

UBS (Lux) Bond SICAV

Investment company under Luxembourg law
(the "Company")

September 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).

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

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

UBS (Lux) Bond SICAV – Convert Global (EUR)	UBS AG, UBS Global Asset Management, Basel and Zürich
UBS (Lux) Bond SICAV – EUR Corporates (EUR)	
UBS (Lux) Bond SICAV – EUR Corporates 2014 II (EUR)	
UBS (Lux) Bond SICAV – EUR Corporates 2015 II (EUR)	
UBS (Lux) Bond SICAV – EUR Countries Defensive (EUR)	
UBS (Lux) Bond SICAV – EUR Covered Bonds (EUR)	
UBS (Lux) Bond SICAV – USD Corporates 2015 II (USD)	
UBS (Lux) Bond SICAV – Short Term EUR Corporates (EUR)	
UBS (Lux) Bond SICAV – Short Term USD Corporates (USD)	
UBS (Lux) Bond SICAV – Inflation-linked (EUR)	
UBS (Lux) Bond SICAV – 2015 (EUR)	
UBS (Lux) Bond SICAV – 2016 (EUR)	
UBS (Lux) Bond SICAV – USD Corporates (USD)	UBS Global Asset Management (Americas) Inc., Chicago, USA
UBS (Lux) Bond SICAV – USD High Yield (USD)	
UBS (Lux) Bond SICAV – USD Brazil (USD)	
UBS (Lux) Bond SICAV – Emerging Markets Bonds 2016 (EUR)	
UBS (Lux) Bond SICAV – Emerging Economies Local Currency Bond (USD)	
UBS (Lux) Bond SICAV – Brazil (USD)	UBS Global Asset Management (Americas) Inc., Chicago, USA Subdelegation of portfolio management to: BTG Pactual Asset Management S.A. DTVM
UBS (Lux) Bond SICAV – Currency Diversifier (USD)	UBS Global Asset Management (UK) Ltd., London, UK
UBS (Lux) Bond SICAV – Global Corporates (USD)	
UBS (Lux) Bond SICAV – Inflation-linked Global (USD)	
UBS (Lux) Bond SICAV – Short Duration High Yield (USD)	
UBS (Lux) Bond SICAV – 2015 II (USD)	
UBS (Lux) Bond SICAV – 2016 II (USD)	
UBS (Lux) Bond SICAV – Emerging Markets Bonds 2014 (USD)	UBS Global Asset Management (Deutschland) GmbH
UBS (Lux) Bond SICAV – Emerging Markets Bonds 2016 (USD)	
UBS (Lux) Bond SICAV – European Convergence (EUR)	
UBS (Lux) Bond SICAV – Russia (USD)	
UBS (Lux) Bond SICAV – Asian Local Currency Bond (USD)	UBS Global Asset Management (Hong Kong) Limited
UBS (Lux) Bond SICAV – Asian High Yield (USD)	
UBS (Lux) Bond SICAV – Asian Local Currency Corporates (USD)	

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

The Portfolio Management units of UBS Global Asset Management may transfer their mandates, fully or partially, to associated Portfolio Managers within UBS Global Asset Management. 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. Pools are not separate units and cannot be accessed directly by shareholders.

Pooling

The Company may invest and manage all or part of the portfolio assets of two or more Subfunds (for this purpose 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 Sub-

fund 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 entities 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 an entity under joint management with the Subfund will therefore result in an increase in the cash reserve of this Subfund. Conversely, redemptions of an entity under joint management with the Subfund will result in a reduction of the cash reserves of the Subfund. However, subscriptions and redemptions can be executed on the special account that is opened for each jointly managed entity outside the agreement and through which subscriptions and redemptions must pass. Because of the possibility of posting extensive subscriptions and redemptions to these special accounts, and the possibility that the Company or the entities commissioned by it may decide at any time to terminate the participation of the Subfund in the joint management agreement, the Subfund concerned may avoid 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 objectives 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 depositary 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 entities with which there is a joint management agreement at the time of their enquiry.

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

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

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 Fund assets of the Company 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

PricewaterhouseCoopers S.à.r.l., B.P. 1443, L-1014 Luxembourg

Paying agents

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

Sales 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) Bond SICAV – Asian Local Currency Bond (USD)

The Subfund is suitable for investors who wish to invest in a broadly diversified portfolio of bonds predominantly issued in Asia and are willing to accept interest-rate, currency and credit risk according to the different economic and financial market cycles. Investors must have an average risk tolerance and a three- to five-year investment horizon.

UBS (Lux) Bond SICAV – Asian High Yield (USD)

The Subfund is suitable for investors who wish to invest in a broadly diversified portfolio of higher-yielding bonds with a low rating predominantly issued in Asia and who are willing to accept the interest-rate, currency and credit risk resulting from the different economic and financial market cycles.

UBS (Lux) Bond SICAV – Emerging Markets Bonds 2014 (USD)

UBS (Lux) Bond SICAV – Emerging Markets Bonds 2016 (USD)

The Subfunds are suitable for investors who wish to invest in a broadly diversified portfolio of bonds with a particular emphasis on emerging markets and whose investment horizon extends as far as the end of the respective term.

UBS (Lux) Bond SICAV – Emerging Markets Bonds 2016 (EUR)

The Subfund is suitable for investors who wish to invest in a broadly diversified portfolio of bonds with emphasis on the emerging markets. Investors prefer an investment horizon which extends as far as the end of term of the Subfund. The currency exposure is essentially hedged against the EUR.

UBS (Lux) Bond SICAV – Brazil (USD)

The Subfund is suitable for risk-tolerant investors who wish to invest in a diversified portfolio of bonds issued by Brazilian borrowers and are prepared to accept the risks inherent in an exposure to Brazilian reals in connection with the Subfund's currency strategy.

UBS (Lux) Bond SICAV – USD Brazil (USD)

The Subfund is suitable for risk-tolerant investors who wish to invest in a diversified portfolio of USD-denominated bonds issued by Brazilian borrowers and who are prepared to accept increased risk compared to top-rated investments.

UBS (Lux) Bond SICAV – Convert Global (EUR)

The Subfund is suitable for investors who wish to invest in a globally diversified portfolio of convertible bonds.

UBS (Lux) Bond SICAV – Currency Diversifier (USD)

The Subfund is suitable for investors who wish to invest in a portfolio of short- to medium-term bonds in currencies of developed countries with high credit ratings. Investors are prepared to accept the risk mainly inherent in currency positions.

UBS (Lux) Bond SICAV – EUR Corporates (EUR)

UBS (Lux) Bond SICAV – USD Corporates (USD)

The Subfunds are suitable for investors who wish to invest in a broadly diversified portfolio of European/US corporate bonds.

UBS (Lux) Bond SICAV – Global Corporates (USD)

The Subfund is suitable for investors who are able to tolerate moderate risk and wish to invest worldwide in a broadly diversified portfolio of corporate bonds.

UBS (Lux) Bond SICAV – EUR Corporates 2014 II (EUR)

UBS (Lux) Bond SICAV – EUR Corporates 2015 II (EUR)

UBS (Lux) Bond SICAV – USD Corporates 2015 II (USD)

The Subfunds are suitable for investors who are able to tolerate moderate risk, wish to invest in a broadly diversified portfolio of European/US corporate bonds and whose investment horizon extends as far as the end of the respective term.

UBS (Lux) Bond SICAV – European Convergence (EUR)

The Subfund is suitable for investors who wish to invest in a broadly diversified portfolio of bonds and benefit from the European convergence process.

UBS (Lux) Bond SICAV – Short Term EUR Corporates (EUR)

UBS (Lux) Bond SICAV – Short Term USD Corporates (USD)

The Subfunds are suitable for investors who wish to invest cash in a portfolio with an average duration not exceeding three years which is continuously adjusted to suit the prevailing market situation.

UBS (Lux) Bond SICAV – Short Duration High Yield (USD)

The Subfund is suitable for investors who wish to invest in a broadly diversified portfolio of higher-yielding short duration bonds of issuers with lower ratings. Investors of this Subfund are prepared to accept the related higher risk compared to investments in bonds of top-rated issuers.

UBS (Lux) Bond SICAV – USD High Yield (USD)

The Subfund is suitable for investors who wish to invest in a broadly diversified USD portfolio of higher-yielding corporate bonds with lower ratings.

UBS (Lux) Bond SICAV – Inflation-linked (EUR)

The Subfund is suitable for risk-conscious investors who wish to invest in a broadly diversified portfolio of EUR inflation-linked bonds issued by international or supra-national organisations and public-sector, semi-public or private borrowers.

UBS (Lux) Bond SICAV – Inflation-linked Global (EUR)

The Subfund is suitable for risk-conscious investors who wish to invest in a globally diversified portfolio of inflation-linked bonds issued by international or supra-national organisations and public-sector, semi-public or private borrowers.

UBS (Lux) Bond SICAV – Russia (USD)

The Subfund is suitable for investors who wish to invest in a portfolio of bonds in freely convertible currencies issued by Russian and CIS borrowers and are prepared to accept the risks inherent in an exposure to the rouble in connection with the Subfund's currency strategy.

UBS (Lux) Bond SICAV – Asian Local Currency Corporates (USD)

The Subfund is suitable for investors who wish to invest in a broadly diversified portfolio of bonds predominantly issued in Asia and are willing to accept the associated interest-rate, currency and credit risk according to the different economic and financial market cycles.

UBS (Lux) Bond SICAV – EUR Countries Defensive (EUR)

The Subfund is suitable for investors who wish to generate capital growth via interest earnings and possibly price gains by way of investments in bonds issued by strong eurozone countries. Growth expectations are offset by risks associated with interest-rate changes as well as relatively low credit risks.

UBS (Lux) Bond SICAV – EUR Covered Bonds (EUR)

The Subfund is suitable for investors who wish to generate capital growth via interest earnings and possibly price gains by way of investments in high-quality bonds. Growth expectations are offset by risks associated with interest-rate changes as well as relatively low credit risks.

UBS (Lux) Bond SICAV – 2015 (EUR)

UBS (Lux) Bond SICAV – 2015 II (USD)

UBS (Lux) Bond SICAV – 2016 (EUR)

UBS (Lux) Bond SICAV – 2016 II (USD)

The Subfunds are suitable for investors who wish to invest in a broadly diversified portfolio of bonds and whose investment horizon extends to the end of the respective term.

UBS (Lux) Bond SICAV – Emerging Economies Local Currency Bond (USD)

The Subfund is suitable for investors who wish to invest in a broadly diversified portfolio of bonds predominantly issued in Emerging Markets and are willing to accept the associated interest-rate, currency and credit risk according to the different economic and financial market cycles.

Historical performance

The historical performance of the individual Subfunds is outlined in the KII or in the corresponding document for the Company's sales 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 in 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 in raw material prices and energy resources,
- changes affecting economic factors such as employment, public expenditure and indebtedness, inflation,
- changes in the legal environment and
- changes in investor confidence in certain asset classes (e.g. equities), markets, countries, industries and sectors

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) Bond 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:		7 October 1996	
Number in Luxembourg’s Commercial and Company Register:		R.C.S. B 56.385	
Financial year:		1 June to 31 May	
Ordinary general meeting:		Annually on 20 September at 11.30 a.m. at the registered office of the Company; from 2012 annually on 24 November at 11.30 a.m. at the registered office of the Company. Should 20 September (or from 2012, 24 November) 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 Association:	Initial publication	8 November 1996	Published in the Mémorial
	Amendments	27 October 1997	Published in the Mémorial on 17 November 1997
		5 December 2005	Published in the Mémorial on 24 March 2006
		10 June 2011	Published in the Mémorial on 24 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 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 shareholder rights – particularly the right to participate in general meetings – when they have been entered in their own name in the register of shares 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) Bond SICAV was established on 7 October 1996 as an open-ended investment fund in the form of a SICAV pursuant to Part I of the Luxembourg Law relating to undertakings for collective investment of 30 March 1988 and adapted in December 2005 to conform to the requirements of the Law of 2002 and will be subject to the Law of 2010 beginning 1 July 2011. Effective 15 June 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.

P Shares in classes with “P” in their name are available to all investors. Their smallest tradable unit is 0.001. Unless the Company decides otherwise, the initial issue price of these shares amounts to AUD 100, CAD 100, CHF 100, CZK 1,000, EUR 100, GBP 100, HKD 1,000, JPY 10,000, PLN 1,000, RMB 1,000, RUB 1,000, 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 Company decides otherwise, the initial issue price of these shares amounts to AUD 100, CAD 100,

	CHF 100, CZK 1,000, EUR 100, GBP 100, HKD 1,000, JPY 10,000, PLN 1,000, RMB 1,000, RUB 1,000, 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 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 100 million, RMB 35 million, RUB 100 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 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 . The smallest tradable unit of these shares is 0.001. Unless the Company decides otherwise, the initial issue price of these shares amounts to AUD 100, CAD 100, CHF 100, CZK 1,000, EUR 100, GBP 100, HKD 1,000, JPY 10,000, PLN 1,000, RMB 1,000, RUB 1,000, SEK 700, SGD 100 or USD 100. Only bearer shares are issued.*	U-X
I-A1	Shares in classes with "I-A1" in their name are exclusively reserved for institutional investors within the meaning of Article 174(2)c) of the Law of 2010. Their smallest tradable unit is 0.001. Unless the Company decides otherwise, the initial issue price of these shares amounts to AUD 100, CAD 100, CHF 100, CZK 1,000, EUR 100, GBP 100, HKD 1,000, JPY 10,000, PLN 1,000, RMB 1,000, RUB 1,000, SEK 700, SGD 100 or USD 100. Only bearer shares are issued.*	
I-A2	Shares in classes with "I-A2" in their name are exclusively reserved for institutional investors within the meaning of Article 174(2)c) of the Law of 2010. Their smallest tradable unit is 0.001. Unless the Company decides otherwise, the initial issue price of these shares amounts to AUD 100, CAD 100, CHF 100, CZK 1,000, EUR 100, GBP 100, HKD 1,000, JPY 10,000, PLN 1,000, RMB 1,000, RUB 2,500, 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 150 million, EUR 5 million, GBP 5 million, HKD 80 million, JPY 1,000 million, PLN 150 million, RMB 70 million, RUB 250 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 its authorised counterparties - for total assets managed by UBS or its portfolio in collective capital investments of UBS must be more than CHF 30 million (or the corresponding currency equivalent).	
I-A3	Shares in classes with "I-A3" in their name are exclusively reserved for institutional investors within the meaning of Article 174(2)c) of the Law of 2010. Their smallest tradable unit is 0.001. Unless the Company decides otherwise, the initial issue price of these shares amounts to AUD 100, CAD 100, CHF 100, CZK 1,000, EUR 100, GBP 100, HKD 1,000, JPY 10,000, PLN 1,000, RMB 1,000, RUB 2,500, 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 450 million, EUR 20 million, GBP 20 million, HKD 240 million, JPY 3'000 million, PLN 450 million, RMB 210 million, RUB 750 million, 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 its authorised counterparties - for total assets managed by UBS or its portfolio in collective capital investments of UBS must be more than CHF 100,000,000 (or the corresponding currency equivalent).	
I-B	Shares in classes with "I-B" in their name are exclusively reserved for institutional investors within the meaning of Article 174(2)c) of the Law of 2010 who have signed a written agreement on investing in one or more Subfunds of this umbrella fund with UBS AG or one of its authorised counterparties. A fee covering the costs for Fund administration (comprising the costs of the Company, administration and Custodian Bank) is charged directly to the Subfund. The costs for asset management and distribution are charged to investors under the aforementioned agreements. Only registered shares are issued. Their smallest tradable unit is 0.001. Unless the Company decides otherwise, the initial issue price of these shares amounts to AUD 100, CAD 100, CHF 100, CZK 1,000, EUR 100, GBP 100, HKD 1,000, JPY 10,000, PLN 1,000, RMB 1,000, RUB 1,000, SEK 700, SGD 100 or USD 100.	
I-X	Shares in classes with "I-X" in their name are exclusively reserved for institutional investors within the meaning of Article 174(2)c) of the Law of 2010 who have signed a written agreement on investing in one or more Subfunds of this umbrella fund with UBS AG or one of its authorised counterparties. The costs for asset management, Fund administration (comprising the costs of the Company, administration and Custodian Bank) and distribution are charged to investors under the aforementioned agreements. Only registered shares are issued. Their smallest tradable unit is 0.001. Unless the Company decides otherwise, the initial issue price of these shares amounts to AUD 100, CAD 100, CHF 100, CZK 1,000, EUR 100, GBP 100, HKD 1,000, JPY 10,000, PLN 1,000, RMB 1,000, RUB 1,000, SEK 700, SGD 100 or USD 100.	
	Additional characteristics: "UKdist" The aforementioned share classes can be issued as those with "UKdist" in their name. In these cases, the Company intends to distribute a sum which corresponds to 100% of the reportable income within the meaning of the UK reporting fund rules when the share classes are subject to the reporting fund rules. The Company does not intend to make available taxable values in other countries for this share class, as these share classes are intended for investors whose investment in the share class is liable to tax in the UK. Currency The share classes may be denominated in AUD, CAD, CHF, CZK, EUR, GBP, HKD, JPY, RMB, 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 share class name. The currency of account features in the name of the relevant Subfund. "hedged" For share classes with "hedged" in their name and denominated in a currency other than the Subfund's currency of account, foreign exchange transactions and currency forwards are conducted in order to hedge the net asset value of the Subfund, calculated in the currency of account, against the net asset values of the share classes denominated in other currencies. Although it will not be possible to fully hedge the total net asset value of a share class against currency fluctuations of the currency of account, the aim is to secure a currency hedge for the currency of account against the corresponding currency of the 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 the currency of account may, however, result in the level of currency hedging temporarily surpassing the stated limits. The Company and Portfolio Manager will take all the necessary steps to bring the hedging back within the aforementioned limits. "acc" For share classes with "-acc" in their name, income is not distributed unless the Company decides otherwise. "dist" For share classes with "-dist" in their name, income is distributed unless the Company decides otherwise. "qdist" Shares in classes with "-qdist" in their name are distribution shares with quarterly distributions. "mdist" Shares in classes with "-mdist" in their name are distribution shares with monthly distributions. * 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 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.	
Investment objective and investment policy of the Subfunds		
Investment objective		
The aim of the Company is to achieve high current earnings, while giving due consideration to capital security and the liquidity of the Company's assets.		
General investment policy		
Top priority from an investment policy viewpoint will be given to diversification, borrower quality and maturity structures in line with interest-rate expectations. The Subfunds mainly invest their assets in debt securities and claims. Debt securities and claims include bonds, notes (including loan participation notes), secured loans, all types of asset-backed securities and similar fixed- and floating-rate secured or unsecured debt instruments issued by international and supranational organisations, public corporations, private borrowers and semi-public issuers, as well as similar securities.		

The Subfunds may also invest their assets in money market instruments and in convertible, exchangeable and warrant bonds and convertible debentures as well as in equities, equity rights and warrants.

Furthermore, the Subfunds may invest in collateralized debt obligations (CDO), credit default notes (CDN) and inflation-linked notes (ILN).

Secured loans are senior, transferable securities secured by a pledge that are generally interest-bearing on a floating-rate basis.

Convertible debentures entitle the holders and/or the issuers of a bond to exchange the bond for shares on a predetermined date in the future.

Credit default notes (CDN) are fixed-income securities into which is embedded a credit derivative which is handled in a similar way to credit default swaps (see point 4 of the "Investment principles"). Investments in CDN are subject to the provisions in point 4 of the "General investment principles".

Inflation-linked notes (ILN) are fixed-income and floating-rate securities whose interest income is linked to an inflation rate.

The equities acquired by exercise or subscription must be sold no later than 12 months after they were acquired.

The aforementioned securities and loan stock rights are securities as defined in Article 41 of the Law of 2010 where this is required under the terms of the investment restrictions detailed below.

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 type and scope of use of these techniques and instruments are described in more detail in the simplified prospectus - unless it has been replaced by the KII - of the Subfunds.

The markets in options, futures and swaps are volatile; both the opportunity to achieve gains as well as the risk of suffering losses are greater than with investments in securities.

These techniques and instruments will be employed only if they are compatible with the investment policies of the individual Subfunds and do not adversely affect their quality.

Each Subfund may hold liquid funds on an ancillary basis.

With the Subfunds, care is also taken to ensure that investments are broadly diversified in terms of markets, sectors, borrowers, ratings and companies. For this purpose, the Subfunds may invest up to 10% of their assets in existing UCITS and UCI, unless otherwise defined in the individual Subfund's investment policy.

Any Subfund that has a share class with "UK distributor status" may invest up to 5% of its assets in UCITS and UCI that are classed as "non-qualifying offshore UCI" according to British law. This investment restriction also forms an integral part of the investment policy of the Subfunds concerned.

A "non-qualifying offshore UCI" is an open-ended undertaking for collective investment which is either (a) a company domiciled outside of the United Kingdom, or (b) a unit trust whose trustees are not domiciled in the UK, or (c) another agreement which takes effect according to the law of a region outside the UK and which according to this law gives rise to a claim in the form of a joint ownership and is not authorised as a "distributing fund" for the purpose of taxation in the United Kingdom and can therefore not be approved as such.

In practice, this restriction means that in principle each Subfund to which these restrictions apply cannot invest in other UCITS and UCI which are not determined for sale to British investors.

The Subfunds and their special investment policies

In accordance with the investment policy described above, the Subfund **UBS (Lux) Bond SICAV – Asian Local Currency Bond (USD)** invests a large proportion of its assets in debt instruments and claims issued by international and supranational organizations, public, sovereign and quasi-sovereign institutions and companies whose registered offices are in Asia or who are principally active in Asia. Using derivatives, the composition of the portfolio is to be adapted to the economic and financial market cycles with regard to interest rates, currency and credit risk.

It is possible to participate directly in the performance of the local Asian currencies through the acquisition of securities which are denominated in local Asian currencies, indirectly with the use of derivative instruments or by a combination of both methods. The medium to long-term investment goal of the Fund is to achieve a competitive total yield. The Portfolio Manager strives to achieve this through active asset allocation, duration management, yield curve positioning, and country, currency and security selection. This may involve long positions used for increasing exposure and growth or synthetic short positions used for hedging purposes by means of legally permitted derivative financial instruments. The Subfund does not at any time conduct physical short-selling.

To achieve the investment objective, the Subfund may buy or sell, in a legally permitted framework, futures, swap contracts (including IRS/NDIRS, TRS, CDS, index CDS and NDS), forwards/non-deliverable forwards, options, total return bonds, credit linked notes, convertible bonds, money market securities/liquid funds and other suitable, legally permitted investment instruments. These investment instruments can therefore be used for hedging purposes and for participation in the anticipated market development.

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 currency transactions on a suitable market. With this method, counterparty risk and costs and any export restrictions connected to the holding of local foreign currency can be reduced to a minimum. In all cases, local trade in NDFs in USD between two foreign business partners is not subject to the supervision of the authorities of the respective country.

The Subfund can invest in loans outside of the investment range, with which above average high yields can be obtained if necessary. However, with such investments, the credit risk is higher than with investments in first-class issuers. The Subfund may invest a maximum of 10% of its assets in bonds with a rating below CCC or with a comparable rating.

Investments in emerging markets can record a more volatile performance and may be less liquid than investments in developed markets. Further-

more, public regulation may be less efficient in countries where the Subfund invests than in other states, and the accounting, auditing and reporting methods employed cannot be compared with the standards of more developed countries. For these reasons, the Subfund is particularly suitable for investors who are aware of these risks.

The Subfund can invest in all derivative financial 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. Permitted underlyings are in particular the instruments specified under 1.1 a) and 1.1 b) ("Permitted investments of the Company").

Currency of account: USD

Fees	Maximum flat fee (maximum management fee) p.a.
Share classes with „P“ in their name	1.400% (1.120%)
Share classes with „N“ in their name	1.750% (1.400%)
Share classes with „K-1“ in their name	0.900% (0.720%)
Share classes with „Q“ in their name	0.800% (0.640%)
Share classes with „I-A1“ in their name	0.680% (0.540%)
Share classes with „I-A2“ in their name	0.620% (0.500%)
Share classes with „I-A3“ in their name	0.520% (0.420%)
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%)

The Subfund **UBS (Lux) Bond SICAV – Asian High Yield (USD)** invests the majority of its assets in debt securities and claims issued by companies whose registered offices are in Asia or who are principally active in Asia and by international and supranational organisations as well as public-sector and semi-sovereign institutions. It is possible to participate directly in the performance of the local Asian currencies through the acquisition of securities which are denominated in local Asian currencies, indirectly with the use of derivative instruments or by a combination of both methods.

Investments in Asian countries may post a more volatile performance and, in certain circumstances, be less liquid than investments in American or European countries. Furthermore, public regulation may be less stringent in countries where the Subfund invests than in other states, and the accounting, auditing and reporting methods employed cannot be compared with the standards of other countries. For these reasons, the Subfund is particularly suitable for investors who are aware of these risks.

At least two-thirds of investments in debt securities and claims receive lower ratings and therefore have a maximum rating of BBB (Standard & Poor's), a comparably low rating from another recognised rating agency or – insofar as it concerns a new issue that does not yet have an official rating or any rating at all – a comparably low internal UBS rating.

Investments with lower ratings may carry an above-average yield, but also a higher credit risk than investments in securities of first-class borrowers.

The Subfund may invest up to 25% of its assets in convertible, exchangeable and warrant-linked bonds as well as convertible debentures. In addition, after deducting cash and cash equivalents, the Subfund may invest up to 10% of its assets 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, or warrants remaining after the separate sale of ex-issues and any equities acquired with these warrants. The equities acquired by exercise or subscription must be sold no later than 12 months after they were acquired. The Subfund may not at any time conduct physical short-selling.

As part of efficient asset management or in order to hedge interest-rate, currency and credit risks, the Subfund may invest in all derivative financial instruments listed in the section "Special techniques and instruments that have securities and money market instruments as underlying assets", as long as the restrictions specified therein are observed. Permitted underlyings are in particular the instruments specified under 1.1 a) and 1.1 b) ("Permitted investments of the Company").

The Subfund may invest in ABS and MBS, but not in US MBS, US CMBS, US ABS or US CDO.

Currency of account: USD

Fees	Maximum flat fee (maximum management fee) p.a.
Share classes with „P“ in their name	1.400% (1.120%)
Share classes with „N“ in their name	1.750% (1.400%)
Share classes with „K-1“ in their name	0.900% (0.720%)
Share classes with „Q“ in their name	0.800% (0.640%)
Share classes with „I-A1“ in their name	0.680% (0.540%)
Share classes with „I-A2“ in their name	0.620% (0.500%)
Share classes with „I-A3“ in their name	0.520% (0.420%)
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%)

The Subfunds **UBS (Lux) Bond SICAV – Emerging Markets Bonds 2014 (USD)** and **UBS (Lux) Bond SICAV – Emerging Markets Bonds 2016 (USD)** have been set up for the specific term as indicated in their names. To achieve the Subfunds' investment objectives, the Board of Directors may cease issuing shares in the Subfunds at any time following the initial issue. The final day of the Subfunds' term shall hereinafter be referred to as the "end of the term". Redemption of shares shall be possible at any time until five working days before maturity using the procedure described in "Redemption of shares" in this prospectus.

Within the scope of the general investment policy, the Subfunds invest at least two-thirds of their assets in bonds, notes and similar fixed- and floating-rate securities, convertible bonds, convertible notes, warrant bonds and, on an ancillary basis, warrants issues on bonds, issued or guaranteed by borrowers from emerging markets or which carry out the majority of their economic activities in emerging markets or issue instruments that involve credit exposure in respect of 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 capital markets.

Emerging markets are still at an early stage of development and suffer from increased risk of expropriation, nationalisation and social, political and economic insecurity. General risks associated with exposure to emerging markets include but are not restricted to:

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

After deducting cash and cash equivalents, the Subfunds may invest up to one-third of their assets in money market instruments. The Subfunds may not invest in US MBS, US CMBS, US ABS and CDO.

The currency of account is the USD. Investments are made in the currencies deemed best suited for good performance, although the proportion of investments in foreign currencies not hedged against the currency of account (USD) may not exceed 20% of assets.

Apart from the money market instruments, all the instruments used shall take account of the end of the Subfunds' term in respect of their maturity and have no maturities occurring later than the end of the Subfunds' term. As a consequence of the investment policy described above, the Subfunds may hold up to 100% of Fund assets in liquid funds and money market instruments around six months prior to the end of the term. If liquidation of the assets at the end of the term results in an adverse situation for the value of the portfolio because of an extraordinary market situation, the Company may postpone the payment of the final maturity amount by up to two months in the interests of the investors in accordance with the provisions set out in "Redemption of shares" in this prospectus.

Currency of account: USD

Fees	Maximum flat fee (maximum management fee) p.a.
Share classes with „P“ in their name	0.900% (0.720%)
Share classes with „N“ in their name	1.000% (0.800%)
Share classes with „K-1“ in their name	0.550% (0.440%)
Share classes with „Q“ in their name	0.650% (0.520%)
Share classes with „I-A1“ in their name	0.540% (0.430%)
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	0.115% (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%)

The Subfund **UBS (Lux) Bond SICAV – Emerging Markets Bonds 2016 (EUR)** has been set up for the specific term as specified in its name. To achieve the Subfund's investment objectives, the Board of Directors may cease issuing shares in the Subfund at any time following the initial issue. The final day of the Subfund's term shall hereinafter be referred to as the "end of the term". Redemption of shares shall be possible at any time until five working days before maturity using the procedure described in "Redemption of shares" in this prospectus. Within the scope of the general investment policy, the Subfund invests at least two-thirds of its assets in bonds, notes and similar fixed- and floating-rate securities, convertible bonds, convertible notes, warrant bonds and, on an ancillary basis, warrants issued on bonds, issued or guaranteed by borrowers from emerging markets or which carry out the majority of their economic activities in emerging markets or issue instruments that involve credit exposure in respect of 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 capital markets. Emerging markets are still at an early stage of development and suffer from increased risk of expropriation, nationalisation and social, political and economic insecurity.

General risks associated with exposure to emerging markets include, but are not restricted to:

- liquidity problems;
- fluctuations in exchange rates;
- currency report controls and
- restrictions on buying and selling.

After deducting cash and cash equivalents, the Subfund may invest up to one-third of its assets in money market instruments. The Subfund may not invest in US MBS, US CMBS, US ABS or US CDO.

The currency of account of the Subfund is the EUR. Investments are made in the currencies deemed best suited for good performance, although the proportion of invest-

ments in foreign currencies not hedged against the currency of account (EUR) may not exceed 20% of assets. Apart from the money market instruments, all the instruments used shall take account of the end of the Subfunds' term in respect of their maturity and have no maturities occurring later than the end of the Subfunds' term. As a consequence of the investment policy described above, the Subfunds may hold up to 100% of Fund assets in liquid funds and money market instruments around six months prior to the end of the term. If liquidation of the assets at the end of the term results in an adverse situation for the value of the portfolio because of an extraordinary market situation, the Company may postpone the payment of the final maturity amount by up to two months in the interests of the investors in accordance with the provisions set out in "Redemption of shares" in this prospectus.

Currency of account: EUR

Fees	Maximum flat fee (maximum management fee) p.a.
Aktienklassen mit Namensbestandteil „P“	0.900% (0.720%)
Aktienklassen mit Namensbestandteil „N“	1.000% (0.800%)
Aktienklassen mit Namensbestandteil „K-1“	0.550% (0.440%)
Aktienklassen mit Namensbestandteil „Q“	0.650% (0.520%)
Aktienklassen mit Namensbestandteil „I-A1“	0.540% (0.430%)
Aktienklassen mit Namensbestandteil „I-A2“	0.480% (0.380%)
Aktienklassen mit Namensbestandteil „I-A3“	0.420% (0.340%)
Aktienklassen mit Namensbestandteil „I-B“	0.115% (0.000%)
Aktienklassen mit Namensbestandteil „I-X“	0.000% (0.000%)
Aktienklassen mit Namensbestandteil „U-X“	0.000% (0.000%)

In accordance with the investment policy described above, the Subfund **UBS (Lux) Bond SICAV – Brazil (USD)** invests at least two-thirds of its assets in debt securities and claims issued by the Brazilian government, international and supranational organisations, public corporations, private borrowers and semi-public issuers domiciled or chiefly active in Brazil.

If investments are made in government bonds, the Subfund may invest up to 100% of its assets in issues of a single government. These government bonds must be divided into at least six different issues, with government bonds from a single issue not exceeding 30% of the net assets of a Subfund.

After deducting cash and cash equivalents, the Subfund may invest up to one-third of its assets in money market instruments. Up to 25% of its assets may be invested in convertible, exchangeable and warrant-linked bonds as well as convertible debentures.

In addition, after deducting cash and cash equivalents, the Subfund may invest up to 10% of its assets 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, or warrants remaining after the separate sale of ex-issues and any equities acquired with these warrants.

The equities acquired by exercise or subscription must be sold no later than 12 months after they were acquired.

The currency of account is the USD. However, investments are made in the currencies that are most suitable for the performance of the Subfund.

An essential component of the currency strategy of this Subfund is the building up of a currency exposure in Brazilian reals.

To this end, the Subfund may buy or sell futures, swaps, forwards, 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 or other currencies.

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 a transaction on a local market. This makes it possible to avoid the local counterparty risk as well as the risks and 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 Brazil may post a more volatile performance and be more illiquid than investments in other countries. 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. The currency in which the Subfund invests may undergo substantial fluctuations. These may have a negative effect on the Subfund's income. For this reason, the Subfund is especially suitable for risk-tolerant investors.

Currency of account: USD

Fees	Maximum flat fee (maximum management fee) p.a.
Share classes with „P“ in their name	1.500% (1.200%)
Share classes with „N“ in their name	1.750% (1.400%)
Share classes with „K-1“ in their name	0.900% (0.720%)
Share classes with „Q“ in their name	0.800% (0.640%)
Share classes with „I-A1“ in their name	0.560% (0.450%)
Share classes with „I-A2“ in their name	0.540% (0.430%)
Share classes with „I-A3“ in their name	0.500% (0.400%)

Fees	Maximum flat fee (maximum management fee) p.a.
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%)

At least two-thirds of the assets of the subfund **UBS (Lux) Bond SICAV – USD Brazil (USD)** are invested in debt securities and claims issued by the Brazilian government, international and supranational organisations, public corporations as well as private and semi-public issuers, which are domiciled in Brazil or which conduct the majority of their economic activity in Brazil (“Brazilian borrowers”). A key feature of the investment policy of this sub-fund is that investments are exclusively made in USD-denominated securities.

Up to 100% of the sub-fund’s assets may be invested in Brazilian government bonds. These Brazilian government bonds must be divided among at least six different issues; and no one issue may account for more than 30% of the net assets of the sub-fund. After the deduction of liquid assets, no more than one-third of the sub-fund’s assets may be invested in money market instruments. No more than 25% of its assets may be invested in convertible, exchangeable and warrant-linked bonds or in convertible debentures.

Furthermore, after deduction of cash and cash equivalents, no more than 10% of the sub-fund’s assets may be invested in equity securities, equity rights and warrants as well as equities acquired by exercising conversion and subscription rights or options, other equity shares and dividend-right certificates and residual warrants from the separate sale of exchangeable bonds, and equity securities subscribed to with these warrants. The equity securities obtained by exercise, subscription or any other event are to be sold no later than 12 months after acquisition.

Investments in Brazil may be subject to higher volatility and be less liquid than investments in other countries. Furthermore, the public supervision in the sub-fund’s investment country may be less effective and the booking, accounting and auditing methods applied may not be comparable with the standards in more developed countries.

Currency of account: USD

Fees	Maximum flat fee (maximum management fee) p.a.
Share classes with „P“ in their name	1.300% (1.040%)
Share classes with „N“ in their name	1.750% (1.400%)
Share classes with „K-1“ in their name	0.800% (0.640%)
Share classes with „Q“ in their name	0.720% (0.580%)
Share classes with „I-A1“ in their name	0.550% (0.440%)
Share classes with „I-A2“ in their name	0.530% (0.420%)
Share classes with „I-A3“ in their name	0.500% (0.400%)
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%)

The Subfund **UBS (Lux) Bond SICAV – Convert Global (EUR)** invests at least two-thirds of its assets in convertible, exchangeable and warrant-linked bonds as well as convertible debentures worldwide. The Subfund is suitable for investors who wish to profit from the development of the global stock market, but do not want to relinquish a certain level of security such as that afforded by the “bond floor” offered by a convertible bond.

The Subfund may invest a total of up to one-third of its assets in the above securities when these are issued or hedged by borrowers from emerging markets or borrowers which conduct a large proportion of their business operations on such markets or issue instruments associated with a credit risk in respect of emerging markets. Investments in states from the former Soviet Union together with the investments described in 1.2 of the “Investment principles” may never exceed 10% of the Subfund’s net assets.

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 capital markets.

Emerging markets are still at an early stage of development and suffer from increased risk of expropriation, nationalisation and social, political and economic insecurity. General risks associated with exposure to emerging markets include but are not restricted to:

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

After deducting cash and cash equivalents, the Subfund may invest up to one-third of its assets in money market instruments. In addition, after deducting cash and cash equivalents, the Subfund may invest up to 10% of its assets 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, or warrants remaining after the separate sale of ex-issues and any equities acquired with these warrants. The equities acquired by exercise or subscription must be sold no later than 12 months after they were acquired. Furthermore, the Subfund may invest up to 5% of its assets in UCITS and/or UCI that are classed as “non-qualifying offshore UCI” according to British law.

The currency of account is the EUR. Investments are made in the currencies deemed best suited for good performance, although the proportion of investments in for-

eign currencies not hedged against the currency of account (EUR) may not exceed 20% of assets.

The Subfund may buy or sell futures, swaps, forwards, 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 or other currencies. 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 risks and 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.

Currency of account: EUR

Fees	Maximum flat fee (maximum management fee) p.a.
Share classes with „P“ in their name	1.800% (1.440%)
Share classes with „N“ in their name	2.100% (1.680%)
Share classes with „K-1“ in their name	1.020% (0.820%)
Share classes with „Q“ in their name	0.900% (0.720%)
Share classes with „I-A1“ in their name	0.600% (0.480%)
Share classes with „I-A2“ in their name	0.560% (0.450%)
Share classes with „I-A3“ in their name	0.480% (0.380%)
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%)

The Subfund **UBS (Lux) Bond SICAV – Currency Diversifier (USD)** predominantly invests its assets in bonds with short- to medium-term maturities. These instruments are mainly denominated in currencies of developed countries with comparatively high credit ratings. The Subfund may invest 100% of its assets in government bonds. The Subfund is also allowed to invest opportunistically in non-government bonds including high-quality corporate bonds. The Subfund may invest in ABS and MBS, but not in US MBS, US CMBS, US ABS or US CDO.

As part of efficient asset management and to achieve the investment policy’s aims, the Subfund may invest in all derivative financial instruments listed in “Special techniques and instruments that have securities and money market instruments as underlying assets” subject to the provisions and guidelines set forth therein. In particular, the Subfund is permitted to conduct active currency management.

The reference currency of the Subfund is the USD. The exchange-rate risk of investments in currencies other than the reference currency is not hedged. Therefore, the asset value per share of the Subfund may well be substantially influenced by the performance of the invested currencies compared to the reference currency.

Currency of account: USD

Fees	Maximum flat fee (maximum management fee) p.a.
Share classes with „P“ in their name	0.900% (0.720%)
Share classes with „N“ in their name	1.600% (1.280%)
Share classes with „K-1“ in their name	0.550% (0.440%)
Share classes with „Q“ in their name	0.500% (0.400%)
Share classes with „I-A1“ in their name	0.420% (0.340%)
Share classes with „I-A2“ in their name	0.380% (0.300%)
Share classes with „I-A3“ in their name	0.320% (0.260%)
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%)

In line with the investment policy described above, the Subfunds **UBS (Lux) Bond SICAV – EUR Corporates (EUR)** and **UBS (Lux) Bond SICAV – USD Corporates (USD)** invest at least two-thirds of their assets in debt securities and claims as defined above, issued by companies. At least two-thirds of the Subfund’s investments shall be 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. Investments in bonds with a rating below BBB- or similar may not exceed 20% of the Subfunds’ assets. At least two-thirds of the investments are denominated in the currency that the respective Subfund’s name suggests.

The portion of investments in foreign currencies not hedged against the currency of account of the respective Subfund may not exceed 10% of assets.

After deducting cash and cash equivalents, the Subfunds may invest up to one-third of their assets in money market instruments. Up to 25% of their assets may be invested in convertible, exchangeable and warrant-linked bonds as well as convertible debentures.

In addition, after deducting cash and cash equivalents, the Subfunds may invest up to 10% of their assets 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, or warrants remaining after the separate sale of ex-issues and any equities acquired with these warrants. The equities acquired by exercise or subscription must be sold no later than 12 months after they were acquired.

UBS (Lux) Bond SICAV – EUR Corporates (EUR)

Currency of account: EUR

UBS (Lux) Bond SICAV – USD Corporates (USD)

Currency of account: USD

Fees	Maximale Pauschale Verwaltungskommission (Maximale Managementkommission) p.a.
Aktienklassen mit Namensbestandteil „P“	1.140% (0.910%)
Aktienklassen mit Namensbestandteil „N“	1.750% (1.400%)
Aktienklassen mit Namensbestandteil „K-1“	0.600% (0.480%)
Aktienklassen mit Namensbestandteil „Q“	0.600% (0.480%)
Aktienklassen mit Namensbestandteil „I-A1“	0.500% (0.400%)
Aktienklassen mit Namensbestandteil „I-A2“	0.450% (0.360%)
Aktienklassen mit Namensbestandteil „I-A3“	0.360% (0.290%)
Aktienklassen mit Namensbestandteil „I-B“	0.065% (0.000%)
Aktienklassen mit Namensbestandteil „I-X“	0.000% (0.000%)
Aktienklassen mit Namensbestandteil „U-X“	0.000% (0.000%)

Under the general investment policy, the Subfund **UBS (Lux) Bond SICAV – Global Corporates (USD)** invests at least two-thirds of its assets worldwide in debt securities and claims issued by companies. At least two-thirds of the Subfund's investments shall be 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. Investments in bonds with a rating below BBB- or similar may not exceed 20% of the Subfund's assets. All rating rules apply to the purchases made by the Portfolio Manager.

After deducting cash and cash equivalents, the Subfund may not invest more than one-third of its assets in liquid funds and money market instruments. Up to 25% of its assets may be invested in convertible, exchangeable and warrant-linked bonds as well as convertible debentures.

In addition, after deducting cash and cash equivalents, the Subfund may invest up to 10% of its assets 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, and warrants remaining after the separate sale of ex-issues and any equities acquired with these warrants. The equities acquired by exercise or subscription must be sold no later than 12 months after they were acquired.

Within the scope of the aforementioned investment limits, the Subfund may invest up to one-third of its assets in the above legally permissible forms when these are issued or hedged by borrowers from emerging markets or borrowers which conduct a large proportion of their business operations on such markets or issue instruments associated with a credit risk in respect of 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 capital markets.

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

General risks associated with exposure to emerging markets include but are not restricted to:

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

The Subfund may not invest in securitised liabilities such as US MBS, US CMBS, US ABS and CDO.

The currency of account is the USD. Investments are made in the currencies deemed best suited for good performance, although the proportion of investments in foreign currencies not hedged against the currency of account (USD) may not exceed 20% of assets.

Currency of account: USD

Fees	Maximum flat fee (maximum management fee) p.a.
Share classes with „P“ in their name	1.140% (0.910%)
Share classes with „N“ in their name	1.750% (1.400%)
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	0.500% (0.400%)
Share classes with „I-A2“ in their name	0.450% (0.360%)
Share classes with „I-A3“ in their name	0.360% (0.290%)
Share classes with „I-B“ in their name	0.065% (0.000%)

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

The Subfund **UBS (Lux) Bond SICAV – EUR Corporates 2014 II (EUR)** has been set up for the specific term as specified in its name. To achieve the Subfund's investment objectives, the Board of Directors may cease issuing shares in the Subfund at any time following the initial issue. The final day of the Subfund's term shall hereinafter be referred to as the “end of the term”. Redemption of shares shall be possible at any time until five working days before maturity using the procedure described in “Redemption of shares” in this prospectus.

The Subfund invests at least two-thirds of its assets in debt securities and claims issued by companies. At least two-thirds of the Subfund's investments shall be 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. Investments in bonds with a rating below BBB- or similar may not exceed 20% of the Subfund's assets. Investments in EUR also include all the currencies of the EMU participating countries for as long as these national currencies remain legal tender. At least two-thirds of the investments are denominated in the currency that the Subfund's name suggests. The portion of investments in foreign currencies not hedged against the currency of account of the Subfund may not exceed 10% of assets.

All rating rules apply to the purchases made by the Portfolio Manager. If the ratings of positions held should alter with time, the Subfund may deviate from these rules since they have been established as term funds.

After deducting cash and cash equivalents, the Subfund may invest up to one-third of its assets in liquid funds and money market instruments. Up to 25% of its assets may be invested in convertible, exchangeable and warrant-linked bonds as well as convertible debentures. In addition, after deducting cash and cash equivalents, the Subfund may invest up to 10% of its assets 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, or warrants remaining after the separate sale of ex-issues and any equities acquired with these warrants. The equities acquired by exercise or subscription must be sold no later than 12 months after they were acquired. The Subfund may not invest in US MBS, US CMBS, US ABS and US CDO. Apart from the money market instruments, all the instruments used shall take account of the end of the Subfund's term in respect of its maturity and have no maturities occurring later than the end of the Subfund's term. As a consequence of the investment policy described above, the Subfund may hold up to 100% of Fund assets in liquid funds and money market instruments around six months prior to the end of the term. If liquidation of the assets at the end of the term results in an adverse situation for the value of the portfolio because of an extraordinary market situation, the Company may postpone the payment of the final maturity amount by up to two months in the interests of the investors in accordance with the provisions set out in “Redemption of shares” in this prospectus.

Currency of account: EUR

Fees	Maximum flat fee (maximum management fee) p.a.
Share classes with „P“ in their name	0.750% (0.600%)
Share classes with „N“ in their name	0.850% (0.680%)
Share classes with „K-1“ in their name	0.450% (0.360%)
Share classes with „Q“ in their name	0.550% (0.440%)
Share classes with „I-A1“ in their name	0.460% (0.370%)
Share classes with „I-A2“ in their name	0.380% (0.300%)
Share classes with „I-A3“ in their name	0.280% (0.220%)
Share classes with „I-B“ in their name	0.065% (0.000%)
Share classes with „I-X“ in their name	0.000% (0.000%)
Share classes with „U-X“ in their name	0.000% (0.000%)

The Subfunds **UBS (Lux) Bond SICAV – EUR Corporates 2015 II (EUR)** and **UBS (Lux) Bond SICAV – USD Corporates 2015 II (USD)** have been set up for the term specified in their names. These Subfunds invest their assets primarily in debt securities and claims issued by companies. At least two-thirds of the investments are denominated in the currency that the respective Subfund's name suggests. The portion of investments in foreign currencies not hedged against the currency of account of the respective Subfund may not exceed 10% of the respective assets.

The Subfund may also invest indirectly via structured products (e.g. certificates, ABS, MBS). Such investments may not exceed 20% of the Subfund's net assets. The Subfund will not purchase any structured products issued by issuers domiciled in the US. Apart from the money market instruments, all the instruments used shall take account of the end of the Subfunds' term in respect of their maturity and have no maturities occurring later than the end of the Subfunds' term. As a consequence, the Subfunds may hold up to 100% of the Fund's assets in liquid funds and money market instruments around six months prior to the end of the term.

To achieve the Subfunds' investment objectives, the Board of Directors may cease issuing shares in the Subfunds at any time following the initial issue. Redemption of shares shall be possible at any time until five working days before the end of the Subfunds' term using the procedure described in “Redemption of shares” in this prospectus. If liquidation of the assets at the end of the term results in an adverse situation for the value of the portfolio because of an extraordinary market situation, the Company may postpone the payment of the final maturity amount by up to two months in the interests of the investors in accordance with the provisions set out in “Redemption of shares” in this prospectus.

UBS (Lux) Bond SICAV – EUR Corporates 2015 II (EUR)

Currency of account: EUR

UBS (Lux) Bond SICAV – USD Corporates 2015 II (USD)

Currency of account: USD

Fees	Maximum flat fee (maximum management fee) p.a.
Share classes with „P“ in their name	0.750% (0.600%)
Share classes with „N“ in their name	0.850% (0.680%)
Share classes with „K-1“ in their name	0.450% (0.360%)
Share classes with „Q“ in their name	0.550% (0.440%)
Share classes with „I-A1“ in their name	0.460% (0.370%)
Share classes with „I-A2“ in their name	0.380% (0.300%)
Share classes with „I-A3“ in their name	0.280% (0.220%)
Share classes with „I-B“ in their name	0.065% (0.000%)
Share classes with „I-X“ in their name	0.000% (0.000%)
Share classes with „U-X“ in their name	0.000% (0.000%)

In accordance with the investment policy described above, the Subfund **UBS (Lux) Bond SICAV – European Convergence (EUR)** invests at least two-thirds of its assets in debt securities and claims as defined above, issued by international and supranational organisations, public corporations, private borrowers and semi-public issuers from European convergence states.

The term “European convergence state” within the meaning of this Subfund denotes all Central and Eastern European states (including Turkey) which have high growth potential, are aiming for an equivalent level of development to that of the industrialised countries of Western Europe and/or are about to join the European Union (EU), or have already done so, but have not yet adopted the euro as their national currency.

The investments of the Subfund are predominantly denominated in the currencies of EU Member States (the euro in particular) or in freely convertible local currencies of European convergence states. Investments are made in the currencies deemed best suited for good performance, although the currency risk is not systematically hedged against the currency of account (EUR).

After deducting cash and cash equivalents, the Subfund may invest up to one-third of its assets in bonds, notes and similar fixed-income or floating-rate secured or unsecured debt securities (including floating rate notes), denominated in freely convertible currencies, that are not covered by the aforementioned two-thirds rule, as well as in money market instruments. Up to 25% of its assets may be invested in convertible, exchangeable and warrant-linked bonds as well as convertible debentures whose warrants entitle the holder to subscribe to securities, issued by the aforementioned European convergence states or other European countries.

After deducting cash and cash equivalents, the Subfund may also invest up to 10% of its assets in equities, equity rights and warrants as well as shares, other equity shares and dividend-right certificates denominated in freely convertible currencies and acquired through the exercise of conversion and subscription rights or warrants, or warrants remaining after the separate sale of ex-issues and any equities acquired with these warrants.

The equities acquired by exercise or subscription must be sold no later than 12 months after they were acquired.

Direct investments in local markets in CIS countries (Commonwealth of Independent States), together with investments pursuant to point 1.2 of the investment principles, must not exceed 10% of the Subfund’s net assets.

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 or other currencies.

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 risks and 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. Certain countries in which the Subfund invests are still at an early stage of development and may suffer from an increased risk of expropriation, nationalisation and social, political and economic insecurity. Further general risks associated with exposure within such countries include but are not restricted to:

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

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	1.750% (1.400%)
Share classes with „K-1“ in their name	0.700% (0.560%)
Share classes with „Q“ in their name	0.720% (0.580%)

Fees	Maximum flat fee (maximum management fee) p.a.
Share classes with „I-A1“ in their name	0.520% (0.420%)
Share classes with „I-A2“ in their name	0.480% (0.380%)
Share classes with „I-A3“ in their name	0.380% (0.300%)
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%)

In line with the investment policy described above, the Subfunds **UBS (Lux) Bond SICAV – Short Term EUR Corporates (EUR)** and **UBS (Lux) Bond SICAV – Short Term USD Corporates (USD)** invest at least two-thirds of their assets in debt securities and claims within the meaning of the definition above issued by companies. The duration of the portfolios is continually adapted to the prevailing market situation (“short term”) but may not exceed three years. At least two-thirds of the investments are denominated in the currency that the respective Subfund’s name suggests. However, the portion of investments in foreign currencies not hedged against the currency of account of the respective Subfund may not exceed 10% of assets.

After deducting cash and cash equivalents, the Subfunds may invest up to one-third of their assets in money market instruments. Up to 25% of their assets may be invested in convertible, exchangeable and warrant-linked bonds as well as convertible debentures.

In addition, after deducting cash and cash equivalents, the Subfunds may invest up to 10% of their assets 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, or warrants remaining after the separate sale of ex-issues and any equities acquired with these warrants.

The equities acquired by exercise or subscription must be sold no later than 12 months after they were acquired.

UBS (Lux) Bond SICAV – Short Term EUR Corporates (EUR)

Currency of account: EUR

UBS (Lux) Bond SICAV – Short Term USD Corporates (USD)

Currency of account: USD

Fees	Maximum flat fee (maximum management fee) p.a.
Share classes with „P“ in their name	0.900% (0.720%)
Share classes with „N“ in their name	1.600% (1.280%)
Share classes with „K-1“ in their name	0.550% (0.440%)
Share classes with „Q“ in their name	0.500% (0.400%)
Share classes with „I-A1“ in their name	0.480% (0.380%)
Share classes with „I-A2“ in their name	0.420% (0.340%)
Share classes with „I-A3“ in their name	0.340% (0.270%)
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%)

In line with the investment policy above, the Subfund **UBS (Lux) Bond SICAV – USD High Yield (USD)** invests at least two-thirds of its assets in debt securities and claims as defined above, whereby it invests at least two-thirds of its assets in bonds with a rating of between BB+ und CCC (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. Investments in bonds with a rating below CCC or similar may not exceed 10% of the Subfund’s assets. It gives due consideration to a broad diversification of such investments according to sectors and borrowers. Investments with lower ratings may carry an above-average yield, but also a higher solvency risk than investments in securities of first-class borrowers. At least two-thirds of investments are denominated in USD.

However, the portion of investments in foreign currencies not hedged against the currency of account (USD) may not exceed 10% of assets.

After deducting cash and cash equivalents, the Subfund may invest up to one-third of its assets in money market instruments. Up to 25% of its assets may be invested in convertible, exchangeable and warrant-linked bonds as well as convertible debentures.

In addition, after deducting cash and cash equivalents, the Subfund may invest up to 10% of its assets 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, or warrants remaining after the separate sale of ex-issues and any equities acquired with these warrants.

The equities acquired by exercise or subscription must be sold no later than 12 months after they were acquired.

Currency of account: USD

Fees	Maximum flat fee (maximum management fee) p.a.
Share classes with „P“ in their name	1.260% (1.010%)
Share classes with „N“ in their name	1.750% (1.400%)
Share classes with „K-1“ in their name	0.700% (0.560%)

Fees	Maximum flat fee (maximum management fee) p.a.
Share classes with „Q“ in their name	0.720% (0.580%)
Share classes with „I-A1“ in their name	0.620% (0.500%)
Share classes with „I-A2“ in their name	0.580% (0.460%)
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%)

The Subfund **UBS (Lux) Bond SICAV – Short Duration High Yield (USD)** invests at least two-thirds of its assets in debt securities and claims issued by companies. At least two-thirds of the Sub fund’s investments shall be rated between BBB+ and CCC- (Standard & Poor’s) or have a similar rating from another recognized agency or – insofar as it concerns a new issue that does not yet have an official rating – a comparable internal UBS rating. At least 50% of the investments are denominated in USD. The portion of investments in foreign currencies not hedged against USD may not exceed 10% of assets.

The average duration of the Sub fund’s net assets will be below 3 years.

After deducting cash and cash equivalents, the Sub fund may invest up to one-third of its assets in liquid funds and money market instruments. Up to 25% of its assets may be invested in convertible, exchangeable and warrant-linked bonds as well as convertible debentures.

In addition, after deducting cash and cash equivalents, the Sub fund may invest up to 10% of its assets 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, or warrants remaining after the separate sale of ex-issues and any equities acquired with these warrants.

The equities acquired by exercise or subscription must be sold no later than 12 months after they were acquired.

The Subfund may not invest in US MBS, US CMBS, US ABS and CDO.

Currency of account: USD

Fees	Maximum flat fee (maximum management fee) p.a.
Share classes with „P“ in their name	1.260% (1.010%)
Share classes with „N“ in their name	1.750% (1.400%)
Share classes with „K-1“ in their name	0.700% (0.560%)
Share classes with „Q“ in their name	0.720% (0.580%)
Share classes with „I-A1“ in their name	0.600% (0.480%)
Share classes with „I-A2“ in their name	0.550% (0.440%)
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%)

Under the general investment policy, the Subfund **UBS (Lux) Bond SICAV – Inflation-linked (EUR)** invests at least two-thirds of its assets in inflation-linked debt securities and claims issued by international or supranational organisations, public-sector, semi-public or private borrowers and denominated in the currency of the Subfund. The Subfund may invest up to one-third of its assets in debt securities and claims denominated in a currency other than that which features in the name of the Subfund. After deducting cash and cash equivalents, the Subfund may invest up to one-third of its assets in money market instruments. It may not invest in US MBS, US CMBS, US ABS and CDO. The Subfund invests its assets in instruments such as inflation-linked and other debt securities and all types of money market instruments, and use futures, credit default swaps, interest rate swaps, inflation swaps and currency derivatives such as forwards, futures and options. As part of efficient asset management and to achieve the investment policy’s aims, the Subfund may invest in all derivative financial instruments listed in “Special techniques and instruments that have securities and money market instruments as underlying assets” subject to the provisions and guidelines set forth therein. The permitted underlying instruments comprise in particular those listed in points 1.1a) and 1.1b) (Permitted investments of the Company). In line with this investment policy, the Subfund may invest more than 35% of its assets in securities and money market instruments issued or guaranteed by a Member State of the European Union or by another Member State of the OECD.

Currency of account: EUR

Fees	Maximum flat fee (maximum management fee) p.a.
Share classes with „P“ in their name	0.900% (0.720%)
Share classes with „N“ in their name	1.600% (1.280%)
Share classes with „K-1“ in their name	0.550% (0.440%)
Share classes with „Q“ in their name	0.500% (0.400%)
Share classes with „I-A1“ in their name	0.460% (0.370%)
Share classes with „I-A2“ in their name	0.400% (0.320%)

Fees	Maximum flat fee (maximum management fee) p.a.
Share classes with „I-A3“ in their name	0.340% (0.270%)
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%)

The Subfund **UBS (Lux) Bond SICAV – Inflation-linked Global (USD)** invests at least two-thirds of its assets in inflation-linked debt securities and claims issued by international or supranational organisations, public-sector, semi-public or private borrowers. After deducting cash and cash equivalents, the Subfund may invest up to one-third of its assets in money market instruments. The Subfund may not invest in US MBS, US CMBS, US ABS and CDO. It invests its assets in instruments such as inflation-linked and other debt securities and all types of money market instruments, and uses futures, credit default swaps, interest rate swaps, inflation swaps and currency derivatives such as forwards, futures and options.

The currency of account is the USD. Investments are made in the currencies deemed best suited for good performance, although the proportion of investments in foreign currencies not hedged against the currency of account (USD) may not exceed 20% of assets.

As part of efficient asset management and to achieve the investment policy’s aims, the Subfund may invest in all derivative financial instruments listed in “Special techniques and instruments that have securities and money market instruments as underlying assets” subject to the provisions and guidelines set forth therein. The permitted underlying instruments comprise in particular those listed in points 1.1a) and 1.1b) (Permitted investments of the Company).

Currency of account: USD

Fees	Maximum flat fee (maximum management fee) p.a.
Share classes with „P“ in their name	0.900% (0.720%)
Share classes with „N“ in their name	1.600% (1.280%)
Share classes with „K-1“ in their name	0.550% (0.440%)
Share classes with „Q“ in their name	0.500% (0.400%)
Share classes with „I-A1“ in their name	0.520% (0.420%)
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%)

In accordance with the investment policy described above, the Subfund **UBS (Lux) Bond SICAV – Russia (USD)** invests at least two-thirds of its assets in debt securities and claims as defined above, issued by the Russian Federation, international and supranational organisations, public corporations, private borrowers and semi-public issuers domiciled or chiefly active in the Russian Federation.

Securities issued by the Russian Federation may be acquired directly, provided they are traded on a recognised stock exchange or another regulated market that is recognised, open to the public and operating in accordance with the regulations.

The Russian Trading System Stock Exchange and Moscow Interbank Currency Exchange are currently the recognised markets of the Russian Federation. Securities acquired directly, particularly direct investments in other CIS countries (Commonwealth of Independent States) which are not traded on a recognised stock exchange or another regulated market that is recognised, open to the public and operating in accordance with the regulations, are subject to the investment restrictions described in point 1.2 of the investment principles.

The currency of account is the USD. However, investments are made in the currencies that are most suitable for the performance of the Subfund.

An essential component of the currency strategy of this Subfund is the building up of a currency exposure in Russian rouble.

To this end, the Subfund may buy or sell futures, swaps, forwards, 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 or other currencies.

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 risks and 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.

Certain countries in which the Subfund invests are still at an early stage of development and may suffer from an increased risk of expropriation, nationalisation and social, political and economic insecurity. Further general risks associated with exposure within such countries include but are not restricted to:

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

After deducting cash and cash equivalents, the Subfund may invest up to one-third of its assets in money market instruments. Up to 25% of its assets may be invested in convertible, exchangeable and warrant-linked bonds as well as convertible debentures.

In addition, after deducting cash and cash equivalents, the Subfund may invest up to 10% of its assets 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, or warrants remaining after the separate sale of ex-issues and any equities acquired with these warrants.

The equities acquired by exercise or subscription must be sold no later than 12 months after they were acquired.

Investments in the Russian Federation may post a more volatile performance and be more illiquid than investments in other European countries. 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 this reason, the Subfund is especially suitable for risk-tolerant investors.

Currency of account: USD

Fees	Maximum flat fee (maximum management fee) p.a.
Share classes with „P” in their name	1.500% (1.200%)
Share classes with „N” in their name	1.750% (1.400%)
Share classes with „K-1” in their name	0.900% (0.720%)
Share classes with „Q” in their name	0.800% (0.640%)
Share classes with „I-A1” in their name	0.680% (0.540%)
Share classes with „I-A2” in their name	0.620% (0.500%)
Share classes with „I-A3” in their name	0.520% (0.420%)
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%)

In accordance with the investment policy described above, the Subfund **UBS (Lux) Bond SICAV – Asian Local Currency Corporates (USD)** invests at least two-thirds of its assets in debt securities and claims issued by international companies whose registered offices are in Asia or who are principally active in Asia.

It is possible to participate directly in the performance of the local Asian currencies through the acquisition of securities which are denominated in local Asian currencies, indirectly with the use of derivative instruments or by a combination of both methods.

Investments in Asian countries may post a more volatile performance and, in certain circumstances, be less liquid than investments in American or European countries. Furthermore, public regulation may be less efficient in countries where the Subfund invests than in other states, and the accounting, auditing and reporting methods employed cannot be compared with the standards of other countries. For these reasons, the Subfund is particularly suitable for investors who are aware of these risks.

At least two-thirds of the Subfund's investments shall be 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. Investments in bonds with a rating below BBB- or similar may not exceed 20% of the Subfunds' assets.

The Subfund may invest up to 25% of its assets in convertible, exchangeable and warrant-linked bonds as well as convertible debentures. In addition, after deducting cash and cash equivalents, the Subfund may invest up to 10% of its assets 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, or warrants remaining after the separate sale of ex-issues and any equities acquired with these warrants. The equities acquired by exercise or subscription must be sold no later than 12 months after they were acquired. The Subfund may not at any time conduct physical short-selling.

The Subfund can invest in all derivative financial 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. Permitted underlyings are in particular the instruments specified under 1.1 a) and 1.1 b) (“Permitted investments of the Company”). These instruments may be used for hedging purposes or for purposes of participating in the predicted market development.

The Subfund may invest in ABS and MBS, but not in US MBS, US CMBS, US ABS or US CDO.

Currency of account: USD

Fees	Maximum flat fee (maximum management fee) p.a.
Share classes with „P” in their name	1.400% (1.120%)
Share classes with „N” in their name	1.750% (1.400%)
Share classes with „K-1” in their name	0.900% (0.720%)
Share classes with „Q” in their name	0.800% (0.640%)
Share classes with „I-A1” in their name	0.620% (0.500%)
Share classes with „I-A2” in their name	0.560% (0.450%)
Share classes with „I-A3” in their name	0.480% (0.380%)
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%)

The aim of the Subfund **UBS (Lux) Bond SICAV – EUR Countries Defensive (EUR)** is to achieve earnings mainly from investments in fundamental strong euro-zone countries. To achieve this objective, the Subfund invests primarily in bonds, notes and other fixed- or floating-rate interest-bearing debt securities and claims denominated in euro and issued by eurozone countries or by other public borrowers with good ratings, domiciled in eurozone countries or chiefly active in said countries. In addition to government and government-related (agency, supranational, etc.) bonds, the Subfund may also invest, to a limited extent, in uncovered and covered bonds issued by European companies. The currency risk of investments not denominated in euro will be largely hedged. Investments may also be made in undertakings for collective investment which invest their assets pursuant to the guidelines of this Subfund, or parts thereof. The Subfund may use all instruments and techniques listed in the section entitled “Special techniques and instruments that have securities and money market instruments as underlying assets”, pursuant to the provisions outlined therein. The derivative instruments traded on regulated markets or over the counter (OTC) must be used in order to hedge interest-rate risks, any currency risk or other risks. Furthermore, the Subfund may use derivative financial instruments traded on regulated markets for investment purposes or in order to ensure efficient portfolio and cash management.

The Subfund may also invest indirectly via structured products (e.g. certificates, ABS, MBS). Such investments may not exceed 20% of the Subfund's net assets. The Subfund will not purchase any structured products issued by issuers domiciled in the US.

Currency of account: EUR

Fees	Maximum flat fee (maximum management fee) p.a.
Share classes with „P” in their name	0.900% (0.720%)
Share classes with „N” in their name	1.600% (1.280%)
Share classes with „K-1” in their name	0.550% (0.440%)
Share classes with „Q” in their name	0.500% (0.400%)
Share classes with „I-A1” in their name	0.420% (0.340%)
Share classes with „I-A2” in their name	0.380% (0.300%)
Share classes with „I-A3” in their name	0.320% (0.260%)
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%)

The aim of the Subfund **UBS (Lux) Bond SICAV – EUR Covered Bonds (EUR)** is essentially to achieve earnings from investments in high-quality covered bonds. Therefore, the Subfund's assets are mainly invested in covered bonds. In addition, the Subfund may also invest in other types of investment, such as money market instruments and other bonds with sound long-term credit ratings, issued by financial institutions, companies, government issuers or supranational organisations. Investments may be made in bonds denominated in euro or in other currencies. The currency risk of investments not denominated in euro will be largely hedged.

In order to hedge interest-rate risks, any currency risk or other risks, the Subfund may invest in all derivative financial instruments listed in the section entitled “Special techniques and instruments that have securities and money market instruments as underlying assets”, pursuant to the provisions outlined therein. Furthermore, the Subfund may use financial derivatives traded on regulated markets for investment purposes or in order to ensure efficient portfolio and cash management.

The Subfund may also invest indirectly via structured products (e.g. certificates, ABS, MBS). Such investments may not exceed 20% of the Subfund's net assets. The Subfund will not purchase any structured products issued by issuers domiciled in the US.

Currency of account: EUR

Fees	Maximum flat fee (maximum management fee) p.a.
Share classes with „P” in their name	0.980% (0.780%)
Share classes with „N” in their name	1.300% (1.040%)
Share classes with „K-1” in their name	0.550% (0.440%)
Share classes with „Q” in their name	0.500% (0.400%)
Share classes with „I-A1” in their name	0.480% (0.380%)
Share classes with „I-A2” in their name	0.420% (0.340%)
Share classes with „I-A3” in their name	0.340% (0.270%)
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%)

The Subfunds **UBS (Lux) Bond SICAV – 2015 (EUR)**, **UBS (Lux) Bond SICAV – 2015 II (USD)**, **UBS (Lux) Bond SICAV – 2016 (EUR)** and **UBS (Lux) Bond SICAV – 2016 II (USD)** have been set up for the term specified in their names. The Subfunds invest predominantly in bonds, notes or other similar fixed- or floating-rate interest-bearing securities. The Portfolio Manager organises the individual Subfunds on the basis of the attractiveness of the specific bond markets during the launch period.

The Subfund may also invest indirectly via structured products (e.g. certificates, ABS, MBS). Such investments may not exceed 20% of the Subfund's net assets. The Subfund will not purchase any structured products issued by issuers domiciled in the US.

Apart from the money market instruments, all the instruments used shall take account of the end of the Subfunds' term in respect of their maturity and have no maturities occurring later than the end of the Subfunds' term. As a consequence, the Subfunds may hold up to 100% of the Fund's assets in liquid funds and money market instruments around six months prior to the end of the term. To achieve the Subfunds' investment objectives, the Board of Directors may cease issuing shares in the Subfunds at any time following the initial issue. Redemption of shares shall be possible at any time until five working days before the end of the Subfunds' term using the procedure described in "Redemption of shares" in this prospectus. If liquidation of the assets at the end of the term results in an adverse situation for the value of the portfolio because of an extraordinary market situation, the Company may postpone the payment of the final maturity amount by up to two months in the interests of the investors in accordance with the provisions set out in "Redemption of shares" in this prospectus.

UBS (Lux) Bond SICAV – 2015 (EUR)

Currency of account: EUR

UBS (Lux) Bond SICAV – 2015 II (USD)

Currency of account: USD

UBS (Lux) Bond SICAV – 2016 (EUR)

Currency of account: EUR

UBS (Lux) Bond SICAV – 2016 II (USD)

Currency of account: USD

Fees	Maximum flat fee (maximum management fee) p.a.
Share classes with „P“ in their name	0.900% (0.720%)
Share classes with „N“ in their name	1.000% (0.800%)
Share classes with „K-1“ in their name	0.550% (0.440%)
Share classes with „Q“ in their name	0.650% (0.520%)
Share classes with „I-A1“ in their name	0.540% (0.430%)
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	0.115% (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%)

In accordance with the investment policy described above, the Subfund **UBS (Lux) Bond SICAV – Emerging Economies Local Currency Bond (USD)** invests at least two-thirds of its assets in debt instruments and claims issued by international and supranational organizations, public, sovereign and quasi-sovereign institutions and companies whose registered offices are in emerging markets or who are principally active in emerging markets. Using derivatives, the composition of the portfolio is to be adapted to the economic and financial market cycles with regard to interest rates, currency and credit risk.

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 capital markets. After deducting cash and cash equivalents, the Subfund may invest up to one-third of its assets in money market instruments.

Up to 25% of its assets may be invested in convertible, exchangeable and warrant-linked bonds as well as convertible debentures. In addition, after deducting cash and cash equivalents, the Subfund may invest up to 10% of its assets 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, or warrants remaining after the separate sale of ex-issues and any equities acquired with these warrants. The equities acquired by exercise or subscription must be sold no later than 12 months after they were acquired.

The Subfund may also invest indirectly via structured products (e.g. certificates, ABS, MBS). Such investments may not exceed 20% of the Subfund's net assets. The Subfund will not purchase any structured products issued by issuers domiciled in the US. The currency of account is the USD, but investments are made in the currencies deemed best suited for good performance. An essential component of the currency strategy of this Subfund is the building up currency exposure in local emerging market currencies. It is possible to participate directly in the performance of the local emerging markets currencies through the acquisition of securities which are denominated in local emerging market currencies, indirectly with the use of derivative instruments or by a combination of both methods.

To achieve the investment objective, the Subfund may use derivative instruments traded on a stock exchange or over the counter (OTC), especially futures, swap contracts (including IRS/NDIRS, TRS, CDS, index CDS and NDS), forwards/non-deliverable forwards, options, total return bonds, and bonds with embedded derivatives, e.g. convertible bonds.

Moreover, the Subfund may, within the legal framework, buy or sell money market securities/liquid funds and other suitable, legally permitted investment instruments. These investment instruments can be used for hedging purposes and for participation in the anticipated market development.

Investments in emerging markets can record a more volatile performance and may be less liquid than investments in developed markets. Furthermore, public regulation may be less efficient in countries where the Subfund invests than in other states, and the accounting, auditing and reporting methods employed cannot be compared with the standards of more

developed countries. For these reasons, the Subfund is particularly suitable for investors who are aware of these risks.

To achieve its investment objective, the Subfund may also use all techniques and instruments listed in the section "Special techniques and instruments that have securities and money market instruments as underlying assets".

Currency of account: USD

Fees	Maximum flat fee (maximum management fee) p.a.
Share classes with „P“ in their name	1.500% (1.200%)
Share classes with „N“ in their name	1.750% (1.400%)
Share classes with „K-1“ in their name	0.900% (0.720%)
Share classes with „Q“ in their name	0.800% (0.640%)
Share classes with „I-A1“ in their name	0.630% (0.500%)
Share classes with „I-A2“ in their name	0.600% (0.480%)
Share classes with „I-A3“ in their name	0.560% (0.450%)
Share classes with „I-B“ in their name	0.115% (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%)

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 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 (31/08/2011). 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) Bond SICAV – Convert Global (EUR)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV – EUR Corporates (EUR)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV – EUR Corporates 2014 II (EUR)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV – EUR Corporates 2015 II (EUR)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV – USD Corporates 2015 II (USD)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV – Short Term EUR Corporates (EUR)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV – Short Term USD Corporates (USD)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV – Inflation-linked (EUR)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV – USD Corporates (USD)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV – USD High Yield (USD)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV – USD Brazil (USD)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV – Currency Diversifier (USD)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV – Global Corporates (USD)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV – Inflation-linked Global (USD)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV – Short Duration High Yield (USD)	Relative VaR approach	0.80	The reference portfolio reflects the properties of a broadly diversified portfolio of US corporate bonds with a rating below Investment Grade.
UBS (Lux) Bond SICAV – Emerging Markets Bonds 2014 (USD)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV – Emerging Markets Bonds 2016 (USD)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV – Emerging Markets Bonds 2016 (EUR)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV – European Convergence (EUR)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV – Russia (USD)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV – Brazil (USD)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV – Asian Local Currency Bond (USD)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV – Asian High Yield (USD)	Relative VaR approach	2.00	The reference portfolio reflects the properties of a broadly diversified portfolio of corporate bonds from Asia (excl. Japan) with a rating below Investment Grade.
UBS (Lux) Bond SICAV – Asian Local Currency Corporates (USD)	Relative VaR approach	2.00	The reference portfolio reflects the properties of a broadly diversified portfolio of Asian corporate bonds with Investment Grade rating.
UBS (Lux) Bond SICAV – EUR Countries Defensive (EUR)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV – EUR Covered Bonds (EUR)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV – 2015 (EUR)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV – 2015 II (USD)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV – 2016 (EUR)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV – 2016 II (USD)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV – Emerging Economies Local Currency Bond (USD)	Relative VaR approach	1.50	The reference portfolio reflects the properties of a broadly diversified portfolio of bonds from emerging markets.

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 can not 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.

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

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

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

Investments in UBS (Lux) Bond SICAV

Conditions for the issue and redemption of shares

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

"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 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 on the valuation date 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 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 reduc-

tion 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) Liquid funds - whether in the form of cash, bank deposits, bills of exchange and sight securities and receivables, prepaid expenses, cash dividends and declared or accrued interest that has not yet been received - are valued at their full value unless it is unlikely that this value will be fully paid or received, in which case their value is determined by taking into consideration a deduction that seems appropriate in order to portray their true value.
- 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 not listed on a stock exchange but which are traded on another regulated market which operates regularly and is recognised and open to the public are valued at the last available price on this market.
- 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. Certain units or shares of other UCITS and/or UCIs may be valued on the basis of an estimate of their value provided by permissible service providers that are independent of the Portfolio Manager or the Investment Advisor of the target funds (price estimate).
- f) (i) If the Subfund is a money market fund,
 - money market instruments not traded on a stock exchange or on another regulated market open to the public will be valued on the basis of the relevant curves. The valuation based on the curve is with reference to the two components of interest rate and credit spread. The following principles are applied in this process: for each money market instrument, the interest rates nearest the residual maturity are interpolated. The interest rate calculated in this way is converted into a market price by adding a credit spread that reflects the underlying borrower. This credit spread is adjusted if there is a significant change in the credit rating of the borrower.
 - interest income earned by Subfunds between the order date concerned and the valuation date concerned is included in the valuation of the assets of the Subfund 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 f) (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 reference currency of the relevant Subfund and not hedged by foreign-exchange transactions, are valued at the middle-market rate of exchange (midway between the bid and offer rate) known in Luxembourg or, if not available, on the most representative market for this currency.
- 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 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) 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 (**valuation date**) into the Custodian Bank account in favour of the Subfund.

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. 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. Fractions of units 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 suitably authorised sales 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) on a business day, the order date is considered to be the following business day. The countervalue for redeemed Subfund shares is paid on the third business day after the order date (**valuation date**) 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.

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 in the currency of account of the corresponding Subfund 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 shareholder.

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 Fund 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 auditors 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 convert from one Subfund into another or from one share class into 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.

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

$$\alpha = \frac{\beta \cdot \chi \cdot \delta}{\epsilon}$$

where:

- α = number of shares of the new Subfund or share class into which conversion is required
- β = number of shares of the Subfund or share class from which conversion is required
- χ = net asset value of the shares presented for conversion
- δ = 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
- ϵ = 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 classes 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, 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 Association, 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 investors when subscribing or redeeming.

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 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;
- if it is not possible for the Company to repatriate the funds to pay redemption applications in the Subfund in question, or if the transfer of funds from the sale or for the acquisition of investments or for payments resulting from redemptions of shares cannot be carried out, in the view of the Board of Directors of the Company, at normal exchange rates;
- if political, economic, military or other circumstances outside the control of the Company makes the disposal of the assets of the Company impossible under normal conditions without seriously harming the interests of the shareholders;
- when for any other reason the prices of investments of a Subfund cannot be promptly or accurately determined;
- if the convocation of an extraordinary general shareholders' meeting for the winding up of the Company was published;
- to the extent that such a suspension is justified for the protection of the shareholders, after the convocation of an extraordinary general shareholders' meeting for the merger of the Company or of a Subfund or a report to the shareholders on a decision by the Board of Directors of the Company to merge one or more Subfunds was published; and
- the Company can no longer transact its business due to restrictions on foreign exchange and capital movements.

A suspension of the calculation of the net asset value, a suspension of the issue or redemption of shares and a suspension of conversion between Subfunds will be notified without delay to all the responsible authorities in the countries in which shares of the Company are approved for sale to the public in addition to being published in a Luxembourg daily newspaper and, if necessary, in the official publications specified for the respective countries in which the shares are sold.

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 purchased 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 the 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 share capital 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" status or with "reporting fund" status.

The application can be made for one or more sub-funds within the umbrella or for one or more specified share classes issued by a sub-fund. 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 investments in a Subfund or a share class of a specific Subfund with the status of "Reporting Fund" are considered to be investments in a permitted 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 members of the Board of Directors of the Company intend to manage the Company so that an investment in the specified share classes will be treated as 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 which have "UKdist" in their name and which have reporting fund status, the Company intends to distribute, on an annual basis, a sum which will be equal to 100% of the reportable income within the meaning of the UK reporting fund rules. The Company does not intend to provide taxable values in other countries in respect of "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 sub-fund(s) which is not received or receivable in the United Kingdom by those persons.

In addition, it is important to note the provisions of Section 13 of the Taxation of Chargeable Gains Act 1992, which govern the distribution of chargeable gains of companies which are not resident in the United Kingdom and which would be “close companies” if they were resident in the UK. These gains are distributed to 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” 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”, “H”, “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, administration and 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 “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 of the respective Subfund, 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;
- Production of the KII or the corresponding documents for the Company’s sales countries;
- 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 rules of different fund providers that do not have a flat fee, the term “maximum management fee” is set at 80% of the flat fee. 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, the administration and the 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 Subfund as well as at the level of the relevant target fund. The upper limit for management fees of the target fund in which the assets of the Subfund are invested amounts to a maximum of 3%, taking into account any trail fees.

In the case of investments in units of funds managed directly or indirectly by the Management Company 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 31 May and a semi-annual report as at 30 November. 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 USD.

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 Association
- 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 Directors of the Company must ask for a vote by the general meeting of shareholders on whether to liquidate the Company. If the Company is dissolved, the liquidation will be carried out by one or more liquidators to be designated by the general meeting of shareholders, which will also determine their sphere of responsibility and remuneration. The liquidators will realise the Company’s assets in the best interests of the shareholders and distribute the net proceeds from the liquidation of the Subfunds to the shareholders of said Subfunds or share classes in proportion to their respective holdings. Any liquidation proceeds which cannot be distributed to the shareholders at the end of the liquidation process (which can take up to nine months) will be deposited immediately 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 via a corresponding publication in the Mémorial and in a Luxembourg daily newspaper as well as, if necessary, in the official publications specified for the respective countries in which Company shares are sold. The countervalue of the net asset value of cancelled shares which have not been presented 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 formed by it 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;
- 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”, the Board of Directors of the Company may decide to allocate the assets of a subfund or of a share class to another existing subfund or share class of the Company or to another Luxembourg UCI pursuant to Part I of the Law of 2010 or to a foreign UCITS pursuant to the provisions of the Law of 2010 and the redesignation of the shares of the subfund(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. During the 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 Subfund concerned

For both the liquidation and merger of Subfunds, no minimum quorum is required at the general meeting of shareholders, and decisions can be approved by a simple majority of the shares represented at the general meeting of the Company or of the shareholders of the Subfund concerned 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 the sales prospectus is legally binding. However, in matters concerning shares sold to investors in the countries in which Company shares may be bought and sold, the Company may recognise as binding translations which it has 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 the 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 operates regularly and is recognised and open to the public;
 - d) newly issued securities and money market instruments provided that the terms of issue contain a clause that an application 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; and
 - 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 UCI, unless stipulated to the contrary in the investment policy of the relevant Subfund.
 - f) sight deposits or deposits at notice at credit institutions with a term of up to 12 months, provided the institution concerned has its 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 valued in a reliable and verifiable manner on a daily basis and may be sold, at any time, upon the Company's initiative at the appropriate market value, liquidated or settled by means of a back-to-back transaction.
 - 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 an EU Member State, the European Central Bank, the European

Union or European Investment Bank, by a non-Member State, or, in the case of a federal state, a Member State of the federation or by a public international body of which at least one Member State is a member; or

- issued by an undertaking whose securities are traded on the regulated markets mentioned in 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 e); 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 UCI 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 total share of the assets which the target subfunds to be acquired may invest in units of the same UCI may not, in accordance with their sales prospectuses or Articles of Association, exceed 10%; and
 - any voting rights associated with the securities in question is suspended for the period they are held by the Subfund in question, regardless of their appropriate evaluation in the financial statements and periodic reports; and
 - in any case, as long as these securities are held by the Subfund, that their value is not taken into consideration in the calculation of net asset value under the Law of 2010 for purposes of verifying the minimum net assets under the Law of 2010; 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 investments of a Subfund in equities and/or debt securities of a single issuer if the investment policy of the Subfund in question provides for the Subfund objective of replicating a specific equity or debt security index recognised by the CSSF, provided that:
- the composition of the index is sufficiently diversified;
 - the index represents an appropriate benchmark for the market to which it refers;
 - the index is published appropriately.
- The limit is 35% provided this is justified based on exceptional market conditions, and in particular on regulated markets on which certain securities or money market instruments are in a strongly dominant position. Investment up to this upper limit is only permitted in the case of a single issuer. If the limits mentioned in points 1 and 2 are exceeded unintentionally or due to the exercise of subscription rights, the Company must attach top priority in its sales of securities to normalising the situation while, at the same time, considering the best interests of the shareholders. Provided that they continue to observe the principle of risk diversification, newly 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 the borrower in question;
- 3.3 acquiring more than the amounts below:
- 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 and 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:
- Securities and money market instruments issued or guaranteed by a Member State of the EU or its local authorities or by another approved state;
 - Securities and money market instruments issued or guaranteed by a non-Member State of the European Union;
 - securities and money market instruments issued by public international bodies to which one or more Member States of the European Union belong;
 - shares held in the capital of a company incorporated in a non-member State 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 the unitholders' 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
- it is in the form of a back-to-back loan for the purchase of foreign currency;
 - it 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 financial instruments:
- certificates, in the broader sense, which have individual precious metals as underlying assets, comply with the securities requirements stipulated in Article 2 of Directive 2007/16/EC and do not contain any embedded derivatives linked to the performance of an index.
 - certificates, in the broader sense, which have individual commodities or commodity indices as underlying assets, comply with the securities requirements stipulated in Article 2 of Directive 2007/16/EC and do not contain any embedded derivatives linked to the performance of an index.

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

4 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.