UBS (CH) Global Alpha Strategies

Investment fund governed by Swiss law of the category
"Other funds for alternative investments with special risk"

Prospectus with integrated fund contract, April 2024

UBS (CH) Global Alpha Strategies, as a fund investment fund governed by Swiss law under the category "other funds for alternative investments with special risk", invests in various, mainly foreign investment funds and fund-like investment instruments (hereinafter "target funds") which themselves pursue alternative investment strategies or make alternative investments (generally known as hedge funds or non-traditional funds). The risks of these target funds are not comparable to the risks of the category of "securities funds" and investment funds under the category "Other funds for traditional investments". For this reason, the aforementioned fund belongs to the category "Other funds for alternative investments with special risk".

The attention of investors in UBS (CH) Global Alpha Strategies is explicitly drawn to the risks noted in the prospectus. In particular, investors need to be prepared and in a financial position to accept – even substantial – price losses.

The fund management company of UBS (CH) Global Alpha Strategies makes every effort to minimise risks as much as possible by utilising a broad diversification in the pursued investment strategy, by carefully selecting the underlying target funds and by closely monitoring these funds. Nevertheless, in exceptional cases one or more of the underlying hedge funds may suffer a total loss, with a corresponding impact on this investment fund.

Part I Prospectus

This prospectus with integrated fund contract and the most recent annual or semi-annual report (if published after the latest annual report) serve as the basis for all subscriptions of units of the investment fund. Only the information contained in the prospectus or the fund contract shall be deemed to be valid.

1. Information on the fund

1.1 Establishment of the investment fund in Switzerland

The fund contract for UBS (CH) Global Alpha Strategies was drawn up by the fund management company UBS Fund Management (Switzerland) AG, Basel, and presented to the then Swiss Federal Banking Commission with the approval of UBS Switzerland AG as custodian bank. The fund contract was approved by the Swiss Federal Banking Commission for the first time on 18 June 2004.

1.2 Term

The investment fund has been established for an indefinite period.

1.3 Tax regulations relevant to the investment fund

The investment fund has no legal personality in Switzerland. It is subject to neither income tax nor capital gains tax. As a fund of funds, UBS (CH) Global Alpha Strategies invests in collective investments or quasi-fund investment instruments that pursue an investment policy oriented towards capital gains.

The fund management company may apply for a refund of all Swiss federal withholding tax levied on the fund's domestic income on behalf of the fund.

Any income and capital gains realised abroad may be subject to the withholding tax deductions imposed by the country of investment. These taxes are, as far as possible, reclaimed by the fund management company on behalf of investors resident in Switzerland under the terms of double taxation treaties or other such agreements.

Income distributions made by the fund to investors domiciled in Switzerland are subject to Swiss federal withholding tax (tax at source) at a rate of 35%. Separately reported capital gains are not subject to withholding tax. Investors domiciled in Switzerland may reclaim Swiss withholding tax by declaring it in their tax returns, or by submitting a separate application for a refund.

No Swiss withholding tax is deducted from income distributions to investors resident abroad, provided that at least 80% of the income from the fund derives from foreign sources. To this end, a bank must provide confirmation that the units held by foreign investors are held in safekeeping at the bank and that the income will be credited to their accounts (residence declaration or affidavit). There can be no guarantee or assurance that at least 80% of the fund's income will derive from foreign sources.

If withholding tax is charged to an investor resident outside Switzerland due to the failure to present a residence declaration, he or she may submit a claim for reimbursement under Swiss law directly to the Swiss Federal Tax Administration in Berne.

Tax information is based on the legal situation and legal practices as apply currently. This tax information is expressly subject to changes in legislation, jurisdiction and ordinances and the practices of tax authorities.
Taxation and other tax implications for investors who hold, buy or sell fund units are defined by the tax laws and regulations in the investor's country of domicile. For information in this regard, investors should contact their tax advisors.

The investment fund has the following tax status:
The international automatic exchange of information on tax matters (automatic exchange of information)
This investment fund qualifies as being for the purpose of the automatic exchange of information within the meaning of the collective reporting and due diligence standard prescribed by the Organisation for Economic Co-operation and Development (OECD) for information on finance accounts (GMS) as a non-reporting financial entity.

FATCA
The investment fund is registered with the tax authorities in the United States as a Registered Deemed-Compliant Financial Institution under a Model 2 IGA as provided for by Sections 1471–1474 of the U.S. Internal Revenue Code (Foreign Account Tax Compliance Act, including related ordinances, FATCA).

Partial tax exemption under the German Investment Tax Act 2018
The fund counts as an "other fund" within the meaning of the German Investment Tax Act (InvStG); hence partial exemption under § 20 InvStG is not possible.

German investors should consult their tax adviser with regard to the tax consequences of investing in an "equity fund", a "mixed fund" or an "other fund" pursuant to the German Investment Tax Act.

1.4 Accounting year
The accounting year runs from 2 January to 1 January.

1.5 Audit firm
The audit firm is Ernst & Young Ltd., Basel.

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

The current unit classes are:

Unit class	Accounting Currency	Initial subscription price	Minimum subscription	Smallest tradable lot	Commission/PF	Form of custody	Appropriation of income
(USD) P-PF	USD	USD 1 000	n/a	0.001	1.65% p.a.[2] (1.32%)	Bearer	Distributing
(EUR hedged) P-PF	USD	EUR 1 000	n/a	0.001	1.65% p.a.[2] (1.32%)	Bearer	Distributing
(CHF hedged) P-PF	USD	CHF 1 000	n/a	0.001	1.65% p.a.[2] (1.32%)	Bearer	Distributing
(USD) Q-PF	USD	USD 1 000	n/a	0.001	0.85% p.a.[3] (0.68%)	Bearer	Distributing
(EUR hedged) Q-PF	USD	EUR 1 000	n/a	0.001	0.85% p.a.[3] (0.68%)	Bearer	Distributing
(CHF hedged) Q-PF	USD	CHF 1 000	n/a	0.001	0.85% p.a.[3] (0.68%)	Bearer	Distributing
(USD) I-A1-PF[6]	USD	USD 1 000	n/a	0.001	1.15% p.a.[2] (0.92%)	Registered[5]	Distributing
(EUR hedged) I-A1-PF[6]	USD	EUR 1 000	n/a	0.001	1.15% p.a.[2] (0.92%)	Registered[5]	Distributing
(CHF hedged) I-A1-PF[6]	USD	CHF 1 000	n/a	0.001	1.15% p.a.[2] (0.92%)	Registered[5]	Distributing
(USD) I-A2-PF	USD	USD 1 000	USD 5 000 000[7]	0.001	1.10% p.a.[2] (0.88%)	Registered[5]	Distributing
(EUR hedged) I-A2-PF	USD	EUR 1 000	EUR 5 000 000[7]	0.001	1.10% p.a.[2] (0.88%)	Registered[5]	Distributing
(CHF hedged) I-A2-PF	USD	CHF 1 000	CHF 5 000 000[7]	0.001	1.10% p.a.[2] (0.88%)	Registered[5]	Distributing
(USD) I-A3-PF	USD	USD 1 000	USD 20 000 000[8]	0.001	1.00% p.a.[2] (0.80%)	Registered[5]	Distributing
(EUR hedged) I-A3-PF	USD	EUR 1 000	EUR 20 000 000[8]	0.001	1.00% p.a.[2] (0.80%)	Registered[5]	Distributing
(CHF hedged) I-A3-PF	USD	CHF 1 000	CHF 20 000 000[8]	0.001	1.00% p.a.[2] (0.80%)	Registered[5]	Distributing
(USD) I-B-PF[6]	USD	USD 1 000	n/a	0.001	0.15% p.a.[4] (0.00%)	Registered[5]	Distributing
(EUR hedged) I-B-PF[6]	USD	EUR 1 000	n/a	0.001	0.15% p.a.[4] (0.00%)	Registered[5]	Distributing
(CHF hedged) I-B-PF[6]	USD	CHF 1 000	n/a	0.001	0.15% p.a.[4] (0.00%)	Registered[5]	Distributing
(USD) I-B[6]	USD	USD 1 000	n/a	0.001	0.15% p.a.[4] (0.00%)	Registered[5]	Distributing
(EUR hedged) I-B[6]	USD	EUR 1 000	n/a	0.001	0.15% p.a.[4] (0.00%)	Registered[5]	Distributing
(CHF hedged) I-B[6]	USD	CHF 1 000	n/a	0.001	0.15% p.a.[4] (0.00%)	Registered[5]	Distributing

[2] Flat fee charged by the fund management company. This is appropriated for the management, asset management and distribution activity in respect of the investment funds and also for all tasks of the custodian bank. The amount in brackets indicates the level of the management fee, which accounts for 80% of the flat fee.

[3] Flat fee charged by the fund management company. This is appropriated for the management and asset management of the fund and for all tasks of the custodian bank. The amount in brackets indicates the level of the management fee, which accounts for 80% of the flat fee.

[4] Commission charged by the fund management company. The costs incurred in fund administration (including fund management company, administrator and custodian bank) are charged directly to the investment fund's assets via commission. The costs incurred in asset management are charged to investors under a separate agreement with UBS or one of its authorised contracting partners (maximum of 1.40% of the net asset value, excluding performance fee; cf. § 6 prov. 4).

[5] The registered units must be booked and held in custody at UBS Switzerland AG.

[6] Allocation to unit class takes place in consultation with the investor in accordance with their mandate with UBS or a contractual partner authorised by UBS.

[7] For a subscription, the following criteria must be met
(i) A minimum subscription must be carried out in accordance with the table (or the corresponding currency equivalent) or
(ii) It must be based on a written agreement between the qualified investor and UBS or one of its authorised contracting partners; its total assets held with UBS or its minimum holdings in UBS collective investment schemes must amount to more than CHF 30,000,000 (or the corresponding currency equivalent).

[8] For a subscription, the following criteria must be met:
(i) A minimum subscription must be carried out in accordance with the table (or the corresponding currency equivalent) or
(ii) It must be based on a written agreement between the qualified investor and UBS or one of its authorised contracting partners; its total assets held with UBS or its minimum holdings in UBS collective investment schemes must amount to more than CHF 100,000,000 (or the corresponding currency equivalent).

Detailed information on the unit classes is contained in the fund contract (cf. Part III, § 6 prov. 4).

Units in classes (USD), (EUR hedged) and (CHF hedged) are distributing unit classes and are subject to the maximum flat fee specified in § 19 prov. 1 (Remuneration and incidental costs charged to the fund's assets). Class "USD" units are issued and redeemed in the fund's accounting currency the US dollar (USD), class "(EUR hedged)" units in the euro (EUR) and class "(CHF hedged)" units in Swiss francs (CHF). Currency risks are hedged for the EUR unit class (EUR hedged) and the CHF unit class (CHF hedged). For technical reasons, it is not possible to hedge against currency fluctuation completely. Furthermore, currency hedging prevents investors from benefiting from any positive moves in the exchange rate. A performance fee in accordance with § 19 is applied for "PF" units.

The unit classes are not segmented assets. Accordingly, the possibility that a unit class may be liable for the liabilities of another unit class cannot be ruled out, even though costs as a rule may only be charged to the specific unit class benefiting from a specific service.

1.7 Listing and trading
The units are not listed on an exchange.

1.8 Terms for the issue and redemption of units

1.8.1 Issue
Fund units can be subscribed on the last bank business day of each month (= valuation date). No issues will take place on Swiss public holidays (Easter, Whitsun, New Year's Day, etc.), or on days when the exchanges and markets in the fund's main investment countries are closed or when 50% or more of the investments of the fund cannot be appropriately valued, or under the exceptional circumstances specified under § 17 prov. 4 of the fund contract. Subscriptions must reach the custodian bank at least five bank business days before the valuation date. Subscriptions that do not arrive by this date will be settled at the next valuation date.

For subscriptions for fund units in unit classes (USD) P-PF, (EUR hedged) P-PF and (CHF hedged) P-PF, the total investment by any investor in the investment fund shall be no less than ten units or a minimum of USD, EUR or CHF 10,000, whichever is the lower.

The fund management company and the custodian bank are entitled to reject applications for subscription at their own discretion.

The issue corresponds to the net asset value calculated on the valuation day, plus any issuing commission.

The net asset value of a unit of a class represents the percentage constituted by the unit class concerned of the market value of the fund assets, less all the liabilities of this fund allocated to the respective unit class, divided by the number of units of the relevant class in circulation. The net asset value of a unit is rounded up or down to the smallest unit of the accounting currency.

1.8.2 Redemption
Redemptions may be made at any time by giving 65 calendar days' notice of termination to the last bank business day of any calendar quarter (termination date). No redemptions will take place on Swiss public holidays (Easter, Whitsun, New Year's Day, etc.), or on days when the exchanges and markets in the fund's main investment countries are closed or when 50% or more of the investments of the fund cannot be appropriately valued, or under the exceptional circumstances specified under § 17 prov. 4 of the fund contract. The redemption price corresponds to the net asset value (less any redemption commission). Notices of termination that do not arrive by this date shall be settled on the next valuation date. If only a part of the investor's investment in the investment fund's (USD) P-PF, (EUR hedged) P-PF and (CHF hedged) P-PF unit classes is terminated, the remaining investment must comprise no less than ten units or USD, EUR or CHF 10,000, whichever is the lower.

Payment will be made between fifteen and thirty-five bank business days after the termination date (max. value date 35 days). As an exception and if agreed upon with the fund management company, longer value dates may apply.

The net asset value of a unit of a class represents the percentage constituted by the unit class concerned of the market value of the fund assets, less all the liabilities of the investment fund, divided by the number of units of the relevant class in circulation. The net asset value of a unit is rounded up or down to the smallest unit of the accounting currency.

1.9 Appropriation of income
In principle, net income will be distributed to investors within four months of the close of the financial year at no charge. However, the fund is not expected to generate net income. As a rule, capital gains are not distributed but are retained in the fund for reinvestment.

1.10 Investment objective and investment policy of the fund

1.10.1 Investment objective
UBS (CH) Global Alpha Strategies is a fund the objective of which is to achieve long-term capital appreciation by investing, on a diversified basis, primarily in foreign investment funds (hereinafter "target funds") which generally pursue alternative investment strategies or make alternative investments (generally known as hedge funds or as non-traditional funds). Target funds with low or moderate correlations to traditional market indices are selected in particular to achieve this investment objective. Within the framework of investments in target funds, no more than 30% of the fund assets may be invested in other funds of funds (funds of hedge funds). By diversifying assets among a range of target funds, the fund seeks to achieve performance that is less volatile in both rising and falling markets than would have been possible with investments based on a single approach or with a focus on a single asset class such as equities, debt or commodities. Subject to the conditions set out in this document, the fund is not bound by any fixed criteria in allocating capital to target funds and the target funds have broad scope to take long or short positions depending on the market environment, employ leverage and use derivatives. In addition, the portfolio managers of the target funds must be able to generate risk-adjusted alpha. Alpha is the "added value" achieved by a portfolio manager irrespective of market performance. The fund's assets may be allocated to target funds operating in all global markets and these assets will be reallocated in response to changes in market value and performance. The fund portfolio manager (hereinafter the "asset manager"), UBS Asset Management (Americas) LLC , seeks to maintain a portfolio of investments that achieves a balance of strategies, markets, risks and management styles and may invest excess cash balances in any short-term instruments it deems appropriate.

1.10.2 Investment policy

In accordance with its investment objective, the fund invests at least two-thirds of its assets on a diversified basis in foreign funds (target funds) which pursue alternative investment strategies or make alternative investments (generally known as hedge funds or non-traditional funds). These target funds may be of any legal structure, including collective investment contracts, investment companies, trusts and limited partnerships for which there is no marketing or distribution authorisation in Switzerland.

To achieve its objectives, the fund seeks to diversify its assets by investing in target funds managed by investment professionals of recognised standing with differing investment styles and investments and who invest in different geographic areas. Investment in long-biased funds is not excluded, however, if access to qualified investment experts warrants an allocation. Such investments are made on the basis of an extensive procedure designed to assess the skills of the target fund manager.

Target fund managers may invest and trade in currencies, equities, bonds, forward and futures markets, options and other derivatives. Where appropriate, they may utilise sophisticated and risky investment techniques that generate leverage, such as short-selling, borrowing and the use of derivatives.

Please refer to prov. 1.15 "The material risks" for information on currency risks. The fund management company may take up credits for an amount of up to 25% of net fund assets. Besides bridging short-term liabilities, any funds so borrowed may also be used for investment purposes.

After deducting liquid assets, the fund management company may invest up to one-third of the fund's assets in:

– debt paper and rights issued by domestic and foreign borrowers;
– convertible bonds, convertible notes and warrant issues denominated in freely convertible currencies;
– equities and other equity paper and rights issued by companies worldwide;
– money market instruments denominated in freely convertible currencies, issued by domestic and foreign borrowers;
– derivatives (including warrants) on the investments mentioned above;
– units of other collective investments (with equivalent or non-equivalent supervision) that are not hedge funds;
– bank deposits.

Investment restrictions of the fund

– No more than 20% of the fund's assets may be invested in the same target fund.
– The fund's assets shall be invested in a minimum of 8 target funds.
– In the case of direct investments, including money market paper, no more than 10% of the fund's assets may be invested in securities and rights issued by the same issuer.
– The fund management company may not invest more than 30% of the fund's assets in investments managed by the same manager or invest in more than three target funds managed by the same manager.
– The fund management company may not issue any individual asset management mandates (managed accounts). However, the fund management company may make investments of up to 20% of the fund's assets in companies which it wholly controls, i.e. special-purpose vehicles, provided that the Board of Directors of such companies is controlled by the fund management company and the company has transferred asset management to an external manager. Such companies may not have any business purpose other than holding assets on behalf of the fund. The accounts of such special-purpose vehicles shall be consolidated with those of the fund and audited by the external auditors.
– Investments are made only in financial instruments in the broadest sense; the fund management company may not invest directly in physical goods (commodities, objets d'art, antiques, etc.). However, specific target funds may hold positions in commodities.
– Any target funds acquired for the account of the fund shall only be subject to the restrictions specified in the applicable basic documents (information memorandum, prospectus, scheme, particulars, placement memorandum etc.). Neither the fund management company or the custodian bank or their agents shall be liable in respect of compliance by individual target funds with applicable guidelines and restrictions.
– The fund management may invest a maximum of 30% of the fund assets in target fund of funds.

Detailed restrictions are set out in § 15 of the fund contract.

Difference between traditional and alternative investment funds

Traditional funds comprise investments in traditional asset classes (stocks, bonds, etc.) and pursue an investment policy which uses traditional methods (purchase of possible investment instruments, reallocations following changes in market assessments, hedging transactions, etc.).

In contrast, hedge funds do not primarily aim to build long positions through exposures to specific markets or investment instruments. Instead, they are more likely to take up uncovered short positions. Typical features of hedge funds may include increased borrowing, extensive use of derivatives (e.g. options, futures, interest-rate and currency swaps and foreign-exchange forwards) and uncovered short sales. The use of these instruments means that the capital invested by the investor is smaller than the corresponding exposure, producing a leverage effect. Because of these characteristics, hedge funds are exposed to additional risks besides the usual market, credit and liquidity risks associated with traditional funds. Some of these risk factors are described below, but no warranty or representation is given as to the completeness of the information provided.

Examples of alternative investment strategies include equity hedged, relative value, credit, trading and multi-strategy. These strategies are explained in detail in prov. 1.10.2 and in the Glossary (Part II). It is important to note that an investment in this fund entails additional potential risks compared with traditional funds. This is because the target funds included in this fund are able to utilise leverage, which may increase the adverse effect of borrowing by the fund itself on its assets. Accordingly no representation or warranty is made that the investment policy or the implementation of investment objectives or strategy will be successful, that any target funds selected will have low correlation with each other, or that the fund's returns will exhibit low correlation with traditional securities portfolios.
In view of these additional risks, prospective investors should consider the following factors in determining whether an investment in this fund is appropriate for them. The selected risk factors set out below may not be a complete list of all risk factors associated with an investment in this fund.

Fund of funds' structure
Since the fund primarily invests in funds and only makes limited direct investments in individual securities, the fund falls into the category of a fund of funds.

Advantages of a fund of funds:
- The asset manager seeks to invest in target funds that have a low correlation to each other, thereby achieving a higher degree of diversification when compared to many target funds.
- The comprehensive selection process performed by the asset manager using qualitative and quantitative criteria makes it possible to identify the most appropriate target funds worldwide.
- As a result of ongoing monitoring and control (due diligence) performed by the asset manager, and the related supervisory function performed by the fund management company, assets can be monitored regularly with regard to the investment objective and adjusted in line with market changes as necessary.
- Disadvantages of a fund of funds' structure:
- An additional level of costs could be avoided if investments were made directly in individual target funds.
- Individual target funds may employ considerable leverage over which the fund of funds' management company has no control.

Diversification of investment strategies
In implementing its investment policy, the fund will generally seek diversification among various types of alternative investment strategies, which are subject to the following investment limits:

Investment strategies	Minimum	Maximum
Equity hedged	0%	60%
Relative value	0%	40%
Credit	0%	40%
Trading	0%	40%
Multi-strategy	0%	30%

In addition, it should be noted that the fund management company may hold such liquid assets as it deems reasonable and necessary for investment purposes, including cash and short-term investments.

Definition of individual investment strategies

Equity hedged
Target fund managers may take simultaneous long and short positions in certain equity securities in an attempt to exploit directional price movements. Where necessary, target funds may also use derivative instruments to counter-balance perceived market risks to an equity portfolio. Target funds using equity-hedged strategies often focus on a particular geographic region, sector or market capitalisation to achieve their goal of capital appreciation through stock picking.

Relative value
This investment strategy aims to exploit market inefficiencies. Usually this means entering into simultaneous investments in long and short positions in strongly correlating portfolios. In this strategy, market anomalies are generally identified through statistically based methods.

Credit
The investment strategy aims to profit from credit market growth, the volatility of credit spreads and growth in the area of credit default swaps and levered transactions. Target fund managers have the flexibility to allocate capital dynamically across a broad selection of global credit trading strategies, markets and vehicles. Moreover, such investment opportunities may change.

Trading
With a trading strategy, equities, fixed-income instruments, currencies and commodities are traded on financial markets worldwide, including in emerging markets. In elaborating the investment strategy, the manager focuses on macro-economic fundamentals. The monetary policies of central banks, changes in fiscal policies, GDP growth and inflation are analysed in order to

assess the market situation. Opportunistic long or short positions are built up in order to exploit the market movements forecast. Managers can concentrate their trading strategies on one or two sub-segments of the global capital markets or carry out a technical analysis of price and market data in order to pinpoint trends in a broad range of markets. Trading strategies generally include the use of derivatives and leveraging.

Multi-strategy
This strategy aims to generate added value by simultaneously employing different strategies and allocating the assets accordingly.

Collateral strategy for securities lending or transactions with derivative financial instruments
Counterparty risks may arise in connection with securities lending or transactions with derivative financial instruments. These risks are minimised as follows:

Level of collateral:
All loans relating to securities lending transactions must be collateralised in full, and the value of the collateral must amount to at least 105% of the market value of the loaned securities. In addition, individual collateral may be valued at a discount. This discount is based on the volatility of the markets and the forecast liquidity of the collateral. Derivative transactions are collateralised in line with the applicable provisions governing the settlement of these types of transactions. Derivative transactions that are settled centrally are always subject to collateralisation. The scope and extent are geared toward the relevant provisions of the central counterparty or the clearing agent.
In the case of derivative transactions that are not settled centrally, the fund management company or its agents may conclude mutual collateral agreements with the counterparties. The value of the collateral exchanged must at all times be at least equivalent to the replacement value of the outstanding derivative transactions. In addition, individual collateral may be valued at a discount. This discount is based on the volatility of the markets and the forecast liquidity of the collateral.

The following types of collateral are permitted:
- Shares, provided they are traded on a stock exchange or another market open to the public, have a high level of liquidity, and are part of a representative index.
- The following are deemed equivalent to shares: listed ETFs in the form of securities funds, other funds for traditional investments pursuant to Swiss law or UCITS, provided they track one of the indices above and physically replicate the index. Swap-based, synthetically replicated ETFs are not permitted.
- Bonds, provided they are traded on a stock exchange or another market open to the public and the issuer has a first-class credit rating. No rating is required for sovereigns from the US, Japan, the UK, Germany and Switzerland (including the federal states and cantons).
- The following are deemed equivalent to sovereigns: tradable treasury savings notes and treasury bills with a state guarantee, provided the country or the issue has a first-class credit rating or is issued by the US, Japan, the UK, Germany or Switzerland (including the federal states and cantons).
- Money market funds, provided they comply with the SFAMA guideline or the CESR guideline for money market funds, can be redeemed on a daily basis, and the investments are of high quality or are classified as first-class by the fund management company.
- Cash collateral, provided this is in a freely convertible currency.

Collateral margins
The following minimum discounts apply when collateralising lending within the scope of securities transactions (% discount versus the market value):

Listed shares and ETFs	8%
Sovereigns (incl. treasury bills and treasury savings notes) issued or guaranteed by the US, the UK, Japan, Germany or Switzerland (incl. the cantons and municipalities)	0%
Other sovereigns (incl. treasury bills and treasury savings notes)	2%
Corporate bonds	4%
Cash collateral, provided it is not in the fund currency	3%
Money market funds	4%

The following minimum discounts apply when collateralising derivatives that are not settled centrally (% discount versus the market value), provided a collateral agreement has been concluded with the counterparty:

Cash	0%
Sovereigns with a residual term of up to 1 year	13%
Sovereigns with a residual term of 1-5 years	3-5%
Sovereigns with a residual term of 5-10 years	4-6%
Sovereigns with a residual term of more than 10 years	5-7%

Cash collateral can be reinvested as follows and subject to the following risks:
Sight deposits or deposits that can be terminated at short notice, sovereigns with a high credit rating, money market instruments with counterparties that have a high credit rating, and money market funds that are subject to the SFAMA guideline or the CESR guideline for money market funds.

Cash collateral must always be invested in the same currency in which the collateral was accepted.

The fund management company monitors the risks arising from reinvesting the cash collateral on a regular basis. Nevertheless, these investments are prone to credit risk and the value can be adversely impacted by fluctuations in value. In addition, a certain level of liquidity risk cannot be excluded.

Conversion of units
Unitholders may switch monthly from one class of units into another. No commission is currently charged for such switches. The same provisions apply to the submission of conversion applications as apply to the issue of units (cf. § 17). The number of units into which the investor would like to convert his or her units is calculated using the following formula:

$$A = \frac{(B * C) * E}{D}$$

where:

A = number of units of the unit class into which the investor wants to convert
B = number of units of the unit class from which the investor wants to convert
C = the net asset value of the units presented for conversion
D = net asset value of the units of the unit class in which the conversion is to take place
E = the exchange rate on the day of the valuation of the units to be converted

The conversion is carried out using the conversion rate valid on the day of valuation; in other words using the rate applied for the conversion of the net asset value of the unit classes as specified in § 16.

1.10.3 Use of derivatives
The fund management company may make use of derivatives. However, even under extraordinary market circumstances the use of derivatives must not alter the fund's investment goals or lead to a change in its investment profile. Commitment approach II shall be used for the measurement of risk.

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

Both basic and exotic forms of derivatives may be used in a negligible amount as described in detail in the fund contract (cf. § 12), provided their underlying securities are permissible investments in accordance with the investment policy. The derivatives can be traded on a stock exchange or another regulated market open to the public or concluded as over-the-counter (OTC) transactions. Besides market risk, derivatives are also subject to counterparty risk, i.e. the risk that the contracting party is unable to meet its obligations and causes a financial loss as a result.

Besides credit default swaps (CDSs), all other forms of credit derivatives (e.g. total return swaps (TRSs), credit spread options (CSOs), credit linked notes (CLNs)) which can be used to transfer credit risks to third parties, so-called risk buyers, may be acquired. These risk buyers are compensated with a premium. The level of this premium depends on a number of factors including the likelihood of a loss occurring and the maximum loss; as a rule both of these factors are difficult to assess, which in turn increases the risk associated with credit derivatives. The fund may act as a risk buyer or seller. The use of derivatives may result in the fund's assets being leveraged or be tantamount to a short sale. The overall investment in derivatives may reach up to 100% of the fund's net assets, taking the fund's total investment to up to 200% of its net fund assets. Detailed information on the investment policy and its restrictions, as well as the permitted investment techniques and instruments (in particular derivative financial instruments and their scope), are contained in the fund contract (see Part II, §§ 7–15).

1.11 Net asset value
The net asset value of a unit of a class represents the percentage constituted by the unit class concerned of the market value of the fund assets, less all the liabilities of this fund allocated to the respective unit class, divided by the number of units of the relevant class in circulation. The figure shall be rounded up or down to the smallest unit or accounting currency unit.

Calculation of net asset value/valuations
There can be no guarantee or assurance that the net asset value calculated reflects the actual selling price immediately realisable on the investments, even if such sales occur immediately after the valuation date. If any sale of investments generates fewer proceeds than estimated, the remaining participating unitholders will see the net asset value of the fund reduced. Furthermore, certain securities in which target funds invest may not have a readily ascertainable market price. Such securities will generally be valued by the custodian bank or the target fund manager; their valuation will be binding upon the fund, even though the target

fund management will generally face a conflict of interest in valuing such securities because the value thereof will affect their commission.

1.12 Remuneration and incidental costs

1.12.1 Remuneration and incidental costs charged to the fund's assets (excerpt from § 19 of the fund contract)

For all unit classes
Management fee charged by fund management company for all unit classes must not exceed 0.1375% monthly (1.65% p.a.)

This fee is appropriated for management purposes, asset management and, where applicable, distribution activity in relation to the investment fund and/or performance of the duties outlined in § 6 prov. 4 d) of the fund contract as well as for all the custodian bank's activities, such as safekeeping of the fund's assets, the handling of the fund's payment transactions, and the other tasks listed in § 4.

A detailed breakdown of the remuneration and incidental costs not included in the management fee is set out in § 19 prov. 2 of the fund contract.

The actual rates applied can be found in the annual and semi-annual reports.

The management commission charged by the target funds in which the fund invests may not amount to more than 3%. The maximum commission rate chargeable by target funds in which the fund invests must be set out in the annual report.

1.12.2 Total expense ratio
No up-to-date TER is available from the majority of the target funds in which this fund's assets are invested. As a consequence, no TER is calculated for these funds in accordance with the corresponding guidelines of the Asset Management Association Switzerland.

1.12.3 Payment of retrocessions and rebates
Payment of retrocessions, rebates and individually agreed upon fees
The fund management company and its agents may pay retrocessions as compensation for distribution activity in respect of fund units in or from Switzerland. This compensation may be used in particular to cover the following services:
– all activities that are intended to promote distribution activity or the brokering of fund units;
– such as the organising of road shows,
– attending conferences and trade fairs,
– producing promotional materials and training sales staff, etc.

Retrocessions do not constitute rebates even if they are ultimately passed on to investors wholly or in part.

The recipients of retrocessions undertake to ensure transparent disclosure and to inform investors free of charge with regard to the amount of the compensation that they may receive for distribution activity.

The recipients of retrocessions shall, upon request, disclose the amounts they have effectively received from these investors for the distribution of the collective investments.

The fund management company and its agents may, upon request, pay rebates (pursuant to the SFAMA Transparency Guidelines of 22 May 2014) directly to investors as part of distribution activity in or from Switzerland. Rebates may serve to reduce fees or costs charged to the respective investors. Rebates are permitted provided they are:
– paid from the fund management company's fees and therefore do not generate any additional costs for the fund assets;
– granted on the basis of objective criteria;
– granted at the same time and on equal terms to all investors who meet the objective criteria and request rebates.

The objective criteria for the granting of rebates by the fund management company shall be the following:
– the amount subscribed by the investor or the total amount held by the investor in a collective investment scheme, or possibly in the product range of the promoter;
– the amount of fees generated by the investor;
– the investment behaviour practised by the investor (e.g. expected duration of their investment);
– the investor's willingness to provide support during the collective investment scheme's inception phase.

The fund management company shall disclose the amount of each rebate free of charge upon request of the investor.

In connection with execution-only mandates, the fund management company and its agents may determine the fees by way of individual agreements with investors for unit class "I-B". The conditions for individually agreed upon fees are based on the conditions governing rebates. Individually agreed upon fees are therefore permissible provided that:
– they do not represent an additional charge to the fund assets;
– they are determined based on objective criteria;

– equal treatment is given to all investors who meet these objective criteria and who request an individually agreed upon fee within the same timeframe.

If the fund management company and its agents determine the fees individually with investors for the corresponding unit classes, the following objective criteria shall apply:
– the investment volume held by the investor in the fund;
– if applicable, the total volume in and total proceeds held by the investor from the promoter's product range (including UBS Group, UBS Investment Foundations, etc.);
– the investment behaviour shown by the investor (e.g. investment period or investment quarter);
– the investor's willingness to provide support in the launch phase of the fund.

At the request of the investor, the fund management company or its agents shall disclose free of charge the application of the criteria to the investor's situation and the resulting fee.

1.12.4 Remuneration and incidental costs charged to the investor (excerpt from § 18 of the fund contract)

Issuing commission accruing to the fund management company, custodian bank and/or distributors in Switzerland and abroad for all unit classes	max. 4%

1.12.5 Performance fee

The fund management company shall also charge a performance fee not exceeding 10% for all "PF" unit classes, calculated on the basis of the performance of the respective fund's net asset value per unit class. The performance fee shall be calculated on each monthly valuation date and, where due, shall be charged to the assets of the relevant unit class. A high watermark shall be applied to the performance fee. Any decline in value relative to the initial issue price or to the high watermark used to calculate the performance fee must be offset before any performance fee is paid. The performance fee shall be based on any portion of the net asset value (after performance fee) exceeding the high watermark. Where a performance fee is payable in any given month, the high watermark for the following month shall subsequently be based on the previous maximum net asset value per unit (net of the performance fee paid).

1.12.6 Commission sharing agreements and soft commissions

The fund management company has not concluded any commission-sharing agreements.
The fund management company has not concluded any agreements relating to soft commissions.

1.12.7 Investments in associated collective investments

No issuing and redemption commission are charged to investments in collective investments that are managed directly or indirectly by the fund management company itself or by a company with which it is associated through common management or control or by a significant direct or indirect shareholding.

1.13 Viewing the reports

The prospectus with integrated fund contract, as well as the annual and semi-annual reports may be obtained free of charge from the fund management company, custodian bank and all distributors.

1.14 Legal form of the investment fund

UBS (CH) Global Alpha Strategies is an investment fund governed by Swiss law established under the "Other funds for alternative investments" category of the Swiss Collective Investment Schemes Act (CISA) of 23 June 2006.

The fund is based upon a collective investment contract (fund contract) under which the fund management company is obliged to provide investors with a stake in the fund in proportion to the fund units acquired by them and to manage this fund at its discretion and in its own name in accordance with the provisions of the law and the fund contract. The custodian bank is party to the contract in accordance with the tasks conferred upon it by law and the fund contract.

1.15 The material risks

General risks

An investment in the fund entails various risks. The value of a fund unit may be subject to substantial fluctuations. No warranty or representation is given that the targeted investment objective can be attained. Any investment in non-traditional investments and thus in the fund is only suitable for risk-tolerant investors with a long-term investment horizon and as an addition to a portfolio that is already broadly diversified.

Limited or no historical reference data for target fund managers

Target funds in which the fund's assets are invested may be new. Investors may therefore have little or no historical information on which to base estimates of the future performance of the fund. For this reason, such investments may involve greater risks than investments in more established target funds. The past investment performance of target funds in which the fund's assets are invested should not be construed as an indication of the future results of any investment scheme. Instead, the investment strategy should be evaluated on the basis that there is no guarantee that the asset managers' assessments of the short or long-term prospects of target fund investments will prove accurate or that the investment objectives will be achieved. The fund may lose the entire amount of the capital invested in specific target funds.

Independence of target funds
Target funds invest wholly independently of one another, which means they may at times hold positions that actually offset one another. Where this is the case, the fund no gains can be generated on these positions, despite incurring expenses on them. In addition, target fund managers may receive remuneration based on portfolio performance. As a result, the manager of a particular target fund may receive performance-related remuneration in respect of assets under management during a period in which the fund depreciated.

Reliance on the fund management company or on the asset manager
The fund management company is responsible for qualitative and quantitative monitoring of the asset manager. The fund management company has ultimate authority and responsibility for the management of the fund. All decisions relating to the investment of the fund's assets have been delegated by the fund management company to the asset manager and will be made by the asset manager. The success of the fund depends on the asset manager's ability to develop and implement appropriate strategies to achieve the fund's investment objectives. The asset manager is not subject to Swiss supervision. The loss of key personnel involved in managing the fund' assets could have a significant adverse effect on fund performance. Unit holders have no right or power to participate in the management of the fund.

Availability of appropriate investments
While the asset manager believes that many attractive investment opportunities are currently available, there can be no assurance that such opportunities will be available on a permanent basis. Although the asset manager believes it can successfully execute the strategy, there can be no guarantee or assurance that it will be able to find enough appropriate investments to adequately deploy the fund's assets, due to the latter's potentially large size, the investment activities of companies which are affiliated to the fund, and the limited capacity of certain target funds. The asset manager may also invest a portion of the fund's assets in direct investments. These investments entail the usual risks associated with equity and debt securities and rights.

Target funds
Target funds and their managers (hereinafter target fund managers) are subject to various risks, including but not limited to operational risks associated with the ability to provide the necessary target fund operating environment such as back office functions, trade processing, accounting, administration, risk management, valuation services and reporting. Target funds may also face competition from other funds, which may be more established, have larger capital reserves and larger numbers of qualified management and technical personnel. In addition, certain target funds may pursue different investment strategies over time, which may limit the fund's ability to achieve its long-term investment objectives. The target funds in which the fund invests are subject solely to the investment restrictions set out in their prospectuses. Furthermore, the fund may face additional risks as the assets of the target funds increase over time. In such instances, a target fund may not have the capacity to adequately manage the higher operating volumes asso- ciated with increased capital reserves. Also, a target fund may be unable to manage increased assets effectively because it may be unable to maintain its current investment strategy or find types of investment better suited to a fund with an increased capital base. As indicated previously, there is also the risk of total loss resulting from an individual target fund. It is also possible that the target funds do not have access to a custodian bank, or to a first class custodian bank, that they are not subject to audit by external auditors, and that in the case of umbrella funds an individual sub-fund may be liable for the losses of another.

Absence of regulatory supervision
Hedge funds are primarily domiciled in countries in which the legal framework and in particular supervision are not comparable to those in Switzerland (no or no equivalent supervision). As a result, hedge funds may not be authorised for marketing or distribution in Switzerland. To minimise the risks of a lack of legal guidelines or supervisory criteria, a comprehensive due-diligence process is used to select appropriate target funds.

Investments in closed-end funds
Investing in closed-end funds involves the following risks:

- There can be no guarantee that investors can redeem their investment at any time.
- Where a closed-end fund is a target fund, the fact that units cannot be redeemed at any time can result in liquidity issues for the investing fund.

Currency risks
Currency risks are hedged for the EUR unit class (EUR hedged) and the CHF unit class (CHF hedged). The effects of fluctuations in the exchange rate between the accounting currency of the fund (USD), CHF and EUR shall be reduced or minimised through the purchase and sale of spot and forward contracts, currency options and currency futures. There can be no assurance or guarantee that such hedging transactions will be successful or that the hedging transactions themselves will not generate significant losses. Neither can there be any guarantee that the unit classes (EUR hedged) and (CHF hedged) can hedge their entire exchange-rate exposure or that any unhedged exchange-rate exposures will not be significant, or that the extent of any hedge will match the risks involved precisely; it may at certain times be materially larger or smaller than such exposures. Hedging transactions will be executed and managed by group companies of UBS Group AG.

Effect of redemptions
If significant redemptions are requested at any one time, it may not be possible to liquidate the fund's investments at the time such withdrawals are requested or it may only be possible to do so at prices which the fund's advisors believe do not reflect the true value of such investments, resulting in an adverse effect on the returns generated by the fund. In addition, although it is

expected that on dissolution of the fund all of its investments will be liquidated and that cash will be distributed to its investors, there can be no assurance that this objective will be attained or that it will be attained within any particular timeframe.

Absence of secondary market
There is no public market for the fund's units at the present time and it is unlikely that any active secondary market will develop. The fund's units are not authorised for any public market under the securities laws of any jurisdiction and may only be sold in accordance with the conditions set out in this document.

Potential operating deficits
The expenses incurred in operating the fund (including any commission payable to the fund's service providers) may exceed the fund's income, thereby requiring that the difference be paid out of the fund's assets, in turn reducing the value of its investments.

Economic conditions
Changes in economic conditions, including but not limited to changes affecting interest rates, the job market, the competitive environment, technological developments, political and diplomatic events and trends and tax laws, may have a significant adverse impact on the fund's assets and earnings outlook. Such changes are beyond the asset manager's control and no guarantee or assurance can be given that the asset manager will be able to anticipate or react promptly to such developments.

Estimates
In most cases, the fund management company will not be in a position to independently assess the accuracy of any valuations received from a target fund or the administrator of a target fund. Furthermore, any information on net asset values made available by the target fund managers will typically be estimates only and subject to adjustment on completion of each target fund's annual audit. Calculations of any gains and losses will be subject to ongoing adjustment, so that no upward or downward value adjustments may be deemed final until the fund's annual audit is completed.

Dividends and distributions
Due to the nature of investments that are made for the fund, they are unlikely to generate any net income; any capital gain generated may be distributed by the fund management company or retained for reinvestment. Accordingly, an investment in the fund may not be suitable for investors seeking regular income for financial or tax planning purposes. However, the fund management company reserves the right to pay dividends.

Leverage, interest rates, margin
Target funds may borrow funds from brokerage firms and banks either directly or indirectly. In addition, target funds may leverage their investment return using options, swaps, forwards and other derivatives and short-selling. While such leverage presents opportunities for increasing total returns, it has the effect of potentially increasing losses as well. Thus any event that adversely affects the value of an investment by a target fund, either directly or indirectly, would be magnified correspondingly by any leverage utilised by that target fund. The cumulative effect of a target fund's use of leverage in a market that moves adversely could result in a greater loss than if leverage were not employed. In addition, interest rates on any borrowing by the fund or a target fund may also affect operating results.
In general, the projected use of short-term margin borrowings by target funds entails certain additional risks. For example, should any securities pledged to brokers to secure target fund borrowing decline in value, or should brokers increase their maintenance margin requirements, then the target funds concerned could be subject to a margin call, pursuant to which the target funds must either deposit additional funds or suffer forced sale of the securities pledged to offset any decline in value. In the event of a precipitous drop in the value of the assets of a target fund, the target fund might not be able to liquidate assets quickly enough to pay off the margin debt and have to suffer mandatory liquidation of positions in a declining market at relatively low prices, thereby incurring substantial losses. The fund has the power to borrow up to 25% of the fund's net assets for investment and cash management purposes.

Foreign investments
It is anticipated that the fund's assets will be invested in units and securities abroad and in foreign currencies. When investing in such units and securities, various factors, in particular political and economic factors, shall be taken into consideration: for example, the increased risk of expropriation and nationalisation, confiscatory taxation, the potential difficulty of repatriating funds, general social, political and economic instability and adverse political developments, the potential imposition of withholding or other taxes on dividends, interest income, capital gains or other income, the risks associated with the small size of the securities markets in such countries and the low volume of trading resulting in potential lack of liquidity and greater price volatility, fluctuations in the rate of exchange between currencies and commissions charged for currency conversion and certain government policies that may restrict a target fund's investment opportunities. In addition, accounting and reporting standards vary considerably from country to country, so that in general less information is available to target funds investing in companies located in such countries than is available to investors in a company that applies Swiss standards. Moreover, an issuer of securities may be domiciled in a country other than the country in whose currency the instrument is denominated. The values and relative yields of securities investments in different countries, and their associated risks, may vary independently of each other.

Transparency
Typically, hedge funds are not required to report on their activities or transactions publicly. This can mean that it is difficult for investors to identify changes in strategy and the related risks.

Special-purpose vehicles
The fund may use companies which are wholly controlled by the fund management company to hold part of its assets subject to the proviso that the special-purpose vehicle entrusts the management of assets to an external manager. Such special-purpose vehicles are generally governed by the laws of off-shore jurisdictions (e.g. British Virgin Islands). The law of such jurisdictions usually provides for a complete legal separation between the special-purpose vehicle and its shareholders insofar as the liabilities of the special-purpose vehicle to third parties are concerned. In exceptional circumstances, however, the fund may be held liable for business transactions carried out by its special-purpose vehicle.

Securities believed to be undervalued or incorrectly valued
Securities that the manager or administrator of a target fund believes are fundamentally undervalued or incorrectly valued may not ultimately be valued in the capital markets at prices and/or within the timeframe the target funds anticipate. This may lead to a partial or total loss of the investment in certain cases.

Illiquid portfolio investments
Target funds may invest in securities that are subject to legal or other restrictions on transfer or for which no liquid market exists. The market prices, if indeed there are any, for such securities tend to be volatile and a target fund may not be able to sell them at the requisite time or to realise what it perceives to be their fair value in the event of a sale. The sale of restricted or illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. Restricted securities may sell at a lower price than similar securities that are not subject to restrictions on resale.

Short sales
Target funds may engage in short-selling. Short-selling involves selling securities which may or may not be owned by the vendor and borrowing the same securities for delivery to the purchaser, with a third-party obligation to replace the borrowed securities at a later date. Short-selling allows the investor to profit from declines in market prices to the extent such declines exceed the transaction costs and the costs of borrowing the securities. A short sale creates the risk of an unlimited loss, as the price of the underlying security could theoretically increase without limit, thus increasing the cost of buying those securities to cover the short position. In addition, there can be no guarantee or assurance that the securities necessary to cover a short position will be available for purchase (cornered stocks). Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

Highly volatile markets
The prices of commodities contracts and all derivative instruments, including futures and options, can be highly volatile. Price movements of forward, futures and other derivative contracts in which a target fund's assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programmes and policies of governments, and national and international political and economic events and policies. In addition, governments intervene from time to time directly and by regulation in certain markets, particularly those in currencies, financial instruments, futures and options. Such intervention is often intended to influence prices directly and may, together with other factors, cause all of such markets to move rapidly in the same direction as a result of interest rate fluctuations and other factors. A target fund is also subject to the risk of the failure of any exchanges on which its positions trade or of their clearing houses.

Further, investors should note that an investment in the fund is to be regarded as a long-term commitment which may be subject to significant fluctuations in value.

THE FOREGOING RISK FACTORS DO NOT PURPORT TO BE A COMPLETE EXPLANATION OF THE RISKS INVOLVED IN THIS INVESTMENT. PROSPECTIVE INVESTORS MUST READ THE ENTIRE PROSPECTUS INCLUDING ALL ATTACHMENTS AND MUST CONSULT THEIR OWN INDEPENDENT PROFESSIONAL ADVISORS BEFORE DECIDING TO INVEST IN THE FUND.

Conflict of interest
The asset manager and other service providers may from time to time act in a similar capacity to, or otherwise be involved in, other collective investment schemes ("other clients"), some of which may have similar investment objectives to those of the fund. As such, the asset manager may – alongside its advisory activities – also participate in other transactions on behalf of other clients or act as their investment advisor with or without an asset management mandate, which may involve the same target funds.

Further conflicts of interest may also arise in future from the investment activities of the fund's investment advisors and any affiliated companies.

The proprietary activities and investment strategies of group companies of UBS Group AG (including the asset manager), and the activities or strategies used for portfolios managed by group companies of UBS Group AG (including the asset manager) on their own behalf, or for managing the assets of other clients, may conflict with the transactions and strategies employed by a target fund and thus may negatively affect the prices and availability of the securities and instruments in which a target fund invests. Issuers of securities held by the fund or by a target fund may hold publicly or privately traded securities in which group companies of UBS Group AG are investors or make a market. The trading activities of group companies of UBS Group AG are generally carried out without reference to positions held by the fund or by a target fund, and may have an influence on the value of the positions so held or may result in UBS AG and its affiliates having interests or positions which may be adverse to those of the fund.

Similar conflicts of interest to those outlined above may arise in respect of target funds in which the fund's assets are invested, and in respect of the managers of those target funds.

Auditing, selection and control procedures (due diligence)
The aim of the selection process is to ascertain the potential ability of target fund managers to generate risk-adjusted "alpha" by conducting in-depth due diligence. This process includes identifying the traits of successful managers and evaluating managers with regard to these qualities, understanding the strategies employed and their associated risks, and validating information gathered on the managers.
The process of selecting an individual target fund is delegated by the fund management company to the asset manager. The fund management company is responsible for monitoring the performance of the functions delegated. It will discharge this duty of due diligence in particular by requiring the asset manager to provide relevant qualitative, quantitative and procedural information on a regular basis and to confirm compliance. Where necessary and in view of the complexity of target funds, the fund management company will also carry out its own spot-checks on the asset manager. There are three main components to the selection process:

a. Screening
The goal of the screening process is to gather all relevant information on a large number of participants in the hedge fund industry at large, and then to filter and prioritise that list to a manageable number of suitable portfolios. Where it was previously possible to wait for a substantial track record to be established before making investment decisions, the due diligence process may now have to begin even before the target fund manager is operational. Qualitative aspects of the target fund manager are therefore also considered in the selection process. Factors such as the professional track record of the target fund manager, strength of recommendations from reliable sources, and the manager's business and strategic approach all play a significant role in determining which target fund managers are the most eligible for selection. Quantitative factors (i.e. historical data) are also used to identify the potential for attractive risk-adjusted alpha. Data on returns, volatility, correlation with underlying markets and target fund manager performance under difficult conditions, for example, all provide information on the manager's approach. Although there are pitfalls in relying on this information, particularly any short data series, using track records at this stage of the process is appropriate. This provides a basis for the analysis and due diligence stages rather than for due diligence itself.

b. Analysis
Following initial contact with a prospective target fund manager, the asset manager will arrange a meeting with the target fund manager. This meeting will concentrate on the key attributes of a first-class target fund manager. A decision is then made as to whether or not to carry out further investigations. Such investigations might include quantitative analysis, further meetings to discuss perceived weaknesses, reviewing documents and questionnaires, and background/reference checks.
– market knowledge
– portfolio management experience
– risk assessment ability
– trading ability
– strategy
– support
– intangibles

c. Due diligence
In conjunction with assessing the target fund manager, an extensive due diligence process is undertaken by the asset manager to verify the information obtained during the selection process, evaluate the target fund manager from a business perspective, and check the suitability of the investment. Much of the information that is received during the investigation process will come from the target fund managers themselves. It is therefore necessary to verify this data (both quantitative and qualitative information) by carrying out further due diligence checks. This stage of the process involves checking numerous references, e.g. from external auditors, legal counsel, prime brokers and trading partners. Documents such as financial statements, registration forms and questionnaires are also used to identify any discrepancies with the information provided by the target fund manager.
Because the performance of any target fund investment is heavily influenced by its management company, the asset manager will take further steps to investigate the longer-term stability of the target fund's management company. This includes reviewing the management company's operations and procedures, staffing levels and plans for expansion. We nevertheless view the prospect of success over the long term as one of the main factors in the investment process.

d. Monitoring/risk control
The aim of the monitoring process is to track the performance of individual target fund managers and the associated risks. During the selection process, the projected future performance and risk of a target fund manager are defined, primarily through qualitative assessments. The monitoring process involves an ongoing review of those projections based on additional data.

Monitoring requires regularly updating information on the underlying risks of a target fund manager's investments. Through frequent contact with the target fund managers, the fund management company ensures that managers are adhering to their original investment style and that their risk profile has not changed significantly. This requires building good working relationships with target fund managers and identifying and tracking factors that could adversely impact performance.

Risk management is applied on two levels: the risk associated with the target fund manager and the risk exposure of the fund's assets. In both cases, a strong understanding of hedge fund strategies, and how market events can impact these strategies, is essential. The monitoring/risk control process therefore begins with monitoring performance and volatility in the financial markets, such as the global equity and bond markets, credit spreads, currencies and commodities. Movements and positioning in these markets are then examined with reference to the individual strategies.

Risk monitoring of individual target fund managers can be considered part of an ongoing manager selection process. The goal is to review target fund managers on a continuous basis using the latest data available to ascertain the manager's ability to produce risk-adjusted alpha in the long term. By comparing performance with risk data and applying an understanding of the strategy as described above, a concrete evaluation can be made. The performance of target fund managers is measured against the asset manager's expectations, appropriate peer groups and in absolute terms.

The main task of the asset manager's team is to roll up exposures to individual target fund managers and view these as a composite. Examples of areas monitored in order to control common risks include:

- Strategy – All target fund managers are grouped according to strategy and totalled to produce a clear strategy breakdown.
- Regions – The overall portfolio is further analysed based on the regional weightings represented by individual target fund managers.
- Exposure (stress) – The asset manager monitors each target fund manager's delta to the market both in normal periods and in periods of volatility. This information is used to estimate how the portfolio as a whole will react to the market.
- Correlations – The correlations between each of the portfolio's target fund managers and major indices are analysed. Excessively high correlations may indicate that a target fund manager is not adding sufficient value to the portfolio.

Advantages for the investor

The fund represents an interesting addition to traditional investments within an investor's portfolio due to the fact that non-traditional funds, including the fund, generally display a low correlation to the financial and capital markets or traditional investments. It is therefore possible to improve the risk/return ratio of a traditional portfolio (i.e. higher expected returns with the same risk or the same expected returns with a lower risk) without impairing the earnings outlook.

The global hedge fund industry includes a large number of very different alternative collective investment instruments. It is therefore extremely difficult for an investor to obtain an industry-wide overview and to update this regularly. With the fund, the asset manager assumes responsibility for market observation, product analysis, selection and monitoring as well as risk management.

The fund is to be a high-quality fund product made up of various hedge funds with all the advantages of a well-diversified, collective investment instrument (lower risk compared to individual direct investments as well as lower cost).

Investments in hedge funds generally require high minimum investments, which means these funds are only open to a small group of investors. In contrast, the fund, which requires a comparatively low minimum investment, enables a larger public to participate in these alternative investments.

1.16 Liquidity risk management / Information on the liquidity management process / Limited liquidity

There may not be a liquid market for units of some of the target funds, which can make fund valuation and the purchase or sale of units difficult. In some cases, this situation may arise as a result of premiums and discounts, which may lead to unfavourable transaction prices. Therefore, under certain conditions, it may be necessary to accept bid and offer rates that differ from the net asset value. In addition, some target funds purchase investments which are difficult to value or are illiquid, resulting at times in substantial price volatility as well as credit-quality and income risks. For some open-end funds, such illiquid investments cause temporary suspension of redemptions, which may also make it necessary for the fund to suspend redemptions during such periods in the interests of all investors. For closed-end funds which are not traded on a stock exchange or other regulated market open to the public, no guarantee or assurance can be given that the liquidity of such investments will always be sufficient to meet redemption requests. Lack of liquidity in the target funds may also affect the ability of the fund to redeem units and the value of the fund's investments (further information is available in the fund contract).

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 under various scenarios and documents these. To this end, the fund management company has defined and implemented processes that make it possible to identify, monitor and report these liquidity risks. To identify the liquidity risks of the investments and to calculate individual liquidity thresholds at sub-fund level, the fund management company relies on models that have been tested in the market and verified by UBS Group specialists. The liquidity thresholds are used to monitor stress reduction scenarios at sub-fund level.

2. Information on the fund management company

2.1 General information on the fund management company

UBS Fund Management (Switzerland) AG, Basel, is the fund management company. It has been active in the fund business since its formation as a limited company in 1959.

2.2. Further information on the fund management company

As at 31 December 2022, the fund management company managed a total of 407 securities funds and 8 real estate funds in Switzerland with assets totalling CHF 302,081 million.

The fund management company also provides the following services:
– representation of foreign collective investments;
– administration services for collective investments.

UBS Fund Management (Switzerland) AG, Aeschenvorstadt 1, 4051 Basel, https://www.ubs.com/ch/de.html

2.3 Management and governing bodies

Board of Directors

Michael Kehl Chairman Managing Director UBS Asset Management Switzerland AG Zurich	Dr Daniel Brüllmann Vice-Chairman Managing Director UBS Asset Management Switzerland AG, Zurich	Francesca Gigli Prym Managing Director UBS Fund Management (Luxembourg) S.A., Luxembourg
Dr Michèle Sennhauser Member Executive Director UBS Asset Management Switzerland AG, Zurich	Franz Gysin Independent Member	Werner Strebel Independent Member

Executive Board

Eugène Del Cioppo CEO	George Pfister Deputy CEO and Operating Office, Finance & HR	Urs Fäs Real Estate Funds
Christel Müller Business Risk Management	Thomas Reisser Compliance & Operational Risk Control	Matthias Börlin Admin, Custody & Tax Oversight
Daniel Diaz Delegation & Investment Risk Management	Melanie Gut Corporate & Regulatory Governance	Patric Schläpfer Corporate Services
Hubert Zeller White Labelling Solutions Switzerland		

2.4 Subscribed and paid-up capital

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

Members of management with special professional qualifications

Mr *Thomas Reisser* was born in 1968. Between 1993 and 2012 he was active as Auditor of Financial Institutions in Germany and Switzerland. In 1998 he obtained the German Auditor diploma and in 2002 the licence from the Swiss Federal Banking Commission as Lead Auditor for banks, securities dealers and investment funds for the first time. This licence was renewed by the FINMA in connection to employment changes in 2006 and 2009. During his extensive experience, Thomas Reisser has executed or been responsible at numerous institutions for the Audit or Quality Assurance of alternative investment funds of diverse jurisdictions according to the applicable accounting standards.

Mr *Cuma Mor*, born in 1973, completed his degree (lic. rer. pol.) in economics at the University of Basel in 2002. After graduating, he worked for Ernst & Young AG as a Junior Auditor, before joining UBS Fund Management (Switzerland) AG in Basel in 2004. Cuma Mor worked in the Product Control area as an Investment Compliance Officer for several years. In 2008, after working for eight months at UBS Global AM in London, he moved to the Compliance and Risk Control department. In this position he performed a monitoring role for asset managers as a Senior Compliance Specialist. He was promoted to the rank of

Director in 2011. In 2008, Cuma Mor successfully completed the Chartered Alternative Investment Analyst (CAIA) programme and in 2011 he obtained a Diploma of Advanced Studies in Compliance Management from Lucerne University of Applied Sciences and Arts/FHZ. Cuma Mor is currently responsible for the Asset Management and Distribution competence centres within the ManCo Oversight & Risk Management department.

Christel Müller, born in 1965, started her career with an apprenticeship as a banking trainee. Having spent many years gaining experience as a client advisor and a risk manager, she moved into the fund business in 2001, taking on various management and supervisory positions within UBS Asset Management. Between 2010 and 2014, she worked in Luxembourg as a member of the Executive Board of UBS Fund Management (Luxembourg) S.A. and as Risk Manager. She now heads the Corporate Governance & Change Management department with the rank of Executive Director.

2.5 Delegation of investment decisions and other specific tasks

The investment decisions and corresponding due diligence process at target fund level have been delegated from the asset manager UBS Hedge Fund Solutions LLC to UBS Asset Management (Americas) LLC, New York (USA). As of 1 April 2024, UBS Hedge Fund Solutions LLC will be integrated into UBS Asset Management (Americas) LLC, operating under the name UBS Hedge Fund Solutions (HFS) as an independent business unit within UBS Asset Management (Americas) LLC and providing investment advisory services to the fund in this context. UBS Asset Management (Americas) LLC is a 100% wholly owned subsidiary of UBS Group AG. The fund management company is responsible for monitoring the asset management transfer. UBS Asset Management (Americas) LLC has many years of experience in asset management services and a broad knowledge of the investment markets. UBS Asset Management (Americas) LLC is an investment advisor registered with the Securities and Exchange Commission in the United States Further particulars on the services provided are set out in an asset management agreement between UBS Fund Management (Switzerland) AG and UBS Asset Management (Americas) LLC.

Edoardo Rulli is Chief Investment Officer (CIO) and Head of HFS. He is a member of the HFS-Management und Senior Investment Forums and the UBS Asset Management Investments Management Committee. Edoardo Rulli is responsible for the management and monitoring of investments in third-party active investment strategies across hedge funds, co-investments and private credit. In his CIO role, he leads the global investment team of HFS and oversees all aspects of portfolio management, asset allocation and manager selection.

Edoardo Rulli is Senior Manager of UBS AM (UK) Ltd and sits on the UBS Optimus Foundation (UK) Limited Board. Before rejoining UBS in 2016, Edoardo Rulli was Head of Research at Falcon Money Management where he joined as partner in 2009. Prior to that in 2008, he was a Director at UBS A&Q AIS, the predecessor unit of HFS, in London. Before that, Edoardo Rulli was a Senior Analyst at Tremont Capital Management in London in 2004, a multi-billion fund of funds. He started his career as an analyst in 2001 at Rasini & C, researching European and Asian hedge funds. Edoardo Rulli has a Bachelor degree from Bocconi University and looks back on more than two decades of experience in the investment industry.

Barry Gill was appointed Head of Investments in November 2019 and is a member of the UBS Asset Management Executive Team. He was Head of Active Equities within UBS Asset Management from early 2016. Before that, he joined O'Connor in 2012 as a member of the management group where he ran a concentrated long/short strategy. Prior to joining O'Connor, Barry Gill was head of the Fundamental Investment Group (Americas) for six years within UBS Investment Bank, investing and trading the firm's principal capital.

In the year 2000, Barry Gill moved from London to the US to rebuild the long / short principal investing effort within Equities following the creation of O'Connor as a hedge fund business. In his five years in London at SBC and UBS, he was co-head of Pan-European Sector Trading, a proprietary book, and co-head of European Risk Program Trading for two years, preceded by two years as the head of the French trading book. Barry Gill joined SBC's European derivatives desk as a graduate trainee in 1995. Barry Gill has a degree in B. Commerce (Intl) with German from University College Dublin. He looks back on more than two decades of experience in the investment industry.

2.6 Delegation of administration

The administration of the investment funds, particularly accounting, the calculation of net asset values, tax statements, the operation of IT systems and the drafting of performance reports, has been delegated to Northern Trust Global Services SE, Leudelange, Luxembourg, Basel branch. The precise duties involved are set out in an agreement between the parties.

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

3. Information on the custodian bank

3.1 General information on the custodian bank

UBS Switzerland AG is the custodian bank. 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 as well as the Wealth Management business booked in Switzerland of UBS AG.

UBS Switzerland AG is a group company of UBS Group AG. With consolidated total assets of USD 1,104,364 million and published capital and reserves of USD 57,218 million as at 31 December 2022, UBS Group AG is financially one of the strongest banks in the world. It employs 72,597 staff worldwide and has an extensive network of offices.

3.2 Further information on the custodian bank

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

The custodian bank may delegate the safekeeping of the fund's assets to third-party or collective depositories in Switzerland and abroad, provided that this is in the interests of proper safekeeping. The custodian bank may transfer financial instruments only to third-party or central depositories subject to regulatory supervision. This provision shall not apply in cases where assets have to be held in safekeeping at a location at which the transfer of the assets to third-party or central depositories subject to supervision is not possible, in particular in light of requirements imposed by law or the specific characteristics of the investment product.

This is subject to the following risks: Third-party and central depositories mean that the fund management company no longer has sole ownership of deposited securities, but only co-ownership. Moreover, if the third-party and central depositories are not supervised, they are unlikely to meet the organisational requirements placed on Swiss banks.

The custodian bank shall be liable for any losses caused by the agent unless the bank is able to prove that due care was exercised in the selection, instruction and supervision of the agent.

The custodian bank has been registered with the tax authorities in the United States as a Reporting Financial Institution under a Model 2 IGA as provided for by Sections 1471 – 1474 of the U.S. Internal Revenue Code (Foreign Account Tax Compliance Act, including related ordinances, FATCA).

4. Information on third parties

4.1 Paying agents

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

4.2 Distributor

UBS Asset Management Switzerland AG, Zurich, is responsible for investment activity in respect of the fund.

5. Further information

5.1 Useful information

Unit class	Securities no.	ISIN
(USD) P-PF	10 769 087	CH0107690874
(EUR hedged) P-PF	10 769 088	CH0107690882
(CHF hedged) P-PF	1 878 471	CH0018784717
(USD) Q-PF	28 983 585	CH0289835859
(EUR hedged) Q-PF	28 983 594	CH0289835941
(CHF hedged) Q-PF	28 983 525	CH0289835255
(USD) I-A1-PF		
(EUR hedged) I-A1-PF		
(CHF hedged) I-A1-PF		
(USD) I-A2-PF		
(EUR hedged) I-A2-PF		
(CHF hedged) I-A2-PF		
(USD) I-A3-PF		
(EUR hedged) I-A3-PF		
(CHF hedged) I-A3-PF	2 8482674	CH0284826747
(USD) I-B-PF		
(EUR hedged) I-B-PF		
(CHF hedged) I-B-PF	35727822	CH0357278222
(USD) I-B		
(EUR hedged) I-B		
(CHF hedged) I-B		
Listing	None	
Financial year	2 January to 1 January	
Accounting currency	USD	
Units	Units do not take the form of actual certificates but shall only exist purely as book entries.	

5.2 Publication of official notices by the investment fund

Further information on the fund may be found in the latest annual or semi-annual report. The latest information can also be found on the Internet at www.ubs.com/fonds.

In the event of an amendment to the fund contract, a change of fund management company or of custodian bank, as well the dissolution of the fund, the corresponding notice will be published by the fund management company with Swiss Fund Data AG (www.swissfunddata.ch).

Prices are published for all unit classes for each day on which units are issued or redeemed (daily) on the website of Swiss Fund Data AG at www.swissfunddata.ch, on the Internet at www.ubs.com/fonds as well as in any other electronic media and Swiss and international newspapers.

5.3 Sales restrictions

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

Investors who are US persons must not be offered, sold or supplied with any units of this investment fund. A US person is someone who:

(i) is a United States person within the meaning of paragraph 7701(a)(30) of the US Internal Revenue Code of 1986 (as amended) and the Treasury Regulations enacted in the Code;
(ii) is a US person within the meaning of regulation S in the US Securities Act of 1933 (17 CFR § 230.902(k));
(iii) is not a non-US 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 of America within the meaning of rule 202(a)(30)-1 of the US Investment Advisers Act of 1940 (as amended); or
(v) is a trust, a legal entity or another structure founded for the purpose of allowing US persons to invest in this investment fund.

6. Detailed regulations

Further information on the fund, such as the valuation of the fund’s assets, a list of all remuneration and incidental costs charged to investors and the fund and the appropriation of net income, is set out in detail in the fund contract.

Part II Glossary

A

Absolute return
An absolute return investment objective or feature means that the return sought is defined as an absolute value. Fund managers generally try to achieve this objective as independently as possible from the general performance of the markets.

Administrator
An administrator takes on administrative responsibilities for the fund management, e.g. computing the net asset value of funds, settling the issue and redemption of units and managing the register.

Alpha
The difference between a portfolio's risk-adjusted return and the return for an appropriate benchmark portfolio. Measures the "value added" by a portfolio manager in selecting securities regardless of market performance.

Alternative investment strategy
In this Prospectus with an integrated Fund Contract, the generic term "alternative investment strategy" refers to the way in which a hedge fund is managed. The investment strategy is thus the method used to manage a hedge fund.

Arbitrage
An investment strategy that makes it possible to exploit market inefficiencies and to profit from them. There are various types of arbitrage, such as equity, bond and currency arbitrage. Income from arbitrage is largely independent of market movements; it is primarily based on price differences in the various markets.

Asset manager
Person who makes the investment decisions for the fund.

B

Back office
Department of a bank which carries out processing functions (e.g. settlement and transfers for securities trading).

Broker
Dealer who carries out stock market transactions on behalf of and for the account of the fund.

Brokerage
Bank commission charged when buying or selling securities. Also called agent's commission or transaction commission.

C

Call option
Option that gives the purchaser the right, but does not oblige the purchaser, to purchase a specified quantity of an underlying security at a predefined strike price up to or on a specified date.

Cash
Liquid assets, i.e. bank deposits at sight or on demand with maturities of up to twelve months.

CISA
Swiss Federal Act on Collective Investment Schemes of 23 June 2006.

CISO
Swiss Federal Council Ordinance on Collective Investment Schemes of 22 November 2006.

Closed-end funds
Funds where the fund management or management company is not obliged to redeem units of the fund.

Commodities
Raw materials

Commodity trading advisors (CTA)
CTAs trade options, futures and other derivative instruments on various commodity, currency and financial markets.

Correlation
Statistical ratio for measuring the sensitivity of investment performance to market performance or the performance of other investment instruments.

Credit rating
Reputation of a borrower or a partner with regard to its solvency.

Credit spread
The credit spread is the difference in the market yield of a fixed-income corporate bond and a government bond with the same maturity and currency. Credit spreads are influenced by issuer credit quality.

Currency swap
See Swap

Custodian
See Custodian bank

Custodian bank
According to the Swiss Collective Investment Schemes Act, the custodian bank is responsible for the safekeeping of fund assets. It may delegate this responsibility to third parties. The custodian bank for the fund is UBS AG, Basel and Zurich.

D

Delta
Best-known measure of risk for an option. The delta measures the sensitivity of the value of an option to a change in the value of the underlying security. For calls, the delta lies between 0 and 1; for puts between 0 and –1. Options with high delta follow the price fluctuations in underlying securities more closely than options with low delta. The lower an option is "in the money", the higher its delta.

Derivatives (derivative instruments)
Financial instruments derived from underlying instruments or reference rates, such as options, futures, interest rate and currency swaps and forward transactions.

Distressed securities
Securities of companies which are undergoing reorganisation/restructuring or bankruptcy proceedings.

Diversification
Diversification means spreading an investment across various currencies, countries, investment instruments, securities etc.

Due diligence
In-depth auditing, selection and screening procedure for selecting and monitoring securities or investments, in this case the target funds of this fund.

E

Emerging markets
Emerging markets refer to all markets which are still at an early stage of development, which can typically entail highly volatile market prices and temporary liquidity problems. Emerging market countries may also be associated with high levels of political or economic risk.

Equity hedged
Strategies which take long and short positions on equities (weighting between long and short positions varies widely from strategy to strategy). Largest sector of the hedge fund industry. Hedging by means of short-selling, options and futures.

Exposure
Exposure means the exposure incurred from holding a position in securities. In the case of derivatives, exposure does not just include the applicable contract value but also any resulting leverage.

F

Fair value
Fair value means the value of an investment justified on fundamental economic grounds and based on the subjective assessment of a fund manager or analyst. The current market value may deviate significantly from the fair value, especially during a liquidity crisis.

FINMA
The Swiss Financial Market Supervisory Authority for banks, funds, securities dealers and stock exchanges.

Fund
A pool of assets provided by investors in response to public advertisements for the purpose of collective investment and managed by a fund management company.

Fund management company
The fund management company manages the fund at its own discretion and in its own name, but for the account of the investors. In particular, it makes all decisions relating to the issuing of units, the investment policy and the proportion of liquid assets held. It calculates the net asset value, sets the issue and redemption prices of units and also determines the distribution of income. The fund management company exercises all rights relating to the fund. The fund management company can delegate investment

decisions as well as other specific tasks, provided that it is in the interest of efficient management. The fund management company is liable for the actions of its agents as if they were its own actions.

Fund of funds
Fund more than 49% of whose assets are invested in other funds.

Future
Standardised futures contract traded on a stock exchange; a future is a derivative financial instrument.

H

Hedge fund
Unlike traditional funds, hedge funds do not invest their assets with reference to asset classes but with reference to alternative investment strategies, such as arbitrage, commodity trading advisor (CTA), sector, emerging markets, global macro and opportunistic strategies. They usually employ derivatives, borrow funds and engage in short-selling. Accordingly, hedge funds often utilise leverage in connection with investments.

High watermark
Following declines in prices, the manager is only entitled to a share in any profits, i.e. the performance fee, once the losses have been offset, i.e. once the initial maximum net asset value per unit, in respect of which a performance fee was paid out, has again been exceeded.

High yield
A high yield strategy means investing in low-rated fixed-income securities of companies that show significant upside potential. This strategy is generally long-biased and involves in-depth fundamental credit analysis to identify holdings that offer the best risk/return profile.

I

Interest-rate swap
See Swap

Investment company
A limited company listed on the stock exchange, whose principal activity involves acquiring holdings in other companies.

L

Leverage
As regards fund investments, leverage is achieved through borrowing and/or derivative financial instruments.

Limited partnership
A partnership with two kinds of partners: limited partners, who provide financial backing and have little role in management and no personal liability, and general partners, who are responsible for managing the entity and have unlimited personal liability for its debts.

Liquid assets
See Cash

Long position
A long position occurs when securities are purchased without simultaneously selling identical securities or hedging with derivatives.

M

Maintenance margin
The minimum margin which an investor must keep on deposit in a margin account at all times in respect of each open futures contract.

Manager
See Target fund manager

Managed account
A large securities account which is managed by the bank on the basis of a client asset management mandate. Under this mandate, the client appoints the bank and the bank undertakes to take any action deemed necessary within the scope of normal asset management practice, e.g. switching securities in line with market conditions and reinvestment via repayment of freed-up assets.

Management buyout
Takeover of a company by the existing management.

Margin call
Sum needed to increase coverage for futures when their price has fallen below a certain limit (maintenance margin).

Merger arbitrage
The merger arbitrage strategy seeks to capture the price spread between current market prices and the value of securities upon successful completion of a merger, acquisition or contract for control. Spreads in this strategy tend to reflect the market's willingness to take on transaction risk. Legal, tax and regulatory issues can always add to the risk that the deal will not be completed.

N

Net asset value
The net asset value (NAV) is the total of all assets of a fund less all of its liabilities at current market value.

Non-traditional funds
See Hedge fund

O

Open-end funds
Funds for which the fund management or fund management company is obliged to redeem units at market value.

Option
The right to buy (call) or sell (put) a specified amount of a certain underlying instrument at a predetermined price on or by a specified future date; an option is a derivative financial instrument.

Other special situations
Other special situations include investments that take advantage of corporate events such as spin-offs, restructurings, leveraged recapitalisations, stock buybacks or other well defined catalysts. Holding company and share class arbitrages are also included in this category.

Over-the-counter (OTC)
The trading of commodities, contracts, or other instruments not listed on any exchange. OTC transactions also include non-listed securities traded over the telephone.

P

Performance fee
Performance-based remuneration for the manager of a portfolio or fund. In Switzerland, the performance fee must be linked to the "high watermark" principle.

Price volatility
See Volatility

Put option
Option that gives the purchaser the right, but does not oblige the purchaser, to sell a specified quantity of an underlying security at a predefined price up to or on a specified date.

R

Relative value
This investment strategy aims to exploit market inefficiencies. Usually this means entering into simultaneous investments in long and short positions in strongly correlating portfolios. In this strategy, market anomalies are generally identified through statistically-based methods.

S

Sales agency
Organisation or individual that offers and distributes fund units in a professional capacity.

Screening
The process of filtering the investment universe to a manageable number of quality prospects and prioritising the research.

Sector
Investment strategy which concentrates its investments on industries and sectors which have medium to long term superior growth potential. As a rule, long positions are generally assumed.

Short position
A short position results from the sale of securities, derivatives, currencies etc. which the seller does not possess at the time of the sale (short sale).

Short-selling
Selling securities which the seller does not own at the time of the trade. Short sales are usually made in expectation of a decline in the security's price.

Solvency risk
Risk of a borrower or partner becoming insolvent.

Special-purpose vehicle
An entity set up for a limited purpose, which is usually to purchase and finance investments. The entity may be set up in the form of an incorporated company or partnership or in the form of a trust. Under the articles of association, partnership agreement or trust deed it is generally not permitted to incur liabilities or engage in any business beyond such hedging activity connected with its purpose as is necessary and expedient.

Standard deviation
Statistical ratio for measuring the risk of an investment. The standard deviation expresses the price fluctuation of an investment. As a general rule: the higher the standard deviation of the investment, the greater the risk.

Stock picking
Targeted selection of securities according to clearly defined criteria (usually corporate fundamentals).

Strategy
See Alternative investment strategy

Swaps
Exchange of future payment flows between two parties, with the payment flows being based on e.g. interest rates and currencies (interest-rate and currency swaps). Swaps are derivative financial instruments.

T
Target funds
Domestic and foreign funds (primarily hedge funds or non-traditional funds) the units of which are/were subscribed for the fund.

Target fund manager
Portfolio manager of a target fund

Traditional
With the traditional investment strategy, investments are made in traditional securities and other equity and debt securities or book-entry securities.

Trading (strategy)
Generally active yield strategies. Potential for high absolute returns and significant “draw downs”. Low Sharpe ratio and low correlation with equities and bonds. Access to markets that are traditionally underinvested.

Trust
A trust is generally used to combine the assets of several persons and to have them managed on a fiduciary basis.

V
Value-at-risk
The value-at-risk is a single number describing the expected loss one out of 100 times for a given time frequency. Diversified portfolios reduce VaR as correlations among individual hedge fund managers get smaller.

Volatility
As a rule, the volatility of securities, currencies etc. is used to measure the risk of an investment (in the form of a standard deviation).

Part III Fund contract

I. Basis

§ 1 Name of the fund, name and domicile of the fund management company, custodian bank, and asset manager

1. A contractually based investment fund of the type "Other funds for alternative investments with special risk" has been established under the name of UBS (CH) Global Alpha Strategies in accordance with Art. 25 ff in association with Art. 71 of the Swiss Collective Investment Schemes Act (CISA) of 23 June 2006.

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

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

4. The asset manager is UBS Asset Management (Americas) LLC, New York (USA).

II. Rights and obligations of the contracting parties

§ 2 Fund contract

The legal relationship between the investors on the one hand and the fund management company and the custodian bank on the other shall be governed by this fund contract and the applicable provisions of Swiss legislation concerning collective investment schemes.

§ 3 Fund management company

1. The fund management company manages the fund at its own discretion and in its own name, but for the account of the investors. In particular, it shall make all decisions relating to the issuing of units, the investments and their valuation. It calculates the net asset value, sets the issue and redemption prices of units and also determines the distribution of income. The fund management company shall exercise all rights associated with the fund.

2. The fund management company and its agents shall act in good faith and have a duty to exercise due diligence and provide information. They shall act independently and exclusively in the interests of investors. They shall take any organisational steps that may be required to ensure the proper conduct of business. They shall 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 benefit.

3. The fund management company may delegate investment decisions and specific tasks to third parties, provided that this is in the interest of efficient management. It shall only engage persons who have the necessary skills, knowledge and experience for this activity and the required authorisation. It must carefully instruct and supervise the third parties it uses. The investment decision may only be delegated to asset managers who have the necessary authorisation.

   The fund management company remains responsible for fulfilling its supervisory duties and must safeguard the interests of investors when delegating tasks. The fund management company is liable for the actions of persons to whom it has delegated tasks as if they were its own actions.

4. The fund management company may, subject to the consent of the custodian bank, submit amendments to this fund contract to the supervisory authority (cf. § 27).

5. The fund management company can merge the fund with other funds pursuant to the provisions set down under § 24, convert it to another legal form of collective investment scheme pursuant to the provisions set down under §25, or liquidate it pursuant to the provisions set down under § 26.

6. The fund management company is entitled to receive the remuneration stipulated in §§ 18 and 19. It is further entitled to be released from any liabilities assumed in the proper performance of its duties and to be reimbursed for expenses incurred in connection with such liabilities.

§ 4 Custodian bank

1. The custodian bank shall be responsible for the safekeeping of the fund's assets. The custodian bank shall be responsible for the issue and redemption of fund units as well as payments on behalf of the fund.

2. The custodian bank and its agents act in good faith and have a duty to exercise due diligence and provide information. They act independently and exclusively in the interests of investors. They take any organisational steps that may be required to ensure the proper conduct of business. They account for 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, discounts or other pecuniary advantages.

3. The custodian bank shall be responsible for the fund's account and custody account maintenance, but may not independently access its assets.

4. The custodian bank shall ensure that the countervalue of transactions which relate to the fund assets is transferred to it within the customary periods. It informs the fund management company if the countervalue is not provided within the customary period and requests that the counterparty provide compensation for the fund assets concerned where this is possible.

5. The custodian bank shall manage the required records and accounts in such a way that it can differentiate between the assets of the individual funds held in safekeeping at all times.

   Where assets cannot be held in safekeeping, the custodian bank shall check the fund management company's ownership and maintain corresponding record.

6. The custodian bank may delegate the safekeeping of the fund's assets to third-party or central depositories in Switzerland or abroad, provided that this is in the interests of efficient management. It shall check and monitor whether the third-party or central depository to which it has delegated the safekeeping of the fund's assets:

   a. has an appropriate business organisation, financial guarantees and the specialist qualifications required for the type and complexity of the assets with which it has been entrusted;

   b. is subject to a regular external audit which ensures that the financial instruments are in its possession;

   c. keeps the assets received from the custodian bank in safekeeping in such a way that they can be clearly identified at all times as belonging to the fund assets by means of regular reconciliation of holdings by the custodian bank;

   d. adheres to the regulations applicable to the custodian bank as regards the performance of the tasks delegated to it and the avoidance of conflicts of interest.

   The custodian bank shall be liable for losses/damage caused by its agents where it cannot be demonstrated that it exercised due care and diligence in selecting, instructing and monitoring the agent in question. Information on the risks associated with the transfer of the safekeeping of assets to third-party and central depositories is set out in the prospectus.

   For financial instruments, the fund's assets may be transferred only to third-party or central depositories subject to supervision in accordance with the preceding paragraph. This provision shall not apply in cases where assets have to be held in safekeeping at a location at which the transfer of the assets to third-party or central depositories subject to supervision is not possible, in particular in light of requirements imposed by law or the specific characteristics of the investment product. The prospectus shall inform investors if safekeeping is to be undertaken by unregulated third-party or central depositories.

7. The custodian bank shall ensure that the fund management company complies with the law and the fund contract. It shall check whether the calculation of net asset value, issue and redemption prices of units and investment decisions are being carried out in accordance with the law and the fund contract, and whether the net income is appropriated as stipulated in the fund contract. The custodian bank shall not be responsible for any investment selection made by the fund management company within the scope of the investment guidelines.

8. The custodian bank shall be entitled to receive the remuneration stipulated in §§ 18 and 19. It is further entitled to be released from any liabilities assumed in the proper performance of its duties and to be reimbursed for expenses incurred in connection with such liabilities.

9. The custodian bank shall not be responsible for the safekeeping of assets of the target funds in which this fund invests unless it has been assigned this task.

§ 5 The investor

1. The circle of investors is not limited. Restrictions for individual classes are possible in accordance with § 6 prov. 4.

   The fund management company and custodian bank shall together ensure that investors meet the investor group requirements.

2. Upon execution of the contract and remittance of a cash payment, the investor shall acquire a claim against the fund management company for an interest in the fund's assets and income. This claim is evidenced in the form of units.

3. Investors are only obliged to remit payment for the units of the fund subscribed by them. Investors shall not be held personally liable in respect of the liabilities of the fund.

4. Investors may at any time request that the fund management company supply them with information regarding the basis on which the net asset value per unit is calculated. The fund management company shall also supply further information regarding specific transactions it has carried out, such as the exercise of membership and creditors' rights or regarding the risk management, to any investor claiming an interest in such matters at any time. Investors shall be

entitled to submit an application to the court having jurisdiction in the domicile of the fund management company for the external auditors, or another entity with appropriate expertise, to investigate and report on any facts or circumstances for which disclosure is required.

5. Investors shall be entitled to terminate the fund contract at any time by giving notice of 65 calendar days to the last bank business day of a calendar quarter and request payment in respect of units held in the fund in cash.

6. Upon request, the investors are obliged to provide the fund management company and/or the custodian bank and its agents with documentary proof that they meet/continue to meet the legal and contractual requirements necessary to be able to participate in the fund or a unit class. In addition, they are obliged to immediately notify the custodian bank, the fund management company and its agents if they no longer meet these requirements.

7. The sub-fund or a unit class may be subject to a "soft closing", whereby investors may not subscribe to units if the fund management company believes the closing is necessary to protect the interests of existing investors. In reference to a funds or unit class, the soft closing shall apply to new subscriptions or switches into the fund or unit class, but not to redemptions, transfers or switches out of the fund or unit class. A fund or unit class may be subject to a soft closing without notifying the investors.

8. An investor's units must be compulsorily redeemed at the prevailing redemption price by the fund management company in collaboration with the custodian bank if:

   a. this is required to safeguard the reputation of the financial centre, notably in relation to combating money laundering;

   b. the investor no longer meets the legal or contractual requirements to participate in this fund.

9. In addition, an investor's units may be compulsorily redeemed at the prevailing redemption price by the fund management company in collaboration with the custodian bank if:

   a. the investor's participation in the fund may materially affect the economic interests of the other investors, particularly if their participation may result in tax disadvantages for the fund in Switzerland or abroad;

   b. investors have acquired or hold units in breach of the provisions of domestic or foreign legislation or provisions of this fund contract or prospectus applicable to them;

   c. the economic interests of investors are affected, particularly in cases in which individual investors attempt to acquire benefits for their portfolio by systematically subscribing and immediately thereafter redeeming units, exploiting time differences between the setting of closing prices and the valuation of the fund's assets (market timing).

§ 6 Units and unit classes

1. The fund management company may establish, merge or liquidate different unit classes, subject to the agreement of the custodian bank and the approval of the supervisory authority. All unit classes shall be entitled to a share in the undivided assets of the fund, which are not segmented. This share may vary due to class-specific costs charged or distributions or on account of class-specific income, and the net asset value per unit may therefore vary from class to class. Any class-specific costs charged shall be met by the aggregate assets of the fund.

2. The creation, liquidation or merger of unit classes shall be announced in the official publication specified for the fund. Only mergers of unit classes shall be deemed to constitute an amendment to the fund contract pursuant to § 26.

3. The various unit classes may, in particular, differ in terms of cost structure, reference currency, currency hedging, distribution or reinvestment of income, minimum investments and investor group.

   Remuneration and costs shall only be charged to unit classes that benefit from the services they cover. Remuneration and costs which cannot be unequivocally attributed to a particular unit class shall be charged to the individual unit classes in proportion to their share of the fund's assets.

   The current unit classes are:
   "(USD) P-PF", " (EUR hedged) P-PF", "(CHF hedged) P-PF", "(USD) Q-PF", "(EUR hedged) Q-PF", "(CHF hedged) Q-PF", "(USD) I-A1-PF", "(EUR hedged) I-A1-PF", "(CHF hedged) I-A1-PF", "(USD) I-A2-PF", "(EUR hedged) I-A2-PF", "(CHF hedged) I-A2-PF", "(USD) I-A3-PF", "(EUR hedged) I-A3-PF", "(CHF hedged) I-A3-PF", "(USD) I-B-PF", "(EUR hedged) I-B-PF", "(CHF hedged) I-B-PF", "(USD) I-B", "(EUR hedged) I-B" and "(CHF hedged) I-B".

A. The following unit classes are not restricted to certain types of investors:
   "P": Class "P" units are offered to all investors. No minimum subscription is required. The minimum holding required is regulated in § 17 and in the prospectus under prov. 1.8. Class "P" units are only issued as bearer units.

B. The following unit classes are restricted to certain types of investors:

a. "Q": Units in unit class "Q" are exclusively offered to financial intermediaries that act for their own account and/or to clients of such financial intermediaries who, in accordance with regulatory requirements, are not permitted to receive a distribution commission and/or who, under written agreements with their clients, may only offer them classes without retrocession, if available in the relevant investment fund. The units in unit class "Q" are only issued as bearer units.

   Class "Q" units differ from class "I-A2", "I-A3" and "I-B" units in the level of commission and from class "I-A1", "I-A2", "I-A3" and "I-B" units in the commission structure. Class "Q" units also differ from class "I-A2" and "I-A3" units in that no minimum subscription or minimum holding is required. Class "Q" units are issued only in the form of bearer units.

b. "I-A1" Class "I-A1" units are exclusively available to qualified investors in accordance with Art. 10 para. 3 and 3ter CISA. Private clients pursuant to Art. 10 para. 3ter CISA who receive investment advice from a financial intermediary within the framework of a long-term investment advisory relationship do not qualify for this unit class. Unlike unit classes "I-A2" and "I-A3", there is no minimum subscription or holding for this unit class. Class "I-A1" units differ from class "I-A2", "I-A3" and "I-B" units in the level of the commission charged. Class "I-A1" units also differ from unit classes "Q" and "I-B" in the commission structure. Class "I-A1" units are only issued as registered units.

c. "I-A2", "I-A3": Units in these classes are exclusively available to qualified investors in accordance with Art. 10 para. 3, 3ter CISA who have signed a written agreement with UBS Asset Management Switzerland AG or one of its authorised contracting partners for the purposes of investing in the assets of this investment fund. Private clients pursuant to Art. 10 para. 3ter CISA who receive investment advice from a financial intermediary within the framework of a long-term investment advisory relationship do not qualify for this unit class. Class "I-A2" and "I-A3" units differ from each other in the level of the flat fee and in the minimum subscription or holding level required. Class "I-A2" and "I-A3" units differ from class "Q", "I-A1" and "I-B" units in the level of the commission charged. Moreover, class "I-A2" and "I-A3" units differ from class "Q", "I-A1" and "I-B" units in that a minimum subscription and holding is required. Finally, both unit classes differ from unit classes "Q" and "I-B" in the commission structure. The units in these unit classes are issued only as registered units.

d. "I-B": Class "I-B" units are exclusively available to qualified investors in accordance with Art. 10 para. 3, 3ter CISA who have signed a written agreement with UBS Asset Management Switzerland AG or one of its authorised contracting partners for the purposes of investing in the assets of this investment fund. Private clients pursuant to Art. 10 para. 3ter CISA who receive investment advice from a financial intermediary within the framework of a long-term investment advisory relationship do not qualify for this unit class. The costs incurred for the fund administration (consisting of the fund management company, administrator and custodian bank) are charged directly to the fund's assets in the form of a commission. The additional costs incurred in asset management (asset management fee and, if applicable, performance fee) as well as distribution activity in relation to the sub-fund are charged directly to the investor under the written agreement. Unit classes "I-B" differ from unit classes "Q", "I-A1", "I-A2" and "I-A3" in the level and structure of the commission charged and from unit classes "I-A2" and "I-A3" in that no other minimum subscription or minimum holding is required. Class "I-B" units are only issued as registered shares.

   Fees for investors in unit class "I-B" who have entered into a written agreement may vary on the basis of the individually agreed fee arrangements (cf. 1.12 of the prospectus).

   Furthermore:
   Income from all unit classes is distributed to the investors. Class (USD) units are issued and redeemed in the fund's accounting currency the US dollar (USD); class (EUR hedged) units in the euro (EUR) and class (CHF hedged) units in Swiss francs (CHF). Currency risks are hedged for the EUR unit class (EUR hedged) and the CHF unit class (CHF hedged). The unit classes are subject to the maximum flat fee specified in § 19 prov. 1 (Remuneration and incidental costs charged to the fund's assets). A performance fee in accordance with § 19 is applied for "PF" units.

4. Units shall not take the form of actual certificates but shall exist purely as book entries. The investor shall not be entitled to request the issue of a registered or bearer unit certificate. Where unit certificates have been issued, they should be returned with the redemption application at the latest.

5. The custodian bank and the fund management company are obliged to ask investors who no longer meet the requirements to invest in a unit class to redeem their units within 30 calendar days pursuant to § 17, to transfer them to an individual who does meet the stated requirements or to convert the units into another class whose requirements they do meet. If the investor fails to comply with this demand, the fund management company must carry out a compulsory transfer into another unit class of this fund or, where this is not feasible, a compulsory redemption of the affected units pursuant to § 5 prov. 7.

III. Investment policy guidelines

A. Investment principles

§ 7 Compliance with investment guidelines

1. In selecting individual investments the fund management company must adhere to the principle of balanced risk diversification and must observe the percentage limits defined below. These relate to fund assets at market values and are to be observed at all times.

2. If the limits are exceeded due to changes in the market, the investments must be restored to the permitted level within a reasonable period of time, taking due account of the investors' interests. If limits in connection with derivatives pursuant to § 12 below are exceeded through a change in the delta, the permitted levels must be restored within three bank business days at the latest, taking due account of the investors' interests.

§ 8 Investment policy

1. The fund management company may invest the assets of this fund in the following investments. The risks associated with these investments shall be disclosed in the prospectus.

   a. Securities, i.e. securities issued on a large scale and in uncertificated rights with a similar function (uncertified stock), which are listed on a stock exchange or traded on another regulated market open to the public and which embody an equity or a debt security right or the right to acquire such securities and rights via subscription or exchange, such as warrants;
   Investments in securities from new issues shall only be permitted if they are intended for admission to a stock exchange or other regulated market open to the public under the terms of issue. If such investments have not been admitted to a stock exchange or other regulated market open to the public within one year of purchase, the securities must be sold within one month or included under the restrictions set out in prov. 1 h.

   b. Derivatives if (i) they are based on underlying financial instruments in the form of securities as specified in a, derivatives as specified in b, units in collective investments as specified in d, money market instruments under e or financial indices, interest rates, exchange rates, loans, currencies, precious metals or commodities and (ii) the underlying securities are permitted investments under the fund contract. Derivatives shall be traded either on a stock exchange or another regulated market open to the public, or OTC.
   OTC transactions shall only be permitted if (i) the counterparty is a financial intermediary specialising in this type of transaction and subject to supervision, and (ii) the OTC derivatives are tradable daily or may be submitted to the issuers for redemption at any time. In addition, the valuations of such instruments must be reliable and transparent. The use of derivatives shall be subject to the provisions of § 12.

   c. Structured products, if (i) they are based on underlying financial instruments in the form of securities as specified in a; derivatives as specified in b; structured products as specified in c); units in collective investments as specified in d; money market instruments under e) or financial indices, interest rates, exchange rates, loans, currencies, precious metals or commodities and (ii) the underlying securities are permitted investments under the fund contract. Structured products shall be traded either on a stock exchange or another regulated market open to the public, or OTC.
   OTC transactions shall only be permitted if (i) the counterparty is a financial intermediary specialising in this type of transaction and subject to supervision, and (ii) the OTC products are tradable daily or may be submitted to the issuers for redemption at any time. In addition, the valuations of such instruments must be reliable and transparent.

   d. Units of other collective investments (target funds)

      da. Securities funds under Swiss law
      db. Other funds for traditional investments under Swiss law
      dc. Other funds for alternative investments under Swiss law
      dd. Foreign investment funds with equivalent supervision to that of a securities fund (such as UCITS)
      de. Foreign investment funds with equivalent supervision to that of another fund for traditional investments
      df. Foreign investment funds with equivalent supervision to that of another fund for alternative investments
      dg. Foreign investment funds without equivalent supervision to that of a securities fund
      dh. Foreign investment funds without equivalent supervision to that of another fund for traditional investments
      di. Foreign investment funds without equivalent supervision to that of another fund for alternative investments

   e. Money market instruments which are fungible and marketable at any time and which are traded on a stock exchange or other regulated market open to the public; money market instruments which are not traded on a stock exchange or other regulated market open to the public may only be acquired provided that the issue or issuer is subject to the provisions governing creditor and investor protection and the money market instruments are issued or guaranteed by issuers pursuant to Art. 74 para. 2 of the Swiss Collective Investment Schemes Ordinance.

   f. Commodities indirectly through units in other collective investments.

   g. Sight or time deposits with a 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 in such country is subject to supervision equivalent to the supervision in Switzerland;

h. Investments other than the investments specified in a to g above not exceeding 10% of the fund's assets in aggregate. The following are not permitted: (i) direct investments in precious metals, precious metal certificates, commodities and commodities certificates and (ii) real short-selling of any kind.

2. a. After deducting liquid funds, the fund management company shall invest at least two-thirds of the fund's assets in non-traditional funds (hedge funds) within the meaning of dc, df and di such as:

aa. Open-end funds
bb. Listed closed-end funds
cc. Unlisted closed-end funds

Such investments shall be deemed to include investments in open-end funds or closed-end funds, such as collective investment contractually structured funds, investment companies, trusts and limited partnerships.

Such target funds are not necessarily authorised for public distribution or eligible for such authorisation within Switzerland and may be subject to supervision in their home country. Where such target funds are subject to supervision, such supervision need not be deemed "equivalent" supervision based on the practice of the Swiss supervisory authority.

b. Following the deduction of liquid assets, the fund management company may also invest up to one-third of the fund's assets in:

– debt paper and rights issued by domestic and foreign borrowers;
– convertible bonds, convertible notes and warrant issues denominated in freely convertible currencies;
– equities and other equity paper and rights issued by companies world- wide;
– money market instruments denominated in freely convertible currencies, issued by domestic and foreign borrowers;
– derivatives (including warrants) on the investments mentioned above;
– units of other collective investments within the meaning of da, db, dd, de, dg and dh;
– bank deposits.

c. In addition, the fund management company must comply with the investment restrictions below:

– As regards investments in collective investments pursuant to prov. 1 d or in non-traditional funds pursuant to § 8 prov. 2 a, the fund management company may invest up to 30% of the fund assets in target funds that are structured as funds of funds (funds of hedge funds). The target funds need to be able to cover the redemptions of the fund of fund.

– Up to 20% of the fund's assets in commodities indirectly through units in other collective investments within the meaning of prov. 1 f.

3. Subject to § 19 the fund management company may acquire units of target funds managed directly or indirectly by itself or by a company with which it is affiliated through common management or control or by a significant direct or indirect shareholding.

4. The fund management company ensures liquidity is managed appropriately. Detailed information is contained in the prospectus.

§ 9 Liquid assets

The fund management company may also hold liquid assets in an appropriate amount in the fund's accounting currency and in any other currency in which investments are permitted. Liquid assets comprise bank deposits and claims from securities repurchase agreements at sight or on demand with maturities of up to twelve months.

B. Investment techniques and instruments

§ 10 Securities lending

1. The fund management company may lend all types of securities which are listed on an exchange or are traded on another regulated market open to the public. However, securities that have been taken over as part of a reverse repo transaction may not be lent.

2. The fund management company may lend the securities to a borrower in its own name and for its own account ("principal transaction"), or may appoint an intermediary to make the securities available to a borrower either indirectly in a fiduciary capacity ("agent transaction") or directly ("finder transaction").

3. The fund management company shall enter into securities lending transactions only with first-class, supervised borrowers and agents specialising in transactions of this type, such as banks, brokers and insurance companies, as well as

approved, recognised central counterparties and collective depositories which can guarantee the proper execution of the securities lending transactions.

4. If the fund management company must observe a period of notice (which may not exceed 7 bank business days) before it may again legally repossess the securities lent, it may not lend more than 50% of a particular security eligible for lending. However, if the borrower or the intermediary provides the fund management company with a contractual assurance that the latter may legally repossess the securities lent on the same or next bank business day, the fund management company may lend its entire holdings of a particular security eligible for lending.

5. The fund management company shall conclude an agreement with the borrower or intermediary whereby the latter shall pledge or transfer collateral in order to secure the restitution of securities in favour of the fund management company in accordance with Art. 51 Collective Investment Schemes Ordinance issued by the FINMA. The value of the collateral must at all times be adequate and equal to at least 105% of the market value of the securities lent. The collateral issuer must have a high credit rating and the collateral may not be issued by the counterparty or by any company belonging to or dependent on the corporate group of the counterparty. The collateral must be highly liquid, it must be traded at a transparent price on an exchange or other regulated market open to the public, and it must be subject to valuation at least on each trading day. In managing the collateral, the fund management company and its agents must satisfy the obligations and requirements listed under Art. 52 CISO-FINMA. In particular, they must adequately diversify collateral in terms of countries, markets and issuers, with the adequate diversification of issuers meaning that the collateral held from any one issuer may not exceed 20% of the net asset value. This does not affect exceptions for assets that are publicly guaranteed or issued in accordance with Art. 83 CISO. In addition, in the event of default by the counterparty, the fund management company and its agents must be able to obtain the power and authority of disposal over the furnished collateral at all times and without the counterparty's involvement or consent. The furnished collateral is to be held in safekeeping by the custodian bank. The furnished collateral may be held in safekeeping on behalf of the fund management company by a supervised third-party custodian, provided 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, for asserting other financial rights and for reimbursement of securities of the same type, amount and quality such that the contractual terms are complied with.

7. The custodian bank shall ensure that the securities lending transactions are conducted in a secure manner and that the contractual terms are complied with, specifically in respect of collateral requirements. For the duration of the lending transactions it shall also be responsible for the administrative duties assigned to it under the custody regulations and for asserting all rights pertaining to the securities lent, unless they have been assigned in line with the applicable framework agreement.

8. The prospectus has further details on the collateral strategy.

§ 11 Securities repurchase agreements

1. The fund management company may enter into securities repurchase agreements ("repos") for the fund's account. Securities repurchase agreements can be concluded as either repos or reverse repos.

   A repo is a legal transaction in which one party (lender) temporarily transfers ownership of securities in return for payment to another party (borrower), while the borrower undertakes to reimburse securities of the same type, quantity and quality as well any income accrued throughout the course of the repurchase agreement to the lender upon maturity. The lender bears the price risk of the securities throughout the course of the repurchase agreement.

   From the perspective of the counterparty (borrower), a repo is a reverse repo. Reverse repos are an instrument used by the fund management company to invest cash, whereby it buys securities and at the same time agrees to reimburse securities of the same type, amount and quality as well any income accrued throughout the course of the repurchase agreement.

2. The fund management company may conclude repo transactions with a counterparty in its own name and for its own account ("principal transaction") or may instruct an intermediary to conclude repo transactions with a counterparty either indirectly in a fiduciary capacity ("agent transaction") or directly ("finder transaction").

3. The fund management company shall conclude repo transactions only with first-class, supervised counterparties and intermediaries specialising in transactions of this type, such as banks, brokers and insurance companies as well as approved, recognised central counterparties and collective depositories which can ensure the proper execution of the repo transactions.

4. The custodian bank shall ensure that the repo transactions are conducted in a secure manner and that the contractual terms are complied with. 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 (mark-to-market). It is also responsible for the administrative duties assigned to it under the custody account regulations during the period in which repo transactions are carried out and for asserting all rights pertaining to the securities used in the repo transactions unless they have been assigned in line with

the applicable framework agreement.

5. The fund management company may use all types of securities which are listed on an exchange or are traded on another regulated market open to the public. However, securities that were taken over as part of a reverse repo transaction may not be used for repos.

6. If the fund management company must observe a period of notice (which may not exceed 7 bank business days) before it may again legally repossess the securities used in the repo transaction, it may not use for repos more than 50% of its holdings of a particular security eligible for repos. However, if the counterparty or the intermediary provides the fund management company with a contractual assurance that the latter may legally repossess the securities used in the repo transaction on the same or the next bank business day, the fund management company may use its entire holdings of a particular security eligible for repo transactions.

7. Engaging in repo transactions is deemed to be taking up a loan pursuant to § 13, unless the money received is used to acquire securities of the same type, quality, credit rating and maturity in conjunction with the conclusion of a reverse repo.

8. With regard to reverse repos, the fund management company may only acquire securities in accordance with Art. 51 CISO-FINMA. The collateral issuer must have a high credit rating and the collateral may not be issued by the counterparty or by any company belonging to or dependent on the corporate group of the counterparty. The collateral must be highly liquid, it must be traded at a transparent price on an exchange or other regulated market open to the public, and it must be subject to valuation at least on each trading day. In managing the collateral, the fund management company and its agents must satisfy the obligations and requirements listed under Art. 52 CISO-FINMA. In particular, they must adequately diversify collateral in terms of countries, markets and issuers, with the adequate diversification of issuers meaning that the collateral held from any one issuer may not exceed 20% of the net asset value. This does not affect exceptions for assets that are publicly guaranteed or issued in accordance with Art. 83 CISO. In addition, in the event of default by the counterparty, the fund management company and its agents must be able to obtain the power and authority of disposal over the furnished collateral at all times and without the counterparty's involvement or consent. The furnished collateral is to be held in safekeeping by the custodian bank. The furnished collateral may be held in safekeeping on behalf of the fund management company by a supervised third-party custodian, provided ownership of the collateral is not transferred and the third-party custodian is independent of the counterparty.

9. Claims arising from reverse repos are deemed to be liquid assets pursuant to § 9 and not loan extensions pursuant to § 13.

10. The prospectus has further details on the collateral strategy.

§ 12 Derivatives

1. The fund management company may use derivatives. It shall ensure that the effect of such derivatives does not alter the investment objectives as stated in this fund contract, the prospectus and the key information document or the fund's investment profile even in exceptional market circumstances. In addition, the securities underlying the derivatives must be permitted investments under this fund contract.

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

2. Commitment approach II shall be used for the measurement of risk. The aggregate derivatives-related investments of this fund may not exceed 100% of its net assets and the total investments may not exceed 200% of its net assets. Given the possibility of temporary borrowing not exceeding 25% of the fund's net assets, as described in § 13 prov. 2, the fund of fund's total investments may amount to a maximum of 225% of its net assets. The overall exposure is calculated on the basis of Art. 35 CISO-FINMA.

3. The fund management company may in particular use basic forms of derivatives such as call or put options where the value on expiration has a linear dependence on the positive or negative difference between the market value of the underlying and the strike price and is zero if the difference has the opposite sign (+ or –), credit default swaps (CDSs), swaps with non-path dependent payoffs which have a linear dependence on the value of the underlying or an absolute value and futures and forwards whose value has a linear dependence on the underlying. The fund management company may also use combinations of basic forms of derivatives and derivatives whose effect cannot be equated with one of the basic forms or a combination of basic forms (exotic derivatives).

4. In order to hedge against currency risks, the fund management company may also sell call options and futures on currencies, buy put options on currencies and use forward currency transactions and swaps.

   In principle, the currency of the contract must be the same as the currency of the underlying securities to be hedged. Transactions by way of a third currency (cross-hedges) shall be authorised in exceptional circumstances in the form of futures or forward currency transactions, if the same purpose is served as in a direct hedge and provided that no additional costs are incurred overall compared with a direct hedge. Hedging transactions against a currency other than the fund's currency of account shall be permitted provided that a currency allocation in line with the investment objective can be attained.

The contract value of such transactions may not exceed 100% of the market value of the underlying securities to be hedged at the time the transaction is concluded.
Derivatives are used for this fund only for the purpose of currency hedging.

5. a. Offsetting transactions in derivatives of the same underlying and in investments in this security may be netted, irrespective of the expiry of the derivatives ("netting"), if the derivatives transaction was concluded solely for the purpose of eliminating the risks associated with the derivatives or investments acquired. The main risks may not be disregarded and the eligible amount of the derivatives pursuant to Art. 35 CISO-FINMA must be calculated.

   b. If the derivatives in hedging transactions do not relate to the same underlying as the asset to be hedged, in addition to the rules under a), the requirement that the derivative transactions may not be based on an investment strategy that serves the purpose of the appropriation of income must also be fulfilled. The derivative must also lead to a proven reduction in the risk, the risks associated with the derivative must be offset, the derivatives, underlying instruments or assets to be offset must relate to the same category of financial instruments and the hedging policy must also be effective even under extraordinary market conditions.

   c. If mainly interest rate derivatives are used, the amount of the total investment to be offset by derivative positions can be calculated using internationally recognised duration netting rules, provided the rules lead to the correct determination of the investment fund's risk profile, the main risks are taken into consideration, the application of these rules does not lead to an unjustified leverage effect, no interest arbitration strategies are pursued and the leverage effect of the fund is increased neither by the application of these rules nor by investments in short-term positions.

   d. Derivatives that are used purely to hedge foreign currency risks and do not lead to a leverage effect or involve additional market risks can be offset without the requirements under b) in the calculation of the total derivatives exposure.

   e. Payment obligations arising from derivatives must be covered at all times with cash or cash equivalents, debt securities and rights, or equities, which are traded on a stock exchange or other regulated market open to the public in accordance with the legislation concerning collective investment schemes.

   f. If the fund management company enters into physical delivery obligations relating to an underlying instrument arising from derivatives, they must be covered by equivalent underlyings, or by other investments, if the investments and underlyings are highly liquid and may be bought or sold at any time if delivery is required. The fund management company must have unrestricted access to these underlying securities or assets at all times.

6. The fund management company may use both standardised and non-standardised derivatives. It may engage in derivatives transactions on a stock exchange or other regulated market open to the public or in OTC (over-the-counter) trading.

7. a. The fund management company may only engage in OTC transactions with financial intermediaries subject to supervision which specialise in these transactions and can ensure proper execution. If the counterparty is not the custodian bank, the counterparty or its guarantor must have a high credit rating.

   b. An OTC derivative financial instrument must be subject to reliable and verifiable valuation on a daily basis and it must be possible to sell, liquidate or close out the derivative with an opposite transaction 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 based on the market value of the underlyings, using appropriate valuation models that are recognised in practice. Before concluding a contract for derivatives of this type, specific offers must be obtained from at least two counterparties, whereby the contract must be concluded with the counterparty offering the most favourable price. Deviations from this principle are permitted for reasons related to risk diversification or if additional contract elements such as credit rating or the service portfolio of the counterparty make another offer appear more favourable overall for the investors. Moreover, the requirement of obtaining offers from at least two potential counterparties can be waived in exceptional cases if this is in the investors' best interest. The reasons for this as well as the conclusion of the contract and the setting of the prices must be clearly documented.

   d. In the context of OTC transactions, the fund management company and its agents may only accept collateral that satisfies the requirements under Art. 51 CISO-FINMA. The collateral issuer must have a high credit rating and the collateral may not be issued by the counterparty or by any company belonging to or dependent on the corporate group of the counterparty. The collateral must be highly liquid, it must be traded at a transparent price on an exchange or other regulated market open to the public, and it must be subject to valuation at least on each trading day. In managing the collateral, the fund management company and its agents must satisfy the obligations and requirements listed under Art. 52 CISO-FINMA. In particular, they must adequately diversify collateral in terms of countries, markets and issuers, with the adequate diversification of issuers meaning that the collateral held from any one issuer may not exceed 20% of the net asset value. This does not affect exceptions for assets that are publicly guaranteed or issued in accordance with Art. 83 CISO. In addition, in the event of default by the counterparty, the fund management company and its agents must be able to obtain the power and authority of disposal over the furnished collateral at all times and without the counterparty's involvement or consent. The furnished collateral is to be held in safekeeping by the custodian bank. The furnished collateral may be held in safekeeping on behalf of the fund management company by a supervised third-party custodian, provided ownership of the collateral is not transferred and the third-party custodian is independent of the counterparty.

8. Due account must be taken of the derivatives prescribed in the legislation concerning collective investment schemes when complying with statutory and contractual investment restrictions (maximum and minimum limits).

9. The prospectus has further details on:

- the implications of derivatives within the investment strategy;
- the effect of using derivatives on the fund's risk profile;
- the counterparty risks associated with derivatives;
- the higher volatility arising from the use of derivatives and the increased total investment (leverage);
- credit derivatives.
- the collateral strategy.

§ 13 Borrowing and lending

1. The fund management company may not grant loans for the fund's account. Securities lending transactions according to § 10 and repurchase agreements as reverse repos according to § 11 are not deemed to be credit extensions within the meaning of this paragraph.

2. The fund management company may take up credits for an amount of up to 25% of net fund assets. Repurchase agreements as repos according to § 11 are deemed to be credit extensions within the meaning of this paragraph, unless the money received is used as part of an arbitrage transaction to acquire securities of the same type, quality, rating and maturity in conjunction with the conclusion of a reverse repo.

§ 14 Encumbrance of the fund's assets

1. The fund management company may not pledge or transfer by way of security more than 50% of net fund assets with respect to the fund.

2. The fund's 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

a. Pursuant to § 15, the following are to be included in the risk diversification provisions:

aa. investments pursuant to § 8; with the exception of index-based derivatives as long as the index is sufficiently diversified, representative of the market which it covers and published in an appropriate manner;

ab. liquid assets pursuant to § 9;

ac. claims against counterparties from OTC transactions.

b. No more than 20% of the assets may be invested in the same target fund.

c. The fund invests in at least eight target funds.

d. In the case of direct investments, including money market instruments, the fund management company may invest no more than 10% of the fund's assets may be invested in securities and rights issued by the same issuer.

e. The 10% limit stipulated in d) shall rise to 35% if the securities or rights are issued or guaranteed by a government or public-sector entity within the OECD or by international organisations of a public nature of which Switzerland or a member state of the European Union are a member. The following organisations are acceptable as issuers or guarantors:

The European Union (EU), OECD states, the Council of Europe, the International Bank for Reconstruction and Development (World Bank), the European Bank for Reconstruction and Development, the European Investment Bank, the Inter-American Development Bank, the Asian Development Bank and Eurofima (European Company for the Financing of

Railroad Rolling Stock).

f. The fund management company may not invest more than 30% of the fund's assets in investments managed by the same manager or invest in more than three target funds managed by the same manager.

g. The fund management company may not issue any individual asset management mandates (managed accounts). However, the fund management company may make investments of up to 20% of the fund's assets in companies which it wholly controls, i.e. special-purpose vehicles, provided that the Board of Directors of such companies is controlled by the fund management company and the company has entrusted the asset management to an external manager. Such companies may not have any business purpose other than holding the fund's assets. The accounts of such special-purpose vehicles shall be consolidated with those of the fund and audited by the external auditors.

h. The fund management company may not invest more than 20% of the fund assets in sight or time deposits at one and the same bank. This restriction includes both liquid assets pursuant to § 9 and investments in bank assets pursuant to § 8.

i. Investments are only made in financial instruments in the broadest sense. As a general rule, the fund management company may not invest directly in physical goods (commodities, objets d'art, antiques, etc.). However, specific target funds may hold positions in commodities.

j. The fund management company may only invest in target funds which calculate their net asset value no less than once a quarter.

k. The fund management company may invest no more than 20% in closed-end funds that are not traded either on an exchange or another regulated market open to the public.

l. When selecting different alternative investment strategies, the fund management company shall take due account of the following limits in relation to the fund's assets (after deducting liquid assets):

Investment strategies	Minimum	Maximum
Equity hedged	0%	60%
Relative value	0%	40%
Credit	0%	40%
Trading	0%	40%
Multi-strategy	0%	30%

The fund management company may integrate additional, alternative investment strategies in the prospectus provided that none of the additional strategies represent more than 45% of the fund's assets.

m. Any target funds acquired for the account of the fund shall only be subject to the restrictions specified in the applicable basic documents (information memorandum, prospectus, scheme, particulars, placement memorandum etc.). Neither the fund management company or the custodian bank or their agents shall be liable in respect of compliance by individual target funds with applicable guidelines and restrictions.

n. The fund management may invest a maximum of 30% of the fund assets in funds of funds.

o. The fund management company may not invest more than 10% of the fund assets in OTC transactions of one and the same counterparty. Should the counterparty be a bank with its headquarters in Switzerland or in a member state of the European Union or in another country in which it is subject to supervision equivalent to the supervision in Switzerland, this restriction is increased to 15% of fund assets. Where claims from OTC transactions are hedged by collateral in the form of liquid assets in accordance with Art. 50 to 55 CISO-FINMA, such claims shall not be taken into account in the calculation of counterparty risk.

p. Companies that make up a group according to international accounting standards are viewed as a single issuer.

q. The fund management company may not acquire more than 25% of the units of another collective investment scheme on behalf of the fund. This restriction does not apply if at the time of acquisition the gross amount of the units of other collective investments cannot be calculated.

IV. Calculation of net asset value as well as issue and redemption of units

§ 16 Calculation of net asset value

1. The net asset value of the investment fund and the proportion of individual classes (percentages) are calculated at the market value at the end of the financial year and for each day on which units are issued or redeemed, in USD for investors in class "(USD)" units, in EUR for investors in class "(EUR hedged)" units and in CHF for investors in class "(CHF

hedged)" units (valuation net asset value). The fund's assets will not be calculated on any day on which the stock exchanges and/or markets are closed for business in the countries in which the fund primarily invests (e.g. bank and stock exchange holidays). However, the fund management company may also determine the net asset value of a unit (non-tradable net asset value) on days on which no shares are issued or redeemed (see prov. 1.8 of the prospectus). Such non-tradable net asset values may be published but can only be used for performance calculations and statistics or for calculating commission. However, they may never be used as a basis for subscription and redemption orders.

2. Investments (including closed-end target funds) listed on a stock exchange or traded on another regulated market open to the public shall be valued at the current prices paid on the main market. Other investments or investments for which no current market price is available are valued at the price likely to be obtained if a sale were conducted with proper care at the time of the valuation. In such cases the fund management company uses appropriate and recognised valuation models and principles to determine the market value.

3. Open-end collective investments are valued using their redemption price or net asset value. If they are listed on a stock exchange or traded on another regulated market open to the public, the fund management company may value them pursuant to prov. 2.

4. The value of money market instruments which are not listed on a stock exchange or traded on another regulated market open to the public is calculated as follows: The valuation price of such investments is based on the respective interest rate curve. The valuation based on the yield curve comprises an interest rate component and a spread component. The following principles are applied: For each money market instrument, the next rates of interest in respect of the residual term are intrapolated. The rate of interest thus established is converted into a market rate, adding a spread which reflects the creditworthiness of the underlying borrower. This spread is adjusted in the event of a significant change in the borrower's credit rating.

5. Bank deposits shall be valued using their exposure amount plus accrued interest. In the event of significant changes in market conditions or the credit rating, the valuation basis for bank deposits on demand is adjusted in line with the new conditions.

6. The net asset value of a unit of a class represents the percentage constituted by the unit class concerned of the market value of the fund assets, less all the liabilities of this fund allocated to the respective unit class, divided by the number of units of the relevant class in circulation. The figure shall be rounded to three decimal places.

   The net asset value of a unit class that is issued and redeemed in a currency (alternative currency) other than the fund of fund's accounting currency is calculated by converting the net asset value calculated in the accounting currency at the prevailing mid-rate on the valuation date into the alternative currency.

7. The percentages of the market value of the net fund assets (fund assets less liabilities) which are to be attributed to the respective unit classes are determined for the first time with the initial issue of several unit classes (if they are issued simultaneously) or the initial issue of an additional unit class on the basis of the inflows to the fund for each unit class. The percentage will be recalculated if one of the following events occurs:

   a. upon the issue and redemption of units;

   b. on the cut-off date for distributions provided (i) such distributions accrue only to individual unit classes (distribution classes) or provided (ii) the distributions of various unit classes as a percentage of the respective net asset value differ or provided (iii) different commission or cost charges accrue on the distributions of various unit classes as a percentage of the distribution;

   c. for the calculation of the net asset value, in terms of the allocation of liabilities (including costs and commissions which are due or have accrued) to the various unit classes, provided the liabilities of the various unit classes vary as percentages of their respective net asset values, namely if (i) different commission rates are applied for the different unit classes or if (ii) class-specific cost charges arise;

   d. for the calculation of net asset value, in terms of the allocation of income or investment income to the various unit classes, provided the income or investment income accrues from transactions which were carried out in the interest of one unit class or in the interest of several unit classes, but not in proportion to their share of net fund assets.

§ 17 Issue and redemption of units

1. Units may be purchased on the last bank business day of each month (= valuation date). Subscriptions must reach the custodian bank no later than five bank business days prior to the valuation date. Subscriptions that do not arrive by this time shall be settled at the next valuation date. For subscriptions for class (USD) P-PF, (EUR hedged) P-PF and (CHF hedged) P-PF units, the total investment by any investor in the investment fund shall be no less than ten units or a minimum of USD, EUR or CHF 10,000, whichever is the lower.

   Redemptions may be made at any time by giving 65 calendar days' notice of termination to the last bank business day of any calendar quarter. Payment shall be made with a value date of 35 bank business days following termination.

Notices of termination that do not arrive by this date shall be settled at the next valuation date. If a part of the investor's investment in the investment fund unit classes (USD) P-PF, (EUR hedged) P-PF and (CHF hedged) P-PF is terminated, the remaining investment must comprise no less than ten units or USD, EUR or CHF 10,000, whichever is the lower.

2. With unit issues, incidental costs (such as brokerage commissions in line with the market, other commissions, taxes and duties, etc.) incurred on average by the fund in connection with the investment of the amount paid in are added to the net asset value. With unit redemptions, incidental costs incurred on average by the fund in connection with the sale of a portion of investments corresponding to the units redeemed are deducted from the net asset value. The applicable rate is stated in the prospectus. However, in the event of exceptional circumstances, the fund management company may decide to temporarily apply an adjustment by more than the maximum rate stated in the prospectus for valuation day, if it sufficiently substantiates that the adjustment is justified in view of prevailing market conditions and in the best interests of investors. A temporary adjustment will be calculated in accordance with the procedure set out by the fund management company. Existing and new investors will be informed of the sufficiently substantiated decision on the application of this temporary measure and of its expiry by announcement in the fund's official medium of publication. The supervisory authority will also be notified.

   In addition, with unit issues, an issuing commission may be added to the net asset value, pursuant to § 18.

3. The fund management company may suspend the issue of units at any time and may also reject applications for unit subscriptions or conversions.

4. The fund management company may temporarily or by way of exception suspend the redemption of fund units in the interest of all investors, if:

   a. a market which is the basis for the valuation of a significant proportion of the fund's assets is closed, or if trading on such a market is limited or suspended;

   b. a political, economic, military, monetary or other emergency occurs;

   c. owing to exchange controls or restrictions on other asset transfers, the fund is no longer able to transact its business;

   d. large-scale unit redemptions take place that could significantly affect the interests of the remaining investors.

5. The fund management company shall immediately apprise the external auditors and the supervisory authority of any decision to suspend redemptions. It shall also notify the investors in an appropriate manner.

6. No units shall be issued as long as the redemption of units is discontinued for the reasons stipulated in prov. 4 a - c.

V. Remuneration and incidental costs

§ 18 Remuneration and incidental costs charged to investors

Upon the issue of units, investors may be charged an issuing commission accruing to the fund management company, the custodian bank and/or distributors in Switzerland and abroad, which together shall not exceed 4% of the net asset value. The current maximum applicable rate is stated in the prospectus.

§ 19 Remuneration and incidental costs charged to the fund's assets

1. For the management, asset management and distribution activity in respect of the fund as well as well as for the activities described in § 6 prov. 4 ltr. B d) and for all tasks of the custodian bank such as the safekeeping of the fund assets, the arrangement of payment transactions and the other duties assigned to it as described in § 4, the fund management company charges the fund a maximum flat-rate fee or commission of 0.1375% (1.65% p.a.) per month on the fund's net assets (prior to the deduction of any performance fees), which is charged to the fund's assets pro rata temporis each time the fund's net asset value is calculated and paid at the end of each quarter (flat-rate management fee including sales commission).
   The actual rate applying to the management fee is stated in the prospectus as well as the annual and semi-annual reports.

   The costs to be borne by the investor arising in connection with the asset management and the distribution activity for the "I-B" unit class are covered by an individually negotiated, written agreement between UBS and the investor (maximum of 1.4% of the net asset value, excluding performance fee; cf. § 6.4).

   The fund management company shall also charge a performance fee not exceeding 10% for all class "PF" units, calculated on the basis of the performance of the net asset value of the respective assets per unit class. The performance fee shall be calculated on each monthly valuation date and, where due, shall be charged to the assets of the relevant unit class. A high watermark shall be applied to the performance fee. Any decline in value relative to the initial issue price or to the high watermark used to calculate the performance fee must be offset before any performance fee is paid. The performance fee shall be based on any portion of the net asset value (after performance fee) exceeding the high watermark. Where a performance fee is payable in any given month, the high watermark for the following month shall subsequently be based on the previous maximum net asset value per unit (net of the performance fee paid).

2. The following remuneration and incidental costs, which are also charged to the fund assets, are not included in the flat fee or commission:

   a. Costs relating to the purchase and sale of investments, specifically customary brokerage fees, commissions, taxes and duties;

   b. Any incidental costs relating to the purchase and sale of investments (bid/ask spread, brokerage at standard market rates, commissions, duties, etc.);

   c. Fees paid to the supervisory authority for the foundation, amendment, liquidation, consolidation or merger of the fund;

   d. Annual fee paid to the supervisory authority;

   e. Fees paid to external auditors for annual audits and for certificates in connection with the foundation, amendment, liquidation, consolidation or merger of the fund;

   f. Fees paid to legal and tax advisors in connection with the foundation, amendment, liquidation, consolidation or merger of the fund and for the general representation of the interests of the fund and its investors;

   g. The costs of publishing the net asset value of the fund and all costs associated with notifications to the investors, including translation costs, where such costs were not necessitated by misconduct on the part of the fund management company;

   h. Costs for the translation of the prospectuses with integrated fund contracts as well as semi-annual and annual reports;

   i. The costs of printing legal documents as well as the semi-annual and annual reports of the fund;

   j. Costs paid for the possible registration of the fund with a foreign supervisory authority, in particular commission and translation costs charged by the foreign supervisory authority as well as the compensation of the representative or paying agent abroad;

   k. Costs in connection with the exercising of voting and creditors' rights by the fund, including fees for external advisors;

   l. Costs and fees associated with intellectual property registered in the name of the fund or rights of use by the fund;

   m. All costs which arise from the performance of extraordinary measures to protect the interests of investors by the fund management company, the asset manager of collective investments or the custodian bank;

   n. Third-party costs (e.g. attorneys' fees and custodian bank fees) arising from participation in class actions in the interest of investors may be charged to the fund assets by the fund management company.

   Furthermore, the fund management company may charge all administrative costs, provided these can be proven and are reported and included in the disclosure of the fund's TER.

3. The costs according to prov. 2 a are directly added to the cost value or deducted from the sales value.

4. Pursuant to the provisions in the prospectus, the fund management company and its agents as well as the custodian bank may pay retrocessions to cover distribution activities in respect of fund units and offer discounts in order to reduce the fees or costs attributable to investors and charged to the fund or may determine the fees by way of individual agreements with the investor.

5. Any management commission charged by the target funds in which the fund invests may not exceed 3%, factoring in any reimbursements or discounts which may be due. The maximum commission rate chargeable by target funds in which the fund invests, factoring in any reimbursements which may be due, shall be set out in the annual report.

6. If the fund management company invests in units of other collective investments managed directly or indirectly by itself or by a company with which it is affiliated through common management or control or by a significant direct or indirect shareholding ("affiliated target fund"), it must not charge any issuing or redemption commission of the affiliated target funds to the fund's assets.

VI. Financial statements and audits
§ 20 Financial statements
1. The fund's currency of account is the USD.

2. The financial year shall run from 2 January to 1 January.

3. The fund management company shall publish an audited annual report for the fund within four months of the closing of the financial year.

4. The fund management company shall publish a semi-annual report within two months of the close of the first half of the financial year.

5. The foregoing shall be subject to the investor's right to obtain information in accordance with § 5 prov. 4.

§ 21 Audits
The external auditors shall examine whether the fund management company and the custodian bank have acted in compliance with statutory and contractual directives as well as the code of professional ethics of the Asset Management Association Switzerland applicable to them. The annual report shall contain a short report by the external auditors on the published annual financial statements.

VII. Appropriation of net income
§ 22
1. The net income for each unit class in the investment fund will be distributed to investors annually within four months of the close of the financial year in the accounting currency of the fund (USD) for investors in unit class "(USD)", in EUR for investors in unit class "(EUR hedged)" and in CHF for investors in unit class "(CHF hedged)". The fund management company may make additional interim distributions from the income. Due to the nature of the investments made by the fund, it is unlikely that any net income shall be generated.

   Up to 30% of the net income (including income carried forward) of a unit class can be carried forward to a new account. The distribution can be waived and the entire net income can be carried forward to new account if:

   – the net income of the current financial year and the income carried forward from earlier financial years of the collective investment scheme or a unit class amounts to less than 1% of the net asset value of the collective investment scheme or the unit class, and

   – the net income of the current financial year and the income carried forward from earlier financial years of the collective investment scheme or a unit class amounts to less than one unit of the accounting currency of the collective investment scheme or the unit class.

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

VIII. Publications of the fund
§ 23
1. Official notice regarding the fund is published in the print or electronic medium mentioned in the prospectus. A change in the official publication must be specified in the official publication.

2. The official publication for the fund shall in particular include notices regarding any material amendments to the fund contract in summary form, indicating the locations where the full wording of such amendments may be obtained free of charge, any change of fund management company and/or custodian bank, the creation, liquidation or merger of unit classes and the dissolution of the fund. Any amendments required by law which do not affect the interests of investors or only concern matters of form may be exempted from the duty of disclosure subject to the approval of the supervisory authority.

3. Each time units are issued or redeemed, the fund management company shall publish both the issue and redemption prices or the net asset value of all unit classes together with the footnote "excluding commission" in the print or electronic media specified in the prospectus. The prices shall be published at least twice per month. The weeks and weekdays on which such prices shall be published shall be specified in the prospectus.

4. The prospectus including the fund contract, the key information document and the current annual and semi-annual reports may be obtained free of charge from the fund management company, the custodian bank and from all distributors.

IX. Restructuring and dissolution
§ 24 Merger

1. Subject to the agreement of the custodian bank, the fund management company may merge funds by transferring the assets and liabilities of the fund(s) being acquired to the acquiring fund. The investors of the fund being acquired shall receive the corresponding number of units in the acquiring fund. The fund being acquired shall be dissolved without liquidation when the merger takes place, and the fund contract of the acquiring fund shall also apply to the fund being acquired.

2. Funds may only be merged if:

   a. the applicable fund contracts provide for such a merger;

   b. they are managed by the same fund management company;

   c. the following provisions of the applicable fund contracts are essentially identical with regard to:

      – investment policy, investment techniques, risk diversification and the risks associated with the investment;
      – appropriation of net income and capital gains from the sale of assets and rights;
      – the type, value and method of calculating any remuneration, issue and redemption commission and incidental costs relating to the purchase and sale of investments (brokerage, fees, duties) which may be charged to the fund's assets or the investors;
      – the conditions of redemption;
      – the duration of the contract and requirements for dissolution;

   d. the valuation of the affected funds' assets, the calculation of the exchange ratio and the transfer of assets and liabilities must take place on the same date;

   e. no costs may be incurred by the fund or the investors. The aforementioned shall be subject to the provisions pursuant to § 19 prov. 2 b, d and e regarding mergers.

3. If it is anticipated that the merger shall take more than one day, the supervisory authority may authorise a temporary suspension of unit redemptions for the funds concerned.

4. The fund management company must submit the proposed merger together with the merger schedule and plan to the supervisory authority for review at least one month before the planned publication of the intended changes to the fund contract. The merger schedule must contain information on the reasons for the merger, the investment policies of the funds involved and any differences between the acquiring fund and the fund being acquired, the calculation of the exchange ratio, any differences with regard to remuneration and any tax implications for the funds, as well as a statement from the applicable statutory external auditors under the collective investment legislation.

5. The fund management company shall publish a notice of the proposed amendments to the fund contract in accordance with § 23 prov. 2 and the proposed merger together with the merger schedule and plan at least two months before the definitive planned date in the official publication of the funds in question. Such notice shall advise investors that they may lodge an objection to the proposed amendments to the fund contract with the supervisory authority within 30 days of publication of the notice, or request redemption of their units in cash.

6. The external auditors must check immediately that the merger is being carried out correctly, and shall submit a report containing their comments in this regard to the fund management company and the supervisory authority.

7. The fund management company shall notify the supervisory authority that the merger has been completed and publish a notice to this effect, together with a statement from the external auditors confirming that the merger was executed correctly and the exchange ratio without delay in the official publications of the funds involved.

8. The fund management company must make reference to the merger in the next annual report of the acquiring fund and in its semi-annual report if published prior to the annual report. Unless the merger falls on the final day of the normal financial year, an audited closing statement must be produced for the fund being acquired.

§ 25 Conversion to 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 and financial derivatives), borrowing and lending, pledging of collective investment assets, risk distribution 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- INV 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 investment fund.

5. The fund management company will publish any amendments to the fund contract pursuant to § 23 para. 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 external auditor of the investment fund or the SICAV (if different) shall immediately 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 Life of the fund and dissolution

1. The fund has been established for an indefinite period.

2. The fund management company or custodian bank may dissolve the investment fund by terminating the fund contract without notice.

3. The fund may be dissolved by order of the supervisory authority, for example if the fund does not have assets of at least five million Swiss francs (or the equivalent) no later than one year after its launch, or a longer period specified by the supervisory authority at the request of the custodian bank and the fund management company.

4. The fund management company shall notify the supervisory authority of such dissolution immediately and publish a notice to this effect in the official publication for the fund.

5. Upon termination of the fund contract, the fund management company may liquidate the fund forthwith. If the supervisory authority ordered the dissolution of the fund, the fund must be liquidated immediately. The custodian bank shall be responsible for paying the liquidation proceeds to the investors. If the liquidation proceedings are protracted, payment may be made in instalments. Prior to the final payment, the fund management company must obtain authorisation from the supervisory authority.

X. Amendment to the fund contract

§ 27

If any amendments are made to this fund contract, or in the event of a proposed merger of unit classes or change of fund management company or custodian bank, investors may lodge objections with the supervisory authority within 30 days after publication or notice.

In the publication, the fund management company informs the investors about which amendments to the fund contract are subject to FINMA scrutiny and ruling regarding compliance with the law.

In the event of any amendment to the fund contract, including merger of unit classes, investors may also request redemption of their units in cash subject to the period stipulated herein. The foregoing shall be subject to the amendments described in § 23 prov. 2 which are exempted from the duty of disclosure subject to the approval of the supervisory authority.

XI. Applicable law and place of jurisdiction

§ 28

1. The fund shall be governed by Swiss law and in particular the Swiss Collective Investment Schemes Act of 23 June 2006, the Swiss Collective Investment Schemes Ordinance of 22 November 2006 and the Collective Investment Schemes Ordinance issued by FINMA of 27 August 2014. The place of jurisdiction shall be the domicile of the fund management company.

2. The German version shall be binding for the interpretation of the fund contract.

3. This fund contract shall take effect on 1 April 2024.

4. This fund contract replaces the fund contract dated 19 December 2023.

5. In approving the fund contract, FINMA shall examine only the provisions pursuant to Art. 35a (1) lit a-g CISO and shall establish their compliance with the law.

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