This update is intended to provide an overview of the current positioning in PACE Alternative Strategies Investments (the “Fund”) and inform you of changes within the Fund, including subadvisor additions and terminations. Please note that the subadvisor changes described below have already been implemented in the PACE Alternative Strategies Investments Fund (PASIX, A-share; PASPX, P-share; PASYX, Y-share) and require no action on your part.

Overview

The PACE Portfolio Management Team made the following subadvisor changes*:

- Appoint Electron Capital Partners (“Electron”)
- Terminate Sirios Capital Management (“Sirios”)

*The termination of Sirios as subadvisor to the Fund was effective as of the close of business on February 24, 2023. Electron assumed investment responsibility with respect to a separate portion of the Fund’s portfolio effective on February 21, 2023.

Rationale

The PACE Portfolio Management Team believes that Electron (described below) is likely to enhance alpha generation, relative to Sirios, and improve the Fund’s risk-adjusted return profile going forward, while adding orthogonal exposure via a sector focused long/short strategy. The Team believes that the Electron strategy will be better positioned to add both long and short alpha, since Sirios’ strategy seeks alpha on the long side and tends to rely on sector shorts for hedging rather than alpha-generation purposes. Additionally, the team believes that Electron will experience tailwinds related to the energy transition in the coming years. We are excited to provide access to this strategy for our PACE clients since Electron currently does not offer this strategy in a standalone mutual fund. It is utilized primarily by institutional clients.

Electron managed a total of $2.6 billion in assets under management as of December 31, 2022. Jos Shaver, co-founder and CIO, is responsible for the day-to-day management of the strategy and works closely with Ran Zhou and Neil Choi who serve as co-portfolio managers, executing on a highly collaborative approach to investment and risk management. The portfolio managers are supported by five analysts.

Electron employs a global long/short equity strategy focused on utilities, infrastructure, renewable energy, and the associated supply chain to achieve absolute returns. Electron’s investment process is both top down and bottom up in nature. Electron seeks to benefit from a top-down analysis of both industry variables (e.g., market structure changes, legislative and regulatory changes, commodity prices, etc.) and macroeconomic variables (e.g., interest rates, foreign exchange rates, country risks, etc.). Team members travel extensively and conduct meetings/calls with companies, regulators, consultants, sell side research analysts and governments. Within the macro context, Electron seeks to conduct deep fundamental research to uncover idiosyncratic insights based on relative value, dividend
increases/decreases, earnings releases, regulatory arbitrage, and/or secular/structural changes that the market has not discounted appropriately. The team is agnostic to style and will invest across the spectrum from value to growth businesses depending on the team’s fundamental analysis and perception of structural change. Electron’s investment process integrates material ESG considerations into the research process for all portfolio investments and portfolio holdings for which ESG data is available.

Disclosures

For more information

Mutual funds are sold by prospectus. Investors should carefully read and consider a mutual fund’s investment objectives, risks, charges and expenses before investing. The prospectus contains this and other information about a mutual fund. To obtain a free prospectus or summary prospectus for PACE Alternative Strategies Investments, please contact UBS Asset Management at 877-312-4813 or visit www.ubs.com/am-us for a current prospectus.

Special considerations

PACE Alternative Strategies Investments may be appropriate for long-term investors seeking to diversify a portion of their assets from traditional equity and/or fixed income securities. Investors should be willing to withstand short-term fluctuations in the equity and/or fixed income markets in return for potentially higher returns over the long term. The value of the Portfolio changes every day and can be affected by changes in interest rates, general market conditions, and other political, social and economic developments, as well as specific matters relating to the companies or issuers in whose securities the Portfolio invests. In addition, investments in smaller-medium-capitalization companies and foreign issuers are subject to special risks. Small and mid cap companies are typically subject to a greater degree of change in business and earnings prospects than are larger, more established companies. Therefore, they are considered to have a higher level of volatility and risk. The value of the Portfolio's investments in foreign securities may fall due to adverse political, social and economic developments abroad and due to decreases in foreign currency values relative to the US dollar. These risks are greater for investments in emerging market issuers than for issuers in more developed countries. PACE Alternative Strategies Investments may invest heavily in derivatives, which may rise or fall more rapidly than other investments. PACE Alternative Strategies Investments may also employ strategies including short sales and leverage, which may accelerate the velocity of potential losses. High yield securities are subject to higher risks than investment grade securities, including greater price volatility and a greater risk of loss of principal and nonpayment of interest. There are certain risks associated with investing in real estate investments, including sensitivity to economic downturns, interest rates, declines in property values and variation in property management. It is important to note that an investment in a Portfolio is only one component of a balanced investment plan.

Diversification and asset allocation strategies do not ensure gains nor guarantee against loss.

The value of the Fund’s portfolios changes every day and can be affected by changes in interest rates and general market conditions, as well as specific matters relating to the issuers and companies in whose securities the Fund invests. The value of a Fund’s investments in foreign securities may fall due to adverse political, social and economic developments abroad, and due to decreases in foreign currency values relative to the US dollar. These risks are greater for investments in emerging market issuers than for issuers in more developed countries. The use of derivatives, leverage and shorting strategies may accelerate the velocity of potential losses. Please see the Fund’s prospectus for a complete discussion of these risks. It is important to note that an investment in the Fund is only one component of a balanced investment plan. Shares of the Fund are not guaranteed, and an investment in the Fund may result in loss of principal. Shares are not FDIC-insured.

The PACE Select Advisors Program (Applicable to PACE Program Participants Only)

The PACE Select Advisors Program is an investment advisory service pursuant to which UBS Financial Services Inc. provides clients with personalized investment allocation recommendations. UBS Financial Services Inc. does not have any investment discretion over your client’s PACE Select Advisors Program account. Clients will make all the investment decisions.

Under the PACE Select Advisors Program, Financial Advisors assist clients in:
– identifying client financial characteristics, including their risk tolerance and investment objectives; and
– completing an Investor Profile Questionnaire, which clients may update from time to time with Financial Advisors’ assistance.

UBS Financial Services Inc. uses an investment profile evaluation and asset allocation methodology to translate this information into a suggested allocation of a client’s assets among different funds. Financial Advisors present the recommended allocation to clients initially. Financial Advisors also may, if clients so request, review with clients the monthly account statements and other information, such as quarterly performance data. Financial Advisors also monitor any changes in a client’s financial characteristics that clients identify through a revised Investor Profile Questionnaire and communicates these changes to UBS Financial Services Inc. for reevaluation of a client’s investment profile.

Investors who no longer participate in the PACE Select Advisors Program but continue to hold Class P shares will not be entitled to any of the services described in this section.

For the services provided to clients under the PACE Select Advisors Program, clients will pay UBS Financial Services Inc. a quarterly Program Fee at an annual rate of up to 2.50% of the value of the shares of the funds held in their account under the PACE Select Advisors Program. This quarterly fee is generally charged to your UBS Financial Services Inc. account.

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