

# Annual Report 2016/2017

**Investment Fund under Luxembourg Law**

**R.C.S. Luxembourg N° K 302**

**Audited annual report as of 28 February 2017**

UBS (Lux) Medium Term Bond Fund  
UBS (Lux) Medium Term Bond Fund – AUD  
UBS (Lux) Medium Term Bond Fund – CAD  
UBS (Lux) Medium Term Bond Fund – CHF  
UBS (Lux) Medium Term Bond Fund – EUR  
UBS (Lux) Medium Term Bond Fund – GBP  
UBS (Lux) Medium Term Bond Fund – US Government (USD)  
UBS (Lux) Medium Term Bond Fund – USD





# Audited annual report as of 28 February 2017

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### **Sales restrictions**

Units of this Fund may not be offered, sold or distributed within the United States of America.

### **Internet address**

[www.ubs.com/funds](http://www.ubs.com/funds)

# Management and Administration

## Management Company

UBS Fund Management (Luxembourg) S.A.  
33A, avenue J.F. Kennedy  
L-1855 Luxembourg  
R.C.S. Luxembourg N° B 154 210

## Board of Directors

*André Müller-Wegner*, Chairman  
(Member since 29 November 2016,  
Chairman since 1 January 2017)  
Managing Director, UBS AG, Basel and Zurich

*Andreas Schlatter*, Member  
(Chairman until 31 December 2016)  
Independent Director, Küttingen, Switzerland

*Pascal Kistler*, Member  
Managing Director, UBS AG, Basel and Zurich

*Martin Thommen*, Member  
Managing Director, UBS AG, Basel and Zurich

*Gilbert Schintgen*, Member  
Managing Director, UBS Fund Management  
(Luxembourg) S.A., Luxembourg

*Christian Eibel*, Member (until 6 December 2016)  
Executive Director, UBS AG, Basel and Zurich

## Portfolio Manager

*UBS (Lux) Medium Term Bond Fund*  
– CHF  
– EUR  
– GBP  
– USD

UBS AG, UBS Asset Management  
Basel and Zurich

*UBS (Lux) Medium Term Bond Fund*  
– AUD  
UBS Asset Management (Australia) Ltd.  
Sydney

## Depositary and main paying agent

UBS Europe SE, Luxembourg Branch  
33A, avenue J.F. Kennedy  
L-1855 Luxembourg

## Administrative agent

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

## Independent Auditor of the Fund and the Management Company

ERNST & YOUNG S.A.  
35E, avenue J.F. Kennedy  
L-1855 Luxembourg

## Sale in Switzerland

*Representative*  
UBS Fund Management (Switzerland) AG  
Aeschenplatz 6, CH-4052 Basel

*Paying agents*  
UBS Switzerland AG, Bahnhofstrasse 45, CH-8001 Zurich  
and its offices in Switzerland

The sales prospectus, the KIID, management regulations, annual and semi-annual reports as well as the portfolio movements of the investment fund mentioned in this publication are available free of charge from UBS Switzerland AG, Postfach, CH-8001 Zurich and from UBS Fund Management (Switzerland) AG, P.O. Box, CH-4002 Basel.

## **Sale in Germany**

### *Paying and information agent*

UBS Europe SE, Bockenheimer Landstrasse 2–4  
D-60306 Frankfurt am Main

The sales prospectus, the KIID, management regulations, annual and semi-annual reports as well as the portfolio movements of the investment fund mentioned in this publication are available free of charge from UBS Europe SE, Bockenheimer Landstrasse 2–4, D-60306 Frankfurt am Main.

## **Sale in Liechtenstein**

### *Paying agent*

Liechtensteinische Landesbank AG  
Städtle 44, FL-9490 Vaduz

## **Sale in Austria, in the Czech Republic, in Finland, in France, in Italy, in Malta, in the Netherlands, in Singapore\*, in Spain, in Sweden and in the United Kingdom**

\* Restricted foreign scheme

Units of this Fund may be sold in these countries.

The sales prospectus, the KIID, management regulations, annual and semi-annual reports as well as the portfolio movements of the investment fund mentioned in this publication are available free of charge at the sales agencies and at the registered office of the Management Company.

# Features of the Fund

UBS (Lux) Medium Term Bond Fund (hereinafter called the "Fund") offers investors a range of different subfunds ("umbrella construction") which invest in accordance with the investment policy described in the sales prospectus. The sales prospectus, which contains specific details on each subfund, will be brought up to date on the inception of each new subfund.

The Fund was established as an open-ended investment fund without legally independent status in the form of a collective investment fund ("fonds commun de placement", FCP) pursuant to Part I of the Luxembourg law relating to undertakings for collective investment of 30 March 1988 and adapted in November 2006 to conform to the Luxembourg law dated 20 December 2002 relating to undertakings for collective investment. Since 1 July 2011 the Company is subject to the law of 17 December 2010.

Each time a revision is deposited it is announced in the "Mémorial". The new Management Regulations come into force on the date they are deposited with the Commercial and Companies Register of the District Court in Luxembourg. The consolidated version is deposited at the Commercial and Company Register of the District Court in Luxembourg for inspection.

The activities of UBS Medium Term Bond Fund Management Company S.A. in its function as Management Company of UBS (Lux) Medium Term Bond Fund ended on 14 November 2010. On 15 November 2010, UBS Fund Management (Luxembourg) S.A. assumed the function of Management Company.

The Fund has no legal personality as an investment fund. The entire assets of each subfund are the undivided property of all investors who have equal rights in proportion to the number of units which they hold. These assets are separate from the assets of the Management Company. The securities and other assets of the Fund are managed by UBS Fund Management (Luxembourg) S.A. as in-house funds in the interest and for the account of the unitholders.

The Management Regulations give the Management Company the authority to establish different subfunds for the Fund as well as different classes with specific characteristics within these subfunds. The sales prospectus will be updated each time a new subfund or an additional class is issued.

As at 28 February 2017, the following subfunds are active:

<b>UBS (Lux) Medium Term Bond Fund</b>	<b>Currency of account</b>
- AUD	AUD
- CHF	CHF
- EUR	EUR
- GBP	GBP
- USD	USD

Not all the types of unit class described below have to be offered at all times. Information on which unit classes are available can be obtained from the Administrative Agent or at [www.ubs.com/funds](http://www.ubs.com/funds).

Units are issued as registered units only.

## "P"

Units 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 units amounts to AUD 100, BRL 400, CAD 100, CHF 100, CZK 2,000, EUR 100, GBP 100, HKD 1,000, JPY 10,000, NZD 100, PLN 500, RMB 1,000, RUB 3,500, SEK 700, SGD 100, USD 100 or ZAR 1,000.

## "N"

Units in classes with "N" in their name (units with restrictions on the distribution partners or countries) are issued exclusively through sales agents domiciled in Spain, Italy, Portugal and Germany authorised by UBS AG, as well as, where appropriate, through sales agents in further distribution countries, provided this has been decided by the Management Company. Their smallest tradable unit is 0.001. Unless the Management Company decides otherwise, the initial issue price of these units amounts to AUD 100, BRL 400, CAD 100, CHF 100, CZK 2,000, EUR 100, GBP 100, HKD 1,000, JPY 10,000, NZD 100, PLN 500, RMB 1,000, RUB 3,500, SEK 700, SGD 100, USD 100 or ZAR 1,000.

## "K-1"

Units 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 units amounts to AUD 5 million, BRL 20 million, CAD 5 million, CHF 5 million, CZK 100 million, EUR 3 million, GBP 2.5 million, HKD 40 million, JPY 500 million, NZD 5 million, PLN 25 million, RMB 35 million, RUB 175 million, SEK 35 million, SGD 5 million, USD 5 million or ZAR 40 million.

## **“K-X”**

Units in classes with “K-X” in their name are exclusively reserved for investors who have signed a written agreement on investing in one or more subfunds of this umbrella fund with UBS AG or UBS Asset Management (a business division of UBS AG). The costs for asset management, fund administration (comprising the costs of the Management Company, administration and Depository) 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 units amounts to AUD 100, BRL 400, CAD 100, CHF 100, CZK 2,000, EUR 100, GBP 100, HKD 1,000, JPY 10,000, NZD 100, PLN 500, RMB 1,000, RUB 3,500, SEK 700, SGD 100, USD 100 or ZAR 1,000.

## **“F”**

Units in classes with “F” in their name are exclusively available to UBS AG or one of its affiliated companies. The units may only be acquired by UBS AG or one of its subsidiaries for their own account or as part of discretionary asset management mandates concluded with UBS AG or one of its subsidiaries. In the latter case, the units will be returned to the Fund at the prevailing net asset value at no charge upon termination of the mandate. The smallest tradable unit of these units is 0.001. Unless the Management Company decides otherwise, the initial issue price of these units amounts to AUD 100, BRL 400, CAD 100, CHF 100, CZK 2,000, EUR 100, GBP 100, HKD 1,000, JPY 10,000, NZD 100, PLN 500, RMB 1,000, RUB 3,500, SEK 700, SGD 100, USD 100 or ZAR 1,000.

## **“Q”**

Units in classes with “Q” in their name are available:

- (i) for distribution from an eligible country as defined by “List A”;
- (ii) 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) asset management agreement; or
  - (c) on behalf of their clients within the framework of an advisory relationship established in writing, in return for payment; or
  - (d) on behalf of a collective investment managed by a professional of the financial sector.

In cases (b), (c) and (d), 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 in the name and 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” or “List C” in cases (b) and (c) respectively.

Admission of investors in further distribution countries (changes to lists A, B and C) shall be decided by the Management Company at its sole discretion and disclosed on [www.ubs.com/funds](http://www.ubs.com/funds).

The smallest tradable unit of these units is 0.001. Unless the Management Company decides otherwise, the initial issue price of these units amounts to AUD 100, BRL 400, CAD 100, CHF 100, CZK 2,000, EUR 100, GBP 100, HKD 1,000, JPY 10,000, NZD 100, PLN 500, RMB 1,000, RUB 3,500, SEK 700, SGD 100, USD 100 or ZAR 1,000.

## **“I-A1”**

Units in classes with “I-A1” in their name are exclusively reserved for institutional investors within the meaning of Article 174 (2) c) of the amended Law of 2010. Their smallest tradable unit is 0.001. Unless the Management Company decides otherwise, the initial issue price of these units amounts to AUD 100, BRL 400, CAD 100, CHF 100, CZK 2,000, EUR 100, GBP 100, HKD 1,000, JPY 10,000, NZD 100, PLN 500, RMB 1,000, RUB 3,500, SEK 700, SGD 100, USD 100 or ZAR 1,000.

## **“I-A2”**

Units in classes with “I-A2” in their name are exclusively reserved for institutional investors within the meaning of Article 174 (2) c) of the amended Law of 2010. Their smallest tradable unit is 0.001. Unless the Management Company decides otherwise, the initial issue price of these units amounts to AUD 100, BRL 400, CAD 100, CHF 100, CZK 2,000, EUR 100, GBP 100, HKD 1,000, JPY 10,000, NZD 100, PLN 500, RMB 1,000, RUB 3,500, SEK 700, SGD 100, USD 100 or ZAR 1,000. The minimum subscription amount for these units is CHF 10 million (or the corresponding currency equivalent).

Upon subscription,

- (i) a minimum subscription must be made pursuant to the list above,
- (ii) based on a written agreement of the institutional investor with UBS AG (or with one its authorised counterparties), the investor’s total assets managed by UBS or its portfolio in collective capital investments of UBS must be more than CHF 30 million (or the corresponding currency equivalent), or
- (iii) the institutional investor is an occupational pension institution of the UBS Group AG or one of their wholly-owned group companies.

## **“I-A3”**

Units in classes with “I-A3” in their name are exclusively reserved for institutional investors within the meaning of Article 174 (2) c) of the amended Law of 2010. Their smallest tradable unit is 0.001. Unless the Management Company decides otherwise, the initial issue price of these units amounts to AUD 100, BRL 400, CAD 100, CHF 100, CZK 2,000, EUR 200, GBP 100, HKD 1,000, JPY 10,000, NZD 100, PLN 500, RMB 1,000, RUB 3,500, SEK 700, SGD 100, USD 100 or ZAR 1,000. The minimum



subscription amount for these units is CHF 30 million (or the corresponding currency equivalent).

Upon subscription,

- (i) a minimum subscription must be made pursuant to the list above,
- (ii) based on a written agreement of the institutional investor with UBS AG (or with one its authorised counterparties), the investor's total assets managed by UBS or its portfolio in collective capital investments of UBS must be more than CHF 100,000,000 (or the corresponding currency equivalent), or
- (iii) the institutional investor is an occupational pension institution of the UBS Group AG or one of their wholly-owned group companies.

### **"I-B"**

Units in classes with "I-B" in their name are exclusively reserved for institutional investors within the meaning of Article 174 (2) (c) of the amended Law of 2010 who have signed a written agreement on investing in one or 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 Management Company, administration and Depositary) 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 units amounts to AUD 100, BRL 400, CAD 100, CHF 100, CZK 2,000, EUR 100, GBP 100, HKD 1,000, JPY 10,000, NZD 100, PLN 500, RMB 1,000, RUB 3,500, SEK 700, SGD 100, USD 100 or ZAR 1,000.

### **"I-X"**

Units in classes with "I-X" in their name are exclusively reserved for institutional investors within the meaning of Article 174 (2) (c) of the amended Law of 2010 who have signed a written agreement on investing in one or 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 Management Company, administration and Depositary) 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 units amounts to AUD 100, BRL 400, CAD 100, CHF 100, CZK 2,000, EUR 100, GBP 100, HKD 1,000, JPY 10,000, NZD 100, PLN 500, RMB 1,000, RUB 3,500, SEK 700, SGD 100, USD 100 or ZAR 1,000.

### **"U-X"**

Units in classes with "U-X" in their name are exclusively reserved for institutional investors within the meaning of Article 174 (2) (c) of the amended Law of 2010 who have signed a written agreement on investing in one or 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 Management Company, administration and Depositary) and distribution are charged to investors under the aforementioned agreements. This unit 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 Management Company decides otherwise, the initial issue price of these units amounts to AUD 10,000, BRL 40,000, CAD 10,000, CHF 10,000, CZK 200,000, EUR 10,000, GBP 10,000, HKD 100,000, JPY 1 million, NZD 10,000, PLN 50,000, RMB 100,000, RUB 350,000, SEK 70,000, SGD 10,000, USD 10,000 or ZAR 100,000.

Additional characteristics:

### **"UKdist"**

The aforementioned unit classes can be issued as those with "UKdist" in their name. In these cases, the Management Company intends to distribute a sum which corresponds to 100% of the reportable income within the meaning of the UK reporting fund rules when the unit classes are subject to the reporting fund rules. The Management Company does not intend to make available taxable values in other countries for this unit class, as these unit classes are intended for investors whose investment in the unit class is liable to tax in the UK.

### **Currency**

The unit classes may be denominated in AUD, BRL, CAD, CHF, CZK, EUR, GBP, HKD, JPY, NZD, PLN, RMB, RUB, SEK, SGD, USD or ZAR. For unit classes issued in the currency of account of the respective subfund, the respective currency will not be included in the unit class name. The currency of account features in the name of the relevant subfund.

### **"hedged"**

For unit classes with "hedged" in their name and denominated in a currency other than the subfund's currency of account, foreign exchange transactions and currency forwards are conducted in order to hedge the net asset value of the subfund, calculated in the currency of account, against the net asset values of the unit classes denominated in other currencies.

Although it will not be possible to fully hedge the total net asset value of a unit class against currency fluctuations of the currency of account, the aim is to secure a currency hedge for the currency of account against the corresponding currency of the unit classes equivalent to between 90% and 110% of the net asset value. Changes in the value of the hedged sections of the portfolios and the volume of subscription and redemption orders for units not denominated in the reference

currency may, however, result in the level of currency hedging temporarily surpassing the stated limits. The Management Company and Portfolio Manager will take all the necessary steps to bring the hedging back within the aforementioned limits.

#### **“BRL hedged”**

The Brazilian real (currency code pursuant to ISO 4217: BRL) may be subject to exchange control regulations and repatriation limits set by the Brazilian government. Prior to investing in BRL classes, investors should also bear in mind that the availability and tradability of BRL classes, and the conditions under which they may be available or traded, depend to a large extent on the political and regulatory developments in Brazil. As a result, the hedging may not be between 90% and 110% of the total net assets. Potential investors should be aware of the risks of reinvestment, which could arise if the BRL class has to be liquidated early due to political and/or regulatory circumstances. This does not apply to the reinvestment risk due to liquidation of a unit class and/or the subfund in accordance with the section “Liquidation and merger of the Fund and its subfunds or unit classes” of the sales prospectus.

#### **“RMB hedged”**

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, namely as onshore RMB (CNY) in mainland China and offshore RMB (CNH) outside mainland China.

Units in classes with “RMB hedged” in their name are units whose net asset value is calculated in offshore RMB (CNH).

Onshore RMB (CNY) is not a freely convertible currency and is subject to foreign exchange control policies 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 regulated 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 regulatory 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) can 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 at certain times, 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 these factors into account when calculating the conversion of 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 currency of account 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 currency of account into offshore RMB (CNH), which may be restricted by the availability of offshore RMB (CNH) or other circumstances beyond the control of the Management 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 liquidation of a unit class and/or the subfund in accordance with the section “Liquidation and merger of the Fund and its subfunds or unit classes” of the sales prospectus.

#### **“DH”**

In unit classes with “DH” (duration hedged) in their name, derivative instruments (e.g. exchange-traded interest-rate futures or OTC interest-rate swaps) are held to reduce the duration of the net asset value of the DH unit class, with the value not falling below zero. For this, these positions and the associated earnings or losses are considered exclusively for calculating the net asset value of the DH unit classes. Duration is an instrument for measuring the price elasticity of bonds with regard to interest-rate changes. The higher the duration of a bond portfolio, the stronger its market value reacts to changes in interest rates; the lower the duration of a bond portfolio, the weaker its market value reacts to changes in interest rates. The duration of the net asset value of DH unit classes will not be higher than that of unit classes

without "DH" in their name. Therefore, the net asset value of DH unit classes will react to interest changes in the same way or not as strongly as the net asset value of unit classes without "DH" in their name.

#### **"acc"**

For unit classes with "-acc" in their name, income is not distributed unless the Management Company decides otherwise.

#### **"dist"**

For unit classes with "-dist" in their name, income is distributed unless the Management Company decides otherwise.

#### **"qdist"**

Units in classes with "-qdist" in their name may make quarterly distributions, excluding fees and expenses. Distributions may also be made out of the capital (this can contain, inter alia, realised and unrealised net gains in the net asset value) ("capital"). Distributions out of capital result in the reduction of an investor's original capital invested in the subfund. Furthermore, any distributions from the income and/or involving the capital result in an immediate reduction of the net asset value per unit 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) unit classes. Investors may be taxed on income and capital arising from accumulating (-acc) unit classes at a later point in time than is the case with distributing (-dist) unit classes. Investors should seek their own tax advice.

#### **"mdist"**

Unit classes with "-mdist" in their name may make monthly distributions excluding fees and expenses. Distributions may also be made out of the capital. Distributions out of capital result in the reduction of an investor's original capital invested in the subfund. Furthermore, any distributions from the income and/or involving the capital result in an immediate reduction of the net asset value per unit 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 prefer to subscribe to accumulating (-acc) rather than distributing (-dist, -mdist) unit classes. Investors may be taxed on income and capital arising from accumulating (-acc) unit classes at a later point in time than is the case with distributing (-dist) unit classes. Investors should seek their own tax advice.

The maximum issuing commission for units in classes with "-mdist" in their name is 6%.

#### **"2%", "4%", "6%", "8%"**

Units in classes with "2%" / "4%" / "6%" / "8%" in their name may make monthly (-mdist), quarterly (-qdist) or annual (-dist) distributions at the respective aforementioned annual percentage rates, gross of fees and expenses. The distribution amount is calculated based on the net asset value of the respective unit class at the end of the month (in the case of monthly distributions), financial quarter (in the case of quarterly distributions) or financial year (in the case of annual distributions). These unit classes are suitable for investors who wish for more stable distributions, unrelated to past or expected returns or income.

Distributions may thus also be made out of the capital. Distributions out of capital result in the reduction of an investor's original capital invested in the subfund. Furthermore, any distributions from the income and/or involving the capital result in an immediate reduction of the net asset value per unit 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) unit classes. Investors may be taxed at a later point in time on income and capital arising on accumulating (-acc) unit classes compared to distributing (-dist, -qdist, -mdist) unit classes. Investors should seek their own tax advice.

The Fund is subject to no restrictions with regard to the size of its net assets, the number of units, number of subfunds and duration.

The Fund is a single and undividable legal entity. With respect to the unitholders, each subfund is regarded as being separate from the others. The assets of a subfund can, however, only be used to offset the liabilities which the subfund concerned has assumed.

The acquisition of Fund units implies acceptance of the Management Regulations by the unitholder.

There is no provision in the Management Regulations for a meeting of the unitholders.

The financial year of the Fund ends on the last day of February.

Information on whether a subfund of UBS (Lux) Medium Term Bond Fund 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 units of UBS (Lux) Medium Term Bond Fund are subject to the regulations prevailing in the country concerned.

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

The annual and semi-annual reports are available free of charge to unitholders at the registered office of the Management Company and the Depositary.

No subscription may be accepted on the basis of the financial reports. Subscriptions are accepted only on the basis of the current prospectus accompanied by the latest annual report and the latest semi-annual report if available.

The figures stated in this report are historical and not necessarily indicative of future performance.

# Independent auditor's report

To the Unitholders of

## **UBS (Lux) Medium Term Bond Fund**

33A, avenue J.F. Kennedy,  
L-1855 Luxembourg

We have audited the accompanying financial statements of UBS (Lux) Medium Term Bond Fund and of each of its subfunds, which comprise the statement of net assets and the statement of investments in securities and other net assets as of 28 February 2017 and the statement of operations and the statement of changes in net assets for the year then ended and a summary of significant accounting policies and other explanatory notes to the financial statements.

### **Board of Directors of the Management Company's responsibility for the financial statements**

The Board of Directors of the Management Company is responsible for the preparation and fair presentation of these financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the financial statements and for such internal control as the Board of Directors of the Management Company determines is necessary to enable the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Responsibility of the Réviseur d'entreprises agréé**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the Réviseur d'entreprises agréé's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the Réviseur d'entreprises agréé considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors of the Management Company, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, these financial statements give a true and fair view of the financial position of UBS (Lux) Medium Term Bond Fund and of each of its subfunds as of 28 February 2017, and of the results of their operations and changes in their net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the financial statements.

## Others

Supplementary information included in the annual report has been reviewed in the context of our mandate but has not been subject to specific audit procedures carried out in accordance with the standards described above. Consequently, we express no opinion on such information. However, we have no observation to make concerning such information in the context of the financial statements taken as a whole.

Luxembourg, 27 June 2017

ERNST & YOUNG  
Société Anonyme  
Cabinet de révision agréé

N. Faber

# UBS (Lux) Medium Term Bond Fund

## Consolidated Statement of Net Assets

	EUR
<b>Assets</b>	<b>28.2.2017</b>
Investments in securities, cost	915 090 064.67
Investments in securities, unrealized appreciation (depreciation)	-5 548 715.46
Total investments in securities (Note 1)	909 541 349.21
Cash at banks, deposits on demand and deposit accounts	11 460 203.96
Other liquid assets (Margins)	217 425.61
Receivable on securities sales (Note 1)	42 094 196.99
Receivable on subscriptions	1 529 638.93
Interest receivable on securities	9 001 826.72
Other assets	41 139.95
Unrealized gain (loss) on financial futures (Note 1)	-39 651.67
Unrealized gain (loss) on forward foreign exchange contracts (Note 1)	-642 641.42
Unrealized gain (loss) on swaps (Note 1)	-52 031.47
<b>Total Assets</b>	<b>973 151 456.81</b>
<b>Liabilities</b>	
Other short-term liabilities (Margins)	-13 874.14
Payable on securities purchases (Note 1)	-40 142 284.50
Payable on redemptions	-2 587 947.78
Provisions for flat fee (Note 2)	-270 543.56
Provisions for taxe d'abonnement (Note 3)	-69 229.77
Provisions for other commissions and fees (Note 2)	-68 591.30
Total provisions	-408 364.63
<b>Total Liabilities</b>	<b>-43 152 471.05</b>
<b>Net assets at the end of the financial year</b>	<b>929 998 985.76</b>

## Consolidated Statement of Operations

EUR

<b>Income</b>	<b>1.3.2016-28.2.2017</b>
Interest on liquid assets	46 936.26
Interest on securities	25 685 781.63
Interest received on swaps (Note 1)	54 645.79
Income on securities lending (Note 12)	329 440.97
Other income (Note 4)	1 026 189.39
<b>Total income</b>	<b>27 142 994.04</b>
<b>Expenses</b>	
Cost on securities lending (Note 12)	-131 776.38
Flat fee (Note 2)	-9 161 624.00
Taxe d'abonnement (Note 3)	-498 439.41
Other commissions and fees (Note 2)	-413 748.49
Interest on cash and bank overdraft	-87 437.25
<b>Total expenses</b>	<b>-10 293 025.53</b>
<b>Net income (loss) on investments</b>	<b>16 849 968.51</b>
<b>Realized gain (loss) (Note 1)</b>	
Realized gain (loss) on market-priced securities without options	-9 183 969.45
Realized gain (loss) on yield-evaluated securities and money market instruments	64 275.72
Realized gain (loss) on financial futures	342 892.20
Realized gain (loss) on forward foreign exchange contracts	403 994.73
Realized gain (loss) on swaps	-77 991.61
Realized gain (loss) on foreign exchange	112 964.74
<b>Total realized gain (loss)</b>	<b>-8 337 833.67</b>
<b>Net realized gain (loss) of the financial year</b>	<b>8 512 134.84</b>
<b>Changes in unrealized appreciation (depreciation) (Note 1)</b>	
Unrealized appreciation (depreciation) on market-priced securities without options	-3 713 264.13
Unrealized appreciation (depreciation) on yield-evaluated securities and money market instruments	-66 800.67
Unrealized appreciation (depreciation) on financial futures	-383 309.40
Unrealized appreciation (depreciation) on forward foreign exchange contracts	-642 641.42
Unrealized appreciation (depreciation) on swaps	-137 663.23
<b>Total changes in unrealized appreciation (depreciation)</b>	<b>-4 943 678.85</b>
<b>Net increase (decrease) in net assets as a result of operations</b>	<b>3 568 455.99</b>



# UBS (Lux) Medium Term Bond Fund – AUD

## Three-year comparison

	ISIN	28.2.2017	29.2.2016	28.2.2015
Net assets in AUD		88 576 999.28	121 231 603.60	149 817 434.07
<b>Class F-acc</b>	<b>LU0442355367</b>			
Units outstanding		4 972.0000	6 549.0000	15 053.0000
Net asset value per unit in AUD		273.19	267.15	260.98
Issue and redemption price per unit in AUD <sup>1</sup>		273.19	267.15	260.98
<b>Class I-X-dist<sup>2</sup></b>	<b>LU0442356761</b>			
Units outstanding		-	81 208.4060	198 078.5480
Net asset value per unit in AUD		-	102.66	105.34
Issue and redemption price per unit in AUD <sup>1</sup>		-	102.66	105.34
<b>Class P-acc</b>	<b>LU0074904532</b>			
Units outstanding		308 982.9710	383 380.3170	483 980.6230
Net asset value per unit in AUD		267.16	262.83	258.32
Issue and redemption price per unit in AUD <sup>1</sup>		267.16	262.83	258.32
<b>Class Q-acc<sup>3</sup></b>	<b>LU0442355524</b>			
Units outstanding		45 393.4700	102 985.8350	-
Net asset value per unit in AUD		102.86	100.79	-
Issue and redemption price per unit in AUD <sup>1</sup>		102.86	100.79	-

<sup>1</sup> See note 1

<sup>2</sup> The unit class I-X-dist was in circulation until 3.11.2016

<sup>3</sup> First NAV: 6.10.2015

## Performance

	Currency	2016/2017	2015/2016	2014/2015
Class F-acc	AUD	2.3%	2.4%	5.3%
Class I-X-dist <sup>1</sup>	AUD	-	2.7%	5.7%
Class P-acc	AUD	1.6%	1.7%	4.7%
Class Q-acc	AUD	2.1%	-	-

<sup>1</sup> The unit class I-X-dist was in circulation until 3.11.2016. Due to this fact, there is no data for the calculation of the performance available.

Historical performance is no indicator of current or future performance.

The performance data does not take account of any commissions and costs charged when subscribing and redeeming units.

The performance data were not audited.

The subfund has no benchmark.

## Report of the Portfolio Manager

In Australia, three-year government bonds traded below the RBA cash rate from March 2016 through to early September, and then traded progressively higher than cash rates for the rest of the year, closing the reporting year at 1.95%; three-year government bond yields reached a high of 2.08% in mid-March 2016 (and periodically traded at similar yield levels in the last two months of the financial year), and touched a low of 1.37% in August. The RBA cut the cash rate twice in mid-2016, to 1.5%, which was the rate that prevailed through to the end of the financial year, from 1 March 2017 to 28 February 2017. We believe the RBA is reluctant to tighten in 2017; with that said, expectations of stronger US and Chinese growth have led the market to begin pricing in the possibility of a rate hike by the RBA in the coming 12 months.

In the reporting year from 1 March 2016 to 28 February 2017, the subfund posted a positive return. The yield curve strategy and sector management contributed to overall performance. From a sector positioning standpoint the portfolio continues to maintain an overweight credit exposure, while being underweight treasuries.

## Structure of the Securities Portfolio

### Geographical Breakdown as a % of net assets

Australia	72.61
Supnationals	8.64
United States	7.86
Germany	4.74
Canada	1.00
The Netherlands	0.89
United Kingdom	0.58
<b>Total</b>	<b>96.32</b>

### Economic Breakdown as a % of net assets

Banks & credit institutions	22.19
Countries & central governments	19.28
Finance & holding companies	11.08
Cantons, federal states	10.98
Public, non-profit institutions	9.27
Supranational organisations	8.64
Traffic & transportation	3.79
Energy & water supply	2.11
Miscellaneous unclassified companies	1.78
Telecommunications	1.75
Computer hardware & network equipment providers	1.35
Mortgage & funding institutions	1.14
Aerospace industry	0.61
Petroleum	0.61
Healthcare & social services	0.60
Insurance	0.58
Food & soft drinks	0.56
<b>Total</b>	<b>96.32</b>

## Statement of Net Assets

	AUD
<b>Assets</b>	<b>28.2.2017</b>
Investments in securities, cost	85 628 207.79
Investments in securities, unrealized appreciation (depreciation)	-313 831.82
Total investments in securities (Note 1)	85 314 375.97
Cash at banks, deposits on demand and deposit accounts	3 521 160.50
Receivable on subscriptions	36 264.07
Interest receivable on securities	791 099.24
Other assets	125.41
Unrealized gain (loss) on financial futures (Note 1)	3 157.15
<b>Total Assets</b>	<b>89 666 182.34</b>
<b>Liabilities</b>	
Other short-term liabilities (Margins)	-3 156.38
Payable on securities purchases (Note 1)	-994 480.00
Payable on redemptions	-53 627.91
Provisions for flat fee (Note 2)	-27 445.99
Provisions for taxe d'abonnement (Note 3)	-7 169.36
Provisions for other commissions and fees (Note 2)	-3 303.42
Total provisions	-37 918.77
<b>Total Liabilities</b>	<b>-1 089 183.06</b>
<b>Net assets at the end of the financial year</b>	<b>88 576 999.28</b>

## Statement of Operations

	AUD
<b>Income</b>	<b>1.3.2016-28.2.2017</b>
Interest on liquid assets	57 069.29
Interest on securities	4 801 658.83
Income on securities lending (Note 12)	1 073.58
Other income (Note 4)	58 215.39
<b>Total income</b>	<b>4 918 017.09</b>
<b>Expenses</b>	
Cost on securities lending (Note 12)	-429.43
Flat fee (Note 2)	-873 404.97
Taxe d'abonnement (Note 3)	-49 199.04
Other commissions and fees (Note 2)	-37 977.14
<b>Total expenses</b>	<b>-961 010.58</b>
<b>Net income (loss) on investments</b>	<b>3 957 006.51</b>
<b>Realized gain (loss) (Note 1)</b>	
Realized gain (loss) on market-priced securities without options	-837 503.31
Realized gain (loss) on yield-evaluated securities and money market instruments	75 660.00
Realized gain (loss) on financial futures	36 483.77
Realized gain (loss) on foreign exchange	283.51
<b>Total realized gain (loss)</b>	<b>-725 076.03</b>
<b>Net realized gain (loss) of the financial year</b>	<b>3 231 930.48</b>
<b>Changes in unrealized appreciation (depreciation) (Note 1)</b>	
Unrealized appreciation (depreciation) on market-priced securities without options	-1 120 597.23
Unrealized appreciation (depreciation) on yield-evaluated securities and money market instruments	- 70 890.00
Unrealized appreciation (depreciation) on financial futures	-55 443.30
<b>Total changes in unrealized appreciation (depreciation)</b>	<b>-1 246 930.53</b>
<b>Net increase (decrease) in net assets as a result of operations</b>	<b>1 984 999.95</b>

## Statement of Changes in Net Assets

	AUD
	<b>1.3.2016-28.2.2017</b>
Net assets at the beginning of the financial year	121 231 603.60
Subscriptions	27 260 026.03
Redemptions	-61 359 650.14
Total net subscriptions (redemptions)	-34 099 624.11
Dividend paid	-539 980.16
Net income (loss) on investments	3 957 006.51
Total realized gain (loss)	-725 076.03
Total changes in unrealized appreciation (depreciation)	-1 246 930.53
Net increase (decrease) in net assets as a result of operations	1 984 999.95
<b>Net assets at the end of the financial year</b>	<b>88 576 999.28</b>

## Development of the outstanding units

	1.3.2016-28.2.2017
<b>Class</b>	<b>F-acc</b>
Number of units outstanding at the beginning of the financial year	6 549.0000
Number of units issued	61.0000
Number of units redeemed	-1 638.0000
<b>Number of units outstanding at the end of the financial year</b>	<b>4 972.0000</b>
<b>Class</b>	<b>I-X-dist</b>
Number of units outstanding at the beginning of the financial year	81 208.4060
Number of units issued	79 142.0960
Number of units redeemed	-160 350.5020
<b>Number of units outstanding at the end of the financial year</b>	<b>0.0000</b>
<b>Class</b>	<b>P-acc</b>
Number of units outstanding at the beginning of the financial year	383 380.3170
Number of units issued	61 844.9420
Number of units redeemed	-136 242.2880
<b>Number of units outstanding at the end of the financial year</b>	<b>308 982.9710</b>
<b>Class</b>	<b>Q-acc</b>
Number of units outstanding at the beginning of the financial year	102 985.8350
Number of units issued	27 728.2330
Number of units redeemed	-85 320.5980
<b>Number of units outstanding at the end of the financial year</b>	<b>45 393.4700</b>

## Distribution

UBS (Lux) Medium Term Bond Fund – AUD	Ex-Date	Pay-Date	Currency	Amount per unit
I-X-dist	2.5.2016	6.5.2016	AUD	4.89

## Statement of Investments in Securities and other Net Assets as of 28 February 2017

Description	Quantity/ Nominal	Valuation in AUD Unrealized gain (loss) on Futures/ Forward Exchange Contracts/ Swaps (Note 1)	as a % of net assets
<b>Transferable securities and money market instruments listed on an official stock exchange</b>			
<b>Notes, fixed rate</b>			
<b>AUD</b>			
AUD AUSTRALIA & NEW ZEALAND BANKING GROUP 3.75000% 14-11.11.19	1 100 000.00	1 126 752.00	1.27
AUD QUEENSLAND TREASURY CORP 5.50000% 11-21.06.21	4 000 000.00	4 503 920.00	5.09
AUD WESTERN AUSTRALIAN TREASURY CORP 2.50000% 15-22.07.20	2 500 000.00	2 514 325.00	2.84
AUD WESTERN AUSTRALIAN TREASURY CORP-REG-S 3.75000% 14-23.10.18	1 500 000.00	1 542 795.00	1.74
<b>Total AUD</b>		<b>9 687 792.00</b>	<b>10.94</b>
<b>Total Notes, fixed rate</b>		<b>9 687 792.00</b>	<b>10.94</b>
<b>Notes, floating rate</b>			
<b>AUD</b>			
AUD AUSTRALIA & NEW ZEALAND BANKG-SUB 3M BBSW+275BP 12-20.06.22	11 000.00	1 105 272.47	1.25
<b>Total AUD</b>		<b>1 105 272.47</b>	<b>1.25</b>
<b>Total Notes, floating rate</b>		<b>1 105 272.47</b>	<b>1.25</b>
<b>Medium term notes, fixed rate</b>			
<b>AUD</b>			
AUD APPLE INC-REG-S 2.65000% 16-10.06.20	1 200 000.00	1 198 872.00	1.35
AUD BARCLAYS BANK PLC 4.50000% 14-04.04.19	500 000.00	514 500.00	0.58
AUD BHP BILLITON FINANCE LTD 3.75000% 12-18.10.17	1 000 000.00	1 007 720.00	1.14
AUD BHP BILLITON FINANCE LTD-REG-S 3.00000% 15-30.03.20	500 000.00	501 795.00	0.57
AUD COCA-COLA CO/THE-REG-S 2.60000% 15-09.06.20	500 000.00	499 925.00	0.56
AUD CROWN GROUP FINANCE LTD-REG-S 4.50000% 14-18.11.19	500 000.00	510 070.00	0.58
AUD EUROPEAN INVESTMENT BANK 6.50000% 09-07.08.19	500 000.00	548 160.00	0.62
AUD EUROPEAN INVESTMENT BANK 6.25000% 11-08.06.21	500 000.00	567 970.00	0.64
AUD EUROPEAN INVESTMENT BANK 2.50000% 15-30.04.20	800 000.00	797 440.00	0.90
AUD INTERNATIONAL FINANCE CORP-REG-S 2.70000% 15-05.02.21	500 000.00	501 895.00	0.57
AUD INTL BK FOR RECONSTR & DEVT WORLD BANK 3.50000% 14-29.04.19	1 000 000.00	1 027 560.00	1.16
AUD INTL BK FOR RECONSTR & DEVT WORLD BANK 2.80000% 17-12.01.22	700 000.00	702 352.00	0.79
AUD JPMORGAN CHASE & CO 4.10000% 13-17.05.18	1 500 000.00	1 526 055.00	1.72
AUD KREDITANSTALT FUER WIEDERAUFBAU-REG-S 2.75000% 15-16.04.20	1 100 000.00	1 109 350.00	1.25
AUD KREDITANSTALT FUER WIEDERAUFBAU-REG-S 2.40000% 15-02.07.20	1 000 000.00	997 040.00	1.13
AUD METROPOLITAN LIFE GLOBAL FUNDING-REG-S 4.75000% 12-28.09.17	1 000 000.00	1 012 530.00	1.14
AUD NATIONAL WLTH MGT HLD 5.25000% 12-07.12.17	500 000.00	509 660.00	0.57
AUD PERTH AIRPORT PTY LTD 6.00000% 13-23.07.20	500 000.00	536 520.00	0.61
AUD SUNCORP-METWAY LTD-REG-S 4.00000% 12-09.11.17	1 400 000.00	1 417 024.00	1.60
AUD TOYOTA MOTOR CREDIT CORP-REG-S 2.75000% 16-26.07.21	900 000.00	886 482.00	1.00
AUD WELLS FARGO & CO 4.25000% 13-25.01.18	800 000.00	812 448.00	0.92
AUD WESTPAC BANKING CORP 4.50000% 14-25.02.19	500 000.00	518 700.00	0.59
AUD WESTPAC BANKING CORP 4.25000% 13-24.01.18	1 000 000.00	1 017 700.00	1.15
<b>Total AUD</b>		<b>18 721 768.00</b>	<b>21.14</b>
<b>Total Medium term notes, fixed rate</b>		<b>18 721 768.00</b>	<b>21.14</b>
<b>Medium term notes, floating rate</b>			
<b>AUD</b>			
AUD AMP BANK LTD-REG-S 3M BBSW+87BP 14-06.06.18	2 000 000.00	2 001 300.00	2.26
<b>Total AUD</b>		<b>2 001 300.00</b>	<b>2.26</b>
<b>Total Medium term notes, floating rate</b>		<b>2 001 300.00</b>	<b>2.26</b>
<b>Bonds, fixed rate</b>			
<b>AUD</b>			
AUD AUSTRALIA 1.75000% 15-21.11.20	5 000 000.00	4 944 150.00	5.58
AUD AUSTRALIA 4.50000% 09-15.04.20	8 600 000.00	9 260 480.00	10.46
AUD AUSTRALIA-REG-S 2.00000% 17-21.12.21	2 900 000.00	2 872 856.00	3.24
AUD CROWN GROUP FINANCE LTD 5.75000% 12-18.07.17	500 000.00	505 490.00	0.57
AUD NATIONAL AUSTRALIA BANK LTD 4.25000% 14-20.05.19	1 500 000.00	1 550 625.00	1.75
AUD QUEENSLAND TREASURY CORP 6.00000% 11-21.02.18	2 000 000.00	2 080 800.00	2.35
AUD QUEENSLAND TREASURY CORP-REG-S 4.25000% 12-21.07.23	500 000.00	544 230.00	0.61
<b>Total AUD</b>		<b>21 758 631.00</b>	<b>24.56</b>
<b>Total Bonds, fixed rate</b>		<b>21 758 631.00</b>	<b>24.56</b>
<b>Total Transferable securities and money market instruments listed on an official stock exchange</b>		<b>53 274 763.47</b>	<b>60.15</b>
<b>Transferable securities and money market instruments traded on another regulated market</b>			
<b>Notes, fixed rate</b>			
<b>AUD</b>			
AUD BANK OF QUEENSLAND LTD 4.00000% 14-12.06.18	700 000.00	711 123.00	0.80
AUD LANDWIRTSCHAFTLICHE RENTENBANK 6.25000% 11-13.04.18	2 000 000.00	2 093 400.00	2.37
AUD NEW SOUTH WALES TREASURY CORP 6.00000% 11-01.02.18	2 500 000.00	2 597 600.00	2.93
<b>Total AUD</b>		<b>5 402 123.00</b>	<b>6.10</b>
<b>Total Notes, fixed rate</b>		<b>5 402 123.00</b>	<b>6.10</b>

Description	Quantity/ Nominal	Valuation in AUD Unrealized gain (loss) on Futures/ Forward Exchange Contracts/ Swaps (Note 1)	as a % of net assets
<b>Medium term notes, fixed rate</b>			
<b>AUD</b>			
AUD AIRSERVICES AUSTRALIA 4.75000% 13-19.11.20	1 000 000.00	1 067 200.00	1.21
AUD ASIAN DEVELOPMENT BANK 3.50000% 14-22.05.19	1 800 000.00	1 850 472.00	2.09
AUD AUSTRALIA PACIFIC AIRPORTS MELB-STEP-DOWN 5.000% 13-04.06.20	700 000.00	739 879.00	0.84
AUD AUSTRALIAN POSTAL CORP 5.00000% 13-13.11.20	1 000 000.00	1 065 690.00	1.20
AUD CALTEX AUSTRALIA LTD 7.25000% 11-23.11.18	500 000.00	535 615.00	0.60
AUD CITIGROUP INC 4.75000% 13-05.02.18	500 000.00	509 870.00	0.58
AUD DOWNER GROUP FINANCE PTY 5.75000% 13-29.11.18	900 000.00	928 116.00	1.05
AUD INTER-AMERICAN DEVELOPMENT BANK 6.50000% 09-20.08.19	1 500 000.00	1 652 820.00	1.87
AUD MC FINANCE AUSTRALIA PTY-REG-S 4.75000% 13-17.12.18	700 000.00	721 581.00	0.81
AUD METROPOLITAN LIFE GLOBAL FUNDING-REG-S 4.50000% 14-16.04.19	500 000.00	515 300.00	0.58
AUD RABOBANK NEDERLAND NV AUSTRALIA 7.25000% 11-20.04.18	750 000.00	789 892.50	0.89
AUD TOYOTA FINANCE AUSTRALIA LTD 4.25000% 13-26.02.18	1 400 000.00	1 425 718.00	1.61
AUD UNIVERSITY OF SYDNEY 4.75000% 14-16.04.21	500 000.00	534 050.00	0.60
<b>Total AUD</b>		<b>12 336 203.50</b>	<b>13.93</b>
<b>Total Medium term notes, fixed rate</b>		<b>12 336 203.50</b>	<b>13.93</b>
<b>Medium term notes, floating rate</b>			
<b>AUD</b>			
AUD DBNGP FINANCE CO 6.000%/RATING LINKED 12-11.10.19	1 200 000.00	1 265 616.00	1.43
AUD ETSA UTILITIES FINANCE 3M BBSW+140P 12-09.10.17	600 000.00	600 720.00	0.67
<b>Total AUD</b>		<b>1 866 336.00</b>	<b>2.10</b>
<b>Total Medium term notes, floating rate</b>		<b>1 866 336.00</b>	<b>2.10</b>
<b>Bonds, fixed rate</b>			
<b>AUD</b>			
AUD SUNCORP-METWAY LTD-REG-S 3.75000% 14-05.11.19	500 000.00	511 340.00	0.58
AUD WESTERN AUSTRALIAN TREASURY CORP 7.000000% 02-15.07.21	3 500 000.00	4 155 655.00	4.69
<b>Total AUD</b>		<b>4 666 995.00</b>	<b>5.27</b>
<b>Total Bonds, fixed rate</b>		<b>4 666 995.00</b>	<b>5.27</b>
<b>Total Transferable securities and money market instruments traded on another regulated market</b>		<b>24 271 657.50</b>	<b>27.40</b>
<b>Transferable securities and money market instruments not listed on an official stock exchange and not traded on another regulated market</b>			
<b>Medium term notes, fixed rate</b>			
<b>AUD</b>			
AUD AUSTRALIA & NEW ZEALAND BANKING 3.25000% 16-07.04.21	500 000.00	501 040.00	0.57
AUD AUSTRALIAN RAIL TRACK CORP LTD 7.25000% 10-20.12.17	1 000 000.00	1 038 000.00	1.17
AUD AUSTRALIAN RAIL TRACK CORP LTD 3.75000% 14-05.12.19	500 000.00	509 690.00	0.58
AUD COMMONWEALTH BANK OF AUSTRALIA-REG-S 2.90000% 16-12.07.21	1 300 000.00	1 282 541.00	1.45
AUD EXPORT DEVELOPMENT CANADA 2.40000% 16-07.06.21	900 000.00	888 759.00	1.00
AUD LGFV PROGRAM TRUST-REG-S 3.89000% 14-12.11.19	1 000 000.00	1 013 870.00	1.14
AUD OPTUS FINANCE PTY LTD 4.75000% 13-12.12.18	1 500 000.00	1 552 455.00	1.75
<b>Total AUD</b>		<b>6 786 355.00</b>	<b>7.66</b>
<b>Total Medium term notes, fixed rate</b>		<b>6 786 355.00</b>	<b>7.66</b>
<b>Bonds, fixed rate</b>			
<b>AUD</b>			
AUD COMMONWEALTH BANK OF AUSTRALIA 2.75000% 16-17.11.21	1 000 000.00	981 600.00	1.11
<b>Total AUD</b>		<b>981 600.00</b>	<b>1.11</b>
<b>Total Bonds, fixed rate</b>		<b>981 600.00</b>	<b>1.11</b>
<b>Total Transferable securities and money market instruments not listed on an official stock exchange and not traded on another regulated market</b>		<b>7 767 955.00</b>	<b>8.77</b>
<b>Total investments in securities</b>		<b>85 314 375.97</b>	<b>96.32</b>
<b>Derivative instruments</b>			
<b>Derivative instruments listed on an official stock exchange</b>			
<b>Financial Futures on bonds</b>			
AUD AUSTRALIA 3YR BOND FUTURE 15.03.17	93.00	3 157.15	0.00
<b>Total Financial Futures on bonds</b>		<b>3 157.15</b>	<b>0.00</b>
<b>Total Derivative instruments listed on an official stock exchange</b>		<b>3 157.15</b>	<b>0.00</b>
<b>Total Derivative instruments</b>		<b>3 157.15</b>	<b>0.00</b>
<b>Cash at banks, deposits on demand and deposit accounts and other liquid assets</b>		<b>3 521 160.50</b>	<b>3.98</b>
<b>Bank overdraft and other short-term liabilities</b>		<b>-3 156.38</b>	<b>0.00</b>
<b>Other assets and liabilities</b>		<b>-258 537.96</b>	<b>-0.30</b>
<b>Total net assets</b>		<b>88 576 999.28</b>	<b>100.00</b>

# UBS (Lux) Medium Term Bond Fund – CAD

## Most important figures

	ISIN	20.9.2016	29.2.2016	28.2.2015
Net assets in CAD		56 707 822.72	72 038 639.68	91 181 451.50
<b>Class F-acc</b>	<b>LU0442358031</b>			
Units outstanding		31 057.8920	40 977.8920	39 328.8920
Net asset value per unit in CAD		188.33	188.23	187.33
Issue and redemption price per unit in CAD <sup>1</sup>		188.33	188.23	187.33
<b>Class I-A1-acc</b>	<b>LU0442358460</b>			
Units outstanding		27 593.4340	28 216.4340	2 901.0000
Net asset value per unit in CAD		103.26	103.28	102.92
Issue and redemption price per unit in CAD <sup>1</sup>		103.26	103.28	102.92
<b>Class P-acc</b>	<b>LU0074904615</b>			
Units outstanding		247 005.4440	318 306.7750	450 392.9900
Net asset value per unit in CAD		184.67	185.20	185.43
Issue and redemption price per unit in CAD <sup>1</sup>		184.67	185.20	185.43
<b>Class Q-acc<sup>2</sup></b>	<b>LU0442358205</b>			
Units outstanding		23 847.5200	24 506.0670	-
Net asset value per unit in CAD		100.41	100.47	-
Issue and redemption price per unit in CAD <sup>1</sup>		100.41	100.47	-

<sup>1</sup> See note 1

<sup>2</sup> First NAV: 4.11.2015

## Structure of the Securities Portfolio

As the subfund UBS (Lux) Medium Term Bond Fund – CAD was merged into UBS (Lux) Medium Term Bond Fund – USD as at 20 September 2016, there is no securities portfolio or securities portfolio structure at the end of the reporting period. See note 10.

## Statement of Operations

	CAD
	1.3.2016-28.2.2017
<b>Income</b>	
Interest on liquid assets	839.73
Interest on securities	771 125.62
Income on securities lending (Note 12)	21 870.65
Other income (Note 4)	3 245.24
<b>Total income</b>	<b>797 081.24</b>
<b>Expenses</b>	
Cost on securities lending (Note 12)	-8 748.26
Flat fee (Note 2)	-309 268.29
Taxe d'abonnement (Note 3)	-16 013.45
Other commissions and fees (Note 2)	-29 536.62
Interest on cash and bank overdraft	-176.85
<b>Total expenses</b>	<b>-363 743.47</b>
<b>Net income (loss) on investments</b>	<b>433 337.77</b>
<b>Realized gain (loss) (Note 1)</b>	
Realized gain (loss) on market-priced securities without options	-752 832.21
Realized gain (loss) on foreign exchange	-171.81
<b>Total realized gain (loss)</b>	<b>-753 004.02</b>
<b>Net realized gain (loss) of the financial year</b>	<b>-319 666.25</b>
<b>Changes in unrealized appreciation (depreciation) (Note 1)</b>	
Unrealized appreciation (depreciation) on market-priced securities without options	163 965.82
<b>Total changes in unrealized appreciation (depreciation)</b>	<b>163 965.82</b>
<b>Net increase (decrease) in net assets as a result of operations</b>	<b>-155 700.43</b>

## Statement of Changes in Net Assets

	CAD
	1.3.2016-28.2.2017
Net assets at the beginning of the financial year	72 038 639.68
Subscriptions	3 572 157.90
Redemptions	-75 455 097.15
Total net subscriptions (redemptions)	-71 882 939.25
Net income (loss) on investments	433 337.77
Total realized gain (loss)	-753 004.02
Total changes in unrealized appreciation (depreciation)	163 965.82
Net increase (decrease) in net assets as a result of operations	-155 700.43
<b>Net assets at the end of the financial year</b>	<b>0.00</b>

## Development of the outstanding units

	1.3.2016-28.2.2017
<b>Class</b>	<b>F-acc</b>
Number of units outstanding at the beginning of the financial year	40 977.8920
Number of units issued	2 820.0000
Number of units redeemed	-43 797.8920
<b>Number of units outstanding at the end of the financial year</b>	<b>0.0000</b>
<b>Class</b>	<b>I-A1-acc</b>
Number of units outstanding at the beginning of the financial year	28 216.4340
Number of units issued	11.0000
Number of units redeemed	-28 227.4340
<b>Number of units outstanding at the end of the financial year</b>	<b>0.0000</b>
<b>Class</b>	<b>P-acc</b>
Number of units outstanding at the beginning of the financial year	318 306.7750
Number of units issued	10 314.7100
Number of units redeemed	-328 621.4850
<b>Number of units outstanding at the end of the financial year</b>	<b>0.0000</b>
<b>Class</b>	<b>Q-acc</b>
Number of units outstanding at the beginning of the financial year	24 506.0670
Number of units issued	11 275.9960
Number of units redeemed	-35 782.0630
<b>Number of units outstanding at the end of the financial year</b>	<b>0.0000</b>



# UBS (Lux) Medium Term Bond Fund – CHF

## Three-year comparison

	ISIN	28.2.2017	29.2.2016	28.2.2015
Net assets in CHF		310 413 974.81	644 382 623.31	747 828 425.36
<b>Class F-acc</b>	<b>LU0441495677</b>			
Units outstanding		119 304.5570	87 004.3920	62 556.4140
Net asset value per unit in CHF		154.77	153.43	152.12
Issue and redemption price per unit in CHF <sup>1</sup>		154.77	153.43	152.12
<b>Class I-A1-acc</b>	<b>LU0441487732</b>			
Units outstanding		75 144.0000	49 055.3100	41 582.0000
Net asset value per unit in CHF		102.18	101.51	100.86
Issue and redemption price per unit in CHF <sup>1</sup>		102.18	101.51	100.86
<b>Class P-acc</b>	<b>LU0057954868</b>			
Units outstanding		1 079 353.6860	1 267 628.0420	1 723 859.7270
Net asset value per unit in CHF		150.86	150.59	150.34
Issue and redemption price per unit in CHF <sup>1</sup>		150.86	150.59	150.34
<b>Class P-dist</b>	<b>LU0057954785</b>			
Units outstanding		1 116 042.9650	1 529 919.1830	2 089 015.6620
Net asset value per unit in CHF		100.93	101.76	102.92
Issue and redemption price per unit in CHF <sup>1</sup>		100.93	101.76	102.92
<b>Class Q-acc<sup>2</sup></b>	<b>LU0441495834</b>			
Units outstanding		45 252.0960	28 320.7770	-
Net asset value per unit in CHF		100.99	100.41	-
Issue and redemption price per unit in CHF <sup>1</sup>		100.99	100.41	-
<b>Class Q-dist<sup>2</sup></b>	<b>LU0441495917</b>			
Units outstanding		42 151.8270	22 829.1080	-
Net asset value per unit in CHF		100.49	100.42	-
Issue and redemption price per unit in CHF <sup>1</sup>		100.49	100.42	-
<b>Class U-X-acc<sup>3</sup></b>	<b>LU0441496485</b>			
Units outstanding		-	24 719.0000	23 683.5000
Net asset value per unit in CHF		-	11 098.56	10 976.36
Issue and redemption price per unit in CHF <sup>1</sup>		-	11 098.56	10 976.36

<sup>1</sup> See note 1

<sup>2</sup> First NAV: 7.10.2015

<sup>3</sup> The unit class U-X-acc was in circulation until 11.4.2016

## Performance

	Currency	2016/2017	2015/2016	2014/2015
Class F-acc	CHF	0.9%	0.9%	1.3%
Class I-A1-acc	CHF	0.7%	0.6%	-
Class P-acc	CHF	0.2%	0.2%	0.6%
Class P-dist	CHF	0.2%	0.2%	0.6%
Class Q-acc	CHF	0.6%	-	-
Class Q-dist	CHF	0.6%	-	-
Class U-X-acc <sup>1</sup>	CHF	-	1.1%	1.5%

<sup>1</sup> The unit class U-X-acc was in circulation until 11.4.2016. Due to this fact, there is no data for the calculation of the performance available.

Historical performance is no indicator of current or future performance.

The performance data does not take account of any commissions and costs charged when subscribing and redeeming units.

The performance data were not audited.

The subfund has no benchmark.

## Report of the Portfolio Manager

Swiss capital market interest rates rose by an average of 20 basis points from 1 March 2016 to 28 February 2017. The 5-year swap rates remained in negative territory throughout the period (average -0.4%). After raising the minimum rate for EUR/CHF the previous year, the SNB continued its expansionary monetary policy and left the target range of the three-month Libor unchanged at -0.25% to -1.25% and the interest rate on demand deposits at -0.75%.

The subfund achieved a positive absolute return, regardless of the increasing rates. Curve positioning generated a relative excess yield despite the rise in the yield curve. Sector allocation affected relative outperformance, but was more than offset by securities selection.

## Structure of the Securities Portfolio

### Geographical Breakdown as a % of net assets

France	15.95
United States	13.45
The Netherlands	11.50
Supranationals	7.05
Austria	5.04
Australia	3.65
South Korea	3.47
Canada	3.33
Mexico	2.98
United Kingdom	2.86
Chile	2.72
Luxembourg	2.71
Spain	2.48
New Zealand	2.46
Norway	2.32
Germany	2.06
Poland	1.71
Sweden	1.65
Guernsey	1.31
Cayman Islands	0.97
Hong Kong	0.83
Slovakia	0.83
Switzerland	0.68
Denmark	0.67
Jersey	0.67
Ireland	0.66
Finland	0.61
Kazakhstan	0.57
Russian Federation (CIS)	0.50
Curacao	0.49
Brazil	0.48
<b>Total</b>	<b>96.66</b>

### Economic Breakdown as a % of net assets

Banks & credit institutions	44.92
Finance & holding companies	18.91
Supranational organisations	7.05
Traffic & transportation	4.56
Cantons, federal states	3.85
Telecommunications	2.81
Countries & central governments	2.54
Petroleum	2.16
Mortgage & funding institutions	1.65
Tobacco & alcohol	1.34
Food & soft drinks	1.32
Electrical devices & components	1.14
Public, non-profit institutions	1.06
Real Estate	1.03
Energy & water supply	0.90
Building industry & materials	0.59
Pharmaceuticals, cosmetics & medical products	0.50
Biotechnology	0.33
<b>Total</b>	<b>96.66</b>

## Statement of Net Assets

	CHF
<b>Assets</b>	<b>28.2.2017</b>
Investments in securities, cost	301 565 289.27
Investments in securities, unrealized appreciation (depreciation)	-1 525 897.77
Total investments in securities (Note 1)	300 039 391.50
Cash at banks, deposits on demand and deposit accounts	5 702 164.96
Receivable on securities sales (Note 1)	3 060 925.00
Receivable on subscriptions	848 910.43
Interest receivable on securities	2 431 112.54
Other assets	825.54
Unrealized gain (loss) on swaps (Note 1)	-55 368.81
<b>Total Assets</b>	<b>312 027 961.16</b>
<b>Liabilities</b>	
Payable on securities purchases (Note 1)	-1 204 116.00
Payable on redemptions	-276 266.03
Provisions for flat fee (Note 2)	-92 726.23
Provisions for taxe d'abonnement (Note 3)	-23 722.90
Provisions for other commissions and fees (Note 2)	-17 155.19
Total provisions	-133 604.32
<b>Total Liabilities</b>	<b>-1 613 986.35</b>
<b>Net assets at the end of the financial year</b>	<b>310 413 974.81</b>

## Statement of Operations

	CHF
<b>Income</b>	<b>1.3.2016-28.2.2017</b>
Interest on securities	6 896 309.38
Interest received on swaps (Note 1)	39 999.53
Income on securities lending (Note 12)	2 946.77
Other income (Note 4)	763 081.20
<b>Total income</b>	<b>7 702 336.88</b>
<b>Expenses</b>	
Cost on securities lending (Note 12)	-1 178.71
Flat fee (Note 2)	-3 037 691.81
Taxe d'abonnement (Note 3)	-170 291.20
Other commissions and fees (Note 2)	-119 731.25
Interest on cash and bank overdraft	-89 779.70
<b>Total expenses</b>	<b>-3 418 672.67</b>
<b>Net income (loss) on investments</b>	<b>4 283 664.21</b>
<b>Realized gain (loss) (Note 1)</b>	
Realized gain (loss) on market-priced securities without options	-822 780.25
Realized gain (loss) on yield-evaluated securities and money market instruments	9 466.29
Realized gain (loss) on swaps	-83 195.73
Realized gain (loss) on foreign exchange	-58.15
<b>Total realized gain (loss)</b>	<b>-896 567.84</b>
<b>Net realized gain (loss) of the financial year</b>	<b>3 387 096.37</b>
<b>Changes in unrealized appreciation (depreciation) (Note 1)</b>	
Unrealized appreciation (depreciation) on market-priced securities without options	-2 324 663.12
Unrealized appreciation (depreciation) on yield-evaluated securities and money market instruments	-11 382.30
Unrealized appreciation (depreciation) on swaps	-129 457.34
<b>Total changes in unrealized appreciation (depreciation)</b>	<b>-2 465 502.76</b>
<b>Net increase (decrease) in net assets as a result of operations</b>	<b>921 593.61</b>

## Statement of Changes in Net Assets

	CHF
	<b>1.3.2016-28.2.2017</b>
Net assets at the beginning of the financial year	644 382 623.31
Subscriptions	95 612 931.84
Redemptions	-429 020 870.23
Total net subscriptions (redemptions)	-333 407 938.39
Dividend paid	-1 482 303.72
Net income (loss) on investments	4 283 664.21
Total realized gain (loss)	-896 567.84
Total changes in unrealized appreciation (depreciation)	-2 465 502.76
Net increase (decrease) in net assets as a result of operations	921 593.61
<b>Net assets at the end of the financial year</b>	<b>310 413 974.81</b>

## Development of the outstanding units

	1.3.2016-28.2.2017
<b>Class</b>	<b>F-acc</b>
Number of units outstanding at the beginning of the financial year	87 004.3920
Number of units issued	96 196.6620
Number of units redeemed	-63 896.4970
<b>Number of units outstanding at the end of the financial year</b>	<b>119 304.5570</b>
<b>Class</b>	<b>I-A1-acc</b>
Number of units outstanding at the beginning of the financial year	49 055.3100
Number of units issued	50 264.0000
Number of units redeemed	-24 175.3100
<b>Number of units outstanding at the end of the financial year</b>	<b>75 144.0000</b>
<b>Class</b>	<b>P-acc</b>
Number of units outstanding at the beginning of the financial year	1 267 628.0420
Number of units issued	329 912.8260
Number of units redeemed	-518 187.1820
<b>Number of units outstanding at the end of the financial year</b>	<b>1 079 353.6860</b>
<b>Class</b>	<b>P-dist</b>
Number of units outstanding at the beginning of the financial year	1 529 919.1830
Number of units issued	216 329.4820
Number of units redeemed	-630 205.7000
<b>Number of units outstanding at the end of the financial year</b>	<b>1 116 042.9650</b>
<b>Class</b>	<b>Q-acc</b>
Number of units outstanding at the beginning of the financial year	28 320.7770
Number of units issued	20 095.2150
Number of units redeemed	-3 163.8960
<b>Number of units outstanding at the end of the financial year</b>	<b>45 252.0960</b>
<b>Class</b>	<b>Q-dist</b>
Number of units outstanding at the beginning of the financial year	22 829.1080
Number of units issued	20 884.5880
Number of units redeemed	-1 561.8690
<b>Number of units outstanding at the end of the financial year</b>	<b>42 151.8270</b>
<b>Class</b>	<b>U-X-acc</b>
Number of units outstanding at the beginning of the financial year	24 719.0000
Number of units issued	0.0000
Number of units redeemed	-24 719.0000
<b>Number of units outstanding at the end of the financial year</b>	<b>0.0000</b>

## Distribution

UBS (Lux) Medium Term Bond Fund – CHF	Ex-Date	Pay-Date	Currency	Amount per unit
P-dist	2.5.2016	6.5.2016	CHF	1.01
Q-dist	2.5.2016	6.5.2016	CHF	0.50

## Statement of Investments in Securities and other Net Assets as of 28 February 2017

Description	Quantity/ Nominal	Valuation in CHF Unrealized gain (loss) on Futures/ Forward Exchange Contracts/ Swaps (Note 1)	as a % of net assets
<b>Transferable securities and money market instruments listed on an official stock exchange</b>			
<b>Notes, fixed rate</b>			
<b>CHF</b>			
CHF AMERICA MOVIL SAB DE CV 1.12500% 12-12.09.18	3 500 000.00	3 571 750.00	1.15
CHF AT&T INC-REG-S 0.50000% 14-04.12.19	1 000 000.00	1 019 500.00	0.33
CHF BANCO DE CREDITO E INVERSIONES 1.12500% 14-26.06.19	1 000 000.00	1 024 000.00	0.33
CHF CAISSE FRANCAISE DE FINANCEMENT LOCAL 2.62500% 09-12.08.19	2 000 000.00	2 161 000.00	0.70
CHF KAZAKHSTAN TEMIR ZHOLY JSC 2.59000% 14-20.06.19	385 000.00	385 577.50	0.12
CHF KAZAKHSTAN TEMIR ZHOLY JSC 3.63800% 14-20.06.22	1 330 000.00	1 377 880.00	0.44
CHF PHILIP MORRIS INTERNATIONAL INC 2.00000% 11-06.12.21	1 500 000.00	1 650 750.00	0.53
CHF SLOVAKIA, REPUBLIC OF 2.12500% 12-25.04.18	2 500 000.00	2 573 750.00	0.83
CHF TEVA PHARMACEUTICAL FINANCE IV BV 1.50000% 12-25.10.18	1 500 000.00	1 539 000.00	0.50
<b>Total CHF</b>		<b>15 303 207.50</b>	<b>4.93</b>
<b>Total Notes, fixed rate</b>		<b>15 303 207.50</b>	<b>4.93</b>
<b>Medium term notes, fixed rate</b>			
<b>CHF</b>			
CHF ABN AMRO BANK NV 0.50000% 15-29.07.22	1 000 000.00	1 028 000.00	0.33
CHF ABN AMRO BANK NV 1.50000% 13-27.12.19	1 500 000.00	1 572 750.00	0.51
CHF ANZ NEW ZEALAND INT'L LTD/LDN 1.00000% 14-10.03.20	1 500 000.00	1 562 250.00	0.50
CHF ASB FINANCE LTD 1.37500% 12-02.11.18	2 000 000.00	2 068 000.00	0.67
CHF ASB FINANCE LTD LDN 0.87500% 13-11.06.19	1 400 000.00	1 440 600.00	0.46
CHF BANCO DE CREDITO E INVERSIONES-REG-S 0.87500% 14-23.11.18	1 000 000.00	1 014 000.00	0.33
CHF BANCO DO BRASIL CAYMAN 2.50000% 13-20.06.19	1 450 000.00	1 487 700.00	0.48
CHF BANCO SAFRA CAYMAN ISLANDS-REG-S 1.85000% 14-27.06.17	3 000 000.00	3 010 200.00	0.97
CHF BANK NEDERLANDSE GEMEENTEN NV 2.25000% 05-14.10.20	3 000 000.00	3 318 000.00	1.07
CHF BANK NEDERLANDSE GEMEENTEN NV 2.12500% 10-06.11.18	2 500 000.00	2 622 500.00	0.84
CHF BANK NEDERLANDSE GEMEENTEN NV 2.25000% 11-23.02.21	2 000 000.00	2 233 000.00	0.72
CHF BANK OF AMERICA CORP 2.50000% 05-28.09.17	3 500 000.00	3 564 400.00	1.15
CHF BANQUE FEDERATIVE DU CREDIT MUTUEL 1.12500% 14-22.05.20	1 400 000.00	1 460 200.00	0.47
CHF BAT INTERNATIONAL FINANCE PLC-REG-S 0.62500% 14-08.09.21	1 500 000.00	1 549 500.00	0.50
CHF BNP PARIBAS 1.87500% 12-12.09.22	1 500 000.00	1 653 000.00	0.53
CHF BNZ INTERNATIONAL FUND LTD/LONDON 1.50000% 12-22.01.18	730 000.00	744 235.00	0.24
CHF BNZ INTERNATIONAL FUND LTD/LONDON 1.37500% 14-03.02.21	1 500 000.00	1 596 000.00	0.51
CHF BP CAPITAL MARKETS PLC-REG-S 0.75000% 14-27.09.21	2 000 000.00	2 083 000.00	0.67
CHF BPCE SA 1.50000% 14-30.04.21	1 050 000.00	1 122 975.00	0.36
CHF BLUNDESIMMOBILIEN GESELLSCHAFT MBH 3.25000% 07-16.07.19	1 500 000.00	1 638 750.00	0.53
CHF CAISSE DE REFINANCEMENT DE L'HABITAT 2.50000% 11-29.03.21	2 000 000.00	2 241 000.00	0.72
CHF CANADIAN IMPERIAL BANK OF COMMERCE/CAD 1.00000% 12-13.02.19	2 500 000.00	2 578 750.00	0.83
CHF CHINA CONSTRUCT BK ASIA CORP LTD 1.37500% 14-28.05.19	2 500 000.00	2 575 000.00	0.83
CHF CITIGROUP INC 3.12500% 06-27.09.21	2 500 000.00	2 868 750.00	0.92
CHF COMMONWEALTH BANK OF AUSTRALIA 1.50000% 12-13.09.19	4 000 000.00	4 212 000.00	1.36
CHF COMPAGNIE DE FINANCEMENT FONCIER 2.37500% 05-24.08.18	4 000 000.00	4 180 000.00	1.35
CHF COMPAGNIE DE FINANCEMENT FONCIER 2.87500% 09-10.09.19	2 500 000.00	2 722 500.00	0.88
CHF COMPAGNIE DE FINANCEMENT FONCIER 2.25000% 10-13.10.21	1 500 000.00	1 686 750.00	0.54
CHF CORP ANDINA DE FOMENTO 1.50000% 10-11.09.18	2 500 000.00	2 577 500.00	0.83
CHF CORPORACION ANDINA DE FOMENTO 1.50000% 13-13.08.20	3 500 000.00	3 720 500.00	1.20
CHF CREDIT AGRICOLE HOME LOAN SFH SA 1.12500% 14-12.08.21	1 000 000.00	1 070 000.00	0.34
CHF CREDIT AGRICOLE SA 1.25000% 14-17.07.20	2 200 000.00	2 307 800.00	0.74
CHF CREDIT AGRICOLE SA LONDON-REG-S 1.00000% 14-08.10.21	1 500 000.00	1 575 000.00	0.51
CHF CREDIT SUISSE GRP FDNG GUERNSEY 1.00000% 15-14.04.23	2 000 000.00	2 037 000.00	0.66
CHF CREDIT SUISSE GRP FDNG GUERNSEY-REG-S 0.62500% 15-21.08.20	2 000 000.00	2 037 000.00	0.66
CHF CREDIT SUISSE NEW YORK BRANCH-SUB 4.87500% 08-14.03.18	2 000 000.00	2 099 000.00	0.68
CHF DANSKE BANK AS 2.12500% 11-17.05.18	2 000 000.00	2 067 000.00	0.67
CHF DEUTSCHE BAHN FINANCE BV 1.75000% 10-03.06.20	3 000 000.00	3 238 500.00	1.04
CHF DEUTSCHE BANK AG 0.62500% 15-19.12.23	1 000 000.00	991 500.00	0.32
CHF DEUTSCHE BANK AG 0.75000% 16-05.07.21	1 000 000.00	1 014 500.00	0.33
CHF DEUTSCHE BANK AG 0.75000% 17-21.03.22	1 200 000.00	1 204 584.00	0.39
CHF EDP FINANCE BV 4.00000% 12-29.11.18	1 000 000.00	1 058 000.00	0.34
CHF ENGIE SA 1.12500% 12-09.10.20	650 000.00	676 975.00	0.22
CHF EUROPEAN INVESTMENT BANK 2.37500% 05-10.07.20	6 000 000.00	6 633 000.00	2.14
CHF EXPORT-IMPORT BANK OF KOREA 1.12500% 14-03.09.19	2 250 000.00	2 328 750.00	0.75
CHF GENERAL ELECTRIC CO 4.50000% 08-09.10.18	3 700 000.00	3 996 000.00	1.29
CHF GLENCORE FINANCE EUROPE SA 2.62500% 12-03.12.18	1 500 000.00	1 567 500.00	0.50
CHF GLENCORE FINANCE EUROPE SA 2.12500% 13-23.12.19	1 000 000.00	1 052 500.00	0.34
CHF GLENCORE FINANCE EUROPE SA 1.25000% 14-01.12.20	1 500 000.00	1 549 500.00	0.50
CHF GLENCORE FINANCE EUROPE SA 2.25000% 16-10.05.21	2 000 000.00	2 162 000.00	0.70
CHF GOLDMAN SACHS GROUP INC 1.25000% 14-11.09.19	1 500 000.00	1 554 750.00	0.50
CHF GOLDMAN SACHS GROUP INC 0.55000% 16-09.09.21	3 000 000.00	3 081 000.00	0.99
CHF HSBC SFH FRANCE SA-REG-S 2.37500% 10-07.09.18	1 500 000.00	1 567 500.00	0.49
CHF ILE DE FRANCE 3.25000% 07-27.11.18	2 000 000.00	2 134 000.00	0.69
CHF ING BANK NV 1.00000% 13-14.09.18	2 000 000.00	2 042 000.00	0.66
CHF ING BANK NV 1.87500% 10-29.08.18	1 500 000.00	1 557 750.00	0.50
CHF INSTITUTO DE CREDITO OFICIAL 2.25000% 09-07.11.17	3 500 000.00	3 563 000.00	1.15
CHF JPMORGAN CHASE & CO 0.50000% 15-04.12.23	1 000 000.00	1 030 500.00	0.33
CHF KIWIBANK LTD 1.00000% 13-23.12.20	1 700 000.00	1 794 350.00	0.58
CHF KOMMUNALKREDIT AUSTRIA AG 2.37500% 05-15.03.17	1 500 000.00	1 501 200.00	0.48
CHF KOREA DEVELOPMENT BANK 1.00000% 12-29.10.18	1 000 000.00	1 022 000.00	0.33
CHF KOREA GAS CORPORATION 2.87500% 11-11.10.19	1 000 000.00	1 083 500.00	0.35
CHF KOREA RAILROAD CORP 1.00000% 12-16.11.18	1 350 000.00	1 381 050.00	0.44
CHF KOREA RAILROAD CORP 1.50000% 13-02.12.19	1 790 000.00	1 892 925.00	0.61
CHF LANSFORSKRINGAR HYPOTEK AB 1.00000% 12-29.05.19	1 500 000.00	1 555 500.00	0.50
CHF MATERIELLSKAPET AS 2.12500% 11-14.02.20	1 500 000.00	1 607 250.00	0.52
CHF METROPOLITAN LIFE GLOBAL FUNDING-REG-S 0.75000% 14-17.04.19	2 500 000.00	2 556 250.00	0.82
CHF MFINANCE FRANCE SA 2.50000% 13-08.10.18	1 500 000.00	1 556 250.00	0.50

Description	Quantity/ Nominal	Valuation in CHF Unrealized gain (loss) on Futures/ Forward Exchange Contracts/ Swaps (Note 1)	as a % of net assets
CHF MORGAN STANLEY 3.12500% 06-21.11.18	1 500 000.00	1 588 500.00	0.51
CHF MUENCHENER HYPOTHEKENBANK EG 3.00000% 07-12.06.17	1 500 000.00	1 514 850.00	0.49
CHF NATIONAL AUSTRALIA BANK LTD 1.00000% 13-17.04.20	1 800 000.00	1 874 700.00	0.60
CHF NATIONAL AUSTRALIA BANK LTD 1.00000% 14-10.12.21	2 000 000.00	2 113 000.00	0.68
CHF NEDERLANDSE WATERSCHAPS BANK NV 2.37500% 05-19.08.20	1 200 000.00	1 326 600.00	0.43
CHF NEDERLANDSE WATERSCHAPS BANK NV 1.87500% 10-03.02.20	2 000 000.00	2 152 000.00	0.69
CHF NETWORK RAIL INFRASTRUCTURE FINANCE 2.750% 06-06.10.21	2 000 000.00	2 318 000.00	0.75
CHF NEW YORK LIFE GLOBAL FUNDING-REG-S 0.50000% 14-13.05.19	2 000 000.00	2 037 000.00	0.66
CHF NEW YORK LIFE GLOBAL FUNDING 0.37500% 15-02.02.22	3 000 000.00	3 088 500.00	0.99
CHF NORDEA BANK AB 1.50000% 12-29.09.17	2 000 000.00	2 025 800.00	0.65
CHF ONTARIO, PROVINCE OF 2.50000% 09-04.12.19	2 000 000.00	2 176 000.00	0.70
CHF ONTARIO, PROVINCE OF 2.37500% 10-07.05.20	3 500 000.00	3 834 250.00	1.24
CHF OP CORPORATE BANK PLC 1.00000% 14-14.07.21	1 800 000.00	1 896 300.00	0.61
CHF PACCAR FINANCIAL EUROPE BV-REG-S 1.12500% 12-06.03.17	1 150 000.00	1 150 230.00	0.37
CHF PETROLEOS MEXICANOS 2.50000% 12-10.04.19	1 800 000.00	1 868 400.00	0.60
CHF PETROLEOS MEXICANOS 1.50000% 15-08.12.20	2 500 000.00	2 536 250.00	0.82
CHF PETROLEOS MEXICANOS 2.37500% 16-14.12.21	1 200 000.00	1 270 800.00	0.41
CHF PHILIP MORRIS INTERNATIONAL INC 1.00000% 12-18.09.20	2 400 000.00	2 504 400.00	0.81
CHF POLAND, REPUBLIC OF 3.25000% 07-15.05.19	2 000 000.00	2 166 000.00	0.70
CHF POLAND, REPUBLIC OF 2.25000% 12-15.05.18	1 500 000.00	1 548 600.00	0.50
CHF POLAND, REPUBLIC OF-REG-S 1.00000% 14-17.09.21	1 500 000.00	1 581 750.00	0.51
CHF QUEBEC, PROVINCE OF 2.87500% 09-17.12.21	1 500 000.00	1 745 250.00	0.56
CHF RABOBANK NEDERLAND NV 3.62500% 09-02.07.19	2 500 000.00	2 732 500.00	0.88
CHF RABOBANK NEDERLAND NV 2.00000% 10-16.09.21	1 200 000.00	1 320 600.00	0.43
CHF RABOBANK NEDERLAND NV 2.00000% 11-31.01.18	3 000 000.00	3 073 200.00	0.99
CHF RABOBANK NEDERLAND NV 1.12500% 14-08.04.21	3 100 000.00	3 272 050.00	1.05
CHF REGIE AUTONOME DES TRANSPORTS PARISIENS 2.62500% 06-06.11.19	2 000 000.00	2 165 000.00	0.70
CHF SANTANDER CONSUMER FINANCE SA 0.50000% 15-05.10.20	1 000 000.00	1 007 500.00	0.32
CHF SANTANDER CONSUMER FINANCE SA 0.60000% 16-23.03.21	1 000 000.00	1 013 500.00	0.33
CHF SNCF RESEAU 2.87500% 09-26.02.21	2 000 000.00	2 261 000.00	0.73
CHF SOCIETE GENERALE 0.40000% 17-22.02.22	1 500 000.00	1 498 500.00	0.48
CHF SPAREBANK 1 SR BANK ASA 0.87500% 13-30.11.18	2 000 000.00	2 042 000.00	0.66
CHF STATNETT SF 2.37500% 11-08.02.21	1 350 000.00	1 496 475.00	0.48
CHF STATNETT SF 2.62500% 06-15.12.17	2 000 000.00	2 052 000.00	0.66
CHF STE NATL DES CHEMINS DE FER FRANCAIS 2.62500% 06-13.12.21	1 400 000.00	1 492 500.00	0.51
CHF STE NATL DES CHEMINS DE FER FRANCAIS 2.25000% 11-25.02.21	2 000 000.00	2 206 000.00	0.71
CHF SVENSK EXPORTKREDIT AB 3.00000% 09-27.02.18	1 500 000.00	1 555 650.00	0.50
CHF TELEFONICA EMISIONES SA 2.71800% 12-14.12.18	2 000 000.00	2 105 000.00	0.68
CHF UNICREDIT BANK (IRELAND) PLC 3.375% 12-25.10.17	2 000 000.00	2 042 200.00	0.66
CHF VINCI SA 2.12500% 11-15.12.17	1 800 000.00	1 837 250.00	0.59
CHF VORARLBERGER LANDES- & HYPOTHEKENBANK AG 0.12500% 16-06.10.21	800 000.00	801 200.00	0.26
CHF WELLS FARGO & CO-REG-S 0.62500% 14-03.09.20	2 710 000.00	2 791 300.00	0.90
CHF WESTPAC BANKING CORP 3.12500% 09-21.12.18	1 000 000.00	1 065 000.00	0.34
CHF WESTPAC BANKING CORP 0.50000% 15-02.02.22	2 000 000.00	2 066 000.00	0.67
<b>Total CHF</b>		<b>225 592 309.00</b>	<b>72.67</b>
<b>Total Medium term notes, fixed rate</b>		<b>225 592 309.00</b>	<b>72.67</b>
<b>Medium term notes, floating rate</b>			
<b>CHF</b>			
CHF ROYAL BANK OF SCOTLAND PLC-SUB 9.375%/VAR 12-16.03.22	1 350 000.00	1 356 750.00	0.44
<b>Total CHF</b>		<b>1 356 750.00</b>	<b>0.44</b>
<b>Total Medium term notes, floating rate</b>		<b>1 356 750.00</b>	<b>0.44</b>
<b>Bonds, fixed rate</b>			
<b>CHF</b>			
CHF AMGEN INC 0.41000% 16-08.03.23	1 000 000.00	1 025 500.00	0.33
CHF BANCO DE CHILE 1.12500% 13-25.07.17	1 000 000.00	1 005 500.00	0.32
CHF BANCO DE CHILE 1.50000% 13-03.12.19	1 450 000.00	1 516 700.00	0.49
CHF BANCO DE CREDITO E INVERSIONES 0.25000% 15-17.06.20	2 000 000.00	2 022 000.00	0.65
CHF BANCO SANTANDER CHILE 1.75000% 13-26.09.19	800 000.00	837 200.00	0.27
CHF CAISSE DES DEPOTS ET CONSIGNATIONS 1.25000% 13-16.12.20	1 400 000.00	1 490 300.00	0.48
CHF CAISSE FRANCAISE DE FINANCEMENT LOCAL 2.50000% 09-02.05.18	3 000 000.00	3 108 900.00	1.00
CHF CENTRAL AMERICAN BANK ECO INTEGRAT 1.50000% 13-16.12.19	2 250 000.00	2 370 375.00	0.76
CHF CENTRAL AMERICAN BK ECO INTEGRAT-REG-S 0.50000% 14-26.11.18	1 850 000.00	1 881 450.00	0.61
CHF CENTRAL AMERICAN BK ECO INTEGRAT 1.12500% 14-24.02.23	2 000 000.00	2 130 000.00	0.69
CHF EMPRESA NACIONAL DEL PETROLEO-REG-S 2.87500% 13-05.12.18	1 000 000.00	1 034 500.00	0.33
CHF GAZ CAPITAL SA/GAZPROM-REG-S LPN 3.37500% 16-30.11.18	2 000 000.00	2 087 000.00	0.67
CHF GENERAL ELECTRIC CO 3.12500% 04-06.12.19	3 000 000.00	3 306 000.00	1.08
CHF KOREA ELECTRIC POWER CORP 1.50000% 13-23.04.19	1 000 000.00	1 040 500.00	0.34
CHF KREDITANSTALT FUER WIEDERAUFBAU 2.25000% 10-12.08.20	1 500 000.00	1 656 750.00	0.53
CHF MONDELEZ INTL 0.62500% 15-06.10.20	1 000 000.00	1 028 000.00	0.33
CHF MONDELEZ INTL-REG-S 0.62500% 15-30.12.21	2 000 000.00	2 055 000.00	0.66
CHF MONDELEZ INTL-REG-S 0.08000% 16-26.01.18	1 000 000.00	1 005 000.00	0.32
CHF NIEDEROESTERREICH, LAND-REG-S 0.37500% 14-27.04.21	2 000 000.00	2 060 000.00	0.66
CHF OESTERREICHISCHE KONTROLLBANK AG 2.75000% 05-28.01.20	2 000 000.00	2 204 000.00	0.71
CHF OESTERREICHISCHE KONTROLLBANK AG 2.12500% 05-18.10.18	2 000 000.00	2 096 000.00	0.68
CHF OESTERREICHISCHE KONTROLLBANK AG 1.00000% 12-28.09.21	5 000 000.00	5 352 500.00	1.72
CHF RUSSIAN RAILWAYS (RZD) 2.73000% 13-26.02.21	1 500 000.00	1 560 750.00	0.50
CHF SK TELECOM CO LTD 1.75000% 12-12.06.17	2 000 000.00	2 012 200.00	0.65
CHF TEVA PHARMACEUTICAL FINANCE 0.50000% 16-28.07.22	2 000 000.00	2 017 000.00	0.65
CHF TOTAL CAPITAL SA 3.12500% 06-28.06.18	5 000 000.00	5 244 500.00	1.69
CHF UBS GROUP FUNDING JERSEY LTD-REG-S 0.75000% 16-22.02.22	2 000 000.00	2 067 000.00	0.67
<b>Total CHF</b>		<b>55 214 625.00</b>	<b>17.79</b>
<b>Total Bonds, fixed rate</b>		<b>55 214 625.00</b>	<b>17.79</b>

Description	Quantity/ Nominal	Valuation in CHF Unrealized gain (loss) on Futures/ Forward Exchange Contracts/ Swaps (Note 1)	as a % of net assets
<b>Bonds, zero coupon</b>			
CHF			
CHF INTL BK FOR RECONSTR & DEVT WORLD BANK 0.00000% 86-26.11.21	2 500 000.00	2 572 500.00	0.83
<b>Total CHF</b>		<b>2 572 500.00</b>	<b>0.83</b>
<b>Total Bonds, zero coupon</b>		<b>2 572 500.00</b>	<b>0.83</b>
<b>Total Transferable securities and money market instruments listed on an official stock exchange</b>		<b>300 039 391.50</b>	<b>96.66</b>
<b>Total investments in securities</b>		<b>300 039 391.50</b>	<b>96.66</b>

## Derivative instruments

### Derivative instruments not listed on an official stock exchange and not traded on another regulated market

#### Swaps and forward swaps on interest rates

CHF	UBS/INTEREST RATE SWAP PAYER -0.15750% 16-14.12.22	-4 000 000.00	-55 368.81	-0.02
CHF	UBS/INTEREST RATE SWAP RECEIVER 6ML 16-14.12.22			
<b>Total Swaps and forward swaps on interest rates</b>			<b>-55 368.81</b>	<b>-0.02</b>
<b>Total Derivative instruments not listed on an official stock exchange and not traded on another regulated market</b>			<b>-55 368.81</b>	<b>-0.02</b>
<b>Total Derivative instruments</b>			<b>-55 368.81</b>	<b>-0.02</b>
<b>Cash at banks, deposits on demand and deposit accounts and other liquid assets</b>			<b>5 702 164.96</b>	<b>1.84</b>
<b>Other assets and liabilities</b>			<b>4 727 787.16</b>	<b>1.52</b>
<b>Total net assets</b>			<b>310 413 974.81</b>	<b>100.00</b>

# UBS (Lux) Medium Term Bond Fund – EUR

## Three-year comparison

	ISIN	28.2.2017	29.2.2016	28.2.2015
Net assets in EUR		300 417 995.62	425 500 997.19	509 568 766.52
<b>Class F-acc</b>	<b>LU0441494431</b>			
Units outstanding		101 440.0010	127 006.0010	75 638.0420
Net asset value per unit in EUR		210.53	209.71	208.67
Issue and redemption price per unit in EUR <sup>1</sup>		210.53	209.40	208.67
<b>Class I-A1-acc</b>	<b>LU0441486411</b>			
Units outstanding		91 517.5880	118 651.4920	129 964.7630
Net asset value per unit in EUR		115.43	115.12	114.69
Issue and redemption price per unit in EUR <sup>1</sup>		115.43	114.95	114.69
<b>Class I-A2-acc</b>	<b>LU0441486684</b>			
Units outstanding		57 960.0000	86 645.0000	53 945.0000
Net asset value per unit in EUR		116.23	115.85	115.35
Issue and redemption price per unit in EUR <sup>1</sup>		116.23	115.68	115.35
<b>Class I-A3-acc</b>	<b>LU0441486841</b>			
Units outstanding		22 323.0440	20 611.1550	20 611.1550
Net asset value per unit in EUR		117.03	116.58	116.00
Issue and redemption price per unit in EUR <sup>1</sup>		117.03	116.41	116.00
<b>Class I-X-acc<sup>2</sup></b>	<b>LU0441494944</b>			
Units outstanding		100.0000	-	-
Net asset value per unit in EUR		100.22	-	-
Issue and redemption price per unit in EUR <sup>1</sup>		100.22	-	-
<b>Class P-acc</b>	<b>LU0057957291</b>			
Units outstanding		864 799.7440	1 153 997.8950	1 615 655.5280
Net asset value per unit in EUR		205.89	206.33	206.55
Issue and redemption price per unit in EUR <sup>1</sup>		205.89	206.02	206.55
<b>Class P-dist</b>	<b>LU0094864450</b>			
Units outstanding		354 219.5930	427 918.4730	614 172.6240
Net asset value per unit in EUR		125.84	127.91	130.42
Issue and redemption price per unit in EUR <sup>1</sup>		125.84	127.72	130.42
<b>Class Q-acc</b>	<b>LU0358446192</b>			
Units outstanding		275 086.2080	610 480.0720	435 388.5760
Net asset value per unit in EUR		130.31	130.06	129.67
Issue and redemption price per unit in EUR <sup>1</sup>		130.31	129.86	129.67
<b>Class Q-dist<sup>3</sup></b>	<b>LU0441494605</b>			
Units outstanding		6 621.2450	5 250.5680	-
Net asset value per unit in EUR		100.44	100.94	-
Issue and redemption price per unit in EUR <sup>1</sup>		100.44	100.79	-

<sup>1</sup> See note 1

<sup>2</sup> First NAV: 8.2.2017

<sup>3</sup> First NAV: 1.10.2015

## Performance

	Currency	2016/2017	2015/2016	2014/2015
Class F-acc	EUR	0.5%	0.3%	2.7%
Class I-A1-acc	EUR	0.3%	0.4%	2.6%
Class I-A2-acc	EUR	0.3%	0.4%	2.7%
Class I-A3-acc	EUR	0.4%	0.5%	2.7%
Class I-X-acc <sup>1</sup>	EUR	-	-	-
Class P-acc	EUR	-0.1%	-0.3%	2.1%
Class P-dist	EUR	-0.1%	-0.3%	2.1%
Class Q-acc	EUR	0.3%	0.1%	2.5%
Class Q-dist	EUR	0.3%	-	-

<sup>1</sup> Due to the recent launch, there is no data for the calculation of the performance available.

Historical performance is no indicator of current or future performance.  
The performance data does not take account of any commissions and costs charged when subscribing and redeeming units.  
The performance data were not audited.  
The subfund has no benchmark.



## Report of the Portfolio Manager

During the reporting year, from 1 March 2016 to 28 February 2017, interest rates in the Eurozone remained on record low levels as concerns over the disinflationary trend and weak growth weighed on markets. Five-year German government bond yields came down from -0.36% to -0.57% as the ECB continuously loosened its monetary policy, with rate cuts in negative territory, increasing liquidity through TLTROs and finally by increasing QE in size and by adding corporate bonds.

Over the reporting year, spreads of peripheral government bonds discontinued their prior tightening cycle, with spreads of Italian government bonds widening while Spanish spreads went sideways. Spreads of corporate bonds came in as the ECB started including corporate bonds into its QE-operations. The subfund delivered a slightly negative performance over the reporting year.

## Structure of the Securities Portfolio

### Geographical Breakdown as a % of net assets

France	18.16
Spain	14.72
Italy	12.13
Germany	10.00
The Netherlands	7.53
United Kingdom	5.93
Belgium	4.70
United States	3.89
Supranationals	3.10
Ireland	2.65
Norway	2.58
Australia	2.33
Austria	2.04
Finland	1.55
Luxembourg	1.53
Sweden	1.20
Canada	1.16
New Zealand	1.06
Switzerland	0.90
Poland	0.37
South Korea	0.35
Slovenia	0.28
Brazil	0.14
<b>Total</b>	<b>98.30</b>

### Economic Breakdown as a % of net assets

Countries & central governments	46.69
Banks & credit institutions	26.90
Finance & holding companies	8.84
Mortgage & funding institutions	4.90
Supranational organisations	3.10
Vehicles	1.55
Telecommunications	1.01
Petroleum	0.85
Tobacco & alcohol	0.72
Building industry & materials	0.60
Computer hardware & network equipment providers	0.59
Precious metals & stones	0.56
Pharmaceuticals, cosmetics & medical products	0.43
Miscellaneous consumer goods	0.39
Retail trade, department stores	0.36
Miscellaneous unclassified companies	0.35
Public, non-profit institutions	0.32
Mining, coal & steel	0.14
<b>Total</b>	<b>98.30</b>

## Statement of Net Assets

EUR

Assets	28.2.2017
Investments in securities, cost	297 259 473.81
Investments in securities, unrealized appreciation (depreciation)	-1 936 272.13
Total investments in securities (Note 1)	295 323 201.68
Cash at banks, deposits on demand and deposit accounts	2 592 825.59
Receivable on securities sales (Note 1)	2 759 452.56
Receivable on subscriptions	148 321.67
Interest receivable on securities	3 675 344.34
Other assets	1 081.15
Unrealized gain (loss) on financial futures (Note 1)	22 880.00
<b>Total Assets</b>	<b>304 523 106.99</b>

### Liabilities

Other short-term liabilities (Margins)	-9 540.92
Payable on securities purchases (Note 1)	-2 199 723.21
Payable on redemptions	-1 777 991.72
Provisions for flat fee (Note 2)	-83 869.05
Provisions for taxe d'abonnement (Note 3)	-21 911.54
Provisions for other commissions and fees (Note 2)	-12 074.93
Total provisions	-117 855.52
<b>Total Liabilities</b>	<b>-4 105 111.37</b>

**Net assets at the end of the financial year** **300 417 995.62**

## Statement of Operations

EUR

Income	1.3.2016-28.2.2017
Interest on securities	7 828 197.39
Income on securities lending (Note 12)	147 721.03
Other income (Note 4)	172 354.91
<b>Total income</b>	<b>8 148 273.33</b>

### Expenses

Cost on securities lending (Note 12)	-59 088.41
Flat fee (Note 2)	-2 848 773.89
Taxe d'abonnement (Note 3)	-154 118.53
Other commissions and fees (Note 2)	-124 326.87
Interest on cash and bank overdraft	-2 156.93
<b>Total expenses</b>	<b>-3 188 464.63</b>

**Net income (loss) on investments** **4 959 808.70**

### Realized gain (loss) (Note 1)

Realized gain (loss) on market-priced securities without options	-6 026 927.39
Realized gain (loss) on yield-evaluated securities and money market instruments	635.80
Realized gain (loss) on financial futures	686 952.30
<b>Total realized gain (loss)</b>	<b>-5 339 339.29</b>

**Net realized gain (loss) of the financial year** **-379 530.59**

### Changes in unrealized appreciation (depreciation) (Note 1)

Unrealized appreciation (depreciation) on market-priced securities without options	401 128.56
Unrealized appreciation (depreciation) on yield-evaluated securities and money market instruments	-4 811.59
Unrealized appreciation (depreciation) on financial futures	-289 720.00
<b>Total changes in unrealized appreciation (depreciation)</b>	<b>106 596.97</b>

**Net increase (decrease) in net assets as a result of operations** **-272 933.62**

## Statement of Changes in Net Assets

EUR

	<b>1.3.2016-28.2.2017</b>
Net assets at the beginning of the financial year	425 500 997.19
Subscriptions	113 702 939.18
Redemptions	-237 772 222.58
Total net subscriptions (redemptions)	-124 069 283.40
Dividend paid	-740 784.55
Net income (loss) on investments	4 959 808.70
Total realized gain (loss)	-5 339 339.29
Total changes in unrealized appreciation (depreciation)	106 596.97
Net increase (decrease) in net assets as a result of operations	-272 933.62
<b>Net assets at the end of the financial year</b>	<b>300 417 995.62</b>

## Development of the outstanding units

	<b>1.3.2016-28.2.2017</b>
<b>Class</b>	<b>F-acc</b>
Number of units outstanding at the beginning of the financial year	127 006.0010
Number of units issued	179 799.0000
Number of units redeemed	-205 365.0000
<b>Number of units outstanding at the end of the financial year</b>	<b>101 440.0010</b>
<b>Class</b>	<b>I-A1-acc</b>
Number of units outstanding at the beginning of the financial year	118 651.4920
Number of units issued	15 061.0960
Number of units redeemed	-42 195.0000
<b>Number of units outstanding at the end of the financial year</b>	<b>91 517.5880</b>
<b>Class</b>	<b>I-A2-acc</b>
Number of units outstanding at the beginning of the financial year	86 645.0000
Number of units issued	4 250.0000
Number of units redeemed	-32 935.0000
<b>Number of units outstanding at the end of the financial year</b>	<b>57 960.0000</b>
<b>Class</b>	<b>I-A3-acc</b>
Number of units outstanding at the beginning of the financial year	20 611.1550
Number of units issued	1 711.8890
Number of units redeemed	0.0000
<b>Number of units outstanding at the end of the financial year</b>	<b>22 323.0440</b>
<b>Class</b>	<b>I-X-acc</b>
Number of units outstanding at the beginning of the financial year	0.0000
Number of units issued	100.0000
Number of units redeemed	0.0000
<b>Number of units outstanding at the end of the financial year</b>	<b>100.0000</b>
<b>Class</b>	<b>P-acc</b>
Number of units outstanding at the beginning of the financial year	1 153 997.8950
Number of units issued	139 796.7130
Number of units redeemed	-428 994.8640
<b>Number of units outstanding at the end of the financial year</b>	<b>864 799.7440</b>
<b>Class</b>	<b>P-dist</b>
Number of units outstanding at the beginning of the financial year	427 918.4730
Number of units issued	26 759.4890
Number of units redeemed	-100 458.3690
<b>Number of units outstanding at the end of the financial year</b>	<b>354 219.5930</b>
<b>Class</b>	<b>Q-acc</b>
Number of units outstanding at the beginning of the financial year	610 480.0720
Number of units issued	313 885.0810
Number of units redeemed	-649 278.9450
<b>Number of units outstanding at the end of the financial year</b>	<b>275 086.2080</b>
<b>Class</b>	<b>Q-dist</b>
Number of units outstanding at the beginning of the financial year	5 250.5680
Number of units issued	4 299.5970
Number of units redeemed	-2 928.9200
<b>Number of units outstanding at the end of the financial year</b>	<b>6 621.2450</b>

## Distribution

UBS (Lux) Medium Term Bond Fund – EUR	Ex-Date	Pay-Date	Currency	Amount per unit
P-dist	2.5.2016	6.5.2016	EUR	1.79
Q-dist	2.5.2016	6.5.2016	EUR	0.69

## Statement of Investments in Securities and other Net Assets as of 28 February 2017

Description	Quantity/ Nominal	Valuation in EUR Unrealized gain (loss) on Futures/ Forward Exchange Contracts/ Swaps (Note 1)	as a % of net assets
<b>Transferable securities and money market instruments listed on an official stock exchange</b>			
<b>Notes, fixed rate</b>			
<b>EUR</b>			
EUR CAISSE DE REFINANCEMENT DE L'HABITAT 4.00000% 06-25.04.18	1 830 000.00	1 921 421.31	0.64
EUR GLENCORE FINANCE (EUROPE) SA-REG-S STEP-UP 12-03.04.18	600 000.00	629 178.00	0.21
EUR HEIDELBERGCEMENT FINANCE BV 7.50000% 10-03.04.20	1 233 000.00	1 509 327.63	0.50
EUR IRELAND, REPUBLIC OF 5.00000% 10-18.10.20	780 000.00	932 451.00	0.31
EUR NEDERLANDSE WATERSCHAPS BANK NV-REG-S 1.62500% 12-23.08.19	1 389 000.00	1 456 380.39	0.49
EUR STADSHYPOTEK AB-REG-S 1.00000% 13-19.06.18	1 180 000.00	1 200 414.00	0.40
<b>Total EUR</b>		<b>7 649 172.33</b>	<b>2.55</b>
<b>Total Notes, fixed rate</b>		<b>7 649 172.33</b>	<b>2.55</b>
<b>Notes, floating rate</b>			
<b>EUR</b>			
EUR BANK OF AMERICA CORP-SUB 4.750%/VAR 04-06.05.19	1 130 000.00	1 151 583.00	0.38
<b>Total EUR</b>		<b>1 151 583.00</b>	<b>0.38</b>
<b>Total Notes, floating rate</b>		<b>1 151 583.00</b>	<b>0.38</b>
<b>Medium term notes, fixed rate</b>			
<b>EUR</b>			
EUR ABN AMRO BANK NV-REG-S 2.12500% 13-26.11.20	1 577 000.00	1 697 735.12	0.57
EUR ABN AMRO BANK NV-SUB 6.37500% 11-27.04.21	1 000 000.00	1 220 110.00	0.41
EUR AMERICAN HONDA FINANCE CORP-REG-S 1.87500% 13-04.09.19	1 400 000.00	1 469 020.00	0.49
EUR ANHEUSER-BUSCH INBEV SA/NV-REG-S 0.62500% 16-17.03.20	2 119 000.00	2 164 155.89	0.72
EUR APPLE INC 1.00000% 14-10.11.22	1 700 000.00	1 776 755.00	0.59
EUR AUSTRALIA & NEW ZEALAND BANK GRP-REG-S 1.12500% 13-13.05.20	840 000.00	873 381.60	0.29
EUR BANK OF AMERICA CORP-REG-S 2.50000% 13-27.07.20	983 000.00	1 059 270.97	0.35
EUR BANQUE FEDERATIVE DU CREDIT MUTUEL-SUB 4.00000% 10-22.10.20	1 250 000.00	1 409 712.50	0.47
EUR BANQUE FEDERATIVE DU CREDIT MUTUEL 2.00000% 13-19.09.19	2 000 000.00	2 100 600.00	0.70
EUR BARCLAYS BANK PLC 4.00000% 09-07.10.19	1 200 000.00	1 300 080.00	0.44
EUR BAT INTERNATIONAL FINANCE PLC-REG-S 0.37500% 15-13.03.19	1 842 000.00	1 856 054.46	0.62
EUR BHP BILLITON FINANCE LTD 2.25000% 12-25.09.20	1 624 000.00	1 752 994.32	0.58
EUR BMW FINANCE NV-REG-S 1.62500% 14-17.07.19	998 000.00	1 040 614.60	0.35
EUR BMW FINANCE NV-REG-S 1.00000% 16-15.02.22	680 000.00	708 213.20	0.24
EUR BNP PARIBAS 2.25000% 14-13.01.21	960 000.00	1 035 321.60	0.34
EUR BP CAPITAL MARKETS PLC 2.17700% 14-28.09.21	1 500 000.00	1 635 630.00	0.54
EUR CAISSE D'AMORTIS DE LA DETTE SOC-REG-S 1.12500% 14-25.05.19	930 000.00	959 946.00	0.32
EUR CARREFOUR SA 1.75000% 13-22.05.19	1 028 000.00	1 069 479.80	0.36
EUR CIE DE SAINT-GOBAIN SA 3.62500% 12-15.06.21	1 575 000.00	1 804 713.75	0.60
EUR CITIGROUP INC-REG-S 1.37500% 14-27.10.21	1 407 000.00	1 471 510.95	0.49
EUR CREDIT AGRICOLE SA LONDON 1.75000% 13-12.03.18	1 000 000.00	1 019 750.00	0.34
EUR CREDIT AGRICOLE SA LONDON 2.37500% 13-27.11.20	1 000 000.00	1 083 000.00	0.36
EUR CRH FINANCE BV 5.00000% 12-25.01.19	900 000.00	987 840.00	0.33
EUR DAIMLER AG-REG-S 0.62500% 15-05.03.20	2 080 000.00	2 121 600.00	0.71
EUR DAIMLER AG-REG-S 2.37500% 13-08.03.23	700 000.00	782 054.00	0.26
EUR DEUTSCHE BANK AG 1.00000% 16-18.03.19	500 000.00	505 930.00	0.17
EUR DEUTSCHE HYPOTHEKENBANK AG-REG-S 0.62500% 14-29.07.19	2 400 000.00	2 449 248.00	0.82
EUR DEUTSCHE PFANDBRIEFBANK AG 1.37500% 13-28.08.18	3 391 000.00	3 475 876.73	1.16
EUR DEXIA CREDIT LOCAL DE FRANCE-REG-S 0.20000% 16-16.03.21	700 000.00	699 860.00	0.23
EUR DEXIA CREDIT LOCAL DE FRANCE-REG-S 0.04000% 16-11.12.19	1 500 000.00	1 501 800.00	0.50
EUR DNB BOLIGKREDITT AS-REG-S 1.12500% 13-12.11.18	5 167 000.00	5 289 457.90	1.76
EUR EUROPEAN INVESTMENT BANK 1.00000% 13-13.07.18	2 240 000.00	2 286 950.40	0.76
EUR EXPORT-IMPORT BANK OF KOREA-REG-S 0.37500% 16-15.03.19	1 050 000.00	1 059 460.50	0.35
EUR F VAN LANSCHOT BANKIERS NV 3.12500% 13-05.06.18	1 404 000.00	1 459 584.36	0.49
EUR FCE BANK PLC-REG-S 1.75000% 13-21.05.18	2 213 000.00	2 263 744.09	0.75
EUR GAZ CAPITAL SA/GAZPROM LPN 6.60500% 07-13.02.18	1 605 000.00	1 693 933.05	0.56
EUR GE CAPITAL EUROPEAN FUNDING 6.00000% 08-15.01.19	1 200 000.00	1 340 232.00	0.45
EUR GE CAPITAL EUROPEAN FUNDING-REG-S 1.62500% 13-15.03.18	1 337 000.00	1 363 285.42	0.45
EUR GLENCORE FINANCE EUROPE SA-REG-S 3.37500% 13-30.09.20	500 000.00	551 305.00	0.18
EUR GOLDMAN SACHS GROUP INC-REG-S 2.62500% 13-19.08.20	1 406 000.00	1 521 868.46	0.51
EUR HOLCIM US FINANCE SARL & CIE 2.62500% 12-07.09.20	1 577 000.00	1 713 536.66	0.57
EUR HSBC BANK PLC-REG-S 3.87500% 11-24.10.18	710 000.00	757 726.20	0.25
EUR HSBC HOLDINGS PLC-SUB 6.25000% 08-19.03.18	1 100 000.00	1 171 643.00	0.39
EUR ING BANK NV 5.25000% 08-05.06.18	1 800 000.00	1 927 350.00	0.64
EUR INNOGY FINANCE BV 5.12500% 03-23.07.18	1 902 000.00	2 041 532.62	0.68
EUR INSTITUTO DE CREDITO OFICIAL-REG-S 4.37500% 09-20.05.19	1 709 000.00	1 875 456.60	0.62
EUR INSTITUTO DE CREDITO OFICIAL 6.00000% 11-08.03.21	1 490 000.00	1 830 614.00	0.61
EUR KBC GROUP NV-REG-S 0.75000% 17-01.03.22	2 000 000.00	1 998 420.00	0.67
EUR LLOYDS BANK PLC-REG-S 1.00000% 14-19.11.21	1 000 000.00	1 034 750.00	0.34
EUR MORGAN STANLEY 5.37500% 10-10.08.20	500 000.00	588 705.00	0.20
EUR NOMURA EUROPE FINANCE NV-REG-S 1.50000% 14-12.05.21	800 000.00	834 632.00	0.28
EUR NORDEA BANK AB-REG-S 2.00000% 14-17.02.21	730 000.00	785 275.60	0.26
EUR NORDEA MORTGAGE BANK PLC-REG-S 4.00000% 11-10.02.21	1 640 000.00	1 905 138.80	0.63
EUR ORANGÉ SA-REG-S 1.87500% 13-03.09.18	1 000 000.00	1 029 930.00	0.34
EUR ORIGIN ENERGY FINANCE LTD-REG-S 2.50000% 13-23.10.20	2 400 000.00	2 567 736.00	0.85
EUR POHIOLA BANK PLC 1.75000% 13-29.08.18	1 900 000.00	1 955 765.00	0.65
EUR POLAND, REPUBLIC OF 4.20000% 05-15.04.20	990 000.00	1 118 700.00	0.37
EUR RABOBANK NEDERLAND NV-SUB 5.87500% 09-20.05.19	1 990 000.00	2 246 968.70	0.75
EUR RENAULT SA 3.62500% 13-19.09.18	1 648 000.00	1 740 222.08	0.58
EUR RIO TINTO FINANCE PLC 2.00000% 12-11.05.20	1 571 000.00	1 670 130.10	0.56
EUR ROYAL BANK OF SCOTLAND PLC 3.87500% 10-19.10.20	1 600 000.00	1 826 848.00	0.61
EUR SANTANDER UK PLC-REG-S 2.00000% 14-14.01.19	1 223 000.00	1 270 489.09	0.42
EUR SKANDINAVISKA ENSKILDA BANKEN AB 1.62500% 13-04.11.20	830 000.00	883 327.50	0.29
EUR SOCIETE GENERALE 2.25000% 13-23.01.20	1 000 000.00	1 064 100.00	0.35
EUR SOCIETE GENERALE 2.37500% 12-28.02.18	1 900 000.00	1 948 488.00	0.65
EUR SPAREBANKEN VEST BOLIGKREDITT AS 1.50000% 13-11.09.18	2 386 000.00	2 450 517.44	0.82

Description	Quantity/ Nominal	Valuation in EUR Unrealized gain (loss) on Futures/ Forward Exchange Contracts/ Swaps (Note 1)	as a % of net assets
EUR TELEFONICA EMISIONES SAU 2.73600% 13-29.05.19	1 900 000.00	2 018 199.00	0.67
EUR UBS AG LONDON 6.00000% 08-18.04.18	520 000.00	556 644.40	0.19
EUR UBS AG LONDON-REG-S 0.50000% 15-15.05.18	1 950 000.00	1 966 516.50	0.65
EUR VALE SA 4.37500% 10-24.03.18	400 000.00	419 040.40	0.14
EUR VOLKSWAGEN LEASING GMBH-REG-S 0.75000% 15-11.08.20	1 980 000.00	2 016 491.40	0.67
EUR WESTPAC BANKING CORP-REG-S 1.50000% 14-24.03.21	1 690 000.00	1 794 036.40	0.60
EUR WESTPAC SECURITIES NZ LTD/LONDON-REG-S 0.87500% 14-24.06.19	3 100 000.00	3 175 051.00	1.06
<b>Total EUR</b>		<b>114 076 061.16</b>	<b>37.97</b>
<b>Total Medium term notes, fixed rate</b>		<b>114 076 061.16</b>	<b>37.97</b>
<b>Medium term notes, zero coupon</b>			
<b>EUR</b>			
EUR HENKEL AG & CO KGAA-REG-S 0.00000% 16-13.09.21	1 180 000.00	1 182 525.20	0.39
<b>Total EUR</b>		<b>1 182 525.20</b>	<b>0.39</b>
<b>Total Medium term notes, zero coupon</b>		<b>1 182 525.20</b>	<b>0.39</b>
<b>Medium term notes, floating rate</b>			
<b>EUR</b>			
EUR BNP PARIBAS SA-REG-S-SUB 2.875%/VAR 14-20.03.26	570 000.00	589 060.80	0.20
EUR ING BANK NV-SUB 3.625%/VAR 14-25.02.26	1 497 000.00	1 626 011.46	0.54
EUR SKANDINAVISKA ENSKILDA BK-REG-S-SUB 4.000%/VAR 12-12.09.22	730 000.00	744 191.20	0.25
EUR STANDARD CHARTERED-SUB 4.000%/VAR 13-21.10.25	980 000.00	1 035 585.60	0.34
<b>Total EUR</b>		<b>3 994 849.06</b>	<b>1.33</b>
<b>Total Medium term notes, floating rate</b>		<b>3 994 849.06</b>	<b>1.33</b>
<b>Bonds, fixed rate</b>			
<b>EUR</b>			
EUR ABBVIE INC 0.37500% 16-18.11.19	1 283 000.00	1 295 073.03	0.43
EUR AUSTRIA, REPUBLIC OF 3.90000% 04-15.07.20	5 323 000.00	6 138 164.22	2.04
EUR BANK OF IRELAND MORTGAGE BANK-REG-S 1.75000% 14-19.03.19	1 390 000.00	1 445 002.30	0.48
EUR BANK OF IRELAND MORTGAGE BANK-REG-S 0.62500% 15-19.02.21	1 680 000.00	1 720 488.00	0.57
EUR BELGIUM, KINGDOM OF 3.75000% 10-28.09.20	2 847 000.00	3 284 754.72	1.09
EUR BELGIUM, KINGDOM OF 3.00000% 12-28.09.19	6 106 000.00	6 671 781.96	2.22
EUR BHARTI AIRTEL INTL NETHERLANDS BV-REG-S 4.00000% 13-10.12.18	982 000.00	1 046 212.98	0.35
EUR BMW FINANCE NV 2.37500% 13-24.01.23	706 000.00	791 574.26	0.26
EUR BPCE SFH SA-REG-S 2.12500% 13-17.09.20	1 500 000.00	1 618 095.00	0.54
EUR CAISSE FRANCAISE DE FINANCEMENT LOCAL 0.37500% 14-16.09.19	2 500 000.00	2 538 600.00	0.85
EUR CREDIT SUISSE GUERNSEY LTD-REG-S 0.75000% 14-17.09.21	2 100 000.00	2 162 370.00	0.72
EUR EUROPEAN INVESTMENT BANK 4.62500% 04-15.04.20	1 892 000.00	2 193 005.85	0.73
EUR EUROPEAN STABILITY MECHANISM-REG-S 0.87500% 14-15.10.19	4 656 362.00	4 822 594.12	1.61
EUR FRANCE, REPUBLIC OF-OAT 3.50000% 10-25.04.20	7 824 000.00	8 786 586.72	2.92
EUR FRANCE, REPUBLIC OF-OAT 1.00000% 12-25.05.18	4 342 000.00	4 421 805.96	1.47
EUR FRANCE, REPUBLIC OF-OAT 1.00000% 14-25.05.19	10 363 000.00	10 706 429.82	3.56
EUR FRANCE, REPUBLIC OF-OAT 0.00000% 15-25.05.20	5 440 000.00	5 504 736.00	1.83
EUR GERMANY, REPUBLIC OF 3.25000% 09-04.01.20	6 655 000.00	7 444 482.65	2.48
EUR GERMANY, REPUBLIC OF 3.00000% 10-04.07.20	5 202 000.00	5 874 670.62	1.96
EUR GERMANY, REPUBLIC OF-REG-S 0.00000% 16-09.04.21	1 040 000.00	1 070 836.00	0.36
EUR IRELAND, REPUBLIC OF 4.50000% 04-18.04.20	2 185 000.00	2 519 742.00	0.84
EUR ITALY, REPUBLIC OF-BTP 1.50000% 14-01.08.19	2 534 000.00	2 608 271.54	0.87
EUR ITALY, REPUBLIC OF-BTP 1.05000% 14-01.12.19	11 078 000.00	11 288 592.78	3.76
EUR ITALY, REPUBLIC OF-BTP 0.25000% 15-15.05.18	6 319 000.00	6 347 182.74	2.11
EUR ITALY, REPUBLIC OF-BTP 0.70000% 15-01.05.20	5 681 000.00	5 735 651.22	1.91
EUR ITALY, REPUBLIC OF-BTP 0.45000% 16-01.06.21	10 573 000.00	10 477 525.81	3.49
EUR KREDITANSTALT FUER WIEDERAUFBAU 3.12500% 11-15.06.18	2 961 000.00	3 107 273.40	1.03
EUR OP MORTGAGE BANK-REG-S 0.62500% 15-04.09.22	760 000.00	782 860.80	0.26
EUR ROYAL BANK OF CANADA-REG-S 1.25000% 13-29.10.18	3 397 000.00	3 483 759.38	1.16
EUR SLOVENIA, REPUBLIC OF-REG-S 3.00000% 14-08.04.21	740 000.00	830 169.00	0.28
EUR SPAIN, KINGDOM OF 0.75000% 16-30.07.21	7 207 000.00	7 369 734.06	2.45
EUR SPAIN, KINGDOM OF 2.75000% 14-30.04.19	5 901 000.00	6 268 396.26	2.09
EUR SPAIN, KINGDOM OF 4.85000% 10-31.10.20	4 018 000.00	4 712 149.68	1.57
EUR SPAIN, KINGDOM OF 5.50000% 11-30.04.21	16 519 000.00	20 157 309.75	6.71
EUR TEVA PHARMACEUTICAL FINANCE II BV-REG-S 0.37500% 16-25.07.20	1 260 000.00	1 250 335.80	0.42
EUR VOLKSWAGEN INTERNATIONAL FIN NV 2.00000% 13-14.01.20	750 000.00	792 742.50	0.26
<b>Total EUR</b>		<b>167 268 960.93</b>	<b>55.68</b>
<b>Total Bonds, fixed rate</b>		<b>167 268 960.93</b>	<b>55.68</b>
<b>Total Transferable securities and money market instruments listed on an official stock exchange</b>		<b>295 323 151.68</b>	<b>98.30</b>
<b>UCITS/Other UCIs in accordance with Article 41 (1) e) of the amended Luxembourg law of 17 December 2010</b>			
<b>Investment funds, open end</b>			
<b>Ireland</b>			
EUR UBS (IRL) SELECT MONEY MARKET FUND-EUR-S-DIST	0.01	50.00	0.00
<b>Total Ireland</b>		<b>50.00</b>	<b>0.00</b>
<b>Total Investment funds, open end</b>		<b>50.00</b>	<b>0.00</b>
<b>Total UCITS/Other UCIs in accordance with Article 41 (1) e) of the amended Luxembourg law of 17 December 2010</b>		<b>50.00</b>	<b>0.00</b>
<b>Total investments in securities</b>		<b>295 323 201.68</b>	<b>98.30</b>

Description	Quantity/ Nominal	Valuation in EUR Unrealized gain (loss) on Futures/ Forward Exchange Contracts/ Swaps (Note 1)	as a % of net assets
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## Derivative instruments

### Derivative instruments listed on an official stock exchange

#### Financial Futures on bonds

EUR	EURO-BOBL FUTURE 08.03.17	11.00	22 880.00	0.01
<b>Total Financial Futures on bonds</b>			<b>22 880.00</b>	<b>0.01</b>
<b>Total Derivative instruments listed on an official stock exchange</b>			<b>22 880.00</b>	<b>0.01</b>
<b>Total Derivative instruments</b>			<b>22 880.00</b>	<b>0.01</b>
<b>Cash at banks, deposits on demand and deposit accounts and other liquid assets</b>			<b>2 592 825.59</b>	<b>0.86</b>
<b>Bank overdraft and other short-term liabilities</b>			<b>-9 540.92</b>	<b>0.00</b>
<b>Other assets and liabilities</b>			<b>2 488 629.27</b>	<b>0.83</b>
<b>Total net assets</b>			<b>300 417 995.62</b>	<b>100.00</b>

# UBS (Lux) Medium Term Bond Fund – GBP

## Three-year comparison

	ISIN	28.2.2017	29.2.2016	28.2.2015
Net assets in GBP		56 126 810.24	92 756 491.77	153 125 999.25
<b>Class I-A1-acc</b>	<b>LU0442361258</b>			
Units outstanding		55 410.6190	73 695.0000	49 232.0000
Net asset value per unit in GBP		107.04	104.38	102.53
Issue and redemption price per unit in GBP <sup>1</sup>		107.04	104.38	102.53
<b>Class I-A2-acc</b>	<b>LU0442361415</b>			
Units outstanding		111 439.9310	200 041.9310	184 250.9310
Net asset value per unit in GBP		108.29	105.53	103.59
Issue and redemption price per unit in GBP <sup>1</sup>		108.29	105.53	103.59
<b>Class I-A3-acc</b>	<b>LU0442361688</b>			
Units outstanding		10 431.0000	37 002.0000	523 433.0000
Net asset value per unit in GBP		108.33	105.51	103.52
Issue and redemption price per unit in GBP <sup>1</sup>		108.33	105.51	103.52
<b>Class P-acc</b>	<b>LU0074904888</b>			
Units outstanding		158 386.5410	275 759.9780	359 031.8280
Net asset value per unit in GBP		215.45	211.10	208.36
Issue and redemption price per unit in GBP <sup>1</sup>		215.45	211.10	208.36
<b>Class Q-acc<sup>2</sup></b>	<b>LU0442361092</b>			
Units outstanding		27 623.5910	18 087.6270	-
Net asset value per unit in GBP		104.04	101.54	-
Issue and redemption price per unit in GBP <sup>1</sup>		104.04	101.54	-

<sup>1</sup> See note 1

<sup>2</sup> First NAV: 4.11.2015

## Performance

	Currency	2016/2017	2015/2016	2014/2015
Class I-A1-acc	GBP	2.5%	1.8%	2.7%
Class I-A2-acc	GBP	2.6%	1.9%	2.8%
Class I-A3-acc	GBP	2.7%	1.9%	2.9%
Class P-acc	GBP	2.1%	1.3%	2.2%
Class Q-acc	GBP	2.5%	-	-

Historical performance is no indicator of current or future performance.

The performance data does not take account of any commissions and costs charged when subscribing and redeeming units.

The performance data were not audited.

The subfund has no benchmark.

## Report of the Portfolio Manager

Interest rates fell in the UK in the reporting year from 1 March 2016 to 28 February 2017. Yields on 2-year British government bonds fell by 32 basis points to 0.09%, whereas yields on 5-year government bonds slipped from 0.79% to 0.55%. The Brexit vote in June 2016 and the subsequent interest rate cut by the UK central bank were responsible for the falling rates.

The subfund posted a positive performance in the reporting year. The key performance contributions came from sector and issuer selection as well as price gains as a result of falling yields.

## Structure of the Securities Portfolio

### Geographical Breakdown as a % of net assets

United Kingdom	25.28
Supranationals	16.98
Germany	16.02
The Netherlands	10.02
United States	5.55
France	5.39
Australia	4.20
Ireland	3.26
Sweden	2.89
Jersey	1.74
Cayman Islands	1.38
Austria	1.28
Norway	0.98
Switzerland	0.95
South Korea	0.73
New Zealand	0.56
Belgium	0.38
<b>Total</b>	<b>97.59</b>

### Economic Breakdown as a % of net assets

Banks & credit institutions	50.69
Supranational organisations	16.98
Finance & holding companies	14.67
Public, non-profit institutions	4.50
Energy & water supply	2.74
Vehicles	2.05
Petroleum	1.35
Aerospace industry	1.17
Computer hardware & network equipment providers	1.15
Mortgage & funding institutions	1.10
Lodging, catering & leisure	0.62
Insurance	0.57
<b>Total</b>	<b>97.59</b>



## Statement of Net Assets

	GBP
<b>Assets</b>	<b>28.2.2017</b>
Investments in securities, cost	55 337 402.67
Investments in securities, unrealized appreciation (depreciation)	-564 432.67
Total investments in securities (Note 1)	54 772 970.00
Cash at banks, deposits on demand and deposit accounts	343 303.39
Receivable on subscriptions	23 894.54
Interest receivable on securities	1 077 916.20
Other assets	284.67
Unrealized gain (loss) on financial futures (Note 1)	1 250.00
<b>Total Assets</b>	<b>56 219 618.80</b>
<b>Liabilities</b>	
Other short-term liabilities (Margins)	-1 750.00
Payable on redemptions	-68 444.94
Provisions for flat fee (Note 2)	-14 226.69
Provisions for taxe d'abonnement (Note 3)	-3 345.26
Provisions for other commissions and fees (Note 2)	-5 041.67
Total provisions	-22 613.62
<b>Total Liabilities</b>	<b>-92 808.56</b>
<b>Net assets at the end of the financial year</b>	<b>56 126 810.24</b>

## Statement of Operations

	GBP
<b>Income</b>	<b>1.3.2016-28.2.2017</b>
Interest on liquid assets	405.52
Interest on securities	2 619 523.13
Income on securities lending (Note 12)	53 063.88
Other income (Note 4)	59 840.84
<b>Total income</b>	<b>2 732 833.37</b>
<b>Expenses</b>	
Cost on securities lending (Note 12)	-21 225.55
Flat fee (Note 2)	-547 442.20
Taxe d'abonnement (Note 3)	-27 247.05
Other commissions and fees (Note 2)	-24 657.03
Interest on cash and bank overdraft	-17.88
<b>Total expenses</b>	<b>-620 589.71</b>
<b>Net income (loss) on investments</b>	<b>2 112 243.66</b>
<b>Realized gain (loss) (Note 1)</b>	
Realized gain (loss) on market-priced securities without options	-1 377 330.75
Realized gain (loss) on financial futures	1 112.25
Realized gain (loss) on foreign exchange	-338.59
<b>Total realized gain (loss)</b>	<b>-1 376 557.09</b>
<b>Net realized gain (loss) of the financial year</b>	<b>735 686.57</b>
<b>Changes in unrealized appreciation (depreciation) (Note 1)</b>	
Unrealized appreciation (depreciation) on market-priced securities without options	958 974.85
Unrealized appreciation (depreciation) on financial futures	-1 150.00
<b>Total changes in unrealized appreciation (depreciation)</b>	<b>957 824.85</b>
<b>Net increase (decrease) in net assets as a result of operations</b>	<b>1 693 511.42</b>

## Statement of Changes in Net Assets

GBP

1.3.2016-28.2.2017

Net assets at the beginning of the financial year	92 756 491.77
Subscriptions	20 938 065.84
Redemptions	-59 261 258.79
Total net subscriptions (redemptions)	-38 323 192.95
Net income (loss) on investments	2 112 243.66
Total realized gain (loss)	-1 376 557.09
Total changes in unrealized appreciation (depreciation)	957 824.85
Net increase (decrease) in net assets as a result of operations	1 693 511.42
<b>Net assets at the end of the financial year</b>	<b>56 126 810.24</b>

## Development of the outstanding units

1.3.2016-28.2.2017

<b>Class</b>	<b>I-A1-acc</b>
Number of units outstanding at the beginning of the financial year	73 695.0000
Number of units issued	20 201.6190
Number of units redeemed	-38 486.0000
<b>Number of units outstanding at the end of the financial year</b>	<b>55 410.6190</b>
<b>Class</b>	<b>I-A2-acc</b>
Number of units outstanding at the beginning of the financial year	200 041.9310
Number of units issued	19 885.0000
Number of units redeemed	-108 487.0000
<b>Number of units outstanding at the end of the financial year</b>	<b>111 439.9310</b>
<b>Class</b>	<b>I-A3-acc</b>
Number of units outstanding at the beginning of the financial year	37 002.0000
Number of units issued	391.0000
Number of units redeemed	-26 962.0000
<b>Number of units outstanding at the end of the financial year</b>	<b>10 431.0000</b>
<b>Class</b>	<b>P-acc</b>
Number of units outstanding at the beginning of the financial year	275 759.9780
Number of units issued	67 908.0320
Number of units redeemed	-185 281.4690
<b>Number of units outstanding at the end of the financial year</b>	<b>158 386.5410</b>
<b>Class</b>	<b>Q-acc</b>
Number of units outstanding at the beginning of the financial year	18 087.6270
Number of units issued	20 576.2860
Number of units redeemed	-11 040.3220
<b>Number of units outstanding at the end of the financial year</b>	<b>27 623.5910</b>

## Statement of Investments in Securities and other Net Assets as of 28 February 2017

Description	Quantity/ Nominal	Valuation in GBP Unrealized gain (loss) on Futures/ Forward Exchange Contracts/ Swaps (Note 1)	as a % of net assets
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### Transferable securities and money market instruments listed on an official stock exchange

#### Notes, fixed rate

##### GBP

GBP EUROPEAN INVESTMENT BANK 5.37500% 98-07.06.21	2 200 000.00	2 623 610.00	4.67
GBP STANDARD CHARTERED BANK PLC-SUB 7.75000% 08-03.04.18	1 000 000.00	1 072 060.00	1.91
<b>Total GBP</b>		<b>3 695 670.00</b>	<b>6.58</b>

#### Total Notes, fixed rate

**3 695 670.00** **6.58**

#### Medium term notes, fixed rate

##### GBP

GBP ABN AMRO BANK NV 4.87500% 12-16.01.19	200 000.00	215 722.00	0.38
GBP AIG SUNAMERICA INST FUNDING III LTD 5.00000% 03-18.12.18	300 000.00	322 277.10	0.57
GBP AUSNET SERVICES HOLDINGS PTY LTD 7.12500% 08-26.06.18	700 000.00	754 936.00	1.34
GBP BANK NEDERLANDSE GEMEENTEN NV 5.37500% 98-07.06.21	400 000.00	476 204.00	0.85
GBP BANK NEDERLANDSE GEMEENTEN NV-REG-S 1.37500% 15-09.12.19	1 400 000.00	1 430 394.00	2.55
GBP BANK OF AMERICA CORP 5.50000% 03-04.12.19	500 000.00	559 540.00	1.00
GBP BARCLAYS BANK PLC-REG-S 4.25000% 12-12.01.22	600 000.00	693 702.00	1.24
GBP BAT INTERNATIONAL FINANCE PLC-REG-S 1.75000% 16-05.07.21	400 000.00	405 884.00	0.72
GBP BAYERISCHE LANDESBANK-REG-S 1.25000% 17-20.12.21	300 000.00	303 102.00	0.54
GBP BMW FINANCE NV 3.37500% 12-14.12.18	400 000.00	418 444.00	0.75
GBP BMW FINANCE NV-REG-S 1.87500% 15-29.06.20	600 000.00	620 196.00	1.10
GBP BMW US CAPITAL LLC REG-S 2.00000% 14-20.11.19	300 000.00	309 777.00	0.55
GBP BNP PARIBAS SA 2.37500% 12-20.11.19	300 000.00	311 637.00	0.55
GBP BP CAPITAL MARKETS PLC 4.32500% 11-10.12.18	300 000.00	318 963.00	0.57
GBP CENTRICA PLC 7.00000% 08-19.09.18	500 000.00	546 725.00	0.97
GBP CITIGROUP INC 7.62500% 08-03.04.18	400 000.00	429 476.00	0.76
GBP COUNCIL OF EUROPE DEVELOPMENT BK-REG-S 1.25000% 15-23.12.19	400 000.00	408 312.00	0.73
GBP COVENTRY BUILDING SOCIETY 6.00000% 09-16.10.19	600 000.00	677 778.00	1.21
GBP DAIMLER AG 2.37500% 14-16.07.18	500 000.00	510 435.00	0.91
GBP DAIMLER AG-REG-S 2.75000% 14-04.12.20	600 000.00	638 640.00	1.14
GBP DEUTSCHE PFANDBRIEFBANK AG-REG-S 1.87500% 12-20.12.19	600 000.00	616 182.00	1.10
GBP DEXIA CREDIT LOCAL DE FRANCE-REG-S 2.00000% 15-17.06.20	600 000.00	621 438.00	1.11
GBP DEXIA CREDIT LOCAL DE FRANCE-REG-S 0.87500% 16-07.09.21	300 000.00	296 817.00	0.53
GBP DNB BANK ASA-REG-S 4.25000% 12-27.01.20	500 000.00	549 320.00	0.98
GBP E.ON INTERNATIONAL FINANCE BV 6.00000% 07-30.10.19	200 000.00	226 234.00	0.40
GBP ENI FINANCE INTERNATIONAL SA 5.00000% 03-27.01.19	200 000.00	214 308.00	0.38
GBP EUROPEAN INVESTMENT BANK 5.37500% 07-07.03.19	1 900 000.00	2 086 827.00	3.72
GBP EUROPEAN INVESTMENT BANK 4.25000% 11-07.12.21	1 000 000.00	1 158 470.00	2.06
GBP EUROPEAN INVESTMENT BANK-REG-S 2.25000% 14-07.03.20	3 100 000.00	3 254 876.00	5.80
GBP FMS WERTMANAGEMENT-REG-S 0.87500% 16-14.05.21	500 000.00	503 250.00	0.90
GBP GE CAPITAL UK FUNDING 5.87500% 09-04.11.20	600 000.00	708 666.00	1.26
GBP GE CAPITAL UK FUNDING-REG-S 4.37500% 12-31.07.19	500 000.00	543 025.00	0.97
GBP INTERNATIONAL BUSINESS MACHINES CORP 2.75000% 13-21.12.20	600 000.00	644 334.00	1.15
GBP JPMORGAN CHASE & CO-REG-S 1.87500% 15-10.02.20	800 000.00	823 096.00	1.47
GBP KOREA DEVELOPMENT BANK-REG-S 2.00000% 14-20.12.18	400 000.00	406 856.00	0.72
GBP KREDITANSTALT FUER WIEDERAUFBAU 5.55000% 01-07.06.21	2 000 000.00	2 411 000.00	4.30
GBP KREDITANSTALT FUER WIEDERAUFBAU 1.62500% 15-05.06.20	1 500 000.00	1 552 875.00	2.77
GBP KREDITANSTALT FUER WIEDERAUFBAU-REG-S 1.37500% 16-01.02.21	500 000.00	514 515.00	0.92
GBP LANDWIRTSCHAFTLICHE RENTENBANK-REG-S 1.37500% 16-15.12.20	500 000.00	515 650.00	0.92
GBP LEEDS BUILDING SOCIETY 4.25000% 11-17.12.18	500 000.00	532 740.00	0.95
GBP LLOYDS BANK PLC-REG-S 2.75000% 14-09.12.18	800 000.00	827 528.00	1.47
GBP MCDONALD'S CORP 6.37500% 00-03.02.20	300 000.00	346 008.00	0.62
GBP NATIONAL AUSTRALIA BANK LTD-REG-S 1.87500% 15-20.02.20	800 000.00	824 016.00	1.47
GBP NATIONAL GRID GAS FINANCE PLC-REG-S 1.12500% 16-22.09.21	500 000.00	500 520.00	0.89
GBP NATIONWIDE BUILDING SOCIETY 5.62500% 09-09.09.19	800 000.00	895 096.00	1.59
GBP NATIXIS 5.87500% 00-24.02.20	300 000.00	341 679.00	0.61
GBP NEDERLANDSE WATERSCHAPS BANK NV-REG-S 1.00000% 16-09.12.19	700 000.00	707 623.00	1.26
GBP NETWORK RAIL MTN FINANCE PLC 4.62500% 05-21.07.20	600 000.00	683 460.00	1.22
GBP NORDEA BANK AB-REG-S 2.12500% 12-13.11.19	400 000.00	414 852.00	0.74
GBP NRAM LTD 6.37500% 99-02.12.19	500 000.00	568 455.00	1.01
GBP OESTERREICHISCHE KONTROLLBANK AG 2.00000% 14-17.12.18	700 000.00	718 690.00	1.28
GBP RABOBANK NEDERLAND NV 4.62500% 11-13.01.21	800 000.00	907 936.00	1.62
GBP ROYAL BANK OF SCOTLAND PLC 6.62500% 08-17.09.18	800 000.00	868 440.00	1.55
GBP SANTANDER UK PLC-REG-S 5.12500% 11-14.04.21	1 000 000.00	1 170 480.00	2.09
GBP SANTANDER UK PLC-REG-S 1.87500% 15-17.02.20	700 000.00	715 057.00	1.27
GBP SHELL INTERNATIONAL FINANCE BV 2.00000% 14-20.12.19	400 000.00	414 212.00	0.74
GBP SNCF RESEAU-REG-S 5.50000% 98-01.12.21	500 000.00	600 965.00	1.07
GBP SOCIETE GENERALE 5.00000% 11-20.12.18	500 000.00	537 565.00	0.96
GBP SOUTHERN WATER SERVICES FINANCE PLC 6.12500% 09-31.03.19	700 000.00	775 418.00	1.38
GBP SSE PLC 5.00000% 09-01.10.18	500 000.00	533 165.00	0.95
GBP SVENSKA HANDELSBANKEN AB-REG-S 4.00000% 12-18.01.19	300 000.00	318 396.00	0.57
GBP SVENSKA HANDELSBANKEN AB-REG-S 3.00000% 13-20.11.20	400 000.00	431 168.00	0.77
GBP TOTAL CAPITAL SA 3.87500% 11-14.12.18	300 000.00	316 689.00	0.56
GBP UBS AG LONDON 6.62500% 08-11.04.18	500 000.00	532 555.00	0.95
GBP VATTENFALL AB 6.12500% 09-16.12.19	400 000.00	456 308.00	0.81
GBP VOLKSWAGEN FINANCIAL SERVICES NV REG-S 2.62500% 14-22.07.19	200 000.00	206 752.00	0.37
GBP WESTPAC BANKING CORP 5.00000% 09-21.10.19	700 000.00	776 944.00	1.38
GBP WESTPAC SECURITIES NZ LTD/LONDON-REG-S 2.50000% 16-13.01.21	300 000.00	315 966.00	0.56
GBP YORKSHIRE BUILDING SOCIETY 4.75000% 11-12.04.18	1 460 000.00	1 527 028.60	2.72
<b>Total GBP</b>		<b>46 765 594.70</b>	<b>83.32</b>

#### Total Medium term notes, fixed rate

**46 765 594.70** **83.32**

Description	Quantity/ Nominal	Valuation in GBP Unrealized gain (loss) on Futures/ Forward Exchange Contracts/ Swaps (Note 1)	as a % of net assets
<b>Medium term notes, floating rate</b>			
<b>GBP</b>			
GBP ESB FINANCE DAC-REG-S 6.500%/RATING LINKED 10-05.03.20	500 000.00	579 090.00	1.03
GBP HEATHROW FUNDING LTD 9.200%/6M LIBOR+400BP 08-29.03.23	500 000.00	655 340.00	1.17
GBP HSBC BANK PLC-SUB 5.00000%/VAR 03-20.03.23	1 100 000.00	1 139 724.30	2.03
GBP HSBC HOLDINGS PLC-SUB 6.37500%/3M LIBOR+130BP 07-18.10.22	500 000.00	513 625.00	0.92
<b>Total GBP</b>		<b>2 887 779.30</b>	<b>5.15</b>
<b>Total Medium term notes, floating rate</b>		<b>2 887 779.30</b>	<b>5.15</b>
<b>Bonds, fixed rate</b>			
<b>GBP</b>			
GBP FMS WERTMANAGEMENT-REG-S 1.12500% 15-13.12.19	1 400 000.00	1 423 926.00	2.54
<b>Total GBP</b>		<b>1 423 926.00</b>	<b>2.54</b>
<b>Total Bonds, fixed rate</b>		<b>1 423 926.00</b>	<b>2.54</b>
<b>Total Transferable securities and money market instruments listed on an official stock exchange</b>		<b>54 772 970.00</b>	<b>97.59</b>
<b>Total investments in securities</b>		<b>54 772 970.00</b>	<b>97.59</b>

## Derivative instruments

### Derivative instruments listed on an official stock exchange

#### Financial Futures on bonds

GBP SHORT GILT FUTURE 28.06.17	25.00	1 250.00	0.00
<b>Total Financial Futures on bonds</b>		<b>1 250.00</b>	<b>0.00</b>
<b>Total Derivative instruments listed on an official stock exchange</b>		<b>1 250.00</b>	<b>0.00</b>
<b>Total Derivative instruments</b>		<b>1 250.00</b>	<b>0.00</b>
<b>Cash at banks, deposits on demand and deposit accounts and other liquid assets</b>		<b>343 303.39</b>	<b>0.61</b>
<b>Bank overdraft and other short-term liabilities</b>		<b>-1 750.00</b>	<b>0.00</b>
<b>Other assets and liabilities</b>		<b>1 011 036.85</b>	<b>1.80</b>
<b>Total net assets</b>		<b>56 126 810.24</b>	<b>100.00</b>

# UBS (Lux) Medium Term Bond Fund – US Government (USD)

## Most important figures

	ISIN	17.5.2016	29.2.2016	28.2.2015
Net assets in USD		37 011 786.12	50 980 323.19	44 739 402.68
<b>Class P-acc</b>	<b>LU0045870143</b>			
Units outstanding		12 933.9640	18 326.2990	17 648.3080
Net asset value per unit in USD		2 154.97	2 154.45	2 136.41
Issue and redemption price per unit in USD <sup>1</sup>		2 154.97	2 154.45	2 136.41
<b>Class P-dist</b>	<b>LU0045869723</b>			
Units outstanding		2 844.1910	5 033.0740	6 254.2760
Net asset value per unit in USD		1 128.51	1 130.54	1 124.90
Issue and redemption price per unit in USD <sup>1</sup>		1 128.51	1 130.54	1 124.90
<b>Class Q-acc<sup>2</sup></b>	<b>LU0442352851</b>			
Units outstanding		58 659.8540	57 508.8540	-
Net asset value per unit in USD		101.09	100.98	-
Issue and redemption price per unit in USD <sup>1</sup>		101.09	100.98	-

<sup>1</sup> See note 1

<sup>2</sup> First NAV: 27.11.2015

## Structure of the Securities Portfolio

As the subfund UBS (Lux) Medium Term Bond Fund – US Government (USD) was merged into UBS (Lux) Medium Term Bond Fund – USD as at 17 May 2016 there is no securities portfolio or securities portfolio structure at the end of the reporting period. See note 10.

## Statement of Operations

	USD
<b>Income</b>	<b>1.3.2016-28.2.2017</b>
Interest on liquid assets	46.08
Interest on securities	122 268.37
Income on securities lending (Note 12)	8 434.35
Other income (Note 4)	2 924.16
<b>Total income</b>	<b>133 672.96</b>
<b>Expenses</b>	
Cost on securities lending (Note 12)	-3 373.74
Flat fee (Note 2)	-91 170.50
Taxe d'abonnement (Note 3)	-4 762.14
Other commissions and fees (Note 2)	-20 430.97
<b>Total expenses</b>	<b>-119 737.35</b>
<b>Net income (loss) on investments</b>	<b>13 935.61</b>
<b>Realized gain (loss) (Note 1)</b>	
Realized gain (loss) on market-priced securities without options	493 917.95
Realized gain (loss) on foreign exchange	-98.05
<b>Total realized gain (loss)</b>	<b>493 819.90</b>
<b>Net realized gain (loss) of the financial year</b>	<b>507 755.51</b>
<b>Changes in unrealized appreciation (depreciation) (Note 1)</b>	
Unrealized appreciation (depreciation) on market-priced securities without options	-467 386.30
<b>Total changes in unrealized appreciation (depreciation)</b>	<b>-467 386.30</b>
<b>Net increase (decrease) in net assets as a result of operations</b>	<b>40 369.21</b>

## Statement of Changes in Net Assets

	USD
	<b>1.3.2016-28.2.2017</b>
Net assets at the beginning of the financial year	50 980 323.19
Subscriptions	4 463 850.94
Redemptions	-55 473 136.12
Total net subscriptions (redemptions)	-51 009 285.18
Dividend paid	-11 407.22
Net income (loss) on investments	13 935.61
Total realized gain (loss)	493 819.90
Total changes in unrealized appreciation (depreciation)	-467 386.30
Net increase (decrease) in net assets as a result of operations	40 369.21
<b>Net assets at the end of the financial year</b>	<b>0.00</b>

## Development of the outstanding units

	1.3.2016-28.2.2017
<b>Class</b>	<b>P-acc</b>
Number of units outstanding at the beginning of the financial year	18 326.2990
Number of units issued	2 017.5870
Number of units redeemed	-20 343.8860
<b>Number of units outstanding at the end of the financial year</b>	<b>0.0000</b>
<b>Class</b>	<b>P-dist</b>
Number of units outstanding at the beginning of the financial year	5 033.0740
Number of units issued	0.1170
Number of units redeemed	-5 033.1910
<b>Number of units outstanding at the end of the financial year</b>	<b>0.0000</b>
<b>Class</b>	<b>Q-acc</b>
Number of units outstanding at the beginning of the financial year	57 508.8540
Number of units issued	1 151.0000
Number of units redeemed	-58 659.8540
<b>Number of units outstanding at the end of the financial year</b>	<b>0.0000</b>

# UBS (Lux) Medium Term Bond Fund – USD

## Three-year comparison

	ISIN	28.2.2017	29.2.2016	28.2.2015
Net assets in USD		221 081 605.30	218 991 054.11	434 414 483.74
<b>Class F-acc</b>	<b>LU0441496998</b>			
Units outstanding		7 036.1540	16 251.8260	13 482.1690
Net asset value per unit in USD		223.47	222.20	219.52
Issue and redemption price per unit in USD <sup>1</sup>		223.47	222.20	219.52
<b>Class (CAD hedged) F-acc<sup>2</sup></b>	<b>LU1467528029</b>			
Units outstanding		57 436.9170	-	-
Net asset value per unit in CAD		99.19	-	-
Issue and redemption price per unit in CAD <sup>1</sup>		99.19	-	-
<b>Class I-A1-acc</b>	<b>LU0441489191</b>			
Units outstanding		81 793.6720	53 066.6720	87 155.6890
Net asset value per unit in USD		105.73	105.25	104.12
Issue and redemption price per unit in USD <sup>1</sup>		105.73	105.25	104.12
<b>Class (CAD hedged) I-A1-acc<sup>2</sup></b>	<b>LU1467529183</b>			
Units outstanding		27 722.2240	-	-
Net asset value per unit in CAD		99.14	-	-
Issue and redemption price per unit in CAD <sup>1</sup>		99.14	-	-
<b>Class I-A3-acc</b>	<b>LU0441489514</b>			
Units outstanding		16 284.0000	48 453.0000	1 440 780.0000
Net asset value per unit in USD		104.58	103.98	102.73
Issue and redemption price per unit in USD <sup>1</sup>		104.58	103.98	102.73
<b>Class I-B-dist<sup>3</sup></b>	<b>LU0441497533</b>			
Units outstanding		-	22 333.1640	21 871.9870
Net asset value per unit in USD		-	99.25	99.84
Issue and redemption price per unit in USD <sup>1</sup>		-	99.25	99.84
<b>Class P-acc</b>	<b>LU0057957531</b>			
Units outstanding		678 097.1980	826 784.3540	1 125 456.7840
Net asset value per unit in USD		218.56	218.62	217.28
Issue and redemption price per unit in USD <sup>1</sup>		218.56	218.62	217.28
<b>Class (CAD hedged) P-acc<sup>2</sup></b>	<b>LU1467524382</b>			
Units outstanding		410 981.5330	-	-
Net asset value per unit in CAD		98.95	-	-
Issue and redemption price per unit in CAD <sup>1</sup>		98.95	-	-
<b>Class P-dist</b>	<b>LU0094864534</b>			
Units outstanding		129 514.1490	155 489.2940	211 125.4420
Net asset value per unit in USD		127.83	129.27	130.05
Issue and redemption price per unit in USD <sup>1</sup>		127.83	129.27	130.05
<b>Class Q-acc</b>	<b>LU0441497293</b>			
Units outstanding		49 680.5010	15 919.7640	1 898.1330
Net asset value per unit in USD		102.81	102.41	101.38
Issue and redemption price per unit in USD <sup>1</sup>		102.81	102.41	101.38
<b>Class (CAD hedged) Q-acc<sup>2</sup></b>	<b>LU1467527138</b>			
Units outstanding		22 274.0240	-	-
Net asset value per unit in CAD		99.10	-	-
Issue and redemption price per unit in CAD <sup>1</sup>		99.10	-	-
<b>Class Q-dist<sup>4</sup></b>	<b>LU0441497376</b>			
Units outstanding		5 370.5330	600.7700	-
Net asset value per unit in USD		100.62	100.66	-
Issue and redemption price per unit in USD <sup>1</sup>		100.62	100.66	-

<sup>1</sup> See note 1

<sup>2</sup> First NAV: 21.9.2016

<sup>3</sup> The unit class I-B-dist was in circulation until 13.2.2017

<sup>4</sup> First NAV: 18.11.2015

## Performance

	Currency	2016/2017	2015/2016	2014/2015
Class F-acc	USD	0.6%	1.2%	1.2%
Class (CAD hedged) F-acc <sup>1</sup>	CAD	-	-	-
Class I-A1-acc	USD	0.5%	1.1%	1.0%
Class (CAD hedged) I-A1-acc <sup>1</sup>	CAD	-	-	-
Class I-A3-acc	USD	0.6%	1.2%	1.2%
Class I-B-dist <sup>2</sup>	USD	-	1.5%	1.4%
Class P-acc	USD	-0.0%	0.6%	0.5%
Class (CAD hedged) P-acc <sup>1</sup>	CAD	-	-	-
Class P-dist	USD	-0.0%	0.6%	0.5%
Class Q-acc	USD	0.4%	1.0%	0.9%
Class (CAD hedged) Q-acc <sup>1</sup>	CAD	-	-	-
Class Q-dist	USD	0.4%	-	-

<sup>1</sup> Due to the recent launch, there is no data for the calculation of the performance available.

<sup>2</sup> The unit class I-B-dist was in circulation until 13.2.2017. Due to this fact, there is no data for the calculation of the performance available.

Historical performance is no indicator of current or future performance.

The performance data does not take account of any commissions and costs charged when subscribing and redeeming units.

The performance data were not audited.

The subfund has no benchmark.

## Report of the Portfolio Manager

In the reporting year from 1 March 2016 to 28 February 2017, the yield of the ten year US government bonds increased by 57bp and closed the year at 1.93% with lows at 2.39% and highs at 2.60%. On 14 December 2016, the FOMC raised the target range for the federal funds rate by 25 basis points to 0.50%–0.75%.

In the reporting year, the subfund posted a positive absolute performance thanks to tighter credit spreads and the current coupon. Duration management (curve positioning), spread management as well as issue selection contributed positively to performance. The weighted-average residual term to maturity of the subfund was 6.6 years compared to 6.09 at the end of February 2016.

## Structure of the Securities Portfolio

### Geographical Breakdown as a % of net assets

United States	24.89
Supranationals	14.57
Germany	10.85
Canada	9.99
Australia	8.34
Sweden	5.78
Norway	4.26
The Netherlands	4.14
France	3.85
United Kingdom	2.11
Finland	1.80
Denmark	1.77
Japan	1.55
Cayman Islands	1.53
South Korea	1.42
British Virgin Islands	1.20
Bermuda	0.60
Singapore	0.55
<b>Total</b>	<b>99.20</b>

### Economic Breakdown as a % of net assets

Banks & credit institutions	36.10
Finance & holding companies	15.61
Supranational organisations	14.57
Mortgage & funding institutions	8.86
Petroleum	4.91
Computer hardware & network equipment providers	4.36
Public, non-profit institutions	4.00
Cantons, federal states	3.81
Pharmaceuticals, cosmetics & medical products	3.20
Internet, software & IT services	1.59
Energy & water supply	0.68
Miscellaneous services	0.51
Miscellaneous trading companies	0.41
Chemicals	0.36
Food & soft drinks	0.23
<b>Total</b>	<b>99.20</b>



## Statement of Net Assets

	USD
	<b>28.2.2017</b>
<b>Assets</b>	
Investments in securities, cost	220 681 021.67
Investments in securities, unrealized appreciation (depreciation)	-1 371 224.25
Total investments in securities (Note 1)	219 309 797.42
Cash at banks, deposits on demand and deposit accounts	594 116.47
Other liquid assets (Margins)	231 036.45
Receivable on securities sales (Note 1)	38 740 606.34
Receivable on subscriptions	562 490.43
Interest receivable on securities	1 282 732.08
Other assets	41 291.47
Unrealized gain (loss) on financial futures (Note 1)	-70 429.03
Unrealized gain (loss) on forward foreign exchange contracts (Note 1)	-682 870.77
<b>Total Assets</b>	<b>260 008 770.86</b>
<b>Liabilities</b>	
Payable on securities purchases (Note 1)	-38 350 787.12
Payable on redemptions	-458 388.58
Provisions for flat fee (Note 2)	-66 962.82
Provisions for taxe d'abonnement (Note 3)	-16 916.79
Provisions for other commissions and fees (Note 2)	-34 110.25
Total provisions	-117 989.86
<b>Total Liabilities</b>	<b>-38 927 165.56</b>
<b>Net assets at the end of the financial year</b>	<b>221 081 605.30</b>

## Statement of Operations

	USD
	<b>1.3.2016-28.2.2017</b>
<b>Income</b>	
Interest on liquid assets	4 842.51
Interest on securities	4 466 171.29
Interest received on swaps (Note 1)	18 125.00
Income on securities lending (Note 12)	99 594.88
Other income (Note 4)	20 998.76
<b>Total income</b>	<b>4 609 732.44</b>
<b>Expenses</b>	
Cost on securities lending (Note 12)	-39 837.95
Flat fee (Note 2)	-2 013 186.23
Taxe d'abonnement (Note 3)	-108 069.73
Other commissions and fees (Note 2)	-87 618.21
Interest on cash and bank overdraft	-819.20
<b>Total expenses</b>	<b>-2 249 531.32</b>
<b>Net income (loss) on investments</b>	<b>2 360 201.12</b>
<b>Realized gain (loss) (Note 1)</b>	
Realized gain (loss) on market-priced securities without options	-94 539.45
Realized gain (loss) on financial futures	-395 032.89
Realized gain (loss) on forward foreign exchange contracts	429 284.80
Realized gain (loss) on swaps	201.39
Realized gain (loss) on foreign exchange	120 513.75
<b>Total realized gain (loss)</b>	<b>60 427.60</b>
<b>Net realized gain (loss) of the financial year</b>	<b>2 420 628.72</b>
<b>Changes in unrealized appreciation (depreciation) (Note 1)</b>	
Unrealized appreciation (depreciation) on market-priced securities without options	-2 062 729.67
Unrealized appreciation (depreciation) on financial futures	-55 389.45
Unrealized appreciation (depreciation) on forward foreign exchange contracts	-682 870.77
Unrealized appreciation (depreciation) on swaps	-17 011.05
<b>Total changes in unrealized appreciation (depreciation)</b>	<b>-2 818 000.94</b>
<b>Net increase (decrease) in net assets as a result of operations</b>	<b>-397 372.22</b>

## Statement of Changes in Net Assets

USD

	<b>1.3.2016-28.2.2017</b>
Net assets at the beginning of the financial year	218 991 054.11
Subscriptions	120 569 181.40
Redemptions	-117 828 599.56
Total net subscriptions (redemptions)	2 740 581.84
Dividend paid	-252 658.43
Net income (loss) on investments	2 360 201.12
Total realized gain (loss)	60 427.60
Total changes in unrealized appreciation (depreciation)	-2 818 000.94
Net increase (decrease) in net assets as a result of operations	-397 372.22
<b>Net assets at the end of the financial year</b>	<b>221 081 605.30</b>

## Development of the outstanding units

	<b>1.3.2016-28.2.2017</b>
<b>Class</b>	<b>F-acc</b>
Number of units outstanding at the beginning of the financial year	16 251.8260
Number of units issued	10 004.4470
Number of units redeemed	-19 220.1190
<b>Number of units outstanding at the end of the financial year</b>	<b>7 036.1540</b>
<b>Class</b>	<b>(CAD hedged) F-acc</b>
Number of units outstanding at the beginning of the financial year	0.0000
Number of units issued	61 374.8990
Number of units redeemed	-3 937.9820
<b>Number of units outstanding at the end of the financial year</b>	<b>57 436.9170</b>
<b>Class</b>	<b>I-A1-acc</b>
Number of units outstanding at the beginning of the financial year	53 066.6720
Number of units issued	51 444.0000
Number of units redeemed	-22 717.0000
<b>Number of units outstanding at the end of the financial year</b>	<b>81 793.6720</b>
<b>Class</b>	<b>(CAD hedged) I-A1-acc</b>
Number of units outstanding at the beginning of the financial year	0.0000
Number of units issued	28 485.1040
Number of units redeemed	-762.8800
<b>Number of units outstanding at the end of the financial year</b>	<b>27 722.2240</b>
<b>Class</b>	<b>I-A3-acc</b>
Number of units outstanding at the beginning of the financial year	48 453.0000
Number of units issued	2 006.0000
Number of units redeemed	-34 175.0000
<b>Number of units outstanding at the end of the financial year</b>	<b>16 284.0000</b>
<b>Class</b>	<b>I-B-dist</b>
Number of units outstanding at the beginning of the financial year	22 333.1640
Number of units issued	0.0000
Number of units redeemed	-22 333.1640
<b>Number of units outstanding at the end of the financial year</b>	<b>0.0000</b>
<b>Class</b>	<b>P-acc</b>
Number of units outstanding at the beginning of the financial year	826 784.3540
Number of units issued	248 358.4660
Number of units redeemed	-397 045.6220
<b>Number of units outstanding at the end of the financial year</b>	<b>678 097.1980</b>
<b>Class</b>	<b>(CAD hedged) P-acc</b>
Number of units outstanding at the beginning of the financial year	0.0000
Number of units issued	469 591.4530
Number of units redeemed	-58 609.9200
<b>Number of units outstanding at the end of the financial year</b>	<b>410 981.5330</b>
<b>Class</b>	<b>P-dist</b>
Number of units outstanding at the beginning of the financial year	155 489.2940
Number of units issued	27 629.7940
Number of units redeemed	-53 604.9390
<b>Number of units outstanding at the end of the financial year</b>	<b>129 514.1490</b>
<b>Class</b>	<b>Q-acc</b>
Number of units outstanding at the beginning of the financial year	15 919.7640
Number of units issued	93 413.3930
Number of units redeemed	-59 652.6560
<b>Number of units outstanding at the end of the financial year</b>	<b>49 680.5010</b>
<b>Class</b>	<b>(CAD hedged) Q-acc</b>
Number of units outstanding at the beginning of the financial year	0.0000
Number of units issued	26 710.7920
Number of units redeemed	-4 436.7680
<b>Number of units outstanding at the end of the financial year</b>	<b>22 274.0240</b>

<b>Class</b>	<b>Q-dist</b>
Number of units outstanding at the beginning of the financial year	600.7700
Number of units issued	5 937.0900
Number of units redeemed	-1 167.3270
<b>Number of units outstanding at the end of the financial year</b>	<b>5 370.5330</b>

## Distribution

<b>UBS (Lux) Medium Term Bond Fund – USD</b>	<b>Ex-Date</b>	<b>Pay-Date</b>	<b>Currency</b>	<b>Amount per unit</b>
I-B-dist	2.5.2016	6.5.2016	USD	1.94
P-dist	2.5.2016	6.5.2016	USD	1.41
Q-dist	2.5.2016	6.5.2016	USD	0.41

## Statement of Investments in Securities and other Net Assets as of 28 February 2017

Description	Quantity/ Nominal	Valuation in USD Unrealized gain (loss) on Futures/ Forward Exchange Contracts/ Swaps (Note 1)	as a % of net assets
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### Transferable securities and money market instruments listed on an official stock exchange

#### Notes, fixed rate

##### USD

USD ALIBABA GROUP HOLDING LTD 2.50000% 15-28.11.19	1 120 000.00	1 128 449.28	0.51
USD APPLE INC 2.10000% 14-06.05.19	1 000 000.00	1 010 896.00	0.46
USD APPLE INC 2.85000% 14-06.05.21	2 800 000.00	2 871 579.20	1.30
USD BANK OF NOVA SCOTIA 1.65000% 16-14.06.19	2 000 000.00	1 989 300.00	0.90
USD CHEVRON CORP 1.10400% 12-05.12.17	1 500 000.00	1 498 444.50	0.68
USD CHEVRON CORP 4.95000% 09-03.03.19	3 200 000.00	3 407 036.80	1.54
USD CISCO SYSTEMS INC 2.12500% 14-01.03.19	500 000.00	505 743.50	0.23
USD COMMONWEALTH BANK OF AUSTRALIA-144A 5.00000% 09-15.10.19	1 500 000.00	1 605 718.50	0.73
USD CORPORACION ANDINA DE FOMENTO 2.12500% 16-27.09.21	4 500 000.00	4 461 750.00	2.02
USD DAIMLER FINANCE NORTH AMERICA LLC-REG-S 1.37500% 14-01.08.17	1 500 000.00	1 499 464.50	0.68
USD DNB BANK ASA-REG-S 3.20000% 12-03.04.17	2 000 000.00	2 003 400.00	0.91
USD EUROPEAN BANK FOR RECONSTR & DEVT 0.75000% 12-01.09.17	2 300 000.00	2 296 384.40	1.04
USD EUROPEAN INVESTMENT BANK 1.37500% 15-15.06.20	6 000 000.00	5 887 944.00	2.66
USD EXXON MOBIL CORP 1.81900% 14-15.03.19	2 000 000.00	2 009 800.00	0.91
USD FREDDIE MAC 1.00000% 12-08.03.17	2 000 000.00	2 000 202.00	0.90
USD HSBC BANK PLC-REG-S 4.75000% 11-19.01.21	1 000 000.00	1 071 975.00	0.48
USD HSBC BANK PLC-REG-S 1.50000% 13-15.05.18	1 000 000.00	997 021.00	0.45
USD INTER-AMERICAN DEVELOPMENT BANK 0.87500% 13-15.03.18	4 000 000.00	3 985 808.00	1.80
USD INTERNATIONAL BUSINESS MACHINES CORP 1.87500% 12-15.05.19	1 250 000.00	1 257 332.50	0.57
USD KOREA GAS CORP-REG-S 2.25000% 12-25.07.17	1 500 000.00	1 503 750.00	0.68
USD KREDITANSTALT FUER WIEDERAUFBAU 0.87500% 12-05.09.17	2 000 000.00	1 997 660.00	0.90
USD KREDITANSTALT FUER WIEDERAUFBAU 1.50000% 16-15.06.21	10 000 000.00	9 766 880.00	4.42
USD MICROSOFT CORP 1.62500% 13-06.12.18	2 000 000.00	2 011 676.00	0.91
USD MICROSOFT CORP 1.85000% 15-12.02.20	1 500 000.00	1 505 958.00	0.68
USD MITSUBISHI CORP-REG-S 2.87500% 13-18.07.18	900 000.00	911 970.00	0.41
USD MIZUHO BANK LTD-REG-S 2.45000% 14-16.04.19	1 000 000.00	1 004 670.00	0.45
USD NEW YORK LIFE GLOBAL FUNDING-REG-S 1.95000% 15-11.02.20	1 000 000.00	995 743.00	0.45
USD NORDEA BANK AB-REG-S 1.62500% 13-15.05.18	2 000 000.00	1 998 290.00	0.90
USD QNB FINANCE LTD-REG-S 2.75000% 13-31.10.18	1 500 000.00	1 506 300.00	0.68
USD SINOPEC GROUP OVERSEAS DEVELOP-REG-S 2.75000% 14-10.04.19	1 600 000.00	1 612 889.60	0.73
USD SKANDINAVISKA ENSKILDA BANKEN AB-REG-S 2.37500% 14-25.03.19	2 750 000.00	2 767 985.00	1.25
USD STATOIL ASA 5.25000% 09-15.04.19	2 000 000.00	2 140 974.00	0.97
USD SVENSK EXPORTKREDIT AB 1.75000% 12-30.05.17	4 500 000.00	4 507 317.00	2.04
USD SVENSKA HANDELSBANKEN AB 2.25000% 14-17.06.19	2 000 000.00	2 012 710.00	0.91
USD TEVA PHARMACEUTICAL FINANCE NL III BV 2.20000% 16-21.07.21	1 600 000.00	1 542 083.20	0.70
USD TOTAL CAPITAL INTERNATIONAL SA 2.10000% 14-19.06.19	1 000 000.00	1 006 751.00	0.46
<b>Total USD</b>		<b>80 281 855.98</b>	<b>36.31</b>

#### Total Notes, fixed rate

**80 281 855.98 36.31**

#### Notes, floating rate

##### USD

USD SINOPEC GRP OVERSEAS DEVELOP-REG-S 3M LIBOR+78BP 14-10.04.17	600 000.00	600 133.80	0.27
<b>Total USD</b>		<b>600 133.80</b>	<b>0.27</b>

#### Total Notes, floating rate

**600 133.80 0.27**

#### Medium term notes, fixed rate

##### USD

USD ADCB FINANCE CAYMAN LTD-REG-S 2.50000% 13-06.03.18	750 000.00	752 407.50	0.34
USD AUSTRALIA & NEW ZEALAND BANKING GRP/NY 2.70000% 15-16.11.20	2 500 000.00	2 522 025.00	1.14
USD BANK NEDERLANDSE GEMEENTEN NV-REG-S 1.87500% 14-11.06.19	2 000 000.00	2 008 000.00	0.91
USD BANK OF MONTREAL 1.50000% 16-18.07.19	350 000.00	346 856.65	0.16
USD BANK OF MONTREAL 1.90000% 16-27.08.21	2 500 000.00	2 441 060.00	1.10
USD DBS GROUP HOLDINGS LTD-REG-S 2.24600% 14-16.07.19	1 200 000.00	1 204 845.60	0.54
USD DEXIA CREDIT LOCAL SA NY-REG-S 1.50000% 14-07.10.17	1 600 000.00	1 599 886.40	0.72
USD JAPAN FINANCE ORG FOR MUNI-REG-S 1.50000% 12-12.09.17	1 500 000.00	1 498 335.00	0.68
USD KOMMUNALBANKEN AS-REG-S 1.50000% 14-22.10.19	3 500 000.00	3 475 500.00	1.57
USD KOMMUNEKREDIT-REG-S 1.62500% 16-01.06.21	4 000 000.00	3 914 560.00	1.77
USD NESTLE HOLDINGS INC-REG-S 2.25000% 13-12.03.19	800 000.00	809 440.00	0.37
USD NESTLE HOLDINGS INC-REG-S 2.12500% 14-14.01.20	2 500 000.00	2 516 125.00	1.14
USD NRW BANK-REG-S 2.00000% 14-23.09.19	3 000 000.00	3 011 910.00	1.36
USD RABOBANK NEDERLAND NV-REG-S 1.87500% 16-19.07.21	4 250 000.00	4 104 522.50	1.86
USD ROYAL BANK OF CANADA 2.15000% 14-15.03.19	1 000 000.00	1 007 290.00	0.46
USD SNCF RESEAU-REG-S 1.37500% 16-11.10.19	5 000 000.00	4 926 950.00	2.23
USD TORONTO-DOMINION BANK 1.80000% 16-13.07.21	2 800 000.00	2 732 690.80	1.24
USD TOYOTA MOTOR CREDIT CORP 2.12500% 14-18.07.19	1 500 000.00	1 511 967.00	0.68
<b>Total USD</b>		<b>40 384 371.45</b>	<b>18.27</b>

#### Total Medium term notes, fixed rate

**40 384 371.45 18.27**

#### Bonds, fixed rate

##### USD

USD BANK OF NOVA SCOTIA 2.12500% 14-11.09.19	650 000.00	652 661.75	0.29
USD CNOOC FINANCE 2013 LTD 1.75000% 13-09.05.18	450 000.00	448 566.75	0.20
USD CORPORACION ANDINA DE FOMENTO 2.00000% 16-10.05.19	2 500 000.00	2 499 750.00	1.13
USD DEXIA CREDIT LOCAL DE FRANCE-REG-S 1.87500% 16-15.09.21	1 000 000.00	966 120.00	0.44
USD EUROPEAN INVESTMENT BANK 1.87500% 12-15.10.19	4 500 000.00	4 521 780.00	2.04
USD EXPORT DEVELOPMENT CANADA 1.50000% 13-03.10.18	1 500 000.00	1 503 040.50	0.68
USD INTL BK FOR RECONSTR & DEVT WORLD BANK 1.87500% 14-07.10.19	8 500 000.00	8 559 823.00	3.87
USD JOHNSON & JOHNSON 1.87500% 14-05.12.19	2 800 000.00	2 821 369.60	1.28
USD JOHNSON & JOHNSON 2.45000% 14-05.12.21	560 000.00	568 756.16	0.26
USD LINDE AG 1.50000% 13-18.04.18	800 000.00	799 992.00	0.36
USD MERCK & CO INC 5.00000% 09-30.06.19	2 000 000.00	2 153 034.00	0.97
USD MUNICIPALITY FINANCE PLC-REG-S 1.12500% 13-17.04.18	2 000 000.00	1 996 200.00	0.90

UBS (Lux) Medium Term Bond Fund – USD  
Annual Report as of 28 February 2017

Description	Quantity/ Nominal	Valuation in USD Unrealized gain (loss) on Futures/ Forward Exchange Contracts/ Swaps (Note 1)	as a % of net assets
USD MUNICIPALITY FINANCE PLC-REG-S 1.25000% 15-18.04.19	2 000 000.00	1 980 660.00	0.90
USD NORDRHEIN-WESTFALEN, STATE OF-REG-S 1.62500% 14-22.01.20	4 500 000.00	4 463 280.00	2.02
USD NORDRHEIN-WESTFALEN, STATE OF-REG-S 1.25000% 16-16.09.19	1 500 000.00	1 480 140.00	0.67
USD ROYAL BANK OF CANADA 2.00000% 13-01.10.18	2 500 000.00	2 515 170.00	1.14
USD ROYAL BANK OF CANADA 2.20000% 14-23.09.19	4 800 000.00	4 821 873.60	2.18
USD SACHSEN-ANHALT, STATE OF-REG-S 1.37500% 16-15.10.19	2 500 000.00	2 471 850.00	1.12
USD SWEDBANK HYPOTEK AB-REG-S 1.37500% 13-28.03.18	1 500 000.00	1 497 225.00	0.68
USD TORONTO-DOMINION BANK-REG-S 2.25000% 14-25.09.19	1 800 000.00	1 813 739.40	0.82
USD WESTPAC BANKING CORP-REG-S 2.00000% 15-03.03.20	2 000 000.00	1 992 160.00	0.90
USD WESTPAC BANKING CORP-REG-S 2.25000% 15-09.11.20	1 500 000.00	1 498 785.00	0.68
<b>Total USD</b>		<b>52 025 976.76</b>	<b>23.53</b>
<b>Total Bonds, fixed rate</b>		<b>52 025 976.76</b>	<b>23.53</b>
<b>Total Transferable securities and money market instruments listed on an official stock exchange</b>		<b>173 292 337.99</b>	<b>78.38</b>
<b>Transferable securities and money market instruments traded on another regulated market</b>			
<b>Notes, fixed rate</b>			
<b>USD</b>			
USD ABB FINANCE USA INC 1.62500% 12-08.05.17	650 000.00	650 456.95	0.29
USD APPLE INC 1.00000% 13-03.05.18	2 000 000.00	1 993 886.00	0.90
USD AUSTRALIA & NEW ZEALAND BANKING GRP/NY 1.45000% 13-15.05.18	1 000 000.00	998 000.00	0.45
USD COCA-COLA CO/THE 1.15000% 13-01.04.18	500 000.00	499 460.00	0.23
USD COMMONWEALTH BANK OF AUSTRALIA-REG-S 5.00000% 09-15.10.19	500 000.00	535 820.00	0.24
USD FANNIE MAE 0.87500% 12-26.10.17	1 000 000.00	1 000 577.00	0.45
USD FREDDIE MAC 1.00000% 12-28.07.17	10 000 000.00	10 012 390.00	4.53
USD IMPERIAL BRANDS FINANCE PLC-REG-S 2.05000% 13-11.02.18	600 000.00	601 548.00	0.27
USD INTERNATIONAL BUSINESS MACHINES CORP 1.25000% 13-08.02.18	2 000 000.00	2 001 330.00	0.91
USD MASSMUTUAL GLOBAL FUNDING II-REG-S 1.55000% 16-11.10.19	2 160 000.00	2 137 510.08	0.97
USD METROPOLITAN LIFE GLOBAL FUNDING-REG-S 2.30000% 14-10.04.19	2 000 000.00	2 018 956.00	0.91
USD NEW YORK LIFE GLOBAL FUNDING-REG-S 2.15000% 14-18.06.19	2 000 000.00	2 013 608.00	0.91
USD SHELL INTERNATIONAL FINANCE BV 1.12500% 12-21.08.17	1 500 000.00	1 498 965.00	0.68
USD STATOIL ASA 1.15000% 13-15.05.18	1 800 000.00	1 793 311.20	0.81
<b>Total USD</b>		<b>27 755 818.23</b>	<b>12.55</b>
<b>Total Notes, fixed rate</b>		<b>27 755 818.23</b>	<b>12.55</b>
<b>Medium term notes, fixed rate</b>			
<b>USD</b>			
USD 3M CO 1.00000% 12-26.06.17	1 000 000.00	1 000 222.00	0.45
USD NATIONWIDE BUILDING SOCIETY-REG-S 2.35000% 15-21.01.20	2 000 000.00	2 002 474.00	0.91
USD ROYAL BANK OF CANADA 2.20000% 13-27.07.18	2 250 000.00	2 269 327.50	1.03
<b>Total USD</b>		<b>5 272 023.50</b>	<b>2.39</b>
<b>Total Medium term notes, fixed rate</b>		<b>5 272 023.50</b>	<b>2.39</b>
<b>Bonds, fixed rate</b>			
<b>USD</b>			
USD COMMONWEALTH BANK OF AUSTRALIA-REG-S 1.87500% 13-11.12.18	2 000 000.00	2 002 980.00	0.91
USD COMMONWEALTH BANK OF AUSTRALIA 2.30000% 14-06.09.19	750 000.00	756 638.25	0.34
USD FEDERAL HOME LOAN BANK SYSTEM 1.00000% 12-09.06.17	750 000.00	750 780.75	0.34
USD NATIONAL AUSTRALIA BANK LTD-REG-S 2.00000% 13-22.02.19	5 000 000.00	5 015 600.00	2.27
USD NATIONAL AUSTRALIA BANK LTD-REG-S 2.12500% 14-09.09.19	1 500 000.00	1 503 300.00	0.68
USD NOVARTIS SECURITIES INVESTMENT LTD 5.12500% 09-10.02.19	1 250 000.00	1 333 907.50	0.60
USD THE EXPORT-IMPORT BANK OF KOREA 2.87500% 13-17.09.18	1 600 000.00	1 626 411.20	0.74
<b>Total USD</b>		<b>12 989 617.70</b>	<b>5.88</b>
<b>Total Bonds, fixed rate</b>		<b>12 989 617.70</b>	<b>5.88</b>
<b>Total Transferable securities and money market instruments traded on another regulated market</b>		<b>46 017 459.43</b>	<b>20.82</b>
<b>Total investments in securities</b>		<b>219 309 797.42</b>	<b>99.20</b>

## Derivative instruments

### Derivative instruments listed on an official stock exchange

#### Financial Futures on bonds

USD US 2YR TREASURY NOTE FUTURE 30.06.17	-140.00	26 248.60	0.01
USD US 5YR TREASURY NOTE FUTURE 30.06.17	275.00	-96 677.63	-0.04
<b>Total Financial Futures on bonds</b>		<b>-70 429.03</b>	<b>-0.03</b>
<b>Total Derivative instruments listed on an official stock exchange</b>		<b>-70 429.03</b>	<b>-0.03</b>
<b>Total Derivative instruments</b>		<b>-70 429.03</b>	<b>-0.03</b>

Description	Quantity/ Nominal	Valuation in USD Unrealized gain (loss) on Futures/ Forward Exchange Contracts/ Swaps (Note 1)	as a % of net assets
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### Forward Foreign Exchange contracts

#### Forward Foreign Exchange contracts (Purchase/Sale)

CAD	51 898 600.00	USD	39 488 915.95	1.3.2017	-303 895.76	-0.14
USD	239 798.56	CAD	311 800.00	1.3.2017	4 380.08	0.00
USD	314 304.70	CAD	413 300.00	1.3.2017	2 250.64	0.00
USD	290 013.55	CAD	379 800.00	1.3.2017	3 253.01	0.00
CAD	50 793 700.00	USD	38 749 046.98	3.4.2017	-388 858.74	-0.17
<b>Total Forward Foreign Exchange contracts (Purchase/Sale)</b>					<b>-682 870.77</b>	<b>-0.31</b>

<b>Cash at banks, deposits on demand and deposit accounts and other liquid assets</b>					<b>825 152.92</b>	<b>0.37</b>
<b>Other assets and liabilities</b>					<b>1 699 954.76</b>	<b>0.77</b>
<b>Total net assets</b>					<b>221 081 605.30</b>	<b>100.00</b>

# Notes to the Financial Statements

## Note 1 – Summary of significant accounting policies

The financial statements have been prepared in accordance with the generally accepted accounting principles for investment funds in Luxembourg. The significant accounting policies are summarised as follows:

### a) Calculation of the net asset value

The net asset value and the issue and redemption price per unit of any subfund or of any unit class are expressed in the currency of account of the subfund or of the unit class concerned and are calculated every business day by dividing the overall net assets of the subfund, assigned to each unit class, by the number of units in circulation in the respective unit class of this subfund.

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) with the exception of individual non-statutory rest days in Luxembourg and days on which exchanges in the main countries in which the subfund invests are closed or 50% or more subfund investments cannot be adequately valued.

The percentage of the net asset value which is attributable to each unit class of a subfund is determined by the ratio of the units in circulation in each unit class to the total number of units in circulation in the subfund, taking into account the commission charged to that unit class, and changes each time the issue or redemption of units takes place.

If the total subscriptions or redemptions of all the unit 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 Fund 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 all units of the affected subfund. It results in a reduction of net asset value if the net movements bring about a fall in the number of units.

The Board of Directors 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 passed on a trading day.

Instead of the aforementioned adjustment of the net asset value, the 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 Fund invests may be charged to the investor.

### b) Valuation principles

– 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 assets 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 assets not commonly traded on a stock exchange and for which a secondary market among securities traders exists with pricing in line with the market, the Management 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 Management Company according to other principles chosen by it in good faith on the basis of the likely sales prices.

– Derivatives not listed on 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 Management Company and the Fund's 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.

- 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, the 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 and settlement dates concerned is included in the valuation of the assets of the relevant subfund concerned. The asset value per unit on a given valuation date therefore includes projected interest income.
- Securities, money market instruments, derivatives and other assets denominated in a currency other than the currency of account of the relevant subfund and not hedged by foreign-exchange transactions, are valued at the middle-market rate of exchange (midway between the bid and offer rate) known in Luxembourg or, if not available, on the most representative market for this currency.
- Fixed-term deposits and fiduciary investments are valued at their nominal value plus accumulated interest.
- 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 by Bloomberg), and/or broker statement valuations may be used.

The valuation methods depend on the respective security and are determined pursuant to the applicable valuation policy.

The Management Company is authorized to apply other generally recognized and auditable valuation criteria in order to achieve an appropriate valuation of the net assets if, due to extraordinary circumstances, a valuation in accordance with the above mentioned regulations proves to be unfeasible or inaccurate.

These valuation criteria are determined by the Board of Directors with prudence, on the basis of market quotations resulting from transactions or from pricing models, as well as from any other source, which may include broker statements, considered as reliable and appropriate by the Board of Directors to reflect what is believed to be the fair value of those securities at the portfolio's valuation point.

The market value of the investments can differ from the above mentioned valuation principles with respect to the financial crisis and the impact to the liquidity of the markets.

In the case of extraordinary circumstances, additional valuations, which will affect the prices of the units to be subsequently issued or redeemed, may be carried out within one day.

*c) Valuation of forward foreign exchange contracts*

The unrealized gain (loss) of outstanding forward foreign exchange contracts is valued on the basis of the forward exchange rates prevailing at valuation date.

*d) Valuation of financial futures contracts*

Financial futures contracts are valued based on the latest available published price applicable on the valuation date. Realized gains and losses and the changes in unrealized gains and losses are recorded in the statement of operations. The realized gains and losses are calculated in accordance with the FIFO method, i.e. the first contracts acquired are regarded as the first to be sold.

*e) Net realized gain (loss) on sales of securities*

The realized gains or losses on the sales of securities are calculated on the basis of the average cost of the securities sold.

*f) Conversion of foreign currencies*

Bank accounts, other net assets and the valuation of the investments in securities held denominated in currencies other than the reference currency of the different subfunds are converted at the mid closing spot rates on the valuation date. Income and expenses denominated in currencies other than the currency of the different subfunds are converted at the mid closing spot rates at payment date. Gain or loss on foreign exchange is included in the statement of operations.

The cost of securities denominated in currencies other than the reference currency of the different subfunds is converted at the mid closing spot rate prevailing on the day of acquisition.

*g) Accounting of securities' portfolio transactions*

The securities' portfolio transactions are accounted for the bank business day following the transaction dates.

*h) "Mortgage-backed securities"*

The Fund, in accordance with its investment policies, may invest in mortgage-backed securities. A mortgage-backed security is a participation in a pool of residential mortgages which is consolidated into the form of securities. The principal and interest payments on the underlying mortgages are passed through to the holders of the mortgage-backed security of which the principle reduces the cost basis of the security. The payment of principal and interest may be guaranteed by quasigovernmental agencies of the United States. A gain or loss is calculated on each paydown associated with each payment of principal. This gain or loss has been included in Net realized gain or loss on sales of securities in the statement of operations. In addition, prepayments of the underlying mortgages may shorten the life of the security, thereby affecting the Fund's expected yield.



For “Mortgage-backed securities”, if the factor to be applied to the nominal of the security is greater than one at the valuation date, then the nominal shown in the financial statements is adjusted to reflect this factor. In the other cases the nominal shown reflects the effect of a factor equal to one.

#### *j) Consolidated financial statements*

The consolidated financial statements of the Fund are established in EUR. The various items of the consolidated statement of net assets and the consolidated statement of operations as at 28 February 2017 of the Fund are equal to the sum of the corresponding items in the financial statements of each subfund converted into EUR at the closing exchange rates.

The following exchange rates were used for the conversion of the consolidated financial statements as of 28 February 2017:

Exchange rates	
EUR 1 = AUD	1.382064
EUR 1 = CHF	1.064141
EUR 1 = GBP	0.853905
EUR 1 = USD	1.062600

For the liquidated or merged subfunds, the exchange rate used for the conversion of the consolidated financial statements is the one as at liquidation or merger date.

#### *j) Receivable on securities sales,*

#### *Payable on securities purchases*

The account “Receivable on securities sales” can also include receivables from foreign currency transactions. The account “Payable on securities purchases” can also include payables from foreign currency transactions.

#### *k) Income recognition*

Dividends, net of withholding taxes, are recognized as income on the date upon which the relevant securities are first listed as “ex-dividend”. Interest income is accrued on a daily basis.

#### *l) Swaps*

The Fund may enter into interest rate swap contracts, forward rate agreements on interest rates swaptions and credit default swaps, if they are executed with first-class financial institutions that specialize in transactions of this kind.

Changes in unrealized profits and losses are reflected in the statement of operations under the changes in “Unrealized appreciation (depreciation) on Swaps”.

Gains or losses on swaps incurred when closed-out or matured are recorded as “Realized gain (loss) on Swaps” in the statement of operations.

## Note 2 – Flat fee

The Fund pays a monthly flat fee for each of the subfunds, calculated on the average net asset value of the subfund as shown in the table below:

UBS (Lux) Medium Term Bond Fund – AUD  
 UBS (Lux) Medium Term Bond Fund – CAD  
 UBS (Lux) Medium Term Bond Fund – CHF  
 UBS (Lux) Medium Term Bond Fund – EUR  
 UBS (Lux) Medium Term Bond Fund – GBP  
 UBS (Lux) Medium Term Bond Fund – USD

	Maximum flat fee p.a.
Unit classes with “P” in their name	0.900%
Unit classes with “N” in their name	1.600%
Unit classes with “K-1” in their name	0.550%
Unit classes with “K-X” in their name	0.000%
Unit classes with “F” in their name	0.340%*
Unit classes with “Q” in their name	0.500%
Unit classes with “I-A1” in their name	0.460%
Unit classes with “I-A2” in their name	0.400%
Unit classes with “I-A3” in their name	0.340%
Unit classes with “I-B” in their name	0.065%
Unit classes with “I-X” in their name	0.000%
Unit classes with “U-X” in their name	0.000%

\* For UBS (Lux) Medium Term Bond Fund – CHF F-acc: “max 0.340% / eff 0.25%”

UBS (Lux) Medium Term Bond Fund – US Government (USD)

	Maximum flat fee p.a.
Unit classes with “P” in their name	0.900%
Unit classes with “N” in their name	1.000%
Unit classes with “K-1” in their name	0.550%
Unit classes with “K-X” in their name	0.000%
Unit classes with “F” in their name	0.340%
Unit classes with “Q” in their name	0.500%
Unit classes with “I-A1” in their name	0.460%
Unit classes with “I-A2” in their name	0.400%
Unit classes with “I-A3” in their name	0.340%
Unit classes with “I-B” in their name	0.065%
Unit classes with “I-X” in their name	0.000%
Unit classes with “U-X” in their name	0.000%

Out of the aforementioned flat fee the following fees are paid:

1. For the management, administration, portfolio management and distribution of the Fund (if applicable), as well as for all the tasks of the Depositary, such as the safekeeping and supervision of the Fund’s assets, the handling of payment transactions and all other tasks listed in the section entitled “Depositary and Main Paying Agent” of the sales prospectus, a maximum flat fee based on the net asset value of the Fund is paid from the Fund’s assets, in accordance with the following provisions: This fee is charged to the Fund’s assets on a pro rata basis upon every calculation of the net asset value and is paid on a monthly basis (maximum flat fee). The relevant maximum flat fee will not be charged until the corresponding

unit classes have been launched. An overview of the maximum flat fees can be seen in “The subfunds and their special investment policies” section of the sales prospectus.

2. The maximum flat fee does not include the following fees and additional expenses, which are also charged to the Fund:
  - a) all additional expenses related to management of the Fund’s assets for the sale and purchase of assets (bid/offer spread, brokerage fees in line with the market, commissions, fees, etc.). These expenses are generally calculated upon the purchase or sale of the respective assets. In derogation hereto, these additional expenses, which arise through the sale and purchase of assets in connection with the settlement of the issue and redemption of units, are covered by the application of the single swing pricing principle pursuant to the section entitled “Net asset value, issue, redemption and conversion price” of the sales prospectus;
  - b) fees of the supervisory authority for the establishment, modification, liquidation and merger of the Fund, as well as all fees of the supervisory authorities and any stock exchanges on which the subfunds are listed;
  - c) auditor’s fees for the annual audit and certification in connection with the establishment, modification, liquidation and merger of the Fund, as well as any other fees paid to the auditor for the services it provides in relation to the administration of the Fund and as permissible by law;
  - d) fees for legal and tax advisers, as well as notaries, in connection with the establishment, registration in distribution countries, modification, liquidation and merger of the Fund, as well as for the general safeguarding of the interests of the Fund and its investors, insofar as this is not expressly prohibited by law;
  - e) costs for the publication of the Fund’s net asset value and all costs for notices to investors, including translation costs;
  - f) costs for the Fund’s legal documents (prospectuses, KIID, annual and semi-annual reports, as well as all other documents legally required in the countries of domiciliation and distribution);
  - g) costs for the Fund’s registration with any foreign supervisory authorities, if applicable, including fees, translation costs and fees for the foreign representative or paying agent;
  - h) expenses incurred through use of voting or creditors’ rights by the Fund, including fees for external advisers;
  - i) costs and fees related to any intellectual property registered in the Fund’s name or usufructuary rights of the Fund;
  - j) all expenses arising in connection with any extraordinary measures taken by the Management Company, Portfolio Manager or Depositary for protecting the interests of the investors;

k) if the Management Company participates in class-action suits in the interests of investors, it may charge the Fund’s assets for the expenses arising in connection with third parties (e.g. legal and Depositary costs). Furthermore, the Management Company may charge for all administrative costs, provided these are verifiable and disclosed, and taken into account in the disclosure of the Fund’s TER.

3. The Management Company may pay retrocessions in order to cover the distribution activities of the Fund.

Out of the management commission sales fees are paid to distributors and asset managers of the Fund.

The Depositary, Administrative Agent and Management 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 direct to the Fund.

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

All taxes which are levied on the income and assets of the Fund, particularly the “taxe d’abonnement”, will also be borne by the Fund.

For purposes of general comparability with fee rules of different fund providers that do not have a flat fee, the term “maximum management fee” is set at 80% of the flat fee.

All costs which can be allocated to individual subfunds will be charged to these subfunds.

Costs which can be allocated to the individual unit classes will be charged to these unit classes.

If costs pertain to several or all subfunds/unit classes, however, these costs will be charged to the subfunds/unit 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 and at that of the relevant subfund. The upper limit for management fees of target funds in which the assets of the subfunds are invested amounts to a maximum of 3%, taking into account any trail fees.

In the case of investments in units of funds managed directly or indirectly by the Management Company itself or another company related to it by common management or control, or by a substantial direct or indirect holding, the subfunds 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 Fund can be found in the KIID.

### Note 3 – Taxe d'abonnement

In accordance with the law and the regulations currently in force, the Fund is subject to a subscription tax at the annual rate of 0.05%, a reduced taxe d'abonnement amounting to 0.01% p.a. for institutional unit classes, payable quarterly and calculated on the basis of the net assets at the end of each quarter.

The taxe d'abonnement is waived for that part of the net assets invested in units or shares of other undertakings for collective investment that have already paid the taxe d'abonnement in accordance with the statutory provisions of Luxembourg law.

### Note 4 – Other income

Other income mainly consist in incomes resulting from Single Swing Pricing.

### Note 5 – Transaction costs

Transaction costs include brokerage fees, stamp duty, local taxes and other foreign charges if incurred during the fiscal year. Transaction fees are included in the cost of securities purchased and sold.

For the financial year ended on 28 February 2017, the fund incurred transaction costs relating to purchase or sale of investments in securities and similar transactions, as follows:

UBS (Lux) Medium Term Bond Fund	Transaction costs
- AUD	10 777.00 AUD
- CAD	- CAD
- CHF	3 437.80 CHF
- EUR	9 073.50 EUR
- GBP	708.75 GBP
- US Government (USD)	- USD
- USD	10 773.50 USD

Not all transaction costs are separately identifiable. For fixed income investments, forward currency contracts and other derivative contracts, transaction costs will be included in the purchase and sale price of the investment. Whilst not separately identifiable these transaction costs will be captured within the performance of each Fund.

### Note 6 – Income Distribution

In accordance with article 10 of the Management Regulations, once the annual accounts are closed the Management Company will decide whether and to what extent distributions are to be paid out by each subfund. The payment of distributions must not result in the net assets of the Fund falling below the minimum amount of Fund assets prescribed by law. If a distribution is made, payment will be effected no later than four months after the end of the financial year.

The Management Company is authorized to pay interim dividends and to suspend the payment of distributions.

An income equalisation amount will be calculated so that the distribution corresponds to the actual income entitlement.

### Note 7 – Commitments on Financial Futures and Swaps

Commitments on Financial Futures and Swaps per subfund and respective currency as of 28 February 2017 can be summarised as follows:

#### a) Financial Futures

UBS (Lux) Medium Term Bond Fund	Financial Futures on bonds (bought)	Financial Futures on bonds (sold)
- AUD	10 380 839.49 AUD	- AUD
- EUR	1 482 030.00 EUR	- EUR
- GBP	2 622 250.00 GBP	- GBP
- USD	32 368 359.38 USD	30 296 875.00 USD

#### b) Swaps

UBS (Lux) Medium Term Bond Fund	Swaps and forward swaps on interest rates (bought)	Swaps and forward swaps on interest rates (sold)
- CHF	4 000 000.00 CHF	- CHF

### Note 8 – Soft commission arrangements

During the period from 1 March 2016 until 28 February 2017 no "soft commission arrangements" were entered into on behalf of UBS (Lux) Medium Term Bond Fund and "soft commissions" amount to nil.

### Note 9 – Total Expense Ratio (TER)

This ratio was calculated in accordance with the Swiss Funds & Asset Management Association (SFAMA) "Guidelines on the calculation and disclosure of the TER" in the current version and expresses the sum of all costs and commissions charged on an ongoing basis to the net assets (operating expenses) taken retrospectively as a percentage of the net assets.

TER for the last 12 months:

UBS (Lux) Medium Term Bond Fund	Total Expense Ratio (TER)
– AUD F-acc	0.38%
– AUD P-acc	0.98%
– AUD Q-acc	0.58%
– CHF F-acc	0.29%
– CHF I-A1-acc	0.51%
– CHF P-acc	0.98%
– CHF P-dist	0.99%
– CHF Q-acc	0.59%
– CHF Q-dist	0.59%
– EUR F-acc	0.38%
– EUR I-A1-acc	0.50%
– EUR I-A2-acc	0.44%
– EUR I-A3-acc	0.39%
– EUR I-X-acc	0.02%
– EUR P-acc	0.98%
– EUR P-dist	0.99%
– EUR Q-acc	0.58%
– EUR Q-dist	0.59%
– GBP I-A1-acc	0.51%
– GBP I-A2-acc	0.44%
– GBP I-A3-acc	0.37%
– GBP P-acc	0.98%
– GBP Q-acc	0.59%
– USD F-acc	0.38%
– USD (CAD hedged) F-acc	0.43%
– USD I-A1-acc	0.50%
– USD (CAD hedged) I-A1-acc	0.55%
– USD I-A3-acc	0.38%
– USD P-acc	0.98%
– USD (CAD hedged) P-acc	0.97%
– USD P-dist	0.98%
– USD Q-acc	0.58%
– USD (CAD hedged) Q-acc	0.62%
– USD Q-dist	0.59%

The TER for classes of units which were active less than a 12 month period are annualised.

Transaction costs and any other costs incurred in connection with currency hedging are not included in the TER.

## Note 10 – Mergers

The following mergers occurred:

Subfund	Merged into	Date
UBS (Lux) Medium Term Bond Fund – CAD	UBS (Lux) Medium Term Bond Fund – USD	20.9.2016
UBS (Lux) Medium Term Bond Fund – US Government (USD)	UBS (Lux) Medium Term Bond Fund – USD	17.5.2016

## Note 11 – Applicable law, place of performance and authoritative language

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

The German version of these financial statements is the authoritative version and only this version was audited from the auditor. However, in the case of units sold to investors from the other countries in which Fund units can be bought and sold, the Management Company and the Depositary may recognize approved translations (i.e. approved by the Management Company and the Depositary) into the languages concerned as binding upon themselves and the Fund.

## Note 12 – OTC Derivatives and Securities Lending

If the Fund enters into OTC transactions, it may be exposed to risks related to the creditworthiness of the OTC counterparties: when the Fund 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 a security. If the Fund is owed a security pursuant to an applicable agreement, such security shall be held in custody by the Depositary in favour of the Fund. Bankruptcy and insolvency events or other credit events with the OTC counterparty, the Depositary or within their subdepository/correspondent bank network may result in the rights or recognition of the Fund in connection with the security to be delayed, restricted or even eliminated, which would force the Fund 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 Fund may lend portions of its securities portfolio to third parties. In general, lendings may only be effected via recognized clearing houses such as Clearstream International or Euroclear, or through the intermediary of prime financial institutions that specialise in such activities and in the modus specified by them. Collateral is received in relation to securities lent. Collateral is composed of high quality securities in an amount typically at least equal to the market value of the securities loaned.

UBS Europe SE, Luxembourg Branch, acts as securities lending agent.

### OTC-Derivatives\*

When the counterparty is different than UBS AG, the below subfunds holding OTC – derivatives with no collateral have margin accounts instead.

Subfund Counterparty	Unrealized gain (loss)	Collateral received
<b>UBS (Lux) Medium Term Bond Fund – CHF</b>		
UBS AG	-55 368.81 CHF	0.00 CHF
<b>UBS (Lux) Medium Term Bond Fund – USD</b>		
Barclays	9 883.73 USD	0.00 USD
Goldman Sachs	-303 895.76 USD	0.00 USD
HSBC	-388 858.74 USD	0.00 USD

\* Derivatives traded on an official exchange are not included in this table as they are guaranteed by a clearing house. In the event of a counterparty default the clearing house assumes the risk of loss.

### Securities Lending

UBS (Lux) Medium Term Bond Fund	Counterparty Exposure from Securities Lending as of 28 February 2017		Collateral Breakdown (Weight in %) as of 28 February 2017		
	Market value of securities lent	Collateral (UBS Switzerland AG)	Equities	Bonds	Cash
– AUD	1 990 017.91 AUD	2 121 441.11 AUD	52.88	47.12	0.00
– CHF	3 471 027.50 CHF	3 700 258.37 CHF	52.88	47.12	0.00
– EUR	122 314 176.62 EUR	130 391 953.44 EUR	52.88	47.12	0.00
– GBP	14 203 607.59 GBP	15 141 631.09 GBP	52.88	47.12	0.00
– USD	67 664 630.71 USD	72 133 285.13 USD	52.88	47.12	0.00

# Unaudited Information

## 1) Global Exposure

### 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.

### Leverage

Leverage is defined pursuant to the applicable ESMA directives as the total of the notional values of the derivatives used by the respective subfund. According to this 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.

Subfund	Global risk calculation method
UBS (Lux) Medium Term Bond Fund – AUD	Commitment approach
UBS (Lux) Medium Term Bond Fund – CHF	Commitment approach
UBS (Lux) Medium Term Bond Fund – EUR	Commitment approach
UBS (Lux) Medium Term Bond Fund – GBP	Commitment approach
UBS (Lux) Medium Term Bond Fund – USD	Commitment approach

## 2) Remuneration Policy and quantitative disclosure

The Board of Directors of the UBS Fund Management (Luxembourg) S.A. has adopted a remuneration policy (the "Policy") on 19 February 2015, whose objectives are on one hand; to ensure that the remuneration framework is in line with the applicable laws and regulations, and more specifically with provisions defined under (i) the Articles 111bis and 111ter of the Luxembourg Law of 17 December 2010 on Undertakings for Collective Investment in Transferable Securities as amended from time to time (the UCITS Law) transposing the UCITS Directive 2014/91/EU (the UCITS V Directive), (ii) the Alternative Investment Fund Managers (AIFM) Directive 2011/61/EU, transposed into the Luxembourg AIFM Law dated from 12 July 2013, as amended from time to time, (iii) the ESMA's guidelines on sound remuneration policies under the UCITS Directive - ESMA/2016/575 published on 14 October 2016 and ESMA's guidelines on sound remuneration policies under the AIFMD - ESMA/2016/579 published on 14 October 2016 amending the ESMA's guidelines on sound remuneration policies under the UCITS Directive and AIFMD published on 31 March 2016 - ESMA/2016/411 (the ESMA Guidelines)

and (iv) the CSSF Circular 10/437 on Guidelines concerning the remuneration policies in the financial sector issued on 1 February 2010; and on the other hand, to comply with the UBS AG Remuneration policy framework. The Policy is meant not to encourage excessive risk taking, to contain measures to avoid conflicts of interest, to be consistent with, and promote, sound and effective risk management and to be consistent with the UBS Group business strategy, objectives and values.

Further information in relation to UBS AG Remuneration Policy is available in the UBS AG Annual Report 2016 and in UBS AG Pillar III disclosure. More details about the remuneration policy of the Management Company, which describes, but not limited to, how remuneration and benefits are determined, are available at [http://www.ubs.com/lu/en/asset\\_management/investor\\_information.html](http://www.ubs.com/lu/en/asset_management/investor_information.html).

### Application of the requirements and remuneration disclosure

In accordance with the Article 151 of the UCITS Law, the Management Company is required to disclose at least annually certain information concerning its remuneration policy and the practices for its identified staff.

The Management Company complies with the aforementioned regulatory provisions in a way and to the extent that is appropriate to its size, internal organization and the nature, scope and complexity of its activities.

As at the end of the Fund's financial year on 28 February 2017, the Management Company has not completed its first annual performance period in which it has to comply with the UCITS Law remuneration rules.

As a consequence, the aggregate amount of remuneration broken down by categories of employees or other members of staff as well as the other information required to be disclosed by the UCITS Law in the annual report of the Fund is not yet available and will be disclosed once a full performance year has been completed.

# Unaudited Information

## 3) Collateral

	UBS (Lux) Medium Term Bond Fund – AUD (in %)	UBS (Lux) Medium Term Bond Fund – CHF (in %)	UBS (Lux) Medium Term Bond Fund – EUR (in %)	UBS (Lux) Medium Term Bond Fund – GBP (in %)	UBS (Lux) Medium Term Bond Fund – USD (in %)
<b>by Country in %:</b>					
– Australia	1.07	1.07	1.07	1.07	1.07
– Belgium	1.64	1.64	1.64	1.64	1.64
– British Virgin Islands	0.06	0.06	0.06	0.06	0.06
– Cayman Islands	3.06	3.06	3.06	3.06	3.06
– China	6.38	6.38	6.38	6.38	6.38
– Denmark	0.97	0.97	0.97	0.97	0.97
– Germany	13.84	13.84	13.84	13.84	13.84
– Ivory Coast	0.03	0.03	0.03	0.03	0.03
– Finland	0.28	0.28	0.28	0.28	0.28
– France	7.66	7.66	7.66	7.66	7.66
– United Kingdom	9.37	9.37	9.37	9.37	9.37
– Hong Kong	0.70	0.70	0.70	0.70	0.70
– Japan	28.29	28.29	28.29	28.29	28.29
– Canada	0.87	0.87	0.87	0.87	0.87
– Qatar	0.02	0.02	0.02	0.02	0.02
– Luxembourg	0.04	0.04	0.04	0.04	0.04
– New Zealand	0.19	0.19	0.19	0.19	0.19
– The Netherlands	2.41	2.41	2.41	2.41	2.41
– Norway	1.48	1.48	1.48	1.48	1.48
– Austria	0.30	0.30	0.30	0.30	0.30
– Sweden	1.15	1.15	1.15	1.15	1.15
– Switzerland	3.00	3.00	3.00	3.00	3.00
– Singapore	1.06	1.06	1.06	1.06	1.06
– Supranationals	1.33	1.33	1.33	1.33	1.33
– United Arab Emirates	0.02	0.02	0.02	0.02	0.02
– United States	14.78	14.78	14.78	14.78	14.78
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
<b>by Credit Rating (Bonds):</b>					
– Rating > AA-	62.26	62.26	62.26	62.26	62.26
– Rating <= AA-	27.63	27.63	27.63	27.63	27.63
– without Rating	10.11	10.11	10.11	10.11	10.11
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
<b>Securities Lending</b>					
<b>Assets and Revenues / Ratios</b>					
Average Invested Assets (1)	109 168 505.65 AUD	387 734 665.11 CHF	372 710 624.45 EUR	75 370 869.63 GBP	238 198 350.87 USD
Average Securities Lent (2)	703 655.73 AUD	2 244 594.44 CHF	122 618 858.32 EUR	19 716 856.85 GBP	60 192 199.35 USD
Average Collateral Ratio	105.09%	105.09%	105.09%	105.09%	105.09%
Average Securities Lending Ratio (2)/(1)	0.64%	0.58%	32.90%	26.16%	25.27%
<b>Securities Lending revenues</b>	1 073.58 AUD	2 946.77 CHF	147 721.03 EUR	53 063.88 GBP	99 594.88 USD
<b>Securities Lending costs</b>	429.43 AUD	1 178.71 CHF	59 088.41 EUR	21 225.55 GBP	39 837.95 USD
<b>Net Securities Lending revenues</b>	644.15 AUD	1 768.06 CHF	88 632.62 EUR	31 838.33 GBP	59 756.93 USD

# Unaudited Information

## 4) Securities Financing Transaction Regulation (SFTR)

The Fund engages in Securities Financing Transactions (hereafter "SFT") (as defined in Article 3 of Regulation (EU) 2015/2365). Securities Financing transactions include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions and margin lending transactions through its exposure on reverse repurchase agreements during the year. In accordance with Article 13 of the Regulation, information on securities lendings are detailed below:

### Global Data

The following table details the value of securities lending as a proportion of the subfund's Net Assets Value as well as a proportion of the total lendable securities, as at 28 February 2017.

UBS (Lux) Medium Term Bond Fund	Securities lent in % of Net Assets	Securities lent in % of Total Lendable Securities
- AUD	2.25%	2.37%
- CHF	1.12%	1.15%
- EUR	40.71%	41.46%
- GBP	25.31%	26.10%
- USD	30.61%	30.99%

The total amount (absolute value) of the securities lent is disclosed in Note 12 - OTC Derivatives and Securities Lending.

### Data on collateral reused

Amount of collateral reused, compared with the maximum amount disclosed to investors: None

Cash collateral reinvestment income to the Fund: None

### Concentration Data

Ten largest collateral issuers of SFTs per subfund:

	UBS (Lux) Medium Term Bond Fund – AUD	UBS (Lux) Medium Term Bond Fund – CHF	UBS (Lux) Medium Term Bond Fund – EUR	UBS (Lux) Medium Term Bond Fund – GBP	UBS (Lux) Medium Term Bond Fund – USD
Japan Treasury Discount Bill	189 100.00	329 831.86	11 622 815.48	1 349 687.46	6 429 782.22
United Kingdom	153 098.51	267 037.36	9 410 024.83	1 092 729.43	5 205 658.68
United States Treasury Note/Bond	91 850.21	160 206.90	5 645 468.21	655 574.17	3 123 092.78
French Republic Government Bond Oat	60 386.45	105 327.20	3 711 583.89	431 003.85	2 053 261.20
Federal Republic Of Germany	56 048.65	97 761.14	3 444 966.43	400 043.17	1 905 767.49
State Of North Rhine-Westphalia	47 133.27	82 210.75	2 896 992.35	336 410.25	1 602 626.31
Tencent Holdings Ltd	43 877.53	76 532.03	2 696 882.25	313 172.67	1 491 924.70
Roche Holding AG	41 857.35	73 008.40	2 572 714.28	298 753.79	1 423 234.55
NRW Bank	36 295.01	63 306.45	2 230 831.11	259 052.96	1 234 103.58
Bank Of China Ltd	30 588.05	53 352.26	1 880 059.39	218 319.96	1 040 055.43



# Unaudited Information

## The ten largest issuers of SFTs

All SFTs of the subfunds of this Fund are held with one counterparty being UBS Switzerland AG.

## Safekeeping of collateral received by the Fund as part of SFTs

100% held by UBS Switzerland AG

## Safekeeping of collateral granted by the Fund through SFTs

None

## Aggregate transaction data separately broken down for each type of SFTs

### Type and quality of collateral:

The information on

- Type of collateral is available in Note “OTC Derivatives and Securities Lending”.
- Quality of collateral is available in Unaudited Information 3) Collateral “by Credit Rating (Bonds)”.

### Maturity tenor of collateral

	UBS (Lux) Medium Term Bond Fund – AUD	UBS (Lux) Medium Term Bond Fund – CHF	UBS (Lux) Medium Term Bond Fund – EUR	UBS (Lux) Medium Term Bond Fund – GBP	UBS (Lux) Medium Term Bond Fund – USD
Less than 1 day	-	-	-	-	-
1 day to 1 week	-	-	-	-	-
1 week to 1 month	15 055.97	26 260.90	925 397.72	107 460.86	511 933.26
1 month to 3 months	87 038.88	151 814.89	5 349 745.36	621 233.66	2 959 497.86
3 months to 1 year	207 029.22	361 104.35	12 724 814.65	1 477 655.97	7 039 412.01
Above 1 year	688 766.77	1 201 360.24	42 334 262.30	4 916 022.54	23 419 462.11
Unlimited	1 123 550.27	1 959 717.99	69 057 733.41	8 019 258.06	38 202 979.89

### Currency of collateral

Currency of collateral	Percentage
JPY	28.12%
USD	22.68%
EUR	21.24%
HKD	10.04%
GBP	9.74%
CHF	2.93%
AUD	1.26%
NOK	1.13%
DKK	0.92%
SGD	0.89%
CAD	0.66%
SEK	0.29%
NZD	0.06%
PLN	0.04%
TRY	0.00%
<b>Total</b>	<b>100.00%</b>

# Unaudited Information

## Maturity tenor of SFTs broken down by maturity buckets

	UBS (Lux) Medium Term Bond Fund – AUD	UBS (Lux) Medium Term Bond Fund – CHF	UBS (Lux) Medium Term Bond Fund – EUR	UBS (Lux) Medium Term Bond Fund – GBP	UBS (Lux) Medium Term Bond Fund – USD
Less than 1 day	-	-	-	-	-
1 day to 1 week	-	-	-	-	-
1 week to 1 month	-	-	-	-	-
1 month to 3 months	-	-	-	-	-
3 months to 1 year	-	-	-	-	16 566 808.92
Above 1 year	1 990 017.91	3 471 027.50	122 314 176.62	14 203 607.59	51 097 821.79
Unlimited	-	-	-	-	-

## Country in which the counterparties of the SFTs are established:

100% Switzerland (UBS Switzerland AG)

## Settlement and clearing of trade

	UBS (Lux) Medium Term Bond Fund – AUD Securities Lending	UBS (Lux) Medium Term Bond Fund – CHF Securities Lending	UBS (Lux) Medium Term Bond Fund – EUR Securities Lending	UBS (Lux) Medium Term Bond Fund – GBP Securities Lending	UBS (Lux) Medium Term Bond Fund – USD Securities Lending
<b>Settlement and clearing of trade</b>					
Central counterparty	-	-	-	-	-
Bilateral	-	-	-	-	-
Tri-party	1 990 017.91 AUD	3 471 027.50 CHF	122 314 176.62 EUR	14 203 607.59 GBP	67 664 630.71 USD

## Data on income and cost for each type of SFT

All costs related to the execution of securities lending transactions including collateralization are borne by the Counterparties and the Depository. The breakdown of the income on securities lending disclosed in the statement of operations is as follows:

- 60% payable to the Fund
- 40% payable to the Securities Lending Agent

## Income-Ratio (Fund)

UBS (Lux) Medium Term Bond Fund	Percentage
– AUD	0.05%
– CHF	0.08%
– EUR	0.12%
– GBP	0.37%
– USD	0.15%

## Cost-Ratio (Securities Lending Agent)

UBS (Lux) Medium Term Bond Fund	Percentage
– AUD	0.02%
– CHF	0.03%
– EUR	0.05%
– GBP	0.15%
– USD	0.06%



