

Product Key Facts

UBS (Lux) Bond SICAV – Asian High Yield (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 (Singapore) Ltd. (internal delegation)		
Depository:	UBS Europe SE, Luxembourg Branch		
Dealing frequency:	Daily (Luxembourg business day)		
Base currency:	USD		
Ongoing charges over a year:	P-acc		1.46% [#]
	P-mdist [^]		1.46% [#]
	(HKD) P-mdist [^]		1.46% [#]
	(AUD Hedged) P-mdist [^]		1.51% [#]

[^] Share classes with “-mdist” in their name may make monthly distributions, excluding fees and expenses. They 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 a Sub-Fund’s fees and expenses to/ out of Capital, 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 Capital or payment of dividends effectively out of Capital (as the case may be) may result in an immediate reduction of the net asset value per share.

[#] The ongoing charges figure is an annualised figure based on expenses for the interim period ended 30 November 2021. This figure may vary from time to time.

Dividend policy:	P-acc	Accumulating (no distribution of dividend, income will be reinvested in the 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:	31 May	
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) Bond SICAV – Asian High Yield (USD) (the “**Sub-Fund**”) is a sub-fund of UBS (Lux) Bond SICAV constituted as an open-ended investment fund in the form of a Luxembourg *Société d’Investissement à Capital Variable* (the “**Company**”). 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 Sub-Fund seeks to achieve high current earnings, while giving due consideration to capital security and the liquidity of the Sub-Fund's assets. The Sub-Fund promotes environmental and social characteristics but is not designated by the Management Company as an "ESG Fund" in accordance with the SFC circular to management companies of SFC-authorised unit trusts and mutual funds on ESG Funds dated 29 June 2021 and ESG is not a key investment focus of the Sub-Fund.

Strategy

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

At least two-thirds of the Sub-Fund's investments in debt securities have a maximum rating of BBB by Standard & Poor's, a comparable rating from another internationally recognised rating agency or are unrated (and have a comparable internal UBS rating). For the purpose of this Sub-Fund, "unrated" means that neither the instrument nor its issuer has an internationally recognised credit rating.

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

The Sub-Fund may invest no more than 20% of its net assets in onshore fixed-income instruments denominated in onshore 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 mainland China that are authorised to be traded directly on the CIBM or through the mutual bond market access between Hong Kong and mainland China (i.e. Bond Connect).

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

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.

The Sub-Fund may invest not more than 20% of its total net asset value in mortgage backed securities ("**MBS**") and asset backed securities ("**ABS**"), commercial mortgage backed securities ("**CMBS**"), collateralised debt obligations ("**CDOs**") and collateralised mortgage obligations, but will not invest in MBS, CMBS, ABS or CDO issued by US issuers.

The Sub-Fund is currently expected to invest no more than 30%, but it may invest up to 50%, of its total net asset value in instruments with loss-absorption features ("**LAP**") and such instruments include contingent convertible debt securities ("**CoCos**"), non-preferred senior debt instruments, senior or subordinated debt instruments, debt instruments that meet the qualifying criteria to be Additional Tier 1 Capital or Tier 2 Capital under the Banking (Capital) Rules and similar debt instruments issued under an equivalent regime of non-Hong Kong jurisdictions. These LAP instruments may be subject to contingent write-down or contingent conversion to ordinary shares on

the occurrence of trigger event(s). For the avoidance of doubt, the Sub-Fund may invest up to 20% of its assets in CoCos and investments in each other category of LAP instruments will not exceed 30% of the total net asset value of the Sub-Fund.

The Sub-Fund is expected to conduct securities lending up to 20% of its net asset value. The Sub-Fund is not currently expected to engage in repurchase or reverse repurchase transactions.

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

The Sub-Fund includes the following environmental, social and governance (ESG) promotion features:

- the Sub-Fund will not directly invest in issuers which breach the principles of the UN Global Compact, unless discernible corrective action has been taken; and
- the Sub-Fund aims to have a sustainability profile (as measured by its weighted average UBS ESG consensus score¹) which is better than the sustainability profile (as measured by its weighted average UBS ESG consensus score¹) of its benchmark and/or has the target of investing at least 51% of its assets in issuers with a UBS ESG consensus score of between 5 and 10. The calculation does not take account of cash and unrated investment instruments.

The Sub-Fund uses the benchmark JP Morgan Asian Credit Non-Investment Grade Index USD as reference for portfolio construction, performance evaluation, sustainability profile comparison and risk management purposes. The benchmark is not designed to promote ESG characteristics.

¹ Please refer to the Sub-Fund's investment policy in the section titled "The sub-funds and their special investment policies" in the Prospectus for further details on the UBS ESG consensus score.

Use of derivatives

The Sub-Fund's net derivative exposure may be up to 50% of its 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's investment portfolio may fall in value due to any of the key risk factors below and therefore your investment in the Sub-Fund may suffer losses. There is no guarantee of the repayment of principal.

Currency risk

- Underlying investments of the Sub-Fund may be denominated in currencies other than the base currency of the Sub-Fund. Also, a class of shares may be designated in a currency other than the base currency of the Sub-Fund. The net asset value of the Sub-Fund may be affected unfavourably by fluctuations in the exchange rates between these currencies and the base currency and by changes in exchange rate controls.

Risks associated with debt securities

- *Credit / Counterparty risk:* The Sub-Fund is exposed to the credit/ default risk of issuers of the debt securities that the Sub-Fund may invest in.
- *Interest rate risk:* Investment in the Sub-Fund is subject to interest rate risk. In general, the prices of debt securities rise when interest rates fall, whilst their prices fall where interest rates rise.
- *Volatility and liquidity risk:* The debt securities in certain Asian 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.

- *Downgrading risk:* The credit rating of a debt instrument or its issuer may subsequently be downgraded. In the event of such downgrading, the value of the Sub-Fund may be adversely affected. The Portfolio Manager may or may not be able to dispose of the debt instruments that are being downgraded.
- *Valuation risk:* Valuation of the Sub-Fund's investments may involve uncertainties and judgemental determinations. If such variation turns out to be incorrect, this may affect the net asset value calculation of the Sub-Fund.
- *Credit rating risk:* Credit ratings assigned by rating agencies are subject to limitations and do not guarantee to creditworthiness of the security and/or the issuer at all times.

Risks associated with debt securities rated below investment grade or unrated

- The Sub-Fund may invest in debt securities rated below investment grade or unrated. Such securities are generally subject to lower liquidity, higher volatility and greater risk of loss of principal and interest than high-rated debt securities.

Risks associated with collateralised and/or securitised products

- The Sub-Fund invests in collateralised and/or securitised products such as ABS, MBS, CMBS and CDOs which may be highly illiquid and prone to substantial price volatility. These instruments may be subject to greater credit, liquidity and interest rate risk compared to other debt securities. They are often exposed to extension and prepayment risks and risks that the payment obligations relating to the underlying assets are not met, which may adversely impact the returns of the securities.

Concentration risk

- The Sub-Fund's investments are concentrated in Asia. The value of the Sub-Fund may be more volatile than that of a fund having a more diverse portfolio of investments.
- The value of the Sub-Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting Asia.

Emerging market risks

- 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.

Risks of investing in convertible bonds

- Convertible bonds are a hybrid between debt and equity, permitting holders to convert into shares in the company issuing the bond at a specified future date. As such, convertibles will be exposed to equity movement and greater volatility than straight bond investments. Investments in convertible bonds are subject to the same interest rate risk, credit risk, liquidity risk and prepayment risk associated with comparable straight bond investments.

Risks associated with investments in debt 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 pre-defined trigger event(s) (e.g. when the issuer is near or at the point of non-viability or when the issuer's capital ratio falls to a specified level), which are likely to be outside of the issuer's control. Such trigger events are complex and difficult to predict and may result in a significant or total reduction in the value of such instruments.
- In the event of the activation of a trigger, there may be potential price contagion and volatility to the entire asset class. Debt instruments with loss-absorption features may also be exposed to liquidity, valuation and sector concentration risk.
- The Sub-Fund may invest in 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.

Risks connected with the use of financial derivative instruments (“FDI”)

- Risks associated with FDI include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of a FDI can result in a loss significantly greater than the amount invested in the FDI by the Sub-Fund. Exposure to FDIs may lead to a high risk of significant loss by the Sub-Fund.

Risks of implementing active currency position

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

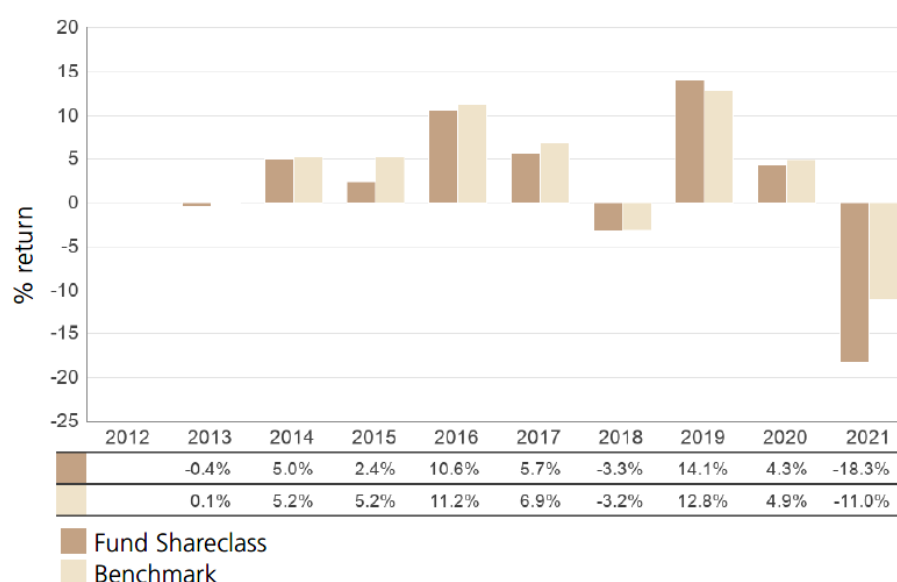
Risks associated with distribution out of/effectively out of the Sub-Fund’s capital

- 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 investments. Any such distributions may result in an immediate reduction of the net asset value per share.
- The distribution amount and net asset value of the hedged share class may be adversely affected by differences in the interest rates of the reference currency of the hedged share class and the Sub-Fund’s base currency, resulting in an increase in the amount of distribution that is paid out of capital and hence a greater erosion of capital than other non-hedged share classes.

Risk relating to hedged share classes

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

How has the Sub-Fund performed?



- 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.

- Where no past performance is shown there was insufficient data available in that year to provide performance.
- 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.
- **“Benchmark”** as shown in the graph above refers to the benchmark as disclosed under the objective and investment strategy above.
- Performance of the benchmark is shown in USD.
- Sub-Fund launch date: 30 August 2011
- P-acc launch date: 17 February 2012
- 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?

The 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 3% of the subscription amount, except for “mdist” share classes which is up to 5%*.

Switching fee (conversion fee): Up to 3% of the net asset value per share of the Sub-Fund or share class from which the shareholder is switching out multiplied by the number of shares to be switched by the shareholder, 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 authorized 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 the Sub-Fund

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

Annual rate (as a % per annum of the NAV of the Sub-Fund)

Management fee, Depositary fee & Administration fee: For non-currency hedged share classes P: Currently at 1.400% p.a. This is the maximum flat fee^ the Sub-Fund may charge (maximum management fee currently at 1.120% p.a.).

For share classes P with “hedged” in their name: Currently at 1.450% p.a. This is the maximum flat fee^ the Sub-Fund may charge (maximum management fee currently at 1.160% 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. The Sub-Fund will also bear the costs which are directly attributable to it, as set out in its Prospectus.

Additional Information

- You generally buy and redeem shares at the Sub-Fund's next-determined net asset value (NAV) after the relevant authorised 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 authorised 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 net asset value 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.