

Product Key Facts

UBS (Lux) Equity Fund – Euro Countries Opportunity Sustainable (EUR)

Management Company:



UBS Fund Management (Luxembourg) S.A.

June 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 (UK) Ltd., London
(internal delegation)

Depository: UBS Europe SE, Luxembourg Branch

Dealing frequency: Daily (generally every Luxembourg business day)

Base currency: EUR

Ongoing charges over a year: P-acc 1.85%[#]

[#] The ongoing charges figure is based on expenses for the year 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 for this Sub-Fund, if any)

Financial year end of this Sub-Fund: 30 November

Minimum investment: 0.001 unit (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 Fund – Euro Countries Opportunity Sustainable (EUR) (the “**Sub-Fund**”) is a sub-fund of UBS (Lux) Equity Fund constituted as an open-ended investment fund in the form of a Luxembourg *Fonds Commun de Placement* (also known as a Luxembourg common contractual fund). 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

The Sub-Fund invests at least 70% of its assets in shares and other equity interests of companies domiciled or chiefly active in a Member State of the European Monetary Union (“**EMU**”) and which are subject to the Portfolio Manager’s Sustainability Focus strategy set out below. Countries of the EMU are those which participate in the EMU and therefore have the euro as their national currency. The Sub-Fund promotes environmental and social as well as governance characteristics. The Sub-Fund may invest directly or indirectly (i.e. via open-ended investment funds) in European small and/or mid caps and the Sub-Fund is permitted to use index futures to raise or reduce its market exposure.

As part of the Portfolio Manager's Sustainability Focus strategy, the Portfolio Manager will use a combination of proprietary tools, research techniques, analytics third party firms and qualitative and quantitative analysis to assess each company against the ESG criteria (defined below), and assign each company a score (on a scale of 1-10, with 10 having the best sustainability profile) based on its relative standing in accordance with ESG criteria against other companies in the investment universe (the "**UBS ESG consensus score**").

The process involves incorporating ESG factors as key considerations into the Portfolio Manager's stock selection process and stock analysis. Environmental and social factors can include (amongst others) the following: environmental footprint and operational efficiency, environmental risk management, climate change, natural resource usage, pollution and waste management, employment standards and supply chain monitoring, human capital, diversity within the board of directors, occupational health and safety, product safety, as well as anti-fraud and anti-corruption guidelines. The criteria against which the Portfolio Manager will analyse the ESG factors of companies, their sectors and activities include those defined in United Nations Sustainable Development Goals and other principles that are based on corporate governance and corporate social responsibility ("**ESG criteria**").

The Portfolio Manager will manage the Sub-Fund's portfolio such that Sub-Fund's investment portfolio, exclusive of cash and unrated investment instruments, has either (i) a higher weighted average UBS ESG consensus score than the weighted average UBS ESG consensus score of MSCI EMU (net dividend reinvested); or (ii) a weighted average UBS ESG consensus score of 7 or above (out of 10), indicating a strong sustainability profile relative to other companies in the investment universe. This means that the individual UBS ESG consensus score of an investment and the effect of this UBS ESG consensus score on the weighted average UBS ESG consensus score of the Sub-Fund's investment portfolio will be key considerations of the Portfolio Manager's stock selection process.

The UBS ESG consensus score is used to exclude from investment any companies which demonstrate "high or severe ESG risk" when assessed against the ESG criteria. These companies are those that have been assigned the lowest UBS ESG consensus scores, which typically means that the companies either do not demonstrate commitment to ESG criteria (e.g. have no commitment to reducing carbon footprint or sustainable energy), have repeatedly violated ESG criteria or environmental laws and regulations or have been involved in ESG controversies (e.g. human rights abuses, corruption, toxic waste spill). Typically, as an indication, around 15-30% of the investment universe are flagged as "high or severe ESG risk" based on the UBS ESG consensus scores assigned and would subsequently be excluded.

In addition to UBS Asset Management's Sustainability Exclusion Policy as set out in the Prospectus, the Sub-Fund will not invest directly in companies that generate a substantial part of their turnover from the production of tobacco, adult entertainment, coal or energy generated by coal-fired power stations.

The Sub-Fund may invest less than 30% of its total net asset value in instruments with loss-absorption features including contingent convertible debt securities. 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 uses the benchmark MSCI EMU (net div. reinvested) in order to monitor 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 investment strategy and monitoring process ensure that the environmental or social characteristics of the product are taken into account. The Sub-Fund's sustainability profile is measured by its benchmark's profile and the corresponding results are calculated at least once a year from the respective monthly profiles and published in the annual report. The Portfolio Manager may use their discretion when constructing the investment 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. For unit classes with "hedged" in their name, currency-hedged versions of the benchmark may be used if available.

To achieve the investment objective, the Sub-Fund may use financial derivative instruments (“FDI”) for hedging and/or investment purposes.

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 and therefore your investment in the Sub-Fund may suffer losses.

Risks associated with investing in funds with a sustainable investment focus

- Investing in Sub-Funds with a sustainable investment focus (“SI Focused Funds”) that primarily invest in issuers demonstrating sustainability characteristics carries the risk that, under certain market conditions, the SI Focused Fund may underperform funds that do not utilize a sustainable investment strategy. The implementation of the sustainable investment strategy of a SI Focused Fund may result in foregoing opportunities to buy certain securities when it might otherwise be advantageous to do so, and/or selling securities when it might be disadvantageous to do so. This may adversely affect the SI Focused Fund’s investment performance. As an SI Focused Fund focuses on ESG investments, the value of the Sub-Fund may be more volatile than that of a fund having a more diverse portfolio of investments.
- In assessing the eligibility of an issuer, there is a dependence upon information and data from external research data providers and internal analyses, which may be subjective, incomplete, inaccurate or unavailable. As a result, there is a risk of incorrectly or subjectively assessing a security or issuer or there is a risk that the Sub-Fund could have exposure to issuers who do not meet the relevant criteria. In addition, there is a lack of standardized taxonomy of ESG investments.
- Neither the Fund, the Management Company nor the Portfolio Manager make any representation or warranty, express or implied, with respect to the fairness, correctness, accuracy, reasonableness or completeness of an assessment of external research data, the application of the standards issued by United Nations Sustainable Development Goals and other sustainability/ESG criteria, and the correct execution of sustainability strategy.
- The securities held by the SI Focused Fund may be subject to the risk that its investments over time no longer meet the SI Focused Fund’s investment criteria. The Portfolio Manager may need to dispose of such securities when it may be disadvantageous to do so. This may lead to a fall in the SI Focused Fund’s net asset value.

Risks connected with the use of derivatives

- Derivatives may be used to gain or reduce exposure to markets and currencies as well as to manage risk. Fluctuations in the price of a derivative will reflect movements in the underlying assets, reference rate or index to which the derivatives relate. In addition to general market risk, management risk, credit and liquidity risk, the use of derivatives by the Sub-Fund subjects it to the following additional risks (i) possible failure of a counterparty to perform its contractual obligations, either in whole or in part; (ii) inability to execute a transaction fully or liquidate a position at normal cost (especially where derivative transactions are particularly large or the corresponding market is illiquid and where, for instance, derivatives are traded over-the-counter); (iii) risk of incorrectly valuing or pricing derivatives; (iv) risk that derivatives do not fully correlate with the underlying assets, interest rates or indices and the associated risks of inappropriate valuations; (v) potential increase in volatility of the Sub-Fund and the risk that certain derivatives used by the Sub-Fund may could create leverage which could potentially result in losses to the Sub-Fund greater than the amount originally invested. Investors should note in particular that the markets in options, futures and swaps are volatile; both the opportunity to achieve gains as well as the risk of suffering losses are higher than with investments in

securities.

- Under extreme market conditions and circumstances, the use of derivative financial instruments may potentially result in total loss.

Equity risk

- The returns of listed 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.

Eurozone risk

- Investors should note that the Sub-Fund may invest in the Eurozone. Due to the current Eurozone collective debt crisis, the Sub-Fund may suffer from certain risks such as
 - (i) increased risks of market volatility caused by decreasing investor confidence throughout the Eurozone;
 - (ii) risk associated with the potential insufficient funding to resolve the crisis going forward;
 - (iii) risk associated with any sovereign defaults; and
 - (iv) risk associated with possible withdrawals of member states from the Eurozone.

Emerging market risk

- Certain countries and/or geographic regions of the European Monetary Union (EMU) in which the Sub-Fund may invest are considered to be emerging markets, investors should note that emerging markets are at an early stage of development and suffer from certain risks such as (i) increased risk of expropriation, nationalization and social, political and economic insecurity; (ii) increased risk of acquisition of counterfeit securities by the Sub-Fund due to possible weakness in supervisory structures; (iii) emerging markets are typically small, have low trading volumes and suffer from low liquidity and high price (and performance) volatility; (iv) risks associated with substantial currency fluctuations which may have a significant effect on the Sub-Fund's income; (v) settlement and custody risks as systems in emerging market countries are not as well developed as those in developed markets as standards are not as high and the supervisory authorities not as experienced as those in developed markets; (vi) risks associated with restrictions on the buying of securities by foreign investors; and (vii) risks associated with accounting, auditing and reporting standards, methods, practices and disclosures required by companies in emerging markets being different from those in developed markets making it difficult to correctly evaluate the investment options.

Company specific risk

- The value of investments can fluctuate because of changes to management, product distribution or the company's business environment. Such fluctuation can result in a fall in value of the Sub-Fund.

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.

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, differences in accounting, legal, securities trading and settlement procedures can also impact the value of the sub-funds' investment.

Concentration Risk

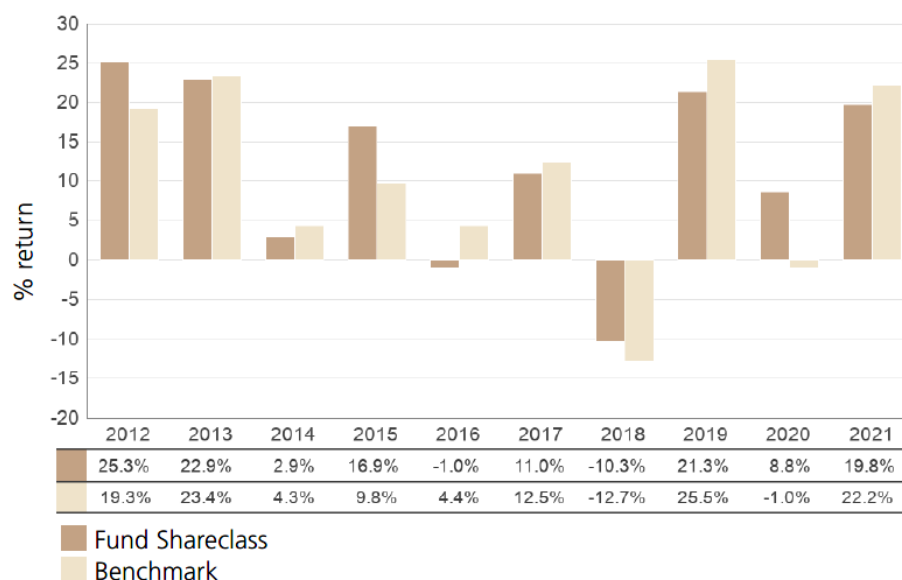
- The Sub-Fund may be subject to concentration risk, which generally arises if one or only few financial instruments make up a significant part of the total portfolio or if financial instruments representing a certain market sector and/or a certain geographical region make up a significant part of the total portfolio. In a market downturn such portfolios can suffer more substantial losses than diversified portfolios, i.e. portfolios where investments are spread over

different assets, market sectors and/or geographical regions in order to reduce the risk of earnings fluctuations.

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.

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 unit class increased or decreased in value during the calendar year being shown. Performance data has been calculated in EUR including ongoing charges and excluding subscription fee and redemption fee you might have to pay.
- Fund launch date: 4 May 1998
- P-acc launch date: 4 May 1998
- P-acc is selected as representative unit class ("**Fund Shareclass**" as shown in the graph above) as it is the major unit 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 units 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 net asset value per unit of the sub-fund or class from which the unitholder is switching out multiplied by the number of units to be switched by the unitholder

Redemption charge: NIL

You should check with the relevant authorised distributors 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 units.

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,
Depositary &
Administration fee:**

Currently at 1.72% p.a. This is the maximum flat fee[^] the Sub-Fund may charge (maximum management fee currently at 1.38% 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 Fund" 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 units of the Sub-Fund. Refer to the offering document for details.

Additional Information

- You generally buy and redeem units 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.
- Investors may obtain the past performance information of other unit classes offered to Hong Kong investors from <https://www.ubs.com/hk/en/asset-management/>*.
- The net asset value of this Sub-Fund is calculated, and the price of the units 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/>*.

* 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.