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

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

Product name: UBS (Lux) Strategy SICAV - Fixed Income Sustainable (USD)

Legal entity identifier: 54930028RVK7YIH3XJ30

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective:** ___ %	☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 20% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☒ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective:** ______ %	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

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

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

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

The following characteristics are promoted by the financial product:

At least 70% of the sub-fund’s net assets (excluding cash, cash equivalents, and derivatives) will be invested (a) in investment strategies that promote environmental (E) and/or social (S) characteristics and comply with Article 8 of the Regulation on sustainability-related disclosures in the financial services sector (“SFDR”), or are deemed equivalent, or (b) in investment strategies with sustainable investment as their objective and comply with Article 9 of SFDR or that have the reduction of carbon emissions as an objective and comply with Article 9 of SFDR, or are deemed equivalent.

No ESG reference benchmark has been designated for the purpose of attaining the characteristics promoted by the financial product.

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

  The above characteristic is measured using the following indicators:

  A) The disclosure that the target fund is classified as Article 8 or Article 9 in accordance with SFDR (where applicable).

  Additionally, for investment via actively managed, third-party funds, UBS Asset Management’s manager research team evaluates strategies of external asset managers to ensure that they meet UBS sustainability standards (“equivalency principle”). When evaluating these strategies, UBS Asset Management pays particular attention to the existing ESG resources of the external asset managers, such as the quality of the team of research and investment staff dedicated to ESG issues, the experience of the individual staff members in the sustainability area, the analytical and research tools used to assess the ESG risks of companies, or the investment process with regard to the consideration of ESG risks in portfolio construction. Where appropriate, UBS Asset Management compares the ESG approaches of the external asset managers with its own ESG approaches in order to gain an additional perspective on the external asset managers’ ability to actually achieve their stated objectives.

  B) For UBS Asset Management managed active investment strategies to qualify, the strategy must promote one or more measurable environmental/social characteristics or commit to making an investment in sustainable investments with an environmental or social objective. The strategies must also apply the exclusion policy, whose link can be found in the main body of the Sales Prospectus. Strategies which meet these requirements are classified by UBS Asset Management as “Sustainability Focus” or “Impact” with Impact strategies being those that have a measurable, verifiable investor and/or company impact using a recognized impact framework (e.g. the UN Sustainable Development Goals).

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

  The objectives of the sustainable investments that the financial product partially intends to make is to contribute to the environmental and/or social characteristic(s) promoted by the financial product.

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

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

  For investments in active equity and fixed income strategies managed by UBS Asset Management, when assessing “do no significant harm” (DNSH), we consider selected principal adverse impact indicators based on availability and appropriateness.

  For investments in passively managed strategies that track an ESG index, indicators for do no significant harm are taken into account by the Index provider as appropriate to the Index family.

For investments in third party managed funds, the portfolio manager of the underlying investment strategy may utilize different methodologies. Third party strategies are assessed for do no significant harm criteria via UBS Asset Management's manager research process described above.

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

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

For investments in active equity and fixed income strategies managed by UBS Asset Management, the portfolio manager considers the PAI indicators by means of exclusions from the investment universe. At present, the following PAI indicators are considered:

1.4 "Exposure to companies active in the fossil fuel sector":
- Companies that exceed a certain revenue threshold (as per the UBS AM Sustainability Exclusion Policy) from thermal coal mining and its sale to external parties or from oil sands extraction are excluded.
- Companies that exceed a certain revenue threshold (as per the UBS AM Sustainability Exclusion Policy) from thermal coal-based power generation are excluded.
1.10 "Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises":
- Companies violating the United Nations Global Compact (UNGC) principles which do not demonstrate credible corrective action as determined by UBS-AM's Stewardship Committee are excluded
1.14 "Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)":
- UBS-AM does not invest in companies involved in: cluster munitions, anti-personnel mines or chemical and biological weapons, nor does it invest in companies in breach of the Treaty on the Non- Proliferation of Nuclear Weapons. UBS-AM considers a company to be involved in controversial weapons if the company is involved in development, production, storage, maintenance or transport of controversial weapons, or is a majority shareholder (>50% ownership stake) of such a company.

For investments in passively managed strategies that track an ESG index, indicators for adverse impacts on sustainability factors are taken into account by the Index provider as appropriate to the Index family.

For investments in third party managed funds, the portfolio manager of the underlying investment strategy may utilize different methodologies. Third party strategies are assessed for adverse impacts via UBS Asset Management's manager research process described above.

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

For investments in active equity and fixed income strategies managed by UBS Asset Management, companies violating the United Nations Global Compact (UNGC) principles, who do not demonstrate credible corrective action as determined by UBS-AM's Stewardship Committee are excluded..

For investments in passively managed strategies that track an ESG index, alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human rights are taken into account by the Index provider as appropriate to the Index family.

For investments in third party managed funds, the portfolio manager of the underlying investment strategy may utilize different methodologies. Third party strategies are assessed for alignment with OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights via UBS Asset Management's manager research process described above.

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

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic *activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.*

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

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

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

For investments in active equity and fixed income strategies managed by UBS Asset Management, the portfolio manager considers the PAI indicators by means of exclusions from the investment universe. At present, the following PAI indicators are considered:

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The link to the Sustainability Exclusion Policy can be found in the section headed "Sustainability Exclusion Policy" in the main body of the Sales Prospectus.
For investments in passively managed strategies that track an ESG index, indicators for adverse impacts on sustainability factors are taken into account by the Index provider as appropriate to the Index family.

For investments in third party managed funds, the portfolio manager of the underlying investment strategy may utilize different methodologies. Third party strategies are assessed for adverse impacts via UBS Asset Management's manager research process described above.

☐ No

What investment strategy does this financial product follow?

This sub-fund utilizes underlying investment strategies to achieve its investment objective. Sustainable investments may include one or more of the nine ESG categories listed below:

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

a) ESG engagement equities: in this approach, asset managers actively participate as shareholders in order to engage the management of companies to improve their performance with regard to ESG issues and opportunities.

b) ESG engagement high yield bonds: in this approach, asset managers actively participate as bondholders in issuers with a credit rating lower than BBB- in order to engage the management of companies to improve their performance with regard to ESG issues and opportunities.

c) Multilateral Development Bank bonds: bonds issued by Multilateral Development Banks (MDBs), such as the World Bank. MDBs are supported by various governments with the aim of financing sustainable economic growth.

d) ESG thematic equities: Equities of companies that sell products and services which tackle a particular environmental or social challenges and/or whose businesses are particularly good at managing a single ESG factor, such as gender equality.

e) ESG improvers equities: Equities of companies that are improving how they manage a range of critical ESG issues.

f) ESG leaders equities: Equities of companies that manage a range of critical ESG issues and seize ESG opportunities better than their competitors.

g) Green, social and sustainability bonds: Bonds that finance environmental projects, social welfare institutions or sustainable issues. Issuers of this type of bond generally include companies, municipalities and development banks.

h) ESG leaders bonds: Bonds of companies that manage a range of critical ESG issues and seize ESG opportunities better than their competitors.

i) Emerging market sustainable finance: Strategies that comprise fixed-income and currency solutions to provide private funding in emerging markets and to support the efforts of development finance institutions.

ESG Integration

The Portfolio Manager takes ESG integration into account when allocating to underlying investment strategies. In the case of underlying strategies managed by UBS, the Portfolio Manager identifies ESG-integrated assets on the basis of the below mentioned research on ESG integration. For externally managed strategies, ESG integrated assets are identified via UBS Asset Management's manager research process described above.

For investments in active equity and fixed income strategies managed by UBS Asset Management, ESG Integration is driven by taking into account material ESG risks as part of the research process. ESG integration enables the Portfolio Manager of the investment strategy to identify financially relevant sustainability factors that impact investment decisions and to incorporate ESG considerations when implementing investment decisions, and allows ESG risks to be systematically monitored and compared to risk appetite and constraints. It also assists in portfolio construction through securities selection, investment conviction and portfolio weightings.

For corporate issuers, this process utilizes an internal UBS ESG material issues framework which identifies the financially relevant factors per sector that can impact investment decisions. This orientation toward financial materiality ensures that analysts focus on sustainability factors that can impact the financial performance of the company and therefore investment returns. ESG integration can also identify opportunities for engagement to improve the company's ESG risk profile and thereby mitigate the potential negative impact of ESG issues on the company's financial performance. The Portfolio Manager of the investment strategy employs an internal UBS ESG risk dashboard that combines multiple internal and external ESG data sources in order to identify companies with material ESG risks. An actionable risk signal highlights ESG risks to the investment strategy's Portfolio Manager for incorporation in their investment decision making process.

For non-corporate issuers, the Portfolio Manager of the investment strategy applies a qualitative or quantitative ESG risk assessment that integrates data on material ESG factors.

The analysis of material sustainability/ESG considerations can include many different aspects, such as the following among others: the carbon footprint, health and well-being, human rights, supply chain management, fair customer treatment and governance.

Sustainability Exclusion Policy

The Sustainability Exclusion Policy of the Portfolio Manager outlines the exclusions applied to the investment universe of the financial product. The link to the Sustainability Exclusion Policy can be found in the section headed "Sustainability Exclusion Policy" in the main body of the Sales Prospectus.

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

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

A minimum of 70% of the sub-fund's net assets (excluding cash, cash equivalents, and derivatives) will be invested (a) in investment strategies that promote environmental (E) and/or social (S) characteristics and comply with Article 8 of the Regulation SFDR, or are deemed equivalent, or (b) in investment strategies with sustainable investment as their objective and which comply with Article 9 of SFDR or that have the reduction of carbon emissions as an objective and comply with Article 9 of SFDR , or are deemed equivalent thereto.

Strategies are classified as eligible via the assessment outlined above under "What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?".

The characteristic(s), the minimum proportion of sustainable investments and the minimum proportion of investments used to meet the environmental and/or social characteristics are calculated at quarter end using the average of all business days' values in the quarter.

Sustainability Exclusion Policy

The Sustainability Exclusion Policy of the Portfolio Manager outlines the exclusions applied to the investment universe of the financial product. The link to the Sustainability Exclusion Policy can be found in the section headed "Sustainability Exclusion Policy" in the main body of the Sales Prospectus.

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

Not applicable.

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

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

This sub-fund utilizes underlying investment strategies to achieve its investment objective:

For investments in active equity and fixed income strategies managed by UBS Asset Management, good corporate governance is embedded in the investment strategy of the underlying portfolio manager. The assessment of good governance includes consideration of board structure and independence, remuneration alignment, transparency of ownership and control, and financial reporting. For active equity and fixed income strategies managed by UBS Asset Management, the portfolio manager employs a proprietary ESG Risk Dashboard that combines multiple ESG data sources from internal and recognized external providers in order to identify companies with material ESG risks. An actionable risk signal highlights ESG risks to the portfolio manager for incorporation in their investment decision making process.

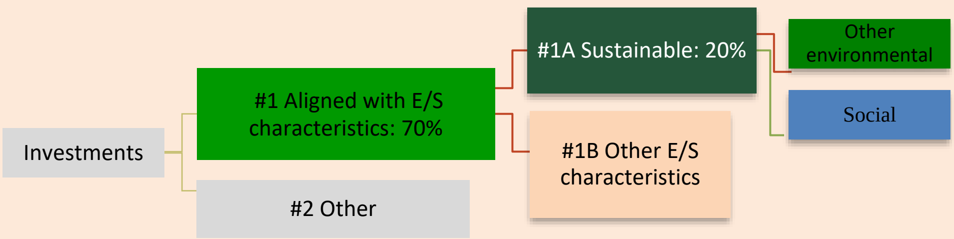
For investments in passively managed strategies that track an ESG index, good governance practices of the investee companies are assessed by the index provider as appropriate to the index family.

Investments in third party managed funds are assessed via the UBS Asset Management manager research process. UBS Asset Management evaluates the strategies of external asset managers to ensure that they meet UBS sustainability standards ("equivalency principle").

What is the asset allocation planned for this financial product?

The minimum proportion of the investments used to meet the environmental and/or social characteristics promoted by the financial product is 70%. The minimum proportion of sustainable investments of the financial product is 20%.

Asset allocation describes the share of investments in specific assets.



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

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

The category **#1 Aligned with E/S characteristics** covers:

-The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.

-The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

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

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

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

It has not been possible to collect data on the environmental objective(s) set out in Article 9 of the Taxonomy Regulation and on how and to what extent the investments underlying the financial product are in economic activities that qualify as environmentally sustainable under Article 3 of the Taxonomy Regulation ("Taxonomy Aligned Investments"). On that basis, the financial product has 0% Taxonomy Aligned Investments.

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

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

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

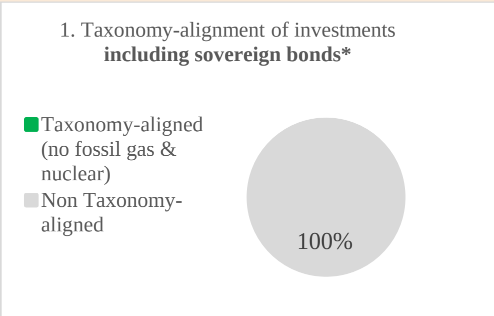
- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?**[2]

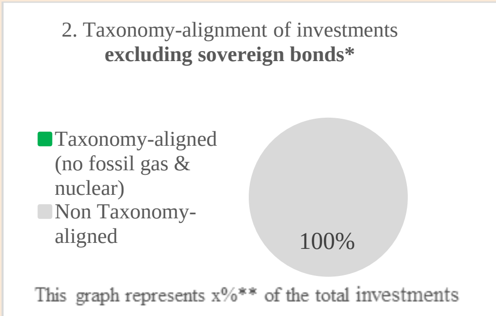
☐ Yes:

☐ In fossil gas ☐ In nuclear energy

☒ No

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





* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures*

** ***No percentage has been inserted as it is not relevant (no Taxonomy-aligned investments)***

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

There is no commitment to a minimum proportion of investments in transitional and enabling activities.

are environmentally sustainable investments **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

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

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

The sustainable investments made by the financial product will contribute to either environmental or social objectives or both. The financial product does not commit to a predetermined combination of environmental or social objectives, and therefore there is no minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy. Where the financial product does invest in environmentally sustainably investments that are not Taxonomy-aligned, this is due to the absence of necessary data to determine Taxonomy-alignment.

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

What is the minimum share of socially sustainable investments?

The sustainable investments made by the financial product will contribute to either environmental or social objectives or both. The financial product does not commit a predetermined combination of environmental or social objectives, and therefore there is no minimum share of socially sustainable investments.

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

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

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

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

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

  Not applicable.

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

  Not applicable.

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

  Not applicable.

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

  Not applicable.

Where can I find more product specific information online?

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