

UBS (Lux) Strategy Fund - Balanced Sustainable (CHF)

No sustainable investment objective

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment.

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

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, the portfolio manager of the underlying investment strategy applies exclusions to the investment universe of the financial product. These exclusions include thermal coal mining and thermal coal-based energy production & oil sands. UBS Asset Management does not invest in companies involved in controversial weapons i.e. cluster munitions, anti-personnel mines, chemical and biological weapons, or companies in breach of the Treaty on the Non-Proliferation of Nuclear Weapons. In addition, investments are positively screened according to the criteria defined for the respective underlying investment strategy.

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.

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For investments in active equity and fixed income strategies managed by UBS Asset Management, the portfolio manager employs a proprietary ESG Risk Dashboard. The Dashboard allows equity and credit analysts to quickly identify companies with significant ESG risks via the "UBS ESG Risk Signal". This clear, actionable signal serves as starting point for more in-depth analysis of the underlying sources of these risks and the links to their investment cases.

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.

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 will be excluded from the sustainable investment universe.

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.

Environmental or social characteristics of the financial product

The following characteristic(s) is/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.

The characteristic(s) is/are measured using the following indicator(s) respectively:

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).

Investment strategy

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

Proportion of investments

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%. 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.

Monitoring of environmental or social characteristics

The portfolio manager has data indicators and a systemic pre-trade guideline control in place to monitor the stated environmental or social characteristics promoted by the financial product, specifically the binding targets stated in the investment strategy, there is a monitoring oversight control. There are also independent controls & audit by our delegated fund administrators.

Methodologies

The performance of the indicators used to measure the environmental or social characteristics promoted by the financial product are measured daily, assessed quarterly and reported annually.

Data sources and processing

The data sources used to attain the stated environmental or social characteristics are as follows: Target funds are selected based upon regulatory filings, where these target funds are not within regulatory scope then equivalence is assessed via a due diligence process. For UBS Asset Management managed active investment strategies, data sources used to attain the stated environmental or social characteristics are as follows: Data is consumed from leading providers, processed in accordance with defined guidelines and supplemented with analyst recommendation. Data is consumed from leading providers, processed in accordance with defined guidelines and supplemented with analyst recommendation.

Limitations to methodologies and data

Target funds are selected based upon regulatory filings, where these target funds are not within regulatory scope then equivalence is assessed via a due diligence process.

Due diligence

This sub-fund utilizes underlying investment strategies to achieve its investment objective and the underlying investment strategies are assessed as follows: 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).

Engagement policies

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, the research process of the underlying investment strategies seek to identify companies where material ESG and sustainability factors may present a future negative risk. A central team will prioritize such companies for engagement and additionally utilize proxy voting as part of our stewardship activities to minimize adverse impacts where appropriate.

Designated reference benchmark

Not applicable.