

Product Key Facts

UBS (HK) Fund Series – Credit Income Opportunity (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

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, Luxembourg and the financial exchanges in the United States are open during normal business hours except for 24 and 31 December)	
Base currency:	USD	
Ongoing charges over a year:	Class A USD-acc	1.39%**
	Class A USD-mdist	1.39%**
	Class A HKD-acc	1.39%^
	Class A HKD-mdist	1.39%**
	Class A AUD hedged-acc	1.44%^
	Class A AUD hedged-mdist	1.44%^
	Class A SGD hedged-acc	1.44%^
	Class A SGD hedged-mdist	1.44%**
	Class A RMB hedged-acc	1.44%^
	Class A RMB hedged-mdist	1.44%^
	Class Q USD-acc	0.86%**
	Class Q USD-mdist	0.86%**
	Class Q HKD-acc	0.86%^
	Class Q HKD-mdist	0.86%**
	Class Q AUD hedged-acc	0.91%^
	Class Q AUD hedged-mdist	0.91%^
	Class Q SGD hedged-acc	0.91%^
	Class Q SGD hedged-mdist	0.91%**
	Class Q RMB hedged-acc	0.91%^
	Class Q RMB hedged-mdist	0.91%^
Dividend policy:	Class A-acc, Class Q-acc	Accumulating (no distribution of dividend, income will be reinvested for this class, if any).
	Class A-mdist*, Class Q-mdist*	Distributing monthly (the Manager will decide whether and to what extent distributions are to

be declared and paid).

Financial year end of the Sub-Fund: 31 December

Minimum investment:

Initial:

Class A USD***: US\$2,500 (or its equivalent in any other freely convertible currency)

Class A HKD***: HK\$2,500 (or its equivalent in any other freely convertible currency)

Class A AUD***: AUD2,500 (or its equivalent in any other freely convertible currency)

Class A RMB***: RMB2,500 (or its equivalent in any other freely convertible currency)

Class A SGD***: SGD2,500 (or its equivalent in any other freely convertible currency)

Class Q USD***: US\$2,500 (or its equivalent in any other freely convertible currency)

Class Q HKD***: HK\$2,500 (or its equivalent in any other freely convertible currency)

Class Q AUD***: AUD2,500 (or its equivalent in any other freely convertible currency)

Class Q RMB***: RMB2,500 (or its equivalent in any other freely convertible currency)

Class Q SGD***: SGD2,500 (or its equivalent in any other freely convertible currency)

Additional:

Class A USD***: US\$1,000 (or its equivalent in any other freely convertible currencies)

Class A HKD***: HK\$1,000 (or its equivalent in any other freely convertible currencies)

Class A AUD***: AUD1,000 (or its equivalent in any other freely convertible currency)

Class A RMB***: RMB1,000 (or its equivalent in any other freely convertible currency)

Class A SGD***: SGD1,000 (or its equivalent in any other freely convertible currency)

Class Q USD***: US\$1,000 (or its equivalent in any other freely convertible currency)

Class Q HKD***: HK\$1,000 (or its equivalent in any other freely convertible currency)

Class Q AUD***: AUD1,000 (or its equivalent in any other freely convertible currency)

Class Q RMB***: RMB1,000 (or its equivalent in any other freely convertible currency)

Class Q SGD***: SGD1,000 (or its equivalent in any other freely convertible currency)

* Unit classes with "-mdist" in their name may make monthly distributions. They may also make distributions out of capital (this may include realised and unrealised net gains/losses in net asset value) ("**Capital**"), at the discretion of the Manager, or pay distributions out of gross income while charging/ paying all or part of the Sub-Fund's fees and expenses to/ out of the Capital of the Sub-Fund, 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. Payment of dividends out of Capital and/or effectively out of Capital may result in an immediate reduction in the net asset value ("**NAV**") per unit of the Sub-Fund ("**Unit**").

**The ongoing charges figure is an annualized figure based on expenses for the interim period ended 30 June 2022. This figure may change from year to year.

***Including each distribution unit class (unit classes with "-mdist" in their name) and accumulation unit class (unit classes with "-acc" in their name).

^ 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 – Credit Income Opportunity (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 and provide income by investing primarily in a broad range of debt securities.

Strategy

The Sub-Fund seeks to achieve its investment objective by primarily (i.e. at least 70% of its NAV) investing debt securities including but not limited to fixed and floating rate bonds, asset backed securities ("**ABS**"), mortgage backed securities ("**MBS**") and asset backed commercial papers ("**ABP**") issued or guaranteed by governments, government agencies or supranational bodies or companies in both developed and emerging markets globally, including onshore China. There is no specific geographical allocation of the country of issue of the debt securities.

The Sub-Fund does not have any restrictions on the credit rating of the debt securities it may hold (directly or indirectly). As such, the debt security investments of the Sub-Fund may be investment grade (i.e. assigned with a rating of BBB- or higher by Standard & Poor's or Fitch Ratings, or Baa3 or higher by Moody's, or in the case of onshore China debt securities, above BB+ by a reputable Mainland Chinese rating agency), non-investment grade (i.e. assigned with a rating of below BBB- by Standard & Poor's or Fitch Ratings, or below Baa3 by Moody's, or in the case of onshore China debt securities, BB+ or below by a reputable Mainland Chinese rating agency), or unrated. For the purpose of the Sub-Fund, "unrated debt securities" is defined as a debt security which neither the security itself nor its issuer has a credit rating.

The Sub-Fund may invest up to 30% of its NAV in collateralised and/or securitised products such as ABS, MBS and ABP (including synthetic ABS, MBS and ABP).

The Manager does not intend to invest more than 10% of the NAV of the Sub-Fund in securities issued and/or guaranteed by a single sovereign issuer which are below investment grade (i.e., assigned with a rating of below BBB- by Standard & Poor's or Fitch Ratings or below Baa3 by Moody's), on behalf of the Sub-Fund.

The Sub-Fund may invest up to 20% of its NAV in Mainland China debt securities. Such investments may be made through Qualified Foreign Investors ("**QFI**"), the mutual bond market access between Hong Kong and Mainland China ("**Bond Connect**") or the China Interbank Bond Market ("**CIBM**"). The Sub-Fund may invest not more than 20% of its NAV 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 the Mainland China.

In addition, the Sub-Fund may invest up to 10% of its NAV in equities, equity rights and warrants as well as shares, other equity shares and dividend-right certificates 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. The equities acquired by exercise of rights or through subscription (including via convertible bonds and exchangeable bonds) must be sold no later than 12 months

after they were acquired.

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

The Sub-Fund may gain exposure to any asset class referred to in its investment strategy by investing, up to 100% of its NAV, directly and/or through investments in units or shares of collective investment schemes (excluding exchange-traded funds (“**ETFs**”)) (i) authorized by the SFC, or (ii) in eligible schemes (as defined by the SFC). The Sub-Fund's investments in any single collective investment scheme mentioned in (i) and (ii) will be no more than 30% of the Sub-Fund's NAV. The Sub-Fund may invest no more than 10% of its NAV in non-eligible collective investment schemes (as defined by the SFC) and not authorized by the SFC pursuant to Chapter 7.11 of the Code on Unit Trusts and Mutual Funds (“**Code**”). The underlying funds may have a net derivative exposure exceeding 50% of their respective NAV (in case of SFC-authorized funds) or use FDI extensively for investment purposes (in case of eligible schemes but not authorized by the SFC). For the avoidance of doubt, the Sub-Fund's investments in each of the underlying funds will not exceed 30% of its NAV. The investment objective and strategy of the underlying funds which the Sub-Fund invests in will not have a focus on any investments that are prohibited by Chapter 7 of the Code. Where the Sub-Fund invests in underlying schemes which are also managed by the Manager or its connected persons, all initial charges and redemption charges on the underlying schemes must be waived.

The Sub-Fund may invest up to 100% of its NAV in ETFs to gain exposure to any asset class referred to in its investment strategy. The ETFs are considered and treated as listed securities for the purposes of and subject to the requirements in Chapters 7.1, 7.1A and 7.2 of the Code.

The Sub-Fund may invest up to 50% of its NAV 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's investments in each category of LAP instruments will not exceed 30% of the NAV of the Sub-Fund.

For the avoidance of doubt, the total investments of the Sub-Fund in the Mainland Chinese markets, regardless of investment channel, may not exceed 20% of the NAV of the Sub-Fund.

The Sub-Fund may implement active currency positions from time to time. 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 may use FDIs for hedging and investment purposes in accordance with the limits under Chapter 7 of the Code.

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.

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. The currencies of some underlying assets of the Sub-Fund may not be freely convertible and subject to exchange controls and restrictions.

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 when interest rates rise.

Volatility and liquidity risk:

- The high yield debt securities in emerging markets may be subject to higher volatility and lower liquidity compared to more developed markets. The prices of such securities 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.

Risk associated with debt securities rated below investment grade and/or unrated:

- The Sub-Fund may invest in debt securities rated below investment grade (i.e., assigned with a rating of below BBB- by Standard & Poor's or Fitch Ratings or below Baa3 by Moody's) or which are 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.

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 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 judgmental determinations. If such valuation turns out to be incorrect, this may affect the NAV calculation of the Sub-Fund.

Credit rating risk:

- Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the security and/or issuer at all times.
- The credit appraisal system in the Mainland and the rating methodologies employed in the Mainland may be different from those employed in other markets. Credit ratings given by Mainland rating agencies may therefore not be directly comparable with those given by other international rating agencies.

Sovereign debt risk:

- The Sub-Fund's investment in securities issued or guaranteed by governments may be exposed to political, social and economic risks. In adverse situations, the sovereign issuers may not be able or willing to repay the principal and/or interest when due or may request the Sub-Fund to participate in restructuring such debts. The Sub-Fund may suffer significant losses when there is a default of sovereign debt issuers.

Risks associated with collateralised and/or securitised products:

- The Sub-Fund may invest in asset backed securities, mortgage backed securities and asset backed commercial papers 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.

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.

Emerging markets risk:

- The Sub-Fund may invest 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.

Risk of implementing active currency positions:

- 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 of payment of distributions out of or effectively out of capital:

- Dividends may be paid from capital or effectively out of capital of the Sub-Fund at the discretion of the Manager, which amount to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any such dividends may result in an immediate decrease of the NAV per Unit.
- The distribution amount and NAV of the hedged Unit classes may be adversely affected by differences in the interest rates of the reference currency of the hedged Unit classes 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 Unit classes.

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.

Risks of investing in other collective investment schemes/funds:

- The Sub-Fund may invest in other collective investment schemes and will be subject to the risks associated with the underlying funds. The Sub-Fund does not have control of the investments of the underlying funds and there is no assurance that the investment objective and strategy of the underlying funds will be successfully achieved which may have a negative impact to the NAV of the Sub-Fund.
- The underlying funds in which the Sub-Fund may invest may not be regulated by the SFC. There may be additional costs involved when investing into these underlying funds. There is also no guarantee that the underlying funds will always have sufficient liquidity to meet the Sub-Fund's redemption requests as and when made.

Risks of investing in ETFs:

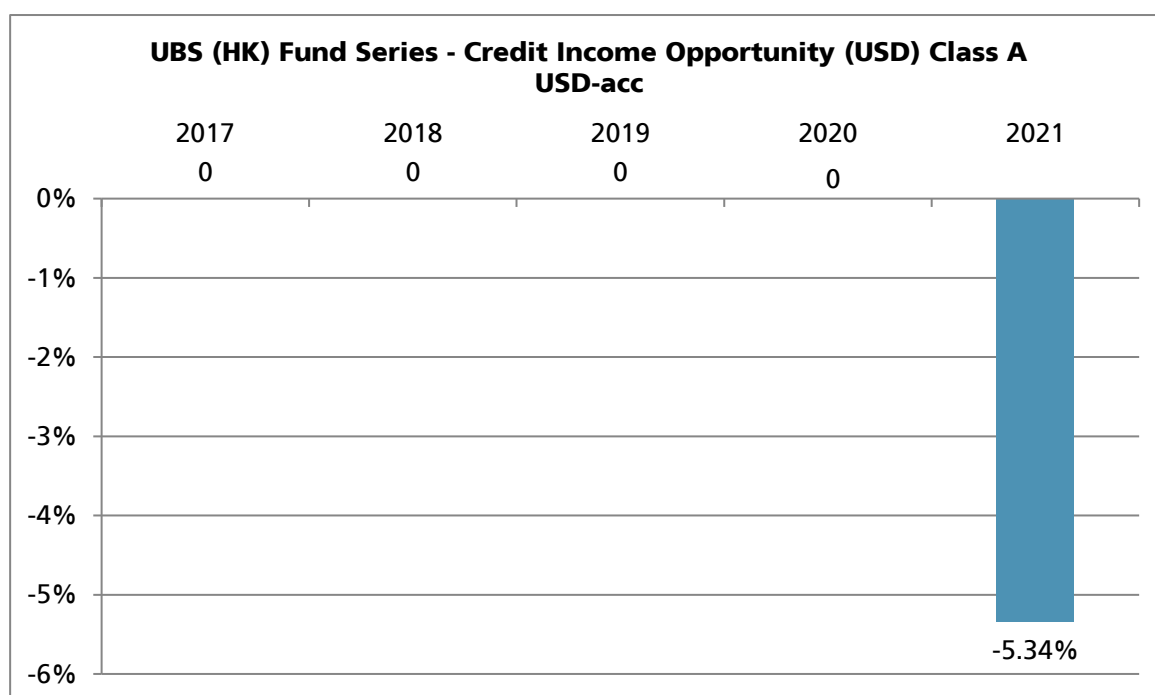
- The Sub-Fund may invest in ETFs and will be subject to the risks associated with the underlying ETFs such as passive investment risk, tracking error risks, underlying index related

risks, counterparty risks, trading risks and termination risk. The performance of the underlying ETFs will result in a corresponding impact on the Sub-Fund.

Risks associated with investments in LAP:

- 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.

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 Class A USD-acc 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.
- Class A USD-acc is selected as representative unit class as it is denominated in the Sub-Fund's base currency.
- Where no past performance is shown there was insufficient data available in that year to provide performance.
- Sub-Fund launch date: 28 February 2020
- Class A USD-acc launch date: 28 February 2020

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 Units***: Up to 1.1%# Class A hedged-mdist Units: Up to 1.15%# Class Q Units***: Up to 1.1%# Class Q hedged-mdist Units: Up to 1.15%#
Trustee fee:	Up to 0.09%, subject to a minimum annual fee of US\$60,000#
Registrar fee	USD6,000 per annum for the first 50 unitholders and thereafter USD100 per annum per unitholder
Service fee:	Up to 0.45%#
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.

*** Including each distribution unit class (unit classes with "-mdist" in their name) and accumulation unit class (unit classes with "-acc" in their name).

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 4:00 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/>*.
- The compositions of the dividends (i.e. the relative amounts paid out of (i) net distributable income and (ii) Capital) for the last 12 months will be made available by the Manager on request and also on the Sub-Fund's website set out above*.

*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.