



UBS Asset Management Holding (No. 2) Ltd

Pillar 3 Report - 31 December 2021

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Introduction and Scope

Scope of Pillar 3 disclosure

The Capital Requirements Directive “CRD” requires investment firms to publish information relating to their risk management and capital adequacy.

This Pillar 3 disclosure is based upon the EU regulations, Directive 2013/36/EU and Regulation 575/2013 (together known as “CRD IV”) and their related technical standards, as implemented within the UK by the FCA.

It complements the two other pillars of CRD IV;

- **Pillar 1** – Assesses the minimum capital requirements of a firm through the application of standard rules to address fixed overhead requirements, credit, market and operational risk;
- **Pillar 2** – Complements the Pillar 1 requirements by taking into consideration the need to hold additional capital in relation to the specific risk profile of the business; and
- **Pillar 3** – Comprises a set of disclosure requirements which enable external parties to assess information on a firm’s risks, its risk management procedures and its capital adequacy.

This statement is for the financial year ended 31 December 2021 and is produced on an annual basis using the last audited financial results of the entities in scope. These disclosures are not subject to audit and have been produced solely for the purposes of meeting the Pillar 3 regulatory requirements.

FCA regulatory supervision is performed at the level of UBS Asset Management Holding (No.2) Ltd which is the parent company of UBS Asset Management in the UK. The entities which form the basis of these Pillar 3 disclosures are as follows:

- UBS Asset Management Holding (No.2) Ltd. (a non-regulated entity)
- UBS Asset Management Holding Ltd. (a non-regulated entity)
- UBS Asset Management (UK) Ltd. (regulated by the FCA)
- UBS Asset Management Funds Ltd. (regulated by the FCA)

This group of entities is hereafter referred to as UBS AM UK.

The ultimate parent of UBS Asset Management Holding (No.2) Ltd. is UBS AG and further qualitative disclosures around the UBS Group’s risk management policies and processes may be found in the UBS Group AG disclosures at the following link:

<https://www.ubs.com/global/en/investor-relations/financial-information/annual-reporting.html>

Risk Management Objectives and Policies

Declaration of adequacy of risk management arrangements

The management of UBS AM UK has assessed the adequacy of risk management arrangements of the companies in the scope of this disclosure. Based on this assessment, management considers that risk management systems put in place are adequate with regard to the profile and strategy of UBS AM UK. This statement is given and should be interpreted in accordance with the provisions of Article 435(1(e)) of Regulation (EU) No 575/2013.

Risk Control Framework for UBS Asset Management UK

UBS Asset Management in the UK is subject to the UBS Group Risk Management and Control Principles, which are designed to support optimal risk-return decisions. Holistic governance, together with aligned risk, compliance and finance processes are designed to help protect UBS AM UK from unacceptable damage to its financial strength, performance and reputation. The risk management and control processes of UBS AM UK are formulated to ensure that risk and return objectives are appropriately balanced in order to achieve sustainable earnings growth within the risk appetite established by the UBS AM UK Boards.

Three Lines of Defence Model

UBS takes a 'Three Lines of Defence' approach to risk and control as follows:

- 1) 1st Line of Defence – the business Senior Management Function holders (SMFs), who are responsible for proper risk management and culture within their daily business activities.
- 2) 2nd Line of Defence – Independent Risk Management and Control. The UK Chief Risk Officer (SMF4) and the Head Compliance & Operational Risk Control AM UK (SMF16) are members of the UK Management and Risk Committee. They are mandated with monitoring and challenging the effectiveness of the management of risk by the business.
- 3) 3rd Line of Defence – Group Internal Audit, an independent and objective function which supports the business in achieving its defined strategic, operational, financial and compliance objectives, with the Head of GIA being the SMF5.

Identification of Key Risks

UBS AM UK conducts an annual Risk Identification Process which assesses relevant risks for the business in the context of its business model. The conclusion of the Risk Identification process was that AM UK is exposed to a number of risks while trying to achieve its strategic objectives, including:

- I. Business Risk
- II. Financial Risk
- III. Operational Risk

Reputational Risk is driven by all the other risk types and is considered explicitly under Group Risk and also under a significant number of operational risk taxonomies.

Conduct Risk is the risk that the conduct of the firm or its individuals unfairly impacts clients or counterparties, which undermines the integrity of the financial system or impairs effective competition to the detriment of consumers.

This risk comprises of aspects such as staff behaviour and mindset, accountability, resourcing, delineation of roles and responsibilities as well as supervision.

AM UK sees Conduct Risk as a risk category that spans across all risks and is explicitly incorporated it into its Operational Risk Framework.

		Level 1 risk categories	Level 2 risk categories	
Conduct Risk	Reputational Risk	Business	Strategy	
			People	
			Group	
		Financial	Capital adequacy	Interest Rate
			Credit	Credit Concentration
			Market	Liquidity & Funding
		Operational	1. Theft, Fraud and Unauthorized Activity	8. Product & Services Risks
			2. Employment related risks	9. Transaction Capture and Operational Processing
			3. Market Conduct	10. Technology Production Stability and Change
			4. Governance, supervision and change initiatives	11. Business Continuity, IEO & 3rd Party Providers
			5. KYC / AML, Sanctions and ABC	12. Valuation & reporting
			6. Client-related Business Conduct	13. Primary Risk Management and Control
			7. Data protection, Cyber & Records Management	14. Model Risk
		Not relevant	Step-in	Residual
Investment	Settlement			
Securitisation	Pension			
Excessive leverage				

Business Risk

The key business risks are:

Strategy Risk

The risk of AM UK's strategy failing to deliver the expected outcomes, earnings, and profitability, which can be influenced by both internal and external factors, including competitive, industry, regulatory & country and performance risk.

People Risk

The risk that people are inadequately allocated, capacity constrained or unavailable.

Group Risk

The risk that the financial position of AM UK may be adversely affected by its relationships (financial or non-financial) with other entities in the group, or by risks which may affect the financial position of the whole group (e.g. reputational, contagion)

Financial Risk

The key financial risks are Capital Adequacy, Market, Credit, Credit Concentration, Liquidity and Funding, and Interest Rate Risk.

Capital Adequacy

The risk that AM UK has insufficient capital to comply with its regulatory requirements which are in place to ensure that AM UK has sufficient financial resources to conduct our financial services business and a sufficient buffer to protect our investors.

Market Risk

Market risk is the risk of loss arising from movements in market variables interest rates, exchange rates, equity, bond prices, volatilities and correlations.

Credit Risk / Concentration Risk

Credit risk is the potential for loss arising on an obligor's failure to meet the terms of any contract or otherwise as agreed. Concentration risk is the concentration of assets on AM UK's balance sheet to individual counterparties.

Liquidity & Funding Risk

Liquidity risk management assesses the ability to meet cash flow needs (under both normal and stressed conditions) without having a negative impact on day-to-day operations or overall financial position of the firm.

Operational Risk

Operational risk is defined as the risk of a loss resulting from inadequate or failed internal processes, people or systems, or from external causes (deliberate, accidental or natural). As a result of AM UK's agency business model, operational risk is the most material risk to which AM UK is exposed.

AM UK assesses 14 categories of Operational Risk, as set out below:

1. Theft, Fraud and Unauthorized Activity
2. Employment-related Risk
3. Market Conduct
4. Governance, Supervision and Change Initiatives
5. KYC/AML, Sanctions and ABC (Anti-Bribery & Corruption)
6. Client-related Business Conduct
7. Data Protection, Cyber & Records Management
8. Product & Services Risks
9. Transaction Capture and Operational Processing
10. Technology Production Stability and Change
11. Business Continuity Management, Inter Entity Outsourcing & 3rd Party Vendors
12. Valuation & Reporting
13. Primary Risk Management and Control
14. Model Risk

Risk Appetite Framework

UBS AM UK's Risk Appetite Framework closely follows that of the UBS Group and is designed to ensure that risk-taking is in line with the entity's strategic priorities, capital and liquidity plans, as well as the risk culture established through UBS pillars, principles and behaviors. The Risk Appetite Statement for UBS AM UK is formulated against the background of the UBS Group Risk Appetite Framework with which legal entities and divisions must comply.

The UBS AM UK Boards are responsible for setting and implementing the Risk Appetite Framework, together with monitoring business performance against it on an ongoing basis. The Boards approve the Risk Appetite Statements annually, with a mid-year review of appropriateness, and review Management Information against the Risk Appetite Statements on a regular basis and determine actions to be taken should risk appetite be exceeded.

Key Metrics

Key Metrics

The following is a summary of the key metrics of UBS AM UK.

Key Metrics		
<i>GBP million</i>	31.12.2021	31.12.2020
Total Credit Exposure	506	401
Total RWA	506	401
<i>Of which credit risk</i>	<i>127</i>	132
<i>Of which market risk</i>	<i>27</i>	35
<i>Of which additional fixed overheads</i>	<i>352</i>	234
Capital Ratio - CET1*	35.73%	45.03%
Capital Ratio - Tier 1**	35.73%	45.03%
Capital Ratio - Total Capital***	35.73%	45.03%

RWA (Risk Weighted Assets) represent the total risk exposure of the group. For UBS AM UK the 3 primary risk factors are Credit risk, Market risk and Fixed overhead requirement.

*CET1: Includes Share Capital, share premium, Audited and undistributed Retained earnings adjusted by regulatory adjustment. See Own table on page 14.

**Tier 1: Tier 1 capital is calculated as CET1 capital plus additional Tier 1 capital (AT1). AT1 comprises common shares issued by subsidiaries and held by third parties and accumulated other comprehensive income (AOCI). For UBS AM group AT1 is nil.

*** Total Capital: Total capital is calculated as Tier 1 capital plus additional tier II capital which consists of certain reserves and certain types of subordinated debt. For UBS AM group Tier II capital is nil.

Governance

AM UK is committed to having a strong control environment, consistent with all UBS Group entities, in order to promote high standards of entity governance.

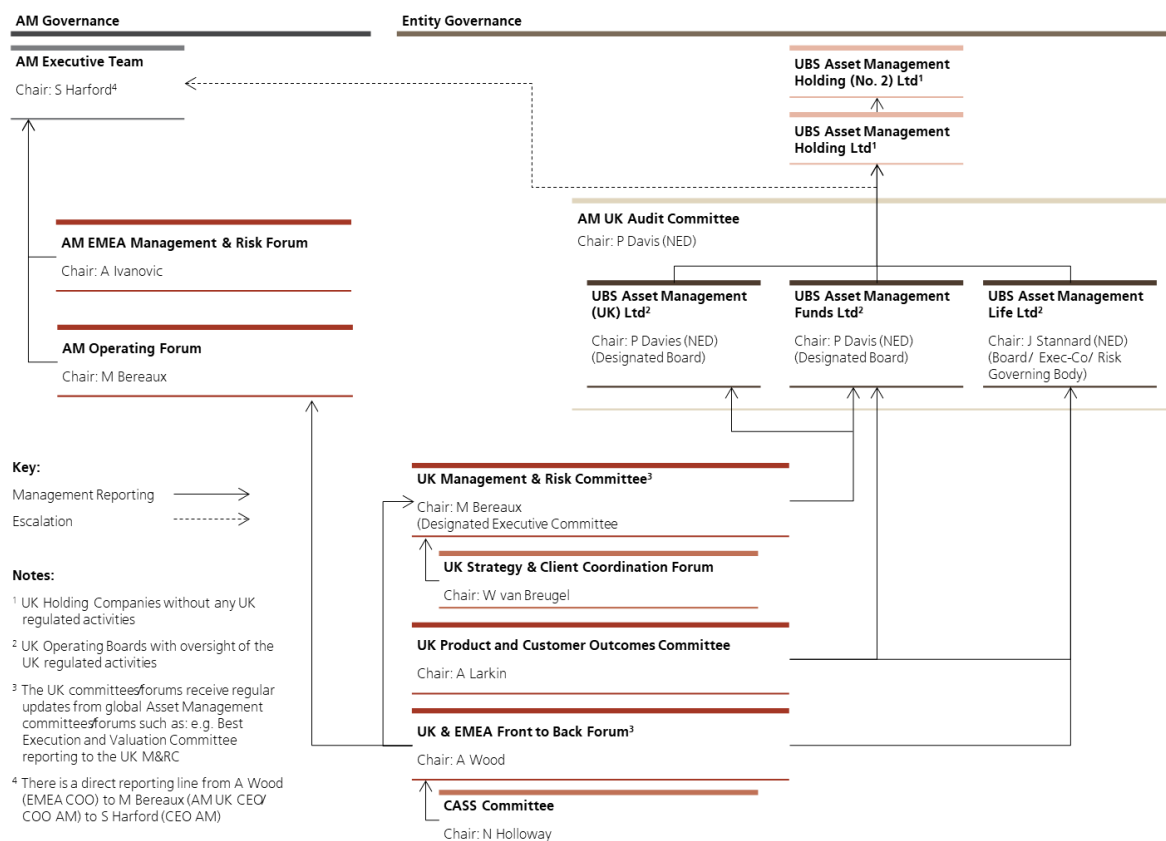
AM UK has well-defined management structures, which are supported by a number of committees and forums and is aligned to the wider Asset Management governance framework. Throughout the organisation there is a proper definition of management and staff responsibilities, with respective reporting lines supported by documented procedures necessary for efficient day-to-day operation of AM UK. These procedures are reviewed and updated at least annually and, where appropriate, are subject to approval by the independent control functions of the UBS Group. AM UK draws on the expertise within the Asset Management business division and the wider UBS Group.

Where topics or concerns are of particular interest to the UK or if there is a statutory or regulatory requirement, a UK specific committee or forum is established.

The UK governance framework supports the Boards of the three main regulated entities, as well as the AM divisional governance bodies. For the purpose of this disclosure note there are three Boards which are relevant, the UBS Asset Management Holding (No. 2) Ltd Board, the UBS Asset Management (UK) Ltd Board, and the UBS Asset Management Funds Ltd Board.

The legal entity Boards are supported by several committees and forums, including but not limited to the UK Management & Risk Committee, the UK & EMEA Front to Back Forum, the UK Product and Customer Outcome Committee, the UK Strategy Client and Coordination Forum and the CASS Committee (Client Assets), as set out in the following chart:

UBS AM UK Governance as at 31 December 2021



Recruitment Policy for the Management body

Our employees' skills, experience and commitment are key to delivering on our business strategy. Our human resource strategy seeks to hire, develop and engage talented employees at all levels who have the diverse backgrounds and capabilities to advise our clients, develop new products, manage risk and adapt to evolving regulations. We invest in our employees and promote initiatives that build engagement and a cohesive and collaborative culture. The Boards of UBS AM UK appoint directors, taking into consideration a broad range of qualities and competencies, and evaluate the balance of knowledge, skills, experience, and independence of the candidates.

Our commitment to pay fairness, diversity, equity and inclusion

Compensating employees fairly and consistently is key to ensuring equal opportunities. We pay for performance, and we take pay equity seriously. A strong commitment to both is embedded in our compensation policies and we conduct both internal and independent external audits as quality checks. If we uncover gaps that cannot be explained by business factors or appropriate personal factors – such as experience, role, responsibility, performance or location – we explore the root causes of those gaps and address them.

Additionally, our regular monitoring and review processes also allow us to maintain our certification status with the EQUALSALARY Foundation for our equal pay practices in the UK. This certification is testament to our well-established equal opportunity environment and the strength of our human resources practices, including performance and reward. Ensuring fair treatment and strengthening our commitment to DE&I are vital to our sustainable business success. We find diverse teams better understand and relate to the needs of our equally diverse clients. Through the diversity of our employees' backgrounds and experiences, we drive innovation and better decision making. Our aim, therefore, is to shape a diverse and inclusive organization that is innovative, provides outstanding service to our clients and offers equitable opportunities so that every employee can thrive.

UBS is a strong supporter of the UN Standards of Conduct for Business anti-discrimination guidelines. Additionally, we are signatories to the UN-backed Women's Empowerment Principles, the UK's Women in Finance Charter and Race at Work Charter, and the Corporate Call to Action in the US. Philosophically, we take a broad approach to DE&I, focusing on a range of aspects, including inclusive leadership, age, gender, race and ethnicity, LGBTQ+, disability, and veterans. Building inclusive leadership skills, increasing gender and ethnic diversity, and equitable policies and practices were our leading priorities in 2021.

The Boards and Senior Management Team

The details of the directors of the UBS AM UK entities in scope for this disclosure note, together with the number of other directorships each member held as at 31 December 2021 are shown below:

Priscilla Davies - Non-Executive Director, Chair of UBS Asset Management (UK) Ltd

Priscilla Davies joined UBS in September 2017 with over 25 years' experience in financial services across a range of sectors including asset management, alternative investments, private equity, infrastructure and real estate. During her executive career with Janus Henderson Investors (previously Henderson Global Investors) from 2000 to 2015 she held roles covering investments, finance and operations. She also managed Asian private equity, infrastructure and private equity fund of funds with £1bn of assets under management.

Prior to Janus Henderson, Priscilla was a tax advisor with PwC in both their London and Sydney offices. Priscilla is a Chartered Accountant and a member of the Chartered Accountants Australia and New Zealand and holds a Bachelor of Commerce (Accounting and Legal Studies) from the University of Wollongong.

Pete Davis - Non-Executive Director, Chair of UBS Asset Management Funds Ltd, Chair of UBS AM UK Audit Committee

Pete is a Fellow of the Institute of Actuaries (1988) and has a First Class BSc. Honours degree in Mathematics from the University of Manchester (1981). During his executive career Pete worked for companies within the Zurich Financial Services Group between 1981 and 2014. His final role was Head of Global Funds Desk where he had global responsibility for commercial relationships and governance oversight of external asset managers as well as oversight of dealing and operating platforms. Previous roles at Zurich included Head of UK Fund Propositions, Business Development work within the UK IFA business, Product Marketing and 14 years in the Finance/Actuarial Division.

Keith Jecks - Non-Executive Director, UBS Asset Management (UK) Ltd

Keith joined UBS in 2018 as a Non-Executive Director of UBS Asset Management (UK) Ltd. and member of the UBS AM UK Audit Committee. His early career began in 1975 at Friends' Provident, with moves to Hymans Robertson, IBM and Noble Lowndes (now part of Mercer) and Lloyds Investment Managers in 1986. In 1989 he became a Member of the Global Executive Committee at Kleinwort Benson Investment Management (KBIM) Holdings and CEO North America, based in New York for 3 years. He also held positions at Lloyds Investment Managers and Lazard Brothers Asset Management and was a partner at Watson Wyatt Partners until 2004.

Between 2004 and 2008 he was Global Head of Pension Fund Advisory for ABN AMRO where he established the global

function providing investment banking solutions for pension funds, with teams in the UK, Netherlands, Asia, Japan, Switzerland, Italy and Nordic region. Keith's most recent executive career position was from 2008 to 2013 as Senior Investment Consultant with Towers Watson Ltd.

John Stannard - Non-Executive Director, UBS Asset Management Funds Ltd

John is a member of the board of UBS Asset Management Funds Ltd, and also chairs the board of UBS Asset Management Life Ltd. He is a member of the UBS AM UK Audit Committee covering all aspects of the UK business including investment management activities.

John's career began with a 2-year period as an Investment Analyst with Barclays Bank (Investment Management), followed by a similar length of time in software development with Hallmark Associates. From 1982-2015 John worked for Russell Investments, holding multiple senior roles, including MD for Client Communications and UK-Institutional, Head of Operations, Head of Client Service and Consulting, and COO (Europe). He also advised on Portfolio Strategy (design and development) in addition to management, reporting and mitigation of operational risk. John was also closely involved in Russell's work on "best-practice" governance and decision making for large funds.

Michelle Breaux – AM COO, Country Head Asset Management UK

Michelle was appointed Chief Operating Officer for UBS Asset Management in April 2020 and is responsible for all business support functions for the division, including those provided by UBS's Group Functions. Michelle was appointed to Country Head AM UK on 1 December 2021, in addition to her role as COO AM. She was appointed Chief Executive Officer and Executive Director of UBS Asset Management (UK) Ltd by the UBS Asset Management (UK) Ltd Board on 2 November 2021, subject to regulatory approval.

Michelle is a member of the UBS Asset Management Executive Team, UBS Asset Management AG Board and Chair of the UBS Asset Management Operating Forum.

Prior to this, Michelle was Head of Group Efficiency and Cost Management for UBS Group and Non-Executive Director and Chairman of the Remuneration Committee for UBS Limited from 2015 to 2018.

She previously held senior management positions within UBS Investment Bank (IB). She started her career at the firm in 1992 as a lawyer in the Legal Department in London. Michelle became a solicitor of the Supreme Court of England and Wales in 1992.

Eric Byrne – Head of Real Estate & Private Markets Multi Managers, , Board Member of UBS Asset Management Holding (No.2) Ltd, UBS Asset Management Holding Ltd, Chief Executive Officer for UBS Asset Management (UK) Ltd, Executive Director for UBS Asset Management Funds Ltd and other UBS subsidiaries

Eric is Head of Multi-Managers for the Real Estate & Private Markets (REPM) business for UBS Asset Management. He is a member of the REPM Management Committee as well as the Multi-Manager Investment, Valuation and Risk Committees. Eric was appointed Head of UBS Asset Management in the UK in October 2016 until November 2021 with responsibility for the management and strategic development of the UK business. Eric is Chief Executive Officer for UBS Asset Management (UK) Ltd and Executive Director for UBS Asset Management Funds as well as Board member of UBS Asset Management Holding (No.2) Ltd, UBS Asset Management Holding Ltd.

Eric joined UBS Asset Management in 1996 in Hedge Fund Services in the Cayman Islands, where he became Chief Operating Officer, before returning to London in 2004. He established the internal control framework for Sarbanes Oxley for the business division and launched hedge fund and infrastructure third party funds. Prior to joining UBS, Eric held roles at Deloitte & Touche (1989–1993) and Barclays Capital (1993–1995). Eric qualified as a chartered accountant in 1992 (ACA, ICAEW).

Ian Ashment - Managing Director, Board Member of UBS Asset Management (UK) Ltd and other UBS subsidiaries

Ian is Head of Portfolio Engineering and Trading for UBS Asset Management. He joined UBS in 1985 as a Statistical Assistant/Investment Trainee with the Active UK Equity Team. He proceeded to become Trainee Fund Manager for the Active European Equity team, then Fund Manager for the Quantitative Department in 1990, and was involved in indexation and risk measurement for both passive and active portfolios. He was responsible for setting up all investment management aspects of UBS ETFs. In 1995 he assumed the role of Senior Fund Manager (Passive Team) responsible for the management of a number of key index portfolios. In 2007 he became Global Head of Structured Beta & Indexing and subsequently Head of Systematic & Indexed Investments for UBS Asset Management in 2016. He assumed his current UBS position in 2021 as Head of Portfolio Engineering and Trading, comprising a number of functions; Systematic & Index Investments, Trading & Order Generation and Implementation.

Other roles held include Chair of the FTSE Russell EMEA Equities Advisory Committee, Member of the FTSE Russell Policy Advisory Committee, Member of the S&P Global Advisory Panel Chairman of the FTSE Nationality Committee (2007 – 2010).

Adam Aziz - Executive Director, CEO of UBS Asset Management Funds Ltd

Adam is the Head of Capability Specialists for the Real Estate & Multi Managers business. In his role as Chief Executive of UBS Asset Management Funds Ltd, Adam Aziz has a reporting line to the Global Head of Products. Prior to joining Asset Management, Adam had a number of roles across other divisions of UBS, including Group Functions and Wealth Management, having joined the Investment Bank as a graduate trainee in the Consumer & Retail team of the Corporate Finance department in 2005.

Ruth Beechey - Managing Director, Board Member of UBS Asset Management Holding (No.2) Ltd, UBS Asset Management Holding Ltd, UBS Asset Management (UK) Ltd and other UBS subsidiaries

Ruth joined UBS Asset Management in 2000 and is Chief of Staff for the UK region. She previously held the role of Head of UK Legal & Compliance for UBS Asset Management in the UK. She is a member of the UK Management and Risk Committee. Prior to 2000 she worked at Deutsche Asset Management. She has over 25 years in the financial services industry, working at Birmingham Midshires Building Society before moving to the investment industry.

Ruth is a company-nominated Trustee Director of the UBS Pension and Life Assurance Scheme. She holds a University of Lancaster (UK) LLB (Hons) degree, a Post-Graduate Diploma from the College of Law, Chester (UK) and qualified as a Solicitor in 1996.

Andrew Larkin - Managing Director, Board Member of UBS Asset Management Funds Ltd, Chair of UK Product and Customer Outcomes Committee

Andrew joined UBS Asset Management as Head of Wholesale for the UK, Nordics and Benelux regions in January 2018 with responsibility for the ongoing development, implementation and management of UBS's wholesale strategy for financial institutions and retail clients.

Prior to joining UBS Asset Management Andrew was Head of Global Strategic Relationships at JP Morgan Asset Management where he was responsible for a team focusing on growing assets across the Private Banks, Family offices, Discretionary Mandates, Service Providers and the Intermediated Platform Market. Prior to joining JP Morgan in 2014 Andy also held positions at Neptune Asset Management, M&G Investments and Deutsche Asset Management.

Board Composition as at 31st December 2021

	Total Number of Directorships held as at 31 December 2021	Directorships under SYSC 4.3 A.7 (2) R that do not count for the limits under SYSC 4.3A 5R & 6R	Directorships as at 31 December 2021 after SYSC 4.3A7(2) adjustments (E= Executive, NE = Non-Executive)
P. Davies (Non-Executive Director)	5	2	3NE
P. Davis (Non-Executive Director)	8	5	3NE
K. Jecks (Non-Executive Director)	2	1	1NE
J. Stannard (Non-Executive Director)	3	1	1NE, 1E
I. Ashment	4	3	1E
A. Aziz	1	0	1E
R. Beechey	6	5	1E
E. Byrne	5	4	1E
A. Larkin	1	0	1E

All board members have equal voting rights on resolutions and decisions. The composition of the boards for the above-named entities reflect appointments approved by UK regulator and is reviewed on an ongoing basis to ensure appropriate representation.

Own funds

Reconciliation of balance sheet total equity to regulatory capital

The following table provides a reconciliation of total equity per the balance sheet to the total regulatory capital in accordance with CRR (575/2013) Article 437 1(a) and Annex I of Commission Implementing Regulation (EU) 1423/2013.

Reconciliation of balance sheet total equity to regulatory capital

<i>GBP million</i>	31.12.2021	31.12.2020
Balance sheet total equity	186	185
Less:		
<i>Significant investments</i>		-
<i>Amount exceeding the 15% threshold</i>		-
<i>Intangible assets</i>	- 5	-4
Total Own Funds	181	181

Nature and amounts of capital deductions from own funds

<i>GBP million</i>	31.12.2021	31.12.2020
Capital instruments and the related share premium accounts		
<i>of which: Instrument type 1</i>	181	181
<i>Retained earnings</i>	5	4
<i>Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)</i>		-
Common Equity Tier 1 (CET1) capital before regulatory adjustments	186	185
Instruments of financial sector entities where the institution has a significant investment	-	-
Amount exceeding the 15% threshold	-	-
Intangible assets	-5	-4
Total Common Equity Tier 1 capital	181	181
Capital instruments and the related share premium accounts		
<i>of which: classified as equity under applicable accounting standards</i>	-	-
Total Additional Tier 1 capital		-
Total Tier 1 capital	181	181
Capital instruments and the related share premium accounts		
Total Tier 2 capital	-	-
Total Own Funds	181	181

The capital base for UBS Asset Management Holding (No.2) Ltd and its subsidiaries is comprised entirely of CET1 capital with the following features.

Capital Instruments Main Features

	Common Equity Tier 1 'A' Shares	Common Equity Tier 1 'B' Shares
Issuer	UBS Asset Management Holding (No.2) Ltd	UBS Asset Management Holding (No.2) Ltd
Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A	N/A
Governing law(s) of the instruments	English	English
<i>Regulatory treatment</i>		
Transitional CRR rules	Common Equity Tier 1	Common Equity Tier 1
Post-transitional CRR rules	Common Equity Tier 1	Common Equity Tier 1
Eligible at solo/(sub-)consolidated/ solo & (sub-)consolidated	Solo	Solo
Instrument type (types to be specified by each jurisdiction)	CET1 Instrument	CET1 Instrument
Amount recognised in regulatory capital (as of most recent reporting date)	GBP 100	GBP 181million
Nominal amount of instrument	0.01	10
Issue price	Par	Various
Redemption price	Par	Par
Accounting classification	Shareholders' Equity	Shareholders' Equity
Original date of issuance	Various	Various
Perpetual or dated	Perpetual	Perpetual
Original maturity date	No Maturity	No Maturity
Issuer call subject to prior supervisory approval	N/A	N/A
Optional call date, contingent call dates and redemption amount	N/A	N/A
Subsequent call dates, if applicable	N/A	N/A
<i>Coupons / dividends</i>		
Fixed or floating dividend/coupon	Floating	Floating
Coupon rate and any related index	N/A	N/A
Existence of a dividend stopper	No	No
Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	Fully discretionary
Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	Fully discretionary
Existence of step up or other incentive to redeem	No	No
Noncumulative or cumulative	Non-cumulative	Non-cumulative
Convertible or non-convertible	Non-convertible	Non-convertible
Write-down features	No	No
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	N/A	'A' Shares
Non-compliant transitioned features	No	No

Both 'A' and 'B' Share classes are held by the Company's immediate parent undertaking, UBS Asset Management AG.

'A' shares carry 100% of the voting rights of the Company on a one vote per share basis. They carry no rights to share in the profits of the Company and, on winding up of the Company, entitle the holder to the return of the nominal value of the shares.

'B' shares carry no voting rights. They carry the right to dividends as recommended by the Directors and unlimited rights to share in the surplus remaining on a winding-up after all liabilities and the rights of 'A' shares have been satisfied.

Capital requirements

Assessing capital requirements

Under the UBS Group entity framework, the Boards are ultimately responsible for the entities' capital adequacy in accordance with local policy, regulatory and legal requirements. As required under CRD IV, UBS AM UK monitors the adequacy of its capital resources on a quarterly basis and through the annual Internal Capital Adequacy Assessment Process, referred to as ICAAP. The ICAAP is owned and governed by the Boards.

Retained earnings are distributed as dividends to the parent in line with Group policy and are subject to the approval of the relevant Boards, following consideration of the future needs of UBS AM UK. The UBS AM UK group had a significant capital surplus as at 31st December 2021.

Pillar 1 capital requirements

<i>GBP million</i>	31.12.2021		31.12.2020	
Credit, counterparty credit risks	Total Risk Exposure Amount (TREA)	Capital Requirement	Total Risk Exposure Amount (TREA)	Capital Requirement
<i>Central Governments & Central Banks</i>	18	1	14	1
<i>Corporates</i>	29	2	35	3
<i>Institutions</i>	78	6	78	7
<i>Regional Governments & Local Authorities</i>	3	0	5	0
Total	127	10	132	11
Position, foreign exchange risk				
<i>Foreign exchange</i>	27	2	35	3
Additional risk exposure amount due to fixed overheads	352	28	234	18
Total Pillar 1 capital requirement	506	41	401	32

Pillar 1 Credit Exposures

Credit Exposure by counterparty type

<i>As at year end</i>	31.12.2021			31.12.2020		
	Average credit exposure	Credit exposure after accounting and regulatory offsets	RWA	Average credit exposure	Credit exposure after accounting and regulatory offsets	RWA
<i>GBP million</i>						
Total Credit Exposure						
<i>Central Governments & Central Banks</i>	18	18	18	14	14	14
<i>Corporates</i>	29	29	29	35	35	35
<i>Institutions</i>	78	78	78	78	78	78
<i>Regional Governments and Local Authorities</i>	3	3	3	5	5	5
Total	127	127	127	132	132	132

Credit Exposure by maturity

31.12.2021	On demand	Due in 1 year or less	No stated maturity	Total
<i>GBP million</i>				
Total Credit Exposure				
<i>Central Governments & Central Banks</i>		1	17	18
<i>Corporates</i>		29		29
<i>Institutions</i>	21	19	38	78
<i>Regional Governments & Local Authorities</i>		3		3
Total	21	52	54	127

31.12.2020	On demand	Due in 1 year or less	No stated maturity	Total
<i>GBP million</i>				
Total Credit Exposure				
<i>Central Governments & Central Banks</i>	-	1	13*	14
<i>Corporates</i>	-	35	-	35
<i>Institutions</i>	20	20	38	78
<i>Regional Governments & Local Authorities</i>	-	5	-	5
Total	20	61	51	132

*Central Governments & Central Banks 2020 maturity pattern has been updated by reclassifying 13m from "Due in 1 year or less" to "No stated maturity" primarily for the deferred tax assets correct representation.

Credit Exposure by Geographical Region

31.12.2021	UK	Europe, Middle East and Africa	Americas	Asia Pacific	Total
<i>GBP million</i>					
Total Credit Exposure					
<i>Central Governments & Central Banks</i>	17	1	0	-	18
<i>Corporates</i>	9	10	10	0	29
<i>Institutions</i>	59	12	4	3	78
<i>Regional Governments and Local Authorities</i>	2	1	-	0	3
Total	87	23	14	3	127

As at 31.12.2020	UK	Europe, Middle East and Africa	Americas	Asia Pacific	Total
<i>GBP million</i>					
Total Credit Exposure					
<i>Central Governments & Central Banks</i>	13	1	-	-	14
<i>Corporates</i>	9	12	14	-	35
<i>Institutions</i>	57	8	11	2	78
<i>Regional Governments and Local Authorities</i>	3	2	-	-	5
Total	82	23	25	2	132

Credit Exposure by Credit Quality Step

	Credit Quality Step					Total
31.12.2021	1	2	3	4	5	Total
<i>GBP million</i>						
Regulatory net credit exposure before credit risk mitigation						
<i>Central Governments & Central Banks</i>	17	0	0	1	0	18
<i>Corporates</i>	-	0	28	0	0	29
<i>Institutions</i>	19	59	0	-	-	78
<i>Regional Governments & Local Authorities</i>	3	-	-	0	-	3
Total	38	59	28	1	1	127

	Credit Quality Step					Total
31.12.2020	1	2	3	4	5	Total
<i>GBP million</i>						
Regulatory net credit exposure before credit risk mitigation						
<i>Central Governments & Central Banks</i>	13	-	-	1	-	14
<i>Corporates</i>	-	-	35	-	-	35
<i>Institutions</i>	20	58	-	-	-	78
<i>Regional Governments & Local Authorities</i>	4	1	-	-	-	5
Total	37	59	35	1	-	132

Remuneration

Remuneration policy and compensation structure

Remuneration at UBS operates within the UBS Total Reward Principles. These principles and supporting processes provide a compensation structure for all employee remuneration at UBS, including those in the UK.

The principles are published as part of the Compensation Report in the UBS Group AG Annual Report 2021, which can be accessed via the link below.

<https://www.ubs.com/global/en/investor-relations/financial-information/annual-reporting.html>

Remuneration awarded for 2021 in respect of UBS Material Risk Takers (MRTs)

The following tables show details of the awards made to UK-regulated MRTs in Asset Management entities at UBS, identified under the Regulatory Technical Standards of the European Banking Authority (EBA), in respect of the 2021 financial year. All data is as of 31 December 2021. In accordance with paragraph 2 of Article 450 of the CRR, which provides guidelines for compliance with the disclosure requirements to be appropriate to the size, internal organization and the nature, scope and complexity of the activities of the credit institution and without prejudice to Directive 95/46/EC ("EU Data Protection Directive"), awards have not been split between "senior management" and "other", or between "Management Function" or "Supervisory Function" as the small number of individuals concerned would risk the identification of individual compensation.

Number of beneficiaries and total remuneration

	Number of Beneficiaries	Total Remuneration (GBP 000's)
31.12.2021	66	47,086
31.12.2020	64	52,442

Fixed and Variable Remuneration

GBP 000's	Fixed Remuneration	Variable Remuneration
31.12.2021	18,451	28,635
31.12.2020	18,102	34,340

of which: Variable remuneration

GBP 000's	Number of Beneficiaries	Immediate Cash	Immediate Shares	Deferred Shares	Other Deferred Instruments
31.12.2021	58	16,278	-	9,072	3,285
31.12.2020	60	18,140	-	11,954	4,245

GBP 000's	31.12.2021	31.12.2020
Deferred remuneration - granted during year	16,559	11,909
Deferred remuneration - distributed during year	10,325	8,643
Performance adjustments during year	-	-
Outstanding deferred remuneration at year end	48,553	40,620

In accordance with Article 450 of the CRR, UBS Asset Management can report there are 7 UK Asset Management MRTs receiving total remuneration between EUR 1,000,000 and EUR 1,500,000 and 8 receiving total remuneration in excess of EUR 1,500,000. The Company is unable to make a more detailed disclosure due to the small number of individuals concerned and the subsequent risk that individual compensation could be disclosed.

Summary of guaranteed incentives awarded to new hires

		Number of Beneficiaries	Amount (GBP 000's)
Total	2021	0	–

Summary of severance payments made in 2021

		Number of Beneficiaries	Amount (GBP 000's)
Total ¹		1	n/a

¹ The Company is unable to make a more detailed disclosure for confidentiality reasons.

Contacts

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