

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name:

Legal entity identifier:

UBS (Lux) Bond Fund – Euro High Yield (EUR)

549300U02TK3RG0RGB16

Sustainable

investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?	
<p>●● <input type="checkbox"/> Yes</p>	<p>● ● <input checked="" type="checkbox"/> No</p>
<p><input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: ____ %</p> <p style="margin-left: 20px;"><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p style="margin-left: 20px;"><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: _____ %</p>	<p><input type="checkbox"/> It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ____% of sustainable investments</p> <p style="margin-left: 20px;"><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p style="margin-left: 20px;"><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p style="margin-left: 20px;"><input type="checkbox"/> with a social objective</p> <p><input checked="" type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments</p>



Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

What environmental and/or social characteristics are promoted by this financial product?

The following characteristic is promoted by the financial product:

A sustainability profile that is higher than its benchmark's sustainability profile or at least 51% of the sub-fund's investments have a UBS Blended ESG Score of between 5 and 10.

The benchmark is a broad market index which does not assess or include constituents according to environmental and/or social characteristics and therefore is not intended to be consistent with the characteristics promoted by the financial product. No ESG reference benchmark has been designated for the purpose of attaining the characteristics promoted by the financial product.

- **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The above characteristic is measured using the following indicators respectively:

The UBS Blended ESG Score represents an average of normalized ESG assessment data from UBS and two recognized external ESG data providers, MSCI and Sustainalytics. This blended score approach enhances the quality of the derived sustainability profile by integrating multiple independent ESG assessments, rather than depending solely on one single view.

The UBS Blended ESG Score represents an entity's sustainability profile assessing material environmental, social, and governance factors. These factors may include, but are not limited to, environmental footprint and operational efficiency, risk management, climate change response, natural resource utilization, pollution and waste management, employment standards, supply chain oversight, human capital development, board diversity, occupational health and safety, product safety, and anti-fraud and anti-corruption policies. Each assessed entity is assigned a UBS Blended ESG Score, which ranges from 0 to 10, with 10 indicating the best sustainability profile. There is no minimum UBS Blended ESG Score at individual investment level.

- **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

Not applicable.

- **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Not applicable.

How have the indicators for adverse impacts on sustainability factors been taken into account?

Not applicable.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

Not applicable.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable

economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No

Yes, Principal adverse impacts (the “PAI”) are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters. UBS integrates PAI indicators in its decision making process.

At present, the following PAI indicators are considered by means of exclusions from the investment universe:

1.4 “Exposure to companies active in the fossil fuel sector”:

- Companies that exceed a certain revenue threshold (as per the UBS AM Approach to Exclusions) from thermal coal mining and its sale to external parties or from oil sands extraction are excluded.

1.10 “Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises”:

- Companies violating the United Nations Global Compact (UNGC) principles which do not demonstrate credible corrective action as determined by UBS-AM’s Stewardship Committee are excluded

1.14 “Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)”:

-UBS-AM does not invest in companies involved in: cluster munitions, anti-personnel mines or chemical and biological weapons, nor does it invest in companies in breach of the Treaty on the Non- Proliferation of Nuclear Weapons. UBS-AM considers a company to be involved in controversial weapons if the company is involved in development, production, storage, maintenance or transport of controversial weapons, or is a majority shareholder (>50% ownership stake) of such a company.

The link to the UBS Asset Management Approach to Exclusions can be found in the section headed “UBS Asset Management Approach to Exclusions Policy” in the main body of the Sales Prospectus.

Information on consideration of PAIs on sustainability factors is also available in the sub-fund’s annual report.



What investment strategy does this financial product follow?

ESG Integration:

ESG Integration is driven by considering financially material ESG factors as part of the investment process.

Consideration of financial materiality ensures that the Portfolio Manager focuses on ESG risks and opportunities that can impact the financial performance of the corporate / non-corporate issuer and, by extension, investment returns. The analysis of material ESG factors can include many different aspects, such as the carbon footprint, health and well-being, human rights, supply chain management, fair customer treatment and governance.

This analysis is captured in a qualitative ESG assessment by the Portfolio Manager that leverages internal research. The Portfolio Manager also accesses quantitative ESG data that combines multiple sources and provides information on ESG risks and opportunities.

In the absence of a qualitative ESG assessment, which may occur for non-corporate issuers among others, the Portfolio Manager considers quantitative inputs.

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The ESG integration process does not mitigate exposure to ESG risks altogether as the Portfolio Manager evaluates all information and makes decisions that primarily aim at maximizing financial performance.

UBS Asset Management Approach to Exclusions:

The Approach to Exclusions of the Portfolio Manager outlines the exclusions applied to the investment universe of the financial product. This sub fund applies Standard Exclusions as defined in the UBS Asset Management Approach to Exclusions and also excludes UN Global Compact fails without credible corrective actions. The link to the UBS Asset Management Approach to Exclusions can be found in the section headed “UBS Asset Management Approach to Exclusions” in the main body of the Sales Prospectus.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The following binding element(s) of the investment strategy are used to select the investments to attain the characteristic(s) promoted by this financial product:

A sustainability profile that is higher than its benchmark’s sustainability profile or at least 51% of the sub-fund’s investments have a UBS Blended ESG Score of between 5 and 10.

The calculations do not take account of cash, derivatives and unrated investment instruments. The binding element(s) are calculated at quarter end using the average of all business days’ values in the quarter.

UBS Asset Management Approach to Exclusions:

The Approach to Exclusions of the Portfolio Manager outlines the exclusions applied to the investment universe of the financial product. This sub fund applies Standard Exclusions as defined in the UBS Asset Management Approach to Exclusions and also excludes UN Global Compact fails without credible corrective actions. The link to the UBS Asset Management Approach to Exclusions can be found in the section headed “UBS Asset Management Approach to Exclusions” in the main body of the Sales Prospectus.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy? [***

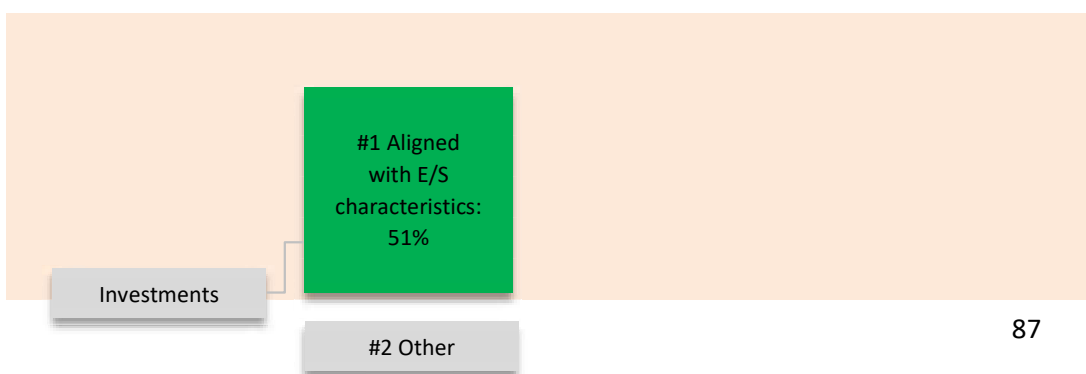
Not applicable.

- ***What is the policy to assess good governance practices of the investee companies?***

Good corporate governance is a key driver of sustainable performance and is therefore embedded in the Portfolio Manager’s investment strategy. The Portfolio Manager employs a proprietary ESG Risk Dashboard that combines multiple ESG data sources from internal and recognized external providers in order to identify companies with material ESG risks. An actionable risk signal highlights ESG risks to the Portfolio Manager for incorporation in their investment decision making process. The assessment of good governance includes consideration of board structure and independence, remuneration alignment, transparency of ownership and control, and financial reporting.

What is the asset allocation planned for this financial product?

The minimum proportion of the investments used to meet the environmental and/or social characteristics promoted by the financial product is 51%.



Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies

#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

• **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Derivatives are not used for the attainment of the characteristics promoted by this financial product.
Derivatives are primarily used for hedging and liquidity management purposes.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

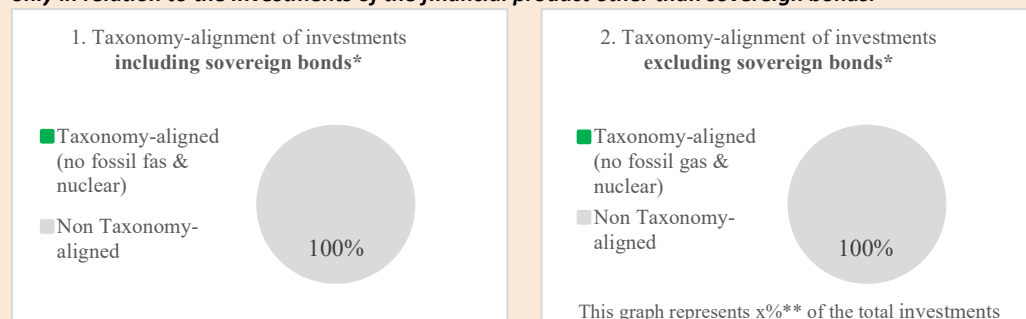


Not applicable.

• **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹?**

- Yes:
 In fossil gas In nuclear energy
 No

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures
 ** No percentage has been inserted as it is not relevant (no Taxonomy-aligned investments)

To comply with the EU Taxonomy, the criteria for fossil gas include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For nuclear energy, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.



Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Not applicable.



What is the minimum share of socially sustainable investments?

Not applicable.



What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

Included in “#2 Other” are cash and unrated instruments for the purpose of liquidity and portfolio risk management. Unrated instruments may also include securities for which data needed for the measurement of attainment of environmental or social characteristics is not available.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No ESG reference benchmark has been designated for the purpose of determining whether the financial product is aligned with the characteristics that it promotes.

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

Not applicable.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

Not applicable.

- **How does the designated index differ from a relevant broad market index?**

Not applicable.

- **Where can the methodology used for the calculation of the designated index be found?**

Not applicable.



Where can I find more product specific information online?

More product-specific information can be found on the website: www.ubs.com/funds