Key Investor Information

This document provides you with key investor information about this fund. It is not marketing material. The information is required by law to help you understand the nature and the risks of investing in this fund. You are advised to read it so you can make an informed decision about whether to invest.

LUXEMBOURG SELECTION FUND – Arcano Low Volatility European Income Fund, a sub-fund of LUXEMBOURG SELECTION FUND, class CC-D (ISIN: LU1720110987)

This sub-fund is managed by UBS Third Party Management Company S.A., which is a member of the UBS Group.

Objectives and investment policy

The Subfund's objective is to offer a balanced low volatility investment strategy that generates attractive returns with a contained risk profile. It invests principally in a diversified portfolio of European corporate debt securities with fixed or variable interest rates.

The portfolio manager's approach is that of lending to individual companies – selectively handpicking credits to construct a high conviction portfolio underpinned by its own in-house exhaustive research, providing investors with a higher degree of principal stability than is typically available in a portfolio of lower rated fixed income investments. Credit selection will be complemented with (i) an emphasis on floating rate instruments – duration being one of the main drivers of volatility in fixed income markets and (ii) a focus on recurring income as opposed to price appreciation – predictability of income contributing to a more resilient performance.

At least two-thirds of the Subfund's assets will be invested in debt instruments denominated in euros or issued by corporations or entities with European exposure. The Subfund may invest up to 10% of its net assets in loan participations and/or loan assignments (including rated liquid internationally syndicated loans) provided such instruments comply with the criteria applicable to money market instruments, are liquid and have a value that may be accurately determined at any time.

The Subfund may use all types of financial derivative instruments traded on a regulated market and/or over the counter (OTC) for efficient portfolio management purposes or hedging purposes.

The Subfund does not aim to replicate any benchmark index so as to ensure it has the flexibility to build the best risk adjusted return portfolio composition given current market conditions without any restrictions.

Investors may demand to redeem their units on every normal bank business day in Luxembourg.

The revenues of the fund will be distributed yearly after the financial year end.

This share class is currency-hedged meaning that, using derivatives, the base currency of the sub-fund is to a large extent hedged into the share class' currency.

The fund may not be appropriate for investors who plan to withdraw their money within 3 years of investment.

Risk and reward profile



More about this rating

- The rating is based on price volatility over the last five years.
- Past data used in calculating the SRRI may not be a reliable indication of the future returns.
- The rating is not guaranteed to remain unchanged and the categorisation may shift over time.
- The lowest rating does not mean a risk-free investment. The differences between ratings are not based on a simple scale. 2 is not twice as risky as 1. The gap between 1 and 2 might not be the same as the gap between 2 and 3. The rating is not a target and the investment strategy is not managed to the rating. The rating is an absolute indicator of risk.

Why is this fund in Category 3?

This fund mainly invests in high yield fixed-income instruments. The risk category is therefore primarily driven by interest rates and credit spreads variations and may be subject to high fluctuations in value.

Further material risks:

- The fund invests in instruments with low ratings. Those securities could generate high return, but carry an important credit risk.
- Small use of over-the-counter instruments exposes the fund to small potential counterparty default risk.
- The fund invests part of its assets in less liquid asset classes whose value can fluctuate under certain market conditions.
- No Capital Guarantee exists for this product so investors can lose the whole of their investment

Charges

The charges you pay are used to pay the costs of running the sub-fund, including the costs of marketing and distributing it. These charges reduce the potential growth of your investment.

One-off charges taken before or after you invest

Entry charge	2.50%
Exit charge	0.00%
Conversion charge	0.00%

This is the maximum that might be taken out of your money before it is invested / before the proceeds of your investment are paid out.

Charges taken from the fund over a year	
Ongoing charges	0.94%
Charges taken from the fund under certain specific conditions	
Performance fee	none

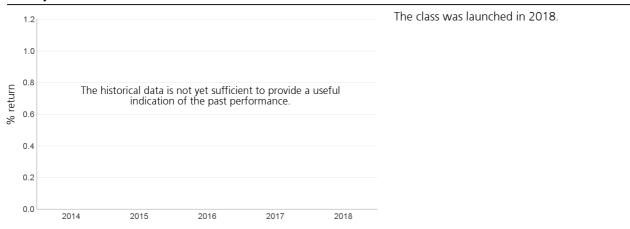
The **entry charge** shown is a maximum figure. In some cases you might pay less – you can find this out from your financial adviser.

The **ongoing charges** are estimated in the absence of historical data. When available, the ongoing charges are reported, and may differ from the estimate. They do not include:

• Portfolio transaction costs, except in the case of an entry/exit charge paid by the fund when buying or selling units in another collective investment undertaking.

For more information, please see the charges section of the fund's prospectus, which is available at **www.ubs.com/third-party-man-co-policies**.

Past performance



Practical information

Depositary

UBS Europe SE, Luxembourg Branch

Further Information

Information about LUXEMBOURG SELECTION FUND, its subfunds and available share classes, the full prospectus as well as the latest annual and semi-annual reports, can be obtained free of charge, in English from the Fund Management Company, the Central Administrator, the Depositary, the Funds distributors or online at

www.ubs.com/third-party-man-co-policies. Other documents are also available. The details including the procedures related to complaints handling, the strategy followed for the exercise of voting rights of the fund, the conflict of interest, the best execution policy and the up-todate remuneration policy including but not limited to a description of how remuneration and benefits are calculated, the responsibility of the Remuneration Committee are available on www.ubs.com/third-party-man-co-policies. A paper copy will be made available free of charge upon request. The currency of the share class is CHF. The price of shares is published on each business day and is available online at www.fundsquare.net.

Existing investors may switch between sub-funds of the umbrella and/or classes at the price indicated as conversion charge indicated above.

Tax Legislation

The fund is subject to the tax laws and regulations of Luxembourg. Depending on your own country of residence, this might have an impact on your investment. For further details you should consult a tax adviser.

Liability Statement

UBS Third Party Management Company S.A. may be held liable solely on the basis of any statement contained in this document that is misleading, inaccurate or inconsistent with the relevant parts of the prospectus of the Fund.

This Fund is authorised in Luxembourg and supervised by the Commission de Surveillance du Secteur Financier (CSSF). UBS Third Party Management Company S.A. is authorised in Luxembourg and supervised by the Commission de Surveillance du Secteur Financier (CSSF).

This key investor information is accurate as at 18/02/2019.