

Product Key Facts

UBS (Lux) Equity Fund – Greater China (USD)

Management Company:



UBS

UBS Fund Management (Luxembourg) S.A.

April 2023

***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 (Hong Kong) Limited, Hong Kong (internal delegation)	
Depository:	UBS Europe SE, Luxembourg Branch	
Dealing frequency:	Daily (generally every Luxembourg business day, but except days on which the stock exchanges in the People's Republic of China or Hong Kong are closed for business)	
Base currency:	USD	
Ongoing charges over a year:	P-acc	2.39% [#]
[#] The ongoing charges figure is based on expenses for the year ended 30 November 2022. 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 – Greater China (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 Sub-Fund shall invest its assets mainly in equities and other equity shares of companies domiciled in the People's Republic of China or Taiwan as well as in other companies domiciled in East Asia which have close economic links with the People's Republic of China or Taiwan. The aggregate exposure (whether direct or indirect) to China A-Share and China B-Share markets for the Sub-Fund will be maintained at 20% or below of its total net asset value. This exposure includes

China A-Shares traded via Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect (“**Stock Connect**”). The Sub-Fund promotes environmental and social characteristics but is not designated by the Management Company as an “ESG Fund” in accordance with the SFC circular to management companies of SFC-authorized unit trusts and mutual funds on ESG Funds dated 29 June 2021 and ESG is not a key investment focus of the Sub-Fund.

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 incorporates the following environmental, social and governance (ESG) promotion characteristics:

- a lower Weighted Average Carbon Intensity (WACI)¹ than the reference benchmark or a low absolute carbon profile (i.e. below 100 tonnes of CO₂ emissions per million US dollars of revenue);
- a sustainability profile (as measured by its weighted average UBS ESG consensus score¹) that is better than its benchmark’s sustainability profile (as measured by its weighted average UBS ESG consensus score¹) or a minimum of 51% of assets invested in companies with a sustainability profile in the top half of the benchmark.

The calculation does not take account of cash, derivatives and unrated investment instruments.

The Sub-Fund uses the benchmark UBS Greater China Index (which is a combination of 50% MSCI China, 10% MSCI China A Onshore, 25% MSCI Hong Kong and 15% MSCI Taiwan (all net div reinvested)) for performance measurement, monitoring ESG risks, investment risk management and portfolio construction purposes. The benchmark is not designed to promote ESG characteristics. The Portfolio Manager may use discretion when constructing the 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.

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. The Sub-Fund may use financial derivative instruments (“**FDI**”) for investment management and hedging purposes.

¹ Please refer to the Prospectus and Sub-Fund’s Annex for further details on the UBS ESG consensus score and WACI.

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

- Insofar as the Sub-Fund seeks to invest in China related securities or securities which have exposure to People's Republic of China and/or Taiwan and/or companies domiciled in East Asia, and insofar as these jurisdictions and/or geographic regions 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 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.
- Due to the political situation and the initial stage of economic change in the region, investments in these markets, particularly in the People's Republic of China, may be affected by legal uncertainties or other concomitant factors. Furthermore, some East Asian markets have low capitalisations and tend to be volatile and illiquid. Moreover, the official regulatory systems may be less efficient in the markets in which the Sub-fund invests, and the accounting, auditing and reporting methods employed cannot be compared with the standards used in more developed markets.

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.

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; and (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.

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.

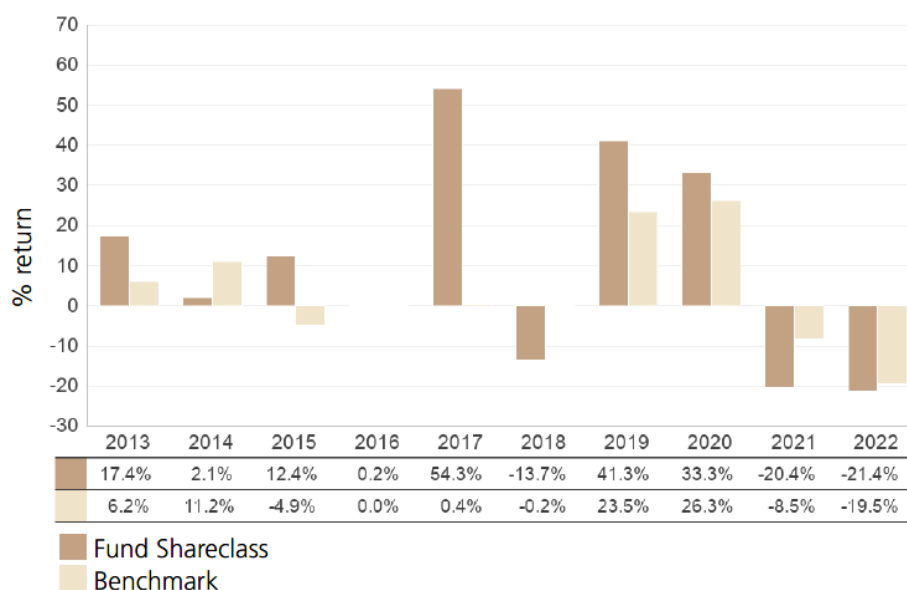
Counterparty risk

- 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.

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 Sub-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 Sub-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 Sub-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 Sub-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 Sub-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.

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 USD including ongoing charges and excluding subscription fee and redemption fee you might have to pay.
- Fund launch data: 31 January 1997
- P-acc launch date: 31 January 1997
- 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 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 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 fee, Depositary fee & Administration fee:**

For non-currency hedged unit classes P: Currently at 2.34% p.a. This is the maximum flat fee[^] the Sub-Fund may charge (maximum management fee currently at 1.87% 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/assetmanagement/>*.
- 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/assetmanagement/>*.

* 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.