Product Key Facts

UBS (Lux) Bond SICAV – USD 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 (Americas) Inc., Chicago (internal delegation)	
Depositary:	UBS Europe SE, Luxembourg Branch	
Dealing frequency:	Daily (Luxembourg business day)	
Base currency:	USD	
Ongoing charges over a year:	P-acc	1.32%#
	P-mdist^	1.32%#
	P-6%-mdist^	1.32%#

*^ Share classes with "-mdist" in their name may make monthly distributions, excluding fees and expenses. Share classes with "6%-mdist" in their names will make monthly distribution excluding fees and expenses (see below). These share classes 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 the 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 annualized 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).
	P-6%-mdist	Distributing monthly. Monthly distribution amount = 6% ÷ 12 months X net asset value at the end of each month. The dividend rate (i.e. 6%) and distribution frequency of the fixed rate distribution classes will not be changed.◊

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 – USD 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.

Strategy
The Sub-Fund invests at least two-thirds of its assets in debt securities issued by international and supranational organisations, public entities, private borrowers and semi-public issuers, with at least two-thirds of such assets invested in bonds with a rating between BB+ and CCC by Standard & Poor's or a comparable rating from another internationally recognised rating agency or unrated (and have a comparable internal UBS rating).

For the avoidance of doubt, at least two-thirds of the Sub-Fund's assets in debt securities have a maximum rating of BBB by Standard & Poor's, or a comparable rating from another internationally recognised rating agency or are unrated (and have a comparable internal UBS rating). Investments in bonds with a rating below CCC by Standard & Poor's or a comparable rating from another internationally recognised rating agency, or unrated (and have a comparable internal UBS rating) may not exceed 10% of the Sub-Fund's assets. For the purpose of the Sub-Fund, "unrated" means that neither the instrument nor its issuer has a credit rating. The Sub-Fund is not subject to any limitation on the portion of its total net asset value that may be invested in any one country or region.

Care is taken to ensure that investments are broadly diversified in terms of sectors and borrowers.

At least two-thirds of the investments are denominated in USD. However, the portion of investments in foreign currencies not hedged against the currency of account (USD) may not exceed 10% of the assets of the Sub-Fund.

After deducting cash and cash equivalents, the Sub-Fund may invest up to one third of its assets in money market instruments. Up to 25% of its assets may be invested in convertible, exchangeable and warrant-linked bonds as well as convertible debentures.

The Sub-Fund may invest a total of up to 20% of its net assets in asset-backed securities ("**ABS**"), mortgage-backed securities ("**MBS**"), commercial mortgage-backed securities ("**CMBS**") and collateralised debt obligations ("**CDOs**") / collateralised loan obligations ("**CLOs**").

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 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 10% 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 Sub-Fund uses the benchmark ICE BofAML US High Yield Cash Pay Constrained Index USD as reference for portfolio construction, performance evaluation and risk management purposes.

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.
- *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, CDO, CMBS and CLO 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.

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 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.

Risks relating to share classes with a fixed percentage in their names

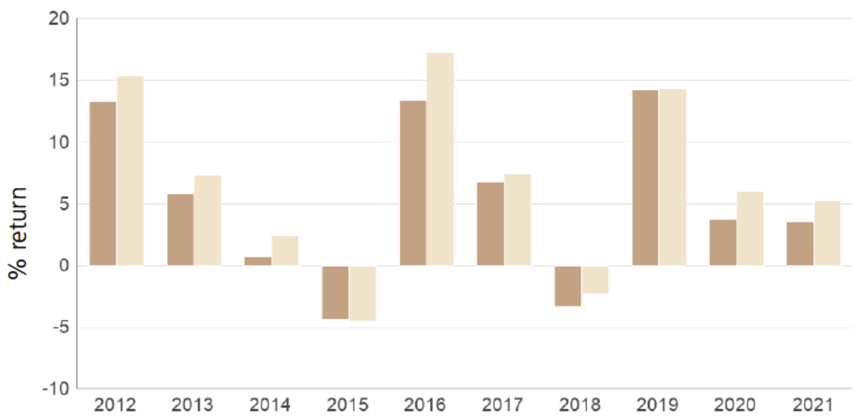
- Constant distributing share classes must not be seen as alternative to savings account or fixed-interest paying investment.
- The percentage distribution rate of any share class is unrelated to expected or past income or return of the share class or the Sub-Fund. The distribution can thus be higher or lower than the income and return that were effectively realized. These share classes continue to distribute in periods that the Sub-Fund has negative return / is making losses, which further reduces the

NAV of the Sub-Fund. In extreme circumstances, investors may not be able to get back the original investment amount.

- Positive distribution yield does not imply a positive return. The constant distribution share class does not distribute a fixed amount. Rather a fixed percentage will apply to the NAV of the Sub-Fund as of the end of the month. The constant percentage distribution results in higher absolute distributions when NAVs are high and in lower absolute distributions when NAVs are low. Hence, the absolute distributions received by investors may vary from month to month.

How has the Sub-Fund performed?

UBS (Lux) Bond SICAV - USD High Yield (USD), class P-acc



	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Fund Shareclass	13.3%	5.9%	0.7%	-4.4%	13.4%	6.8%	-3.3%	14.2%	3.8%	3.6%
Benchmark	15.4%	7.4%	2.5%	-4.5%	17.3%	7.5%	-2.3%	14.4%	6.1%	5.3%

Fund Shareclass
Benchmark

- 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.
- "**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: 3 December 1996
- P-acc launch date: 3 December 1996
- 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 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 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 1.260% p.a. This is the maximum flat fee^ the Sub-Fund may charge (maximum management fee currently at 1.010% 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.