

Annual Report 2008/2009.

Investment Company under Luxembourg Law (SICAV)

Audited annual report as of 31 May 2009

UBS (Lux) Bond SICAV – Convert Global



Management and Administration

Annual Report as of 31 May 2009
UBS (Lux) Bond SICAV

Registered Office

33A, avenue J.F. Kennedy,
P.O. Box 91, L-2010 Luxembourg
R.C.S. Luxembourg N° B 56 385

Board of Directors

Thomas Rose, Chairman of the Board
Managing Director, UBS AG, Basel and Zurich

Gerhard Fusenig, Member (until 30 September 2008)
Managing Director, UBS AG, Basel and Zurich

Aloyse Hemmen, Member
Executive Director, UBS Fund Services
(Luxembourg) S.A., Luxembourg

Gilbert Schintgen, Member
Executive Director, UBS Fund Services
(Luxembourg) S.A., Luxembourg

Dirk Spiegel, Member (until 28 February 2009)
Executive Director, UBS AG, Basel and Zurich

Court Taylour, Member (since 1 March 2009)
Director, UBS AG, Basel and Zurich

Day to Day Manager

Valérie Bernard
Director, UBS Fund Services (Luxembourg) S.A.,
Luxembourg

Frédéric Delapierre
(from 1 August 2008 until 25 July 2009)
Associate Director, UBS Fund Services
(Luxembourg) S.A., Luxembourg

Christophe Hilbert
Associate Director, UBS Fund Services
(Luxembourg) S.A., Luxembourg

Portfolio Managers

UBS (Lux) Bond SICAV – Convert Global
UBS (Lux) Bond SICAV – EUR Corporates
UBS (Lux) Bond SICAV – EUR Select
UBS (Lux) Bond SICAV – EUR Select Defensive
UBS (Lux) Bond SICAV – Flexible Term EUR
UBS (Lux) Bond SICAV – Flexible Term USD
UBS (Lux) Bond SICAV – Inflation-linked EUR
UBS (Lux) Bond SICAV – Select (CHF)
UBS (Lux) Bond SICAV – USD Select
UBS (Lux) Bond SICAV – USD Select Defensive
UBS AG, UBS Global Asset Management,
Basel and Zurich

UBS (Lux) Bond SICAV – USD Corporates
UBS (Lux) Bond SICAV – USD High Yield
UBS Global Asset Management (Americas) Inc.,
Chicago

UBS (Lux) Bond SICAV – European Convergence
UBS (Lux) Bond SICAV – Russia
UBS Global Asset Management (Deutschland) GmbH

UBS (Lux) Bond SICAV – Brazil
UBS Pactual Asset Management S.A. DTVM,
Rio de Janeiro, Brazil

Custodian Bank, main paying agent and sales agency

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

Administrative agent

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

Independent Auditors of the Company

PricewaterhouseCoopers S.à r.l.,
Réviseur d'entreprises
400, route d'Esch, B.P. 1443, L-1014 Luxembourg

Sale in Switzerland

Representative

UBS Fund Management (Switzerland) AG,
Brunngässlein 12, CH-4002 Basel

Paying agents

UBS AG, Aeschenvorstadt 1, CH-4002 Basel
UBS AG, Bahnhofstrasse 45, CH-8098 Zurich
and its offices in Switzerland

The sales prospectus and the simplified prospectuses, the articles of association of the Company, the annual and semi-annual reports as well as the portfolio movements of the Company mentioned in this publication are available free of charge from UBS AG, P.O. Box, CH-4002 Basel and from UBS Fund Management (Switzerland) AG, P.O. Box, CH-4002 Basel.

Sale in the Federal Republic of Germany

Sales support and information agent

UBS Deutschland AG, Stephanstrasse 14–16,
D-60313 Frankfurt am Main

Sales agency, paying and information agent

UBS Deutschland AG, Stephanstrasse 14–16,
D-60313 Frankfurt am Main

The sales prospectus and the simplified prospectuses, the articles of association of the Company, the annual and semi-annual reports as well as the portfolio movements of the Company mentioned in this publication are available free of charge from UBS Deutschland AG, Stephanstrasse 14–16, D-60313 Frankfurt am Main.

Sale in the Principality of Liechtenstein

Sales agency and paying agent

Liechtensteinische Landesbank AG,
Städtle 44, FL-9490 Vaduz

Sale in the Republic of Austria

The shares of the following subfunds may be sold in the Republic of Austria:

UBS (Lux) Bond SICAV – Brazil
UBS (Lux) Bond SICAV – Convert Global
UBS (Lux) Bond SICAV – EUR Corporates
UBS (Lux) Bond SICAV – EUR Select
UBS (Lux) Bond SICAV – European Convergence
UBS (Lux) Bond SICAV – Flexible Term EUR
UBS (Lux) Bond SICAV – Flexible Term USD
UBS (Lux) Bond SICAV – Inflation-linked EUR
UBS (Lux) Bond SICAV – USD Corporates
UBS (Lux) Bond SICAV – USD High Yield
UBS (Lux) Bond SICAV – USD Select

**Sale in Belgium, in Chile*, in Denmark,
in Finland, in France, in Italy, in Japan, in Malta,
in the Netherlands, in Norway, in Peru,
in Portugal, in Singapore**, in Spain, in
Sweden, in Taiwan and in the United Kingdom**

* only pension schemes

** Restricted recognition scheme

Shares of this Company may be sold in these countries.

The sales prospectus and the simplified prospectuses, the articles of association of the Company, the annual and semi-annual reports as well as the portfolio movements of the Company mentioned in this publication are available free of charge at the sales agencies and at the registered office of the Company.

Features of the Company

Annual Report as of 31 May 2009
UBS (Lux) Bond SICAV

UBS (Lux) Bond SICAV (hereinafter called the “Company”) offers investors a range of different subfunds (“umbrella construction”) which invest in accordance with the investment policy described in the sales prospectus. The sales prospectus contains specific details on each subfund and will be updated each time a new subfund is issued.

UBS (Lux) Bond SICAV was incorporated on 7 October 1996, as an open-end investment company in the legal form of a “société d’investissement à capital variable” (SICAV) in accordance with Part I of the Luxembourg law relating to undertakings for collective investment enacted on 30 March 1988 and became subject to the law of 20 December 2002 in November 2005. Since the Company has not nominated a management company, it is treated as a self-administering investment company as defined by law.

The Articles of Association were published in the “Mémorial, Recueil des Sociétés et Associations” (hereinafter referred to as “Mémorial”) on 8 November 1996 with amendments on 17 November 1997 and announced by way of a notice of deposit on 30 December 2005. The consolidated version is deposited at the Commercial and Company Register of the District Court in Luxembourg for inspection. Each amendment shall be published in the “Mémorial”, in a Luxembourg daily newspaper and, if necessary, in the official publications specified for the respective countries in which Company shares are sold. Such amendments become legally binding in respect of all shareholders subsequent to their approval by the general meeting of the shareholders.

The entirety of the subfunds net assets forms the total net assets of the Company, which at any time correspond to the share capital of the Company and consist of fully paid in and non-par-value shares (the “shares”).

At general meetings, the shareholder has the right to one vote per share held, irrespective of the difference in value of shares in the respective subfunds. Shares of a particular subfund carry the right of one vote per share held when voting at meetings affecting this subfund.

The Company is a single legal entity. With respect to the shareholders, each subfund is regarded as being separate from the others. The assets of a subfund can only be used to offset the liabilities which the subfund concerned has assumed.

The Board of Directors of the Company is empowered at any time to liquidate existing subfunds and to establish new subfunds as well as different share classes with specific characteristics within these subfunds. The sales prospectus will be updated each time a new subfund or an additional share class is issued.

The Company is unlimited with regard to duration and total assets.

So far, the following subfunds are available:

UBS (Lux) Bond SICAV	Currency of account of the subfunds
– Brazil	USD
– Convert Global	EUR
– EUR Corporates	EUR
– EUR Select	EUR
– EUR Select Defensive	EUR
– European Convergence	EUR
– Flexible Term EUR	EUR
– Flexible Term USD	USD
– Inflation-linked EUR	EUR
– Russia	USD
– Select (CHF)	CHF
– USD Corporates	USD
– USD High Yield	USD
– USD Select	USD
– USD Select Defensive	USD

The following share classes are currently available:

- Shares in classes with “P” as part of their name are available to all investors. Share class “P” differs from share classes “H” and “K-1” with regard to the level of the flat fee. Only bearer shares are issued.
- Shares in classes with “N” as part of their name (= shares with restrictions on the distribution partners and countries) are issued exclusively through Distributors 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 shares are issued.
- Shares in classes with “H” as part of their name are available to all investors. Share class “H” differs from share classes “P” and “K-1” with regard to the level of the flat fee. Only bearer shares are issued.
- Shares in classes with “K-1” as part of their name are available to all investors. Share class “K-1” differs from share classes “P” and “H” with regard to the level of the flat fee. Only bearer shares are issued.

- Shares in classes with “K-2” as part of 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 shares are issued.
- Shares in classes with “F” as part of 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 the termination of the asset management mandate, investors lose the right to hold units in the Company. UBS AG or its selected banking subsidiaries may return these shares at the prevailing net asset value and at no charge to the Company. Only registered shares are issued.
- The offer of share classes with “Q” as part of their name is restricted to certain distribution partners and countries. It is exclusively directed towards professionals of the financial sector in Italy, Spain and Portugal (including their domestic and foreign subsidiaries and group companies as well as any group companies or subsidiaries of UBS AG), who have been authorised by UBS AG and meet one of the following criteria: subscribing on their own behalf or authorised by the regulator to invest
 - (i) either on behalf of their clients within a discretionary mandate;
 - or
 - (ii) for their own products such as fund of funds.
 Admission of investors in further distribution countries shall be decided by the Board of Directors. Only bearer shares are issued.
- Shares in classes with “I-68”, “I-62”, “I-60”, “I-58”, “I-56”, “I-55”, “I-54”, “I-52”, “I-51”, “I-50”, “I-48”, “I-46”, “I-45”, “I-44”, “I-42”, “I-40”, “I-38”, “I-36” or “I-34” as part of their name are exclusively reserved for institutional investors. Only bearer shares are issued.
- Shares in classes with “I-11.5” or “I-6.5” as part of their name are exclusively reserved for institutional investors who have signed a portfolio management contract, an advisory agreement or an agreement regarding investing in Subfunds of the umbrella fund with UBS AG or one of its authorised counterparties. The costs for Fund administration (comprising the costs of the Company, administration and Custodian Bank) are charged directly to the Subfund through fees. The costs for asset management and distribution are charged to investors under the aforementioned agreements. Only registered shares are issued.
- Shares in classes with “I-X” as part of their name are exclusively reserved for institutional investors who have signed a portfolio management contract, an advisory agreement or an agreement regarding 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 Company, administration and Custodian Bank) and distribution are charged to investors under the aforementioned agreements. Only registered shares are issued.
- Shares in classes with “U-X” as part of their name are exclusively reserved for institutional investors who have signed a portfolio management contract, an advisory agreement or an agreement regarding investment in Subfunds of the umbrella fund with an investment capacity defined in the prospectus with UBS AG or one of its authorised counterparties. The costs of asset management, Fund administration (comprising the costs of the Company, administration and Custodian Bank) and distribution are charged to investors under the aforementioned agreements. This share class is exclusively geared towards financial products (i.e. fund of funds or other pooled structures in accordance with different legislation). Only registered shares are issued.
- For share classes with “hedged”^{*} as part of their name and which are denominated in a currency other than the Subfund’s currency of account, foreign exchange transactions and currency forwards are carried out in order to hedge the net asset value of the Subfund, calculated in the currency of account, against the net asset value of the share classes denominated in other currencies. Although it will not be possible to fully hedge the total net asset value of a share class against currency fluctuations of the currency of account, the aim is to secure a currency hedge for the currency of account against the corresponding currency of the share classes equivalent to between 90% and 110% of the net asset value. Changes in the value of the hedged sections of the portfolio and the volume of subscription and redemption requests for shares not denominated in the currency of account may, however, result in the level of currency hedging temporarily surpassing the stated limits.

^{*} The same applies to share classes of a Subfund with “hedged” as part of their name, whose investments are denominated in a currency other than the Subfund’s currency of account.

The financial year of the Company ends on 31 May.

The ordinary general meeting takes place annually on 20 September at 11.30 a.m. at the registered office of the Company. If 20 September happens to be no working day in Luxembourg, the ordinary general meeting takes place on the next following working day.

Information on whether a Company Subfund is listed on the Luxembourg Stock Exchange can be obtained from the Administrative Agent or the Luxembourg Stock Exchange website (www.bourse.lu).

The issue and redemption of shares of UBS (Lux) Bond SICAV are subject to the regulations prevailing in the country concerned.

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

The annual and semi-annual reports are available free of charge to shareholders at the registered office of the Company and the Custodian Bank.

No subscription may be accepted on the basis of the financial reports. Subscriptions are accepted only on the basis of the current prospectus accompanied by the latest annual report and the latest semi-annual report if available.

Independent Auditor's Report

Annual Report as of 31 May 2009
UBS (Lux) Bond SICAV



PricewaterhouseCoopers
Société à responsabilité limitée
Réviseur d'Entreprises
400, route d'Esch
B.P. 1443
L-1014 Luxembourg
Telephone +352 494848-1
Facsimile +352 494848-2900
www.pwc.com/lu
info@lu.pwc.com

To the Shareholders of

UBS (Lux) Bond SICAV

We have audited the accompanying financial statements of UBS (Lux) Bond SICAV and of each of its subfunds, which comprise the statement of net assets and the statement of investments in securities and other net assets as at 31 May 2009 and the statement of operations and the statement of changes in net assets for the year then ended, and a summary of significant accounting policies and other explanatory notes to the financial statements.

Board of Directors of the SICAV's responsibility for the financial statements

The Board of Directors of the SICAV is responsible for the preparation and fair presentation of these financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted by the "Institut des Réviseurs d'Entreprises". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the Auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the Auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors of the SICAV, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements give a true and fair view of the financial position of UBS (Lux) Bond SICAV and of each of its subfunds as of 31 May 2009, and of the results of their operations and changes in their net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the financial statements.

Without qualifying our opinion, we draw attention to Note 12) to the financial statements relating to the valuation of certain assets.



Other matters

Supplementary information included in the annual report has been reviewed in the context of our mandate but has not been subject to specific audit procedures carried out in accordance with the standards described above. Consequently, we express no opinion on such information. However, we have no observation to make concerning such information in the context of the financial statements taken as a whole.

Luxembourg, 22 October 2009

PricewaterhouseCoopers S.à r.l.
Réviseur d'entreprises
Represented by

Jean-Robert Lentz

UBS (Lux) Bond SICAV

Annual Report as of 31 May 2009

Consolidated Statement of Net Assets

	USD
Assets	31.5.2009
Investments in securities, cost	3 608 508 379.26
Investments in securities, unrealized appreciation (depreciation)	-246 092 073.06
Total investments in securities (Note 1)	3 362 416 306.20
Cash at banks, deposits on demand and deposit accounts	79 421 312.43
Time deposits and fiduciary deposits	116 338.37
Other liquid assets (Margins)	2 213 632.92
Receivable on securities sales (Note 1)	24 895 499.37
Receivable on subscriptions	15 091 413.78
Interest receivable on securities	70 013 708.88
Interest receivable on liquid assets	16 513.92
Receivable on dividends	32 812.49
Other receivables	161 593.58
Unrealized gain (loss) on financial futures (Note 1)	-131 807.35
Unrealized gain (loss) on forward foreign exchange contracts (Note 1)	3 841 730.05
Unrealized gain (loss) on swaps (Note 1)	6 429 780.23
Total Assets	3 564 518 834.87
Liabilities	
Other short-term liabilities (Margins)	-1 095 470.59
Interest payable on bank overdraft	-2 168.53
Payable on securities purchases (Note 1)	-35 390 279.46
Payable on redemptions	-6 841 646.64
Provisions for flat fee (Note 2)	-1 428 368.10
Provisions for taxe d'abonnement (Note 3)	-281 675.85
Total provisions	-1 710 043.95
Total Liabilities	-45 039 609.17
Net assets at the end of the financial year	3 519 479 225.70

Consolidated Statement of Operations

	USD
Income	1.6.2008-31.5.2009
Interest on liquid assets	2 059 530.63
Interest on securities	196 345 434.11
Dividends	872 408.62
Interest received on swaps (Note 1)	3 806 077.79
Income on securities lending (Note 4)	1 261 483.53
Other income	1 044.30
Total income	204 345 978.98
Expenses	
Interest paid on swaps (Note 1)	-3 042 680.84
Flat fee (Note 2)	-40 857 850.67
Taxe d'abonnement (Note 3)	-1 807 608.29
Interest on cash liquidity and bank overdraft	-717 752.59
Total expenses	-46 425 892.39
Net income (loss) on investments	157 920 086.59
Realized gain (loss) (Note 1)	
Realized gain (loss) on market-priced securities without options	-250 933 694.13
Realized gain (loss) on yield-evaluated securities and money market instruments	8 952 938.70
Realized gain (loss) on financial futures	-267 824.74
Realized gain (loss) on forward foreign exchange contracts	-38 338 346.56
Realized gain (loss) on swaps	2 749 947.27
Realized result on subscriptions/redemptions (Note 5)	11 180 272.28
Total realized gain (loss) on investments	-266 656 707.18
Realized gain (loss) on foreign exchange	6 556 480.11
Total realized gain (loss)	-260 100 227.07
Net realized gain (loss) of the financial year	-102 180 140.48
Changes in unrealized appreciation (depreciation) (Note 1)	
Unrealized appreciation (depreciation) on market-priced securities without options	10 131 590.28
Unrealized appreciation (depreciation) on yield-evaluated securities and money market instruments	7 968 872.06
Unrealized appreciation (depreciation) on financial futures	-253 093.73
Unrealized appreciation (depreciation) on forward foreign exchange contracts	-156 442.51
Unrealized appreciation (depreciation) on swaps	5 830 176.05
Total changes in unrealized appreciation (depreciation)	23 521 102.15
Net increase (decrease) in net assets as a result of operations	-78 659 038.33

UBS (Lux) Bond SICAV – Convert Global

Annual Report as of 31 May 2009

Three-year comparison

	ISIN	31.5.2009	31.5.2008	31.5.2007
Net assets in EUR		72 130 907.23	135 455 141.39	75 355 448.64
Class (EUR hedged) P-acc	LU0203937692			
Shares outstanding		5 093 672.6530	7 539 994.2070	7 784 315.4660
Net asset value per share in EUR		7.81	9.41	9.68
Issue and redemption price per share in EUR ¹		7.84	9.44	
Class (EUR hedged) P-dist²	LU0315165794			
Shares outstanding		301 333.6120	642 128.4860	
Net asset value per share in EUR		83.36	100.42	
Issue and redemption price per share in EUR ¹		83.65	100.77	
Class (EUR hedged) Q-acc³	LU0358423738			
Shares outstanding		82 422.0320		
Net asset value per share in EUR		87.56		
Issue and redemption price per share in EUR ¹		87.87		

¹ See note 1

² Initial subscription: 29.8.2007

³ Initial subscription: 27.6.2008

Performance

	Currency	2008/2009	2007/2008	2006/2007
Class (EUR hedged) P-acc	EUR	-16.9%	-2.5%	13.9%
Class (EUR hedged) P-dist	EUR	-17.0%	–	–
Class (EUR hedged) Q-acc	EUR	–	–	–
Benchmark:				
UBS Global Convertible Index – Global Vanilla Hedged in EUR	EUR	-15.3%	-1.8%	16.6%

Historical performance is no indicator of current or future performance.

The performance data does not take account of any commissions and costs charged when subscribing and redeeming units.

The performance data were not audited.

Report of the Portfolio Manager

During the reporting year (from 1 June 2008 to 31 May 2009) the global convertible bond market was predominantly driven by negative equity markets and wider credit spreads. However, the recovery of the market in 2009 could not fully compensate for the losses made in the first half of the reporting year. Thanks to the stabilisation of the equity and credit markets in the second half of the reporting year, the convertible primary market recorded a real upturn.

The subfund was able to benefit from various market upheavals in this volatile reporting year. Due to its increased sensitivity to equity and credit markets, especially at the beginning of the year, it posted a negative absolute return, underperforming its benchmark, UBS Global Convertible Index - Global Vanilla Hedged in EUR.

Structure of the Securities Portfolio

Geographical Breakdown as a % of net assets	
United States	48.26
Luxembourg	6.49
United Kingdom	5.14
Cayman Islands	4.02
Jersey	3.24
Netherlands	2.74
France	2.72
Germany	2.02
Japan	1.59
Panama	1.47
Malaysia	1.46
Canada	1.35
Isle of Man	1.30
South Africa	1.30
Australia	1.30
Belgium	1.18
Singapore	1.05
Bermuda	0.93
Norway	0.82
India	0.80
South Korea	0.35
British Virgin Islands	0.35
Switzerland	0.09
Total	89.97

Economic Breakdown as a % of net assets	
Banks & credit institutions	11.01
Finance & holding companies	9.89
Petroleum	7.94
Real Estate	7.35
Miscellaneous unclassified companies	6.44
Pharmaceuticals, cosmetics & medical products	5.71
Mining, coal & steel	5.28
Biotechnology	4.48
Computer hardware & network equipment providers	3.83
Telecommunications	3.79
Lodging, catering & leisure	3.50
Internet, software & IT services	2.98
Non-ferrous metals	2.47
Miscellaneous services	2.24
Electronics & semiconductors	1.93
Vehicles	1.11
Graphic design, publishing & media	1.09
Investment funds & pension foundations	1.03
Mechanical engineering & industrial equipment	0.98
Healthcare & social services	0.97
Tobacco & alcohol	0.92
Various capital goods	0.87
Retail trade, department stores	0.77
Miscellaneous trading companies	0.66
Aerospace industry	0.64
Building industry & materials	0.54
Energy & water supply	0.49
Issuance Centres	0.39
Environmental services & recycling	0.36
Traffic & transportation	0.31
Total	89.97

Statement of Net Assets

	EUR
Assets	31.5.2009
Investments in securities, cost	73 548 954.60
Investments in securities, unrealized appreciation (depreciation)	-8 651 259.22
Total investments in securities (Note 1)	64 897 695.38
Cash at banks, deposits on demand and deposit accounts	5 106 204.36
Other liquid assets (Margins)	50 867.21
Receivable on securities sales (Note 1)	1 247 834.41
Receivable on subscriptions	211 394.29
Interest receivable on securities	594 091.76
Interest receivable on liquid assets	1 949.48
Receivable on dividends	23 181.67
Other receivables	2 777.66
Unrealized gain (loss) on financial futures (Note 1)	102 595.91
Unrealized gain (loss) on forward foreign exchange contracts (Note 1)	2 131 721.60
Total Assets	74 370 313.73
Liabilities	
Other short-term liabilities (Margins)	-133 946.29
Interest payable on bank overdraft	-5.19
Payable on securities purchases (Note 1)	-1 201 278.21
Payable on redemptions	-852 025.74
Provisions for flat fee (Note 2)	-46 305.29
Provisions for taxe d'abonnement (Note 3)	-5 845.78
Total provisions	-52 151.07
Total Liabilities	-2 239 406.50
Net assets at the end of the financial year	72 130 907.23

Statement of Operations

	EUR
Income	1.6.2008–31.5.2009
Interest on liquid assets	149 568.92
Interest on securities	2 358 306.74
Dividends	609 569.14
Income on securities lending (Note 4)	8 255.48
Total income	3 125 700.28
Expenses	
Flat fee (Note 2)	-1 389 962.20
Taxe d'abonnement (Note 3)	-36 756.66
Interest on cash liquidity and bank overdraft	-62 980.92
Total expenses	-1 489 699.78
Net income (loss) on investments	1 636 000.50
Realized gain (loss) (Note 1)	
Realized gain (loss) on market-priced securities without options	-22 841 814.74
Realized gain (loss) on yield-evaluated securities and money market instruments	-8 815.56
Realized gain (loss) on financial futures	-696 148.34
Realized gain (loss) on forward foreign exchange contracts	-14 845 237.46
Realized result on subscriptions/redemptions (Note 5)	462 714.68
Total realized gain (loss) on investments	-37 929 301.42
Realized gain (loss) on foreign exchange	2 958 858.04
Total realized gain (loss)	-34 970 443.38
Net realized gain (loss) of the financial year	-33 334 442.88
Changes in unrealized appreciation (depreciation) (Note 1)	
Unrealized appreciation (depreciation) on market-priced securities without options	2 669 705.27
Unrealized appreciation (depreciation) on yield-evaluated securities and money market instruments	4 270.55
Unrealized appreciation (depreciation) on financial futures	-173 388.63
Unrealized appreciation (depreciation) on forward foreign exchange contracts	2 749 326.71
Total changes in unrealized appreciation (depreciation)	5 249 913.90
Net increase (decrease) in net assets as a result of operations	-28 084 528.98

Statement of Changes in Net Assets

	EUR 1.6.2008–31.5.2009
Net assets at the beginning of the financial year	135 455 141.39
Subscriptions	54 157 790.63
Redemptions	–89 397 495.81
Total net subscriptions (redemptions)	–35 239 705.18
Net income (loss) on investments	1 636 000.50
Total realized gain (loss)	–34 970 443.38
Total changes in unrealized appreciation (depreciation)	5 249 913.90
Net increase (decrease) in net assets as a result of operations	–28 084 528.98
Net assets at the end of the financial year	72 130 907.23

Changes in the Number of Shares outstanding

	1.6.2008–31.5.2009
Class	(EUR hedged) P-acc
Number of shares outstanding at the beginning of the financial year	7 539 994.2070
Number of shares issued	2 422 082.7140
Number of shares redeemed	–4 868 404.2680
Number of shares outstanding at the end of the financial year	5 093 672.6530
Class	(EUR hedged) P-dist
Number of shares outstanding at the beginning of the financial year	642 128.4860
Number of shares issued	34 079.8800
Number of shares redeemed	–374 874.7540
Number of shares outstanding at the end of the financial year	301 333.6120
Class	(EUR hedged) Q-acc
Number of shares outstanding at the beginning of the financial year	0.0000
Number of shares issued	358 464.5330
Number of shares redeemed	–276 042.5010
Number of shares outstanding at the end of the financial year	82 422.0320

Particulars on the distribution (per share)

Class	(EUR hedged) P-dist
Number of shares outstanding at the end of the financial year	301 333.6120
Currency	EUR
Undistributed net income on investments at the beginning of the financial year	0.00
Net income (loss) on investments	1.53
Net realized gain on yield amortized instruments	0.00
Distributable investment income	1.53
Distribution (Ex Date: 3.8.2009 / Pay Date: 6.8.2009)	1.53
Balance carried forward	0.00

Statement of Investments in Securities and other Net Assets as of 31 May 2009

Description	Quantity/ Nominal	Valuation in EUR Unrealized gain (loss) on Futures/ Options/Forward Exchange Contracts/ Swaps (Note 1)	as a % of net assets
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Transferable securities and money market instruments listed on an official stock exchange

Preference shares

United States

USD	5TH THIRD BANCORP PRF DEP SHS REP 1/250TH	5 000.00	305 812.64	0.42
USD	BANK OF AMERICA CO 7.25% PRF SHS USD1000	2 550.00	1 352 799.82	1.88
USD	CITIGROUP INC DEP SH RP1/1000 PFD CON SR T	31 000.00	845 330.11	1.17
USD	WELLS FARGO & CO PERP PFD CONV CL A 7.5% S'L	2 500.00	1 317 001.66	1.83

Total United States

3 820 944.23 5.30

Total Preference shares

3 820 944.23 5.30

Convertible bonds, fixed rate

AUD

AUD	CFS RETAIL PROPERTY TRUST 5.07500% 07-21.08.14	650 000.00	329 903.93	0.45
AUD	WESTERN AREAS NL 8.00000% 07-02.07.12	500 000.00	249 163.35	0.35

Total AUD

579 067.28 0.80

CHF

CHF	KARDEX AG 2.25000% 07-29.06.11	100 000.00	63 265.70	0.09
CHF	KUDELSKI FINANCIAL SERVICES SCA 1.62500% 05-05.10.12	85 000.00	44 657.04	0.06
CHF	PARGESA NETHERLANDS 1.75000% 07-15.06.14	1 510 000.00	816 266.69	1.13
CHF	SONATA SECURITIES SA 1.50000% 05-09.12.10	1 400 000.00	846 302.99	1.17

Total CHF

1 770 492.42 2.45

EUR

EUR	ABN AMRO BANK NV 0.50000% 06-23.03.11	950 000.00	947 625.00	1.31
EUR	ARCANDOR AG 8.87500% 08-11.07.13	800 000.00	557 200.00	0.77
EUR	ARCELORMITTAL 7.25000% 09-01.04.14	34 070.00	945 330.75	1.32
EUR	ARTEMIS CONSEIL 2.00000% 06-31.07.11	5 350.00	631 493.38	0.88
EUR	INFINEON TECHNOLOGIES HLDG BV 7.50000% 09-26.05.14	200 000.00	211 000.00	0.29
EUR	TUI AG 2.75000% 07-01.09.12	750 000.00	421 875.00	0.58
EUR	UNIBAIL-RODAMCO 3.50000% 09-01.01.15	4 050.00	633 899.86	0.88
EUR	WEATHER CAPITAL FINANCE 4.75000% 06-27.02.13	700 000.00	620 900.00	0.86

Total EUR

4 969 323.99 6.89

GBP

GBP	3I GROUP PLC 3.62500% 08-29.05.11	650 000.00	665 727.56	0.92
GBP	PUNCH TAVERNS PLC 5.00000% 05-14.12.10	370 000.00	349 897.09	0.49
GBP	SOCIETE GENERALE OPTION EUROPE 2.00000% 06-20.02.11	600 000.00	695 511.52	0.96
GBP	WPP PLC 5.75000% 09-19.05.14	600 000.00	742 676.42	1.03

Total GBP

2 453 812.59 3.40

USD

USD	ACERGY SA 2.25000% 06-11.10.13	400 000.00	234 554.38	0.33
USD	ALDAR FUNDING LTD 5.76700% 07-10.11.11	625 000.00	430 847.96	0.60
USD	ANGLO AMERICAN PLC-REG-S 4.00000% 09-07.05.14	1 200 000.00	1 083 047.80	1.50
USD	ANGLOGOLD ASHANTI HLDGS FINANCE-REG-S 3.50000% 09-22.05.14	1 200 000.00	939 347.91	1.30
USD	ARCELORMITTAL 5.00000% 09-15.05.14	1 040 000.00	926 518.07	1.28
USD	CHERATING CAPITAL LTD 2.00000% 07-05.07.12	500 000.00	363 841.89	0.50
USD	CHESAPEAKE ENERGY CORP 2.50000% 07-15.05.37	2 000 000.00	1 035 006.53	1.43
USD	CHESAPEAKE ENERGY CORP 2.50000% 07-15.05.37	550 000.00	286 569.65	0.40
USD	MYLAN INC 1.25000% 07-15.03.12	550 000.00	337 394.47	0.47
USD	PALADIN RESOURCES LTD-REG-S 5.00000% 08-11.03.13	600 000.00	356 070.51	0.49
USD	PB ISSUER LTD 3.30000% 07-01.02.13	400 000.00	251 693.80	0.35
USD	PETROLEUM GEO-SERVICES ASA 2.70000% 07-03.12.12	1 200 000.00	593 357.59	0.82
USD	SK TELECOM CO LTD 1.75000% 09-07.04.14	330 000.00	251 909.28	0.35
USD	SURSEA 7 INC-SUB 2.80000% 06-06.06.11	1 000 000.00	595 923.56	0.83
USD	UBS JERSEY BRANCH 1.00000% 07-28.02.12	1 980 000.00	1 296 732.49	1.81
USD	VEDANTA RESOURCES PLC 4.60000% 06-21.02.26	710 000.00	455 459.39	0.63

Total USD

9 438 275.28 13.09

ZAR

ZAR	NETCARE LTD 6.00000% 06-30.09.11	4 100 000.00	312 184.68	0.43
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Total ZAR

312 184.68 0.43

Total Convertible bonds, fixed rate

19 523 156.24 27.06

Convertible bonds, zero coupon

JPY

JPY	ASAHI BREWERIES LTD 0.00000% 08-26.05.28	100 000 000.00	660 497.55	0.92
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Total JPY

660 497.55 0.92

USD

USD	CHINA OVERSEAS FINANCE 0.00000% 07-14.05.14	400 000.00	342 647.21	0.48
USD	ORIX CORP-REG-S 0.00000% 02-14.06.22	1 500 000.00	487 413.89	0.67

Description	Quantity/ Nominal	Valuation in EUR Unrealized gain (loss) on Futures/ Options/Forward Exchange Contracts/ Swaps (Note 1)	as a % of net assets
USD RAJESH EXPORTS LTD 0.00000% 07-21.02.12	400 000.00	183 687.17	0.25
USD SIEM INDUSTRIES 0.00000% 07-12.07.17	800 000.00	461 037.83	0.64
Total USD		1 474 786.10	2.04
Total Convertible bonds, zero coupon		2 135 283.65	2.96

Convertible bonds, floating rate

EUR			
EUR MAGNOLIA FINANCE LTD 4.00000%/3M EURIBOR+550 BP 06-PRP	1 400 000.00	608 300.00	0.85
EUR OPUS SECURITIES SA 3.95000%/3M EURIBOR+300BP 06-29.10.49	1 340 000.00	428 800.00	0.59
Total EUR		1 037 100.00	1.44
Total Convertible bonds, floating rate		1 037 100.00	1.44

Total Transferable securities and money market instruments listed on an official stock exchange	26 516 484.12	36.76
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Transferable securities and money market instruments traded on another regulated market

Convertible bonds, fixed rate

EUR			
EUR INTRALOT SA 2.25000% 06-20.12.13	450 000.00	378 000.00	0.52
EUR WKA FINANCE BV 3.75000% 06-09.11.11	50 000.00	36 025.00	0.05
EUR Q-CELLS INTERNATIONAL FINANCE BV 1.37500% 07-28.02.12	600 000.00	445 200.00	0.62
Total EUR		859 225.00	1.19

GBP			
GBP SVG CAPITAL PLC 8.25000% 08-05.06.16	600 000.00	410 471.42	0.57
Total GBP		410 471.42	0.57

SGD			
SGD ST TREASURY SERVICES LTD 1.56000% 03-23.10.10	1 000 000.00	466 738.99	0.65
Total SGD		466 738.99	0.65

USD			
USD ALEXANDRIA REAL ESTATE EQUITY INC 3.70000% 07-15.01.27	1 550 000.00	863 015.30	1.20
USD ALLERGAN INC 1.50000% 06-01.04.26	1 400 000.00	1 001 547.21	1.39
USD AMGEN INC 0.37500% 06-01.02.13	3 000 000.00	1 895 651.56	2.62
USD BECKMAN COULTER INC 2.50000% 06-15.12.36	1 000 000.00	699 424.21	0.97
USD BORG WARNER INC 3.50000% 09-15.04.12	920 000.00	798 943.10	1.11
USD CACI INTERNATIONAL INC-SUB 2.12500% 07-01.05.14	700 000.00	448 878.80	0.62
USD CAPLEASE INC-144A 7.50000% 07-01.10.27	500 000.00	176 357.35	0.24
USD CARNIVAL CORP 2.00000% 01-15.04.21	1 550 000.00	1 057 716.63	1.47
USD CARRIZO OIL & GAS INC 4.37500% 08-01.06.28	1 050 000.00	520 530.57	0.72
USD CEPHALON INC-SUB 2.50000% 09-01.05.14	1 000 000.00	717 157.09	0.99
USD CONTINENTAL AIRLINES INC 5.00000% 03-15.06.23	200 000.00	125 948.08	0.17
USD DST SYSTEMS INC (DELAWARE) 4.12500% 04-15.08.23	400 000.00	280 532.69	0.39
USD EMC CORP 1.75000% 06-01.12.13	2 550 000.00	1 759 931.47	2.44
USD GENERAL CABLE CORP 0.87500% 06-15.11.13	500 000.00	326 080.05	0.45
USD GILEAD SCIENCES INC 0.50000% 06-01.05.11	550 000.00	462 513.69	0.64
USD GREENBRIER COMPANIES INC 2.37500% 06-15.05.26	320 000.00	99 473.67	0.14
USD INTERPUBLIC GROUP OF COS INC 4.75000% 07-15.03.23	1 320 000.00	789 789.82	1.09
USD JETBLUE AIRWAYS 3.75000% 05-15.03.35	300 000.00	195 957.25	0.27
USD KENDLE INTERNATIONAL INC 3.37500% 07-15.07.12	300 000.00	153 343.46	0.21
USD KINROSS GOLD CORP-144A 1.75000% 08-15.03.28	1 000 000.00	697 516.69	0.97
USD LIBERTY MEDIA CORP STEP-UP 03-30.03.23	1 950 000.00	1 169 490.27	1.62
USD LIFEPOINT HOSPITALS INC-SUB 3.50000% 07-15.05.14	1 200 000.00	696 880.85	0.97
USD LUCENT TECHNOLOGIES INC 2.87500%(EX 2 3/4%)03-15.06.23	1 100 000.00	716 909.81	0.99
USD MASSEY ENERGY CO 3.25000% 08-01.08.15	600 000.00	285 365.07	0.40
USD MEDTRONIC INC 1.62500% 06-15.04.13	2 425 000.00	1 570 523.51	2.18
USD MICRON TECHNOLOGY INC 1.87500% 07-01.06.14	900 000.00	367 897.13	0.51
USD MILLIPORE CORP 3.75000% 06-01.06.26	1 200 000.00	814 129.78	1.13
USD NII HOLDINGS INC 3.12500% 07-15.06.12	500 000.00	263 167.19	0.36
USD OLAM INTERNATIONAL LTD 1.28210% 09-03.07.13	300 000.00	293 067.22	0.41
USD OLD REPUBLIC INTERNATIONAL CORP 8.00000% 09-15.05.12	385 000.00	279 954.26	0.39
USD OMNICARE INC 3.25000% 05-15.12.35	1 000 000.00	485 781.90	0.67
USD PEABODY ENERGY CORP-SUB 4.75000% 06-15.12.66	1 250 000.00	668 250.38	0.93
USD PROLOGIS 1.87500% 07-15.11.37	2 575 000.00	1 282 542.66	1.78
USD RAFFLESIA CAPITAL LTD 1.25000% 06-04.10.11	900 000.00	688 386.03	0.95
USD SANDISK CORP 1.00000% 06-15.05.13	650 000.00	293 899.46	0.41
USD SEADRILL LTD 3.62500% 08-08.11.12	1 200 000.00	667 632.20	0.93
USD SILVER STANDARD RESOURCES INC-144A 4.50000% 08-01.03.28	500 000.00	279 769.68	0.39
USD ST MARY LAND & EXPLORATION CO 3.50000% 07-01.04.27	500 000.00	294 252.71	0.41
USD SVB FINANCIAL GROUP-144A 3.87500% 08-15.04.11	500 000.00	289 554.56	0.40
USD SYMANTEC CORP 0.75000% 06-15.06.11	1 990 000.00	1 418 425.94	1.97
USD TEVA PHARMACEUTICAL FINANCE LLC 0.25000% 06-01.02.26	1 510 000.00	1 138 914.13	1.58
USD TRANSOCEAN LTD 1.50000% 07-15.12.37	2 425 000.00	1 502 336.71	2.08
USD TRIUMPH GROUP INC-SUB 2.62500% 06-01.10.26	700 000.00	464 325.84	0.64
USD VERIFONE HOLDINGS INC STEP-UP/DOWN 07-15.06.12	600 000.00	290 769.72	0.40
USD VIRGIN MEDIA INC-144A 6.50000% 08-15.11.16	500 000.00	265 816.53	0.37
USD VORNADO REALTY L.P. 3.87500% 05-15.04.25	2 230 000.00	1 456 050.02	2.02
Total USD		31 014 402.25	42.99

Description	Quantity/ Nominal	Valuation in EUR Unrealized gain (loss) on Futures/ Options/Forward Exchange Contracts/ Swaps (Note 1)	as a % of net assets
ZAR			
ZAR STEINHOFF INTERNATIONAL HOLDINGS LTD 5.70000% 06-31.07.13	11 950 000.00	626 297.65	0.87
Total ZAR		626 297.65	0.87
Total Convertible bonds, fixed rate		33 377 135.31	46.27
Convertible bonds, zero coupon			
USD			
USD DANAHER CORP 0.00000% 01-22.01.21	1 000 000.00	645 165.85	0.90
USD JAIPRAKASH ASSOCIATES LTD 0.00000% 07-12.09.12	600 000.00	390 261.75	0.54
USD LABORATORY CORP OF AMER HDGS-SUB 0.00000% 02-11.09.21	423 000.00	255 333.07	0.35
Total USD		1 290 760.67	1.79
Total Convertible bonds, zero coupon		1 290 760.67	1.79
Convertible bonds, floating rate			
EUR			
EUR BANK OF NEW YORK LUXEMBOURG SA 3M EURIBOR+425BP 08-PRP	600 000.00	256 890.00	0.36
EUR FORTIS BANQUE SA-SUB 3M EURIBOR+200BP 07-PRP	2 000 000.00	849 660.00	1.17
Total EUR		1 106 550.00	1.53
Total Convertible bonds, floating rate		1 106 550.00	1.53
Total Transferable securities and money market instruments traded on another regulated market		35 774 445.98	49.59

Transferable securities and money market instruments not listed on an official stock exchange and not traded on another regulated market

Convertible bonds, zero coupon			
USD			
USD LABORATORY CORP OF AMER HDGS 0.00000% 09-11.09.21	427 000.00	257 747.57	0.36
Total USD		257 747.57	0.36
Total Convertible bonds, zero coupon		257 747.57	0.36
Total Transferable securities and money market instruments not listed on an official stock exchange and not traded on another regulated market		257 747.57	0.36

Recently issued transferable securities and money market instruments

Convertible bonds, fixed rate			
USD			
USD BOSTON PROPERTIES LP-144A 3.62500% 08-15.02.14	1 900 000.00	1 068 896.82	1.48
USD HEADWATERS INC-144-SUB 16.00000% 08-01.06.16	546 000.00	256 411.12	0.36
USD INTERNATIONAL GAME TECHNOLOGY-144A 3.25000% 09-01.05.14	400 000.00	314 755.02	0.44
USD NETAPP INC-144A 1.75000% 08-01.06.13	1 150 000.00	708 954.75	0.98
Total USD		2 349 017.71	3.26
Total Convertible bonds, fixed rate		2 349 017.71	3.26
Total Recently issued transferable securities and money market instruments		2 349 017.71	3.26
Total investments in securities		64 897 695.38	89.97

Derivative instruments

Derivative instruments listed on an official stock exchange

Financial Futures on bonds			
USD US 10YR TREASURY NOTE FUTURE 19.06.09	-40.00	102 595.91	0.14
Total Financial Futures on bonds		102 595.91	0.14
Total Derivative instruments listed on an official stock exchange		102 595.91	0.14
Total Derivative instruments		102 595.91	0.14

Description	Quantity/ Nominal	Valuation in EUR Unrealized gain (loss) on Futures/ Options/Forward Exchange Contracts/ Swaps (Note 1)	as a % of net assets
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Forward Foreign Exchange contracts

Forward Foreign Exchange contracts (Purchase/Sale)

TWD	12 000 000.00	EUR	273 816.31	12.6.2009	-13 249.07	-0.02
EUR	493 519.71	JPY	65 000 000.00	26.6.2009	12 217.33	0.02
EUR	1 839 229.69	GBP	1 700 000.00	26.6.2009	-98 056.45	-0.14
EUR	220 388.10	GBP	200 000.00	26.6.2009	-7 530.13	-0.01
EUR	1 060 664.99	SGD	2 100 000.00	17.7.2009	32 755.88	0.05
EUR	1 524 572.13	CHF	2 300 000.00	17.7.2009	41.62	0.00
SEK	4 500 000.00	EUR	412 805.03	17.7.2009	6 740.77	0.01
EUR	811 277.40	ZAR	10 000 000.00	17.7.2009	-60 768.97	-0.08
EUR	449 766.68	GBP	400 000.00	26.6.2009	-6 074.71	-0.01
EUR	263 120.68	HUF	80 000 000.00	24.7.2009	-15 466.97	-0.02
GBP	200 000.00	EUR	225 080.75	26.6.2009	2 840.06	0.00
EUR	757 321.68	AUD	1 400 000.00	24.7.2009	-31 744.74	-0.04
EUR	579 638.46	USD	750 000.00	5.6.2009	50 059.77	0.07
EUR	232 058.56	CHF	350 000.00	17.7.2009	64.72	0.00
EUR	1 318 088.70	USD	1 750 000.00	5.6.2009	82 407.99	0.11
EUR	842 734.50	GBP	750 000.00	26.6.2009	-11 967.81	-0.02
EUR	567 322.24	USD	750 000.00	5.6.2009	37 744.59	0.05
EUR	599 322.77	USD	800 000.00	5.6.2009	34 440.43	0.05
EUR	27 821 849.93	USD	37 000 000.00	10.7.2009	1 663 830.15	2.29
EUR	825 751.43	USD	1 100 000.00	5.6.2009	49 038.07	0.07
EUR	372 558.81	USD	500 000.00	5.6.2009	19 507.52	0.03
EUR	587 613.12	USD	800 000.00	5.6.2009	22 731.78	0.03
EUR	1 830 429.05	USD	2 500 000.00	5.6.2009	65 175.34	0.09
EUR	584 521.43	USD	800 000.00	5.6.2009	19 640.35	0.03
USD	700 000.00	EUR	515 421.41	5.6.2009	-21 150.12	-0.03
EUR	334 427.28	USD	450 000.00	5.6.2009	16 681.19	0.02
EUR	293 597.38	USD	400 000.00	5.6.2009	11 156.73	0.02
EUR	229 278.92	JPY	30 000 000.00	26.6.2009	7 138.54	0.01
EUR	341 013.72	GBP	300 000.00	26.6.2009	-869.37	0.00
EUR	513 244.27	USD	700 000.00	5.6.2009	18 973.17	0.03
EUR	283 119.70	HUF	80 000 000.00	24.7.2009	4 503.00	0.01
EUR	17 539 137.33	USD	24 500 000.00	19.6.2009	244 150.70	0.34
GBP	300 000.00	EUR	345 125.11	26.6.2009	-3 239.76	0.00
Total Forward Foreign Exchange contracts (Purchase/Sale)					2 131 721.60	2.96

Cash at banks, deposits on demand and deposit accounts and other liquid assets	5 157 071.57	7.15
Bank overdraft and other short-term liabilities	-133 946.29	-0.19
Other assets and liabilities	-24 230.94	-0.03
Total net assets	72 130 907.23	100.00

Notes to the Financial Statements

Annual Report as of 31 May 2009
UBS (Lux) Bond SICAV

Note 1 – Summary of significant accounting policies

a) Calculation of the Net Asset Value

The net asset value and the issue and redemption price per share of any subfund or share class are expressed in the currency of account of the subfund or the share class concerned and are calculated every working day by dividing the overall net assets of the subfund or the share class by the number of shares in circulation in this subfund or share class.

For all subfunds, “business day” refers in this connection 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.

The percentage of the net asset value which is attributable to each share class of a subfund is determined by the ratio of the shares issued in each share class to the total number of shares issued in the subfund, taking into account the commission charged to that share class, and changes each time the issue or redemption of shares takes place.

If the total subscriptions or redemptions affecting all the share 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 accordingly. The maximum adjustment amounts to 1% 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 shares of the affected subfund. It results in a reduction of net asset value if the net movements bring about a fall in the shares. 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 Company 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.

Instead of the aforementioned adjustment of the net asset value, the 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 charged to the investor.

b) Valuation principles

– Securities, derivatives and other investments listed on a stock exchange are valued at the last known market prices. 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 where trade on the stock market is thin but which are traded between securities dealers on a secondary market using standard market price formation methods, the Company can use the prices on this secondary market as the basis for their valuation of these securities and investments.

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 on a stock exchange are valued at the last available market price; if this is not available, the Company will value these securities according to other principles of its choosing on the basis of the likely sales prices.

– The valuation of derivatives which are not listed on a stock exchange (OTC derivatives) shall take place by reference to independent pricing sources. In case only one independent pricing source of a derivative is available, the plausibility of the valuation price obtained will be verified by means of methods of calculation recognised by the Company, based on the market value of the underlying instrument from which the derivative is derived.

– Units of other undertakings for collective investment in securities (UCITS) and/or undertakings for collective investment (UCIs) will be valued at their last net asset value.

– For money market instruments, the valuation price will be gradually adjusted to the redemption price, based on the net acquisition price and retaining the ensuing yield. In the event of a significant change in market conditions, the basis for the valuation of different investments will be brought into line with the new market yields.

- Time 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 recognised by the Company.

These valuation criteria are determined by the Board of Directors with prudence, on the basis of market quotations resulting from transactions or from pricing models, as well as from any other source, which may include broker statements, considered as reliable and appropriate by the Board of Directors to reflect what is believed to be the fair value of those securities at the portfolio's valuation point.

The Company is authorised to apply other generally recognised and auditable valuation criteria in order to achieve an appropriate valuation of the net asset value if, due to extraordinary circumstances, a valuation in accordance with the aforementioned regulations proves to be unfeasible or inaccurate.

In the case of extraordinary circumstances, additional valuations, which will affect the prices of the shares to be subsequently issued or redeemed, may be carried out within one day.

c) Valuation of forward foreign exchange contracts
The unrealized gain (loss) of outstanding forward foreign exchange contracts is valued on the basis of the forward exchange rates prevailing at valuation date.

d) Valuation of financial futures contracts
Financial futures contracts are valued based on the latest available published price applicable on the valuation date. Realized gains and losses and the changes in unrealized gains and losses are recorded in the statement of operations. The realized gains and losses are calculated in accordance with the FIFO method, i.e. the first contracts acquired are regarded as the first to be sold.

e) Net realized gains (losses) on sales of securities
The realized gains or losses on the sales of securities are calculated on the basis of the average cost of the securities sold.

f) Conversion of foreign currencies

Bank accounts, other net assets and the valuation of the investments in securities held denominated in currencies other than the reference currency of the different subfunds are converted at the mid closing spot rates on the valuation date. Income and expenses denominated in currencies other than the currency of the mid closing spot rates at payment date. Gain or loss on foreign exchange is included in the statement of operations.

The cost of securities denominated in currencies other than the reference currency of the different subfunds is converted at the mid closing spot rate on the day of acquisition.

g) Accounting of securities' portfolio transactions

The securities' portfolio transactions are accounted for the bank business day following the transaction day.

h) Consolidated financial statements

The consolidated financial statements are expressed in USD. The various items of the consolidated statement of net assets and the consolidated statement of operations at 31 May 2009 of the investment company are equal to the sum of the corresponding items in the financial statements of each subfund converted into USD at the following exchange rates.

The following exchange rates were used for the conversion of foreign currencies and the consolidated financial statements as of 31 May 2009:

Exchange rates			
USD	1	=	CHF 1.066450
USD	1	=	EUR 0.706489

i) "Mortgage-backed securities"

The Company, in accordance with its investment policies, may invest in "mortgage-backed securities". A "mortgage-backed security" is a participation in a pool of residential mortgages which is consolidated into the form of securities. The principal and interest payments on the underlying mortgages are passed through to the holders of the "mortgage-backed security" of which the principle reduces the cost basis of the security. The payment of principal and interest may be guaranteed by quasi-governmental agencies of the United States. A gain or loss is calculated on each paydown associated with each payment of principal. This gain or loss has been included in "Net realized gain or loss on sales of securities" in the statement of operations. In addition, prepayments of the underlying mortgages may shorten the life of the security, thereby affecting the Company's expected yield.

j) *Receivable on securities sales,
Payable on securities purchases*

The account "Receivables on securities sales" can also include receivables from foreign currency transactions. The account "Payables on securities purchases" can also include payables from foreign currency transactions.

k) *Swaps*

The Company may enter into interest rate swap contracts, forward rate agreements on interest rates swaptions and credit default swaps, if they are executed with first-class financial institutions that specialize in transactions of this kind.

Changes in unrealized profits and losses are reflected in the statement of operations under the changes in "Unrealized appreciation (depreciation) on swaps".

Gains or losses on swaps incurred when closed-out or matured are recorded as "Realized gain (loss) on swaps" in the statement of operations.

Note 2 – Flat fee

The Company pays a monthly flat fee for each of the subfunds, calculated on the average net asset value of the subfund as shown in the table below:

UBS (Lux) Bond SICAV		Flat fee
	Share class "P-dist" and "P-acc"	
– Brazil	0.125% per month (1.50% p.a.)	
– Convert Global	0.150% per month (1.80% p.a.)	
– EUR Corporates	0.095% per month (1.14% p.a.)	
– EUR Select	0.085% per month (1.02% p.a.)	
– EUR Select Defensive	0.075% per month (0.90% p.a.)	
– European Convergence	0.110% per month (1.32% p.a.)	
– Flexible Term EUR	0.075% per month (0.90% p.a.)	
– Flexible Term USD	0.075% per month (0.90% p.a.)	
– Russia	0.125% per month (1.50% p.a.)	
– Select (CHF)	0.085% per month (1.02% p.a.)	
– USD Corporates	0.095% per month (1.14% p.a.)	
– USD High Yield	0.105% per month (1.26% p.a.)	
– USD Select	0.085% per month (1.02% p.a.)	
– USD Select Defensive	0.075% per month (0.90% p.a.)	
UBS (Lux) Bond SICAV		Flat fee
	Share class «(CHF hedged) P-acc»	
– Inflation-linked EUR	0.075% per month (0.900% p.a.)	

UBS (Lux) Bond SICAV		Flat fee
	Share class «I-6.5-acc»	
– Inflation-linked EUR	0.005417% per month (0.065% p.a.)*	

* Company fee. A fee covering the costs for Fund administration (comprising administration, Custodian Bank and portfolio management and other costs) will be charged directly to the Subfund's assets. The costs for asset management will be charged to investors under a separate contract with UBS AG or one of its authorised counterparties.

UBS (Lux) Bond SICAV		Flat fee
	Share class «K-1-acc»	
– Inflation-linked EUR	0.045833% per month (0.550% p.a.)	
– USD Corporates	0.00375% per month (0.045% p.a.)	

UBS (Lux) Bond SICAV		Flat fee
	Share class «P-acc»	
– Inflation-linked EUR	0.075% per month (0.900% p.a.)	

UBS (Lux) Bond SICAV		Flat fee
	Share class "U-X-acc"	
– Inflation-linked EUR	0.000% per month (0.00% p.a.)*	

* Company fee. Costs in connection with the services to be performed for share 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.

UBS (Lux) Bond SICAV		Flat fee
	Share class "Q-acc"	
– Convert Global	0.075% per month (0.90% p.a.)	

Out of the above monthly flat fee for administration, the subfund in question will bear all costs incurred in connection with the management, administration, portfolio management and safekeeping of the investment company assets and subfund sales, such as:

- Annual fees and expenses of licences and supervision of the investment company in Luxembourg and abroad;
- Other fees charged by the supervisory authorities;
- Printing of the prospectuses and the annual and semi-annual reports;
- Price publications and publication of notices to investors;
- Charges made in connection with the listing of the investment company and sales within Luxembourg and abroad;
- Commission and expenses of the custodian bank for safekeeping of the investment company assets, dealing with payments and other duties required under the Luxembourg law of 20 December 2002;
- Fees and other expenses for the payment of dividends to investors;
- Auditor's fees.

Out of the management commission sales fees are paid to distributors and asset managers of the Company.

The custodian bank, administrative agency and Company are nevertheless entitled to be reimbursed the costs of non-routine arrangements made by them in the interests of the investors; otherwise such expenses will be charged direct to the Company.

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

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

All costs which can be allocated accurately to individual subfunds resp. share classes will be charged to these subfunds. If costs pertain to several or all subfunds, however, these costs will be charged to the subfunds concerned in proportion to their relative net asset values.

In the subfunds that may invest in other UCIs or UCITS under the terms of their investment policies, charges may be incurred both at the level of the relevant investment fund as well as at the level of the subfund. In the case of investments in units of funds managed directly or indirectly by the Company itself or another Company related to it by common management or control, or by a direct or indirect holding of more than 10% of the capital or the voting shares, the subfund may only be charged with a reduced flat fee of no more than 0.25% p.a. on those investments. The Company may, moreover, not charge the subfund making the investment with any of the related target fund's issuing or redemption commissions.

If, in accordance with the above paragraph, the Company invests in a related fund that charges a lower effective flat fee than the effective flat fee charged by the subfund making the investment, the Company may, instead of the aforementioned lower effective flat fee, charge the volume invested in this target fund with the difference between the effective flat fee charged by the subfund making the investment on the one hand and the effective flat fee of the target fund on the other hand.

Note 3 – Taxe d'abonnement

In accordance with the law and the regulations currently in force, the Company is subject in Luxembourg to the subscription tax at the annual rate of 0.05% or a reduced taxe d'abonnement amounting to 0.01% p.a. for some share classes, payable quarterly and calculated on the basis of the net assets of the Company at the end of each quarter.

The taxe d'abonnement is waived for that part of the net assets invested in units or shares of other undertakings for collective investment that have already paid the taxe d'abonnement in accordance with the statutory provisions of Luxembourg law.

Note 4 – Securities Lending

The Company may also lend portions of its securities portfolio to third parties. In general, lendings may only be effected via recognized clearing houses such as Clearstream International or Euroclear, or through the intermediary of prime financial institutions that specialise in such activities and in the modus specified by them.

The market value of the securities lent on 31 May 2009 was for the following subfunds:

UBS (Lux) Bond SICAV	Securities Lending
– Brazil	– USD
– Convert Global	1 058 210.27 EUR
– EUR Corporates	– EUR
– EUR Select	248 966 424.36 EUR
– EUR Select Defensive	30 757 686.70 EUR
– European Convergence	22 970 835.97 EUR
– Flexible Term EUR	19 733 526.60 EUR
– Flexible Term USD	31 199 178.61 USD
– Inflation-linked EUR	– EUR
– Russia	61 778.70 USD
– Select (CHF)	10 344 450.00 CHF
– USD Corporates	2 692 478.78 USD
– USD High Yield	2 062 500.00 USD
– USD Select	35 874 626.28 USD
– USD Select Defensive	12 997 912.72 USD

Note 5 – Realized result on subscriptions/redemptions

The average fees (brokerage commission, stock exchange fees/duties, etc.) incurred by the subfund in connection with the withgoing transactions may be charged to the investor on a net asset value basis. This income is in favour of the subfund and mentioned in the Statement of Operations as "Realized result on subscriptions/redemptions".

Note 6 – Income Distribution

a) Distribution Policy

The general meeting of shareholders of the respective subfunds shall decide, at the proposal of the Board of Directors and after closing the annual accounts per subfund, whether and to what extent distributions are to be paid out by each subfund resp each share class. The payment of distributions must not result in the net assets of the Company falling below the minimum amount of assets prescribed by law. If a distribution is made, payment will be effected no later than four months after the end of the financial year.

The Board of Directors is authorized to pay interim dividends and to suspend the payment of distributions.

An income equalisation amount will be calculated so that the distribution corresponds to the actual income entitlement.

b) UK Distribution policy

The Company has applied certification as a distribution Fund under the United Kingdom corporation tax principles for the following Classes of shares:

UBS (Lux) Bond SICAV

– Convert Global (EUR hedged) P-dist

It is intended that all those Classes of shares will distribute at least 85% of the net investment income attributable to such Classes of Shares, computed broadly in accordance with the definition of net taxable income under United Kingdom corporation tax principles, so that these Classes of shares of the Company qualify as "distribution" for the purpose of United Kingdom tax legislation.

All other Classes of shares with a distribution policy may pay dividends but will not qualify as "distribution" for the purpose of United Kingdom tax legislation.

In order to ensure appropriate treatment between shareholders who become shareholders at different points in time, an income equalisation amount is calculated so that any distributions to such shareholders correspond to their actual income entitlement.

Note 7 – Commitments on Financial Futures

Commitments on Financial Futures per subfund and respective currency as of 31 May 2009 can be summarised as follows:

UBS (Lux) Bond SICAV	Financial Futures on bonds (bought)	Financial Futures on bonds (sold)
– Convert Global	– EUR	3 352 290.79 EUR
– EUR Corporates	13 148 300.00 EUR	– EUR
– EUR Select Defensive	– EUR	5 746 500.00 EUR
– Flexible Term USD	– USD	25 980 468.75 USD
– Inflation-linked EUR	– EUR	5 958 028.96 EUR
– USD Corporates	21 756 125.00 USD	16 412 812.50 USD
– USD Select	4 095 000.00 USD	– USD
– USD Select Defensive	– USD	4 618 750.00 USD

UBS (Lux) Bond SICAV	Financial Futures on interest rates (bought)	Financial Futures on interest rates (sold)
– Flexible Term USD	20 100 390.63 USD	– USD
– USD Select	13 783 125.00 USD	4 775 000.00 USD
– USD Select Defensive	– USD	2 387 500.00 USD

Note 8 – Soft commission arrangements

During the financial year from 1 June 2008 until 31 May 2009, no "soft commission arrangements" were entered into on behalf of UBS (Lux) Bond SICAV and "soft dollar commissions" amount to nil.

Note 9 – Total Expense Ratio (TER)

This ratio was calculated in accordance with the Swiss Funds Association's (SFA) "Guidelines on the calculation and disclosure of the TER and PTR" in the current version and expresses the sum of all costs and commissions charged on an ongoing basis to the net assets (operating expenses) taken retrospectively as a percentage of the net assets.

TER for the last 12 months:

UBS (Lux) Bond SICAV	Total Expense Ratio (TER)
– Brazil (USD) P-acc	1.54%
– Convert Global (EUR hedged) P-dist	1.83%
– Convert Global (EUR hedged) P-acc	1.84%
– Convert Global (EUR hedged) Q-acc	0.93%
– EUR Corporates P-acc	1.18%
– EUR Select P-acc	1.06%
– EUR Select Defensive P-acc	0.94%
– European Convergence P-dist	1.36%
– European Convergence P-acc	1.36%
– Flexible Term EUR P-acc	0.94%
– Flexible Term USD P-acc	0.94%
– Inflation-linked EUR (CHF hedged) P-acc	0.81%
– Inflation-linked EUR I-6.5-acc	0.08%
– Inflation-linked EUR K-1-acc	0.64%
– Inflation-linked EUR P-acc	1.05%
– Inflation-linked EUR U-X-acc	0.03%
– Russia (USD) P-acc	1.53%
– Select (CHF) P-acc	1.06%
– USD Corporates P-acc	1.19%
– USD Corporates K-1-acc	0.47%
– USD High Yield P-acc	1.30%
– USD Select P-acc	1.06%
– USD Select Defensive P-acc	0.94%

Transaction costs and any other costs incurred in connection with currency hedging are not included in the TER.

Note 10 – Portfolio Turnover Rate (PTR)

This ratio was calculated in accordance with the Swiss Funds Association's (SFA) "Guidelines on the calculation and disclosure of the TER and PTR" in the current version. The PTR is considered an indicator of the relevance of the additional costs incurred when buying and selling investments. It shows how many security transactions occurred as a result of voluntary investment shifts in relation to the average net assets. Transactions that resulted from uncontrollable subscriptions and redemptions are not included in this rate.

PTR for the last 12 months:

UBS (Lux) Bond SICAV	Portfolio Turnover Rate (PTR)
– Brazil	245.27%
– Convert Global	59.75%
– EUR Corporates	–0.14%
– EUR Select	–28.26%
– EUR Select Defensive	–26.69%
– European Convergence	96.12%
– Flexible Term EUR	33.81%
– Flexible Term USD	5.28%
– Inflation-linked EUR	–7.50%
– Russia	–43.82%
– Select (CHF)	–12.16%
– USD Corporates	166.33%
– USD High Yield	13.60%
– USD Select	–59.48%
– USD Select Defensive	–21.40%

Note 11 – Change of Name

The Board of Directors of UBS (Lux) Bond SICAV decided on 31 May 2009 to change the name of share classes:

UBS (Lux) Bond SICAV	old name of share class	share class name as of 30 November 2008
– Brazil (USD)	B	P-acc
– Convert Global (EUR hedged)	A	P-dist
– Convert Global (EUR hedged)	B	P-acc
– Convert Global (EUR hedged)	BP	Q-acc
– EUR Corporates	B	P-acc
– EUR Select	B	P-acc
– EUR Select Defensive	B	P-acc
– European Convergence	A	P-dist
– European Convergence	B	P-acc
– Flexible Term EUR	B	P-acc
– Flexible Term USD	B	P-acc
– Russia (USD)	B	P-acc
– Select (CHF)	B	P-acc
– USD Corporates	B	P-acc
– USD High Yield	B	P-acc
– USD Select	B	P-acc
– USD Select Defensive	B	P-acc

Note 12 – Illiquidity of the markets

The subfunds Brazil, Convert Global and Russia hold less liquid bonds and notes. In addition, the subfunds Flexible Term EUR, Flexible Term USD, USD Corporates and USD High Yield continue to hold asset backed securities, mortgage backed securities and mortgage loans. Owing to the extreme illiquidity of the markets for such instruments, it is difficult to determine a fair market value, in part due to the lack of actual transactions, large spreads when requesting brokers quotes, and unavailability of reliable data sources. These investments are valued in accordance with the Valuation Policies defined by the Board of Directors (See Note 1b).

Note 13 – Applicable law, place of performance and authoritative language

The Luxembourg District Court is the place of performance for all legal disputes between the shareholders, the Company and the custodian bank. Luxembourg law applies. However, in matters concerning the claims of investors from other countries, the Company and/or the custodian bank can elect to make themselves subject to the jurisdiction of the countries in which Company shares were bought and sold.

The German version of these financial statements is the authoritative version and only this version was audited by the auditors. However, in the case of shares sold to investors from the other countries in which Company shares can be bought and sold, the Company and the Custodian Bank may recognize approved translations (i.e. approved by the Company and the Custodian Bank) into the languages concerned as binding upon themselves and the Company.

Appendix

Annual Report as of 31 May 2009
UBS (Lux) Bond SICAV

The appendix data were not audited:

Customized Benchmark UBS (Lux) Bond SICAV – European Convergence

ML POLISH GVTS. (E)	20.00%
ML HUNGARIAN GVTS. (E)	15.00%
ML CZECH GVTS (E)	15.00%
JPM EURO EMBI GLB. HUNGARY	15.00%
JPM EURO EMBI GLB. POLAND	15.00%
JPM EURO EMBI GLOBAL – TURKEY	10.00%
JPM EURO EMBI GLOBAL – LITHUANIA	5.00%
JPM EURO EMBI GLOBAL – ROMANIA	5.00%
Total	100.00%

Customized Benchmark UBS (Lux) Bond SICAV – Flexible Term EUR

Citigroup Eurodeposit Index EUR 3 M EUR	33.33%
Lehman Euro Aggregate Ind. 500mio+ 1-3y	66.67%
Total	100.00%

Customized Benchmark UBS (Lux) Bond SICAV – Flexible Term USD

Citigroup Eurodeposit Index US 3 M USD	33.33%
Citigroup Eurodollar Bond 1-3 y AAA/AA	66.67%
Total	100.00%