

Semi-Annual Report 2017

Investment Fund under Luxembourg Law

R.C.S. Luxembourg N° B 214 367

**Unaudited semi-annual report for the period from 25 April 2017 (date of incorporation)
until 30 June 2017**

Kersio Lux

Kersio Lux – Kersio Equity

Unaudited semi-annual report for the period from 25 April 2017 (date of incorporation) until 30 June 2017

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Sales restrictions

Units of this Fund may not be offered, sold or distributed within the United States of America.

Management and Administration

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Kersio Lux

Management Company

UBS Fund Management (Luxembourg) S.A.
33A, avenue J.F. Kennedy
L-1855 Luxembourg
R.C.S. Luxembourg N° B 154 210

Registered Office

33A, avenue J.F. Kennedy
L-1855 Luxembourg
R.C.S. Luxembourg N° B 214 367

Board of Directors

Alejandro Scherk, Chairman
Diagonal 413 2° 1a
E-08008 Barcelona
Spain

Alex Vilchez, Independent Director
Carne
European Bank and Business Center
6B, route de Trèves
L-2633 Senningerberg
Grand Duchy of Luxembourg

Jean de Courrèges d'Ustou, Independent Director
2, rue Jean l'Aveugle
L-1148 Luxembourg
Grand Duchy of Luxembourg

Investment Manager

Renta 4 Gestora S.G.I.I.C., S.A
Paseo de la Habana 74
E-28036 Madrid
Spain

Depositary and Paying Agent

UBS Europe SE, Luxembourg Branch
33A, avenue J.F. Kennedy
L-1855 Luxembourg

Administrator

UBS Fund Services (Luxembourg) S.A.
33A, avenue J.F. Kennedy
L-1855 Luxembourg

Auditor

ERNST & YOUNG S.A.
35E, avenue J.F. Kennedy
L-1855 Luxembourg

Legal adviser as to matters of Luxembourg law

Arendt & Medernach SA
41A, avenue J.F. Kennedy
L-2082 Luxembourg

Sale in Spain

Units of this Fund may be sold in this country.

The sales prospectus, the KIID, the articles of association of the Fund, the annual and semi-annual reports as well as the portfolio movements of the Fund mentioned in this publication are available free of charge at the sales agencies and at the registered office of the Fund.

Features of the Fund

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Kersio Lux (hereinafter called the "Fund") is a public limited company (société anonyme) incorporated under the laws of the Grand Duchy of Luxembourg as an investment company with variable share capital (société d'investissement à capital variable). The Fund is subject to Part I of the Luxembourg law of 17 December 2010 relating to undertakings for collective investment, as amended or supplemented from time to time.

The Fund is a single legal entity incorporated as an umbrella fund comprised of separate subfunds. Units in the Fund are units in a specific subfund. The Fund may issue units of different share classes in each subfund. Such share classes may each have specific characteristics. Certain share classes may be reserved to certain categories of investors. Investors should refer to the Supplement of the Prospectus for further information on characteristics of share classes.

The Fund has been incorporated in Luxembourg on 25 April 2017. The Fund is registered with the Luxembourg Trade and Companies Register under number B 214 367. The latest version of the Articles of Association was published in the Recueil Electronique des Sociétés et Associations of the Grand Duchy of Luxembourg (RESA) on 3 May 2017.

The Fund has appointed UBS Fund Management (Luxembourg) S.A. as its management company in accordance with the provisions of the 2010 Law pursuant to the Management Company Agreement.

UBS Fund Management (Luxembourg) S.A. has been incorporated in Luxembourg on 1 July 2010 in the legal form of a public limited company (société anonyme) for unlimited duration. It is registered with the R.C.S. Luxembourg under number 154 210. Its registered office is in 33A, avenue J.F. Kennedy, L-1855 Luxembourg.

The articles of incorporation of the Management Company have been published by reference on 16 August 2010 in the Mémorial C. The consolidated version of the articles of incorporation has been deposited for inspection with the Register of Trade and Companies (Registre du commerce et des sociétés) in Luxembourg. The corporate object of the Management Company is, inter alia, the management of Luxembourg undertakings for collective investment as well as the issue and redemption of units of these products. The share capital of the Management Company amounts to EUR 13 000 000 and is fully paid-in.

The share capital of the Fund is represented by fully paid up units of no par value. The share capital of the Fund is at all times equal to the Net Asset Value of the Fund, which is the total Net Asset Value of all subfunds expressed in the Reference Currency of the Fund.

The share capital of the Fund must at all times be at least equal to the minimum required by the 2010 Law, which is currently EUR 1 250 000. The units will be issued in registered form only.

The financial year of the Fund will begin on 1 January of each year and end on 31 December of the same year.

The annual general meeting of shareholders will be held each year in Luxembourg in order to approve the financial statements of the Fund for the previous financial year. The annual general meeting of shareholders will be held at the registered office of the Fund, or at such alternative location in Luxembourg as may be specified in the convening notice, at 3.00 pm (Luxembourg time) on the first Tuesday of June or, if such day is not a Business Day, on the next Business Day.

Only the information contained in the sales prospectus and in one of the documents referred to therein shall be deemed to be valid.

The annual and semi-annual reports are available free of charge to shareholders at the registered office of the Company and the Depositary.

No subscription may be accepted on the basis of the financial reports. Subscriptions are accepted only on the basis of the current prospectus accompanied by the latest annual report and the latest semi-annual report if available.

The figures stated in this report are historical and not necessarily indicative of future performance.

Kersio Lux – Kersio Equity

Semi-Annual Report as of 30 June 2017

Most important figures

Date	ISIN	30.6.2017
Net assets in EUR		29 588 870.53
Class A-EUR¹	LU1476746869	
Units outstanding		288 918.7260
Net asset value per unit in EUR		102.41

¹ First NAV: 16.5.2017

Structure of the Securities Portfolio

Geographical Breakdown as a % of net assets	
Spain	32.20
Norway	7.42
Sweden	7.13
Portugal	3.31
United Kingdom	3.03
France	2.94
The Netherlands	2.84
Faroe Islands	1.11
Italy	0.20
Total	60.18

Economic Breakdown as a % of net assets	
Chemicals	8.68
Mining, coal & steel	8.11
Vehicles	5.83
Banks & credit institutions	5.69
Finance & holding companies	4.91
Building industry & materials	4.75
Aerospace industry	4.13
Real Estate	2.92
Traffic & transportation	2.39
Miscellaneous services	2.35
Packaging industry	2.17
Graphic design, publishing & media	2.00
Agriculture & fishery	1.75
Food & soft drinks	1.65
Pharmaceuticals, cosmetics & medical products	0.94
Internet, software & IT services	0.85
Insurance	0.56
Mechanical engineering & industrial equipment	0.50
Total	60.18

Statement of Net Assets

	EUR
Assets	30.6.2017
Investments in securities, cost	17 532 366.84
Investments in securities, unrealized appreciation (depreciation)	275 416.86
Total investments in securities (Note 1)	17 807 783.70
Cash at banks, deposits on demand and deposit accounts	11 920 320.32
Receivable on subscriptions	1 999 999.93
Receivable on dividends	12 757.50
Other receivables	630.00
Formation expenses, net (Note 2)	76 278.83
Total Assets	31 817 770.28
Liabilities	
Payable on securities purchases	-2 118 583.08
Provisions for management fees (Note 2)	-14 689.31
Provisions for administration fees (Note 2)	-2 465.74
Provisions for formation expenses (Note 2)	-73 250.00
Provisions for depositary fees (Note 2)	-1 232.94
Provisions for distribution fees (Note 2)	-1 454.48
Provisions for taxe d'abonnement (Note 3)	-3 698.64
Provisions for government fees (Note 2)	-1 500.04
Provisions for audit fees, legal and economic advice (Note 2)	-2 574.08
Provisions for other commissions and fees (Note 2)	-9 451.44
Total provisions	-110 316.67
Total Liabilities	-2 228 899.75
Net assets at the end of the period	29 588 870.53

Statement of Operations

	EUR
Income	25.4.2017-30.6.2017
Dividends	28 501.07
Total income	28 501.07
Expenses	
Management fees (Note 2)	-16 915.50
Administration fees (Note 2)	-3 780.80
Depositary fees (Note 2)	-1 890.51
Distribution fees (Note 2)	-1 751.30
Taxe d'abonnement (Note 3)	-3 698.64
Government fees (Note 2)	-1 696.35
Audit fees, legal and economic advice (Note 2)	-2 574.08
Amortization of formation expenses (Note 2)	-1 971.17
Other commissions and fees (Note 2)	-15 451.44
Interest on cash and bank overdraft	-623.71
Total expenses	-50 353.50
Net income (loss) on investments	-21 852.43
Realized gain (loss) (Note 1)	
Realized gain (loss) on market-priced securities without options	3 895.15
Realized gain (loss) on foreign exchange	-4 700.40
Total realized gain (loss)	-805.25
Net realized gain (loss) of the period	-22 657.68
Changes in unrealized appreciation (depreciation) (Note 1)	
Unrealized appreciation (depreciation) on market-priced securities without options	275 416.86
Total changes in unrealized appreciation (depreciation)	275 416.86
Net increase (decrease) in net assets as a result of operations	252 759.18

Statement of Changes in Net Assets

	EUR
	25.4.2017-30.6.2017
Net assets at the beginning of the period	0.00
Subscriptions	29 336 111.35
Total subscriptions	29 336 111.35
Net income (loss) on investments	-21 852.43
Total realized gain (loss)	-805.25
Total changes in unrealized appreciation (depreciation)	275 416.86
Net increase (decrease) in net assets as a result of operations	252 759.18
Net assets at the end of the period	29 588 870.53

Development of the outstanding units

	25.4.2017-30.6.2017
Class	A-EUR
Number of units outstanding at the beginning of the period	0.0000
Number of units issued	288 918.7260
Number of units redeemed	0.0000
Number of units outstanding at the end of the period	288 918.7260

Statement of Investments in Securities and other Net Assets as of 30 June 2017

Description	Quantity/ Nominal	Valuation in EUR Unrealized gain (loss) on Futures/ Forward Exchange Contracts/ Swaps (Note 1)	as a % of net assets
Transferable securities and money market instruments listed on an official stock exchange			
Bearer shares			
Faroe Islands			
NOK P/F BAKKAFROST DKK1	10 000.00	329 077.23	1.11
Total Faroe Islands		329 077.23	1.11
France			
EUR ESSLOR INTL EURO.18	2 500.00	278 500.00	0.94
EUR IPSOS EURO.25 (POST SUBDIVISION)	18 000.00	591 300.00	2.00
Total France		869 800.00	2.94
Italy			
EUR SESA S.P.A NPV	2 439.00	60 072.57	0.20
Total Italy		60 072.57	0.20
The Netherlands			
EUR HUNTER DOUGLAS NV EURO.24	2 000.00	149 100.00	0.50
EUR INTERTRUST NV EURO.6	39 000.00	692 445.00	2.34
Total The Netherlands		841 545.00	2.84
Norway			
NOK AF GRUPPEN ORD NOK0.05	23 221.00	364 575.50	1.23
NOK AUSTEVOLL SEAFOOD NOK0.50	25 466.00	189 249.35	0.64
NOK LEROY SEAFOOD GROU NOK1.00	20 000.00	94 934.18	0.32
NOK NORWAY ROYAL SALMO NOK1	10 118.00	135 026.86	0.46
NOK SPAREBK 1 NORD-NOR GRUNNFONDSBEVIS NOK18	118 661.00	704 837.77	2.38
NOK WILH WILHELSEN NOK1	137 433.00	706 297.75	2.39
Total Norway		2 194 921.41	7.42
Portugal			
EUR BCO COM PORTUGUES NPV	4 157 542.00	979 932.65	3.31
Total Portugal		979 932.65	3.31
Spain			
EUR CIE AUTOMOTIVE SA EURO.25(POST SUBD)	115 960.00	2 330 216.20	7.88
EUR ERCROS SA EUR1.60(POST CONSOLIDATION)	789 105.00	2 567 747.67	8.68
EUR GESTAMP AUTOMOCION EURO.5	215 234.00	1 321 536.76	4.47
EUR INDRA SISTEMAS SA EURO.20 SER 'A'	20 000.00	252 700.00	0.85
EUR INMOBILIA COLONIAL EUR2.5 RFD	25 000.00	190 700.00	0.64
EUR INTL CONS AIRLINE ORD EURO.50	176 000.00	1 223 024.00	4.13
EUR REALIA BUSINESS SA ORD EURO.24	624 976.00	671 849.20	2.27
EUR TUBOS REUNIDOS EURO. 1	57 004.00	69 544.88	0.23
EUR VIDRALA SA EUR1.02	10 340.00	641 080.00	2.17
EUR VISCOFAN SA EURO.70	5 000.00	259 000.00	0.88
Total Spain		9 527 398.71	32.20
Sweden			
SEK ACADEMEDIA AB NPV	117 985.00	696 011.50	2.35
SEK INWIDO AB NPV	58 000.00	714 447.13	2.42
SEK NORDAX GROUP AB NPV	149 553.00	699 570.35	2.36
Total Sweden		2 110 028.98	7.13
United Kingdom			
GBP INTERSERVE ORD GBPO.10	124 205.00	327 113.84	1.11
GBP JARDINE LLOYD THOM ORD GBPO.05	12 000.00	163 998.77	0.55
GBP LOOKERS GBPO.05	309 056.00	403 894.54	1.37
Total United Kingdom		895 007.15	3.03
Total Bearer shares		17 807 783.70	60.18
Total Transferable securities and money market instruments listed on an official stock exchange		17 807 783.70	60.18
Total investments in securities		17 807 783.70	60.18
Cash at banks, deposits on demand and deposit accounts and other liquid assets		11 920 320.32	40.29
Other assets and liabilities		-139 233.49	-0.47
Total net assets		29 588 870.53	100.00

Notes to the Financial Statements

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Note 1 – Summary of significant accounting policies

The financial statements have been prepared in accordance with the generally accepted accounting principles for investment fund in Luxembourg. The significant accounting policies are summarised as follows:

a) Calculation of the net asset value

The net asset value per share is determined by the Administrator as of each Valuation Day (as specified for each subfund in the relevant Supplement of the Prospectus) and at least twice a month. It is calculated by dividing the net asset value of the share class of a subfund by the total number of units of such share class in issue as of that Valuation Day. The net asset value per share is expressed in the reference currency of the share class and may be rounded up or down to two (2) decimal places.

The net asset value of a share class is equal to the value of the assets allocated to such share class within a subfund less the value of the liabilities allocated to such share class, both being calculated as of each Valuation Day according to the valuation procedure described in the Prospectus.

The net asset value of a subfund is equal to the value of the assets allocated to such subfund less the value of the liabilities allocated to such subfund, both calculated as of each Valuation Day in the reference currency of the subfund according to the valuation procedure described in the Prospectus.

The net asset value of the Fund will at all times be equal to the sum of net asset values of all subfunds expressed in the reference currency of the Fund. The net asset value of the Fund must at all times be at least equal to the minimum share capital required by the 2010 Law which is currently EUR 1 250 000 except during the first six (6) months after the approval of the Fund by the CSSF.

b) Valuation principles

1) The value of any cash on hand or on deposit, bills or notes payable, accounts receivable, prepaid expenses, cash dividends and interest accrued but not yet received is equal to the entire nominal or face amount thereof, unless the same is unlikely to be paid or received in full, in which case the value thereof is determined after making such discount as the Board of Directors may consider appropriate in such case to reflect the true value thereof.

2) Transferable Securities and Money Market Instruments which are quoted, listed or traded on an exchange or regulated market are valued, unless otherwise provided under paragraphs 3) and 6) below, at the last available market price or quotation, prior to the time of valuation, on the exchange or regulated market where the securities or instruments are primarily quoted, listed or traded. Where securities or instruments are quoted, listed or traded on more than one exchange or regulated market, the Board of Directors determines on which exchange or regulated market the securities or instruments are primarily quoted, listed or traded and the market prices or quotations on such exchange or regulated market are used for the purpose of their valuation. Transferable Securities and Money Market Instruments for which market prices or quotations are not available or representative, or which are not quoted, listed or traded on an exchange or regulated market, are valued at their probable realisation value estimated with care and in good faith by the Board of Directors using any valuation method approved by the Board of Directors.

3) Notwithstanding paragraph 2) above, where permitted under applicable laws and regulations, Money Market Instruments may be valued using an amortisation method whereby instruments are valued at their acquisition cost as adjusted for amortisation of premium or accrual of discount on a constant basis until maturity, regardless of the impact of fluctuating interest rates on the market value of the instruments. The amortisation method is only used if it is not expected to result in a material discrepancy between the market value of the instruments and their value calculated according to the amortisation method.

4) Financial derivative instruments which are quoted, listed or traded on an exchange or regulated market are valued at the last available settlement price or, if such settlement price is not available, the last available bid price, prior to the time of valuation, on the exchange or regulated market where the instruments are primarily quoted, listed or traded. Where instruments are quoted, listed or traded on more than one exchange or regulated market, the Board of Directors determines on which exchange or regulated market the instruments are primarily quoted, listed or traded and the closing or settlement prices or quotations on such exchange or regulated market are used for the purpose of their valuation. Financial derivative instruments for which closing or settlement prices or quotations are not available or representative are valued

at their probable realisation value estimated with care and in good faith by the Board of Directors using any valuation method approved by the Board of Directors.

- 5) Financial derivative instruments which are traded "over-the-counter" (OTC) are valued daily at their fair market value, on the basis of valuations provided by the counterparty which are approved or verified on a regular basis independently from the counterparty. Alternatively, OTC financial derivative instruments may be valued on the basis of independent pricing services or valuation models approved by the Board of Directors which follow international best practice and valuation principles. Any such valuation is reconciled to the counterparty valuation on a regular basis independently from the counterparty, and significant differences are promptly investigated and explained.
- 6) Notwithstanding paragraph 2) above, units or units in target investment funds (including UCITS and UCI) are valued at their latest available official net asset value, as reported or provided by or on behalf of the investment fund or at their latest available unofficial or estimated net asset value if more recent than the latest available official net asset value, provided that the Board of Directors is satisfied of the reliability of such unofficial net asset value. The net asset value calculated on the basis of unofficial net asset values of the target investment fund may differ from the net asset value which would have been calculated, on the same Valuation Day, on the basis of the official net asset value of the target investment fund. Alternatively, units or units in target investment funds which are quoted, listed or traded on an exchange or regulated market may be valued in accordance with the provisions of paragraph 2) above.
- 7) The value of any other asset not specifically referenced above is the probable realisation value estimated with care and in good faith by the Board of Directors using any valuation method approved by the Board of Directors.

c) Net realized gains (losses) on sales of securities

The realized gains or losses on the sales of securities are calculated on the basis of the average cost of the securities sold.

d) Conversion of foreign currencies

Bank accounts, other net assets and the valuation of the investments in securities held denominated in currencies other than the reference currency of the different subfunds are converted at the mid closing

spot rates on the valuation date. Income and expenses denominated in currencies other than the currency of the different subfunds are converted at the mid closing spot rates at payment date. Gain or loss on foreign exchange is included in the statement of operations.

The cost of securities denominated in currencies other than the reference currency of the different subfunds is converted at the mid closing spot rate on the day of acquisition.

e) Accounting of securities' portfolio transactions

The securities' portfolio transactions are accounted for at trade dates.

f) Income recognition

Interest income is accrued on a daily basis.

g) Valuation of financial futures contracts

Financial futures contracts are valued based on the latest available published price applicable on the valuation date. Realized gains and losses and the changes in unrealized gains and losses are recorded in the statement of operations. The realized gains and losses are calculated in accordance with the FIFO method, i.e. the first contracts acquired are regarded as the first to be sold.

Note 2 – Fees and Expenses

Management Fee

The Management Company is entitled to receive out of the assets of the Fund annual Management Fees of EUR 20 000 p.a. (on umbrella level). In addition, the Management Company is entitled to annual Management Fees equal to a percentage of the net asset value with a minimum annual fee as set-out in the supplement of each subfund in the Prospectus. The Management Fee is calculated by reference to the net asset value of each subfund calculated on each Valuation Day and is payable on a monthly basis in arrears. The Management Company is also entitled to reimbursement of reasonable out-of-pocket expenses properly incurred in carrying out its duties. These fees are paid directly out of the respective subfund's assets to the Management Company.

The Management Fee covers the fees in relation with the risk management and the supervision of the delegated functions. For the avoidance of doubt, the Management Fee does not cover portfolio management, central administration, registrar and transfer agency and

domiciliation agency, marketing and distribution services performed respectively by the Investment Manager, the Administrator and the Distributor(s). The Fund pays also fees to the Management Company for the services of Investment Manager, the Administrator as well as Distributor(s) as described below.

Investment Manager Fee

The Investment Manager is entitled to receive from the Management Company annual customary fees equal to a percentage of the net asset value of each subfund or share class, as set out in the Supplement for each subfund or share class in the Prospectus. The Investment Manager fee is calculated by reference to the net asset value of each subfund or share class and will accrue on each Valuation Day and is payable monthly in arrears out of the assets of each subfund to the Management Company. The Management Company transfers such fee to the Investment Manager. The Investment Manager may from time to time, at its sole discretion, decide to waive all or part of its annual fee. Subject to applicable laws and regulations, the Investment Manager may also from time to time, at its sole discretion, enter into private arrangements with certain investors or financial intermediaries, affiliates and/or third-parties, whereby the Investment Manager will agree to pay an amount representing all or part of its annual fee.

Performance Fee

The Investment Manager may be entitled to receive a Performance Fee with respect to certain subfunds or share classes. The payment and size of the Performance Fee depends on the performance of the subfund or share class over a specified time period. The Performance Fee is calculated and accrued at each Valuation Day on the basis of the net asset value after deducting all fees and expenses, including the Management Fee and the Investment Manager Fee (but not the Performance Fee) and adjusting for subscriptions and redemptions during the performance period so these will not affect the calculation of the Performance Fee. The Performance Fee is paid out of the assets of the Fund to the Management Company and allocated to the relevant subfunds and share classes as described in section 8.2 (Valuation procedure) of the Prospectus. The Management Company transfers such fee to the Investment Manager. Details regarding the calculation and payment of Performance Fees are contained in the Supplement of the Prospectus.

Fees of the Depositary and the Paying Agent

The Depositary and Paying Agent is entitled to receive out of the assets of each subfund an annual fee equal to a percentage of the net asset value of each subfund or share class subject to a minimum fee per subfund or share class. The Depositary fee is calculated on the net asset value of each subfund, subject to a maximum rate of 0.049% p.a. and subject to a minimum of EUR 15 000 p.a. per subfund. The Depositary fee is charged to the subfunds on a pro rata basis on each Valuation Day and paid on a monthly basis in arrears to the Depositary out of the subfund's assets. Further fees may be payable to the Depositary in consideration of ancillary services rendered to the subfunds and relating to the core services of the Depositary. These fees are paid directly out of the relevant subfund's assets to the Depositary. The Depositary is also entitled to transaction fees charged on the basis of the investments made by each subfund consistent with market practice in Luxembourg. Fees paid to the Depositary may vary depending on the nature of the investments of each subfund and the countries and/or markets in which the investments are made. The Depositary is also entitled to reimbursement of reasonable out-of-pocket expenses properly incurred in carrying out its duties upon approval by the Management Company.

Fees of the Distributors

To the extent permitted under applicable laws and regulations, the Distributor is entitled to receive from the Management Company an annual fee in consideration of the marketing and distribution of certain subfunds or share classes equal to a percentage of the net asset value of each subfund or share class, as further specified in the Supplement of each subfund in the Prospectus. The Distributor fee accrues on each Valuation Day and is payable monthly in arrears out of the assets of each subfund to the Management Company. The Management Company transfers such fee to the Distributor.

Administrator, Transfer Agent and Domiciliation Fee

The Administrator and Transfer Agent is entitled to receive from the Management Company annual customary fees equal to a percentage with a minimum annual fee as set out in the Supplement of each subfund in the Prospectus. The Administrator fee accrues on each Valuation Day and is payable monthly in arrears out of the assets of each subfund to the Management Company. The Management Company transfers such fee to the Administrator.

Further fees may be payable to the Administrator in consideration of ancillary services rendered to the Fund and relating to the core services of the Administrator. These fees are paid directly out of the Fund's assets to the Administrator.

Directors' fees and expenses

The members of the Board of Directors are entitled to receive a fee in consideration for their function. The Fund also reimburses the members of the Board of Directors for appropriate insurance coverage and expenses and other costs incurred by the members of the Board of Directors in the performance of their duties, including reasonable out-of-pocket expenses, traveling costs incurred to attend meetings of the Board of Directors, and any costs of legal proceedings unless such costs are caused by intentional or grossly negligent conduct by the member of the Board of Directors in question. The Fund may also pay fees and expenses to members of any committee established by the Board of Directors, where applicable.

Operating and Administrative Expenses

The Fund bears all ordinary operating costs and expenses incurred in the operation of the Fund or any subfund or share class ("Operating and Administrative Expenses") including but not limited to costs and expenses incurred in connection with:

- preparing, producing, printing, depositing, publishing and/or distributing any documents relating to the Fund, a subfund or share class that are required by applicable laws and regulations (such as the Articles of Association, the Prospectus, key investor information documents, financial reports and notices to investors) or any other documents and materials made available to investors (such as explanatory memoranda, statements, reports, factsheets and similar documents);
- other fees in relation to the establishment and launch of the Fund;
- organising and holding general meetings of shareholders and preparing, printing, publishing and/or distributing notices and other communications to shareholders;
- professional advisory services (such legal, tax, accounting, compliance, auditing and other advisory services) taken by the Fund or the Management Company on behalf of the Fund;
- investment services taken and/or data obtained by the Fund or the Management Company on behalf of the Fund (including fees and expenses incurred in obtaining investment research, systems and

other services or data utilised for portfolio and risk management purposes);

- the authorisation of the Fund, the subfunds and share classes, regulatory compliance obligations and reporting requirements of the Fund (such as administrative fees, filing fees, insurance costs and other types of fees and expenses incurred in the course of regulatory compliance), and all types of insurance obtained on behalf of the Fund and/or the members of the Board of Directors;
- initial and ongoing obligations relating to the registration and/or listing of the Fund, a subfund or share class and the distribution of units in Luxembourg and abroad (such as fees charged by and expenses payable to financial regulators, distributors, correspondent banks, representatives, listing agents, paying agents, fund platforms, and other agents and/or service providers appointed in this context, as well as advisory, legal, and translation costs);
- due diligence fees and fees for the update of procedures charged by the Management Company to the Fund;
- fees for domiciliation and transfer agency services;
- the determination and publication of tax factors for the EU/EEA Member States and/or any other countries where distribution licenses and/or private placements exist, according to the actual expenditure incurred at market rates;
- memberships or services provided by international organisations or industry bodies such as the Association of the Luxembourg Fund Industry (ALFI);
- taxes, charges and duties payable to governments and local authorities (including the Luxembourg annual subscription tax (taxe d'abonnement) and any other taxes payable on assets, income or expenses) and any value added tax (VAT) or similar tax associated with any fees and expenses paid by the Fund; and
- the reorganisation or liquidation of the Fund, a subfund or share class.

Formation expenses

The fees and expenses incurred in connection with the formation of the Fund are borne by the Fund and may be amortised over a period of up to five (5) years. The formation expenses of each new subfund will be borne by such subfund and may be amortised over a period of up to five (5) years. New subfunds created after the incorporation and launch of the Fund will participate in the non-amortised costs of establishment of the Fund.

Note 3 – Taxe d’abonnement

According to the laws and practice currently in force in the Grand Duchy of Luxembourg, the Company is not liable to any Luxembourg tax on withholding, income, capital gains or wealth taxes. The Company is, however, liable in Luxembourg to a tax of 0.05% per annum (“Taxe d’Abonnement”) of its net asset value, such tax being payable quarterly on the basis of the value of the net assets of the Company at the end of the relevant calendar quarter or 0.01% per annum for the Classes of units dedicated to institutional investors as defined from time to time by the Luxembourg laws and regulations.

Note 4 – Distribution policy

There are no Share Classes distributing dividends.

Note 5 – Subsequent event

On 20 February 2017, UBS Group AG announced that UBS AG has entered into an agreement for Northern Trust to acquire UBS Asset Management’s fund administration servicing units in Luxembourg and Switzerland.

The transaction is expected to close in the second half of 2017, subject to applicable regulatory and fund board approvals and other customary closing conditions.

Note 6 – Applicable law, place of performance and authoritative language

The District Court of Luxembourg is the place of performance for all legal disputes between the shareholders, the Fund and the Depositary. Luxembourg law applies. However, in matters concerning the claims of investors from other countries, the Fund and/or the Depositary can elect to make themselves subject to the jurisdiction of the countries in which the units were bought and sold.

The English version of these financial statements is the authoritative version. However, in matters concerning units sold to investors in the countries in which Fund units may be bought and sold, the Fund and Depositary may recognise as binding translations which they have approved into the languages concerned.

1) Remuneration policy

The Company has adopted and applies a remuneration policy in accordance with principles laid out under the UCITS Directive and any legal and regulatory provisions applicable in Luxembourg. The objective of the remuneration policy is to provide a framework for key individuals providing professional activities to the Company and to manage risks associated with the remuneration of individuals who have a material impact on the Company's risk profile.

The current remuneration policy, which contains further details regarding the purpose and scope of the remuneration policy, as well as information in relation to the composition of the remuneration packages and bonus awards is available upon request free of charge to investors at the registered office of the Company.

2) Transparency of securities financing transactions and their reuse

No securities financing transactions or total return swaps within the meaning of Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012 ("SFTR") were used in the investment fund's reporting period. As a result, no disclosures within the meaning of Article 13 of said Regulation need to be made to investors in the semi-annual report.

