

# UBS (Lux) Key Selection SICAV

Investment company under Luxembourg law  
(the "Company")

September 2013

## Sales prospectus

Shares in the Company may be acquired on the basis of this sales prospectus, the Key Investor Information (the "KII"), the latest annual report and, if already published, the subsequent semi-annual report.

Only the information contained in the sales prospectus and in one of the documents referred to in the sales prospectus shall be deemed to be valid.

Information on whether a Subfund of the Company is listed on the Luxembourg Stock Exchange can be obtained from the Administrative Agent or the Luxembourg Stock Exchange website ([www.bourse.lu](http://www.bourse.lu)).

The issue and redemption of shares in the Company are subject to the regulations prevailing in the country concerned. The company keeps all investor information confidential, unless otherwise required by statutory or regulatory provisions.

Shares of this Company may not be offered, sold or delivered within the US. Shares in this Company may not be offered, sold or delivered to citizens of the USA or persons resident in the USA and/or other natural or legal persons whose income and/or returns, regardless of origin, are subject to US income tax, as well as persons who are considered to be US persons pursuant to Regulation S of the US Securities Act of 1933 and/or the US Commodity Exchange Act, each as amended.

### Management and administration

#### Registered office

33A avenue J.F. Kennedy, L-1855 Luxembourg, B.P. 91, L-2010 Luxembourg

#### Board of Directors of the Company

Chairman	Robert Süttinger, Managing Director, UBS AG, Basel and Zürich
Members	Michael Kehl, Executive Director, UBS AG, Basel and Zürich Thomas Portmann, Executive Director, UBS AG, Basel and Zürich Aloise Hemmen, Executive Director, UBS Fund Services (Luxembourg) S.A., Luxembourg

#### Management Company

UBS Fund Management (Luxembourg) S.A., R.C.S. Luxembourg 154.210 (the "Management Company").

The Management Company was established as a public-limited company in Luxembourg for an unlimited duration on 1 July 2010. Its registered office is located at 33A avenue J.F. Kennedy, L-1855 Luxembourg.

The Articles of Association of the Management Company were published by way of a notice of deposit in the "Mémorial, Recueil des Sociétés et Associations" (the "Mémorial") on 16 August 2010.

The consolidated version of the Articles of Association is deposited at the Commercial and Company Register (Registre de Commerce et des Sociétés) in Luxembourg for inspection. One of the purposes of the Management Company is to manage undertakings for collective investment under Luxembourg law and to issue/redeem units in these products. In addition to this Company, the Management Company currently manages other undertakings for collective investment as well. The Management Company has fully paid-up equity capital of EUR 10,000,000.

#### Board of Directors of the Management Company

Chairman	Andreas Schlatter, Group Managing Director, UBS AG, Basel and Zurich
Members	Mario Cueni, Group Managing Director, UBS AG, Basel and Zurich Martin Thommen, Managing Director, UBS AG, Basel and Zurich Gilbert Schintgen, Managing Director, UBS Fund Management (Luxembourg) S.A., Luxembourg Christian Eibel, Executive Director, UBS AG, Basel and Zurich

#### Executive Board of the Management Company

Members	Gilbert Schintgen, Managing Director, UBS Fund Management (Luxembourg) S.A., Luxembourg Christel Müller, Executive Director, UBS Fund Management (Luxembourg) S.A., Luxembourg
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#### Portfolio Manager

##### UBS (Lux) Key Selection SICAV –

Active Defense 5 (CHF)	
Active Defense 5 (EUR)	
Active Defense 5 (USD)	
Emerging Markets Income (USD)	UBS AG, UBS Global Asset Management, Basel and Zürich, which may delegate this function worldwide within the UBS Group. Detailed information on the Portfolio Manager concerned is obtainable at the registered office of the Company.
European Core Equities (EUR)	
Global Real Estate Securities (USD)	
Global Allocation (EUR)	
Global Allocation (USD)	
Global Allocation (CHF)	
Global Allocation Focus Europe (EUR)	
EUR Bonds (EUR)	
Real Value (EUR)	
Smart Allocator (USD)	
Asian Global Strategy Balanced (USD)	
Asian Equities (USD)	UBS Global Asset Management (Singapore) Ltd., Singapore
Global Equities (USD)	
Multi Asset Income (USD)	
Dynamic Alpha (USD)	
Emerging Markets Allocation (USD)	UBS Global Asset Management (UK) Ltd., London
Commodity Strategy (USD)	
Global Alpha Opportunities (EUR)	UBS Alternative & Quantitative Investments LLC, Stamford (USA)

The Portfolio Manager is commissioned to carry out the administration of the securities portfolio under the supervision and responsibility of the Management Company, and carries out all relevant transactions while adhering to the prescribed investment restrictions.

The Portfolio Management units of UBS Global Asset Management may transfer their mandates, fully or partially, to associated Portfolio Managers within UBS Global Asset Management. However, responsibility in each case remains with the aforementioned Portfolio Manager assigned by the Company.

#### Merging assets

The Company may permit internal merging and/or joint management of assets from particular Subfunds in the interests of efficiency. In this case, assets from different Subfunds will be managed together. The assets under joint management are referred to as a "pool". Pools are used exclusively for internal management purposes, are not separate units and cannot be accessed directly by shareholders.

#### Pooling

The Company may invest and manage all or part of the portfolio assets of two or more Subfunds (for this purpose called "participating Subfunds") in the form of a pool. Such an asset pool is created by transferring cash and other assets (if these assets are in line with the investment policy of the pool concerned) from each participating Subfund to the asset pool. The Company can then make further transfers to the individual asset pools. Equally, assets up to the amount of its participation can also be transferred back to a participating Subfund.

The share of a participating Subfund in the respective asset pool is evaluated by reference to notional units of the same value. When an asset pool is created, the Company shall specify the initial value of the notional units (in a currency that the Company considers appropriate) and allot to each participating Subfund notional units in the total value of the cash (or other assets) it has contributed. The value of the notional units will then be determined by dividing the net assets of the asset pool by the number of existing notional units.

If additional cash or assets are contributed to or withdrawn from an asset pool, the notional units assigned to the participating Subfund concerned increase or diminish by a number, which is determined by dividing the contributed or withdrawn cash amount or assets by the current value of the holding of the participating Subfund in the pool. If cash is contributed to the asset pool, for calculation purposes it is reduced by an amount that the Company considers appropriate in order to take account of any tax expenses as well as the closing charges and acquisition costs relating to the investment of the cash concerned. If cash is withdrawn, a corresponding deduction may be made in order to take account of any costs related to the disposal of securities or other assets of the asset pool.

Dividends, interest and other income-like distributions, which are obtained from the assets of an asset pool, are allocated to the asset pool concerned and thus lead to an increase in the respective net assets. If the Company is liquidated, the assets of an asset pool are allocated to the participating Subfund in proportion to their respective share in the asset pool.

#### Joint management

To reduce operating and management costs and at the same time to permit broader diversification of investments, the Company may decide to manage part or all of the assets of one or more Subfunds in combination with assets that belong to other Subfunds or to other undertakings for collective investment. In the following paragraphs, the term "jointly managed entities" refers to the Company and each of its Subfunds and all units with or between which a joint management agreement would exist; the term "jointly managed assets" refers to the entire assets of these jointly managed entities which are managed according to the aforementioned agreement. As part of the joint management agreement, the respective Portfolio Manager is entitled to make decisions on investments and sales of assets on a consolidated basis for the relevant jointly managed entities which have an influence on the composition of the portfolio of the Company and of its Subfunds. Each jointly managed entity holds a share in the jointly managed assets which is oriented to the share of

its net assets in the aggregate value of the jointly managed assets. This proportionate holding (for this purpose referred to as **"participation arrangement"**) applies to all investment categories which are held or acquired in the context of joint management. Decisions regarding investments and/or sales of investments have no effect on this participation arrangement, and further investments are allotted to the jointly managed entities in the same proportions. In the event of a sale of assets, these will be subtracted proportionately from the jointly managed assets held by the individual jointly managed entities.

In the case of new subscriptions for one of the jointly managed entities, the subscription proceeds are to be allocated to the jointly managed entities in accordance with the changed participation arrangement resulting from the increase in net assets of the jointly managed entity having benefited from the subscriptions. The level of the investments will be modified by the transfer of assets from the one jointly managed entity to the other, and thus adapted to suit the altered participation arrangement. Similarly, in the case of redemptions for one of the jointly managed entities, the necessary liquid funds shall be taken from the liquid funds of the jointly managed entities in accordance with the altered participation arrangement resulting from the reduction in net assets of the jointly managed entity which has been the subject of the redemptions, and in this case the particular level of all investments will be adjusted to suit the altered participation arrangement.

Shareholders are alerted to the fact that the joint management agreement may result in the composition of the assets of the particular Subfund being affected by events which concern other jointly managed entities, e.g. subscriptions and redemptions, unless the Company or one of the entities commissioned by the Company resort to special measures. If all other aspects remain unchanged, subscriptions received by a unit under joint management with the Subfund will therefore result in an increase in the cash reserve of this Subfund. Conversely, redemptions of a unit under joint management with the Subfund will result in a reduction of the cash reserves of the Subfund. However, subscriptions and redemptions can be executed on the special account that is opened for each jointly managed entity outside the agreement and through which subscriptions and redemptions must pass. Because of the possibility of posting extensive subscriptions and redemptions to these special accounts, and the possibility that the Company or the entities commissioned by it may decide at any time to terminate the participation of the Subfund in the joint management agreement, the Subfund concerned may avoid having to rearrange its portfolio if this could adversely affect the interests of the Company, its Subfunds and its shareholders.

If a change in the portfolio composition of the Company or of one or more of its Subfunds as a result of redemptions or payments of fees and expenses referring to another jointly managed entity (i.e. which cannot be counted as belonging to the Company or to the Subfund in question) might result in a violation of the investment restrictions applying to the Company or to the Subfund in question, the relevant assets before implementing the change will be excluded from the agreement so that they are not affected by the resulting adjustments.

Jointly managed assets of Subfunds will only be managed jointly with assets which are to be invested according to the same investment aims that apply to the jointly managed assets in order to ensure that investment decisions are reconcilable in all respects with the investment policy of the particular Subfund. Jointly managed assets may only be managed in common with assets for which the same Portfolio Manager is authorised to make decisions in investments and the sale of investments, and for which the Custodian Bank also acts as a depository so as to ensure that the Custodian Bank is capable of performing its functions and responsibilities assumed in accordance with the Law of 2010 and the statutory requirements in all respects for the Company and its Subfunds. The Custodian Bank must always keep the assets of the Company separate from those of the other jointly managed entities; this allows it to determine the assets of each individual Subfund accurately at any time. Since the investment policy of the jointly managed entities does not have to correspond exactly with that of the Subfunds, it is possible that their joint investment policy may be more restrictive than that of the Subfunds.

The Company may decide to terminate the joint management agreement at any time without giving prior notice.

Shareholders may enquire at any time at the Company's registered office as to the percentage of jointly managed assets and units with which there is a joint management agreement at the time of their enquiry.

The composition and percentages of jointly managed assets must be stated in the annual reports.

Joint management agreements with non-Luxembourg units are permissible if (i) the agreement in which the non-Luxembourg unit is involved is governed by Luxembourg law and Luxembourg jurisdiction or (ii) each jointly managed entity is equipped with such rights that no creditor and no insolvency or bankruptcy administrator of the non-Luxembourg unit has access to the assets or is authorised to freeze them.

#### **Custodian Bank and main paying agent**

Pursuant to the Custodian and Paying Agency Agreement entered into with UBS (Luxembourg) S.A., a joint-stock company (société anonyme) with registered office at 33A, avenue J.F. Kennedy, L-1855 Luxembourg (the **"Custodian Bank"**), the Company has appointed the Custodian Bank as Custodian Bank and main Paying Agent of the Company.

The Custodian Bank fulfils its obligations and assumes the responsibilities arising from the Law of 2010 and the custodian bank agreement (the **"Custodian Bank Agreement"**), as amended. Pursuant to the Law of 2010 and the custodian bank agreement, the Custodian Bank is responsible for (i) general supervision of all Company assets and (ii) the safekeeping of the assets of the Company entrusted to the Custodian Bank and held by the Custodian Bank or in its name and (iii) administrative activities in connection with the corresponding obligations.

#### **Administrative Agent**

UBS Fund Services (Luxembourg) S.A., 33A avenue J.F. Kennedy, L-1855 Luxembourg, (B.P. 91, L-2010 Luxembourg).

UBS Fund Services (Luxembourg) S.A. as the Administrative Agent is responsible for the general administrative duties involved in managing the Company and prescribed by Luxembourg law. These administrative services mainly include domiciliation, calculating the net asset value of shares and keeping the Company's accounts as well as reporting.

#### **Auditor of the Company**

Ernst & Young, 7, rue Gabriel Lippmann - Parc d'Activité Syrdall 2, L-5365 Munsbach.

#### **Paying agents**

UBS (Luxembourg) S.A., 33A avenue J.F. Kennedy, L-1855 Luxembourg (B.P. 2, L-2010 Luxembourg) and other paying agents in the various distribution countries.

#### **Sales agencies and Distributors, sales agencies listed in the sales prospectus**

UBS AG, Basel and Zürich, and other paying agents in the various distribution countries.

#### **Profile of the typical investor**

**UBS (Lux) Key Selection SICAV – Active Defense 5 (CHF)**

**UBS (Lux) Key Selection SICAV – Active Defense 5 (EUR)**

**UBS (Lux) Key Selection SICAV – Active Defense 5 (USD)**

The Subfunds are particularly suited for investors with a low to medium risk profile and a medium-term investment horizon, but who still wish to benefit from the advantages and opportunities offered by the global financial markets through active asset management. The Subfunds are oriented to investors who would like to know the level of maximum loss to expect per year. The number given in the Subfund name indicates the expected maximum loss per year as a percentage.

#### **UBS (Lux) Key Selection SICAV – Asian Equities (USD)**

This Subfund is suitable for investors with a longer-term investment horizon who wish to invest in a broadly diversified portfolio of Asian equities and equity rights.

#### **UBS (Lux) Key Selection SICAV – European Core Equities (EUR)**

This Subfund is suitable for investors with a longer-term investment horizon who wish to invest in a broadly diversified portfolio of European equities and debt securities and claims.

#### **UBS (Lux) Key Selection SICAV – Global Real Estate Securities (USD)**

This Subfund is suitable for investors with a longer-term investment horizon who wish to invest worldwide in a broadly diversified portfolio of equities and equity rights in real estate companies and REITs.

#### **UBS (Lux) Key Selection SICAV – Global Equities (USD)**

This Subfund is suitable for investors with a longer-term investment horizon who wish to invest globally in a broadly diversified portfolio of equities and equity rights in major companies from established markets.

#### **UBS (Lux) Key Selection SICAV – Global Allocation (EUR)**

#### **UBS (Lux) Key Selection SICAV – Global Allocation (USD)**

#### **UBS (Lux) Key Selection SICAV – Global Allocation (CHF)**

These Subfunds are suitable for investors aiming for capital gains who are seeking to invest in a globally diversified, rounded portfolio with the reference currency shown in the relevant Subfund's name.

#### **UBS (Lux) Key Selection SICAV – Global Allocation Focus Europe (EUR)**

This Subfund is suitable for investors aiming for capital gains who are seeking to invest in a globally diversified, rounded portfolio with the emphasis on European shares and bond markets with the reference currency shown in the name of the relevant share class.

#### **UBS (Lux) Key Selection SICAV – Dynamic Alpha (USD)**

This Subfund is suitable for investors with a medium to long-term investment horizon and medium to higher tolerance of risk who are investing in a globally diversified portfolio and are aiming for a positive return regardless of the market situation.

#### **UBS (Lux) Key Selection SICAV – Emerging Markets Income (USD)**

This Subfund is suitable for investors who focus on income generation and prefer a broad diversification over different asset classes in emerging markets. The investors have a long-term investment horizon and are willing to accept the risk associated with investments in emerging markets.

#### **UBS (Lux) Key Selection SICAV – EUR Bonds (EUR)**

This Subfund is suitable for investors who wish to invest in a broadly diversified portfolio of EUR bonds and would like to profit from dynamic fund management.

#### **UBS (Lux) Key Selection SICAV – Global Alpha Opportunities (EUR)**

This Subfund is particularly suited to investors with a medium to long term investment horizon and a higher risk tolerance who are interested to invest in a diversified portfolio of funds. The Subfund mainly invests in actively managed collective investment schemes whose investment focus is on taking long and short positions.

#### **UBS (Lux) Key Selection SICAV – Multi Asset Income (USD)**

This Subfund is suitable for investors with a long-term investment horizon who wish to have broadly diversified participation in the global markets.

#### **UBS (Lux) Key Selection SICAV – Emerging Markets Allocation (USD)**

This Subfund is suitable for investors who wish to invest in a portfolio which focuses on emerging markets. Investors thereby wish to benefit from broadly diversified investments in different asset classes, such as shares, bonds and commodities. Investors have a long-term investment horizon and are willing to accept the risk associated with investments in emerging markets.

#### **UBS (Lux) Key Selection SICAV – Commodity Strategy (USD)**

This Subfund is suitable for investors who wish to invest in a broadly diversified commodities portfolio. Investors thereby wish to benefit from investments in various commodities, primarily through the use of financial derivatives (e.g. total return swaps). Investors have a long-term investment horizon and are willing to accept the risk associated with investments in commodity markets.

### UBS (Lux) Key Selection SICAV – Real Value (EUR)

This Subfund is suitable for investors who wish to invest their assets in a broadly diversified manner in different asset classes and who seek a certain level of protection from inflation and unforeseeable events.

### UBS (Lux) Key Selection SICAV – Smart Allocator (USD)

This Subfund is suitable for investors with a long-term investment horizon who wish to have broadly diversified participation on the growth potential of the global financial markets based on risk being evenly allocated between asset classes.

### UBS (Lux) Key Selection SICAV – Asian Global Strategy Balanced (USD)

This Subfund is suitable for investors who wish to invest in a globally oriented portfolio with a focus on Asia. Investors thereby wish to benefit from broadly diversified investments in different asset classes, such as shares and bonds. Investors have a long-term investment horizon and are willing to accept the risk associated with investments in assets and currencies with a focus on Asia, and therefore also emerging markets.

### Historical performance

The historical performance of the individual Subfunds is outlined in the KII or in the corresponding document for the Company's distribution countries relating to each Subfund.

### Risk profile

Subfund investments may be subject to substantial fluctuations and no guarantee can be given that the value of a share of the Company will not fall below its value at the time of acquisition.

Factors that can trigger such fluctuations or influence their scale include but are not limited to:

- company-specific changes,
- changes in interest rates,
- changes in exchange rates,
- changes affecting economic factors such as employment, public expenditure and indebtedness, inflation,
- changes in the legal environment,
- changes in investor confidence in certain asset classes (e.g. equities), markets, countries, industries and sectors, and
- changes in the prices of raw materials.

By diversifying investments, the Portfolio Manager seeks to partially reduce the negative impact of these risks on the value of the Subfund.

In the case of Subfunds that are exposed to a particular risk through the nature of their investments, relevant risk information is given in the investment policy of the Subfund in question.

### Legal aspects

#### The Company

The Company offers investors various Subfunds ("**umbrella construction**") which invest in accordance with the investment policy described in this sales prospectus. The specific details on each Subfund are defined in this sales prospectus, which will be updated on the inception of each new Subfund.

Name of the Company:	UBS (Lux) Key Selection SICAV	
Legal form:	Open-ended investment fund in the legal form of a "Société d'Investissement à Capital Variable" (" <b>SICAV</b> ") established in accordance with Part I of the Law of 2010.	
Date of incorporation:	9 August 2002	
Number in Luxembourg Commercial Register:	R.C.S. B 88.580	
Financial year:	1 October until 30 September	
Ordinary general meeting:	Annually on 20 March at 10.00 at the registered office of the Company; should 20 March occur on a day which is not a business day in Luxembourg (i.e. during normal business hours on a day on which banks in Luxembourg are normally open for business), then the general meeting will be held on the next business day.	
Articles of incorporation:	Initial publication	23 August 2002
	Amendments	24 March 2004
		15 June 2004
Management Company:		9 May 2011
		11 August 2011
Management Company: UBS Fund Management (Luxembourg) S.A., R.C.S. Luxembourg B 154.210.		

The consolidated version of the Articles of Association of the Company is deposited at the Commercial and Company Register (Registre de Commerce et des Sociétés) in Luxembourg for inspection. Any amendments are published by way of a notice of deposit in the Mémorial, in a Luxembourg daily newspaper and, if necessary, in the official publications of the individual distribution countries. Amendments become legally binding in respect of all shareholders subsequent to their approval by the general meeting of shareholders.

The entirety of the individual Subfunds' net assets forms the total net assets of the Company, which corresponds, at all times, to the share capital of the Company and consists of fully paid in and no-par-value shares (the "**shares**").

The Company asks investors to note that they will only benefit from shareholders rights – particularly the right to participate in general meetings – when they have been entered in their own name in the register of shareholders following their investment in the Company. However, if the investor invests in the Company indirectly via an intermediary body which makes the investment in its own name on behalf of the investor, and as a result, said intermediary is entered into the register of shareholders instead of the investor, the aforementioned rights may be granted to the inter-

mediary and not the investor. Investors are therefore advised to seek advice on their investor rights before making an investment decision.

At general meetings, shareholders have the right to one vote per share held, irrespective of the difference in value of shares in the respective Subfunds. Shares of a particular Subfund carry the right of one vote per share held when voting at meetings affecting this Subfund.

The Company forms a legal entity. With respect to the shareholders, each Subfund is regarded as being independent from the others. The assets of a Subfund can be used to offset only the liabilities which the Subfund concerned has assumed.

The Company is empowered, at all times, to liquidate existing Subfunds and/or to establish new Subfunds as well as different share classes with specific characteristics within these Subfunds. This sales prospectus will be updated each time a new Subfund or an additional share class is launched.

The Company is unlimited with regard to duration and total assets.

UBS (Lux) Key Selection SICAV was established on 9 August 2002 as an open-ended investment fund in the form of a SICAV pursuant to Part I of the Luxembourg Law on undertakings for collective investment of 30 March 1988 and adapted in February 2004 to conform to the requirements of the Law of 20 December 2002 on undertakings for collective investment; it has been subject to the Law of 2010 since 1 July 2011. Effective 16 May 2011, the Company has appointed UBS Fund Management (Luxembourg) S.A. as its Management Company.

### Share classes

Various share classes can be offered for the Subfunds. Information on which share classes are available for which Subfund can be obtained from the Administrative Agent or at [www.ubs.com/funds](http://www.ubs.com/funds).

"P" Shares in classes with "P" in their name are available to all investors. Their smallest tradable unit is 0.001. Unless the Management Company decides otherwise, the initial issue price of these shares amounts to AUD 100, CAD 100, CHF 100, CZK 2,000, EUR 100, GBP 100, HKD 1,000, JPY 10,000, PLN 500, RMB 1,000, RUB 3,500, SEK 700, SGD 100 or USD 100.

"N" Shares in classes with "N" in their name (shares with restrictions on the distribution partners or countries) are issued exclusively through Distributors domiciled in Spain, Italy, Portugal and Germany authorised by UBS AG, as well as, where appropriate, through Distributors in further distribution countries, provided this has been decided by the Company. Their smallest tradable unit is 0.001. Unless the Management Company decides otherwise, the initial issue price of these shares amounts to AUD 100, CAD 100, CHF 100, CZK 2,000, EUR 100, GBP 100, HKD 1,000, JPY 10,000, PLN 500, RMB 1,000, RUB 3,500, SEK 700, SGD 100 or USD 100.

"K-1" Shares in classes with "K-1" in their name are available to all investors. Their smallest tradable unit is 0.1. Unless the Management Company decides otherwise, the initial issue price of these shares amounts to AUD 5 million, CAD 5 million, CHF 5 million, CZK 100 million, EUR 3 million, GBP 2.5 million, HKD 40 million, JPY 500 million, PLN 25 million, RMB 35 million, RUB 175 million, SEK 35 million, SGD 5 million or USD 5 million.

"F" Shares in classes with "F" in their name are exclusively available to UBS AG or one of its affiliated companies. The shares may only be acquired by UBS AG or one of its affiliated companies for their own account or as part of discretionary asset management mandates concluded with UBS AG or one of its affiliated companies. In the latter case, the shares will be returned to the Company at the prevailing net asset value at no charge upon termination of the mandate. The shares' smallest tradable unit is 0.001. Unless the Company decides otherwise, the initial issue price of these shares amounts to AUD 100, CAD 100, CHF 100, CZK 2,000, EUR 100, GBP 100, HKD 1,000, JPY 10,000, PLN 500, RMB 1,000, RUB 3,500, SEK 700, SGD 100 or USD 100.

"Q" Shares in classes with "Q" in their name are available:

- 1) for distribution from an eligible country as defined by 'List A'; or
- 2) to investors domiciled in other countries, if they are professionals of the financial sector and a written agreement exists with UBS AG; and who make the following investments in their own name and:
  - (a) on their own behalf;
  - (b) on behalf of their clients within a discretionary mandate; or
  - (c) on behalf of a collective investment managed by a professional of the financial sector,

in cases (b) and (c), said professional has been duly authorised by the supervisory authority to which he/she is subject to carry out such transactions, and is domiciled in an eligible country as defined by 'List B' and/or is operating on behalf of another professional of the financial sector who has been authorised in writing by UBS AG and is domiciled in one of the countries covered by 'List B'.

Admission of investors in further distribution countries (lists A and B) shall be decided by the Board of Directors at its sole discretion and are disclosed on [www.ubs.com/funds](http://www.ubs.com/funds).

Their smallest tradable unit is 0.001. Unless the Management Company decides otherwise, the initial issue price of these shares amounts to AUD 100, CAD 100, CHF 100, CZK 2,000, EUR 100, GBP 100, HKD 1,000, JPY 10,000, PLN 500, RMB 1,000, RUB 3,500, SEK 700, SGD 100 or USD 100.

"I-A1" Shares in classes with "I-A1" in their name are exclusively reserved for institutional investors within the meaning of Article 174(2)c) of the Law of 2010. Their smallest tradable unit is 0.001. Unless the Management Company decides otherwise, the initial issue price of these shares amounts to AUD 100, CAD 100, CHF 100, CZK 2,000, EUR 100, GBP 100, HKD 1,000, JPY 10,000, PLN 500, RMB 1,000, RUB 3,500, SEK 700, SGD 100 or USD 100.

"I-A2" Shares with classes with "I-A2" in their name are exclusively reserved for institutional investors within the meaning of Article 174(2)c) of the Law of 2010. Their smallest tradable unit is 0.001. Unless the Management Company decides otherwise, the initial issue price of these shares amounts to AUD 100, CAD 100, CHF 100, CZK 2,000, EUR 100, GBP 100, HKD 1,000, JPY 10,000, PLN 500, RUB 3,500, SEK 700, SGD 100 or USD 100. The minimum subscription amount for these shares amounts to AUD 10 million, CAD 10 million, CHF 10 million, CZK 200 million, EUR 5 million, GBP 5 million, HKD 80 million, JPY 1 billion, PLN 50 million, RMB 70 million, RUB 350 million, SEK 70 million, SGD 10 million or USD 10 million.

	Upon subscription (i) a minimum subscription must be made pursuant to the list above or (ii) be based on a written agreement of the institutional investor with UBS AG – or with one of its authorised counterparties – for total assets managed by UBS AG or its portfolio in collective capital investments of UBS must be more than 30 million CHF (or the corresponding currency equivalent).	
"I-A3"	Shares with classes with "I-A3" in their name are exclusively reserved for institutional investors within the meaning of Article 174(2)c) of the Law of 2010. Their smallest tradable unit is 0.001. Unless the Management Company decides otherwise, the initial issue price of these shares amounts to AUD 100, CAD 100, CHF 100, CZK 2,000, EUR 100, GBP 100, HKD 1,000, JPY 10,000, PLN 500, RUB 3,500, SEK 700, SGD 100 or USD 100. The minimum subscription amount for these shares amounts to AUD 30 million, CAD 30 million, CHF 30 million, CZK 600 million, EUR 20 million, GBP 20 million, HKD 240 million, JPY 3 billion, PLN 150 million, RMB 210 million, RUB 1.05 billion, SEK 210 million, SGD 30 million or USD 30 million. Upon subscription (i) a minimum subscription must be made pursuant to the list above or (ii) be based on a written agreement of the institutional investor with UBS AG – or with one of its authorised counterparties – for total assets managed by UBS AG or its portfolio in collective capital investments of UBS must be more than 100 million CHF (or the corresponding currency equivalent).	"hedged" For share classes whose reference currencies are not identical to the currency of account of the Subfund, and which have "hedged" in their name (" <b>share classes in foreign currencies</b> "), the fluctuation risk of the reference currency price for those share classes is hedged against the currency of account of the Subfund. Provision is made for the amount of the hedging to be in principle between 90% and 110% of the total net assets of the share class in foreign currency. Changes in the market value of the portfolio, as well as in subscriptions and redemptions of share classes in foreign currencies, can result in the hedging temporarily surpassing the aforementioned range. The hedging described has no effect on possible currency risks resulting from investments denominated in a currency other than the Subfund's currency of account.
"I-B"	Shares in classes with "I-B" in their name are exclusively reserved for institutional investors within the meaning of Article 174(2)c) of the Law of 2010 who have signed a written agreement on investing in one more Subfunds of this umbrella fund with UBS AG or one of its authorised counterparties. A fee covering the costs for Fund administration (comprising the costs of the Company, the administration and the Custodian Bank) is charged directly to the Subfund. The costs for asset management and distribution are charged to investors under the aforementioned agreements. Their smallest tradable unit is 0.001. Unless the Management Company decides otherwise, the initial issue price of these shares amounts to AUD 100, CAD 100, CHF 100, CZK 2,000, EUR 100, GBP 100, HKD 1,000, JPY 10,000, PLN 500, RMB 1,000, RUB 3,500, SEK 700, SGD 100 or USD 100.	"UKdist" For share classes with "UKdist" in their name, the Company intends to distribute a sum which corresponds to 100% of the reportable income within the meaning of the <b>UK reporting fund</b> rules when the share classes are subject to the <b>reporting fund</b> rules. The Company does not intend to prepare tax reporting in other countries in respect of these share classes which are intended for investors who are subject to UK taxation on their investment in the share class.
"I-X"	Shares in classes with "I-X" in their name are exclusively reserved for institutional investors within the meaning of Article 174(2)c) of the Law of 2010 who have signed a written agreement on investing in one of more Subfunds of this umbrella fund with UBS AG or one of its authorised counterparties. The costs for asset management, Fund administration (comprising the costs of the Company, the administration and the Custodian Bank) and distribution are charged to investors under the aforementioned agreements. Their smallest tradable unit is 0.001. Unless the Management Company decides otherwise, the initial issue price of these shares amounts to AUD 100, CAD 100, CHF 100, CZK 2,000, EUR 100, GBP 100, HKD 1,000, JPY 10,000, PLN 500, RMB 1,000, RUB 3,500, SEK 700, SGD 100 or USD 100.	"RMB" Investors should note that the renminbi (ISO 4217 currency code: CNY), the official currency of the People's Republic of China (the "PRC"), is traded on two markets, one in Mainland China being onshore RMB (CNY), and one outside Mainland China being offshore RMB (CNH). Shares in classes with "RMB hedged" in their name are shares whose net asset value is calculated in offshore RMB (CNH). Onshore RMB (CNY) is not a freely convertible currency and it is subject to foreign exchange control policies of and repatriation restrictions imposed by the PRC government. Offshore RMB (CNH), on the other hand, may be traded freely against other currencies, particularly EUR, CHF and USD. This means the exchange rate between offshore RMB (CNH) and other currencies is determined on the basis of supply and demand relating to the respective currency pair. RMB convertibility between offshore RMB (CNH) and onshore RMB (CNY) is a managed currency process subject to foreign exchange control policies and repatriation restrictions imposed by the PRC government in coordination with offshore regulatory or governmental agencies (e.g. the Hong Kong Monetary Authority). Prior to investing in RMB classes, investors should bear in mind that the requirements relating to supervisory reporting and fund accounting of offshore RMB (CNH) are not clearly regulated. Furthermore, investors should be aware that offshore RMB (CNH) and onshore RMB (CNY) have different exchange rates against other currencies. The value of offshore RMB (CNH) could potentially differ significantly from that of onshore RMB (CNY) due to a number of factors including, without limitation, foreign exchange control policies and repatriation restrictions imposed by the PRC government from time to time as well as other external market forces. Any devaluation of offshore RMB (CNH) could adversely affect the value of investors' investments in the RMB classes. Investors should therefore take care when calculating their investments and the ensuing returns from offshore RMB (CNH) into their target currency. Prior to investing in RMB classes, investors should also bear in mind that the availability and tradability of RMB classes, and the conditions under which they may be available or traded, depend to a large extent on the political and regulatory developments in the PRC. Thus, no guarantee can be given that offshore RMB (CNH) or the RMB classes will be offered and/or traded in future, nor can there be any guarantee as to the conditions under which offshore RMB (CNH) and/or RMB classes may be made available or traded. In particular, since the base currency of the relevant Subfunds offering the RMB classes would be in a currency other than offshore RMB (CNH), the ability of the relevant Subfund to make redemption payments in offshore RMB (CNH) would be subject to the Subfund's ability to convert its base currency into offshore RMB (CNH) which may be restricted by the availability of offshore RMB (CNH) or other circumstances beyond the control of the Company. Potential investors should be aware of the risks of reinvestment, which could arise if the RMB class has to be liquidated early due to political and/or regulatory circumstances. This does not apply to the reinvestment risk due to the liquidation of a share class and/or the Subfund in accordance with the section "Liquidation of the Company and its Subfunds; merger of Subfunds".
"U-X"	Shares in classes with "U-X" in their name are exclusively reserved for institutional investors within the meaning of Article 174(2)c) of the Law of 2010 who have signed a written agreement on investing in one of more Subfunds of this umbrella fund with UBS AG or one of its authorised counterparties. The costs for asset management, Fund administration (comprising the costs of the Company, the administration and the Custodian Bank) and distribution are charged to investors under the aforementioned agreements. This share class is exclusively geared towards financial products (i.e. fund of funds or other pooled structures in accordance with different legislation). Their smallest tradable unit is 0.001. Unless the Company decides otherwise, the initial issue price of these shares amounts to AUD 10,000, CAD 10,000, CHF 10,000, CZK 200,000, EUR 10,000, GBP 10,000, HKD 100,000, JPY 1 million, PLN 50,000, RMB 100,000, RUB 350,000, SEK 70,000, SGD 10,000 or USD 10,000.	
<b>Additional characteristics:</b>		
Currency	The share classes may be denominated in AUD, CAD, CHF, CZK, EUR, GBP, HKD, JPY, PLN, RMB, RUB, SEK, SGD or USD. For share classes issued in the currency of account of the respective Subfund, the respective currency will not be included in the class name. The currency of account features in the name of the relevant Subfund.	
"acc"	For share classes with "-acc" in their name, income is not distributed unless the Company decides otherwise.	
"dist"	For share classes with "-dist" in their name, income is distributed unless the Company decides otherwise.	
"qdist"	Share class with "-qdist" in their name may make quarterly distributions, excluding fees and expenses. They may also make distributions out of capital and realised capital gains. Distributions out of capital shall result in the reduction of an investor's original capital invested in the Subfund. Also, any distributions from the income and/or involving the capital and/or capital gains result in an immediate reduction of the net asset value per share of the Subfund. Investors in certain countries may be subject to higher tax rates on distributed capital than on any capital gains from the sale of Fund units. Some investors may therefore choose to invest in the accumulating (-acc) instead of the distributing (-dist, -qdist) share classes. Investors may be taxed at a later point in time on income and capital arising on accumulating (-acc) share classes compared to distributing (-dist) share classes. Investors should seek their own tax advice.	
"mdist"	Shares in classes with "-mdist" in their name may make monthly distributions excluding fees and expenses. They may also make distributions out of capital and realised capital gains. Distributions out of capital shall result in the reduction of an investor's original capital invested in the Subfund. Also, any distributions from the income and/or involving the capital and/or capital gains result in an immediate reduction of the net asset value per share of the Subfund. Investors in certain countries may be subject to higher tax rates on distributed capital than on any capital gains from the sale of fund units. Some investors may therefore choose to invest in the accumulating (-acc) instead of the distributing (-dist, -qdist, -mdist) share classes. Investors may be taxed at a later point in time on income and capital arising on accumulating (-acc) share classes compared to distributing (-dist) share classes. Investors should seek their own tax advice.	

ment currency. Investments are made in the currencies that are most suitable for the performance of the Subfunds.

As stipulated in points 1.1 g) and 4 of the investment principles, the Company may, as a main element in achieving the investment policy for each Subfund, within the statutory limits, use special techniques and financial instruments whose underlying assets are securities, money market instruments and other financial instruments. The markets in derivatives are volatile and both the chance of earning returns and the risk of suffering losses are higher than with investments in securities. Each Subfund may hold liquid funds on an ancillary basis.

The investments of the Subfunds should also be broadly diversified in respect of markets, sectors, borrowers, ratings and companies. Unless stipulated otherwise by the investment policy of the Subfund concerned, Subfunds may invest up to 10% of net assets in existing undertakings for collective investment in securities (UCITS) and undertakings for collective investment (UCI).

**The Subfunds and their special investment policies**

**UBS (Lux) Key Selection SICAV – Active Defense 5 (CHF)**  
**UBS (Lux) Key Selection SICAV – Active Defense 5 (EUR)**  
**UBS (Lux) Key Selection SICAV – Active Defense 5 (USD)**

The Subfunds are portfolios diversified by means of money market papers, all kinds of fixed-income securities and shares with a floor determined on the first business day of each new one-year investment period which is based on the final value of the previous year (95%); the Subfunds should not have fallen below these values at the end of the respective one-year investment period. The net assets of the Subfunds are invested following the principle of risk spreading in accordance with the same paragraph in the “Investment objectives” section.

The Subfunds are actively managed and invest in the framework of the above-named investment policy in order to have broadly diversified participation on the global financial markets. No guarantee can be provided that this investment objective will be achieved.

The primary objective is to ensure that the value of a share at the end of the one-year investment period does not fall below 95% of its initial value (floor value). Each investment period covers one calendar year, the first being extended to include the remainder of the launch year. However, under no circumstances may this be construed as a guarantee that at the end of each one-year investment period the value of a share cannot fall below the floor of 95% of its initial value. Particularly during the one-year investment period the value of a share may easily fall below the floor. The figure contained in the name of the Subfunds describes the percentage deducted from the final net asset value per share in the previous year; this is used at a rate of 100% as the basis for calculating the floor for the subsequent investment period.

To achieve their objectives, the Subfunds invest in money market instruments, all types of bonds, shares and derivative financial instruments within general investment policy, with the portion of the portfolio invested in money market papers and bonds (including the corresponding derivatives) in the respective base currency intended for hedging the defined floor. All other positions in equity markets, interest rate markets and currencies (including the corresponding derivatives) are used for participating in the global financial markets. For this purpose, the Subfunds may also make extensive use of derivative financial instruments and/or resort to more complex strategies.

To achieve a broad spread (diversification) of all investments by markets, sectors, borrowers, ratings and companies the Subfunds may each invest up to 100% of their net assets in existing UCI and UCITS. The associated costs are described in the section “Expenses paid by the Company”. Should it be necessary in the interests of achieving the investment objectives, the Subfunds may invest up to 100% of assets in liquid funds or near-money market instruments.

**UBS (Lux) Key Selection SICAV – Active Defense 5 (EUR)**  
Currency of account: CHF

**UBS (Lux) Key Selection SICAV – Active Defense 5 (EUR)**  
Currency of account: EUR

**UBS (Lux) Key Selection SICAV – Active Defense 5 (EUR)**  
Currency of account: USD

Fees	Maximum flat fee (maximum management fee) p.a.
Share classes with “P” in their name	1.200% (0.960%)
Share classes with “K-1” in their name	0.700% (0.560%)

**UBS (Lux) Key Selection SICAV – Asian Equities (USD)**

In line with the above-mentioned investment policy, this Subfund invests at least two-thirds of its assets in equities and equity rights of companies which are domiciled in Asia (excluding Japan) or are mainly active in the markets of Asia (excluding Japan). Furthermore, the Subfund may also buy or sell futures, swaps, non-deliverable forwards and currency options in order to:

- wholly or partially hedge the currency risk of investments forming part of the Subfund’s assets against the reference currency of the Subfund. This can be achieved directly (hedging a currency against the reference currency) or indirectly (hedging a currency against a third currency, which is then hedged against the reference currency).
- build up currency positions against the currency of account, other freely convertible currencies or currencies contained in the benchmark.

Non-deliverable forwards enable currency positions to be built up and hedged against exchange-rate risks without the need to physically transfer these currencies or to carry out a transaction on a local market. This makes it possible to avoid the local counterparty risk as well as the costs of holding local currencies arising from any currency export restrictions. Moreover, there are generally no local exchange controls on NDF in US dollars between two offshore contractual partners.

**Investments in Asian countries may post a more volatile performance and be more illiquid than investments in European countries. Due to the political and economic situation in various Asian countries, investments in some**

**of these markets may be affected by legal uncertainties, currency restrictions and sales constraints. Moreover, the official regulatory systems may be less efficient in the countries in which the Subfund invests, and the accounting, auditing and reporting methods employed cannot be compared with the standards used in more developed countries.**

**For these reasons, the Subfund is especially suitable for risk-conscious investors.**

Currency of account: USD

Fees	Maximum flat fee (maximum management fee) p.a.
Share classes with “P” in their name	2.040% (1.630%)
Share classes with “N” in their name	2.500% (2.000%)
Share classes with “K-1” in their name	1.300% (1.040%)
Share classes with “F” in their name	0.740% (0.590%)
Share classes with “Q” in their name	1.080% (0.860%)
Share classes with “I-A1” in their name	0.880% (0.700%)
Share classes with “I-A2” in their name	0.820% (0.660%)
Share classes with “I-A3” in their name	0.740% (0.590%)
Share classes with “I-B” in their name	0.180% (0.000%)
Share classes with “I-X” in their name	0.000% (0.000%)
Share classes with “U-X” in their name	0.000% (0.000%)

**UBS (Lux) Key Selection SICAV – European Core Equities (EUR)**

The Subfund shall invest at least two-thirds of its assets in equities and other equity rights of companies domiciled or chiefly active in Europe.

Currency of account: EUR

Fees	Maximum flat fee (maximum management fee) p.a.
Share classes with “P” in their name	2.040% (1.630%)
Share classes with “N” in their name	2.500% (2.000%)
Share classes with “K-1” in their name	1.080% (0.860%)
Share classes with “F” in their name	0.520% (0.420%)
Share classes with “Q” in their name	1.020% (0.820%)
Share classes with “I-A1” in their name	0.640% (0.510%)
Share classes with “I-A2” in their name	0.600% (0.480%)
Share classes with “I-A3” in their name	0.520% (0.420%)
Share classes with “I-B” in their name	0.065% (0.000%)
Share classes with “I-X” in their name	0.000% (0.000%)
Share classes with “U-X” in their name	0.000% (0.000%)

**UBS (Lux) Key Selection SICAV – Global Real Estate Securities (USD)**

The Subfund invests in securities of companies whose main activities concern the possession, purchase, sale and management and development of income-generating properties, such as property investment companies and closed REITs (Real Estate Investment Trusts).

UBS (Lux) Key Selection Sicav – Global Real Estate Securities (USD) actively invests worldwide, predominantly in ordinary and preference shares including ADRs, warrants on securities and in rights of companies which are convertible into ordinary shares.

The Subfund may also invest directly in the aforementioned securities if they are from an issuer in the Russian Federation and are listed or traded on a stock exchange or another duly functioning, recognised market that is open to the public. The RTS (Russian Trading System Stock Exchange) and MICEX (Moscow Interbank Currency Exchange) are currently the recognised markets of the Russian Federation.

Investments in CIS countries (Commonwealth of Independent States) – with the exception of the Russian Federation in accordance with the above condition – together with other investments pursuant to point 1.2 of the section “Investment principles” may not exceed 10% of Subfund net assets.

The Subfund may in addition hold short-term fixed-income securities.

The aim of the Subfund is to operate an active share portfolio which invests in a broad selection of shares. A disciplined European investment process is followed. Research is carried out by a worldwide network of analysts. The composition of the portfolio is in the hands of a Portfolio Manager who takes advice from the analysts. Investments may be made in any legal currency. The currency risk is hedged against the USD.

Some of the countries in which the Subfund is permitted to invest are still at an early stage of development and suffer from increased risk of expropriation, nationalisation and social, political and economic insecurity.

A list of the general risks connected with an investment in emerging markets follows below (with no claim to be exhaustive):

- liquidity problems
- fluctuations in exchange rates
- currency export controls
- restrictions on buying and selling

Furthermore, the Subfund may buy or sell futures, swaps, non-deliverable forwards and currency options in order to:

- wholly or partially hedge the currency risk of the Subfund’s investments against the currency of account of the Subfund. This can be achieved directly (hedging a currency against the reference currency) or indirectly (hedging a currency against a third currency, which is then hedged against the currency of account);
- build up currency positions against the currency of account, other freely convertible currencies or currencies contained in the benchmark.

Non-deliverable forwards (NDF) enable currency positions to be built up and hedged against exchange-rate risks without the need to physically transfer these currencies or transactions on a local market. Therefore, the local counterparty risk and the costs of holding local currencies can be avoided.

Currency of account: USD

Fees	Maximum flat fee (maximum management fee) p.a.
Share classes with “P” in their name	1.920% (1.540%)
Share classes with “N” in their name	2.100% (1.680%)
Share classes with “K-1” in their name	1.300% (1.040%)
Share classes with “F” in their name	0.700% (0.560%)
Share classes with “Q” in their name	0.960% (0.770%)
Share classes with “I-A1” in their name	0.900% (0.720%)
Share classes with “I-A2” in their name	0.840% (0.670%)
Share classes with “I-A3” in their name	0.700% (0.560%)
Share classes with “I-B” in their name	0.065% (0.000%)
Share classes with “I-X” in their name	0.000% (0.000%)
Share classes with “U-X” in their name	0.000% (0.000%)

UBS (Lux) Key Selection SICAV – Global Equities (USD)

Within the above-mentioned investment policy, this Subfund may invest at least two-thirds of its assets in equities and equity rights. In so doing, the Subfund may invest up to 25% of its assets in equities and equity rights of companies domiciled or chiefly active in emerging markets. Further information concerning **investing in emerging markets** can be found in the section of the same title in this sales prospectus.

Currency of account: USD

Fees	Maximum flat fee (maximum management fee) p.a.
Share classes with “P” in their name	2.040% (1.630%)
Share classes with “N” in their name	2.500% (2.000%)
Share classes with “K-1” in their name	1.080% (0.860%)
Share classes with “F” in their name	0.540% (0.430%)
Share classes with “Q” in their name	1.020% (0.820%)
Share classes with “I-A1” in their name	0.640% (0.510%)
Share classes with “I-A2” in their name	0.600% (0.480%)
Share classes with “I-A3” in their name	0.540% (0.430%)
Share classes with “I-B” in their name	0.065% (0.000%)
Share classes with “I-X” in their name	0.000% (0.000%)
Share classes with “U-X” in their name	0.000% (0.000%)

UBS (Lux) Key Selection SICAV – Global Allocation (EUR)  
UBS (Lux) Key Selection SICAV – Global Allocation (USD)  
UBS (Lux) Key Selection SICAV – Global Allocation (CHF)

The aim of the Subfunds is to participate on a broadly diversified basis in the growth potential of the global financial markets.

To this end, these Subfunds invest directly or via existing UCI and UCITS in the framework of the above-described investment policy. In so doing, up to 20% of investments may be held in bonds with a rating between BBB- and C (Standard & Poor’s), a similar rating from another recognised agency or - insofar as it concerns a new issue that does not yet have an official rating - a comparable internal UBS rating, but with no more than 10% in bonds rated between CCC and C. **Investments rated between BB+ and C may carry an above-average yield, but also a higher solvency risk than investments in securities of first-class borrowers. Investors are expressly informed of the potential increased risk of loss.**

The above-mentioned securities correspond to securities as defined in Article 41 of the Law of 2010.

Investments of the Subfund are made in the currencies deemed best suited for good performance and are actively managed in respect of the currency of account. To achieve a broad spread (diversification) of all investments by markets, sectors, borrowers, ratings and companies the Subfunds UBS (Lux) Key Selection SICAV – Global Allocation (USD) and UBS (Lux) Key Selection SICAV – Global Allocation (CHF) may invest up to 100% of their respective net assets in existing UCITS and 30% in other UCI. This method of investment and the associated expenses are described in the section “Investments in UCI and UCITS”.

The Subfunds may, within the legally permissible framework, also invest in investments focusing on the real estate asset class (e.g. in the form of Real Estate Investment Trusts). The Subfund UBS (Lux) Key Selection SICAV – Global Allocation (EUR) may invest up to 10% of its net assets in UCITS or other UCI.

Up to 25% of Fund assets may also be invested in the commodities asset class through participation in the performance of commodities indices. In doing so, it is ensured at all times that physical delivery to the respective Subfund is excluded. The respective Portfolio Manager achieves such participation by, for example, entering into swaps on the aforementioned indices. In doing so, the respective Subfund is party to the swap transaction and receives the positive performance of the Total Return (TR) commodity indices minus the cash rate used in the index. The notional of the swap can typically be adjusted on a daily basis (for example, in the case of outflows of funds through share subscriptions, share redemptions or a rebalancing of the portfolio when adjusting investment strategy). The counterparty risk ensuing from a swap is the open profit or loss (not the notional of the swap contract). To reduce this risk as far as possible and keep it within the legally permitted framework at all times, the open profits or losses are typically settled once a month or in any case when the legally permitted counterparty risk limits are reached (through what is referred to as a “reset”). The Subfunds may in addition invest in stock market-traded investment funds (exchange traded funds, ETF) on commodity indices, which as a rule use the above-mentioned swaps in order to achieve exposure to commodities. The respective Portfolio Manager may also purchase ETF securities on commodity indices. These are stock market-traded securities whose price is coupled to the development of a commodity index, and which must comply with legally defined criteria. The respective Subfund may also invest in existing UCI and UCITS, in accordance with the above-mentioned investment restrictions, with the emphasis on commodities on condition that these in turn invest exclusively through a participation in commodity indices.

Generally, a portfolio of commodity investments is likely to have higher volatility than a portfolio consisting solely of equities. Therefore, investors should note that the Subfund is suitable for investors who are prepared to accept moderate to high levels of volatility.

UBS (Lux) Key Selection SICAV – Global Allocation (EUR)

Currency of account: EUR

UBS (Lux) Key Selection SICAV – Global Allocation (USD)

Currency of account: USD

UBS (Lux) Key Selection SICAV – Global Allocation (CHF)

Currency of account: CHF

Fees	Maximum flat fee (maximum management fee) p.a.
Share classes with “P” in their name	2.040% (1.630%)
Share classes with “N” in their name	2.500% (2.000%)
Share classes with “K-1” in their name	1.300% (1.040%)
Share classes with “F” in their name	0.650% (0.520%)
Share classes with “Q” in their name	1.020% (0.820%)
Share classes with “I-A1” in their name	0.750% (0.600%)
Share classes with “I-A2” in their name	0.700% (0.560%)
Share classes with “I-A3” in their name	0.650% (0.520%)
Share classes with “I-B” in their name	0.065% (0.000%)
Share classes with “I-X” in their name	0.000% (0.000%)
Share classes with “U-X” in their name	0.000% (0.000%)

UBS (Lux) Key Selection SICAV – Global Allocation Focus Europe (EUR)

The aim of this Subfund is to participate on a broadly diversified basis in the growth potential of the global financial markets, placing emphasis on the European equity and bond markets.

In principle the Subfund makes globally diversified investments in various equity and bond classes of investment. In doing this, the neutral weighting of the various classes according to the Subfund benchmark ensures that, compared with the neutral global market capitalisation (weighting of European equity and bond markets in global equity and bond indices), emphasis is placed on the equities and equity rights and/ or debt securities and claims of companies domiciled or chiefly active in Europe. This creates a bias towards the European equity and bond markets.

To this end, this Subfund invests directly or via existing UCI and UCITS in the framework of the above-described investment policy. Up to 20% of investments may be made directly in bonds rated between BBB- and C (Standard & Poor’s) or with a similar rating from another recognised agency or – insofar as it concerns a new issue that does not yet have an official rating – a comparable internal UBS rating. A maximum 10% of net assets may be invested directly in bonds with a rating between CCC and C.

**Investments rated between BB+ and C may carry an above-average yield, but also a higher solvency risk than investments in securities of first-class borrowers. Investors are expressly informed of the potential increased risk of loss.** The above-mentioned securities correspond to securities as defined in Article 41 of the Law of 2010.

Investments of the Subfund are made in the currencies deemed best suited for good performance and are actively managed in respect of the currency of account.

To achieve a broad spread (diversification) of all investments by markets, sectors, borrowers, ratings and companies, the Subfund may invest up to 100% of its net assets in existing UCI and UCITS, provided the investment policy of the target funds largely accords with the above-mentioned investment policy. This method of invest-

ment and the associated expenses are described in the section “Investments in UCI and UCITS”.

The Subfund may, within the legally permissible framework, also invest in investments focusing on the real estate asset class (e.g. in the form of Real Estate Investment Trusts).

Up to 25% of Fund assets may also be invested in the commodities asset class through participation in the performance of commodities indices. In doing so, it is ensured at all times that physical delivery to the Subfund is excluded. The Portfolio Manager achieves such participation by, for example, entering into swaps on the aforementioned indices. In doing so, the Subfund is party to the swap transaction and receives the positive performance of the Total Return (TR) commodity indices minus the cash rate used in the index. The notional of the swap can typically be adjusted on a daily basis (for example, in the case of outflows of funds through share subscriptions, share redemptions or a rebalancing of the portfolio when adjusting investment strategy). The counterparty risk ensuing from a swap is the open profit or loss (not the notional of the swap contract). To reduce this risk as far as possible and keep it within the legally permitted framework at all times, the open profits or losses are typically settled once a month or in any case when the legally permitted counterparty risk limits are reached (through what is referred to as a “reset”). The Subfund may in addition invest in stock market-traded investment funds (exchange traded funds, ETF) on commodity indices, which as a rule use the above-mentioned swaps in order to achieve exposure to commodities. The Portfolio Manager may also purchase ETF securities on commodity indices. These are stock market-traded securities whose price is coupled to the development of a commodity index, and which must comply with legally defined criteria. The Subfund may also invest in existing UCI and UCITS with the emphasis on commodities on condition that these in turn invest exclusively through a participation in commodity indices.

Generally, a portfolio of commodity investments is likely to have higher volatility than a portfolio consisting solely of equities. Therefore, investors should note that the Subfund is suitable for investors who are prepared to accept moderate to high levels of volatility.

Currency of account: EUR

Fees	Maximum flat fee (maximum management fee) p.a.
Share classes with “P” in their name	2.040% (1.630%)
Share classes with “N” in their name	2.500% (2.000%)
Share classes with “K-1” in their name	1.300% (1.040%)
Share classes with “F” in their name	0.650% (0.520%)
Share classes with “Q” in their name	1.020% (0.820%)
Share classes with “I-A1” in their name	0.750% (0.600%)
Share classes with “I-A2” in their name	0.700% (0.560%)
Share classes with “I-A3” in their name	0.650% (0.520%)
Share classes with “I-B” in their name	0.065% (0.000%)
Share classes with “I-X” in their name	0.000% (0.000%)
Share classes with “U-X” in their name	0.000% (0.000%)

UBS (Lux) Key Selection SICAV – Dynamic Alpha (USD)

The Subfund invests in line with the above-mentioned investment policy in order to participate in the growth potential of the global financial markets on a broadly diversified and dynamically-managed basis.

In so doing, investments of up to 20% of net assets may be made in bonds with a rating between BBB- and C (Standard & Poor’s), a similar rating from another recognised agency or - insofar as it concerns a new issue that does not yet have an official rating - a comparable internal UBS rating, but with no more than 10% of net assets in bonds rated between CCC and C. **Investments rated between BB+ and C may carry an above-average yield, but also a higher solvency risk than investments in securities of first-class borrowers.** The Subfund may be exposed to greater volatility and is therefore particularly suitable for investors with a longer-term orientation.

The above-mentioned securities correspond to securities as defined in Article 41 of the Law of 2010. Subfund investments are made in the currencies that are most suitable for the Subfund’s performance and are actively managed with respect to the currency of account.

To achieve a broad spread (diversification) of all investments in terms of markets, sectors, borrowers, ratings and companies, the Subfund may invest up to 10% of its net assets in UCI and UCITS, provided that the investment policy of the target fund largely accords with the above-mentioned investment policy.

Currency of account: USD

Fees	Maximum flat fee (maximum management fee) p.a.
Share classes with “P” in their name	1.920% (1.540%)
Share classes with “N” in their name	2.500% (2.000%)
Share classes with “K-1” in their name	1.300% (1.040%)
Share classes with “F” in their name	1.000% (0.800%)
Share classes with “Q” in their name	1.200% (0.960%)
Share classes with “I-A1” in their name	1.150% (0.920%)
Share classes with “I-A2” in their name	1.050% (0.840%)

Fees	Maximum flat fee (maximum management fee) p.a.
Share classes with “I-A3” in their name	1.000% (0.800%)
Share classes with “I-B” in their name	0.065% (0.000%)
Share classes with “I-X” in their name	0.000% (0.000%)
Share classes with “U-X” in their name	0.000% (0.000%)

UBS (Lux) Key Selection SICAV – Emerging Markets Income (USD)

The objective of this Subfund is the combination of investments in different asset classes with focus on Emerging Markets in such a way that the portfolio generates high income (e.g. dividends, interest payments, payment streams from derivatives). To achieve this objective, the Subfund could invest in traditional asset classes such as equities and bonds as well as, within the framework of legally permissible instruments, in non-traditional asset classes, focusing for instance on real estate (e.g. in the form of Real Estate Investment Trusts), infrastructure or commodities.

To achieve the investment objective and ensure a broad diversification across asset classes, markets, sectors, issuers, ratings and companies, the Subfund may invest up to 100% of its net assets in UCITS and 30% in other UCI. This method of investment and the associated expenses are described in the section “Investments in UCI and UCITS”. To achieve the investment objective, the Subfund may invest in all legally permissible instruments, thereby making use of derivative financial instruments, which can be used for hedging purposes and/or for participation in the anticipated market development.

Furthermore, the Subfund may invest parts of its assets through participation in the performance of commodities indices or commodities sub-indices. In doing so, it is ensured at all times that physical delivery to the Subfund is excluded. The Portfolio Manager achieves this participation by, for example, entering into swap transactions on the indices/sub-indices. In doing so, the Subfund is party to the swap transaction and receives the performance of the Total Return (TR) commodity index minus the cash rate used in the index. The notional of the swap can typically be adjusted on a daily basis (for example, in the case of outflows of funds through share subscriptions, share redemptions or when adjusting investment strategy). The counterparty risk ensuing from a swap is the open profit or loss (not the notional of the swap contract). To reduce this risk as far as possible and keep it within the legally permitted framework at all times, the open profits or losses are typically settled once a month or in any case when the legally permitted counterparty risk limits are reached (through what is referred to as a “reset”). The Subfund may also invest in Exchange Traded Funds (“ETFs”) on commodities indices and sub-indices, which themselves make use of the previously mentioned swaps to generate commodities exposure. Furthermore, the Subfund may invest in existing UCI and UCITS with an investment focus on commodities, provided that those UCI and UCITS invest exclusively via participation in commodities indices and sub-indices. Where the Subfund participates in the performance of real estate, this primarily takes place through investments in units issued by real estate companies (real estate investment trusts, REITs), UCITS or other UCI which invest either directly or indirectly in real estate.

**The Subfund invests primarily in investments which focus on emerging markets. This means that the Subfund is exposed to specific risks which may be greater than the normal risks inherent in internationally oriented investments. An overview of the general risks with investments focusing on emerging markets is given in the section “Investing in emerging markets”.**

Currency of account: USD

Fees	Maximum flat fee (maximum management fee) p.a.
Share classes with “P” in their name	2.080% (1.660%)
Share classes with “N” in their name	2.750% (2.200%)
Share classes with “K-1” in their name	1.400% (1.120%)
Share classes with “F” in their name	0.800% (0.640%)
Share classes with “Q” in their name	1.120% (0.900%)
Share classes with “I-A1” in their name	0.900% (0.720%)
Share classes with “I-A2” in their name	0.850% (0.680%)
Share classes with “I-A3” in their name	0.800% (0.640%)
Share classes with “I-B” in their name	0.150% (0.000%)
Share classes with “I-X” in their name	0.000% (0.000%)
Share classes with “U-X” in their name	0.000% (0.000%)

UBS (Lux) Key Selection SICAV – EUR Bonds (EUR)

In line with the above-mentioned investment policy, UBS (Lux) Key Selection SICAV – EUR Bonds (EUR) invests at least two-thirds of its assets in debt securities and claims denominated in EUR. These also include all the currencies of the EMU participating countries for as long as these national currencies remain legal tender. Furthermore the Subfund may invest up to one-third of its assets in debt securities and claims denominated in other currencies as well as in equities, equity rights, money market instruments and warrants on securities. In doing this, investments in convertible bonds and warrant-linked bonds must not exceed 25% of net assets. In addition to this, investments in equities and equity rights together with investments in warrants on all investments permitted by Subfund policy must not exceed 10% of net assets. At least two-thirds of the net assets of the Subfund is invested in debt securities and debt claims rated between AAA and BBB- (Standard & Poor’s) or have a similar rating from another recognised agency or – insofar as it concerns a new issue that does not yet have an official rating – a comparable internal UBS rating. The Subfund may

also invest up to one-third of its assets in debt securities and claims with lower ratings, with investments up to a limit of 10% of net assets being made in bonds with a rating of between CCC and C (Standard & Poor's), a similar rating from another recognised agency or – insofar as it concerns a new issue that does not yet have an official rating – a comparable internal UBS rating. Within the framework of its investment policy, the Subfund may invest up to one-third of its assets in other UCITS and UCI in accordance with the section “Investment principles”, point 1.1 g), on condition that the investment policy of the target funds largely accords with the above-mentioned investment policy. This method of investment and the associated expenses are described in the section “Investments in UCI and UCITS”. The Subfund gives due consideration to a broad diversification of all investments according to sectors, issuers and ratings. Investments of lower ratings and particularly those rated between CCC and C may carry an above-average yield, but also a higher solvency risk than investments in securities of first-class borrowers.

Currency of account: EUR

Fees	Maximum flat fee (maximum management fee) p.a.
Share classes with “P” in their name	1.020% (0.820%)
Share classes with “N” in their name	1.200% (0.960%)
Share classes with “K-1” in their name	0.600% (0.480%)
Share classes with “F” in their name	0.420% (0.340%)
Share classes with “Q” in their name	0.600% (0.480%)
Share classes with “I-A1” in their name	0.580% (0.460%)
Share classes with “I-A2” in their name	0.480% (0.380%)
Share classes with “I-A3” in their name	0.420% (0.340%)
Share classes with “I-B” in their name	0.065% (0.000%)
Share classes with “I-X” in their name	0.000% (0.000%)
Share classes with “U-X” in their name	0.000% (0.000%)

UBS (Lux) Key Selection SICAV – Global Alpha Opportunities (EUR)

This Subfund may invest up to 100% of its assets in other collective investment schemes (hereinafter the **“Target Funds”**). The Subfund mainly invests in actively managed Target Funds whose investment focus is on taking long and short positions. The Subfund principally focuses on UCITS wishing to achieve growth by setting up long and short positions by the use of derivatives. The selection of Target Funds is made by the Subfund’s Portfolio Manager following a close examination and selection process, and taking quantitative and qualitative assessments criteria into account. The Subfund may also invest in other permissible investments as described in this Prospectus.

Currency of account: EUR

Fees	Maximum flat fee (maximum management fee) p.a.
Share classes with “P” in their name	2.200% (1.760%)
Share classes with “N” in their name	2.750% (2.200%)
Share classes with “K-1” in their name	1.500% (1.200%)
Share classes with “F” in their name	0.900% (0.720%)
Share classes with “Q” in their name	1.200% (0.960%)
Share classes with “I-A1” in their name	1.100% (0.880%)
Share classes with “I-A2” in their name	1.000% (0.800%)
Share classes with “I-A3” in their name	0.900% (0.720%)
Share classes with “I-B” in their name	0.065% (0.000%)
Share classes with “I-X” in their name	0.000% (0.000%)
Share classes with “U-X” in their name	0.000% (0.000%)

UBS (Lux) Key Selection SICAV – Multi Asset Income (USD)

The objective of this Subfund is the combination of investments in different asset classes in such a way that the portfolio generates high income (dividends, interest payments, payment streams from derivatives and others). Risk diversification and dynamic distribution between the various asset classes have the objective of creating a stable capital base through this cycle, which would not be possible if there were a restriction to a single share class. To this end, within the framework of legally permissible instruments, including globally diversified direct investments or via use of derivative financial instruments or existing UCIs or UCITS, the Subfund may invest both in the classic asset classes of equities and bonds, as well as within the legally permissible framework in investments focusing on the real estate asset class (e.g. in the form of Real Estate Investment Trusts). In line with the above-described investment policy the Subfund invests a maximum of 60% in equities, other share-type capital participations such as cooperative shares, dividend-right certificates and profit participation certificates (equities and equity rights) and warrants on securities. Further information on investments in emerging markets, are referred to in the corresponding section of this Prospectus.

If it appears to be appropriate for reaching the investment objectives, the Subfund may invest all of its assets in debt securities and claims, as described in the general investment policy. Within this asset class, the Subfund may invest up to 100% of its assets in state-guaranteed bonds. The upper limit for investments in inflation-linked notes or corporate bonds is 75% of Subfund assets in each case. A maximum of 50% of the investments of the Subfund may be made in bonds rated between BBB- and C (Standard & Poor’s) or with a similar rating from another recognised agency or – in so far as it concerns a new issue that does not yet have an official rating – a comparable internal UBS rating. **Investments rated between BB+ and C may carry an above-average yield, but also a higher credit risk than investments in securities of first-class borrowers. Investors are expressly informed of the potential increased risk of loss.** The above-mentioned securities correspond to securities as defined in Article 41 of the Law of 2010. The Subfund may invest up to 25% of its assets in emerging markets bonds. Further information relating to investments in Emerging Markets is contained in the corresponding section of the sales prospectus. From 26 November 2012, up to 25% of Fund assets may also be invested in the commodities asset class through participation in the performance of commodities indices. In doing so, it is ensured at all times that physical delivery to the Subfund is excluded. The Portfolio Manager achieves such participation by, for example, entering into swaps on the aforementioned indices. In doing so, the Subfund is party to the swap transaction and receives the positive performance of the Total Return (TR) commodity indices minus the cash rate used in the index. The notional of the swap can typically be adjusted on a daily basis (for example, in the case of outflows of funds through share subscriptions, share redemptions or a rebalancing of the portfolio when adjusting investment strategy). The counterparty risk ensuing from a swap is the open profit or loss (not the notional of the swap contract). To reduce this risk as far as possible and keep it within the legally permitted framework at all times, the open profits or losses are typically settled once a month or in any case when the legally permitted counterparty risk limits are reached (through what is referred to as a “reset”). The Subfund may in addition invest in stock market-traded investment funds (exchange traded funds, ETF) on commodity indices, which as a rule use the above-mentioned swaps in order to achieve exposure to commodities. The Portfolio Manager may also purchase ETF securities on commodity indices. These are stock market-traded securities whose price is coupled to the development of a commodity index, and which must comply with legally defined criteria. The Subfund may also invest in existing UCI and UCITS with the emphasis on commodities on condition that these in turn invest exclusively through a participation in commodity indices. To achieve the investment objectives and to ensure a broad spread (diversification) of all investments by asset classes, markets, sectors, issuers, ratings and companies, the Subfund may invest up to 100% of its net assets in existing UCI and UCITS. This method of investment and the associated expenses are described in the section “Investments in UCI and UCITS”. The Subfund may invest up to 100% of its assets in cash or money market-related securities.

The use of derivatives does not play a core element in achieving the investment strategy, and it is not intended to increase the market risk substantially. To implement the investment objectives and achieve efficient portfolio management, the portfolio manager may, through the use of derivatives (e.g. swap contracts), exchange the performance of significant parts of the portfolio against the performance of other, legally permissible investments for which provision is made in the investment policy in order to profit from the volatility of the asset classes or to achieve significant investment exposure as defined in the investment policy through investment in futures and forwards. To achieve its objectives, the Subfund may make investments on the credit derivatives market by, among other things, investing in credit default swaps (CDS) of individual issuers and in indices of the iTraxx and CDX index family that are based on the CDS of individual issuers. Investments of the Subfund are made in the currencies deemed best suited for good performance and are actively managed in respect of the currency of account. Generally, a portfolio of commodity investments is likely to have higher volatility than a portfolio consisting solely of equities. Therefore, investors should note that the Subfund is suitable for investors who are prepared to accept moderate to high levels of volatility.

Currency of account: USD

Fees	Maximum flat fee (maximum management fee) p.a.
Share classes with “P” in their name	1.480% (1.180%)
Share classes with “N” in their name	2.000% (1.600%)
Share classes with “K-1” in their name	1.100% (0.880%)
Share classes with “F” in their name	0.600% (0.480%)
Share classes with “Q” in their name	0.900% (0.720%)
Share classes with “I-A1” in their name	0.780% (0.620%)
Share classes with “I-A2” in their name	0.700% (0.560%)
Share classes with “I-A3” in their name	0.600% (0.480%)
Share classes with “I-B” in their name	0.065% (0.000%)
Share classes with “I-X” in their name	0.000% (0.000%)
Share classes with “U-X” in their name	0.000% (0.000%)

UBS (Lux) Key Selection SICAV – Emerging Markets Allocation (USD)

The investment objective of the Subfund is to participate in the growth potential of emerging markets. To achieve this objective, the Subfund invests in equities and equity rights and debt securities and debt claims of companies domiciled or chiefly active in emerging markets and in other permissible investments which focus on emerging markets. The Subfund’s investments are made in the currency that is most suitable for performance, and are actively managed with respect to the currency of account.

To achieve the investment objective and ensure a broad diversification according to asset classes, markets, sectors, issuers, ratings and companies, the Subfund may invest up to 100% of its net assets in existing UCI and UCITS. This method of investment and the associated expenses are described in the section "Investments in UCI and UCITS". To achieve the investment objective, the Subfund may invest in all legally permissible instruments, thereby making extensive use of derivative financial instruments. More specifically, the Subfund may buy or sell futures, swaps, non-deliverable forwards and currency options in order to:

- wholly or partially hedge the currency risk of investments forming part of the Subfund's assets against the reference currency of the Subfund. This can be achieved directly (hedging a currency against the reference currency) or indirectly (hedging a currency against a third currency, which is then hedged against the reference currency);
- build up currency positions against the currency of account, other freely convertible currencies or currencies contained in the benchmark.

In particular, up to 25% of the Fund's assets may be invested through participation in the performance of commodities indices or commodities sub-indices. In doing so, it is ensured at all times that physical delivery to the Subfund is excluded. The Portfolio Manager achieves this participation by, for example, entering into swap transactions on the indices/sub-indices. In doing so, the Subfund is party to the swap transaction and receives the performance of the Total Return (TR) commodity index minus the cash rate used in the index. The notional of the swap can typically be adjusted on a daily basis (for example, in the case of outflows of funds through share subscriptions, share redemptions or when adjusting investment strategy). The counterparty risk ensuing from a swap is the open profit or loss (not the notional of the swap contract). To reduce this risk as far as possible and keep it within the legally permitted framework at all times, the open profits or losses are typically settled once a month or in any case when the legally permitted counterparty risk limits are reached (through what is referred to as a "reset"). The Subfund may also invest in Exchange Traded Funds ("ETFs") on commodities indices and sub-indices, which themselves make use of the previously mentioned swaps to generate commodities exposure. Furthermore, the Subfund may invest in existing UCI and UCITS with an investment focus on commodities, provided that those UCI and UCITS invest exclusively via participation in commodities indices and sub-indices.

Generally, a portfolio of commodity investments is likely to have higher volatility than a portfolio consisting solely of equities. Therefore, investors should note that the Subfund is suitable for investors who are prepared to accept moderate to high levels of volatility.

The Subfund invests primarily in investments which focus on emerging markets. This means that the Subfund is exposed to specific risks which may be greater than the normal risks inherent in internationally oriented investments. An overview of the general risks with investments focusing on emerging markets is given in the section "Investing in emerging markets".

Currency of account: USD

Fees	Maximum flat fee (maximum management fee) p.a.
Share classes with "P" in their name	2.080% (1.660%)
Share classes with "N" in their name	2.750% (2.200%)
Share classes with "K-1" in their name	1.400% (1.120%)
Share classes with "F" in their name	0.800% (0.640%)
Share classes with "Q" in their name	1.120% (0.900%)
Share classes with "I-A1" in their name	0.900% (0.720%)
Share classes with "I-A2" in their name	0.850% (0.680%)
Share classes with "I-A3" in their name	0.800% (0.640%)
Share classes with "I-B" in their name	0.145% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)

UBS (Lux) Key Selection SICAV – Commodity Strategy (USD)

The Subfund seeks to provide investors with broad, diversified exposure to the international commodity markets by investing in an actively managed portfolio of commodity indices. The Subfund will allocate its capital to the most frequently traded commodities from sectors such as agriculture (including livestock and grains), energy (including crude oil, natural gas and gasoline), industrial and precious metals (including gold and aluminium) and softs (including coffee and cotton). The Portfolio Manager will actively manage the exposure to commodities, employing both qualitative and quantitative analysis.

The Subfund will invest in indices that are representative of (i) a number of commodities representing a specific sector of the commodity markets ("Sector Commodity Index") or (ii) the broad commodity markets ("Market Commodity Index"). The Subfund may invest in Sector Commodity Indices, provided that its exposure to such indices is limited to 10% of the Net Asset Value, and the aggregate exposure of the Subfund to such indices with exposure exceeding 5% of the Net Asset Value in each index does not exceed 40% of the Subfund's Net Asset Value.

Investments are made in Sector Commodity Indices for diversification purposes. The Subfund's exposure with respect to a Sector Commodity index remains restricted to 10% of its Net Asset Value.

The Subfund focuses indirectly on commodity indices via derivatives (e.g. contracts for difference, total return swaps and options on commodity indices) with the respective index as their underlying asset or which are otherwise linked to the performance of the indices. The Subfund's net exposure built up by such investments corresponds to at least two-thirds and at most 140% of the Subfund's Net Asset Value.

As part of the derivatives contracts, the Subfund may enter into both long and short positions. The derivative contracts must either be negotiated as non-deliverable contracts, or the relevant positions must be liquidated or settled before a physical deliv-

ery is due. In order to meet its obligations relating to liquidation or offsetting of the derivative contracts, the Subfund must have sufficient liquid funds at all times. The Subfund must not engage in physical short sales at any time.

Regardless of whether long or short positions are used, the Subfund will always have a net long exposure in commodities. Thus, the Portfolio Manager can actively overweight or underweight certain commodities, insofar as permitted by law.

Investors should be aware that the use of derivatives may generate leverage. The gross exposure achieved by leverage may amount to a maximum of 400% of the Subfund's Net Asset Value.

To achieve its investment objectives, the Subfund may also invest in equities, equity rights and warrants as well as shares, other equity shares and dividend-right certificates acquired through the exercise of conversion and subscription rights or warrants, issued by companies who develop and offer products or services in the commodity sector.

Furthermore, the Subfund may invest up to 10% of its net assets in other UCITS or UCI within the meaning of Article 41(1)e) of the Law of 2010, including exchange traded undertakings for collective investment whose investment objective and focus comply with those of the Subfund.

The reference currency of the Subfund is the USD. However, investments are made in the currencies that are the most suitable for the performance of the Subfund. For such investments, the Subfund will actively manage currency risks by using derivatives such as currency forwards and currency options.

The Subfund may make use of all techniques and instruments which are listed in the "Special techniques and instruments whose underlying assets are securities and money market instruments" section, as long as the restrictions specified therein are observed.

The Subfund can invest up to 100% of the Net Asset Value in cash, cash equivalents and short-dated instruments including, but not limited to, government securities, securities issued by corporations and time deposits, money market funds and other money market instruments. Other money market instruments may include, but not be limited to certificates of deposit, fixed or floating rate notes and fixed or variable rate commercial papers (which are considered investment grade or above as rated by one or more of the principal rating agencies) and in sight and cash deposits denominated in such currency or currencies as the Portfolio Manager may determine. Though investment in money market funds and money market instruments is not a primary investment focus of the Subfund, the Subfund will be significantly invested in these. In particular, the Subfund will ensure that it always has sufficient liquidity in its portfolio in order to be able, at all times, to draw on the derivative transaction-related securities (especially collateral and margin calls) to be furnished. Generally, a portfolio of diversified commodity investments is likely to have higher volatility than a portfolio of equities. Therefore, investors should note that the Subfund is suitable for investors who are prepared to accept moderate to high levels of volatility.

Currency of account: USD

Fees	Maximum flat fee (maximum management fee) p.a.
Share classes with "P" in their name	1.700% (1.360%)
Share classes with "N" in their name	2.500% (2.000%)
Share classes with "K-1" in their name	1.080% (0.860%)
Share classes with "F" in their name	0.550% (0.440%)
Share classes with "Q" in their name	1.020% (0.820%)
Share classes with "I-A1" in their name	0.750% (0.600%)
Share classes with "I-A2" in their name	0.650% (0.520%)
Share classes with "I-A3" in their name	0.550% (0.440%)
Share classes with "I-B" in their name	0.115% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)

UBS (Lux) Key Selection SICAV – All-Rounder (EUR)

The Subfund is a feeder structure following Art. 77 of the Law of 2010. It invests at least 85% of its net assets in shares of the UBS (Lux) SICAV 1 - All-Rounder (USD) ("the Master UCITS"). The Subfund may hold up to 15% of its net assets in: a) ancillary liquid assets in accordance with Article 41, paragraph (2), second sub-paragraph of the Law of 2010; b) financial derivative instruments, which may be used only for hedging purposes, in accordance with Article 41 paragraph (1), point g) and Article 42, paragraphs (2) and (3) of the Law of 2010. The Master UCITS is the Subfund of an undertaking for collective investment in accordance with Part I of the Law of 2010, which is managed by the same management company as the feeder UCITS. Detailed information related to the Master UCITS may be obtained in the sales prospectus of UBS (Lux) SICAV 1 and on [www.ubs.com/funds](http://www.ubs.com/funds).

The objective of the Master UCITS is the combination of investments in different asset classes in such a way that the risk and return amounts of individual asset classes do not dominate in any phase of a typical economic cycle. This is intended to prevent extreme fluctuations in value to the greatest possible extent. To this end, within the framework of legally permissible instruments, including globally diversified direct investments or via use of derivative financial instruments or existing UCI or UCITS, the Master UCITS may invest both in the classic asset classes of equities and bonds, as well as within the legally permissible framework in investments focusing on the real estate asset class (e.g. in the form of real estate companies).

Up to 25% of the Master UCITS assets may also be invested in the commodities asset class through participation in the performance of commodities indices. In doing so, it is ensured at all time that physical delivery to the Subfund is excluded. The Portfolio Manager achieves such participation by, for example, entering into swaps on the aforementioned indices. In doing so, the Master UCITS is party to the swap transaction and receives the positive performance of the Total Return (TR) Commod-

ity index minus the cash rate used in the index. The notional of the swap can typically be adjusted on a daily basis (for example, in the case of outflows of funds through share subscriptions, share redemptions or a rebalancing of the portfolio when adjusting investment strategy). The counterparty risk ensuing from a swap is the open profit or loss (not the notional of the swap contract). To reduce the risk as far as possible and keep it within the legally permitted framework at all times, the open profits or losses are typically settled once a month or in any case when the legally permitted counterparty risk limits are reached (through what is referred to as a “reset”). The Master UCITS may also invest in Exchange Traded Funds (“ETFs”) on commodities indices, which themselves make use of the previously mentioned swaps to generate commodities exposure. In addition, the Portfolio Manager of the Master UCITS may also purchase ETF securities on commodity indices. These are stock market-traded securities whose prices are coupled to the development of a commodity index, and which must comply with legally defined criteria. The Master UCITS may also invest in existing UCI and UCITS with an investment focus on commodities, provided that those UCI and UCITS invest exclusively via participation in commodities indices.

In line with the above-described investment policy, the Master UCITS invests a maximum of 60% in equities, other share-type capital participations such as cooperative shares, dividend-right certificates and profit participation certificates (equities and equity rights) and warrants on securities.

If it seems to be appropriate for achieving the investment objectives, the Master UCITS may invest all of its Fund assets in debt securities and claims, as described in the general investment policy. Within this asset class, the Master UCITS may invest up to 100% of its assets in state-guaranteed bonds. The upper limit for investments in inflation-linked notes or corporate bonds is 75% of Master UCITS assets in each case. The Master UCITS may invest a total of up to 20% of its assets in high-yield bonds and emerging-market bonds. In doing so, up to 40% of Master UCITS investments may be held in bonds with a rating between BBB- and C (Standard & Poors), a similar rating from another recognised agency or – insofar as it concerns with a new issue that does not yet have an official rating – a comparable internal UBS rating, but with no more than 20% in bonds rated between CCC and C. **Investments rated between BB+ and C may carry and above-average yield, but also a higher credit risk than investments in securities of first-class borrowers. Investors are expressly informed of the potential increased risk of loss.**

The above-mentioned securities correspond to securities as defined in Article 41 of the Law of 2010.

To achieve the investment objectives and to ensure a broad spread (diversification) of all investments in terms of asset classes, markets, sectors, issuers, rating and companies, the Master UCITS may invest up to 100% of its net assets in existing UCI and UCITS. This method of investment and the associated expenses are described in the section of the sales prospectus entitled “Investments in UCI and UCITS”.

The Master UCITS may invest up to 100% of its net assets in cash or money market-related securities. To achieve its investment policy, the Subfund may also make extensive use of derivative financial instruments and/or resort to more complex strategies. To implement the investment objectives and achieve efficient portfolio management, the Portfolio Manager may, through the use of derivatives (e.g. swap contracts) exchange the performance of significant parts of the portfolio for that of other, legally permissible investments for which provision is made in the investment policy in order to profit from the volatility of the asset classes or to achieve significant investment exposure as defined in the investment policy through investments in options, futures and forwards.

To achieve its objectives, the Master UCITS may make investments on the credit derivatives market by, among other things, investing in credit default swaps (CDS) of individual issuers and in indices of the iTraxx and CDX index family that are based on the CDS of individual issuers.

The Master UCITS holds no direct investments in asset backed securities (ABS).

The Master UCITS’ investments are made in the currency that is most suitable for performance, and are actively managed with respect to the currency of account.

The Master UCITS entails investments in currency forwards denominated in a currency other than the currency of account (USD) in order to hedge the net asset value of a shareclass type, which is calculated in USD against other currencies. Although it will not be possible to hedge the full net asset value of the share classes not denominated in USD against currency fluctuations of the USD against the respective currencies, the Master UCITS intends, under normal conditions, to use the above transactions to secure a currency hedge for USD against the respective currencies of the share classes equivalent to between 90% and 110% of the net asset value. Changes in the value of the hedged sections of the portfolio and the volume of subscription and redemption requests for shares not denominated in USD may, however, result in the level of currency hedging temporarily surpassing the stated limits.

Generally, a portfolio of commodity investments is likely to have higher volatility than a portfolio consisting solely of equities. Therefore, investors should note that the Subfund is suitable for investors who are prepared to accept moderate to high levels of volatility.

As the Subfund does not have to invest its total net assets in units of the Master UCITS, the performance may substantially deviate from that of the Master UCITS.

If the Master UCITS, regardless of Article 28(1)(b) of the Law of 2010, temporarily suspends the redemption, pay-out or subscription of its units on its own initiative or at the request of the Commission de Surveillance du Secteur Financier (“CSSF”), the Subfund, as its feeder UCITS, is entitled to suspend the redemption, pay-out or subscription of its units during the same time period as its Master UCITS, regardless of the formulated conditions in Article 28(5) of the Law of 2010.

In addition, any liquidation of the Master UCITS leads to the liquidation of this Subfund, unless the Company passes one of the measures listed in Article 79(4) of the Law of 2010 and is approved by the CSSF. Any merger of the master UCITS with another UCITS leads to the liquidation of this Subfund, unless the Company passes one of the measures listed in Article 79(5) of the Law of 2010 and is approved by the CSSF.

The Master UCITS does not charge any subscription or redemption fees for the feeder UCITS investing in its units or their acquisition. At Master UCITS level, no flat fee will be charged for the share classes of the Master UCITS in which the Subfund invests. However, certain costs may be incurred at Master UCITS level. As the cost bearing rules of the Master UCITS correspond to those of the Subfund, please refer to the section “Expenses paid by the Company”.

According to Article 175(a) of the Law of 2010, the Subfund is exempt from the tax d’abonnement (for details, please refer to the section “Taxation”) regarding its investments in the Master UCITS.

The Management Company takes appropriate measures regarding the

- mitigation of conflicts of interest that may arise between feeder UCITS and Master UCITS or between feeder UCITS and other investors of the Master UCITS;
- agreement on the frequency and scheduling of the calculation and publishing of the net asset value, in order to prevent market timing and arbitrage opportunities;
- agreement on the forwarding of orders by the Subfund;
- communication and notification of events with effects on trade agreements;
- agreement on the drafting of periodic reports.

The Management Company also issues a list of the Master UCITS’s share classes in which the Subfund may invest, as well as the costs and expenses to be borne by the Subfund. Furthermore, the Management Company shall lay down the basis for the calculation of orders which are denominated in another currency at Master UCITS level, as far as shares of the Subfund are affected.

Currency of account: EUR

Fees	Maximum flat fee (maximum management fee) p.a.
Share classes with “P” in their name	1.320% (1.060%)
Share classes with “N” in their name	2.000% (1.600%)
Share classes with “K-1” in their name	0.900% (0.720%)
Share classes with “F” in their name	0.500% (0.400%)
Share classes with “Q” in their name	0.780% (0.620%)
Share classes with “I-A1” in their name	0.640% (0.510%)
Share classes with “I-A2” in their name	0.580% (0.460%)
Share classes with “I-A3” in their name	0.500% (0.400%)
Share classes with “I-B” in their name	0.065% (0.000%)
Share classes with “I-X” in their name	0.000% (0.000%)
Share classes with “U-X” in their name	0.000% (0.000%)

#### UBS (Lux) Key Selection SICAV – Smart Allocator (USD)

The objective of this Subfund is to deliver attractive and stable returns from investments across different asset classes while managing the portfolio’s overall risk exposure and aiming to allocate risk evenly between asset classes. This risk allocation approach combined with systematic risk management aims to create a stable capital base through the business cycle and reduce drawdowns in adverse market scenarios. The Subfund will invest a maximum of two-thirds of its net assets in equities or equity-type instruments, a maximum of 140% of its net assets in rate-sensitive securities or instruments, a maximum of 140% in credit-sensitive securities or instruments, as well as a maximum of two-thirds of its net assets in commodity-related instruments. Deemed as rate-sensitive instruments are futures contracts on government bonds, but not securities with a maturity of less than one year of residual maturity. In particular, CDS on credit indices are deemed as credit-sensitive instruments. The Subfund may invest up to 10% of its net assets in UCITS or other UCI. In order to achieve the investment objective, the Subfund may also invest in all other legally permissible instruments, as well as structured products, certificates and derivative financial instruments which can be used to increase or decrease the market exposure of the portfolio.

This also applies to those parts of Fund assets that participate in the performance of commodity indices or commodity subindices, respectively. In doing so, it is ensured at all times that physical delivery to the Subfund is excluded. The Portfolio Manager achieves this participation by, for example, entering into swap transactions on the respective indices/subindices. In doing so, the Subfund is party to the swap transaction and receives the performance of the Total Return (TR) commodity index, minus the cash rate used in the index. The notional of the swap can typically be adjusted on a daily basis (for example, in the case of inflows of funds through share subscriptions, outflows from share redemptions or when adjusting the investment strategy). The counterparty risk ensuing from a swap is the open profit or loss (not the notional of the swap contract). In order to reduce this risk as far as possible and keep it within the legally permitted framework at all times, the open profits or losses are typically settled on a monthly or quarterly basis or, in any case, when the legally permitted counterparty risk limits are reached (through what is referred to as a “reset”). The Subfund may invest in UCI and UCITS with an investment focus on commodities, including ETFs, provided that these invest exclusively in commodities indices and commodities subindices.

The use of derivatives is a core element in achieving the investment objectives and it is intended that derivatives will be used to both increase and decrease the market exposure of the portfolio. Investors should be aware that the use of derivatives may generate leverage.

The Subfund’s investments are made in the currencies that are most suitable for performance, and are actively managed with respect to the Subfund’s currency of account. The Subfund may invest up to 100% of its assets in liquid funds or money market-related securities e.g. securities with a maturity of less than one year of residual maturity.

**The Subfund is authorised to invest up to 100% of its net assets in securities and money market instruments from various issues that are guaranteed or issued by an EU Member State or its local authorities, an OECD Member State, Russia, Brazil, Indonesia or Singapore, or by international organisations under public law to which one or more EU Member States belong. These securities or money market instruments shall be divided into at least six different issues, with securities or money market instruments from a single issue not exceeding 30% of the total net assets of the Subfund.**

Currency of account: USD

<b>Fees</b>	<b>Maximum flat fee (maximum management fee) p.a.</b>
Share classes with "P" in their name	1.500% (1.200%)
Share classes with "N" in their name	1.800% (1.440%)
Share classes with "K-1" in their name	1.100% (0.880%)
Share classes with "F" in their name	0.600% (0.480%)
Share classes with "Q" in their name	1.020% (0.820%)
Share classes with "I-A1" in their name	0.850% (0.680%)
Share classes with "I-A2" in their name	0.750% (0.600%)
Share classes with "I-A3" in their name	0.600% (0.480%)
Share classes with "I-B" in their name	0.065% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)

### UBS (Lux) Key Selection SICAV – Asian Global Strategy Balanced (USD)

The aim of the investment policy is to combine investment earnings and appreciation within the framework of a globally oriented portfolio with an increased concentration on Asia.

In order to reach this goal, the Subfund primarily invests in traditional asset classes such as shares and bonds. Within the legally permissible bounds, the Subfund may also invest in non-traditional asset classes such as real estate and commodities. In addition, the Subfund may also invest in liquid funds or near-money market instruments. In order to fulfil its investment objective and achieve broad diversification, the Subfund may invest up to 100% of its net assets in UCITS and 30% of its net assets in other UCI. This method of investment and the associated expenses are described in the section "Investments in UCI and UCITS". In order to fulfil its investment objective, the Subfund may also invest in all other legally permissible instruments, including structured products, certificates and other derivative financial instruments, which can be used for hedging purposes and/or for participating in the anticipated market development.

This also applies to those parts of Fund assets that participate in the performance of commodity indices or commodity subindices, respectively. In doing so, it is ensured at all times that physical delivery to the Subfund is excluded. The Portfolio Manager achieves this participation by, for example, entering into swap transactions on the respective indices/subindices. In doing so, the Subfund is party to the swap transaction and receives the performance of the Total Return (TR) commodity index, minus the cash rate used in the index. The notional of the swap can typically be adjusted on a daily basis (for example, in the case of inflows of funds through share subscriptions, outflows from share redemptions or when adjusting the investment strategy). The counterparty risk ensuing from a swap is the open profit or loss (not the notional of the swap contract). To reduce this risk as far as possible and keep it within the legally permitted framework at all times, the open profits or losses are typically settled once a month or in any case when the legally permitted counterparty risk limits are reached (through what is referred to as a "reset"). The Subfund may invest in UCI and UCITS with an investment focus on commodities, including ETFs, provided that these invest exclusively in commodities indices and commodities subindices.

Where the Subfund participates in the performance of real estate, this primarily takes place through investments in units issued by real estate companies (real estate investment trusts, REITs), UCITS or other UCI which invest either directly or indirectly in real estate.

The Subfund invests a substantial portion of its assets in emerging markets. This means that the Subfund is exposed to specific risks which may be greater than the normal risks inherent in internationally oriented investments. An overview of the general risks with investments focussing on emerging markets is given in the section "Investing in emerging markets".

Currency of account: USD

<b>Fees</b>	<b>Maximum flat fee (maximum management fee) p.a.</b>
Share classes with "P" in their name	1.880% (1.500%)
Share classes with "N" in their name	2.500% (2.000%)
Share classes with "K-1" in their name	1.300% (1.040%)
Share classes with "F" in their name	0.800% (0.640%)
Share classes with "Q" in their name	1.120% (0.900%)
Share classes with "I-A1" in their name	1.000% (0.800%)
Share classes with "I-A2" in their name	0.900% (0.720%)
Share classes with "I-A3" in their name	0.800% (0.640%)
Share classes with "I-B" in their name	0.145% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)

### Investments in UCI and UCITS

Subfunds that have invested at least half of their assets in existing UCI and UCITS in accordance with their particular investment policies have the structure of a fund of funds.

The general advantage of a fund of funds compared with direct investment in specific funds is the broader diversification or spread of risk. In a fund of funds, portfolio diversification extends not only to its own investments because the investment objects (target funds) themselves are also governed by the stringent principles of risk diversification. A fund of funds enables the investor to invest in a product which spreads its risks on two levels and thereby minimises the risks inherent in the individual investment objects, the investment policy of the UCITS and UCI in which most investments are made being required to accord as far as possible with the Company's investment policy. The Company additionally permits investment in a single product, by which means the investor gains an indirect investment in numerous securities.

Certain commission payments and expenses may occur more than once when investing in existing funds (for example, commission for the Custodian Bank and the central Administrative Agency, management/advisory fees and issuing/redemption commission of the UCI and/or UCITS in which an investment is made). Such commission payments and expenses are charged at the level of the target fund as well as of the fund of funds.

The Subfunds may also invest in UCI and/or UCITS managed by UBS AG or by a company with which it is associated through common management or control or through a substantial direct or indirect stake. In this case, no issuing or redemption commission will be charged on subscription to or redemption of these units. The twofold charging of commission and expenses referred to above does however remain.

The section "Expenses paid by the Company" presents the general costs and the expenses of investing in existing funds.

For the Subfund UBS (Lux) Key Selection SICAV – Global Alpha Opportunities (EUR), in case the net asset value per share is calculated on the basis of the estimated net asset value of different Target Funds available prior to the time of calculation of the net asset value of the Subfund, the net asset value per share will not be adjusted in case of discrepancies between the estimated net asset value and the official net asset value of these Target Funds only available after the time of calculation of the net asset value of the Subfund.

### Investing in emerging markets

The term "emerging markets" is used to describe markets included in the International Finance Corporation Composite Index and/or the MSCI Emerging Markets Index and other countries which are at a comparable level of economic development, or in which there are new equity markets.

Emerging markets are at an early stage of development and suffer from increased risk of expropriation, nationalisation and social, political and economic insecurity.

Below is an overview of the general risks involving emerging markets:

- Counterfeit securities - due to the weakness in supervisory structures, securities purchased by the Subfund may be counterfeit. Hence it is possible to suffer losses.
- Liquidity difficulties - the buying and selling of securities can be costlier, lengthier and in general more difficult than is the case in more developed markets. Difficulties with liquidity can also increase price volatility. Many emerging markets are small, have low trading volumes and suffer from low liquidity and high price volatility.
- Currency fluctuations - the currencies of countries in which the Subfund invests, compared with the currency of account of the Subfund, can undergo substantial fluctuations once the Subfund has invested in these currencies. Such fluctuations may have a significant effect on the Subfund's income. It is not possible to apply currency risk hedging techniques to all currencies in emerging market countries.
- Currency export restrictions - it cannot be excluded that emerging markets limit or temporarily suspend the export of currencies. Consequently, it is not possible for the Subfund to draw any sales proceeds without delays. To minimise the possible impact on redemption applications, the Subfund will invest in a large number of markets.
- Settlement and custody risks - the settlement and custody systems in emerging market countries are not as well developed as those in developed markets. Standards are not as high and the supervisory authorities not as experienced. Consequently, settlement may be delayed, thereby posing disadvantages for liquidity and securities.
- Restrictions on buying and selling - in some cases, emerging markets can place restrictions on the buying of securities by foreign investors. Some equities are thus not available to the Subfund because the maximum number allowed to be held by foreign shareholders has been exceeded. In addition, the participation of foreign investors in the net income, capital and distributions may be subject to restrictions or government approval. Emerging markets may also limit the sale of securities by foreign investors. Should the Subfund be barred due to such a restriction from selling its securities in an emerging market, it will try to obtain an exceptional approval from the authorities responsible or to counter the negative impact of this restriction through its investments in other markets. The Subfund will only invest in markets in which the restrictions are acceptable. However, it is not possible to prevent additional restrictions from being imposed.
- Accounting - the accounting, auditing and reporting standards, methods, practices and disclosures required by companies in emerging markets differ from those in developed markets in respect of content, quality and the deadlines for providing information to investors. It may thus be difficult to correctly evaluate the investment options.

Subfunds are addressed to risk-conscious investors depending on the weightings of investments in emerging markets in the individual Subfunds. On this, please refer to the section "Profile of the typical investor" in this sales prospectus.

### Use of derivatives

While observing the restrictions stipulated in Section 2 "Risk diversification", the Company may employ derivative financial instruments for each Subfund. Derivative financial instruments are instruments that derive their value from other finance instruments (so-called underlyings).

Derivatives may be conditional or unconditional. Conditional derivatives (contingent claims) are those that give a party to the legal transaction the right, but not the obligation, to use a derivative instrument (e.g. an option). Unconditional derivatives

(futures) impose the obligation on both parties to provide the service owed at a specific time defined in the contract (e.g. forwards, futures, swaps). The derivatives are traded on stock exchanges (exchange-traded derivatives), as well as over the counter (OTC derivatives). In the case of derivatives traded on a stock exchange (e.g. futures), the stock exchange itself is also one of the parties in each transaction. These transactions are cleared and settled through a clearing house (clearing agent). OTC derivatives (e.g. forwards and swaps) are entered into directly by two parties, whereas exchange-traded derivatives are entered into using a middleman.

### Risks connected with the use of derivatives

Investments in derivatives are subject to general market risk, settlement risk, credit risk and liquidity risk.

However, the nature of these risks may be altered as a result of the special features of the derivative financial instruments, and may in some cases be higher than the risks associated with an investment in the underlying instrument.

For this reason, the use of derivatives requires not only an understanding of the underlying instrument, but also in-depth knowledge of the derivatives themselves. With derivatives, the credit risk is the risk that a party may not meet (or cannot meet) its obligations under a specific or multiple contracts. The credit risk for derivatives traded on a stock exchange is, generally speaking, lower than that of OTC derivatives traded on the open market, because the clearing agent that acts as counterparty of every market-traded derivative accepts a settlement guarantee (see above). To reduce the overall risk of default, the guarantee is supported by a daily payment system maintained by the clearing agent, in which the assets required for cover are calculated (see below). Despite derivatives not possessing any such settlement guarantee, their default risk is generally limited by the investment restrictions set out in the section entitled "Investment principles", sub-section "Risk diversification". Even in cases where the difference between the mutually owed payments (e.g. interest rate swaps, total return swaps) is owed, as opposed to the delivery or exchange of the underlying assets (e.g. options, forwards, credit default swaps), the Fund's potential loss is limited to this difference in the event of default by the counterparty.

The credit risk can be reduced by depositing collateral. To trade derivatives on a stock exchange, participants must deposit collateral with a clearing agent in the form of liquid funds (initial margin). The clearing agent will evaluate (and settle, where appropriate) the outstanding positions of each participant, as well as re-evaluate the existing collateral on a daily basis. If the collateral's value falls below a certain threshold (maintenance margin), the participant in question will be required by the clearing agent to bring this value up to its original level by paying in additional collateral (variation margin). With OTC derivatives, this credit risk may also be reduced by the respective counterparty providing collateral (see below), by offsetting different derivative positions that were entered into with this counterparty, as well as through a careful selection process for counterparties (see the section entitled "Investment principles", sub-section "Permitted investments of the Company", point 1.1(g), indent 4).

There are also liquidity risks, as it may be difficult to buy or sell certain instruments. When derivative transactions are particularly large, or the corresponding market is illiquid (as may be the case with OTC derivatives traded on the open market), it may in some cases not always be possible to fully execute a transaction, or else it may only be possible to liquidate a position subject to high costs.

Other risks associated with the use of derivatives include the risk of incorrectly valuing or determining the price of derivatives. There is also the possibility that derivatives do not completely correlate with their underlying assets, interest rates or indices. Many derivatives are complex and are frequently subjectively valued. Inappropriate valuations can result in higher cash payment requirements in relation to counterparties or in a loss of value for the respective Subfund.

### Risk management

Risk management in accordance with the commitment approach and the value-at-risk approach is applied pursuant to the applicable laws and regulatory provisions. In line with CSSF circular 13/559 (on the ESMA guidelines on ETFs and other UCITS issues), the risk management procedure will also be applied within the scope of collateral management (see sub-section "Collateral management" below) and the techniques and instruments for the efficient management of the portfolio (see the section entitled "Special techniques and instruments that have securities and money market instruments as underlying assets") at the latest after expiry of the transitional period set out in CSSF circular 13/559.

### Leverage

Leverage is defined pursuant to the applicable ESMA directives and CSSF Circular 11/512 as the total of the nominal values of the derivatives used by the respective Subfund. According to the definition, leverage may result in artificially increased leverage amounts, as some derivatives that can be used for hedging purposes may be included in the calculation. Consequently, this information does not necessarily reflect the precise actual leverage risk that the investor is exposed to.

Where applicable, the expected leverage is expressed in the table below as a ratio between the total of the nominal value and the net asset value of the respective Subfund and is based on historical data (25/07/2013). For Subfunds which have not yet been launched, the expected leverage value will be calculated on the basis of a model portfolio or on the investments of a comparable Subfund. Greater leverage amounts may be attained for all Subfunds, under certain circumstances.

Subfund	Global risk calculation method	Expected leverage value	Reference portfolio
UBS (Lux) Key Selection SICAV – Dynamic Alpha (USD)	Absolute VaR approach	3.00	n/a
UBS (Lux) Key Selection SICAV – Active Defense 5 (CHF)	Absolute VaR approach	0.50	n/a
UBS (Lux) Key Selection SICAV – Active Defense 5 (EUR)	Absolute VaR approach	0.50	n/a
UBS (Lux) Key Selection SICAV – Active Defense 5 (USD)	Absolute VaR approach	0.50	n/a
UBS (Lux) Key Selection SICAV – Asian Equities (USD)	Commitment approach	n/a	n/a
UBS (Lux) Key Selection SICAV – EUR Bonds (EUR)	Commitment approach	n/a	n/a
UBS (Lux) Key Selection SICAV – European Core Equities (EUR)	Commitment approach	n/a	n/a

Subfund	Global risk calculation method	Expected leverage value	Reference portfolio
UBS (Lux) Key Selection SICAV – Global Allocation (CHF)	Relative VaR approach	1.50	The reference portfolio reflects the properties of a broadly diversified portfolio of international shares and government bonds, US bonds below investment grade level and emerging market bonds.
UBS (Lux) Key Selection SICAV – Global Allocation (EUR)	Relative VaR approach	1.50	The reference portfolio reflects the properties of a broadly diversified portfolio of international shares and government bonds, US bonds below investment grade level and emerging market bonds.
UBS (Lux) Key Selection SICAV – Global Allocation (USD)	Relative VaR approach	1.00	The reference portfolio reflects the properties of a broadly diversified portfolio of international shares and government bonds, US bonds below investment grade level and emerging market bonds.
UBS (Lux) Key Selection SICAV – Global Allocation Focus Europe (EUR)	Relative VaR approach	1.50	The reference portfolio reflects the properties of a broadly diversified portfolio of shares, government bonds, bonds below investment grade level and emerging market bonds with a special focus on Europe.
UBS (Lux) Key Selection SICAV – Global Alpha Opportunities (EUR)	Absolute VaR approach	0.50	n/a
UBS (Lux) Key Selection SICAV – Global Equities (USD)	Commitment approach	n/a	n/a
UBS (Lux) Key Selection SICAV – Global Real Estate Securities (USD)	Commitment approach	n/a	n/a
UBS (Lux) Key Selection SICAV – Multi Asset Income (USD)	Absolute VaR approach	0.50	n/a
UBS (Lux) Key Selection SICAV – Emerging Markets Allocation (USD)	Relative VaR approach	1.00	The reference portfolio reflects the properties of a broadly diversified portfolio of emerging market shares and bonds as well as commodities.
UBS (Lux) Key Selection SICAV – Commodity Strategy (USD)	Relative VaR approach	1.00	The reference portfolio reflects the properties of a broadly diversified portfolio of commodities.
UBS (Lux) Key Selection SICAV – Smart Allocator (USD)	Absolute VaR approach	2.50	n/a
UBS (Lux) Key Selection SICAV – Real Value (EUR)	Relative VaR approach	1.50	The reference portfolio reflects the properties of a broadly diversified portfolio, which invests in the performance of international shares, real estate and commodities, as well as inflation-linked and emerging market bonds.
UBS (Lux) Key Selection SICAV – Emerging Markets Income (USD)	Relative VaR approach	0.50	The reference portfolio reflects the properties of a broadly diversified portfolio, which combines investment grade and non-investment grade bonds and shares from emerging markets.
UBS (Lux) Key Selection SICAV – Asian Global Strategy Balanced (USD)	Relative VaR approach	0.50	The reference portfolio reflects the properties of a broadly diversified portfolio of worldwide shares, as well as corporate and government bonds, with a special focus on Asia.

### Collateral Management

If the Company enters into OTC transactions, it may be exposed to risks related to the creditworthiness of the OTC counterparties: when the Company enters into futures contracts, options and swap transactions or uses other derivative techniques it is subject to the risk that an OTC counterparty may not meet (or cannot meet) its obligations under a specific or multiple contracts. Counterparty risk can be reduced by depositing collateral (see above).

Collateral may be provided in the form of liquid assets in highly liquid currencies, highly liquid equities and first-rate government bonds. The Company will only accept such financial instruments as collateral, which would allow it (after objective and appropriate valuation) to liquidate these within an appropriate time period. The Company, or a service provider appointed by the Company, must assess the collateral's value at least once a day. The collateral's value must be higher than the value of the position of the respective OTC counterparty. However, this value may fluctuate between two consecutive valuations. After each valuation, however, it is ensured (where appropriate, by requesting additional collateral) that the collateral is increased by the desired amount to meet the value of the respective OTC counterparty's position (mark-to-market). In order to adequately take into account the risks related to the collateral in question, the Company determines whether the value of the collateral to be requested should be increased, or whether this value should be depreciated by an appropriate, conservatively measured amount (haircut). The larger the collateral's value may fluctuate, the higher the markdown. The markdown is highest for equities. Securities deposited as collateral may not have been issued by the corresponding OTC counterparty or have a high correlation with this OTC counterparty. Securities deposited as collateral are held by the Custodian Bank/Custodian in favour of the Company and may not be sold, invested or pledged by the Company.

The Company shall ensure that the collateral transferred to it is adequately diversified, particularly regarding geographic dispersal, diversification across different markets and diversification of the concentration risk. The latter is considered to be sufficiently diversified if securities and money market instruments held as collateral and issued by a single issuer do not exceed 20% of the respective Subfund's net assets.<sup>1</sup> Collateral that is deposited in the form of liquid funds may be invested by the Company. Investments may only be made in: sight deposits or deposits at notice in accordance with point 1.1(f) of Section 1 "Permitted investments of the Company"; high-quality government bonds; repurchase transactions within the meaning of Section 4 "Special techniques and instruments that have securities and money market instruments as underlying assets", provided that the counterparty to this transaction is a credit institute within the meaning of point 1.1(f) of Section 1 "Permitted investments of the Company" and the Company has the right to cancel the transaction at any time and to request the back transfer of the amount invested (incl. accrued interest); short-term money-market funds within the meaning of CESR Guidelines

<sup>1</sup> This regulation will be implemented at the latest upon expiry of the transitional period set out in CSSF circular 13/559, unless already currently applicable due to other applicable provisions.

10-049 regarding the definition of European money-market instruments. The restrictions listed in the previous paragraph also apply to the diversification of the concentration risk.

Bankruptcy and insolvency events or other credit events with the Custodian bank or within their subcustodian/correspondent bank network may result in the rights of the Company in connection with the security to be delayed or restricted in other ways. If the Company is owed a security pursuant to an applicable agreement, then any such security is to be transferred to the OTC counterparty as agreed between the Company and the OTC counterparty. Bankruptcy and insolvency events or other credit events with the OTC counterparty, the Custodian Bank or within their subcustodian/correspondent bank network may result in the rights or recognition of the Company in connection with the security to be delayed, restricted or even eliminated, which would go so far as to force the Company to fulfil its obligations in the framework of the OTC transaction, in spite of any security that had previously been made available to cover any such obligation. The Company shall decide on an internal framework agreement that determines the details of the above-mentioned requirements and values, particularly regarding the types of collateral accepted the amounts to be added to and subtracted from the respective collateral, as well as the investment policy for liquid funds that are deposited as collateral. This framework agreement is reviewed and adapted where appropriate by the Company on a regular basis.

#### Net asset value, issue, redemption and conversion price

The net asset value and the issue, redemption and conversion price per share of each Subfund or share class are expressed in the currency of account of the Subfund or share class concerned and are calculated every business day by dividing the overall net assets of the Subfund attributable to each share class by the number of shares issued in this share class of the Subfund.

The net asset value calculated for a GAO business day of the UBS (Lux) Key Selection SICAV – Global Alpha Opportunities (EUR) Subfund will be published no later than on the third banking day after the corresponding GAO business day.

The percentage of the net asset value attributable to each share class of a Subfund changes each time shares are issued or redeemed. It is determined by the ratio of the shares issued in each share class to the total number of shares issued in the Subfund, taking into account the fees charged to that share class.

If the total subscriptions or redemptions of all the share classes of a Subfund on a single trading day come to a net capital inflow or outflow, the respective Subfund's net asset value may be increased or reduced accordingly (so-called single swing pricing). The maximum adjustment amounts to 2% of the net asset value. Estimated transaction costs and tax charges that may be incurred by the Subfund as well as the estimated bid/offer spread of the assets in which the Subfund invests may be taken into account. The adjustment leads to an increase in net asset value if the net movements result in a rise in the number of shares in the Subfund concerned. It results in a reduction of net asset value if the net movements bring about a fall in the number of shares. The Board of Directors of the Management Company can set a threshold value for each Subfund. This may consist in the net movement on a trading day in relation to the net Fund assets or to an absolute amount in the currency of the Subfund concerned. The net asset value would be adjusted only if this threshold were to be exceeded on a trading day.

The value of the assets held by each Subfund is calculated as follows:

- Liquid funds – whether in the form of cash, bank deposits, bills of exchange and sight securities and receivables, prepaid expenses, cash dividends and declared or accrued interest that has not yet been received – are valued at their full value unless it is unlikely that this value will be fully paid or received, in which case their value is determined by taking into consideration a deduction that seems appropriate in order to portray their true value.
- Securities, derivatives and other investments listed on a stock exchange are valued at the last-known market prices. If these securities, derivatives or other investments are listed on several stock exchanges, the latest available price on the stock exchange that represents the major market for these investments will apply. In the case of securities, derivatives and other investments infrequently traded on a stock exchange and for which a secondary market among securities traders exists with pricing in line with the market, the Company may value these securities, derivatives and other investments based on these prices. Securities, derivatives and other investments not listed on a stock exchange but which are traded on another regulated market which operates regularly and is recognised and open to the public are valued at the last available price on this market.
- Securities and other investments that are not listed on a stock exchange or traded on another regulated market, and for which no appropriate price can be obtained, are valued by the Company according to other principles chosen by it in good faith on the basis of the likely sales prices.
- Derivatives not listed at a stock exchange (OTC derivatives) are valued on the basis of independent pricing sources. In case only one independent pricing source of a derivative is available, the plausibility of the valuation obtained will be verified by means of calculation methods recognised by the Company and its auditors, based on the market value of the underlying instrument from which the derivative originates.
- Units of other undertakings for collective investment in transferable securities (UCITS) and/or undertakings for collective investment (UCI) are valued at their last-known net asset value. For the Subfund UBS (Lux) Key Selection SICAV – Global Alpha Opportunities, the units of other undertakings for collective investment in transferable securities (UCITS) and / or undertakings for collective investment (UCI) may also be valued on the basis of the estimated net asset value for such shares or units available prior to the time of calculation of the net asset value of the Subfund in case the estimated net asset value provides a more accurate value of these shares or units.
- (i) If the Subfund is a money market fund,
  - money market instruments not traded on a stock exchange or on another regulated market open to the public will be valued on the basis of the relevant curves. The valuation based on the curves refers to the interest rate and credit spread components. The following principles are applied in this process: for each money market instrument, interest rates nearest the residual maturity are interpolated. The interest rate calculated in this way is converted into a market price by adding a credit spread that reflects the underlying borrower. This credit spread is adjusted if there is a significant change in the credit rating of the borrower.

- interest income earned by Subfunds between the order date concerned and the valuation date concerned is included in the valuation of the assets of the Subfund concerned. The asset value per share on a given valuation date therefore includes projected interest earnings.
- (ii) For the other Subfunds that do not fall under the regulation in subsection f (i), the following regulation shall apply: For money market instruments, the valuation price will be gradually adjusted to the redemption price, based on the net acquisition price and retaining the ensuing yield. In the event of a significant change in market conditions, the basis for the valuation of the individual investments is brought into line with the new market yields.
- g) Securities, money market instruments, derivatives and other investments denominated in a currency other than the currency of account of the relevant Subfund and which are not hedged by means of currency transactions are valued at the middle currency rate known in Luxembourg or, if not available, on the most representative market for this currency.
- h) Fixed-term deposits and fiduciary investments are valued at their nominal value plus accumulated interest.
- i) The value of swaps is calculated by an external service provider and a second independent valuation is provided by another external service provider. The calculation is based on the net present value of all cash flows, both inflows and outflows. In some specific cases, internal calculations (based on models and market data made available from Bloomberg), and/or broker statement valuations may be used. The valuation methods depend on the respective security and are determined pursuant to the UBS Global Valuation Policy.

The Company is authorised to apply other generally recognised and auditable valuation criteria in good faith in order to achieve an appropriate valuation of the net assets if, due to extraordinary circumstances, a valuation in accordance with the aforementioned regulations proves to be unfeasible or inaccurate.

In extraordinary circumstances, additional valuations can be carried out over the course of the day. These new valuations will then be authoritative for subsequent issues and redemptions of shares.

#### Investing in UBS (Lux) Key Selection SICAV

##### Conditions for the issue and redemption of shares

Subfund shares are issued and redeemed on every business day. In this context, "business day" refers to normal bank business days in Luxembourg (i.e. each day on which the banks are open during normal business hours) except individual, non-statutory rest days and days on which stock exchanges in the main countries in which each Subfund invests are closed, or on which 50% or more Subfund investments cannot be adequately valued.

For the Subfund UBS (Lux) Key Selection SICAV – Global Alpha Opportunities (EUR), "GAO business day" is defined as Wednesday of each week, provided that day is a banking day in Luxembourg. If that Wednesday is not a banking day in Luxembourg, the GAO business day is the next banking day in Luxembourg.

"Non-statutory rest days" are days on which banks and financial institutions are closed.

No issues or redemptions will be effected on days on which the Company has decided not to calculate net asset values, as described in "Suspension of the net asset value calculation and of the issue, redemption and conversion of shares". In addition, the Company is empowered to reject subscription applications at its discretion.

The Company does not permit any transactions which it considers could jeopardise the interests of shareholders, for instance "market timing" or "late trading". It is entitled to refuse any application for subscription or conversion that it considers to be allied to such practices. The Company is further entitled to take any actions it deems necessary in order to protect the shareholders from such practices.

Subscription and redemption applications ("transactions") registered with the Administrative Agent no later than 16.00 CET (cut-off time) on a business day (order date) will be processed on the following business day (valuation date) on the basis of the net asset value calculated for that day.

The cut-off time of the Subfunds **UBS (Lux) Key Selection SICAV – Emerging Markets Allocation (USD)**, **UBS (Lux) Key Selection SICAV – Emerging Markets Income (USD)**, **UBS (Lux) Key Selection SICAV – Real Value (EUR)** and **UBS (Lux) Key Selection SICAV – Asian Global Strategy Balanced (USD)** is 14.00 (Central European Time). Transactions registered with the Administrative Agent no later than 14.00 Central European Time on a business day (order date) will be processed on the following business day on the basis of the net asset value calculated for that day.

Transactions for the Subfund UBS (Lux) Key Selection SICAV – Global Alpha Opportunities (EUR) registered with the Administrative Agent before 16.00 (Central European Time) on the seventh banking day in Luxembourg before the respective GAO business day for redemptions and before 16.00 (Central European Time) on the seventh business day in Luxembourg before the respective business day for subscriptions will be processed on the basis of the net asset value calculated for that GAO business day, provided that the issue price is paid no later than the seventh banking day in Luxembourg before the relevant GAO business day. Transactions regarding the Subfund UBS (Lux) Key Selection SICAV – Global Alpha Opportunities (EUR) registered with the Administrative Agent after 16.00 (Central European Time) on the seventh banking day in Luxembourg before the respective GAO business day will be processed on the basis of the net asset value calculated on the next GAO business day.

**All orders sent by fax must be received by the Administrative Agent one hour prior to the stated cut-off time of the respective Subfund on a business day, at the latest. However, cut-off times earlier than those specified above may be applied by the central settling agent of UBS AG in Switzerland, distributors or other intermediaries vis-à-vis their clients in order to ensure a punctual submission of subscription orders to the Administrative Agent. Information on these may be obtained at the central settling agent of UBS AG in Switzerland, the distributors concerned or other intermediaries. For transactions registered with the Administrative Agent after the respective cut-off time on a business day, the order date is considered to be the following business day.**

The same applies to the conversion of shares of a Subfund into shares of other Subfunds of the Company performed on the basis of the net asset values of the Subfunds concerned.

This means that the net asset value for settlement purposes is not known when the order is placed (forward pricing). It will be calculated for this business day on the

basis of the latest market prices (i.e. closing prices, or if they do not reflect a reasonable market value in the opinion of the Management Company, at the most recent prices available at the time of valuation). The individual valuation principles applied are described below.

### Issue of shares

The issue price of shares in the Subfunds is calculated according to the provisions in the section "Net asset value, issue, redemption and conversion price".

After the initial issue, the issue price is based on the net asset value per share plus a maximum issuing commission of 6% of the net asset value in favour of the sales agencies. Any taxes, commissions and other fees incurred in the respective distribution countries will also be charged.

Subscriptions for shares in the Company are accepted at the issue price of the Subfunds at the Company, the Administrative Agent and the Custodian Bank as well as at the sales agencies and paying agents, which forward them to the Company.

Subject to applicable laws and regulations, the Custodian Bank and/or the agents entrusted with receiving subscription payments may, at their discretion and upon investors' request, accept the payment in currencies other than the currency of account of the respective Subfund and the subscription currency of the share class to be subscribed. The exchange rate used will be determined by the respective agent on the basis of the bid-ask spread of the relevant currency pair. Investors shall bear all fees associated with currency exchange. Notwithstanding the above stated, payment of subscription prices for shares denominated in RMB shall be made in RMB (CNH) only. No other currency will be accepted for the subscription of these share classes.

Shares may also be subscribed through savings plans, payment plans or conversion plans, in accordance with the locally prevailing market standards. Further information on this subject can be requested from local sales agencies.

The issue price of Subfund shares is paid no later than on the third business day following the order date (**value date**) into the Custodian Bank account in favour of the Subfund. A local Paying Agent will submit transactions on behalf of the final investor on a nominee basis. Costs incurred for such services may be charged to the investor. At the shareholders' request, the Company may accept full or partial subscriptions in kind at its own discretion. In this case, the capital subscribed in kind must correspond with the investment policy and restrictions of the relevant Subfund. These investments will also be audited by the auditor assigned by the Company. The associated costs will be charged to the investor.

Shares are issued as registered shares only. This means that the shareholder status of the investor in the Company with all associated rights and obligations will be based on the respective investor's entry in the Company's register. A conversion of registered shares into bearer shares may not be requested. The shareholders should bear in mind that the registered shares may be also cleared via recognised external clearing houses like Clearstream and Euroclear.

All shares issued have the same rights. The Articles of Incorporation nonetheless provide for the possibility of issuing various share classes with specific features within a particular Subfund.

Furthermore, fractional shares can be issued for all Subfunds/share classes. Fractions of shares will be expressed with up to a maximum of three decimal places and do not confer the right to vote at general meetings, but will grant entitlement to a distribution or a proportionate distribution of the liquidation proceeds should the Subfund/share class concerned be liquidated.

### Redemption of shares

Redemption applications, accompanied by any certificates that may have been issued, are accepted by the Management Company, the Administrative Agent, the Custodian Bank or another authorised distribution agency or paying agent.

The countervalue for redeemed Subfund shares is paid on the third business day after the order date (**value date**) (or no later than seven banking days in Luxembourg after the relevant GAO business day for shares of the Subfund UBS (Lux) Key Selection SICAV – Global Alpha Opportunities (EUR) unless legal provisions, such as foreign exchange controls or restrictions on capital movements, or other circumstances beyond the control of the Custodian Bank, make it impossible to transfer the redemption amount to the country in which the redemption application was submitted).

If the value of the proportion of a share class, in relation to the total net asset value, of a Subfund has fallen below or not reached a value that the Board of Directors has fixed as the minimum level for the economically efficient management of a share class, the Board of Directors may decide that all shares of this class are to be redeemed, upon payment of the redemption price, on a business day determined by the Board. Investors of the class/Subfund concerned shall not have to bear any additional costs or other financial burdens as a result of this redemption. Where applicable, the single swing pricing principle described in the Section "**Net asset value, issue, redemption and conversion price**" shall apply.

For Subfunds with several share classes denominated in different currencies, shareholders may, in principle, receive the equivalent value of their redemption in the currency of the respective share class or of the respective currency of the account only. Subject to applicable laws and regulations, the Custodian Bank and/or the agents entrusted with paying the redemption proceeds may, at their discretion and upon investors' request, make the payment in currencies other than the currency of account of the respective Subfund and the currency of the share class redeemed. The exchange rate used will be determined by the respective agent on the basis of the bid-ask spread of the relevant currency pair. Investors shall bear all fees associated with currency exchange. These commissions, as well as any taxes, commissions and other fees incurred in the respective distribution countries will be charged to the relevant investor and deducted from the redemption proceeds. Notwithstanding the above stated, payment of redemption proceeds for shares denominated in RMB shall be made in RMB (CNH) only. The investor may not request payment of the redemption proceeds in any other currency than RMB (CNH).

Any taxes, commissions and other fees incurred in the respective distribution countries will also be charged.

A redemption commission of up to 2% (calculated on the net asset value) may be levied in favour of the sales agencies.

The development of the net asset value determines whether the redemption price is higher or lower than the issue price paid by the investor.

In the event of an excessively large volume of redemption applications, the Company may decide to delay execution of redemption applications until the corresponding assets of the Company have been sold without unnecessary delay. Should such

a measure be necessary, all redemption applications received on the same day will be calculated at the same price.

A local Paying Agent will submit transactions on behalf of the final investor on a nominee basis. Costs incurred for such services may be charged to the investor.

At the shareholders' request, the Company may offer investors full or partial redemptions in kind at its own discretion. In this case, the capital redeemed in kind must correspond with the investment policy and restrictions of the relevant Subfund. These payments will also be audited by the auditors assigned by the Company and must not have any negative impact on shareholders remaining with the Company. The associated costs will be charged to the investor.

### Conversion of shares

With the exception of share classes denominated in RMB, shareholders may move at any time from one Subfund to another or from one share class to another share class within the same Subfund at any time. The same procedures apply to the submission of conversion applications as to the issue and redemption of shares. Shareholders may not convert in or from the Subfund UBS (Lux) Key Selection SICAV – Global Alpha Opportunities (EUR) to another Subfund.

The conversion of share classes denominated in RMB is only possible between the Subfunds or share classes of which the currency of account or the reference currency is RMB.

The number of shares into which the shareholder would like to convert his/her shares is calculated according to the following formula:

$$\alpha = \frac{\beta * \chi * \delta}{\varepsilon}$$

where:

$\alpha$  = number of shares of the new Subfund or share class into which conversion is required

$\beta$  = number of shares of the Subfund or share class from which conversion is required

$\chi$  = net asset value of the shares presented for conversion

$\delta$  = foreign-exchange rate between the Subfunds or share classes concerned. If both Subfunds or share classes are valued in the same currency of account, this coefficient equals 1

$\varepsilon$  = net asset value of the shares of the Subfund or share class into which the conversion is to be performed plus any taxes, commissions or other fees

For the conversion, a conversion commission of 3% maximum (calculated on the net asset value of the shares of the Subfund or share class into which the conversion is performed) may be charged in favour of the sales agencies.

Subject to applicable laws and regulations, the Custodian Bank and/or the agents entrusted with receiving conversion payments may, at their discretion and upon the investor's request, accept the payment in currencies other than the currency of account of the respective Subfund and/or the reference currency of the share class, in which the conversion will take place. The exchange rate used will be determined by the respective agent on the basis of the bid-ask spread of the relevant currency pair. The commissions, as well as any fees, taxes and stamp duties incurred in the individual countries for a Subfund conversion are charged to the shareholders.

### Prevention of money laundering and terrorist financing

The Company's sales agencies must observe the provisions of the Luxembourg law of 12 November 2004 on the prevention of money laundering and terrorist financing, as amended, as well as the statutory instruments and the applicable circulars of the CSSF.

Accordingly, investors must provide proof of their identity to the sales agency or Distributor that accepts their subscription. The sales agency or Distributor must request, at a minimum, the following identification documents from subscribers: for individuals – a certified copy of the passport/identity card (certified by the sales agency or Distributor or by the local administrative authority); for companies or other legal entities – a certified copy of the articles of incorporation, a certified copy of the extract from the Commercial Register, a copy of the most recently published annual accounts and the full name of the beneficial owner. The sales agency or Distributor must request, depending on the case, additional documents or information from subscribers or redeemers of shares:

The sales agency must ensure that the Distributors adhere strictly to the aforementioned identification procedures. UBS Fund Services (Luxembourg) S.A. and the Company may, at any time, demand assurance from the sales agency that the procedures are being adhered to. UBS Fund Services (Luxembourg) S.A. will monitor compliance with the aforementioned provisions for all subscription and redemption applications they receive from sales agencies or Distributors in countries in which such sales agencies or Distributors are not subject to requirements equivalent to Luxembourg or EU law on fighting money laundering and terrorist financing.

Furthermore, the sales agency and its Distributors must obey all regulations to prevent money laundering and terrorist financing which are in force in the respective countries.

### Suspension of the net asset value calculation and of the issue, redemption and conversion of shares

The Company may temporarily suspend calculation of the net asset value and hence the issue and redemption of shares for one or more Subfunds and the conversion between the individual Subfunds when:

- one or more stock exchanges or other markets which provide the basis for valuing a substantial portion of the net assets, or foreign exchange markets in whose currency the net asset value or a major part of the net assets of the Fund is denominated, are closed other than for normal holidays or if dealings therein are suspended, or if these stock exchanges or markets are subject to restrictions or to major price fluctuations in the short term;
- events beyond the control, liability or influence of the Company and/or the Management Company make it impossible to access the net assets under normal conditions or such access would be detrimental to the interests of the shareholders;
- disruptions in the communications network or any other reason make it impossible to calculate the value of a considerable part of the net assets;
- when the Company is unable to repatriate funds for the purpose of making payments on the redemption of shares of such Subfund, or during which any trans-

fer of funds involved in the realisation or acquisition of investments or payments due on redemption of shares cannot, in the opinion of the Board of Directors, be effected at normal rates of exchange;

- if political, economic, military or other circumstances beyond the control or influence of the Company make it impossible to access the Company's assets under normal conditions without seriously harming the interests of the shareholders;
- when for any other reason the prices of any investment of a Subfund cannot be promptly or accurately ascertained;
- upon the publication of a notice convening an extraordinary general meeting of shareholders for the purpose of the liquidation of the Company;
- to the extent that such a suspension is justified by the necessity to protect the shareholders, upon publication of a notice convening an extraordinary general meeting of shareholders for the purpose of the merger of the Company or of one or more Subfunds, or upon publication of a notice informing the shareholders of the decision of the Board of Directors of the Company to merge one or more Subfunds; and
- the Company can no longer transact its business due to restrictions on foreign exchange and capital movements.

A suspension of the calculation of the net asset value, a suspension of the issue or redemption of shares and a suspension of conversion between Subfunds will be notified without delay to all the responsible authorities in the countries in which shares of the Company are approved for sale to the public in addition to being published in the manner described in the section "Information to shareholders".

If investors no longer meet the requirements of a share class, the Company is further obliged to request that the investors concerned:

- a) return their shares within 30 calendar days in accordance with the provisions on redemption of shares;
- b) transfer their shares to a person who meets the aforementioned requirements for acquisition in the share class;
- c) convert their shares into shares in another share class of the relevant Subfund whose acquisition requirements they are able to fulfil.

In addition, the Company is empowered:

- a) to refuse purchase applications for shares at its own discretion;
- b) to redeem at any time shares which were subscribed or acquired in defiance of an exclusion order.

## Distributions

The general meeting of shareholders of the respective Subfund decides, at the proposal of the Board of Directors of the Company and after closing the annual accounts, whether and to what extent distributions are to be paid out by the respective Subfund or share class. Distributions may be composed of income (e.g. dividend income and interest income), capital and capital gains and they may include or exclude fees and expenses. Investors in certain countries may be subject to higher tax rates on distributed capital than on any capital gains from the sale of fund units. Some investors may therefore choose to invest in the accumulating (-acc) instead of the distributing (-dist, -mdist) share classes. Investors may be taxed at a later point in time on income and capital arising on accumulating (-acc) share classes compared to distributing (-dist) share classes. Investors should seek their own tax advice. Every distribution results in an immediate decrease in the net asset value per share of the Subfund. The payment of distributions must not result in the net assets of the Company falling below the minimum amount for assets laid down by law. If distributions are made, payment will be effected within four months of the end of the financial year.

The Board of Directors of the Company is entitled to determine whether interim dividends are paid and whether distribution payments are suspended.

Entitlements to distributions and allocations not claimed within five years of falling due will lapse and be paid back into the relevant Subfund or its share class. If said Subfund or share class has already been liquidated, the distributions and allocations will accrue to the remaining Subfunds of the Company or the remaining share classes of the Subfund concerned in proportion to their respective net assets. At the proposal of the Company's Board of Directors, the general meeting may decide, in connection with the appropriation of net investment income and capital gains, to issue bonus shares. An income equalisation amount will be calculated so that the distribution corresponds to the actual income entitlement.

## Taxes and expenses

### Taxation

The Company is subject to Luxembourg legislation. In accordance with current legislation in the Grand Duchy of Luxembourg, the Company is not subject to any Luxembourg withholding, income, capital-gains or wealth taxes. From the total net assets of each Subfund, however, a tax of 0.05% p.a. ("taxe d'abonnement") payable to the Grand Duchy of Luxembourg is due at the end of every quarter (reduced taxe d'abonnement amounting to 0.01% p.a. for share classes F, I-A1, I-A2, I-A3, I-B, I-X and U-X). This tax is calculated on the total net assets of each Subfund at the end of every quarter.

Shareholders should be aware that the Luxembourg Law of 21 June 2005 has transposed into Luxembourg law Council Directive 2003/48/EC of 3 June 2003 on the taxation of interest. Since 1 July 2005, this Law has provided for the imposition of a withholding tax on cross-border interest payments to individuals domiciled in the EU or for an automatic information exchange. This applies, inter alia, to distributions and dividends payable by investment funds which invest more than 15%, and earnings from the assignment or repayment of shares in investment funds which invest more than 25% in debt instruments and claims as defined by the EU taxation of interest. Where necessary, the sales agency or Distributor may, upon subscription, ask investors to give their tax identification number ("TIN") provided by the state in which they are domiciled for tax purposes. The taxable values shown are based on the most recently available data at the time they were calculated.

Provided the Subfund in question is not subject to EU taxation of interest or the shareholders are not affected thereby, shareholders are not required, under current tax law, to pay any income, gift, inheritance or other tax in Luxembourg unless they are domiciled in Luxembourg, have a residence in Luxembourg or maintain a permanent establishment there, or were previously domiciled in Luxembourg and hold more than 10% of the shares in the Company.

On 13 November 2008, the European Commission accepted a proposal for the amendment of the Savings Directive. If the amendment proposal is implemented, among other things, (i) the scope of the EU Savings Directive would be expanded to

include payments distributed by certain intermediary structures (regardless of whether their registered office is in an EU Member State or not) and whose final beneficiary is a private person resident in the EU and (ii) the definition of interest that falls within the scope of the EU Savings Directive would be further established. As at the date the sales prospectus was being drawn up, it is not known whether and if or on what date the proposed amendment will enter into force.

The aforementioned represents a summary of the fiscal effects and makes no claim to be exhaustive. It is the responsibility of purchasers of shares to seek information on the laws and regulations governing the purchase, possession and sale of shares in connection with their place of residence and their nationality.

### Investors in the United Kingdom

The Company is an offshore fund for tax purposes within the meaning of the UK Offshore Funds (Tax) Regulations which were introduced with effect from 1 December 2009 and which amended the previous tax regulations which applied to investments in offshore funds.

Under the regulations, UK investors will be subject to capital gains tax (or corporation tax on chargeable gains) and not income tax on profits arising on a sale (e.g. by transfer or redemption) of shares in a qualifying offshore fund.

UK investors may be liable to income tax (rather than tax on capital gains) on profits arising on a sale (e.g. by transfer or redemption) of shares in a non-qualifying offshore fund.

Since 1 December 2009, and for a transitional period only, offshore funds can apply to HM Revenue & Customs (the UK tax authorities) for approval as a qualifying offshore fund with either "distributor" or "reporting fund" status.

The application can be made for one or more Subfunds within the umbrella or for one or more specified share classes issued by a Subfund. For UK tax purposes, an investment in a share class which has distributor or reporting fund status will be treated as an investment in a qualifying offshore fund.

After the transitional period, only an investment in a Subfund, or a share class of a specific Subfund which has reporting fund status will be treated as an investment in a qualifying offshore fund.

The Company may, at its discretion, apply for qualifying offshore fund status for specified Subfunds, or share classes issued by the Subfunds.

Where such an application has been made, the Board of Directors of the Company intends to manage the Company so that an investment in the specified share classes will be treated as an investment in a qualifying offshore fund for each accounting period, and to satisfy HM Revenue & Customs that the relevant requirements have been or will be met. However, the members of the Board of Directors of the Company do not guarantee that these requirements will be met or that HM Revenue & Customs will confirm that they have been met.

For share classes with "UKdist" in their name and which have "reporting fund" status, the Board of Directors intends to distribute, on an annual basis, a sum which corresponds to 100% of the reportable income within the meaning of the UK reporting fund rules. The Company does not intend to provide tax reporting in other countries in respect of the "UKdist" share classes.

The attention of persons ordinarily resident in the United Kingdom is drawn to the provisions of Part 13 Chapter 2 of the Income Tax Act 2007 ("Transfer of Assets Abroad") which provide that under certain circumstances they may be subject to income tax in relation to income and profits arising within a Subfund(s) which is not received or receivable in the United Kingdom by those persons.

In addition, it is important to note the provisions of Section 13 of the Taxation of Chargeable Gains Act of 1992, which govern the distribution of chargeable gains of companies which are not resident in the United Kingdom and which would be "close companies" if they were resident in the UK. These gains are distributed to shareholders who are domiciled or have their ordinary place of abode or residence in the UK. Profits distributed in this manner are taxable for all shareholders who hold a share of more than 10% of the distributed profit either individually or together with associated persons. The Company intends to make all reasonable efforts to ensure that the Subfund(s) would not be classed as a "close company" within the meaning of Section 13 of the Taxation of Chargeable Gains Act if domiciled in the United Kingdom. Moreover, when examining the effects of Section 13 of the Taxation of Chargeable Gains Act 1992, it is important to ensure that the regulations of the double taxation agreement between the United Kingdom and Luxembourg are taken into account.

### Expenses paid by the Company

The Company pays a maximum monthly flat fee for share classes "P", "N", "K-1", "F", "Q", "I-A1", "I-A2" and "I-A3", calculated on the average net asset value of the Subfunds.

This will be used for Fund administration (comprising the costs of the Company, the administration and the Custodian Bank), asset management and distribution of the Subfunds, as well as for covering the costs incurred. The relevant maximum flat fee will not be charged until the corresponding share classes have been launched. An overview of the maximum flat fees can be seen in "The Subfunds and their special investment policies".

Out of the aforementioned flat fee, the Company will bear all costs incurred in connection with the administration, portfolio management and safekeeping of the Company's assets as well as distribution, such as:

- annual fees and expenses for approving and supervising the Company in Luxembourg and abroad;
- other fees charged by the supervisory authorities;
- printing of the articles of association, prospectuses and annual and semi-annual reports;
- preparation of KII or of corresponding document of a distribution country of the Company;
- price publications and publication of notices to shareholders;
- fees incurred in connection with the listing of the Company and sales within Luxembourg and abroad;
- commission and expenses of the Custodian Bank for the safekeeping of the Company's assets, dealing with payments and other duties, as required under the Law of 2010;
- fees and other expenses for the payment of dividends to shareholders; and
- auditor's fees.

The Custodian Bank, Administrative Agent and Company are nevertheless entitled to be reimbursed the costs of non-routine arrangements made by them in the interests of the investors; otherwise such expenses will be charged directly to the Company.

For purposes of general comparability with fee policies of various fund providers that do not use the flat fee, the term "maximum management fee" is set at 80% of the flat fee.

The Company will also bear all transaction expenses arising in connection with the administration of the Company's assets (brokerage commission in line with the market, fees, fiscal charges, etc.).

All taxes levied on the income and assets of the Company, particularly the tax d'abonnement, will also be borne by the Company.

For share class "I-B", a fee will be charged to cover the costs of Fund administration (comprising the costs of the Company, administration and Custodian Bank). The costs for asset management and distribution are charged directly outside of the Company under a separate contract between the investor and UBS Global Asset Management or one of its authorised representatives.

Costs in connection with the services to be performed for share classes "I-X" and "U-X" pertaining to asset management, Fund administration (comprising the costs of the Company, the administration and the Custodian Bank) and distribution will be settled via the compensation to which UBS AG is entitled under a separate contract with the investor.

All costs which can be allocated to individual Subfunds will be charged to these Subfunds. Costs which can be allocated to share classes will be charged to these share classes. If costs pertain to several or all Subfunds/share classes, however, these costs will be charged to the Subfunds/share classes concerned in proportion to their relative net asset values.

In the Subfunds that may invest in other UCI or UCITS under the terms of their investment policies, fees may be incurred both at the level of the relevant investment fund as well as at the level of the Subfund. The total flat fees chargeable at the level of the Subfunds or share classes and Company shall amount to not more than 1.00% plus the respective flat fee for the share class of the Subfund making the investment (see "An overview of the share classes"). As far as the Subfund UBS (Lux) Key Selection SICAV – Global Alpha Opportunities (EUR) is concerned, the aforementioned limitation does not apply and can be exceeded.

In the case of investments in units of funds managed directly or indirectly by the Management Company or another company related to it by common management or control, or by a substantial direct or indirect holding, the Subfund making the investment may not be charged with any of the target fund's issue or redemption commissions.

Details on the ongoing charges of the Company can be found in the KIL.

## Information to shareholders

### Regular reports and publications

An annual report is published for each Subfund and the Company as at 30 September and a semi-annual report as at 31 March. The two reports mentioned above contain a breakdown of each Subfund/share class in the relevant currency of account. The consolidated breakdown of assets for the Company as a whole is given in EUR. The annual report, which is published within four months of the end of the financial year, contains the annual accounts audited by the independent auditors. At the latest upon expiry of the transitional period set out in CSSF circular 13/559, this annual report will also contain details on the underlying assets focused on by the respective Subfund through the use of derivative financial instruments, the counterparties to these derivative transactions, as well as the collateral (and its scope) provided in favour of the Subfund by its counterparties, in order to reduce credit risk. These reports are available to shareholders at the registered office of the Company and the Custodian Bank.

The issue and redemption price of the shares of each Subfund is announced in Luxembourg at the registered office of the Company and the Custodian Bank.

Notices to the shareholders will also be published in a Luxembourg daily newspaper and, if necessary, in foreign daily newspapers.

### Depositing of documents

The following documents are lodged at the registered office of the Company or the Management Company, where they are available for inspection:

- 1) the Company's and the Management Company's articles of incorporation
- 2) the agreements concluded between the Custodian Bank and the Company. The abovementioned agreements may be amended by common consent of the parties involved.

## Liquidation of the Company and its Subfunds; merger of Subfunds

### Liquidation of the Company and its Subfunds

The Company may be liquidated at any time by the general meeting of shareholders in due observance of the legal conditions governing the quorum and necessary majority.

If the total net assets of the Company fall below two-thirds or one-quarter of the prescribed minimum capital, the Board of the Company must ask for a vote by the general meeting of shareholders on whether to liquidate the Company. If the Company is dissolved, the liquidation will be carried out by one or more liquidators to be designated by the general meeting of shareholders, which will also determine their sphere of responsibility and remuneration. The liquidators will realise the Company's assets in the best interests of the shareholders and distribute the net proceeds from the liquidation of the Subfunds to the shareholders of said Subfunds or share classes in proportion to their respective holdings. Any liquidation proceeds which cannot be distributed to the shareholders at the end of the liquidation process (which can take up to nine months), will be deposited immediately with the "Caisse de Consignation" in Luxembourg.

Term Subfunds are automatically wound up and liquidated upon expiry of their respective terms.

If the total net asset value of a Subfund or of a share class within a Subfund has fallen below a value or has not reached that value, which is required for the economically efficient management of that Subfund or that share class, or in the event of a substantial change in the political, economic and monetary environment, or as part of a rationalisation, the Company may decide to redeem and cancel all shares of the corresponding share class(es) at the net asset value (taking into account the actual realisation prices and realisation cost of the investment) as at the valuation day or date on which the decision takes effect.

Notwithstanding the powers of the Board of Directors of the Company, the general meeting of shareholders of a Subfund can reduce the Company capital at the proposal of the Board of Directors of the Company by withdrawing shares issued by said Subfund and refunding shareholders with the net asset value of their shares. The net asset value is calculated for the day on which the decision comes into force, taking into account the actual price realised on liquidating the Subfund's assets and any costs arising from this liquidation.

The shareholders of the Subfund concerned will be informed of the decision of the general meeting of shareholders or of the Board of Directors of the Company to redeem and cancel the shares, as described above in the section "Information to shareholders". The countervalue of the net asset value of cancelled shares which have not been submitted by shareholders for redemption will be deposited immediately with the "Caisse de Consignation" in Luxembourg.

## Merger of the Company or of Subfunds with another undertaking for collective investment ("UCI") or with its Subfund's; merger of Subfunds

"Mergers" are transactions in which

- a) one or more UCITS or subfunds of such UCITS, the "absorbed UCITS", upon whose winding up without liquidation transfers all assets and liabilities to another existing UCITS or a subfund of that UCITS, the "absorbing UCITS", and whose shareholders receive in return shares in the absorbing UCITS and, if applicable, a cash payment not exceeding 10% of the net asset value of such shares;
- b) two or more UCITS or subfunds of such UCITS, the "absorbed UCITS", upon whose winding up without liquidation transfers all assets and liabilities to another UCITS or a subfund of that UCITS formed by it, the "absorbing UCITS", and whose shareholders receive in return shares in the absorbing UCITS and, if applicable, a cash payment not exceeding 10% of the net asset value of such shares;
- c) one or more UCITS or subfunds of such UCITS, the "absorbed UCITS", that continue to exist until liabilities have been paid off, transfers its net assets to another subfund of the same UCITS, to another UCITS formed by it or to another existing UCITS or a subfund of that UCITS, the "absorbing UCITS".

Mergers are permissible under the conditions provided for in the Law of 2010. The legal consequences of a merger are based on the Law of 2010.

Under the conditions described in the section "Liquidation of the Company and its Subfunds/share classes", the Board of Directors of the Company may decide to allocate the assets of a subfund or of a share class to another existing subfund or share class of the Company or to another Luxembourg UCI pursuant to Part I of the Law of 2010 or pursuant to the regulations of the Law of 2010 to a foreign UCITS and the redesignation of the shares of the subfund(s) or share class in question as shares of another subfund or of another share class (as a result of the scission or consolidation, if necessary, and through the payment of an amount that corresponds to the pro rata entitlement of the shareholders). Notwithstanding the powers of the Board of Directors of the Company mentioned in the previous section, the decision to merge Subfunds, as described above, may also be taken by the general meeting of the shareholders of the Subfund in question.

The shareholders will be informed of the decision to merge in the same way as previously described for the redemption and cancellation of shares. 30 days following the publication of such a decision, shareholders will be authorised to redeem all or a part of their shares at the prevailing net asset value, free of redemption commission or other administration charges, in accordance with the guidelines outlined in "Redemption of shares". Shares not presented for redemption will be exchanged on the basis of the net asset value of the shares of the Subfund concerned, calculated for the day on which this decision takes effect. If the shares to be allocated are units of a collective investment fund ("fonds commun de placement"), the decision is binding only for the investors who voted in favour of the allocation.

## General meeting of the Company or of the shareholders of the concerned Subfunds

For both the liquidation and merger of Subfunds, no minimum quorum is required at the general meeting of the Company or of the shareholders of the concerned Subfunds, and decisions can be approved by a simple majority of the shares represented at the general meeting or by proxy.

## Applicable law, place of performance and authoritative language

The District Court of Luxembourg is the place of performance for all legal disputes between the shareholders, the Company, the Management Company and the Custodian Bank. Luxembourg law applies. However, in matters concerning the claims of investors from the other countries, the Company and/or the Custodian Bank may elect to make themselves subject to the jurisdiction of the countries in which the shares were bought and sold.

The German version of this sales prospectus is the authoritative version. However, in matters concerning shares sold to investors in the countries in which Company shares may be bought and sold, the Company and Custodian Bank may recognise as binding translations which they have approved into the languages concerned.

## Investment principles

The following conditions also apply to the investments made by each Subfund:

### 1 Permitted investments of the Company

- 1.1 The investments of the Company may consist exclusively of one or more of the following components:

- a) Securities and money market instruments which are listed or traded on a regulated market, as defined in European Parliament and Council Directive 2004/39/EC of 21 April 2004 on markets for financial instruments;
- b) Securities and money market instruments which are traded in a Member State on another market which operates regularly and is recognised and open to the public. The term "Member State" designates a Member State of the European Union; states that are parties to the agreement on the European Economic Area but are not Member States of the European Union are considered the same as Member States of the European Union, within the limits of that agreement and its related agreements;
- c) Securities and money-market instruments admitted to official listing on a stock exchange in a non-Member State or traded there on another market of a European, American, Asian, African or Australasian country (hereinafter

- ter “approved country”) which is recognized, regulated, open to the public and functioning orderly;
- d) Newly issued securities and money market instruments provided that the terms of issue contain a clause that an application will be made for an official listing on one of the securities exchanges or a licence to trade on one of the regulated markets mentioned under 1.1 a) to 1.1 c), and that this listing/licence is to be granted within one year of the issue of the securities.
  - e) Units of UCITS admitted pursuant to Directive 2009/65/EC and/or other UCI within the meaning of Article 1(2) a) and b) of Directive 2009/65/EC with registered office in a Member State as defined in the Law of 2010 or a non-Member State, provided that:
    - such other UCI have been approved in accordance with statutory rules subjecting them to supervision that, in the opinion of the Commission de Surveillance du Secteur Financier (hereinafter “CSSF”), is equivalent to that which applies under Community law, and that adequate provision exists for ensuring cooperation between authorities;
    - the level of protection afforded to shareholders in the other UCI is equivalent to that afforded to shareholders in the Company and, in particular, rules apply to the separate holding of fund assets, borrowing, lending and the short-selling of securities and money market instruments that are equivalent to the requirements set forth in Directive 2009/65/EC;
    - the business operations of the other UCI are the subject of annual and semi-annual reports that permit an assessment to be made of the assets and liabilities, income and transactions arising during the reporting period,
    - the UCITS or such other UCI the units of which are to be acquired, may invest, pursuant to its Management Regulations or its founding documents, a maximum of 10% of its assets in units of another UCITS or UCI; The Subfund invests a maximum of 10% of its assets in other UCITS or UCIs, unless stipulated to the contrary in the investment policy of the relevant Subfund.
  - f) Sight deposits or deposits at notice at credit institutions with a term of up to 12 months, provided the institution concerned has its head office in an EU Member State, or – if the institution’s head office is located in a non-EU state – it is subject to supervisory regulations which the CSSF deems equivalent to those under Community law;
  - g) Derivative financial instruments (“**derivatives**”), including equivalent cash instruments, which are traded on one of the stock exchanges listed in a), b) and c) above, and/or derivatives which are not traded on a stock exchange (“**OTC derivatives**”), provided that:
    - the use of derivatives is in accordance with the investment purpose and investment policy of the respective Subfund, and is suited towards achieving these;
    - the underlying securities are instruments in accordance with the definition given in points 1.1 a) and 1.1 b) or financial or macroeconomic indices, interest rates, currencies or other underlying instruments in which the Company’s investment policy allows it to invest directly or via other existing UCI or UCITS;
    - the Subfunds shall ensure, through adequate diversification of the underlying assets, that the diversification requirements applicable to them and listed in the section entitled “Risk diversification” are adhered to;
    - the counterparties in transactions involving OTC derivatives are institutions subject to official supervision belonging to the categories admitted by the CSSF and expressly approved by the Company. The approval process by the Company is based on the principles drawn up by UBS Global AM Credit Risk and relating to inter alia the credit worthiness, reputation and experience of the counterparty in question in settling transactions of this type, as well as their willingness to provide capital. The Company maintains a list of counterparties it has approved;<sup>2</sup>
    - the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by on offsetting transaction at any time at their fair value upon the Company’s initiative; and
    - the respective counterparty is not granted discretion regarding the composition of the portfolio managed by the respective Subfund (e.g. in the case of a total return swap or a derivative financial instrument with similar characteristics) or the underlying of the respective OTC derivative.<sup>3</sup>
  - h) Money market instruments as defined under “Investment policy”, which are not traded on a regulated market, provided that the issuance or issuer of these instruments is governed by rules providing protection for investors and investments and on condition that such instruments are:
    - issued or guaranteed by a central, regional or local authority or the central bank of a Member State, the European Central Bank, the European Union or European Investment Bank, by a non-Member State, or, in the case of a federal state, a Member State of the federation or by a public international body to which at least one Member State belongs; or
    - issued by an undertaking whose securities are traded on the regulated markets mentioned in points 1.1 a), b) and c);
    - issued or guaranteed by an institution that is subject to official supervision in accordance with the criteria laid down by Community law or by an institution that is subject to supervision that, in the opinion of the CSSF, is at least as stringent as that provided for by Community law and complies with it, or
    - are issued by other issuers belonging to a category approved by the CSSF, provided that investor protection rules apply to investments in such instruments, which are equivalent to those of the first, second or third listed point above and provided the issuers constitute either a company with equity capital amounting to at least 10 million euros (EUR 10,000,000), which prepares its annual accounts under the provisions of the Fourth Council Directive 78/660/EEC, or an entity within a group encompassing one or more listed companies and responsible for its financing, or an entity which is to fund the underlying securities for obligations by the use of a credit line made available by a bank.
- 1.2 Contrary to the investment restrictions set out in point 1.1, each Subfund may invest up to 10% of its net assets in securities and money market instruments other than those named in 1.1;
  - 1.3 The Company ensures that the overall risk associated with derivatives does not exceed the overall net value of the Company portfolio. As part of its investment strategy, each Subfund may make investments in derivatives within the limits laid down in points 2.2 and 2.3, provided the overall risk of the underlying instruments does not exceed the investment limits stipulated in point 2.
  - 1.4 Each Subfund may hold liquid funds on an ancillary basis.
- ## 2 Risk diversification
- 2.1 In accordance with the principle of risk diversification, the Company is not permitted to invest more than 10% of the net assets of a Subfund in securities or money market instruments from a single institution. The Company may not invest more than 20% of the net asset value of a Subfund in deposits with a single institution. In transactions by a Subfund in OTC derivatives, the risk of loss must not exceed 10% of the assets of the Subfund concerned if the counterparty is a credit institution as defined in 1.1 f); the maximum allowable risk of loss is reduced to 5% in transactions with other counterparties. The total value of all positions in the securities and money market instruments of those institutions accounting for more than 5% of the net assets of a Subfund may not exceed 40% of the net assets of the respective Subfund. Such limitation shall not apply to deposits and transactions in OTC derivatives with financial institutions which are subject to supervision.
  - 2.2 Regardless of the maximum limits set out in 2.1, each Subfund may not invest more than 20% of its net assets in a single institution in a combination of:
    - securities and money market instruments issued by such institution;
    - deposits with this institution and/or
    - OTC derivatives traded with such an institution;
  - 2.3 Contrary to the above, the following applies:
    - a) The limit of 10% mentioned in 2.1 may be raised to 25% for various debt instruments issued by credit institutions domiciled in an EU Member State and subject, in that particular country, to special legislative supervision of public authorities that would ensure the protection of investors. In particular, funds originating from the issue of such bonds must, in accordance with the law, be invested in assets which provide sufficient cover for the obligations arising from them during the entire term of the bonds and, in the event of insolvency of the issuer, provide a preference right in respect of the payment of capital and interest. If a Subfund invests more than 5% of its net assets in bonds of a single issuer, then the total value of these investments may not exceed 80% of the value of the net assets of the Subfund.
    - b) This limit of 10% can be raised to 35% for securities or money market instruments issued or guaranteed by an EU Member State or its central, regional and local authorities, by another approved state, or by international organisations with public-law character of which one or more EU States are members. Securities and money-market instruments that come under the special ruling given in 2.3 a) and b) are not counted when calculating the abovementioned 40% risk-diversification ceiling.
    - c) The limits set out in 2.1, 2.2, 2.3 a) and b) may not be accumulated; therefore the investments listed in the said paragraphs made in securities or money market instruments of a single issuer or in deposits with the said institution or in its derivatives may not exceed 35% of the net assets of a given Subfund.
    - d) Companies which belong to the same group of companies in that they prepare their consolidated accounts under the rules of Council Directive 83/349/EEC (1) or according to recognised international accounting principles, must be treated as a single issuer for the calculation of the investment limits set out in this Article. However, investments by a Subfund in securities and money market instruments of a single group of companies may together make up to 20% of the assets of the Subfund concerned.
    - e) In the interests of risk diversification, the Company is authorised to invest up to 100% of a Subfund’s net assets in securities and money market instruments from various issues that are guaranteed or issued by an EU Member State or its local authorities, an OECD Member State, Russia, Brazil, Indonesia or Singapore, or by international organisations under public law to which one or more EU Member States belong. These securities or money market instruments must be divided into at least six different issues, with securities or money market instruments from a single issue not exceeding 30% of the total net assets of a Subfund.
  - 2.4 The following provisions apply with regard to investments in other UCITS or UCI:
    - a) The Company may invest up to 20% of the net assets of a Subfund in units in a single UCITS or other UCI. In implementing this investment limit, each Subfund of a UCI consisting of a number of Subfunds is treated as an independent issuer if it can be guaranteed that said Subfunds are individually liable in respect of third parties.
    - b) Investments in units of UCIs other than UCITS may not exceed 30% of the Subfund’s net assets. The assets invested in the UCITS or other UCI are not included in the calculation of the maximum limits set out in 2.1, 2.2 and 2.3.
    - c) For Subfunds which, in line with their investment policy, invest a significant portion of their assets in units of other UCITS and/or UCI, the maximum flat fees chargeable by the Subfund itself and by the other UCITS and/or UCI in which it invests are described in the section “Expenses paid by the Company”.
  - 2.5 The Subfunds may subscribe, acquire and/or hold shares that are to be issued by or have been issued by one or more other Subfunds of the Company, provided that:
    - the target subfund does not itself invest in the Subfund that is investing in that target subfund; and
    - the UCITS or other UCI in which shares are to be acquired may invest a maximum 10% of its assets in the shares of other UCITS or UCIs in accordance with its prospectus or formation documents; and
    - any voting rights associated with the securities in question is suspended for the period they are held by the Subfund in question, regardless of their appropriate evaluation in the financial statements and periodic reports; and
    - the value of these securities, as long as they are held by the Subfund in question, will on no account be taken into consideration when calculating

<sup>2</sup> The second clause of this indent shall enter into at the latest upon expiry of the transitional period set out in CSSF circular 13/559.

<sup>3</sup> The provisions of this indent shall enter into force at the latest upon expiry of the transitional period set out in CSSF circular 13/559.

- the net asset value under the Law of 2010 for purposes of verifying the minimum net assets under the Law of 2010; and
- there is no multiple charging of fees for management/subscription or redemption either at the level of the Subfund that has invested in the target subfund or at the level of the target subfund.
- 2.6 The Company may invest a maximum of 20% of the net assets of any Subfund in shares and/or debt securities issued by the same body when the aim of the investment policy of the relevant Subfund is replicate the composition of a certain stock or debt securities index recognised by the CSSF, provided that:
- the composition of the index is sufficiently diversified;
  - the index represents an appropriate benchmark for the market to which it refers;
  - the index is published appropriately.
- The limit is raised to 35% provided this is justified by exceptional market conditions, and in particular on regulated markets on which certain transferable securities or money market instruments are highly dominant position. An investment up to this limit is only permitted for a single issuer.
- If the limits mentioned in points 1 and 2 are exceeded unintentionally or due to the exercise of subscription rights, the Company must attach top priority in its sales of securities to normalising the situation while, at the same time, considering the best interests of the shareholders.
- Provided that they continue to observe the principle of risk diversification, newly founded Subfunds may deviate from the specific risk diversification restrictions mentioned above for a period of six months after being approved by the authorities.

### 3 Investment restrictions

The Company is prohibited from:

- 3.1 acquiring securities, the subsequent sale of which is subject to any restrictions arising from contractual agreements;
  - 3.2 acquiring equities with voting rights that would enable the Company, possibly in collaboration with other investment funds under its supervision, to exert a significant influence on the management of an issuer;
  - 3.3 acquiring more than:
    - 10% of the non-voting shares of a single issuer,
    - 10% of the debt instruments of a single issuer,
    - 25% of the units of a single UCITS or UCI;
    - 10% of the money market instruments of a single issuer.
- In the latter three cases, the restrictions on acquiring securities need not be observed if the gross amount of the debt instruments or the money market instruments or the net amounts of the issued units cannot be determined at the time of acquisition.
- Exempt from the provisions of 3.2 and 3.3 are:
- Transferable securities and money market instruments issued or guaranteed by a Member State of the EU or its local authorities or by another approved state;
  - Transferable securities and money market instruments issued or guaranteed by a non-Member State of the European Union;
  - Transferable securities and money market instruments issued by public international bodies to which one or more Member States of the European Union belong;
  - shares held in the capital of a company incorporated in a non-member State investing its assets mainly in the securities of issuing bodies having their registered offices in that non-member State, where under the legislation of that non-member State such a holding represents the only way in which investments may be made in the securities of issuing bodies of that non-Member State. In doing so, the provisions of the Law of 2010 must be complied with; and
  - Shares held in the capital of subsidiary companies carrying on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the repurchase of units at shareholders' request exclusively on behalf of the Company.
- 3.4 short-selling securities, money market securities or other instruments listed in 1.1 e), g) and h);
  - 3.5 acquiring precious metals or related certificates;
  - 3.6 investing in real estate and purchasing or selling commodities or commodities contracts;
  - 3.7 taking out loans, unless
    - they are in the form of a back-to-back loan for the purchase of foreign currency;
    - the loan is only temporary and does not exceed 10% of the net assets of the Subfund in question;
  - 3.8 granting loans or acting as guarantor for third parties. This restriction does not prevent the acquisition of securities, money market instruments or the other instruments listed in 1.1 e), g) and h) if these are not fully paid up;
  - 3.9 Notwithstanding the aforementioned prohibited investments, the Company is entitled to invest in the following:
    - certificates with individual precious metals as underlying assets and which comply with the securities requirements stipulated in Article 2 of Directive 2007/16/EC and which do not include any embedded derivatives linked to an index's performance.
    - certificates with individual commodities or commodities indices as underlying assets and which comply with the securities requirements stipulated in Article 2 of Directive 2007/16/EC and which do not include any embedded derivatives linked to an index's performance.

The Company is authorised to introduce further investment restrictions at any time in the interests of the shareholders provided these are necessary to ensure compliance with the laws and regulations of those countries in which Company shares are offered and sold.

### 4 Special techniques and instruments that have securities and money market instruments as underlying assets

The Company is entitled to employ techniques and instruments which feature securities and money market instruments, provided such techniques and instruments are used in the interests of efficient portfolio management ("the techniques") subject to the conditions and limits defined by the CSSF. If such transactions relate to the use of derivatives, the terms and limits must comply with the provisions of the Luxembourg Law of 2010. The use of these techniques and instruments must be in accordance with the best interests of the investors.

The Company may under no circumstances deviate from its investment objectives for these transactions. Equally, the use of these techniques may not cause the risk level of the Subfund in question to increase significantly with regard to its original risk level (i.e. without the use of these techniques).

The risks inherent to the use of these techniques are essentially comparable to the risks associated with the use of derivatives (in particular, counterparty risk). For this reason, reference is made here to the information contained in the section entitled "Risks connected with the use of derivatives".

The Company ensures that it or its appointed service providers will monitor and manage the risks incurred through the use of these techniques, particularly counterparty risk, as part of the risk management procedure. The monitoring of potential conflicts of interest arising from transactions with companies associated with the Company and the Management Company is primarily carried out through reviewing contracts and corresponding processes on a regular basis.

The Company also ensures that, at any time, it can cancel any contract entered into within the framework of the use of the techniques and instruments for the efficient management of the portfolio or that the securities and/or liquid funds transferred to the respective counterparty can be reclaimed by the Company. In addition, the liquid funds should include the interest incurred up to the time of being reclaimed.

Furthermore, the Company ensures that, despite the use of these techniques and instruments, the investors' redemption applications can be processed at any time.

Within the framework of the techniques and instruments for the efficient management of the portfolio, the Company may also lend portions of its securities portfolio to third parties ("**securities lending**"). In general, securities lending may be effected only via recognised clearing houses such as Clearstream International or Euroclear, or using first-class financial institutions that specialise in such activities and following the procedure specified by them.

In the case of securities lending transactions, the Company must, in principle, receive collateral, the value of which must at least correspond to the total value of the securities lent out and any accrued interest thereon. This collateral must be issued in a form of financial collateral as permitted by the provisions of Luxembourg law. Such collateral is not required if the transaction is effected via Clearstream International or Euroclear, or another organisation which guarantees the Company that the value of the securities lent will be refunded.

The provisions of the section entitled "Collateral management" shall apply accordingly to the management of collateral that was left to the Company within the scope of securities lending.

Service providers that provide services to the Company in the field of securities lending have the right to receive a fee in return for their services that is line with the market standards. The amount of this fee is reviewed and adapted, where appropriate, by an independent body on an annual basis. The recipients of these and other direct and indirect fees, the amounts of the respective fees, as well as the findings as to whether the fee recipients are associated with the Company, the Management Company and/or Custodian Bank can be found in the respective annual or semi-annual report.

Furthermore, the Company has drawn up internal framework agreements regarding securities lending. These framework agreements contain, among other things, the relevant definitions, the description of the principles and standards of the contractual management of the securities lending transaction, the quality of the collateral, the approved counterparties, the risk management, the fees to be paid to third parties and fees to be received by the Company, as well as the information to be published in the annual and semi-annual reports.

The Company may also, for any Subfund, engage in **repurchase transactions** ("repurchase agreements" or "**reverse repurchase agreements**") involving the sale/purchase of securities where agreements have been reached to buy/sell back the sold/bought securities at a (higher) price and within a set time.

Repurchase transactions are subject to the following conditions:

- securities may only be sold/purchased under a repurchase agreement if the counterparty is a first-class financial institution specialising in this kind of transaction.
- for as long as the repurchase agreement is valid, the securities bought cannot be sold before the right to repurchase the securities has been exercised or the repurchase period has expired.
- Securities that serve as underlying assets to financial instruments and that are lent or have been taken under terms of reverse repurchase agreements may not be sold under the terms of repurchase agreements.

## Specifications for the individual countries in which shares are sold

### Distribution in Switzerland

#### a) Representative in Switzerland

The representative for the collective capital investment is UBS Fund Management (Switzerland) AG, Brunngässlein 12, CH-4002 Basel.

#### b) Paying agents

UBS AG, Aeschenvorstadt 1, CH-4002 Basel, and Bahnhofstrasse 45, CH-8098 Zurich and all its branches in Switzerland.

#### c) Information to unitholders

##### 1. Availability of documents

The following documents are available free of charge from the representative and paying agents or under [www.ubs.com/fonds](http://www.ubs.com/fonds):

- sales prospectus
- Key Investor Information (KII) documents
- annual and semi-annual reports
- statutes (SICAV) or management regulations (FCP) respectively

## 2. Official publications

- a) Notifications concerning the Fund are published:
- on the Internet platform "Swiss Fund Data AG", [www.swissfunddata.ch](http://www.swissfunddata.ch)
  - in the "Schweizerisches Handelsamtsblatt"

### b) Publication of the net asset value

The net asset value (with the note "excluding commission") of all share classes is published daily:

- on the Internet platform "Swiss Fund Data AG", [www.swissfunddata.ch](http://www.swissfunddata.ch)
- on the Internet, [www.ubs.com](http://www.ubs.com)

### d) Payment of reimbursements and sales compensation

With regard to sales in Switzerland, the fund management and/or management company may make reimbursements from sales to the following qualified investors holding shares of collective capital investments on behalf of third-party beneficial owners:

- life insurance companies
- pension funds and other such institutions
- investment foundations
- Swiss fund managers
- foreign fund managers and management companies
- investment companies

With regard to sales in Switzerland, the fund management and/or management company may pay sales compensation to the following distributors and distribution partners:

- approved distributors as defined in Article 19, paragraph 1 KAG
- distributors exempt from the authorisation obligation as defined in Article 19, paragraph 4 KAG and Article 8 KVV
- distribution partners who place shares of collective capital investments exclusively with institutional investors with a professional treasury
- distribution partners who place shares of collective capital investments solely on the basis of a written asset-management mandate.

### e) Place of performance and jurisdiction

For shares purchased in Switzerland the place of performance and jurisdiction shall be the domicile of the representative.