

UBS Fund Management (Luxembourg) S.A.*Société anonyme*

Registered office: 33A, Avenue J.F. Kennedy, L-1855 Luxembourg
Grand Duchy of Luxembourg
R.C.S. Luxembourg B 154210
(the "**Management Company**")

**Notice to the unitholders of UBS (Lux) Equity Fund – Taiwan (USD) and
shareholders of UBS (Lux) Equity SICAV – Asian Smaller Companies (USD)
(collectively referred to as the "Shareholders")**

The Management Company of UBS (Lux) Equity Fund, a "Fonds Commun de Placement (FCP)" and UBS (Lux) Equity SICAV, a "Société d'Investissement à Capital Variable (SICAV)", wishes to inform you of the decision to merge the sub-fund UBS (Lux) Equity Fund – Taiwan (USD) (the "**Merging Sub-Fund**") into the sub-fund UBS (Lux) Equity SICAV – Asian Smaller Companies (USD) (the "**Receiving Sub-Fund**") (both sub-funds collectively referred to as the "**Sub-Funds**") on 29 October 2015 (the "**Effective Date**") (the "**Merger**").

Given that the net assets of the Merging Sub-Fund have fallen to a level which no longer allows the Merging Sub-Fund to be managed in an economically reasonable manner as well as the fact that the Sub-Funds are managed by the same portfolio manager, the board of directors of the Management Company of the Merging Sub-Fund and the board of directors of the Receiving Sub-Fund deem it in the Shareholders' best interest to merge the Merging Sub-Fund into the Receiving Sub-Fund pursuant to Article 12.2 of the management regulations of UBS (Lux) Equity Fund and Article 25.2 of the articles of incorporation of UBS (Lux) Equity SICAV respectively.

As of the Effective Date, units of the Merging Sub-Fund which are merged into the Receiving Sub-Fund shall in all respects have the same rights as the shares issued by the Receiving Sub-Fund.

The Merger will be based on the net asset value per unit as per 28 October 2015 ("**Reference Date**"). In the context of the Merger, the assets and liabilities of the Merging Sub-Fund will be allocated to the Receiving Sub-Fund. The number of new shares to be so issued shall be calculated on the Effective Date based on the exchange ratio corresponding to the net asset value per unit of the Merging Sub-Fund on the Reference Date, in comparison with either (i) the initial issue price of the respective receiving share class of the Receiving Sub-Fund – provided this share class has not been launched prior to the Reference Date – or (ii) the net asset value per share of the receiving share class of the Receiving Sub-Fund on the Reference Date. The Merger will result in the following changes for the Shareholders:

	UBS (Lux) Equity Fund – Taiwan (USD)	UBS (Lux) Equity SICAV – Asian Smaller Companies (USD)
Merging unit-/share classes	P-acc (ISIN: LU0085870607) Q-acc (ISIN: LU0404630112) F-acc (ISIN: LU0404629965) I-A1-acc (ISIN: LU0404630385)	P-acc (ISIN: LU0746413003) Q-acc (ISIN: LU1240781994) F-acc (<i>not activated</i>) I-A1-acc (<i>not activated</i>)
Maximum fee p.a.	P-acc: 1.80% Q-acc: 1.02% F-acc: 0.54% I-A1-acc: 0.64%	P-acc: 1.92% Q-acc: 1.08% F-acc: 0.80% I-A1-acc: 0.95%
Reference currency of the sub-fund	USD	USD
Ongoing charges (as per key investor information ("KII"))	P-acc: 1.85% Q-acc: 1.17% F-acc: 0.55% I-A1-acc: 0.65%	P-acc: 1.97% Q-acc: 1.13% F-acc: 0.85% I-A1-acc: 1.00%
Risk and reward profile ("SRRI") as per KII	6	6
Investment policy	The Subfund invests mainly in equities and other equity shares of companies domiciled or chiefly active in Taiwan.	This Subfund invests its assets predominantly in equities and other equity shares of small cap companies that are domiciled or chiefly active in Asian markets (excl. Japan). Such small cap companies held by the Subfund may, as a maximum, have the same market capitalisation as the company with the greatest market capitalisation in the small and mid-cap benchmark of this Subfund. However, they do not necessarily need to be

		included in the Subfund's benchmark. As the Subfund invests in many foreign currencies due to its global orientation, the portfolio or parts thereof may be hedged against the reference currency of the Subfund in order to reduce the associated foreign currency risks.
Cut-off time	13:00 CET on a business day	15:00 CET on a business day
Financial year	1 December – 30 November	1 June – 31 May

Since a substantial portion of its assets may be sold and invested in liquid assets prior to the Effective Date, the composition of the portfolio of the Merging Sub-Fund may be significantly impacted by the Merger. Any adjustments to the portfolio will be made prior to the Effective Date. As any merger, also this Merger may involve a risk of performance dilution stemming from the restructuring of the portfolio of the Merging Sub-Fund. Furthermore, the Sub-Funds' characteristics such as dealing frequency and Sub-Funds' reference currency remain unchanged. The Receiving Sub-Fund's risk category is equal to the SRRI of the Merging Sub-Fund. The maximum flat fee of the Receiving Sub-Fund is higher than the maximum flat fee of the Merging Sub-Fund. The Ongoing Charges of the Receiving Sub-Fund are higher than the Ongoing Charges of the Merging Sub-Fund except for the Ongoing Charges of the Q-acc share class of the Receiving Sub-Fund which are lower than the Ongoing Charges of the Q-acc unit class of the Merging Sub-Fund. The legal, advisory and administrative costs and expenses (excluding potential transaction costs for the Merging Sub-Fund) associated with the Merger will be borne by UBS AG and will not impact either the Merging Sub-Fund or the Receiving Sub-Fund.

Shareholders of the Merging Sub-Fund and the Receiving Sub-Fund who are not in agreement with the Merger may redeem their units/shares free of charge until 20 October 2015, cut-off time 13:00 or 15:00 CET respectively. The Merging Sub-Fund will subsequently be closed for redemptions. As of today, the Merging Sub-Fund will be allowed to deviate from its investment policy as far as needed in order to align its portfolio with the investment policy of the Receiving Sub-Fund. The Merger will come into effect on 29 October 2015 and will be binding for all Shareholders who have not applied for the redemption of their units/shares.

Units of the Merging Sub-Fund have been issued until 17 September 2015, cut-off time 13:00 CET. On the Effective Date of the Merger, the unitholders of the Merging Sub-Fund will be entered into the register of shareholders of the Receiving Sub-Fund and will also be able to exercise their rights as shareholders of the Receiving Sub-Fund, such as the right to request the repurchase, redemption or conversion of shares of the Receiving Sub-Fund.

PricewaterhouseCoopers, Société cooperative, 2, rue Gerhard Mercator, L-2182 Luxembourg, is in charge of preparing a report validating the conditions foreseen in Article 71 (1), let. a) to c) 1st clause of the Luxembourg law of 17 December 2010 on undertakings for collective investment (the "**Law of 2010**") for the purpose of the Merger. A copy of this report will be made available upon request and free of charge to the Shareholders sufficiently in advance of the Merger. PricewaterhouseCoopers will also be engaged to validate the actual exchange ratio determined at the exchange ratio calculation date, as provided for in Article 71 (1), let. c) 2nd clause of the Law of 2010. A copy of this report will be made available upon request and free of charge to the Shareholders. Furthermore, unitholders of the Merging Sub-Fund are advised to consult the KII relating to the Receiving Sub-Fund which is available online at www.ubs.com/funds. Shareholders seeking additional information may contact the Management Company. Please also note that investors may be subject to taxation on their holdings in investment funds. Please contact your tax advisor in respect of any tax queries you may have as a result of the Merger.

Luxembourg, 18 September 2015 | The Management Company