

## SFDR SCHEDULE

**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**

**Product name:** UBAM - SWISS SMALL AND MID CAP EQUITY  
**Legal entity identifier:** O00000869\_00000097

**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.

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 lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

## 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: %**
- ☐ 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

- ☒ 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 1% of sustainable investments
- ☒ with an environmental objective in economic activities that 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**



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

This Sub-Fund promotes environmental characteristics by targeting a lower carbon footprint than its benchmark, the Swiss Performance Index Extra (SPI Extra), paying attention to issuers' activities, greenhouse gas (GHG) emissions and climate strategy in order to maintain the Sub-Fund's weighted average carbon intensity below that of its benchmark.

The benchmark is a standard reference representing the Sub-Fund's universe but is not aligned with the environmental and social characteristics promoted by this Sub-Fund.

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

The sustainability indicator used for carbon footprint measurement is the weighted average carbon intensity, in tons of CO<sub>2</sub> per million of USD revenues.

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

**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.

- ***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 Sub-Fund partially intends to make may include but are not limited to:

- environmental such as climate change mitigation through resource efficiency: for example through investments in companies with revenues from products or services that help reduce the consumption of energy, raw materials, and other resources
- social such as major disease treatment: for example through investments in companies with revenues from products for the treatment or diagnosis of major diseases of the world.

This Sub-Fund also generally promotes investments in companies that protect biodiversity, cater to basic human needs, encourage sounder water and waste management, or enable the transition towards renewable energy with the common objective of transitioning towards a lower carbon economy.

- ***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***

To ensure sustainable investments that this Sub-Fund intends to make do not cause significant harm, the Investment Manager assesses whether these companies do no harm through an internally-designed methodology which covers principal adverse impact, controversies, misalignment with SDGs and ESG/governance quality.

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

Companies having a share of their revenues contributing to a sustainable environmental or social objective are assessed for avoidance of severe adverse impacts, provided that data is available and sufficient to make an informed decision.

Some mandatory principal adverse impacts from Table 1 of Annex 1 are taken into account primarily through the investment research, the application of the exclusion list and of the norms-based screening. These are also taken into account via the Sub-Fund's objective of maintaining a weighted average carbon intensity lower than that of the investment universe. For other mandatory PAIs not assessed via the Sub-Fund's exclusion list and norms-based screening, these are assessed for each sustainable investment relying on external data providers.

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

This Sub-Fund does not invest in companies flagged as being in breach with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights according to the respective analyses by both external providers MSCI ESG Manager and Sustainalytics. For issuers not covered by external data providers the Investment Manager undertakes and documents its own analysis based on company filings and other sources.

*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

☐ No

The following PAIs will be taken into account by the Investment Manager:

- GHG Intensity of Investee Companies (Scope 1 and 2): With the aim to limit the Sub-Fund's carbon footprint selected issuers should have limited exposure to conventional oil & gas revenues, have no exposure to revenues from unconventional oil and gas extraction and limited exposure to other revenues associated to unconventional oil and gas and have no exposure to thermal coal extraction as well as no revenues or installed capacities in power generation derived from coal, nuclear sources or oil & gas.
- UNGC Principles/OECD Guidelines Violations: Selected stock issuers should not be in breach of international standards (UN Global Compact, UN Guiding Principles on Business and Human Rights, OECD Guidelines for Multinational Enterprises or ILO Conventions) according to the respective analyses by both external providers MSCI ESG Manager and Sustainalytics. In case a portfolio holding is “downgraded” as failing one of these global norms, the Investment Manager will have three months to sell its position, unless facing exceptional market/liquidity conditions, in which case the selling period could be extended in the best interests of the Sub-Fund's shareholders
- Controversial Weapons Exposure: Selected stock issuers should not be involved in controversial and nuclear weapons

Generally, the Investment Manager seeks to limit the main principal adverse impacts primarily through the investment research, the application of the exclusion list and of the norms-based screening. These are also taken into account via the Sub-Fund's objective of maintaining a weighted average carbon intensity lower than that of the investment universe.



### **What investment strategy does this financial product follow?**

This Sub-Fund invests its net assets primarily in equities and other similar transferable securities, in addition to, on an ancillary basis, warrants on transferable securities, convertible bonds or bonds with warrants on transferable securities, bonds and other debt securities, money market instruments, issued primarily by companies (i) having their registered office, or (ii) carrying on a major part of their commercial activity, or (iii) as holding companies owning predominant interests in companies with their registered office in Switzerland.

The ESG approach is embedded in the investment process of this Sub-Fund and the selection of stocks includes ESG criteria. ESG considerations can be an important driver for risks associated with an investment and for maintaining or improving Cash Flow Returns on Investment (CFROI®) of a company.

This Sub-Fund is selecting stocks, primarily companies with market capitalisation between CHF 100'000'000 and CHF 10'000'000'000.

ESG criteria have always formed an integral and necessary part of the investment process. The Investment Manager performs a negative screening and a norms- based screening to filter the investment universe. ESG related information is entering the proprietary Discounted Cash Flow models of companies. The portfolio construction will consider the overall ESG score as well as the contribution to risk that arises from ESG exposures. Company specific and portfolio factors including ESG developments are considered when monitoring the portfolio and deciding to exit positions. Through direct engagement with companies, and proxy voting according to the Voting Rights Policy, the Investment Manager ensures obligations as responsible shareholders are fulfilled.

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

● ***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 binding element of the investment strategy used to select the investments to attain the environmental characteristics promoted by this Sub-Fund is the objective of maintaining a weighted average carbon intensity lower than the benchmark at all time by paying attention to issuers' greenhouse gas (GHG) emissions and climate strategy while selecting investments. In practice, the Investment Manager avoids or excludes stranded assets which intrinsically represent value destructive economic growth and pose systemic risks and liabilities e.g. coal and other hydrocarbon resources. Certain industry segments are also completely (or partially) excluded given their high carbon intensity:

- conventional oil & gas (revenue thresholds apply);
- unconventional oil and gas extraction and other unconventional oil and gas activities (revenue thresholds apply);
- thermal coal extraction or power generation derived from coal, nuclear sources or oil & gas.

Moreover, the potential CO<sub>2</sub> emission compensation cost increase is taken into account in the Investment Manager's proprietary forecasts of companies' cash flows that drives investment decisions.

There are other exclusions that are also binding. Namely, selected stock issuers should:

- not be in breach of international standards (UN Global Compact, UN Guiding Principles on Business and Human Rights, OECD Guidelines for Multinational Enterprises or ILO Conventions)
- not be involved in controversial weapons, nuclear weapons, tobacco production or adult entertainment production;
- have limited exposure to other weapons, other tobacco revenues and other adult entertainment revenues (revenue thresholds apply).

Finally, the ESG analysis should cover 100% of the Sub-Fund's portfolio equity holdings. For companies not covered by MSCI ESG Research or other data providers, the analysis is conducted by the Investment Manager.

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

There is no committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy.

**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?**

Good governance practices are a prerequisite for companies' performance and in order to ensure the promotion of environmental and social characteristics and are an integral part of the Investment Manager's selection criteria. The Investment Manager assesses good governance practices through its fundamental research sourced from company meetings and publications, which is supplemented and cross-checked by ESG data from third-party service providers. Particular attention is paid to sound management structures, employee relations, remuneration of management and staff and tax compliance, notably as part of the proxy voting decisions. Moreover, the norms-based screening ensures that global norms are respected and enables to assess the responsible conduct of businesses and potential human rights violations. Engagement is also an integral part of the investment process and encompasses ESG aspects including governance practices.



**Asset allocation** describes the share of investments in specific assets.

**What is the asset allocation planned for this financial product**

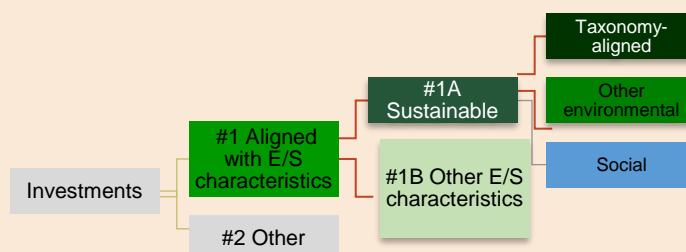
This Sub-Fund intends to have a minimum of 90% of its assets aligned with the environmental and social characteristics promoted, including a minimum of 1% in environmentally and/or socially sustainable investments.

On an ancillary basis, the Sub-Fund may include investments not aligned with the environmental and social characteristics promoted, such as cash and derivatives used for share class hedging. These are not expected to have an impact on environmental and social characteristics of this Sub-Fund.

There are no minimum environmental or social safeguards on the cash portion.

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.



**#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.

**#2Other** 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.

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

N/A

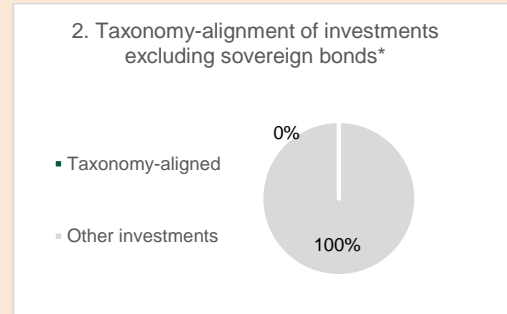
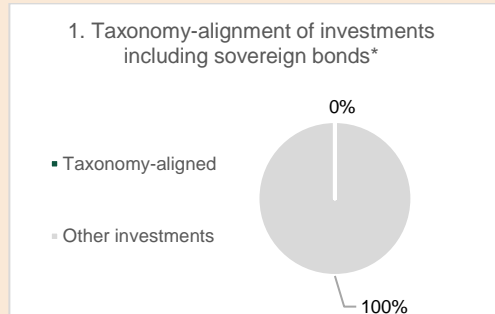


## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

**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.

*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

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

This Sub-Fund commits to have taxonomy-aligned investments. However, being mindful of the current lack of reported taxonomy-alignment data, the current commitment is 0% and is expected to increase over time as data availability increases.

The share of investments in transitional and enabling activities will be dependent on investment opportunities over time, hence the minimum for each activity type is 0%.



are sustainable investments with an environmental objective 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?

This Sub-Fund will hold a minimum share of 1% sustainable investments at all times. This minimum share of 1% will be split between the three following buckets: taxonomy-aligned investments, other environmentally sustainable investments and socially sustainable investments, in proportions that may vary over time, depending on investments opportunities.

Therefore, each of these buckets may individually hold a minimum share of sustainable investments ranging from 0% up to 1% and, jointly and in aggregate, hold a minimum of 1% in sustainable investments at all times

This Sub-Fund intends to have a minimum share of sustainable investments with an environmental objective that are not aligned with the EU taxonomy ranging from 0% up to 1%. This share could be difficult to quantify at this time, as it can represent activities not yet measured given the lack of reporting by companies at this stage, as well as economic activities that are not yet aligned with the Taxonomy regulation (remaining four environmental objectives).



## What is the minimum share of socially sustainable investments?

This Sub-Fund will hold a minimum share of 1% sustainable investments at all times. This minimum share of 1% will be split between the three following buckets: taxonomy-aligned investments, other environmentally sustainable investments and socially sustainable investments, in proportions that may vary over time, depending on investments opportunities.

This Sub-Fund intends to have a minimum share of socially sustainable investments ranging from 0% up to 1%. This share could be difficult to quantify at this time as it can represent

economic activities that are not yet measured given the lack of reporting by companies at this stage.



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

The investments included under #2 Other” are cash held in the Sub-Fund’s portfolio for flows management purposes. There are no minimum environmental and social safeguards on the cash bucket.



**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

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

N/A

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

N/A

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

N/A

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

N/A

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



**Where can I find more product specific information online?**

More product-specific information can be found on the website:

<https://www.ubp.com/en/investment-expertise/responsible-investment>.