

# UBS (Lux) Money Market Invest

Investment fund under Luxembourg law  
("fonds commun de placement")

September 2010

## Sales prospectus

Fund units may be acquired on the basis of this sales prospectus, the simplified prospectuses, the latest annual report and, if already published, the subsequent semi-annual report.

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

Information on whether a Subfund of UBS (Lux) Money Market Invest (hereinafter the "Fund") is listed on the Luxembourg Stock Exchange can be obtained from the Administrative Agent or the Luxembourg Stock Exchange website ([www.bourse.lu](http://www.bourse.lu)).

The issue and redemption of units in UBS (Lux) Money Market Invest are subject to the regulations prevailing in the country concerned. The Fund keeps all investor information confidential, unless otherwise required by statutory or regulatory provisions.

Units of this Fund may not be offered, sold or delivered within the United States.

Units of this fund may not be offered, sold or delivered to citizens and/or residents of the United States of America and/or other persons or entities whose income and/or revenue is subject to US income tax, irrespective of its origin, including those deemed to be US persons under Regulation S of the US Securities Act of 1933 and/or the US Commodity Exchange Act, as amended

### Management and administration

#### Management Company

UBS Fund Management (Luxembourg) S.A., R.C.S. Luxembourg B 154 210. UBS Fund Management (Luxembourg) S.A. was established as a public-limited company in Luxembourg for an unlimited duration on 1 July 2010. The Articles of Association of the Management Company were published in the "Mémorial, Recueil des Sociétés et Associations" (hereinafter called "Mémorial") on 15 July 2010, and deposited at the Commercial and Company Register of the District Court in Luxembourg (Tribunal d'Arrondissement) for inspection. The exclusive purpose of the Management Company is to manage UBS (Lux) Money Market Invest, UBS (Lux) Money Market Fund and UBS (Lux) Institutional Fund (from 1 October 2010) and issue/redeem units in these Funds. The Management Company has fully paid-up equity capital of EUR 10,000,000.

#### Board of Directors

Chairman	Andreas Schlatter, Group Managing Director, UBS AG, Basel and Zürich
Members	Tim Blackwell, Managing Director, UBS AG, Paris Mario Cueni, Group Managing Director, UBS AG, Basel and Zürich Martin Thommen, Managing Director, UBS AG, Basel and Zürich Gilbert Schintgen, Executive Director, UBS Fund Management (Luxembourg) S.A., Luxembourg Christian Eibel, Executive Director, UBS AG, Basel and Zürich,

#### Executive Board

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

UBS AG, UBS Asset Management, Basel and Zürich  
The Portfolio Manager is commissioned to manage the securities portfolio under the supervision and responsibility of the Board of Directors, and carries out all relevant transactions while adhering to the prescribed investment restrictions.

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

### Merging assets

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

### Pooling

The Management Company may invest and manage all or part of the portfolio assets of two or more Subfunds (for this purpose called "participating Subfunds") in the form of a pool. Such an asset pool is created by transferring cash and other assets (if these assets are in line with the investment policy of the pool concerned) from each participating Subfund to the asset pool. The Management Company can then make further transfers to the individual asset pools. Equally, assets up to the amount of its participation can also be transferred back to a participating Subfund. The share of a participating Subfund in the respective asset pool is evaluated by reference to notional units of the same value. When an asset pool is created, the Board of Directors shall specify the initial value of the notional units (in a currency that the Board of Directors considers appropriate) and allot to each participating Subfund units in the total value of the cash (or other assets) it has contributed. The value of the notional units will then be determined by dividing the net assets of the asset pool by the number of existing notional units.

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

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

### Joint management

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

As part of the joint management agreement, the Investment Manager is entitled to make decisions on investments and sales of assets on a consolidated basis for the relevant jointly managed units which have an influence on the composition of the Fund's portfolio. Each jointly managed unit holds a share in the jointly managed assets which is oriented to the share of its net assets in the aggregate value of the jointly managed assets. This proportionate holding applies to all investment categories which are held or acquired in the context of joint management. Decisions regarding investments and/or sales of investments have no effect on this participation arrangement, and further investments are allotted to the jointly managed units in the same proportions. In the event of a sale of assets, these will be subtracted proportionately from the jointly managed assets held by the individual jointly managed units.

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

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

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

Jointly managed assets of Subfunds will only be managed jointly with assets which are to be invested according to the same investment aims that apply to the jointly managed assets in order to ensure that investment decisions are reconcilable in all respects with the investment policy of the particular Subfund. Jointly managed assets may only be managed in common with assets for which the same Investment Manager is authorised to make decisions in investments and the sale of investments, and for which the Custodian Bank also acts as a depositary so as to ensure that the

Custodian Bank is capable of performing its functions and responsibilities assumed in accordance with the statutory requirements in all respects for the Subfund. The Custodian Bank must always keep the assets of the Fund separate from those of the other jointly managed units; this allows it to determine the assets of each individual Subfund accurately at any time. Since the investment policy of the jointly managed units does not have to correspond exactly with that of the individual Subfunds, it is possible that their joint investment policy may be more restrictive than that of the other Subfunds.

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

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

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

Joint management agreements with non-Luxembourg units are permissible if

- (1) the agreement in which the non-Luxembourg unit is involved is governed by Luxembourg law and Luxembourg jurisdiction or
- (2) each jointly managed unit is equipped with such rights that no creditor and no insolvency or bankruptcy administrator of the non-Luxembourg unit has access to the assets or is authorised to freeze them.

#### Custodian Bank and main paying agent

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

The Custodian Bank holds in safekeeping for the unitholders all the liquid assets and securities making up the Fund's assets. The Custodian Bank performs all customary banking duties relating to the Fund's accounts and securities as well as all routine administrative work related to the Fund's assets prescribed by Luxembourg law

#### Administrative Agent

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

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

#### Auditor of the Fund

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

#### Auditor of the Management Company

Ernst & Young S.A., 7, Parc d'Activité Syrdall, L-5365 Munsbach

#### Paying agents

UBS (Luxembourg) S.A., 33A avenue J.F. Kennedy, L-1855 Luxembourg (P.O. Box 2, L-2010 Luxembourg) as well as other paying agents in the various countries in which units of the Fund are sold.

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

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

#### Profile of the typical investor

**UBS (Lux) Money Market Invest – EUR**

**UBS (Lux) Money Market Invest – Short Term CHF**

**UBS (Lux) Money Market Invest – Short Term EUR**

**UBS (Lux) Money Market Invest – Short Term GBP**

**UBS (Lux) Money Market Invest – Short Term USD**

**UBS (Lux) Money Market Invest – Short Term AUD**

The Subfunds are suitable for investors who wish to invest in a broadly diversified portfolio comprising first-class money market instruments and securities with short residual maturities or variable yields and high liquidity.

#### Historical performance

The historical performance of the individual Subfunds is outlined in the simplified prospectus relating to each Subfund.

#### Risk profile

Based on their specific investment policy, money-market funds offer higher security and less volatile performance compared with other investments. Fund units can be subscribed and redeemed on a daily basis and therefore constitute a liquid asset. Even in the case of money-market funds it cannot, however, be guaranteed that the investor will recover the capital invested.

#### Total Expense Ratio ("TER")

The TER expresses the relationship between the gross amount of Fund costs and average net Fund assets. The TER for each Subfund is set forth in the respective simplified prospectus (also in the annual and semi-annual reports in the case of Switzerland).

#### Portfolio turnover ("PTO")

The PTO is calculated on the basis of the financial year by applying the following formula:

$$\text{Securities purchased} = X \quad \text{Subscriptions for units of the Subfund} = S$$

$$\text{Securities sold} = Y \quad \text{Redemptions of units of the Subfund} = T$$

$$\text{Total 1} = \text{total securities transactions} = X+Y \quad \text{Total 2} = \text{total transactions involving units of the Subfund} = S+T$$

$$\text{Average monthly total assets} = M$$

$$\text{Turnover} = [(\text{total 1} - \text{total 2})/M] * 100$$

The PTO for each Subfund is set forth in the respective simplified prospectus.

## The Fund

### Fund structure

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

The following Subfunds and unit classes are currently available (explanations are provided in the footnotes below the following tables):

### An overview of the unit classes

#### UBS (Lux) Money Market Invest – EUR

Currency of account of the Subfund: EUR

Unit class	Currency	Initial issue price <sup>1)</sup>	Launch period/date*	Minimum subscription	Smallest tradable unit	Maximum fee p.a.; (max. management fee p.a.)	Taxe d'abonement p.a.	Form of custody	Use of earnings
P-dist	EUR	317	05.05.1997	–	0.001	0.720% <sup>2)</sup> ; (0.580%)	0.01%	Bearer	Distributing
P-acc	EUR	256	20.07.1990	–	0.001	0.720% <sup>2)</sup> ; (0.580%)	0.01%	Bearer	Accumulating
N-dist	EUR	100	not yet known	–	0.001	0.850% <sup>2)</sup> ; (0.680%)	0.01%	Bearer	Distributing
N-acc	EUR	100	not yet known	–	0.001	0.850% <sup>2)</sup> ; (0.680%)	0.01%	Bearer	Accumulating
H-dist	EUR	300'000	not yet known	–	0.1	0.480% <sup>2)</sup> ; (0.380%)	0.01%	Bearer	Distributing
H-acc	EUR	300'000	not yet known	–	0.1	0.480% <sup>2)</sup> ; (0.380%)	0.01%	Bearer	Accumulating
K-1-dist	EUR	3 Million	not yet known	–	0.1	0.240% <sup>2)</sup> ; (0.190%)	0.01%	Bearer	Distributing
K-1-acc	EUR	3 Million	not yet known	–	0.1	0.240% <sup>2)</sup> ; (0.190%)	0.01%	Bearer	Accumulating
K-2-dist	EUR	100'000	not yet known	–	0.001	0.180% <sup>3)</sup> ; (0.140%)	0.01%	Registered <sup>6)</sup>	Distributing
K-2-acc	EUR	100'000	not yet known	–	0.001	0.180% <sup>3)</sup> ; (0.140%)	0.01%	Registered <sup>6)</sup>	Accumulating
F-dist	EUR	100	not yet known	–	0.001	0.720% <sup>3)</sup> ; (0.580%)	0.01%	Registered <sup>6)</sup>	Distributing
F-acc	EUR	100	not yet known	–	0.001	0.720% <sup>3)</sup> ; (0.580%)	0.01%	Registered <sup>6)</sup>	Accumulating
Q-dist	EUR	100	not yet known	–	0.001	0.360% <sup>2)</sup> ; (0.290%)	0.01%	Bearer	Distributing
Q-acc	EUR	100	29.05.2008	–	0.001	0.360% <sup>2)</sup> ; (0.290%)	0.01%	Bearer	Accumulating
I-18-dist	EUR	500	not yet known	–	0.001	0.180% <sup>2)</sup> ; (0.140%)	0.01%	Bearer <sup>7)</sup>	Distributing
I-18-acc	EUR	500	not yet known	–	0.001	0.180% <sup>2)</sup> ; (0.140%)	0.01%	Bearer <sup>7)</sup>	Accumulating
I-15-dist	EUR	500	not yet known	5 Million**	0.001	0.150% <sup>2)</sup> ; (0.120%)	0.01%	Bearer <sup>7)</sup>	Distributing
I-15-acc	EUR	500	not yet known	5 Million**	0.001	0.150% <sup>2)</sup> ; (0.120%)	0.01%	Bearer <sup>7)</sup>	Accumulating
I-12-dist	EUR	500	not yet known	20 Million***	0.001	0.120% <sup>2)</sup> ; (0.100%)	0.01%	Bearer <sup>7)</sup>	Distributing
I-12-acc	EUR	500	not yet known	20 Million***	0.001	0.120% <sup>2)</sup> ; (0.100%)	0.01%	Bearer <sup>7)</sup>	Accumulating
I-3.5-dist	EUR	500	not yet known	–	0.001	0.035% <sup>4)</sup> ; (0.000%)	0.01%	Registered <sup>6)</sup>	Distributing
I-3.5-acc	EUR	500	not yet known	–	0.001	0.035% <sup>4)</sup> ; (0.000%)	0.01%	Registered <sup>6)</sup>	Accumulating
I-X-dist	EUR	500	not yet known	–	0.001	0.000% <sup>5)</sup> ; (0.000%)	0.01%	Registered <sup>6)</sup>	Distributing
I-X-acc	EUR	500	not yet known	–	0.001	0.000% <sup>5)</sup> ; (0.000%)	0.01%	Registered <sup>6)</sup>	Accumulating
U-X-dist	EUR	10'000	not yet known	–	0.001	0.000% <sup>5)</sup> ; (0.000%)	0.01%	Registered <sup>6)</sup>	Distributing
U-X-acc	EUR	10'000	not yet known	–	0.001	0.000% <sup>5)</sup> ; (0.000%)	0.01%	Registered <sup>6)</sup>	Accumulating

#### UBS (Lux) Money Market Invest – Short Term CHF

Currency of account of the Subfund: CHF

Unit class	Currency	Initial issue price <sup>1)</sup>	Launch period/date*	Minimum subscription	Smallest tradable unit	Maximum fee p.a.; (max. management fee p.a.)	Taxe d'abonement p.a.	Form of custody	Use of earnings
P-dist	CHF	100	not yet known	–	0.001	0.720% <sup>2)</sup> ; (0.580%)	0.01%	Bearer	Distributing
P-acc	CHF	100	not yet known	–	0.001	0.720% <sup>2)</sup> ; (0.580%)	0.01%	Bearer	Accumulating
N-dist	CHF	100	not yet known	–	0.001	0.850% <sup>2)</sup> ; (0.680%)	0.01%	Bearer	Distributing
N-acc	CHF	100	not yet known	–	0.001	0.850% <sup>2)</sup> ; (0.680%)	0.01%	Bearer	Accumulating
H-dist	CHF	500'000	not yet known	–	0.1	0.480% <sup>2)</sup> ; (0.380%)	0.01%	Bearer	Distributing
H-acc	CHF	500'000	not yet known	–	0.1	0.480% <sup>2)</sup> ; (0.380%)	0.01%	Bearer	Accumulating
K-1-dist	CHF	5 Million	not yet known	–	0.1	0.240% <sup>2)</sup> ; (0.190%)	0.01%	Bearer	Distributing
K-1-acc	CHF	5 Million	not yet known	–	0.1	0.240% <sup>2)</sup> ; (0.190%)	0.01%	Bearer	Accumulating
K-2-dist	CHF	100'000	not yet known	–	0.001	0.180% <sup>3)</sup> ; (0.140%)	0.01%	Registered <sup>6)</sup>	Distributing
K-2-acc	CHF	100'000	not yet known	–	0.001	0.180% <sup>3)</sup> ; (0.140%)	0.01%	Registered <sup>6)</sup>	Accumulating
F-dist	CHF	100	not yet known	–	0.001	0.720% <sup>3)</sup> ; (0.580%)	0.01%	Registered <sup>6)</sup>	Distributing
F-acc	CHF	100	not yet known	–	0.001	0.720% <sup>3)</sup> ; (0.580%)	0.01%	Registered <sup>6)</sup>	Accumulating



Unit class	Currency	Initial issue price <sup>1)</sup>	Launch period/date*	Minimum subscription	Smallest tradable unit	Maximum fee p.a.; (max. management fee p.a.)	Tax d'abon-nement p.a.	Form of custody	Use of earnings
I-12-dist	USD	500	not yet known	30 Million***	0.001	0.120% <sup>2);</sup> (0.100%)	0.01%	Bearer <sup>2)</sup>	Distributing
I-12-acc	USD	500	not yet known	30 Million***	0.001	0.120% <sup>2);</sup> (0.100%)	0.01%	Bearer <sup>2)</sup>	Accumulating
I-3.5-dist	USD	500	not yet known	–	0.001	0.035% <sup>4);</sup> (0.000%)	0.01%	Registered <sup>6)</sup>	Distributing
I-3.5-acc	USD	500	not yet known	–	0.001	0.035% <sup>4);</sup> (0.000%)	0.01%	Registered <sup>6)</sup>	Accumulating
I-X-dist	USD	500	not yet known	–	0.001	0.000% <sup>3);</sup> (0.000%)	0.01%	Registered <sup>6)</sup>	Distributing
I-X-acc	USD	500	not yet known	–	0.001	0.000% <sup>3);</sup> (0.000%)	0.01%	Registered <sup>6)</sup>	Accumulating
U-X-dist	USD	10'000	not yet known	–	0.001	0.000% <sup>3);</sup> (0.000%)	0.01%	Registered <sup>6)</sup>	Distributing
U-X-acc	USD	10'000	not yet known	–	0.001	0.000% <sup>3);</sup> (0.000%)	0.01%	Registered <sup>6)</sup>	Accumulating

## UBS (Lux) Money Market Invest – Short Term AUD

Currency of account of the Subfund: AUD

Unit class	Currency	Initial issue price <sup>1)</sup>	Launch period/date*	Minimum subscription	Smallest tradable unit	Maximum fee p.a.; (max. management fee p.a.)	Tax d'abon-nement p.a.	Form of custody	Use of earnings
P-dist	AUD	100	not yet known	–	0.001	0.720% <sup>2);</sup> (0.580%)	0.01%	Bearer	Distributing
P-acc	AUD	100	not yet known	–	0.001	0.720% <sup>2);</sup> (0.580%)	0.01%	Bearer	Accumulating
N-dist	AUD	100	not yet known	–	0.001	0.850% <sup>2);</sup> (0.680%)	0.01%	Bearer	Distributing
N-acc	AUD	100	not yet known	–	0.001	0.850% <sup>2);</sup> (0.680%)	0.01%	Bearer	Accumulating
H-dist	AUD	500'000	not yet known	–	0.1	0.480% <sup>2);</sup> (0.380%)	0.01%	Bearer	Distributing
H-acc	AUD	500'000	not yet known	–	0.1	0.480% <sup>2);</sup> (0.380%)	0.01%	Bearer	Accumulating
K-1-dist	AUD	5 Million	not yet known	–	0.1	0.240% <sup>2);</sup> (0.190%)	0.01%	Bearer	Distributing
K-1-acc	AUD	5 Million	not yet known	–	0.1	0.240% <sup>2);</sup> (0.190%)	0.01%	Bearer	Accumulating
K-2-dist	AUD	100'000	not yet known	–	0.001	0.180% <sup>2);</sup> (0.140%)	0.01%	Registered <sup>6)</sup>	Distributing
K-2-acc	AUD	100'000	not yet known	–	0.001	0.180% <sup>2);</sup> (0.140%)	0.01%	Registered <sup>6)</sup>	Accumulating
F-dist	AUD	100	not yet known	–	0.001	0.720% <sup>2);</sup> (0.580%)	0.01%	Registered <sup>6)</sup>	Distributing
F-acc	AUD	100	not yet known	–	0.001	0.720% <sup>2);</sup> (0.580%)	0.01%	Registered <sup>6)</sup>	Accumulating
Q-dist	AUD	100	not yet known	–	0.001	0.360% <sup>2);</sup> (0.290%)	0.01%	Bearer	Distributing
Q-acc	AUD	100	not yet known	–	0.001	0.360% <sup>2);</sup> (0.290%)	0.01%	Bearer	Accumulating
I-18-dist	AUD	500	not yet known	–	0.001	0.180% <sup>2);</sup> (0.140%)	0.01%	Bearer <sup>2)</sup>	Distributing
I-18-acc	AUD	500	not yet known	–	0.001	0.180% <sup>2);</sup> (0.140%)	0.01%	Bearer <sup>2)</sup>	Accumulating
I-15-dist	AUD	500	not yet known	10 Million**	0.001	0.150% <sup>2);</sup> (0.120%)	0.01%	Bearer <sup>2)</sup>	Distributing
I-15-acc	AUD	500	not yet known	10 Million**	0.001	0.150% <sup>2);</sup> (0.120%)	0.01%	Bearer <sup>2)</sup>	Accumulating
I-12-dist	AUD	500	not yet known	30 Million***	0.001	0.120% <sup>2);</sup> (0.100%)	0.01%	Bearer <sup>2)</sup>	Distributing
I-12-acc	AUD	500	not yet known	30 Million***	0.001	0.120% <sup>2);</sup> (0.100%)	0.01%	Bearer <sup>2)</sup>	Accumulating
I-3.5-dist	AUD	500	not yet known	–	0.001	0.035% <sup>4);</sup> (0.000%)	0.01%	Registered <sup>6)</sup>	Distributing
I-3.5-acc	AUD	500	not yet known	–	0.001	0.035% <sup>4);</sup> (0.000%)	0.01%	Registered <sup>6)</sup>	Accumulating
I-X-dist	AUD	500	not yet known	–	0.001	0.000% <sup>3);</sup> (0.000%)	0.01%	Registered <sup>6)</sup>	Distributing
I-X-acc	AUD	500	not yet known	–	0.001	0.000% <sup>3);</sup> (0.000%)	0.01%	Registered <sup>6)</sup>	Accumulating
U-X-dist	AUD	10'000	not yet known	–	0.001	0.000% <sup>3);</sup> (0.000%)	0.01%	Registered <sup>6)</sup>	Distributing
U-X-acc	AUD	10'000	not yet known	–	0.001	0.000% <sup>3);</sup> (0.000%)	0.01%	Registered <sup>6)</sup>	Accumulating

\* In the tables above, "not yet known" is used for unit classes which have not yet been launched at the time of publication of this sales prospectus and whose launch periods/dates have not yet been determined. Investors are requested to contact their investment adviser for further information.

\*\* Upon subscription,

(i) a minimum subscription must be made pursuant to the table (or the corresponding currency equivalent) or be based on a written agreement of the institutional investor with UBS AG - or with one its authorised counterparties - for total assets managed by UBS or its portfolio in collective capital investments of UBS must be more than CHF 30,000,000 (or the corresponding currency equivalent).

\*\*\* Upon subscription,

(i) a minimum subscription must be made pursuant to the table (or the corresponding currency equivalent) or be based on a written agreement of the institutional investor with UBS AG - or with one its authorised counterparties - for total assets managed by UBS or its portfolio in collective capital investments of UBS must be more than CHF 100,000,000 (or the corresponding currency equivalent).

<sup>1)</sup> Plus issuing commission of 4% maximum and any stamp duties and fees.

<sup>2)</sup> Flat fee of the Management Company. This will be used for the management, asset management and sale of the Subfunds and to cover the costs incurred. The amount in brackets reflects the value for the management fee, which makes up 80% of the value of the flat fee.

- <sup>3)</sup> Flat fee of the Management Company. This will be used for the management, asset management and sale of the Subfunds and to cover the costs incurred. An additional fee will also be charged; this will be determined via a separate contract between the investor and UBS AG or one of its authorised distribution partners. The amount in brackets reflects the value for the management fee, which makes up 80% of the value of the flat fee.
- <sup>4)</sup> Management Company fee. A fee covering the costs for Fund administration (comprising the costs of the Management Company, Administrative Agent and Custodian Bank) will be charged directly to the Subfund's assets. The costs for asset management and distribution will be charged to investors under a separate contract with UBS AG or one of its authorised counterparties.
- <sup>5)</sup> Management Company fee. Costs in connection with the services to be performed for unit classes "I-X" and "U-X" will be settled via the compensation to which UBS AG is entitled under a separate contract with the investor.
- <sup>6)</sup> Registered units must be posted to an account and held in safekeeping at UBS AG.
- <sup>7)</sup> The Custodian Bank ensures that the bearer units are issued to and may be transferred to institutional investors only.

## Description of unit class types

Not all the types of unit class described below have to be offered at all times. The table above lists the unit classes currently available. The Board of Directors may decide to set up and offer corresponding unit classes of these types at an appropriate time. In this case, the following descriptions of unit class types and the tables in "An overview of the unit classes" will be adapted accordingly.

"P" Units in classes with "P" in their name are available to all investors. Unit class "P" differs from unit classes "H" and "K-1" with regard to the level of the flat fee. Only bearer units are issued.

"N" Units in classes with "N" in their name (units with restrictions on the distribution partners or countries) are issued exclusively through Distributors domiciled in Spain, Italy, Portugal and Germany authorised by UBS AG, as well as, where appropriate, through Distributors in further distribution countries, provided this has been decided by the Board of Directors. Only bearer units are issued.

"H" Units in classes with "H" in their name are available to all investors. Unit class "H" differs from unit classes "P" and "K-1" with regard to the level of the flat fee. Only bearer units are issued.

"K-1" Units in classes with "K-1" in their name are available to all investors. Unit class "K-1" differs from unit classes "P" and "H" with regard to the level of the flat fee. Only bearer units are issued.

"K-2" Units in classes with "K-2" in their name are exclusively reserved for investors who have concluded a written asset management mandate or a written consulting mandate with UBS AG or one of its authorised counterparties, and who envisage a minimum investment of CHF 10,000,000 or a countervalue corresponding to this amount in the reference currency of the portfolio assigned to the asset management mandate or consulting mandate. Only registered units are issued.

"F" Units in classes with "F" in their name may be issued only to investors who have concluded a written asset management mandate with UBS AG or one of its selected banking subsidiaries. Upon termination of the mandate, investors lose the right to hold units in the Fund. UBS AG or its selected banking subsidiaries may return these units to the Fund at the prevailing net asset value and at no charge. Only registered units are issued.

"Q" Units in classes with "Q" in their name are reserved for professionals of the financial sector who make the following investments:

- on their own behalf;
- on behalf of their clients within a discretionary mandate; or
- on behalf of an undertaking for collective investment in transferable securities (UCITS) managed by a professional of the financial sector, provided that
  - UBS AG has authorised, in writing, said professional to subscribe to the unit class; and
  - in cases (b) and (c), said professional has been duly authorised by the supervisory authority to which he/she is subject to carry out such transactions, and is domiciled in either Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, the Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden or the United Kingdom, and/or is operating on behalf of another professional of the financial sector who has been authorised in writing by UBS AG and is domiciled in one of the above countries.

Admission of investors in further distribution countries shall be decided by the Board of Directors.

Only bearer units are issued.

"I-" Units in classes with "I-18", "I-15" and "I-12" in their name are exclusively reserved for institutional investors. Only bearer units are issued.

"I-3.5" Units in classes with "I-3.5" in their name are exclusively reserved for institutional investors who have signed a portfolio management contract, an advisory agreement or an agreement on investing in Subfunds of the umbrella fund with UBS AG or one of its authorised counterparties. A fee covering the costs for Fund administration (comprising the costs of the Management Company, Administrative Agent and Custodian Bank) is charged directly to the Subfund. The costs for asset management and distribution are charged to investors under the aforementioned agreements. Only registered units are issued.

"I-X" Units in classes with "I-X" in their name are exclusively reserved for institutional investors who have signed a portfolio management contract, an advisory agreement or an agreement on investing in Subfunds of the umbrella fund with UBS AG or one of its authorised counterparties. The costs for asset management, Fund administration (comprising the costs of the Management Company, Administrative Agent and Custodian Bank) and distribution are charged to investors under the aforementioned agreements. Only registered units are issued.

"U-X" Units in classes with "U-X" in their name are exclusively reserved for institutional investors who have signed a portfolio management contract, an advisory agreement or an agreement on investing an amount defined in the prospectus in Subfunds of the umbrella fund with UBS AG or one of

its authorised counterparties. The costs for asset management, Fund administration (comprising the costs of the Management Company, Administrative Agent and Custodian Bank) and distribution are charged to investors under the aforementioned agreements. This unit class is exclusively geared towards financial products (i.e. fund of funds or other pooled structures in accordance with different legislation). Only registered units are issued.

## Legal aspects

UBS (Lux) Short Term Invest was established by INTRAG INTERNATIONAL SHORT TERM INVEST (Company for Fund Management) S.A. as an open-ended fund in the form of a collective investment fund ("fonds commun de placement", (FCP)) pursuant to Part I of the Luxembourg law relating to undertakings for collective investment of 30 March 1988 and converted by a resolution dated 15 July 1992 to a fund as defined in Part I of the aforementioned law. The Fund was adapted in February 2007 to conform to the Law dated 20 December 2002 on undertakings for collective investment (hereinafter "Law of 2002") and its name changed to "UBS (Lux) Money Market Invest".

UBS Short Term Invest Management Company S.A. took over the function of Management Company on 1 October 1998. The Management Company retained its name past the date of the change in name of the Fund in February 2007. The activities of UBS Short Term Invest Management Company S.A. in its function as Management Company of UBS (Lux) Money Market Invest ended on 14 September 2010.

On 15 September 2010, UBS Fund Management (Luxembourg) S.A. assumed the function of Management Company.

It was established in accordance with the Management Regulations that the board of directors of the then Management Company had approved on 2 May 1990. The Management Regulations were deposited with the Commercial and Companies Register of the District Court of Luxembourg in Luxembourg on 12 April 1999. The regulations were published in the Luxembourg "Mémorial" on 25 June 1990 with amendments published therein on 31 July 1992, 30 December 1995, 27 March 1997, 30 September 1998, 6 May 1999, 13 November 1999, 4 September 2001, 13 February 2007, and 15 September 2010 by means of a notice of deposit on 13 February 2007.

The Fund's Management Regulations may be changed in accordance with the provisions of the law. Each amendment is published in the "Mémorial", a Luxembourg daily newspaper and, if necessary, in the official publications specified for the countries in which Fund units are sold. The new Management Regulations enter into force upon signing by the Management Company and the Custodian Bank. The consolidated version is held by the Commercial and Companies Register of the District Court in Luxembourg for inspection.

The Fund has no legal personality as such. The entire net assets of each Subfund are the undivided property of all investors who have equal rights in accordance with the class of unit they hold. These assets are separate from the assets of the Management Company. The securities and other assets of the Fund are managed by UBS Fund Management (Luxembourg) S.A. as separate trust assets in the interests and for the account of the unitholders.

The Management Regulations give the Management Company the authority to establish different Subfunds for the Fund as well as different classes with specific characteristics within these Subfunds. This sales prospectus will be updated each time a new Subfund or an additional class is issued.

The Fund is subject to no restrictions with regard to the size of its net assets, the number of units, number of Subfunds and duration.

The Fund forms a legal entity. With respect to the unitholders, however, each Subfund is regarded as being separate from the others. The assets of a Subfund may only be used to offset the liabilities which the Subfund concerned has assumed.

The acquisition of Fund units implies acceptance of all the provisions of the Management Regulations by the unitholder.

The Management Regulations do not provide for a general meeting of the unitholders. The financial year of the Fund ends on the last day of October.

## Investment objective and investment policy of the Subfunds

### Investment objective

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

### Investment policy

Top priority from an investment policy viewpoint will be attached to diversification of the portfolio, borrower quality and maturity structures in line with interest rate expectations. UBS (Lux) Money Market Invest Subfunds only invest in securities with first-class borrower's standing.

The Subfunds invest their assets following the principle of risk diversification, mainly in money-market instruments, bonds, notes and similar fixed-income and floating-rate secured or unsecured investments.

Money-market instruments are instruments which are normally traded on the money market, are liquid and whose value can be accurately determined at any time. They consist primarily of certificates of deposit of first-class banks, commercial paper issued by first-rate companies and other fixed- or variable-rate money-market instruments issued or guaranteed by top-rated borrowers.

The Fund assets can also be invested in treasury bills, other debt securities and instruments and in sight, term and time deposits of banks.

Subfunds are prohibited from investing in convertible bonds, convertible notes, warrant bonds, equities, equity stocks and rights (participation warrants), and from acquiring units in the Fund.

The aforementioned securities and loan stock rights are securities as defined in Article 41 of the Law of 2002 where this is required under the terms of the investment restrictions detailed below.

In line with the investment guidelines set out below, each Subfund may buy and sell futures and options, enter into swap transactions (swaps, total return swaps, credit default swaps and inflation swaps) on financial instruments as described in "Investment principles" (1.1 f), and conduct transactions involving options on securities other than for hedging purposes.

**The options, futures and swap markets are volatile and both the chance of earning returns and the risk of suffering losses are higher than with investments in securities.** These market techniques and instruments will only be employed if they are in accordance with the investment policies of the individual Subfunds and do not adversely affect their quality.

## UBS (Lux) Money Market Invest – EUR

Under the terms of the general investment policy, this Subfund invests its assets in money-market instruments, bonds, notes and similar fixed-income and floating-rate secured or unsecured investments, treasury notes, other debt instruments and in sight, term and time deposits at banks.

The Subfund is prohibited from investing in convertible bonds, convertible notes, warrant bonds, equities, equity stocks and rights (participation warrants), and from acquiring units in the Fund.

Allowing for the inclusion of special derivative financial instruments and in accordance with the investment principles outlined below, the entire portfolio of each Subfund may have an average residual term of not more than 12 months, whereby the residual term of an individual investment may not exceed three years. In the case of floating rate notes, the next coupon date on which the new interest rate is set is treated as the final maturity when calculating the individual residual maturities of the investments and the average residual maturity of the portfolio.

The Subfund will invest at least two-thirds of its assets in the currency denomination in its name. It may invest up to a maximum of one-third of its assets in currencies other than the one in its name. The portion, however, which is not hedged against the respective Subfund's currency may not exceed 10% of the Subfund's assets.

## UBS (Lux) Money Market Invest – Short Term CHF

## UBS (Lux) Money Market Invest – Short Term EUR

## UBS (Lux) Money Market Invest – Short Term GBP

## UBS (Lux) Money Market Invest – Short Term USD

## UBS (Lux) Money Market Invest – Short Term AUD

In line with the general investment policy, the Subfund invests its assets in money market instruments, bonds, notes and other fixed or variable interest rate secured or unsecured investments, in Treasury bills, other debt securities and instruments and in sight, term and time deposits of banks. The minimum short-term credit rating of the instruments used must correspond at least to the second-highest category of a classification issued by a recognised rating agency (S&P: A-1 or Moody's P-1). If there is no rating by a recognised rating agency, then the credit quality must be determined internally by the Management Company.

The Subfund is prohibited from investing in convertible bonds, convertible notes, warrant bonds, equities, commodities, equity stocks and equity rights, as well as Fund units.

Allowing for the inclusion of special derivative financial instruments and sight, term and time deposits of banks and in accordance with the investment principles outlined below, the entire portfolio may have a weighted average maturity ("WAM") of 60 days maximum and a weighted average life ("WAL") of 120 days maximum, with the residual term of each individual investment may not exceed 397 days. In the case of floating rate notes, the next coupon date on which the new interest rate is set is treated as the final maturity when calculating the weighted average maturity ("WAM") of the portfolio. In contrast, the final maturity of floating-rate investments is treated as the final maturity when calculating the weighted average life ("WAL") and the individual residual maturities of the investments and the average residual maturity of the portfolio.

The Subfund invests at least two-thirds of its assets in the currency denomination that its name suggests. It may invest up to a maximum of one-third of its assets in currencies other than the one which its name suggests. The entire portion not invested in the currency indicated in its name must be hedged.

## Use of futures and options.

While taking account of the restrictions set forth in the section entitled "Special techniques and instruments that have securities and money market instruments as underlying assets", the Management Company may employ in relation to each Subfund techniques and instruments using securities and money-market instruments in the context of the orderly management of the assets of each respective Subfund. At no time may the liabilities resulting from such transactions exceed the value of the net assets of the Subfund concerned.

By buying and/or selling futures on indices, the portfolio manager is able to manage the flows of funds generated by subscriptions/redemptions as well as increase or decrease market exposure.

By buying and/or selling call and put options on securities and indices, the portfolio management can increase or decrease the exposure for a corresponding security or market. By buying/selling warrants on securities, the portfolio management is able to increase/reduce the exposure for a corresponding security.

Futures, swaps and options on currencies can be bought or sold by the portfolio management for the purpose of building up or securing foreign currency positions for the Subfunds. At no time may the liabilities resulting from such transactions exceed the value of the net assets of the Subfund concerned.

## Risks connected with the use of derivatives

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

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

Accordingly, the use of derivatives requires not only an understanding of the underlying instrument but also a thorough knowledge of the derivatives themselves.

The risk of default in the case of derivatives traded on an exchange is generally lower than the risk associated with derivatives that are traded over-the-counter, as the clearing agent, which assumes the function of issuer or counterparty in relation to each derivative traded on an exchange, assumes a performance guarantee. To reduce the overall risk of default, such guarantee is supported by a daily payment system maintained by the clearing agent, in which the assets required for cover are calculated. In the case of derivatives traded over-the-counter on the open market, there is no comparable clearing agent guarantee and in assessing the potential risk of default, the Management Company must take account of the creditworthiness of each counterparty.

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

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

## Investing in UBS (Lux) Money Market Invest

### Conditions for the issue and redemption of units

Subfund units are issued and redeemed on every business day. In this context, "business day" refers to normal bank business days in Luxembourg (i.e. each day on which the banks are open during normal business hours) with the exception of individual, non-statutory rest days as well as days on which exchanges in the main countries in which the Subfund invests are closed or 50% or more Subfund investments cannot be adequately valued. "Non-statutory rest days" are days on which individual banks and financial institutions are closed. No issue or redemption will take place on days on which the Management Company has decided not to calculate net asset value as described in the section "Suspension of the net asset value calculation and of the issue, redemption and conversion of units." In addition, the Management Company is empowered to reject subscription applications at its discretion.

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

Subscription and redemption applications entered with the Administrative Agent or the central settling agent of UBS Investment Bank in Switzerland – a unit of UBS AG – no later than by 4.00 p.m. CET (cut-off time) on a business day will be processed on the following business day (valuation date) on the basis of the net asset value calculated for that day.

To secure punctual forwarding to the Administrative Agent or central settling agent of UBS Investment Bank in Switzerland, earlier cut-off times may apply for submission of applications placed with sales agencies in Luxembourg or abroad. Information on this may be obtained from the sales agency concerned.

In the case of subscription or redemption applications registered with the Administrative Agent or the central settling agent of UBS Investment Bank in Switzerland – a unit of UBS AG – after 4.00 p.m. (Central European Time) on a business day, the order date is considered to be the following business day.

The foregoing also applies to the conversion of units of the Subfund into units of other Subfunds of UBS (Lux) Money Market Invest performed on the basis of the net asset values of the Subfunds concerned.

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

### Net asset value, issue and redemption price

The net asset value and the issue and redemption price per unit of any Subfund or of any unit class are expressed in the currency of account of the Subfund or of the unit class concerned and are calculated every business day by dividing the overall net assets of the Subfund, assigned to each unit class, by the number of units issued in the respective unit class of this Subfund. The percentage of the net asset value which is attributable to each unit class of a Subfund is determined by the ratio of the units in circulation in each unit class to the total number of units in circulation in the Subfund, taking into account the commission charged to that unit class, and changes each time the issue or redemption of units takes place.

If the total subscriptions or redemptions affecting all the unit classes of a Subfund on a single trading day come to a net capital inflow or outflow, the net asset value of the Subfund may be increased or reduced respectively. The maximum adjustment amounts to 1%, 2% from 15 October 2010 of the net asset value. Estimated transaction costs and tax charges that may be incurred by the Subfund as well as the estimated bid/offer spread of the assets in which the Subfund invests may be taken into account. The adjustment leads to an increase in net asset value if the net movements result in a rise in all units of the affected Subfund. It results in a reduction of net asset value if the net movements bring about a fall in the number of units. The Board of Directors can set a threshold value for each Subfund. This may consist in the net movement on a trading day in relation to the net fund assets or to an absolute amount in the currency of the Subfund concerned. The net asset value would be adjusted only if this threshold were to be passed on a trading day.

To safeguard against a dilution of the Subfunds' income, the net assets shall be adjusted to the date customarily specified as the value date of payment.

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

- Securities, derivatives and other investments listed on a stock exchange are valued at the last known market price. If the same security, derivative or other investment is quoted on several stock exchanges, the last available quotation on the stock exchange that represents the major market for this investment will apply. In the case of securities, derivatives and other investments traded marginally on a stock exchange and for which a secondary market among securities traders exists with pricing in line with the market, the Management Company may value these securities, derivatives and other investments based on these prices. Securities, derivatives and other investments that are not listed on a stock exchange, but which are traded on another regulated market which is recognised, open to the public and operates in a due and orderly fashion, are valued at the last available price on this market.
- Securities and other investments that are not listed at a stock exchange or traded on another regulated market, and for which no appropriate price can be obtained, will be valued by the Management Company according to other principles of its choosing on the basis of the likely sales prices.
- Derivatives that are not listed at a stock exchange (OTC-derivatives) will be valued on the basis of independent pricing sources. In case only one independent pricing source of a derivative is available, the plausibility of the valuation obtained will

be verified by means of methods of calculation recognized by the Management Company and the Fund's auditors, based on the market value of the underlying instrument from which the derivative is derived.

- (i) The assets of subfunds that are money market funds are valued as follows: The value of money market instruments not traded on a stock exchange or on another regulated market that is open to the public will be determined as follows from November 2010: The valuation price of such investments is based on the relevant interest-rate curve. The valuation based on the interest-rate curve is with reference to the two components of interest rate and spread. The following principles are applied in this process: For each money market instrument, the interest rates nearest the residual maturity are interpolated. The interest rate calculated in this way is converted into a market price by adding a spread that reflects the underlying borrower. This spread is adjusted if there is a significant change in the credit rating of the issuer. During a transitional period lasting until no later than 18 November 2011, the money market instruments already held in the Subfund before 19 November 2010 will be valued until maturity using the current method, as follows: The valuation price of such investments is gradually adjusted to the redemption price, based on the net acquisition price and maintaining constant the investment yield calculated on that basis. In the event of significant changes in market conditions, the basis for the valuation of the individual investments is brought into line with the new market yields. If the current market price is not available, the valuation will be normally be derived from the valuation of money market instruments with the same characteristics (quality and registered office of the issuer, currency of issuer, maturity).

(ii) Money market funds within the meaning of the regulation under letter d) (i) are valued as follows:

- For money market instruments and debt stock rights with a residual maturity of less than 12 months, the valuation price will be gradually adjusted to the redemption price, based on the net acquisition price and retaining the ensuing yield. Yields on floating rate notes (FRNs) are adjusted with each interest payment. The valuation price, calculated as such, may therefore deviate from the actual market price. In the event of a significant change in market conditions, the basis for the valuation of the individual investments is brought into line with the new market yields.
- Securities, derivatives, money-market instruments and other investments denominated in a currency other than the base currency of the relevant Subfund and not hedged by foreign-exchange transactions, are valued at the average exchange rate between the bid and offer price known in Luxembourg or, if not available, on the most representative market for this currency.
- Fixed-term deposits and fiduciary investments are valued at their nominal value plus accumulated interest.
- The value of swap transactions is calculated by the swap counterparty, on the basis of the net present value of all cash flows, both inflows and outflows. This valuation method is recognized by the Management Company and checked by the auditors.
- Interest income, the flat fee and the tax d'abonnement of the Subfunds up to and including the second valuation date following the valuation date concerned is included in the valuation of the assets of the Subfund concerned. The asset value per unit on a given valuation date therefore includes projected interest earnings as at two valuation days hence.

The Management Company is authorized to apply other generally recognized and auditable valuation criteria in order to achieve an appropriate valuation of the net assets if, due to extraordinary circumstances, a valuation in accordance with the above-mentioned regulations proves to be unfeasible or inaccurate.

In extraordinary circumstances, additional valuations can be carried out over the course of the day. These new valuations will then be valid for subsequent issues and redemptions of units.

### Issue of units

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

After the initial subscription period, the issue price is based on the net asset value per unit plus an issuing commission of maximum 4% of the net asset value in favour of the sales agencies. In addition to this, any taxes, commissions and other fees that apply in the different countries in which units in the Fund may be sold will also be charged.

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

Subscriptions received by the Administrative Agent or the central settling agent of UBS Investment Bank in Switzerland – a unit of UBS AG – after 4.00 p.m. (Central European Time) on a business day shall be settled at the issue price calculated on the next following working day. The issue price of a Subfund unit is paid no later than on the second business day following the order date into the Custodian Bank account in favour of the Subfund.

A local Paying Agent will submit transactions on behalf of the final investor on a nominee basis. Costs incurred for such services may be charged to the investor. The Management Company may accept full or partial subscriptions in kind at its own discretion. In this case the capital subscribed in kind must be harmonized with the investment policy and restrictions of the particular Subfund. These investments will also be audited by the auditor assigned by the Management Company. Any associated costs will be payable by the investor.

If a physical unit certificate is requested, this certificate will be delivered as quickly as possible after the issue price has been fixed. The normal bank delivery charges will be made.

Only bearer-unit and registered-unit certificates in denominations of one or more whole units may be issued for each Subfund.

All units issued and still outstanding have the same rights. The Management Regulations nonetheless provide for the possibility of issuing various unit classes with specific features within a particular Subfund.

Fractions of units may also be issued. However, no physical certificates will be issued for these fractions; they shall instead be booked to the securities custody account of the unitholder's choice.

Fractions of units will be rounded to a maximum of three decimal places and do not confer the right to vote at general meetings, but will grant entitlement to a distribution or a proportionate distribution of the liquidation proceeds should the Subfund/unit class concerned be liquidated.

## Redemption of units

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

For redemption applications received by the Administrative Agent or the central settling agent of UBS Investment Bank in Switzerland – a unit of UBS AG – after 4.00 p.m. (Central European Time) on a business day the next following working day shall be regarded as the order date.

The countervalue for redeemed Subfund units is paid two business days after the order date unless legal provisions, such as foreign exchange controls or restrictions on capital movements, or other circumstances beyond the control of the Custodian Bank, make it impossible to transfer the redemption amount to the country in which the redemption application was submitted. For Subfunds with several unit classes denominated in different currencies, unitholders may receive the equivalent value of the redemption in the currency of the respective unit class only.

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

No redemption commission is charged.

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

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

The local Paying Agent will undertake the corresponding transaction on behalf of the final investor or the nominee. Costs incurred for the services of the Paying Agent may be charged to the investor.

The Management Company may offer investors full or partial redemptions in kind at its own discretion. These expenses will be checked by the auditors appointed by the Management Company and must not have any negative impact on unitholders remaining with the Fund. Any associated costs will be payable by the investor.

## Conversion of units

The unitholder can change from one Subfund to another at any time. The same procedures apply to the submission of conversion applications as apply to the issue and redemption of units.

The number of units of the Subfund into which the investor would like to convert his holding is calculated using the following formula:

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

where:

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

$\beta$  = number of units of the Subfund or unit class from which conversion is required

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

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

$\varepsilon$  = net asset value of the units in the Subfund and/or unit class into which the conversion is to be performed plus any taxes, commissions or other fees

For the conversion, a conversion commission of 2% maximum (calculated on the net asset value of the units of the Subfund or unit class into which the conversion is performed) may be charged in favour of the sales agencies.

Any fees, taxes and stamp duties incurred in the countries when a conversion is made are payable by the unitholder.

In the event of a conversion, the new certificates will be delivered on request and without unnecessary delay. The usual bank delivery fees will be charged.

## Prevention of money laundering

The Fund's sales agencies must observe the provisions of the Luxembourg law dated 19 February 1973 on the sale of drugs and the fight against drug addiction and the laws dated 5 April 1993 on the financial sector and 12 November 2004 on the prevention of money laundering, each as amended, as well as the provisions of the current Management Regulations.

Accordingly, the subscriber must provide proof of his or her identity to the sales agency or Distributor that accepts his or her subscription. The sales agency or Distributor is to request the following identification documents from subscribers: for individuals - a certified copy of the passport/identity card (certified by the sales agency or distributor or by the local administrative authority) and the tax identification number provided to the investor by the state in which he/she is domiciled for tax purposes; for companies or other legal entities - a certified copy of the articles of incorporation, a certified copy of the extract from the Commercial Register, a copy of the most recently published annual accounts and the complete name of the beneficial owner.

The sales office must ensure that the Distributors adhere strictly to the aforementioned identification procedures. UBS Fund Services (Luxembourg) S.A. and the Management Company can, at any time, demand assurance from the sales agency that the procedures are being adhered to. UBS Fund Services (Luxembourg) S.A. will monitor compliance with the aforementioned provisions for all subscription and redemption applications they receive from sales agencies or Distributors in countries that are not members of the Financial Action Task Force on Money Laundering (hereinafter referred to as "FATF").

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

FATF countries are those states that adhere to the regulations of the FATF.

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

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

- one or more stock exchanges or other markets which provide the basis for valuing a substantial portion of the net assets, or foreign exchange markets in whose currency the net asset value or a major part of the net assets of the Fund

is denominated, are closed other than for normal holidays or if dealings therein are suspended, or if these stock exchanges or markets are subject to restrictions or to major price fluctuations in the short term;

- events beyond the control, liability or influence of the Management Company make it impossible to access the net assets under normal conditions or such access would be detrimental to the interests of the unitholders;
- disruptions in the communications network or any other reason make it impossible to calculate the value of a considerable part of the net assets;
- the Fund can no longer transact its business due to restrictions on foreign exchange and capital movements.

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

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

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

In addition, the Management Company is empowered:

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

## Distribution of income

In accordance with article 10 of the Management Regulations, once the annual accounts are closed the Management Company will decide to what extent distribution should be made for each Subfund. Distributions may not cause the net assets of the Fund to fall below the minimum amount for Fund assets defined by law. If distributions are made, they will be paid out within four months of the end of the financial year.

The Management Company is entitled to pay interim dividends and to suspend the payment of distributions.

Entitlements to distributions and allocations not claimed within five years of falling due shall lapse and be paid back into the relevant class of the Subfund in question. If the Subfund in question has already been liquidated, the distributions and allocations will accrue to the remaining Subfunds of the Fund in proportion to their respective net assets. The Management Company may decide, in connection with the appropriation of net investment income and capital gains, to issue bonus units. An income equalisation amount will be calculated so that the distribution corresponds to the actual income entitlement.

Distributions are made upon submission of the relevant coupons. The Management Company determines the method of payment.

## Taxes and expenses

### Taxation

The Fund is subject to Luxembourg legislation. In accordance with current legislation in the Grand Duchy of Luxembourg, the Fund is not subject to any Luxembourg withholding, income, capital-gains or wealth taxes. However, each Subfund is subject to the Grand Duchy of Luxembourg's "taxe d'abonnement" at a reduced rate of 0.01% p.a. on total net assets, which is payable at the end of every quarter. This tax is calculated on the total net assets of each Subfund at the end of every quarter.

Unitholders should be aware that the Luxembourg Law of 21 June 2005 has transposed Council Directive 2003/48/EC dated 3 June 2003 concerning the taxation of interest into Luxembourg law. Since 1 July 2005, this Law has provided for the imposition of a withholding tax on cross-border interest payments to individuals domiciled in the EU or for an automatic information exchange. This applies, inter alia, to distributions and dividends payable by investment funds which invest more than 15%, and earnings from the assignment or repayment of units in investment funds which invest more than 40% (from 1 January 2011: 25%) in debt instruments and claims as defined by the EU taxation of interest. Where necessary, the sales agency or Distributor may, upon subscription, ask investors to give their tax identification number provided by the state in which they are domiciled for tax purposes.

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

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

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

The aforementioned is merely a summary of the tax effects and does not claim to be exhaustive. It is incumbent upon the purchasers of units to seek information on the laws and regulations governing the purchase, possession and sale of units at their place of residence and for people of their nationality.

### Investors in the United Kingdom

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

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

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

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

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

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

The members of the Board of Directors may, at their discretion, apply for qualifying offshore fund status for specified subfunds, or unit classes issued by the subfunds. Where such an application has been made, the Board of Directors intends to manage the Fund so that an investment in the specified unit classes will be treated as investment in a qualifying offshore fund for each accounting period and to satisfy HM Revenue & Customs that the relevant requirements have been or will be met. However, the members of the Board of Directors do not guarantee that these requirements will be met or that HM Revenue & Customs will confirm that they have been met.

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

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

#### Expenses paid by the Fund

The Fund will be charged a maximum flat fee for unit classes "P", "N", "H", "K-1", "K-2", "F", "Q", "I-18", "I-15" and "I-12", calculated on the average net asset value of the Subfunds.

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

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

- annual fees and expenses for approving and supervising the Fund in Luxembourg and abroad;
- other fees charged by the supervisory authorities;
- printing of the regulations, prospectuses and annual and semi-annual reports;
- price publications and publication of notices to investors;
- fees incurred in connection with the listing of the Fund and sales within Luxembourg and abroad;
- commission and expenses of the Custodian Bank for the safekeeping of the Fund's assets, dealing with payments and other duties, as required under the Law of 2002;
- fees and other expenses for the payment of dividends to investors;
- auditor's fees.

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

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

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

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

For unit classes "K-2" and "F", an additional fee will also be charged; this shall be determined via a separate contract between the investor and UBS AG or one of its authorised distribution partners.

For unit class "I-3.5" a fee is charged to cover the costs of Fund administration (comprising the costs of the Management Company, Administrative Agent and Custodian Bank). The costs for asset management and distribution are charged directly outside of the Fund under a separate contract between the investor and UBS Global Asset Management or one of its authorised representatives.

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

All costs which can be allocated to individual Subfunds will be charged to these Subfunds. Costs which can be allocated to unit classes will be charged to these unit classes.

If costs pertain to several or all Subfunds/unit classes, however, these costs will be charged to the Subfunds/unit classes concerned in proportion to their relative net asset values.

## Information to unitholders

### Regular reports and publications

An annual report is published for each Subfund and the Fund as a whole on 31 October and a semi-annual report on 30 April.

These reports contain a breakdown of each Subfund in the relevant base currency. The consolidated breakdown of the Fund's overall assets is prepared in euro.

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

The annual and semi-annual reports are available to unitholders at the head office of the Management Company and the Custodian Bank.

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

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

### Depositing of documents

The following documents are available from the head office of the Management Company:

- 1) the Management Regulations
  - 2) the latest annual and semi-annual reports for the Fund
- The following documents are held by the head office of the Management Company, where they are available for inspection:

- 1) the articles of association of the Management Company
- 2) the agreements concluded between the Custodian Bank and the Management Company. The aforementioned agreements may be altered by common consent of the parties involved.

## Liquidation and merging of the Fund and its Subfunds

### Liquidation of the Fund and its Subfunds

Unitholders, their heirs or other beneficiaries may not demand the division or liquidation of either the entire Fund or one or more individual Subfunds. The Management Company is authorized, however, to liquidate the Fund or the Subfunds provided that, taking into account the interests of the unitholders, such liquidation is considered reasonable or necessary for the protection of the Management Company and the Fund or for reasons of investment policy.

The decision to liquidate a Subfund shall be published in a Luxembourg daily newspaper and, if necessary, in the official publications specified for the respective countries in which Fund units are sold as listed in this sales prospectus. No units may be issued after the date of such a decision and each conversion in the Subfunds concerned will be suspended. The redemption of units or conversion from the Subfund concerned will still be possible even after this decision is implemented, so that it will be ensured that any liquidation costs will be taken into account by the Subfund and are thus borne by all investors holding units of the Subfund at the time the decision to liquidate is made. During liquidation, the Management Company shall realize the Fund's assets in the best interests of the unitholders and instruct the Custodian Bank to distribute the net proceeds from liquidation of the Subfunds to the unitholders of said Subfunds in proportion to their respective holdings. Any liquidation proceeds which cannot be distributed to the unitholders on completing the liquidation may be deposited with the Custodian Bank for a period of six months. Afterwards, they will be deposited with the "Caisse de Consignation" in Luxembourg until expiry of the limitation period.

Liquidation of the Fund is mandatory in the cases prescribed by law and in the event of the Management Company being liquidated. Notice of such liquidation is published in at least three daily newspapers (one of them being a Luxembourg daily newspaper) as well as in the "Mémorial". The liquidation procedure is identical for the Fund and its Subfunds with the exception that, in the case of the Fund, any liquidation proceeds which cannot be distributed to unitholders at the end of the liquidation procedure are immediately deposited with the "Caisse de Consignation".

### Merger of Subfunds/a Subfund with another undertaking for collective investment (UCI)

If, for whatever reason, the net assets of a Subfund fall below the countervalue of EUR 10 million, or if the economic, legal or political environment changes, the Management Company may decide to cancel issued units of the corresponding Subfund and to allocate units in another Subfund or another UCI under Luxembourg law subject to Part I of the Law of 2002 to unitholders of this Subfund. Should the Management Company take such a decision, the merger shall be binding for all unitholders of the Subfund concerned after expiry of a one-month period commencing on the date on which the decision is published.

During this period, unitholders may submit their units for redemption without having to pay any redemption fee or administration costs.

The decision to merge Subfunds or one single Subfund with another UCI established in accordance with Part I of the above Luxembourg Laws will be announced in a Luxembourg daily newspaper, and, if necessary, in the official publications specified for the countries in which Fund units are sold, as listed in this sales prospectus.

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

The District Court of Luxembourg is the place of performance for all legal disputes between the unitholders, the Management Company and the Custodian Bank. Luxembourg law shall apply. However, in matters concerning the claims of investors from the other countries, the Management Company and/or the Custodian Bank may elect to make themselves and the Fund subject to the jurisdiction of the countries in which the units were bought and sold.

The German version of this sales prospectus is the authoritative version. However, in the case of units sold to investors from the other countries in which Fund units can be bought and sold, the Management Company and the Custodian Bank may recognise approved translations (i.e. approved by the Management Company and the Custodian Bank) into the languages concerned as binding upon themselves and the Fund.

## Investment principles

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

### 1 Permitted investments of the Fund

- 1.1 The Fund's investments principally consist of:

- a) securities and money-market instruments which are listed or traded on a regulated market in an EU Member State, as defined in Article 1(13) of the Investment Services Directive;
- b) securities and money-market instruments, which are listed or traded on a stock exchange or other recognized stock exchange which is open to the public and functions properly in a European, American, Asian, African or Oceanic country (hereinafter called "authorized state");
- c) securities and money-market instruments acquired through new issues subject to the proviso that the terms of issue must stipulate that authorisation for official listing on a stock exchange or trading on a regulated market mentioned in 1.1 a) or 1.1 b) must be applied for, and admission obtained within one year of the initial issue;
- d) sight deposits or deposits at notice at credit institutions with a term of not more than 12 months, provided that the institution concerned has its head office in an EU Member State, or – if the institution's head office is located in a non-EU state – it is subject to supervisory regulations which the Luxembourg Regulatory Authority deems equivalent to those under EU law;
- e) money market instruments as defined under "Investment policy", which are not traded on a regulated market, provided that the issuance or issuer of these instruments is governed by rules providing protection for investors and investments and on condition that such instruments are:
- issued or guaranteed by a state, regional or local entity of an approved state or international institutions with public-law character to which one or more EU Member States belong;
  - issued by an undertaking whose securities are traded on the regulated markets mentioned in points 1.1 a) and 1.1 b);
  - issued by an institution which is subject to supervision under Community law, or an institution subject to supervisory provisions which are deemed by the Luxembourg supervisory authority to be at least as strict as those of Community law,
  - or issued by other issuers belonging to a category approved by the Luxembourg supervisory authority, provided that investor protection rules apply to investments in such instruments which are equivalent to those of the first, second or third point listed above and that the issuers constitute either a company with equity capital ("capital et réserves") amounting to at least 10 million euros (EUR 10,000,000), which prepares its annual accounts under the provisions of the Fourth Council Directive 78/660/EEC, or an entity within a group encompassing one or more listed companies and responsible for its financing, or an entity which is to fund the underlying securities for obligations by the use of a credit line made available by a bank.
- f) derived financial instruments ("derivatives"), including instruments of the same value but not cleared, which are traded on a stock market or regulated market and listed under a) and b), and/or derived financial instruments, which are not traded on a stock market or regulated market ("OTC derivatives"), provided
- the underlying securities constitute instruments as defined by 1.1 a) and 1.1 b) or are financial indices, interest rates, exchange rates, currencies or macroeconomic indices in which the Fund is permitted to invest directly,
  - the counterparties in transactions involving OTC derivatives are institutions subject to ongoing supervision and are in categories which have been authorized by the Luxembourg supervisory authorities,
  - and the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or settled at any time by means of a back-to-back transaction at the appropriate market price at the instigation of the Fund.
- 1.2 In derogation to the investment limitations determined in point 1.1, each Subfund may invest up to 10% of its net assets in securities and money-market instruments other than those indicated in point 1.1.
- 1.3 The Management Company shall ensure that the overall risk associated with derivatives does not exceed the overall net value of the Fund portfolio. Each Subfund may, as part of its investment strategy, make investments in derivatives within the limits laid down in points 2.2. and 2.3., provided the overall risk of the underlying instruments does not exceed the investment limits stipulated in point 2.
- 1.4 Each Subfund may hold liquid funds on an accessory basis.
- ## 2 Risk diversification
- 2.1 In accordance with the principle of risk diversification, the Management Company is not permitted to invest more than 10% of the net assets of a Subfund in securities or money-market instruments from a single institution. The Management Company may not invest more than 20% of the net asset value in deposits with a single institution. In transactions by a Subfund in OTC derivatives, the risk of loss must not exceed 10% of the assets of the Subfund concerned; if the counterparty is a credit institution as defined in 1.1 d), the maximum allowable risk of loss reduces to 5% in transactions with other counterparties. The total value of all positions in the securities and money-market instruments of those institutions accounting for more than 5% of the net assets of a Subfund may not exceed 40% of the net assets of the respective Subfund. This restriction does not apply to deposits or transactions with OTC derivatives involving financial institutions which are subject to supervision.
- 2.2 Regardless of the maximum limits set out in 2.1, each Subfund may not invest more than 20% of its net assets in a combination of
- securities or money-market instruments issued by an institution
  - deposits with this institution and/or
  - expose itself to risks from OTC derivatives issued in relation to this institution.
- 2.3 Contrary to the above, the following applies:
- a) The limit of 10% mentioned in 2.1 can be raised to a maximum of 25% for various debt instruments issued by credit institutions domiciled in an EU member country and subject, in that particular country, to special legislative supervision of public authorities that would ensure the protection of investors. In particular, funds originating from the issue of such debt instruments must, in accordance with the law, be invested in assets which provide sufficient cover for the obligations arising therefrom during the entire term of the debt instruments and, in the event of insolvency of the issuer, provide a preference right in respect of the payment of capital and interest. The total value of such investments of a Subfund investing more than 5% of its net assets in such debt instruments issued by one and the same issuer may not exceed 80% of the net assets of that Subfund.
- b) This limit of 10% can be raised to a maximum of 35% for securities or money-market instruments that are issued or guaranteed by an EU Member State or its central, regional and local authorities, by another authorized state, or by international organizations with public-law character of which one or more EU states are members. Securities that come under the special ruling given in 2.3 a) and b) are not counted when calculating the above-mentioned 40% risk diversification ceiling.
- c) The limits set out in 2.1, 2.2, 2.3 a) and b) may not be accumulated; therefore the investments listed in the said paragraphs made in securities or money-market instruments of one and the same issuer or in deposits with the said institution or in its derivatives may not exceed 35% of the net assets of a given Subfund.
- d) Companies which belong to the same group of companies in that they prepare their consolidated accounts under the rules of Council Directive 83/349/EEC (1) or according to recognized international accounting principles, must be treated as a single issuer for the calculation of the investment limits set out in this Article. However, investments by a Subfund in securities and money-market instruments of one and the same group of companies may together make up to 20% of the assets of the Subfund concerned.
- e) The Management Company is authorized, in the interests of risk diversification, to invest up to 100% of the net assets of a Subfund in securities and money-market instruments from various offerings that are issued or guaranteed by an EU Member State or its local authorities, by another approved country or by international organizations under public law to which one or more EU Member States belong. These securities or money-market instruments must be divided into at least six different issues, with securities or money-market instruments from a single issue not exceeding 30% of the total net assets of a Subfund.**
- If the limits mentioned under 1 and 2 are exceeded unintentionally or due to the exercise of subscription rights, the Management Company must give priority in its sales of securities to normalising the situation while, at the same time, considering the best interests of the unitholders. Provided that they continue to observe the principles of diversification, newly founded Subfunds may deviate from the specific risk diversification restrictions mentioned above for a period of six months after being approved by the authorities.
- ## 3 Investment restrictions
- The Management Company is prohibited from:
- 3.1 acquiring securities on behalf of the Fund, the subsequent sale of which is subject to any restrictions arising from contractual agreements;
- 3.2 acquiring equities with voting rights that would enable the Management Company, possibly in collaboration with other investment funds under its management, to exert a significant influence on the management of the issuer concerned;
- 3.3 acquiring units of other undertakings for collective investment;
- 3.4 acquiring more than:
- 10% of the non-voting shares of a single issuer,
  - 10% of the debt instruments of a single issuer,
  - 10% of the money market instruments of a single issuer.
- In the latter two cases, the restrictions on acquiring securities need not be observed if the gross amount of the debt instruments or the money market instruments and the net amounts of the issued units cannot be determined at the time of acquisition. Exempt from the provisions of 3.2 and 3.3 are securities and money market instruments which, in accordance with Article 48(3) of the Law of 2002, are issued or guaranteed by an EU Member State or its central, regional and local authorities or by another approved country or are issued by international organisations with public-law character to which one or more EU Member States belong.
- 3.5 short-selling securities, money market instruments and other instruments listed in 1.1 f) and g);
- 3.6 acquiring precious metals or related certificates;
- 3.7 investing in real estate and purchasing or selling commodities or commodities contracts;
- 3.8 taking out loans, unless
- they are in the form of a back-to-back loan for the purchase of foreign currency;
  - the loan is only temporary and does not exceed 10% of the net assets of the Subfund in question;
- 3.9 granting loans or acting as guarantor for third parties. This restriction does not prevent the acquisition of securities, money market instruments or the other instruments listed in 1.1 e) and 1.1 g) if these are not fully paid up;
- The Management Company is authorised to introduce further investment restrictions at any time in the interests of the unitholders provided these are necessary to ensure compliance with the laws and regulations of those countries in which Fund units are offered and sold.
- ## 4 Special techniques and instruments that have securities and money market instruments as underlying assets
- As set out in 1.1 g), the Management Company may, as a main element in achieving the investment policy for each Subfund, within the statutory conditions and limits defined, use special techniques and financial instruments whose underlying assets are securities, money market instruments and other financial instruments. The Management Company must use a risk-management process that enables it, at any time, to monitor and measure the risk associated with its investment positions and its share in the overall risk profile of the investment portfolio; furthermore, it must use a process that allows it to determine the value of the OTC derivatives in a precise and impartial manner. It must regularly notify the CSSF in accordance with the rules set by it (les règles détaillées) of the types of derivatives contained in the portfolio, the risks associated with the underlying

securities, the investment limits and the methods used for measuring the risks associated with derivatives transactions.

The Management Company is also entitled to employ techniques and instruments which feature securities and money market instruments, provided such techniques and instruments are used in the interests of efficient portfolio management subject to the conditions and limits defined by the CSSF. If such transactions relate to the use of derivatives, the terms and limits must comply with the provisions of the Luxembourg Law of 2002.

The Subfunds may under no circumstances deviate from their investment objectives for these transactions.

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

The following are taken into account in computing risk: the market value of the underlying instruments, the risk of default, future foreseeable market developments and the period within which the positions are to be liquidated. Within the limits set out in 2.3 d), the Management Company may invest in derivatives as part of its investment strategy, provided the overall risk of the underlying assets does not exceed the investment limits cited in point 2. Investments made by a UCITS in index-based derivatives need not be taken into account in the case of the investment limits in point 2 of the Article.

If a derivative is embedded in a security or money market instrument, it has to be taken into account with regard to compliance with the rules of this Article.

The Fund may also lend portions of its securities portfolio to third parties ("**securities lending**"). In general, securities lending may be effected only via recognised clearing houses such as Clearstream International or Euroclear, or using first-class financial institutions that specialise in such activities and following the procedure specified by them. Such transactions, however, may not be entered into for longer than 30 days. If the loan exceeds 50% of the Subfund's securities portfolio, it may only be effected on condition that termination of the loan contract is possible immediately.

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

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

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

- Securities may only be purchased or sold under a repurchase agreement if the counterparty is a first-class financial institution specialising in this kind of transaction.
- For as long as the repurchase agreement is valid, the securities bought cannot be sold before the right to repurchase the securities has been exercised or the repurchase period has expired.
- In addition, it must be ensured that the volume of the liabilities of repurchase agreements of each Subfund is structured in such a way that the Subfund can meet its redemption obligations towards its unitholders at any time.
- Securities that are related to derivative financial instruments as underlyings, are lent or that have been taken under terms of reverse repurchase agreements may not be sold under the terms of reverse repurchase agreements.