

Notice to Shareholders

UBS (Lux) Key Selection SICAV (the “Company”)

This notice is important and requires your immediate attention. If you are in any doubt about the contents of this notice you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser for independent professional advice. UBS Fund Management (Luxembourg) S.A. (the “Management Company”), the management company of the Company and the Board of Directors of the Company accept full responsibility for the accuracy of the information contained in this notice and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts or omission of which would make any statement misleading.

Capitalised terms used herein shall bear the same meanings as capitalised terms used in the Prospectus dated September 2017 (the “Prospectus”) and the Information for Hong Kong Investors (“IHKI”) dated July 2018, as may be amended and supplemented from time to time.

Dear Hong Kong resident Shareholders,

We are writing to inform you in relation to the following changes of the Company:-

A. Change in redemption gate mechanism

As currently disclosed in the IHKI, where redemption requests on any one dealing day exceed 10% of the total number of shares in issue, redemption requests in excess of 10% may be deferred to the next business day.

We wish to inform you of a change in the redemption gate mechanism of the Company such that the redemption gate will apply based on the net assets of a Sub-Fund, rather than the total number of shares in issue (as currently disclosed in the IHKI) (the “**Redemption Gate Change**”). As a result of the Redemption Gate Change, when redemption and conversion orders on any order date lead to outflows of more than 10% of the net assets of a Sub-Fund on that date, the Company may decide to (but is not obliged to) execute only a portion of redemption and conversion orders, and to postpone the execution of the redemption and conversion orders in excess of 10% of the net assets of a Sub-Fund for that order date with priority status (relative to orders received on the next order date) and for a period generally not to exceed 20 business days.

The Redemption Gate Change is primarily to clarify and better reflect the Management Company’s intention when calculating the threshold in the event of redemption gating. In practice, the portfolio manager will assess a Sub-Fund’s liquidity by referencing the estimated aggregate redemption value of the Sub-Fund for the day and whether he/she will be able to execute the redemption for the portfolio without duress, taking into account the amount of assets in the portfolio and the trades being placed into the market. As the Management Company’s redemption gating model is at fund level and not at share class level, and redemption management is also at fund level, the Redemption Gate Change will avoid certain scenarios whereby the redemption gate is invoked by the redemption of a large number of smaller value shares (as the value per share for different share classes are different depending on the specific features of that share class) and therefore the gating mechanism could be more consistently applied across all Sub-Funds of the Fund subsequent to the change. Redemption gating by asset under management, i.e. based on the net assets of a Sub-Fund, is therefore more in line

with how the Sub-Funds are being managed, and would achieve better efficiency in managing redemptions of the Sub-Funds as a whole.

The Redemption Gate Change has become effective on 28 February 2018. Although the Redemption Gate Change has taken effect before we hereby notify you of the change, we confirm that the redemption gate has not been invoked since 28 February 2018 up to the date of this notice. In light of the above, and given the Redemption Gate Change is to clarify and better reflect the Management Company's intention when calculating the threshold in the event of redemption gating, the Management Company is of the view that the investors have not been adversely impacted by the fact that no prior notice was given.

Implications of the Redemption Gate Change

The Management Company is of the view that there is no change to the risk profile of the Company and the Sub-Funds as a result of the Redemption Gate Change.

The rights or interests of the existing investors would not be materially prejudiced by the Redemption Gate Change. Further, there will be no change in the fee level or costs of managing the Company following the implementation of the Redemption Gate Change.

Costs associated with the Redemption Gate Change

All the costs and expenses associated with the Redemption Gate Change set out above will be borne by UBS Asset Management (Hong Kong) Limited (the "**Hong Kong Representative**").

B. Change to the definition of "business day"

We wish to inform you of a change to the definition of "business day" to exclude 24 and 31 December (the "**Change in Business Day**") which will take effect on 12 December 2018. The revised definition of "business day" as disclosed on the Prospectus is as follows:-

"A "business day" is a normal bank business day in Luxembourg (i.e. a day when the banks are open during normal business hours), except for 24 and 31 December, individual, non-statutory days of rest in Luxembourg; and days on which stock exchanges in the main countries in which the respective sub-fund invests are closed, or on which 50% or more of the investments of the sub-fund cannot be adequately valued."

Prior to the Change in Business Day, dealing instructions were accepted on 24 and 31 December. Therefore, such Change in Business Day will in practice result in a reduction of the number of order dates on which subscription and redemption orders would be processed.

Consequent to the Change in Business Day, the net asset value of a share may also be calculated on days where no shares are issued or redeemed. In this case, the net asset value may be published, but it may only be used for the purpose of calculating performance, statistics or fees. Under no circumstances should it be used as a basis for subscription and redemption orders.

Banks in Luxembourg are typically closed for operations in the afternoon on 24 and 31 December each year (if the days fall on weekdays). The Change in Business Day seeks to align the liquidity and cash operations in the market.

Implications of the Change in Business Day

The Management Company is of the view that there is no change to the risk profile of the Company and the Sub-Funds as a result of the Change in Business Day. The rights or interests of the existing investors would not be materially prejudiced by the Change in Business Day. Further, there would be no change in the fee level or costs of managing the Company following the implementation of the Change in Business Day.

Costs associated with the Change in Business Day

All the costs and expenses associated with the Change in Business Day set out above will be borne by the Management Company.

However, if, as a consequence of the Redemption Gate Change and/or the Change in Business Day, you do not wish to continue your investments in the Company, you may redeem your shares in the relevant Sub-Fund(s) free of charge, in accordance with the procedure set out in the Prospectus and IHKI.

C. Changes in the investment strategy of UBS (Lux) Key Selection SICAV – China Allocation Opportunity (USD)

According to the current investment strategy of UBS (Lux) Key Selection SICAV – China Allocation Opportunity (USD), the Sub-Fund may invest directly or indirectly up to 55% of the Sub-Fund's net asset value in A shares/Chinese onshore bonds through the Renminbi Qualified Foreign Institutional Investors ("RQFII") regime, utilising RQFII quota granted to the fund manager pursuant to the RQFII regulations, and/or through investing in UCITS or other UCI with exposure to A shares/Chinese onshore bonds and/or access products such as ETFs. The Sub-Fund's investment exposure may also include A shares traded via Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect ("Stock Connect"), provided that such exposure will not exceed 10% of the Sub-Fund's net asset value.

With effect from 12 December 2018, the respective limit of up to 55% of the Sub-Fund's net asset value for A shares/Chinese onshore bonds directly or indirectly traded through the RQFII regime and the exposure limit of not exceeding 10% of the Sub-Fund's net asset value to A shares traded via Stock Connect will be removed. For the avoidance of doubt, there is no change to the Sub-Fund's overall maximum exposure to the onshore China securities market, i.e. the Sub-Fund will remain to invest up to 65% of its net asset value in securities traded on the onshore China securities market.

The Sub-Fund's investment strategy will also be updated to disclose that the Sub-Fund may invest no more than 20% of its net assets in fixed-income instruments denominated in RMB and traded on the Chinese interbank bond market, to reflect the existing practice with better clarity.

These changes do not amount to any material change to the Sub-Fund. They do not result in material change or increase in the overall risk profile of the Sub-Fund, nor do they materially prejudice the existing Shareholders' rights or interests.

D. Changes in the publication of net asset value and notice of suspension of dealings

With effect from 1 January 2019, the net asset value in respect of shares in each of the Sub-Funds will no longer be published on Hong Kong newspapers, but will remain available daily at the offices of the

Hong Kong Representative and will also be published on every business day online at <https://www.ubs.com/hk/en/asset-management/funds-and-prices.html>¹.

Further, with effect from 1 January 2019, publications in relation to suspension of dealings of shares of the Sub-Funds will no longer be published on Hong Kong newspapers. In the event of suspension of dealings in the Sub-Fund(s), publication will be made on the website on which the Sub-Fund's net asset value is published.

Updates to offering documents

Save for the changes set out in this notice, there will be no other changes to the operation and/or manner in which the Company and the Sub-Funds are being managed.

The Prospectus has been updated, and the IHKI and KFS will be updated to reflect the changes set out above. Other miscellaneous and editorial changes will also be made to the offering documents. You should refer to the updated Prospectus, IHKI and KFS in respect of the Company and the Sub-Funds for further details of the changes made.

The updated Prospectus, IHKI and KFS will be available in due course for your inspection free of charge during normal business hours (except on Saturdays, Sundays and public holidays) at the office of the Hong Kong Representative at 43/F-52/F Two International Finance Centre, 8 Finance Street, Central, Hong Kong.

Enquiry

If you have any questions or concerns about the foregoing, you may contact the Company at its registered office in Luxembourg or the Hong Kong Representative at 43/F-52/F Two International Finance Centre, 8 Finance Street, Central, Hong Kong at telephone (852) 2971 6330 (Mailing Address: GPO Box 506 Hong Kong).

Yours sincerely,

UBS Asset Management (Hong Kong) Limited
For and on behalf of UBS (Lux) Key Selection SICAV

12 November 2018

¹ This website has not been reviewed by the SFC and may contain information on sub-funds which have not been authorised by the SFC and are not available to the retail public in Hong Kong.