

# Product Key Facts

## UBS (Lux) Equity SICAV – All China (USD)

Management Company:



UBS Fund Management (Luxembourg) S.A.

July 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**

<b>Management Company:</b>	UBS Fund Management (Luxembourg) S.A.		
<b>Portfolio Manager:</b>	UBS Asset Management (Hong Kong) Limited, Hong Kong (internal delegation)		
<b>Depository:</b>	UBS Europe SE, Luxembourg Branch		
<b>Dealing frequency:</b>	Daily (Luxembourg business day)		
<b>Base currency:</b>	USD		
<b>Ongoing charges over a year:</b>	P-acc		2.21%#
	(HKD) P-acc		2.22%#

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

<b>Dividend Policy:</b>	P-acc	Accumulating (no distribution of dividend, income (if any) will be reinvested for the respective share classes)
<b>Financial year end of this Sub-Fund:</b>	31 May	
<b>Minimum investment:</b>	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) Equity SICAV – All China (USD) (the “**Sub-Fund**”) is a sub-fund of UBS (Lux) Equity 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 Sub-Fund aims to generate capital appreciation with a reasonable level of income, while giving due consideration to capital security and the liquidity of the Sub-Fund's assets.

## **Strategy**

The Sub-Fund invests mainly (i.e. at least two-thirds of its net asset value) in shares and other equity interests of companies domiciled in the People's Republic of China ("PRC") as well as in other companies that have close economic links with the PRC. These investments contain securities listed within the PRC (onshore) or outside of the PRC (offshore). 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.

The Sub-Fund may invest via the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect (collectively, the "**Stock Connect**"). The aggregate exposure to China A-Share and China B-Share markets for the Sub-Fund may be up to 100% of its total net asset value. The Sub-Fund may invest in aggregate 30% or more (up to 100%) of its total net asset value in stocks listed on the ChiNext market.

The Sub-Fund's assets are not limited to a particular range of market capitalisations, or to any industry or sectoral allocation.

The Sub-Fund is expected to conduct securities lending in the range of 0-40% of its net asset value. The Sub-Fund is not currently expected to engage in repurchase or reverse repurchase transactions. The Sub-Fund may use financial derivative instruments for investment and hedging purposes.

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

- the Sub-Fund will not directly invest in companies which breach the principles of the UN Global Compact, unless credible corrective action has been taken;
- the Sub-Fund aims to have a lower absolute carbon intensity than its benchmark and/or an absolute carbon emissions figure of less than 100 tonnes per million US dollars in revenue;
- the Sub-Fund aims to maintain a sustainability profile (as measured by its weighted average UBS ESG consensus score<sup>1</sup>) that is higher than its benchmark's sustainability profile (as measured by its weighted average UBS ESG consensus score<sup>1</sup>) and/or aims to have a minimum of 51% of assets invested in companies with sustainability profiles in the top half the benchmark (ranked by UBS ESG Consensus Score<sup>1</sup>).

The calculation does not take account of cash and unrated investment instruments.

The Sub-Fund uses the benchmark MSCI China All Share (net div. reinvested) to measure performance and the ESG profile, as well as for ESG and investment risk management and portfolio construction purposes. The benchmark is not designed to promote ESG characteristics. The Portfolio Manager may use discretion when constructing the portfolio and is not tied to the benchmark in terms of investment selection or weight. This means that the investment performance of the Sub-Fund may differ from the benchmark

<sup>1</sup>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 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 due to any of the key risk factors below and therefore your investment in the Sub-Fund may suffer losses.

**Currency risk**

- The Sub-Fund may hold assets that are not denominated in its base currency. Also, a share class may be designated in a currency other than the base currency of the Sub-Fund. 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. 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. Under extreme market conditions and circumstances, such currency fluctuation may potentially result in total loss.

**Equity risk**

- The Sub-Fund's investment in equity securities is subject to general investment risks. The returns of securities are affected by various factors including changes in investment sentiment, political and economic conditions, issuer-specific factors, 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.

**Concentration risk**

- The Sub-Fund's investments are concentrated in China. The value of the Sub-Fund may be more volatile than that of a fund having 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 the PRC market.

**Risks relating to Mainland China A-Shares risk**

- The price at which securities may be purchased or sold by the Sub-Fund and the net asset value of the Sub-Fund may be adversely affected if trading markets for A-Shares are limited or absent. The A-Share market may be more volatile and unstable (for example, due to the risk of suspension of a particular stock or government intervention) than those in more developed markets. Market volatility and settlement difficulties in the A-Share markets may also result in significant fluctuations in the prices of the securities traded on such markets and thereby may affect the value of the Sub-Fund.
- Trading band limits are imposed by the stock exchanges in China on A-Shares, where trading in any A-Share security on the relevant stock exchange may be suspended if the trading price of the security has increased or decreased to the extent beyond the trading band limit. A suspension will render it impossible for the Portfolio Manager to liquidate positions and can thereby expose the Sub-Fund to significant losses. Further, when the suspension is subsequently lifted, it may not be possible for the Portfolio Manager to liquidate position at a favourable price.

**Risks related to investment via Stock Connect**

- The relevant rules and regulations on the 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 programmes is effected, the Sub-Fund's ability to invest in China A-Shares or access the mainland Chinese market through the programmes will be adversely affected. In such event, the Sub-Fund's ability to achieve its investment objective could be negatively affected.

**China/Emerging market risks**

- The China market is considered as an emerging market. Investors should note that such emerging markets are at an early stage of development and suffer from certain increased risks and involve 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.
- High market volatility and potential settlement difficulties in the emerging markets may also result in significant fluctuations in the prices of the securities traded on such markets and thereby may adversely affect the value of the Sub-Fund.
- Securities exchanges in emerging markets typically have the right to suspend or limit trading in any security traded on the relevant exchange. The government or the regulators may also implement policies that may affect the financial markets. All these may have a negative impact on the Sub-Fund.

**RMB currency and conversion risks**

- RMB is currently not freely convertible and is subject to exchange controls and restrictions.
- 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 investor's investment in the Sub-Fund.
- Although offshore RMB (CNH) and onshore RMB (CNY) are the same currency, they trade at different rates. Any divergence between CNH and CNY may adversely impact investors.
- Under exceptional circumstances, payment of redemptions and/or dividend payment to the Sub-Fund in RMB may be delayed due to the exchange controls and restrictions applicable to RMB.

**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 associated with the ChiNext market**

- The Sub-Fund may invest in the ChiNext market of the Shenzhen Stock Exchange via the Shenzhen-Hong Kong Stock Connect. Investments in the ChiNext market may result in significant losses for the Sub-Fund and its investors.

*Higher fluctuation on stock prices*

- Listed companies on the ChiNext market are usually of emerging nature with smaller operating scale. Hence, they are subject to higher fluctuation in stock prices and liquidity and have higher risks and turnover ratios than companies listed on the main board of the Shenzhen Stock Exchange.

*Over-valuation risk*

- Stocks listed on the ChiNext may be overvalued and such exceptionally high valuation may not be sustainable. Stock price may be more susceptible to manipulation due to fewer circulating shares.

*Differences in regulations*

- The rules and regulations regarding companies listed on ChiNext market are less stringent in terms of profitability and share capital than those in the main board.

*Delisting risk*

- It may be more common and faster for companies listed on the ChiNext to delist. This may have an adverse impact on the Sub-Fund if the companies that it invests in are delisted.

**PRC tax risk:**

- There are risks and uncertainties associated with the current PRC tax laws, regulations and practice in respect of capital gains realised via Stock Connect (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 currently does not make any PRC tax provision.

**Risks relating to securities lending transactions**

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

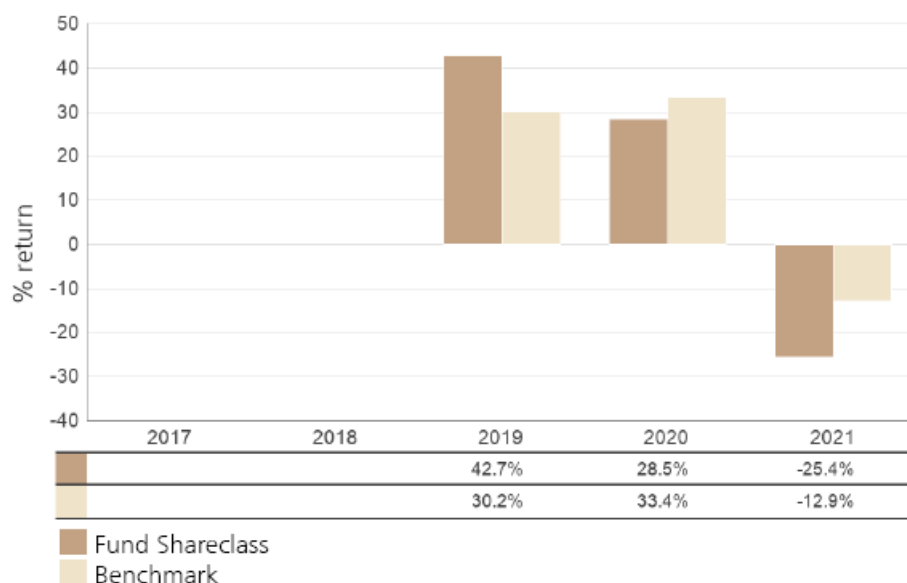
**Risks connected with the use of derivatives**

- 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.

**Foreign investment risk**

- Additional risks may arise when investing overseas, including: changes in foreign exchange control regulations, foreign tax legislation and withholding tax and government policy. Additionally, difference in accounting, legal, securities trading and settlement procedures can also impact the value of the Sub-Fund's investment.

## 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.
- 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.
- Sub-Fund launch date: 24 May 2018
- P-acc launch date: 24 May 2018
- 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.
- **"Benchmark"** as shown in the graph above refers to the benchmark as disclosed under the objective and investment strategy above.

## 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

**Subscription fee:**

#### What you pay

Up to 5% of the subscription amount

**Switching fee:  
(Conversion fee)**

Up to 5% 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

**Redemption charge:**

NIL

### **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 net asset value (NAV) of the Sub-Fund)**

##### **Management fee, Depositary fee & Administration fee:**

For non-currency hedged unit classes P: Currently at 2.15% p.a. This is the maximum flat fee<sup>^</sup> the Sub-Fund may charge (maximum management fee currently at 1.72% 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

<sup>^</sup> 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 net asset value (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 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/\\*](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/\\*](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.