
Notice to shareholders of UBS (Lux) Equity SICAV

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. UBS Fund Management (Luxembourg) S.A., the management company of the UBS (Lux) Equity SICAV (the "Management Company"), accepts full responsibility for the accuracy of the information contained in this notice and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts or omission of which would make any statement misleading.

Dear Hong Kong resident Shareholders,

The Board of Directors of UBS (Lux) Equity SICAV (the "**Company**") would like to inform you the following changes shall be incorporated into the sales prospectus (the "**Sales Prospectus**") dated April 2015, or such later date as may be prescribed by the Company. These changes are outlined in the enclosed notice of an extraordinary general meeting ("**EGM**") of shareholders of the Company (the "**EGM Notice**"), which is scheduled to be held on 18 September 2015. A Proxy Form for the meeting as well as a copy of the revised Articles is also enclosed for your ease of reference.

*I Forthcoming updates to the Company and its sub-funds (each a "**Sub-Fund**" and collectively the "**Sub-Funds**")*

Subject to shareholders' approval at the EGM, the changes set out below will come into force on 18 October 2015 (the "**Effective Date**"). In order for the resolutions to be passed on 18 September 2015, at least 50% of the shares in issue must vote and, of those shares that vote, at least two-thirds (2/3) must vote in favour of the resolutions. Should the EGM fail to convene due to a lack of quorum as stated therein, a second notice will be given to you on 21 September 2015 regarding a second extraordinary general meeting which will be held on 30 October 2015, and the changes set out below will instead come into force on 1 January 2016.

(A) Sales Prospectus update

The Sales Prospectus of the Company will be amended to reflect, amongst others, the following:

- 1) The section entitled "Net asset value, issue, redemption and conversion price" of the Sales Prospectus contains information that the Management Company may under certain circumstances (by way of derogation from the provisions listed in the Sales Prospectus) adjust the net asset value per unit in order to more accurately reflect the fair value of the Sub-Funds' assets at the time of valuation. As some of the Sub-Funds may be invested in markets which are closed at the times when the assets are valued, there may be a substantial time difference between the close of the markets in which a Sub-Fund invests and the valuation time. As a consequence, developments which may influence the value of these securities and which occur between the closure of the markets and the valuation time are not normally taken into account in the net asset value per unit of the Sub-Fund concerned. If the Management Company deems that the most recently available prices of the securities in a Sub-Fund's portfolio do not reflect their fair value, it may allow the net asset value per unit to be adjusted in order to reflect the assumed fair value of the portfolio at the time of valuation. Such pricing adjustment will be conducted in good faith by the Management Company and in the best interest of Shareholders based on the investment policy and a number of practices determined and approved by the Management Company. Fair value calculations may be based on quantitative models used by price reporting providers to determine the fair value. The price reporting providers are independent third parties that are involved in determining the fair value calculations.

Valuating assets at fair value calls for greater reliability of judgment than when valuating assets at times when readily available market quotations can be referred to. No guarantee can be given that the Fund will be in a position to accurately establish the fair value of an asset when it is about to sell the asset around the time at which the Fund determines the net asset value per unit. As a

consequence, if the Fund sells or redeems units at the net asset value at a time when one or more participations are valued at fair value, this may lead to a dilution or increase in the economic participation of the existing unitholders. Subject to shareholders' approval at the EGM ,this change is intended to come into effect on 18 October 2015.

Further information concerning these changes can be found in the updated version of the Sales Prospectus.

(B) Amendments to the Coordinated Articles of Incorporation of the Fund ("Articles of Incorporations")

The following is a summary of the key amendments, among others, to be made to the Articles of Incorporations of the Company which will, subject to shareholders' approval at the EGM, take effect from 18 October 2015,

- 2) Rule (f) of paragraph 1 of Article 10 under the heading "Determination of the Net asset value" will be updated to reflect that the same valuation methods are used for the valuation of money market instruments in non-money market funds as for money market instruments in money market funds (i.e. mark-to-market).
- 3) Paragraph 1 of Article 10 (and after Rule (i) of Paragraph 1) under the heading "Determination of the Net asset value" will be updated to reflect that the Management Company is authorised to apply other generally recognised and verifiable valuation criteria in good faith in order to achieve an appropriate valuation of the net assets if a valuation in accordance with the regulations set out in Article 10 provides to be unfeasible or inaccurate. This has been updated to align with the amendment to paragraph 1 above.
- 4) Sub-paragraph g(iii) of Article 17.1 under the heading "Permitted investments of the Company" will be updated to reflect that the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Company's initiative.
- 5) Paragraph 3 of Article 23 under the heading (Procedures of the General Meeting) will be updated to reflect that the annual general meetings of the Company are to be held in accordance with the provisions of Luxembourg law once a year at 11.30 a.m. on the 24th day of November at the registered offices of the Company or such other place in the Grand Duchy of Luxembourg, as may be specified in the notice of meeting.

II Impact on Shareholders

The Board would like to reassure Shareholders that the changes described in paragraphs above will not result in (i) any increase in the ongoing fees payable by the Sub-Funds or the Shareholders and (ii) any change to the investment objective, investment strategy and risk profile of the Sub-Funds or the way the Sub-Funds are being managed.

Shareholders who do not agree with the changes described above may, at anytime during the period after the issuance of the EGM Notice and before the Effective Date, either:

- (a) convert their existing holdings in the Sub-Fund(s) into any other sub-fund within the UBS range of funds which are currently authorised by the SFC without incurring any conversion fees; or
- (b) redeem their existing holdings in the Sub-Fund(s) free of redemption charges.

Shareholders are advised to read the relevant Hong Kong offering document for detailed information on the investment objectives, dealing procedures, risks and fees associated with any relevant sub-fund into which they wish to convert.

Further information concerning these changes can be found in the updated version of the Sales Prospectus, as well as in the Company's Articles of Incorporation (where applicable).

III Enquiries

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 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 Global Asset Management (Hong Kong) Limited
For and on behalf of UBS Fund Management (Luxembourg) S.A**

27 August 2015