Product Key Facts

UBS (Lux) Equity Fund – Emerging Markets Sustainable Leaders (USD)

Management Company:

UBS Fund Management (Luxembourg) S.A. **December 2021**

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 (Singapore) Ltd., Singapore (internal delegation)	
Depositary:	UBS Europe SE, Luxembourg Branch	
Dealing frequency:	Daily (generally every Luxembourg business day)	
Base currency:	USD	
Ongoing charges over a year:	P-acc: 2.10%#	

 # The ongoing charges figure is based on expenses for the year ended 30 November 2020. This figure may vary from year to year.

Dividend policy:	P-acc:	Accumulating (no distribution of dividend, income will be reinvested for this sub-fund, if any)
Financial year end of this fund:	30 November	
Minimum investment:	1 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 – Emerging Markets Sustainable Leaders (USD) (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 aim of the Sub-Fund is to achieve high growth with a reasonable level of income, while giving due consideration to capital security and the liquidity of the Sub-Fund's assets. The Sub-Fund promotes environmental and social as well as governance characteristics.

The Sub-Fund invests at least two-thirds of its assets following the principle of risk diversification in:

a) shares or other equity interests of companies that are domiciled or chiefly active in emerging markets and that are leading companies in sectors benefiting from trends and themes which are expected to affect the economy and society in the long term. Examples of such trends and themes include digital transformation, the evolution of consumers in emerging markets, changing pattern in healthcare driven by an aging population and urbanization, financial inclusion (which refers to an effort to make financial products and services available and accessible to a wider part of the population), climate change and its effect on environmental policy, new technologies, etc.. "Leading companies" are companies which the Portfolio Manager believes to have or potentially have a competitive edge over most of their peers in one or multiple aspects of their business, such as quality of management, product offering, distribution, brand & reputation, research & development and technology. This will be determined by reviewing the revenue, earnings, investments and market share of each company. As such, the Sub-Fund's assets will not be limited to a particular range of market capitalisations or to any geographical or sectoral allocation; and

b) shares or other equity interests of companies which the Portfolio Manager believes to have strong environmental and social performance characteristics, or a strong sustainability profile.

In order to invest in shares or other equity interests of companies which the Portfolio Manager believes to have "strong environmental and social performance characteristics, or a strong sustainability profile", the Portfolio Manager will exclude "high or severe ESG risk" securities (defined below) from investment and use a stock selection process which aims to invest in shares and equity interests of companies which the Portfolio Manager believes in aggregate (i) outperforms the MSCI Emerging Markets (net dividend reinvested); or (ii) has a relatively stronger sustainability profile than that of the rest of the investment universe as indicated by the UBS ESG Consensus Score (as defined below).

The process involves incorporating ESG factors as key considerations into the Portfolio Manager's stock selection process and stock analysis. ESG factors 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 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, 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 "**ESG Score**"). Using the individual ESG Scores of the companies in the Sub-Fund's investment portfolio and the constituents of its performance benchmark, the Portfolio Manager will calculate the normalised weighted average of ESG Score (the "**UBS ESG Consensus Score**") of both the Sub-Fund's investment portfolio and its performance benchmark.

The ESG 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 ESG 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 ESG Scores assigned and would subsequently be excluded. In exceptional circumstances, the Sub-Fund may invest in "high or severe ESG risk" securities to manage portfolio risk relative to the benchmark weighting, however, such securities will not be considered by the Portfolio Manager to have strong environmental and social performance characteristics, or a strong sustainability profile.

The Portfolio Manager will then aim to invest in shares or other equity interests of companies such that the Sub-Fund's investment portfolio has either (i) a higher UBS ESG Consensus Score than the UBS ESG Consensus Score of MSCI Emerging Markets (net dividend reinvested); or (ii) a 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 ESG Score of an investment and the effect of this ESG Score on the UBS ESG Consensus Score of the Sub-Fund's investment portfolio will be key considerations of the Portfolio Manager's stock selection process. The calculation does not take account of cash and unrated investment instruments.

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.

For the avoidance of doubt, the Sub-Fund will not track a reference ESG benchmark.

Investors should note that the Sub-Fund's investment exposure may also include Chinese A shares traded via Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect ("**Stock Connect**"). Chinese A shares are renminbi-denominated A shares of companies domiciled in mainland China; these are traded on Chinese stock exchanges such as the Shanghai Stock Exchange and the Shenzhen Stock Exchange.

The aggregate exposure (whether direct or indirect) to China A-Share and China B-Share markets for the Sub-Fund will be maintained at 45% or below of its total net asset value. Within this limit, the Sub-Fund may invest in stocks listed on the ChiNext market and/or the Science and Technology Innovation Board (the "**STAR Board**").

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.

To achieve the investment objective, the Sub-Fund may use financial derivative instruments ("**FDI**") to hedge market exposure or for investment purposes (details of which are listed in the Prospectus under the heading "Special techniques and instruments with securities and money market instruments as underlying assets" and under the heading "Permitted investments of the Fund").

The Sub-Fund may buy or sell, in a legally permitted framework, exchange-traded FDI (futures, options, etc.) or OTC FDI (swap contracts, forward/non-deliverable forward contracts, warrants, etc.) and other suitable, legally permitted investment instruments. These investment instruments can therefore be used for hedging purposes and for participation in the anticipated market development.

The Sub-Fund uses the benchmark MSCI Emerging Markets (net dividend reinvested) in order to monitor performance and 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 sustainability profile of the Sub-Fund is measured by its benchmark's profile and the corresponding results are calculated at least once each year from the relevant monthly profiles and published in the annual report. The investment strategy and monitoring process ensure that the environmental or social characteristics of the product are taken into account. The Portfolio Manager may use its discretion when constructing the portfolio and is not tied to the benchmark in terms of investment selection or weight. This means the investment performance of the Sub-Fund may differ from the benchmark. As the Sub-Fund invests in multiple currencies due to its global orientation, the investment portfolio or parts of it may be subject to currency fluctuation risks.

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.

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.

Emerging market risk:
- As the Sub-Fund seeks to invest in companies that engage business activities in emerging markets, such as Mainland China, 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 markets 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. Further details regarding risks associated with investments in emerging markets are presented in the section "General risk information" of the Prospectus.

Risks associated with funds that have a sustainable investment focus

- Investing in funds that have 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 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 Sub-Fund's investment performance.
- 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.
- 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.
- 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 Sub-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 might need to dispose of such securities when it might be disadvantageous to do so. This may lead to a fall in the Sub-Fund's net asset value.

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.

Liquidity risk:

- Some investments may be thinly traded or illiquid and cannot be traded in reasonable sizes and therefore may be sold in small lots over longer periods or even at a discount. Under extraordinary or extreme market conditions, generally liquid investments can become illiquid which may result in a loss when such assets need to be sold within a certain time frame.

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.

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.

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.
- The Chinese government or the regulators in China may also implement policies from time to time that may affect the financial markets. Such policies, if implemented, may have a negative impact on the Sub-Fund.

Risks related to investments via the Stock Connect:

- The Stock Connect is a programme novel in nature. The relevant regulations are untested and subject to change. The programme is subject to quota limitations which may restrict the fund's ability to invest in China A-Shares through the programme on a timely basis and as a result, the Sub-Fund's ability to access the China A Shares market (and hence to pursue its investment strategy) will be adversely affected. Where a suspension in the trading through the Stock Connect is effected, the fund's ability to access the PRC market will be adversely affected. Apart from restrictions on buying (due to quota limitations), the PRC regulations impose certain restrictions on selling (i.e. requiring that there must be sufficient China A-Shares in the account before an investor sells any China A-Share). Hence, the Sub-Fund may not be able to dispose of holdings of China A-Shares in a timely manner. Also, a stock may be recalled from the scope of eligible stocks for trading via the Stock Connect. This may adversely affect the investment portfolio or strategies of the fund, for example, when the Investment Manager wishes to purchase a stock which is recalled from the scope of eligible stocks. Due to the differences in trading days, the fund may be subject to a risk of price fluctuations in China A-Shares on a day that the PRC market is open for trading but the Hong Kong market is close.

- Trading in securities through the Stock Connect may be subject to clearing and settlement risk. If the PRC clearing house defaults on its obligation to deliver securities / make payment, the Sub-Fund may suffer delays in recovering its losses or may not be able to fully recover its losses. Further, the Sub-Fund's investments through the Stock Connect are not covered by the Hong Kong's Investor Compensation Fund.

- The Stock Connect requires the development of new information technology systems on the part of the stock exchanges and exchange participants and may be subject to operational risk. If the relevant systems failed to function properly, trading in Hong Kong, Shanghai and Shenzhen markets through the program could be disrupted. The Sub-Fund's ability to access the China shares market (and hence to pursue its investment strategy) will be adversely affected.

- Although the PRC rules and regulation generally recognizes the Hong Kong and overseas investors (including the fund) as the "ultimate owners" of the rights and interests of China A-Shares traded via the Stock Connect, how an investor such as the fund, as the beneficial owner of the China A-Shares, under the Stock Connect structure, exercises and enforces its rights over its holdings in the PRC courts are to be tested.

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.

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.

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.

Risk associated with ChiNext market and/or the STAR Board

- *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. In particular, listed companies on 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 ChiNext 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/or STAR Board are less stringent in terms of profitability and share capital than those in the main board .

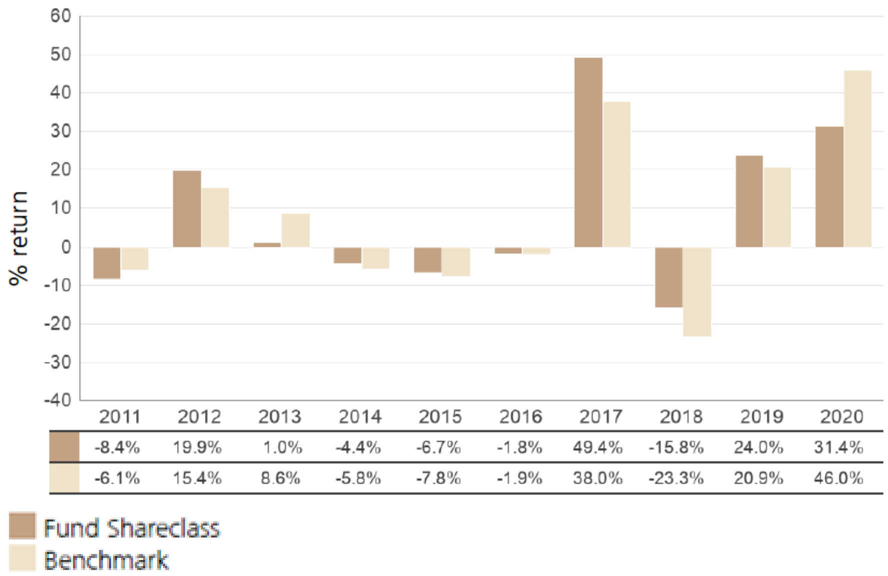
- *Delisting risk*: It may be more common and faster for companies listed on the ChiNext market and/or STAR Board to delist. In particular, STAR Board has stricter criteria for delisting compared to other boards. This may have an adverse impact on the Sub-Fund if the companies that it invests in are 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.
- Investments in the ChiNext market and/or STAR Board may result in significant losses for the Sub-Fund and its investors.

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.

How has the Sub-Fund performed?



The performances from the years 2010 to 2019 were achieved under circumstances that no longer apply. The investment policy was materially changed since February 2021.

- 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 USD including ongoing charges and excluding subscription fee and redemption fee you might have to pay.
- Sub-Fund launch date: 10 March 2000
- P-acc launch date: 10 March 2000

- 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	**What you pay**
Subscription fee:	Up to 5% of the subscription amount
Switching fee (Conversion fee):	Up to 5% of the 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 subscription, 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 fee: Depositary fee: Administration fee:	For non-currency hedged unit classes P: Currently at 1.92% p.a. This is the maximum flat management fee^ the Sub-Fund may charge (maximum management fee currently at 1.54% 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/funds-and-prices.html*.
- 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/funds-and-prices.html*.

** 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.