

# UBS (CH) Equity Fund

Umbrella fund under Swiss law of the type «other fund for traditional investments»

Prospectus with integrated fund contract, Edition August 2019

## Part I Prospectus

This prospectus with integrated fund contract, the key investor information document, and the most recent annual or semi-annual report (if published after the latest annual report) serve as the basis for all subscriptions of units in the sub-funds.

Only the information contained in the prospectus, the key investor information document or the fund contract is deemed valid.

### 1. Information on the umbrella fund and sub-funds

#### 1.1 General information

UBS (CH) Equity Fund is a contractual investment fund under Swiss law with multiple sub-funds (umbrella fund) of the “other fund for traditional investments” type in accordance with the Swiss Federal Act on Collective Investment Schemes of 23 June 2006, which is divided into the following sub-funds:

- **UBS (CH) Equity Fund – Asia (USD)**
- **UBS (CH) Equity Fund – Emerging Asia (USD)**
- **UBS (CH) Equity Fund – European Opportunity (EUR)**
- **UBS (CH) Equity Fund – Global Opportunity (USD)**
- **UBS (CH) Equity Fund – Mid Caps Switzerland (CHF)**
- **UBS (CH) Equity Fund – Small Caps Europe (EUR)**
- **UBS (CH) Equity Fund – Small Caps Switzerland (CHF)**
- **UBS (CH) Equity Fund – Swiss High Dividend (CHF)**
- **UBS (CH) Equity Fund – Swiss Income (CHF)**
- **UBS (CH) Equity Fund – Switzerland (CHF)**
- **UBS (CH) Equity Fund – Switzerland Quantitative (CHF)**
- **UBS (CH) Equity Fund – Switzerland Quantitative Sustainable (CHF)**
- **UBS (CH) Equity Fund – US Sustainable (USD)**

The fund contract was drawn up by UBS Fund Management (Switzerland) AG as fund management company and submitted to the Swiss Financial Market Supervisory Authority FINMA with the consent of UBS Switzerland AG as custodian bank. The fund contract was first approved by FINMA on •.

The umbrella fund and sub-funds are based upon a collective investment agreement (fund contract), under which the fund management company undertakes to provide the investor with a stake in the relevant sub-fund in proportion to the fund units acquired by the said investor, and to manage this sub-fund at its own discretion and for its own account in accordance with the provisions of the law and the fund contract. The custodian bank is party to the fund contract in accordance

with the tasks conferred upon it by the law and the fund contract.

Investors are only entitled to an interest in the assets and income of the sub-fund in which they hold units. Only the relevant sub-fund is liable for the liabilities attributable to the individual sub-funds.

In accordance with the fund contract, the fund management company is entitled to create, liquidate or merge different unit classes at any time, subject to the consent of the custodian bank and the approval of the supervisory authority.

Detailed information on the unit classes is contained in the table at the end of the prospectus and in the fund contract (cf. Part II, § 6.4).

The individual unit classes do not constitute segregated pools of assets. Although costs are in principle charged only to the unit class for which the service in question was rendered, the possibility of a unit class being held liable for the liabilities of another unit class therefore cannot be ruled out.

#### 1.2 Investment objective and investment policy

##### 1.2.1 Investment objective of the sub-funds

The investment objective of **UBS (CH) Equity Fund – Asia (USD)** is principally to secure an optimum total return over the long term that is in line with the development of the market for Asian equities (excluding Japan), taking into account the risks applicable to investments in Asia (excluding Japan).

The investment objective of **UBS (CH) Equity Fund – Emerging Asia (USD)** is principally to secure an optimum total return that is in line with the development of the established market indices for emerging markets in Asia, taking into account the risks applicable to investments in emerging markets in Asia.

The investment objective of **UBS (CH) Equity Fund – European Opportunity (EUR)** is principally to secure an optimum total return over the long term that is in line with the development of the equity market for first-class European equities, taking into account the risks applicable to investments in Europe.

The investment objective of **UBS (CH) Equity Fund – Global Opportunity (USD)** is principally to secure an optimum total return that is in line with the development of the established market indices for global equity investments, taking into account the risks applicable to investments in global companies.

The investment objective of **UBS (CH) Equity Fund – Mid Caps Switzerland (CHF)** is principally to secure an optimum total return that is in line with the development of the established representative market indices for equities of mid cap

listed companies in Switzerland, taking into account the risks applicable to investments in listed Swiss mid cap companies.

The investment objective of **UBS (CH) Equity Fund – Small Caps Europe (EUR)** is principally to secure an optimum total return that is in line with the European equity markets for small cap companies, taking into account the risks applicable to investments in small cap companies in Europe.

The investment objective of **UBS (CH) Equity Fund – Small Caps Switzerland (CHF)** is principally to secure an optimum total return that is in line with the Swiss equity market for small cap companies.

The investment objective of **UBS (CH) Equity Fund – Swiss High Dividend (CHF)** is principally to secure an optimum total return over the long term compared with the development of the Swiss equity market.

The investment objective of **UBS (CH) Equity Fund – Swiss Income (CHF)** is principally to secure a superior return over the long term compared with the benchmark.

The investment objective of **UBS (CH) Equity Fund – Switzerland (CHF)** is principally to secure an optimum total return over the long term that is in line with the development of the Swiss equity market.

The investment objective of **UBS (CH) Equity Fund – Switzerland Quantitative (CHF)** is principally to secure a superior return over the long term compared with the benchmark. In order to achieve this investment objective, the aim is to outperform the benchmark by selectively overweighting or underweighting individual securities relative to their index weighting. In order to improve return opportunities, investments are also made in security positions that are not included in the benchmark. The risk compared with the benchmark is moderate. The MSCI Switzerland market index is used as the benchmark.

The investment objective of **UBS (CH) Equity Fund – Switzerland Quantitative Sustainable (CHF)** is principally to secure a superior return over the long term compared with the benchmark, taking into account sustainability. In order to achieve this investment objective, the aim is to outperform the benchmark by selectively overweighting or underweighting individual securities relative to their index weighting. In order to improve return opportunities, investments are also made in security positions that are not included in the benchmark. The risk compared with the benchmark is moderate. The MSCI Switzerland Net Return in CHF market index is used as the benchmark.

The investment objective of **UBS (CH) Equity Fund – US Sustainable (USD)** is principally to secure an optimum total return that is in line with the established market indices for US equities, taking into account the risks applicable to investments in the United States.

No guarantee can be given that the individual sub-funds of the umbrella fund will achieve their respective investment objectives.

### 1.2.2 Investment policy of the sub-funds

**UBS (CH) Equity Fund – Asia (USD)** invests primarily in equities issued by companies which are included in one of the established representative market indices for Asia excluding

Japan, have their registered office in Asia excluding Japan, as holding companies mainly invest in companies which have their registered office in Asia (excluding Japan) or conduct the majority of their business in Asia (excluding Japan).

The sub-fund also invests in derivatives, collective investment schemes and structured products; if the latter cannot be divided, only a negligible amount as a proportion of the sub-fund's assets may be used. The fund management company ensures that on a consolidated basis at least two thirds of the sub-fund's assets are invested in the aforementioned investments. The sub-fund may also invest its assets in other permissible investments according to the fund contract.

Including derivatives and structured products, the fund management company may invest up to a maximum of 10% of the sub-fund's assets in securities and money market instruments from the same issuer. The fund management company may invest up to 35% of the sub-fund's assets in securities or money market instruments from the same issuer if these are issued or guaranteed by an OECD country, a public-law entity from the OECD, or by an international public-law organisation to which Switzerland or a member state of the European Union belongs.

**UBS (CH) Equity Fund – Emerging Asia (USD)** invests primarily in equities issued by companies which are included in one of the established representative market indices for emerging markets in Asia, have their registered in one of the emerging markets of East and South Asia, as holding companies mainly invest in companies which have their registered office in one of the emerging markets of East and South Asia or conduct the majority of their business in East and South Asia. East and South Asia comprises all countries in this region, except Japan. In particular, these countries are Taiwan, Thailand, Korea, Indonesia, the Philippines, India, China, Pakistan, Malaysia and Sri Lanka.

The sub-fund also invests in derivatives, collective investment schemes and structured products; if the latter cannot be divided, only a negligible amount as a proportion of the sub-fund's assets may be used. The fund management company ensures that on a consolidated basis at least two thirds of the sub-fund's assets are invested in the aforementioned investments. The sub-fund may also invest its assets in other permissible investments according to the fund contract.

Including derivatives and structured products, the fund management company may invest up to a maximum of 10% of the sub-fund's assets in securities and money market instruments from the same issuer. The fund management company may invest up to 35% of the sub-fund's assets in securities or money market instruments from the same issuer if these are issued or guaranteed by an OECD country, a public-law entity from the OECD, or by an international public-law organisation to which Switzerland or a member state of the European Union belongs.

**UBS (CH) Equity Fund – European Opportunity (EUR)** invests primarily in equities issued by companies which are included in one of the established representative market indices for industrialised countries in Europe, have their registered office in a European country (including Eastern Europe), as holding companies mainly invest in companies which have their registered office in a European country (including Eastern

Europe) or conduct the majority of their business in a European country (including Eastern Europe). The sub-fund may also invest directly or indirectly in European small and/or mid caps. These selection criteria may result in a security- or sector-specific concentration on a small number of companies. Depending on the prevailing forecast, the fund management company may reduce or increase the level of investment of the sub-fund to a minimum of 75% and a maximum of 125% of the sub-fund's net assets through the use of derivatives, in accordance with § 12.3 and § 13.2 of the fund contract.

The sub-fund also invests in derivatives, collective investment schemes and structured products; if the latter cannot be divided, only a negligible amount as a proportion of the sub-fund's assets may be used. The fund management company ensures that on a consolidated basis at least two thirds of the sub-fund's assets are invested in the aforementioned investments. The sub-fund may also invest its assets in other permissible investments according to the fund contract.

Including derivatives and structured products, the fund management company may invest up to a maximum of 10% of the sub-fund's assets in securities and money market instruments from the same issuer.

**UBS (CH) Equity Fund – Global Opportunity (USD)** invests primarily in equities issued by companies which have their registered office in an OECD country, as holding companies mainly invest in companies which have their registered office in an OECD country or conduct the majority of their business in an OECD country. The sub-fund may also invest directly or indirectly in small and/or mid caps. These selection criteria may result in a security- or sector-specific concentration on a small number of companies. Depending on the prevailing forecast, the fund management company may reduce or increase the level of investment of the sub-fund to a minimum of 75% and a maximum of 125% of the sub-fund's net assets through the use of derivatives, in accordance with § 12.3 and § 13.2 of the fund contract.

The sub-fund also invests in derivatives, collective investment schemes and structured products; if the latter cannot be divided, only a negligible amount as a proportion of the sub-fund's assets may be used. The fund management company ensures that on a consolidated basis at least two thirds of the sub-fund's assets are invested in the aforementioned investments. The sub-fund may also invest its assets in other permissible investments according to the fund contract.

**UBS (CH) Equity Fund – Mid Caps Switzerland (CHF)** invests primarily in equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) issued by mid cap companies which have their registered office in Switzerland, as holding companies mainly invest in companies which have their registered office in Switzerland or conduct the majority of their business in Switzerland. Mid cap companies are defined as all Swiss companies included in one of the established representative market indices for mid cap listed companies in Switzerland.

The sub-fund also invests in derivatives, collective investment schemes and structured products; if the latter cannot be divided, only a negligible amount as a proportion of the sub-fund's assets may be used. The fund management company ensures that on a consolidated basis at least two thirds of the

sub-fund's assets are invested in the aforementioned investments. The sub-fund may also invest its assets in other permissible investments according to the fund contract.

Including derivatives and structured products, the fund management company may invest up to a maximum of 10% of the sub-fund's assets in securities and money market instruments from the same issuer. The fund management company may invest up to 35% of the sub-fund's assets in securities or money market instruments from the same issuer if these are issued or guaranteed by an OECD country, a public-law entity from the OECD, or by an international public-law organisation to which Switzerland or a member state of the European Union belongs.

**UBS (CH) Equity Fund – Small Caps Europe (EUR)** invests primarily in equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) issued by companies which have their registered office in geographical Europe, as holding companies mainly invest in companies which have their registered office in geographical Europe or conduct the majority of their business in this investment region. The market capitalisation of these companies may not exceed the market capitalisation of the company with the largest market capitalisation included in a representative index for small European companies. However, investments are not restricted to equities or other equity interests issued by companies that are part of a representative index of small European companies. The investment region of Europe includes Germany, France, the United Kingdom, Ireland, Italy, Spain, Portugal, Switzerland, Austria, the Benelux countries, all Nordic countries, all Eastern European countries (including Ukraine and Russia), the Baltic countries and all Balkan countries as well as Greece, Cyprus and Turkey.

The sub-fund also invests in derivatives, collective investment schemes and structured products; if the latter cannot be divided, only a negligible amount as a proportion of the sub-fund's assets may be used. The fund management company ensures that on a consolidated basis at least two thirds of the sub-fund's assets are invested in the aforementioned investments. The sub-fund may also invest its assets in other permissible investments according to the fund contract.

Including derivatives and structured products, the fund management company may invest up to a maximum of 10% of the sub-fund's assets in securities and money market instruments from the same issuer. The fund management company may invest up to 35% of the sub-fund's assets in securities or money market instruments from the same issuer if these are issued or guaranteed by an OECD country, a public-law entity from the OECD, or by an international public-law organisation to which Switzerland or a member state of the European Union belongs.

**UBS (CH) Equity Fund – Small Caps Switzerland (CHF)** invests primarily in equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) issued by companies which have their registered office in Switzerland, as holding companies mainly invest in companies which have their registered office in Switzerland or conduct the majority of their business in Switzerland. These companies have a market capitalisation of less than 0.4% of the total market capitalisation of all Swiss com-

panies listed in Switzerland. The sub-fund also invests in derivatives, collective investment schemes and structured products; if the latter cannot be divided, only a negligible amount as a proportion of the sub-fund's assets may be used. The fund management company ensures that on a consolidated basis at least two thirds of the sub-fund's assets are invested in the aforementioned investments. The sub-fund may also invest its assets in other permissible investments according to the fund contract.

Including derivatives and structured products, the fund management company may invest up to a maximum of 10% of the sub-fund's assets in securities and money market instruments from the same issuer. The fund management company may invest up to 35% of the sub-fund's assets in securities or money market instruments from the same issuer if these are issued or guaranteed by an OECD country, a public-law entity from the OECD, or by an international public-law organisation to which Switzerland or a member state of the European Union belongs.

**UBS (CH) Equity Fund – Swiss High Dividend (CHF)** invests primarily in equities issued by companies which are included in one of the established representative market indices for the Swiss equity market, have their registered office in Switzerland, as holding companies mainly invest in companies which have their registered office in Switzerland or conduct the majority of their business in Switzerland. The sub-fund's strategy is to invest in equities issued by companies with above-average and/or rising dividend income.

The sub-fund also invests in derivatives, collective investment schemes and structured products; if the latter cannot be divided, only a negligible amount as a proportion of the sub-fund's assets may be used. The fund management company ensures that on a consolidated basis at least two thirds of the sub-fund's assets are invested in the aforementioned investments. The sub-fund may also invest its assets in other permissible investments according to the fund contract.

Including derivatives and structured products, the fund management company may invest up to a maximum of 20% of the sub-fund's assets in securities and money market instruments from the same issuer. The fund management company may invest up to 35% of the sub-fund's assets in securities or money market instruments from the same issuer if these are issued or guaranteed by an OECD country, a public-law entity from the OECD, or by an international public-law organisation to which Switzerland or a member state of the European Union belongs.

**UBS (CH) Equity Fund – Swiss Income (CHF)** invests primarily in equities issued by companies which are included in an established representative overall market index for the Swiss equity market, have their registered office in Switzerland, as holding companies mainly invest in companies which have their registered office in Switzerland or conduct the majority of their business in Switzerland. The sub-fund's strategy is to invest in equities issued by companies with above-average and/or rising dividend income.

In accordance with the investment principles, a derivative strategy using options is also applied to individual equities in the Swiss equity market or to the Swiss equity market as a whole. The derivative strategy aims to generate additional

income through the sale of call options. If substantial price gains are recorded in the individual underlyings, the level of upside participation in price gains may be limited. The portfolio manager can decide to apply the derivative strategy only in part or suspend it completely for a certain time. The sub-fund also invests in derivatives and collective investment schemes, whereby the fund management company ensures that on a consolidated basis at least two thirds of the sub-fund's assets are invested in the aforementioned investments. In addition, the sub-fund invests in other permissible investments according to the fund contract.

**UBS (CH) Equity Fund – Switzerland (CHF)** invests primarily in equities issued by companies which are included in the Swiss Performance Index (SPI®) with gross dividends market index, have their registered office in Switzerland, as holding companies mainly invest in companies which have their registered office in Switzerland or conduct the majority of their business in Switzerland.

The sub-fund also invests in derivatives, collective investment schemes and structured products; if the latter cannot be divided, only a negligible amount as a proportion of the sub-fund's assets may be used. The fund management company ensures that on a consolidated basis at least two thirds of the sub-fund's assets are invested in the aforementioned investments. The sub-fund may also invest its assets in other permissible investments according to the fund contract.

The Swiss Performance Index (SPI®) is an equity index comprising publicly traded shares in companies domiciled in Switzerland. It maintains a balanced mix of securities of large, mid and small cap listed companies (excluding investment funds) across all sectors of the economy, for which there are no restrictions on circulation. UBS (CH) Equity Fund – Switzerland (CHF) is not supported, pledged, sold or advertised by SIX Swiss Exchange, and SIX Swiss Exchange does not assume any warranty of any kind (either express or implied) for the results to be obtained from the use of the SPI® index and/or for the level of the index at a particular time or on a particular date. SIX Swiss Exchange is not liable (whether by reason of negligence or any other conduct) for any errors which may appear in the index and SIX Swiss Exchange is in no way responsible for alerting clients to such errors. SPI® is a registered trademark of SIX Swiss Exchange.

Including derivatives and structured products, the fund management company may invest up to a maximum of 5% of the sub-fund's assets in securities and money market instruments from the same issuer. Notwithstanding the 5% limit above, when acquiring securities from an issuer included in the benchmark, the fund management company may hold an overweight of up to 5 percentage points or 125% of the issuer's percentage weighting in the benchmark. Investments must be spread over at least 12 issuers.

**UBS (CH) Equity Fund – Switzerland Quantitative (CHF)** invests primarily in equities issued by companies which are included in the MSCI Switzerland market index, have their registered office in Switzerland, as holding companies mainly invest in companies which have their registered office in Switzerland or conduct the majority of their business in Switzerland.

The sub-fund also invests in collective investment schemes, derivatives and structured products; if the latter cannot be

divided, only a negligible amount as a proportion of the sub-fund's assets may be used. The fund management company ensures that on a consolidated basis at least two thirds of the sub-fund's assets are invested in the aforementioned investments. The sub-fund may also invest its assets in other permissible investments according to the fund contract. The investment process is based on quantitative models which allow discrepancies in valuations to be identified and risks to be controlled. The valuation criteria required for this are based on a selection of statistical data and valuation theory-based indicators. These quantitative models are used to generate forecasts of expected price developments in each individual stock in relation to the development of the overall market and individual sectors. The individual forecasts are used in combination with an algorithm for portfolio construction, with the restriction that no unnecessary risks are created in respect of individual securities, sectors or factors.

MSCI Switzerland is a market capitalisation equity index comprising publicly traded shares in companies domiciled in Switzerland. It maintains a balanced mix of securities of large, mid and small cap listed companies (excluding investment funds) across all sectors of the economy, for which there are no restrictions on circulation.

Including derivatives and structured products, the fund management company may invest up to a maximum of 10% of the sub-fund's assets in securities and money market instruments from the same issuer. Notwithstanding the 10% limit above, when acquiring securities from an issuer included in the benchmark, the fund management company may hold an overweight of up to 5 percentage points or 125% of the issuer's percentage weighting in the benchmark. This may result in a concentration of the sub-fund's assets in a small number of securities included in the benchmark, thereby creating an overall risk for the sub-fund which exceeds that of the benchmark (market risk). Investments must be spread over at least 12 issuers.

**UBS (CH) Equity Fund – Switzerland Quantitative Sustainable (CHF)** invests primarily in equities issued by companies which are included in the MSCI Switzerland market index, have their registered office in Switzerland, as holding companies mainly invest in companies which have their registered office Switzerland or conduct the majority of their business in Switzerland.

The sub-fund also invests in collective investment schemes, derivatives and structured products; if the latter cannot be divided, only a negligible amount as a proportion of the sub-fund's assets may be used. The fund management company ensures that on a consolidated basis at least two thirds of the sub-fund's assets are invested in the aforementioned investments. The sub-fund may also invest its assets in other permissible investments according to the fund contract. The objective of the sub-fund is to achieve an above-average sustainability profile compared with conventional equity market indices. The sub-fund may also exclude companies or industries whose products or business activities have adverse social or environmental impacts. The investment process takes into account the sustainability objective described above and is based on quantitative models which allow discrepancies in valuations to be identified and risks to be controlled. The val-

uation criteria required for this are based on a selection of statistical data and valuation theory-based indicators. These quantitative models are used to generate forecasts of expected price developments in each individual stock in relation to the development of the overall market and individual sectors. The individual forecasts are used in combination with an algorithm for portfolio construction, with the restriction that no unnecessary risks are created in respect of individual securities, sectors or factors.

MSCI Switzerland Net Return Index in CHF is a market capitalisation equity index comprising publicly traded shares in companies domiciled in Switzerland. It maintains a balanced mix of securities of large, mid and small cap listed companies (excluding investment funds) across all sectors of the economy, for which there are no restrictions on circulation.

Including derivatives and structured products, the fund management company may invest up to a maximum of 10% of the sub-fund's assets in securities and money market instruments from the same issuer. Notwithstanding the 10% limit above, when acquiring securities from an issuer included in the benchmark, the fund management company may hold an overweight of up to 5 percentage points or 125% of the issuer's percentage weighting in the benchmark. This may result in a concentration of the sub-fund's assets in a small number of securities included in the benchmark, thereby creating an overall risk for the sub-fund which exceeds that of the benchmark (market risk). Investments must be spread over at least 12 issuers.

**UBS (CH) Equity Fund – US Sustainable (USD)** invests primarily in equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) issued by companies which have their registered office in the United States of America (USA), as holding companies mainly invest in companies which have their registered office in the USA or conduct the majority of their business in the USA. The sub-fund invests based on various financial and fundamental sustainability factors such as company performance in terms of environmental, social and governance (ESG) standards. These ESG criteria relate to companies' main areas of business and include the following topics: ecological footprint and operational efficiency, labour standards and supply chain monitoring, boardroom diversity and anti-bribery and anti-corruption rules. As part of its investment process, the sub-fund considers ESG standards such as minimum exclusion criteria and the integration of sustainability aspects. The sub-fund may also invest in companies which have a business model or manage products that comply to an extent with principles such as those on socially responsible investment (SRI) and are involved in areas such as energy efficiency, the environment, healthcare and demographics or social improvements.

The sub-fund also invests in derivatives, collective investment schemes and structured products; if the latter cannot be divided, only a negligible amount as a proportion of the sub-fund's assets may be used. The fund management company ensures that on a consolidated basis at least two thirds of the sub-fund's assets are invested in the aforementioned investments. The sub-fund may also invest its assets in other permissible investments according to the fund contract.

Including derivatives and structured products, the fund management company may invest up to a maximum of 10% of the sub-fund's assets in securities and money market instruments from the same issuer. The fund management company may invest up to 35% of the sub-fund's assets in securities or money market instruments from the same issuer if these are issued or guaranteed by an OECD country, a public-law entity from the OECD, or by an international public-law organisation to which Switzerland or a member state of the European Union belongs.

The currency denomination included in the name of the sub-funds refers solely to the currency used to measure the performance of the sub-funds, and not to the investment currency of the sub-funds. Investments are made in the currencies that are best suited to the performance of the sub-funds.

#### **Collateral strategy for securities lending transactions and transactions in derivative financial instruments:**

Counterparty risks may occur in connection with securities lending transactions and transactions in derivative financial instruments. These risks are minimised as follows:

#### **Extent of collateralisation:**

All loans under securities lending transactions must be collateralised in full, with the value of the collateral amounting to at least 105% of the market value of the lent securities. Individual items of collateral may also be valued at a discount. This discount is based on the volatility of the markets and the forecast liquidity of the collateral. The collateralisation of derivatives transactions is based on the relevant rules for settling such types of transaction. Derivatives transactions settled centrally are always collateralised. The extent and amount are based on the respective regulations of the central counterparty or clearing house.

For derivatives transactions not settled centrally, the fund management company or its agents may enter into mutual collateralisation agreements with the counterparties. The value of the collateral exchanged must always be at least equivalent to the replacement value of the derivatives transactions outstanding. Individual items of collateral may also be valued at a discount. This discount is based on the volatility of the markets and the forecast liquidity of the collateral.

#### **The following types of collateral are permitted:**

- Equities traded on an exchange or other market open to the public which have a high level of liquidity and are included in a benchmark index.
- Listed ETFs in the form of securities funds, other funds for traditional investments under Swiss law or UCITS are deemed equivalent to equities if they track an index and replicate it physically. Swap-based, synthetically replicating ETFs are not permitted.
- Bonds traded on an exchange or other market open to the public where the issuer has a first-class credit rating. No rating is required for government bonds issued by the USA, Japan, the UK, Germany or Switzerland (including federal states and cantons).
- Tradable treasury bills and notes with a government guarantee are deemed equivalent to government bonds if the government or issuer has a first-class rating or they are issued by

the USA, Japan, the UK, Germany or Switzerland (including federal states and cantons).

- Money market funds, if they meet the SFAMA or CESR Guidelines for Money Market Funds, can be redeemed daily, and are of high quality or are classified as first-class by the fund management company.
- Cash in a freely convertible currency.

#### **Safety margins**

The following minimum discounts (% deduction from market value) apply to the collateralisation of loans under securities lending transactions:

- |   |    |
|---|----|
| – Listed equities and ETFs  | 8% |
| – Government bonds (incl. treasury bills and notes) issued or guaranteed by the USA, the UK, Japan, Germany or Switzerland (incl. cantons and municipalities) | 0% |
| – Other government bonds (incl. treasury bills and notes)   | 2% |
| – Corporate bonds   | 4% |
| – Cash, if not in a fund currency   | 3% |
| – Money market funds  | 4% |

The following minimum discounts (% deduction from market value) apply to the collateralisation of derivatives not settled centrally, provided a collateralisation agreement has been entered into with the counterparty:

- |  |      |
|--|------|
| – Cash   | 0%   |
| – Government bonds with a residual term of up to 1 year  | 1–3% |
| – Government bonds with a residual term of 1 to 5 years  | 3–5% |
| – Government bonds with a residual term of 5 to 10 years | 4–6% |
| – Government bonds with a residual term of over 10 years | 5–7% |

#### **Cash collateral may be reinvested as follows and with the following risks:**

Sight deposits or deposits with a short notice period, government bonds with a high credit rating, money market instruments with counterparties with a high credit rating and money market funds subject to the SFAMA or CESR Guidelines for Money Market Funds.

Cash collateral must always be reinvested in the same currency as the collateral is received in.

The fund management company regularly monitors the risks from reinvesting cash collateral. These investments are nevertheless subject to credit risk and the value can be impacted by fluctuations. In addition, a certain level of liquidity risk cannot be excluded.

#### **1.2.3 The material risks**

The material risks associated with the sub-funds are:

The net asset value of each sub-fund is based on the respective market value of the investments. Depending on the general stock market trend and the performance of the securities

held in the fund portfolio, the net asset value may fluctuate considerably. It cannot be ruled out that the value will fall over a longer period of time. There is no guarantee that investors will obtain a specific income or be able to redeem the units with the fund management company at a specific price.

For investments in emerging markets, the following special features must be taken into account: The financial market in emerging markets is subject to greater volatility than the established financial markets and therefore poses greater risks for investors. Currency fluctuations also cannot be ruled out, and foreign investors may face occasionally difficult market entry conditions. Furthermore, the frequently difficult political conditions in these countries may represent an additional risk.

Investments in securities markets in the People's Republic of China ("PRC") are subject to both the general risks associated with investments in emerging markets and the specific risks associated with investments in the PRC. Specific risks associated with the PRC include in particular the risk of investing via Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect ("Stock Connect"). Stock Connect is a new trading platform. The associated risks and the development of the requirements of capital market law in the PRC are difficult to assess at the present time. There are also a number of uncertainties, in particular as a result of quota restrictions on buying or selling stocks, foreign currency restrictions for the renminbi and regarding settlement in the event of default by the central counterparties. Future changes or adjustments to the respective regulations cannot be ruled out at present.

For investments in the small cap market, the following specific points should be noted and call for a certain degree of risk tolerance on the part of investors. The financial market for mid cap and in particular small cap companies lacks liquidity in certain cases. This can seriously hamper trade in these stocks, depending on market conditions, and can lead to higher-than-average changes in prices.

#### 1.2.4 Use of derivatives

##### **UBS (CH) Equity Fund – Switzerland Quantitative (CHF)** **UBS (CH) Equity Fund – Switzerland Quantitative Sustainable (CHF)**

The fund management company may use derivatives. However, even in exceptional market conditions, these may not result in a deviation from the investment objectives or a change in the investment character of the sub-funds. Commitment Approach I is applied to the assessment of risk.

Derivatives form part of the investment strategy and are not used solely to hedge investment positions. In connection with collective investment schemes, derivatives may be used only for currency hedging purposes, with the exception of the hedging of market, interest rate and credit risks in the case of collective investment schemes for which the risks can be determined and measured unequivocally.

Only basic types of derivatives may be used, i.e. call or put options, credit default swaps (CDS), swaps, and futures and forward transactions, as described in more detail in the fund contract (cf. § 12), provided the underlying securities are permitted as investments under the investment policy. The derivative transactions may be concluded on either an exchange or other regulated market open to the public, or in OTC (over-

the-counter) trading. In addition to market risks, derivatives are also subject to counterparty risk, i.e. the risk that the party to the contract may not be able to meet its obligations and may thus cause a financial loss.

With a CDS, the default risk of a credit position is transferred from the risk seller to the risk buyer. The latter receives a premium as compensation. The size of this premium depends, among other things, on the probability of a loss event occurring and the maximum size of the loss; both factors are generally difficult to assess, which increases the risk associated with the CDS. The sub-funds may act as both risk buyers and risk sellers. Even in exceptional market conditions, the use of these instruments may not result in the sub-funds' assets being leveraged, neither may they correspond to a short sale.

For the sub-fund UBS (CH) Equity Fund – Switzerland Quantitative Sustainable (CHF), the following also applies: For OTC transactions, the sub-fund may reduce the counterparty risk by requiring the counterparty to provide collateral in the form of liquid assets. The same possibility exists for the counterparty by requiring collateral from the sub-fund. This collateral provided by the sub-fund is exposed to counterparty risk to the extent that the collateral provided by the sub-fund exceeds the amount of the counterparty's outstanding claims. However, the collateral received is not taken into account in the risk diversification provision of § 15 of the fund contract.

With regard to indirect investments via derivatives, it should be noted that such investments may result in an accumulation of risk. In addition to the market risk of the underlying, there is the risk stemming from the issuer of the derivative. This risk accumulation may be of particular importance where derivatives on market indices are used systematically instead of a broadly diversified portfolio of direct investments.

##### **UBS (CH) Equity Fund – Asia (USD)** **UBS (CH) Equity Fund – Emerging Asia (USD)** **UBS (CH) Equity Fund – European Opportunity (EUR)** **UBS (CH) Equity Fund – Global Opportunity (USD)** **UBS (CH) Equity Fund – Mid Caps Switzerland (CHF)** **UBS (CH) Equity Fund – Small Caps Europe (EUR)** **UBS (CH) Equity Fund – Small Caps Switzerland (CHF)** **UBS (CH) Equity Fund – Swiss High Dividend (CHF)** **UBS (CH) Equity Fund – Switzerland (CHF)** **UBS (CH) Equity Fund – US Sustainable (USD)**

The fund management company may use derivatives. However, even in exceptional market conditions, these may not result in a deviation from the investment objectives or a change in the investment character of the sub-funds. Commitment Approach II is applied to the assessment of risk.

Derivatives form part of the investment strategy and are not used solely to hedge investment positions. In connection with collective investment schemes, derivatives may be used only for currency hedging purposes, with the exception of the hedging of market, interest rate and credit risks in the case of collective investment schemes for which the risks can be determined and measured unequivocally.

Both basic types of derivatives and exotic derivatives may be used, the latter to a negligible extent, as described in more detail in the fund contract (cf. § 12), provided the underlying securities are permitted as investments under the investment

policy. The derivative transactions may be concluded on either an exchange or other regulated market open to the public, or in OTC (over-the-counter) trading. In addition to market risks, derivatives are also subject to counterparty risk, i.e. the risk that the party to the contract may not be able to meet its obligations and may thus cause a financial loss.

In addition to credit default swaps (CDS), all other types of credit derivatives may be acquired (e.g. total return swaps (TRS), credit spread options (CSO), credit linked notes (CLN)) by which credit risks can be transferred to third parties (risk buyers). The risk buyers receive a premium as compensation. The size of this premium depends, among other things, on the probability of a loss event occurring and the maximum size of the loss; both factors are generally difficult to assess, which increases the risk associated with credit derivatives. The sub-funds may act as both risk buyers and risk sellers.

The use of derivatives may have a leverage effect on the sub-funds' assets or may correspond to a short sale. The overall exposure in derivatives may be up to 100% of the sub-funds' net assets and the overall exposure of the sub-funds may thus be up to 200% of the sub-funds' net assets.

#### **UBS (CH) Equity Fund – Swiss Income (CHF)**

The fund management company may use derivatives. However, even in exceptional market conditions, these may not result in a deviation from the investment objectives or a change in the investment character of the sub-fund. The value-at-risk (VaR) model approach is applied to the assessment of risk.

Derivatives form part of the investment strategy and are not used solely to hedge investment positions. In connection with collective investment schemes, derivatives may be used only for currency hedging purposes, with the exception of the hedging of market, interest rate and credit risks in the case of collective investment schemes for which the risks can be determined and measured unequivocally. In addition to credit default swaps (CDS), all other types of credit derivatives may be acquired (e.g. total return swaps (TRS), credit spread options (CSO), credit linked notes (CLN)) by which credit risks can be transferred to third parties (risk buyers). The risk buyers receive a premium as compensation. The size of this premium depends, among other things, on the probability of a loss event occurring and the maximum size of the loss; both factors are generally difficult to assess, which increases the risk associated with credit derivatives. The sub-fund may act as both a risk buyer and a risk seller.

With the VaR process, the risks are calculated daily with a 99th percentile confidence interval and a holding period of 20 trading days. The VaR is deemed to be the maximum amount that could be lost with a probability of 99%, assuming a holding period for the portfolio of 20 trading days. According to this model, the amount is exceeded in 1% of cases. The VaR of the sub-fund may at no time exceed twice the VaR of a derivative-free benchmark portfolio. The fund management company must conduct regular stress tests. With regard to indirect investments via derivatives, it should be noted that such investments may result in an accumulation of risk. In addition to the market risk of the underlying, there is the risk stemming from the issuer of the derivative. This risk accumulation may be of particular importance where derivatives on

market indices are used systematically instead of a broadly diversified portfolio of direct investments. The expected gross overall exposure arising from derivatives is between 30% and 100%. However, in exceptional cases it may temporarily exceed 100%. Due to the application of the relative VaR approach, the following benchmark portfolio must be taken into account: Swiss Performance Index Total Return.

Detailed information on the investment policy and its restrictions, as well as the permitted investment techniques and instruments (in particular derivative financial instruments and their scope) are contained in the fund contract (cf. Part II, §§ 7–15).

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

The sub-funds UBS (CH) Equity Fund – Asia (USD), UBS (CH) Equity Fund – Emerging Asia (USD), UBS (CH) Equity Fund – European Opportunity (EUR), UBS (CH) Equity Fund – Global Opportunity (USD), UBS (CH) Equity Fund – Mid Caps Switzerland (CHF), UBS (CH) Equity Fund – Small Caps Europe (EUR), UBS (CH) Equity Fund – Small Caps Switzerland (CHF), UBS (CH) Equity Fund – Swiss Income (CHF), UBS (CH) Equity Fund – Switzerland (CHF), UBS (CH) Equity Fund – Switzerland Quantitative (CHF) and UBS (CH) Equity Fund – US Sustainable (USD) are suitable for investors with a long-term investment horizon who are primarily seeking to grow their invested capital. Investors are able to accept larger fluctuations and a longer lasting decline in the net asset value of the fund units. They are familiar with the main risks of an equity investment.

The sub-fund UBS (CH) Equity Fund – Swiss High Dividend (CHF) is suitable for investors with a long-term investment horizon who wish to invest in a broadly diversified equity portfolio and value above-average and/or rising dividend income. Investors are able to accept larger fluctuations and a longer lasting decline in the net asset value of the fund units. They are familiar with the main risks of an equity investment.

The sub-fund UBS (CH) Equity Fund – Switzerland Quantitative Sustainable (CHF) is suitable for investors with a long-term investment horizon who are primarily seeking to grow their invested capital while taking into account sustainability. Investors are able to accept larger fluctuations and a longer lasting decline in the net asset value of the fund units. They are familiar with the main risks of an equity investment.

#### **1.4 Tax regulations relevant to the umbrella fund and sub-funds**

The umbrella fund and sub-funds have no legal personality in Switzerland. They are not subject to tax on either income or capital.

The Swiss federal withholding tax deducted from the sub-funds' domestic income can be reclaimed in full for the sub-funds by the fund management company.

Income and capital gains realised outside Switzerland may be subject to the relevant withholding tax deductions imposed by the country of investment. Insofar as is possible, these taxes will be reclaimed by the fund management company on behalf of investors domiciled in Switzerland under the terms of double taxation treaties or other such agreements.

**UBS (CH) Equity Fund – Asia (USD)**

**UBS (CH) Equity Fund – Emerging Asia (USD)**



**UBS (CH) Equity Fund – European Opportunity (EUR)**  
**UBS (CH) Equity Fund – Small Caps Europe (EUR)**

Distributions of income made by the sub-funds to investors domiciled in Switzerland are subject to Swiss federal withholding tax (source tax) at 35%. Separately recorded capital gains are not subject to withholding tax.

Investors domiciled in Switzerland may reclaim the deducted withholding tax via their tax returns or by submitting a separate refund application.

Distributions of income to investors domiciled outside Switzerland are made free of Swiss withholding tax, provided at least 80% of the sub-funds' income originates from foreign sources. This is subject to presentation of confirmation from a bank stating that the units in question are held at the bank in the custody account of an investor domiciled outside Switzerland, and that the distributions of income are credited to this investor's account (declaration of domicile / affidavit). No guarantee can be given that at least 80% of the sub-funds' income originates from foreign sources.

If withholding tax is charged to an investor domiciled outside Switzerland owing to a failure to present a declaration of domicile, under Swiss law they may submit a refund application directly to the Swiss Federal Tax Administration in Bern.

**UBS (CH) Equity Fund – Global Opportunity (USD)**  
**UBS (CH) Equity Fund – US Sustainable (USD)**

Distributions of income made by the sub-funds to investors domiciled in Switzerland and abroad are subject to Swiss federal withholding tax (source tax) at 35%. Separately recorded capital gains are not subject to withholding tax.

Investors domiciled in Switzerland may reclaim the deducted withholding tax via their tax returns or by submitting a separate refund application.

Distributions of income to investors domiciled outside Switzerland are made free of Swiss withholding tax, provided at least 80% of the sub-funds' income originates from foreign sources. This is subject to presentation of confirmation from a bank stating that the units in question are held at the bank in the custody account of an investor domiciled outside Switzerland, and that the distributions of income are credited to this investor's account (declaration of domicile / affidavit). No guarantee can be given that at least 80% of the sub-funds' income originates from foreign sources.

If withholding tax is charged to an investor domiciled outside Switzerland owing to a failure to present a declaration of domicile, under Swiss law they may submit a refund application directly to the Swiss Federal Tax Administration in Bern.

This tax information is based on the current legal situation and practice. It is expressly subject to changes in legislation, the decisions of the courts and the decrees and practices of the tax authorities.

**UBS (CH) Equity Fund – Mid Caps Switzerland (CHF)**  
**UBS (CH) Equity Fund – Small Caps Switzerland (CHF)**  
**UBS (CH) Equity Fund – Swiss High Dividend (CHF)**  
**UBS (CH) Equity Fund – Swiss Income (CHF)**  
**UBS (CH) Equity Fund – Switzerland (CHF)**  
**UBS (CH) Equity Fund – Switzerland Quantitative (CHF)**

**UBS (CH) Equity Fund – Switzerland Quantitative Sustainable (CHF)**

Distributions of income made by the sub-funds to investors domiciled in Switzerland and abroad are subject to Swiss federal withholding tax (source tax) at 35%. Separately recorded capital gains are not subject to withholding tax.

Investors domiciled in Switzerland may reclaim the deducted withholding tax via their tax returns or by submitting a separate refund application.

Investors domiciled outside Switzerland may reclaim withholding tax under the terms of any double taxation treaty between Switzerland and their country of domicile. If no such treaty exists, then the withholding tax may not be reclaimed.

**Taxation and other tax implications for investors who hold, buy or sell fund units are defined by the tax laws and regulations in the investor's country of domicile. For information in this regard, investors should contact their tax advisor.**

**The sub-funds have the following tax status:**

**International automatic exchange of information in tax matters (automatic exchange of information)**

For the purposes of the automatic exchange of information in accordance with the Common Standard on Reporting and Due Diligence for Financial Account Information (CRS) of the Organisation for Economic Co-Operation And Development (OECD), the umbrella fund and sub-funds qualify as a non-reporting financial institution.

**FATCA**

The umbrella fund and sub-funds are registered with the US tax authorities as a Registered Deemed-Compliant Financial Institution under a Model 2 IGA pursuant to sections 1471 through 1474 of the U.S. Internal Revenue Code (Foreign Account Tax Compliance Act, including the corresponding rulings, "FATCA").

**Partial exemption in accordance with the German Investment Tax Act**

At least 51% of the sub-funds' assets are invested in equities listed or traded on a "regulated market" within the meaning of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments.

**2. Information on the fund management company**

**2.1 General information on the fund management company**

The fund management company is UBS Fund Management (Switzerland) AG. The fund management company, which has its registered office in Basel, has been active in the fund business since its formation as an Aktiengesellschaft (joint-stock company) in 1959.

The subscribed share capital of the fund management company amounts to CHF 1 million. The share capital is divided into registered shares and has been fully paid up. UBS Fund Management (Switzerland) AG is a wholly owned group company of UBS Group AG.

## Board of Directors

André Müller-Wegner, Chairman of the Board of Directors, Managing Director, UBS Asset Management Switzerland AG, Zurich

Reto Ketterer, Vice Chairman, Managing Director, UBS Asset Management Switzerland AG, Zurich

André Valente, Delegate, Managing Director, UBS Fund Management (Switzerland) AG, Basel

Franz Gysin, Independent Member

Thomas Rose, Managing Director, UBS Asset Management Switzerland AG, Zurich

Andreas Schlatter, Independent Member

## Executive Board

André Valente, Managing Director and Delegate of the Board of Directors

Eugène Del Cioppo, Deputy Managing Director and Head of Business Development & Client Management

Dr Daniel Brüllmann, Head of Real Estate Funds

Christel Müller, Head of Corporate Governance & Change Management

Georg Pfister, Head of Process, Platform, Systems and Head of Finance

Thomas Reisser, Head of Compliance

Beat Schmidlin, Head of Legal Services

As at 31 December 2018, the fund management company managed a total of 325 securities funds and 7 real estate funds in Switzerland with assets totalling CHF 250,221 million.

Furthermore, the fund management company provides the following specific services:

- administration services for collective investment schemes;
- representation of foreign collective investment schemes.

## 2.2 Delegation of investment decisions

Investment decisions in respect of the sub-funds **UBS (CH) Equity Fund – Asia (USD)** and **UBS (CH) Equity Fund – Emerging Asia (USD)** have been delegated to UBS Asset Management (Singapore) Ltd, Singapore.

Investment decisions in respect of the sub-funds **UBS (CH) Equity Fund – European Opportunity (EUR)** and **UBS (CH) Equity Fund – Global Opportunity (USD)** have been delegated to UBS Asset Management (UK) Ltd, London.

Investment decisions in respect of the sub-funds **UBS (CH) Equity Fund – Mid Caps Switzerland (CHF)**, **UBS (CH) Equity Fund – Small Caps Europe (EUR)**, **UBS (CH) Equity Fund – Small Caps Switzerland (CHF)**, **UBS (CH) Equity Fund – Swiss High Dividend (CHF)**, **UBS (CH) Equity Fund – Swiss Income (CHF)**, **UBS (CH) Equity Fund – Switzerland (CHF)**, **UBS (CH) Equity Fund – Switzerland Quantitative (CHF)** and **UBS (CH) Equity Fund – Switzerland Quantitative Sustainable (CHF)** have been delegated to UBS Asset Management Switzerland AG, Zurich. UBS Asset Management Switzerland AG is an asset management company, and as such is subject to the supervision of the Swiss Financial Market Supervisory Authority in Switzerland.

Investment decisions in respect of the sub-fund **UBS (CH) Equity Fund – US Sustainable (USD)** have been delegated to UBS Asset Management (Americas) Inc., Chicago.

UBS Asset Management (Singapore) Ltd, UBS Asset Management (UK) Ltd, UBS Asset Management Switzerland AG and UBS Asset Management (Americas) Inc. have many years of experience in asset management and an extensive knowledge of the investment markets of the sub-funds. Precise details of how their remit is to be fulfilled are laid down in an asset management agreement between UBS Fund Management (Switzerland) AG and the parties.

## 2.3 Delegation of other specific tasks

The administration of the sub-funds, in particular accounting, calculation of the net asset value, tax settlement, operation of IT systems and preparation of statements of accounts, has been delegated to Northern Trust Switzerland AG, Basel. The precise duties involved are set out in an agreement between the parties.

All other fund management duties and the monitoring of other delegated duties are carried out in Switzerland.

## 2.4 Exercise of membership and creditors' rights

The fund management company exercises the membership and creditors' rights associated with the investments of the sub-funds it manages independently and exclusively in the interests of the investors. The fund management company will, upon request, provide investors with information on the exercise of membership and creditors' rights.

In the case of scheduled routine transactions, the fund management company is free to exercise membership and creditors' rights itself or to delegate their exercise to the custodian bank or a third party.

In the case of all other events that might have a lasting impact on the interests of the investors, such as, in particular, the exercise of membership and creditors' rights the fund management company holds as a shareholder or creditor of the custodian bank or another related legal entity, the fund management company will exercise the voting rights itself or issue explicit instructions. In such cases, it may base its actions on information it receives from the custodian bank, the portfolio manager, the company concerned, or from voting rights advisors or other third parties, or that it ascertains from the media.

The fund management company is free to waive the exercise of membership and creditors' rights.

## 3. Information on the custodian bank

The custodian bank is UBS Switzerland AG. The bank was founded in 2014 as a stock corporation with its registered office in Zurich, and with effect from 14 June 2015, it took over the Private and Corporate Banking business booked in Switzerland as well as the Wealth Management business of UBS AG booked in Switzerland.

As a universal bank, UBS Switzerland AG offers a wide range of banking services.

UBS Switzerland AG is a group company of UBS Group AG. With consolidated total assets of USD 958,489 million and published capital and reserves of USD 53,103 million as at 31 December 2018, UBS Group AG is financially one of the

strongest banks in the world. It employs a staff of 68,338 worldwide and has an extensive network of branches.

The custodian bank may transfer the safekeeping of the sub-funds' assets to third-party custodians and collective securities depositories in Switzerland or abroad, provided this is in the interests of proper safekeeping. In respect of financial instruments, such transfer may be made only to regulated third-party custodians and collective securities depositories. This does not apply to mandatory safekeeping at a location where the transfer of safekeeping to regulated third-party custodians and collective securities depositories is not possible, in particular owing to mandatory legal provisions or to the particular arrangements for the investment product in question. The use of third-party custodians and collective securities depositories means that deposited securities are no longer owned solely by the fund management company, which instead becomes only a co-owner. Furthermore, if the third-party custodians and collective securities depositories are not subject to supervision, they are unlikely to meet the organisational requirements imposed on Swiss banks.

The custodian bank is liable for damage or loss caused by its agents unless it is able to prove that it exercised the due diligence required in the circumstances in respect of selection, instruction and monitoring.

The custodian bank is registered with the US tax authorities as a Reporting Financial Institution under a Model 2 IGA pursuant to sections 1471 through 1474 of the U.S. Internal Revenue Code (Foreign Account Tax Compliance Act, including the corresponding rulings, "FATCA").

#### 4. Information on third parties

##### 4.1 Paying agents

The paying agents are UBS Switzerland AG, Bahnhofstrasse 45, 8001 Zurich and its branches in Switzerland.

##### 4.2 Distributors

UBS Asset Management Switzerland AG, Zurich, has been appointed as distributor for the sub-funds.

##### 4.3 Audit firm

The audit firm is Ernst & Young AG, Basel.

#### 5. Further information

##### 5.1 Key data

Valor number, ISIN	See table at the end of the prospectus
Listing	None; fund units are issued and redeemed daily.
Financial year	1 November to 31 October
Term	Unlimited
Accounting currency	See table at the end of the prospectus
Units	See table at the end of the prospectus Units exist purely as book entries.
Appropriation of income	See table at the end of the prospectus For distributing sub-funds and unit classes, the net income is generally distribut-

ed to the investors within four months of the close of the financial year, free of charge.

As a rule, capital gains are not distributed, but are retained in the sub-funds for the purpose of reinvestment.

For accumulating sub-funds and unit classes, the net income is added on an annual basis to the sub-funds' assets for reinvestment. Any taxes and fees levied on reinvestment are reserved.

Capital gains realised on the sale of assets and rights may be distributed by the fund management company or retained for the purpose of reinvestment.

#### 5.2 Terms for the issue and redemption of units

Units of the sub-funds will be issued and redeemed on every bank working day (Monday to Friday). No issues or redemptions will take place on Swiss public holidays (Easter, Whitsun, Christmas incl. 24 December, 31 December, New Year's Day, 1 August, etc.), or on days when the exchanges and markets in a sub-fund's main investment countries are closed or on days when 50% or more of the investments of the sub-fund cannot be appropriately valued, or under the exceptional circumstances defined under § 17.4 of the fund contract. The fund management company and the custodian bank are entitled to refuse subscription orders at their own discretion.

For the sub-funds **UBS (CH) Equity Fund – European Opportunity (EUR)**, **UBS (CH) Equity Fund – Global Opportunity (USD)**, **UBS (CH) Equity Fund – Mid Caps Switzerland (CHF)**, **UBS (CH) Equity Fund – Small Caps Europe (EUR)**, **UBS (CH) Equity Fund – Small Caps Switzerland (CHF)**, **UBS (CH) Equity Fund – Swiss High Dividend (CHF)**, **UBS (CH) Equity Fund – Swiss Income (CHF)**, **UBS (CH) Equity Fund – Switzerland (CHF)**, **UBS (CH) Equity Fund – Switzerland Quantitative (CHF)**, **UBS (CH) Equity Fund – Switzerland Quantitative Sustainable (CHF)** and **UBS (CH) Equity Fund – US Sustainable (USD)**: Subscription and redemption orders received by the custodian bank by 3 p.m. (cut-off time) at the latest on a given bank working day (order day) will be settled on the basis of the net asset value calculated on the next bank working day (valuation day).

For the sub-funds **UBS (CH) Equity Fund – Asia (USD)** and **UBS (CH) Equity Fund – Emerging Asia (USD)**: Subscription and redemption orders received by the custodian bank by 1 p.m. (cut-off time) at the latest on a given bank working day (order day) will be settled on the basis of the net asset value calculated the same bank working day (valuation day).

For orders placed with distributors in Switzerland and abroad, earlier cut-off times to submit the orders may apply in order to ensure timely forwarding to the custodian bank. These can be obtained from the respective distributor.

The net asset value taken as the basis for the settlement of the order is therefore not known when the order is placed (forward pricing). It is calculated on the valuation day on the basis of the closing prices on the order day or, if these do not

reflect the appropriate market value in the fund management company's view, on the basis of the latest available prices at the time of the valuation, or in accordance with other recognised valuation models and principles. The fund management company is entitled to apply other generally recognised and verifiable valuation criteria in order to make an appropriate valuation of the fund's net assets if, due to extraordinary circumstances, a valuation in accordance with the regulations stated above proves to be unfeasible or inaccurate.

The net asset value of a unit of a given class is determined by the proportion of the market value of the sub-fund's assets attributable to that unit class, less any of the sub-fund's liabilities that are attributed to that unit class, divided by the number of units of that class in circulation. It will be rounded to 0.01 of the accounting currency of the respective sub-fund.

The issue price corresponds to the net asset value calculated on the valuation day, plus the issuing commission. The amount of the issuing commission is specified in 5.3 below.

The redemption price corresponds to the net asset value calculated on the valuation day.

Incidental costs for the purchase and sale of investments (bid-ask spread, standard brokerage charges, commissions, fees, etc.) incurred by a sub-fund in connection with the investment of the amount paid in or with the sale of a portion of investments corresponding to the redeemed unit(s) on average will be covered by the application of swinging single pricing as described in § 16.7 of the fund contract.

The issue and redemption price will be rounded to 0.01 of the accounting currency of the respective sub-fund. Payment will be made no later than three bank working days after the order day (value date max. three days).

Units do not take the form of actual certificates, but exist purely as book entries.

### 5.3 Fees and incidental costs

#### 5.3.4 Fees and incidental costs charged to the investor (excerpt from § 18 of the fund contract)

Issuing commission accruing to the fund management company, custodian bank and/or distributors in Switzerland and abroad: a maximum of 3%.

#### 5.3.5 Fees and incidental costs charged to the sub-funds' assets (excerpt from § 19 of the fund contract)

Detailed information on the fees and incidental costs charged to the sub-funds' assets is presented in the table at the end of this prospectus.

The flat fee or commission is used to cover the administration, asset management and, where applicable, the distribution of the sub-funds and the activities described in § 6.4Be–g of the fund contract, as well as all tasks of the custodian bank such as the safekeeping of the sub-funds' assets, the handling of payment transactions and the performance of the other tasks listed under § 4 of the fund contract.

A detailed list of the fees and incidental costs not covered by the flat fee or commission can be found under § 19.2 of the fund contract.

To ensure ease of comparability with the remuneration rules of different fund providers that are not familiar with the flat fee, the term "management fee" is taken as being equivalent to 80% of the flat fee.

#### 5.3.6 Payment of retrocessions and rebates

The fund management company and its agents may pay retrocessions as remuneration for distribution activity in respect of fund units in or from Switzerland. This remuneration may be deemed payment for the following services in particular:

- any activity aimed at promoting the distribution or transfer of fund units; including
- the organisation of roadshows;
- participation at events and trade fairs;
- the production of advertising material;
- the training of sales representatives, etc.

Retrocessions are not deemed to be rebates even if they are ultimately passed on, in full or in part, to the investors.

The recipients of the retrocessions must ensure transparent disclosure and inform investors, unsolicited and free of charge, about the amount of remuneration they may receive for distribution.

On request, the recipients of retrocessions must disclose the amounts they actually receive for distributing the collective investment schemes of the investors concerned.

In respect of distribution in or from Switzerland, the fund management company and its agents may on 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 charged by the fund management company and therefore do not represent an additional charge to the sub-funds' assets;
- they are granted on the basis of objective criteria;
- all investors who meet these objective criteria and request rebates are also granted these within the same timeframe and to the same extent.

The objective criteria for the granting of rebates by the fund management company are as follows:

- the volume subscribed by the investor or the total volume they hold in the collective investment scheme or, where applicable, in the product range of the promoter;
- the amount of the fees generated by the investor;
- the investment behaviour shown by the investor (e.g. expected investment period);
- the investor's willingness to provide support in the launch phase of a collective investment scheme.

At the request of the investor, the fund management company must disclose the amounts of such rebates free of charge.

#### 5.3.7 Total expense ratio

The coefficient of the total costs charged to the sub-funds' assets on an ongoing basis (total expense ratio, TER) can be found in the table at the end of the prospectus.

### 5.3.8 Commission sharing agreements and soft commissions

The fund management company has not concluded commission sharing agreements. The fund management company has not concluded agreements in respect of soft commissions.

### 5.3.9 Investments in related collective investment schemes

No issuing and redemption commissions are charged in the case of investments in other collective investment schemes that are managed directly or indirectly by the fund management company itself or a company with which it is related by virtue of common management or control or by way of a significant direct or indirect interest.

### 5.4 Publication of official notices by the umbrella fund and sub-funds

Further information on the umbrella fund and sub-funds may be found in the latest annual or semi-annual report. The latest information can also be found on the Internet at [www.ubs.com/fonds](http://www.ubs.com/fonds). The prospectus with integrated fund contract, the key investor information document, and the annual or semi-annual reports may be obtained free of charge from the fund management company, the custodian bank and all distributors. In the event of an amendment to the fund contract, a change of fund management company or of custodian bank, as well the dissolution of the sub-funds, the corresponding notice will be published by the fund management company with Swiss Fund Data AG ([www.swissfunddata.ch](http://www.swissfunddata.ch)). Prices are published for all unit classes for each day on which units are issued or redeemed (daily) on the website of Swiss Fund Data AG at [www.swissfunddata.ch](http://www.swissfunddata.ch), on the Internet at [www.ubs.com/fonds](http://www.ubs.com/fonds) as well as in any other electronic media and Swiss and international newspapers.

### 5.5 Sales restrictions

The regulations valid in the country in question apply to the issue and redemption of units of the sub-funds outside Switzerland.

The sub-funds have been authorised for distribution in the following countries:

The sub-funds **UBS (CH) Equity Fund – Emerging Asia (USD)**, **UBS (CH) Equity Fund – European Opportunity (EUR)**, **UBS (CH) Equity Fund – Global Opportunity (USD)**, **UBS (CH) Equity Fund – Mid Caps Switzerland (CHF)** and **UBS (CH) Equity Fund – US Sustainable (USD)** have been authorised by the Monetary Authority of Singapore (MAS) for exclusive distribution in an institutional setting to accredited investors and other investors within the meaning of Section 305 of the Securities and Futures Act and the Sixth Schedule of the Securities and Futures (Offers of Investments) (Collective Investment Schemes) Regulations in Singapore.

Units of the sub-funds may not be offered, sold or delivered within the United States.

Units of the sub-funds may not be offered, sold or delivered to United States citizens or persons resident in the United States and/or other individuals or legal entities whose income and/or earnings, regardless of their origin, are subject to US income tax, or persons who are US persons within the meaning of Regulation S under the US Securities Act of 1933

and/or the US Commodity Exchange Act, as amended. A US person is someone 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) resides 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) any trust, entity or other structure formed for the purpose of allowing US persons to invest in this umbrella fund and in the sub-funds.

### 5.6 Detailed regulations

All further information on the umbrella fund and sub-funds, such as the method used for the valuation of the sub-funds' assets, a list of all fees and incidental costs charged to the investor and the sub-funds, and the appropriation of net income, can be found in detail in the fund contract.

**UBS (CH) Equity Fund – Asia (USD)**

Unit class	Valor number	ISIN	Accounting currency	Initial issue price	Launch date*	Minimum subscription	Smallest tradable unit	Commission p.a.	Form of custody	Appropriation of income	Total expense ratio (TER)		
											2016	2017	2018
P	278870	CH0002788708	USD	100	07.12.1988	None	0.001	1.800% <sup>2</sup> (1.440%)	Bearer	Distribution	1.85%	1.82%	
K-1			USD	5,000,000		None	0.1	0.950% <sup>2</sup> (0.760%)	Bearer	Distribution			
Q	20327479	CH0203274797	USD	100	18.12.2015	None	0.001	1.020% <sup>3</sup> (0.820%)	Bearer	Distribution	1.03% (annualised)	1.04%	
F			USD	100		None	0.001	0.600% <sup>4</sup> (0.480%)	Registered <sup>7</sup>	Distribution			
I-A1 <sup>8</sup>			USD	100		None	0.001	0.720% <sup>2</sup> (0.580%)	Registered <sup>7</sup>	Distribution			
I-A2			USD	100		10,000,000 <sup>9</sup>	0.001	0.680% <sup>2</sup> (0.540%)	Registered <sup>7</sup>	Distribution			
I-A3			USD	100		30,000,000 <sup>10</sup>	0.001	0.600% <sup>2</sup> (0.480%)	Registered <sup>7</sup>	Distribution			
I-B <sup>8</sup>			USD	100		None	0.001	0.055% <sup>5</sup>	Registered <sup>7</sup>	Distribution			
I-X <sup>8</sup>			USD	100		None	0.001	0.000% <sup>6</sup>	Registered <sup>7</sup>	Distribution			
U-X			USD	10,000		None	0.001	0.000% <sup>6</sup>	Registered <sup>7</sup>	Distribution			

**UBS (CH) Equity Fund – Emerging Asia (USD)**

Unit class	Valor number	ISIN	Accounting currency	Initial issue price	Launch date*	Minimum subscription	Smallest tradable unit	Commission p.a.	Form of custody	Appropriation of income	Total expense ratio (TER)		
											2016	2017	2018
P	96 699	CH0000966991	USD	100	27.10.1993	None	0.001	2.340% <sup>2</sup> (1.870%)	Bearer	Distribution	2.39%	2.35%	
K-1			USD	5,000,000		None	0.1	1.500% <sup>2</sup> (1.200%)	Bearer	Distribution			
Q	20327180	CH0203271801	USD	100	18.12.2015	None	0.001	1.200% <sup>3</sup> (0.960%)	Bearer	Distribution	1.21% (annualised)	1.22%	
F	20976156	CH0209761565	USD	100		None	0.001	0.74% <sup>4</sup> (0.59%)	Registered <sup>7</sup>	Distribution			
I-A1 <sup>8</sup>			USD	100		None	0.001	0.880% <sup>2</sup> (0.700%)	Registered <sup>7</sup>	Distribution			
I-A2			USD	100		10,000,000 <sup>9</sup>	0.001	0.820% <sup>2</sup> (0.660%)	Registered <sup>7</sup>	Distribution			
I-A3			USD	100		30,000,000 <sup>10</sup>	0.001	0.740% <sup>2</sup> (0.590%)	Registered <sup>7</sup>	Distribution			
I-B <sup>8</sup>			USD	100		None	0.001	0.180% <sup>5</sup>	Registered <sup>7</sup>	Distribution			
I-X <sup>8</sup>			USD	100		None	0.001	0.000% <sup>6</sup>	Registered <sup>7</sup>	Distribution			
U-X			USD	10,000		None	0.001	0.000% <sup>6</sup>	Registered <sup>7</sup>	Distribution			
P (CHF hedged)	18692016	CH0186920168	USD	100	09.07.2012	None	0.001	2.390% <sup>2</sup> (1.910%)	Bearer	Distribution	2.38%	2.35%	

K-1 (CHF hedged)			USD	5,000,000		None	0.1	1.500% <sup>2</sup> (1.200%)	Bearer	Distribution		
Q (CHF hedged)	28983507	CH0289835073	USD	100	18.12.2015	None	0.001	1.200% <sup>3</sup> (0.960%)	Bearer	Distribution	1.22% (annualised)	1.22%
F (CHF hedged)	20976227	CH0209762274	USD	100		None	0.001	0.74% <sup>4</sup> (0.59%)	Registered <sup>7</sup>	Distribution		
I-A1 (CHF hedged) <sup>8</sup>			USD	100		None	0.001	0.880% <sup>2</sup> (0.700%)	Registered <sup>7</sup>	Distribution		
I-A2 (CHF hedged)			USD	100		10,000,000 <sup>9</sup>	0.001	0.820% <sup>2</sup> (0.660%)	Registered <sup>7</sup>	Distribution		
I-A3 (CHF hedged)			USD	100		30,000,000 <sup>10</sup>	0.001	0.740% <sup>2</sup> (0.590%)	Registered <sup>7</sup>	Distribution		
I-B (CHF hedged) <sup>8</sup>			USD	100		None	0.001	0.180% <sup>5</sup>	Registered <sup>7</sup>	Distribution		
I-X (CHF hedged) <sup>8</sup>			USD	100		None	0.001	0.000% <sup>6</sup>	Registered <sup>7</sup>	Distribution		
U-X (CHF hedged)			USD	10,000		None	0.001	0.000% <sup>6</sup>	Registered <sup>7</sup>	Distribution		
P (EUR hedged)			USD	100		None	0.001	2.340% <sup>2</sup> (1.870%)	Bearer	Distribution		
K-1 (EUR hedged)			USD	3,000,000		None	0.1	1.500% <sup>2</sup> (1.200%)	Bearer	Distribution		
Q (EUR hedged)			USD	100		None	0.001	1.200% <sup>3</sup> (0.960%)	Bearer	Distribution		
F (EUR hedged)	20976228	CH0209762282	USD	100		None	0.001	0.74% <sup>4</sup> (0.59%)	Registered <sup>7</sup>	Distribution		
I-A1 (EUR hedged) <sup>8</sup>			USD	100		None	0.001	0.880% <sup>2</sup> (0.700%)	Registered <sup>7</sup>	Distribution		
I-A2 (EUR hedged)			USD	100		5,000,000 <sup>9</sup>	0.001	0.820% <sup>2</sup> (0.660%)	Registered <sup>7</sup>	Distribution		
I-A3 (EUR hedged)			USD	100		20,000,000 <sup>10</sup>	0.001	0.740% <sup>2</sup> (0.590%)	Registered <sup>7</sup>	Distribution		
I-B (EUR hedged) <sup>8</sup>			USD	100		None	0.001	0.180% <sup>5</sup>	Registered <sup>7</sup>	Distribution		
I-X (EUR hedged) <sup>8</sup>			USD	100		None	0.001	0.000% <sup>6</sup>	Registered <sup>7</sup>	Distribution		
U-X (EUR hedged)			USD	10,000		None	0.001	0.000% <sup>6</sup>	Registered <sup>7</sup>	Distribution		

**UBS (CH) Equity Fund – European Opportunity (EUR)**

Unit class	Valor number	ISIN	Accounting currency	Initial issue price	Launch date*	Minimum subscription	Smallest tradable unit	Commission p.a.	Form of custody	Appropriation of income	Total expense ratio (TER)		
											2016	2017	2018
P	279 170	CH0002791702	EUR	100	07.12.1988	None	0.001	2.040% <sup>2</sup> (1.630%)	Bearer	Distribution	2.05%	2.04%	
K-1			EUR	3,000,000		None	0.1	1.300% <sup>2</sup> (1.040%)	Bearer	Distribution			
Q	20327150	CH0203271504	EUR	100	18.12.2015	None	0.001	1.020% <sup>3</sup> (0.820%)	Bearer	Distribution	1.02% (annualised)	1.03%	
F			EUR	100		None	0.001	0.780% <sup>4</sup> (0.620%)	Registered <sup>7</sup>	Distribution			
I-A1 <sup>8</sup>			EUR	100		None	0.001	0.880% <sup>2</sup> (0.700%)	Registered <sup>7</sup>	Distribution			
I-A2			EUR	100		5,000,000 <sup>9</sup>	0.001	0.840% <sup>2</sup> (0.670%)	Registered <sup>7</sup>	Distribution			
I-A3			EUR	100		20,000,000 <sup>10</sup>	0.001	0.780% <sup>2</sup> (0.620%)	Registered <sup>7</sup>	Distribution			
I-B <sup>8</sup>			EUR	100		None	0.001	0.055% <sup>5</sup>	Registered <sup>7</sup>	Distribution			
I-X <sup>8</sup>			EUR	100		None	0.001	0.000% <sup>6</sup>	Registered <sup>7</sup>	Distribution			
U-X			EUR	10,000		None	0.001	0.000% <sup>6</sup>	Registered <sup>7</sup>	Distribution			

**UBS (CH) Equity Fund – Global Opportunity (USD)**

Unit class	Valor number	ISIN	Accounting currency	Initial issue price	Launch date*	Minimum subscription	Smallest tradable unit	Commission p.a.	Form of custody	Appropriation of income	Total expense ratio (TER)		
											2016	2017	2018
P	278850	CH0002788500	USD	100	31.01.1960	None	0.001	2.040% <sup>2</sup> (1.630%)	Bearer	Distribution	2.05%	2.04%	
K-1			USD	5,000,000		None	0.1	1.300% <sup>2</sup> (1.040%)	Bearer	Distribution			
Q			USD	100	06.11.2015	None	0.001	1.020% <sup>3</sup> (0.820%)	Bearer	Distribution	1.02% (annualised)	1.02%	
F			USD	100		None	0.001	0.850% <sup>4</sup> (0.680%)	Registered <sup>7</sup>	Distribution			
I-A1 <sup>8</sup>	33471489	CH0334714893	USD	100	18.08.2016	None	0.001	0.950% <sup>2</sup> (0.760%)	Registered <sup>7</sup>	Distribution	1.05%	0.96%	
I-A2			USD	100		10,000,000 <sup>9</sup>	0.001	0.900% <sup>2</sup> (0.720%)	Registered <sup>7</sup>	Distribution			
I-A3			USD	100		30,000,000 <sup>10</sup>	0.001	0.850% <sup>2</sup> (0.680%)	Registered <sup>7</sup>	Distribution			
I-B <sup>8</sup>	10852729	CH0108527299	USD	100	31.01.2011	None	0.001	0.055% <sup>5</sup>	Registered <sup>7</sup>	Distribution	0.06%	0.06%	



I-X <sup>8</sup>	USD	100	None	0.001	0.000% <sup>6</sup>	Registered <sup>7</sup>	Distribution
(EUR) I-X	EUR	100	None	0.001		Registered <sup>7</sup>	Distribution
U-X	USD	10,000	None	0.001	0.000% <sup>6</sup>	Registered <sup>7</sup>	Distribution

#### UBS (CH) Equity Fund – Mid Caps Switzerland (CHF)

Unit class	Valor number	ISIN	Accounting currency	Initial issue price	Launch date*	Minimum subscription	Smallest tradable unit	Commission p.a.	Form of custody	Appropriation of income	Total expense ratio (TER)		
											2016	2017	2018
P	111724	CH0001117248	CHF	100	22.11.1993	None	0.001	1.800% <sup>2</sup> (1.440%)	Bearer	Distribution	1.80%	1.80%	
K-1	22276165	CH0222761659	CHF	5,000,000	17.09.2013	None	0.1	0.950% <sup>2</sup> (0.760%)	Bearer	Distribution	0.95%	0.95%	
Q	20327557	CH0203275570	CHF	100	02.11.2015	None	0.001	1.020% <sup>3</sup> (0.820%)	Bearer	Distribution	1.01% (annualised)	1.03%	
F	21501769	CH0215017697	CHF	1559.30	14.06.2013	None	0.001	0.480% <sup>4</sup> (0.380%)	Registered <sup>7</sup>	Distribution	0.48%	0.50%	
I-A1 <sup>8</sup>			CHF	100		None	0.001	0.600% <sup>2</sup> (0.480%)	Registered <sup>7</sup>	Distribution			
I-A2			CHF	100		10,000,000 <sup>9</sup>	0.001	0.550% <sup>2</sup> (0.440%)	Registered <sup>7</sup>	Distribution			
I-A3			CHF	100		30,000,000 <sup>10</sup>	0.001	0.480% <sup>2</sup> (0.380%)	Registered <sup>7</sup>	Distribution			
I-B <sup>8</sup>			CHF	100		None	0.001	0.055% <sup>5</sup>	Registered <sup>7</sup>	Distribution			
I-X <sup>8</sup>			CHF	100		None	0.001	0.000% <sup>6</sup>	Registered <sup>7</sup>	Distribution			
U-X			CHF	10,000		None	0.001	0.000% <sup>6</sup>	Registered <sup>7</sup>	Distribution			

#### UBS (CH) Equity Fund – Small Caps Europe (EUR)

Unit class	Valor number	ISIN	Accounting currency	Initial issue price	Launch date*	Minimum subscription	Smallest tradable unit	Commission p.a.	Form of custody	Appropriation of income	Total expense ratio (TER)		
											2016	2017	2018
P	96703	CH0000967031	EUR	100	13.10.1993	None	0.001	1.920% <sup>2</sup> (1.540%)	Bearer	Distribution	1.95%	1.94%	
K-1			EUR	3,000,000		None	0.1	1.020% <sup>2</sup> (0.820%)	Bearer	Distribution			
Q	20327696	CH0203276966	EUR	100	18.12.2015	None	0.001	1.020% <sup>3</sup> (0.820%)	Bearer	Distribution	1.04% (annualised)	1.04%	
F			EUR	100		None	0.001	0.700% <sup>4</sup> (0.560%)	Registered <sup>7</sup>	Distribution			

I-A1 <sup>8</sup>	10744942	CH0107449420	EUR	100	20.11.2009	None	0.001	0.780% <sup>2</sup> (0.620%)	Registered <sup>7</sup>	Distribution	0.81%	0.81%
I-A2			EUR	100		5,000,000 <sup>9</sup>	0.001	0.740% <sup>2</sup> (0.590%)	Registered <sup>7</sup>	Distribution		
I-A3			EUR	100		20,000,000 <sup>10</sup>	0.001	0.700% <sup>2</sup> (0.560%)	Registered <sup>7</sup>	Distribution		
I-B <sup>8</sup>			EUR	100		None	0.001	0.055% <sup>5</sup>	Registered <sup>7</sup>	Distribution		
I-X <sup>8</sup>			EUR	100		None	0.001	0.000% <sup>6</sup>	Registered <sup>7</sup>	Distribution		
U-X			EUR	10,000		None	0.001	0.000% <sup>6</sup>	Registered <sup>7</sup>	Distribution		

#### UBS (CH) Equity Fund – Small Caps Switzerland (CHF)

Unit class	Valor number	ISIN	Accounting currency	Initial issue price	Launch date*	Minimum subscription	Smallest tradable unit	Commission p.a.	Form of custody	Appropriation of income	Total expense ratio (TER)		
											2016	2017	2018
P	431 133	CH0004311335	CHF	100	02.05.1996	None	0.001	1.800% <sup>2</sup> (1.440%)	Bearer	Distribution	1.81%	1.80%	
K-1			CHF	5,000,000		None	0.1	0.950% <sup>2</sup> (0.760%)	Bearer	Distribution			
Q	20327177	CH0203271777	CHF	100	09.11.2015	None	0.001	1.020% <sup>3</sup> (0.820%)	Bearer	Distribution	1.03%	1.02%	
G			CHF	100		None	0.001	1.020% <sup>3</sup> (0.820%)	Bearer	Distribution			
F	21501772	CH0215017721	CHF	387.41	14.06.2013	None	0.001	0.480% <sup>4</sup> (0.380%)	Registered <sup>7</sup>	Distribution	0.49%	0.50%	
I-A1 <sup>8</sup>			CHF	100		None	0.001	0.600% <sup>2</sup> (0.480%)	Registered <sup>7</sup>	Distribution			
I-A2			CHF	100		10,000,000 <sup>9</sup>	0.001	0.550% <sup>2</sup> (0.440%)	Registered <sup>7</sup>	Distribution			
I-A3			CHF	100		30,000,000 <sup>10</sup>	0.001	0.480% <sup>2</sup> (0.380%)	Registered <sup>7</sup>	Distribution			
I-B <sup>8</sup>			CHF	100		None	0.001	0.055% <sup>5</sup>	Registered <sup>7</sup>	Distribution			
I-X <sup>8</sup>			CHF	100		None	0.001	0.000% <sup>6</sup>	Registered <sup>7</sup>	Distribution			
U-X			CHF	10,000		None	0.001	0.000% <sup>6</sup>	Registered <sup>7</sup>	Distribution			

#### UBS (CH) Equity Fund – Swiss High Dividend (CHF)

Unit class	Valor number	ISIN	Accounting currency	Initial issue price	Launch date*	Minimum subscription	Smallest tradable unit	Commission p.a.	Form of custody	Appropriation of income	Total expense ratio (TER)		
											2016	2017	2018
P	12727638	CH0127276381	CHF	100	05.05.2011	None	0.001	1.500% <sup>2</sup> (1.200%)	Bearer	Distribution	1.51%	1.51%	
K-1			CHF	5,000,000		None	0.1	0.900% <sup>2</sup> (0.720%)	Bearer	Distribution			

Q	20327022	CH0203270225	CHF	100	26.11.2015	None	0.001	0.840% <sup>3</sup> (0.670%)	Bearer	Distribution	0.84% (annualised)	0.85%
G			CHF	100		None	0.001	0.84% <sup>3</sup> (0.70%)	Bearer	Distribution		
F			CHF	100		None	0.001	0.520% <sup>4</sup> (0.420%)	Registered <sup>7</sup>	Distribution		
I-A1 <sup>8</sup>	20555209	CH0205552091	CHF	100	09.01.2014	None	0.001	0.640% <sup>2</sup> (0.510%)	Registered <sup>7</sup>	Distribution	0.65%	0.65%
I-A2			CHF	100		10,000,000 <sup>9</sup>	0.001	0.600% <sup>2</sup> (0.480%)	Registered <sup>7</sup>	Distribution		
I-A3			CHF	100		30,000,000 <sup>10</sup>	0.001	0.520% <sup>2</sup> (0.420%)	Registered <sup>7</sup>	Distribution		
I-B <sup>8</sup>			CHF	100		None	0.001	0.055% <sup>5</sup>	Registered <sup>7</sup>	Distribution		
I-X <sup>8</sup>	20657491	CH0206574912	CHF	100	17.04.2014	None	0.001	0.000% <sup>6</sup>	Registered <sup>7</sup>	Distribution	0.00%	0.01%
U-X			CHF	10,000		None	0.001	0.000% <sup>6</sup>	Registered <sup>7</sup>	Distribution		
U-X			CHF	10,000		None	0.001	0.000% <sup>6</sup>	Registered <sup>7</sup>	Distribution		
(EUR hedged) P			CHF	100		None	0.001	1.500% <sup>2</sup> (1.200%)	Bearer	Distribution		
(EUR hedged) K-1			CHF	3,000,000		None	0.1	0.900% <sup>2</sup> (0.720%)	Bearer	Distribution		
(EUR hedged) Q			CHF	100		None	0.001	0.840% <sup>3</sup> (0.670%)	Bearer	Distribution		
(EUR hedged) F			CHF	100		None	0.001	0.520% <sup>4</sup> (0.420%)	Registered <sup>7</sup>	Distribution		
(EUR hedged) I-A1 <sup>8</sup>			CHF	100		None	0.001	0.640% <sup>2</sup> (0.510%)	Registered <sup>7</sup>	Distribution		
(EUR hedged) I-A2			CHF	100		5,000,000 <sup>9</sup>	0.001	0.600% <sup>2</sup> (0.480%)	Registered <sup>7</sup>	Distribution		
(EUR hedged) I-A3			CHF	100		20,000,000 <sup>10</sup>	0.001	0.520% <sup>2</sup> (0.420%)	Registered <sup>7</sup>	Distribution		
(EUR hedged) I-B <sup>8</sup>			CHF	100		None	0.001	0.055% <sup>5</sup>	Registered <sup>7</sup>	Distribution		
(EUR hedged) I-X <sup>8</sup>			CHF	100		None	0.001	0.000% <sup>6</sup>	Registered <sup>7</sup>	Distribution		
(EUR hedged) U-X			CHF	10,000		None	0.001	0.000% <sup>6</sup>	Registered <sup>7</sup>	Distribution		

**UBS (CH) Equity Fund – Swiss Income (CHF)**

Unit class	Valor number	ISIN	Accounting currency	Initial issue price	Launch date*	Minimum subscription	Smallest tradable unit	Commission p.a.	Form of custody	Appropriation of income	Total expense ratio (TER)		
											2016	2017	2018
P	1704395	CH0017043958	CHF	100	28.11.2003	None	0.001	1.500% <sup>2</sup> (1.200%)	Bearer	Distribution	1.51%	1.50%	
K-1			CHF	5,000,000		None	0.1	0.95% <sup>2</sup> (0.76%)	Bearer	Distribution			
Q	19975028	CH0199750289	CHF	100	02.11.2015	None	0.001	0.89% <sup>3</sup> (0.71%)	Bearer	Distribution	0.90% (annualised)	0.89%	
G			CHF	100		None	0.001	0.89% <sup>3</sup> (0.71%)	Bearer	Distribution			
F			CHF	100		None	0.001	0.57% <sup>4</sup> (0.46%)	Registered <sup>7</sup>	Distribution			
I-A1 <sup>8</sup>			CHF	100		None	0.001	0.69% <sup>2</sup> (0.55%)	Registered <sup>7</sup>	Distribution			
I-A2			CHF	100		10,000,000 <sup>9</sup>	0.001	0.65% <sup>2</sup> (0.52%)	Registered <sup>7</sup>	Distribution			
I-A3			CHF	100		30,000,000 <sup>10</sup>	0.001	0.57% <sup>2</sup> (0.46%)	Registered <sup>7</sup>	Distribution			
I-B <sup>8</sup>			CHF	100		None	0.001	0.055% <sup>5</sup>	Registered <sup>7</sup>	Distribution			
I-X <sup>8</sup>			CHF	100		None	0.001	0.000% <sup>6</sup>	Registered <sup>7</sup>	Distribution			
U-X			CHF	10,000		None	0.001	0.000% <sup>6</sup>	Registered <sup>7</sup>	Distribution			

**UBS (CH) Equity Fund – Switzerland (CHF)**

Unit class	Valor number	ISIN	Accounting currency	Initial issue price	Launch date*	Minimum subscription	Smallest tradable unit	Commission p.a.	Form of custody	Appropriation of income	Total expense ratio (TER)		
											2016	2017	2018
P	279176	CH0002791769	CHF	100	23.05.1949	None	0.001	0.950% <sup>2</sup> (0.760%)	Bearer	Distribution	1.42%	0.96%	
K-1			CHF	5,000,000		None	0.1	0.800% <sup>2</sup> (0.640%)	Bearer	Distribution			
Q	20327709	CH0203277097	CHF	100	03.11.2015	None	0.001	0.600% <sup>3</sup> (0.480%)	Bearer	Distribution	0.77% (annualised)	0.61%	
F			CHF	100		None	0.001	0.330% <sup>4</sup> (0.260%)	Registered <sup>7</sup>	Distribution			
I-A1 <sup>8</sup>			CHF	100		None	0.001	0.500% <sup>2</sup> (0.400%)	Registered <sup>7</sup>	Distribution			
I-A2			CHF	100		None	0.001	0.400% <sup>2</sup> (0.320%)	Registered <sup>7</sup>	Distribution			
I-A3			CHF	100		10,000,000 <sup>9</sup>	0.001	0.330% <sup>2</sup> (0.260%)	Registered <sup>7</sup>	Distribution			

I-B <sup>8</sup>	CHF	100	30,000,000 <sup>10</sup>	0.001	0.055% <sup>5</sup>	Registered <sup>7</sup>	Distribution
I-X <sup>8</sup>	CHF	100	None	0.001	0.000% <sup>6</sup>	Registered <sup>7</sup>	Distribution
U-X	CHF	100	None	0.001	0.950% <sup>2</sup> (0.760%)	Registered <sup>7</sup>	Distribution

#### UBS (CH) Equity Fund – Switzerland Quantitative (CHF)

Unit class	Valor number	ISIN	Accounting currency	Initial issue price	Launch date*	Minimum subscription	Smallest tradable unit	Commission p.a.	Form of custody	Appropriation of income	Total expense ratio (TER)		
											2016	2017	2018
P	22628779	CH0226287792	CHF	100		None	0.001	1.900% <sup>2</sup> (0.720%)	Bearer	Distribution			
K-1	22628780	CH0226287800	CHF	5,000,000		None	0.1	0.700% <sup>2</sup> (0.560%)	Bearer	Distribution			
Q	22628780	CH0226287883	CHF	100		None	0.001	0.650% <sup>3</sup> (0.520%)	Bearer	Distribution			
F	22628789	CH0226287891	CHF	100	20.01.2014	None	0.001	0.400% <sup>4</sup> (0.320%)	Registered <sup>7</sup>	Distribution	0.41%	0.41%	
I-A1 <sup>8</sup>	22628792	CH0226287925	CHF	100		None	0.001	0.500% <sup>2</sup> (0.400%)	Registered <sup>7</sup>	Distribution			
I-A2	22628795	CH0226287958	CHF	100		10,000,000 <sup>9</sup>	0.001	0.450% <sup>2</sup> (0.360%)	Registered <sup>7</sup>	Distribution			
I-A3	22628796	CH0226287966	CHF	100		30,000,000 <sup>10</sup>	0.001	0.400% <sup>2</sup> (0.320%)	Registered <sup>7</sup>	Distribution			
I-B <sup>8</sup>	22628797	CH0226287974	CHF	100		None	0.001	0.055% <sup>5</sup>	Registered <sup>7</sup>	Distribution			
I-X <sup>8</sup>	22628799	CH0226287990	CHF	100		None	0.001	0.000% <sup>6</sup>	Registered <sup>7</sup>	Distribution			
U-X	22628800	CH0226288006	CHF	10,000		None	0.001	0.000% <sup>6</sup>	Registered <sup>7</sup>	Distribution			

#### UBS (CH) Equity Fund – Switzerland Quantitative Sustainable (CHF)

Unit class	Valor number	ISIN	Accounting currency	Initial issue price	Launch date*	Minimum subscription	Smallest tradable unit	Commission p.a.	Form of custody	Appropriation of income	Total expense ratio (TER)		
											2016	2017	2018
P			CHF	100		None	0.001	1.900% <sup>2</sup> (0.720%)	Bearer	Accumulation			
K-1			CHF	5,000,000		None	0.1	0.700% <sup>2</sup> (0.560%)	Bearer	Accumulation			
Q			CHF	100		None	0.001	0.650% <sup>3</sup> (0.520%)	Bearer	Accumulation			
F	34173245	CH0341732458	CHF	100	01.11.2016	None	0.001	0.400% <sup>4</sup> (0.320%)	Registered <sup>7</sup>	Accumulation		0.40% (annualised)	
F-dist			CHF	100		None	0.001	0.400% <sup>4</sup> (0.320%)	Registered <sup>7</sup>	Distribution			

I-A1 <sup>8</sup>	CHF	100	None	0.001	0.500% <sup>2</sup> (0.400%)	Registered <sup>7</sup>	Accumulation
I-A2	CHF	100	10,000,000 <sup>9</sup>	0.001	0.450% <sup>2</sup> (0.360%)	Registered <sup>7</sup>	Accumulation
I-A3	CHF	100	30,000,000 <sup>10</sup>	0.001	0.400% <sup>2</sup> (0.320%)	Registered <sup>7</sup>	Accumulation
I-B <sup>8</sup>	CHF	100	None	0.001	0.055% <sup>5</sup>	Registered <sup>7</sup>	Accumulation
I-X <sup>8</sup>	CHF	100	None	0.001	0.000% <sup>6</sup>	Registered <sup>7</sup>	Accumulation
U-X	CHF	10,000	None	0.001	0.000% <sup>6</sup>	Registered <sup>7</sup>	Accumulation

#### UBS (CH) Equity Fund – US Sustainable (USD)

Unit class	Valor number	ISIN	Accounting currency	Initial issue price	Launch date*	Minimum subscription	Smallest tradable unit	Commission p.a.	Form of custody	Appropriation of income	Total expense ratio (TER)		
											2016	2017	2018
P	278840	CH0002788401	USD	100	31.03.1974	None	0.001	1.65% <sup>2</sup> (1.320%)	Bearer	Distribution	1.83%	1.82%	
K-1			USD	5,000,000		None	0.1	1.09% <sup>2</sup> (0.87%)	Bearer	Distribution			
Q	20327550	CH0203275505	USD	100	04.11.2015	None	0.001	0.99% <sup>3</sup> (0.79%)	Bearer	Distribution	1.05%	1.04%	
F	10275652	CH0102756522	USD	815.60	13.04.2010	None	0.001	0.70% <sup>4</sup> (0.56%)	Registered <sup>7</sup>	Distribution			
I-A1 <sup>8</sup>	10275619	CH0102756191	USD	100	02.11.2010	None	0.001	0.86% <sup>2</sup> (0.69%)	Registered <sup>7</sup>	Distribution	0.83%	0.82%	
I-A2			USD	100		10,000,000 <sup>9</sup>	0.001	0.80% <sup>2</sup> (0.64%)	Registered <sup>7</sup>	Distribution			
I-A3			USD	100		30,000,000 <sup>10</sup>	0.001	0.70% <sup>2</sup> (0.56%)	Registered <sup>7</sup>	Distribution			
I-B <sup>8</sup>			USD	100		None	0.001	0.080% <sup>5</sup>	Registered <sup>7</sup>	Distribution			
I-X <sup>8</sup>	10275656	CH0102756563	USD	100	06.07.2009	None	0.001	0.000% <sup>6</sup>	Registered <sup>7</sup>	Distribution			
U-X			USD	10,000		None	0.001	0.000% <sup>6</sup>	Registered <sup>7</sup>	Distribution			

<sup>2</sup> Flat fee charged by the fund management company. This is used for the administration, asset management and distribution of the sub-fund, and all tasks of the custodian bank. The amount in brackets indicates the level of the management fee, which accounts for 80% of the flat fee.

<sup>3</sup> Flat fee charged by the fund management company. This is used for the administration and asset management of the sub-fund, and all tasks of the custodian bank. The amount in brackets indicates the level of the management fee, which accounts for 80% of the flat fee.

<sup>4</sup> Flat fee charged by the fund management company. This is used for the administration, asset management and distribution of the sub-fund, and all tasks of the custodian bank. In addition, a commission is charged under the written investment management mandate entered into by the investor and group companies of UBS Group AG (cf. § 6.4). The amount in brackets indicates the level of the management fee, which accounts for 80% of the flat fee.

<sup>5</sup> Commission charged by the fund management company. The costs for the administration of the fund (encompassing fund management company, administration and custodian bank) are charged directly to the assets of the sub-fund by means of commission. The costs for asset management are charged to the investor under a separate agreement with UBS Asset Management Switzerland AG or an authorised contractual partner (cf. § 6.4).

<sup>6</sup> Commission charged by the fund management company. Costs relating to services for the unit classes "I-X" and "U-X" or "(EUR hedged) I-X" and "(EUR hedged) U-X" are covered by the compensation owed to

UBS Asset Management Switzerland AG under a separate agreement with the investor (cf. § 6.4).

<sup>5</sup> Registered units must be booked and held at UBS Switzerland AG.

<sup>6</sup> Units are allocated to a unit class in consultation with the investor on the basis of their mandate relationship with UBS Asset Management Switzerland AG or an authorised contractual partner.

<sup>7</sup> Commission charged by the fund management company. The costs for the administration of the fund (encompassing fund management company, administration and custodian bank) are charged directly to the assets of the sub-fund by means of commission. The costs for asset management are charged to the investor under a separate agreement with UBS Asset Management Switzerland AG or an authorised contractual partner (cf. § 6.4).

<sup>8</sup> Commission charged by the fund management company. Costs relating to services provided for the unit classes "I-X" and "U-X" are covered by the compensation owed to UBS Asset Management Switzerland AG under a separate agreement with the investor (cf. § 6.4).

<sup>9</sup> Upon subscription:

(i) a minimum subscription according to the table (or the corresponding currency equivalent) must be made; or

(ii) the total assets of the qualified investor managed by UBS or the minimum amount of their collective investment schemes at UBS must amount to more than CHF 30,000,000 (or the corresponding currency equivalent) based on a written agreement between the qualified investor and UBS Asset Management Switzerland AG or an authorised contractual partner.

<sup>10</sup> Upon subscription:

(i) a minimum subscription according to the table (or the corresponding currency equivalent) must be made; or

(ii) the total assets of the qualified investor managed by UBS or the minimum amount of their collective investment schemes at UBS must amount to more than CHF 100,000,000 (or the corresponding currency equivalent) based on a written agreement between the qualified investor and UBS Asset Management Switzerland AG or an authorised contractual partner.

Lists A, B and C of unit class "Q" pursuant to § 6.4Ba of the fund contract:

A: –  
B: Switzerland  
C: Switzerland

The fund management company has sole authority to decide on the eligibility of investors in additional countries (amendments to Lists A, B and C).

\* In the table above, no date is given for unit classes that have not been launched at the time of publication of this prospectus or for which the launch date has not been specified. For further information, investors are requested to contact their investment advisor.

## Part II Fund contract

### I. Basic principles

#### § 1 Name of the fund; name and registered office of the fund management company, custodian bank and asset manager

1. A contractual fund under Swiss law with multiple sub-funds of the "other fund for traditional investments" type has been established under the name of UBS (CH) Equity Fund (referred to below as the "umbrella fund", or "the fund") in accordance with Art. 25 et seqq. in conjunction with Art. 68 et seqq. and Art. 92 et seqq. of the Swiss Federal Act on Collective Investment Schemes of 23 June 2006 (CISA), which is divided into the following sub-funds:

- UBS (CH) Equity Fund – Asia (USD)
- UBS (CH) Equity Fund – Emerging Asia (USD)
- UBS (CH) Equity Fund – European Opportunity (EUR)
- UBS (CH) Equity Fund – Global Opportunity (USD)
- UBS (CH) Equity Fund – Mid Caps Switzerland (CHF)
- UBS (CH) Equity Fund – Small Caps Europe (EUR)
- UBS (CH) Equity Fund – Small Caps Switzerland (CHF)
- UBS (CH) Equity Fund – Swiss High Dividend (CHF)
- UBS (CH) Equity Fund – Swiss Income (CHF)
- UBS (CH) Equity Fund – Switzerland (CHF)
- UBS (CH) Equity Fund – Switzerland Quantitative (CHF)
- UBS (CH) Equity Fund – Switzerland Quantitative Sustainable (CHF)
- UBS (CH) Equity Fund – US Sustainable (USD)

2. The fund management company is UBS Fund Management (Switzerland) AG, Basel.

3. The custodian bank is UBS Switzerland AG, Zurich.

4. The asset manager of the individual sub-funds is:

**UBS (CH) Equity Fund – Asia (USD)**

**UBS (CH) Equity Fund – Emerging Asia (USD)**

UBS Asset Management (Singapore) Ltd, Singapore

**UBS (CH) Equity Fund – European Opportunity (EUR)**

**UBS (CH) Equity Fund – Global Opportunity (USD)**

UBS Asset Management (UK) Ltd, London

**UBS (CH) Equity Fund – Mid Caps Switzerland (CHF)**

**UBS (CH) Equity Fund – Small Caps Europe (EUR)**

**UBS (CH) Equity Fund – Small Caps Switzerland (CHF)**

**UBS (CH) Equity Fund – Swiss High Dividend (CHF)**

**UBS (CH) Equity Fund – Swiss Income (CHF)**

**UBS (CH) Equity Fund – Switzerland (CHF)**

**UBS (CH) Equity Fund – Switzerland Quantitative (CHF)**

**UBS (CH) Equity Fund – Switzerland Quantitative Sustainable (CHF)**

UBS Asset Management Switzerland AG, Zurich

#### UBS (CH) Equity Fund – US Sustainable (USD)

UBS Asset Management (Americas) Inc., Chicago.

### II. Rights and obligations of the parties to the contract

#### § 2 The fund contract

The legal relationship between the investor, on the one hand, and the fund management company and the custodian bank, on the other, is governed by the present fund contract and the applicable provisions of the legislation on collective investment schemes.

#### § 3 The fund management company

1. The fund management company manages the sub-funds at its own discretion and in its own name, but for the account of the investors. It decides in particular on the issue of units, the investments and their valuation. It calculates the net asset value and determines the issue and redemption prices of units as well as distributions of income. It exercises all rights associated with the umbrella fund and sub-funds.
2. The fund management company and its agents are subject to the duties of loyalty, due diligence and disclosure. They act independently and exclusively in the interests of the investors. They implement the organisational measures that are necessary for proper management. They ensure the provision of transparent financial statements and provide appropriate information on this umbrella fund and sub-funds. They disclose all charges and fees incurred directly or indirectly by investors and the appropriation of such charges and fees. They notify investors of compensation for the distribution of collective investment schemes in the form of commissions, brokerage fees and other soft commissions in a full, truthful, and comprehensible manner.
3. The fund management company may delegate investment decisions and specific tasks for all or individual sub-funds, provided this is in the interests of proper management. It appoints only persons who are qualified to execute the task properly, and ensures the provision of instructions, as well as monitoring and controlling in respect of the task.

Investment decisions may be delegated only to asset managers who are subject to recognised supervision.

If foreign law requires an agreement on cooperation and the exchange of information with foreign supervisory authorities, the fund management company may delegate investment decisions to asset managers abroad only if such an agreement exists between FINMA and the relevant foreign supervisory authorities for the investment decisions concerned.

The fund management company is liable for the actions of its agents as if they were its own actions.

4. The fund management company may, subject to the consent of the custodian bank, submit amendments to this fund contract to the supervisory authority for approval (cf. § 26) and may, with the approval of the supervisory authority, open further sub-funds.



5. The fund management company may, in accordance with the provisions set down under § 24, merge individual sub-funds with other sub-funds or investment funds, or may, in accordance with the provisions set down under § 25, dissolve the sub-funds.
6. The fund management company is entitled to receive the fees stipulated in §§ 18 and 19. It is further entitled to be exempt from any liabilities which may have arisen in the course of the proper execution of its duties, and to be reimbursed for expenses incurred in connection with such liabilities.

#### § 4 The custodian bank

1. The custodian bank is responsible for the safekeeping of the sub-funds' assets. It handles the issue and redemption of fund units as well as payment transfers on behalf of the umbrella fund and sub-funds.
2. The custodian bank and its agents are subject to the duties of loyalty, due diligence and disclosure. They act independently and exclusively in the interests of the investors. They implement the organisational measures that are necessary for proper management. They ensure the provision of transparent financial statements and provide appropriate information on this umbrella fund and sub-funds. They disclose all charges and fees incurred directly or indirectly by investors and the appropriation of such charges and fees. They notify investors of compensation for the distribution of collective investment schemes in the form of commissions, brokerage fees and other soft commissions in a full, truthful, and comprehensible manner.
3. The custodian bank is responsible for account and safekeeping account management on behalf of the sub-funds, but does not have independent access to their assets.
4. The custodian bank ensures that, in the case of transactions relating to the assets of the sub-funds, the counter value is transferred within the usual time limit. It notifies the fund management company if the counter value is not remitted within the usual time limit and, where possible, requests reimbursement for the asset item concerned from the counterparty.
5. The custodian bank keeps the required records and accounts in such a manner that it is, at all times, able to distinguish between the assets held in safekeeping for the individual collective investment schemes.  
In relation to assets that cannot be taken into safekeeping, the custodian bank verifies ownership by the fund management company, and keeps a record thereof.
6. The custodian bank may transfer the safekeeping of the sub-funds' assets to third-party custodians and collective securities depositories in Switzerland or abroad, provided this is in the interests of proper safekeeping. The custodian bank verifies and monitors that the third-party custodian or collective securities depository it appoints:
  - a. possesses an appropriate organisational structure, financial guarantees and the specialist qualifications required given the nature and complexity of the assets entrusted to it;

- b. is subject to regular external audits, thereby ensuring that it possesses the financial instruments;
- c. the assets received from the custodian bank are held in safekeeping in such a manner that by means of regular portfolio comparisons they can, at all times, be clearly identified as belonging to the sub-funds' assets;
- d. complies with the provisions applicable to the custodian bank with respect to the performance of the tasks delegated to it and the avoidance of conflicts of interest.

The custodian bank is liable for damage or loss caused by its agents unless it is able to prove that it exercised the due diligence required in the circumstances in respect of selection, instruction and monitoring. The prospectus contains information on the risks associated with the transfer of safekeeping to third-party custodians and collective securities depositories.

In respect of financial instruments, the transfer of safekeeping in the sense of the previous paragraph may be made only to regulated third-party custodians and collective securities depositories. This does not apply to mandatory safekeeping at a location where the transfer of safekeeping to regulated third-party custodians and collective securities depositories is not possible, in particular owing to mandatory legal provisions or to the particular arrangements for the investment product in question. Investors must be informed in the prospectus of safekeeping with non-regulated third-party custodians or collective securities depositories.

7. The custodian bank ensures that the fund management company complies with the law and the fund contract. It verifies that the calculation of the net asset value and of the issue and redemption prices of the units, as well as the investment decisions, are in compliance with the law and the fund contract, and that net income is appropriated in accordance with the fund contract. The custodian bank is not responsible for the choice of investments which the fund management company makes in accordance with the investment regulations.
8. The custodian bank is entitled to receive the fees stipulated in §§ 18 and 19. It is further entitled to be exempt from any liabilities which may have arisen in the course of the proper execution of its duties and to be reimbursed for expenses incurred in connection with such liabilities.
9. The custodian bank is not responsible for the safekeeping of the assets of the target funds in which the sub-funds invest, unless this task has been delegated to it.

#### § 5 The investor

1. There are no restrictions in terms of investor eligibility. Restrictions are possible for individual classes in accordance with § 6.4.

The fund management company ensures together with the custodian bank that the investors meet the requirements in respect of investor eligibility.

The fund management company and the custodian bank may base an examination of investor eligibility in particular on confirmation from a supervised financial intermediary, provided the financial intermediary confirms the investors

booked with it are qualified to the best of its knowledge and ensures their qualification by means of processes or regular examination.

The investor agrees that their custodian will provide the fund management company and the custodian bank with this confirmation as proof of qualification.

2. On concluding the contract and making a payment in cash, the investor acquires a claim against the fund management company in respect of participation in the assets and income of a sub-fund of the umbrella fund. The investor's claim is evidenced in the form of fund units.

Instead of payment in cash, at the investor's request and with the consent of the fund management company, a contribution in kind may be made in accordance with the provisions of § 17.7 for the sub-funds **UBS (CH) Equity Fund – Swiss High Dividend (CHF)** and **UBS (CH) Equity Fund – Swiss Income (CHF)**, provided that this is not excluded in the provisions of a unit class. The investor's claim is evidenced in the form of fund units.

3. Investors are obliged only to remit payment for the units of the relevant sub-fund they subscribe. They are not held personally liable for the liabilities of the umbrella fund or sub-funds.
4. Investors are only entitled to the assets and income of the sub-fund in which they hold an interest. Only the relevant sub-fund is liable for the liabilities attributable to an individual sub-fund.
5. Investors may obtain information concerning the basis of the calculation of the net asset value per unit from the fund management company at any time. If investors assert an interest in more detailed information on specific business transactions effected by the fund management company, such as the exercise of membership and creditors' rights, or on risk management, they must be given such information by the fund management company at any time. The investors may request before the courts of the registered office of the fund management company that the audit firm or another expert investigate the matter which requires clarification and furnish the investors with a report.
6. The investors may terminate the fund contract at any time and demand that their share in the relevant sub-fund be paid out in cash.

Instead of payment in cash, at the investor's request and with the consent of the fund management company, a redemption in kind may be made in accordance with the provisions of § 17.7 for the sub-funds **UBS (CH) Equity Fund – Swiss High Dividend (CHF)** and **UBS (CH) Equity Fund – Swiss Income (CHF)**.

7. Upon request, the investors are obliged to provide the fund management company, the custodian bank and their agents with proof that they comply with or continue to comply with the conditions laid down in the law or the fund contract in respect of participation in a sub-fund or in a unit class. Furthermore, they are obliged to inform the fund management company, the custodian bank and their agents immediately if they cease to meet these conditions.

8. The fund management company, in cooperation with the custodian bank, must make an enforced redemption of the units of an investor at the current redemption price if:
  - a. this is necessary to safeguard the reputation of the financial market, and specifically to combat money laundering;
  - b. the investor no longer meets the statutory or contractual conditions for participation in a sub-fund.
9. The fund management company, in cooperation with the custodian bank, may also make an enforced redemption of the units of an investor at the current redemption price if:
  - a. the participation of the investor in a sub-fund is such that it might have a significant detrimental impact on the economic interests of the other investors, in particular if the participation might result in tax disadvantages for the umbrella fund or sub-funds in Switzerland or abroad;
  - b. the investor has acquired or holds their units in violation of provisions of a law to which they are subject either in Switzerland or abroad, of the present fund contract or the prospectus;
  - c. there is a detrimental impact on the economic interests of the investors, in particular in cases in which individual investors seek by way of systematic subscriptions and immediate redemptions to achieve a financial benefit by exploiting the time differences between the setting of the closing prices and the valuation of the sub-funds' assets (market timing).

## § 6 Units and unit classes

1. The fund management company may establish different unit classes and may also merge or dissolve unit classes for each sub-fund at any time subject to the consent of the custodian bank and the approval of the supervisory authority. All unit classes embody an entitlement to a share in the undivided assets of the relevant sub-fund, which are not segmented. This share may differ owing to class-specific costs or distributions or class-specific income and the various classes of a sub-fund may therefore have different net asset values per unit. The assets of the sub-fund as a whole are liable for class-specific costs.
2. Notification of the creation, dissolution or merger of unit classes is published in the medium of publication. Only mergers are deemed a change to the fund contract pursuant to § 26.
3. The various unit classes of the sub-funds may differ from one another in terms of their cost structure, reference currency, currency hedging, policy with regard to distribution or reinvestment of income, the minimum investment required, and investor eligibility.

Fees and costs are charged only to that unit class for which the service in question is performed. Fees and costs that cannot be allocated unequivocally to a specific unit class are charged to the individual unit classes on a pro rata basis in relation to their share of the sub-fund's assets.

4. At present, there are the following unit classes for all sub-funds, referred to as "P", "K-1", "Q", "F", "I-A1", "I-A2", "I-A3", "I-B", "I-X" and "U-X".

For the sub-fund **UBS (CH) Equity Fund – Switzerland Quantitative Sustainable (CHF)** there is also the unit class "F-dist".

For the sub-fund **UBS (CH) Equity Fund – Swiss High Dividend (CHF)** there are also the unit classes "G", "(EUR hedged) P", "(EUR hedged) K-1", "(EUR hedged) Q", "(EUR hedged) F", "(EUR hedged) I-A1", "(EUR hedged) I-A2", "(EUR hedged) I-A3", "(EUR hedged) I-B", "(EUR hedged) I-X" and "(EUR hedged) U-X".

For the sub-fund **UBS (CH) Equity Fund – Emerging Asia (USD)** there are also the unit classes "P (CHF hedged)", "K-1 (CHF hedged)", "Q (CHF hedged)", "F (CHF hedged)", "I-A1 (CHF hedged)", "I-A2 (CHF hedged)", "I-A3 (CHF hedged)", "I-B (CHF hedged)", "I-X (CHF hedged)", "U-X (CHF hedged)", "P (EUR hedged)", "K-1 (EUR hedged)", "Q (EUR hedged)", "F (EUR hedged)", "I-A1 (EUR hedged)", "I-A2 (EUR hedged)", "I-A3 (EUR hedged)", "I-B (EUR hedged)", "I-X (EUR hedged)" and "U-X (EUR hedged)".

For the sub-funds **UBS (CH) Equity Fund – Small Caps Switzerland (CHF)** and **UBS (CH) Equity Fund – Swiss Income (CHF)** there is also the unit class "G".

- A. The following unit classes are not restricted to certain investors:
- "P": Units in unit class "P" are offered to all investors. A minimum subscription or minimum amount is not required. Unit class "P" differs from unit class "K-1" with regard to the amount of the flat fee, the initial issue price and the smallest tradable unit, which are listed in the table at the end of the prospectus. The units in unit class "P" are only issued as bearer units. For the sub-funds UBS (CH) Equity Fund – Swiss High Dividend (CHF) and UBS (CH) Equity Fund – Swiss Income (CHF), the issue and redemption of units through contributions and redemptions in kind (cf. § 17.7) is excluded for units in unit class "P".
  - "K-1": Units in unit class "K-1" are offered to all investors. A minimum subscription or minimum amount is not required. Unit class "K-1" differs from unit class "P" with regard to the amount of the flat fee, the initial issue price and the smallest tradable unit, which are listed in the table at the end of the prospectus. The units in unit class "K-1" are only issued as bearer units. For the sub-funds UBS (CH) Equity Fund – Swiss High Dividend (CHF) and UBS (CH) Equity Fund – Swiss Income (CHF), the issue and redemption of units through contributions and redemptions in kind (cf. § 17.7) is excluded for units in unit class "K-1".
- B. The following unit classes are restricted to certain investors:
- "Q": Units in unit class "Q" are exclusively offered:
    - to investors in a permitted country pursuant to List A;
    - to contractual partners of UBS Asset Management Switzerland AG and other financial service providers

subject to regulation that have been duly authorised by their respective supervisory authority, that invest in their own name and that act:

- for their own account; or
- for the account of their clients within the scope of written and remunerative agreements which explicitly provide for investments in unit classes without remuneration, such as (i) asset management mandates or (ii) advisory agreements or (iii) comparable long-term agreements; or
- for a collective investment scheme; or
- for other financial service providers subject to regulation that act for their clients in accordance with the aforementioned framework conditions.

In the case of 2., the investor is domiciled in a permitted country pursuant to List B if the above framework condition in (i) applies, and in a permitted country pursuant to List C if the framework conditions in (ii) and (iii) apply.

The fund management company has sole authority to decide on the eligibility of investors in additional countries of distribution (amendments to Lists A, B and C). Lists A, B and C are presented in the table at the end of the prospectus.

Unit class "Q" differs from unit classes "F", "F-dist", "I-A1", "I-A2", "I-A3", "I-B", "I-X" and "U-X" with regard to the amount of the commission, and from unit classes "F", "F-dist", "I-B", "I-X" and "U-X" with regard to the commission structure. Unit class "Q" also differs from unit classes "I-A2" and "I-A3" in that no minimum subscription or minimum amount is required, and from unit class "U-X" (and in the case of the sub-fund **UBS (CH) Equity Fund – US Sustainable (USD)** also from unit class "F") with regard to the initial issue price, which is listed in the table at the end of the prospectus. The units in unit class "Q" are only issued as bearer units.

For the sub-funds **UBS (CH) Equity Fund – Swiss High Dividend (CHF)** and **UBS (CH) Equity Fund – Swiss Income (CHF)**, the issue and redemption of units through contributions and redemptions in kind (cf. § 17.7) is excluded for units in unit class "Q".

- "F": Units in unit class "F" may only be offered to investors who have entered into a written investment management mandate with group companies of UBS Group AG. Unit class "F" differs from unit classes "Q", "G", "I-A1", "I-A2", "I-B", "I-X" and "U-X" with regard to the amount of the commission, and from unit classes "Q", "G", "I-A1", "I-A2", "I-A3", "I-B", "I-X" and "U-X" with regard to the commission structure. Unit class "F" also differs from unit classes "I-A2" and "I-A3" in that no minimum subscription or minimum amount is required, and from unit class "U-X" with regard to the initial issue price, which is listed in the table at the end of the prospectus. The units in unit class "F" are only issued as registered units. For the sub-funds **UBS (CH) Equity Fund – Swiss High Dividend (CHF)** and **UBS (CH) Equity Fund – Swiss Income (CHF)**, the issue and

redemption of units through contributions and redemptions in kind (cf. § 17.7) is excluded for units in unit class "F".

- c. "I-A1": Units in unit class "I-A1" are exclusively offered to qualified investors pursuant to Art. 10 para. 3 and 3ter CISA. In contrast to unit classes "I-A2" and "I-A3", no minimum subscription and no minimum amount is required for this unit class. Unit class "I-A1" differs from unit classes "Q", "G", "F", "F-dist", "I-A2", "I-A3", "I-B", "I-X" and "U-X" with regard to the amount of the commission. Unit class "I-A1" also differs from unit classes "F", "F-dist", "I-B", "I-X" and "U-X" with regard to the commission structure, and from unit class "U-X" (and in the case of the sub-fund **UBS (CH) Equity Fund – US Sustainable (USD)** also from unit class "F") with regard to the initial issue price, which is listed in the table at the end of the prospectus. The units in unit class "I-A1" are only issued as registered units.
- d. "I-A2", "I-A3": Units in these unit classes are exclusively offered to qualified investors pursuant to Art. 10 para. 3–3ter CISA who have signed a written agreement with UBS Asset Management Switzerland AG or an authorised contractual partner for the purpose of investment in the assets of this sub-fund. Unit classes "I-A2" and "I-A3" differ from one another with regard to the amount of the flat fee as well as the amount of the required minimum subscription and required minimum amount. Unit class "I-A2" differs from unit classes "Q", "G", "F", "F-dist", "I-A1", "I-B", "I-X" and "U-X", and unit class "I-A3" from unit classes "Q", "G", "I-A1", "I-B", "I-X" and "U-X" with regard to the amount of the commission. Unit classes "I-A2" and "I-A3" also differ from unit classes "Q", "G", "F", "F-dist", "I-A1", "I-B", "I-X" and "U-X" in that a minimum subscription and minimum amount are required. Finally, both unit classes differ from unit classes "F", "F-dist", "I-B", "I-X" and "U-X" with regard to the commission structure, and from unit class "U-X" with regard to the initial issue price, which is listed in the table at the end of the prospectus. The units in these unit classes are only issued as registered units.
- e. "I-B": Units in unit class "I-B" are exclusively offered to qualified investors pursuant to Art. 10 para. 3–3ter CISA who have signed a written agreement with UBS Asset Management Switzerland AG or an authorised contractual partner for the purpose of investment in the assets of this sub-fund. The costs for the administration of the fund (encompassing fund management company, administration and custodian bank) are charged directly to the assets of the sub-fund by means of commission. The additional costs for asset management and distribution are charged to the investor under the written agreement. Unit class "I-B" differs from unit classes "Q", "G", "F", "F-dist", "I-A1", "I-A2", "I-A3", "I-X" and "U-X" with regard to the amount and structure of the commission, from unit classes "I-A2" and "I-A3" in that no minimum subscription or minimum amount is required, and from unit class "U-X" (and in the case of the sub-fund **UBS (CH) Equity Fund – US Sustainable (USD)** also from unit class "F") with regard to the initial issue price, which is listed in the table at the end of the prospectus. The units in unit class "I-B" are only issued as registered units.
- f. "I-X": Units in unit class "I-X" are exclusively offered to qualified investors pursuant to Art. 10 para. 3–3ter CISA who have signed a written agreement with UBS Asset Management Switzerland AG or an authorised contractual partner for the purpose of investment in the assets of this sub-fund. The costs for asset management, the administration of the fund (encompassing fund management company, administration and custodian bank) and distribution are charged to the investor under the written agreement. Unit class "I-X" differs from unit classes "Q", "G", "F", "F-dist", "I-A1", "I-A2", "I-A3" and "I-B" with regard to the amount and structure of the commission, from unit classes "I-A2" and "I-A3" in that no minimum subscription or minimum amount is required, and from unit class "U-X" (and in the case of the sub-fund **UBS (CH) Equity Fund – US Sustainable (USD)** also from unit class "F") with regard to the initial issue price, which is listed in the table at the end of the prospectus. The units in unit class "I-X" are only issued as registered units.

For the sub-fund **UBS (CH) Equity Fund – Global Opportunity (USD)**, the unit class "I-X" is also denominated in euros (EUR), which is indicated by the addition "(EUR)": "(EUR) I-X".
- g. "U-X": Units in unit class "U-X" are exclusively offered to qualified investors pursuant to Art. 10 para. 3–3ter CISA who have signed a written agreement with UBS Asset Management Switzerland AG or an authorised contractual partner for the purpose of investment in the assets of this sub-fund. The costs for asset management, the administration of the fund (encompassing fund management company, administration and custodian bank) and distribution are charged to the investor under the written agreement. This unit class is exclusively geared to financial products (i.e. funds of funds or other pooled structures pursuant to various legislation). Unit class "U-X" differs from unit classes "Q", "G", "F", "F-dist", "I-A1", "I-A2", "I-A3" and "I-B" with regard to the amount and structure of the commission, from unit classes "I-A2" and "I-A3" in that no minimum subscription or minimum amount is required, and from unit classes "Q", "G", "F", "F-dist", "I-A1", "I-A2", "I-A3", "I-B" and "I-X" with regard to the initial issue price, which is listed in the table at the end of the prospectus. The units in unit class "U-X" are only issued as registered units. For the sub-funds **UBS (CH) Equity Fund – Swiss High Dividend (CHF)** and **UBS (CH) Equity Fund – Swiss Income (CHF)**, the issue and redemption of units through contributions and redemptions in kind (cf. § 17.7) is excluded for units in unit class "U-X".
- h. "G": Units in unit class "G" are exclusively offered:
  1. to investors who have entered into a written investment advisory agreement with a group company of UBS Group AG that expressly provides for investments in classes without distribution fees;

2. to investors who have entered into a written asset management agreement with a group company of UBS Group AG.

Unit class "G" differs from unit classes "F", "I-A1", "I-A2", "I-A3", "I-B", "I-X" and "U-X" with regard to the amount of the commission, and from unit classes "F", "I-A1", "I-A2", "I-A3", "I-B", "I-X" and "U-X" with regard to the commission structure. Unit class "G" also differs from unit classes "I-A2" and "I-A3" in that no minimum subscription or minimum amount is required, and from unit class "U-X" with regard to the initial issue price, which is listed in the table at the end of the prospectus. The units in unit class "G" are only issued as bearer units. The issue and redemption of units through contributions and redemptions in kind (cf. § 17.7) is excluded for units in unit class "G".

- i. "F-dist": Units in unit class "F-dist" may only be offered to investors who have entered into a written investment management mandate with UBS Asset Management Switzerland AG or one of its related entities. Unit class "F-dist" differs from unit classes "P", "K-1", "Q", "F", "I-A1", "I-A2", "I-A3", "I-B", "I-X" and "U-X" with regard to the distribution of net income, from unit classes "Q", "I-A1", "I-A2", "I-B", "I-X" and "U-X" with regard to the amount of the commission, and from unit classes "Q", "I-A1", "I-A2", "I-A3", "I-B", "I-X" and "U-X" with regard to the commission structure. Unit class "F-dist" also differs from unit classes "I-A2" and "I-A3" in that no minimum subscription or minimum amount is required, and from unit class "U-X" with regard to the initial issue price, which is listed in the table at the end of the prospectus. The units in unit class "F-dist" are only issued as registered units.

**"Reference currency hedged":**

For the unit classes above whose reference currencies do not correspond to the accounting currency of the relevant sub-fund and which include "hedged" in their name ("hedged unit classes"), the risk of exchange rate fluctuation of the reference currencies of the unit classes against the accounting currency of the relevant sub-fund is hedged. This hedge will generally amount to between 90% and 110% of the total net assets of the hedged unit class. Changes in the market value of the portfolio and subscriptions and redemptions for hedged unit classes may result in the hedge being temporarily outside the aforementioned range. This hedge does not affect potential currency risks resulting from investments denominated in currencies other than the accounting currency of the relevant sub-fund.

5. Units do not take the form of actual certificates, but exist purely as book entries. Investors are not entitled to demand the delivery of a registered or bearer unit certificate. If unit certificates have been issued, they must be returned at the latest with the application for redemption.
6. The fund management company and the custodian bank are obliged to instruct investors who no longer meet the conditions for holding a unit class that, within 30 calendar days, they must redeem their units pursuant to § 17, transfer them to a person who does meet the aforemen-

tioned conditions, or convert them into units of another unit class whose conditions they do meet. If an investor fails to comply with this demand, the fund management company must, in cooperation with the custodian bank, make an enforced conversion into another unit class of this sub-fund or, should this not be possible, enforce the redemption of the units in question pursuant to § 5.8.

### III. Investment policy guidelines

#### A. Investment principles

#### § 7 Compliance with investment restrictions

1. In selecting individual investments of each sub-fund, the fund management company must adhere to the principle of balanced risk diversification and must observe the percentage limits defined below. These percentages relate to the sub-funds' assets at market value and must be complied with at all times. The sub-funds must have fulfilled the terms of the investment restrictions no later than six months after the expiry of the subscription period (launch).
2. If the limits are exceeded as a result of market-related changes, the investments must be restored to the permitted level within a reasonable period, taking due account of the investors' interests. If the limits relating to derivatives pursuant to § 12 below are exceeded as a result of a change in the delta, this is to be rectified within three bank working days at the latest, taking due account of the investors' interests.

#### § 8 Investment policy

1. The currency denomination included in the name of the respective sub-fund refers solely to the currency used to measure the performance of the respective sub-fund, and not to the investment currency of the respective sub-fund. Investments are made in the currencies that are best suited to the performance of the respective sub-fund.

Within the framework of the specific investment policy of each sub-fund in accordance with point 3, the fund management company may invest the assets of the individual sub-funds in the following investments. The risks involved in these investments must be disclosed in the prospectus.

- a. Securities, i.e. transferable securities issued on a large scale and non-securitised rights with the same function (uncertified securities) that are traded on an exchange or other regulated market open to the public, and that embody a participation right or claim, or the right to acquire such securities and uncertified securities by way of subscription or exchange, for example warrants.  
Investments in securities from new issues are permitted only if their terms of issue provide for their admission to an exchange or other regulated market open to the public. If they have not been admitted to an exchange or other regulated market open to the public within one year after their acquisition, these securities must be sold within one month or included under the restriction set down in point 1g).
- b. Derivatives, if (i) the underlyings are securities as defined in a); derivatives as defined in b); units in collective investment schemes as defined in c); money market in-

struments as defined in d); structured products as defined in e); financial indices of any type, interest rates, exchange rates, credits or currencies; and (ii) the underlyings are permitted as investments under the fund contract. Derivatives are either traded on an exchange or other regulated market open to the public, or are traded OTC.

OTC transactions are permitted only if (i) the counterparty is a regulated financial intermediary specialising in such transactions; and (ii) the OTC derivatives can be traded daily or a return to the issuer is possible at any time. In addition, it must be possible for them to be valued in a reliable and transparent manner. Derivatives may be used pursuant to § 12.

- c. Units of other domestic and foreign collective investment schemes (target funds), provided that (i) their documents restrict investments for their part in other target funds to a total of max. 10%; (ii) these target funds are subject to provisions equivalent to those pertaining to securities funds in respect of the object, organisation, investment policy, investor protection, risk diversification, asset segregation, borrowing, lending, short-selling of securities and money market instruments, the issuing and redemption of fund units and the content of the semi-annual and annual reports; and (iii) these target funds are authorised as collective investment schemes in their country of domicile and are subject there to supervision which is equivalent to that in Switzerland and which serves to protect investors, and that international administrative assistance is ensured.

Units of other domestic and foreign collective investment schemes which belong or correspond to other funds for traditional investments and are subject to supervision which is equivalent to that in Switzerland and which serves to protect investors, and for which international administrative assistance is ensured.

- d. Money market instruments, provided these are liquid, can be readily valued and are traded on an exchange or other regulated market open to the public. Money market instruments which are not traded on an exchange or other regulated market open to the public may be acquired only if the issue or the issuer is subject to provisions regarding creditor or investor protection and if the money market instruments are issued or guaranteed by issuers pursuant to Art. 74 para. 2 CISO.
- e. Structured products, if (i) the underlyings are securities as defined in a); derivatives as defined in b); units in collective investment schemes as defined in c); money market instruments as defined in d); structured products as defined in e); financial indices, interest rates, exchange rates, credits or currencies; and (ii) the underlyings are permitted as investments under the fund contract. Structured products are either traded on an exchange or other regulated market open to the public, or are traded OTC.

OTC transactions are permitted only if (i) the counterparty is a regulated financial intermediary specialising in such transactions; and (ii) the OTC products can be traded daily or a return to the issuer is possible at any time.

In addition, it must be possible for them to be valued in a reliable and transparent manner.

- f. Sight or time deposits with terms to maturity not exceeding twelve months with banks domiciled in Switzerland or in a member state of the European Union, or in another country provided that the bank is subject to supervision in that country which is equivalent to the supervision in Switzerland;
- g. Investments other than those specified in a) to f) above up to a total of 10% of a sub-fund's assets. The following are not permitted: (i) direct investments in precious metals, precious metals certificates, commodities and commodity certificates as well as (ii) real short-selling of any type of investment.

#### UBS (CH) Equity Fund – Asia (USD)

- 2. After deducting liquid assets, the fund management company invests at least two thirds of the sub-fund's assets in:
  - a. equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) issued by companies which are included in one of the established representative market indices for Asia excluding Japan, have their registered office in Asia (excluding Japan), as holding companies mainly invest in companies which have their registered office in Asia (excluding Japan) or conduct the majority of their business in Asia (excluding Japan).
  - b. units of other collective investment schemes that, according to their documentation, invest their assets in accordance with the guidelines of this sub-fund or parts thereof.
  - c. derivatives (including warrants) on the investments mentioned above.
  - d. structured products denominated in freely convertible currencies such as certificates from issuers worldwide on the investments mentioned above.

For investments in other collective investment schemes pursuant to b) above and structured products pursuant to d) above, the fund management company ensures that on a consolidated basis at least two thirds of the sub-fund's assets are invested in investments pursuant to a) above.

- 3. The fund management company may also invest up to one third of the sub-fund's assets after deducting liquid assets in:
  - a. equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) issued by companies that do not meet the requirements as stated in point 2a).
  - b. bonds, convertible bonds, convertible notes, warrant issues and notes denominated in freely convertible currencies as well as other fixed-income or floating-rate debt paper and rights issued by private and public-law borrowers.
  - c. money market instruments denominated in freely convertible currencies from domestic and foreign issuers.
  - d. derivatives (including warrants) on the investments mentioned above.

- e. units of other collective investment schemes that do not meet the requirements as stated in point 2b).
- 4. In addition, the fund management company must comply with the investment restrictions below, which relate to the sub-fund's assets following the deduction of liquid assets:
  - a. up to a maximum of 10% in other collective investment schemes.
- 5. Subject to the provisions of § 19, the fund management company may acquire units in target funds managed directly or indirectly by the fund management company itself or by a company to which the fund management company is related by virtue of common management or control, or by a significant direct or indirect interest.

#### **UBS (CH) Equity Fund – Emerging Asia (USD)**

- 2. After deducting liquid assets, the fund management company invests at least two thirds of the sub-fund's assets in:
  - a. equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) issued by companies which are included in one of the established representative benchmarks for emerging markets in Asia excluding Japan, have their registered office in one of the emerging markets of East and South Asia, as holding companies mainly invest in companies which have their registered office in one of the emerging markets of East and South Asia or conduct the majority of their business in East and South Asia. East and South Asia comprises all countries in this region, except Japan. In particular, these countries are Taiwan, Thailand, Korea, Indonesia, the Philippines, India, China, Pakistan and Sri Lanka.
  - b. units of other collective investment schemes that, according to their documentation, invest their assets in accordance with the guidelines of this sub-fund or parts thereof.
  - c. derivatives (including warrants) on the investments mentioned above.
  - d. structured products denominated in freely convertible currencies such as certificates from issuers worldwide on the investments mentioned above.

For investments in other collective investment schemes pursuant to b) above and structured products pursuant to d) above, the fund management company ensures that on a consolidated basis at least two thirds of the sub-fund's assets are invested in investments pursuant to a) above.

- 3. The fund management company may also invest up to one third of the sub-fund's assets after deducting liquid assets in:
  - a. equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) issued by companies that do not meet the requirements as stated in point 2a).
  - b. bonds, convertible bonds, convertible notes, warrant issues and notes denominated in freely convertible currencies as well as other fixed-income or floating-rate debt paper and rights issued by private and public-law borrowers.

- c. money market instruments denominated in freely convertible currencies from domestic and foreign issuers.
- d. derivatives (including warrants) on the investments mentioned above.
- e. units of other collective investment schemes that do not meet the requirements as stated in point 2b).
- 4. In addition, the fund management company must comply with the investment restrictions below, which relate to the sub-fund's assets following the deduction of liquid assets:
  - a. up to a maximum of 10% in other collective investment schemes.
  - b. funds of funds may not be acquired.
- 5. Subject to the provisions of § 19, the fund management company may acquire units in target funds managed directly or indirectly by the fund management company itself or by a company to which the fund management company is related by virtue of common management or control, or by a significant direct or indirect interest.

#### **UBS (CH) Equity Fund – European Opportunity (EUR)**

- 2. After deducting liquid assets, the fund management company invests at least two thirds of the sub-fund's assets in:
  - a. equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) issued by companies which have their registered office in a European country (including Eastern Europe), as holding companies mainly invest in companies which have their registered office in a European country (including Eastern Europe), conduct the majority of their business in a European country (including Eastern Europe) and/or are included in one of the established representative market indices for industrialised countries in Europe.
  - b. units of other collective investment schemes that, according to their documentation, invest their assets in accordance with the guidelines of this sub-fund or parts thereof.
  - c. derivatives (including warrants) on the investments mentioned above.
  - d. structured products denominated in freely convertible currencies such as certificates from issuers worldwide on the investments mentioned above.

For investments in other collective investment schemes pursuant to b) above and structured products pursuant to d) above, the fund management company ensures that on a consolidated basis at least two thirds of the sub-fund's assets are invested in investments pursuant to a) above.

- 3. The fund management company may also invest up to one third of the sub-fund's assets after deducting liquid assets in:
  - a. equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) issued by companies that do not meet the requirements as stated in point 2a).
  - b. bonds, convertible bonds, convertible notes, warrant issues and notes denominated in freely convertible currencies as well as other fixed-income or floating-rate

debt paper and rights issued by private and public-law borrowers.

- c. money market instruments denominated in freely convertible currencies from domestic and foreign issuers.
- d. derivatives (including warrants) on the investments mentioned above.
- e. units of other collective investment schemes that do not meet the requirements as stated in point 2b).
- 4. In addition, the fund management company must comply with the investment restrictions below, which relate to the sub-fund's assets following the deduction of liquid assets:
  - a. up to a maximum of 49% in other collective investment schemes.
- 5. Subject to the provisions of § 19, the fund management company may acquire units in target funds managed directly or indirectly by the fund management company itself or by a company to which the fund management company is related by virtue of common management or control, or by a significant direct or indirect interest.

#### **UBS (CH) Equity Fund – Global Opportunity (USD)**

- 2. After deducting liquid assets, the fund management company invests at least two thirds of the sub-fund's assets in:
  - a. equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) issued by companies worldwide.
  - b. units of other collective investment schemes that, according to their documentation, invest their assets in accordance with the guidelines of this sub-fund or parts thereof.
  - c. derivatives (including warrants) on the investments mentioned above.
  - d. structured products denominated in freely convertible currencies such as certificates from issuers worldwide on the investments mentioned above.

For investments in other collective investment schemes pursuant to b) above and structured products pursuant to d) above, the fund management company ensures that on a consolidated basis at least two thirds of the sub-fund's assets are invested in investments pursuant to a) above.
- 3. The fund management company may also invest up to one third of the sub-fund's assets after deducting liquid assets in:
  - a. equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) issued by companies that do not meet the requirements as stated in point 2a).
  - b. bonds, convertible bonds, convertible notes, warrant issues and notes denominated in freely convertible currencies as well as other fixed-income or floating-rate debt paper and rights issued by private and public-law borrowers.
  - c. money market instruments denominated in freely convertible currencies from domestic and foreign issuers.

- d. derivatives (including warrants) on the investments mentioned above.
- e. units of other collective investment schemes that do not meet the requirements as stated in point 2b).
- 4. In addition, the fund management company must comply with the investment restrictions below, which relate to the sub-fund's assets following the deduction of liquid assets:
  - f. up to a maximum of 49% in other collective investment schemes.
- 5. Subject to the provisions of § 19, the fund management company may acquire units in target funds managed directly or indirectly by the fund management company itself or by a company to which the fund management company is related by virtue of common management or control, or by a significant direct or indirect interest.

#### **UBS (CH) Equity Fund – Mid Caps Switzerland (CHF)**

- 2. After deducting liquid assets, the fund management company invests at least two thirds of the sub-fund's assets in:
  - a. equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) issued by mid cap companies which have their registered office in Switzerland, as holding companies mainly invest in companies which have their registered office in Switzerland or conduct the majority of their business in Switzerland. Mid cap companies are defined as all Swiss companies included in one of the established representative market indices for mid cap listed companies in Switzerland.
  - b. units of other collective investment schemes that, according to their documentation, invest their assets in accordance with the guidelines of this sub-fund or parts thereof.
  - c. derivatives (including warrants) on the investments mentioned above.
  - d. structured products denominated in freely convertible currencies such as certificates from issuers worldwide on the investments mentioned above.

For investments in other collective investment schemes pursuant to b) above and structured products pursuant to d) above, the fund management company ensures that on a consolidated basis at least two thirds of the sub-fund's assets are invested in investments pursuant to a) above.
- 3. The fund management company may also invest up to one third of the sub-fund's assets after deducting liquid assets in:
  - a. equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) issued by companies that do not meet the requirements as stated in point 2a).
  - b. bonds, convertible bonds, convertible notes, warrant issues and notes denominated in freely convertible currencies as well as other fixed-income or floating-rate debt paper and rights issued by private and public-law borrowers.



- c. money market instruments denominated in freely convertible currencies from domestic and foreign issuers.
- d. derivatives (including warrants) on the investments mentioned above.
- e. units of other collective investment schemes that do not meet the requirements as stated in point 2b).
- 4. In addition, the fund management company must comply with the investment restrictions below, which relate to the sub-fund's assets following the deduction of liquid assets:
  - a. up to a maximum of 49% in other collective investment schemes.
  - b. funds of funds may not be acquired.
- 5. Subject to the provisions of § 19, the fund management company may acquire units in target funds managed directly or indirectly by the fund management company itself or by a company to which the fund management company is related by virtue of common management or control, or by a significant direct or indirect interest.

#### **UBS (CH) Equity Fund – Small Caps Europe (EUR)**

- 2. After deducting liquid assets, the fund management company invests at least two thirds of the sub-fund's assets in:
  - a. equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) issued by companies which have their registered office in geographical Europe, as holding companies mainly invest in companies which have their registered office in geographical Europe or conduct the majority of their business in this investment region. The market capitalisation of these companies may not exceed the market capitalisation of the company with the largest market capitalisation included in a representative index for small European companies. However, investments are not restricted to equities or other equity interests issued by companies that are part of a representative index of small European companies.
  - b. units of other collective investment schemes that, according to their documentation, invest their assets in accordance with the guidelines of this sub-fund or parts thereof.
  - c. derivatives (including warrants) on the investments mentioned above.
  - d. structured products denominated in freely convertible currencies such as certificates from issuers worldwide on the investments mentioned above.

For investments in other collective investment schemes pursuant to b) above and structured products pursuant to d) above, the fund management company ensures that on a consolidated basis at least two thirds of the sub-fund's assets are invested in investments pursuant to a) above.

- 3. The fund management company may also invest up to one third of the sub-fund's assets after deducting liquid assets in:
  - a. equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and

- similar instruments) issued by companies that do not meet the requirements as stated in point 2a).
- b. bonds, convertible bonds, convertible notes, warrant issues and notes denominated in freely convertible currencies as well as other fixed-income or floating-rate debt paper and rights issued by private and public-law borrowers.
- c. money market instruments denominated in freely convertible currencies from domestic and foreign issuers.
- d. derivatives (including warrants) on the investments mentioned above.
- e. units of other collective investment schemes that do not meet the requirements as stated in point 2b).
- 4. In addition, the fund management company must comply with the investment restrictions below, which relate to the sub-fund's assets following the deduction of liquid assets:
  - a. up to a maximum of 10% in other collective investment schemes.
  - b. funds of funds may not be acquired.
- 5. Subject to the provisions of § 19, the fund management company may acquire units in target funds managed directly or indirectly by the fund management company itself or by a company to which the fund management company is related by virtue of common management or control, or by a significant direct or indirect interest.

#### **UBS (CH) Equity Fund – Small Caps Switzerland (CHF)**

- 2. After deducting liquid assets, the fund management company invests at least two thirds of the sub-fund's assets in:
  - a. equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) issued by companies which have their registered office in Switzerland, as holding companies mainly invest in companies which have their registered office in Switzerland or conduct the majority of their business in Switzerland. These companies have a market capitalisation of less than 0.4% of the total market capitalisation of all Swiss companies listed in Switzerland.
  - b. units of other collective investment schemes that, according to their documentation, invest their assets in accordance with the guidelines of this sub-fund or parts thereof.
  - c. derivatives (including warrants) on the investments mentioned above.
  - d. structured products denominated in freely convertible currencies such as certificates from issuers worldwide on the investments mentioned above.

For investments in other collective investment schemes pursuant to b) above and structured products pursuant to d) above, the fund management company ensures that on a consolidated basis at least two thirds of the sub-fund's assets are invested in investments pursuant to a) above.

- 3. The fund management company may also invest up to one third of the sub-fund's assets after deducting liquid assets in:

- a. equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) issued by companies that do not meet the requirements as stated in point 2a).
  - b. bonds, convertible bonds, convertible notes, warrant issues and notes denominated in freely convertible currencies as well as other fixed-income or floating-rate debt paper and rights issued by private and public-law borrowers.
  - c. money market instruments denominated in freely convertible currencies from domestic and foreign issuers.
  - d. derivatives (including warrants) on the investments mentioned above.
  - e. units of other collective investment schemes that do not meet the requirements as stated in point 2b).
4. In addition, the fund management company must comply with the investment restrictions below, which relate to the sub-fund's assets following the deduction of liquid assets:
- a. up to a maximum of 10% in other collective investment schemes.
  - b. funds of funds may not be acquired.
5. Subject to the provisions of § 19, the fund management company may acquire units in target funds managed directly or indirectly by the fund management company itself or by a company to which the fund management company is related by virtue of common management or control, or by a significant direct or indirect interest.

#### **UBS (CH) Equity Fund – Swiss High Dividend (CHF)**

2. After deducting liquid assets, the fund management company invests at least two thirds of the sub-fund's assets in:
- a. equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) issued by companies which are included in one of the established representative market indices for the Swiss equity market, have their registered office in Switzerland, as holding companies mainly invest in companies which have their registered office in Switzerland or conduct the majority of their business in Switzerland.
  - b. units of other collective investment schemes that, according to their documentation, invest their assets in accordance with the guidelines of this sub-fund or parts thereof.
  - c. derivatives (including warrants) on the investments mentioned above.
  - d. structured products denominated in freely convertible currencies such as certificates from issuers worldwide on the investments mentioned above.

For investments in other collective investment schemes pursuant to b) above and structured products pursuant to d) above, the fund management company ensures that on a consolidated basis at least two thirds of the sub-fund's assets are invested in investments pursuant to a) above.

3. The fund management company may also invest up to one third of the sub-fund's assets after deducting liquid assets in:

- a. equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) issued by companies that do not meet the requirements as stated in point 2a).
  - b. bonds, convertible bonds, convertible notes, warrant issues and notes denominated in freely convertible currencies as well as other fixed-income or floating-rate debt paper and rights issued by private and public-law borrowers worldwide.
  - c. money market instruments denominated in freely convertible currencies from domestic and foreign issuers.
  - d. derivatives (including warrants) on the investments mentioned above.
  - e. units of other collective investment schemes pursuant to point 1c) that do not meet the requirements as stated in point 2b).
  - f. sight and time deposits.
4. In addition, the fund management company must comply with the investment restrictions below, which relate to the sub-fund's assets following the deduction of liquid assets:
- a. up to a maximum of 49% in other collective investment schemes.
5. Subject to the provisions of § 19, the fund management company may acquire units in target funds managed directly or indirectly by the fund management company itself or by a company to which the fund management company is related by virtue of common management or control, or by a significant direct or indirect interest.

#### **UBS (CH) Equity Fund – Swiss Income (CHF)**

2. After deducting liquid assets, the fund management company invests the sub-fund's assets in:
- a. equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) issued by companies which are included in one of the established representative market indices for the Swiss equity market, have their registered office in Switzerland, as holding companies mainly invest in companies which have their registered office in Switzerland or conduct the majority of their business in Switzerland.
  - b. units of other collective investment schemes that, according to their documentation, invest their assets in accordance with the guidelines of this sub-fund or parts thereof.
  - c. derivatives (including warrants and OTC derivatives) on the investments mentioned above.
  - d. structured products such as certificates from issuers worldwide on the investments mentioned above.
3. In addition, the fund management company must comply with the investment restrictions below, which relate to the sub-fund's assets following the deduction of liquid assets:
- a. up to a maximum of 49% in other collective investment schemes.
4. Subject to the provisions of § 19, the fund management company may acquire units in target funds managed di-

rectly or indirectly by the fund management company itself or by a company to which the fund management company is related by virtue of common management or control, or by a significant direct or indirect interest.

#### **UBS (CH) Equity Fund – Switzerland (CHF)**

2. After deducting liquid assets, the fund management company invests at least two thirds of the sub-fund's assets in:

- a. equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) issued by companies which are included in the benchmark, have their registered office in Switzerland, as holding companies mainly invest in companies which have their registered office in Switzerland or conduct the majority of their business in Switzerland. The benchmark is specified in the prospectus.
- b. units of other collective investment schemes that, according to their documentation, invest their assets in accordance with the guidelines of this sub-fund or parts thereof.
- c. derivatives (including warrants) on the investments mentioned above.
- d. structured products denominated in freely convertible currencies such as certificates from issuers worldwide on the investments mentioned above.

For investments in other collective investment schemes pursuant to b) above and structured products pursuant to d) above, the fund management company ensures that on a consolidated basis at least two thirds of the sub-fund's assets are invested in investments pursuant to a) above.

3. The fund management company may also invest up to one third of the sub-fund's assets after deducting liquid assets in:

- a. equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) issued by companies that do not meet the requirements as stated in point 2a).
- b. bonds, convertible bonds, convertible notes, warrant issues and notes denominated in freely convertible currencies as well as other fixed-income or floating-rate debt paper and rights issued by private and public-law borrowers.
- c. money market instruments denominated in freely convertible currencies from domestic and foreign issuers.
- d. derivatives (including warrants) on the investments mentioned above.
- e. units of other collective investment schemes that do not meet the requirements as stated in point 2b).

4. In addition, the fund management company must comply with the investment restrictions below, which relate to the sub-fund's assets following the deduction of liquid assets:

- a. up to a maximum of 10% in other collective investment schemes.

5. Subject to the provisions of § 19, the fund management company may acquire units in target funds managed directly or indirectly by the fund management company itself or by a company to which the fund management

company is related by virtue of common management or control, or by a significant direct or indirect interest.

#### **UBS (CH) Equity Fund – Switzerland Quantitative (CHF)**

2. After deducting liquid assets, the fund management company invests at least two thirds of the sub-fund's assets in:

- a. equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) issued by companies which are included in the benchmark specified in the prospectus, have their registered office in Switzerland, as holding companies mainly invest in companies which have their registered office in Switzerland or conduct the majority of their business in Switzerland.
- b. units of other collective investment schemes pursuant to point 1c) that, according to their documentation, invest their assets in accordance with the guidelines of this sub-fund or parts thereof.
- c. derivatives (including warrants) on the investments mentioned above.
- d. structured products denominated in freely convertible currencies such as certificates from issuers worldwide on the investments mentioned above.

For investments in other collective investment schemes pursuant to b) above and structured products pursuant to d) above, the fund management company ensures that on a consolidated basis at least two thirds of the sub-fund's assets are invested in investments pursuant to a) above.

3. The fund management company may also invest up to one third of the sub-fund's assets after deducting liquid assets in:

- a. equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) issued by companies that do not meet the requirements as stated in point 2a).
- b. money market instruments denominated in freely convertible currencies from domestic and foreign issuers.
- c. derivatives (including warrants) on the investments mentioned above.
- d. units of other collective investment schemes pursuant to point 1c) that do not meet the requirements as stated in point 2b).
- e. sight and time deposits.

4. In addition, the fund management company must comply with the investment restrictions below, which relate to the sub-fund's assets following the deduction of liquid assets:

- a. up to a maximum of 10% in other collective investment schemes.

#### **UBS (CH) Equity Fund – Switzerland Quantitative Sustainable (CHF)**

2. After deducting liquid assets, the fund management company invests at least two thirds of the sub-fund's assets in:

- a. equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) issued by companies which consider sustainable criteria and are included in the benchmark

specified in the prospectus, and companies which consider sustainable criteria and have their registered office in Switzerland, as holding companies mainly invest in companies which have their registered office in Switzerland or conduct the majority of their business in Switzerland.

- b. units of other collective investment schemes pursuant to point 1c) that, according to their documentation, invest their assets in accordance with the guidelines of this sub-fund or parts thereof.
- c. derivatives (including warrants) on the investments mentioned above.

For investments in other collective investment schemes pursuant to b) above, the fund management company ensures that on a consolidated basis at least two thirds of the sub-fund's assets are invested in investments pursuant to a) above.

- 3. The fund management company may also invest up to one third of the sub-fund's assets after deducting liquid assets in:
  - a. equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) issued by companies that do not meet the requirements as stated in point 2a).
  - b. money market instruments denominated in freely convertible currencies from domestic and foreign issuers.
  - c. derivatives (including warrants) on the investments mentioned above.
  - d. units of other collective investment schemes pursuant to point 1c) that do not meet the requirements as stated in point 2b).
  - e. sight and time deposits.
- 4. In addition, the fund management company must comply with the investment restrictions below, which relate to the sub-fund's assets following the deduction of liquid assets:
  - a. up to a maximum of 10% in other collective investment schemes.
  - b. up to a maximum of 10% in sight and time deposits.

#### UBS (CH) Equity Fund – US Sustainable (USD)

- 2. After deducting liquid assets, the fund management company invests at least two thirds of the sub-fund's assets in:
  - a. equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) issued by companies which consider sustainable criteria and have their registered office in the United States of America (USA), as holding companies mainly invest in companies which have their registered office in the USA or conduct the majority of their business in the USA.
  - b. units of other collective investment schemes that, according to their documentation, invest their assets in accordance with the guidelines of this sub-fund or parts thereof.
  - c. derivatives (including warrants) on the investments mentioned above.

- d. structured products denominated in freely convertible currencies such as certificates from issuers worldwide on the investments mentioned above.

For investments in other collective investment schemes pursuant to b) above and structured products pursuant to d) above, the fund management company ensures that on a consolidated basis at least two thirds of the sub-fund's assets are invested in investments pursuant to a) above.

- 3. The fund management company may also invest up to one third of the sub-fund's assets after deducting liquid assets in:
  - a. equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) issued by companies that do not meet the requirements as stated in point 2a).
  - b. bonds, convertible bonds, convertible notes, warrant issues and notes denominated in freely convertible currencies as well as other fixed-income or floating-rate debt paper and rights issued by private and public-law borrowers.
  - c. money market instruments denominated in freely convertible currencies from domestic and foreign issuers.
  - d. derivatives (including warrants) on the investments mentioned above.
  - e. units of other collective investment schemes that do not meet the requirements as stated in point 2b).
- 4. In addition, the fund management company must comply with the investment restrictions below, which relate to the sub-fund's assets following the deduction of liquid assets:
  - c. up to a maximum of 49% in other collective investment schemes.
  - d. funds of funds may not be acquired.
- 5. Subject to the provisions of § 19, the fund management company may acquire units in target funds managed directly or indirectly by the fund management company itself or by a company to which the fund management company is related by virtue of common management or control, or by a significant direct or indirect interest.

#### § 9 Liquid assets

For each sub-fund, the fund management company may also hold liquid assets in an appropriate amount in the relevant sub-fund's accounting currency and in any other currency in which investments are permitted. Liquid assets comprise sight and time deposits as well as claims arising from repurchase agreements with maturities up to twelve months.

#### B. Investment techniques and instruments

#### § 10 Securities lending

- 1. For the account of the sub-funds, the fund management company may lend all types of securities which are traded on an exchange or other regulated market open to the public. However, it may not lend securities acquired under a reverse repo transaction.
- 2. The fund management company may lend securities in its own name and for its own account to a borrower ("prin-

principal"), or appoint an intermediary to put the securities at the disposal of the borrower either indirectly on a fiduciary basis ("agent") or directly ("finder").

3. The fund management company will carry out securities lending transactions exclusively with first-class supervised borrowers and intermediaries which are specialised in transactions of this type, such as banks, brokers, and insurance companies, as well as with licensed and recognised central counterparty clearing houses and central securities depositories, which guarantee the proper execution of the security lending transactions.
4. If the fund management company must observe a notice period, which may not exceed seven bank working days, before it may again have legal control of the lent securities, it may not lend more than 50% of the eligible holding of that particular security. However, if the borrower or the intermediary provides a contractual guarantee to the fund management company that it may have legal control of the lent securities on the same or following bank working day, then the entire eligible holding of that particular security may be lent.
5. The fund management company concludes an agreement with the borrower or intermediary under which the latter pledges or transfers collateral to the fund management company for the purposes of guaranteeing restitution in accordance with Art. 51 CISO-FINMA. The value of the collateral must be appropriate and, at all times, be at least 105% of the market value of the lent securities. The issuer of the collateral must have a high credit rating, and the collateral may not be issued by the counterparty or by a company that belongs to or is dependent on the counterparty's group. The collateral must be highly liquid, traded at a transparent price on an exchange or other regulated market open to the public, and must be valued at least on each trading day. In managing the collateral, the fund management company and its agents must comply with the duties and requirements under Art. 52 CISO-FINMA. In particular, they must diversify the collateral appropriately in terms of countries, markets and issuers. Appropriate diversification of issuers is deemed to have been achieved if the collateral of a single issuer held does not correspond to more than 20% of the net asset value. Deviation from this rule is permitted for publicly guaranteed or issued investments pursuant to Art. 83 CISO. The fund management company and its agents must further be able to obtain power of disposal over, and authority to dispose of, the collateral received at any time in the event of default by the counterparty, without involving the counterparty or obtaining its consent. The collateral received must be kept at the custodian bank. The collateral received may be held in safekeeping by a supervised third-party custodian on behalf of the fund management company provided that ownership of the collateral is not transferred and the third-party custodian is independent of the counterparty.
6. The borrower or intermediary is liable for ensuring the prompt, unconditional payment of any income accruing during the securities lending period, as well as for the assertion of other proprietary rights, and for the contractual-

ly agreed return of securities of the same type, quantity, and quality.

7. The custodian bank ensures that the securities lending transactions are settled in a secure manner, in line with the agreements, and, in particular, monitors compliance with the requirements relating to collateral. In addition, it carries out the administrative duties assigned to it under the safe-custody regulations during the term of the lending transaction and asserts all rights associated with the lent securities, unless such duties have been ceded under the terms of the standardised framework agreement.
8. The prospectus must contain further information on the collateral strategy.

## § 11 Securities repurchase agreements

1. The fund management company may enter into securities repurchase agreements for the account of the sub-funds. Securities repurchase agreements may be concluded as either "repos" or "reverse repos".

A "repo" is a legal act in which one party (the borrower or repo seller) temporarily transfers ownership of specific securities to another party (the lender or repo buyer) against payment, and in which the lender undertakes to return to the borrower securities of the same type, quantity, and quality at the end of the repo term, together with any income earned during such term. During the term of the repurchase agreement, the price risk associated with the securities is borne by the borrower.

From the perspective of the counterparty (lender), a repo is a reverse repo. By means of a reverse repo, the fund management company acquires securities for investment purposes and at the same time agrees to return securities of the same type, quantity and quality, and to transfer all income received during the term of the reverse repurchase agreement.

2. The fund management company may conclude repurchase agreements in its own name and for its own account with a counterparty ("principal"), or may appoint an intermediary to conclude repurchase agreements with a counterparty either indirectly on a fiduciary basis ("agent") or directly ("finder").
3. The fund management company conducts repurchase agreements exclusively with first-class supervised counterparties and intermediaries specialising in transactions of this type, such as banks, brokers and insurance companies, as well as with licensed and recognised central counterparty clearing houses and central securities depositories, which guarantee the execution of the repurchase agreements in a due and proper manner.
4. The custodian bank ensures that the repurchase transactions are settled in a secure and contractually agreed manner. It ensures on a daily basis that fluctuations in the value of the securities used in repo transactions are compensated for in cash or securities (marked to market). In addition, during the term of the repurchase transaction it carries out the administrative duties assigned to it under the safe-custody regulations and asserts all rights associated with the securities used in the repo transaction unless

such duties have been ceded under the standardised framework agreement.

5. For repo transactions, the fund management company may use all types of securities which are traded on an exchange or other regulated market open to the public. It may not use securities acquired under a reverse repo for repo purposes.
6. If the fund management company must observe a notice period, which may not exceed seven bank working days, before it may once again have legal control of the securities under the repurchase agreement, it may not use more than 50% of its holdings of a particular security eligible for repo transactions. However, if the counterparty or intermediary provides a contractual guarantee to the fund management company that the latter may again have legal control of the securities under the repurchase agreement on the same or following bank working day, then the entire holding of a particular security eligible for repo transactions may be used.
7. Repurchase transactions in the form of repos are deemed to be raising a loan pursuant to § 13, unless the money received is used to acquire securities of the same type, quality, credit rating and maturity in conjunction with the conclusion of a reverse repo.
8. As part of a reverse repo, the fund management company may acquire only collateral that meets the requirements set down in Art. 51 CISO-FINMA. The issuer of the collateral must have a high credit rating, and the collateral may not be issued by the counterparty or by a company that belongs to or is dependent on the counterparty's group. The collateral must be highly liquid, traded at a transparent price on an exchange or other regulated market open to the public, and must be valued at least on each trading day. In managing the collateral, the fund management company and its agents must comply with the duties and requirements under Art. 52 CISO-FINMA. In particular, they must diversify the collateral appropriately in terms of countries, markets and issuers. Appropriate diversification of issuers is deemed to have been achieved if the collateral of a single issuer held does not correspond to more than 20% of the net asset value. Deviation from this rule is permitted for publicly guaranteed or issued investments pursuant to Art. 83 CISO. The fund management company and its agents must further be able to obtain power of disposal over, and authority to dispose of, the collateral received at any time in the event of default by the counterparty, without involving the counterparty or obtaining its consent. The collateral received must be kept at the custodian bank. The collateral received may be held in safekeeping by a supervised third-party custodian on behalf of the fund management company provided that ownership of the collateral is not transferred and the third-party custodian is independent of the counterparty.
9. Claims in connection with reverse repos are deemed to be liquid assets pursuant to § 9, and are not deemed to be the granting of a loan pursuant to § 13.
10. The prospectus must contain further information on the collateral strategy.

## § 12 Derivatives

### Commitment Approach I

#### UBS (CH) Equity Fund – Switzerland Quantitative (CHF) UBS (CH) Equity Fund – Switzerland Quantitative Sustainable (CHF)

1. The fund management company may use derivatives. It ensures that, even in exceptional market conditions, the financial effect of using derivatives does not result in a deviation from the investment objectives set out in the present fund contract, the prospectus and the key investor information document, and that it does not change the investment character of the sub-funds. Furthermore, the underlyings of the derivatives must be permissible investments for the relevant sub-fund according to the present fund contract.
2. Due to the intended use of derivatives, the sub-funds qualify as "simple other funds for traditional investments". Commitment Approach I is applied to the assessment of risk. The use of derivatives therefore does not result in a leverage effect on the sub-funds' assets, neither does it correspond to short selling.  
The fund management company must, at all times, be able to meet the delivery and payment obligations associated with derivatives from the assets of the sub-funds in accordance with the legislation on collective investment schemes.
3. Only basic types of derivative may be used. These comprise:
  - a. Call or put options, the expiration value of which is linearly dependent on the positive or negative difference between the market value of the underlying and the strike price, and is zero if the difference is preceded by the opposite sign (+ or -);
  - b. Credit default swaps (CDS);
  - c. Swaps, the payments of which are dependent on the value of the underlying or on an absolute amount in both a linear and a path-independent manner;
  - d. Future and forward transactions, the value of which is linearly dependent on the value of the underlying.
4. The financial effect of the derivatives is similar to either a sale (exposure-reducing derivative) or a purchase (exposure-increasing derivative) of an underlying security.
5.
  - a. In the case of exposure-reducing derivatives, subject to letter b) and d) below, the arising obligations must be covered at all times by the underlyings of the derivative.
  - b. Cover with investments other than the underlyings is permitted in the case of exposure-reducing derivatives that relate to an index which is
    - calculated by an independent external office;
    - representative of the investments serving as cover;
    - in adequate correlation to these investments.
  - c. The fund management company must have unrestricted power to dispose of these underlyings or investments at all times. Underlyings or investments can be used simultaneously as cover for several exposure-reducing derivatives if these contain a market, credit or currency risk and relate to the same underlyings.

- d. An exposure-reducing derivative may be weighted by the delta in the calculation of the corresponding underlyings.
6. In the case of exposure-increasing derivatives, the underlying equivalents must be covered at all times by near-money assets pursuant to Art. 34 para. 5 CISO-FINMA. In the case of futures, options, swaps and forwards, the underlying equivalent is determined in accordance with Annex 1 CISO-FINMA.
7. When netting derivative positions, the fund management company must comply with the following rules:
  - a. Counter positions in derivatives based on the same underlying as well as counter positions in derivatives and in investments in the same underlying may be netted, irrespective of the maturity date of the derivatives, provided that the derivative transaction was concluded with the sole purpose of eliminating the risks associated with the derivatives or investments acquired, no material risks are disregarded in the process, and the conversion amount of the derivatives is determined pursuant to Art. 35 CISO-FINMA.
  - b. If the derivatives in hedging transactions do not relate to the same underlying as the asset that is to be hedged, for netting to be permitted a further condition must be met in addition to the rules set out under a) above, namely that the derivative transactions may not be based on an investment strategy that serves to generate profit. Furthermore, the derivative must result in a demonstrable reduction in risk, the risks of the derivative must be balanced out, the derivatives, underlyings, or assets that are to be netted must relate to the same class of financial instruments, and the hedging strategy must remain effective even under exceptional market conditions.
  - c. Derivatives that are used solely for currency hedging purposes and do not result in leverage or contain additional market risks may be netted when calculating the overall exposure arising from derivatives without having to meet the requirements set out under b) above.
  - d. Covered hedging transactions by interest derivatives are permitted. Convertible bonds do not have to be taken into account when calculating the overall exposure to derivatives.
8. The fund management company may use both standardised and non-standardised derivatives. It may conclude transactions in derivative financial instruments on an exchange or other regulated market open to the public, or in OTC (over-the-counter) trading.
9.
  - a. The fund management company may conclude OTC transactions only with regulated financial intermediaries specialised in such types of transactions that ensure proper execution of the contract. If the counterparty is not the custodian bank, the former or its guarantor must have a high credit rating.
  - b. It must be possible reliably and verifiably to value an OTC derivative on a daily basis and to sell, liquidate or close out the derivative at market value at any time.
  - c. If no market price is available for an OTC derivative, it must be possible to determine the price at any time using an appropriate valuation model that is recognised in practice, based on the market value of the underlyings from which the derivative was derived. Before concluding a contract for such a derivative, specific offers must, in principle, be obtained from at least two counterparties, and the contract concluded with the counterparty providing the most favourable offer in terms of price. Deviations from this principle are permitted for reasons relating to risk diversification, or where other parts of the contract such as credit rating or the range of services offered by the counterparty render another offer more advantageous overall for the investors. Furthermore, and by way of exception, the requirement to obtain offers from at least two potential counterparties may be dispensed with if this is in the investors' best interests. The reasons for doing so must be clearly documented, as must the conclusion of the contract and pricing.
  - d. As part of OTC transactions, the fund management company and its agents may only accept collateral that satisfies the requirements set down in Art. 51 CISO-FINMA. The issuer of the collateral must have a high credit rating, and the collateral may not be issued by the counterparty or by a company that belongs to or is dependent on the counterparty's group. The collateral must be highly liquid, traded at a transparent price on an exchange or other regulated market open to the public, and must be valued at least on each trading day. In managing the collateral, the fund management company and its agents must comply with the duties and requirements under Art. 52 CISO-FINMA. In particular, they must diversify the collateral appropriately in terms of countries, markets and issuers. Appropriate diversification of issuers is deemed to have been achieved if the collateral of a single issuer held does not correspond to more than 20% of the net asset value. Deviation from this rule is permitted for publicly guaranteed or issued investments pursuant to Art. 83 CISO. The fund management company and its agents must further be able to obtain power of disposal over, and authority to dispose of, the collateral received at any time in the event of default by the counterparty, without involving the counterparty or obtaining its consent. The collateral received must be kept at the custodian bank. The collateral received may be held in safekeeping by a supervised third-party custodian on behalf of the fund management company provided that ownership of the collateral is not transferred and the third-party custodian is independent of the counterparty.
10. In complying with the statutory and contractual investment restrictions (maximum and minimum limits), derivatives must be factored in in accordance with the legislation on collective investment schemes.
11. The prospectus must contain further information on:
  - the importance of derivatives as part of the investment strategy;
  - the effect of the use of derivatives on the risk profile of the sub-funds;
  - the counterparty risks attached to derivatives;

- credit derivatives;
- the collateral strategy.

## Commitment Approach II

**UBS (CH) Equity Fund – Asia (USD)**

**UBS (CH) Equity Fund – Emerging Asia (USD)**

**UBS (CH) Equity Fund – European Opportunity (EUR)**

**UBS (CH) Equity Fund – Global Opportunity (USD)**

**UBS (CH) Equity Fund – Mid Caps Switzerland (CHF)**

**UBS (CH) Equity Fund – Small Caps Europe (EUR)**

**UBS (CH) Equity Fund – Small Caps Switzerland (CHF)**

**UBS (CH) Equity Fund – Swiss High Dividend (CHF)**

**UBS (CH) Equity Fund – Switzerland (CHF)**

**UBS (CH) Equity Fund – US Sustainable (USD)**

1. The fund management company may use derivatives. It ensures that, even in exceptional market conditions, the financial effect of using derivatives does not result in a deviation from the investment objectives set out in the present fund contract, the prospectus and the key investor information document, and that it does not change the investment character of the sub-funds. Furthermore, the underlyings of the derivatives must be permissible investments for the relevant sub-fund according to the present fund contract.

In connection with collective investment schemes, derivatives may be used only for currency hedging purposes, with the exception of the hedging of market, interest rate and credit risks in the case of collective investment schemes for which the risks can be determined and measured unequivocally.

2. Commitment Approach II is applied to the assessment of risk. The overall exposure of the relevant sub-fund that is associated with derivatives may therefore not exceed 100% of its net assets, and overall exposure may not exceed a total of 200% of its net assets. Taking into account the possibility of temporary borrowing amounting to no more than 10% of a sub-fund's net assets pursuant to § 13.2, the overall exposure of the relevant sub-fund may be up to 210% of the sub-fund's net assets. The overall exposure is determined in accordance with Art. 35 CISO-FINMA.

For the sub-funds **UBS (CH) Equity Fund – European Opportunity (EUR)**, **UBS (CH) Equity Fund – Global Opportunity (USD)**, **UBS (CH) Equity Fund – Swiss High Dividend (CHF)**, the following applies: Taking into account the possibility of temporary borrowing amounting to no more than 25% of a sub-fund's net assets pursuant to § 13.2, the overall exposure of the relevant sub-fund may be up to 225% of the sub-fund's net assets.

3. The fund management company may, in particular, use basic forms of derivatives such as call or put options, the expiration value of which is linearly dependent on the positive or negative difference between the market value of the underlying and the strike price, and is zero if the difference is preceded by the opposite sign (+ or -), credit default swaps (CDS), swaps, the payments of which are dependent on the value of the underlying or on an absolute amount in both a linear and a path-independent manner, as well as future and forward transactions, the value of

which is linearly dependent on the value of the underlying. It may also use combinations of basic forms of derivatives, as well as derivatives whose financial effect cannot be described by a basic form of derivative or a combination of basic forms of derivatives (exotic derivatives).

4. a. Counter positions in derivatives based on the same underlying as well as counter positions in derivatives and in investments in the same underlying may be netted, irrespective of the maturity date of the derivatives, provided that the derivative transaction was concluded with the sole purpose of eliminating the risks associated with the derivatives or investments acquired, no material risks are disregarded in the process, and the conversion amount of the derivatives is determined pursuant to Art. 35 CISO-FINMA.
- b. If the derivatives in hedging transactions do not relate to the same underlying as the asset that is to be hedged, for netting to be permitted a further condition must be met in addition to the rules set out under a) above, namely that the derivative transactions may not be based on an investment strategy that serves to generate profit. Furthermore, the derivative must result in a demonstrable reduction in risk, the risks of the derivative must be balanced out, the derivatives, underlyings, or assets that are to be netted must relate to the same class of financial instruments, and the hedging strategy must remain effective even under exceptional market conditions.
- c. Where interest rate derivatives are predominantly used, the amount to be included in the overall exposure arising from derivatives can be determined using internationally recognised duration-netting rules provided that the rules result in a correct determination of the risk profile of the relevant sub-fund, the material risks are taken into account, the use of these rules does not generate an unjustified level of leverage, no interest-rate arbitrage strategies are pursued, and the leverage of the relevant sub-fund is not increased either by applying these rules or through investments in short-term positions.
- d. Derivatives that are used solely for currency hedging purposes and do not result in leverage or contain additional market risks may be netted when calculating the overall exposure arising from derivatives without having to meet the requirements set out under b) above.
- e. Payment obligations in respect of derivatives must be covered at all times by near-money assets, debt securities and rights, or equities, that are traded on an exchange or other regulated market open to the public, in accordance with the legislation on collective investment schemes.
- f. If, with a derivative, the fund management company enters into an obligation in respect of the physical delivery of an underlying, the derivative must be covered by the corresponding underlyings or by other investments, provided that such investments and the underlyings are highly liquid and may be purchased or sold at any time if delivery is requested. The fund manage-



ment company must have unrestricted power to dispose of these underlyings or investments at all times.

5. The fund management company may use both standardised and non-standardised derivatives. It may conclude transactions in derivative financial instruments on an exchange or other regulated market open to the public, or in OTC (over-the-counter) trading.
6.
  - a. The fund management company may conclude OTC transactions only with regulated financial intermediaries specialised in such types of transactions that ensure proper execution of the contract. If the counterparty is not the custodian bank, the former or its guarantor must have a high credit rating.
  - b. It must be possible reliably and verifiably to value an OTC derivative on a daily basis and to sell, liquidate or close out the derivative at market value at any time.
  - c. If no market price is available for an OTC derivative, it must be possible to determine the price at any time using an appropriate valuation model that is recognised in practice, based on the market value of the underlyings from which the derivative was derived. Before concluding a contract for such a derivative, specific offers must, in principle, be obtained from at least two counterparties, and the contract concluded with the counterparty providing the most favourable offer in terms of price. Deviations from this principle are permitted for reasons relating to risk diversification, or where other parts of the contract such as credit rating or the range of services offered by the counterparty render another offer more advantageous overall for the investors. Furthermore, and by way of exception, the requirement to obtain offers from at least two potential counterparties may be dispensed with if this is in the investors' best interests. The reasons for doing so must be clearly documented, as must the conclusion of the contract and pricing.
  - d. As part of OTC transactions, the fund management company and its agents may only accept collateral that satisfies the requirements set down in Art. 51 CISO-FINMA. The issuer of the collateral must have a high credit rating, and the collateral may not be issued by the counterparty or by a company that belongs to or is dependent on the counterparty's group. The collateral must be highly liquid, traded at a transparent price on an exchange or other regulated market open to the public, and must be valued at least on each trading day. In managing the collateral, the fund management company and its agents must comply with the duties and requirements under Art. 52 CISO-FINMA. In particular, they must diversify the collateral appropriately in terms of countries, markets and issuers. Appropriate diversification of issuers is deemed to have been achieved if the collateral of a single issuer held does not correspond to more than 20% of the net asset value. Deviation from this rule is permitted for publicly guaranteed or issued investments pursuant to Art. 83 CISO. The fund management company and its agents must further be able to obtain power of disposal over, and authority to dispose of, the collateral received at

any time in the event of default by the counterparty, without involving the counterparty or obtaining its consent. The collateral received must be kept at the custodian bank. The collateral received may be held in safekeeping by a supervised third-party custodian on behalf of the fund management company provided that ownership of the collateral is not transferred and the third-party custodian is independent of the counterparty.

7. In complying with the statutory and contractual investment restrictions (maximum and minimum limits), derivatives must be factored in in accordance with the legislation on collective investment schemes.
8. The prospectus must contain further information on:
  - the importance of derivatives as part of the investment strategy;
  - the effect of the use of derivatives on the risk profile of the sub-funds;
  - the counterparty risks attached to derivatives;
  - the increased volatility and increased overall exposure (leverage effect) resulting from the use of derivatives;
  - credit derivatives;
  - the collateral strategy.

#### Value-at-risk approach

##### UBS (CH) Equity Fund – Swiss Income (CHF)

1. The fund management company may use derivatives. It ensures that, even in exceptional market conditions, the financial effect of using derivatives does not result in a deviation from the investment objectives set out in the present fund contract and in the prospectus, and that it does not change the investment character of the sub-fund. Furthermore, the underlyings of the derivatives must be permissible investments for the sub-fund according to the present fund contract. In connection with collective investment schemes, derivatives may be used only for currency hedging purposes, with the exception of the hedging of market, interest rate and credit risks in the case of collective investment schemes for which the risks can be determined and measured unequivocally.
2. The model approach using the value-at-risk process (VaR approach) is applied to the assessment of risk, and stress tests are carried out on a periodic basis (cf. point 4).
3. The fund management company may, in particular, use basic forms of derivatives such as call or put options, the expiration value of which is linearly dependent on the positive or negative difference between the market value of the underlying and the strike price, and is zero if the difference is preceded by the opposite sign (+ or -), credit default swaps (CDS), swaps, the payments of which are dependent on the value of the underlying or on an absolute amount in both a linear and a path-independent manner, as well as future and forward transactions, the value of which is linearly dependent on the value of the underlying. It may also use combinations of basic forms of derivatives, as well as derivatives whose financial effect cannot be described by a basic form of derivative or a combination of basic forms of derivatives (exotic derivatives).
4. The fund management company sets up a risk assessment model that assesses risks as value-at-risk (VaR). VaR is to be calculated daily on the basis of the previous day's posi-

tions, with a 99th percentile one-tailed confidence interval and a holding period of 20 trading days. An effective historical observation period of at least one year (250 bank working days) must be considered. The fund management company operates a benchmark portfolio, which has no leverage and, in principle, no derivatives. The composition of this benchmark portfolio is determined, in particular, in accordance with the investment objectives, investment policy and limits set out in the fund contract, prospectus and key investor information document of this sub-fund. The benchmark portfolio may include derivatives if, according to the fund contract or prospectus, the sub-fund is implementing a long/short strategy and the short exposure is represented in the benchmark portfolio by derivatives. It may also include derivatives if, according to the fund contract or prospectus, the sub-fund is implementing a currency hedge investment policy and a currency hedged benchmark portfolio is used as a benchmark. The VaR of the sub-fund may at no time exceed twice the VaR of the benchmark portfolio (relative VaR limit). The fund management company simulates exceptional market circumstances on a periodic basis, but at least monthly (stress tests). Stress tests must also be conducted where significant changes to the results of the stress test owing to changes in the value or the composition of the sub-fund's assets, or to changes in the market circumstances, cannot be excluded.

5. The fund management company may use both standardised and non-standardised derivatives. It may conclude transactions in derivative financial instruments on an exchange or other regulated market open to the public, or in OTC (over-the-counter) trading.
6.
  - a. The fund management company may conclude OTC transactions only with regulated financial intermediaries specialised in such types of transactions that ensure proper execution of the contract. If the counterparty is not the custodian bank, the former or its guarantor must have a high credit rating.
  - b. It must be possible reliably and verifiably to value an OTC derivative on a daily basis and to sell, liquidate or close out the derivative at market value at any time.
  - c. If no market price is available for an OTC derivative, it must be possible to determine the price at any time using an appropriate valuation model that is recognised in practice, based on the market value of the underlyings from which the derivative was derived. Before concluding a contract for such a derivative, specific offers must, in principle, be obtained from at least two counterparties, and the contract concluded with the counterparty providing the most favourable offer in terms of price. Deviations from this principle are permitted for reasons relating to risk diversification, or where other parts of the contract such as credit rating or the range of services offered by the counterparty render another offer more advantageous overall for the investors. Furthermore, and by way of exception, the requirement to obtain offers from at least two potential counterparties may be dispensed with if this is in the investors' best interests. The reasons for doing so must be clearly documented, as must the conclusion of the contract and pricing.
- d. As part of OTC transactions, the fund management company and its agents may only accept collateral that satisfies the requirements set down in Art. 51 CISO-FINMA. The issuer of the collateral must have a high credit rating, and the collateral may not be issued by the counterparty or by a company that belongs to or is dependent on the counterparty's group. The collateral must be highly liquid, traded at a transparent price on an exchange or other regulated market open to the public, and must be valued at least on each trading day. In managing the collateral, the fund management company and its agents must comply with the duties and requirements under Art. 52 CISO-FINMA. In particular, they must diversify the collateral appropriately in terms of countries, markets and issuers. Appropriate diversification of issuers is deemed to have been achieved if the collateral of a single issuer held does not correspond to more than 20% of the net asset value. Deviation from this rule is permitted for publicly guaranteed or issued investments pursuant to Art. 83 CISO. The fund management company and its agents must further be able to obtain power of disposal over, and authority to dispose of, the collateral received at any time in the event of default by the counterparty, without involving the counterparty or obtaining its consent. The collateral received must be kept at the custodian bank. The collateral received may be held in safekeeping by a supervised third-party custodian on behalf of the fund management company provided that ownership of the collateral is not transferred and the third-party custodian is independent of the counterparty.
7. In complying with the statutory and contractual investment restrictions (maximum and minimum limits), derivatives must be factored in in accordance with the legislation on collective investment schemes.
8. The prospectus must contain further information on:
  - the importance of derivatives as part of the investment strategy;
  - the effect of the use of derivatives on the risk profile of the sub-fund;
  - the counterparty risks attached to derivatives;
  - the risk assessment model used;
  - the expected gross overall exposure arising from derivatives;
  - the benchmark portfolio if the relative VaR approach is applied;
  - the increased volatility and increased overall exposure (leverage effect) resulting from the use of derivatives;
  - credit derivatives;
  - the collateral strategy.

### § 13 Raising and granting loans

1. The fund management company may not grant loans for the account of the sub-funds. Securities lending transactions pursuant to § 10 and securities repurchase agreements taking the form of reverse repos pursuant to § 11 are not deemed to be granting loans within the meaning of this paragraph.

### UBS (CH) Equity Fund – Asia (USD)

**UBS (CH) Equity Fund – Emerging Asia (USD)**  
**UBS (CH) Equity Fund – Mid Caps Switzerland (CHF)**  
**UBS (CH) Equity Fund – Small Caps Europe (EUR)**  
**UBS (CH) Equity Fund – Small Caps Switzerland (CHF)**  
**UBS (CH) Equity Fund – Switzerland (CHF)**  
**UBS (CH) Equity Fund – Switzerland Quantitative (CHF)**  
**UBS (CH) Equity Fund – Switzerland Quantitative Sustainable (CHF)**  
**UBS (CH) Equity Fund – US Sustainable (USD)**

2. The fund management company may borrow the equivalent of up to 10% of a sub-fund's net assets on a temporary basis. Securities repurchase agreements in the form of repos pursuant to § 11 are deemed to be borrowing within the meaning of this paragraph unless the funds obtained are used as part of an arbitrage transaction for the acquisition of securities of the same type, quality, credit rating and maturity in connection with a reverse repo.

**UBS (CH) Equity Fund – European Opportunity (EUR)**  
**UBS (CH) Equity Fund – Global Opportunity (USD)**  
**UBS (CH) Equity Fund – Swiss High Dividend (CHF)**  
**UBS (CH) Equity Fund – Swiss Income (CHF)**

2. The fund management company may borrow the equivalent of up to 25% of a sub-fund's net assets on a temporary basis. Securities repurchase agreements in the form of repos pursuant to § 11 are deemed to be borrowing within the meaning of this paragraph unless the funds obtained are used as part of an arbitrage transaction for the acquisition of securities of the same type, quality, credit rating and maturity in connection with a reverse repo.

#### **§ 14 Encumbrance of the sub-funds' assets**

**UBS (CH) Equity Fund – Asia (CHF)**  
**UBS (CH) Equity Fund – Switzerland (CHF)**

1. The securities and claims belonging to the sub-funds' assets may not be pledged, transferred by way of security or otherwise encumbered by the fund management company.
2. The sub-funds' assets may not be encumbered with guarantees. An exposure-increasing credit derivative is not deemed to be a guarantee within the meaning of this paragraph.

**UBS (CH) Equity Fund – European Opportunity (EUR)**  
**UBS (CH) Equity Fund – Global Opportunity (USD)**  
**UBS (CH) Equity Fund – Swiss High Dividend (CHF)**  
**UBS (CH) Equity Fund – Swiss Income (CHF)**  
**UBS (CH) Equity Fund – Switzerland Quantitative (CHF)**  
**UBS (CH) Equity Fund – Switzerland Quantitative Sustainable (CHF)**  
**UBS (CH) Equity Fund – US Sustainable (USD)**

1. No more than 60% of the sub-funds' net assets may be pledged or ownership thereof transferred as collateral by the fund management company at the expense of the sub-funds.
2. The sub-funds' assets may not be encumbered with guarantees. An exposure-increasing credit derivative is not deemed to be a guarantee within the meaning of this paragraph.

**UBS (CH) Equity Fund – Emerging Asia (CHF)**  
**UBS (CH) Equity Fund – Mid Caps Switzerland (CHF)**  
**UBS (CH) Equity Fund – Small Caps Europe (CHF)**  
**UBS (CH) Equity Fund – Small Caps Switzerland (CHF)**

1. No more than 25% of the sub-funds' net assets may be pledged or ownership thereof transferred as collateral by the fund management company at the expense of the sub-funds.
2. The sub-funds' assets may not be encumbered with guarantees. An exposure-increasing credit derivative is not deemed to be a guarantee within the meaning of this paragraph.

#### **C. Investment restrictions**

#### **§ 15 Risk diversification**

1. The regulations on risk diversification must include the following:
  - a. investments pursuant to § 8, with the exception of index-based derivatives, provided the index is sufficiently diversified, is representative of the market to which it relates, and is published in an appropriate manner;
  - b. liquid assets pursuant to § 9;
  - c. claims against counterparties arising from OTC transactions.
2. Companies which form a group in accordance with international accounting standards are deemed to be a single issuer.

**UBS (CH) Equity Fund – Asia (USD)**  
**UBS (CH) Equity Fund – Emerging Asia (USD)**  
**UBS (CH) Equity Fund – Mid Caps Switzerland (CHF)**  
**UBS (CH) Equity Fund – Small Caps Switzerland**  
**UBS (CH) Equity Fund – Small Caps Europe (CHF)**  
**UBS (CH) Equity Fund – US Sustainable (USD)**

3. Including derivatives and structured products, the fund management company may invest up to a maximum of 10% of the assets of a sub-fund in securities and money market instruments from the same issuer. The total value of the securities and money market instruments from the issuers in which more than 5% of the sub-fund's assets are invested may not exceed 40% of the sub-fund's assets. The provisions under points 4 and 5 below remain reserved.
4. The fund management company may invest up to a maximum of 20% of the sub-fund's assets in sight and time deposits held with the same bank. Both liquid assets pursuant to § 9 and investments in bank deposits pursuant to § 8 must be included in this limit.
5. The fund management company may invest up to a maximum of 5% of the sub-fund's assets in OTC transactions with the same counterparty. If the counterparty is a bank domiciled in Switzerland or in a member state of the European Union, or another country in which it is subject to supervision equivalent to that in Switzerland, this limit is raised to 10% of the sub-fund's assets.

If the claims arising from OTC transactions are hedged using collateral in the form of liquid assets pursuant to Art.

50 to 55 CISO-FINMA, such claims are not included in the calculation of counterparty risk.

6. Investments, deposits and claims pursuant to points 3 to 5 above from the same issuer/borrower may not, in total, exceed 20% of the sub-fund's assets, with the exception of the higher limit set out in point 12 below.
7. Investments pursuant to point 3 above with the same group of companies may not, in total, exceed 20% of the sub-fund's assets, with the exception of the higher limit set out in point 12 below.
8. The fund management company may invest up to a maximum of 10% of the sub-fund's assets in units in the same target fund, with the exception of the sub-funds **UBS (CH) Equity Fund – Mid Caps Switzerland (CHF)** and **UBS (CH) Equity Fund – US Sustainable (USD)**, which may invest up to a maximum of 20% of their assets in units in the same target fund.
9. The fund management company may not acquire equity securities which, in total, represent more than 10% of the voting rights in a company or which would enable it to exert a material influence on the management of an issuing company.
10. The fund management company may acquire for the sub-funds' assets up to a maximum of 10% of non-voting equity securities, debt instruments and/or money market instruments from the same issuer, as well as up to a maximum of 25% of the units in other collective investment schemes, with the exception of the sub-fund **UBS (CH) Equity Fund – Asia (USD)**, which may acquire up to a maximum of 20% of the units in other collective investment schemes.  
These restrictions do not apply if the gross amount of the debt instruments, money market instruments or the units in other collective investment schemes cannot be calculated at the time of the acquisition.
11. The restrictions in points 9 and 10 above do not apply in the case of securities and money market instruments that are issued or guaranteed by a country or a public-law entity from the OECD or by an international public-law organisation to which Switzerland or a member state of the European Union belongs.
12. The limit in point 3 above is increased from 10% to 35% if the securities or money market instruments are issued or guaranteed by an OECD country, a public-law entity from the OECD, or by an international public-law organisation to which Switzerland or a member state of the European Union belongs. The aforementioned securities or money market instruments will not be taken into account in the application of the 40% limit pursuant to point 3. However, the individual limits specified in points 3 and 5 may not be added to the existing limit of 35%.

**UBS (CH) Equity Fund – European Opportunity (EUR)**  
**UBS (CH) Equity Fund – Global Opportunity (USD)**

3. Including derivatives and structured products, the fund management company may invest up to a maximum of 10% of the assets of a sub-fund in securities and money market instruments from the same issuer. The total value

of the securities and money market instruments from the issuers in which more than 5% of the sub-fund's assets are invested may not exceed 40% of the sub-fund's assets. The provisions under points 4 and 5 below remain reserved.

4. The fund management company may invest up to a maximum of 20% of the sub-fund's assets in sight and time deposits held with the same bank. Both liquid assets pursuant to § 9 and investments in bank deposits pursuant to § 8 must be included in this limit.
5. The fund management company may invest up to a maximum of 5% of the sub-fund's assets in OTC transactions with the same counterparty. If the counterparty is a bank domiciled in Switzerland or in a member state of the European Union, or another country in which it is subject to supervision equivalent to that in Switzerland, this limit is raised to 10% of the sub-fund's assets.  
If the claims arising from OTC transactions are hedged using collateral in the form of liquid assets pursuant to Art. 50 to 55 CISO-FINMA, such claims are not included in the calculation of counterparty risk.
6. Investments, deposits and claims pursuant to points 3 to 5 above from the same issuer/borrower may not, in total, exceed 20% of the sub-fund's assets.
7. Investments pursuant to point 3 above with the same group of companies may not, in total, exceed 20% of the sub-fund's assets.
8. The fund management company may invest up to a maximum of 20% of the sub-fund's assets in units in the same target fund.
9. The fund management company may not acquire equity securities which, in total, represent more than 10% of the voting rights in a company or which would enable it to exert a material influence on the management of an issuing company.
10. The fund management company may acquire for the assets of a sub-fund up to a maximum of 10% of non-voting equity securities, debt instruments and/or money market instruments from the same issuer, as well as up to a maximum of 25% of the units in other collective investment schemes.

These restrictions do not apply if the gross amount of the debt instruments, money market instruments or the units in other collective investment schemes cannot be calculated at the time of the acquisition.

11. The restrictions in points 9 and 10 above do not apply in the case of securities and money market instruments that are issued or guaranteed by a country or a public-law entity from the OECD or by an international public-law organisation to which Switzerland or a member state of the European Union belongs.

**UBS (CH) Equity Fund – Swiss High Dividend (CHF)**

3. Including derivatives and structured products, the fund management company may invest up to a maximum of 20% of the sub-fund's assets in securities and money market instruments from the same issuer. The total value of the securities and money market instruments from the

issuers in which more than 10% of the sub-fund's assets are invested may not exceed 60% of the sub-fund's assets. The provisions under points 4 and 5 below remain reserved.

4. The fund management company may invest up to a maximum of 20% of the sub-fund's assets in sight and time deposits held with the same bank. Both liquid assets pursuant to § 9 and investments in bank deposits pursuant to § 8 must be included in this limit.
5. The fund management company may invest up to a maximum of 10% of the sub-fund's assets in OTC transactions with the same counterparty. If the counterparty is a bank domiciled in Switzerland or in a member state of the European Union, or another country in which it is subject to supervision equivalent to that in Switzerland, this limit is raised to 20% of the sub-fund's assets.

If the claims arising from OTC transactions are hedged using collateral in the form of liquid assets pursuant to Art. 50 to 55 CISO-FINMA, such claims are not included in the calculation of counterparty risk.

6. Investments, deposits and claims pursuant to points 3 to 5 above from the same issuer/borrower may not, in total, exceed 20% of the sub-fund's assets, with the exception of the higher limit set out in point 12 below.
7. Investments pursuant to point 3 above with the same group of companies may not, in total, exceed 20% of the sub-fund's assets, with the exception of the higher limit set out in point 12 below.
8. The fund management company may invest up to a maximum of 20% of the sub-fund's assets in units in the same target fund.
9. The fund management company may not acquire equity securities which, in total, represent more than 10% of the voting rights in a company or which would enable it to exert a material influence on the management of an issuing company.
10. The fund management company may acquire for the sub-fund's assets up to a maximum of 10% of non-voting equity securities, debt instruments and/or money market instruments from the same issuer, as well as up to a maximum of 25% of the units in other collective investment schemes.

These restrictions do not apply if the gross amount of the debt instruments, money market instruments or the units in other collective investment schemes cannot be calculated at the time of the acquisition.

11. The restrictions in points 9 and 10 above do not apply in the case of securities and money market instruments that are issued or guaranteed by a country or a public-law entity from the OECD or by an international public-law organisation to which Switzerland or a member state of the European Union belongs.
12. The limit in point 3 above is increased from 20% to 35% if the securities or money market instruments are issued or guaranteed by an OECD country, a public-law entity from the OECD, or by an international public-law organisation to which Switzerland or a member state of the European

Union belongs. The aforementioned securities or money market instruments will not be taken into account in the application of the 60% limit pursuant to point 3. However, the individual limits specified in points 3 and 5 may not be added to the existing limit of 35%.

#### UBS (CH) Equity Fund – Swiss Income (CHF)

3. Including derivatives and structured products, the fund management company may invest up to a maximum of 20% of the sub-fund's assets in securities from the same issuer. The total value of the securities from the issuers in which more than 10% of the sub-fund's assets are invested may not exceed 60% of the sub-fund's assets. The provisions under points 4 and 5 below remain reserved.

4. The fund management company may invest up to a maximum of 20% of the sub-fund's assets in sight and time deposits held with the same bank. Both liquid assets pursuant to § 9 and investments in bank deposits pursuant to § 8 must be included in this limit.

5. The fund management company may invest up to a maximum of 10% of the sub-fund's assets in OTC transactions with the same counterparty. If the counterparty is a bank domiciled in Switzerland or in a member state of the European Union, or another country in which it is subject to supervision equivalent to that in Switzerland, this limit is raised to 20% of the sub-fund's assets.

If the claims arising from OTC transactions are hedged using collateral in the form of liquid assets pursuant to Art. 50 to 55 CISO-FINMA, such claims are not included in the calculation of counterparty risk.

6. Investments, deposits and claims pursuant to points 3 to 5 above from the same issuer/borrower may not, in total, exceed 20% of the sub-fund's assets, with the exception of the higher limit set out in point 12 below.
7. Investments pursuant to point 3 above with the same group of companies may not, in total, exceed 20% of the sub-fund's assets, with the exception of the higher limit set out in point 12 below.
8. The fund management company may not acquire equity securities which, in total, represent more than 10% of the voting rights in a company or which would enable it to exert a material influence on the management of an issuing company.
9. The fund management company may invest up to a maximum of 20% of the sub-fund's assets in units in the same target fund.
10. The fund management company may acquire for the sub-fund's assets up to a maximum of 10% of non-voting equity securities and debt instruments from the same issuer, as well as up to a maximum of 25% of the units in other collective investment schemes.

These restrictions do not apply if the gross amount of the debt instruments or the units in other collective investment schemes cannot be calculated at the time of the acquisition.

11. The restrictions in points 8 and 10 above do not apply in the case of securities that are issued or guaranteed by a country or a public-law entity from the OECD or by an in-

ternational public-law organisation to which Switzerland or a member state of the European Union belongs.

12. The limit in point 3 above is increased from 20% to 35% if the securities are issued or guaranteed by an OECD country, a public-law entity from the OECD, or by an international public-law organisation to which Switzerland or a member state of the European Union belongs. The aforementioned securities will not be taken into account in the application of the 60% limit pursuant to point 3. However, the individual limits specified in points 3 and 5 may not be added to the existing limit of 35%.

### **UBS (CH) Equity Fund – Switzerland (CHF)**

3. a. Including derivatives and structured products, the fund management company may invest up to a maximum of 5% of the sub-fund's assets in securities and money market instruments from the same issuer.
- b. Notwithstanding a), when acquiring securities from an issuer included in the benchmark, the fund management company may hold an overweight of up to 5 percentage points or 125% of the issuer's percentage weighting in the benchmark. This may result in a concentration of the sub-fund's assets in a small number of securities included in the benchmark, thereby creating an overall risk for the sub-fund which exceeds that of the benchmark (market risk).
- c. Investments must be spread over at least 12 issuers.
4. The fund management company may invest up to a maximum of 20% of the sub-fund's assets in sight and time deposits held with the same bank. Both liquid assets pursuant to § 9 and investments in bank deposits pursuant to § 8 must be included in this limit.
5. The fund management company may invest up to a maximum of 5% of the sub-fund's assets in OTC transactions with the same counterparty. If the counterparty is a bank domiciled in Switzerland or in a member state of the European Union, or another country in which it is subject to supervision equivalent to that in Switzerland, this limit is raised to 10% of the sub-fund's assets.

If the claims arising from OTC transactions are hedged using collateral in the form of liquid assets pursuant to Art. 50 to 55 CISO-FINMA, such claims are not included in the calculation of counterparty risk.

6. Investments, deposits and claims pursuant to points 3 to 5 above from the same issuer/borrower may not, in total, exceed 30% of the sub-fund's assets.
7. Investments pursuant to point 3 above with the same group of companies may not, in total, exceed 30% of the sub-fund's assets.
8. The fund management company may invest up to a maximum of 10% of the sub-fund's assets in units in the same target fund.
9. The fund management company may not acquire equity securities which, in total, represent more than 10% of the voting rights in a company or which would enable it to exert a material influence on the management of an issuing company.

10. The fund management company may acquire for the sub-fund's assets up to a maximum of 10% of non-voting equity securities, debt instruments and/or money market instruments from the same issuer, as well as up to a maximum of 25% of the units in other collective investment schemes.

These restrictions do not apply if the gross amount of the debt instruments, money market instruments or the units in other collective investment schemes cannot be calculated at the time of the acquisition.

11. The restrictions in points 9 and 10 above do not apply in the case of securities and money market instruments that are issued or guaranteed by a country or a public-law entity from the OECD or by an international public-law organisation to which Switzerland or a member state of the European Union belongs.

### **UBS (CH) Equity Fund – Switzerland Quantitative (CHF)**

#### **UBS (CH) Equity Fund – Switzerland Quantitative Sustainable (CHF)**

3. a. Including derivatives and structured products, the fund management company may invest up to a maximum of 10% of a sub-fund's assets in securities and money market instruments from the same issuer.
- b. Notwithstanding a), when acquiring securities from an issuer included in the benchmark, the fund management company may hold an overweight of up to 5 percentage points or 125% of the issuer's percentage weighting in the benchmark.  
This may result in a concentration of the sub-fund's assets in a small number of securities included in the benchmark, thereby creating an overall risk for the sub-fund which exceeds that of the benchmark (market risk).
- c. Investments must be spread over at least 12 issuers.
4. The fund management company may invest up to a maximum of 20% of the sub-fund's assets in sight and time deposits held with the same bank. Both liquid assets pursuant to § 9 and investments in bank deposits pursuant to § 8 must be included in this limit.
5. The fund management company may invest up to a maximum of 10% of the sub-fund's assets in OTC transactions with the same counterparty. If the counterparty is a bank domiciled in Switzerland or in a member state of the European Union, or another country in which it is subject to supervision equivalent to that in Switzerland, this limit is raised to 20% of the sub-fund's assets.

If the claims arising from OTC transactions are hedged using collateral in the form of liquid assets pursuant to Art. 50 to 55 CISO-FINMA, such claims are not included in the calculation of counterparty risk.

6. Investments, deposits and claims pursuant to points 3 to 5 above from the same issuer/borrower may not, in total, exceed 30% of the sub-fund's assets.
7. Investments pursuant to point 3 above with the same group of companies may not, in total, exceed 30% of the sub-fund's assets.

8. The fund management company may invest up to a maximum of 10% of the sub-fund's assets in units in the same target fund.
9. The fund management company may not acquire equity securities which, in total, represent more than 10% of the voting rights in a company or which would enable it to exert a material influence on the management of an issuing company.
10. The fund management company may acquire for the sub-fund's assets up to a maximum of 10% of non-voting equity securities, debt instruments and/or money market instruments from the same issuer, as well as up to a maximum of 25% of the units in other collective investment schemes.

These restrictions do not apply if the gross amount of the debt instruments, money market instruments or the units in other collective investment schemes cannot be calculated at the time of the acquisition.

11. The restrictions in points 9 and 10 above do not apply in the case of securities and money market instruments that are issued or guaranteed by a country or a public-law entity from the OECD or by an international public-law organisation to which Switzerland or a member state of the European Union belongs.

The following are authorised issuers/guarantors: the European Union (EU), OECD states, the Council of Europe, the International Bank for Reconstruction and Development (World Bank), the European Bank for Reconstruction and Development, the European Investment Bank, the Inter-American Development Bank, the Asian Development Bank and Eurofima (European Company for the Financing of Railroad Rolling Stock).

#### **IV. Calculation of the net asset value, and the issue and redemption of units**

##### **§ 16 Calculation of the net asset value**

1. The net asset value of each sub-fund and the proportions attributable to the individual classes (percentages) are calculated in the accounting currency of the relevant sub-fund (CHF/USD/EUR) or in the reference currency of the relevant unit classes which include "hedged" in their name (valuation net asset value) at the market value as at the end of the financial year and for each day on which units are issued or redeemed. The assets of the relevant sub-fund will not be calculated on days on which the exchanges/markets in the sub-fund's main investment countries are closed (e.g. bank and stock exchange holidays). However, the fund management company may also calculate the net asset value of a unit ("non-tradable net asset value") on days on which no units are issued or redeemed (cf. 5.2 of the prospectus). Such non-tradable net asset values may be published but may only be used for performance calculations and statistics or for commission calculations and in no case as a basis for subscription and redemption orders.
2. Securities traded on an exchange or other regulated market open to the public are to be valued at the current prices paid on the main market. Other investments or investments for which no current price is available are to be valued at the price that would probably have been obtained in a diligent sale at the time of the estimate. In such cases, the fund management company will use appropriate and recognised valuation models and principles to determine the market value.
3. Open-ended collective investment schemes are valued at their redemption price / net asset value. If they are regularly traded on an exchange or other regulated market open to the public, the fund management company may value such funds in accordance with point 2.
4. The value of money market instruments that are not traded on an exchange or other regulated market open to the public is determined as follows: The valuation price of such investments is based on the yield curve concerned. The valuation based on the yield curve reflects two components: the interest rate and the spread. The following principles are applied in this case: The subsequent interest rates for the residual term are interpolated for each money market instrument. The interest rate calculated in this manner is then converted into a market price by adding a spread that reflects the underlying borrower's credit rating. This spread is adjusted in the event of a significant change in the borrower's credit rating.
5. Bank deposits are valued at the amount of the claim plus accrued interest. If there are significant changes in market conditions or credit rating, the valuation principles for time deposits will be adjusted in line with the new circumstances.
6. The net asset value of a unit of a given class of a sub-fund is determined by the proportion of the market value of the sub-fund's assets attributable to that unit class, less any of the sub-fund's liabilities that are attributed to that unit class, divided by the number of units of that class in circulation. It will be rounded to 0.01 of the accounting currency of the respective sub-fund (CHF/USD/EUR).
7. If the sum of a sub-fund's subscriptions and redemptions result in a net asset inflow or outflow on an order date, the valuation net asset value of the sub-fund will be increased or reduced (swinging single pricing). The maximum adjustment is 2% of the valuation net asset value. This includes incidental costs (bid-ask spread, standard brokerage charges, commissions, fees, etc.) incurred on average in the investment of the net asset inflow or the sale of the portion of the investments corresponding to the net asset outflow. The adjustment will lead to an increase in the valuation net asset value if the net movements result in an increase in the number of sub-fund units. The adjustment will lead to a decrease in the valuation net asset value if the net movements result in a reduction in the number of units. The net asset value determined on the basis of swinging single pricing is therefore a modified net asset value in accordance with the first sentence of this point.
8. The percentages of the market value of a sub-fund's net assets (sub-fund assets less liabilities) attributable to the individual unit classes is determined for the first time at the initial issue of more than one class of units (if this occurs simultaneously) or the initial issue of a further unit

class. The calculation is made on the basis of the assets accruing to the relevant sub-fund for each unit class. The percentage is recalculated when one of the following events occurs:

- a. when units are issued and redeemed;
  - b. on the cut-off date for distributions, provided that (i) such distributions are made only for individual unit classes (distribution classes), or provided that (ii) the distributions of the various unit classes differ as percentages of their individual net asset values, or provided that (iii) different commission or costs, as percentages, are charged on the distributions of the various unit classes;
  - c. when the net asset value is calculated, as part of the allocation of liabilities (including due or accrued costs and commissions) to the various unit classes, provided that the liabilities of the various unit classes differ as percentages of their individual net asset values, especially if (i) different commission rates are applied to the various unit classes or if (ii) class-specific costs are charged;
  - d. when the net asset value is calculated, as part of the allocation of income or capital gains to the various unit classes, provided the income or capital gains originate from transactions made solely in the interests of one unit class or in the interests of several unit classes, but not in proportion to their share of a sub-fund's net assets.
- b. in the event of a political, economic, military, monetary or other emergency;
  - c. if, owing to exchange controls or restrictions on other asset transfers, the sub-fund is no longer able to transact its business;
  - d. in the event of large-scale redemptions that might significantly impair the interests of the remaining investors.
5. The fund management company will immediately inform the audit firm and the supervisory authority of any decision to defer redemptions. It must also inform the investors in a suitable manner.
  6. No units of a sub-fund will be issued for as long as repayments in respect of units of this sub-fund are deferred for the reasons stipulated under point 4 a) to c).
  7. For the sub-funds UBS (CH) Equity Fund – Swiss High Dividend (CHF) and UBS (CH) Equity Fund – Swiss Income (CHF), in the event of a subscription and provided that this is not excluded in the provisions of a unit class, every investor may apply to make deposits into the sub-fund's portfolio instead of making payment in cash (contribution in kind). In the event of a termination, every investor may apply to have assets transferred to them instead of payment in cash (redemption in kind). The application must be submitted together with the subscription/termination. The fund management company is not obliged to permit contributions and redemptions in kind.

## § 17 Issue and redemption of units

1. Subscription and redemption orders for units will be accepted on the order day up to a certain cut-off time specified in the prospectus. The definitive price of the units for the issues and redemptions is determined at the earliest on the order day following the date specified in the prospectus (forward pricing). The details are governed by the prospectus.
2. The issue and redemption price of units is based on the net asset value per unit, calculated pursuant to § 16 on the valuation day on the basis of the closing prices from the previous day. In the case of unit issues, an issuing commission may be added to the net asset value pursuant to § 18.  
  
Incidental costs for the purchase and sale of investments (bid-ask spread, standard brokerage charges, commissions, taxes, fees, etc.) incurred by the relevant sub-fund in connection with the investment of the amount paid in or with the sale of a portion of investments corresponding to the redeemed unit(s) on average will be covered by the application of swinging single pricing as described in § 16.7.
3. The fund management company may suspend the issue of units at any time, and may reject applications for the subscription or conversion of units.
4. The fund management company may, temporarily and by way of exception, defer repayment in respect of a sub-fund's units in the interests of all investors:
  - a. if a market which forms the basis of the valuation of a significant proportion of a sub-fund's assets is closed, or if trading on such a market is restricted or suspended;

The decision on contributions and redemptions in kind lies with the fund management company alone, and it approves such transactions only if the execution of the transactions is fully in accordance with the investment policy of the sub-fund and if the interests of the other investors are not impaired.

The costs entailed in connection with contributions or redemptions in kind may not be charged to the sub-fund's assets.

In the event of contributions or redemptions in kind, the fund management company draws up a report containing information on the individual assets that have been transferred, the market price of these assets on the transfer date, the number of units issued or redeemed in return, and cash payments made to cover peak equalisation. For every contribution or redemption in kind, the custodian bank verifies that the fund management company has complied with its duty of loyalty and also checks the valuation of the assets transferred and the units issued or redeemed as of the relevant date. Should it have any reservations or complaints, the custodian bank must report these to the audit firm without delay.

Transactions relating to contributions and redemptions in kind must be disclosed in the annual report.

## V. Fees and incidental costs

### § 18 Fees and incidental costs charged to the investor

On the issue of fund units, the investors may be charged an issuing commission accruing to the fund management company, the custodian bank and/or distributors in Switzerland or abroad which, in total, may not exceed 3% of



the net asset value. The currently applicable maximum rate is stated in the prospectus.

## § 19 Fees and incidental costs charged to the sub-funds' assets

1. For the administration, asset management and, where applicable, the distribution of a sub-fund and the activities described in § 6.4Be–g, as well as all tasks of the custodian bank such as the safekeeping of the sub-fund's assets, the handling of the sub-fund's payment transactions and the performance of the other tasks listed under § 4, the fund management company will charge the sub-fund a maximum flat fee or commission as a percentage of the sub-fund's net asset value as follows, to be charged to the assets of the relevant sub-fund on a pro rata basis every time the net asset value is calculated, and paid out monthly (flat fee or commission).

### Units in unit class "P"

Flat fee charged by the fund management company for administration, asset management, distribution and remuneration of the custodian bank

	p.a.
UBS (CH) Equity Fund – Asia (USD)	2.20%
UBS (CH) Equity Fund – Emerging Asia (USD)	2.74%
UBS (CH) Equity Fund – European Opportunity (EUR)	2.50%
UBS (CH) Equity Fund – Global Opportunity (USD)	2.50%
UBS (CH) Equity Fund – Mid Caps Switzerland (CHF)	2.20%
UBS (CH) Equity Fund – Small Caps Europe (EUR)	2.34%
UBS (CH) Equity Fund – Small Caps Switzerland (CHF)	1.98%
UBS (CH) Equity Fund – Swiss High Dividend (CHF)	2.20%
UBS (CH) Equity Fund – Swiss Income (CHF)	1.90%
UBS (CH) Equity Fund – Switzerland (CHF)	2.20%
UBS (CH) Equity Fund – Switzerland Quantitative (CHF)	1.44%
UBS (CH) Equity Fund – Switzerland Quantitative Sustainable (CHF)	1.44%
UBS (CH) Equity Fund – US Sustainable (USD)	2.00%

### Units in unit class "K-1"

Flat fee charged by the fund management company for administration, asset management, distribution and remuneration of the custodian bank

	p.a.
UBS (CH) Equity Fund – Asia (USD)	1.15%
UBS (CH) Equity Fund – Emerging Asia (USD)	1.90%
UBS (CH) Equity Fund – European Opportunity (EUR)	1.60%
UBS (CH) Equity Fund – Global Opportunity (USD)	1.60%
UBS (CH) Equity Fund – Mid Caps Switzerland (CHF)	1.15%
UBS (CH) Equity Fund – Small Caps Europe (EUR)	1.30%
UBS (CH) Equity Fund – Small Caps Switzerland (CHF)	1.15%
UBS (CH) Equity Fund – Swiss High Dividend (CHF)	1.30%
UBS (CH) Equity Fund – Swiss Income (CHF)	1.20%
UBS (CH) Equity Fund – Switzerland (CHF)	1.15%
UBS (CH) Equity Fund – Switzerland Quantitative (CHF)	0.96%
UBS (CH) Equity Fund – Switzerland Quantitative Sustainable (CHF)	0.96%
UBS (CH) Equity Fund – US Sustainable (USD)	1.20%

### Units in unit class "Q"

Flat fee charged by the fund management company for administration, asset management and remuneration of the custodian bank

	p.a.
UBS (CH) Equity Fund – Asia (USD)	1.28%
UBS (CH) Equity Fund – Emerging Asia (USD)	1.50%
UBS (CH) Equity Fund – European Opportunity (EUR)	1.28%
UBS (CH) Equity Fund – Global Opportunity (USD)	1.28%
UBS (CH) Equity Fund – Mid Caps Switzerland (CHF)	1.28%
UBS (CH) Equity Fund – Small Caps Europe (EUR)	1.28%
UBS (CH) Equity Fund – Small Caps Switzerland (CHF)	1.28%
UBS (CH) Equity Fund – Swiss High Dividend (CHF)	1.05%
UBS (CH) Equity Fund – Swiss Income (CHF)	1.10%
UBS (CH) Equity Fund – Switzerland (CHF)	1.05%
UBS (CH) Equity Fund – Switzerland Quantitative (CHF)	0.96%
UBS (CH) Equity Fund – Switzerland Quantitative Sustainable (CHF)	0.96%
UBS (CH) Equity Fund – US Sustainable (USD)	1.28%

### Units in unit class "G"

Flat fee charged by the fund management company for administration, asset management and remuneration of the custodian bank

	p.a.
UBS (CH) Equity Fund – Small Caps Switzerland (CHF)	1.28%
UBS (CH) Equity Fund – Swiss High Dividend (CHF)	1.05%
UBS (CH) Equity Fund – Swiss Income (CHF)	1.10%

### Units in unit classes "F" and "F-dist"

Flat fee charged by the fund management company for administration, asset management and remuneration of the custodian bank

	p.a.
UBS (CH) Equity Fund – Asia (USD)	1.80%
UBS (CH) Equity Fund – Emerging Asia (USD)	0.95%
UBS (CH) Equity Fund – European Opportunity (EUR)	1.00%
UBS (CH) Equity Fund – Global Opportunity (USD)	1.20%
UBS (CH) Equity Fund – Mid Caps Switzerland (CHF)	0.65%
UBS (CH) Equity Fund – Small Caps Europe (EUR)	0.80%
UBS (CH) Equity Fund – Small Caps Switzerland (CHF)	0.65%
UBS (CH) Equity Fund – Swiss High Dividend (CHF)	0.80%
UBS (CH) Equity Fund – Swiss Income (CHF)	0.80%
UBS (CH) Equity Fund – Switzerland (CHF) <i>incl. distribution</i>	0.70%
UBS (CH) Equity Fund – Switzerland Quantitative (CHF)	0.48%
UBS (CH) Equity Fund – Switzerland Quantitative Sustainable (CHF)	0.48%
UBS (CH) Equity Fund – US Sustainable (USD)	0.76%

### Units in unit class "I-A1"

Flat fee charged by the fund management company for administration, asset management, distribution and remuneration of the custodian bank

	p.a.
UBS (CH) Equity Fund – Asia (USD)	0.90%
UBS (CH) Equity Fund – Emerging Asia (USD)	1.10%

UBS (CH) Equity Fund – European Opportunity (EUR)	1.10%
UBS (CH) Equity Fund – Global Opportunity (USD)	1.40%
UBS (CH) Equity Fund – Mid Caps Switzerland (CHF)	0.75%
UBS (CH) Equity Fund – Small Caps Europe (EUR)	1.00%
UBS (CH) Equity Fund – Small Caps Switzerland (CHF)	0.75%
UBS (CH) Equity Fund – Swiss High Dividend (CHF)	0.90%
UBS (CH) Equity Fund – Swiss Income (CHF)	0.90%
UBS (CH) Equity Fund – Switzerland (CHF)	0.75%
UBS (CH) Equity Fund – Switzerland Quantitative (CHF)	0.60%
UBS (CH) Equity Fund – Switzerland Quantitative Sustainable (CHF)	0.60%
UBS (CH) Equity Fund – US Sustainable (USD)	0.90%

#### Units in unit class “I-A2”

Flat fee charged by the fund management company for administration, asset management, distribution and remuneration of the custodian bank p.a.

UBS (CH) Equity Fund – Asia (USD) <i>excl. distribution</i>	0.85%
UBS (CH) Equity Fund – Emerging Asia (USD)	1.02%
UBS (CH) Equity Fund – European Opportunity (EUR)	1.05%
UBS (CH) Equity Fund – Global Opportunity (USD)	1.30%
UBS (CH) Equity Fund – Mid Caps Switzerland (CHF)	0.70%
UBS (CH) Equity Fund – Small Caps Europe (EUR)	1.00%
UBS (CH) Equity Fund – Small Caps Switzerland (CHF)	0.70%
UBS (CH) Equity Fund – Swiss High Dividend (CHF)	0.85%
UBS (CH) Equity Fund – Swiss Income (CHF)	0.85%
UBS (CH) Equity Fund – Switzerland (CHF)	0.70%
UBS (CH) Equity Fund – Switzerland Quantitative (CHF)	0.54%
UBS (CH) Equity Fund – Switzerland Quantitative Sustainable (CHF)	0.54%
UBS (CH) Equity Fund – US Sustainable (USD)	0.86%

#### Units in unit class “I-A3”

Flat fee charged by the fund management company for administration, asset management, distribution and remuneration of the custodian bank p.a.

UBS (CH) Equity Fund – Asia (USD) <i>excl. distribution</i>	0.80%
UBS (CH) Equity Fund – Emerging Asia (USD)	0.95%
UBS (CH) Equity Fund – European Opportunity (EUR)	1.00%
UBS (CH) Equity Fund – Global Opportunity (USD)	1.20%
UBS (CH) Equity Fund – Mid Caps Switzerland (CHF)	0.65%
UBS (CH) Equity Fund – Small Caps Europe (EUR)	0.90%
UBS (CH) Equity Fund – Small Caps Switzerland (CHF)	0.65%
UBS (CH) Equity Fund – Swiss High Dividend (CHF)	0.80%
UBS (CH) Equity Fund – Swiss Income (CHF)	0.80%
UBS (CH) Equity Fund – Switzerland (CHF)	0.70%
UBS (CH) Equity Fund – Switzerland Quantitative (CHF)	0.48%
UBS (CH) Equity Fund – Switzerland Quantitative Sustainable (CHF)	0.48%
UBS (CH) Equity Fund – US Sustainable (USD)	0.76%

#### Units in unit class “I-B”

Commission charged by the fund management company for administration of the fund (fund management company, administration and custodian bank) p.a.

UBS (CH) Equity Fund – Asia (USD)	0.70%
UBS (CH) Equity Fund – Emerging Asia (USD)	0.70%
UBS (CH) Equity Fund – European Opportunity (EUR)	0.07%
UBS (CH) Equity Fund – Global Opportunity (USD)	0.70%
UBS (CH) Equity Fund – Mid Caps Switzerland (CHF)	0.07%
UBS (CH) Equity Fund – Small Caps Europe (EUR)	0.70%
UBS (CH) Equity Fund – Small Caps Switzerland (CHF)	0.11%
UBS (CH) Equity Fund – Swiss High Dividend (CHF)	0.08%
UBS (CH) Equity Fund – Swiss Income (CHF)	0.07%
UBS (CH) Equity Fund – Switzerland (CHF)	0.70%
UBS (CH) Equity Fund – Switzerland Quantitative (CHF)	0.066%
UBS (CH) Equity Fund – Switzerland Quantitative Sustainable (CHF)	0.066%
UBS (CH) Equity Fund – US Sustainable (USD)	0.07%

Additional costs are incurred for asset management and distribution under a separate agreement with UBS Asset Management Switzerland AG or an authorised contractual partner (cf. § 6.4)

#### Units in unit class “I-X”

Commission charged by the fund management company p.a.

For all sub-funds 0.00%

The costs for asset management, administration of the fund and distribution are charged to the investor under a separate agreement with UBS Asset Management Switzerland AG or an authorised contractual partner (cf. § 6.4)

#### Units in unit class “U-X”

Commission charged by the fund management company p.a.

For all sub-funds 0.00%

The costs for asset management, administration of the fund and distribution are charged to the investor under a separate agreement with UBS Asset Management Switzerland AG or an authorised contractual partner (cf. § 6.4)

#### Units in unit class “(EUR hedged) P”

Flat fee charged by the fund management company for administration, asset management, distribution and remuneration of the custodian bank p.a.

UBS (CH) Equity Fund – Swiss High Dividend (CHF)	2.20%
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#### Units in unit class “(EUR hedged) K-1”

Flat fee charged by the fund management company for administration, asset management, distribution and remuneration of the custodian bank p.a.

UBS (CH) Equity Fund – Swiss High Dividend (CHF)	1.30%
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Units in unit class "(EUR hedged) Q"

Flat fee charged by the fund management company for administration, asset management and remuneration of the custodian bank p.a.  
UBS (CH) Equity Fund – Swiss High Dividend (CHF) 1.05%

Units in unit class "(EUR hedged) F"

Flat fee charged by the fund management company for administration, asset management and remuneration of the custodian bank p.a.  
UBS (CH) Equity Fund – Swiss High Dividend (CHF) 0.80%

Units in unit class "(EUR hedged) I-A1"

Flat fee charged by the fund management company for administration, asset management, distribution and remuneration of the custodian bank p.a.  
UBS (CH) Equity Fund – Swiss High Dividend (CHF) 0.90%

Units in unit class "(EUR hedged) I-A2"

Flat fee charged by the fund management company for administration, asset management, distribution and remuneration of the custodian bank p.a.  
UBS (CH) Equity Fund – Swiss High Dividend (CHF) 0.85%

Units in unit class "(EUR hedged) I-A3"

Flat fee charged by the fund management company for administration, asset management, distribution and remuneration of the custodian bank p.a.  
UBS (CH) Equity Fund – Swiss High Dividend (CHF) 0.80%

Units in unit class "(EUR hedged) I-B"

Commission charged by the fund management company for administration of the fund (fund management company, administration and custodian bank) p.a.  
UBS (CH) Equity Fund – Swiss High Dividend (CHF) 0.08%

Additional costs are incurred for asset management and distribution under a separate agreement with UBS Asset Management Switzerland AG or an authorised contractual partner (cf. § 6.4)

Units in unit class "(EUR hedged) I-X"

Commission charged by the fund management company p.a.  
UBS (CH) Equity Fund – Swiss High Dividend (CHF) 0.00%

The costs for asset management, administration of the fund and distribution are charged to the investor under a separate agreement with UBS Asset Management Switzerland AG or an authorised contractual partner (cf. § 6.4)

Units in unit class "(EUR hedged) U-X"

Commission charged by the fund management company p.a.  
UBS (CH) Equity Fund – Swiss High Dividend (CHF) 0.00%

The costs for asset management, administration of the fund and distribution are charged to the investor under a separate agreement with UBS Asset Management Switzerland AG or an authorised contractual partner (cf. § 6.4)

land AG or an authorised contractual partner (cf. § 6.4)

Units in unit class "P (CHF hedged)"

Flat fee charged by the fund management company for administration, asset management, distribution and remuneration of the custodian bank p.a.  
UBS (CH) Equity Fund – Emerging Asia (USD) 2.74%

Units in unit class "K-1 (CHF hedged)"

Flat fee charged by the fund management company for administration, asset management, distribution and remuneration of the custodian bank p.a.  
UBS (CH) Equity Fund – Emerging Asia (USD) 1.90%

Units in unit class "Q (CHF hedged)"

Flat fee charged by the fund management company for administration, asset management and remuneration of the custodian bank p.a.  
UBS (CH) Equity Fund – Emerging Asia (USD) 1.50%

Units in unit class "F (CHF hedged)"

Flat fee charged by the fund management company for administration, asset management and remuneration of the custodian bank p.a.  
UBS (CH) Equity Fund – Emerging Asia (USD) 0.95%

Units in unit class "I-A1 (CHF hedged)"

Flat fee charged by the fund management company for administration, asset management, distribution and remuneration of the custodian bank p.a.  
UBS (CH) Equity Fund – Emerging Asia (USD) 1.10%

Units in unit class "I-A2 (CHF hedged)"

Flat fee charged by the fund management company for administration, asset management, distribution and remuneration of the custodian bank p.a.  
UBS (CH) Equity Fund – Emerging Asia (USD) 1.02%

Units in unit class "I-A3 (CHF hedged)"

Flat fee charged by the fund management company for administration, asset management, distribution and remuneration of the custodian bank p.a.  
UBS (CH) Equity Fund – Emerging Asia (USD) 0.95%

Units in unit class "I-B (CHF hedged)"

Flat fee charged by the fund management company for administration, asset management, distribution and remuneration of the custodian bank p.a.  
UBS (CH) Equity Fund – Emerging Asia (USD) 0.70%

Units in unit class "I-X (CHF hedged)"

Flat fee charged by the fund management company for administration, asset management, distribution and remuneration of the custodian bank p.a.  
UBS (CH) Equity Fund – Emerging Asia (USD) 0.00%

Units in unit class "U-X (CHF hedged)"

Flat fee charged by the fund management company for administration, asset management, distribution and remuneration of the custodian bank p.a.

UBS (CH) Equity Fund – Emerging Asia (USD)	0.00%	Units in unit class “U-X (EUR hedged)”
Units in unit class “P (EUR hedged)”		Flat fee charged by the fund management company for administration, asset management, distribution and remuneration of the custodian bank p.a.
UBS (CH) Equity Fund – Emerging Asia (USD)	2.74%	UBS (CH) Equity Fund – Emerging Asia (USD) 0.00%
Units in unit class “K-1 (EUR hedged)”		The rate of the flat fee or commission actually charged is stated in the annual and semi-annual reports of the umbrella fund and sub-funds.
Flat fee charged by the fund management company for administration, asset management, distribution and remuneration of the custodian bank	p.a.	2. The following fees and incidental costs of the fund management company and the custodian bank are not included in the flat fee or commission and will be charged additionally to the assets of the relevant sub-fund:
UBS (CH) Equity Fund – Emerging Asia (USD)	1.90%	a. all incidental costs for the purchase and sale of investments (bid-ask spread, standard brokerage fees, commissions, duties, etc.) incurred in the management of the sub-funds’ assets. These costs will be offset directly against the stated acquisition or saleable value of the investments in question. By way of derogation, incidental costs incurred for the purchase and sale of investments when settling issues and redemptions of units are covered by the application of swinging single pricing pursuant to § 16.7;
Units in unit class “Q (EUR hedged)”		b. the supervisory authority’s fees in relation to the establishment, amendment, liquidation or merger of the umbrella fund and sub-funds;
Flat fee charged by the fund management company for administration, asset management and remuneration of the custodian bank	p.a.	c. the supervisory authority’s annual fees;
UBS (CH) Equity Fund – Emerging Asia (USD)	1.50%	d. the audit firm’s fees for annual auditing as well as certification in the case of establishment, amendment, liquidation or merger of the umbrella fund and sub-funds;
Units in unit class “F (EUR hedged)”		e. fees for legal and tax advisors in connection with the establishment, amendment, liquidation or merger of the umbrella fund and sub-funds, as well as generally upholding the interests of the umbrella fund and sub-funds and their investors;
Flat fee charged by the fund management company for administration, asset management and remuneration of the custodian bank	p.a.	f. the cost of publishing the net asset value of the umbrella fund and sub-funds, together with all the costs of providing notices to investors, including translation costs, provided such costs cannot be ascribed to any failure on the part of the fund management company;
UBS (CH) Equity Fund – Emerging Asia (USD)	0.95%	g. the cost of translating prospectuses with integrated fund contracts and semi-annual and annual reports of the umbrella fund and sub-funds;
Units in unit class “I-A1 (EUR hedged)”		h. the cost of printing legal documents, as well as the umbrella fund and sub-funds’ annual and semi-annual reports;
Flat fee charged by the fund management company for administration, asset management, distribution and remuneration of the custodian bank	p.a.	i. the cost of any registration of the umbrella fund and sub-funds with a foreign supervisory authority, and specifically the commissions levied by the foreign supervisory authority, translation costs, and remuneration for the representative or paying agent abroad;
UBS (CH) Equity Fund – Emerging Asia (USD)	1.10%	j. costs relating to the exercising of voting rights or creditors’ rights by the umbrella fund and sub-funds, including the cost of fees paid to external advisors;
Units in unit class “I-A2 (EUR hedged)”		
Flat fee charged by the fund management company for administration, asset management, distribution and remuneration of the custodian bank	p.a.	
UBS (CH) Equity Fund – Emerging Asia (USD)	1.02%	
Units in unit class “I-A3 (EUR hedged)”		
Flat fee charged by the fund management company for administration, asset management, distribution and remuneration of the custodian bank	p.a.	
UBS (CH) Equity Fund – Emerging Asia (USD)	0.95%	
Units in unit class “I-B (EUR hedged)”		
Flat fee charged by the fund management company for administration, asset management, distribution and remuneration of the custodian bank	p.a.	
UBS (CH) Equity Fund – Emerging Asia (USD)	0.70%	
Units in unit class “I-X (EUR hedged)”		
Flat fee charged by the fund management company for administration, asset management, distribution and remuneration of the custodian bank	p.a.	
UBS (CH) Equity Fund – Emerging Asia (USD)	0.00%	

- k. costs and fees relating to intellectual property registered in the name of the umbrella fund and sub-funds or with rights of use for the umbrella fund and sub-funds;
  - l. all costs incurred through any extraordinary steps taken to safeguard the interests of investors by the fund management company, asset manager of collective investment schemes or custodian bank;
  - m. third-party costs (e.g. legal and custodian bank costs) arising from participation in class actions in the interests of the investor. The fund management company may also charge all documented administrative costs, provided these can be proven and are reported and included in the disclosure of the umbrella fund's TER.
3. The fund management company and its agents as well as the custodian bank may, in accordance with the provisions of the prospectus, pay retrocessions as remuneration for distribution activity in respect of fund units, and rebates to reduce the fees or costs incurred by the investor and charged to the sub-funds.
  4. Taking any retrocessions and rebates into account, the management fee of the target funds in which investments are made may not exceed 3%. The maximum rate of the management fee of the target funds in which investments are made, taking any retrocessions and rebates into account, must be disclosed in the annual report for each target fund.
  5. If the fund management company acquires units in other collective investment schemes that are managed directly or indirectly by the fund management company itself or a company to which it is related by virtue of common management or control or by a significant direct or indirect interest ("related target funds"), it may not charge any issuing or redemption commissions of the related target funds to the umbrella fund and sub-funds.
  6. Fees may only be charged to the sub-fund for which the service in question is performed. Costs that cannot be allocated unequivocally to a specific sub-fund are charged to the individual sub-funds on a pro rata basis in relation to their share of the fund assets.

## VI. Financial statements and audit

### § 20 Financial statements

1. The accounting currencies of the individual sub-funds are:
 

UBS (CH) Equity Fund – Asia (USD):	USD
UBS (CH) Equity Fund – Emerging Asia (USD):	USD
UBS (CH) Equity Fund – European Opportunity (EUR):	EUR
UBS (CH) Equity Fund – Global Opportunity (USD):	USD
UBS (CH) Equity Fund – Mid Caps Switzerland (CHF):	CHF
UBS (CH) Equity Fund – Small Caps Europe (EUR):	EUR
UBS (CH) Equity Fund – Small Caps Switzerland (CHF):	CHF
UBS (CH) Equity Fund – Swiss High Dividend (CHF):	CHF
UBS (CH) Equity Fund – Swiss Income (CHF):	CHF
UBS (CH) Equity Fund – Switzerland (CHF):	CHF
UBS (CH) Equity Fund – Switzerland Quantitative (CHF):	CHF
UBS (CH) Equity Fund – Switzerland Quantitative Sustainable (CHF):	CHF

UBS (CH) Equity Fund – US Sustainable (USD):	USD
UBS (CH) Equity Fund – Asia (USD):	USD
UBS (CH) Equity Fund – Emerging Asia (USD):	USD
UBS (CH) Equity Fund – European Opportunity (EUR):	EUR

2. The financial year runs from 1 November to 31 October.
3. The fund management company publishes an audited annual report for the umbrella fund and sub-funds within four months of the end of the financial year.
4. The fund management company publishes a semi-annual report within two months of the end of the first half of the financial year.
5. The investor's right to obtain information under § 5.5 is reserved.

### § 21 Audit

The audit firm examines each year whether the fund management company and the custodian bank have complied with the statutory and contractual provisions, and with the code of conduct of the Swiss Funds & Asset Management Association SFAMA. The annual report contains a short report by the audit firm on the published annual financial statements.

## VII. Appropriation of net income

### § 22

1. The net income of distributing unit classes is distributed annually per unit class to the investors in the relevant accounting currency (CHF/USD/EUR) within four months of the close of the financial year.  
The fund management company may make additional interim distributions from the income.
2. Up to 30% of the net income of a unit class may be carried forward to the new account. A distribution may be waived and the entire net income may be carried forward to the new account if
  - the net income in the current financial year and income carried forward from previous financial years of the sub-funds or a unit class is less than 1% of the net asset value of the collective investment scheme or unit class, and
  - the net income in the current financial year and income carried forward from previous financial years of the sub-funds or a unit class is less than one unit of the accounting currency of the collective investment scheme or unit class.

The net income of accumulating unit classes will be added on an annual basis to the sub-fund's assets for reinvestment, subject to any taxes and duty charged on the reinvestment. The fund management company may also decide to accumulate the income on an interim basis. Any taxes and fees levied on reinvestment are reserved.

3. Capital gains realised on the sale of assets and rights may be distributed by the fund management company or retained for the purpose of reinvestment.

## VIII. Publication of official notices by the umbrella fund and sub-funds

### § 23

1. The medium of publication of the umbrella fund and sub-funds is the print medium or electronic medium specified in the prospectus. Notification of any change in the medium of publication must be published in the medium of publication.
  2. The following information must, in particular, be published in the medium of publication: summaries of material amendments to the fund contract, indicating the offices from which the amended wording may be obtained free of charge; any change of fund management company and/or custodian bank; the creation, dissolution or merger of unit classes; and the liquidation of individual sub-funds. Amendments that are required by law that do not affect the rights of investors or are of an exclusively formal nature may be exempted from the duty to publish subject to the approval of the supervisory authority.
  3. Each time units are issued or redeemed, the fund management company will publish the issue and the redemption prices or the net asset value (a modified net asset value through the application of swinging single pricing pursuant to § 16.7) together with a note stating "excluding commissions" for all unit classes in the print medium or electronic medium specified in the prospectus. Prices must be published at least twice each month. The weeks and weekdays on which publications are made must be specified in the prospectus.
  4. The prospectus with integrated fund contract, the key investor information document, and the respective annual or semi-annual reports may be obtained free of charge from the fund management company, the custodian bank and all distributors.
- the investment policy, investment techniques, risk diversification, and the risks associated with the investment;
  - the appropriation of net income and capital gains from the sale of assets and rights;
  - the type, amount and calculation of all fees, issue and redemption commissions, and the incidental costs for the purchase and sale of the investments (brokerage fees, charges, duties) that may be charged to the fund or sub-fund assets or to the investors;
  - the redemption conditions;
  - the duration of the contract and the conditions of dissolution;
- d. the assets of the sub-funds or investment funds concerned are valued, the exchange ratio is calculated, and the assets and liabilities are acquired on the same day;
  - e. no costs arise as a result for either the sub-fund or investment fund or the investors. The provisions of § 19.2b, d and e are reserved.
3. If the merger is likely to take more than one day, the supervisory authority may approve limited deferment of repayment in respect of the units of the investment funds or sub-funds involved.
  4. At least one month before the planned publication, the fund management company must submit the proposed changes to the fund contract, and the proposed merger, as well as the merger schedule to the supervisory authority for review. The merger schedule must contain information on the reasons for the merger, the investment policies of the sub-funds or investment funds involved and any differences between the acquiring fund and the sub-fund(s) or investment fund(s) being acquired, the calculation of the exchange ratio, any differences with regard to fees and any tax implications for the sub-funds or investment funds, as well as a statement from the audit firm responsible in accordance with the legislation on collective investment schemes.

## IX. Restructuring and dissolution

### § 24 Mergers

1. Subject to the consent of the custodian bank, the fund management company may merge individual sub-funds with other sub-funds or with other investment funds by transferring the assets and liabilities as at the time of the merger of the sub-fund(s) or investment fund(s) being acquired to the acquiring sub-fund or investment fund. The investors of the sub-fund(s) or investment fund(s) being acquired will receive the corresponding number of units in the acquiring sub-fund or investment fund. The sub-fund(s) or investment fund(s) being acquired is/are terminated without liquidation when the merger takes place, and the fund contract of the acquiring sub-fund or investment fund will also apply to the sub-fund(s) or investment fund(s) being acquired.
2. Sub-funds or investment funds may be merged only if:
  - a. provision for this is made in the relevant fund contracts;
  - b. they are managed by the same fund management company;
  - c. the relevant fund contracts essentially correspond in terms of the following provisions:
    - the investment policy, investment techniques, risk diversification, and the risks associated with the investment;
    - the appropriation of net income and capital gains from the sale of assets and rights;
    - the type, amount and calculation of all fees, issue and redemption commissions, and the incidental costs for the purchase and sale of the investments (brokerage fees, charges, duties) that may be charged to the fund or sub-fund assets or to the investors;
    - the redemption conditions;
    - the duration of the contract and the conditions of dissolution;
- d. the assets of the sub-funds or investment funds concerned are valued, the exchange ratio is calculated, and the assets and liabilities are acquired on the same day;
- e. no costs arise as a result for either the sub-fund or investment fund or the investors. The provisions of § 19.2b, d and e are reserved.
3. If the merger is likely to take more than one day, the supervisory authority may approve limited deferment of repayment in respect of the units of the investment funds or sub-funds involved.
4. At least one month before the planned publication, the fund management company must submit the proposed changes to the fund contract, and the proposed merger, as well as the merger schedule to the supervisory authority for review. The merger schedule must contain information on the reasons for the merger, the investment policies of the sub-funds or investment funds involved and any differences between the acquiring fund and the sub-fund(s) or investment fund(s) being acquired, the calculation of the exchange ratio, any differences with regard to fees and any tax implications for the sub-funds or investment funds, as well as a statement from the audit firm responsible in accordance with the legislation on collective investment schemes.
5. The fund management company must publish a notice of the proposed changes to the fund contract pursuant to § 23.2 and the proposed merger and its timing, as well as the merger schedule, at least two months before the planned date of merger in the medium of publication of the sub-funds or investment funds in question. In this notice, the fund management company must inform the investors that they may lodge objections to the proposed changes to the fund contract with the supervisory authority or request redemption of their units in cash or, in the case of the sub-funds UBS (CH) Equity Fund – Swiss High Dividend (CHF) and UBS (CH) Equity Fund – Swiss Income (CHF), submit application for a redemption in kind in accordance with § 17.7, within 30 days of the publication.
6. The audit firm must check directly that the merger is being carried out correctly and must submit a report containing its comments in this regard to the fund management company and the supervisory authority.
7. The fund management company must inform the supervisory authority of the conclusion of the merger, and publish notification of the completion of the merger, confirmation from the audit firm of the proper execution of the

merger, and the exchange ratio, without delay in the medium of publication of the sub-funds or investment funds involved.

8. The fund management company must make reference to the merger in the next annual report of the acquiring sub-fund or investment fund, and in the semi-annual report if published prior to the annual report. If the merger does not take place on the last day of the usual financial year, an audited closing statement must be produced for the sub-fund(s) or investment fund(s) being acquired.

## **§ 25 Duration of the sub-funds and dissolution**

1. The sub-funds have been established for an indefinite period.
2. The fund management company or the custodian bank may dissolve individual or all sub-funds by terminating the fund contract without notice.
3. The individual sub-funds may be dissolved by order of the supervisory authority, in particular, if at the latest one year after the expiry of the subscription period (launch), or a longer extended period approved by the supervisory authority at the request of the custodian bank and the fund management company, a sub-fund does not have net assets of at least CHF 5 million (or the equivalent).
4. The fund management company must inform the supervisory authority of the dissolution immediately and must publish notification in the medium of publication.
5. Once the fund contract has been terminated, the fund management company may liquidate the relevant sub-funds forthwith. If the supervisory authority has ordered the dissolution of a sub-fund, it must be liquidated forthwith. The custodian bank is responsible for the payment of liquidation proceeds to the investors. If the liquidation proceedings are protracted, payment may be made in instalments. The fund management company must obtain authorisation from the supervisory authority prior to the final payment.

## **X. Amendments to the fund contract**

### **§ 26**

If any amendments are to be made to the present fund contract, or if the merger of unit classes or a change of fund management company or of custodian bank is planned, the investors may lodge objections with the supervisory authority within 30 days after the corresponding publication.

In the publication, the fund management company must inform the investors about which amendments to the fund contract are covered by FINMA's verification and check for compliance with the law.

In the event of a change to the fund contract (including the merger of unit classes) the investors may also demand the redemption of their units in cash subject to the contractual period of notice. Exceptions in this regard are cases pursuant to § 23.2 that have been exempted from the duty to publish with the approval of the supervisory authority.

## **XI. Applicable law and place of jurisdiction**

### **§ 27**

1. The umbrella fund and the individual sub-funds are subject to Swiss law, in particular the Swiss Federal Act on Collective Investment Schemes of 23 June 2006, the Ordinance on Collective Investment Schemes of 22 November 2006 and the Ordinance of the Swiss Financial Market Supervisory Authority FINMA on Collective Investment Schemes of 27 August 2014.

The place of jurisdiction is the registered office of the fund management company.

2. The German version is binding in all matters of interpretation relating to the present fund contract.
3. The present fund contract takes effect on 17 June 2019.

When approving the fund contract, FINMA verifies only the provisions pursuant to Art. 35a para. 1 let. a–g CISO and ensures their compliance with the law.

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