



UBS Fund Management (Luxembourg) S.A.
Société Anonyme
33 A, avenue J.F. Kennedy
L-1855 Luxembourg
RCS Luxembourg Nr. B 154.210

(the "Management Company")

www.ubs.com

Notice to the shareholders of UBS (Lux) SICAV 2 – Low Duration USD Bond Sustainable (USD) and shareholders of UBS (Lux) Bond SICAV – Short Term USD Corporates Sustainable (USD) (collectively referred to as the "Shareholders")

The Management Company, on behalf of the boards of directors of UBS (Lux) SICAV 2 and UBS (Lux) Bond SICAV, both a "Société d'Investissement à Capital Variable (SICAV)", wishes to inform you of the decision to merge the sub-fund **UBS (Lux) SICAV 2 – Low Duration USD Bond Sustainable (USD)** (the "Merging Sub-Fund") into **UBS (Lux) Bond SICAV – Short Term USD Corporates Sustainable (USD)** (the "Receiving Sub-Fund") (both sub-funds collectively referred to as the "Sub-Funds") on **19 September 2023** (the "Effective Date") (the "Merger").

Given the Merging Sub-Fund's low and further decreasing assets, which do not allow the Merging Sub-Fund to be managed in an economically reasonable manner, and in order to rationalise and simplify the fund offering, the board of directors of the Merging Sub-Fund and the board of directors of the Receiving Sub-Fund deem it in the Shareholders' best interest to merge the Merging Sub-Fund into the Receiving Sub-Fund pursuant to Article 25 of the articles of incorporation of UBS (Lux) SICAV 2 and Article 25.2 of the articles of incorporation of UBS (Lux) Bond SICAV respectively.

The Merger is part of a wider project of merging the sub-funds of UBS (Lux) SICAV 2 into sub-funds of UBS (Lux) Bond SICAV, except for the share class UBS (Lux) SICAV 2 – Low Duration EUR Bond Sustainable (EUR) P-acc-seeding. As a result, UBS (Lux) SICAV 2 will be liquidated upon completion of all mergers (including the Merger). Shareholders of the Merging Sub-funds are informed that costs linked to the upcoming liquidation will be accrued before the Effective Date so as to ensure fair treatment between all shareholders of UBS (Lux) SICAV 2.

As of the Effective Date, shares of the Merging Sub-Fund which are merged into the Receiving Sub-Fund shall in all respects have the same rights as the shares issued by the Receiving Sub-Fund.

The Merger will be based on the net asset value per share as per 18 September 2023 ("Reference Date"). In the context of the Merger, the assets and liabilities of the Merging Sub-Fund will be allocated to the Receiving Sub-Fund. The number of new shares to be so issued shall be calculated on the Effective Date based on the exchange ratio corresponding to the net asset value per share of the Merging Sub-Fund on the Reference Date, in comparison with either i) the initial issue price of the respective receiving share class of the Receiving Sub-Fund – provided this share class has not been launched prior to the Reference Date – or (ii) the net asset value per share of the receiving share class of the Receiving Sub-Fund on the Reference Date.

The Merger will result in the following changes for the Shareholders:

	UBS (Lux) SICAV 2 – Low Duration USD Bond Sustainable (USD)	UBS (Lux) Bond SICAV – Short Term USD Corporates Sustainable (USD)
Merging share classes	P-acc (ISIN: LU0224522077) Q-acc (ISIN: LU0417389870)	P-acc (ISIN: LU0151774972) Q-acc (ISIN: LU0396352592)
Maximum flat fee p.a.	P-acc: 0.600% Q-acc: 0.300 %	P-acc: 0.810% Q-acc: 0.450 %
Ongoing costs as per key information document (KID)	P-acc: 0.7% Q-acc: 0.4%	P-acc: 0.9% Q-acc: 0.5%
Investment policy	UBS Asset Management categorises this sub-fund as Sustainability Focus fund. This sub-fund promotes environmental and/or social characteristics and complies with Article 8 of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector ("SFDR"). Further information related to	UBS Asset Management categorises this sub-fund as Sustainability Focus fund. This sub-fund promotes environmental and/or social characteristics and complies with Article 8 of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector ("SFDR"). Further information related to environmental

	<p>environmental and/or social characteristics is available in Annex I to this document (SFDR RTS Art. 14(2)). This actively managed sub-fund uses the following benchmark as reference for performance comparison and risk management:</p> <p>Sub-fund Benchmark</p> <p>UBS (Lux) SICAV 2 – Low Duration USD Bond Sustainable (USD) 3M Compounded SOFR</p> <p>For share classes with "hedged" in their name, currency-hedged versions of the benchmark (if available) are used. The performance of the sub-fund may differ considerably from the benchmark in periods of high market volatility.</p> <p>In line with the general investment policy described above and pursuant to the definition included therein, the actively managed sub-fund invests at least two thirds of its assets in debt securities and claims. The duration of the portfolio must not be lower than half a year, and may not exceed one year ("ultra short term"). The debt securities and claims must be issued by high quality creditors (classified as investment grade by the established ratings agencies). At least two thirds of the investments are denominated in the currency indicated in the sub-fund's name. However, the portion of investments in foreign currencies not hedged against the currency of account of the sub-fund may not exceed 10% of the assets. Up to 25% of its assets may be invested in convertible, exchangeable and warrant-linked bonds as well as convertible debentures. In addition, after deducting cash and cash equivalents, the sub-funds may invest up to 10% of its assets in equities, equity rights and warrants as well as shares, other equity shares and dividend-right certificates acquired through the exercise of conversion rights, subscription rights or options, in addition to warrants remaining after the separate sale of ex-warrant bonds and any equities acquired with these warrants. The equities acquired by exercise of rights or through subscription must be sold no later than 12 months after they were acquired. The objective of the sub-fund is to achieve returns greater than those of money market investments and associated with capital growth. The sub-fund is therefore not considered as a money market fund as defined in Regulation (EU) 2017/1131.</p> <p>The sub-fund may invest a total of up to 20% of its net assets in ABS, MBS, CMBS and CDOs/CLOs. The associated risks are described in the section "Risks associated with the use of ABS/MBS" or "Risks associated with the use of CDOs/CLOs".</p>	<p>and/or social characteristics is available in Annex I to this document (SFDR RTS Art. 14(2)). The actively managed sub-fund primarily invests in corporate bonds with short maturities from high-quality creditors (classified as "investment grade" by the established ratings agencies). The duration of the portfolio is continually adapted to the prevailing market situation, but may not exceed three years ("short term"). The sub-funds use the Bloomberg Eurodollar Corporate 1-3yrs USD benchmark, as a reference for portfolio construction, performance evaluation, sustainability profile comparison and risk management purposes. The benchmark is not designed to promote ESG characteristics. For share classes with "hedged" in their name, currency-hedged versions of the benchmark (if available) are used.</p> <p>At least two thirds of the investments are denominated in the currency indicated in the sub-fund's name. However, the portion of investments in foreign currencies not hedged against the currency of account of the sub-fund may not exceed 10% of the assets. After deducting cash and cash equivalents, the sub-fund may invest up to one third of its assets in money market instruments. Up to 25% of its assets may be invested in convertible, exchangeable and warrant-linked bonds as well as convertible debentures. The sub-fund may invest a total of up to 20% of its net assets in ABS, MBS, CMBS and CDOs/CLOs. The associated risks are described in the section "Risks associated with the use of ABS/MBS" or "Risks associated with the use of CDOs/CLOs". The sub-funds may also invest up to 10% of its assets in contingent convertible bonds (CoCos). The associated risks are described in the section "Risks associated with the use of CoCos".</p> <p>In addition, after deducting cash and cash equivalents, the sub-fund may invest up to 10% of its assets in equities, equity rights and warrants as well as shares, other equity shares and dividend-right certificates acquired through the exercise of conversion rights, subscription rights or options, in addition to warrants remaining after the separate sale of ex-warrant bonds and any equities acquired with these warrants. The equities acquired by exercise of rights or through subscription must be sold no later than 12 months after they were acquired.</p>
Profile of the typical investor	The actively managed sub-fund is suitable for investors who wish to invest cash in a portfolio with a duration between half a year and one year. The sub-fund promotes environmental and/or social characteristics.	The actively managed sub-funds is suitable for investors who wish to invest in a portfolio with a duration that is continuously adjusted to suit the prevailing market situation and does not exceed three years and in a sub-fund which promotes environmental and/or social characteristics.
Financial year	1 November – 31 October	1 June – 31 May



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Since a portion of its assets may be sold and invested in liquid assets prior to the Effective Date, the composition of the portfolio of the Merging Sub-Fund may be impacted by the Merger. Any adjustments to the portfolio will be made prior to the Effective Date. As any merger, also this Merger may involve a risk of performance dilution stemming from the restructuring of the portfolio of the Merging Sub-Fund.

Differences of Sub-Funds' characteristics such as the investment policy and the financial year are described in the table above.

For exposure to securities financing transactions, the expected and maximum utilisation of repurchase agreements/ reverse repurchase agreements is the same, whereas for total return swaps and securities lending the following applies:

Sub-fund	Securities Lending		Total Return Swaps	
	Expected	Maximum	Expected	Maximum
UBS (Lux) SICAV 2– Low Duration USD Bond Sustainable (USD)	20%	50%	0%	15%
UBS (Lux) Bond SICAV – Short Term USD Corporates Sustainable (USD)	10%	50%	0-10%	30%

Furthermore, the characteristics such as the dealing frequency, global risk calculation method, risk indicator (2), and cut-off time remain the same.

The legal, advisory and administrative costs and expenses (excluding potential transaction costs for the Merging Sub-Fund) associated with the Merger will be borne by UBS Asset Management Switzerland AG and will not impact either the Merging Sub-Fund or the Receiving Sub-Fund. The auditor's fees in connection with the Merger will be borne by the Merging Sub-Fund. In addition, and to protect the interests of the investors of the Receiving Sub-Fund, Swing Pricing as described in the prospectuses of the Sub-Funds will be applied on a pro rata basis on any cash portion of the assets to be merged into the Receiving Sub-Fund, provided that it exceeds the threshold as defined for the Receiving Sub-Fund.

Shareholders of the Merging Sub-Fund and the Receiving Sub-Fund who are not in agreement with the Merger may redeem their shares free of charge until 14 September 2023, cut-off time 15:00 CET. The Merging Sub-Fund will subsequently be closed for redemptions. As of the date of the present notice, the Merging Sub-Fund will be allowed to deviate from its investment policy as far as needed in order to align its portfolio as much as possible with the investment policy of the Receiving Sub-Fund. The Merger will come into effect on 19 September 2023 and will be binding for all Shareholders who have not applied for the redemption of their shares.

Shares of the Merging Sub-Fund have been issued until 9 August 2023, cut-off time 15:00 CET.

No subscription fee will be levied within the Receiving Sub-Fund as a result of the Merger.

On the Effective Date of the Merger, the shareholders of the Merging Sub-Fund, will be entered into the register of shareholders of the Receiving Sub-Fund, and will be able to exercise their rights as shareholders of the Receiving Sub-Fund, such as participating and voting at general meetings as well as the right to request the repurchase, redemption or conversion of shares of the Receiving Sub-Fund. The Merger will be binding on all the shareholders of the Merging Sub-Fund who have not exercised their right to request the redemption of their shares within the timeframe set out above.

PricewaterhouseCoopers, Société cooperative, 2, rue Gerhard Mercator, L-2182 Luxembourg, is in charge of preparing a report validating the conditions foreseen in Article 71 (1), let. a) to c) 1st alternative of the Luxembourg law of 17 December 2010 on undertakings for collective investment (the "Law of 2010") for the purpose of the Merger. A copy of this report will be made available upon request and free of charge to the Shareholders and the CSSF sufficiently in advance of the Merger. PricewaterhouseCoopers will also be engaged to validate the actual exchange ratio determined at the exchange ratio calculation date, as provided for in Article 71 (1), let. c)



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2nd alternative of the Law of 2010. A copy of this report will be made available upon request and free of charge to the Shareholders and the CSSF. Furthermore, Shareholders of the Merging Sub-Fund are advised to consult the KID relating to the Receiving Sub-Fund which is available online at www.ubs.com/funds. Shareholders seeking additional information may contact the Management Company. Please also note that investors may be subject to taxation on their holdings in investment funds. Please contact your tax advisor in respect of any tax queries you may have as a result of the Merger.

Luxembourg and Basle, 10 August 2023 | The Management Company

The Prospectus, the PRIIPs KID (Packaged Retail and Insurance-based Investment Products Key Information Document), the Articles of Association and the annual and semi-annual reports relating to the Company may be obtained or ordered free of charge from the Paying Agent in Switzerland, UBS Switzerland AG, Bahnhofstrasse 45, 8001 Zurich and its branches in Switzerland, from the Representative in Switzerland UBS Fund Management (Switzerland) AG and from UBS Infoline (0800 899 899).

The domicile of the collective investment scheme is Luxembourg.

Representative in Switzerland:

UBS Fund Management (Switzerland) AG

Aeschenvorstadt 1

CH-4051 Basel

23.058RS

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