

# UBS (Lux) Key Selection SICAV

Investment company under Luxembourg law  
(the "Company")

October 2016

## Sales Prospectus

Shares in the Company may be acquired on the basis of this sales prospectus, the Company's Articles of Incorporation, the latest annual report and, if already published, the subsequent semi-annual report.

Only the information contained in the sales prospectus and the aforementioned documents shall be deemed to be valid.

Furthermore, a Key Investor Information (KII) document is made available to investors before subscribing to shares. Information on whether a Subfund of the Company is listed on the Luxembourg Stock Exchange can be obtained from the Administrative Agent or the Luxembourg Stock Exchange website ([www.bourse.lu](http://www.bourse.lu)).

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

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

### Management and administration

#### Registered office

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

#### Board of Directors of the Company

Chairman	Robert Süttinger, Managing Director, UBS AG, Basel and Zurich
Members	Michael Kehl, Managing Director, UBS AG, Basel and Zurich Thomas Portmann, Managing Director, UBS Fund Management (Switzerland) AG, Basel Kai Gammelin, Executive Director, UBS AG, Basel and Zurich

#### Management Company

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

The Management Company was established as a public-limited company in Luxembourg for an unlimited duration on 1 July 2010. Its registered office is located at 33A avenue J.F. Kennedy, L-1855 Luxembourg. The Articles of Association of the Management Company were published on 16 August 2010 by way of a notice of deposit in the "Mémorial, Recueil des Sociétés et Associations" (the "Mémorial"). The consolidated version of the Articles of Incorporation is deposited at the Trade and Companies Register (Registre de Commerce et des Sociétés) in Luxembourg for inspection. One of the purposes of the Management Company is to manage undertakings for collective investment under Luxembourg law and to issue/redeem units in these products. In addition to this Company, the Management Company currently manages other undertakings for collective investment as well. The Management Company has fully paid-up equity capital of EUR 13,000,000.

#### Board of Directors of the Management Company

Chairman	Andreas Schlatter, Mathematician (PhD), Independent Director, Küttigen, Switzerland
Members	Martin Thommen, Managing Director, UBS AG, Basel and Zurich Gilbert Schintgen, Managing Director, UBS Fund Management (Luxembourg) S.A., Luxembourg Pascal Kistler, Managing Director, UBS AG, Basel and Zurich Christian Eibel, Executive Director, UBS AG, Basel and Zurich

### Executive Board of the Management Company

Members	Gilbert Schintgen, Managing Director, UBS Fund Management (Luxembourg) S.A., Luxembourg Valérie Bernard, Executive Director, UBS Fund Management (Luxembourg) S.A., Luxembourg Geoffrey Lahaye, Director, UBS Fund Management (Luxembourg) S.A., Luxembourg
---------	--

### Portfolio Manager

#### UBS (Lux) Key Selection SICAV –

European Equities (EUR)	UBS AG, UBS Asset Management, Basel and Zurich, which may delegate these duties to any unit worldwide within the UBS Group. Detailed information on the relevant Portfolio Manager is available at the registered office of the Company.
Global Allocation (EUR)	
Global Allocation (USD)	
Global Allocation (CHF)	
Global Allocation Focus Europe (EUR)	
Dual Alpha (USD)	
Dynamic Alpha (USD)	
Asian Equities (USD)	UBS Asset Management (Singapore) Ltd., Singapore
Global Equities (USD)	UBS Asset Management (UK) Ltd., London
European Growth and Income (EUR)	
Global Alpha Opportunities (EUR)	UBS Hedge Fund Solutions LLC, Stamford (as at 1 July 2015)
China Allocation Opportunity (USD)	UBS Asset Management (Hong Kong) Limited, Hong Kong
Emerging Markets Income (USD)	
Asian Global Strategy Balanced (USD)	UBS AG, UBS Asset Management, Basel and Zurich UBS Switzerland AG, Zurich
Global Multi Income (USD)	UBS Asset Management (Americas) Inc., Chicago
Multi Asset Income (USD)	
Active Allocation Defensive (EUR)	
Active Allocation Balanced (EUR)	
Active Allocation Growth (EUR)	
Flex Patrimoine (EUR)	UBS Asset Management France SA, Paris

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

The Management Company has assigned the portfolio management of the Subfund UBS (Lux) Key Selection SICAV – Asian Global Strategy Balanced (USD) to UBS AG, UBS Asset Management, Basel and Zurich, as well as UBS Switzerland AG.

UBS Switzerland AG will assume the tasks of allocating assets and preselecting investment strategies. UBS AG, UBS Asset Management is responsible for selecting investment instruments, makes investment decisions and carries out all relevant transactions while adhering to the prescribed investment restrictions.

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

### Depository and Main Paying Agent

UBS (Luxembourg) S.A. has been appointed as depository of the Company (the "Depository"). The Depository will also provide paying agent services to the Company.

UBS (Luxembourg) S.A. is a public limited company (société anonyme) under the laws of Luxembourg incorporated for an unlimited duration. Its registered office is at 33A, avenue J. F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg. It is licensed to engage in all banking operations under Luxembourg law.

The Depository has been appointed for the safe-keeping of financial instruments of the Company that can be held in custody, for the record keeping and verification of ownership of other assets of the Company as well as to ensure for the effective and proper monitoring of the Company's cash flows in accordance with the provisions of the Law of 2010 and the Depository Agreement. Assets held in custody by the Depository shall not be reused by the Depository, or any third party to which the custody function has been delegated, for their own account, unless such reuse is expressly allowed by the Law of 2010.

In addition, the Depository shall also ensure that (i) the sale, issue, repurchase, redemption and cancellation of shares are carried out in accordance with Luxembourg law, the Prospectus and the Articles of Incorporation, (ii) the value of the shares is calculated in accordance with Luxembourg law, the Prospectus and the Articles of Incorporation, (iii) the instructions of the Management Company or the Company are carried out, unless they conflict with applicable Luxembourg law, the Prospectus and/or the Articles of Incorporation, (iv) in transactions involving the Company's assets any consideration is remitted to the Company within the usual time limits, and (v) the Company's incomes are applied in accordance with Luxembourg law, the Prospectus and the Articles of Incorporation.

In compliance with the provisions of the Depository Agreement and the Law of 2010, the Depository may, subject to certain conditions and in order to effectively conduct its duties, delegate part or all of its safe-keeping duties in relation to financial instruments that can be held in custody, duly entrusted to the Depository for custody purposes, and/or all or part of its duties regarding the record keeping and verification of ownership of other assets of the Company to one or more sub-custodian(s), as they are appointed by the Depository from time to time. The Depository does not allow its sub-custodians to make use of sub-delegates which have not been approved by the Depository in advance.

Prior to the appointment of any sub-custodian and sub-delegate and on an ongoing basis based on applicable laws and regulations as well as its conflict of interests policy the Depository shall assess potential conflicts of interests that may arise from the delegation of its safekeeping functions. The Depository is part of the UBS Group, a worldwide, full-service private banking, investment banking, asset management and financial services organization which is a major participant in the global financial markets. As such, potential conflicts of interest from the delegation of its safekeeping functions could arise as the Depository and its affiliates are active in various business activities and may have differing direct or indirect interests.

Investors may obtain additional information free of charge by addressing their request in writing to the Depositary.

In order to avoid any potential conflicts of interest, the Depositary does not appoint any sub-custodians and does not allow the appointment of any sub-delegate which is part of the UBS Group, unless such appointment is in the interest of the shareholders and no conflict of interest has been identified at the time of the sub-custodian's or sub-delegate's appointment. Irrespective of whether a given sub-custodian or sub-delegate is part of the UBS Group or not, the Depositary will exercise the same level of due skill, care and diligence both in relation to the selection and appointment as well as in the on-going monitoring of the relevant sub-custodian or sub-delegate. Furthermore, the conditions of any appointment of a sub-custodian or sub-delegate that is member of the UBS Group will be negotiated at arm's length in order to ensure the interests of the Company and its shareholders. Should a conflict of interest occur and in case such conflict of interest cannot be mitigated, such conflict of interest as well as the decisions taken will be disclosed to shareholders. An up-to-date description of any safekeeping functions delegated by the Depositary and an up-to-date list of these delegates and sub-delegate(s) can be found on the following webpage: <https://www.ubs.com/global/en/legalinfo2/luxembourg.html>. Where the law of a third country requires that financial instruments are held in custody by a local entity and no local entity satisfies the delegation requirements of article 34bis, paragraph 3, lit. b) i) of the Law of 2010, the Depositary may delegate its functions to such local entity to the extent required by the law of that third country for as long as there are no local entities satisfying the aforementioned requirements. In order to ensure that its tasks are only delegated to sub-custodians providing an adequate standard of protection, the Depositary has to exercise all due skill, care and diligence as required by the Law of 2010 in the selection and the appointment of any sub-custodian to whom it intends to delegate parts of its tasks and has to continue to exercise all due skill, care and diligence in the periodic review and ongoing monitoring of any sub-custodian to which it has delegated parts of its tasks as well as of any arrangements of the sub-custodian in respect of the matters delegated to it. In particular, any delegation is only possible when the sub-custodian at all times during the performance of the tasks delegated to it segregates the assets of the Company from the Depositary's own assets and from assets belonging to the sub-custodian in accordance with the Law of 2010. The Depositary's liability shall not be affected by any such delegation, unless otherwise stipulated in the Law of 2010 and/or the Depositary Agreement.

The Depositary is liable to the Company or its shareholders for the loss of a financial instrument held in custody within the meaning of article 35 (1) of the Law of 2010 and article 12 of the Commission Delegated Regulation (EU) 2016/438 of 17 December 2015 supplementing the UCITS Directive with regard to obligations of depositaries (the "**Fund Custodial Assets**") by the Depositary and/or a sub-custodian (the "**Loss of a Fund Custodial Asset**").

In case of Loss of a Fund Custodial Asset, the Depositary has to return a financial instrument of an identical type or the corresponding amount to the Company without undue delay. In accordance with the provisions of the Law of 2010, the Depositary will not be liable for the Loss of a Fund Custodial Asset, if such Loss of a Fund Custodial Asset has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary.

The Depositary shall be liable to the Company and to the shareholders for all other direct losses suffered by them as a result of the Depositary's negligence or intentional failure to properly fulfil its duties in accordance with applicable law, in particular the Law of 2010 and the Depositary Agreement.

The Company and the Depositary may terminate the Depositary Agreement at any time by giving three (3) months' notice by registered letter. In case of a voluntary withdrawal of the Depositary or of its removal by the Company, the Depositary must be replaced before maturity of such notice period by a successor depositary to whom the Company's assets are to be delivered and who will take over the functions and responsibilities of the Depositary. If the Company does not name such successor depositary in time the Depositary may notify the CSSF of the situation.

#### **Administrative Agent**

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

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

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

Ernst & Young S.A., 35E, avenue J.F. Kennedy, L-1855 Luxembourg.

#### **Paying agents**

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

#### **Sales agents and distributors, referred to as sales agents in the sales prospectus**

UBS AG, Basel and Zurich, and other sales agents in the various distribution countries.

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

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

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

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

This Subfund is suitable for investors who have a long-term investment horizon and wish to invest in a broadly diversified portfolio of European equities and equity rights, as well as debt securities and claims.

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

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

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

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

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

These Subfunds are suitable for investors oriented towards capital gains and seeking to invest in a globally diversified, rounded portfolio with the reference currency listed in the relevant Subfund name.

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

This Subfund is suitable for capital-oriented investors seeking to invest in a globally diversified, rounded portfolio with a focus on European equities and bond markets, and with the reference currency listed in the relevant share class name.

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

This Subfund is suitable for investors with a medium to long-term investment horizon and a medium to high risk tolerance who wish to invest in a globally diversified portfolio. Investors seek to use attractive yield opportunities in every market environment and are prepared to accept the associated risk.

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

This Subfund is suitable for investors who wish to focus on income generation, while benefitting from a broad diversification across different asset classes with a focus on emerging markets. These investors have a long-term investment horizon and are willing to accept the risk associated with investments in emerging markets.

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

This Subfund is suitable for investors with a medium to long-term investment horizon and high risk tolerance who are interested in investing in a diversified portfolio of funds. The Subfund mainly invests in actively managed undertakings for collective investment whose investment focus is on taking long and short positions.

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

This Subfund is suitable for investors with a long-term investment horizon seeking to participate in the global financial markets on a broadly diversified basis.

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

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

##### **UBS (Lux) Key Selection SICAV – European Growth and Income (EUR)**

This Subfund is suitable for risk-conscious investors who wish to invest in a diversified portfolio of equities, bonds and convertible bonds with a focus on Europe and the high-yield bond market. Investors have a long-term investment horizon and are willing to accept the risk associated with investments in equities and high-yield bonds.

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

This Subfund is suitable for investors with a medium to long-term investment horizon who wish to invest in a globally diversified portfolio with various asset classes. Investors seek to use attractive yield opportunities in every market environment and are prepared to accept the associated risk.

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

This Subfund is suitable for investors who wish to invest in a diversified portfolio of shares and bonds with a focus on China. These investors have a long-term investment horizon and are willing to accept the risk associated with investments in China.

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

This Subfund is suitable for investors with a long-term investment horizon who wish to focus on income generation, while benefitting from a broad investment diversification across various asset classes on the global financial markets.

##### **UBS (Lux) Key Selection SICAV – Flex Patrimoine (EUR)**

This Subfund is suitable for investors who are seeking, through a medium-term, balanced investment, steady capital growth while accepting a moderate level of risk.

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

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

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

These Subfunds are suitable for investors with a medium to long-term investment horizon who wish to invest in a globally diversified portfolio with various asset classes. To this end, investments will be made on a broadly diversified basis throughout the world, primarily in bonds and/or equities.

#### **Historical performance**

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

#### **Risk profile**

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

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

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

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

For Subfunds which are subject to specific risks due to their investments, relevant risk alerts are included in the investment policy of the relevant Subfund.

## Legal aspects

### The Company

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

Name of the Company:	UBS (Lux) Key Selection SICAV
Legal form:	Open-ended investment fund in the legal form of a “Société d’Investissement à Capital Variable” (“ <b>SICAV</b> ”) established in accordance with Part I of the Law of 2010.
Date of incorporation:	09 August 2002
Number in the Luxembourg Trade and Companies Register:	R.C.S. B 88.580
Financial year:	1 October to 30 September
Ordinary general meeting:	Annually at 10:00 on 20 March at the registered office of the Company. Should 20 March occur on a day which is not a business day in Luxembourg (i.e. a day on which banks in Luxembourg are open during normal business hours), then the general meeting will be held on the next business day.
Articles of Incorporation:	
	Initial publication 23 August 2002 Published in the Mémorial
	Amendments 24 March 2004 15 June 2004
	09 May 2011 11 August 2011
	30 October 2015 25 November 2015
Management Company:	UBS Fund Management (Luxembourg) S.A., R.C.S. Luxembourg B 154.210.

The consolidated version of the Articles of Incorporation of the Company is deposited at the Trade and Companies Register (Registre de Commerce et des Sociétés) in Luxembourg for inspection. Any amendments shall be published in the “Recueil Electronique des Sociétés et Associations” (“**RESA**”) by way of a notice of deposit and in the manner described below in the section entitled “Regular reports and publications”. Amendments become legally binding following their approval by the general meeting of shareholders.

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

The Company asks investors to note that they will only benefit from shareholder rights – particularly the right to participate in general meetings – when they have been entered in their own name in the register of shareholders following their investment in the Company. However, if the investor invests in the Company indirectly via an intermediary body which makes the investment in its own name on behalf of the investor, and as a result, said intermediary is entered into the register of shareholders instead of the investor, the aforementioned shareholder rights may be granted to the intermediary and not the investor. Investors are therefore advised to seek advice on their investor rights before making an investment decision.

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

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

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

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

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

### Share classes

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

“P” Shares in classes with “P” in their name are available to all investors. Their smallest tradable unit is 0.001. Unless the Company decides otherwise, the initial issue price of these shares 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” Shares in classes with “N” in their name (shares 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 Company. Their smallest tradable unit is 0.001. Unless the Company decides otherwise, the initial issue price of these shares 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” Shares in classes with “K-1” in their name are available to all investors. Their smallest tradable unit is 0.1. Unless the Company decides otherwise, the initial issue price of these shares 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” Shares 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 Company, administration and the Depositary) and distribution are charged to investors under the aforementioned agreements. Their smallest tradable unit is 0.001. Unless the Company decides otherwise, the initial issue price of these shares 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” Shares in classes with “F” in their name are exclusively available to UBS AG or one of its subsidiaries. The shares 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 shares will be returned to the Company at the prevailing net asset value at no charge upon termination of the mandate. The smallest tradable unit of these shares is 0.001. Unless the Company decides otherwise, the initial issue price of these shares 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” Shares in classes with “Q” in their name are only available (a) to investors in an eligible country as defined by “List A”; or (b) to contractual partners of UBS AG, acting through its division Asset Management, and to other regulated financial service providers, duly authorized by their supervisory authority, investing in their own name – on their own behalf; or – on behalf of their clients within the framework of written, fee based (i) discretionary mandates, or (ii) advisory contracts, or (iii) similar long-term contracts that specifically provide for investments in share classes without remuneration; or – on behalf of a collective investment scheme; or – on behalf of another regulated financial service providers, which acts in the above framework for its clients.

In case (b) the investor is domiciled in one of the countries covered by “List B” for a framework as described above in (i) or “List C” for a framework described in (ii) and (iii).

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

The smallest tradable unit of these shares is 0.001. Unless the Company decides otherwise, the initial issue price of these shares 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” Shares in classes with “I-A1” in their name are exclusively reserved for institutional investors within the meaning of Article 174(2)(c) of the Law of 2010. Their smallest tradable unit is 0.001. Unless the Company decides otherwise, the initial issue price of these shares 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” Shares in classes with “I-A2” in their name are exclusively reserved for institutional investors within the meaning of Article 174(2)(c) of the Law of 2010. Their smallest tradable unit is 0.001. Unless the Company decides otherwise, the initial issue price of these shares 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, RUB 3,500, SEK 700, SGD 100, USD 100 or ZAR 1,000. The minimum subscription amount for these shares is CHF 10 million (or the corresponding currency equivalent).

Upon subscription, (i) a minimum subscription must be made pursuant to the list above or, (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” Shares in classes with “I-A3” in their name are exclusively reserved for institutional investors within the meaning of Article 174(2)(c) of the Law of 2010. Their smallest tradable unit is 0.001. Unless the Company decides otherwise, the initial issue price of these shares 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, RUB 3,500, SEK 700, SGD 100,



USD 100 or ZAR 1,000. The minimum subscription amount for these shares is CHF 30 million (or the corresponding currency equivalent).

Upon subscription,

- (i) a minimum subscription must be made pursuant to the list above or,
- (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" Shares in classes with "I-B" in their name are exclusively reserved for institutional investors within the meaning of Article 174(2)(c) of the Law of 2010 who have signed a written agreement on investing in one 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 Company, administration and the 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 Company decides otherwise, the initial issue price of these shares 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" Shares in classes with "I-X" in their name are exclusively reserved for institutional investors within the meaning of Article 174(2)(c) of the Law of 2010 who have signed a written agreement on investing in one 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 Company, administration and the Depositary) and distribution are charged to investors under the aforementioned agreements. Their smallest tradable unit is 0.001. Unless the Company decides otherwise, the initial issue price of these shares 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" Shares in classes with "U-X" in their name are exclusively reserved for institutional investors within the meaning of Article 174(2)(c) of the Law of 2010 who have signed a written agreement on investing in one 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 Company, administration and the Depositary) and distribution are charged to investors under the aforementioned agreements. This share class is exclusively geared towards financial products (i.e. fund of funds or other pooled structures in accordance with various legislation). Their smallest tradable unit is 0.001. Unless the Company decides otherwise, the initial issue price of these shares amounts to AUD 10,000, 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.

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

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

In addition, the Company is empowered to:

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

#### Additional characteristics

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

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

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

"qdist" Shares 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 share of the Subfund. Investors in certain countries may be subject to higher tax rates on distributed capital than on any capital gains from the sale of fund units. Some investors may therefore prefer to subscribe to accumulating (-acc) rather than distributing (-dist, -qdist) share classes. Investors may be taxed on income and capital arising from accumulating (-acc) share classes at a later point in time than is the case with distributing (-dist) share classes. Investors should seek their own tax advice.

"mdist" Share 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 share of the Subfund. Investors in certain countries may be subject to higher tax rates on distributed capital than on any capital gains from the sale of fund units. Some investors may therefore prefer to subscribe to accumulating (-acc) rather than

distributing (-dist, -mdist) share classes. Investors may be taxed at a later point in time on income and capital arising on accumulating (-acc) share classes compared to distributing (-dist) share classes. Investors should seek their own tax advice. The maximum issuing commission for shares in classes with "-mdist" in their name is 6%.

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

"2%", "4%", "6%", "8%" Shares 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 share 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 share 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 share of the Subfund. Investors in certain countries may be subject to higher tax rates on distributed capital than on any capital gains from the sale of fund units. Some investors may therefore choose to invest in the accumulating (-acc) instead of the distributing (-dist, -qdist, -mdist) share classes. Investors may be taxed at a later point in time on income and capital arising on accumulating (-acc) share classes compared to distributing (-dist, -qdist, -mdist) share classes. Investors should seek their own tax advice.

"hedged" For share classes whose reference currencies are not identical to the currency of account of the Subfund, and which have "hedged" in their name ("**share classes in foreign currencies**"), the fluctuation risk of the reference currency price for those share classes is hedged against the currency of account of the Subfund. Provision is made for the amount of the hedging to be in principle between 90% and 110% of the total net assets of the share class in foreign currency. Changes in the market value of the portfolio, as well as subscriptions and redemptions of share classes in foreign currencies, can result in the hedging temporarily surpassing the aforementioned range.

The hedging described has no effect on possible currency risks resulting from investments denominated in a currency other than the Subfund's currency of account.

"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 share class and/or the Subfund in accordance with the section "Liquidation of the Company and its Subfunds; merger of Subfunds".

"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.

Shares in classes with "RMB hedged" in their name are shares whose net asset value is calculated in offshore RMB (CNH).

Onshore RMB (CNY) is not a freely convertible currency and 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 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 share class and/or the Subfund in accordance with the section "Liquidation of the Company and its Subfunds; merger of Subfunds".

## Investment objective and investment policy of the Subfunds

### Investment objective

The aim of the Company is to achieve high growth and/or current earnings, while giving due consideration to capital security and the liquidity of the Company's assets.

### General investment policy

The assets of the Subfunds are invested following the principle of risk diversification. The Subfunds invest their assets worldwide in equities, other equity-type capital participations such as cooperative shares, dividend-right certificates and profit participation certificates (equities and equity rights), short-term securities, money market instruments and warrants on securities, as well as debt securities and claims. Debt securities and claims include bonds, notes, all types of asset-backed securities, convertible bonds, convertible notes, warrant bonds and all other legally permissible assets.

In addition, the Subfunds may invest in American depository receipts (ADRs), global depository receipts (GDRs) and structured products linked to equities, such as equity-linked notes.

The currency of account of the individual Subfunds refers only to the currency in which the net asset value of the respective Subfund is calculated and not to its investment currency. Investments are made in the currencies that are most suitable for the performance of the Subfunds.

As stipulated in points 1.1(g) and 5 of the investment principles, the Company may use special techniques and financial instruments whose underlying assets are securities, money market instruments and other financial instruments, within the statutory limits, as a main element in achieving the investment policy for each Subfund. The markets in derivatives are volatile and both the opportunity to achieve gains as well as the risk of suffering losses are higher than with investments in securities.

Each Subfund may hold liquid funds on an ancillary basis.

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

### The Subfunds and their special investment policies

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

In line with the above-mentioned investment policy, this Subfund invests at least two-thirds of its assets in equities and equity rights of companies which are domiciled or chiefly active in Asia (excluding Japan).

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

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

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

Investors should note that the Subfund's investment exposure may also include Chinese A-shares traded via Shanghai-Hong Kong Stock Connect. Chinese A-shares are renminbi-denominated A-shares of companies domiciled in mainland China; these are traded on Chinese stock exchanges such as the Shanghai Stock Exchange and the Shenzhen Stock Exchange.

**Investments in Asian countries may post a more volatile performance and be more illiquid than investments in European countries. Due to the political and economic situation in various Asian countries, investments in some of these markets may be affected by legal uncertainties, currency restrictions and sales constraints. Moreover, the official regulatory systems may be less efficient in the countries in which the Subfund invests, and the accounting, auditing and reporting methods employed cannot be compared with the standards used in more developed countries.**

**This Subfund also makes investments in emerging markets. The risks associated therewith are listed in the section entitled "General risk information". Investors should also read, be aware of and take into account the above-mentioned risks associated with investments traded via Hong Kong-Shanghai Stock Connect. Information relating to these can also be found in the section entitled "General risk information". For these reasons, the Subfund is especially suitable for risk-conscious investors.**

Currency of account: USD

Fees	Maximum flat fee (maximum management fee), p.a.
Share classes with "P" in their name	2.040% (1.630%)
Share classes with "N" in their name	2.500% (2.000%)
Share classes with "K-1" in their name	1.300% (1.040%)
Share classes with "K-X" in their name	0.000% (0.000%)
Share classes with "F" in their name	0.800% (0.640%)
Share classes with "Q" in their name	1.080% (0.860%)
Share classes with "I-A1" in their name	0.900% (0.720%)
Share classes with "I-A2" in their name	0.850% (0.680%)
Share classes with "I-A3" in their name	0.800% (0.640%)
Share classes with "I-B" in their name	0.180% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)

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

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

Currency of account: EUR

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

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

Within the above-mentioned investment policy, this Subfund invests at least two-thirds of its assets in equities and equity rights worldwide. In so doing, the Subfund may invest up to 25% of its assets in equities and equity rights of companies domiciled or chiefly active in emerging markets.

Investors should note that the Subfund's investment exposure may also include Chinese A-shares traded via Shanghai-Hong Kong Stock Connect. Chinese A-shares are renminbi-denominated A-shares of companies domiciled in mainland China; these are traded on Chinese stock exchanges such as the Shanghai Stock Exchange and the Shenzhen Stock Exchange.

Further information on **investing in emerging markets** can be found in the corresponding section of this sales prospectus. **Investors should also read, be aware of and take into account the above-mentioned risks associated with investments traded via Hong Kong-Shanghai Stock Connect. Information relating to these can be found after the section entitled "General risk information".**

Currency of account: USD

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

Fees	Maximum flat fee (maximum management fee), p.a.
Share classes with "I-B" in their name	0.065 % (0.000%)
Share classes with "I-X" in their name	0.000 % (0.000%)
Share classes with "U-X" in their name	0.000 % (0.000%)

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

The aim of the Subfunds is to participate on a broadly diversified basis in the growth potential of the global financial markets.  
To this end and within the framework of the investment policy described above, these Subfunds invest either directly or via existing UCI and UCITS. In so doing, a maximum of 20% of the investments of the Subfund may be made in bonds with a rating between BBB- and C (Standard & Poor's), a similar rating from another recognised agency or – insofar as a new issue is concerned that does not yet have an official rating – a comparable internal UBS rating; however, a maximum of 10% may be invested in bonds rated between CCC and C. **Investments rated between BB+ and C may carry an above-average yield, but also a higher credit risk than investments in securities of first-class issuers. Investors are expressly informed of this potentially increased risk of loss.**

The above-mentioned securities are those as defined in Article 41 of the Law of 2010. Investments of the Subfund are made in the currencies deemed best suited for good performance and are actively managed in respect of the currency of account.  
To achieve a broad spread (diversification) of all investments in terms of markets, sectors, issuers, ratings and companies, the Subfunds UBS (Lux) Key Selection SICAV – Global Allocation (USD) and UBS (Lux) Key Selection SICAV – Global Allocation (CHF) may invest up to 100% of their respective net assets in existing UCITS and 30% in other UCI. This method of investment and the associated expenses are described in the section "Investments in UCI and UCITS". The Subfund UBS (Lux) Key Selection SICAV – Global Allocation (EUR) may invest up to 10% of its net assets in UCITS or other UCI.

The Subfund may, within the legally permissible framework, also invest in investments which focus on the real estate asset class (e.g. in the form of real estate investment trusts). Up to 25% of fund assets may also be invested in the commodities asset class through participation in the performance of commodities indices. In this, it is ensured at all times that physical delivery to the respective Subfund is excluded. The respective Portfolio Manager achieves this participation by, for example, entering into swap transactions on the above-mentioned indices. In this way, the respective Subfund is party to the swap transaction and receives the positive performance of the total return (TR) commodity index minus the cash rate used in the index. Typically, the notional value of the swap may be adjusted on a daily basis (as is the case, for example, with inflows from share subscriptions, outflows from share redemptions or from a rebalancing of the portfolio when the investment strategy is adjusted). The counterparty risk resulting from a swap is the open profit or loss (not the notional value of the swap agreement). To reduce this risk as far as possible and keep it within the legally permitted range at all times, the open profits or losses are typically settled once a month or in any case when the legally permitted counterparty risk limits are reached (through what is referred to as a "reset"). In addition, the Subfunds may invest in stock market-traded investment funds (exchange-traded funds - ETFs) on commodity indices, which as a rule use the above-mentioned swaps in order to achieve exposure to commodities. The respective Portfolio Manager may also purchase ETF securities on commodity indices. These are stock market traded securities whose price is coupled to the performance of a commodity index, and which must comply with legally defined criteria. In accordance with the above-mentioned investment restrictions, the respective Subfund may also invest in existing UCI and UCITS with a focus on commodities, on the condition that these in turn invest exclusively via participation in commodity indices.  
Generally, a portfolio containing commodities is likely to have a higher volatility than a portfolio consisting solely of equities. For this reason, investors should note that the Subfund is suitable for investors who are prepared to accept moderate to high levels of volatility.

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

Currency of account: EUR

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

Currency of account: USD

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

Currency of account: CHF

Fees	Maximum flat fee (maximum management fee), p.a.
Share classes with "P" in their name	2.040 % (1.630%)
Share classes with "N" in their name	2.500 % (2.000%)
Share classes with "K-1" in their name	1.300 % (1.040%)
Share classes with "K-X" in their name	0.000 % (0.000%)
Share classes with "F" in their name	0.580 % (0.460%)
Share classes with "Q" in their name	1.020 % (0.820%)
Share classes with "I-A1" in their name	0.750 % (0.600%)
Share classes with "I-A2" in their name	0.700 % (0.560%)
Share classes with "I-A3" in their name	0.650 % (0.520%)

Fees	Maximum flat fee (maximum management fee), p.a.
Share classes with "I-B" in their name	0.065 % (0.000%)
Share classes with "I-X" in their name	0.000 % (0.000%)
Share classes with "U-X" in their name	0.000 % (0.000%)

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

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

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

**Investments rated between BB+ and C may carry an above-average yield, but also a higher credit risk than investments in securities of first-class borrowers. Investors are expressly informed of this potentially increased risk of loss.**

The above-mentioned securities are securities as defined in Article 41 of the Law of 2010. Investments of the Subfund are made in the currencies deemed best suited for good performance and are actively managed in respect of the currency of account.  
To achieve a broad spread (diversification) of all investments in terms of markets, sectors, issuers, ratings and companies, the Subfund may invest up to 100% of its net assets in existing UCI and UCITS, provided the investment policy of the target funds is largely in line with the above-mentioned investment policy. This method of investment and the associated expenses are described in the section "Investments in UCI and UCITS".

The Subfund may, within the legally permissible framework, also invest in investments which focus on the real estate asset class (e.g. in the form of real estate investment trusts).

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

Generally, a portfolio containing commodities is likely to have a higher volatility than a portfolio consisting solely of equities. For this reason, investors should note that the Subfund is suitable for investors who are prepared to accept moderate to high levels of volatility.

Currency of account: EUR

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



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

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

Up to 25% of fund assets may also be invested in the commodities asset class through participation in the performance of commodities indices. In so doing, the possibility of physical delivery to the Subfund is excluded at all times. The Portfolio Manager achieves such participation by, for example, entering into swaps on the aforementioned indices. In this way, the Subfund is party to the swap transaction and receives the positive performance of the total return (TR) commodity index minus the cash rate used in the index. Typically, the notional value of the swap may be adjusted on a daily basis (as is the case, for example, with inflows from share subscriptions, outflows from share redemptions or from a rebalancing of the portfolio when the investment strategy is adjusted). The counterparty risk resulting from a swap is the open profit or loss (not the notional value of the swap agreement). To reduce this risk as far as possible and keep it within the legally permitted range at all times, the open profits or losses are typically settled once a month or in any case when the legally permitted counterparty risk limits are reached (through what is referred to as a “reset”). In addition, the Subfund may invest in stock market-traded investment funds (exchange-traded funds - ETFs) on commodity indices, which as a rule use the above-mentioned swaps in order to achieve exposure to commodities. The Portfolio Manager may also purchase ETF securities on commodity indices. These are stock market traded securities whose price is coupled to the performance of a commodity index, and which must comply with legally defined criteria. The Subfund may also invest in UCI and UCITS with a focus on commodities, on the condition that these in turn invest exclusively via participation in commodity indices. Generally, a portfolio containing commodities is likely to have a higher volatility than a portfolio consisting solely of equities. For this reason, investors should note that the Subfund is suitable for investors who are prepared to accept moderate to high levels of volatility. A maximum of 20% of the net assets may be invested in bonds with a rating between BBB- and C (Standard & Poor's), a similar rating from another recognised agency or – in so far as a new issue is concerned that does not yet have an official rating – a comparable internal UBS rating; however, a maximum of 10% of the net assets may be invested in bonds rated between CCC and C. **Investments rated between BB+ and C may carry an above-average yield, but also a higher credit risk than investments in securities of first-class issuers.** The Subfund may be exposed to greater volatility and is therefore particularly suitable for investors with a long-term orientation.

The above-mentioned securities are securities as defined in Article 41 of the Law of 2010. Investments of the Subfund are made in the currencies deemed best suited for good performance and are actively managed in respect of the currency of account of the Subfund.

To achieve a broad spread (diversification) of all investments in terms of markets, sectors, issuers, ratings and companies, the Subfund may invest up to 10% of its net assets in UCI and UCITS (including ETFs on commodities indices and UCI or UCITS focusing on commodities), provided that the investment policy of the target fund is largely in line with the above-mentioned investment policy.

**As of 15 November 2016, the following investment policy shall replace the one above:**

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

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

In accordance with the legal provisions, up to 25% of the Subfund's net assets are invested exclusively in commodities. Said investments are made indirectly via exchange-traded or OTC derivatives (e.g. contracts for difference, total return swaps and options on commodity indexes), structured products (exchange traded commodities – ETC) or via UCI and UCITS (including ETF). In doing so, the possibility of physical delivery of commodities to the Subfund is excluded. For total return swaps, the Subfund is party to the swap transaction with regard to the performance of the total return (TR) commodity index, minus the cash rate used in the index. Typically, the notional value of the swap may be adjusted on a daily basis (as is the case, for example, with inflows from share subscriptions, outflows from share redemptions or when adjusting the investment strategy). The counterparty risk resulting from a swap is the open profit (not the notional value of the swap agreement). To reduce this risk as far as possible and keep it within the legally permitted range at all times, the open profits are typically settled once a month or in any case when the legally permitted counterparty risk limits are reached (through what is referred to as a “reset”). Generally, a portfolio containing commodities will have a higher volatility than a portfolio consisting solely of equities. Investors should therefore note that the Subfund is only suitable for investors who are prepared to accept moderate to high levels of volatility.

The Subfund may invest up to 10% of its net assets in UCI and UCITS, provided that the investment policy of this target fund is largely in line with the Subfund's investment policy.

Up to 20% of the net assets made be invested in bonds rated between BB+ and C (Standard & Poor's) or with a similar rating from another recognised agency or – insofar as a new issue is concerned that does not yet have an official rating – a comparable internal UBS rating. Investments rated between BB+ and C may carry an above-average yield, but also a higher credit risk than investments in securities of first-class borrowers.

The above-mentioned securities are securities as defined in Article 41 of the Law of 2010. Investments of the Subfund are made in the currencies deemed best suited for good performance and are actively managed in respect of the currency of account of the Subfund.

The Subfund may also invest in emerging market countries. This means that it is exposed to specific risks which may be greater than those inherent in globally oriented investments. An overview of the risks in connection with investments focusing on emerging markets is given in the section “Investing in emerging markets”. The use of derivatives is a core element in achieving the investment objectives. Derivatives shall be used for participating in the expected market performance and/or for hedging purposes.

The Subfund may be exposed to greater volatility and is therefore particularly suitable for investors with a long-term orientation.

Currency of account: USD

Fees	Maximum flat fee (maximum management fee) p.a.
Share classes with “P” in their name	1.920% (1.540%)
Share classes with “N” in their name	2.500% (2.000%)
Share classes with “K-1” in their name	1.300% (1.040%)
Share classes with “K-X” in their name	0.000% (0.000%)
Share classes with “F” in their name	0.580% (0.460%)
Share classes with “Q” in their name	1.200% (0.960%)
Share classes with “I-A1” in their name	1.150% (0.920%)
Share classes with “I-A2” in their name	1.050% (0.840%)
Share classes with “I-A3” in their name	1.000% (0.800%)
Share classes with “I-B” in their name	0.065% (0.000%)
Share classes with “I-X” in their name	0.000% (0.000%)
Share classes with “U-X” in their name	0.000% (0.000%)

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

The objective of this Subfund is the combination of investments in different asset classes with a focus on emerging markets in such a way that the portfolio generates a high income (mainly through e.g. dividends, interest payments, payment streams from derivatives).

To achieve this objective, the Subfund may invest in traditional asset classes such as equities and bonds, as well as, within the legally permissible framework, in non-traditional asset classes focusing for instance on real estate, infrastructure or commodities. Investors should note that **as of 15 November 2016**, the Subfund's investment exposure may also include Chinese A-shares traded via Shanghai-Hong Kong Stock Connect. Chinese A-shares are renminbi-denominated A-shares of companies domiciled in mainland China; these are traded on Chinese stock exchanges such as the Shanghai Stock Exchange and the Shenzhen Stock Exchange.

In order to fulfil its investment objective and achieve a broad diversification, the Subfund may invest up to 100% of its net assets in UCITS and 30% of its net assets in other UCI. This method of investment and the associated expenses are described in the section “Investments in UCI and UCITS”. In order to fulfil its investment objective, the Subfund may also invest in all other legally permissible instruments, including structured products, certificates and derivative financial instruments, which can be used for hedging purposes and/or for participating in the anticipated market performance.

This also applies to those parts of the fund assets that, where applicable, participate in the performance of commodity indices or commodity subindices. In so doing, the possibility of physical delivery to the Subfund is excluded at all times. The Portfolio Manager achieves this participation by, for example, entering into swap transactions on the indices/subindices. In this way, the Subfund is party to the swap transaction and receives the performance of the total return (TR) commodity index minus the cash rate used in the index. Typically, the notional value of the swap may be adjusted on a daily basis (as is the case, for example, for inflows from share subscriptions, outflows from share redemptions or when adjusting the investment strategy). The counterparty risk resulting from a swap is the open profit or loss (not the notional value of the swap agreement). To reduce this risk as far as possible and keep it within the legally permitted range at all times, the open profits or losses are typically settled once a month or in any case when the legally permitted counterparty risk limits are reached (through what is referred to as a “reset”). The Subfund may invest in UCI and UCITS with an investment focus on commodities, including ETFs, provided that these invest exclusively in commodities indices and commodities subindices. Where the Subfund participates in the performance of real estate, this primarily takes place through investments in units issued by real estate companies (“real estate investment trusts” - REITs), or UCITS or other UCI which invest either directly or indirectly in real estate.

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

**Investors should also read, be aware of and take into account the above-mentioned risks associated with investments traded via Hong Kong-Shanghai Stock Connect. Information relating to these can also be found in the section entitled “General risk Information”.**

Currency of account: USD

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

Fees	Maximum flat fee (maximum management fee), p.a.
Share classes with "I-A3" in their name	0.800% (0.640%)
Share classes with "I-B" in their name	0.150% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)

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

This Subfund may invest up to 100% of its assets in other undertakings for collective investment (hereinafter: the **"target funds"**). The Subfund mainly invests in actively managed target funds whose investment focus is on taking long and short positions. The Subfund focuses primarily on UCITS that use derivatives to seek growth through "long" and "short" positions. The target funds are selected by the Subfund's Portfolio Manager following a close analysis and selection process, taking into account both quantitative and qualitative assessment criteria.

The Subfund may also invest in other permissible investments as described in the prospectus.

Currency of account: EUR

Fees	Maximum flat fee (maximum management fee), p.a.
Share classes with "P" in their name	1.750% (1.400%)
Share classes with "N" in their name	2.000% (1.600%)
Share classes with "K-1" in their name	1.250% (1.000%)
Share classes with "K-X" in their name	0.000% (0.000%)
Share classes with "F" in their name	0.950% (0.760%)
Share classes with "Q" in their name	1.000% (0.800%)
Share classes with "I-A1" in their name	0.950% (0.760%)
Share classes with "I-A2" in their name	0.900% (0.720%)
Share classes with "I-A3" in their name	0.850% (0.680%)
Share classes with "I-B" in their name	0.065% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)

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

The objective of this Subfund is to combine investments in different asset classes in such a way that the portfolio generates a high income (dividends, interest payments, payment streams from derivatives, etc.). Risk diversification and dynamic distribution across the various asset classes aim to create a stable capital base throughout a market cycle, which would not be possible with a restriction to equities.

To this end, within the framework of legally permissible instruments, the Subfund may invest on a globally diversified basis, either directly or via the use of derivative financial instruments or existing UCI and UCITS, both in the classic asset classes of equities and bonds, as well as in investments focusing on the real estate asset class (e.g. in the form of real estate investment trusts) within the legally permissible framework.

In line with the investment policy outlined above, the Subfund invests a maximum of 60% in equities, other share-type capital participations such as cooperative shares, dividend-right certificates and profit participation certificates (equities and equity rights) and warrants on securities (including emerging markets). Further information on investing in emerging markets can be found in the corresponding section of this prospectus.

Pursuant to the general investment policy, the Subfund may invest all of its assets in debt instruments and claims, if this is deemed necessary for achieving the investment objectives. Within this asset class, the Subfund may invest up to 100% of its assets in government-guaranteed bonds. The upper limit for investments in inflation-linked notes or corporate bonds is 75% of Subfund assets in each case. A maximum of 50% of the investments of the Subfund may be made in bonds rated between BBB- and C (Standard & Poor's) or with a similar rating from another recognised agency or – insofar as a new issue is concerned that does not yet have an official rating – a comparable internal UBS rating. **Investments rated between BB+ and C may carry an above-average yield, but also a higher credit risk than investments in securities of first-class borrowers. Investors are expressly informed of this potentially increased risk of loss.** The above-mentioned securities are securities as defined in Article 41 of the Law of 2010. The Subfund may invest up to 25% of its assets in emerging markets bonds. Further information on investing in emerging markets can be found in the corresponding section of the sales prospectus.

From 26 November 2012, up to 25% of fund assets may also be invested in the commodities asset class through participation in the performance of commodities indices. In so doing, the possibility of physical delivery to the Subfund is excluded at all times. The Portfolio Manager achieves such participation by, for example, entering into swaps on the aforementioned indices. In this way, the Subfund is party to the swap transaction and receives the positive performance of the total return (TR) commodity index minus the cash rate used in the index. Typically, the notional value of the swap may be adjusted on a daily basis (as is the case, for example, with inflows from share subscriptions, outflows from share redemptions or from a rebalancing of the portfolio when the investment strategy is adjusted). The counterparty risk resulting from a swap is the open profit or loss (not the notional value of the swap agreement). To reduce this risk as far as possible and keep it within the legally permitted range at all times, the open profits or losses are typically settled once a month or in

any case when the legally permitted counterparty risk limits are reached (through what is referred to as a "reset"). In addition, the Subfund may invest in stock market-traded investment funds (exchange-traded funds - ETFs) on commodity indices, which as a rule use the above-mentioned swaps in order to achieve exposure to commodities. The Portfolio Manager may also purchase ETF securities on commodity indices. These are stock market traded securities whose price is coupled to the performance of a commodity index, and which must comply with legally defined criteria. Furthermore, the Subfund may also invest in existing UCI and UCITS with a focus on commodities on the condition that these in turn invest exclusively via participation in commodity indices.

To achieve the investment objectives and ensure a broad spread (diversification) of all investments across asset classes, markets, sectors, issuers, ratings and companies, the Subfund may invest up to 100% of its net assets in existing UCI and UCITS. This method of investment and the associated expenses are described in the section "Investments in UCI and UCITS".

The Subfund may invest up to 100% of its assets in cash or money market-related securities.

The use of derivatives does not play a key role in achieving the investment strategy and a substantial increase in market risk is not intended. To implement the investment objectives and achieve efficient portfolio management, the Portfolio Manager may, for example, through the use of derivatives (e.g. swap contracts), exchange the performance of significant parts of the portfolio for that of other, legally permissible investments for which provision is made in the investment policy in order to profit from the volatility of the asset classes or to achieve significant investment exposure as defined in the investment policy through investing in options, futures and forwards.

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

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

Generally, a portfolio containing commodities is likely to have a higher volatility than a portfolio consisting solely of equities. For this reason, investors should note that the Subfund is suitable for investors who are prepared to accept moderate to high levels of volatility.

Currency of account: USD

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

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

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

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

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



Where the Subfund participates in the performance of real estate, this primarily takes place through investments in units issued by real estate companies ("real estate investment trusts" - REITs), or UCITS or other UCI which invest either directly or indirectly in real estate. The Subfund invests primarily in investments which focus on emerging markets. This means that it is exposed to specific risks which may be greater than the normal risks inherent in internationally oriented investments. An overview of the general risks with investments focusing on emerging markets is given in the section "Investing in emerging markets".

Currency of account: USD

Fees	Maximum flat fee (maximum management fee), p.a.
Share classes with "P" in their name	1.880% (1.500%)
Share classes with "N" in their name	2.500% (2.000%)
Share classes with "K-1" in their name	1.300% (1.040%)
Share classes with "K-X" in their name	0.000% (0.000%)
Share classes with "F" in their name	0.800% (0.640%)
Share classes with "Q" in their name	1.350% (1.080%)
Share classes with "I-A1" in their name	1.000% (0.800%)
Share classes with "I-A2" in their name	0.900% (0.720%)
Share classes with "I-A3" in their name	0.800% (0.640%)
Share classes with "I-B" in their name	0.145% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)

UBS (Lux) Key Selection SICAV – European Growth and Income (EUR)

The aim of this Subfund is to achieve long-term growth using a diversified portfolio consisting primarily of European equities, bonds and convertible bonds. Investing in high-yield bonds plays a central role in the investment strategy. As a result, a maximum of 75% of the Subfund's investments shall be in debt securities, claims and convertible bonds which have lower ratings, i.e. a maximum rating of BBB (Standard & Poor's), a comparably low rating from another recognised rating agency or – insofar as a new issue is concerned that does not yet have an official rating or an issue that has no rating at all – a comparably low internal UBS rating. Investments with lower ratings may carry an above-average yield, but also a higher credit risk than investments in securities of first-class borrowers. The Subfund may invest a maximum of 40% of its assets in all types of convertible, exchangeable and warrant-linked bonds, including synthetic convertible bonds (combination of derivatives and bonds), worldwide. In order to fulfil its investment objective and achieve a broad diversification, the Subfund may invest up to 100% of its net assets in UCITS and 30% of its net assets in other UCI. This method of investment and the associated expenses are described in the section "Investments in UCI and UCITS". In order to fulfil its investment objective, the Subfund may also invest in all other legally permissible instruments, including structured products, certificates and derivative financial instruments, which can be used for hedging purposes and/or for participating in the anticipated market performance. In order to fulfil the investment objectives and ensure efficient portfolio management, the Portfolio Manager of the Subfund may, in particular, but among other things, achieve significant investment exposure as defined in the investment policy via the investment in futures and forwards. To achieve its objectives, the Subfund may also make investments on the credit derivatives market by, among other things, investing in credit default swaps (CDS) of individual issuers and in indices of the iTraxx and CDX index family that are based on the CDS of individual issuers. In principle, investments made by the Subfund are carried out in EUR. If other currencies are used, then these shall be partially hedged against the currency of account (EUR).

Currency of account: EUR

Fees	Maximum flat fee (maximum management fee), p.a.
Share classes with "P" in their name	1.700% (1.360%)
Share classes with "N" in their name	1.900% (1.520%)
Share classes with "K-1" in their name	1.100% (0.880%)
Share classes with "K-X" in their name	0.000% (0.000%)
Share classes with "F" in their name	0.650% (0.520%)
Share classes with "Q" in their name	0.960% (0.770%)
Share classes with "I-A1" in their name	0.750% (0.600%)
Share classes with "I-A2" in their name	0.700% (0.560%)
Share classes with "I-A3" in their name	0.650% (0.520%)
Share classes with "I-B" in their name	0.065% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)

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

This Subfund aims to generate attractive yields over the long term. In order to achieve this, the Subfund invests on a global scale in a range of predominantly traditional asset classes such as equities, bonds, liquid funds and various currencies, without the use of a reference index. The Subfund's assets are very actively and flexibly adjusted to the relevant market environment in order to reduce the risk of loss as much as possible. The Portfolio Manager may also take into account investment strategies of the Chief Investment Office of UBS Wealth Management. In this way and as the name of the Subfund implies, the strategy and research of UBS Asset Management in its role as Portfolio Manager is augmented by a second source of yield potential. However, the Portfolio Manager remains solely responsible for the Subfund and may therefore reject any suggestions by UBS Wealth Management. The Subfund may invest up to 20% of its net assets in bonds rated between BBB- and C (Standard & Poor's) or with a similar rating from another recognised agency or – insofar as a new issue is concerned that does not yet have an official rating – a comparable internal UBS rating. Investments rated between BBB- and C may carry an above-average yield, but also a higher credit risk than investments in securities of first-class borrowers. The Subfund may also invest in emerging market countries. This means that it is exposed to specific risks which may be greater than those inherent in globally oriented investments. An overview of the risks in connection with investments focusing on emerging markets is given in the section "Investing in emerging markets". For investments involving participation in the performance of commodities indices or commodities subindices, it is ensured at all times that the commodities cannot be physically delivered to the Subfund. The Portfolio Manager achieves this participation by, for example, entering into swap transactions on the indices/subindices. In this way, the Subfund is party to the swap transaction and receives the performance of the total return (TR) commodity index, minus the cash rate used in the index. Typically, the notional value of the swap may be adjusted on a daily basis (as is the case, for example, for inflows from share subscriptions, outflows from share redemptions or when adjusting the investment strategy). The counterparty risk resulting from a swap is the open profit or loss (not the notional value of the swap agreement). To reduce this risk as far as possible and keep it within the legally permitted range at all times, the open profits or losses are typically settled once a month or in any case when the legally permitted counterparty risk limits are reached (through what is referred to as a "reset"). The Subfund may invest in UCI and UCITS with an investment focus on commodities, including ETFs, provided that these invest exclusively in commodities indices and commodities subindices. Investments of the Subfund are made in the currencies deemed best suited for good performance and are actively managed in respect of the currency of account of the Subfund. The use of derivatives is a core element in achieving the investment objectives. Derivatives shall be used for participating in the expected market performance and/or for hedging purposes. The Subfund may be exposed to greater volatility and is therefore particularly suitable for investors with a long-term orientation.

**As of 15 November 2016, the following investment policy shall replace the one above:**

**UBS (Lux) Key Selection SICAV – Dual Alpha (USD)**

This Subfund aims to generate attractive yields over the long term. In order to achieve this, the Subfund invests on a global scale in a range of predominantly traditional asset classes such as equities, bonds, liquid funds and various currencies, without the use of a reference index. The Subfund's assets are very actively and flexibly adjusted to the relevant market environment in order to reduce the risk of loss as much as possible. The Portfolio Manager may also take into account investment strategies of the Chief Investment Office of UBS Wealth Management. In this way and as the name of the Subfund implies, the strategy and research of UBS Asset Management in its role as Portfolio Manager is augmented by a second source of yield potential. However, the Portfolio Manager remains solely responsible for the Subfund and may therefore reject any suggestions by UBS Wealth Management. The Subfund may invest up to 20% of its net assets in bonds rated between BB+ and C (Standard & Poor's) or with a similar rating from another recognised agency or – insofar as a new issue is concerned that does not yet have an official rating – a comparable internal UBS rating. Investments rated between BB+ and C may carry an above-average yield, but also a higher credit risk than investments in securities of first-class borrowers. The Subfund may also invest in emerging market countries. This means that it is exposed to specific risks which may be greater than those inherent in globally oriented investments. An overview of the risks in connection with investments focusing on emerging markets is given in the section "Investing in emerging markets". In accordance with the legal provisions, the Subfund invests exclusively in commodities. Said investments are made indirectly via exchange-traded or OTC derivatives (e.g. contracts for difference, total return swaps and options and commodity indexes), structured products (exchange traded commodities – ETC) or via UCI and UCITS (including ETF). In doing so, the possibility of physical delivery of commodities to the Subfund is excluded. For total return swaps, the Subfund is party to the swap transaction with regard to the performance of the total return (TR) commodity index, minus the cash rate used in the index. Typically, the notional value of the swap may be adjusted on a daily basis (as is the case, for example, with inflows from share subscriptions, outflows from share redemptions or when adjusting the investment strategy). The counterparty risk resulting from a swap is the open profit (not the notional value of the swap agreement). To reduce this risk as far as possible and keep it within the legally permitted range at all times, the open profits are typically settled once a month or in any case when the legally permitted counterparty risk limits are reached (through what is referred to as a "reset"). Generally, a portfolio containing commodities will have a higher volatility than a portfolio consisting solely of equities. Investors should therefore note that the Subfund is only suitable for investors who are prepared to accept moderate to high levels of volatility. The Subfund may invest up to 10% of its net assets in UCI and UCITS, provided that the investment policy of this target fund is largely in line with the Subfund's investment policy.

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

The use of derivatives is a core element in achieving the investment objectives. Derivatives shall be used for participating in the expected market performance and/or for hedging purposes.

The Subfund may be exposed to greater volatility and is therefore particularly suitable for investors with a long-term orientation.

Currency of account: USD

<b>Fees</b>	<b>Maximum flat fee (maximum management fee), p.a.</b>
Share classes with "P" in their name	1.920% (1.540%)
Share classes with "N" in their name	2.500% (2.000%)
Share classes with "K-1" in their name	1.300% (1.040%)
Share classes with "K-X" in their name	0.000% (0.000%)
Share classes with "F" in their name	1.000% (0.800%)
Share classes with "Q" in their name	1.200% (0.960%)
Share classes with "I-A1" in their name	1.150% (0.920%)
Share classes with "I-A2" in their name	1.050% (0.840%)
Share classes with "I-A3" in their name	1.000% (0.800%)
Share classes with "I-B" in their name	0.065% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)

#### UBS (Lux) Key Selection SICAV – China Allocation Opportunity (USD)

The objective of this Subfund is to achieve capital growth and generate income by investing in a diversified portfolio with a focus on China.

To achieve this objective, the Subfund invests mainly in equities and equity rights or bonds and claims of companies domiciled or chiefly active in China, in addition to other permissible investments which focus on China. The Subfund may also invest in securities traded on the onshore China securities market. These include Chinese A-shares ("**A-shares**") as well as RMB-denominated fixed-income instruments traded on the Chinese interbank bond market ("**CIBM**") or the exchange-traded bond market ("**Chinese onshore bonds**"). In particular, the Subfund may invest directly or indirectly in Chinese A-shares/Chinese onshore bonds through the Renminbi Qualified Foreign Institutional Investors ("**RQFII**") regime, in UCITS or other UCI with exposure to Chinese A-shares/Chinese onshore bonds and/or access products such as ETFs. Investors should note that the Subfund's investment exposure may also include A-shares traded via Shanghai-Hong Kong Stock Connect. A-shares are renminbi-denominated A-shares of companies domiciled in mainland China; these are traded on Chinese stock exchanges such as the Shanghai Stock Exchange and the Shenzhen Stock Exchange.

The Subfund may investment in bonds and claims with a low rating, i.e. a rating of BBB (Standard & Poor's) or lower, a comparably low rating from another recognised rating agency or – insofar as a new issue is concerned that does not yet have an official rating or an issue that has no rating at all – a comparably low internal UBS rating. Investments with lower ratings may carry an above-average yield, but also a higher credit risk than investments in securities of first-class borrowers. The Subfund may make investments denominated in USD and other currencies (including HKD and RMB).

In order to fulfil its investment objective and achieve broad diversification, the Subfund may invest up to 100% of its net assets in UCITS and 30% of its net assets in other UCI within the meaning of point 1.1(e) of the section entitled "Investment principles". This method of investment and the associated expenses are described in the section "Investments in UCI and UCITS".

In order to fulfil its investment objective, the Subfund may also invest in all other legally permissible instruments, including structured products, certificates and derivative financial instruments, which can be used for hedging purposes and/or for participating in the anticipated market performance. In order to fulfil the investment objectives and ensure efficient portfolio management, the Portfolio Manager of the Subfund may, for example, achieve significant investment exposure as defined in the investment policy by investing in exchange-traded and OTC derivative instruments. Due to the political situation and economic and regulatory developments in China, investments with a focus on China may be affected by legal uncertainties or other accompanying factors. The Subfund is exposed to specific risks that may be greater than those normally associated with investments with an international focus; as a result, the Subfund is suitable for risk-conscious investors. A detailed description of the risks connected with an investment in this Subfund is given in the section "General risk information" under the following headings "**Investing in emerging markets**" and "**Specific risks when investing in the People's Republic of China ("PRC")**". This Subfund is only suitable for investors who are willing to accept these risks.

Currency of account: USD

<b>Fees</b>	<b>Maximum flat fee (maximum management fee) p.a.</b>
Share classes with "P" in their name	1.800% (1.440%)
Share classes with "N" in their name	2.400% (1.920%)
Share classes with "K-1" in their name	1.300% (1.040%)

<b>Fees</b>	<b>Maximum flat fee (maximum management fee) p.a.</b>
Share classes with "K-X" in their name	0.000% (0.000%)
Share classes with "F" in their name	0.800% (0.640%)
Share classes with "Q" in their name	1.100% (0.880%)
Share classes with "I-A1" in their name	1.000% (0.800%)
Share classes with "I-A2" in their name	0.900% (0.720%)
Share classes with "I-A3" in their name	0.800% (0.640%)
Share classes with "I-B" in their name	0.145% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)

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

The objective of the Subfund is to generate income through the active management of a diversified portfolio that is mainly invested in equities and bonds. To achieve this objective, the Subfund may invest in traditional asset classes such as equities (issued by companies active in both developed and emerging markets), bonds (including corporate and government bonds, high-interest bonds and bonds with a focus on emerging markets), liquid assets and, within the legal framework, also other asset classes focusing for instance on real estate (real estate investment trusts — REITs), insurance-linked securities and infrastructure. The Subfund may invest in exchange-traded and OTC derivatives for investment purposes and/or for hedging market and currency positions. This includes, inter alia, forwards, futures, swaps and options. In order to fulfil its investment objective and achieve broad diversification of investments, the Subfund may invest up to 100% of its net assets in UCITS and 30% of its net assets in other UCI within the meaning of point 1.1(e) of the section entitled "Investment principles". This method of investment and the associated expenses are described in the section "Investments in UCI and UCITS". Insofar as the Subfund participates in the performance of real estate, insurance-linked securities and infrastructure, this is carried out in line with the applicable legal provisions and primarily via derivative instruments such as swap transactions on underlying values (e.g. legally permissible indexes) or alternatively via UCITS and other UCI within the meaning of point 1.1(e) of the section entitled "Investment principles". At no time shall the Subfund invest directly in real estate or infrastructure. Investments of the Subfund are made in the currencies deemed best suited for good performance and are actively managed in respect of the currency of account. The Subfund may also invest in assets which focus on emerging markets. This means that the Subfund is exposed to specific risks which may be greater than the normal risks inherent in internationally oriented investments. An overview of the general risks with investments focusing on emerging markets is given in the section "Investing in emerging markets".

Currency of account: USD

<b>Fees</b>	<b>Maximum flat fee (maximum management fee) p.a.</b>
Share classes with "P" in their name	1.680% (1.340%)
Share classes with "N" in their name	1.900% (1.520%)
Share classes with "K-1" in their name	1.100% (0.880%)
Share classes with "K-X" in their name	0.000% (0.000%)
Share classes with "F" in their name	0.700% (0.560%)
Share classes with "Q" in their name	0.950% (0.760%)
Share classes with "I-A1" in their name	0.800% (0.640%)
Share classes with "I-A2" in their name	0.750% (0.600%)
Share classes with "I-A3" in their name	0.700% (0.560%)
Share classes with "I-B" in their name	0.065% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)

#### UBS (Lux) Key Selection SICAV – Active Allocation Defensive (EUR)

The investment policy seeks to achieve an attractive level of earnings in terms of the currency of account, while assuming a moderate degree of risk. To this end, investments will be made over the long term on a broadly diversified basis worldwide, primarily in bonds. The investment risk is, however, typically greater than with a pure bond fund due to the low equity component in the portfolio. While the Portfolio Manager actively adjusts the allocation of investments according to the market environment, individual investments are made via indexed or index-tracking instruments. The Subfund mainly invests in cost-efficient investment vehicles worldwide and may also use derivatives. Investments are mainly made using vehicles such as ETFs, index funds, futures, options, other exchange-traded or OTC derivatives or other cost-efficient instruments with the aim of ensuring the cost-efficient character of the Subfund. Emerging markets, high-yield bonds and alternative investments in accordance with Article 41(1) of the Law of 2010 (non-traditional funds, commodities, etc.) may, to a lesser extent, also be part of the allocation depending on the market environment. The Subfund allocates strategically and tactically in order to take advantage of short and long-term market opportunities.

In accordance with the legal provisions, the Subfund invests exclusively in commodities. Said investments are made indirectly via exchange-traded or OTC derivatives

which each have commodity indexes as underlying assets (e.g. contracts for difference, total return swaps and options), structured products (exchange traded commodities – ETC) or via UCI and UCITS (including ETF). In doing so, the possibility of physical delivery of commodities to the Subfund is excluded. For total return swaps, the Subfund is party to the swap transaction with regard to the performance of the total return (TR) commodity index, minus the cash rate used in the index. Typically, the notional value of the swap may be adjusted on a daily basis (as is the case, for example, with inflows from share subscriptions, outflows from share redemptions or when adjusting the investment strategy). The counterparty risk resulting from a swap is the open profit (not the notional value of the swap agreement). To reduce this risk as far as possible and keep it within the legally permitted range at all times, the open profits are typically settled once a month or in any case when the legally permitted counterparty risk limits are reached (through what is referred to as a “reset”). Generally, a portfolio containing commodities will have a higher volatility than a portfolio consisting solely of equities. Investors should therefore note that the Subfund is only suitable for investors who are prepared to accept moderate to high levels of volatility.

Investments in bonds with a lower rating than BBB- (high-yield bonds) may generate an above-average return compared to investments in securities of first-class issuers. However, they may also bear a greater credit risk. Investments in emerging countries have a specific risk which may be greater than for global investments. An overview of risks which are associated with investments with a focus on emerging markets can be found in the section “Investments in emerging markets”. Derivatives can be used to hedge market risks or to benefit from the market trend. The associated risks are described in the section “Risks connected with the use of derivatives”. To achieve a broad spread (diversification) of all investments in terms of markets, sectors, issuers, ratings and companies, the Subfund may invest up to 100% of its net assets in UCI and UCITS, provided the investment policy of the target funds largely accords with the above-mentioned investment policy. This method of investment and the associated expenses are described in the section “Investments in UCI and UCITS”.

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

Currency of account: EUR

Fees	Maximum flat fee (maximum management fee) p.a.
Share classes with “P” in their name	0.700% (0.560%)
Share classes with “N” in their name	0.800% (0.640%)
Share classes with “K-1” in their name	0.490% (0.390%)
Share classes with “K-X” in their name	0.000% (0.000%)
Share classes with “F” in their name	0.240% (0.190%)
Share classes with “Q” in their name	0.400% (0.320%)
Share classes with “I-A1” in their name	0.320% (0.260%)
Share classes with “I-A2” in their name	0.290% (0.230%)
Share classes with “I-A3” in their name	0.240% (0.190%)
Share classes with “I-B” in their name	0.065% (0.000%)
Share classes with “I-X” in their name	0.000% (0.000%)
Share classes with “U-X” in their name	0.000% (0.000%)

UBS (Lux) Key Selection SICAV – Active Allocation Balanced (EUR)

The aim of the investment policy is to seek the best combination of interest income and capital growth in terms of the currency of account. To this end, investments are mainly made worldwide on a broadly diversified basis in generally similar proportions of bonds and equities. While the Portfolio Manager actively adjusts the allocation of investments according to the market environment, individual investments are made via indexed or index-tracking instruments. The Subfund mainly invests in cost-efficient investment vehicles worldwide and may also use derivatives. Investments are mainly made using vehicles such as ETFs, index funds, futures, options, other exchange-traded or OTC derivatives or other cost-efficient instruments with the aim of ensuring the cost-efficient character of the Subfund. Emerging markets, high-yield bonds and alternative investments in accordance with Article 41(1) of the Law of 2010 (non-traditional funds, commodities, etc.) may, to a lesser extent, also be part of the allocation depending on the market environment. The Subfund allocates strategically and tactically in order to take advantage of short and long-term market opportunities. In accordance with the legal provisions, the Subfund invests exclusively in commodities. Said investments are made indirectly via exchange-traded or OTC derivatives which each have commodity indexes as underlying assets (e.g. contracts for difference, total return swaps and options), structured products (exchange traded commodities – ETC) or via UCI and UCITS (including ETF). In doing so, the possibility of physical delivery of commodities to the Subfund is excluded. For total return swaps, the Subfund is party to the swap transaction with regard to the performance of the total return (TR) commodity index, minus the cash rate used in the index. Typically, the notional value of the swap may be adjusted on a daily basis (as is the case, for example, with inflows from share subscriptions, outflows from share redemptions or when adjusting the investment strategy). The counterparty risk resulting from a swap is the open profit (not the notional value of the swap agreement). To reduce this risk as far as possible and keep it within the legally permitted range at all times, the open profits are typically settled once a month or in any case when the legally permitted counterparty risk limits are reached (through what is referred to as a “reset”). Generally, a portfolio containing commodities will have a higher volatility than a portfolio consisting solely of equities. Investors should therefore note that the

Subfund is only suitable for investors who are prepared to accept moderate to high levels of volatility.

Investments in bonds with a lower rating than BBB- (high-yield bonds) may generate an above-average return compared to investments in securities of first-class issuers. However, they may also bear a greater credit risk. Investments in emerging countries have a specific risk which may be greater than for global investments. An overview of risks which are associated with investments with a focus on emerging markets can be found in the section “Investments in emerging markets”. Derivatives can be used to hedge market risks or to benefit from the market trend. The associated risks are described in the section “Risks connected with the use of derivatives”. To achieve a broad spread (diversification) of all investments in terms of markets, sectors, issuers, ratings and companies, the Subfund may invest up to 100% of its net assets in UCI and UCITS, provided the investment policy of the target funds largely accords with the above-mentioned investment policy. This method of investment and the associated expenses are described in the section “Investments in UCI and UCITS”.

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

Currency of account: EUR

Fees	Maximum flat fee (maximum management fee) p.a.
Share classes with “P” in their name	0.750% (0.600%)
Share classes with “N” in their name	0.900% (0.720%)
Share classes with “K-1” in their name	0.530% (0.420%)
Share classes with “K-X” in their name	0.000% (0.000%)
Share classes with “F” in their name	0.280% (0.220%)
Share classes with “Q” in their name	0.420% (0.340%)
Share classes with “I-A1” in their name	0.360% (0.290%)
Share classes with “I-A2” in their name	0.330% (0.260%)
Share classes with “I-A3” in their name	0.280% (0.220%)
Share classes with “I-B” in their name	0.065% (0.000%)
Share classes with “I-X” in their name	0.000% (0.000%)
Share classes with “U-X” in their name	0.000% (0.000%)

UBS (Lux) Key Selection SICAV – Active Allocation Growth (EUR)

The aim of the investment policy is to generate optimal capital growth in terms of the currency of account. To this end, investments are mainly made worldwide in on a broadly diversified basis in bonds and equities, with the majority of Fund assets generally invested in equities. While the Portfolio Manager actively adjusts the allocation of investments according to the market environment, individual investments are made via indexed or index-tracking instruments.

The Subfund mainly invests in cost-efficient investment vehicles worldwide and may also use derivatives. Investments are mainly made using vehicles such as ETFs, index funds, futures, options, other exchange-traded or OTC derivatives or other cost-efficient instruments with the aim of ensuring the cost-efficient character of the Subfund. Emerging markets, high-yield bonds and alternative investments in accordance with Article 41(1) of the Law of 2010 (non-traditional funds, commodities, etc.) may, to a lesser extent, also be part of the allocation depending on the market environment. The Subfund allocates strategically and tactically in order to take advantage of short and long-term market opportunities.

In accordance with the legal provisions, the Subfund invests exclusively in commodities. Said investments are made indirectly via exchange-traded or OTC derivatives which each have commodity indexes as underlying assets (e.g. contracts for difference, total return swaps and options), structured products (exchange traded commodities – ETC) or via UCI and UCITS (including ETF). In doing so, the possibility of physical delivery of commodities to the Subfund is excluded. For total return swaps, the Subfund is party to the swap transaction with regard to the performance of the total return (TR) commodity index, minus the cash rate used in the index. Typically, the notional value of the swap may be adjusted on a daily basis (as is the case, for example, with inflows from share subscriptions, outflows from share redemptions or when adjusting the investment strategy). The counterparty risk resulting from a swap is the open profit (not the notional value of the swap agreement). To reduce this risk as far as possible and keep it within the legally permitted range at all times, the open profits are typically settled once a month or in any case when the legally permitted counterparty risk limits are reached (through what is referred to as a “reset”). Generally, a portfolio containing commodities will have a higher volatility than a portfolio consisting solely of equities. Investors should therefore note that the Subfund is only suitable for investors who are prepared to accept moderate to high levels of volatility.

Investments in bonds with a lower rating than BBB- (high-yield bonds) may generate an above-average return compared to investments in securities of first-class issuers. However, they may also bear a greater credit risk. Investments in emerging countries have a specific risk which may be greater than for global investments. An overview of risks which are associated with investments with a focus on emerging markets can be found in the section “Investments in emerging markets”. Derivatives can be used to hedge market risks or to benefit from the market trend. The associated risks are described in the section “Risks connected with the use of derivatives”. To achieve a broad spread (diversification) of all investments in terms of markets, sectors, issuers, ratings and companies, the Subfund may invest up to 100% of its net assets in UCI and UCITS, provided the investment policy of the target funds largely accords with the above-mentioned investment policy. This method of investment and the associated expenses are described in the section “Investments in UCI and UCITS”.



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

Currency of account: EUR

Fees	Maximum flat fee (maximum management fee) p.a.
Share classes with "P" in their name	0.800% (0.640%)
Share classes with "N" in their name	1.000% (0.800%)
Share classes with "K-1" in their name	0.570% (0.460%)
Share classes with "K-X" in their name	0.000% (0.000%)
Share classes with "F" in their name	0.310% (0.250%)
Share classes with "Q" in their name	0.450% (0.360%)
Share classes with "I-A1" in their name	0.390% (0.310%)
Share classes with "I-A2" in their name	0.360% (0.290%)
Share classes with "I-A3" in their name	0.310% (0.250%)
Share classes with "I-B" in their name	0.065% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)

### UBS (Lux) Key Selection SICAV – Flex Patrimoine (EUR)

The Subfund is a feeder UCITS (the **"Feeder Fund"**) following Article 77 of the Law of 2010. It invests at least 85% of its net assets in units of UBS (F) – Flex Patrimoine (EUR), an undertaking for collective investment without legally independent status in the form of a collective investment fund ("fonds commun de placement" – FCP) in accordance with the UCITS Directive 2009/65/EC, as amended (the **"UCITS Directive"**), incorporated in France on 11 July 2008 and authorised by the Financial Markets Authority (Autorité des Marchés Financiers) (the **"Master Fund"**). The Master Fund appointed UBS Asset Management France SA to act as its management company and portfolio manager (the **"Master Management Company"** and the **"Master Portfolio Manager"** respectively).

The Feeder Fund may hold up to 15% of its net assets in: (a) ancillary liquid assets in accordance with Article 41(2), second sub-paragraph of the Law of 2010; (b) financial derivative instruments, which may be used only for hedging purposes, in accordance with Article 41(1)(g) of the Law of 2010 and Article 42(2) and (3) of the Law of 2010.

As a consequence, the performance of the Feeder Fund may differ from the performance of the Master Fund.

**Detailed information related to the Master Fund may be obtained in the respective sales prospectus and KII and on [www.ubs.com/funds](http://www.ubs.com/funds) or at the registered office of the Master Management Company.**

The investment policy of the Feeder Fund shall be read in conjunction with the sales prospectus of the Master Fund, the investment objectives and policy being the following:

#### Investment objectives and policy of the Master Fund

The Master Fund aims at delivering a net positive performance over three years. The Master Fund is managed in a discretionary manner with an active policy of asset allocation, investing mainly in other investment funds. The discretionary management approach consists in determining allocation (by region, level of investment, sensitivity, etc.) between different asset classes (equities, bonds, volatility, money market instruments, etc.) on the basis of the Master Portfolio Manager's expectations for future market trends and economic scenarios.

The Master Fund may, to a limited extent, be exposed to the commodities markets via securities or collective investments in the commodities and precious metals sector (gold or other precious metals).

Securities are selected using a micro-economic approach that factors in a target company's fundamentals: financial data, quality of management, the sector's potential for growth and the target company's potential for growth within the sector. This strategy, where securities are selected on a case-by-case basis without reference to a benchmark index, is known as "stock-picking".

Investment funds in which the Master Fund will invest are selected on the basis of a combination of quantitative and qualitative criteria, such as past performance, ratios and ratings, quality of management, manager's expertise and added value. The Master Portfolio Manager will use quantitative models developed by the Master Management Company to manage the level of exposure to the equity markets. The purpose of these quantitative models is to protect the portfolio against extreme market fluctuations. This means that when they are implemented, the portfolio's level of exposure to equity risk may differ significantly from the level recommended as a result of the fundamental research conducted internally by the UBS Group.

The total direct investment exposures, derivatives exposures or resulting from any other type of investment will not exceed 200% of the Master Fund's net assets.

The Master Fund invests in compliance with the limits and restrictions set forth in the UCITS Directive and as further described in the sales prospectus of the Master Fund. As such, the Master Fund is not itself a feeder fund and does not hold shares of the Feeder Fund.

Currency of account of the Feeder Fund: EUR

#### Fees

The Feeder Fund is investing in the "I-B EUR" unit class of the Master Fund. At the level of the Master Fund, the fees, charges and expenses associated with the investment in the "I-B EUR" unit class are (i) an annual management charge paid to the Management Company and other entities (statutory auditor, Depositary, distributors, lawyers) at an annual maximum rate of 0.10%, and (ii) other expenses of the Master Fund, as described in its sales prospectus. Details on the actual charges and

expenses incurred at the level of the Master Fund are available on the website [www.ubs.com/funds](http://www.ubs.com/funds) or at the registered office of the Master Management Company. The Master Fund must not charge subscription, redemption or subscription fees to the Feeder Fund.

At the Feeder Fund level, the maximum flat fee is payable by the Company for the different share classes offered. For further details, please refer to the section "Expenses paid by the Company" of this sales prospectus.

The fees of the Feeder Fund and for the "I-B EUR" unit class of the Master Fund are as follows:

Fees	Maximum flat fee at the level of the Feeder Fund (maximum management fee) p.a.	Maximum annual management fee paid to the Master Management Company and other entities (statutory auditor, Depositary, distributors, lawyers) at the level of the Master Fund
Share classes with "P" in their name	1.250% (1.000%)	
Share classes with "N" in their name	1.600% (1.280%)	
Share classes with "K-1" in their name	1.000% (0.800%)	
Share classes with "K-X" in their name	0.000% (0.000%)	
Share classes with "F" in their name	0.500% (0.400%)	
Share classes with "Q" in their name	0.750% (0.600%)	0.100%
Share classes with "I-A1" in their name	0.640% (0.510%)	
Share classes with "I-A2" in their name	0.580% (0.460%)	
Share classes with "I-A3" in their name	0.500% (0.400%)	
Share classes with "I-B" in their name	0.065% (0.000%)	
Share classes with "I-X" in their name	0.000% (0.000%)	
Share classes with "U-X" in their name	0.000% (0.000%)	

Additional information on ongoing fees incurred by the Feeder Fund (aggregated with those incurred at the level of the Master Fund) is disclosed in the KII.

#### Risk profile of the Master Fund

The Master Fund's investments may be subject to substantial fluctuations and no guarantee can be given that the value of a unit will not fall below its value at the time of acquisition.

The risk factors that can trigger such fluctuations or influence their scale include but are not limited to the ones describes in the section "Risk profile" of this prospectus. Furthermore, the Master Fund may be subject to the following risk factors: the risk associated with discretionary management, the risk of capital loss, the equity risk, the risk associated with small and mid-cap companies, the risk associated with investments in emerging markets, the credit risk and the risk associated with investments in speculative securities.

#### Specific risk factors of the Feeder Fund

The risk factors applicable to the Feeder Fund (which relate to its investment policy to invest in the Master Fund as a feeder UCITS) are as follows:

The Feeder Fund invests in the Master Fund and, as such, the investments of the Feeder Fund are not diversified. However, the investments of the Master Fund are diversified in accordance with the UCITS Directive.

#### Taxation for the Feeder Fund

For further details, please refer to the section "Taxation" of this sales prospectus.

#### Liquidation or reorganisation of the Master UCITS

In accordance with Articles 79(4) and 79(5) of the Law of 2010, the Feeder Sub-Fund shall be dissolved and liquidated if its Master UCITS is liquidated, divided into two or more UCITS or merged with another UCITS, unless the CSSF approves either (a) the investment of at least 85% of the assets of that Feeder Sub-Fund into units of another Master UCITS or (b) the Feeder Sub-Fund's conversion into a UCITS which is not a feeder UCITS within the meaning of the Law of 2010.

#### Additional Information

The Feeder Fund and the Master Management Company have entered into a Master-Feeder agreement describing, inter alia, the appropriate measures to mitigate conflicts of interest that may arise between the Feeder Fund and the Master Fund, the basis of investment and divestment by the Feeder Fund, standard dealing arrangements, events affecting dealing arrangements and the changes to key provisions of constitutional document and/or the sales prospectus and KII of the Master Fund. The Master Fund and the Feeder Fund have taken appropriate measures to coordinate the timing of their net asset value calculation and publication, in order to avoid market timing and to prevent arbitrage opportunities.

The Depositary of the Master Fund and the Depositary of the Feeder Fund have signed an information and cooperation agreement in order to ensure the fulfilment of the duties of both depositaries, covering, inter alia, transmission of information, documents and categories of information to be shared, coordination of depositaries in relation to operational matters, coordination of accounting year end procedures.

The auditor of the Master Fund and the auditor of the Feeder Fund have signed an information sharing agreement in order to ensure the fulfilment of the duties of both approved statutory auditors, including the arrangements taken to comply with the provisions of the Law of 2010.

A summary of these agreements is available upon request to the Management Company.

## General risk information

### Investments in UCI and UCITS

Subfunds that have invested at least half of their assets in existing UCI and UCITS in accordance with their particular investment policies have the structure of a fund of funds. The general advantage of a fund of funds compared with funds investing directly is the broader diversification or spread of risk. In a fund of funds, portfolio diversification extends not only to its own investments because the investment objects (target funds) themselves are also governed by the stringent principles of risk diversification. A fund of funds enables the investor to invest in a product which spreads its risks on two levels and thereby minimises the risks inherent in the individual investment objects, with the investment policy of the UCITS and UCI in which most investments are made being required to accord as far as possible with the Company's investment policy. The Company additionally permits investment in a single product, by which means the investor gains an indirect investment in numerous securities. Certain commission payments and expenses may occur more than once when investing in existing funds (for example, commission for the Depositary and the central Administrative Agency, management/advisory fees and issuing/redemption commission of the UCI and/or UCITS in which an investment is made). Such commission payments and expenses are charged at the level of the target fund as well as of the fund of funds.

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

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

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

### Investing in emerging markets

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

Emerging markets are at an early stage of development and suffer from increased risk of expropriation, nationalisation and social, political and economic insecurity. The following is an overview of the general risks entailed in emerging markets.

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

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

### Specific risks when investing in the People's Republic of China ("PRC")

For the purposes of this section, "Subfund" refers to each relevant Subfund investing in Chinese A-shares ("A-shares") and/or Chinese onshore bonds through the Portfolio Manager's RQFII quota, Shanghai-Hong Kong Stock Connect ("Stock Connect"), UCITS or other UCI with exposure to Chinese A-shares/Chinese onshore bonds, and/or access products such as ETFs.

### a) China market risk

Investing in the securities markets in the PRC is subject to the risks of investing in emerging markets generally and the risks specific to investing in the PRC market. Many of the PRC economic reforms are unprecedented or experimental and are subject to adjustment and modification, and such adjustment and modification may not always have a positive effect on foreign investment in joint stock companies in the PRC or in listed securities such as A-shares.

The profitability of the investments of a Subfund could be adversely affected by a worsening of general economic conditions in the PRC or global markets. Factors such as PRC government policy, fiscal policy, interest rates, inflation, investor sentiment, the availability and cost of credit in the PRC, the liquidity of the PRC financial markets and the level and volatility of equity prices could significantly affect the value of a Subfund's underlying investments and thus the share price.

The choice of A-shares and RMB-denominated debt instruments currently available to the Portfolio Manager may be limited as compared with the choice available in other markets. There may also be a lower level of liquidity in the relevant PRC markets, which are relatively smaller in terms of both the combined total market value and the number of securities which are available for investment as compared with other markets. This could potentially lead to severe price volatility.

The national regulatory and legal framework for capital markets and joint stock companies in the PRC is still developing when compared with those of developed countries. However, the effects of such reform on the A-share market as a whole remain to be seen. In addition, there is a relatively low level of regulation and enforcement activity in these securities markets. Settlement of transactions may be subject to delay and administrative uncertainties. Furthermore, regulations continue to develop and may change without notice, which may further delay redemptions or restrict liquidity. There may not be regulation and monitoring of the Chinese securities markets and activities of investors, brokers and other market participants equivalent to that in certain more developed markets.

PRC companies are required to follow PRC accounting standards and practices which, to a certain extent, follow international accounting standards. However, there may be significant differences between financial statements prepared by accountants following PRC accounting standards and practices and those prepared in accordance with international accounting standards.

Both the Shanghai and Shenzhen securities markets are in the process of development and change. This may lead to trading volatility, difficulty in the settlement and recording of transactions and difficulty in interpreting and applying the relevant regulations. The PRC government has been developing a comprehensive system of commercial laws and considerable progress has been made in the promulgation of laws and regulations dealing with economic matters such as corporate organisation and governance, foreign investment, commerce, taxation and trade. Because these laws, regulations and legal requirements are relatively recent, their interpretation and enforcement involve uncertainties. In addition, the PRC laws for investor protection are still undergoing development and may be less sophisticated than those in developed countries.

Investments in the PRC will be sensitive to any significant changes in political, social or economic policy in the PRC. Such sensitivity may, for the reasons specified above, adversely affect the capital growth and thus the performance of these investments. The PRC Government's control of currency conversion and future movements in exchange rates may adversely affect the operations and financial results of the companies invested in by a Subfund.

In light of the above-mentioned factors, the price of A-shares may fall significantly in certain circumstances.

### b) RQFII risk

#### RQFII quota

Under the prevailing regulations in the PRC, foreign investors can invest in the A-share market and other RQFII permissible securities through institutions that have obtained qualified status such as RQFII status in the PRC. The current RQFII regulations impose strict restrictions (such as investment guidelines) on A-share investments.

The Subfunds themselves are not RQFIIs, but may invest directly in A-shares and other RQFII permissible securities via the RQFII status of the Portfolio Manager. Potential investors should note that there is no guarantee that any of the Subfunds will continue to benefit from the RQFII quota of the Portfolio Manager, nor that it will be made exclusively available to any of the Subfunds.

There can be no assurance that the Portfolio Manager will be able to allocate a sufficient portion of its RQFII quota to meet all applications for subscription to the Subfund, or that redemption requests can be processed in a timely manner due to adverse changes in relevant laws or regulations, including changes in RQFII repatriation restrictions. Such restrictions may result in suspension of dealings of the Subfund.

RQFII restrictions on investment apply to the quota granted to a RQFII as a whole and not simply to investments made by the Subfund. Consequently, investors should be aware that violations of the RQFII regulations on investment arising out of activities related to portions of the investment quota allocated to another client of the RQFII or another Subfund through whom the Subfund invests could result in the revocation of or other regulatory action in respect of the investment quota of the RQFII as a whole, including any portion utilised by the Subfund. Likewise, limits on investment in A-shares and the regulations relating to the repatriation of capital and profits may apply in relation to the quota held by the Portfolio Manager as a whole. As a result, the ability of the Subfund to make investments and/or repatriate monies from the Portfolio Manager's RQFII quota may be adversely affected by the investments, performance and/or repatriation of monies invested by other investors or other Subfunds utilising the Portfolio Manager's RQFII quota.

Should the Portfolio Manager lose its RQFII status, cease business activities, or the Portfolio Manager's RQFII quota be revoked or reduced, the Subfund may not be able to invest in A-shares or other RQFII permissible securities through the Portfolio Manager's RQFII quota, and the Subfund may be required to dispose of its holdings, which would likely have a material adverse effect on such Subfund.

Investors should note that the Portfolio Manager's RQFII quota (at an aggregated level among all Subfunds and other funds using the same Portfolio Manager's RQFII quota) may be subject to a minimum asset allocation as prescribed by PRC regulators. Accordingly, for Subfunds that invest in RQFII permissible securities, the implementation of their respective investment policy may be restricted by such asset allocation requirement.

#### *RQFII regulations*

The RQFII regulations which govern investments by RQFIIs in the PRC and the repatriation and currency conversion are relatively new. The application and interpretation of the RQFII regulations are therefore relatively untested and there is uncertainty as to how they will be applied. The China Securities Regulatory Commission “**CSRC**” and the PRC State Administration of Foreign Exchange (“**SAFE**”) have been given wide margins of discretion in the RQFII regulations and there is no precedent or certainty as to how these discretions might be exercised now or in the future. At this stage of early development, the RQFII regulations may be subject to further revisions in the future. There is no assurance whether such revisions will prejudice the RQFII, or whether the RQFII quota of the Portfolio Manager (including the quota utilised by the Subfund) which is subject to review from time to time by CSRC and SAFE may be removed substantially or entirely.

#### *PRC brokers*

The relevant Portfolio Manager (as an RQFII) will also select brokers (“**PRC Brokers**”) to execute transactions for the Subfund in the PRC markets. The Subfund may have difficulty in obtaining best execution of transactions in RQFII permissible securities subject to restriction/limitations under applicable RQFII regulations or operational constraints such as the restriction/limitation as to the number of brokers that the Portfolio Manager (as an RQFII) may appoint. If a PRC Broker offers the Subfund standards of execution which the Portfolio Manager reasonably believes to be amongst best practice in the PRC marketplace, the Portfolio Manager may determine that transactions should be consistently executed with that PRC Broker (including where it is an affiliate), notwithstanding that they may not be executed at the best price and shall have no liability to account to the Subfund in respect of the difference between the price at which the Subfund executes transactions and any other price that may have been available in the market at that relevant time.

#### *Custody*

The Depositary of the Subfund holds the Subfund’s assets in custody. The Subfund and the Depositary will appoint a sub-custodian for the Subfund (the “**PRC Sub-Custodian**”), where the PRC Sub-Custodian will hold the assets of the Subfund invested in the PRC through the Portfolio Manager’s RQFII quota.

Any RQFII permissible securities acquired by the Subfund through a Portfolio Manager’s RQFII quota will be maintained by the PRC Sub-Custodian in separate securities accounts and will be registered for the sole benefit and use of the Subfund or the Company (on behalf of the Subfund) subject to applicable laws. There will be segregation of assets by the PRC Sub-Custodian such that the assets of the Subfund will not form part of the assets of the Portfolio Manager (as an RQFII), the PRC Sub-Custodian, or the PRC Brokers. However, subject to the investment regulations, the Portfolio Manager (as an RQFII) could be the party entitled to the securities in such securities accounts (albeit that this entitlement does not constitute an ownership interest or preclude the Portfolio Manager purchasing the securities on behalf of the Subfund), such securities may be vulnerable to a claim by a liquidator of the Portfolio Manager and may not be as well protected as if they were registered solely in the name of the Subfund. In particular, there is a risk that creditors of the Portfolio Manager may incorrectly assume that the Subfund’s assets belong to the Portfolio Manager and such creditors may seek to gain control of the Subfund’s assets to meet the Portfolio Manager’s liabilities owed to such creditors.

Investors should note that cash deposited in the cash account of the Subfund with the PRC Sub-Custodian will not be segregated but will be a debt owing from the PRC Sub-Custodian to the Subfund as a depositor. Such cash will be pooled with cash belonging to other clients of the PRC Sub-Custodian. In the event of bankruptcy or liquidation of the PRC Sub-Custodian, the Subfund will not have any proprietary rights to the cash deposited in such cash account, and the Subfund will become an unsecured creditor, ranking *pari passu* with all other unsecured creditors of the PRC Sub-Custodian. The Subfund may face difficulty and/or encounter delays in recovering such debt, or may not be able to recover it in full or at all, in which case the Subfund will suffer losses.

#### *Limits on redemption*

Where the Subfund is invested in the securities market in the PRC by investing through a Portfolio Manager’s RQFII quota, repatriation of invested principal and income from the PRC will be subject to the RQFII regulations in effect at the time, including any regulatory requirements applicable to (including but not limited to) minimum amounts of investments, lock-up periods, frequency and limits on repatriation or withdrawal of investments in such A-shares and other RQFII permissible securities.

Under the current RQFII regulations applicable to the Subfunds investing in RQFII permissible securities, since the Subfund/the Company (as the case may be) qualifies as an open-ended fund (under the RQFII regulations), no lock-up period is applicable to the capital invested in the PRC by the Subfund through the Portfolio Manager’s RQFII quota.

Remittance and repatriation for the account of the Subfund may be effected on a daily basis by the PRC Sub-Custodian through the Portfolio Manager’s RQFII quota by reference to the net subscriptions and redemption of shares of the Subfund/Company (as the case may be).

Please note that there is no certainty that no regulatory restrictions will apply to the repatriation of funds by the Subfund in the PRC in the future. The investment regulations and/or the approach adopted by SAFE in relation to the repatriation may change from time to time.

#### *Clearing reserve fund risk*

Under the RQFII regulations, the PRC Sub-Custodian is required to deposit a minimum clearing reserve fund, the percentage of which is determined at the appropriate time by China Securities Depository and Clearing Corporation Limited (Shanghai and Shenzhen branches) (the “**CSDCC**”). The PRC Sub-Custodian will deposit a part of the assets of the Subfund representing a percentage of the relevant Portfolio Manager’s RQFII quota as part of its minimum clearing reserve fund. The minimum clearing reserve ratio is determined by the CSDCC from time to time and will be deposited by the PRC Sub-Custodian into its minimum clearing reserve fund. If the value of securities in the PRC increases, the Subfund’s assets held in the clearing reserve fund could have a negative effect on the performance of the Subfund. On the other hand, the performance of the Subfund can be better than it otherwise would have been during periods when the value of securities falls in the PRC.

#### **c) Risks relating to securities trading in mainland China via Stock Connect**

If Subfund investments in mainland China are traded via Stock Connect, there are additional risk factors in relation to these transactions. Shareholders should note in particular that Stock Connect is a new trading programme. There is currently no empirical data. Furthermore, the corresponding provisions could change in future. Stock Connect is subject to quota limits that could restrict the Subfund’s ability to perform transactions via Stock Connect in a timely manner. This could impair the Subfund’s ability to effectively implement its investment strategy. The scope of Stock Connect initially encompasses all securities included on the SSE 180 Index and SSE 380 Index, as well as all Chinese A-shares listed on the Shanghai Stock Exchange (“**SSE**”). Shareholders should also note that under the applicable regulations, a security can be removed from the Stock Connect programme. This could have an adverse effect on the Subfund’s ability to achieve its investment objective, for example if the portfolio manager wishes to acquire a security that has been removed from the Stock Connect programme.

#### *Beneficial owner of SSE shares*

Stock Connect consists of the ‘northbound’ link, via which investors in Hong Kong and abroad, such as the Subfund, may acquire and hold Chinese A-shares listed on the SSE (“**SSE shares**”), and the ‘southbound’ link, via which investors in mainland China may acquire and hold shares listed on the Hong Kong Stock Exchange (“**SEHK**”). The Subfund trades in SSE shares via its broker associated with the Company’s Sub-Custodian, which is admitted to the SEHK. After settlement by brokers or depositaries (the clearing agents), these SSE shares shall be held in accounts in the Hong Kong Central Clearing and Settlement System (“**CCASS**”) maintained by Hong Kong Securities and Clearing Corporation Limited (“**HKSCC**”), the central securities depository in Hong Kong and the nominee. HKSCC in turn holds the SSE shares of all participants in a “Single Nominee Omnibus Securities Account”, which is registered in its name with ChinaClear, the central securities depository in mainland China.

Since HKSCC is merely a nominee and not the beneficial owner of the SSE shares, should HKSCC be wound down in Hong Kong, the SSE shares shall not be deemed to be part of HKSCC’s general assets that are available for distribution to creditors, even under PRC law. However, HKSCC is not required to take legal measures or initiate legal proceedings to enforce rights on behalf of investors in SSE shares in mainland China. Foreign investors, such as the Subfund concerned, that invest via Stock Connect and hold SSE shares via HKSCC are the beneficial owners of the assets and are therefore entitled to exercise their rights exclusively via the nominee.

#### *Not protected by the Investor Compensation Fund*

Investors should note that neither northbound nor southbound transactions via Stock Connect are covered by the Investor Compensation Fund in Hong Kong or the China Securities Investor Protection Fund. Investors are therefore not protected against these measures.

The Investor Compensation Fund in Hong Kong was set up to compensate investors of any nationality who sustain monetary damages as a result of a licensed intermediary or an authorised financial institution defaulting on debt in connection with exchange-traded products in Hong Kong. Examples of payment defaults are insolvency, bankruptcy or winding up, breach of fiduciary duty, misappropriation, fraud or unlawful transactions.

#### *Depleted quotas*

Should the respective overall quota for northbound and southbound transactions be lower than the daily quota, the corresponding purchase orders will be suspended on the next trading day (sell orders will nonetheless be accepted), until the overall quota level returns to the daily quota level. After the daily quota has been used up, acceptance of corresponding purchase orders will be immediately suspended and no further purchase orders will be accepted for the rest of the day. Purchase orders that have already been accepted are not affected by the depletion of the daily quota. Sell orders will continue to be accepted. Depending on the overall quota level, purchases will resume on the following trading day.

#### *Risk of payment default at ChinaClear*

ChinaClear has set up a risk management system and has taken measures that have been approved by the China Securities Regulatory Commission (“**CSRC**”) and are subject to its supervision. Under the general CCASS rules, should ChinaClear (as the central counterparty) not meet its obligations, HKSCC shall attempt, where applicable, in good faith to claim the outstanding Stock Connect securities and ChinaClear funds via the available legal channels available and during the winding up of ChinaClear. HKSCC shall, in turn, distribute the Stock Connect securities and/or funds that can be reclaimed *pro rata* to qualified participants in accordance with the regulations of the competent Stock Connect authority. Investors should be aware of these regulations and the potential risk of a payment default by ChinaClear before investing in the Subfund and its participation in northbound trading.

#### *Risk of payment default at HKSCC*

Non-fulfilment or delayed fulfilment by HKSCC of its obligations may lead to a default when related Stock Connect securities and/or funds are settled or lost. The Subfund and its investors could incur losses as a result. Neither the Subfund nor the Portfolio Manager is responsible or liable for such losses.

#### *Ownership of Stock Connect securities*

Stock Connect securities are unsecuritised and held by HKSCC on behalf of their holders. The physical deposit and withdrawal of Stock Connect securities are not available to the Subfund under northbound trading.

The ownership and ownership rights of the Subfund and entitlements to Stock Connect securities (regardless of the legal nature thereof, in equity or otherwise) are subject to the applicable requirements, including the laws on the disclosure of interests and restrictions on foreign share ownership. It is unclear whether the Chinese courts recognise investors and would grant them standing to initiate legal proceedings against Chinese companies in the event of disputes. This is a complex legal area and investors should seek independent professional advice.

#### **d) Risks relating to suspension of trading on Chinese stock markets**

Securities exchanges in the PRC typically have the right to suspend or limit trading in any security traded on the relevant exchange. In particular, trading band limits are imposed by the stock exchanges on A-shares, whereby trading in any A-shares on



the relevant stock exchange may be suspended if the trading price of the security fluctuates beyond the trading band limit. Such a suspension would make any dealing with the existing positions impossible and would potentially expose the Subfund to losses. Further, when the suspension is subsequently lifted, it may not be possible for the Subfund to liquidate positions at a favourable price, which could also entail losses for the Subfund.

#### **e) Investment restrictions**

Since there are limits on the total shares held by all underlying foreign investors and/or a single foreign investor in one PRC listed company under the PRC regulations, the capacity of the Subfund to make investments in A-shares will be affected by the activities of all underlying foreign investors. It will be difficult in practice for the Portfolio Manager (as an RQFII) to monitor the investments of the underlying foreign investors, since an investor may make investment through different RQFIIs or other permitted channels.

#### **f) Disclosure of interests and Short-Swing Profit Rule**

Under the PRC disclosure of interest requirements, the Subfund may be deemed to be acting in concert with other funds or Subfunds managed within the Portfolio Manager's group or a substantial shareholder of the Portfolio Manager's group, and therefore may be subject to the risk that the Subfund's holdings may have to be reported in aggregate with the holdings of such other funds or Subfunds mentioned above, if the aggregate holdings reach the reporting threshold under PRC law (currently 5% of the total issued shares of the relevant PRC listed company). This may disclose the Subfund's holdings to the public with an adverse impact on the performance of the Subfund.

In addition, subject to the interpretation of PRC courts and PRC regulators, the PRC short swing profit rule may be applicable to the Subfund's investments with the result that where the holdings of the Subfund (possibly with the holdings of other investors deemed as concert parties of the Subfund) exceed 5% of the total issued shares of a PRC listed company, the Subfund may not reduce its holdings in such company within six months of the last purchase of shares of such company. If the Subfund violates the rule and sells any of its holdings in such company in the six-month period, it may be required by the listed company to return any profits realised from such trading to the listed company. Moreover, under PRC civil procedures, the Subfund's assets may be frozen to the extent of the claims made by such company. These risks may greatly impair the performance of the Subfund.

#### **g) Currency risk of the RMB**

The PRC government's currency control and future movements in exchange rates may adversely affect the operations and financial results of companies invested in by the Subfund. RMB is not a freely convertible currency and it is subject to foreign exchange control policies of and repatriation restrictions imposed by the PRC government. If such policies or restrictions change in the future, the position of the Subfund or its investors may be adversely affected. There is no assurance that conversion will not become more difficult or impossible, or that the RMB will not be subject to devaluation, revaluation or shortages in its availability. There is no guarantee that RMB will not depreciate.

#### **h) Fixed-income securities risks**

Investment in the Chinese debt instruments market may be subject to higher volatility and price fluctuations than investment in debt instrument products in more developed markets.

RMB-denominated debt instruments can be issued by a variety of issuers inside or outside the PRC which may have different risk profiles and their rating may vary. RMB-denominated debt instruments are generally unsecured debt obligations not supported by any collateral. The Subfund may be fully exposed to the credit/insolvency risk of its counterparties as an unsecured creditor.

Changes in macroeconomic policies of the PRC (i.e. monetary policy and fiscal policy) will have an influence over capital markets affecting the pricing of the debt instruments and thus, the returns of the Subfund. The value of RMB-denominated debt instruments held by the Subfund will generally vary inversely with changes in interest rates and such variation may affect value of the Subfund's assets accordingly.

RMB-denominated debt instruments are subject to the risk of mispricing or improper valuation, i.e. operational risk that the debt instruments are not priced properly. Valuations are primarily based on the valuations from independent third party sources where the prices are available; accordingly, valuations may sometimes involve uncertainty and judgemental determination and independent pricing information may not be available at all times.

Many debt instruments in the PRC do not have a rating assigned by international credit agencies. The credit assessment system in the PRC is still at an early stage of development; there is no standard credit assessment methodology that is used to evaluate assets, and the same rating scale may have different meanings in different agencies. The assigned ratings may not reflect the actual financial strength of the appraised asset.

A worsening financial situation or the downgrade of an issuer's credit rating may lead to higher volatility and adversely affect the price of the corresponding debt instruments denominated in RMB. In turn, this can have an unfavourable effect on the liquidity meaning that it is harder to sell these debt instruments.

Subject to the applicable PRC regulations and the investment objective of the Subfund, the assets of the Subfund may be invested in unrated or low grade debt instruments which are subject to greater risk of loss of principal and interest than higher rated debt instruments.

#### **i) Risk of investing in other schemes with exposure to PRC securities**

The Subfund will be subject to the same type of risks in proportion to its holdings of those specific underlying funds. Different underlying funds invested by the Subfund have different underlying investments. The risks relating to such underlying investments, in particular with exposure to PRC securities, would be similar to the risks as set out above.

#### **Use of derivatives**

While observing the restrictions stipulated in Section 2 "Risk diversification", the Company may employ derivative financial instruments for each Subfund. Derivative

financial instruments are instruments that derive their value from other finance instruments (underlyings).

Derivatives may be conditional or unconditional. Conditional derivatives (contingent claims) are those that give a party to the legal transaction the right, but not the obligation, to use a derivative instrument (e.g. an option). Unconditional derivatives (futures) impose the obligation on both parties to provide the service owed at a specific time defined in the contract (e.g. forwards, futures, swaps).

The derivatives are traded on stock exchanges (exchange-traded derivatives), as well as over the counter (OTC derivatives). In the case of derivatives traded on a stock exchange, the stock exchange itself is one of the parties in each transaction. These transactions are cleared and settled through a clearing house (clearing agent). OTC derivatives are entered into directly by two parties, whereas exchange-traded derivatives are entered into using a middleman. Derivatives used by the Subfund may include futures contracts (e.g. on equities, indices, volatility), options (e.g. on equities, interest rates, indices, bonds, currencies, commodity indices, swaps, volatility, futures, inflation or other instruments), forward contracts (including currency contracts), swaps (e.g. total return swaps, currency swaps, commodity index swaps, interest rate swaps, dividend swaps, swaps on equity baskets, volatility swaps and variance swaps), credit derivatives (including credit default derivatives, CDS and credit spread derivatives), warrants and structured derivatives such as credit-linked and equity-linked securities.

Derivative transactions (e.g. credit derivatives), may be used to hedge against the default risk associated with a third party. To do this, the parties may participate in CDS, in which the seller compensates the losses of the buyer associated with the default of a third party and, in return, receives a recurring premium from the buyer. This compensation may be provided through the delivery of defined securities or cash payments. This type of derivative transaction is similar to insurance and can be entered into by any Subfund, either as a buyer or seller. Credit derivatives may thus be used by Subfunds for hedging (from the buyer's point of view) or investment (from the seller's point of view) purposes. Since 2014, CDS have been settled through a central clearing house.

#### **Risks connected with the use of derivatives**

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

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

For this reason, the use of derivatives requires not only an understanding of the underlying instrument, but also in-depth knowledge of the derivatives themselves.

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

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

The prices of financial derivatives can be extremely volatile, since even small changes in the price of the underlying assets such as securities, indices, interest rates or currencies can cause significant fluctuations in the price of the financial derivative. Investing in financial derivatives may result in a loss that exceeds the initial investment.

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

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

#### **Risk management**

Risk management in accordance with the commitment approach and the value-at-risk approach is applied pursuant to the applicable laws and regulatory provisions. Pursuant to CSSF circular 14/592 (on the ESMA guidelines on ETFs and other UCITS issues), the risk management procedure will also be applied within the scope of collateral management (see section "Collateral management" below) and the techniques and instruments for the efficient management of the portfolio (see section 5 entitled "Special techniques and instruments that have securities and money market instruments as underlying assets").

#### **Leverage**

The leverage for UCITS using the value-at-risk ("VaR") approach is defined pursuant to CSSF circular 11/512 as the "sum of the notional" of the derivatives used by the respective Subfund. Shareholders should note that this definition may lead to artifi-

cially high leverage which may not correctly reflect the actual economic risk due to, inter alia, the following reasons:

- Regardless of whether a derivative is used for investment or hedging purposes, it increases the leverage calculated according to the sum-of-notionals approach;
- The duration of interest rate derivatives is not taken into consideration. A consequence of this is that short-term interest rate derivatives generate the same leverage as long-term interest rate derivatives, even though short-term ones generate a considerably lower economic risk.

The economic risk of UCITS using the VaR approach is covered by a UCITS risk management process. This contains (among other things) restrictions on the VaR, which includes the market risk of all positions, including derivatives. The VaR is supplemented by a comprehensive stress-test programme.

The average leverage for each Subfund using the VaR approach is expected to be within the range stated in the table below. Leverage is expressed as a ratio between the sum of the notionals and the net asset value of the Subfund in question. Greater leverage amounts may be attained for all Subfunds, under certain circumstances.

Subfund	Global risk calculation method	Expected leverage bandwidth	Reference portfolio
UBS (Lux) Key Selection SICAV – Dynamic Alpha (USD)	Absolute VaR approach	0–5.0	n/a
UBS (Lux) Key Selection SICAV – Asian Equities (USD)	Commitment approach	n/a	n/a
UBS (Lux) Key Selection SICAV – European Equities (EUR)	Commitment approach	n/a	n/a
UBS (Lux) Key Selection SICAV – Global Allocation (CHF)	Relative VaR approach	0–2.0	The reference portfolio reflects the properties of a broadly diversified portfolio of international equities and government bonds, US sub-investment grade bonds and emerging market bonds.
UBS (Lux) Key Selection SICAV – Global Allocation (EUR)	Relative VaR approach	0–2.0	The reference portfolio reflects the properties of a broadly diversified portfolio of international equities and government bonds, US sub-investment grade bonds and emerging market bonds.
UBS (Lux) Key Selection SICAV – Global Allocation (USD)	Relative VaR approach	0–2.0	The reference portfolio reflects the properties of a broadly diversified portfolio of international equities and government bonds, US sub-investment grade bonds and emerging market bonds.
UBS (Lux) Key Selection SICAV – Global Allocation Focus Europe (EUR)	Relative VaR approach	0–2.0	The reference portfolio reflects the properties of a broadly diversified portfolio of equities, government bonds, sub-investment grade bonds and emerging markets bonds with a special focus on Europe.
UBS (Lux) Key Selection SICAV – Global Alpha Opportunities (EUR)	Absolute VaR approach	0–0.5	n/a
UBS (Lux) Key Selection SICAV – Global Equities (USD)	Commitment approach	n/a	n/a
UBS (Lux) Key Selection SICAV – Multi Asset Income (USD)	Absolute VaR approach	0–2.0	n/a
UBS (Lux) Key Selection SICAV – Emerging Markets Income (USD)	Relative VaR approach	0–0.5	The reference portfolio reflects the properties of a broadly diversified portfolio, which combines investment grade and non-investment grade bonds and equities from emerging markets.
UBS (Lux) Key Selection SICAV – Asian Global Strategy Balanced (USD)	Relative VaR approach	0–0.5	The reference portfolio reflects the properties of a broadly diversified portfolio of worldwide equities, as well as corporate and government bonds, with a special focus on Asia.
UBS (Lux) Key Selection SICAV – European Growth and Income (EUR)	Commitment approach	n/a	n/a
UBS (Lux) Key Selection SICAV – Dual Alpha (USD)	Absolute VaR approach	0–5.0	n/a
UBS (Lux) Key Selection SICAV – China Allocation Opportunity (USD)	Commitment approach	n/a	n/a
UBS (Lux) Key Selection SICAV – Global Multi Income (USD)	Relative VaR approach	0–2.0	The reference portfolio reflects the properties of a broadly diversified portfolio of international equities and bonds.
UBS (Lux) Key Selection SICAV – Flex Patrimoine (EUR)	Commitment approach	n/a	n/a
UBS (Lux) Key Selection SICAV – Active Allocation Defensive (EUR)	Relative VaR approach	0–2.0	The reference portfolio reflects the properties of a broadly diversified portfolio of global equities and bonds, with bonds making up the majority.
UBS (Lux) Key Selection SICAV – Active Allocation Balanced (EUR)	Relative VaR approach	0–2.0	The reference portfolio reflects the properties of a broadly diversified portfolio of global equities and bonds which are similar in proportion.
UBS (Lux) Key Selection SICAV – Active Allocation Growth (EUR)	Relative VaR approach	0–2.0	The reference portfolio reflects the properties of a broadly diversified portfolio of global equities and bonds, with equities making up the majority.

## Collateral management

If the Company enters into OTC transactions, it may be exposed to risks related to the creditworthiness of the OTC counterparties. When the Company enters into futures contracts, options and swap transactions or uses other derivative techniques, it is subject to the risk that an OTC counterparty may not meet (or cannot meet) its obligations under a specific or multiple contracts. Counterparty risk can be reduced by depositing a security (“collateral”, see above). Collateral may be provided in the form of liquid assets in highly liquid currencies, highly liquid equities and first-rate government bonds. The Company will only accept such financial instruments as collateral, which would allow it (after objective and appropriate valuation) to liquidate these within an appropriate time period. The Company, or a service provider appointed by the Company, must assess the collateral’s value at least once a day. The collateral’s value must be higher than the value of the position of the respective OTC counterparty. However, this value may fluctuate between two consecutive valuations. After each valuation, however, it is ensured (where appropriate, by requesting additional collateral) that the collateral is increased by the desired amount to meet the value of the respective OTC counterparty’s position (mark-to-market).

In order to adequately take into account the risks related to the collateral in question, the Company determines whether the value of the collateral to be requested should be increased, or whether this value should be depreciated by an appropriate, conservatively measured amount (haircut). The larger the collateral’s value may fluctuate, the higher the markdown.

The Company shall decide on an internal framework agreement that determines the details of the above-mentioned requirements and values, particularly regarding the types of collateral accepted, the amounts to be added to and subtracted from the respective collateral, as well as the investment policy for liquid funds that are deposited as collateral. This framework agreement is reviewed and adapted where appropriate by the Company on a regular basis.

The Board of Directors of the Company has approved instruments of the following asset classes as collateral from OTC derivative transactions and determined the following haircuts to be used on these instruments:

Asset class	Minimum haircut (% deduction from market value)
<b>Fixed and variable-rate interest-bearing instruments</b>	
Liquid funds in the currencies CHF, EUR, GBP, USD, JPY, CAD and AUD.	0%
Short-term instruments (up to 1 year) issued by one of the following countries (Australia, Austria, Belgium, Denmark, Germany, France, Japan, Norway, Sweden, UK, USA) and the issuing country has a minimum rating of A	1%
Instruments which fulfil the same criteria as above and have a medium-term maturity (1 – 5 years).	3%
Instruments which fulfil the same criteria as above and have a long-term maturity (5 – 10 years).	4%
Instruments which fulfil the same criteria as above and have a very long-term maturity (more than 10 years).	5%
U.S. TIPS (Treasury inflation protected securities) with a maturity of up to 10 years	7%
U.S. Treasury strips or zero coupon bonds (all maturities)	8%
U.S. TIPS (Treasury inflation protected securities) with a maturity of more than 10 years	10%

The haircuts to be used on collateral from securities lending are, as applicable, described in Section 5 entitled “Special techniques and instruments that have securities and money market instruments as underlying assets”.

Securities deposited as collateral may not have been issued by the corresponding OTC counterparty nor have a high correlation with this OTC counterparty. For this reason, shares from the finance sector are not accepted as collateral. Securities deposited as collateral are held by the Depositary in favour of the Company and may not be sold, invested or pledged by the Company.

The Company shall ensure that the collateral transferred to it is adequately diversified, particularly regarding geographic dispersal, diversification across different markets and diversification of the concentration risk. The latter is considered to be sufficiently diversified if securities and money market instruments held as collateral and issued by a single issuer do not exceed 20% of the net assets of the respective Subfund.

In derogation to the above paragraph and in accordance with the modified point 43(e) of the ESMA Guidelines on ETFs and other UCITS issues of 1 August 2014 (ESMA/2014/937), the Company may be fully collateralised in different transferable securities and money market instruments issued or guaranteed by an EU member state, one or more of its local authorities, a third country, or a public international body to which one or more member states of the European Union belong. If this is the case, the Company must ensure that it receives securities from at least six different issuers, but securities from any single issue may not account for more than 30% of the net assets of the respective Subfund.

**The Board of Directors of the Company has decided to make use of the exemption clause described above and accept collateralisation worth up to 50% of the net assets of the respective Subfund in government bonds that are issued or guaranteed by the following countries: USA, Japan, UK, Germany and Switzerland.**

Collateral that is deposited in the form of liquid funds may be invested by the Company. Investments may only be made in: sight deposits or deposits at notice in accordance with point 1.1(f) of Section 1 “Permitted investments of the Company”; high-quality government bonds; repurchase transactions within the meaning of Section 5 “Special techniques and instruments that have securities and money market instruments as underlying assets”, provided that the counterparty to this transaction is a credit institution within the meaning of point 1.1(f) of Section 1 “Permitted investments of the Company” and the Company has the right to cancel the transaction at any time and to request the back transfer of the amount invested (incl. accrued interest); short-term money-market funds within the meaning of CESR Guidelines 10-049 regarding the definition of European money-market instruments. The restrictions listed in the previous paragraph also apply to the diversification of the concentration risk.

Bankruptcy and insolvency events or other credit events involving the Depositary or within its sub-custodian/correspondent bank network may result in the rights of the Company in connection with the collateral being delayed or restricted in other ways. If the Company owes collateral to the OTC counterparty pursuant to an applicable agreement, then any such collateral is to be transferred to the OTC counterparty as agreed between the Company and the OTC counterparty. Bankruptcy and insolvency events or other credit events involving the OTC counterparty, the Depositary or its sub-custodian/correspondent bank network may result in the rights or recognition of the Company in connection with the collateral being delayed, restricted or even eliminated, which would go so far as to force the Company to fulfil its obligations within the framework of the OTC transaction, in spite of any collateral that had previously been made available to cover any such obligation.

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

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

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

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

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

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

- Liquid funds - whether in the form of cash, bank deposits, bills of exchange and sight securities and receivables, prepaid expenses, cash dividends and declared or accrued interest that has not yet been received - are valued at their full value unless it is unlikely that this value will be fully paid or received, in which case their value is determined by taking into consideration a deduction that seems appropriate in order to portray their true value.
- Securities, derivatives and other investments listed on a stock exchange are valued at the last-known market prices. If these securities, derivatives or other 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 Company may value these securities, derivatives and other investments based on these prices. Securities, derivatives and other investments not listed on a stock exchange but which are traded on another regulated market which operates regularly and is recognised and open to the public are valued at the last available price on this market.
- Securities and other investments that are not listed on a stock exchange or traded on another regulated market, and for which no appropriate price can be obtained, are valued by the Company according to other principles chosen by it in good faith on the basis of the likely sales prices.
- Derivatives not listed 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 Company and the Company'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. For the Subfund UBS (Lux) Key Selection SICAV – Global Alpha Opportunities (EUR), the units of other undertakings for collective investment in transferable securities (UCITS) and/or undertakings for collective investment (UCI) may also be valued on the basis of an estimated net asset value for such shares or units available prior to the time of calculation of the net asset value of the Subfund in the event that this estimated net asset value provides a more accurate value of these shares or units.
- 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. The asset value per share 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 reference currency 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 UBS Global Valuation Policy.

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

As some of the Fund's Subfunds may be invested in markets which are closed at the times when the assets are valued, the Company may – by way of derogation from the aforementioned provisions – allow the net asset value per share to be adjusted in order to more accurately reflect the fair value of the Subfunds' assets at the time of valuation. In practice, the securities in which the Subfunds are invested are generally valued on the basis of the most recently available prices at the valuation time at which the net asset value per share as described above is calculated. There may, however, be a substantial time difference between the close of the markets in which a Fund invests and the valuation time.

As a consequence, developments which may influence the value of these securities and which occur between the closure of the markets and the valuation time are not normally taken into account in the net asset value per share of the Subfund concerned. If, as a result of this, the Company deems that the most recently available prices of the securities in a Subfund's portfolio do not reflect their fair value, it may allow the net asset value per share to be adjusted in order to reflect the assumed fair value of the portfolio at the time of valuation. Such an adjustment is based on the investment policy determined by the Company and a number of practices. If the value is adjusted as described above, this will be applied consistently to all share classes in the same Subfund.

From 1 February 2016 onwards, the Company will reserve the right to apply this measure to the relevant Subfunds of the Fund whenever it deems this appropriate.

Evaluating assets at fair value calls for greater reliability of judgement than when evaluating assets at times when readily available market quotations can be referred to. Fair value calculations may also be based on quantitative models used by price reporting providers to determine the fair value. No guarantee can be given that the Fund will be in a position to accurately establish the fair value of an asset when it is about to sell the asset around the time at which the Fund determines the net asset value per unit. As a consequence, if the Fund sells or redeems shares at the net asset value at a time when one or more participations are valued at fair value, this may lead to a dilution or increase in the economic participation of the existing unitholders.

Furthermore, in exceptional circumstances, additional valuations can be carried out over the course of the day. These new valuations will then be authoritative for subsequent issues, redemptions and conversions of shares. New valuations only take place before publishing the only net asset value for that day. Issues, redemptions and conversions are only processed based on the only net asset value.

## Investing in UBS (Lux) Key Selection SICAV

### Conditions for the issue and redemption of shares

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

Furthermore, with regard to the Subfund UBS (Lux) Key Selection SICAV – China Allocation Opportunity (USD), days which are not normal banking days in the People's Republic of China are not deemed business days of this Subfund.

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

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

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

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

**Subscription and redemption applications ("orders") registered with the Administrative Agent no later than the time specified below for the individual Subfunds on a business day ("order date") will be processed on the basis of the net asset value calculated as per that day after the cut-off time ("valuation date").**

The following cut-off times shall apply:

Subfund	Cut-off time (CET)
UBS (Lux) Key Selection SICAV – Asian Global Strategy Balanced (USD)	13:00
UBS (Lux) Key Selection SICAV – Dynamic Alpha (USD)	15:00
UBS (Lux) Key Selection SICAV – Emerging Markets Income (USD)	13:00
UBS (Lux) Key Selection SICAV – European Growth and Income (EUR)	13:00
UBS (Lux) Key Selection SICAV – Global Allocation (CHF)	13:00
UBS (Lux) Key Selection SICAV – Global Allocation (EUR)	13:00
UBS (Lux) Key Selection SICAV – Global Allocation (USD)	13:00
UBS (Lux) Key Selection SICAV – Global Allocation Focus Europe (EUR)	13:00
UBS (Lux) Key Selection SICAV – Multi Asset Income (USD)	13:00
UBS (Lux) Key Selection SICAV – Global Alpha Opportunities (EUR)	15:00
UBS (Lux) Key Selection SICAV – Asian Equities (USD)	13:00
UBS (Lux) Key Selection SICAV – European Equities (EUR)	15:00
UBS (Lux) Key Selection SICAV – Global Equities (USD)	15:00
UBS (Lux) Key Selection SICAV – Dual Alpha (USD)	13:00
UBS (Lux) Key Selection SICAV – China Allocation Opportunity (USD)	15:00
UBS (Lux) Key Selection SICAV – Global Multi Income (USD)	13:00
UBS (Lux) Key Selection SICAV – Flex Patrimoine (EUR)	10:00
UBS (Lux) Key Selection SICAV – Active Allocation Defensive (EUR)	13:00
UBS (Lux) Key Selection SICAV – Active Allocation Balanced (EUR)	13:00
UBS (Lux) Key Selection SICAV – Active Allocation Growth (EUR)	13:00

Orders for the Subfund UBS (Lux) Key Selection SICAV – Global Alpha Opportunities (EUR) registered with the Administrative Agent before 15:00 (CET) on the fourth banking day in Luxembourg before the respective GAO business day will be processed on the basis of the net asset value calculated for that GAO business day, provided that the issue price is paid no later than the settlement date. Orders regarding the Subfund UBS (Lux) Key Selection SICAV – Global Alpha Opportunities (EUR) registered with the Administrative Agent after 15:00 (CET) on the fourth banking day in Luxembourg before the respective GAO business day will be processed on the basis of the net asset value calculated as per the next GAO business day.

**All orders sent by fax must be received by the Administrative Agent one hour prior to the stated cut-off time of the respective Subfund on a business day, at the latest. However, cut-off times earlier than those specified above may be applied by the central settling agent of UBS AG in Switzerland, the sales agents or other intermediaries vis-à-vis their clients in order to ensure**



a punctual submission of orders to the Administrative Agent. Information on these may be obtained at the central settling agent of UBS AG in Switzerland, the sales agents concerned or other intermediaries. For orders registered with the Administrative Agent after the respective cut-off time on a business day, the order date is considered to be the following business day. The same applies to the conversion of shares of a Subfund into shares of another Subfund of the Company, performed on the basis of the net asset values of the Subfunds concerned.

This means that the net asset value for settlement purposes is not known when the order is placed (forward pricing). It will be calculated on the basis of the last-known market prices (i.e. using the latest available market prices or closing market prices, provided these are available at the time of calculation). The individual valuation principles applied are described in the section above.

### Issue of shares

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

After the initial issue, the issue price is based on the net asset value per share plus an issuing commission (see below) in favour of the sales agents, unless otherwise provided for in the section "Share classes".

Subfund	Max. issuing commission in % of the net asset value
UBS (Lux) Key Selection SICAV – Asian Global Strategy Balanced (USD)	2.5
UBS (Lux) Key Selection SICAV – Dynamic Alpha (USD)	2.5
UBS (Lux) Key Selection SICAV – Emerging Markets Income (USD)	2.5
UBS (Lux) Key Selection SICAV – European Growth and Income (EUR)	2.5
UBS (Lux) Key Selection SICAV – Global Allocation (CHF)	2.5
UBS (Lux) Key Selection SICAV – Global Allocation (EUR)	2.5
UBS (Lux) Key Selection SICAV – Global Allocation (USD)	2.5
UBS (Lux) Key Selection SICAV – Global Allocation Focus Europe (EUR)	2.5
UBS (Lux) Key Selection SICAV – Multi Asset Income (USD)	2.5
UBS (Lux) Key Selection SICAV – Global Alpha Opportunities (EUR)	2.5
UBS (Lux) Key Selection SICAV – Asian Equities (USD)	3
UBS (Lux) Key Selection SICAV – European Equities (EUR)	3
UBS (Lux) Key Selection SICAV – Global Equities (USD)	3
UBS (Lux) Key Selection SICAV – Dual Alpha (USD)	2.5
UBS (Lux) Key Selection SICAV – China Allocation Opportunity (USD)	2.5
UBS (Lux) Key Selection SICAV – Global Multi Income (USD)	2.5
UBS (Lux) Key Selection SICAV – Flex Patrimoine (EUR)	2.5
UBS (Lux) Key Selection SICAV – Active Allocation Defensive (EUR)	2.5
UBS (Lux) Key Selection SICAV – Active Allocation Balanced (EUR)	2.5
UBS (Lux) Key Selection SICAV – Active Allocation Growth (EUR)	2.5

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

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

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

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

The issue price of Subfund shares is paid no later than the third day after the order date ("settlement date") into the Depositary's account in favour of the Subfund.

For the Subfund UBS (Lux) Key Selection SICAV – Global Alpha Opportunities (EUR), the issue price of Subfund shares shall be paid no later than the second day following the respective GAO business day ("settlement date") into the Depositary account in favour of the Subfund.

If banks in the country of the currency of the corresponding share class are not open on the settlement date, or any day between the order date and/or GAO business day for the Subfund UBS (Lux) Key Selection – Global Alpha Opportunities (EUR) and the settlement date, or the corresponding currency is not traded under an interbank settlement system, the settlement shall be carried out on the next day on which these banks are open, or these settlement systems are available for transactions in the corresponding currency.

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

At the shareholders' request, the Company may accept full or partial subscriptions in kind at its own discretion. In this case, the capital subscribed in kind must correspond with the investment policy and restrictions of the relevant Subfund. These investments will also be audited by the auditor assigned by the Company. The associated costs will be charged to the investor.

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

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

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

### Redemption of shares

Redemption orders are accepted by the Management Company, the Administrative Agent, the Depositary or another authorised sales or paying agent.

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

If banks in the country of the currency of the corresponding share class are not open on the settlement date, or any day between the order date and/or GAO business day for the Subfund UBS (Lux) Key Selection – Global Alpha Opportunities (EUR) and the settlement date, or the corresponding currency is not traded under an interbank settlement system, the settlement shall be carried out on the next day on which these banks are open, or these settlement systems are available for transactions in the corresponding currency.

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

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

Any taxes, commissions or other fees incurred in the respective distribution countries will be charged. These may, inter alia, also be levied by correspondent banks. However, no redemption commission may be levied.

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

In the event of an excessively large volume of redemption orders, the Company may decide to delay execution of redemption orders until the corresponding assets of the Company have been sold without unnecessary delay. Should such a measure be necessary, all redemption orders received on the same day will be calculated at the same price. A local Paying Agent will submit transactions on behalf of the final investor on a nominee basis. Costs for services of the Paying Agent and fees which are levied by the correspondent banks may be imposed on the investor.

At the shareholders' request, the Company may offer investors full or partial redemptions in kind at its own discretion. In this case, it must be ensured that even after the capital is redeemed in kind, the remaining portfolio corresponds with the investment policy and restrictions of the relevant Subfund, as well as that the remaining investors in the Subfund are not disadvantaged by the redemption in kind. These payments will also be audited by the auditor assigned by the Company. The associated costs will be charged to the investor.

### Conversion of shares

Shareholders may convert their shares at any time into those of another Subfund and/or from one share class into another share class in the same Subfund. The same procedures apply to the submission of conversion orders as to the issue and redemption of shares. Shareholders may not convert shares into or from the Subfund UBS (Lux) Key Selection SICAV – Global Alpha Opportunities (EUR) to another Subfund. The number of shares into which the shareholder would like to convert his/her shares is calculated according to the following formula:

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

where:

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

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

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

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

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

For the conversion, a maximum conversion commission equalling the amount of the maximum issuing commission may be charged in favour of the sales agents. In this event, no redemption commission is levied, in accordance with the provisions of the section entitled "Redemption of shares".

Subject to applicable laws and regulations, the Depositary and/or the agents entrusted with receiving conversion payments may, at their discretion and upon investors' request, accept the payment in currencies other than the currency of account of the respective Subfund and/or the reference currency of the share class, into which the conversion will take place. The exchange rate used will be determined by the respective agent on the basis of the bid-ask spread of the relevant currency

pair. These commissions, as well as any fees, taxes and stamp duties incurred in the individual countries for a Subfund conversion are charged to the shareholders.

### Prevention of money laundering and terrorist financing

The Company's sales agents must observe the provisions of the Luxembourg Law of 12 November 2004 on the fight against money laundering and terrorist financing, as amended, as well as the relevant statutory provisions and the applicable circulars of the CSSF.

Accordingly, investors must provide proof of their identity to the sales agent or distributor that accepts their subscription. The sales agent or distributor must request, at a minimum, the following identification documents from subscribers: for individuals – a certified copy of the passport/identity card (certified by the sales agent or distributor or by the local administrative authority); for companies or other legal entities – a certified copy of the Articles of Incorporation, a certified copy of the extract from the Trade and Companies Register, a copy of the most recently published annual accounts and the full name of the beneficial owner. The sales agent or distributor must request, depending on the case, additional identification documents from investors requesting subscriptions or redemptions.

The sales agent must ensure that the distributors adhere strictly to the aforementioned identification procedures. The Administrative Agent and the Company may, at any time, demand assurance from the sales agent that the procedures are being adhered to. The Administrative Agent will monitor compliance with the aforementioned provisions for all subscription and redemption orders they receive from sales agents or distributors in countries in which such sales agents or distributors are not subject to requirements equivalent to Luxembourg or EU law on fighting money laundering and terrorist financing.

Furthermore, the sales agent and its distributors must comply with all regulations to prevent money laundering and terrorist financing which are in force in the respective countries.

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

The Company may temporarily suspend the calculation of the net asset value and hence the issue and redemption of shares for one or more Subfunds, as well as the conversion between individual Subfunds on one or more business days if:

- one or more stock exchanges or other markets which provide the basis for valuing a substantial portion of the net assets, or foreign exchange markets in whose currency the net asset value or a major part of the net assets is denominated, are closed other than for normal holidays or if dealings therein are suspended, or if these stock exchanges or markets are subject to restrictions or to major price fluctuations in the short term;
- events beyond the control, liability or influence of the Company and/or Management Company make it impossible to access the net assets under normal conditions or such access would be detrimental to the interests of the shareholders;
- disruptions in the communications network or any other reason make it impossible to calculate the value of a considerable part of the net assets;
- it is not possible for the Company to repatriate the funds to pay redemption orders in the Subfund in question, or if the transfer of funds from the sale or for the acquisition of investments or for payments resulting from redemptions of shares cannot be carried out, in the view of the Board of Directors of the Company, at normal exchange rates;
- political, economic, military or other circumstances outside the control of the Company make the disposal of the Company's assets impossible under normal conditions without seriously harming the interests of the shareholders;
- for any other reason the prices of investments of a Subfund cannot be promptly or accurately determined;
- the convocation of an extraordinary general shareholders' meeting for the winding up of the Company was published;
- such a suspension is justified for the protection of the shareholders, after the convocation of an extraordinary general shareholders' meeting for the merger of the Company or of a Subfund or a notice to the shareholders on a decision by the Board of Directors of the Company to merge one or more Subfunds was published; and
- the Company can no longer transact its business due to restrictions on foreign exchange and capital movements.

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

### Distributions

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

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

Entitlements to distributions and allocations not claimed within five years of falling due will lapse and be paid back into the relevant Subfund or its share class. If said Subfund or share class has already been liquidated, the distributions and allocations will accrue to the remaining Subfunds of the Company or the remaining share classes of the Subfund concerned in proportion to their respective net assets. At the proposal of the Company's Board of Directors, the general meeting may decide, in con-

nection with the appropriation of net investment income and capital gains, to issue bonus shares. An income equalisation amount will be calculated so that the distribution corresponds to the actual income entitlement.

### Taxes and expenses

#### Taxation

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

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

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

On 13 November 2008, the European Commission accepted a proposal for the amendment of the Savings Taxation Directive. If the amendment proposal is implemented, among other things, (i) the scope of the EU Savings Taxation Directive would be expanded to include payments distributed by certain intermediary structures (regardless of whether their registered office is in an EU Member State or not) and whose final beneficiary is a private person resident in the EU and (ii) the definition of interest that falls within the scope of the EU Savings Taxation Directive would be further extended. At the time of writing of this sales prospectus, it is not yet known if or on what date the proposed amendment will enter into force.

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

#### Automatic exchange of information - FATCA and the Common Reporting Standard

As an investment entity established in Luxembourg, the Company is required by automatic exchange of information regimes, such as those described below (and others as may be introduced from time to time), to collect certain information about each investor and their tax status and to share that information with the Luxembourg tax authority, who may then exchange it with tax authorities in the jurisdictions in which the investor is tax resident.

According to the U.S. Foreign Account Tax Compliance Act and the associated legislation ("FATCA"), the Company must comply with extensive due diligence obligations and reporting requirements, through which the U.S. Treasury should be informed of financial accounts belonging to specified U.S. persons as defined in the Intergovernmental Agreement, "IGA" between Luxembourg and the USA. Failure to comply with these requirements may subject the Company to U.S. withholding taxes on certain U.S. sourced income and, effective 1 January 2019, gross proceeds. Pursuant to the IGA, the Company has been rated as "compliant" and is not charged any withholding tax if it identifies financial accounts belonging to specified U.S. persons and immediately notifies the Luxembourg tax authorities, which shall then make them available to the Internal Revenue Service.

Drawing extensively on the intergovernmental approach to implementing FATCA, the OECD developed the Common Reporting Standard ("CRS") to address the issue of offshore tax evasion on a global basis. Pursuant to the CRS, financial institutions based in participating CRS jurisdictions (such as the Company) must report to their local tax authorities personal and account information of investors and, where appropriate, controlling persons resident in other participating CRS jurisdictions which have an agreement in place with the financial institution's jurisdiction to exchange information. Tax authorities in participating CRS jurisdictions will exchange such information on an annual basis. The first information exchanges are expected to begin in 2017. Luxembourg has enacted legislation to implement the CRS. As a result, the Company will be required to comply with the CRS due diligence and reporting requirements adopted by Luxembourg.

Prospective investors will be required to provide to the Company information about themselves and their tax status prior to investment in order to enable the Company to satisfy its obligations under FATCA and the CRS, and to update that information on a continuing basis. Prospective investors should note the Company's obligation to disclose such information to the Luxembourg tax authority. Each investor acknowledges that the Company may take such action as it considers necessary in relation to such investor's holding in the Company to ensure that any withholding tax suffered by the Company and any other related costs, interest, penalties and other losses and liabilities arising from such investor's failure to provide the requested information to the Company is economically borne by such investor. This may include subjecting an investor to liability for any resulting U.S. withholding taxes or penalties arising under FATCA or the CRS and/or the compulsory redemption or liquidation of such investor's interest in the Company.

Detailed guidance as to the mechanics and scope of FATCA and the CRS is continuing to develop. There can be no assurance as to the timing or impact of any such guidance on future operations of the Company. Prospective investors should consult their own tax advisor with regard to FATCA and the CRS and the potential consequences of such automatic exchange of information regimes.

### **“Specified U.S. person” as defined by FATCA**

The term “specified U.S. person” refers to a U.S. citizen, a resident of the USA, or a corporation or trust company in the form of a partnership or limited company domiciled in the USA or incorporated under U.S. federal or state law, if (i) a U.S. court were allowed, pursuant to applicable law, to issue orders or judgements in connection with any aspect of the management of the trust company, or (ii) one or more specified U.S. persons are authorised to take all essential decisions regarding the trust company or the estate of a testator who was a U.S. citizen or resident of the USA. This section must be in line with the U.S. Internal Revenue Code.

### **Investors in the United Kingdom**

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

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

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

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

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

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

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

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

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

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

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

### **PRC tax considerations**

For the purposes of this section of the sales prospectus: (i) “Subfund” refers to the Subfunds investing directly or indirectly in QFII/RQFII permissible securities through the Portfolio Manager’s QFII and/or RQFII quota, or through the QFII and/or RQFII quota of any other entity within the UBS group; and (ii) “Portfolio Manager” refers to the Portfolio Manager and any other entity within the UBS group, as the context may require.

Under current regulations in the PRC, foreign investors (including the Subfunds) may invest in Chinese A-shares and certain other investment products, generally, through a QFII or an RQFII or Shanghai-Hong Kong Stock Connect (“Stock Connect”).

Since under PRC laws only QFIIs/RQFIIs (besides via the Stock Connect) are permitted to trade in A-shares and certain other investment products, they may be treated as the persons liable to tax in the PRC. Therefore, any tax liability may, if it arises, potentially be charged against, and be payable by, the QFII/RQFII.

However, any tax assessed under PRC tax laws against the QFII/RQFII would likely be borne by the Subfund, because under the terms of the arrangement between the QFII/RQFII and the Subfund for the account of the Subfund, the QFII/RQFII will pass on any tax liability to the Subfund for the account of the Subfund. As such, the Subfund is the ultimate party which bears the risks relating to any PRC taxes thus levied by the PRC tax authorities.

### **PRC Corporate Income Tax (“CIT”)**

If the Subfund is considered a tax resident enterprise of the PRC, it will be subject to PRC CIT of 25% on its worldwide taxable income. If the Subfund is considered a non-tax resident enterprise with a permanent establishment or place of establishment (“PE”) in the PRC, the profits attributable to that PE would be subject to CIT of 25%. Under the PRC CIT Law effective from 1 January 2008, a non-PRC tax resident enterprise without a PE in the PRC will generally be subject to withholding income tax (“WIT”) of 10% on its PRC-sourced income, including but not limited to passive income (e.g. dividends, interest, gains arising from transfer of assets, etc.).

The Portfolio Manager intends to manage and operate the Subfund in such a manner that the Subfund should not be treated as tax resident enterprise of the PRC or non-PRC tax resident enterprise with a PE in the PRC for CIT purposes, although due to uncertainty in tax laws and practices in the PRC, this result cannot be guaranteed.

### **(i) Interest and dividends**

Under current PRC tax laws and regulations, QFIIs/RQFIIs are subject to PRC WIT of 10% on cash and bonus dividends, profits distributions and interest payment from PRC listed companies. Such PRC WIT may be reduced under an applicable double tax treaty and upon approval by the PRC tax authorities.

Interest derived from government bonds issued by the competent Finance Bureau of the State Council and/or local government bonds approved by the State Council is exempt from PRC CIT under the PRC CIT Law.

### **(ii) Capital gains**

Based on the CIT Law and its Implementation Rules, “income from the transfer of property” sourced from the PRC by non-PRC tax resident enterprises should be subject to 10% PRC WIT unless exempt or reduced under an applicable tax treaty and receipt of approval by the PRC tax authorities.

On 14 November 2014, the Ministry of Finance (“MOF”), the State Administration of Taxation (“SAT”) and the China Securities Regulatory Commission (“CSRC”) of the PRC jointly released Caishui [2014] No 79 (“Circular 79”) to address the tax issues in relation to capital gains from equity investments derived by QFIIs and RQFIIs. Under Circular 79, for QFIIs/RQFIIs (without an establishment or place of business in the PRC or having an establishment in the PRC but the income thus generated in China is not effectively connected with such establishment) such capital gains were temporarily exempt from PRC WIT if they were realised on or after 17 November 2014, and subject to 10% PRC WIT in accordance with the applicable law if they were realised before 17 November 2014.

Circular 79 did not provide further guidance on the administration of the applicable law in relation to gains from equity investments realised before 17 November 2014 and whether the temporary exemption applies to securities other than shares. The PRC tax authorities may in the future clarify the WIT position on (i) realised gains by QFIIs/RQFIIs in respect of their investments and dealing in certain other investment products in the PRC (other than A-shares); and/or (ii) on realised gains by the Subfund in respect of investments and dealings in such securities and on H-shares and red chips.

In light of Circular 79 and these uncertainties, the Directors, in consultation with the Portfolio Manager, reserve the right at their discretion, to provide for PRC WIT on capital gains arising from securities held within QFIIs / RQFIIs in accordance with applicable PRC tax laws. As soon as practically possible, the Directors (in consultation with the Portfolio Manager) will make relevant adjustments to the amount of tax provision as they consider necessary, taking into account any future resolution of the above-mentioned uncertainties or further changes to tax law or policies, which may arise from time to time.

### **PRC Business Tax (“BT”) and surcharges**

Under current PRC tax laws, QFIIs are specifically exempt from BT on the gains arising from purchasing and selling of PRC marketable securities (including A-shares and other PRC listed securities) pursuant to Caishui [2005] No 155 (“Circular 155”). It is not entirely clear whether Circular 155 applies to RQFIIs.

Under PRC laws and regulations, no BT is charged on dividend income or profit distributions on equity investment derived by foreign investors, such as the Subfund.

However, technically, BT of 5% should apply to any gross amount of PRC-sourced interest income derived by the Subfund. Such BT should be withheld by the payer of the interest. In practice, the PRC tax authorities have not enforced the collection of BT. In addition, as of 1 December 2010, Urban Construction and Maintenance Tax and Education Surcharge (collectively referred to as “surcharges”) are levied on BT payable at a rate of up to 7% and 3% respectively, for foreign investors, such as the Subfund. Pursuant to a tax notice issued by the MOF, Notice Caizong [2010] No. 98, Local Education Surcharge is unified and will be levied at 2% on turnover taxes (including foreign enterprises subject to BT, such as the Subfund). In practice, the implementation and applicable rate of surcharges will be subject to local variations in the PRC. Accordingly, if the Subfund is subject to BT, the effective BT and surcharge rate applicable on any gross amount of PRC-sourced interest income derived by the Subfund after 1 December 2010 would be 5.6% or higher.

### **PRC stamp duty**

The seller will be liable for stamp duty at the rate of 0.1% of the sales consideration on the sale of PRC listed shares. No stamp duty is expected to be imposed on non-PRC tax resident holders of government and corporate bonds, either upon issuance or upon a subsequent transfer of such bonds.

### **Investments in Chinese A-shares via Stock Connect**

On 14 November 2014, the Chinese authorities published Caishui circular [2014] No. 81, stating that with effect from 17 November 2014, capital gains made by foreign investors from trading in Chinese A-shares via the Stock Connect exchange connection would be temporarily exempt from the corporation tax applicable in the PRC as well as personal income and trade taxes. Foreign investors are obliged to pay the 10% dividends withholding tax applicable in the PRC. This will be withheld by companies listed in the PRC and remitted to the competent tax authorities in the PRC. Investors resident for tax purposes in a jurisdiction that has a tax treaty with the PRC can apply for a refund of excess withholding tax paid, provided that the tax treaty in question provides for a lower withholding tax on dividends in the PRC.

The Company is subject to the stamp duty of 0.1% applicable in the PRC when disposing of Chinese A-shares via Stock Connect.

### **PRC tax risk factors**

Tax considerations for Chinese A-shares and other securities

By investing in A-shares and/or other QFII/RQFII permissible securities, the Subfund may be subject to withholding and other taxes imposed in the PRC. The tax laws, regulations and practice in the PRC are subject to change, and may be amended with retrospective effect.

The value of the Subfund’s investments through the relevant Portfolio Manager’s QFII and/or RQFII quota (and hence the net asset value per share) will be affected by



taxation levied against the Portfolio Manager as QFII/RQFII in respect of the Subfund's investments through the Portfolio Manager's QFII and/or RQFII quota, which the Subfund will be required to reimburse the Portfolio Manager.

On 14 November 2014, the MOF, the SAT and the CSRC of the PRC jointly released Caishui [2014] No 79 ("Circular 79") to address the tax issues in relation to capital gains from equity investments derived by QFIIs and RQFIIs. Under Circular 79, for QFIIs/RQFIIs (without an establishment or place of business in the PRC or having an establishment in the PRC but the income thus generated in China is not effectively connected with such establishment) such gains were temporarily exempt from tax if they were realised on or after 17 November 2014, and subject to tax in accordance with the applicable law if they were realised before 17 November 2014.

Circular 79 did not provide further guidance on the administration of the applicable law in relation to gains from equity investments realised before 17 November 2014 and whether the temporary exemption applies to securities other than shares. In light of the above uncertainty, the Portfolio Manager reserves the right to:

- (i) provide for PRC WIT of 10% on capital gains derived from the trading of non-equity investments such as PRC debt instruments on or after 17 November 2014;
- (ii) not provide for any PRC WIT in respect of realised and unrealised capital gains derived from the trading of A-shares on or after 17 November 2014.

Upon any future resolution of the above-mentioned uncertainty or further changes to tax law or policies, the Portfolio Manager will, as soon as practically possible, make relevant adjustments to the amount of tax provision as it considers necessary. The amount of any such tax provision will be disclosed in the accounts of the Subfund. If the actual applicable tax levied by PRC tax authorities is greater than that provided for by the Portfolio Manager so that there is a shortfall in the tax provision amount, investors should note that the net asset value of the Subfund may suffer more than the tax provision amount as the Subfund will ultimately have to bear the additional tax liabilities. In this case, the current and new shareholders will be placed at a disadvantage. On the other hand, if the actual applicable tax levied by PRC tax authorities is less than that provided for by the Portfolio Manager so that there is an excess in the tax provision amount, shareholders who have redeemed the shares before PRC tax authorities' ruling, decision or guidance in this respect will be disadvantaged as they would have borne the loss from the Investment Manager's overprovision. In this case, the current and new shareholders may benefit if the difference between the tax provision and the actual taxation liability can be returned to the account of the Subfund.

#### Expenses paid by the Company

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

This shall be used as follows:

1. For the management, administration, portfolio management and distribution of the Company (if applicable), as well as for all the tasks of the Depositary, such as the safekeeping and supervision of the Company's assets, the handling of payment transactions and all other tasks listed in the section "Depositary and Main Paying Agent", a maximum flat fee based on the net asset value of the Company is paid from the Company's assets, in accordance with the following provisions: This fee is charged to the Company'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 share classes have been launched. An overview of the maximum flat fees can be seen in "The Subfunds and their special investment policies". The actual maximum rate applied to the flat fee can be found in the annual and semi-annual reports.
2. The maximum flat fee does not include the following fees and additional expenses which are also charged to the Company:
  - a) all additional expenses related to management of the Company'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";
  - b) fees of the supervisory authority for the establishment, modification, liquidation and merger of the Company, 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 Company, 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 Company, as well as for the general safeguarding of the interests of the Company and its investors, insofar as this is not expressly prohibited by law;
  - e) costs for the publication of the Company's net asset value and all costs for notices to investors, including translation costs;
  - f) costs for the Company'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 Company'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 Company, including fees for external advisers;
  - i) costs and fees related to any intellectual property registered in the Company's name or usufructuary rights of the Company;
  - 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 Company'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 Company's total expense ratio (TER).

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

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

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.

For share class "I-B" a fee is charged to cover the costs of fund administration (comprising the costs of the Company, administration and the Depositary). The costs for asset management and distribution are charged outside of the Company under a separate contract concluded directly between the shareholder and UBS Asset Management or one of its authorised representatives.

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

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

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

In the Subfunds that may invest in other UCI or UCITS under the terms of their investment policies, fees may be incurred both at the level of the relevant investment fund as well as at the level of the Subfund. The total management fees chargeable at the level of the Subfunds and/or share classes and the Company shall amount to no more than 1.00% plus the respective maximum flat fee for the share class of the Subfund making the investment (see "The Subfunds and their investment policies"). As far as the Subfund UBS (Lux) Key Selection SICAV – Global Alpha Opportunities (EUR) is concerned, the aforementioned limitation does not apply and can be exceeded.

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

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

#### Information to shareholders

##### Regular reports and publications

An annual report is published for each Subfund and the Company as at 30 September and a semi-annual report as at 31 March. The above-mentioned reports contain a breakdown of each Subfund, or respectively, each share class in the relevant currency of account. The consolidated breakdown of assets for the Company as a whole is given in EUR.

The annual report, which is published within four months of the end of the financial year, contains the annual accounts audited by the independent auditors. It also contains details on the underlying assets focused on by the respective Subfund through the use of derivative financial instruments, the counterparties to these derivative transactions, as well as the collateral (and its scope) provided in favour of the Subfund by its counterparties, in order to reduce credit risk.

These reports are available to shareholders at the registered office of the Company and the Depositary.

The issue and redemption price of shares in each Subfund is made available in Luxembourg at the registered office of the Company and the Depositary. Notices to shareholders will be sent by post to the shareholder's address stated in the register of shareholders and/or published in a Luxembourg daily newspaper and, if necessary, in foreign daily newspapers.

##### Depositing of documents

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

- 1) the Articles of Incorporation of the Company and the Articles of Association of the Management Company;
- 2) the agreements concluded between the Depositary and the Company. The above-mentioned agreements may be amended by common consent of the parties involved.

##### Handling complaints, strategy for exercising voting rights and best execution

In accordance with Luxembourg laws and regulations, the Management Company provides additional information on handling complaints, the strategy for exercising voting rights and best execution on the following website:

[http://www.ubs.com/lu/en/asset\\_management/investor\\_information.html](http://www.ubs.com/lu/en/asset_management/investor_information.html)

##### Remuneration Policy of the Management Company

The Board of Directors of the Management Company has adopted a remuneration policy, the objectives of which are to ensure that the remuneration is in line with the applicable regulations, and more specifically with the provisions defined under (i) the UCITS Directive 2014/91/EU, the ESMA final report on sound remuneration policies under the UCITS Directive and AIFMD published on 31 March 2016, (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, the ESMA guidelines on sound remuneration policies under the AIFM published on 11 February 2013 and (iii) the CSSF Circular 10/437 on Guidelines concerning the remuneration policies in the financial sector issued on 1 February 2010; and to comply with the UBS Group remuneration policy framework. Such remuneration policy is reviewed at least annually.

The remuneration policy promotes sound and effective risk management, is consistent with the interests of investors, and prevents risks that are not in line with the risk profiles, the Management Regulations, or the Articles of Incorporation of this UCITS/AIF. The remuneration policy is also consistent with the strategies, objectives,

values and interests of the Management Company and the UCITS/AIF, and includes measures to prevent conflicts of interest.

Furthermore, this approach aims at:

- evaluating performance over a multi-year period which is suitable for the recommended holding period of investors in the Subfund, in order to ensure that the evaluation process is based on the long-term performance of the Company and its investment risks, and that performance-related remuneration is paid out over the same period;
- providing employees with remuneration that is balanced between fixed and variable elements. A high proportion of the overall remuneration comprises the fixed remuneration component, which allows for a flexible bonus strategy. This includes the option not to pay any variable remuneration. This fixed remuneration is determined according to the individual employee's role, including their responsibilities and the complexity of their work, performance, and local market conditions. Furthermore, it should be noted that the Management Company may, at its own discretion, offer benefits to employees. These form an integral part of the fixed remuneration.

Any relevant disclosures shall be made in the annual reports of Management Company in accordance with the provisions of the UCITS Directive 2014/91/EU.

Investors can find more details about the remuneration policy, including, but not limited to, the description of how remuneration and benefits are calculated, the identity of persons responsible for awarding the remuneration and benefits, including the composition of the remuneration committee (if any), are available on [http://www.ubs.com/lu/en/asset\\_management/investor\\_information.html](http://www.ubs.com/lu/en/asset_management/investor_information.html)

A paper copy of such document is available free of charge from the Management Company upon request.

### Conflicts of Interest

The Board of Directors, the Management Company, the Portfolio Manager, the Depositary, the Administrative Agent and the other service providers of the Company, and/or their respective affiliates, members, employees or any person connected with them may be subject to various conflicts of interest in their relationships with the Company. The Management Company, the Company, the Portfolio Manager, the Administrative Agent and the Depositary have adopted and implemented a conflicts of interest policy and have made appropriate organisational and administrative arrangements to identify and manage conflicts of interests so as to minimise the risk of the Company's interests being prejudiced, and if they cannot be avoided, ensure that the Company's investors are treated fairly.

The Management Company, the Central Administrative Agent, the Depositary, the Portfolio Manager and the main distributor are part of the UBS Group (the **"Affiliated Person"**).

The Affiliated Person is a worldwide, full-service private banking, investment banking, asset management and financial services organization and a major participant in the global financial markets. As such, the Affiliated Person is active in various business activities and may have other direct or indirect interests in the financial markets in which the Company invests.

The Affiliated Person including its subsidiaries and branches may act as counterparty and in respect of financial derivative contracts entered into by the Company. A potential conflict may further arise as the Depositary is related to a legal entity of the Affiliated Person which provides other products or services to the Company.

In the conduct of its business, the Affiliated Person's policy is to identify, manage and where necessary prohibit any action or transaction that may pose a conflict between the interests of the Affiliated Persons' various business activities and the Company or its investors. The Affiliated Person strives to manage any conflicts in a manner consistent with the highest standards of integrity and fair dealing. For this purpose, the Affiliated Person has implemented procedures that shall ensure that any business activities involving a conflict which may harm the interests of the Company or its investors, are carried out with an appropriate level of independence and that any conflicts are resolved fairly. Investors may obtain additional information on the Management Company and/or Company's policy related to conflict of interests free of charge by addressing their request in writing to the Management Company.

Notwithstanding its due care and best effort, there is a risk that the organisational or administrative arrangements made by the Management Company for the management of conflicts of interest are not sufficient to ensure with reasonable confidence, that risks of damage to the interests of the Company or its shareholders will be prevented. In such case these non-mitigated conflicts of interest as well as the decisions taken will be reported to investors on the following website of the Management Company: [http://www.ubs.com/lu/en/asset\\_management/investor\\_information.html](http://www.ubs.com/lu/en/asset_management/investor_information.html).

Respective information will also be available free of charge at the registered office of the Management Company.

In addition, it has to be taken into account that the Management Company and the Depositary are members of the same group. Thus, both have put in place policies and procedures ensuring that they (i) identify all conflicts of interests arising from that link and (ii) take all reasonable steps to avoid those conflicts of interest.

Where a conflict of interest arising out of the group link between the Management Company and the Depositary cannot be avoided, the Management Company or the Depositary will manage, monitor and disclose that conflict of interest in order to prevent adverse effects on the interests of the Company and of the shareholders.

A description of the safekeeping functions delegated by the Depositary, the list of delegates and sub-delegates of the Depositary can be found on the following webpage: <https://www.ubs.com/global/en/legalinfo2/luxembourg.html>, and up-to-date information in relation thereto will be made available to investors upon request.

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

### Liquidation of the Company and its Subfunds

The Company may be liquidated at any time by the general meeting of shareholders in due observance of the legal provisions governing the quorum and necessary majority. If the total net assets of the Company fall below two-thirds or one-quarter of the prescribed minimum capital, the Board of Directors of the Company must ask for a vote by the general meeting of shareholders on whether to liquidate the Company. If the Company is dissolved, the liquidation will be carried out by one or more liquidators to be designated by the general meeting of shareholders, which will also determine their sphere of responsibility and remuneration. The liquidators will realise the Company's assets in the best interests of the shareholders and distribute the

net proceeds from the liquidation of the Subfunds to the shareholders of said Subfunds or share classes in proportion to their respective holdings. Any liquidation proceeds which cannot be distributed to the shareholders at the end of the liquidation process (which can take up to nine months), will be deposited immediately at the Caisse de Consignation in Luxembourg.

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

If the total net asset value of a Subfund or of a share class within a Subfund has fallen below a value or has not reached that value, which is required for the economically efficient management of that Subfund or that share class, or in the event of a substantial change in the political, economic and monetary environment, or as part of a rationalisation, the general meeting of shareholders or the Board of Directors of the Company may decide to redeem all shares of the corresponding share class(es) at the net asset value (taking into account the actual realisation prices and realisation cost of the investment) as at the valuation date or time on which the decision takes effect. The provisions of the section "General meeting of the Company or of the shareholders of the Subfund concerned" shall be applied accordingly to the decision of the general meeting of shareholders. The Board of Directors may also dissolve and liquidate a Subfund or share class in accordance with the provisions described in the above sentence.

The shareholders of the Subfund concerned will be informed of the decision of the general meeting of shareholders or of the Board of Directors of the Company to redeem shares as described above in the section "Regular reports and publications".

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

**"Mergers"** are transactions in which

- a) one or more UCITS or Subfunds of such UCITS, the **"absorbed UCITS"**, upon being wound up without liquidation, transfer all assets and liabilities to another existing UCITS or a Subfund of that UCITS, the **"absorbing UCITS"**, and the shareholders of the absorbed UCITS receive in return shares in the absorbing UCITS and, if applicable, a cash payment not exceeding 10% of the net asset value of such shares;
- b) two or more UCITS or Subfunds of such UCITS, the **"absorbed UCITS"**, upon being wound up without liquidation, transfer all their assets and liabilities to another UCITS formed by them or a Subfund of that UCITS, the **"absorbing UCITS"**, and the shareholders of the absorbed UCITS receive in return shares in the absorbing UCITS and, if applicable, a cash payment not exceeding 10% of the net asset value of such shares;
- c) one or more UCITS or Subfunds of such UCITS, the **"absorbed UCITS"**, that continue to exist until liabilities have been paid off, transfer all net assets to another Subfund of the same UCITS, to another UCITS formed by them or to another existing UCITS or a Subfund of that UCITS, the **"absorbing UCITS"**.

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

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

Shareholders will be informed of the decision to merge in the manner described above in the section entitled "Regular reports and publications". During the 30 days following the publication of such a decision, shareholders will have the right to redeem all or a part of their shares at the prevailing net asset value, free of redemption commission or other administration charges, in accordance with the established procedure outlined in "Redemption of shares". Shares not presented for redemption will be exchanged on the basis of the net asset value of the Subfund concerned, calculated for the day for which the exchange ratio is calculated. In the event of the allocation of units in a collective investment fund (fonds commun de placement), the decision is binding only for the investors who voted in favour of the allocation.

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

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

### Applicable law, place of performance and authoritative language

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

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

### Investment principles

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

#### 1 Permitted investments of the Company

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

- a) securities and money market instruments which are listed or traded on a "regulated market", as defined in Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments;
  - b) securities and money market instruments which are traded in a Member State on another market which operates regularly and is recognised and open to the public. The term "**Member State**" designates a Member State of the European Union; states that are parties to the agreement on the European Economic Area but are not Member States of the European Union are considered the same as Member States of the European Union, within the limits of said agreement and its related agreements;
  - c) securities and money market instruments admitted to official listing on a stock exchange in a non-Member State or traded on another market of a European, American, Asian, African or Australasian country (hereinafter "approved state") which operates regularly and is recognised and open to the public;
  - d) newly issued securities and money market instruments provided that the terms of issue contain a clause that an application is made for an official listing on one of the securities exchanges or a licence to trade on one of the regulated markets mentioned under point 1.1(a)–(c), and that this listing/licence is granted within one year of the issue of the securities;
  - e) units of UCITS admitted pursuant to Directive 2009/65/EC and/or other UCI within the meaning of Article 1(2)(a) and (b) of Directive 2009/65/EC with their registered office in a Member State as defined in the Law of 2010 or a non-Member State, provided that:
    - such other UCI have been approved in accordance with statutory rules subjecting them to supervision which, in the opinion of the CSSF, is equivalent to that which applies under Community law, and that adequate provision exists for ensuring cooperation between authorities;
    - the level of protection afforded to unitholders in the other UCI is equivalent to that afforded to shareholders in the Company and, in particular, rules apply to the separate holding of fund assets, borrowing, lending and the short-selling of securities and money market instruments that are equivalent to the requirements set forth in Directive 2009/65/EC;
    - the business operations of the other UCI are the subject of annual and semi-annual reports that permit an assessment to be made of the assets and liabilities, income and transactions arising during the reporting period; the UCITS or such other UCI, the units of which are to be acquired, may invest, pursuant to its Management Regulations or its founding documents, a maximum of 10% of its assets in units of other UCITS or UCI;The Subfund invests a maximum of 10% of its assets in other UCITS or UCI, unless stipulated to the contrary in the investment policy of the relevant Subfund;
  - f) sight deposits or deposits at notice at credit institutions with a term of up to 12 months, provided the institution concerned has its registered office in an EU Member State, or – if the institution's registered office is located in a non-EU state – it is subject to supervisory regulations which the CSSF authority deems equivalent to those under Community law;
  - g) derivative financial instruments ("**derivatives**"), including equivalent cash-settled instruments, which are traded on one of the regulated markets listed in (a), (b) and (c) above, or derivatives which are not traded on a stock exchange ("**OTC derivatives**"), provided that:
    - the use of derivatives is in accordance with the investment purpose and investment policy of the respective Subfund, and is suited towards achieving these;
    - the underlying securities are instruments in accordance with the definition given in point 1.1(a) and (b) or financial or macroeconomic indices, interest rates, currencies or other underlying instruments in which the Company's investment policy allows it to invest directly or via other existing UCI or UCITS;
    - the Subfunds ensure, through adequate diversification of the underlying assets, that the diversification requirements applicable to them and listed in the section entitled "Risk diversification" are adhered to;
    - the counterparties in transactions involving OTC derivatives are institutions subject to official supervision and belonging to the categories admitted by the CSSF and expressly approved by the Company. The approval process by the Company is based on the principles drawn up by UBS AM Credit Risk and relating to inter alia the credit worthiness, reputation and experience of the counterparty in question in settling transactions of this type, as well as their willingness to provide capital. The Company maintains a list of counterparties it has approved;
    - the OTC derivatives are valued in a reliable and verifiable manner on a daily basis and may be sold, liquidated or settled by means of a back-to-back transaction at any time, upon the Company's initiative and at the appropriate market value; and
    - the respective counterparty is not granted discretion regarding the composition of the portfolio managed by the respective Subfund (e.g. in the case of a total return swap or a derivative financial instrument with similar characteristics) or the underlying of the respective OTC derivative.
  - h) money market instruments as defined under "Investment policy", which are not traded on a regulated market, provided that the issuance or issuer of these instruments is governed by rules providing protection for investors and investments and on condition that such instruments are
    - issued or guaranteed by a central, regional or local authority or the central bank of a Member State, the European Central Bank, the European Union or European Investment Bank, by a non-Member State, or, in the case of a federal state, a Member State of the federation or by a public international body of which at least one Member State is a member; or
    - issued by an undertaking whose securities are traded on the regulated markets mentioned in point 1.1(a), (b) and (c); or
    - issued or guaranteed by an institution that is subject to official supervision in accordance with the criteria laid down by Community law or by an institution that is subject to and complies with supervision that, in the opinion of the CSSF, is at least as stringent as that provided for by Community law, or are issued by other issuers belonging to a category approved by the CSSF, provided that investor protection rules apply to investments in such instruments, which are equivalent to those of the first, second or third listed point above and provided the issuers constitute either a company with equity capital amounting to at least 10 million euros (EUR 10,000,000), which prepares and publishes its annual accounts according to the provisions of the Fourth Council Directive 78/660/EEC, or an entity within a group encompassing one or more listed companies and responsible for its financing, or an entity which is to fund the underlying securities for obligations by the use of a credit line made available by a bank.
- 1.2 Contrary to the investment restrictions set out in point 1.1, each Subfund may invest up to 10% of its net assets in securities and money market instruments other than those named in point 1.1;
  - 1.3 The Company ensures that the overall risk associated with derivatives does not exceed the overall net value of the Company portfolio. As part of its investment strategy, each Subfund may make investments in derivatives within the limits laid down in points 2.2 and 2.3, provided the overall risk of the underlying instruments does not exceed the investment limits stipulated in point 2.
  - 1.4 Each Subfund may hold liquid funds on an ancillary basis.
- ## 2 Risk diversification
- 2.1 In accordance with the principle of risk diversification, the Company is not permitted to invest more than 10% of the net assets of a Subfund in securities or money market instruments from a single institution. The Company may not invest more than 20% of the net assets of a Subfund in deposits with a single institution. In transactions by a Subfund in OTC derivatives, the risk of loss must not exceed 10% of the assets of the Subfund concerned if the counterparty is a credit institution as defined in point 1.1(f). The maximum allowable risk of loss is reduced to 5% in transactions with other counterparties. The total value of all positions in the securities and money market instruments of those institutions accounting for more than 5% of the net assets of a Subfund may not exceed 40% of the net assets of the respective Subfund. Such limitation shall not apply to deposits and transactions in OTC derivatives with financial institutions which are subject to supervision.
  - 2.2 Regardless of the maximum limits set out in point 2.1, each Subfund may not invest more than 20% of its net assets in a single institution in a combination of:
    - securities or money market instruments issued by such institution,
    - deposits with such institution and/or
    - OTC derivatives traded with such institution.
  - 2.3 Contrary to the above, the following applies:
    - a) The limit of 10% mentioned in point 2.1 may be raised to 25% for certain debt instruments issued by credit institutions domiciled in an EU Member State and subject, in that particular country, to special legislative supervision by public authorities that would ensure the protection of investors. In particular, funds originating from the issue of such bonds must, in accordance with the law, be invested in assets which provide sufficient cover for the obligations arising from them during the entire term of the bonds and, in the event of insolvency of the borrower, provide a preferential right in respect of the payment of capital and interest. If a Subfund invests more than 5% of its net assets in bonds of a single issuer, then the total value of these investments may not exceed 80% of the value of the net assets of the Subfund.
    - b) This limit of 10% can be raised to 35% for securities or money market instruments issued or guaranteed by an EU Member State or its central, regional and local authorities, by another approved state, or by international organisations with public-law character of which one or more EU States are members. Securities and money-market instruments that come under the special ruling given in point 2.3(a) and (b) are not counted when calculating the above-mentioned 40% risk-diversification ceiling.
    - c) The limits set out in points 2.1, 2.2, 2.3(a) and (b) may not be accumulated; therefore, the investments listed in these paragraphs made in securities or money market instruments of a single issuer or in deposits with that institution or in its derivatives may not exceed 35% of the net assets of a given Subfund.
    - d) Companies which belong to the same group of companies in that they prepare their consolidated accounts under the rules of Council Directive 83/349/EEC (1) or according to recognised international accounting principles, must be treated as a single issuer for the calculation of the investment limits set out in this section. However, investments by a Subfund in securities and money market instruments of a single group of companies may together make up to 20% of the assets of the Subfund concerned.
  - e) **In the interests of risk diversification, the Company is authorised to invest up to 100% of a Subfund's net assets in securities and money market instruments from various issues that are guaranteed or issued by an EU Member State or its local authorities, another authorised OECD Member State, Russia, Brazil, Indonesia or Singapore, or by international organisations under public law to which one or more EU Member States belong. These securities or money market instruments must be divided into at least six different issues, with securities or money market instruments from a single issue not exceeding 30% of the total net assets of a Subfund.**
  - 2.4 The following provisions apply with regard to investments in other UCITS or UCI:
    - a) The Company may invest up to 20% of the net assets of a Subfund in units in a single UCITS or other UCI. In implementing this investment limit, each Subfund of a UCI consisting of a number of Subfunds is treated as an independent issuer if it can be guaranteed that said Subfunds are individually liable in respect of third parties.
    - b) Investments in units of UCI other than UCITS may not exceed 30% of the Subfund's net assets. The assets of the UCITS or other UCI invested in are not included in the calculation of the maximum limits set out in points 2.1, 2.2 and 2.3.
    - c) For Subfunds which, in line with their investment policy, invest a significant portion of their assets in units of other UCITS and/or other UCI, the maximum flat fees chargeable by the Subfund itself and by the other UCITS and/or other UCI in which it intends to invest are described in the section "Expenses paid by the Company".



- 2.5 The Subfunds may subscribe, acquire and/or hold shares that are to be issued by or have been issued by one or more other subfunds of the Company, provided that:
- the target subfund does not itself invest in the subfund that is investing in that target Subfund; and
  - the total share of the assets which the target subfunds to be acquired may invest in units of other UCI may not, in accordance with their sales prospectuses or Articles of Incorporation, exceed 10%; and
  - any voting rights associated with the securities in question is suspended for the period they are held by the Subfund in question, regardless of their appropriate evaluation in the financial statements and periodic reports; and
  - in any case, as long as these securities are held by the Subfund, their value is not taken into consideration in the calculation of net asset value under the Law of 2010 for the purposes of verifying the minimum net assets under the Law of 2010; and
  - there is no multiple charging of fees for administration/subscription or redemption either at the level of the Subfund that has invested in the target subfund or at the level of the target subfund.
- 2.6 The Company may invest a maximum of 20% of the investments of a Subfund in equities and/or debt securities of a single issuer if the investment policy of the Subfund in question provides for the Subfund objective of replicating a specific equity or debt security index recognised by the CSSF, provided that:
- the composition of the index is sufficiently diversified;
  - the index represents an appropriate benchmark for the market to which it refers;
  - the index is published appropriately.
- The limit is 35% provided this is justified based on exceptional market conditions, and in particular on regulated markets on which certain securities or money market instruments are in a strongly dominant position. Investment up to this upper limit is only permitted in the case of a single issuer.

If the limits mentioned in points 1 and 2 are exceeded unintentionally or due to the exercise of subscription rights, the Company must attach top priority in its sales of securities to normalising the situation while, at the same time, considering the best interests of the shareholders.

Provided that they continue to observe the principle of risk diversification, newly launched Subfunds may deviate from the specific restrictions indicated regarding risk diversification for a period of six months after being approved by the authorities.

### 3 Investment restrictions

The Company is prohibited from:

- 3.1 acquiring securities, the subsequent sale of which is subject to any restrictions arising from contractual agreements;
- 3.2 acquiring equities with voting rights that would enable the Company, possibly in collaboration with other investment funds under its supervision, to exert a significant influence on the management of an issuer;
- 3.3 acquiring more than:
  - 10% of the non-voting shares of a single issuer,
  - 10% of the debt instruments of a single issuer,
  - 25% of the units of a single UCITS or UCI;
  - 10% of the money market instruments of a single issuer.

In the last three cases, the restrictions on acquiring securities need not be observed if the gross amount of the debt instruments or the money market instruments or the net amounts of the issued units cannot be determined at the time of acquisition.

Exempt from the provisions of points 3.2 and 3.3 are:

- securities and money market instruments which are issued or guaranteed by an EU Member State or its central, regional and local authorities or by another approved state;
  - securities and money market instruments issued or guaranteed by a non-Member State of the European Union;
  - securities and money market instruments issued by public international bodies to which one or more Member States of the European Union belong;
  - shares held in the capital of a company incorporated in a non-Member State and investing its assets mainly in the securities of issuing bodies domiciled in that non-Member State, where under the legislation of that non-Member State such a stake represents the only way in which investments may be made in the securities of issuing bodies of that non-Member State. In doing so, the provisions of the Law of 2010 must be complied with; and
  - shares held in the capital of subsidiary companies, which carry out certain administrative, advisory or sales services with regard to the repurchase of units at shareholders' request in the country they are located and exclusively on behalf of the Company.
- 3.4 short-selling securities, money market instruments or other instruments listed in point 1.1(e), (g) and (h);
  - 3.5 acquiring precious metals or related certificates;
  - 3.6 investing in real estate and purchasing or selling commodities or commodities contracts;
  - 3.7 taking out loans, unless
    - these are in the form of a back-to-back loan for the purchase of foreign currency;
    - the loan is only temporary and does not exceed 10% of the net assets of the Subfund in question;
  - 3.8 granting loans or acting as guarantor for third parties. This restriction does not prevent the acquisition of securities, money market instruments or the other instruments listed in point 1.1(e), (g) and (h) if these are not fully paid up.
  - 3.9 Notwithstanding the aforementioned prohibited investments, the Company is entitled to invest in the following assets:
    - certificates, which have individual precious metals as underlying assets, comply with the securities requirements stipulated in Article 2 of Directive 2007/16/EC and do not contain any embedded derivatives linked to the performance of an index.
    - certificates, which have individual commodities or commodity indices as underlying assets, comply with the securities requirements stipulated in Article 2 of Directive 2007/16/EC and do not contain any embedded derivatives linked to the performance of an index.

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

### 4 Merging assets

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

#### Pooling

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

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

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

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

#### Joint management

To reduce operating and management costs and at the same time to permit broader diversification of investments, the Company may decide to manage part or all of the assets of one or more Subfunds in combination with assets that belong to other Subfunds or to other undertakings for collective investment. In the following paragraphs, the term **"jointly managed entities"** refers to the Company and each of its Subfunds and all entities with or between which a joint management agreement might exist; the term **"jointly managed assets"** refers to the entire assets of these jointly managed entities which are managed according to the aforementioned agreement.

As part of the joint management agreement, the respective Portfolio Manager is entitled, on a consolidated basis for the relevant jointly managed entities, to make decisions on investments and sales of assets which have an influence on the composition of the portfolio of the Company and of its Subfunds. Each jointly managed entity holds a share in the jointly managed assets which is in proportion to the share of its net assets in the aggregate value of the jointly managed assets. This proportionate holding (for this purpose referred to as a **"participation arrangement"**) applies to all investment categories which are held or acquired within the context of joint management. Decisions regarding investments and/or sales of assets have no effect on this participation arrangement, and further investments are allotted to the jointly managed entities in the same proportions. In the event of a sale of assets, these will be subtracted proportionately from the jointly managed assets held by the individual jointly managed entities.

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

Shareholders are alerted to the fact that the joint management agreement may result in the composition of the assets of a particular Subfund being affected by events which concern other jointly managed entities, e.g. subscriptions and redemptions, unless the Company or one of the entities commissioned by the Company resort to special measures. If all other aspects remain unchanged, subscriptions received by an entity under joint management with the Subfund will therefore result in an increase in the cash reserve of this Subfund. Conversely, redemptions of an entity under joint management with the Subfund will result in a reduction of the cash reserves of the Subfund. However, subscriptions and redemptions can be executed on the special account that is opened for each jointly managed entity outside the agreement and through which subscriptions and redemptions must pass. Because of the possibility of posting extensive subscriptions and redemptions to these special accounts, and the possibility that the Company or the entities commissioned by it may decide at any time to terminate the participation of the Subfund in the joint management agreement, the Subfund concerned may avoid rearranging its portfolio if this could adversely affect the interests of the Company and its shareholders. If a change in the portfolio composition of the Company or one or more of its Subfunds, occurring as a result of redemptions or payments of fees and expenses associated with another jointly managed entity (i.e. which cannot be counted as belonging to the Company or respective Subfund), could result in a violation of the investment restrictions applying to the Company or respective Subfund, the relevant assets before implementing the change will be excluded from the agreement so that they are not affected by the resulting adjustments.

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

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

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

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

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

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

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

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

The risks inherent to the use of these techniques are essentially comparable to the risks associated with the use of derivatives (in particular, counterparty risk). For this reason, reference is made here to the information contained in the section entitled "Risks connected with the use of derivatives". The Company ensures that it or one of its appointed service providers will monitor and manage the risks incurred through the use of these techniques, particularly counterparty risk, as part of the risk management procedure. The monitoring of potential conflicts of interest arising from transactions with companies associated with the Company and the Management Company is primarily carried out through reviewing the contracts and corresponding processes on a regular basis.

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

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

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

The provisions of the section entitled "Collateral management" shall apply accordingly to the management of collateral that was left to the Company within the scope of securities lending. In derogation from the provisions of the section entitled "Collateral management", shares from the finance sector are accepted as securities within the framework of securities lending.

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

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

The Board of Directors of the Company has approved instruments of the following asset classes as collateral from securities lending transactions and determined the following haircuts to be used on these instruments:

Asset class	Minimum haircut (% deduction from market value)
<b>Fixed and variable-rate interest-bearing instruments</b>	
Instruments issued by a state belonging to the G-10 (apart from the USA, Japan, the UK, Germany and Switzerland, including their federal states and cantons as issuers) and with a minimum rating of A*	2%
Instruments issued by the USA, Japan, the UK, Germany and Switzerland, including their federal states and cantons**	0%
Bonds with a minimum rating of A	2%
Instruments issued by supranational organisations	2%
Instruments issued by an entity and belonging to an issue with a minimum rating of A	4%
Instruments issued by a local authority and with a minimum rating of A4%	
<b>Shares</b>	8%
Shares listed on the following indexes are accepted as permissible collateral:	Bloomberg ID
Australia (S&P/ASX 50 INDEX)	AS31
Austria (AUSTRIAN TRADED ATX INDEX)	ATX
Belgium (BEL 20 INDEX)	BEL20
Canada (S&P/TSX 60 INDEX)	SPTSX60
Denmark (OMX COPENHAGEN 20 INDEX)	KFX
Europe (Euro Stoxx 50 Pr)	SX5E
Finland (OMX HELSINKI 25 INDEX)	HEX25
France (CAC 40 INDEX)	CAC
Germany (DAX INDEX)	DAX
Hong Kong (HANG SENG INDEX)	HSI
Japan (NIKKEI 225)	NKY
Netherlands (AEX-Index)	AEX
New Zealand (NZX TOP 10 INDEX)	NZSE10
Norway (OBX STOCK INDEX)	OBX
Singapore (Straits Times Index STI)	FSSTI
Sweden (OMX STOCKHOLM 30 INDEX)	OMX
Switzerland (SWISS MARKET INDEX)	SMI
Switzerland (SPI SWISS PERFORMANCE IX)	SPI
U.K. (FTSE 100 INDEX)	UKX
U.S. (DOW JONES INDUS. AVG)	INDU
U.S. (NASDAQ 100 STOCK INDEX)	NDX
U.S. (S&P 500 INDEX)	SPX
U.S. (RUSSELL 1000 INDEX)	RIY

\* In this table, "rating" refers to the rating scale used by S&P. Ratings by S&P, Moody's and Fitch are used with their corresponding scales. If the ratings given to a certain issuer by these rating agencies are not uniform, then the lowest rating shall apply.

\*\* Non-rated issues by these states are also permissible. No haircut is applied to these either.

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

Any repurchase agreements are subject to the following conditions:

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