# Product Key Facts

## UBS (HK) Fund Series – China Health Care Equity (USD)

**Manager:**
**UBS Asset Management (Hong Kong) Limited** **August 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

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|---|---|---|
| **Manager:** | UBS Asset Management (Hong Kong) Limited | |
| **Investment Manager(s):** | The Manager may delegate its investment management functions internally to one or more qualified UBS entities acceptable to the SFC | |
| **Trustee and Registrar:** | HSBC Institutional Trust Services (Asia) Limited | |
| **Dealing frequency:** | Daily (a business day on which banks in Hong Kong are open for normal banking business) | |
| **Base currency:** | USD | |
| **Ongoing charges over a year:** | Class A USD-acc | 2.39%* |
| | Class A HKD-acc | 2.39%* |
| | Class A RMB-acc | 2.39%* |
| | Class A RMB hedged-acc | 2.44%* |
| | Class A AUD-acc | 2.39%* |
| | Class A AUD hedged-acc | 2.44%* |
| | Class A SGD-acc | 2.39%* |
| | Class A SGD hedged-acc | 2.44%* |
| | Class Q USD-acc | 1.49%* |
| | Class Q HKD-acc | 1.49%* |
| | Class Q RMB-acc | 1.49%* |
| | Class Q RMB-hedged-acc | 1.54%* |
| | Class Q AUD-acc | 1.49%* |
| | Class Q AUD hedged-acc | 1.54%* |
| | Class Q SGD-acc | 1.49%* |
| | Class Q SGD hedged-acc | 1.54%* |
| **Dividend policy:** | Accumulating (no distribution of dividend, income will be reinvested for this class, if any). | |
| **Financial year end of the Sub-Fund:** | 31 December | |
| **Minimum investment:** | Initial:<br>Class A USD: US$2,500 (or its equivalent in any other freely convertible currency)<br>Class A HKD: HK$2,500 (or its equivalent in any other freely convertible currency)<br>Class A RMB: RMB2,500 (or its equivalent in any other freely convertible currency)<br>Class A AUD: AUD2,500 (or its equivalent in any other freely convertible currency)<br>Class A SGD: SGD2,500(or its equivalent in any other | |

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|---|---|
| | freely convertible currency)<br>Class Q USD: US$2,500 (or its equivalent in any other freely convertible currency)<br>Class Q HKD: HK$2,500 (or its equivalent in any other freely convertible currency)<br>Class Q RMB: RMB2,500 (or its equivalent in any other freely convertible currency)<br>Class Q AUD: AUD2,500 (or its equivalent in any other freely convertible currency)<br>Class Q SGD: SGD2,500(or its equivalent in any other freely convertible currency)<br><br><u>Additional:</u><br>Class A USD: US$1,000 (or its equivalent in any other freely convertible currency)<br>Class A HKD: HK$1,000 (or its equivalent in any other freely convertible currency)<br>Class A RMB: RMB1,000 (or its equivalent in any other freely convertible currency)<br>Class A AUD: AUD1,000 (or its equivalent in any other freely convertible currency)<br>Class A SGD: SGD1,000 (or its equivalent in any other freely convertible currency)<br>Class Q USD: US$1,000 (or its equivalent in any other freely convertible currency)<br>Class Q HKD: HK$1,000 (or its equivalent in any other freely convertible currency)<br>Class Q RMB: RMB1,000 (or its equivalent in any other freely convertible currency)<br>Class Q AUD: AUD1,000 (or its equivalent in any other freely convertible currency)<br>Class Q SGD: SGD1,000 (or its equivalent in any other freely convertible currency) |

*This figure is an estimate only. This class has not been launched and ongoing charges may vary from year to year. The estimated figure represents the sum of the estimated ongoing expenses chargeable to the class of Units of the Sub-Fund over 12 months expressed as a percentage of the estimated NAV of the class of Units of the Sub-Fund.

## What is this product?

UBS (HK) Fund Series – China Health Care Equity (USD) (the "**Sub-Fund**") is a sub-fund of UBS (HK) Fund Series which is a unit trust established as an umbrella fund under the laws of Hong Kong.

## Objective and Investment Strategy

### Objective

The investment objective of the Sub-Fund is to achieve capital appreciation by investing primarily in securities related to the China health care industry.

### Strategy

The Sub-Fund will invest primarily (i.e. at least 70% of its NAV) in equities or equity-related securities of healthcare companies domiciled in the People's Republic of China ("**PRC**") as well as in other healthcare companies that have close economic links with the PRC (i.e. companies that are chiefly active in Mainland China, but are listed or traded outside of Mainland China). These investments contain securities listed within the PRC (onshore) or outside of the PRC (offshore), including listed

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securities in Hong Kong, American Depositary Receipts and Global Depositary Receipts, which may be up to 100% of the Sub-Fund's NAV.

For the purpose of the Sub-Fund, healthcare companies include but are not limited to companies in the industries such as pharmaceuticals, biotechnology, healthcare services, medical technology and supplies, etc.

The Sub-Fund's equity exposure is not limited to a particular range of market capitalization and may include companies listed on the ChiNext market and/or the Science and Technology Innovation Board (STAR Board). The Sub-Fund's direct investment in China A-Shares may be traded via the Stock Connect or any other eligible means allowed by the Mainland Chinese regulators (including via QFI). The Sub-Fund's investment via QFI will be less than 70% of its NAV.

The securities invested by the Sub-Fund may be denominated in the base currency of the Sub-Fund or other currencies which may or may not be hedged.

The Sub-Fund may invest up to 10% of its NAV in convertible securities, such as convertible and exchangeable bonds.

The Sub-Fund may also invest in debt instruments with loss-absorption features ("**LAPs**") such as contingent convertible debt securities, senior non-preferred 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 instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s). The Sub-Fund's expected total maximum investments in LAPs will be less than 30% of its NAV.

Under exceptional circumstances (e.g. major crisis), the Sub-Fund may temporarily invest up to 100% of its NAV in cash/cash equivalents such as bank deposits, certificates of deposit, commercial paper and treasury bills.

The Sub-Fund may use financial derivative instruments (including warrants) for hedging and investment purposes.

The Manager does not intend to enter into securities lending transactions, repurchase or reverse repurchase transactions or other similar over-the-counter transactions, on behalf of the Sub-Fund.

## Use of derivatives

The Sub-Fund's net derivative exposure may be up to 50% of its NAV.

## 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.

**Equity market risk:**

- The Sub-Fund's investment in equity securities is subject to general market risks, whose value may fluctuate due to various factors, such as changes in investment sentiment, political and economic conditions, and issuer-specific factors.

**Risks associated with investment in equities, equity rights and warrants:**

- The Sub-Fund may acquire and hold equity securities which are acquired through the exercise of conversion rights (including via convertible bonds and exchangeable bonds), subscription rights or warrants, in addition to warrants remaining after the separate sale of ex-issues and any equities acquired with these warrants. Such conversions may occur at a particular time due to the issuer (whose debt instrument or warrant is held by the Sub-Fund) relying on call provisions of the relevant debt instrument or warrant to require the Sub-Fund to exercise its conversion right. As such, the Sub-Fund may not be able to wholly decide when to exercise its conversion right, subscription right or warrant, and the equity securities acquired as a result of the conversion may be at a time when the value of that equity security is higher than it may be if the debt instrument or warrant were to be redeemed by the Sub-Fund at the initial specified future date.

**Risk of investing in healthcare companies:**

- The Sub-Fund focuses on the healthcare sector and could be significantly affected by the economic, political or regulatory occurrences affecting the sector, increased government regulations and intense competition from competitors within the sector, which may lower the profit margin of healthcare companies.
- Certain healthcare companies may allocate greater than usual financial resources to research and product development and experience above-average price movements associated with the perceived prospects of success of the research and development programs. However, such research and development may not necessarily lead to commercially successful products. In addition, certain healthcare companies may be adversely affected by lack of commercial acceptance of a new product or process or by technological change and obsolescence.
- All of the above may impact the business and/or profitability of the healthcare companies in which the Sub-Fund invests and therefore may adversely affect the NAV of the Sub-Fund.

**Risk associated with small-capitalization / mid-capitalization companies:**

- The Sub-Fund may invest in small-capitalization / mid-capitalization companies. The stocks of these companies may have lower liquidity and their prices are more volatile to adverse economic developments than those of larger capitalization companies in general.

**Concentration risk:**

- The Sub-Fund's investments are concentrated in the China health care industry. 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 the PRC.

**Risks of investing in depositary receipts:**

- Depositary receipts are certificates issued typically by a bank or a trust company that give their holders the right to receive securities issued by a foreign or domestic company. Depositary receipts do not eliminate currency, economic and taxation risks relating to the underlying shares, which may adversely affect the Sub-Fund. Exposure to depositary receipts may generate additional risks compared to a direct exposure to the underlying stocks, including the risk of non-segregation of the underlying stocks from the depositary bank's own assets and liquidity risks (as depositary receipts are often less liquid than the underlying stock). These may negatively affect the performance and/or liquidity of the Sub-Fund. Also, depositary receipts holders generally do not have the same right as the direct shareholders of the underlying stocks. The performance of depositary receipts may also be impacted by the related fees.

**Emerging market 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.

**Mainland China regulatory risk:**

- The Sub-Fund's ability to make the relevant investments or to implement or pursue its investment objective and strategy is subject to the applicable laws, rules and regulations (including restrictions on investments and repatriation of principal and profits) in Mainland China, which are subject to change and such change may have potential retrospective effect.

**Mainland China tax risk:**

- There are risks and uncertainties associated with the current Mainland Chinese tax laws, regulations and practice in respect of gains realized or interest arising from the Sub-Fund's investments in Mainland Chinese securities (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 accrue any China tax provision.
- If tax provision is to be made by the Sub-Fund, any shortfall between the provision and the actual tax liabilities, which will be debited from the Sub-Fund's assets, will adversely affect the Sub-Fund's NAV. The actual tax liabilities may be lower than the tax provision made. Depending on the timing of their subscriptions and/or redemptions, investors may be disadvantaged as a result of any shortfall of tax provision and will not have the right to claim any part of the overprovision (as the case may be).
- Unitholders should seek their own tax advice on their tax position with regard to their investments in 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 in RMB may be delayed due to the exchange controls and restrictions applicable to RMB.

**Risks associated with equity markets in China:**

- High market volatility and potential settlement difficulties in the equity markets in China may result in significant fluctuations in the prices of the equity securities traded on such markets and thereby may adversely affect the value of the Sub-Fund.
- Stock exchanges in China typically have the right to suspend or limit trading in any equity security traded on the relevant exchange. The Chinese government or the regulators may also implement policies that may affect the equity markets. All these may have a negative impact on the Sub-Fund.

**Risks associated with the ChiNext market and/or STAR Board:**

- The Sub-Fund may invest in the ChiNext market and/or STAR Board. Such investments will be subject to the following risks and may result in significant losses for the Sub-Fund and its investors.
- *Higher fluctuation on stock prices and liquidity risk:* Listed companies on the ChiNext market and/or STAR Board are usually of emerging nature with smaller operating scale. Listed companies on the ChiNext market and STAR Board are subject to wider price fluctuation limits, and due to higher entry thresholds for investors, may have limited liquidity compared to other boards. Hence, companies listed on these boards are subject to higher fluctuation in stock prices and liquidity risks, and have higher risks and turnover ratios than companies listed on the main board.
- *Over-valuation risk:* Stocks listed on the ChiNext market and/or STAR Board 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 regulation:* The rules and regulations regarding companies listed on the ChiNext market and STAR Board are less stringent in terms of profitability and share capital than those in the main boards.
- *Delisting risk:* It may be more common and faster for companies listed on the ChiNext market and/or STAR Board to delist. ChiNext market and STAR Board have stricter criteria for delisting compared to the main boards. This may have an adverse impact on the Sub-Fund if the companies that it invests in are delisted.
- *Concentration risk*: STAR Board is a newly established board and may have a limited number of listed companies during the initial stage. Investments in STAR Board may be concentrated in a small number of stocks and subject the Sub-Fund to higher concentration risk.

**Risk associated with the 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 programme is effected, the Sub-Fund's ability to invest in China A-Shares or access the Mainland Chinese 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.

**Risks associated with investment made through QFI:**

- The Sub-Fund's ability to make the relevant investments or to fully implement or pursue its investment objective and strategy is subject to the applicable laws, rules and regulations (including restrictions on investments and repatriation of principal and profits) in the PRC, which are subject to change and such change may have potential retrospective effect.
- The Sub-Fund may suffer substantial losses if the approval of the QFI status is being revoked/terminated or otherwise invalidated as the Sub-Fund may be prohibited from trading of relevant securities and repatriation of the Sub-Fund's monies, or if any of the key operators or parties (including the QFI custodian or brokers) is bankrupt/in default and/or is disqualified from performing its obligations (including execution or settlement of any transaction or transfer of monies or securities).

**Currency and exchange rate 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 Units may be designated in a currency other than the base currency of the Sub-Fund. The NAV of the Sub-Fund may be affected unfavourably by fluctuations in the exchange rates between these currencies and the base currency of the Sub-Fund and by changes in exchange rate controls.

**Currency hedging risk:**

- The investments of the Sub-Fund may be denominated in the base currency of the Sub-Fund or other currencies which may or may not be hedged. Currency hedging instruments may involve the risk of a default by a counterparty (counterparty risk). In addition, hedging involves costs and may be ineffective, resulting in significant loss. The cost of hedging transactions and hedging conducted at the Sub-Fund level may preclude unitholders from benefitting from the appreciation of currencies which are not the base currency of the Sub-Fund.

**Risks associated with investment in 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 an FDI can result in a loss significantly greater than the amount invested in the FDI by the Sub-Fund. Exposure to FDI may lead to a high risk of significant loss by the Sub-Fund.

## How has the Sub-Fund performed?

Since the Sub-Fund is newly set up, there is insufficient data to provide a useful indication of past performance to investors.

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## 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 Units of the Sub-Fund.

| Fee | What you pay |
|---|---|
| **Subscription charge:** | Up to 3% of the subscription amount |
| **Conversion fee:** | Up to 1% of the subscription amount |
| **Redemption charge:** | NIL |

**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) or amount (as the case may be)** |
|---|---|
| **Management fee:** | Class A: Up to 1.72%*<br>Class A hedged-acc: Up to 1.77%*<br>Class Q: Up to 1.03%*<br>Class Q hedged-acc: Up to 1.08%* |
| **Trustee fee:** | Up to 0.09%*, subject to a minimum annual fee of USD60,000 |
| **Registrar fee** | USD6,000 per annum for the first 50 unitholders and thereafter USD100 per annum per unitholder |
| **Service fee:** | Up to 0.4%* |
| **Performance fee:** | N/A |

## Other Fees

You may have to pay other fees and charges when dealing in the Units of the Sub-Fund. The Sub-Fund will also bear the costs which are directly attributable to it, as set out in its Prospectus.

* The current annual rate may be increased up to a specified permitted maximum level as set out in the Prospectus by giving one month's prior notice to the investors.

## Additional Information

- You generally buy and redeem Units at the Sub-Fund's next-determined NAV after the Registrar (directly or via the relevant authorized distributor(s)) receives your request in good order on or before 5:00 p.m. (Hong Kong time) on the relevant Dealing Day, being the dealing cut-off time. The relevant authorized distributor(s) may impose different dealing deadlines for receiving subscriptions, redemptions or switching requests from investors. Investors should pay attention to the arrangements of the relevant authorized distributor(s) concerned.
- The NAV of the Sub-Fund is calculated and the price of Units is published each business

day (as more particularly defined and described in the Prospectus). They are available online at https://www.ubs.com/hk/en/asset-management/*.

*This website has not been reviewed by the SFC.

**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.