

## SUPPLEMENT 3

**Dated 30 November 2022 to the Prospectus issued for  
UBS (Irl) Investor Selection PLC**

### **UBS (Irl) Investor Selection – Global Equity Long Short Fund**

This Supplement contains information relating specifically to UBS (Irl) Investor Selection – Global Equity Long Short Fund (the "**Sub-Fund**"), a Sub-Fund of UBS (Irl) Investor Selection PLC (the "**Company**"), an open-ended umbrella fund with segregated liability between Sub-Funds authorised by the Central Bank on 16 December, 2009 as a UCITS pursuant to the UCITS Regulations.

**This Supplement forms part of and should be read in the context of and in conjunction with the Prospectus for the Company dated 30 November 2022 (the "Prospectus"), as amended and supplemented from time to time and is incorporated herein.**

The Directors of the Company whose names appear in the Prospectus under the heading "Management and Administration" accept responsibility for the information contained in this Supplement and the Prospectus. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement and in the Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

**Investors' attention is drawn to the fact that Shares in the Sub-Fund are not the same as deposits or obligations which are guaranteed or endorsed by any bank and accordingly, the value of any amount invested in the Sub-Fund may fluctuate.**

UBS Asset Management (UK) Ltd has been appointed as the investment manager to the Sub-Fund (the "**Investment Manager**").

The Sub-Fund intends to use derivatives as a significant part of its investment policies. Leverage will be generated by the Sub-Fund through the leverage inherent in some derivative instruments. The Investment Manager will employ a risk management process in order to accurately measure, monitor and manage the risks attached to financial derivative positions and details of this process have been provided to the Central Bank. The Investment Manager will not utilise derivatives which have not been included in the risk management process. The market risks generated by the Sub-Fund through the use of instruments will be measured through the use of a Value At Risk ("**VaR**") measure. Absolute VaR is measured over a holding period (of 20 days) and should not be greater than 20% of the Net Asset Value of the Sub-Fund. The VaR will be calculated using a 99% confidence level and the historical observation period will not be less than one year. **The use of derivatives entails certain risks to the Sub-Fund including those set out under "Risk Factors" in this Supplement and the Prospectus.** Investors are also encouraged to read Appendix III of the Prospectus which describes the types of derivatives which the Company may use, the purposes of their intended use and their effect.

**An investment in the Sub-Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors. Investors should read and consider the section entitled "Risk Factors" before investing in the Sub-Fund.**

## 1. Interpretation

The expressions below shall have the following meanings:

"Business Day" means any day (except Saturday or Sunday) on which banks in Dublin and London are generally open for business or such other day or days as may be determined by the Directors and/or the Manager and notified in advance to Shareholders.

"Cash Rate" means a measure of the short term cash returns based on either ESTR (ESTRON) + 0.085%, SORA and Bank of Canada Target for the Overnight Rate and RBA Interbank Overnight Cash Rate, SARON (SRFXON3) -0.0551%, SONIA (SONIO/N) -0.0024% or SOFR (SOFRRATE) + 0.00644%.

The Euro Short-Term Rate ("**ESTR**"): an interest rate benchmark that reflects the overnight borrowing costs of banks within the eurozone. The rate is calculated and published by the European Central Bank.

Singapore Overnight Rate Average ("**SORA**"): the weighted average of all Singapore Dollar overnight cash transactions brokered in Singapore between 9.00 a.m. Singapore time and 6.15 p.m. Singapore time.

Bank of Canada Target for the Overnight Rate: The Target for the Overnight Rate is the Bank of Canada's target for overnight interest rate. It directly influences the interest rates at which banks and other financial system participants borrow and lend funds for a term of one business day.

RBA Interbank Overnight Cash Rate: The weighted average interest rate at which banks transact in the Australian domestic interbank market for overnight unsecured funds.

Swiss Average Rate Overnight ("**SARON**"): SARON is an overnight interest rates average referencing the Swiss Franc interbank repo market.

Sterling Overnight Index Average ("**SONIA**"): SONIA, or the sterling overnight index average, is a reference rate published daily by the Bank of England that tracks the interest paid by banks on overnight unsecured transactions negotiated bilaterally in the interbank market or arranged via brokers.

Secured Overnight Financing Rate ("**SOFR**"): a benchmark interest rate for dollar-denominated derivatives and loans based

on transactions in the Treasury repurchase market which is published by The Federal Reserve Bank of New York.

"Initial Offer Period"	The Initial Offer Period for all active Classes of the Sub-Fund has now closed. The Initial Offer Period for all other Classes shall continue for six months from the date of noting of this Supplement or until such earlier or later date on which the first Shares of the relevant Class are issued, at which point the Initial Offer Period of such Class shall automatically end. Shares in inactive Classes will be issued during their respective Initial Offer Periods at their respective Initial Prices. Thereafter, Shares in such Classes will be issued as at the relevant Subscription Day at their Net Asset Value per Share.
"Initial Price"	The Initial Price for each Class is set out in the table in the section of the Prospectus entitled "Available Classes" save in respect of classes with "U-B" in their name, for which the Initial Price amounts to AUD 100,000, BRL 400,000, CAD 100,000, CHF 100,000, CZK 2,000,000, EUR 100,000, GBP 100,000, HKD 1,000,000, JPY 10 million, NOK 900,000, PLN 500,000, RMB 1,000,000, RUB 3,500,000, SEK 700,000, SGD 100,000 or USD 100,000. These Initial Prices apply during the Initial Offer Period, following which such Classes are available for subscription on any Subscription Day at their respective Net Asset Values.
"Redemption Day"	means each Business Day and/or such other day or days as may be determined by the Directors and/or the Manager and notified in advance to Shareholders provided that there shall be at least two Redemption Days in each month occurring at regular intervals.
"Redemption Deadline"	means 12.30 p.m. Irish time on the Business Day immediately preceding relevant Redemption Day or such other time and/or day as the Directors and/or the Manager may determine on an exceptional basis only and notify in advance to all Shareholders, provided always that the Redemption Deadline is no later than the Valuation Point.
"Subscription Day"	means each Business Day and/or such other day or days as may be determined by the Directors and/or the Manager and notified in advance to Shareholders provided that there shall be at least two Subscription Days in each month occurring at regular intervals.
"Subscription Deadline"	means 12.30p.m. Irish time on the Business Day immediately preceding relevant Subscription Day or such other time and/or day as the Directors and/or the Manager may determine on an exceptional basis only and notify in advance to all Shareholders,

provided always that the Subscription Deadline is no later than the Valuation Point.

"Valuation Day" means each Subscription Day and Redemption Day, as the case may be, and/or such other day or days as the Directors and/or the Manager may from time to time determine and notify in advance to Shareholders provided that there shall be at least one Valuation Day in respect of each Subscription Day and Redemption Day.

"Valuation Point" means 10.45 p.m. Irish time on the Valuation Day.

All other defined terms used in this Supplement shall have the same meaning as in the Prospectus.

## **2. Classes of Shares**

As at the date of this Supplement, the following categories of Shares are available for investment: Class P, Class N, Class K-1, Class K-B, Class F, Class Q, Class I-A1, Class I-A2, Class I-A3, Class I-B, Class U-B and Class Seeding.

Please see the section of the Prospectus entitled "Available Classes" to see the various Classes available in these categories. As at the date of this Supplement, all of the Classes available for issue are accumulation. Classes which pay dividends may in the future be available. Confirmation of whether a Class is available, has launched/is active and its date of launch/activation are available from the Administrator upon request.

<b>Share Classes</b>	<b>Initial Offer Period</b>
Classes with "Seeding" and "P" or "N" or "K-1" or "K-B" or "F" or "Q" or "I-A1" or "I-A2" or "I-A3" or "I-B" or "U-B" in their name.	The Initial Offer Period will continue for six months from the date of noting of this Supplement or until such earlier or later date on which the first Shares of the relevant Class are issued, at which point the Initial Offer Period of such Class shall automatically end.

## **3. Base Currency of the Sub-Fund**

The Base Currency of the Sub-Fund shall be the Euro.

## **4. Typical Investor Profile**

The actively managed Sub-Fund is aimed at risk-conscious investors who are looking to invest for the medium to long term in a diversified fund and are prepared to accept fluctuations in the value of their capital, including capital loss, and who are also prepared to accept the possibility of paying income and capital gains tax on returns.

## **5. Investment Objective**

The Sub-Fund seeks to deliver a positive return, over a three year timeframe, by exploiting mispriced stocks in equity markets around the world, including emerging markets. The Sub-Fund aims to demonstrate low correlation with, and less volatility than, equity markets.

There can be no guarantee that the Sub-Fund will be able to achieve its investment objective.

## 6. Investment Policies

It is intended that the Sub-Fund will seek to achieve its investment objective by utilising a long-short equity strategy (varying in range from 25% net short to 75% net long) and by exploiting short- and mid-term stock price anomalies predominantly in equity securities of companies in global equity markets based on the Morgan Stanley Capital International ("**MSCI**") All Country World Index (the "**Reference Index**"), but not necessarily including or limited to all countries or stocks in that classification, via over-the-counter or exchange-traded derivatives, with reference to such equities. Appendix II to the Prospectus lists the exchanges or markets on which such equity securities are listed or traded. The Reference Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. It includes a collection of stocks and securities from 45 countries. Investment will predominantly be made directly in equity securities and equity related securities (as set out below) and in derivatives which reference equity securities and equity indices including but not limited to the use of equity Total Return Swaps (where the economic performance of a single equity security, a basket of securities or an equity index over a specific period of time is obtained by the Sub-Fund in exchange for a physical cash payment by the Sub-Fund to the counterparty), contracts for difference and equity futures (as further described in Appendix III to the Prospectus).

The Sub-Fund is actively managed. The Investment Manager may use the Reference Index for security selection and uses the Cash Rate for performance comparison and performance fee calculation purposes.

The Sub-Fund may invest in and have direct access to certain eligible China A Shares listed on the Shanghai Stock Exchange via the Shanghai-Hong Kong Stock Connect Scheme and the Shenzhen-Hong Kong Stock Connect (as further described in the sub-section headed "Investment in Hong Kong and Shenzhen Stock Connect Schemes" below). Exposure to China A Shares through the Shanghai-Hong Kong and Shenzhen Stock Connect Scheme shall not be more than 10% of the Sub-Fund's Net Asset Value.

The Sub-Fund may invest up to 10% of its Net Asset Value in equity securities listed or traded on Russian markets. Any such investment will only be made on Recognised Exchanges included in Appendix III to the Prospectus. The use of exchange traded and over-the-counter equity derivatives forms an important part of the investment approach of the Sub-Fund and will result in the Sub-Fund being leveraged. Market risk exposure is monitored through the use of VaR as described below. Leverage will be generated by the Sub-Fund through the leverage inherent in some derivative instruments and shall be calculated as the sum of the notionals of the derivatives used. Under normal market conditions, the Sub-Fund will not be leveraged in excess of 300% of the Net Asset Value of the Sub-Fund, with gross long positions not exceeding 150% of the Net Asset Value of the Sub-Fund and gross short positions not exceeding 150% of the Net Asset Value of the Sub-Fund. However in exceptional circumstances leverage and levels of long and short positions may exceed this level at times. Furthermore the periodic resetting of positions obtained using derivatives may temporarily, significantly increase gross leverage and gross levels of long and short positions, although this resetting will not impact overall market exposure of the Sub-Fund. The types of exchange traded derivative investments which the Sub-Fund may use are outlined further below. The Sub-Fund may

also invest directly in common and preferred stock, warrants, convertible and fixed rate bonds, Real Estate Investment Trusts ("**REITs**"), equity linked participation notes, American Depositary Receipts ("**ADRs**") and Global Depositary Receipts ("**GDRs**") (as further described in Appendix III to the Prospectus where relevant) where such investment represents a more practical, efficient or less costly way of gaining exposure to the relevant security or market. REITs are a type of pooled investment vehicle which invests in real property or real property related loans or interests listed, traded or dealt in on Recognised Exchanges. They are established effectively as a "pass through" entity, the effect of which is to transfer the income and gains of the business through the company exempt of tax to investors who will then assume the tax liabilities. Tax treatment is not identical in each country. In relation to participation notes, these will be listed or traded on Recognised Exchanges worldwide and the Sub-Fund's exposure will be to the issuer (which will be regulated), rather than the referenced securities that the participation notes relate to. Equity linked participation notes are OTC products which are used to access markets where there is no local custody network in place. The exposure is primarily to the underlying security but as the participation notes are issued by a broker there will also be an element of counterparty risk.

The OTC counterparties of these transactions will be highly rated financial institutions specialising in these types of transactions and approved by the Investment Manager. In this regard, where the Sub-Fund enters into Total Return Swaps (or invests in other financial derivative instruments with the same characteristics) it will only do so on behalf of the Sub-Fund with counterparties which shall be entities which satisfy the OTC counterparty criteria set down by the Central Bank in the Central Bank UCITS Regulations and set out in the Prospectus under the heading Securities Financing Transactions in Appendix III and shall specialise in such transactions. Subject to compliance with those conditions, the Investment Manager has full discretion as to the appointment of counterparties when entering into Total Return Swaps in furtherance of the Sub-Fund's investment objective and policies. It is not possible to comprehensively list in this Supplement all the counterparties as they have not, as of the date of issue of this Supplement, been selected and they may change from time to time. The Sub-Fund may not enter into such a swap or other derivative transaction where (1) the counterparty is permitted to have discretion over the composition or management of the Sub-Fund's portfolio or over the underlying of financial derivative instruments used by the Sub-Fund or (2) counterparty approval is required in relation to any investment decision made by the Sub-Fund.

Risks associated with the use of Total Return Swaps, are detailed in the Prospectus under the heading "Risk Factors". The use of Total Return Swaps, in particular shall be subject to the requirements or SFTR.

ADRs and GDRs are certificates issued by a depository bank, representing shares held by the bank, usually by a branch or correspondent in the country of issue of the shares, which trade independently from the shares. Investment can also be made, up to a maximum of 10% of the Sub-Fund's net assets, in open-ended collective investment schemes, including exchange traded funds, including UCITS domiciled in the EU (including, but not limited to, Austria, Belgium, France, Germany, Ireland, Italy, Luxembourg and the UK). As part of this 10% limit, the Sub-Fund may also invest in regulated open-ended AIFs, which will primarily be AIFs domiciled in the EU, and which fall within the requirements set out in the Central Bank Rules and the level of protection of which is equivalent to that provided to unitholders of a UCITS. As part of this 10% limit, the Sub-Fund may invest in other Sub-Funds of the Company and funds that are managed by affiliates of the Investment Manager. Investment is not permitted in Sub-Funds of the Company which in turn invest in other Sub-Funds of the Company. Where the Sub-Fund invests in a collective investment scheme linked to the

Investment Manager, the manager of the underlying collective investment scheme cannot charge subscription, conversion or redemption fees on account of the investment. The Sub-Fund will not charge an annual Investment Management fee in respect of that portion of its assets invested in other Sub-Funds of the Company. The Sub-Fund will invest in such schemes primarily when the investment focus of such schemes is consistent with the Sub-Fund's primary investment focus. Investment in other funds is not a primary investment focus of the Sub-Fund. The Sub-Fund may also use derivatives including, but not limited to, options on single stocks and equity indices for the purpose of generating income and capturing money making opportunities through stock, sector or market mispricings and for efficient portfolio risk management.

Any investment in open-ended exchange traded funds will be in accordance with the investment limits for collective investment schemes and any investment in close-ended exchange traded funds will be in accordance with the investment limits for transferable securities, as set out under the heading "Permitted Investments and Investment Restrictions" in the Prospectus.

The Investment Manager expects the Sub-Fund's volatility to be lower than a fund with a long equity strategy. The Investment Manager anticipates the volatility of the Sub-Fund to be typically below 10% over a 5 year market cycle. This volatility is indicative only and does not constitute an investment restriction by which the Investment Manager will be bound. The Investment Manager has a focused stock-picking methodology. The Investment Manager will not restrict the investments to a particular capitalisation range. The Investment Manager will assess whether the Sub-Fund should hold long or short positions in stocks. The Investment Manager will take long positions in stocks which it anticipates, based on the analysis described below, are undervalued by the market and will rise in value and short positions in stocks which it anticipates are overvalued by the market and will fall in value. Portfolios are constructed primarily from the bottom up utilising predominately in-house research sources. The Investment Manager will select companies largely based on fundamental research augmented by some quantitative inputs. This research provides the Investment Manager with a picture of the stock price anomalies and investment opportunities.

Fundamental analysis is usually approached on a company specific or "bottom up" basis. The bottom up approach involves analysing specific industries, in addition to company specific fundamentals. As at the date of this supplement, the Investment Manager has six global sector analysts that work with analysts around the world in order to assess the fundamental value of a company based on free cash flow ("**FCF**") and cash flow return on capital invested. FCF is a measure of financial performance calculated as operating cash flow minus capital expenditures and represents the cash that a company is able to generate after laying out the money required to maintain or expand its asset base.

The Investment Manager employs a risk management system, which aims to accurately measure, monitor and manage the risk generated by individual positions, sectors and countries. Risk management for the Investment Manager starts at the individual company level, by analysing company management, balance sheets and cash flows. The Investment Manager may employ spot foreign exchange transactions (as further described in Appendix III to the Prospectus) to convert subscription proceeds into the relevant currency and in order to pay fees in a particular currency. The Investment Manager may employ forward foreign exchange contracts and currency futures (as further described in Appendix III to the Prospectus) for the purpose of hedging the foreign exchange exposure of the assets of the Sub-Fund in order to neutralise, so far as possible, the impact of fluctuations in the relevant exchange rates, however the Sub-Fund may have foreign exchange exposure which is reflective of the global markets in which it is investing. When seeking to neutralize

the foreign exchange exposure of the assets of the Sub-Fund, the Investment Manager may use such spot foreign exchange transactions, forward foreign exchange contracts and currency futures to sell the currency in which a particular asset is denominated against the Base Currency of the Sub-Fund, or against another currency, as determined by the Investment Manager in its discretion. The Sub-Fund intends to use derivatives as a significant part of its investment policies. The Investment Manager will employ a risk management process in order to accurately measure, monitor and manage the risks attached to financial derivative positions and details of this process have been provided to the Central Bank. The Investment Manager will not utilise derivatives which have not been included in the risk management process. The market risks generated by the Sub-Fund through the use of instruments will be measured through the use of a Value At Risk ("VaR") measure. Absolute VaR is measured over a holding period (of 20 days) and should not be greater than 20% of the Net Asset Value of the Sub-Fund. The VaR will be calculated using a one-tailed 99% confidence level and the historical observation period will not be less than one year. **The use of derivatives entails certain risks to the Sub-Fund including those set out under "Risk Factors" in this Supplement.** Investors are also encouraged to read Appendix III of the Prospectus which describes the types of derivatives which the Company may use, the purposes of their intended use and their effect.

As the use of derivatives is an important part of the approach of the Sub-Fund, the Sub-Fund may at any one time have significant cash balances to invest. Such cash balances may be invested in money market funds and money market instruments, including, but not limited to, certificates of deposit, fixed or floating rate notes and fixed or variable rate commercial paper (which are considered investment grade or above as rated by the principal rating agencies) and in cash deposits denominated in such currency or currencies as the Investment Manager may determine and in fixed or floating rate bonds (including notes, bills and other fixed and variable-rate secured and unsecured investments) issued by corporations, governments and supranationals (which are considered above investment grade by the principal rating agencies). The Sub-Fund's assets may also be invested in sight, term and time deposits of banks (which are considered investment grade or above by the principal rating agencies). The residual maturity of each investment described in this paragraph may not exceed one year. Such investment is made in order to manage the cash held by the Sub-Fund which is required for investment in derivatives outlined above. For example, investing in long and short equity swaps in equal measure leaves a cash balance which needs to be invested so that there is no drag on the performance of the Sub-Fund and it is for this purpose that these instruments will be used. Though investment in money market funds and money market instruments is not a primary investment focus of the Sub-Fund, the Sub-Fund may at times be significantly invested in these assets in order to manage the cash held by the Sub-Fund.

It is expected that the total gross long position will not exceed 150% of the Net Asset Value of the Sub-Fund and the total gross short position will not exceed 150% of the Net Asset Value of the Sub-Fund. However, the total gross long positions and the total gross short positions may exceed or fall below these percentages depending on changes in the Investment Manager's investment strategy.

The Company shall not make any change to the investment objectives of the Sub-Fund, or any material change to the investment policy of the Sub-Fund, unless the Shareholders have, in advance, on the basis of a simple majority of votes cast at a general meeting of the Shareholders or with the prior written approval of Shareholders of the Sub-Fund (in accordance with the Articles of Association), approved such change(s). In accordance with the requirements of the Central Bank UCITS Regulations, "material" shall be taken to mean, although not exclusively, changes which would significantly alter the asset type, credit quality, borrowing limits or risk profile of the Sub-Fund. In the



event of a change of the investment objective and/or material change to the investment policy of the Sub-Fund, on the basis of a simple majority of votes cast at a general meeting of the Shareholders, Shareholders in the Sub-Fund will be given reasonable notice of such change to enable them redeem their Shares prior to implementation of such a change.

The Sub-Fund may use repurchase/reverse repurchase agreements and securities lending (i.e. Securities Financing Transactions) in accordance with the requirements of SFTR and the Central Bank Rules. Any type of assets that may be held by the Sub-Fund in accordance with its investment objective and policies may be subject to such Securities Financing Transactions. The Sub-Fund may also use Total Return Swaps and apply these to certain types of assets held by the Sub-Fund as disclosed in the section "Investment Policies" above. There is no restriction on the proportion of assets that may be subject to Total Return Swaps which at any given time is expected to be between 40% and 90% of the Net Asset Value of the Sub-Fund. The proportion of assets that may be subject to Securities Financing Transactions is 100% of the Net Asset Value of the Sub-Fund. In any case the most recent semi-annual and annual report of the Company will express as an absolute amount and as a percentage of the Sub-Fund's assets the amount of Sub-Fund assets subject to Securities Financing Transactions and Total Return Swaps. In addition, Shareholders should note the leverage limits of the Sub-Fund as disclosed further above.

Repurchase agreements are transactions in which one party sells a security to the other party with a simultaneous agreement to repurchase the security at a fixed future date at a stipulated price reflecting a market rate of interest unrelated to the coupon rate of the securities. A reverse repurchase agreement is a transaction whereby the Sub-Fund purchases securities from a counterparty and simultaneously commits to resell the securities to the counterparty at an agreed upon date and price. For example, the Investment Manager may enter into repurchase agreements to enhance income earned in the Sub-Fund, or to manage interest rate exposure of fixed rate bonds more precisely than via the use of interest rate futures.

Transaction costs may be incurred in respect of Securities Financing Transactions and efficient portfolio management techniques in respect of the Sub-Fund. The Company shall ensure that all revenues arising from Securities Financing Transactions and efficient portfolio management techniques and instruments, net of direct and indirect operational costs and fees, are returned to the Sub-Fund. Any direct and indirect operational costs/fees arising from Securities Financing Transactions and efficient portfolio management techniques do not include hidden revenue and will be paid to such entities as outlined in the annual report of the Company, which shall indicate if the entities are related to the Depositary.

Information on the collateral management policy for the Sub-Fund is set out under the heading "Collateral Management Policy" in the Prospectus.

Investors should consult the sections of the Prospectus entitled "Risk Factors- Counterparty Risk", "Risk Factors- Derivatives and Securities Financing Transactions and Techniques and Instruments Risk" and "Conflicts of Interest" for more information on the risks associated with efficient portfolio management.

*Investment in Hong Kong and Shenzhen Stock Connect Schemes*

The Sub-Fund may invest in certain eligible China A Shares through the Shanghai-Hong Kong Stock Connect Scheme and the Shenzhen-Hong Kong Stock Connect Scheme (the "**Connect Schemes**"). The Connect Scheme are securities trading and clearing links program developed by, amongst others, The Stock Exchange of Hong Kong Limited ("**SEHK**"), Shanghai Stock Exchange ("**SSE**") (the Shenzhen Stock Exchange in the case of the Shenzhen-Hong Kong Stock Connect Scheme), Hong Kong Securities Clearing Company Limited ("**HKSCC**") and China Securities Depository and Clearing Corporation Limited ("**ChinaClear**"), with an aim to achieve mutual stock market access between mainland China and Hong Kong and Shenzhen. In the initial phase, the SSE-listed China A Shares eligible for trading by Hong Kong and overseas investors under the Connect Schemes include all the constituent stocks from time to time of the SSE 180 Index and SSE 380 Index, and all the SSE-listed China A Shares that are not included as constituent stocks of the relevant indices but which have corresponding H-Shares listed on the SEHK, except the following:

- (a) SSE-listed shares which are not traded in Renminbi ("**RMB**"); and
- (b) SSE-listed shares which are included in the "risk alert board".

The term "China A Shares" means domestic shares in the PRC incorporated companies listed on either the SSE or the Shenzhen Stock Exchange, the prices of which are quoted in RMB and which are available to such investors as approved by the China Securities Regulatory Commission ("**CSRC**").

In addition to those risk factors set out in relation to the People's Republic of China ("**PRC**") investment, a number of the key risks of investing in selective China A Shares listed on the SSE via the Connect Scheme are set out in the section entitled "Risk Factors".

## **ESG Integration**

The Sub-Fund will be categorised as an Article 6 fund pursuant to the Sustainable Finance Disclosure Regulation (Regulation (EU) 2019/2088).

The Investment Manager aims to achieve investors' financial objectives while incorporating sustainability into the investment process. The Investment Manager defines sustainability as the ability to leverage the environmental, social and governance (**ESG**) factors of business practices seeking to generate opportunities and mitigate risks that contribute to the long-term performance of issuers (**sustainability**). The Investment Manager believes that consideration of these factors will deliver better informed investment decisions. Unlike funds which promote ESG characteristics or with a specific sustainability or impact objective that may have a constrained investment universe, ESG Integrated Funds are investment funds that primarily aim at maximizing financial performance, whereby ESG aspects are input factors within the investment process. Further binding factors, if applicable, are outlined in the investment policies of the Sub-Fund.

ESG integration is driven by taking into account material ESG risks as part of the research process. For corporate issuers, this process utilizes the 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 Investment Manager employs a proprietary ESG Risk Dashboard that combines multiple ESG data sources in order to identify companies with material ESG risks. An actionable risk signal highlights ESG risks to the Investment Manager for incorporation in their investment decision making process. For non-corporate issuers, the Investment Manager may apply a qualitative or quantitative ESG risk assessment that integrates data on the most 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 Annual Reporting**

The 'UBS Sustainability Report' is the medium for UBS' sustainability disclosures. Published annually, the report aims to openly and transparently disclose UBS' sustainability approach and activities, consistently applying UBS' information policy and disclosure principles: <https://www.ubs.com/global/en/asset-management/investment-capabilities/sustainability.html>.

### **ESG Focus/Impact Funds**

UBS Asset Management categorizes certain sub-funds as ESG focus/impact funds. ESG focus/impact funds promote ESG characteristics or have a specific sustainability or impact objective which is defined in the investment policy.

## **7. Investment Manager**

The Manager has appointed UBS Asset Management (UK) Ltd, as investment manager to the Sub-Fund with discretionary powers pursuant to an Investment Management Agreement. Under the terms of the Investment Management Agreement, UBS Asset Management (UK) Ltd, is responsible, subject to the overall supervision and control of the Manager, for managing the assets and investments of the Sub-Fund in accordance with the investment objective and policies.

UBS Asset Management (UK) Ltd was incorporated in England on 19 February, 1981 and is authorised and regulated in the U.K. in the conduct of financial services and investment management activities by the FCA. UBS Asset Management (UK) Ltd is part of UBS Asset Management, a business group of UBS Asset Management Switzerland AG. Headquartered in Zurich and Basel, Switzerland, UBS is a global firm providing services to private, corporate and institutional clients. Its strategy is to focus on international wealth management and the Swiss banking business alongside its global expertise in investment banking and asset management. In Switzerland, UBS is the market leader in retail and commercial banking.

The principal activity of UBS Asset Management (UK) Ltd is the provision of investment management services.

## **8. Offer**

Shares in the Sub-Fund will be issued at the Initial Price when first issued and subsequently at their Net Asset Value per Share.

The Initial Offer Period described above may be shortened or extended at the discretion of the Directors (in the case of all Classes) in accordance with the requirements the Central Bank.

## **9. Application for Shares**

Applications for Shares may be made through the Administrator (or its delegate) on behalf of the Company. Applications received and accepted by the Administrator (or its delegate) prior to the Subscription Deadline for the relevant Subscription Day will be processed on that Subscription Day. Any applications received after the Subscription Deadline for a particular Subscription Day will be processed on the following Subscription Day unless the Directors and/or the Manager in their absolute discretion and on an exceptional basis only otherwise determine to accept one or more applications received after the Subscription Deadline for processing on that Subscription Day provided that such application(s) have been received prior to the Valuation Point for the particular Subscription Day.

### *Currency of Payment*

Subscription monies are payable in the Base Currency or in the denominated currency of the relevant Class. The Company may accept payment in such other currencies as the Directors and/or the Manager may agree at the prevailing exchange rate quoted by the Administrator. The cost and risk of converting currency will be borne by the investor.

### *Timing of Payment*

Payment in respect of subscriptions must be received in cleared funds by the Depositary no later than 5 p.m. Irish time on the third Business Day immediately following the Subscription Day or by such other time and/or day as the Directors and/or the Manager may determine provided that the Directors and/or the Manager reserve the right to defer the issue of Shares until receipt of cleared subscription monies by the Depositary. If payment in cleared funds in respect of a subscription has not been received by the relevant time, the Directors and/or the Manager or their delegate may cancel the allotment and/or charge the investor interest to cover the expenses incurred by the Sub-Fund as a result, which will be paid into the assets of the Sub-Fund. The Directors and/or the Manager may waive such charges in whole or in part. In addition, the Directors and/or the Manager have the right to sell all or part of the investor's holding of Shares in the Sub-Fund in order to meet such charges. Dealing is carried out at forward pricing basis. i.e. the Net Asset Value next computed after receipt of subscription requests.

### *Sales Charge*

In accordance with the Prospectus, a sales charge of up to 3% of the subscription amount may be added to the Initial Price and the Net Asset Value per Share.

## **10. Redemption of Shares**

Shareholders may redeem their Shares on and with effect from any Redemption Day at the Net Asset Value per Share calculated on or with respect to the relevant Redemption Day in accordance with the procedures specified below (save during any period when the calculation of Net Asset Value is suspended).

Dealing is carried out at forward pricing basis. i.e. the Net Asset Value next computed after receipt of redemption requests.

#### *Method of Payment*

Redemption payments will be made to the bank account detailed on the Application Form or as subsequently notified to the Administrator (or its delegate) in writing. Redemption payments following processing of instruments received by facsimile will only be made to the account of record of a Shareholder.

#### *Currency of Payment*

Shareholders will normally be repaid in the Base Currency or in the denominated currency of the relevant Class. If, however, a Shareholder requests to be repaid in any other freely convertible currency, the necessary foreign exchange transaction may be arranged by the Administrator, (or its delegate), at its discretion on behalf of and for the account, risk and expense of the Shareholder.

#### *Timing of Payment*

Redemption proceeds in respect of Shares will be paid as soon as practicable following the finalisation of the calculation of the Net Asset Value of the relevant Class for the relevant Valuation Day, and in any event within 10 Business Days of the Redemption Deadline, provided that all the required documentation has been furnished to and received by the Administrator (or its delegate) in original form.

### **11. Anti-dilution Measures**

The Directors may adjust the price of Shares as described in the section in the Prospectus entitled "Swing Pricing".

### **12. Fees and Expenses**

Once launched the Sub-Fund shall bear its share, as determined by the Directors and/or the Manager, of (i) the fees and expenses relating to its registration for sale in various markets and (ii) its attributable portion of the fees and operating expenses of the Company. The Sub-Fund shall not bear any of the fees and expenses relating to its establishment, which instead shall be borne by the Investment Manager or one or more of its affiliates. The fees and operating expenses of the Company are set out in detail under the heading "Fees and Expenses" in the Prospectus.

The aggregate administrative fees and expenses relating to the management and administration costs of the Sub-Fund, being, generally, the fees of the Manager, the Depositary and the Administrator together with auditors' fees, legal fees, registration fees and Directors' fees ("**Administrative Costs**") charged to each Class of the Sub-Fund shall be 0.30% of the Net Asset Value of the Sub-Fund. Other costs associated with acquisition or disposal of any of the Sub-Fund's assets do not form part of the Administrative Costs. The aggregate fees of the Investment Manager (the "**Investment Management Fee**") and the Administrative Costs shall be the percentage of the Net Asset Value of the Sub-Fund as set out in the table below. For the avoidance of doubt where Administrative Costs exceed 0.30% any deficit is paid by the Investment Manager. Where

Administrative Costs are less than 0.30% any surplus may be paid to the Investment Manager, subject to the maximum aggregate Investment Management Fee and Administrative Costs percentage set out below.

The fees of the Manager, the Investment Manager, the Administrator and the Depositary shall accrue as of each Valuation Point and shall be payable monthly in arrears.

The attention of investors is drawn to the following fees and charges:

<b>Share Classes</b>	<b>Aggregate of Investment Management Fee and Administrative Costs as a % of Net Asset Value</b>
Classes with "P" in their name	1.80%
Classes with "N" in their name	2.80%
Classes with "K-1" in their name	1.50%
Classes with "K-B" in their name	0.30%
Classes with "F" in their name	0.85%
Classes with "Q" in their name	1.05%
Classes with "I-A1" in their name	0.95%
Classes with "I-A2" in their name	0.90%
Classes with "I-A3" in their name	0.85%
Classes with "I-B" in their name	0.30%
Classes with "U-B" in their name	0.30%
Classes with "Seeding" and "P" in their name	Up to 1.80%
Classes with "Seeding" and "N" in their name	Up to 2.80%
Classes with "Seeding" and "K-1" in their name	Up to 1.50%
Classes with "Seeding" and "K-B" in their name	Up to 0.30%
Classes with "Seeding" and "F" in their name	Up to 0.85%
Classes with "Seeding" and "Q" in their name	Up to 1.05%
Classes with "Seeding" and "I-A1" in their name	Up to 0.95%
Classes with "Seeding" and "I-A2" in their name	Up to 0.90%
Classes with "Seeding" and "I-A3" in their name	Up to 0.85%
Classes with "Seeding" and "I-B" in their name	Up to 0.30%
Classes with "Seeding" and "U-B" in their name	Up to 0.30%

The Investment Manager may from time to time and at its sole discretion and out of its own resources decide to rebate to Shareholders part or all of the Investment Management Fee and/or Performance Fee. Any such rebates may be applied in paying up additional Shares to be issued to the Shareholder, or may (at the discretion of the Investment Manager) be paid in cash. The Investment Manager will also be entitled to a Performance Fee as described in "Performance Fee" below.

### *Performance Fee*

With the exception of Classes with "K-B", "I-B" or "U-B" in their name the Investment Manager will be entitled to receive a Performance Fee payable out of a Sub-Fund's assets in respect of all other Classes. Performance fee paying Classes will have a designation "PF" in their name as per the following example: (CAD hedged) I-A1-PF-qdist.

The Performance Fee will be calculated and accrued as at each Valuation Point. The Performance Fee will crystallise annually. The Performance Fee will be calculated in respect of each financial year (a "**Calculation Period**"). The first Calculation Period in respect of any Class of Shares will be the period commencing on the Business Day immediately following the close of the Initial Offer Period for that Class and ending on the following September 30 of the next financial year.

For each Calculation Period, the Performance Fee payable will be equal to 20% of the Net Outperformance of the Net Asset Value per Share (prior to the deduction of the Performance Fee) over the High Water Mark per Share, multiplied by the number of Shares in issue, as adjusted for any subscriptions, conversions and redemptions as well as dividend distributions during the Calculation Period. The "Net Outperformance" is defined as the return on the Net Asset Value per Share in excess of the Hurdle Rate, accumulated from the start of the Calculation Period. The "Hurdle Rate" is the appropriate Cash Rate, an appropriate measure of the short term cash returns of the respective currencies and will be reset at the beginning of a new Calculation Period only if performance fees were payable at the end of the previous Calculation Period. The return of the Hurdle Rate will be at least equal to 0. Where applicable, the negative performance of the hurdle rate will not be considered in the performance fees calculation. The Hurdle Rate applied shall always be the greater of 0 and the respective Cash Rate.

The "High Water Mark" shall be the previous Net Asset Value per Share (prior to the deduction of the Performance Fee) of the relevant Class at the end of any previous Calculation Period for the relevant Class on which the performance fee was paid. For the purposes of the first calculation of the Performance Fee, the starting point for the relevant Net Asset Value per Share is the Initial Price. No performance fee will be paid until the Net Asset Value per Share exceeds the High Water Mark or the Initial Price, as appropriate, and such fee is only payable on the Net Outperformance of the Net Asset Value per Share over the High Water Mark as described above.

Any under-performance in a Calculation Period will be recovered before a Performance Fee becomes due in subsequent Calculation Periods. No performance fee is accrued or paid until the net asset value per share exceeds the previous highest net asset value per share on which the performance fee was paid or accrued, or the initial offer price, if higher. The Initial Price will be taken as the starting price for this calculation.

The performance reference period is the time horizon over which the performance is measured and compared with that of the reference indicator, at the end of which the mechanism for the compensation for past underperformance (or negative performance) can be reset.

The performance reference period is not reset and thus corresponds to the whole life of the Class.

Shareholders should note that, as the Performance Fee is calculated at Class level and not at an individual Shareholder level, they may be charged a Performance Fee even where the Net Asset

Value of their Shares have remained the same or dropped in value, for example, where Shareholders purchase or redeem Shares at points other than the start of the Calculation Period. Furthermore, Shareholders who purchase Shares during a Calculation Period may benefit from an increase in the Net Asset Value of their Shares and may not be charged a Performance Fee or may be charged a lesser Performance Fee than would be the case if the Performance Fee was calculated at an individual Shareholder level.

Excess performance shall be calculated net of all costs but can be calculated without deducting the Performance Fee itself, provided that in doing so it is in the best interest of Shareholders.

The Performance Fee will normally be payable to the Investment Manager in arrears within 20 Business Days of the end of each Calculation Period, until approval of performance fee calculation and amount is verified by the Depositary. However, in the case of Shares redeemed during a Calculation Period, the accrued Performance Fee in respect of those Shares will be payable quarterly. Crystallised Performance Fees shall remain in the relevant Class (but shall not participate in subsequent gains and losses of the relevant Class) until paid to the Investment Manager, and shall not be used or made available to satisfy redemptions or pay any fees and expenses of the relevant Class.

If the Investment Management Agreement is terminated before the end of any Calculation Period, the Performance Fee in respect of the then current Calculation Period will be calculated and paid as though the date of termination were the end of the relevant Calculation Period.

Calculation of the Performance Fee is verified by the Depositary and not open to the possibility of manipulation. The Performance Fee will be calculated by the Administrator and verified by the Depositary. The Directors may, with the consent of the Investment Manager, reduce the Performance Fee payable by any class of Shares.

Performance Fees are payable on realised and unrealised capital gains taking into account realised and unrealised losses at the end of the Calculation Period. Consequently, Performance Fees may be paid on unrealised gains which may subsequently never be realised.

Please refer to the Schedule to this Supplement for an example of the calculation of the Performance Fee. The tabulation is provided as an illustration for information only. The tabulation does not constitute any warranty as to success and is qualified in its entirety by the express provisions of the Prospectus and this Supplement.

### **13. Risk Factors**

Prospective investors should in addition take into account the Risk Factors referred to under "Risk Factors" in the Prospectus when considering whether to invest in Shares of the Sub-Fund.

#### *Derivatives Risk*

The Sub-Fund will use equity swaps as part of its investment capabilities. However, such instruments are inherently volatile and the Sub-Fund could potentially be exposed to additional risk and costs should the market move in the opposite direction to the Sub-Fund's strategies.



The Sub-Fund will use derivatives to take 'short positions' in some investments. This will allow the Sub-Fund to take an equivalent economic exposure to a sale of an investment that the Sub-Fund does not own in the expectation that the investment's value will fall. However, if the value of that investment increases, it will have a negative effect on the Sub-Fund's value. In extreme stock market conditions, the Sub-Fund may be faced with unlimited losses which would mean your investment could potentially become worthless.

In aiming to reduce the volatility of the Sub-Fund, the Investment Manager utilises a risk management process to monitor the level of risk taken by the portfolio.

#### *Counterparty Risk*

The Company's current intention is that it will enter into derivative trading agreements with a number of trading counterparties on behalf of the Sub-Fund. Following launch of the Sub-Fund it is intended that initially only one trading counterparty will be used. Whilst the Investment Manager will assess the credit worthiness of a counterparty before entering into any trading agreements, the Sub-Fund is at risk if a counterparty does not fulfill its obligations under any agreements. For example, any collateral paid by the Sub-Fund to a counterparty may fail to be returned and any payment due to the Sub-Fund by a counterparty may fail to be made.

#### *Emerging Markets Risk*

Investment in emerging markets involves risk factors and special considerations which may not be typically associated with investing in more developed markets. Political or economic change and instability may be more likely to occur and have a greater effect on the economies and markets of emerging countries. Adverse government policies, taxation, restrictions on foreign investment and on currency convertibility and repatriation, currency fluctuations and other developments in the laws and regulations of emerging countries in which investment may be made, including expropriation, nationalisation or other confiscation could result in loss to the Sub-Fund.

By comparison with more developed securities markets, most emerging countries' securities markets are comparatively small, less liquid and more volatile. This may result in greater volatility in the Net Asset Value per Share (and consequently subscription and redemption prices for Shares) than would be the case in relation to funds invested in more developed markets. In addition, if a large number of securities have to be realised at short notice to meet substantial redemption requests for Shares in the Sub-Fund such sales may have to be effected at unfavourable prices which may in turn have an adverse effect on the Net Asset Value per Share.

In addition, settlement, clearing, safe custody and registration procedures may be underdeveloped, increasing the risks of error, fraud or default. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in emerging markets may not provide the same degree of investor information or protection as would generally apply in more developed markets. Investments in certain emerging markets may require consents or be subject to restrictions which may limit the availability of attractive investment opportunities to the Sub-Fund. Emerging markets generally are not as efficient as those in developed countries. In some cases, a market for the security may not exist locally and so transactions may need to be made on a neighbouring exchange.

Emerging markets securities may incur brokerage or stock transfer taxes levied by foreign governments which would have the effect of increasing the cost of investment and which may reduce the realised gain or increase the loss on such securities at the time of same. The issues of emerging markets securities, such as banks and other financial institutions, may be subject to less stringent regulation than would be the case for issuers in developed countries, and therefore potentially carry greater risk. In addition custodial expenses for emerging market securities are generally higher than for developed market securities. Dividend and interest payments from, and capital gains in respect of, emerging markets securities may be subject to foreign taxes that may or may not be reclaimable.

Laws governing foreign investment and securities transactions in emerging markets may be less sophisticated than in developed countries. Accordingly, the Sub-Fund may be subject to additional risks, including inadequate investor protection, unclear or contradictory legislation or regulations and lack of enforcement thereof, ignorance or breach of legislation or regulations on the part of other market participants, lack of legal redress and breaches of confidentiality. It may be difficult to obtain and enforce a judgement in certain emerging markets in which assets of the Sub-Fund are invested. Furthermore, the standard of corporate governance and investor protection in emerging markets may not be equivalent to that provided in other jurisdictions.

#### *Russia*

Whilst fundamental reforms relating to securities investments and regulations have been initiated in recent years there may still be certain ambiguities in interpretation and inconsistencies in their application. Monitoring and enforcement of applicable regulations remains uncertain.

Some equity securities in Russia are dematerialised and the only evidence of ownership is entry of the shareholder's name on the share register of the issues. The concept of fiduciary duty is not well established and Shareholders may, therefore, suffer dilution or loss of investment due to the actions of management without satisfactory legal remedy. Rules regulating corporate governance are undeveloped and, therefore, may offer little protection to minority Shareholders.

Specifically, with regard to investment in Russia, the Sub-Fund may only invest in Russian securities which are traded on the Moscow Stock Exchange.

#### *Certain Risk Factors Concerning India*

Risks associated with the investments in India, including but not limited to the risks described below, could adversely affect the performance of the Sub-Fund and result in substantial losses. No assurance can be given as to the ability of the Sub-Fund to achieve any return on its investments and, in turn, any return on an investor's investment in the Sub-Fund. Accordingly, in acquiring Shares in the Sub-Fund, appropriate consideration should be given to the following factors:

#### *Currency Exchange Rate Risks*

Exchange controls have traditionally been administered with stringent measures under the Foreign Exchange Regulation Act ("**FERA**"). The Indian rupee is not convertible on the capital account and most capital account transactions require the prior permission of the RBI. However, throughout the 1990s, the RBI eased the exchange control regime and made it more market-friendly. In the year 1999, the Indian Parliament enacted the Foreign Exchange Management Act ("**FEMA**") to replace

FERA. FEMA and the rules made thereunder constitute the body of exchange controls applicable in India. The significant shift in the approach to exchange controls under FEMA is the move from a regime of limited permitted transactions to one in which all transactions are permitted except a limited number to which restrictions apply. FEMA and the notifications under FEMA were effective commencing June 1, 2000. FEMA differentiates foreign exchange transactions between Capital Account Transactions and Current Account Transactions. A "Capital Account Transaction" is generally defined as one that alters the assets or liabilities, including contingent liabilities outside India, of persons resident in India or assets or liabilities in India of persons resident outside India. FEMA further provides for specific classes of transactions that fall within the ambit of Capital Account Transactions and the RBI has issued regulations governing each such class of transactions. Transactions other than Capital Account Transactions, including payments in connection with foreign trade, current businesses, services, short term credit and banking facilities, interest payments, living expenses, foreign travel, education and medical care are Current Account Transactions.

The RBI has issued regulations governing such Current Account Transactions. While the regulatory regime for hedging genuine currency risk has been relaxed, it is still not practical, given the costs, to hedge currency risks for more than relatively short periods of time, and even for short term hedging the cost can be high. Accordingly, currency risk in relation to the Indian rupee remains a significant risk factor, and the cost of hedging this currency risk (if available) could reduce the Sub-Fund's returns. A decrease in the value of the Indian rupee would adversely affect the Sub-Fund's returns, and such a decrease may be likely given India's current account deficits and its budget deficits.

The operation of the Sub-Fund's bank account in India is subject to regulation by RBI under the Indian foreign exchange regulations. The Indian domestic custodian acting also as the remitting banker will be authorised to convert currency and repatriate capital and income on behalf of the Sub-Fund. There can be no assurance that the Indian Government would not, in the future, impose certain restrictions on foreign exchange. The repatriation of capital may be hampered by changes in Indian regulations concerning exchange controls or political circumstances. In addition, India may in the future re-introduce foreign exchange control regulations which can limit the ability of the Sub-Fund to repatriate the dividends, interest or other income from the investments or the proceeds from sale of securities. Any amendments to the Indian exchange control regulations may impact adversely on the performance of the Sub-Fund.

Also, the exchange rate between the Indian rupee and the US Dollar has changed substantially in recent years and may fluctuate substantially in the future. During the period commencing on 1 January 2010 and ending on 31 December 2013, the value of the Indian rupee has depreciated against the US Dollar by an aggregate of approximately 32.83 per cent. Further depreciation of the value of the Indian rupee as regards foreign currencies will result in a higher cost to the Sub-Fund for foreign currency denominated expenses, including the purchase of certain capital equipment. In the past the Indian economy has experienced severe fluctuations in the exchange rates. There can be no assurance that such fluctuations will not occur in the future.

### *Indian Legal System*

Indian civil judicial process to enforce remedies and legal rights is less developed, more lengthy and, therefore, more uncertain than that in more developed countries. Enforcement by the Sub-Fund of civil liabilities under the laws of a jurisdiction other than India may be adversely affected by the fact that the Sub-Fund's portfolio companies may have a significant amount of assets in India. The laws

and regulations in India can be subject to frequent changes as a result of economic, social and political instability. In addition, the level of legal and regulatory protections customary in countries with developed securities markets to protect investors and securities transactions, and to ensure market discipline, may not be available. Where the legal and regulatory framework is in place, the enforcement may be inadequate or insufficient. Regulation by the exchanges and self-regulatory organisations may not be recognised as law that can be enforced through the judiciary or by means otherwise available to the investors in developed markets.

#### *Indian Capital Gains Tax*

The Sub-Fund currently expects to take benefit of the India-Ireland tax treaty by which capital gains arising from transfer of debt securities in India would not be subject to tax. It is however uncertain whether the treaty claim of the Sub-Fund would be granted by the Indian tax authorities. The denial of India – Ireland tax treaty benefits may adversely affect taxability of the Sub-Fund which in turn may impact the return to investors.

#### *Taxation of Interest Income in India*

Subject to satisfaction of certain conditions, interest earned from investments made by FPIs in government securities and rupee denominated corporate bonds would be subject to tax at the rate of 5% (plus surcharge and education cess). Where the conditions are not satisfied, interest income from investment in debt securities in India would be subject to tax at a beneficial rate of 10% under the India-Ireland tax treaty.

It is however uncertain whether the treaty claim of the Sub-Fund would be granted by the Indian tax authorities. The denial of India-Ireland tax treaty benefits may adversely affect taxability of the Sub-Fund which in turn may impact the return to investors. These risks are described in more detail under "India Taxation" in the "Taxation" section below.

#### *Updates to the SEBI and the RBI*

Under the FPI Regulations, for the Sub-Fund to be registered as an FPI under Category II which is a "broad based fund" or as a "broad based sub-account", it should have at least 20 investors with no single investor holding more than 49% of the units or shares of the fund. Though, if any institutional investor holds more than 49% of the units or shares of the fund, then such institutional investor should, in turn, be a "broad based fund" itself, and must satisfy the above criteria.

FPIs are obliged, under the terms of the undertakings and declarations made by them at the time of registration, to immediately notify the SEBI or the designated depository participant (as the case may be) of any change in the information provided in the application for registration. Failure by FPIs to adhere to the provisions of the Securities Exchange Board of India Act, 1992 ("**SEBI Act**"), the rules and the FPI Regulations thereunder renders them liable for punishment prescribed under the SEBI Act and the Securities Exchange Board of India (Intermediaries) Regulations, 2008 which include, inter alia, imposition of penalty and suspension or cancellation of the certificate of registration.

Investors should note that the Company may provide personal information and data regarding its beneficial owners of the Sub-Fund as and when sought by SEBI. In this regard, investors should note that the Company may disclose investor's personal information to SEBI where required by SEBI.

### *Corporate Disclosure, Accounting, Custody and Regulatory Standards*

Indian disclosure and regulatory standards are in many respects less stringent than standards in certain OECD countries. There may be less publicly available information about Indian companies than is regularly published by or about companies in such other countries. The difficulty in obtaining such information may mean that the Sub-Fund may experience difficulties in obtaining reliable information regarding any corporate actions and dividends of companies in which the Sub-Fund has invested which may, in turn, lead to difficulties in determining the Net Asset Value with the same degree of accuracy which might be expected from more established markets. Indian accounting standards and requirements also differ in significant respects from those applicable to companies in many OECD countries. Indian trading, settlement and custodial systems are not as developed as certain OECD countries, and the assets of the Sub-Fund which are traded in such markets and which have been entrusted to sub-custodians in such markets may be exposed to risk.

### *Investigations*

Any investigations of, or actions against, the Sub-Fund initiated by SEBI or any other Indian regulatory authority may impose a ban of the investment and advisory activities of the Sub-Fund.

### *No Investment Guarantee*

Investment in the Sub-Fund is not in the nature of a deposit in a bank account and is not protected by any government, government agency or other guarantee scheme which may be available to protect the holder of a bank deposit account. Any investment in the Sub-Fund is subject to fluctuations in value.

### *Risks Associated with the Connect Scheme*

The Connect Scheme is a programme novel in nature. The relevant regulations are untested and subject to change. The programme is subject to quota limitations which may restrict the Sub-Fund's ability to invest in China A Shares through the programme on a timely basis and as a result, the Sub-Fund's ability to access the China A Shares market (and hence to pursue its investment strategy) will be adversely affected. The PRC regulations impose certain restrictions on selling and buying of China A Shares. Hence the Sub-Fund may not be able to dispose of holdings of China A Shares in a timely manner. Also, a stock may be recalled from the scope of eligible stocks for trading via the Connect Scheme. This may adversely affect the investment portfolio or strategies of the Sub-Fund, for example, when the Investment Manager wishes to purchase a stock which is recalled from the scope of eligible stocks. Due to the differences in trading days, the Sub-Fund may be subject to a risk of price fluctuations in China A Shares on a day that the PRC market is open for trading but the Hong Kong market is closed.

### *Liquidity Risk of Investing in China A Shares*

China A Shares may be subject to trading bands which restrict increases and decreases in the trading price. The Sub-Fund if investing through the Connect Scheme will be prevented from trading underlying China A Shares when they hit the "trading band limit". If this happens on a particular trading day, the Sub-Fund may be unable to trade China A Shares. As a result, the liquidity of the

China A Shares may be adversely affected which in turn may affect the value of the Sub-Funds investments.

Investments in the securities markets of the PRC are in principle subject to the same risks as investments in emerging markets as well as, additionally, the specific market risks applying to the PRC. To date, not enough is known or can be assessed in respect of the impact of the reforms in the PRC as well as the related opening up of the Chinese economy and local equity markets. These measures could also have a negative effect on the economy and, thus, investments in the PRC. Additional regulations and uncertainties apply as a result of supplementary local restrictions on the buying and selling of equities (quotas), the convertibility of local currency, tax aspects and the trading/settlement of investments. At the present time, it is impossible to rule out future changes or amendments in respect of the regulations which apply.

#### PRC tax considerations in relation to investment in China A Shares via the Connect Scheme

On 14 November 2014, the Ministry of Finance, the State of Administration of Taxation and the CSRC jointly issued a notice in relation to the taxation rule on the Connect Scheme under Caishui 2014 No.81 ("**Notice No.81**"). Under Notice No.81, corporate income tax, individual income tax and business tax will be temporarily exempted on gains derived by Hong Kong and overseas resident investors (including the Sub- Fund) on the trading of China A Shares through the Connect Scheme with effect from 17 November 2014. However, Hong Kong and overseas investors are required to pay tax on dividends and/or bonus shares at the rate of 10% which will be withheld and paid to the relevant authority by the listed companies, unless an applicable double tax treaty could be applied to reduce the dividend withholding tax rate. As a result of Notice No.81, the uncertainty of providing for tax on gains derived from the disposal of Chinese securities now solely relates to investment in other types of Chinese securities (e.g. China B or H Shares).

Hong Kong and overseas investors are required to pay stamp duty arising from the trading of China A Shares and the transfer of China A Shares by way of succession or gift in accordance with the existing taxation rules in the PRC.

#### *Performance Fee Equalisation*

No equalisation methodology is employed in respect of the performance fee calculation. As a result, the methodology used in calculating the performance fees (as described above) may result in inequalities between Shareholders in relation to the payment of performance fees (with some investors paying disproportionately higher performance fees in certain circumstances) and may also result in certain Shareholders having more of their capital at risk at any time than others.

Furthermore, Shareholders who purchase Shares during a Calculation Period may benefit from an increase in the Net Asset Value of their Shares and may not be charged a Performance Fee or may be charged a lesser Performance Fee than would be the case if the Performance Fee was calculated at an individual Shareholder level. The Sub-Fund will not apply an equalization per share method or a series accounting method. Consequently, there can be no guarantee that the performance fee applicable to the Sub-Fund will be equitably borne by the Shareholders in the Sub-Fund and the rateable performance fee to be borne by the Shareholders may be greater than or lesser than the performance fee borne by other Shareholders depending on, among other things, the performance of the Sub-Fund and the payment periods.

14. **Material Contracts**

Investment Management Agreement between the Manager and UBS Asset Management (UK) Ltd dated 29 November 2022, as may be amended or supplemented from time to time in accordance with the requirements of the Central Bank, under which UBS Asset Management (UK) Ltd was appointed investment manager to the Sub-Fund subject to the overall supervision of the Manager. The Investment Management Agreement may be terminated by either party on 6 months' written notice or forthwith by notice in writing in certain circumstances such as the insolvency of either party or remedied breach after notice. The Investment Manager has the power to delegate its duties with the prior approval of the Central Bank. The Investment Management Agreement provides that where they are the defaulting party, the Manager and UBS Asset Management (UK) Ltd shall indemnify against and hold harmless the other in case of any loss, damage, costs and liabilities incurred by the other as a result of the defaulting party's negligence, wilful default or fraud.

## SCHEDULE

(EUR) PF Class

Example of Calculation of the Performance Fee

			<u>Scenario 1</u> <b>PM has positive performance</b>	<u>Scenario 2</u> <b>PM has negative performance</b>
Initial asset allocation to PM sub-account	<b>A</b>		1000	1000
(High Water Mark)				
<b>Performance of the Investment Manager sub-account</b>				
Hurdle Rate			1%	1%
Period performance after deduction of management fees and hurdle rate (if applicable)	<b>B</b>		5%	-5%
Net Assets of the PM sub-account (after deduction of management fees and hurdle rate subject to Performance Fee calculation rate if applicable)	<b>C</b>	$= A * (1 + B)$	<u>1050</u>	<u>950</u>
Net New Appreciation	<b>G</b>	$= C - A$	50	-50
<b>Performance Fee @ 20% *</b>	<b>H</b>	$G > 0, 20\%*G$	<b>10</b>	<b>0</b>
High Water Mark after 1 <sup>st</sup> Period	<b>I</b>		1040	1000



\* - The Net Asset Value per Fund Share has to be superior to the HWM per Share before and Performance Fee is deducted

				2nd Period		
				<u>Scenario 3</u>	<u>Scenario 4</u>	<u>Scenario 5</u>
				PM has negative performance	PM has positive performance, but below HWM	PM has positive performance and is above HWM
High Water Mark after 1 <sup>st</sup> Period	I			1040	1000	1000
Net Asset Value after 1 <sup>st</sup> Period	J			1040	950	950
<b>Performance of the Investment Manager sub-account</b>						
<b>Hurdle Rate</b>				1%	1%	1.00%
Period performance after deduction of management fees and hurdle rate (if applicable)	K			-10%	2%	12%
Net Assets of the PM sub-account (after deduction of management fees and hurdle rate subject to Performance Fee calculation rate if applicable)	L	= J * (1 + K)		<u>936</u>	<u>969</u>	<u>1064</u>
Net New Appreciation	M	= L –I		-104	0	64
<b>Performance Fee @ 20% MIN(IF L&gt;I; L&gt;I)*</b>	N	M > 0, 20%*M		<b>0</b>	<b>0</b>	<b>12.8</b>
High Water Mark after 2nd Period				1040	1000	1051.2

\* - The Net Asset Value per Share has to be superior to the HWM per Share before Performance Fee is deducted