

# UBS (CH) Institutional Fund 2

Investment fund under Swiss law with multiple sub-funds (Umbrella funds) for qualified investors of the category "Other funds for traditional investments"

Fund contract with appendix

January 2025

## Fund contract

### I. Basis

#### § 1 Name of the fund; name and domicile of the fund management company, custodian bank and asset manager

1. A contractually based umbrella fund of the "Other funds for traditional investments" category (the "umbrella fund") has been established under the name of UBS (CH) Institutional Fund 2 in accordance with Art. 25 et seqq. in association with Art. 68 et seqq. in conjunction with Art. 92 et seqq. of the Swiss Collective Investment Schemes Act (CISA) of 23 June 2006, which is divided into the following sub-funds:
  - Equities Global Passive
  - Equities Global Passive II
  - Equities Global (ex Switzerland) Opportunity
  - Equities Global Climate Aware II
  - Equities Global (ex Switzerland) Sustainable
  - Equities Global ESG Leaders Passive II
  - Equities Global Screened Passive II
  - Equities Japan Passive II
  - Equities USA Passive
  - Equities USA Passive II
  - Equities Global Small Cap Climate Aware II
  - Equities Global Small Cap Passive II
  - Global Real Estate Securities Passive (CHF hedged) II
  - Equities Canada Passive II
2. At the request of the fund management company and the custodian bank, FINMA has exempted this umbrella fund and its sub-funds from the following provisions pursuant to Art. 10 para. 5 CISA:
  - the duty to prepare a prospectus,
  - the duty to prepare the key information document,
  - the obligation to publish prices,
  - the obligation to produce a semi-annual report.

In place of cash payment by the investor for the acquisition of fund units, the fund management company may agree in individual cases to allow the investor to pay for fund units using permissible investments. Redemptions may also be carried out by returning permissible investments to investors instead of making payments in cash.

In place of the prospectus, the fund management company shall provide investors with supplementary details in the appendix to this fund contract regarding, in particular, the investment objective, any transfer of investment decisions, any exemption pursuant to Art. 31 para. 3 CISA and transfer of further duties of the fund management company, as well as regarding paying agents, distributors and the external auditors of the

umbrella fund. The investor shall be entitled to obtain additional details and information on the sub-fund of the investment fund from the fund management company at any time.

3. UBS Fund Management (Switzerland) AG, Basel, is the fund management company.
4. UBS Switzerland AG, Zurich, is the custodian bank.
5. The asset manager for the following sub-funds is UBS Asset Management Switzerland AG, Zurich:
  - Equities Global Passive
  - Equities Global Passive II
  - Equities Global ESG Leaders Passive II
  - Equities Global Screened Passive II
  - Equities Canada Passive II
  - Equities Japan Passive II
  - Equities USA Passive
  - Equities USA Passive II
  - Equities Global Small Cap Climate Aware II
  - Equities Global Small Cap Passive II
  - Global Real Estate Securities Passive (CHF hedged) II
  - Equities Global Climate Aware II
7. The asset managers for the following sub-fund are UBS Asset Management (Americas) LLC, New York and UBS Asset Management (UK) Ltd, London:
  - Equities Global (ex Switzerland) Sustainable
  - Equities Global (ex Switzerland) Opportunity

## **II. Rights and obligations of the contracting parties**

### **§ 2 The fund contract**

The legal relationship between the investors<sup>1</sup> on the one hand and the fund management company and the custodian bank on the other shall be governed by this fund contract and the applicable provisions of Swiss legislation concerning collective investment schemes.

### **§ 3 The fund management company**

1. The fund management company shall manage the sub-funds at its own discretion and in its own name, but for the account of the investors. In particular, it shall make all decisions relating to the issuing of units, the investments and their valuation. It shall calculate the net asset values of the sub-funds, set the issue and redemption prices of units, and determine the distribution of income. The fund management company shall exercise all rights associated with the umbrella fund and the sub-funds.
2. The fund management company and its agents shall be subject to the duties of loyalty, due diligence and disclosure. They shall act independently and exclusively in the interests of investors. They shall take any organisational steps that may be required to ensure the proper conduct of business. They shall report on the collective investment schemes they manage and provide information on all fees and costs charged directly or indirectly to investors and on compensation received from third parties, in particular commissions, rebates or other pecuniary advantages.
3. The fund management company may transfer to third parties investment decisions and specific tasks for all or some of the sub-funds, provided that this is in the interests of efficient management. It may only appoint persons who have the necessary skills,

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<sup>1</sup> In the interests of readability, this document does not distinguish between genders. Any terms referring to persons shall denote both male and female persons.

knowledge and experience for this activity, and the required authorisation. It must carefully instruct and supervise the third parties it uses.

Investment decisions may only be delegated to asset managers who have the necessary authorisation.

If foreign law requires an agreement on cooperation and the exchange of information with foreign supervisory authorities, the fund management company may delegate investment decisions to asset managers abroad only if such an agreement exists between FINMA and the relevant foreign supervisory authorities for the investment decisions concerned.

The fund management company shall be liable for the actions of its agents as if they were its own actions.

4. The fund management company may, subject to the consent of the custodian bank, submit amendments to this fund contract to the supervisory authority for approval (see § 27).
5. The fund management company may merge individual sub-funds with other sub-funds or other investment funds pursuant to the provisions set down under § 24, convert them into another legal form of collective investment scheme in accordance with the provisions set down under § 25, and may liquidate individual sub-funds pursuant to the provisions set down under § 26.
6. The fund management company shall be entitled to receive the remuneration stipulated in § 18 and § 19 in discharge of the liabilities it has incurred in the due performance of its tasks and reimbursement for expenses in meeting these liabilities.

#### **§ 4 The custodian bank**

1. The custodian bank is responsible for the safekeeping of the sub-funds' assets. It is further responsible for the issue and redemption of fund units and payments on behalf of the sub-funds.
2. The custodian bank and its agents shall act in good faith and have a duty to exercise due diligence and provide information. They shall act independently and exclusively in the interests of investors. They shall take any organisational steps that may be required to ensure the proper conduct of business. They shall report on the collective investment schemes they hold and provide adequate information on all fees and costs charged directly or indirectly to the investors and on compensation received from third parties, in particular commissions, rebates or other pecuniary advantages.
3. The custodian bank shall be responsible for managing the account and assets of the sub-fund, but may not access the fund's assets in its own right.
4. In the case of transactions that relate to the assets of the sub-funds, the custodian bank shall ensure that the countervalue is transferred to it within the customary periods. It shall inform the fund management company if the countervalue is not provided within the customary period and request that the counterparty replace the asset concerned where possible.
5. The custodian bank shall manage the required records and accounts in such a way that it can differentiate between the assets of the individual sub-funds held in safekeeping at all times.  
The custodian bank shall verify that assets that cannot be deposited are the property of the fund management company and record the information accordingly.
6. The custodian bank may delegate responsibility for the safekeeping of the sub-funds' assets to third-party or central depositories in Switzerland or abroad, provided that this is in the interest of proper safekeeping. The custodian bank shall verify and monitor the third-party and central depositories to whom the task has been delegated to ensure that it:
  - a) has an appropriate business organisation, financial guarantees and the specialist

- qualifications required for the type and complexity of the assets with which it has been entrusted;
- b) is subject to a regular external audit that ensures that the financial instruments are in its possession;
- c) keeps the assets received from the custodian bank in safekeeping in such a way that they can be clearly identified at all times as belonging to the sub-fund's assets by means of regular reconciliation of holdings by the custodian bank;
- d) adheres to the regulations applicable to the custodian bank as regards the performance of the tasks transferred to it and the avoidance of conflicts of interest.

The custodian bank shall be liable for losses caused by the agent unless it can demonstrate that due care was exercised in the selection, instruction and supervision of the agent. The prospectus contains information about the risks associated with delegating safekeeping duties to third-party and central depositories.

The custodian bank may only delegate the safekeeping of the fund's financial instruments to third-party or central depositories subject to regulatory supervision. This provision shall not apply in cases where assets have to be held in safekeeping at a location at which the transfer of the assets to third-party or central depositories subject to supervision is not possible, in particular in light of requirements imposed by law or the specific characteristics of the investment product. The investors shall be informed in the product documentation about the safekeeping of the assets by third-party or central depositories not subject to supervision.

7. The custodian bank shall ensure that the fund management company complies with the law and the fund contract. It shall check whether the calculation of net asset value, issue and redemption prices of units and investment decisions are being carried out in accordance with the law and the fund contract and whether the net income is appropriated as stipulated in the fund contract. The custodian bank shall not be responsible for any investment selection made by the fund management company within the scope of the investment guidelines.
8. The custodian bank shall be entitled to receive the remuneration stipulated in §§ 18 and 19 in discharge of the liabilities it has incurred in the due performance of its tasks and reimbursement for expenses in meeting these liabilities.
9. The custodian bank shall not be responsible for the safekeeping of assets of the target funds in which the sub-funds invest unless it has been assigned this task.

## § 5 Investors

- A. - **Equities Global (ex Switzerland) Opportunity**
- **Equities Global (ex Switzerland) Sustainable**
- **Equities USA Passive**
- **Equities USA Passive II**

1. The circle of approved qualified investors is limited to fiscally acknowledged Swiss pension institutions, or other retirement arrangements, or individual retirement savings plans which fulfil the requirements of the Switzerland - USA 1996 Income Tax Convention, as amended through 2009 (DTA USA).

Investment foundations and collective investments schemes under Swiss law whose investors fulfil the before mentioned requirements are also treated as approved qualified investors for the sub-funds "- Equities USA Passive" and "- Equities USA Passive II".

Investment foundations and single investor funds under Swiss law whose investors fulfil the before mentioned requirements are also treated as approved qualified investors for the sub-funds "- Equities Global (ex Switzerland) Opportunity" and "- Equities Global (ex Switzerland) Sustainable".

The Income Tax Convention is aimed at clarifying the conditions under which the approved qualified investors can ensure full exemption from US withholding tax on dividends in accordance with Art. 10 para. 3 of the DTA USA. The fund management company plans to declare these sub-funds of the investment fund as transparent investment instruments to the US tax authorities to allow for full withholding tax exemption in accordance with Art. 10 para. 3 of the DTA USA. The fund management company and custodian bank shall together ensure that investors meet the investor group requirements.

**B. - Equities Japan Passive II**

1. The circle of approved qualified investors is limited to fiscally acknowledged Swiss pension institutions which fulfil the conditions of the correspondence of 21 May 2010 between the Swiss Federal Council and the Government of Japan on the Switzerland - Japan double taxation treaty of 7 September 2012 (DTA Japan); collective investments schemes and investment foundations under Swiss law whose investors fulfil the before mentioned requirements are also included. The correspondence regarding the DTA Japan is aimed at clarifying the conditions under which the acknowledged Swiss pension institutions can ensure full exemption from Japanese withholding tax on dividends in accordance with Art. 10 para. 3 (b) of the DTA Japan. The fund management company plans to declare these sub-funds of the investment fund as a transparent investment instrument to the Japanese tax authorities to allow for full withholding tax exemption in accordance with Art. 10 para. 3 (b) of the DTA Japan. The fund management company and custodian bank shall together ensure that investors meet the investor group requirements.

**C. - Equities Global Passive  
- Equities Global Passive II  
- Equities Global Climate Aware II  
- Equities Global ESG Leaders Passive II  
- Equities Global Screened Passive II  
- Equities Global Small Cap Passive II  
- Equities Global Small Cap Climate Aware II**

1. The circle of approved qualified investors is limited to fiscally acknowledged Swiss pension institutions, or other retirement arrangements, or individual retirement savings plans which fulfil the conditions of the Switzerland - USA 1996 Income Tax Convention, as amended through 2009 (DTA USA).

In addition, investment foundations and single investor funds under Swiss law whose investors fulfil the before mentioned requirements are also treated as approved qualified investors.

The Income Tax Convention is aimed at clarifying the conditions under which the approved qualified investors can ensure full exemption from US withholding tax on dividends in accordance with Art. 10 para. 3 of the DTA USA. The fund management company plans to declare these sub-funds of the investment fund as transparent investment instruments to the US tax authorities to allow for full withholding tax exemption in accordance with Art. 10 para. 3 of the DTA USA.

In addition, the circle of approved qualified investors is limited to fiscally acknowledged Swiss pension institutions which fulfil the conditions of the correspondence of 21 May 2010 between the Swiss Federal Council and the Government of Japan on the Switzerland - Japan double taxation treaty of 7 September 2012 (DTA Japan) and collective investments schemes and investment foundations under Swiss law whose investors fulfil the before mentioned requirements

The correspondence mentioned above regarding the DTA Japan is aimed at clarifying the conditions under which the acknowledged Swiss pension institutions can ensure full exemption from Japanese withholding tax on dividends in accordance with Art. 10 para. 3 (b) of the DTA Japan. The fund management company plans to declare these sub-funds of the investment fund as a transparent investment instruments to the Japanese tax authorities to allow for full withholding tax exemption in accordance with Art. 10 para. 3 (b) of the DTA Japan.

In addition, the group of approved qualified investors is limited to Swiss pension institutions recognised for tax purposes that meet the requirements of the 1997 Agreement between Switzerland and Canada for the Avoidance of Double Taxation with Respect to Taxes on Income and on Capital, as amended in 2010 (DTA Canada); furthermore, to collective investment schemes and investment foundations under Swiss law whose investors, for their part, meet the aforementioned requirements. Art. 10 para. 3 of the DTA Canada is aimed at clarifying the conditions under which the acknowledged Swiss pension institutions can ensure full exemption from Canadian withholding tax on dividends.

Furthermore, the circle of approved qualified investors is limited to investors that are the beneficial owners of the income and are fiscally acknowledged Swiss pension schemes which fulfil the conditions pursuant to Art. 10 para. 4 (d) and Art. 11 para. 3 (d) of the Convention between Australia and the Swiss Confederation for the Avoidance of Double Taxation with respect to Taxes and Income (incl. protocol) as amended in 2013 (DTA Australia). Collective investments schemes and investment foundations under Swiss law where all of the interests are held, and beneficially owned, by fiscally acknowledged Swiss pension schemes which fulfil the above conditions are also included as approved qualified investors. The fund management company has confirmed via private ruling with the Australian Taxation Office that the sub-funds of the investment fund are transparent investment funds to allow for full withholding tax exemption pursuant to Art. 10 para. 4 (d) of the DTA Australia.

The fund management company and custodian bank shall together ensure that investors meet the investor group requirements.

**D. - Global Real Estate Securities Passive (CHF hedged) II**

1. If the group of approved qualified investors is limited to Swiss pension institutions recognised for tax purposes or similar institutions or individual retirement savings plans that meet the requirements of the 1996 Double Taxation Treaty between Switzerland and the USA, as amended in 2009 (DTA USA). For this sub-fund, investment foundations and single-investor funds under Swiss law whose investors in turn meet the aforementioned requirements are also considered as approved qualified investors. The Double Taxation Agreement is aimed at clarifying the conditions under which the approved qualified investors can ensure full exemption from US withholding tax on dividends in accordance with Art. 10 para. 3 of the DTA USA. The fund management company plans to declare these sub-funds of the investment fund as a transparent investment instrument to the US tax authorities to allow for full withholding tax exemption in accordance with Art. 10 para. 3 of the DTA USA. In addition, the group of approved qualified investors is limited to Swiss pension institutions recognised for tax purposes that meet the requirements of the correspondence of 21 May 21 2010 between the Swiss Federal Council and the Government of Japan on the Double Taxation Agreement between Switzerland and Japan dated 7 September 2012 (DTA Japan); furthermore, to collective investment schemes and investment foundations under Swiss law whose investors in turn meet the aforementioned requirements. The correspondence

mentioned above regarding the DTA Japan is aimed at clarifying the conditions under which the acknowledged Swiss pension institutions can ensure full exemption from Japanese withholding tax on dividends in accordance with Art. 10 para. 3 (b) of the DTA Japan. The fund management company plans to declare these sub-funds of the investment fund as transparent investment instruments to the Japanese tax authorities to allow for full withholding tax exemption in accordance with Art. 10 para. 3 (b) of the DTA Japan. In addition, the circle of approved qualified investors is limited to investors that are the beneficial owners of the income and are fiscally acknowledged Swiss pension schemes which fulfil the conditions set out at subparagraph 4d) of Article 10 and subparagraph 3d) of Article 11 of the Convention between Australia and the Swiss Confederation for the Avoidance of Double Taxation with respect to Taxes and Income, with Protocol [2014] ATS 33 (Swiss Convention) (DTA Australia). Collective investments schemes and investment foundations under Swiss law where all of the interests are held, and beneficially owned, by fiscally acknowledged Swiss pension schemes which fulfil the above conditions are also included as approved qualified investors. The fund management company has confirmed via private ruling with the Australian Taxation Office that the sub-funds of the investment fund are transparent investment funds to allow for full withholding tax exemption in accordance with subparagraph 4d) of Article 10 of the DTA Australia.

The fund management company and custodian bank shall together ensure that investors meet the investor group requirements.

**E. - Equities Canada Passive II**

1. The group of approved qualified investors is limited to fiscally acknowledged Swiss pension institutions which fulfil the requirements of the 1997 agreement between Switzerland and Canada on the avoidance of double taxation with respect to income and capital, as amended in 2010 (DTA Canada); collective investments schemes and investment foundations under Swiss law whose investors fulfil the before mentioned requirements are also included.  
Art. 10 para. 3 DTA Canada is aimed at clarifying the conditions under which the acknowledged Swiss pension institutions can ensure full exemption from Canadian withholding tax on dividends.  
The fund management company and custodian bank shall together ensure that investors meet the investor group requirements.
2. Upon execution of the contract and remittance of a cash payment, the investors acquire a claim against the fund management company for an interest in the assets and income of the sub-fund in the umbrella fund. Instead of remitting a cash payment, the investor may request and make, subject to the agreement of the fund management company, a contribution in kind in accordance with § 17 prov. 7. This claim is evidenced in the form of units.
3. Investors are only entitled to an interest in the assets and income of the sub-fund in which they hold units. Any liabilities attributable to individual sub-funds shall be borne solely by the individual sub-fund concerned.
4. Investors are only obliged to remit payment for the units of the sub-fund to which they subscribe. They shall not be held personally liable in respect of the liabilities of the umbrella fund and/or sub-fund.
5. Investors may at any time request that the fund management company supply them with information regarding the basis on which the net asset value per unit is calculated. The fund management company shall also supply further information regarding specific transactions it has carried out, such as the exercise of membership and creditors'

rights, risk management, or contributions and redemptions in kind, to any investor claiming an interest in such matters at any time. Investors shall be entitled to submit an application to the court having jurisdiction in the domicile of the fund management company for the external auditors, or another entity with appropriate expertise, to investigate and report on any facts or circumstances for which disclosure is required.

6. Investors shall be entitled to terminate the fund contract at any time and request payment in respect of units held in the corresponding sub-fund in cash. Instead of payment in cash, the investor may request and make, subject to the agreement of the fund management company, a contribution in kind in accordance with § 17 prov. 7.
7. Upon request, investors shall be obliged to provide the fund management company and/or the custodian bank and its agents with documentary proof that they meet/continue to meet the legal and contractual requirements necessary to be able to participate in the sub-fund or unit class. In addition, they are obliged to immediately notify the fund management company, the custodian bank and its agents if they no longer meet these requirements.

For the sub-funds of this umbrella fund, the reporting procedure pursuant to Swiss Federal Tax Administration (FTA) circular no. 24 shall be applied instead of the payment of the withholding tax. Investors in these sub-funds are therefore obliged to disclose their participation in the respective sub-fund to the custodian bank as well as to the fund management company and its agents. This applies regardless of whether the units are held directly by the custodian bank or via a third-party bank. In the event of holding via a third-party bank, the investor undertakes to hold its units separately and in the investor's name at the custodian bank of the fund. For the needs of the reporting procedure, the investor fully and irrevocably releases its bank, the fund management company and the custodian bank from the duty of confidentiality. To this end, the investors agree in particular to full disclosure of their participation in the respective sub-fund and disclosure of their names to the Swiss Federal Tax Administration (FTA).

In particular, the fund management company and the custodian bank may require the submission of certain documents. They are therefore entitled to share information about investors and to disclose the investors or the required information about the investors to the competent Swiss and/or foreign tax authorities, foreign sub-custodians or other bodies and persons involved in order to verify restricted investor eligibility or to comply with the regulations governing the tax treatment of the respective sub-funds. Further information can be found in the appendix.

Investors are liable to the relevant sub-fund for all losses incurred as a result of incomplete or incorrect information provided with regard to the fulfilment of the legal and contractual requirements, e.g. for tax exemption or special tax treatment of the relevant sub-fund.

8. The sub-fund or a unit class may be subject to a "soft closing", under which investors may not subscribe to units if, in the opinion of the fund management company, the closing is necessary to protect the interests of existing investors. In reference to a sub-fund or unit class, the soft closing shall apply to new subscriptions or switches into the investment fund or unit class, but not to redemptions, transfers or switches out of the investment fund or unit class. A sub-fund or unit class may be subject to a soft closing with no notification sent to investors
9. An investor's units must be compulsorily redeemed at the prevailing redemption price by the fund management company in collaboration with the custodian bank if:
  - a) this is required to safeguard the reputation of the financial centre, notably in relation to combating money laundering;
  - b) investors no longer meet the legal or contractual requirements for participation in a sub-fund.



10. In addition, an investor's units may be compulsorily redeemed at the prevailing redemption price by the fund management company in collaboration with the custodian bank if:
  - a) the investor's participation in a sub-fund may materially affect the economic interests of the other investors, particularly if this participation may result in tax disadvantages for the umbrella fund or a sub-fund in Switzerland or abroad;
  - b) investors have acquired or hold units in breach of the provisions of domestic or foreign legislation or provisions of this fund contract or appendix applicable to them;
  - c) the economic interests of investors are jeopardised, particularly in cases in which individual investors attempt to acquire benefits for their portfolio by systematically subscribing and immediately thereafter redeeming units, exploiting time differences between the setting of closing prices and the valuation of the sub-funds' assets (market timing).
11. In light of local laws or regulatory provisions, listing and contractual conditions, self-regulation provisions, market practices and compliance standards, for example in the sub-funds' investment markets/countries, the fund management company and/or custodian bank may be obligated to disclose information and personal data about fund investors and third persons associated with these fund investors (e.g. beneficial owners), both among themselves and to third parties, for example to authorities in Switzerland or abroad, third-party custodians and central securities depositories, brokers, stock exchanges, registers, agents of the fund management company and/or custodian bank, and other third parties.

**By subscribing and holding units, the investor releases the fund management company and the custodian bank in full from the obligation to observe the applicable Swiss and international non-disclosure provisions (e.g. business secrecy, bank-client and fund-client confidentiality).** Neither the investor nor any affected third parties will be notified of such disclosure, either in advance or retroactively. Furthermore, the investor shall support the fund management company and/or custodian bank in fulfilling these requirements.

If the investor is not simultaneously the beneficiary or beneficial owner, the investor shall be obligated to notify the beneficiary or beneficial owner in a timely manner about being released from the non-disclosure obligations specified above and to obtain their prior consent for such release, insofar as this is required on the basis of applicable legal or regulatory provisions or the contractual relationship agreed between both parties.

**By subscribing and holding units, the investor agrees to notify the fund management company and/or the custodian bank if they or one of the third parties for whom they hold units in the capacity of financial intermediary holds and/or controls 5% or more of the net asset value of a sub-fund.** This does not imply that a disclosure will be issued only or in all cases when this threshold is exceeded.

Detailed information on how the fund management company and the custodian bank process personal data in connection with this fund contract can be found at the link

provided under prov. 6.2 of the appendix.

## § 6 Units and unit classes

1. The fund management company may, subject to the approval of the custodian bank and the supervisory authority, create different unit classes, or merge or liquidate unit classes, for any sub-fund. All unit classes shall be entitled to a share in the undivided assets of the relevant sub-fund, which are not segregated. This share may vary due to class-specific costs charged or distributions made or on account of class-specific income, and the net asset value per unit may therefore vary from class to class within a sub-fund. Any class-specific costs charged shall be met by the aggregate assets of the sub-fund.
2. The creation, liquidation or merger of unit classes shall be announced in the official publication. Only mergers of unit classes shall be deemed to constitute an amendment to the fund contract pursuant to § 27.
3. The various unit classes of the sub-funds may, in particular, differ in terms of cost structure, reference currency, currency hedging, distribution or reinvestment of income, minimum investments and investor group.  
Remuneration and costs shall only be charged to the specific unit class benefiting from a specific service. Remuneration and costs that cannot be unequivocally attributed to a particular unit class are charged to the individual unit classes in proportion to their share of the sub-fund's assets.
4. There are currently the following unit classes for the sub-funds listed below:

Sub-fund	Unit class	Currency of unit class (reference currency)
<b>- Equities Global Passive</b>	I-A-acc	CHF
	I-A2-acc	CHF
	I-B-acc	CHF
	I-X-acc	CHF
	I-W-acc	CHF
	U-X-acc	CHF
	(CHF hedged) I-A-acc	CHF
	(CHF hedged) I-B-acc	CHF
	(CHF hedged) I-X-acc	CHF
	(CHF hedged) I-W-acc	CHF
	(CHF hedged) U-X-acc	CHF
<b>- Equities Global Passive II</b>	I-A-acc	CHF
	I-B-acc	CHF
	I-X-acc	CHF
	U-X-acc	CHF
	I-W-acc	CHF
	(CHF hedged) I-A-acc	CHF
	(CHF hedged) I-B-acc	CHF
	(CHF hedged) I-X-acc	CHF
	(CHF hedged) I-W-acc	CHF
	(CHF hedged) U-X-acc	CHF
	<b>- Equities Global (ex Switzerland) Opportunity</b>	I-A-acc
I-A2-acc		CHF
I-A3-acc		CHF
I-B-acc		CHF
I-X-acc		CHF
I-W-acc		CHF
U-X-acc		CHF
(CHF hedged) I-A-acc		CHF
(CHF hedged) I-A2-acc		CHF
(CHF hedged) I-A3-acc		CHF

Sub-fund	Unit class	Currency of unit class (reference currency)
	(CHF hedged) I-B-acc	CHF
	(CHF hedged) I-X-acc	CHF
	(CHF hedged) I-W-acc	CHF
	(CHF hedged) U-X-acc	CHF
<b>- Equities Global Climate Aware II</b>	I-A-acc	CHF
	I-B-acc	CHF
	I-X-acc	CHF
	U-X-acc	CHF
	I-W-acc	CHF
	(CHF hedged) I-A-acc	CHF
	(CHF hedged) I-B-acc	CHF
	(CHF hedged) I-X-acc	CHF
	(CHF hedged) U-X-acc	CHF
	(CHF hedged) I-W-acc	CHF
<b>- Equities Global (ex Switzerland) Sustainable</b>	I-A-acc	CHF
	I-A2-acc	CHF
	I-A3-acc	CHF
	I-B-acc	CHF
	I-X-acc	CHF
	I-W-acc	CHF
	U-X-acc	CHF
	(CHF hedged) I-A-acc	CHF
	(CHF hedged) I-A2-acc	CHF
	(CHF hedged) I-A3-acc	CHF
	(CHF hedged) I-B-acc	CHF
	(CHF hedged) I-X-acc	CHF
	(CHF hedged) I-W-acc	CHF
	(CHF hedged) U-X-acc	CHF
<b>- Equities Global ESG Leaders Passive II</b>	I-A-acc	CHF
	I-B-acc	CHF
	I-X-acc	CHF
	I-W-acc	CHF
	U-X-acc	CHF
	(CHF hedged) I-A-acc	CHF
	(CHF hedged) I-B-acc	CHF
	(CHF hedged) I-X-acc	CHF
	(CHF hedged) I-W-acc	CHF
	(CHF hedged) U-X-acc	CHF
<b>- Equities Global Screened Passive II</b>	I-A-acc	CHF
	I-B-acc	CHF
	I-X-acc	CHF
	I-W-acc	CHF
	U-X-acc	CHF
	(CHF hedged) I-A-acc	CHF
	(CHF hedged) I-B-acc	CHF
	(CHF hedged) I-X-acc	CHF
	(CHF hedged) I-W-acc	CHF
	(CHF hedged) U-X-acc	CHF
<b>- Equities Japan Passive II</b>	I-A-acc	CHF
	I-B-acc	CHF
	I-X-acc	CHF

Sub-fund	Unit class	Currency of unit class (reference currency)
	I-W-acc	CHF
	U-X-acc	CHF
	(CHF hedged) I-A-acc	CHF
	(CHF hedged) I-B-acc	CHF
	(CHF hedged) I-X-acc	CHF
	(CHF hedged) I-W-acc	CHF
	(CHF hedged) U-X-acc	CHF
<b>- Equities USA Passive</b>	I-A-acc	CHF
	I-B-acc	CHF
	I-X-acc	CHF
	I-W-acc	CHF
	U-X-acc	CHF
	(CHF hedged) I-A-acc	CHF
	(CHF hedged) I-B-acc	CHF
	(CHF hedged) I-X-acc	CHF
	(CHF hedged) I-W-acc	CHF
	(CHF hedged) U-X-acc	CHF
<b>- Equities USA Passive II</b>	I-A-acc	CHF
	I-B-acc	CHF
	I-X-acc	CHF
	I-W-acc	CHF
	U-X-acc	CHF
	(CHF hedged) I-A-acc	CHF
	(CHF hedged) I-B-acc	CHF
	(CHF hedged) I-X-acc	CHF
	(CHF hedged) I-W-acc	CHF
	(CHF hedged) U-X-acc	CHF
<b>- Equities Global Small Cap Climate Aware II</b>	I-A-acc	CHF
	I-B-acc	CHF
	I-X-acc	CHF
	I-W-acc	CHF
	U-X-acc	CHF
	(CHF hedged) I-A-acc	CHF
	(CHF hedged) I-B-acc	CHF
	(CHF hedged) I-X-acc	CHF
	(CHF hedged) I-W-acc	CHF
	(CHF hedged) U-X-acc	CHF
<b>- Equities Global Small Cap Passive II</b>	I-A-acc	CHF
	I-B-acc	CHF
	I-X-acc	CHF
	I-W-acc	CHF
	U-X-acc	CHF
	(CHF hedged) I-A-acc	CHF
	(CHF hedged) I-B-acc	CHF
	(CHF hedged) I-X-acc	CHF
	(CHF hedged) I-W-acc	CHF
	(CHF hedged) U-X-acc	CHF
<b>- Global Real Estate Securities Passive (CHF hedged) II</b>	I-A-acc	CHF
	I-B-acc	CHF
	I-X-acc	CHF

Sub-fund	Unit class	Currency of unit class (reference currency)
	I-W-acc	CHF
	U-X-acc	CHF
<b>- Equities Canada Passive II</b>	I-A-acc	CHF
	I-B-acc	CHF
	I-X-acc	CHF
	I-W-acc	CHF
	U-X-acc	CHF
	(CHF hedged) I-A-acc	CHF
	(CHF hedged) I-B-acc	CHF
	(CHF hedged) I-X-acc	CHF
	(CHF hedged) I-W-acc	CHF
	(CHF hedged) U-X-acc	CHF

All unit classes are offered exclusively to qualified investors pursuant to Art. 10 CISA who have signed a written agreement with UBS Asset Management Switzerland AG or one of its authorised contractual partners for the purposes of investing in one or more of the sub-funds of this investment fund.

All unit classes are issued only in the form of registered shares.

The differences between the unit classes are as follows:

- a) "I-A-acc": The costs incurred for asset management, the distribution activity with regard to the sub-funds and fund administration (including the fund management company, administrator and custodian bank) are charged to the sub-fund's assets via an administration commission. No retrocessions or rebates are provided.  
There is no minimum investment requirement for this unit class.
- b) "I-A2-acc": The costs incurred for asset management, the distribution activity with regard to the sub-funds and fund administration (including the fund management company, administrator and custodian bank) are charged to the sub-fund's assets via an administration commission. No retrocessions or rebates are provided.  
There is a minimum investment requirement, which is noted in the appendix.
- c) "I-A3-acc": The costs incurred for asset management, the distribution activity with regard to the sub-funds and fund administration (including the fund management company, administrator and custodian bank) are charged to the sub-fund's assets via an administration commission. No retrocessions or rebates are provided.  
There is a minimum investment requirement, which is noted in the appendix.
- d) "I-B-acc": The costs incurred for fund administration (including the fund management company, administrator and custodian bank) are charged to the sub-fund's assets via an administration commission. The costs incurred for asset management and distribution activity are charged to the investor under the written agreement mentioned above. This written agreement concluded with the investor covers the costs to be borne by the investor for the services for asset management and distribution activity, but not those for fund administration. The fee schedule set out in this agreement may vary depending on the investor (see point 6.4 of the appendix).  
There is no minimum investment requirement.
- e) "I-X-acc": The costs for asset management, the distribution activity with regard to the sub-fund and fund administration (consisting of the fund management company, administrator and custodian bank) are charged to the investor under the written agreement mentioned above. This remuneration covers the costs to be borne by the investor for the services of asset management, distribution activity and fund administration. The fee schedule set out in this agreement may vary depending on

the investor (see point 6.4 of the appendix). There is no minimum investment requirement.

- f) "I-W-acc": Class "I-W-acc" units are exclusively offered to qualified investors pursuant to Art. 10 para. 3-3ter CISA. The costs incurred for asset management, distribution activities for the sub-funds and fund administration (including fund management, administration and custodian bank) are charged directly to the sub-fund's assets via the management commission. There is no minimum subscription or minimum holding.
- g) "U-X-acc": The costs for asset management, the distribution activity with regard to the sub-fund and fund administration (consisting of the fund management company, administrator and custodian bank) are charged to the investor under the written agreement mentioned above. This remuneration covers the costs to be borne by the investor for the services of asset management, distribution activity and fund administration. The fee schedule set out in this agreement may vary depending on the investor (see point 6.4 of the appendix). There is no minimum investment requirement.

The unit class also differs from all other unit classes through the higher initial subscription price, and it is available only to other collective investment schemes (regardless of their legal form) for the purpose of simplifying administration.

In addition, the following requirement applies to the sub-funds listed below:

- Equities Global Passive
- Equities Global Passive II
- Equities Global Climate Aware II
- Equities Global ESG Leaders Passive II
- Equities Global Screened Passive II
- Equities Japan Passive II
- Equities USA Passive
- Equities USA Passive II
- Equities Global Small Cap Climate Aware II
- Equities Global Small Cap Passive II
- Equities Canada Passive II

"(CHF hedged)": For the unit classes above which include "hedged" in their name, the risk exposure in terms of investment currencies is hedged against CHF to the greatest possible extent according to the reference benchmark rules. This can result in over- or under-hedging of currencies according to the reference benchmark rules between the hedge adjustment dates.

In addition, the following requirement applies to the sub-funds listed below:

- Equities Global (ex Switzerland) Sustainable
- Equities Global (ex Switzerland) Opportunity

"(CHF hedged)": For the unit classes above which include "hedged" in their name, the risk exposure in terms of investment currencies is hedged against CHF to the greatest possible extent where economically worthwhile.

5. Units shall not take the form of actual certificates but shall exist exclusively as book entries and shall be held exclusively in a custody account with the custodian bank. The investor is not entitled to request the issue of a registered or bearer unit certificate.
6. The fund management company and the custodian bank are obliged to ask investors who no longer meet the requirements for investing in a unit class to redeem their units within 30 calendar days pursuant to §17, to transfer them to a person who does meet the stated requirements or to convert the units into another class of the respective sub-

fund for which they do meet requirements. If investors fail to comply with this request, the fund management company, in collaboration with the custodian bank, must proceed with a forced conversion into another unit class within the respective sub-fund or, where this is not possible, forced redemption of the units in question in accordance with § 5 prov. 8.

### **III. Investment policy guidelines**

#### **A Investment principles**

##### **§ 7 Compliance with investment guidelines**

1. In selecting the individual investments of the various sub-funds, the fund management company shall adhere to the principle of balanced risk diversification and observe the percentage limits defined below. These relate to the fund assets of the individual sub-funds at market values and must be observed at all times. The individual sub-funds must comply with the investment restrictions six months following the expiry of the subscription period (inception).
2. If the limits are exceeded due to changes in the market, the investments must be restored to the permitted level within a reasonable period of time, in due consideration of investors' interests. If the limits relating to derivatives pursuant to § 12 below are exceeded as a result of a change in the delta, this is to be rectified within three bank business days at the latest, in due consideration of investors' interests.

##### **§ 8 Investment policy**

1. Within the scope of each sub-fund's investment policy as specified in prov. 2, the fund management company may invest the individual sub-funds' assets in the following.
  - a) Securities, i.e. securities issued on a large scale and in uncertificated rights with a similar function (uncertified stock) that are listed on a stock exchange or traded on another regulated market open to the public and that embody an equity or a debt security right or the right to acquire such securities and uncertified stock via subscription or exchange, such as warrants;  
Investments in securities from new issues shall be permitted only if they are intended for admission to a stock exchange or another regulated market open to the public under the terms of issue. If such investments have not been admitted to a stock exchange or another regulated market open to the public within one year of purchase, the securities shall be sold within one month or included under the restrictions set out in prov. 1 i).
  - b) Derivatives, if (i) they are based on underlying financial instruments in the form of securities as specified in a), derivatives as specified in b), units in collective investments as specified in c), d) and e), money market instruments as specified in g), or financial indices, interest rates, exchange rates, loans or currencies, and (ii) the underlying securities are permitted investments under the fund contract. Derivatives shall be traded either on a stock exchange or another regulated market open to the public, or OTC.  
OTC transactions shall be permitted only if (i) the counterparty is a financial intermediary specialising in this type of transaction and subject to supervision, and (ii) the OTC derivatives are tradable daily or may be submitted to the issuers for redemption at any time. In addition, they must be capable of reliable and transparent valuation. The use of derivatives shall be subject to the provisions of § 12.
  - c) Units of other collective investments (target funds) if (i) their documentation restricts investments in other target funds to a maximum of 10%; (ii) the same provisions

apply for these target funds as for securities funds with regard to purpose, organisation, investment policy, investor protection, risk diversification, separate custody of fund assets, borrowing, lending, short selling of securities and money market instruments, issue and redemption of units and content of semi-annual and annual reports and (iii) these target funds have been approved as collective investments in the country of domicile, investors enjoy equivalent regulatory protection in that country to that in Switzerland and international official assistance is granted.

- d) Units of other collective investments (with the same level of supervision) that are of, or correspond to, the category "Other funds for traditional investments".
- e) Units of other collective investments (with the same level of supervision) that are of, or correspond to, the category "Real estate funds".
- f) Structured products, if (i) they are based on underlying financial instruments in the form of securities as specified in a), derivatives as specified in b), structured products as specified in f), units in collective investments as specified in d), money market instruments as specified in g), or financial indices, interest rates, exchange rates, loans or currencies, and (ii) the underlying securities are permitted investments under the fund contract. Structured products shall be traded either on a stock exchange or another regulated market open to the public, or OTC. OTC transactions shall be permitted only if (i) the counterparty is a financial intermediary specialising in this type of transaction and subject to supervision, and (ii) the OTC products are tradable daily or may be submitted to the issuers for redemption at any time. In addition, they must be capable of reliable and transparent valuation.
- g) Money market instruments that are fungible and marketable and that are listed on a stock exchange or traded on another regulated market open to the public; money market instruments that are not traded on a stock exchange or other regulated market open to the public may only be acquired provided that the issue or issuer is subject to the provisions governing creditor and investor protection and the money market instruments are issued or guaranteed by issuers pursuant to Art. 74 para. 2 of the Swiss Collective Investment Schemes Ordinance (CISO).
- h) Sight or time deposits with a maturity not exceeding twelve months with banks domiciled in Switzerland or in a member state of the European Union or in another country, provided that the bank in such country is subject to supervision equivalent to that in Switzerland.
- i) Investments other than the investments specified in a) to h) above not exceeding 10% of the individual sub-fund's assets in aggregate. The following are not permitted: (i) direct investments in precious metals, precious metal certificates, commodities and commodities

#### **A. UBS (CH) Institutional Fund 2 - Equities Global Passive**

- 2. The primary investment objective of this sub-fund is to passively replicate the reference benchmark listed in point 6.1 of the appendix that is representative for the global equity market and to generate performance that is consistent with the performance of this benchmark. The sub-fund does not qualify as sustainable and is not managed sustainably. No sustainability risks are taken into consideration in the index selection. Therefore, due to the nature of the investment objective of the sub-fund, sustainability risks are not integrated systematically, and the portfolio manager aims to replicate the benchmark in compliance with the limits set out in the investment policy of the respective sub-fund.
- 3. a) After deducting liquid assets, the fund management company shall invest at least 80% of the sub-fund's assets in:



- aa) equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) issued by companies worldwide;
- ab) units in other collective investments within the meaning of prov. 1 c) and d) that according to their documentation invest their assets in accordance with the guidelines of this sub-fund or parts thereof;
- ac) derivatives (including warrants) on the investments mentioned above;
- ad) structured products denominated in a freely convertible currency such as certificates from issuers worldwide on the above investments.

For investments in other collective investments pursuant to ab) above and in structured products pursuant to ad) above, the fund management company ensures that on a consolidated basis at least two thirds of the sub-fund's assets are invested in equity-based investments (no convertible bonds or warrant issues).

- b) The fund management company may also invest up to 20% of the sub-fund's assets, after deducting liquid assets, in:
    - bonds, convertible bonds, convertible notes, warrant issues and notes denominated in freely convertible currencies as well as other fixed-income or floating-rate debt paper and rights issued by private borrowers and borrowers under public law (domestic and foreign issuers);
    - money market instruments issued by domestic and foreign borrowers in freely convertible currencies;
    - derivatives (including warrants) on the investments mentioned above;
    - units in other collective investments within the meaning of prov. 1 c) and d) that do not meet the requirements as stated in prov. 3 ab);
    - bank deposits.
  - c) In addition, the fund management company must comply with the investment restrictions below, which relate to the sub-fund's assets following the deduction of liquid assets:
    - no more than 100% in other collective investments.
4. The fund management company ensures liquidity is managed appropriately. Detailed information is provided in the appendix.

**B. UBS (CH) Institutional Fund 2 - Equities Global Passive II**

- 2. The primary investment objective of this sub-fund is to passively replicate the reference benchmark listed in point 6.1 of the appendix that is representative for the global equity market and to generate performance consistent with the performance of this benchmark. The sub-fund does not qualify as sustainable and is not managed sustainably. No sustainability risks are taken into consideration in the index selection. Therefore, due to the nature of the investment objective of the sub-fund, sustainability risks are not integrated systematically, and the portfolio manager aims to replicate the benchmark in compliance with the limits set out in the investment policy of the respective sub-fund.
- 3. a) After deducting liquid assets, the fund management company shall invest at least 80% of the sub-fund's assets in:
  - aa) equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) issued by companies worldwide;
  - ab) units in other collective investments within the meaning of prov. 1 c) and d) that according to their documentation invest their assets in accordance with the guidelines of this sub-fund or parts thereof;
  - ac) derivatives (including warrants) on the investments mentioned above;

- ad) structured products denominated in a freely convertible currency such as certificates from issuers worldwide on the above investments.  
For investments in other collective investments pursuant to ab) above and in structured products pursuant to ad) above, the fund management company ensures that on a consolidated basis at least two thirds of the sub-fund's assets are invested in equity-based investments (no convertible bonds or warrant issues).
- b) The fund management company may invest up to 20% of the sub-fund's assets, after deducting liquid assets, in:
- bonds, convertible bonds, convertible notes, warrant issues and notes denominated in freely convertible currencies as well as other fixed-income or floating-rate debt paper and rights issued by private borrowers and borrowers under public law (domestic and foreign issuers);
  - money market instruments issued by domestic and foreign borrowers in freely convertible currencies;
  - derivatives (including warrants) on the investments mentioned above;
  - units in other collective investments within the meaning of prov. 1 c) and d) that do not meet the requirements as stated in prov. 3 ab);
  - bank deposits.
- c) In addition, the fund management company must comply with the investment restrictions below, which relate to the sub-fund's assets following the deduction of liquid assets:
- no more than 100% in other collective investments;
  - securities lending: the sub-fund may not engage in securities lending.
4. The fund management company ensures liquidity is managed appropriately. Detailed information is provided in the appendix.

### C. UBS (CH) Institutional Fund 2 - Equities Global (ex Switzerland) Opportunity

2. The primary investment objective of this sub-fund is to achieve a better risk-adjusted return over a full market cycle than the reference benchmark listed in point 6.1 of the appendix that is representative for global equity investments (with the exception of Switzerland), taking into account the risks of investments in globally active companies (with the exception of Switzerland). The sub-fund does not qualify as sustainable and is not managed sustainably. UBS Asset Management classifies this sub-fund as an ESG Integration Fund (more information can be found in point 2 of the appendix). The ESG integration approach is applied (**ESG integration**). However, there is no specific sustainability or impact goal. The asset manager can, taking account of all risks and opportunities and with corresponding justification and documentation, invest in securities that have an increased ESG risk.  
In addition, as far as possible, UBS Asset Management engages with companies to address identified ESG risks and opportunities in a targeted manner through direct dialogue (**stewardship approach**).
- 3.
- a) After deducting liquid assets, the fund management company shall invest at least 70% of the sub-fund's assets in:
    - aa) equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) issued by companies worldwide, with the exception of Switzerland;
    - ab) units in collective investments within the meaning of prov. 1 c) and d) that according to their documentation invest their assets in accordance with the guidelines of this sub-fund or parts thereof;
    - ac) derivatives (including warrants) on the investments mentioned above;

- ad) structured products denominated in freely convertible currencies such as certificates from issuers worldwide on the above investments.  
For investments in collective investments pursuant to ab) above and in structured products pursuant to ad) above, the fund management company ensures that on a consolidated basis at least two thirds of the sub-fund's assets are invested in the investments pursuant to aa) above.
- b) The fund management company may invest up to 30% of the sub-fund's assets, after deducting liquid assets, in:
- equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) issued by companies that do not meet the requirements set out in prov. 3 aa);
  - bonds, convertible bonds, convertible notes, warrant issues and notes denominated in freely convertible currencies as well as other fixed-income or floating-rate debt paper and rights issued by private borrowers and borrowers under public law (domestic and foreign issuers) which have a minimum rating of BBB or equivalent (investment grade);
  - money market instruments issued by domestic and foreign borrowers in freely convertible currencies;
  - derivatives (including warrants) on the investments mentioned above;
  - units in collective investments within the meaning of prov. 1 c) and d) that do not meet the requirements as stated in prov. 3 ab);
  - bank deposits.
- c) In addition, the fund management company must comply with the investment restrictions below, which relate to the sub-fund's assets following the deduction of liquid assets:
- no more than 20% in collective investments.
4. The fund management company ensures liquidity is managed appropriately. Detailed information is provided in the appendix.

#### **D. UBS (CH) Institutional Fund 2 - Equities Global Climate Aware II**

2. UBS Asset Management classifies this sub-fund as a rules-based Climate Aware strategy fund with a net zero orientation. This sub-fund advertises climatic and generally sustainable characteristics.

The primary investment objective of this sub-fund is to generate long-term performance that is consistent with the development of the prevailing market indices for global equity investments (not including Switzerland). The fund pursues a **rules-based investment approach** that takes into account both quantitative and qualitative criteria. The aim of the rule-based approach is to allow for investment risks related to climate change, such as CO<sub>2</sub> emissions.

Companies are evaluated in terms of their current and expected future implications on climate change. Based on these implications, more intense investments are being made (overweight) in companies that are better geared towards the transition to a carbon-neutral global economy (for example, companies in the renewable energy sector). Companies that are less committed to this transition or have not committed at all (for example, through production of energy from coal) are underweighted in this benchmark index.

The sub-fund applies the following sustainability approaches:

Both **exclusion criteria (negative screening)** as well as quantitative and qualitative assessments in the environmental, social and governance – ESG – context are used for the rules-based definition of overweighting or underweighting (**ESG-tilting**). The sub-

fund aims to invest in as complete a number of components of the reference benchmark as possible, taking into account the investment parameters. Furthermore, the sub-fund reduces the environmental footprint over time by reducing the greenhouse gas emissions of the portfolio or the issuers contained therein over time or completely **(climate focus)**.

In addition, as far as possible, companies are engaging to address identified **ESG risks** and opportunities in a targeted manner through direct dialogue. This explicitly includes a climate-specific commitment to address and improve companies' climate profile in direct dialogue **(stewardship approach)**. This is not an indication that there has been any engagement on specific UBS Asset Management reservations or ESG issues (including climate) in relation to companies in this portfolio in any specific period or that the companies in this portfolio have been selected with the intention of engaging actively. Further information can be found in the appendix (point 2).

At the time of the portfolio rebalancing after index adjustments, the sub-fund invests 80% of its assets (excluding liquid assets and derivatives) in investments that meet the requirements of the sustainability policy.

Further information can be found in the appendix (point 2).

3. a) After deducting liquid assets, the fund management company shall invest at least 80% of the sub-fund's assets in:
  - aa) equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) issued by companies worldwide (with the exception of Switzerland);
  - ab) units of other collective investments as specified under prov. 1 c) and d) that according to their documentation invest their assets in accordance with the guidelines of this sub-fund or parts thereof;
  - ac) derivatives (including warrants) on the investments mentioned above;
  - ad) structured products denominated in freely convertible currencies such as certificates from issuers worldwide on the above investments.
- b) The fund management company may also invest up to 20% of the sub-fund's assets, after deducting liquid assets, in:
  - ba) bonds, convertible bonds, convertible notes, warrant issues and notes denominated in freely convertible currencies as well as other fixed-income or floating-rate debt paper and rights issued by private, public-private or public borrowers (domestic and foreign issuers);
  - bb) money market instruments issued by domestic and foreign borrowers in freely convertible currencies;
  - bc) derivatives (including warrants) on the investments mentioned above;
  - bd) units in other collective investments in accordance with prov. 1 c) and d) that do not meet the requirements as stated in prov. 3 ab);
  - be) bank deposits.
- c) In addition, the fund management company must comply with the investment restrictions below, which relate to the sub-fund's assets following the deduction of liquid assets:
  - no more than 25% in bonds, convertible bonds, convertible notes, warrant issues and notes denominated in freely convertible currencies as well as other fixed-income or floating-rate debt paper and rights issued by private, public-private or public borrowers (domestic and foreign issuers);
  - no more than 49% in other collective investments;
  - securities lending: the sub-fund may not engage in securities lending;

- repo transactions: the sub-fund may not engage in any repo transactions.
4. The fund management company ensures liquidity is managed appropriately. Detailed information is provided in the appendix.

#### **E. UBS (CH) Institutional Fund 2 - Equities Global (ex Switzerland) Sustainable**

2. UBS Asset Management categorises this sub-fund as a Sustainability Focus fund, which promotes environmental and social characteristics.

The primary investment objective of this sub-fund is to achieve a better risk-adjusted return over a full market cycle than the reference benchmark listed in point 6.1 of the appendix that is representative for global equity investments (with the exception of Switzerland), taking into account the sustainability criteria listed below. Investments are made in companies that take sustainability criteria into account and therefore have a suitable sustainability profile. In the research process, which is explained in point 2 in the appendix, both internal sustainability analyses prepared by UBS Asset Management Switzerland AG and by appropriately recognised ESG research providers (such as MSCI ESG Research and Sustainalytics for general ESG data) are used to assess sustainability. The Blended UBS ESG score (UBS Blended ESG score) assesses sustainability factors such as the performance of these issuers on environmental, social and governance (ESG) issues to identify issuers with a compelling environmental and social profile for the investment universe.

The sub-fund applies the following sustainability approaches:

Both exclusion criteria (**negative screening**) and ESG assessments (**ESG integration**) as well as an ESG-based instrument selection (**Best-in-Class**) are applied. In addition, as far as possible, UBS Asset Management engages with companies to address identified ESG risks and opportunities in a targeted manner through direct dialogue (**stewardship approach**). This is not an indication that there has been any engagement on specific UBS Asset Management reservations or ESG issues in relation to companies in this portfolio in any specific period or that the companies in this portfolio have been selected with the intention of engaging actively. Further information can be found in the appendix (point 2).

At the time of the investment decision, the sub-fund invests at least 70% of its assets (after deducting liquid assets and derivatives) in investments that meet the requirements of the sustainability policy.

Further information can be found in the appendix (point 2).

3. a) After deducting liquid assets, the fund management company shall invest at least 70% of the sub-fund's assets in:
- aa) equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) issued by companies worldwide, with the exception of Switzerland, which take account of sustainability criteria;
  - ab) units in other collective investments within the meaning of prov. 1 c) and d) that according to their documentation invest their assets in accordance with the guidelines of this sub-fund or parts thereof;
  - ac) derivatives (including warrants) on the investments mentioned above;
  - ad) structured products denominated in freely convertible currencies, such as certificates, that are based on the reference benchmark or parts thereof.
- For investments in other collective investments pursuant to ab) above and in structured products pursuant to ad) above, the fund management company ensures that

- on a consolidated basis at least two thirds of the sub-fund's assets are invested in the investments pursuant to aa) above.
- b) The fund management company may also invest up to 30% of the sub-fund's assets, after deducting liquid assets, in:
- equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) issued by companies that do not meet the requirements set out in prov. 3 aa);
  - bonds, convertible bonds, convertible notes, warrant issues and notes denominated in freely convertible currencies as well as other fixed-income or floating-rate debt paper and rights issued by private borrowers and borrowers under public law (domestic and foreign issuers);
  - money market instruments issued by domestic and foreign borrowers in freely convertible currencies;
  - derivatives (including warrants) on the investments mentioned above;
  - units in other collective investments within the meaning of prov. 1 c) and d) that do not meet the requirements as stated in prov. 3 ab);
  - bank deposits.
- c) In addition, the fund management company must comply with the investment restrictions below, which relate to the sub-fund's assets following the deduction of liquid assets:
- no more than 49% in other collective investments.
4. The fund management company ensures liquidity is managed appropriately. Detailed information is provided in the appendix.

#### **F. UBS (CH) Institutional Fund 2 - Equities Global ESG Leaders Passive II**

2. By replicating the benchmark – whose methodology incorporates the sustainable approaches described below (among others) – the sub-fund pursues overall sustainable investment of the assets. UBS Asset Management categorises this sub-fund as a Sustainability Focus fund, which promotes environmental and social characteristics. The primary investment objective of this sub-fund is to passively replicate the reference benchmark listed in point 6.1 of this appendix that is representative for sustainable global equity investments and to generate performance that is consistent with the performance of this benchmark.

The reference benchmark applies the following sustainability approaches:

The reference benchmark is constructed by applying a **Best-in-Class** selection process to companies as defined by the independent index administrator MSCI. The "ESG Leaders" methodology targets sector and region weightings that are consistent with those of the underlying parent index (see point 2 in the appendix) in order to limit systematic risk arising from the ESG (environmental, social and governance) selection process. The aim is to give greater consideration to companies that are more committed to environmental or social aspects than others. In addition, companies with exposure to alcohol, gambling, tobacco, nuclear power or (civil, military, controversial) weapons shall be excluded from the indices in a product-based manner (**negative screening**). In addition, as far as possible, UBS Asset Management engages with companies to address identified **ESG risks** and opportunities in a targeted manner through direct dialogue (**stewardship approach**).

This is not an indication that there has been any engagement on specific UBS Asset Management reservations or ESG issues in relation to companies in this portfolio in any specific period or that the companies in this portfolio have been selected with the

intention of engaging actively. Further information can be found in the appendix (point 2).

At the time of the index adjustments, the sub-fund invests 90% of its assets (excluding liquid assets and derivatives) in investments that meet the requirements of the sustainability policy.

Further information can be found in the appendix (point 2).

4. a) After deducting liquid assets, the fund management company shall invest at least 80% of the sub-fund's assets in:
    - aa) equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) of companies worldwide included in the benchmark as well as those not included in the benchmark but for which there is a strong likelihood of them being included in the benchmark when it is next adjusted based on their earnings performance;
    - ab) units in other collective investments as specified under prov. 1 c) and d) that according to their documentation invest their assets in accordance with the guidelines of this sub-fund or parts thereof;
    - ac) derivatives (including warrants) on the investments mentioned above;
    - ad) structured products denominated in freely convertible currencies such as certificates from issuers worldwide on the above investments.For investments in collective investments pursuant to ab) above and in structured products pursuant to ad) above, the fund management company ensures that on a consolidated basis at least two-thirds of the sub-fund are invested in the investments noted under aa) above.
  - b) After deducting liquid assets, the fund management company may also invest up to 20% of the sub-fund's assets in:
    - equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) issued by companies that do not meet the requirements set out in prov. 3 aa);
    - bonds, convertible bonds, convertible notes, warrant issues and notes denominated in freely convertible currencies as well as other fixed-income or floating-rate debt paper and rights issued by private borrowers or borrowers under public law (domestic and foreign issuers), which have a minimum rating of BBB or equivalent (investment grade);
    - money market instruments issued by domestic and foreign borrowers in freely convertible currencies;
    - derivatives (including warrants) on the investments mentioned above;
    - units in other collective investments as specified in prov. 1 c) and d) that do not meet the requirements as stated in prov. 3 ab);
    - bank deposits.
  - c) In addition, the fund management company must comply with the investment restrictions below, which relate to the sub-fund's assets following the deduction of liquid assets:
    - no more than 49% in other collective investments.
    - securities lending: the sub-fund may not engage in securities lending.
4. The fund management company ensures liquidity is managed appropriately. Detailed information is provided in the appendix.

## G. UBS (CH) Institutional Fund 2 - Equities Global Screened Passive II

2. The primary investment objective of this sub-fund is to passively replicate the reference benchmark listed in point 6.1 of the appendix that is representative for sustainable global equity investments and to generate performance that is consistent with the performance of this benchmark. Investments in companies that are less committed to environmental or social aspects than others should be avoided. The sub-fund does not qualify as sustainable and is not managed sustainably.

The benchmark does not include any companies associated with controversial weapons, nuclear weapons, tobacco, thermal coal, oil sands or civil firearms, or which violate the principles of the United Nations Global Compact (**negative screening**). Only this ESG approach is applied, but it does not have a specific sustainability or impact objective.

In addition, as far as possible, UBS Asset Management engages with companies to address identified ESG risks and opportunities in a targeted manner through direct dialogue (**stewardship approach**).

Further information can be found in the appendix.

3. a) After deducting liquid assets, the fund management company shall invest at least 80% of the sub-fund's assets in:

- aa) equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) of companies worldwide included in the benchmark as well as those not included in the benchmark but for which there is a strong likelihood of them being included in the benchmark when it is next adjusted based on their earnings performance;
- ab) units in other collective investments as specified under prov. 1 c) and d) that according to their documentation invest their assets in accordance with the guidelines of this sub-fund or parts thereof;
- ac) derivatives (including warrants) on the investments mentioned above;
- ad) structured products denominated in freely convertible currencies such as certificates from issuers worldwide on the above investments.

For investments in collective investments pursuant to ab) above and in structured products pursuant to ad) above, the fund management company ensures that on a consolidated basis at least two-thirds of the sub-fund are invested in the investments noted under aa) above.

- b) After deducting liquid assets, the fund management company may also invest up to 20% of the sub-fund's assets in:

- equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) issued by companies that do not meet the requirements set out in prov. 3 aa);
- bonds, convertible bonds, convertible notes, warrant issues and notes denominated in freely convertible currencies as well as other fixed-income or floating-rate debt paper and rights issued by private borrowers and borrowers under public law (domestic and foreign issuers), which have a minimum rating of BBB or equivalent (investment grade);
- money market instruments issued by domestic and foreign borrowers in freely convertible currencies;
- derivatives (including warrants) on the investments mentioned above;
- units in other collective investments as specified in prov. 1 c) and d) that do not meet the requirements as stated in prov. 3 ab);



- bank deposits.
- c) In addition, the fund management company must comply with the investment restrictions below, which relate to the sub-fund's assets following the deduction of liquid assets:
  - no more than 49% in other collective investments.
  - securities lending: the sub-fund may not engage in securities lending.
- 4. The fund management company ensures liquidity is managed appropriately. Detailed information is provided in the appendix.

#### **H. UBS (CH) Institutional Fund 2 - Equities Japan Passive II**

- 2. The primary investment objective of this sub-fund is to passively replicate the reference benchmark listed in point 6.1 of the appendix that is representative for the Japanese equity market and to generate performance that is consistent with the performance of this benchmark.  
The sub-fund does not qualify as sustainable and is not managed sustainably. No sustainability risks are taken into consideration in the index selection. Therefore, due to the nature of the investment objective of the sub-fund, sustainability risks are not integrated systematically and the portfolio manager aims to replicate the benchmark in compliance with the limits set out in the investment policy of the respective sub-fund.
- 3.
  - a) The fund management company shall invest, after deducting liquid assets, at least 90% of the assets of the sub-fund in:
    - aa) Equity securities and participation rights (shares, dividend-right certificates, shares in cooperatives, participation certificates or similar) of companies which have their registered office in Japan or conduct the majority of their business activity in Japan and which are included in the benchmark, as well as those which are not included in the benchmark, but are in all likelihood expected to be registered on the benchmark during the next adjustment based on their earnings development;
    - ab) Shares in other collective capital investments in accordance with paragraph 1 letters c and d, which in accordance with their documents invest their assets according to the guidelines of this sub-fund or parts thereof;
    - ac) Derivatives (including warrants) on the investments mentioned above.  
In the case of investments in other collective capital investments in accordance with letter ab above, the fund management company ensures that at least 90% of the sub-fund is invested in assets according to letter aa above.
  - b) The fund management company additionally can, after deducting liquid assets, invest at least 10% of the assets of the sub-fund in:
    - ba) Equity securities and participation rights (shares, dividend-right certificates, shares in cooperatives, participation certificates or similar) of companies which do not satisfy the requirements mentioned in prov. 3 aa).
    - bb) bonds, convertible bonds, convertible notes, option bonds and notes, as well as other fixed or variable rate debt instruments and securities denominated in freely convertible currencies of public-sector, public-private or private borrowers of domestic and foreign issuers;
    - bc) money market instruments of domestic and foreign issuers denominated in freely convertible currencies;
    - bd) Derivatives (including warrants) on the investments mentioned above.
    - be) Shares in other collective capital investments in accordance with prov.1 c) and d), which do not satisfy the requirements mentioned in prov.3 ab) above and

- the assets of which are prevailingly invested in one of the assets mentioned in ba) and bc);
- bf) Bank deposits.
- c) In addition, the fund management company is to comply with the following investment restrictions, which refer to the assets of the sub-fund after deduction of liquid assets:
  - other collective capital investments up to a maximum of 10%;
  - Securities Lending: The sub-fund may not conduct any securities lending;
  - Repurchase agreements: The sub-fund may not conduct any repurchase agreements.
- 4. The fund management company ensures liquidity is managed appropriately. Detailed information is provided in the appendix.

**1. UBS (CH) Institutional Fund 2 - Equities USA Passive**

2. The primary investment objective of this sub-fund is to passively replicate the reference benchmark listed in point 6.1 of the appendix that is representative for the US equity market and to generate performance that is consistent with the performance of this benchmark.

The sub-fund does not qualify as sustainable and is not managed sustainably. No sustainability risks are taken into consideration in the index selection. Therefore, due to the nature of the investment objective of the sub-fund, sustainability risks are not integrated systematically and the portfolio manager aims to replicate the benchmark in compliance with the limits set out in the investment policy of the respective sub-fund.

3. a) After deducting liquid assets, the fund management company shall invest at least 80% of the sub-fund's assets in:
- aa) equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) issued by companies that have their registered office in the US, that, as holding companies, mainly invest in companies that have their registered office in the US, or that have their principal business activity in the US;
  - ab) units in other collective investments within the meaning of prov. 1 c) and d) that according to their documentation invest their assets in accordance with the guidelines of this sub-fund or parts thereof;
  - ac) derivatives (including warrants) on the investments mentioned above;
  - ad) structured products denominated in freely convertible currencies such as certificates from issuers worldwide on the above investments.
- For investments in other collective investments pursuant to ab) above and in structured products pursuant to ad) above, the fund management company ensures that on a consolidated basis at least two thirds of the sub-fund's assets are invested in the investments pursuant to aa) above.
- b) The fund management company may also invest up to 20% of the sub-fund's assets, after deducting liquid assets, in:
- equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) that, with respect to the registered office, principal interest or principal business activity, do not sufficiently meet the requirements noted above;
  - bonds, convertible bonds, convertible notes, warrant issues and notes denominated in freely convertible currencies as well as other fixed-income or floating-rate debt paper and rights issued by private borrowers and borrowers under public law (domestic and foreign issuers);

- money market instruments issued by domestic and foreign borrowers in freely convertible currencies;
  - derivatives (including warrants) on the investments mentioned above;
  - units in other collective investments within the meaning of prov. 1 c) and d) that do not meet the requirements as stated in prov. 3 ab);
  - bank deposits.
- c) In addition, the fund management company must comply with the investment restrictions below, which relate to the sub-fund's assets following the deduction of liquid assets:
- no more than 49% in other collective investments.
4. The fund management company ensures liquidity is managed appropriately. Detailed information is provided in the appendix.

**J. UBS (CH) Institutional Fund 2 - Equities USA Passive II**

2. The primary investment objective of this sub-fund is to passively replicate the reference benchmark listed in point 6.1 of the appendix that is representative for the US equity market and to generate performance that is consistent with the performance of this benchmark.

The sub-fund does not qualify as sustainable and is not managed sustainably. No sustainability risks are taken into consideration in the index selection. Therefore, due to the nature of the investment objective of the sub-fund, sustainability risks are not integrated systematically and the portfolio manager aims to replicate the benchmark in compliance with the limits set out in the investment policy of the respective sub-fund.

3. a) After deducting liquid assets, the fund management company shall invest at least 80% of the sub-fund's assets in:
- aa) equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) issued by companies that have their registered office in the US, that, as holding companies, mainly invest in companies that have their registered office in the US, or that have their principal business activity in the US;
  - ab) units in other collective investments within the meaning of § 8 prov. 1 c) and d) that according to their documentation invest their assets in accordance with the guidelines of this sub-fund or parts thereof;
  - ac) derivatives (including warrants) on the investments mentioned above;
  - ad) structured products denominated in freely convertible currencies such as certificates from issuers worldwide on the above investments.
- For investments in other collective investments pursuant to ab) above and in structured products pursuant to ad) above, the fund management company ensures that on a consolidated basis at least two thirds of the sub-fund's assets are invested in the investments pursuant to aa) above.
- b) The fund management company may also invest up to 20% of the sub-fund's assets, after deducting liquid assets, in:
- equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) that, with respect to the registered office, principal interest or principal business activity, do not sufficiently meet the requirements noted above;
  - bonds, convertible bonds, convertible notes, warrant issues and notes denominated in freely convertible currencies as well as other fixed-income or floating-

- rate debt paper and rights issued by private borrowers and borrowers under public law (domestic and foreign issuers);
  - money market instruments issued by domestic and foreign borrowers in freely convertible currencies;
  - derivatives (including warrants) on the investments mentioned above;
  - units in other collective investments within the meaning of prov. 1 c) and d) that do not meet the requirements as stated in prov. 3 ab);
  - bank deposits.
- c) In addition, the fund management company must comply with the investment restrictions below, which relate to the sub-fund's assets following the deduction of liquid assets:
- no more than 49% in other collective investments;
  - securities lending: the sub-fund may not engage in securities lending.
4. The fund management company ensures liquidity is managed appropriately. Detailed information is provided in the appendix.

**K. UBS (CH) Institutional Fund 2 - Equities Global Small Cap Climate Aware II**

2. UBS Asset Management classifies this sub-fund as a rules-based Climate Aware Strategy Fund with a net zero orientation. This sub-fund advertises climatic and generally sustainable characteristics.

The primary investment objective of this sub-fund is to generate long-term performance that is consistent with the development of the prevailing market indices for global small cap companies.

The fund pursues a rule-based investment approach that takes into account both quantitative and qualitative criteria. The aim of the rule-based approach is to allow for investment risks related to climate change, such as CO<sub>2</sub> emissions.

Companies are evaluated in terms of their current and expected future implications on climate change. Based on these implications, more intense investments are being made (overweight) in companies that are better geared towards the transition to a carbon-neutral global economy (for example, companies in the renewable energy sector). Companies that are less committed to this transition or have not committed at all (for example, through production of energy from coal) are underweighted in this benchmark index.

The sub-fund applies the following sustainability approaches:

Both **exclusion criteria (negative screening)** as well as quantitative and qualitative assessments in the environmental, social and governance (ESG) context are used for the rule-based definition of overweighting or underweighting (**ESG-tilting**). The sub-fund aims to invest in a number of components of the benchmark as complete as possible, taking into account the investment parameters. Furthermore, the sub-fund reduces the environmental footprint over time, by reducing the greenhouse gas emissions of the portfolio or the issuers contained therein over time or completely (**climate focus**).

In addition, as far as possible, companies are engaging to address identified **ESG risks** and opportunities in a targeted manner through direct dialogue. This explicitly includes a climate-specific commitment to address and improve companies' climate profile in direct dialogue (**stewardship approach**). This is not an indication that there has been any engagement on specific UBS Asset Management reservations or ESG issues (including climate) in relation to companies in this portfolio in any specific period or that the companies in this portfolio have been selected with the intention of engaging actively. Further information can be found in the appendix (point 2).

At the time of the portfolio rebalancing after index adjustments, the sub-fund invests 80% of its assets (excluding liquid assets and derivatives) in investments that meet the requirements of the sustainability policy.

Further information can be found in the appendix (point 2).

3. a) After deducting liquid assets, the fund management company shall invest at least 80% of the sub-fund's assets in:
    - aa) equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) issued by companies worldwide featured in the benchmark and those not featured in the benchmark but where there is a strong likelihood that, on the basis of performance, they will be included subsequent to the next modification of the benchmark; The investments are hedged against the Swiss franc (CHF).
    - ab) units in collective investments as specified in prov. 1 c) and d) that invest their assets in the above-mentioned investments or parts thereof;
    - ac) derivatives (including warrants) on the investments mentioned above;
    - ad) structured products denominated in freely convertible currencies such as certificates from issuers worldwide on the above investments.  
For investments in collective investments pursuant to ab) above and in structured products pursuant to ad) above, the fund management company ensures that on a consolidated basis at least two-thirds of the sub-fund are invested in the investments noted under aa) above.
  - b) The fund management company may also invest up to 20% of the sub-fund's assets after deducting liquid assets in:
    - equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) issued by companies which do not meet the requirements stipulated in prov. 3 aa);
    - bonds, convertible bonds, convertible notes, warrant issues and notes denominated in freely convertible currencies as well as other fixed-income or floating-rate debt paper and rights issued by private borrowers and borrowers under public law (domestic and foreign issuers), which have a minimum rating of BBB or equivalent (investment grade);
    - money market instruments denominated in freely convertible currencies issued by domestic and foreign issuers;
    - derivatives (including warrants) on the investments mentioned above;
    - units in other collective investments as specified in prov. 1 c) and d) that do not meet the requirements as stated in prov. 3 ab);
    - bank deposits.
  - c) In addition, the fund management company must comply with the investment restrictions below, which relate to the sub-fund's assets following the deduction of liquid assets:
    - no more than 49% in total in collective investments;
    - securities lending: this sub-fund may not engage in securities lending.
4. The fund management company ensures liquidity is managed appropriately. Detailed information is provided in the appendix.

#### **L. UBS (CH) Institutional Fund 2 - Equities Global Small Cap Passive II**

2. The primary investment objective of this sub-fund is to passively replicate the reference benchmark listed in point 6.1 of the appendix that is representative for global small

cap companies and to generate performance consistent with the performance of this benchmark.

The sub-fund does not qualify as sustainable and is not managed sustainably. No sustainability risks are taken into consideration in the index selection. Therefore, due to the nature of the investment objective of the sub-fund, sustainability risks are not integrated systematically and the portfolio manager aims to replicate the benchmark in compliance with the limits set out in the investment policy of the respective sub-fund.

3. a) After deducting liquid assets, the fund management company shall invest at least 80% of the sub-fund's assets in:

- aa) equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) issued by companies worldwide that are included in the benchmark;
- ab) units in other collective investments within the meaning of prov. 1 c) and d) that according to their documentation invest their assets in accordance with the guidelines of this sub-fund or parts thereof;
- ac) derivatives (including warrants) on the investments mentioned above;
- ad) structured products denominated in freely convertible currencies such as certificates from issuers worldwide on the above investments.

For investments in other collective investments pursuant to ab) above and in structured products pursuant to ad) above, the fund management company ensures that on a consolidated basis at least two thirds of the sub-fund's assets are invested in the investments pursuant to aa) above.

b) The fund management company may also invest up to 20% of the sub-fund's assets, after deducting liquid assets, in:

- equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) that do not meet the requirements set out in prov. 3 aa);
- bonds, convertible bonds, convertible notes, warrant issues and notes denominated in freely convertible currencies as well as other fixed-income or floating-rate debt paper and rights issued by private borrowers and borrowers under public law (domestic and foreign issuers);
- money market instruments issued by domestic and foreign borrowers in freely convertible currencies;
- derivatives (including warrants) on the investments mentioned above;
- units in other collective investments within the meaning of prov. 1 c) to d) that do not meet the requirements as stated in prov. 3 ab);
- bank deposits.

c) In addition, the fund management company must comply with the investment restrictions below, which relate to the sub-fund's assets following the deduction of liquid assets:

- no more than 10% in other collective investments.
- securities lending: the sub-fund may not engage in securities lending.

4. The fund management company ensures liquidity is managed appropriately. Detailed information is provided in the appendix.

#### **M. UBS (CH) Institutional Fund 2 - Global Real Estate Securities Passive (CHF hedged) II**

2. The primary investment objective of this sub-fund is to passively replicate the reference benchmark listed in point 6.1 of the appendix that is representative and to generate performance consistent with the performance of this benchmark.

The sub-fund does not qualify as sustainable and is not managed sustainably. No sustainability risks are taken into consideration in the index selection. Therefore, due to the nature of the investment objective of the sub-fund, sustainability risks are not integrated systematically and the portfolio manager aims to replicate the benchmark in compliance with the limits set out in the investment policy of the respective sub-fund.

3. a) After deducting liquid assets, the fund management company invests at least 80% of the sub-fund's assets in:
  - aa) equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) issued by companies worldwide. In addition, the companies in which investments are made must operate primarily in the real estate sector. These include listed, closed-end real estate investment funds such as real estate investment trusts (REITs) as well as other similar real estate management companies. The foresaid investments are hedged against the Swiss Franc (CHF);
  - ab) units in other collective investments within the meaning of § 8 prov. 1 c), d) and e) that according to their documentation invest their assets in accordance with the guidelines of this investment fund or parts thereof;
  - ac) derivatives (including warrants) on the investments mentioned above;
  - ad) structured products denominated in freely convertible currencies such as certificates from issuers worldwide on the above investments.

For investments in other collective investments pursuant to ab) above and in structured products pursuant to ad) above, the fund management company ensures that on a consolidated basis at least two thirds of the sub-fund's assets are invested in the investments pursuant to aa) above.
- b) The fund management company may also invest up to 20% of the sub-fund's assets, after deducting liquid assets, in:
  - equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) issued by companies that do not meet the requirements set out in prov. 3 aa);
  - bonds, convertible bonds, convertible notes, warrant issues and notes denominated in freely convertible currencies as well as other fixed-income or floating-rate debt paper and rights issued by domestic and foreign borrowers;
  - money market instruments issued by domestic and foreign borrowers in freely convertible currencies;
  - derivatives (including warrants) on the investments mentioned above;
  - units in other collective investments within the meaning of § 8 prov. 1 c) and d) that do not meet the requirements as stated in prov. 3 ab);
  - bank deposits.
- c) In addition, the fund management company must comply with the investment restrictions below, which relate to the fund assets following the deduction of liquid assets:
  - no more than 30% in other collective investments.
  - securities lending: the sub-fund may not engage in securities lending.
4. The fund management company ensures liquidity is managed appropriately. Detailed information is provided in the appendix.

**N. UBS (CH) Institutional Fund 2 - Equities Canada Passive II**

2. The primary investment objective of this sub-fund is to passively replicate the reference benchmark listed in point 6.1 of the appendix that is representative for the Canadian equity market and to generate performance that is consistent with the performance of this benchmark.

The sub-fund does not qualify as sustainable and is not managed sustainably. No sustainability risks are taken into consideration in the index selection. Therefore, due to the nature of the investment objective of the sub-fund, sustainability risks are not integrated systematically and the portfolio manager aims to replicate the benchmark in compliance with the limits set out in the investment policy of the respective sub-fund.

3. a) After deducting liquid assets, the fund management company shall invest at least 80% of the sub-fund's assets in:
  - aa) equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) issued by companies which either have their registered office in Canada, as holding companies mainly invest in companies which have their registered office in Canada, or conduct the majority of their business in Canada;
  - ab) units of other collective investments as specified under prov. 1 c) and d) that according to their documentation invest their assets in accordance with the guidelines of this sub-fund or parts thereof;
  - ac) derivatives (including warrants) on the investments mentioned above;
  - ad) structured products denominated in freely convertible currencies such as certificates from issuers worldwide on the above investments.For investments in other collective investments pursuant to ab) above and in structured products pursuant to ad) above, the fund management company ensures that on a consolidated basis at least two thirds of the sub-fund's assets are invested in the investments pursuant to aa) above.
  - b) The fund management company may also invest up to 20% of the sub-fund's assets, after deducting liquid assets, in:
    - equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) that do not meet the requirements set out in prov. 3 aa);
    - bonds, convertible bonds, convertible notes, warrant issues and notes denominated in freely convertible currencies as well as other fixed-income or floating-rate debt paper and rights issued by private borrowers and borrowers under public law (domestic and foreign issuers);
    - money market instruments issued by domestic and foreign borrowers in freely convertible currencies;
    - derivatives (including warrants) on the investments mentioned above;
    - units in other collective investments within the meaning of prov. 1 c) to d) that do not meet the requirements as stated in prov. 3 ab);
    - bank deposits.
  - c) In addition, the fund management company must comply with the investment restrictions below, which relate to the sub-fund's assets following the deduction of liquid assets:
    - no more than 10% in other collective investments;
    - securities lending: the sub-fund may not engage in securities lending.
4. The fund management company ensures liquidity is managed appropriately. Detailed information is provided in the appendix.

## **§ 9 Liquid assets**

For each sub-fund, the fund management company may also hold liquid assets in an appropriate amount in the sub-fund's accounting currency and in any other currency in which investments are permitted for that particular sub-fund. Liquid assets comprise bank deposits and claims from securities repurchase agreements on demand or with a maturity of up to twelve months.



## **B Investment techniques and instruments**

### **§ 10 Securities lending**

1. The fund management company may lend for the account of all sub-funds (with the exception of those sub-funds where securities lending is expressly prohibited pursuant to § 8 prov. 2 c) all types of securities that are listed on a stock exchange or traded on another regulated market open to the public. However, securities that have been acquired under a reverse repo transaction may not be lent.
2. The fund management company may lend securities in its own name and for its own account to a borrower ("principal"), or appoint an intermediary to put the securities at the disposal of the borrower either indirectly on a fiduciary basis ("agent") or directly ("finder").
3. The fund management company shall carry out securities lending transactions exclusively with first-class borrowers or intermediaries that specialise in transactions of this type, such as banks, brokers and insurance companies, as well as with recognised central counterparties and collective depositories that can guarantee the proper execution of the security lending transactions.
4. If the fund management company is required to observe a notice period, which may not exceed seven bank business days, before it may again have legal control of the securities lent, it may not lend more than 50% of a particular security eligible for lending for each sub-fund. However, should the borrower or the intermediary provide the fund management company with a contractual assurance that the latter may have legal control of loaned securities on the same or next bank business day, the fund management company may lend its entire holdings of a particular type of security eligible for lending.
5. The fund management company shall conclude an agreement with the borrower or intermediary whereby the latter shall pledge or transfer collateral in order to secure the restitution of securities in favour of the fund management company in accordance with Art. 51 CISO-FINMA. The value of the collateral must be adequate and at all times equal to at least 105% of the market value of the securities lent. The collateral issuer must have a high credit rating and the collateral may not be issued by the counterparty or by any company belonging to or dependent on the corporate group of the counterparty. The collateral must be highly liquid, it must be traded at a transparent price on a stock exchange or other regulated market open to the public, and it must be subject to valuation at least on each trading day. In managing the collateral, the fund management company and its agents must satisfy the obligations and requirements listed under Art. 52 CISO-FINMA. In particular, they must adequately diversify collateral in terms of countries, markets and issuers, with the adequate diversification of issuers meaning that the collateral held from any one issuer may not exceed 20% of the net asset value. This does not affect exceptions for assets that are publicly guaranteed or issued in accordance with Art. 83 CISO. In addition, in the event of default by the counterparty, the fund management company and its agents must be able to obtain the power and authority of disposal over the furnished collateral at all times and without the counterparty's involvement or consent. The furnished collateral is to be held in safekeeping by the custodian bank. The furnished collateral may be held in safekeeping on behalf of the fund management company by a supervised third-party custodian, provided ownership of the collateral is not transferred and the third-party custodian is independent of the counterparty.
6. The borrower or intermediary is liable for ensuring the prompt, unconditional payment of any income accruing during the securities lending period, as well as for the assertion

of other proprietary rights, and for the contractually agreed return of securities of the same type, quantity and quality.

7. The custodian bank shall ensure that the securities lending transactions are settled in a secure manner, in line with the agreements, and, in particular, monitors compliance with the requirements relating to collateral. In addition, it shall carry out the administrative duties assigned to it under the safe-custody regulations during the term of the lending transaction and asserts all rights associated with the lent securities, unless such duties have been ceded under the terms of the applicable framework agreement.

## **§ 11 Securities repurchase agreements**

1. The fund management company may enter into securities repurchase agreements ("repos") for the sub-funds' account (with the exception of those sub-funds for which repurchase agreements are excluded in § 8 prov. 3 (c)). Securities repurchase agreements may be concluded as either repos or reverse repos.

A repo is a legal transaction in which one party (borrower) temporarily transfers ownership of securities in return for payment to another party (lender); the borrower undertakes to reimburse securities of the same type, quantity and quality, as well any income accrued throughout the course of the repurchase agreement, to the lender upon maturity. During the term of the repurchase agreement, the price risk associated with the securities is borne by the borrower.

From the perspective of the counterparty (lender), a repo is a reverse repo. By means of a reverse repo, the fund management company acquires securities for investment purposes and at the same time agrees to return securities of the same type, quantity and quality, as well as all income received during the term of the reverse repurchase agreement.

2. The fund management company may conclude repurchase agreements in its own name and for its own account with a counterparty ("principal"), or may appoint an intermediary to conclude repurchase agreements with a counterparty either indirectly on a fiduciary basis ("agent") or directly ("finder").
3. The fund management company shall conclude repo transactions only with first-class, supervised counterparties and intermediaries specialising in transactions of this type, such as banks, brokers and insurance companies, as well as approved, recognised central counterparties and collective depositories that can ensure the proper execution of the repo transactions.
4. The custodian bank ensures that the repurchase transactions are settled in a secure manner and in line with the agreements. It ensures on a daily basis that fluctuations in the value of the securities used in repo transactions are compensated for in cash or securities (marked to market). In addition, during the term of the repurchase transaction it carries out the administrative duties assigned to it under the safe-custody regulations, and asserts all rights associated with the securities used in the repo transaction, unless such duties have been ceded under the applicable framework agreement.
5. For repo transactions, the fund management company may use all types of securities that are listed on a stock exchange or are traded on another regulated market open to the public. It may not use securities acquired under a reverse repo for repo purposes.
6. If the fund management company is required to observe a notice period, which may not exceed seven bank business days, before it may once again have legal control of the securities under the repurchase agreement, it may not use more than 50% of its holdings of a particular security eligible for repo transactions for each sub-fund. However, if the counterparty or intermediary provides a contractual guarantee to the fund management company that the latter may again have legal control of the securities

- under the repurchase agreement on the same or next bank business day, then the entire holding of a particular security eligible for repo transactions may be used.
7. Repurchase transactions in the form of repos are deemed to be borrowing pursuant to § 13, unless the money received is used to acquire securities of the same type, quality, credit rating, and maturity in conjunction with the conclusion of a reverse repo.
  8. As part of a reverse repo, the fund management company may acquire only collateral that meets the requirements set down in Art. 51 CISO-FINMA. The collateral issuer must have a high credit rating and the collateral may not be issued by the counterparty or by any company belonging to or dependent on the corporate group of the counterparty. The collateral must be highly liquid, it must be traded at a transparent price on a stock exchange or another regulated market open to the public, and it must be subject to valuation at least on each trading day. In managing the collateral, the fund management company and its agents must satisfy the obligations and requirements listed under Art. 52 CISO-FINMA. In particular, they must adequately diversify collateral in terms of countries, markets and issuers, with the adequate diversification of issuers meaning that the collateral held from any one issuer may not exceed 20% of the net asset value. This does not affect exceptions for assets that are publicly guaranteed or issued in accordance with Art. 83 CISO. In addition, in the event of default by the counterparty, the fund management company and its agents must be able to obtain the power and authority of disposal over the furnished collateral at all times and without the counterparty's involvement or consent. The furnished collateral is to be held in safekeeping by the custodian bank. The furnished collateral may be held in safekeeping on behalf of the fund management company by a supervised third-party custodian, provided ownership of the collateral is not transferred and the third-party custodian is independent of the counterparty.
  9. Claims in connection with reverse repos are deemed to be liquid assets pursuant to § 9, and are not deemed to constitute the granting of a loan pursuant to § 13.

## **§ 12 Derivatives**

### **A. Commitment approach I**

Section A is applicable to the following sub-funds:

- Equities Global Passive
  - Equities Global Passive II
  - Equities Global Climate Aware II
  - Equities Global ESG Leaders Passive II
  - Equities Global Screened Passive II
  - Equities Japan Passive II
  - Equities USA Passive
  - Equities USA Passive II
  - Equities Global Small Cap Climate Aware II
  - Equities Global Small Cap Passive II
  - Global Real Estate Securities Passive (CHF hedged) II
  - Equities Canada Passive II
1. The fund management company may make use of derivatives. It shall ensure that, even in exceptional market conditions, the financial effect of using derivatives does not result in a deviation from the investment objectives set out in the present fund contract and in the prospectus, and that it does not change the investment character of the sub-funds. In addition, the securities underlying the derivatives must be permitted investments under this fund contract for the relevant sub-fund.

- In connection with collective investment schemes, derivatives may be used only for currency hedging purposes, with the exception of the hedging of market, interest rate and credit risks in the case of collective investment schemes for which the risks can be determined and measured unequivocally.
2. Commitment approach I shall be used to measure risk. Taking into account the necessary coverage set out in this paragraph, the use of derivatives does not result in a leverage effect on the fund assets, neither does it correspond to short selling. The provisions stipulated in this paragraph shall apply to the individual sub-funds.
  3. Only basic forms of derivatives may be used. These include:
    - a) call or put options, the expiration value of which is linearly dependent on the positive or negative difference between the market value of the underlying and the strike price, and is zero if the difference is preceded by the opposite sign;
    - b) credit default swaps (CDSs);
    - c) swaps with non-path-dependent payoffs that have a linear dependence on the value of the underlying or an absolute value;
    - d) futures and forwards, the value of which has a linear dependence on the value of the underlying.
  4. The financial effect of the use of derivatives is similar to that of a sale (exposure-reducing derivative) or a purchase (exposure-increasing derivative) of an underlying.
  5.
    - a) In the case of derivatives that reduce exposure, the commitments entered into shall be covered by the securities underlying the derivatives at all times subject to b) and d);
    - b) In the case of derivatives that reduce exposure, assets other than the underlying securities may be used for cover if they are in an index that
      - is calculated by an external, independent body;
      - is representative of the investments used as cover;
      - is correlated sufficiently with these assets.
    - c) The fund management company must have unrestricted access to these underlying securities or assets at all times.
    - d) A delta weighting may be used for an exposure-reducing derivative to calculate the relevant underlying securities.
  6. In the case of exposure-increasing derivatives, the underlying equivalent of a derivative position must be covered at all times by near-money assets pursuant to Art. 34 para. 5 CISO-FINMA. In the case of futures, options, swaps, and forwards, the underlying equivalent is determined in accordance with appendix 1 of CISO-FINMA.
  7. The fund management company shall comply with the following rules when netting derivative positions:
    - a) Counter positions in derivatives based on the same underlying as well as counter positions in derivatives and in investments in the same underlying may be netted, irrespective of the maturity date of the derivatives, provided that the derivative transaction was concluded with the sole purpose of eliminating the risks associated with the derivatives or investments acquired, no material risks are disregarded in the process, and the conversion amount of the derivatives is determined pursuant to Art. 35 CISO-FINMA.
    - b) If the derivatives in hedging transactions do not relate to the same underlying as the asset to be hedged, in addition to the rules under a), the requirement that the derivative transactions may not be based on an investment strategy that serves the purpose of the appropriation of income must also be fulfilled. The derivative must also lead to a proven reduction in the risk, the risks associated with the derivative must be offset, the derivatives, underlying instruments or assets to be offset must relate to the same category of financial instruments and the hedging policy must also be effective even under extraordinary market conditions.

- c) Derivatives that are used purely to hedge foreign currency risks and do not lead to a leverage effect or involve additional market risks can be offset without the requirements under b) in the calculation of the total derivatives exposure.
  - d) Covered hedging transactions by interest rate derivatives are permitted. Convertible bonds do not have to be taken into account when calculating the overall exposure to derivatives.
8. The fund management company may use both standardised and non-standardised derivatives. It may conclude transactions in derivative financial instruments on a stock exchange or another regulated market open to the public, or OTC (over-the-counter).
9. a) The fund management company may engage in OTC transactions only with financial intermediaries subject to supervision that specialise in these transactions and can ensure proper execution. If the counterparty is not the custodian bank, the counterparty or its guarantor must have a high credit rating.
- b) An OTC derivative must be subject to reliable and verifiable valuation on a daily basis and it must be possible to sell, liquidate or close out the derivative with an opposite transaction at market value at any time.
- c) If no market price is available for an OTC derivative, it must be possible to determine the price at any time based on the market value of the underlying securities from which the derivative was derived, using an appropriate valuation model that is recognised in practice. Before concluding a contract for derivatives of this type, specific offers must be obtained from at least two counterparties, whereby the contract must be concluded with the counterparty offering the most favourable price. Deviations from this rule shall be permitted in order to diversify risk or if other contractual components, such as credit quality or the service offering of the counterparty, make the overall offer of the counterparty appear more favourable to the investor. In addition, the requirement to obtain offers from at least two potential counterparties may be waived in exceptional cases if this is in the best interests of the investors. The reasons for this as well as the conclusion of the contract and the setting of the prices must be clearly documented.
- d) In the context of OTC transactions, the fund management company and its agents may only accept collateral that satisfies the requirements under Art. 51 CISO-FINMA. The collateral issuer must have a high credit rating and the collateral may not be issued by the counterparty or by any company belonging to or dependent on the corporate group of the counterparty. The collateral must be highly liquid, it must be traded at a transparent price on a stock exchange or other regulated market open to the public, and it must be subject to valuation at least on each trading day. In managing the collateral, the fund management company and its agents must satisfy the obligations and requirements listed under Art. 52 CISO-FINMA. In particular, they must adequately diversify collateral in terms of countries, markets and issuers, with the adequate diversification of issuers meaning that the collateral held from any one issuer may not exceed 20% of the net asset value. This does not affect exceptions for assets that are publicly guaranteed or issued in accordance with Art. 83 CISO. In addition, in the event of default by the counterparty, the fund management company and its agents must be able to obtain the power and authority of disposal over the furnished collateral at all times and without the counterparty's or consent. The furnished collateral is to be held in safekeeping by the custodian bank. The furnished collateral may be held in safekeeping on behalf of the fund management company by a supervised third-party custodian, provided ownership of the collateral is not transferred and the third-party custodian is independent of the counterparty.

10. Due account must be taken of the derivatives in accordance with the legislation concerning collective investment schemes when complying with statutory and contractual investment restrictions (maximum and minimum limits).

**B. Commitment approach II**

Section B is applicable to the following sub-funds:

- Equities Global (ex Switzerland) Opportunity
- Equities Global (ex Switzerland) Sustainable

1. The fund management company may make use of derivatives. It shall ensure that the financial effect of derivatives does not alter the investment objectives as stated in the present fund contract and in the appendix or alter the investment profile of the sub-funds, even in exceptional market circumstances. Furthermore, the securities underlying the derivatives shall be permitted investments under this fund contract.  
In connection with collective investment schemes, derivatives may be used only for currency hedging purposes, with the exception of the hedging of market, interest rate and credit risks in the case of collective investment schemes for which the risks can be determined and measured unequivocally.
2. Commitment approach II shall be used to measure risk. A sub-fund's overall exposure to derivatives may not exceed 100% of its net assets, and overall exposure may not exceed a total of 200% of net fund assets. Taking into account the possibility of borrowing amounting to no more than 25% of the sub-fund's net assets, as described in § 13 prov. 2, the sub-fund's overall exposure may amount to a maximum of 225% of its net assets. The overall exposure is calculated on the basis of Art. 35 CISO-FINMA. The provisions stipulated in this paragraph shall apply to the individual sub-funds.
3. The fund management company may, in particular, use basic forms of derivatives such as call or put options, the expiration value of which is linearly dependent on the positive or negative difference between the market value of the underlying and the strike price, and is zero if the difference is preceded by the opposite sign (+ or -), credit default swaps (CDS), swaps, the payments of which are dependent on the value of the underlying or on an absolute amount in both a linear and a path-independent manner, as well as future and forward transactions, the value of which is linearly dependent on the value of the underlying. The fund management company may also use combinations of basic forms of derivatives and derivatives whose effect cannot be equated with one of the basic forms or a combination of basic forms (exotic derivatives).
4.
  - a) Counter positions in derivatives based on the same underlying as well as counter positions in derivatives and in investments in the same underlying may be netted, irrespective of the maturity date of the derivatives, provided that the derivative transaction was concluded with the sole purpose of eliminating the risks associated with the derivatives or investments acquired, no material risks are disregarded in the process, and the conversion amount of the derivatives is determined pursuant to Art. 35 CISO-FINMA.
  - b) If the derivatives in hedging transactions do not relate to the same underlying as the asset to be hedged, in addition to the rules under a), the requirement that the derivative transactions may not be based on an investment strategy that serves the purpose of the appropriation of income must also be fulfilled. The derivative must also lead to a proven reduction in the risk, the risks associated with the derivative must be offset, the derivatives, underlying instruments or assets to be offset must relate to the same category of financial instruments and the hedging policy must also be effective even under extraordinary market conditions.
  - c) If mainly interest rate derivatives are used, the amount of the total investment to be offset by derivative positions may be calculated using internationally recognised du-

ration netting rules, provided the rules lead to the correct determination of the investment fund's risk profile, the main risks are taken into consideration, the application of these rules does not lead to an unjustified leverage effect, no interest arbitration strategies are pursued and the leverage effect of the investment fund is increased neither by the application of these rules nor by investments in short-term positions.

- d) Derivatives that are used purely to hedge foreign currency risks and do not lead to a leverage effect or involve additional market risks can be offset without the requirements under b) in the calculation of the total derivatives exposure.
  - e) Payment obligations arising from derivatives must be covered at all times with cash or cash equivalents, debt securities and rights, or equities, which are listed on a stock exchange or traded on another regulated market open to the public in accordance with the legislation concerning collective investment schemes.
  - f) If the fund management company enters into physical delivery obligations relating to an underlying instrument arising from derivatives, these must be covered at all times by equivalent underlyings, or by other investments, if the investments and underlyings are highly liquid and can be bought or sold at any time if delivery is required. The fund management company must have unrestricted access to these underlying securities or assets at all times.
5. The fund management company may use both standardised and non-standardised derivatives. It may conclude transactions in derivative financial instruments on a stock exchange or another regulated market open to the public, or OTC (over-the-counter).
6. a) The fund management company may engage in OTC transactions only with financial intermediaries subject to supervision that specialise in these transactions and can ensure proper execution. If the counterparty is not the custodian bank, the counterparty or its guarantor must have a high credit rating.
- b) An OTC derivative must be subject to reliable and verifiable valuation on a daily basis and it must be possible to sell, liquidate or close out the derivative with an opposite transaction at market value at any time.
- c) If no market price is available for an OTC derivative, it must be possible to determine the price at any time based on the market value of the underlying securities from which the derivative was derived, using an appropriate valuation model that is recognised in practice. Before concluding a contract for derivatives of this type, specific offers must be obtained from at least two counterparties, whereby the contract must be concluded with the counterparty offering the most favourable price. Deviations from this rule shall be permitted in order to diversify risk or if other contractual components, such as credit quality or the service offering of the counterparty, make the overall offer of the counterparty appear more favourable to the investor. In addition, the requirement to obtain offers from at least two potential counterparties may be waived in exceptional cases if this is in the best interests of the investors. The reasons for this as well as the conclusion of the contract and the setting of the prices must be clearly documented.
- d) In the context of OTC transactions, the fund management company and its agents may only accept collateral that satisfies the requirements under Art. 51 CISO-FINMA. The collateral issuer must have a high credit rating and the collateral may not be issued by the counterparty or by any company belonging to or dependent on the corporate group of the counterparty. The collateral must be highly liquid, it must be traded at a transparent price on a stock exchange or other regulated market open to the public, and it must be subject to valuation at least on each trading day. In managing the collateral, the fund management company and its agents must satisfy the obligations and requirements listed under Art. 52 CISO-FINMA. In particular, they must adequately diversify collateral in terms of countries, markets

and issuers, with the adequate diversification of issuers meaning that the collateral held from any one issuer may not exceed 20% of the net asset value. This does not affect exceptions for assets that are publicly guaranteed or issued in accordance with Art. 83 CISO. In addition, in the event of default by the counterparty, the fund management company and its agents must be able to obtain the power and authority of disposal over the furnished collateral at all times and without the counterparty's involvement or consent. The furnished collateral is to be held in safekeeping by the custodian bank. The furnished collateral may be held in safekeeping on behalf of the fund management company by a supervised third-party custodian, provided ownership of the collateral is not transferred and the third-party custodian is independent of the counterparty.

7. Due account must be taken of the derivatives in accordance with the legislation concerning collective investment schemes when complying with statutory and contractual investment restrictions (maximum and minimum limits).

### **§ 13 Borrowing and lending**

1. The fund management company may not grant loans for the account of the sub-funds. Securities lending transactions according to § 10 and repurchase agreements as reverse repos according to § 11 are not deemed to be credit extensions within the meaning of this paragraph.
2. For each sub-fund, the fund management company may borrow the equivalent of up to 25% of net assets. Repurchase agreements as repos according to § 11 are deemed to be credit extensions within the meaning of this paragraph, unless the money received is used as part of an arbitrage transaction to acquire securities of the same type, quality, credit rating and maturity in conjunction with the conclusion of a reverse repo.

### **§ 14 Encumbrance of the sub-fund's assets**

1. The fund management company may not pledge or transfer by way of security for any sub-fund more than 50% of its net assets.
2. The sub-fund assets may not be encumbered with guarantees. An exposure-increasing credit derivative shall not be deemed to be a guarantee within the meaning of this paragraph.

### **C Investment restrictions**

#### **§ 15 Risk diversification**

- I. **UBS (CH) Institutional Fund 2 - Equities Global Passive**  
**UBS (CH) Institutional Fund 2 - Equities Global Passive II**  
**UBS (CH) Institutional Fund 2 - Equities Global (ex Switzerland) Sustainable**
  1. The following are to be included in the risk diversification provisions pursuant to § 15:
    - a) investments pursuant to § 8 with the exception of index-based derivatives as long as the index is sufficiently diversified, representative of the market which it covers and published in an appropriate manner;
    - b) liquid assets pursuant to § 9;
    - c) claims against counterparties arising from OTC transactions.The risk diversification provisions shall apply to each sub-fund individually.
  2. Companies that make up a group according to international accounting standards shall be viewed as a single issuer.
  3. The fund management company may, including derivatives and structured products, invest no more than 10% of a sub-fund's assets in securities or money market instruments issued by a single issuer. The total value of the securities and money market instruments of issuers in whose instruments more than 5% of a sub-fund's assets are



invested may not exceed 40% of that sub-fund's assets. This is subject to the application of prov. 4 and 5.

4. The fund management company may invest no more than 20% of a sub-fund's assets in sight or time deposits with one and the same bank. This restriction includes both liquid assets pursuant to § 9 and investments in bank assets pursuant to § 8.
5. The fund management company may invest no more than 5% of a sub-fund's assets in OTC transactions with one and the same counterparty. Should the counterparty be a bank domiciled in Switzerland or in a member state of the European Union or in another country in which it is subject to supervision equivalent to that in Switzerland, this limit is increased to 10% of the corresponding sub-fund's assets.  
Where claims from OTC transactions are hedged by collateral in the form of liquid assets in accordance with the provisions of Art. 50 to 55 CISO-FINMA, such claims shall not be taken into account in the calculation of counterparty risk.
6. Investments, deposits and claims pursuant to prov. 3 to 5 above from one and the same issuer or borrower may not exceed 20% of a sub-fund's assets. Such investments are subject to the higher restrictions pursuant to prov. 12 below.
7. Investments according to prov. 3 above from the same group of companies may in total not exceed 20% of a sub-fund's assets. Such investments are subject to the higher restrictions pursuant to prov. 12 below.
8. The fund management company may invest no more than 20% of a sub-fund's assets in units of one and the same target fund. For the sub-funds "- Equities Global Passive" and "- Equities Global Passive II", the fund management company may invest no more than 80% of the sub-fund's assets in units of the same target fund, provided that the target funds do not include any accumulation of fees for investors and that they ensure complete transparency for the fund management company in respect of investments and fees.
9. The fund management company may not acquire participation rights that in total represent more than 10% of voting rights or that enable it to exert a significant influence on an issuer's management.
10. The fund management company may not acquire for a sub-fund's assets more than 10% of the non-voting equity, debt and/or money market instruments of a single issuer or more than 25% of the units of other collective investments. For the sub-funds "- Equities Global Passive" and "- Equities Global Passive II", this figure is up to 100% for investments in associated investment funds, provided that the target fund does not charge an issuing, redemption or management commission.  
These restrictions shall not apply if at the time of acquisition the gross amount of debt instruments, money market instruments or the units of other collective investments cannot be calculated.
11. The restrictions stipulated in prov. 9 and 10 above shall not apply if the securities and money market instruments are issued or guaranteed by a state or a public-law institution from the OECD or by international organisations with public-law character to which Switzerland or a member state of the European Union belongs.
12. The limit of 10% stipulated in prov. 3 shall rise to 35% if the securities or money market instruments are issued or guaranteed by an OECD state, a public-law institution within the OECD or international organisations with public-law character to which Switzerland or a member state of the European Union belongs. The limit of 40% as stipulated in prov. 3 shall not apply to the aforementioned securities or money market instruments. The individual limits of prov. 3 and 5 may, however, not be accumulated with this limit of 35%.

Permissible issuers and guarantors here are: the European Union (EU), OECD states, the Council of Europe, the International Bank for Reconstruction and Development

(World Bank), the European Bank for Reconstruction and Development, the European Investment Bank, the Inter-American Development Bank, the Asian Development Bank and Eurofima (European Company for the Financing of Railroad Rolling Stock).

## **II. UBS (CH) Institutional Fund 2 - Equities Global (ex Switzerland) Opportunity**

1. The following are to be included in the risk diversification provisions pursuant to § 15:
  - a) investments pursuant to § 8 with the exception of index-based derivatives as long as the index is sufficiently diversified, representative of the market which it covers and published in an appropriate manner;
  - b) liquid assets pursuant to § 9;
  - c) claims against counterparties arising from OTC transactions.The risk diversification provisions shall apply to each sub-fund individually.
2. Companies that make up a group according to international accounting standards shall be viewed as a single issuer.
3. The fund management company may, including derivatives and structured products, invest no more than 10% of a sub-fund's assets in securities or money market instruments issued by a single issuer. The total value of the securities and money market instruments of issuers in whose instruments more than 5% of the sub-fund's assets are invested may not exceed 40% of the sub-fund's assets. This is subject to the application of prov. 4 and 5.
4. The fund management company may invest no more than 20% of the sub-fund's assets in sight or time deposits with one and the same bank. This restriction includes both liquid assets pursuant to § 9 and investments in bank assets pursuant to § 8.
5. The fund management company may invest no more than 5% of the sub-fund's assets in OTC transactions with one and the same counterparty. Should the counterparty be a bank domiciled in Switzerland or in a member state of the European Union or in another country in which it is subject to supervision equivalent to that in Switzerland, this limit is increased to 10% of the sub-fund's assets.

Where claims from OTC transactions are hedged by collateral in the form of liquid assets in accordance with the provisions of Art. 50 to 55 CISO-FINMA, such claims shall not be taken into account in the calculation of counterparty risk.
6. Investments, deposits and claims pursuant to prov. 3 to 5 above from one and the same issuer or borrower may not exceed 20% of the sub-fund's assets.
7. Investments according to prov. 3 above from the same group of companies may in total not exceed 20% of the sub-fund's assets.
8. The fund management company may invest no more than 20% of the sub-fund's assets in units of one and the same target fund.
9. The fund management company may not acquire participation rights that in total represent more than 10% of voting rights or that enable it to exert a significant influence on an issuer's management.
10. The fund management company may not acquire for a sub-fund's assets more than 10% of the non-voting equity, debt and/or money market instruments of a single issuer or more than 25% of the units of other collective investments.

These restrictions shall not apply if at the time of acquisition the gross amount of debt instruments, money market instruments or the units of other collective investments cannot be calculated.
11. The restrictions stipulated in prov. 9 and 10 above shall not apply if the securities and money market instruments are issued or guaranteed by a state or a public-law institution from the OECD or by international organisations with public-law character to which Switzerland or a member state of the European Union belongs.

### III. UBS (CH) Institutional Fund 2 - Equities Japan Passive II

1. The regulations on risk diversification in accordance with § 15 shall include:
  - a) Investments in accordance with § 8, with the exception of index-based derivatives, as long as the index is sufficiently diversified and is representative for the market which it refers to and has been adequately disclosed;
  - b) liquid assets in accordance with § 9;
  - c) claims against counterparties arising from OTC transactions.The regulations on risk diversification apply to each sub-fund individually.
2. Companies which form a group based on international accounting standards (IFRS) are deemed as an individual issuer.
3.
  - a) The fund management company may, including derivatives, invest a maximum of 5% of the assets of a sub-fund in securities and money market instruments of the same issuer, regardless of whether it is included in the benchmark listed in the appendix.
  - b) In the case of issuers which are included in the benchmark, as well as those which are not included in the benchmark, but are in all likelihood expected to be registered on the benchmark during the next adjustment based on their earnings development, the fund management company may exceed the limit mentioned in a), with the overweight of the total value of the securities and money market instruments of the same issuer being limited to a maximum of 3 percentage points of the relevant index weight.

In the case of issuers that are excluded from the benchmark the share of the assets of a sub-fund of the total value of the securities and money market instruments of the same issuer may not exceed the last published index weighting + 1 percentage point up to a maximum of six months after the exclusion.
  - c) The investments should be divided among at least 12 issuers.
4. The fund management company may invest no more than 20% of the assets of a sub-fund in bank deposits payable on demand and with maturity at the same bank. This limit should include liquid assets in accordance with § 9, as well as investments in bank deposits in accordance with § 8
5. The fund management company may invest no more than 5% of the assets of a sub-fund in OTC transactions with the same counterparty. If the counterparty is a bank which is headquartered in Switzerland or in a Member State of the European Union or in another State in which it is subject to supervision equivalent to that in Switzerland, this limit shall be increased to 10% of the assets of the relevant sub-fund.

Where claims from OTC transactions are hedged by collateral in the form of liquid assets in accordance with the provisions of Art. 50 to 55 CISO-FINMA, such claims shall not be taken into account in the calculation of counterparty risk.
6. Investments, credit balances and receivables according to Sections 3 to 5 above of the same issuer or borrower may not exceed a total of 20% of the assets of a sub-fund.
7. Investments according to Section 3 above of the same company group may not exceed a total of 20% of the assets of a sub-fund.
8. The fund management company may invest no more than 10% of the assets of a sub-fund in shares of the same target fund.
9. The fund management company may not acquire participation rights which represent more than 10% of the voting rights in total or which allow it to exercise a significant influence on the management of an issuer.
10. The fund management company may acquire a maximum of 10% of the non-voting equity securities, bonds and / or money market instruments of the same issuer, as well as a maximum of 25% of the shares in other collective capital investments.

This restriction does not apply if the gross value of the bonds of the money market instruments or the shares in other collective capital investment cannot be calculated at the time of acquisition.

11. The restrictions in paragraphs 9 and 10 above are not applicable to securities and money market instruments issued by a state or a public-sector body from the OECD or by international organisations of a public-sector nature of which Switzerland or a member state of the European Union is a member.

#### **IV. UBS (CH) Institutional Fund 2 - Equities Global Climate Aware II UBS (CH) Institutional Fund 2 - Equities Global Small Cap Climate Aware II**

1. The following are to be included in the risk diversification provisions pursuant to § 15:
  - a) investments pursuant to § 8 with the exception of index-based derivatives as long as the index is sufficiently diversified, representative of the market which it covers and published in an appropriate manner;
  - b) liquid assets pursuant to § 9;
  - c) claims against counterparties arising from OTC transactions.The risk diversification provisions apply to each sub-fund individually.
2. Companies that make up a group according to international accounting standards shall be viewed as a single issuer.
3. The fund management company may, including derivatives and structured products, invest no more than 10% of a sub-fund's assets in securities or money market instruments from the same issuer. The total value of the securities and money market instruments of issuers in which more than 5% of the assets of a sub-fund are invested may not exceed 40% of the assets of the sub-fund concerned. The provisions under prov. 4 and 5 remain reserved.
4. The fund management company may invest no more than 10% of the sub-fund's assets in sight or time deposits at one and the same bank. This restriction includes both liquid assets pursuant to § 9 and investments in bank assets pursuant to § 8.
5. The fund management company may invest no more than 5% of a sub-fund's assets in OTC transactions with one and the same counterparty. Should the counterparty be a bank domiciled in Switzerland or in a member state of the European Union or in another country in which it is subject to supervision equivalent to that in Switzerland, this limit is increased to 10% of the corresponding sub-fund's assets.

Where claims from OTC transactions are hedged by collateral in the form of liquid assets in accordance with the provisions of Art. 50 to 55 CISO-FINMA, such claims shall not be taken into account in the calculation of counterparty risk.
6. Investments, deposits and claims pursuant to prov. 3 to 5 above from one and the same issuer or borrower may not exceed 20% of a sub-fund's assets.
7. Investments according to prov. 3 above from the same group of companies may in total not exceed 20% of a sub-fund's assets.
8. The fund management company may invest up to 10% of a sub-fund's assets in units of the same target fund.
9. The fund management company may not acquire participation rights that in total represent more than 10% of voting rights or that enable it to exert a significant influence on an issuer's management.
10. The fund management company may not acquire for a sub-fund's assets more than 10% of the non-voting equity, debt and/or money market instruments of a single issuer or more than 25% of the units of other collective investments.

These restrictions shall not apply if at the time of acquisition the gross amount of debt instruments, money market instruments or the units of other collective investments cannot be calculated.

11. The restrictions in paragraphs 9 and 10 above shall not apply if the securities and money market instruments are issued or guaranteed by a state or a public-law institution from the OECD or by international organisations with public-law character to which Switzerland or a member state of the European Union belongs.

**V. UBS (CH) Institutional Fund 2 - Equities USA Passive**  
**UBS (CH) Institutional Fund 2 - Equities USA Passive II**  
**UBS (CH) Institutional Fund 2 - Equities Canada Passive II**  
**UBS (CH) Institutional Fund 2 - Equities Global Small Cap Passive II**  
**UBS (CH) Institutional Fund 2 - Equities Global ESG Leaders Passive II**  
**UBS (CH) Institutional Fund 2 - Equities Global Screened Passive II**

1. The following are to be included in the risk diversification provisions pursuant to § 15:
  - a) investments pursuant to § 8 with the exception of index-based derivatives as long as the index is sufficiently diversified, representative of the market which it covers and published in an appropriate manner;
  - b) liquid assets pursuant to § 9;
  - c) claims against counterparties arising from OTC transactions.The risk diversification provisions shall apply to each sub-fund individually.
2. Companies that make up a group according to international accounting standards shall be viewed as a single issuer.
3.
  - a) The fund management company may, including derivatives and structured products, invest a maximum of 5% of the assets of a sub-fund in securities and money market instruments of the same issuer, regardless of whether it is included in the benchmark listed in the appendix.
  - b) For issuers included in the benchmark as well as those not included in the benchmark but for which, based on their earnings trend, there is a strong likelihood they will be included in the benchmark at its next adjustment, the fund management company may exceed the limits specified under a), with the overweight of the total value of the securities and money market instruments from a single issuer being limited to a maximum of three percentage points of the relevant index weight.  
In the case of issuers that have been removed from the benchmark, the share of the total value of the securities and money market instruments from a single issuer in relation to the assets of a sub-fund may not exceed the last published index weighting plus one percentage point for a period of up to six months after removal of the issuer.
  - c) Investments must be spread over at least 12 issuers.
4. The fund management company may invest no more than 20% of a sub-fund's assets in sight or time deposits with one and the same bank. This restriction includes both liquid assets pursuant to § 9 and investments in bank assets pursuant to § 8.
5. The fund management company may invest no more than 5% of a sub-fund's assets in OTC transactions with one and the same counterparty. Should the counterparty be a bank domiciled in Switzerland or in a member state of the European Union or in another country in which it is subject to supervision equivalent to that in Switzerland, this limit is increased to 10% of the corresponding sub-fund's assets.  
Where claims from OTC transactions are hedged by collateral in the form of liquid assets in accordance with the provisions of Art. 50 to 55 CISO-FINMA, such claims shall not be taken into account in the calculation of counterparty risk.
6. Investments, deposits and claims pursuant to prov. 3 to 5 above from one and the same issuer or borrower may not exceed 20% of a sub-fund's assets.

7. Investments according to prov. 3 above from the same group of companies may in total not exceed 20% of a sub-fund's assets.
8. The fund management company may invest up to 20% of a sub-fund's assets in units of the same target fund. For the sub-funds "**Equities Global Small Cap Passive II**" and "**Equities Canada Passive II**", the fund management company may invest a maximum of 10% of the assets of a sub-fund in units of the same target fund.
9. The fund management company may not acquire participation rights that in total represent more than 10% of voting rights or that enable it to exert a significant influence on an issuer's management.
10. The fund management company may not acquire for a sub-fund's assets more than 10% of the non-voting equity, debt and/or money market instruments of a single issuer or more than 25% of the units of other collective investments. This restriction shall not apply if at the time of acquisition the gross amount of debt instruments, money market instruments or the units of other collective investments cannot be calculated.
11. The restrictions stipulated in prov. 9 and 10 above do not apply if the securities and money market instruments are issued or guaranteed by a state or a public-law institution from the OECD or by international organisations with public-law character to which Switzerland or a member state of the European Union belongs.

**VI. UBS (CH) Institutional Fund 2 - Global Real Estate Securities Passive (CHF hedged) II**

1. The following are to be included in the risk diversification provisions pursuant to § 15:
  - a) investments pursuant to § 8 with the exception of index-based derivatives as long as the index is sufficiently diversified, representative of the market which it covers and published in an appropriate manner;
  - b) liquid assets pursuant to § 9;
  - c) claims against counterparties arising from OTC transactions.
2. Companies that make up a group according to international accounting standards shall be viewed as a single issuer.
3.
  - a) The fund management company may, including derivatives and structured products, invest no more than 10% of a sub-fund's assets in securities or money market instruments issued by a single issuer.
  - b) For issuers included in the benchmark as well as those not included in the benchmark but for which, based on their earnings trend, there is a strong likelihood they will be included in the benchmark at its next adjustment, the fund management company may exceed the limits specified under a). The weighting of the securities and money market instruments of a single issuer is carried out in a similar manner to their weighting in the benchmark, except the overweighting is limited to a maximum of one percentage point. In the case of issuers that have been removed from the benchmark, the share of the total value of the securities and money market instruments from a single issuer in relation to the assets of a sub-fund may not exceed the last published index weighting plus one percentage point for a period of up to six months after removal of the issuer.
  - c) Investments must be spread over at least 12 issuers.
4. The fund management company may invest no more than 20% of the sub-fund's assets in sight or time deposits at one and the same bank. This restriction includes both liquid assets pursuant to § 9 and investments in bank assets pursuant to § 8.
5. The fund management company may invest no more than 5% of the sub-fund's assets in OTC transactions with one and the same counterparty. Should the counterparty be a bank domiciled in Switzerland or in a member state of the European Union or in

another country in which it is subject to supervision equivalent to that in Switzerland, this limit is increased to 10% of the sub-fund's assets.

Where claims from OTC transactions are hedged by collateral in the form of liquid assets in accordance with the provisions of Art. 50 to 55 CISO-FINMA, such claims shall not be taken into account in the calculation of counterparty risk.

6. Investments, deposits and claims pursuant to prov. 3 to 5 above from one and the same issuer or borrower may not exceed 30% of the sub-fund's assets.
7. Investments pursuant to prov. 3 above from the same group of companies may in total not exceed 30% of the sub-fund's assets.
8. The fund management company may invest no more than 20% of the sub-fund's assets in units of the same target fund
9. The fund management company may not acquire participation rights that in total represent more than 10% of voting rights or that enable it to exert a significant influence on an issuer's management.
10. The fund management company may not acquire for a sub-fund's assets more than 10% of the non-voting equity, debt and/or money market instruments of a single issuer or more than 25% of the units of other collective investments.  
These restrictions shall not apply if at the time of acquisition the gross amount of debt instruments, money market instruments or the units of other collective investments cannot be calculated.
11. The restrictions stipulated in prov. 9 and 10 above shall not apply if the securities and money market instruments are issued or guaranteed by a state or a public-law institution from the OECD or by international organisations with public-law character to which Switzerland or a member state of the European Union belongs.

## **VII. Provision for all sub-funds**

This excludes the acquisition of funds of funds.

## **IV. Calculation of net asset values and issue and redemption of units**

### **§ 16 Calculation of net asset values and application of swinging single pricing**

1. The net asset value for the sub-funds named in § 17 prov. 2 b) and the proportion of the individual classes or valuation net asset value for the sub-funds named in § 17 prov. 2 a) and the proportion of the individual classes shall be calculated in the accounting currency of the sub-fund at the market value as of the close of the financial year and for each day on which units are issued or redeemed. The sub-fund is not calculated on days when the stock exchanges or markets in the sub-fund's main investment countries are closed (such as bank and stock exchange holidays).  
However, on days on which no units are issued or redeemed, the fund management company may calculate the net asset value per unit ("non-negotiable net asset value"), e.g. if the last calendar day of a month falls on a day specified in prov. 6.2.1 a) of the appendix. Such non-negotiable net asset values may be published. However, they may be used only for performance calculations and performance statistics (in particular to compare against the benchmark) or for commission calculations, and must under no circumstances be used as the basis for issue and redemption orders.
2. Investments listed on a stock exchange or traded on another regulated market open to the public shall be valued at the current prices paid on the main market. Other investments or investments for which no current market price is available shall be valued at the price likely to be obtained if a sale were conducted with due care at the time of the valuation. In such cases the fund management company shall use appropriate and recognised valuation models and principles to determine the market value.

3. Open-end collective investments shall be valued using their redemption price or net asset value. If they are listed on a stock exchange or regularly traded on another regulated market open to the public, the fund management company may value them pursuant to prov. 2.
4. The value of money market instruments that are not listed on a stock exchange or traded on another regulated market open to the public shall be calculated as follows: The valuation price of such investments shall be based on the relevant interest-rate curve. The valuation based on the interest-rate curve shall comprise the two components of interest rate and spread. Consequently, the following principles shall be applied: For each money market instrument, the next rates of interest in respect of the residual term shall be interpolated. The interest rate calculated as a result shall then be converted into a market price by adding a spread that reflects the underlying borrower's credit rating. This spread shall be adjusted in the event of a significant change in the borrower's credit rating.
5. Bank deposits shall be valued using their exposure amount plus accrued interest. In the event of significant changes to market conditions or the credit rating, the valuation basis for bank deposits on demand shall be adjusted in line with the new conditions.
6. This provision shall apply only to sub-funds that are not listed under § 17 prov. 2 a): The net asset value of a unit of a sub-fund class represents the percentage of the unit class concerned in the market value of a sub-fund's assets, less all the liabilities of that sub-fund allocated to that unit class, divided by the number of units of the relevant class in circulation. This is rounded to the smallest unit of the respective sub-fund's accounting currency.
7. This provision shall apply only to sub-funds pursuant to § 17 prov. 2 a):  
If, on any one order day, the sum of subscriptions and redemptions of units in the investment fund result in a net inflow or outflow, the investment fund's valuation net asset value will be increased or reduced accordingly (swinging single pricing). The maximum adjustment level basically amounts to 2% of the valuation net asset value. However, in the event of exceptional circumstances, the fund management company may decide to temporarily apply an adjustment by more than 2% of the prevailing net asset value for every sub-fund and/or valuation day, if it sufficiently substantiates that the adjustment is justified in view of prevailing market conditions and in the best interests of investors. A temporary adjustment will be calculated in accordance with the procedure set out by the fund management company. Existing and new investors will be informed of the sufficiently substantiated decision on the application of this temporary measure and of its expiry by announcement in the umbrella fund's official medium of publication. The supervisory authority will also be notified. A modified valuation net asset value covers the incidental costs (bid/ask spread, brokerage fees at standard market rates, commissions, duties, etc.) that accrue to the fund on average from the investment of a net inflow or from the sale of a portion of investments corresponding to the net outflow. The valuation net asset value is adjusted upwards if net movements lead to an increase in the number of units in the investment fund. Conversely, the valuation net asset value is adjusted downwards if net movements lead to a decline in the number of units. The valuation net asset value calculated on the basis of swinging single pricing is thus a modified valuation net asset value as set out in the first sentence of this provision. Subscriptions and redemptions made the same day that have an evident, direct economic link and that therefore entail no ancillary costs for the purchase and sale of investments are excluded from the application of swinging single pricing.
8. The percentages of the market value of a sub-fund's net assets (sub-fund assets less liabilities) which are to be attributed to each unit class shall be determined for the first time upon the initial issue of multiple unit classes (if they are issued simultaneously) or the initial issue of an additional unit class, on the basis of the inflows to the sub-fund



for each unit class. The percentage shall be recalculated if one of the following events occurs:

- a) upon the issue and redemption of units;
- b) for the calculation of the net asset value, in terms of the allocation of liabilities (including costs and commissions that are due or have accrued) to the various unit classes, provided the liabilities of the various unit classes vary as percentages of their respective net asset values, namely if (i) different commission rates are applied for the different unit classes or if (ii) class-specific cost charges arise;
- c) for the calculation of net asset value, in terms of the allocation of income or investment income to the various unit classes, provided the income or investment income accrues from transactions that were carried out only in the interests of one unit class or in the interests of several unit classes, but not in proportion to their share of the net assets of a sub-fund.

## **§ 17 Issue and redemption of units**

1. Subscription or redemption orders for units shall be accepted on the order day up to a specific time stipulated in the appendix. The price used for the issue and redemption of units shall be calculated at the earliest on the bank business day (valuation day) following the order day (forward pricing). The appendix sets out the details.
2. Incidental costs:
  - a) The following shall apply to the sub-funds listed below:
    - Equities Global (ex Switzerland) Opportunity
    - Equities Global (ex Switzerland) Sustainable

The issue and redemption prices of units shall be based on the net asset value per unit as defined in § 16 calculated on the valuation day in conjunction with the closing prices of the previous day. When units are issued, an issuing commission may be added to the net asset value pursuant to § 18. When units are redeemed, a redemption commission may be deducted from the net asset value pursuant to § 18.

Incidental costs relating to the purchase and sale of investments (in particular, brokerage fees at standard market rates, commissions, taxes and duties, etc.) and incurred by the fund in connection with the investment of the amount paid in or with a sale of the redeemed portion of the assets corresponding to the units redeemed will be covered by the application of swinging single pricing as outlined in § 16 prov. 7 of the fund contract. Subscriptions and redemptions made the same day that have an evident, direct economic link and that therefore entail no ancillary costs for the purchase and sale of investments are excluded from the application of swinging single pricing. Should additional costs for actions of the fund management company, the custodian bank or third parties, such as stamp duties, arise as a result of the deposit and payment in securities instead of in cash (cf. § 5), these must be borne by the investor.

- a) The following shall apply to the sub-funds listed below:
  - Equities Global Climate Aware II
  - Equities Global Passive
  - Equities Global Passive II
  - Equities Global ESG Leaders Passive II
  - Equities Global Screened Passive II
  - Equities Japan Passive II
  - Equities USA Passive
  - Equities USA Passive II
  - Equities Global Small Cap Climate Aware II
  - Equities Global Small Cap Passive II
  - Global Real Estate Securities Passive (CHF hedged) II
  - Equities Canada Passive II

The issue and redemption prices of units shall be based on the net asset value per unit as defined in § 16 calculated on the valuation day in conjunction with the closing prices of the previous day. When units are issued, incidental costs (brokerage fees at standard market rates, commissions, taxes, and duties) incurred on average by the respective sub-fund in connection with the investment of the amount paid in are added to the net asset value. When units are redeemed, incidental costs incurred on average by the respective sub-fund in connection with the sale of a portion of investments corresponding to the units redeemed are deducted from the net asset value. The applicable maximum rate is stated in the appendix. However, in the event of exceptional circumstances, the fund management company may decide to temporarily apply an adjustment by more than the maximum rate stated in the Appendix for every sub-fund and/or valuation day, if it sufficiently substantiates that the adjustment is justified in view of prevailing market conditions and in the best interests of investors. A temporary adjustment will be calculated in accordance with the procedure set out by the fund management company. Existing and new investors will be informed of the sufficiently substantiated decision on the application of this temporary measure and of its expiry by announcement in the umbrella fund's official medium of publication. The supervisory authority will also be notified. No ancillary costs are charged for subscriptions and redemptions made the same day that have an evident, direct economic link and that therefore entail no ancillary costs for the purchase and sale of investments. In addition, when units are issued, an issuing commission may be added to the net asset value, pursuant to § 18. When units are redeemed, a redemption commission may be deducted from the net asset value similarly pursuant to § 18.

Should additional costs for actions of the fund management company, the custodian bank or third parties, such as stamp duties, arise as a result of the deposit and payment in securities instead of in cash (cf. § 5), these must be borne by the investor.

3. The fund management company can suspend the issue of units at any time and can also reject applications for unit subscriptions or conversions.
4. The fund management company may temporarily suspend the redemption of fund units in the interest of all investors by way of exception if:
  - a) a market on which the valuation of a significant proportion of the respective sub-fund's assets is based is closed, or if trading on such a market is limited or suspended;
  - b) a political, economic, military, monetary or other emergency occurs;
  - c) exchange controls or restrictions on other asset transfers make it impossible for the sub-fund to transact its business;
  - d) large-scale unit redemptions take place that could significantly jeopardise the interests of the other investors in this sub-fund.
5. The fund management company shall immediately apprise the independent auditors and the supervisory authority of any decision to suspend redemptions. It shall also notify the investors in an appropriate manner.
6. No units of a sub-fund shall be issued as long as the redemption of this sub-fund's units is suspended for the reasons stipulated under prov. 4 a) to c).
7. Each investor may request that, in the event of a subscription, he/she be permitted to make a contribution in kind instead of a cash payment or that, in the event of a termination, he/she receive a redemption in kind instead of a cash payment. Such a request must be submitted at the time of subscription or termination. The fund management company is not obliged to permit contributions and redemptions in kind.

The decision on contributions and redemptions in kind lies with the fund management company alone, and it approves such transactions only if the execution of the transactions is fully in accordance with the investment policy of the investment fund and if the interests of the other Investors are not jeopardised.

The costs entailed in connection with contributions or redemptions in kind may not be charged to the fund assets.

In the event of contributions or redemptions in kind, the fund management company shall draw up a report containing information on the individual assets that have been transferred, the market price of these assets on the transfer date, the number of units issued or redeemed in return, and any cash compensation. For every contribution or redemption in kind, the custodian bank verifies that the fund management company has complied with its duty of loyalty, and also checks the valuation of the assets transferred and the units issued or redeemed as of the relevant date. Should it have any reservations or complaints, the custodian bank must report these to the audit firm without delay.

Contribution and redemption in kind transactions must be detailed in the annual report.

## **V. Remuneration and incidental costs**

### **§ 18 Remuneration and incidental costs charged to the investor**

1. When units are issued, investors may be charged an issuing commission accruing to the fund management company, the custodian bank and/or distributors in Switzerland and abroad, which in total shall not exceed 3% of the net asset value. The actual rate is stated in the appendix.
2. When units are redeemed, investors may be charged a redemption commission accruing to the fund management company, the custodian bank and/or distributors in Switzerland or abroad, which in total shall not exceed 3% of the net asset value. The actual rate is stated in the appendix.

### **§ 19 Remuneration and incidental costs charged to the fund's assets**

1. For the duties described in § 6 prov. 4 and for the distribution activity with regard to the sub-fund and all duties of the custodian bank such as holding the assets of the sub-funds, the fund management company shall charge the sub-fund a flat fee as stated below, which shall be charged to the assets of the corresponding sub-fund pro rata temporis each time the fund's net assets are calculated and paid monthly (flat fee).
  - a) Unit classes "I-A-acc", "I-A2-acc" and "I-A3-acc"; I-W-acc  
For these unit classes, a maximum commission of 1.300% p.a. shall apply.
  - b) Unit class "I-B-acc"  
For this unit class, a maximum commission of 0.200% p.a. shall apply for fund administration.  
The costs to be borne by the investor for asset management and distribution in relation to the sub-funds are additionally covered by an individually negotiated, written agreement between UBS and the investor.
  - c) Unit class "I-X-acc" 0.000% p.a.  
Costs to be borne by the investor arising in connection with the services provided for class "I-X-acc" units are covered by an individually negotiated, written agreement between UBS and the investor (cf. § 6 prov. 4).
  - d) Unit class "U-X-acc" 0.000% p.a.  
Costs to be borne by the investor arising in connection with the services provided for class "U-X-acc" units are covered by an individually negotiated, written agreement between UBS and the investor (cf. § 6 prov. 4).

The fund management company shall inform holders of units in unit classes "I-A-acc" "I-A2-acc" "I-A3-acc", "I-B-acc", "I-X-acc" and "U-X-acc" about the effective commission rates charged in the appendix to the fund contract.

- Insofar as there is also a version of the existing unit classes hedged against the Swiss franc, as indicated by "(CHF hedged)", they shall be subject to the same maximum commission as stipulated in § 19 prov. 1 a)-d).
2. The following remuneration and incidental costs of the fund management company and the custodian bank, which are also charged to the assets of the respective sub-fund, are not included in the flat fee or commission:
    - a) Costs relating to the purchase and sale of investments including hedging transactions, specifically brokerage fees at standard market rates, commissions, settlement and processing charges, bank fees, taxes and duties, and costs for reviewing and maintaining the quality standards of physical investments. By way of derogation, these incurred in connection with the purchase/sale of investments during unit issuing and redemption, which are covered by the application of swinging single pricing as set out in § 16 prov. 7, subject to § 17 prov. 2 b);
    - b) Supervisory authority fees for the foundation, amendment, liquidation, merger or consolidation of the umbrella fund and/or the respective sub-funds;
    - c) Annual fee paid to the supervisory authority;
    - d) Fees paid to external auditors for audits and for certificates in connection with the foundation, amendment, liquidation, merger or consolidation of the umbrella fund or the respective sub-funds;
    - e) Fees paid to legal and tax advisors in connection with the foundation, amendment, dissolution or consolidation of the investment fund and the respective sub-funds, as well as for the general representation of the interests of the umbrella fund or the respective sub-funds and its investors;
    - f) Costs of publishing the net asset value of the respective sub-funds and all costs associated with notifications to the investors, where such costs were not necessitated by misconduct on the part of the fund management company, including translation costs;
    - g) Costs of printing and translating legal documents as well as the annual reports of the umbrella fund or the respective sub-funds;
    - h) Costs of registering the umbrella fund or the respective sub-funds with a foreign supervisory authority, specifically commissions charged by the foreign supervisory authority, translation costs and remuneration paid to the representative or paying agent abroad;
    - i) Costs in connection with the exercising of voting and creditors' rights by the umbrella fund or the respective sub-fund, including fees for external advisors;
    - j) Costs and fees associated with intellectual property registered in the name of the umbrella fund or the respective sub-funds or with rights of use in respect of the fund;
    - k) All costs incurred in connection with any exceptional measures to protect the interests of investors that are taken by the fund management company, the asset manager of the collective investments or the custodian bank;
    - l) Costs of registering or extending the legal entity identifier in the case of domestic and foreign registration authorities;  
Charges and costs of purchasing and using data and data licences, provided they can be attributed to the fund and do not constitute research costs;
    - m) Costs and fees for using and checking independent labels.
  3. The costs according to Section 2 item a are directly added to the cost value or deducted from the sales value
  4. The fund management company and its agents may, in accordance with the provisions of the appendix, pay retrocessions as remuneration for distribution activity in respect of fund units, and offer rebates to reduce the fees or costs incurred by the investor

and charged to the umbrella fund or sub-funds, or may determine the fees by way of individual agreements with the investor.

5. Any management commission charged by the target funds in which investments are made may not exceed 3%, taking into account any retrocessions and rebates. The annual report shall indicate the maximum rate for the management commission of the target funds invested in, factoring in any retrocessions and rebates for each sub-fund.
6. If the fund management company acquires units in other collective investment schemes that are managed directly or indirectly by the fund management company itself or a company to which it is related by virtue of common management or control or by a significant direct or indirect interest (related target funds), it may not charge any issuing or redemption commissions of the related target funds to the sub-funds for such investments.
7. Remuneration may only be charged to the sub-fund receiving a specific benefit. Costs that cannot be unequivocally attributed to a particular sub-fund are charged to each individual sub-fund in proportion to its share of fund assets.

## **VI. Financial statements and audits**

### **§ 20 Financial statements**

1. The accounting currencies of the individual sub-funds are as follows:
  - Equities Global Passive Swiss francs (CHF);
  - Equities Global Passive II Swiss francs (CHF);
  - Equities Global (ex Switzerland) Opportunity Swiss francs (CHF);
  - Equities Global Climate Aware II Swiss francs (CHF);
  - Equities Global (ex Switzerland) Sustainable Swiss francs (CHF);
  - Equities Global ESG Leaders Passive II Swiss francs (CHF);
  - Equities Global Screened Passive II Swiss francs (CHF);
  - Equities Japan Passive II Swiss francs (CHF);
  - Equities USA Passive Swiss francs (CHF);
  - Equities USA Passive II Swiss francs (CHF);
  - Equities Global Small Cap Climate Aware II Swiss francs (CHF);
  - Equities Global Small Cap Passive II Swiss francs (CHF);
  
  - Global Real Estate Securities Passive (CHF hedged) II Swiss francs (CHF);
  - Equities Canada Passive II Swiss francs (CHF).
2. The financial year shall run from 1 November to 31 October.
3. The fund management company shall publish an audited annual report for the umbrella fund and the sub-funds within four months of the close of the financial year.
4. In addition to the annual report, the fund management company shall also provide investors with regular information about the composition and net asset value of the assets of the respective sub-fund and about the value per fund unit. Such information shall be provided (on the basis of an individual agreement with the investor) via letter, fax, electronic media, direct custody account access, e-mail etc.
5. The foregoing does not affect the investor's right to information as specified under § 5 prov. 5.

### **§ 21 External audits**

The external auditors examine whether the fund management company and the custodian bank have acted in compliance with the statutory and contractual provisions as well as the code of professional ethics of the Asset Management Association Switzerland applicable to them. The annual report contains a short report by the audit firm on the published annual financial statements.

## **VII. Appropriation of net income**

### **§ 22**

1. The net income of the sub-funds for each unit class shall be added annually to the assets of the relevant unit class of the corresponding sub-fund for reinvestment. The fund management company may also decide to make interim reinvestments of the sub-fund's income for each unit class. This is subject to any taxes and duties that may be levied on the reinvestment of these funds.
2. Capital gains realised on the sale of assets and rights may be distributed by the fund management company or retained for the purpose of reinvestment.

## **VIII. Publications of official notices**

### **§ 23**

1. Official notices regarding the umbrella fund and the sub-funds are published in the print or electronic medium named in the appendix. Any change in the official publication must be announced in the official publication.
2. The official publication for the fund shall in particular include notices regarding any material amendments to the fund contract in summary form, indicating the locations where the full wording of such amendments may be obtained free of charge, any change of fund management company and/or custodian bank, the creation, liquidation or merger of unit classes and the dissolution of the sub-funds. Any amendments required by law that do not affect the rights of investors or only concern matters of form may be exempted from the duty of disclosure subject to the approval of the supervisory authority.
3. The fund management company shall provide investors with details regarding the net asset value or, by applying swinging single pricing pursuant to § 16 prov. 7, the modified valuation net asset value of the individual sub-funds' assets as well as the value per fund unit, as agreed individually by letter, fax, electronic media, direct custody account access or e-mail, for every subscription and redemption.
4. The fund contract with appendix and the respective annual report may be obtained free of charge from the fund management company, custodian bank and all distributors.

## **IX. Restructuring and dissolution**

### **§ 24 Merger**

1. Subject to the agreement of the custodian bank, the fund management company may merge individual sub-funds with other sub-funds or with other investment funds by transferring the assets and liabilities of the sub-fund(s) or investment fund(s) being acquired to the acquiring sub-fund or investment fund. The investors in the sub-fund or investment fund being acquired shall receive the corresponding number of units in the acquiring sub-fund or fund. The sub-fund or investment fund being acquired is terminated without liquidation when the merger takes place, and the fund contract of the acquiring sub-fund or investment fund also applies to the sub-fund or investment fund being acquired.
2. Sub-funds or investment funds may only be merged provided that:
  - a) the applicable fund contracts provide for such merger;
  - b) they are managed by the same fund management company;
  - c) the following provisions of the applicable fund contracts are essentially identical with regard to:

- the investment policy, investment techniques, risk diversification, and the risks associated with the investment,
  - appropriation of net income and capital gains from the sale of assets and rights,
  - the type, value and method of calculating any remuneration, issuing and redemption commission and incidental costs relating to the purchase and sale of investments (brokerage fees, fees, duties) that may be charged to the fund's assets or the investors,
  - the conditions of redemption,
  - the duration of the contract and conditions for its dissolution;
- d) the valuation of the affected sub-funds' or investment funds' assets, the calculation of the exchange ratio and the transfer of assets and liabilities take place on the same day;
- e) no costs are incurred by the sub-funds or investment funds or the investors. The aforementioned shall be subject to the provisions pursuant to § 19 prov. 2 b), d) and e).
3. If it is anticipated that the merger will take more than one day, the supervisory authority may authorise a temporary suspension of unit redemptions for the sub-funds or investment funds concerned.
  4. The fund management company must submit the proposed merger together with the merger schedule to the supervisory authority for review at least one month before the planned publication of the intended changes to the fund contract. The merger schedule must contain detailed information on the reasons for the merger, the investment policies of the sub-funds or investment funds involved and any differences between the acquiring sub-fund or investment fund and the sub-fund or investment fund being acquired, the calculation of the exchange ratio, any differences with regard to remuneration, any tax implications for the sub-funds or investment funds and a statement from the competent statutory external auditors under collective investment legislation.
  5. The fund management company shall publish notice of proposed amendments to the fund contract in accordance with § 24 prov. 2 as well as the proposed merger and its schedule together with the merger plan at least two months before the planned date of merger in the official publication of the sub-funds or investment funds involved. Such notice shall advise the investor that it may lodge an objection to the proposed amendments to the fund contract with the supervisory authority within 30 days after the last publication, or request redemption of its units in cash or submit a request for redemption in kind in accordance with § 17 prov. 7.
  6. The external auditors must check immediately that the merger is being carried out correctly, and shall submit a report containing their comments in this regard to the fund management company and the supervisory authority.
  7. The fund management company shall notify the supervisory authority that the merger has been completed and publish a notice to this effect, together with a statement from the external auditors confirming that the merger was executed correctly and the exchange ratio, without delay in the official publication of the sub-funds or investment funds concerned.
  8. The fund management company must make reference to the merger in the next annual report of the acquiring sub-fund or investment fund and in its semi-annual report if published prior to the annual report. Unless the merger falls on the final day of the normal financial year, an audited closing statement must be produced for the sub-fund or investment fund being acquired.

## **§ 25 Conversion into another legal form**

1. The fund management company may, with the consent of the custodian bank and the investors, convert investment funds into sub-funds of a SICAV under Swiss law, whereby

- the assets and liabilities of the converted investment fund(s) are transferred to the investor sub-fund of a SICAV at the time of conversion. The investors of the converted investment fund will receive units of the investor sub-fund of the SICAV with a corresponding value. On the day of conversion, the converted investment fund will be dissolved without liquidation, and the investment regulations of the SICAV will apply to the investors of the converted investment fund who will become investors of the SICAV's investor sub-fund.
2. The investment fund may only be converted into a sub-fund of a SICAV if:
    - a) The fund contract provides for this, and this is explicitly stated in the SICAV's investment regulations;
    - b) The investment fund and the sub-fund are managed by the same fund management company;
    - c) The fund contract and the investment regulations of the SICAV are consistent with respect to the following provisions:
      - the investment policy (including liquidity), the investment techniques (securities lending, repurchase and reverse repurchase agreements and financial derivatives), borrowing and lending, pledging of collective investment assets, risk distribution and investment risks, the type of collective investment scheme, the investor base, the unit/share classes and the calculation of the net asset value,
      - the use of net proceeds and gains on disposal from the sale of items and rights,
      - the appropriation of net income and reporting,
      - the nature, amount and calculation of all remuneration, issue and redemption discounts and incidental costs for the acquisition and disposal of investments (brokerage fees, duties and taxes) that may be charged to the fund assets or to the SICAV, the investors or the shareholders, subject to incidental costs specific to the legal form of the SICAV,
      - the issuing and redemption conditions,
      - the term of the contract or the SICAV,
      - the publication medium;
    - d) The valuation of the assets of the collective investment schemes involved, the calculation of the exchange ratio, and the transfer of the assets and liabilities must take place on the same day;
    - e) No costs may be incurred by the investment fund or the SICAV or by the investors or shareholders.
  3. FINMA may approve the suspension of the redemption for a certain period of time if it is foreseeable that the conversion will take longer than one day.
  4. The fund management company must submit the planned amendments to the fund contract and the planned conversion together with the conversion plan to FINMA for review prior to the planned publication. The conversion plan must contain information on the reasons for the conversion, the investment policy of the collective investment schemes concerned, any differences between the converted investment fund and the SICAV's sub-fund, the calculation of the conversion ratio, any differences with regard to remuneration, any tax implications for the collective investment schemes, and an opinion from the audit firm of the investment fund.
  5. The fund management company will publish any amendments to the fund contract pursuant to § 24 point 1 and 2 and the planned conversion and the planned date in connection with the conversion plan at least two months before the date specified by it in the publication of the converted investment fund. In this notice, the fund management company must inform the investors that they may lodge objections to the proposed changes to the fund contract with the supervisory authority, or request redemption of their units in cash, within 30 days of publication or notice.
  6. The audit firm of the investment fund or the SICAV (if different) will immediately verify the proper execution of the conversion and report thereon to the fund management company, the SICAV and FINMA.



7. The fund management company will immediately notify FINMA of the completion of the conversion and forward to FINMA the audit firm's confirmation regarding the proper execution of the transaction and the conversion report in the publication medium of the investment funds involved.
8. The fund management company or the SICAV will mention the conversion in the next annual report of the investment fund or the SICAV and in any semi-annual report published before this date

## **§ 26 Duration of the sub-funds and dissolution**

1. The sub-funds have been established for an indefinite period.
2. The fund management company or custodian bank may dissolve the individual sub-funds by terminating the fund contract without notice.  
The following applies to the sub-funds "- Equities Japan Passive II" and "- Equities USA II":  
this fund of funds may, in accordance with its risk diversification provisions (§ 15 II. prov. 10), acquire up to 100% of the units of these target funds. If an application is made by the fund of funds for the redemption of a substantial portion of the assets relative to the assets of the target fund, the fund management company is required to check whether this redemption may be carried out with no detrimental impact on the remaining investors. Only then may it approve the redemption by the fund of funds. If the redemption cannot be carried out without any detrimental impact, it will not be approved. The redemption by the target fund will be suspended immediately and the affected target fund will be dissolved without notice. The redemption will then be paid to the fund of funds as part of the dissolution process.
3. The individual sub-funds may be dissolved by order of the supervisory authority, for example if a sub-fund does not have net assets of at least five million Swiss francs (or the equivalent) no later than one year after the expiry of the subscription period (inception), or a longer period specified by the supervisory authority at the request of the custodian bank and the fund management company.
4. The fund management company shall notify the supervisory authority of such dissolution immediately and publish a notice to this effect in the official publication.
5. Upon termination of the fund contract, the fund management company may liquidate the affected sub-funds forthwith. If the supervisory authority has ordered the dissolution of a sub-fund, it must be liquidated immediately. The custodian bank shall be responsible for paying the liquidation proceeds to the investors. If the liquidation proceedings are protracted, payment may be made in instalments. Prior to the final payment, the fund management company must obtain authorisation from the supervisory authority.

## **X. Amendment to the fund contract**

### **§ 27**

If any amendments are to be made to this fund contract, or if the merger of unit classes or a change of fund management company or custodian bank are proposed, investors may lodge objections with the supervisory authority within 30 days of the most recent notice published. In the official publication, the fund management company shall inform the investor which amendments to the fund contract are covered by FINMA's examination and ascertainment of legal conformity. In the event of any amendment to the fund contract, including mergers of unit classes, investors may also request redemption of their units in cash subject to the period stipulated in this contract. This is subject to the cases described in § 24 prov. 2, in which, subject to the approval of the supervisory authority, there is an exemption from the duty of disclosure.

## **XI. Applicable law and place of jurisdiction**

### **§ 28**

1. The umbrella fund with its sub-funds is governed by Swiss law and in particular the Swiss Collective Investment Schemes Act of 23 June 2006, the Swiss Collective Investment Schemes Ordinance of 22 November 2006 and the Collective Investment Schemes Ordinance issued by FINMA of 27 August 2014.  
The place of jurisdiction shall be the domicile of the fund management company.
2. The German version shall be binding for the interpretation of the fund contract.
3. This fund contract takes effect on 28 January 2025.
4. This fund contract replaces the fund contract dated 10 December 2024.
5. When approving the fund contract, FINMA exclusively checks for compliance with the provisions of Art. 35a (1) a-g CISO and establishes its legal conformity.

## Appendix

Status: 3 February 2025

Appendix to the fund contract of UBS (CH) Institutional Fund 2.

Investment fund under Swiss law with multiple sub-funds  
(Umbrella fund) for qualified investors of the category "Other funds for traditional investments"

### 1. Information on the investment funds, unit classes and remuneration

- Minimum investment for "I-A2-acc":  
For initial investments in "I-A2-acc" there must be either a transaction for at least CHF 10,000,000 (or the equivalent in another currency) or the total amount of assets managed at UBS within an investment agreement must be more than CHF 30,000,000 (or the equivalent in another currency) at the time of the initial investment;
- Minimum investment for "I-A3-acc":  
For initial investments in "I-A3-acc" there must be either a transaction for at least CHF 30,000,000 (or the equivalent in another currency) or the total amount of assets managed at UBS within an investment agreement must be more than CHF 100,000,000 (or the equivalent in another currency) at the time of the initial investment;
- All unit classes can be traded at a fractional unit of 0.001;
- All unit classes are accumulating unit classes:

Sub-fund	Unit class	Accounting currency	Currency of the unit class (reference currency)	Initial issue price	Commission in b.p. p.a.
<b>- Equities Global Passive</b>	<a href="#">I-A-acc</a>	CHF	CHF	1,000	<u>15</u>
	<a href="#">I-A2-acc</a>	CHF	CHF	1,000	<u>15</u>
	<a href="#">I-B-acc</a>	CHF	CHF	1,000	<u>5.5</u>
	<a href="#">I-X-acc</a>	CHF	CHF	1,000	<u>0</u>
	<a href="#">I-W-acc</a>	CHF	CHF	1,000	<u>15</u>
	<a href="#">U-X-acc</a>	CHF	CHF	100,000	<u>0</u>
	<a href="#">(CHF hedged) I-A-acc</a>	CHF	CHF	1,000	<u>18</u>
	<a href="#">(CHF hedged) I-B-acc</a>	CHF	CHF	1,000	<u>5.5</u>
	<a href="#">(CHF hedged) I-X-acc</a>	CHF	CHF	1,000	<u>0</u>
	<a href="#">(CHF hedged) I-W-acc</a>	CHF	CHF	1,000	<u>18</u>
	<a href="#">(CHF hedged) U-X-acc</a>	CHF	CHF	100,000	<u>0</u>
<b>- Equities Global Passive II</b>	<a href="#">I-A-acc</a>	CHF	CHF	1,000	<u>15</u>
	<a href="#">I-B-acc</a>	CHF	CHF	689.64	<u>5.5</u>
	<a href="#">I-X-acc</a>	CHF	CHF	690.03	<u>0</u>
	<a href="#">U-X-acc</a>	CHF	CHF	100,000	<u>0</u>
	<a href="#">I-W-acc</a>	CHF	CHF	1,000	<u>15</u>
	<a href="#">(CHF hedged) I-A-acc</a>	CHF	CHF	1,000	<u>18</u>
	<a href="#">(CHF hedged) I-B-acc</a>	CHF	CHF	1,000	<u>5.5</u>
	<a href="#">(CHF hedged) I-X-acc</a>	CHF	CHF	1,000	<u>0</u>
	<a href="#">(CHF hedged) I-W-acc</a>	CHF	CHF	1,000	<u>18</u>
	<a href="#">(CHF hedged) U-X-acc</a>	CHF	CHF	100,000	<u>0</u>
	<b>- Equities Global (ex Switzerland) Opportunity</b>	<a href="#">I-A-acc</a>	CHF	CHF	1,000
<a href="#">I-A2-acc</a>		CHF	CHF	1,000	<u>80</u>

Sub-fund	Unit class	Accounting currency	Currency of the unit class (reference currency)	Initial issue price	is-Commission in b.p. p.a.
	<a href="#">I-A3-acc</a>	CHF	CHF	1,000	70
	<a href="#">I-B-acc</a>	CHF	CHF	1,000	5.5
	<a href="#">I-X-acc</a>	CHF	CHF	1,000	0
	<a href="#">I-W-acc</a>	CHF	CHF	1,000	85
	<a href="#">U-X-acc</a>	CHF	CHF	100,000	0
	<a href="#">(CHF hedged) I-A-acc</a>	CHF	CHF	1,000	88
	<a href="#">(CHF hedged) I-A2-acc</a>	CHF	CHF	1,000	83
	<a href="#">(CHF hedged) I-A3-acc</a>	CHF	CHF	1,000	73
	<a href="#">(CHF hedged) I-B-acc</a>	CHF	CHF	1,000	5.5
	<a href="#">(CHF hedged) I-X-acc</a>	CHF	CHF	1,000	0
	<a href="#">(CHF hedged) I-W-acc</a>	CHF	CHF	1,000	88
	<a href="#">(CHF hedged) U-X-acc</a>	CHF	CHF	100,000	0
<b>- Equities Global Climate Aware II</b>	<a href="#">I-A-acc</a>	CHF	CHF	1,000	18
	<a href="#">I-B-acc</a>	CHF	CHF	1,000	5.5
	<a href="#">I-X-acc</a>	CHF	CHF	1,000	0
	<a href="#">U-X-acc</a>	CHF	CHF	100,000	0
	<a href="#">I-W-acc</a>	CHF	CHF	1,000	18
	<a href="#">(CHF hedged) I-A-acc</a>	CHF	CHF	1,000	21
	<a href="#">(CHF hedged) I-B-acc</a>	CHF	CHF	1,000	5.5
	<a href="#">(CHF hedged) I-X-acc</a>	CHF	CHF	1,000	0
	<a href="#">(CHF hedged) U-X-acc</a>	CHF	CHF	100,000	0
	<a href="#">(CHF hedged) I-W-acc</a>	CHF	CHF	1,000	21
<b>- Equities Global (ex Switzerland) Sustainable</b>		CHF	CHF	1,160.36	72
	<a href="#">I-A-acc</a>				
	<a href="#">I-A2-acc</a>	CHF	CHF	1,000	68
	<a href="#">I-A3-acc</a>	CHF	CHF	1,000	60
	<a href="#">I-B-acc</a>	CHF	CHF	1,178.26	5.5
	<a href="#">I-X-acc</a>	CHF	CHF	1,179.68	0
	<a href="#">I-W-acc</a>	CHF	CHF	1,000	72
	<a href="#">U-X-acc</a>	CHF	CHF	100,000	0
	<a href="#">(CHF hedged) I-A-acc</a>	CHF	CHF	1,160.36	75
	<a href="#">(CHF hedged) I-A2-acc</a>	CHF	CHF	1,000	71
	<a href="#">(CHF hedged) I-A3-acc</a>	CHF	CHF	1,000	63
	<a href="#">(CHF hedged) I-B-acc</a>	CHF	CHF	1,178.26	5.5
	<a href="#">(CHF hedged) I-X-acc</a>	CHF	CHF	1,179.68	0
	<a href="#">(CHF hedged) I-W-acc</a>	CHF	CHF	1,000	75
	<a href="#">(CHF hedged) U-X-acc</a>	CHF	CHF	100,000	0
<b>- Equities Global ESG Leaders Passive II</b>	<a href="#">I-A-acc</a>	CHF	CHF	1,000	14
	<a href="#">I-B-acc</a>	CHF	CHF	1,000	5.5
	<a href="#">I-X-acc</a>	CHF	CHF	1,000	0
	<a href="#">I-W-acc</a>	CHF	CHF	1,000	14
	<a href="#">U-X-acc</a>	CHF	CHF	100,000	0
	<a href="#">(CHF hedged) I-A-acc</a>	CHF	CHF	1,000	2017
	<a href="#">(CHF hedged) I-B-acc</a>	CHF	CHF	1,000	5.5
	<a href="#">(CHF hedged) I-X-acc</a>	CHF	CHF	1,000	0
	<a href="#">(CHF hedged) I-W-acc</a>	CHF	CHF	1,000	17
	<a href="#">(CHF hedged) U-X-acc</a>	CHF	CHF	100,000	0
<b>- Equities Global Screened Passive II</b>	<a href="#">I-A-acc</a>	CHF	CHF	1,000	14
	<a href="#">I-B-acc</a>	CHF	CHF	1,000	5.5

Sub-fund	Unit class	Accounting currency	Currency of the unit class (reference currency)	Initial issue price	is-	Commission in b.p. p.a.
	<a href="#">I-X-acc</a>	CHF	CHF	1,000		0
	<a href="#">I-W-acc</a>	CHF	CHF	1,000		14
	<a href="#">U-X-acc</a>	CHF	CHF	100,000		0
	<a href="#">(CHF hedged) I-A-acc</a>	CHF	CHF	1,000		<del>22</del> 17
	<a href="#">(CHF hedged) I-B-acc</a>	CHF	CHF	1,000		5.5
	<a href="#">(CHF hedged) I-X-acc</a>	CHF	CHF	1,000		0
	<a href="#">(CHF hedged) I-W-acc</a>	CHF	CHF	1,000		17
	<a href="#">(CHF hedged) U-X-acc</a>	CHF	CHF	100,000		0
<b>- Equities Japan Passive II</b>	<a href="#">I-A-acc</a>	CHF	CHF	1,000		12
	<a href="#">I-B-acc</a>	CHF	CHF	1,000		5.5
	<a href="#">I-X-acc</a>	CHF	CHF	1,000		0
	<a href="#">I-W-acc</a>	CHF	CHF	1,000		12
	<a href="#">U-X-acc</a>	CHF	CHF	100,000		0
	<a href="#">(CHF hedged) I-A-acc</a>	CHF	CHF	1,000		15
	<a href="#">(CHF hedged) I-B-acc</a>	CHF	CHF	1,000		5.5
	<a href="#">(CHF hedged) I-X-acc</a>	CHF	CHF	1,000		0
	<a href="#">(CHF hedged) I-W-acc</a>	CHF	CHF	1,000		15
	<a href="#">(CHF hedged) U-X-acc</a>	CHF	CHF	100,000		0
<b>- Equities USA Passive</b>	<a href="#">I-A-acc</a>	CHF	CHF	1,000		15
	<a href="#">I-B-acc</a>	CHF	CHF	1,000		5.5
	<a href="#">I-X-acc</a>	CHF	CHF	1,000		0
	<a href="#">I-W-acc</a>	CHF	CHF	1,000		15
	<a href="#">U-X-acc</a>	CHF	CHF	100,000		0
	<a href="#">CHF hedged) I-A-acc</a>	CHF	CHF	1,000		18
	<a href="#">(CHF hedged) I-B-acc</a>	CHF	CHF	1,000		5.5
	<a href="#">(CHF hedged) I-X-acc</a>	CHF	CHF	1,000		0
	<a href="#">(CHF hedged) I-W-acc</a>	CHF	CHF	1,000		18
	<a href="#">(CHF hedged) U-X-acc</a>	CHF	CHF	100,000		0
<b>- Equities USA Passive II</b>	<a href="#">I-A-acc</a>	CHF	CHF	1,000		15
	<a href="#">I-B-acc</a>	CHF	CHF	1,000		5.5
	<a href="#">I-X-acc</a>	CHF	CHF	1,000		0
	<a href="#">I-W-acc</a>	CHF	CHF	1,000		15
	<a href="#">U-X-acc</a>	CHF	CHF	100,000		0
	<a href="#">(CHF hedged) I-A-acc</a>	CHF	CHF	1,000		18
	<a href="#">(CHF hedged) I-B-acc</a>	CHF	CHF	1,000		5.5
	<a href="#">(CHF hedged) I-X-acc</a>	CHF	CHF	1,000		0
	<a href="#">(CHF hedged) I-W-acc</a>	CHF	CHF	1,000		18
	<a href="#">(CHF hedged) U-X-acc</a>	CHF	CHF	100,000		0
<b>- Equities Global Small Cap Climate Aware II</b>	<a href="#">I-A-acc</a>	CHF	CHF	1,000		28
	<a href="#">I-B-acc</a>	CHF	CHF	1,000		5.5
	<a href="#">I-X-acc</a>	CHF	CHF	1,000		0
	<a href="#">I-W-acc</a>	CHF	CHF	1,000		28
	<a href="#">U-X-acc</a>	CHF	CHF	100,000		0
	<a href="#">(CHF hedged) I-A-acc</a>	CHF	CHF	1,000		31
	<a href="#">(CHF hedged) I-B-acc</a>	CHF	CHF	1,000		5.5
	<a href="#">(CHF hedged) I-X-acc</a>	CHF	CHF	1,000		0
	<a href="#">(CHF hedged) I-W-acc</a>	CHF	CHF	1,000		31
	<a href="#">(CHF hedged) U-X-acc</a>	CHF	CHF	100,000		0
<b>- Equities Global Small Cap Passive II</b>	<a href="#">I-A-acc</a>	CHF	CHF	1,000		25

Sub-fund	Unit class	Accounting currency	Currency of the unit class (reference currency)	Initial issue price	Commission in b.p. p.a.
	<a href="#">I-B-acc</a>	CHF	CHF	1,000	5.5
	<a href="#">I-X-acc</a>	CHF	CHF	1,000	0
	<a href="#">I-W-acc</a>	CHF	CHF	1,000	25
	<a href="#">U-X-acc</a>	CHF	CHF	100,000	0
	<a href="#">(CHF hedged) I-A-acc</a>	CHF	CHF	1,000	28
	<a href="#">(CHF hedged) I-B-acc</a>	CHF	CHF	1,000	5.5
	<a href="#">(CHF hedged) I-X-acc</a>	CHF	CHF	1,000	0
	<a href="#">(CHF hedged) I-W-acc</a>	CHF	CHF	1,000	28
	<a href="#">(CHF hedged) U-X-acc</a>	CHF	CHF	100,000	0
<b>- Global Real Estate Securities Passive (CHF hedged) II</b>	<a href="#">I-A-acc</a>	CHF	CHF	1,000	24
	<a href="#">I-B-acc</a>	CHF	CHF	1,000	5.5
	<a href="#">I-X-acc</a>	CHF	CHF	1,000	0
	<a href="#">I-W-acc</a>	CHF	CHF	1,000	24
	<a href="#">U-X-acc</a>	CHF	CHF	100,000	0
<b>- Equities Canada Passive II</b>	<a href="#">I-A-acc</a>	CHF	CHF	1,000	32
	<a href="#">I-B-acc</a>	CHF	CHF	1,000	5.5
	<a href="#">I-X-acc</a>	CHF	CHF	1,000	0
	<a href="#">I-W-acc</a>	CHF	CHF	1,000	32
	<a href="#">U-X-acc</a>	CHF	CHF	100,000	0
	<a href="#">(CHF hedged) I-A-acc</a>	CHF	CHF	1,000	35
	<a href="#">(CHF hedged) I-B-acc</a>	CHF	CHF	1,000	5.5
	<a href="#">(CHF hedged) I-X-acc</a>	CHF	CHF	1,000	0
	<a href="#">(CHF hedged) I-W-acc</a>	CHF	CHF	1,000	35
	<a href="#">(CHF hedged) U-X-acc</a>	CHF	CHF	100,000	0

### Tax regulations applying to the investment fund and/or individual sub-funds

The Swiss withholding tax deducted from domestic income in the umbrella fund can be reclaimed in full by the fund management company for the relevant sub-fund. Any income realised abroad may be subject to the relevant withholding tax deductions imposed by the country of investment. According to Circular no. 24 from the Swiss Federal Tax Administration, these taxes will, as far as possible, be reclaimed by the fund management company on behalf of investors resident in Switzerland under the terms of double taxation agreements or other such agreements for those sub-funds where at least 80% of income derives from foreign sources on an ongoing basis.

UBS (CH) Institutional Fund 2	At least 80% foreign income
- Equities Global Passive	No
- Equities Global Passive II	No
- Equities Global (ex Switzerland) Opportunity	Yes
- Equities Global Climate Aware II	Yes
- Equities Global (ex Switzerland) Sustainable	Yes
- Equities Global ESG Leaders Passive II	Yes
- Equities Global Screened Passive II	Yes
- Equities Japan Passive II	Yes
- Equities USA Passive	Yes
- Equities USA Passive II	Yes
- Equities Global Small Cap Climate Aware II	Yes

- Equities Global Small Cap Passive II	Yes
- Global Real Estate Securities Passive (CHF hedged) II	Yes
- Equities Canada Passive II	Yes

**International automatic exchange of information in tax matters (automatic exchange of information)**

This umbrella fund qualifies as being for the purpose of the automatic exchange of information within the meaning of the collective reporting and due diligence standard prescribed by the Organisation for Economic Co-operation and Development (OECD) for information on finance accounts (GMS) as a non-reporting financial entity.

**FATCA**

The sub-funds "- Equities Canada Passive II", "- Equities Japan Passive II", "- Equities Global Passive", "- Equities Global Passive II", "- Equities Global (ex Switzerland) Opportunity", "- Equities Global (ex Switzerland) Sustainable", "- Equities Global Climate Aware II", "- Equities Global ESG Leaders Passive II", "- Equities Global Screened Passive II", "- Equities Global Small Cap Climate Aware II", "- Equities Global Small Cap Passive II" and "- Global Real Estate Securities Passive (CHF hedged) II" are registered with the US tax authorities as Exempt Retirement Plans under a Model 2 IGA as provided for by Sections 1471 - 1474 of the U.S. Internal Revenue Code (Foreign Account Tax Compliance Act, including related ordinances, FATCA).

The sub-funds "- Equities USA Passive" and "- Equities USA Passive II" were registered with the US tax authorities as Registered Deemed-Compliant Financial Institutions under a Model 2 IGA as provided for by Sections 1471 - 1474 of the U.S. Internal Revenue Code (Foreign Account Tax Compliance Act, including related ordinances, FATCA).

**Partial tax exemption under the German Investment Tax Act 2018**

All sub-funds count as "other funds" for the purposes of the German Investment Tax Act (InvStG), hence partial exemption under § 20 InvStG is not possible.

**2. Investment objectives**

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**A. General part**

**Sustainability**

The asset manager defines sustainability as the ability to leverage the environmental, social and governance (ESG) factors of business practices to generate opportunities and mitigate risks that contribute to the long-term performance of issuers ("sustainability"). The asset manager believes that by taking these factors into consideration, a more informed investment decision is made.

For sub-funds classified by UBS Asset Management in accordance with its investment policy (§ 8) as "ESG integration", the ESG integration approach is followed. Asset managers of sub-funds that are classified as "ESG integration" can, taking account of all risks and opportunities and with corresponding justification and documentation, invest in securities that have an increased ESG risk.

For sub-funds classified by UBS Asset Management in accordance with its investment policy (§ 8) as "Sustainability Focus", one or more specific sustainability objectives is followed with

a specific ESG characteristic or sustainability objective defined in their investment policy <https://www.ubs.com/global/en/asset-management/investment-capabilities/sustainability.html>.

Sustainability focus funds use ESG integration and define binding minimum standards regarding potentially identified increased ESG risks in the portfolio construction.

Sub-funds categorised by UBS Asset Management as climate aware strategy funds pursuant to their investment policy (§ 8) focus their portfolio on reducing the environmental footprint over time by cutting the greenhouse gas emissions of the portfolio or the issuers contained in it over time (**climate focus**).

This UBS Asset Management ESG classification is listed in the investment objective of the specific sub-funds.

### **ESG approaches**

The **ESG approaches** and risks listed below, or a combination thereof, may be used for sustainable investments and risks:

### **ESG Integration**

ESG is integrated by including material ESG risks as part of the research process. When investing, this process uses the ESG Material Issues Framework of the asset manager, which identifies financially relevant factors that may affect investment decisions. Identifying financially relevant ESG factors means analysts can concentrate on sustainability factors that may affect the investment return. ESG integration can also highlight opportunities for holdings to improve their ESG risk profile, mitigating the potential negative impact of ESG problems on their performance.

The asset manager applies a system that uses internal and/or external data sources to identify investments with material ESG risks. The main external data sources are MSCI ESG Research, which provides ESG research and data, and Sustainalytics for general ESG data, such as ESG ratings, ESG scores, business practices, greenhouse gas emissions, with special ESG data providers such as ISS Ethix for controversial armaments. Analysis of material sustainability/ESG issues can include various aspects, such as the following: CO<sub>2</sub> footprint, health and welfare, human rights, supply chain management, fair treatment of customers and company management.

The asset manager takes ESG integration into account when allocating to underlying strategies, including of target funds. For strategies managed by UBS, the asset manager identifies ESG-integrated assets using the research process for ESG integration described above.

Similar sustainability criteria are used for investments in passive or rules-based strategies. However the data providers and sources and the precise implementation of the criteria are not specified. The asset manager assesses the passive or rules-based strategies to ensure they meet the UBS sustainability standards.

See above for a description of the ESG integration fund/ sustainability focus funds/ESG integration fund/climate aware strategy fund categories defined by UBS Asset Management.



**Exclusions (negative screening):** Where the sub-funds invest in actively managed or rule-based UBS Asset Management Climate Aware funds or strategies, they use exclusion guidelines. These encompass in particular companies that are involved in the manufacture of controversial weapons, coal production and the energy production based on it, as well as oil sands and gas extraction, and companies for which other exclusion criteria that are considered relevant apply. Data from an external consultant is used to identify such companies that are involved in the manufacture of controversial weapons (ISS Ethix: <https://www.issgovernance.com/esg/screening/#controversial-weapons>). The external advisor provides data for a screening list of companies involved in production, sales, or distribution with regard to the sub-fund.

The restrictions on the investment universe that apply to all actively managed funds and rule-based Climate Aware strategy funds, as well as the applicable exclusion criteria and thresholds, are updated regularly and recorded in the Sustainability Exclusion Policy (<https://www.ubs.com/global/en/asset-management/investment-capabilities/sustainability.html>).

**The following exclusions apply to specific sub-funds:**

Ethix: No investments are made in issuers covered by the UBS Asset Management exclusion guidelines (exclusion criteria) such as production of controversial weapons (anti-personnel mines, cluster munitions, biological, chemical or nuclear weapons). Data from an external consultant (ISS Ethix) is used to identify such companies (ISS Ethix <https://www.issgovernance.com/esg/screening/#controversial-weapons>).

- UBS (CH) Institutional Fund 2 – Equities Global Passive
- UBS (CH) Institutional Fund 2 – Equities Global Passive II
- UBS (CH) Institutional Fund 2 – Equities Global ESG Leaders Passive II
- UBS (CH) Institutional Fund 2 – Equities Global Screened Passive II
- UBS (CH) Institutional Fund 2 – Equities Japan Passive II
- UBS (CH) Institutional Fund 2 – Equities USA Passive
- UBS (CH) Institutional Fund 2 – Equities USA Passive II
- UBS (CH) Institutional Fund 2 – Equities Global Small Cap Climate Aware II
- UBS (CH) Institutional Fund 2 – Equities Global Small Cap Passive II
- UBS (CH) Institutional Fund 2 – Global Real Estate Securities Passive (CHF hedged) II
- UBS (CH) Institutional Fund 2 – Equities Canada Passive II

**SVVK-ASIR:** The sub-funds basically cannot invest in securities issued by companies and governments that are included in the list of recommendations published by the “Swiss Association for Responsible Investment” (“SVVK-ASIR”) governing exclusion (see under: [www.svkk-asir.ch](http://www.svkk-asir.ch)). Adjustments of the portfolio to this list will be made as soon as possible, subject to appropriate market conditions and feasibility (such as market liquidity or sanctions).

- UBS (CH) Institutional Fund 2 – Equities Global Passive
- UBS (CH) Institutional Fund 2 – Equities Global Passive II
- UBS (CH) Institutional Fund 2 – Equities Global (ex-Switzerland) Opportunity
- UBS (CH) Institutional Fund 2 – Equities Global Climate Aware II
- UBS (CH) Institutional Fund 2 – Equities Global (ex-Switzerland) Sustainable
- UBS (CH) Institutional Fund 2 – Equities Global ESG Leaders Passive II
- UBS (CH) Institutional Fund 2 – Equities Global Screened Passive II
- UBS (CH) Institutional Fund 2 – Equities Japan Passive II

- UBS (CH) Institutional Fund 2 – Equities USA Passive
- UBS (CH) Institutional Fund 2 – Equities USA Passive II
- UBS (CH) Institutional Fund 2 – Equities Global Small Cap Passive II
- UBS (CH) Institutional Fund 2 – Global Real Estate Securities Passive (CHF hedged) II
- UBS (CH) Institutional Fund 2 – Equities Canada Passive II

Index derivatives and/or investment products that replicate an index (including ETFs) and are used for the efficient implementation of the investment policy – namely for the management of cash flows in the context of fund unit subscriptions and redemptions and/or for the implementation of a tactical investment decision for which direct investments cannot be used at all and/or only with disproportionately high transaction costs and/or only with disproportionately long transaction times, and/or for the implementation of the investment policy for the portion of non-investable withholding tax reclaims – are permitted, provided the aggregate weighting of the companies included in the SVVK list do not account for more than 25% of the index weighting. In any case, these products may not be used to circumvent the exclusion criteria.

**Best-in-Class approach:** Sub-funds that use the **Best-in-Class approach** to select securities invest in such a way that the “asset-weighted” sustainability profile of the sub-fund, based on data and analyses from internal or recognised external data sources (see ESG integration above), is improved compared to a benchmark without ESG standard (broad market index/reference), measured by an ESG rating or ESG score. A detailed description of the best-in-Class approach can be found in the investment objective of each sub-fund in question.

In contrast to the **E-tilting approach** (cf. explanations below), the **Best-in-Class approach** predominantly excludes companies with a poorer ecological profile from the portfolio (instead of underweighting them as in E-tilting).

**Stewardship (active ownership):**

A combination of commitment and voting is applicable to all sub-funds of this umbrella fund that predominantly contain equity paper/equities.

**Engagement programme:**

The engagement programme aims to prioritise/select companies where UBS Asset Management has certain reservations or wishes to address issues relating to specific ESG factors. These companies are selected from the entire universe of companies in which UBS Asset Management invests using a top-down approach in accordance with our principles as described in the Global Stewardship Policy. A prioritisation process determines whether and when an engagement with a company is necessary. If a company is selected for the engagement programme, the engagement dialogue is conducted for at least two years.

This is not an indication that there has been any engagement on specific UBS Asset Management reservations or ESG issues in relation to companies in this portfolio in any specific period or that the companies in this portfolio have been selected with the intention of engaging actively. Information on the selection of companies, engagement activities, the prioritisation process and UBS Asset Management's understanding of reservations and ESG issues can be found in the UBS Asset Management Stewardship Annual Report.

**Voting:**

UBS will actively exercise voting rights based on the principles set out in the UBS Asset Management Proxy Voting Policy and the UBS Asset Management Stewardship Policy. Two fundamental objectives are pursued:

1. To act in the best financial interests of our clients to increase the long-term value of their investments.
2. To promote best practice in management and supervisory bodies as well as sustainability practices.

This is no indication that a vote on sustainability-related issues has taken place in relation to companies held by a sub-fund in any particular period. Information on the exercise of voting rights at specific companies can be found in the UBS Asset Management Stewardship Annual Report.

Information on cooperation and voting activities with specific companies can be found in the UBS Asset Management Stewardship Annual Report.

<https://www.ubs.com/global/en/assetmanagement/capabilities/sustainable-investing/stewardship-engagement.html>

**Climate focus:** Sub-funds that apply this sustainability approach focus their portfolio on reducing the environmental footprint over time by cutting the greenhouse gas emissions of the portfolio or the issuers contained in it over time.

**Other:**

- Sub-funds categorised by UBS Asset Management as **E-tilting/ESG-tilting** consider investment risks related to climate change. **E-tilting / ESG-tilting** is a modern method of indexing and was developed, among other things, to meet the needs of investors who want to improve their environmental, climate, social and governance (ESG) engagement within ESG factors while maintaining a broad and diversified universe to invest in. By rebalancing standard market capitalisation (index) weights based on specific environmental metrics and thus moving away from standard market capitalisation weights, E-tilted solutions increase commitment to companies and issuers that have superior environmental characteristics compared to traditional indexes, while maintaining a broad and diversified investment universe. In contrast to a **Best-in-Class approach**, companies with a poorer environmental profile (compared to the weighted average of applied environmental metrics of the benchmark index, such as CO<sub>2</sub> intensity) remain in the portfolio, but they are underweighted compared to their weight in the benchmark index.

**ESG risks**

As the selection of investments is partly dependent on external data and index providers, this may represent an additional risk for investors, as sustainability data is to a large extent shaped by qualitative estimates of the external ESG data providers used, which may lead to different estimates of sustainability levels across the external ESG data providers in the presence of the same objective facts. As there is currently no universally accepted valuation benchmark for sustainability levels, an incorrect estimate of sustainability levels and thus a sub-optimal construction of the sustainability benchmarks on which passive sub-funds are based cannot be ruled out. As a consequence, the risk/return profile of the sub-funds may be disadvantageous for the investor compared to a sustainability benchmark constructed on the basis of correct estimates of sustainability levels and/or cause reporting to deviate from the correct actual position.

The long-term nature of climate models and data, new scientific knowledge and newly available data may have an impact on the accuracy of net-zero targets. These aforementioned

changes to the data may occur for a number of valid reasons and alter the basic data regarding portfolio issues, such as:

- Recalibration of baseline data due to significant changes in data coverage, availability or quality,
- Recalibration of baseline data due to a significant shift in the index composition.

### **Annual sustainability report**

The UBS Sustainability Report is the medium for the sustainability reporting of UBS. The report, which is published annually, aims to present UBS's sustainability approach and activities in an open and transparent manner, consistently applying UBS's information policy and disclosure principles.

<https://www.ubs.com/global/en/asset-management/investment-capabilities/sustainability.html>

## **B. Specific part**

### **A. UBS (CH) Institutional Fund 2 - Equities Global Passive**

The primary investment objective of this sub-fund is to passively replicate a reference benchmark that is representative for the global equity market and to generate performance that is consistent with the performance of this benchmark. The benchmark is listed in point 6.1 of this appendix. The sub-fund does not qualify as sustainable and is not managed sustainably. No sustainability risks are taken into consideration in the index selection.

### **B. UBS (CH) Institutional Fund 2 - Equities Global Passive II**

The primary investment objective of this sub-fund is to passively replicate a reference benchmark that is representative for the global equity market and to generate performance that is consistent with the performance of this benchmark. The benchmark is listed in point 6.1 of this appendix. The sub-fund does not qualify as sustainable and is not managed sustainably. No sustainability risks are taken into consideration in the index selection.

### **C. UBS (CH) Institutional Fund 2 - Equities Global (ex Switzerland) Opportunity**

UBS Asset Management classifies this sub-fund as an ESG Integration Fund (more information can be found in point 2 of the appendix). The sub-fund does not qualify as sustainable and is not managed sustainably.

The ESG integration approach is applied (**ESG integration**), however, there is no specific sustainability or impact goal. The asset manager can, taking account of all risks and opportunities and with corresponding justification and documentation, invest in securities that have an increased ESG risk.

The sub-fund is actively managed. The primary investment objective of this sub-fund is to achieve a better risk-adjusted return than the reference benchmark that is representative for global equity investments (excluding Switzerland) over a full market cycle, taking into account the risks of investing in global companies (excluding Switzerland). The benchmark is listed in point 6.1 of this appendix.

### **D. UBS (CH) Institutional Fund 2 - Equities Global Climate Aware II**

UBS Asset Management classifies this sub-fund as a rule-based Climate Aware strategy fund with a net zero orientation. This sub-fund advertises climatic and generally sustainable characteristics.

The primary investment objective of this sub-fund is to generate long-term performance that is consistent with the development of the prevailing market indices for global equity investments (not including Switzerland).

The sub-fund pursues a rule-based investment approach that takes into account both quantitative and qualitative criteria for the definition of investments with their weighting. The aim of the rule-based approach is to consider investment risks resulting from the consequences of climate change when determining the weighting of investments.

The sub-fund uses the reference benchmark as a reference point in constructing the portfolio by investing predominantly in companies included in the benchmark, taking into account a number of climate, sustainability and risk criteria in the portfolio composition. The metrics used to identify the potential investment universe mainly measure the expected contribution of companies to climate change, with a focus on mitigating the impact of climate change risk by limiting and accounting for the contribution of greenhouse gas emissions.

The sub-fund takes into account the following climate-related sustainability targets relative to the benchmark:

1. lower weighted average carbon intensity of Scope 1, 2, and Scope 3 (revenue-based);
2. lower weighted average carbon intensity of Scope 1 and Scope 2, and of Scope 3 phased in by 2030 at the latest (EVIC based);
3. higher exposure of the glide path indicator;
4. lower exposure to coal energy;
5. lower exposure to fossil fuel reserves (coal and oil & gas);
6. higher exposure to renewable energies and climate technologies;
7. a higher green opportunity factor score.

The sub-fund also takes into account the following sustainability objectives relative to the benchmark:

8. a higher ESG score (measured by the UBS Blended ESG Score);
9. a higher social score;
10. a higher governance score.

In addition, the sub-fund aims to achieve a net-zero focus by managing its carbon intensity profile according to a scientifically sound net-zero path (currently defined as 1.5 degrees Celsius in relevant climate models). The basis for decarbonisation is the December 2019 weighted average CO<sub>2</sub> intensity of Scope 1 and Scope 2, and Scope 3 phased in by 2030 at the latest (CO<sub>2</sub>e/EVIC) (WACI) of the MSCI World ex Switzerland. The pathway sets a decarbonisation target relative to the chosen baseline of 50% by 2030 and net zero by 2050. In this regard, the sub-fund aims to achieve an annual reduction in the weighted average CO<sub>2</sub> intensity of Scope 1 and Scope 2, and Scope 3 phased in by 2030 at the latest (CO<sub>2</sub>e/EVIC) (WACI) of 7% per year, currently compared with the December 2019 baseline.

In seeking to achieve the above sustainability objectives (1.) and (7.), the sub-fund typically pursues a higher exposure to companies with a lower carbon intensity contribution and a higher exposure to companies active in the renewable energy and green technology sectors compared with the benchmark. The sub-fund also aims to achieve exposure objectives (8.), (9.) and (10.), typically through higher exposure to companies with better ESG scores, social scores and governance scores compared with the benchmark.

The sustainability profile of the sub-fund is based on the weighted sum of the individual investment instruments. The ratios are measured at the point when the asset manager carries out the periodic rebalancing. Therefore, there may be times between rebalancings when one or more of the ratios are not met. An index adjustment is made on a quarterly basis. The fund will have some exposure to companies which are considered laggards in terms of climate change and/or sustainability ratios.

The sub-fund is also likely to have some exposure to companies that have not disclosed their own net zero commitments. There may be circumstances in which it is not possible to achieve all financial, risk-related and sustainability-related objectives simultaneously. In such cases, sustainability goals are preferred. The sub-fund's net zero and sustainability targets apply at portfolio level, not at individual company level. Exposure to companies without company-specific net zero commitments or with below-average sustainability characteristics may arise from the management of portfolio risks, liquidity risks and diversification, and reconciliation and engagement programmes and/or differences in methodologies or data inputs..

**Glide path indicator:**

The glide path indicator is a proprietary score that aims to capture the likelihood that companies will achieve their respective industry carbon reduction targets. The model compares the carbon footprint of individual companies with the required emissions reduction implied by a relevant climate scenario (currently net zero scenario 2050). Qualitative and disclosure-related indicators such as companies' reported carbon emissions, emission reduction targets, emission reduction policies and related initiatives, as well as the number of observed carbon data in recent years are also taken into account.

**Coal energy:** The coal energy factor comprises the energy generated from coal, measured in gigawatt hours.

**Fossil fuel reserves:** The fossil fuel reserves factor measures greenhouse gas emissions in millions of tonnes of CO<sub>2</sub> stored in proven reserves of coal and oil and gas.

**Renewable energies and corresponding climate technologies:** The renewable energy factor indicates whether companies are engaged in the development of products or technologies for use in clean, renewable energy such as wind, solar, hydro, geothermal and biomass energy.

The **green opportunity factor** score includes a broad concept of diverse climate technologies going further than traditional climate technologies from renewable energies. These technologies are needed to meet net-zero climate scenarios such as the International Energy Agency's net-zero scenario and to accelerate the reduction of greenhouse gas emissions. The green opportunity factor score aims to capture companies that are actively working on climate technologies, as measured by the MSCI clean technologies score. We complement this clean technologies score with data derived from AlphaSense platforms based on sentiment analysis of green opportunities news and corporate documents.

The sub-fund applies the following sustainability approaches:

**UBS Blended ESG Score:** The UBS Blended ESG Score is a normalised weighted average of ESG assessment data from internal and recognised external providers. Instead of relying exclusively on the ESG rating of a single provider, the UBS Blended ESG score approach increases credibility in terms of the quality of the sustainability profile. The UBS Blended ESG Score evaluates sustainability factors such as the performance of the respective companies in terms of the environment, social matters and governance (Environmental, Social, and Governance – ESG)). These ESG factors relate to the main areas in which companies operate and their effectiveness in managing ESG risks. Environmental and social factors may include (but are not limited to): environmental footprint and operational efficiency, environmental risk

management, climate change, natural resource use, environmental pollution and waste management, employment standards and supply chain control, human capital, board diversity, occupational health and safety, product safety, as well as anti-fraud and anti-corruption policies. The individual investment positions of the sub-fund have an UBS Blended ESG Score (on a scale of 0 to 10, where 10 represents the best sustainability profile). The sustainability profile of the sub-fund is measured by the weighted average UBS Blended ESG Score.

To assess sustainability, data and analyses from recognised external data providers are used. External data sources include, in particular, the ESG research and ESG data providers MSCI ESG Research (<https://www.msci.com/research/esg-research>) and Sustainalytics (<https://www.sustainalytics.com/>) for general ESG data such as ESG ratings, ESG scores, business practices and Trucost <https://www.spglobal.com/esg/trucost>) for greenhouse gas emission <https://www.spglobal.com/esg/trucost>), which can be complemented by external ESG special data providers such as ISS Ethix for controversial weapons. The analysis of sustainability/ESG criteria may, amongst others, include the following aspects: environment, employees and suppliers, buyers and customers, management. In those cases where actual or specific ESG data or analysis is not available, estimates and approximations and other appropriate ESG data providers may also be used.

Exclusion criteria (**negative screening**) as well as quantitative and qualitative assessments in the environmental, social and governance – ESG – context are used for the rules-based definition of overweighting or underweighting (**ESG-tilting**). The sub-fund aims to invest in as complete a number of components of the reference benchmark as possible, taking into account the investment parameters. Furthermore, the sub-fund reduces the environmental footprint over time by reducing the greenhouse gas emissions of the portfolio or the issuers contained therein over time or completely (**climate focus**). In addition, as far as possible, companies are engaging to address identified **ESG risks** and opportunities in a targeted manner through direct dialogue. This explicitly includes a climate-specific commitment to address and improve companies' climate profile in direct dialogue (**stewardship approach**). This is not an indication that there has been any engagement on specific UBS Asset Management reservations or ESG issues (including climate) in relation to companies in this portfolio in any specific period or that the companies in this portfolio have been selected with the intention of engaging actively. Further information can be found in the appendix (point 2).

For this sub-fund, the exclusion criteria for rules-based climate aware strategy funds in accordance with the asset manager's sustainability exclusion policy are applied, although more restrictive criteria are applied for the following aspects compared with the sustainability exclusion policy:

- **Coal mining and oil sands:** Companies that generate more than 5% of their revenue from coal mining (thermal coal mining) and its sale to external parties are excluded. In addition, companies that derive more than 5% of their revenue from the extraction of oil sands are excluded.
- **Energy production from coal:** Companies that generate more than 5% of their revenue from coal-fired power generation (thermal coal power generation) are excluded.
- **Controversial business activities:** Companies that generate more than 5% of their revenue from tobacco (production or manufacture of tobacco products), adult entertainment (producer - production, direction or publication of adult entertainment material) and gambling (ownership or operation of gambling establishments) are excluded. Companies that generate more than 10% of their revenue from the production of conventional military weapons are also excluded.

- **Controversial behaviour:** Companies that violate the United Nations Global Compact (UNGC) Principles and do not demonstrate credible corrective action are excluded from the investment universe. More information on the process regarding controversial behaviour and credible corrective action can be found in the Sustainability Exclusion Policy and the Global Stewardship Policy. Annual reporting can be found in the current "Annual Stewardship Report" (all documents available at <https://www.ubs.com/global/en/assetmanagement/capabilities/sustainable-investing.html>).

At the time of the portfolio rebalancing after index adjustments, the sub-fund invests 80% of its assets (excluding liquid assets and derivatives) in investments that meet the requirements of the sustainability policy.

**Notes on investments that do not meet the sustainability requirements:** Index derivatives and/or investment products that replicate an index (including ETFs) and are used for the efficient implementation of the investment policy – namely for the management of cash flows in the context of fund unit subscriptions and redemptions and/or for the implementation of a tactical investment decision for which direct investments cannot be used at all and/or only with disproportionately high transaction costs and/or only with disproportionately long transaction times, and/or for the implementation of the investment policy for the portion of non-investable withholding tax reclaims and securities issued by companies that have been removed from the benchmark, as well as securities that are permitted under the sub-fund's investment policy pursuant to §8 prov. 3 of the fund contract which do not have a UBS ESG Blended score or for which no carbon intensity data are available (WACI) – are permitted. In any case, these products may not be used to circumvent the exclusion criteria.

There may be circumstances in which it is not possible to achieve all financial, risk-related and sustainability-related objectives simultaneously. In such cases, sustainability goals are preferred.

#### **E. UBS (CH) Institutional Fund 2 - Equities Global (ex Switzerland) Sustainable**

UBS Asset Management categorises this sub-fund as a Sustainability Focus Fund, which promotes environmental and social characteristics.

The sub-fund is actively managed. The primary investment objective of this sub-fund is to achieve a better risk-adjusted return than the reference benchmark that is representative for global equity investments (excluding Switzerland) over a full market cycle, considering the sustainability criteria listed below. The benchmark is listed in point 6.1 of this appendix.

The sub-fund applies the following sustainability approaches:

The asset manager uses a **UBS Blended ESG Score (Best-in-Class approach)** to identify issuers for the investment universe that have compelling environmental and social performance characteristics or a strong sustainability profile. The UBS Blended ESG Score is a normalised weighted average of ESG SG assessment data from internal and recognised external providers. Instead of relying exclusively on the ESG rating of a single provider, the UBS Blended ESG Score approach increases credibility in terms of the quality of the sustainability profile. External data sources include in particular the ESG research and ESG data providers MSCI ESG Research and Sustainalytics for general ESG data such as ESG ratings, ESG scores, business practices).

The UBS Blended ESG Score evaluates sustainability factors such as the performance of the respective issuers in terms of the environment, social matters and governance (Environmental, Social, and Governance – ESG). These ESG factors relate to the main areas in which companies operate and their effectiveness in managing **ESG risks**. Environmental and social



factors may include (but are not limited to): environmental footprint and operational efficiency, environmental risk management, climate change, natural resource use, environmental pollution and waste management, employment standards and supply chain control, human capital, board diversity, occupational health and safety, product safety, as well as anti-fraud and anti-corruption policies. The individual investment positions of the sub-fund have an UBS Blended ESG Score (on a scale of 0 to 10, where 10 represents the best sustainability profile). The sustainability profile of the sub-fund is measured by the weighted average UBS Blended ESG Score. The sub-fund will either have a sustainability profile that outperforms its benchmark or an UBS Blended ESG Score between 7 and 10 (which demonstrates a strong sustainability profile). Cash and unrated investment instruments are not included in the calculation. The sub-fund will have a lower weighted average carbon intensity profile than the benchmark (available at <https://www.msci.com/index-carbon-footprint-metrics>) and/or a low absolute profile (defined as below 100 tons of CO<sub>2</sub> emissions per million dollars of revenue).

The sub-fund excludes companies with a sustainability profile that indicates high or severe ESG risk. In addition, exclusion criteria (**negative screening**) also apply.

In addition, as far as possible, UBS Asset Management engages with companies to address identified **ESG risks** and opportunities in a targeted manner through direct dialogue (**stewardship approach**).

This is not an indication that there has been any engagement on specific UBS Asset Management reservations or ESG issues in relation to companies in this portfolio in any specific period or that the companies in this portfolio have been selected with the intention of engaging actively. Further information can be found in the appendix (point 2).

At the time of the investment decision, the sub-fund invests at least 70% of its assets (after deducting liquid assets and derivatives) in investments that meet the requirements of the sustainability policy.

**Notes on investments that do not meet the sustainability requirements:**

Index derivatives and/or investment products (including ETFs) that replicate an index and are used for the efficient implementation of the investment policy, as well as securities that are permitted under the sub-fund's investment policy pursuant to §8 prov. 3 of the fund contract which do not have a UBS ESG Blended score or for which no carbon intensity data are available (WACI) are permitted. In any case, these products may not be used to circumvent the exclusion criteria.

**F. UBS (CH) Institutional Fund 2 - Equities Global ESG Leaders Passive II**

By replicating the benchmark – whose methodology incorporates the sustainable approaches described below (among others) – the sub-fund pursues overall sustainable investment of the assets. UBS Asset Management categorises this sub-fund as a Sustainability Focus fund, which promotes environmental and social characteristics.

The primary investment objective of this sub-fund is to passively replicate a reference benchmark for the global equity market that is representative for sustainable global equity investments and to generate performance that is consistent with the performance of this benchmark.

The sub-fund applies the following sustainability approaches:

The benchmark is listed in point 6.1 of this appendix. The benchmark is constructed by applying a **Best-in-Class** selection process to companies as defined by the independent index administrator MSCI. The "ESG Leaders" methodology targets sector and region weightings that are consistent with those of the underlying parent index in order to limit systematic

risk arising from the ESG (environmental, social and governance) selection process. The aim is to give greater consideration to issuers that are more committed to environmental or social aspects than others. The methodology aims to include securities of companies with the highest ESG ratings, representing 50% of the market capitalisation in each sector and region of the parent index (<https://www.msci.com/our-solutions/indexes/developed-markets>) (**Best-in-Class**). Companies must have an MSCI ESG rating of “BB” or higher and an MSCI ESG controversies score of 1 or higher to be eligible. In addition, companies with exposure to alcohol, gambling, tobacco, nuclear power or (civil, military, controversial) weapons shall be excluded from the indices in a product-based manner (**negative screening**). The ESG data is provided by the independent ESG rating agency MSCI ESG Research. <https://www.msci.com/esg-indexes>.

In addition, as far as possible, UBS Asset Management engages with companies to address identified **ESG risks** and opportunities in a targeted manner through direct dialogue (**stewardship approach**).

This is not an indication that there has been any engagement on specific UBS Asset Management reservations or ESG issues in relation to companies in this portfolio in any specific period or that the companies in this portfolio have been selected with the intention of engaging actively. Further information can be found in the appendix (point 2).

At the time of the index adjustments, the sub-fund invests 90% of its assets (excluding liquid assets and derivatives) in investments that meet the requirements of the sustainability policy.

**Notes on investments that do not meet the sustainability requirements:**

Index derivatives and/or investment products that replicate an index (including ETFs) and are used for the efficient implementation of the investment policy – namely for the management of cash flows in the context of fund unit subscriptions and redemptions and/or for the implementation of a tactical investment decision for which direct investments cannot be used at all and/or only with disproportionately high transaction costs and/or only with disproportionately long transaction times, and/or for the implementation of the investment policy for the portion of non-investable withholding tax reclaims and securities issued by companies that have been removed from the benchmark – are permitted. In any case, these products may not be used to circumvent the exclusion criteria.

As the choice of investments is dependent on external data providers, this may pose a risk to investors.

**G. UBS (CH) Institutional Fund 2 - Equities Global Screened Passive II**

The primary investment objective of this sub-fund is to passively replicate a reference benchmark that is representative for the global equity market and generate performance that is consistent with the performance of this benchmark. The benchmark is listed in point 6.1 of this appendix.

The aim is to avoid companies that are less committed to environmental or social aspects than others. The benchmark does not include any companies associated with controversial weapons, nuclear weapons, tobacco, thermal coal, oil sands or civil firearms, or which violate the principles of the United Nations Global Compact (**negative screening**). The remaining companies are weighted according to the weighting of the exclusions in relation to their market capitalisation. The ESG data is provided by the independent ESG rating agency MSCI ESG Research. <https://www.msci.com/esg-indexes>.

The sub-fund does not qualify as sustainable and is not managed sustainably. Only the ESG approach described above is applied, but does not have a specific sustainability or impact objective.

As the choice of investments is dependent on external data providers, this may pose a risk to investors.

**H. UBS (CH) Institutional Fund 2 - Equities Japan Passive II**

The primary investment objective of this sub-fund is to passively replicate a reference benchmark that is representative for the Japanese equities market and to generate a performance consistent with the performance of this benchmark. The benchmark is listed in point 6.1 of this appendix. The sub-fund does not qualify as sustainable and is not managed sustainably. No sustainability risks are taken into consideration in the index selection.

**I. UBS (CH) Institutional Fund 2 - Equities USA Passive**

**J. UBS (CH) Institutional Fund 2 - Equities USA Passive II**

The primary investment objective of this sub-fund is to passively replicate a reference benchmark that is representative for the US equity market and to generate performance that is consistent with the performance of this benchmark. The benchmark is listed in point 6.1 of this appendix. The sub-fund does not qualify as sustainable and is not managed sustainably. No sustainability risks are taken into consideration in the index selection.

**K. UBS (CH) Institutional Fund 2 - Equities Global Small Cap Climate Aware II**

UBS Asset Management classifies this sub-fund as a rule-based Climate Aware strategy fund with a net zero orientation. This sub-fund advertises climatic and generally sustainable characteristics.

The primary investment objective of this sub-fund is to generate long-term performance that is consistent with the development of the prevailing market indices for global small cap companies.

The sub-fund pursues a rule-based investment approach that takes into account both quantitative and qualitative criteria for the definition of investments with their weighting. The aim of the rule-based approach is to consider investment risks resulting from the consequences of climate change when determining the weighting of investments.

The sub-fund uses the benchmark as a reference point in constructing the portfolio, by investing predominantly in companies included in the benchmark, taking into account a number of climate, sustainability and risk criteria in the portfolio composition. The metrics used to identify the potential investment universe mainly measure the expected contribution of companies to climate change, with a focus on mitigating the impact of climate change risk by limiting and accounting for the contribution of greenhouse gas emissions.

As part of an active sustainability overlay, the sub-fund currently takes into consideration the following climate-related sustainability targets relative to the benchmark:

1. lower weighted average carbon intensity of Scope 1, Scope 2 and Scope 3 (revenue-based);
2. lower weighted average carbon intensity of Scope 1 and Scope 2, and of Scope 3 phased in by 2030 at the latest (EVIC based);
3. higher exposure of the glide path indicator;
4. lower exposure to coal energy;

5. lower exposure to fossil fuel reserves (coal and oil & gas);
6. higher exposure to renewable energies and climate technologies;
7. a higher green opportunity factor score.

The sub-fund also takes into account the following sustainability objectives relative to the benchmark:

8. a higher ESG score (measured by the UBS Blended ESG score);
9. a higher social score;
10. a higher governance score.

In addition, the sub-fund aims to achieve a net-zero focus by managing its carbon intensity profile according to a scientifically sound net-zero path (currently defined as 1.5 degrees Celsius in relevant climate models). The basis for decarbonisation is the December 2019 weighted average CO<sub>2</sub> intensity of Scope 1 and Scope 2, and Scope 3 phased in by 2030 at the latest (CO<sub>2</sub>e/EVIC) (WACI) of the MSCI World ex Switzerland Small Cap. The pathway sets a decarbonisation target relative to the chosen baseline of 50% by 2030 and net zero by 2050. In this regard, the sub-fund aims to achieve an annual reduction in the weighted average CO<sub>2</sub> intensity of Scope 1 and Scope 2, and Scope 3 phased in by 2030 at the latest (CO<sub>2</sub>e/EVIC) (WACI) of 7% per year, currently compared with the December 2019 baseline.

In seeking to achieve the above sustainability objectives (1.) and (7.), the sub-fund typically pursues a higher exposure to companies with a lower carbon intensity contribution and a higher exposure to companies active in green technologies compared with the benchmark. The sub-fund also aims to achieve exposure objectives (8.), (9.) and (10.), typically through higher exposure to companies with better environmental scores, social scores and governance scores (ESG scores) compared with the benchmark.

The sustainability profile of the sub-fund is based on the weighted sum of the individual investment instruments. The ratios are measured at the point when the asset manager carries out the periodic rebalancing. Therefore, there may be times between rebalancings when one or more of the ratios are not met. An index adjustment is made on a quarterly basis. The fund will have some exposure to companies which are considered laggards in terms of climate change and/or sustainability ratios.

The sub-fund is also likely to have some exposure to companies that have not disclosed their own net zero commitments. There may be circumstances in which it is not possible to achieve all financial, risk-related and sustainability-related objectives simultaneously. In such cases, sustainability goals are preferred. The sub-fund's net zero and sustainability targets apply at portfolio level, not at individual company level. Exposure to companies without company-specific net zero commitments or with below-average sustainability characteristics may arise from the management of portfolio risks, liquidity risks and diversification, and reconciliation and engagement programmes and/or differences in methodologies or data inputs.

**Glide path indicator:** The glide path indicator is a proprietary score that aims to capture the likelihood that companies will achieve their respective industry carbon reduction targets. The model compares the carbon footprint of individual companies with the required emissions reduction implied by a relevant climate scenario (currently net zero scenario 2050). Qualitative and disclosure-related indicators, such as companies' reported carbon emissions, emission reduction targets, emission reduction policies and related initiatives, as well as the number of observed carbon data in recent years, are also taken into account.

**Coal energy:** The coal energy factor comprises the energy generated from coal, measured in gigawatt hours.

**Fossil fuel reserves:** The fossil fuel reserves factor measures greenhouse gas emissions in millions of tonnes of CO<sub>2</sub> stored in proven reserves of coal and oil and gas.

**Renewable energies and corresponding climate technologies:** The renewable energy factor indicates whether companies are engaged in the development of products or technologies for use in clean, renewable energies, such as wind, solar, hydro, geothermal and biomass energy.

**The green opportunity factor score** includes a broad concept of diverse climate technologies going further than traditional climate technologies from renewable energies. These technologies are needed to meet net-zero climate scenarios such as the International Energy Agency's net-zero scenario and to accelerate the reduction of greenhouse gas emissions. The green opportunity factor score aims to capture companies that are actively working on climate technologies, as measured by the MSCI clean technologies score. We complement this clean technologies score with data derived from AlphaSense platforms based on sentiment analysis of green opportunities news and corporate documents.

**UBS Blended ESG Score:** The UBS Blended ESG score is a normalised weighted average of ESG assessment data from internal and recognised external providers. Instead of relying exclusively on the ESG rating of a single provider, the UBS Blended ESG score approach increases credibility in terms of the quality of the sustainability profile. The UBS Blended ESG score evaluates sustainability factors such as the performance of the respective companies in terms of environmental, social and governance (ESG). These ESG factors relate to the main areas in which companies operate and their effectiveness in managing ESG risks. Environmental and social factors may include (but are not limited to): environmental footprint and operational efficiency, environmental risk management, climate change, natural resource use, environmental pollution and waste management, employment standards and supply chain control, human capital, board diversity, occupational health and safety, product safety, as well as anti-fraud and anti-corruption policies. The individual investment positions of the sub-fund have a UBS Blended ESG score (on a scale of 0 to 10, where 10 represents the best sustainability profile). The sustainability profile of the sub-fund is measured by the weighted average UBS Blended ESG score.

To assess sustainability, data and analyses from recognised external data providers are used. External data sources include, in particular, the ESG research and ESG data providers MSCI ESG Research (<https://www.msci.com/research/esg-research>) and Sustainalytics (<https://www.sustainalytics.com/>) for general ESG data such as ESG ratings, ESG scores, business practices and Trucost (<https://www.spglobal.com/esg/trucost>) for greenhouse gas emission (<https://www.spglobal.com/esg/trucost>), which can be complemented by external ESG special data providers such as ISS Ethix for controversial weapons. The analysis of sustainability/ESG criteria may, amongst others, include the following aspects: environment, employees and suppliers, buyers and customers, management. In those cases where actual or specific ESG data or analysis is not available, estimates and approximations and other appropriate ESG data providers may also be used.

The sub-fund applies the following sustainability approaches:

Both **exclusion criteria (negative screening)** as well as quantitative and qualitative assessments in the environmental, social and governance (ESG) context are used for the rules-based definition of overweighting or underweighting (**ESG-tilting**). The sub-fund aims to invest in

as complete a number of components of the benchmark as possible, taking into account the investment parameters. Furthermore, the sub-fund reduces the environmental footprint over time, by reducing the greenhouse gas emissions of the portfolio or the issuers contained therein over time or completely (**climate focus**).

In addition, as far as possible, companies are engaging to address identified **ESG risks** and opportunities in a targeted manner through direct dialogue. This explicitly includes a climate-specific commitment to address and improve companies' climate profile in direct dialogue (**stewardship approach**). This is not an indication that there has been any engagement on specific UBS Asset Management reservations or ESG issues (including climate) in relation to companies in this portfolio in any specific period or that the companies in this portfolio have been selected with the intention of engaging actively. Further information can be found in the appendix (point 2).

For this sub-fund, the exclusion criteria for rules-based climate-aware strategy funds in accordance with the asset manager's sustainability exclusion policy are applied, although more restrictive criteria are applied for the following aspects compared with the sustainability exclusion policy:

- **Coal mining and oil sands:** Companies that generate more than 5% of their revenue from coal mining (thermal coal mining) and its sale to external parties are excluded. In addition, companies that derive more than 5% of their revenue from the extraction of oil sands are excluded.
- **Energy production from coal:** Companies that generate more than 5% of their revenue from coal-fired power generation (thermal coal power generation) are excluded.
- **Controversial behaviour:** Companies that violate the United Nations Global Compact (UNGC) Principles and do not demonstrate credible corrective action are excluded from the investment universe. More information on the process regarding controversial behaviour and credible corrective action can be found in the Sustainability Exclusion Policy and the Global Stewardship Policy. Annual reporting can be found in the current "Annual Stewardship Report" (all documents available at <https://www.ubs.com/global/en/assetmanagement/capabilities/sustainable-investing.html>).

At the time of the portfolio rebalancing after index adjustments, the sub-fund invests 80% of its assets (excluding liquid assets and derivatives) in investments that meet the requirements of the sustainability policy.

#### **Notes on investments that do not meet the sustainability requirements:**

Index derivatives and/or investment products that replicate an index (including ETFs) and are used for the efficient implementation of the investment policy – namely for the management of cash flows in the context of fund unit subscriptions and redemptions and/or for the implementation of a tactical investment decision for which direct investments cannot be used at all and/or only with disproportionately high transaction costs and/or only with disproportionately long transaction times, and/or for the implementation of the investment policy for the portion of non-investable withholding tax reclaims and securities issued by companies that have been removed from the benchmark, as well as securities that are permitted under the sub-fund's investment policy pursuant to §8 prov. 3 of the fund contract which do not have a UBS ESG Blended score or for which no carbon intensity data are available (WACI) – are permitted. In any case, these products may not be used to circumvent the exclusion criteria.

There may be circumstances in which it is not possible to achieve all financial, risk-related and sustainability-related objectives simultaneously. In such cases, sustainability goals are preferred.

**L. UBS (CH) Institutional Fund 2 – Equities Global Small Cap Passive II**

The primary investment objective of this sub-fund is to passively replicate a reference benchmark that is representative for global small capitalised companies and to generate performance that is consistent with the performance of this benchmark. The benchmark is listed in point 6.1 of this appendix.

The sub-fund does not qualify as sustainable and is not managed sustainably. No sustainability risks are taken into consideration in the index selection.

**M. UBS (CH) Institutional Fund 2 - Global Real Estate Securities Passive (CHF hedged) II**

The primary investment objective of this sub-fund is to passively replicate a reference benchmark that is representative and to generate performance that is consistent with the performance of this benchmark. The benchmark is listed in point 6.1 of this appendix.

The sub-fund does not qualify as sustainable and is not managed sustainably. No sustainability risks are taken into consideration in the index selection.

**N. UBS (CH) Institutional Fund 2 - Equities Canada Passive II**

The primary investment objective of this sub-fund is to passively replicate a reference benchmark that is representative for the Canadian equity market and to generate performance that is consistent with the performance of this benchmark. The benchmark is listed in point 6.1 of this appendix.

The sub-fund does not qualify as sustainable and is not managed sustainably. No sustainability risks are taken into consideration in the index selection.

**3. Information on the fund management company**

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**3.1 General information on the fund management company**

The fund management company is UBS Fund Management (Switzerland) AG. It has been active in the fund business since it was founded as a stock corporation in 1959. The subscribed share capital of the fund management company amounts to CHF 1 million. The share capital is divided into registered shares and is fully paid up. UBS Fund Management (Switzerland) AG is a wholly owned subsidiary of UBS Group AG. As of 31 December 2023, the fund management company managed a total of 423 securities funds and 8 real estate funds in Switzerland with assets totalling CHF 339,301 million.

**Liquidity risk management / Information on the liquidity management process**

The fund management company ensures liquidity is managed appropriately. In order to be able to guarantee in principle the right of investors to redeem their units at any time (Art. 78 para. 2 CISA), the fund management company regularly monitors the liquidity risks of both the individual investments with regard to their marketability and of the sub-funds with regard to meeting redemptions. The fund management company assesses the liquidity of the sub-funds on a monthly basis using various scenarios, and documents these. In particular, the fund management company has defined and implemented processes that, among other things, make it possible to identify, monitor and report these liquidity risks. To this end, processes have been defined and implemented which enable these risks to be identified, monitored and reported. To identify the liquidity risks of the investments and calculate individual liquidity thresholds at sub-fund level, the fund management company relies on market-tested

models that have been examined by specialist units of the UBS Group. The liquidity thresholds are used to monitor stress-reduction scenarios at sub-fund level.

### **3.2 Transfer of investment decisions**

The asset manager for the following sub-funds is UBS Asset Management Switzerland AG, Zurich.

- Equities Global Passive
- Equities Global Passive II
- Equities Global ESG Leaders Passive II
- Equities Global Screened Passive II
- Equities Canada Passive II
- Equities Japan Passive II
- Equities USA Passive
- Equities USA Passive II
- Equities Global Small Cap Climate Aware II
- Equities Global Small Cap Passive II
- Global Real Estate Securities Passive (CHF hedged) II
- Equities Global Climate Aware II

The asset managers for the following sub-fund are UBS Asset Management (Americas) LLC, New York and UBS Asset Management (UK) Ltd, London:

- Equities Global (ex Switzerland) Sustainable
- Equities Global (ex Switzerland) Opportunity

UBS Asset Management Switzerland AG, Zurich, UBS Asset Management (UK) Ltd, London and UBS Asset Management (Americas) LLC, New York have many years of experience in asset management services and a broad knowledge of the fund's investment markets. The precise duties involved are set out in respective asset management agreements concluded between the parties.

### **3.3 Transfer of administration**

The administration of the investment fund, in particular accounting, calculation of the net asset value, tax settlement, operation of IT systems and preparation of statements of accounts, has been delegated to Northern Trust Global Services SE, Leudelange, Luxembourg, Basel branch. The precise duties involved are set out in an agreement between the parties. All other fund management duties and the monitoring of other transferred duties are carried out in Switzerland.

## **4. Information on the custodian bank**

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The custodian bank is UBS Switzerland AG. The bank was founded as a stock corporation in 2014 with its registered office in Zurich and with effect from 14 June 2015 took over UBS AG's Private and Corporate Banking business and Wealth Management business booked in Switzerland.

As a universal bank, UBS Switzerland AG offers a wide range of banking services. The custodian bank has been registered with the tax authorities in the United States as a Reporting Financial Institution under a Model 2 intergovernmental agreement (IGA) as provided for by



Sections 1471-1474 of the U.S. Internal Revenue Code (Foreign Account Tax Compliance Act, including related ordinances, FATCA).

UBS Switzerland AG is a group company of UBS Group AG. With consolidated total assets of USD 1,717,246 million and published capital and reserves of USD 86,639 million as at 31 December 2023, UBS Group AG is financially one of the strongest banks in the world. It employs 112,842 staff worldwide and has an extensive network of offices.

The custodian bank may delegate the safekeeping of the fund's assets to third-party or central depositories in Switzerland or abroad. The custodian bank may only delegate the safekeeping of the fund's financial instruments to third-party or central depositories subject to regulatory supervision. This provision shall not apply in cases where assets have to be held in safekeeping at a location at which the transfer of the assets to third-party or central depositories subject to supervision is not possible, in particular in light of requirements imposed by law or the specific characteristics of the investment product. This is subject to the following risks: Third-party and central depositories mean that the fund management company no longer has sole ownership of deposited securities, but only co-ownership. Moreover, if the third-party and central depositories are not supervised, they are unlikely to meet the organisational requirements placed on Swiss banks.

The custodian bank shall be liable for any losses caused by a third-party or central depository unless the bank is able to prove that due care was exercised in the selection, instruction and supervision of the depository.

#### **Declaration of consent to the disclosure of data**

In order to fulfil their duties in connection with the fund contract, it may be necessary for the fund management company and the custodian bank to share information about investors and to disclose the investors or the required information about the investors to the competent Swiss and/or foreign tax authorities, foreign sub-custodians or other bodies and persons involved, such as Swiss and foreign state courts, central securities depositories or Swiss and foreign tax consultancy and auditing companies, in order to verify restricted investor eligibility or to comply with the regulations governing the tax treatment of the respective sub-funds, provided that disclosure and forwarding of this information is necessary for these purposes in accordance with Swiss and foreign laws and regulations or the contractual provisions, as reasonably interpreted by the fund management company or custodian bank.

By subscribing to and holding units, investors give their consent to the disclosure and transfer of the required information within the UBS Group and to private and public third parties in Switzerland and abroad. Investors release the fund management company and the custodian bank to the appropriate extent from fund and bank-client confidentiality and from other confidentiality obligations. Investors acknowledge that any disclosure and transfer of data in connection with this declaration of consent is subject to the laws and regulations or contractual provisions in the country of investment and that the data is therefore not protected by Swiss law, including Swiss fund and bank-client confidentiality. Foreign laws and regulations do not necessarily guarantee the same level of confidentiality, secrecy or protection of data as Swiss law. It is possible that third parties may disclose or make public the data in whole or in part to authorities or other third parties.

## **5. Information on third parties**

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### **5.1 Paying agents**

The paying agents are UBS Switzerland AG, Bahnhofstrasse 45, 8001 Zurich and its branches in Switzerland.

## 5.2 Distributor

The distributor is UBS Asset Management Switzerland AG, Zurich.

## 5.3 External auditors

The fund's assets will be audited by Ernst & Young Ltd., Basel.

## 5.4 Authorised contractual partner:

None

## 6. Further information

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### 6.1 General information

#### A. UBS (CH) Institutional Fund 2 - Equities Global Passive

Reference benchmark: MSCI World ex Switzerland (div. reinv.: US gross, others net)

Reference benchmark for "(CHF hedged)" unit classes

MSCI World ex Switzerland (div. reinv.: US gross, others net) (CHF hedged)

Unit class	Securities no.	ISIN code
I-A-acc	2298522	CH0022985227
I-A2-acc	12275647	CH0122756478
I-B-acc	2298526	CH0022985268
I-X-acc	2298536	CH0022985367
I-W-acc		
U-X-acc		
(CHF hedged) I-A-acc		
(CHF hedged) I-B-acc		
(CHF hedged) I-X-acc		
(CHF hedged) I-W-acc		
(CHF hedged) U-X-acc		

#### B. UBS (CH) Institutional Fund 2 - Equities Global Passive II

Reference benchmark: MSCI World ex Switzerland (div. reinv.: US gross, others net)

Reference benchmark for "(CHF hedged)" unit classes

MSCI World ex Switzerland (div. reinv.: US gross, others net) (CHF hedged)

Unit class	Securities no.	ISIN code
I-A-acc		
I-B-acc	4616469	CH0046164692
I-X-acc	4616478	CH0046164783
I-W-acc		
U-X-acc		
(CHF hedged) I-A-acc		
(CHF hedged) I-B-acc		
(CHF hedged) I-X-acc		
(CHF hedged) I-W-acc		
(CHF hedged) U-X-acc		

**C. UBS (CH) Institutional Fund 2 - Equities Global (ex Switzerland) Opportunity**

Reference benchmark: MSCI World ex Switzerland (div. reinv.: US gross, others net)

Reference benchmark for "(CHF hedged)" unit classes

MSCI World ex Switzerland (div. reinv.: US gross, others net) (CHF hedged)

Unit class	Securities no.	ISIN code
I-A-acc		
I-A2-acc		
I-A3-acc		
I-B-acc		
I-W-acc		
I-X-acc		
<u>U-X-acc</u>		
<u>(CHF hedged) I-A-acc</u>		
<u>(CHF hedged) I-A2-acc</u>		
<u>(CHF hedged) I-A3-acc</u>		
<u>(CHF hedged) I-B-acc</u>		
<u>(CHF hedged) I-X-acc</u>		
<u>(CHF hedged) I-W-acc</u>		
<u>(CHF hedged) U-X-acc</u>		

**D. UBS (CH) Institutional Fund 2 - Equities Global Climate Aware II**

Reference benchmark: MSCI World ex Switzerland (div. reinv.: US gross, others net)

Reference benchmark for "(CHF hedged)" unit classes

MSCI World ex Switzerland (div. reinv.: US gross, others net) (CHF hedged)

Unit class	Securities no.	ISIN code
I-A-acc	45241397	CH0452413971
I-B-acc	45241400	CH0452414003
I-X-acc	45241396	CH0452413963
I-W-acc		
<u>U-X-acc</u>		
<u>(CHF hedged) I-A-acc</u>		
<u>(CHF hedged) I-B-acc</u>		
<u>(CHF hedged) I-X-acc</u>		
<u>(CHF hedged) I-W-acc</u>		
<u>(CHF hedged) U-X-acc</u>		

**E. UBS (CH) Institutional Fund 2 - Equities Global (ex Switzerland) Sustainable**

Reference benchmark: MSCI World ex Switzerland (div. reinv.: US gross, others net)

Reference benchmark for "(CHF hedged)" unit classes

MSCI World ex Switzerland (div. reinv.: US gross, others net) (CHF hedged)

Unit class	Securities no.	ISIN code
I-A-acc		
I-A2-acc		
I-A3-acc		

I-B-acc	3288758	CH0032887587
I-X-acc	3288791	CH0032887918
I-W-acc		
<u>U-X-acc</u>		
<u>(CHF hedged) I-A-acc</u>		
<u>(CHF hedged) I-A2-acc</u>		
<u>(CHF hedged) I-A3-acc</u>		
<u>(CHF hedged) I-B-acc</u>		
<u>(CHF hedged) I-X-acc</u>		
<u>(CHF hedged) I-W-acc</u>		
<u>(CHF hedged) U-X-acc</u>		

**F. UBS (CH) Institutional Fund 2 - Equities Global ESG Leaders Passive II**

Reference benchmark: MSCI World ex Switzerland Selection (div. reinv.: US gross, others net)

Reference benchmark for "(CHF hedged)" unit classes

MSCI World ex Switzerland ESG Selection (div. reinv.: US gross, others net) (CHF hedged)

Unit class	Securities no.	ISIN code
I-A-acc		
I-B-acc		
I-X-acc		
I-W-acc		
<u>U-X-acc</u>		
<u>(CHF hedged) I-A-acc</u>		
<u>(CHF hedged) I-B-acc</u>		
<u>(CHF hedged) I-X-acc</u>		
<u>(CHF hedged) I-W-acc</u>		
<u>(CHF hedged) U-X-acc</u>		

**G. UBS (CH) Institutional Fund 2 - Equities Global Screened Passive II**

Reference benchmark: MSCI World ex Switzerland ESG Screened (div. reinv.: US gross, others net) (div. reinv.: US gross, others net) (from 3 Feb. 2025 MSCI World ex Switzerland ESG Screened (div. reinv.: US gross, others net)

Reference benchmark for "(CHF hedged)" unit classes

MSCI World ex Switzerland ESG Screened (div. reinv.: US gross, others net) (CHF hedged) (from 3 Feb. 2025 MSCI World ex Switzerland Selection Index (div. reinv.: US gross, others net) (CHF hedged)

Unit class	Securities no.	ISIN code
I-A-acc		
I-B-acc		
I-X-acc		
I-W-acc		
<u>U-X-acc</u>		
<u>(CHF hedged) I-A-acc</u>		
<u>(CHF hedged) I-B-acc</u>		
<u>(CHF hedged) I-X-acc</u>		
<u>(CHF hedged) I-W-acc</u>		

<a href="#">(CHF hedged) U-X-acc</a>		
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**H. UBS (CH) Institutional Fund 2 - Equities Japan Passive II**

Reference benchmark: MSCI Japan (gross div. reinv.)  
Reference benchmark for "(CHF hedged)" unit classes  
MSCI Japan (gross div. reinv.) (CHF hedged)

Share class	Securities no.	ISIN code
I-A-acc	37989621	CH0379896217
I-B-acc	37960915	CH0379609156
I-X-acc	35836705	CH0358367057
I-W-acc		
<a href="#">U-X-acc</a>		
<a href="#">(CHF hedged) I-A-acc</a>		
<a href="#">(CHF hedged) I-B-acc</a>		
<a href="#">(CHF hedged) I-X-acc</a>		
<a href="#">(CHF hedged) I-W-acc</a>		
<a href="#">(CHF hedged) U-X-acc</a>		

**I. UBS (CH) Institutional Fund 2 - Equities USA Passive**

Reference benchmark: MSCI USA (gross div. reinv.)  
Reference benchmark for "(CHF hedged)" unit classes  
MSCI USA (gross div. reinv.) (CHF hedged)

Unit class	Securities no.	ISIN code
I-A-acc	2298585	CH0022985854
I-B-acc		
I-X-acc	2298602	CH0022986027
I-W-acc		
<a href="#">U-X-acc</a>		
<a href="#">(CHF hedged) I-A-acc</a>		
<a href="#">(CHF hedged) I-B-acc</a>		
<a href="#">(CHF hedged) I-X-acc</a>		
<a href="#">(CHF hedged) I-W-acc</a>		
<a href="#">(CHF hedged) U-X-acc</a>		

**J. UBS (CH) Institutional Fund 2 - Equities USA Passive II**

Reference benchmark: MSCI USA (gross div. reinv.)  
Reference benchmark for "(CHF hedged)" unit classes  
MSCI USA (gross div. reinv.) (CHF hedged)

Unit class	Securities no.	ISIN code
I-A-acc		
I-B-acc		
I-X-acc	12512104	CH0125121043
I-W-acc		
<a href="#">U-X-acc</a>		
<a href="#">(CHF hedged) I-A-acc</a>		
<a href="#">(CHF hedged) I-B-acc</a>		

<a href="#">(CHF hedged) I-X-acc</a>		
<a href="#">(CHF hedged) I-W-acc</a>		
<a href="#">(CHF hedged) U-X-acc</a>		

**K. (CH) Institutional Fund 2 - Equities Global Small Cap Climate Aware II**

Reference benchmark: MSCI World Small Cap ex Switzerland (div. reinv.: US gross, others net)

Reference benchmark for "(CHF hedged)" unit classes

MSCI World Small Cap ex Switzerland (div. reinv.: US gross, others net) (CHF hedged)

Unit class	Securities no.	ISIN code
I-A-acc		
I-B-acc		
I-X-acc		
I-W-acc		
<a href="#">U-X-acc</a>		
<a href="#">(CHF hedged) I-A-acc</a>		
<a href="#">(CHF hedged) I-B-acc</a>		
<a href="#">(CHF hedged) I-X-acc</a>		
<a href="#">(CHF hedged) I-W-acc</a>		
<a href="#">(CHF hedged) U-X-acc</a>		

**L. (CH) Institutional Fund 2 - Equities Global Small Cap Passive II**

Reference benchmark: MSCI World Small Cap ex Switzerland (div. reinv.: US gross, others net)

Reference benchmark for "(CHF hedged)" unit classes

MSCI World Small Cap ex Switzerland (div. reinv.: US gross, others net) (CHF hedged)

Unit class	Securities no.	ISIN code
I-A-acc	20967404	CH0209674040
I-B-acc	20967513	CH0209675138
I-X-acc	20967519	CH0209675195
I-W-acc		
<a href="#">U-X-acc</a>		
<a href="#">(CHF hedged) I-A-acc</a>		
<a href="#">(CHF hedged) I-B-acc</a>		
<a href="#">(CHF hedged) I-X-acc</a>		
<a href="#">(CHF hedged) I-W-acc</a>		
<a href="#">(CHF hedged) U-X-acc</a>		

**M. UBS (CH) Institutional Fund 2 - Global Real Estate Securities Passive (CHF hedged) II**

Reference benchmark: FTSE EPRA Nareit Developed Index (div. reinv.: US gross, others net; hedged in CHF)

Unit class	Securities no.	ISIN code
I-A-acc	4771002	CH0047710022
I-B-acc		
I-X-acc	4771014	CH0047710147
I-W-acc		



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**Sub-funds**

- Equities Global Climate Aware II
- Equities Global Small Cap Climate Aware II

**Benchmarks**

- MSCI World ex Switzerland (div. reinv.: US gross, others net)
- MSCI World Small Cap ex Switzerland (div. reinv.: US gross, others net)

The sub-funds' related index was used by UBS Asset Management Switzerland AG as the reference universe for selection of the companies included in the related Model Portfolio. MSCI does not in any way sponsor, support, promote or endorse the Model Portfolio. MSCI was not and is not involved in any way in the creation, calculation maintenance or review of the Model Portfolio. The related Index was provided on an "as is" basis. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating the related Index (collectively the "MSCI Parties") expressly disclaim all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose). Without limiting any of the foregoing, in no event shall any of the MSCI Parties have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages in connection with the Index or the Model Portfolio.



## 6.2 Possible reporting obligations and compliance with non-disclosure obligations

In light of local laws or regulatory provisions, listing and contractual conditions, self-regulation provisions, market practices and compliance standards, for example in the sub-funds' investment markets/countries, the fund management company and/or custodian bank may be obligated to disclose information and personal data about fund investors and third persons associated with these fund investors (e.g. beneficial owners), both among themselves and to third parties, for example to authorities in Switzerland or abroad, third-party custodians and central securities depositories, brokers, stock exchanges, registers, agents of the fund management company and/or custodian bank, and other third parties.

**By subscribing and holding units, the investor releases the fund management company and the custodian bank in full from the obligation to observe the applicable Swiss and international non-disclosure provisions (e.g. business secrecy, bank-client and fund-client confidentiality).** Neither the investor nor any affected third parties will be notified of such disclosure, either in advance or retroactively. Furthermore, the investor shall support the fund management company and/or custodian bank in fulfilling these requirements.

If the investor is not simultaneously the beneficiary or beneficial owner, the investor shall be obligated to notify the beneficiary or beneficial owner in a timely manner about being released from the non-disclosure obligations specified above and to obtain their prior consent for such release, insofar as this is required on the basis of applicable legal or regulatory provisions or the contractual relationship agreed between both parties.

**By subscribing and holding units, the investor agrees to notify the fund management company and/or the custodian bank if they or one of the third parties for whom they hold units in the capacity of financial intermediary holds and/or controls 5% or more of the net asset value of a sub-fund.** This does not imply that a disclosure will be issued only or in all cases when this threshold is exceeded.

Detailed information on how the fund management company and the custodian bank process personal data in connection with this fund contract can be found at: <https://www.ubs.com/global/de/legal/privacy/switzerland.html>.

## 6.3 Issue, redemption and settlement

### 6.3.1 Issues and redemptions

The following information applies to cut-off times:

- a) Subscription or redemption requests for shares will be exercised until 3:00 pm on each bank business day, with the exception of cases mentioned in letters b, c, and e (order day). No subscription or redemption orders shall be accepted on Swiss public holidays (Easter, Whitsun, Christmas, New Year, the Swiss national holiday, etc.). For all sub-funds with exception of the sub-funds mentioned under d) and e), no subscription or redemption orders shall be accepted on 24 and 31 December. For the sub-funds mentioned under d) and e), no subscription or redemption orders shall be accepted if the following bank business day is 24 or 31 December. In addition no issue or redemption will take place on days when the stock exchanges/markets in the fund's principal investment countries are closed, or when 50% or more of the fund's investments cannot be valued in an adequate manner, or under the exceptional circumstances defined under § 17 prov. 4 of the fund contract. The price of the shares applicable to the issue and redemption shall be

calculated on the bank business day (valuation day) following the order date, with the exception of cases mentioned in letters d and e (forward pricing). Orders processed by the custodian bank after this date will be processed using the net asset value for the next but one bank business day. Each day that the banks in Basel or Zurich are open for business shall be deemed to be a bank business day.

- b) Subscription or redemption orders for units of the following sub-funds are accepted until 2 p.m. in order to be settled on the bank business day following the order day (valuation day):
- Equities Global Small Cap Passive II
  - Equities Global Passive
  - Equities Global Passive II
  - Equities Global Small Cap Climate Aware II
- c) Subscription or redemption orders for units of the following sub-funds are accepted until 3:30 p.m. in order to be settled on the bank business day following the order day (valuation day):
- Equities USA Passive
  - Equities USA Passive II
  - Equities Canada Passive II
- d) Subscription or redemption orders for units of the following sub-funds are accepted until 3 p.m. in order to be settled on the next but one bank business day following the order day (valuation day):
- Global Real Estate Securities Passive (CHF hedged) II
- e) Subscription or redemption requests for shares of the following sub-funds will be accepted until 3:30 pm in order to be settled on the next bank business day (valuation day) following the order date:
- Equities Japan Passive II

### **6.3.2 Settlement**

The value date in respect of the issue and redemption price is no later than three bank business days after the order date

### **6.4 Terms for the issue and redemption of fund units**

Issuing commission and redemption commission

Currently there is no issuing commission or redemption commission for the issuing or redemption of units.

Based on § 17 prov. 2 b) of the fund contract, the following incidental costs will be charged (in the form of a maximum percentage of the subscription or redemption volume) This is done as protection against dilution on behalf of existing or remaining unit holders<sup>2</sup>.

Subscription costs:	maximum of 2%
Redemption costs:	maximum of 2%

No ancillary costs are charged for subscriptions and redemptions made the same day that have an evident, direct economic link and that therefore entail no ancillary costs for the purchase and sale of investments.

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<sup>2</sup> In the event of exceptional circumstances cf. § 17 para 2.

Sub-funds affected:

- Equities Global Climate Aware II
- Equities Global Passive
- Equities Global Passive II
- Equities Japan Passive II
- Equities USA Passive
- Equities USA Passive II
- Equities Global Small Cap Climate Aware II
- Equities Global Small Cap Passive II
- Global Real Estate Securities Passive (CHF hedged) II
- Equities Global ESG Leaders Passive II
- Equities Global Screened Passive II
- Equities Canada Passive II

## 6.5 Remuneration

Remuneration is shown in the table under prov. 1.

Payment of retrocessions, rebates and individually agreed upon fees

The fund management company and its agents may pay retrocessions as remuneration for the distribution activities in respect of fund units in or from Switzerland. This compensation may be used in particular to cover the following services:

- any activity aimed at promoting the distribution or transfer of fund units,
- organising road shows,
- attending conferences and trade fairs,
- producing promotional materials and training sales staff.

Retrocessions do not constitute discounts even if they are ultimately passed on to investors wholly or in part.

The recipients of retrocessions must ensure transparent disclosure and inform investors, unsolicited and free of charge, about the amount of compensation they may receive for the distribution of the collective investment schemes to these investors

On request, the recipients of retrocessions must disclose the amounts they actually receive for distributing the collective investment schemes of the investors concerned.

In connection with distribution in or from Switzerland, the fund management company and its agents may, on request, pay rebates directly to the investors. Discounts may serve to reduce fees or costs charged to the respective investors. Discounts are permitted provided they:

- are paid from the fund management company's fees and therefore do not represent an additional charge to the fund assets;
- are granted on the basis of objective criteria;
- are granted at the same time and on equal terms to all investors who meet the objective criteria and request discounts.

The objective criteria for the granting of discounts by the fund management company shall be the following:

- the amount subscribed by the investor or the total amount held by the investor in the investment fund, or possibly in the product range of the promoter
- the amount of fees generated by the investor;
- the investment behaviour practised by the investor (e.g. expected duration of their investment);
- investor willingness to provide support during the investment fund's inception phase.

The fund management company shall disclose the amount of each discount free of charge upon request of the investor.

In connection with execution-only mandates, the fund management company and its agents may determine the fees by way of individual agreements with investors for unit classes "I-B-acc", "I-X-acc" and "U-X-acc". The conditions for individually agreed upon fees are based on the conditions governing rebates. Individually agreed upon fees are therefore permissible provided that:

- they do not represent an additional charge to the assets of the sub-fund;
- they are determined based on objective criteria;
- equal treatment is given to all investors who meet these objective criteria and request an individually agreed upon fee within the same timeframe.

This also applies to existing unit classes hedged against the Swiss franc, as indicated by "(CHF hedged)".

If the fund management company and its agents determine the fees individually with investors for the corresponding unit classes, the following objective criteria shall apply:

- the investment volume held by the investor in the umbrella fund or sub-fund;
- if applicable, the total volume and total proceeds held by the investor in the promoter's product range (including UBS Group, UBS Investment Foundations, etc.);
- the investment behaviour shown by the investor (e.g. investment period or investment quarter);
- the investor's willingness to provide support in the launch phase of the sub-fund.

At the request of the investor, the fund management company or its agents shall disclose free of charge the application of the criteria to the investor's situation and the resulting fee.

## **6.6 Sales restrictions**

When units of this investment fund are issued or redeemed abroad, the provisions valid in the country in question shall apply.

Units of the sub-funds of this umbrella fund may not be offered, sold or delivered within the United States.

Units of this umbrella fund may not be offered, sold or delivered to investors who are US persons. A US person is someone who:

- (i) is a United States person within the meaning of Section 7701(a)(30) of the US Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder;
- (ii) is a US person within the meaning of Regulation S under the US Securities Act of 1933 (17 CFR § 230.902(k));
- (iii) is not a Non-United States person within the meaning of Rule 4.7 of the US Commodity Futures Trading Commission Regulations (17 CFR § 4.7(a)(1)(iv));
- (iv) is in the United States within the meaning of Rule 202(a)(30)-1 under the US Investment Advisers Act of 1940, as amended; or
- (v) any trust, entity or other structure formed for the purpose of allowing US Persons to invest in this fund.

Units of the sub-funds may not be offered, sold or delivered to investors deemed "Resident Indians", "Non-Resident Indians" or "Overseas Citizens of India" pursuant to the rules applicable in India to foreign portfolio investors.

## 6.7 Conversion of units

The unit holders may switch from one sub-fund to another at any time. The same provisions apply to the submission of conversion applications as apply to the issue and redemption of units (cf. § 17). The number of units into which the investor would like to convert his or her units is calculated using the following formula:

$$A = (B \times C) / D$$

where:

- A = number of units of the sub-fund unit class into which the investor wants to convert
- B = number of units of the sub-fund unit class from which the investor wants to convert
- C = net asset value of the units presented for conversion
- D = net asset value of the units of the sub-fund unit class in which the conversion is to take place

## 6.8 Due diligence when acquiring target funds

Target funds are selected using quantitative and qualitative criteria. As part of quantitative analysis, the historical relationship between risk and return is analysed over various time periods. On the qualitative side, an in-depth assessment of the fund company's profile is carried out, looking at its corporate infrastructure, investment style, investment processes and internal risk controls. The results of both qualitative and quantitative evaluations are subject to regular reviews.

## 6.9 Issuer and counterparty risk

With regard to indirect investments via derivatives, it should be noted that such investments may result in an accumulation of risk. In addition to the market risk of the underlying, there is the risk stemming from the issuer of the derivative. This risk cumulation can be of particular significance where derivatives on market indices are used systematically instead of a broadly diversified portfolio of direct investments.

## 6.10 Official publication

The official publication for the umbrella fund is Swiss Fund Data AG ([www.swiss-funddata.ch](http://www.swiss-funddata.ch)).

## 6.11 Information on sub-funds that are considered to be a fund of funds

The following information applies to

- UBS (CH) Institutional Fund 2 - Equities Global Passive
- UBS (CH) Institutional Fund 2 - Equities Global Passive II

Sub-funds in the form of umbrella funds invest primarily in other investment funds and make direct investments to a limited extent only.

Advantages of a fund of funds structure:

- The sub-funds of the umbrella fund seek to invest in target funds that have a low correlation to each other, thereby achieving a higher degree of diversification when compared to many target funds.
- The comprehensive selection process, performed by the manager of the sub-funds of the umbrella fund using qualitative and quantitative criteria, makes it possible to identify the most appropriate target funds worldwide.
- As a result of ongoing monitoring and control (due diligence), performed by the manager of the sub-fund of the umbrella fund, and the related supervisory function performed by the fund management company, assets can be monitored regularly with regard to the investment objective and the investments adjusted in line with changes in the market as necessary.

Disadvantages of a fund of funds structure:

- The investment in a sub-fund of the umbrella fund means that the investor must pay not only the commissions of the sub-fund, but also the commissions of the target funds in which the sub-fund of the umbrella fund invests.
- The sub-funds of the umbrella fund invest in target hedge funds, over which the sub-funds of the umbrella fund have very little or no influence. The target hedge funds can build up leverage (in other words, create an exposure) that clearly exceeds their own net assets. Since the sub-funds of the umbrella fund have little or no influence on the target hedge funds, it cannot influence the activities of the target hedge funds.

The fund management company: UBS Fund Management (Switzerland) AG, Basel

The custodian bank: UBS Switzerland AG, Zurich