

# UBS (Lux) Key Selection SICAV

Investment company under Luxembourg law (the "Company")

February 2018

## 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 valid.

Furthermore, a Key Investor Information Document (**KIID**) is made available to investors before subscribing to shares. Information on whether a sub-fund 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 is subject to the regulations prevailing in the country where this takes place. The Company treats all investor information with the strictest confidentiality, unless its disclosure is required pursuant to statutory or supervisory provisions.

Shares in this Company may not be offered, sold or delivered within the United States.

Shares of this Company may not be offered, sold or delivered to investors who are US Persons. A US Person is any person who:

- (i) is a United States person within the meaning of Section 7701(a)(30) of the US Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder;
- (ii) is a US person within the meaning of Regulation S under the US Securities Act of 1933 (17 CFR § 230.902(k));
- (iii) is not a Non-United States person within the meaning of Rule 4.7 of the US Commodity Futures Trading Commission Regulations (17 CFR § 4.7(a)(1)(iv));
- (iv) is in the United States within the meaning of Rule 202(a)(30)-1 under the US Investment Advisers Act of 1940, as amended; or
- (v) is any trust, entity or other structure formed for the purpose of allowing US Persons to invest in the Company.

### **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	Michael Kehl, Managing Director, UBS AG, Basel and Zurich
Members	Robert Süttinger, Managing Director, UBS AG, Basel and Zurich
	Thomas Portmann, Managing Director, UBS Fund Management (Switzerland) AG, Basel
	Thomas Rose, Managing Director, UBS AG, Basel and Zurich

#### **Management Company**

UBS Fund Management (Luxembourg) S.A., RCS Luxembourg B 154.210 (the "**Management Company**").

The Management Company was established in Luxembourg on 1 July 2010 as an Aktiengesellschaft (public limited company) for an indefinite period. 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 may be consulted at the Luxembourg Trade and Companies Register (Registre de Commerce et des Sociétés). The corporate purpose of the Management Company is to manage undertakings for collective investment pursuant to Luxembourg law and to issue/redeem units or shares in these products, among other activities. In addition to the Company, the Management Company currently also manages other undertakings for collective investment. The Management Company has fully paid-up equity capital of EUR 13,000,000.

### Board of Directors of the Management Company

Chairman	André Müller-Wegner Managing Director, UBS AG, Basel and Zurich
Members	Gilbert Schintgen, Managing Director, UBS Fund Management (Luxembourg) S.A., Luxembourg
	Pascal Kistler, Managing Director, UBS Business Solutions AG, Zurich
	Andreas Schlatter, Mathematician (PhD), Independent Director, Küttigen, Switzerland

### 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

Sub-fund	Portfolio Manager
UBS (Lux) Key Selection SICAV – Global Multi Income (USD) UBS (Lux) Key Selection SICAV – Multi Asset Income (USD) 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) UBS (Lux) Key Selection SICAV – Multi Asset Defensive Growth (USD) UBS (Lux) Key Selection SICAV – Dynamic Alpha (USD)	UBS Asset Management (Americas) Inc., Chicago
UBS (Lux) Key Selection SICAV – Asian Equities (USD)	UBS Asset Management (Singapore) Ltd., Singapore
UBS (Lux) Key Selection SICAV – Asian Global Strategy Balanced (USD)	o UBS AG, UBS Asset Management, Basel and Zurich o UBS Switzerland AG, Zurich

UBS (Lux) Key Selection SICAV – Emerging Markets Income (USD) UBS (Lux) Key Selection SICAV – China Allocation Opportunity (USD)	UBS Asset Management (Hong Kong) Limited, Hong Kong
UBS (Lux) Key Selection SICAV – Global Allocation (USD) UBS (Lux) Key Selection SICAV – Global Allocation (EUR) UBS (Lux) Key Selection SICAV – Global Allocation (CHF) UBS (Lux) Key Selection SICAV – Systematic Allocation Portfolio Equity (USD) UBS (Lux) Key Selection SICAV – Global Allocation Focus Europe (EUR)	UBS AG, UBS Asset Management, Basel and Zurich
UBS (Lux) Key Selection SICAV – European Equities (EUR) UBS (Lux) Key Selection SICAV – European Growth and Income (EUR) UBS (Lux) Key Selection SICAV – Global Equities (USD)	UBS Asset Management (UK) Ltd., London
UBS (Lux) Key Selection SICAV – Global Alpha Opportunities (EUR)	UBS Hedge Fund Solutions LLC, Stamford (USA)

The Portfolio Manager has been assigned the management of the securities portfolio under the supervision and responsibility of the Management Company; to this end, it carries out all transactions relevant hereto in accordance with the prescribed investment restrictions.

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

UBS Switzerland AG assumes 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 transactions relevant hereto in accordance with the prescribed investment restrictions.

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

#### Investment Advisor

Sub-fund	Investment Advisor
UBS (Lux) Key Selection SICAV – Systematic Allocation Portfolio Equity (USD)	UBS Switzerland AG, Zurich

The Investment Advisor makes investment recommendations to the Portfolio Manager of the sub-fund indicated above in relation to the allocation of assets to the various asset classes. The recommendations are based on a systematic approach, which is described in greater detail in the special investment policy. The Portfolio Manager of the sub-funds is responsible for identifying and selecting suitable companies and investment instruments, makes investment decisions and carries out all transactions relevant hereto in accordance with the prescribed investment restrictions.

#### Depositary and Main Paying Agent

UBS Europe SE, Luxembourg Branch, 33A avenue J.F. Kennedy, L-1855 Luxembourg, (B.P. 2, L-2010 Luxembourg)

UBS Europe SE, Luxembourg Branch, has been appointed depositary of the Company (the “**Depositary**”). The Depositary will also provide paying agent services to the Company.

The Depositary is a Luxembourg branch office of UBS Europe SE, a European company (societas Europaea – SE) with its registered office in Frankfurt am Main, Germany, listed in the trade and companies register of the Frankfurt am Main district court (Handelsregister des Amtsgerichts Frankfurt am Main) under number HRB 107046. The Depositary is located at 33A, avenue J.F. Kennedy, L-1855 Luxembourg, and is entered in the Luxembourg trade and companies register under B 209.123.

The Depositary has been assigned the safekeeping of those financial instruments of the Company that can be held in custody, as well as the record keeping and verification of ownership for other assets held by the Company. The Depositary shall also ensure the effective and proper monitoring of the Company’s cash flows pursuant to the provisions of the Law of 17 December 2010 on undertakings for collective investment (“**Law of 2010**”) and the depositary agreement (hereinafter referred to as the “**Depositary Agreement**”), each as amended.

Assets held in custody by the Depositary shall not be reused for their own account by the Depositary or any third party to whom custody has been delegated, unless such reuse is expressly permitted by the Law of 2010.

In addition, the Depositary shall also ensure that (i) the sale, issue, repurchase, redemption and cancellation of shares is carried out

in accordance with Luxembourg law, the Sales Prospectus and the Articles of Incorporation; (ii) the value of the shares is calculated in accordance with Luxembourg law; (iii) the instructions of the Management Company or the Company are carried out, unless they conflict with applicable Luxembourg law, the Sales Prospectus and/or the Articles of Incorporation; (iv) for transactions involving the Company's assets, any consideration is remitted to the Company within the usual time limits; and (v) the Company's income is appropriated in accordance with Luxembourg law, the Sales Prospectus and the Articles of Incorporation.

In accordance with the provisions of the Depositary Agreement and the Law of 2010, the Depositary may appoint one or more sub-depositaries. Subject to certain conditions and with the aim of effectively fulfilling its duties, the Depositary may thus delegate all or part of the safekeeping of those financial instruments that can be held in custody as entrusted to it, and/or all or part of its duties regarding the record keeping and verification of ownership of other assets of the Company. The Depositary does not permit its sub-depositaries to make use of sub-delegates without its prior approval.

In accordance with the applicable laws and regulations, as well as the directive on conflicts of interest, the Depositary shall assess potential conflicts of interest that may arise from the delegation of its safekeeping tasks to a sub-depositary or sub-delegate before any such appointing takes place. The Depositary is part of the UBS Group: a global, full-service private banking, investment banking, asset management and financial services organisation that is a major player on the global financial markets. As such, conflicts of interest may arise in connection with the delegation of its safekeeping tasks, because the Depositary and its affiliates engage in various business activities and may have diverging direct or indirect interests.

Investors may obtain additional information free of charge by addressing a written request to the Depositary.

In order to avoid potential conflicts of interest, the Depositary does not permit the appointment of sub-depositaries or sub-delegates that belong to the UBS Group, unless such appointment is in the interest of the shareholders and no conflict of interest is identified at the time of appointment of the sub-depositary or sub-delegate. Irrespective of whether a sub-depositary or sub-delegate is part of the UBS Group, the Depositary will exercise the same level of due skill, care and diligence both in the selection and appointment as well as in the on-going monitoring of the respective sub-depositary or sub-delegate. Furthermore, the conditions determining the appointment of any sub-depositary or sub-delegate that is member of the UBS Group will be negotiated at arm's length in order to protect the interests of the Company and its shareholders. Should a conflict of interest arise and prove impossible to mitigate, such conflict of interest will be disclosed to the shareholders, together with all decisions taken pertaining thereto. An up-to-date description of all custody tasks delegated by the Depositary, alongside 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 be held in custody by a local entity and no local entity satisfies the delegation requirements of Article 34 bis, Paragraph 3, lit. b) i) of the Law of 2010, the Depositary may delegate its tasks to such local entity to the extent required by the law of such 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-depositaries providing an adequate standard of protection, the Depositary must exercise all due skill, care and diligence as required by the Law of 2010 in the selection and appointment of any sub-depositary to which it intends to delegate a portion of its tasks. Furthermore, it must continue to exercise all due skill, care and diligence in the periodic review and ongoing monitoring of any sub-depositary to which it has delegated a portion of its tasks and of any arrangements entered into by the sub-depositary in respect of the matters delegated to it. In particular, delegation is only permitted if the sub-depositary keeps the assets of the Company separate from the Depositary's own assets and the assets belonging to the sub-depositary at all times during performance of the delegated tasks pursuant to 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 and 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 Commission Delegated Regulation (EU) 2016/438 of 17 December 2015 supplementing the UCITS Directive with regard to the obligations of depositaries (the "**Deposited Fund Assets**") by the Depositary and/or a sub-depositary (the "**Loss of a Deposited Fund Asset**").

In the event of the Loss of a Deposited Fund Asset, the Depositary must provide a financial instrument of the same type or value 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 Deposited Fund Asset if this was the 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 shareholders for all other direct losses suffered by them as a result of the Depositary's carelessness, 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 via registered letter. Should the Depositary decide to end its mandate or should it be removed from its role by the Company, the Depositary must be replaced before expiry of this notice period by a successor who shall take delivery of the Company's assets and assume the functions and responsibilities of the Depositary. If the Company does not name another depositary as its successor within this time, the Depositary may notify the Luxembourg supervisory authority (Commission de Surveillance du Secteur Financier – "**CSSF**") of the situation.

#### **Administrative agent**

Northern Trust Global Services Limited, Luxembourg Branch, 6, rue Lou Hemmer, L-1748 Senningerberg

The administrative agent is responsible for the general administrative tasks involved in managing the Company as prescribed by Luxembourg law. These administrative services mainly include calculating the net asset value per share, keeping the Company's accounts and carrying out reporting activities.

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

### **Paying agents**

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

### **Distributors and other sales agents, referred to as “distributors” in the Sales Prospectus.**

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

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

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

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

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

This sub-fund is suitable for investors who wish to invest in a global portfolio with a focus on Asia. Investors will benefit from broad diversification across a number of asset classes such as equities and bonds. Investors should have a long investment horizon and be prepared to assume the risk associated with investing in Asian assets and currencies, and thus in emerging markets.

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

This sub-fund is suitable for investors who wish to invest in a diversified portfolio of equities and bonds with a focus on China. Investors should have a long investment horizon and be prepared to assume the risk associated with investing in Chinese assets.

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

This sub-fund is suitable for investors with a medium to long-term investment horizon and medium to high risk tolerance who wish to invest in a globally diversified portfolio. Investors should seek to seize opportunities for attractive returns in any market environment and prepared to assume the associated risk.

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

This sub-fund is suitable for investors whose primary goal is to generate income and who wish to benefit from broad diversification across a number of asset classes with a focus on emerging markets. Investors should have a long investment horizon and be prepared to assume the risk associated with investing in emerging market assets.

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

This sub-fund is suitable for investors with a longer-term investment horizon who 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 – European Growth and Income (EUR)**

This sub-fund 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 with a bond component consisting primarily of high yield bonds. Investors should have a long investment horizon and be prepared to assume the risk associated with investing in equities and high yield bonds.

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

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

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

These sub-funds are suitable for investors seeking capital gains who wish to invest in a globally diversified portfolio with the reference currency stated in the relevant sub-fund name.

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

This sub-fund is suitable for investors seeking capital gains who wish to invest in a globally diversified portfolio with a focus on European equity and bond markets with the reference currencies listed in the respective asset class titles.

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

This sub-fund is suitable for investors with a medium to long-term investment horizon and high risk tolerance who wish to invest in a diversified fund portfolio. The sub-fund invests primarily in actively managed UCIs whose investment focus is on taking long and short positions.

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

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

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

This sub-fund is suitable for investors with a long-term investment horizon whose primary goal is to generate income and who wish

to benefit from broad diversification across a number of asset classes on global financial markets.

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

This sub-fund is suitable for investors with a medium to long-term investment horizon who wish to participate in the global markets on a broadly diversified basis.

**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)**

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

**UBS (Lux) Key Selection SICAV – Systematic Allocation Portfolio Equity (USD)**

This sub-fund is suitable for investors with a longer-term investment horizon who wish to invest globally in a broadly diversified portfolio of equities and equity rights of companies in developed countries and emerging markets. By investing in this sub-fund, investors seek in particular to participate in global equity markets, and are thus prepared to accept the associated risk.

**UBS (Lux) Key Selection SICAV – Multi Asset Defensive Growth (USD)**

This sub-fund is suitable for investors who wish to participate in the growth potential of financial markets worldwide through investments in different asset classes with broad diversification and taking account of market risks.

**Historical performance**

The historical performance of the individual sub-funds is outlined in the KIID or in the corresponding sub-fund-specific document for the Company’s distribution countries.

**Risk profile**

Sub-fund 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 magnitude 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, and inflation;
- changes in the legal environment;
- changes to investor confidence in certain asset classes (e.g. equities), markets, countries, industries and sectors; and
- changes in commodity prices;

By diversifying investments, the Portfolio Manager seeks to partly reduce the negative impact of these risks on the value of the sub-fund.

Where sub-funds are exposed to specific risks due to their investments, information on these risks is included in the investment policy of this sub-fund.

**Legal aspects**

**The Company**

The Company offers investors various sub-funds (“**umbrella structure**”) that invest in accordance with the investment policy described in this Sales Prospectus. The specific features of each sub-fund are defined in this Sales Prospectus, which will be updated each time a new sub-fund is launched.

Name of the Company:	UBS (Lux) Key Selection SICAV
Legal form:	Open-ended investment fund legally established in the form of a société d’investissement à capital variable (“ <b>SICAV</b> ”) pursuant to Part I of the Law of 2010
Date of incorporation:	9 August 2002
Entered in the Luxembourg trade and companies register under:	RCS 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 fall on a day that 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
		9 May 2011	11 August 2011
		30 October 2015	25 November 2015
Management Company	UBS Fund Management (Luxembourg) S.A., RCS Luxembourg B 154.210		

The consolidated version of the Articles of Incorporation of the Company may be consulted at the Luxembourg trade and companies register (Registre de Commerce et des Sociétés). Any amendments thereto shall be notified by way of a notice of deposit in the Recueil Electronique des Sociétés et Associations ("**RESA**"), as well as by any other means described below in the section entitled "Regular reports and publications". Amendments become legally binding following their approval by the general meeting of shareholders.

The combined net assets of the individual sub-funds form the total net assets of the Company, which at all times constitute the Company's share capital and consist of fully-paid up, no-par value shares (the "**shares**").

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

At general meetings, shareholders are entitled to one vote per share held, irrespective of any differences in value between the shares in the individual sub-funds. Shares of a particular sub-fund carry the right of one vote per share held when voting at meetings affecting this sub-fund.

The Company forms a legal unit. As regards the association between shareholders, each sub-fund is considered to be independent of the others. The assets of a sub-fund are only liable for liabilities incurred by that sub-fund. As no division of liabilities is made between share classes, there is a risk that, under certain conditions, currency hedging transactions for share classes with "hedged" in their name may result in liabilities that affect the net asset value of other unit classes of the same sub-fund.

The Company may decide to liquidate existing sub-funds and/or launch new sub-funds and/or create different share classes with specific characteristics within these sub-funds at any time. This Sales Prospectus will be updated each time a new sub-fund is launched.

The Company's duration and total assets are unlimited.

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. With effect from 16 May 2011, the Company has appointed UBS Fund Management (Luxembourg) S.A. as its Management Company.

## **Share classes**

Various share classes may be offered for each sub-fund. Information on the share classes available in each sub-fund 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 distribution partners or countries)

	are issued exclusively through distributors authorised by UBS AG and domiciled in Spain, Italy, Portugal and Germany, or in other distribution countries insofar as 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 with UBS AG or UBS Asset Management (a business division of UBS AG) on investing in one or more sub-funds of this umbrella fund. The costs for asset management, fund administration (comprising the costs incurred by the Company, administrative agent 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 and its subsidiaries. These shares may only be acquired by UBS AG or its subsidiaries, either for their own account or as part of discretionary asset management mandates concluded with UBS AG or its subsidiaries. In the latter case, the shares will be returned to the Company upon termination of the mandate at the prevailing net asset value and without being subject to charges. 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 their Asset Management division and other regulated financial service providers duly authorised by their supervisory authority, investing in their own name and - on their own behalf; or - on behalf of their clients within the framework of written contracts for pecuniary interest constituting (i) asset management mandates, (ii) advisory agreements, or (iii) similar long-term contracts, provided these specifically allow for investments in share classes without remuneration; or - on behalf of a collective investment scheme; or - on behalf of another regulated financial service provider that acts within the above framework on behalf of its clients. In cases falling under (b), investors are domiciled in one of the eligible countries covered by "List B" if the conditions of (i) above are met, or in one of the eligible countries covered by "List C" if the conditions of (ii) or (iii) are met. Admission of investors in further distribution countries (changes to lists A, B and C) shall be decided at the sole discretion of the Board of Directors of the Company. Any information in this regard will be disclosed at <a href="http://www.ubs.com/funds">www.ubs.com/funds</a> . 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



	<p>is CHF 10 million (or foreign currency equivalent). Upon subscription</p> <p>(i) a minimum subscription must be made in accordance with the list above; or (ii) based on a written agreement between the institutional investor and UBS AG (or one its authorised contractual partners), the investor's total assets managed by UBS or its holdings in UBS collective investment schemes must be more than CHF 30 million (or foreign currency equivalent); or (iii) the institutional investor must be an institution for occupational retirement provision that is part of UBS Group AG or must be one of its wholly-owned group companies.</p>
"I-A3"	<p>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 foreign currency equivalent). Upon subscription</p> <p>(i) a minimum subscription must be made in accordance with the list above; or (ii) based on a written agreement between the institutional investor and UBS AG (or one its authorised contractual partners), the investor's total assets managed by UBS or its holdings in UBS collective investment schemes must be more than CHF 100 million (or foreign currency equivalent); or (iii) the institutional investor must be an institution for occupational retirement provision that is part of UBS Group AG or must be one of its wholly-owned group companies.</p>
"I-B"	<p>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 with UBS AG or one of its authorised contractual partners on investing in one or more sub-funds of this umbrella fund. A fee covering the costs for fund administration (comprising the costs of the Company, the administrative agent and the Depositary) is charged directly to the sub-fund. 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.</p>
"I-X"	<p>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 with UBS AG or one of its authorised contractual partners on investing in one or more sub-funds of this umbrella fund. The costs for asset management, fund administration (comprising the costs incurred by the Company, administrative agent 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.</p>
"U-X"	<p>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 with UBS AG or one of its authorised contractual partners on investing in one or more sub-funds of this umbrella fund. The costs for asset management, fund administration (comprising the costs of the Company, the administrative agent and the Depositary) and distribution are charged to investors under the aforementioned agreements. This share class is exclusively geared towards financial products (i.e. funds of funds or other pooled structures under various legislative frameworks). 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.</p>

Additional characteristics:

Currencies	<p>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 sub-fund, this currency will not be included in the share class name. The currency of account features in the name of the relevant sub-fund.</p>
"hedged"	<p>For share classes with "hedged" in their name and with reference currencies different to the sub-fund's currency of account ("<b>share classes in foreign currencies</b>"), the risk of fluctuations in the</p>

	<p>value of the reference currency is hedged against the sub-fund's currency of account. This hedging shall be between 95% and 105% 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 Company and the Portfolio Manager will take all necessary steps to bring the hedging back within the aforementioned limits.</p> <p>The hedging described has no effect on possible currency risks resulting from investments denominated in a currency other than the sub-fund's currency of account.</p>
"BRL hedged"	<p>The Brazilian real (ISO 4217 currency code: 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. The risk of fluctuations is hedged as described above under "hedged".. 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 risk associated with reinvestment due to liquidation of a share class and/or the sub-fund in accordance with the section "Liquidation of the Company and its sub-funds; merger of sub-funds".</p>
"RMB hedged"	<p>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.</p> <p>Shares in classes with "RMB hedged" in their name are shares whose net asset value is calculated in offshore RMB (CNH).</p> <p>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.</p> <p>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 supervisory and governmental agencies (e.g. the Hong Kong Monetary Authority).</p> <p>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.</p> <p>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 sub-funds offering the RMB classes would be in a currency other than offshore RMB (CNH), the ability of the relevant sub-fund to make redemption payments in offshore RMB (CNH) would be subject to the sub-fund'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.</p> <p>The risk of fluctuations is hedged as described above under "hedged".</p> <p>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 risk associated with reinvestment due to liquidation of a share class and/or the sub-fund in accordance with the section "Liquidation of the Company and its sub-funds; merger of sub-funds".</p>
"acc"	<p>The income of share classes with "-acc" in their name is not distributed unless the Company decides otherwise.</p>

"dist"	The income of share classes with "-dist" in their name is distributed unless the Company decides otherwise.
"qdist"	Shares in classes with "-qdist" in their name may make quarterly distributions, gross of fees and expenses. Distributions may also be made out of the capital (this may include, inter alia, realised and unrealised net gains in net asset value) (" <b>capital</b> "). Distributions out of capital result in the reduction of an investor's original capital invested in the sub-fund. 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 sub-fund. 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 at a later point in time on income and capital arising on accumulating (-acc) share classes compared with distributing (-dist) share classes. Investors should consult qualified experts for tax advice regarding their individual situation.
"mdist"	Shares in classes with "-mdist" in their name may make monthly distributions, gross of fees and expenses. Distributions may also be made out of capital. Distributions out of capital result in the reduction of an investor's original capital invested in the sub-fund. 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 sub-fund. 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 invest in 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 with distributing (-dist) share classes. Investors should consult qualified experts for tax advice regarding their individual situation. The maximum issuing commission for shares in classes with "-mdist" in their name is 6%.
"UKdist"	For share classes with "UKdist" in their name that are subject to the reporting fund rules, the Company intends to distribute 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 taxable values for these share classes available in other countries, 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 of the relevant sub-fund. Distributions may thus also be made from the capital. Distributions out of capital result in the reduction of an investor's original capital invested in the sub-fund. 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 sub-fund. 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 with distributing (-dist, -qdist, -mdist) share classes. Investors should consult qualified experts for tax advice regarding their individual situation.
"seeding"	Shares with "seeding" in their name are only offered for a limited period of time. At the end of this period, no further subscriptions are permitted unless the Company decides otherwise. However, these shares may still be redeemed in accordance with the conditions for the redemption of shares. Unless the Company decides otherwise, the smallest tradeable unit, the initial issue price and the minimum subscription amount are those of the aforementioned asset classes.

## **Investment objective and investment policy of the sub-funds**

### **Investment objective**

The Company aims 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 sub-funds are invested following the principle of risk diversification. The sub-funds invest their assets worldwide in equities, other share-like equity interests, such as cooperative shares, dividend-right certificates and participation certificates (other

equity instruments and rights), short-term securities, money market instruments and warrants on securities, as well as debt instruments and claims. Debt instruments and claims include bonds, notes, all types of asset-backed securities, convertible bonds, convertible notes, warrant-linked bonds, as well as all legally permissible assets.

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

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

As set out in Point 1.1(g) and Point 5 of the investment principles, the Company may, as a main element in achieving the investment policy for each sub-fund and within the statutory limits defined, use special techniques and financial instruments whose underlying assets are securities, money market instruments and other financial instruments.

The markets in derivatives are volatile; both the opportunity to achieve gains as well as the risk of suffering losses are higher than with investments in securities.

Each sub-fund may hold liquid funds on an ancillary basis.

The investments of the sub-funds should also be broadly diversified in terms of markets, sectors, issuers, ratings and companies. Unless stipulated otherwise by the investment policy of the sub-fund concerned, sub-funds 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 sub-funds and their special investment policies**

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

In line with the above-mentioned investment policy, this sub-fund 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). At least 51% of the value of the sub-fund shall be invested in equities that are not shares of investment funds and 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. Furthermore, the sub-fund may buy or sell futures, swaps, non-deliverable forwards and currency options in order to:

- wholly or partially hedge investments that make up the sub-fund's assets against the currency risk associated with the sub-fund's reference currency. 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 other currencies included 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 conduct transactions 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 sub-fund's exposure may also include Chinese A shares traded via Shanghai-Hong Kong Stock Connect or Shenzhen-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. **This sub-fund may invest in both developed and emerging markets countries (Emerging Markets). The risks associated therewith are listed in the section entitled "General risk information". In addition to the aforementioned, investors should read, be aware of and take into account the risks associated with investments traded via Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect. Information on this topic can also be found in the section entitled "General risk information". For these reasons, this sub-fund is particularly 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 – Asian Global Strategy Balanced (USD)**

The aim of the investment policy is to combine investment income and capital growth within the framework of a globally oriented portfolio with an enhanced focus on Asia. In order to achieve this aim, the sub-fund invests primarily in traditional asset classes such as equities and bonds. Within the legally permissible bounds, the sub-fund may also invest in non-traditional asset classes such as real estate and commodities. In addition, the sub-fund may invest in liquid funds or near-money market instruments. In order to fulfil its investment objective and achieve broad diversification, the sub-fund may invest up to 100% of its net assets in UCITS and 30% of its net assets in other UCIs. This method of investment and the associated expenses are described in the section "Investments in UCIs and UCITS". In order to fulfil its investment objective, the sub-fund 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 expected market developments. This also applies to any portions of the fund assets that participate in the performance of commodities indices or commodities sub-indices. In doing so, it is ensured at all times that there will be no physical delivery to the sub-fund. The Portfolio Manager achieves such participation by, for example, entering into swap transactions on the indices/sub-indices. In this way, the sub-fund is party to the swap transaction and receives the performance of the total return (TR) commodities index, minus the cash rate used in the index. Typically, the notional value of the swap can be adjusted on a daily basis (e.g. as is the case 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 or loss (not the notional value of the swap agreement). In order to minimise this risk and keep it below the legally permissible threshold at all times, open profits or losses are typically settled on a monthly basis and any time the statutory threshold for counterparty risk is reached (by means of a reset). The sub-fund may invest in UCIs and UCITS with an investment focus on commodities, including ETFs, provided that these invest exclusively in commodities indices and commodities sub-indices. Where the sub-fund participates in the performance of real estate, it shall do so primarily by investing in units issued by real estate investment trusts (REITs), or UCITS or other UCIs that invest directly or indirectly in real estate. The sub-fund invests a significant portion of its assets in investments in emerging markets. This means that the sub-fund is exposed to specific risks that may be greater than those normally 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	0.990% (0.800%)
Share classes with "Q" in their name	1.350% (1.080%)
Share classes with "I-A1" in their name	1.100% (0.880%)
Share classes with "I-A2" in their name	1.050% (0.840%)

Share classes with "I-A3" in their name	0.990% (0.800%)
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 – China Allocation Opportunity (USD)**

The objective of this sub-fund is to achieve capital growth and generate income by investing in a diversified portfolio with a focus on China. To achieve this objective, the sub-fund 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. To the extent permitted by law, the sub-fund may also invest in securities traded on the Chinese onshore securities market. This includes Chinese A shares ("**A shares**"), as well as fixed-income instruments denominated in RMB traded on China's interbank bond market ("**CIBM**") or on the market for exchange-traded bonds ("**Chinese onshore bonds**"). In particular, the sub-fund may invest directly or indirectly in Chinese A shares/Chinese onshore bonds through the Renminbi Qualified Foreign Institutional Investors ("**RQFII**") programme, in UCITS or other UCIs with exposure to Chinese A shares/Chinese onshore bonds and/or access products such as ETFs. Investors should note that the sub-fund's exposure may also include Chinese A shares traded via Shanghai-Hong Kong Stock Connect or Shenzhen-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 sub-fund may invest no more than 20% of its net assets in fixed-income instruments denominated in RMB and traded on the CIBM. These instruments may include securities issued by governments, quasi-public corporations, banks, corporations and other institutions in the People's Republic of China ("**PRC**" or "**China**") that are authorised to be traded directly on the CIBM. The sub-fund may invest 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 obligors. The sub-fund 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 sub-fund may invest up to 100% of its net assets in UCITS and 30% of its net assets in other UCIs 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 UCIs and UCITS". In order to fulfil its investment objective, the sub-fund 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 expected market developments. In order to fulfil the investment objectives and ensure efficient portfolio management, the Portfolio Manager of the sub-fund may, for example, build up 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 sub-fund is exposed to specific risks that may be greater than those normally associated with investments with an international focus; as a result, the sub-fund is suitable for risk-conscious investors. A detailed description of the risks connected with investment in this sub-fund 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 sub-fund is only suitable for investors who are willing to accept these risks.

**Currency of account:** USD

### **Fees**

	Maximum flat fee (maximum management fee) p.a.
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%)
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 – Dynamic Alpha (USD)**

The sub-fund invests in line with the above-mentioned general investment policy in order to participate in the growth potential of the global financial markets on a broadly diversified and dynamically managed basis. Investments in commodities may only be made by the sub-fund, up to 25% of its net assets, indirectly by means of exchange-traded or OTC derivatives (e.g. contracts for difference, total return swaps and options on commodities indices), structured products (exchange traded commodities – ETCs) or through UCIs and UCITS (including ETFs), in accordance with the legal provisions. In doing so, it is ensured at all times that there will be no physical delivery of commodities to the sub-fund. For total return swaps, the sub-fund is party to a swap transaction based on the performance of the total return (TR) commodities index, minus the cash rate used in the index. Typically, the notional value of the swap can be adjusted on a daily basis (e.g. as is the case 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). In order to minimise this risk and keep it below the legally permissible threshold at all times, open profits are typically settled on a monthly basis and any time the statutory threshold for counterparty risk is reached (by means of a reset). Portfolios with investments in commodities are generally more volatile than pure equity portfolios. Investors should therefore note that the sub-fund is only suitable for investors who are prepared to accept moderate to high levels of volatility. The sub-fund may invest up to 10% of its net assets in UCIs and UCITS, provided the investment policy of these target funds corresponds to the greatest possible degree to that of the sub-fund. Up to 20% of the net assets may be invested in bonds with a rating between BB+ 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. **Investments rated from BB+ to C may carry an above-average yield, but also a higher credit risk than investments in securities of first-class issuers.** The above-mentioned securities are securities as defined in Article 41 of the Law of 2010. The investments of the sub-fund are made in the currencies deemed best suited for performance and are actively managed in respect of the currency of account of the sub-fund. The sub-fund may also invest in emerging market countries. This means that the sub-fund is exposed to specific risks that 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. The intention is to use the derivatives for participating in the expected market developments and/or for hedging purposes. The sub-fund may be subject to substantial fluctuations (volatility) and is therefore particularly suitable for longer-term investors.

**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 sub-fund is to combine investments in different asset classes that focus on emerging markets in such a way that the portfolio generates a high income mainly through dividends, interest payments and payment streams from derivatives. To achieve this objective, the sub-fund 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 the sub-fund's exposure may also include Chinese A shares traded via Shanghai-Hong Kong Stock Connect or Shenzhen-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 broad diversification, the sub-fund may invest up to 100% of its net assets in UCITS and 30% of its net assets in other UCIs. This method of investment and the associated expenses are described in the section "Investments in UCIs and UCITS". In order to fulfil its investment objective, the sub-fund 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 expected market developments. This also applies to any portions of the fund assets that participate in the performance of commodities indices or commodity sub-indices. In doing so, it is ensured at all times that there will be no physical delivery to the sub-fund. The Portfolio Manager achieves such participation by, for example, entering into swap transactions on the indices/sub-indices. In this way, the sub-fund is party to the swap transaction and receives the performance of the total return (TR) commodities index, minus the cash rate used in the index. Typically, the notional value of the swap can be adjusted on a daily basis (e.g. as is the case 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 or loss (not the notional value of the swap agreement). In order to minimise this risk and keep it below the legally permissible threshold at all times, open profits or losses are typically settled on a monthly basis and any time the statutory threshold for counterparty risk is reached (by means of a reset). The sub-fund may invest in UCIs and UCITS with an investment focus on commodities, including ETFs, provided that these invest exclusively in commodities indices and commodities sub-indices. Where the sub-fund participates in the performance of real estate, it shall do so primarily by investing in units issued by real estate investment trusts (REITs), or UCITS or other UCIs that invest directly or indirectly in real estate. **The sub-fund invests primarily in investments focusing on emerging markets. This means that the sub-fund is exposed to specific risks that may be greater than those normally 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". In addition to the aforementioned, investors should read, be aware of and take into account the risks associated with investments traded via Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect. Information on this topic 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%)
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 – European Equities (EUR)**

The sub-fund invests at least two thirds of its assets in equities and equity rights of companies domiciled or chiefly active in Europe. At least 51% of the value of the sub-fund shall be invested in equities that are not shares of investment funds and 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.

**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 – European Growth and Income (EUR)**

The aim of this sub-fund is to put together a diversified portfolio consisting primarily of European equities, bonds and convertible bonds in such a way as to achieve long-term growth. Investing in high-yield bonds plays a central role in the investment strategy. Specifically, a maximum of 75% of the sub-fund's investments shall be in debt securities, claims and convertible bonds with a low rating, 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 obligors. The sub-fund 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 broad diversification, the sub-fund may invest up to 100% of its net assets in UCITS and 30% of its net assets in other UCIs. This method of investment and the associated expenses are described in the section "Investments in UCIs and UCITS". In order to fulfil its investment objective, the sub-fund 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 expected market developments. In order to fulfil the investment objectives and ensure efficient portfolio management, the Portfolio Manager of the sub-fund may, in particular, build up significant investment exposure as defined in the investment policy by investing in futures and forwards. To achieve its objectives, the sub-fund may also make investments on the credit derivatives market by investing in bond-secured credit default swaps (CDS) of individual issuers and in indices of the iTraxx and CDX index family containing the CDS of individual issuers for the purpose of buying and selling hedges, among other things. In principle, investments made by the sub-fund 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 – Global Allocation (CHF)**

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

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

The aim of the sub-funds is to participate in the growth potential of the global financial markets in a broadly diversified manner. To this end and within the framework of the investment policy described above, these sub-funds invest either directly or indirectly via existing UCIs and UCITS. Up to 20% may be invested 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, no more than 10% of its 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. 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 investments of the sub-funds are made in the currency deemed best suited for 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 sub-funds 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 UCIs. This method of investment and the associated expenses are described in the section "Investments in UCIs and UCITS". The sub-fund UBS (Lux) Key Selection SICAV – Global Allocation (EUR) may invest up to 10% in total of its net assets in UCITS or other UCIs. The sub-funds may, within the legally

permissible framework, also invest in investments that 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 doing so, it is ensured at all times that there will be no physical delivery to the sub-fund. The respective Portfolio Manager achieves this participation by, for example, entering into swap transactions on the above-mentioned indices. In this way, the respective sub-fund is party to the swap transaction and receives the positive performance of the total return (TR) commodities index, minus the cash rate used in the index. Typically, the notional value of the swap can be adjusted on a daily basis (e.g. as is the case with inflows from share subscriptions, outflows from share redemptions or with a rebalancing of the portfolio 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). In order to minimise this risk and keep it below the legally permissible threshold at all times, open profits or losses are typically settled on a monthly basis and any time the statutory threshold for counterparty risk is reached (by means of a reset). In addition, the sub-funds may invest in exchange-traded funds (ETFs) on commodities indices, which generally use the aforementioned swaps in order to obtain exposure to commodities. The respective Portfolio Manager may also purchase ETF securities on commodities indices. These are securities traded on the stock market, whose price is pegged to the performance of a commodities index, and which must comply with legally defined criteria. In accordance with the above-mentioned investment restrictions, the respective sub-fund may also invest in existing UCIs and UCITS focusing on commodities, on condition that they in turn invest exclusively by participating in commodities indices. Portfolios with investments in commodities are generally more volatile than pure equity portfolios. Investors should therefore note that the sub-funds are suitable for investors who are prepared to accept moderate to high levels of volatility.

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

**Currency of account:** CHF

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

**Currency of account:** EUR

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

**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	0.580% (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%)
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 sub-fund is to participate in the growth potential of the global financial markets in a broadly diversified manner, placing emphasis on the European equity and bond markets. In principle, the sub-fund makes globally diversified investments in various equity and bond asset classes. In so doing, the neutral weighting of the various classes according to the sub-fund 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 sub-fund invests either directly or indirectly via existing UCIs and UCITS. Up to 20% may be invested directly 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. Up to 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 issuers. 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 investments of the sub-fund are made in the currency deemed best suited for 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 sub-fund may invest up to 100% of its net assets in existing UCIs and UCITS, provided the investment policy of the target funds corresponds to the greatest possible degree to the above-mentioned investment policy. This method of investment and the associated expenses are described in the section "Investments in UCIs and UCITS". The sub-fund may, within the legally permissible framework, also invest in investments that 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 doing so, it is ensured at all times that there will be no physical delivery to the sub-fund. The Portfolio Manager achieves such participation by, for example, entering into swaps on the aforementioned indices. In this way, the sub-fund is party to the swap transaction and receives the positive performance of the total return (TR) commodities index, minus the cash rate used in the index. Typically, the notional value of the swap can be adjusted on a daily basis (e.g. as is the case with inflows from share subscriptions, outflows from share redemptions or with a rebalancing of the portfolio 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). In order to minimise this risk and keep it below the legally permissible threshold at all times, open profits or losses are typically settled on a monthly basis and any time the statutory threshold for counterparty risk is reached (by means of a reset). In addition, the sub-fund may invest in exchange-traded funds (ETFs) on commodities indices, which generally use the aforementioned swaps in order to obtain exposure to commodities. The Portfolio Manager may also purchase ETF securities on commodities indices. These are securities traded on the stock market, whose price is pegged to the performance of a commodities index, and which must comply with legally defined criteria. Furthermore, the sub-fund may also invest in existing UCIs and UCITS focusing on commodities on condition that they in turn invest exclusively by participating in commodities indices. Portfolios with investments in commodities are generally more volatile than pure equity portfolios. Investors should therefore note that the sub-fund 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 – Global Alpha Opportunities (EUR)**

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

In line with the above-mentioned investment policy, this sub-fund invests at least two thirds of its assets in equities and equity rights worldwide. In so doing, the sub-fund may invest up to 25% of its assets in equities and equity rights of companies domiciled or chiefly active in emerging markets. At least 51% of the value of the sub-fund shall be invested in equities that are not shares of investment funds and 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. Investors should note that the sub-fund's exposure may also include Chinese A shares traded via Shanghai-Hong Kong Stock Connect or Shenzhen-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. **In addition to the aforementioned, investors should read, be aware of and take into account the risks associated with investments traded via Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect. Information on this topic can be found in the section entitled "General risk information".**

**Currency of account:** USD

#### **Fees**

Maximum flat fee (maximum management fee) p.a.
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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%)
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 Multi Income (USD)**

The objective of this sub-fund is to generate income through the active management of a diversified portfolio that is invested mainly in equities and bonds. To achieve this objective, the sub-fund may invest in traditional asset classes such as equities (issued by companies operating in both developed and emerging markets), bonds (including corporate and government bonds, high-yield bonds and bonds focusing 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 sub-fund 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 sub-fund may invest up to 100% of its net assets in UCITS and 30% of its net assets in other UCIs 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 UCIs and UCITS". Where the sub-fund participates in the performance of real estate, insurance-linked securities and infrastructure, it shall do so in line with the applicable legal provisions and primarily via derivative instruments such as swap transactions on underlyings (e.g. legally permissible indexes) or alternatively via UCITS and other UCIs within the meaning of point 1.1(e) of the section entitled "Investment principles". At no time will the sub-fund invest directly in real estate or infrastructure. The investments of the sub-funds are made in the currencies deemed best suited for performance and are actively managed in respect of the currency of account. The sub-fund may also invest in investments focusing on emerging markets. This means that the sub-fund is exposed to specific risks that may be greater than those normally 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	1.680% (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 – Multi Asset Income (USD)**

The objective of this sub-fund 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 among the various asset classes aim to create a stable capital base throughout a market cycle, which would not be possible if the sub-fund were restricted to equities. To this end, within the legally permissible framework, the sub-fund may invest in a globally diversified manner, either directly or indirectly via derivative financial instruments or existing UCIs and UCITS, both in the traditional asset classes 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 sub-fund invests up to 60% in equities, other share-like equity interests such as cooperative shares, dividend-right certificates and participation certificates (equity instruments and rights) and warrants on securities (including emerging markets). Further information on investing in emerging markets can be found in the corresponding section of this sales prospectus. If it appears necessary to achieve the investment objectives, the sub-fund may invest all of its assets in debt instruments and claims, as described in greater detail in the general investment policy. Within this asset class, the sub-fund may invest up to 100% of its assets in state-guaranteed bonds. The upper limit for investments in inflation-linked notes or corporate bonds is 75% of sub-fund assets in each case. The sub-fund may invest up to 50% 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.

**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 increased risk of loss.**

The above-mentioned securities are securities as defined in Article 41 of the Law of 2010. The sub-fund 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 this sales prospectus. Up to 25% of Fund assets may be invested in the commodities asset class by participating in the performance of commodities indices. In doing so, it is ensured at all times that there will be no physical delivery to the sub-fund. The Portfolio Manager achieves such participation by, for example, entering into swaps on the aforementioned indices. In this way, the sub-fund is party to the swap transaction and receives the positive performance of the total return (TR) commodities index, minus the cash rate used in the index. Typically, the notional value of the swap can be adjusted on a daily basis (e.g. as is the case with inflows from share subscriptions, outflows from share redemptions or with a rebalancing of the portfolio 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). In order to minimise this risk and keep it below the legally permissible threshold at all times, open profits or losses are typically settled on a monthly basis and any time the statutory threshold for counterparty risk is reached (by means of a reset). In addition, the sub-fund may invest in exchange-traded funds (ETFs) on commodities indices, which generally use the aforementioned swaps in order to obtain exposure to commodities. The Portfolio Manager may also purchase ETF securities on commodities indices. These are securities traded on the stock market, whose price is pegged to the performance of a commodities index, and which must comply with legally defined criteria. Furthermore, the sub-fund may also invest in existing UCIs and UCITS focusing on commodities on condition that they in turn invest exclusively by participating in commodities indices. To achieve the investment objectives and ensure a broad spread (diversification) of all investments in terms of asset classes, markets, sectors, issuers, ratings and companies, the sub-fund may invest up to 100% of its net assets in existing UCIs and UCITS. This method of investment and the associated expenses are described in the section "Investments in UCIs and UCITS". The sub-fund may invest up to 100% of its assets in liquid funds or near-money market instruments. The use of derivatives is not a core component of the investment strategy and there is no intention to substantially increase market risk. In order to fulfil the investment objectives and ensure efficient portfolio management, the Portfolio Manager may, for example, use derivatives (e.g. swap contracts) to 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 benefit from the change in volatility of the asset classes or to obtain significant investment exposure in line with the investment policy by investing in options, futures and forwards. To achieve its objectives, the sub-fund may also make investments on the credit derivatives market by investing in bond-secured credit default swaps (CDS) of individual issuers and in indices of the iTraxx and CDX index family containing the CDS of individual issuers for the purpose of buying and selling hedges,

among other things. The investments of the sub-funds are made in the currency deemed best suited for performance and are actively managed in respect of the currency of account. Portfolios with investments in commodities are generally more volatile than pure equity portfolios. Investors should therefore note that the sub-fund 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 – Active Allocation Defensive (EUR)**

The aim of the investment policy is to achieve attractive income in terms of the currency of account, while assuming a moderate degree of risk. To this end, investments will be on a long term and broadly diversified basis worldwide, primarily in bonds. However, due to the low equity component in the portfolio, the investment risk is typically greater than with a pure bond fund. 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 sub-fund invests primarily in cost-efficient investment vehicles worldwide and may also use derivatives. Investments are made mainly 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-efficiency of the sub-fund. Depending on the market environment, a minor portion of the allocation may be made to emerging markets, high-yield bonds and alternative investments in accordance with Article 41(1) of the Law of 2010 (non-traditional funds, commodities, etc.). The sub-fund allocates strategically and tactically in order to take advantage of short and long-term market opportunities. Investments in commodities may only be made indirectly by means of exchange-traded or OTC derivatives with commodities indices as their underlying assets (e.g. contracts for difference, total return swaps and options), structured products (exchange-traded commodities – ETCs) or through UCIs and UCITS (including ETFs), in accordance with the legal provisions. In doing so, it is ensured at all times that there will be no physical delivery of commodities to the sub-fund. For total return swaps, the sub-fund is party to a swap transaction based on the performance of the total return (TR) commodities index, minus the cash rate used in the index. Typically, the notional value of the swap can be adjusted on a daily basis (e.g. as is the case 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). In order to minimise this risk and keep it below the legally permissible threshold at all times, open profits are typically settled on a monthly basis and any time the statutory threshold for counterparty risk is reached (by means of a reset). Portfolios with investments in commodities are generally more volatile than pure equity portfolios. Investors should therefore note that the sub-fund 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 carry an above-average yield, but also a higher credit risk than investments in securities of first-class issuers. Investments in emerging countries have specific risks that may be greater than those inherent in globally oriented investments. An overview of the risks



associated with investments focusing on emerging markets is given in the section "Investing in emerging markets". Derivatives can be used to hedge market risks or to participate in market developments. 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 sub-fund may invest up to 100% of its net assets in UCIs and UCITS, provided the investment policy of the target funds corresponds to the greatest possible degree to the above-mentioned investment policy. This method of investment and the associated expenses are described in the section "Investments in UCIs and UCITS". The investments of the sub-fund are made in the currency deemed best suited for performance and may be actively managed in respect of the currency of account of the sub-fund.

**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 combine to optimum effect interest income and capital growth in terms of the currency of account. To this end, investments are made worldwide on a broadly diversified basis, mainly in bonds and equities, generally with an equal ratio 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 sub-fund invests primarily in cost-efficient investment vehicles worldwide and may also use derivatives. Investments are made mainly 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-efficiency of the sub-fund. Depending on the market environment, a minor portion of the allocation may be made to emerging markets, high-yield bonds and alternative investments in accordance with Article 41(1) of the Law of 2010 (non-traditional funds, commodities, etc.). The sub-fund allocates strategically and tactically in order to take advantage of short and long-term market opportunities. Investments in commodities may only be made indirectly by means of exchange-traded or OTC derivatives with commodities indices as their underlying assets (e.g. contracts for difference, total return swaps and options), structured products (exchange-traded commodities – ETCs) or through UCIs and UCITS (including ETFs), in accordance with the legal provisions. In doing so, it is ensured at all times that there will be no physical delivery of commodities to the sub-fund. For total return swaps, the sub-fund is party to a swap transaction based on the performance of the total return (TR) commodities index, minus the cash rate used in the index. Typically, the notional value of the swap can be adjusted on a daily basis (e.g. as is the case 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). In order to minimise this risk and keep it below the legally permissible threshold at all times, open profits are typically settled on a monthly basis and any time the statutory threshold for counterparty risk is reached (by means of a reset). Portfolios with investments in commodities are generally more volatile than pure equity portfolios. Investors should therefore note that the sub-fund 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 carry an above-average yield, but also a higher credit risk than investments in securities of first-class issuers. Investments in emerging countries have specific risks that may be greater than those inherent in globally oriented investments. An overview of the risks associated with investments focusing on emerging markets is given in the section "Investing in emerging markets". Derivatives can be used to hedge market risks or to participate in market developments. 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 sub-fund may invest up to 100% of its net assets in UCIs and UCITS, provided the investment policy of the target funds corresponds to the greatest possible degree to the above-mentioned investment policy. This method of investment and the associated expenses are described in the section "Investments in UCIs and UCITS". The investments of the sub-fund are made in the currency deemed best suited for performance and may be actively managed in respect of the currency of account of the sub-fund.

**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 achieve optimal capital growth in terms of the currency of account. To this end, investments are made worldwide on a broadly diversified basis, mainly 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 sub-fund invests primarily in cost-efficient investment vehicles worldwide and may also use derivatives. Investments are made mainly 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-efficiency of the sub-fund. Depending on the market environment, a minor portion of the allocation may be made to emerging markets, high-yield bonds and alternative investments in accordance with Article 41(1) of the Law of 2010 (non-traditional funds, commodities, etc.). The sub-fund allocates strategically and tactically in order to take advantage of short and long-term market opportunities. Investments in commodities may only be made indirectly by means of exchange-traded or OTC derivatives with commodities indices as their underlying assets (e.g. contracts for difference, total return swaps and options), structured products (exchange-traded commodities – ETCs) or through UCIs and UCITS (including ETFs), in accordance with the legal provisions. In doing so, it is ensured at all times that there will be no physical delivery of commodities to the sub-fund. For total return swaps, the sub-fund is party to a swap transaction based on the performance of the total return (TR) commodities index, minus the cash rate used in the index. Typically, the notional value of the swap can be adjusted on a daily basis (e.g. as is the case 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). In order to minimise this

risk and keep it below the legally permissible threshold at all times, open profits are typically settled on a monthly basis and any time the statutory threshold for counterparty risk is reached (by means of a reset). Portfolios with investments in commodities are generally more volatile than pure equity portfolios. Investors should therefore note that the sub-fund 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 carry an above-average yield, but also a higher credit risk than investments in securities of first-class issuers. Investments in emerging countries have specific risks that may be greater than those inherent in globally oriented investments. An overview of the risks associated with investments focusing on emerging markets is given in the section "Investing in emerging markets". Derivatives can be used to hedge market risks or to participate in market developments. 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 sub-fund may invest up to 100% of its net assets in UCIs and UCITS, provided the investment policy of the target funds corresponds to the greatest possible degree to the above-mentioned investment policy. This method of investment and the associated expenses are described in the section "Investments in UCIs and UCITS". The investments of the sub-fund are made in the currency deemed best suited for performance and may be actively managed in respect of the currency of account of the sub-fund.

**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 – Systematic Allocation Portfolio Equity (USD)**

The aim of the sub-fund is to participate in the growth potential of the global equity markets, including emerging markets, in a broadly diversified manner. For this purpose, the sub-fund invests mainly in equities, bonds and money market instruments based on a model which allocates the assets to these asset classes. This model is based on a systematic approach, the aim of which is to identify market trends, align asset allocation to these trends and thereby reduce losses during significant downturns in the equity markets. The process takes into account various short and long-term indicators of company profits, market risks and equity market momentum. For this reason, the net equity exposure can vary greatly, up to a maximum of 175%. In phases when the model identifies the equity market trend as negative, net equity exposure may be fully reduced. If this happens, the investment in bonds and money market instruments and/or cash is proportionately higher.

The sub-fund may invest on an ancillary basis in real estate investment trusts ("REITs"). Investments in REITs are permissible, if these fulfil the criteria of (i) a UCITS or other UCI or (ii) a transferable security. A closed-ended REIT whose units are listed on a regulated market meets the criteria of a security listed on a regulated market and therefore constitutes a permissible investment for the sub-fund under Luxembourg law.

The sub-fund may invest either directly or indirectly up to 100% of its assets via UCIs or UCITS. The indirect method of investment and the associated expenses are described in the section "Investments in UCIs and UCITS". To achieve its investment objective, the sub-fund may also employ all other legally permissible instruments (including derivative financial instruments) that may be used for hedging or investment purposes. The associated risks are described in the section "Risks connected with the use of derivatives". As the sub-fund invests in many foreign currencies due to its global orientation, the portfolio or parts thereof may be hedged against the reference currency of the sub-fund in order to reduce the associated foreign currency risks.

Investors should note that the sub-fund's exposure may also include Chinese A shares traded via Shanghai-Hong Kong Stock Connect or Shenzhen-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. This sub-fund may invest in both developed and emerging markets. The risks associated therewith are listed in the section entitled "General risk information". In addition to the aforementioned, investors should read, be aware of and take into account the risks associated with investments traded via Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect. Information on this topic can be found after the section "General risk information". For the reasons mentioned, this sub-fund is particularly 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	1.800% (1.440%)
Share classes with "N" in their name	2.350% (1.880%)
Share classes with "K-1" in their name	1.180% (0.940%)
Share classes with "K-X" in their name	0.000% (0.000%)
Share classes with "F" in their name	0.610% (0.490%)
Share classes with "Q" in their name	0.830% (0.660%)
Share classes with "I-A1" in their name	0.690% (0.550%)
Share classes with "I-A2" in their name	0.650% (0.520%)
Share classes with "I-A3" in their name	0.610% (0.490%)
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 Defensive Growth (USD)**

The objective of the sub-fund is to generate an attractive risk-adjusted return through actively managed investments in various asset classes while taking into account total portfolio risk. The strategy targets growth and risk reduction in unfavourable market scenarios in connection with systematic and rule-based risk management. Despite the systematic and rule-based risk management strategy, unforeseen or unexpected market conditions may lead to the sub-fund's failure to achieve its investment objective. The strategy may limit the sub-fund's ability to participate in market growth and lead to increased transaction costs. The sub-fund invests worldwide on a broadly diversified basis. It may invest in asset classes such as equities and equity derivatives (including emerging market equities), bonds and bond derivatives (including government, corporate, high yield and emerging market bonds), money market instruments and alternative investment strategies in accordance with Article 41(1) of the Law of 2010 (including real estate, commodities and systematic risk premium strategies). High yield bonds may carry an above-average yield, but also a higher credit risk than investments in securities of first-class borrowers. Investments in commodities may only be made indirectly by means of exchange-traded or OTC derivatives with commodities indices as their underlying assets (e.g. contracts for difference, total return swaps and options), structured products (exchange-traded commodities – ETCs) or through UCIs and UCITS (including ETFs),

in accordance with the legal provisions. In doing so, it is ensured at all times that there will be no physical delivery of commodities to the sub-fund. Where the sub-fund participates in the performance of real estate, it shall do so primarily by investing in units issued by real estate investment trusts (REITs), or UCITS or other UCIs that invest directly or indirectly in real estate. Investments in REITs are permissible, if these fulfil the criteria of (i) a UCITS or other UCI or (ii) a transferable security. A closed-ended REIT whose units are listed on a regulated market meets the criteria of a security listed on a regulated market and therefore constitutes a permissible investment for the sub-fund under Luxembourg law. The sub-fund can invest in all financial derivatives listed in the sections "Special techniques and instruments with securities and money market instruments as underlying assets" and "Use of derivatives", provided the restrictions specified therein are observed. Permitted underlyings include, in particular, the instruments specified under Point 1.1(a) and (b) ("Permitted investments of the Company"). The use of derivatives is a core element in achieving the investment objectives. Derivatives shall be used to increase and/or decrease the market exposure of the portfolio. The strategy may include the use of derivatives for the purposes of hedging and/or market exposure, and/or participation in systematic risk premia as part of a specific sub-strategy. Investors should note that derivatives may be used to increase leverage. The risks associated with the use of derivatives are described in the section "Risks connected with the use of derivatives". The investments of the sub-fund are made in the currency deemed best suited for performance and may be actively managed in respect of the currency of account of the sub-fund. On an ancillary basis, the sub-fund may invest up to 100% of its assets in cash, cash equivalents and near-money market securities, e.g. securities with residual maturities of less than one year. In order to fulfil its investment objective and achieve broad diversification, the sub-fund may invest up to 100% of its net assets in UCIs and UCITS. This method of investment and the associated expenses are described in the section "Investments in UCIs and UCITS". The sub-fund may invest a total of up to 20% of its net assets in ABS, MBS and CDOs/CLOs. The risks associated with investments in ABS/MBS are listed in the "General risk information" section. The sub-fund may also invest up to 20% of its assets in contingent convertible bonds (CoCos). A CoCo is a hybrid bond that, according to the relevant specific conditions, can either be converted into equity capital at a predetermined price, written off, or written down in value as soon as a predefined trigger event occurs. The use of CoCos gives rise to structure-specific risks including liquidity risk and conversion risk. In some cases, the issuer may arrange to convert convertible securities into ordinary shares. If convertible securities are converted into ordinary shares, the Company may hold these ordinary shares in its portfolio, even if it does not usually invest in such shares. CoCos are also subject to trigger level risk. These trigger levels vary and determine the degree of conversion risk, depending on the difference between the trigger level and the capital ratio. The Portfolio Manager of the sub-fund may find it difficult to foresee the triggers that would require the debt security to be converted into equity capital. In addition, CoCos are subject to capital structure inversion risk. In the issuer's capital structure, CoCos are generally classed as subordinate in relation to traditional convertible bonds. In some cases, investors in CoCos may suffer a capital loss, while shareholders are only affected later or not at all. It should also be noted that the use of CoCos is subject to return or valuation risk. The valuation of CoCos is influenced by many unforeseeable factors, e.g. the creditworthiness of the issuer and fluctuations in his capital ratios, the supply and demand for CoCos, the general market conditions and the available liquidity, or economic, financial and political events that have an impact on the issuer, the market in which he operates, or the financial markets in general. Furthermore, CoCos are subject to the risk of coupon payment suspensions. Coupon payments on CoCos are at the discretion of the issuer, who may suspend such payments at any time and for whatever reason, for an indefinite period. The arbitrary suspension of payments is not deemed as payment default. It is not possible to call for the reintroduction of coupon payments or the subsequent payment of suspended payments. Coupon payments may also be subject to approval by the supervisory authority of the issuer, and may be suspended if insufficient distributable reserves are available. As a result of the uncertainty regarding coupon payments, CoCos are volatile. A suspension of coupon payments may result in drastic price drops. CoCos are also subject to a call extension risk. CoCos are perpetual instruments and may only be terminated on predetermined dates after approval by the competent supervisory authority. There is no guarantee that the capital that the sub-fund has invested in CoCos will be returned. Finally, CoCos are subject to unknown risk, since these instruments are relatively new and, as a result, the market and the regulatory environment for these instruments are still evolving. It is therefore uncertain how the CoCo market overall would react to a trigger or a coupon suspension relating to an issuer. Although distressed security exposure is not intended to be a key driver of the investment strategy, the sub-fund may invest in such securities (bonds with a rating CC and lower or bonds with a similar rating). The exposure limit to such securities is 5%. Distressed bonds are securities issued by companies or public institutions in serious financial difficulty, and thus bear a high risk of capital loss. Because the sub-fund may invest in assets focused on emerging markets, it is exposed to specific risks that may be greater than those normally 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". An overview of the general risks is given in the section "General risk information".

**Currency of account:** USD

## Fees

	Maximum flat fee (maximum management fee) p.a.
Share classes with "P" in their name	1.400% (1.120%)
Share classes with "N" in their name	1.700% (1.360%)
Share classes with "K-1" in their name	0.900% (0.720%)

Share classes with "K-X" in their name	0.000% (0.000%)
Share classes with "F" in their name	0.560% (0.450%)
Share classes with "Q" in their name	0.750% (0.600%)
Share classes with "I-A1" in their name	0.650% (0.520%)
Share classes with "I-A2" in their name	0.600% (0.480%)
Share classes with "I-A3" in their name	0.560% (0.450%)
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%)

## **General risk information:**

### **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 that 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 higher risks of expropriation and nationalisation, as well as social, political and economic instability.

The following is an overview of the general risks entailed in emerging markets:

- ▶ Counterfeit securities – due to inadequate supervisory structures, it is possible that securities purchased by the sub-fund could be counterfeit. It is therefore possible to suffer losses.
- ▶ Illiquidity – the buying and selling of securities can be costlier, more time-consuming and generally more difficult than on 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 post more volatile performances than those in developed markets.
- ▶ Currency fluctuations – compared to the sub-fund's currency of account, the currencies of countries in which the sub-fund invests may be subject to substantial fluctuations after the sub-fund has invested in these currencies. Such fluctuations may have a significant impact on the sub-fund'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 ruled out that emerging markets may limit or temporarily suspend the export of currencies. Consequently, it would not be possible for the sub-fund to draw any sales proceeds without delays. To minimise the possible impact on redemption applications, the sub-fund will invest in a large number of markets.
- ▶ Settlement and custody risks – the settlement and custody systems in emerging market countries are less well developed than 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 purchase of securities by foreign investors. Some equities are thus not available to the sub-fund 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 sub-fund 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 sub-fund 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 of companies in emerging markets differ from those in developed markets in terms of content, quality and the deadlines for providing information to investors. It may thus be difficult to correctly evaluate the investment options.

Depending on the investment weighting in emerging markets in the individual sub-funds, the individual sub-funds are suitable for risk-conscious investors. Regarding this, please refer to the section "Profile of the typical investor" in this sales prospectus.

### **Specific risks of investing in the People's Republic of China**

For the purposes of this section, the term "sub-fund" refers to any relevant sub-fund that invests in A shares and/or Chinese onshore bonds through the Portfolio Manager's RQFII quota, CIBM, Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect ("Stock Connect"), UCITS or other UCIs exposed to Chinese A shares/Chinese onshore bonds, and/or entry products such as ETFs.

#### **a) Market risks in China**

Investments in the securities markets in the PRC are subject to the general risks of investing in emerging markets and the specific risks of investing in the markets in the PRC. Many of the economic reforms implemented in the PRC 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 sub-fund could be adversely affected by a worsening of general economic conditions in the PRC or on the global markets. Factors such as government policy, fiscal policy, interest rates, inflation, investor sentiment, the availability and cost of credit in the PRC, the liquidity of the financial markets in the PRC and the level and volatility of share prices could significantly affect the value of a sub-fund'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 relative to the choice available in other markets. There may also be a lower level of liquidity in the relevant markets in the PRC, which are smaller, in terms of both the overall market value and the number of securities available for investment, than other markets. This could potentially lead to strong price volatility.

The national regulatory and legal framework for capital markets and joint stock companies in the PRC is still developing relative to that of industrialised countries. However, the overall effects of such reforms on the A share market 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, the regulations are under development and may change without notice, which may further delay redemptions or restrict liquidity. The Chinese securities markets and activities of investors, brokers and other market participants may not be regulated and monitored to the same extent as in more-developed markets.

Companies in the PRC are required to follow PRC accounting standards and practices, which, to a certain extent, correspond to 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 are subject to change. This may lead to volatile trading, difficulties with the settlement and recording of transactions and problems interpreting and applying the relevant regulations. The government of the PRC has developed a comprehensive regime 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, there are some uncertainties regarding their interpretation and enforcement. In addition, the laws for investor protection in the PRC are still under development and may be less sophisticated than those in industrialised countries.

Investments in the PRC will be very sensitive to any significant changes in social, economic or other policy in the PRC. Such sensitivity may, for the reasons specified above, adversely affect the capital growth and thus the performance of these investments. State control over currency conversion in the PRC and future movements in exchange rates may adversely affect the operations and financial results of the companies in which a sub-fund invests.

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

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

No guarantee can be given that the Portfolio Manager will be able to allocate a sufficient portion of its RQFII quota to meet all sub-fund subscription orders, or that redemption orders can be processed in a timely manner in the event of adverse changes in relevant laws or regulations, including changes in RQFII repatriation restrictions. Such restrictions may result in the suspension of the sub-fund trading activities.

RQFII restrictions on investment apply to the quota granted to a RQFII as a whole and not just to investments made by the sub-fund. 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 sub-fund through which the sub-fund 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 sub-fund. Likewise, limits on investment in A shares and the regulations relating to the

repatriation of capital and profits may apply to the quota held by the Portfolio Manager as a whole. As a result, the ability of the sub-fund 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 sub-funds utilising the Portfolio Manager's RQFII quota.

Should the Portfolio Manager lose its RQFII status, cease trading or be removed, or should the Portfolio Manager's RQFII quota be revoked or reduced, the sub-fund may not be able to invest in A shares or other RQFII eligible securities through the Portfolio Manager's RQFII quota, and the sub-fund may be required to sell its positions, which would likely have a adverse effect on the sub-fund.

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

### **RQFII regulations**

The RQFII regulations that govern investments by RQFIIs in the PRC as well as repatriation and currency conversion are relatively new. The application and interpretation of the RQFII regulations are therefore relatively untested and there is uncertainty about how they will be applied. The China Securities Regulatory Commission ("**CSRC**") and the State Administration of Foreign Exchange ("**SAFE**") in the PRC have been given broad discretionary powers in relation to 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 early stage of development, the RQFII regulations may be subject to further revisions in the future. It is uncertain whether such revisions will prejudice the RQFIIs, or whether the RQFII quota of the Portfolio Manager (including the quota utilised by the sub-fund), which is subject to review from time to time by CSRC and SAFE, may be reduced substantially or revoked entirely.

### **PRC Brokers**

In its capacity as RQFII, the relevant Portfolio Manager will also select brokers ("**PRC Brokers**") to execute transactions for the sub-fund in the markets in the PRC. The sub-fund may have difficulty obtaining best execution of transactions involving RQFII eligible securities due to restrictions/limits under the applicable RQFII regulations or operational constraints such as a restriction/limit on the number of brokers that the Portfolio Manager may appoint in its capacity as RQFII. If a PRC Broker offers the sub-fund standards of execution that the Portfolio Manager is satisfied are best practice in the marketplace in the PRC, the Portfolio Manager may determine that transactions consistently be executed with that PRC Broker (even if it is an affiliate), regardless of the fact that they might not be executed at the best price and the fact that there is no accountability towards the sub-fund for the difference between the price at which the sub-fund executes transactions and any other price that might have been available in the market at the relevant time.

### **Custody**

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

Any RQFII eligible securities acquired by the sub-fund through the Portfolio Manager's RQFII quota will be kept by the PRC Sub-Custodian in separate securities accounts and will be registered for the sole benefit and use of the sub-fund or the Company (for account of the sub-fund) subject to the applicable laws. The assets will be segregated by the PRC Sub-Custodian such that the assets of the sub-fund do not form part of the assets of the Portfolio Manager in its capacity as RQFII, the PRC Sub-Custodian, or the PRC Brokers. However, subject to the investment regulations, the Portfolio Manager (in its capacity as RQFII) could be the party entitled to the securities in such securities accounts (even though this entitlement does not constitute an ownership interest or preclude the Portfolio Manager from purchasing the securities for the sub-fund), meaning that 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 sub-fund. In particular, there is a risk that creditors of the Portfolio Manager may incorrectly assume that the sub-fund's assets belong to the Portfolio Manager and such creditors could seek to gain control of the sub-fund's assets to meet the Portfolio Manager's liabilities to such creditors.

Investors should note that cash deposited in the cash account of the sub-fund with the PRC Sub-Custodian will not be segregated but will be a liability of the PRC Sub-Custodian in respect of the sub-fund 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 sub-fund will not have any ownership rights to the cash deposited in such cash account, and the sub-fund will become an unsecured creditor, ranking *pari passu* with all other unsecured creditors of the PRC Sub-Custodian. The sub-fund may have difficulties and/or encounter delays recovering such debt, or might not be able to recover the debt in full or at all, in which case the sub-fund would suffer losses.

### *Redemption restrictions*

If the sub-fund is invested in the securities market in the PRC by investing through a Portfolio Manager's RQFII quota, the repatriation of invested principal and income from the PRC is subject to the RQFII regulations applicable at the time, including any regulatory requirements in relation to (including but not limited to) minimum investment amounts, lock-up periods, frequency and limits on repatriation or sale of investments in such A shares and other RQFII eligible securities.

Under the current RQFII regulations applicable to the sub-funds investing in RQFII eligible securities, since the sub-fund/the Company (as the case may be) qualifies as an open-ended fund (under the RQFII regulations), there is no lock-up period for the



capital invested in the PRC by the sub-fund through the Portfolio Manager's RQFII quota.

Transfers and repatriations for the account of the sub-fund may be made on a daily basis by the PRC Sub-Custodian through the Portfolio Manager's RQFII quota to meet the net subscriptions and redemptions of shares of the sub-fund/Company (as the case may be).

Please note that there is no certainty that there will be no regulatory restrictions in the PRC on the repatriation of monies by the sub-fund in future. The investment regulations and/or the approach adopted by SAFE in relation to the repatriation of monies 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 amount of which is determined from time to time by China Securities Depository and Clearing Corporation Limited (Shanghai and Shenzhen branches) (the "CSDCC"). The PRC Sub-Custodian will deposit a portion of the assets of the sub-fund corresponding to a certain percentage of the relevant Portfolio Manager's RQFII quota as part of the minimum clearing reserve fund. The minimum clearing reserve percentage is determined by the CSDCC from time to time and will be deposited by the PRC Sub-Custodian into the minimum clearing reserve fund. If the value of securities in the PRC increases, the sub-fund's assets held in the clearing reserve fund could have a negative effect on the performance of the sub-fund. On the other hand, the performance of the sub-fund 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 sub-fund 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 sub-fund's ability to perform transactions in a timely manner via Stock Connect. This could impair the sub-fund'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"). It also extends to all securities included in the SZSE Component Index and the SZSE Small/Mid Cap Innovation Index with a market capitalisation of at least RMB 6 billion, as well as to all Chinese A shares listed on the Shenzhen Stock Exchange ("SZSE"). 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 sub-fund'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/SZSE shares**

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

Since HKSCC is only the nominee and not the beneficial owner of the SSE shares and/or SZSE shares, if HKSCC were to be wound down in Hong Kong, the SSE shares and/or SZSE shares would not be deemed part of HKSCC's general assets 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 and/or SZSE shares in mainland China. Foreign investors – such as the sub-fund in question – who invest through Stock Connect and hold SSE shares and/or SZSE shares via HKSCC are the beneficial owners of the assets and are therefore entitled to exercise their rights exclusively through 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 payments 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.

#### **Risk of quotas being used up**

Once the daily quotas for northbound and southbound transactions have been reached, 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 in the event the daily quota is used up. Sell orders will continue to be accepted.

#### **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 sub-fund and its participation in northbound trading.

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

Should HKSCC be delayed in fulfilling its obligations, or even fail to do so altogether, this could lead to settlement default or the loss of Stock Connect securities and/or associated funds. The sub-fund and its investors could incur losses as a result. Neither the sub-fund 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 sub-fund under northbound trading.

The ownership and ownership rights of the sub-fund and entitlements to Stock Connect securities (regardless of the legal nature thereof, in equity jurisprudence or otherwise) are subject to the applicable requirements, including the laws on the disclosure of interests and the 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 for A shares are imposed by the stock exchanges, meaning that trading in 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 it impossible to trade in the existing positions and would potentially expose the sub-fund to losses. Further, when the suspension is subsequently lifted, it may not be possible for the sub-fund to liquidate positions at a favourable price, which could also entail losses for the sub-fund.

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

Since, under the provisions in force in the PRC, there are limits on the total amount of shares in any one company listed in the PRC that may be held by all underlying foreign investors and/or a single foreign investor, the capacity of the sub-fund 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 in its capacity as RQFII to monitor the investments of the underlying foreign investors, since an investor may make investment through various RQFIIs or other permitted channels.

#### **f) Disclosure of interests and short-swing profit rule**

Under the disclosure of interest provisions in force in the PRC, the sub-fund may be deemed to be acting in concert with other funds or sub-funds 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 sub-fund's holdings may have to be reported along with the holdings of such other funds or sub-funds mentioned above, if the aggregate holdings reach the reporting threshold under PRC law (currently 5% of the total number of issued shares of the relevant company listed in the PRC). This may disclose the sub-fund's holdings to the public with an adverse impact on the performance of the sub-fund.

In addition, subject to the interpretation of the courts and supervisory authorities in the PRC, the short-swing profit rule applicable in the PRC may apply to the sub-fund's investments with the result that where the holdings of the sub-fund (possibly, along with the holdings of other investors deemed to form an investor group together with the sub-fund) exceed 5% of the total number of issued shares of a company listed in the PRC, the sub-fund may not reduce its holdings in that company within six months of the last purchase of shares of that company. If the sub-fund violates this rule and sells any of its shareholding in that company in the six-month period, it may be required by the listed company to return to the listed company any profits made on the trade. Moreover, under PRC civil law, the sub-fund's assets may be frozen up to the amount of the claims made by that company. These risks may greatly impair the performance of the sub-fund.

#### **g) RMB currency risk**

The risk associated with state currency control in the PRC and future movements in exchange rates may adversely affect the operations and financial results of companies in which the sub-fund invests. RMB is not a freely convertible currency and is subject to foreign exchange control policies and repatriation restrictions imposed by the PRC government. If such policies or restrictions change in the future, the position of the sub-fund or its investors may be adversely affected.

No guarantee can be given that conversion will not become more difficult or impossible, or that the RMB will not be subject to devaluation, revaluation or short supply. 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 stronger price fluctuations than investment in debt instruments in more-developed markets.

RMB-denominated debt instruments can be issued by a variety of issuers inside or outside the PRC. These issuers may have different

risk profiles and their rating may vary. RMB-denominated debt instruments are generally unsecured debt instruments not backed by any collateral. As an unsecured creditor, the sub-fund may be fully exposed to the credit/insolvency risk of its counterparties.

Changes in the macroeconomic policies of the PRC (i.e. monetary policy and fiscal policy) will have an influence over capital markets and affect the pricing of the debt instruments and, thus, the returns of the sub-fund. The value of RMB-denominated debt instruments held by the sub-fund will run counter to changes in interest rates and such changes may affect the value of the sub-fund'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 incorrectly priced. Valuations are based primarily on the valuations from independent third-party sources, provided prices are available; therefore, there may be some uncertainty surrounding valuations at times, and a sound calculation and independent pricing information may not be available at all times.

Many debt instruments in the PRC do not have a rating assigned by an international credit rating agency. The credit rating system in the PRC is still at an early stage of development; there is no standard credit rating methodology for valuing 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 valued 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 a negative effect on the liquidity, meaning that it becomes harder to sell these debt instruments.

Under the provisions in force in the PRC and according to the investment objective of the sub-fund, the assets of the sub-fund may be invested in unrated or low-rated debt instruments, which are subject to greater risk of loss of principal and interest income than higher rated debt instruments.

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

The sub-fund will be subject to the same types of risks as the other undertakings in proportion to its holdings of those specific underlying funds. Different underlying funds in which the sub-fund invests have different underlying investments. The risks associated with such underlying investments, in particular with exposure to PRC securities, would be similar to the risks as set out above.

#### **j) Risk information on investments traded on the CIBM**

The bond market in mainland China comprises the interbank bond market and the listed bond market. The China Interbank Bond Market ("**CIBM**") was established in 1997 as an over-the-counter ("**OTC**") market, and it accounts for 90% of all bond trades in China. Primarily, government bonds, corporate bonds, bonds issued by state-owned banks and medium term debt instruments are traded on this market.

The CIBM is undergoing a phase of development and internationalisation. Market volatility and a potential lack of liquidity due to low trade volumes can lead to dramatic fluctuations in certain debt securities traded on this market. Sub-funds that invest in this market are therefore exposed to liquidity and volatility risk, and may suffer losses from mainland Chinese bond trades. In particular, the bid and offer spread of mainland Chinese bonds may be wide, and selling such investments may thus generate considerable trading and realisation costs for the sub-fund in question. The sub-fund may also incur risks in connection with settlement processes and counterparty default. It is possible that the sub-fund may enter into transactions with counterparties who are then unable to fulfil their obligations by delivering or paying for the appropriate securities.

The CIBM is also subject to regulatory risk.

#### **Investments in UCIs and UCITS**

Sub-funds, which have invested at least half of their assets in existing UCIs and UCITS in accordance with their special investment policies, are structured as a fund of funds.

The general advantage of a fund of funds over funds investing directly is the greater level of diversification (or risk spreading). 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 that spreads its risks on two levels and thereby reduces the risks inherent in the individual investment objects, with the investment policy of the UCITS and UCIs 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 fees and charges may be incurred more than once when investing in existing funds (such as Depositary and central administrative agent fees, management/advisory fees and issuing/redemption charges of the UCI and/or UCITS in which the 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 sub-funds may also invest in UCIs and/or UCITS managed by UBS AG or by a company linked to UBS AG through common management or control, or through a substantial direct or indirect holding. In this case, no issuing or redemption charge will be charged on subscription to or redemption of these units. The double charging of commission and expenses referred to above does, however, remain.

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

For the sub-fund 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 available prior to the time of calculation of the net asset

value of the sub-fund, 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 sub-fund.

### **Risks connected with the use of ABS/MBS**

Investors are advised that investing in ABS, MBS and CMBS may involve higher complexity and lower transparency. These products involve exposure in a pool of receivables (for ABS, these receivables may be car or student loans or other receivables based on credit card agreements; for MBS or CMBS, they are mortgages), with the receivables issued by an institution founded exclusively for this purpose and which is independent from the lender of the receivables in the pool from a legal, bookkeeping and economic perspective. The payment flows from the underlying receivables (including interest, repayment of receivables and any unscheduled repayments) are passed on to the investors in the products. These products include various tranches subject to a hierarchy. This structure determines the order of repayments and any unscheduled special repayments within the tranches. If interest rates rise or fall, investors are subject to a higher or lower repayment or reinvestment risk if the unscheduled special repayments for the underlying receivables increase or decrease due to better or worse refinancing options for the debtors.

The average term of sub-fund investments in ABS/MBS often differs from the maturity date set for the bonds. The average term is generally shorter than the final maturity date and depends on the dates of repayment flows, which are normally based on the structure of the security and the priority of cash inflows and/or borrower's behaviour in respect of refinancing, repayment and default. The sub-fund invests in securities with an average term of 0 to 30 years.

ABS/MBS originate from different countries with differing legal structures. The sub-fund may invest in ABS/MBS from all Member States of the European Economic Area and Switzerland. Investments in other countries may be considered if the underlying securities are permitted by the sub-fund guidelines and the securities meet the research-based criteria laid down by the advisers.

The sub-fund invests in securities issued by recognised issuers of ABS/MBS or similar securities. ABS/MBS may be investment grade, non-investment grade or have no rating.

### **Use of derivatives**

The Company may use derivative financial instruments in connection with all sub-funds, subject to the restrictions stipulated in Section 2 titled "Risk diversification". 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). For 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 sub-fund may include futures contracts (e.g. on equities, indices, volatility), options (e.g. on equities, interest rates, indices, bonds, currencies, commodities indices, swaps, volatility, futures, inflation or other instruments), forward contracts (including currency contracts), swaps (e.g. total return swaps, currency swaps, commodities 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 the default risk associated with a third party. To do this, the parties may participate in transactions such as 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 sub-fund, either as a buyer or seller. Credit derivatives may thus be used by sub-funds 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, 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 assets, but also in-depth knowledge of the derivatives themselves.

The credit risk associated with derivatives 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 titled "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.

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 can also be reduced through the provision of collateral by the respective counterparty (see below), through the offsetting of various derivative positions entered into with this counterparty, as well as through application of a careful selection process for counterparties (see the section titled "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.

Liquidity risks are another factor, 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 relevant sub-fund.

### **Swap agreements**

A sub-fund may enter into swap agreements (including total return swaps and contracts for differences) with respect to various underlyings, including currencies, interest rates, securities, collective investment schemes and indices. A swap is a contract under which one party agrees to provide the other party with something, for example a payment at an agreed rate, in exchange for receiving something from the other party, for example the performance of a specified asset or basket of assets. A sub-fund may use these techniques for example to protect against changes in interest rates and currency exchange rates. A sub-fund may also use these techniques to take positions in or protect against changes in securities indices and specific securities prices.

In respect of currencies, a sub-fund may utilise currency swap contracts where the sub-fund may exchange currencies at a fixed rate of exchange for currencies at a floating rate of exchange or vice versa. These contracts allow a sub-fund to manage its exposures to currencies in which it holds investment but also to obtain opportunistic exposure to currencies. For these instruments, the sub-fund's return is based on the movement of currency exchange rates relative to a fixed currency amount agreed by the parties.

In respect of interest rates, a sub-fund may utilise interest rate swap contracts where the sub-fund may exchange a fixed rate of interest against a variable rate (or the other way round). These contracts allow a sub-fund to manage its interest rate exposures. For these instruments, the sub-fund's return is based on the movement of interest rates relative to a fixed rate agreed by the parties. The sub-fund may also utilise caps and floors, which are interest rate swap contracts in which the return is based only on the positive (in the case of a cap) or negative (in the case of a floor) movement of interest rates relative to a fixed rate agreed by the parties.

In respect of securities and securities indices a sub-fund may utilise total return swap contracts where the sub-fund may exchange interest rate cash flows for cash flows based on the return of, for example, an equity or fixed income instrument or a securities index. These contracts allow a sub-fund to manage its exposures to certain securities or securities indices. For these instruments, the sub-fund's return is based on the movement of interest rates relative to the return on the relevant security or index. The sub-fund may also use swaps in which the sub-fund's return is relative to the volatility of price of the relevant security (a volatility swap, which is a forward contract whose underlying is the volatility of a given product. This is a pure volatility instrument allowing investors to speculate solely upon the movement of a stock's volatility without the influence of its price) or to the variance (the square of the volatility) (a variance swap which is a type of volatility swap where the payout is linear to variance rather than volatility, with the result that the payout will rise at a higher rate than volatility).

Where a sub-fund enters into total return swaps (or invests in other financial derivative instruments with the same characteristics) it will only do so on behalf of the sub-fund with counterparties that are entities with legal personality, typically located in OECD jurisdictions. These counterparties will be subject to a credit assessment. Where the counterparty is subject to a credit rating by any agency registered and supervised by ESMA, that rating shall be taken into account in the credit assessment. Where a counterparty is downgraded to A2 or below (or comparable rating) by such a credit rating agency, a new credit assessment in respect of the counterparty will be undertaken without delay. Subject to compliance with those conditions, the Portfolio Manager has full discretion as to the appointment of counterparties when entering into total return swaps in furtherance of the relevant sub-fund's investment objective and policies.

A credit default swap ("CDS") is a derivative instrument that is a mechanism for transferring and transforming credit risk between purchaser and seller. The protection buyer purchases protection from the protection seller for losses that might be incurred as a result of a default or other credit event in relation to an underlying security. The protection buyer pays a premium for the protection and the protection seller agrees to make a payment to compensate the protection buyer for losses incurred upon the occurrence of any one of a number of possible specified credit events, as set out in the CDS agreement. In relation to the use of CDS, the sub-fund may be a protection buyer and/or a protection seller. A credit event is an event linked to the deteriorating credit worthiness of an underlying reference entity in a credit derivative. The occurrence of a credit event usually triggers full or partial termination of the transaction and a payment from protection seller to protection buyer. Credit events include, but are not limited

to, bankruptcy, failure to pay, restructuring, and obligation default.

### **Insolvency risk on swap counterparties**

Margin deposits made in relation to swap contracts will be held with brokers. Though there are provisions in the structure of these contracts intended to protect each party against the insolvency for the other, these provisions may not be effective. This risk will further be mitigated by the exclusive choice of reputable swap counterparties.

### **Potential illiquidity of exchange traded instruments and swap contracts**

It may not always be possible for the Company to execute a buy or sell order on exchanges at the desired price or to liquidate an open position due to market conditions including the operation of daily price fluctuation limits. If trading on an exchange is suspended or restricted, the Company may not be able to execute trades or close out positions on terms that the Portfolio Manager believes are desirable.

Swap contracts are over-the-counter contracts with a single counterparty and may as such be illiquid. Although swap contracts may be closed out to realize sufficient liquidity, such closing out may not be possible or very expensive for the Company in extreme market conditions.

### **Risks connected with the use of efficient portfolio management techniques**

A sub-fund may enter into repurchase agreements and reverse repurchase agreements as a buyer or as a seller subject to the conditions and limits set out in Section 5 entitled "Special techniques and instruments with securities and money market instruments as underlying assets". If the other party to a repurchase agreement or reverse repurchase agreement should default, the sub-fund might suffer a loss to the extent that the proceeds from the sale of the underlying securities and/or other collateral held by the sub-fund in connection with the repurchase agreement or reverse repurchase agreement are less than the repurchase price or, as the case may be, the value of the underlying securities. In addition, in the event of bankruptcy or similar proceedings of the other party to the repurchase agreement or reverse repurchase agreement or its failure otherwise to perform its obligations on the repurchase date, the sub-fund could suffer losses, including loss of interest on or principal of the security and costs associated with delay and enforcement of the repurchase agreement or reverse repurchase agreement.

A sub-fund may enter into securities lending transactions subject to the conditions and limits set out in Section 5 entitled "Special techniques and instruments with securities and money market instruments as underlying assets". If the other party to a securities lending transaction should default, the sub-fund might suffer a loss to the extent that the proceeds from the sale of the collateral held by the Company in connection with the securities lending transaction are less than the value of the securities lent. In addition, in the event of the bankruptcy or similar proceedings of the other party to the securities lending transaction or its failure to return the securities as agreed, the sub-fund could suffer losses, including loss of interest on or principal of the securities and costs associated with delay and enforcement of the securities lending agreement.

The sub-funds will only use repurchase agreements, reverse repurchase agreements or securities lending transactions for the purpose of either reducing risks (hedging) or generating additional capital or income for the relevant sub-fund. When using such techniques, the sub-fund will comply at all times with the provisions set out in Section 5 entitled "Special techniques and instruments with securities and money market instruments as underlying assets". The risks arising from the use of repurchase agreements, reverse repurchase agreements and securities lending transactions will be closely monitored and techniques (including collateral management) will be employed to seek to mitigate those risks. Although it is expected that the use of repurchase agreements, reverse repurchase agreements and securities lending transactions will generally not have a material impact on a sub-fund's performance, the use of such techniques may have a significant effect, either negative or positive, on a sub-fund's net asset value.

### **Exposure to securities financing transactions**

The sub-funds' exposure to total return swaps, repurchase agreements/reverse repurchase agreements and securities lending transactions is set out below (in each case as a percentage of net asset value):

Sub-funds	Total return swaps		Repurchase agreements/reverse repurchase agreements		Securities lending	
	Expected	Maximum	Expected	Maximum	Expected	Maximum
UBS (Lux) Key Selection SICAV – Active Allocation Balanced (EUR)	0%-10%	100%	0%	100%	0%-50%	100%
UBS (Lux) Key Selection SICAV – Active Allocation Defensive (EUR)	0%-10%	100%	0%	100%	0%-50%	100%
UBS (Lux) Key Selection SICAV – Active Allocation Growth (EUR)	0%-10%	100%	0%	100%	0%-50%	100%
UBS (Lux) Key Selection SICAV – Asian Equities (USD)	0%	15%	0%	100%	0%-50%	100%
UBS (Lux) Key Selection SICAV – Asian Global Strategy Balanced (USD)	0%-10%	100%	0%	100%	0%-50%	100%
UBS (Lux) Key Selection SICAV – China Allocation Opportunity (USD)	0%-10%	50%	0%	100%	0%-50%	100%
UBS (Lux) Key Selection SICAV – Dynamic	0%-50%	200%	0%	100%	0%-50%	100%

Alpha (USD)						
UBS (Lux) Key Selection SICAV – Emerging Markets Income (USD)	0%-10%	50%	0%	100%	0%-50%	100%
UBS (Lux) Key Selection SICAV – European Equities (EUR)	0%	15%	0%	100%	0%-50%	100%
UBS (Lux) Key Selection SICAV – European Growth and Income (EUR)	0%-10%	50%	0%	100%	0%-50%	100%
UBS (Lux) Key Selection SICAV – Global Allocation (CHF)	0%-10%	100%	0%	100%	0%-50%	100%
UBS (Lux) Key Selection SICAV – Global Allocation (EUR)	0%-10%	100%	0%	100%	0%-50%	100%
UBS (Lux) Key Selection SICAV – Global Allocation (USD)	0%-10%	100%	0%	100%	0%-50%	100%
UBS (Lux) Key Selection SICAV – Global Allocation Focus Europe (EUR)	0%-10%	100%	0%	100%	0%-50%	100%
UBS (Lux) Key Selection SICAV – Global Alpha Opportunities (EUR)	0%	15%	0%	100%	0%	0%
UBS (Lux) Key Selection SICAV – Global Equities (USD)	0%	15%	0%	100%	0%-50%	100%
UBS (Lux) Key Selection SICAV – Global Multi Income (USD)	0%-10%	100%	0%	100%	0%-50%	100%
UBS (Lux) Key Selection SICAV – Multi Asset Defensive Growth (USD)	0%-20%	100%	0%	100%	0%	100%
UBS (Lux) Key Selection SICAV – Multi Asset Income (USD)	0%-10%	100%	0%	100%	0%-50%	100%
UBS (Lux) Key Selection SICAV – Systematic Allocation Portfolio Equity (USD)	0%-10%	200%	0%	100%	0%-50%	100%

### Risk management

Risk management in accordance with the commitment approach and the value-at-risk approach is carried out 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 entitled "Collateral management" below) and the techniques and instruments for the efficient management of the portfolio (see Section 5 entitled "Special techniques and instruments with 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 notionals" of the derivatives used by the respective sub-fund. Shareholders should note that this definition may lead to artificially high leverage that does not 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 amount calculated according to the sum-of-notionals approach;
- The duration of interest rate derivatives is not taken into account. 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 pursuant to the VaR approach is determined as part of 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 sub-fund 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 sub-fund in question. Greater leverage amounts may be attained for all sub-funds, under certain circumstances.

Sub-fund	Global risk calculation method	Expected range of leverage	Reference portfolio
UBS (Lux) Key Selection SICAV – Asian Equities (USD)	Commitment approach	n.a.	n.a.
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.
	Commitment approach	n.a.	n.a.

UBS (Lux) Key Selection SICAV – China Allocation Opportunity (USD)			
UBS (Lux) Key Selection SICAV – Dynamic Alpha (USD)	Absolute VaR approach	0-5.0	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 – European Equities (EUR)	Commitment approach	n.a.	n.a.
UBS (Lux) Key Selection SICAV – European Growth and Income (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 worldwide 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 worldwide 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 Allocation (USD)	Relative VaR approach	0-2.0	The reference portfolio reflects the properties of a broadly diversified portfolio of worldwide equities and government bonds, US sub-investment-grade bonds and emerging market bonds.
UBS (Lux) Key Selection SICAV – Global Alpha Opportunities (EUR)	Commitment approach	n.a.	n.a.
UBS (Lux) Key Selection SICAV – Global Equities (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 worldwide equities and bonds.
UBS (Lux) Key Selection SICAV – Multi Asset Income (USD)	Absolute VaR approach	0-2.0	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 worldwide 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 worldwide equities and bonds in similar 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 worldwide equities and bonds, with equities making up the majority.
UBS (Lux) Key Selection SICAV – Systematic Allocation Portfolio Equity (USD)	Relative VaR approach	0-5.0	The reference portfolio reflects the characteristics of a broadly diversified portfolio of international equities.
UBS (Lux) Key Selection SICAV – Multi Asset Defensive Growth (USD)	Absolute VaR approach	0-5.0	n.a.

### Collateral management

If the Company enters into OTC transactions, it may be exposed to risks associated with the creditworthiness of these OTC counterparties: should the Company enter into futures, options or swap contracts, or use other derivative techniques, it shall be subject to the risk that an OTC counterparty might not meet (or cannot meet) its obligations under one or more 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 set up internal regulations determining 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, and 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 in 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 one year) issued by one of the following countries (Australia, Austria, Belgium, Denmark, Germany, France, Japan, Norway, Sweden, UK, US) and the issuing country has a minimum rating of A	1%
Instruments that fulfil the same criteria as above and have a medium-term maturity (one to five years).	3%
Instruments that fulfil the same criteria as above and have a long-term maturity (five to ten years).	4%
Instruments that fulfil the same criteria as above and have a very long-term maturity (more than ten years).	5%
US TIPS (Treasury inflation protected securities) with a maturity of up to ten years	7%
US Treasury strips or zero coupon bonds (all maturities)	8%

US TIPS (Treasury inflation protected securities) with a maturity of over ten years	10%
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The haircuts to be used on collateral from securities lending, as the case may be, are described in Section 5 entitled “Special techniques and instruments with securities and money market instruments as underlying assets”.

Securities deposited as collateral may not have been issued by the respective OTC counterparty or be highly correlated with this OTC counterparty. For this reason, shares from the finance sector are not accepted as collateral. Securities deposited as collateral shall be held in safekeeping by the Depositary on behalf of the Company and may not be sold, invested or pledged by the Company.

The Company shall ensure that the collateral received is adequately diversified, particularly regarding geographic dispersion, diversification across different markets and the spreading of 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 relevant sub-fund’s net assets.

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 various transferable securities and money market instruments issued or guaranteed by an EU Member State, one or more of its local authorities, a non-Member State, or a public international body to which one or more EU Member States belong. If this is the case, the Company must ensure that it receives securities from at least six different issues, but securities from any single issue may not account for more than 30% of the net assets of the respective sub-fund.

**The Board of Directors of the Company has decided to make use of the exemption clause described above and accept collateralisation of up to 50% of the net assets of the respective sub-fund in government bonds that are issued or guaranteed by the following countries: US, 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 agreements within the meaning of Section 5 “Special techniques and instruments with securities and money market instruments as underlying assets”, provided the counterparty in such transactions 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 funds.

The restrictions listed in the previous paragraph also apply to the spreading of concentration risk. Bankruptcy and insolvency events or other credit events involving the Depositary or within its sub-depositary/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 default events involving the OTC counterparty, the Depositary or its sub-depositary/correspondent bank network may result in the rights or recognition of claims 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, regardless of any collateral that had previously been provided 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 sub-fund or share class are expressed in the currency of account of the sub-fund or share class concerned and are calculated every business day by dividing the overall net assets of the sub-fund attributable to each share class by the number of shares in circulation in this share class of the sub-fund.

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

The percentage of the net asset value attributable to each share class of a sub-fund 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 sub-fund shares in circulation, taking into account the fees charged to that share class.

If the total subscriptions or redemptions in all the share classes of a sub-fund on a single trading day should result in a net capital inflow or outflow, this sub-fund’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 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 shares 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 shares. The Board of Directors of the Company 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 exists among securities traders with pricing based on market standards, 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 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 Company on the basis of the likely sales prices according to other principles chosen by the Company in good faith.
- 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 Company and the Company'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.  
For the sub-fund 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 (UCIs) 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 sub-fund in the event that this estimated net asset value provides a more accurate valuation of these shares or units.
- 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 Global Valuation Policy.

If valuation in accordance with the aforementioned regulations proves to be impossible or inaccurate, the Company is entitled to use other generally recognised and verifiable valuation criteria in good faith in order to achieve a suitable valuation of the net assets.

As some of the Company's sub-funds may be invested in markets that are closed at the time their 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 these sub-funds' assets at the time of valuation. In practice, the securities in which the sub-funds are invested are generally valued on the basis of the latest available prices at the time of calculating the net asset value per share, as described above. There may, however, be a substantial time difference between the close of the markets in which a sub-fund invests and the time of valuation.

As a result, developments that may influence the value of these securities and that occur between the closure of the markets and the valuation time are not generally taken into account in the net asset value per share of the sub-fund concerned. If, as a result of this, the Company deems that the most recently available prices of the securities in a sub-fund'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 sub-fund.

The Company reserves the right to apply this measure to the relevant sub-funds of the Company whenever it deems this to be appropriate.

Valuing assets at fair value calls for greater reliability of judgement than valuing assets for which 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 Company 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 Company determines the net asset value per share. As a consequence, if the Company 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 shareholders.

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

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

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

Sub-fund shares are issued and redeemed on every business day. A "**business day**" is a normal bank business day in Luxembourg (i.e. a day when the banks are open during normal business hours), except for individual, non-statutory days of rest in Luxembourg and days on which stock exchanges in the main countries in which the respective sub-fund invests are closed, or on which 50% or more of the investments of the sub-fund cannot be adequately valued.

Furthermore, for the sub-fund 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 sub-fund.

For the sub-fund UBS (Lux) Key Selection SICAV – Global Alpha Opportunities (EUR), a "**GAO business day**" is defined as every Wednesday, 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 days of rest**" are days on which banks and financial institutions are closed.

No shares will be issued or redeemed on days for which the Company has decided not to calculate any net asset values, as described in the section "Suspension of net asset value calculation, and suspension of the issue, redemption and conversion of shares". In addition, the Company is entitled to reject subscription orders at its discretion.

The Company prohibits all transactions that it deems potentially detrimental to shareholder interests, including (but not limited to) market timing and late trading transactions. It is entitled to refuse any application for subscription or conversion that it considers to be allied to such practices. The Company is also entitled to take any action it deems necessary to protect shareholders from such practices.

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

The following cut-off times apply:

Sub-fund	Cut-off time (CET)
UBS (Lux) Key Selection SICAV – Asian Equities (USD)	13:00
UBS (Lux) Key Selection SICAV – Asian Global Strategy Balanced (USD)	13:00
UBS (Lux) Key Selection SICAV – China Allocation Opportunity (USD)	15:00
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 Equities (EUR)	15:00
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 Focus Europe (EUR)	13:00
UBS (Lux) Key Selection SICAV – Global Allocation (USD)	13:00
UBS (Lux) Key Selection SICAV – Global Alpha Opportunities (EUR)	15:00
UBS (Lux) Key Selection SICAV – Global Equities (USD)	15:00
UBS (Lux) Key Selection SICAV – Global Multi Income (USD)	13:00
UBS (Lux) Key Selection SICAV – Multi Asset Income (USD)	13:00
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
UBS (Lux) Key Selection SICAV – Systematic Allocation Portfolio Equity (USD)	13:00
UBS (Lux) Key Selection SICAV – Multi Asset Defensive Growth (USD)	13:00

Orders for the sub-fund 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 relevant 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 for the sub-fund 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 relevant GAO business day will be processed on the basis of the net asset value calculated for the next GAO business day.

**All orders sent by fax must be received by the administrative agent at least one hour prior to the stated cut-off time of the respective sub-fund on a business day. However, the central settling agent of UBS AG in Switzerland, the distributors and other intermediaries may apply other cut-off times that are earlier than those specified above vis-à-vis their clients in order to ensure the timely submission of orders to the administrative agent. Information on this may be obtained from the central settling agent of UBS AG in Switzerland, as well as from the respective distributors and 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 requests for the conversion of shares of a sub-fund into those of another sub-fund of the Company performed on the basis of the net asset values of the respective sub-funds.

This means that the net asset value used for settlement is not known at the time 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 sub-fund shares 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 distributors, unless otherwise provided for in the section "Share classes".

<b>Sub-fund</b>	<b>Max. issuing commission in % of the net asset value</b>
UBS (Lux) Key Selection SICAV – Asian Equities (USD)	3
UBS (Lux) Key Selection SICAV – Asian Global Strategy Balanced (USD)	2.5
UBS (Lux) Key Selection SICAV – China Allocation Opportunity (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 Equities (EUR)	3
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 Focus Europe (EUR)	2.5
UBS (Lux) Key Selection SICAV – Global Allocation (USD)	2.5
UBS (Lux) Key Selection SICAV – Global Alpha Opportunities (EUR)	2.5
UBS (Lux) Key Selection SICAV – Global Equities (USD)	3
UBS (Lux) Key Selection SICAV – Global Multi Income (USD)	2.5
UBS (Lux) Key Selection SICAV – Multi Asset Income (USD)	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
UBS (Lux) Key Selection SICAV – Systematic Allocation Portfolio Equity (USD)	3
UBS (Lux) Key Selection SICAV – Multi Asset Defensive Growth (USD)	2.5

Any taxes, charges or other fees incurred in the relevant country of distribution will also be charged.

Subscriptions for shares in the Company are accepted at the issue price of the sub-funds 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 sub-fund 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 can be requested from the local distributors.

The issue price of sub-fund shares is paid into the Depository's account in favour of the sub-fund no later than three days after the order date ("**settlement date**").

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

If, on the settlement date or any day between the order date/the GAO business day for the sub-fund UBS (Lux) Key Selection - Global Alpha Opportunities (EUR) and the settlement date, banks in the country of the currency of the relevant share 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.

A local paying agent will carry out the requisite transactions on behalf of the final investor on a nominee basis. Costs for services of the Paying Agent may be imposed on the investor.

At the shareholders' request, the 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 Company. The costs incurred will be charged to the relevant 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. Shareholders are reminded that registered shares may also be cleared through recognised external clearing houses like Clearstream.

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 sub-fund.

Furthermore, fractions of shares can be issued for all sub-funds/share classes. Fractions of shares are expressed up to three decimal places and do not confer the right to vote at general meetings. If the relevant sub-fund or share class is liquidated, however, fractional shares entitle the holder to a distribution or proportionate share of the liquidation proceeds.

### **Redemption of shares**

Redemption orders are accepted by the Management Company, the administrative agent, the Depository or another authorised sales or paying agent.

Consideration for sub-fund shares submitted for redemption 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 sub-fund 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 Depository, make it impossible to transfer the redemption amount to the country in which the redemption order has been submitted.

If, on the settlement date or any day between the order date/the GAO business day for the sub-fund UBS (Lux) Key Selection - Global Alpha Opportunities (EUR) and the settlement date, banks in the country of the currency of the relevant share 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.

If the value of a share class in relation to the total net asset value of a sub-fund has fallen below, or failed to reach, 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 in this class are to be redeemed against payment of the redemption price on a business day determined by the Board. Investors of the class/sub-fund 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 sub-funds with multiple share classes that are denominated in different currencies, shareholders may, in principle, only receive the equivalent value for their redemption in the currency of the respective share class or the currency of account of the respective sub-fund.

Subject to applicable laws and regulations, the Depository 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 sub-fund 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 or other fees that may be incurred in the relevant country of distribution and, for example, 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 currency other than RMB (CNH).

Any taxes, charges or other fees incurred in the relevant country of distribution (including those levied by correspondent banks) will be charged.

However, no redemption charged may be levied.

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

The Company reserves the right to refrain from executing redemption and conversion orders in full (redemption gate) on order

dates on which the total orders would cause an outflow of funds of more than 10% of the sub-fund's net assets on that date. In such cases, the Company may decide to execute only a portion of redemption and conversion orders, and to postpone the execution of the remaining redemption and conversion orders for that order date with priority status and for a period generally not to exceed 20 business days, or 10 business days for the UBS (Lux) Key Selection SICAV – Global Alpha Opportunities (EUR) sub-fund.

In the event of a large volume of redemption orders, the Company may decide to postpone the execution of redemption orders until equivalent Company 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.

A local paying agent will carry out the requisite transactions on behalf of the final investor on a nominee basis. Costs for services of the Paying Agent as well as fees that are levied by correspondent banks may be imposed on the investor.

At the shareholders' request, the Company may grant investors full or partial redemptions in kind at its own discretion.

In such cases, it must be ensured that after the capital is redeemed in kind, the remaining portfolio still complies with the investment policy and restrictions of the relevant sub-fund, and that the remaining investors in the sub-fund are not disadvantaged by the redemption in kind. Such payments will also be appraised by the auditor selected by the Company. The costs incurred will be charged to the relevant investor.

### Conversion of shares

At any time, shareholders may convert their shares into those of another share class within the same sub-fund, and/or may convert their shares into those of another sub-fund. Conversion orders are subject to the same procedures as the issue and redemption of shares. Shareholders may not convert shares into or from the sub-fund UBS (Lux) Key Selection SICAV – Global Alpha Opportunities (EUR) from or to another sub-fund.

The number of shares resulting from the conversion of a shareholder's existing shares is calculated according to the following formula:

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

where:

$\alpha$  = number of shares of the new sub-fund or share class into which conversion is requested

$\beta$  = number of shares of the sub-fund or share class from which conversion is requested

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

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

$\varepsilon$  = net asset value of the shares in the sub-fund or share class into which conversion is requested plus any taxes, charges or other fees

A maximum conversion commission amounting to the maximum issuing commission may be charged in favour of the distributors. No redemption charge is applied in such cases, in accordance with the information in the section titled "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 sub-fund 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 sub-fund conversion are charged to the shareholders.

### Prevention of money laundering and terrorist financing

The Company's distributors must comply with 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 applicable circulars of the CSSF.

Accordingly, investors must provide proof of their identity to the distributor or sales agent receiving their subscription. The distributor or sales agent must request the following identifying documents from investors as a minimum: natural persons must provide a certified copy of their passport/identity card (certified by the distributor or sales agent or by the local administrative authority); companies and other legal entities must provide 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.

Depending on the circumstances, the distributor or sales agent must request additional documents or information from investors requesting subscriptions or redemptions. The distributor must ensure that the sales agents strictly adhere to the aforementioned identification procedures. The administrative agent and the Company may, at any time, demand assurance from the distributor 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 distributor and its sales agents must comply with all the regulations for the prevention of money laundering and terrorist financing in force in the respective countries.

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

The Company may temporarily suspend the calculation of the net asset value of one or more sub-funds, as well as the issue and redemption of shares, and conversions between individual sub-funds, for one or more business days due to the following:

- 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 net 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 Company and/or Management Company prevent access to the net assets under normal conditions without causing severe detriment to shareholder interests;
- disruptions in the communications network or any other event that prevents the value of a substantial portion of the net assets from being calculated;
- circumstances making it impossible for the Company to repatriate funds to pay redemption orders in the sub-fund in question, or where the Board of Directors of the Company deems the transfer of funds from the sale or for the acquisition of investments, or for payments following share redemptions, to be impossible at normal exchange rates;
- political, economic, military or other circumstances outside the control of the Company prevent the disposal of the Company's assets under normal conditions without seriously harming the interests of the shareholders;
- for any other reason the value of assets held by a sub-fund cannot be promptly or accurately determined;
- the convocation of an extraordinary general shareholders' meeting for the liquidation of the Company has been published;
- such a suspension is justified for the protection of the shareholders, after the convening notice of an extraordinary general shareholders' meeting for the merger of the Company or of a sub-fund, or a notice to the shareholders on a decision by the Board of Directors of the Company to merge one or more sub-funds was published; and
- the Company can no longer settle its transactions due to restrictions on foreign exchange and capital movements.

Should the calculation of the net asset value, the issue and redemption of shares, or the conversion of shares between sub-funds be suspended, this will be notified without delay to all the relevant authorities in the countries where Company shares are approved for distribution to the public; in addition, notification will be published in the manner described below in the section titled "Regular reports and publications".

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

- a) return their shares within 30 calendar days in accordance with the provisions on the redemption of shares; or
- b) transfer their shares to a person who meets the aforementioned requirements for acquiring shares in this class; or
- c) convert their shares into those of another share class of the respective sub-fund for which they are eligible in accordance with the acquisition requirements of this share class.

In addition, the Company is entitled to:

- a) refuse a request to buy shares, at its own discretion;
- b) redeem, at any time, shares that were purchased in defiance of an exclusion clause.

#### **Distributions**

The payment of distributions for a certain sub-fund or share class, as well as the amount of any such distributions, is decided by the general meeting of shareholders of this sub-fund; it shall do so acting on a proposal from the Company's Board of Directors after closure of the annual accounts. 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 invest in 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 with distributing (-dist) share classes. Investors should consult qualified experts for tax advice regarding their individual situation. Any distribution results in an immediate reduction of the net asset value per share of the sub-fund. 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 decide on the payment of interim dividends and the suspension of distribution

payments.

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

## **Taxes and expenses**

### **Taxation**

The Company is subject to Luxembourg 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 sub-fund, 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 sub-fund at the end of every quarter.

Shareholders are informed that Council Directive 2003/48/EC of 3 June 2003 on the taxation of savings income in the form of interest payments was enacted into national law by the Luxembourg Law of 21 June 2005. In accordance with this Law, cross-border interest payments to individuals resident in an EU Member State are subject either to a withholding tax or the automatic exchange of information, with effect from 1 July 2005. This applies inter alia to distributions and dividends payable by investment funds that invest more than 15% in debt instruments and claims under the EU taxation of savings income, as well as on earnings from the sale or refund of shares in investment funds that invest more than 25% in such assets. Upon subscription, the distributor or sales agent may ask investors to provide their tax identification number ("**TIN**") issued by the country in which they are resident for tax purposes, where necessary.

The taxable values provided are based on the most recently available data at the time they were calculated.

Insofar as the respective sub-fund and shareholders are not subject to EU taxation of savings income, shareholders are not required, under current tax law, to pay any income, gift, inheritance or other tax in Luxembourg, unless they are domiciled or resident or maintain their usual place of abode in Luxembourg, or were previously resident 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. This proposed amendment would provide, among other things, (i) for an extension of the scope of the EU Savings Taxation Directive to include payments made by certain intermediary structures (regardless of whether their registered office is in an EU Member State or not) to a final beneficiary who is a natural person resident in the EU and (ii) for the definition of interest falling under the scope of the EU Savings Taxation Directive to be further extended. At the time of writing of this Sales Prospectus, it is not yet known if or when the proposed amendment will enter into force.

The aforementioned represents a summary of the fiscal impact 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 undertaking established in Luxembourg, the Company is bound by certain agreements on the automatic exchange of information – such as those described below (and others that may be introduced in future, as the case may be) – to collect specific information on its investors and their tax status, and to share this information with the Luxembourg tax authority, which may then exchange this information with the tax authorities in the jurisdictions in which the investors are resident for tax purposes.

According to the US Foreign Account Tax Compliance Act and the associated legislation ("**FATCA**"), the Company must comply with extensive due diligence obligations and reporting requirements, established to ensure the US Treasury is informed of financial accounts belonging to specified US persons as defined in the Intergovernmental Agreement, "**IGA**" between Luxembourg and the US. Failure to comply with these requirements may subject the Company to US withholding taxes on certain US-sourced income and, with effect from 1 January 2019, gross proceeds. In accordance with the IGA, the Company has been classed as "compliant" and is not charged any withholding tax if it identifies financial accounts belonging to specified US persons and immediately reports these to the Luxembourg tax authorities, which then provide this information to the US Internal Revenue Service.

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

In order to enable the Company to meet its obligations under FATCA and the CRS, prospective investors are required to provide the

Company with information about their person and tax status prior to investment, and to update this information on an ongoing basis. Prospective investors should note that the Company is obliged to disclose this information to the Luxembourg tax authorities. The investors accept that the Company may take any action it deems necessary regarding their stake in the Company to ensure that any withholding tax incurred by the Company and any other related costs, interest, penalties and other losses and liabilities arising from the failure of an investor to provide the requested information to the Company are borne by this investor. This may include making this investor liable for any resulting US withholding taxes or penalties arising under FATCA or the CRS, and/or the compulsory redemption or liquidation of this investor's stake in the Company.

Detailed guidance on the mechanics and scope of FATCA and the CRS is still being defined. No assurance can be given as to when such guidance will be finalised, or what its impact will be on the future operations of the Company. Prospective investors should consult qualified experts for tax advice regarding FATCA and the CRS and the potential consequences of such automatic exchange of information regimes.

### **"Specified US person" as defined by FATCA**

The term "specified US person" refers to any US citizen or resident of the United States, and any company or trust established in the US or under US federal or state law in the form of a partnership or corporation, provided (i) a court within the United States is authorised, pursuant to applicable law, to issue orders or pass rulings in connection with all aspects of the administration of the trust, or (ii) one or more specified US persons are authorised to take all essential decisions regarding the trust or the estate of a testator who was a US citizen or resident. The section must comply with the US 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 amend the previous tax regulations that applied to investments in offshore funds.

UK investors will be subject to capital gains tax (or corporation tax on chargeable gains) and not income tax on profits arising on the 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 the 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 sub-funds within an umbrella fund or for one or more specific share classes issued by a sub-fund. For UK tax purposes, investments in a share class with distributing fund or reporting fund status will be treated as investments in a qualifying offshore fund.

After the transitional period, only investments in a sub-fund or a share class of a specific sub-fund with reporting fund status will be treated as investments in a qualifying offshore fund.

The Company may, at its discretion, apply for qualifying offshore fund status for certain sub-funds or specific share classes issued by these sub-funds.

Where such an application has been made, the Board of Directors of the Company intends to manage the Company in such a way that an investment in these specific share classes is deemed to be an investment in a qualifying offshore fund for each accounting period, and that HM Revenue & Customs is satisfied 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 "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 taxable values relating to "UKdist" share classes available in other countries.

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, these persons may be subject to income tax in connection with non-distributed income and profits arising on investments in sub-fund(s), or similar income and profits, which is not receivable in the United Kingdom by those persons.

In addition, it is important to note the provisions of Section 13 of the Taxation of Chargeable Gains Act of 1992, which govern the distribution of chargeable gains of companies that are not resident in the United Kingdom and that would be considered "close companies" if they were resident in the UK. These gains are distributed to investors who are domiciled or have their ordinary place of residence in the UK. Profits distributed in this manner are taxable for all investors holding 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 sub-fund or sub-funds 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 determining the impact of Section 13 of the Taxation of Chargeable Gains Act of 1992, it is important to ensure that the regulations of the double taxation treaty between the United Kingdom and Luxembourg are taken into account.

### **PRC tax considerations**

For the purposes of this section of the sales prospectus: (i) "sub-fund" refers to the sub-funds investing directly or indirectly in QFII/RQFII eligible 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.

Pursuant to the current provisions in the PRC, foreign investors, including the sub-funds, generally invest in Chinese A shares and

certain other investment products through a QFII or RQFII, or via Stock Connect.

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

However, any tax assessed under PRC tax laws levied on the QFII/RQFII would likely be borne by the sub-fund, because under the terms of the arrangement between the QFII/RQFII and the sub-fund for the account of the sub-fund, the QFII/RQFII will pass on any tax liability to the sub-fund for the account of the sub-fund. Therefore, it is the sub-fund that ultimately bears the risks relating to any taxes in the PRC thus levied by the PRC tax authorities.

#### PRC Corporate Income Tax ("CIT")

If the sub-fund is considered tax resident in the PRC, it will be subject to corporate income tax ("CIT") of 25% on its worldwide taxable income. If the sub-fund is considered non-tax resident in the PRC with a place of establishment ("PE") in the PRC, the profits attributable to that PE are subject to CIT of 25%.

Under the CIT Act in force in the PRC since 1 January 2008, a company that is non-tax resident in the PRC without a PE in the PRC will generally be subject to withholding income tax ("WIT") of 10% on the income earned in the PRC, 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 sub-fund in such a manner that the sub-fund will not be treated as tax resident in the PRC or non-tax resident with a PE in the PRC for CIT purposes, although due to uncertainty surrounding the 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 payments from companies listed in the PRC. Such WIT levied in the PRC may be reduced under an applicable double tax treaty and upon approval by the PRC tax authorities.

Interest on 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 CIT Act in force in the PRC.

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

Based on the CIT Act and its implementation rules, "income from the transfer of property" earned in the PRC by companies that are non-tax resident in the PRC should be subject to 10% WIT in the PRC unless exempt or taxable at a reduced rate under an applicable tax treaty and upon 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 on equity investments earned by QFIIs and RQFIIs. Under Circular 79, for QFIIs/RQFIIs (without a place of establishment in the PRC or with a place of establishment in the PRC but the income earned in China is effectively not connected with such establishment) such capital gains were temporarily exempt from WIT in the PRC if they were realised on or after 17 November 2014, and subject to 10% WIT in the PRC in accordance with the applicable law if they were realised before 17 November 2014.

Circular 79 did not provide further guidance on the application of the law to gains on equity investments realised before 17 November 2014 nor whether the temporary exemption applies to securities other than shares.

The PRC tax authorities may in the future clarify the legal situation in relation to WIT on (i) gains realised by QFIIs/RQFIIs on their investments and trade in certain other investment products in the PRC (other than A shares); and/or (ii) gains realised by the sub-fund on investments and trade in such securities and H shares and red chips.

Considering Circular 79 and these uncertainties, the Board of Directors, in consultation with the Portfolio Manager, reserve the right to make provision at their own discretion for PRC WIT on capital gains on securities held by QFIIs/RQFIIs in accordance with the tax laws in force in the PRC. As soon as practicable, the Board of Directors (in consultation with the Portfolio Manager) will make the adjustments to the amount of tax provision 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 law, QFIIs are specifically exempt from BT on the gains on purchase and sale of securities marketable in the PRC (including A shares and other securities listed in the PRC) pursuant to Caishui [2005] No 155 ("Circular 155"). It is not entirely clear whether Circular 155 applies to RQFIIs.

Under the laws and regulations of the PRC, no BT is levied on dividend income or profit distributions received by foreign investors, such as the sub-fund.

However, technically, BT of 5% should apply to any gross amount of interest income the sub-fund earns in the PRC. 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") at a rate of 7% and 3% respectively of the payable BT are levied on foreign investors such as the sub-fund. Pursuant to a tax notice issued by the MOF, Notice Caizong [2010] No. 98, the Local Education Surcharge is unified and will be levied at 2% of the sales tax (including on foreign companies subject to BT, such as the sub-fund). In practice, the implementation and applicable rate of surcharges will be subject to local variations in the PRC. Therefore, if the sub-fund is subject to BT, the effective rate of BT and the surcharge on the gross amount of interest income the sub-fund earns in the PRC after 1 December 2010 would

be 5.6% or higher.

#### Stamp duty in the PRC

The seller will be liable for stamp duty at the rate of 0.1% of the proceeds on the sale of shares listed in the PRC. No stamp duty is expected to be imposed on holders of government and corporate bonds who are non-tax resident in the PRC, either upon issuance or upon 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, which stated that with effect from 17 November 2014, capital gains made by foreign investors from trading in Chinese A shares via Stock Connect would be temporarily exempt from the corporate income tax applicable in the PRC, as well as individual income and business taxes. Foreign investors are obliged to pay the 10% withholding tax on dividends 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 concluded a tax treaty with the PRC can apply for a refund of any excess withholding tax paid, provided the relevant tax treaty stipulates a lower rate of withholding tax for dividends in the PRC than the one paid.

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

#### **Tax-related risk factors in the PRC**

##### Tax considerations for Chinese A shares and other securities

By investing in A shares and/or other QFII/RQFII eligible securities, the sub-fund 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 sub-fund'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 the taxes levied on the Portfolio Manager in its capacity as QFII/RQFII in respect of the sub-fund's investments through the Portfolio Manager's QFII and/or RQFII quota, which the sub-fund must refund to 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 on equity investments earned by QFIIs and RQFIIs. Under Circular 79, for QFIIs/RQFIIs (without a place of establishment in the PRC or with a place of establishment in the PRC but the income earned in China is effectively not connected with such establishment) such gains were temporarily tax exempt in the PRC 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 application of the law to gains on equity investments realised before 17 November 2014 nor whether the temporary exemption applies to securities other than shares.

In light of the above uncertainty, the Portfolio Manager reserves the right to:

- (i) create reserves for the 10% withholding tax applicable in the PRC on capital gains generated on or after 17 November 2014 from trade in non-equity assets such as debt securities from the PRC;
- (ii) refrain from creating reserves for the withholding tax applicable in the PRC in respect of capital gains realised and unrealised on or after 17 November 2014 from trade in A shares.

Upon any future resolution of the above-mentioned uncertainty or further changes to tax law or policies, the Portfolio Manager will, as soon as practicable, make the adjustments to the amount of tax provision it considers necessary. The amount of any such tax provision will be disclosed in the accounts of the sub-fund.

Investors should note that if the actual applicable tax levied by the PRC tax authorities is greater than that provided for by the Portfolio Manager so that there is a shortfall in the tax provision amount, the net asset value of the sub-fund may fall by more than the tax provision amount as the sub-fund ultimately has 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 the PRC tax authorities is less than that provided for by the Portfolio Manager so that there is a surplus in the tax provision amount, shareholders who have redeemed their shares before the PRC tax authorities' ruling, decision or guidance in this respect will be disadvantaged as they would have borne the loss from the Portfolio Manager's overprovision. In this case, the current and new shareholders may benefit if the difference between the tax provision and the actual tax liability can be returned to the sub-fund.

##### Tax considerations when investing on the China Interbank Bond Market

By investing in permitted CIBM securities, the respective sub-fund may be subject to withholding and other taxes imposed in China.

#### **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 sub-funds.

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 Company is paid from the Company's assets for the management, administration, portfolio management, investment advice,

and distribution of the Company (if applicable), as well as for all Depositary tasks, such as the safekeeping and supervision of the Company's assets, the processing of payment transactions and all other tasks listed in the "Depositary and Main Paying Agent" section: 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 found under "The sub-funds 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's assets:
  - a) all additional expenses related to management of the Company's assets for the sale and purchase of assets (bid-ask spread, brokerage fees in line with the market, commissions, fees, etc.). As a rule, these expenses are 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 titled "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 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 certification in connection with the establishment, modification, liquidation and merger of the Company, as well as any other fees paid to the audit firm for the services it provides in relation to the administration of the Fund as permitted 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, KIIDs, 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 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 Company, including fees for external advisers;
  - i) costs and fees related to any intellectual property registered in the Company's name or to the Company'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 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 published and/or taken into account in the disclosure of the Company's total expense ratio (TER).
3. The Management Company may pay retrocessions 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, the administrative agent 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 relating to the services performed for share classes I-X, K-X and U-X for asset management, fund administration (comprising the costs of the Company, the administrative agent and the Depositary) and distribution are covered by the compensation to which UBS AG is entitled to under a separate contract with the shareholder.

All costs that can be attributed to individual sub-funds will be charged to these sub-funds.

Costs that can be attributed to individual share classes will be charged to these share classes. If costs are incurred in connection with several or all sub-funds/share classes, however, these costs will be charged to these sub-funds/share classes in proportion to their relative net asset values.

With regard to sub-funds that may invest in other UCIs or UCITS under the terms of their investment policies, fees may be incurred both at the level of the relevant target fund as well as at the level of the sub-fund.

The management fees of the target fund in which the assets of the sub-fund are invested may amount to a maximum of 3.00%, taking into account any trailer fees. By way of derogation from this, for the sub-fund UBS (Lux) Key Selection SICAV – Global Alpha Opportunities (EUR), the upper limit for management fees of the target fund in which the assets of the sub-fund are invested amounts to a maximum of 4.50%, taking into account any trailer fees.

Should a sub-fund invest in units of funds that are managed directly or by delegation by the Management Company or by another company linked to the Management Company through common management or control or through a substantial direct or indirect holding, no issue or redemption charges may be charged to the investing sub-fund in connection with these target fund units.

Details on the Company's ongoing charges can be found in the KIIDs.

## **Information for shareholders**

### **Regular reports and publications**

An annual report is published for each sub-fund and for the Company as at 30 September and a semi-annual report as at 31 March.

The aforementioned reports contain a breakdown of each sub-fund, 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 to which the respective sub-funds are exposed through the use of derivative financial instruments and the counterparties involved in these derivative transactions, as well as the amount and type of collateral provided in favour of the sub-fund by the counterparties in order to reduce the credit risk.

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

The issue and redemption prices of the shares of each sub-fund are made available in Luxembourg at the registered office of the Company and the Depositary.

Notices to shareholders will be published at [www.ubs.com/lu/en/asset\\_management/notifications](http://www.ubs.com/lu/en/asset_management/notifications) and can be sent by email to those shareholders who have provided an email address for this purpose. Paper copies of such notices will be mailed to those shareholders who have not provided an email address at the postal address recorded in the shareholder registry. Paper copies will also be mailed to shareholders 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.

### **Inspection of documents**

The following documents are kept at the registered office of the Company and/or Management Company, where they can be viewed:

1. the Articles of Incorporation of the Company and the Management Company
2. Depositary Agreement
3. Portfolio Management Agreement
4. Management Company Agreement
5. Administrative Agent Agreement

The aforementioned 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 procedures for handling complaints and best execution, as well as the strategy for exercising voting rights 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; 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 12 July 2013, as amended, 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 AG remuneration policy framework. This remuneration policy is reviewed at least annually.

The remuneration policy promotes a solid and effective risk management framework, is aligned with the interests of investors, and

prevents risks from being taken that do not comply with the risk profiles, the Management Regulations, or the Articles of Incorporation of this UCITS/AIF. The remuneration policy also ensures compliance with the strategies, objectives, values and interests of the Management Company and the UCITS/AIF, including measures to prevent conflicts of interest.

Furthermore, this approach aims to:

evaluate performance over a multi-year period that is suitable to the recommended holding period of investors in the sub-fund, in order to ensure that the evaluation process is based on the Company's long-term performance and investment risks, and that performance-related remuneration is actually paid out over the same period;

provide employees with remuneration that comprises a balanced mix of fixed and variable elements. The fixed remuneration component represents a sufficiently large portion of the total remuneration amount, 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, which includes their responsibilities and the complexity of their work, their performance, and the 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.

All information relevant hereto shall be disclosed in the annual reports of the Management Company in accordance with the provisions of 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).

This information can also be requested in hard copy from the Management Company free of charge.

### **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, associates, 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 policy on conflicts of interest. They have taken suitable organisational and administrative measures to identify and manage conflicts of interest so as to minimise the risk of the Company's interests being prejudiced, as well as to ensure that the Company's shareholders are treated fairly in the event that a conflict of interest cannot be prevented.

The Management Company, the Depositary, the Portfolio Manager and the principal distributor are part of the UBS Group (hereinafter referred to as "**Affiliated Person**").

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

The Affiliated Person (as well as its subsidiaries and branches) may serve as the counterparty in financial derivative contracts entered into with the Company. Conflicts of interest may also potentially arise if the Depositary is closely associated with a legally independent entity of the Affiliated Person that provides other products or services to the Company.

In the conduct of its business, the Affiliated Person shall endeavour to identify, manage and where necessary prohibit any action or transaction that may lead to a conflict of interest between the various business activities of Affiliated Person and the Company or its shareholders. The Affiliated Person endeavours to manage any conflicts in a manner consistent with the highest standards of integrity and fair dealing. To this end, the Affiliated Person has implemented procedures to ensure that any business activities giving rise to a conflict that could harm the interests of the Company or its shareholders 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 the Company's policy on conflicts of interest free of charge by addressing a written request to the Management Company.

Despite the Management Company's best efforts and due care, there remains the risk that the organisational or administrative measures taken by the Management Company for the management of conflicts of interest may not be sufficient to ensure, with reasonable confidence, that all risks of damage to the interests of the Company or its shareholders are eliminated. If this should be the case, any non-mitigated conflicts of interest and any decisions taken in relation thereto will be notified 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).

This information is also available free of charge at registered office of the Management Company.

In addition, it must be taken into account that the Management Company and the Depositary are members of the same group. Accordingly, both these entities have put in place policies and procedures to ensure that they (i) identify all conflicts of interests arising from this relationship and (ii) take all reasonable steps to avoid such conflicts of interest.

Where a conflict of interest arising out of the relationship 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 all custody tasks delegated by the Depositary, as well as a list of all delegates and sub-delegates of the Depositary can be found on the following webpage: <https://www.ubs.com/global/en/legalinfo2/luxembourg.html>. Up-to-date information on this will be made available to investors upon request.

### **Liquidation of the Company and its sub-funds; merger of sub-funds**

#### **Liquidation of the Company and its sub-funds**



The Company may be dissolved at any time by the general meeting of shareholders in due observance of the legal provisions governing the quorum and majority voting requirements.

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 liquidated, it will be wound up by one or more liquidators. These shall be designated by the general meeting of shareholders, which will also determine their remuneration and the scope of the powers granted to them. The liquidators will realise the Company's assets in the best interests of the shareholders and distribute the net proceeds from the liquidation of these sub-funds to the shareholders of these sub-funds 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.

Defined maturity sub-funds are automatically wound up and liquidated upon expiry of their respective terms.

If the total net asset value of a sub-fund, or share class within a sub-fund, has fallen below or failed to reach a value required for that sub-fund or share class to be managed with economic efficiency; 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 investment realisation rates and expenses) as at the valuation day or time at which the decision takes effect.

The provisions of the section "General meeting of the Company or of the shareholders of the relevant sub-fund" shall apply accordingly to the decision of the general meeting of shareholders. The Board of Directors may also dissolve and liquidate a sub-fund or share class in accordance with the provisions described in the above sentence.

The shareholders of the respective sub-fund will be informed of the decision taken by the general meeting of shareholders or the Company's Board of Directors to redeem shares in the manner described above in the section "Regular reports and publications".

### **Merger of the Company or of sub-funds with another undertaking for collective investment ("UCI") or with a sub-fund thereof; merger of sub-funds**

"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 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 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 a sub-fund 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 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 sub-fund 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 defined in the Law of 2010.

Under the conditions described in the section "Liquidation of the Company and its sub-funds", the Board of Directors of the Company may decide to allocate the assets of a sub-fund or of a share class to another existing sub-fund 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 to redesignate the shares of the sub-fund or share class in question as shares of another sub-fund 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). Without prejudice to the aforementioned powers of the Board of Directors of the Company, the decision to merge sub-funds, as described above, may also be taken by the general meeting of the shareholders of the sub-fund in question.

Shareholders will be informed of any such decision in the manner described above in the section entitled "Regular reports and publications". During the 30 days following the notification of such a decision, shareholders will have the right to redeem all or part of their shares at the prevailing net asset value, free of redemption charge or other administrative charges, in accordance with the established procedure outlined under "Redemption of shares". Shares not presented for redemption will be exchanged based on the net asset values of the sub-funds concerned, calculated for the same day as the one used to determine the conversion ratio. If units in an investment fund established as a "fonds commun de placement" are allocated, 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 relevant sub-fund**

For both the liquidation and merger of sub-funds, no minimum quorum is required at the General meeting of the Company or of the shareholders of the relevant sub-fund, 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 legally binding document language**

The Luxembourg District Court shall have jurisdiction to hear all legal disputes between the shareholders, the Company, the

Management Company and the Depositary. Luxembourg law shall apply. 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.

Only the German version of this Sales Prospectus shall be legally binding. However, the Company and the Depositary may recognise translations (they themselves have approved) into the languages of the countries in which shares are offered or sold to investors as binding upon themselves in matters concerning those shares.

## **Investment principles**

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

### **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 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;
- b) Securities and money market instruments that are traded in a Member State on another market which 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;
- 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 the terms of issue stipulate that an application must be made for admission to official listing 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;
- e) Units of UCITS admitted pursuant to Directive 2009/65/EC and/or other UCIs 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 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 UCIs is equivalent to that afforded to shareholders in the Company and, in particular, regulations apply that are equivalent to those in Directive 2009/65/EC governing the segregation of 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.

- f) Sight deposits or deposits at notice at credit institutions with a term of up to 12 months, provided the credit institution has its registered office in an EU Member State, or (if the credit institution’s registered office is located in a non-Member State) it is subject to supervisory regulations that the CSSF 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 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 underlying securities are instruments in accordance with the definition given under points 1.1(a) and 1.1(b) or financial or macroeconomic indices, interest rates, currencies or other underlying instruments in which the Company may invest either directly or indirectly via other existing UCI or UCITS pursuant to its investment policy;
  - the sub-funds 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 prudential 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 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 Company 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 Company'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 as defined in the section titled "Investment policy" that are not traded on a regulated market, provided that the issuance or issuer of these instruments is subject to regulations protecting investors and investments, and provided that these 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 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 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 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 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 which are subject to prudential supervision.
- 2.2 Regardless of the maximum limits set out in point 2.1, each sub-fund may not invest more than 20% of its net assets in a single institution through a combination of:
- securities or money market instruments issued by this institution,
  - deposits with this institution and/or
  - OTC derivatives traded with this 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, 2.3(a) and (b) may not be aggregated; therefore, the investments listed in these paragraphs made in securities or money market instruments of a single issuing institution, or in deposits with that institution or derivatives thereof, 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 interest of risk diversification, the 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, another authorised OECD member state, Russia, Brazil, Indonesia or Singapore, or by public international bodies of which one or more EU Member States are members. These securities and 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 UCIs:

- a) The 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 or shares 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 invests are listed in the section titled "Expenses paid by the Company".

2.5 The sub-funds may subscribe, acquire and/or hold shares that are to be issued by or have been issued by one or more other sub-funds of the Company, 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 is 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 Company 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.

If the limits mentioned in Points 1 and 2 are exceeded unintentionally or as a consequence of the exercise of subscription rights, the 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 shareholders.

For a period of six months after they are officially approved, newly launched sub-funds may deviate from the particular restrictions pertaining to risk diversification indicated, provided that they continue to observe the principle of risk diversification.

### 3. Investment restrictions

The Company is prohibited from:

- 3.1 Acquiring securities, 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 Company, possibly in collaboration with other investment funds under its management, to exert a significant influence on the management of an issuer;
- 3.3 Acquiring more than:
  - 10% of the non-voting shares of a single issuer;
  - 10% of the debt instruments of a single issuer;
  - 25% of the units of a single UCITS or UCI;
  - 10% of the money market instruments of a single issuer.

In the latter three cases, the restrictions on acquiring securities need not be observed if, 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 which are issued or guaranteed by an EU Member State, its local authorities or by another approved state;
  - securities and money market instruments issued or guaranteed by a non-EU 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 that carry out certain administrative, advisory or sales activities surrounding the repurchase of units at the behest of shareholders, 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 purchasing 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.
  - 3.9 Notwithstanding the aforementioned prohibited investments, the Company is entitled to invest in the following financial instruments:
    - certificates, in the broader sense, that have individual precious metals as underlying assets, that comply with the securities requirements stipulated in Article 2 of Directive 2007/16/EC, and that contain no embedded derivatives linked to the performance of an index.
    - certificates, in the broader sense, that have individual commodities or commodities indices as underlying assets, that comply with the securities requirements stipulated in Article 2 of Directive 2007/16/EC, and that contain no embedded derivatives linked to the performance of an index.

The Company is authorised to introduce additional 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. Asset pooling

The Company 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 shareholders.

#### Pools

The 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 Company can make transfers to the individual asset pools. 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 Company must specify a starting value for the notional units (in a currency that the Company 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 Company 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 Company 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 Company 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 Company and each of its sub-funds, as well as any entities with or 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 Company 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.

Shareholders should note 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 Company or an entity commissioned by the 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 Company 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 Company, its sub-funds and its shareholders.

If a change in the structure of the Company's portfolio, or the portfolio of one or more of its sub-funds, 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 Company or one of its sub-funds), could cause a breach of the investment restrictions on the Company or those sub-funds, 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 Company and its sub-funds in accordance with the Law of 2010 and other legal requirements. The Depositary must always keep the assets of the Company 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 any sub-fund, the collective investment policy for these entities may be more restrictive than that of the sub-fund. The Company may decide to terminate a collective management agreement at any time without giving prior notice. At any time, shareholders may request information from the Company's registered office on the proportion of collectively managed assets and on the entities with which a collective management agreement exists 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 (i) the agreement involving the non-Luxembourg entity is governed by Luxembourg law and subject to Luxembourg jurisdiction or (ii) each collectively managed entity is endowed with such rights that no insolvency or bankruptcy administrator, or creditor, of the non-Luxembourg entity has access to the assets or is authorised to freeze them.

## 5. Special techniques and instruments with securities and money market instruments as underlying assets

Subject to the conditions and limits set out in the Law of 2010, the Company and its sub-funds may use repurchase agreements, reverse repurchase agreements, securities lending agreements and/or other techniques and instruments that have securities and money market instruments as underlying assets for efficient portfolio management purposes in accordance with the requirements defined by the CSSF (the "**techniques**"). If such transactions relate to the use of derivatives, the terms and limits must comply with the provisions of the Law of 2010. The use of these techniques and instruments must be in accordance with the best interests of the investors.

Repurchase agreements are transactions in which one party sells a security to the other party with a simultaneous agreement to repurchase the security at a fixed future date at a stipulated price reflecting a market rate of interest unrelated to the coupon rate of the securities. A reverse repurchase agreement is a transaction whereby a sub-fund purchases securities from a counterparty and simultaneously commits to resell the securities to the counterparty at an agreed upon date and price. A securities lending agreement is an agreement whereby title to the "loaned" securities is transferred by a "lender" to a "borrower" with the borrower contracting to deliver "equivalent securities" to the lender at a later date ("**securities lending**").

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 of 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 in line with the market standards. The amount of this fee is reviewed and adapted, where appropriate, by an independent body on an annual basis.

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:

<b>Asset class</b>	<b>Minimum haircut (% deduction from market value)</b>
<b>Fixed and variable-rate interest-bearing instruments</b>	
Instruments issued by a state belonging to the G-10 (apart from the US, 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 US, 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	4%

a minimum rating of A	
Instruments issued by a local authority and with a minimum rating of A	4%
<b>Shares</b>	8%
Equities listed on the following indexes are accepted as permissible collateral:	Bloomberg ID
Australia (S&P/ASX 50 INDEX)	AS31
Austria (AUSTRIAN TRADED ATX INDX)	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
UK (FTSE 100 INDEX)	UKX
US (DOW JONES INDUS. AVG)	INDU
US (NASDAQ 100 STOCK INDX)	NDX
US (S&P 500 INDEX)	SPX
US (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 in line 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.

\*\* Unrated issues by these states are also eligible. No haircut is applied to these either.

In general, the following requirements apply to repurchase/reverse repurchase agreements and securities lending agreements:

- (i) Counterparties to a repurchase/reverse repurchase agreement or securities lending agreement will be entities with legal personality typically located in OECD jurisdictions. These counterparties will be subject to a credit assessment. Where the counterparty is subject to a credit rating by any agency registered and supervised by ESMA, that rating shall be taken into account in the credit assessment. Where a counterparty is downgraded to A2 or below (or comparable rating) by such a credit rating agency, a new credit assessment in respect of the counterparty will be undertaken without delay.
- (ii) The Company must be able at any time to recall any security that has been lent out or terminate any securities lending agreement into which it has entered.
- (iii) When the Company enters into a reverse repurchase agreement it must ensure that it is able at any time to recall the full amount of cash (including the interest incurred up to the time of being recalled) or to terminate the reverse repurchase agreement on either an accrued basis or a mark-to-market basis. When the cash is recallable at any time on a mark-to-market basis, the mark-to-market value of the reverse repurchase agreement should be used for the calculation of the Net Asset Value of the relevant sub-fund. Fixed-term reverse repurchase agreements that do not exceed seven days should be considered as arrangements on terms that allow the assets to be recalled at any time by the Company.
- (iv) When the Company enters into a repurchase agreement it must ensure that it is able at any time to recall any securities subject to the repurchase agreement or to terminate the repurchase agreement into which it has entered. Fixed-term repurchase agreements that do not exceed seven days should be considered as arrangements on terms that allow the assets to be recalled at any time by the Company.
- (v) Repurchase/reverse repurchase agreements or securities lending do not constitute borrowing or lending for the purposes of the UCITS Directive.
- (vi) All the revenues arising from efficient portfolio management techniques, net of direct and indirect operational costs/fees, will be returned to the relevant sub-fund.
- (vii) Any direct and indirect operational costs/fees arising from efficient portfolio management techniques that may be deducted from the revenue delivered to the relevant sub-fund must not include hidden revenue. Such direct and indirect operational costs/fees will be paid to the entities outlined in the respective annual or semi-annual report of the Company, which shall indicate the amounts of the respective fees and whether the entities are related to the Management Company or the Depositary.

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

With regard to the risks inherent in the use of these techniques, reference is made here to the information contained in the section entitled "Risks connected with the use of efficient portfolio management techniques".

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, the Management Company and the Depositary is primarily carried out through reviewing the contracts and corresponding processes on a regular basis. Furthermore, the Company ensures that, despite the use of these techniques and instruments, the investors' redemption orders can be processed at any time.

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