

# UBS (Lux) Strategy Xtra SICAV

Investment company under Luxembourg law (the “Company”)

October 2022

## Sales Prospectus

Shares in the Company may be acquired on the basis of this Sales Prospectus (the “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 in one of the documents referred to in the Sales Prospectus shall be deemed valid.

Furthermore, a key investor information document (“**KIID**”) is made available to investors before subscribing to shares, in accordance with Article 161 (1) of the Luxembourg Law of 17 December 2010 on undertakings for collective investment (“**Law of 2010**”) enacting EU Directive 2009/65/EC into Luxembourg law. The KIID is available at [www.ubs.com/funds](http://www.ubs.com/funds), and can be requested in hard copy.

Information on whether a sub-fund of the Company is listed on the Luxembourg Stock Exchange can be obtained from the administrative agent or the Luxembourg Stock Exchange website ([www.bourse.lu](http://www.bourse.lu)).

The issue and redemption of Company shares is subject to the regulations prevailing in the country where this takes place. The Investment 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.

In the United Kingdom, complaints regarding the administration of the Investment Company can be addressed to the Financial Services Authority (FSA). Claims against the Investment Company cannot be lodged within the framework of the United Kingdom’s Financial Services Compensation Scheme (FSCS).

### **Legal framework**

The Company is an undertaking for collective investment pursuant to Part II of the Luxembourg Law of 2010, as well as an alternative investment fund pursuant to the Law of 12 July 2013 (“**Law of 2013**”) enacting EU Directive 2011/61/EU into Luxembourg law, and Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision (referred to jointly with the Law of 2013 as “**AIFM regulations**”).

### **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 (the “Board of Directors”)

Chairman	Robert Süttinger, Managing Director, UBS Asset Management Switzerland AG, Zurich
Members	Francesca Guagnini, Managing Director, UBS Asset Management (UK) Ltd., London
	Josée Lynda Denis, Independent Director, Luxembourg
	Ioana Naum, Executive Director, UBS Asset Management Switzerland AG, Zurich
	Raphael Schmidt-Richter, Executive Director, UBS Asset Management (Deutschland) GmbH, Frankfurt

### Management Company and external AIFM of the Company

UBS Fund Management (Luxembourg) S.A., RCS Luxembourg B 154.210 (the “**Management Company**”, the “**external AIFM**”). The Management Company was established in Luxembourg on 1 July 2010 as an *Aktiengesellschaft* (public limited company) for an indefinite period. Its registered office is located at 33A avenue J.F. Kennedy, L-1855 Luxembourg.

The Articles of Association of the Management Company were published on 16 August 2010 by way of a notice of deposit in the Mémorial, Recueil des Sociétés et Associations (the “**Mémorial**”) and most recently amended on 14 January 2014..

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 (“**UCIs**”). In order to cover its potential professional liability risks associated with professional negligence during the performance of its business operations for the account of the Company and other UCIs, the Management Company has a fully paid-up capital of EUR 13,000,000.

The Management Company also acts as domiciliary agent for the Company.

UBS Fund Management (Luxembourg) S.A. is a management company pursuant to Chapter 15 of the Law of 2010 and is the external AIFM of the Company pursuant to Chapter 2 of the Luxembourg Law of 2013.

The Management Company shall take all reasonable steps to identify any conflicts of interest that may arise in connection with the management of funds, as well as introduce and keep in place effective organisational and administrative measures to take all reasonable steps to identify, prevent, manage and monitor conflicts of interest, with the aim of preventing these from adversely affecting the interests of the funds and their investors.

The Management Company, the Depositary, the Portfolio Manager, the principal distributor, the Securities Lending Agent and the Securities Lending Service Provider are part of the UBS Group (the “**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.

In order to adequately identify and manage conflicts of interest, the Management Company has determined a strategy for dealing with conflicts of interest, which includes the following:

- A procedure for identifying potential conflicts of interest;
- Provisions on organisational measures for the prevention, appropriate management and disclosure of conflicts of interest.

The Management Company shall keep records of the details of possible existing or potential conflicts of interest and update these on a regular basis.

The Management Company shall take all reasonable steps to prevent conflicts of interest from harming the interests of investors. If the Management Company cannot exclude the possibility that a conflict of interest may adversely affect investor interests, the Management Company must disclose the source of this conflict of interest on the following website: [http://www.ubs.com/lu/en/asset\\_management/investor\\_information.html](http://www.ubs.com/lu/en/asset_management/investor_information.html)

### Board of Directors of the Management Company

Chairman	Michael Kehl, Head of Products, UBS Asset Management Switzerland AG, Zurich, Switzerland
Members	<p>Francesca Prym, CEO, UBS Fund Management (Luxembourg) S.A., Luxembourg, Grand Duchy of Luxembourg</p> <p>Ann-Charlotte Lawyer, Independent Director, Luxembourg, Grand Duchy of Luxembourg</p> <p>Miriam Uebel, Institutional Client Coverage, UBS Asset Management (Deutschland) GmbH, Frankfurt, Germany</p>

### Conducting Officers of the Management Company

- Valérie Bernard,  
UBS Fund Management (Luxembourg) S.A.,  
Luxembourg, Grand Duchy of Luxembourg
- Geoffrey Lahaye,  
UBS Fund Management (Luxembourg) S.A.,  
Luxembourg, Grand Duchy of Luxembourg
- Federica Ghirlandini,  
UBS Fund Management (Luxembourg) S.A.,  
Luxembourg, Grand Duchy of Luxembourg
- Olivier Humbert,  
UBS Fund Management (Luxembourg) S.A.,  
Luxembourg, Grand Duchy of Luxembourg
- Barbara Chamberlain,  
UBS Fund Management (Luxembourg) S.A.,  
Luxembourg, Grand Duchy of Luxembourg
- Andrea Papazzoni,  
UBS Fund Management (Luxembourg) S.A.,  
Luxembourg, Grand Duchy of Luxembourg

### Portfolio Manager

Sub-fund	Portfolio Manager
UBS (Lux) Strategy Xtra SICAV – Balanced (CHF)	
UBS (Lux) Strategy Xtra SICAV – Balanced (EUR)	
UBS (Lux) Strategy Xtra SICAV – Balanced (USD)	

UBS (Lux) Strategy Xtra SICAV – Yield (CHF)	o UBS Asset Management Switzerland AG, Zurich o UBS Switzerland AG, Zurich
UBS (Lux) Strategy Xtra SICAV – Yield (EUR)	
UBS (Lux) Strategy Xtra SICAV – Yield (USD)	

The Management Company has assigned the Portfolio Management of the sub-funds to UBS Asset Management Switzerland AG, Zurich and UBS Switzerland AG (the “**Portfolio Managers**”).

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 Management Company.

The Portfolio Managers have been assigned the management of the securities portfolio under the supervision and responsibility of the Management Company.

UBS Switzerland AG assumes the tasks of allocating assets and preselecting investment strategies. UBS Asset Management Switzerland AG is responsible for selecting investment instruments, makes investment decisions and carries out all transactions relevant hereto in accordance with the prescribed investment restrictions.

### **Depositary and Main Paying Agent**

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

Pursuant to the Depositary and Paying Agent Agreement entered into with UBS Europe SE, Luxembourg Branch (the “**Depositary**”), the Company has appointed the Depositary as the Depositary and Main Paying Agent of the Company.

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

The Depositary keeps in its custody, on behalf of the shareholders, all the liquid assets and securities making up the Company’s assets.

The Depositary meets the customary banking obligations relating to accounts and securities, and completes all day-to-day administrative tasks relating to the assets, as prescribed by Luxembourg law.

All assets of the Company, which are financial instruments that can be deposited, shall be placed in safekeeping in segregated accounts with the Depositary or a third party (“**intermediary depositary**”) having been conferred this role by the Depositary in line with the AIFM regulations, as defined above. In the case of other asset types, the Depositary shall verify the Company’s ownership of such assets, and maintain a record of those assets for which it has verified and confirmed that they are owned by the Company. Assessment of ownership is based on information and documents provided by the Company, the Management Company and/or a service provider/designee appointed by the Company or Management Company, as well as on external evidence, where available. The Depositary shall keep its records up to date. Neither the Depositary nor an intermediary depositary may be assigned the functions of portfolio or risk management. These functions may also not be transferred to these bodies as part of any sub-delegation.

The Depositary may not reuse the assets in its safekeeping without the prior agreement of the Company and/or Management Company.

The liability of the Depositary shall, in principle, remain unaffected by the delegation of functions to third parties. Exemptions to this can only be made in the cases stipulated by law. These cases include (i) instances where a discharge of liability has been contractually agreed in accordance with Article 19 (13) of the Law of 2013, (ii) instances where the legislation of a non-EU member country prescribes that certain financial instruments must be deposited with a local institution, but no local institution exists that meets the relevant requirements for this function, and (iii) instances where the Company and Management Company insist on keeping one or more investments in a certain jurisdiction, despite these two entities being warned by the Depositary of the increased risks resulting from the retention of such investments.

### **Administrative agent**

Northern Trust Global Services SE, 10, rue du Château d’Eau, L-3364 Leudelange

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**

Ernst & Young S.A., 35E, avenue John F. Kennedy, L-1855 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 Asset Management Switzerland AG, Zurich, and other distributors in the various countries of distribution.

### **Delegation and description of the main legal implications of contractual relationships entered into for the purpose of investment of Company assets**

The delegation of any type of service which the Management Company provides for the account of its investors shall be based on a written agreement between the Management Company and the respective service provider. Delegation agreements shall be entered into in accordance with the statutory provisions and shall regulate the legal relationships between the Management Company and the respective delegatee in a comprehensive manner. The legal instruments providing for the enforcement of the Company's rights are those prescribed by Luxembourg civil law (code civil). These agreements are subject to Luxembourg law and the jurisdiction of the Luxembourg courts.

The conditions set out above shall apply mutatis mutandis to this agreement.

The above-mentioned service providers may only delegate the responsibilities assigned to them by the Company or Management Company to third parties, if this is carried out in accordance with the AIFM provisions.

If the task of valuating the Company's assets is delegated by the Management Company to an external service provider in accordance with the AIFM regulations, this task cannot be sub-delegated.

The original liability towards investors remains unaffected by the delegation of functions.

## Risk profile

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

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

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

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

## 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. Details on the investment policy of the available sub-funds can be found after this section.

Name of the Company:	UBS (Lux) Strategy Xtra SICAV		
Legal form:	Open-ended investment fund legally established in the form of a société d'investissement à capital variable ("SICAV") pursuant to Part II of the Law of 2010.		
Date of incorporation:	5 March 2004		
Entered in the Luxembourg trade and companies register under:	RCS B 99.462		
Financial year:	1 November until 31 October		
Ordinary general meeting:	Annually at 14:00 on 20 April at the registered office of the Company. Should 20 April fall on a day that is not a business day in Luxembourg (i.e. a day on which banks in Luxembourg are usually open), then the general meeting will be held on the next business day.		
Articles of Incorporation:			
	Initial publication	15 March 2004	Published in the Mémorial
	Amendments	28 November 2005	Published in the Mémorial on 22 December 2005
		10 June 2011	Published in the Mémorial on 24 August 2011
Management Company and external AIFM	UBS Fund Management (Luxembourg) S.A., RCS Luxembourg B 154.210		

The consolidated version of the Articles of Incorporation may be consulted at the trade and companies register of the District Court of Luxembourg. 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.

With effect from 15 June 2011, the Company has appointed UBS Fund Management (Luxembourg) S.A. as its Management Company.

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 and share class carry the right of one vote per share held when voting at meetings affecting this sub-fund and share class.

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 Board of Directors of 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.

### **Rights of investors vis-à-vis the service providers of the Company**

Irrespective of any tort or quasi-tort claims, the Company’s investors shall not lay their own direct claims against the service providers appointed by the Management Company.

### **Equal treatment of shareholders**

The Management Company shall ensure that investors in the Company are treated equally. The participation of the individual shareholders in the Company is based on their shares. All shares belonging to the same share class within a sub-fund carry the same rights and obligations. This ensures the equal treatment of all shareholders in the Company who hold shares of the same share class within the same sub-fund. The Management Company (or its authorised representative) shall not enter into any collateral agreements or arrangements (“**collateral agreements**”) through which an investor may receive preferential treatment, thereby causing other investors to be significantly disadvantaged in the reasonable opinion of the Management Company.

### **Share classes**

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

P	Shares in classes with “P” in their name are available to all investors. Their smallest tradable unit is 0.001. Unless the Company decides otherwise, the initial issue price of these shares amounts to AUD 100, BRL 400, CAD 100, CHF 100, CZK 2,000, DKK 700, EUR 100, GBP 100, HKD 1,000, JPY 10,000, NOK 900, 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 Asset Management Switzerland AG and domiciled in Spain, Italy, Portugal and Germany, or in other distribution countries insofar as this has been decided by the Company. No entry costs shall be charged for these classes, even if they have additional characteristics. 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, DKK 700, EUR 100, GBP 100, HKD 1,000, JPY 10,000, NOK 900, 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 0.001. The minimum investment amount is equivalent to the initial issue price of the share class and is applicable on the level of the clients of financial intermediaries. This minimum investment amount must be met or exceeded with every subscription order that is placed. 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, DKK 35 million EUR 3 million, GBP 2.5 million, HKD 40 million, JPY 500 million, NOK 45 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-B	Shares in classes with “K-B” in their name are exclusively reserved for investors who have signed a written agreement with UBS Asset Management Switzerland AG or one of its authorised distribution partners on investing in one or more sub-funds of this umbrella fund. The costs for asset management 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, DKK 700 EUR 100, GBP 100, HKD 1,000, JPY 10,000, NOK 900, NZD 100, PLN 500, RUB 3,500, SEK 700, SGD 100, USD 100 or ZAR 1,000.
K-X	Shares in classes with “K-X” in their name are exclusively reserved for investors who have signed a written agreement with UBS Asset Management Switzerland 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, DKK 700, EUR 100, GBP 100, HKD 1,000, JPY 10,000, NOK 900, 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 reserved for UBS Group AG affiliates. The maximum flat fee for this class does not include distribution costs. These shares may only be acquired by UBS Group AG affiliates, either for their own account or as part of discretionary asset management mandates concluded with UBS Group AG companies. 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, DKK 700, EUR 100, GBP 100, HKD 1,000, JPY 10,000, NOK 900, NZD 100, PLN 500, RMB 1,000, RUB 3,500, SEK 700, SGD 100, USD 100 or ZAR 1,000.
Q	Shares in classes with "Q" in their name are exclusively reserved for financial intermediaries that (i) make investments for their own account, and/or (ii) receive no distribution fees in accordance with regulatory requirements, and/or (iii) can only offer their clients classes with no retrocessions, where these are available in the investment fund in question, in accordance with written agreements or agreements on fund savings plans concluded with their clients. Investments that no longer meet the above conditions may be forcibly redeemed at the prevailing net asset value or exchanged for another class of the sub-fund. The Company and the Management Company are not liable for any tax consequences that may result from a forcible redemption or exchange. 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, DKK 700, EUR 100, GBP 100, HKD 1,000, JPY 10,000, NOK 900, NZD 100, PLN 500, RMB 1,000, RUB 3,500, SEK 700, SGD 100, USD 100 or ZAR 1,000.
I-A1	Shares in classes with "I-A1" in their name are exclusively reserved for institutional investors within the meaning of Article 174(2)(c) of the Law of 2010. The maximum flat fee for this class does not include distribution costs. 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, DKK 700, EUR 100, GBP 100, HKD 1,000, JPY 10,000, NOK 900, NZD 100, PLN 500, RMB 1,000, RUB 3,500, SEK 700, SGD 100, USD 100 or ZAR 1,000.
I-A2	Shares in classes with "I-A2" in their name are exclusively reserved for institutional investors within the meaning of Article 174(2)(c) of the Law of 2010. The maximum flat fee for this class does not include distribution costs. 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, DKK 700, EUR 100, GBP 100, HKD 1,000, JPY 10,000, NOK 900, 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). Upon subscription (i) a minimum subscription must be made in accordance with the list above; or (ii) based on a written agreement between the institutional investor and UBS Asset Management Switzerland AG (or one its authorised contractual partners) or on the written approval of UBS Asset Management Switzerland 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. The management company may waive the minimum subscription if the total assets under management at UBS or the holdings of UBS collective investment schemes by institutional investors exceed CHF 30 million within a specified period.
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. The maximum flat fee for this class does not include distribution costs. 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, DKK 700, EUR 100, GBP 100, HKD 1,000, JPY 10,000, NOK 900, 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). Upon subscription (i) a minimum subscription must be made in accordance with the list above; or (ii) based on a written agreement between the institutional investor and UBS Asset Management Switzerland AG (or one its authorised contractual partners) or on the written approval of UBS Asset Management Switzerland AG (or one its authorised contractual partners), the investor's total assets managed by UBS or its holdings in UBS collective investment schemes must be more than CHF 100 million (or foreign currency equivalent); or (iii) the institutional investor must be an institution for occupational retirement provision that is part of UBS Group AG or must be one of its wholly owned group companies. The management company may waive the minimum subscription if the total assets under management at UBS or the holdings of UBS collective investment schemes by institutional investors exceed CHF 100 million within a specified period.
I-B	Shares in classes with "I-B" in their name are exclusively reserved for institutional investors within the meaning of Article 174(2)(c) of the Law of 2010 who have signed a written agreement with UBS Asset Management Switzerland AG or one of its authorised contractual partners on investing in one or more sub-funds of this Company. 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, DKK 700, EUR 100, GBP 100,

	HKD 1,000, JPY 10,000, NOK 900, NZD 100, PLN 500, RMB 1,000, RUB 3,500, SEK 700, SGD 100, USD 100 or ZAR 1,000.
I-X	Shares in classes with "I-X" in their name are exclusively reserved for institutional investors within the meaning of Article 174(2)(c) of the Law of 2010 who have signed a written agreement with UBS Asset Management Switzerland AG or one of its authorised contractual partners on investing in one or more sub-funds of this Company. 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, DKK 700, EUR 100, GBP 100, HKD 1,000, JPY 10,000, NOK 900, NZD 100, PLN 500, RMB 1,000, RUB 3,500, SEK 700, SGD 100, USD 100 or ZAR 1,000.
U-X	Shares in classes with "U-X" in their name are exclusively reserved for institutional investors within the meaning of Article 174(2)(c) of the Law of 2010 who have signed a written agreement with UBS Asset Management Switzerland AG or one of its authorised contractual partners on investing in one or more sub-funds of this Company. 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, DKK 70,000, EUR 10,000, GBP 10,000, HKD 100,000, JPY 1 million, NOK 90,000, 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.

Additional characteristics:

Currencies	The share classes may be denominated in AUD, BRL, CAD, CHF, CZK, DKK, EUR, GBP, HKD, JPY, NOK, 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.
"hedged"	For share classes with " <b>hedged</b> " in their name and with reference currencies different to the sub-fund's currency of account (" <b>classes in foreign currencies</b> "), the risk of fluctuations in the value of the reference currency is hedged against the sub-fund's currency of account. This hedging shall be between 95% and 105% of the total net assets of the share classes 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.
"BRL hedged"	The Brazilian real (ISO 4217 currency code: BRL) may be subject to exchange control regulations and repatriation limits set by the Brazilian government. Prior to investing in BRL classes, investors should also bear in mind that the availability and tradability of BRL classes, and the conditions under which they may be available or traded, depend to a large extent on the political and regulatory developments in Brazil. The risk of fluctuations is hedged as described above under "hedged". Potential investors should be aware of the risks of reinvestment, which could arise if the BRL class has to be liquidated early due to political and/or regulatory circumstances. This does not apply to the risk associated with reinvestment due to liquidation of a share class and/or the sub-fund in accordance with the section "Liquidation of the Company and its sub-funds; merger of sub-funds".
"RMB hedged"	Investors should note that the renminbi (ISO 4217 currency code: CNY), the official currency of the People's Republic of China (the " <b>PRC</b> "), is traded on two markets, namely as onshore RMB (CNY) in mainland China and offshore RMB (CNH) outside mainland China.  Shares in classes with "RMB hedged" in their name are shares whose net asset value is calculated in offshore RMB (CNH).  Onshore RMB (CNY) is not a freely convertible currency and is subject to foreign exchange control policies and repatriation restrictions imposed by the PRC government. Offshore RMB (CNH), on the other hand, may be traded freely against other currencies, particularly EUR, CHF and USD. This means the exchange rate between offshore RMB (CNH) and other currencies is determined on the basis of supply and demand relating to the respective currency pair.  Convertibility between offshore RMB (CNH) and onshore RMB (CNY) is a regulated currency process subject to foreign exchange control policies and repatriation restrictions imposed by the PRC government in coordination with offshore supervisory and governmental agencies (e.g. the Hong Kong Monetary Authority).  Prior to investing in RMB classes, investors should bear in mind that the requirements relating to regulatory reporting and fund accounting of offshore RMB (CNH) are not clearly regulated. Furthermore, investors should be aware that offshore RMB (CNH) and onshore RMB (CNY) have different exchange rates against other currencies. The value of offshore RMB (CNH) can potentially differ significantly from that of onshore RMB (CNY) due to a number of factors including, without limitation, foreign exchange control policies and repatriation restrictions imposed by the PRC government at certain times, as well as other external market forces. Any devaluation of offshore RMB (CNH) could adversely affect the value of investors' investments in the RMB classes. Investors should therefore take these factors into account when calculating the



	<p>conversion of their investments and the ensuing returns from offshore RMB (CNH) into their target currency.</p> <p>Prior to investing in RMB classes, investors should also bear in mind that the availability and tradability of RMB classes, and the conditions under which they may be available or traded, depend to a large extent on the political and regulatory developments in the PRC. Thus, no guarantee can be given that offshore RMB (CNH) or the RMB classes will be offered and/or traded in future, nor can there be any guarantee as to the conditions under which offshore RMB (CNH) and/or RMB classes may be made available or traded. In particular, since the currency of account of the relevant sub-funds offering the RMB classes would be in a currency other than offshore RMB (CNH), the ability of the relevant sub-fund to make redemption payments in offshore RMB (CNH) would be subject to the sub-fund's ability to convert its currency of account into offshore RMB (CNH), which may be restricted by the availability of offshore RMB (CNH) or other circumstances beyond the control of the Company.</p> <p>The risk of fluctuations is hedged as described above under "hedged".</p> <p>Potential investors should be aware of the risks of reinvestment, which could arise if the RMB class has to be liquidated early due to political and/or regulatory circumstances. This does not apply to the risk associated with reinvestment due to liquidation of a share class and/or the sub-fund in accordance with the section "Liquidation of the Company and its sub-funds; merger of sub-funds".</p>
"acc"	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) (" <b>capital</b> "). Distributions out of capital result in the reduction of an investor's original capital invested in the sub-fund. Furthermore, any distributions from the income and/or involving the capital result in an immediate reduction of the net asset value per share of the sub-fund. Investors in certain countries may be subject to higher tax rates on distributed capital than on any capital gains from the sale of shares. 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 shares. 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 entry costs for shares in classes with "-mdist" in their name are 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 which corresponds to 100% of the reportable income within the meaning of the <b>UK reporting fund</b> 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, shares can still be redeemed in accordance with the conditions for share redemptions. Unless otherwise decided by the Company, the smallest tradeable unit, the initial issue price and the minimum subscription amount shall correspond to the characteristics of the share classes listed above.

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

### **Investment objective**

The Company's investment objective consists in achieving optimal investment returns from interest payments, capital gains and alternative investment strategies, while giving due consideration to capital security and the liquidity of the net assets. No assurance can be made that the investment objective will be fulfilled.

### **General investment policy**

The assets of the actively managed sub-funds are invested following the principle of risk diversification without any benchmark restrictions. The performance of the individual sub-fund is not benchmarked against an index.

The currency designation contained in the names of the individual sub-funds ("currency of account") 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. Investments may be made worldwide.

To achieve a broad spread (diversification) of all investments in terms of markets, sectors, borrowers, ratings and companies, the sub-funds may invest all of their assets in existing UCIs and UCITS, provided the investment policy of these UCIs and UCITS corresponds to the greatest possible degree to that of the respective sub-fund. This method of investment and the associated expenses are described in the section "Investments in UCIs and UCITS".

### **ESG integration**

UBS Asset Management categorises certain sub-funds as **ESG Integration funds**. The Portfolio Manager aims to achieve investors' financial objectives while incorporating sustainability into the investment process. The Portfolio Manager defines sustainability as the ability to leverage the Environmental, Social and Governance (ESG) factors of business practices seeking to generate opportunities and mitigate risks that contribute to the long-term performance of issuers ("Sustainability"). The Portfolio Manager believes that consideration of these factors will deliver better informed investment decisions. **Unlike funds which promote ESG characteristics or with a specific sustainability or impact objective that may have a focused investment universe, ESG Integrated Funds are investment funds that primarily aim at maximising financial performance, whereby ESG aspects are input factors within the investment process.** Investment universe restrictions applied on all actively managed funds are captured in the Sustainability Exclusion Policy. Further binding factors, if applicable, are outlined in the Investment Policy of the Sub-Fund.

ESG integration is driven by taking into account material ESG risks as part of the research process. For corporate issuers, this process utilises the ESG Material Issues framework which identifies the financially relevant factors per sector that can impact investment decisions. This orientation toward financial materiality ensures that analysts focus on sustainability factors that can impact the financial performance of the company and therefore investment returns. ESG integration can also identify opportunities for engagement to improve the company's ESG risk profile and thereby mitigate the potential negative impact of ESG issues on the company's financial performance. The Portfolio Manager employs a proprietary ESG Risk Dashboard that combines multiple ESG data sources in order to identify companies with material ESG risks. An actionable risk signal highlights ESG risks to the Portfolio Manager for incorporation in their investment decision making process. For non-corporate issuers, the Portfolio Manager may apply a qualitative or quantitative ESG risk assessment that integrates data on the most material ESG factors. The analysis of material sustainability/ESG considerations can include many different aspects, such as the following among others: the carbon footprint, health and well-being, human rights, supply chain management, fair customer treatment and governance. The Portfolio Manager takes ESG integration into account in allocation in underlying strategies, including target funds. In the case of underlying strategies managed by UBS, the Portfolio Manager identifies ESG-integrated assets on the basis of the aforementioned research on ESG integration. For externally managed strategies, ESG integrated assets are identified via the third party manager research process.

### **Sustainability Exclusion Policy**

The Sustainability Exclusion Policy of the Portfolio Manager outlines the exclusions applied to the investment universe of the sub-funds.

<https://www.ubs.com/global/en/asset-management/investment-capabilities/sustainability.html>

### **Sustainability Annual Reporting**

The "UBS Sustainability Report" is the medium for UBS' sustainability disclosures. Published annually, the report aims to openly and transparently disclose UBS' sustainability approach and activities, consistently applying UBS' information policy and disclosure principles.

<https://www.ubs.com/global/en/asset-management/investment-capabilities/sustainability.html>

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## The sub-funds and their special investment policies

### **UBS (Lux) Strategy Xtra SICAV – Balanced (CHF)**

### **UBS (Lux) Strategy Xtra SICAV – Balanced (EUR)**

### **UBS (Lux) Strategy Xtra SICAV – Balanced (USD)**

UBS Asset Management categorises these sub-funds as ESG integration funds which do not promote particular ESG characteristics or pursue a specific sustainability or impact objective.

The aim of the investment policy is to combine interest income and capital growth in terms of the currency of account. To this end, investments will be made on a broadly diversified basis throughout the world, primarily in bonds and equities. Up to 30% may be invested in alternative investments. The investment risk is typically higher than that of the Yield sub-funds. In line with this investment policy, the sub-funds may invest in high-yield and emerging markets.

The maximum permissible leverage for these sub-funds (calculated using the commitment method) is 200%.

The investments underlying these financial products do not take into account the EU criteria for environmentally sustainable economic activities. (Art. 7 Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (“Taxonomy Regulation”).

The sub-funds comply with Article 6 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (“SFDR”). As such they do not consider principal adverse impacts on sustainability factors due to their investment strategy and the nature of the underlying investments (Art. 7(2) SFDR).

### **UBS (Lux) Strategy Xtra SICAV – Balanced (CHF)**

**Currency of account:** CHF

### **UBS (Lux) Strategy Xtra SICAV – Balanced (EUR)**

**Currency of account:** EUR

### **UBS (Lux) Strategy Xtra SICAV – Balanced (USD)**

**Currency of account:** USD

## **Fees**

	Maximum flat fee (maximum management fee) p.a.	Maximum flat fee (maximum management fee) p.a. for share classes with “hedged” in their name
Share classes with “P” in their name	1.980% (1.580%)	2.030% (1.620%)
Share classes with “N” in their name	2.100% (1.680%)	2.150% (1.720%)
Share classes with “K-1” in their name	1.300% (1.040%)	1.330% (1.060%)
Share classes with “K-B” in their name	0.065% (0.000%)	0.065% (0.000%)
Share classes with “K-X” in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with “F” in their name	0.940% (0.750%)	0.970% (0.780%)
Share classes with “Q” in their name	1.050% (0.840%)	1.100% (0.880%)
Share classes with “I-A1” in their name	1.050% (0.840%)	1.080% (0.860%)
Share classes with “I-A2” in their name	1.000% (0.800%)	1.030% (0.820%)
Share classes with “I-A3” in their name	0.940% (0.750%)	0.970% (0.780%)
Share classes with “I-B” in their name	0.065% (0.000%)	0.065% (0.000%)
Share classes with “I-X” in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with “U-X” in their name	0.000% (0.000%)	0.000% (0.000%)

**UBS (Lux) Strategy Xtra SICAV – Yield (CHF)****UBS (Lux) Strategy Xtra SICAV – Yield (EUR)****UBS (Lux) Strategy Xtra SICAV – Yield (USD)**

UBS Asset Management categorises these sub-funds as ESG integration funds which do not promote particular ESG characteristics or pursue a specific sustainability or impact objective.

The investment policy seeks to achieve an attractive level of earnings in terms of the currency of account, while assuming a moderate degree of risk. To this end, investments will be made on a broadly diversified basis throughout the world, primarily in bonds and equities. Up to 30% may be invested in alternative investments. In line with this investment policy, the sub-funds may invest in high-yield and emerging markets.

The maximum permissible leverage for these sub-funds (calculated using the commitment method) is 200%.

The investments underlying these financial products do not take into account the EU criteria for environmentally sustainable economic activities. (Art. 7 Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 ("Taxonomy Regulation").

The sub-funds comply with Article 6 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector ("SFDR"). As such they do not consider principal adverse impacts on sustainability factors due to their investment strategy and the nature of the underlying investments (Art. 7(2) SFDR).

**UBS (Lux) Strategy Xtra SICAV – Yield (CHF)**

**Currency of account:** CHF

**UBS (Lux) Strategy Xtra SICAV – Yield (EUR)**

**Currency of account:** EUR

**UBS (Lux) Strategy Xtra SICAV – Yield (USD)**

**Currency of account:** USD

**Fees**

	Maximum flat fee (maximum management fee) p.a.	Maximum flat fee (maximum management fee) p.a. for share classes with "hedged" in their name
Share classes with "P" in their name	1.800% (1.440%)	1.850% (1.480%)
Share classes with "N" in their name	1.980% (1.580%)	2.030% (1.620%)
Share classes with "K-1" in their name	1.100% (0.880%)	1.130% (0.900%)
Share classes with "K-B" in their name	0.065% (0.000%)	0.065% (0.000%)
Share classes with "K-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "F" in their name	0.850% (0.680%)	0.880% (0.700%)
Share classes with "Q" in their name	0.950% (0.760%)	1.000% (0.800%)
Share classes with "I-A1" in their name	0.950% (0.760%)	0.980% (0.780%)
Share classes with "I-A2" in their name	0.900% (0.720%)	0.930% (0.740%)
Share classes with "I-A3" in their name	0.850% (0.680%)	0.880% (0.700%)
Share classes with "I-B" in their name	0.065% (0.000%)	0.065% (0.000%)
Share classes with "I-X" in their name	0.000% (0.000%)	0.000% (0.000%)
Share classes with "U-X" in their name	0.000% (0.000%)	0.000% (0.000%)

**Risk information:**

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

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

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

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

### **Procedures for changing the investment strategy and/or policy of the Company or sub-funds**

UBS has established internal departments tasked with monitoring and, where applicable, changing the investment strategy and/or policy of the sub-funds. If the performance of certain sub-funds is unsatisfactory and this does not appear to be a temporary trend, the Product Development department shall initiate changes to the investment strategy and/or policy of the sub-fund in question to the degree deemed necessary. The changes contemplated by the Product Development department shall be presented to the internal departments and/or functions (in particular the Portfolio Management, Operations, Legal and Compliance departments) involved in the investment strategy and/or policy amendment process in order to assess their feasibility. Insofar and as soon as the feasibility of the contemplated changes has been confirmed by all relevant departments, the initiative shall be presented and submitted for approval to the Company’s Board of Directors. Insofar and as soon as this approval has been granted, the intended changes shall be submitted to the CSSF. Insofar and as soon as the CSSF gives its approval, the affected investors shall be notified of the intended changes and, where applicable, granted a one-month period for redeeming their shares free of charge, in accordance with the provisions of the section entitled “Information to shareholders”.

### **ESG risks**

“Sustainability risk” means an environmental, social or governance event or condition which could have a material or potentially substantial adverse effect on the value of the investment. If a sustainability risk associated with an investment materialises, it could lead to the loss in value of an investment.

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

Sub-funds that have invested some or all 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, thereby reducing the risks inherent in the individual investment objects even further. The Fund 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.**

### **Traditional investments**

The sub-funds invest at least 70% of their assets worldwide in

- a) equities and equity rights, such as shares, other share-like equity interests, such as cooperative shares and participation certificates issued by companies, as well as dividend right certificates issued by companies;
- b) debt securities and claims, such as bonds, notes, similar fixed-income and floating-rate securities, all types of asset-backed securities, non-interest-bearing debt securities, convertible bonds and convertible notes, as well as bonds and notes with warrants on securities;
- c) securities with a maturity of no more than 12 months, such as money market instruments, treasury bills and other debt securities and instruments;
- d) units in other funds that invest in assets pursuant to (a) to (c); this also includes exchange-traded funds.

Debt securities and claims, as well as equities and equity rights of the types of assets listed under (a) to (c) are all 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. With respect to the funds described under (d), the instruments involved are either fund units or shares in fund companies in accordance with Part I of the Law of 2010 or fund units or shares in fund companies that follow, at the very least, the principles of risk diversification pursuant to Part II of the Law of 2010 and are subject to prudential supervision for the protection of investors ("regulated funds").

Funds/fund companies that are domiciled in the European Union, the UK, Switzerland, Hong Kong, the US, Canada, Norway, Japan, Jersey, Guernsey and Liechtenstein are considered regulated funds. In accordance with Part II of the Law of 2010, the funds may in principle (i) not invest more than 10% of their net assets in securities that are neither listed on a stock exchange nor traded on another regulated market that operates regularly and is open to the public, (ii) not acquire more than 10% of the equivalent securities of a single issuer and (iii) not invest more than 10% of their net assets in securities of a single issuer.

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

In line with the investment principles below, each sub-fund may buy and sell futures (futures, forwards and non-deliverable forwards ("NDFs")) and options, enter into swap transactions (swaps, total return swaps, credit default swaps) on financial instruments as described in point 1.1 (h) of the "Investment principles" and conduct transactions involving options on securities other than for hedging purposes. With regard to the portion of the net assets invested in other funds, such assets as futures, swaps and options may only be used for the purposes of hedging foreign exchange risk. The same applies to warrants entitling the holder to subscribe to securities.

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

#### **Use of futures and options**

In compliance with the restrictions stipulated in Point 5 "Special techniques and instruments with securities and money market instruments as underlying assets", the Company may, on behalf of all sub-funds, employ those techniques and instruments involving underlying securities and money market instruments, which may be used to ensure the proper management of the assets of each sub-fund. At no time may the liabilities resulting from such transactions exceed the value of the net assets of the sub-fund concerned.

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

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

By buying warrants on securities, the Portfolio Manager can increase or decrease the exposure to a corresponding security or market.

If specified as part of the sub-fund's investment policy, the Portfolio Manager may buy or sell futures, swaps and options on currencies for the purpose of building up or hedging foreign-exchange positions for the sub-fund.

#### **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 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 institutions which meet the requirements (including minimum credit rating requirements, if applicable). 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 which 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 which 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.

## Liquidity risk

A sub-fund may invest in securities that subsequently prove difficult to sell due to reduced liquidity. This may have a negative effect on their market price and consequently on the sub-fund's net asset value. The reduced liquidity of these securities may be due to unusual or extraordinary economic or market events, such as a deterioration in the credit rating of an issuer or the lack of an efficient market. In extreme market situations, there may be few willing buyers and it may not be easy to sell the investments at the chosen time; in addition, these sub-funds may have to agree to a lower price in order to sell the investments, or they may not be able to sell the investments at all. Trading in certain securities or other instruments may be suspended or restricted by the relevant exchange or by a governmental or regulatory body, which may cause the sub-fund to incur a loss. The inability to sell a portfolio position may have a disadvantageous effect on the value of these sub-funds or prevent them from being able to exploit other investment opportunities. In order to meet redemption requests, these sub-funds may be forced to sell investments at unfavourable times and/or on unfavourable terms.

## Bonds

Bonds are subject to actual and perceived measures of creditworthiness. Bonds, and in particular high-yield bonds, may be impaired by negative headlines and an unfavourable perception on the part of investors; such perceptions may not be based on a fundamental analysis, and may have a negative effect on the value and liquidity of the bond.

## High-yield bonds

Investing in debt instruments involves interest-rate, sector, security and credit risk. Compared with investment-grade bonds, high-yield bonds generally attract a lower rating and usually offer higher yields in order to offset the lower credit rating or higher default risk associated with these securities. High-yield bonds involve a greater risk of capital erosion through default or in the case of an effective interest rate that is below the current rate of interest. Economic conditions and changes in the level of interest rates may have a considerable impact on the value of these bonds. In addition, high-yield bonds may be exposed to greater credit or default risk than bonds with a high rating. These bonds tend to react more to developments affecting market and credit risk than securities with a higher rating. The value of high yield bonds may be negatively affected by overall economic conditions, such as an economic downturn or a period of rising interest rates. High-yield bonds may be less liquid and more difficult to sell or value at a favourable point in time or price than bonds with a higher rating. In particular, high-yield bonds are often issued by smaller, less creditworthy and more indebted companies that are generally less able to pay capital and interest on schedule than financially sound companies.

## 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". Securities lending transactions involve counterparty risk, including the risk that the securities lent cannot be returned or redeemed on time. If the borrower of securities fails to return the securities lent by a sub-fund, there is a risk that the collateral received may be realised at a lower value than the securities lent, whether due to inaccurate pricing of the collateral, adverse market movements, a deterioration in the creditworthiness of the collateral issuer, illiquidity of the market on which the collateral is traded, negligence or insolvency of the custodian holding collateral or termination of legal agreements, e.g. due to insolvency, which adversely affects the performance of the sub-fund. 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-fund	Total Return Swaps		Repurchase agreements/reverse repurchase agreements		Securities Lending	
	Expected	Maximum	Expected	Maximum	Expected	Maximum



UBS (Lux) Strategy Xtra SICAV – Balanced (CHF)	0%–10%	25%	0%	10%	15%	50%
UBS (Lux) Strategy Xtra SICAV – Balanced (EUR)	0%–10%	25%	0%	10%	40%	75%
UBS (Lux) Strategy Xtra SICAV – Balanced (USD)	0%–10%	25%	0%	10%	40%	75%
UBS (Lux) Strategy Xtra SICAV – Yield (CHF)	0%–10%	25%	0%	10%	30%	50%
UBS (Lux) Strategy Xtra SICAV – Yield (EUR)	0%–10%	25%	0%	10%	50%	75%
UBS (Lux) Strategy Xtra SICAV – Yield (USD)	0%–10%	25%	0%	10%	35%	75%

### Risk management

Risk management in accordance with the commitment approach and the value-at-risk approach is applied pursuant to the applicable laws and regulatory provisions. A description of additional risk management techniques (e.g. management of counterparty risk) can be found in the relevant sections of the Sales Prospectus.

### Leverage

For the purposes of this Sales Prospectus, “leverage” shall denote any method of external financing through which the exposure of the Company or a sub-fund is increased by taking out loans, engaging in securities lending or derivatives transactions, or via any other means. The Company may employ external funds within the framework of the maximum permissible leverage per sub-fund. The profit and loss potential is thereby increased, meaning that the value appreciation of these investments leads to the Company’s net assets growing more quickly than would have been the case without leverage. Conversely, a decrease in value causes the Company’s assets to fall more quickly than without leverage.

The maximum permitted amount of the leverage that can be built up by each sub-fund and which is calculated using the commitment approach can be found in the section entitled “The sub-funds and their special investment policies”.

### Liquidity management

Within the framework of liquidity management, the Management Company shall ensure that the Company’s liquidity profile remains in line with its investments and that the redemption orders of investors – with the exception of the special cases provided for by the supervisory authority or this Sales Prospectus – can be processed at all times. A description of additional liquidity management techniques (e.g. temporary suspension in the processing of redemption orders under certain circumstances and processes regarding the regular subscription, redemption and conversion cycles) can be found in the relevant sections of the Sales Prospectus.

None of the sub-funds is subject, either in whole or in part, to special agreements regarding the non-liquid assets of the sub-fund or a part thereof.

### Collateral management

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

Counterparty risk can be reduced by depositing a security (“**collateral**”). If the Company is owed collateral pursuant to an applicable agreement, such collateral shall be held in safekeeping by the Depositary on behalf of the Company. Bankruptcy and insolvency events or other credit events involving the Depositary or within its sub-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 events involving the OTC counterparty, the Depositary or its sub-depositary/correspondent bank network may result in the rights or recognition 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, in spite of any collateral that had previously been made available to cover any such obligation.

### Alternative investments

Alternative investments are restricted to a maximum of 30% of the assets of the respective sub-fund. In the area of alternative investments, the sub-funds invest in:

- a) units of other open-ended funds with an investment policy that provides for investments in real estate (“units of open-ended real estate funds”);
- b) units of funds of funds that invest in units of real estate funds (“units of funds of real estate funds”);
- c) units of other open-ended funds with an investment policy that provides for investments in renewable and non-renewable resources, as well as in the extraction, production, processing/further processing and trading of these resources (“units of open-ended commodities funds”);
- d) units of funds of funds that invest in units of commodities funds (“units of funds of commodities funds”);
- e) units of other funds that pursue alternative investment strategies (“units of hedge funds”);
- f) units of funds of funds that invest in units of hedge funds (“units of funds of hedge funds”);
- g) index certificates, certificates and other derivatives consisting of directly or indirectly held alternative investments pursuant to (a) to (f).

In the case of investments in other funds (hereinafter also referred to as “target funds”) as listed above, such funds can have various legal forms, in particular collective investment contracts, equity stock of companies that engage in alternative investments and other investments connected with alternative investments that are listed on a stock exchange or are traded on another regulated market.

No more than 20% of the net assets of the respective sub-fund may be invested in securitised rights of a single target fund.

As the sub-funds may invest in other open-ended and closed funds, commission charges may be incurred at the level of the target fund concerned as well as at the level of the Company. These commissions may be incurred up to three times in the case of alternative investments. The section "Expenses paid by the Company" makes reference to the general costs as well as the costs of investing in existing funds.

If investments are made in other open-ended and closed funds that are not subject to ongoing prudential supervision required by law for the protection of investors and exercised by a supervisory authority in the country in which the fund is domiciled, such investments provide less protection against possible losses. As a result of possible legal, contractual or juridical restrictions, disposing of investments in other open-ended and closed-end target funds may be difficult.

Taking into account the following risk diversification principles, the sub-funds are permitted to hold 100% of the issue of one or more debt instruments (certificates) pursuant to 1.1(f) of the investment principles, which invest in a hedge fund index. In such cases, the provisions of Point 2.4 of the investment principles are to be complied with at all times.

An index certificate is issued for a fixed issue amount or a fixed number of certificates and with a specific term, with it being possible to increase the amount and extend the term. The issuer of an index certificate also generally organises secondary market trading on a "best effort" basis for such certificates, where the issuer can also buy and sell certificates on the secondary market. The index certificates can be sold within the scope of secondary trading based on supply and demand.

The index is composed by the index sponsor on the basis of certain set rules. A description of the criteria employed in the selection of index components and details of the current composition of an index can be obtained from the administrative agent.

The index is computed on the basis of fixed formulae that are consistently applied during the term of a certificate. The administrative agent will regularly review the valuation of the index certificates on the basis of the aforementioned formulae, especially with respect to unusual price fluctuations.

The currency designation contained in the names of the individual sub-funds ("currency of account") 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. Investments may be made worldwide.

Each sub-fund may hold liquid funds on an ancillary basis in all currencies in which investments are made.

### **Risks factors associated with the acquisition of alternative investment instruments**

Alternative investment strategies differ from traditional forms of investment and entail additional risk potential. As the sub-funds invest up to 30% of their assets in alternative investments, the additional risk potential of alternative investments as compared to traditional investments, alongside customary market, credit and liquidity risks, is described below.

Alternative investments are mainly domiciled in countries where the legal framework and supervision in particular are not comparable with those of the EU Member States.

Alternative investment instruments invest worldwide in various capital markets and financial instruments that can prove to be very volatile. Political uncertainty, fiscal policy measures, foreign exchange restrictions or changes to the law concerning foreign ownership can also negatively impact the value of commitments and the income generated by them.

A liquid market might not exist for units in alternative investments and funds that invest in alternative investments, with the result that their valuation and the purchase and sale of units can prove difficult. Premiums and discounts that can result in unfavourable transaction prices are a particular reason for this. Thus, under certain circumstances, purchase and sale prices have to be accepted that may deviate from asset value. In addition, individual alternative investments purchase assets that are difficult to value or are illiquid, and which may partially entail substantial price volatility, as well as considerable credit and earnings risks.

Alternative investment instruments may engage in short selling. Short selling involves loss risks that are theoretically unlimited, because the value of the underlyings can increase without limit until a position is closed. Alternative investment instruments also have the possibility of borrowing in order to make additional investments (leverage). However, alternative investment instruments can also achieve leverage through the use of derivative instruments and not just as the result of borrowing. Incorrect assessments or illiquid markets for underlying instruments can thus have an adverse impact on target fund performance and on the relevant sub-funds of the Company as a result.

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

The net asset value and the issue and redemption prices per share of each sub-fund or share class are expressed in the currency of account of the sub-fund or share class concerned and are calculated every business day by dividing the overall net assets of the sub-fund attributable to each share class by the number of shares in circulation in this share class of the sub-fund.

However, the net asset value of a share may also be calculated on days where no shares are issued or redeemed, as described in the following section. In this case, the net asset value may be published, but it may only be used for the purpose of calculating performance, statistics or fees. Under no circumstances should it be used as a basis for subscription and redemption orders.

The percentage of the net asset value attributable to each share class of a sub-fund is determined by the ratio of the shares in circulation in each share class to the total number of outstanding shares in the sub-fund. This figure changes each time distributions are made, as well as when shares are issued or redeemed, as outlined below:

- Whenever a distribution is made for class "P-dist" shares, the net asset value, as well as the subscription and redemption prices, of the shares of this class are reduced by the amount of the distribution (which results in a reduction of the percentage of the net asset value attributed to "P-dist" shares). The net asset value of the other share classes does not change, which results in an increase of the percentage of the net asset value to be allocated to those shares.
- Upon each issue or redemption of shares, the net asset value attributable to the corresponding share class will be adjusted accordingly.

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 UCIs are valued at their last known net asset value.  
Certain units or shares of other UCITS and/or UCIs may be valued based on estimates of their value from reliable service providers that are independent from the target fund portfolio manager or investment adviser (value estimation).
- f) Index certificates (debt instruments) linked to indices comprising alternative investment instruments are valued at the latest available price according to market standards ("fair value"), which is based on the latest available valuations of the index components. Insofar as a report is available with indicative valuations, index certificates are valued on the basis of the indicative report until a report with effective valuations is available.
- g) 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.
- h) 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.
- i) Term and fiduciary deposits are valued at their nominal value plus accumulated interest.
- j) 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.

If, due to extraordinary circumstances or events, the above criteria are deemed impossible or inappropriate for accurately determining the value of the sub-funds concerned, the Company is entitled to apply, on a temporary basis, other appropriate valuation principles – which it has determined in good faith and are generally accepted and verifiable by auditors – to the assets of the Fund as a whole or of an individual sub-fund.

Due to fees and charges as well as the buy-sell spread for the underlying investments, the actual costs of buying and selling assets and investments for a sub-fund may differ from the last available price or, if applicable, the net asset value used to calculate the net asset value per share. These costs have a negative effect on the value of a sub-fund and are termed "dilution". To reduce the effects of dilution, the Board of Directors may at its own discretion make a dilution adjustment to the net asset value per share (swing pricing).

Shares are generally issued and redeemed based on a single price: the net asset value. To reduce the effects of dilution, the net asset value per share is nevertheless adjusted on valuation days as described below; this takes place irrespective of whether the sub-fund is in a net subscription or net redemption position on the relevant valuation day. If no trading is taking place in any sub-fund or class of a sub-fund on a particular valuation day, the unadjusted net asset value per share is applied. The circumstances in which such a dilution adjustment takes is made are determined at the discretion of the Board of Directors. The requirement to carry out a dilution adjustment generally depends on the scale of subscriptions or redemptions of shares in the relevant sub-fund. The Board of Directors may carry out a dilution adjustment if, in its view, the existing shareholders (in the case of subscriptions) or remaining shareholders (in the case of redemptions) could be put at a disadvantage. The dilution adjustment may take place if:

- (a) a sub-fund records a steady fall (i.e. a net outflow due to redemptions);
- (b) a sub-fund records a considerable volume of net subscriptions relative to its size;
- (c) a sub-fund shows a net subscription or net redemption position on a particular valuation day; or
- (d) In all other cases in which the Board of Directors believes a dilution adjustment is necessary in the interests of the shareholders.

When a valuation adjustment is made, a value is added to or deducted from the net asset value per share depending on whether the sub-fund is in a net subscription or net redemption position; the extent of the valuation adjustment shall, in the opinion of the Board of Directors, adequately cover the fees and charges as well as the spreads of buy and sell prices. In particular, the net asset value of the respective sub-fund will be adjusted (upwards or downwards) by an amount that (i) reflects the estimated tax expenses,

(ii) the trading costs that may be incurred by the sub-fund, and (iii) the estimated bid-ask spread for the assets in which the sub-fund invests. As some equity markets and countries may show different fee structures on the buyer and seller side, the adjustment for net inflows and outflows may vary. The adjustments are generally limited to a maximum of 2% of the prevailing net asset value per share at the time. The Board of Directors may decide to temporarily apply a dilution adjustment of more than 2% of the prevailing net asset value per share at the time in respect of any sub-fund and/or valuation date in exceptional circumstances (e.g. high market volatility and/or liquidity, exceptional market conditions, market disruption, etc.), provided the Board of Directors can justify that this is representative of the prevailing market conditions and that it is in the best interest of the shareholders. This dilution adjustment will be calculated in accordance with the method determined by the Board of Directors. Shareholders will be informed via the usual communication channels when the temporary measures are introduced and when they end.

The net asset value of each class of the sub-fund is calculated separately. However, dilution adjustments affect the net asset value of each class to the same degree in percentage terms. The dilution adjustment is made at sub-fund level and relates to capital activity, but not to the specific circumstances of each individual investor transaction.

## **Investing in UBS (Lux) Strategy Xtra 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 24 and 31 December, individual, non-statutory days of rest in Luxembourg and days on which stock exchanges in the main countries in which one or more sub-funds invest are closed, or on which 50% or more of the investments of the sub-fund cannot be adequately valued, or, in the case of sub-funds whose performance and net assets are predominantly based on one or more indices, days on which the related index or indices are not published.

“**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. 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 13:00 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 the 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.

Subject to applicable laws and regulations, the distributors entrusted with the acceptance of orders shall request and accept subscription, redemption and/or conversion orders from investors on the basis of a written agreement or order form or by equivalent means, including receipt of orders by electronic means. The application of equivalent means to written form requires the prior written consent of the Management Company and/or UBS Asset Management Switzerland AG at its own discretion.

### **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”.

Unless otherwise provided for in the section “Share classes”, depending on the various distributors who have informed investors in advance of the method used, entry costs of a maximum of 4% may be deducted from the capital commitment (or charged in addition) or added to the net asset value and paid to distributors involved in the distribution of shares in the sub-fund and/or to financial intermediaries. Various methods may be used to calculate entry costs.

Any taxes, charges or other fees incurred in the relevant country of distribution will also be charged. Additional information can be found in the local offer documents.

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

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

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

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.

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.

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 and still outstanding have the same rights. The Articles of Incorporation of the Company nonetheless provide for the possibility of issuing various share classes with specific features within a particular sub-fund.

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

### **Redemption of shares**

Redemption orders are accepted by the Company, the administrative agent and the Depository, as well as the sales and paying agents, which forward these to the Company.

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 Depository, 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 has fixed as the minimum level for the economically efficient management of a share class, the Board of Directors 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 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.

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

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

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

No additional redemption charge may be levied in favour of the distributors.

Net asset value performance shall determine whether the redemption price is higher or lower than the price paid by the investor. In the event of a large volume of redemption orders or if, as a result of the redemption of the shares of the Company, the alternative investment component were to exceed 30% of net assets, 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 business day will be processed at the same price.

At the investors' request, the Company may offer investors full or partial redemptions in kind, at its own discretion. Such payments in kind will also be appraised by the auditor selected by the Company, and must have no negative impact on the remaining shareholders of the Fund. 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:

- $\alpha$  = number of shares of the new sub-fund or share class into which conversion is requested
- $\beta$  = number of shares of the sub-fund or share class from which conversion is requested
- $\chi$  = net asset value of the shares submitted for conversion
- $\delta$  = foreign-exchange rate between the sub-funds or share classes in question. If both sub-funds or share classes are valued in the same currency of account, this coefficient equals 1
- $\varepsilon$  = net asset value of the shares in the sub-fund or share class into which conversion is requested plus any taxes, charges or other fees

Depending on the various distributors who have informed investors in advance of the method used, a maximum conversion fee in the amount of the maximum entry costs on the capital commitment may be deducted (or charged as an addition) or added to the net asset value for payment on to distributors involved in the distribution of shares in the sub-fund and/or to financial intermediaries. Subject to applicable laws and regulations, the Depositary and/or the agents entrusted with receiving conversion payments may, at their discretion and upon investors' request, accept the payment in currencies other than the currency of account of the respective sub-fund and/or the reference currency of the share class, into which the conversion will take place. The exchange rate used will be determined by the respective agent on the basis of the bid-ask spread of the relevant currency pair. These commissions, as well as any fees, taxes and stamp duties incurred in the individual countries for a sub-fund conversion are charged to the shareholders.

#### **The market maker and trading on secondary markets**

The listing of share classes of sub-funds in the "Sponsored Funds" segment on the SIX Swiss Exchange and their trading on the SIX Swiss Exchange is intended to enable investors to buy and sell shares in a liquid and regulated secondary market, i.e. via the stock exchange, in addition to providing them with the possibility of subscribing or redeeming shares directly from the Company, as described in previous sections.

The job of a market maker is to ensure that there is a market for the traded shares by entering bid and ask quotes in the trading system. In certain circumstances, the price at which shares can be traded with a market maker on the secondary market may differ from the last net asset value of the share class in question. Market makers only accept purchase and sale orders on the secondary market that are settled at the bid and ask prices; they do not accept subscriptions and redemptions for the primary market. Subscription and redemption orders for the primary market must still be placed with the Company, as described in previous sections. For more information on whether a sub-fund or a share class of the Company is listed on the SIX Swiss Exchange, visit [www.six-swiss-exchange.com](http://www.six-swiss-exchange.com). The Management Company has appointed Bank Julius Baer & Co. Ltd. as the market maker.

#### **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, if:

- 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;
- one or more funds or fund companies in which the Company has invested has suspended its redemption of units;
- 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; and
- the Company can no longer settle its transactions due to restrictions on foreign exchange and capital movements.

The suspension of the calculation of the net asset value, the suspension of the issue and redemption of shares and the suspension of conversion between the individual sub-funds will be announced 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 shares. 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 determine whether interim dividends are paid and whether distribution payments are suspended.

Entitlements to distributions and allocations not claimed within five years of falling due will lapse and be paid back into the relevant sub-fund or share class of the Company. 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. In the event that the competent tax authority changes an investor's tax status, all shares in classes F, I-A1, I-A2, I-A3, I-B, I-X and U-X may be taxed at the rate of 0.05%.

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

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.

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. 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.

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 United Kingdom**

### **Reporting sub-funds**

Within the meaning of the UK Taxation (International and Other Provisions) Act 2010 (hereinafter the "TIOPA"), special provisions apply to investments in offshore funds. The individual share classes of these offshore funds are treated as separate offshore funds for this purpose. The taxation of shareholders in a reporting share class is different to the taxation of shareholders in non-reporting share classes. The individual taxation systems are explained below. The Board of Directors reserves the right to apply for the status of reporting fund for individual share classes.

### **Shareholders in non-reporting share classes**

Each individual share class is an offshore fund within the meaning of the TIOPA and the UK Offshore Funds (Tax) Regulations 2009 that came into force on 1 December 2009. Within this framework, all income from the sale, disposal or redemption of offshore fund units held by persons resident or ordinarily resident in the United Kingdom at the time of the sale, disposal or redemption are taxed as income and not as capital gains. However, this is not the case if the fund is approved as a reporting fund by the UK tax authorities for the period in which units are held. Shareholders who are resident or ordinarily resident in the United Kingdom for tax purposes and invest in non-reporting share classes may be obliged to pay income tax on the income from the sale, disposal or redemption of shares. Such income is therefore taxable, even if investors would be exempt from capital gains tax under general



or special provisions, which may lead to some UK investors bearing a comparatively higher tax burden. Shareholders who are resident or ordinarily resident in the United Kingdom can offset losses on the disposal of shares in non-reporting share classes against capital gains.

### **Shareholders in reporting share classes**

Each individual share class is an offshore fund within the meaning of the TIOPA. Within this framework, all income from the sale, disposal or redemption of offshore fund units at the time of the sale, disposal or redemption are taxed as income and not as capital gains. These provisions do not apply if the fund is accorded reporting fund status and maintains this status during the period in which units are held.

For a share class to qualify as a reporting fund, the Company must apply to the UK tax authorities for the inclusion of the sub-fund in this category. The share class must then report 100% of the income of the share class for each financial year. The corresponding report can be consulted by investors on the UBS website. Private investors resident in the United Kingdom should include the reportable income in their income tax return. They will then be assessed on the basis of the declared income, whether the income was distributed or not. In determining the income, the income for accounting purposes is adjusted for capital and other items and is based on the reportable income of the corresponding sub-fund. Shareholders are hereby informed that income from trading (but not from investment activities) is classified as reportable income. The key criteria is the business activity. Given the lack of clarity in the guidelines concerning the difference between trading and investment activities, there is no guarantee that the proposed activities are not trading activities. Should the activities of the Company be partly or wholly classified as trading activities, then the annual reportable income for shareholders and the corresponding tax burden would probably be significantly higher than would otherwise be the case. Provided that the relevant share class fulfils the status of a reporting sub-fund, the income from this share class will be taxed as a capital gain and not as income, unless the investor is a securities trader. Such gains may therefore be exempt from capital gains tax under general or special provisions, which may lead to some UK investors bearing a comparatively lower tax burden.

In accordance with Part 3 Chapter 6 of the Offshore Funds (Tax) Regulations 2009 (hereinafter the “**2009 Regulations**”), certain transactions of a regulated sub-fund such as the Company are generally not treated as trading activities in the calculation of reportable income for reporting sub-funds that fulfil a genuine diversity of ownership condition. In this respect, the Board of Directors confirms that all share classes are primarily for private and institutional investors and are offered to these target groups. Regarding the 2009 Regulations, the Board of Directors confirms that the shares of the Company can be easily acquired and are marketed and made available in order to reach and attract the targeted categories of investors.

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.

### **Partial exemption under the German Investment Tax Act of 2018**

All sub-funds are to be considered “**other funds**” within the meaning of the German Investment Tax Act (Investmentsteuergesetz – **InvStG**) and therefore do not qualify for partial exemption pursuant to section 20 of the InvStG.

### **DAC 6 – Disclosure requirements for reportable cross-border tax arrangements**

On 25 June 2018, Council Directive (EU) 2018/822 (“DAC 6”) entered into force, which introduces rules on the mandatory automatic exchange of information in the field of taxation in relation to reportable cross-border arrangements. DAC 6 is designed to give the tax authorities of EU Member States access to comprehensive and relevant information on potentially aggressive tax-planning arrangements, and to enable them to react promptly against harmful tax practices and to close loopholes by enacting legislation or by undertaking adequate risk assessments and carrying out tax audits

Although the commitments under DAC 6 only apply from 1 July 2020, it may be necessary to notify arrangements implemented between 25 June 2018 and 30 June 2020. The Directive requires intermediaries in the EU to provide information on reportable cross-border arrangements, including details of the arrangement and information identifying the intermediaries and relevant taxpayers involved, i.e. the persons to whom the reportable cross-border arrangement is made available, to the relevant local tax authorities. The local tax authorities then exchange this information with the tax authorities of other EU Member States. The company may therefore be required by law to provide the competent tax authorities with information known to it, in its possession or under its control about cross-border arrangements that are subject to reporting requirements. This legislation may also concern schemes which are not necessarily aggressive tax planning.

## 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 maximum flat fee for share classes with "hedged" in their name may include foreign exchange risk hedging charges. The relevant maximum flat fee will not be charged until the corresponding share classes have been launched. An overview of the maximum flat fees can be found under "The sub-funds and their special investment policies". The maximum flat fee effectively applied can be found in the annual and semi-annual reports.
2. The maximum flat fee does not include the following fees and additional expenses, which are also 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 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).
  - l) Fees, costs and expenses payable to the directors of the Company (including reasonable out-of-pocket expenses, insurance coverage and reasonable travel expenses in connection with meetings of the Board and remuneration of directors);
3. The Management Company may pay retrocessions to cover the distribution activities of the Company.
4. The Management Company or its agents may pay out rebates directly to investors. Rebates serve to reduce the cost attributable to investors concerned.

Rebates are permitted provided that they:

- are paid out of fees of the Management Company or its agents and thus do not additionally impair the assets of the sub-fund;
- are granted on the basis of objective criteria;
- are granted to the same extent to all investors who meet the objective criteria equally and demand rebates;
- increase the quality of the service for which the rebate is granted (e.g. by contributing to higher assets of the sub-fund that can lead to a more efficient management of the assets and a reduced liquidation probability of the sub-fund and/or a reduction of the fixed costs pro rate for all investors) and all investors bear their fair share of the sub-fund's fees and costs.

The objective criterion for granting rebates is:

- the total assets held by the investor in the share class of the sub-fund that qualifies for rebates;

Additional criteria may be:

- the total assets in UBS collective investment schemes held by the investor and/or
- the region where the investor is domiciled.

Upon request of the investor, the Management Company or its agents shall disclose the corresponding amount of the rebates free of charge.

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 "management fee" is set at 80% of the flat fee.

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

Costs relating to the services to be performed for share classes "K-B" for asset management purposes are covered by the compensation to which UBS Asset Management Switzerland AG or one of its authorised distribution partners is entitled under a separate contract with the investor.

All costs that can be allocated to specific sub-funds will be charged to those 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.

Certain fees and charges may be incurred twice when investing in existing funds, and may even be incurred three times when investing in funds of hedge funds, funds of commodities funds and funds of real estate funds (for example in the case of fees for the Depositary and central administrative agent, as well as management/advisory fees and the issuing/redemption charges of the UCIs and/or UCITS in which an investment is made). Such commission payments and expenses are charged at the level of the target fund as well as of the fund of funds.

The upper limit for management fees of the target fund in which the assets of the sub-fund are invested amounts to a maximum of 3%, taking into account any trailer fees and excluding any applicable performance fees (maximum of 4.5% for funds of hedge funds, funds of commodities funds and funds of real estate funds).

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.

## **Information for shareholders**

### **Regular reports and publications**

An annual report is published for each sub-fund and the Company as at 31 October and a semi-annual report as at 30 April. The annual accounts of the Company are prepared in accordance with the Luxembourg Generally Accepted Accounting Principles (GAAP).

The aforementioned reports contain a breakdown of each sub-fund in the relevant currency of account. The consolidated breakdown of assets for the Company as a whole is given in EUR.

The annual report, which is published within six months of the end of the financial year, contains the annual accounts audited by the independent auditors.

In addition to the requirements regarding the content of the periodic reports established by the Law of 2010, these reports contain, inter alia, information about (i) the total amount of remunerations (broken down into fixed and variable remunerations) that the Management Company has paid to its employees in the past financial year, as well as the number of beneficiaries thereof; (ii) the total amount of remunerations paid out in the past financial year to managerial staff and employees of the Management Company (the activities of which have a significant impact on the Company's risk profile), which must be broken down on an individual basis with respect to these persons in the report; (iii) the amount of participation certificates paid out by the Company for the past financial year; (iv) the Company's share of the overall remunerations for employees of the Management Company, including an

indication of the number of beneficiaries, and (v) information on the financial and non-financial criteria of the remuneration principles and practices for important employee categories, so that investors can evaluate the incentives provided. Furthermore, the Company shall disclose the information necessary to understand the Company's risk profile and the measures taken by the Company to prevent and manage conflicts of interest.

Moreover, the annual report contains information regarding:

- (a) all new provisions concerning liquidity management, insofar as and as soon as amendments in this regard have been made;
- (b) risk management systems used by the Management Company to monitor and manage relevant risks;
- (c) the total amount of leverage for each sub-fund, all amendments to the maximum permitted leverage that may be generated by the sub-funds in accordance with their relevant investment policies, as well as any rights to reuse collateral (where applicable) and/or other guarantees granted as part of the generation of leverage (e.g. the granting of credit or a surety for the benefit of a third party), including changes in the service providers working for the Company and/or Management Company in these areas.

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

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

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

### **Inspection of documents**

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

1. the Articles of Incorporation of the Company and the Articles of Association of the Management Company; and
2. the agreements the Company has concluded with the Depositary, the Portfolio Manager, the AIFM and the administrative agent. These agreements may be amended by common consent of the parties involved.

### **Handling complaints, strategy for exercising voting rights, remuneration policy and best execution**

In accordance with Luxembourg laws and regulations, the Management Company provides additional information on procedures for handling complaints, the strategy for exercising voting rights, remuneration policy and best execution on the following website: [http://www.ubs.com/lu/en/asset\\_management/investor\\_information.html](http://www.ubs.com/lu/en/asset_management/investor_information.html)

### **Data protection**

In accordance with the provisions of the Luxembourg Law of 1 August 2018 on the organisation of the National Data Protection Commission and the general data protection framework, as amended, and Regulation (EU) 2016/679 of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (the "data protection legislation"), the Fund acts as a data controller and collects, stores and processes, by electronic or other means, the data provided by investors for the purpose of performing the services required by investors and in order to meet the Fund's legal and supervisory obligations.

The data processed includes in particular the investor's name, contact details (including their postal or email address), bank account details, the amount and the nature of the investments in the Fund (and if the investor is a legal entity, the data of natural persons connected with this legal entity, such as its contact person(s) and/or beneficial owner(s)) ("personal data").

Investors may decline to transfer personal data to the Fund at their own discretion. However, in this case the Fund is entitled to reject orders to subscribe units.

Investors' personal data is processed when they enter into a relationship with the Fund and in order to carry out the subscription of units (i.e. to fulfil a contract), to safeguard the Fund's legitimate interests and to meet the Fund's legal obligations. Personal data is processed for the following purposes in particular: (i) to carry out subscriptions, redemptions and conversions of units, pay dividends to investors and administer client accounts; (ii) to manage client relationships; (iii) to carry out checks relating to excess trading and market timing practices and for tax identification that may be mandated by Luxembourg or foreign legislation and regulations (including laws and regulations relating to FATCA and the CRS); (iv) to comply with applicable anti-money laundering regulations. Data provided by unitholders is also processed, (v) to administer the Fund's register of unitholders. In addition, personal data may be used (vi) for marketing purposes.

The above-mentioned legitimate interests include:

- the purposes listed in points (ii) and (vi) of the previous paragraph of this data protection section for which data may be processed;
- meeting the accounting and supervisory obligations of the Fund in general;
- carrying out the Fund's business in accordance with appropriate market standards.

For this purpose and in accordance with the provisions of the Data Protection Act, the Fund may transmit personal data to its data recipients (hereinafter "recipients"), which are related and third-party companies providing support for the Fund's activities as regards the previously mentioned purposes. These include in particular the management company, the administrative agent, the distributors, the depositary, the paying agent, the investment manager, the domiciliary agent, the global distributor, the auditor and the legal advisor of the Fund.

The recipients may pass on the personal data on their own responsibility to their representatives and/or agents (the “sub-recipients”), who may process the personal data solely for the purpose of assisting the recipients in performing their services for the Fund and/or in meeting their legal obligations.

The recipients and sub-recipients may be located in countries inside or outside the European Economic Area (EEA) where data protection legislation may not provide an appropriate level of protection.

When transferring personal data to recipients and/or sub-recipients located in a country outside the EEA which does not have appropriate data protection standards, the Fund shall establish contractual safeguards to ensure that investors’ personal data is afforded the same protection as that provided by the data protection legislation and may use the model clauses approved by the European Commission to do so. Investors are entitled to request copies of the relevant documents that enable the transfer of personal data to these countries by sending a written request to the Management Company’s address listed above.

When subscribing to units, every investor is explicitly reminded that their personal data may be transferred to and processed by the above-mentioned recipients and sub-recipients, including companies located outside the EEA and in particular in countries that may not offer an appropriate level of protection.

The recipients and sub-recipients may process the personal data as processors when handling the data on the Fund’s instructions, or as controllers in their own right when processing the personal data for their own purposes, i.e. to meet their own legal obligations. The Fund may also transfer personal data to third parties in accordance with the applicable legislation and regulations, such as government and supervisory authorities, including tax authorities inside or outside the EEA. In particular, personal data may be passed on to the Luxembourg tax authorities which in turn act as controllers and can forward this data to foreign tax authorities.

In accordance with the provisions of the data protection legislation, every investor has the right, by sending a written request to the Management Company’s address listed above, to the following:

- Information on their personal data (i.e. the right to a confirmation from the Fund about whether their personal data is being processed, the right to certain information about how the fund is processing their personal data, the right to access this data and the right to a copy of the personal data that has been processed (subject to statutory exemptions));
- To have their personal data corrected if it is incorrect or incomplete (i.e. the right to request the Fund to update and correct incomplete or incorrect personal data or errors);
- To restrict usage of their personal data (i.e. the right to demand that the processing of their personal data is restricted under certain circumstances until they have given consent for this data to be stored);
- To object to the processing of their personal data, including prohibiting processing of their personal data for marketing purposes (i.e. the right to prohibit the Fund, for reasons relating to the investor’s particular situation, from processing data in order to carry out a task in the public interest or based on its legitimate interests; the Fund will then cease to process this data, unless it can demonstrate that there are legitimate and overriding grounds for processing the data which take precedence over the interests, rights and freedoms of the investor, or that processing the data is necessary to enforce, implement or defend legal claims);
- To have their personal data deleted (i.e. the right to request the deletion of their personal data in certain circumstances, in particular if the Fund no longer needs to process this data for the purpose for which it was collected or processed);
- Data portability (i.e. the right, if technically feasible, to request the transfer of the data to the investor or another controller in a structured, widely used and machine-readable format).

Investors also have the right to lodge a complaint with the National Data Protection Commission at 1, Avenue du Rock’n’Roll, L-4361 Esch-sur-Alzette, Grand Duchy of Luxembourg, or with another national data protection authority if they are resident in another Member State of the European Union.

Personal data will not be stored for longer than required for the purpose for which the data is being processed. The relevant statutory time limits for data storage shall apply.

## **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. Any liquidation proceeds that cannot be distributed to the shareholders at the end of the liquidation process will be deposited at the Caisse de Consignation in Luxembourg until expiry of the statute of limitations.

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 which have not been submitted by shareholders for redemption will be deposited at the *Caisse de Consignation* in Luxembourg until expiry of the statute of limitations.

### **Merger of sub-funds or of a sub-fund with another UCI**

Under the same circumstances listed in the third paragraph concerning liquidation, the Board of Directors of the Company may decide to cancel issued shares of a sub-fund and allocate shares to another sub-fund or another UCI. Without prejudice to the powers of the Board of Directors of the Company as described in this paragraph, the decision to merge sub-funds, as described here, 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 month 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**

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

### **Investment principles**

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

#### **1. Investment instruments**

1.1 The Company's investments consist of:

- a) Securities and money market instruments that are listed or traded on a securities exchange or another regulated market that is recognised, open to the public and operates regularly in accordance with the regulations ("regulated market") in a European, American, Asian, African or Australasian country ("approved state"). This restriction does not apply to money market instruments that are regularly traded or have a residual maturity of less than 12 months.
- b) Fund units or shares in fund companies that follow, at the very least, the principles of risk diversification pursuant to Part II of the Law of 2010 and are subject to prudential supervision for the protection of investors ("regulated funds"). Funds/fund companies that are domiciled in the European Union, Switzerland, Hong Kong, the US, Canada, Norway, Japan, Jersey, Guernsey and Liechtenstein are considered regulated funds.
- c) Fund units or shares in fund companies that do not comply with the criteria set forth under (b) of this section ("non-regulated funds"), although issuers must make their investments in accordance with the principles of risk diversification.
- d) Securities or money market instruments that are either not listed or traded on a regulated market or are listed or traded on the regulated market of a non-approved state.
- e) Limited partnerships with general partners that make investments in accordance with the principles of risk diversification.
- f) Index certificates (debt instruments involving variable repayment commitments that are issued by a bank, entered as liabilities and are not transferred to a special purpose vehicle (SPV) until the end of their term. Index certificates must be redeemed against cash payment, there may be no physical delivery of the assets underlying the index).

- g) Certificates (debt instruments involving variable repayment commitments). Certificates must be redeemed against cash payment, there may be no physical delivery of the assets underlying the certificate.
  - h) Derivative financial instruments ("**derivatives**"), including equivalent cash-settled instruments, that are traded on one of the stock exchanges or regulated markets listed in (a) and (b) above, and/or derivatives that are not traded on a stock exchange or regulated market ("**OTC derivatives**"), provided that
    - 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 counterparties in transactions involving OTC derivatives are institutions subject to ongoing prudential supervision and belonging to the categories authorised by the Luxembourg supervisory authority;
    - and 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.
- 1.2 Each sub-fund may hold liquid funds on an ancillary basis.
- 1.3 The sub-funds only invest their net assets in financial instruments within the broadest possible meaning. The target funds acquired by the Company are subject solely to the investment restrictions contained in their information memoranda and prospectuses. However, the sub-funds and the individual target funds may not invest in artworks, antiques, etc. In addition, the sub-funds may not invest directly in commodities.

## 2. Risk diversification

In accordance with the principle of risk diversification, each sub-fund may:

- 2.1 Acquire up to 10% of the equivalent securitised rights of a single issuer. However, the aforementioned limit of 10% does not apply to securities or money market instruments issued or guaranteed by an EU Member State or its public local authorities, by another approved state that is a member of the OECD, or by public international bodies of which one or more EU Member States are members. The default risk for transactions in a sub-fund with OTC derivatives may not exceed 10% of the assets of the relevant sub-fund if the counterparty is a credit institution with its registered office in an EU Member State, or (if the credit institution's registered office is located in a non-Member State) if it is subject to supervisory regulations that the Luxembourg supervisory authority deems equivalent to those under Community law. The maximum allowable counterparty risk is reduced to 5% in transactions with other counterparties.
- 2.2 Invest up to 20% of its net assets in securities and money market instruments that are not listed or traded on a securities exchange or regulated market.
- 2.3 Invest up to 20% of its net assets in the securitised rights of a single target UCI. In applying this 20% investment limit, each sub-fund of a target UCI with multiple sub-funds is to be considered as a separate target UCI, subject to the condition that these sub-funds are not jointly and severally liable towards third parties for the obligations of the various sub-funds.
- 2.4 Invest up to 20% of its net assets in the securitised rights of a single issuer. However, this restriction does not apply to securities or money market instruments issued or guaranteed by an EU Member State or its local authorities, by another approved state that is a member of the OECD, or by public international bodies of which one or more EU Member States are members.
- 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 are suspended for the period they are held by the sub-fund in question, regardless of their appropriate valuation in financial accounts and periodic reports; and
  - the value of such securities, as long as they are held by the relevant sub-fund, will in no case be taken into account in calculating the net assets of the sub-fund for the purpose of determining the minimum amount of net assets required by this 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 Hold up to 25% of the securitised rights of other open-ended or closed-end target UCIs or sub-funds. In line with these investment restrictions, each sub-fund can hold up to 100% of a certificate (debt instrument), provided that the underlying assets have the required risk diversification.

- 2.7 Invest up to 30% of its net assets in alternative investments.
- 2.8 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 Point 2 are exceeded unintentionally due to redemptions or for other reasons 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. This normalisation may be extended over a longer period of time if there is reduced market liquidity for the permissible investment instruments, namely for alternative investments.

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 under Point 2, 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 more than 10% of the non-voting shares of a single company;
- 3.3 Participating in direct short-selling. Indirect short selling through investments in hedge funds is permitted;
- 3.4 Granting loans or acting as guarantor for third parties. This restriction does not prevent the acquisition of securities if these are not fully paid up;
- 3.5 The physical acquisition of commodities as well as the purchase or sale of contracts or certificates that grant the right to physical delivery of a commodity.
- 3.6 Taking out loans, unless
  - the loan is a back-to-back loan to purchase foreign currency and does not exceed 10% of the net assets of the sub-fund in question;
  - the loan is only temporary and does not exceed 10% of the net assets of the sub-fund in question.

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 techniques will be used on an ongoing basis as described in the section "Exposure to securities financing transactions", but it may be decided from time to time, depending on market conditions, to suspend or reduce exposure to securities financing transactions. 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 will be reviewed annually and adjusted if necessary. Currently, 60% of the gross proceeds received from securities lending transactions negotiated at arm's length are credited to the relevant sub-fund, while 40% of the gross proceeds are retained as costs/fees by UBS Europe SE, Luxembourg Branch as the securities lending intermediary and UBS Switzerland AG as the securities lending service provider. All costs/fees for operating the securities lending program are paid from the securities lending agent's share of gross income. This includes all direct and indirect costs/fees incurred through securities lending activities. UBS Europe SE, Luxembourg Branch and UBS Switzerland AG are part of the UBS Group.

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.

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

- (i) Counterparties to a repurchase/reverse repurchase agreement or securities lending agreement will be entities with legal personality typically located in OECD jurisdictions. These counterparties will be subject to a credit assessment. Where the counterparty is subject to a credit rating by any agency registered and supervised by ESMA, that rating shall be taken into account in the credit assessment. Where a counterparty is downgraded to A2 or below (or comparable rating) by such a credit rating agency, a new credit assessment in respect of the counterparty will be undertaken without delay.
- (ii) The Company must be able at any time to recall any security that has been lent out or terminate any securities lending agreement into which it has entered.
- (iii) When the Company enters into a reverse repurchase agreement it must ensure that it is able at any time to recall the full amount of cash (including the interest incurred up to the time of being recalled) or to terminate the reverse repurchase agreement on either an accrued basis or a mark-to-market basis. When the cash is recallable at any time on a mark-to-market basis, the mark-to-market value of the reverse repurchase agreement should be used for the calculation of the Net Asset Value of the relevant sub-fund. Fixed-term reverse repurchase agreements that do not exceed seven days should be considered as arrangements on terms that allow the assets to be recalled at any time by the Company.
- (iv) When the Company enters into a repurchase agreement it must ensure that it is able at any time to recall any securities subject to the repurchase agreement or to terminate the repurchase agreement into which it has entered. Fixed-term repurchase agreements that do not exceed seven days should be considered as arrangements on terms that allow the assets to be recalled at any time by the Company.
- (v) Repurchase/reverse repurchase agreements or securities lending do not constitute borrowing or lending for the purposes of the AIFM 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.

In general, the following applies to total return swaps:

- i) one hundred percent (100%) of the gross return from total return swaps less direct and indirect operating costs/fees reverts to the sub-funds.
- (ii) All direct and indirect operating costs/fees incurred on total return swaps will be paid to the entities outlined in the annual and semi-annual report of the Fund.
- (iii) There are no fee-splitting arrangements for total return swaps.

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 regards to the risks inherent to 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.

## Information for Swiss Investors

### Representative

The representative in Switzerland is UBS Fund Management (Switzerland) AG, Aeschenvorstadt 1, CH-4051 Basel.

### Paying Agent

The paying agent in Switzerland is UBS Switzerland AG, Bahnhofstrasse 45, CH-8001 Zurich and its branches in Switzerland.

### Location where relevant documents may be obtained

The prospectus, Key Investor Information Document, the articles of association as well as the annual and semi-annual reports may be obtained free of charge from the representative or the paying agent in Switzerland or from [www.ubs.com/fonds](http://www.ubs.com/fonds).

### Publications

1. Publications concerning the foreign collective investment scheme are made in Switzerland on the electronic platform of Swiss Fund Data AG [www.swissfunddata.ch](http://www.swissfunddata.ch).
2. The issue and the redemption prices or the net asset value together with a reference stating "excluding commissions" must be published daily at [www.ubs.com/fonds](http://www.ubs.com/fonds) and on the website of Swiss Fund Data AG [www.swissfunddata.ch](http://www.swissfunddata.ch).

### Payment of retrocessions and rebates

1. The management company and its agents may pay retrocessions as remuneration for distribution activity in respect of fund units in Switzerland. This remuneration may be deemed payment for the following services in particular:
  - Promotion and execution of the distribution of fund units;
  - Training of client advisors and distribution staff;
  - Organising and participating in road shows, events and trade fairs of all kinds in connection with the distribution of fund units;
  - Contacting potential investors;
  - Central relationship management and support of existing customer relationships;
  - Clarifying and responding to special inquiries from investors relating to the investment product or the provider;
  - Production and distribution of advertising material and legal documents;
  - Carrying out all kinds of administrative activities in connection with the distribution of fund units;
  - Handling the subscription and redemption of fund units;
  - Subscription of units as nominee for several customers on behalf of the provider;
  - Commissioning and monitoring of additional distributors;
  - Performing duties of care delegated by the distributor in areas such as clarifying customer needs and sales restrictions;
  - Assigning a person admitted to audit to verify compliance with certain obligations of the distributor, in particular the guidelines for the distribution of collective investment schemes of the Asset Management Association Switzerland AMAS.
  - Operation of a product and distribution platform;
  - Central reporting for fund providers and distributors;
  - Carrying out all types of administrative activities, including audits from the point of view of money laundering and terrorist financing in connection with the distribution of fund units.

Retrocessions are not deemed to be rebates even if they are ultimately passed on, in full or in part, to the investors. Disclosure of the receipt of retrocessions is based on the applicable provisions of FinSA.

2. In the case of distribution activity in Switzerland, the Management Company and its agents may, upon request, pay rebates directly to investors. The purpose of rebates is to reduce the fees or costs incurred by the investor in question. Rebates are permitted provided that:
  - they are paid from fees received by the Management Company and therefore do not represent an additional charge on the sub-fund assets;
  - they are granted on the basis of objective criteria;
  - all investors who meet these objective criteria and demand rebates are also granted these within the same timeframe and to the same extent.

The objective criterion for the granting of rebates by the Management Company is:

- the total assets held by the investor in the share class of the sub-fund that qualifies for rebates;

Additional criteria may be

- the total assets in UBS collective investment schemes held by the investor and / or
- the region where the investor is domiciled.

At the request of the investor, the Management Company and its agents must disclose the amounts of such rebates free of charge.

**Place of performance and jurisdiction**

For units offered in Switzerland the place of performance shall be the domicile of the representative. The jurisdiction shall be the domicile of the representative or the domicile of the investor.

**UBS (Lux) Strategy Xtra SICAV**  
Luxembourg,

**UBS Europe SE, Luxembourg Branch**  
Luxembourg,

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**UBS Fund Management (Switzerland) AG**  
Basel,

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