

# UBS (Lux) Key Selection SICAV

Investment company under Luxembourg law (the "Company")

October 2012

## Sales prospectus

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

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

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

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

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

### Management and administration

#### Registered office

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

#### Board of Directors of the Company

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

#### Management Company

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

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

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

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

#### Board of Directors of the Management Company

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

#### Executive Board of the Management Company

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

Active Defense 3 (EUR)  
Active Defense 5 (CHF)  
Active Defense 5 (EUR)  
Active Defense 5 (USD)  
Active Defense 10 (EUR)  
European Core Equities (EUR)  
Global Real Estate Securities (USD)  
Global Allocation (EUR)  
Global Allocation (USD)  
Global Allocation (CHF)  
Global Allocation Focus Europe (EUR)  
EUR Bonds (EUR)  
All-Rounder (EUR)

UBS AG, UBS Global Asset Management, Basel and Zürich, which may delegate this function worldwide within the UBS Group. Detailed information on the Portfolio Manager concerned is obtainable at the registered office of the Company.

US Equities (USD)	UBS Global Asset Management (Americas) Inc., Chicago
Asian Equities (USD)	UBS Global Asset Management (Singapore) Ltd., Singapore
Asian Allocation (USD)	UBS Global Asset Management (Hong Kong) Limited, Hong Kong
Global Equities (USD) Multi Asset Income (USD) Absolute Return Medium (USD) Absolute Return Medium (EUR) Absolute Return Medium (CHF) Dynamic Alpha (USD) Absolute Return Plus (EUR) Absolute Return Plus (CHF) Emerging Markets Allocation (USD) Commodity Strategy (USD)	UBS Global Asset Management (UK) Ltd., London
Global Alpha Opportunities (EUR)	UBS Alternative & Quantitative Investments LLC, Stamford (USA)

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

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

#### Merging assets

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

#### Pooling

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

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

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

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

#### Joint management

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

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

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

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

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

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

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

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

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

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

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

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

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

#### **Administrative Agent**

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

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

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

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

#### **Paying agents**

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

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

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

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

**UBS (Lux) Key Selection SICAV – Active Defense 3 (EUR)**  
**UBS (Lux) Key Selection SICAV – Active Defense 5 (CHF)**  
**UBS (Lux) Key Selection SICAV – Active Defense 5 (EUR)**  
**UBS (Lux) Key Selection SICAV – Active Defense 5 (USD)**  
**UBS (Lux) Key Selection SICAV – Active Defense 10 (EUR)**

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

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

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

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

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

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

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

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

This Subfund is suitable for investors with a longer-term investment horizon who wish to invest mainly in equities and equity rights of important large- and mid-cap American companies.

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

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

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

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

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

The Subfund is particularly suitable for investors with a long-term investment horizon who wish to invest in a broadly diversified portfolio of equities, equity rights and debt securities in Asia.

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

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

**UBS (Lux) Key Selection SICAV – Absolute Return Medium (USD)**  
**UBS (Lux) Key Selection SICAV – Absolute Return Medium (EUR)**  
**UBS (Lux) Key Selection SICAV – Absolute Return Medium (CHF)**

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

**UBS (Lux) Key Selection SICAV – Dynamic Alpha (USD)**  
**UBS (Lux) Key Selection SICAV – Absolute Return Plus (EUR)**  
**UBS (Lux) Key Selection SICAV – Absolute Return Plus (CHF)**

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

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

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

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

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

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

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

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

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

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

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

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

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

### Historical performance

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

### Risk profile

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

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

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

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

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

### Legal aspects

#### The Company

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

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

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

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

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

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

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

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

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

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

### Share classes

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

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

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

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

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

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

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

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

Only bearer shares are issued.\*

“I-A1” Shares in classes with “I-A1”, “I-A2” and “I-A3” in their name are exclusively reserved for institutional investors within the meaning of Article 174(2)c) of the Law of 2010. Their smallest tradable unit is 0.001. Unless the Management Company decides otherwise, the initial issue price of these shares amounts to AUD 100, CAD 100, CHF 100, CZK 2,000, EUR 100, GBP 100, HKD 1,000, JPY 10,000, PLN 500, RUB 3,500, SEK 700, SGD 100 or USD 100.

Only bearer shares are issued.\*

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

50 million, RUB 350 million, SEK 70 million, SGD 10 million or USD 10 million.

Only bearer shares are issued.\*

Upon subscription

- (i) a minimum subscription must be made pursuant to the list above or
- (ii) be based on a written agreement of the institutional investor with UBS AG – or with one of its authorised counterparties – for total assets managed by UBS AG or its portfolio in collective capital investments of UBS must be more than 30 million CHF (or the corresponding currency equivalent).

“I-A3” Shares with classes with “I-A3” in their name are exclusively reserved for institutional investors within the meaning of Article 174(2)c) of the Law of 2010. Their smallest tradable unit is 0.001. Unless the Management Company decides otherwise, the initial issue price of these shares amounts to AUD 100, CAD 100, CHF 100, CZK 2,000, EUR 100, GBP 100, HKD 1,000, JPY 10,000, PLN 500, RUB 3,500, SEK 700, SGD 100 or USD 100. The minimum subscription amount for these shares amounts to AUD 30 million, CAD 30 million, CHF 30 million, CZK 600 million, EUR 20 million, GBP 20 million, HKD 240 million, JPY 3 billion, PLN 150 million, RUB 1.05 billion, SEK 210 million, SGD 30 million or USD 30 million.

Only bearer shares are issued.\*

Upon subscription

- (i) a minimum subscription must be made pursuant to the list above or
- (ii) be based on a written agreement of the institutional investor with UBS AG – or with one of its authorised counterparties – for total assets managed by UBS AG or its portfolio in collective capital investments of UBS must be more than 100 million CHF (or the corresponding currency equivalent).

“I-B” Shares in classes with “I-B” in their name are exclusively reserved for institutional investors within the meaning of Article 174(2)c) of the Law of 2010 who have signed a written agreement on investing in one more Subfunds of this umbrella fund with UBS AG or one of its authorised counterparties. A fee covering the costs for Fund administration (comprising the costs of the Company, the administration and the Custodian Bank) is charged directly to the Subfund. The costs for asset management and distribution are charged to investors under the aforementioned agreements. Their smallest tradable unit is 0.001. Unless the Management Company decides otherwise, the initial issue price of these shares amounts to AUD 100, CAD 100, CHF 100, CZK 2,000, EUR 100, GBP 100, HKD 1,000, JPY 10,000, PLN 500, RUB 3,500, SEK 700, SGD 100 or USD 100. Only registered shares are issued.

“I-X” Shares in classes with “I-X” in their name are exclusively reserved for institutional investors within the meaning of Article 174(2)c) of the Law of 2010 who have signed a written agreement on investing in one of more Subfunds of this umbrella fund with UBS AG or one of its authorised counterparties. The costs for asset management, Fund administration (comprising the costs of the Company, the administration and the Custodian Bank) and distribution are charged to investors under the aforementioned agreements. Their smallest tradable unit is 0.001. Unless the Management Company decides otherwise, the initial issue price of these shares amounts to AUD 100, CAD 100, CHF 100, CZK 2,000, EUR 100, GBP 100, HKD 1,000, JPY 10,000, PLN 500, RUB 3,500, SEK 700, SGD 100 or USD 100. Only registered shares are issued.

“U-X” Shares in classes with “U-X” in their name are exclusively reserved for institutional investors within the meaning of Article 174(2)c) of the Law of 2010 who have signed a written agreement on investing in one of more Subfunds of this umbrella fund with UBS AG or one of its authorised counterparties. The costs for asset management, Fund administration (comprising the costs of the Company, the administration and the Custodian Bank) and distribution are charged to investors under the aforementioned agreements. This share class is exclusively geared towards financial products (i.e. fund of funds or other pooled structures in accordance with different legislation). Their smallest tradable unit is 0.001. Unless the Company decides otherwise, the initial issue price of these shares amounts to AUD 10,000, CAD 10,000, CHF 10,000, CZK 200,000, EUR 10,000, GBP 10,000, HKD 100,000, JPY 1 million, PLN 50,000, RUB 350,000, SEK 70,000, SGD 10,000 or USD 10,000. Only registered shares are issued.

**Additional characteristics:**

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

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

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

“qdist” Share class with “-qdist” in their name are distribution shares with quarterly distributions.

“mdist” Share classes with “-mdist” in their name are distribution shares with monthly distributions.

“hedged” For share classes whose reference currencies are not identical to the currency of account of the Subfund, and which have “hedged” in their name (“**share classes in foreign currencies**”), the fluctuation risk of the reference currency price for those share classes is hedged against the currency of account of the Subfund. Provision is made for the amount of the hedging to be in principle between 90% and 110% of the total net assets of the share class in foreign currency. Changes in the market value of the portfolio, as well as in subscriptions and redemptions of share classes in foreign currencies, can result in the hedging temporarily surpassing the aforementioned range. The hedging described has no effect on possible currency risks resulting from investments denominated in a currency other than the Subfund’s currency of account.

“UKdist” For share classes with “UKdist” in their name, the Company intends to distribute a sum which corresponds to 100% of the reportable income within the meaning of the **UK reporting fund** rules when the share classes are subject to the **reporting fund** rules. The Company does not intend to prepare tax reporting in other countries in respect of these share classes which are intended for investors who are subject to UK taxation on their investment in the share class.

\* Beginning from September 2012, the Company reserves the right to issue 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. Bearer shares shall be converted into registered shares. Any certificates in circulation at that time certifying the right of the relevant investor to convert his bearer shares into registered shares and will be withdrawn by the Company upon redemption by the investor. The Company shall decide on the precise date of conversion and inform the shareholders in due course. If the Company determines that shares will be issued in the form of registered shares only, shareholders may not request the conversion of registered shares into bearer shares. The shareholders should bear in mind that the registered shares may also be cleared via recognised external clearing houses like Clearstream and Euroclear.

**Investment objective and investment policy of the Subfunds**

**Investment objective**

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

**General investment policy**

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

In addition, the Subfunds may invest in American 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 Subfunds refers only to the currency in which the net asset value of the respective Subfund is calculated and not to its investment currency. Investments are made in the currencies that are most suitable for the performance of the Subfunds.

As stipulated in points 1.1 g) and 4 of the investment principles, the Company may, as a main element in achieving the investment policy for each Subfund, within the statutory limits, use special techniques and financial instruments whose underlying assets are securities, money market instruments and other financial instruments.

The markets in derivatives are volatile and both the chance of earning returns and the risk of suffering losses are higher than with investments in securities.

Each Subfund may hold liquid funds on an ancillary basis.

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

**The Subfunds and their special investment policies**

**UBS (Lux) Key Selection SICAV – Active Defense 3 (EUR)**

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

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

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

**UBS (Lux) Key Selection SICAV – Active Defense 10 (EUR)**

The Subfunds are portfolios diversified by means of money market papers, all kinds of fixed-income securities and shares with a floor determined on the first business day of each new one-year investment period which is based on the final value of the previous year (97% for Active Defense 3, 95% for Active Defense 5 and 90% for Active Defense 10); the Subfunds should not have fallen below these values at the end of the respective one-year investment period. The net assets of the Subfunds are invested following the principle of risk spreading in accordance with the same paragraph in the “Investment objectives” section.

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

The primary objective is to ensure that the value of a share at the end of the one-year investment period does not fall below 97%/95%/90% of its initial value (floor value). Each investment period covers one calendar year, the first being extended to include the remainder of the launch year. However, under no circumstances may this be construed as a guarantee that at the end of each one-year investment period the value of a share cannot fall below the floor of 97%/95%/90% of its initial value. Particularly during the one-year investment period the value of a share may easily fall below the floor. The following table shows the floors for the individual Subfunds:

Subfund	Floors in %
with ‘Active Defense 3’ as part of the name	97
with ‘Active Defense 5’ as part of the name	95
with ‘Active Defense 10’ as part of the name	90

The figure contained in the name of the Subfunds describes the percentage deducted from the final net asset value per share in the previous year; this is used at a rate of 100% as the basis for calculating the floor for the subsequent investment period. To achieve their objectives, the Subfunds invest in money market instruments, all types of bonds, shares and derivative financial instruments within general investment policy, with the portion of the portfolio invested in money market papers and

bonds (including the corresponding derivatives) in the respective base currency intended for hedging the defined floor. All other positions in equity markets, interest rate markets and currencies (including the corresponding derivatives) are used for participating in the global financial markets. For this purpose, the Subfunds may also make extensive use of derivative financial instruments and/or resort to more complex strategies.

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

#### UBS (Lux) Key Selection SICAV – Active Defense 3 (EUR)

Currency of account: EUR

Fees	Maximum flat fee (maximum management fee) p.a.
Share classes with "P" in their name	0.960% (0.770%)
Share classes with "K-1" in their name	0.600% (0.480%)

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

Currency of account: CHF

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

Currency of account: EUR

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

Currency of account: USD

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

#### UBS (Lux) Key Selection SICAV – Active Defense 10 (EUR)

Currency of account: EUR

Fees	Maximum flat fee (maximum management fee) p.a.
Share classes with "P" in their name	1.500% (1.200%)
Share classes with "K-1" in their name	0.800% (0.640%)

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

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

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

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

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

Currency of account: USD

Fees	Maximum flat fee (maximum management fee) p.a.
Share classes with "P" in their name	2.040% (1.630%)
Share classes with "N" in their name	2.500% (2.000%)
Share classes with "K-1" in their name	1.300% (1.040%)
Share classes with "Q" in their name	1.080% (0.860%)
Share classes with "I-A1" in their name	0.880% (0.700%)

Fees	Maximum flat fee (maximum management fee) p.a.
Share classes with "I-A2" in their name	0.820% (0.660%)
Share classes with "I-A3" in their name	0.740% (0.590%)
Share classes with "I-B" in their name	0.180% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)

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

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

Currency of account: EUR

Fees	Maximum flat fee (maximum management fee) p.a.
Share classes with "P" in their name	2.040% (1.630%)
Share classes with "N" in their name	2.500% (2.000%)
Share classes with "K-1" in their name	1.080% (0.860%)
Share classes with "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 – US Equities (USD)

In line with the investment policy described above, this Subfund invests at least two-thirds of its assets in equities and equity rights of companies domiciled in the US or mainly active in the US.

Currency of account: USD

Fees	Maximum flat fee (maximum management fee) p.a.
Share classes with "P" in their name	2.040% (1.630%)
Share classes with "N" in their name	2.500% (2.000%)
Share classes with "K-1" in their name	1.080% (0.860%)
Share classes with "Q" in their name	1.020% (0.820%)
Share classes with "I-A1" in their name	0.700% (0.560%)
Share classes with "I-A2" in their name	0.640% (0.510%)
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%)

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

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

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

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

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

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

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

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

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

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

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

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

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

Currency of account: USD

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

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

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

Currency of account: USD

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

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

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

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

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

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

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

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

To achieve a broad spread (diversification) of all investments by markets, sectors, borrowers, ratings and companies the Subfunds may invest up to 100% of their net

assets in existing UCI and UCITS. This method of investment and the associated expenses are described in the section "Investments in UCI and UCITS".

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

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

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

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

Currency of account: EUR

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

Currency of account: USD

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

Currency of account: CHF

Fees	Maximum flat fee (maximum management fee) p.a.
Share classes with "P" in their name	2.040% (1.630%)
Share classes with "N" in their name	2.500% (2.000%)
Share classes with "K-1" in their name	1.300% (1.040%)
Share classes with "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 – Asian Allocation (USD)

The aim of this Subfund is to participate on a broadly diversified basis in the growth potential of the Asian markets by investing the Fund assets mainly in Asia.

To implement this investment objective the Subfund invests in equities and equity rights as well as debt securities and claims of companies domiciled or mainly active in Asia. For this the Subfund may invest in traditional classes of investment, e.g. shares, bonds and money market instruments, of issuers in Asia, and, within the legally permitted limits, in investments focusing on the property asset class in this region (e.g. in the form of REITs), making use of all legally permissible instruments including extensive use of derivative financial instruments or existing UCI and UCITS. Up to 25% of Subfund assets may also be invested in the commodities class of assets through participation in the performance of commodity indices. In doing so, it is ensured at all times that physical delivery to the Subfund is excluded. The Portfolio Manager achieves such participation by, for example, entering into swaps on commodity indices. In doing so, the Subfund is party to the swap transaction and receives the positive performance of the Total Return (TR) commodity indices minus the cash rate used in the index. The notional of the swap can typically be adjusted on a daily basis (for example, in the case of outflows of funds through share subscriptions, share redemptions or a rebalancing of the portfolio when adjusting investment strategy). The counterparty risk ensuing from a swap is the open profit or loss (not the notional of the swap contract). To reduce this risk as far as possible and keep it within the legally permitted framework at all times, the open profits or losses are typically settled once a month or in any case when the legally permitted counterparty risk limits are reached (through what is referred to as a "reset"). The Subfund may in addition invest in stock market-traded investment funds (exchange traded funds, ETF) on commodity indices, which as a rule use the above-mentioned swaps in order to achieve exposure to commodities. The Portfolio Manager may also purchase ETF securities on commodity indices. These are stock market-traded securities whose price is coupled to the development of a commodity index, and which must comply with legally defined criteria. The Subfund may also invest in existing UCI and UCITS with the emphasis on commodities on condition that these in turn invest exclusively through a participation in commodity indices.

When it appears appropriate for the achievement of the investment objective, the Subfund may to a limited extent invest up to 20% of the Fund volume in "securitised debt" instruments such as mortgage backed securities (MBS), asset backed securities (ABS) or credit debt obligations (CDO).

Within the above-described investment policy, the Subfund invests directly or through existing UCI and UCITS. Up to 40% of investments may be made directly in bonds rated between BBB- and C (Standard & Poor's) or with a similar rating from another recognised agency or – insofar as it concerns a new issue that does not yet have an official rating – a comparable internal UBS rating. A maximum 20% of net assets may be invested directly in bonds with a rating between CCC and C.

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

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

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

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

**Investments rated between BB+ and C may carry an above-average yield, but also a higher solvency risk than investments in securities of first-class borrowers. Investors are expressly informed of the potential increased risk of loss. Generally, a portfolio of commodity investments is likely to have higher volatility than a portfolio consisting solely of equities. Therefore, investors should note that the Subfund is suitable for investors who are prepared to accept moderate to high levels of volatility.**

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

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

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

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	1.100% (1.880%)
Share classes with "Q" in their name	1.020% (0.820%)
Share classes with "I-A1" in their name	0.750% (0.560%)
Share classes with "I-A2" in their name	0.700% (0.560%)
Share classes with "I-A3" in their name	0.650% (0.520%)
Share classes with "I-B" in their name	0.065% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)

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

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

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

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

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

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

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

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

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

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

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

Currency of account: EUR

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

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

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

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

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

To achieve a broad spread (diversification) of all investments in terms of markets, sectors, borrowers, ratings and companies, the Subfund may invest up to 100% of its net assets in UCI and UCITS, provided that the investment policy of the target fund largely accords with the above-mentioned investment policy. This method of investment and the associated expenses are described in the section "Investments in UCI and UCITS".

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%)

Fees	Maximum flat fee (maximum management fee) p.a.
Share classes with "Q" in their name	1.020% (0.820%)
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	0.900% (0.720%)
Share classes with "I-B" in their name	0.065% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)

#### UBS (Lux) Key Selection SICAV – Absolute Return Medium (USD)

#### UBS (Lux) Key Selection SICAV – Absolute Return Medium (EUR)

#### UBS (Lux) Key Selection SICAV – Absolute Return Medium (CHF)

#### UBS (Lux) Key Selection SICAV – Absolute Return Plus (EUR)

#### UBS (Lux) Key Selection SICAV – Absolute Return Plus (CHF)

The Subfunds invest in line with the above-mentioned investment policy in order to participate in the growth potential of the global financial markets on a broadly diversified basis. The investment objective of the Subfunds is aimed at achieving a higher return compared with the short-term money market rate in the respective Fund reference currency and at least a long-term positive (absolute) return in any market environment. No guarantee can be provided that this investment objective will be achieved.

Since the Portfolio Manager is aiming for higher returns in the long term with the Subfunds of the "Absolute Return Plus" series, these Subfunds may be exposed to greater volatility than those of the "Absolute Return Medium" series. The "Absolute Return Plus" series of Subfunds is therefore suitable particularly for investors with a longer-term orientation.

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

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

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

To achieve a broad spread (diversification) of all investments by markets, sectors, borrowers, ratings and companies, Subfunds may invest up to 100% of their net assets in existing UCI and UCITS, provided that the investment policy of the target funds largely accords with the above-mentioned investment policy. This method of investment and the associated expenses are described in the section "Investments in UCI and UCITS".

#### UBS (Lux) Key Selection SICAV – Absolute Return Medium (USD)

Currency of account: USD

#### UBS (Lux) Key Selection SICAV – Absolute Return Medium (EUR)

Currency of account: EUR

#### UBS (Lux) Key Selection SICAV – Absolute Return Medium (CHF)

Currency of account: CHF

Fees	Maximum flat fee (maximum management fee) p.a.
Share classes with "P" in their name	1.620% (1.300%)
Share classes with "N" in their name	2.000% (1.600%)
Share classes with "K-1" in their name	1.000% (1.800%)
Share classes with "Q" in their name	0.840% (0.670%)
Share classes with "I-A1" in their name	0.960% (0.770%)
Share classes with "I-A2" in their name	0.860% (0.690%)
Share classes with "I-A3" in their name	0.720% (0.580%)
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 – Absolute Return Plus (EUR)

Currency of account: EUR

#### UBS (Lux) Key Selection SICAV – Absolute Return Plus (CHF)

Currency of account: CHF

Fees	Maximum flat fee (maximum management fee) p.a.
Share classes with "P" in their name	1.920% (1.540%)

Fees	Maximum flat fee (maximum management fee) p.a.
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 "Q" in their name	1.020% (0.820%)
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	0.900% (0.720%)
Share classes with "I-B" in their name	0.065% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)

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

In line with the above-mentioned investment policy, UBS (Lux) Key Selection SICAV – EUR Bonds (EUR) invests at least two-thirds of its assets in debt securities and claims denominated in EUR. These also include all the currencies of the EMU participating countries for as long as these national currencies remain legal tender. Furthermore the Subfund may invest up to one-third of its assets in debt securities and claims denominated in other currencies as well as in equities, equity rights, money market instruments and warrants on securities. In doing this, investments in convertible bonds and warrant-linked bonds must not exceed 25% of net assets. In addition to this, investments in equities and equity rights together with investments in warrants on all investments permitted by Subfund policy must not exceed 10% of net assets. At least two-thirds of the net assets of the Subfund is invested in debt securities and debt claims rated between AAA and BBB- (Standard & Poor's) or have a similar rating from another recognised agency or – insofar as it concerns a new issue that does not yet have an official rating – a comparable internal UBS rating. The Subfund may also invest up to one-third of its assets in debt securities and claims with lower ratings, with investments up to a limit of 10% of net assets being made in bonds with a rating of between CCC and C (Standard & Poor's), a similar rating from another recognised agency or – insofar as it concerns a new issue that does not yet have an official rating – a comparable internal UBS rating. Within the framework of its investment policy, the Subfund may invest up to one-third of its assets in other UCITS and UCI in accordance with the section "Investment principles", point 1.1 g), on condition that the investment policy of the target funds largely accords with the above-mentioned investment policy. This method of investment and the associated expenses are described in the section "Investments in UCI and UCITS". The Subfund gives due consideration to a broad diversification of all investments according to sector, issuers and ratings. Investments of lower ratings and particularly those rated between CCC and C may carry an above-average yield, but also a higher solvency risk than investments in securities of first-class borrowers.

Currency of account: EUR

Fees	Maximum flat fee (maximum management fee) p.a.
Share classes with "P" in their name	1.020% (1.820%)
Share classes with "N" in their name	1.200% (0.960%)
Share classes with "K-1" in their name	0.600% (0.480%)
Share classes with "Q" in their name	0.600% (0.480%)
Share classes with "I-A1" in their name	0.580% (0.460%)
Share classes with "I-A2" in their name	0.480% (0.380%)
Share classes with "I-A3" in their name	0.420% (0.340%)
Share classes with "I-B" in their name	0.065% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)

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

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

The Subfund may also invest in other permissible investments as described in this Prospectus.

Currency of account: USD

Fees	Maximum flat fee (maximum management fee) p.a.
Share classes with "P" in their name	2.200% (1.760%)
Share classes with "N" in their name	2.750% (2.200%)
Share classes with "K-1" in their name	1.500% (1.200%)



Fees	Maximum flat fee (maximum management fee) p.a.
Share classes with "Q" in their name	1.200% (0.960%)
Share classes with "I-A1" in their name	1.100% (0.880%)
Share classes with "I-A2" in their name	1.000% (0.800%)
Share classes with "I-A3" in their name	0.900% (0.720%)
Share classes with "I-B" in their name	0.065% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)

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

The objective of this Subfund is the combination of investments in different asset classes in such a way that the portfolio generates high income (dividends, interest payments, payment streams from derivatives and others).

Risk diversification and dynamic distribution between the various asset classes have the objective of creating a stable capital base through this cycle, which would not be possible if there were a restriction to a single share class.

To this end, within the framework of legally permissible instruments, including globally diversified direct investments or via use of derivative financial instruments or existing UCIs or UCITS, the Subfund may invest both in the classic asset classes of equities and bonds, as well as within the legally permissible framework in investments focusing on the real estate asset class (e.g. in the form of Real Estate Investment Trusts).

In line with the above-described investment policy the Subfund invests a maximum of 60% in equities, other share-type capital participations such as cooperative shares, dividend-right certificates and profit participation certificates (equities and equity rights) and warrants on securities. Further information on investments in emerging markets, are referred to in the corresponding section of this Prospectus.

If it appears to be appropriate for reaching the investment objectives, the Subfund may invest all of its assets in debt securities and claims, as described in the general investment policy. Within this asset class, the Subfund may invest up to 100% of its assets in state-guaranteed bonds. The upper limit for investments in inflation-linked notes or corporate bonds is 75% of Subfund assets in each case. A maximum of 50% of the investments of the Subfund may be made in bonds rated between BBB- and C (Standard & Poor's) or with a similar rating from another recognised agency or – in so far as it concerns a new issue that does not yet have an official rating – a comparable internal UBS rating. **Investments rated between BB+ and C may carry an above-average yield, but also a higher credit risk than investments in securities of first-class borrowers. Investors are expressly informed of the potential increased risk of loss.** The above-mentioned securities correspond to securities as defined in Article 41 of the Law of 2010. The Subfund may invest up to 25% of its assets in emerging markets bonds. Further information relating to investments in Emerging Markets is contained in the corresponding section of the sales prospectus.

From 26 November 2012, up to 25% of Fund assets may also be invested in the commodities asset class through participation in the performance of commodities indices. In doing so, it is ensured at all times that physical delivery to the Subfund is excluded. The Portfolio Manager achieves such participation by, for example, entering into swaps on the aforementioned indices. In doing so, the Subfund is party to the swap transaction and receives the positive performance of the Total Return (TR) commodity indices minus the cash rate used in the index. The notional of the swap can typically be adjusted on a daily basis (for example, in the case of outflows of funds through share subscriptions, share redemptions or a rebalancing of the portfolio when adjusting investment strategy). The counterparty risk ensuing from a swap is the open profit or loss (not the notional of the swap contract). To reduce this risk as far as possible and keep it within the legally permitted framework at all times, the open profits or losses are typically settled once a month or in any case when the legally permitted counterparty risk limits are reached (through what is referred to as a "reset"). The Subfund may in addition invest in stock market-traded investment funds (exchange traded funds, ETF) on commodity indices, which as a rule use the above-mentioned swaps in order to achieve exposure to commodities. The Portfolio Manager may also purchase ETF securities on commodity indices. These are stock market-traded securities whose price is coupled to the development of a commodity index, and which must comply with legally defined criteria. The Subfund may also invest in existing UCI and UCITS with the emphasis on commodities on condition that these in turn invest exclusively through a participation in commodity indices. To achieve the investment objectives and to ensure a broad spread (diversification) of all investments by asset classes, markets, sectors, issuers, ratings and companies, the Subfund may invest up to 100% of its net assets in existing UCI and UCITS. This method of investment and the associated expenses are described in the section "Investments in UCI and UCITS".

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

The use of derivatives does not play a core element in achieving the investment strategy, and it is not intended to increase the market risk substantially.

To implement the investment objectives and achieve efficient portfolio management, the portfolio manager may, through the use of derivatives (e.g. swap contracts), exchange the performance of significant parts of the portfolio against the performance of other, legally permissible investments for which provision is made in the investment policy in order to profit from the volatility of the asset classes or to achieve significant investment exposure as defined in the investment policy through investment in futures and forwards.

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

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

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

Currency of account: USD

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

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

The investment objective of the Subfund is to participate in the growth potential of emerging markets.

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

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

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

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

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

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

Currency of account: USD

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

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

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

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

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

The net exposure of the Subfund with respect to a single commodity may not exceed 20% of the Net Asset Value. This upper limit may be increased to up to 35% of the Net Asset Value for a single commodity. Notwithstanding the regulation above, the Subfund's exposure with respect to a Single Commodity/Sector Commodity index remains restricted to 10% of its Net Asset Value.

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

As part of the derivatives contracts, the Subfund may enter into both long and short positions. The derivative contracts must either be negotiated as non-deliverable contracts, or the relevant positions must be liquidated or settled before a physical delivery is due. In order to meet its obligations relating to liquidation or offsetting of the derivative contracts, the Subfund must have sufficient liquid funds at all times. The Subfund must not engage in physical short sales at any time.

Regardless of whether long or short positions are used, the Subfund will always have a net long exposure in commodities, but may manage the weighting within the portfolio by means of short positions in individual commodities indices. Thus, the Portfolio Manager can actively overweight or underweight certain commodities, insofar as permitted by law.

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

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

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

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

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

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

Currency of account: USD

Fees	Maximum flat fee (maximum management fee) p.a.
Share classes with "P" in their name	1.700% (1.360%)
Share classes with "N" in their name	2.500% (2.000%)
Share classes with "K-1" in their name	1.080% (0.860%)
Share classes with "Q" in their name	1.020% (0.820%)

Fees	Maximum flat fee (maximum management fee) p.a.
Share classes with "I-A1" in their name	0.750% (0.600%)
Share classes with "I-A2" in their name	0.650% (0.520%)
Share classes with "I-A3" in their name	0.550% (0.440%)
Share classes with "I-B" in their name	0.115% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)

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

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

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

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

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

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

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

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

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

To achieve its objectives, the Master UCITS may make investments on the credit derivatives market by, among other things, investing in credit default swaps (CDS) of indi-

vidual issuers and in indices of the iTraxx and CDX index family that are based on the CDS of individual issuers.

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

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

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

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

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

If the Master UCITS, regardless of Article 28(1)(b) of the Law of 201, temporarily suspends the redemption, pay-out or subscription of its units on its own initiative or at the request of the Commission de Surveillance du Secteur Financier ("CSSF"), the Subfund, as its feeder UCITS, is entitled to suspend the redemption, pay-out or subscription of its units during the same time period as its Master UCITS, regardless of the formulated conditions in Article 28(5) of the Law of 2010.

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

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

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

The Management Company takes appropriate measures regarding the

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

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

Currency of account: EUR

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

## Investments in UCI and UCITS

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

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

Certain commission payments and expenses may occur more than once when investing in existing funds (for example, commission for the Custodian Bank and the central Administrative Agency, management/advisory fees and issuing/redemption com-

mission of the UCI and/or UCITS in which an investment is made). Such commission payments and expenses are charged at the level of the target fund as well as of the fund of funds.

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

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

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

## Investing in emerging markets

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

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

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

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

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

## Use of futures and options

While observing the restrictions stipulated in "Special techniques and instruments that have securities and money market instruments as underlying assets", the Company may, in relation to each Subfund, use techniques and instruments involving securities and money market instruments to ensure the orderly management of the assets of each respective Subfund. At no time may the liabilities resulting from such transactions exceed the value of the net assets of the Subfund concerned.

By buying and/or selling futures on indices, the Portfolio Manager can manage the flows of funds generated by subscriptions/redemptions as well as increase or decrease market exposure.

By buying and/or selling call and put options on securities and indices, the Portfolio Manager can increase and/or decrease the exposure for a corresponding security or in the corresponding market.

By buying and/or selling warrants on securities, the Portfolio Manager can increase or reduce the exposure for a corresponding security.

If specified as part of the Subfund's investment policy, the Portfolio Manager may buy or sell futures, swaps and options on currencies for the purpose of building up or hedging foreign-exchange positions for the Subfund. However, the liabilities arising from such transactions should never exceed the value of the net assets of the Subfund concerned.

## Risks connected with the use of derivatives

Derivative financial instruments are not in themselves investment instruments but rights whose valuation mainly derives from the price and the price fluctuations and expectations of an underlying instrument. Investments in derivatives are subject to general market risk, management risk, credit risk and liquidity risk.

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

For this reason, the use of derivatives requires not only an understanding of the underlying instrument, but also in-depth knowledge of the derivatives themselves. The credit risk for derivatives traded on a stock exchange is, generally speaking, lower than that of derivatives traded over-the-counter on the open market, because the clearing agent that acts as issuer or counterparty of every market-traded derivative 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. In the case of derivatives traded over-the-counter on the open market, there is no comparable clearing agent guarantee and in assessing the potential credit risk, the Company must take account of the creditworthiness of each counterparty.

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

Other risks associated with the use of derivatives include the risk of incorrectly valuing or determining the price of derivatives. There is also the possibility that derivatives do not completely correlate with their underlying assets, interest rates or indices. Many derivatives are complex and are frequently subjectively valued. Inappropriate valuations can result in higher cash payment requirements in relation to counterparties or in a loss of value for the respective Subfund. Derivatives are not always in direct or parallel proportion to the value of the assets, interest rates or indices from which they are derived. Therefore, the use of derivatives by the Company is not always an effective means of attaining each Subfund's investment objective and can at times even have the opposite effect.

## Risk management

Risk management in accordance with the commitment approach and the value-at-risk approach is applied pursuant to the applicable laws and regulatory provisions.

## Leverage

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

Where applicable, the expected leverage is expressed in the table below as a ratio between the total of the nominal value and the net asset value of the respective Subfund and is based on historical data (26/07/2012). For Subfunds which have not yet been launched, the expected leverage value will be calculated on the basis of a model portfolio or on the investments of a comparable Subfund. Greater leverage amounts may be attained for all Subfunds, under certain circumstances.

Subfund	Global risk calculation method	Expected leverage value (as an absolute value)	Reference portfolio
UBS (Lux) Key Selection SICAV – Absolute Return Medium (CHF)	Absolute VaR approach	3.25	n/a
UBS (Lux) Key Selection SICAV – Absolute Return Medium (EUR)	Absolute VaR approach	3.25	n/a
UBS (Lux) Key Selection SICAV – Absolute Return Medium (USD)	Absolute VaR approach	2.50	n/a
UBS (Lux) Key Selection SICAV – Absolute Return Plus (CHF)	Absolute VaR approach	4.50	n/a
UBS (Lux) Key Selection SICAV – Absolute Return Plus (EUR)	Absolute VaR approach	4.75	n/a
UBS (Lux) Key Selection SICAV – Dynamic Alpha (USD)	Absolute VaR approach	3.25	n/a
UBS (Lux) Key Selection SICAV – Active Defense 5 (CHF)	Absolute VaR approach	0.50	n/a
UBS (Lux) Key Selection SICAV – Active Defense 5 (EUR)	Absolute VaR approach	0.50	n/a
UBS (Lux) Key Selection SICAV – Active Defense 5 (USD)	Absolute VaR approach	0.50	n/a
UBS (Lux) Key Selection SICAV – Active Defense 3 (EUR)	Absolute VaR approach	0.50	n/a
UBS (Lux) Key Selection SICAV – Active Defense 10 (EUR)	Absolute VaR approach	0.50	n/a
UBS (Lux) Key Selection SICAV – Asian Allocation (USD)	Relative VaR approach	1.50	The reference portfolio reflects the properties of a broadly diversified portfolio of shares from Asia (excl. Japan) and Asian bonds in local currency.
UBS (Lux) Key Selection SICAV – Asian Equities (USD)	Commitment approach	n/a	n/a
UBS (Lux) Key Selection SICAV – EUR Bonds (EUR)	Commitment approach	n/a	n/a
UBS (Lux) Key Selection SICAV – European Core Equities (EUR)	Commitment approach	n/a	n/a
UBS (Lux) Key Selection SICAV – Global Allocation (CHF)	Relative VaR approach	1.50	The reference portfolio reflects the properties of a broadly diversified portfolio of international shares and government bonds, US bonds below investment grade level and emerging market bonds.
UBS (Lux) Key Selection SICAV – Global Allocation (EUR)	Relative VaR approach	1.50	The reference portfolio reflects the properties of a broadly diversified portfolio of international shares and government bonds, US bonds below investment grade level and emerging market bonds.
UBS (Lux) Key Selection SICAV – Global Allocation (USD)	Relative VaR approach	1.00	The reference portfolio reflects the properties of a broadly diversified portfolio of international shares and government bonds, US bonds below investment grade level and emerging market bonds.

Subfund	Global risk calculation method	Expected leverage value (as an absolute value)	Reference portfolio
UBS (Lux) Key Selection SICAV – Global Allocation Focus Europe (EUR)	Relative VaR approach	1.50	The reference portfolio reflects the properties of a broadly diversified portfolio of international shares and government bonds, US bonds below investment grade level and emerging market bonds.
UBS (Lux) Key Selection SICAV – Global Alpha Opportunities (USD)	Absolute VaR approach	0.50	n/a
UBS (Lux) Key Selection SICAV – Global Equities (USD)	Commitment approach	n/a	n/a
UBS (Lux) Key Selection SICAV – Global Real Estate Securities (USD)	Commitment approach	n/a	n/a
UBS (Lux) Key Selection SICAV – Multi Asset Income (USD)	Absolute VaR approach	0.50	n/a
UBS (Lux) Key Selection SICAV – US Equities (USD)	Commitment approach	n/a	n/a
UBS (Lux) Key Selection SICAV – Emerging Markets Allocation (USD)	Relative VaR approach	0.50	The reference portfolio reflects the properties of a broadly diversified portfolio of emerging market shares and bonds as well as commodities.
UBS (Lux) Key Selection SICAV – Commodity Strategy (USD)	Relative VaR approach	4.00	The reference portfolio reflects the properties of a broadly diversified portfolio of commodities.
UBS (Lux) Key Selection SICAV – All-Rounder (EUR)	Relative VaR approach	0.50	The reference portfolio reflects the properties of a broadly diversified portfolio that combines international shares with international government bonds.

## Collateral Management

If the Company enters into OTC transactions, it may be exposed to risks related to the creditworthiness of the OTC counterparties: when the Company enters into futures contracts, options and swap transactions or uses other derivative techniques it is subject to the risk that an OTC counterparty may not meet (or cannot meet) its obligations under a specific or multiple contracts. Counterparty risk can be reduced by depositing a security. If the Company is owed a security pursuant to an applicable agreement, such security shall be held in custody by the Custodian bank/ Custodian in favour of the Company. Bankruptcy and insolvency events or other credit events with the Custodian bank or within their subcustodian/correspondent bank network may result in the rights of the Company in connection with the security to be delayed or restricted in other ways. If the Company is owed a security pursuant to an applicable agreement, then any such security is to be transferred to the OTC counterparty as agreed between the Company and the OTC counterparty. Bankruptcy and insolvency events or other credit events with the OTC counterparty, the Custodian Bank or within their subcustodian/correspondent bank network may result in the rights or recognition of the Company in connection with the security to be delayed, restricted or even eliminated, which would force the Company to fulfil its obligations in the framework of the OTC transaction, in spite of any security that had previously been made available to cover any such obligation.

## Investing in UBS (Lux) Key Selection SICAV

### Conditions for the issue and redemption of shares

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

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

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

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

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

Subscription and redemption applications registered with the Administrative Agent or the central settling agent of UBS Investment Bank in Switzerland – a unit of UBS AG – no later than 16.00 CET (cut-off time) on a business day (order date) will be processed on the following business day (valuation date) on the basis of the net asset value calculated for that day. To secure punctual forwarding to the Administrative Agent or the central settling agent of UBS Investment Bank in Switzerland, earlier cut-off times may apply for submission of applications placed with Distributors in Luxembourg or abroad. Information may be obtained from the Distributor concerned. For subscription or redemption applications registered with the Administrative Agent or the central settling agent of UBS Investment Bank in Switzerland – a unit of UBS AG – after 16.00 (Central European Time) on a business day, the order date is considered to be the following business day.

The cut-off time of the Subfunds **UBS (Lux) Key Selection SICAV – Emerging Markets Allocation (USD)** and **UBS (Lux) Key Selection SICAV – All-Rounder (EUR)** is 14.00 (Central European Time). Subscription and redemption applications registered with the Administrative Agent or the central settling agent of UBS Investment Bank in Switzerland – a unit of UBS AG – no later than 14.00 Central European Time on a business day (order date) will be processed on the following business day on the basis of the net asset value calculated for that day. To secure punctual forwarding to the Administrative Agent or the central settling agent of UBS Investment Bank in Switzerland, earlier cut-off times may apply for submission of applications placed with Dis-

tributors in Luxembourg or abroad. Information may be obtained from the Distributor concerned. For subscription or redemption applications registered with the Administrative Agent or the central settling agent of UBS Investment Bank in Switzerland – a unit of UBS AG – after 14.00 (Central European Time) on a business day, the order date is considered to be the following business day.

Subscription and redemption applications for the Subfund UBS (Lux) Key Selection SICAV – Global Alpha Opportunities (USD) registered with the Administrative Agent or the central settling agent of UBS Investment Bank in Switzerland – a unit of UBS AG – before 16.00 (Central European Time) on the seventh banking day in Luxembourg before the respective GAO business day for redemptions and before 16.00 (Central European Time) on the seventh business day in Luxembourg before the respective business day for subscriptions will be processed on the basis of the net asset value calculated for that GAO business day, provided that the issue price is paid no later than the seventh banking day in Luxembourg before the relevant GAO business day. The same applies to the conversion of shares of a Subfund into shares of other Subfunds of the Company performed on the basis of the net asset values of the Subfunds concerned.

This means that the net asset value for settlement purposes is not known when the order is placed (forward pricing). It will be calculated for this business day on the basis of the latest market prices (i.e. closing prices, or if they do not reflect a reasonable market value in the opinion of the Management Company, at the most recent prices available at the time of valuation). The individual valuation principles applied are described below.

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

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

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

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

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

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

- a) The value of any cash - either in hand or on deposit - as well as bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received is deemed to be the full amount thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof is arrived at after making such discount as may be considered appropriate in such case to reflect the true value thereof.
- b) Securities, derivatives and other investments listed on a stock exchange are valued at the last-known market prices. If these securities, derivatives or other investments are listed on several stock exchanges, the latest available price on the stock exchange that represents the major market for these investments will apply. In the case of securities, derivatives and other investments infrequently traded on a stock exchange and for which a secondary market among securities traders exists with pricing in line with the market, the Company may value these securities, derivatives and other investments based on these prices. Securities, derivatives and other investments that are not listed on a stock exchange but which are traded on another regulated market which is recognised, open to the public and functions in accordance with the regulations, are valued at the last available price on this market.
- c) Securities and other investments that are not listed on a stock exchange or traded on another regulated market, and for which no appropriate price can be obtained, are valued by the Company according to other principles chosen by it in good faith on the basis of the likely sales prices.
- d) Derivatives not listed at a stock exchange (OTC derivatives) are valued on the basis of independent pricing sources. In case only one independent pricing source of a derivative is available, the plausibility of the valuation obtained will be verified by means of calculation methods recognised by the Company and its auditors, based on the market value of the underlying instrument from which the derivative originates.
- e) Units of other undertakings for collective investment in transferable securities (UCITS) and/or undertakings for collective investment (UCI) are valued at their last-known net asset value. For the Subfund UBS (Lux) Key Selection SICAV – Global Alpha Opportunities (USD), the units of other undertakings for collective investment in transferable securities (UCITS) and / or undertakings for collective investment (UCI) may also be valued on the basis of the estimated net asset value for such shares or units available prior to the time of calculation of the net asset value of the Subfund in case the estimated net asset value provides a more accurate value of these shares or units.
- f) (i) For Subfunds that are money market funds,
  - the value of money market instruments which are not listed on a stock exchange or traded on another regulated market open to the public is based on the appropriate curves. The valuation based on the curves refers to the interest rate and credit spread components. The following principles are applied in this process: for each money market instrument, interest rates nearest the residual maturity are interpolated. The interest rate calculated in this way is converted into a market price by adding a credit spread that

reflects the underlying borrower. This credit spread is adjusted if there is a significant change in the credit rating of the borrower.

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

The Company is authorised to apply other generally recognised and auditable valuation criteria in good faith in order to achieve an appropriate valuation of the net assets if, due to extraordinary circumstances, a valuation in accordance with the aforementioned regulations proves to be unfeasible or inaccurate. In extraordinary circumstances, additional valuations can be carried out over the course of the day. These new valuations will then be authoritative for subsequent issues and redemptions of shares.

### Issue of shares

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

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

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

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

For subscriptions registered with the Administrative Agent or the central settling agent of UBS Investment Bank in Switzerland – a unit of UBS AG – after 16.00 (Central European Time) (or after 14.00 (Central European Time) for the Subfunds UBS (Lux) Key Selection SICAV – Emerging Markets Allocation (USD) and UBS (Lux) Key Selection SICAV – All-Rounder (EUR) on a business day, the order date is considered to be the following business day. The issue price of Subfund shares is paid no later than on the third business day following the order date (**value date**) into the Custodian Bank account in favour of the Subfund. Subscriptions regarding the Subfund UBS (Lux) Key Selection SICAV – Global Alpha Opportunities (USD) registered with the Administrative Agent or the central settling agent of UBS Investment Bank in Switzerland – a unit of UBS AG – after 16.00 (Central European Time) on the seventh banking day in Luxembourg before the respective GAO business day will be processed on the basis of the net asset value calculated on the next GAO business day.

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

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

Beginning from September 2012, the Company reserves the right to issue 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. Bearer shares shall be converted into the registered shares. Any certificates in circulation at that time certifying the investor's ownership of the bearer shares shall become certificates certifying the right of the relevant investor to convert his bearer shares into registered shares and will be withdrawn by the Company upon redemption by the investor. The Company shall decide on the precise date of conversion and inform the shareholders in due course. If the Company determines that shares will be issued in the form of registered shares only, shareholders may not request the conversion of registered shares into bearer shares. The shareholders should bear in mind that the registered shares may be also cleared via recognised external clearing houses like Clearstream and Euroclear.

If issued, certificates will be delivered upon request as quickly as possible after the issue price has been fixed. The normal bank delivery charges will be made.

Only bearer-share and registered-share certificates in denominations of one or more whole shares may be issued for each Subfund. All shares issued and still outstanding have the same rights. The articles of association nonetheless provide for the possibility of issuing various share classes with specific features within a particular Subfund. Furthermore, fractional shares can be issued for all Subfunds/share classes. However, no physical certificates will be issued for these fractions; they shall instead be booked to the securities custody account of the shareholder's choice. Fractional share will be rounded to a maximum of three decimal places and do not confer the right to vote at general meetings, but will grant entitlement to a distribution or a proportionate distribution of the liquidation proceeds should the Subfund/share class concerned be liquidated.

## Redemption of shares

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

For redemption applications registered with the Administrative Agent or the central settling agent of UBS Investment Bank in Switzerland – a unit of UBS AG – after 16.00 (Central European Time) (or after 14.00 (Central European Time) for the Subfunds UBS (Lux) Key Selection SICAV – Emerging Markets Allocation (USD) and UBS (Lux) Key Selection SICAV – All-Rounder (EUR) on a business day, the order date is considered to be the following business day. Redemptions regarding the Subfund UBS (Lux) Key Selection SICAV – Global Alpha Opportunities (USD) registered with the Administrative Agent or the central settling agent of UBS Investment Bank in Switzerland – a unit of UBS AG – after 16.00 (Central European Time) on the seventh banking day in Luxembourg before the respective GAO business day will be processed on the basis of the net asset value calculated on the next GAO business day. The countervalue for redeemed Subfund shares is paid on the third business day after the order date (**value date**) (or no later than seven banking days in Luxembourg after the relevant GAO business day for shares of the Subfund UBS (Lux) Key Selection SICAV – Global Alpha Opportunities USD) unless legal provisions, such as foreign exchange controls or restrictions on capital movements, or other circumstances beyond the control of the Custodian Bank, make it impossible to transfer the redemption amount to the country in which the redemption application was submitted.

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

For Subfunds with several share classes denominated in different currencies, shareholders may receive the equivalent value of their redemption in the currency of the respective share class or of the respective currency of the account only.

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

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

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

In the event of an excessively large volume of redemption applications, the Company may decide to delay execution of redemption applications until the corresponding assets of the Company have been sold without unnecessary delay. Should such a measure be necessary, all redemption applications received on the same day will be calculated at the same price.

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

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

## Conversion of shares

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

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

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

where:

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

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

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

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

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

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

Any fees, taxes and stamp duties incurred in the individual countries for a Subfund conversion are charged to the shareholders.

In the event of a conversion, the new certificates, if any such are issued, will be delivered on request and without undue delay. The usual bank delivery fees will be charged.

## Prevention of money laundering and terrorist financing

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

Accordingly, investors must provide proof of their identity to the sales agency or Distributor that accepts their subscription. The sales agency or Distributor must request, at a minimum, the following identification documents from subscribers: for individuals – a certified copy of the passport/identity card (certified by the sales agency or Distributor or by the local administrative authority); for companies or other legal

entities – a certified copy of the articles of incorporation, a certified copy of the extract from the Commercial Register, a copy of the most recently published annual accounts and the full name of the beneficial owner. The sales agency or Distributor must request, depending on the case, additional documents or information from subscribers or redeemers of shares:

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

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

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

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

- one or more stock exchanges or other markets which provide the basis for valuing a substantial portion of the net assets, or foreign exchange markets in whose currency the net asset value or a major part of the net assets of the Fund is denominated, are closed other than for normal holidays or if dealings therein are suspended, or if these stock exchanges or markets are subject to restrictions or to major price fluctuations in the short term;
- events beyond the control, liability or influence of the Company and/or the Management Company make it impossible to access the net assets under normal conditions or such access would be detrimental to the interests of the shareholders;
- disruptions in the communications network or any other reason make it impossible to calculate the value of a considerable part of the net assets;
- when the Company is unable to repatriate funds for the purpose of making payments on the redemption of shares of such Subfund, or during which any transfer of funds involved in the realisation or acquisition of investments or payments due on redemption of shares cannot, in the opinion of the Board of Directors, be effected at normal rates of exchange;
- if political, economic, military or other circumstances beyond the control or influence of the Company make it impossible to access the Company's assets under normal conditions without seriously harming the interests of the shareholders;
- when for any other reason the prices of any investment of a Subfund cannot be promptly or accurately ascertained;
- upon the publication of a notice convening an extraordinary general meeting of shareholders for the purpose of the liquidation of the Company;
- to the extent that such a suspension is justified by the necessity to protect the shareholders, upon publication of a notice convening an extraordinary general meeting of shareholders for the purpose of the merger of the Company or of one or more Subfunds, or upon publication of a notice informing the shareholders of the decision of the Board of Directors of the Company to merge one or more Subfunds; and
- the Company can no longer transact its business due to restrictions on foreign exchange and capital movements.

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

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

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

In addition, the Company is empowered:

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

## Distribution of income

The general meeting of shareholders of the respective Subfund decides, at the proposal of the Board of Directors of the Company and after closing the annual accounts, whether and to what extent distributions are to be paid out by the respective Subfund or share class. The payment of distributions must not result in the net assets of the Company falling below the minimum amount for assets laid down by law. If distributions are made, payment will be effected within four months of the end of the financial year.

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

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

Where the shares are denominated in physical certificates, distributions will be made upon submission of the relevant coupons. The Company will determine the method of payment.

## Taxes and expenses

### Taxation

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

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

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

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

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

### Investors in the United Kingdom

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

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

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

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

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

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

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

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

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

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

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

### Expenses paid by the Company

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

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

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

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

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

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

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

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

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

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

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

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

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

Details on the running costs of the Company can be found in the KII.

### Information to shareholders

#### Regular reports and publications

An annual report is published for each Subfund and the Company as at 30 September and a semi-annual report as at 31 March. The two reports mentioned above contain a breakdown of each Subfund/share class in the relevant currency of account. The consolidated breakdown of assets for the Company as a whole is given in EUR. The annual report, which is published within four months of the end of the financial year, contains the annual accounts audited by the independent auditors. These reports are available to shareholders at the registered office of the Company and the Custodian Bank.

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

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

#### Depositing of documents

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

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

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

### Liquidation of the Company and its Subfunds

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

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

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

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

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

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

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

"Mergers" are transactions in which

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

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

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

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

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

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

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

The District Court of Luxembourg is the place of performance for all legal disputes between the shareholders, the Company, the Management Company and the Custodian Bank.

Luxembourg law applies. However, in matters concerning the claims of investors from the other countries, the Company and/or the Custodian Bank may elect to make themselves subject to the jurisdiction of the countries in which the shares were bought and sold.

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

### Investment principles

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

#### 1 Permitted investments of the Company

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

- a) Securities and money market instruments which are listed or traded on a regulated market, as defined in European Parliament and Council Directive 2004/39/EC of 21 April 2004 on markets for financial instruments;
- b) Securities and money market instruments which are traded in a Member State on another market which operates regularly and is recognised and open to the public. The term "Member State" designates a Member State of the European Union; states that are parties to the agreement on the European Economic Area but are not Member States of the European Union are considered the same as Member States of the European Union, within the limits of that agreement and its related agreements;
- c) Securities and money-market instruments admitted to official listing on a stock exchange in a non-Member State or traded there on another market of a European, American, Asian, African or Australasian country (hereinafter "approved country") which is recognized, regulated, open to the public and functioning orderly;
- d) Newly issued securities and money market instruments provided that the terms of issue contain a clause that an application will be made for an official listing on one of the securities exchanges or a licence to trade on one of the regulated markets mentioned under 1.1 a) to 1.1 c), and that this listing/licence is to be granted within one year of the issue of the securities.
- e) Units of UCITS admitted pursuant to Directive 2009/65/EC and/or other UCI within the meaning of Article 1(2) a) and b) of Directive 2009/65/EC with registered office in a Member State as defined in the Law of 2010 or a non-Member State, provided that:
  - such other UCI have been approved in accordance with statutory rules subjecting them to supervision that, in the opinion of the Commission de Surveillance du Secteur Financier (hereinafter "CSSF"), is equivalent to that which applies under Community law, and that adequate provision exists for ensuring cooperation between authorities;
  - the level of protection afforded to shareholders in the other UCI is equivalent to that afforded to shareholders in the Company and, in particular, rules apply to the separate holding of fund assets, borrowing, lending and the short-selling of securities and money market instruments that are equivalent to the requirements set forth in Directive 2009/65/EC;
  - the business operations of the other UCI are the subject of annual and semi-annual reports that permit an assessment to be made of the assets and liabilities, income and transactions arising during the reporting period,
  - the UCITS or such other UCI the units of which are to be acquired, may invest, pursuant to its Management Regulations or its founding documents, a maximum of 10% of its assets in units of another UCITS or UCI; The Subfund invests a maximum of 10% of its assets in other UCITS or UCIs, unless stipulated to the contrary in the investment policy of the relevant Subfund.
- f) Sight deposits or deposits at notice at credit institutions with a term of up to 12 months, provided the institution concerned has its head office in an EU Member State, or – if the institution's head office is located in a non-EU state – it is subject to supervisory regulations which the CSSF deems equivalent to those under Community law;
- g) Derivative financial instruments ("derivatives"), including equivalent cash instruments, which are traded on one of the stock exchanges listed in a), b) and c) above, and/or derivatives which are not traded on a stock exchange ("OTC derivatives"), provided that:
  - the underlying securities are instruments in accordance with the definition given in points 1.1 a) and 1.1 b) or financial or macroeconomic indices, interest rates, currencies or other underlying instruments in which the Company's investment policy allows it to invest directly or via other existing UCI or UCITS,
  - the counterparties in transactions involving OTC derivatives are institutions subject to official supervision belonging to the categories admitted by the CSSF; and
  - the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value upon the Company's initiative.
- h) Money market instruments as defined under "Investment policy", which are not traded on a regulated market, provided that the issuance or issuer of these instruments is governed by rules providing protection for investors and investments and on condition that such instruments are:
  - issued or guaranteed by a central, regional or local authority or the central bank of a Member State, the European Central Bank, the European Union or European Investment Bank, by a non-Member State, or, in the case of a federal state, a Member State of the federation or by a public international body to which at least one Member State belongs; or
  - issued by an undertaking whose securities are traded on the regulated markets mentioned in points 1.1 a), b) and c);
  - issued or guaranteed by an institution that is subject to official supervision in accordance with the criteria laid down by Community law or by an institution that is subject to supervision that, in the opinion of the CSSF, is at least as stringent as that provided for by Community law and complies with it, or
  - are issued by other issuers belonging to a category approved by the CSSF, provided that investor protection rules apply to investments in



such instruments, which are equivalent to those of the first, second or third listed point above and provided the issuers constitute either a company with equity capital amounting to at least 10 million euros (EUR 10,000,000), which prepares its annual accounts under the provisions of the Fourth Council Directive 78/660/EEC, or an entity within a group encompassing one or more listed companies and responsible for its financing, or an entity which is to fund the underlying securities for obligations by the use of a credit line made available by a bank.

- 1.2 Contrary to the investment restrictions set out in point 1.1, each Subfund may invest up to 10% of its net assets in securities and money market instruments other than those named in 1.1;
- 1.3 The Company ensures that the overall risk associated with derivatives does not exceed the overall net value of the Company portfolio. As part of its investment strategy, each Subfund may make investments in derivatives within the limits laid down in points 2.2 and 2.3, provided the overall risk of the underlying instruments does not exceed the investment limits stipulated in point 2.
- 1.4 Each Subfund may hold liquid funds on an ancillary basis.

## 2 Risk diversification

- 2.1 In accordance with the principle of risk diversification, the Company is not permitted to invest more than 10% of the net assets of a Subfund in securities or money market instruments from a single institution. The Company may not invest more than 20% of the net asset value of a Subfund in deposits with a single institution. In transactions by a Subfund in OTC derivatives, the risk of loss must not exceed 10% of the assets of the Subfund concerned if the counterparty is a credit institution as defined in 1.1 f); the maximum allowable risk of loss is reduced to 5% in transactions with other counterparties. The total value of all positions in the securities and money market instruments of those institutions accounting for more than 5% of the net assets of a Subfund may not exceed 40% of the net assets of the respective Subfund. Such limitation shall not apply to deposits and transactions in OTC derivatives with financial institutions which are subject to supervision.
- 2.2 Regardless of the maximum limits set out in 2.1, each Subfund may not invest more than 20% of its net assets in a single institution in a combination of:
  - securities and money market instruments issued by such institution;
  - deposits with this institution and/or
  - OTC derivatives traded with such an institution;
- 2.3 Contrary to the above, the following applies:
  - a) The limit of 10% mentioned in 2.1 may be raised to 25% for various debt instruments issued by credit institutions domiciled in an EU Member State and subject, in that particular country, to special legislative supervision of public authorities that would ensure the protection of investors. In particular, funds originating from the issue of such bonds must, in accordance with the law, be invested in assets which provide sufficient cover for the obligations arising from them during the entire term of the bonds and, in the event of insolvency of the issuer, provide a preference right in respect of the payment of capital and interest. If a Subfund invests more than 5% of its net assets in bonds of a single issuer, then the total value of these investments may not exceed 80% of the value of the net assets of the Subfund.
  - b) This limit of 10% can be raised to 35% for securities or money market instruments issued or guaranteed by an EU Member State or its central, regional and local authorities, by another approved state, or by international organisations with public-law character of which one or more EU States are members. Securities and money-market instruments that come under the special ruling given in 2.3 a) and b) are not counted when calculating the abovementioned 40% risk-diversification ceiling.
  - c) The limits set out in 2.1, 2.2, 2.3 a) and b) may not be accumulated; therefore the investments listed in the said paragraphs made in securities or money market instruments of a single issuer or in deposits with the said institution or in its derivatives may not exceed 35% of the net assets of a given Subfund.
  - d) Companies which belong to the same group of companies in that they prepare their consolidated accounts under the rules of Council Directive 83/349/EEC (1) or according to recognised international accounting principles, must be treated as a single issuer for the calculation of the investment limits set out in this Article. However, investments by a Subfund in securities and money market instruments of a single group of companies may together make up to 20% of the assets of the Subfund concerned.
  - e) In the interests of risk diversification, the Company is authorised to invest up to 100% of a Subfund's net assets in securities and money market instruments from various issues that are guaranteed or issued by an EU Member State or its local authorities, an OECD Member State, Russia, Brazil, Indonesia or Singapore, or by international organisations under public law to which one or more EU Member States belong. These securities or money market instruments must be divided into at least six different issues, with securities or money market instruments from a single issue not exceeding 30% of the total net assets of a Subfund.
- 2.4 The following provisions apply with regard to investments in other UCITS or UCI:
  - a) The Company may invest up to 20% of the net assets of a Subfund in units in a single UCITS or other UCI. In implementing this investment limit, each Subfund of a UCI consisting of a number of Subfunds is treated as an independent issuer if it can be guaranteed that said Subfunds are individually liable in respect of third parties.
  - b) Investments in units of UCIs other than UCITS may not exceed 30% of the Subfund's net assets. The assets invested in the UCITS or other UCI are not included in the calculation of the maximum limits set out in 2.1, 2.2 and 2.3.
  - c) For Subfunds which, in line with their investment policy, invest a significant portion of their assets in units of other UCITS and/or UCI, the maximum flat fees chargeable by the Subfund itself and by the other UCITS and/or UCI in which it invests are described in the section "Expenses paid by the Company".
- 2.5 The Subfunds may subscribe, acquire and/or hold shares that are to be issued by or have been issued by one or more other Subfunds of the Company, provided that:

- the target subfund does not itself invest in the Subfund that is investing in that target subfund; and
- the UCITS or other UCI in which shares are to be acquired may invest a maximum 10% of its assets in the shares of other UCITS or UCIs in accordance with its prospectus or formation documents; and
- any voting rights associated with the securities in question is suspended for the period they are held by the Subfund in question, regardless of their appropriate evaluation in the financial statements and periodic reports; and
- in any event, for as long as these securities are held by the relevant Subfund, their value will not be taken into consideration for the purposes of verifying the minimum threshold of the net assets imposed by the 2010 Law; and
- there is no multiple charging of fees for management/subscription or redemption either at the level of the Subfund that has invested in the target subfund or at the level of the target subfund.

- 2.6 The Company may invest a maximum of 20% of the net assets of any Subfund in shares and/or debt securities issued by the same body when the aim of the investment policy of the relevant Subfund is replicate the composition of a certain stock or debt securities index recognised by the CSSF, provided that:
  - the composition of the index is sufficiently diversified;
  - the index represents an appropriate benchmark for the market to which it refers;
  - the index is published appropriately.

The limit is raised to 35% provided this is justified by exceptional market conditions, and in particular on regulated markets on which certain transferable securities or money market instruments are highly dominant position. An investment up to this limit is only permitted for a single issuer.

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

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

## 3 Investment restrictions

The Company is prohibited from:

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

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

Exempt from the provisions of 3.2 and 3.3 are:

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

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

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

As set out in 1.1 g), the Company may, as a main element in achieving the investment policy for each Subfund, within the statutory conditions and limits defined, use special techniques and financial instruments whose underlying assets are securities, money market instruments and other financial instruments.

The Company must use a risk-management process that enables it, at any time, to monitor and measure the risk associated with its investment positions and its share in the overall risk profile of the investment portfolio; furthermore, it must use a process that allows it to determine the value of the OTC derivatives in a precise and impartial manner. It must regularly notify the CSSF in accordance with the rules set by it (les règles détaillées) of the types of derivatives contained in the portfolio, the risks associated with the underlying securities, the investment limits and the methods used for measuring the risks associated with derivatives transactions.

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

The Company may under no circumstances deviate from its investment objectives for these transactions.

The Company ensures that the overall risk associated with derivatives does not exceed the overall net value of its portfolio.

The following are taken into account in computing risk: the market value of the underlying instruments, the risk of default, future foreseeable market developments and the period within which the positions are to be liquidated.

Within the limits set out in 1.1 g), the Company may invest in derivatives as part of its investment strategy, provided the overall risk of the underlying assets does not exceed the investment limits cited in section 2 "Risk diversification". Investments made by a UCITS in index-based derivatives need not be taken into account in the case of the investment limits in section 2 "Risk diversification". If a derivative is embedded in a security or money market instrument, it has to be taken into account with regard to compliance with the rules in section 2 "Risk diversification".

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

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

The Company may, for any Subfund, engage on an ancillary basis in **repurchase transactions** ("repurchase agreements" or "**reverse repurchase agreements**") involving the purchase and sale of securities where the seller has the right or obligation to repurchase the securities sold from the buyer at a fixed price and within a certain period stipulated by both parties upon conclusion of the agreement.

Repurchase transactions may either be effected as a buyer or a seller. However, any transactions of this kind are subject to the following guidelines:

- securities may only be purchased or sold under a repurchase agreement if the counterparty is a first-class financial institution specialising in this kind of transaction.
- for as long as the repurchase agreement is valid, the securities bought cannot be sold before the right to repurchase the securities has been exercised or the repurchase period has expired.
- in addition, it must be ensured that the volume of the liabilities of repurchase agreements of each Subfund is structured in such a way that the Subfund can meet its redemption obligations towards its shareholders at any time.

## Additional information for investors in the Federal Republic of Germany

**For the following sub-funds of UBS (Lux) Key Selection SICAV no notification for public distribution in the Federal Republic of Germany was submitted and shares in these sub-funds may NOT be publicly offered to investors in Germany:**

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

Paying and Information Agent in Germany:

UBS Deutschland AG  
Bockenheimer Landstrasse 2-4  
D-60306 Frankfurt am Main

has undertaken the function of Paying and Information Agent for the Company in the Federal Republic of Germany (the "German Paying and Information Agent"). Applications for issue of shares, redemption requests and, if necessary, the share certificates which must be submitted due to a redemption request and applications for conversion of shares for the sub-funds registered in Germany, may be sent to the German Paying and Information agent.

All payments to investors in the Federal Republic of Germany, including redemption proceeds and potential distributions, may, upon request, be paid in cash and in EUR through the above mentioned German Paying and Information Agent.

The prospectus, the key investor information documents, the Articles of Incorporation of the Company and the annual and semi-annual reports may be obtained, free of charge in hardcopy form, at the office of the German Information Agent.

Any notices to the Shareholders, the issue-, redemption- and conversion prices of the shares and the agreements between the custodian bank and the company are furthermore available for free of charge to the shareholders for inspection at the office at the German Paying and Information Agent.

Issue and redemption prices of the shares, the equity gain, the interim profit, the real estate gain, the accumulated deemed distributed income will be published on a daily basis on the following website [http://www.ubs.com/de/de/asset\\_management/steuerrelevante\\_informationen.html](http://www.ubs.com/de/de/asset_management/steuerrelevante_informationen.html)