

## **MANAGEMENT REGULATIONS OF UBS (LUX) EQUITY FUND**

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The Management Company UBS Fund Management (Luxembourg) S.A. (hereinafter referred to as the “**Management Company**”) is an *Aktiengesellschaft* (public limited company) with its registered office in Luxembourg that manages the UBS (Lux) Equity Fund (hereinafter referred to as the “**Fund**”) and issues registered units (hereinafter referred to as the “**units**”) in accordance with these Management Regulations. The Management Company has been approved by the Luxembourg supervisory authority in accordance with Chapter 15 of the Law of 17 December 2010 relating to undertakings for collective investment (hereinafter referred to as the “**Law of 2010**”) and is on the official list of Luxembourg management companies.

The Fund assets are held in Luxembourg by UBS Europe SE, Luxembourg Branch (hereinafter referred to as the “**Depository**”), a Luxembourg branch office of UBS Europe SE, which is a European company (*societas Europaea*; SE) with its registered office in Frankfurt am Main, Germany.

The rights and obligations of the owners of the units (hereinafter referred to as “**unitholders**”), the Management Company and the Depository are governed by these Management Regulations. Ownership of a unit entails acceptance of the Management Regulations and of any amendments duly made thereto.

### **Article 1 – The Fund and the sub-funds**

The Fund is an open-ended investment fund under Luxembourg law, does not have legal personality and constitutes a collective of unitholders who have ownership of all of the Fund’s securities and other assets. Since 1 July 2011, the Fund has been subject to the Law of 2010. The assets of the Fund, the amount of which is not subject to any limit, are maintained separately from those of the Management Company. The Fund forms a legal unit. Nonetheless, each sub-fund is regarded as being separate and the assets of a sub-fund are only liable for liabilities incurred by that sub-fund.

Investors can choose from one or more sub-funds grouped into a single fund, investing in securities and other assets in accordance with their own individual investment policies.

At any time, the Management Company may launch new sub-funds, liquidate existing sub-funds and establish unit classes with specific characteristics within a sub-fund.

The investment policy of each sub-fund shall be established by the Board of Directors of the Management Company (hereinafter referred to as “**Board of Directors**”) within the framework of the investment objectives.

The net assets of each sub-fund and the net asset value of the units of each sub-fund are expressed in the currencies determined by the Management Company.

### **Article 2 – Investment policy**

The Fund is set up as an undertaking for collective investment in transferable securities (hereinafter referred to as a “**UCITS**”).

- The sole object of this UCITS is the collective investment of capital raised from the public. This capital is invested in transferable securities and/or in other liquid financial assets permissible under Directive 2009/65/EC, pursuant to the principle of risk diversification.

- The units of the UCITS are redeemed or paid out, on request by the unitholders, either directly or indirectly to or from the UCITS' assets.

The assets of the sub-funds are invested following the principle of risk diversification. The sub-funds invest their net assets in accordance with the investment policy described in the current version of the Sales Prospectus.

The following conditions also apply to the investments made by each sub-fund:

## 1 Investment instruments

1.1 The sub-funds' investments must consist exclusively of:

- Securities and money market instruments that 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;
- Securities and money market instruments that are traded in a Member State on another market that is recognised, regulated, operates regularly and is open to the public. The term "**Member State**" designates a member country of the European Union; countries that are parties to the agreement on the European Economic Area but are not Member States of the European Union are considered equivalent to Member States of the European Union, within the limits of said agreement and its related agreements;
- 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;
- Newly issued securities and money market instruments, provided the terms of issue stipulate that an application must be made for admission to official listing or trading on one of the securities exchanges or regulated markets mentioned under Points 1.1(a)–(c), and that this admission must be granted within one year of the issue of the securities;
- Units of UCITS approved 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 UCIs have been approved in accordance with legislation subjecting them to prudential supervision that, in the opinion of the Luxembourg supervisory authority (the *Commission de Surveillance du Secteur Financier*, hereinafter referred to as 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 of the other UCIs is equivalent to that afforded to unitholders of the Fund and, in particular, regulations apply that are equivalent to those in Directive 2009/65/EC governing the segregation of the assets, borrowing, lending and the short-selling of securities and money market instruments;
  - the business operations of the other UCIs 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 no more than 10% of its assets in units of other UCITS or UCIs pursuant to its management regulations or its founding documents.

Each sub-fund may invest no more than 10% of its assets in other UCITS or UCIs, unless otherwise stipulated in the investment policy of that sub-fund.
- Sight deposits or deposits at notice at credit institutions with a term of up to 12 months, provided the institution in question has its registered office in an EU Member State, or – if the institution's registered office is located in a non-Member State – it is subject to supervisory regulations which the Luxembourg supervisory authority deems equivalent to those under Community law;
- 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 that 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 sub-fund and is suited to achieving their goals;
  - the underlyings constitute instruments as defined by Article 41(1) of the Law of 2010 or are financial indices, such as macroeconomic indices, interest rates, exchange rates or currencies in which investments may be made in line with the investment policy of the sub-fund directly or indirectly via other existing UCI/UCITS;
  - the sub-funds ensure, through adequate diversification of the underlying assets, that the diversification requirements applicable to them and listed in Article 2(2) "Risk diversification" are adhered to;
  - the counterparties in transactions involving OTC derivatives are institutions subject to prudential supervision and belonging to the categories admitted by the CSSF and expressly approved by the Board of Directors. The approval process by the Board of Directors is based on the principles drawn up by UBS AM Credit Risk and concerning, inter alia, the creditworthiness, reputation and experience of the relevant counterparty in settling transactions of this type, as well as their willingness to provide capital. The Board of Directors maintains a list of counterparties it has approved;

- the OTC derivatives are valued daily in a reliable and verifiable manner and may be sold, liquidated or settled by means of a back-to-back transaction at any time, upon the Fund's initiative and at the appropriate fair value; and
  - the counterparty is not granted discretion regarding the composition of the portfolio managed by the relevant sub-fund (e.g. in the case of a total return swap or a derivative financial instrument with similar characteristics), or regarding the underlying of the relevant OTC derivative.
- h) Money market instruments within the meaning of Article 1 of the Law of 2010, 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 entity or the central bank of a Member State, the European Central Bank, the European Union or European Investment Bank, a non-Member State, or, in the case of a federal state, a Member State of the federation, or by a public international institution of which at least one Member State is a member;
  - issued by an undertaking whose securities are traded on the regulated markets listed under Point 1.1(a), (b) and (c);
  - issued or guaranteed by an institution subject to prudential supervision in accordance with the criteria laid down in Community law, or by an institution subject to supervision that, in the opinion of the CSSF, is at least as stringent as that provided for in Community law, and that complies with Community law; or
  - issued by other issuers belonging to a category approved by the CSSF, provided that regulations protecting investors that are equivalent to those in the first, second or third points above apply to investments in these instruments, and provided that the issuers constitute either a company with equity capital amounting to at least 10 million euro (EUR 10,000,000) that prepares and publishes its annual accounts in accordance with 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 securitisation of liabilities by means of a credit line provided by a bank.
- 1.2 In derogation of the investment restrictions set out in Point 1.1, each sub-fund 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 Management Company ensures that the overall risk associated with derivatives does not exceed the overall net value of the Fund portfolio. As part of its investment strategy, each sub-fund may invest in derivatives within the limits set out 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 sub-fund may hold liquid assets on an ancillary basis.

## **2 Risk diversification**

- 2.1 In accordance with the principle of risk diversification, the Management Company is not permitted to invest more than 10% of the net assets of a sub-fund in securities or money market instruments from a single institution. The Management Company may not invest more than 20% of the net assets of a sub-fund in deposits with a single institution. In transactions by a sub-fund in OTC derivatives, counterparty risk must not exceed 10% of the assets of that sub-fund if the counterparty is a credit institution as defined in Point 1.1(f). The maximum allowable counterparty risk 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 that account for more than 5% of the net assets of a sub-fund may not exceed 40% of the net assets of that sub-fund. This restriction does not apply to deposits and transactions in OTC derivatives with financial institutions that are subject to prudential supervision.
- 2.2 Regardless of the maximum limits set out in 2.1, each sub-fund may invest no more than 20% of its net assets in a single institution, in a combination of:
- securities and money market instruments issued by this institution,
  - deposits with that institution and/or
  - OTC derivative contracts with that institution.
- 2.3 In derogation of the above, the following applies:
- a) The maximum limit of 10% mentioned in Point 2.1 is 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 prudential supervision by public authorities designed to protect the holders of these instruments. In particular, funds originating from the issue of such debt instruments must, in accordance with the law, be invested in assets that provide sufficient cover for the obligations arising from them during the entire term of the bonds and that provide a preferential right to payment of the capital and interest in the event of insolvency of the issuer. If a sub-fund invests more than 5% of its net assets in debt instruments of a single issuer, then the total value of these investments may not exceed 80% of the value of the net assets of the sub-fund.
- b) The maximum limit of 10% is raised to 35% for securities or money market instruments issued or guaranteed by an EU Member State or its local authorities, by another approved state, or by public international bodies of which one or more EU Member States are members.

Securities and money market instruments that come under the special ruling referenced in Point 2.3(a) and (b) are not accounted for in calculating the aforementioned 40% maximum limit pertaining to risk diversification.

- c) The limits set out in points 2.1, 2.2, and 2.3(a) and (b) may not be aggregated; therefore, the aforementioned investments in securities, money market instruments, deposits and derivatives of a single issuer may not exceed 35% of the net assets of a given sub-fund.
- d) Companies belonging to the same group for the purposes of consolidated accounts, as defined by Council Directive 83/349/EEC or recognised international accounting rules, must be treated as a single issuer for the calculation of the investment limits set out in this section.  
However, investments by a sub-fund in securities and money market instruments of a single corporate group may total up to 20% of the assets of that sub-fund.
- e) **In the interests of risk diversification, the Management Company is authorised to invest up to 100% of a sub-fund'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, by another approved state or by public international bodies of which one or more EU Member States are members. 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 sub-fund.**

2.4 The following provisions apply with regard to investments in other UCITS or UCI, subject to the provisions of point 5:

- a) The Management Company may invest up to 20% of the net assets of a sub-fund in units of a single UCITS or other UCI. In implementing this investment limit, each sub-fund of a UCI comprising multiple sub-funds is treated as an independent issuer, provided each of these sub-funds is individually liable in respect of third parties.
  - b) Investments in units of UCIs other than UCITS may not exceed 30% of the sub-fund's net assets. The assets of the UCITS or other UCI in which a sub-fund has invested are not included when calculating the maximum limits set out in Points 2.1, 2.2 and 2.3.
  - c) For sub-funds that, in accordance with their investment policies, invest a significant portion of their assets in units of other UCITS and/or other UCIs, the maximum management fees chargeable by the sub-fund itself and by the other UCITS and/or other UCIs in which it intends to invest are listed in the "Expenses paid by the Fund" section of the Sales Prospectus.
- 2.5 The sub-funds may subscribe, acquire and/or hold units that are to be issued by or have been issued by one or more other sub-funds of the Fund, provided that:
- the target sub-fund does not itself invest in the sub-fund that is investing in that target sub-fund; and
  - the target sub-funds to be acquired may, in accordance with their sales prospectuses or articles of incorporation, invest no more than 10% of their own assets in units of other target sub-funds of the same UCI; and
  - any voting rights associated with the securities in question are suspended for the period they are held by the sub-fund in question, regardless of their appropriate valuation in financial accounts and periodic reports; and
  - as long as these securities are held by the sub-fund, their value is not, in any event, included in the calculation of the sub-fund's net asset value described in the Law of 2010 to verify the minimum net assets in accordance with that law; and
  - no administration/subscription or redemption fees are double charged at the level of the sub-fund and that of the target sub-fund in which it invests.

2.6 The Fund may invest up to 20% of a sub-fund's assets in equities and/or debt securities of a single issuer if, according to that sub-fund's investment policy, the sub-fund's objective is to replicate a specific equity or bond index recognised by the CSSF. This is subject to the following conditions:

- the composition of the index is sufficiently diversified;
- the index is an appropriate benchmark for the market it represents;
- the index is published in an appropriate manner.

The limit is 35% provided this is justified due to exceptional market conditions; particularly on regulated markets heavily predominated by certain securities or money market instruments. Investment up to this upper limit is only permitted in the case of a single issuer.

Unless otherwise provided for in the investment policy of the relevant sub-fund, that sub-fund may invest no more than 10% of its assets in other UCITS or UCIs.

If the limits mentioned in Points 1 and 2 are exceeded unintentionally or as a consequence of the exercise of subscription rights, the Management Company must manage the sale of its securities so as to give top priority to amending the situation while working in the best interests of the unitholders.

For six months after they are officially approved, or from the effective date of the merger, newly launched sub-funds and absorbing UCITS may deviate from the particular restrictions indicated pertaining to risk diversification, provided that they continue to adhere to the principle of risk diversification.

### 3 Investment restrictions

The Management Company is prohibited from:

- 3.1 Acquiring securities for the Fund, if the subsequent sale of these is restricted in any way by contractual agreements;
- 3.2 Acquiring shares with voting rights that would enable the Management Company, possibly in collaboration with other investment funds under its management, to exert a significant influence on the management of an institution;
- 3.3 Acquiring more than:
  - 10% of the non-voting shares of a single issuer;
  - 10% of the debt instruments of a single issuer;
  - 25% of the units of a single UCITS or UCI;
  - 10% of the money market instruments of a single issuer

In the latter three cases, the restrictions on acquiring securities need not be observed if, at the time of acquisition, it is impossible to determine the gross sum of debt instruments or money market instruments, and the net sum of units issued.

The following are exempt from the provisions of points 3.2 and 3.3:

- securities and money market instruments issued or guaranteed by an EU Member State or its local authorities, or by another approved state;
  - securities and money market instruments issued or guaranteed by a non-Member State;
  - securities and money market instruments issued by public international bodies to which one or more Member States of the European Union belong;
  - shares in a company in a non-Member State that primarily invests its assets in the securities of issuers domiciled in that non-Member State, where under that non-Member State's law, holding such shares is the only way to legally invest in the securities of that non-Member State's issuers. In doing so, the provisions of the Law of 2010 must be complied with; and
  - shares in subsidiary companies carrying out certain administrative, advisory or sales activities surrounding unit redemption at the behest of unitholders, in the country in which 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 buying or selling commodities or commodities contracts;
  - 3.7 Taking out loans, unless
    - the loan is a back-to-back loan to purchase foreign currency;
    - the loan is only temporary and does not exceed 10% of the net assets of the sub-fund 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.

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

#### **4 Derivatives and hedging techniques**

- Subject to the conditions and restrictions set out in the Sales Prospectus, the Management Company may
- (i) use techniques and instruments that have securities as their underlying assets, provided these techniques and instruments are used in the interest of the efficient portfolio management of the affected sub-funds; and
  - (ii) use techniques and instruments for hedging currency risks as part of the proper management of the relevant sub-fund assets.

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

#### **5 Specific rules for master/feeder sub-funds**

5.1 A feeder UCITS is a UCITS or a sub-fund of a UCITS which, in derogation of Article 2(2), first indent of the Law of 2010, invests at least 85% of its assets in units of another UCITS or sub-fund of another UCITS ("**Master UCITS**").

- 5.2 A feeder UCITS may invest up to 15% of its assets in one or more of the following assets:
- a) liquid assets pursuant to Article 41(2)(2) of the Law of 2010;

b) derivative financial instruments pursuant to Article 41(1)(g) and Article 42(2) and (3) of the Law of 2010 that may only be used for hedging purposes.

To comply with Article 42(3) of the Law of 2010, the feeder UCITS calculates its global risk from derivative financial instruments using a combination of its own direct risk pursuant to Article 42 of the Law of 2010 and Article 2, Point 5.2(b) of these Management Regulations, and

- either the real risk of the master UCITS from derivative financial instruments in proportion to the feeder UCITS' investment in the master UCITS, or
- the maximum potential global risk of the master UCITS from derivative financial instruments, pursuant to the management regulations or the articles of association of the master fund, in proportion to the feeder UCITS' investment in the master UCITS.

5.3 A master UCITS is a UCITS, or a sub-fund of a UCITS, that

- has at least one feeder UCITS among its unitholders,
- is not itself a feeder UCITS, and
- does not hold units in a feeder UCITS.

5.4 If a sub-fund acts as a master UCITS and has at least two feeder UCITS as unitholders, Article 2(2), first indent and Article 3, second indent of the Law of 2010 shall not apply.

5.5 If a sub-fund acts as a master UCITS, it may not charge any fees for subscription or redemption to the feeder UCITS.

### **Article 3 – The Management Company**

The Management Company manages the Fund for the account of and in the sole interests of the unitholders, in accordance with the principle of risk diversification and pursuant to the provisions of these Management Regulations. The Management Company determines the individual sub-funds that make up the Fund, their launches, their individual investment policies and investment limits (if necessary) and, where it is deemed to be in the unitholders' interests, their terminations or mergers.

The Management Company is equipped with the broadest possible authority to execute all administrative and management tasks in its own name, for the account of the unitholders. In particular, it is authorised to buy, sell, subscribe for, swap and receive delivery of securities and other assets, and to exercise all rights directly or indirectly affecting the assets of the Fund.

The Board of Directors may appoint directors, agents or a committee, whose remuneration will be charged solely to the Management Company, for the ongoing implementation of the investment policy.

### **Article 4 – The Depositary**

The Depositary is appointed by the Management Company.

UBS Europe SE, Luxembourg Branch has been appointed Depositary.

The Depositary or the Management Company may terminate this contract at any time by informing the other party in writing with at least three months' notice.

However, the Management Company may only dismiss the Depositary if a new depositary assumes the roles and responsibilities of Depositary as defined in these Management Regulations. Furthermore, following dismissal, the Depositary must continue to serve in its role for as long as it takes to transfer all Fund assets to the new Depositary.

If the Depositary terminates its contract, the Management Company must nominate a new depositary to assume the roles and responsibilities of Depositary in accordance with the Management Regulations. In this case, the Depositary will also continue to serve in its role until the fund assets have been transferred to the new depositary.

The Depositary holds the Fund assets for the account of the Fund. With the agreement of the Management Company, it may entrust part or all of the assets for safekeeping to other banks, financial institutions or recognised clearing houses that meet the statutory requirements.

The Depositary meets the customary banking obligations relating to accounts and securities, and completes all day-to-day administrative tasks relating to the Fund assets.

In addition, the Depositary must:

- a) ensure compliance with legislation and the Management Regulations in the sale, redemption, conversion and cancellation of units executed for the account of the Fund or by the Management Company;
- b) ensure that the value of the units is calculated in accordance with the law and the Management Regulations;
- c) execute all instructions from the Management Company unless these are in breach of the law or the Management Regulations;
- d) ensure that transactions involving the Fund's assets are settled on time;
- e) ensure that the Fund income/receipts is/are used in accordance with the Management Regulations.

The Depositary also performs other duties provided for in the Law of 2010.

### **Article 5 – Net asset value**

In principle, the net asset value per unit is calculated by the Management Company for each sub-fund on the basis of the last known market prices, on each business day as defined in the current Sales Prospectus. The net asset value per unit of a sub-fund is expressed in the sub-fund currency and is calculated by dividing the sub-fund's total net assets by the number of outstanding units of the sub-fund. The net assets of each sub-fund correspond to the difference between the sub-fund's total credit balance and the total liabilities of that sub-fund.

For sub-funds with multiple unit classes, the net asset value of a unit must be calculated separately for each unit class. To this end, the net assets of the sub-fund attributable to that unit class are divided by the total number of outstanding and separately managed units of that unit class.

According to their specific characteristics, the unit classes in a sub-fund may have different net asset values.

If the total subscriptions or redemptions of all of the unit classes of a sub-fund on a single trading day come to a net capital inflow or outflow, that sub-fund's net asset value may be increased or reduced accordingly. Detailed information on the maximum adjustment amount can be found in the most recent Sales Prospectus. Estimated transaction costs and tax charges that may be incurred by the sub-fund, as well as the estimated bid-ask spreads of the assets in which the sub-fund invests, may be taken into account. Such an adjustment will lead to an increase in net asset value if the net movements result in an increase in the number of units in the relevant sub-fund. It will lead to a decrease in net asset value if the net movements result in a decrease in the number of units. The Board of Directors can set a threshold value for each sub-fund. This may be calculated from the ratio of net movement on a given trading day to the net fund assets, or from a single amount in the currency of the relevant sub-fund. In such a case, the net asset value would only be adjusted if this threshold were to be exceeded on a given trading day.

The value of the assets of each sub-fund is calculated as follows:

- a) Liquid assets (whether in the form of cash and bank deposits, bills of exchange, cheques, promissory notes, expense advances, cash dividends and declared or accrued interest still receivable) are valued at face value, unless this value is unlikely to be fully paid or received, in which case their value is determined by deducting an amount deemed appropriate to arrive at their real value.
- b) Securities, derivatives and other assets listed on a stock exchange are valued at the most recent market prices available. If these securities, derivatives or other assets are listed on several stock exchanges, the most recently available price on the stock exchange that represents the major market for this asset shall apply. In the case of securities, derivatives and other assets not commonly traded on a stock exchange and for which a secondary market among securities traders exists with pricing in line with the market, the Management Company may value these securities, derivatives and other investments based on these prices. Securities, derivatives and other investments not listed on a stock exchange, but traded on another regulated market that operates regularly and is recognised and open to the public, are valued at the most recently available price on this market.
- c) Securities and other investments not listed on a stock exchange or traded on another regulated market, and for which no appropriate price can be obtained, are valued by the Management Company according to other principles chosen by it in good faith on the basis of probable market prices.
- d) Derivatives not listed on a stock exchange (OTC derivatives) are valued on the basis of independent pricing sources. If only one independent pricing source is available for a derivative, the plausibility of the valuation obtained will be verified using calculation models that are recognised by the Management Company and the Fund's auditors, based on the market value of that derivative's underlying.
- e) Units of other undertakings for collective investment in transferable securities (UCITS) and/or undertakings for collective investment (UCIs) are valued at their last known asset value.
- f) 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. Curve-based valuations are calculated from interest rates and credit spreads. The following principles are applied in this process: The interest rate nearest the residual maturity is interpolated for each money market instrument. Thus calculated, the interest rate is converted into a market price by adding a credit spread that reflects the creditworthiness of the underlying borrower. This credit spread is adjusted if there is a significant change in the borrower's credit rating.
- g) Securities, money market instruments, derivatives and other assets denominated in a currency other than the relevant sub-fund's currency of account, and not hedged by foreign exchange transactions, are valued using the average exchange rate (between the bid and ask prices) known in Luxembourg or, if none is available, using the rate on the most representative market for that currency.
- h) Term and fiduciary deposits are valued at their nominal value plus accumulated interest.
- i) The value of swaps is calculated by an external service provider and a second independent valuation is provided by another external service provider. Such calculations are 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 method depends on the security in question and is chosen pursuant to the applicable UBS valuation policy.

The Management Company is authorised to apply other generally recognised and verifiable valuation criteria in good faith to arrive at an appropriate valuation of the net assets if a valuation in accordance with the foregoing provisions proves unfeasible or inaccurate.

If necessary, additional valuations may be made throughout the day. Such new valuations shall apply for subsequent issues and redemptions of units.

### **Asset pooling**

The Board of Directors may permit internal merging and/or the collective management of assets from particular sub-funds in the interest of efficiency. In such cases, assets from different sub-funds are managed collectively. A group of collectively managed assets is referred to as a "pool"; pooling is used exclusively for internal management purposes. Pools are not official entities and cannot be accessed directly by unitholders.

### **Pools**

The Management Company may invest and manage all or part of the portfolio assets of two or more sub-funds (referred to as "participating sub-funds" in this context) in the form of a pool. Such an asset pool is created by transferring cash and other assets (provided these assets suit the relevant pool's investment policy) from each participating sub-fund to the asset pool. From then on, the Management Company can make transfers to that asset pool. Assets can also be returned to a participating sub-fund, up to the full amount equivalent to its participation.

A participating sub-fund's share in a particular asset pool is calculated in terms of notional units of equal value. When an asset pool is created, the Board of Directors must specify a starting value for the notional units (in a currency that the Board of Directors deems appropriate) and allot to each participating sub-fund notional units equivalent to the cash (or other assets) it has contributed. The value of a notional unit is then calculated 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 relevant participating sub-fund are increased or reduced by a figure that is arrived at by dividing the cash or assets contributed or withdrawn by the participating sub-fund by the current value of that participating sub-fund's share in the pool. If cash is contributed to the asset pool, it is reduced for the purposes of calculation by an amount that the Board of Directors deems appropriate to cover any tax expenses, as well as for the closing charges and acquisition costs for the cash investment. If cash is withdrawn, a corresponding deduction may be made to account for any costs incurred in the disposal of securities or other assets of the asset pool.

Dividends, interest and other income-like distributions obtained from the assets of an asset pool are allocated to that asset pool, and thus increase its net assets. If the Fund is liquidated, the assets of an asset pool are allocated to the participating sub-funds in proportion to their respective shares in the asset pool.

### **Collective management**

To reduce operating and management costs while enabling broader diversification of investments, the Board of Directors may decide to manage part or all of the assets of one or more sub-funds collectively with those of other sub-funds or other undertakings for collective investment. In the following paragraphs, the term "**collectively managed entities**" refers to the Fund and each of its sub-funds, as well as any entities between which a collective management agreement might exist. The term "**collectively managed assets**" refers to the whole of the assets of these collectively managed entities, which is managed in accordance with the aforementioned collective management agreement.

As part of the collective management agreement, the respective portfolio manager is entitled, on a consolidated basis for the relevant collectively managed entities, to make decisions on investments and sales of assets that affect the composition of the portfolio of the Fund and its sub-funds. Each collectively managed entity holds a share in the collectively managed assets in proportion with its own net assets' contribution to the aggregate value of the collectively managed assets. This proportion held (referred to in this context as a "proportionate share") applies to all asset classes held or acquired under collective management. Investment and/or divestment decisions have no effect on a collectively managed entity's proportionate share, and future investments are allotted in proportion with it. When assets are sold, they are subtracted proportionately from the collectively managed assets held by each collectively managed entity.

When a new subscription is made with one of the collectively managed entities, subscription proceeds are allocated to each collectively managed entity taking into account the adjusted proportionate share of the jointly managed entity to which the subscription applies; this adjustment corresponds to the increase in that entity's net assets. Allocating assets from that collectively managed entity to the others changes the net asset total of each in line with its adjusted proportionate share. By the same token, when a redemption is ordered from one of the collectively managed entities, the requisite cash is taken from the collectively managed entities' cash reserves based on the proportionate shares as adjusted for the decrease in the net assets of the collectively managed entity to which the redemption applies. In this case, too, the total net assets of each will change to match its adjusted proportionate share.

Unitholders are alerted to the fact that the collective management agreement may lead to the composition of the assets of a particular sub-fund being affected by events (e.g. subscriptions and redemptions) that concern other collectively managed entities unless extraordinary measures are taken by the Board of Directors or an entity commissioned by the



Management Company. Thus, all other things being equal, subscriptions received by an entity that is collectively managed with a sub-fund will result in an increase in that sub-fund's cash reserves. Conversely, redemptions received by an entity that is collectively managed with a sub-fund will serve to reduce that sub-fund's cash reserves. However, subscriptions and redemptions can be executed on the special account opened for each collectively managed entity outside the scope of the agreement, through which subscriptions and redemptions must pass. Because a large volume of subscriptions and redemptions may be ordered to these special accounts and because the Board of Directors or entities it commissions may decide to end a sub-fund's participation in the collective management agreement at any time, that sub-fund may avoid restructuring its portfolio if this could adversely affect the interests of the Fund and its unitholders.

If a change in a given sub-fund's portfolio, occurring as a result of redemptions or payments of fees and expenses associated with another collectively managed entity (i.e. one that cannot be counted as belonging to the sub-fund), could cause a breach of the investment restrictions on that sub-fund, the relevant assets will be excluded from the agreement before the change takes effect so that they are not impacted by the resulting adjustments.

Collectively managed assets of sub-funds will only be managed collectively with assets to be invested in pursuit of the same investment objectives. This serves to ensure that investment decisions can be reconciled with the investment policy of the relevant sub-fund in every respect. Collectively managed assets may only be managed together with assets for which the same Portfolio Manager is authorised to make investment and divestment decisions, and for which the Depositary also acts as depositary. This serves to ensure that the Depositary is fully capable of carrying out its functions and meeting its obligations to the Fund and its sub-funds in accordance with the Law of 2010 and other legal requirements. The Depositary must always keep the assets of the Fund separate from those of the other collectively managed entities; this allows it to accurately determine the assets of each individual sub-fund at any time. As the investment policies of the collectively managed entities need not correspond exactly with that of an individual sub-fund, the collective investment policy for these entities may be more restrictive than that of a sub-fund.

The Board of Directors may decide to terminate the collective management agreement at any time without giving prior notice.

At any time, unitholders may enquire at the Management Company's registered office as to the percentage of collectively managed assets and entities with which there is a collective management agreement at the time of their enquiry.

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

Collective management agreements with non-Luxembourg entities are permissible if

(1) the collective management agreement in which the non-Luxembourg entity is involved is governed by Luxembourg law and is under Luxembourg court jurisdiction, or

(2) each collectively 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.

## **Article 6 – Suspension of net asset value calculation**

The Management Company may temporarily suspend calculation of the net asset value as well as the issue, redemption and conversion of the units of one or more (or all) sub-funds in the following events:

- the closure, other than for customary holidays, of one or more stock exchanges used to value a substantial portion of the net assets, or of foreign exchange markets in whose currency the net asset value, or a substantial portion of the Fund's assets, is denominated, or if trade on these stock exchanges or markets is suspended, or if these stock exchanges or markets become subject to restrictions or experience major short-term price fluctuations;
- events beyond the control, liability or influence of the Management Company that prevent access to the Fund's assets under normal conditions without causing severe detriment to unitholder interests;
- disruptions in the communications network or the calculations generally used to determine the net asset value, or if for any other reason, it is impossible to calculate the net asset value with sufficient accuracy;
- where it is impossible for the Management Company to repatriate funds to pay redemption orders in the sub-fund in question, or, in its esteem, to transfer funds from the sale or for the acquisition of investments, or for payments following unit redemptions, at normal exchange rates;
- political, economic, military or other circumstances beyond the Management Company's control that prevent the disposal of the Fund's assets under normal conditions without seriously harming the interests of the unitholders;
- for any other reason the value of assets held by a sub-fund cannot be promptly or accurately determined;
- the publication of the Management Company's decision to liquidate the Fund;
- the publication of the Management Company's decision to merge one or more sub-funds, justifying such a suspension for the protection of the unitholders; and
- the Fund can no longer settle its transactions due to restrictions on foreign exchange and capital movements or other transfers of assets.

In addition, the above conditions notwithstanding, the feeder UCITS has the right to suspend the redemption, pay-out, subscription and conversion of its units at the same time as its master UCITS.

Notice of any suspension of net asset value calculation, or of the issue, redemption and conversion of units, must be published in accordance with Article 8 below.

## Article 7 – Issue, redemption and conversion of units

### Issue of units

Units for each sub-fund are issued based on the net assets of that sub-fund.

The Management Company shall transfer the requisite number of units to investors as soon as the appropriate purchase price has been paid.

Units are made out to the unitholder and credited to the custody account they specify. Units are issued as registered units only. This means that the unitholder status of an investor in the Fund with all associated rights and obligations will be based on that investor's entry in the Fund register. A conversion of registered units into bearer units may not be requested.

Furthermore, fractions of units can be issued for all sub-funds/unit classes. Fractions of units are expressed up to three decimal places. If the relevant sub-fund or unit class is liquidated, fractional units entitle the holder to a distribution or proportionate share of the liquidation proceeds.

The issue price is based on the net asset value of each sub-fund or unit class calculated in accordance with Article 5. In addition, an entry charge of no more than 6% of the net asset value may be charged in favour of the distributors. The maximum applicable entry charge is contained in the current Sales Prospectus.

The issue price must be paid within three days of the order date (by the "**settlement date**"). If, on the settlement date or any day between the order date and the settlement date, banks in the country of the currency of the relevant unit class are not open for business or the relevant currency is not traded in an interbank settlement system, settlement shall take place on the next day on which these banks are open or these settlement systems are available for transactions in the relevant currency.

This three-day period may, however, be changed by resolution of the Board of Directors.

Unitholders are reminded that units may also be cleared through recognised external clearing houses like Clearstream.

The issue price may be increased to account for taxes, fees and other charges applicable in the countries in which the units are offered for subscription.

The Management Company may accept full or partial subscriptions in kind at its own discretion. In such cases, the contribution in kind must suit the investment policy and restrictions of the relevant sub-fund. Such payments in kind will also be appraised by the auditor selected by the Management Company. The costs incurred will be charged to the relevant investor.

The Management Company may split or merge units within each sub-fund.

The Management Company may, at its discretion, temporarily suspend, restrict or fully halt the issue of the units of one or more sub-funds or unit classes to certain natural or legal persons from particular countries or regions.

In addition, the Management Company is authorised to:

- refuse a request to buy units, at its own discretion;
- Redeem, at any time, units purchased in defiance of an exclusion clause.

The Management Company may restrict or prevent the ownership of Fund units by any natural or legal person if the Management Company deems that such ownership could be harmful to the Fund, or if it could constitute a violation of Luxembourg or foreign laws or regulations, or if it would subject the Fund to foreign tax laws. For this purpose, the Management Company may:

- a) refuse to issue units, or to enter transfers of units into the unit register, if it has reason to believe that such entry or transfer would or could give legal or beneficial ownership of these units to persons who are excluded from owning units, or who hold units in excess of a percentage of the assets of the Fund or a sub-fund determined by the Management Company at an appropriate time ("**unauthorised persons**");
- b) require, at any time, a person whose name is in the unit register, or who requests to enter a transfer of units into the register, to provide the Company, in an affidavit, with any information it deems necessary to determine whether beneficial ownership of the relevant units rests with an unauthorised person, or whether such registration would give beneficial ownership of the units to an unauthorised person.
- c) Finally, if the Management Company has reason to believe the beneficial owner of units is an unauthorised person, alone or in addition to others, it may force the relevant unitholder to redeem all units held, or only those units thought to be held on behalf of an unauthorised person, or if an unauthorised person is indeed the beneficial owner of units, it may force the relevant unitholder to redeem all units held. This shall be done in the following manner:
  - (1) The Management Company issues the unitholder entered as the holder in the unit register with a notice (hereinafter referred to as the "**notice of purchase**") listing the units to be bought, the method of calculating the purchase price and the name of the buyer.

The notice of purchase is sent by registered post with confirmation of receipt to the last known address of the unitholder or to the address listed in the Management Company's records.

The unitholder's ownership of the units listed in the notice of purchase ends immediately upon close of business on the date indicated in the notice of purchase. The name is deleted from the unit register.
  - (2) The price to be paid for the units (hereinafter referred to as the "**purchase price**") is their net asset value on the last valuation day determined by the Management Company for the redemption of units in the relevant sub-fund prior to the date on which the notice of purchase takes effect. This value will be

determined in accordance with Article 5 of these Management Regulations, and less the charges provided for therein.

- (3) The purchase price is normally paid to the former unitholder in the currency selected by the Management Company for payment of the redemption price of the relevant units. Once determined, the purchase price is deposited by the Management Company with the Luxembourg or foreign bank indicated in the notice of purchase for payment to this unitholder.

Once the notice of purchase has been issued as described above, the former unitholder no longer has any claim to the units, or any claim on the Fund or its assets by virtue of the units, except for the right to be paid the purchase price (without interest) from the bank indicated. Amounts to which the unitholder is entitled in accordance with the provisions of this section that are not claimed within five years of the date indicated in the notice of purchase can then no longer be claimed and revert to the relevant sub-fund. The Management Company is authorised to take all necessary steps to return such amounts to the sub-fund.

- (4) Under no circumstances may the Management Company's choice to exercise the powers afforded it in this Article be called into question or declared invalid by claiming that there was insufficient proof of a person's ownership of units, or that the conditions of such ownership were different than had been assessed by the Management Company as of the notice of purchase date. This, however, is subject to the Management Company's having exercised its powers in good faith.

### **Market timing and late trading**

The Management Company prohibits all transactions that it deems potentially detrimental to unitholder interests, including 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 Management Company is also entitled to take any action it deems necessary to protect unitholders from such practices.

### **Redemption of units**

Unitholders may request to redeem their units at any time. The redemption price is based on the net asset value calculated pursuant to Article 5. The redemption price is reduced by any taxes, fees or other deductions that may apply in the relevant country of distribution. No additional redemption fee may be charged in favour of the distributors. Under normal circumstances, payment is made immediately, and is made within three days of the order date (by the "settlement date") at the latest.

If, on the settlement date or any day between the order date and the settlement date, banks in the country of the currency of the relevant unit class are not open for business or the relevant currency is not traded in an interbank settlement system, settlement shall take place on the next day on which these banks are open or these settlement systems are available for transactions in the relevant currency.

This three-day period may, however, be changed by resolution of the Board of Directors.

The Management Company must maintain enough liquid assets for each sub-fund that units can be redeemed within the timeframe described in this Article.

The Main Administrative Office and the Depositary are only required to redeem units and make the corresponding payments if the law (especially regarding foreign currency or events beyond their control) does not prevent them from transferring or paying out the requisite amount in the country of the redemption request.

The Management Company reserves the right not to execute redemption and conversion orders in full (redemption gate) on any order date on which this would lead to outflows of more than 10% of the total net asset value of a sub-fund on that date. In this case, the Management Company may decide to only partially execute redemption and conversion orders, and to postpone the redemption and conversion orders for the order date that have not been executed for a period defined in the current Sales Prospectus, giving them priority status.

In the event of a large volume of redemption orders, the Depositary and the Management Company may decide to postpone the execution of any redemption order until equivalent Fund assets have been sold (without undue delay). Should such a measure be necessary, all redemption orders received on the same day will be processed at the same price.

The Management Company may offer the investors full or partial redemptions in kind at its own discretion. In this case, the capital redeemed in kind must suit the relevant sub-fund's investment policy and restrictions. Such payments in kind will also be appraised by the auditor selected by the Management Company, and must have no negative impact on the remaining unitholders of the Fund. The costs incurred will be charged to the relevant investor.

Net asset value performance shall determine whether the redemption price is higher or lower than the issue price paid by the investor.

### **Conversion of units**

Unitholders of a sub-fund may convert some or all of their units into units of another sub-fund valued up to the equivalent of the value of the units submitted for conversion. The conversion is made based on the relevant sub-funds' net asset values per unit (plus or minus any taxes, fees or other charges), and may also incur a conversion charge in favour of the distributors equalling no more than the maximum entry charge for the new sub-fund/unit class. No redemption fee is applied in such cases, in accordance with the information in the foregoing section on redeeming units.

Within a single sub-fund, units of one unit class may be converted into units of another unit class unless the Management Company sets restrictions on conversion between the unit classes. Such conversions are carried out on based on the relevant unit classes' net asset values. Conversion orders are subject to the same procedures as the issue and redemption of units.

Conversion procedures are established by the Management Company and described in the Sales Prospectus.

### **Article 8 – Publications**

The net asset value and the issue and redemption prices of the units of each sub-fund and/or unit class are published every business day at the registered offices of the Management Company and the Depositary.

The annual report, which is audited by an external auditor, and the semi-annual reports, which do not have to be audited, can be obtained by unitholders free of charge from the registered offices of the Management Company and the Depositary.

Any amendments to the Management Regulations shall be notified by way of a notice of deposit in the *Recueil Electronique des Sociétés et Associations* ("RESA") of the Grand Duchy of Luxembourg.

Notices to unitholders, including those concerning amendments to the Management Regulations, will be published on a UBS website and can be sent by email to those unitholders who have provided an email address for this purpose. Paper copies of such notices will be mailed to those unitholders who have not provided an email address at the postal address recorded in the unitholder registry. Paper copies will also be mailed to unitholders where required by Luxembourg law or supervisory authorities, or legally required in the relevant countries of distribution, and/or published in another form permitted by Luxembourg law. Detailed information on the UBS website can be found in the most recent Sales Prospectus.

### **Article 9 – Financial year, auditing**

The financial year of the Fund ends on 30 November each year.

The annual accounts of the Management Company are audited by one or more external auditors. The annual accounts of the Fund are audited by an authorised external auditor appointed by the Management Company. The consolidated breakdown of assets for the Fund as a whole is given in EUR.

### **Article 10 – Distributions**

Any distributions that the Management Company may decide to pay per sub-fund and per unit class are drawn from the income (e.g. dividend income and interest income) or the capital (this may include, inter alia, realised and unrealised net gains in net asset value) after all expenses and fees have been deducted. The payment of distributions must not result in the net assets of the Fund falling below the minimum capital required by law. To this purpose, net income may include both accrued income and net income from the Fund's investments.

Subject to the same conditions, the Management Company may authorise the issue of bonus units.

The Management Company is entitled to decide whether interim dividends will be paid and whether distribution payments will be suspended.

Entitlements to distributions and allocations not claimed within five years of falling due will lapse and be paid back into the relevant sub-fund. If the sub-fund or unit class in question has already been liquidated at this time, the distributions and allocations shall revert to the other sub-funds of the Fund in proportion to their respective net asset values.

### **Article 11 – Amendments to the Management Regulations**

Subject to compliance with the provisions of the law, the Management Company, with the approval of the Depositary, may amend the Management Regulations.

Notice of each amendment must be published as stipulated in Article 8. Such amendments shall enter into legal force on the date of signature by the Management Company and the Depositary.

### **Article 12 – Liquidation and merger of the Fund and its sub-funds, conversion of existing sub-funds into feeder UCITS and change of existing sub-funds set up as Master UCITS**

#### **12.1. Liquidation of the Fund and its sub-funds or unit classes**

Unitholders, their heirs and other beneficiaries may not demand the division or liquidation of the Fund, a sub-fund or a unit class. The Management Company, however, is authorised to liquidate the Fund, sub-funds and unit classes provided that, taking into account the unitholders' interests, such liquidation is deemed appropriate or necessary to protect the Management Company or the Fund, or due to the investment policy.

If the total net asset value of a sub-fund, or unit class within a sub-fund, has fallen below or failed to reach a value required for that sub-fund or unit class to be managed with economic efficiency; or in the event of a substantial change

in the political, economic or monetary environment; or as part of a rationalisation; the Management Company may decide to redeem and cancel all units of the corresponding unit class(es) at the net asset value (taking into account the actual investment realisation rates and expenses) as at the valuation date or time at which this decision takes effect.

In addition, a feeder UCITS will be liquidated when its master UCITS is liquidated, split or merged with another UCITS, unless the CSSF approves the investment of at least 85% of the assets of the feeder UCITS in units of another master UCITS, or in units of the master UCITS that results from the scission or merger; or approves changes to the Management Regulations to convert the feeder UCITS into a non-feeder UCITS.

Regardless of specific legal provisions with regard to obligatory liquidation, if a sub-fund is a master UCITS, it may be liquidated no earlier than three months after all of its unitholders and the competent authorities of the feeder UCITS' Member State of origin have been informed of the binding decision to liquidate.

Any resolution to liquidate a sub-fund or unit class will be published as described in Article 8. As of the date of the resolution to liquidate the sub-fund, no more units will be issued, converted or redeemed. The redemption and conversion of units of the sub-fund in question shall remain possible after this resolution has passed, provided the equal treatment of unitholders is ensured. In the event of liquidation, the Management Company will realise the Fund's assets in the best interests of the unitholders and instruct the Depositary to distribute the net proceeds from the liquidation of the sub-fund to the unitholders of that sub-fund in proportion to their respective holdings. At the latest nine months after the decision to initiate the liquidation, (i) any liquidation proceeds that cannot or could not be distributed to the unitholders upon completing the liquidation will be deposited with the *Caisse de Consignation* in Luxembourg until expiry of the statute of limitations, and (ii) the liquidation process must be completed.

Liquidation of the Fund is mandatory in the cases prescribed by law and in the event of the liquidation of the Management Company. Notice of such liquidation will be published in at least two daily newspapers (one of which is a Luxembourg daily newspaper) as well as in the RESA. The liquidation procedure is identical for the Fund and its sub-funds with the exception that, in the case of the Fund, any liquidation proceeds that cannot be distributed to unitholders at the end of the liquidation procedure are immediately deposited with the *Caisse de Consignation*.

## **12.2 Merger of the Fund or of a sub-fund with another undertaking for collective investment (UCITS) or with a sub-fund thereof; merger of one or more sub-funds of the Fund**

At any time and subject to authorisation by the corresponding supervisory authority, the Management Company may decide to merge the Fund or one or more sub-funds with a domestic or foreign UCITS or sub-funds thereof, or to merge a sub-fund with another sub-fund.

"**Mergers**" are transactions in which

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

Such mergers may be carried out in the forms provided for in the Law of 2010, taking into account the modalities and reporting obligations provided for in that Law; the legal effects of a merger are regulated by the Law of 2010.

If a sub-fund is organised as a master UCITS, a merger can only take effect if that sub-fund provides the legally required information to its unitholders and to the competent authorities of its feeder UCITS' Member State of origin no later than 60 days before the proposed effective merger date. In this case, that sub-fund also grants its feeder UCITS the possibility of redeeming or paying out all of its units before the merger takes effect, unless the competent authorities of the feeder UCITS' Member State of origin approve the investment in units of the master UCITS created by the merger.

The unitholders of both the absorbed and the absorbing UCITS have the right, at no cost other than that charged by the UCITS to cover liquidation costs, to resell or to redeem their units. They may also, to the extent possible, convert them into units of another UCITS with a similar investment policy managed by the same Management Company or another company with which the Management Company has a collective management agreement, or with which it is connected through substantial direct or indirect holdings. This right becomes effective from the date on which the unitholders of the absorbed UCITS and the unitholders of the absorbing UCITS are informed of the planned merger, and expires five business days before the date of calculation of the conversion ratio.

In addition, the Management Company may temporarily suspend the subscription, redemption or pay-out of units in the sub-funds concerned if such suspension is justified in order to protect the unitholders.

The merger's entry into force will be officially published on all appropriate channels as provided for in the legal provisions of the absorbing UCITS' Member State of origin, and notified to the competent authorities of the Member States of origin of the absorbing and the absorbed UCITS. A merger that becomes effective pursuant to the provisions of the Law of 2010 may no longer be declared invalid.

Under the conditions described in the section "Liquidation of the Fund and its sub-funds or unit classes", the Management Company may decide to allocate the assets of a sub-fund or unit class to another existing sub-fund or unit class of the Fund, or to another UCI pursuant to Part 1 of the Law of 2010. The Management Company may also decide to redesignate the units of the sub-fund or unit class in question as units of another sub-fund or unit class (as a result of the consolidation, if necessary, and through payment of an amount that corresponds to the pro rata entitlement of the unitholders).

Unitholders will be informed of the Management Company's decision in the manner described in Article 8.

Should the Management Company make such a decision, the merger shall be binding for all unitholders of the relevant sub-fund after a period of 30 days commencing on the date on which the decision is published. During this period, unitholders may submit their units for redemption without having to pay any redemption fee or administrative costs. Units not presented for redemption will be exchanged on the basis of the net asset value of the relevant sub-fund, calculated for the day on which the merger takes effect.

### **12.3 Conversion of existing sub-funds into feeder UCITS and changes to existing sub-funds set up as master UCITS**

When existing sub-funds are converted into feeder UCITS or changes are made to existing sub-funds set up as master UCITS, the unitholders must be provided with the information required by law, within the timeframe required by law. Within 30 days of such a conversion or change coming into force, unitholders have the right to demand the redemption or the pay-out of their units at no charge, subject to disposal costs.

### **Article 13 – Fund costs**

For each sub-fund, the Fund pays a maximum flat fee each month, calculated based on the average net asset value of the respective sub-fund.

This shall be used as follows:

1. In accordance with the following provisions, a maximum flat fee based on the net asset value of the Fund is paid from the Fund's assets for the management, administration, portfolio management and distribution of the Fund (if applicable), as well as for all Depositary tasks, such as the safekeeping and supervision of the Fund's assets, the processing of payment transactions and all other tasks listed in the "Depositary and Main Paying Agent" section of the Sales Prospectus. This fee is charged to the Fund's assets on a pro rata basis upon every calculation of the net asset value and is paid on a monthly basis (maximum flat fee). The relevant maximum flat fee will not be charged until the corresponding unit classes have been launched. An overview of the maximum flat fees can be found in the Sales Prospectus under "The sub-funds and their special investment policies".  
The maximum flat fee effectively applied 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 taken from the Fund assets:
  - a) all other Fund asset management expenses for the sale and purchase of assets (bid-ask spread, market-based brokerage fees, commissions, fees, etc.); As a rule, these expenses are calculated upon the purchase or sale of the respective assets. In derogation thereof, these additional expenses arising from the sale and purchase of assets during unit issue and redemption are covered due to the use of single swing pricing pursuant to the "Net asset value, issue, redemption and conversion price" section of the Sales Prospectus;
  - b) fees of the supervisory authority for the establishment, modification, liquidation and merger of the Fund, as well as all charges payable to the supervisory authorities and any stock exchanges on which the sub-funds are listed;
  - c) auditor's fees for the annual audit and for authorisations in connection with creations, alterations, liquidations and mergers within the Fund, as well as any other fees paid to the audit firm for services provided in relation to the administration of the Fund and as permitted by law;
  - d) fees for legal consultants, tax consultants and notaries in connection with the creation, registration in distribution countries, alteration, liquidation and merger of the Fund, as well as for the general safeguarding of the interests of the Fund and its investors, insofar as this is not expressly prohibited by law;
  - e) costs for publishing the Fund's net asset value and all costs for notices to investors, including translation costs;
  - f) costs for the Fund's legal documents (prospectuses, KIIDs, annual and semi-annual reports, and other documents legally required in the countries of domiciliation and distribution);
  - g) costs for the Fund's registration with any foreign supervisory authorities (if applicable), including fees payable to the foreign supervisory authorities, as well as translation costs and fees for the foreign representative or paying agent;

- h) expenses incurred through use of voting or creditors' rights by the Fund, including fees for external advisers;
- i) costs and fees related to any intellectual property registered in the Fund's name, or to the Fund's rights of usufruct;
- j) all expenses arising in connection with any extraordinary measures taken by the Management Company, Portfolio Manager or Depositary to protect the interests of the investors;
- k) if the Management Company participates in class-action suits in the interests of investors, it may charge expenses arising in connection with third parties (e.g. legal and Depositary costs) to the Fund's assets. Furthermore, the Management Company may bill for all administrative costs, provided these are verifiable, and disclosed and accounted for in the Fund's published total expense ratio (TER);

3. The Management Company may pay trailer fees for the distribution of the Fund.

All taxes on the Fund's income and assets, particularly the *taxe d'abonnement*, shall also be borne by the Fund.

Fees allocated to specific unit classes are listed in the current version of the relevant Sales Prospectus.

All costs that can be allocated to specific sub-funds will be charged to those sub-funds. Costs that can be allocated to unit classes will be charged to those unit classes. Costs pertaining to some or all sub-funds/unit classes will be charged to those sub-funds/unit classes in proportion to their respective net asset values. Sub-funds of the Fund that can invest in existing UCITS and/or UCIs may incur fees both at the level of the relevant UCITS and/or UCI and at the level of the relevant sub-fund of the Fund.

The current Sales Prospectus lists the total flat fees chargeable at sub-fund level, and at unit class and Management Company level.

#### **Article 14 – Statute of limitations**

Any claims of unitholders against the Management Company or the Depositary shall expire five years after the date of the event used to justify those claims.

#### **Article 15 – Applicable law, place of performance and legally binding document language**

The Luxembourg District Court shall have jurisdiction to hear all legal disputes between the unitholders, the Management Company and the Depositary. Luxembourg law shall apply. However, in matters concerning the claims of investors from these countries, the Management Company and/or the Depositary may elect to make themselves and the Fund subject to the jurisdiction of the countries in which the Fund units were bought and sold.

The English-language version of these Management Regulations is legally binding. However, the Management Company and the Depositary may recognise translations (they themselves have approved) into the languages of the countries in which Fund units are bought or sold to investors as binding upon themselves and the Fund in matters concerning those units.

These Management Regulations will enter into force on 20 May 2022.

Luxembourg, \_\_\_\_\_ May 2022

**UBS Fund Management (Luxembourg) S.A.**

**UBS Europe SE, Luxembourg Branch**