to the Sub-Funds. Under extraordinary or extreme market conditions, generally liquid investments can become illiquid which may result in a loss when such assets need to be sold within a certain time frame. Furthermore, illiquidity may result in a need to suspend redemptions or extend the normal redemption payment timelines.

Risks connected with the use of derivatives

- Risks associated with derivatives include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of a derivative can result in a loss significantly greater than the amount invested in the derivative by the Sub-Fund. Exposure to derivatives may lead to a high risk of significant loss by the Sub-Fund.
- The Sub-Fund's use of financial derivative instruments for investment management and/or hedging purposes may become ineffective and/or cause the Sub-Fund to suffer significant losses.

Risks associated with investments in instruments with loss-absorption features

- Debt instruments with loss-absorption features are subject to greater risks when compared to traditional debt instruments as such instruments are typically subject to the risk of being written down or converted to ordinary shares upon the occurrence of a pre-defined trigger events (e.g. when the issuer is near or at the point of non-viability or when the issuer's capital ratio falls to a specified level), which are likely to be outside of the issuer's control. Such trigger events are complex and difficult to predict and may result in a significant or total reduction in the value of such instruments.
- In the event of the activation of a trigger, there may be potential price contagion and volatility to the entire asset class. Debt instruments with loss-absorption features may also be exposed to liquidity, valuation and sector concentration risk.
- The Sub-Fund may invest in contingent convertible debt securities, commonly known as CoCos, which are highly complex and are of high risk. Upon the occurrence of the trigger event, CoCos may be converted into shares of the issuer (potentially at a discounted price), or may be subject to the permanent write-down to zero. Coupon payments on CoCos are discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time.
- The Sub-Fund may invest in senior non-preferred debts. While these instruments are generally senior to subordinated debts, they may be subject to write-down upon the occurrence of a trigger event and will no longer fall under the creditor ranking hierarchy of the issuer. This may result in total loss of principal invested.

Risk relating to distribution out of capital or out of gross income

- Any distributions from the income and/or involving the capital and/or capital gains result in an immediate reduction of the NAV per share of the Sub-Fund. Payment of dividends out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment.

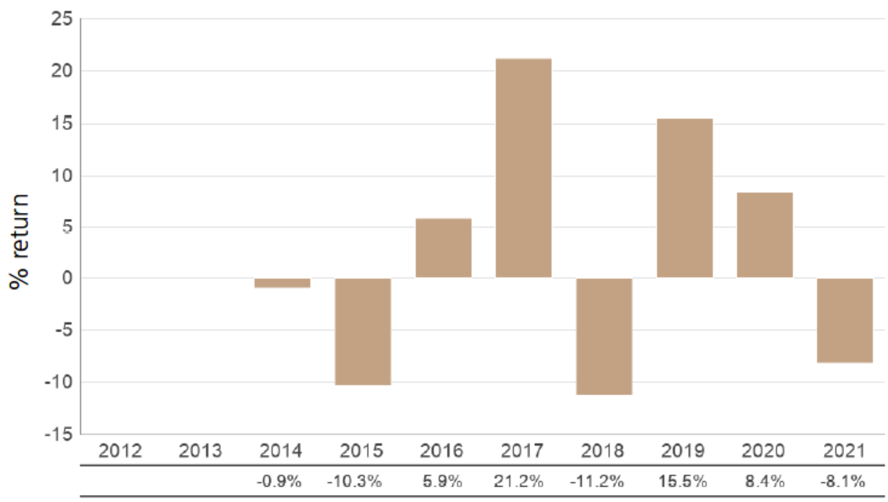
Risks relating to securities lending transactions

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

Risk relating to hedged classes

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

How has the Sub-Fund performed?



The investment policy was changed on 3 August 2021 therefore performance from 2014 to 2 August 2021 were achieved under circumstances that no longer apply.

- Past performance information is not indicative of future performance. Investors may not get back the full amount invested.
- The computation basis of the performance is based on the calendar year end, NAV-To-NAV, with dividend reinvested.
- These figures show by how much the share class increased or decreased in value during the calendar year being shown. Performance data has been calculated in USD including ongoing charges and excluding subscription fee and redemption fee you might have to pay.
- Where no past performance is shown there was insufficient data available in that year to provide performance.
- Fund launch date: 15 March 2013
- P-acc launch date: 15 March 2013
- P-acc is selected as representative share class as it is the major share class subscribed by investors or denominated in the Sub-Fund's base currency.

Is there any guarantee?

This Sub-Fund does not have any guarantees. You may not get back the full amount of money you invest.

What are the fees and charges?

Charges which may be payable by you

You may have to pay the following fees when dealing in the shares of the Sub-Fund.

Fee	What you pay
Subscription fee:	Up to 4% of the subscription amount, except for "mdist" share classes which is up to 5%*
Switching fee (conversion fee):	Up to 4% of the net asset value per share of the Sub-Fund or share class from which the shareholder is switching out multiplied by the number of shares to be switched by the shareholder, except for "mdist" share classes which is up to 5%*
Redemption charge:	NIL

** Investors should note that in respect of "mdist" share class, a maximum of up to 6% may be charged upon giving 1 month's prior notice to affected investors.*

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

Ongoing fees payable by this Sub-Fund

The following expenses will be paid out of the Sub-Fund's assets. They affect you because they reduce the return you get on your investments.

	Annual rate (as a % of average NAV of the Sub-Fund)
Management fee, Depositary fee & Administration fee:	For non-currency hedged share classes P: Currently at 1.49% p.a. This is the maximum flat fee^ the Sub-Fund may charge (maximum management fee currently at 1.19% p.a.). For share classes P with "hedged" in their name: Currently at 1.54% p.a. This is the maximum flat management fee^ the Sub-Fund may charge (maximum management fee currently at 1.23% p.a.). Investors will be given at least one month's prior notice (or such notice period as the SFC may approve in advance) in respect of any increase in the level of the flat fee.
Performance fee:	N/A

^ *The maximum flat fee does not include the following fees and additional expenses which are also charged to the Sub-Fund, such as but not limited to additional expenses related to management of the Sub-Fund's asset for the sale and purchase of assets, auditor's fees for annual audit, fees for legal and tax advisers, costs for the Sub-Fund's legal documents etc. The aforementioned fees and additional expenses are not an exhaustive list, for further details, please refer to the section headed "Expenses paid by the Company" and under the heading "The sub-funds and their special investment policies" in the Prospectus.*

Other Fees

You may have to pay other fees and charges when dealing in the shares of the Sub-Fund. Refer to the offering document for details.

Additional Information

- You generally buy and redeem shares at the Sub-Fund's next-determined NAV after the relevant authorized distributor or the Hong Kong Representative receives your request in good order by or before 5:00 pm (Hong Kong time) on a business day in Hong Kong. The relevant authorized distributor(s) may impose different dealing deadlines for receiving instructions for subscriptions, redemptions or switching. Investors should pay attention to the arrangements of the relevant authorized distributor(s) concerned.

- The NAV of this Sub-Fund is calculated, and the price of the shares published, each business day (as more particularly defined and described in the offering document), the prices are available online at https://www.ubs.com/hk/en/asset-management/*.

- Investors may obtain the past performance information of other share classes offered to Hong Kong investors from https://www.ubs.com/hk/en/asset-management/*.

- The compositions of the distributions (i.e. the relative amounts pay out of (i) net distributable income and (ii) capital) for the last 12 months will be made available by the Hong Kong Representative on request and also on https://www.ubs.com/hk/en/asset-management/*.

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

Important

If you are in doubt, you should seek professional advice.

The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.