

# UBS (CH) Investment Fund

Investment fund under Swiss law with multiple sub-funds (umbrella fund)

(Category Other Funds for Traditional Investments)

Prospectus with integrated fund contract May 2017

## Part I Prospectus

This prospectus, together with the fund contract which forms an integral part thereof, the Key Investor Information Document (KIID) and the latest annual or semi-annual report (if published after the latest annual report), serves as the basis for all subscriptions to units of the sub-funds. Only the information contained in the prospectus, the KIID or the fund contract shall be deemed to be valid.

### 1 Information on the umbrella fund and sub-funds

#### 1.1 General information on the umbrella fund and the sub-funds

UBS (CH) Investment Fund is a contractual umbrella fund under Swiss law of the type "other funds for traditional investors" in accordance with the Swiss Federal Act on Collective Investment Schemes of 23 June 2006, which is subdivided into the following sub-funds:

- A. – Short Term Credit (USD) II
- B. – Bonds CHF Ausland Medium Term Passive
- C. – Bonds CHF Ausland Passive
- D. – Bonds CHF Inland Medium Term Passive
- E. – Bonds CHF Inland Passive
- F. – Equities Europe Passive
- G. – Equities Global Passive
- H. – Equities Japan Passive
- I. – Equities Switzerland Passive All
- J. – Equities Switzerland Passive Large
- K. – Equities USA Passive
- L. – Euro Bonds Passive
- M. – Global Bonds Passive
- N. – USD Bonds Passive

The umbrella 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 corresponding sub-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 participates in the fund contract in accordance with the tasks assigned to it by law and the fund contract. Investors are only entitled to an interest in the assets and income of the sub-fund in which they hold units. Any liabilities attributable to individual sub-funds are borne solely by the individual sub-fund concerned.

The sub-funds "– Bonds CHF Ausland Medium Term Passive", "– Bonds CHF Ausland Passive", "– Bonds CHF Inland Medium Term Passive", "– Bonds CHF Inland Passive", "– Equities Europe Passive", "– Equities Global Passive", "– Equities Japan Passive", "– Equities Switzerland Passive All", "– Equities Switzerland Passive Large", "– Equities USA Passive", "– Euro Bonds Passive", "– Global Bonds Passive" and "– USD Bonds Passive" were transferred within the scope of a conversion from the UBS (CH) Institutional Fund to the umbrella funds.

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

The current unit classes are:

#### A. UBS (CH) Investment Fund – Short Term Credit (USD) II

Unit class <sup>1</sup>	Ac-counting currency	Reference currency	Initial subscrip-tion price	Launch period/date <sup>2</sup>	Minimum subscription	Smallest tradeable lot	Annual fee	Form of custody	Appropriation of income
P <sup>1</sup>	USD	USD	1 000	Not yet known	n/a	0.001	0.56% <sup>3</sup> (0.45%)	Bearer	Accumulating
K-1 <sup>1</sup>	USD	USD	5 000 000	Not yet known	n/a	0.1	0.30% <sup>3</sup> (0.24%)	Bearer	Accumulating
Q	USD	USD	1 000	Not yet known	n/a	0.001	0.28% <sup>3</sup> (0.22%)	Bearer	Accumulating
F <sup>3</sup>	USD	USD	1 000	Not yet known	n/a	0.001	0.20% <sup>4</sup> (0.16%)	Registered <sup>5</sup>	Accumulating
F-A1 <sup>10</sup>	USD	USD	1 000	Not yet known	n/a	0.001	0.21% <sup>3</sup> (0.17%)	Registered <sup>5</sup>	Accumulating
F-A2 <sup>10</sup>	USD	USD	1 000	Not yet known	10 000 000 <sup>11</sup>	0.001	0.18% <sup>3</sup> (0.14%)	Registered <sup>5</sup>	Accumulating
F-A3 <sup>10</sup>	USD	USD	1 000	Not yet known	30 000 000 <sup>12</sup>	0.001	0.15% <sup>3</sup> (0.12%)	Registered <sup>5</sup>	Accumulating
F-B <sup>3</sup>	USD	USD	1 000	Not yet known	n/a	0.001	0.035% <sup>5</sup>	Registered <sup>5</sup>	Accumulating
F-X <sup>6</sup>	USD	USD	1 000	04.11.2014	n/a	0.001	0.00% <sup>6</sup>	Registered <sup>5</sup>	Accumulating
U-X	USD	USD	100 000	Not yet known	n/a	0.001	0.00% <sup>6</sup>	Registered <sup>5</sup>	Accumulating

#### B. UBS (CH) Investment Fund – Bonds CHF Ausland Medium Term Passive

Unit class <sup>1</sup>	Ac-counting currency	Reference currency	Initial subscrip-tion price	Launch period/date <sup>2</sup>	Minimum subscription	Smallest tradeable lot	Annual fee	Form of custody	Appropriation of income
W	CHF	CHF	100	Not yet known	n/a	0.001	0.18% <sup>4</sup> (0.14%)	Bearer	Accumulating
F <sup>3</sup>	CHF	CHF	100	Not yet known	n/a	0.001	0.14% <sup>4</sup>	Registered <sup>5</sup>	Accumulating

Unit class <sup>1</sup>	Ac-counting currency	Reference currency	Initial subscrip-tion price	Launch period/date*	Minimum subscription	Smallest tradeable lot	Annual fee	Form of custody	Appropriation of income
				known			(0.11%)		
F-A1 <sup>10</sup>	CHF	CHF	1 000	Not yet known	n/a	0.001	0.18% <sup>2</sup> (0.14%)	Registered <sup>3</sup>	Accumulating
F-A2 <sup>10</sup>	CHF	CHF	1 000	Not yet known	10 000 000 <sup>11</sup>	0.001	0.18% <sup>2</sup> (0.14%)	Registered <sup>3</sup>	Accumulating
F-A3 <sup>10</sup>	CHF	CHF	1 000	Not yet known	30 000 000 <sup>12</sup>	0.001	0.14% <sup>2</sup> (0.11%)	Registered <sup>3</sup>	Accumulating
F-B <sup>8</sup>	CHF	CHF	1 000	Not yet known	n/a	0.001	0.045% <sup>5</sup>	Registered <sup>3</sup>	Accumulating
F-X <sup>6</sup>	CHF	CHF	1 000	04.11.2014	n/a	0.001	0.00% <sup>4</sup>	Registered <sup>3</sup>	Accumulating
U-X	CHF	CHF	100 000	Not yet known	n/a	0.001	0.00% <sup>4</sup>	Registered <sup>3</sup>	Accumulating

### C. UBS (CH) Investment Fund – Bonds CHF Ausland Passive

Unit class <sup>1</sup>	Ac-counting currency	Reference currency	Initial subscrip-tion price	Launch period/date*	Minimum subscription	Smallest tradeable lot	Annual fee	Form of custody	Appropriation of income
W	CHF	CHF	100	Not yet known	n/a	0.001	0.18% <sup>3</sup> (0.14%)	Bearer	Accumulating
F <sup>3</sup>	CHF	CHF	100	Not yet known	n/a	0.001	0.14% <sup>4</sup> (0.11%)	Registered <sup>3</sup>	Accumulating
F-A1 <sup>10</sup>	CHF	CHF	1 000	Not yet known	n/a	0.001	0.18% <sup>2</sup> (0.14%)	Registered <sup>3</sup>	Accumulating
F-A2 <sup>10</sup>	CHF	CHF	1 000	Not yet known	10 000 000 <sup>11</sup>	0.001	0.18% <sup>2</sup> (0.14%)	Registered <sup>3</sup>	Accumulating
F-A3 <sup>10</sup>	CHF	CHF	1 000	Not yet known	30 000 000 <sup>12</sup>	0.001	0.14% <sup>2</sup> (0.11%)	Registered <sup>3</sup>	Accumulating
F-B <sup>8</sup>	CHF	CHF	1 000	Not yet known	n/a	0.001	0.045% <sup>5</sup>	Registered <sup>3</sup>	Accumulating
F-X <sup>6</sup>	CHF	CHF	1 000	04.11.2014	n/a	0.001	0.00% <sup>4</sup>	Registered <sup>3</sup>	Accumulating
U-X	CHF	CHF	100 000	Not yet known	n/a	0.001	0.00% <sup>4</sup>	Registered <sup>3</sup>	Accumulating

### D. UBS (CH) Investment Fund – Bonds CHF Inland Medium Term Passive

Unit class <sup>1</sup>	Ac-counting currency	Reference currency	Initial subscrip-tion price	Launch period/date*	Minimum subscription	Smallest tradeable lot	Annual fee	Form of custody	Appropriation of income
W	CHF	CHF	100	Not yet known	n/a	0.001	0.18% <sup>3</sup> (0.14%)	Bearer	Accumulating
F <sup>3</sup>	CHF	CHF	100	Not yet known	n/a	0.001	0.14% <sup>4</sup> (0.11%)	Registered <sup>3</sup>	Accumulating
F-A1 <sup>10</sup>	CHF	CHF	1 000	Not yet known	n/a	0.001	0.18% <sup>2</sup> (0.14%)	Registered <sup>3</sup>	Accumulating
F-A2 <sup>10</sup>	CHF	CHF	1 000	Not yet known	10 000 000 <sup>11</sup>	0.001	0.18% <sup>2</sup> (0.14%)	Registered <sup>3</sup>	Accumulating
F-A3 <sup>10</sup>	CHF	CHF	1 000	Not yet known	30 000 000 <sup>12</sup>	0.001	0.14% <sup>2</sup> (0.11%)	Registered <sup>3</sup>	Accumulating
F-B <sup>8</sup>	CHF	CHF	1 000	Not yet known	n/a	0.001	0.045% <sup>5</sup>	Registered <sup>3</sup>	Accumulating
F-X <sup>6</sup>	CHF	CHF	1 000	04.11.2014	n/a	0.001	0.00% <sup>4</sup>	Registered <sup>3</sup>	Accumulating
U-X	CHF	CHF	100 000	Not yet known	n/a	0.001	0.00% <sup>4</sup>	Registered <sup>3</sup>	Accumulating

### E. UBS (CH) Investment Fund – Bonds CHF Inland Passive

Unit class <sup>1</sup>	Ac-counting currency	Reference currency	Initial subscrip-tion price	Launch period/date*	Minimum subscription	Smallest tradeable lot	Annual fee	Form of custody	Appropriation of income
W	CHF	CHF	100	Not yet known	n/a	0.001	0.18% <sup>3</sup> (0.14%)	Bearer	Accumulating
F <sup>3</sup>	CHF	CHF	100	Not yet known	n/a	0.001	0.14% <sup>4</sup> (0.11%)	Registered <sup>3</sup>	Accumulating
F-A1 <sup>10</sup>	CHF	CHF	1 000	Not yet known	n/a	0.001	0.18% <sup>2</sup> (0.14%)	Registered <sup>3</sup>	Accumulating
F-A2 <sup>10</sup>	CHF	CHF	1 000	Not yet known	10 000 000 <sup>11</sup>	0.001	0.18% <sup>2</sup> (0.14%)	Registered <sup>3</sup>	Accumulating
F-A3 <sup>10</sup>	CHF	CHF	1 000	Not yet known	30 000 000 <sup>12</sup>	0.001	0.14% <sup>2</sup> (0.11%)	Registered <sup>3</sup>	Accumulating
F-B <sup>8</sup>	CHF	CHF	1 000	Not yet known	n/a	0.001	0.045% <sup>5</sup>	Registered <sup>3</sup>	Accumulating
F-X <sup>6</sup>	CHF	CHF	1 000	04.11.2014	n/a	0.001	0.00% <sup>4</sup>	Registered <sup>3</sup>	Accumulating
U-X	CHF	CHF	100 000	Not yet known	n/a	0.001	0.00% <sup>4</sup>	Registered <sup>3</sup>	Accumulating

### F. UBS (CH) Investment Fund – Equities Europe Passive

Unit class <sup>1</sup>	Ac-counting currency	Reference currency	Initial subscrip-tion price	Launch period/date*	Minimum subscription	Smallest tradeable lot	Annual fee	Form of custody	Appropriation of income
W	CHF	CHF	100	Not yet known	n/a	0.001	0.22% <sup>3</sup> (0.18%)	Bearer	Accumulating
(EUR) W	CHF	EUR	100	Not yet known	n/a	0.001	0.22% <sup>3</sup> (0.18%)	Bearer	Accumulating
(EUR) F <sup>3</sup>	CHF	EUR	100	Not yet known	n/a	0.001	0.18% <sup>4</sup> (0.14%)	Registered <sup>3</sup>	Accumulating
F-A1 <sup>10</sup>	CHF	CHF	1 000	Not yet known	n/a	0.001	0.22% <sup>2</sup> (0.18%)	Registered <sup>3</sup>	Accumulating
F-A2 <sup>10</sup>	CHF	CHF	1 000	Not yet known	10 000 000 <sup>11</sup>	0.001	0.22% <sup>2</sup> (0.18%)	Registered <sup>3</sup>	Accumulating
F-A3 <sup>10</sup>	CHF	CHF	1 000	Not yet known	30 000 000 <sup>12</sup>	0.001	0.18% <sup>2</sup> (0.14%)	Registered <sup>3</sup>	Accumulating
F-B <sup>8</sup>	CHF	CHF	1 000	Not yet known	n/a	0.001	0.0525% <sup>5</sup>	Registered <sup>3</sup>	Accumulating

## G. UBS (CH) Investment Fund – Equities Global Passive

## H. UBS (CH) Investment Fund – Equities Japan Passive

## I. UBS (CH) Investment Fund – Equities Switzerland Passive All

#### J. UBS (CH) Investment Fund – Equities Switzerland Passive Large

Unit class <sup>1</sup>	Accounting currency	Reference currency	Initial subscription price	Launch period/date <sup>2</sup>	Minimum subscription	Smallest tradeable lot	Annual fee	Form of custody	Appropriation of income
W	CHF	CHF	100	Not yet known	n/a	0.001	0.17% <sup>3</sup> (0.14%)	Bearer	Accumulating
F <sup>3</sup>	CHF	CHF	100	Not yet known	n/a	0.001	0.15% <sup>4</sup> (0.12%)	Registered	Accumulating
-A1 <sup>10</sup>	CHF	CHF	1 000	Not yet known	n/a	0.001	0.17% <sup>2</sup> (0.14%)	Registered	Accumulating
-A2 <sup>10</sup>	CHF	CHF	1 000	Not yet known	10 000 000 <sup>11</sup>	0.001	0.17% <sup>2</sup> (0.14%)	Registered	Accumulating
-A3 <sup>10</sup>	CHF	CHF	1 000	Not yet known	30 000 000 <sup>12</sup>	0.001	0.15% <sup>2</sup> (0.12%)	Registered	Accumulating
-B <sup>8</sup>	CHF	CHF	1 000	Not yet known	n/a	0.001	0.0453% <sup>5</sup>	Registered	Accumulating
-X <sup>6</sup>	CHF	CHF	1 000	24.11.2014	n/a	0.001	0.00% <sup>6</sup>	Registered	Accumulating
J-X	CHF	CHF	100 000	Not yet known	n/a	0.001	0.00% <sup>6</sup>	Registered	Accumulating

### K. UBS (CH) Investment Fund – Equities USA Passive

Unit class <sup>1</sup>	Ac-counting currency	Reference currency	Initial subscription price	Launch period/date <sup>2</sup>	Minimum subscription	Smallest tradeable lot	Annual fee	Form of custody	Appropriation of income
W	CHF	CHF	100	Not yet known	n/a	0.001	0.22% <sup>3</sup> (0.18%)	Bearer	Accumulating
(USD) W	CHF	USD	100	Not yet known	n/a	0.001	0.22% <sup>3</sup> (0.18%)	Bearer	Accumulating
(USD) F <sup>3</sup>	CHF	USD	100	Not yet known	n/a	0.001	0.17% <sup>4</sup> (0.14%)	Registered <sup>4</sup>	Accumulating
I-A1 <sup>10</sup>	CHF	CHF	1 000	Not yet known	n/a	0.001	0.22% <sup>3</sup> (0.18%)	Registered <sup>4</sup>	Accumulating
I-A2 <sup>10</sup>	CHF	CHF	1 000	Not yet known	10 000 000 <sup>11</sup>	0.001	0.22% <sup>3</sup> (0.18%)	Registered <sup>4</sup>	Accumulating
I-A3 <sup>10</sup>	CHF	CHF	1 000	Not yet known	30 000 000 <sup>12</sup>	0.001	0.17% <sup>3</sup> (0.14%)	Registered <sup>4</sup>	Accumulating
I-B <sup>8</sup>	CHF	CHF	1 000	Not yet known	n/a	0.001	0.055% <sup>5</sup>	Registered <sup>4</sup>	Accumulating
I-X <sup>6</sup>	CHF	CHF	1 000	04.11.2014	n/a	0.001	0.00% <sup>6</sup>	Registered <sup>4</sup>	Accumulating
U-X	CHF	CHF	100 000	Not yet known	n/a	0.001	0.00% <sup>6</sup>	Registered <sup>4</sup>	Accumulating
(USD) I-X	CHF	USD	1 000	Not yet known	n/a	0.001	0.00% <sup>6</sup>	Registered <sup>4</sup>	Accumulating

### L. UBS (CH) Investment Fund – Euro Bonds Passive

Unit class <sup>1</sup>	Ac-counting currency	Reference currency	Initial subscription price	Launch period/date <sup>2</sup>	Minimum subscription	Smallest tradeable lot	Annual fee	Form of custody	Appropriation of income
W	EUR	EUR	100	Not yet known	n/a	0.001	0.22% <sup>3</sup> (0.18%)	Bearer	Accumulating
(CHF) W	EUR	CHF	100	Not yet known	n/a	0.001	0.22% <sup>3</sup> (0.18%)	Bearer	Accumulating
F <sup>3</sup>	EUR	EUR	100	Not yet known	n/a	0.001	0.16% <sup>4</sup> (0.13%)	Registered <sup>4</sup>	Accumulating
I-A1 <sup>10</sup>	EUR	EUR	1 000	Not yet known	n/a	0.001	0.22% <sup>3</sup> (0.18%)	Registered <sup>4</sup>	Accumulating
I-A2 <sup>10</sup>	EUR	EUR	1 000	Not yet known	10 000 000 <sup>11</sup>	0.001	0.22% <sup>3</sup> (0.18%)	Registered <sup>4</sup>	Accumulating
I-A3 <sup>10</sup>	EUR	EUR	1 000	Not yet known	30 000 000 <sup>12</sup>	0.001	0.16% <sup>3</sup> (0.13%)	Registered <sup>4</sup>	Accumulating
I-B <sup>8</sup>	EUR	EUR	1 000	Not yet known	n/a	0.001	0.045% <sup>5</sup>	Registered <sup>4</sup>	Accumulating
I-X <sup>6</sup>	EUR	EUR	1 000	04.11.2014	n/a	0.001	0.00% <sup>6</sup>	Registered <sup>4</sup>	Accumulating
U-X	EUR	EUR	100 000	Not yet known	n/a	0.001	0.00% <sup>6</sup>	Registered <sup>4</sup>	Accumulating

### M. UBS (CH) Investment Fund – Global Bonds Passive

Unit class <sup>1</sup>	Ac-counting currency	Reference currency	Initial subscription price	Launch period/date <sup>2</sup>	Minimum subscription	Smallest tradeable lot	Annual fee	Form of custody	Appropriation of income
W	CHF	CHF	100	Not yet known	n/a	0.001	0.22% <sup>3</sup> (0.18%)	Bearer	Accumulating
(USD) W	CHF	USD	100	Not yet known	n/a	0.001	0.22% <sup>3</sup> (0.18%)	Bearer	Accumulating
(USD) F <sup>3</sup>	CHF	USD	100	Not yet known	n/a	0.001	0.16% <sup>4</sup> (0.13%)	Registered <sup>4</sup>	Accumulating
I-A1 <sup>10</sup>	CHF	CHF	1 000	Not yet known	n/a	0.001	0.22% <sup>3</sup> (0.18%)	Registered <sup>4</sup>	Accumulating
I-A2 <sup>10</sup>	CHF	CHF	1 000	Not yet known	10 000 000 <sup>11</sup>	0.001	0.22% <sup>3</sup> (0.18%)	Registered <sup>4</sup>	Accumulating
I-A3 <sup>10</sup>	CHF	CHF	1 000	Not yet known	30 000 000 <sup>12</sup>	0.001	0.16% <sup>3</sup> (0.13%)	Registered <sup>4</sup>	Accumulating
I-B <sup>8</sup>	CHF	CHF	1 000	Not yet known	n/a	0.001	0.045% <sup>5</sup>	Registered <sup>4</sup>	Accumulating
I-X <sup>6</sup>	CHF	CHF	1 000	04.11.2014	n/a	0.001	0.00% <sup>6</sup>	Registered <sup>4</sup>	Accumulating
U-X	CHF	CHF	100 000	Not yet known	n/a	0.001	0.00% <sup>6</sup>	Registered <sup>4</sup>	Accumulating

### N. UBS (CH) Investment Fund – USD Bonds Passive

Unit class <sup>1</sup>	Ac-counting currency	Reference currency	Initial subscription price	Launch period/date <sup>2</sup>	Minimum subscription	Smallest tradeable lot	Annual fee	Form of custody	Appropriation of income
W	USD	USD	100	Not yet known	n/a	0.001	0.22% <sup>3</sup> (0.18%)	Bearer	Accumulating
(CHF) W	USD	CHF	100	Not yet known	n/a	0.001	0.22% <sup>3</sup> (0.18%)	Bearer	Accumulating
F <sup>3</sup>	USD	USD	100	Not yet known	n/a	0.001	0.16% <sup>4</sup> (0.13%)	Registered <sup>4</sup>	Accumulating
I-A1 <sup>10</sup>	USD	USD	1 000	Not yet known	n/a	0.001	0.22% <sup>3</sup> (0.18%)	Registered <sup>4</sup>	Accumulating
I-A2 <sup>10</sup>	USD	USD	1 000	Not yet known	10 000 000 <sup>11</sup>	0.001	0.22% <sup>3</sup> (0.18%)	Registered <sup>4</sup>	Accumulating
I-A3 <sup>10</sup>	USD	USD	1 000	Not yet known	30 000 000 <sup>12</sup>	0.001	0.16% <sup>3</sup> (0.13%)	Registered <sup>4</sup>	Accumulating
I-B <sup>8</sup>	USD	USD	1 000	Not yet known	n/a	0.001	0.045% <sup>5</sup>	Registered <sup>4</sup>	Accumulating
I-X <sup>6</sup>	USD	USD	1 000	04.11.2014	n/a	0.001	0.00% <sup>6</sup>	Registered <sup>4</sup>	Accumulating
U-X	USD	USD	100 000	Not yet known	n/a	0.001	0.00% <sup>6</sup>	Registered <sup>4</sup>	Accumulating

- 1) The unit classes "P", "K-1" and "W" (unit class "W" not available in sub-fund "- Short Term Credit (USD) II") are offered to all investors. The unit classes "Q", "F", "I-A1", "I-A2", "I-A3", "I-B", "I-X" and "U-X" are offered only to certain types of investors (unit class "Q" offered only in sub-fund "- Short Term Credit (USD) II") (cf § 6 prov. 4).
- 2) Flat-rate management fee. This is used for administration, asset management, marketing of sub-funds and all the custodian bank tasks. 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 sub-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) Flat fee charged by the fund management company. This is appropriated for the management and asset management of the sub-fund and for all tasks of the custodian bank. An additional fee is charged as stated in the written asset management mandate which the investor has concluded with UBS AG or one of its related entities (cf. § 6 prov. 4). The amount in brackets indicates the level of the management fee, which accounts for 80% of the flat fee.
- 5) Fund management company's commission. The costs incurred in fund administration (including fund management, administration and custodian bank) are charged to the sub-fund's assets via commission. The costs incurred in asset management are charged to investors under a separate agreement with UBS AG or one of its authorised contracting partners (cf. § 6 prov. 4).
- 6) Fund management company's commission. Costs arising in connection with the services provided for class "I-X" and "U-X" units are covered by payments due to UBS AG under a separate agreement with the investor (cf. § 6 prov. 4).
- 7) The registered units must be registered and held with UBS Switzerland AG.
- 8) Allocation to unit class takes place in consultation with the investor in accordance with their mandate with UBS AG or a contractual partner authorised by UBS AG.
- 9) To invest in this unit class a written investment management mandate must be concluded with UBS AG or one of its related entities.
- 10) To invest in this unit class a written agreement must be concluded with UBS AG or one of its authorised contracting partners.
- 11) For investments in these unit classes, a minimum investment of CHF 10,000,000 (or the corresponding currency equivalent) must be carried out, or the total assets managed by UBS under an investment agreement must amount to more than CHF 30,000,000 (or the corresponding currency equivalent) at the time of the initial investment.
- 12) For investments in these unit classes, a minimum investment of CHF 30,000,000 (or the corresponding currency equivalent) must be carried out, or the total assets managed by UBS under an investment agreement must amount to more than CHF 100,000,000 (or the corresponding currency equivalent) at the time of the initial investment.

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In the above table the note "not yet known" relates to unit classes which have not yet been launched at the time of publication of this prospectus or whose launch date has not yet been set. Investors should contact their investment advisor for further details.

Lists A, B and C of unit class "Q" in accordance with § 6 prov. 4 ltr. B a) of the fund contract:

A: –

B: Switzerland

C: Switzerland

The fund management company shall have sole authority to decide on the approval of investors in other countries (amendments to Lists A, B and C).

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

The unit classes do not constitute segmented assets. The possibility cannot accordingly be excluded that a unit class may be liable for liabilities of another unit class, even if costs are charged only to the unit class which receives a specific service.

## 1.2 Investment objective and investment policy of the sub-funds

### 1.2.1 Investment objective

#### A. UBS (CH) Investment Fund – Short Term Credit (USD) II

The investment objective of this sub-fund is principally to enable the investor to participate in the yield of short-term bonds and money market instruments denominated in USD of domestic and foreign issuers while at the same time achieving a balanced risk spread.

#### B. UBS (CH) Investment Fund – Bonds CHF Ausland Medium Term Passive

The investment objective of this sub-fund is principally to passively replicate the representative index SBI® Foreign AAA-BBB 1-5 Years (TR) for Swiss franc (CHF) denominated bonds with medium-term maturities and secure performance consistent with the performance of this benchmark.

#### C. UBS (CH) Investment Fund – Bonds CHF Ausland Passive

The investment objective of this sub-fund is principally to passively replicate the representative index SBI® Foreign AAA-BBB (Total Return) for Swiss franc (CHF) denominated bonds and secure performance consistent with the performance of this benchmark.

#### D. UBS (CH) Investment Fund – Bonds CHF Inland Medium Term Passive

The investment objective of this sub-fund is principally to passively replicate the representative index SBI® Domestic AAA-BBB 1-5 Years (TR) for Swiss franc (CHF) denominated bonds with medium-term maturities from Swiss borrowers and secure performance consistent with the performance of this benchmark.

#### E. UBS (CH) Investment Fund – Bonds CHF Inland Passive

The investment objective of this sub-fund is principally to passively replicate the representative index SBI® Domestic AAA-BBB (TR) for Swiss franc (CHF) denominated bonds and secure performance consistent with the performance of this benchmark.

#### F. UBS (CH) Investment Fund – Equities Europe Passive

The investment objective of this sub-fund is principally to passively replicate the representative index MSCI Europe ex Switzerland (net div. reinv.) for the European equity market and secure performance consistent with the performance of this benchmark.

#### G. UBS (CH) Investment Fund – Equities Global Passive

The investment objective of this sub-fund is principally to passively replicate the representative index MSCI World ex Switzerland (net div. reinv.) for the global equity market and secure performance consistent with the performance of this benchmark.

#### H. UBS (CH) Investment Fund – Equities Japan Passive

The investment objective of this sub-fund is principally to passively replicate the representative index MSCI Japan (net div. reinv.) for the Japanese equity market and secure performance consistent with the performance of this benchmark.

#### I. UBS (CH) Investment Fund – Equities Switzerland Passive All

The investment objective of this investment fund is principally to passively replicate the representative index SPI (Total Return) for the Swiss equity market and secure performance consistent with the performance of this benchmark.

#### J. UBS (CH) Investment Fund – Equities Switzerland Passive Large

The investment objective of this investment fund is principally to passively replicate the representative index SMI (Total Return) for the Swiss equity market and secure performance consistent with the performance of this benchmark.

#### K. UBS (CH) Investment Fund – Equities USA Passive

The investment objective of this investment fund is principally to passively replicate the representative index MSCI USA (net div. reinv.) for the US equity market and secure performance consistent with the performance of this benchmark.

#### L. UBS (CH) Investment Fund – Euro Bonds Passive

The investment objective of this investment fund is principally to passively replicate the representative index Citigroup EMU Government Bond Index (EGBI) for euro denominated bonds and secure performance consistent with the performance of this benchmark.

#### M. UBS (CH) Investment Fund – Global Bonds Passive

The investment objective of this sub-fund is principally to passively replicate the representative index Citigroup World Government Bond Index (WGBI) ex Switzerland for global bonds and secure performance consistent with the performance of this benchmark.

#### N. UBS (CH) Investment Fund – USD Bonds Passive

The investment objective of this investment fund is principally to passively replicate the representative index Citigroup US Government Bond Index for USD denominated bonds and secure performance consistent with the performance of this benchmark.

## 1.2.2 Investment policy

### A. UBS (CH) Investment Fund – Short Term Credit (USD) II

This sub-fund invests primarily in bonds, notes and other fixed-interest and variable rate debt instruments and rights denominated in USD of private and public-law borrowers worldwide with a rating of at least BBB- by S&P or Fitch or Baa3 by Moody or equivalent rating (investment grade).

The currency in the sub-fund name merely shows the currency in which the sub-fund's performance is measured, not the sub-fund's investment currency. Investments are made in currencies which are optimal for the fund's performance. Investments can be made worldwide.

Including derivatives and structured products, the fund management company may invest at most 10% of the fund assets in securities and money market instruments from a single issuer.

The fund management company may invest up to 35% of fund assets in securities or money market instruments of a single issuer if these are issued or guaranteed by a state or public sector entity from the OECD or by international organisations with public-law character to which Switzerland or a European Union member state belongs.

The Swiss Financial Market Supervisory Authority has given UBS Fund Management (Switzerland) AG approval for the sub-funds to invest up to 100% of fund assets in securities or money market instruments from a single issuer if these are issued or guaranteed by a state or public sector entity from the OECD or by international organisations with public-law character to which Switzerland or a European Union member state belongs.

Permissible issuers or guarantors are:

the European Union (EU), OECD states, the Council of Europe, the World Bank, the European Bank for Reconstruction and Development, the European Investment Bank, the Inter-American Development Bank, the Asian Development Bank and EUROFIMA (European Company for the Financing of Railroad Rolling Stock).

### B. UBS (CH) Investment Fund – Bonds CHF Ausland Medium Term Passive

### C. UBS (CH) Investment Fund – Bonds CHF Ausland Passive

These sub-funds invest primarily in bonds and notes denominated in CHF as well as other fixed-income or floating-rate debt paper and rights issued by private borrowers and borrowers under public law which have their registered office abroad, or which, as holding companies, invest mainly in companies which have their registered office abroad or conduct the majority of their business abroad, in units of other collective investments that invest their assets in the investments referred to above, and in derivatives and structured products denominated in CHF on the above investments.

The fund management company may invest no more than 20% of the fund assets in securities or money market instruments issued by one and the same issuer, including derivatives and structured products.

The fund management company may invest up to 35% of fund assets in securities or money market instruments of a single issuer if these are issued or guaranteed by a state or a public sector entity from the OECD or by international organisations with public-law character to which Switzerland or a European Union member state belongs.

The fund management company may invest up to 100% of fund assets in securities or money market instruments of a single issuer if these are issued or guaranteed by a state or a public sector entity from the OECD or by international organisations with public-law character to which Switzerland or a European Union member state belongs.

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).

### D. UBS (CH) Investment Fund – Bonds CHF Inland Medium Term Passive

### E. UBS (CH) Investment Fund – Bonds CHF Inland Passive

These sub-funds invest primarily in bonds and notes denominated in CHF as well as other fixed-income or floating-rate debt paper and rights issued by private borrowers and borrowers under public law which have their registered office in Switzerland, or which, as holding companies, invest mainly in companies which have their registered office in Switzerland or conduct the majority of their business in Switzerland, in units of other collective investments that invest their assets in the investments referred to above, and in derivatives and structured products denominated in CHF on the above investments.

The fund management company may invest no more than 20% of fund assets in securities or money market instruments issued by one and the same issuer, including derivatives and structured products.

The fund management company may invest up to 35% of fund assets in securities or money market instruments of a single issuer if these are issued or guaranteed by a state or a public sector entity from the OECD or by international organisations with public-law character to which Switzerland or a European Union member state belongs.

The fund management company may invest up to 35% of fund assets in securities or money market instruments of a single issuer if the securities are issued or guaranteed by Pfandbriefbank schweizerischer Hypothekarinstitute AG (Mortgage Bond Bank of the Swiss Mortgage Institutions) or Pfandbriefzentrale der schweizerischen Kantonalbanken AG (Mortgage Bond Centre of the Swiss Cantonal Banks).

For the sub-fund, the fund management company may invest up to 100% of fund assets in securities or money market instruments of a single issuer if these are issued or guaranteed by a state or a public sector entity from the OECD or by international organisations with public-law character to which Switzerland or a European Union member state belongs.

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. UBS (CH) Investment Fund – Equities Europe Passive

This sub-fund invests primarily in equity paper and rights issued by companies which have their registered office in Europe, or which, as holding companies, invest mainly in companies which have their registered office in Europe or conduct the majority of their business in Europe, in units of other collective investments that invest their assets in the investments referred to above, and in derivatives and structured products denominated in freely convertible currencies on the above investments.

The fund management company may invest no more than 5% of fund assets in securities or money market instruments issued by one and the same issuer, including derivatives and structured products.

For issuers included in the benchmark as well as those not included in the benchmark but for which there is a strong likelihood of them being included in the benchmark in the next six months, the fund management company may exceed the 5% limit, whereby the overweight of the total value of the instruments from a single issuer is limited to a maximum of three percentage points of the relevant index weighting.

Investments, deposits and claims of one and the same issuer or borrower may not exceed a total of 20% of the sub-fund's assets.

### G. UBS (CH) Investment Fund – Equities Global Passive

This sub-fund invests primarily in equity paper and rights issued by companies which have their registered office worldwide (with the exception of Switzerland), or which, as holding companies, invest mainly in companies which have their registered office worldwide (with the exception of Switzerland) or conduct the majority of their business worldwide (with the exception of Switzerland), in units of other collective investments that invest their assets in the investments referred to above, and in derivatives and structured products on the above investments.

The fund management company may invest no more than 10% of fund assets in securities or money market instruments issued by one and the same issuer, including derivatives and structured products.

For the sub-fund, the fund management company may invest up to 30% of fund assets in a single other investment fund (target fund), whereby up to 80% of the sub-fund may be invested in the sub-fund "– Equities USA Passive" and up to 40% of the sub-fund may be invested in the sub-fund "– Equities Europe Passive".

Investments in target funds may not result in an accumulation of fees for investors and must make full transparency possible for the fund management company in respect of investments and fees.

### H. UBS (CH) Investment Fund – Equities Japan Passive

This sub-fund invests primarily in equity paper and rights issued by companies which have their registered office in Japan, or which, as holding companies, invest mainly in companies which have their registered office in Japan or conduct the majority of their business in Japan, in units of other collective investments that invest their assets in the investments referred to above, and in derivatives and structured products denominated in freely convertible currencies on the above investments. The fund management company may invest no more than 5% of fund assets in securities or money market instruments issued by one and the same issuer, including derivatives and structured products.

For issuers included in the benchmark as well as those not included in the benchmark but for which there is a strong likelihood of them being included in the benchmark in the next six months, the fund management company may exceed the limit specified above, whereby the overweight of the total value of the in-

struments from a single issuer is limited to a maximum of three percentage points of the relevant index weighting. Investments, deposits and claims of one and the same issuer or borrower may not exceed a total of 20% of the sub-fund's assets.

**I. UBS (CH) Investment Fund – Equities Switzerland Passive All**

**J. UBS (CH) Investment Fund – Equities Switzerland Passive Large**

These sub-funds invest primarily in equity paper and rights issued by companies which have their registered office in Switzerland, or which, as holding companies, invest mainly in companies which have their registered office in Switzerland or conduct the majority of their business in Switzerland, in units of other collective investments that invest their assets in the investments referred to above, and in derivatives and structured products denominated in freely convertible currencies on the above investments.

The fund management company may invest no more than 5% of fund assets in securities or money market instruments issued by one and the same issuer, including derivatives and structured products.

For issuers included in the benchmark as well as those not included in the benchmark but for which there is a strong likelihood of them being included in the benchmark in the next six months, the fund management company may exceed the limit specified above, whereby the overweight of the total value of the instruments from a single issuer is limited to a maximum of three percentage points of the relevant index weighting.

Investments, deposits and claims of one and the same issuer or borrower may not exceed a total of 35% of the sub-fund's assets.

**K. UBS (CH) Investment Fund – Equities USA Passive**

This sub-fund invests primarily in equity paper and rights issued by companies which have their registered office in the USA, or which, as holding companies, invest mainly in companies which have their registered office in the USA or conduct the majority of their business in the USA, in units of other collective investments that invest their assets in the investments referred to above, and in derivatives and structured products denominated in freely convertible currencies on the above investments.

The fund management company may invest no more than 5% of fund assets in securities or money market instruments issued by one and the same issuer, including derivatives and structured products.

For issuers included in the benchmark as well as those not included in the benchmark but for which there is a strong likelihood of them being included in the benchmark in the next six months, the fund management company may exceed the limit specified above, whereby the overweight of the total value of the instruments from a single issuer is limited to a maximum of three percentage points of the relevant index weighting.

Investments, deposits and claims of one and the same issuer or borrower may not exceed a total of 20% of the sub-fund's assets.

**L. UBS (CH) Investment Fund – Euro Bonds Passive**

This sub-fund serves as a target fund for the sub-fund “– Global Bonds Passive” and the investment fund “UBS (CH) Institutional Fund – Global Bonds Passive (hedged) CHF”.

It invests primarily in bonds and notes denominated in EUR as well as other fixed-income or floating-rate debt paper and rights issued by private borrowers and borrowers under public law worldwide, in units of other collective investments that invest their assets in the investments referred to above, and in derivatives and structured products denominated in EUR on the above investments.

The fund management company may invest no more than 20% of fund assets in securities or money market instruments issued by one and the same issuer, including derivatives and structured products.

The fund management company may invest up to 35% of fund assets in securities or money market instruments of a single issuer if these are issued or guaranteed by a state or a public sector entity from the OECD or by international organisations with public-law character to which Switzerland or a European Union member state belongs.

For the sub-fund, the fund management company may invest up to 100% of fund assets in securities or money market instruments of a single issuer if these are issued or guaranteed by a state or a public sector entity from the OECD or by international organisations with public-law character to which Switzerland or a European Union member state belongs.

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).

**M. UBS (CH) Investment Fund – Global Bonds Passive**

As an umbrella fund, this sub-fund's objective is to passively replicate the representative index specified in the investment objective by acquiring up to 30% of the units of the target funds “– Euro Bonds Passive”, “– USD Bonds Passive”, “UBS (CH) Institutional Fund – JPY Bonds Passive” and “UBS (CH) Institutional Fund – GBP Bonds Passive”.

To do this, it invests primarily in bonds and notes denominated in CHF or other currencies as well as other fixed-income or floating-rate debt paper and rights issued by private borrowers and borrowers under public law worldwide, in units of other collective investments that invest their assets in the investments referred to above, and in derivatives and structured products denominated in freely convertible currencies on the above investments.

The fund management company may invest no more than 20% of fund assets in securities or money market instruments issued by one and the same issuer, including derivatives and structured products.

The fund management company may invest up to 35% of fund assets in securities or money market instruments of a single issuer if these are issued or guaranteed by a state or a public sector entity from the OECD or by international organisations with public-law character to which Switzerland or a European Union member state belongs.

For the sub-fund, the fund management company may invest up to 100% of fund assets in securities or money market instruments of a single issuer if these are issued or guaranteed by a state or a public sector entity from the OECD or by international organisations with public-law character to which Switzerland or a European Union member state belongs.

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).

**N. UBS (CH) Investment Fund – USD Bonds Passive**

This sub-fund serves as a target fund for the sub-fund “– Global Bonds Passive” and the investment fund “UBS (CH) Institutional Fund – Global Bonds Passive (hedged) CHF”.

It invests primarily in bonds and notes denominated in USD as well as other fixed-income or floating-rate debt paper and rights issued by private borrowers and borrowers under public law worldwide, in units of other collective investments that invest their assets in the investments referred to above, and in derivatives and structured products denominated in USD on the above investments.

The fund management company may invest no more than 20% of fund assets in securities or money market instruments issued by one and the same issuer, including derivatives and structured products.

The fund management company may invest up to 35% of fund assets in securities or money market instruments of a single issuer if these are issued or guaranteed by a state or a public sector entity from the OECD or by international organisations with public-law character to which Switzerland or a European Union member state belongs.

For the sub-fund, the fund management company may invest up to 100% of fund assets in securities or money market instruments of a single issuer if these are issued or guaranteed by a state or a public sector entity from the OECD or by international organisations with public-law character to which Switzerland or a European Union member state belongs.

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).

**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 security.

Derivative transactions are collateralised in line with the applicable provisions governing the settlement of these types of transactions. Derivative transactions that are processed 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 security.

#### 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 (including treasury bills and treasury savings notes) issued or guaranteed by the US, the UK, Japan, Germany or Switzerland (including 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	1–3%
– 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.

### 1.2.3 Material risks

The sub-funds' main risks are that the sub-funds' net asset value and income may fluctuate depending on interest rate movements and changing rating of the investments. There is no guarantee that the investor will achieve a given rate of return or that the units can be redeemed at a specific price.

The following risks also exist: general market risk, currency risk, issuer risk, liquidity risk.

When investing in emerging markets, the following risks should additionally be taken into account: political and economic risks, restricted or impeded market access for foreign investors, high price volatility, liquidity bottlenecks, etc.

### 1.2.4 Use of derivatives

#### A. UBS (CH) Investment Fund – Short Term Credit (USD) II UBS (CH) Investment Fund – Euro Bonds Passive

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 may be used for purposes other than simply to hedge investment positions.

In connection with collective investment schemes, derivatives may only be used 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 more detail in the fund contract (cf. § 12) provided that the 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]) may also be acquired, which can be used to transfer credit risks to third parties, known as risk buyers. 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 size of the loss; as a rule both factors are difficult to assess, which in turn increases the risk associated with CDSs. The investment fund may act as a risk buyer or seller.

The use of derivatives may result in the fund's assets being leveraged. Total investment in derivatives may be up to 100% of net fund assets, so that the total exposure of the fund may be up to 200% of net fund assets.

Short selling is not permissible.

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).

#### B. UBS (CH) Investment Fund – Bonds CHF Ausland Medium Term Passive UBS (CH) Investment Fund – Bonds CHF Ausland Passive UBS (CH) Investment Fund – Bonds CHF Inland Medium Term Passive UBS (CH) Investment Fund – Bonds CHF Inland Passive UBS (CH) Investment Fund – Equities Europe Passive UBS (CH) Investment Fund – Equities Global Passive UBS (CH) Investment Fund – Equities Japan Passive UBS (CH) Investment Fund – Equities Switzerland Passive All UBS (CH) Investment Fund – Equities Switzerland Passive Large UBS (CH) Investment Fund – Equities USA Passive UBS (CH) Investment Fund – Global Bonds Passive UBS (CH) Investment Fund – USD Bonds Passive

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 I is applied to the assessment 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.

Only basic forms of derivatives, i.e. call or put options, credit default swaps (CDS), swaps and forward transactions (futures and forwards), may be used as described in detail in the fund contract (cf. section 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.

With a CDS, the default risk of a credit position is transferred from the risk seller to the risk buyer, who receives compensation in the form of a premium. The level of this premium depends on a number of factors including the likelihood of a loss occurring and the maximum size of the loss; as a rule both factors are difficult to assess, which in turn increases the risk associated with CDSs. The investment fund may act as a risk buyer or seller.

Even under extraordinary market circumstances, the use of these instruments may not result in the fund's assets being leveraged, nor may it be tantamount to a short sale.

### 1.3 Umbrella fund structure

As the sub-funds “– Equities Global Passive” and “– Global Bonds Passive” primarily invest in other collective capital investments, this sub-fund is deemed to be an umbrella fund. This specific structure has the following main advantages over funds which make direct investments:

- Investing in existing collective investments (target funds) ensures broader diversification and a greater spreading of risk compared with an investment in directly investing funds;
- For an umbrella fund, diversification is limited not only to their own investments, since target funds are also subject to the stricter regulations governing risk diversification. Umbrella funds enable investors to invest in a product that exhibits risk diversification at two levels and therefore minimises the risk of the individual target funds.
- The disadvantage of an umbrella structure compared to funds which make direct investments is, in particular:
- Certain remuneration and incidental costs may accrue twice as a result of investing in units of existing collective investments (for example, commission to the custodian bank and central administrative unit, issuing/redemption commissions of target funds in which investments are made). Such remuneration and expenses may be charged at both the target fund and the umbrella levels.

### 1.4 Due diligence when acquiring target funds

Target funds are selected using quantitative and qualitative criteria. As part of quantitative analysis, the historical relationship between risk and return is analysed over various time periods. On the qualitative side, an in-depth assessment of the fund company's profile is carried out, looking at its corporate infrastructure, investment style, investment processes and internal risk controls. The results of both qualitative and quantitative evaluations are subject to regular reviews.

### 1.5 Profile of the typical investor

The fund is suitable for investors with a short to medium-term investment Head Office who are primarily looking for current income. Investors can accept temporary fluctuations in the net asset value of fund units and are not dependent on a specific date for liquidating the investment.

### 1.6 Tax regulations relevant to the umbrella fund

The umbrella fund and sub-funds do not have legal personality in Switzerland. They are subject to neither income tax nor capital gains tax.

The Swiss withholding tax deducted from domestic income in the sub-funds can be reclaimed in full by the fund management company for the relevant sub-fund. Any income and capital gains realised abroad may be subject to the relevant withholding tax deductions imposed by the country of investment. These taxes will, as far as possible, be reclaimed by the fund management company on behalf of investors resident in Switzerland under the terms of double taxation treaties or other such agreements.

Accumulation in the relevant sub-fund for investors domiciled in Switzerland is subject to Swiss withholding tax of 35%. Capital gains shown separately in the investor's statement 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.

Swiss withholding tax is not deducted for accumulation for investors domiciled abroad provided that at least 80% of the income of the relevant sub-fund is 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). Investors domiciled abroad accordingly receive a compensation payment of 35% of the income. There can be no guarantee or assurance that at least 80% of the fund's income will derive from foreign sources.

If an investor domiciled abroad has withholding tax deducted because of a missing declaration of domicile, under Swiss law they can apply for a refund directly to the Federal Tax Administration in Bern.

The tax information stated above is based on the current legal situation and practice. This is explicitly subject to changes in legislation, court rulings, orders and practice of the tax authorities.

**Taxation and other tax consequences for investors holding or buying and selling fund units are subject to the tax regulations in the investor's country of domicile. For information in this regard, investors should contact their tax advisors.**

**The sub-funds have the following tax status.**

**The international automatic exchange of information on tax matters (automatic exchange of information)**

This umbrella 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 umbrella fund and sub-funds are registered with the US IRS as registered deemed compliant financial institutions under model 2 IGA within the meaning of sections 1471-1474 of the US Internal Revenue Code (Foreign Account Tax Compliance Act, including the relevant orders, “FATCA”).

## 2 Information on the fund management company

### 2.1 General information on the fund management company

The fund management company is UBS Fund Management (Switzerland) AG. Since its formation in 1959 as a public limited company, the fund management company, headquartered in Basel, has been active in the funds business.

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 Group AG.

#### Board of Directors

André Müller-Wegner, Chair  
Group Managing Director, UBS AG, Basel and Zurich  
Reto Ketterer, Vice Chairman  
Managing Director, UBS AG, Basel and Zurich  
André Valente, Delegate  
Managing Director, UBS Fund Management (Switzerland) AG, Basel  
Christian Eibel  
Executive Director, UBS AG, Basel and Zurich  
Michael Kehl  
Managing Director, UBS AG, Basel and Zurich  
Thomas Rose  
Managing Director, UBS AG, Basel and Zurich

## Executive Board

André Valente, Managing Director and Delegate of the Board of Directors  
Karsten Illy, Deputy Managing Director and Head of Fund Operations  
Dr Daniel Brüllmann, Head of Real Estate Funds  
André Debrunner, Head of Fund Reporting & Information Management  
Eugène Del Cioppo, Head of Business Development & Client Management  
Dr Thomas Portmann, Head of ManCo Oversight & Risk Management  
Thomas Reisser, Head of Compliance  
Beat Schmidlin, Head of Legal Services

On 31 December 2016, the fund management company managed a total of 285 securities funds and 6 real estate funds in Switzerland with assets totalling CHF 214 billion.

The fund management company also provides the following services in particular:

- administrative services for collective capital investments;
- representation of foreign collective investments.

## 2.2 Delegation of investment decisions

The investment decisions for the investment fund are delegated to UBS Asset Management, a division of UBS AG, Basel and Zurich.

UBS AG is distinguished by its many years of experience in asset management and comprehensive knowledge of the investment markets of the investment fund. Exact particulars of the services provided are set out in an asset management agreement between UBS Fund Management (Switzerland) AG and UBS AG.

## 2.3 Delegation of further sub-tasks

UBS Fund Management (Switzerland) AG operates and utilises a fund administration platform jointly with UBS Fund Services (Luxembourg) S.A. UBS Fund Services (Luxembourg) S.A. is responsible for the processing of master data under this arrangement. The precise terms of the work carried out are set out in an agreement between the parties.

In addition, various IT services connected with the maintenance and upkeep of the hardware and software components of the fund administration platform (e.g. technical installations, configurations, system tests, archiving of data) are also furnished by UBS Fund Services (Luxembourg) S.A. in Luxembourg. The specific scope of these services is governed by an agreement between the parties.

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

## 2.4 Exercising membership and creditors' rights

The fund management company exercises the membership and creditor rights associated with investments of the administered funds independently and exclusively in the interests of the investors. On request to the fund management company, investors are given information on the exercise of creditor and membership rights. Regarding existing routine business, the fund management company shall decide at its own discretion whether to exercise the membership and creditors' rights itself or to delegate them to the custodian bank or a third party.

In all other actions which could affect the long-term interests of the investors, such as the exercise of membership and creditor rights to which the fund management company is entitled as shareholder or creditor of the custodian bank or other related legal persons, the fund management company exercises voting rights itself or issues explicit instructions. It may rely in this on information it receives from the custodian bank, the portfolio manager, the company or from third parties.

The fund management company may opt, at its own discretion, to waive its entitlement to exercise membership and creditors' rights.

## 3 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 took over the Private and Corporate Banking business as well as the Wealth Management business booked in Switzerland of UBS AG.

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

UBS Switzerland AG is a subsidiary of UBS AG. With consolidated total assets of CHF 935,016 million and published capital and reserves of CHF 53,621 million as at 31 December 2016, UBS AG is financially one of the strongest banks in the world. It employs 60,785 staff worldwide and has an extensive network of offices.

The custodian bank may commission third-party and collective depositaries in Switzerland and abroad with custody of the sub-fund. In the case of financial instruments, custody of the sub-fund is limited to supervised third-party or collective depositaries. An exception to this is mandatory custody at a place where transfer to supervised third-party or collective depositaries is not possible, for example specifically because of mandatory regulations.

The custodian bank shall be liable for losses caused by a third-party or collective depositary unless it can demonstrate that it exercised due care and diligence in selecting, instructing and monitoring the latter.

The effect of the use of third-party and collective depositaries is that the fund management company no longer has sole ownership of deposited securities, but only co-ownership. Moreover, if the third-party and collective depositaries are not supervised, they are unlikely to meet the organisational requirements placed on Swiss banks. When a third-party depositary is located outside Switzerland, the legal provisions and practices of the place where the assets are held in custody shall apply. The custodian bank is 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 Marketing agents

UBS AG is responsible for the distribution of the fund.

### 4.3 External auditors

The fund assets will be audited by Ernst & Young Ltd., Basel.

## 5 Further information

### 5.1 Useful information

#### A. UBS (CH) Investment Fund – Short Term Credit (USD) II

Securities number	Unit class	"P"	xxx
Securities number	Unit class	"K-1"	xxx
Securities number	Unit class	"Q"	xxx
Securities number	Unit class	"F"	xxx
Securities number	Unit class	"I-A1"	xxx
Securities number	Unit class	"I-A2"	xxx
Securities number	Unit class	"I-A3"	xxx
Securities number	Unit class	"I-B"	25620271
Securities number	Unit class	"I-X"	25620273
Securities number	Unit class	"U-X"	25620274
ISIN	Unit class	"P"	xxx
ISIN	Unit class	"K-1"	xxx
ISIN	Unit class	"Q"	xxx
ISIN	Unit class	"F"	xxx
ISIN	Unit class	"I-A1"	xxx

ISIN	Unit class	"I-A2"	xxx
ISIN	Unit class	"I-A3"	xxx
ISIN	Unit class	"I-B"	CH0256202711
ISIN	Unit class	"I-X"	CH0256202737
ISIN	Unit class	"U-X"	CH0256202745
Listing	None; fund units are issued and redeemed daily.		
Accounting year	1 October to 30 September		
Term	Unlimited		
Accounting currency	USD		
Units	Unit classes "P", "K-1" and "Q" made out to bearer; the units are not securitised and only held in book form.		
Units	Unit classes "F", "I-A1", "I-A2", "I-A3", "I-B", "I-X", "U-X", registered; the units are not securitised and only held in book form.		
Use of income	Capital gains are generally not distributed but retained in the fund for reinvestment.		

#### B. UBS (CH) Investment Fund – Bonds CHF Ausland Medium Term Passive

Benchmark	SBI® Foreign AAA-BBB 1-5 Years (TR)		
Securities number	Unit class	"W"	xxx
Securities number	Unit class	"F"	xxx
Securities number	Unit class	"I-A1"	12024896
Securities number	Unit class	"I-A2"	xxx
Securities number	Unit class	"I-A3"	xxx
Securities number	Unit class	"I-B"	12221197
Securities number	Unit class	"I-X"	11729927
Securities number	Unit class	"U-X"	xxx
ISIN	Unit class	"W"	xxx
ISIN	Unit class	"F"	xxx
ISIN	Unit class	"I-A1"	CH0120248965
ISIN	Unit class	"I-A2"	xxx
ISIN	Unit class	"I-A3"	xxx
ISIN	Unit class	"I-B"	CH0122211979
ISIN	Unit class	"I-X"	CH0117299278
ISIN	Unit class	"U-X"	xxx
Listing	None; fund units are issued and redeemed daily.		
Accounting year	1 October to 30 September, with first annual financial statements on 30 September 2017.		
Term	Unlimited		
Accounting currency	CHF		
Units	Unit class "W" made out to bearer; the units are not securitised and only held in book form.		
Units	Unit classes "F", "I-A1", "I-A2", "I-A3", "I-B", "I-X", "U-X" registered; the units are not securitised and only held in book form.		

#### C. UBS (CH) Investment Fund – Bonds CHF Ausland Passive

Benchmark	SBI® Foreign AAA-BBB (TR)		
Securities number	Unit class	"W"	xxx
Securities number	Unit class	"F"	xxx
Securities number	Unit class	"I-A1"	1823453
Securities number	Unit class	"I-A2"	14236289
Securities number	Unit class	"I-A3"	xxx
Securities number	Unit class	"I-B"	1823454
Securities number	Unit class	"I-X"	1823456
Securities number	Unit class	"U-X"	xxx
ISIN	Unit class	"W"	xxx
ISIN	Unit class	"F"	xxx
ISIN	Unit class	"I-A1"	CH0018234531
ISIN	Unit class	"I-A2"	CH0142362893
ISIN	Unit class	"I-A3"	xxx
ISIN	Unit class	"I-B"	CH0018234549
ISIN	Unit class	"I-X"	CH0018234564
ISIN	Unit class	"U-X"	xxx
Listing	None; fund units are issued and redeemed daily.		
Accounting year	1 October to 30 September, with first annual financial statements on 30 September 2017.		
Term	Unlimited		
Accounting currency	CHF		
Units	Unit class "W" made out to bearer; the units are not securitised and only held in book form.		
Units	Unit classes "F", "I-A1", "I-A2", "I-A3", "I-B", "I-X", "U-X" registered; the units are not securitised and only held in book form.		

#### D. UBS (CH) Investment Fund – Bonds CHF Inland Medium Term Passive

Benchmark	SBI® Domestic AAA-BBB 1-5 Years (TR)		
Securities number	Unit class	"W"	xxx
Securities number	Unit class	"F"	xxx
Securities number	Unit class	"I-A1"	12024901
Securities number	Unit class	"I-A2"	xx
Securities number	Unit class	"I-A3"	xxx
Securities number	Unit class	"I-B"	12221202
Securities number	Unit class	"I-X"	11729756
Securities number	Unit class	"U-X"	xxx
ISIN	Unit class	"W"	xxx
ISIN	Unit class	"F"	xxx
ISIN	Unit class	"I-A1"	CH0120249013
ISIN	Unit class	"I-A2"	xxx
ISIN	Unit class	"I-A3"	xxx
ISIN	Unit class	"I-B"	CH0122212027
ISIN	Unit class	"I-X"	CH0117297561
ISIN	Unit class	"U-X"	xxx
Listing	None; fund units are issued and redeemed daily.		
Accounting year	1 October to 30 September, with first annual financial statements on 30 September 2017.		
Term	Unlimited		
Accounting currency	CHF		
Units	Unit class "W" made out to bearer; the units are not securitised and only held in book form.		
Units	Unit classes "F", "I-A1", "I-A2", "I-A3", "I-B", "I-X", "U-X" registered; the units are not securitised and only held in book form.		

#### E. UBS (CH) Investment Fund – Bonds CHF Inland Passive

Benchmark	SBI® Domestic AAA-BBB (TR)
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Securities number	Unit class	"W"	xxx
Securities number	Unit class	"F"	xxx
Securities number	Unit class	"I-A1"	1823458
Securities number	Unit class	"I-A2"	14236219
Securities number	Unit class	"I-A3"	xxx
Securities number	Unit class	"I-B"	1823460
Securities number	Unit class	"I-X"	1823461
Securities number	Unit class	"U-X"	xxx
ISIN	Unit class	"W"	xxx
ISIN	Unit class	"F"	xxx
ISIN	Unit class	"I-A1"	CH0018234580
ISIN	Unit class	"I-A2"	CH0142362190
ISIN	Unit class	"I-A3"	xxx
ISIN	Unit class	"I-B"	CH0018234606
ISIN	Unit class	"I-X"	CH0018234614
ISIN	Unit class	"U-X"	xxx
Listing	None; fund units are issued and redeemed daily.		
Accounting year	1 October to 30 September, with first annual financial statements on 30 September 2017.		
Term	Unlimited		
Accounting currency	CHF		
Units	Unit class "W" made out to bearer; the units are not securitised and only held in book form.		
Units	Unit classes "F", "I-A1", "I-A2", "I-A3", "I-B", "I-X", "U-X" registered; the units are not securitised and only held in book form.		

#### F. UBS (CH) Investment Fund – Equities Europe Passive

Benchmark	MSCI Europe ex Switzerland (net div. reinv.)		
Securities number	Unit class	"W"	xxx
Securities number	Unit class	"(EUR) W"	xxx
Securities number	Unit class	"(EUR) F"	xxx
Securities number	Unit class	"I-A1"	1579863
Securities number	Unit class	"I-A2"	10975461
Securities number	Unit class	"I-A3"	11559315
Securities number	Unit class	"I-B"	1579956
Securities number	Unit class	"I-X"	1579964
Securities number	Unit class	"(EUR) I-X"	29535557
Securities number	Unit class	"U-X"	xxx
ISIN	Unit class	"W"	xxx
ISIN	Unit class	"(EUR) W"	xxx
ISIN	Unit class	"(EUR) F"	xxx
ISIN	Unit class	"I-A1"	CH0015798637
ISIN	Unit class	"I-A2"	CH0109754611
ISIN	Unit class	"I-A3"	CH0115593151
ISIN	Unit class	"I-B"	CH0015799569
ISIN	Unit class	"I-X"	CH0015799643
ISIN	Unit class	"(EUR) I-X"	CH0295355579
ISIN	Unit class	"U-X"	xxx
Listing	None; fund units are issued and redeemed daily.		
Accounting year	1 October to 30 September, with first annual financial statements on 30 September 2017.		
Term	Unlimited		
Accounting currency	CHF		
Units	Unit class "W" made out to bearer; the units are not securitised and only held in book form.		
Units	Unit classes "F", "I-A1", "I-A2", "I-A3", "I-B", "I-X", "U-X" registered; the units are not securitised and only held in book form.		

#### G. UBS (CH) Investment Fund – Equities Global Passive

Benchmark	MSCI World ex Switzerland (net div. reinv.)		
Securities number	Unit class	"W"	xxx
Securities number	Unit class	"(USD) W"	xxx
Securities number	Unit class	"(USD) F"	xxx
Securities number	Unit class	"I-A1"	1725685
Securities number	Unit class	"I-A2"	11171057
Securities number	Unit class	"I-A3"	xxx
Securities number	Unit class	"I-B"	1725686
Securities number	Unit class	"I-X"	1725687
Securities number	Unit class	"U-X"	xxx
ISIN	Unit class	"W"	xxx
ISIN	Unit class	"(USD) W"	xxx
ISIN	Unit class	"(USD) F"	xxx
ISIN	Unit class	"I-A1"	CH0017256857
ISIN	Unit class	"I-A2"	CH0111710577
ISIN	Unit class	"I-A3"	xxx
ISIN	Unit class	"I-B"	CH0017256865
ISIN	Unit class	"I-X"	CH0017256873
ISIN	Unit class	"U-X"	xxx
Listing	None; fund units are issued and redeemed daily		
Accounting year	1 October to 30 September, with first annual financial statements on 30 September 2017.		
Term	Unlimited		
Accounting currency	CHF		
Units	Unit class "W" made out to bearer; the units are not securitised and only held in book form.		
Units	Unit classes "F", "I-A1", "I-A2", "I-A3", "I-B", "I-X", "U-X" registered; the units are not securitised and only held in book form.		

#### H. UBS (CH) Investment Fund – Equities Japan Passive

Benchmark	MSCI Japan (net div. reinv.)		
Securities number	Unit class	"W"	xxx
Securities number	Unit class	"(JPY) W"	xxx
Securities number	Unit class	"(JPY) F"	xxx
Securities number	Unit class	"I-A1"	1725689
Securities number	Unit class	"I-A2"	10975456
Securities number	Unit class	"I-A3"	11559314
Securities number	Unit class	"I-B"	1725690
Securities number	Unit class	"I-X"	1725691
Securities number	Unit class	"(JPY) I-X"	29535661

Securities number	Unit class	"U-X"	xxx
ISIN	Unit class	"W"	xxx
ISIN	Unit class	"(JPY) W"	xxx
ISIN	Unit class	"(JPY) F"	xxx
ISIN	Unit class	"I-A1"	CH0017256899
ISIN	Unit class	"I-A2"	CH0109754561
ISIN	Unit class	"I-A3"	CH0115593144
ISIN	Unit class	"I-B"	CH0017256907
ISIN	Unit class	"I-X"	CH0017256915
ISIN	Unit class	"(JPY) I-X"	CH0295356619
ISIN	Unit class	"U-X"	xxx
Listing	None; fund units are issued and redeemed daily.		
Accounting year	1 October to 30 September, with first annual financial statements on 30 September 2017.		
Term	Unlimited		
Accounting currency	CHF		
Units	Unit class "W" made out to bearer; the units are not securitised and only held in book form.		
Units	Unit classes "F", "I-A1", "I-A2", "I-A3", "I-B", "I-X", "U-X" registered; the units are not securitised and only held in book form.		

#### I. UBS (CH) Investment Fund – Equities Switzerland Passive All

Benchmark	SPI® (TR)		
Securities number	Unit class	"W"	xxx
Securities number	Unit class	"F"	xxx
Securities number	Unit class	"I-A1"	1571009
Securities number	Unit class	"I-A2"	11171067
Securities number	Unit class	"I-A3"	11683915
Securities number	Unit class	"I-B"	1571014
Securities number	Unit class	"I-X"	1571019
Securities number	Unit class	"U-X"	xxx
ISIN	Unit class	"W"	xxx
ISIN	Unit class	"F"	xxx
ISIN	Unit class	"I-A1"	CH0015710095
ISIN	Unit class	"I-A2"	CH0111710676
ISIN	Unit class	"I-A3"	CH0116839157
ISIN	Unit class	"I-B"	CH0015710145
ISIN	Unit class	"I-X"	CH0015710194
ISIN	Unit class	"U-X"	xxx
Listing	None; fund units are issued and redeemed daily.		
Accounting year	1 October to 30 September, with first annual financial statements on 30 September 2017.		
Term	Unlimited		
Accounting currency	CHF		
Units	Unit class "W" made out to bearer; the units are not securitised and only held in book form.		
Units	Unit classes "F", "I-A1", "I-A2", "I-A3", "I-B", "I-X", "U-X" registered; the units are not securitised and only held in book form.		

#### J. UBS (CH) Investment Fund – Equities Switzerland Passive Large

Benchmark	SMI® (TR)		
Securities number	Unit class	"W"	xxx
Securities number	Unit class	"F"	xxx
Securities number	Unit class	"I-A1"	1570962
Securities number	Unit class	"I-A2"	11171082
Securities number	Unit class	"I-A3"	27979410
Securities number	Unit class	"I-B"	1570967
Securities number	Unit class	"I-X"	1570968
Securities number	Unit class	"U-X"	xxx
ISIN	Unit class	"W"	xxx
ISIN	Unit class	"F"	xxx
ISIN	Unit class	"I-A1"	CH0015709626
ISIN	Unit class	"I-A2"	CH0111710825
ISIN	Unit class	"I-A3"	CH0279794108
ISIN	Unit class	"I-B"	CH0015709675
ISIN	Unit class	"I-X"	CH0015709683
ISIN	Unit class	"U-X"	xxx
Listing	None; fund units are issued and redeemed daily.		
Accounting year	1 October to 30 September, with first annual financial statements on 30 September 2017.		
Term	Unlimited		
Accounting currency	CHF		
Units	Unit class "W" made out to bearer; the units are not securitised and only held in book form.		
Units	Unit classes "F", "I-A1", "I-A2", "I-A3", "I-B", "I-X", "U-X" registered; the units are not securitised and only held in book form.		

#### K. UBS (CH) Investment Fund – Equities USA Passive

Benchmark	MSCI USA (net div. reinv.)		
Securities number	Unit class	"W"	xxx
Securities number	Unit class	"(USD) W"	xxx
Securities number	Unit class	"(USD) F"	xxx
Securities number	Unit class	"I-A1"	1579972
Securities number	Unit class	"I-A2"	10975470
Securities number	Unit class	"I-A3"	xxx
Securities number	Unit class	"I-B"	1579974
Securities number	Unit class	"I-X"	1579980
Securities number	Unit class	"(USD) I-X"	29535571
Securities number	Unit class	"U-X"	xxx
ISIN	Unit class	"W"	xxx
ISIN	Unit class	"(USD) W"	xxx
ISIN	Unit class	"(USD) F"	xxx
ISIN	Unit class	"I-A1"	CH0015799726
ISIN	Unit class	"I-A2"	CH0109754702
ISIN	Unit class	"I-A3"	xxx
ISIN	Unit class	"I-B"	CH0015799742
ISIN	Unit class	"I-X"	CH0015799809
ISIN	Unit class	"(USD) I-X"	CH0295355710
ISIN	Unit class	"U-X"	xxx

Listing	None; fund units are issued and redeemed daily.
Accounting year	1 October to 30 September, with first annual financial statements on 30 September 2017.
Term	Unlimited
Accounting currency	CHF
Units	Unit class "W" made out to bearer; the units are not securitised and only held in book form.
Units	Unit classes "F", "I-A1", "I-A2", "I-A3", "I-B", "I-X", "U-X" registered; the units are not securitised and only held in book form.

#### L. UBS (CH) Investment Fund – Euro Bonds Passive

Benchmark	Citigroup EMU Government Bond Index (EGBI)		
Securities number	Unit class	"W"	xxx
Securities number	Unit class	"(CHF) W"	xxx
Securities number	Unit class	"F"	xxx
Securities number	Unit class	"I-A1"	2892454
Securities number	Unit class	"I-A2"	xxx
Securities number	Unit class	"I-A3"	xxx
Securities number	Unit class	"I-B"	2892456
Securities number	Unit class	"I-X"	2892457
Securities number	Unit class	"U-X"	11787459
ISIN	Unit class	"W"	xxx
ISIN	Unit class	"(CHF) W"	xxx
ISIN	Unit class	"F"	xxx
ISIN	Unit class	"I-A1"	CH0028924543
ISIN	Unit class	"I-A2"	xxx
ISIN	Unit class	"I-A3"	xxx
ISIN	Unit class	"I-B"	CH0028924568
ISIN	Unit class	"I-X"	CH0028924576
ISIN	Unit class	"U-X"	CH0117874591
Listing	None; fund units are issued and redeemed daily.		
Accounting year	1 October to 30 September, with first annual financial statements on 30 September 2017.		
Term	Unlimited		
Accounting currency	EUR		
Units	Unit class "W" made out to bearer; the units are not securitised and only held in book form.		
Units	Unit classes "F", "I-A1", "I-A2", "I-A3", "I-B", "I-X", "U-X" registered; the units are not securitised and only held in book form.		

#### M. UBS (CH) Investment Fund – Global Bonds Passive

Benchmark	Citigroup World Government Bond Index (WGBI) ex Switzerland		
Securities number	Unit class	"W"	xxx
Securities number	Unit class	"(USD) W"	xxx
Securities number	Unit class	"(USD) F"	xxx
Securities number	Unit class	"I-A1"	2265014
Securities number	Unit class	"I-A2"	xxx
Securities number	Unit class	"I-A3"	xxx
Securities number	Unit class	"I-B"	2265070
Securities number	Unit class	"I-X"	2265088
Securities number	Unit class	"U-X"	xxx
ISIN	Unit class	"W"	xxx
ISIN	Unit class	"(USD) W"	xxx
ISIN	Unit class	"(USD) F"	xxx
ISIN	Unit class	"I-A1"	CH0022650144
ISIN	Unit class	"I-A2"	xxx
ISIN	Unit class	"I-A3"	xxx
ISIN	Unit class	"I-B"	CH0022650706
ISIN	Unit class	"I-X"	CH0022650888
ISIN	Unit class	"U-X"	xxx
Listing	None; fund units are issued and redeemed daily.		
Accounting year	1 October to 30 September, with first annual financial statements on 30 September 2017.		
Term	Unlimited		
Accounting currency	CHF		
Units	Unit class "W" made out to bearer; the units are not securitised and only held in book form.		
Units	Unit classes "F", "I-A1", "I-A2", "I-A3", "I-B", "I-X", "U-X" registered; the units are not securitised and only held in book form.		

#### N. UBS (CH) Investment Fund – USD Bonds Passive

Benchmark	Citigroup US Government Bond Index		
Securities number	Unit class	"W"	xxx
Securities number	Unit class	"(CHF) W"	xxx
Securities number	Unit class	"F"	xxx
Securities number	Unit class	"I-A1"	4348657
Securities number	Unit class	"I-A2"	xxx
Securities number	Unit class	"I-A3"	xxx
Securities number	Unit class	"I-B"	4348659
Securities number	Unit class	"I-X"	4348662
Securities number	Unit class	"U-X"	11787471
ISIN	Unit class	"W"	xxx
ISIN	Unit class	"(CHF) W"	xxx
ISIN	Unit class	"F"	xxx
ISIN	Unit class	"I-A1"	CH0043486577
ISIN	Unit class	"I-A2"	xxx
ISIN	Unit class	"I-A3"	xxx
ISIN	Unit class	"I-B"	CH0043486593
ISIN	Unit class	"I-X"	CH0043486627
ISIN	Unit class	"U-X"	CH0117874716
Listing	None; fund units are issued and redeemed daily.		
Accounting year	1 October to 30 September, with first annual financial statements on 30 September 2017.		
Term	Unlimited		
Accounting currency	USD		
Units	Unit class "W" made out to bearer; the units are not securitised and only held in book form.		
Units	Unit classes "F", "I-A1", "I-A2", "I-A3", "I-B", "I-X", "U-X" registered; the units are not securitised and only held in book form.		

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

Fund units may be issued or redeemed on every bank business day (Monday to Friday). No issue or redemption on Swiss public holidays (Easter, Whitsun, Christmas, New Year, national public holidays) or days on which stock exchanges or markets in the main investment countries of the investment fund are closed or 50% or more

of the investments of the investment fund cannot be adequately valued or if extraordinary conditions are prevailing within the meaning of § 17 prov. 4 of the fund contract. For the sub-funds mentioned in a) – c), no subscription or redemption orders are accepted on 24 or 31 December; for the sub-funds mentioned in d), no subscription or redemption orders are accepted if the following bank business day is 24 or 31 December. The fund management company and the custodian bank are entitled to reject applications for subscription at their own discretion.

Subject to the exceptions specified in a) – d), subscription and redemption applications entered at the custodian bank by at the latest 3.00 p.m. on a bank business day (cut-off time) are settled: on the next bank business day (valuation day) on the basis of the net asset value calculated on this date. For applications placed with marketing agents in Switzerland and abroad earlier cut-off times for submitting applications may apply to ensure timely forwarding to the custodian bank. Information on these can be obtained from the marketing agent in question. The net asset value used for settlement is accordingly not known at the time of placing the order (forward pricing). It is calculated on the valuation date based on closing prices or, if these do not reflect appropriate market values in the fund management company's view, at the latest available prices at the time of the valuation. If under special circumstances valuation in accordance with the above rules is infeasible or inaccurate, the fund management company is entitled to use other generally acknowledged and verifiable valuation criteria to arrive at a reasonable valuation of net asset value.

a) For the sub-fund “– Equities Global Passive”, orders must be entered by 2 p.m. to ensure that they are settled on the following bank business day in Switzerland at the previous day's net asset value (= day of issue/redemption).

b) Subscription and redemption orders for units of the sub-funds “– Equities USA Passive” and “– Equities Europe Passive” will be accepted until 3.30 p.m. so that they can be settled on the bank business day following the order day (valuation day).

c) Subscription and redemption orders for units of the sub-fund “– USD Bonds Passive” will be accepted until 4 p.m. so that they can be settled on the bank business day following the order day (valuation day).

d) Subscription and redemption orders for units of the sub-fund “– Equities Japan Passive” will be accepted until 3.30 p.m. so that they can be settled two bank business days after the order day (valuation day).

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. It is rounded to the smallest unit of the individual sub-fund's accounting currency.

The issue price of units in a class is given by the net asset value for the class on the valuation date in accordance with § 16 of the fund contract plus issue fee. The amount of the issue fee is shown in prov. 5.3 below.

The redemption price of a class of units corresponds to the net asset value of this class calculated on the valuation day.

In the sub-fund “– Short Term Credit (USD) II”, the incidental costs of the purchase and sale of investments (ask/bid spread, normal market brokerage fees, commissions, levies, etc.) which the investment fund incurs on average in investing the contribution or selling part of the investments corresponding to the unit offered for redemption are covered by applying swinging single pricing, as described in § 16 prov. 7 of the fund contract.

In the sub-funds “– Bonds CHF Ausland Medium Term Passive”, “– Bonds CHF Ausland Passive”, “– Bonds CHF Inland Medium Term Passive”, “– Bonds CHF Inland Passive”, “– Equities Europe Passive”, “– Equities Global Passive”, “– Equities Japan Passive”, “– Equities Switzerland Passive All”, “– Equities Switzerland Passive Large”, “– Equities USA Passive”, “– Euro Bonds Passive”, “– Global Bonds Passive” and “– USD Bonds Passive”, the incidental costs of the purchase and sale of investments (ask/bid spread, normal market brokerage fees, commissions, levies, etc.) which the investment fund incurs in investing the contribution or selling part of the investments corresponding to the unit offered for redemption are charged to the sub-fund's assets.

Issue and redemption prices are rounded to the smallest unit of the individual sub-fund's accounting currency. Payment is at the latest 3 bank business days after the valuation date (value date maximum 3 days).

Units shall not take the form of actual certificates but shall exist purely as book entries.

### 5.3 Remuneration and incidental costs

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

##### A. UBS (CH) Investment Fund – Short Term Credit (USD) II

Issuing commission accruing to the fund management company, the custodian bank and/or distributors in Switzerland and abroad no more than 2%

Redemption commission paid to the fund management company, the custodian bank and/or distributors in Switzerland and abroad no more than 0%

##### B. UBS (CH) Investment Fund – Bonds CHF Ausland Medium Term Passive

UBS (CH) Investment Fund – Bonds CHF Ausland Passive  
UBS (CH) Investment Fund – Bonds CHF Inland Medium Term Passive  
UBS (CH) Investment Fund – Bonds CHF Inland Passive  
UBS (CH) Investment Fund – Equities Europe Passive  
UBS (CH) Investment Fund – Equities Global Passive  
UBS (CH) Investment Fund – Equities Japan Passive  
UBS (CH) Investment Fund – Equities Switzerland Passive All  
UBS (CH) Investment Fund – Equities Switzerland Passive Large  
UBS (CH) Investment Fund – Equities USA Passive  
UBS (CH) Investment Fund – Euro Bonds Passive  
UBS (CH) Investment Fund – Global Bonds Passive  
UBS (CH) Investment Fund – USD Bonds Passive

Issuing commission accruing to the fund management company, the custodian bank and/or distributors in Switzerland and abroad no more than 3%

Redemption commission paid to the fund management company, the custodian bank and/or distributors in Switzerland and abroad no more than 3%

#### 5.3.2 Remuneration and incidental costs charged to sub-fund assets (excerpt from § 19 of the fund contract)

Detailed information on remuneration and incidental costs charged to the sub-funds is given in prov. 1.1 of the present prospectus.

The fee is used for administration, asset management and possibly marketing of the sub-fund and the activities described in § 6 prov. 4 letter B (e)-(g) of the fund contract and for the tasks of the custodian bank, such as custody of the assets of the sub-fund, provision of payment services and other tasks listed in § 4.

A detailed list of the remuneration and incidental costs not contained in the flat-rate management fees is shown in § 19 prov. 2 of the fund contract.

To ensure ease of comparability with the remuneration rules of different fund providers who are not familiar with the flat fee, the term ‘management fee’ is taken as being equivalent to 80% of the flat fee.

#### 5.3.3 Payment of retrocessions and discounts

The fund management company and its agents may pay retrocessions as compensation for the distribution activities in respect of fund units in and from Switzerland. This compensation may be used in particular to cover the following services:

- all activities that are intended to promote the distribution or brokering of fund units,
- the organising of road shows,
- attending conferences and trade fairs,
- producing promotional materials and
- training sales staff.

Retrocessions do not constitute discounts 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 the distribution of collective investment schemes to these investors.

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 discounts directly to investors as part of distribution in and from Switzerland. Discounts may serve to reduce fees or costs charged to the respective investors. Discounts 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 discounts.

The objective criteria for the granting of discounts by the fund management company shall be the following:

- the amount subscribed by the investor or the total amount held by the investor in the investment fund, 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);
- investor willing to provide support during the investment fund's inception phase.

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

### 5.3.4 Total expense ratio

The coefficient of total costs charged to the fund assets of the sub-fund on an ongoing basis (total expense ratio, TER) was:

#### UBS (CH) Investment Fund – Short Term Credit (USD) II

Unit class	2014/2015
I-X	0%

### 5.3.5 Fee-sharing agreements and soft commissions

The fund management company has not concluded any fee-sharing agreements.

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

### 5.3.6 Investments in associated collective investments

For investments in collective investments which the fund management company directly or indirectly administers or which are administered by a company associated with the fund management company through joint administration, control or a material direct or indirect investment with votes, no issue and redemption is charged, and only a reduced management fee will be charged in accordance with § 19 Part C, prov. 5 of the fund contract.

### 5.4 Publications of the umbrella fund and sub-funds

Further information on the fund may be found in the latest annual or semi-annual report. Up-to-date information is also available on the Internet at <http://bw.fundgate.ubs.com/>.

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

Amendment to the fund contract, a change in fund management company or custodian bank or the dissolution of the sub-funds will be announced by the fund management company at Swiss Fund Data AG ([www.swissfunddata.ch](http://www.swissfunddata.ch)).

Prices are published for all unit classes for each day on which fund units are issued and redeemed (daily) at Swiss Fund Data AG, on the Internet at [www.ubs.com/fonds](http://www.ubs.com/fonds) and in other electronic media and Swiss and foreign newspapers.

### 5.5 Restrictions on sale

When issuing and redeeming units of the sub-funds abroad, the provisions valid in the country in question shall apply.

Units of the sub-funds may not be offered, sold or delivered within the US.

Investors who are US persons must not be offered, sold or supplied with any units of this umbrella 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 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 enabling US persons to invest in this umbrella fund.

### 5.6 Detailed provisions

All further information on the umbrella fund and sub-funds, such as valuation of fund assets, listing of all remuneration and incidental costs charged to the investor and sub-funds and the use of profit is given in detail in the fund contract.

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

The custodian bank: UBS Switzerland AG, Zurich

## Part II Fund contract

### I Fundamentals

#### § 1

##### Name; name and head offices of the fund management company, custodian bank and asset manager

1. Under the name UBS (CH) Investment Fund there is an umbrella fund of the type "other funds for traditional investors" (the "umbrella fund") within the meaning of § 25 et seq. in combination with § 68 et seq. in combination with § 92 et seq. of the Federal Act on Collective Investments of 23 June 2006 (CISA), which is divided into the following sub-funds:



- A. – Short Term Credit (USD) II
- B. – Bonds CHF Ausland Medium Term Passive
- C. – Bonds CHF Ausland Passive
- D. – Bonds CHF Inland Medium Term Passive
- E. – Bonds CHF Inland Passive
- F. – Equities Europe Passive
- G. – Equities Global Passive
- H. – Equities Japan Passive
- I. – Equities Switzerland Passive All
- J. – Equities Switzerland Passive Large
- K. – Equities USA Passive
- L. – Euro Bonds Passive
- M. – Global Bonds Passive
- N. – USD Bonds Passive

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

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

4. The asset manager for all sub-funds is UBS Asset Management, a division of UBS AG, Basel and Zurich.

5. The sub-funds “– Bonds CHF Ausland Medium Term Passive”, “– Bonds CHF Ausland Passive”, “– Bonds CHF Inland Medium Term Passive”, “– Bonds CHF Inland Passive”, “– Equities Europe Passive”, “– Equities Global Passive”, “– Equities Japan Passive”, “– Equities Switzerland Passive All”, “– Equities Switzerland Passive Large”, “– Equities USA Passive”, “– Euro Bonds Passive”, “– Global Bonds Passive” and “– USD Bonds Passive” were transferred within the scope of a conversion from the UBS (CH) Institutional Fund to the umbrella funds.

## II. Rights and obligations of the contracting parties

### § 2 Fund contract

The legal relationships between investors<sup>1</sup> on the one hand and the fund management company and the custodian bank on the other hand are governed by the present fund contract and relevant provisions of legislation on collective investments.

### § 3 Fund management company

1. The fund management company shall manage the sub-funds 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 shall calculate the net asset value, set the issue and redemption prices of units and shall also determine the distribution of income. It shall exercise all rights belonging to the sub-funds' assets.
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 ensure transparent reporting and the supply of appropriate information regarding the umbrella fund. They shall disclose all fees and costs charged, directly or indirectly, to investors and disclose how such fees and costs are used. They shall provide investors with full, accurate and comprehensible information on remuneration payments for the distribution of collective investments in the form of commissions, brokerage commissions and other soft commissions.
3. The fund management company can delegate investment decisions and sub-tasks in the interests of professional administration. It shall delegate responsibilities only to individuals who are qualified to discharge their duties properly, shall instruct them and ensure by monitoring and control that such duties are discharged correctly. Investment decisions may only be delegated to asset managers subject to a recognised supervisory authority. Where foreign law requires an agreement for the cooperation and exchange of information with foreign supervisory authorities, the fund management company may delegate investment decisions to asset managers abroad only if such an agreement exists between FINMA and the relevant foreign supervisory authority for the investment decisions in question. The fund management company shall be liable for the actions of its agents as if they were its own.
4. The fund management company may, subject to the consent of the custodian bank, submit amendments to this fund contract to the supervisory authority (see § 26).
5. The fund management company can merge the individual sub-funds with other sub-funds or other investment funds in accordance with the provisions of § 24 or dissolve them in accordance with the provisions of § 25.
6. The fund management company is entitled to the remuneration described in §§ 18 and 19 in discharge of the liabilities it has incurred in the due performance of its tasks and reimbursement for expenses in meeting these liabilities.

### § 4 Custodian bank

1. The custodian bank is responsible for the safekeeping of the sub-funds' assets. It is further responsible for the issue and redemption of fund units and payments on behalf of the individual sub-funds.
2. The custodian bank 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 ensure transparent reporting and the supply of appropriate information regarding the umbrella fund. They shall disclose all fees and costs charged, directly or indirectly, to investors and disclose how such fees and costs are used. They shall provide investors with full, accurate and comprehensible information on remuneration payments for the distribution of collective investments in the form of commissions, brokerage commissions and other soft commissions.
3. The custodian bank is responsible for keeping the current and custody account of the umbrella fund but cannot dispose of the latter independently.
4. The custodian bank shall ensure that the equivalent value for transactions relating to the assets of the umbrella fund will be transferred in the normal periods, by notifying the fund management company if the equivalent value is not paid within the normal period, and by requiring replacement of the security involved from the counterparty if possible.
5. The custodian bank shall maintain the necessary records and accounts so that it can distinguish between the assets held for the individual sub-funds. Where assets cannot be held in safekeeping, the custodian bank shall check the fund management company's ownership and maintain corresponding records.
6. The custodian bank can commission third-party and collective depositaries in Switzerland or abroad to hold the assets of the sub-funds in the interest of professional custodianship. It shall check and monitor whether the third-party or collective depositary it has commissioned
  - 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 such a way that they can be unambiguously identified as belonging to the fund assets at any time by the custodian bank through regular comparisons of holdings;
  - 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. The prospectus includes information on the risks associated with the transfer of custody to third-party and collective depositaries. For financial instruments, the fund's assets may be transferred only to third-party or collective depositaries subject to supervision in accordance with the preceding paragraph. Financial instruments may be transferred to third-party or collective depositaries which are not subject to supervision if it is not possible to transfer the safekeeping of assets to supervised third-party or collective depositaries, which may be necessitated in particular by requirements imposed by law or the specific characteristics of an investment product. Investors shall be informed in the prospectus about the safekeeping of assets by third-party or collective depositaries which are not subject to supervision.
7. The custodian bank shall ensure that the fund management company complies with the law and the fund contract. It checks whether the calculation of net asset value and unit issue and redemption price and the investment decisions comply with the law and fund contract and whether income is used in accordance with 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, 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 is not responsible for custody of the assets of the target fund in which the sub-funds invest, unless it has been given this task.

## §5 The investors

1. There are no restrictions as regards investors. Restrictions for individual classes are possible in accordance with § 6 prov. 4. The fund management company and custodian bank shall ensure that investors satisfy the requirements relating to the type of investor.
2. On entry into the contract and cash contribution investors acquire a claim against the fund management company to participate in the assets and income of the relevant sub-fund. This claim is evidenced in the form of units.  
Instead of remitting a cash payment, the investor may request and make, subject to the agreement of the fund management company, a contribution in kind in accordance with § 17 prov. 7. This claim is evidenced in the form of units.
3. Investors shall only be entitled to an interest in the assets and income of the sub-fund in which they hold units. Any liabilities attributable to individual sub-funds shall be borne solely by the individual sub-fund concerned.
4. Investors shall only be obliged to remit payment for the units of the sub-fund to which they subscribe. Personal liability for liabilities of the relevant sub-fund or umbrella fund is excluded.
5. 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. If the investors express an interest in more details of individual transactions to the fund management company, such as the exercise of membership and creditor rights or risk management, the fund management company shall give them information 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.
6. Investors shall be entitled to terminate the fund contract at any time and request payment in respect of units held in the sub-fund in cash. Instead of receiving payment in cash, the investor may request and receive, subject to the agreement of the fund management company, a redemption in kind in accordance with § 17 prov. 7.
7. Investors are obliged to evidence to the fund management company, the custodian bank and their agents on demand that they meet or continue to meet the requirements of law or the fund contract for investing in the sub-fund or a unit class. In addition, they are obliged to immediately notify the fund management company, the custodian bank and its agents if they no longer meet these requirements.
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 necessary to maintain the rules of the financial centre, i.e. to combat money laundering;
  - b) the investor no longer meets the requirements of law or contract for investing in the sub-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 sub-fund in question is likely to adversely affect the economic interests of the other investors, specifically if the investment can result in tax disadvantages for the sub-fund in question in Switzerland or abroad;
  - b) investors have acquired or are holding their units in violation of provisions of a domestic or foreign law applying to them, of the present fund contract or the prospectus;
  - c) the economic interests of the investors are adversely affected, specifically in cases where individual investors attempt, through systematic subscriptions followed directly by redemptions, to obtain investment advantages by exploiting time differences between setting the closing price and valuing fund assets (market timing).

## § 6 Units and unit classes

1. The fund management company can, with the agreement of the custodian bank and the approval of the supervisory authority, create, cancel or merge various unit classes at any time. All unit classes shall confer entitlement to a share in the undivided assets of the fund, which are not segmented. This share may be different due to class-specific charges or income, so that the different unit classes may show different net asset value per unit as a result. The assets of the sub-fund are liable as a whole for class-specific cost charges.
2. The creation, liquidation or merger of unit classes shall be announced in the official publication. Only mergers of unit classes shall be deemed to constitute an amendment to the fund contract pursuant to § 26.
3. The different unit classes may differ in cost structure, reference currency, currency hedging or accumulation of income, minimum investment and investor group. Remuneration and costs shall be charged only to unit classes that benefit from the services they cover. Remuneration and costs which cannot be allocated unambiguously to one unit class are charged to the individual unit classes in relationship to the fund assets.
4. Currently there are unit classes with the designations "P", "K-1", "F", "I-A1", "I-A2", "I-A3", "W", "I-B", "I-X" and "U-X".  
In the sub-funds **"– Bonds CHF Ausland Medium Term Passive", "– Bonds CHF Ausland Passive", "– Bonds CHF Inland Medium Term Passive", "– Bonds CHF Inland Passive", "– Equities Europe Passive", "– Equities Global Passive", "– Equities Japan Passive", "– Equities Switzerland Passive All", "– Equities Switzerland Passive Large", "– Equities USA Passive", "– Euro Bonds Passive", "– Global Bonds Passive" and "– USD Bonds Passive"**, the following unit classes are offered: "W", "F", "I-A1", "I-A2", "I-A3", "I-B", "I-X" and "U-X".  
A) The following unit classes are not restricted to a specific investor group.
  - a) "P": Class "P" units are offered to all investors. No minimum subscription or holding is required. Unit class "P" differs from unit classes "K-1" and "W" in the level of the flat fee, the initial subscription price and the smallest tradeable lot, as set out in the prospectus (prov. 1.1, table). Class "P" units are only issued in the form of bearer shares. The issue and redemption of units through contributions and redemptions in kind (cf. §17 prov. 7) is not permitted for class "P" units.
  - b) "K-1": Class "K-1" units are offered to all investors. No minimum subscription or holding is required. Unit class "K-1" differs from unit classes "P" and "W" in the level of the flat fee, the initial subscription price and the smallest tradeable lot, as set out in the prospectus (prov. 1.1, table). Class "K-1" units are only issued as bearer units. The issue and redemption of units through contributions and redemptions in kind (cf. §17 prov. 7) is not permitted for class "K-1" units.
  - c) "W": Class "W" units are offered to all investors. There is no minimum subscription or no minimum holding for the "W" unit class. Class "W" units are issued as bearer units. The issue and redemption of units through contributions and redemptions in kind (cf. §17 prov. 7) is not permitted for class "W" units.

For the following sub-funds, unit class "W" is denominated in a currency other than the accounting currency; this is denoted by the suffix "([currency])". These units are issued and redeemed in the specified currency:

- "–Equities Europe Passive": "(EUR) W"
- "– Equities Global Passive": "(USD) W"
- "– Equities Japan Passive": "(JPY) W"
- "– Equities USA Passive": "(USD) W"
- "–Euro Bonds Passive": "(CHF) W"
- "– Global Bonds Passive": "(USD) W"
- "– USD Bonds Passive": "(CHF) W"

- B) The following unit classes are limited to a specific investor group:

- a) "Q": Class "Q" units are exclusively offered to:
    - 1) Investors in a permitted country as specified in "List A";
    - 2) Contractual partners of UBS AG, acting through its Asset Management business area, and other regulated financial services providers, which were duly authorised by the supervisory authority to which they are subject and make investments and act in their own name:
      - for their own account; or
      - on behalf of their clients as part of a written (i) investment management mandate or (ii) advisory contract or (iii) comparable long-term contract in exchange for payment in which investments in unit classes without remuneration are expressly governed; or
      - for a collective investment scheme; or
- for other regulated financial services providers acting for their clients in accordance with the specified framework.

In the case of 2), the investor is domiciled in a permitted country as defined in "List B", provided the framework conditions specified in (i) apply, and is domiciled in a permitted country as defined in "List C", provided the framework conditions specified in (ii) and (iii) apply.

The fund management company shall have sole authority to decide on the approval of investors in other distribution countries (amendments to Lists A, B and C). Lists A, B and C are listed in the prospectus.

Unit class "Q" differs from unit classes "F", "I-A1", "I-A2", "I-A3", "I-B", "I-X" and "U-X" in the level of commission and from unit classes "F", "I-B", "I-X", and "U-X" in the commission structure. Further, unit class "Q" differs from unit classes "I-A2" and "I-A3" in that there is no minimum subscription or holding and from unit class "U-X" in the initial subscription price as set out in the prospectus (prov. 1.1, table). Class "Q" units are issued only in the form of bearer units.

- b) "F": Units in unit class "F" can only be issued to investors who have entered into a written asset management mandate with UBS AG or one of its related

entities. Unit class “F” differs from unit classes “Q”, “I-A1”, “I-A2”, “I-A3”, “I-B”, “I-X” and “U-X” in the level and structure of commission, from unit classes “I-A2” and “I-A3” in that no minimum subscription or holding is required, as well as from unit class “Q” in that a written agreement is required. Class “F” units are issued only in the form of registered units.

For the following sub-funds, unit class “F” is denominated in a currency other than the accounting currency; this is denoted by the suffix “([currency])”. These units are issued and redeemed in the specified currency.

- “– Equities Europe Passive”: “(EUR)F”
- “– Equities Global Passive”: “(USD)F”
- “– Equities Japan Passive”: “(JPY)F”
- “– Equities USA Passive”: “(USD)F”
- “– Global Bonds Passive”: “(USD)F”

- c) “I-A1”: Class “I-A1” units are exclusively available to qualified investors in accordance with § 10 para. 3-3ter CISA who have signed a written agreement with UBS or a contractual partner authorised by it to invest in one or more sub-funds of this investment fund. The costs incurred for asset management, distribution and fund administration (including fund management, administration and custodian bank) are charged directly to the sub-fund’s assets via the management commission. Unlike unit classes “I-A2” and “I-A3”, no minimum holding is required. The unit class “I-A1” differs from unit classes “F”, “I-A2”, “I-A3”, “I-B”, “I-X” and “U-X” in the level of commission. Unit class “I-A1” additionally differs from unit classes “Q”, “F”, “I-B”, “I-X” and “U-X” in the commission structure and from unit class “U-X” in the initial subscription price, as set out in the prospectus (prov. 1.1, table). The units of these unit classes are issued only as registered units.
  - d) “I-A2”: Class “I-A2” units are exclusively available to qualified investors in accordance with § 10 para. 3-3ter CISA who have signed a written agreement with UBS or a contractual partner authorised by it to invest in one or more sub-funds of this investment fund. The costs incurred for asset management, distribution and fund administration (including fund management, administration and custodian bank) are charged directly to the sub-fund’s assets via the management commission. The unit class “I-A2” differs from unit classes “F”, “I-A1”, “I-A3”, “I-B”, “I-X” and “U-X” in the level of commission. The unit class “I-A2” additionally differs from unit classes “Q”, “F”, “I-B”, “I-X” and “U-X” in the commission structure and from unit class “U-X” in the initial subscription price, as set out in the prospectus (prov. 1.1, table). Unlike for unit classes “F”, “I-A1”, “I-B”, “I-X” and “U-X”, a minimum holding is required, which is set out in the prospectus. This minimum holding is lower than for unit class “I-A3”. The units of these unit classes are issued only as registered units.
  - e) “I-A3”: Class “I-A3” units are exclusively available to qualified investors in accordance with § 10 para. 3-3ter CISA who have signed a written agreement with UBS or a contractual partner authorised by it to invest in one or more sub-funds of this investment fund. The costs incurred for asset management, distribution and fund administration (including fund management, administration and custodian bank) are charged directly to the sub-fund’s assets via the management commission. Unit class “I-A3” differs from unit classes “F”, “I-A1”, “I-A2”, “I-B”, “I-X” and “U-X” in the level of commission. Unit class “I-A3” differs additionally from unit classes “Q”, “F”, “I-B”, “I-X” and “U-X” in the commission structure and from unit class “U-X” in the initial subscription price, as set out in the prospectus (prov. 1.1, table). Unlike for unit classes “F”, “I-A1”, “I-B”, “I-X” and “U-X”, a minimum holding is required, which is set out in the prospectus. The minimum holding is higher than for unit class “I-A2”. These classes of units are issued only as registered shares.
  - f) “I-B”: Class “I-B” units are exclusively available to qualified investors in accordance with § 10 para. 3-3ter CISA who have signed a written agreement with UBS AG or one of its authorised contracting partners for the purposes of investing in one or more of the sub-funds of this investment fund. 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 as well as distribution are charged directly to the investor under the written agreement. Unit class “I-B” differs from unit classes “Q”, “F”, “I-A1”, “I-A2”, “I-A3”, “I-X” and “U-X” in the amount and structure of the fee, from unit classes “I-A1” and “I-A3” in the absence of any requirement for a minimum subscription or minimum holding, and from unit class “Q” in the fact that a written agreement with UBS AG or one of its authorised contractual partners is required for investment in one or more sub-funds of the investment fund. Class “I-B” units are only issued as registered shares.
  - g) “I-X”: Class “I-X” units are exclusively available to qualified investors in accordance with § 10 para. 3-3ter CISA who have signed a written agreement with UBS AG or one of its authorised contracting partners for the purposes of investing in one or more of the sub-funds of this investment fund. The costs incurred in asset management, fund administration (consisting of the fund management company, administrator and custodian bank) and distribution are charged directly to the investor under the written agreement. Unit class “I-X” differs from unit classes “Q”, “F”, “I-A1”, “I-A2”, “I-A3” and “I-B” in the amount and structure of the fee, from unit classes “I-A2”, “I-A3” in the absence of any requirement for a minimum subscription or minimum holding, and from unit classes “Q” in the fact that a written agreement with UBS AG or one of its authorised contractual partners is required for investment in one or more sub-funds of the investment fund. Class “I-X” units are only issued as registered shares.
- For the following sub-funds, the unit class “I-X” is denominated in a currency other than the accounting currency; this is denoted by the suffix “([currency])”. These units are issued and redeemed in the specified currency.
- “– Equities Europe Passive”: “(EUR) I-X”
  - “– Equities Japan Passive”: “(JPY) I-X”
  - “– Equities USA Passive”: “(USD) I-X”
- h) “U-X”: Class “U-X” units are exclusively available to qualified investors in accordance with § 10 para. 3-3ter CISA who have signed a written agreement with UBS AG or one of its authorised contracting partners for the purposes of investing in one or more of the sub-funds of this investment fund. The costs incurred for asset management, fund administration (consisting of the fund management company, administrator and custodian bank) and distribution are charged directly to the investor under the written agreement. This unit class is exclusively geared towards financial products (i.e. umbrella funds or other pooled structures pursuant to different legislation in various countries). Unit class “U-X” differs from unit classes “Q”, “F”, “I-A1”, “I-A2”, “I-A3” and “I-B” in the amount and structure of the fee, from unit classes “I-A2” and “I-A3” in the absence of any requirement for a minimum subscription or minimum holding, and from unit classes “Q” in the fact that a written agreement with UBS AG or one of its authorised contractual partners is required for investment in one or more sub-funds of the investment fund. Class “U-X” units are only issued as registered shares.

Investors who no longer meet the requirements to hold a class of units forfeit the right to remain invested in an individual sub-fund via the relevant unit class.

5. Units shall not take the form of actual certificates but shall exist purely as book entries. The investor is not entitled to require delivery of a unit certificate made out to bearer or name.
6. The fund management company and the custodian bank are obliged to require investors who no longer meet the requirements for holding a unit class to return their units within 30 calendar days within the meaning of § 17, to transfer the units to a person meeting the requirements, or to exchange the units for units of another class for which they meet the conditions. If the investor fails to comply with this demand, the fund management company must, in collaboration with the custodian bank, carry out either 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. 8.

### III. Investment policy guidelines

#### A Investment principles

##### §7 Compliance with the investment regulations

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. The individual sub-funds must comply with the investment restrictions six months following the expiry of the subscription period (launch).
2. If the limits are exceeded due to changes in the market, the investments must be reduced 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 currency code included in the names of the individual sub-funds merely indicates the currency in which the performance of the sub-fund is measured, not the investment currency of the investment fund. Investments are made in the currency which is optimal for the performance of the individual sub-fund. The fund management company may invest assets of the individual sub-funds in the following investments. The risks associated with these investments must be disclosed in the prospectus.
  - a) Securities, i.e. securities issued in bulk and non-securitised rights with the same function (book entry securities) traded on a stock exchange or other regulated market open to the public, which embody an investment or receivable right or a right to acquire such securitised and non-securitised securities through subscription or exchange, such as warrants; Investments in securities from new issues shall be permitted only if they are intended for admission to a stock exchange or other regulated market open to the public under the terms of issue. If they are not yet listed on the stock exchange or other regulated market open to the public one year after acquisition, the securities must be sold within a month or included in the limitation rule in prov. 1 (j).

- b) Derivatives, if (i) the underlying assets are securities in accordance with (a), derivatives in accordance with (b), units in collective investments in accordance with (d), (e) and (f), money market instruments in accordance with (g), financial indices, interest rates, exchange rates, loans, currencies, precious metals or commodities and (ii) the underlying assets – with the exception of commodities – are permissible as investments in accordance with the fund contract. Derivatives shall be traded either on a stock exchange or another regulated market open to the public, or OTC; Investments in OTC derivatives (OTC transactions) shall be permitted only if (i) the counterparty is a financial intermediary specialising in this type of transaction and subject to supervision, and (ii) the OTC derivatives are tradeable daily or may be submitted to the issuers for redemption at any time. In addition, such instruments must be capable of reliable and verifiable valuation. The use of derivatives shall be subject to the provisions of § 12.
  - c) Structured products if (i) the underlying assets are securities in accordance with (a), derivatives in accordance with (b), structured products in accordance with (c), units in collective investments in accordance with (d), (e) and (f), money market instruments in accordance with (g), financial indices, interest rates, exchange rates, loans or currencies, and (ii) the underlying assets are permissible as investments in accordance with 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 tradeable daily or may be submitted to the issuers for redemption at any time. In addition, such instruments must be capable of reliable and verifiable valuation.
  - d) Units in other collective investments (target funds) if (i) their documents limit investments in other target funds to a total of 10%, (ii) there are conditions for these funds for purpose, organisation, investment policy, investor protection, risk diversification, separate custody of fund assets, borrowing, lending, short sales of securities and money market instruments, issue and redemption of units and content of the half-yearly and annual reports which are equivalent to those for equity funds, and (iii) these target funds are licensed as collective investments in their country of domicile, there is investor protection there equivalent to the Swiss supervisory authority and international administrative cooperation is ensured.
  - e) Units of other (with the same level of supervision) collective investments that are of or equivalent to the type “Other funds for traditional investments”.
  - f) Units of other (with the same level of supervision) collective investments that are of or equivalent to the type “Real estate investment fund”.
  - g) Money market instruments, if these are liquid and appraisable and are traded on a stock exchange or other market open to the public; money market instruments not traded on a stock exchange or other market open to the public may only be acquired if the issue or issuer is subject to regulation on creditor and investor protection and if the money market instruments are issues or guaranteed by issuers in accordance with Art. 74 para. 2 CISO.
  - h) Precious metals and precious metal certificates up to 10% of a sub-fund's assets.
  - i) Sight and time deposits with terms up to 12 months with banks headquartered in Switzerland or a European Union member state, or another state if the bank is subject to supervision equivalent to that in Switzerland.
  - j) Investments other than those in (a) to (i) above to a total not exceeding 10% of the fund assets; not permissible are (i) investments in goods and documents of title, and (ii) genuine short sales of investments of all kinds.
2. 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 associated through common management or control or by a significant direct or indirect shareholding.

#### **A. UBS (CH) Investment Fund – Short Term Credit (USD) II**

3. a) The fund management company invests at least two thirds of the assets after deducting liquid assets in:
- aa) zero coupon bonds denominated in USD and bonds denominated in USD with coupon, notes and other fixed interest or variable interest debt instruments and rights of private, public-law and public/private issuers worldwide with a minimum rating of BBB- from S&P or Fitch or Baa3 from Moody's or equivalent (investment grade) rating;
  - ab) money market instruments denominated in USD from issuers worldwide with a minimum rating of BBB- from S&P or Fitch or Baa3 from Moody's or equivalent (investment grade) rating;
  - ac) units in other collective investments in accordance with 1 (d) and (e) which according to their documents invest their assets in accordance with the guidelines of this sub-fund or parts thereof;
  - ad) derivatives (including warrants) on the above investments.
- In the case of investments in other collective investments in accordance with (ac) above, the fund management company ensures that at least two thirds of the sub-fund assets on a consolidated basis are in investments in accordance with (aa) and (ab) above.
- b) The fund management company can also invest at most one third of the sub-fund assets (after deducting liquid assets) in the following, subject to (c):
- bonds, notes and other fixed or variable interest debt instruments and rights denominated in freely convertible currencies from issuers worldwide with a minimum rating of BBB- from S&P or Fitch or Baa3 from Moody's or equivalent (investment grade) rating and which do not meet the requirements in prov. 2 (aa);
  - money market instruments denominated in freely convertible currencies from issuers worldwide with a minimum rating of BBB- from S&P or Fitch or Baa3 from Moody's or equivalent (investment grade) rating and which do not meet the requirements of prov. 2 (ab);
  - derivatives (including warrants) in the above investments;
  - units in other collective investments in accordance with prov. 1 (d) and (e) which do not meet the requirements of prov. 2 (ac);
  - sight and time bank deposits.
- c) In addition, the fund management company must comply with the following restrictions on investments relating to sub-fund assets after deduction of liquid assets:
- other collective investments in total, at most 10%; investments in umbrella funds are not permitted;
  - no investments in precious metals and precious metal certificates;
  - in addition, the average remaining term of the sub-fund may not exceed 1.5 years and the remaining term of the individual investments may not exceed 3.5 years.

#### **B. UBS (CH) Investment Fund – Bonds CHF Ausland Medium Term Passive**

3. a) The fund management company invests at least two thirds of the assets after deducting liquid assets in:
- aa) bonds and notes denominated in Swiss francs (CHF) as well as other fixed-income or floating-rate debt paper and rights issued by private and borrowers under public law which have their registered office abroad, or which, as holding companies, invest mainly in companies which have their registered office abroad or conduct the majority of their business abroad;
  - ab) units in other collective investments as specified under prov. 1 (d) and (e) that according to their documentation invest their assets in accordance with the guidelines of this sub-fund or parts thereof;
  - ac) derivatives (including warrants) on the investments mentioned above;
  - ad) structured products denominated in Swiss francs such as certificates from issuers worldwide on the above investments.
- For investments in other collective investments pursuant to (ab) above and in structured products pursuant to (ad) above, the fund management company ensures that on a consolidated basis at least two-thirds of the sub-fund are invested in the investments noted under (aa) above.
- b) Subject to (c), the fund management company may also invest up to one-third of the sub-fund's assets, after deducting liquid assets, in:
- debt paper and rights issued by domestic and foreign issuers which do not meet the requirements as stated in prov. 3 (aa);
  - convertible bonds, convertible notes and warrant issues denominated in freely convertible currencies worldwide;
  - equities and other equity paper and rights issued by companies worldwide;
  - money market instruments issued by domestic and foreign borrowers in freely convertible currencies;
  - derivatives (including warrants) on the investments mentioned above;
  - units in other collective investments in accordance with prov. 1 (d) to (e) that do not meet the requirements as stated in prov. 3 (ab);
  - bank deposits.
- c) In addition, the fund management company must comply with the investment restrictions below, which relate to the sub-fund's assets following the deduction of

liquid assets:

- no more than 25% in convertible bonds, convertible notes and warrant issues;
- no more than 10% in total in equities, other equity paper and rights as well as derivatives (including warrants);
- no more than 10% in total in other collective investments;
- in addition, the average maturity of the sub-fund must be between one and five years and the residual term to maturity of the individual investments may not exceed ten years.

**C. UBS (CH) Investment Fund – Bonds CHF Ausland Passive**

3. a) The fund management company invests at least two thirds of the assets after deducting liquid assets in:
- aa) bonds and notes denominated in Swiss francs (CHF) as well as other fixed-income or floating-rate debt paper and rights issued by private and borrowers under public law which have their registered office abroad, or which, as holding companies, invest mainly in companies which have their registered office abroad or conduct the majority of their business abroad;
  - ab) units in other collective investments as specified under prov. 1 (d) and (e) that according to their documentation invest their assets in accordance with the guidelines of this sub-fund or parts thereof;
  - ac) derivatives (including warrants) on the investments mentioned above;
  - ad) structured products denominated in Swiss francs such as certificates from issuers worldwide on the above investments.
- For investments in other collective investments pursuant to (ab) above and in structured products pursuant to (ad) above, the fund management company ensures that on a consolidated basis at least two-thirds of the sub-fund are invested in the investments noted under (aa) above.
- b) Subject to (c), the fund management company may also invest up to one-third of the sub-fund's assets, after deducting liquid assets, in:
- debt paper and rights issued by domestic and foreign issuers which do not meet the requirements as stated in prov. 3 (aa);
  - convertible bonds, convertible notes and warrant issues denominated in freely convertible currencies worldwide;
  - equities and other equity paper and rights issued by companies worldwide;
  - money market instruments issued by domestic and foreign borrowers in freely convertible currencies;
  - derivatives (including warrants) on the investments mentioned above;
  - units in other collective investments in accordance with prov. 1 (d) to (e) that do not meet the requirements as stated in prov. 3 (ab);
  - bank deposits.
- c) In addition, the fund management company must comply with the investment restrictions below, which relate to the sub-fund's assets following the deduction of liquid assets:
- no more than 25% in convertible bonds, convertible notes and warrant issues;
  - no more than 10% in total in equities, other equity paper and rights as well as derivatives (including warrants);
  - no more than 10% in other collective investments.

**D. UBS (CH) Investment Fund – Bonds CHF Inland Medium Term Passive**

3. a) The fund management company invests at least two thirds of the assets after deducting liquid assets in:
- aa) bonds and notes denominated in Swiss francs (CHF) as well as other fixed-income or floating-rate debt paper and rights issued by private borrowers and borrowers under public law headquartered in Switzerland;
  - ab) units in other collective investments as specified under prov. 1 (d) and (e) that according to their documentation invest their assets in accordance with the guidelines of this sub-fund or parts thereof;
  - ac) derivatives (including warrants) on the investments mentioned above;
  - ad) structured products denominated in Swiss francs such as certificates from issuers worldwide on the above investments.
- For investments in other collective investments pursuant to (ab) above and in structured products pursuant to (ad) above, the fund management company ensures that on a consolidated basis at least two-thirds of the sub-fund are invested in the investments noted under (aa) above.
- b) Subject to (c), the fund management company may also invest up to one-third of the sub-fund's assets, after deducting liquid assets, in:
- debt paper and rights issued by domestic and foreign issuers which do not meet the requirements as stated in prov. 3 (aa);
  - convertible bonds, convertible notes and warrant issues denominated in freely convertible currencies worldwide;
  - equities and other equity paper and rights issued by companies worldwide;
  - money market instruments issued by domestic and foreign borrowers in freely convertible currencies;
  - derivatives (including warrants) on the investments mentioned above;
  - units in other collective investments in accordance with prov. 1 (d) to (e) that do not meet the requirements as stated in prov. 3 (ab);
  - bank deposits.
- c) In addition, the fund management company must comply with the investment restrictions below, which relate to the sub-fund's assets following the deduction of liquid assets:
- no more than 25% in convertible bonds, convertible notes and warrant issues;
  - no more than 10% in total in equities, other equity paper and rights as well as derivatives (including warrants);
  - no more than 10% in other collective investments.
- In addition, the average maturity of the sub-fund must be between one and five years and the residual term to maturity of the individual investments may not exceed ten years.

**E. UBS (CH) Investment Fund – Bonds CHF Inland Passive**

3. a) The fund management company invests at least two thirds of the assets after deducting liquid assets in:
- aa) bonds and notes denominated in Swiss francs (CHF) as well as other fixed-income or floating-rate debt paper and rights issued by private borrowers and borrowers under public law headquartered in Switzerland;
  - ab) units in other collective investments as specified under prov. 1 (d) and (e) that according to their documentation invest their assets in accordance with the guidelines of this sub-fund or parts thereof;
  - ac) derivatives (including warrants) on the investments mentioned above;
  - ad) structured products denominated in Swiss francs such as certificates from issuers worldwide on the above investments.
- For investments in other collective investments pursuant to (ab) above and in structured products pursuant to (ad) above, the fund management company ensures

- that on a consolidated basis at least two-thirds of the sub-fund are invested in the investments noted under (aa) above.
- b) Subject to (c), the fund management company may also invest up to one-third of the sub-fund's assets, after deducting liquid assets, in:
- debt paper and rights issued by domestic and foreign issuers which do not meet the requirements as stated in prov. 3 (aa);
  - convertible bonds, convertible notes and warrant issues denominated in freely convertible currencies worldwide;
  - equities and other equity paper and rights issued by companies worldwide;
  - money market instruments issued by domestic and foreign borrowers in freely convertible currencies;
  - derivatives (including warrants) on the investments mentioned above;
  - units in other collective investments in accordance with prov. 1 (d) to (e) that do not meet the requirements as stated in prov. 3 (ab);
  - bank deposits.
- c) In addition, the fund management company must comply with the investment restrictions below, which relate to the sub-fund's assets following the deduction of liquid assets:
- no more than 25% in convertible bonds, convertible notes and warrant issues;
  - no more than 10% in total in equities, other equity paper and rights as well as derivatives (including warrants);
  - no more than 10% in other collective investments.

#### **F. UBS (CH) Investment Fund – Equities Europe Passive**

3. a) The fund management company invests at least two thirds of the assets after deducting liquid assets in:
- aa) equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) issued by companies which either have their registered office in Europe, as holding companies mainly invest in companies which have their registered office in Europe or conduct the majority of their business in Europe;
  - ab) units in other collective investments as specified under prov. 1 (d) and (e) that according to their documentation invest their assets in accordance with the guidelines of this sub-fund or parts thereof;
  - ac) derivatives (including warrants) on the investments mentioned above;
  - ad) structured products denominated in freely convertible currencies such as certificates from issuers worldwide on the above investments.
- For investments in other collective investments pursuant to (ab) above and in structured products pursuant to (ad) above, the fund management company ensures that on a consolidated basis at least two-thirds of the sub-fund are invested in the investments noted under (aa) above.
- b) Subject to (c), the fund management company may also invest up to one-third of the sub-fund's assets, after deducting liquid assets, in:
- equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) which do not meet the requirements as stipulated in prov. 3 (aa);
  - bonds, convertible bonds, convertible notes, warrant issues and notes denominated in freely convertible currencies as well as other fixed-income or floating-rate debt paper and rights issued by private borrowers and borrowers under public law (domestic and foreign issuers);
  - money market instruments issued by domestic and foreign borrowers in freely convertible currencies;
  - derivatives (including warrants) on the investments mentioned above;
  - units in other collective investments in accordance with prov. 1 (d) to (e) that do not meet the requirements as stated in prov. 3 (ab);
  - bank deposits.
- c) In addition, the fund management company must comply with the investment restrictions below, which relate to the sub-fund's assets following the deduction of liquid assets:
- no more than 10% in other collective investments.

#### **G. UBS (CH) Investment Fund – Equities Global Passive**

As an umbrella fund, this sub-fund's objective is to passively replicate the representative index specified in the prospectus through investments in passive regional target funds by investing up to 30% of the sub-fund in a single other investment fund (target fund), whereby up to 80% of the sub-fund may be invested in the sub-fund "– Equities USA Passive" and up to 40% of the sub-fund may be invested in the sub-fund "– Equities Europe Passive".

3. a) The fund management company invests at least two thirds of the assets after deducting liquid assets in:
- aa) equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) issued by companies worldwide (with the exception of Switzerland) featured in the benchmark and those not featured in the benchmark but where there is a strong likelihood that, on the basis of return developments, they will be included subsequent to the next modification of the benchmark;
  - ab) units of other collective investments as specified under prov. 1 d) and e) that according to their documentation invest their assets in accordance with the guidelines of this sub-fund or parts thereof.
  - ac) derivatives (including warrants) on the investments mentioned above;
  - ad) structured products such as certificates from issuers worldwide on the investments set out above.
- For investments in other collective investments pursuant to (ab) above and in structured products pursuant to (ad) above, the fund management company ensures that on a consolidated basis at least two-thirds of the sub-fund assets are invested in the investments noted under (aa) above.
- b) After deducting liquid assets, the fund management company can also invest a maximum of one third of the sub-fund's assets in:
- equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) issued by companies which do not meet the requirements stipulated in prov. 3 aa);
  - bonds, convertible bonds, convertible notes, warrant issues and notes denominated in Swiss francs as well as other fixed-income or floating-rate debt paper and rights issued by private borrowers and borrowers under public law;
  - money market instruments denominated in Swiss francs, issued by domestic and foreign borrowers;
  - derivatives (including warrants) on the investments mentioned above;
  - units in other collective investments in accordance with prov. 1 (d) to (e) that do not meet the requirements as stated in prov. 3 (ab);
  - bank deposits.
- c) In addition, the fund management company must comply with the investment restrictions below, which relate to the sub-fund's assets following the deduction of liquid assets:
- no more than 100% in other collective investments.

#### **H. UBS (CH) Investment Fund – Equities Japan Passive**

3. a) The fund management company invests at least two thirds of the assets after deducting liquid assets in:
- aa) equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) issued by companies which either have their registered office in Japan, as holding companies mainly invest in companies which have their registered office in Japan or conduct the majority of their business in Japan;
  - ab) units of other collective investments as specified under prov. 1 (c) and (d) that according to their documentation invest their assets in accordance with the guidelines of this sub-fund or parts thereof;
  - ac) derivatives (including warrants) on the investments mentioned above;
  - ad) structured products denominated in freely convertible currencies such as certificates from issuers worldwide on the above investments.
- For investments in other collective investments pursuant to (ab) above and in structured products pursuant to (ad) above, the fund management company ensures that on a consolidated basis at least two-thirds of the sub-fund are invested in the investments noted under (aa) above.
- b) Subject to (c), the fund management company may also invest up to one-third of the sub-fund's assets, after deducting liquid assets, in:
- equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) which do not meet the requirements as stipulated in prov. 3 (aa);
  - bonds, convertible bonds, convertible notes, warrant issues and notes denominated in freely convertible currencies as well as other fixed-income or floating-rate debt paper and rights issued by private borrowers and borrowers under public law (domestic and foreign issuers);
  - money market instruments issued by domestic and foreign borrowers in freely convertible currencies;
  - units in other collective investments in accordance with prov. 1 (d) to (e) that do not meet the requirements as stated in prov. 3 (ab);
  - bank deposits.
- c) In addition, the fund management company must comply with the investment restrictions below, which relate to the sub-fund's assets following the deduction of liquid assets:
- no more than 10% in other collective investments.

#### **I. UBS (CH) Investment Fund – Equities Switzerland Passive All**

#### **J. UBS (CH) Investment Fund – Equities Switzerland Passive Large**

3. a) The fund management company invests at least two thirds of the assets after deducting liquid assets in:
- aa) equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) issued by companies which have their registered office in Switzerland or, as holding companies, mainly invest in companies which have their registered office in Switzerland or conduct the majority of their business in Switzerland;
  - ab) units in other collective investments as specified under prov. 1 (d) and (e) that according to their documentation invest their assets in accordance with the guidelines of this sub-fund or parts thereof;
  - ac) derivatives (including warrants) on the investments mentioned above;
  - ad) structured products denominated in freely convertible currencies such as certificates from issuers worldwide on the above investments.
- For investments in other collective investments pursuant to (ab) above and in structured products pursuant to (ad) above, the fund management company ensures that on a consolidated basis at least two-thirds of the sub-fund assets are invested in the investments noted under (aa) above.
- b) Subject to (c), the fund management company may also invest up to one-third of the sub-fund's assets, after deducting liquid assets, in:
- equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) that do not meet the requirements set out in prov. 3 aa);
  - bonds, convertible bonds, convertible notes, warrant issues and notes denominated in freely convertible currencies as well as other fixed-income or floating-rate debt paper and rights issued by private borrowers and borrowers under public law (domestic and foreign issuers);
  - money market instruments issued by domestic and foreign borrowers in freely convertible currencies;
  - derivatives (including warrants) on the investments mentioned above;
  - units in other collective investments in accordance with prov. 1 (d) to (e) that do not meet the requirements as stated in prov. 3 (ab);
  - bank deposits.
- c) In addition, the fund management company must comply with the investment restrictions below, which relate to the sub-fund's assets following the deduction of liquid assets:
- no more than 10% in other collective investments.

#### **K. UBS (CH) Investment Fund – Equities USA Passive**

3. a) The fund management company invests at least two thirds of the assets after deducting liquid assets in:
- aa) equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) issued by companies which have their registered office in the USA or, as holding companies, mainly invest in companies which have their registered office in the USA or conduct the majority of their business in the USA;
  - ab) units in other collective investments as specified under prov. 1 (d) and (e) that according to their documentation invest their assets in accordance with the guidelines of this sub-fund or parts thereof;
  - ac) derivatives (including warrants) on the investments mentioned above;
  - ad) structured products denominated in freely convertible currencies such as certificates from issuers worldwide on the above investments.
- For investments in other collective investments pursuant to (ab) above and in structured products pursuant to (ad) above, the fund management company ensures that on a consolidated basis at least two-thirds of the sub-fund are invested in the investments noted under (aa) above.
- b) Subject to (c), the fund management company may also invest up to one-third of the sub-fund's assets, after deducting liquid assets, in:
- equity paper and rights (shares, dividend-right certificates, cooperative shares, participation certificates and similar instruments) that do not meet the requirements set out in prov. 3 aa);
  - bonds, convertible bonds, convertible notes, warrant issues and notes denominated in freely convertible currencies as well as other fixed-income or floating-rate debt paper and rights issued by private borrowers and borrowers under public law (domestic and foreign issuers);
  - money market instruments issued by domestic and foreign borrowers in freely convertible currencies;
  - derivatives (including warrants) on the investments mentioned above;
  - units in other collective investments in accordance with prov. 1 (d) to (e) that do not meet the requirements as stated in prov. 3 (ab);
  - bank deposits.
- c) In addition, the fund management company must comply with the investment restrictions below, which relate to the sub-fund's assets following the deduction of liquid assets:
- no more than 10% in other collective investments.

#### **L. UBS (CH) Investment Fund – Euro Bonds Passive**

This sub-fund serves as a target fund for the sub-fund “– Global Bonds Passive” and the sub-fund of the umbrella fund “UBS (CH) Institutional Fund – Global Bonds Passive (hedged) CHF”.

The umbrella fund “– Global Bonds Passive” may acquire up to 30% of the units of the sub-fund in accordance with its risk diversification provisions (§ 15 (C) prov. 10).

The umbrella fund “UBS (CH) Institutional Fund – Global Bonds Passive (hedged) CHF” may acquire up to 100% of the units of this target fund in accordance with its risk diversification provisions.

Investors' attention is drawn to § 15 (B) prov. 14 for details on the associated risks.

3. a) The fund management company invests at least two thirds of the assets after deducting liquid assets in:
- aa) bonds denominated in euros, notes as well as other fixed-income or floating-rate debt paper and rights issued by private borrowers and borrowers under public law worldwide;
  - ab) units in other collective investments as specified under prov. 1 (d) and (e) that according to their documentation invest their assets in accordance with the guidelines of this sub-fund or parts thereof;
  - ac) derivatives (including warrants) on the investments mentioned above;
  - ad) structured products denominated in euros such as certificates from issuers worldwide on the above investments.
- For investments in other collective investments pursuant to (ab) above and in structured products pursuant to (ad) above, the fund management company ensures that on a consolidated basis at least two-thirds of the sub-fund are invested in the investments noted under (aa) above.
- b) Subject to (c), the fund management company may also invest up to one-third of the sub-fund's assets, after deducting liquid assets, in:
- debt paper and rights issued by domestic and foreign issuers who do not meet the requirements as stated in prov. 3 (aa);
  - convertible bonds, convertible notes and warrant issues denominated in freely convertible currencies worldwide;
  - equities and other equity paper and rights issued by companies worldwide;
  - money market instruments issued by domestic and foreign borrowers in freely convertible currencies;
  - derivatives (including warrants) on the investments mentioned above;
  - units in other collective investments in accordance with prov. 1 (d) to (e) that do not meet the requirements as stated in prov. 3 (ab);
  - bank deposits.
- c) In addition, the fund management company must comply with the investment restrictions below, which relate to the sub-fund's assets following the deduction of liquid assets:
- no more than 25% in convertible bonds, convertible notes and warrant issues;
  - no more than 10% in total in equities, other equity paper and rights as well as derivatives (including warrants);
  - no more than 10% in other collective investments.

#### **M. UBS (CH) Investment Fund – Global Bonds Passive**

As an umbrella fund, this sub-fund's objective is to passively replicate the representative index specified in the prospectus by acquiring up to 30% of the units of the four target funds “– Euro Bonds Passive”, “– USD Bonds Passive”, “UBS (CH) Institutional Fund – JPY Bonds Passive” and “UBS (CH) Institutional Fund – GBP Bonds Passive”.

Investors' attention is drawn to § 15 (B) prov. 14 for details on the associated risks.

3. a) The fund management company invests at least two thirds of the assets after deducting liquid assets in:
- aa) bonds and notes denominated in Swiss francs (CHF) and other currencies as well as other fixed-income or floating-rate debt paper and rights issued by private borrowers and borrowers under public law worldwide;
  - ab) units in other collective investments as specified under prov. 1 (d) and (e) that according to their documentation invest their assets in accordance with the guidelines of this sub-fund or parts thereof;
  - ac) derivatives (including warrants) on the investments mentioned above;
  - ad) structured products denominated in freely convertible currencies such as certificates from issuers worldwide on the above investments.
- For investments in other collective investments pursuant to (ab) above and in structured products pursuant to (ad) above, the fund management company ensures that on a consolidated basis at least two-thirds of the sub-fund are invested in the investments noted under (aa) above.
- b) Subject to (c), the fund management company may also invest up to one-third of the sub-fund's assets, after deducting liquid assets, in:
- debt paper and rights issued by domestic and foreign issuers who do not meet the requirements as stated in prov. 3 (aa);
  - equities and other equity paper and rights issued by companies worldwide;
  - convertible bonds, convertible notes and warrant issues denominated in freely convertible currencies worldwide;
  - money market instruments issued by domestic and foreign borrowers in freely convertible currencies;
  - units in other collective investments in accordance with prov. 1 (d) to (e) that do not meet the requirements as stated in prov. 3 (ab);
  - bank deposits.
- c) In addition, the fund management company must comply with the investment restrictions below, which relate to the sub-fund's assets following the deduction of liquid assets:
- no more than 25% in convertible bonds, convertible notes and warrant issues;
  - no more than 10% in total in equities, other equity paper and rights as well as derivatives (including warrants);
  - no more than 100% in other collective investments.

#### **N. UBS (CH) Investment Fund – USD Bonds Passive**

This sub-fund serves as a target fund for the sub-fund “– Global Bonds Passive” and the sub-fund of the umbrella fund “UBS (CH) Institutional Fund – Global Bonds Passive (hedged) CHF”.

The umbrella fund “– Global Bonds Passive” may acquire up to 30% of the units of the sub-fund in accordance with its risk diversification provisions (§ 15 (C) prov. 10).

The umbrella fund “UBS (CH) Institutional Fund – Global Bonds Passive (hedged) CHF” may acquire up to 100% of the units of this target fund in accordance with its risk diversification provisions.

Investors' attention is drawn to § 15 (B) prov. 14 for details on the associated risks.

3. a) The fund management company invests at least two thirds of the assets after deducting liquid assets in:
- aa) bonds denominated in US dollars, notes as well as other fixed-income or floating-rate debt paper and rights issued by private borrowers and borrowers under public law worldwide;
  - ab) units in other collective investments as specified under prov. 1 (d) and (e) that according to their documentation invest their assets in accordance with the guidelines of this sub-fund or parts thereof;



- ac) derivatives (including warrants) on the investments mentioned above;
  - ad) structured products denominated in US dollars such as certificates from issuers worldwide on the above investments.
- For investments in other collective investments pursuant to (ab) above and in structured products pursuant to (ad) above, the fund management company ensures that on a consolidated basis at least two-thirds of the sub-fund are invested in the investments noted under (aa) above.
- b) Subject to (c), the fund management company may also invest up to one-third of the sub-fund's assets, after deducting liquid assets, in:
- debt paper and rights issued by domestic and foreign issuers who do not meet the requirements as stated in prov. 3 (aa);
  - convertible bonds, convertible notes and warrant issues denominated in freely convertible currencies worldwide;
  - equities and other equity paper and rights issued by companies worldwide;
  - money market instruments issued by domestic and foreign borrowers in freely convertible currencies;
  - derivatives (including warrants) on the investments mentioned above;
  - units in other collective investments in accordance with prov. 1 (d) to (e) that do not meet the requirements as stated in prov. 3 (ab);
  - bank deposits.
- c) In addition, the fund management company must comply with the investment restrictions below, which relate to the sub-fund's assets following the deduction of liquid assets:
- no more than 25% in convertible bonds, convertible notes and warrant issues;
  - no more than 10% in total in equities, other equity paper and rights as well as derivatives (including warrants);
  - no more than 10% in other collective investments.

## § 9 Liquid assets

The fund management company may hold additional reasonable liquid assets for each sub-fund in the accounting unit of the sub-fund and in all currencies in which investments are permissible. Liquid assets are bank credit balances and repo receivables at sight and term with terms up to 12 months.

## B Investment techniques and instruments

### § 10 Securities lending

#### A. UBS (CH) Investment Fund – Short Term Credit (USD) II

1. The fund management company does not conduct any securities lending transactions.

#### B. UBS (CH) Investment Fund – Bonds CHF Ausland Medium Term Passive

UBS (CH) Investment Fund – Bonds CHF Ausland Passive

UBS (CH) Investment Fund – Bonds CHF Inland Medium Term Passive

UBS (CH) Investment Fund – Bonds CHF Inland Passive

UBS (CH) Investment Fund – Equities Europe Passive

UBS (CH) Investment Fund – Equities Global Passive

UBS (CH) Investment Fund – Equities Japan Passive

UBS (CH) Investment Fund – Equities Switzerland Passive All

UBS (CH) Investment Fund – Equities Switzerland Passive Large

UBS (CH) Investment Fund – Equities USA Passive

UBS (CH) Investment Fund – Euro Bonds Passive

UBS (CH) Investment Fund – Global Bonds Passive

UBS (CH) Investment Fund – USD Bonds Passive

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 for this sub-funds' account. However, securities which have been acquired under reverse repos may not be lent.
2. The fund management company may lend securities in its own name and for its own account to a borrower ("principal"), or appoint an intermediary to put the securities at the disposal of the borrower either indirectly on a fiduciary basis ("agent") or directly ("finder").
3. The fund management company 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 depositaries 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 seven bank working days) before it may again legally repossess the securities lent, it may not lend more than 50% of a particular security eligible for lending for each sub-fund. 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 the next bank business day, the fund management company may lend its entire holdings of a particular type of 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 CISO-FINMA. The value of the collateral must be adequate and at all times 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, as well as for the assertion of other proprietary rights, and for the contractually agreed return of securities of the same type, quantity and quality.
7. The custodian bank ensures that the securities lending transactions are settled in a secure manner, in line with the agreements, and, in particular, monitors compliance with the requirements relating to collateral. In addition, it carries out the administrative duties assigned to it under the safe custody regulations during the term of the lending transaction and asserts all rights associated with the lent securities, unless such duties have been ceded under the terms of the standardized framework agreement.
8. The prospectus has further details on the collateral strategy.

### § 11 Securities repurchase agreements

#### A. UBS (CH) Investment Fund – Short Term Credit (USD) II

1. The fund management company does not conduct any repo transactions.

- B. UBS (CH) Investment Fund – Bonds CHF Ausland Medium Term Passive**  
**UBS (CH) Investment Fund – Bonds CHF Ausland Passive**  
**UBS (CH) Investment Fund – Bonds CHF Inland Medium Term Passive**  
**UBS (CH) Investment Fund – Bonds CHF Inland Passive**  
**UBS (CH) Investment Fund – Equities Europe Passive**  
**UBS (CH) Investment Fund – Equities Global Passive**  
**UBS (CH) Investment Fund – Equities Japan Passive**  
**UBS (CH) Investment Fund – Equities Switzerland Passive All**  
**UBS (CH) Investment Fund – Equities Switzerland Passive Large**  
**UBS (CH) Investment Fund – Equities USA Passive**  
**UBS (CH) Investment Fund – Euro Bonds Passive**  
**UBS (CH) Investment Fund – Global Bonds Passive**  
**UBS (CH) Investment Fund – USD Bonds Passive**

- The fund management company may enter into securities repurchase agreements (“repos”) for the sub-fund’s account. Securities repurchase agreements may be concluded as either repos or reverse repos.  
A “repo” is a legal act in which one party (the borrower or repo seller) temporarily transfers ownership of specific securities to another party (the lender or repo buyer) against remuneration, while the lender undertakes to return to the borrower securities of the same type, quantity, and quality at the end of the repo term, together with any income earned during such term. During the term of the repurchase agreement, the price risk associated with the securities is borne by the borrower.  
From the perspective of the counterparty (lender), a repo is a reverse repo. Reverse repos are an instrument used by the fund management company to invest cash, whereby it acquires securities for investment purposes and at the same time agrees to return securities of the same type, quantity and quality and to transfer all income received during the term of the reverse repurchase agreement.
- The fund management company may conclude repurchase agreements in its own name and for its own account with a counterparty (“principal”), or may appoint an intermediary to conclude repurchase agreements with a counterparty either indirectly on a fiduciary basis (“agent”) or directly (“finder”).
- 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 depositaries which can ensure the proper execution of the repo transactions.
- The custodian bank ensures that the repurchase transactions are settled in a secure and contractually agreed manner. It ensures on a daily basis that fluctuations in the value of the securities used in repo transactions are compensated for in cash or securities (marked to market). In addition, during the term of the repurchase transaction it carries out the administrative duties assigned to it under the safe-custody regulations, and asserts all rights associated with the securities used in the repo transaction, unless such duties have been ceded under the standardised framework agreement.
- For repo transactions, the fund management company may use all types of securities that are traded on an exchange or other regulated market open to the public. It may not use securities acquired under a reverse repo for repo purposes.
- If the fund management company must observe a notice period, which may not exceed seven bank working days, before it may once again legally dispose of the securities under the repurchase agreement, it may not use more than 50% of its holdings of a particular security eligible for repo transactions for each sub-fund. However, if the counterparty or 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 type of security eligible for repo transactions.
- Repurchase transactions in the form of repos are deemed to be borrowing pursuant to § 13, unless the money received is used to acquire securities of the same type, quality, credit rating, and maturity in conjunction with the conclusion of a reverse repo.
- As part of a reverse repo, the fund management company may acquire only collateral that meets the requirements set down in 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.
- Claims in connection with reverse repos are deemed to be liquid assets pursuant to § 9, and are not deemed to constitute the granting of a loan pursuant to § 13.
- The prospectus has further details on the collateral strategy.

## § 12 Derivatives

### A. Commitment-Approach II

Section A is applicable to the following sub-funds:

**“– Short Term Credit (USD) II”**  
**“– Euro Bonds Passive”**

- The fund management company may use derivatives. It ensures that the use of derivatives does not lead in its economic effects to deviation from the investment objectives stated in the fund contract and in the prospectus or a change in the investment character of the investment fund, even under extraordinary market conditions. 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.
- Commitment Approach II is used for risk measurement, with the exception that no short sales are allowed for the sub-funds. The total exposure of a sub-fund associated with derivatives may accordingly not exceed 100% of its net assets and the total commitment overall may not exceed 200% of its net assets. For the sub-fund “– Short Term Credit USD) II”, given the possibility of temporary borrowing of at most 10% of net assets in accordance with § 13 (A) prov. 2, the total exposure of a sub-fund may be up to 210% of its net assets. For the sub-fund “– Euro Bonds Passive”, given the possibility of temporary borrowing of at most 25% of net assets in accordance with § 13 (B) prov. 2, the total exposure of a sub-fund may be up to 225% of its net assets. The provisions stipulated in this paragraph shall apply to the individual sub-funds. The overall exposure is calculated on the basis of Art. 35 CISO-FINMA.
- 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).
- 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.
  - 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.
  - If mainly interest rate derivatives are used, the amount of the total investment to be offset by derivative positions may 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.
  - 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.
  - Payment obligations from derivatives must be continuously covered in accordance with legislation on collective investments with cash or cash equivalents, debt instruments and rights or shares which are traded on a stock exchange or other market open to the public.

- f) If the fund management company enters into physical delivery obligations relating to an underlying instrument arising from derivatives, the derivatives must be continuously covered with corresponding underlyings or with other investments if the investments and the underlyings are highly liquid and can be purchased or sold at any time when delivery is required. The fund management company must have unrestricted access to these underlying securities or assets at all times.
5. 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.
6. a) The fund management company may conduct OTC transactions only with supervised financial intermediaries specialising in these types of transactions and ensuring fault-free performance of the transaction. If the counterparty is not the custodian bank, the counterparty or guarantor must have a high credit rating.
- b) An OTC derivative must be reliably and verifiably valued daily and be able to be sold, liquidated or closed out by an opposing transaction at fair 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 such a derivative, specific offers must, in principle, be obtained from at least two counterparties, whereby the contract must be concluded with the counterparty offering the most favourable price. Deviations from this rule shall be permitted in order to diversify risk or if other contractual components, such as credit quality or the service offering of the counterparty, make the overall offer of the counterparty appear better for the investors. Furthermore, and by way of exception, the requirement to obtain offers from at least two potential counterparties may be dispensed with if this is in the investors' best interests. The reasons for 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.
7. Due account must be taken of the derivatives in accordance with the legislation concerning collective investment schemes when complying with statutory and contractual investment restrictions (maximum and minimum limits).
8. The prospectus contains further details on:
- the importance of derivatives within the framework of the investment strategy;
  - the effects on the sub-fund's risk profile of using derivatives;
  - the counterparty risks of derivatives;
  - the increased volatility and increased total exposure (leverage) resulting from the use of derivatives;
  - credit derivatives;
  - the collateral strategy.

## B. Commitment-Approach I

Section B is applicable to the following sub-funds:

“– Bonds CHF Ausland Medium Term Passive”

“– Bonds CHF Ausland Passive”

“– Bonds CHF Inland Medium Term Passive”

“– Bonds CHF Inland Passive”

“– Equities Europe Passive”

“– Equities Global Passive”

“– Equities Japan Passive”

“– Equities Switzerland Passive All”

“– Equities Switzerland Passive Large”

“– Equities USA Passive”

“– Global Bonds Passive”

“– USD Bonds Passive”

1. The fund management company may make use of derivatives. It shall ensure that the effect of such derivative financial instruments does not alter the investment profile of the sub-funds as stated in the present fund agreement and the prospectus, even in exceptional market circumstances. In addition, the securities underlying the derivatives must be permitted investments under this fund contract for the relevant sub-fund.
- 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 I is applied to the assessment of risk. Taking into account the necessary coverage set out in this paragraph, the use of derivatives does not result in a leverage effect on the fund assets, neither does it correspond to short selling. The provisions stipulated in this paragraph shall apply to the individual sub-funds.
3. Only basic forms of derivatives may be used. These include:
- a) call or put options, the expiration value of which is linearly dependent on the positive or negative difference between the market value of the underlying and the strike price, and is zero if the difference is preceded by the opposite sign;
  - b) credit default swaps (CDSs);
  - c) swaps, the payments of which are dependent on the value of the underlying or on an absolute amount in both a linear and a path-independent manner;
  - d) futures and forwards whose value has a linear dependence on the value of the underlying.
4. The financial effect of using derivatives is similar either to a sale (derivatives that reduce exposure) or a purchase (derivatives that increase exposure) of an underlying security.
5. a) In the case of derivatives that reduce exposure, the commitments entered into shall be covered by the securities underlying the derivatives at all times subject to (b) and (d).
- b) In the case of derivatives that reduce exposure, assets other than the underlying securities may be used for cover if they are in the name of an index which
- is calculated by an external, independent body;
  - is representative of the investments used as cover;
  - is correlated sufficiently with these assets.
- c) The fund management company must have unrestricted access to these underlying securities or assets at all times.
- d) A delta weighting may be used for an exposure-reducing derivative to calculate the relevant underlying securities.
6. In the case of exposure-increasing derivatives, the underlying equivalents must be covered at all times by near-money assets pursuant to Art. 34 para. 5 CISO-FINMA. In the case of futures, options, swaps, and forwards, the underlying equivalent is determined in accordance with Annex 1 CISO-FINMA.
7. The fund management company shall comply with the following rules when netting derivatives positions:
- 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) 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.
  - d) Hedging transactions may be covered by interest rate derivatives. Convertible bonds may be excluded from the calculation of derivatives exposure.
8. The fund management company may use both standardised and non-standardised derivatives. It may conclude transactions in derivative financial instruments on an exchange or other regulated market open to the public, or in OTC (over-the-counter) trading.
9. a) The fund management company may engage in OTC transactions only 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 guarantor must have a high credit rating.
- b) An OTC derivative must be subject to reliable and verifiable valuation on a daily basis and it must be possible to sell or liquidate it 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. Moreover, before the conclusion of such transactions, specific offers must be obtained from at least two potential counterparties and the most favourable offer in terms of price must be accepted. Deviations from this principle are permitted for reasons relating to risk diversification, or where other parts of the contract such as credit rating or the range of services offered by the counterparty render another offer more advantageous overall for the investors. In addition, the requirement to obtain offers from at least two potential counterparties may be waived in exceptional cases if this is in the best interests of the investors. 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. The fund management company and its agents must further be able to obtain power of disposal over, and authority to dispose of, the collateral received at any time in the event of default by the counterparty, without involving the counterparty or obtaining its 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.
10. Due account must be taken of the derivatives in accordance with the legislation concerning collective investment schemes when complying with statutory and contractual investment restrictions (maximum and minimum limits).
  11. The prospectus has further details on:
    - the implications of derivatives within the investment strategy;
    - the effects of using derivatives on the fund's risk profile;
    - the counterparty risks associated with derivatives;
    - credit derivatives;
    - the collateral strategy.

### § 13 Borrowing and granting loans

#### A. UBS (CH) Investment Fund – Short Term Credit (USD) II

1. The fund management company may not grant loans for the account of the sub-funds.
2. The fund management company may temporarily borrow the equivalent of up to 10% of net fund assets.

#### B. UBS (CH) Investment Fund – Bonds CHF Ausland Medium Term Passive

UBS (CH) Investment Fund – Bonds CHF Ausland Passive

UBS (CH) Investment Fund – Bonds CHF Inland Medium Term Passive

UBS (CH) Investment Fund – Bonds CHF Inland Passive

UBS (CH) Investment Fund – Equities Europe Passive

UBS (CH) Investment Fund – Equities Global Passive

UBS (CH) Investment Fund – Equities Japan Passive

UBS (CH) Investment Fund – Equities Switzerland Passive All

UBS (CH) Investment Fund – Equities Switzerland Passive Large

UBS (CH) Investment Fund – Equities USA Passive

UBS (CH) Investment Fund – Euro Bonds Passive

UBS (CH) Investment Fund – Global Bonds Passive

UBS (CH) Investment Fund – USD Bonds Passive

1. The fund management company may not grant loans for the account of the sub-funds. Securities lending transactions pursuant to § 10 and repurchase agreements as reverse repos in accordance with § 11 are not deemed loans for the purposes of this paragraph.
2. For each sub-fund, the fund management company may temporarily borrow the equivalent of up to 25% of net assets. Repurchase agreements as repos in accordance with § 11 are deemed borrowing for the purposes 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

#### A. UBS (CH) Investment Fund – Short Term Credit (USD) II

1. The fund management company may not pledge or transfer as collateral more than 25% of net assets at the expense of the sub-funds.
2. Fund 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.

#### B. UBS (CH) Investment Fund – Bonds CHF Ausland Medium Term Passive

UBS (CH) Investment Fund – Bonds CHF Ausland Passive

UBS (CH) Investment Fund – Bonds CHF Inland Medium Term Passive

UBS (CH) Investment Fund – Bonds CHF Inland Passive

UBS (CH) Investment Fund – Equities Europe Passive

UBS (CH) Investment Fund – Equities Global Passive

UBS (CH) Investment Fund – Equities Japan Passive

UBS (CH) Investment Fund – Equities Switzerland Passive All

UBS (CH) Investment Fund – Equities Switzerland Passive Large

UBS (CH) Investment Fund – Equities USA Passive

UBS (CH) Investment Fund – Euro Bonds Passive

UBS (CH) Investment Fund – Global Bonds Passive

UBS (CH) Investment Fund – USD Bonds Passive

1. The fund management company may not pledge or transfer by way of security for any sub-fund more than 50% of its net assets.
2. The sub-fund assets may not be encumbered with guarantees. An exposure-increasing credit derivative shall not be deemed to be a guarantee within the meaning of this paragraph.

#### C. Investment restrictions

### § 15 Risk diversification

1. The following are to be included in the risk diversification provisions pursuant to § 15:
  - a) investments in accordance with § 9, except for index-based derivatives, provided that the index is adequately diversified, representative of the market on which it depends, and reasonably publicised;
  - b) liquid assets in accordance with § 9;
  - c) claims against counterparties arising out of OTC transactions.
2. Companies that make up a group according to international accounting standards shall be treated as a single issuer.

#### A. UBS (CH) Investment Fund – Short Term Credit (USD) II

3. The fund management company may, including derivatives, invest no more than 20% of a sub-fund's assets in securities or money market instruments issued by one

and the same issuer. The total value of the securities and money market instruments of issuers in whose instruments more than 10% of a sub-fund's assets are invested may not exceed 60% of the sub-fund's assets, subject to provs. 4 and 5.

4. The fund management company may not invest more than 20% of the sub-fund's assets in sight or time deposits at one and the same bank. This limit includes both investments in bank deposits pursuant to § 8 and liquid assets pursuant to § 9.
5. The fund management company may not invest more than 5% of the sub-fund's assets in OTC transactions with one and the same counterparty. If the counterparty is a bank domiciled in Switzerland or a European Union member state or another state in which it is subject to supervision equivalent to that in Switzerland, this limit is increased to 10% of the sub-fund's assets.  
Where claims from OTC transactions are hedged by collateral in the form of liquid assets in accordance with the provisions of the Liquidity Ordinance, such claims shall not be taken into account in the calculation of counterparty risk.
6. Investments, deposits and claims pursuant to the above provs. 3 to 5 of the same issuer or borrower may not exceed 20% of the sub-fund's assets. This is subject to the higher limits in provs. 11 and 12 below.
7. Investments in accordance with prov. 3 above in the same group of companies may not exceed 20% of the sub-fund's assets in all. This is subject to the higher limits in provs. 11 and 12 below.
8. The fund management company may invest up to 10% of the sub-fund's assets in units of the same target fund.
9. The fund management company may invest at most 10% of the sub-fund's assets each in non-voting equity, loan notes and/or money market instruments from the same issuer, and may acquire at most 25% of the units of other collective investments. These restrictions do not apply if at the time of acquisition the gross amount of debt instruments, money market instruments or the units of other collective investments cannot be calculated.
10. The restrictions in prov. 9 above do not apply to securities and money market instruments issued or guaranteed by a state or public sector entity from the OECD or by international organisations with public-law character to which Switzerland or a European Union member state belongs.
11. The limit of 20% in prov. 3 is raised to 35% if the securities or money market instruments are issued or guaranteed by a state or public sector entity from the OECD or by international organisations with public-law character to which Switzerland or a European Union member state belongs. The limit of 60% as stipulated in prov. 3 does not apply to the aforementioned securities or money market instruments. The individual limits of provs. 3 and 5 may, however, not be accumulated with this limit of 35%.
12. The limit of 20% stipulated in prov. 3 shall rise to 100% if the securities or money market instruments are issued or guaranteed by an OECD state, a public sector entity within the OECD or by international organisations with public-law character to which Switzerland or a member state of the European Union belongs. In this case the corresponding sub-fund must hold securities or money market instruments from at least six different issues; at most 30% of the assets of the sub-fund may be invested in securities or money market instruments in the same issue. The limit of 60% as stipulated in prov. 3 does not apply to the aforementioned securities or money market instruments.  
The permitted issuers/guarantors above are: The European Union (EU), OECD states, the Council of Europe, the World Bank, the European Bank for Reconstruction and Development, the European Investment Bank, the Inter-American Development Bank, the Asian Development Bank and EUROFIMA (European Company for the Financing of Railroad Rolling Stock).

**B. UBS (CH) Investment Fund – Bonds CHF Ausland Medium Term Passive**

**UBS (CH) Investment Fund – Bonds CHF Ausland Passive**

**UBS (CH) Investment Fund – Bonds CHF Inland Medium Term Passive**

**UBS (CH) Investment Fund – Bonds CHF Inland Passive**

**UBS (CH) Investment Fund – Euro Bonds Passive**

**UBS (CH) Investment Fund – USD Bonds Passive**

3. The fund management company may, including derivatives and structured products, invest no more than 20% of a sub-fund's assets in securities or money market instruments issued by one and the same issuer. The total value of the securities and money market instruments of issuers in whose instruments more than 10% of a sub-fund's assets are invested may not exceed 60% of that sub-fund's assets, subject to prov. 4 and 5.
4. The fund management company may not invest more than 20% of a sub-fund's assets in sight or time deposits at one and the same bank. Both liquid assets pursuant to § 9 and investments in bank deposits pursuant to § 8 must be included in this limit.
5. The fund management company may invest no more than 5% of the assets of a sub-fund in OTC transactions with the same counterparty. If the counterparty is a bank which has its registered office in Switzerland or in a member state of the European Union or in another country in which it is subject to supervision equivalent to that in Switzerland, this limit shall be increased to 10% of the assets of the relevant sub-fund.
6. Investments, deposits and claims pursuant to prov. 3 to 5 of the same issuer or borrower may not in total exceed 20% of a sub-fund's assets, subject to the higher limits pursuant to prov. 12 and 13 below.
7. Investments according to prov. 3 above from the same group of companies may in total not exceed 20% of a sub-fund's assets, subject to the higher limits pursuant to prov. 12 and 13 below.
8. The fund management company may invest up to 10% of a sub-fund's assets in units of the same target fund.
9. The fund management company may not acquire participation rights which represent more than 10% of the voting rights in total or which allow it to exercise a significant influence on the management of an issuer.
10. The fund management company may not acquire for a sub-fund's assets more than 10% of the non-voting equity, debt and/or money market instruments of a single issuer or more than 25% of the units of other collective investments. These restrictions do not apply if at the time of acquisition the gross amount of debt instruments, money market instruments or the units of other collective investments cannot be calculated.
11. The limits stipulated in prov. 9 and 10 above do not apply if the securities and money market instruments are issued or guaranteed by a state or OECD public sector entity or by international organisations with public-law character to which Switzerland or a member state of the European Union belongs.
12. The limit of 20% stipulated in prov. 3 rises to 35% if the securities or money market instruments are issued or guaranteed by an OECD state, a public sector entity within the OECD or international organisations with public-law character to which Switzerland or a member state of the European Union belongs. The limit of 60% as stipulated in prov. 3 does not apply to the aforementioned securities or money market instruments. The individual limits of prov. 3 and 5 may, however, not be accumulated with this limit of 35%.  
The following also applies for the sub-funds “– Bonds CHF Inland Passive” and “– Bonds CHF Inland Medium Term Passive”:  
The limit of 20% stipulated in prov. 3 shall rise to 35% if the securities are issued or guaranteed by Pfandbriefbank schweizerischer Hypothekarinstitute AG (Mortgage Bond Bank of the Swiss Mortgage Institutions) or Pfandbriefzentrale der schweizerischen Kantonalbanken AG (Mortgage Bond Centre of the Swiss Cantonal Banks). Up to 30% of the assets of the sub-fund may be invested in instruments of a single issue. The limit of 60% as stipulated in prov. 3 shall not apply to the aforementioned securities. The individual limits of prov. 3 and 5 may, however, not be accumulated with this limit of 35%.
13. The limit of 20% stipulated in prov. 3 shall rise to 100% if the securities or money market instruments are issued or guaranteed by an OECD state, a public sector entity within the OECD or by international organisations with public-law character to which Switzerland or a member state of the European Union belongs. In this case, the sub-fund must hold securities or money market instruments consisting of at least six different issues, and no more than 30% of the relevant sub-fund's assets may be invested in securities or money market instruments of the same issue. The limit of 60% as stipulated in prov. 3 does not apply to the aforementioned securities or money market instruments.  
The authorised issuers/guarantors above are: the European Union (EU), OECD states, the Council of Europe, the International Bank for Reconstruction and Development (World Bank), the European Bank for Reconstruction and Development, the European Investment Bank, the Inter-American Development Bank, the Asian Development Bank and Eurofima (European Company for the Financing of Railroad Rolling Stock).
14. The following also applies for the two sub-funds “– Euro Bonds Passive” and “– USD Bonds Passive”:  
The two sub-funds serve as target funds for the sub-fund “– Global Bonds Passive” and the sub-fund of the umbrella fund “UBS (CH) Institutional Fund – Global Bonds Passive (hedged CHF)”. The umbrella fund “– Global Bonds Passive” may acquire up to 30% of the units of the sub-fund in accordance with its risk diversification provisions (§ 15 (C) prov. 10). The umbrella fund “UBS (CH) Institutional Fund – Global Bonds Passive (hedged) CHF” may acquire up to 100% of the units of this target fund in accordance with its risk diversification provisions. If an application is made by one or both of the umbrella funds for the redemption of a substantial portion of the assets relative to the assets of the target fund, the fund management company is required to check whether this redemption may be carried out with no detrimental impact on the remaining investors. Only then may it approve the redemption by the umbrella fund(s). If the redemption cannot be carried out without any detrimental impact, it will not be approved. The redemption by the target fund will be suspended immediately and the affected target fund will be dissolved without notice (see § 25). The redemption will then be paid to the umbrella fund(s) as part of the dissolution process.

**C. UBS (CH) Investment Fund – Global Bonds Passive**

3. The fund management company may, including derivatives and structured products, invest no more than 20% of a sub-fund's assets in securities or money market instruments issued by one and the same issuer. The total value of the securities and money market instruments of issuers in whose instruments more than 10% of a sub-fund's assets are invested may not exceed 60% of that sub-fund's assets, subject to prov. 4 and 5.
4. The fund management company may not invest more than 20% of a sub-fund's assets in sight or time deposits at one and the same bank. Both liquid assets

pursuant to § 9 and investments in bank deposits pursuant to § 8 must be included in this limit.

5. The fund management company may invest no more than 5% of the assets of a sub-fund in OTC transactions with the same counterparty. If the counterparty is a bank which has its registered office in Switzerland or in a member state of the European Union or in another country in which it is subject to supervision equivalent to that in Switzerland, this limit shall be increased to 10% of the assets of the relevant sub-fund.
6. Investments, deposits and claims pursuant to prov. 3 to 5 of the same issuer or borrower may not in total exceed 20% of a sub-fund's assets, subject to the higher limits pursuant to prov. 12 and 13 below.
7. Investments according to prov. 3 above from the same group of companies may in total not exceed 20% of a sub-fund's assets, subject to the higher limits pursuant to prov. 12 and 13 below.
8. The fund management company may invest up to 50% of the assets of a sub-fund in units of the same target fund, whereby investments may be made exclusively in the sub-funds **"– Euro Bonds Passive"** and **"– USD Bonds Passive"** and the investment funds **"UBS (CH) Institutional Fund – JPY Bonds Passive"** and **"UBS (CH) Institutional Fund – GBP Bonds Passive"**. Target funds in which more than 30% of the sub-fund's assets are invested must have the same fund management company and custodian bank and observe the same redemption frequency. Furthermore, the target funds may not result in an accumulation of fees for investors and must make full transparency possible for the fund management company in respect of investments and fees (X tranche method).
9. The fund management company may not acquire participation rights which represent more than 10% of the voting rights in total or which allow it to exercise a significant influence on the management of an issuer.
10. The fund management company may not acquire for a sub-fund's assets more than 10% of the non-voting equity, debt and/or money market instruments of a single issuer or more than 25% of the units of other collective investments. The fund management company may acquire up to 30% of the units of the sub-funds **"– Euro Bonds Passive"** and **"– USD Bonds Passive"** and the sub-funds of the umbrella funds **"UBS (CH) Institutional Fund – JPY Bonds Passive"** and **"UBS (CH) Institutional Fund – GBP Bonds Passive"** for the assets of a sub-fund. These restrictions do not apply if at the time of acquisition the gross amount of debt instruments, money market instruments or the units of other collective investments cannot be calculated.
11. The limits stipulated in prov. 9 and 10 above do not apply if the securities and money market instruments are issued or guaranteed by a state or OECD public sector entity or by international organisations with public-law character to which Switzerland or a member state of the European Union belongs.
12. The limit of 20% stipulated in prov. 3 rises to 35% if the securities or money market instruments are issued or guaranteed by an OECD state, a public sector entity within the OECD or international organisations with public-law character to which Switzerland or a member state of the European Union belongs. The limit of 60% as stipulated in prov. 3 does not apply to the aforementioned securities or money market instruments. The individual limits of prov. 3 and 5 may, however, not be accumulated with this limit of 35 %.
13. The limit of 20% stipulated in prov. 3 shall rise to 100% if the securities or money market instruments are issued or guaranteed by an OECD state, a public sector entity within the OECD or by international organisations with public-law character to which Switzerland or a member state of the European Union belongs. In this case, the sub-fund must hold securities or money market instruments consisting of at least six different issues, and no more than 30% of the relevant sub-fund's assets may be invested in securities or money market instruments of the same issue. The limit of 60% as stipulated in prov. 3 does not apply to the aforementioned securities or money market instruments.

The permitted issuers/guarantors above are: the European Union (EU), OECD states, the Council of Europe, the International Bank for Reconstruction and Development (World Bank), the European Bank for Reconstruction and Development, the European Investment Bank, the Inter-American Development Bank, the Asian Development Bank and Eurofima (European Company for the Financing of Railroad Rolling Stock).

**D. UBS (CH) Investment Fund – Equities Europe Passive**  
**UBS (CH) Investment Fund – Equities Japan Passive**  
**UBS (CH) Investment Fund – Equities Switzerland Passive All**  
**UBS (CH) Investment Fund – Equities Switzerland Passive Large**  
**UBS (CH) Investment Fund – Equities USA Passive**

3. The following limits apply in respect of issuers:
  - a) A maximum of 5% of the assets of a sub-fund may be investments in assets of the same issuer, regardless of whether it is included in the reference index listed in the prospectus.
  - b) For issuers included in the benchmark as well as those not included in the benchmark but for which there is a strong likelihood of them being included in the benchmark in the next six months, the fund management company may exceed the limit specified under (a), whereby the overweight of the total value of the instruments from a single issuer is limited to a maximum of three percentage points of the relevant index weighting.  
In the case of issuers that have been removed from the benchmark index, the share of the total value of the instruments from a single issuer in relation to the assets of a sub-fund may not exceed the last published index weighting plus one percentage point for a period of up to six months after the removal of the issuer.
  - c) Investments must be spread over at least 12 issuers.
4. The fund management company may not invest more than 20% of a sub-fund's assets in sight or time deposits at one and the same bank. Both liquid assets pursuant to § 9 and investments in bank deposits pursuant to § 8 must be included in this limit.
5. The fund management company may invest no more than 5% of the assets of a sub-fund in OTC transactions with the same counterparty. If the counterparty is a bank which has its registered office in Switzerland or in a member state of the European Union or in another country in which it is subject to supervision equivalent to that in Switzerland, this limit shall be increased to 10% of the assets of the relevant sub-fund.
6. Investments, deposits and claims pursuant to prov. 3 to 5 of the same issuer or borrower may not in total exceed 20% of the assets of a sub-fund, with the exception of the four sub-funds listed here. A limit of 35% applies for the sub-funds **"– Equities Switzerland Passive All"** and **"– Equities Switzerland Passive Large"**.
7. Investments according to prov. 3 above from the same group of companies may in total not exceed 20% of the sub-fund's assets, with the exception of the four sub-funds mentioned below. A limit of 35% applies for the sub-funds **"– Equities Switzerland Passive All"** and **"– Equities Switzerland Passive Large"**.
8. The fund management company may invest up to 10% of a sub-fund's assets in units of the same target fund.
9. The fund management company may not acquire participation rights which represent more than 10% of the voting rights in total or which allow it to exercise a significant influence on the management of an issuer, subject to any exemptions granted by the supervisory authority.
10. The fund management company may not acquire for a sub-fund's assets more than 10% of the non-voting equity, debt and/or money market instruments of a single issuer or more than 25% of the units of other collective investments.  
These restrictions do not apply if at the time of acquisition the gross amount of debt instruments, money market instruments or the units of other collective investments cannot be calculated.
11. The limits stipulated in prov. 9 and 10 above do not apply if the securities and money market instruments are issued or guaranteed by a state or OECD public sector entity or by international organisations with public-law character to which Switzerland or a member state of the European Union belongs.
12. The following also applies for the sub-funds **"– Equities Europe Passive"**, **"– Equities Japan Passive"** and **"– Equities USA Passive"**:  
The sub-funds serve as target funds for the sub-fund **"– Equities Global Passive"** (umbrella fund): The umbrella fund **"– Equities Global Passive"** may acquire up to 100% of the units of this target fund in accordance with its risk diversification provisions (§ 15 (E) prov. 10 below). If an application is made by the umbrella fund for the redemption of a substantial portion of the assets relative to the assets of the target fund, the fund management company is required to check whether this redemption may be carried out with no detrimental impact on the remaining investors. Only then may it approve the redemption by the umbrella fund. If the redemption cannot be carried out without any detrimental impact, it will not be approved. The redemption by the target fund will be suspended immediately and the affected target fund will be dissolved without notice (see § 25). The redemption will then be paid to the umbrella fund as part of the dissolution process.

**E. UBS (CH) Investment Fund – Equities Global Passive**

3. The fund management company may, including derivatives and structured products, invest no more than 10% of a sub-fund's assets in securities or money market instruments issued by one and the same issuer. The total value of the securities and money market instruments of issuers in whose instruments more than 5% of a sub-fund's assets are invested may not exceed 40% of that sub-fund's assets, subject to prov. 4 and 5.
4. The fund management company may not invest more than 20% of a sub-fund's assets in sight or time deposits at one and the same bank. Both liquid assets pursuant to § 9 and investments in bank deposits pursuant to § 8 must be included in this limit.
5. The fund management company may invest no more than 10% of the assets of a sub-fund in OTC transactions with the same counterparty. If the counterparty is a bank which has its registered office in Switzerland or in a member state of the European Union or in another country in which it is subject to supervision equivalent to that in Switzerland, this limit shall be increased to 15% of the assets of the relevant sub-fund.
6. Investments, deposits and claims pursuant to prov. 3 to 5 of the same issuer or borrower may not in total exceed 20% of a sub-fund's assets.
7. Investments according to prov. 3 above from the same group of companies may in total not exceed 20% of a sub-fund's assets.
8. The fund management company may at all times invest up to 30% of the sub-fund in a single other investment fund (target fund), whereby up to 80% of the sub-fund may be invested in the sub-fund **"– Equities USA Passive"** and up to 40% of the sub-fund may be invested in the sub-fund **"– Equities Europe Passive"**. Target funds in which more than 30% of the sub-fund's assets are invested must have the same fund management company and custodian bank and observe the same redemption frequency. For the sub-fund, the target funds may not result in an accumulation of fees for investors and must make full transparency possible for

- the fund management company in respect of investments and fees (X tranche method).
9. The fund management company may not acquire participation rights which represent more than 10% of the voting rights in total or which allow it to exercise a significant influence on the management of an issuer.
  10. The fund management company may not acquire for a sub-fund's assets more than 10% of the non-voting equity, debt and/or money market instruments of a single issuer or more than 25% of the units of other collective investments, for investments of the sub-fund in related investment funds up to 100%, provided that the target fund does not charge an issue or redemption commission. This applies for the sub-funds **"– Equities Europe Passive", "– Equities Japan Passive" and "– Equities USA Passive"** and the investment funds **"UBS (CH) Institutional Fund – Equities Canada Passive" and "UBS (CH) Institutional Fund – Equities Pacific (ex Japan) Passive"**. Target funds in which more than 30% of units are acquired must have the same fund management company and custodian bank and observe the same redemption frequency. These restrictions do not apply if at the time of acquisition the gross amount of debt instruments, money market instruments or the units of other collective investments cannot be calculated.
  11. The limits stipulated in prov. 9 and 10 above do not apply if the securities and money market instruments are issued or guaranteed by a state or OECD public sector entity or by international organisations with public-law character to which Switzerland or a member state of the European Union belongs.

#### F. Provisions for all sub-funds

The acquisition of umbrella funds is excluded.

### IV. Calculation of net asset value and issue and redemption of units

#### § 16

##### Calculation of net asset value and application of swinging single pricing

1. The net asset value of each sub-fund and the proportion of the individual classes (quotas) is calculated at fair market value in the accounting currency of the respective sub-fund at the end of the accounting year and for every day on which units are issued or redeemed. There is no calculation of fund assets for days on which the stock exchanges and markets in the main investment countries of each sub-fund are closed (e.g. bank and stock exchange holidays). However, on days on which no units are issued or redeemed, the fund management company may calculate the net asset value per unit ("non-negotiable net asset value"), e.g. if the last calendar day of a month falls on a day specified in prov. 5.2 of the prospectus. Such non-negotiable net asset values may be published. However, they may be used only for performance calculations and performance statistics (in particular to compare against the benchmark) or for commission calculations, and must under no circumstances be used as the basis for subscription and redemption orders.
2. Investments 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 shall be 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 shall use 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 traded on a stock exchange or 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 relevant interest-rate curve. The valuation based on the interest rate curve comprises an interest rate component and a spread component. The following principles are applied: The interest rates closest to the remaining term to maturity are interpolated for each money market instrument. The interest rate calculated in this way is converted into a market price using a spread reflecting the rating of the underlying debtor. 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 material changes in market conditions or rating, the valuation basis for bank term deposits is adjusted for the new conditions.
6. This provision applies only to those sub-funds not listed under § 17 prov. 2 (a):  
The net asset value of a unit in a class of a sub-fund is given by the share for the unit class in the fair market value of the assets of this sub-fund reduced by any liabilities of this sub-fund which are allocated to the unit class, divided by the number of units in circulation in the class in question. It is rounded to the smallest unit of the individual sub-fund's accounting currency.
7. This provision applies only to those sub-funds as listed in § 17 prov. 2 (a):  
If on a dealing day the total subscriptions and redemptions of the sub-fund leads to a net inflow or outflow of assets, the net asset value of the sub-fund is adjusted upwards or downwards respectively (swinging single pricing). The maximum valuation adjustment is 2% of the net asset value. Account is taken of the incidental costs (bid-offer spreads, standard market brokerage fees, fees, levies etc) which arise on average from the investment of the part of the net inflow or sale of the part of the assets corresponding to the net outflow. The adjustment will result in an increase of the valuation net asset value if net movements result in an increase in the number of units in the sub-fund. Conversely, the adjustment will result in a reduction of the valuation net asset value if net movements lead to a reduction in the number of units. The net asset value calculated on the basis of swinging single pricing is thus a modified, or "swung", net asset value as set out in the first sentence of this paragraph.
8. 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 is recalculated in the following events:
  - a) the issue and redemption of units;
  - b) in calculating net asset value, within the framework of allocating liabilities (including due or accumulated costs and fees) to the various unit classes, provided that the liabilities of the various unit classes have a different impact in per cent of their net asset value, i.e. if (i) different fee rates are applied to the different unit classes or if (ii) there are class-specific charges;
  - c) in calculating net asset value, within the framework of allocating income or capital income to the various unit classes, provided that the income or capital income derives from transactions made only in the interests of one unit class, or in the interests of more than one unit class but not in proportion to their shares in net fund assets.

#### § 17 Issue and redemption of units

1. Subscription or redemption orders for units shall be accepted on the order day up to a specific time mentioned in the prospectus. The unit price which is decisive for issue and redemption is determined at the earliest on the bank business day (valuation day) following the order day (forward pricing). The prospectus sets out the details.
2. Incidental costs:
  - a) The following applies to the sub-fund specified below:  
**"– Short Term Credit (USD) II"**  
The issue and redemption prices of units shall be based on the net asset value per unit as defined in § 16 calculated on the valuation day in conjunction with the closing prices of the previous day. In the case of unit issues, an issuing commission may be added to the net asset value pursuant to § 18.  
The incidental costs for the purchase and sale of investment (bid-offer spread, standard market brokerage fees, fees, levies etc) which are incurred by the sub-fund on average from the investment of the paid-in contribution or sale of the part of the assets corresponding to the net outflow are covered by applying swinging single pricing, as described in § 16 prov. 7 of the fund contract.
  - b) The following applies to the sub-funds specified below:  
**"– Bonds CHF Ausland Medium Term Passive"**  
**"– Bonds CHF Ausland Passive"**  
**"– Bonds CHF Inland Medium Term Passive"**  
**"– Bonds CHF Inland Passive"**  
**"– Equities Europe Passive"**  
**"– Equities Global Passive"**  
**"– Equities Japan Passive"**  
**"– Equities Switzerland Passive All"**  
**"– Equities Switzerland Passive Large"**  
**"– Equities USA Passive"**  
**"– Euro Bonds Passive"**  
**"– Global Bonds Passive"**  
**"– USD Bonds Passive"**

The issue and redemption prices of units shall be based on the net asset value per unit as defined in § 16 calculated on the valuation day in conjunction with the closing prices of the previous day. When units are issued, incidental costs (i.e. brokerage commissions in line with the market, other commissions, taxes, and duties) incurred on average by the respective sub-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 respective sub-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 maximum rate is stated in the prospectus. In addition, with unit issues, an issuing commission may be added to the net asset value, pursuant to § 18. With unit redemptions, a redemption commission may be deducted from the net asset value, similarly pursuant to § 18.

Should additional costs, such as stamp duties, arise as a result of the deposit and payment in securities instead of in cash (cf. § 3), these must be borne by the investor.

3. The fund management company may suspend the issue of units at any time and can also reject applications for unit subscriptions or conversions.
4. The fund management company may temporarily and 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 valuing a material part of the fund assets is closed, or if trading on such a market is limited or suspended;
  - b) there is a political, economic, military, monetary or other crisis;
  - c) because restrictions on foreign exchange movements or restrictions on other transfers of assets make it impossible to execute transactions for the sub-funds;
  - d) numerous units are offered for redemption and this may have a material adverse effect on the interests of the other 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. As long as the redemption of units is postponed for one of the reasons under prov. 4 (a) - (c), no units shall be issued.
7. Each investor may request that, in the event of a subscription, the investor be permitted to make a contribution in kind instead of a cash payment or that, in the event of a termination, the investor receives a redemption in kind instead of a cash payment, provided this is not excluded in the provisions of the unit class in question. Such request must be submitted at the time of subscription or notice of termination. The fund management company is not obliged to permit contributions and redemptions in kind.

The decision on contributions and redemptions in kind lies with the fund management company alone, and it approves such transactions only if the execution of the transactions is fully in accordance with the investment policy of the fund and if the interests of the other investors are not impaired.

The costs entailed in connection with contributions or redemptions in kind may not be charged to the fund assets.

In the event of contributions or redemptions in kind, the fund management company draws up a report containing information on the individual assets that have been transferred, the market price of these assets on the transfer date, the number of units issued or redeemed in return, and any cash compensation. For every contribution or redemption in kind, the custodian bank verifies that the fund management company has complied with its duty of loyalty, and also checks the valuation of the assets transferred and the units issued or redeemed as of the relevant date. Should it have any reservations or complaints, the custodian bank must report these to the audit firm without delay.

Contribution and redemption in kind transactions must be detailed in the annual report.

## V Remuneration and incidental costs

### § 18 Remuneration and incidental costs charged to investors

#### A. UBS (CH) Investment Fund– Short Term Credit (USD) II

1. When units are issued, the investor may be charged an issue fee for the fund management company, custodian bank and/or distributors in Switzerland and abroad of at most 2% of net asset value. The current maximum applicable rate is stated in the prospectus.

#### B. UBS (CH) Investment Fund – Bonds CHF Ausland Medium Term Passive

UBS (CH) Investment Fund – Bonds CHF Ausland Passive

UBS (CH) Investment Fund – Bonds CHF Inland Medium Term Passive

UBS (CH) Investment Fund – Bonds CHF Inland Passive

UBS (CH) Investment Fund – Equities Europe Passive

UBS (CH) Investment Fund – Equities Global Passive

UBS (CH) Investment Fund – Equities Japan Passive

UBS (CH) Investment Fund – Equities Switzerland Passive All

UBS (CH) Investment Fund – Equities Switzerland Passive Large

UBS (CH) Investment Fund – Equities USA Passive

UBS (CH) Investment Fund – Euro Bonds Passive

UBS (CH) Investment Fund – Global Bonds Passive

UBS (CH) Investment Fund – USD Bonds Passive

1. 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 in total shall not exceed 3% of the net asset value. The actual rate applied is stated in the prospectus.
2. When units are redeemed, investors may be charged a redemption commission accruing to the fund management company, the custodian bank and/or distributors in Switzerland or abroad, which in total shall not exceed 3% of the net asset value. The actual rate applied is stated in the prospectus.

### § 19 Remuneration and incidental costs charged to fund assets

#### A. UBS (CH) Investment Fund – Short Term Credit (USD) II

1. For administration, asset management and possibly distribution of sub-funds and the activities described in § 6 prov. 4 letter B (f)-(h) and for all tasks of the custodian bank, such as holding fund assets, providing payment services and the other tasks listed in § 4, the fund management company charges the sub-fund in question a maximum flat-rate fee or fee on the net asset value of the sub-fund in accordance with the following, prorated by time and debited to fund assets on every calculation of net asset value, paid monthly (flat-rate management fee or commission).

Class “P” units

Flat fee charged by the fund management company for

Administration, asset management, distribution and

remuneration for custodian bank

0.95% p.a.

Class “Q” units

Flat fee charged by the fund management company for

Administration, asset management and

remuneration for custodian bank

0.28% p.a.

Class “K-1” units

Flat fee charged by the fund management company for

Administration, asset management, distribution and

remuneration for custodian bank

0.60% p.a.

Class “F” units

Flat fee charged by the fund management company for

Administration, asset management and remuneration for

custodian bank

0.40% p.a.

Class “I-A1”, “I-A2” and “I-A3” units

Flat fee charged by the fund management company for

Administration, asset management, distribution and

remuneration for custodian bank

0.45% p.a.

Class “I-B” units

Commission charged by the fund management company for

fund administration (fund management, administration and

custodian bank)

0.07% p.a.

In addition, costs are incurred in asset management and distribution under a separate agreement with UBS AG or a contractual partner authorised by UBS AG (cf. § 6 prov.

4)



Class "I-X" units

fund management fee

0.00% p.a.

The costs incurred for asset management, fund administration and distribution are charged to investors under a separate agreement with UBS AG or one of its authorised contracting partners (cf. § 6 prov. 4)

Class "U-X" units

fund management fee

0.00% p.a.

The costs incurred for asset management, fund administration and distribution are charged to investors under a separate agreement with UBS AG or one of its authorised contracting partners (cf. § 6 prov. 4)

The actual rate applying to the flat fee or commission is stated in the prospectus, the KIID, as well as the annual and semi-annual reports.

**B. UBS (CH) Investment Fund – Bonds CHF Ausland Medium Term Passive**

**UBS (CH) Investment Fund – Bonds CHF Ausland Passive**

**UBS (CH) Investment Fund – Bonds CHF Inland Medium Term Passive**

**UBS (CH) Investment Fund – Bonds CHF Inland Passive**

**UBS (CH) Investment Fund – Equities Europe Passive**

**UBS (CH) Investment Fund – Equities Global Passive**

**UBS (CH) Investment Fund – Equities Japan Passive**

**UBS (CH) Investment Fund – Equities Switzerland Passive All**

**UBS (CH) Investment Fund – Equities Switzerland Passive Large**

**UBS (CH) Investment Fund – Equities USA Passive**

**UBS (CH) Investment Fund – Euro Bonds Passive**

**UBS (CH) Investment Fund – Global Bonds Passive**

**UBS (CH) Investment Fund – USD Bonds Passive**

1. For the activities set out in § 6 prov. 4 and the distribution of the sub-funds, as well as all of the duties of the custodian bank, such as holding 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 sub-funds a flat fee as set out below. This flat fee is charged to the individual sub-fund's assets pro rata temporis each time the net asset value is calculated and paid monthly (flat management fee).

a) Unit classes "I-A1", "I-A2" and "I-A3"

There is a commission of a maximum of 1.300% for these unit classes.

b) Unit class "I-B"

The following graduated commission rates apply:

For sub-funds that have Swiss francs (CHF) as the accounting currency

up to	CHF	75 million	0.085% p.a.			
from	CHF	75 million	to	CHF	150 million	0.075% p.a.
from	CHF	150 million	to	CHF	300 million	0.065% p.a.
exceeding	CHF	300 million	0.055% p.a.			

For sub-funds that have euros (EUR) as the accounting currency

up to	EUR	50 million	0.085% p.a.			
from	EUR	50 million	to	EUR	100 million	0.075% p.a.
from	EUR	100 million	to	EUR	200 million	0.065% p.a.
exceeding	EUR	200 million	0.055% p.a.			

For sub-funds that have US dollars (USD) as the accounting currency

up to	USD	60 million	0.085% p.a.			
from	USD	60 million	to	USD	120 million	0.075% p.a.
from	USD	120 million	to	USD	240 million	0.065% p.a.
exceeding	USD	240 million	0.055% p.a.			

c) Unit class "I-X"

0.000% p.a.

Costs arising in connection with the services provided for class "I-X" units are covered by payments due to UBS under a separate written agreement with the investor (cf. § 6 prov. 4).

d) Unit class "U-X"

0.000% p.a.

Costs arising in connection with the services provided for class "U-X" units are covered by payments due to UBS under a separate written agreement with the investor (cf. § 6 prov. 4).

e) Unit class "W"

There is a commission of a maximum of 1.300% for these unit classes.

f) Unit class "F"

There is a commission of a maximum of 1.300% for these unit classes.

Provided the existing unit classes are also available in a Swiss franc variant, designated with (CHF), the same maximum commission shall also apply for these pursuant to § 19 prov. 1 (a) to (f).

Provided the existing unit classes are also available in a variant other than the Swiss franc, designated with ([currency]), the same maximum commission shall also apply for these pursuant to § 19 prov. 1 (a) to (f).

The fund management company informs unitholders of the commission rates actually charged to the unit classes in the prospectus to the fund contract.

**C. Provisions for all sub-funds**

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) all incidental costs arising out of administration of fund assets for the purchase and sale of investments (bid-offer spread, standard market brokerage fees, fees, levies etc). These costs are offset directly against the cost/selling price of the respective investments, With the exception of incidental costs incurred in connection with the purchase/sale of investments during unit issuing and redemption, which are covered by the application of swinging single pricing as set out in § 16 prov. 7. § 17 prov. 2 (b) shall remain reserved.

b) supervisory authority levies for formation, change, liquidation, fusion or merger of the umbrella fund or the respective sub-funds;

c) annual fee paid to the supervisory authority;

d) fees to the audit firm for the annual audit and certifications in connection with formations, changes, dissolutions or merger of the umbrella fund or the respective sub-funds;

e) fees for legal and tax advisors in connection with formations, changes, dissolution or merger of the umbrella fund or the respective sub-funds and general protection of the interests of the umbrella fund or sub-funds and their investors;

f) costs of the publication of the net asset value of the sub-funds and all costs of notices to investors including translation costs, which are not attributable to an error

- on the part of the fund management company;
  - g) costs for printing legal documents and annual and half-yearly reports of the sub-funds;
  - h) costs of any entries of the sub-funds with a foreign supervisory authority, i.e. fees charged by the foreign supervisory authority, translation costs and remuneration for the agent or payment office abroad;
  - i) costs in connection with the exercise of voting or creditor rights by the sub-funds, including fees of external advisers;
  - j) Costs and fees associated with intellectual property registered in the name of the fund or rights of use by the fund;
  - k) 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;
  - l) 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 fund management company and its agents may, in accordance with the provisions outlined in the prospectus, pay retrocessions as remuneration for distribution activity in respect of the fund, as well as discounts to reduce the fees or costs incurred by the investor and charged to the umbrella fund and the sub-funds.
  4. Taking any and all retrocessions and discounts into account, the management fee of the target funds in which investments are made may not exceed 3%. The annual report shall indicate the maximum rate for the management fee of the target funds invested in, factoring in any retrocessions and discounts for each sub-fund.
  5. If the fund management company acquires units in other collective investments which it directly or indirectly administers or which are administered by a company associated with the fund management company through joint administration, control or a material direct or indirect investment with votes ("associated target fund"), no issue and redemption fees that may be charged by the associated target fund may be charged to the sub-fund in question.
  6. Remuneration may only be charged to the sub-fund which receives a specific benefit. Costs which cannot be unequivocally attributed to a particular sub-fund are charged to each individual sub-fund in proportion to its share of fund assets.

## VI. Financial statements and audits

### § 20 Accounting

1. The accounting unit of the sub-funds is
 

– Short Term Credit (USD) II	US dollars (USD);
– Bonds CHF Ausland Medium Term	Swiss francs (CHF);
– Bonds CHF Ausland Medium Term Passive	Swiss francs (CHF);
– Bonds CHF Ausland Medium Term	Swiss francs (CHF);
– Bonds CHF Ausland Medium Term Passive	Swiss francs (CHF);
– Bonds CHF Inland Medium Term Passive	Swiss francs (CHF);
– Bonds CHF Inland Passive	Swiss francs (CHF);
– Equities Europe Passive	Swiss francs (CHF);
– Equities Global Passive	Swiss francs (CHF);
– Equities Switzerland Passive All	Swiss francs (CHF);
– Equities Switzerland Passive Large	Swiss francs (CHF);
– Euro Bonds Passive	Euros (EUR);
– Global Bonds Passive	Swiss francs (CHF);
– USD Bonds Passive	US dollars (USD).
2. The accounting year runs from 1 October to 30 September.
3. The fund management company shall publish an audited annual report for the umbrella fund within four months of the close of the accounting 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 does not affect the investor's right to obtain information in accordance with § 5 prov. 5.

### § 21 External audits

The external auditors shall audit compliance by the fund management company and the custodian bank with the statutory and contractual directives and the code of the Swiss Funds & Asset Management Association (SFAMA). 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. Net income of the sub-funds is added annually to the assets of the sub-funds for reinvestment. The fund management company can also decide on interim accumulation of income. Exceptions apply to any taxes and duties levied on the reinvestment of these funds.
2. Capital gains realised on the sale of assets and rights may be distributed by the fund management company or retained for reinvestment.

## VIII. Publications of the umbrella fund and sub-funds

### § 23

1. The official publication of the umbrella fund and sub-funds is the print medium or electronic medium stated in the prospectus. Any change in the official publication is to be specified in the official publication.
2. The official publication shall in particular publish summaries of material changes to the fund contract, listing the places where the changes in wording can be obtained without charge, any change in fund management company and/or custodian bank, the creation, cancellation or merger of unit classes and the dissolution of the umbrella fund. Any amendments required by law which do not affect the interests of investors or concern only matters of form may be exempted from the duty of disclosure subject to the approval of the supervisory authority.
3. The fund management company publishes in the print or electronic medium shown in the prospectus the issue and redemption prices and net asset value (a modified net asset value due to the application of swinging single pricing in accordance with § 16 prov. 7) with the note "excluding fees" for all unit classes on every issue and redemption of units. 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 with integrated fund contract, the KIID and the current annual and semi-annual reports may be obtained free of charge from the fund management company, the custodian bank and from any distributor.

## IX. Restructuring and dissolution

### § 24 Merger

1. Subject to the agreement of the custodian bank, the fund management company can merge individual sub-funds with other sub-funds or with other funds by transferring the assets and liabilities of the sub-fund(s) or fund(s) being acquired to the acquiring sub-fund or fund. Investors in the transferring sub-fund receive units in the corresponding amount in the acquiring sub-fund. At the time of the merger the transferring sub-fund is dissolved without liquidation and the fund contract for the acquiring sub-fund or investment fund also applies to the transferring sub-fund or investment fund.
2. Sub-funds or funds may be merged only if:
  - a) the relevant fund contracts provide for this;
  - b) they are managed by the same fund management company;
  - c) the relevant fund contracts agree on the following provisions:
    - investment policy, investment techniques, risk diversification and the risks associated with the investment;
    - appropriation of net income and capital gains from the sales 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 in-

- vestments (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) on the same day the assets of the investing sub-fund or investment fund are valued, the exchange ratio is calculated, and the assets and liabilities are taken over;
  - e) no costs arise out of this for either the sub-fund or investment fund or the investors, subject to the provisions of § 19 (C) prov. 2.
3. If it is anticipated that the merger will take more than one day, the supervisory authority may authorise a temporary suspension of unit redemptions for the sub-funds or funds concerned.
  4. At least one month before planned publication, the fund management company shall submit the intended changes to the fund contract and the intended merger together with the merger schedule to the supervisory authority for review. The merger schedule must contain detailed information on the reasons for the merger, the investment policies of the sub-funds or funds involved and any differences between the acquiring sub-fund or fund and the sub-fund or fund being acquired, the calculation of the exchange ratio, any differences with regard to remuneration, any tax implications for the sub-funds or funds and a statement from the statutory external auditors.
  5. The fund management company shall publish the intended changes to the fund contract under § 23 prov. 2 and the intended merger and timing together with the merger schedule at least two months before its set deadline in the official publication of the sub-funds or investment funds involved. 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 the last notice, or request redemption of their units or submit a request for redemption in kind in accordance with § 17 prov. 7.
  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 the correct execution of the merger and the exchange ratio, without delay in the official publications of the sub-funds or funds concerned.
  8. The fund management company must make reference to the merger in the next annual report of the acquiring sub-fund or 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 sub-fund or fund being acquired.

## § 25 Duration of the sub-funds and dissolution

1. The sub-funds have been established for an indefinite period.
2. The fund management company or the custodian bank may initiate the dissolution of the sub-funds by terminating the fund contract without notice.  
The following also applies for the sub-funds **"– Euro Bonds Passive"** and **"– USD Bonds Passive"**:  
The two sub-funds serve as target funds for the sub-fund **"– Global Bonds Passive"** and the sub-fund of the umbrella fund **"UBS (CH) Institutional Fund – Global Bonds Passive (hedged CHF)"**. The umbrella fund **"UBS (CH) Institutional Fund – Global Bonds Passive (hedged CHF)"** may acquire up to 100% of the units of this target fund in accordance with its risk diversification provisions. The umbrella fund **"– Global Bonds Passive"** may acquire up to 30% of the units of this target fund in accordance with its risk diversification provisions (§ 15 (C) prov. 10). If an application is made by one or both of the umbrella funds for the redemption of a substantial portion of the assets relative to the assets of the target fund, the fund management company is required to check whether this redemption may be carried out with no detrimental impact on the remaining investors. Only then may it approve the redemption by the umbrella fund(s). If the redemption cannot be carried out without any detrimental impact, it will not be approved. The redemption by the target fund will be suspended immediately and the affected target fund will be dissolved without notice (see § 15 (B) prov. 14). The redemption will then be paid to the umbrella fund(s) as part of the dissolution process.  
The following also applies for the sub-funds **"– Equities Europe Passive"**, **"– Equities Japan Passive"** and **"– Equities USA Passive"**:  
The sub-funds serve as target funds for the sub-fund **"– Equities Global Passive"** (umbrella fund):  
The umbrella fund **"– Equities Global Passive"** may acquire up to 100% of the units of this target fund in accordance with its risk diversification provisions (§ 15 (E) prov. 10). If an application is made by the umbrella fund for the redemption of a substantial portion of the assets relative to the assets of the target fund, the fund management company is required to check whether this redemption may be carried out with no detrimental impact on the remaining investors. Only then may it approve the redemption by the umbrella fund. If the redemption cannot be carried out without any detrimental impact, it will not be approved. The redemption by the target fund will be suspended immediately and the affected target fund will be dissolved without notice (see § 15 (D) prov. 12). The redemption will then be paid to the umbrella fund as part of the dissolution process.
3. The sub-funds may be dissolved by order of the supervisory authority, for example if a sub-fund does not have net assets of at least five million Swiss francs (or the equivalent) no later than one year after the expiry of the subscription period (inception), 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 without delay of the dissolution and shall publish it in the official publication.
5. After termination of the fund contract, the fund management company may liquidate the sub-funds without delay. If the supervisory authority has ordered the dissolution of the sub-funds, these must be liquidated without delay. 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

### § 26

If any amendments are to be made to this fund contract, or if the merger of unit classes or change of fund management company or custodian bank are proposed, investors may lodge objections with the supervisory authority within 30 days of the most recent notice of this being published. In the official publication, the fund management company shall notify investors of any changes to the fund contract to be reviewed by FINMA for legal compliance.  
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 in this contract. This is subject to the cases described in § 23 prov. 2, in which, subject to the approval of the supervisory authority, there is an exemption from the duty of disclosure.

## XI. Applicable law and place of jurisdiction

### § 27

1. The umbrella fund is subject to Swiss law and specifically the Federal Collective Investment Schemes Act of 23 June 2006, the Collective Investment Schemes Ordinance of 22 November 2006 and the FINMA Collective Investment Schemes Ordinance of 27 August 2014.  
The place of jurisdiction shall be the domicile of the fund management company.
2. In approving the fund contract, FINMA shall examine only the provisions in accordance with § 35a para. 1 (a) to (g) of the Swiss Ordinance on Collective Investment Schemes (CISO) and ascertain their legal conformity.
3. The German version shall be binding for the interpretation of the fund contract.
4. The present fund contract enters into force on 6 February 2017.
5. The present fund contract replaces the fund contract dated 6 February 2017.

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