

UBS (Lux) Bond SICAV

Investment company under Luxembourg law (the “Company”)

March 2018

Sales Prospectus

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

Only the information contained in the Sales Prospectus and the aforementioned documents shall be deemed valid.

Furthermore, a Key Investor Information Document (**KIID**) is made available to investors before subscribing to shares. Information on whether a sub-fund of the Company is listed on the Luxembourg Stock Exchange can be obtained from the administrative agent or the Luxembourg Stock Exchange website (www.bourse.lu).

The issue and redemption of Company shares is subject to the regulations prevailing in the country where this takes place. The Company treats all investor information with the strictest confidentiality, unless its disclosure is required pursuant to statutory or supervisory provisions.

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

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

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

Management and administration

Registered office

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

Board of Directors of the Company

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

Management Company

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

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

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

The consolidated version of the Articles of Incorporation may be consulted at the Luxembourg Trade and Companies Register (Registre de Commerce et des Sociétés). The corporate purpose of the Management Company is to manage undertakings for collective investment pursuant to Luxembourg law and to issue/redeem units or shares in these products, among other activities. In addition to the Company, the Management Company currently also manages other undertakings for collective investment. The Management Company has fully paid-up equity capital of EUR 13,000,000.

Board of Directors of the Management Company

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

Executive Board of the Management Company

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

Portfolio Manager

Sub-fund	Portfolio Manager
UBS (Lux) Bond SICAV 2020 (CHF) UBS (Lux) Bond SICAV 2020 (EUR) UBS (Lux) Bond SICAV Convert Global (EUR) UBS (Lux) Bond SICAV – EUR Corporates (EUR) UBS (Lux) Bond SICAV EUR Inflation-linked (EUR) UBS (Lux) Bond SICAV Short Term EUR Corporates (EUR) UBS (Lux) Bond SICAV – Short Term USD Corporates (USD) UBS (Lux) Bond SICAV US Treasury Inflation-linked Passive (USD)	UBS AG, UBS Asset Management, Basel and Zurich

UBS (Lux) Bond SICAV 2020 (USD) UBS (Lux) Bond SICAV – Currency Diversifier (USD) UBS (Lux) Bond SICAV Global Corporates (USD) UBS (Lux) Bond SICAV - Global Dynamic (USD) UBS (Lux) Bond SICAV Global Inflation-linked (USD)	UBS Asset Management (UK) Ltd., London, Great Britain
UBS (Lux) Bond SICAV Asia Bonds 2021 (USD) UBS (Lux) Bond SICAV Asian High Yield (USD) UBS (Lux) Bond SICAV Asian Investment Grade Bonds (USD) UBS (Lux) Bond SICAV Asian Local Currency Bond (USD) UBS (Lux) Bond SICAV – China Fixed Income (RMB) UBS (Lux) Bond SICAV China High Yield (USD)	UBS Asset Management (Singapore) Ltd., Singapore
UBS (Lux) Bond SICAV 2021 (CHF) UBS (Lux) Bond SICAV 2021 (USD) UBS (Lux) Bond SICAV 2022 (CHF) UBS (Lux) Bond SICAV 2022 (EUR) UBS (Lux) Bond SICAV 2022 (USD) UBS (Lux) Bond SICAV 2023 (CHF) UBS (Lux) Bond SICAV 2023 (EUR) UBS (Lux) Bond SICAV 2023 (USD) UBS (Lux) Bond SICAV Emerging Economies Corporates (USD) UBS (Lux) Bond SICAV Emerging Economies Local Currency Bond (USD) UBS (Lux) Bond SICAV Emerging Europe (EUR) UBS (Lux) Bond SICAV Emerging Markets Bonds 2018 (CHF) UBS (Lux) Bond SICAV Emerging Markets Bonds 2018 (EUR) UBS (Lux) Bond SICAV Emerging Markets Bonds 2018 (USD) UBS (Lux) Bond SICAV Emerging Markets Bonds 2021 (CHF) UBS (Lux) Bond SICAV Emerging Markets Bonds 2021 (EUR) UBS (Lux) Bond SICAV Emerging Markets Bonds 2021 (USD) UBS (Lux) Bond SICAV – Emerging Markets High Yield Bonds 2018 (EUR) UBS (Lux) Bond SICAV Emerging Markets High Yield Bonds 2018 (USD) UBS (Lux) Bond SICAV Emerging Markets High Yield Bonds 2021 (CHF) UBS (Lux) Bond SICAV Emerging Markets High Yield Bonds 2021 (EUR) UBS (Lux) Bond SICAV Emerging Markets High Yield Bonds 2021 (USD) UBS (Lux) Bond SICAV Floating Rate Income (USD) UBS (Lux) Bond SICAV Multi Income (USD) UBS (Lux) Bond SICAV – Short Duration High Yield (USD) UBS (Lux) Bond SICAV US Bonds 2021 (USD) UBS (Lux) Bond SICAV – USD Corporates (USD) UBS (Lux) Bond SICAV – USD High Yield (USD) UBS (Lux) Bond SICAV USD Investment Grade Corporates (USD)	UBS Asset Management (Americas) Inc., Chicago, US

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

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

Depository and Main Paying Agent

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

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

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

Kennedy, L-1855 Luxembourg, and is entered in the Luxembourg trade and companies register under B 209.123.

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

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

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

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

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

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

In order to avoid potential conflicts of interest, the Depositary does not permit the appointment of sub-depositaries or sub-delegates that belong to the UBS Group, unless such appointment is in the interest of the shareholders and no conflict of interest is identified at the time of appointment of the sub-depositary or sub-delegate. Irrespective of whether a sub-depositary or sub-delegate is part of the UBS Group, the Depositary will exercise the same level of due skill, care and diligence both in the selection and appointment as well as in the on-going monitoring of the respective sub-depositary or sub-delegate. Furthermore, the conditions determining the appointment of any sub-depositary or sub-delegate that is member of the UBS Group will be negotiated at arm's length in order to protect the interests of the Company and its shareholders. Should a conflict of interest arise and prove impossible to mitigate, such conflict of interest will be disclosed to the shareholders, together with all decisions taken pertaining thereto. An up-to-date description of all custody tasks delegated by the Depositary, alongside an up-to-date list of these delegates and sub-delegate(s) can be found on the following webpage: <https://www.ubs.com/global/en/legalinfo2/luxembourg.html>

Where the law of a third country requires that financial instruments be held in custody by a local entity and no local entity satisfies the delegation requirements of Article 34 bis, Paragraph 3, lit. b) i) of the Law of 2010, the Depositary may delegate its tasks to such local entity to the extent required by the law of such third country for as long as there are no local entities satisfying the aforementioned requirements. In order to ensure that its tasks are only delegated to sub-depositaries providing an adequate standard of protection, the Depositary must exercise all due skill, care and diligence as required by the Law of 2010 in the selection and appointment of any sub-depositary to which it intends to delegate a portion of its tasks. Furthermore, it must continue to exercise all due skill, care and diligence in the periodic review and ongoing monitoring of any sub-depositary to which it has delegated a portion of its tasks and of any arrangements entered into by the sub-depositary in respect of the matters delegated to it. In particular, delegation is only permitted if the sub-depositary keeps the assets of the Company separate from the Depositary's own assets and the assets belonging to the sub-depositary at all times during performance of the delegated tasks pursuant to the Law of 2010. The Depositary's liability shall not be affected by any such delegation, unless otherwise stipulated in the Law of 2010 and/or the Depositary Agreement.

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

In the event of the Loss of a Deposited Fund Asset, the Depositary must provide a financial instrument of the same type or value to the Company without undue delay. In accordance with the provisions of the Law of 2010, the Depositary will not be liable for the Loss of a Deposited Fund Asset if this was the result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary.

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

The Company and the Depositary may terminate the Depositary Agreement at any time by giving three (3) months' notice via registered letter. Should the Depositary decide to end its mandate or should it be removed from its role by the Company, the Depositary must be replaced before expiry of this notice period by a successor who shall take delivery of the Company's assets and assume the functions and responsibilities of the Depositary. If the Company does not name another depositary as its successor

within this time, the Depositary may notify the Luxembourg supervisory authority (Commission de Surveillance du Secteur Financier – “CSSF”) of the situation.

Administrative agent

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

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

Auditor of the Company

PricewaterhouseCoopers, Société coopérative, 2, rue Gerhard Mercator, L-2182 Luxembourg.

Paying agents

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

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

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

Profile of the typical investor

UBS (Lux) Bond SICAV – 2020 (CHF)

UBS (Lux) Bond SICAV – 2020 (EUR)

UBS (Lux) Bond SICAV – 2020 (USD)

UBS (Lux) Bond SICAV – 2021 (CHF)

UBS (Lux) Bond SICAV – 2021 (USD)

The sub-funds are suitable for investors who wish to invest in a diversified portfolio of bonds and whose investment horizon extends to the end of the respective sub-fund's term. The end of the term will be determined by the Board of Directors as part of the launch process for the respective sub-fund; it will then be included under “Profile of the typical investor”.

UBS (Lux) Bond SICAV – 2022 (CHF)

UBS (Lux) Bond SICAV – 2023 (CHF)

The sub-funds are suitable for investors who wish to invest in a diversified portfolio of bonds and whose investment horizon generally corresponds to that of the sub-fund. The end of the term will be determined by the Board of Directors as part of the launch process for the respective sub-fund; it will then be included under “Profile of the typical investor”. The currency exposure is largely hedged against the CHF.

UBS (Lux) Bond SICAV 2022 (EUR)

UBS (Lux) Bond SICAV 2023 (EUR)

The sub-funds are suitable for investors who wish to invest in a diversified portfolio of bonds and whose investment horizon generally corresponds to that of the sub-fund. The end of the term will be determined by the Board of Directors as part of the launch process for the respective sub-fund; it will then be included under “Profile of the typical investor”. The currency exposure is largely hedged against the EUR.

UBS (Lux) Bond SICAV 2022 (USD)

UBS (Lux) Bond SICAV 2023 (USD)

The sub-funds are suitable for investors who wish to invest in a diversified portfolio of bonds and whose investment horizon generally corresponds to that of the sub-fund. The end of the term will be determined by the Board of Directors as part of the launch process for the respective sub-fund; it will then be included under “Profile of the typical investor”.

UBS (Lux) Bond SICAV – Asia Bonds 2021 (USD)

The sub-fund is suitable for investors who wish to invest in a broadly diversified portfolio of bonds with a focus on Asia. The investors prefer an investment horizon that extends to the end of the sub-fund's term. The end of the term will be determined by the Board of Directors as part of the launch process for the sub-fund; it will then be included under “Profile of the typical investor”.

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

The sub-fund is suitable for investors who wish to invest in a broadly diversified portfolio of high-yield bonds with a low rating issued primarily in Asia and who are prepared to accept the interest-rate, currency and credit risk resulting from the different economic and financial market cycles.

UBS (Lux) Bond SICAV – Asian Investment Grade Bonds (USD)

The sub-fund is suitable for investors who wish to invest in a broadly diversified portfolio of fixed-income, investment-grade securities from issuers in the Asia region (excluding Japan).

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

The sub-fund is suitable for investors who wish to invest in a broadly diversified portfolio of bonds issued primarily in Asia and who are prepared to accept the interest-rate, currency and credit risk resulting from the different economic and financial market cycles. Investors must be prepared to accept average risk and have a three to five-year investment horizon.

UBS (Lux) Bond SICAV – China Fixed Income (RMB)

The sub-fund is suitable for investors who wish to invest in a diversified portfolio of fixed-income securities issued by borrowers in China, and are prepared to accept the associated interest, credit and currency risks.

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

The sub-fund is suitable for investors who wish to invest in a portfolio of high-yield debt instruments from issuers in the Greater China region (People's Republic of China, Hong Kong and Macau), and are prepared to accept the associated credit, interest and currency risks.

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

The sub-fund is suitable for investors who wish to invest in a globally diversified convertible bond portfolio.

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

The sub-fund 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 resulting from the currency positions.

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

The sub-fund is suitable for investors who wish to invest in a broadly diversified portfolio of corporate bonds issued by borrowers from emerging markets, and are prepared to accept the associated risk.

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

The sub-fund 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 resulting from the different economic and financial market cycles.

UBS (Lux) Bond SICAV – Emerging Europe (EUR)

The sub-fund 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 – Emerging Markets Bonds 2018 (CHF) (end of term: 17 December 2018)**UBS (Lux) Bond SICAV – Emerging Markets Bonds 2021 (CHF)**

The sub-fund is suitable for investors who wish to invest in a broadly diversified portfolio of bonds with a focus on emerging markets. The investors prefer an investment horizon that extends to the end of the sub-fund's term. The end of the term will be determined by the Board of Directors as part of the launch process for the respective sub-fund; it will then be included under "Profile of the typical investor". The currency exposure is largely hedged against the CHF.

UBS (Lux) Bond SICAV – Emerging Markets Bonds 2018 (EUR) (end of term: 17 December 2018)**UBS (Lux) Bond SICAV – Emerging Markets Bonds 2021 (EUR)**

The sub-fund is suitable for investors who wish to invest in a broadly diversified portfolio of bonds with a focus on emerging markets. The investors prefer an investment horizon that extends to the end of the sub-fund's term. The end of the term will be determined by the Board of Directors as part of the launch process for the respective sub-fund; it will then be included under "Profile of the typical investor". The currency exposure is largely hedged against the EUR.

UBS (Lux) Bond SICAV – Emerging Markets Bonds 2018 (USD) (end of term: 17 December 2018)**UBS (Lux) Bond SICAV – Emerging Markets Bonds 2021 (USD)**

The sub-funds are suitable for investors who wish to invest in a broadly diversified portfolio of bonds with a focus on emerging markets and whose investment horizon extends to the end of the respective sub-fund's term. The end of the term will be determined by the Board of Directors as part of the launch process for the respective sub-fund; it will then be included under "Profile of the typical investor".

UBS (Lux) Bond SICAV – Emerging Markets High Yield Bonds 2018 (EUR) (end of term: 17 December 2018)**UBS (Lux) Bond SICAV – Emerging Markets High Yield Bonds 2018 (USD)** (end of term: 17 December 2018)**UBS (Lux) Bond SICAV – Emerging Markets High Yield Bonds 2021 (USD)**

The sub-funds are suitable for investors who wish to invest in a diversified portfolio of bonds, particularly high-yield bonds with low ratings issued in emerging countries and whose investment horizon extends to the end of the respective sub-fund's term. The end of the term will be determined by the Board of Directors as part of the launch process for the respective sub-fund; it will then be included under "Profile of the typical investor".

UBS (Lux) Bond SICAV – Emerging Markets High Yield Bonds 2021 (CHF)

The sub-funds are suitable for investors who wish to invest in a diversified portfolio of bonds, particularly high-yield bonds with low ratings issued in emerging countries and whose investment horizon extends to the end of the respective sub-fund's term. The end of the term will be determined by the Board of Directors as part of the launch process for the respective sub-fund; it will then be included under "Profile of the typical investor". The currency exposure is largely hedged against the CHF.

UBS (Lux) Bond SICAV – Emerging Markets High Yield Bonds 2021 (EUR)

The sub-funds are suitable for investors who wish to invest in a diversified portfolio of bonds, particularly high-yield bonds with low ratings issued in emerging countries and whose investment horizon extends to the end of the respective sub-fund's term. The end of the term will be determined by the Board of Directors as part of the launch process for the respective sub-fund; it will then be included under "Profile of the typical investor". The currency exposure is largely hedged against the EUR.

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

The sub-funds are suitable for investors who wish to invest in a broadly diversified portfolio of European or US corporate bonds.

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

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

UBS (Lux) Bond SICAV – Floating Rate Income (USD)

The sub-fund is suitable for investors who wish to invest in a broadly diversified portfolio of mainly floating-rate high-yield corporate bonds with low ratings. Investors in this sub-fund are prepared to accept the higher risks associated with these assets compared to investments in bonds of first-class issuers.

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

The sub-fund is suitable for moderately risk-tolerant investors who wish to invest globally in a broadly diversified portfolio of corporate bonds.

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

This sub-fund is suitable for investors with a long-term investment horizon who wish to participate in the growth and yield potential of the global fixed-income securities markets by means of broad diversification.

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

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

UBS (Lux) Bond SICAV – Multi Income (USD)

The sub-fund is suitable for investors who wish to invest in a global portfolio of fixed-income securities with a focus on income generation, where it is possible to participate in different interest and currency risks over time.

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

The sub-fund is suitable for investors who wish to invest in a broadly diversified portfolio of high-yield bonds with short terms and low ratings. Investors in this sub-fund are prepared to accept the higher risks associated with these assets compared to investments in bonds of first-class issuers.

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

The sub-funds are suitable for investors who wish to invest cash in a portfolio with a duration that is continuously adjusted to suit the prevailing market situation and does not exceed three years.

UBS (Lux) Bond SICAV – US Bonds 2021 (USD)

The sub-fund is suitable for investors who wish to invest in a broadly diversified portfolio of bonds with a focus on the US. The investors prefer an investment horizon that extends to the end of the sub-fund's term. The end of the term will be determined by the Board of Directors as part of the launch process for the sub-fund; it will then be included under "Profile of the typical investor".

UBS (Lux) Bond SICAV – US Treasury Inflation-linked Passive (USD)

The sub-fund is suitable for risk-conscious investors who wish to invest in a broadly diversified portfolio of inflation-linked bonds denominated in USD and issued by the US government.

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

The sub-fund is suitable for investors who wish to invest in a broadly diversified portfolio of high-yield corporate bonds with low

ratings denominated in USD.

UBS (Lux) Bond SICAV USD Investment Grade Corporates (USD)

The sub-fund is suitable for investors who wish to invest in a broadly diversified portfolio of corporate bonds with an investment-grade rating denominated in USD.

Historical performance

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

Risk profile

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

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

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

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

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

Legal aspects

The Company

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

Name of the Company:		UBS (Lux) Bond SICAV	
Legal form:		Open-ended investment fund legally established in the form of a société d’investissement à capital variable (“SICAV”) pursuant to Part I of the Law of 2010	
Date of incorporation:		7 October 1996	
Entered in the Luxembourg trade and companies register under:		RCS B 56.385	
Financial year:		1 June to 31 May	
Ordinary general meeting:		Held annually at 11:30 on 24 November at the registered office of the Company. Should 24 November fall on a day that is not a business day in Luxembourg (i.e. a day on which banks in Luxembourg are open during normal business hours), then the general meeting will be held on the next business day.	
Articles of Incorporation:			
	Initial publication	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., RCS Luxembourg B 154.210	

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

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

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

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

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

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

The Company's duration and total assets are unlimited.

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 of 30 March 1988 relating to undertakings for collective investment and was adapted in December 2005 to comply with the provisions of the Law of 2002; it has been subject to the Law of 2010 since 1 July 2011. With effect from 15 June 2011, the Company has appointed UBS Fund Management (Luxembourg) S.A. as its Management Company.

Share classes

Various share classes may be offered for each sub-fund. Information on the share classes available in each sub-fund can be obtained from the administrative agent or at www.ubs.com/funds.

P	Shares in classes with "P" in their name are available to all investors. Their smallest tradable unit is 0.001. Unless the Company decides otherwise, the initial issue price of these shares amounts to AUD 100, BRL 400, CAD 100, CHF 100, CZK 2,000, EUR 100, GBP 100, HKD 1,000, JPY 10,000, NZD 100, PLN 500, RMB 1,000, RUB 3,500, SEK 700, SGD 100, USD 100 or ZAR 1,000.
N	Shares in classes with "N" in their name (shares with restrictions on distribution partners or countries) are issued exclusively through distributors authorised by UBS AG and domiciled in Spain, Italy, Portugal and Germany, or in other distribution countries insofar as this has been decided by the Company. Their smallest tradable unit is 0.001. Unless the Company decides otherwise, the initial issue price of these shares amounts to AUD 100, BRL 400, CAD 100, CHF 100, CZK 2,000, EUR 100, GBP 100, HKD 1,000, JPY 10,000, NZD 100, PLN 500, RMB 1,000, RUB 3,500, SEK 700, SGD 100, USD 100 or ZAR 1,000.
K-1	Shares in classes with "K-1" in their name are available to all investors. Their smallest tradable unit is 0.1. Unless the Company decides otherwise, the initial issue price of these shares amounts to AUD 5 million, BRL 20 million, CAD 5 million, CHF 5 million, CZK 100 million, EUR 3 million, GBP 2.5 million, HKD 40 million, JPY 500 million, NZD 5 million, PLN 25 million, RMB 35 million, RUB 175 million, SEK 35 million, SGD 5 million, USD 5 million or ZAR 40 million.

K-X	Shares in classes with "K-X" in their name are exclusively reserved for investors who have signed a written agreement with UBS AG or UBS Asset Management (a business division of UBS AG) on investing in one or more sub-funds of this umbrella fund. The costs for asset management, fund administration (comprising the costs incurred by the Company, administrative agent and the Depositary) and distribution are charged to investors under the aforementioned agreements. Their smallest tradable unit is 0.001. Unless the Company decides otherwise, the initial issue price of these shares amounts to AUD 100, BRL 400, CAD 100, CHF 100, CZK 2,000, EUR 100, GBP 100, HKD 1,000, JPY 10,000, NZD 100, PLN 500, RMB 1,000, RUB 3,500, SEK 700, SGD 100, USD 100 or ZAR 1,000.
F	Shares in classes with "F" in their name are exclusively available to UBS AG and its subsidiaries. These shares may only be acquired by UBS AG or its subsidiaries, either for their own account or as part of discretionary asset management mandates concluded with UBS AG or its subsidiaries. In the latter case, the shares will be returned to the Company upon termination of the mandate at the prevailing net asset value and without being subject to charges. The smallest tradable unit of these shares is 0.001. Unless the Company decides otherwise, the initial issue price of these shares amounts to AUD 100, BRL 400, CAD 100, CHF 100, CZK 2,000, EUR 100, GBP 100, HKD 1,000, JPY 10,000, NZD 100, PLN 500, RMB 1,000, RUB 3,500, SEK 700, SGD 100, USD 100 or ZAR 1,000.
Q	<p>Shares in classes with "Q" in their name are only available</p> <p>a) to investors in an eligible country as defined by "List A"; or</p> <p>b) to contractual partners of UBS AG acting through their Asset Management division and other regulated financial service providers duly authorised by their supervisory authority, investing in their own name and</p> <ul style="list-style-type: none"> - on their own behalf; or - on behalf of their clients within the framework of written contracts for pecuniary interest constituting (i) asset management mandates, (ii) advisory agreements, or (iii) similar long-term contracts, provided these specifically allow for investments in share classes without remuneration; or - on behalf of a collective investment scheme; or - on behalf of another regulated financial service provider that acts within the above framework on behalf of its clients. <p>In cases falling under (b), investors are domiciled in one of the eligible countries covered by "List B" if the conditions of (i) above are met, or in one of the eligible countries covered by "List C" if the conditions of (ii) or (iii) are met.</p> <p>Admission of investors in further distribution countries (changes to lists A, B and C) shall be decided at the sole discretion of the Board of Directors of the Company. Any information in this regard will be disclosed at www.ubs.com/funds.</p> <p>The smallest tradable unit of these shares is 0.001. Unless the Company decides otherwise, the initial issue price of these shares amounts to AUD 100, BRL 400, CAD 100, CHF 100, CZK 2,000, EUR 100, GBP 100, HKD 1,000, JPY 10,000, NZD 100, PLN 500, RMB 1,000, RUB 3,500, SEK 700, SGD 100, USD 100 or ZAR 1,000.</p>
I-A1	Shares in classes with "I-A1" in their name are exclusively reserved for institutional investors within the meaning of Article 174(2)(c) of the Law of 2010. Their smallest tradable unit is 0.001. Unless the Company decides otherwise, the initial issue price of these shares amounts to AUD 100, BRL 400, CAD 100, CHF 100, CZK 2,000, EUR 100, GBP 100, HKD 1,000, JPY 10,000, NZD 100, PLN 500, RMB 1,000, RUB 3,500, SEK 700, SGD 100, USD 100 or ZAR 1,000.
I-A2	<p>Shares in classes with "I-A2" in their name are exclusively reserved for institutional investors within the meaning of Article 174(2)(c) of the Law of 2010. Their smallest tradable unit is 0.001. Unless the Company decides otherwise, the initial issue price of these shares amounts to AUD 100, BRL 400, CAD 100, CHF 100, CZK 2,000, EUR 100, GBP 100, HKD 1,000, JPY 10,000, NZD 100, PLN 500, RMB 1,000, RUB 3,500, SEK 700, SGD 100, USD 100 or ZAR 1,000. The minimum subscription amount for these shares is CHF 10 million (or foreign currency equivalent).</p> <p>Upon subscription</p> <ul style="list-style-type: none"> (i) a minimum subscription must be made in accordance with the list above; (ii) based on a written agreement between the institutional investor and UBS AG (or one its authorised contractual partners), the investor's total assets managed by UBS or its holdings in UBS collective investment schemes must be more than CHF 30 million (or foreign currency equivalent); or (iii) the institutional investor must be an institution for occupational retirement provision that is part of UBS Group AG or must be one of its wholly-owned group companies.
I-A3	Shares in classes with "I-A3" in their name are exclusively reserved for institutional investors within the meaning of Article 174(2)(c) of the Law of 2010. Their smallest tradable unit is 0.001. Unless the Company decides otherwise, the initial issue price of these shares amounts to AUD 100, BRL 400,

	<p>CAD 100, CHF 100, CZK 2,000, EUR 100, GBP 100, HKD 1,000, JPY 10,000, NZD 100, PLN 500, RMB 1,000, RUB 3,500, SEK 700, SGD 100, USD 100 or ZAR 1,000. The minimum subscription amount for these shares is CHF 30 million (or foreign currency equivalent).</p> <p>Upon subscription</p> <p>(i) a minimum subscription must be made in accordance with the list above;</p> <p>(ii) based on a written agreement between the institutional investor and UBS AG (or one its authorised contractual partners), the investor's total assets managed by UBS or its holdings in UBS collective investment schemes must be more than CHF 100 million (or foreign currency equivalent); or</p> <p>(iii) the institutional investor must be an institution for occupational retirement provision that is part of UBS Group AG or must be one of its wholly-owned group companies.</p>
I-B	<p>Shares in classes with "I-B" in their name are exclusively reserved for institutional investors within the meaning of Article 174(2)(c) of the Law of 2010 who have signed a written agreement with UBS AG or one of its authorised contractual partners on investing in one or more sub-funds of this umbrella fund. A fee covering the costs for fund administration (comprising the costs of the Company, the administrative agent and the Depositary) is charged directly to the sub-fund. The costs for asset management and distribution are charged to investors under the aforementioned agreements. Their smallest tradable unit is 0.001. Unless the Company decides otherwise, the initial issue price of these shares amounts to AUD 100, BRL 400, CAD 100, CHF 100, CZK 2,000, EUR 100, GBP 100, HKD 1,000, JPY 10,000, NZD 100, PLN 500, RMB 1,000, RUB 3,500, SEK 700, SGD 100, USD 100 or ZAR 1,000.</p>
I-X	<p>Shares in classes with "I-X" in their name are exclusively reserved for institutional investors within the meaning of Article 174(2)(c) of the Law of 2010 who have signed a written agreement with UBS AG or one of its authorised contractual partners on investing in one or more sub-funds of this umbrella fund. The costs for asset management, fund administration (comprising the costs incurred by the Company, administrative agent and the Depositary) and distribution are charged to investors under the aforementioned agreements. Their smallest tradable unit is 0.001. Unless the Company decides otherwise, the initial issue price of these shares amounts to AUD 100, BRL 400, CAD 100, CHF 100, CZK 2,000, EUR 100, GBP 100, HKD 1,000, JPY 10,000, NZD 100, PLN 500, RMB 1,000, RUB 3,500, SEK 700, SGD 100, USD 100 or ZAR 1,000.</p>
U-X	<p>Shares in classes with "U-X" in their name are exclusively reserved for institutional investors within the meaning of Article 174(2)(c) of the Law of 2010 who have signed a written agreement with UBS AG or one of its authorised contractual partners on investing in one or more sub-funds of this umbrella fund. The costs for asset management, fund administration (comprising the costs of the Company, the administrative agent and the Depositary) and distribution are charged to investors under the aforementioned agreements. This share class is exclusively geared towards financial products (i.e. funds of funds or other pooled structures under various legislative frameworks). Their smallest tradable unit is 0.001. Unless the Company decides otherwise, the initial issue price of these shares amounts to AUD 10,000, BRL 40,000, CAD 10,000, CHF 10,000, CZK 200,000, EUR 10,000, GBP 10,000, HKD 100,000, JPY 1 million, NZD 10,000, PLN 50,000, RMB 100,000, RUB 350,000, SEK 70,000, SGD 10,000, USD 10,000 or ZAR 100,000.</p>

Additional characteristics:

Currencies	<p>The share classes may be denominated in AUD, BRL, CAD, CHF, CZK, EUR, GBP, HKD, JPY, NZD, PLN, RMB, RUB, SEK, SGD, USD or ZAR. For share classes issued in the currency of account of the sub-fund, this currency will not be included in the share class name. The currency of account features in the name of the relevant sub-fund.</p>
"hedged"	<p>For share classes with "hedged" in their name and with reference currencies different to the sub-fund's currency of account ("classes in foreign currencies"), the risk of fluctuations in the value of the reference currency is hedged against the sub-fund's currency of account. The amount of the hedging shall in principle be between 95% and 105% of the total net assets of the share class in foreign currency. Changes in the market value of the portfolio, as well as subscriptions and redemptions of share classes in foreign currencies, can result in the hedging temporarily surpassing the aforementioned range. The Company and the Portfolio Manager will take all necessary steps to bring the hedging back within the aforementioned limits. The hedging described has no effect on possible currency risks resulting from investments denominated in a currency other than the sub-fund's currency of account.</p>
"BRL hedged"	<p>The Brazilian real (ISO 4217 currency code: BRL) may be subject to exchange control regulations and repatriation limits set by the Brazilian government. Prior to investing in BRL classes, investors should also bear in mind that the availability and tradability of BRL classes, and the conditions under which they may be available or traded, depend to a large extent on the political and regulatory developments</p>

	<p>in Brazil. The risk of fluctuations is hedged as described above under “hedged”. Potential investors should be aware of the risks of reinvestment, which could arise if the BRL class has to be liquidated early due to political and/or regulatory circumstances. This does not apply to the risk associated with reinvestment due to liquidation of a share class and/or the sub-fund in accordance with the section “Liquidation and merger of the Company and its sub-funds; merger of sub-funds”.</p>
<p>“RMB” and “RMB hedged”</p>	<p>Investors should note that the renminbi (RMB; ISO 4217 currency code: CNY), the official currency of the People’s Republic of China (the “PRC”), is traded on two markets, namely as onshore RMB in mainland China and offshore RMB outside mainland China (currency code: CNH). For share classes denominated in RMB and/or RMB hedged (the “RMB classes”), the net asset value is calculated in offshore RMB.</p> <p>However, for the UBS (Lux) Bond SICAV – China Fixed Income (RMB) sub-fund, which primarily invests in Chinese fixed-income securities denominated in onshore RMB (its currency of account), the net asset value of the RMB classes is calculated in onshore RMB. There is no conversion between offshore RMB and onshore RMB in the case of cross-border subscriptions and redemptions for RMB classes. The amount in RMB does not change, as offshore RMB and onshore RMB are the same currency.</p> <p>Onshore RMB is not a freely convertible currency and is subject to foreign exchange control policies and repatriation and conversion restrictions imposed by the PRC government. Offshore RMB, on the other hand, may be traded freely against other currencies, particularly EUR, CHF and USD. Convertibility between offshore RMB and onshore RMB is a regulated process subject to foreign exchange control policies and repatriation restrictions imposed by the PRC government in coordination with offshore supervisory and governmental agencies (e.g. the Hong Kong Monetary Authority).</p> <p>Prior to investing in RMB classes, investors should bear in mind that the requirements relating to regulatory reporting and fund accounting of RMB are not clearly regulated. Furthermore, investors should be aware that offshore RMB and onshore RMB have different exchange rates against other currencies. The value of offshore RMB can potentially differ significantly from that of onshore RMB due to a number of factors including, without limitation, foreign exchange control policies and repatriation restrictions imposed by the PRC government at certain times, as well as other external market forces. Any devaluation of RMB against other currencies could adversely affect the value of investors’ investments in the RMB classes if denominated in another currency. Investors should therefore take these factors into account when calculating the conversion of their investments and the ensuing returns from RMB into their target currency.</p> <p>Prior to investing in RMB classes, investors should also bear in mind that the availability and tradability of RMB classes, and the conditions under which they may be available or traded, depend to a large extent on the political and regulatory developments in the PRC. Thus, no guarantee can be given that RMB or the RMB classes will be offered and/or traded in future, nor can there be any guarantee as to the conditions under which RMB and/or RMB classes may be made available or traded. If the currency of account of the relevant sub-funds offering the RMB classes were in a currency other than RMB, the ability of the relevant sub-fund to make redemption payments in RMB would be subject to the sub-fund’s ability to convert its currency of account into RMB, which may be restricted by the availability of RMB or other circumstances beyond the control of the Company.</p> <p>Potential investors should be aware of the risks of reinvestment, which could arise if the RMB class has to be liquidated early due to political and/or regulatory circumstances. This does not apply to the risk associated with reinvestment due to liquidation of a share class and/or the sub-fund in accordance with the section “Liquidation of the Company and its sub-funds; merger of sub-funds”. The risk of fluctuations for RMB-hedged share classes is hedged as described above under “hedged”.</p>
“acc”	The income of share classes with “-acc” in their name is not distributed unless the Company decides otherwise.
“dist”	The income of share classes with “-dist” in their name is distributed unless the Company decides otherwise.
“qdist”	Shares in classes with “-qdist” in their name may make quarterly distributions, gross of fees and expenses. Distributions may also be made out of the capital (this may include, inter alia, realised and unrealised net gains in net asset value) (“ capital ”). Distributions out of capital result in the reduction of an investor’s original capital invested in the sub-fund. Furthermore, any distributions from the income and/or involving the capital result in an immediate reduction of the net asset value per share of the sub-fund. Investors in certain countries may be subject to higher tax rates on distributed

	capital than on any capital gains from the sale of fund units. Some investors may therefore prefer to subscribe to accumulating (-acc) rather than distributing (-dist, -qdist) share classes. Investors may be taxed at a later point in time on income and capital arising on accumulating (-acc) share classes compared with distributing (-dist) share classes. Investors should consult qualified experts for tax advice regarding their individual situation.
"mdist"	Shares in classes with "-mdist" in their name may make monthly distributions, gross of fees and expenses. Distributions may also be made out of capital. Distributions out of capital result in the reduction of an investor's original capital invested in the sub-fund. Furthermore, any distributions from the income and/or involving the capital result in an immediate reduction of the net asset value per share of the sub-fund. Investors in certain countries may be subject to higher tax rates on distributed capital than on any capital gains from the sale of fund units. Some investors may therefore prefer to invest in accumulating (-acc) rather than distributing (-dist, -mdist) share classes. Investors may be taxed at a later point in time on income and capital arising on accumulating (-acc) share classes compared with distributing (-dist) share classes. Investors should consult qualified experts for tax advice regarding their individual situation. The maximum issuing commission for shares in classes with "-mdist" in their name is 6%.
"UKdist"	The aforementioned share classes can be issued as those with "UKdist" in their name. In these cases, the Company intends to distribute a sum that corresponds to 100% of the reportable income within the meaning of the UK reporting fund rules when the share classes are subject to these reporting fund rules. The Company does not intend to make taxable values for these share classes available in other countries, as they are intended for investors whose investment in the share class is liable to tax in the UK.
"2%", "4%", "6%", "8%"	Shares in classes with "2%" / "4%" / "6%" / "8%" in their name may make monthly (-mdist), quarterly (-qdist) or annual (-dist) distributions at the respective aforementioned annual percentage rates, gross of fees and expenses. The distribution amount is calculated based on the net asset value of the respective share class at the end of the month (in the case of monthly distributions), financial quarter (in the case of quarterly distributions) or financial year (in the case of annual distributions). These share classes are suitable for investors who wish for more stable distributions, unrelated to past or expected returns or income of the relevant sub-fund. Distributions may thus also be made from the capital. Distributions out of capital result in the reduction of an investor's original capital invested in the sub-fund. Furthermore, any distributions from the income and/or involving the capital result in an immediate reduction of the net asset value per share of the sub-fund. Investors in certain countries may be subject to higher tax rates on distributed capital than on any capital gains from the sale of fund units. Some investors may therefore choose to invest in the accumulating (-acc) instead of the distributing (-dist, -qdist, -mdist) share classes. Investors may be taxed at a later point in time on income and capital arising on accumulating (-acc) share classes compared with distributing (-dist, -qdist, -mdist) share classes. Investors should consult qualified experts for tax advice regarding their individual situation.
"seeding"	Shares with "seeding" in their name are only offered for a limited period of time. At the end of this period, no further subscriptions are permitted unless the Company decides otherwise. However, these shares may still be redeemed in accordance with the conditions for the redemption of shares. Unless the Company decides otherwise, the smallest tradeable unit, the initial issue price and the minimum subscription amount are those of the aforementioned asset classes.

Investment objective and investment policy of the sub-funds

Investment objective

The Company aims to achieve high current earnings, while giving due consideration to capital security and the liquidity of the Company's assets.

General investment policy

As part of the investment policy, priority will be given to diversification, issuer rating and maturity structures in line with interest-rate expectations.

The sub-funds 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 entities, private borrowers and semi-public issuers, as well as similar securities.

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

Furthermore, the sub-funds may invest in collateralised debt obligations (CDOs), credit default notes (CDNs) and inflation-linked notes (ILNs).

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 (CDNs) are fixed-income securities into which a credit derivative is embedded that is handled in a similar way to credit default swaps (see Point 5 of the investment principles). Investments in CDNs are subject to the provisions in Point 5 of the "Investment principles".

Inflation-linked notes (ILNs) are fixed-income and floating-rate securities with interest income that is linked to an inflation rate.

The equities acquired by exercise of rights or through subscription must be sold no later than 12 months after they were acquired, unless otherwise stipulated in the investment policy of the sub-fund in question

The aforementioned securities and book-entry securities are securities as defined in Article 41 of the Law of 2010 insofar as this is required under the terms of the investment restrictions detailed below.

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

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

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

These techniques and instruments will be employed only if they are compatible with the investment policies of the individual sub-funds and do not diminish their quality.

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

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

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

A "non-qualifying offshore UCI" is an open-ended undertaking for collective investment that 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 that takes effect according to the law of a region outside the UK and that according to this law gives rise to a claim in the form of a joint ownership and that is not authorised as a "distributing fund" for the purpose of taxation in the United Kingdom, nor which can be approved as such.

In practice, this restriction means that every sub-fund to which these restrictions apply cannot, as a rule, invest in other UCITS and UCIs that are not intended for distribution to UK investors.

The sub-funds and their special investment policies

UBS (Lux) Bond SICAV 2020 (CHF)

UBS (Lux) Bond SICAV 2020 (EUR)

UBS (Lux) Bond SICAV 2020 (USD)

UBS (Lux) Bond SICAV 2021 (CHF)

UBS (Lux) Bond SICAV 2021 (USD)

The sub-funds are set up for the term specified in their names. The sub-funds invest mainly in bonds, notes or other similar fixed-income or floating-rate securities. The Portfolio Manager positions the individual sub-funds based on the attractiveness of specific bond markets during the launch period. The currency of account is included in the name of the Fund. The investments are made in the currencies deemed best suited for performance, although the proportion of investments in foreign currencies not hedged against the currency of account may not exceed 20% of the assets. The sub-funds may also invest indirectly via structured products (e.g. certificates, ABS, MBS). Investments in structured products may not exceed 20% of the sub-fund's net assets. The risks associated with investments in ABS/MBS are listed in the section entitled "Risk information". Apart from money market instruments, all the instruments used shall take account of the end of the sub-funds' term in respect of their maturity and have no

maturities occurring later than the end of the sub-funds' term. As a result, the sub-funds may hold up to 100% of their assets in liquid funds, money market instruments and money market funds around six months prior to the end of the term. To achieve the sub-funds' investment objectives, the Board of Directors may cease issuing shares in the sub-funds at any time following the initial issuing period. The redemption of shares shall be possible at any time until five working days before the end of the sub-funds' term using the procedure described in the section "Redemption of shares" in this Sales Prospectus. If the liquidation of the assets at the end of the term results in an adverse situation for the value of the portfolio due to extraordinary market circumstances, the Company may bring forward or postpone the payment of the final maturity amount by up to four months in the interests of the investors in accordance with the provisions set out in the "Redemption of shares" section of this Sales Prospectus.

UBS (Lux) Bond SICAV 2020 (CHF)

Currency of account: CHF

UBS (Lux) Bond SICAV – 2020 (EUR)

Currency of account: EUR

UBS (Lux) Bond SICAV – 2020 (USD)

Currency of account: USD

UBS (Lux) Bond SICAV – 2021 (CHF)

Currency of account: CHF

UBS (Lux) Bond SICAV – 2021 (USD)

Currency of account: USD

Fees

	Maximum flat fee (maximum management fee) p.a.
Share classes with "P" in their name	1.050% (0.840%)
Share classes with "N" in their name	1.200% (0.960%)
Share classes with "K-1" in their name	0.800% (0.640%)
Share classes with "K-X" in their name	0.000% (0.000%)
Share classes with "F" in their name	0.420% (0.340%)
Share classes with "Q" in their name	0.750% (0.600%)
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%)

UBS (Lux) Bond SICAV 2022 (CHF)

UBS (Lux) Bond SICAV 2022 (EUR)

UBS (Lux) Bond SICAV 2022 (USD)

UBS (Lux) Bond SICAV 2023 (CHF)

UBS (Lux) Bond SICAV 2023 (EUR)

UBS (Lux) Bond SICAV 2023 (USD)

The sub-funds are set up for the term specified in their names. The sub-funds invest mainly in bonds, notes or other similar fixed-income or floating-rate securities. The Portfolio Manager positions the individual sub-funds based on the attractiveness of specific bond markets during the launch period. Under the terms of their investment policy, the sub-funds may invest a significant portion of their assets in debt securities issued by borrowers from emerging markets and/or in high yield debt securities. Emerging markets are countries which are in a transitional phase towards becoming modern industrial nations. They are typically characterised by low or medium average income and their growth rates are generally high. Emerging markets are at an early stage

of development and suffer from higher risks of expropriation and nationalisation, as well as social, political and economic instability. The risks associated with investments in emerging markets are listed in the section entitled "Risk information". For the reasons mentioned, this sub-fund is particularly suitable for risk-conscious investors. Investments with lower ratings (high yield) may carry an above-average yield, but also a higher credit risk than investments in securities of first-class issuers. Investments are made in the currencies deemed best suited for performance, although the proportion of investments in foreign currencies not hedged against the currency of account may not exceed 20% of the assets. The currency of account is included in the name of the Fund. The sub-funds may also invest indirectly via structured products (e.g. certificates, ABS, MBS). The sub-fund may purchase structured products issued by borrowers domiciled in the US. Investments in structured products may not exceed 20% of the sub-fund's net assets. The risks associated with investments in ABS/MBS are listed in the section entitled "Risk information". Apart from money market instruments, all the instruments used shall take account of the end of the sub-funds' term in respect of their maturity and have no maturities occurring later than the end of the sub-funds' term. As a result, the sub-funds may hold up to 100% of their assets in liquid funds, money market instruments and money market funds up to 12 months prior to the end of the term. If the liquidation of the sub-fund at the end of the term results in an adverse situation for the value of the portfolio due to prevailing market conditions, the Company may bring forward or postpone the liquidation and payment of the final maturity amount in the interests of the investors in accordance with the provisions set out in the "Redemption of shares" section of this Sales Prospectus. To achieve the sub-funds' investment objectives, the Board of Directors may cease issuing shares in the sub-funds at any time following the initial issuing period. The redemption of shares shall be possible at any time until five working days before the end of the sub-funds' term using the procedure described in the section "Redemption of shares" in this Sales Prospectus.

UBS (Lux) Bond SICAV 2022 (CHF)

Currency of account: CHF

UBS (Lux) Bond SICAV 2022 (EUR)

Currency of account: EUR

UBS (Lux) Bond SICAV 2022 (USD)

Currency of account: USD

UBS (Lux) Bond SICAV 2023 (CHF)

Currency of account: CHF

UBS (Lux) Bond SICAV 2023 (EUR)

Currency of account: EUR

UBS (Lux) Bond SICAV 2023 (USD)

Currency of account: USD

Fees

	Maximum flat fee (maximum management fee) p.a.
Share classes with "P" in their name	0.850% (0.680%)
Share classes with "N" in their name	1.000% (0.800%)
Share classes with "K-1" in their name	0.600% (0.480%)
Share classes with "K-X" in their name	0.000% (0.000%)
Share classes with "F" in their name	0.420% (0.340%)
Share classes with "Q" in their name	0.600% (0.480%)
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%)

UBS (Lux) Bond SICAV Asia Bonds 2021 (USD)

The sub-fund is set up for the term specified in its name. The sub-fund invests the majority of its assets in USD-denominated bonds issued by government or quasi-government institutions or companies whose registered offices are in Asia (excluding Japan). Investments in Asian countries may be more volatile and in certain circumstances less liquid than investments in American or European countries. Furthermore, public regulation may be less stringent in countries where the sub-fund invests than in other states and the accounting, auditing and reporting methods employed may not meet the standards used in other countries. For the reasons given, the sub-fund is particularly suitable for investors who are aware of these risks. The sub-fund may invest in both investment-grade and non-investment-grade securities. Investments with lower ratings may carry an above-average yield, but also a higher credit risk than investments in securities of first-class borrowers. After deducting cash and cash equivalents, the sub-fund may invest up to one third of its assets in money market instruments. The sub-fund may not invest in MBS, CMBS, ABS or CDOs. The currency of account is the USD. The investments are made in the currencies deemed best suited for performance, although the proportion of investments in foreign currencies not hedged against the currency of account (USD) may not exceed 20% of the assets. Apart from money market instruments, all the instruments used shall take account of the end of the sub-fund's term in respect of their maturity and have no maturities occurring after the end of the sub-fund's term. In accordance with the investment policy described above, approximately six months prior to the end of the term, the sub-fund may hold up to 100% of its assets in liquid funds, money market instruments and money market funds. To achieve the sub-fund's investment objective, the Board of Directors may cease issuing shares in the sub-fund at any time following the initial issuing period. Shares may be redeemed at any time up to five business days before the end of the sub-fund's term pursuant to the procedure described in the "Redemption of shares" section in this Sales Prospectus. If the liquidation of the assets at the end of the term results in an adverse situation for the value of the portfolio due to extraordinary market circumstances, 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 the section "Redemption of shares" in this Sales 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	0.650% (0.520%)
Share classes with "K-X" in their name	0.000% (0.000%)
Share classes with "F" in their name	0.420% (0.340%)
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%)

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

The sub-fund invests the majority of its assets in debt securities and claims issued by international and supranational organisations, public and semi-public bodies, and companies based in Asia or that are predominantly active in that region. Investors can participate in the performance of the local Asian currencies either directly through the acquisition of securities denominated in local Asian currencies or indirectly through the use of derivative instruments, or by a combination of both methods. **Investments in Asian countries may be more volatile and in certain circumstances less liquid than investments in American or European countries. Furthermore, public regulation may be less stringent in countries where the sub-fund invests than in other states and the accounting, auditing and reporting methods employed may not meet the standards used in other**

countries. For the reasons given, the sub-fund is particularly suitable for investors who are aware of these risks. At least two thirds of investments in debt securities and claims have 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 a new issue that does not yet have an official rating or an issue without any rating at all is concerned – 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.** Up to 25% of the sub-fund's 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 rights, subscription rights or options, in addition to warrants remaining after the separate sale of ex-issues and any equities acquired with these warrants. The equities acquired by exercise of rights or through subscription must be sold no later than 12 months after they were acquired. The sub-fund 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 sub-fund may invest in all the derivative financial instruments listed in the section "Special techniques and instruments with securities and money market instruments as underlying assets" section, provided the restrictions stipulated therein are observed. Permitted underlyings include, in particular, the instruments specified under Point 1.1(a) and (b) ("Permitted investments of the Company"). The sub-fund may invest in ABS and MBS, with the exception of US MBS, US CMBS, US ABS or US CDO. The risks associated with investments in ABS/MBS are listed in the section entitled "Risk information".

Currency of account: USD

Fees

	Maximum flat fee (maximum management fee) p.a.
Share classes with "P" in their name	1.400% (1.120%)
Share classes with "N" in their name	1.750% (1.400%)
Share classes with "K-1" in their name	0.900% (0.720%)
Share classes with "K-X" in their name	0.000% (0.000%)
Share classes with "F" in their name	0.520% (0.420%)
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%)

UBS (Lux) Bond SICAV Asian Investment Grade Bonds (USD)

The sub-fund invests primarily in debt securities and claims with an investment-grade rating issued by international and supranational organisations, public-sector and quasi-government institutions and/or companies that are predominantly active in Asia (excluding Japan) or whose registered offices are in Asia. The sub-fund invests primarily in debt securities that have a rating between AAA and BBB- (Standard & Poor's), a similar rating from another recognised agency or – insofar as a new issue that does not yet have an official rating or an issue without any rating at all is concerned – a comparable internal UBS rating. The portion of investments in foreign currencies not hedged against the sub-fund's currency of account may not exceed 5% of the assets. The currency of account is the USD. After deducting cash and cash equivalents, the sub-funds may invest up to one third of their assets in money market instruments. **Investments with lower ratings may carry an above-average yield, but also a higher credit risk than investments in securities of first-class issuers.** Investments in Asian securities may be more volatile and less liquid than investments in developed markets. Furthermore, public regulation may be less efficient in countries where the sub-funds invest than in other states, and the accounting, auditing and reporting methods employed may not meet the standards used in

more developed countries. For these reasons, the sub-fund is particularly suitable for investors who are aware of these risks. As part of efficient asset management or in order to hedge interest-rate, currency and credit risks, the sub-fund may invest in any derivative financial instruments listed in the section "Special techniques and instruments with securities and money market instruments as underlying assets", provided the restrictions specified therein are observed. Permitted underlyings include, in particular, the instruments specified under Point 1.1(a) and (b) ("Permitted investments of the Company"). The sub-fund may buy or sell ABS, MBS, futures, swap contracts (including NDIRS, TRS, CDS, index CDS and NDS), forwards/non-deliverable forwards, options, total return bonds, credit-linked notes, convertible bonds, money market papers/liquid funds and other suitable, legally permitted investment instruments. The risks associated with investments in ABS/MBS are listed in the section entitled "Risk information".

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 "K-X" in their name	0.000% (0.000%)
Share classes with "F" in their name	0.360% (0.290%)
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%)
Share classes with "I-X" in their name	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)

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

In accordance with the general investment policy described above, the sub-fund invests the majority of its assets in debt instruments and claims issued by international and supranational organisations, public and semi-public bodies, and companies based in Asia or that are predominantly active in the region. Derivatives are used to adjust the composition of the portfolio to the economic and financial market cycles in relation to interest-rate, currency and credit risks. Investors can participate in the performance of the local Asian currencies either directly through the acquisition of securities denominated in local Asian currencies or indirectly through the use of derivative instruments, or by a combination of both methods. The sub-fund may invest no more than 20% of its net assets in fixed-income instruments denominated in RMB and traded on the China Interbank Bond Market ("CIBM"). These instruments may include securities issued by governments, quasi-public corporations, banks, corporations and other institutions in the People's Republic of China ("PRC" or "China") that are authorised to be traded directly on the CIBM. The medium to long-term investment objective of the Fund is to achieve a competitive total yield. The Portfolio Manager seeks to achieve this through active asset allocation, duration management, interest-rate curve positioning and their selection of countries, currencies and securities. This may include long positions for increasing exposure and growth or synthetic short positions for hedging purposes in the form of legally permissible financial derivatives. The sub-fund may not at any time conduct physical short-selling. To achieve the investment objective, the sub-fund may, within the legal framework, buy or sell futures, swaps (including IRS/NDIRS, TRS, CDS, index CDS and NDS), forwards/non-deliverable forwards, options, total return bonds, credit-linked notes, convertible bonds, money market papers/liquid funds and other suitable, legally permitted investment instruments. These investment instruments may, as a result, both be used for hedging purposes and in view of benefiting from expected market developments. Non-deliverable forwards (NDF) can be used to build up currency positions and hedge against exchange-rate risks without the need to physically transfer these currencies to a suitable market. Using this method, both counterparty risk and costs incurred by holding local currencies, as well as certain export restrictions, may 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 sub-fund may invest in bonds that are not investment grade by means of which above-average yields may be gained. However, the credit risk associated with such investments is higher than that of bonds issued by first-class issuers. The sub-fund 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 may be more volatile and less liquid than investments in developed markets. Furthermore, public regulation may be less efficient in countries where the sub-fund invests than in other states, and the accounting, auditing and reporting methods employed may not meet the standards used in more developed countries. For these reasons, the sub-fund is particularly suitable for investors who are aware of these risks.** The sub-fund can invest in all financial derivatives listed in the section "Special techniques and instruments with securities and money market instruments as underlying assets", provided the restrictions specified in this section are observed. Permitted underlyings include, in particular, the instruments specified under Point 1.1(a) and (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 "K-X" in their name	0.000% (0.000%)
Share classes with "F" in their name	0.520% (0.420%)
Share classes with "Q" in their name	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%)

UBS (Lux) Bond SICAV – China Fixed Income (RMB)

The aim of the sub-fund is to generate capital growth and income, mainly by investing in local, fixed-income Chinese securities denominated in onshore RMB. The sub-fund invests mainly in local, fixed-income instruments denominated in RMB that are principally but not exclusively issued by the central bank or local governments, local government-related companies, local banks, other local financial institutions or local industrial companies. These investments are conducted on the local China Interbank Bond Market (CIBM) and on the local currency market, both directly and indirectly via derivatives (traded on an exchange or OTC). The associated risks are described in the section "Risk information on investments traded on the CIBM". The sub-fund may invest up to 20% of its net assets in ABS, MBS and CDOs/CLOs, with the exception of US MBS, US CMBS, US ABS and US CDOs/CLOs. **The sub-fund may also invest up to 20% of its assets in contingent convertible bonds (CoCos). Although distressed security exposure is not intended to be a key driver of the investment strategy, the sub-fund may invest in such securities (bonds with a rating CC and lower by an international rating agency or CCC and lower by an onshore China rating agency). As many of the debt instruments in the PRC do not have rating assigned by international credit agencies, the rating by the onshore credit rating agency is likely to apply. The exposure limit to such securities is 5%. Distressed bonds are securities issued by companies or public institutions in serious financial difficulty, and thus bear a high risk of capital loss. Many of the debt instruments in the PRC do not have rating assigned by international credit agencies. The credit appraisal system in the PRC is at an early stage of development; there is no standard credit rating methodology used in investment appraisal and the same rating scale may have a different meaning in different agencies. The assigned ratings may not reflect the actual financial strength of the appraised asset. Rating agencies are**

private service providers that issue ratings on the credit quality of debt instruments. Ratings assigned by a rating agency are not absolute standards of credit quality and do not evaluate market risks. Rating agencies may fail to make timely changes to credit ratings and an issuer's current financial condition may be better or worse than a rating indicates. The sub-fund invests in all financial derivatives listed in the section "Special techniques and instruments with securities and money market instruments as underlying assets", provided the restrictions specified in this section are observed. Permitted underlyings include, in particular, the instruments specified under Point 1.1(a) and (b) ("Permitted investments of the Company").

A CoCo is a hybrid bond that, according to the relevant specific conditions, can either be converted into equity capital at a predetermined price, written off, or written down in value as soon as a predefined trigger event occurs. The use of CoCos gives rise to structure-specific risks including liquidity risk and conversion risk. In some cases, the issuer may arrange to convert convertible securities into ordinary shares. If convertible securities are converted into ordinary shares, the Company may hold these ordinary shares in its portfolio, even if it does not usually invest in such shares. CoCos are also subject to trigger level risk. These trigger levels vary and determine the degree of conversion risk, depending on the difference between the trigger level and the capital ratio. The Portfolio Manager of the sub-fund may find it difficult to foresee the triggers that would require the debt security to be converted into equity capital. In addition, CoCos are subject to capital structure inversion risk. In the issuer's capital structure, CoCos are generally classed as subordinate in relation to traditional convertible bonds. In some cases, investors in CoCos may suffer a capital loss, while shareholders are only affected later or not at all. It should also be noted that the use of CoCos is subject to return or valuation risk. The valuation of CoCos is influenced by many unforeseeable factors, e.g. the creditworthiness of the issuer and fluctuations in his capital ratios, the supply and demand for CoCos, the general market conditions and the available liquidity, or economic, financial and political events that have an impact on the issuer, the market in which he operates, or the financial markets in general. Furthermore, CoCos are subject to the risk of coupon payment suspensions. Coupon payments on CoCos are at the discretion of the issuer, who may suspend such payments at any time and for whatever reason, for an indefinite period. The arbitrary suspension of payments is not deemed as payment default. It is not possible to call for the reintroduction of coupon payments or the subsequent payment of suspended payments. Coupon payments may also be subject to approval by the supervisory authority of the issuer, and may be suspended if insufficient distributable reserves are available. As a result of the uncertainty regarding coupon payments, CoCos are volatile. A suspension of coupon payments may result in drastic price drops. CoCos are also subject to a call extension risk. CoCos are perpetual instruments and may only be terminated on predetermined dates after approval by the competent supervisory authority. There is no guarantee that the capital that the sub-fund has invested in CoCos will be returned. Finally, CoCos are subject to unknown risk, since these instruments are relatively new and, as a result, the market and the regulatory environment for these instruments are still evolving. It is therefore uncertain how the CoCo market overall would react to a trigger or a coupon suspension relating to an issuer.

Currency of account: CNY

Fees

	Maximum flat fee (maximum management fee) p.a.
Share classes with "P" in their name	1.150% (0.920%)
Share classes with "N" in their name	1.400% (1.120%)
Share classes with "K-1" in their name	0.900% (0.720%)
Share classes with "K-X" in their name	0.000% (0.000%)
Share classes with "F" in their name	0.550% (0.440%)
Share classes with "Q" in their name	0.750% (0.600%)
Share classes with "I-A1" in their name	0.650% (0.520%)
Share classes with "I-A2" in their name	0.600% (0.480%)
Share classes with "I-A3" in their name	0.550% (0.440%)
Share classes with "I-B" in their name	0.180% (0.000%)
Share classes with "I-X" in their name	0.000%

	(0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)

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

The investment objective of the sub-fund is to generate capital growth and income, mainly by investing in fixed-income securities from issuers with a non-investment grade rating in the Greater China region. The sub-fund invests at least 70% of its assets in debt instruments from issuers that are domiciled or generate most of their sales and/or profit in the Greater China region. The debt instruments in which the sub-fund invests comprise bonds that are denominated either in USD, RMB (traded in and outside mainland China) but also in other currencies. At least two thirds of investments in debt securities and claims have 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 a new issue that does not yet have an official rating or an issue without any rating at all is concerned – a comparably low internal UBS rating. Investments with lower ratings may carry an above-average yield, but also a higher credit risk than investments in securities of first-class obligors. In addition to the above-mentioned debt instruments, the sub-fund also has the option of investing in other securities, including bonds from issuers outside the People's Republic of China with an investment grade rating or below, denominated in USD or RMB, which are traded in our outside mainland China. **The sub-fund may also invest up to 20% of its assets in contingent convertible bonds (CoCos). Although distressed security exposure is not intended to be a key driver of the investment strategy, the sub-fund may invest in such securities (bonds with a rating CC and lower by an international rating agency or CCC and lower by an onshore China rating agency). As many of the debt instruments in the PRC do not have rating assigned by international credit agencies, the rating by the onshore credit rating agency is likely to apply. The exposure limit to such securities is 5%. Distressed bonds are securities issued by companies or public institutions in serious financial difficulty, and thus bear a high risk of capital loss. Many of the debt instruments in the PRC do not have rating assigned by international credit agencies. The credit appraisal system in the PRC is at an early stage of development; there is no standard credit rating methodology used in investment appraisal and the same rating scale may have a different meaning in different agencies. The assigned ratings may not reflect the actual financial strength of the appraised asset. Rating agencies are private service providers that issue ratings on the credit quality of debt instruments. Ratings assigned by a rating agency are not absolute standards of credit quality and do not evaluate market risks. Rating agencies may fail to make timely changes to credit ratings and an issuer's current financial condition may be better or worse than a rating indicates.** The sub-fund may not invest in MBS, CMBS, ABS or CDOs. Investments may be made both directly and indirectly via derivatives. The sub-fund invests in all financial derivatives listed in the section "Special techniques and instruments with securities and money market instruments as underlying assets", provided the restrictions specified in this section are observed. Permitted underlyings include, in particular, the instruments specified under Point 1.1(a) and (b) ("Permitted investments of the Company"). **A CoCo is a hybrid bond that, according to the relevant specific conditions, can either be converted into equity capital at a predetermined price, written off, or written down in value as soon as a predefined trigger event occurs. The use of CoCos gives rise to structure-specific risks including liquidity risk and conversion risk. In some cases, the issuer may arrange to convert convertible securities into ordinary shares. If convertible securities are converted into ordinary shares, the Company may hold these ordinary shares in its portfolio, even if it does not usually invest in such shares. CoCos are also subject to trigger level risk. These trigger levels vary and determine the degree of conversion risk, depending on the difference between the trigger level and the capital ratio. The Portfolio Manager of the sub-fund may find it difficult to foresee the triggers that would require the debt security to be converted into equity capital. In addition, CoCos are subject to capital structure inversion risk. In the issuer's capital structure, CoCos are generally classed as subordinate in relation to traditional convertible bonds. In some cases, investors in CoCos may suffer a capital loss, while shareholders are only affected later or not at all. It should also be noted that the use of CoCos is subject to return or valuation risk. The valuation of CoCos is influenced by many unforeseeable factors, e.g. the creditworthiness of the issuer and fluctuations in his capital ratios, the supply and demand for CoCos, the general market conditions and the available liquidity, or economic, financial and political events that have an impact on the issuer, the market in which he operates, or the financial markets in general. Furthermore, CoCos are subject to the risk of coupon payment suspensions. Coupon payments on CoCos are at the discretion of the issuer, who may suspend such payments at any time and for whatever reason, for an indefinite period. The arbitrary suspension of payments is not deemed as payment default. It is not possible to call for the reintroduction of coupon payments or the subsequent payment of suspended payments. Coupon payments may also be subject to approval by the supervisory authority of the issuer, and may be suspended if insufficient distributable reserves are available. As a result of the uncertainty regarding coupon payments, CoCos are volatile. A suspension of coupon payments may result in drastic price drops. CoCos are also subject to a call extension risk. CoCos are perpetual instruments and may only be terminated on predetermined dates after approval by the competent supervisory authority. There is no guarantee that the capital that the sub-fund has invested in CoCos will be returned. Finally, CoCos are subject to unknown risk, since these instruments are relatively new and, as a result, the market and the regulatory environment for these instruments are still evolving. It is therefore uncertain how the CoCo market overall would react to a trigger or a coupon suspension relating to an issuer.**

Currency of account: USD

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	1.600% (1.280%)
Share classes with "K-1" in their name	1.050% (0.840%)
Share classes with "K-X" in their name	0.000% (0.000%)
Share classes with "F" in their name	0.700% (0.560%)
Share classes with "Q" in their name	0.900% (0.720%)
Share classes with "I-A1" in their name	0.800% (0.640%)
Share classes with "I-A2" in their name	0.750% (0.600%)
Share classes with "I-A3" in their name	0.700% (0.560%)
Share classes with "I-B" in their name	0.180% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)

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

The sub-fund invests at least two thirds of its assets in convertible, exchangeable and warrant-linked bonds as well as convertible debentures worldwide. The sub-fund 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 sub-fund may invest a total of up to one third of its assets in the above securities when these are issued or guaranteed by borrowers from emerging markets or borrowers that 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 of the former Soviet Union together with the investments described in Point 1.2 of the "Investment principles" may never exceed 10% of the sub-fund'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, as well as other countries that are at a comparable level of economic development or in which there are new capital markets. **Emerging markets are at an early stage of development and suffer from higher risks of expropriation and nationalisation, as well as social, political and economic instability. The risks associated with investments in emerging markets are listed in the section entitled "Risk information". For the reasons mentioned, this sub-fund is particularly suitable for risk-conscious investors.** After deducting cash and cash equivalents, the sub-fund may invest up to one third of its assets in money market instruments. 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 rights, subscription rights or options, in addition to warrants remaining after the separate sale of ex-issues and any equities acquired with these warrants. The equities acquired by exercise of rights or through subscription must be sold no later than 12 months after they were acquired. Furthermore, this sub-fund may only invest up to 5% of its assets in UCITS and/or UCIs that are classed as "non-qualifying offshore UCIs" according to British law. The currency of account is the EUR. The investments are made in the currencies deemed best suited for performance, although the proportion of investments in foreign currencies not hedged against the currency of account (EUR) may not exceed 20% of the assets. The sub-fund may buy or sell futures, swaps, non-deliverable forwards and currency options in order to:

- wholly or partially hedge investments that make up the sub-fund's assets against the currency risk associated with the sub-fund's reference currency. This can be achieved directly (hedging a currency against the reference currency) or indirectly (hedging a currency against a third currency, which is then hedged against the reference currency).
- build up currency positions against the currency of account 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 conduct transactions 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 NDFs 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 "K-X" in their name	0.000% (0.000%)
Share classes with "F" in their name	0.480% (0.380%)
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%)

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

The sub-fund largely 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 sub-fund may invest 100% of its assets in government bonds. The sub-fund is also allowed to invest opportunistically in non-government bonds including high-quality corporate bonds. The sub-fund may invest in ABS and MBS, with the exception of US MBS, US CMBS, US ABS or US CDO. The risks associated with investments in ABS/MBS are listed in the section entitled "Risk information". As part of efficient asset management and to achieve the investment policy's aims, the sub-fund may invest in all the derivative financial instruments listed in the section "Special techniques and instruments with securities and money market instruments as underlying assets" subject to the provisions and guidelines set forth therein. In particular, the sub-fund is permitted to conduct active currency management. The reference currency of the sub-fund is the USD. The exchange-rate risk of investments in currencies other than the reference currency is not hedged. Therefore, it is expected that the asset value per share of the sub-fund will be substantially influenced by the performance of the invested currencies compared with 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 "K-X" in their name	0.000% (0.000%)
Share classes with "F" in their name	0.320% (0.260%)

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%)

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

The objective of the sub-fund is to generate above-average long-term returns with a portfolio of corporate bonds issued by borrowers from emerging markets. To achieve this objective, the sub-fund invests predominantly in fixed-income and floating-rate securities issued by companies domiciled or chiefly active in emerging markets. These securities do not need a rating from a recognised rating agency (e.g. Moody's, S&P or Fitch). To achieve the investment objective, the sub-fund may also use derivative instruments traded on the stock exchange or over the counter (OTC). These investment instruments may be used for hedging purposes and/or in view of benefiting from expected market developments. Furthermore, the sub-fund may, to the extent permitted by law, invest in money market instruments, structured products and other suitable, legally permitted investment instruments. The securities are denominated either in USD or other currencies, including the national currencies of emerging markets in which the Fund invests. The sub-fund's currency of account is the USD. The sub-fund invests primarily in securities that focus on emerging markets. This means that the sub-fund is exposed to specific risks that may be greater than the normal risks inherent in investments in industrialised nations. Emerging markets are countries that are developing into modern industrial nations. They generally have low or medium average income and high growth rates. Emerging markets comprise, for example, countries included in the JP Morgan Emerging Markets Indices (or their successor indices). **Emerging markets are at an early stage of development and suffer from higher risks of expropriation and nationalisation, as well as social, political and economic instability. The risks associated with investments in emerging markets are listed in the section entitled "Risk information". For the reasons mentioned, this sub-fund is particularly suitable for risk-conscious investors.**

Currency of account: USD

Fees

	Maximum flat fee (maximum management fee) p.a.
Share classes with "P" in their name	1.800% (1.440%)
Share classes with "N" in their name	2.000% (1.600%)
Share classes with "K-1" in their name	1.020% (0.820%)
Share classes with "K-X" in their name	0.000% (0.000%)
Share classes with "F" in their name	0.650% (0.520%)
Share classes with "Q" in their name	0.980% (0.780%)
Share classes with "I-A1" in their name	0.750% (0.600%)
Share classes with "I-A2" in their name	0.700% (0.560%)
Share classes with "I-A3" in their name	0.650% (0.520%)
Share classes with "I-B" in their name	0.115% (0.000%)
Share classes with "I-X" in their name	0.000%

	(0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)

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

In accordance with the investment policy described above, the sub-fund invests at least two thirds of its assets in debt instruments and claims issued by international and supranational organisations, public entities and private and semi-private issuers domiciled in or chiefly active in emerging markets. Using derivatives, the composition of the portfolio can be adapted to the economic and financial market cycles in terms of 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, as well as other countries that are at a comparable level of economic development or in which there are new capital markets. **Emerging markets are at an early stage of development and suffer from higher risks of expropriation and nationalisation, as well as social, political and economic instability. The risks associated with investments in emerging markets are listed in the section entitled "Risk information". For the reasons mentioned, this sub-fund is particularly suitable for risk-conscious investors.** After deducting cash and cash equivalents, no more than 25% of the sub-fund's 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 rights, subscription rights or options, in addition to warrants remaining after the separate sale of ex-issues and any equities acquired with these warrants. The equities acquired by exercise of rights or through subscription must be sold no later than 12 months after they were acquired. The sub-fund may also invest indirectly via structured products (e.g. certificates, ABS, MBS, credit-linked notes). Investments in structured products may not exceed 20% of the sub-fund's net assets. The sub-fund will not purchase any structured products issued by borrowers domiciled in the US. The risks associated with investments in ABS/MBS are listed in the section entitled "Risk information". The reference currency of the sub-fund is the USD. However, investments are made in the currencies that are deemed most suitable for the good performance of the sub-fund. An essential component of the currency strategy of this sub-fund is the building up of currency exposure in local emerging market currencies. Investors can participate in the performance of local emerging market currencies either directly through the acquisition of securities denominated in local emerging market currencies or indirectly through the use of derivative instruments, or by a combination of both methods. To achieve its investment objective, the sub-fund may use derivative instruments traded on a stock exchange or over the counter (OTC), in particular futures, swaps (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 sub-fund may, to the extent permitted by law, buy or sell money market instruments, liquid funds and other suitable, legally permissible investment instruments. These investment instruments may, as a result, both be used for hedging purposes and in view of benefiting from expected market developments. To achieve its investment objective, the sub-fund may also use the techniques and instruments listed in the section "Special techniques and instruments with 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 "K-X" in their name	0.000% (0.000%)
Share classes with "F" in their name	0.560% (0.450%)
Share classes with "Q" in their name	0.800% (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%)

UBS (Lux) Bond SICAV Emerging Europe (EUR)

In accordance with the investment policy described above, the sub-fund invests at least two thirds of its assets in debt securities and claims (as defined above) issued by international and supranational organisations, public entities, private borrowers and semi-public issuers from European convergence countries. The term "European convergence country" within the meaning of this sub-fund denotes all Central and Eastern European countries (including Turkey) that have high growth potential, are aiming for an equivalent level of development to that of the industrialised countries of Western Europe and/or are on the point of joining the European Union (EU), or have already done so, but have not yet adopted the euro as their national currency. The sub-fund mainly invests in assets denominated in the currencies of EU Member States (the euro in particular) or in freely convertible local currencies of European convergence states. The investments are made in the currencies deemed best suited for performance, although the currency risk is not systematically hedged against the currency of account (EUR). After deducting cash and cash equivalents, the sub-fund 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) that are denominated in freely convertible currencies and 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 countries or other European countries. 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 such as cooperative shares and profit participation certificates denominated in freely convertible currencies and also in shares, other equity shares and dividend-right certificates acquired through the exercise of conversion rights, subscription rights or options, in addition to warrants remaining after the separate sale of ex-issues and any equities acquired with these warrants. The equities acquired by exercise of rights or through 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 sub-fund's net assets. Furthermore, the sub-fund may buy or sell futures, swaps, non-deliverable forwards and currency options in order to:

- wholly or partially hedge investments that make up the sub-fund's assets against the currency risk associated with the sub-fund's reference currency. This can be achieved directly (hedging a currency against the reference currency) or indirectly (hedging a currency against a third currency, which is then hedged against the reference currency).
- build up currency positions against the currency of account 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 conduct transactions 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 NDFs in US dollars between two offshore contractual partners. Certain countries in which the sub-fund invests are at an early stage of development and suffer from higher risks of expropriation and nationalisation, as well as social, political and economic instability. Further general risks associated with exposure to 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 "K-X" in their name	0.000% (0.000%)
Share classes with "F" in their name	0.380% (0.300%)
Share classes with "Q" in their name	0.720% (0.580%)
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%)

UBS (Lux) Bond SICAV – Emerging Markets Bonds 2018 (CHF)

The sub-funds are set up for the term specified in their names. To achieve the sub-funds' investment objectives, the Board of Directors may cease issuing shares in the sub-funds at any time following the initial issuing period. The final day of the sub-funds' term shall hereinafter be referred to as the "end of the term". Shares may be redeemed at any time up to five business days before the end of the sub-fund's term pursuant to the procedure described in the "Redemption of shares" section in this Sales Prospectus. Within the scope of the general investment policy, the sub-funds invest at least two thirds of their assets in bonds, notes and similar fixed or floating-rate securities, convertible bonds, convertible notes, warrant-linked bonds and, on an ancillary basis, warrants on bonds, issued or guaranteed by borrowers from emerging markets or that carry out the majority of their economic activities in emerging markets or that issue instruments that involve credit exposure in respect of emerging markets. The term "emerging markets" is used to describe markets included in the MSCI Emerging Markets Index, as well as other countries that are at a comparable level of economic development or in which there are new capital markets. **Emerging markets are at an early stage of development and suffer from higher risks of expropriation and nationalisation, as well as social, political and economic instability. The risks associated with investments in emerging markets are listed in the section entitled "Risk information". For these reasons, these sub-funds are particularly suitable for risk-conscious investors.** After deducting cash and cash equivalents, the sub-funds may invest up to one third of their assets in money market instruments. The sub-funds may not invest in MBS, CMBS, ABS or CDOs. The sub-fund's currency of account is the CHF. The investments are made in the currencies deemed best suited for performance, although the proportion of investments in foreign currencies not hedged against the currency of account (CHF) may not exceed 10% of the assets. Apart from money market instruments, all the instruments used shall take account of the end of the sub-funds' term in respect of their maturity and have no maturities occurring later than the end of the sub-funds' term. In accordance with the investment policy described above, approximately six months prior to the end of the term, the sub-funds may hold up to 100% of its assets in liquid funds, money market instruments and money market funds. If the liquidation of the assets at the end of the term results in an adverse situation for the value of the portfolio due to extraordinary market circumstances, 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 the section "Redemption of shares" in this Sales Prospectus.

Currency of account: CHF

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 "K-X" in their name	0.000% (0.000%)
Share classes with "F" in their name	0.420% (0.340%)
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%)

UBS (Lux) Bond SICAV – Emerging Markets Bonds 2018 (EUR)

The sub-fund is set up for the term specified in its name. To achieve the sub-fund's investment objectives, the Board of Directors may cease issuing shares in the sub-fund at any time following the initial issuing period. The final day of the sub-fund's term shall hereinafter be referred to as the "end of the term". Shares may be redeemed at any time up to five business days before the end of the sub-fund's term pursuant to the procedure described in the "Redemption of shares" section in this Sales Prospectus. Within the scope of the general investment policy, the sub-fund invests at least two thirds of its assets in bonds, notes and similar fixed or floating-rate securities, convertible bonds, convertible notes, warrant-linked bonds and, on an ancillary basis, warrants on bonds, issued or guaranteed by borrowers from emerging markets or that carry out the majority of their economic activities in emerging markets or that 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, as well as other countries that are at a comparable level of economic development or in which there are new capital markets. **Emerging markets are at an early stage of development and suffer from higher risks of expropriation and nationalisation, as well as social, political and economic instability. The risks associated with investments in emerging markets are listed in the section entitled "Risk information". For these reasons, these sub-funds are particularly suitable for risk-conscious investors.** After deducting cash and cash equivalents, the sub-fund may invest up to one third of its assets in money market instruments. The sub-fund may not invest in MBS, CMBS, ABS or CDOs. The sub-fund's currency of account is the EUR. The 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 (EUR) may not exceed 10% of the assets. Apart from the money market instruments, all the instruments used shall take account of the end of the sub-fund's term in respect of their maturity and have no maturities occurring later than the end of the sub-fund's term. In accordance with the investment policy described above, approximately six months prior to the end of the term, the sub-fund may hold up to 100% of its assets in liquid funds, money market instruments and money market funds. If the liquidation of the assets at the end of the term results in an adverse situation for the value of the portfolio due to extraordinary market circumstances, 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 the section "Redemption of shares" in this Sales Prospectus.

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	1.000% (0.800%)
Share classes with "K-1" in their name	0.550% (0.440%)
Share classes with "K-X" in their name	0.000% (0.000%)
Share classes with "F" in their name	0.420% (0.340%)
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%)

UBS (Lux) Bond SICAV – Emerging Markets Bonds 2018 (USD)

The sub-fund is set up for the term specified in its name. To achieve the sub-fund's investment objective, the Board of Directors may cease issuing shares in the sub-fund at any time following the initial issuing period. The final day of the sub-fund's term shall hereinafter be referred to as the "end of the term". Shares may be redeemed at any time up to five business days before the end of the sub-fund's term pursuant to the procedure described in the "Redemption of shares" section in this Sales Prospectus. Within the scope of the general investment policy, the sub-fund invests at least two thirds of its assets in bonds, notes and similar fixed or floating-rate securities, convertible bonds, convertible notes, warrant-linked bonds and, on an ancillary basis, warrants on bonds, issued or guaranteed by borrowers from emerging markets or that carry out the majority of their economic activities in emerging markets or that 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, as well as other countries that are at a comparable level of economic development or in which there are new capital markets. **Emerging markets are at an early stage of development and suffer from higher risks of expropriation and nationalisation, as well as social, political and economic instability. The risks associated with investments in emerging markets are listed in the section entitled "Risk information". For these reasons, these sub-funds are particularly suitable for risk-conscious investors.** After deducting cash and cash equivalents, the sub-fund may invest up to one third of its assets in money market instruments. The sub-fund may not invest in MBS, CMBS, ABS or CDOs. The currency of account is the USD. The investments are made in the currencies deemed best suited for performance, although the proportion of investments in foreign currencies not hedged against the currency of account (USD) may not exceed 20% of the assets. Apart from money market instruments, all the instruments used shall take account of the end of the sub-fund's term in respect of their maturity and have no maturities occurring later than the end of the sub-fund's term. In accordance with the investment policy described above, approximately six months prior to the end of the term, the sub-fund may hold up to 100% of its assets in liquid funds, money market instruments and money market funds. If the liquidation of the assets at the end of the term results in an adverse situation for the value of the portfolio due to extraordinary market circumstances, 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 the section "Redemption of shares" in this Sales 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 "K-X" in their name	0.000% (0.000%)
Share classes with "F" in their name	0.420% (0.340%)
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%)

UBS (Lux) Bond SICAV – Emerging Markets Bonds 2021 (CHF)

The sub-fund is set up for the term specified in its name. To achieve the sub-funds' investment objectives, the Board of Directors may cease issuing shares in the sub-fund at any time following the initial issuing period. The final day of the sub-fund's term shall hereinafter be referred to as the "end of the term". Shares may be redeemed at any time up to five business days before the end of the sub-fund's term pursuant to the procedure described in the "Redemption of shares" section in this Sales Prospectus. Within the scope of the general investment policy, the sub-fund invests at least two thirds of its assets in bonds, notes and similar fixed or floating-rate securities, convertible bonds, convertible notes, warrant-linked bonds and, on an ancillary basis, warrants on bonds, issued or guaranteed by borrowers from emerging markets or that carry out the majority of their economic activities in emerging markets or that issue instruments that involve credit exposure in respect of emerging markets. The term "emerging markets" is used to describe markets included in the MSCI Emerging Markets Index, as well as other countries that are at a comparable level of economic development or in which there are new capital markets. Emerging markets are at an early stage of development and suffer from higher risks of expropriation and nationalisation, as well as social, political and economic instability. The risks associated with investments in emerging markets are listed in the section entitled "Risk information". For the reasons mentioned, this sub-fund is particularly suitable for risk-conscious investors. After deducting cash and cash equivalents, the sub-fund may invest up to one third of its assets in money market instruments. The sub-fund may not invest in MBS, CMBS, ABS or CDOs. The sub-fund's currency of account is the CHF. The investments are made in the currencies deemed best suited for performance, although the proportion of investments in foreign currencies not hedged against the currency of account (CHF) may not exceed 10% of the assets. Apart from the money market instruments, all the instruments used shall take account of the end of the sub-fund's term in respect of their maturity and have no maturities occurring later than the end of the sub-fund's term. In accordance with the investment policy described above, approximately six months prior to the end of the term, the sub-fund may hold up to 100% of its assets in liquid funds, money market instruments and money market funds. If the liquidation of the assets at the end of the term results in an adverse situation for the value of the portfolio due to extraordinary market circumstances, 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 the section "Redemption of shares" in this Sales Prospectus.

Currency of account: CHF

Fees

	Maximum flat fee (maximum management fee) p.a.
Share classes with "P" in their name	0.850% (0.680%)
Share classes with "N" in their name	1.000% (0.800%)
Share classes with "K-1" in their name	0.600% (0.480%)
Share classes with "K-X" in their name	0.000% (0.000%)
Share classes with "F" in their name	0.420% (0.340%)
Share classes with "Q" in their name	0.600% (0.480%)
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%)

UBS (Lux) Bond SICAV – Emerging Markets Bonds 2021 (EUR)

The sub-fund is set up for the term specified in its name. To achieve the sub-fund's investment objective, the Board of Directors may cease issuing shares in the sub-fund at any time following the initial issuing period. The final day of the sub-fund's term shall

hereinafter be referred to as the “end of the term”. Shares may be redeemed at any time up to five business days before the end of the sub-fund’s term pursuant to the procedure described in the “Redemption of shares” section in this Sales Prospectus. Within the scope of the general investment policy, the sub-fund invests at least two thirds of its assets in bonds, notes and similar fixed or floating-rate securities, convertible bonds, convertible notes, warrant-linked bonds and, on an ancillary basis, warrants on bonds, issued or guaranteed by borrowers from emerging markets or that carry out the majority of their economic activities in emerging markets or that 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, as well as other countries that are at a comparable level of economic development or in which there are new capital markets. Emerging markets are at an early stage of development and suffer from higher risks of expropriation and nationalisation, as well as social, political and economic instability. The risks associated with investments in emerging markets are listed in the section entitled “Risk information”. For the reasons mentioned, this sub-fund is particularly suitable for risk-conscious investors. After deducting cash and cash equivalents, the sub-fund may invest up to one third of its assets in money market instruments. The sub-fund may not invest in MBS, CMBS, ABS or CDOs. The sub-fund’s currency of account is the EUR. The 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 (EUR) may not exceed 10% of the assets. Apart from the money market instruments, all the instruments used shall take account of the end of the sub-fund’s term in respect of their maturity and have no maturities occurring later than the end of the sub-fund’s term. In accordance with the investment policy described above, approximately six months prior to the end of the term, the sub-fund may hold up to 100% of its assets in liquid funds, money market instruments and money market funds. If the liquidation of the assets at the end of the term results in an adverse situation for the value of the portfolio due to extraordinary market circumstances, 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 the section “Redemption of shares” in this Sales Prospectus.

Currency of account: EUR

Fees

	Maximum flat fee (maximum management fee) p.a.
Share classes with “P” in their name	0.850% (0.680%)
Share classes with “N” in their name	1.000% (0.800%)
Share classes with “K-1” in their name	0.600% (0.480%)
Share classes with “K-X” in their name	0.000% (0.000%)
Share classes with “F” in their name	0.420% (0.340%)
Share classes with “Q” in their name	0.600% (0.480%)
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%)

UBS (Lux) Bond SICAV – Emerging Markets Bonds 2021 (USD)

The sub-fund is set up for the term specified in its name. To achieve the sub-fund’s investment objective, the Board of Directors may cease issuing shares in the sub-fund at any time following the initial issuing period. The final day of the sub-fund’s term shall hereinafter be referred to as the “end of the term”. Shares may be redeemed at any time up to five business days before the end of the sub-fund’s term pursuant to the procedure described in the “Redemption of shares” section in this Sales Prospectus. Within the scope of the general investment policy, the sub-fund invests at least two thirds of its assets in bonds, notes and similar fixed or floating-rate securities, convertible bonds, convertible notes, warrant-linked bonds and, on an ancillary basis, warrants on bonds,

issued or guaranteed by borrowers from emerging markets or that carry out the majority of their economic activities in emerging markets or that 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, as well as other countries that are at a comparable level of economic development or in which there are new capital markets. Emerging markets are at an early stage of development and suffer from higher risks of expropriation and nationalisation, as well as social, political and economic instability. The risks associated with investments in emerging markets are listed in the section entitled “Risk information”. For the reasons mentioned, this sub-fund is particularly suitable for risk-conscious investors. After deducting cash and cash equivalents, the sub-fund may invest up to one third of its assets in money market instruments. The sub-fund may not invest in MBS, CMBS, ABS or CDOs. The currency of account is the USD. The investments are made in the currencies deemed best suited for performance, although the proportion of investments in foreign currencies not hedged against the currency of account (USD) may not exceed 20% of the assets. Apart from money market instruments, all the instruments used shall take account of the end of the sub-fund’s term in respect of their maturity and have no maturities occurring later than the end of the sub-fund’s term. In accordance with the investment policy described above, approximately six months prior to the end of the term, the sub-fund may hold up to 100% of its assets in liquid funds, money market instruments and money market funds. If the liquidation of the assets at the end of the term results in an adverse situation for the value of the portfolio due to extraordinary market circumstances, 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 the section “Redemption of shares” in this Sales Prospectus.

Currency of account: USD

Fees

	Maximum flat fee (maximum management fee) p.a.
Share classes with “P” in their name	0.850% (0.680%)
Share classes with “N” in their name	1.000% (0.800%)
Share classes with “K-1” in their name	0.600% (0.480%)
Share classes with “K-X” in their name	0.000% (0.000%)
Share classes with “F” in their name	0.420% (0.340%)
Share classes with “Q” in their name	0.600% (0.480%)
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%)

UBS (Lux) Bond SICAV – Emerging Markets High Yield Bonds 2018 (EUR)

UBS (Lux) Bond SICAV – Emerging Markets High Yield Bonds 2018 (USD)

The sub-funds are set up for the term specified in their names. The sub-funds invest mainly in bonds, notes or other similar fixed-income or floating-rate securities. The Portfolio Manager positions the individual sub-funds based on the attractiveness of specific bond markets during the launch period. The sub-fund may also invest indirectly via structured products (e.g. certificates, ABS, MBS). Investments in structured products may not exceed 20% of the sub-fund’s net assets. The sub-fund will not purchase any structured products issued by borrowers domiciled in the US. The risks associated with investments in ABS/MBS are listed in the section entitled “Risk information”. Apart from money market instruments, all the instruments used shall take account of the end of the sub-funds’ term in respect of their maturity and have no maturities occurring later than the end of the sub-funds’ term. As a result, the sub-funds may hold up to 100% of their assets in liquid funds, money market instruments and money market funds.

around six months prior to the end of the term. To achieve the sub-funds' investment objectives, the Board of Directors may cease issuing shares in the sub-funds at any time following the initial issuing period. The redemption of shares shall be possible at any time until five working days before the end of the sub-funds' term using the procedure described in the section "Redemption of shares" in this Sales Prospectus. If the liquidation of the assets at the end of the term results in an adverse situation for the value of the portfolio due to extraordinary market circumstances, 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 the section "Redemption of shares" in this Sales Prospectus. Under the terms of their investment policies, the sub-funds may invest up to 100% of their assets in debt securities issued by borrowers in emerging markets and in high-yield debt securities. **Emerging markets are countries that are in a transitional phase towards becoming modern industrial nations. They are typically characterised by low or medium average income and their growth rates are generally high. The term "emerging markets" is used, for example, for describing the countries included in the JP Morgan Emerging Markets Indices (or the respective successor indices). Emerging markets are at an early stage of development and suffer from higher risks of expropriation and nationalisation, as well as social, political and economic instability. The risks associated with investments in emerging markets are listed in the section entitled "Risk information". For these reasons, these sub-funds are particularly suitable for risk-conscious investors.**

UBS (Lux) Bond SICAV – Emerging Markets High Yield Bonds 2018 (EUR)

Currency of account: EUR

UBS (Lux) Bond SICAV – Emerging Markets High Yield Bonds 2018 (USD)

Currency of account: USD

Fees

	Maximum flat fee (maximum management fee) p.a.
Share classes with "P" in their name	1.050% (0.840%)
Share classes with "N" in their name	1.200% (0.960%)
Share classes with "K-1" in their name	0.800% (0.640%)
Share classes with "K-X" in their name	0.000% (0.000%)
Share classes with "F" in their name	0.420% (0.340%)
Share classes with "Q" in their name	0.750% (0.600%)
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%)

UBS (Lux) Bond SICAV – Emerging Markets High Yield Bonds 2021 (CHF)

UBS (Lux) Bond SICAV – Emerging Markets High Yield Bonds 2021 (EUR)

UBS (Lux) Bond SICAV – Emerging Markets High Yield Bonds 2021 (USD)

The sub-funds are set up for the term specified in their names. The sub-funds invest mainly in bonds, notes or other similar fixed-income or floating-rate securities. The Portfolio Manager positions the individual sub-funds based on the attractiveness of specific bond markets during the launch period. The investments are made in the currencies deemed best suited for performance, although the proportion of investments in foreign currencies not hedged against the currency of account may not exceed 20% of the assets. The sub-fund may not invest in MBS, CMBS, ABS or CDOs. Apart from money market instruments, all the instruments used shall take account of the end of the sub-funds' term in respect of their maturity and have no maturities occurring later than the end of the sub-funds' term. As a result, the sub-funds may hold up to 100% of their assets in liquid funds, money market instruments and money market funds around six months prior to the end of the term. To achieve the sub-funds' investment

objectives, the Board of Directors may cease issuing shares in the sub-funds at any time following the initial issuing period. The redemption of shares shall be possible at any time until five working days before the end of the sub-funds' term using the procedure described in the section "Redemption of shares" in this Sales Prospectus. If the liquidation of the assets at the end of the term results in an adverse situation for the value of the portfolio due to extraordinary market circumstances, 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 the "Redemption of shares" section of this Sales Prospectus. Under the terms of their investment policies, the sub-funds may invest up to 100% of their assets in debt securities issued by borrowers in emerging markets and in high-yield debt securities. Emerging markets are countries that are in a transitional phase towards becoming modern industrial nations. They are typically characterised by low or medium average income and their growth rates are generally high. The term "emerging markets" is used, for example, for describing the countries included in the JP Morgan Emerging Markets Indices (or the respective successor indices). Emerging markets are at an early stage of development and suffer from higher risks of expropriation and nationalisation, as well as social, political and economic instability. The risks associated with investments in emerging markets are listed in the section entitled "Risk information". For these reasons, these sub-funds are particularly suitable for risk-conscious investors.

UBS (Lux) Bond SICAV – Emerging Markets High Yield Bonds 2021 (CHF)

Currency of account: CHF

UBS (Lux) Bond SICAV – Emerging Markets High Yield Bonds 2021 (EUR)

Currency of account: EUR

UBS (Lux) Bond SICAV – Emerging Markets High Yield Bonds 2021 (USD)

Currency of account: USD

Fees

	Maximum flat fee (maximum management fee) p.a.
Share classes with "P" in their name	1.050% (0.840%)
Share classes with "N" in their name	1.200% (0.960%)
Share classes with "K-1" in their name	0.800% (0.640%)
Share classes with "K-X" in their name	0.000% (0.000%)
Share classes with "F" in their name	0.420% (0.340%)
Share classes with "Q" in their name	0.750% (0.600%)
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%)

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

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

In line with the investment policy described above, the sub-funds invest at least two thirds of their assets in debt securities and claims pursuant to the above definition that are issued by companies. At least two thirds of the sub-fund's investments must be rated between AAA and BBB- (Standard & Poor's) or have a similar rating from another recognised agency or – insofar as a new issue that does not yet have an official rating is concerned – a comparable internal UBS rating. Investments in bonds with a rating below BBB- or similar may not exceed 20% of the sub-funds' assets. At least two thirds of the investments are denominated in the currency indicated in the respective sub-fund's name. The portion of investments in foreign currencies not hedged against the currency of account of the respective sub-fund may not exceed 10% of the assets. After deducting cash and cash equivalents, the sub-funds 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 sub-funds 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 rights, subscription rights or options, in addition to warrants remaining after the separate sale of ex-issues and any equities acquired with these warrants. The equities acquired by exercise of rights or through 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

	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 "K-X" in their name	0.000% (0.000%)
Share classes with "F" in their name	0.360% (0.290%)
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%)
Share classes with "I-X" in their name	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)

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

Within the scope of the general investment policy, the sub-fund 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 respective sub-fund. The sub-fund may invest up to one third of its assets in debt securities and claims denominated in a currency other than the one that features in its name. After deducting cash and cash equivalents, the sub-fund may invest up to one third of its assets in money market instruments. It may invest in ABS and MBS, with the exception of US MBS, US CMBS, US ABS or US CDO. The risks associated with investments in ABS/MBS are listed in the section entitled "Risk information". The sub-fund 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. As part of efficient asset management and to achieve the investment policy's aims, the sub-fund may invest in all the derivative financial instruments listed in "Special techniques and instruments with securities and money market instruments as underlying assets" subject to the provisions and guidelines set forth therein. Permitted underlyings include, in particular, the instruments specified under Point 1.1(a) and (b) ("Permitted investments of the Company"). In line with this investment policy, the sub-fund 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 an OECD member state.

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 "K-X" in their name	0.000% (0.000%)
Share classes with "F" in their name	0.340% (0.270%)
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%)
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%)

UBS (Lux) Bond SICAV Floating Rate Income (USD)

The sub-fund invests worldwide, mainly in floating-rate high-yield corporate bonds and asset-backed securities with low ratings that may be denominated in various currencies. The sub-fund also invests in short-term, high-yield bonds and asset-backed securities. The exposure to floating-rate bonds can be constructed directly or synthetically through various combinations of corporate bonds, government bonds, cash, credit default swaps, interest rate swaps, asset swaps or other credit derivatives. The average duration of the sub-fund's net assets must not exceed one year. The sub-fund invests at least two thirds of its assets in debt securities and claims from issuers rated between BBB+ and CCC (Standard & Poor's) or that have a similar rating from another recognised agency or – insofar as a new issue that does not yet have an official rating is concerned – a comparable internal UBS rating. Investments with lower ratings may carry an above-average yield, but also a higher credit risk than investments in securities of first-class obligors. The sub-fund may also invest in government securities, other securities, collective investment schemes, cash and near-money assets (including money market instruments), warrants, money market instruments and other derivative instruments, although investments in cash and near-money assets (including money market instruments) must not exceed one-third of its assets. Up to 25% of its assets may be invested in convertible, exchangeable and warrant-linked bonds. In addition, 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 rights, subscription rights or options, in addition to warrants remaining after the separate sale of ex-issues and any equities acquired with these warrants. The equities acquired by exercise of rights or through subscription must be sold no later than 12 months after they were acquired. The sub-fund may invest in instruments that are denominated in currencies other than USD. However, the portion of investments in foreign currencies not hedged against the sub-fund's currency of account may not exceed 10% of the assets. **The sub-fund may invest up to 25% of its net assets in ABS, MBS and CDOs/CLOs. The risks associated with investments in ABS/MBS are listed in the section entitled "Risk information". The sub-fund may also invest up to 20% of its assets in contingent convertible bonds (CoCos). Although distressed security exposure is not intended to be a key driver of the investment strategy, the sub-fund may invest in such securities (bonds with a rating CC and lower or bonds with a similar rating). The exposure limit to such securities is 5%. Distressed bonds are securities issued by companies or public institutions in serious financial difficulty, and thus bear a high risk of capital loss. The sub-fund can invest in all financial derivatives listed in the section "Special techniques and instruments with securities and money market instruments as underlying assets", provided the restrictions specified in this section are observed. Permitted underlyings include, in particular, the instruments specified under Point 1.1(a) and (b) ("Permitted investments of the Company"). A CoCo is a hybrid bond that, according to the relevant specific conditions, can either be converted into equity capital at a predetermined price, written off, or written down in value as soon as a predefined trigger event occurs. The use of CoCos gives rise to structure-specific risks including liquidity risk and conversion risk. In some cases, the issuer may arrange to convert convertible securities into ordinary shares. If convertible securities are converted into ordinary shares, the Company may hold these ordinary shares in its portfolio, even if it does not usually invest in such shares. CoCos are also subject to trigger level risk. These trigger levels vary and determine the degree of conversion risk, depending on the difference between the trigger level and the capital ratio. The Portfolio Manager of the sub-fund may find it difficult**

to foresee the triggers that would require the debt security to be converted into equity capital. In addition, CoCos are subject to capital structure inversion risk. In the issuer's capital structure, CoCos are generally classed as subordinate in relation to traditional convertible bonds. In some cases, investors in CoCos may suffer a capital loss, while shareholders are only affected later or not at all. It should also be noted that the use of CoCos is subject to return or valuation risk. The valuation of CoCos is influenced by many unforeseeable factors, e.g. the creditworthiness of the issuer and fluctuations in his capital ratios, the supply and demand for CoCos, the general market conditions and the available liquidity, or economic, financial and political events that have an impact on the issuer, the market in which he operates, or the financial markets in general. Furthermore, CoCos are subject to the risk of coupon payment suspensions. Coupon payments on CoCos are at the discretion of the issuer, who may suspend such payments at any time and for whatever reason, for an indefinite period. The arbitrary suspension of payments is not deemed as payment default. It is not possible to call for the reintroduction of coupon payments or the subsequent payment of suspended payments. Coupon payments may also be subject to approval by the supervisory authority of the issuer, and may be suspended if insufficient distributable reserves are available. As a result of the uncertainty regarding coupon payments, CoCos are volatile. A suspension of coupon payments may result in drastic price drops. CoCos are also subject to a call extension risk. CoCos are perpetual instruments and may only be terminated on predetermined dates after approval by the competent supervisory authority. There is no guarantee that the capital that the sub-fund has invested in CoCos will be returned. Finally, CoCos are subject to unknown risk, since these instruments are relatively new and, as a result, the market and the regulatory environment for these instruments are still evolving. It is therefore uncertain how the CoCo market overall would react to a trigger or a coupon suspension relating to an issuer.

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	1.600% (1.280%)
Share classes with "K-1" in their name	0.900% (0.720%)
Share classes with "K-X" in their name	0.000% (0.000%)
Share classes with "F" in their name	0.550% (0.440%)
Share classes with "Q" in their name	0.750% (0.600%)
Share classes with "I-A1" in their name	0.650% (0.520%)
Share classes with "I-A2" in their name	0.600% (0.480%)
Share classes with "I-A3" in their name	0.550% (0.440%)
Share classes with "I-B" in their name	0.065% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)

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

In line with the general investment policy, the sub-fund invests at least two thirds of its assets worldwide in debt securities and claims issued by companies. At least two thirds of the sub-fund's investments must be rated between AAA and BBB- (Standard & Poor's) or have a similar rating from another recognised agency or – insofar as a new issue that does not yet have an official rating is concerned – a comparable internal UBS rating. Investments in bonds with a rating below BBB- or similar may not exceed 20% of the sub-fund's assets. All rating rules apply to the purchases made by the Portfolio Manager. 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 the 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 rights, subscription rights

or options, in addition to warrants remaining after the separate sale of ex-issues and any equities acquired with these warrants. The equities acquired by exercise of rights or through subscription must be sold no later than 12 months after they were acquired. Within the scope of the aforementioned investment limits, the sub-fund may invest a total of up to one third of its assets in the above-mentioned legally permissible investment instruments, provided these are issued or guaranteed 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 that are at a comparable level of economic development, or in which there are new capital markets. **Emerging markets are at an early stage of development and suffer from higher risks of expropriation and nationalisation, as well as social, political and economic instability. The risks associated with investments in emerging markets are listed in the section entitled "Risk information". For the reasons mentioned, this sub-fund is particularly suitable for risk-conscious investors.** The sub-fund may invest in ABS and MBS, with the exception of US MBS, US CMBS, US ABS or US CDO. The risks associated with investments in ABS/MBS are listed in the section entitled "Risk information". The currency of account is the USD. The investments are made in the currencies deemed best suited for performance, although the proportion of investments in foreign currencies not hedged against the currency of account (USD) may not exceed 20% of the 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 "K-X" in their name	0.000% (0.000%)
Share classes with "F" in their name	0.440% (0.350%)
Share classes with "Q" in their name	0.600% (0.480%)
Share classes with "I-A1" in their name	0.550% (0.440%)
Share classes with "I-A2" in their name	0.510% (0.410%)
Share classes with "I-A3" in their name	0.440% (0.350%)
Share classes with "I-B" in their name	0.065% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)

UBS (Lux) Bond SICAV - Global Dynamic (USD)

The sub-fund seeks to achieve attractive returns by investing in the global bond markets while managing the overall portfolio risk. It seeks to spread capital across strategies that offer the best opportunities at any given time and on any given market or sector. Consequently, it is anticipated that the exposure to worldwide bond and currency markets may change over time at the discretion of the Portfolio Manager. By using legally permissible instruments such as direct investments, derivatives and UCIs or UCITS with exposure to the worldwide bond markets, the sub-fund invests in different types of fixed-income securities, including government, corporate, high-yield, emerging market and convertible bonds as well as ABS/MBS and CDOs/CLOs (collateralised debt obligations/collateralised loan obligations). Derivative strategies are seen as key to achieving the investment objectives. All strategies depend on the sub-fund's risk budget to keep risk moderate overall. Although the sub-fund's Portfolio Manager manages the sub-fund's overall risk and volatility prudently, it is nevertheless possible that the sub-fund will generate negative returns in a particular month, quarter or year. The investment process is organised as follows: The investment team follows an investment process consisting of four stages, combining top-down and bottom-up analyses. The most important macro-economic drivers are then identified to ascertain the wider global investment context. Investment opportunities and trading ideas are identified that are in line with the global investment context and filtered based on the potential risk/return profile. Next, the most efficient procedure

for implementing the trading ideas is determined using quantitative and qualitative inputs. Lastly, the team assesses the impact on overall portfolio risk and diversification by carrying out stress tests to record extreme events and identify and control extreme risks. Investors should note that the investment process is regularly reviewed to identify potential changes or room for improvement and that it may therefore be changed without prior notice. At least 50% of the sub-fund's total assets are invested in securities or money market instruments with an investment-grade rating, while up to 50% of its net assets may be used for investments in high-yield, emerging market and convertible bonds as well as ABS/MBS and CDOs/CLOs or a combination thereof. While investments with a lower rating may generate above-average returns, they may also carry a higher solvency risk than investments in bonds issued by investment-grade issuers. The value of investments in ABS, MBS and CDOs/CLOs may not exceed 35% of the sub-fund's net assets. The risks associated with investments in ABS/MBS are listed in the section entitled "Risk information". The sub-fund may hold up to 100% of its assets in cash or other near-money market securities. Up to 25% of its assets may be invested in convertible, exchangeable and warrant-linked bonds as well as convertible debentures. Furthermore, the sub-fund may invest up to 10% of its assets in equities, equity rights and warrants as well as securities, other equity-like securities and dividend-right certificates acquired through the exercise of conversion and subscription rights or warrants, as well as in warrants remaining after the separate sale of ex-issues and any equities acquired with these warrants. The equities acquired through the exercise of conversion and subscription rights must be sold no later than 12 months after they were acquired. The sub-fund does not engage in physical short-selling. The use of derivatives is a core element in achieving the investment objectives. The derivatives will be used to build and hedge the portfolio's market exposure. To implement the investment strategy, it is assumed that the Portfolio Manager will acquire derivatives in order to invest in legally permissible assets included in the investment policy, without directly acquiring the underlying instruments. After using interest-rate and credit derivatives the Fund has a net long duration overall. The sub-fund may use interest rate derivatives such as interest rate futures, bond futures, interest rate swaps, options on interest rate futures, options on bond futures and swaptions to build up net short or net long positions in relation to individual interest curves, provided that a net long duration is maintained at overall Fund level. Through the use of derivatives the sub-fund seeks to implement (i) directional strategies to exploit parallel movements of interest curves, or (ii) curve positioning strategies to exploit non-parallel movements of interest curves. Through the use of options and swaptions, the sub-fund implements non-linear directional strategies in relation to the interest curve. In the case of a net long duration, the sub-fund can be expected to achieve a negative (or positive) performance if interest rates rise (or fall). The sub-fund may use credit derivatives such as credit-linked securities, credit default swaps on different types of underlying assets (specific issuers, credit indices, ABS indices or other bond indices) to build up net short or net long exposures in individual market segments (region, sector, rating), currencies or specific issuers, provided that a net long duration is maintained at overall Fund level. In the case of a net long duration in a specific market segment or issuer, the sub-fund can be expected to achieve a negative (or positive) performance if the credit spread rises (or falls). In the case of a net short duration in a specific market segment or issuer, the sub-fund can be expected to achieve a positive (or negative) performance if the credit spread rises (or falls). The sub-fund may use total return swaps on bond indices to build up short or long exposures to a specific bond market. The sub-fund may use currency derivatives such as currency forwards, non-deliverable forwards (NDF), currency swaps and currency options to increase or reduce exposure in different currencies, with the option of entering into net short or net long overall positions in individual currencies. In the case of net long exposure in a specific currency, the sub-fund can be expected to achieve a positive (or negative) performance if the currency gains (or falls) against the sub-fund's currency of account or the relevant share class appreciates (or depreciates) in value. In the case of net short exposure in a specific currency, the sub-fund can be expected to achieve a positive (or negative) performance if the currency falls (or gains) against the sub-fund's currency of account or the relevant share class depreciates (or appreciates) in value. The sub-fund may use currency forwards and non-deliverable forwards to manage currency-hedged share classes. The currency of account is the USD; however, investments are made in the currencies deemed to be most favourable for performance. The currency strategy involves building up positions in national currencies. The following options are available for participating in the performance of national currencies: direct participation by purchasing securities denominated in national currencies, indirect participation by means of derivatives or a combination of both these methods. **Emerging markets are countries that are in a transitional phase towards becoming modern industrial nations. These countries are characterised by a low or medium average income and generally high growth rates. The term "emerging markets" is used, for example, for describing the countries included in the JP Morgan Emerging Markets Indices (or the respective successor indices). Investments in emerging markets may be more volatile and less liquid than investments in industrialised countries. In certain countries investments may be adversely affected by expropriation, taxation on a par with confiscation or political or social instability. The quality of financial reporting, auditing and reporting methods may not be comparable to the standards of industrial nations. Furthermore, the regulation of stock exchanges, financial institutions and issuers as well as government prudential supervision may be less reliable than in industrial nations. Under certain conditions, the processing and settlement conditions in emerging markets may not be very well organised. Due to this, there is a risk that transactions could be delayed and the sub-fund's liquid funds or securities jeopardised. The sub-fund and its shareholders bear these and similar risks associated with these markets.**

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 "K-X" in their name	0.000% (0.000%)
Share classes with "F" in their name	0.550% (0.440%)
Share classes with "Q" in their name	0.800% (0.640%)
Share classes with "I-A1" in their name	0.650% (0.520%)
Share classes with "I-A2" in their name	0.600% (0.480%)
Share classes with "I-A3" in their name	0.550% (0.440%)
Share classes with "I-B" in their name	0.065% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)

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

The sub-fund 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 sub-fund may invest up to one third of its assets in money market instruments. The sub-fund may invest up to 20% of its net assets in ABS and MBS, with the exception of US MBS, US CMBS, US ABS or US CDO. **From 9 April 2018, investments in US MBS, US CMBS, US ABS and US CDO are explicitly permitted as well.** The risks associated with investments in ABS/MBS are listed in the section entitled "Risk information". 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. The investments are made in the currencies deemed best suited for performance, although the proportion of investments in foreign currencies not hedged against the currency of account (USD) may not exceed 20% of the assets. As part of efficient asset management and to achieve the investment policy's aims, the sub-fund may invest in all the derivative financial instruments listed in "Special techniques and instruments with securities and money market instruments as underlying assets" subject to the provisions and guidelines set forth therein. Permitted underlyings include, in particular, the instruments specified under Point 1.1(a) and (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	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 "K-X" in their name	0.000% (0.000%)
Share classes with "F" in their name	0.420% (0.340%)
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%)
Share classes with "U-X" in their name	0.000% (0.000%)

UBS (Lux) Bond SICAV Multi Income (USD)

The aim of the sub-fund is to generate an attractive, risk-weighted return over the long term with a focus on income generation, achieved through active allocation to a diversified mix of global fixed-income securities and derivative instruments. The sub-fund aims to exploit various yield sources of fixed-income investments (e.g. spreads). The sub-fund has the flexibility to operate dynamically across various sectors and different credit qualities, as well as to actively exploit interest-rate and currency movements. By using direct investments and derivative instruments with exposure to global markets for fixed-income securities, the Fund can invest in various fixed-income securities such as government, corporate and emerging market bonds as well as ABS/MBS and CDOs/CLOs, or a combination thereof. **The value of investments in ABS, MBS and CDOs/CLOs may not exceed 50% of the sub-fund's net assets. The risks associated with investments in ABS/MBS are listed in the section entitled "Risk information". The sub-fund may also invest up to 20% of its assets in contingent convertible bonds (CoCos). Although distressed security exposure is not intended to be a key driver of the investment strategy, the sub-fund may invest in such securities (bonds with a rating CC and lower or bonds with a similar rating). The exposure limit to such securities is 10%. In addition, from 9 April 2018, 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 rights, subscription rights or options, in addition to warrants remaining after the separate sale of ex-issues and any equities acquired with these warrants. In derogation from the general investment policy, the equities acquired by exercise of rights or subscription need not be sold within 12 months of acquisition. Distressed bonds are securities issued by companies or public institutions in serious financial difficulty, and thus bear a high risk of capital loss.** The term "emerging markets" is used to describe markets included in the International Finance Corporation Composite Index and/or the MSCI Emerging Markets Index, as well as other countries that are at a comparable level of economic development or in which there are new capital markets. Emerging markets are at an early stage of development and suffer from higher risks of expropriation and nationalisation, as well as social, political and economic instability. The risks associated with investments in emerging markets are listed in the section entitled "Risk information". For these reasons, these sub-funds are particularly suitable for risk-conscious investors. The Fund may invest up to 100% of its assets in cash including near-money market securities. The sub-fund may also invest in convertible and warrant-linked bonds. The sub-fund does not engage in any physical short-selling and retains net long positions in the market on a continuous basis. The use of derivatives plays an important role in achieving the Fund's investment objectives. Derivatives can be used for risk management purposes, such as hedging interest, currency and/or credit risks. Derivatives can also be used for achieving the overall income target, such as implementing an active duration strategy, an active currency strategy and/or an active credit risk strategy. Derivatives can be used to build as well as hedge the portfolio's market exposure. The currency of account is the USD; however, investments are made in the currencies deemed to be most favourable for performance. A component of the currency strategy is to build up positions in local currencies. The following options are available for participating in the performance of local currencies: direct participation by purchasing securities denominated in local currencies, indirect participation by means of derivatives (such as currency forwards) or a combination of both these methods. **A CoCo is a hybrid bond that, according to the relevant specific conditions, can either be converted into equity capital at a predetermined price, written off, or written down in value as soon as a predefined trigger event occurs. The use of CoCos gives rise to structure-specific risks including liquidity risk and conversion risk. In some cases, the issuer may arrange to convert convertible securities into ordinary shares. If convertible securities are converted into ordinary shares, the Company may hold these ordinary shares in its portfolio, even if it does not usually invest in such shares. CoCos are also subject to trigger level risk. These trigger levels vary and determine the degree of conversion risk, depending on the difference between the trigger level and the capital ratio. The Portfolio Manager of the sub-fund may find it difficult to foresee the triggers that would require the debt security to be converted into equity capital. In addition, CoCos are subject to capital structure inversion risk. In the issuer's capital structure, CoCos are generally classed as subordinate in relation to traditional convertible bonds. In some cases, investors in CoCos may suffer a capital loss, while shareholders are only affected later or not at all. It should also be noted that the use of CoCos is subject to return or valuation risk. The valuation of CoCos is influenced by many unforeseeable factors, e.g. the creditworthiness of the issuer and fluctuations in his capital ratios, the supply and demand for CoCos, the general market conditions and the available liquidity, or economic, financial and political events that have an impact on the issuer, the market in which he operates, or the financial markets in general. Furthermore, CoCos are subject to the risk of coupon payment suspensions. Coupon payments on CoCos are at the discretion of the issuer, who may suspend such payments at any time and for whatever reason, for an indefinite period. The arbitrary suspension of payments is not deemed as payment default. It is not possible to call for the reintroduction of coupon payments or the subsequent payment of suspended payments. Coupon payments may also**

be subject to approval by the supervisory authority of the issuer, and may be suspended if insufficient distributable reserves are available. As a result of the uncertainty regarding coupon payments, CoCos are volatile. A suspension of coupon payments may result in drastic price drops. CoCos are also subject to a call extension risk. CoCos are perpetual instruments and may only be terminated on predetermined dates after approval by the competent supervisory authority. There is no guarantee that the capital that the sub-fund has invested in CoCos will be returned. Finally, CoCos are subject to unknown risk, since these instruments are relatively new and, as a result, the market and the regulatory environment for these instruments are still evolving. It is therefore uncertain how the CoCo market overall would react to a trigger or a coupon suspension relating to an issuer.

Currency of account: USD

Fees

	Maximum flat fee (maximum management fee) p.a.
Share classes with "P" in their name	1.350% (1.080%)
Share classes with "N" in their name	1.650% (1.320%)
Share classes with "K-1" in their name	1.100% (0.880%)
Share classes with "K-X" in their name	0.000% (0.000%)
Share classes with "F" in their name	0.600% (0.480%)
Share classes with "Q" in their name	0.800% (0.640%)
Share classes with "I-A1" in their name	0.700% (0.560%)
Share classes with "I-A2" in their name	0.650% (0.520%)
Share classes with "I-A3" in their name	0.600% (0.480%)
Share classes with "I-B" in their name	0.065% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)

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

In line with the investment policy above, the sub-fund invests at least two thirds of its assets in debt securities and claims issued by issuers, with at least two thirds of its assets invested in bonds with a rating of between BBB+ and CCC (Standard & Poor's), a similar rating from another recognised agency or – insofar as a new issue that does not yet have an official rating is concerned – a comparable internal UBS rating. At least 50% of investments are denominated in USD. However, the portion of investments in foreign currencies not hedged against the sub-fund's currency of account may not exceed 10% of the assets. The average duration of the sub-fund's net assets shall not exceed three years. After deducting cash and cash equivalents, the sub-fund 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 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 rights, subscription rights or options, in addition to warrants remaining after the separate sale of ex-issues and any equities acquired with these warrants. The equities acquired by exercise of rights or through subscription must be sold no later than 12 months after they were acquired. The sub-fund may invest in ABS and MBS, with the exception of US MBS, US CMBS, US ABS or US CDO. The risks associated with investments in ABS/MBS are listed in the section entitled "Risk information".

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 "K-X" in their name	0.000% (0.000%)
Share classes with "F" in their name	0.500% (0.400%)
Share classes with "Q" in their name	0.720% (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%)

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

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

In line with the investment policy described above, the sub-funds invest at least two thirds of their assets in debt securities and claims pursuant to the above definition. The duration of the portfolios is continually adapted to the prevailing market situation, but may not exceed three years ("short term"). At least two thirds of the investments are denominated in the currency indicated in the respective sub-fund's name. However, the portion of investments in foreign currencies not hedged against the currency of account of the respective sub-fund may not exceed 10% of the assets. After deducting cash and cash equivalents, the sub-funds 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 sub-funds 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 rights, subscription rights or options, in addition to warrants remaining after the separate sale of ex-issues and any equities acquired with these warrants. The equities acquired by exercise of rights or through 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 "K-X" in their name	0.000% (0.000%)
Share classes with "F" in their name	0.340% (0.270%)
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%)

UBS (Lux) Bond SICAV – US Bonds 2021 (USD)

The sub-fund is set up for the term specified in its name. The sub-fund invests the majority of its assets in USD-denominated fixed-income securities from the US bond market, issued by government or quasi-government institutions or US or non-US companies from various sectors. The sub-fund may invest in both investment-grade and non-investment-grade securities. Investments with lower ratings may carry an above-average yield, but also a higher credit risk than investments in securities of first-class borrowers. After deducting cash and cash equivalents, the sub-fund may invest up to one third of its assets in money market instruments. The sub-fund may not invest in MBS, CMBS, ABS or CDOs. The currency of account is the USD. The investments are made in the currencies deemed best suited for performance, although the proportion of investments in foreign currencies not hedged against the currency of account (USD) may not exceed 20% of the assets. Apart from money market instruments, all the instruments used shall take account of the end of the sub-fund's term in respect of their maturity and have no maturities occurring after the end of the sub-fund's term. In accordance with the investment policy described above, approximately six months prior to the end of the term, the sub-fund may hold up to 100% of its assets in liquid funds, money market instruments and money market funds. To achieve the sub-fund's investment objective, the Board of Directors may cease issuing shares in the sub-fund at any time following the initial issuing period. Shares may be redeemed at any time up to five business days before the end of the sub-fund's term pursuant to the procedure described in the "Redemption of shares" section in this Sales Prospectus. If the liquidation of the assets at the end of the term results in an adverse situation for the value of the portfolio due to extraordinary market circumstances, 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 the section "Redemption of shares" in this Sales Prospectus.

Currency of account: USD

Fees

	Maximum flat fee (maximum management fee) p.a.
Share classes with "P" in their name	0.600% (0.480%)
Share classes with "N" in their name	0.700% (0.560%)
Share classes with "K-1" in their name	0.450% (0.360%)
Share classes with "K-X" in their name	0.000% (0.000%)
Share classes with "F" in their name	0.200% (0.160%)
Share classes with "Q" in their name	0.400% (0.320%)
Share classes with "I-A1" in their name	0.300% (0.240%)
Share classes with "I-A2" in their name	0.250% (0.200%)
Share classes with "I-A3" in their name	0.200% (0.160%)
Share classes with "I-B" in their name	0.065% (0.000%)

Share classes with "I-X" in their name	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)

UBS (Lux) Bond SICAV – US Treasury Inflation-linked Passive (USD)

In line with the general investment policy, the sub-fund invests at least two thirds of its assets in inflation-linked debt securities and claims issued by the US government and denominated in USD. The sub-fund is passively managed and tracks an established inflation-linked index. After deducting cash and cash equivalents, the sub-fund may invest up to one third of its assets in money market instruments. It may not invest in MBS, CMBS, ABS or CDOs. The sub-fund 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. As part of efficient asset management and to achieve the investment policy's aims, the sub-fund may invest in all the derivative financial instruments listed in Section 5 "Special techniques and instruments with securities and money market instruments as underlying assets" subject to the provisions and guidelines set forth therein. Permitted underlyings include, in particular, the instruments specified under Point 1.1(a) and (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	1.140% (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 "K-X" in their name	0.000% (0.000%)
Share classes with "F" in their name	0.360% (0.290%)
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%)
Share classes with "I-X" in their name	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)

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

In line with the investment policy above, the sub-fund invests at least two thirds of its assets in debt securities and claims as defined above, with at least two thirds of its assets invested in bonds with a rating of between BB+ and CCC (Standard & Poor's), a similar rating from another recognised agency or – insofar as a new issue that does not yet have an official rating is concerned – a comparable internal UBS rating. Investments in bonds with a rating below CCC or similar may not exceed 10% of the sub-fund's assets. Care is taken to ensure that investments are broadly diversified in terms of sectors and borrowers. Investments with lower ratings may carry an above-average yield, but also a higher credit risk than investments in securities of first-class borrowers. At least two thirds of the 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 the assets. After deducting cash and cash equivalents, the sub-fund 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 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 rights, subscription rights or options, in addition to warrants remaining after the separate sale of ex-issues and any equities acquired with these warrants. The equities acquired by exercise of rights or through 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%)
Share classes with "K-X" in their name	0.000% (0.000%)
Share classes with "F" in their name	0.520% (0.420%)
Share classes with "Q" in their name	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%)

UBS (Lux) Bond SICAV USD Investment Grade Corporates (USD)

The sub-fund invests at least two thirds of its assets in investment-grade claims and debt securities that are issued by companies. At least two thirds of the sub-fund's investments must be rated between AAA and BBB- (Standard & Poor's) or have a similar rating from another recognised agency or – insofar as a new issue that does not yet have an official rating is concerned – a comparable internal UBS rating. Investments in bonds with a rating below BBB- or similar may not exceed 20% of the sub-fund's assets. At least two thirds of the investments are denominated in the currency indicated in the sub-fund's name. The portion of investments in foreign currencies not hedged against the sub-fund's currency of account may not exceed 10% of the assets. The sub-fund's currency of account is the USD. After deducting cash and cash equivalents, the sub-fund may invest up to one third of its assets in money market instruments. The sub-fund may also invest indirectly via structured products (e.g. certificates, ABS, MBS). Investments in structured products may not exceed 20% of the sub-fund's net assets. The risks associated with investments in ABS/MBS are listed in the section entitled "Risk information". **Investments with lower ratings may carry an above-average yield, but also a higher credit risk than investments in securities of first-class issuers.** As part of efficient asset management or in order to hedge interest-rate, currency and credit risks, the sub-fund may invest in all derivative financial instruments listed in Section 5 "Special techniques and instruments with securities and money market instruments as underlying assets", provided the restrictions specified in this section are observed. Permitted underlyings include, in particular, the instruments specified under Point 1.1(a) and (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	1.140% (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 "K-X" in their name	0.000% (0.000%)
Share classes with "F" in their name	0.360% (0.290%)
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%)
Share classes with "I-X" in their name	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)

General risk information

Risk information:

Emerging markets are at an early stage of development and suffer from higher risks of expropriation and nationalisation, as well as social, political and economic instability.

The following is an overview of the general risks associated with investing in the emerging markets:

- ▶ **Counterfeit securities** – due to inadequate supervisory structures, it is possible that securities purchased by the sub-fund could be counterfeit. It is therefore possible to suffer losses.
- ▶ **Illiquidity** – the buying and selling of securities can be costlier, more time-consuming and generally more difficult than on more developed markets. Difficulties with liquidity can also increase price volatility. Many emerging markets are small, have low trading volumes and suffer from low liquidity and high price volatility.
- ▶ **Volatility** – investments in emerging markets may post more volatile performances.
- ▶ **Currency fluctuations** – compared to the sub-fund's currency of account, the currencies of countries in which the sub-fund invests may be subject to substantial fluctuations after the sub-fund has invested in these currencies. Such fluctuations may have a significant impact on the sub-fund's income. It is not possible to apply currency risk hedging techniques to all currencies in emerging market countries.
- ▶ **Currency export restrictions** – it cannot be ruled out that emerging markets may limit or temporarily suspend the export of currencies. Consequently, it would not be possible for the sub-fund to draw any sales proceeds without delays. To minimise the possible impact on redemption applications, the sub-fund will invest in a large number of markets.
- ▶ **Settlement and custody risks** – the settlement and custody systems in emerging market countries are less well developed than those in developed markets. Standards are not as high and the supervisory authorities not as experienced. Consequently, settlement may be delayed, thereby posing disadvantages for liquidity and securities.
- ▶ **Restrictions on buying and selling** – in some cases, emerging markets can place restrictions on the purchase of securities by foreign investors. Some equities are thus not available to the sub-fund because the maximum number allowed to be held by foreign shareholders has been exceeded. In addition, the participation of foreign investors in the net income, capital and distributions may be subject to restrictions or government approval. Emerging markets may also limit the sale of securities by foreign investors. Should the sub-fund be barred due to such a restriction from selling its securities in an emerging market, it will try to obtain an exceptional approval from the relevant authorities or to counter the negative impact of this restriction through its investments in other markets. The sub-fund will only invest in markets in which the restrictions are acceptable. However, it is not possible to prevent additional restrictions from being imposed.

- **Accounting – the accounting, auditing and reporting standards, methods, practices and disclosures required of companies in emerging markets differ from those in developed markets in terms of content, quality and the deadlines for providing information to investors. It may thus be difficult to correctly evaluate the investment options.**

Risk information on investments traded on the CIBM

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

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

The CIBM is also subject to regulatory risk.

Investments in UCIs and UCITS

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

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

Certain fees and charges may be incurred more than once when investing in existing funds (such as Depositary and central administrative agent fees, management/advisory fees and issuing/redemption charges of the UCI and/or UCITS in which the investment is made). Such commission payments and expenses are charged at the level of the target fund as well as of the fund of funds.

The sub-funds may also invest in UCIs and/or UCITS managed by UBS AG or by a company linked to UBS AG through common management or control, or through a substantial direct or indirect holding. In this case, no issuing or redemption charge will be charged on subscription to or redemption of these units. The double charging of commission and expenses referred to above does, however, remain.

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

Use of financial derivative transactions

Financial derivative transactions 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 financial derivative transactions are subject to the general market risk, settlement risk, credit and liquidity risk.

Depending on the specific characteristics of financial derivative transactions, however, the aforementioned risks may be of a different kind and occasionally turn out to be higher than the risks with an investment in the underlying instruments.

That is why the use of financial derivative transactions not only requires an understanding of the underlying instrument but also in-depth knowledge of the financial derivative transactions themselves.

The risk of default in the case of financial derivative transactions traded on an exchange is generally lower than the risk associated with financial derivative transactions that are traded over-the-counter on the open market, because the clearing agents, which assume the function of issuer or counterparty in relation to each financial derivative transaction traded on an exchange, assume a performance guarantee. To reduce the overall risk of default, such 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 financial derivative transactions traded over-the-counter on the open market, there is no comparable clearing agent guarantee and in assessing the potential risk of default, the Company must take account of the creditworthiness of each counterparty.

There are also liquidity risks since it may be difficult to buy or sell certain financial derivative instruments. When financial derivative transactions are particularly large, or the corresponding market is illiquid (as may be the case with financial derivative transactions traded over-the-counter on the open market), it may under certain circumstances not always be possible to fully execute a transaction or it may only be possible to liquidate a position by incurring increased costs.

Additional risks connected with the use of financial derivative transactions lie in the incorrect determination of prices or valuation of financial derivative transactions. There is also the possibility that financial derivative transactions do not completely correlate with their underlying assets, interest rates or indices. Many financial derivative transactions are complex and frequently valued subjectively. Inappropriate valuations can result in higher demands for cash by counterparties or in a loss of value for the Company. There is not always a direct or parallel relationship between a financial derivative transaction and the value of the assets, interest

rates or indices from which it is derived. For these reasons, the use of financial derivative transactions by the Company is not always an effective means of attaining the Company's investment objective and can at times even have the opposite effect.

Swap agreements

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

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

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

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

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

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

Insolvency risk on swap counterparties

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

Potential illiquidity of exchange traded instruments and swap contracts

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

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

Risks connected with the use of efficient portfolio management techniques

A sub-fund may enter into repurchase agreements and reverse repurchase agreements as a buyer or as a seller subject to the conditions and limits set out in Section 5 entitled "Special techniques and instruments with securities and money market instruments as underlying assets". If the other party to a repurchase agreement or reverse repurchase agreement should default,

the sub-fund might suffer a loss to the extent that the proceeds from the sale of the underlying securities and/or other collateral held by the sub-fund in connection with the repurchase agreement or reverse repurchase agreement are less than the repurchase price or, as the case may be, the value of the underlying securities. In addition, in the event of bankruptcy or similar proceedings of the other party to the repurchase agreement or reverse repurchase agreement or its failure otherwise to perform its obligations on the repurchase date, the sub-fund could suffer losses, including loss of interest on or principal of the security and costs associated with delay and enforcement of the repurchase agreement or reverse repurchase agreement.

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

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

Exposure to securities financing transactions

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

Sub-funds	Total return swaps		Repurchase agreements/reverse repurchase agreements		Securities lending	
	Expected	Maximum	Expected	Maximum	Expected	Maximum
UBS (Lux) Bond SICAV 2020 (CHF)	0%	15%	0%	100%	0%-50%	100%
UBS (Lux) Bond SICAV 2020 (EUR)	0%	15%	0%	100%	0%-50%	100%
UBS (Lux) Bond SICAV 2020 (USD)	0%	15%	0%	100%	0%-50%	100%
UBS (Lux) Bond SICAV 2021 (CHF)	0%	15%	0%	100%	0%-50%	100%
UBS (Lux) Bond SICAV 2021 (USD)	0%	15%	0%	100%	0%-50%	100%
UBS (Lux) Bond SICAV 2022 (CHF)	0%	15%	0%	100%	0%-50%	100%
UBS (Lux) Bond SICAV 2022 (EUR)	0%	15%	0%	100%	0%-50%	100%
UBS (Lux) Bond SICAV 2022 (USD)	0%	15%	0%	100%	0%-50%	100%
UBS (Lux) Bond SICAV 2023 (CHF)	0%	15%	0%	100%	0%-50%	100%
UBS (Lux) Bond SICAV 2023 (EUR)	0%	15%	0%	100%	0%-50%	100%
UBS (Lux) Bond SICAV 2023 (USD)	0%	15%	0%	100%	0%-50%	100%
UBS (Lux) Bond SICAV Asia Bonds 2021 (USD)	0%	15%	0%	100%	0%-50%	100%
UBS (Lux) Bond SICAV Asian High Yield (USD)	0%-10%	50%	0%	100%	0%-50%	100%
UBS (Lux) Bond SICAV Asian Investment Grade Bonds (USD)	0%-10%	50%	0%	100%	0%-50%	100%

UBS (Lux) Bond SICAV Asian Local Currency Bond (USD)	0%-10%	50%	0%	100%	0%-50%	100%
UBS (Lux) Bond SICAV – China Fixed Income (RMB)	0%	15%	0%	100%	0%-50%	100%
UBS (Lux) Bond SICAV China High Yield (USD)	0%	15%	0%	100%	0%-50%	100%
UBS (Lux) Bond SICAV Convert Global (EUR)	0%	15%	0%	100%	0%-50%	100%
UBS (Lux) Bond SICAV – Currency Diversifier (USD)	0%	15%	0%	100%	0%-50%	100%
UBS (Lux) Bond SICAV Emerging Economies Corporates (USD)	0%-10%	50%	0%	100%	0%-50%	100%
UBS (Lux) Bond SICAV Emerging Economies Local Currency Bond (USD)	0%-10%	50%	0%	100%	0%-50%	100%
UBS (Lux) Bond SICAV Emerging Europe (EUR)	0%-10%	50%	0%	100%	0%-50%	100%
UBS (Lux) Bond SICAV Emerging Markets Bonds 2018 (CHF)	0%	15%	0%	100%	0%-50%	100%
UBS (Lux) Bond SICAV Emerging Markets Bonds 2018 (EUR)	0%	15%	0%	100%	0%-50%	100%
UBS (Lux) Bond SICAV Emerging Markets Bonds 2018 (USD)	0%	15%	0%	100%	0%-50%	100%
UBS (Lux) Bond SICAV Emerging Markets Bonds 2021 (CHF)	0%	15%	0%	100%	0%-50%	100%
UBS (Lux) Bond SICAV Emerging Markets Bonds 2021 (EUR)	0%	15%	0%	100%	0%-50%	100%
UBS (Lux) Bond SICAV Emerging Markets Bonds 2021 (USD)	0%	15%	0%	100%	0%-50%	100%
UBS (Lux) Bond SICAV – Emerging Markets High Yield Bonds 2018 (EUR)	0%	15%	0%	100%	0%-50%	100%
UBS (Lux) Bond SICAV Emerging Markets High Yield Bonds 2018 (USD)	0%	15%	0%	100%	0%-50%	100%
UBS (Lux) Bond SICAV Emerging Markets High Yield Bonds 2021 (CHF)	0%	15%	0%	100%	0%-50%	100%
UBS (Lux) Bond SICAV Emerging Markets High Yield Bonds 2021 (EUR)	0%	15%	0%	100%	0%-50%	100%
UBS (Lux) Bond SICAV Emerging Markets High Yield Bonds 2021 (USD)	0%	15%	0%	100%	0%-50%	100%
UBS (Lux) Bond SICAV – EUR Corporates (EUR)	0%-10%	50%	0%	100%	0%-50%	100%
UBS (Lux) Bond SICAV EUR	0%	15%	0%	100%	20%-70%	100%

Inflation-linked (EUR)						
UBS (Lux) Bond SICAV Floating Rate Income (USD)	0%-50%	100%	0%	100%	0%-50%	100%
UBS (Lux) Bond SICAV Global Corporates (USD)	0%-10%	50%	0%	100%	0%-50%	100%
UBS (Lux) Bond SICAV - Global Dynamic (USD)	0%-10%	50%	0%	100%	0%-50%	100%
UBS (Lux) Bond SICAV Global Inflation-linked (USD)	0%-10%	50%	0%	100%	0%-50%	100%
UBS (Lux) Bond SICAV Multi Income (USD)	0%-50%	50%	0%	100%	0%-50%	100%
UBS (Lux) Bond SICAV – Short Duration High Yield (USD)	0%-50%	100%	0%	100%	0%-50%	100%
UBS (Lux) Bond SICAV Short Term EUR Corporates (EUR)	0%-10%	50%	0%	100%	0%-50%	100%
UBS (Lux) Bond SICAV – Short Term USD Corporates (USD)	0%-10%	50%	0%	100%	0%-50%	100%
UBS (Lux) Bond SICAV US Bonds 2021 (USD)	0%	15%	0%	100%	0%-50%	100%
UBS (Lux) Bond SICAV US Treasury Inflation-linked Passive (USD)	0%-10%	50%	0%	100%	0%-50%	100%
UBS (Lux) Bond SICAV – USD Corporates (USD)	0%-10%	50%	0%	100%	0%-50%	100%
UBS (Lux) Bond SICAV – USD High Yield (USD)	0%-50%	100%	0%	100%	0%-50%	100%
UBS (Lux) Bond SICAV USD Investment Grade Corporates (USD)	0%-10%	50%	0%	100%	0%-50%	100%

Risks connected with the use of ABS/MBS

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

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

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

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

Risk management

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

Leverage

The leverage for UCITS using the value-at-risk (“**VaR**”) approach is defined pursuant to CSSF circular 11/512 as the “sum of the notional” of the derivatives used by the respective sub-fund. Shareholders should note that this definition may lead to artificially high leverage that does not reflect the actual economic risk due to, inter alia, the following reasons:

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

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

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

Sub-fund	Global risk calculation method	Expected range of leverage	Reference portfolio
UBS (Lux) Bond SICAV 2020 (CHF)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV 2020 (EUR)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV 2020 (USD)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV 2021 (CHF)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV 2021 (USD)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV 2022 (CHF)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV 2022 (EUR)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV 2022 (USD)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV 2023 (CHF)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV 2023 (EUR)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV 2023 (USD)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV Asia Bonds 2021 (USD)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV Asian High Yield (USD)	Relative VaR approach	0-2	The reference portfolio reflects the properties of a broadly diversified portfolio of Asian

			corporate bonds (excluding Japan) with ratings below investment grade.
UBS (Lux) Bond SICAV Asian Investment Grade Bonds (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 – China Fixed Income (RMB)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV China High Yield (USD)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV Convert Global (EUR)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV – Currency Diversifier (USD)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV Emerging Economies Corporates (USD)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV Emerging Economies Local Currency Bond (USD)	Relative VaR approach	0-2	The reference portfolio reflects the characteristics of a broadly diversified portfolio of emerging market bonds
UBS (Lux) Bond SICAV Emerging Europe (EUR)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV Emerging Markets Bonds 2018 (CHF)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV Emerging Markets Bonds 2018 (EUR)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV Emerging Markets Bonds 2018 (USD)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV Emerging Markets Bonds 2021 (CHF)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV Emerging Markets Bonds 2021 (EUR)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV Emerging Markets Bonds 2021 (USD)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV – Emerging Markets High Yield Bonds 2018 (EUR)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV Emerging Markets High Yield	Commitment approach	n/a	n/a

Bonds 2018 (USD)			
UBS (Lux) Bond SICAV Emerging Markets High Yield Bonds 2021 (CHF)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV Emerging Markets High Yield Bonds 2021 (EUR)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV Emerging Markets High Yield Bonds 2021 (USD)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV – EUR Corporates (EUR)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV – EUR Inflation-linked (EUR)	Relative VaR approach	0-5	The reference portfolio reflects the characteristics of a broadly diversified portfolio of European inflation-linked debt securities and claims.
UBS (Lux) Bond SICAV – Floating Rate Income (USD)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV – Global Corporates (USD)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV – Global Dynamic (USD)	Absolute VaR approach	0-15	n/a
UBS (Lux) Bond SICAV – Global Inflation-linked (USD)	Relative VaR approach	0-5	The reference portfolio reflects the characteristics of a broadly diversified portfolio of worldwide inflation-linked debt securities and claims.
UBS (Lux) Bond SICAV – Multi Income (USD)	Relative VaR approach	0-5	The reference portfolio reflects the characteristics of a broadly diversified portfolio of investment grade and high-yield corporate bonds as well as emerging market bonds.
UBS (Lux) Bond SICAV – Short Duration High Yield (USD)	Relative VaR approach	0-2	The reference portfolio reflects the properties of a broadly diversified portfolio of US corporate bonds with ratings below investment grade.
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 – US Bonds 2021 (USD)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV – US Treasury Inflation-linked Passive (USD)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV – USD Corporates (USD)	Commitment approach	n/a	n/a
UBS (Lux) Bond SICAV – USD	Commitment approach	n/a	n/a

High Yield (USD)			
UBS (Lux) Bond SICAV USD Investment Grade Corporates (USD)	Commitment approach	n/a	n/a

Collateral management

If the Company enters into OTC transactions, it may be exposed to risks associated with the creditworthiness of these OTC counterparties: should the Company enter into futures or options contracts, or use other derivative techniques, it shall be subject to the risk that an OTC counterparty might not meet (or cannot meet) its obligations under one or more contracts.

Counterparty risk can be reduced by depositing a security ("collateral", see above). Collateral may be provided in the form of liquid assets in highly liquid currencies, highly liquid equities and first-rate government bonds. The Company will only accept such financial instruments as collateral, which would allow it (after objective and appropriate valuation) to liquidate these within an appropriate time period. The Company, or a service provider appointed by the Company, must assess the collateral's value at least once a day. The collateral's value must be higher than the value of the position of the respective OTC counterparty. However, this value may fluctuate between two consecutive valuations.

After each valuation, however, it is ensured (where appropriate, by requesting additional collateral) that the collateral is increased by the desired amount to meet the value of the respective OTC counterparty's position (mark-to-market). In order to adequately take into account the risks related to the collateral in question, the Company determines whether the value of the collateral to be requested should be increased, or whether this value should be depreciated by an appropriate, conservatively measured amount (haircut). The larger the collateral's value may fluctuate, the higher the markdown.

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

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

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

The haircuts to be used on collateral from securities lending, as the case may be, are described in Section 5 entitled "Special techniques and instruments with securities and money market instruments as underlying assets".

Securities deposited as collateral may not have been issued by the respective OTC counterparty or be highly correlated with this OTC counterparty. For this reason, shares from the finance sector are not accepted as collateral. Securities deposited as collateral

shall be held in safekeeping by the Depositary on behalf of the Company and may not be sold, invested or pledged by the Company.

The Company shall ensure that the collateral received is adequately diversified, particularly regarding geographic dispersion, diversification across different markets and the spreading of concentration risk. The latter is considered to be sufficiently diversified if securities and money market instruments held as collateral and issued by a single issuer do not exceed 20% of the relevant sub-fund's net assets.

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

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

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

The restrictions listed in the previous paragraph also apply to the spreading of concentration risk. Bankruptcy and insolvency events or other credit events involving the Depositary or within its sub-depositary/correspondent bank network may result in the rights of the Company in connection with the collateral being delayed or restricted in other ways. If the Company owes collateral to the OTC counterparty pursuant to an applicable agreement, then any such collateral is to be transferred to the OTC counterparty as agreed between the Company and the OTC counterparty. Bankruptcy and insolvency events or other credit default events involving the OTC counterparty, the Depositary or its sub-depositary/correspondent bank network may result in the rights or recognition of claims of the Company in connection with the collateral being delayed, restricted or even eliminated, which would go so far as to force the Company to fulfil its obligations within the framework of the OTC transaction, regardless of any collateral that had previously been provided to cover any such obligation.

Net asset value, issue, redemption and conversion price

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

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

If the total subscriptions or redemptions in all the share classes of a sub-fund on a single trading day should result in a net capital inflow or outflow, this sub-fund's net asset value may be increased or reduced accordingly ("single swing pricing"). The maximum adjustment amounts to 2% of the net asset value. Estimated transaction costs and tax charges that may be incurred by the sub-fund, as well as the estimated bid-ask spreads of the assets in which the sub-fund invests, may be taken into account. Such an adjustment will lead to an increase in net asset value if the net movements result in an increase in the number of shares in the relevant sub-fund.

It will lead to a decrease in net asset value if the net movements result in a decrease in the shares. The Board of Directors of the Management Company can set a threshold value for each sub-fund. This may be calculated from the ratio of net movement on a given trading day to the net fund assets, or from a single amount in the currency of the relevant sub-fund. In such a case, the net asset value would only be adjusted if this threshold were to be exceeded on a given trading day.

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

- a) liquid assets (whether in the form of cash and bank deposits, bills of exchange, cheques, promissory notes, expense advances, cash dividends and declared or accrued interest still receivable) are valued at face value, unless this value is unlikely to be fully paid or received, in which case their value is determined by deducting an amount deemed appropriate to arrive at their real value.
- b) Securities, derivatives and other assets listed on a stock exchange are valued at the most recent market prices available. If these securities, derivatives or other assets are listed on several stock exchanges, the most recently available price on the stock exchange that represents the major market for this asset shall apply.
In the case of securities, derivatives and other assets not commonly traded on a stock exchange and for which a secondary market exists among securities traders with pricing based on market standards, the Company may value these securities, derivatives and other investments based on these prices. Securities, derivatives and other investments not listed on a stock

exchange, but traded on another regulated market that operates regularly and is recognised and open to the public, are valued at the most recently available price on this market.

- c) Securities and other investments not listed on a stock exchange or traded on another regulated market, and for which no appropriate price can be obtained, are valued by the Company on the basis of the likely sales prices according to other principles chosen by the Company in good faith.
- d) Derivatives not listed on a stock exchange (OTC derivatives) are valued on the basis of independent pricing sources. If only one independent pricing source is available for a derivative, the plausibility of the valuation obtained will be verified using calculation models that are recognised by the Company and the Company's auditors, based on the market value of that derivative's underlying.
- e) Units of other undertakings for collective investment in transferable securities (UCITS) and/or undertakings for collective investment (UCIs) are valued at their last known asset value.
Certain units or shares of other UCITS and/or UCI can be valued on the basis of an estimation of their value that has been provided by reliable service providers, which are independent from the Portfolio Manager or investment adviser (price estimation).
- f) Money market instruments not traded on a stock exchange or on another regulated market open to the public will be valued on the basis of the relevant curves. Curve-based valuations are calculated from interest rates and credit spreads. The following principles are applied in this process: The interest rate nearest the residual maturity is interpolated for each money market instrument. Thus calculated, the interest rate is converted into a market price by adding a credit spread that reflects the creditworthiness of the underlying borrower. This credit spread is adjusted if there is a significant change in the borrower's credit rating.
- g) Securities, money market instruments, derivatives and other assets denominated in a currency other than the relevant sub-fund's currency of account, and not hedged by foreign exchange transactions, are valued using the average exchange rate (between the bid and ask prices) known in Luxembourg or, if none is available, using the rate on the most representative market for that currency.
- h) Term and fiduciary deposits are valued at their nominal value plus accumulated interest.
- i) The value of swaps is calculated by an external service provider and a second independent valuation is provided by another external service provider. Such calculations are based on the net present value of all cash flows (both inflows and outflows). In some specific cases, internal calculations (based on models and market data made available by Bloomberg) and/or broker statement valuations may be used. The valuation method depends on the security in question and is chosen pursuant to the applicable UBS valuation policy.

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

In extraordinary circumstances, additional valuations may be made throughout the day. Such new valuations shall apply for subsequent issues and redemptions of shares.

Investing in UBS (Lux) Bond SICAV

Conditions for the issue and redemption of shares

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

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

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

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

Subscription and redemption orders ("orders") registered with the administrative agent by 15:00 CET ("cut-off time") on a business day ("order date") will be processed on the basis of the net asset value calculated for that day after the cut-off time ("valuation date").

All orders sent by fax must be received by the administrative agent at least one hour prior to the stated cut-off time of the

respective sub-fund on a business day. However, the central settling agent of **UBS AG** in Switzerland, the distributors and other intermediaries may apply other cut-off times that are earlier than those specified above vis-à-vis their clients in order to ensure the correct submission of orders to the administrative agent. Information on this may be obtained from the central settling agent of **UBS AG** in Switzerland, as well as from the respective distributors and other intermediaries.

For orders registered with the administrative agent after the respective cut-off time on a business day, the order date is considered to be the following business day.

The same applies to requests for the conversion of shares of a sub-fund into those of another sub-fund of the Company performed on the basis of the net asset values of the respective sub-funds.

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

Issue of shares

The issue price of sub-fund shares is calculated according to the provisions in the section “Net asset value, issue, redemption and conversion price”.

After the initial issue, the issue price is based on the net asset value per share plus a maximum issuing commission of 2% of the net asset value (or 2.5% for the sub-fund UBS (Lux) Bond SICAV – Convert Global (EUR)) in favour of the distributors, unless otherwise provided for in the section “Share classes”.

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

Subscriptions for shares in the Company are accepted at the issue price of the sub-funds by the Company, the administrative agent and the Depositary as well as at the sales and paying agents, which forward them to the Company.

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

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

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

If banks are not open in the country where the share class's currency of account is used on the settlement date, or on any day between the order date and the settlement date, or if this currency is not traded under an interbank settlement system, then settlement shall be carried out on the next day on which these banks are open or these settlement systems are available for transactions in the corresponding currency.

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

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

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

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

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

Redemption of shares

Redemption orders, accompanied by any certificates that may have been issued, are accepted by the Management Company, the Administrative Agent, the Depositary or another suitably authorised sales or paying agent.

Consideration for sub-fund shares submitted for redemption is paid no later than the third day after the order date (“**settlement date**”) unless legal provisions, such as foreign exchange controls or restrictions on capital movements, or other circumstances beyond the control of the Depositary, make it impossible to transfer the redemption amount to the country in which the redemption order has been submitted.

If banks are not open in the country where the share class's currency of account is used on the settlement date, or on any day between the order date and the settlement date, or if this currency is not traded under an interbank settlement system, then settlement shall be carried out on the next day on which these banks are open or these settlement systems are available for transactions in the corresponding currency.

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

For sub-funds with multiple share classes that are denominated in different currencies, shareholders may, in principle, only receive the equivalent value for their redemption in the currency of the respective share class or the currency of account of the respective sub-fund.

Subject to applicable laws and regulations, the Depositary and/or the agents entrusted with paying the redemption proceeds may, at their discretion and upon investors' request, make the payment in currencies other than the currency of account of the respective sub-fund and the currency of the share class redeemed. The exchange rate used will be determined by the respective agent on the basis of the bid-ask spread of the relevant currency pair.

Investors shall bear all fees associated with currency exchange. These fees, as well as any taxes, commissions or other fees that may be incurred in the relevant country of distribution and, for example, levied by correspondent banks, will be charged to the relevant investor and deducted from the redemption proceeds. Notwithstanding the above, payment of redemption proceeds for shares denominated in RMB and/or RMB hedged shall be made in RMB only. The investor may not request payment of the redemption proceeds in any currency other than RMB.

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

However, no redemption charged may be levied.

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

The Company reserves the right to refrain from executing redemption and conversion orders in full (redemption gate) on order dates on which the total orders would cause an outflow of funds of more than 10% of the sub-fund's net assets on that date. In such cases, the Company may decide to execute only a portion of redemption and conversion orders, and to postpone the execution of the remaining redemption and conversion orders for that order date with priority status and for a period generally not to exceed 20 business days.

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

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

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

In this case, the capital redeemed in kind must suit the relevant sub-fund's investment policy and restrictions. In addition, such payments in kind will be appraised by the auditor selected by the Company, and must have no negative impact on the remaining shareholders in the Company. The costs incurred will be charged to the relevant investor.

Conversion of shares

At any time, shareholders may convert their shares into those of another share class within the same sub-fund, and/or may convert their shares into those of another sub-fund. Conversion orders are subject to the same procedures as the issue and redemption of shares.

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

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

where:

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

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

χ = net asset value of the shares submitted for conversion

- δ = foreign-exchange rate between the sub-funds or share classes in question. If both sub-funds or share classes are valued in the same currency of account, this coefficient equals 1
- ϵ = net asset value of the shares in the sub-fund or share class into which conversion is requested plus any taxes, charges or other fees

A maximum conversion commission amounting to the maximum issuing commission of the respective sub-fund or share class (calculated on the net asset value of the shares of the sub-fund or share class into which the conversion is performed) may be charged in favour of the distributors. No redemption charge is applied in such cases, in accordance with the information in the section titled "Redemption of shares".

Subject to applicable laws and regulations, the Depositary and/or the agents entrusted with receiving conversion payments may, at their discretion and upon investors' request, accept the payment in currencies other than the currency of account of the respective sub-fund and/or the subscription currency of the share class into which the conversion will take place. The exchange rate used will be determined by the respective agent on the basis of the bid-ask spread of the relevant currency pair. These commissions, as well as any fees, taxes and stamp duties incurred in the individual countries for a sub-fund conversion are charged to the shareholders.

Prevention of money laundering and terrorist financing

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

Accordingly, investors must provide proof of their identity to the distributor or sales agent receiving their subscription. The distributor or sales agent must request the following identifying documents from investors as a minimum: natural persons must provide a certified copy of their passport/identity card (certified by the distributor or sales agent or by the local administrative authority); companies and other legal entities must provide a certified copy of the articles of incorporation, a certified copy of the extract from the trade and companies register, a copy of the most recently published annual accounts and the full name of the beneficial owner.

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

Furthermore, the distributor and its sales agents must comply with all the regulations for the prevention of money laundering and terrorist financing in force in the respective countries.

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

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

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

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

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

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

In addition, the Company is entitled to:

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

Distributions

The payment of distributions for a certain sub-fund or share class, as well as the amount of any such distributions, is decided by the general meeting of shareholders of this sub-fund; it shall do so acting on a proposal from the Company's Board of Directors after closure of the annual accounts. Distributions may be composed of income (e.g. dividend income and interest income) or capital and they may include or exclude fees and expenses.

Investors in certain countries may be subject to higher tax rates on distributed capital than on any capital gains from the sale of fund units. Some investors may therefore prefer to invest in accumulating (-acc) rather than distributing (-dist, -mdist) share classes. Investors may be taxed at a later point in time on income and capital arising on accumulating (-acc) share classes compared with distributing (-dist) share classes. Investors should consult qualified experts for tax advice regarding their individual situation. Any distribution results in an immediate reduction of the net asset value per share of the sub-fund. The payment of distributions must not result in the net assets of the Company falling below the minimum amount for company assets laid down by the Law of 2010. If distributions are made, payment will be effected within four months of the end of the financial year.

The Board of Directors of the Company is entitled to decide on the payment of interim dividends and the suspension of distribution payments.

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

Taxes and expenses

Taxation

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

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

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

Insofar as the respective sub-fund and shareholders are not subject to EU taxation of savings income, shareholders are not required, under current tax law, to pay any income, gift, inheritance or other tax in Luxembourg, unless they are domiciled or resident or maintain their usual place of abode in Luxembourg, or were previously resident in Luxembourg and hold more than 10% of the shares in the Company.

On 13 November 2008, the European Commission accepted a proposal for the amendment of the Savings Taxation Directive. This

proposed amendment would provide, among other things, (i) for an extension of the scope of the EU Savings Taxation Directive to include payments made by certain intermediary structures (regardless of whether their registered office is in an EU Member State or not) to a final beneficiary who is a natural person resident in the EU and (ii) for the definition of interest falling under the scope of the EU Savings Taxation Directive to be further extended. At the time of writing of this Sales Prospectus, it is not yet known if or when the proposed amendment will enter into force.

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

Automatic exchange of information – FATCA and the Common Reporting Standard

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

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

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

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

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

“Specified US person” as defined by FATCA

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

Taxation in the PRC

By investing in onshore bonds in the PRC directly through the China Interbank Bond Market (“**CIBM**”), the sub-fund may be subject to withholding tax and other taxes imposed by the PRC tax authorities.

a) Corporate income tax:

Pursuant to general tax law in the PRC, if the sub-fund is considered tax resident in the PRC, it will be subject to corporate income tax (“**CIT**”) of 25% on its worldwide taxable income. If the sub-fund is considered non-tax resident in the PRC with a place of establishment (“**PE**”) in the PRC, the profits attributable to that PE are subject to CIT of 25%. If the sub-fund is considered non-tax resident in the PRC and has no PE there, the sub-fund’s income from PRC onshore bonds will generally be subject to withholding income tax (“**WIT**”) of 10% on the income earned in the PRC, including but not limited to passive income (e.g. interest) and gains arising from transfers of PRC onshore bonds, if this income is not exempt from such tax pursuant to specific PRC circulars or the relevant tax treaty.

The Portfolio Manager intends to operate the sub-fund in such a manner that the sub-fund will not be treated as tax resident in the

PRC for CIT purposes and will have no PE there (although this cannot be guaranteed).

Interest

Where the tax law and regulations in the PRC or the relevant tax treaty do not specifically provide for an exemption or reduction, non-tax resident companies with no PE in the PRC will generally be subject to CIT in the form of a withholding tax of 10%. Pursuant to applicable tax law in the PRC, interest on government bonds is exempt from CIT.

Capital gains

There are no specific regulations on the taxation of capital gains made by foreign investors from trading PRC onshore bonds. In the absence of specific regulations, the application of CIT is governed by the general tax provisions of CIT law in the PRC and is subject to the interpretation of the PRC tax authorities. In practice, no WIT is currently applied to capital gains made by foreign investors from trading PRC onshore bonds. However, there is no specific written tax provision confirming this.

b) Value added tax ("VAT"):

With the Caishui [2016] No. 36 circular ("**Circular 36**") on the last phase of the VAT reform that came into force on 1 May 2016, gains on the transfer of PRC onshore securities became subject to VAT as of 1 May 2016.

Pursuant to Circular 36, trades in PRC onshore securities made directly through the CIBM are subject to VAT of 6% of the difference between the securities' sale and purchase price.

Interest income earned by foreign investors on investments in PRC onshore bonds are subject to 6% VAT where no special exemption applies. Pursuant to Circular 36, interest income on deposits is not subject to VAT and interest income on government bonds is VAT-exempt. Furthermore, interest income earned by financial institutions on bonds of other financial institutions is VAT-exempt pursuant to Caishui [2016] No. 46 and Circular 70.

Where VAT applies, additional taxes also apply (including the urban construction and maintenance tax, the education surcharge and the regional education surcharge) amounting to up to 12% of the applicable VAT.

Tax risk in the PRC

There are risks and uncertainties associated with the applicable tax laws and regulations and the current tax practice in the PRC for capital gains and interest income realised for the sub-fund's investments in PRC securities (that may apply retroactively). A high tax liability for the fund may have a negative effect on the fund's value.

The following principles formed on the basis of independent, professional tax advice apply to the creation of tax provisions for the sub-fund:

- No provision is made for the PRC's WIT on realised and unrealised capital gains on PRC onshore bonds.
- For the 10% WIT, a provision is made for non-government PRC onshore bonds for any interest income that was not subject to the WIT as a withholding tax by the issuer in the PRC, and for any accrued interest income.

Any portion of the real tax liability for the sub-fund's assets not covered by the tax provision detracts from the sub-fund's NAV. The real tax liability may be lower than the tax provision. Depending on the timing of their subscriptions and/or redemptions, investors may be adversely affected by a deficit in the tax provision/will not be entitled to a portion of any surplus. Shareholders should consult their tax advisers with regard to their own tax liability for their investments in the sub-fund.

Investors in the United Kingdom

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

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

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

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

The application may be made for one or more sub-funds within an umbrella fund or for one or more specific share classes issued by a sub-fund. For UK tax purposes, investments in a share class with distributing fund or reporting fund status will be treated as investments in a qualifying offshore fund.

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

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

Where such an application has been made, the Board of Directors of the Company intends to manage the Company in such a way that an investment in these specific share classes is deemed to be an investment in a qualifying offshore fund for each accounting period, and that HM Revenue & Customs is satisfied that the relevant requirements have been or will be met.

However, the members of the Board of Directors of the Company cannot guarantee that these requirements will be met or that HM Revenue & Customs will confirm that they have been met.

For share classes with "UKdist" in their name and "reporting fund" status, the Company intends to distribute, on an annual basis, a

sum which corresponds to 100% of the reportable income within the meaning of the UK reporting fund rules. The Company does not intend to make taxable values relating to "UKdist" share classes available in other countries.

The attention of persons ordinarily resident in the United Kingdom is drawn to the provisions of Part 13(2) of the Income Tax Act 2007 ("Transfer of Assets Abroad"), which provide that under certain circumstances, these persons may be subject to income tax in connection with non-distributed income and profits arising on investments in sub-fund(s), or similar income and profits, which is not receivable in the United Kingdom by those persons.

In addition, it is important to note the provisions of Section 13 of the Taxation of Chargeable Gains Act of 1992, which govern the distribution of chargeable gains of companies that are not resident in the United Kingdom and that would be considered "close companies" if they were resident in the UK. These gains are distributed to investors who are domiciled or have their ordinary place of residence in the UK. Profits distributed in this manner are taxable for all investors holding a share of more than 10% of the distributed profit either individually or together with associated persons.

The Company intends to make all reasonable efforts to ensure that the sub-fund or sub-funds are not classed as a "close company" within the meaning of Section 13 of the Taxation of Chargeable Gains Act if domiciled in the United Kingdom. Moreover, when determining the impact of Section 13 of the Taxation of Chargeable Gains Act of 1992, it is important to ensure that the regulations of the double taxation treaty between the United Kingdom and Luxembourg are taken into account.

Expenses paid by the Company

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

This shall be used as follows:

1. For the management, administration, portfolio management and distribution of the Company (if applicable), as well as for all the tasks of the Depositary, such as the safekeeping and supervision of the Company's assets, the handling of payment transactions and all other tasks listed in the section entitled "Depositary and Main Paying Agent", a maximum flat fee based on the net asset value of the Company is paid from the Company's assets, in accordance with the following provisions: This fee is charged to the Company's assets on a pro rata basis upon every calculation of the net asset value and is paid on a monthly basis (maximum flat fee). The relevant maximum flat fee will not be charged until the corresponding share classes have been launched. An overview of the maximum flat fees can be seen in the section entitled "Investment objective and investment policy of the sub-funds".
The actual maximum rate applied to the flat fee can be found in the annual and semi-annual reports.
2. The maximum flat fee does not include the following fees and additional expenses, which are also charged to the Company's assets:
 - a) all additional expenses related to management of the Company's assets for the sale and purchase of assets (bid-ask spread, brokerage fees in line with the market, commissions, fees, etc.). As a rule, these expenses are calculated upon the purchase or sale of the respective assets. In derogation hereto, these additional expenses, which arise through the sale and purchase of assets in connection with the settlement of the issue and redemption of units, are covered by the application of the single swing pricing principle pursuant to the section titled "Net asset value, issue, redemption and conversion price".
 - b) fees of the supervisory authority for the establishment, modification, liquidation and merger of the Company, as well as all charges payable to the supervisory authorities and any stock exchanges on which the sub-funds are listed;
 - c) auditor's fees for the annual audit and certification in connection with the establishment, modification, liquidation and merger of the Company, as well as any other fees paid to the audit firm for the services it provides in relation to the administration of the Fund as permitted by law;
 - d) fees for legal and tax advisers, as well as notaries, in connection with the establishment, registration in distribution countries, modification, liquidation and merger of the Company, as well as for the general safeguarding of the interests of the Company and its investors, insofar as this is not expressly prohibited by law;
 - e) Costs for the publication of the Company's net asset value and all costs for notices to investors, including translation costs;
 - f) costs for the Company's legal documents (prospectuses, KIIDs, annual and semi-annual reports, as well as all other documents legally required in the countries of domiciliation and distribution);
 - g) costs for the Company's registration with any foreign supervisory authorities, if applicable, including fees payable to the foreign supervisory authorities, as well as translation costs and fees for the foreign representative or paying agent;

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

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

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

For purposes of general comparability with fee rules of different fund providers that do not have a flat fee, the term "maximum management fee" is set at 80% of the flat fee.

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

Costs relating to the services performed for share classes I-X, K-X and U-X for asset management, fund administration (comprising the costs of the Company, the administrative agent and the Depositary) and distribution are covered by the compensation to which UBS AG is entitled under a separate contract with the investor.

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

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

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

The management fees of the target fund in which the assets of the sub-fund are invested may amount to a maximum of 3%, taking into account any trailer fees.

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

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

Information for shareholders

Regular reports and publications

For the Company and each of its sub-funds, an annual report shall be published on 31 May and a semi-annual report on 30 November.

The aforementioned reports contain a breakdown of each sub-fund, or respectively, each share class in the relevant currency of account. The consolidated breakdown of assets for the Company as a whole is given in 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. It also contains details on the underlying assets to which the respective sub-funds are exposed through the use of derivative financial instruments and the counterparties involved in these derivative transactions, as well as the amount and type of collateral provided in favour of the sub-fund by the counterparties in order to reduce the credit risk.

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

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

Notices to shareholders will be published at www.ubs.com/lu/en/asset_management/notifications and can be sent by email to those shareholders who have provided an email address for this purpose. Paper copies of such notices will be mailed to those shareholders who have not provided an email address at the postal address recorded in the shareholder registry. Paper copies will also be mailed to shareholders where required by Luxembourg law or supervisory authorities, or legally required in the relevant countries of distribution, and/or published in another form permitted by Luxembourg law.

Inspection of documents

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

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

The aforementioned agreements may be amended by common consent of the parties involved.

Handling complaints, strategy for exercising voting rights and best execution

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

http://www.ubs.com/lu/en/asset_management/investor_information.html

Remuneration policy of the Management Company

The Board of Directors of the Management Company has adopted a remuneration policy that aims to ensure remuneration complies with the applicable regulations – in particular the provisions defined under (i) UCITS Directive 2014/91/EU, the ESMA final report on sound remuneration policies under the UCITS Directive and AIFMD published on 31 March 2016, (ii) the Alternative Investment Fund Managers (AIFM) Directive 2011/61/EU, enacted into Luxembourg national law by the AIFM Law of 12 July 2013, as amended, the ESMA guidelines on sound remuneration policies under the AIFMD, published on 11 February 2013 and (iii) the CSSF Circular 10/437 on Guidelines concerning the remuneration policies in the financial sector, issued on 1 February 2010 – as well as the guidelines of the UBS AG remuneration policy. This remuneration policy is reviewed at least annually.

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

Furthermore, this approach aims to:

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

provide employees with remuneration that comprises a balanced mix of fixed and variable elements. The fixed remuneration component represents a sufficiently large portion of the total remuneration amount, which allows for a flexible bonus strategy. This includes the option not to pay any variable remuneration. This fixed remuneration is determined according to the individual employee's role, which includes their responsibilities and the complexity of their work, their performance, and the local market conditions. Furthermore, it should be noted that the Management Company may, at its own discretion, offer benefits to employees. These form an integral part of the fixed remuneration.

All information relevant hereto shall be disclosed in the annual reports of the Management Company in accordance with the provisions of UCITS Directive 2014/91/EU.

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

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

Conflicts of interest

The Board of Directors, the Management Company, the Portfolio Manager, the Depositary, the administrative agent and the other service providers of the Company, and/or their respective affiliates, associates, employees or any person connected with them may be subject to various conflicts of interest in their relationships with the Company.

The Management Company, the Company, the Portfolio Manager, the administrative agent and the Depositary have adopted and implemented a policy on conflicts of interest. They have taken suitable organisational and administrative measures to identify and manage conflicts of interest so as to minimise the risk of the Company's interests being prejudiced, as well as to ensure that the Company's shareholders are treated fairly in the event that a conflict of interest cannot be prevented.

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

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

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

In the conduct of its business, the Affiliated Person shall endeavour to identify, manage and where necessary prohibit any action or transaction that may lead to a conflict of interest between the various business activities of Affiliated Person and the Company or its shareholders. The Affiliated Person endeavours to manage any conflicts in a manner consistent with the highest standards of

integrity and fair dealing. To this end, the Affiliated Person has implemented procedures to ensure that any business activities giving rise to a conflict that could harm the interests of the Company or its shareholders are carried out with an appropriate level of independence and that any conflicts are resolved fairly. Investors may obtain additional information on the Management Company and/or the Company's policy on conflicts of interest free of charge by addressing a written request to the Management Company. Despite the Management Company's best efforts and due care, there remains the risk that the organisational or administrative measures taken by the Management Company for the management of conflicts of interest may not be sufficient to ensure, with reasonable confidence, that all risks of damage to the interests of the Company or its shareholders are eliminated. If this should be the case, any non-mitigated conflicts of interest and any decisions taken in relation thereto will be notified to investors on the following website of the Management Company: http://www.ubs.com/lu/en/asset_management/investor_information.html. This information is also available free of charge at registered office of the Management Company. In addition, it must be taken into account that the Management Company and the Depositary are members of the same group. Accordingly, both these entities have put in place policies and procedures to ensure that they (i) identify all conflicts of interests arising from this relationship and (ii) take all reasonable steps to avoid such conflicts of interest. Where a conflict of interest arising out of the relationship between the Management Company and the Depositary cannot be avoided, the Management Company or the Depositary will manage, monitor and disclose that conflict of interest in order to prevent adverse effects on the interests of the Company and of the shareholders. A description of all custody tasks delegated by the Depositary, as well as a list of all delegates and sub-delegates of the Depositary can be found on the following webpage: <https://www.ubs.com/global/en/legalinfo2/luxembourg.html>. Up-to-date information on this will be made available to investors upon request.

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

Liquidation of the Company and its sub-funds

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

If the total net assets of the Company fall below two-thirds or one quarter of the prescribed minimum capital, the Board of Directors of the Company must ask for a vote by the general meeting of shareholders on whether to liquidate the Company. If the Company is liquidated, it will be wound up by one or more liquidators. These shall be designated by the general meeting of shareholders, which will also determine their remuneration and the scope of the powers granted to them. The liquidators will realise the Company's assets in the best interests of the shareholders and distribute the net proceeds from the liquidation of these sub-funds to the shareholders of these sub-funds or share classes in proportion to their respective holdings. Any liquidation proceeds which cannot be distributed to the shareholders at the end of the liquidation process (which can take up to nine months), will be deposited immediately at the Caisse de Consignation in Luxembourg.

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

If the total net asset value of a sub-fund, or share class within a sub-fund, has fallen below or failed to reach a value required for that sub-fund or share class to be managed with economic efficiency; or in the event of a substantial change in the political, economic or monetary environment; or as part of a rationalisation; the Company may decide to redeem all shares of the corresponding share class(es) at the net asset value (taking into account the actual investment realisation rates and expenses) as at the valuation date or time at which this decision takes effect.

Notwithstanding the powers of the Board of Directors of the Company, the general meeting of shareholders of a sub-fund can reduce the Company capital at the proposal of the Board of Directors of the Company by withdrawing shares issued by said sub-fund 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 sub-fund's assets and any costs arising from this liquidation.

The shareholders of the respective sub-fund will be informed of the decision taken by the general meeting of shareholders or the Company's Board of Directors to cancel shares in the manner described above in the section titled "Regular reports and publications". The countervalue of the net asset value of liquidated shares that have not been submitted by shareholders for redemption will be deposited immediately at the Caisse de Consignation in Luxembourg.

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

"**Mergers**" are transactions in which

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

existing UCITS or sub-fund of that UCITS (the “**absorbing UCITS**”).

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

Under the conditions described in the section “Liquidation of the Company and its sub-funds”, the Board of Directors of the Company may decide to allocate the assets of a sub-fund or of a share class to another existing sub-fund or share class of the Company, or to another Luxembourg UCI pursuant to Part I of the Law of 2010, or to a foreign UCITS pursuant to the provisions of the Law of 2010; and to redesignate the shares of the sub-fund or share class in question as shares of another sub-fund or of another share class (as a result of the scission or consolidation, if necessary, and through the payment of an amount that corresponds to the pro rata entitlement of the shareholders). Without prejudice to the aforementioned powers of the Board of Directors of the Company, the decision to merge sub-funds, as described above, may also be taken by the general meeting of the shareholders of the sub-fund in question.

Shareholders will be informed of any such decision in the manner described above in the section entitled “Regular reports and publications”. During the 30 days following the notification of such a decision, shareholders will have the right to redeem all or part of their shares at the prevailing net asset value, free of redemption charge or other administrative charges, in accordance with the established procedure outlined under “Redemption of shares”. Shares not presented for redemption will be exchanged on the basis of the net asset value of the relevant sub-fund, calculated for the day on which the decision takes effect. If units in an investment fund established as a “fonds commun de placement” are allocated, the decision is binding only for the investors who voted in favour of the allocation.

General meeting of the Company or of the shareholders of the relevant sub-fund

For both the liquidation and merger of sub-funds, no minimum quorum is required at the General meeting of the Company or of the shareholders of the relevant sub-fund, and decisions can be approved by a simple majority of the shares present or represented at this general meeting.

Applicable law, place of performance and legally binding document language

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

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

Investment principles

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

1. Permitted investments of the Company

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

- a) Securities and money market instruments that are listed or traded on a “regulated market” as defined in Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments;
- b) Securities and money market instruments that are traded in a Member State on another market which is recognised, regulated, operates regularly and is open to the public. The term “**Member State**” designates a member country of the European Union; countries that are parties to the agreement on the European Economic Area but are not Member States of the European Union are considered equivalent to Member States of the European Union, within the limits of said agreement and its related agreements;
- c) Securities and money market instruments admitted to official listing on a stock exchange in a non-Member State or traded on another market of a European, American, Asian, African or Australasian country (hereinafter “**approved state**”) which operates regularly and is recognised and open to the public;
- d) Newly issued securities and money market instruments, provided the terms of issue stipulate that an application must be made for admission to official listing on one of the securities exchanges or regulated markets mentioned under Points 1.1(a)–(c), and that this admission must be granted within one year of the issue of the securities;
- e) Units of UCITS admitted pursuant to Directive 2009/65/EC and/or other UCIs within the meaning of Article 1(2)(a) and (b) of Directive 2009/65/EC with their registered office in a Member State as defined in the Law of 2010 or a non-Member State, provided that:
 - such other UCIs have been approved in accordance with legislation subjecting them to prudential supervision that, in the opinion of the CSSF, is equivalent to that which applies under Community law, and that adequate provision exists for ensuring cooperation between authorities;

- the level of protection afforded to unitholders in the other UCIs is equivalent to that afforded to shareholders in the Company and, in particular, regulations apply that are equivalent to those in Directive 2009/65/EC governing the segregation of assets, borrowing, lending and the short-selling of securities and money market instruments;
- the business operations of the other UCIs are the subject of annual and semi-annual reports that permit an assessment to be made of the assets and liabilities, income and transactions arising during the reporting period; and
- the UCITS or such other UCI, the units of which are to be acquired, may invest no more than 10% of its assets in units of other UCITS or UCIs pursuant to its Management Regulations or its founding documents.

Each sub-fund may invest no more than 10% of its assets in other UCITS or UCIs, unless otherwise stipulated in the investment policy of that sub-fund.

- f) Sight deposits or deposits at notice at credit institutions with a term of up to 12 months, provided the credit institution has its registered office in an EU Member State, or (if the credit institution's registered office is located in a non-Member State) it is subject to supervisory regulations that the CSSF deems equivalent to those under Community law;
 - g) Derivative financial instruments ("**derivatives**"), including equivalent cash-settled instruments, which are traded on one of the regulated markets listed in (a), (b) and (c) above, or derivatives that are not traded on a stock exchange ("**OTC derivatives**"), provided that:
 - the use of derivatives is in accordance with the investment purpose and investment policy of the respective sub-fund and is suited to achieving their goals;
 - the underlying securities are instruments in accordance with the definition given under points 1.1(a) and 1.1(b) or financial or macroeconomic indices, interest rates, currencies or other underlying instruments in which the Company may invest either directly or indirectly via other existing UCI or UCITS pursuant to its investment policy;
 - the sub-funds ensure, through adequate diversification of the underlying assets, that the diversification requirements applicable to them and listed in the section entitled "Risk diversification" are adhered to;
 - the counterparties in transactions involving OTC derivatives are institutions subject to prudential supervision and belonging to the categories admitted by the CSSF and expressly approved by the Company. The approval process by the Company is based on the principles drawn up by UBS AM Credit Risk and concerning, inter alia, the creditworthiness, reputation and experience of the relevant counterparty in settling transactions of this type, as well as their willingness to provide capital. The Company maintains a list of counterparties it has approved;
 - the OTC derivatives are valued daily in a reliable and verifiable manner and may be sold, liquidated or settled by means of a back-to-back transaction at any time, upon the Company's initiative and at the appropriate fair value; and
 - the counterparty is not granted discretion regarding the composition of the portfolio managed by the relevant sub-fund (e.g. in the case of a total return swap or a derivative financial instrument with similar characteristics), or regarding the underlying of the relevant OTC derivative.
 - h) money market instruments as defined in the section titled "Investment policy" that are not traded on a regulated market, provided that the issuance or issuer of these instruments is subject to regulations protecting investors and investments, and provided that these instruments are:
 - issued or guaranteed by a central, regional or local entity or the central bank of a Member State, the European Central Bank, the European Union or European Investment Bank, a non-Member State, or, in the case of a federal state, a Member State of the federation, or by a public international institution of which at least one Member State is a member;
 - issued by an undertaking whose securities are traded on the regulated markets listed under Point 1.1(a), (b) and (c);
 - issued or guaranteed by an institution subject to official prudential supervision in accordance with the criteria laid down in Community law, or by an institution subject to prudential supervision that, in the opinion of the CSSF, is at least as stringent as that provided for in Community law, and that complies with it, or issued by other issuers belonging to a category authorised by the CSSF, provided that regulations protecting investors that are equivalent to those in the first, second or third points above apply to investments in these instruments, and provided that the issuers constitute either a company with equity capital amounting to at least 10 million euro (EUR 10,000,000) that prepares and publishes its annual accounts in accordance with the Fourth Council Directive 78/660/EEC, or an entity within a group encompassing one or more listed companies and responsible for its financing, or an entity that is to fund the securitisation of liabilities by means of a credit line provided by a bank.
- 1.2 In derogation of the investment restrictions set out in Point 1.1, each sub-fund may invest up to 10% of its net assets in securities and money market instruments other than those named in Point 1.1.
 - 1.3 The Company ensures that the overall risk associated with derivatives does not exceed the overall net value of the Company portfolio. As part of its investment strategy, each sub-fund may invest in derivatives within the limits set out in Points 2.2 and 2.3, provided the overall risk of the underlying instruments does not exceed the investment limits stipulated in Point 2.
 - 1.4 Each sub-fund may hold liquid assets on an ancillary basis.

2. Risk diversification

- 2.1 In accordance with the principle of risk diversification, the Company is not permitted to invest more than 10% of the net assets of a sub-fund in securities or money market instruments from a single institution. The Company may not invest more than 20% of the net assets of a sub-fund in deposits with a single institution. In transactions by a sub-fund in OTC derivatives, counterparty risk must not exceed 10% of the assets of that sub-fund if the counterparty is a credit institution as defined in Point 1.1(f). The maximum allowable counterparty risk is reduced to 5% in transactions with other counterparties. The total value of all positions in the securities and money market instruments of those institutions that account for more than 5% of the net assets of a sub-fund may not exceed 40% of the net assets of that sub-fund. This restriction does not apply to deposits and transactions in OTC derivatives with financial institutions which are subject to prudential supervision.
- 2.2 Regardless of the maximum limits set out in point 2.1, each sub-fund may not invest more than 20% of its net assets in a single institution through a combination of:
- securities and money market instruments issued by this institution;
 - deposits with this institution and/or
 - OTC derivatives traded with this institution.
- 2.3 In derogation of the above, the following applies:
- a) The maximum limit of 10% mentioned in Point 2.1 is raised to 25% for certain debt instruments issued by credit institutions domiciled in an EU Member State and subject, in that particular country, to special prudential supervision by public authorities designed to protect the holders of these instruments. In particular, funds originating from the issue of such debt instruments must, in accordance with the law, be invested in assets that provide sufficient cover for the obligations arising from them during the entire term of the bonds and that provide a preferential right to payment of the capital and interest in the event of insolvency of the issuer. If a sub-fund invests more than 5% of its net assets in debt instruments of a single issuer, then the total value of these investments may not exceed 80% of the value of the net assets of the sub-fund.
 - b) The maximum limit of 10% is raised to 35% for securities or money market instruments issued or guaranteed by an EU Member State or its local authorities, by another approved state, or by public international bodies of which one or more EU Member States are members. Securities and money market instruments that come under the special ruling referenced in Point 2.3(a) and (b) are not accounted for in calculating the aforementioned 40% maximum limit pertaining to risk diversification.
 - c) The limits set out in points 2.1, 2.2, 2.3(a) and (b) may not be aggregated; therefore, the investments listed in these paragraphs made in securities or money market instruments of a single issuing institution, or in deposits with that institution or derivatives thereof, may not exceed 35% of the net assets of a given sub-fund.
 - d) Companies belonging to the same group for the purposes of consolidated accounts, as defined by Council Directive 83/349/EEC Article 1(1) or recognised international accounting rules, must be treated as a single issuer for the calculation of the investment limits set out in this section.
However, investments by a sub-fund in securities and money market instruments of a single corporate group may total up to 20% of the assets of that sub-fund.
 - e) **In the interest of risk diversification, the Company is authorised to invest up to 100% of a sub-fund's net assets in securities and money market instruments from various issues that are guaranteed or issued by an EU Member State or its local authorities, another authorised OECD member state, Russia, Brazil, Indonesia or Singapore, or by public international bodies of which one or more EU Member States are members. These securities and money market instruments must be divided into at least six different issues, with securities or money market instruments from a single issue not exceeding 30% of the total net assets of a sub-fund.**
- 2.4 The following provisions apply with regard to investments in other UCITS or UCIs:
- a) The Company may invest up to 20% of the net assets of a sub-fund in units of a single UCITS or other UCI. In implementing this investment limit, each sub-fund of a UCI comprising multiple sub-funds is treated as an independent issuer, provided each of these sub-funds is individually liable in respect of third parties.
 - b) Investments in units of UCIs other than UCITS may not exceed 30% of the sub-fund's net assets. The assets of the UCITS or other UCI in which a sub-fund has invested are not included when calculating the maximum limits set out in Points 2.1, 2.2 and 2.3.
 - c) For sub-funds that, in accordance with their investment policies, invest a significant portion of their assets in units or shares of other UCITS and/or other UCIs, the maximum management fees chargeable by the sub-fund itself and by the other UCITS and/or other UCIs in which it invests are listed in the section titled "Expenses paid by the Company".
- 2.5 The sub-funds may subscribe, acquire and/or hold shares that are to be issued by or have been issued by one or more other sub-funds of the Company, provided that:
- the target sub-fund does not itself invest in the sub-fund that is investing in that target sub-fund; and
 - the target sub-funds to be acquired may, in accordance with their sales prospectuses or articles of incorporation, invest no

more than 10% of their own assets in units of other target sub-funds of the same UCI; and

- any voting rights associated with the securities in question is suspended for the period they are held by the sub-fund in question, regardless of their appropriate valuation in financial accounts and periodic reports; and
- as long as these securities are held by the sub-fund, their value is not, in any event, included in the calculation of the sub-fund's net asset value described in the Law of 2010 to verify the minimum net assets in accordance with that law; and
- no administration/subscription or redemption fees are double charged at the level of the sub-fund and that of the target sub-fund in which it invests.

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

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

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

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

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

3. Investment restrictions

The Company is prohibited from:

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

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

The following are exempt from the provisions of Points 3.2 and 3.3

- securities and money market instruments which are issued or guaranteed by an EU Member State, its local authorities or by another approved state;
 - securities and money market instruments issued or guaranteed by a non-EU member state;
 - securities and money market instruments issued by public international bodies to which one or more Member States of the European Union belong;
 - shares in a company in a non-Member State that primarily invests its assets in the securities of issuers domiciled in that non-Member State, where under that non-Member State's law, holding such shares is the only way to legally invest in the securities of that non-Member State's issuers. In doing so, the provisions of the Law of 2010 must be complied with; and
 - shares in subsidiary companies that carry out certain administrative, advisory or sales activities surrounding the repurchase of units at the behest of shareholders, in the country in which they are located and exclusively on behalf of the Company.
- 3.4 Short-selling securities, money market instruments or other instruments listed in Point 1.1(e), (g) and (h);
- 3.5 Acquiring precious metals or related certificates;
- 3.6 Investing in real estate and purchasing or selling commodities or commodities contracts;
- 3.7 Taking out loans, unless
- the loan is a back-to-back loan to purchase foreign currency;

- the loan is only temporary and does not exceed 10% of the net assets of the sub-fund in question;
- 3.8 Granting loans or acting as guarantor for third parties. This restriction does not prevent the acquisition of securities, money market instruments or the other instruments listed in Point 1.1(e), (g) and (h) if these are not fully paid up.
- 3.9 Notwithstanding the aforementioned prohibited investments, the Company is entitled to invest in the following financial instruments:
- certificates, in the broader sense, that have individual precious metals as underlying assets, that comply with the securities requirements stipulated in Article 2 of Directive 2007/16/EC, and that contain no embedded derivatives linked to the performance of an index.
 - certificates, in the broader sense, that have individual commodities or commodities indices as underlying assets, that comply with the securities requirements stipulated in Article 2 of Directive 2007/16/EC, and that contain no embedded derivatives linked to the performance of an index.

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

4. Asset pooling

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

Pools

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

A participating sub-fund's share in a particular asset pool is calculated in terms of notional units of equal value. When an asset pool is created, the Company must specify a starting value for the notional units (in a currency that the Company deems appropriate) and allot to each participating sub-fund notional units equivalent to the cash (or other assets) it has contributed. The value of a notional unit is then calculated by dividing the net assets of the asset pool by the number of existing notional units.

If additional cash or assets are contributed to or withdrawn from an asset pool, the notional units assigned to the relevant participating sub-fund are increased or reduced by a figure that is arrived at by dividing the cash or assets contributed or withdrawn by the participating sub-fund by the current value of that participating sub-fund's share in the pool. If cash is contributed to the asset pool, it is reduced for the purposes of calculation by an amount that the Company deems appropriate to cover any tax expenses, as well as for the closing charges and acquisition costs for the cash investment. If cash is withdrawn, a corresponding deduction may be made to account for any costs incurred in the disposal of securities or other assets of the asset pool.

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

Collective management

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

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

When a new subscription is made with one of the collectively managed entities, subscription proceeds are allocated to each collectively managed entity taking into account the adjusted proportionate share of the jointly managed entity to which the

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

Shareholders should note that the collective management agreement may lead to the composition of the assets of a particular sub-fund being affected by events (e.g. subscriptions and redemptions) that concern other collectively managed entities unless extraordinary measures are taken by the Company or an entity commissioned by the Company. Thus, all other things being equal, subscriptions received by an entity that is collectively managed with a sub-fund will result in an increase in that sub-fund's cash reserves. Conversely, redemptions received by an entity that is collectively managed with a sub-fund will serve to reduce that sub-fund's cash reserves. However, subscriptions and redemptions can be executed on the special account opened for each collectively managed entity outside the scope of the agreement, through which subscriptions and redemptions must pass. Because a large volume of subscriptions and redemptions may be ordered to these special accounts and because the Company or entities it commissions may decide to end a sub-fund's participation in the collective management agreement at any time, that sub-fund may avoid restructuring its portfolio if this could adversely affect the interests of the Company, its sub-funds and its shareholders.

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

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

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

At any time, shareholders may request information from the Company's registered office on the proportion of collectively managed assets and on the entities with which a collective management agreement exists at the time of their enquiry.

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

Collective management agreements with non-Luxembourg entities are permissible if (i) the agreement involving the non-Luxembourg entity is governed by Luxembourg law and subject to Luxembourg jurisdiction or (ii) each collectively managed entity is endowed with such rights that no insolvency or bankruptcy administrator, or creditor, of the non-Luxembourg entity has access to the assets or is authorised to freeze them.

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

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

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

Securities lending may be effected only via recognised clearing houses such as Clearstream International or Euroclear, or using first-class financial institutions that specialise in such activities and following the procedure specified by them.

In the case of securities lending transactions, the Company must, in principle, receive collateral, the value of which must at least correspond to the total value of the securities lent out and any accrued interest thereon. This collateral must be issued in a form of

financial collateral permitted by the provisions of Luxembourg law. Such collateral is not required if the transaction is effected via Clearstream International or Euroclear, or another organisation which guarantees the Company that the value of the securities lent will be refunded.

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

Service providers that provide services to the Company in the field of securities lending have the right to receive a fee in return for their services that is in line with the market standards. The amount of this fee is reviewed and adapted, where appropriate, by an independent body on an annual basis.

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

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

Asset class	Minimum haircut (% deduction from market value)
Fixed and variable-rate interest-bearing instruments	
Instruments issued by a state belonging to the G-10 (apart from the US, Japan, the UK, Germany and Switzerland, including their federal states and cantons as issuers) and with a minimum rating of A*	2%
Instruments issued by the US, Japan, the UK, Germany and Switzerland, including their federal states and cantons*	0%
Bonds with a minimum rating of A	2%
Instruments issued by supranational organisations	2%
Instruments issued by an entity and belonging to an issue with a minimum rating of A	4%
Instruments issued by a local authority and with a minimum rating of A	4%
Shares	8%
Equities listed on the following indexes are accepted as permissible collateral:	Bloomberg ID
Australia (S&P/ASX 50 INDEX)	AS31
Austria (AUSTRIAN TRADED ATX INDX)	ATX
Belgium (BEL 20 INDEX)	BEL20
Canada (S&P/TSX 60 INDEX)	SPTSX60
Denmark (OMX COPENHAGEN 20 INDEX)	KFX
Europe (Euro Stoxx 50 Pr)	SX5E
Finland (OMX HELSINKI 25 INDEX)	HEX25
France (CAC 40 INDEX)	CAC

Germany (DAX INDEX)	DAX
Hong Kong (HANG SENG INDEX)	HSI
Japan (NIKKEI 225)	NKY
Netherlands (AEX-Index)	AEX
New Zealand (NZX TOP 10 INDEX)	NZSE10
Norway (OBX STOCK INDEX)	OBX
Singapore (Straits Times Index STI)	FSSTI
Sweden (OMX STOCKHOLM 30 INDEX)	OMX
Switzerland (SWISS MARKET INDEX)	SMI
Switzerland (SPI SWISS PERFORMANCE IX)	SPI
UK (FTSE 100 INDEX)	UKX
US (DOW JONES INDUS. AVG)	INDU
US (NASDAQ 100 STOCK INDX)	NDX
US (S&P 500 INDEX)	SPX
US (RUSSELL 1000 INDEX)	RIY

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

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

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

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

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

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

The Company ensures that it or one of its appointed service providers will monitor and manage the risks incurred through the use of these techniques, particularly counterparty risk, as part of the risk management procedure. The monitoring of potential conflicts of interest arising from transactions with companies associated with the Company, the Management Company and the Depositary is primarily carried out through reviewing the contracts and corresponding processes on a regular basis. Furthermore, the Company ensures that, despite the use of these techniques and instruments, the investors' redemption orders can be processed at any time.
