



UBS Fund Management (Luxembourg) S.A.
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(the "Management Company")

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Notice to unitholders/shareholders of UBS (Lux) Equity Fund, UBS (Lux) Bond Fund, UBS (Lux) Key Selection SICAV and UBS (Lux) Equity SICAV (the "Funds"), and all their sub-funds

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 financial advice. UBS Fund Management (Luxembourg) S.A., the management company of the Funds (the "Management Company"), and the directors of UBS (Lux) Equity SICAV and UBS (Lux) Key Selection SICAV, 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 the omission of which would make any statement misleading.

Dear Hong Kong resident unitholders/shareholders,

The Management Company and the board of directors of UBS (Lux) Equity SICAV and UBS (Lux) Key Selection SICAV wish to inform you of a change to the custody arrangements of the Funds and their sub-funds which will take place on 1 November 2016 (the "**Effective Date**"), subject to (1) the approval of UBS AG, being a substantial financial institution <as defined under the Code on Unit Trusts and Mutual Funds> and the sole shareholder of UBS (Luxembourg) S.A ("**UBS Lux**") and UBS Deutschland AG respectively, on the Merger (as defined below) ("**Shareholder Approvals**"), which will be obtained on 30 September 2016 and (2) registration of the transaction in the commercial register of the local court of Frankfurt am Main.

The current custodian of the Funds and their sub-funds is UBS Lux. As part of a restructuring of the European wealth management business of the UBS group of entities ("**UBS Group**"), UBS Lux, together with other European entities of UBS Group, will merge into UBS Deutschland AG, a banking institution established as a public limited company under German law, which will simultaneously adopt the legal form of a European Company (*Societas Europaea*; "**SE**") under the name of UBS Europe SE ("**UBS Europe**") and headquartered in Frankfurt am Main, Germany (the "**Merger**"). Adopting the form of a SE (European Company) will enable UBS Deutschland AG to make use of the European passporting regime and is therefore in the best interest of unitholders/shareholders. UBS Deutschland AG currently holds a license with The Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin) ("**BaFin**") in Germany to carry on banking business and custodian services. UBS Europe will continue to hold such license upon the completion on the Effective Date.

The Merger will be conducted in the following manner:

1. The Merger will be subject to the Shareholder Approvals, prior to the Merger taking effect;
2. UBS Group will merge UBS Lux, the current custodian of the Funds and their sub-funds, together with other European UBS entities ("**Merging Entities**") into UBS Deutschland AG;
2. UBS Deutschland AG will acquire all assets and liabilities of the Merging Entities by way of universal succession;
3. UBS Deutschland AG will then adopt the legal form of an *Societas Europaea* (SE) pursuant to Art.17 para 2, Art. 29 para. 1 lit.d) of the Council Regulation (EC) No. 2157/2001 of 8 October 2001 on the Statute for a European Company (SE);
4. The assets and liabilities of UBS Lux, including the personnel, the marketing relationships and all business functions, will be entirely attributed to UBS Europe, Luxembourg (as defined below);
5. The Merger will be registered in the commercial register of the local court of Frankfurt am Main;
6. UBS Deutschland AG will conduct its business under the name of "UBS Europe SE" by way of change of name with BaFin.

Further notice will be given to shareholders/unitholders if there are any changes to the current proposal and/or the Effective Date.

Upon the Merger taking effect on the Effective Date, UBS Lux will cease to exist as a distinct Luxembourg legal entity and the business operations of UBS Lux will be carried on without interruption by a local fully-passported, Luxembourg based branch of UBS Europe SE under the name UBS Europe SE, Luxembourg Branch ("**UBS Europe, Luxembourg**"). The depositary/custody services (the "**Services**") provided by UBS Lux to the Funds and their sub-funds and the terms on which these Services are provided will thus remain unchanged and not be impacted by the proposed Merger.

UBS Europe, Luxembourg will subsequently act as a depositary bank and a custodian to the Funds and their sub-funds with the required license from Commission de Surveillance du Secteur Financier ("**CSSF**") in performing custodian services for the Funds and their sub-funds with effect from the Effective Date and will be subject to the supervision of CSSF. The Merger would comply with the procedures as set out in the national provisions transposing the Directive 2005/56/EC of the European Parliament and of the Council of 26 October 2005 on cross-border mergers of limited liability companies and all other applicable laws and regulations. Upon the Effective Date, UBS Europe, Luxembourg will be subject to the supervision of BaFin and the Deutsche Bundesbank in Germany and CSSF in Luxembourg. The Merger is not subject to any court approval.

Any contracts in place for the Funds and their sub-funds with UBS Lux (including the custodian agreement between UBS Lux and the Funds) will be automatically transferred to UBS Europe as at the Effective Date without the need to re-enter into any contracts. All the functions, operations and manner in which the Funds and their sub-funds are being managed will not be changed. Staff and resourcing at UBS Europe, Luxembourg will be the same as those at UBS Lux for the time being and there will be no change of address, or contact details as a consequence of the change of custodian. Hence the change will not have any impact on the Funds and their sub-funds or their existing investors.

The fees payable by the Funds and their sub-funds to UBS Europe, Luxembourg shall be the same as the fees currently payable to UBS Lux. There will be no change in the fee structure, fee level or cost in managing the Funds and their sub-funds. Any costs and/or expenses incurred in connection with the aforementioned changes will not be borne by the Funds and/or their sub-funds. UBS AG will bear such cost incurred. The Merger and the change of custodian will thus not materially prejudice existing unitholders'/shareholders' interests. The change of custodian will not have any implications on the features and risks applicable to the Funds and their respective sub-funds.

The appointment of UBS Europe, Luxembourg will take effect at the same time as the retirement of UBS Lux, in compliance with 4.6 of the Code on Unit Trusts and Mutual Funds.

CSSF has no objection to the Merger and the change of custodian on the Effective Date.

The existing Hong Kong Offering Documents (comprising the prospectus of the Funds and their sub-funds, the Information for Hong Kong Investors and the Product Key Facts Statements of each Hong Kong sub-fund) will be amended to reflect the change of custodian and will be available free of charge from UBS Asset Management (Hong Kong) Limited, being the Hong Kong representative of the Funds and their Hong Kong sub-funds.

If you have any questions or concerns about the foregoing, you may contact the Funds at their registered offices in Luxembourg or UBS Asset Management (Hong Kong) Limited, 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 Asset Management (Hong Kong) Limited
For and on behalf of UBS Fund Management (Luxembourg) S.A

30 September 2016