

# UBS (CH) Manager Selection Fund

Investment fund under Swiss law with multiple sub-funds (umbrella fund) for qualified investors of the “other fund for traditional investments” type

Fund contract with appendix

October 2024

## Fund contract

### **I. Basic principles**

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

1. A contractual umbrella fund of the “other funds for traditional investments” type (referred to as “investment fund”) has been established under the name of UBS (CH) Manager Selection Fund in accordance with Art. 25 et seqq. in conjunction with Art. 68 et seqq. and Art. 92 et seqq. of the Swiss Federal Act on Collective Investment Schemes of 23 June 2006 (CISA), which is divided into the following sub-funds:
  - Bonds Global XT 2
  - Equities Global XT 1
  - Equities Global XT 2
  - Equities Global XT 3 in liquidation
  - Equities Switzerland XT 1
  - Equities Switzerland XT 3
2. The fund management company is UBS Fund Management (Switzerland) AG, Basel.
3. The custodian bank is UBS Switzerland AG, Zurich.
4. The asset manager for the following sub-funds is the company listed below in each case:

Bonds Global XT 2	PIMCO Europe Ltd., London
Equities Global XT 1	Ninety One UK Limited, London
Equities Global XT 2	Allianz Global Investors GmbH, Frankfurt am Main
Equities Global XT 3 in liquidation	UBS Asset Management Switzerland AG, Zurich
Equities Switzerland XT 1	Schroder Investment Management (Switzerland) AG, Zurich
Equities Switzerland XT 3	Swiss Rock Asset Management AG, Zurich

5. At the request of the fund management company and the custodian bank, FINMA has exempted this investment fund from the following provisions pursuant to Art. 10.5 CISA:
  - a) the obligation to publish a semi-annual report;
  - b) the obligation to publish the issue and redemption prices/net asset value;FINMA has further exempted this investment fund from the obligation to draw up a prospectus and the obligation to prepare the key information document or the key investor information document (KIID) in accordance with Art. 50 of the Financial Services Act of 15 June 2018 (FinSA). In place of the prospectus, the fund management company provides investors with supplementary information in the appendix to this fund contract, in particular on any delegation of investment decisions and other subtasks of the fund management company, as well as on paying agents, distributors and the audit firm of the fund. Investors have the right to obtain additional disclosures and information on the investment fund from the fund management company at any time.
6. In application of Art. 78 para. 4 CISA, FINMA has, at the request of the fund management company and the custodian bank, exempted this investment fund from the obligation to make deposits and withdrawals in cash.

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

### **§ 2 The fund contract**

The legal relationship between the investor<sup>1</sup>, on the one hand, and the fund management company and the custodian bank, on the other, is governed by the present fund contract and the applicable provisions of the legislation on collective investment schemes.

### **§ 3 The fund management company**

1. The fund management company manages the sub-funds at its own discretion and in its own name, but for the account of the investors. In particular, it decides on the issue of units, the investments and their valuation. It calculates the net asset values of the sub-funds and determines the issue and redemption prices of units. It exercises all rights associated with the umbrella fund and sub-funds.
2. The fund management company and its agents are subject to the duties of loyalty, due diligence and disclosure. They act independently and exclusively in the interests of the investors. They implement the organisational measures necessary for proper management. They report on the collective investment schemes they manage and provide information on all fees and costs charged directly or indirectly to investors and on compensation received from third parties, in particular commissions, rebates and other monetary benefits.
3. The fund management company may delegate investment decisions and specific tasks for all or individual sub-funds, provided this is in the interest of proper management. It appoints only persons who have the necessary skills, knowledge and experience for this activity and the required authorisation. It carefully instructs and supervises the third parties it uses. Investment decisions may only be delegated to asset managers who have the necessary authorisation. The fund management company remains responsible for fulfilling its supervisory duties and safeguards the interests of investors when delegating. The fund management company is liable for the actions of persons to whom it has delegated tasks as for its own actions.
4. The fund management company may, with the consent of the custodian bank, submit a change to the present fund contract to the supervisory authority for approval (cf. § 27).
5. The fund management company may, in accordance with the provisions stipulated in § 24, merge individual sub-funds with other sub-funds or investment funds, convert them into another legal form of collective investment scheme in accordance with the provisions of § 25, or may, in accordance with the provisions stipulated in § 26, dissolve the sub-funds.
6. The fund management company is entitled to receive the fees stipulated in §§ 18 and 19. It is further entitled to be exempt from any liabilities that may have arisen in the course of the proper execution of its duties, and to be reimbursed for expenses incurred in connection with such liabilities.

### **§ 4 The custodian bank**

1. The custodian bank is responsible for the safekeeping of the sub-funds' assets. It handles the issue and redemption of fund units as well as payment transfers on behalf of the sub-funds.
2. The custodian bank and its agents are subject to the duties of loyalty, due diligence and disclosure. They act independently and exclusively in the interests of the investors. They implement the organisational measures necessary for proper management. They report on the collective investment schemes they hold in safekeeping and provide information on all fees and costs charged directly or indirectly to investors and on compensation received from third parties, in particular commissions, rebates and other monetary benefits.
3. The custodian bank is responsible for account and safekeeping account management on behalf of the umbrella fund and the sub-funds, but does not have independent access to their assets.
4. The custodian bank ensures that, in the case of transactions relating to the assets of the umbrella fund and sub-funds, the counter value is transferred within the usual time limit. It notifies the fund management company if the counter value is not remitted within the usual time limit and, where possible, requests reimbursement for the asset item concerned from the counterparty.

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<sup>1</sup> To make for easier reading, no gender-specific differentiation is made, for example when referring to the gender of investors. The corresponding terms apply in principle to both sexes.

5. The custodian bank keeps the required records and accounts in such a manner that it is, at all times, able to distinguish between the assets held in safekeeping for the individual investment funds.  
In the case of assets that cannot be taken into safekeeping, the custodian bank verifies ownership by the fund management company and keeps a record thereof.
6. The custodian bank may transfer the safekeeping of the sub-funds' assets to third-party custodians and central securities depositories in Switzerland or abroad, provided this is in the interest of proper safekeeping. The custodian bank verifies and monitors that the third-party custodian or central securities depository it appoints:
  - a) possesses an appropriate organisational structure, financial guarantees and the specialised qualifications required given the nature and complexity of the assets entrusted to it;
  - b) is subject to regular external audits, thereby ensuring that it possesses the financial instruments;
  - c) holds the assets received from the custodian bank in safekeeping in such a manner that, using regular portfolio comparisons, they can at all times be clearly identified as belonging to the sub-funds' assets;
  - d) complies with the provisions applicable to the custodian bank with respect to the performance of the tasks delegated to it and the avoidance of conflicts of interest.  
The custodian bank is liable for damage or loss caused by its agents unless it is able to prove that it exercised the due diligence required in the circumstances in respect of selection, instruction and monitoring. The appendix contains information on the risks associated with the transfer of safekeeping to third-party custodians and central securities depositories.  
In respect of financial instruments, safekeeping in the sense of the previous paragraph may only be transferred to regulated third-party custodians and central securities depositories. This does not apply to mandatory safekeeping at a location where the transfer of safekeeping to regulated third-party custodians and central securities depositories is not possible, in particular owing to mandatory legal provisions or to the particular arrangements for the investment product in question. Investors must be informed in the appendix of safekeeping with non-regulated third-party custodians or central securities depositories.
7. The custodian bank ensures that the fund management company complies with the law and the fund contract. It verifies that the calculation of the net asset values and of the issue and redemption prices of the units, as well as the investment decisions, are in compliance with the law and the fund contract, and that net income is appropriated in accordance with the fund contract. The custodian bank is not responsible for the choice of investments that the fund management company makes in accordance with the investment regulations.
8. The custodian bank is entitled to receive the fees stipulated in §§ 18 and 19. It is further entitled to be exempt from any liabilities that may have arisen in the course of the proper execution of its duties and to be reimbursed for expenses incurred in connection with such liabilities.
9. The custodian bank is not responsible for the safekeeping of the assets of the target funds in which this investment fund invests, unless this task has been delegated to it.

## § 5 Investors

1. Eligibility is limited to qualified investors according to Art. 10 para. 3 – 3ter CISA. Only the following investors are considered qualified:
  - a) supervised financial intermediaries such as banks, securities dealers and fund management companies
  - b) supervised insurance institutions
  - c) public-law corporations and pension funds with professional treasury operations
  - d) companies with professional treasury operations
  - e) high-net-worth individuals pursuant to Art. 10 para. 3bis CISA who declare in writing that they wish to be considered as qualified investors (opting-in)
  - f) investors who have concluded a written asset management agreement pursuant to Art. 10 para. 3ter CISA, unless they have declared that they do not wish to be considered qualified investors (opting out)

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

2. On concluding the contract and making a payment in cash, the investor acquires a claim against the fund management company in respect of participation in the assets and income of a sub-fund of the umbrella fund. In place of a cash payment, at the investor's request and with the consent of the fund management company, a contribution in kind may be made in accordance with the provisions of § 17.7. The investor's claim is evidenced in the form of fund units.
3. Investors are only entitled to the assets and income of the sub-fund in which they hold an interest. Only the relevant sub-fund is liable for the liabilities attributable to an individual sub-fund.
4. Investors are obliged to remit payment only for the units of the relevant sub-fund they subscribe. They are not held personally liable for the liabilities of the umbrella fund or sub-funds.
5. Investors may obtain information concerning the basis of the calculation of the net asset value per unit from the fund management company at any time. If investors assert an interest in more detailed information on specific business transactions effected by the fund management company, such as the exercise of membership and creditors' rights, or on risk management or contributions/redemptions in kind, they must be given such information by the fund management company at any time. The investors may request before the courts of the registered office of the fund management company that the audit firm or another expert investigate the matter requiring clarification and furnish the investors with a report.
6. The investors may terminate the fund contract at any time and demand that their share in the relevant sub-fund be paid out in cash. In place of a cash payment, at the investor's request and with the consent of the fund management company, a redemption in kind may be made in accordance with the provisions of § 17.7.
7. Upon request, the investors are obliged to provide the fund management company and/or the custodian bank and their agents with proof that they comply with or continue to comply with the conditions laid down in the law or the fund contract in respect of participation in a sub-fund. Furthermore, they are obliged to inform the fund management company, the custodian bank and their agents immediately if they cease to meet these conditions.
8. The umbrella fund or a unit class may be subject to a "soft closing", under which investors cannot subscribe to units if the fund management company believes the closing is necessary to protect the interests of existing investors. In reference to this umbrella fund or unit class, the soft closing applies to new subscriptions or switches into the umbrella fund or unit class, but not to redemptions, transfers or switches out of the umbrella fund or unit class. An umbrella fund or unit class may be subject to a soft closing without notifying the investors.
9. The fund management company, in cooperation with the custodian bank, must make an enforced redemption of the units of an investor at the current redemption price if:
  - a) this is necessary to safeguard the reputation of the financial market, and specifically to combat money laundering;
  - b) the investor no longer meets the statutory or contractual conditions for participation in a sub-fund.
10. The fund management company, in cooperation with the custodian bank, may also make an enforced redemption of the units of an investor at the current redemption price if:
  - a) the investor's participation in a sub-fund is such that it might have a significant detrimental impact on the economic interests of the other investors, in particular if that participation might result in tax disadvantages for the umbrella fund or a sub-fund in Switzerland or abroad;
  - b) the investor has acquired or holds their units in violation of provisions of a law to which they are subject either in Switzerland or abroad or the present fund contract;
  - c) there is a detrimental impact on the economic interests of the investors, particularly in cases in which individual investors seek by way of systematic subscriptions and immediate redemptions to achieve a financial benefit by exploiting the time differences between the setting of the closing prices and the valuation of the sub-funds' assets (market timing).

## **§ 6 Units and unit classes**

1. The fund management company may establish different unit classes and may also merge or dissolve unit classes for each sub-fund at any time subject to the consent of the custodian bank and the approval of the supervisory authority. All unit classes embody an entitlement to a share in the undivided assets of the relevant sub-fund, which are not segmented. This share may differ

owing to class-specific costs or class-specific income, and the various classes of a sub-fund may therefore have different net asset values per unit. The assets of the respective sub-fund as a whole are liable for class-specific costs.

2. Notices of the creation, dissolution or merger of unit classes are published in the medium of publication. Only mergers are deemed a change to the fund contract pursuant to § 26.
3. The various unit classes may differ from one another in terms of their cost structure, reference currency, currency hedging, policy with regard to distribution or reinvestment of income, the minimum investment required, and investor eligibility.  
Fees and costs are charged only to that unit class for which the service in question is performed. Fees and costs that cannot be allocated unequivocally to a specific unit class are charged to the individual unit classes on a pro rata basis in relation to their share of the sub-fund.
4. For the sub-funds
  - Bonds Global XT 2
  - Equities Global XT 1
  - Equities Global XT 2
  - Equities Global XT 3 in liquidation
  - Equities Switzerland XT 1
  - Equities Switzerland XT 3

the unit classes are as follows:

“B” Class B units are offered to investors who have entered into a portfolio management agreement with UBS Asset Management Switzerland AG, Zurich, with a “portfolio management fee” commission structure.

“I-X” Class I-X units are offered to qualified investors pursuant to Art. 10 para. 3-3ter CISA who have entered into a portfolio management agreement with UBS Asset Management Switzerland AG, Zurich, with a “flat fee” commission structure.

The costs for asset management, the administration of the fund (encompassing fund management company, administration and custodian bank) and distribution are charged to the investor under the above written agreement.

The fee covers the costs to be borne by the investor for the service components of asset management, distribution activities relating to the sub-funds and fund administration. The fee arrangements set out in this agreement may vary depending on the investor (cf. see § 19 .1 in the fund contract).

There is no minimum investment requirement. The unit class also differs from the I-X unit classes in that it has a lower initial issue price and is available exclusively to other collective investment schemes (regardless of their legal form).

“U-X” Class U-X units are offered exclusively to qualified investors pursuant to Art. 10 para. 3-3ter CISA who have entered into a portfolio management agreement with UBS Asset Management Switzerland AG, Zurich. The costs for asset management, the administration of the fund (encompassing fund management company, administration and custodian bank) and distribution are charged to the investor under the above written agreement.

The fee covers the costs to be borne by the investor for the service components of asset management, distribution activities relating to the sub-funds and fund administration. The fee arrangements set out in this agreement may vary depending on the investor (cf. § 19.1 in the fund contract).

There is no minimum investment required. The unit class also differs from the I-X unit classes due to the higher initial issue price and is available exclusively to other collective investment schemes (irrespective of their legal form).

The unit class B listed above is distinguished by the different amounts of the administrative commission, which is set out in § 19.1.

Investors in unit class B, I-X or U-X have the opportunity to switch to one of the other unit classes free of charge by entering into the corresponding portfolio management agreement with UBS Asset Management Switzerland AG, Zurich.

The number of units into which investors convert their holdings is calculated using the formula shown in the appendix.

Upon termination of the respective portfolio management agreement with UBS Asset Management Switzerland AG, the investor loses the right to continue participating in the fund via the respective unit class. In this case, UBS Asset Management Switzerland AG is entitled to return these fund units to the fund free of charge at the then applicable net asset value.

5. The units are not securitised, but are kept exclusively in book-entry form and are held exclusively in a custodian account with the custodian bank. Investors are not entitled to demand the delivery of a registered or bearer unit certificate.
6. The fund management company and the custodian bank are obliged to instruct investors who no longer meet the conditions for holding a unit class that, within 30 calendar days, they must redeem their units pursuant to § 17, transfer them to a person who does meet the aforementioned conditions, or convert them into units of another unit class whose conditions they do meet. If an investor fails to comply with this demand, the fund management company must, in cooperation with the custodian bank, make an enforced conversion into another unit class of this investment fund or, should this not be possible, enforce the redemption of the units in question pursuant to § 5.8.

### **III. Investment policy guidelines**

#### **A Investment principles**

##### **§ 7 Compliance with investment restrictions**

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

##### **§ 8 Investment policy**

1. The fund management company may invest the assets of the individual sub-funds in the following investments within the framework of the specific investment policy of each sub-fund pursuant to point 3:
  - a) Securities, i.e. transferable securities issued on a large scale and non-securitised rights with the same function (uncertified securities) that are traded on an exchange or other regulated market open to the public, and that embody a participation right or claim, or the right to acquire such securities and uncertified securities by way of subscription or exchange, for example warrants;  
Investments in securities from new issues are permitted only if their terms of issue provide for their admission to an exchange or other regulated market open to the public. If they have not been admitted to an exchange or other regulated market open to the public within one year after their acquisition, these securities must be sold within one month or included under the restriction stipulated in point 1h).
  - b) Derivatives, if (i) the underlyings are securities as defined in a); derivatives as defined in b); units in collective investment schemes as defined in c and d); money market instruments as defined in f); financial indices, interest rates, exchange rates, credits or currencies; and (ii) the underlyings are permitted as investments under the fund contract. Derivatives are either traded on an exchange or other regulated market open to the public, or are traded OTC. OTC transactions are permitted only if (i) the counterparty is a regulated financial intermediary specialising in such transactions; and (ii) the OTC derivatives can be traded daily or a return to the issuer is possible at any time. In addition, it must be possible for them to be valued in a reliable and transparent manner. Derivatives may be used pursuant to § 12.
  - c) Units of other domestic and foreign collective investment schemes (target funds), provided that (i) their documents restrict investments for their part in other target funds to a total of 10%; (ii) these target funds are subject to provisions equivalent to those pertaining to

securities funds in respect of the object, organisation, investment policy, investor protection, risk diversification, asset segregation, borrowing, lending, short-selling of securities and money market instruments, issuing and redemption of fund units and the content of the semi-annual and annual reports; and (iii) these target funds are authorised as collective investment schemes in their country of domicile and are subject there to supervision equivalent to that in Switzerland and which serves to protect investors, and that international administrative assistance is ensured.

- d) Units of other domestic and foreign collective investment schemes that belong or correspond to other funds for traditional investments and are subject to supervision equivalent to that in Switzerland and which serves to protect investors, and for which international administrative assistance is ensured. The fund management company may not acquire funds of funds (investment funds whose fund contracts or bylaws permit investments in other collective investment schemes at more than 49%).
  - e) Structured products, if (i) the underlyings are securities as defined in a); derivatives as defined in b); structured products as defined in e); units in collective investment schemes as defined in c and d); money market instruments as defined in f); financial indices, interest rates, exchange rates, credits or currencies; and (ii) the underlyings are permitted as investments under the fund contract. Structured products are either traded on an exchange or other regulated market open to the public, or are traded OTC. OTC transactions are permitted only if (i) the counterparty is a regulated financial intermediary specialising in such transactions; and (ii) the products traded OTC can be traded daily or a return to the issuer is possible at any time. In addition, it must be possible for them to be valued in a reliable and transparent manner.
  - f) Money market instruments, provided these are liquid, can be readily valued and are traded on an exchange or other regulated market open to the public. Money market instruments not traded on an exchange or other regulated market open to the public may be acquired only if the issue or the issuer is subject to provisions regarding creditor or investor protection and if the money market instruments are issued or guaranteed by issuers pursuant to Art. 74 para. 2 CISO.
  - g) Sight or time deposits with terms to maturity not exceeding twelve months with banks domiciled in Switzerland or in a member state of the European Union, or in another country provided that the bank is subject to supervision in that country equivalent to the supervision in Switzerland;
  - h) Investments other than those specified in a) to g) above up to a total of 10% of a single sub-fund's assets. The following are not permitted: (i) direct investments in precious metals, precious metals certificates, commodities and commodity certificates as well as (ii) real short-selling of any type of investment.
2. Subject to the provisions of § 19, the fund management company may acquire units in target funds managed directly or indirectly by the fund management company itself or by a company to which the fund management company is related by virtue of common management or control, or by a significant direct or indirect interest ("related target funds").

**A. UBS (CH) Manager Selection Fund – Bonds Global XT 2**

3. UBS Asset Management categorises this sub-fund as an actively managed sustainability focus fund. The investment objective of this sub-fund is principally to invest in issuers which take account of sustainability criteria and consequently have a suitable sustainability profile. Issuers with a suitable sustainability profile are those that show an above-average commitment to environmental and social aspects compared with other issuers and that comply with minimum standards or are more progressive than other companies in terms of their corporate governance. The sustainability analyses of the respective asset manager named in § 1 under point 4 is used for the assessment of sustainability.

The analysis of sustainability/ESG criteria may, amongst others, include the following aspects: environment, employees and suppliers, buyers and customers, management.

The sub-fund applies the following sustainability approaches:

In selecting the investment instruments, financial and fundamental criteria are applied. The following ESG approaches are used for sustainable investments: consideration of material ESG risks as part of the research process (**ESG integration**), sustainability exclusion criteria (**negative screening**) and/or instrument selection based on ESG data (**best-in-class**).

At the time of the investment decision, the sub-fund invests at least 80% of its assets (after deducting liquid assets and derivatives) in investments that meet the requirements of the sustainability policy.

Further information can be found in the appendix (point 1.4).

- a) After deducting liquid assets, the fund management company invests at least two thirds of the sub-fund's assets in:
    - aa) bonds and notes denominated in freely convertible currencies as well as other fixed-income or floating-rate debt paper and rights issued by private and public-law borrowers worldwide;
    - ab) units of other collective investment schemes pursuant to point 1c and d) that, according to their documentation, invest their assets in accordance with the guidelines of this sub-fund or parts thereof;
    - ac) derivatives (including warrants) on the investments mentioned above;
    - ad) structured products denominated in freely convertible currencies such as certificates from issuers worldwide on the investments mentioned above.For investments in other collective investment schemes pursuant to point 3 ab) above and structured products pursuant to point 3 ad) above, the fund management company ensures that, on a consolidated basis, at least two thirds of the sub-fund's assets are invested in investments pursuant to point 3 aa) above.
  - b) The fund management company may also invest up to one third of the sub-fund's assets after deducting liquid assets in:
    - debt paper and rights from domestic and foreign issuers that do not meet the requirements as stated in point 3 aa);
    - convertible bonds, convertible notes and warrant issues denominated in freely convertible currencies worldwide;
    - equities and other debt paper and rights issued by companies worldwide;
    - money market instruments denominated in freely convertible currencies from domestic and foreign issuers;
    - derivatives (including warrants) on the investments mentioned above;
    - units of other collective investment schemes pursuant to point 1 c) and d) that do not meet the requirements set out in point 3 ab);
    - bank deposits.
  - c) In addition, the fund management company must comply with the investment restrictions below, which relate to the sub-fund's assets following the deduction of liquid assets:
    - up to a maximum of 25% in convertible bonds, convertible notes and warrant issues;
    - up to a maximum of 10% in total in equities and other debt paper and rights as well as derivatives (including warrants) thereon;
    - up to a maximum of 10% in total in other collective investment schemes.
  - d) The sub-fund serves as target funds for "UBS (CH) Vitainvest – World 25 Sustainable" and "UBS (CH) Vitainvest – World 50 Sustainable" (fund of funds). These fund of funds may each acquire up to 60% of the units of this target fund in accordance with their risk diversification regulations.
4. The fund management company ensures liquidity is managed appropriately. Detailed information is provided in the appendix.

**B. UBS (CH) Manager Selection Fund – Equities Global XT 1**

3. UBS Asset Management categorises this sub-fund as an actively managed sustainability focus fund.



The investment objective of this sub-fund is principally to invest in companies which take account of sustainability criteria and consequently have a suitable sustainability profile.

Companies that have a suitable sustainability profile are those that show above-average commitment to environmental and social aspects compared with other companies and that comply with minimum standards and are more progressive than other companies in terms of corporate governance.

The sustainability analyses of the respective asset manager named in § 1 under point 4 is used for the assessment of sustainability.

The analysis of sustainability/ESG criteria may, amongst others, include the following aspects: environment, employees and suppliers, buyers and customers, management.

The sub-fund applies the following sustainability approaches:

The sub-fund will not invest in companies with a sustainability profile that indicates high ESG risk. Investment instruments are selected on the basis of financial and fundamental criteria, sustainability **exclusion criteria (negative screening)**, and instrument selection based on ESG data (**best-in-class**).

In addition, as far as possible, companies are engaged in order to address identified **ESG risks** and opportunities in a targeted manner through direct dialogue (**stewardship approach**). This is not an indication that there has been any engagement on specific ESG issues in relation to companies in this portfolio in any specific period or that the companies in this portfolio have been selected with the intention of engaging actively.

At the time of the investment decision, the sub-fund invests at least 80% of its assets (after deducting liquid assets and derivatives) in investments that meet the requirements of the sustainability policy.

Further information can be found in the appendix (point 1.4).

a) After deducting liquid assets, the fund management company invests at least 80% of the sub-fund's assets in:

- aa) equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) issued by companies worldwide;
- ab) units in other collective investment schemes pursuant to point 1 c) and d) that, according to their documentation, invest their assets in accordance with the guidelines of this sub-fund or its sub-funds;
- ac) derivatives (including warrants) on the investments mentioned above;
- ad) freely convertible structured products such as certificates from issuers worldwide on the investments mentioned above.

For investments in other collective investment schemes pursuant to point 3 ab) above and structured products pursuant to point 3 ad) above, the fund management company ensures that on a consolidated basis at least two thirds of the sub-fund's assets are invested in investments pursuant to point 3 aa) above.

b) The fund management company may also invest up to 20% of the sub-fund's assets after deducting liquid assets in:

- equity paper and rights (equities, dividend-right certificates, cooperative shares, participation certificates and similar instruments) that do not meet the requirements as stated in point 3 aa);
- bonds, convertible bonds, convertible notes, warrant issues and notes denominated in freely convertible currencies as well as other fixed-income or floating-rate debt paper and rights issued by private borrowers and borrowers under public law (domestic and foreign issuers);
- money market instruments denominated in freely convertible currencies from domestic and foreign issuers;
- derivatives (including warrants) on the investments mentioned above;
- units in other collective investments in accordance with point 1 c) and d) that do not meet the requirements as stated in point 3 ab);
- bank deposits.

- c) In addition, the fund management company must comply with the investment restrictions below, which relate to the sub-fund's assets following the deduction of liquid assets:
    - up to 10% in total in other collective investment schemes.
  - d) The sub-fund serves among other things as a target fund for UBS (CH) Vitainvest – 50 World (fund of funds). In accordance with its risk diversification rules, this fund of funds may acquire up to 60% of the units of the target funds “Equities Global XT 3 in Liquidation” and up to 70% of the units of the target funds “– Equities Global XT 1” and “– Equities Global XT 2”.
4. The fund management company ensures liquidity is managed appropriately. Detailed information is provided in the appendix.

**C. UBS (CH) Manager Selection Fund – Equities Global XT 2**

3. UBS Asset Management categorises this sub-fund as an actively managed sustainability focus fund. The investment objective of this sub-fund is principally to invest in companies which take account of sustainability criteria and consequently have a suitable sustainability profile. Companies that have a suitable sustainability profile are those that show above-average commitment to environmental and social aspects compared with other companies and that comply with minimum standards and are more progressive than other companies in terms of corporate governance. The sustainability analyses of the respective asset manager named in § 1 under point 4 is used for the assessment of sustainability. The analysis of sustainability/ESG criteria may, amongst others, include the following aspects: environment, employees and suppliers, buyers and customers, management.

The sub-fund applies the following sustainability approaches:

Investment instruments are selected on the basis of financial and fundamental criteria, sustainability **exclusion criteria (negative screening)**, ESG assessments (**ESG integration**) and instrument selection based on ESG data (**best-in-class**).

In addition, as far as possible, companies are engaged in order to address identified **ESG risks** and **opportunities** in a targeted manner through direct dialogue (**stewardship approach**). This is not an indication that there has been any engagement on specific ESG issues in relation to companies in this portfolio in any specific period or that the companies in this portfolio have been selected with the intention of engaging actively.

At the time of the investment decision, the sub-fund invests at least 80% of its assets (after deducting liquid assets and derivatives) in investments that meet the requirements of the sustainability policy.

Further information can be found in the appendix (point 1.4).

- a) After deducting liquid assets, the fund management company invests at least 80% of the sub-fund's assets in:
  - aa) equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) issued by companies worldwide;
  - ab) units in other collective investment schemes pursuant to point 1 c) and d) that, according to their documentation, invest their assets in accordance with the guidelines of this sub-fund or its sub-funds;
  - ac) derivatives (including warrants) on the investments mentioned above;
  - ad) freely convertible structured products such as certificates from issuers worldwide on the investments mentioned above.

For investments in other collective investment schemes pursuant to point 3 ab) above and structured products pursuant to point 3 ad) above, the fund management company ensures that on a consolidated basis at least two thirds of the sub-fund's assets are invested in investments pursuant to point 3 aa) above.
- b) The fund management company may also invest up to 20% of the sub-fund's assets after deducting liquid assets in:

- equity paper and rights (equities, dividend-right certificates, cooperative shares, participation certificates and similar instruments) that do not meet the requirements as stated in point 3 aa);
  - bonds, convertible bonds, convertible notes, warrant issues and notes denominated in freely convertible currencies as well as other fixed-income or floating-rate debt paper and rights issued by private borrowers and borrowers under public law (domestic and foreign issuers);
  - money market instruments denominated in freely convertible currencies from domestic and foreign issuers;
  - derivatives (including warrants) on the investments mentioned above;
  - units in other collective investments in accordance with point 1 c) and d) that do not meet the requirements as stated in point 3 ab);
  - bank deposits.
- c) In addition, the fund management company must comply with the investment restrictions below, which relate to the sub-fund's assets following the deduction of liquid assets:
- up to 10% in total in other collective investment schemes.
- d) The sub-fund serves among other things as a target fund for UBS (CH) Vitainvest – 50 World (fund of funds). In accordance with its risk diversification rules, this fund of funds may acquire up to 60% of the units of the target funds “Equities Global XT 3 in Liquidation” and up to 70% of the units of the target funds “– Equities Global XT 1” and “– Equities Global XT 2”.
4. The fund management company ensures liquidity is managed appropriately. Detailed information is provided in the appendix.

#### **D. UBS (CH) Manager Selection Fund – Equities Global XT 3 in liquidation**

3. The investment objective of the sub-fund is principally to invest in companies which take account of sustainability criteria and consequently have a suitable sustainability profile. Companies that have a suitable sustainability profile are those that show above-average commitment to environmental and social aspects compared with other companies and that comply with minimum standards and are more progressive than other companies in terms of corporate governance. The sustainability analyses of the respective asset manager named in § 1 under point 4 is used for the assessment of sustainability. The analysis of sustainability/ESG criteria may, amongst others, include the following aspects: environment, employees and suppliers, buyers and customers, management.

In selecting the investment instruments, financial and fundamental criteria, the following **ESG approaches** (see point 1.4 of the appendix to the fund contract), or a combination thereof, may be used with regard to sustainable investments: consideration of material ESG risks as part of the research process (**ESG integration**), **sustainability exclusion criteria (negative screening)** and/or instrument selection based on ESG data (**best-in-class**).

In addition, as far as possible, UBS Asset Management actively engages with companies to address identified ESG risks and opportunities in a targeted manner through direct dialogue (stewardship approach).

- a) After deducting liquid assets, the fund management company invests at least two thirds of the sub-fund's assets in:
- aa) equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) issued by companies worldwide;
  - ab) units of other collective investment schemes pursuant to point 1c and d) that, according to their documentation, invest their assets in accordance with the guidelines of this sub-fund or parts thereof;
  - ac) derivatives (including warrants) on the investments mentioned above;
  - ad) structured products denominated in freely convertible currencies such as certificates from issuers worldwide on the investments mentioned above.

For investments in other collective investment schemes pursuant to point 3 ab) above and structured products pursuant to point 3 ad) above, the fund management company ensures

that on a consolidated basis at least two thirds of the sub-fund's assets are invested in investments pursuant to point 3 aa) above.

- b) The fund management company may also invest up to one third of the sub-fund's assets after deducting liquid assets in:
- equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) that do not meet the requirements as stated in point 3 aa);
  - bonds, convertible bonds, convertible notes, warrant issues and notes denominated in freely convertible currencies as well as other fixed-income or floating-rate debt paper and rights issued by private and public-law borrowers worldwide;
  - money market instruments denominated in freely convertible currencies from domestic and foreign issuers;
  - derivatives (including warrants) on the investments mentioned above;
  - units of other collective investment schemes pursuant to point 1 c) and d) that do not meet the requirements as stated in point 3 ab);
  - bank deposits.
- c) In addition, the fund management company must comply with the investment restrictions below, which relate to the sub-fund's assets following the deduction of liquid assets:
- up to a maximum of 10% in total in other collective investment schemes.
- d) The sub-fund serves as a target fund for "UBS (CH) Vitainvest – World 50 Sustainable" (fund of funds). This fund of funds may acquire up to 60% of the units of the sub-fund "– Equities Global XT 3 in liquidation" and up to 70% of the units of the sub-funds "– Equities Global XT 1" and "– Equities Global XT 2" in accordance with its risk diversification regulations.

#### **E. UBS (CH) Manager Selection Fund – Equities Switzerland XT 1**

3. UBS Asset Management categorises this sub-fund as an actively managed sustainability focus fund. The investment objective of this sub-fund is principally to invest in companies which take account of sustainability criteria and consequently have a suitable sustainability profile. Companies that have a suitable sustainability profile are those that show above-average commitment to environmental and social aspects compared with other companies and that comply with minimum standards and are more progressive than other companies in terms of corporate governance. The sustainability analyses of the respective asset manager named in § 1 under point 4 is used for the assessment of sustainability. The analysis of sustainability/ESG criteria may, amongst others, include the following aspects: environment, employees and suppliers, buyers and customers, management.

The sub-fund applies the following sustainability approaches:

Investment instruments are selected on the basis of financial and fundamental criteria, sustainability **exclusion criteria (negative screening)**, ESG assessments (**ESG integration**) and instrument selection based on ESG data (**best-in-class**).

In addition, as far as possible, companies are engaged in order to address identified **ESG risks** and opportunities in a targeted manner through direct dialogue (**stewardship approach**). This is not an indication that there has been any engagement on specific ESG issues in relation to companies in this portfolio in any specific period or that the companies in this portfolio have been selected with the intention of engaging actively.

At the time of the investment decision, the sub-fund invests at least 80% of its assets (after deducting liquid assets and derivatives) in investments that meet the requirements of the sustainability policy.

Further information can be found in the appendix (point 1.4).

- a) After deducting liquid assets, the fund management company invests at least 80% of the sub-fund's assets in:

- aa) equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) issued by companies which have their registered office in Switzerland, as holding companies invest mainly in companies which have their registered office in Switzerland or conduct the majority of their business in Switzerland;
- ab) units in other collective investment schemes pursuant to sections 1 c) and d) that, according to their documentation, invest their assets in accordance with the guidelines of this sub-fund or its sub-funds;
- ac) derivatives (including warrants) on the investments mentioned above;
- ad) freely convertible structured products such as certificates from issuers worldwide on the investments mentioned above.

For investments in other collective investment schemes pursuant to point 3 ab) above and structured products pursuant to point 3 ad) above, the fund management company ensures that on a consolidated basis at least two thirds of the sub-fund's assets are invested in investments pursuant to point 3 aa) above.

- b) The fund management company may also invest up to 20% of the sub-fund's assets after deducting liquid assets in:
  - equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) which do not meet the requirements as stated in point 3 aa);
  - bonds, convertible bonds, convertible notes, warrant issues and notes denominated in freely convertible currencies as well as other fixed-income or floating-rate debt paper and rights issued by private borrowers and borrowers under public law (domestic and foreign issuers);
  - money market instruments denominated in freely convertible currencies issued by domestic and foreign issuers;
  - derivatives (including warrants) on the investments mentioned above;
  - units in other collective investments that do not meet the requirements as stated in point 3 ab) above;
  - bank deposits.
- c) In addition, the fund management company must comply with the investment restrictions below, which relate to the sub-fund's assets following the deduction of liquid assets:
  - up to 10% in total in other collective investment schemes.

- 4. The fund management company ensures liquidity is managed appropriately. Detailed information is provided in the appendix.

#### **F. UBS (CH) Manager Selection Fund – Equities Switzerland XT 3**

- 3. UBS Asset Management categorises this sub-fund as an actively managed sustainability focus fund. The investment objective of these sub-funds is principally to invest in companies which take account of sustainability criteria and consequently have a suitable sustainability profile. Companies that have a suitable sustainability profile are those that show above-average commitment to environmental and social aspects compared with other companies and that comply with minimum standards and are more progressive than other companies in terms of corporate governance. The sustainability analyses of the respective asset manager named in § 1 under point 4 is used for the assessment of sustainability. The analysis of sustainability/ESG criteria may, amongst others, include the following aspects: environment, employees and suppliers, buyers and customers, management.

The sub-fund applies the following sustainability approaches:

Investment instruments are selected on the basis of financial and fundamental criteria, sustainability exclusion criteria (**negative screening**), ESG assessments (**ESG integration**) and instrument selection based on ESG data (**best-in-class**).

In addition, as far as possible, companies are engaged in order to address identified **ESG risks** and opportunities in a targeted manner through direct dialogue (**stewardship approach**). This is not

an indication that there has been any engagement on specific ESG issues in relation to companies in this portfolio in any specific period or that the companies in this portfolio have been selected with the intention of engaging actively.

At the time of the investment decision, the sub-fund invests at least 80% of its assets (after deducting liquid assets and derivatives) in investments that meet the requirements of the sustainability policy.

Further information can be found in the appendix (point 1.4).

- a) After deducting liquid assets, the fund management company invests at least 80% of the sub-fund's assets in:
- aa) equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) issued by companies that have their registered office in Switzerland, as holding companies mainly invest in companies that have their registered office in Switzerland or conduct the majority of their business there;
  - ab) units of other collective investment schemes pursuant to point 1c and d) that, according to their documentation, invest their assets in accordance with the guidelines of this sub-fund or parts thereof;
  - ac) derivatives (including warrants) on the investments mentioned above;
  - ad) structured products denominated in freely convertible currencies such as certificates from issuers worldwide on the investments mentioned above.

For investments in other collective investment schemes pursuant to point 3 ab) above and structured products pursuant to point 3 ad) above, the fund management company ensures that, on a consolidated basis, at least two thirds of the sub-fund's assets are invested in investments pursuant to point 3 aa) above.

- b) The fund management company may also invest up to 20% of the sub-fund's assets after deducting liquid assets in:
- equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) that do not meet the requirements as stated in point 3 aa);
  - bonds, convertible bonds, convertible notes, warrant issues and notes denominated in freely convertible currencies as well as other fixed-income or floating-rate debt paper and rights issued by private and public-law borrowers worldwide;
  - money market instruments denominated in freely convertible currencies from domestic and foreign issuers;
  - derivatives (including warrants) on the investments mentioned above;
  - units of other collective investment schemes that do not meet the requirements as stated in point 3 ab);
  - bank deposits.
- c) In addition, the fund management company must comply with the investment restrictions below, which relate to the sub-fund's assets following the deduction of liquid assets:
- up to a maximum of 10% in total in other collective investment schemes.

4. The fund management company ensures liquidity is managed appropriately. Detailed information is provided in the appendix.

## **§ 9 Liquid assets**

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

## **B Investment techniques and instruments**

### **§ 10 Securities lending**

1. For the account of the sub-funds, the fund management company may lend all types of securities that are traded on an exchange or other regulated market open to the public. However, it may not lend securities acquired under a reverse repo transaction.
2. The fund management company may lend securities in its own name and for its own account to a borrower ("principal"), or appoint an intermediary to put the securities at the disposal of the borrower either indirectly on a fiduciary basis ("agent") or directly ("finder").
3. The fund management company will carry out securities lending transactions exclusively with first-class supervised borrowers and intermediaries that are specialised in transactions of this type, such as banks, brokers, and insurance companies, as well as with licensed and recognised central counterparty clearing houses and central securities depositories that guarantee the proper execution of the security lending transactions.
4. If the fund management company must observe a notice period, which may not exceed seven bank working days, before it may again have legal control of the lent securities, it may not lend more than 50% of the eligible holding of that particular security for each sub-fund. However, if the borrower or the intermediary provides a contractual guarantee to the fund management company that it may have legal control of the lent securities on the same or following bank working day, then the entire eligible holding of that particular security may be lent.
5. The fund management company concludes an agreement with the borrower or intermediary under which the latter pledges or transfers collateral to the fund management company for the purposes of guaranteeing restitution in accordance with Art. 51 CISO-FINMA. The value of the collateral must be appropriate and, at all times, be at least 105% of the market value of the lent securities. The issuer of the collateral must have a high credit rating, and the collateral may not be issued by the counterparty or by a company that belongs to or is dependent on the counterparty's group. The collateral must be highly liquid, traded at a transparent price on an exchange or other regulated market open to the public, and valued at least on each trading day. In managing the collateral, the fund management company and its agents must comply with the duties and requirements under Art. 52 CISO-FINMA. In particular, they must diversify the collateral appropriately in terms of countries, markets and issuers. Appropriate diversification of issuers is deemed to have been achieved if the collateral of a single issuer held does not correspond to more than 20% of the net asset value. Deviation from this rule is permitted for publicly guaranteed or issued investments pursuant to Art. 83 CISO. The fund management company and its agents must further be able to obtain power of disposal over, and authority to maintain the collateral received at any time in the event of default by the counterparty, without involving the counterparty or obtaining its consent. The collateral received must be kept at the custodian bank. The collateral received may be held in safekeeping by a supervised third-party custodian on behalf of the fund management company provided that ownership of the collateral is not transferred and the third-party custodian is independent of the counterparty.
6. The borrower or intermediary is liable for ensuring the prompt, unconditional payment of any income accruing during the securities lending period, as well as for the assertion of other proprietary rights, and for the contractually agreed return of securities of the same type, quantity, and quality.
7. The custodian bank ensures that the securities lending transactions are settled in a secure manner in line with the agreements and, in particular, monitors compliance with the requirements relating to collateral. In addition, it carries out the administrative duties assigned to it under the safe-custody regulations during the term of the lending transaction and asserts all rights associated with the lent securities, unless such duties have been ceded under the terms of the standardised framework agreement.

### **§ 11 Securities repurchase agreements**

1. The fund management company may enter into securities repurchase agreements for the account of the sub-funds. Securities repurchase agreements may be concluded as either "repos" or "reverse repos".  
A "repo" is a legal act in which one party (the borrower or repo seller) temporarily transfers ownership of specific securities to another party (the lender or repo buyer) against payment, and in which the lender undertakes to return to the borrower securities of the same type, quantity,

and quality at the end of the repo term, together with any income earned during such term. During the term of the repurchase agreement, the price risk associated with the securities is borne by the borrower.

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

2. The fund management company may conclude repurchase agreements in its own name and for its own account with a counterparty ("principal"), or may appoint an intermediary to conclude repurchase agreements with a counterparty either indirectly on a fiduciary basis ("agent") or directly ("finder").
3. The fund management company conducts repurchase agreements exclusively with first-class supervised counterparties and intermediaries specialising in transactions of this type, such as banks, brokers and insurance companies, as well as with licensed and recognised central counterparty clearing houses and central securities depositories, which guarantee the execution of the repurchase agreements in a due and proper manner.
4. The custodian bank ensures that the repurchase transactions are settled in a secure and contractually agreed manner. It ensures on a daily basis that fluctuations in the value of the securities used in repo transactions are compensated for in cash or securities (marked to market). In addition, during the term of the repurchase transaction it carries out the administrative duties assigned to it under the safe-custody regulations and asserts all rights associated with the securities used in the repo transaction unless such duties have been ceded under the standardised framework agreement.
5. For repo transactions, the fund management company may use all types of securities that are traded on an exchange or other regulated market open to the public. It may not use securities acquired under a reverse repo for repo purposes.
6. If the fund management company must observe a notice period, which may not exceed seven bank working days, before it may once again have legal control of the securities under the repurchase agreement, it may not use more than 50% of its holdings of a particular security eligible for repo transactions for each sub-fund. However, if the counterparty or intermediary provides a contractual guarantee to the fund management company that the latter may again have legal control of the securities under the repurchase agreement on the same or following bank working day, then the entire holding of a particular security eligible for repo transactions may be used.
7. Repurchase transactions in the form of repos are deemed to be borrowing pursuant to § 13, unless the money received is used to acquire securities of the same type, quality, credit rating and maturity in conjunction with the conclusion of a reverse repo.
8. As part of a reverse repo, the fund management company may acquire only collateral that meets the requirements stipulated in Art. 51 CISO-FINMA. The issuer of the collateral must have a high credit rating, and the collateral may not be issued by the counterparty or by a company that belongs to or is dependent on the counterparty's group. The collateral must be highly liquid, traded at a transparent price on an exchange or other regulated market open to the public, and valued at least on each trading day. In managing the collateral, the fund management company and its agents must comply with the duties and requirements under Art. 52 CISO-FINMA. In particular, they must diversify the collateral appropriately in terms of countries, markets and issuers. Appropriate diversification of issuers is deemed to have been achieved if the collateral of a single issuer held does not correspond to more than 20% of the net asset value. Deviation from this rule is permitted for publicly guaranteed or issued investments pursuant to Art. 83 CISO. The fund management company and its agents must further be able to obtain power of disposal over, and authority to maintain the collateral received at any time in the event of default by the counterparty, without involving the counterparty or obtaining its consent. The collateral received must be kept at the custodian bank. The collateral received may be held in safekeeping by a supervised third-party custodian on behalf of the fund management company provided that ownership of the collateral is not transferred and the third-party custodian is independent of the counterparty.
9. Claims in connection with reverse repos are deemed to be liquid assets pursuant to § 9 and are not deemed to be the granting of a loan pursuant to § 13.



## § 12 Derivatives

1. The fund management company may use derivatives. It ensures that, even in exceptional market conditions, the financial effect of using derivatives does not result in a deviation from the investment objectives set out in the present fund contract and in the appendix, and that it does not change the investment character of the sub-funds. Furthermore, the underlyings of the derivatives must be permissible investments for the relevant sub-fund according to the present fund contract.
2. Commitment Approach II is applied to the assessment of risk. The overall exposure of a sub-fund that is associated with derivatives may therefore not exceed 100% of its net assets, and overall exposure may not exceed a total of 200% of its net assets. Considering the possibility of temporary borrowing amounting to no more than 25% of a sub-fund's net assets pursuant to § 13.2, the overall exposure of the relevant sub-fund may be up to 225% of the net assets. The overall exposure is determined in accordance with Art. 35 CISO-FINMA.
3. The fund management company may, in particular, use basic forms of derivatives such as call or put options, the expiration value of which is linearly dependent on the positive or negative difference between the market value of the underlying and the strike price, and is zero if the difference is preceded by the opposite sign (+ or -), credit default swaps (CDS), swaps – the payments of which are dependent on the value of the underlying or on an absolute amount in both a linear and a path-independent manner – as well as future and forward transactions – the value of which is linearly dependent on the value of the underlying. It may also use combinations of basic forms of derivatives, as well as derivatives whose financial effect cannot be described by a basic form of derivative or a combination of basic forms of derivatives (exotic derivatives).
4.
  - a) Counter positions in derivatives based on the same underlying as well as counter positions in derivatives and in investments in the same underlying may be netted, irrespective of the maturity date of the derivatives, provided that the derivative transaction was concluded with the sole purpose of eliminating the risks associated with the derivatives or investments acquired, no material risks are disregarded in the process, and the conversion amount of the derivatives is determined pursuant to Art. 35 CISO-FINMA.
  - b) If the derivatives in hedging transactions do not relate to the same underlying as the asset that is to be hedged, for netting to be permitted a further condition must be met in addition to the rules set out under a) above, namely that the derivative transactions may not be based on an investment strategy that serves to generate profit. Furthermore, the derivative must result in a demonstrable reduction in risk, the risks of the derivative must be balanced out, the derivatives, underlyings, or assets that are to be netted must relate to the same class of financial instruments, and the hedging strategy must remain effective even under exceptional market conditions.
  - c) Where interest rate derivatives are predominantly used, the amount to be included in the overall exposure arising from derivatives can be determined using internationally recognised duration-netting rules provided that the rules result in a correct determination of the risk profile of the fund, the material risks are taken into account, the use of these rules does not generate an unjustified level of leverage, no interest-rate arbitrage strategies are pursued, and the leverage of the fund is not increased either by applying these rules or through investments in short-term positions.
  - d) Derivatives that are used solely for currency hedging purposes and do not result in leverage or contain additional market risks may be netted when calculating the overall exposure arising from derivatives without having to meet the requirements set out under b) above.
  - e) Payment obligations in respect of derivatives must be covered at all times by near-money assets, debt securities and rights, or equities that are traded on an exchange or other regulated market open to the public, in accordance with the legislation on collective investment schemes.
  - f) If, with a derivative, the fund management company enters into an obligation in respect of the physical delivery of an underlying, the derivative must be covered by the corresponding underlyings or by other investments, provided that such investments and the underlyings are highly liquid and may be purchased or sold at any time if delivery is requested. The fund management company must have unrestricted power to maintain these underlyings or investments at all times.

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

### **§ 13 Borrowing and granting loans**

1. The fund management company may not grant loans for the account of the sub-funds. Securities lending transactions pursuant to § 10 and securities repurchase agreements taking the form of reverse repos pursuant to § 11 are not deemed to be granting loans within the meaning of this paragraph.
2. The fund management company may borrow the equivalent of up to 25% of the net assets of each sub-fund. Securities repurchase agreements in the form of repos pursuant to § 11 are deemed to be borrowing within the meaning of this paragraph unless the funds obtained are used as part of an arbitrage transaction for the acquisition of securities of the same type, quality, credit rating and maturity in connection with a reverse repo.

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

1. No more than 50% of the net assets of each sub-fund may be pledged or ownership thereof transferred as collateral by the fund management company at the expense of the sub-fund.
2. The sub-funds' assets may not be encumbered with guarantees.  
An exposure-increasing credit derivative is not deemed to be a guarantee within the meaning of this paragraph.

## **C Investment restrictions**

### **§ 15 Risk diversification**

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

### **A. UBS (CH) Manager Selection Fund – Bonds Global XT 2**

3. Including derivatives and structured products, the fund management company may invest up to a maximum of 20% of the assets of a sub-fund in securities and money market instruments from the same issuer. The total value of the securities and money market instruments from the issuers in which more than 10% of the sub-fund's assets are invested may not exceed 60% of a sub-fund's assets. The provisions under points 4 and 5 below remain reserved.
4. The fund management company may invest up to a maximum of 20% of the assets of a sub-fund in sight and time deposits held with the same bank. Both liquid assets pursuant to § 9 and investments in bank deposits pursuant to § 8 must be included in this limit.
5. The fund management company may invest up to a maximum of 5% of the sub-fund's assets in OTC transactions with the same counterparty. If the counterparty is a bank domiciled in Switzerland or in a member state of the European Union, or another country in which it is subject to supervision equivalent to that in Switzerland, this limit is raised to 10% of the sub-fund's assets. If the claims arising from OTC transactions are hedged using collateral in the form of liquid assets pursuant to Art. 50 to 55 CISO-FINMA, such claims are not included in the calculation of counterparty risk.
6. Investments, deposits and claims pursuant to points 3 to 5 above from the same issuer/borrower may not, in total, exceed 20% of the assets of a sub-fund, with the exception of the higher limits set out in points 12 and 13.
7. Investments pursuant to point 3 above with the same group of companies may not, in total, exceed 20% of the assets of a sub-fund, with the exception of the higher limits set out in points 12 and 13 below.
8. The fund management company may invest up to a maximum of 10% of the assets of a sub-fund in units in the same target fund.
9. The fund management company may not acquire equity securities that, in total, represent more than 10% of the voting rights in a company or would enable it to exert a material influence on the management of an issuing company.
10. The fund management company may acquire for the assets of a sub-fund up to a maximum of 10% of non-voting equity securities, debt instruments and/or money market instruments from the same issuer, as well as up to a maximum of 25% of the units in other collective investment schemes.  
These restrictions do not apply if the gross amount of the debt instruments, money market instruments or the units in other collective investment schemes cannot be calculated at the time of the acquisition.
11. The restrictions in points 9 and 10 above do not apply in the case of securities and money market instruments that are issued or guaranteed by a country or a public-law entity from the OECD or by an international public-law organisation to which Switzerland or a member state of the European Union belongs.

12. The limit in point 3 above is increased from 20% to 35% if the securities or money market instruments are issued or guaranteed by an OECD country, a public-law entity from the OECD, or international public-law organisations to which Switzerland or a member state of the European Union belongs. The aforementioned securities or money market instruments will not be taken into account in the application of the 60% limit pursuant to point 3. However, the individual limits specified in points 3 and 5 may not be added to the existing limit of 35%.
13. The limit in point 3 above is increased from 20% to 100% if the securities or money market instruments are issued or guaranteed by an OECD country, a public-law entity from the OECD, or international public-law organisations to which Switzerland or a member state of the European Union belongs. In this case, the corresponding sub-fund must invest in securities or money market instruments from at least six different issues; no more than 30% of the fund assets may be invested in securities or money market instruments from the same issue. The aforementioned securities or money market instruments will not be taken into account in the application of the 60% limit pursuant to point 3.  
The aforementioned authorised issuers/guarantors are: the European Union (EU), OECD states, the Council of Europe, the International Bank for Reconstruction and Development (World Bank), the European Bank for Reconstruction and Development, the European Investment Bank, the Inter-American Development Bank, the Asian Development Bank and Eurofima (European Company for the Financing of Railroad Rolling Stock).

**B. UBS (CH) Manager Selection Fund – Equities Global XT 1  
UBS (CH) Manager Selection Fund – Equities Global XT 2  
UBS (CH) Manager Selection Fund – Equities Global XT 3 in liquidation**

3. Including derivatives and structured products, the fund management company may invest up to a maximum of 10% of the assets of a sub-fund in securities and money market instruments from the same issuer. The total value of the securities and money market instruments from the issuers in which more than 5% of a sub-fund's assets are invested may not exceed 40% of a sub-fund's assets.
4. The fund management company may invest up to a maximum of 20% of the assets of a sub-fund in sight and time deposits held with the same bank. Both liquid assets pursuant to § 9 and investments in bank deposits pursuant to § 8 must be included in this limit.
5. The fund management company may invest up to a maximum of 5% of the sub-fund's assets in OTC transactions with the same counterparty. If the counterparty is a bank domiciled in Switzerland or in a member state of the European Union, or another country in which it is subject to supervision equivalent to that in Switzerland, this limit is raised to 10% of the sub-fund's assets.  
If the claims arising from OTC transactions are hedged using collateral in the form of liquid assets pursuant to Art. 50 to 55 CISO-FINMA, such claims are not included in the calculation of counterparty risk.
6. Investments, deposits and claims pursuant to points 3 to 5 above from the same issuer/borrower may not, in total, exceed 20% of the assets of a sub-fund.
7. Investments pursuant to point 3 above with the same group of companies may not, in total, exceed 20% of the assets of a sub-fund.
8. The fund management company may invest up to a maximum of 10% of the assets of a sub-fund in units in the same target fund.
9. The fund management company may not acquire equity securities that, in total, represent more than 10% of the voting rights in a company or would enable it to exert a material influence on the management of an issuing company.
10. The fund management company may acquire for the assets of a sub-fund up to a maximum of 10% of non-voting equity securities, debt instruments and/or money market instruments from the same issuer, as well as up to a maximum of 25% of the units in other collective investment schemes.  
These restrictions do not apply if the gross amount of the debt instruments, money market instruments or the units in collective investment schemes cannot be calculated at the time of the acquisition.

**C. UBS (CH) Manager Selection Fund – Equities Switzerland XT 1**  
**UBS (CH) Manager Selection Fund – Equities Switzerland XT 3**

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

If the claims arising from OTC transactions are hedged using collateral in the form of liquid assets pursuant to Art. 50 to 55 CISO-FINMA, such claims are not included in the calculation of counterparty risk.
6. Investments, deposits and claims pursuant to points 3 to 5 above from the same issuer/borrower may not, in total, exceed 30% of the assets of a sub-fund.
7. Investments pursuant to point 3 above with the same group of companies may not, in total, exceed 30% of the assets of a sub-fund.
8. The fund management company may invest up to a maximum of 10% of the assets of a sub-fund in units in the same target fund.
9. The fund management company may not acquire equity securities that, in total, represent more than 10% of the voting rights in a company or would enable it to exert a material influence on the management of an issuing company.
10. The fund management company may acquire for the assets of a sub-fund up to a maximum of 10% of non-voting equity securities, debt instruments and/or money market instruments from the same issuer, as well as up to a maximum of 25% of the units in other collective investment schemes.

This restriction does not apply if the gross amount of the debt instruments, money market instruments or the units in other collective investment schemes cannot be calculated at the time of the acquisition.
11. The restrictions in points 9 and 10 above do not apply in the case of securities and money market instruments that are issued or guaranteed by a country or a public-law entity from the OECD or by an international public-law organisation to which Switzerland or a member state of the European Union belongs.

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

**§ 16 Calculation of net asset values and application of swinging single pricing**

1. The net asset value of each sub-fund and the proportions attributable to the individual classes (percentages) are calculated in the accounting currency of the relevant sub-fund (valuation net asset value) at the market value as at the end of the financial year and for each day on which units are issued or redeemed. The assets of the relevant sub-fund will not be calculated on days on which the exchanges/markets in the sub-fund's main investment countries are closed (e.g. bank and stock exchange holidays). However, the fund management company may also calculate the net asset value of a unit ("non-tradable net asset value") on days on which no units are issued or redeemed (cf. 5.7 of the appendix). Such non-tradable net asset values may be published but may only be used for performance calculations and statistics or for commission calculations and in no case as a basis for subscription and redemption orders.
2. Securities traded on an exchange or other regulated market open to the public are to be valued at the current prices paid on the main market. Other investments or investments for which no current price is available are to be valued at the price that would likely have been obtained in a

- diligent sale at the time of the estimate. In such cases, the fund management company will use appropriate and recognised valuation models and principles to determine the market value.
3. Open-ended collective investment schemes are valued at their redemption price / net asset value. If they are regularly traded on an exchange or other regulated market open to the public, the fund management company may value such funds in accordance with point 2.
  4. The value of money market instruments that are not traded on an exchange or other regulated market open to the public is determined as follows: The valuation price of such investments is based on the yield curve concerned. The valuation based on the yield curve reflects two components: the interest rate and the spread. The following principles are applied in this case: The subsequent interest rates for the residual term are interpolated for each money market instrument. The interest rate calculated in this manner is then converted into a market price by adding a spread that reflects the underlying borrower's credit rating. This spread is adjusted in the event of a significant change in the borrower's credit rating.
  5. Bank deposits are valued at the amount of the claim plus accrued interest. If there are significant changes in market conditions or credit rating, the valuation principles for time deposits will be adjusted in line with the new circumstances.
  6. The net asset value of a unit of a given class of a sub-fund is determined by the proportion of the market value of the sub-fund's assets attributable to that unit class, less any of the sub-fund's liabilities that are attributed to that unit class, divided by the number of units of that class in circulation. It will be rounded to the smallest unit of the accounting currency of the corresponding sub-fund.
  7. If the sum of the investment fund's subscriptions and redemptions of units result in a net asset inflow or outflow on a valuation date, the valuation net asset value of the investment fund will be increased or reduced (swinging single pricing). The maximum adjustment is basically 2% of the net asset value. Incidental costs (bid-ask spread, standard brokerage charges, commissions, taxes and duties, etc.) incurred from the investment of the paid-in amount or from the sale of a portion of the investments corresponding to the terminated share are taken into account. The adjustment results in an increase in the net asset value, if the net movements lead to an increase in the number of units in the investment fund. The adjustment results in a decrease in the net asset value if the net movements lead to a reduction in the number of units in the investment fund. These incidental costs are not taken into account if the fund management company permits an inflow or outflow into or out of investments instead of cash according to § 18, or when switching between unit classes within the investment fund. The net asset value calculated on the basis of swinging single pricing is thus a modified net asset value as set out in sentence 1 of this provision.

Instead of the average incidental costs mentioned above, the fund management company may also take the actual amount of the ancillary costs into account in the adjustment, provided that this appears appropriate in the fund management company's estimation, taking into account the relevant circumstances (e.g. amount, general market situation, specific market situation for the asset class concerned). In such a case, the adjustment may be higher or lower than the average incidental costs. In the cases mentioned in § 17 prov. 4 and in other extraordinary cases, the maximum value of 2% of the net asset value may also be exceeded if the fund management is of the opinion that this is in the interests of all investors. The fund management company immediately informs the external auditors and the supervisory authority of any decision to suspend redemptions. It also notifies existing and new investors in an appropriate manner.

8. The percentages of the market value of a sub-fund's net assets (sub-fund assets less liabilities) attributable to the individual unit classes is determined for the first time at the initial issue of more than one class of units (if this occurs simultaneously) or the initial issue of a further unit class. The calculation is made on the basis of the assets accruing to the relevant sub-fund for each unit class. The percentage is recalculated when one of the following events occurs:
  - a) when units are issued and redeemed;
  - b) when the net asset value is calculated, as part of the allocation of liabilities (including due or accrued costs and commissions) to the various unit classes, provided that the liabilities of the various unit classes differ as percentages of their individual net asset values, especially if (i) different commission rates are applied to the various unit classes or if (ii) class-specific costs are charged;

- c) when the net asset value is calculated, as part of the allocation of income or capital gains to the various unit classes, provided the income or capital gains originate from transactions made solely in the interests of one unit class or in the interests of several unit classes, but not in proportion to their share of a sub-fund's net assets.

## § 17 Issue and redemption of units

1. Subscription and redemption orders for units will be accepted on the order day up to a certain cut-off time specified in the appendix. The definitive price of the units for the issues and redemptions is determined at the earliest on the bank working day following the day the order is placed (valuation day).  
The details are governed by the appendix.
2. The issue and redemption price of units is based on the net asset value per unit, calculated pursuant to § 16 on the valuation day on the basis of the closing prices from the previous day. In the case of unit issues, an issuing commission may be added to the net asset value pursuant to § 18. In the case of unit redemptions, a redemption commission may be deducted from the net asset value pursuant to § 18.  
Incidental costs for the purchase and sale of investments (bid-ask spread, standard brokerage charges, commissions, taxes, fees, etc.) incurred by an investment fund in connection with the investment of the amount paid in or with the sale of a portion of investments corresponding to the redeemed unit(s) on average will be covered by the application of swinging single pricing as described in § 16.7 of the fund contract.  
Should additional costs for actions of the fund management company, the custodian bank or third parties, such as stamp duties, arise as a result of the deposit and payment in securities instead of in cash (cf. § 5), these must be borne by the investor.
3. The fund management company may suspend the issue of units at any time and may reject applications for the subscription or conversion of units.
4. The fund management company may, temporarily and by way of exception, defer repayment in respect of a sub-fund's units in the interests of all investors:
  - a) if a market which forms the basis of the valuation of a significant proportion of a sub-fund's assets is closed, or if trading on such a market is restricted or suspended;
  - b) in the event of a political, economic, military, monetary or other emergency;
  - c) if, owing to exchange controls or restrictions on other asset transfers, the sub-fund is no longer able to transact its business;
  - d) in the event of large-scale redemptions in a sub-fund that might significantly impair the interests of the remaining investors in that sub-fund.
5. The fund management company will immediately inform the audit firm and the supervisory authority of any decision to defer redemptions. It must also inform the investors in a suitable manner.
6. No units of a sub-fund will be issued for as long as repayments in respect of units of this sub-fund are deferred for the reasons stipulated under point 4 a) to c).
7. In the event of a subscription, every investor may apply to make deposits into the fund's portfolio instead of making payment in cash (contribution in kind). In the event of a termination, every investor may apply to have assets transferred to them instead of payment in cash (redemption in kind). The application must be submitted together with the subscription/termination. The fund management company is not obliged to permit contributions and redemptions in kind.  
The decision on contributions and redemptions in kind lies with the fund management company alone, and it approves such transactions only if the execution of the transactions is fully in accordance with the investment policy of the fund and if the interests of the other investors are not impaired.  
The costs entailed in connection with contributions or redemptions in kind may not be charged to the fund assets.  
In the event of contributions or redemptions in kind, the fund management company draws up a report containing information on the individual assets that have been transferred, the market price of these assets on the transfer date, the number of units issued or redeemed in return, and cash payments made to cover peak equalisation. For every contribution or redemption in kind, the custodian bank verifies that the fund management company has complied with its duty of loyalty and also checks the valuation of the assets transferred and the units issued or redeemed as of the

relevant date. Should it have any reservations or complaints, the custodian bank must report these to the audit firm without delay.

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

## V. Fees and incidental costs

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

1. On the issue of fund units, the investors may be charged an issuing commission accruing to the fund management company, the custodian bank and/or distributors in Switzerland or abroad which, in total, may not exceed 3% of the net asset value.  
The currently applicable maximum rate is stated in the appendix.
2. On the redemption of fund units, the investors may be charged a redemption commission accruing to the fund management company, the custodian bank and/or distributors in Switzerland and abroad which, in total, may not exceed 3% of the net asset value.  
The currently applicable maximum rate is stated in the appendix.

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

1. The fund management company does not charge any commission to the individual sub-funds for the management, asset management and distribution of the sub-funds and all tasks relating to the custodian bank, such as the safekeeping of the fund assets, the handling of payment transactions and the other tasks listed in § 4:

Unit class "I-X" 0.000%  
p.a.

Costs to be borne by the investor arising in connection with the services provided for class "I-X" units are covered by an individually negotiated, written agreement between UBS and the investor (maximum 1.3% of the net asset value – (cf. § 6 point 4)).

Unit class "U-X" 0.000% p.a.

Costs to be borne by the investor arising in connection with the services provided for class "U-X" units are covered by an individually negotiated, written agreement between UBS and the investor (maximum 1.3% of the net asset value – (cf. § 6 point 4)).

In the case of class A units, the costs of the expenses incurred in connection with the delegation of investment decisions are paid exclusively from this monthly management commission calculated in accordance with the above paragraph.

- a) The following commission is charged on class B units of all sub-funds based in each case on the following maximum graduated commission rates:

Up to CHF 75 million	0.0950% p.a.
From CHF 75 million to CHF 150 million	0.0800% p.a.
From CHF 150 million to CHF 300 million	0.0700% p.a.
From CHF 300 million to CHF 750 million	0.0600% p.a.
From CHF 750 million	0.0550% p.a.

In the case of unit class B, costs relating to the expenses incurred in connection with the delegation of investment decisions are covered by the compensation owed to UBS Asset Management Switzerland AG or a contracting party authorised by it under a separate agreement with the investor (cf. § 6.4).

The fund management company informs the unit-holders of the commission rates actually charged for unit class B in the appendix to the fund contract as well as in the annual report.

- b) Costs relating to services provided for unit classes "I-X" and "U-X" are covered by the compensation owed to UBS Asset Management Switzerland AG under a separate agreement with the investor (cf. § 6.4). In particular, these include costs relating to the expenses incurred in connection with the delegation of investment decisions, the tasks of the



- custodian bank listed in § 4, and administrative costs. The latter two, as well as any distribution costs to be borne by the fund management company, are remunerated by UBS Asset Management Switzerland AG at the same percentage rate as for unit class B of the fund management company, which in turn compensates the custodian bank.
2. The following fees and incidental costs will be charged to the assets of the sub-funds:
    - a) costs relating to the purchase and sale of investments, specifically brokerage at standard market rates, taxes and duties; By way of derogation, incidental costs incurred for the purchase and sale of investments when settling issues and redemptions of units are covered by the application of swinging single pricing pursuant to § 16.7;
    - b) the supervisory authority's fees in relation to the establishment, amendment, liquidation, merger or consolidation of the fund;
    - c) the supervisory authority's annual fees;
    - d) the audit firm's fees for annual auditing as well as certification in the case of establishment, amendment, liquidation, merger or consolidation of the fund;
    - e) fees for legal and tax advisors in connection with the establishment, amendment, liquidation, merger or consolidation of the fund, as well as generally upholding the interests of the fund and its investors;
    - f) the cost of publishing the net asset value of the respective sub-fund, together with all costs of providing notices to investors, including translation costs, provided such costs cannot be ascribed to any failure on the part of the fund management company, as well as other publishings;
    - g) the cost of translating fund contracts including appendix and semi-annual and annual reports;
    - h) the cost of printing legal documents, as well as the umbrella fund and respective sub-funds' annual and semi-annual reports;
    - i) the cost of any registration of the fund with a foreign supervisory authority, and specifically the commissions levied by the foreign supervisory authority, translation costs, and remuneration for the representative or paying agent abroad;
    - j) costs in connection with the exercising of voting and creditors' rights by the umbrella fund and/or the sub-fund in question, including fees for external advisors;
    - k) costs associated with the payment of the annual income to unit-holders;
    - l) licence fees for index use;
    - m) third-party costs (e.g. legal and custodian bank costs) to the sub-fund's assets arising from participation in class actions in the interests of the investor. The fund management company may also charge all documented administrative costs, provided these can be proven and are reported and included in the disclosure of the fund's TER;
    - n) all costs incurred through any extraordinary steps taken to safeguard the interests of investors by the fund management company, asset manager of collective investment schemes or custodian bank.
  3. The costs under point 2 letter a are directly added to the cost value or deducted from the sales value.
  4. The fund management company and its agents as well as the custodian bank may pay retrocessions as remuneration for distribution activity in respect of fund units and rebates to reduce the fees or costs incurred by the investor and charged to the fund. In the appendix, the fund management company discloses if and under what conditions rebates are granted.
  4. Commissions and fees may only be charged to the sub-fund for which the service in question is performed. Costs that cannot be allocated unequivocally to a specific sub-fund are charged to the individual sub-funds on a pro rata basis in relation to their share of the fund assets. Changes from one sub-fund to another are free of charge.
  5. Taking any retrocessions and rebates into account, the management fee of the target funds in which investments are made may not exceed 3%. The maximum rate of the management fee of the target funds in which investments are made, taking any retrocessions and rebates into account, must be disclosed in the annual report.
  6. If the fund management company acquires units in other collective investment schemes that are managed directly or indirectly by the fund management company itself or a company to which it is related by virtue of common management or control or by a significant direct or indirect

interest ("related target funds"), it may not charge any issuing or redemption commissions of the related target funds to the investment fund.

## **VI. Financial statements and audit**

### **§ 20 Financial statements**

1. The accounting currencies of the individual sub-funds are:
  - Bonds Global XT 2: Swiss francs (CHF)
  - Equities Global XT 1: Swiss francs (CHF)
  - Equities Global XT 2: Swiss francs (CHF)
  - Equities Global XT 3 in liquidation: Swiss francs (CHF)
  - Equities Switzerland XT 1: Swiss francs (CHF)
  - Equities Switzerland XT 3: Swiss francs (CHF)
2. The financial year runs from 1 November to 31 October.
3. The fund management company publishes an audited annual report for the umbrella fund and sub-funds within four months of the end of the financial year.
4. In addition to the annual report, the fund management company regularly informs investors about the composition and net asset value of the assets of the relevant sub-fund and about the value per unit of the sub-fund. Such information is provided on the basis of individual agreements with the investor by letter, fax, electronic media, direct access to the custodian account, e-mail, etc.
5. The investor's right to obtain information under § 5.5 is reserved.

### **§ 21 Audit firm**

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

## **VII. Appropriation of net income**

### **§ 22**

1. The net income of the sub-funds is added annually to the assets of the respective sub-fund for reinvestment. Any taxes and fees levied on reinvestment are reserved. The fund management company may additionally accumulate the income on an interim basis.
2. Capital gains realised on the sale of assets and rights may be retained by the fund management company for the purpose of reinvestment.
3. A distribution or reinvestment may be waived and the entire net income may be carried forward to the new account if:
  - the net income in the current financial year and income carried forward from previous financial years of the collective investment scheme or a unit class is less than 1% of the net asset value of the collective investment scheme or unit class, and
  - the net income in the current financial year and income carried forward from previous financial years of the collective investment scheme or a unit class is less than one unit of the accounting currency of the collective investment scheme or unit class.

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

### **§ 23**

1. The medium of publication of the umbrella fund and sub-funds is the print medium or electronic medium specified in the appendix. Notification of a change in the medium of publication must be published in the medium of publication.
2. The following information must, in particular, be published in the medium of publication: summaries of material amendments to the fund contract, indicating the offices from which the amended wording may be obtained free of charge; any change of fund management company and/or custodian bank; the creation, dissolution or merger of unit classes; and the liquidation of individual sub-funds. Amendments that are required by law that do not affect the rights of investors or are of an exclusively formal nature may be exempted from the duty to publish subject to the approval of the supervisory authority.

3. The fund contract with appendix and the annual reports can be obtained free of charge from the fund management company and custodian bank.

## **X. Restructuring and dissolution**

### **§ 24 Mergers**

1. Subject to the consent of the custodian bank, the fund management company may merge individual sub-funds with other sub-funds or with other investment funds by transferring the assets and liabilities as at the time of the merger of the sub-fund(s) or investment fund(s) being acquired to the acquiring sub-fund or investment fund. The investors of the sub-fund(s) or investment fund(s) being acquired will receive the corresponding number of units in the acquiring sub-fund or investment fund. The sub-fund(s) or investment fund(s) being acquired is/are terminated without liquidation when the merger takes place, and the fund contract of the acquiring sub-fund or investment fund will also apply to the sub-fund(s) or investment fund(s) being acquired.
2. Sub-funds or investment funds may be merged only if:
  - a) provision for this is made in the relevant fund contracts;
  - b) they are managed by the same fund management company;
  - c) the relevant fund contracts essentially correspond in terms of the following provisions:
    - the investment policy, investment techniques, risk diversification, and the risks associated with the investment
    - the appropriation of net income and capital gains from the sale of assets and rights
    - the type, amount and calculation of all fees, issue and redemption commissions, and the incidental costs for the purchase and sale of the investments (brokerage fees, charges, duties) that may be charged to the fund or sub-fund assets or to the investors
    - the redemption conditions
    - the duration of the contract and the conditions of dissolution
  - d) the assets of the sub-funds or investment funds concerned are valued, the exchange ratio is calculated, and the assets and liabilities are acquired on the same day;
  - e) no costs arise as a result for either the investment fund or the investors. The provisions of § 19.2b, d and e are reserved.
3. If the merger is likely to take more than one day, the supervisory authority may approve limited deferment of repayment in respect of the units of the sub-funds or investment funds involved.
4. At least one month before the planned publication, the fund management company must submit the proposed changes to the fund contract, and the proposed merger, as well as the merger schedule to the supervisory authority for review. The merger schedule must contain information on the reasons for the merger, the investment policies of the sub-funds or investment funds involved and any differences between the acquiring fund and the sub-fund(s) or investment fund(s) being acquired, the calculation of the exchange ratio, any differences with regard to fees and any tax implications for the sub-funds or investment funds, as well as a statement from the audit firm in accordance with the legislation on collective investment schemes.
5. The fund management company must publish a notice of the proposed changes to the fund contract pursuant to § 23.2 and the proposed merger and its timing, as well as the merger schedule, at least two months before the planned date of merger in the medium of publication of the sub-funds or investment funds in question. In this notice, the fund management company must inform the investors that they may lodge objections to the proposed changes to the fund contract with the supervisory authority, or request redemption of their units in cash, or submit application for a redemption in kind in accordance with § 17.7, within 30 days of the last publication.
6. The audit firm must check directly that the merger is being carried out correctly and must submit a report containing its comments in this regard to the fund management company and the supervisory authority.
7. The fund management company must inform the supervisory authority of the conclusion of the merger, and publish notification of the completion of the merger, confirmation from the audit firm of the proper execution of the merger, and the exchange ratio, without delay in the medium of publication of the sub-funds or investment funds involved.
8. The fund management company must make reference to the merger in the next annual report of the acquiring sub-fund or investment fund. If the merger does not take place on the last day of

the usual financial year, an audited closing statement must be produced for the sub-fund(s) or investment fund(s) to be acquired.

## **§ 25 Conversion into another legal form**

1. The fund management company may, with the consent of the custodian bank, convert investment funds into sub-funds of a SICAV under Swiss law, whereby the assets and liabilities of the converted investment fund(s) are transferred to the investor sub-fund of a SICAV at the time of conversion. The investors of the converted investment fund will receive units of the investor sub-fund of the SICAV with a corresponding value. On the day of conversion, the converted investment fund will be dissolved without liquidation, and the investment regulations of the SICAV will apply to the investors of the converted investment fund who will become investors of the SICAV's investor sub-fund.
2. The investment fund may only be converted into a sub-fund of a SICAV if:
  - a. The fund contract provides for this, and this is explicitly stated in the SICAV's investment regulations;
  - b. The investment fund and the sub-fund are managed by the same fund management company;
  - c. The fund contract and the investment regulations of the SICAV are consistent with respect to the following provisions:
    - the investment policy (including liquidity), the investment techniques (securities lending, repurchase and reverse repurchase agreements, financial derivatives), borrowing and lending, pledging of collective investment assets, risk diversification and investment risks, the type of collective investment scheme, the investor base, the unit/share classes and the calculation of the net asset value,
    - the use of net proceeds and gains on disposal from the sale of items and rights,
    - the appropriation of net income and reporting,
    - the nature, amount and calculation of all remuneration, issue and redemption discounts and incidental costs for the acquisition and disposal of investments (brokerage fees, duties and taxes) that may be charged to the fund assets or to the SICAV, the investors or the shareholders, subject to incidental costs specific to the legal form of the SICAV,
    - the issuing and redemption conditions,
    - the term of the contract or the SICAV,
    - the publication medium;
  - d. the valuation of the assets of the collective investment schemes involved, the calculation of the exchange ratio, and the transfer of the assets and liabilities must take place on the same day;
  - e. no costs may be incurred by the investment fund or the SICAV or by the investors or shareholders.
3. FINMA may approve the suspension of the redemption for a certain period of time if it is foreseeable that the conversion will take longer than one day.
4. The fund management company must submit to FINMA for review the planned amendments to the fund contract and the planned conversion, together with the conversion plan, prior to the planned publication. The conversion plan must contain information on the reasons for the conversion, the investment policy of the collective investment schemes concerned, any differences between the converted fund and the SICAV's sub-fund, the calculation of the exchange ratio, any differences with regard to remuneration, any tax implications for the collective investment schemes, and an opinion from the external auditor of the umbrella fund.
5. The fund management company will publish any amendments to the fund contract pursuant to § 23.2 and the planned conversion and the planned date in connection with the conversion plan at least two months before the date specified by it in the publication of the converted investment fund. In this notice, the fund management company must inform the investors that they may lodge objections to the proposed changes to the fund contract with the supervisory authority, or request redemption of their units in cash, within 30 days of publication or notice.
6. The auditor of the investment fund or the SICAV (if different) will verify the proper execution of the conversion and report thereon to the fund management company, the SICAV and FINMA.
7. The fund management company will immediately notify FINMA of the completion of the conversion and forward to FINMA the auditor's confirmation regarding the proper execution of

the transaction and the conversion report in the publication medium of the investment funds involved.

8. The fund management company or the SICAV shall mention the conversion in the next annual report of the investment fund or the SICAV, and in any semi-annual report published before this date.

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

1. The sub-funds have been established for an indefinite period.
2. The fund management company or the custodian bank may dissolve individual sub-funds by terminating the fund contract without notice.  
The following also applies for the sub-fund Equities Global XT 3 in liquidation:  
The sub-fund serves as target fund for UBS (CH) Vitainvest – World 50 Sustainable (fund of funds). This fund of funds may acquire up to 60% of the units of this target fund in accordance with its risk diversification regulations.  
The following also applies for the sub-funds Equities Global XT 1 and Equities Global XT 2:  
The sub-funds serve as target funds for UBS (CH) Vitainvest – World 50 Sustainable (fund of funds). This fund of funds may acquire up to 70% of the units of these target funds in accordance with its risk diversification regulations.  
The following also applies for the sub-fund Bonds Global XT 2:  
The sub-fund serves as target funds for UBS (CH) Vitainvest – World 25 Sustainable and UBS (CH) Vitainvest – World 50 Sustainable (fund of funds). These fund of funds may each acquire up to 60% of the units of this target fund in accordance with their risk diversification regulations.  
In the event of a request to return of a large proportion of units by the fund of funds in relation to the assets of the target fund, the fund management company is obliged to look into whether this redemption can be handled in a way that does not disadvantage the remaining investors. Only then will it allow the return by the fund of funds. If this cannot be guaranteed without a disadvantage, it is not approved. Redemption in the target fund is halted immediately and the target fund in question is dissolved without notice. Repayment to the fund of funds is then carried out in the course of the liquidation procedure.
3. The individual sub-funds may be dissolved by order of the supervisory authority, in particular, if at the latest one year after the expiry of the subscription period (launch), or a longer extended period approved by the supervisory authority at the request of the custodian bank and the fund management company, a sub-fund does not have net assets of at least 5 million Swiss francs (or the equivalent).
4. The fund management company must inform the supervisory authority of the dissolution immediately and must publish notification in the medium of publication.
5. Once the fund contract has been terminated, the fund management company may liquidate the relevant sub-funds forthwith. If the supervisory authority has ordered the dissolution of a sub-fund, it must be liquidated forthwith. The custodian bank is responsible for the payment of liquidation proceeds to the investors. If the liquidation proceedings are protracted, payment may be made in instalments. The fund management company must obtain authorisation from the supervisory authority prior to the final payment.

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

### **§ 27**

If any amendments are to be made to the present fund contract, or if a change of fund management company or of custodian bank is planned, the investor may lodge objections with the supervisory authority within 30 days after the last publication. In the publication, the fund management company must inform the investors about which amendments to the fund contract are covered by FINMA's verification and check for compliance with the law. In the event of a change to the fund contract, the investor may also demand the redemption of their units in cash subject to the contractual period of notice. Exceptions in this regard are cases pursuant to § 23.2 that have been exempted from the duty to publish with the approval of the supervisory authority.

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

### **§ 28**

1. The umbrella fund and the individual sub-funds are subject to Swiss law, in particular the Swiss Federal Act on Collective Investment Schemes of 23 June 2006, the Ordinance on Collective Investment Schemes of 22 November 2006 and the Ordinance of the Swiss Financial Market Supervisory Authority FINMA on Collective Investment Schemes of 27 August 2014. The place of jurisdiction is the registered office of the fund management company.
2. The German version is binding in all matters of interpretation relating to the present fund contract.
3. The present fund contract takes effect on 28 October 2024.
4. The present fund contract replaces the fund contract dated 1 July 2023.
5. When approving the fund contract, FINMA verifies only the provisions pursuant to Art. 35a para. 1 let. a–g CISO and ensures their compliance with the law.

# Appendix

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Version: 28 October 2024

## Supplementary disclosures on the fund contract of UBS (CH) Manager Selection Fund

Umbrella fund under Swiss law with multiple sub-funds (umbrella fund) of the “other funds for traditional investments” category for qualified investors.

### 1 Information about the umbrella fund

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#### 1.1. Taxes

Tax laws relevant to the investment fund and individual sub-funds

The Swiss federal withholding tax deducted from the umbrella and sub-funds’ domestic income can be reclaimed in full for the investment fund and the individual sub-fund by the fund management company. Income realised outside Switzerland may be subject to the relevant withholding tax deductions imposed by the country of investment. In accordance with Circular no. 24 of the Swiss Federal Tax Administration (FTA), these taxes are reclaimed by the fund management company on the basis of double taxation agreements or corresponding agreements for investors domiciled in Switzerland for sub-funds that permanently have at least 80% foreign income.

<b>UBS (CH) Manager Selection Fund</b>	<b>min. 80% foreign income</b>
– Bonds Global XT 2	Yes
– Equities Global XT 1	Yes
– Equities Global XT 2	Yes
– Equities Global XT 3 in liquidation	Yes
– Equities Switzerland XT 1	No
– Equities Switzerland XT 3	No

#### 1.2. International automatic exchange of information in tax matters (automatic exchange of information)

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

#### 1.3 FATCA

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

#### 1.4. Investment objectives

##### A. General section

UBS Asset Management (“UBS”), as sponsor of the Manager Selection funds, defines the sustainability principles that asset managers must apply as follows:

##### Sustainability

UBS defines sustainability as the ability to leverage the environmental, social and governance (ESG) factors of business practices to generate opportunities and mitigate risks that contribute to the long-term performance of issuers (“sustainability”). UBS believes that consideration of these factors will deliver better informed investment decisions.

##### Sustainability focus funds

Sustainability focus funds use ESG integration and define binding minimum standards regarding potentially identified increased ESG risks in the portfolio construction. Sub-funds categorised by UBS Asset Management as sustainability focus funds pursue one or more specific sustainability approaches and have a specific ESG characteristic or sustainability objective defined in their investment policy <https://www.ubs.com/global/en/asset-management/investment-capabilities/sustainability.html>. <https://www.ubs.com/ch/en/asset-management/distribution-partners/investment-focus/sustainable-future.html>.

This UBS Asset Management ESG classification is listed in the investment objective of the specific sub-funds.

### **ESG approaches**

With respect to sustainable investments, **ESG approaches** listed below, or a combination thereof, may be used. § 8 of the fund contract specifies which ESG approaches can be applied for each sub-fund.

### **ESG integration**

ESG integration is implemented by taking account of material ESG risks as part of the research process. For investments, this process uses the asset manager's ESG Material Issues Framework, which identifies financially relevant factors that may impact investment decisions. The identification of ESG factors as financially relevant leads analysts to focus on sustainability factors that can impact investment returns. In addition, ESG integration can identify opportunities for engagement to improve the ESG risk profile, thereby mitigating the potentially negative impact of ESG issues on investment financial performance. Sub-funds that use ESG integration in their stock selection invest in such a way that material ESG risks are considered as part of the research process. Analysis of material sustainability/ESG issues can include various aspects, such as the following: carbon footprint, health and well-being, human rights, supply chain management, fair customer treatment and corporate governance.

**Negative screening:** The sub-funds use exclusion policies. These encompass in particular companies that are involved in the manufacture of controversial weapons, coal production and the energy production based on it, as well as oil sands and gas extraction, and companies for which other exclusion criteria that are considered relevant apply. Data from an external consultant is used to identify companies that are involved in the manufacture of controversial weapons (ISS Ethix: <https://www.issgovernance.com/esg/screening/#controversial-weapons>). The external advisor provides data for a screening list of companies involved in production, sales, or distribution.

The restrictions on the investment universe that apply to all actively managed sub-funds of this umbrella, as well as the applicable exclusion criteria and thresholds, are updated regularly and recorded in the Sustainability Exclusion Policy (<https://www.ubs.com/global/en/asset-management/investment-capabilities/sustainability.html>).

**SVVK-ASIR:** The sub-funds basically cannot invest in securities of companies and sovereigns that are included in the list of recommendations published by the "Swiss Association for Responsible Investment" ("SVVK-ASIR") for exclusion (see under: [www.svvk-asir.ch](http://www.svvk-asir.ch)). Adjustments of the portfolio to this list will be made as soon as possible, subject to appropriate market conditions and feasibility (such as market liquidity or sanctions).

**Best-in-class approach:** Sub-funds that use the best-in-class approach to select securities invest in such a way that the "asset-weighted" sustainability profile of the sub-fund, based on data and analyses of the asset managers named in the fund contract under § 1 point 4 or recognised external data providers), is improved compared with a benchmark without ESG standard (broad market index/reference), measured by an ESG rating or ESG score.

### **Stewardship (active ownership):**

A combination of **engagement** and **voting** is applicable to all sub-funds of this umbrella fund that predominantly contain equity paper/equities.

### **Sub-funds that are subject to stewardship (engagement and voting):**

- Equities Global XT 1
- Equities Global XT 2



- Equities Switzerland XT 1
- Equities Switzerland XT 3

**Engagement programme:** The engagement programme aims to prioritise/select companies in respect of which UBS Asset Management has identified problems or opportunities relating to specific ESG factors. These companies are selected from the investment universe using a top-down approach in accordance with the principles as described in respective stewardship guideline. This is not an indication that there has been any engagement on specific ESG issues in relation to companies in this portfolio in any specific period or that the companies in this portfolio have been selected with the intention of engaging actively.

**Voting:**

The fund management company will actively exercise voting rights based on the principles set out in the UBS Asset Management Proxy Voting Policy and the UBS Asset Management Stewardship Policy. Two fundamental objectives are pursued:

1. To act in the best financial interests of our clients in order to increase the long-term value of their investments.
2. To promote best practice in management and supervisory bodies, as well as sustainability practices.

This is not an indication that a vote on sustainability-related issues has taken place in relation to companies held by a sub-fund in any particular period. Information on the exercise of voting rights at specific companies can be found in the respective asset manager's Stewardship Annual Report.

Information on cooperation and voting activities with specific companies can be found in the UBS Asset Management Stewardship Annual Report. <https://www.ubs.com/global/en/assetmanagement/capabilities/sustainable-investing/stewardship-engagement.html>

**ESG risks**

As the selection of investments is partly dependent on external data and index providers, this may represent an additional risk for investors, as sustainability data is to a large extent shaped by qualitative estimates of the external ESG data providers used, which may lead to different estimates of sustainability levels across the external ESG data providers in the presence of the same objective facts. As there is currently no universally accepted valuation benchmark for sustainability levels, an incorrect estimate of sustainability levels and thus a sub-optimal construction of the sustainability benchmarks on which passive sub-funds are based cannot be ruled out. As a consequence, the risk/return profile of the sub-funds may be disadvantageous for the investor compared to a sustainability benchmark constructed on the basis of correct estimates of sustainability levels and/or may cause reporting to deviate from the correct actual position.

**A. UBS (CH) Manager Selection Fund – Bonds Global XT 2**

In principle, the fund management company invests the assets of the sub-fund in securities issued on a large scale and non-securitised rights with the same function, which are traded on an exchange or other regulated market open to the public.

UBS Asset Management categorises this sub-fund as a Sustainability Focus Fund, which promotes environmental and social characteristics. The investment objective of this sub-fund is mainly to achieve a better risk-adjusted return than the representative reference index (benchmark), which is listed in point 5.1 of this appendix, over a full market cycle, considering the sustainability criteria listed below.

The sub-fund invests primarily in issuers with a measurable sustainability profile, taking into account the sustainability criteria listed below.

The asset manager defines ESG integration as the systematic integration of material ESG factors into investment research in order to improve the risk-adjusted returns of the portfolio. ESG factors are increasingly key influences in the valuation of global economies, markets, industries and business models. Whether it is climate change, income inequality, changing consumer preferences, regulatory risk, talent management or unethical behaviour, ESG factors are important considerations when evaluating long-term investment opportunities.

The asset manager's global research teams aim to evaluate ESG-related issues as part of their bottom-up analysis. For a detailed description of how the asset manager PIMCO incorporates ESG assessments into portfolio construction, see the presentation "ESG Investing Report" (PIMCO ESG Investing - <https://www.pimco.ch/en-ch/investments/esg-investing>).

From a top-down analysis standpoint, the first and most important step in the asset manager's investment process is to correctly identify the key long-term themes that will impact the global economy and financial markets. The asset manager's annual Secular Forum is dedicated to identifying and analysing these longer-term trends, and the analysis of ESG-related issues fits directly into this process.

The sub-fund aims to have a sustainability profile that exceeds the ESG profile of the Bloomberg Barclays Global Aggregate (ex Securitized) Index. The valuation is based on the holdings of bonds in the sub-fund after deducting cash, cash equivalents and derivatives. MSCI ESG ratings are used to calculate the ESG profile. The corresponding results are calculated at least once a year from the respective monthly profiles and published in the annual report.

The sub-fund aims to achieve a lower weighted average carbon intensity (WACI) (Scope 1 and 2) compared with the Bloomberg Barclays Global Aggregate Credit Index. The valuation is carried out on the holdings of corporate bonds in the sub-fund.

The Bloomberg Barclays Global Aggregate ex Securitized Index is only used as a reference for ESG profile, and the Bloomberg Barclays Global Aggregate Credit Index is only used as a reference for carbon intensity comparisons and is not the benchmark of the sub-fund. The benchmark of this sub-fund is listed in point 5.1 of this appendix.

The sub-fund applies the following sustainability approaches:

Investment instruments are selected on the basis of financial and fundamental criteria, sustainability **exclusion criteria (negative screening)**, ESG assessments (**ESG integration**) and instrument selection based on ESG data (**best-in-class**).

At the time of the investment decision, the sub-fund invests at least 80% of its assets (after deducting liquid assets and derivatives) in investments that meet the requirements of the sustainability policy.

**Notes on investments that do not meet the sustainability requirements:**

Interest derivatives, index derivatives and/or investment products that replicate an index (including ETF) and are used for the efficient implementation of the investment policy. In addition, securities are permissible that are permitted under the sub-fund's investment principles (§8 point 4 of the fund contract) and do not have an MSCI ESG score, as are securities issued by corporate issuers that are permitted under the investment principles (§8 point 4 of the fund contract) but for which no carbon intensity data are available (WACI).

**B. UBS (CH) Manager Selection Fund – Equities Global XT 1**

In principle, the fund management company invests the assets of the sub-fund in securities issued on a large scale and non-securitised rights with the same function, which are traded on an exchange or other regulated market open to the public.

UBS Asset Management categorises this sub-fund as a Sustainability Focus Fund, which promotes environmental and social characteristics. The sub-fund is actively managed. The investment objective of this sub-fund is mainly to achieve a better risk-adjusted return than the representative reference index (benchmark) for global equity investments (excluding Switzerland), which is listed in point 5.1 of this appendix, over a full market cycle, considering the sustainability criteria listed below.

The sub-fund invests primarily in companies with a suitable sustainability profile, taking into account the sustainability criteria listed below. These are companies that show above-average commitment to

environmental and social aspects compared with other companies and have sufficiently good or better corporate governance compared to other companies.

The asset manager uses a 4-factor investment process, whereby ESG is taken into account at all stages of the process, but especially in the area of fundamental analysis. Each research report has an ESG section. The asset manager also uses external ESG analysis such as MSCI ESG Ratings and MSCI Controversy Flags to identify potential risks. MSCI provides a rating and flag for each company so that the distribution of ratings and flags in the portfolio can be compared with the benchmark.

The asset manager measures CO2 emissions using MSCI's Carbon Tool (Scope 1 & 2) as well as its own proprietary Carbon Tool, which also takes Scope 3 into account.

Besides its own analysis, the asset manager uses RepRisk (<https://www.reprisk.com/>) as a tool to assess reputational risks. RepRisk provides a score for each company in the database. The scores can be aggregated across the entire portfolio.

Additional information on the asset manager's ESG approaches can be found at:  
<https://ninetyone.com/en/switzerland/how-we-think/sustainability-regulatory-disclosures>

The sub-fund aims to have a sustainability profile that exceeds its benchmark. The sustainability profile of the sub-fund is measured against the profile of its benchmark and the corresponding results are calculated at least once a year from the respective monthly profiles and published in the annual report.

The sub-fund aims to report a lower weighted average carbon intensity (WACI) (Scope 1 and 2) compared with its benchmark and/or a lower absolute value of less than 100 tonnes of CO2 emissions per USD revenue million.

The sub-fund applies the following sustainability approaches:

The sub-fund will not invest in companies with a sustainability profile that indicates high ESG risk. Investment instruments are selected on the basis of financial and fundamental criteria, sustainability **exclusion criteria (negative screening)**, and instrument selection based on ESG data (**best-in-class**). In addition, as far as possible, companies are engaged in order to address identified **ESG risks** and opportunities in a targeted manner through direct dialogue (**stewardship approach**). This is not an indication that there has been any engagement on specific ESG issues in relation to companies in this portfolio in any specific period or that the companies in this portfolio have been selected with the intention of engaging actively.

At the time of the investment decision, the sub-fund invests at least 80% of its assets (after deducting liquid assets and derivatives) in investments that meet the requirements of the sustainability policy.

**Notes on investments that do not meet the sustainability requirements:**

Index derivatives and/or investment products (including ETFs) that replicate an index and are used for the efficient implementation of the investment policy, as well as securities that are permitted under the sub-fund's investment policy pursuant to §8 point 4 of the fund contract which do not have an MSCI ESG rating or for which no carbon intensity data are available (WACI). In any case, these products may not be used to circumvent the exclusion criteria.

**C. UBS (CH) Manager Selection Fund – Equities Global XT 2**

In principle, the fund management company invests the assets of the sub-fund in securities issued on a large scale and non-securitised rights with the same function, which are traded on an exchange or other regulated market open to the public.

UBS Asset Management categorises this sub-fund as a Sustainability Focus Fund, which promotes environmental and social characteristics. The sub-fund is actively managed. The investment objective of this sub-fund is mainly to achieve a better risk-adjusted return than the representative reference index (benchmark) for global equity investments (excluding Switzerland), which is listed in point 5.1 of this appendix, over a full market cycle, considering the sustainability criteria listed below.

The sub-fund invests primarily in companies with a suitable sustainability profile, taking into account the sustainability criteria listed below. These are companies that show above-average commitment to environmental and social aspects compared with other companies and have sufficiently good or better corporate governance compared to other companies.

The asset manager uses the Best Styles Integrated ESG Equity Strategy. **ESG integration** is achieved by implementing the following additional restrictions in the investment process:

- 1) Allocation to securities with material ESG tail risk is limited to a maximum of 90% of the benchmark weight.
- 2) Equities with improving ESG ratings (over a 12-month period) are overweighted relative to the benchmark.

To assess ESG risk, the asset manager uses the MSCI ESG scores. A company's ESG risk is expressed by a numerical score on the E, S & G columns on a scale of 0-10, with a score of 0-3 indicating potential tail risk and scores 7-10 associated with low ESG risk levels. Combining internal analysis and external data, the asset manager creates its own view of the companies' ESG risk. For more information on the asset manager's ESG approach, please visit <https://www.allianzgi.com/en/our-firm/esg/our-approach>.

The sub-fund aims to have a sustainability profile that exceeds its benchmark. The sustainability profile of the sub-fund is measured against the profile of its benchmark and the corresponding results are calculated at least once a year from the respective monthly profiles and published in the annual report.

The sub-fund aims to report a lower weighted average carbon intensity (WACI) (Scope 1 and 2) compared with its benchmark and/or a lower absolute value of less than 100 tonnes of CO2 emissions per USD revenue million.

The sub-fund applies the following sustainability approaches:

Investment instruments are selected on the basis of financial and fundamental criteria, sustainability **exclusion criteria (negative screening)**, ESG assessments (**ESG integration**) and instrument selection based on ESG data (**best-in-class**). In addition, as far as possible, companies are engaged in order to address identified **ESG risks** and opportunities in a targeted manner through direct dialogue (**stewardship approach**). This is not an indication that there has been any engagement on specific ESG issues in relation to companies in this portfolio in any specific period or that the companies in this portfolio have been selected with the intention of engaging actively.

At the time of the investment decision, the sub-fund invests at least 80% of its assets (after deducting liquid assets and derivatives) in investments that meet the requirements of the sustainability policy.

#### **Notes on investments that do not meet the sustainability requirements:**

Index derivatives and/or investment products (including ETFs) that replicate an index and are used for the efficient implementation of the investment policy, as well as securities that are permitted under the sub-fund's investment policy pursuant to §8 point 4 of the fund contract which do not have an MSCI ESG rating or for which no carbon intensity data are available (WACI). In any case, these products may not be used to circumvent the exclusion criteria.

#### **D. UBS (CH) Manager Selection Fund – Equities Global XT 3 in Liquidation**

The investment objective of this sub-fund is principally to invest in companies which take account of sustainability criteria and consequently have a suitable sustainability profile.

Companies that have a suitable sustainability profile are those that show above-average commitment to environmental and social aspects compared with other companies and that comply with minimum standards and are more progressive than other companies in terms of corporate governance.

The sustainability analyses of the respective asset manager named in § 1 under point 4 is used for the assessment of sustainability.

The analysis of sustainability/ESG criteria may, amongst others, include the following aspects: environment, employees and suppliers, buyers and customers, management.

In selecting the investment instruments, financial and fundamental criteria, the following **ESG approaches** (see point 1.4 of the appendix to the fund contract), or a combination thereof, may be used with regard to sustainable investments: consideration of material ESG risks as part of the research process (**ESG integration**), **sustainability exclusion criteria (negative screening)** and/or instrument selection based on ESG data (**best-in-class**).

In addition, as far as possible, UBS Asset Management actively engages with companies to address identified **ESG risks** and opportunities in a targeted manner through direct dialogue (**stewardship approach**).

#### **E. UBS (CH) Manager Selection Fund – Equities Switzerland XT 1**

In principle, the fund management company invests the assets of the sub-fund in securities issued on a large scale and non-securitised rights with the same function, which are traded on an exchange or other regulated market open to the public.

UBS Asset Management categorises this sub-fund as a Sustainability Focus Fund, which promotes environmental and social characteristics. The sub-fund is actively managed. The investment objective of this sub-fund is mainly to achieve a better risk-adjusted return than the representative reference index (benchmark) for Swiss equity investments, which is listed in point 5.1 of this appendix, over a full market cycle, considering the sustainability criteria listed below.

The sub-fund invests primarily in companies with a suitable sustainability profile, taking into account the sustainability criteria listed below. These are companies that show above-average commitment to environmental and social aspects compared with other companies and have sufficiently good or better corporate governance compared to other companies.

For the assessment of a company's sustainability (ESG ranking), the asset manager uses its own analysis systems (<https://mybrand.schroders.com/m/317c7fc89b751d5a/original/SustainEx-High-Level-Methodology-Final.pdf>), according to which the valuation is also carried out. Additional information on the ESG approach of the asset manager Schroder Investment Management (Switzerland) AG can be found on the website: <https://www.schroders.com/de-ch/ch/professional/was-wir-tun/nachhaltige-anlagen/>.

The sub-fund aims to have a sustainability profile that exceeds its benchmark. The sustainability profile of the sub-fund is measured against the profile of its benchmark and the corresponding results are calculated at least once a year from the respective monthly profiles and published in the annual report.

The sub-fund aims to report a lower weighted average carbon intensity (WACI) (Scope 1 and 2) compared with its benchmark and/or a lower absolute value of less than 100 tonnes of CO2 emissions per USD revenue million.

The sub-fund applies the following sustainability approaches:

Investment instruments are selected on the basis of financial and fundamental criteria, sustainability **exclusion criteria (negative screening)**, ESG assessments (**ESG integration**) and instrument selection based on ESG data (**best-in-class**). In addition, as far as possible, companies are engaged in order to address identified **ESG risks** and opportunities in a targeted manner through direct dialogue (**stewardship approach**). This is not an indication that there has been any engagement on specific asset manager reservations or ESG issues in relation to companies in this portfolio in any specific period or that the companies in this portfolio have been selected with the intention of engaging actively.

At the time of the investment decision, the sub-fund invests at least 80% of its assets (after deducting liquid assets and derivatives) in investments that meet the requirements of the sustainability policy.

#### **Notes on investments that do not meet the sustainability requirements:**

Index derivatives and/or investment products (including ETFs) that replicate an index and are used for the efficient implementation of the investment policy, as well as securities that are permitted under the sub-fund's investment policy pursuant to §8 point 4 of the fund contract which do not have an ESG rating or for which no carbon intensity data are available (WACI). In any case, these products may not be used to circumvent the exclusion criteria.

#### **F. UBS (CH) Manager Selection Fund – Equities Switzerland XT 3**

In principle, the fund management company invests the assets of the sub-fund in securities issued on a large scale and non-securitised rights with the same function, which are traded on an exchange or other regulated market open to the public.

UBS Asset Management categorises this sub-fund as a Sustainability Focus Fund, which promotes environmental and social characteristics. The sub-fund is actively managed. The investment objective of this sub-fund is mainly to achieve a better risk-adjusted return than the representative reference index (benchmark), which is listed in point 5.1 of this appendix, over a full market cycle, considering the sustainability criteria listed below.

The sub-fund invests primarily in companies with a suitable sustainability profile, taking into account the sustainability criteria listed below. These are companies that show above-average commitment to environmental and social aspects compared with other companies and have sufficiently good or better corporate governance compared to other companies.

The asset manager uses MSCI ESG ratings to assess the sustainability of companies. Companies with an MSCI ESG rating of "B" or "CCC" are excluded. Additional information on the MSCI ESG ratings can be found at:

<https://www.msci.com/our-solutions/esg-investing/esg-ratings>

The sub-fund aims to report a lower weighted average carbon intensity (Scope 1 and 2) compared with its benchmark and/or a lower absolute value of less than 100 tonnes of CO<sub>2</sub> emissions per USD revenue million.

The sub-fund applies the following sustainability approaches:

Investment instruments are selected on the basis of financial and fundamental criteria, sustainability **exclusion criteria (negative screening)**, ESG assessments (**ESG integration**) and instrument selection based on ESG data (**best-in-class**). In addition, as far as possible, companies are engaged in order to address identified **ESG risks** and opportunities in a targeted manner through direct dialogue (**stewardship approach**). This is not an indication that there has been any engagement on specific asset manager reservations or ESG issues in relation to companies in this portfolio in any specific period or that the companies in this portfolio have been selected with the intention of engaging actively.

At the time of the investment decision, the sub-fund invests at least 80% of its assets (after deducting liquid assets and derivatives) in investments that meet the requirements of the sustainability policy.

#### **Notes on investments that do not meet the sustainability requirements:**

Index derivatives and/or investment products (including ETFs) that replicate an index and are used for the efficient implementation of the investment policy, as well as securities that are permitted under the sub-fund's investment policy pursuant to §8 point 3 of the fund contract which do not have an ESG score based on the investment system used by the asset manager or for which no carbon intensity data are available (WACI). In any case, these products may not be used to circumvent the exclusion criteria.

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

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

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

The subscribed share capital of the fund management company amounts to 1 million francs. The share capital is divided into registered shares and has been fully paid up. UBS Fund Management (Switzerland) AG is a wholly owned group company of UBS Group AG. As at 31 December 2023, the fund management company managed a total of 423 securities funds and 8 real estate funds in Switzerland with assets totalling 339,301 million francs.

#### **Liquidity risk management / Information on the liquidity management process**

The fund management company ensures liquidity is managed appropriately. In order to be able to guarantee in principle the right of investors to redeem their units at any time (Art. 78 para. 2 CISA), the fund management company regularly monitors the liquidity risks of both the individual investments with regard to their marketability and of the sub-funds with regard to meeting redemptions. The fund management company assesses the liquidity of the sub-funds on a monthly basis using various scenarios, and documents these. In particular, the fund management company has defined and implemented processes that make it possible to identify, monitor and report these risks. To identify the liquidity risks of the investments and calculate individual liquidity thresholds at sub-fund level, the fund management company relies on market-tested models that have been examined by specialist units of the UBS Group. The liquidity thresholds are used to monitor stress-reduction scenarios at sub-fund level.

## **2.2 Delegation of investment decisions**

### **A. UBS (CH) Manager Selection Fund - Bonds Global XT 2**

The investment decisions of the sub-fund have been delegated to PIMCO Europe Ltd, London. Precise details of how this work is delegated are stipulated in an asset management agreement concluded between UBS Fund Management (Switzerland) AG and PIMCO Europe Ltd. Detailed information on the asset manager can be found online at [www.pimco.com](http://www.pimco.com).

### **B. UBS (CH) Manager Selection Fund - Equities Global XT 1**

The investment decisions of the sub-fund have been delegated to Investec Asset Management Limited, London. Precise details of how this work is delegated are stipulated in an asset management agreement concluded between UBS Fund Management (Switzerland) AG and Investec Asset Management Limited, London. Detailed information on the asset manager can be found online at [www.investecassetmanagement.com](http://www.investecassetmanagement.com).

### **C. UBS (CH) Manager Selection Fund - Equities Global XT 2**

The investment decisions of the sub-fund have been delegated to Allianz Global Investors Kapitalanlagegesellschaft mbH Frankfurt. Precise details of how this work is delegated are stipulated in an asset management agreement concluded between UBS Fund Management (Switzerland) AG and Allianz Global Investors GmbH, Frankfurt am Main. Detailed information on the asset manager can be found online at <http://www.allianzglobalinvestors.eu/en/Pages/default.aspx>.

### **D. UBS (CH) Manager Selection Fund - Equities Global XT 3 in liquidation**

The investment decisions of the sub-fund have been delegated to UBS Asset Management Switzerland AG, Zurich. Precise details of how this work is delegated are stipulated in an asset management agreement concluded between UBS Fund Management (Switzerland) AG and UBS Asset Management Switzerland AG, Zurich. Detailed information on the asset manager can be found online at <http://www.ubs.com>.

### **E. UBS (CH) Manager Selection Fund - Equities Switzerland XT 1**

The investment decisions of the sub-fund have been delegated to Schroder Investment Management (Switzerland) AG, Zurich. Precise details of how this work is delegated are stipulated in an asset management agreement concluded between UBS Fund Management Switzerland AG and Schroder Investment Management (Switzerland) AG. Detailed information on the asset manager can be found online at [www.schroders.com](http://www.schroders.com).

## **F. UBS (CH) Manager Selection Fund - Equities Switzerland XT 3**

The investment decisions of the sub-fund have been delegated to Swiss Rock Asset Management AG, Zurich. Precise details of how this work is delegated are stipulated in an asset management agreement concluded between UBS Fund Management (Switzerland) AG and Swiss Rock Asset Management AG, Zurich. Detailed information on the asset manager can be found online at [www.swiss-rock.ch/](http://www.swiss-rock.ch/).

### **2.3 Delegation of administration**

The administration of the investment fund, in particular accounting, calculation of the net asset value, tax settlement, operation of IT systems and preparation of statements of accounts, has been delegated to Northern Trust Global Services SE, Leudelange, Luxembourg, Basel branch. Precise details of how this work is to be performed are stipulated in an agreement concluded between the parties.

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

## **3 Information on the custodian bank**

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

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

UBS Switzerland AG is a group company of UBS Group AG. With consolidated total assets of USD 1,717,246 million and published capital and reserves of USD 83,639 million as at 31 December 2023, UBS Group AG is financially one of the strongest banks in the world. It employs 112,842 staff worldwide and has an extensive network of offices.

The custodian bank may transfer the safekeeping of the fund assets to third-party custodians and central securities depositories in Switzerland or abroad, provided this is in the interests of proper safekeeping.

In respect of financial instruments, such transfer may be made only to regulated third-party custodians and central securities depositories. This does not apply to mandatory safekeeping at a location where the transfer of safekeeping to regulated third-party custodians and central securities depositories is not possible, in particular owing to mandatory legal provisions or to the particular arrangements for the investment product in question.

This is accompanied by the following risks: The use of third-party custodians and central securities depositories means that deposited securities are no longer owned solely by the fund management company, which instead becomes only a co-owner. Furthermore, if the third-party custodians and central securities depositories are not subject to supervision, they are unlikely to meet the organisational requirements imposed on Swiss banks.

The custodian bank is liable for damage or loss caused by a third-party custodian or central securities depository unless it is able to prove that it exercised the due diligence required in the circumstances in respect of selection, instruction and monitoring.

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

## **4 Information on third parties**

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### **4.1 Paying agents**

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

### **4.2 Distributor**

The distributor is UBS Asset Management Switzerland AG, Zurich.



### **4.3 Audit firm**

The audit firm is Ernst & Young AG, Basel.

## 5 Further information

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### 5.1 Key data

#### A. UBS (CH) Manager Selection Fund - Bonds Global XT 2

Benchmark index	JP Morgan Global GBI traded in CHF
Valor number unit class I-X	1663132
Valor number unit class U-X	43200453
ISIN unit class I-X	CH0016631324
ISIN unit class U-X	CH0432004536

#### B. UBS (CH) Manager Selection Fund - Equities Global XT 1

Benchmark index	MSCI World ex Switzerland Net Total Return in CHF
Valor number unit class I-X	1663138
Valor number unit class U-X	43200455
ISIN unit class I-X	CH0016631381
ISIN unit class U-X	CH0432004551

#### C. UBS (CH) Manager Selection Fund - Equities Global XT 2

Benchmark index	MSCI World ex Switzerland Net Total Return in CHF
Valor number unit class I-X	1663139
Valor number unit class U-X	43200456
ISIN unit class I-X	CH0016631399
ISIN unit class U-X	CH0432004569

#### D. UBS (CH) Manager Selection Fund - Equities Global XT 3 in liquidation

Benchmark index	MSCI World ex Switzerland Net Total Return in CHF
Valor number unit class B	1531262
Valor number unit class I-X	1663140
Valor number unit class U-X	43200457
ISIN unit class B	CH0015312629
ISIN unit class I-X	CH0016631407
ISIN unit class U-X	CH0432004577

#### E. UBS (CH) Manager Selection Fund - Equities Switzerland XT 1

Benchmark index	Swiss Performance Index (SPI®)
Valor number unit class I-X	1663134
Valor number unit class U-X	43200458
ISIN unit class I-X	CH0016631340
ISIN unit class U-X	CH0432004585

#### F. UBS (CH) Manager Selection Fund - Equities Switzerland XT 3

Benchmark index	Swiss Performance Index (SPI®)
Valor number unit class I-X	1663136
Valor number unit class U-X	43200460
ISIN unit class I-X	CH0016631365
ISIN unit class U-X	CH0432004601

#### The following information applies to all sub-funds:

Financial year	1 November to 31 October	The net income of the sub-fund is reinvested annually.
Accounting currency	Swiss franc (CHF)	

### 5.2 Terms for the issue and redemption of units of the sub-funds

At present, no issuing commission or redemption commission is charged either on the issue or redemption of units.

### 5.3. Retrocessions and rebates

The fund management company and its agents as well as the custodian bank pay no retrocessions as remuneration for distribution activity in respect of fund units in or from Switzerland. In respect of distribution in or from Switzerland, the fund management company and its agents do not pay any rebates pursuant to the Code of Conduct of the Asset Management Association Switzerland dated 5 August 2021 and 23 September 2021.

### 5.4 Fees and incidental costs

In accordance with § 19 of the fund contract, the following commission is currently charged to unit class B: 0.055% p.a.

Commission Sharing Agreements: Commission sharing agreements are in place for the following sub-funds:

- Equities Global XT1
- Equities Global XT3
- Equities Switzerland XT1

### 5.5 Sales restrictions

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

Units of this umbrella fund may not be offered, sold or delivered to investors who are US persons.

A US person is someone who:

- (i) is a United States person within the meaning of Section 7701(a)(30) of the US Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder;
- (ii) is a US person within the meaning of Regulation S under the US Securities Act of 1933 (17 CFR § 230.902(k));
- (iii) is not a non-United States person within the meaning of Rule 4.7 of the US Commodity Futures Trading Commission Regulations (17 CFR § 4.7(a)(1)(iv));
- (iv) resides in the United States within the meaning of Rule 202(a)(30)-1 under the US Investment Advisers Act of 1940, as amended; or
- (v) any trust, legal entity or other structure formed for the purpose of allowing US persons to invest in this umbrella fund.

### 5.6 Conversion of units

Unit-holders may switch from one sub-fund to another at any time. The same provisions apply to the submission of conversion applications as to issue and redemption (cf. § 17). The number of units into which investors wish to convert their holdings is calculated using the following formula:

$$A = (B \times C) / D$$

whereby:

- A = number of units of the sub-fund's unit class into which the conversion is to be made
- B = number of units of the sub-fund's unit class from which the conversion is to be made
- C = net asset value of the units submitted for conversion
- D = net asset value of the units of the sub-fund's unit class into which the conversion is to be made

### 5.7 Terms for the issue and redemption of units of the sub-funds

Fund units will be issued and redeemed on every bank working day (Monday to Friday). No issues or redemptions will take place on Swiss public holidays (Easter, Whitsun, Christmas incl. 24 December, 31 December, New Year's Day, 1 August, etc.), or on days when the exchanges and markets in an investment fund's main investment countries are closed or on days when 50% or more of the investments of the investment fund cannot be appropriately valued, or under the exceptional circumstances defined under § 17.4 of the fund contract.

Orders recorded by the custodian bank in Switzerland by no later than 4 p.m. will be settled on the following bank working day in Switzerland at the net asset value of the previous day (= day of issue or redemption). For orders placed with distributors in Switzerland and abroad, earlier cut-off times

to submit the orders may apply in order to ensure timely forwarding to the custodian bank. These can be obtained from the respective distributor. The net asset value taken as the basis for the settlement of the order is therefore not known when the order is placed (forward pricing). It is calculated on the valuation day on the basis of closing prices or, if these do not reflect the appropriate market value in the fund management company's view, on the basis of the latest available prices at the time of the valuation. The fund management company is entitled to apply other generally recognised and verifiable valuation criteria in order to make an appropriate valuation of the sub-fund's net assets if, due to extraordinary circumstances, a valuation in accordance with the regulations stated above proves to be unfeasible or inaccurate.

For orders recorded by the custodian bank after 4:00 p.m., the net asset value determined on the bank working day after next is applied. If payments are made or received in securities (cf. Article 17), these must correspond with the valuation of the securities.

The issue and redemption price must be paid with a value date no later than three bank working days after settlement of the issue and redemption price. This does not include the day on which the net asset value is calculated. In exceptional cases, shorter or longer value dates of plus/minus two days may be applied in agreement with the fund management company.

### **5.8 Issuer and counterparty risk**

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

### **5.9 Medium of publication**

The medium of publication of the investment fund is Swiss Fund Data AG ([www.swissfunddata.ch](http://www.swissfunddata.ch)).

### **5.10 Due diligence in the acquisition of target funds**

The target funds are selected according to quantitative and qualitative criteria. The quantitative analysis examines the historical relationship between risk and return over various time horizons. The qualitative review involves an in-depth assessment of the reputation of the fund management company, its corporate infrastructure, investment style, investment processes and internal risk controls. Both the qualitative and quantitative assessment results are subject to regular review.

The fund management company: UBS Fund Management (Switzerland) AG, Basel

The custodian bank: UBS Switzerland AG, Zurich