

# **UBS ETFs plc**

**(an umbrella fund with segregated liability between sub-funds)**

A company incorporated with limited liability  
as an open-ended investment company with variable capital  
under the laws of Ireland with  
registered number 484724

## **PROSPECTUS FOR GERMANY**

**This Prospectus is dated 18 May 2017**

The Directors of UBS ETFs plc whose names appear in this Prospectus accept responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. This Prospectus should be read in conjunction with the Supplements dealing with the relevant Fund(s).

**THIS PROSPECTUS IS A CONSOLIDATION OF THE PROSPECTUS OF THE COMPANY DATED 12 OCTOBER 2016, THE SUPPLEMENTS THERETO, ALONG WITH THE GERMAN COUNTRY SUPPLEMENT TOGETHER THE ("PROSPECTUS"). THIS PROSPECTUS IS A CONSOLIDATED PROSPECTUS FOR INVESTORS IN GERMANY AND IS SOLELY INTENDED FOR THE OFFER AND THE DISTRIBUTION OF THE SHARES IN THE COMPANY IN OR FROM GERMANY. IT ONLY CONTAINS INFORMATION RELATING TO THE FUNDS AUTHORISED IN GERMANY AND DOES NOT CONSTITUTE A PROSPECTUS UNDER IRISH LAW.**

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## 1 Important Information

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**THIS DOCUMENT IS IMPORTANT. BEFORE YOU PURCHASE ANY OF THE SHARES YOU SHOULD ENSURE THAT YOU FULLY UNDERSTAND THE NATURE OF SUCH AN INVESTMENT, THE RISKS INVOLVED AND YOUR OWN PERSONAL CIRCUMSTANCES. IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS PROSPECTUS YOU SHOULD TAKE ADVICE FROM AN APPROPRIATELY QUALIFIED ADVISOR.**

### Authorisation

The authorisation of UBS ETFs plc (the "Company") by the Central Bank of Ireland (the "Central Bank") shall not constitute a warranty as to the performance of the Company and the Central Bank shall not be liable for the performance or default of the Company.

The value of and income from Shares in the Company may go up or down and you may not get back the amount you have invested in the Company.

Information applicable to the Company generally is contained in this Prospectus. Shares constituting each Fund offered by the Company are described in the Supplements to this Prospectus.

The Company is an umbrella investment company with segregated liability between sub-funds (hereinafter referred to as "**Funds**") and with variable capital incorporated on 21 May 2010 and is authorised in Ireland as an undertaking for collective investment in transferable securities pursuant to the UCITS Regulations. **Such authorisation is not an endorsement or guarantee of the Company or any Fund by the Central Bank, nor is the Central Bank responsible for the contents of this Prospectus.**

### General

The Company is structured as an umbrella investment company, in that different Funds may be established from time to time by the Directors with the prior approval of the Central Bank.

The particulars of each Fund will be set out in a separate Supplement. Any such Supplement shall list all of the existing Funds. Shares of more than one Class may be issued in relation to a Fund. Information contained within the Supplements is selective and should be read in conjunction with this Prospectus. The creation of any new Classes of Shares must be notified to and cleared in advance by the Central Bank. On the introduction of any new Class of Shares, the Company will prepare and the Directors will issue documentation setting out the relevant details of each such Class of Shares. A separate portfolio of assets shall be maintained for each Fund and shall be invested in accordance with the investment objective applicable to such Fund.

Shares in any of the Funds may be subscribed for or redeemed in cash. Shares may also be bought or sold on the secondary market (as described below).

The Company may decline any application for Shares in whole or in part without assigning any reason therefor and will not accept an initial subscription for Shares of any amount which is less than the Minimum Subscription Amount as set forth in the Supplement for the relevant Fund, unless the Minimum Subscription Amount is waived by the Directors.

After the initial issue, Shares will be issued and redeemed at the Net Asset Value per Share plus or minus duties and charges (as the case may be) including any Subscription Charge, Redemption Charge or Exchange Charge and any Primary Market Transaction Costs specified in the relevant Supplement. The Net Asset Value of the Shares of each Class and the Issue and Redemption Prices will be calculated in accordance with the provisions summarised under the heading "**Issue and Redemption Prices/Calculation of Net Asset Value/Valuation of Assets**" in this Prospectus.

The Shares of each Fund may be listed on one or more Relevant Stock Exchanges and if so listed shall be fully transferable by Shareholders. It is envisaged that Shares will be bought and sold by retail and institutional investors and professional traders in the secondary market like the ordinary shares of a listed company. However, the Company cannot guarantee that a liquid secondary market will develop in relation to the Shares of any particular Fund.

Shares in the relevant Fund which are purchased on the secondary market (as further described in section 9 of the Prospectus) cannot usually be redeemed directly from the Company. Investors normally sell their Shares on the secondary market with the assistance of an intermediary (e.g. a stockbroker or other investment broker) and may incur fees for investing in this manner. In addition, please note that such investors may pay more than the current Net Asset Value per Share when purchasing Shares on the secondary market and may receive less than the current Net Asset Value when selling their shareholding.

Where the value of the Shares quoted on the secondary market significantly differs or varies from the current Net Asset Value per Share, investors who hold their shares through a secondary market will be permitted to redeem their shareholding directly from the Company. For example, this may apply in cases of market disruption such as the absence of a market maker. In such situations, information will be communicated to the regulated market indicating that the Company is open for direct redemptions. Such secondary market investors should refer to section 8.3 of the Prospectus for details on how to process such redemption requests. Only the actual costs of providing this facility (i.e those costs associated with liquidating any underlying positions) will be charged to such secondary market investors and in any event, the fees in respect of any such redemptions shall not be excessive.

The preceding paragraph is subject to the requirements of the Central Bank and any applicable laws.

Details of Dealing Days in respect of each Fund are set out in the relevant Supplement.

**A Redemption Charge of up to 3% of the Net Asset Value per Share of a Fund may be charged by the Company. The amount of the Redemption Charge (if any) will be set out in the Supplement for the relevant Fund.**

Before investing in the Company, you should consider the risks involved in such investment. Please see "**Risk Factors**" below and where applicable to each Fund in the relevant Supplement.

Distribution of this Prospectus is not authorised in any jurisdiction unless it is accompanied by a copy of the then latest annual report and audited accounts of the Company and, if published after such report, a copy of the then latest semi-annual report and unaudited accounts. Such reports and this Prospectus together form the prospectus for the issue of Shares in the Company.

All Shareholders are entitled to the benefit of, are bound by and are deemed to have notice of, the provisions of the Articles, copies of which are available upon request.

Defined terms used in this Prospectus shall have the meaning attributed to them in Appendix I.

### **Selling Restrictions**

**This Prospectus may not be used for the purpose of an offer or solicitation in any jurisdiction or in any circumstances in which such offer or solicitation is unlawful or not authorised.**

The Articles of the Company give powers to the Directors to impose restrictions on the holding of Shares by (and consequently to compulsorily redeem Shares held by), or the transfer of Shares to, any United States Persons (unless pursuant to an exemption under US securities laws); or by any person who appears to be in breach of any law or requirement of any country or governmental authority by virtue of which such person is not qualified to hold such Shares; or by any person or persons in circumstances (whether directly or indirectly affecting such person or persons, and whether taken alone or in conjunction with any other persons, connected or not, or any other circumstances appearing to the Directors to be relevant) which, in the opinion of the Directors, might result in the Company or the relevant Fund incurring any liability to taxation or suffering any other pecuniary, regulatory, legal or material administrative disadvantages which the Company or the relevant Fund might not otherwise have incurred, suffered or breached; or any individual under the age of 18 (or such other age as the Directors think fit) or of unsound mind. The Articles also permit the Directors where necessary to redeem and cancel Shares (including a fraction of portion thereof) held by a person who is, or is deemed to be, or is acting on behalf of, an Irish Resident on the occurrence of a chargeable event for Irish taxation purposes as described under "**Taxation**" below (together "**Prohibited Persons**").

**Potential subscribers and purchasers of Shares should consult a stockbroker, bank manager, solicitor, accountant or other financial advisor and inform themselves as to (a) the possible tax consequences, (b) the legal requirements, (c) any foreign exchange restrictions or exchange control requirements and (d) any other requisite governmental or other consents or formalities**

**which they might encounter under the laws of the countries of their incorporation, citizenship, residence or domicile and which might be relevant to the subscription, purchase, holding or disposal of Shares.**

This Prospectus may be translated into other languages. Any such translation shall only contain the same information and have the same meanings as this English language document. Where there is any inconsistency between this English language document and the document in another language, this English language document shall prevail except to the extent (but only to the extent) required by the laws of any jurisdiction where the Shares are sold so that in an action based upon disclosure in a document of a language other than English, the language of the document on which such action is based shall prevail, solely for the purposes of such action and to the extent so required.

Any information given, or representations made, by any dealer, salesman or other person not contained in this Prospectus or in any reports and accounts of the Company forming part hereof must be regarded as unauthorised and accordingly must not be relied upon. Neither the delivery of this Prospectus nor the offer, issue or sale of Shares shall under any circumstances constitute a representation that the information contained in this Prospectus is correct as of any time subsequent to the date of this Prospectus. To reflect material changes, this Prospectus may from time to time be updated and intending subscribers should enquire of the Administrator or the Manager as to the issue of any later Prospectus or as to the issue of any reports and accounts of the Company.

### **United States**

The Company does not currently issue, offer for sale (directly or indirectly) or permit the transfer of Shares to or for the benefit of U.S. Persons. The Shares may not be assigned, resold, pledged, exchanged or otherwise transferred (each, a “**Transfer**”) to or for the benefit of a U.S. Person (as defined in this Prospectus).

The Shares have not been, and will not be, registered under the US Securities Act of 1933, as amended (the “**1933 Act**”), or qualified under any applicable state statutes and may not be offered, sold or transferred in the United States (including its territories and possessions) or to or for the benefit of, directly or indirectly, any U.S. Person (as that term is defined herein). The Company has not been, and will not be, registered under the U.S. Investment Company Act of 1940, as amended (the “**1940 Act**”), and investors will not be entitled to the benefits of such registration.

The Directors will reject any proposed purchase of Shares by, or Transfer of Shares to, a U.S. Person or for the benefit of a U.S. Person and will require the transfer or redemption of any Shares held by, or for the benefit of, any person who is a U.S. Person or is holding Shares for the account of, or for the benefit of, a U.S. Person.

**Any Shareholder who becomes a U.S. Person after his or its initial investment in the Company may have their Shares compulsorily redeemed in accordance with the provisions of this Prospectus and will be prohibited from purchasing additional Shares of any Fund of the Company, or exchanging Shares of one Fund for Shares of another Fund, for so long as such Shareholder is a U.S. Person.**

Each Shareholder is required to notify the Company immediately of any change in his or its status as a U.S. Person.

Investors may not enter into or issue any derivative or structured product (each, a “Structured Product”), the return on which is based, directly or indirectly, in whole or in part, on the value of the Company, any Fund of the Company or any Shares without the prior consent of the Company, which may be granted, conditioned or withheld in the sole discretion of the Directors.

Notwithstanding the foregoing, the Directors shall **not** consent to the creation or issuance of any Structured Product that is entered into or issued with or to any entity (each, a “**Structured Product Investor**”), such that (i) the Structured Product Investor (and, where the Structured Product is held by the Structured Product Investor on behalf of any underlying beneficial owner, such underlying beneficial owner) would be a beneficial owner of Shares for purposes of the 1940 Act unless such Structured Product Investor (and, where applicable, underlying beneficial owner) is a U.S. Person; and (ii) the sale of the Structured Product or the purchase of the Structured Product by any Structured Product Investor (and, where the Structured Product is held by the Structured Product Investor on behalf of any underlying

beneficial owner, such underlying beneficial owner) would result in any violation by the Company, any Fund of the Company and/or any investment adviser to the Company or any Fund of the Company of any laws or regulations in any jurisdiction.

Notwithstanding the above, if ever permitted by the Directors, any purchaser of Shares that is a United States Person must be a "**qualified purchaser**" as defined in the 1940 Act and the rules promulgated thereunder and an "**accredited investor**" as defined in Regulation D under the 1933 Act.

Although certain affiliates of the Manager or the Investment Manager may be registered under the United States Investment Advisers Act of 1940, as amended (the "**Advisers Act**"), because the funds are non-US investment entities, the funds' investors will not have the benefit of the substantive provisions of US law, including the Advisers Act.

#### **Potential for Capital Reduction**

**Where provided for in the relevant Supplement, (i) dividends may be declared out of the capital of the relevant Fund; and/or (ii) fees and expenses may be paid out of the capital of the relevant Fund, in each case in order to preserve cash flow to Shareholders. In any such cases, there is a greater risk that capital may be eroded and distribution will be achieved/fees will be paid in a manner that foregoes the potential for future capital growth of your investment. This cycle may continue until all capital is depleted.**

**Distributions out of capital may have different tax consequences to distributions of income and it is recommended that you seek appropriate advice in this regard**

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## 2 Directory

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### **COMPANY**

UBS ETFs plc  
78 Sir John Rogerson's Quay  
Dublin 2  
Ireland

### **DIRECTORS**

Alan White  
Colm Torpey  
Ian Ashment  
Frank Muesel  
Clemens Reuter  
Robert Burke

### **MANAGER**

Lantern Structured Asset Management Limited  
1<sup>st</sup> Floor  
College Park House  
South Fredrick Street  
Dublin 2  
Ireland

### **INVESTMENT MANAGER**

UBS Asset Management (UK) Limited  
21 Lombard Street  
London EC3V 9AH  
United Kingdom  
DISTRIBUTOR  
UBS AG  
Bahnhofstrasse 45  
CH-8098 Zurich  
Switzerland

### **DEPOSITARY**

State Street Custodial Services (Ireland) Limited  
78 Sir John Rogerson's Quay  
Dublin 2  
Ireland

### **ADMINISTRATOR**

State Street Fund Services (Ireland) Limited  
78 Sir John Rogerson's Quay  
Dublin 2  
Ireland

**SECRETARY**

State Street Fund Services (Ireland) Limited  
78 Sir John Rogerson's Quay  
Dublin 2  
Ireland

**AUDITORS**

PricewaterhouseCoopers  
Spencer Dock  
North Wall Quay  
Dublin 1  
Ireland

**IRISH LEGAL ADVISERS TO THE COMPANY**

Maples and Calder  
75 St. Stephen's Green  
Dublin 2

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## 3 Ireland Management & Administration

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### 3.1 Directors of the Company

The "**Directors**" of the Company are described below:

#### **Clemens Reuter**

Clemens Reuter is presently a senior manager of the UBS ETF business. Mr Reuter has held a number of senior positions at SIX Swiss Exchange, an associate position at Credit Suisse/First Boston and was Vice President at Wachovia Securities. Clemens Reuter has over 15 years industry experience and particular expertise in exchange traded products.

#### **Ian Ashment**

Mr. Ashment has worked for UBS Asset Management from 1987. Since 1987 he has worked within a variety of roles in the asset management division. Mr Ashment has been a senior fund manager since 1995, and was appointed global head of Index & Portfolio Solutions (I&PS) in 2009. Mr Ashment has overall responsibility for exchange traded and structured funds within I&PS, with invested assets in excess of CHF 55 billion (at 31st December 2009).

#### **Frank Muesel**

Mr. Muesel joined UBS Asset Management in 2001 to work in the Exchange Traded Funds business as an analyst. In 2004 he moved into product management. Since 2014 he is product specialist responsible for regulatory management for ETF platforms. Before joining UBS, Mr. Muesel held several positions for SEB Bank in Frankfurt in the correspondent banking and settlement (options and futures) departments.

#### **Colm Torpey**

Mr. Torpey has worked for the Manager since 2005. He is a director of the Manager and director of several investment funds managed by the Manager. He worked for Pioneer Alternative Investment Management Limited as Head of Internal Audit from 2003 until December 2005. From 1993 to 2002, he worked for Arthur Andersen and from 2002 to 2003 for KPMG, reaching the level of Audit Director. He is a CFA Charterholder, a fellow of the Institute of Chartered Accountants in Ireland and a member of the Irish Taxation Institute.

#### **Alan White**

Mr. White has worked with UBS Investment Bank since July 2002. From January 2004 to September 2006 he held the position of Manager of Alternative Investment Strategies Trade Support and from September 2006 to December 2006 he worked as an Equity Derivatives Structurer. He currently works as a Structurer for Lantern Structured Asset Management Limited, a position he has held since January 2007. He holds a Degree in Finance and a Diploma in Computer Science from University College Cork.

#### **Robert Burke**

Robert Burke was, until 30 May 2005, a partner in McCann FitzGerald, having joined the firm in 1978. Robert Burke is experienced in most areas of company and commercial law in addition to corporate taxation. He qualified as a Chartered Accountant with Price Waterhouse in 1973 and practised as a tax specialist with them until 1978. He is a member of the Foundation for Fiscal Studies (Ireland), the International Fiscal Association, the International Tax Planning Association and the International Bar Association and an Associate Member of the Institute of Taxation in Ireland. Mr. Burke is an Irish resident.

For the purposes of this Prospectus, the address of all the Directors is the registered office of the Company.

The Company has delegated the day to day management and running of the Company in accordance with policies approved by the Directors to the Manager. Consequently, all Directors of the Company are non-executive.

### 3.2 Promoter

The "**Promoter**" of the Company is UBS Limited.

The Promoter is registered as a limited company in England and Wales and is authorised and regulated by the UK Financial Conduct Authority ("**FCA**").

### 3.3 Manager

The Company has appointed Lantern Structured Asset Management Limited (the "**Manager**") to act as manager to the Company and each Fund with power to delegate one or more of its functions subject to the overall supervision and control of the Company. The Manager is a private limited company. It was incorporated in Ireland on 1 December 2005 and is a wholly owned subsidiary of UBS AG. The authorised share capital of the Manager is €10,000,000. The Manager currently acts as manager or alternative investment fund manager to 7 other collective investment schemes. The Manager is authorised and regulated by the Central Bank. Colm Torpey and Alan White are also directors of the Manager. The secretary of the Manager is Colm Torpey.

### 3.4 Investment Manager

The Investment Manager of the Company is UBS Asset Management (UK) Limited, unless otherwise specifically stated in the Supplement for the relevant Fund.

The Investment Manager is part of UBS Asset Management, a business group of UBS AG. UBS AG is one of the world's leading financial firms, which also include one of the world's largest wealth managers, a premier investment bank and securities firm, and one of the world's leading asset managers.

The Investment Manager is regulated by the UK Financial Conduct Authority.

Details of any sub-investment manager appointed by the Investment Manager will be provided to Shareholders on request and will be disclosed in the Supplement for the relevant Fund and the periodic reports issued by the Company.

### 3.5 Distributor

The Manager has appointed UBS AG the "**Distributor**" to act as distributor of shares of the Company and each fund. The Distributor is registered as a limited company in Switzerland ("**Aktiengesellschaft**") and is authorised and regulated by the Swiss Financial Market Authorities ("**FINMA**").

### 3.6 Depositary

The Company has appointed State Street Custodial Services (Ireland) Limited as depositary of its assets pursuant to a depositary agreement dated 12 October 2016, as amended from time to time (the "**Depositary Agreement**"). The Depositary provides safe custody for the Company's assets.

The Depositary is a limited liability company incorporated in Ireland on 23 May 1991 and is, like the Administrator, ultimately owned by the State Street Corporation. Its authorised share capital is £5,000,000 and its issued and paid up share capital is £200,000. The principal activity of the Depositary is to act as depositary of the assets of collective investment schemes. The Depositary is regulated by the Central Bank.

The Depositary shall carry out functions in respect of the Company including but not limited to the following:

(i) the Depositary shall hold in custody all financial instruments capable of being registered or held in a financial instruments account opened in the Depositary's books and all financial instruments capable of being physically delivered to the Depositary;

(ii) the Depositary shall verify the Company's ownership of all other assets (other than those referred to in (i) above) and maintain and keep up-to-date a record of such assets it is satisfied are owned by the Company;

(iii) the Depositary shall ensure effective and proper monitoring of the Company's cash flows;

(iv) the Depositary shall be responsible for certain oversight obligations in respect of the Company – see "Summary of Oversight Obligations" below.

Duties and functions in relation to (iii) and (iv) above may not be delegated by the Depositary.

Summary of Oversight Obligations:

The Depositary is obliged to ensure, among other things, that:

- the sale, issue, redemption and cancellation of Shares effected on behalf of the Company are carried out in accordance with the Companies Act, the conditions imposed by the Central Bank and the Articles;
- the value of Shares is calculated in accordance with the Companies Act and the Articles;
- in transactions involving the Company's assets, any consideration is remitted to it within time limits which are acceptable market practice in the context of a particular transaction;
- the Company and each Fund's income is applied in accordance with the Companies Act and the Articles;
- the instructions of the Company are carried out unless they conflict with the Companies Act or the Articles; and
- it has enquired into the conduct of the Company in each Accounting Period and reports thereon to the Shareholders. The Depositary's report will be delivered to the Company in good time to enable the Directors to include a copy of the report in the annual report of the Company. The Depositary's report will state whether in the Depositary's opinion each Fund has been managed in that period:

(i) in accordance with the limitations imposed on the investment and borrowing powers of the Fund imposed by the Articles and/or the Central Bank under the powers granted to the Central Bank under the Companies Act; and

(ii) otherwise in accordance with the provisions of the Companies Act and the Articles.

If the Company has not complied with (i) or (ii) above, the Depositary will state why this is the case and will outline the steps that the Depositary has taken to rectify the situation. The duties provided for above may not be delegated by the Depositary to a third party.

In discharging its role, the Depositary shall act honestly, fairly, professionally, independently and in the interests of the Company and the Shareholders.

The Depositary shall act as depositary of the Company's assets and shall be responsible for the oversight of the Company to the extent required by and in accordance with applicable law, rules and regulations. The Depositary shall exercise the supervisory duties in accordance with applicable law, rules and regulations as well as the Depositary Agreement.

The Depositary shall perform its obligations with due skill, care and diligence as determined in accordance with the standards and practices of a professional depositary for hire in the markets or jurisdictions in which the Depositary performs services under the Depositary Agreement.

The Depositary shall be liable to the Company, or to the Shareholders, for all losses suffered by them as a result of the Depositary's negligent or intentional failure to properly fulfil its obligations as set out in the Depositary Agreement and UCITS V. The Depositary shall be liable to the Company and to the Shareholders, for the loss by the Depositary or a duly appointed third party of any financial instruments held in custody (determined in accordance with UCITS V) and shall be responsible for the return of financial instruments or corresponding amount to the Company without undue delay. The Depositary Agreement contains indemnities in favour of the Depositary for certain losses incurred but excluding circumstances where the Depositary is liable for the losses incurred.

The Depositary Agreement shall continue in force unless and until terminated by either party giving not less than 90 days' prior written notice to the other, although termination may be immediate in certain circumstances, such as the insolvency of the Depositary. Upon an (envisaged) removal or resignation of the Depositary, the Company shall with due observance of the applicable requirements of the Central Bank, appoint a successor Depositary. The Depositary may not be replaced without the approval of the Central Bank.

The Depositary Agreement shall be governed by the laws of Ireland and the courts of Ireland shall have non-exclusive jurisdiction to hear any disputes or claims arising out of or in connection with the Depositary Agreement.

### 3.7 Administrator

The Manager has appointed State Street Fund Services (Ireland) Limited (the "**Administrator**") to act as administrator, registrar and transfer agent of the Company with responsibility for performing the day to day administration of the Company, including the calculation of the Net Asset Value and the Net Asset Value per Share of each Fund.

The Administrator is a private limited company. It was incorporated in Ireland on 23 March 1992 and is ultimately owned by State Street Corporation. The authorised share capital of the Administrator is £5,000,000 with an issued and paid up share capital of £350,000.

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## 4 Investment Objective & Policies

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### 4.1 Investment Objective and Policies

The Articles provide that the investment objective and policies for each Fund will be formulated by the Directors at the time of the creation of the Fund and will be set out in the Supplement for the relevant Fund.

The investment objective of each Fund will be to provide Shareholders with a return (either at the relevant Scheduled Maturity Date or on each Dealing Day) linked to a Reference Index or Reference Asset.

**The return that the Shareholder will receive will be dependent on the performance of the relevant transferable securities, other eligible assets and financial derivative instruments including OTC derivatives owned by the Fund, and the performance of any efficient portfolio management technique or other techniques used to link the transferable securities, other eligible assets, financial derivative instruments and OTC derivatives to the Reference Index or Reference Asset (where appropriate). Thus the return Shareholders receive may not wholly correspond to the performance of the Reference Index or Reference Asset. There is no assurance that the investment**

**objective of any Fund whose performance is linked to the Reference Index or Reference Asset will actually be achieved.**

While it is not the Company's intention that any Fund be leveraged (unless disclosed in the Supplement for the relevant Fund), any leverage resulting from the use of FDIs will be in accordance with the requirements of the Central Bank.

In certain circumstances, the Company may receive interest on accounts maintained to receive subscription proceeds (prior to such proceeds being invested) and/or interest on accounts where cash for trades that have not settled is held. Any such interest accrued is expected to be negligible and all such negligible amounts will be utilised to reimburse service providers to the Company (including, for the avoidance of doubt, the Investment Manager) for any costs and/or expenses which are attributable to the Company or a Fund but which have been paid by such service providers.

Any change in the investment objective or any material change to the investment policies of a Fund may only be made with the approval of an ordinary resolution of the Shareholders of the Fund. Subject and without prejudice to the preceding sentence of this paragraph, in the event of a change of investment objective and/or policies of a Fund, a reasonable notification period must be given to each Shareholder of the Fund to enable a Shareholder to have its Shares redeemed prior to the implementation of such change.

Further details of the investment objective and policies for each Fund are set out in the relevant Supplement.

**4.2 Additional information relating to the Reference Index or Reference Asset**

A number of circumstances may arise in respect of the replication of or delivery of the performance of a Reference Index or Reference Asset by a Fund. These include, but are not limited to, the following:

- (a) Each Fund is subject to the UCITS Regulations which include, inter alia, certain restrictions on the proportions of that Fund's Net Asset Value which may be held in individual securities. Depending on the concentration of the Reference Index or Reference Asset a Fund may also hold synthetic securities which are correlated to, or the return on which is based on, securities which form part of the Reference Index or Reference Asset within the limits set out in the Prospectus.
- (b) The constituent securities of the Reference Index or Reference Asset change from time to time. The Investment Manager may adopt a variety of strategies when managing a Fund to bring it in line with the changed Reference Index or Reference Asset. For example, where a security which forms part of the Reference Index or Reference Asset is not available or a market for such security does not exist, a Fund may instead hold depository receipts relating to such securities (e.g. ADRs and GDRs and other equity-related securities).
- (c) From time to time securities in the Reference Index or Reference Asset may be subject to corporate actions. The Investment Manager has discretion to manage these events as appropriate.
- (d) Securities included in the Reference Index or Reference Asset may, from time to time, become illiquid or otherwise unobtainable at fair value. In these circumstances, the Investment Manager may use a number of techniques, including purchasing securities whose returns, individually or collectively, are seen to be well-correlated to the constituents of the Reference Index or Reference Asset.

- (e) Where the Fund uses one or more FDIs to gain exposure to the Reference Index or Reference Asset, the relevant Calculation Agent will have the discretion to make such changes to the FDI(s) to preserve the economic effect of the transaction for both the Approved Counterparty and the Fund in accordance with the detailed provisions of such FDI.

#### 4.3 Change or Substitution of Reference Index or Reference Asset

The Directors may decide, if they consider it to be in accordance with the Investment Restrictions and the UCITS Regulations and in the interest of the Company or any relevant Fund, to change or substitute the existing Reference Index or Reference Asset of a Fund with one or more Reference Indices or Reference Assets.

The Board of Directors may, for instance, decide to substitute such a Reference Index or Reference Asset in the following circumstances:

- (a) the transferable securities, swaps or other techniques or instruments described under "**Investment Restrictions**" which are necessary for the implementation of the relevant Fund's investment objective cease to be available in a manner which is regarded as acceptable by the Directors;
- (b) the quality, accuracy and availability of data of a particular Reference Index or Reference Asset has deteriorated;
- (c) the components of the Reference Index or Reference Asset would cause the Fund (if it were to follow the Reference Index or Reference Asset closely) to be in breach of the limits set out under "**Investment Restrictions**" and/or materially affect the taxation or fiscal treatment of the Company or any of its Shareholders;
- (d) the particular Reference Index or Reference Asset ceases to exist or, in the determination of the Directors, there is (or there is expected to be) a material change in the formula for or the method of calculating a component of the Reference Index or Reference Asset or there is (or there is expected to be) a material modification of a component of the Reference Index or Reference Asset;
- (e) the Directors become aware that there is limited liquidity in one or more component securities of the Reference Index or Reference Asset, or it becomes impractical to invest in the components of the Reference Index or Reference Asset;
- (f) the Index Provider increases its licence fees to a level which the Directors consider excessive;
- (g) a change of ownership of the relevant Index Provider and/or a change of name of the Relevant Index;
- (h) any successor Index Provider is not considered acceptable by the Directors; or
- (i) a new Reference Index or Reference Asset becomes available which supersedes the existing Reference Index or Reference Asset.

The above list is indicative only and cannot be understood as being exhaustive in respect of the ability of the Directors to change the Reference Index or Reference Asset in any other circumstances as they consider appropriate. Any proposal by the Directors to change a Reference Index or Reference Asset shall be (a) subject to the prior approval of the Shareholders of the relevant Fund by ordinary resolution; or (b) notified to Shareholders in the circumstances set out in (g) above. The Prospectus and any of the relevant Supplements

will be updated in the case of substitution or change of the existing Reference Index or Reference Asset of a Fund for another Reference Index or Reference Asset, or in the event of (g) above in accordance with the requirements of the Central Bank.

#### 4.4 Mitigation of Counterparty Risk Exposure

When applying the investment restrictions specified in Section 5.5 in respect of an OTC derivative, reference must be made to the net counterparty risk exposure as determined pursuant to the UCITS Regulations. In order to reduce its net counterparty risk exposure, the Company may in relation to any of its Funds avail itself of all mitigation techniques such as netting and financial collateral techniques which are or would become authorised by the UCITS Regulations.

In particular, the Company may reduce the overall counterparty risk of each Fund's OTC derivative by causing the counterparty to deliver Collateral (which will comply with the requirements of the Central Bank) to the Depositary (or as otherwise permitted by the Central Bank). Such Collateral will be enforceable by the Company at all times and will be marked to market on a daily basis. The amount of Collateral to be delivered will be at least equal to the value by which the overall exposure limit as determined pursuant to the UCITS Regulations has been exceeded.

The Company may also reduce the overall counterparty risk of the Fund's OTC derivative by resetting the OTC derivative. The effect of resetting the OTC derivative is to reduce the mark to market value of the OTC derivative and, thereby, reduce the net counterparty exposure accordingly.

#### 4.5 SFTR

The Company is authorised to and will enter into Securities Financing Transactions ("**SFTs**") and total return swaps ("**TRSs**") in the course of its investment activities.

SFTs: SFTs include a variety of secured transactions that have similar economic effects (provision of liquidity in exchange for financial instruments), including the lending or borrowing of securities and commodities, repurchase or reverse repurchase transactions, buy-sell back or sell-buy back transactions, and lending or borrowing on margin to finance the purchase, sale, carrying or trading of securities.

A Fund may engage in securities financing transactions for the purposes of effecting short-sales in respect of securities, settlement purposes or otherwise achieving its investment objective.

TRSs: TRSs include a variety of transactions whereby one party to the transaction transfers the total economic performance (including income from interest and fees, gains and losses from price movements and credit losses) of a reference obligation (asset or index) to the other counterparty, against the obligation to make fixed or floating payments. A Fund may enter into TRSs with banks or other financial counterparties which may take the form of swaps of any kind, including contracts for difference, portfolio swaps, index swaps, credit default swaps and variance and volatility swaps, any kind of option, warrant, forward and future transaction and any other kind of derivative in accordance with its investment objectives. The reference obligation of a total return swap may be any security or other investment in which a Fund is permitted to invest.

TRSs may be entered into for any purpose that is consistent with the investment objective of a Fund, including efficient portfolio management, hedging purposes or the reduction of portfolio expenses, as well as for speculative purposes (in order to increase income and profits for the portfolio), or to gain exposure to certain markets.

The maximum proportion of a Fund's total assets that can be subject to SFTs or TRSs is 100%. The expected proportion of a Fund's total assets that can be subject to SFTs or TRSs

should be in the range of 0 and 95%, unless otherwise specified in the relevant Fund's Supplement. The proportion of a Fund's assets subject to each type of SFT or TRS will depend on market conditions and the value of the relevant investments. The Company will report to the Shareholders in the relevant Fund the amount of assets engaged in each type of SFT and TRS, as well as such other information on the use of SFTs and TRS as is required under the SFTR, as part of its semi-annual and annual report. Due to the nature of swap investing, it is possible that a Fund may from time to time hold a large proportion of its assets in cash.

#### Due diligence on SFT Counterparties

The Manager will conduct due diligence in the selection of counterparties to SFTs and TRS ("**SFT Counterparties**") for the Funds in order to ensure those counterparties are institutions subject to prudential supervision and belong to categories approved by the Central Bank. As part of this assessment the Manager will have regard to the legal status, location and minimum credit rating (where relevant) of the particular counterparty.

A Fund may lend securities on a collateralised and an uncollateralised basis to counterparties who meet the due diligence processes of the Company and its delegates, including credit assessments.

Collateral received by a Fund will comply with the requirements of the Central Bank Regulations. Collateral received by a Fund will consist of such collateral as is agreed with a counterparty from time to time and may include cash in any currency, cash equivalents, equity or debt securities and any other kind of security or other instrument in which the Fund is permitted to invest. Factors such as the type of securities that are being financed and market practice are taken into account when determining acceptable collateral received or provided, including the application of any haircuts.

Collateral provided to a counterparty by a Fund will consist of such collateral as is agreed with the counterparty from time to time and may include any or all types of assets held by the Fund. Collateral provided by a Fund will normally include cash or money market instruments such as government bonds.

The Manager and its delegates will monitor collateral received on an ongoing basis, including the level of correlation (value should not display a high correlation with the performance of the counterparty), diversification and liquidity and the level of haircut applied, if any.

Collateral received or provided by a Fund will be valued in accordance with the valuation policies and principles applicable to the Company and will be subject to any agreement on the valuation of collateral with a counterparty, including the applicability of variation margin.

Collateral under an SFT is valued daily at mark-to-market value. Collateral under a TRS is valued in accordance with the underlying assets and any accruing interests.

#### Risk management

The Company or its delegates on behalf of the Company will monitor the risks related to SFTs, TRS and collateral received from or provided to a counterparty on an ongoing basis, including the level of correlation (value should not display a high correlation with the performance of the counterparty), diversification and liquidity and the level of haircut applied, if any.

The Manager will monitor a Fund's assets diversification and liquidity on a global basis.

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## 5 Investment Restrictions

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The particular investment restrictions for each Fund will be formulated by the Directors at the time of the creation of the Fund and will appear in the Supplement for the relevant Fund.

Details of the investment restrictions laid down in accordance with the UCITS Regulations in respect of each Fund are set out below:

### 5.1 Permitted Investments

Investments of each Fund are confined to:

- (a) Transferable securities and money market instruments which are either admitted to official listing on a stock exchange in an EU Member State or non-EU Member State or which are dealt on a market which is regulated, operates regularly, is recognised and open to the public in an EU Member State or non-EU Member State (and which in each case is listed in Appendix II).
- (b) Recently issued transferable securities which will be admitted to official listing on a stock exchange or other market (as described above) within a year.
- (c) Money market instruments other than those dealt on a regulated market.
- (d) Units/shares of UCITS.
- (e) Units/shares of AIFs.
- (f) Deposits with credit institutions.
- (g) FDI.

### 5.2 Investment Restrictions

- (a) Each Fund may invest no more than 10% of net assets in transferable securities and money market instruments other than those referred to in paragraph 5.1.
- (b) Each Fund may invest no more than 10% of net assets in recently issued transferable securities which will be admitted to official listing on a stock exchange or other market (as described in paragraph 5.1) within a year. This restriction will not apply in relation to investment by each Fund in certain US securities known as Rule 144A securities provided that:
  - (i) the securities are issued with an undertaking to register with the US Securities and Exchanges Commission within one year of issue; and
  - (ii) the securities are not illiquid securities i.e. they may be realised by each Fund within seven days at the price, or approximately at the price, at which they are valued by the Fund.
- (c) Each Fund may invest no more than 10% of net assets in transferable securities or money market instruments issued by the same body provided that the total value of transferable securities and money market instruments held in the issuing bodies in each of which it invests more than 5% is less than 40%.
- (d) Subject to the prior approval of the Central Bank, the limit of 10% in 5.2(c) is raised to 25% in the case of bonds that are issued by a credit institution which has its

registered office in a Member State and is subject by law to special public supervision designed to protect bond-holders. If a Fund invests more than 5% of its net assets in these bonds issued by one issuer, the total value of these investments may not exceed 80% of the net asset value of the Fund.

- (e) The limit of 10% in 5.2(c) is raised to 35% if the transferable securities or money market instruments are issued or guaranteed by a Member State or its local authorities or by a non-Member State or public international body of which one or more Member States are members.
- (f) The transferable securities and money market instruments referred to in 5.2(d) and 5.2(e) shall not be taken into account for the purpose of applying the limit of 40% referred to in 5.2(c).
- (g) Each Fund may not invest more than 20% of net assets in deposits made with the same credit institution.  
  
Deposits with any one credit institution, other than Relevant Institutions held as ancillary liquidity, must not exceed 10% of net assets.  
  
This limit may be raised to 20% in the case of deposits made with the Depositary.
- (h) The risk exposure of each Fund to a counterparty in an "over the counter" ("OTC") derivative transaction may not exceed 5% of net assets.  
  
This limit is raised to 10% in the case of Relevant Institutions.
- (i) Notwithstanding paragraphs 5.2(c), 5.2(g) and 5.2(h) above, a combination of two or more of the following issued by, or made or undertaken with, the same body may not exceed 20% of net assets:
  - (i) investments in transferable securities or money market instruments;
  - (ii) deposits, and/or
  - (iii) counterparty risk exposures arising from OTC derivatives transactions.
- (j) The limits referred to in 5.2(c), 5.2(d), 5.2(e), 5.2(g), 5.2(h) and 5.2(i) above may not be combined, so that exposure to a single body shall not exceed 35% of net assets.
- (k) Group Companies are regarded as a single issuer for the purposes of 5.2(c), 5.2(d), 5.2(e), 5.2(g), 5.2(h) and 5.2(i). However, a limit of 20% of net assets may be applied to investment in transferable securities and money market instruments within the same group.
- (l) Each Fund may invest up to 100% of its net assets in different transferable securities and money market instruments issued or guaranteed by any Member State, or any local authority of a Member State, or non-Member States or public international bodies of which one or more Member States are members or by Australia, Canada, Hong Kong, Japan, New Zealand, Switzerland, United States or any of the following: or by OECD Governments (provided the relevant issues are investment grade), Government of Brazil (provided the issues are of investment grade), Government of the People's Republic of China, Government of India (provided the issues are of investment grade), Government of Singapore, European Investment Bank, European Bank for Reconstruction and Development, International Finance Corporation, International Monetary Fund, Euratom, The Asian Development Bank, European Central Bank, Council of Europe, Eurofima, African Development Bank, International Bank for Reconstruction and Development (**The World Bank**), The Inter American

Development Bank, European Union, Federal National Mortgage Association (**Fannie Mae**), Federal Home Loan Mortgage Corporation (Freddie Mac), Government National Mortgage Association (**Ginnie Mae**), Student Loan Marketing Association (**Sallie Mae**), Federal Home Loan Bank, Federal Farm Credit Bank, Tennessee Valley Authority or Straight-A Funding LLC.

- (m) Each Fund must hold securities from at least 6 different issues, with securities from any one issue not exceeding 30% of net assets.

### 5.3 Investment in Collective Investment Schemes

- (a) A Fund may not invest more than 10% of its net assets in collective investment schemes ("**CIS**") unless otherwise specifically provided for in the Supplement for the relevant Fund, whereby it will be subject to a maximum permitted investment of 20% of its net assets in any one CIS.
- (b) Investments in AIFs may not in aggregate exceed 30% of net assets.
- (c) When a Fund invests in the units of other CIS that are managed, directly or by delegation by the Fund's investment manager or by any other company with which the investment manager is linked by common management or control, or by a substantial direct or indirect holding, neither the investment manager nor that other company may charge subscription, conversion or redemption fees on account of that Fund's investment in the units of such other CIS. Maximum management fees or TER invoiced by such other CIS will be set out in the Supplement for each Fund that elected for investing in such other CIS.
- (d) Where a commission (including a rebated commission) is received by a Fund's investment manager by virtue of an investment in the units of another CIS, this commission must be paid into the property of the Fund.

### 5.4 General Provisions

- (a) The Company may not acquire any shares carrying voting rights which would enable it to exercise significant influence over the management of an issuing body.
- (b) Each Fund may acquire no more than:
  - (i) 10% of the non-voting shares of any single issuing body;
  - (ii) 10% of the debt securities of any single issuing body;
  - (iii) 25% of the units/shares of any single CIS;
  - (iv) 10% of the money market instruments of any single issuing body.

NOTE: The limits laid down in (ii), (iii) and (iv) above may be disregarded at the time of acquisition if at that time the gross amount of the debt securities or of the money market instruments or the net amount of the securities in issue cannot be calculated.

- (c) 5.4(a) and 5.4(b) shall not be applicable to:
  - (i) transferable securities and money market instruments issued or guaranteed by a Member State or its local authorities;
  - (ii) transferable securities and money market instruments issued or guaranteed by a non-Member State;

- (iii) transferable securities and money market instruments issued by public international bodies of which one or more Member States are members;
  - (iv) shares held by each Fund in the capital of a company incorporated in a non-member State which invests its assets mainly in the securities of issuing bodies having their registered offices in that State, where under the legislation of that State such a holding represents the only way in which each Fund can invest in the securities of issuing bodies of that State. This waiver is applicable only if in its investment policies the company from the non-Member State complies with the limits laid down in 5.2(c) to 5.2(k), 5.3(a), 5.3(b), 5.4(a), 5.4(b), 5.4(d), 5.4(e) and 5.4(f) and provided that where these limits are exceeded, 5.4(e) and 5.4(f) are observed;
  - (v) shares held by the Fund in the capital of subsidiary companies carrying on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the redemption of shares at Shareholders' request exclusively on their behalf.
- (d) A Fund need not comply with the investment restrictions herein when exercising subscription rights attaching to transferable securities or money market instruments which form part of their assets.
  - (e) The Central Bank may allow recently authorised Funds to derogate from the provisions of 5.2(c) to 5.2(l), 5.3(a), 5.3(b), 5.6(a) and 5.6(b) for six months following the date of their authorisation, provided they observe the principle of risk spreading.
  - (f) If the limits laid down herein are exceeded for reasons beyond the control of a Fund, or as a result of the exercise of subscription rights, the Fund must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its shareholders.
  - (g) A Fund may not carry out uncovered sales of:
    - (i) transferable securities;
    - (ii) money market instruments;
    - (iii) units/shares of CIS; or
    - (iv) FDI.
  - (h) A Fund may hold ancillary liquid assets.

## 5.5 Financial Derivative Instruments

- (a) A Fund's global exposure relating to FDI must not exceed its total Net Asset Value.
- (b) A Fund may invest in FDIs dealt in "over the counter" provided that the counterparties to over-the-counter transactions are institutions subject to prudential supervision and belonging to the categories approved by the Central Bank.
- (c) Position exposure to the underlying assets of FDI, including embedded FDI in transferable securities or money market instruments, when combined where relevant with positions resulting from direct investments, may not exceed the investment limits set out in the Central Bank Rules. (This provision does not apply in the case of index based FDI provided the underlying index is one which meets with the criteria set out in the Central Bank Rules.)

- (d) A transaction in FDI which gives rise to a future commitment on behalf of each Fund must be covered as follows:
  - (i) in the case of FDI which requires the Fund to physically deliver the underlying asset, the asset must be held at all times by the Fund;
  - (ii) in the case of FDI which automatically, or at the discretion of the Fund, are cash settled, each Fund must hold, at all times, liquid assets which are sufficient to cover the exposure.

It is intended that each Fund should have the power to avail of any change in applicable laws, UCITS Regulations or Central Bank Rules which would permit investment in assets and securities on a wider basis.

The Company will not amend such investment restrictions except in accordance with the requirements of the Central Bank.

## 5.6 Index Tracking Funds

- (a) Notwithstanding the provisions of paragraph 5.2(c), a Fund may, in accordance with the Articles, invest up to 20 per cent. of its net assets in shares and/or debt securities issued by the same body where the investment policy of the Fund is to replicate or reference an index. Where a Fund gains exposure to an index via an FDI, no component of the index should comprise more than 20% of the total of the index. The index must be recognised by the Central Bank in accordance with the Central Bank Rules.
- (b) The limit in paragraph 5.6(a) may be raised to 35%, and applied to a single issuer or component, where this is justified by exceptional market conditions (which justification, where relevant, shall be disclosed in the relevant Supplement).
- (c) The reference in paragraph 5.6(a) to replication of the composition of a shares or debt securities index shall be understood as replication of the composition of the underlying assets of the index, including the use of derivatives or other techniques as referred to in Regulation 69(1), (2) and (3) of the UCITS Regulations.

## 5.7 Use of Financial Derivative Instruments and Efficient Portfolio Management

Subject to the UCITS Regulations and to the conditions within the limits laid down by the Central Bank, the Company, on behalf of a Fund may invest in FDIs dealt on a regulated market and/or "over the counter" derivatives ("**OTCs**") which will be used for investment purposes, hedging and/or efficient portfolio management purposes.

The FDIs in which a Fund may invest include, without limitation, options and futures transactions, swaps, forward contracts, credit derivatives, spot foreign exchange transactions, caps and floors, contracts for differences or other derivative transactions, further details of which will be set out in the relevant Supplement.

The Company must employ through its service providers a risk management process which enables it to monitor, measure and manage at any time the risks attached to a Fund's FDI positions and their contribution to the overall risk profile of the portfolio of assets of a Fund. It must employ a process for accurate and independent assessment of the value of OTC derivative. The Company must provide the Central Bank with details of its FDI activity and risk assessment methodology and, in accordance with particular requirements of the Central Bank shall specify, for that purpose, the permitted types of FDI, the underlying risks, the quantitative limits and how these will be monitored and enforced and the methods which are chosen in order to estimate the risks associated with transactions in any FDI applicable to a Fund. A Fund may only employ FDIs that have been specified in the risk management

process that the Company has submitted to the Central Bank. Where a Fund uses the "value-at-risk" (VaR) approach to measure market risk, the Company will ensure that a Fund's market risk relating to the use of FDIs is in accordance with the Central Bank Regulations and the limits contained therein and that counterparty risk exposure to any OTC derivative transactions shall never exceed the limits permitted under the UCITS Regulations. Relevant information in respect of the use of "value-at risk" or VaR shall be set out in the Supplement for the relevant Fund. The Company will, on request, provide supplementary information to Shareholders relating to the risk management methods employed, including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments in respect of the relevant Fund.

A Fund may also employ techniques and instruments relating to transferable securities and/or other financial instruments in which it invests for efficient portfolio management purposes, a list of which are set out in the relevant Supplement. Use of such techniques and instruments should be in line with the best interests of shareholders and will generally be made for one or more of the following reasons:

- (a) the reduction of risk;
- (b) the reduction of cost; or
- (c) the generation of additional capital or income for the relevant Fund with an appropriate level of risk, taking into account the risk profile of the Fund as described in this Prospectus and the relevant Supplement and the risk diversification limits set out in the Central Bank Regulations.

For example, such use may include using FDIs such as swaps to exchange the performance of the securities held by a Fund for the performance of the Reference Index or Reference Asset.

In addition, the use of such techniques and instruments must be realised in a cost-effective way and must not result in a change to the investment objective of the Fund or add supplementary risks not covered in this Prospectus. Please refer to the section of this Prospectus entitled "Risk Factors; EPM Risk" for more details. The risks arising from the use of such techniques and instruments shall be adequately captured in the Company's risk management process.

Such techniques and instruments may also include foreign exchange transactions which alter the currency characteristics of assets held by the relevant Fund.

Assets of a Fund may be denominated in a currency other than the Base Currency of the Fund and changes in the exchange rate between the Base Currency and the currency of the asset may lead to a depreciation of the value of the Fund's assets as expressed in the Base Currency. The Investment Manager may seek to mitigate this exchange rate risk by using FDI.

## 5.8 Borrowing and Lending Powers

The Company may borrow up to 10% of a Fund's net assets at any time for the account of any Fund and the Depositary may charge the assets of such Fund as security for any such borrowing, provided that such borrowing is only for temporary purposes. Any particular borrowing restrictions for a Fund will appear in the Supplement for the relevant Fund. Without prejudice to the powers of the Fund to invest in transferable securities or enter into Repurchase Transactions, the Company may not lend cash to, or act as guarantor on behalf of, third parties. A Fund may acquire debt securities and securities which are not fully paid.

## 5.9 Securities Lending and Repurchase Transactions

The Company has the power to lend on an exclusive basis or otherwise any or all of the securities of each Fund to one or several financial institutions experienced in such transactions, or via a central counterparty or standardised lending system operated by a securities clearing institution, and may do so from time to time in accordance with applicable laws, regulations and market practice for the purposes of efficient portfolio management. In particular, the Company may lend some or all of the securities of each Fund to a member of the UBS AG Group ("**UBS**") as the sole securities borrowing counterparty and, for that purpose it may enter into an exclusive arrangement with UBS. Any such securities lending arrangements, whether entered into on an exclusive basis or not, will be in compliance with the requirements of the Central Bank, will be with counterparties that are institutions of appropriate financial standing which engage in these types of arrangements and approved by the Manager and will be on normal commercial terms negotiated at arm's length. In accordance with normal market practice, counterparties to such securities lending arrangements will be required to provide Collateral to the Company on behalf of the relevant Fund(s) (or as otherwise permitted by the Central Bank) of a value of at least equal to the market value of any securities loaned to the counterparty. The Collateral will comply with the Collateral Policy as detailed below. Under a securities lending arrangement, the requisite eligible Collateral may be transferred to and held in one or several accounts maintained in the name of the relevant Fund, or the Company with the securities borrowing counterparty, Affiliate(s) of the securities borrowing counterparty or a depository bank, clearing institution or provider of collateral managements services ("**Company Collateral Account**"). The title of any Company Collateral Account(s) will make it clear that Collateral credited to such accounts belongs to the Company and such accounts will be separate from any accounts in which the securities borrowing counterparty, its Affiliate(s), depository bank, clearing institution or provider of collateral managements services holds any of its own assets, and at all times in accordance with the requirements of the Central Bank.

Any Fund that seeks to engage in securities lending should ensure that it is able at any time to recall any security that has been lent out or terminate any securities lending agreement into which it has entered.

The Company has the power to enter into Repurchase Transactions, acting as either buyer or seller, on an exclusive basis or otherwise, with one or more counterparties that are financial institutions experienced in such transactions, which transactions may involve a central counterparty or other settlement system, and may do so from time to time in accordance with applicable laws, regulations and market practice for the purposes of efficient portfolio management. In particular, the Company may enter into such transactions with UBS as sole counterparty and, for that purpose it may enter into an exclusive arrangement with UBS. Any such Repurchase Transactions, whether entered into on an exclusive basis or not, will be in compliance with the requirements of the Central Bank, will be with counterparties that are institutions of appropriate financial standing which engage in these types of arrangements and approved by the Manager and will be on normal commercial terms negotiated at arm's length. In accordance with normal market practice, counterparties to such Repurchase Transactions will be required to provide Collateral to the Company (or as otherwise permitted by the Central Bank) of a value of at least equal to the cash leg of the Repurchase Transaction. The Collateral will comply with the Collateral Policy as detailed below. Under a Repurchase Transaction, if any, the requisite eligible Collateral may be transferred to one or several Company Collateral Accounts. The title of any Company Collateral Account(s) will make it clear that Collateral credited to such accounts belongs to the Company and such accounts will be separate from any accounts in which the counterparty, its Affiliate(s), depository bank, clearing institution or provider of collateral managements services holds any of its own assets, and at all times in accordance with the requirements of the Central Bank.

A Fund that enters into a repurchase agreement should ensure that it is able at any time to recall any securities subject to the repurchase agreement or to terminate the repurchase agreement into which it has entered. Fixed-term repurchase and reverse repurchase

agreements that do not exceed seven days should be considered as arrangements on terms that allow the assets to be recalled at any time by the Fund.

Any Fund that enters into a reverse repurchase agreement should ensure that it is able at any time to recall the full amount of cash or to terminate the reverse repurchase agreement on either an accrued basis or a mark-to-market basis. When the cash is recallable at any time on a mark-to-market basis, the mark-to-market value of the reverse repurchase agreement should be used for the calculation of the Net Asset Value of the Fund.

The purpose of entering into Repurchase Transactions or securities lending will be to reduce the cost of one or more structured OTC FDIs entered into by the Company in respect of a Fund with an Approved Counterparty. Consequently, it is expected that the relevant Fund will not receive any specific revenue from the Approved Counterparty in respect of the Repurchase Transactions or securities lending arrangement, rather the Fund will benefit from reduced costs under the terms of the relevant structured OTC FDIs. It is expected that any transaction costs in relation to the operation of the Repurchase Transactions or securities lending will be borne by the Approved Counterparty and not by the relevant Fund. Notwithstanding this, should any specific revenue arise from stocklending / repurchase transactions such revenue shall be returned to the Fund following the deduction of any direct and indirect operational costs and fees arising. Details of Fund revenues arising and attendant direct and indirect operational costs, which shall not include hidden revenue, and fees as well as the identity of any specific Repurchase Transaction counterparties and/or securities lending agents engaged by the Company from time to time shall be included in the Company's semi-annual and annual reports.

From time to time, a Fund may engage Repurchase Transaction counterparties and/or securities lending agents that are related parties to the Depositary or other service providers of the Company. Such engagement may on occasion cause a conflict of interest with the role of the Depositary or other service provider in respect of the Company. Please refer to section 13.2 "Fund Transactions and Conflicts of Interest" for further details on the conditions applicable to any such related party transactions. The identity of any such related parties will be specifically identified in the Company's semi-annual and annual reports.

Repurchase Transactions or securities lending do not constitute borrowing or lending for the purposes of Regulation 103 and Regulation 111 of the UCITS Regulations and Regulation 14 of the Central Bank Regulations respectively.

The Manager will, at least annually, review and/or confirm the arrangements for securities lending and Repurchase Transactions and associated fees invoiced to the relevant Fund, if any.

#### 5.10 Collateral Policy

In the context of efficient portfolio management techniques and/or the use of FDI for hedging or investment purposes, Collateral may be received from a counterparty for the benefit of a Fund or posted to a counterparty by or on behalf of a Fund. Any receipt or posting of Collateral by a Fund will be conducted in accordance with the requirements of the Central Bank and the terms of the Collateral Policy outlined below.

The types of collateral acceptable for a Fund shall include but not be limited to: (i) cash; (ii) government or other public securities; (iii) certificates of deposit issued by relevant institutions; (iv) bonds/commercial paper issued by relevant institutions or by non-bank issuers; and (v) equity securities traded on certain stock exchanges.

##### (a) Collateral – received by the Company

Collateral posted by the counterparty for the benefit of a Fund may be taken into account as reducing the exposure to such counterparty. Each Fund will require receipt of the necessary level of Collateral so as to ensure counterparty exposure limits are not breached.

Counterparty risk may be reduced by an amount equivalent to the value of the collateral received after taking into account appropriate discounts.

Risks linked to the management of Collateral, such as operational and legal risks, shall be identified, managed and mitigated by the Manager's risk management process. A Fund receiving Collateral for at least 30% of its Net Asset Value will put in place an appropriate stress testing policy to ensure regular stress tests are carried out under normal and exceptional liquidity conditions to enable the relevant Fund to assess the liquidity risk attached to the Collateral. The liquidity stress testing policy will at least prescribe the components set out in Regulation 24 paragraph 8 of the Central Bank Regulations.

For the purpose of providing margin or Collateral in respect of transactions in techniques and instruments, the Fund may transfer, mortgage, pledge, charge or encumber any assets or cash forming part of the Fund in accordance with normal market practice and the requirements outlined in the Central Bank's Rules.

All assets received by a Fund in the context of Repurchase Transactions and securities lending shall be considered as Collateral and must comply with the terms of the Collateral Policy.

(i) Non-cash Collateral

Collateral received must, at all times, meet with the following criteria:

- (A) Liquidity: Collateral received other than cash should be highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation. Collateral received should also comply with the provisions of the Central Bank Regulations.
- (B) Valuation: Collateral received should be valued on at least a daily basis and assets that exhibit high price volatility should not be accepted as Collateral unless suitably conservative haircuts are in place. Collateral may be marked to market daily by the counterparty using its procedures, subject to any agreed haircuts, reflecting market values and liquidity risk and may be subject to variation margin requirements.
- (C) Issuer credit quality: Collateral received should be of high quality.
- (D) Correlation: Collateral received should be issued by an entity that is independent from the counterparty and is not expected to display a high correlation with the performance of the counterparty.
- (E) Diversification (asset concentration): Collateral should be sufficiently diversified in terms of country, markets and issuers with a maximum exposure to a given issuer of 20% of the Fund's Net Asset Value. When the Fund is exposed to different counterparties, the different baskets of Collateral should be aggregated to calculate the 20% limit of exposure to a single issuer. To the extent that a Fund avails of the increased issuer exposure facility in section 5(ii) of Schedule 3 of the Central Bank Regulations, such increased issuer exposure may be to any of the issuers listed in paragraph 5.2(l) of the "Investment Restrictions" section of the Prospectus.
- (F) Immediately available: Collateral received should be capable of being fully enforced by the Fund at any time without reference to or approval from the counterparty.
- (G) Safe-keeping: Collateral received on a title transfer basis should be safekept by the Depositary or its agent. For other types of Collateral

arrangement, the Collateral can be held by a third party depository which is subject to prudential supervision, and which is unrelated and unconnected to the provider of the Collateral.

- (H) Haircuts: The Company (or its delegate), on behalf of each Fund, shall apply suitably conservative haircuts or discounts to the market value of the assets being received as Collateral where appropriate on the basis of an assessment of the characteristics of the assets such as the credit standing or the price volatility, as well as the outcome of any stress tests performed as referred to above. The Company (or its delegate) has determined that generally if issuer or issue credit quality of the Collateral is not of a very high quality or the Collateral carries a significant level of price volatility, a conservative haircut must be applied in accordance with the relevant haircut policy. However, the application of such a haircut will be determined on a case by case basis. The Company (or its delegate), in its discretion, may accept certain Collateral with more conservative, less conservative or no haircuts applied in accordance with its haircut policy.

Non-cash Collateral cannot be sold, pledged or re-invested.

- (ii) Cash Collateral

Cash Collateral received by the Company for a Fund may not be invested other than in the following:

- (A) deposits with Relevant Institutions;
- (B) high-quality government bonds;
- (C) reverse repurchase agreements provided the transactions are with credit institutions subject to prudential supervision and the Fund is able to recall at any time the full amount of cash on an accrued basis;
- (D) short-term money market funds as defined in the ESMA Guidelines on a Common Definition of European Money Market Funds (ref CESR/10-049).

Invested cash Collateral should be diversified in accordance with the diversification requirements applicable to non-cash Collateral outlined in 5.10(a)(i)(E). Invested cash Collateral may not be placed on deposit with the counterparty or a related entity. Exposure created through the reinvestment of Collateral must be taken into account in determining risk exposures to a counterparty. Re-investment of cash Collateral in accordance with the provisions above can still present additional risk for the Fund. Please refer to the section of this Prospectus entitled “Risk Factors; Reinvestment of Cash Collateral Risk” for more details.

- (b) Collateral – posted by the Company

Collateral posted to a counterparty by or on behalf of the Fund must be taken into account when calculating counterparty risk exposure. Collateral posted to a counterparty and Collateral received from such counterparty may be taken into account on a net basis provided the Fund is able to legally enforce netting arrangements with the counterparty.

## 5.11 Common Investment Pools

To reduce operational and administrative charges and to facilitate diversification of investments the Manager may authorise the assets of any Fund to be managed in conjunction with other funds established by the Manager or other funds promoted or managed by the

Manager or any company affiliated to the Manager. This will be done by establishing a pool of assets ("**Pool**") comprising cash and investments contributed by all funds which participate in the Pool ("**Participating Funds**"). This technique is known as pooling.

Opportunities to establish pooling arrangements arise where the investment objectives and policies of Participating Funds are sufficiently similar so as to enable the assets contributed by a Participating Fund to be managed in a manner identical to that of all other Participating Funds in the Pool. However, it is not essential that the investment objectives and policies of each Participating Fund in the Pool be identical. It is sufficient that the Investment Manager be in a position to manage the Pool as one portfolio of assets whilst complying with the investment objectives, policies and restrictions applicable to each Participating Fund.

A Pool is not a separate legal entity and an investor may not invest directly in a Pool. The Investment Manager shall not be permitted to manage the assets of any Fund on a pooled basis without the prior consent of the Manager. The Manager shall be notified in respect of the admission of any fund as a Participating Fund in a Pool in which a Fund participates.

#### Operational Issues relating to Pooling

Assets may be contributed to and withdrawn from the Pool by a Participating Fund at any time. A record shall be maintained of all of the assets contributed to the Pool by a Participating Fund and the percentage allocation of each of the pooled assets within the Pool that is attributable to each Participating Fund, which shall be allocated on a pro rata basis. This percentage allocation shall be applied to all assets held in the Pool. When additional cash or securities are contributed to or withdrawn from the Pool by a Participating Fund the allocation percentage of each Participating Fund will be adjusted to reflect the change. Where a contribution is made in cash, a deduction may be made where the Investment Manager considers this necessary to discharge transactions costs and fiscal charges incurred in investing the cash. Similarly, in the case of a cash withdrawal, a deduction may be made to reflect transaction costs in disposing of securities. Dividends and any other distribution of income received in respect of assets will be allocated pro-rata to the Participating Fund's holding of assets. All assets comprising a Pool will be valued in accordance with the provisions of the section "Valuation of Assets" below.

Investors should note that the pooling arrangement may cause the composition of the assets of a Fund to be altered as a result of subscriptions and repurchases in another Participating Fund which would cause the Investment Manager to dispose of or acquire assets for the Pool or may cause the Investment Manager to increase the amount of ancillary liquid assets held by the Investment Manager.

#### Custody of Assets

A Fund will participate in pooling arrangements only with Participating Fund who have appointed the Depositary as depositary and the Administrator as administrator. The Depositary shall, by relying on a set of records produced by the Administrator's accounting systems, at all times ensure that it is in a position to identify the assets of the Fund even though the sub-custodian's records may identify the assets as being held in a Pool.

#### Termination of Pooling Arrangement

The Manager may elect at any time to terminate a Fund's participation in the pooling arrangements on notice to the Investment Manager, the Administrator and the Depositary. In such event that portion of the assets in the pool representing each Fund's percentage allocation of assets shall be withdrawn.

### 5.12 Hedged Classes

The Company may (but is not obliged to) enter into certain currency-related transactions in order to hedge the currency exposure of the assets of a Fund attributable to a particular Class into the currency of denomination of the relevant Class for the purposes of efficient portfolio

management and in order to hedge the currency exposure of a Fund where the Fund invests in assets denominated in currencies other than the Base Currency. In addition, a Class designated in a currency other than the Base Currency may be hedged against exchange rate fluctuation risks between the designated currency of the Class and the Base Currency. Any financial instruments used to implement such strategies with respect to one or more Classes shall be assets/liabilities of the Fund as a whole but will be attributable to the relevant Class(es) and the gains/losses on, and the costs of, the relevant financial instruments will accrue solely to the relevant Class. However, investors should note that there is no segregation of liability between Share Classes.

Where a Class of Shares is to be currency hedged, this will be disclosed in the Supplement for the Fund in which such Class is issued. Any currency exposure of a Class may not be combined with or offset against that of any other Class of a Fund. The currency exposure of the assets attributable to a Class must be allocated to the Class being hedged and may not be allocated to other Classes. Where the Investment Manager seeks to hedge against currency fluctuations, while not intended, this could result in over-hedged or under-hedged positions due to external factors outside the control of the Company. However, over-hedged positions will not exceed 105% of the Net Asset Value and hedged positions will be kept under review to ensure that over-hedged positions do not exceed the permitted level which review will also incorporate a procedure to ensure that positions in excess of 100% of Net Asset Value will not be carried forward from month to month. To the extent that hedging is successful for a particular Class, the performance of the Class is likely to move in line with the performance of the underlying assets (before taking account of any relevant hedging fees or costs), with the result that investors in that Class will not gain/ lose if the Class currency falls/ rises against the Base Currency.

#### 5.13 Miscellaneous

Where the Directors consider it to be in the best interests of Shareholders, the Company on behalf of a Fund may grant a security interest over some or all of the assets of the Fund in connection with any borrowing, securities lending activity or OTC derivatives entered into by the Company on behalf of a Fund.

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## 6 Risk Factors

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### 6.1 General

The discussion below is of general nature and is intended to describe various risk factors which may be associated with an investment in the Shares of a Fund to which the attention of investors is drawn. See also the section of the relevant Supplement for a discussion of any additional risks particular to Shares of that Fund. However, these are not intended to be exhaustive and there may be other considerations that should be taken into account in relation to an investment. Investors should consult their own advisors before considering an investment in the Shares of a particular Fund. What factors will be of relevance to the Shares of a particular Fund will depend upon a number of interrelated matters including, but not limited to, the nature of the Shares, the Reference Index or Reference Asset (if applicable), the investments and assets of the Fund and the techniques used to link the investments and assets of the Fund to the Reference Index or Reference Asset (if applicable).

No investment should be made in the Shares of a particular Fund until careful consideration of all those factors has been made.

The investments of the Company in securities are subject to normal market fluctuations and other risks inherent in investing in securities. **The value of investments and the income from them, and therefore the value of and income from Shares relating to each Fund,**

**can go down as well as up and an investor may not get back the amount he invests.** Changes in exchange rates between currencies or the conversion from one currency to another may also cause the value of the investments to diminish or increase. **Due to the Subscription Charge and/or Redemption Charge and any Primary Market Transaction Costs which may be payable on the Shares, an investment in Shares (where such charges are levied) should be viewed as a medium to long term investment. An investment in a Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.**

Risk factors may occur simultaneously and/or may compound each other resulting in an unpredictable effect on the value of the Shares. No assurance can be given as to the effect that any combination of risk factors may have on the value of the Shares.

**Achievement of Investment Objective:** There is no assurance that any Fund will achieve its investment objective. The following are some, but not necessarily all, of the factors which may result in the value of the Shares varying from the value of the Reference Index or Reference Asset: investments in assets other than the constituents of the Reference Index or Reference Asset may give rise to delays or additional costs and taxes compared to an investment in the constituents of the Reference Index or Reference Assets; investment or regulatory constraints may affect the Company but not the constituents of the Reference Index or Reference Asset; the fluctuation in value of Fund's assets; and the existence of a cash position held by a Fund.

**Segregation of Liability:** Under the provisions of the Companies Act, the Directors shall maintain for each Fund a separate portfolio of assets. As between Shareholders, each portfolio of assets shall be invested for the exclusive benefit of the relevant Fund. The Shareholders shall only be entitled to the assets and profits of that Fund in which they participate. The Company shall be considered one single legal entity. With regard to third parties, in particular towards the Company's creditors, the Company shall be responsible for all liabilities incurred by a Fund exclusively based on the assets of this relevant Fund. Among the Shareholders, the liabilities of each Fund shall only be incurred to the respective Fund. While the provisions of the Companies Act provide for segregated liability between Funds, these provisions have yet to be tested in foreign courts, in particular, in satisfying local creditors' claims. Accordingly, it is not free from doubt that the assets of any Fund of the Company may not be exposed to the liabilities of other Funds of the Company. As at the date of this Prospectus, the Directors are not aware of any existing or contingent liability of any Fund of the Company.

**Legal and Regulatory:** The Company must comply with regulatory constraints or changes in the laws affecting it, the Shares, or the Investment Restrictions, which might require a change in the investment policy and objectives followed by a Fund. A Fund's assets may also be subject to change in laws or regulations and/or regulatory action which may affect their value.

**Listing:** There can be no certainty that a listing on any stock exchange applied for by the Company will be achieved and/or maintained or that the conditions of listing will not change. Further, trading in Shares on a Relevant Stock Exchange may be halted pursuant to that Relevant Stock Exchange's rules due to market conditions and investors may not be able to sell their Shares until trading resumes.

**Nominee Arrangements:** Where an investor holds Shares via a nominee or intermediary, or holds interests in Shares through a Clearing Agent, such Shareholder will typically not appear on the Register of the Company and may not therefore be able to exercise voting or other rights available to those persons appearing on the Register.

**Political Factors, Emerging Market and Non-OECD Member State Assets:** The performance of the Shares and/or the possibility to purchase, sell, or redeem the Shares may be affected by changes in general economic conditions and uncertainties such as political developments, changes in government policies, the imposition of restrictions on the transfer of

capital and changes in regulatory requirements. Such risks can be heightened in investments in, or relating to, emerging markets or non-OECD member states. In addition, local custody services remain underdeveloped in many non-OECD and emerging market countries and there is a transaction and custody risk involved in dealing in such markets. In certain circumstances, a Fund may not be able to recover or may encounter delays in the recovery of some of its assets. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in emerging markets or non-OECD member states, may not provide the same degree of investor information or protection as would generally apply to major markets.

**Changes in the UK Political Environment:** Changes in the UK political environment following the UK's decision by referendum to exit from the EU has led to political, legal, tax and economic uncertainty. This may impact general economic conditions in the UK and various other countries. It is not yet clear whether and to what extent EU regulations remain applicable or will be replaced by different UK regulations with respect to the activities of each Fund's Investment Manager following a UK exit from the EU or what legal or cooperation arrangements the UK may put in place with the EU, but it is possible that UK investors may be subject to fewer regulatory protections than would otherwise be the case. A UK exit may adversely affect the Investment Manager's ability to access markets, make investments, attract and retain employees or enter into agreements (on its own behalf or on behalf of the Company or the Funds) or continue to work with non-UK counterparties and service providers, all of which may result in increased costs to the Company and the Funds. UK based investors may no longer be allowed to invest in the Company or suffer negative consequences from an investment in the Company.

**Eurozone Crisis:** As a result of the crisis of confidence in the markets which has caused bond yield spreads (the cost of borrowing in the debt capital markets) and credit default spreads (the cost of purchasing credit protection) to increase, most notably in relation to certain Eurozone countries, certain countries in the EU have had to accept "bailouts" from banks and lines of credit from supra-governmental agencies such as the International Monetary Fund (the "IMF") and the recently created European Financial Service Facility (the "EFSF"). The European Central Bank (the "ECB") has also been intervening to purchase Eurozone debt in an attempt to stabilise markets and reduce borrowing costs. In December 2011, leaders of the countries in the Eurozone, as well as the leaders of certain other countries in the EU, met in Brussels and agreed a "fiscal compact" which includes a commitment to a new fiscal rule, to be introduced into the legal systems of the relevant countries, as well as acceleration of the entry into force of the European Stability Mechanism treaty.

Notwithstanding the measures described above, and future measures which may be introduced, it is possible that a country may leave the Eurozone and return to a national currency, and as a result may leave the EU and/or that the Euro, the European single currency, will cease to exist in its current form and/or lose its legal status in one or more countries in which it currently has such status. The effect of such potential events on the Funds which are denominated in Euro or which invest in instruments predominantly tied to Europe is impossible to predict.

**Operational Risks (including Cyber Security and Identity Theft):** An investment in a Fund, like any fund, can involve operational risks arising from factors such as processing errors, human errors, inadequate or failed internal or external processes, failure in systems and technology, changes in personnel, infiltration by unauthorised persons and errors caused by service providers such as the Investment Manager or the Administrator. While the Funds seek to minimise such events through controls and oversight, there may still be failures that could cause losses to a Fund.

The Investment Manager, Administrator and Depositary (and their respective groups) each maintain appropriate information technology systems. However, like any other system, these systems could be subject to cyber security attacks or similar threats resulting in data security

breaches, theft, a disruption in the Investment Manager's, Administrator's and/or Depository's service or ability to close out positions and the disclosure or corruption of sensitive and confidential information. Notwithstanding the existence of policies and procedures designed to detect and prevent such breaches and ensure the security, integrity and confidentiality of such information as well as the existence of business continuity and disaster recovery measures designed to mitigate any such breach or disruption at the level of the Company and its delegates, such security breaches may potentially also result in loss of assets and could create significant financial and or legal exposure for the Company.

**Fund Expenses:** Returns on Shares will be net of all fees and expenses incurred in the establishment and ongoing running of the relevant Fund and may not be directly comparable to the yields which could be earned if any investment were instead made directly in the assets of the relevant Fund or the constituents of the Reference Index or the Reference Asset.

**Delivery Failure:** In some securities markets, deliveries of securities and other Fund Assets and payments therefor may not be or are not customarily made simultaneously. Further due to the nature of the investment policy and structuring of transactions involving the Fund Assets the deliveries of securities and payments may not be made simultaneously. The Depository or a sub-custodian may make or accept payment for or delivery of Fund Assets in such form and manner and shall not be contrary to the customs prevailing in the relevant market or among securities dealers or in accordance with the terms of the Depository Agreement. The Company shall bear the risk that:-(i) the recipient of Fund Assets delivered by the Depository or any sub-custodian may fail to make payment for or return such Fund Assets or hold such Fund Assets or the proceeds of their sale in trust for the Depository or the Company; and (ii) the recipient of payment for Fund Assets made by the Depository or any sub-custodian including without limitation amounts paid as premium or margin on derivatives contracts may fail to deliver the Fund Assets (such failure to include, without limitation, delivery of forged or stolen Fund Assets) or to return such payment, or hold such payment in trust for the Depository or the Company in each case whether such failure is total or partial or merely a failure to perform on a timely basis. Neither the Depository nor any sub-custodian shall be liable to the Company for any loss resulting from any of the foregoing events or from the liquidation, insolvency or bankruptcy of such recipient.

**Failure to Reproduce the Composition of a Reference Index or Reference Asset:** The intention is that each Fund will seek to achieve a return by tracking or replicating the relevant Reference Index or Reference Asset. Investors should, however, be aware that the Fund incurs expenses and fees which reduce returns accordingly, and that if and when dividends are paid by the issuers of the securities the Fund's income may be reduced by withholding taxes on such dividend, such taxes may not be reflected in the return on the Reference Index or Reference Asset concerned.

While the Company will, in the event of changes to the composition of the Reference Index or Reference Asset, seek to adjust the portfolio composition of the Fund, it should also be noted that a period of time generally elapses between any change in the composition of the Reference Index or Reference Asset and the corresponding adjustment being made to the composition of the Fund's portfolio.

To assist in the achievement of the investment objective, the Fund may also employ FDIs. However, prices of FDIs develop differently from the underlying securities. No guarantee can therefore be given that the return on the Fund concerned will at all times be identical to that of the Reference Index or Reference Asset.

**Interest and Exchange Rate Fluctuations:** An investment in the Shares may directly or indirectly involve exchange rate risk. Because the Net Asset Value of the Fund will be calculated in its Base Currency, the performance of any of its constituents denominated in another currency other than the Base Currency will also depend on the strength of such currency against the Base Currency. Equally, the currency denomination of any Fund Asset in another currency than the Base Currency will involve exchange rate risk for the Fund.

Furthermore, an investor will be subject to exchange rate risk where he invests in a Fund whose Base Currency is different to the functional currency of the investor.

Each Fund may, but is not obliged to, enter into hedging transactions on currencies to protect against a decline in the value of investments denominated in currencies other than the Base Currency, and against any increase in the cost of investments denominated in currencies other than the Base Currency; however there is no assurance that any such hedging transactions will be successful.

Fluctuations in interest rates of the country or region in whose currency or currencies the Shares, the Fund's Assets and/or the Reference Index or Reference Asset are denominated may affect financing costs and the real value of the Shares. Interest rates vary over time, and the Net Asset Value of a Fund invested in fixed-interest securities will change in response to fluctuations in interest rates (and credit spreads). For example, when interest rates decline the value of fixed-income securities can generally be expected to rise, and conversely, when interest rates rise, the value of fixed-income securities can generally be expected to decline.

**Securities Lending Arrangements and Repurchase Transactions:** The Company may engage in securities lending or Repurchase Transactions over a period of time with one or more counterparties, which could include an exclusive arrangement with a member of the UBS AG Group as the exclusive counterparty (as further described in the section above headed "Securities Lending Arrangements and Repurchase Transactions"). Collateral which meets the requirements of the Collateral Policy will be posted by the relevant counterparty. A default by the counterparty to such a securities lending arrangement or Repurchase Transaction, or a fall in the value of the Collateral posted in connection with such transactions below that of the value of the securities lent or the cash leg of the Repurchase Transaction may result in a reduction in the value of the relevant Fund and the Fund may suffer loss as a result. The Company will use reasonable endeavours to ensure that any Collateral transferred to it in connection with such transactions will be segregated from the bankruptcy estate of the counterparty and not available to the creditors of the counterparty. Shareholders are advised, however, that third parties may seek to challenge such segregation which, if successful, would result in a total loss of both the Collateral and the assets of the Fund that were lent or otherwise transferred. In the case of cash Collateral, as a matter of applicable law, such cash Collateral might not be held in a segregated manner in favour of the Company, which may result in a total loss of cash Collateral upon insolvency of the relevant counterparty.

**Reinvestment of Cash Collateral:** As a Fund may reinvest cash Collateral received, subject to the conditions and within the limits laid down by the Central Bank, a Fund reinvesting cash Collateral will be exposed to the risk associated with such investments, such as failure or default of the issuer of the relevant security.

**Collateral Risk:** Collateral or margin may be passed by the Fund to a counterparty or broker in respect of OTC FDI transactions. Assets deposited as collateral or margin with brokers may not be held in segregated accounts by the brokers and may therefore become available to the creditors of such brokers in the event of their insolvency or bankruptcy. Where collateral is posted to a counterparty or broker by way of title transfer, the collateral may be re-used by such counterparty or broker for their own purpose, thus, exposing the Fund to additional risk.

**SFTs, TRSs and Collateral Management Risk:** SFTs create several risks for the Company and its investors, including counterparty risk, if the counterparty to an SFT or TRS defaults on its obligation to return assets equivalent to the ones provided to it by the Company and liquidity risk if the Company is unable to liquidate collateral provided to it to cover a counterparty default (investors may be unable to redeem their interest in the Company if the Company is unable to liquidate the portfolio as a result of its exposure to illiquid assets).

Risks related to the counterparty's right of re-use of any collateral include that upon the exercise of such right of re-use, such assets will no longer belong to the Company and the Company will only have a contractual claim for the return of equivalent assets. In the event of insolvency of a counterparty the Company shall rank as an unsecured creditor and may not

recover its assets from the counterparty. More broadly, assets subject to a right of re-use by a counterparty may form part of a complex chain of transactions over which the Company or its delegates will not have any visibility or control.

Margin lending transactions are defined in SFTR as being transactions in which a counterparty extends credit in connection with the purchase, sale, carrying or trading of securities, but not including other loans that are secured by collateral in the form of securities (for example, credit lines in connection with futures trading). In the context of prime brokerage and other credit facilities that the Fund may utilise, it may be difficult to identify whether a particular transactions falls within the definition of SFT or not.

In respect of TRSs, if the volatility or expectation of volatility of the reference asset(s) varies, the market value of the financial instruments may be adversely affected. A Fund will be subject to the credit risk of the counterparty to the swap, as well as that of the issuer of the reference obligation, and the documentation risk associated with these instruments. The Company generally will have no right to directly enforce compliance by the issuer of the reference obligation with the terms of that obligation, and will not have any rights of set-off against the issuer.

**Investments in Small and Mid-Cap Companies:** The equity securities of smaller and mid-cap companies tend to be more volatile and less liquid than the equity securities of large companies. As smaller companies may experience more market price volatility than equity securities of larger companies, the Net Asset Value of any Funds which invest in such companies may reflect this volatility. Smaller companies, as compared with larger companies, may have a shorter history of operations, may not have as great an ability to raise additional capital, may have a less diversified product line making them susceptible to market pressure and may have a smaller public market for their shares.

Investment in such companies may involve relatively higher investment costs and accordingly investment in a Fund which invests in smaller and mid-cap companies should be viewed as a long-term investment. Such a Fund may however dispose of an investment made by it within a relatively short period of time, for example, to meet requests for redemption of shares.

**Corporate Bonds:** A corporate bond-focused Fund may invest in, or otherwise gain exposure to, corporate bonds from companies with a range of credit worthiness. A default by the issuer of a bond may result in a reduction in the value of that Fund.

Although a Fund will invest in bonds that invest and trade in the secondary market, the secondary market for corporate bonds can often be illiquid and therefore it may be difficult to achieve fair value on purchase and sale transactions.

**Covered Bonds:** Where a Fund invests in, or otherwise gains exposure to, covered bonds, such covered bonds will generally be of a higher quality than comparable uncovered bonds, however there is no guarantee that such covered bonds will be free from counterparty default.

**Government Bonds:** Although a government bond-focused Fund will invest in, or otherwise gain exposure to, government bonds that invest and trade in the secondary market, the secondary market for government bonds or government-issued inflation linked bonds can become illiquid and therefore it may be more difficult to achieve fair value on purchase and sale transactions.

**Structured Finance and Other Securities:** A Fund may be exposed directly or indirectly to Structured Finance Securities and other assets which involve substantial financial risk, including distressed debt and low quality credit securities, asset-backed securities and credit-linked securities. These securities may entail a higher liquidity risk than exposure to sovereign or corporate bonds. The Fund's primary credit risk would be to the issuer of the Structured Finance Security.

**Concentration Risk:** If the Reference Index or Reference Asset of a Fund concentrates in a particular industry, group of industries or sector, that Fund may be adversely affected by the

performance of those securities and may be subject to price volatility. In addition, a Fund that concentrates in a single industry or group of industries may be more susceptible to any single economic, market, political or regulatory occurrence affecting that industry or group of industries.

**Leverage Risk:** The Fund Assets, Reference Index or Reference Asset and the derivative techniques used to link the two may comprise elements of leverage (or borrowings) which may potentially magnify losses and may result in losses greater than the amount borrowed or invested.

**Capital Erosion Risk:** Certain Funds and Share Classes may have as the priority objective the generation of income rather than capital. Investors should be noted that the focus on income and the charging of investment management fees and any other fees to capital may erode capital and diminish the Fund's ability to sustain future capital growth. In this regard, distributions made during the life of the Fund or an applicable Share Class should be understood as a type of capital reimbursement.

**Share Subscriptions and Redemptions:** Provisions relating to the subscription and redemption of Shares grant the Company discretion to limit the amount of Shares available for subscription or redemption on any Dealing Day and, in conjunction with such limitations, to defer or pro rata such subscription or redemption. In addition, where requests for subscription or redemption are received late, there will be a delay between the time of submission of the request and the actual date of subscription or redemption. Such deferrals or delays may operate to decrease the number of Shares or the redemption amount to be received.

**Subscriptions/Redemptions Account:** The Company operates a Subscriptions/Redemptions Account for all of the Funds. Monies in the Subscriptions/Redemptions Account are deemed assets of the respective Funds and shall not have the protection of the Investor Money Regulations. There is a risk for investors to the extent that monies are held by the Company in the Subscriptions/Redemptions Account for the account of a Fund at a point where such Fund (or another Fund of the Company) becomes insolvent. In respect of any claim by an investor in relation to monies held in the Subscriptions/Redemptions Account, the investor shall rank as an unsecured creditor of the Company.

**Index Licences:** Investors should note that there may be instances where, under the terms of an index licence agreement between the Manager and an Index Provider (relating to a Reference Index), the Index Provider has limited or excluded its liability under such index licence agreement. In such circumstances, and for example where an Index Provider miscalculates the value or level of a Reference Index, the Fund and/or Shareholders may have no recourse against the relevant Index Provider and as a result Shareholders in the relevant Fund may incur a loss.

**Index calculation risk:** the values of Reference Indices are calculated and published on a regular basis by the respective Index Provider or their delegates, and the published values can form an integral part of the value of the Swap Agreement and consequently of the Net Asset Value of the Fund. Investors are therefore subject to the risk that the levels of the Reference Indices are calculated or published incorrectly or inaccurately. In situations where, subsequent to the initial publication of the levels for any day and subsequent to the release of the Net Asset Value for that day, the levels of the Reference Indices are revised, the Net Asset Value of the Fund for that day will not be amended to reflect the new levels of the Reference Indices.

**Short Selling Risk:** Although the UCITS Regulations prohibit the short selling of physical securities, UCITS are permitted to create synthetic short positions through the use of FDIs. A short sale means any sale of a security which the seller does not own at the time of entering into the agreement to sell including such a sale where at the time of entering into the agreement to sell the seller has borrowed or agreed to borrow the security for delivery at

settlement. The seller sells the borrowed or agreed to be borrowed securities in anticipation of a decline in price of the relevant security. The benefit to the seller where the value of the security declines is the difference between the price at which the security is sold and the cost of repurchasing the borrowed security in order to return it to the person from whom it was borrowed. A synthetic short position allows a fund to achieve a similar economic outcome without short selling the physical securities.

Synthetic short selling may be achieved through the use of a variety of FDIs including contracts for differences, futures and options. Please refer to the section 'Use of Financial Derivative Instruments' for further details in relation to the risks attached to trading each of these FDIs.

#### *Short Selling Regulations*

Pursuant to the EU Short Selling Regulation 236/2012 (the "SSR"), information on net short positions, in shares admitted to trading on a trading venue in the EU (except where the principal trading venue of that instrument is outside the EU) or sovereign debt issued by a Member State or the EU, is required to be notified to the relevant competent authority as prescribed in the SSR and the delegated regulations adopted by the European Commission to supplement the SSR. In brief, under the SSR, a short position may be generated either by the short selling of physical shares or sovereign debt or by entering into a transaction relating to a financial instrument, other than shares or sovereign debt, where the effect is to confer a financial advantage on the person entering in to the transaction in the event of a decrease in the price or value of the relevant share or sovereign debt instrument. The term 'financial instrument' is defined by reference to Annex I, section C of the Markets in Financial Instruments Directive (**MiFID**) and includes transferable securities, money market instruments, units in collective investment schemes and a broad range of derivatives referencing various underlying investments. Accordingly, the SSR notification requirements cover net short positions created by the use of FDIs such as options, futures, index-related instruments, contracts for differences and spread bets relating to shares or sovereign debt.

The SSR and the delegated regulations set out the deadlines by which notifications of net short positions must be made to the relevant competent authority and the thresholds at which a notification requirement is triggered. The thresholds, in the case of shares, are set by reference to the value of the short position relative to the issued share capital of the issuer and, in the case of sovereign debt, by reference to the total amount of outstanding issued sovereign debt. Depending on the value of the short position, notifications may constitute private notifications to the relevant competent authority or public disclosure where information on net short positions notified will be available to the public.

In order to comply with the SSR, where a Fund is engaging in synthetic shorting of shares or sovereign debt, the Company must be aware of the notification and disclosure obligations under the SSR. Failure to adhere to the notification and disclosure requirements under the SSR could result in losses to the Company.

Compliance with the SSR and the delegated regulations may represent a significant increase in the administrative burden on the Company in respect of Funds impacted by the SSR with inevitable adverse cost implications.

#### **Use of Financial Derivative Instruments:**

*General:* The Fund may use derivative techniques to track the performance of the Reference Index. While the prudent use of such derivatives can be beneficial, derivatives also involve risks which, in certain cases, can be greater than the risks presented by investing directly in the constituents of the Reference Index or Reference Asset. There may be transaction costs associated with the use of derivatives.

*Control and Monitoring:* Derivative products are highly specialised instruments that require investment techniques and risk analysis different from those associated with equity and fixed

income securities. The use of derivative techniques requires an understanding not only of the relevant Reference Index or Reference Asset but also of the derivative itself. In particular, the use and complexity of derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to a Fund and the ability to forecast the relative price, interest rate or currency rate movements correctly.

*Liquidity Risk:* Liquidity risk exists when a particular instrument is difficult to purchase or sell. If a derivative transaction is particularly large or if the relevant market is illiquid as is the case with many privately negotiated derivatives, it may not be possible to initiate a transaction or liquidate a position at an advantageous price, or at all.

*Credit Risk and Counterparty Risk:* The Company on behalf of a Fund may enter into transactions in "over-the-counter" markets, which will expose the Fund to the credit risk of its counterparties with whom they transact or place margins or Collateral in respect of such transactions and their ability to satisfy the terms of such contracts, and could result in the relevant Fund suffering a loss thereon. For example, the Company on behalf of the Fund may enter into securities lending arrangements and Repurchase Transactions, forward contracts, options and swap arrangements or other derivative techniques, each of which exposes the Fund to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of the bankruptcy or insolvency of a counterparty, the Fund could experience delays in liquidating the position and significant losses, including declines in the value of its investment during the period in which the Company seeks to enforce its rights, inability to realise any gains on its investment during such period and fees and expenses incurred in enforcing its rights. There is also a possibility that the above agreements and derivative techniques are terminated due, for instance, to bankruptcy, supervening illegality or change in the tax or accounting laws relative to those at the time the agreement was originated. In such circumstances, investors may be unable to recover any losses incurred.

*Other Risks:* Other risks in using derivatives include the risk that there are differing valuations for such derivatives arising out of different permitted valuation methods. Many derivatives, in particular OTC derivatives, are complex and often valued subjectively and the valuation can only be provided by a limited number of market professionals which often are acting as counterparties to the transaction to be valued. Inaccurate valuations can result in increased cash payment requirements to counterparties or a loss of value to a Fund. The value of any OTC derivatives shall be the value obtained from the Approved Counterparty or the Administrator and shall be valued daily. Such valuations will be approved or verified at least weekly by a party independent of the Approved Counterparty as determined by the Board of Directors and approved by the Depositary. Alternatively, the valuation methodology explained in Section 7.2 could be used. Derivatives do not always perfectly or even highly correlate or replicate the value of the securities, rates or indices they are designed to replicate. Consequently, a Fund's use of derivative techniques may not always be an effective means of, and sometimes could be counterproductive to, implementing such Fund's investment objective.

Investors should note that where an OTC derivative is terminated and the Directors and the Investment Manager decide to invest in a new OTC derivative in its place, the terms of the new OTC derivative may be different and in some cases less favourable than the terms of the previous OTC derivative.

*EPM Risk:* The Company on behalf of a Fund may employ techniques and instruments relating to Transferable Securities, Money Market Instruments and/or other financial instruments in which it invests for efficient portfolio management purposes. Many of the risks attendant in utilising derivatives, as disclosed in the section entitled "Use of Derivatives" above, will be equally relevant when employing such efficient portfolio management techniques. In addition to the sub-section entitled "General", particular attention is drawn to the sub-sections entitled "Credit Risk and Counterparty Risk" and "Securities Lending Arrangements and Repurchase Transactions". Investors should also be aware that from time

to time, a Fund may engage with Repurchase Transaction and other financial derivative contracts' counterparties and/or securities lending agents that are related parties to the Depository or other service providers of the Company. Such engagement may on occasion cause a conflict of interest with the role of the Depository or other service provider in respect of the Company. Please refer to section 13.2 "Fund Transactions and Conflicts of Interest" for further details on the conditions applicable to any such related party transactions. The identity of any such related parties will be specifically identified in the Company's semi-annual and annual reports.

*Absence of Regulation; Counterparty Risk:* In general, there is less government regulation and supervision of transactions in the OTC markets (in which currencies, spot and option contracts, certain options on currencies and swaps are generally traded) than of transactions entered into on recognised exchanges (as referred to in the Prospectus). OTC derivatives lack transparency as they are privately negotiated contracts and any information concerning them is usually only available to the contracting parties. While measures are being introduced under Regulation (EU) No 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories ("**EMIR**") that aim to mitigate risks involved in investing in OTC derivatives and improve transparency, these types of investments continue to present challenges in clearly understanding the nature and level of risks involved. In addition, many of the protections afforded to participants on some exchanges, such as the performance guarantee of an exchange clearing house, might not be available in connection with OTC transactions.

OTC derivatives are generally not regulated. OTC derivatives are non-exchange traded option agreements, which are specifically tailored to the needs of an individual investor. These options enable the user to structure precisely the date, market level and amount of a given position. The counterparty for these derivatives will be the specific firm involved in the transaction rather than an exchange, and accordingly the bankruptcy or default of a counterparty with which the Company on behalf of a Fund trades OTC derivatives could result in substantial losses to that Fund. In addition, a counterparty may refrain from settling a transaction in accordance with its terms and conditions because the contract is not legally enforceable or because it does not accurately reflect the intention of the parties or because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing that Fund to suffer a loss. To the extent that a counterparty defaults on its obligation and that Fund is delayed or prevented from exercising its rights with respect to the investments in its portfolio, it may experience a decline in the value of its position, lose income and incur costs associated with asserting its rights. Regardless of the measures that Fund may implement to reduce counterparty credit risk, however, there can be no assurance that a counterparty will not default or that the Fund will not sustain losses on the transactions as a result. Counterparty exposure will be in accordance with that Fund's investment restrictions.

#### **Risks related to SFTs, TRSs and collateral management**

Any assets received by a Fund from a counterparty on a title transfer basis (whether in respect of an OTC derivatives transaction, SFT, TRS or otherwise) shall be held by the Depository or a sub-custodian. For other types of collateral arrangements, the collateral may be held with a third party depository which is unrelated to the collateral provider.

Assets provided by a Fund on a title transfer basis no longer belong to the Fund and pass outside the custodial network. Such counterparty may use those assets at its absolute discretion. Assets provided to a counterparty other than on a title transfer basis shall be held by the Depository or a sub-custodian of the Depository.

Pursuant to Regulation 24(4) of the Central Bank Regulations, the Company may not re-use any non-cash collateral it receives. Any cash collateral received by the Company may only be re-invested in accordance with the Central Bank Regulations (briefly in highly liquid government bonds, short term money market funds, deposits with qualifying credit institutions

or reverse repurchase agreements with qualifying credit institutions, provided the Company is able to recall at any time the full amount of cash on an accrued basis.

Any profits and losses under SFTs and TRS will be for the account of the relevant Fund. SFTs and TRS may be subject to costs, which shall be at normal commercial rates, including fees and spreads payable to third parties unaffiliated to the Investment Manager or which may include entities affiliated to the Company/Investment Manager, and any such expenses will be borne by the relevant Fund.

## 6.2 Depositary Risk

If a Fund invests in assets that are financial instruments that can be held in custody ("Custody Assets"), the Depositary is required to perform full safekeeping functions and will be liable for any loss of such assets held in custody unless it can prove that the loss has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary. In the event of such a loss (and the absence of proof of the loss being caused by such an external event), the Depositary is required to return identical assets to those lost or a corresponding amount to the Fund without undue delay.

If a Fund invests in assets that are not financial instruments that can be held in custody ("Non-Custody Assets"), the Depositary is only required to verify the Fund's ownership of such assets and to maintain a record of those assets which the Depositary is satisfied that the Fund holds ownership of. In the event of any loss of such assets, the Depositary will only be liable to the extent the loss has occurred due to its negligent or intentional failure to properly fulfil its obligations pursuant to the Depositary Agreement.

As it is likely that the Funds may each invest in both Custody Assets and Non-Custody Assets, it should be noted that the safekeeping functions of the Depositary in relation to the respective categories of assets and the corresponding standard of liability of the Depositary applicable to such functions differs significantly.

The Funds enjoy a strong level of protection in terms of Depositary liability for the safekeeping of Custody Assets. However, the level of protection for Non-Custody Assets is significantly lower. Accordingly, the greater the proportion of a Fund invested in categories of Non-Custody Assets, the greater the risk that any loss of such assets that may occur may not be recoverable. While it will be determined on a case-by-case whether a specific investment by the Fund is a Custody Asset or a Non-Custody Asset, generally it should be noted that derivatives traded by a Fund over-the-counter will be Non-Custody Assets. There may also be other asset types that a Fund invests in from time to time that would be treated similarly. Given the framework of Depositary liability under UCITS V, these Non-Custody Assets, from a safekeeping perspective, expose the Fund to a greater degree of risk than Custody Assets, such as publicly traded equities and bonds.

## 6.3 Secondary Market Trading Risk

Even though the Shares are to be listed on one or more Relevant Stock Exchanges, there can be no certainty that there will be liquidity in the Shares on any Relevant Stock Exchange or that the market price at which the Shares may be traded on a Relevant Stock Exchange will be the same as or approximately equal to the Net Asset Value per Share. However, as the Shares may be dealt in by means of subscription and redemption, the Directors consider that large discounts or premiums in the Net Asset Value of a Fund would not be sustainable. There can be no guarantee that once the Shares are listed on a Relevant Stock Exchange they will remain listed or that the conditions of listing will not change.

Trading in Shares on a Relevant Stock Exchange, or the requirement for market makers to make two way prices on a Relevant Stock Exchange, may be halted or suspended due to market conditions, or because the Relevant Stock Exchange considers that trading in the

Shares is inadvisable, or the discontinuance in the calculation or publication of the Reference Index or Reference Asset or a component thereof, or otherwise pursuant to the Relevant Stock Exchange's rules. If trading on a Relevant Stock Exchange is halted or suspended, investors in Shares may not be able to sell their Shares until trading resumes however such investors should be able to apply to the Company to redeem Shares in accordance with the provisions set out below.

#### 6.4 Taxation

Investors in the Shares should be aware that they may suffer income tax, withholding tax, capital gains tax, wealth tax, stamp taxes or any other kind of tax on distributions or deemed distributions of the Fund, capital gains within the Fund whether realised or unrealised, income received or accrued or deemed received within the Fund etc., subject to the laws and practices of the country where the Shares are purchased, sold, held or redeemed and subject to the country of tax residence or nationality of the Shareholder.

Investors should be aware of the fact that taxes may be calculated based on income received and/or deemed to be received and/or accrued in the Fund in relation to the assets of a Fund, whereas the performance of the Fund, and subsequently the return investors receive after redemption of the Shares, might partially or fully depend on the performance of the Reference Index or Reference Asset.

Investors who are in any doubt as to their tax position should consult their own independent tax advisors. In addition, investors should be aware that tax regulations and their application or interpretation by the relevant taxation authorities' change from time to time. Accordingly, it is not possible to predict the precise tax treatment, which will apply at any given time.

#### 6.5 FATCA

The United States and Ireland have entered into an inter-governmental agreement to implement FATCA (the "IGA"). Under the IGA, an entity classified as a Foreign Financial Institution (an "FFI") that is treated as resident in Ireland is expected to provide the Revenue Commissioners with certain information on Shareholders. The IGA provides for the automatic reporting and exchange of information in relation to accounts held in Irish "financial institutions" by U.S. Persons, and the reciprocal exchange of information regarding U.S. financial accounts held by Irish residents. Provided the Company complies with the requirements of the IGA and the Irish legislation, it should not be subject to FATCA withholding on any payments it receives and may not be required to withhold on payments which it makes.

Although the Company will attempt to satisfy any obligations imposed on it to avoid the imposition of the FATCA withholding tax, no assurance can be given that the Company will be able to satisfy these obligations. In order to satisfy its FATCA obligations, the Company will require certain information from investors in respect of their FATCA status. If the Company becomes subject to a withholding tax as a result of the FATCA regime, the value of the Shares held by all Shareholders may be materially affected.

All prospective investors and Shareholders should consult with their own tax advisors regarding the possible implications of FATCA on an investment in the Company and the Funds.

## 6.6 CRS

Ireland has provided for the implementation of CRS through section 891F of the TCA and the enactment of the Returns of Certain Information by Reporting Financial Institutions Regulations 2015 (the "CRS Regulations").

The CRS, which applies in Ireland from 1 January 2016, is a global OECD tax information exchange initiative which is aimed at encouraging a coordinated approach to disclosure of income earned by individuals and organisations.

The Company is a Reporting Financial Institution for CRS purposes and will be required to comply with the Irish CRS obligations. In order to satisfy its CRS obligations, the Company will require its investors to provide certain information in respect of their tax residence and may, in some cases, require information in relation to the tax residence of the beneficial owners of the investor. The Company, or a person appointed by the Company, will report the information required to the Revenue Commissioners by 30 June in the year following the year of assessment for which a return is due. The Revenue Commissioners will share the appropriate information with the relevant tax authorities in participating jurisdictions.

All prospective investors / shareholders should consult with their own tax advisors regarding the possible CRS implications of an investment in the Company.

## 6.7 Section 871(m)

Section 871(m) of the US Tax Code requires withholding (up to 30%, depending on whether a treaty applies) on certain financial instruments to the extent that the payments or deemed payments on the financial instruments are contingent upon or determined by reference to U.S.-source dividends. Under U.S. Treasury Department regulations, certain payments or deemed payments to the Company with respect to certain equity-linked instruments that reference U.S. stocks may be treated as dividend equivalents that are subject to U.S. withholding tax at a rate of 30% (or lower treaty rate). Under these regulations, withholding may be required even in the absence of any actual dividend-related payment or adjustment made pursuant to the terms of the instrument. If the Company becomes subject to a withholding tax as a result of 871(m), the value of the Shares held by the Shareholders may be materially affected. All prospective investors/Shareholders should consult with their own tax advisors regarding the possible implications of 871(m) on an investment in the Company.

## 6.8 Consequences of winding-up proceedings

If the Company fails for any reason to meet its obligations or liabilities, or is unable to pay its debts, a creditor may be entitled to make an application for the winding-up of the Company. The commencement of such proceedings may entitle creditors (including Approved Counterparties) to terminate contracts with the Company (including FDIs) and claim damages for any loss arising from such early termination. The commencement of such proceedings may result in the Company being dissolved at a time and its assets (including the assets of all Funds) being realised and applied to pay the fees and expenses of the appointed liquidator or other insolvency officer, then in satisfaction of debts preferred by law and then in payment of the Company's liabilities, before any surplus is distributed to the Shareholders of the Company. In the event of proceedings being commenced, the Company may not be able to pay the full amounts anticipated by the Supplement in respect of any Fund.

## 6.9 Potential Conflicts of Interest

The Promoter, the Directors, the Manager, the Investment Manager, the Depositary, the Administrator, the Registrar, the Index Provider, the Distributor, any Approved Counterparty, the Calculation Agent under any FDI, any counterparty to securities lending arrangements and Repurchase Transactions, any Shareholder, any Authorised Participant or market maker which has been appointed to offer prices for the Shares on any Relevant Stock Exchange on

which the Classes to which the Shares belong are listed (for the purposes hereof, a "**Market Maker**") and any of their respective subsidiaries, Affiliates, associates, agents or delegates (for the purposes hereof, "**Connected Persons**" and each a "**Connected Person**") may undertake activities which may give rise to potential conflicts of interest, including but not limited to:

- (a) enter into any financial, banking or other transactions or arrangements with one another or with the Company including, without limitation, investment by the Company in securities of any Connected Person, or investment by any Connected Person in any company or body any of whose investments form part of the assets of the Company, or be interested in any such contracts or transactions;
- (b) invest in and deal in Shares relating to any Fund, and shares, securities, assets or any property of the kind included in the property of the Company for their respective individual accounts or for the account of a third party; and
- (c) deal as agent, principal or counterparty in the sale or purchase of securities and other investments (including foreign exchange, FDI and securities lending and Repurchase Transactions) to or from the Company.
- (d) Any assets of the Fund in the form of cash or securities may be deposited, subject to the provisions of the Central Bank Acts, 1942 to 1998, of Ireland as amended by the Central Bank and Financial Services Regulatory Authority of Ireland Acts, 2003 to 2004, with any Connected Person. Any assets of the Fund in the form of cash may be invested in certificates of deposit or banking investments issued by any Connected Person. Banking or similar transactions may also be undertaken with or through a Connected Person.

#### 6.10 Disruption Events

Upon the occurrence of a Disruption Event (including an Index Disruption and Adjustment Event as defined below, and without limitation to the Directors' personal powers as further described herein):

- (a) to the extent that the Fund has entered into FDIs, an Approved Counterparty (whether acting as the relevant Calculation Agent or otherwise) may either (i) terminate one or more of the relevant FDIs, or (ii) adjust the terms of the relevant FDIs held by the Fund to account for such event, including adjustment to or substitution of the Reference Index, the calculation of the Reference Index level or the valuation of the FDI (and, provided that the Investment Manager (and where appropriate the Approved Counterparty) considers that it is commercially reasonable to do so, the relevant Fund may continue to operate by using such formula for and method of calculating the Reference Index level last in effect prior to the occurrence of any such event with such adjustments as the Investment Manager may deem necessary for the purpose of continuing the operation of the relevant Fund), and such adjustment(s) may have a positive or negative impact on the Net Asset Value of the relevant Fund; and/or
- (b) the Directors may temporarily suspend the calculation of the Net Asset Value and any subscription, redemption and exchange of Shares and payment of redemption proceeds in accordance with the provisions under the section 7.3 "Suspension of Calculation of Net Asset Value"; and/or
- (c) if the Directors shall have resolved that it is impracticable or inadvisable for a Fund to continue to operate having regard to the market conditions (taking into account such

disruption or adjustment events and the best interests of the Shareholders), the Directors shall terminate the Fund.

Any change of a Reference Index shall be subject to (i) the prior approval of the Shareholders of the relevant Fund by ordinary resolution; or (ii) shall be notified to Shareholders in the circumstances set out in Section 4.3(g) above.

Certain events ("**Index Disruption and Adjustment Events**") may occur with respect to a Reference Index or the ability of an Approved Counterparty to perform its obligations under one or more derivative contracts. These events include, but are not limited to, those items in section 4.3 above and the events below:

- (i) the Reference Index is deemed to be inaccurate or does not reflect actual market developments;
- (ii) the Reference Index is permanently cancelled by the Index Provider;
- (iii) the Index Provider fails to calculate and announce the Reference Index level;
- (iv) the Index Provider makes a material change in the formula for or the method of calculating the Reference Index (other than a modification prescribed in that formula or method to maintain the calculation of the Reference Index level in the event of changes in the constituent components and weightings and other routine events);
- (v) the licence to use and reference the Reference Index by the Company is terminated;
- (vi) it becomes impossible or commercially unreasonable, in the determination of the Investment Manager, for the Approved Counterparty to continue to perform its obligations under the derivatives;
- (vii) to the extent the Fund has entered into FDIs, and / or options or futures contracts on the Reference Index where (a) the costs associated with the Approved Counterparty hedging its liability and obligations under the relevant FDIs and / or options or futures contracts on the Reference Index increase; or (b) the ability of the Approved Counterparty to hedge its liability becomes impaired or commercially unreasonable or impracticable; or
- (viii) if any law shall be passed or change in law is implemented which renders it illegal, impracticable or inadvisable to (a) continue to reference or replicate the relevant Reference Index; or (b) for the Approved Counterparty to continue to perform its obligations under one or more derivative contracts.

The provisions in this Section 6.10 apply to Reference Assets in the same way as they apply to a Reference Index.

Further details of any risk factors which are applicable to a particular Fund are set out in the relevant Supplement. The risk factors set out in this Prospectus do not purport to be an exhaustive or complete explanation of all the risks. Investors should seek professional advice before investing.

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## **7 Issue and Redemption Prices/Calculation and Publication of Net Asset Value/Valuation of Assets**

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### **7.1 Issue and Redemption Prices/Calculation of Net Asset Value**

The Initial Issue Price for Shares of each Fund shall be the amount(s) set out in the Supplement for the relevant Fund.

The price at which Shares of any Fund will be issued on a Dealing Day, after the initial issue, is calculated by ascertaining the Net Asset Value of the relevant Fund (i.e. the value of the assets of the Fund having deducted the liabilities of the Fund therefrom) as at the Valuation Point for that Fund for the relevant Dealing Day. The Net Asset Value per Share of the relevant Fund is calculated by dividing the Net Asset Value of the relevant Fund by the total number of Shares in issue in the Fund at the relevant Valuation Point and rounding the result to up to four decimal places. Where applicable, the Net Asset Value per Share of each Class in a Fund is calculated by determining that portion of the Net Asset Value of the Fund which is attributable to the relevant Class and by dividing this sum by the total number of Shares of the relevant Class in issue at the relevant Valuation Point and rounding the resulting amount to up to four decimal places. If a Fund has more than one Class of Share, additional fees may be charged against certain Classes, and details of such fees will be set forth in the Supplement for the relevant Fund. This may result in the Net Asset Value per Share of each Class being different. The Valuation Point for each Fund is set out in the Supplement for the relevant Fund.

The price at which Shares will be issued on a Dealing Day is, subject as hereinafter provided, the Net Asset Value per Share of the relevant Class which is calculated in the manner described above. The Company may, in calculating such price, add to the Net Asset Value per Share of the relevant Class, for its own account, a charge sufficient to cover stamp duties, Transfer Taxes (if applicable) or other taxation (if any), fiscal and purchase charges (including but not limited to spreads and any transaction-driven custody charges) in respect of the issue of Shares in the relevant Fund (the "**Issue Price**"). Applicants may also be charged a Subscription Charge and/or Primary Market Transaction Costs as may be specified in the relevant Supplement.

The price at which Shares will be redeemed on a Dealing Day is, subject as hereinafter provided, the Net Asset Value per Share of the relevant Class which is calculated in the manner described above. The Company may, in calculating such price, deduct from the Net Asset Value per Share of the relevant Class, for its own account, a charge in respect of any fiscal and sales charges (including but not limited to spreads and any transaction-driven custody charges) or Transfer Taxes (if applicable) in respect of the redemption of Shares in the relevant Fund (the "**Redemption Price**"). Applicants may also be charged a Redemption Charge and/or Primary Market Transaction Costs as may be specified in the relevant Supplement.

In respect of the Primary Market Transaction Costs, the Directors or the Investment Manager as approved by the Directors may adjust the Issue Price and/or the Redemption Price by adding to or deducting from (as appropriate) the Issue Price per Share and/or the Redemption Price per Share such costs, for retention as part of the assets of the Fund. The Primary Market Transaction Costs will include dealing costs to preserve the value of the assets of the Fund.

## 7.2 Valuation of Assets

The Articles provide for the method of valuation of the assets and liabilities of each Fund which will be valued at the Valuation point as follows.

- (a) Assets listed or traded on a recognised exchange for which market quotations are readily available shall be valued at the closing or last known market price which for the purposes of the Company shall be understood to mean the closing mid-market price. Where a security is listed or dealt in on more than one recognised exchange, the relevant exchange or market shall be the principal or main stock exchange or market on which the security is listed or dealt on or the exchange or market which the Directors determine provides the fairest criteria in determining a value for the relevant investment.

- (b) The value of any investment which is not quoted, listed or dealt in on a Market, or of any investment which is normally quoted, listed or dealt in on a Market but in respect of which the closing price is currently unavailable or the current price of which does not in the opinion of the Directors represent fair market value, shall be the probable realisation value thereof estimated with care and in good faith by (i) the Directors or (ii) a competent person, firm or corporation (including the Investment Manager) selected by the Directors and approved for such purpose by the Depositary or (iii) any other means provided that the value is approved by the Depositary. In determining the probable realisation value of any such investment, a certified valuation thereof provided by a competent independent person or in the absence of any independent person, the Investment Manager, who in each case shall have been approved for such purposes by the Depositary, shall be sufficient. Where reliable market quotations are not available for fixed income securities, the value of such securities may be determined using matrix methodology compiled by the Directors or competent person (as approved by the Depositary) whereby such securities are valued by reference to the valuation of other securities which are comparable in rating, yield, due date and other characteristics.
- (c) The value of any investment listed on a Market but acquired or traded at a premium or at a discount outside the relevant Market may be valued taking into account the level of premium or discount as at the date of valuation of the investment and the Depositary must ensure the adoption of such a procedure is justifiable in the context of establishing the probable realisation value for the security.
- (d) Cash (in hand or deposit) and other liquid assets will be valued at their face value plus interest accrued, where applicable as at the Valuation Point.
- (e) Exchange-traded derivative instruments will be valued based on the settlement price as determined by the market where the instrument is traded. If such settlement price is not available, such value shall be calculated in accordance with (b) above.
- (f) The value of any prepaid expenses, cash dividends and interest declared or accrued and not yet received as at a Valuation Point shall be deemed to be the face value thereof, unless in any case the Directors are of the opinion that the same is unlikely to be paid or received in full in which case the value thereof shall be arrived at after making such discount as the Directors may consider appropriate in such case to reflect the true value thereof as at any Valuation Point.
- (g) The value of any demand notes, promissory notes and accounts receivable shall be deemed to be the face value or full amount thereof after making such discount as the Directors may consider appropriate to reflect the true current value thereof as at any Valuation Point.
- (h) Certificates of deposit, treasury bills, bank acceptances, trade bills and other negotiable instruments shall be valued at the closing price, or if unavailable, the last known market price for such certificates of deposit, treasury bills, bank acceptances, trade bills and other negotiable instruments.
- (i) Forward foreign exchange contracts shall be valued by reference to freely available market quotations as at the Valuation Point or if unavailable in accordance with the provisions for off-exchange derivative contracts below.
- (j) The value of any off-exchange derivative contracts shall be the probable realisation value estimated with care and in good faith by the Directors, or by a competent person approved for such purpose by the Directors.
- (k) The valuation of units or shares or other similar participations in any collective investment scheme which provides for the units or shares or other similar participations therein to be

redeemed at the option of the holder out of the assets of that undertaking shall be the last available net asset value per unit or share or other relevant participation as published by the scheme as at the relevant Valuation Point, or (if bid and offer prices are published), at the last bid price.

Notwithstanding the provisions of paragraphs above:-

- (i) The Directors or their delegate shall, at their discretion in relation to any particular Fund which is a short-term money market fund, have in place an escalation procedure to ensure that any material discrepancy between the market value and the amortised cost value of a money market instrument is brought to the attention of the Investment Manager or a review of the amortised cost valuation vis-à-vis market valuation will be carried out in accordance with the requirements of the Central Bank.
- (ii) Where it is not the intention or objective of the Directors to apply amortised cost valuation to the portfolio of the Fund as a whole, a money market instrument within such a portfolio shall only be valued on an amortised basis if the money market instrument has a residual maturity of less than 3 months and does not have any specific sensitivity to market parameters, including credit risk.

If the Directors deem it necessary, a specific investment may be valued under an alternative method of valuation approved by the Depositary and the rationale/methodologies used must be clearly documented.

Any value expressed otherwise than in the Base Currency of the relevant Fund (whether of any investment or cash) and any non-Base Currency borrowing shall be converted into the Base Currency at the rate which the Administrator deems appropriate in the circumstances.

Notwithstanding the generality of the foregoing, the Directors may with the approval of the Depositary adjust the value of any investment if taking into account currency, marketability and/or such other considerations as they may deem relevant, such as, applicable rate of interest, anticipated rate of dividend, maturity or liquidity, they consider that such adjustment is required to reflect the fair value thereof. The rationale for adjusting the value must be clearly documented.

### 7.3 Suspension of Calculation of Net Asset Value

The Directors may at any time temporarily suspend the calculation of the Net Asset Value of any Fund and the subscription, redemption or exchange of Shares and the payment of redemption proceeds of any Class during (i) any period when any of the principal Markets on which any of the direct investments, or indirect investments (e.g. the components of a Reference Index or Reference Asset), of the relevant Fund are quoted is closed, otherwise than for ordinary holidays, or during which dealings therein are restricted or suspended; (ii) any period when, as a result of political, economic, military or monetary events or any circumstances outside the control, responsibility and power of the Directors, disposal or valuation of the investments of the relevant Fund is not reasonably practicable without this being seriously detrimental to the interests of Shareholders of the relevant Fund or if, in the opinion of the Directors, the Net Asset Value of the Fund cannot fairly be calculated; (iii) any breakdown in the means of communication normally employed in determining the price of any of the relevant Fund's investments and other assets or when for any other reason the current prices on any Market of any assets of the relevant Fund cannot be promptly and accurately ascertained; (iv) any period during which the Company is unable to repatriate funds required for the purpose of making payments due on redemption of Shares of any Class in the relevant Fund or during which the transfer of funds involved in the realisation or acquisition of investments or payments due on redemption of Shares cannot, in the opinion of the Directors, be effected at normal prices or rates of exchange; (v) any period where in the opinion of the

Directors such suspension is justified having regard to the interests of the Company and/or the relevant Fund; (vi) following the circulation to the relevant Shareholders of a notice of a general meeting at which a resolution proposing to wind-up the Company or terminate the relevant Fund (or relevant Class of Shares) is to be considered; or (vii) upon the occurrence of a Disruption Event or an Index Disruption and Adjustment Event (in accordance with Section 6.10). The Company will, whenever possible, take all reasonable steps to bring any period of suspension to an end as soon as possible.

Shareholders who have requested the issue or redemption of Shares of any Class or exchanges of Shares of one Fund to another will be notified of any such suspension in such manner as may be directed by the Directors and their requests will be dealt with on the first Dealing Day after the suspension is lifted. Any such suspension shall be notified immediately, and in any event within the same business day, to the Central Bank, to the competent authorities in any jurisdiction where the Company (and its relevant Funds) are registered for sale and to the Relevant Stock Exchanges (if any) where the Shares of the relevant Fund are listed. Details of any such suspension will also be notified to all Shareholders and will be published in a newspaper circulating in an appropriate jurisdiction (or such other publications as the Directors may determine) if the Directors consider it is likely to exceed 14 days.

#### 7.4 Publication of the Net Asset Value

The Net Asset Value per Share of each Class of Shares within each Fund expressed in the Base Currency and, as the case may be, translated into other currencies as specified in the relevant Supplement, and any dividend declaration, will be available on the Website each Business Day and at the office of the Administrator. The Company will notify the Relevant Stock Exchanges where the Shares are listed. The Company will not accept any responsibility for any error or delay in publication or for non-publication of prices which are beyond its control. Such Net Asset Values per Share (and translations into other currencies as appropriate) may also be available on the Website. The access to such publication on the Website may be restricted and is not to be considered as an invitation to subscribe for, purchase, convert, sell or redeem Shares.

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## 8 Share Dealing

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### 8.1 General Information in respect of Applications for Shares

The Directors may restrict or prevent the ownership of Shares by (i) any person, firm or corporate body, if in the opinion of the Directors such holding may be detrimental to the Company, if it may result in the Company incurring any liability to taxation or suffering other pecuniary, regulatory, legal or material administrative disadvantages or being in breach of any law or regulation which the Company might not otherwise have incurred, suffered or breached; or (ii) any person who appears to be in breach of any law or requirement of any country or governmental authority or by virtue of which such person is not qualified to hold such Shares; or (iii) any United States Person (unless pursuant to an exemption under US securities laws); or (iv) any individual under the age of 18 (or such other age as the Directors think fit) or of unsound mind (such persons, firms or corporate bodies to be determined by the Directors being herein referred to as "**Prohibited Persons**").

As with other Irish companies limited by shares, the Company is required to maintain a register of Shareholders. The Directors have resolved that Shares in the Funds will be issued in dematerialised (or uncertificated) form and that the Funds will apply for admission for clearing and settlement through a clearing system. As the Company is an Irish company, the operation of a clearing system in respect of these Shares is governed by the Companies Act.

## 8.2 Subscription for Shares

### 8.2.1 Application for Shares

Investors can subscribe for their Shares for cash on the relevant Dealing Day, except during any period in which the calculation of the Net Asset Value is suspended. It is also possible for investors to buy their Shares on the Secondary Market, as set out in Section 9 below. The details on the specific cash subscription procedures are set out below under the heading "**Cash Subscriptions and Redemptions**". A Subscription Charge of up to 6% of the Initial Issue Price or the Net Asset Value per Share, as appropriate, may be charged to the applicant by the Company on the issue of Shares. The amount of any Subscription Charge and any Primary Market Transaction Costs payable by the applicant will be set out in the relevant Supplement.

**It is envisaged by the Directors and by the Manager that investors will generally buy and sell their Shares through the Secondary Market (as set out in section 9 below), given the nature of the Funds of the Company and the terms and conditions relating to the subscription and redemption of Shares other than on the Secondary Market.**

Initial applications for Shares must be made by applicants in writing to the Company care of the Administrator using an Application Form. Application Forms may be obtained from the Company or the Administrator. Joint applicants must each sign the Application Form unless an acceptable power of attorney or other written authority is provided. Measures aimed at the prevention of money laundering and terrorist financing require an applicant to provide verification of identity to the Company and/or the Administrator. Details of these requirements are set out in the Application Form. Shares will not be issued until such time as the Administrator has received and is satisfied with all the information and documentation required to verify the identity of the applicant. This may result in Shares being issued on a Subscription Date subsequent to the Subscription Date on which an applicant initially wished to have Shares issued to him. It is further acknowledged that the Administrator shall be held harmless by the applicant against any loss arising as a result of the failure to process the subscription if such information as has been requested by the Administrator has not been received by the Administrator from the applicant. In addition, the Administrator may refuse to process a redemption request until proper information has been provided including but not limited to any relevant anti-money laundering/counter-terrorist financing documentation.

Existing Shareholders may subscribe for further Shares by making an application in writing using a Subscription Form obtainable from the Company or the Administrator, or by fax provided that all ongoing anti-money laundering/counter-terrorist financing and client identification requirements are complete.

The Directors have also decided that initial and subsequent subscription applications may be made by electronic or other means (provided that (i) a duly completed Application Form is received for initial subscription applications and (ii) such electronic or other means are in accordance with the requirements of the Central Bank and previously agreed with the Administrator).

Applications for initial subscriptions will be accepted at the Initial Issue Price plus the Subscription Charge and Primary Market Transaction Costs (if applicable). Subsequent subscriptions will be accepted at a price corresponding to the Net Asset Value per Share as determined as at the Valuation Point for the relevant Dealing Day, plus the Subscription Charge and Primary Market Transaction Costs (if applicable). Any subscription orders received after the Dealing Deadline for a particular Dealing Day will be processed on the following Dealing Day unless the Directors in their absolute discretion (and such discretion only to be exercised in exceptional circumstances) otherwise determine to accept one or more orders received after the Dealing Deadline for processing on that Dealing Day provided that such application(s) have been received prior to the Valuation Point for that particular Dealing Day.

The Net Asset Value per Share of each Class in each Fund will be published in its respective Base Currency and, as the case may be, translated into other currencies as specified in the relevant Supplement, as set out in section 7.4.

#### 8.2.2 Fractions

Fractions of Shares shall not be issued. Subscription monies representing fractions of Shares will not be returned to the applicant but will be retained as part of the assets of the relevant Fund and accordingly available to Shareholders of the Fund on a pro rata basis on each of the Shareholders holding of Shares.

#### 8.2.3 Restrictions on Subscriptions

The Directors retain the right to offer only one Class of Shares for purchase by investors in any particular jurisdiction in order to conform to local law, custom or business practice. The Directors also reserve the right to adopt standards applicable to classes of investors or transactions that permit or require the purchase of a particular Class of Shares.

The Directors reserve the right to reject, in whole or in part, any application or subsequent subscription for Shares. In particular, if the Directors determine that it would be detrimental to the existing Shareholders to accept applications for Shares of any Fund which represents more than 10% of the Net Asset Value of such Fund, the Directors may decide that all or part of the application for Shares in excess of 10% be deferred until the next Dealing Day. If the Directors decide to defer all or part of the application in excess of 10%, the applicants shall be informed prior to the deferral taking place.

#### 8.2.4 Minimum Subscription Amount and Minimum Holding

Details of the Minimum Subscription Amount and Minimum Holding for each Fund will be set out in the relevant Supplement. The Directors reserve the right from time to time to waive any requirements relating to a Minimum Subscription Amount as and when it determines in its absolute discretion.

#### 8.2.5 Subscriptions/Redemptions Account

Where the subscription monies are received into the Subscriptions/Redemptions Account from an investor in advance of Shares being issued (as will be the case in the context of a Fund which operates on a cleared funds basis), such subscription monies will be the property of the relevant Fund and accordingly an investor will be treated as a general unsecured creditor of the Company during the period between receipt of subscription monies into the Subscriptions/Redemptions Account and the issue of Shares.

#### 8.2.6 Data Protection

Prospective investors should note that by completing the Application Form they are providing to the Company personal information, which may constitute personal data within the meaning of the Data Protection Legislation. This data will be used for the purposes of administration, transfer agency, statistical analysis, research and disclosure to the Company, its delegates and agents. By submitting the Application Form, investors acknowledge that they are providing their consent to the Company, its delegates and its or their duly authorised agents and any of their respective related, associated or affiliated companies obtaining, holding, using, disclosing and processing the data for any one or more of the following purposes:

- (a) to manage and administer the investor's holding in the relevant Fund and any related accounts on an on-going basis;
- (b) for any other specific purposes where the investor has given specific consent;

- (c) to carry out statistical analysis and market research;
- (d) to comply with legal, taxation and regulatory obligations applicable to the investor and the Company;
- (e) for disclosure or transfer whether in Ireland or countries outside Ireland including without limitation the United States of America, United Kingdom, Germany, and other countries outside the EEA which may or may not have an adequate level of data protection, to third parties including financial advisers, regulatory bodies, taxation authorities, auditors, technology providers or to the Company's its delegates and it's or their duly appointed agents and any of their respective related, associated or affiliated companies for the purposes specified above; and
- (f) for other legitimate business interests of the Company.

Pursuant to Data Protection Legislation, investors have a right of access to their personal data kept by the Company and the right to amend and rectify any inaccuracies in their personal data held by the Company by making a request to the Company in writing.

The Company is a Data Controller within the meaning of Data Protection Legislation and undertakes to hold any personal information provided by investors in confidence and in accordance with Data Protection Legislation.

By submitting the Application Form, prospective investors consent to the recording of telephone calls made to and received from investors by the Company, its delegates, its duly appointed agents and any of their respective related, associated or affiliated companies for record keeping, security and/or training purposes.

## 8.3 Redemption of Shares

### 8.3.1 Applications for Redemptions

Investors can redeem their Shares for cash on the relevant Dealing Day except during any period in which the calculation of the Net Asset Value is suspended. It is also possible for investors to sell their Shares on the Secondary Market, as set out in section 9 below. The details on the specific cash procedures are set out below under the heading "**Cash Subscriptions and Redemptions**". A Redemption Charge of up to 3% of the Net Asset Value per Share of a Fund may be charged to the Shareholder by the Company for payment to the Manager. The amount of any Redemption Charge and any Primary Market Transaction Costs payable by the Shareholder, will be set out in the relevant Supplement.

Investors should note that any redemption proceeds being paid out by a Fund and held for any time in the Subscriptions/Redemptions Account shall remain an asset of the relevant Fund until such time as the proceeds are released to the investor. This would include, for example, cases where redemption proceeds are temporarily withheld pending the receipt of any outstanding identity verification documents as may be required by the Company or the Administrator – enhancing the need to address these issues promptly so that the proceeds may be released. It should also be noted that the investor shall have ceased being considered a Shareholder and instead will rank as a general unsecured creditor of the Company.

**It is envisaged by the Directors and by the Manager that investors will generally buy and sell their Shares through the Secondary Market (as set out under section 9 of this Prospectus), given the nature of the Funds of the Company and the terms and conditions relating to the subscription and redemption of Shares other than on the Secondary Market.**

Shareholders wishing to have all or some of their Shares redeemed by the Company may make an application for redemption using a Redemption Form obtainable from the Company or the Administrator (a) in writing, or (b) by fax provided that (i) payment shall be made to the account on record (any changes to the account on record may only be made upon receipt of original written instructions), (ii) an original Application Form has been received and all anti-money laundering/counter-terrorist financing and client identification requirements are complete, and (iii) that the Shareholder has requested this facility, or (c) to the extent that the Directors have so decided, by electronic or other means. Applications must include details of the name of the Fund, Class of Share, the number of Shares or the amount the Shareholder wishes to have redeemed, the Shareholder's details, the Shareholder's account number and any other information required by the Redemption Form. In no event shall applications for redemption be processed until the original Application Form has been received by the Administrator from the investor and all of the necessary anti-money laundering/counter-terrorist financing requirements have been completed. Any delay or failure by a Shareholder to provide any of this information may result in a delay in the processing of (or failure to process) the application for redemption whilst verification (which may be requested in writing) is sought from the Shareholder, and the Company and the Administrator shall not be liable for any such delay in the processing of (or failure to process) the application for redemption resulting from a Shareholder delaying or failing to provide the verification information required.

Any redemption requests received after the Dealing Deadline for a particular Dealing Day will be processed on the following Dealing Day unless the Directors in their absolute discretion (and such discretion only to be exercised in exceptional circumstances) otherwise determine to accept one or more orders received after the Dealing Deadline for processing on that Dealing Day provided that such application(s) have been received prior to the Valuation Point for that particular Dealing Day.

Written confirmations may be required by the Company and must be duly signed by all registered holders, unless in the case of joint registered holders, each such holder has sole signing authority.

The redemption proceeds will correspond to the Net Asset Value per Share as determined as at the Valuation Point for the relevant Dealing Day, less the Redemption Charge and Primary Market Transaction Costs (if applicable).

The Net Asset Value per Share of each Class in each Fund will be published in its respective Base Currency and, as the case may be, translated into other currencies as specified in the relevant Supplement, as set out in section 7.4.

Details of the Minimum Redemption Amount and Minimum Holding for each Fund will be set out in the relevant Supplement. The Directors reserve the right from time to time to waive any requirements relating to a Minimum Redemption Amount and Minimum Holding as and when it determines in its absolute discretion.

### 8.3.2 Restrictions on Redemptions

The Company is entitled to limit the number of Shares of any Fund redeemed on any Dealing Day to Shares representing not more than 10% of the Net Asset Value of that Fund on that Dealing Day. The Directors will advise the Administrator when to apply this based on reporting provided by the Administrator. In this event, the limitation will apply *pro rata*, so that all Shareholders wishing to redeem their shareholding in that Fund on the relevant Dealing Day will realise the same proportion of their redemption request. Shares not redeemed but which would otherwise have been redeemed, will be carried forward for redemption on the next Dealing Day and will be dealt with in priority (on a *pro rata* basis as detailed above) to redemption requests received subsequently. If requests for redemptions are so carried forward, the Administrator will inform the Shareholders affected.

The Articles contain special provisions with respect to a redemption request received from a Shareholder which would result in Shares representing more than 5% of the Net Asset Value of any Fund being redeemed by the Company on any Dealing Day. The Directors will advise the Administrator when to apply this based on reporting provided by the Administrator. In such a case the Company, at the discretion of the Directors and with the consent of the relevant Shareholder, may satisfy the redemption request in whole or in part by a distribution of investments of the relevant Fund *in specie*, provided that such a distribution would not be prejudicial to the interests of the remaining Shareholders of that Fund. The assets to be transferred shall be selected at the discretion of the Investment Manager, subject to the approval of the Depositary, and taken at their value used in determining the redemption price of the Shares being redeemed. Where a Shareholder requesting such redemption receives notice of the Company's intention to elect to satisfy the redemption request by such a distribution of assets, the Shareholder may require that the Company, instead of transferring those assets, arrange for their sale and the payment of the net proceeds of sale to that Shareholder.

#### 8.4 Cash Subscriptions and Redemptions

An investor may subscribe for or redeem Shares for cash on each Dealing Day (except during any period in which the calculation of the Net Asset Value is suspended) by notifying the Administrator as described below.

Applications for cash subscriptions or redemptions received by the Administrator on any Business Day before the relevant Dealing Deadline will be processed by the Administrator on that Business Day at a price corresponding to the Net Asset Value per Share as at the Valuation Point for the relevant Dealing Day. Applications for cash subscriptions or redemptions received after the Dealing Deadline for the relevant Dealing Day shall, unless the Manager or its delegate shall otherwise agree, be deemed to have been received by the next Dealing Deadline. For the avoidance of doubt the Minimum Subscription Amount and the Minimum Redemption Amount shall be set out in the Supplement for the relevant Fund. Applications for subscriptions and redemptions will be irrevocable unless the Directors, or a delegate, otherwise agree. If requested, the Directors may, in their absolute discretion and subject to the prior approval of the Depositary, agree to designate additional Dealing Days and Valuation Points in respect of those Dealing Days for the purchase of Shares relating to any Fund which will be open to all Shareholders. Shareholders will be notified in advance of any such additional Dealing Days.

If the full payment in cleared funds relating to an application for subscription (including any Subscription Charge and any Primary Market Transaction Costs) has not been received by or on behalf of the Company by the relevant Settlement Date, the allotment of Shares made in respect of such application may, at the discretion of the Directors, be cancelled, or, alternatively, the Directors may treat the application as an application for such number of Shares as may be purchased with such payment on the Dealing Day next following receipt of payment in full of cleared funds. In such cases the Company may charge the applicant for any resulting bank charges or market losses incurred by the relevant Fund.

Shareholders wishing to make a cash redemption must also make arrangements for the transfer of their Shares into the Company's account at a clearing system. Delivery instructions are available from the Administrator upon written request. Payment for Shares redeemed will be effected by the Settlement Date as specified in the Supplement for the relevant Fund (provided that the Shares have been transferred into the Company's account at a clearing system). Redemption proceeds (net of any Redemption Charge and any Primary Market Transaction Costs) in the Base Currency of the Fund will be paid by electronic transfer to the account on record (any changes to the account on record may only be made upon receipt of original written instructions). On a redemption, the Depositary will release cash at the instruction of the Administrator. The cost of any transfer of proceeds by electronic transfer will be deducted from such proceeds.

Investors should note that although the Directors intend to pay all redemption proceeds by the relevant Settlement Date, such payment may be delayed if the Directors consider such delay to be in the best interests of the Shareholders. In all instances the payment of the redemption proceeds shall be within 10 Business Days of the relevant Dealing Deadline.

#### 8.5 Use of a Subscriptions/Redemptions Account

The Company operates a single, omnibus Subscriptions/Redemptions Account for all of the Funds, in accordance with the Central Bank's guidance relating to umbrella fund cash accounts. Accordingly, monies in the Subscriptions/Redemptions Account are deemed assets of the respective Funds and shall not have the protection of the Investor Money Regulations. It should be noted however that the Depositary will monitor the Subscriptions/Redemptions Account in performing its cash monitoring obligations and ensuring effective and proper monitoring of the Company's cash flows in accordance with its obligations as prescribed under UCITS V. There nonetheless remains a risk for investors to the extent that monies are held by the Company in the Subscriptions/Redemptions Account for the account of a Fund at a point where such Fund (or another Fund of the Company) becomes insolvent. In respect of any claim by an investor in relation to monies held in the Subscriptions/Redemptions Account, the investor shall rank as an unsecured creditor of the Company.

The Company in conjunction with Depositary shall establish a policy to govern the operation of the Subscriptions/Redemptions Account, in accordance with the Central Bank's guidance in this area. This policy shall be reviewed by the Company and the Depositary at least annually.

#### 8.6 Form of the Shares and Register

The Shares shall be issued in the form of Registered Shares. Registered Shares may be represented by a Global Share Certificate.

The Administrator will maintain the register for the Company and will be responsible for the issue of Shares to Market Makers and other shareholders that choose to subscribe for Shares directly to the Company.

##### (a) Registered Shares

The Shares can be issued in registered form and the Shareholders' register is conclusive evidence of the ownership of such Shares. Registered Shares shall be issued without share certificates. The uncertified form enables the Company to effect redemption instructions without undue delay.

##### (b) Registered Shares represented by Global Share Certificates

Such Global Share Certificates will be issued in the name of the Company and deposited with the Clearing Agents. Global Share Certificates will be transferable in accordance with applicable laws and any rules and procedures issued by any Clearing Agent concerned with such transfer. Such Registered Shares represented by a Global Share Certificate are freely transferable subject to and in accordance with the rules of the relevant Clearing Agent. Shareholders who are not participants in such systems will only be able to transfer such Registered Shares represented by a Global Share Certificate through a financial intermediary who is a participant in the settlement system of the relevant Clearing Agent.

#### 8.7 General Provisions

The Directors reserve the right to reject any application for subscription or exchange in whole or in part. Furthermore, the Directors reserve the right at any time, without notice, to discontinue the issue and sale of Shares of any Fund of the Company. The Directors also

reserve the right to authorise at any time and without notice the issue and sale of Shares for Funds that were previously closed for further subscriptions.

The Directors may in its discretion decide, prior to the Launch Date, to cancel the offering of a Fund. The Directors may also decide to cancel the offering of a new Class of Shares. In such case, investors having made an application for subscription will be duly informed and any subscription monies already paid will be returned. For the avoidance of doubt, no interest will be payable on such amount prior to their return to the investors.

No Shares will be issued, redeemed or exchanged during any period when the calculation of the Net Asset Value per Share of the relevant Fund is suspended pursuant to the Articles and as discussed herein under "**Suspension of Calculation of Net Asset Value**". Notice of any such suspension will be given to applicants for subscription, redemption or exchange of Shares (in addition to the notifications to be made pursuant to section 7.3). Applications will be considered on the first Dealing Day following the end of the suspension period.

Measures provided for in the CJA which are aimed towards the prevention of money laundering and terrorist financing require detailed verification of each applicant's identity; for example an individual may be required to produce a duly certified copy of his passport or identification card together with evidence of his address such as a recent utility bill or bank statement. In the case of corporate applicants this may require production of a certified copy of the certificate of incorporation (and any change of name), memorandum and articles of association (or equivalent), the identification of the directors of the company, verification of two directors (or equivalent) of the company and identification of the beneficial ownership of the corporate applicant including identification of the ultimate beneficial owner.

Depending on the circumstances of each application, a detailed verification may not be required where; (a) the application is made through a recognised nominee/intermediary, or (b) investment is made by a recognised intermediary or financial institution or (c) the investor makes payment from an account held in the applicant's name at a recognised financial institution. These exceptions will only apply if the financial institution or intermediary referred to above is located in the EU or a Section 31 jurisdiction as outlined in the CJA and satisfies the definition of a 'relevant third party'. Applicants may contact the Administrator in order to determine whether they meet the above exceptions.

The Company and the Administrator reserve the right to request such information and documentation as is necessary to verify the identity of an applicant in line with the requirements of the CJA. In the event of delay or failure by the applicant to produce any information required for verification purposes, the Administrator may refuse to accept the application and subscription monies at the cost and risk of the applicant.

Each applicant agrees in the Application Form to hold harmless and indemnify the Company, the Manager, the Administrator and their delegates ("**Indemnified Persons**"), and agrees to keep them indemnified, against any direct or indirect loss, damages, liabilities or reasonable costs of any nature whatsoever arising to any of them, arising as a result of:

- (i) any of the Indemnified Persons acting upon or pursuant to facsimile instructions reasonably believed in good faith to be genuine and to be signed by properly authorised persons. The Indemnified Persons may rely conclusively upon and shall incur no liability in respect of any action taken upon any notice, consent, request, instruction or other instrument reasonably believed in good faith to be genuine and to be signed by such properly authorised persons;
- (ii) a failure to process any application for Shares due to the applicant failing to provide the necessary identification requirements under the CJA.
- (iii) any breach of any representation, statement, warranty, covenant or confirmation by the applicant or any failure by the applicant to disclose any

relevant details or to provide any information reasonably requested of them, other than where such failure results from legal or regulatory prohibitions imposed on the applicant or where such loss has been caused by the negligence, wilful default or fraud of the Company, the Manager or its delegates.

- (iv) any non-delivery or late delivery of cash or the securities in respect of the applicant's subscription for Shares.

Activities which may adversely affect the interests of the Shareholders (for example, activities that disrupt the Company's investment strategies or impact expenses for the Company) are not permitted. The Directors may, in their discretion, if they deem such activities adversely affect the interests of the Shareholders, take action as appropriate to prevent such activities.

All subscription, redemption and exchange requests shall be dealt with promptly, however investors should note that neither the Company nor the Administrator shall be liable for any delays in processing subscriptions, redemptions and/or exchange requests.

## 8.8 Compulsory Redemption

The Company may compulsorily redeem all of the Shares of any Fund if the Net Asset Value of the relevant Fund is less than the Minimum Fund Size (if any) specified in the relevant Supplement and in accordance with the terms of the Supplement for the relevant Fund.

The Company reserves the right to redeem any Shares which are or become owned, directly or indirectly by a Prohibited Person as set out under the heading "**General Information in respect of Applications for Shares**".

The Board of Directors may, at any time, redeem all Shares from Shareholders whose holding is less than the Minimum Holding. In such case the Shareholder concerned will receive prior notice so as to be able to increase his holding above such amounts during a period of 10 Business Days following the receipt of such notice.

Where Irish Residents acquire and hold Shares, the Company shall, where necessary for the collection of Irish tax, redeem and cancel a sufficient portion of the Shares held by a person who is or is deemed to be an Irish Resident or is acting on behalf of an Irish Resident on the occurrence of a chargeable event for taxation purposes and to pay the proceeds thereof to the Irish Revenue Commissioners.

## 8.9 Exchange of Shares

At the sole discretion of the Directors, Shareholders will be able to apply to exchange on any Dealing Day all or part of their holding of Shares of any Class of one Fund (the "**Original Class**") for Shares of another Class in the same Fund or a separate Fund which is being offered at that time (the "**New Class**") provided that all the criteria for applying for Shares in the New Class have been met, by giving notice to the Administrator on behalf of the Company on or prior to the Dealing Deadline for the relevant Valuation Point. The Manager however may, at its sole discretion, agree to accept requests for exchange received after that time provided they are received prior to the relevant Valuation Point. The Manager may not be able to exercise this discretion in all circumstances, for example where requests for exchanges of Shares are made via dealing platforms or other electronic means. Shareholders making requests for exchanges via dealing platforms or other electronic means are reminded that they must refer to the provider of the dealing platform or electronic means for the procedures that apply to such trading arrangements.

The general provisions and procedures relating to subscriptions and redemptions will apply equally to exchanges. All exchanges will be treated as a redemption of the Shares of the Original Class and application of the net proceeds to the purchase of Shares of the New Class, based upon the then current Issue and Redemption Prices of Shares in each Fund.

The Articles allow for an exchange fee of up to 3% of the total Redemption Price of the Shares of the Original Class redeemed to be charged, and the Directors, in their sole discretion, reserve the right to impose such fee within this limit together with any Primary Market Transaction Costs as shall be set out in the Supplement in respect of each Fund. Furthermore, where exchanges of Shares are not permitted between Classes of a certain Fund, this will be set out in the Supplement for the relevant Fund. Fractions of shares shall not be issued.

The number of Shares of the New Class to be issued will be calculated in accordance with the following formula:

$$S = \frac{[Rx(RPxER)] - F}{SP}$$

where:

- R = the number of Shares of the Original Class to be exchanged;
- S = the number of Shares of the New Class to be issued;
- RP = the Redemption Price per Share of the Original Class as at the Valuation Point for the relevant Dealing Day;
- ER = in the case of an exchange of Shares designated in the same Base Currency is 1. In any other case, it is the currency conversion factor determined by the Directors on or about the Valuation Point for the relevant Dealing Day as representing the effective rate of exchange applicable to the transfer of assets relating to the Original and New Classes of Shares after adjusting such rate as may be necessary to reflect the effective costs of making such transfer;
- SP = the issue price per Share of the New Class as at the Valuation Point for the relevant Dealing Day; and
- F = the exchange charge, if any payable to the Company, or as it may direct, on the exchange of Shares.

Where there is an exchange of Shares, Shares of the New Class will be allotted and issued in respect of and in proportion to the Shares of the Original Class in the proportion S to R.

Shares may not be exchanged for Shares in a different Fund and exchanges between the Classes of Shares of the same Fund shall not be permitted during any period when the calculation of the Net Asset Value of the relevant Fund is suspended in the manner described under "**Suspension of Calculation of Net Asset Value**" above. Applicants for exchange of Shares will be notified of such postponement and their applications will be considered as at the next Dealing Day following the ending of such suspension.

When requesting the exchange of Shares as an initial investment in a Fund, Shareholders should ensure that the value of the Shares exchanged is equal to or exceeds the Minimum Subscription Amount for the relevant New Class specified in the relevant Supplement. In the case of an exchange of a partial holding only, the value of the remaining holding must also be at least equal to the Minimum Holding for the Original Class.

The Administrator will on request arrange for any necessary currency transaction required if there is an exchange of Shares of any Class of a Fund for Shares of the same Class in another Fund. Any such currency transaction may be effected with the Depositary or an Authorised Participant and will be at the applicant's cost. Currency exchange transactions may delay any dealing in Shares as the Administrator may choose at its option to delay executing any foreign exchange transaction until cleared funds have been received.

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## 9 Secondary Market

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### 9.1 Listing on a Stock Exchange

It is the intention of the Company for each of its Funds, through having its Shares listed on one or more Relevant Stock Exchanges, to qualify as an exchange traded fund ("ETF"). As part of those listings there is an obligation on one or more members of the Relevant Stock Exchange to act as market makers offering prices at which the Shares can be purchased or sold by investors. The spread between those purchase and sale prices may be monitored and regulated by the relevant stock exchange authority.

Unless otherwise stated in the Supplement for the relevant Fund, it is contemplated that application will be made to list the Shares of each Fund on one or more Relevant Stock Exchange(s). If the Directors decide to create additional Funds or Classes they may in their discretion apply for the Shares of such Funds to be listed on the Relevant Stock Exchange(s). For so long as the Shares of any Fund are listed on any Relevant Stock Exchange, the Fund shall endeavour to comply with the requirements of the Relevant Stock Exchange relating to those Shares. For the purposes of compliance with the national laws and regulations concerning the offering and/or listing of the Shares outside Ireland this document may have attached to it one or more documents setting out information relevant for the jurisdictions in which the Shares are offered for subscription.

The Company does not charge any transfer fee for purchases of Shares on the secondary market. Orders to buy Shares through the Relevant Stock Exchanges can be placed via a member firm or stockbroker. Such orders to buy Shares may incur costs over which the Company has no control.

The approval of any listing particulars pursuant to the listing requirements of the Relevant Stock Exchange does not constitute a warranty or representation by such Relevant Stock Exchange as to the competence of the service providers or as to the adequacy of information contained in the listing particulars or the suitability of the Shares for investment or for any other purpose.

Certain Authorised Participants who subscribe for Shares may act as market makers; other Authorised Participants are expected to subscribe for Shares in order to be able to offer to buy Shares from or sell Shares to their customers as part of their broker/dealer business. Through such Authorised Participants being able to subscribe for or redeem Shares, a liquid and efficient secondary market may develop over time on one or more Relevant Stock Exchanges as they meet secondary market demand for such Shares. Through the operation of such a secondary market, persons who are not Authorised Participants will be able to buy Shares from or sell Shares to other secondary market investors or market makers, broker/dealers, or other Authorised Participants at prices which should approximate, after currency conversion, the Net Asset Value of the Shares. Investors should be aware that on days other than Business Days or Dealing Days of a Fund when one or more markets are trading Shares but the underlying Market(s) on which the Reference Index or Reference Asset of the Fund are traded are closed, the spread between the quoted bid and offer prices in the Shares may widen and the difference between the market price of a Share and the last calculated Net Asset Value per Share may, after currency conversion, increase. Investors should also be aware that on such days the Reference Index or Reference Asset value would not necessarily be calculated and available for investors in making their investment decisions because prices of Reference Index or Reference Asset securities in the underlying Market(s) would not be available on such days. Nonetheless, one or more Relevant Stock Exchanges may provide a calculation of such Reference Index or Reference Asset based upon trading, if any, of such Reference Index or Reference Asset securities on marketplaces other than the underlying Market(s). The settlement of trades in Shares on Relevant Stock Exchanges will

be through the facilities of one or more Recognised Clearing and Settlement Systems following applicable procedures which are available from the Relevant Stock Exchanges. Further details of the Relevant Stock Exchanges for each Fund are set out in the relevant Supplement.

## 9.2 Intra-Day Portfolio Value ("iNAV")

The Investment Manager may at its discretion make available on the Website, or may designate other persons to make available on its behalf, on each Business Day, an intra-day portfolio value or "iNAV" for one or more Funds. If the Investment Manager makes such information available on any Business Day, the iNAV will be calculated at least once per day based upon information available during the trading day or any portion of the trading day, and will ordinarily be based upon the current value of the assets/exposures of the Fund in effect on such Business Day, together with any cash amount in the Fund as at the previous Business Day. The Investment Manager will make available an iNAV if this is required by any Relevant Stock Exchange.

An iNAV is not, and should not be taken to be or relied on as being, the value of a Share or the price at which Shares may be subscribed for or redeemed or purchased or sold on any Relevant Stock Exchange. In particular, any iNAV provided for any Fund where the constituents of the Reference Index or Reference Asset are not actively traded during the time of publication of such iNAV may not reflect the true value of a Share, may be misleading and should not be relied on. The inability of the Investment Manager or its designee to provide an iNAV, on a real-time basis, or for any period of time, will not in itself result in a halt in the trading of the Shares on a Relevant Stock Exchange, which will be determined by the rules of the Relevant Stock Exchange in the circumstances. Investors should be aware that the calculation and reporting of any iNAV may reflect time delays in the receipt of the relevant constituent securities prices in comparison to other calculated values based upon the same constituent securities including, for example, the Reference Index or Reference Asset itself or the iNAV of other exchange traded funds based on the same Reference Index or Reference Asset. Investors interested in subscribing for or redeeming Shares on a Relevant Stock Exchange should not rely solely on iNAV in making investment decisions, but should also consider other market information and relevant economic and other factors (including, where relevant, information regarding the Reference Index or Reference Asset, the relevant constituent securities and financial instruments based on the Reference Index or Reference Asset corresponding to the relevant Fund). None of the Company, the Directors, the Manager, the Investment Manager, the Depositary, the Administrator, any Authorised Participant and the other service providers shall be liable to any person who relies on the iNAV.

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## 10 Fees & Expenses

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### 10.1 Fees and Expenses Payable by the Company

The Company may pay the fees and expenses of each Fund, which may include the Management Fee and any Administrative Expenses incurred by the Fund as set out below. Please see the section "Flat Fee" below for further information in respect of fees and expenses.

(a) Management Fee

In accordance with and subject to the terms of the Management Agreement, the annual Management Fee payable to the Manager will be a percentage of the net assets of each Fund or Class of Shares or the Initial Issue Price (as will be indicated in the Supplement). The Manager is also entitled to receive reimbursement for any reasonable disbursements and out-of-pocket expenses. The Management Fee will be calculated upon each Dealing Day and will be accrued daily and payable monthly in arrears.

(i) Investment Management Fee

The annual Investment Management Fee payable to the Investment Manager will be a percentage of the net assets of each Fund or Class of Shares or the Initial Issue Price.

(b) Administrative Expenses

(i) Depositary Fee

(c) The Depositary is entitled to receive from each Fund a depositary fee. This fee will be paid by the Company to the Depositary for and on behalf of the Funds. The Company will also reimburse the Depositary out of the assets of the Funds for reasonable and approved by the Company out-of-pocket expenses incurred by the Depositary and for fees (which will not exceed normal commercial rates) and reasonable out-of-pocket expenses of any sub-custodian appointed by the Depositary and will be liable for transaction costs, according to section 10.1(c)(v). The fees and expenses of the Depositary accrue on each Dealing Day and are payable monthly in arrears.

(i) Fees payable to the Directors and to the Administrator

The Directors are entitled to such annual fee that is consistent with market rates and as may be agreed between the Company and the Promoter, or such other amount as may be approved by a resolution of the Shareholders in a general meeting and may be paid all reasonable and properly vouched travelling, hotel and other out-of-pocket expenses properly incurred by them in connection with their attendance at meetings of the Directors.

According to the Administration Agreement, the Company shall pay to the Administrator a fee for its services as Administrator (including all vouched out-of-pocket costs and expenses reasonably incurred by it). The fees and expenses of the Administrator accrue on each Dealing Day and are payable monthly in arrears.

(ii) Exceptional Expenses

The Company shall be liable for Exceptional Expenses including, without limitation, legal fees and expenses incurred in prosecuting or defending a

claim or allegation by or against the Company, and any tax, levy, duty or similar charge imposed on the Company or its assets that would otherwise not qualify as ordinary expenses. Exceptional Expenses are allocated across each Class of Shares, according to their respective assets.

(iii) Setting Up Costs

The cost of establishing the Company and the Funds (including fees in connection with the incorporation and registration of the Company, legal, regulatory and consultancy fees, listing the Funds on the Relevant Stock Exchanges and registering the Funds for sale in other jurisdictions) may be paid by the Company and/or Promoter and/or Manager. The cost of establishing subsequent Funds may also be paid by the Company and/or Promoter and/or Manager unless otherwise provided in the Supplement for the relevant Fund.

(iv) Miscellaneous Expenses

Miscellaneous Expenses include but are not limited to the following, which may also be paid out of the assets of the Company: ongoing organisation and registration costs; licence fees payable to licence holders of an index; expenses for legal and auditing services; expenses in relation to the calculation and publication of any stamp duties, all taxes and VAT; company secretarial fees; any costs incurred in respect of meetings of Shareholders; marketing costs; investment transaction charges; costs incurred in respect of the distribution of income to Shareholders; any fees or expenses of a counterparty to any securities lending arrangements or Repurchase Transactions with the Company; the fees and expenses of any paying agent, clearing agent, settlement agent or representative appointed in compliance with the requirements of another jurisdiction; the fees and expenses associated with any liquidation, schemes of amalgamation or merger (other than where the scheme of amalgamation or merger is as a result of a commercial decision on the part of the Promoter and/or Manager), delisting or deregistration, the fees and expenses of any consultant appointed to provide services to the Company or the Manager; any amount payable under indemnity provisions contained in the Articles or any agreement with any appointee of the Company; cost of any proposed listings and maintaining such listings; all reasonable out-of-pocket expenses of the Board of Directors; foreign registration fees and fees relating to the maintenance of such registrations including translation costs and local legal costs and other expenses due to supervisory authorities in various jurisdictions and local representatives' remunerations in foreign jurisdictions; insurance; interest; the costs of printing and distributing this Prospectus and any costs incurred as a result of periodic updates of this Prospectus or the relevant Supplements; reports, accounts and any explanatory memoranda; any necessary translation fees; any fees in respect of circulating details of the Net Asset Value; and any fees in respect of circulating such other information which is required to be published in the different jurisdictions, or of a change in law or the introduction of any new law (including any costs incurred as a result of compliance with any applicable code, whether or not having the force of law).

(v) Transaction Fees

Transaction Fees are any fees and expenses incurred in buying and selling securities or other investments held by a Fund, e.g., Transfer Taxes, brokerage costs and commissions and correspondence fees for transferring securities or investments or other interests, costs incurred relating to

execution of swap transactions, including relevant collateral costs and custody transaction fees unless otherwise specified in the relevant Supplement.

For the avoidance of doubt, each of the service providers may waive all or a portion of the fee it receives in respect of any investor.

## 10.2 Flat Fee

The Company may also have a fee structure where, in respect of each Fund, all of the on-going charges, fees and expenses (except for portfolio transaction charges and swap related costs, taxes or duty charges for portfolio re-balancing, all of which will be paid separately out of the assets of the relevant Fund) of each Fund are paid as one single fee. This is referred to as the "Flat Fee". The Flat Fee also includes any due proportion of expenses of the Company which may be allocated to the funds from time to time as set out in the Supplement for the relevant Fund. This includes, but is not limited to, fees and expenses of the Directors, Manager, Investment Manager, Depository, Administrator, Registrar and Transfer Agent, Auditors, and Company Secretary. Directors' fees will not exceed the sum of €40,000 per annum per Director without the approval of the Board of Directors (with each Director abstaining on any resolution relating to that Director's remuneration). The Company may pay, subject to any applicable regulations, part or all of its fees to any person that provides services to the Company or in respect of any Fund. The following fees and expenses may also be discharged out of the Flat Fee:

- (i) all establishment costs of the Company or any relevant Fund;
- (ii) the cost of listing and maintaining a listing of Shares on any stock exchange;
- (iii) the cost of convening and holding Directors' and Shareholders' meetings;
- (iv) professional fees and expenses for legal, auditing and other consulting services;
- (v) the costs and expenses of preparing, printing, publishing and distributing prospectuses, supplements, annual and semi-annual reports and other documents to current and prospective Shareholders;
- (vi) the costs and expenses of an Investment Adviser (if any) appointed by the Investment Manager; and
- (vii) such other costs and expenses (excluding non-recurring and extraordinary costs and expenses) as may arise from time to time and which have been approved by the Directors as necessary or appropriate for the continued operation of the Company or of any Fund.

The Flat Fee is calculated and accrued daily from the Net Asset Value of each Fund and is payable monthly in arrears. The Flat Fee of each Fund is as listed in the relevant Supplement. If a Fund's fees and expenses exceed the Flat Fee, the Promoter or its affiliate will cover any shortfall from its own assets.

## 10.3 Soft Commissions

It is not currently intended that any soft commission arrangements will be made in respect of the Company. In the event that the Investment Manager or any of its subsidiaries, Affiliates, associates, agents or delegates do enter into soft commission arrangement(s) they shall ensure that (i) the broker or counterparty to the arrangement will agree to provide best execution to the Company; (ii) the benefits under the arrangement(s) shall be those which assist in the provision of investment services to the relevant Fund and (iii) brokerage rates will not be in excess of customary institutional full service brokerage rates. Details of any such arrangements will be contained in the next following report of the Company. In the event that

this is the unaudited semi-annual report, details shall also be included in the following annual report.

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## 11 Share Information

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### 11.1 Dividend Policy

The dividend arrangements relating to each Fund will be decided by the Directors at the time of the creation of the relevant Fund and details are set out where applicable in the relevant Supplement.

Under the Articles, the Directors are entitled to declare such dividends on any Class of Shares at such times as they think appropriate and as appear to be justified out of the profits of the relevant Fund, being (i) the net income (being the accumulated revenue consisting of all revenue accrued including interest and dividends) less expenses and/or (ii) realised and unrealised capital gains on the disposal/valuation of investments less realised and unrealised capital losses of the relevant Fund and (iii) in accordance with the Central Bank Rules, partially or fully out of the capital of the relevant Fund.

The Company will be obliged and entitled to deduct an amount in respect of Irish tax from any dividend payable to any investor who is, or is deemed to be, or is acting on behalf of, an Irish Resident and to pay such amount to the Revenue Commissioners in Ireland.

Dividends not claimed within six years from their due date will lapse and revert to the relevant Fund. Dividends payable in cash to Shareholders will be paid by electronic transfer at the expense of the payee and will be paid within 4 months of the date the Directors declared the dividend.

Investors should note that any dividend income being paid out by a Fund and held in the Subscriptions/Redemptions Account shall remain an asset of the relevant Fund until such time as the income is released to the investor and that during this time the investor will rank as a general unsecured creditor of the Company.

### 11.2 Reports and Accounts

The Company's year-end is 30 June of each year. The annual report and audited accounts of the Company will be sent to Shareholders and the Central Bank within four months after the conclusion of each accounting year and at least 21 days before the general meeting of the Company at which they are to be submitted for approval. The Company will also send a semi-annual report and unaudited accounts to Shareholders and the Central Bank within two months after the end of each semi-annual period which will be 31 December in each year.

Such reports and accounts will contain a statement of the Net Asset Value of each Fund and of the investments comprised therein as at the year end or the end of such semi-annual period.

### 11.3 Transfer of Shares

Shares in each Fund will be transferable by instrument in writing signed by (or, in the case of a transfer by a body corporate, signed on behalf of or sealed by) the transferor provided always that the transferee completes an Application Form to the satisfaction of the Administrator and furnishes the Administrator with any documents required by it. In the case of the death of one of joint Shareholders, the survivor or survivors will be the only person or persons recognised by the Company as having any title to or interest in the Shares registered in the names of such joint Shareholders. Shares may also be transferred in accordance with the rules of a clearing system as the Articles permit the transfer of Shares in Dematerialised Form.

Shares may not be transferred to a United States Person (except pursuant to an exemption available under the securities laws of the United States and with the approval of the Directors). Registration of any transfer may be refused by the Directors if (i) following the transfer either the transferor or the transferee would hold Shares having a value less than the Minimum Holding for the relevant Fund (if any) specified in the relevant Supplement hereto (ii) the payment of taxation remains outstanding (iii) the person to whom the transfer is to be made does not satisfy such anti-money laundering/counter-terrorist financing requirements as the Directors determine and (iv) the transfer is to be a prohibited person.

Persons dealing through a clearing system may be required to provide a representation that any transferee is not a Prohibited Person.

If the transferor is, or is deemed to be, or is acting on behalf of, an Irish Resident the Company may redeem and cancel a sufficient portion of the transferor's Shares as will enable the Company to pay the tax payable in respect of the transfer to the Revenue Commissioners in Ireland.

#### 11.4 Communications with Shareholders

Communications with Shareholders may be effected by electronic mail or by any other means of communication provided that the Shareholder has consented to such method of communication. Copies of any documents sent to Shareholders will be available for inspection at the office of the Administrator. Communications with Shareholders will also be published on the Website. Investors should regularly visit the Website, or request that their stockbrokers or other financial agents or advisers do so on their behalf, to ensure that they obtain such information on a timely basis.

#### 11.5 Incorporation and Share Capital

The Company was incorporated and registered in Ireland as an investment company with variable capital on 21 May 2010 with registered number 484724.

At the date hereof

- (a) the authorised share capital of the Company is 2 subscriber shares ("**subscriber shares**") of €1 each and 1,000,000,000,000 shares of no par value initially designated as unclassified shares and available for issue as Shares.

There are no rights of pre-emption attaching to the Shares.

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## 12 Summary of Articles

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Clause 2 of the Articles provides that the sole object of the Company is the collective investment in transferable securities and/or other liquid financial assets of capital raised from the public operating on the principle of risk-spreading in accordance with the UCITS Regulations.

The Articles contain provisions to the following effect:

- (a) **Directors' Authority to Allot Shares.** The Directors are generally and unconditionally authorised to exercise all powers of the Company to allot relevant securities, including fractions thereof, up to an amount equal to the authorised but as yet unissued share capital of the Company.
- (b) **Variation of rights.** The rights attached to any Class may be varied or abrogated with the consent in writing of the holders of three-fourths in number of the issued shares of that Class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the Class, and may be so varied or abrogated either whilst the

Company is a going concern or during or in contemplation of a winding-up but such consent or sanction will not be required in the case of a variation, amendment or abrogation of the rights attached to any shares of any Class if, in the view of the Directors, such variation, amendment or abrogation does not materially prejudice the interests of the relevant Shareholders or any of them. Any such variation, amendment or abrogation will be set out in a supplement to (or re-statement of) the relevant Supplement originally issued in connection with the relevant Shares, a copy of which will be sent to the relevant Shareholders entered on the register on the date of issue of such document and will be binding on the relevant Shareholders. The quorum at any such separate general meeting, other than an adjourned meeting, shall be two persons holding or representing by proxy at least one third of the issued Shares of the Class in question and the quorum at an adjourned meeting shall be one person holding Shares of the Class in question or his proxy.

- (c) **Voting Rights.** The Company may issue Voting Shares and Non-Voting Shares. The Non-Voting Shares carrying no right to notice of, attend or vote at general meetings of the Company or any Fund. In respect of the Voting Shares, subject to any rights or restrictions for the time being attached to any Class or Classes of Voting Shares, on a show of hands every holder who is present in person or by proxy shall have one vote and the holder(s) of subscriber shares present in person or by proxy shall have one vote in respect of all the subscriber shares in issue and on a poll every holder present in person or by proxy shall have one vote for every Voting Share of which he is the holder and every holder of a subscriber share present in person or by proxy shall have one vote in respect of his holding of subscriber shares. On a poll of all the holders of Shares in a Fund, where there is more than one Class of Shares in existence in that Fund, the voting rights of such holders may at the discretion of the Directors be adjusted in such manner, determined by the Directors, so as to reflect the most recently calculated price at which the Shares of each of the Classes in question may be redeemed by the Company. Holders who hold a fraction of a Voting Share may not exercise any voting rights, whether on a show of hands or on a poll, in respect of such fraction of a Voting Share. In accordance with the requirements of the Central Bank, the decision to subscribe for any Class of Shares in respect of which the voting rights are restricted shall be made solely by the investor and any Shareholder of Non-Voting Shares shall have the right to switch their holding to Voting Shares without incurring any fee or charge on such exchange;
- (d) **Change in Share Capital.** The Company may from time to time by ordinary resolution increase the share capital by such amount and/or number as the resolution may prescribe. The Company may also by ordinary resolution, consolidate and divide all or any of its share capital into shares of larger amount, subdivide its Shares, or any of them, into Shares of smaller amount or value or cancel any Shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and reduce the amount of its authorised share capital by the amount of the shares so cancelled or redenominate the currency of any Class of Shares.
- (e) **Directors' Interests.** Subject to the provisions of the Companies Act and provided that the nature and extent of any material interest shall be disclosed as set out below, no Director or intending Director shall be disqualified by his office from contracting with the Company nor shall any such contract or arrangement entered into by or on behalf of any other company in which any Director shall be in any way interested be avoided nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established.

The nature of a Director's interest must be declared by him at the meeting of the Directors at which the question of entering into the contract or arrangement is first taken into consideration, or if the Director was not at the date of that meeting interested in the proposed contract or arrangement at the next meeting of the Directors held after he became so

interested, and in a case where the Director becomes interested in a contract or arrangement after it is made, at the first meeting of the Directors held after he becomes so interested.

A Director shall not vote at a meeting of the Directors or a committee established by the Directors on any resolution concerning a matter in which he has, directly or indirectly an interest which is material (other than an interest arising by virtue of his interest in shares or debentures or other securities or otherwise in or through the Company) or a duty which conflicts or may conflict with the interest of the Company. A Director shall not be counted in the quorum present at a meeting in relation to such resolution on which he is not entitled to vote.

A Director shall be entitled to vote and be counted in the quorum in respect of any resolutions concerning the following matters, namely:

- (i) the giving of any security, guarantee or indemnity to him in respect of money lent by him to the Company or any of its subsidiary or associated companies or obligations incurred by him at the request of or for the benefit of the Company or any of its subsidiary or associated companies;
- (ii) the giving of any security, guarantee or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiary or associated companies for which he himself has assumed responsibility in whole or in part and whether alone or jointly with others under a guarantee or indemnity or by the giving of security;
- (iii) any proposal concerning any offer of shares or debentures or other securities of or by the Company or any of its subsidiary or associated companies for subscription, purchase or exchange in which offer he is or is to be interested as a participant in the underwriting or sub-underwriting thereof;
- (iv) any proposal concerning any other company in which he is interested, directly or indirectly and whether as an officer, shareholder or otherwise howsoever.

The Company by ordinary resolution may suspend or relax the provisions described above to any extent or ratify any transaction not duly authorised by reason of a contravention thereof.

- (f) **Borrowing Powers.** Subject to the UCITS Regulations, the Directors may exercise all the powers of the Company to borrow or raise money and to mortgage or charge its undertaking, property and assets (both present and future) and uncalled capital or any part as security for any debt liability or obligation of the Company thereof provided that all such borrowings shall be within the limits and conditions laid down by the Central Bank.
- (g) **Delegation to Committee.** The Directors may delegate any of their powers to any committee comprising at least one Director. Any such delegation may be made subject to any conditions the Directors may impose, and either collaterally with or to the exclusion of their own powers and may be revoked. Subject to any such conditions, the proceedings of a committee with two or more members shall be governed by the provisions of the Articles regulating the proceedings of Directors so far as they are capable of applying.
- (h) **Retirement of Directors.** The Directors shall not be required to retire by rotation or by virtue of their attaining a certain age.
- (i) **Directors' Remuneration.** Unless otherwise determined from time to time by the Company in general meeting, the ordinary remuneration of each Director shall be determined from time to time by resolution of the Shareholders in general meeting.

Any Director who is appointed as an executive director (including for this purpose the office of chairman or deputy chairman) or who serves on any committee, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of fees, commission or otherwise as the Directors may determine. The Directors may be paid all travelling, hotel and other out-of-pocket expenses properly incurred by them in connection with their attendance at meetings of the Directors or committees established by the Directors or general meetings or separate meetings of the holders of any Class of Shares of the Company or otherwise in connection with the discharge of their duties.

- (j) **Transfer of Shares.** Subject to the restrictions set out below, the Shares of any holder may be transferred by instrument in writing in any usual or common form or any other form, which the Directors may approve.

The Directors in their absolute discretion and without assigning any reason therefore may decline to register any transfer of a Share to (i) a Prohibited Person or; (ii) an individual under the age of 18 (or such other age as the Directors may think fit) or of unsound mind; or (iii) any person unless the transferee of such Shares would, following such transfer, be the holder of Shares equal to or greater than the Minimum Subscription Amount; or (iv) any person in circumstances where as a result of such transfer the transferor or transferee would hold less than the Minimum Holding; or (v) any person where in respect of such transfer any payment of taxation remains outstanding; or (vi) any person who does not satisfy such anti-money laundering/counter-terrorist financing requirements as the Directors may determine.

The Directors may decline to recognise any instrument of transfer unless it is accompanied by the certificate (if issued) for the Shares to which it relates in respect of one class of Share only, is in favour of not more than four transferees and is lodged at the registered office or at such other place as the Directors may appoint.

- (k) **Right of Redemption.** Shareholders have the right to request the Company to redeem their Shares in accordance with the provisions of the Articles.

- (l) **Dividends.** The Articles permit the Directors to declare such dividends on any Class of Shares as appears to the Directors to be justified by the profits of the relevant Fund. The Directors may, satisfy any dividend due to holders of Shares in whole or in part by distributing to them in specie any of the assets of the relevant Fund, and in particular any investments to which the relevant Fund is entitled. A shareholder may require the Directors instead of transferring any assets in specie to him, to arrange for a sale of the assets and for payment to the shareholder of the net proceeds of same. Any dividend unclaimed after a period of six years from the date of declaration of such dividend shall be forfeited and shall revert to the relevant Fund.

- (m) **Funds.** The Directors are required to establish a separate portfolio of assets for each Fund created by the Company from time to time, to which the following shall apply:-

- (i) the proceeds from the allotment and issue of Shares of each Class in the Fund shall be applied to the Fund established for that purpose, and the investments and the liabilities and income and expenditure attributable thereto shall be applied to such Fund subject to the provisions of the Articles;
- (ii) any asset derived from any other asset(s) (whether cash or otherwise) comprised in any Fund, shall be applied in the books and records of the Company to the same Fund as the asset from which it was derived and any increase or diminution in the value of such an asset shall be applied to the relevant Fund;

- (iii) in the event that there are any assets of the Company which the Directors do not consider are attributable to a particular Fund or Funds, the Directors shall, with the approval of the Depositary, allocate such assets to and among any one or more of the Funds in such manner and on such basis as they, in their discretion, deem fair and equitable; and the Directors shall have the power to and may from time to time, with the approval of the Depositary vary the basis in relation to assets previously allocated;
  - (iv) no Shares will be issued on terms that entitle the holder of any Fund to participate in the assets of the Company other than the assets (if any) of the Fund relating to such Shares. If the proceeds of the assets of the relevant Fund are not sufficient to fund the full redemption proceeds payable to each holder for the relevant Fund, the proceeds of the relevant Fund will, subject to the terms for the relevant Fund, be distributed equally among each holder of the relevant Fund pro rata to the amount paid upon the Shares held by each holder. If the realised net assets of any Fund are insufficient to pay any amounts due on the relevant Shares in full in accordance with the terms of the relevant Fund, the relevant holders of that Fund will have no further right of payment in respect of such Shares or any claim against the Company, any other Fund or any assets of the Company in respect of any shortfall;
  - (v) each Fund shall be charged with the liabilities, expenses, costs, charges or reserves of the Company in respect of or attributable to that Fund; and
  - (vi) in the event that any asset attributable to a Fund is taken in execution of a liability not attributable to that Fund, the provisions of section 1406(6) of the Companies Act shall apply.
- (n) Fund Exchanges
- Subject to the provisions of the Companies Act, the UCITS Regulations, the Articles and the Supplement for each relevant Fund, a holder holding Shares in any Class in a Fund on any Dealing Day shall have the right from time to time to exchange, subject to an exchange fee being applied (as described in this Prospectus), all or any of such Shares for Shares of another Class of that Fund or a separate Fund (such Class being an existing Class or a Class agreed by the Directors to be brought into existence with effect from that Dealing Day).
- (o) Termination of a Fund
- (i) any Fund may be terminated by the Directors, in their sole and absolute discretion, by notice in writing to the Depositary in any of the following events:-
    - (A) if at any time the Net Asset Value of the relevant Fund shall be less than the Minimum Fund Size as may be determined by the Directors in respect of that Fund and disclosed in the relevant Supplement; or
    - (B) if any Fund shall cease to be authorised or otherwise officially approved; or
    - (C) if any law shall be passed which renders it illegal or in the opinion of the Directors impracticable or inadvisable to continue the relevant Fund; or
    - (D) if there is a change in material aspects of the business, in the economic or political situation relating to a Fund which the Directors consider would have material adverse consequences on the investments of the Fund; or

- (E) if the Directors shall have resolved that it is impracticable or inadvisable for a Fund to continue to operate having regard to prevailing market conditions and the best interests of the Shareholders.
- (ii) the Directors shall give notice of termination of a Fund to the Shareholders in the relevant Fund and by such notice fix the date at which such termination is to take effect, which date shall be for such period after the service of such notice as the Directors shall in their sole and absolute discretion determine;
- (iii) with effect on and from the date as at which any Fund is to terminate or in the case of (A) below such other date as the Directors may determine:-
  - (A) No Shares of the relevant Fund may be issued or sold by the Company;
  - (B) The Investment Manager shall, on the instructions of the Directors, realise all the assets then comprised in the relevant Fund (which realisation shall be carried out and completed in such manner and within such period after the termination of the relevant Fund as the Directors think advisable);
  - (C) The Depositary shall, on the instructions of the Directors from time to time, distribute to the Shareholders in proportion to their respective interests in the relevant Fund all net cash proceeds derived from the realisation of the relevant Fund and available for the purpose of such distribution, provided that the Depositary shall not be bound (except in the case of the final distribution) to distribute any of the monies for the time being in its hands the amount of which is insufficient to pay €1 or its equivalent amount in the relevant currency in respect of each Share of the relevant Fund and provided also that the Depositary shall be entitled to retain out of any monies in its hands as part of the relevant Fund full provision for all costs, charges, expenses, claims and demands incurred, made or apprehended by the Depositary or the Directors in connection with or arising out of the termination of the relevant Fund and out of the monies so retained to be indemnified and saved harmless against any such costs, charges, expenses, claims and demands; and
  - (D) Every such distribution referred to at (C) above shall be made in such manner as the Directors shall, in their sole and absolute discretion, determine but shall be made only against production of the certificates or warrants relating to the Shares of the relevant Fund if issued in respect of which the same is made and upon delivery to the Depositary of such form of request for payment as the Depositary shall in its absolute discretion require. All certificated shall in the case of an interim distribution be enforced by the Depositary with a memorandum of payments made and in the case of the final distribution shall be surrendered to the Depositary. Any unclaimed proceeds or other cash held by the Depositary may at the expiration of twelve months from the date upon which the same were payable be paid into court subject to the right of the Depositary to deduct therefrom any expenses it may incur in making such payment;
- (iv) the Directors shall have the power to propose and implement a reconstruction and/or amalgamation of the Company or any Fund(s) on such terms and conditions as are approved by the Directors subject to the following conditions namely:

- (A) that the prior approval of the Central Bank has been obtained; and
- (B) that the Shareholders in the relevant Fund or Funds have been circulated with particulars of the scheme of reconstruction and/or amalgamation in a form approved by the Directors and a special resolution of the Shareholders in the relevant Fund or Funds has been passed approving the said scheme.

The relevant scheme of reconstruction and/or amalgamation shall take effect upon such conditions being satisfied or upon such later date as the scheme may provide or as the Directors may determine whereupon the terms of such scheme shall be binding upon all the Shareholders and the Directors shall have the power to and shall do all such acts and things as may be necessary for the implementation thereof.

(p) **Winding up.** The Articles contain provisions to the following effect:

- (i) If the Company shall be wound up the liquidator shall, subject to the provisions of the Companies Act, apply the assets of each Fund in such manner and order as he thinks fit in satisfaction of creditors' claims relating to that Fund.
- (ii) The assets available for distribution amongst the holders shall be applied as follows: first the proportion of the assets in a Fund attributable to each Class of share shall be distributed to the holders of Shares in the relevant Class in the proportion that the number of shares held by each holder bears to the total number of shares relating to each such Class of Shares in issue as at the date of commencement to wind up, secondly, in the payment to the holder(s) of the Subscriber Shares of sums up to the nominal amount paid thereon out of the assets of the Company not attributable to any Class of Share. In the event that there are insufficient assets to enable such payment in full to be made, no recourse shall be had to the assets of the Company attributable to each Class of Shares; and thirdly, any balance then remaining and not attributable to any of the Classes of Shares shall be apportioned pro-rata as between the Classes of shares based on the Net Asset Value attributable to each Class of Shares as at the date of commencement to wind up and the amount so apportioned to a Class shall be distributed to holders pro-rata to the number of Shares in that Class of Shares held by them.
- (iii) A Fund may be wound up pursuant to section 1407 of the Companies Act and in such event the winding up provisions of the Articles shall apply mutatis mutandis in respect of that Fund.
- (iv) If the Company shall be wound up (whether the liquidation is voluntary, under supervision or by the court) the liquidator may, with the authority of a special resolution of the relevant Shareholders and any other sanction required by the Companies Act, divide among the holders of Shares of any Class or Classes within a Fund in specie the whole or any part of the assets of the Company relating to that Fund, and whether or not the assets shall consist of property of a single kind, and may for such purposes set such value as he deems fair upon any one or more Class or Classes of property, and may determine how such division shall be carried out as between all the Shareholders or the holders of different Classes of Shares as the case may be. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of Shareholders as the liquidator, with the like authority, shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no Shareholder shall be compelled to accept any assets in respect of which there is a liability. A Shareholder may request the liquidator, instead of transferring the assets in specie to it, to arrange for a

sale of them and to pay the Shareholder the net sales proceeds of same instead.

- (q) **Share Qualification.** The Articles do not contain a share qualification for Directors.
- (r) **Change of Name.** In the event that UBS Limited ceases to act as the Promoter of the Company, and a company within the Promoter's group is not appointed in its place, then, prior to or immediately following such termination becoming effective, the Directors will arrange to convene an extraordinary general meeting to propose that the name of the Company be changed to a name which will not reflect any involvement on the part of UBS Limited (or any of its Affiliates) with the Company. At any such extraordinary general meeting called to change the name, those Shareholders who (being individuals) are present in person or by proxy or (being corporations) are present by proxy or by a duly authorised representative and entitled to vote and who vote on a poll in favour of the resolution proposed to change the name of the Company shall collectively have such total number of votes as is one or more than the number of votes which are required to be cast on such a poll for the said special resolution to be carried. Such a change of name shall take place in accordance with the provisions of the Companies Act and the requirements of the Central Bank.

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## 13 Miscellaneous

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### 13.1 Remuneration Policy, Complaint Handling Policy and Whistleblower Policy

The Manager has implemented a remuneration policy which is consistent with the requirements set out in UCITS V and which is based on the remuneration policy of UBS Group AG available on [www.ubs.com/compensation](http://www.ubs.com/compensation). Details of the manager's policy relating to how remuneration and benefits are calculated, the people responsible for awarding the remuneration and benefits and the composition of the remuneration committee (where such a committee exists) are available on [www.lsam.com](http://www.lsam.com). A paper copy of the full policy is available to investors and prospective investors free of charge upon request from the Manager.

The Manager also has a complaint handling policy and whistleblower policy in place. Further details with regard to the remuneration policy, complaint handling policy and whistleblower policy are available on the Website. The remuneration policy, complaint handling policy and whistleblower policy may be obtained free of charge on request from the Manager

### 13.2 Fund Transactions and Conflicts of Interest

Any Connected Person may also deal as agent, principal or counterparty in the sale or purchase of securities and other investments (including foreign exchange, FDI and securities lending arrangements and Repurchase Transactions) to or from the relevant Fund. There will be no obligation on the part of any Connected Person to account to the relevant Fund or to Shareholders of that Fund for any benefits so arising, and any such benefits may be retained by the relevant party, provided that such transactions are carried out as if effected on normal commercial terms negotiated at arm's length, are consistent with the best interests of the Shareholders of that Fund and:

- (a) a certified valuation of such transaction by a person approved by the Depositary (or in the case of any such transaction entered into by the Depositary, the Directors) as independent and competent has been obtained; or
- (b) such transaction has been executed on best terms reasonably obtainable on an organised investment exchange under its rules; or

- (c) where (a) and (b) are not reasonably practical, such transaction has been executed on terms which the Depositary is (or in the case of any such transaction entered into by the Depositary, the Directors are) satisfied conform with the principle that such transactions be carried out as if effected on normal commercial terms negotiated at arm's length and consistent with the best interests of the Shareholders.

In addition, in many cases each Approved Counterparty may be required to provide valuations of financial derivative instruments entered into between the relevant Fund and the Approved Counterparty, whether as Calculation Agent or otherwise. These daily valuations will form the basis upon which the value of certain assets of a Fund is calculated. The Directors acknowledge that each Approved Counterparty or the relevant Affiliates may have a potential conflict of interest by virtue of acting as the Approved Counterparty and/or providing such valuations (including in the case of an Affiliate providing an independent verification of the valuation provided by an Approved Counterparty under section 7.2 in respect of OTC instruments). However, the Directors believe that such conflicts can be adequately managed, and expect that each Approved Counterparty or one of its Affiliates will be suitable and competent to provide such valuations and will do so at no further cost to the relevant Fund than would be the case if the services of a third party were engaged to provide valuations. In addition the valuation provided by the Approved Counterparty will be verified on a six monthly basis by an entity independent of the Approved Counterparty as described above. Alternatively, the valuation methodology explained in section 7.2 could be used.

Members of the UBS AG Group may act as Approved Counterparty and Calculation Agent to the swaps and other FDIs to which the Company is a party, Authorised Participant, Index Provider, counterparty to any securities lending arrangements or Repurchase Transactions, Market Maker and/or the Depositary to the Company all in accordance with the relevant agreements which are in place. The Directors acknowledge that, by virtue of carrying-out these functions in connection with the Company, potential conflicts of interest are likely to arise. In such circumstances, each of the foregoing will use its reasonable endeavours to resolve any such conflicts of interest fairly (having regard to its respective obligations and duties) and to ensure that the interests of the Company and the Shareholders are not unfairly prejudiced. The Directors believe that such members of the UBS AG Group are suitable and competent to perform such functions.

The Depositary (or in the case of a transaction involving the Depositary, the Directors) shall document how it complied with paragraphs (a), (b) and (c) above and where transactions are conducted in accordance with paragraph (c), the Depositary (or in the case of a transaction involving the Depositary, the Directors), must document the rationale for being satisfied that the transaction conformed to the principles outlined above.

Potential conflicts of interest may arise from time to time from the provision by the Depositary and/or its affiliates of other services to the Company and/or other parties. For example, the Depositary and/or its affiliates may act as the depositary, trustee, depositary and/or administrator of other funds. It is therefore possible that the Depositary (or any of its affiliates) may in the course of its business have conflicts or potential conflicts of interest with those of the Company and/or other funds for which the Depositary (or any of its affiliates) act.

Where a conflict or potential conflict of interest arises, the Depositary will have regard to its obligations to the Company and will treat the Company and the other funds for which it acts fairly and such that, so far as is practicable, any transactions are effected on terms which are not materially less favourable to the Company than if the conflict or potential conflict had not existed.

Unless otherwise provided for in the Supplement for a Fund, an Approved Counterparty shall not have any discretion over the composition or management of the relevant Fund's investment portfolio or over the underlyings of the FDIs.

A Fund may invest in OTC derivatives in accordance with the Central Bank Rules and provided that the counterparties in the OTC derivatives are eligible counterparties.

As the fees of the Manager are based on the Net Asset Value of a Fund, if the Net Asset Value of the Fund increases so do the fees payable to the Manager and accordingly there is a conflict of interest for the Manager in cases where the Manager or its delegate is responsible for determining the valuation price of a Fund's investments.

The Directors may act as directors of other collective investment vehicles. Where any potential conflicts of interest arise between their duties to the Company and to third parties, the Directors will endeavour to ensure that any such conflicts will not unfairly prejudice the Company.

### 13.3 Litigation and Arbitration

The Company is not involved in any litigation or arbitration nor are the Directors aware of any pending or threatened litigation or arbitration.

### 13.4 Directors' Interests

- (a) At the date of this Prospectus, no Director has any interest, direct or indirect, in any assets which have been or are proposed to be acquired or disposed of by, or issued to, the Company and save as disclosed below no Director is materially interested in any contract or arrangement subsisting at the date hereof which is unusual in its nature and conditions or significant in relation to the business of the Company.
- (b) At the date of this Prospectus none of the Directors nor any Associated Person have any beneficial interest in the share capital of the Company or any options in respect of such capital.
- (c) Colm Torpey and Alan White are Directors of the Company. Colm Torpey and Alan White are also directors of the Manager.
- (d) Clemens Reuter, Ian Ashment, Frank Muesel, Colm Torpey and Alan White are employees of the UBS AG Group or affiliate companies.

### 13.5 Material Contracts

The following contracts have been entered into otherwise than in the ordinary course of the business intended to be carried on by the Company and are or may be material:

- (a) The **Management Agreement** dated 25 June 2010 between the Company and the Manager. The Management Agreement provides that the appointment of the Manager will continue unless and until terminated by either the Manager or the Company giving to the other party not less than 90 days' written notice although in certain circumstances the Management Agreement may be terminated forthwith by notice in writing by either the Manager or the Company to the other party. The Management Agreement contains certain indemnities payable out of the assets of the relevant Fund in favour of the Manager which are restricted to exclude matters resulting from the fraud, bad faith, wilful default or negligence of the Manager in the performance or non-performance of its obligations and duties.

The Management Agreement contains limited recourse provisions under which the recourse against the Company of the Manager in respect of any claims arising under or in relation to the Management Agreement is expressed to be limited to the Fund established in respect of the Shares to which such claims relate, and the Manager will have no recourse to any other assets of the Company or any other Fund in respect of

any such claims. If following the realisation of all of the assets of the relevant Fund and the application of such realisation proceeds in payment of all claims relating to the relevant Fund and all other liabilities (if any) of the Company ranking pari passu with or senior to such claims which have recourse to the relevant Fund, the claims are not paid in full, (a) the amount outstanding in respect of such claims will be automatically extinguished, (b) the Manager will have no further right of payment in respect thereof and (c) the Manager will not be able to petition for the winding-up of the Company or the termination of any other Fund as a consequence of any such shortfall provided however that (a) and (b) above shall not apply to any assets of the Fund that may be subsequently held or recouped by the Fund.

- (b) The **Investment Management Agreement** dated 25 June 2010 between the Manager and the Investment Manager. The Investment Management Agreement provides that the appointment of the Investment Manager will continue unless and until terminated by either party giving to the other not less than 90 days' written notice although in certain circumstances the Investment Management Agreement may be terminated forthwith by notice in writing by either party to the other. The Investment Management Agreement contains certain indemnities in favour of the Investment Manager which are restricted to exclude matters resulting from the fraud, bad faith, wilful default or negligence of the Investment Manager in the performance or non-performance of its obligations and duties.

The Investment Management Agreement contains limited recourse provisions under which the recourse against the Manager of the Investment Manager in respect of any claims arising under or in relation to the Investment Management Agreement is expressed to be limited to the assets of the Manager and any claims the Manager has in relation to the relevant Fund established in respect of the Shares to which such claims relate, and the Investment Manager will have no recourse to any other assets of the Company or any other Fund in respect of any such claims. If following the realisation of all of the assets of the Manager and any claims the Manager has in relation to the relevant Fund and the application of such realisation proceeds in payment of all claims relating to the relevant Fund (if any) and all other liabilities (if any) of the Company ranking pari passu with or senior to such claims which have recourse to the assets of the Manager, the claims are not paid in full, (a) the amount outstanding in respect of such claims will be automatically extinguished, (b) the Investment Manager will have no further right of payment in respect thereof and (c) the Investment Manager will not be able to petition for the winding-up of the Manager, the Company or the termination of any other Fund as a consequence of any such shortfall provided however that (a) and (b) above shall not apply to any assets of the Fund payable to the Manager that may be subsequently held or recouped by the Fund.

- (c) The **Depositary Agreement** dated 12 October 2016, as amended from time to time, between the Company and the Depositary. The Depositary Agreement provides that the appointment of the Depositary will continue unless and until terminated by either party giving to the other not less than 90 days' written notice although in certain circumstances the Depositary Agreement may be terminated forthwith by notice in writing by either party to the other.

The Depositary Agreement shall continue in force unless and until terminated by either party giving not less than 90 days' prior written notice to the other, although termination may be immediate in certain circumstances, such as the insolvency of the Depositary. Upon an (envisaged) removal or resignation of the Depositary, the Company shall with due observance of the applicable requirements of the Central Bank, appoint a successor Depositary. The Depositary may not be replaced without the approval of the Central Bank.

The Depositary Agreement shall be governed by the laws of Ireland and the courts of Ireland shall have non-exclusive jurisdiction to hear any disputes or claims arising out of or in connection with the Depositary Agreement.

- (d) The **Administration Agreement** dated 25 June 2010 between the Manager, the Company and the Administrator. The Administration Agreement provides that the appointment of the Administrator will continue unless and until terminated by either party giving to the other not less than 90 days' written notice although in certain circumstances the Administration Agreement may be terminated forthwith by notice in writing by either party to the other. The Administration Agreement contains certain indemnities payable by the Manager or out of the assets of the relevant Fund in favour of the Administrator which are restricted to exclude matters arising by reason of the recklessness, bad faith, negligence, fraud, or wilful default of the Administrator, its directors, officers, servants, employees, or agents in the performance of its or their obligations.

The Administration Agreement contains limited recourse provisions under which the recourse against the Company of the Administrator, its permitted delegates, servants or agents in respect of any claims arising under or in relation to the Administration Agreement is expressed to be limited to the Fund established in respect of the Shares to which such claims relate, and the Administrator will have no recourse to any other assets of the Company or any other Fund in respect of any such claims. If following the realisation of the assets of the relevant Fund and the application of such realisation proceeds in payment of all claims relating to the relevant Fund (if any) and all other liabilities (if any) of the Company ranking pari passu with or senior to the claims which have recourse to the relevant Fund, such claims are not paid in full, (a) the amount outstanding in respect of such claims will be automatically extinguished, (b) the Administrator will have no further right of payment in respect thereof and (c) the Administrator will not be able to petition for the winding-up of the Company or the termination of any other Fund as a consequence of any such shortfall provided however that (a) and (b) above shall not apply to any assets of the Fund that may be subsequently held or recouped by the Fund.

- (e) The **Distribution Agreement** dated 25 June 2010 between the Manager and Distributor. The Distribution Agreement provides appointment of the Distributor will continue unless and until terminated by either party giving to the other not less than 180 days' written notice although in certain circumstances the Distributor Agreement may be terminated forthwith by notice in writing by either party to the other.

- (f) The Distribution Agreement contains limited recourse provisions under which the recourse against the Company of the Distributor in respect of any claims arising under or in relation to the Distribution Agreement is expressed to be limited to the Fund established in respect of the Shares to which such claims relate, and the Distributor will have no recourse to any other assets of the Company or any other Fund in respect of any such claims. If following the realisation of the assets of the relevant Fund (if any) and subject to the application of such realisation proceeds in payment of all claims relating to the relevant Fund (if any) and all other liabilities (if any) of the Company ranking pari passu with or senior to such claims which have recourse to the relevant Fund, the claims are not paid in full, (a) the amount outstanding in respect of such claims will be automatically extinguished, (b) the Distributor will have no further right of payment in respect thereof and (c) the Distributor will not be able to petition for the winding-up of the Company or the termination of any other Fund as a consequence of any such shortfall provided however that (a) and (b) above shall not apply to any assets of the Fund that may be subsequently held or recouped by the Fund.

- (g) **Additional Contracts.** In addition to the above, the Company may enter into additional contracts relating to the provision of paying agent, facilities agent, correspondent bank or other similar services as may be required in connection with an offer of Shares into a particular jurisdiction from time to time. The provision of such services shall be on arm's length commercial terms for the Company for which fees shall be charged at normal commercial rates and expenses are to be reimbursed.

### 13.6 General

As of the date of this Prospectus, the Company does not have any loan capital (including term loans) outstanding or created but unissued or any outstanding mortgages, charges, debentures or other borrowings or indebtedness in the nature of borrowings, including bank overdrafts, liabilities under acceptances or acceptance credits, hire purchase or finance lease commitments, guarantee or other contingent liabilities.

Save as disclosed under the heading "**Directors' Interests**" above, no Director has any interest in the promotion of or in any property acquired or proposed to be acquired by the Company.

Save as may result from the entry by the Company into the agreements listed under the heading "**Material Contracts**" above or any other fees, commissions or expenses discharged, no amount or benefit has been paid or given or is intended to be paid or given to any promoter of the Company.

No commissions, discounts, brokerages or other special terms have been paid or granted by the Company, or are payable by the Company for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any Shares or loan capital of the Company.

To facilitate the marketing and distribution of a Fund, the Distributor or any of its affiliates, may purchase Shares in such Fund, at the relevant Fund's Launch Date (as defined in the Supplement for the relevant Fund) or at any time thereafter.

The Manager may pay a portion of its fee to distributors, dealers or other entities that assist it in the performance of its duties or provide services, directly or indirectly, to the Funds or their Shareholders and may enter into private arrangements on a negotiated basis with a holder or prospective holder of Shares. The selection of holders or prospective holders of Shares with whom such private arrangements may be made and the terms on which the Manager or their respective affiliates, designees or placement agents may enter into such private arrangements are a matter for the relevant entity, except that as a condition of any such arrangements, the Company will not thereby incur any obligation or liability whatsoever.

### 13.7 Documents for Inspection

Copies of the following documents may be inspected at the offices of the Administrator at its address as set out in this Prospectus, during usual business hours on weekdays, except Saturdays, Sundays and public holidays:

- (a) the Articles;
- (b) the material contracts referred to above;
- (c) the UCITS Regulations and the Central Bank Regulations;
- (d) up to date information regarding the Depositary's duties and conflicts of interest; and
- (e) a description of any safe-keeping functions delegated by the Depositary, a list of delegates and sub-delegates and any conflicts of interest that may arise from such delegation.

A list of the Depositary's sub-delegates, as at the date of this Prospectus, is set out in Appendix IV.

Copies of the Articles (and, after publication thereof, the periodic reports and accounts) may be obtained from the Administrator free of charge.

Copies of a list of past and current directorships and partnerships held by each Director over the last five years are available for inspection upon request to the Company.

## Appendix I – Definitions

<b>"Accounting Period"</b>	means a period ending on 30 June of each year.
<b>"Administration Agreement"</b>	means the administration agreement dated 25 June 2010 between the Company, the Manager and the Administrator as amended, supplemented or otherwise modified from time to time in accordance with the requirements of the Central Bank.
<b>"Administrative Expenses"</b>	means the administrative expenses defined in section 10.1(b).
<b>"Administrator"</b>	means State Street Fund Services (Ireland) Limited or any other person or persons for the time being duly appointed administrator in succession to the said State Street Fund Services (Ireland) Limited in accordance with the requirements of the Central Bank.
<b>"Affiliate"</b>	means any legal or natural person which in relation to the person concerned is (i) a holding company, (ii) a subsidiary of any such holding company; (iii) a subsidiary or (iv) controlled directly or indirectly by the person concerned and "control" of an entity for this purpose means the power, direct or indirect, to direct or cause the direction of the management and policies of such entity whether by contract or otherwise and, in any event and without limitation of the foregoing, any entity owning more than 50% of the voting securities of a second entity shall be deemed to control that second entity.
<b>"Application Form"</b>	means the original form which must be submitted with the Subscription Form upon an initial application or exchange of Shares. It only needs to be submitted with subsequent applications if the investors' details or circumstances have changed from when this form was originally submitted.
<b>"Approved Counterparty"</b>	means such entity or entities selected by the Manager to act as the counterparty to FDIs to which the Fund is a party, provided always that the relevant entity is, in relation to OTC derivatives, one falling within a category permitted by the Central Bank Rules. The Approved Counterparty is expected to be a member of the UBS AG Group.
<b>"Articles"</b>	means the Memorandum and Articles of Association of the Company.
<b>"Associated Person"</b>	<p>a person is associated with a Director if, and only if, he or she is:</p> <ul style="list-style-type: none"><li>(a) that Director's spouse, parent, brother, sister or child;</li><li>(b) a person acting in his capacity as the trustee of any trust, the principal beneficiaries of which are the Director, his spouse or any of his children or any body corporate which he controls;</li><li>(c) a partner of that Director.</li></ul> <p>A company will be deemed to be connected with a Director if it is controlled by that Director.</p>

<b>"Authorised Participant"</b>	means an entity or person authorised by the Company for the purposes of subscribing for and redeeming Shares in a Fund.
<b>"Base Currency"</b>	means in relation to any Fund such currency as is specified in the Supplement for the relevant Fund.
<b>"Business Day"</b>	means a day defined as a Business Day on the Website or such other day or days as may be set out in the Supplement for the relevant Fund or any such additional day as the Directors may in their discretion determine as a Business Day and notify in advance to Shareholders.
<b>"Calculation Agent"</b>	means the calculation agent of any FDI to which the Fund is a party. The Calculation Agent will be a member of the UBS AG Group, unless otherwise specified in the relevant Supplement.
<b>"Central Bank"</b>	means the Central Bank of Ireland or any successor authority.
<b>"Central Bank Regulations"</b>	means the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings For Collective Investment in Transferable Securities) Regulations 2015 as may be amended, supplemented, consolidated, substituted in any form or otherwise modified from time to time.
<b>"Central Bank Rules"</b>	means the Central Bank Regulations and any other statutory instrument, regulations, rules, conditions, notices, requirements or guidance of the Central Bank issued from time to time applicable to the Company pursuant to the UCITS Regulations.
<b>"CJA"</b>	means the Criminal Justice (Money Laundering and Terrorist Financing) Act, 2010 (as amended by the Criminal Justice Act 2013).
<b>"Class(-es)"</b>	means the class or classes of Shares relating to a Fund where specific features with respect to subscription, exchange or redemption charge, minimum subscription amount, dividend policy, investor eligibility criteria, voting rights or other specific features may be applicable. The details applicable to each Class will be described in the Supplement for the relevant Fund.
<b>"Clearing Agent"</b>	means any entity affiliated with one or more Relevant Stock Exchanges and which facilitates the validation, delivery and settlement of transactions in the Company's Shares.
<b>"Collateral"</b>	means assets delivered as defined under the relevant credit support annex, securities lending arrangement or Repurchase Transaction for a Fund and which are acceptable collateral in each case in accordance with the Collateral Policy.
<b>"Collateral Policy"</b>	means the Manager's collateral policy as it relates to the Company as summarised in the Prospectus.
<b>"Company"</b>	means UBS ETFs plc.
<b>"Companies Act"</b>	means the Companies Act 2014 including any regulations issued pursuant thereto, insofar as they apply to open-ended investment

	companies with variable capital.
<b>"Connected Person"</b>	means the persons defined as such in the section headed <b>"6.9 Potential Conflicts of Interest"</b> .
<b>"Courts' Service"</b>	means the entity that is responsible for the administration of moneys under the control or subject to the orders of the courts.
<b>"CRS"</b>	means the Standard for Automatic Exchange of Financial Account Information approved on 15 July 2014 by the Council of the Organisation for Economic Cooperation and Development, also known as the Common Reporting Standard, and any bilateral or multilateral competent authority agreements, intergovernmental agreements and treaties, laws, regulations, official guidance or other instrument facilitating the implementation thereof and any law implementing the Common Reporting Standard.
<b>"Data Protection Legislation"</b>	means the current data protection legislation in force in Ireland, which as of the date of this Prospectus is the Data Protection Acts 1988 and 2003;
<b>"Dealing Day"</b>	means in relation to each Fund such day or days as is specified in the relevant Supplement or such other day(s) as the Directors may with the approval of the Administrator determine and notify in advance to Shareholders provided always that there shall be at least one Dealing Day per fortnight during each calendar month.
<b>"Dealing Deadline"</b>	means in relation to applications for subscription, exchange or redemption of Shares in a Fund, the dates and times specified in the Supplement for the relevant Fund.
<b>"Dematerialised Form"</b>	means in relation to Shares, means Shares, title to which is recorded as being in uncertificated form and which may be transferred by means of a computer based settlement system in accordance with the Companies Act, 1990 (Uncertified Securities) Regulations, 1996 (of Ireland).
<b>"Depository"</b>	means State Street Custodial Services (Ireland) Limited or such other company as may from time to time be appointed to provide depository services to the Company in accordance with the requirements of the Central Bank
<b>"Depository Agreement"</b>	means the agreement made between the Company and the Depository dated 12 October 2016.
<b>"Directors"</b>	means the directors of the Company.
<b>"Distributor"</b>	means UBS AG.
<b>"Disruption Events"</b>	means a Market Disruption Event, a Force Majeure Event or an Index Disruption and Adjustment Event.
<b>"EEA"</b>	means the European Economic Area (Member States, Iceland, Norway, and Liechtenstein).
<b>"EEA Member State"</b>	means a member state of the EEA.

<b>"ETF"</b>	means exchange traded fund(s).
<b>"EU"</b>	means the European Union.
<b>"Exceptional Expenses"</b>	means the exceptional expenses defined as such in the section headed <b>"Fees and Expenses"</b> .
<b>"Exchange Charge"</b>	means the charge, if any, payable on the exchange of Shares as is specified in the Supplement for the relevant Fund.
<b>"Exempt Irish Shareholder"</b>	<p>means:</p> <p>a qualifying management company within the meaning of section 739B(1) TCA;</p> <p>(f) a specified company within the meaning of section 734(1) TCA;</p> <p>an investment undertaking within the meaning of section 739B(1) TCA;</p> <p>an investment limited partnership within the meaning of section 739J TCA;</p> <p>a pension scheme which is an exempt approved scheme within the meaning of section 774 TCA, or a retirement annuity contract or a trust scheme to which section 784 or 785 TCA applies;</p> <p>a company carrying on life business within the meaning of section 706 TCA;</p> <p>a special investment scheme within the meaning of section 737 TCA;</p> <p>a unit trust to which section 731(5)(a) TCA applies;</p> <p>a charity being a person referred to in section 739D(6)(f)(i) TCA;</p> <p>a person who is entitled to exemption from income tax and capital gains tax by virtue of section 784A(2) TCA and the Shares held are assets of an approved retirement fund or an approved minimum retirement fund;</p> <p>a qualifying fund manager within the meaning of section 784A TCA or a qualifying savings manager within the meaning of section 848B TCA, in respect of Shares which are assets of a special savings incentive account within the meaning of section 848C TCA;</p> <p>a person who is entitled to exemption from income tax and capital gains tax by virtue of section 787I TCA and the Shares held are assets of a personal retirement savings account as defined in section 787A TCA;</p> <p>the National Pensions Reserve Fund Commission;</p> <p>the National Asset Management Agency;</p> <p>the Courts Service;</p> <p>a credit union within the meaning of section 2 of the Credit Union Act 1997;</p>

an Irish resident company, within the charge to corporation tax under Section 739G(2) TCA, but only where the fund is a money market fund;

a company which is within the charge to corporation tax in accordance with section 110(2) TCA in respect of payments made to it by the Company;

any other person as may be approved by the Directors from time to time provided the holding of Shares by such person does not result in a potential liability to tax arising to the Company in respect of that Shareholder under Part 27, Chapter 1A TCA; and

the National Treasury Management Agency of Ireland, or a fund investment vehicle within the meaning of Section 739D(6)(kb) TCA;

and where necessary the Company is in possession of a Relevant Declaration in respect of that Shareholder.

**"FATCA"**

means:

- a) sections 1471 to 1474 of the US Internal Revenue Code of 1986 or any associated regulations or other official guidance;
- b) any intergovernmental agreement, treaty, regulation, guidance or other agreement between the Government of Ireland (or any Irish government body) and the US, UK or any other jurisdiction (including any government bodies in such jurisdiction), entered into in order to comply with, facilitate, supplement, implement or give effect to the legislation, regulations or guidance described in paragraph (a) above; and
- c) any legislation, regulations or guidance in Ireland that give effect to the matters outlined in the preceding paragraphs.

**"FDI"**

means a financial derivative instrument (including an OTC derivative) permitted by the UCITS Regulations.

**"Flat Fee"**

means the flat fee defined in Section 10.2.

**"Force Majeure Event"**

means an event or circumstance (including, without limitation, a systems failure, natural or man-made disaster, act of God, armed conflict, act of terrorism, riot or labour disruption or any similar intervening circumstance) that is beyond the reasonable control of the Investment Manager and that the Investment Manager determines affects the Fund Assets.

**"Fund"**

means a separate portfolio of assets which is invested in accordance with the investment objective and policies set out in the relevant Supplement and to which all liabilities, income and expenditure attributable or allocated to such portfolio shall be applied and charged and Funds means all or some of the Funds as the context requires or any other portfolios as may be established by the Company from time to time with the prior approval of the Central Bank.

<b>"Fund Assets"</b>	means the transferable securities, financial derivative instruments, other financial instruments and eligible assets invested in by a Fund and cash held by the Fund in accordance with the UCITS Regulations, as further described in the relevant Supplement.
"Global Share Certificate"	means the certificates issued in the name of the Company (as described in further detail under <b>"Form of the Shares and Register"</b> ).
<b>"Group Companies"</b>	means companies which are included in the same group for the purposes of consolidated accounts, as defined in accordance with Directive 83/349/EEC or in accordance with international accounting rules.
<b>"Index Disruption and Adjustment Events"</b>	means in respect of a Reference Index or a Reference Asset, an event which impacts the ability of the counterparty to perform its obligations under one or more derivative contracts, further information in respect of which is set out at section 6.10.
<b>"Index Provider"</b>	means in relation to a Fund, the entity or person acting by itself or through a designated agent which compiles, calculates and publishes information on the Index corresponding to a Fund and who has licensed the Index to the Company, as specified in the relevant Supplement.
<b>"Initial Issue Price"</b>	means the price per Share (excluding any Subscription Charge) at which Shares are initially offered in a Fund for such period as is specified in the Supplement for the relevant Fund.
<b>"Intermediary"</b>	means a person who carries on a business which consists of, or includes, the receipt of payments from an investment undertaking on behalf of other persons, or holds units in an investment undertaking on behalf of other persons.
<b>"Investment Manager"</b>	means UBS Asset Management (UK) Limited or any other person or persons for the time being duly appointed investment manager of the Company in addition or in succession to UBS Asset Management (UK) Limited and where the Investment Manager has delegated responsibility for the management of the assets of a Fund, the term Investment Manager shall also refer to the sub-investment manager of that particular Fund.
<b>"Investor Money Regulations"</b>	means the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) Investor Money Regulations 2015 for Fund Service Providers, as may be amended from time to time.
<b>"Irish Resident"</b>	means any person resident in Ireland or ordinarily resident in Ireland other than an Exempt Irish Shareholder.
<b>"Issue Price"</b>	means the price at which Shares are issued, as further described in the section headed <b>"Issue and Redemption Prices/Calculation of Net Asset Value"</b> .
<b>"Launch Date"</b>	means the date on which the Company issues Shares relating to a Fund in exchange for subscription proceeds as set out in the Supplement for each Fund.

<b>"Management Fee"</b>	means the management fee defined in section 10.1(a).
<b>"Market"</b>	means a stock exchange or regulated market which is provided for in the Articles and listed in Appendix II.
<b>"Market Disruption Event"</b>	<p>means the occurrence or existence of one or more of the following events, which occur in relation to any Fund Asset (or to a component of such Fund Asset, the Reference Index or Reference Asset, or any derivative contract related thereto ("<b>Affected Instrument</b>")) and this definition is to be construed accordingly):</p> <p>it is not possible to obtain a prompt or accurate price or value (or an element of such price or value) of any Affected Instrument according to the rules or normal accepted procedures for the determination of such price or value (whether due to the non-publication of such price or value or otherwise);</p> <p>the calculation of the price or value of any Affected Instrument is, at the relevant time, in the opinion of the Manager and/or Investment Manager, impractical or impossible to make;</p> <p>there is a reduction in liquidity in any Affected Instrument in the determination of the Manager and/or the Investment Manager;</p> <p>any suspension of or limitation is imposed on trading on any exchanges, quotation systems or "over-the-counter" market where any Affected Instrument is traded; and/or there exists an event or circumstance that prevents or materially limits transactions in any Affected Instrument. For the purpose of this definition, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant exchange, provided however that where a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the relevant exchange may, if so determined by the Manager and/or Investment Manager, constitute a Market Disruption Event;</p> <p>where the Affected Instrument is not traded on any exchange, quotation system or other similar system, the Manager and/or the Investment Manager is unable to obtain (a) from dealers in the Affected Instrument firm quotations in respect thereof or (b) a subscription or a redemption price of any Affected Instrument according to the rules or normal accepted procedures for such Affected Instrument;</p> <p>the occurrence of any event that generally makes it impossible or impractical to convert any currency which was, immediately prior to the occurrence of such event, a foreign exchange currency, as determined by the Manager and/or Investment Manager;</p> <p>the occurrence of any event that generally makes it impossible or impractical to convert between the currency of the country of issue and/or country of payment of any Affected Instrument and the Base Currency through customary legal channels, as determined by the Manager and/or the Investment Manager;</p> <p>the occurrence of any event that generally makes it impossible or impractical to deliver or transfer (a) the currency from accounts inside the country of issue and/or country of payment of any Affected Instrument to accounts outside such country of issue</p>

	and/or country of payment or (b) the currency of the country of issue and/or country of payment of any Affected Instrument between accounts inside such country of issue and/or country of payment, or to a party that is a non-resident of the country of issue and/or country of payment, as determined by the Manager and/or Investment Manager;
	a general moratorium is declared in respect of banking activities in London, Dublin, New York, or TARGET; and/or
	further Market Disruption Events may apply in respect of a specific Fund and in such instance, additional details shall be included in the Supplement for the relevant Fund.
<b>"Market Makers"</b>	means financial institutions that are member of the Relevant Stock Exchanges and have signed a market making contract with the Company or that are registered as such with the Relevant Stock Exchanges.
<b>"Member State"</b>	means a member state of the EU (the current member states being:- Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, the Netherlands and the United Kingdom).
<b>"Minimum Fund Size"</b>	means such amount (if any) as the Directors may consider for each Fund and as set out in the Supplement for the relevant Fund.
<b>"Minimum Holding"</b>	means such number of Shares or Shares having such value (if any) as is specified in the Supplement for the relevant Fund.
<b>"Minimum Redemption Amount"</b>	means such amount (whether the redemption be in cash or in-kind) as specified in the Supplement for the relevant Fund.
<b>"Minimum Subscription Amount"</b>	means such amount (whether the subscription be in cash or in-kind) as is specified in the Supplement for the relevant Fund.
<b>"Money Market Instruments"</b>	means money market instruments permitted by the UCITS Regulations and as further described in the relevant Supplement.
<b>"Month"</b>	means calendar month.
<b>"Net Asset Value or Net Asset Value per Share"</b>	means in respect of the assets of a Fund or in respect of a Share of any Class, the amount determined in accordance with the principles set out in this Prospectus under the heading " <b>Issue and Redemption Price/Calculation of Net Asset Value/Valuation of Assets</b> " as the Net Asset Value of a Fund or the Net Asset Value per Share.
<b>"Non-Voting Shares"</b>	means a particular Class of Shares that do not carry the right to notice of or to attend or vote at general meetings of the Company of the relevant Fund.
<b>"OECD"</b>	means the Organisation for Economic Co-operation and Development; the current members being Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Korea (Republic), Luxembourg, Mexico, The Netherlands, New Zealand,

Norway, Poland, Portugal, Slovakia, Spain, Sweden, Switzerland, Turkey, United Kingdom and United States.

**"OTC derivative"**

means an FDI which is dealt in an "over-the-counter" market.

**"Personal Portfolio Investment Undertaking"**

means an investment undertaking, under the terms of which some or all of the property of the undertaking, may be or was, selected by, or the selection or some or all of the property may be or was, influenced by:

the investor;

a person acting on behalf of the investor;

a person connected with the investor;

a person connected with a person acting on behalf of the investor;

the investor and a person connected with the investor; or

a person acting on behalf of both the investor and a person connected with the investor.

An investment undertaking is not a personal portfolio investment undertaking if the only property which may or has been selected was available to the public at the time that the property is available for selection by an investor and is clearly identified in the investment undertaking's marketing or other promotional material. The investment undertaking must also deal with all investors on a non-discriminatory basis. In the case of investments deriving 50% or more of their value from land, any investment made by an individual is limited to 1% of the total capital required.

**"Primary Market Transaction Costs"**

means the fee amount payable in connection with a subscription or redemption, where there are net subscriptions or net redemptions as the case may be, (including as a result of an exchange from one Class to another Class of the same or a separate Fund), in addition to the value of the Shares subscribed for, or deducted from the value of the Shares redeemed, to cover any market spreads (the difference between the prices at which assets are valued and/or bought or sold), anti-dilution levies, duties and charges and other dealing costs (including Transfer Taxes) relating to the acquisition or disposal of Fund Assets in connection with such subscription, redemption or exchange.

**"Prospectus"**

means the prospectus issued from time to time by the Company as amended, supplemented, consolidated or otherwise modified from time to time.

**"Recognised Clearing and Settlement System"**

means any clearing system for the settlement of transactions in relation to the securities designated by the Revenue Commissioners of Ireland as a recognised clearing system for the purposes of Chapter 1(a) of Part 27 of the Taxes Consolidation Act, 1997 which at the date hereof comprise Clearstream Banking SA, Clearstream Banking AG, Euroclear, Crest, National Securities Clearing System, Sicovam SA, SIS Sega Intersettle AG, NECIGEF(Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.-the Dutch central institute for giro transferred securities), Deutsche Bank AG, Depository & Clearing System, Central Moneymarkets Office, Depository Trust Company of New York, Japan Securities Depository Centre (JASDEC), Monte Titoli

	SpA, The Canadian Depository for Securities Ltd. and VPC AB (Sweden).
<b>"Redemption Charge"</b>	means the charge, if any, to be paid out of the Redemption Price which Shares may be subject to, as specified in the relevant Supplement.
<b>"Redemption Form"</b>	means the form which may be submitted to make an application to redeem Shares.
<b>"Reference Asset"</b>	means the basket of securities or other eligible assets whose performance a Fund will aim to replicate, or track the performance of, pursuant to its investment objective and in accordance with its investment policies, as specified in the relevant Supplement. The "Reference Asset" could comprise multiple baskets of securities or other eligible assets, and references to "Reference Asset" shall be read accordingly.
<b>"Reference Index"</b>	means the index of securities or other eligible assets whose performance a Fund will aim to replicate, or track the performance of, pursuant to its investment objective and in accordance with its investment policies, as specified in the relevant Supplement. The Reference Index could comprise several indices, and references to "Reference Index" shall be read accordingly.
<b>"Register"</b>	means the register of Shareholders of the Company.
<b>"Registrar"</b>	means State Street Fund Services (Ireland) Limited.
<b>"Registered Shares"</b>	means Shares which are issued in registered form of which the ownership is registered and documented in the Company's Register.
<b>"Relevant Declaration"</b>	means the declaration relevant to the Shareholders as set out in Schedule 2B TCA.
<b>"Relevant Institution"</b>	means (a) a credit institution authorised in the EEA Member States; (b) a credit institution authorised within a signatory state (other than an EEA Member State) to the Basle Capital Convergence Agreement of July 1988 (Switzerland, Canada, Japan, United States); or (c) a credit institution authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand
<b>"Relevant Period"</b>	means a period of 8 years beginning with the acquisition of Shares by a Shareholder and each subsequent period of 8 years beginning immediately after the preceding relevant period.
<b>"Relevant Stock Exchanges"</b>	means markets on which the Shares of the Funds will be listed such as the SIX Swiss Exchange and/or such other stock exchanges as the Directors may determine from time to time.
<b>"Redemption Price"</b>	means the price at which Shares are redeemed, as further described in the section headed " <b>Issue and Redemption Prices/Calculation of Net Asset Value</b> ".
<b>"Repurchase Transactions"</b>	means repurchase, reverse repurchase or buy and sell back transactions.

<b>"Revenue Commissioners"</b>	means the Irish Revenue Commissioners.
<b>"Scheduled Maturity Date"</b>	means, with respect to a Fund, the date indicated in the relevant Supplement on which the outstanding Shares will be redeemed, the Fund being thereafter closed. Unless a Scheduled Maturity Date has been indicated in the relevant Supplement, a Fund will not have a Scheduled Maturity Date;
<b>"Securities Financing Transactions"</b>	means transactions defined as such under the SFTR, as follows: (a) a repurchase transaction; (b) securities or commodities lending and securities and commodities borrowing; (c) a buy-sell back transaction or sell-buy back transaction; or (d) a margin lending transaction.
<b>"Setting Up Costs"</b>	means the costs defined as such in the section headed <b>"Fees and Expenses"</b> .
<b>"Settlement Date"</b>	means in respect of receipt of monies for payment of subscription monies or dispatch of monies for the redemption of Shares the dates specified in the Supplement for each Fund.
<b>"SFTR"</b>	means Regulation (EU) 2015/2365 of the European Parliament and of the Council on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012, as may be amended, supplemented or replaced from time to time.
<b>"Shares"</b>	means participating shares in the Company and includes, where the context so permits or requires, the Shares in a Fund which may be divided into different Classes, such Shares may be Voting Shares or Non-Voting Shares.
<b>"Shareholders"</b>	means holders of Shares, and each a <b>"Shareholder"</b> .
<b>"Structured Finance Securities"</b>	means eligible debt or equity securities or other financial instruments, including asset-backed securities and credit-linked securities, which may be issued by a member of the UBS AG Group.
<b>"Subscription Charge"</b>	means the charge, if any, payable to the Manager on subscription for Shares as specified in the relevant Supplement.
<b>"Subscription Form"</b>	means the subscription form to be completed in respect of each purchase of Shares.
<b>"Subscriptions/Redemptions Accounts"</b>	means the account in the name of the Company through which subscription monies and redemption proceeds and dividend income (if any) for each Fund are channelled in accordance with the Articles, the details of which are specified in the Application Form
<b>"Supplement"</b>	means the Supplements to this Prospectus (each a <b>"Supplement"</b> ) and any Supplement issued by the Company in relation to the creation of new Funds and/or share Classes.
<b>"TARGET"</b>	means the Trans-European Automated Real-time Gross settlement Express Transfer system.

<b>"TCA" and "Taxes Act"</b>	means the Taxes Consolidation Act, 1997, as amended.
<b>"Transaction Fees"</b>	means the fees defined as such under the section headed " <b>Fees and Expenses</b> ".
<b>"Transferable Securities"</b>	means transferable securities permitted by the UCITS Regulations and as further described in the relevant Supplement.
<b>"Transfer Taxes"</b>	means all stamp, transfer and other duties and taxes for which the Company may be liable in relation to a Fund for receiving the requisite securities on a subscription for Shares or delivering the requisite securities on redemption of one or more Shares.
<b>"UBS AG Group"</b>	means UBS AG and its Affiliates.
<b>"UCITS"</b>	means an undertaking for collective investment in transferable securities pursuant to the UCITS Directive.
<b>"UCITS Directive"</b>	means the EC Council Directive 85/0111 EEC of 20 December 1985 (OJ No. L375/3 of 31 December 1985) on the Co-ordination of Laws, Regulations and Administrative Provisions relating to UCITS, as amended, supplemented or replaced from time to time.
<b>"UCITS Regulations"</b>	means the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (S.I. 352 of 2011) as amended by the European Union (Undertakings for Collective Investment in Transferable Securities) (Amendment) Regulations 2016, as may be modified, amended, supplemented, consolidated or re-enacted from time to time;
<b>"UCITS V"</b>	means Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014 amending Directive 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities as regards depositary functions, remuneration and sanctions as amended from time to time and including any supplementing European Commission delegated regulations in force from time to time
<b>"United Kingdom" or "UK"</b>	means the United Kingdom of Great Britain and Northern Ireland.
<b>"United States" or "U.S. or US"</b>	means the United States of America, its territories, possessions and all areas subject to its jurisdiction (including the Commonwealth of Puerto Rico).
<b>"United States Person" or "U.S. Person"</b>	means a person who is in either of the following two categories: (a) a person included in the definition of "U.S. person" under Rule 902 of Regulation S under the 1933 Act (as such definition may be amended from time to time) or (b) a person excluded from the definition of a "Non-United States person" as used in CFTC Rule 4.7 (as such definition may be amended from time to time). For the avoidance of doubt, a person is excluded from this definition of U.S. Person only if he or it does not satisfy any of the definitions of "U.S. person" in Rule 902 and qualifies as a "Non-United States person" under CFTC Rule 4.7.

**"Valuation Point"** means the point in time by reference to which the Net Asset Value of a Fund is calculated, as is specified in the Supplement for the relevant Fund.

**"Voting Shares"** means the Shares of a particular Class that carry the right to vote at general meetings of the Company and the relevant Fund.

**"Website"** means [www.ubs.com/ETF](http://www.ubs.com/ETF) or such other website for each Fund as set out in the relevant Supplement, on which the Net Asset Value per Share and the capitalisation of the relevant Fund in its Base Currency will be published and on which this Prospectus, the Supplements and any other information in respect of the Company or any of the Funds, including various shareholder communications may be published.

In this Prospectus references to **"Euro"** and **"€"** are references to the lawful currency of Ireland, references to **"Sterling"** or **"£"** are to the lawful currency of the United Kingdom and references to **"US\$"** or **"US Dollars"** are to the currency of the United States. All references to the foregoing currencies shall include any successor currency.

## Appendix II - Markets

The exchanges/markets are set out below in accordance with the requirements of the Central Bank which does not issue a list of approved markets.

With the exception of permitted investment in unlisted securities investment will be limited to the following stock exchanges and regulated markets:-

- (a) any stock exchange which is:
- (i) located in any Member State;
  - (ii) located in an EEA Member State;
  - (iii) located in Australia, Canada, Hong Kong, Japan, New Zealand, Switzerland, United States of America; or
- (b) any stock exchange included in the following list:

Bermuda	-	Bermuda Stock Exchange;
Brazil	-	BM&F Bovespa;
Chile	-	Santiago Stock Exchange and Valparaiso Stock Exchange;
China	-	Shanghai Stock Exchange and Shenzhen Stock Exchange;
Egypt	-	Egyptian Stock Exchange;
India	-	Bombay Stock Exchange and National Stock Exchange of India;
Indonesia	-	Indonesia Stock Exchange;
Israel	-	Tel Aviv Stock Exchange;
Korea	-	Korean Stock Exchange;
Malaysia	-	Bursa Malaysia Berhad;
Mexico	-	Bolsa Mexicana de Valores;
Peru	-	Bolsa de Valores de Lima;
Philippines	-	Philippines Stock Exchange;
Russia	-	Moscow Stock Exchange (RTS) and MICEX;
Singapore	-	Stock Exchange of Singapore;
South Africa	-	Johannesburg Stock Exchange;
Taiwan	-	Taiwan Stock Exchange and Gre-Tai Securities Market;
Thailand	-	The Stock Exchange of Thailand;
Turkey	-	Istanbul Stock Exchange;

United Arab Emirates (UAE) - UAE Nasdaq, Dubai Financial Market and Abu Dhabi Securities Exchange.

(c) any of the following "over the counter" markets:

The market organised by the International Capital Market Association;

The (i) market conducted by banks and other institutions regulated by the Financial Conduct Authority (FCA) and subject to the Inter-Professional Conduct provisions of the FCA's Market Conduct Sourcebook and (ii) market in non-investment products which is subject to the guidance contained in the Non Investment Products Code drawn up by the participants in the London market, including the FCA and the Bank of England;

The market in US government securities conducted by primary dealers regulated by the Federal Reserve Bank of New York and the US Securities and Exchange Commission;

The "over-the-counter" market in the United States conducted by primary and second dealers regulated by the Securities and Exchanges Commission and by the Financial Industry Regulatory Authority (and by banking institutions regulated by the US Comptroller of the Currency, the Federal Reserve System or Federal Deposit Insurance Corporation);

The "over-the-counter" market in Canadian Government Bonds as regulated by the Investment Industry Regulatory Organisation of Canada;

The French market for Titres de Creance Negotiable ("over-the-counter" market in negotiable debt instruments)

(d) any of the following electronic exchanges:

NASDAQ.

2 In relation to any exchange traded financial derivative contract, any stock exchange on which such contract may be acquired or sold and which is regulated, operates regularly, is recognised and open to the public and which is (i) located in an EEA Member State, (ii) located in Australia, Canada, Hong Kong, Japan, New Zealand, Switzerland, United States (iii) the Channel Islands Stock Exchange (iv) listed at (c) or (d) above or (v) any of the following:

Sydney Futures Exchange;

BM&F Bovespa;

Toronto Stock Exchange;

Montreal Stock Exchange;

China Financial Futures Exchange;

Hong Kong Futures Exchange;

Osaka Securities Exchange;

Tokyo Stock Exchange;

Tokyo Financial Exchange;

KRX – Korea Futures Market;

Bursa Malaysia Derivatives Market;

New Zealand Futures and Options Exchange;

Singapore International Monetary Exchange;  
Singapore Commodity Exchange;  
Central Depository (Pte) Limited;  
EUREX;  
American Stock Exchange;  
Chicago Board Option Exchange;  
Chicago Board of Trade;  
Chicago Mercantile Exchange;  
NYSE Euronext;  
Philadelphia Stock Exchange;  
International Securities Exchange;  
ICE Futures US;  
New York Mercantile Exchange; and  
UAE Nasdaq.

## Appendix III – Taxation

### Ireland - Taxation

#### General

The following non-exhaustive statements are by way of a general guide to potential investors and Shareholders only and do not constitute tax or legal advice. Shareholders and potential investors are therefore advised to consult their professional advisers concerning possible taxation or other consequences of purchasing, holding, switching, selling or otherwise disposing of the Shares under the laws of their country of incorporation, establishment, citizenship, residence or domicile.

Shareholders and potential investors should note that the following statements on taxation are based on advice received by the Directors regarding the law and practice in force in the relevant jurisdiction at the date of this Prospectus and proposed regulations and legislation in draft form. As is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time an investment is made in the Company will endure indefinitely, as the basis for and rates of taxation can fluctuate.

*The following is a brief summary of certain aspects of Irish taxation law and practice relevant to the transactions contemplated in this Prospectus. It is based on the law and practice and official interpretations currently in effect, all of which are subject to change.*

Dividends, interest and capital gains (if any) which the Company receive with respect to their investments (other than securities of Irish issuers) may be subject to taxes, including withholding taxes, in the countries in which the issuers of investments are located. It is anticipated that the Company may not be able to benefit from reduced rates of withholding tax in double taxation agreements between Ireland and such countries. If this position changes in the future and the application of a lower rate results in a repayment to the Company the Net Asset Value will not be re-stated and the benefit will be allocated to the existing Shareholders rateably at the time of the repayment.

#### Irish Taxation

The Directors have been advised that on the basis that the Company is resident in Ireland for taxation purposes the taxation position of the Company and the Shareholders is as set out below

#### The Company

The Company will be regarded as resident in Ireland for tax purposes if its central management and control is exercised in Ireland and the Company is not regarded as resident elsewhere. It is the intention of the Directors that the business of the Company will be conducted in such a manner as to ensure that it is Irish resident for tax purposes.

The Directors have been advised that the Company qualifies as an investment undertaking as defined in Section 739B TCA. Under current Irish law and practice, the Company is not chargeable to Irish tax on its relevant income and relevant gains for so long as the Company is resident for tax purposes in Ireland.

However, a charge to tax can arise in respect of the Shareholders on the happening of a "Chargeable Event" in the Company.

A Chargeable Event includes:

- (i) any payment to a Shareholder by the Company in respect of their Shares;
- (ii) any transfer, cancellation, redemption or repurchase of Shares; and
- (iii) any deemed disposal by a Shareholder of their Shares at the end of a Relevant Period (a "Deemed Disposal").

A Chargeable Event does not include:

- (i) any transaction in relation to Shares held in a recognised clearing system;

- (ii) any exchange by a Shareholder effected by way of a bargain made at arm's length by the Company, of Shares in the Company for other Shares in the Company;
- (iii) certain transfers of Shares between spouses or civil partners and former spouses or former civil partners;
- (iv) an exchange of Shares arising on a qualifying amalgamation or reconstruction of the Company with another Irish investment undertaking; or
- (v) the cancellation of Shares in the Company arising from an exchange in relation to a scheme of amalgamation (as defined in section 739HA TCA).

On the happening of a Chargeable Event, the Company shall be entitled to deduct the appropriate amount of tax on any payment made to a Shareholder in respect of the Chargeable Event. On the occurrence of a Chargeable Event where no payment is made by the Company to the Shareholder, the Company may appropriate or cancel the required number of Shares to meet the tax liability.

Where the Chargeable Event is a Deemed Disposal and the value of Shares held by Irish Resident Shareholders in the Company is less than 10% of the total value of Shares in the Company (or a Fund) and the Company has made an election to the Revenue Commissioners to report annually certain details for each Irish Resident Shareholder, the Company will not be required to deduct the appropriate tax and the Irish Resident Shareholder (and not the Company) must pay the tax on the Deemed Disposal on a self-assessment basis. Credit is available against appropriate tax relating to the Chargeable Event for appropriate tax paid by the Company or the Shareholder on any previous Deemed Disposal. On the eventual disposal by the Shareholder of the Shares, a refund of any unutilised credit will be payable.

## **Shareholders**

### *Non-Irish Resident Shareholders*

Non-Irish Resident Shareholders will not be chargeable to Irish tax on the happening of a Chargeable Event provided that either:

- (i) the Company is in possession of a completed Relevant Declaration to the effect that the Shareholder is not an Irish Resident, or
- (ii) the Company is in possession of a written notice of approval from the Revenue Commissioners to the effect that the requirement to provide a Relevant Declaration is deemed to have been complied with in respect of that Shareholder and the written notice of approval has not been withdrawn by the Revenue Commissioners.

If the Company is not in possession of a Relevant Declaration or the Company is in possession of information which would reasonably suggest that the Relevant Declaration is not or is no longer materially correct, the Company must deduct tax on the happening of a Chargeable Event in relation to such Shareholder. The tax deducted will generally not be refunded.

Intermediaries acting on behalf of non-Irish Resident Shareholders can claim the same exemption on behalf of the Shareholders for whom they are acting. The intermediary must complete a Relevant Declaration that it is acting on behalf of a non-Irish Resident Shareholder.

A non-Irish Resident corporate Shareholder which holds Shares directly or indirectly by or for a trading branch or agency of the Shareholder in Ireland, will be liable for Irish corporation tax on income from the Shares or gains made on the disposal of the Shares.

### *Exempt Irish Shareholders*

The Company is not required to deduct tax in respect of an Exempt Irish Shareholder so long as the Company is in possession of a completed Relevant Declaration from those persons and the Company has no reason to believe that the Relevant Declaration is materially incorrect. The Exempt Irish Shareholder must notify the Company if it ceases to be an Exempt Irish Shareholder. Exempt Irish Shareholders in respect of whom the Company is not in possession of a Relevant Declaration will be treated by the Company as if they are not Exempt Irish Shareholders.

While the Company is not required to deduct tax in respect of Exempt Irish Shareholders, those Shareholders may themselves be liable to Irish tax on their income, profits and gains in relation to any

sale, transfer, repurchase, redemption or cancellation of Shares or dividends or distributions or other payments in respect of their Shares depending on their circumstances. It is the obligation of the Exempt Irish Shareholder to account for tax to the Revenue Commissioners.

#### *Irish-Resident Shareholders*

Irish Resident Shareholders (who are not Exempt Irish Shareholders) will be liable to tax on the happening of a Chargeable Event. Tax at the rate of 41% will be deducted by the Company on payments made to the Shareholder in relation to the Shares or on the sale, transfer, Deemed Disposal (subject to the 10% threshold outlined above), cancellation, redemption or repurchase of Shares or the making of any other payment in respect of the Shares.

An Irish Resident Shareholder who is not a company and is not an Exempt Irish Shareholder will not be liable to any further income or capital gains tax in respect of any sale, transfer, Deemed Disposal, cancellation, redemption or repurchase, of Shares or the making of any other payment in respect of their Shares.

Where the Irish Resident Shareholder is a company which is not an Exempt Irish Shareholder, and the payment is not taxable as trading income under Schedule D Case I, the amount received will be treated as the net amount of an annual payment chargeable to tax under Schedule D Case IV from the gross amount of which income tax has been deducted at 25%.

Where the Irish Resident Shareholder is a company which is not an Exempt Irish Shareholder, and the payment is taxable as trading income under Schedule D Case I, the following provisions apply:

- (i) the amount received by the Shareholder is increased by any amount of tax deducted by the Company and will be treated as income of the Shareholder for the chargeable period in which the payment is made;
- (ii) where the payment is made on the sale, transfer, Deemed Disposal, cancellation, redemption or repurchase of Shares, such income will be reduced by the amount of consideration in money or money's worth given by the Shareholder for the acquisition of those Shares; and
- (iii) the amount of tax deducted by the Company will be set off against the Irish corporation tax assessable on the Shareholder in respect of the chargeable period in which the payment is made.

#### **Personal Portfolio Investment Undertaking**

An investment undertaking will be considered to be a personal portfolio investment undertaking (PPIU) in relation to a specific Irish Resident Shareholder where that Irish Resident Shareholder can influence the selection of some or all of the property of the undertaking. The undertaking will only be a PPIU in respect of those Irish Resident Shareholders who can influence the selection. A gain arising on a chargeable event in relation to a PPIU will be taxed at the rate of 60%. An undertaking will not be considered to be a PPIU where certain conditions are complied with as set out in section 739BA TCA.

#### **Currency Gains**

Where a currency gain is made by an Irish Resident Shareholder on the disposal of Shares, that Shareholder may be liable to capital gains tax in respect of any chargeable gain made on the disposal.

#### **Stamp Duty**

On the basis that the Company qualifies as an investment undertaking within the meaning of section 739B TCA, no Irish stamp duty will be payable on the subscription, transfer or repurchase of Shares. The stamp duty implications for subscriptions for Shares or transfer or repurchase of Shares in specie should be considered on a case by case basis.

## Capital Acquisitions Tax

No Irish gift tax or inheritance tax (capital acquisitions tax) liability will arise on a gift or inheritance of Shares provided that:

- (i) at the date of the disposition the transferor of the Shares is neither domiciled nor ordinarily resident in Ireland, and, at the date of the gift or inheritance the transferee of the Shares is neither domiciled nor ordinarily resident in Ireland; and
- (ii) the Shares are comprised in the gift or inheritance at the date of the gift or inheritance and at the valuation date.

## FATCA and CRS

As an investment entity established in Ireland, the Company is required by automatic exchange of information regimes, such as those described below (and others as may be introduced from time to time), to collect certain information about each investor and their tax status and to share that information with the Irish tax authority, who may then exchange it with tax authorities in the jurisdictions in which the investor is tax resident.

Pursuant to the US Foreign Account Tax Compliance Act and associated legislation (“**FATCA**”), the Company is required to comply with extensive due diligence and reporting requirements designed to inform the US Department of the Treasury of US owned foreign investment accounts. Failure to comply with these requirements may subject the Company to US withholding taxes on certain US sourced income and, effective 1 January 2019, gross proceeds. Pursuant to an intergovernmental agreement between the US and Ireland, the Company will be deemed compliant and not subject to withholding if it identifies and reports US taxpayer information directly to the Irish tax authority, who will then provide it to the US Internal Revenue Service.

Drawing extensively on the intergovernmental approach to implementing FATCA, the OECD developed the Common Reporting Standard (“**CRS**”) to address the issue of offshore tax evasion on a global basis. Pursuant to the CRS, financial institutions based in participating CRS jurisdictions (such as the Company) must report to their local tax authorities personal and account information of investors and, where appropriate, controlling persons resident in other participating CRS jurisdictions which have an agreement in place with the financial institution’s jurisdiction to exchange information. Tax authorities in participating CRS jurisdictions will exchange such information on an annual basis. The first information exchanges are expected to begin in 2017. Ireland has enacted legislation to implement the CRS. As a result, the Company will be required to comply with the CRS due diligence and reporting requirements adopted by Ireland from 1 January 2016.

Prospective investors will be required to provide to the Company information about themselves and their tax status prior to investment in order to enable the Company to satisfy its obligations under FATCA and the CRS, and to update that information on a continuing basis. Prospective investors should note the Company’s obligation to disclose such information to the Irish tax authority. Each investor acknowledges that the Company may take such action as it considers necessary in relation to such investor’s holding in the Company to ensure that any withholding tax suffered by the Company and any other related costs, interest, penalties and other losses and liabilities arising from such investor’s failure to provide the requested information to the Company is economically borne by such investor. This may include subjecting an investor to liability for any resulting US withholding taxes or penalties arising under FATCA or the CRS and/or the compulsory redemption or liquidation of such investor’s interest in the Company.

Detailed guidance as to the mechanics and scope of FATCA and the CRS is continuing to develop. There can be no assurance as to the timing or impact of any such guidance on future operations of the Company. Prospective investors should consult their own tax advisor with regard to FATCA and the CRS and the potential consequences of such automatic exchange of information regimes.

## OECD Common Reporting Standard

Ireland has provided for the implementation of CRS through section 891F of the TCA and the enactment of the CRS Regulations.

The CRS, which applies in Ireland from 1 January 2016, is a global OECD tax information exchange initiative which is aimed at encouraging a coordinated approach to disclosure of income earned by individuals and organisations.

Ireland and a number of other jurisdictions have entered or will enter into multilateral arrangements modelled on the Common Reporting Standard for Automatic Exchange of Financial Account Information published by the OECD. From 1 January 2016, the Company will be required to provide certain information to the Irish Revenue Commissioners about investors resident or established in jurisdictions which are party to CRS arrangements.

The Company, or a person appointed by the Company, will request and obtain certain information in relation to the tax residence of its shareholders or "account holders" for CRS purposes and (where applicable) will request information in relation to the beneficial owners of any such account holders. The Company, or a person appointed by the Company, will report the information required to the Revenue Commissioners by 30 June in the year following the year of assessment for which a return is due. The Revenue Commissioners will share the appropriate information with the relevant tax authorities in participating jurisdictions. Ireland introduced CRS Regulations in December 2015 and implementation of CRS among early adopting countries (including Ireland) occurred with effect from 1 January 2016.

### **Automatic Exchange of Information - General**

Tax Regulations require the Company to collect certain information about each investor's tax residency and tax classification. In certain circumstances the Company may be obliged to share information in respect of your account or shareholding with your tax authorities or other competent tax authorities. As part of the application process you may be asked to complete a Self-Certification form (or other similar information gathering form) that requires you to provide the Company with the necessary information; and may result in the disclosure of such information to the relevant tax authorities in accordance with applicable Tax Regulations. Please provide all relevant information as directed. If you have any questions about your organization's classification, for the purpose of these Tax Regulations please contact your tax adviser. Should any information provided change in the future, please ensure you advise the Company of the changes within 30 days.

The term "Tax Regulations" refers to regulations and applicable guidance created to provide for the automatic exchange of information and includes the Foreign Account Tax Compliance provisions contained in the US Hire Act 2010, related intergovernmental agreements between the US and different countries, CRS, related agreements implementing CRS and other similar laws, regulations, agreements or reporting standards.

### **Irish Resident and Irish Ordinary Resident for Irish tax purposes**

#### **(a) Irish Resident - Company**

A company which has its central management and control in Ireland is resident in Ireland irrespective of where it is incorporated. A company which does not have its central management and control in Ireland but which is incorporated in Ireland is resident in Ireland except where the company is regarded as not resident in Ireland under a double taxation treaty between Ireland and another country. In certain limited circumstances, companies incorporated in Ireland but managed and controlled outside of a double taxation treaty territory may not be regarded as resident in Ireland. Specific rules may apply to companies incorporated prior to 1 January 2015.

#### **(b) Irish Resident - Individual**

An individual will be regarded as being resident in Ireland for a tax year if s/he:

- (i) Is present for 183 days or more in the State in that tax year;
- or
- (ii) has a combined presence of 280 days in the State in a 2 year period, taking into account the number of days spent in the State in that tax year together with the number of days spent in the State in the preceding year.

Presence in a tax year by an individual of not more than 30 days in the State will not be reckoned for the purpose of applying the two year test. Presence in the State for a day means the personal presence of an individual at any stage during a particular day.

(c) **Irish Ordinarily Resident - Individual**

The term "**Irish Ordinarily Resident**" as distinct from "**Irish Resident**", relates to a person's normal pattern of life and denotes residence in a place with some degree of continuity.

An individual who has been resident in the State for three consecutive tax years becomes ordinarily resident with effect from the commencement of the fourth tax year.

An individual who has been ordinarily resident in the State ceases to be ordinarily resident at the end of the third consecutive tax year in which s/he is not resident. Thus, an individual who is resident and ordinarily resident in the State in 2012 and departs from the State in that tax year will remain ordinarily resident up to the end of the tax year ending 31 December 2015.

(d) **Irish Resident - Trust**

A Trust will generally be Irish resident where all of the trustees are resident in Ireland.

#### Appendix IV - Current List of the Depository's Sub-Delegates

<b>Market</b>	<b>Subcustodian</b>
<b>Albania</b>	Raiffeisen Bank sh.a.
<b>Australia</b>	The Hongkong and Shanghai Banking Corporation Limited
<b>Austria</b>	Deutsche Bank AG
	UniCredit Bank Austria AG
<b>Bahrain</b>	HSBC Bank Middle East Limited (as delegate of The Hongkong and Shanghai Banking Corporation Limited)
<b>Bangladesh</b>	Standard Chartered Bank
<b>Belgium</b>	Deutsche Bank AG, Netherlands (operating through its Amsterdam branch with support from its Brussels branch)
<b>Benin</b>	via Standard Chartered Bank Côte d'Ivoire S.A., Abidjan, Ivory Coast
<b>Bermuda</b>	HSBC Bank Bermuda Limited
<b>Federation of Bosnia and Herzegovina</b>	UniCredit Bank d.d.
<b>Botswana</b>	Standard Chartered Bank Botswana Limited
<b>Brazil</b>	Citibank, N.A.
<b>Bulgaria</b>	Citibank Europe plc, Bulgaria Branch
	UniCredit Bulbank AD
<b>Burkina Faso</b>	via Standard Chartered Bank Côte d'Ivoire S.A., Abidjan, Ivory Coast
<b>Canada</b>	State Street Trust Company Canada
<b>Chile</b>	Banco Itaú Chile S.A.
<b>People's Republic of China</b>	HSBC Bank (China) Company Limited (as delegate of The Hongkong and Shanghai Banking Corporation Limited)
	China Construction Bank Corporation (for A-share market only)
	Citibank N.A. (for Shanghai – Hong Kong Stock Connect market only)
	The Hongkong and Shanghai Banking Corporation Limited (for Shanghai – Hong Kong Stock Connect market only)
	Standard Chartered Bank (Hong Kong) Limited (for Shanghai – Hong Kong Stock Connect market)
<b>Colombia</b>	Cititrust Colombia S.A. Sociedad Fiduciaria
<b>Costa Rica</b>	Banco BCT S.A.
<b>Croatia</b>	Privredna Banka Zagreb d.d.
	Zagrebacka Banka d.d.

<b>Cyprus</b>	BNP Paribas Securities Services, S.C.A., Greece (operating through its Athens branch)
<b>Czech Republic</b>	Československá obchodní banka, a.s.
	UniCredit Bank Czech Republic and Slovakia, a.s.
<b>Denmark</b>	Nordea Bank AB (publ), Sweden (operating through its subsidiary, Nordea Bank Danmark A/S)
	Skandinaviska Enskilda Banken AB (publ), Sweden (operating through its Copenhagen branch)
<b>Egypt</b>	HSBC Bank Egypt S.A.E. (as delegate of The Hongkong and Shanghai Banking Corporation Limited)
<b>Estonia</b>	AS SEB Pank
<b>Finland</b>	Nordea Bank AB (publ), Sweden (operating through its subsidiary, Nordea Bank Finland Plc.)
	Skandinaviska Enskilda Banken AB (publ), Sweden (operating through its Helsinki branch)
<b>France</b>	Deutsche Bank AG, Netherlands (operating through its Amsterdam branch with support from its Paris branch)
<b>Republic of Georgia</b>	JSC Bank of Georgia
<b>Germany</b>	State Street Bank GmbH
	Deutsche Bank AG
<b>Ghana</b>	Standard Chartered Bank Ghana Limited
<b>Greece</b>	BNP Paribas Securities Services, S.C.A.
<b>Guinea-Bissau</b>	via Standard Chartered Bank Côte d'Ivoire S.A., Abidjan, Ivory Coast
<b>Hong Kong</b>	Standard Chartered Bank (Hong Kong) Limited
<b>Hungary</b>	Citibank Europe plc Magyarországi Fióktelepe
	UniCredit Bank Hungary Zrt.
<b>Iceland</b>	Landsbankinn hf.
<b>India</b>	Deutsche Bank AG
	The Hongkong and Shanghai Banking Corporation Limited
<b>Indonesia</b>	Deutsche Bank AG
<b>Ireland</b>	State Street Bank and Trust Company, United Kingdom branch
<b>Israel</b>	Bank Hapoalim B.M.
<b>Italy</b>	Deutsche Bank S.p.A.
<b>Ivory Coast</b>	Standard Chartered Bank Côte d'Ivoire S.A.
<b>Japan</b>	Mizuho Bank, Limited
	The Hongkong and Shanghai Banking Corporation Limited
<b>Jordan</b>	Standard Chartered Bank
<b>Kazakhstan</b>	JSC Citibank Kazakhstan

<b>Kenya</b>	Standard Chartered Bank Kenya Limited
<b>Republic of Korea</b>	Deutsche Bank AG
	The Hongkong and Shanghai Banking Corporation Limited
<b>Kuwait</b>	HSBC Bank Middle East Limited (as delegate of The Hongkong and Shanghai Banking Corporation Limited)
<b>Latvia</b>	AS SEB banka
<b>Lebanon</b>	HSBC Bank Middle East Limited (as delegate of The Hongkong and Shanghai Banking Corporation Limited)
<b>Lithuania</b>	AB SEB bankas
<b>Malawi</b>	Standard Bank Limited
<b>Malaysia</b>	Deutsche Bank (Malaysia) Berhad
	Standard Chartered Bank Malaysia Berhad
<b>Mali</b>	via Standard Chartered Bank Côte d'Ivoire S.A., Abidjan, Ivory Coast
<b>Mauritius</b>	The Hongkong and Shanghai Banking Corporation Limited
<b>Mexico</b>	Banco Nacional de México, S.A.
<b>Morocco</b>	Citibank Maghreb
<b>Namibia</b>	Standard Bank Namibia Limited
<b>Netherlands</b>	Deutsche Bank AG
<b>New Zealand</b>	The Hongkong and Shanghai Banking Corporation Limited
<b>Niger</b>	via Standard Chartered Bank Côte d'Ivoire S.A., Abidjan, Ivory Coast
<b>Nigeria</b>	Stanbic IBTC Bank Plc.
<b>Norway</b>	Nordea Bank AB (publ), Sweden (operating through its subsidiary, Nordea Bank Norge ASA)
	Skandinaviska Enskilda Banken AB (publ), Sweden (operating through its Oslo branch)
<b>Oman</b>	HSBC Bank Oman S.A.O.G. (as delegate of The Hongkong and Shanghai Banking Corporation Limited)
<b>Pakistan</b>	Deutsche Bank AG
<b>Panama</b>	Citibank, N.A.
<b>Peru</b>	Citibank del Perú, S.A.
<b>Philippines</b>	Deutsche Bank AG
<b>Poland</b>	Bank Handlowy w Warszawie S.A.
	Bank Polska Kasa Opieki S.A
<b>Portugal</b>	Deutsche Bank AG, Netherlands (operating through its Amsterdam branch with support from its Lisbon branch)
<b>Puerto Rico</b>	Citibank N.A.

<b>Qatar</b>	HSBC Bank Middle East Limited (as delegate of The Hongkong and Shanghai Banking Corporation Limited)
<b>Romania</b>	Citibank Europe plc, Dublin – Romania Branch
<b>Russia</b>	Limited Liability Company Deutsche Bank
<b>Saudi Arabia</b>	HSBC Saudi Arabia Limited (as delegate of The Hongkong and Shanghai Banking Corporation Limited)
<b>Senegal</b>	via Standard Chartered Bank Côte d'Ivoire S.A., Abidjan, Ivory Coast
<b>Serbia</b>	UniCredit Bank Serbia JSC
<b>Singapore</b>	Citibank N.A.
	United Overseas Bank Limited
<b>Slovak Republic</b>	UniCredit Bank Czech Republic and Slovakia, a.s.
<b>Slovenia</b>	UniCredit Banka Slovenija d.d.
<b>South Africa</b>	FirstRand Bank Limited
	Standard Bank of South Africa Limited
<b>Spain</b>	Deutsche Bank S.A.E.
<b>Sri Lanka</b>	The Hongkong and Shanghai Banking Corporation Limited
<b>Republic of Srpska</b>	UniCredit Bank d.d.
<b>Swaziland</b>	Standard Bank Swaziland Limited
<b>Sweden</b>	Nordea Bank AB (publ)
	Skandinaviska Enskilda Banken AB (publ)
<b>Switzerland</b>	Credit Suisse AG
	UBS Switzerland AG
<b>Taiwan - R.O.C.</b>	Deutsche Bank AG
	Standard Chartered Bank (Taiwan) Limited
<b>Tanzania</b>	Standard Chartered Bank (Tanzania) Limited
<b>Thailand</b>	Standard Chartered Bank (Thai) Public Company Limited
<b>Togo</b>	via Standard Chartered Bank Côte d'Ivoire S.A., Abidjan, Ivory Coast
<b>Tunisia</b>	Banque Internationale Arabe de Tunisie
<b>Turkey</b>	Citibank, A.Ş.
	Deutsche Bank A.Ş.
<b>Uganda</b>	Standard Chartered Bank Uganda Limited
<b>Ukraine</b>	PJSC Citibank
<b>United Arab Emirates Dubai Financial Market</b>	HSBC Bank Middle East Limited (as delegate of The Hongkong and Shanghai Banking Corporation Limited)

<b>United Arab Emirates Dubai International Financial Center</b>	HSBC Bank Middle East Limited (as delegate of The Hongkong and Shanghai Banking Corporation Limited)
<b>United Arab Emirates Abu Dhabi</b>	HSBC Bank Middle East Limited (as delegate of The Hongkong and Shanghai Banking Corporation Limited)
<b>United Kingdom</b>	State Street Bank and Trust Company, United Kingdom branch
<b>Uruguay</b>	Banco Itaú Uruguay S.A.
<b>Venezuela</b>	Citibank, N.A.
<b>Vietnam</b>	HSBC Bank (Vietnam) Limited (as delegate of The Hongkong and Shanghai Banking Corporation Limited)
<b>Zambia</b>	Standard Chartered Bank Zambia Plc.
<b>Zimbabwe</b>	Stanbic Bank Zimbabwe Limited (as delegate of Standard Bank of South Africa Limited)

## **FTSE 100 SF UCITS ETF**

### **Supplement to the Prospectus**

This Supplement contains information in relation to the **FTSE 100 SF UCITS ETF** (the "**Fund**"), a sub-fund of UBS ETFs plc (the "**Company**") an umbrella type open-ended investment company with variable capital, governed by the laws of Ireland and authorised by the Central Bank of Ireland (the "**Central Bank**") of Block D, Iveagh Court, Harcourt Road, Dublin 2, Ireland.

**This Supplement forms part of, and must be read in conjunction with, the Prospectus of the Company dated 12 October 2016, as may be amended, supplemented or modified from time to time, (the "Prospectus") and may not be distributed unless accompanied by the Prospectus (other than to prior recipients of the Prospectus).**

**THIS DOCUMENT IS IMPORTANT. BEFORE YOU PURCHASE ANY OF THE SHARES REPRESENTING INTERESTS IN THE FUND DESCRIBED IN THIS SUPPLEMENT YOU SHOULD ENSURE THAT YOU FULLY UNDERSTAND THE NATURE OF SUCH AN INVESTMENT, THE RISKS INVOLVED AND YOUR OWN PERSONAL CIRCUMSTANCES. IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS SUPPLEMENT YOU SHOULD TAKE ADVICE FROM AN APPROPRIATELY QUALIFIED ADVISOR.**

**Capitalised terms used in this Supplement will have the meanings given to them in the Definitions section below or in the Prospectus.**

**In addition to investing in equities and equity related securities, transferable securities and other eligible assets, it is the intention of the Company to invest on behalf of the Fund in financial derivative instruments ("FDIs") for investment and efficient portfolio management purposes, where applicable.**

**Certain risks attached to investments in FDIs are set out in the Prospectus under the section headed "Risk Factors".**

**You should inform yourself as to (a) the possible tax consequences, (b) the legal and regulatory requirements, (c) any foreign exchange restrictions or exchange control requirements and (d) any other requisite governmental or other consents or formalities which you might encounter under the laws of the country of your citizenship, residence or domicile and which might be relevant to your purchase, holding or disposal of the Shares.**

### **UBS ETFs plc**

An umbrella fund with segregated liability between the sub-funds

**Dated 12 October 2016**

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## **IMPORTANT INFORMATION**

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### **Suitability of Investment**

**The Shares are not principal protected. The value of the Shares may go up or down and you may not get back the amount you have invested. See the section headed "Risk Factors" of the Prospectus and the section headed "Other Information – Risk Factors" of this Supplement for a discussion of certain risks that should be considered by you.**

An investment in the Shares is only suitable for you if you (either alone or with the help of an appropriate financial or other advisor) are able to assess the merits and risks of such an investment and have sufficient resources to be able to bear any losses that may result from such an investment. The contents of this document are not intended to contain and should not be regarded as containing advice relating to legal, taxation, investment or any other matters.

### **Profile of a Typical Investor**

The Fund is suitable for investors seeking capital appreciation and who are prepared to accept a high level of volatility. Investment in the Fund should be viewed as a medium to long term investment.

### **Responsibility**

The Directors (whose names appear under the heading "Directors of the Company" of the Prospectus) accept responsibility for the information contained in the Prospectus and this Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement when read together with the Prospectus (as complemented, modified or supplemented by this Supplement) is in accordance with the facts as at the date of this Supplement and does not omit anything likely to affect the import of such information.

### **General**

This Supplement sets out information in relation to the Shares and the Fund. You must also refer to the Prospectus which is separate to this document and describes the Company and provides general information about offers of shares in the Company. You should not take any action in respect of the Shares unless you have received a copy of the Prospectus. Should there be any inconsistency between the contents of the Prospectus and this Supplement, the contents of this Supplement will, to the extent of any such inconsistency, prevail. This Supplement and the Prospectus should both be carefully read in their entirety before any investment decision with respect to Shares is made.

As of the date of this Supplement, the Company does not have any loan capital (including term loans) outstanding or created but unissued and no outstanding mortgages, charges or other borrowings or indebtedness in the nature of borrowings, including bank overdrafts and liabilities under acceptances or acceptance credits, hire purchase or finance lease commitments, guarantees or other contingent liabilities.

### **Distribution of this Supplement and Selling Restrictions**

Distribution of this Supplement is not authorised unless accompanied by a copy of the Prospectus and the latest annual report and audited accounts of the Company and the Fund (other than to prior recipients of the Prospectus) and if published after such report, a copy of the then latest semi annual report and unaudited accounts. The distribution of this Supplement and the offering or purchase of the Shares may be restricted in certain jurisdictions. If you receive a copy of this Supplement and/or the Prospectus you may not treat such document(s) as constituting an offer, invitation or solicitation to you to subscribe for any Shares unless, in the relevant jurisdiction, such an offer, invitation or solicitation could lawfully be made to you without compliance with any registration or other legal requirement other than those with which the Company has already complied. If you wish to apply for the opportunity to purchase any Shares it is your duty to inform yourself of, and to observe, all applicable laws and regulations of any relevant jurisdiction. In particular, you should inform yourself as to the legal requirements of so applying, and any applicable exchange control regulations and taxes in the countries of your respective citizenship, residence or domicile.

## Definitions

Words and expressions defined in the Prospectus will, unless otherwise defined in this Supplement, have the same meaning when used in this Supplement.

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## **TERMS OF THE SHARES REPRESENTING INTERESTS IN THE FUND**

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### **Investment Objective**

The investment objective of the Fund is to deliver the net total return of the Reference Index (being the FTSE 100 Net Total Return Index).

The Fund will return the Reference Index performance less fees and expenses on each Dealing Day.

### **Investment Policy**

In order to achieve the investment objective, the Company on behalf of the Fund intends to invest all or substantially all of the net proceeds of any issue of Shares in the manner set out below.

- (i) swaps (each swap being an agreement between the Company on behalf of the Fund and an Approved Counterparty pursuant to a master agreement in accordance with the requirements of the International Swaps and Derivatives Association), and such swaps may include funded, unfunded or total return (as further described below under "**Use of Derivative Contracts – Swaps**") (the "**Swaps**"). The purpose of the Swaps shall be to gain indirect exposure to the Reference Index (as described in further detail under the heading "**Use of Derivative Contracts – Swaps**" below); and
- (ii) a portfolio of transferable securities or other eligible assets. These may include (without limitation) equity and equity-related securities; fixed income securities such as government and corporate bonds (such bonds may be rated or unrated), money market instruments, floating rate instruments, convertible securities and commercial paper and/or units of other open-ended collective investment schemes including other Funds of the Company. Any of the foregoing may be issued or arranged by a member of the UBS AG Group. Where the Fund invests in such securities and/or other eligible assets, the Fund will enter into an unfunded or total return swap to exchange, the price performance and income received in relation to such securities and/or other eligible assets for the performance of the Reference Index. In this instance, the Fund will have neither market nor credit exposure to the particular securities and other eligible assets referred to above, except in the event of a default on the part of the Approved Counterparty to the Swaps.

The equities, equity-related securities, Swaps, other eligible assets listed at (ii) above, any ancillary cash and any instruments held by the Fund (either for investment or efficient portfolio management purposes) shall constitute the "**Fund Assets**" for the purposes of the Prospectus. To the extent that the Fund invests some of the net proceeds of any issue of Shares in the manner set out (ii) above, the Fund shall invest no more than 15% in the fixed income securities mentioned in (ii) above. All instruments shall be listed and/or traded on the exchanges and markets set out in Appendix II of the Prospectus.

The Fund may, with due regard to the best interest of its Shareholders, decide from time to time to switch partially or totally from one of the above described policies to the other.

Further information relevant to the Fund's investment policy is contained in the main part of the Prospectus under "**Investment Objectives and Policies**" and under "**Investment Restrictions**".

### **Index Tracking Strategy**

The Fund gains exposure to the Reference Index by investing in one or more Swaps. It is not intended that the Fund will invest directly in the components of the Reference Index in order to meet the Fund's investment objective. The Fund (and the investors in the Fund) will be exposed to the full performance of the Reference Index.

The Fund may have counterparty risk as a result of the investment in the swaps – further information is provided in the section below headed “Use of Derivative Contracts – Swaps” and in section 6 “Risk Factors” of the Prospectus.

The anticipated level of tracking error after fees and transaction costs is up to 0.02% per annum in normal market conditions.

The annual report of the Fund, which can be found on the Website, will include the following information:

- (a) The size of the realised tracking error for the year, being the volatility of the difference between the return of the Fund and the return of the Reference Index;
- (b) An explanation for the divergence between the anticipated and realised tracking error for the year;
- (c) The size of the annual tracking distance for the year, being the difference between the performance of the Fund and the Reference Index; and
- (d) An explanation for the annual tracking difference, including the impact of transaction costs, fees and expenses on the performance of the Fund.

### **Portfolio Transparency Policy**

The Fund’s transparency policy regarding the composition of its portfolio, and any collateral received in relation to the Swaps, is to provide position level disclosure on a daily basis. The information is published on the Website.

The assets in which the Fund will invest in order to achieve its investment objective are set out in the “Investment Policy” section above. Details on the composition of the Fund Assets will be set out on the Website.

### **Use of Derivative Contracts – Swaps**

The Fund may enter into Swaps with a member of the UBS AG Group or any other eligible entity (being the “**Approved Counterparty**”) pursuant to which the Fund will be entitled to receive from the Approved Counterparty the performance of the components of the Reference Index in exchange for the payment to the Approved Counterparty of (i) where the swap is funded, some or all of the net proceeds of any issue of Shares; (ii) where the swap is unfunded, payments linked to the return on some or all of the equities and other eligible assets held by the Fund as listed at (ii) above; and (iii) where the swap is a total return swap, payments will be based upon a set rate agreed between the parties in exchange for the return on some or all of the equities and other eligible assets held by the Fund as listed at (ii) above.

The Approved Counterparty to the Swaps and the Company on behalf of the Fund have entered into a 2002 International Swaps and Derivatives Association Master Agreement (including any supporting agreements, annexes or schedules thereto) (the “**ISDA Master Agreement**”), and will enter into confirmations for each Swap transaction. Such confirmations may be entered into before or after the relevant transaction and may be in electronic form.

The Swaps will at all times be valued in accordance with the provisions of the Prospectus. The valuation of the Swaps will reflect the relative movements in the performance of the Reference Index and the Fund’s holding of transferable securities and/or other Fund Assets as may be referenced under the Swaps. Depending on the value of the Swaps, the Fund will have to make a payment to the Approved Counterparty or will receive such a payment. Where the Fund has to make a payment to the Approved Counterparty, this payment will be made from the proceeds and, as the case may be, the disposal of some or all of the transferable securities and/or other Fund Assets in which the Fund has invested.

As set out in Section 5 of the Prospectus, the Company will ensure that the counterparty risk exposure under the Swaps never exceeds the limits required by the Regulations and the Central Bank. Accordingly, the Company will reduce such counterparty exposure by causing the Approved Counterparty, where necessary, to provide appropriate Collateral to the Company on behalf of the relevant Fund (or as otherwise permitted by the Central Bank) under the terms of ISDA Master Agreement, in accordance with the Investment Restrictions. Alternatively, the Company may reduce its risk exposure to the Approved Counterparty by causing the Approved Counterparty to reset the Swaps or vice versa. This may result in a corresponding payment from the Fund to the Approved Counterparty.

The Swaps may be terminated by either party at any time or on the occurrence of certain events with respect to either the Fund or the Approved Counterparty including, but not limited to, an event of default (such as a failure to pay, breach of agreement or bankruptcy) or a termination event (which is not due to the fault of either party, for example, illegality or a change in the tax or accounting laws), in which case the non-defaulting party or the unaffected party respectively is entitled to calculate the close-out value of the Swaps and it will do so in line with the industry standard requirements set out in the ISDA Master Agreement. The Fund may then enter into new Swaps (unless the Directors resolve that it is inadvisable to do so) or, if the Directors determine that there is no reasonable way to achieve the investment objective, the Fund may be terminated in accordance with the provisions of the Prospectus.

### **Securities Lending and Repurchase Transactions**

The Company may (for the purposes of efficient portfolio management only) enter into stock lending arrangements and/or Repurchase Transactions with financial institutions (including with a member of the UBS AG Group as the stock borrower or counterparty to the Repurchase Transaction) with a minimum credit rating at the time the relevant transaction as permitted by the Regulations, or which are deemed by the Fund to have an implied credit rating at least equal to such level (a "**Counterparty**"). Any such stock lending arrangement and Repurchase Transaction will be subject to the conditions, limits and requirements of the Central Bank and the provisions of the Prospectus. In these transactions, Collateral will move between the Company and the relevant Counterparty in order to mitigate any counterparty risk.

Investors should also note the information contained in the "Securities Lending and Repurchase Transactions" and "Collateral Policy" sections in the main body of the Prospectus.

**The Company on behalf of the Fund has filed with the Central Bank its risk management policy which enables it to accurately measure, monitor and manage the various risks associated with the use of Financial Derivative Instruments. The Company will, on request, provide supplementary information to Shareholders relating to the risk management methods employed, including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments.**

**The Company will use the commitment approach for the purposes of calculating global exposure for the Fund. The Fund's total exposure to the Reference Index will be limited to 100% of Net Asset Value.**

### **Efficient Portfolio Management**

The Company may also (for the purposes of efficient portfolio and cash management and not for investment purposes), invest in cash deposits, money market instruments, OTC options and units of UCITS regulated money market collective investment schemes.

Further information on efficient portfolio management is contained in the main body of the prospectus under the heading "Use of Financial Derivative Instruments and Efficient Portfolio Management".

### **Investment Restrictions**

Investors in particular must note that the general investment restrictions set out under "**Investment Restrictions**" in the Prospectus apply to the Fund. In addition, the following investment restriction shall apply specifically to the Fund:

The Fund shall not invest in a fund of the Company which itself holds shares in any other fund of the Company.

### **Disruption Events**

The following Disruption Events shall apply to the Fund in addition to those set out in the Prospectus:

- (i) the Index Provider makes an adjustment or modification to the calculation of the Reference Index;
- (ii) the Approved Counterparty is:
  - (a) prevented, hindered or impaired from conducting one or more of its activity/activities in a commercially reasonable manner in connection with the establishment,

maintenance, adjustment or termination of any transaction(s) in order to fully hedge its exposure in respect of the Reference Index; and/or

- (b) prevented, hindered or impaired from performing one or more of its obligation(s) in a commercially reasonable manner,

under the terms of the relevant Swaps, with the consequence that the Approved Counterparty or the Calculation Agent (as applicable) elects to:

- (i) adjust the terms of the Swaps; and/or
  - (ii) delay payment to the Fund under the terms of the Swaps; and/or
  - (iii) terminate the Swaps;
- (iii) the Index Provider fails or delays in calculating, announcing and/or publishing the Reference Index level.

### **Consequences of Disruption Events**

As further described in the Prospectus and as set out above, upon the occurrence of a Disruption Event including an Index Disruption and Adjustment Event (and without limitation to the Directors' personal powers), (i) the Approved Counterparty (where acting as the relevant Calculation Agent or otherwise) may either (a) terminate one or more of the relevant Swaps or (b) make adjustments to the terms or valuation of the relevant Swaps and other Derivative Contracts to account for such event and the Net Asset Value may be affected by such adjustment; (ii) the Directors may temporarily suspend the calculation of the Net Asset Value and any subscription, redemption and exchange of Shares; and/or (iii) the Directors may, in certain circumstances, terminate the Fund.

### **Borrowings**

In accordance with the general provisions set out in the Prospectus under the heading "Borrowing and Lending Powers", the Company on behalf of the Fund may borrow up to 10% of the Net Asset Value of the Fund on a temporary basis. Such borrowings may only be used for short term liquidity purposes to cover the redemption of Shares.

### **Dividend Policy**

The Fund does not intend to issue dividends. However, the Directors may, in their absolute discretion, determine to declare dividends in respect of any Share Class and Shareholders will be notified accordingly. Any dividends payable by the Fund will be effected in accordance with the Dividend Policy stated in the Prospectus.

The dividend payments may be as low as zero. There is no guarantee that any dividend will be declared. For the avoidance of doubt, the payment of a dividend (if any) will reduce the Net Asset Value of the relevant Share Class accordingly.

### **Limited Recourse**

A Shareholder will solely be entitled to look to the Fund Assets in respect of all payments in respect of its Shares. If the realised net assets of the Fund are insufficient to pay any amounts payable in respect of the Shares, the Shareholder will have no further right of payment in respect of such Shares nor any claim against or recourse to any of the assets of any other Fund or any other asset of the Company.

### **Listing**

Application will be made to such exchanges as the Directors may determine from time to time (the "Relevant Stock Exchanges") for the listing of the Shares issued and available to be issued and to be admitted to listing on the official list and trading on each of the Relevant Stock Exchanges on or about the Launch Date. This Supplement and the Prospectus together comprise listing particulars for the purposes of listing the Shares on the official list and trading on the main market of each of the Relevant Stock Exchanges.

## Exchange Traded Fund

The Fund is an Exchange Traded Fund ("ETF"). The Shares of this Fund (where they are listed on the Relevant Stock Exchanges) are fully transferable among investors. It is envisaged that Shares will be bought and sold by public and institutional investors in the secondary market in the same way as the ordinary shares of a listed trading company.

The Directors of the Company may create new Share Classes from time to time, provided that the creation of any such new Share Classes is notified in advance to and cleared by the Central Bank. A separate pool of assets will not be maintained for each of the Share Classes.

## General Information Relating to the Fund

<b>Type</b>	Open-ended
<b>Base Currency</b>	Pound Sterling ("GBP")
<b>Business Day</b>	A day (other than a Saturday or Sunday) on which (i) banks are open for business in Dublin and London; (ii) the Reference Index is calculated by the Index Provider or such other day or days as the Directors may from time to time determine and notify in advance to Shareholders. For the avoidance of doubt, there shall be at least two Dealing Days per month at regular intervals.
<b>Dealing Day</b>	Any Business Day.
<b>Dealing Deadline</b>	2.00 p.m. (Dublin time) on the relevant Dealing Day where the Reference Index is open for a full days' trading. For all Dealing Days where the Reference Index is not open for a full day's trading the Dealing Deadline shall be 10.00 am.
<b>Launch Date</b>	(GBP) A-acc Share Class launched on 14 July 2010. The (EUR) A-acc Share Class has not yet launched.
<b>Minimum Fund Size</b>	GBP 100 million
<b>Valuation Point</b>	10:30 pm (Dublin time) on the relevant Dealing Day.
<b>Settlement Date</b>	Up to three Business Days after the relevant Dealing Day.
<b>ISIN</b>	IE00B3X0KQ36
<b>Minimum Holding</b>	1 Share
<b>Minimum Subscription Amount</b>	GBP 250,000 or its equivalent in another currency or such amount as may be determined by the Directors. Investors will be notified of any change to the Minimum Subscription Amount/basket size.
<b>Minimum Redemption Amount</b>	GBP 250,000 or its equivalent in another currency or such amount as may be determined by the Directors. Investors will be notified of any change to the Minimum Redemption Amount/basket.
<b>Website</b>	<a href="http://www.ubs.com/ETF">www.ubs.com/ETF</a> - information on Fund Assets and the Fund's iNAV is set out on the Website.

\* Non-Base Currency Share Classes performance may differ from that of the Base Currency Share Classes due to currency hedging costs.

## Description of the Shares

### Share Classes

Share Class (Listed)*	***“(GBP) A-acc “	***“(EUR) A-acc”
Initial Issue Price	N/A.	EUR 100th of FTSE 100 closing level on launch date for Euro denominated Share Class. Such prices shall be in Euro and shall also be available from the Administrator.

\* Non-Base Currency share classes will have a currency hedged exposure to the Reference Index.

\*\*Together "A-acc" Share Class

### Fees and Expenses

The following fees will be incurred on each Share by Shareholders (and will not be incurred by the Company on behalf the Fund, and accordingly will not affect the Net Asset Value of the relevant Share Class of the Fund):

Share Class	"A-acc"
Subscription Charge*	Up to 5%
Redemption Charge**	Up to 3%
Exchange Charge	Up to 3%
Primary Market Transaction Costs***	Up to 1%

\* The Subscription Charge is deducted from the investment amount received from an investor for subscription for Shares. The Manager may waive all or part of the Subscription Charge in the event that the Shares purchased by a Shareholder correspond at least to the Minimum Subscription Amount/basket or a multiple thereof or for any other reason at the Manager's sole discretion.

\*\* The Redemption Charge is deducted from the redemption proceeds payable to the investor. The Manager may waive all or part of the Redemption Charge in the event that the Shares redeemed by a Shareholder correspond at least to the Minimum Redemption Amount/basket or a multiple thereof or for any other reason at the Manager's sole discretion.

\*\*\*The Manager may waive all or part of the Primary Market Transaction Costs in the event that the Shares subscribed or redeemed by a Shareholder correspond at least to the Minimum Redemption Amount/Basket or a multiple thereof or for any other reason at the Manager's sole discretion.

Separate to and distinct from the Subscription Charge, Redemption Charge, Exchange Charge and Primary Market Transaction Costs, which shall be deducted from the investment amount received from an investor or deducted from the redemption proceeds payable to the investor or used to purchase the Shares of the New Class (as appropriate), the following fees and expenses will be incurred by the Company on behalf of the Fund and will affect the Net Asset Value of the relevant Share Class of the Fund:

<b>Share Class</b>	A-acc
<b>Flat-Fees</b>	Up to 0.22% per annum

This section headed "**Fees and Expenses**" should be read in conjunction with the sections headed "**Fees and Expenses**" and "**Issue and Repurchase Price/Calculation of Net Asset Value/Valuation of Assets**" in the Prospectus.

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## **GENERAL DESCRIPTION OF THE REFERENCE INDEX**

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The Reference Index is the FTSE 100 Net Total Return Index ("**the Reference Index**"). The Reference Index is further described below but only represents an extract of information available from public sources and neither the Directors, the Manager, FTSE International Limited or such other successor sponsor to the Reference Index (the "**Index Provider**") nor the Investment Manager take any responsibility for the accuracy or completeness of such information.

The Reference Index is the FTSE 100, a market-capitalisation weighted index representing the performance of the 100 largest UK blue chip companies. The index represents more than approximately 81% of the UK's market capitalisation. FTSE 100 constituents are all traded on the London Stock Exchange's SETS trading system.

The Reference Index is rebalanced on a quarterly basis.

The rebalancing frequency of the Reference Index has no impact on the transaction costs associated with the Fund as any rebalancing is not expected to require any higher frequency of position turnover in the Fund than would otherwise be the case were the Reference Index to be static.

The Reference Index is calculated in GBP (Sterling).

*Index Provider and website*

The Reference Index is sponsored by FTSE International Limited and more details on the Reference Index, including its underlying components, can be found at [www.ftse.com](http://www.ftse.com).

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## **OTHER INFORMATION**

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### **Risk Factors**

Certain risks relating to the Shares are set out under the heading "**Risk Factors**" in the Prospectus. In addition, Shareholders must also note that:

- (a) The sub-funds of the Company are segregated as a matter of Irish law and as such, in Ireland, the assets of one sub-fund will not be available to satisfy the liabilities of another sub-fund. However, it should be noted that the Company is a single legal entity which may operate or have assets held on its behalf or be subject to claims in other jurisdictions which may not necessarily recognise such segregation. There can be no guarantee that the courts of any jurisdiction outside Ireland will respect the limitations on liability as set out above.
- (b) Upon the occurrence of a Disruption Event or an Index Disruption and Adjustment Event (and without limitation to the Directors' personal powers as further described in the Prospectus); (i) adjustments may be made to account for any such event (including adjustment to the Reference Index, the calculation of the Reference Index level and/or changes to the terms of the derivative contracts) which may have a significant impact on the Net Asset Value of the Fund; (ii) the Directors may temporarily suspend the calculation of the Net Asset Value and any subscription, redemption and exchange of

Shares and payment of redemption proceeds in accordance with the provisions of the Prospectus under the section "Suspension of Calculation of Net Asset Value"; and/or (iii) the Directors may, in certain circumstances as set out in the Prospectus, terminate the Fund.

- (c) The return payable under the Swaps with a counterparty is subject to the credit risk of the counterparty. In addition, the counterparty will generally act as the calculation agent under the Swaps (the "**Calculation Agent**") and perform those duties agreed in the ISDA Master Agreement and confirmation for the relevant Swaps. Shareholders should note that not only will they be exposed to the credit risk of the counterparty but also potential conflicts of interest in the performance of the function of Calculation Agent by the counterparty. The counterparty will use its reasonable endeavours to resolve any such conflicts of interest fairly (having regard to its respective obligations and duties) and to ensure that the interests of the Company and the Shareholders are not unfairly prejudiced. The Directors believe that the counterparty will be suitable and competent to act as Calculation Agent. Any valuations provided by the counterparty in its role as Calculation Agent will be verified at least weekly by a party independent of the counterparty as sourced by the Administrator and approved by the Custodian.
- (d) The Fund is highly dynamic and may exhibit above-average potential growth and investment performance, depending on the economic environment. The opportunities for above average growth may in some circumstances lead to extreme positive and negative fluctuations in the Net Asset Value of the Fund.
- (e) The value of investments and the income from them, and therefore the value of and income from the Shares can go down as well as up and an investor may not get back the amount invested. The Fund's exposure is linked to the performance of the components of the Reference Index which, in turn, is exposed to general market movements (negative as well as positive).
- (f) There can be no assurance that the Reference Index will be successful at producing positive returns consistently or at all. The Index Provider makes no representation or warranty, express or implied, that the Reference Index will produce positive returns at any time.
- (g) As at the date hereof there is one Class of Shares issued in respect of the Fund. Additional Classes of Shares may be created at any time without the consent of the then existing Shareholders in accordance with the Central Bank's requirements. Each Class of Shares issued in respect of the Fund will perform differently as a result of differences of currency and fees (as applicable). The Company on behalf of the Fund will enter into Swaps that are designed to generate the cash flows payable in respect of the Shares of the relevant Classes. There is no legal segregation of assets and liabilities between Classes and there is no separate portfolio of assets held for each Class.
- (h) The Company on behalf of the Fund will enter into a separate Derivative Contract in respect of each Class. Each Derivative Contract will be on similar terms except that each Derivative Contract will provide a return in the currency of denomination of each Class of Shares to which it relates.
- (i) The Fund's use of the Reference Index is licensed by the Index Provider. If at any time, the licence is terminated or the Reference Index otherwise becomes unavailable, unreliable, inaccurate or unrepresentative, the Fund Directors may exercise their discretion to terminate the Fund in accordance with the terms of the Memorandum and Articles of Association.

- (j) The Fund is exposed to the investment risk arising from the Reference Index underlying the ISDA Master Agreement. The Fund is therefore exposed to the risks inherent to investments in equity markets.
- (k) Some of the markets in which the Fund may effect derivative transactions are “over-the-counter” or “interdealer” markets, which may be illiquid and are sometimes subject to larger spreads than exchange-traded derivative transactions. The participants in such markets are typically not subject to credit evaluation and regulatory oversight, which would be the case with members of “exchange-based” markets. This exposes the Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a credit or liquidity problem with the counterparty. Delays in settlement may also result from disputes over the terms of the contract (whether or not bona fide) since such markets may lack the established rules and procedures for swift settlement of disputes among market participants found in “exchange-based” markets. These factors may cause the Fund to suffer a loss due to adverse market movements while replacement transactions are executed or otherwise.
- (l) Whilst the Company has the right to use and reference the Reference Index in connection with the Fund in accordance with the terms of the Reference Index license, in the event that the licence is terminated the Fund may be terminated or if any other Index Disruption and Adjustment Event occurs, adjustments may be made to the terms of the Swaps after negotiation with each Approved Counterparty to account for any such event including adjustment to the Reference Index or the calculation of the Reference Index level which may have a significant impact on the Net Asset Value of the Fund.
- (m) Subject to certain pre-defined parameters, it is possible that methodology used to calculate the Reference Index or the formulae underlying the Reference Index could change and such change may result in a decrease in the performance of the Reference Index. As such, aspects of the Reference Index could change in the future, including without limitation, the methodology and third party data sources. Any changes may be made without regard to the interests of a holder of any product linked to the Reference Index. Additionally, the Reference Index was created by the Index Provider, who has the right to permanently cancel the Reference Index at any time. Such cancellation may have a material adverse effect on any linked investments or transactions.

**Investors should also refer to the Prospectus for additional disclosure of risks.**

### **Miscellaneous**

The Company has the following Funds established as at the date of this Supplement:

S&P 500 SF UCITS ETF  
FTSE 100 SF UCITS ETF  
HFRX GLOBAL HEDGE FUND INDEX SF UCITS ETF  
BLOOMBERG COMMODITY INDEX SF UCITS ETF  
CMCI COMPOSITE SF UCITS ETF  
MSCI USA SF UCITS ETF  
MSCI CANADA SF UCITS ETF  
MSCI EMU SF UCITS ETF  
MSCI JAPAN SF UCITS ETF  
MSCI EMERGING MARKETS SF UCITS ETF  
MSCI ACWI RISK WEIGHTED SF UCITS ETF  
MSCI USA GROWTH SF UCITS ETF  
MSCI EMU GROWTH SF UCITS ETF  
MSCI AC ASIA EX JAPAN SF UCITS ETF

MAP BALANCED 5 SF UCITS ETF  
MAP BALANCED 7 SF UCITS ETF  
JPX-NIKKEI 400 SF UCITS ETF  
MSCI ACWI SF UCITS ETF  
CMCI EX-AGRICULTURE SF UCITS ETF

### **Disclaimers**

The Fund is not in any way sponsored, endorsed, sold or promoted by FTSE International Limited (“**FTSE**”) or by the London Stock Exchange Limited (the “**Exchange**”) or by The Financial Times Limited (“**FT**”) and neither FTSE nor Exchange or FT makes any warranty or representation whatsoever, expressly or impliedly, either as to the results to be obtained from the use of the FTSE 100 Index (the “**Index**”) and/or the figure at which the said Index stands at any particular time on any particular day or otherwise. The Index is compiled and calculated solely by FTSE. However, neither FTSE nor Exchange or FT shall be liable (whether in negligence or otherwise) to any person for any error in the Index and neither FTSE nor Exchange nor FT shall be under any obligation to advise any person of any error therein.

## **HFRX GLOBAL HEDGE FUND INDEX SF UCITS ETF**

### **Supplement to the Prospectus**

This Supplement contains information in relation to the **HFRX Global Hedge Fund Index SF UCITS ETF** (the "**Fund**"), a sub-fund of UBS ETFs plc (the "**Company**") an umbrella type open-ended investment company with variable capital, governed by the laws of Ireland and authorised by the Central Bank of Ireland (the "**Central Bank**") of Block D, Iveagh Court, Harcourt Road, Dublin 2, Ireland.

**This Supplement forms part of, and must be read in conjunction with, the Prospectus of the Company dated 12 October 2016, as may be amended, supplemented or modified from time to time, (the "Prospectus") and may not be distributed unless accompanied by the Prospectus (other than to prior recipients of the Prospectus).**

**THIS DOCUMENT IS IMPORTANT. BEFORE YOU PURCHASE ANY OF THE SHARES REPRESENTING INTERESTS IN THE FUND DESCRIBED IN THIS SUPPLEMENT YOU SHOULD ENSURE THAT YOU FULLY UNDERSTAND THE NATURE OF SUCH AN INVESTMENT, THE RISKS INVOLVED AND YOUR OWN PERSONAL CIRCUMSTANCES. IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS SUPPLEMENT YOU SHOULD TAKE ADVICE FROM AN APPROPRIATELY QUALIFIED ADVISOR.**

**Capitalised terms used in this Supplement will have the meanings given to them in the Definitions section below or in the Prospectus.**

**In addition to investing in equities and equity related securities, transferable securities and other eligible assets, it is the intention of the Company to invest on behalf of the Fund in financial derivative instruments ("FDIs") for investment and efficient portfolio management purposes, where applicable.**

**Certain risks attached to investments in FDIs are set out in the Prospectus under the section headed "Risk Factors".**

**You should inform yourself as to (a) the possible tax consequences, (b) the legal and regulatory requirements, (c) any foreign exchange restrictions or exchange control requirements and (d) any other requisite governmental or other consents or formalities which you might encounter under the laws of the country of your citizenship, residence or domicile and which might be relevant to your purchase, holding or disposal of the Shares.**

### **UBS ETFs plc**

An umbrella fund with segregated liability between the sub-funds

**Dated 12 October 2016**

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## **IMPORTANT INFORMATION**

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### **Suitability of Investment**

**The Shares are not principal protected. The value of the Shares may go up or down and you may not get back the amount you have invested. See the section headed "Risk Factors" of the Prospectus and the section headed "Other Information – Risk Factors" of this Supplement for a discussion of certain risks that should be considered by you.**

An investment in the Shares is only suitable for you if you (either alone or with the help of an appropriate financial or other advisor) are able to assess the merits and risks of such an investment and have sufficient resources to be able to bear any losses that may result from such an investment. The contents of this document are not intended to contain and should not be regarded as containing advice relating to legal, taxation, investment or any other matters.

### **Profile of a Typical Investor**

The Fund is suitable for investors seeking capital appreciation and who are prepared to accept a medium level of volatility\*. Investment in the Fund should be viewed as a medium to long term investment.

### **Responsibility**

The Directors (whose names appear under the heading "**Directors of the Company**" of the Prospectus) accept responsibility for the information contained in the Prospectus and this Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement when read together with the Prospectus (as complemented, modified or supplemented by this Supplement) is in accordance with the facts as at the date of this Supplement and does not omit anything likely to affect the import of such information.

### **General**

This Supplement sets out information in relation to the Shares and the Fund. You must also refer to the Prospectus which is separate to this document and describes the Company and provides general information about offers of shares in the Company. You should not take any action in respect of the Shares unless you have received a copy of the Prospectus. Should there be any inconsistency between the contents of the Prospectus and this Supplement, the contents of this Supplement will, to the extent of any such inconsistency, prevail. This Supplement and the Prospectus should both be carefully read in their entirety before any investment decision with respect to Shares is made.

As of the date of this Supplement, the Company does not have any loan capital (including term loans) outstanding or created but unissued and no outstanding mortgages, charges or other borrowings or indebtedness in the nature of borrowings, including bank overdrafts and liabilities under acceptances or acceptance credits, hire purchase or finance lease commitments, guarantees or other contingent liabilities.

### **Distribution of this Supplement and Selling Restrictions**

Distribution of this Supplement is not authorised unless accompanied by a copy of the Prospectus and the latest annual report and audited accounts of the Company and the Fund (other than to prior recipients of the Prospectus) and if published after such report, a copy of the then latest semi annual report and unaudited accounts. The distribution of this Supplement and the offering or purchase of the Shares may be restricted in certain jurisdictions. If you receive a copy of this Supplement and/or the Prospectus you may not treat such document(s) as constituting an offer, invitation or solicitation to you to subscribe for any Shares unless, in the relevant jurisdiction, such an offer, invitation or solicitation could lawfully be made to you without compliance with any registration or other legal requirement other than those with which the Company has already complied. If you wish to apply for the opportunity to purchase any Shares it is your duty to inform yourself of, and to observe, all applicable laws and regulations of any relevant jurisdiction. In

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\* Based on annualised volatility of the underlying Reference Index since inception. Future volatility may be higher or lower than historic levels, depending on market conditions.

particular, you should inform yourself as to the legal requirements of so applying, and any applicable exchange control regulations and taxes in the countries of your respective citizenship, residence or domicile.

## Definitions

Words and expressions defined in the Prospectus will, unless otherwise defined in this Supplement, have the same meaning when used in this Supplement.

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## TERMS OF THE SHARES REPRESENTING INTERESTS IN THE FUND

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### Investment Objective

The investment objective of the Fund is to deliver the net total return of the Reference Index (being the HFRX Global Hedge Fund Index).

The Fund will return the Reference Index performance less fees and expenses on each Dealing Day.

Further information in relation to this is set out in the "Fees and Expenses" section below.

The HFRX Global Hedge Fund Index is designed to be representative of the overall composition of the hedge fund universe. It is comprised of all eligible hedge fund strategies; including but not limited to convertible arbitrage, distressed securities, equity hedge, equity market neutral, event driven, macro, merger arbitrage, and relative value arbitrage. The strategies are asset weighted based on the distribution of assets in the hedge fund industry.

### Investment Policy

In order to achieve the investment objective, the Company on behalf of the Fund intends to invest all or substantially all of the net proceeds of any issue of Shares in the manner set out below:

- (i) swaps (each swap being an agreement between the Company on behalf of the Fund and an Approved Counterparty pursuant to a master agreement in accordance with the requirements of the International Swaps and Derivatives Association, and such swaps may include funded, unfunded or total return (as further described below under "**Use of Derivative Contracts – Swaps**") (the "**Swaps**"). The purpose of the Swaps shall be to gain indirect exposure to the Reference Index (as described in further detail under the heading "**Use of Derivative Contracts – Swaps**" below); and
- (ii) a portfolio of transferable securities or other eligible assets. These may include (without limitation) equity and equity-related securities; fixed income securities such as government and corporate bonds (such bonds may be rated or unrated), money market instruments, floating rate instruments, convertible securities and commercial paper and/or units of other open-ended collective investment schemes including other Funds of the Company. Any of the foregoing may be issued or arranged by a member of the UBS AG Group. Where the Fund invests in such securities and/or other eligible assets, the Fund will enter into an unfunded or total return swap to exchange, the price performance and income received in relation to such securities and/or other eligible assets for the performance of the Reference Index. In this instance, the Fund will have neither market nor credit exposure to the particular securities and other eligible assets referred to above, except in the event of a default on the part of the Approved Counterparty to the Swaps.

The equities, equity-related securities, Swaps, other eligible assets listed at (ii) above, any ancillary cash and any instruments held by the Fund (either for investment or efficient portfolio management purposes) shall constitute the "**Fund Assets**" for the purposes of the Prospectus. To the extent that the Fund invests some of the net proceeds of any issue of Shares in the manner set out in (ii) above, the Fund shall invest

no more than 15% in the fixed income securities mentioned in (ii) above. All instruments shall be listed and/or traded on the exchanges and markets set out in Appendix II of the Prospectus.

The Fund may, with due regard to the best interest of its Shareholders, decide from time to time to switch partially or totally from one of the above described policies to the other.

Further information relevant to the Fund's investment policy is contained in the main part of the Prospectus under "**Investment Objectives and Policies**" and under "**Investment Restrictions**".

### **Index Tracking Strategy**

The Fund gains exposure to the Reference Index by investing in one or more Swaps. It is not intended that the Fund will invest directly in the components of the Reference Index in order to meet the Fund's investment objective. The Fund (and the investors in the Fund) will be exposed to the full performance of the Reference Index.

The performance of the Fund on each Dealing Day is expected to equal the performance of the Reference Index for that day less fees and expenses. Consequently, the fees and expenses are the only factors which are likely to affect the ability of the Fund to track perfectly the performance of the Reference Index.

The Fund may have counterparty risk as a result of the investment in the swaps – further information is provided in the section below headed "Use of Derivative Contracts – Swaps" and in section 6 "Risk Factors" of the Prospectus.

The anticipated level of tracking error after fees and transaction costs is up to 0.06% per annum in normal market conditions.

The annual report of the Fund, which can be found on the Website, will include the following information:

- a. The size of the realised tracking error for the year, being the volatility of the difference between the return of the Fund and the return of the Reference Index;
- b. An explanation for the divergence between the anticipated and realised tracking error for the year;
- c. The size of the annual tracking distance for the year, being the difference between the performance of the Fund and the Reference Index; and
- d. An explanation for the annual tracking difference, including the impact of transaction costs, fees and expenses on the performance of the Fund.

### **Portfolio Transparency Policy**

The Fund's transparency policy regarding the composition of its portfolio, and any collateral received in relation to the Swaps, is to provide position level disclosure on a daily basis. The information is published on the Website.

The assets in which the Fund will invest in order to achieve its investment objective are set out in the "Investment Policy" section above. Details on the composition of the Fund Assets will be set out on the Website.

### **Use of Derivative Contracts – Swaps**

The Fund may enter into Swaps with a member of the UBS AG Group or any other eligible entity (being the "**Approved Counterparty**") pursuant to which the Fund will be entitled to receive from the Approved Counterparty the performance of the components of the Reference Index in exchange for the payment to the Approved Counterparty of (i) where the swap is funded, some or all of the net proceeds of any issue of Shares; (ii) where the swap is unfunded, payments linked to the return on some or all of the equities and other eligible assets held by the Fund as listed at (ii) above; and (iii) where the swap is a total return swap, payments will be based upon a set rate agreed between the parties in exchange for the return on some or all of the equities and other eligible assets held by the Fund as listed at (ii) above. The Approved Counterparty to the Swaps and the Company on behalf of the Fund have entered into a 2002 International Swaps and Derivatives Association Master Agreement (including any supporting agreements, annexes or schedules thereto) (the "**ISDA Master Agreement**"), and will enter into confirmations for each Swap transaction. Such confirmations may be entered into before or after the relevant transaction and may be in electronic form.

The Swaps will at all times be valued in accordance with the provisions of the Prospectus. The valuation of the Swaps will reflect the relative movements in the performance of the Reference Index and the Fund's holding of transferable securities and/or other Fund Assets as may be referenced under the Swaps. Depending on the value of the Swaps, the Fund will have to make a payment to the Approved Counterparty or will receive such a payment. Where the Fund has to make a payment to the Approved Counterparty, this payment will be made from the proceeds and, as the case may be, the disposal of some or all of the transferable securities and/or other Fund Assets in which the Fund has invested.

As set out in Section 5 of the Prospectus, the Company will ensure that the counterparty risk exposure under the Swaps never exceeds the limits required by the Regulations and the Central Bank. Accordingly, the Company will reduce such counterparty exposure by causing the Approved Counterparty, where necessary, to provide appropriate Collateral, that may be selected in the Approved Counterparty's sole discretion (in accordance with the requirements of the Central Bank), to the Company on behalf of the relevant Fund (or as otherwise permitted by the Central Bank) in accordance with the terms of ISDA Master Agreement, in accordance with the Investment Restrictions. Alternatively, the Company may reduce its risk exposure to the Approved Counterparty by causing the Approved Counterparty to reset the Swaps or vice versa. This may result in a corresponding payment from the Fund to the Approved Counterparty.

The Swaps may be terminated by either party at any time or on the occurrence of certain events with respect to either the Fund or the Approved Counterparty including, but not limited to, an event of default (such as a failure to pay, breach of agreement or bankruptcy) or a termination event (which is not due to the fault of either party, for example, illegality or a change in the tax or accounting laws), in which case the non-defaulting party or the unaffected party respectively is entitled to calculate the close-out value of the Swaps and it will do so in line with the industry standard requirements set out in the ISDA Master Agreement. The Fund may then enter into new Swaps (unless the Directors resolve that it is inadvisable to do so) or, if the Directors determine that there is no reasonable way to achieve the investment objective, the Fund may be terminated in accordance with the provisions of the Prospectus.

### **Securities Lending and Repurchase Transactions**

The Company may (for the purposes of efficient portfolio management only) enter into stock lending arrangements and/or Repurchase Transactions with financial institutions (including with a member of the UBS AG Group as the stock borrower or counterparty to the Repurchase Transaction) with a minimum credit rating at the time the relevant transaction as permitted by the Regulations, or which are deemed by the Fund to have an implied credit rating at least equal to such level (a "**Counterparty**"). Any such stock lending arrangement and Repurchase Transaction will be subject to the conditions, limits and requirements of the Central Bank and the provisions of the Prospectus. In these transactions, Collateral will move between the Company and the relevant Counterparty in order to mitigate any counterparty risk.

Investors should also note the information contained in the "Securities Lending and Repurchase Transactions" and "Collateral Policy" sections in the main body of the Prospectus.

**The Company on behalf of the Fund has filed with the Central Bank its risk management policy which enables it to accurately measure, monitor and manage the various risks associated with the use of Financial Derivative Instruments. The Company will, on request, provide supplementary information to Shareholders relating to the risk management methods employed, including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments.**

**The Company will use the commitment approach for the purposes of calculating global exposure for the Fund. The Fund's total exposure to the Reference Index will be limited to 100% of Net Asset Value.**

### **Efficient Portfolio Management**

The Company may also (for the purposes of efficient portfolio or cash management and not for investment purposes), invest in cash deposits, money market instruments, OTC options and units of UCITS regulated money market collective investment schemes.

Further information on efficient portfolio management is contained in the main body of the prospectus under the heading "Use of Financial Derivative Instruments and Efficient Portfolio Management".

## Investment Restrictions

Investors in particular must note that the general investment restrictions set out under "Investment Restrictions" in the Prospectus apply to the Fund. In addition the following investment restrictions shall apply to the Fund:

The Fund shall not invest in a fund of the Company which itself holds shares in any other fund of the Company.

## Disruption Events

The following Disruption Events shall apply to the Fund in addition to those set out in the Prospectus:

- (i) the Index Provider makes an adjustment or modification to the calculation of the Reference Index;
- (ii) the Approved Counterparty is:
  - (a) prevented, hindered or impaired from conducting one or more of its activity/activities in a commercially reasonable manner in connection with the establishment, maintenance, adjustment or termination of any transaction(s) in order to hedge its exposure in respect of the Reference Index; and/or
  - (b) prevented, hindered or impaired from performing one or more of its obligation(s) in a commercially reasonable manner,

under the terms of the relevant Swaps, with the consequence that the Approved Counterparty or the Calculation Agent (as applicable) elects to:

- i. adjust the terms of the Swaps; and/or
  - ii. delay payment to the Fund under the terms of the Swaps; and or
  - iii. terminate the Swaps;
- (iii) the Index Provider fails or delays in calculating, announcing and/or publishing the Reference Index level.

## Consequences of Disruption Events

As further described in the Prospectus and as set out above, upon the occurrence of a Disruption Event including an Index Disruption and Adjustment Event (and without limitation to the Directors' personal powers), (i) the Approved Counterparty (where acting as the relevant Calculation Agent or otherwise) may either (a) terminate one or more of the relevant Swaps or (b) make adjustments to the terms or valuation of the relevant Swaps and other Derivative Contracts to account for such event and the Net Asset Value may be affected by such adjustment; (ii) the Directors may temporarily suspend the calculation of the Net Asset Value and any subscription, redemption and exchange of Shares; and/or (iii) the Directors may, in certain circumstances, terminate the Fund.

## Leverage

The Fund will not be leveraged. The market risk of the Fund associated with the use of financial derivative instruments will be measured using the commitment approach in accordance with the requirements of the Central Bank.

## Borrowings

In accordance with the general provisions set out in the Prospectus under the heading "**Borrowing and Lending Powers**", the Company on behalf of the Fund may borrow up to 10% of the Net Asset Value of the Fund on a temporary basis. Such borrowings may only be used for short term liquidity purposes to cover the redemption of Shares.

## Dividend Policy

The Fund does not intend to issue dividends. However, the Directors may, in their absolute discretion, determine to declare dividends in respect of any Share Class and Shareholders will be notified accordingly. Any dividends payable by the Fund will be effected in accordance with the Dividend Policy stated in the Prospectus.

The dividend payments may be as low as zero. There is no guarantee that any dividend will be declared. For the avoidance of doubt, the payment of a dividend (if any) will reduce the Net Asset Value of the relevant Share Class accordingly.

## Limited Recourse

A Shareholder will solely be entitled to look to the Fund Assets in respect of all payments in respect of its Shares. If the realised net assets of the Fund are insufficient to pay any amounts payable in respect of the Shares, the Shareholder will have no further right of payment in respect of such Shares nor any claim against or recourse to any of the assets of any other Fund or any other asset of the Company.

## Listing

Application will be made to such exchanges as the Directors may determine from time to time (the "**Relevant Stock Exchanges**") for the listing of the Shares issued and available to be issued and to be admitted to listing on the official list and trading on each of the Relevant Stock Exchanges on or about the Launch Date. This Supplement and the Prospectus together comprise listing particulars for the purposes of listing the Shares on the official list and trading on the main market of each of the Relevant Stock Exchanges.

## Exchange Traded Fund

The Fund is an Exchange Traded Fund ("**ETF**"). The Shares of this Fund (where they are listed on the Relevant Stock Exchanges) are fully transferable among investors. It is envisaged that Shares will be bought and sold by public and institutional investors in the secondary market in the same way as the ordinary shares of a listed trading company.

The Directors of the Company may create new Share Classes from time to time, provided that the creation of any such new Share Classes is notified in advance to and cleared by the Central Bank. A separate pool of assets will not be maintained for each of the Share Classes.

## General Information Relating to the Fund

<b>Type</b>	Open-ended
<b>Base Currency</b>	US Dollar (" <b>USD</b> ")
<b>Business Day</b>	A day (other than a Saturday or Sunday) on which (i) banks are open for business in New York and Dublin; (ii) the Reference Index is calculated by the Index Provider; (iii) the Clearing Agent is open for business; or such other day or days as the Directors may from time to time determine and notify in advance to Shareholders. For the avoidance of doubt, there shall be at least 2 (two) Dealing Days per month occurring at regular intervals.
<b>Dealing Day</b>	Any Business Day.
<b>Dealing Deadline</b>	2.00 p.m. (Dublin time) on the relevant Dealing Day.
<b>Redemption Limit</b>	<p>The Company has the right to limit the number of Shares in the Fund that are redeemed on any particular Dealing Day to 10% of the total Net Asset Value of the Fund on that Dealing Day, and in conjunction with such limitation, to pro rata limit the number of Shares redeemed by any Shareholder on such Dealing Day so that all shareholders wishing to have shares in the Fund redeemed on that Dealing Day realise the same proportion (subject to rounding) of such Shares.</p> <p>In the event that the Company elects to limit the number of Shares redeemed on such</p>

	date to 10% of the total Net Asset Value of the Fund, a Shareholder may not be able to redeem on such Dealing Day all of the shares that it desired to redeem and concerning which a redemption notice has been submitted. In this event, the limitation will apply pro rata so that all Shareholders wishing to have their Shares redeemed on that Dealing Day realise the same proportion of such Shares (subject to rounding). Shares not redeemed, but which would otherwise have been redeemed, will be carried forward for repurchase on the next Dealing Day and will be dealt with in priority (on a rateable basis) to redemption requests received subsequently. If redemption orders are so carried forward, the Administrator will inform the Shareholders affected.
<b>Launch Date</b>	The (EUR) A-acc Share Class and (USD) A-acc Share Class launched on 21 October 2010. The (CHF) A-acc Share Class and the (GBP) A-acc Share Class launched on 18 March 2011.
<b>Minimum Fund Size</b>	USD 100 million
<b>Valuation Point</b>	10.30 pm (Dublin time) on the relevant Dealing Day.
<b>Settlement Date</b>	Up to 6 (six) Business Days after the relevant Dealing Day and in any event shall not exceed 10 (ten) Business Days from the relevant Dealing Deadline.
<b>Minimum Subscription Amount</b>	100,000 USD or its equivalent in another currency or such amount as may be determined by the Directors. Investors will be notified of any change to the Minimum Subscription Amount/basket size.
<b>Minimum Redemption Amount</b>	100,000 USD or its equivalent in another currency or such amount as may be determined by the Directors. Investors will be notified of any change to the Minimum Redemption Amount/basket.
<b>Minimum Holding</b>	1 Share
<b>Website</b>	<a href="http://www.ubs.com/etf">www.ubs.com/etf</a> - information on Fund Assets and the Fund's iNAV is set out on the Website.

## Description of the Shares

### Share Classes

Share Class (Listed)*	*** (USD) A-acc"	*** (EUR) A-acc"	*** (CHF) A-acc"	*** (GBP) A-acc"
ISIN	IE00B53P TF40	IE00B54 DDP56	IE00B5 280Y01	IE00B53B 4246
Initial Issue**	N/A	N/A	N/A	N/A
Minimum Subscription Amount**	USD 100,000	EUR 100,000	CHF 100,000	GBP 100,000
Minimum Redemption Amount***	USD 100,000	EUR 100,000	CHF 100,000	GBP 100,000
Minimum Holding	<u>1 share</u>	<u>1 share</u>	<u>1 share</u>	<u>1 share</u>

\* Non-Base Currency share classes will have a currency hedged exposure to the Reference Index

\*\* Together "A-acc" Share Class.

## Fees and Expenses

The following fees will be incurred on each Share by Shareholders (and will not be incurred by the Company on behalf the Fund, and accordingly will not affect the Net Asset Value of the relevant Share Class of the Fund):

<b>Share Class</b>	"A-acc"
<b>Subscription Charge*</b>	Up to 5%
<b>Redemption Charge**</b>	Up to 3%
<b>Exchange Charge</b>	Up to 3%
<b>Primary Market Transaction Costs***</b>	Up to 1%

\* The Subscription Charge is deducted from the investment amount received from an investor for subscription for Shares. The Manager may waive all or part of the Subscription Charge in the event that the Shares purchased by a Shareholder correspond at least to the Minimum Subscription Amount/basket or a multiple thereof or for any other reason at the Manager's sole discretion.

\*\* The Redemption Charge is deducted from the redemption proceeds payable to the investor. The Manager may waive all or part of the Redemption Charge in the event that the Shares redeemed by a Shareholder correspond at least to the Minimum Redemption Amount/basket or a multiple thereof or for any other reason at the Manager's sole discretion.

\*\*\* The Manager may waive all or part of the Primary Market Transaction Costs in the event that the Shares subscribed or redeemed by a Shareholder correspond at least to the Minimum Redemption Amount/basket or a multiple thereof or for any other reason at the Manager's sole discretion.

Separate to and distinct from the Subscription Charge, Redemption Charge, Exchange Charge and Primary Market Transaction Costs, which shall be deducted from the investment amount received from an investor or deducted from the redemption proceeds payable to the investor or used to purchase the Shares of the New Class (as appropriate), the following fees and expenses will be incurred by the Company on behalf of the Fund and will affect the Net Asset Value of the relevant Share Class of the Fund:

<b>Share Class</b>	"A-acc"
<b>Flat-Fees</b>	Up to 0.34% per annum

In addition to the aforementioned fees, the Fund is also subject to transaction costs and expenses of up to 1.40% per annum.

This section headed "**Fees and Expenses**" should be read in conjunction with the sections headed "**Fees and Expenses**" and "**Issue and Repurchase Price/Calculation of Net Asset Value/Valuation of Assets**" in the Prospectus.

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## GENERAL DESCRIPTION OF THE REFERENCE INDEX

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The Reference Index is the HFRX Global Hedge Fund Index ("**the Reference Index**"). The Reference Index is further described below but only represents an extract of information available from public sources and neither the Directors, the Manager, Hedge Fund Research, Inc, or such other successor sponsor to the Reference Index (the "**Index Provider**") nor the Investment Manager take any responsibility for the accuracy or completeness of such information.

The HFRX Hedge Fund Index is constructed using robust filtering, monitoring and quantitative constituent selection process using the Hedge Fund Research (HFR) database, an industry standard for hedge fund data. Hedge Fund Research, Inc. utilises a UCITS compliant methodology to construct the HFRX Hedge Fund Indices. The methodology is based on defined and predetermined rules and objective criteria to select and rebalance components to maximize representation of the Hedge Fund Universe. HFRX Indices utilise state-of-the art quantitative techniques and analysis. Constituents of the index are selected from an eligible pool of the more than 7,500 funds that report to the HFR Database. These funds are screened for various reporting characteristics, asset and duration of track record qualities, unique fund strategy inclusion, and whether they are open to accepting new investment via a fully transparent format.

The Reference Index performance is based on the return of the constituent hedge funds after deducting constituent hedge fund fees and Index Provider fees.

The Reference Index is rebalanced on a quarterly basis.

The rebalancing frequency of the Reference Index has no impact on the transaction costs associated with the Fund as any rebalancing is not expected to require any higher frequency of position turnover in the Fund than would otherwise be the case were the Reference Index to be static.

The Reference Index is calculated in USD (Dollars).

*Index Provider and website*

The Reference Index is sponsored by Hedge Fund Research, Inc and more details on the Reference Index, including its underlying components, can be found at <http://www.hedgefundresearch.com/>.

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## OTHER INFORMATION

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### Risk Factors

Certain risks relating to the Shares are set out under the heading "Risk Factors" in the Prospectus. In addition, Shareholders must also note that:

- (a) The sub-funds of the Company are segregated as a matter of Irish law and as such, in Ireland, the assets of one sub-fund will not be available to satisfy the liabilities of another sub-fund. However, it should be noted that the Company is a single legal entity which may operate or have assets held on its behalf or be subject to claims in other jurisdictions which may not necessarily recognise such segregation. There can be no guarantee that the courts of any jurisdiction outside Ireland will respect the limitations on liability as set out above.
- (b) Upon the occurrence of a Disruption Event or an Index Disruption and Adjustment Event (and without limitation to the Directors' personal powers as further described in the Prospectus); (i) adjustments may be made to account for any such event (including adjustment to the Reference Index, the calculation of the Reference Index level and/or changes to the terms of the Derivative Contracts) which may have a significant impact on the Net Asset Value of the Fund; (ii) the Directors may temporarily suspend the calculation of the Net Asset Value and any subscription, redemption and exchange of Shares and payment of redemption proceeds in accordance with the provisions of the Prospectus under the section "Suspension of Calculation of Net Asset Value"; and/or (iii) the Directors may, in certain circumstances as set out in the Prospectus, terminate the Fund.
- (c) The return payable under the Swaps with a counterparty is subject to the credit risk of the counterparty. In addition, the counterparty will generally act as the calculation agent under the Swaps (the "**Calculation Agent**") and perform those duties agreed in the ISDA Master Agreement and confirmation for the relevant Swaps. Shareholders should note that not only will they be exposed to the credit risk of the counterparty but also potential conflicts of interest in the performance of the function of Calculation Agent by the counterparty. The counterparty will use its reasonable endeavours to resolve any such conflicts of interest fairly (having regard to its respective obligations and duties) and to ensure that the interests of the Company and the Shareholders are not unfairly prejudiced. The Directors believe that the counterparty will be

suitable and competent to act as Calculation Agent. Any valuations provided by the counterparty in its role as Calculation Agent will be verified at least weekly by a party independent of the counterparty as sourced by the Administrator and approved by the Custodian.

- (d) The Fund is highly dynamic and may exhibit above-average potential growth and investment performance, depending on the economic environment. The opportunities for above average growth may in some circumstances lead to extreme positive and negative fluctuations in the Net Asset Value of the Fund.
- (e) The value of investments and the income from them, and therefore the value of and income from the Shares can go down as well as up and an investor may not get back the amount invested. The Fund's exposure is linked to the performance of the components of the Reference Index which, in turn, is exposed to general market movements (negative as well as positive).
- (f) There can be no assurance that the Reference Index will be successful at producing positive returns consistently or at all. The Index Provider makes no representation or warranty, express or implied, that the Reference Index will produce positive returns at any time.
- (g) There are Classes of Shares issued in respect of the Fund. Additional Classes of Shares may be created at any time without the consent of the then existing Shareholders in accordance with the Central Bank's requirements. Each Class of Shares issued in respect of the Fund will perform differently as a result of differences of currency and fees (as applicable). The Company on behalf of the Fund will enter into Swaps that are designed to generate the cash flows payable in respect of the Shares of the relevant Classes. There is no legal segregation of assets and liabilities between Classes and there is no separate portfolio of assets held for each Class.
- (h) The Company on behalf of the Fund will enter into a separate Derivative Contract in respect of each Class. Each Derivative Contract will be on similar terms except that each Derivative Contract will provide a return in the currency of denomination of each Class of Shares to which it relates.
- (i) The Reference Index performance is based on the return of the constituent hedge funds after deducting constituent hedge fund fees and Index Provider fees. The value of constituent hedge funds and therefore the value of the Reference Index can go down as well as up.
- (j) The Fund's use of the Reference Index is licensed by the Index Provider. If at any time, the licence is terminated or the Reference Index otherwise becomes unavailable, unreliable, inaccurate or unrepresentative, the Fund Directors may exercise their discretion to terminate the Fund in accordance with the terms of the Memorandum and Articles of Association.
- (k) The Fund may, through its exposure to the Reference Index, gain an indirect exposure to alternative asset classes as the Reference Index is designed to reproduce the performance of such alternative asset classes. These alternative asset classes typically exhibit different performance characteristics to traditional asset classes (such as equities and bonds) and are subject to risks such as illiquidity within the Reference Index's components, a lack of price transparency in the Reference Index's components, significant price volatility of the Reference Index's components and basis risk between the performance of the derivative and the performance of the Reference Index's components.
- (l) Some of the markets in which the Fund may effect derivative transactions are "over-the-counter" or "interdealer" markets, which may be illiquid and are sometimes subject to larger spreads than exchange-traded derivative transactions. The participants in such markets are typically not subject to credit evaluation and regulatory oversight, which would be the case with members of "exchange-based" markets. This exposes the Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a credit or liquidity problem with the counterparty. Delays in settlement may also result from disputes over the terms of the contract (whether or not bona fide) since such markets may lack the established rules and procedures for swift settlement of disputes among market participants found in "exchange-based" markets. These factors may cause the Fund to suffer a loss due to adverse market movements while replacement transactions are executed or otherwise.

- (m) Whilst the Company has the right to use and reference the Reference Index in connection with the Fund in accordance with the terms of the Reference Index license, in the event that the licence is terminated the Fund may be terminated or if any other Index Disruption and Adjustment Event occurs, adjustments may be made to the terms of the Swaps after negotiation with each Approved Counterparty to account for any such event including adjustment to the Reference Index or the calculation of the Reference Index level which may have a significant impact on the Net Asset Value of the Fund.
- (n) Subject to certain pre-defined parameters, it is possible that methodology used to calculate the Reference Index or the formulae underlying the Reference Index could change and such change may result in a decrease in the performance of the Reference Index. As such, aspects of the Reference Index could change in the future, including without limitation, the methodology and third party data sources. Any changes may be made without regard to the interests of a holder of any product linked to the Reference Index. Additionally, the Reference Index was created by the Index Provider, who has the right to permanently cancel the Reference Index at any time. Such cancellation may have a material adverse effect on any linked investments or transactions.

**Investors should also refer to the Prospectus for additional disclosure of risks.**

### **Miscellaneous**

The Company has the following Funds established as at the date of this Supplement:

S&P 500 SF UCITS ETF  
 FTSE 100 SF UCITS ETF  
 HFRX GLOBAL HEDGE FUND INDEX SF UCITS ETF  
 BLOOMBERG COMMODITY INDEX SF UCITS ETF  
 CMCI COMPOSITE SF UCITS ETF  
 MSCI USA SF UCITS ETF  
 MSCI CANADA SF UCITS ETF  
 MSCI EMU SF UCITS ETF  
 MSCI JAPAN SF UCITS ETF  
 MSCI EMERGING MARKETS SF UCITS ETF  
 MSCI ACWI RISK WEIGHTED SF UCITS ETF  
 MSCI USA GROWTH SF UCITS ETF  
 MSCI EMU GROWTH SF UCITS ETF  
 MSCI AC ASIA EX JAPAN SF UCITS ETF  
 MAP BALANCED 5 SF UCITS ETF  
 MAP BALANCED 7 SF UCITS ETF  
 JPX-NIKKEI 400 SF UCITS ETF  
 MSCI ACWI SF UCITS ETF  
 CMCI EX-AGRICULTURE SF UCITS ETF

### **Disclaimers**

The HFRX Global Hedge Fund Index ('Reference Index') is a trademark of Hedge Fund Research, Inc. and/or HFR Asset Management, LLC ('HFR') and has been licensed by HFR to UBS solely for use in connection with the Fund. Other than this license, neither HFR nor the Reference Index (which is compiled independently of and without any regard to the Fund) have any connection to the Fund and have not participated in the Fund's creation and will not participate in it in any manner, including its on-going investment decisions and other administration and sales. The Fund is not sponsored, endorsed, sold or promoted by HFR. HFR makes no express or implied recommendation, warranty or representation regarding the Fund or the advisability of investing in it or its performance, including the results obtained by the Fund. HFR has no obligation to advise the Fund or any investor in the Fund of any error in the Reference Index. HFR has the right at any time to modify or change the Reference Index, including the methodology used in its calculation, or to discontinue the calculation, publication and dissemination of the Reference Index. HFR shall not be liable to the Fund or to any investor in the Fund for any damages of any kind or nature, including any error in the Reference Index.

## **CMCI COMPOSITE SF UCITS ETF**

### **Supplement to the Prospectus**

This Supplement contains information in relation to the **CMCI COMPOSITE SF UCITS ETF** (the "**Fund**"), a sub-fund of UBS ETFs plc (the "**Company**") an umbrella type open-ended investment company with variable capital, governed by the laws of Ireland and authorised by the Central Bank of Ireland (the "**Central Bank**") of Block D, Iveagh Court, Harcourt Road, Dublin 2, Ireland.

**This Supplement forms part of, and must be read in conjunction with, the Prospectus of the Company dated 12 October 2016, as may be amended, supplemented or modified from time to time, (the "Prospectus") and may not be distributed unless accompanied by the Prospectus (other than to prior recipients of the Prospectus).**

**THIS DOCUMENT IS IMPORTANT. BEFORE YOU PURCHASE ANY OF THE SHARES REPRESENTING INTERESTS IN THE FUND DESCRIBED IN THIS SUPPLEMENT YOU SHOULD ENSURE THAT YOU FULLY UNDERSTAND THE NATURE OF SUCH AN INVESTMENT, THE RISKS INVOLVED AND YOUR OWN PERSONAL CIRCUMSTANCES. IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS SUPPLEMENT YOU SHOULD TAKE ADVICE FROM AN APPROPRIATELY QUALIFIED ADVISOR.**

**Capitalised terms used in this Supplement will have the meanings given to them in the Definitions section below or in the Prospectus.**

**In addition to investing in equities and equity related securities, transferable securities and other eligible assets, it is the intention of the Company to invest principally on behalf of the Fund in financial derivative instruments ("FDIs") for investment and efficient portfolio management purposes, where applicable.**

**Certain risks attached to investments in FDIs are set out in the Prospectus under the section headed "Risk Factors".**

**You should inform yourself as to (a) the possible tax consequences, (b) the legal and regulatory requirements, (c) any foreign exchange restrictions or exchange control requirements and (d) any other requisite governmental or other consents or formalities which you might encounter under the laws of the country of your citizenship, residence or domicile and which might be relevant to your purchase, holding or disposal of the Shares.**

### **UBS ETFs plc**

An umbrella fund with segregated liability between the sub-funds

**Dated 18 October 2016**

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## **IMPORTANT INFORMATION**

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### **Suitability of Investment**

**The Shares are not principal protected. The value of the Shares may go up or down and you may not get back the amount you have invested. See the section headed "Risk Factors" of the Prospectus and the section headed "Other Information – Risk Factors" of this Supplement for a discussion of certain risks that should be considered by you.**

An investment in the Shares is only suitable for you if you (either alone or with the help of an appropriate financial or other advisor) are able to assess the merits and risks of such an investment and have sufficient resources to be able to bear any losses that may result from such an investment. The contents of this document are not intended to contain and should not be regarded as containing advice relating to legal, taxation, investment or any other matters.

### **Profile of a Typical Investor**

The Fund is suitable for investors seeking capital appreciation and who are prepared to accept a high level of volatility. Investment in the Fund should be viewed as a medium to long term investment.

### **Responsibility**

The Directors (whose names appear under the heading "**Directors of the Company**" of the Prospectus) accept responsibility for the information contained in the Prospectus and this Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement when read together with the Prospectus (as complemented, modified or supplemented by this Supplement) is in accordance with the facts as at the date of this Supplement and does not omit anything likely to affect the import of such information.

### **General**

This Supplement sets out information in relation to the Shares and the Fund. You must also refer to the Prospectus which is separate to this document and describes the Company and provides general information about offers of shares in the Company. You should not take any action in respect of the Shares unless you have received a copy of the Prospectus. Should there be any inconsistency between the contents of the Prospectus and this Supplement, the contents of this Supplement will, to the extent of any such inconsistency, prevail. This Supplement and the Prospectus should both be carefully read in their entirety before any investment decision with respect to Shares is made.

As of the date of this Supplement, the Company does not have any loan capital (including term loans) outstanding or created but unissued and no outstanding mortgages, charges or other borrowings or indebtedness in the nature of borrowings, including bank overdrafts and liabilities under acceptances or acceptance credits, hire purchase or finance lease commitments, guarantees or other contingent liabilities.

### **Distribution of this Supplement and Selling Restrictions**

Distribution of this Supplement is not authorised unless accompanied by a copy of the Prospectus and the latest annual report and audited accounts of the Company and the Fund (other than to prior recipients of the Prospectus) and if published after such report, a copy of the then latest semi annual report and unaudited accounts. The distribution of this Supplement and the offering or purchase of the Shares may be restricted in certain jurisdictions. If you receive a copy of this Supplement and/or the Prospectus you may not treat such document(s) as constituting an offer, invitation or solicitation to you to subscribe for any Shares unless, in the relevant jurisdiction, such an offer, invitation or solicitation could lawfully be made to you without compliance with any registration or other legal requirement other than those with which the Company has already complied. If you wish to apply for the opportunity to purchase any Shares it is your duty to inform yourself of, and to observe, all applicable laws and regulations of any relevant jurisdiction. In particular, you should inform yourself as to the legal requirements of so applying, and any applicable exchange control regulations and taxes in the countries of your respective citizenship, residence or domicile.

## Definitions

Words and expressions defined in the Prospectus will, unless otherwise defined in this Supplement, have the same meaning when used in this Supplement.

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## TERMS OF THE SHARES REPRESENTING INTERESTS IN THE FUND

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### Investment Objective

The investment objective of the Fund is to deliver the return of the Reference Index (being UBS Bloomberg Constant Maturity Commodity Index Total Return).

The Fund will return the Reference Index performance less fees and expenses on each Dealing Day.

### Investment Policy

In order to achieve the investment objective, the Company on behalf of the Fund intends to invest all or substantially all of the net proceeds of any issue of Shares in the manner set out below:

- (i) swaps (each swap being an agreement between the Company on behalf of the Fund and an Approved Counterparty pursuant to a master agreement in accordance with the requirements of the International Swaps and Derivatives Association, and such swaps may include funded, unfunded or total return (as further described below under "**Use of Derivative Contracts – Swaps**") (the "**Swaps**"). The purpose of the Swaps shall be to gain indirect exposure to the Reference Index/ Currency Index (as described in further detail under the heading "**Use of Derivative Contracts – Swaps**" below); and
- (ii) a portfolio of transferable securities or other eligible assets. These may include (without limitation) equity and equity-related securities; fixed income securities such as government and corporate bonds (such bonds may be rated or unrated), money market instruments, floating rate instruments, convertible securities and commercial paper and/or units of other open-ended collective investment schemes including other Funds of the Company. Any of the foregoing may be issued or arranged by a member of the UBS AG Group. Where the Fund invests in such securities and/or other eligible assets, the Fund will enter into an unfunded or total return swap to exchange, the price performance and income received in relation to such securities and/or other eligible assets for the performance of the Reference Index. In this instance, the Fund will have neither market nor credit exposure to the particular securities and other eligible assets referred to above, except in the event of a default on the part of the Approved Counterparty to the Swaps.

The equities, equity-related securities, Swaps, other eligible assets listed at (ii) above, any ancillary cash and any instruments held by the Fund (either for investment or efficient portfolio management purposes) shall constitute the "**Fund Assets**" for the purposes of the Prospectus. To the extent that the Fund invests some of the net proceeds of any issue of Shares in the manner set out in (ii) above, the Fund shall invest no more than 15% in the fixed income securities mentioned in (ii) above. All instruments shall be listed and/or traded on the exchanges and markets set out in Appendix II of the Prospectus.

The Fund may, with due regard to the best interest of its Shareholders, decide from time to time to switch partially or totally from one of the above described policies to the other.

Further information relevant to the Fund's investment policy is contained in the main part of the Prospectus under "**Investment Objectives and Policies**" and under "**Investment Restrictions**".

### Index Tracking Strategy

The Fund gains exposure to the Reference Index by investing in one or more Swaps. It is not intended that the Fund will invest directly in the components of the Reference Index in order to meet the Fund's investment objective. The Fund (and the investors in the Fund) will be exposed to the full performance of the Reference Index.

The (EUR) A-acc, (CHF) A-acc, (GBP) A-acc, (HKD) A-acc, (SGD) A-acc, (JPY) A-acc, and (SEK) A-acc Share Classes intend to reduce currency risk by investing in Swaps with exposure to a currency hedged version of the Reference Index (each a "**Currency Index**" and together the "**Currency Indices**"). The aim of the currency hedge is to limit (though not eliminate) the FX exposure of the Class of Shares versus the currency of the Reference Index. The purpose of gaining exposure to a Currency Index is to limit, at a Share Class level, the profit or loss generated from foreign exchange exposure. This is achieved by the Currency Indices methodology referencing one month rolling forward FX contracts, as opposed to the Fund itself.

See "**General Description of the Reference Index**" section for more information on the Currency Indices.

The Fund may have counterparty risk as a result of the investment in the swaps – further information is provided in the section below headed "Use of Derivative Contracts – Swaps" and in section 6 "Risk Factors" of the Prospectus.

The anticipated level of tracking error after fees and transaction costs is up to 0.04% per annum in normal market conditions.

The annual report of the Fund, which can be found on the Website, will include the following information:

- a. The size of the realised tracking error for the year, being the volatility of the difference between the return of the Fund and the return of the Reference Index;
- b. An explanation for the divergence between the anticipated and realised tracking error for the year;
- c. The size of the annual tracking difference for the year, being the difference between the performance of the Fund and the Reference Index; and
- d. An explanation for the annual tracking difference, including the impact of transaction costs, fees and expenses on the performance of the Fund.

### **Portfolio Transparency Policy**

The Fund's transparency policy regarding the composition of its portfolio, and any collateral received in relation to the Swaps, is to provide position level disclosure on a daily basis. The information is published on the Website.

The assets in which the Fund will invest in order to achieve its investment objective are set out in the "Investment Policy" section above. Details on the composition of the Fund Assets will be set out on the Website.

### **Use of Derivative Contracts – Swaps**

The Fund may enter into Swaps with a member of the UBS AG Group or any other eligible entity (being the "**Approved Counterparty**") pursuant to which the Fund will be entitled to receive from the Approved Counterparty the performance of the components of the Reference Index in exchange for the payment to the Approved Counterparty of (i) where the swap is funded, some or all of the net proceeds of any issue of Shares; (ii) where the swap is unfunded, payments linked to the return on some or all of the equities and other eligible assets held by the Fund as listed at (ii) above; and (iii) where the swap is a total return swap, payments will be based upon a set rate agreed between the parties in exchange for the return on some or all of the equities and other eligible assets held by the Fund as listed at (ii) above.

The Approved Counterparty to the Swaps and the Company on behalf of the Fund have entered into a 2002 International Swaps and Derivatives Association Master Agreement (including any supporting agreements, annexes or schedules thereto) (the "**ISDA Master Agreement**"), and will enter into confirmations for each Swap transaction. Such confirmations may be entered into before or after the relevant transaction and may be in electronic form.

The Swaps will at all times be valued in accordance with the provisions of the Prospectus. The valuation of the Swaps will reflect the relative movements in the performance of the Reference Index and the Fund's holding of transferable securities and/or other Fund Assets as may be referenced under the Swaps. Depending on the value of the Swaps, the Fund will have to make a payment to the Approved Counterparty or will receive such a payment. Where the Fund has to make a payment to the Approved

Counterparty, this payment will be made from the proceeds and, as the case may be, the disposal of some or all of the transferable securities and/or other Fund Assets in which the Fund has invested.

As set out in Section 5 of the Prospectus, the Company will ensure that the counterparty risk exposure under the Swaps never exceeds the limits required by the Regulations and the Central Bank. Accordingly, the Company will reduce such counterparty exposure by causing the Approved Counterparty, where necessary, to provide appropriate Collateral to the Company on behalf of the relevant Fund (or as otherwise permitted by the Central Bank) under the terms of ISDA Master Agreement, in accordance with the Investment Restrictions. Alternatively, the Company may reduce its risk exposure to the Approved Counterparty by causing the Approved Counterparty to reset the Swaps or vice versa. This may result in a corresponding payment from the Fund to the Approved Counterparty.

The Swaps may be terminated by either party at any time or on the occurrence of certain events with respect to either the Fund or the Approved Counterparty including, but not limited to, an event of default (such as a failure to pay, breach of agreement or bankruptcy) or a termination event (which is not due to the fault of either party, for example, illegality or a change in the tax or accounting laws), in which case the non-defaulting party or the unaffected party respectively is entitled to calculate the close-out value of the Swaps and it will do so in line with the industry standard requirements set out in the ISDA Master Agreement. The Fund may then enter into new Swaps (unless the Directors resolve that it is inadvisable to do so) or, if the Directors determine that there is no reasonable way to achieve the investment objective, the Fund may be terminated in accordance with the provisions of the Prospectus.

### **Securities Lending and Repurchase Transactions**

The Company may (for the purposes of efficient portfolio management only) enter into stock lending arrangements and/or Repurchase Transactions with financial institutions (including with a member of the UBS AG Group as the stock borrower or counterparty to the Repurchase Transaction) with a minimum credit rating at the time the relevant transaction as permitted by the Regulations, or which are deemed by the Fund to have an implied credit rating at least equal to such level (a "**Counterparty**"). Any such stock lending arrangement and Repurchase Transaction will be subject to the conditions, limits and requirements of the Central Bank and the provisions of the Prospectus. In these transactions, Collateral will move between the Company and the relevant Counterparty in order to mitigate any counterparty risk.

Investors should also note the information contained in the "Securities Lending and Repurchase Transactions" and "Collateral Policy" sections in the main body of the Prospectus.

**The Company on behalf of the Fund has filed with the Central Bank its risk management policy which enables it to accurately measure, monitor and manage the various risks associated with the use of Financial Derivative Instruments. The Company will, on request, provide supplementary information to Shareholders relating to the risk management methods employed, including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments.**

**The Company will use the commitment approach for the purposes of calculating global exposure for the Fund. The Fund's total exposure to the Reference Index will be limited to 100% of Net Asset Value.**

### **Efficient Portfolio Management**

The Company may also (for the purposes of efficient portfolio and cash management and not for investment purposes), invest in cash deposits, money market instruments, OTC options and units of UCITS regulated money market collective investment schemes.

Further information on efficient portfolio management is contained in the main body of the prospectus under the heading "Use of Financial Derivative Instruments and Efficient Portfolio Management".

### **Investment Restrictions**

Investors in particular must note that the general investment restrictions set out under "**Investment Restrictions**" in the Prospectus apply to the Fund. In addition the following investment restrictions shall apply to the Fund:

The Fund shall not invest in a fund of the Company which itself holds shares in any other fund of the Company.

## Disruption Events

The following Disruption Events shall apply to the Fund in addition to those set out in the Prospectus:

- (i) the Index Provider makes an adjustment or modification to the calculation of the Reference Index;
- (ii) the Approved Counterparty is:
  - (a) prevented, hindered or impaired from conducting one or more of its activity/activities in a commercially reasonable manner in connection with the establishment, maintenance, adjustment or termination of any transaction(s) in order to fully hedge its exposure in respect of the Reference Index; and/or
  - (b) prevented, hindered or impaired from performing one or more of its obligation(s) in a commercially reasonable manner,under the terms of the relevant Swaps, with the consequence that the Approved Counterparty or the Calculation Agent (as applicable) elects to:
  - i. adjust the terms of the Swaps; and/or
  - ii. delay payment to the Fund under the terms of the Swaps; and/or
  - iii. terminate the Swaps;
- (iii) the Index Provider fails or delays in calculating, announcing and/or publishing the Reference Index level.

## Consequences of Disruption Events

As further described in the Prospectus and as set out above, upon the occurrence of a Disruption Event including an Index Disruption and Adjustment Event (and without limitation to the Directors' personal powers), (i) the Approved Counterparty (where acting as the relevant Calculation Agent or otherwise) may either (a) terminate one or more of the relevant Swaps or (b) make adjustments to the terms or valuation of the relevant Swaps and other derivative contracts to account for such event and the Net Asset Value may be affected by such adjustment; (ii) the Directors may temporarily suspend the calculation of the Net Asset Value and any subscription, redemption and exchange of Shares; and/or (iii) the Directors may, in certain circumstances, terminate the Fund.

## Borrowings

In accordance with the general provisions set out in the Prospectus under the heading "**Borrowing and Lending Powers**", the Company on behalf of the Fund may borrow up to 10% of the Net Asset Value of the Fund on a temporary basis. Such borrowings may only be used for short term liquidity purposes to cover the redemption of Shares.

## Dividend Policy

The Fund does not intend to issue dividends. However, the Directors may, in their absolute discretion, determine to declare dividends in respect of any Share Class and Shareholders will be notified accordingly. Any dividends payable by the Fund will be effected in accordance with the Dividend Policy stated in the Prospectus.

The dividend payments may be as low as zero. There is no guarantee that any dividend will be declared. For the avoidance of doubt, the payment of a dividend (if any) will reduce the Net Asset Value of the relevant Share Class accordingly.

## Limited Recourse

A Shareholder will solely be entitled to look to the Fund Assets in respect of all payments in respect of its Shares. If the realised net assets of the Fund are insufficient to pay any amounts payable in respect of the Shares, the Shareholder will have no further right of payment in respect of such Shares nor any claim against or recourse to any of the assets of any other Fund or any other asset of the Company.

## Listing

Application will be made to such exchanges as the Directors may determine from time to time (the "**Relevant Stock Exchanges**") for the listing of the Shares issued and available to be issued and to be admitted to listing on the official list and trading on each of the Relevant Stock Exchanges on or about the Launch Date. This Supplement and the Prospectus together comprise listing particulars for the purposes of listing the Shares on the official list and trading on the main market of each of the Relevant Stock Exchanges.

## Exchange Traded Fund

The Fund is an Exchange Traded Fund ("**ETF**"). The Shares of this Fund (where they are listed on the Relevant Stock Exchanges) are fully transferable among investors. It is envisaged that Shares will be bought and sold by public and institutional investors in the secondary market in the same way as the ordinary shares of a listed trading company.

The Directors of the Company may create new Share Classes from time to time, provided that the creation of any such new Share Classes is notified in advance to and cleared by the Central Bank. A separate pool of assets will not be maintained for each of the Share Classes.

## General Information Relating to the Fund

<b>Type</b>	Open-ended
<b>Base Currency</b>	US Dollar (" <b>USD</b> ")
<b>Business Day</b>	A day (other than a Saturday or Sunday) on which (i) banks are open for business in Dublin, London and New York; (ii) the Reference Index is published by the Index Provider or such other day or days as the Directors may from time to time determine and notify in advance to Shareholders. For the avoidance of doubt, there shall be at least two Dealing Days per month at regular intervals.
<b>Dealing Day</b>	Any Business Day.
<b>Dealing Deadline</b>	1.00 p.m. (Dublin time) on the relevant Dealing Day.
<b>Launch Date</b>	The (USD) A-acc Share Class launched on 20 December 2010. The (CHF) A-acc Share Class and the (EUR) A-acc Share Class launched on 08 February 2011 and the (GBP) A-acc Share Class launched 05 March 2015. The remaining Share Classes have not yet launched.
<b>Minimum Fund Size</b>	USD 100 million
<b>Valuation Point</b>	10:30 pm (Dublin time) on the relevant Dealing Day.
<b>Settlement Date</b>	Up to three Business Days after the relevant Dealing Day.
<b>Minimum Holding</b>	1 Share
<b>Minimum Subscription Amount</b>	100,000 USD or its equivalent in another currency or such amount as may be determined by the Directors. Investors will be notified of any change to the Minimum Subscription Amount/basket size.
<b>Minimum Redemption Amount</b>	100,000 USD or its equivalent in another currency or such amount as may be determined by the Directors. Investors will be notified of any change to the Minimum Redemption Amount/basket.
<b>Website</b>	<a href="http://www.ubs.com/ETF">www.ubs.com/ETF</a> - information on Fund Assets and the Fund's iNAV is set out on the Website.

\* Non-Base Currency Share Classes performance may differ from that of the Base Currency Share Classes due to currency hedging costs.

## Description of the Shares

### Share Classes

Share Class*	“(USD) A-acc”	***“(EUR) A-acc”	***“(CHF) A-acc”	***“(GBP) A-acc”	***“(HKD) A-acc”	***“(SGD) A-acc”	***“(JPY) A-acc”	***“(SEK) A-acc”
Initial Issue	N/A	N/A	N/A	N/A	HKD 1,000	SGD 100	JPY 1,000	SEK 1,000

\* Together the "A-acc" Share Classes

\*\* Each Share Class not denominated in the Base Currency will have a currency hedged exposure through the relevant Currency Index. Such Share Class's performance may differ from that of the Base Currency Share Classes due to currency hedging and currency hedging costs.

### Fees and Expenses

The following fees will be incurred on each Share by Shareholders (and will not be incurred by the Company on behalf the Fund, and accordingly will not affect the Net Asset Value of the relevant Share Class of the Fund):

Share Class	"A-acc"
Subscription Charge*	Up to 5%
Redemption Charge**	Up to 3%
Exchange Charge	Up to 3%
Primary Market Transaction Costs***	Up to 1%

\* The Subscription Charge is deducted from the investment amount received from an investor for subscription for Shares. The Manager may waive all or part of the Subscription Charge in the event that the Shares purchased by a Shareholder correspond at least to the Minimum Subscription Amount/basket or a multiple thereof or for any other reason at the Manager's sole discretion.

\*\* The Redemption Charge is deducted from the redemption proceeds payable to the investor. The Manager may waive all or part of the Redemption Charge in the event that the Shares redeemed by a Shareholder correspond at least to the Minimum Redemption Amount/basket or a multiple thereof or for any other reason at the Manager's sole discretion.

\*\*\*The Manager may waive all or part of the Primary Market Transaction Costs in the event that the Shares subscribed or redeemed by a Shareholder correspond at least to the Minimum Redemption Amount/basket or a multiple thereof or for any other reason at the Manager's sole discretion.

Separate to and distinct from the Subscription Charge, Redemption Charge, Exchange Charge and Primary Market Transaction Costs, which shall be deducted from the investment amount received from an investor or deducted from the redemption proceeds payable to the investor or used to purchase the Shares of the New Class (as appropriate), the following fees and expenses will be incurred by the Company on behalf of the Fund and will affect the Net Asset Value of the relevant Share Class of the Fund:

<b>Share Class</b>	"A-acc"
<b>Flat-Fees</b>	Up to 0.37% per annum

The Promoter shall discharge the fees associated with the establishment and approval of the Fund.

This section headed "**Fees and Expenses**" should be read in conjunction with the sections headed "**Fees and Expenses**" and "**Issue and Repurchase Price/Calculation of Net Asset Value/Valuation of Assets**" in the Prospectus.

## **GENERAL DESCRIPTION OF THE REFERENCE INDEX**

The Reference Index is the UBS Bloomberg Constant Maturity Commodity Index Total Return ("**the Reference Index**"). The Reference Index is further described below but only represents an extract of information available and neither the Directors, the Manager, UBS AG, Bloomberg Finance L.P. (UBS AG and Bloomberg Finance L.P. together, and/or any such other successor sponsor(s) to the Reference Index, the "**Index Provider**") nor the Investment Manager take any responsibility for the accuracy or completeness of such information.

The Reference Index was developed to offer investors a commodity index that recognised the various maturities of commodity futures contracts that are available in commodity markets. Previously, commodity indices have been limited to those offering an index based on short term commodity futures contracts, whereas the Reference Index enables the construction of commodity exposures across maturities and across commodity categories of energy, industrial metals, precious metals, agriculture and livestock. The Reference Index is made up of 27 components across commodity categories.

For an index providing exposure to commodities such as the Reference Index, where categories of components making up the relevant index are highly correlated, such highly correlated categories must be considered as sub-categories of the same commodity (in other words, components that are highly correlated must be considered as representing one component of the relevant index for the purposes of calculating the Fund's exposures). The Reference Index includes one component with a weighting of more than 20% and up to 35% (taking into account high correlation between certain components of the Reference Index such that they are considered together to constitute one component). Pursuant to the Regulations, the Fund is permitted to gain exposure to one component that represents more than 20% and up to 35% of the Reference Index where justified by exceptional market conditions.

Whilst the Reference Index is designed to provide broad-based exposure to commodities as an asset class across five main groups (agriculture, energy, industrial metals, precious metals and livestock), the oil and gasoline components within the energy group are highly correlated, and on a combined basis, they have a typical weighting of more than 20% and up to 35% of the Reference Index. Their high weighting in the Reference Index is partly due to the economic significance of the energy group and of these components as measured by their relative share of global consumption. In order to properly reflect the economic significance of the oil and gasoline components within the energy group and within the commodities sector as a whole, it is necessary for the Reference Index, and consequently the Fund, to have a typical weighting of more than 20% and up to 35% to these highly correlated components.

The Reference Index is calculated in USD, and includes a notional exposure to the USD 3 month treasury bill interest rate. The Reference Index has different Currency Indices, including Currency Indices denominated in Euro, GBP, CHF, HKD, SGD, JPY and SEK. Such Currency Indices employ forward FX contracts to provide the relevant currency return. The Currency Indices are designed to represent the returns of the Reference Index while reducing currency risk but not the underlying commodity market risk. By employing such a strategy, the Currency Indices seek to reduce the risk of downward currency fluctuations although potential currency gains may also be sacrificed.

The Reference Index is rebalanced on a monthly basis.

The rebalancing frequency of the Reference Index has no impact on the transaction costs associated with the Fund as any rebalancing is not expected to require any higher frequency of position turnover in the Fund than would otherwise be the case were the Reference Index to be static.

The Reference Index is calculated in USD (Dollar).

*Index Provider and website*

The Reference Index is governed by the Bloomberg Finance L.P. ("Index Administrator") via its internal processes. The Index Administrator controls the creation and operation of the administrative process, including all stages and processes involved in the production and dissemination of the Reference Index. UBS AG ("Index Owner") is the sole owner of the intellectual property rights with respect to the Reference Index. More details on the Reference Index, including its underlying components, can be found at <https://www.ubs.com/global/en/investment-bank/bloomberg-cmci/universe/composite-index/cmci-xal.html>

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## OTHER INFORMATION

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### Risk Factors

Certain risks relating to the Shares are set out under the heading "**Risk Factors**" in the Prospectus. In addition, Shareholders must also note that:

- (a) The sub-funds of the Company are segregated as a matter of Irish law and as such, in Ireland, the assets of one sub-fund will not be available to satisfy the liabilities of another sub-fund. However, it should be noted that the Company is a single legal entity which may operate or have assets held on its behalf or be subject to claims in other jurisdictions which may not necessarily recognise such segregation. There can be no guarantee that the courts of any jurisdiction outside Ireland will respect the limitations on liability as set out above.
- (b) Upon the occurrence of a Disruption Event or an Index Disruption and Adjustment Event (and without limitation to the Directors' personal powers as further described in the Prospectus); (i) adjustments may be made to account for any such event (including adjustment to the Reference Index, the calculation of the Reference Index level and/or changes to the terms of the derivative contracts) which may have a significant impact on the Net Asset Value of the Fund; (ii) the Directors may temporarily suspend the calculation of the Net Asset Value and any subscription, redemption and exchange of Shares and payment of redemption proceeds in accordance with the provisions of the Prospectus under the section "Suspension of Calculation of Net Asset Value"; and/or (iii) the Directors may, in certain circumstances as set out in the Prospectus, terminate the Fund.
- (c) The return payable under the Swaps with a counterparty is subject to the credit risk of the counterparty. In addition, the counterparty will generally act as the calculation agent under the Swaps (the "**Calculation Agent**") and perform those duties agreed in the ISDA Master Agreement and confirmation for the relevant Swaps. Shareholders should note that not only will they be exposed to the credit risk of the counterparty but also potential conflicts of interest in the performance of the function of Calculation Agent by the counterparty. The counterparty will use its reasonable endeavours to resolve any such conflicts of interest fairly (having regard to its respective obligations and duties) and to ensure that the interests of the Company and the Shareholders are not unfairly prejudiced. The Directors believe that the counterparty will be suitable and competent to act as Calculation Agent. Any valuations provided by the counterparty in its role as Calculation Agent will be verified at least weekly by a party independent of the counterparty as sourced by the Administrator and approved by the Custodian.
- (d) The Fund is highly dynamic and may exhibit above-average potential growth and investment performance, depending on the economic environment. The opportunities for above average growth may in some circumstances lead to extreme positive and negative fluctuations in the Net Asset Value of the Fund.
- (e) The value of investments and the income from them, and therefore the value of and income from the Shares can go down as well as up and an investor may not get back the amount invested. The Fund's exposure is linked to the performance of the components of the Reference Index which, in turn, is exposed to general market movements (negative as well as positive).

- (f) There can be no assurance that the Reference Index will be successful at producing positive returns consistently or at all. The Index Provider makes no representation or warranty, express or implied, that the Reference Index will produce positive returns at any time.
- (g) There are Classes of Shares issued in respect of the Fund. Additional Classes of Shares may be created at any time without the consent of the then existing Shareholders in accordance with the Central Bank's requirements. Each Class of Shares issued in respect of the Fund will perform differently as a result of differences of currency and fees (as applicable). The Company on behalf of the Fund will enter into Swaps that are designed to generate the cash flows payable in respect of the Shares of the relevant Classes. There is no legal segregation of assets and liabilities between Classes and there is no separate portfolio of assets held for each Class.
- (h) The Company on behalf of the Fund will enter into a separate Derivative Contract in respect of each Class. Each Derivative Contract will be on similar terms except that each Derivative Contract will provide a return in the currency of denomination of each Class of Shares to which it relates.
- (i) Classes of Shares denominated in currencies other than USD are exposed to the Currency Index of the Reference Index relating to the currency of the Share Class denomination. Consequently, returns in respect of a Base Currency Share Class may differ from those in respect of Non-Base Currency Share Classes due to currency hedging costs.
- (j) The Fund's use of the Reference Index is licensed by the Index Provider. If at any time, the licence is terminated or the Reference Index otherwise becomes unavailable, unreliable, inaccurate or unrepresentative, the Fund Directors may exercise their discretion to terminate the Fund in accordance with the terms of the Memorandum and Articles of Association.
- (k) The Fund is exposed to the investment risk arising from the Reference Index underlying the ISDA Master Agreement. The Fund is therefore exposed to the risks inherent to investments in commodity markets.
- (l) Some of the markets in which the Fund may effect derivative transactions are "over-the-counter" or "interdealer" markets, which may be illiquid and are sometimes subject to larger spreads than exchange-traded derivative transactions. The participants in such markets are typically not subject to credit evaluation and regulatory oversight, which would be the case with members of "exchange-based" markets. This exposes the Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a credit or liquidity problem with the counterparty. Delays in settlement may also result from disputes over the terms of the contract (whether or not bona fide) since such markets may lack the established rules and procedures for swift settlement of disputes among market participants found in "exchange-based" markets. These factors may cause the Fund to suffer a loss due to adverse market movements while replacement transactions are executed or otherwise.
- (m) Whilst the Company has the right to use and reference the Reference Index in connection with the Fund in accordance with the terms of the Reference Index license, in the event that the licence is terminated the Fund may be terminated or if any other Index Disruption and Adjustment Event occurs, adjustments may be made to the terms of the Swaps after negotiation with each Approved Counterparty to account for any such event including adjustment to the Reference Index or the calculation of the Reference Index level which may have a significant impact on the Net Asset Value of the Fund.
- (n) Subject to certain pre-defined parameters, it is possible that methodology used to calculate the Reference Index or the formulae underlying the Reference Index could change and such change may result in a decrease in the performance of the Reference Index. As such, aspects of the Reference Index could change in the future, including without limitation, the methodology and third party data sources. Any changes may be made without regard to the interests of a holder of any product linked to the Reference Index. Additionally, the Reference Index was created by the Index Provider, who has the right to permanently cancel the Reference Index at any time. Such cancellation may have a material adverse effect on any linked investments or transactions.

- (o) The Fund, through its use of the Reference Index has exposure to interest rates. Such interest rates may be negative or positive, which will impact the return the Fund negatively or positively respectively.

**Investors should also refer to the Prospectus for additional disclosure of risks.**

### **Miscellaneous**

The Company has the following Funds established as at the date of this Supplement.

S&P 500 SF UCITS ETF  
FTSE 100 SF UCITS ETF  
HFRX GLOBAL HEDGE FUND INDEX SF UCITS ETF  
BLOOMBERG COMMODITY INDEX SF UCITS ETF  
CMCI COMPOSITE SF UCITS ETF  
MSCI USA SF UCITS ETF  
MSCI CANADA SF UCITS ETF  
MSCI EMU SF UCITS ETF  
MSCI JAPAN SF UCITS ETF  
MSCI EMERGING MARKETS SF UCITS ETF  
MSCI ACWI RISK WEIGHTED SF UCITS ETF  
MSCI USA GROWTH SF UCITS ETF  
MSCI EMU GROWTH SF UCITS ETF  
MSCI AC ASIA EX JAPAN SF UCITS ETF  
MAP BALANCED 5 SF UCITS ETF  
MAP BALANCED 7 SF UCITS ETF  
JPX-NIKKEI 400 SF UCITS ETF  
MSCI ACWI SF UCITS ETF  
CMCI EX-AGRICULTURE SF UCITS ETF

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This Supplement has not been reviewed by Bloomberg Finance. This Supplement should be read in conjunction with the prospectus in respect of the relevant Product.

## **BLOOMBERG COMMODITY INDEX SF UCITS ETF**

### **Supplement to the Prospectus**

This Supplement contains information in relation to the **BLOOMBERG COMMODITY INDEX SF UCITS ETF** (the "**Fund**"), a sub-fund of UBS ETFs plc (the "**Company**") an umbrella type open-ended investment company with variable capital, governed by the laws of Ireland and authorised by the Central Bank of Ireland (the "**Central Bank**") of Block D, Iveagh Court, Harcourt Road, Dublin 2, Ireland.

**This Supplement forms part of, and must be read in conjunction with, the Prospectus of the Company dated 12 October 2016, as may be amended, supplemented or modified from time to time, (the "Prospectus") and may not be distributed unless accompanied by the Prospectus (other than to prior recipients of the Prospectus).**

**THIS DOCUMENT IS IMPORTANT. BEFORE YOU PURCHASE ANY OF THE SHARES REPRESENTING INTERESTS IN THE FUND DESCRIBED IN THIS SUPPLEMENT YOU SHOULD ENSURE THAT YOU FULLY UNDERSTAND THE NATURE OF SUCH AN INVESTMENT, THE RISKS INVOLVED AND YOUR OWN PERSONAL CIRCUMSTANCES. IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS SUPPLEMENT YOU SHOULD TAKE ADVICE FROM AN APPROPRIATELY QUALIFIED ADVISOR.**

**Capitalised terms used in this Supplement will have the meanings given to them in the Definitions section below or in the Prospectus.**

**In addition to investing in equities and equity related securities, transferable securities and other eligible assets, it is the intention of the Company to invest on behalf of the Fund in financial derivative instruments ("FDIs") for investment and efficient portfolio management purposes, where applicable.**

**Certain risks attached to investments in FDIs are set out in the Prospectus under the section headed "Risk Factors".**

**You should inform yourself as to (a) the possible tax consequences, (b) the legal and regulatory requirements, (c) any foreign exchange restrictions or exchange control requirements and (d) any other requisite governmental or other consents or formalities which you might encounter under the laws of the country of your citizenship, residence or domicile and which might be relevant to your purchase, holding or disposal of the Shares.**

### **UBS ETFs plc**

An umbrella fund with segregated liability between the sub-funds

**Dated 12 October 2016**

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## **IMPORTANT INFORMATION**

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### **Suitability of Investment**

**The Shares are not principal protected. The value of the Shares may go up or down and you may not get back the amount you have invested. See the section headed "Risk Factors" of the Prospectus and the section headed "Other Information – Risk Factors" of this Supplement for a discussion of certain risks that should be considered by you.**

An investment in the Shares is only suitable for you if you (either alone or with the help of an appropriate financial or other advisor) are able to assess the merits and risks of such an investment and have sufficient resources to be able to bear any losses that may result from such an investment. The contents of this document are not intended to contain and should not be regarded as containing advice relating to legal, taxation, investment or any other matters.

### **Profile of a Typical Investor**

The Fund is suitable for investors seeking capital appreciation and who are prepared to accept a high level of volatility. Investment in the Fund should be viewed as a medium to long term investment.

### **Responsibility**

The Directors (whose names appear under the heading "Directors of the Company" of the Prospectus) accept responsibility for the information contained in the Prospectus and this Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement when read together with the Prospectus (as complemented, modified or supplemented by this Supplement) is in accordance with the facts as at the date of this Supplement and does not omit anything likely to affect the import of such information.

### **General**

This Supplement sets out information in relation to the Shares and the Fund. You must also refer to the Prospectus which is separate to this document and describes the Company and provides general information about offers of shares in the Company. You should not take any action in respect of the Shares unless you have received a copy of the Prospectus. Should there be any inconsistency between the contents of the Prospectus and this Supplement, the contents of this Supplement will, to the extent of any such inconsistency, prevail. This Supplement and the Prospectus should both be carefully read in their entirety before any investment decision with respect to Shares is made.

As of the date of this Supplement, the Company does not have any loan capital (including term loans) outstanding or created but unissued and no outstanding mortgages, charges or other borrowings or indebtedness in the nature of borrowings, including bank overdrafts and liabilities under acceptances or acceptance credits, hire purchase or finance lease commitments, guarantees or other contingent liabilities.

### **Distribution of this Supplement and Selling Restrictions**

Distribution of this Supplement is not authorised unless accompanied by a copy of the Prospectus and the latest annual report and audited accounts of the Company and the Fund (other than to prior recipients of the Prospectus) and if published after such report, a copy of the then latest semi annual report and unaudited accounts. The distribution of this Supplement and the offering or purchase of the Shares may be restricted in certain jurisdictions. If you receive a copy of this Supplement and/or the Prospectus you may not treat such document(s) as constituting an offer, invitation or solicitation to you to subscribe for any Shares unless, in the relevant jurisdiction, such an offer, invitation or solicitation could lawfully be made to you without compliance with any registration or other legal requirement other than those with which the Company has already complied. If you wish to apply for the opportunity to purchase any Shares it is your duty to inform yourself of, and to observe, all applicable laws and regulations of any relevant jurisdiction. In particular, you should inform yourself as to the legal requirements of so applying, and any applicable exchange control regulations and taxes in the countries of your respective citizenship, residence or domicile.

## Definitions

Words and expressions defined in the Prospectus will, unless otherwise defined in this Supplement, have the same meaning when used in this Supplement.

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## TERMS OF THE SHARES REPRESENTING INTERESTS IN THE FUND

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### Investment Objective

The investment objective of the Fund is to deliver the excess return of the Reference Index (being Bloomberg Commodity Index excess return).

The Fund will return the Reference Index performance less fees and expenses on each Dealing Day.

The Fund's exposure to the Reference Index does not entail a significant cash commitment. Accordingly, the Fund earns an interest rate exposure through the swap agreements on synthetic surplus cash balances (the exposure to the Reference Index and the interest rate exposure together being the "Investment Strategy").

### Investment Policy

In order to achieve the investment objective, the Company on behalf of the Fund intends to invest all or substantially all of the net proceeds of any issue of Shares in the manner set out below:

- (i) swaps (each swap being an agreement between the Company on behalf of the Fund and an Approved Counterparty pursuant to a master agreement in accordance with the requirements of the International Swaps and Derivatives Association), and such swaps may include funded, unfunded or total return (as further described below under "**Use of Derivative Contracts – Swaps**") (the "**Swaps**"). The purpose of the Swaps shall be to gain indirect exposure to the Reference Index (as described in further detail under the heading "**Use of Derivative Contracts – Swaps**" below); and
- (ii) a portfolio of transferable securities or other eligible assets. These may include (without limitation) equity and equity-related securities; fixed income securities such as government and corporate bonds (such bonds may be rated or unrated), money market instruments, floating rate instruments, convertible securities and commercial paper and/or units of other open-ended collective investment schemes including other Funds of the Company. Any of the foregoing may be issued or arranged by a member of the UBS AG Group. Where the Fund invests in such securities and/or other eligible assets, the Fund will enter into an unfunded or total return swap to exchange, the price performance and income received in relation to such securities and/or other eligible assets for the performance of the Reference Index. In this instance, the Fund will have neither market nor credit exposure to the particular securities and other eligible assets referred to above, except in the event of a default on the part of the Approved Counterparty to the Swaps.

The equities, equity-related securities, Swaps, other eligible assets listed at (ii) above, any ancillary cash and any instruments held by the Fund (either for investment or efficient portfolio management purposes) shall constitute the "**Fund Assets**" for the purposes of the Prospectus. To the extent that the Fund invests some of the net proceeds of any issue of Shares in the manner set out in (ii) above, the Fund shall invest no more than 15% in the fixed income securities mentioned in (ii) above. All instruments shall be listed and/or traded on the exchanges and markets set out in Appendix II of the Prospectus.

The Fund may, with due regard to the best interest of its Shareholders, decide from time to time to switch partially or totally from one of the above described policies to the other.

Further information relevant to the Fund's investment policy is contained in the main part of the Prospectus under "**Investment Objectives and Policies**" and under "**Investment Restrictions**".

### Index Tracking Strategy

The Fund gains exposure to the Reference Index by investing in one or more Swaps. It is not intended that the Fund will invest directly in the components of the Reference Index in order to meet the Fund's

investment objective. The Fund (and the investors in the Fund) will be exposed to the full performance of the Reference Index.

The Fund may have counterparty risk as a result of the investment in the swaps – further information is provided in the section below headed “Use of Derivative Contracts – Swaps” and in section 6 “Risk Factors” of the Prospectus.

The anticipated level of tracking error after fees and transaction costs is up to 0.03% per annum in normal market conditions.

The annual report of the Fund, which can be found on the Website, will include the following information:

- a. The size of the realised tracking error for the year, being the volatility of the difference between the return of the Fund and the return of the Reference Index;
- b. An explanation for the divergence between the anticipated and realised tracking error for the year;
- c. The size of the annual tracking distance for the year, being the difference between the performance of the Fund and the Reference Index; and
- d. An explanation for the annual tracking difference, including the impact of transaction costs, fees and expenses on the performance of the Fund.

### **Portfolio Transparency Policy**

The Fund’s transparency policy regarding the composition of its portfolio, and any collateral received in relation to the Swaps, is to provide position level disclosure on a daily basis. The information is published on the Website.

The assets in which the Fund will invest in order to achieve its investment objective are set out in the “Investment Policy” section above. Details on the composition of the Fund Assets will be set out on the Website.

### **Use of Derivative Contracts – Swaps**

The Fund may enter into Swaps with a member of the UBS AG Group or any other eligible entity (being the “**Approved Counterparty**”) pursuant to which the Fund will be entitled to receive from the Approved Counterparty the performance of the components of the Reference Index in exchange for the payment to the Approved Counterparty of (i) where the swap is funded, some or all of the net proceeds of any issue of Shares; (ii) where the swap is unfunded, payments linked to the return on some or all of the equities and other eligible assets held by the Fund as listed at (ii) above; and (iii) where the swap is a total return swap, payments will be based upon a set rate agreed between the parties in exchange for the return on some or all of the equities and other eligible assets held by the Fund as listed at (ii) above.

The Approved Counterparty to the Swaps and the Company on behalf of the Fund have entered into a 2002 International Swaps and Derivatives Association Master Agreement (including any supporting agreements, annexes or schedules thereto) (the “**ISDA Master Agreement**”), and will enter into confirmations for each Swap transaction. Such confirmations may be entered into before or after the relevant transaction and may be in electronic form.

The Swaps will at all times be valued in accordance with the provisions of the Prospectus. The valuation of the Swaps will reflect the relative movements in the performance of the Reference Index and the Fund’s holding of transferable securities and/or other Fund Assets as may be referenced under the Swaps. Depending on the value of the Swaps, the Fund will have to make a payment to the Approved Counterparty or will receive such a payment. Where the Fund has to make a payment to the Approved Counterparty, this payment will be made from the proceeds and, as the case may be, the disposal of some or all of the transferable securities and/or other Fund Assets in which the Fund has invested.

As set out in Section 5 of the Prospectus, the Company will ensure that the counterparty risk exposure under the Swaps never exceeds the limits required by the Regulations and the Central Bank. Accordingly, the Company will reduce such counterparty exposure by causing the Approved Counterparty, where necessary, to provide appropriate Collateral to the Company on behalf of the relevant Fund (or as otherwise permitted by the Central Bank) under the terms of ISDA Master Agreement, in accordance with the Investment Restrictions. Alternatively, the Company may reduce its risk exposure to the Approved

Counterparty by causing the Approved Counterparty to reset the Swaps or vice versa. This may result in a corresponding payment from the Fund to the Approved Counterparty.

The Swaps may be terminated by either party at any time or on the occurrence of certain events with respect to either the Fund or the Approved Counterparty including, but not limited to, an event of default (such as a failure to pay, breach of agreement or bankruptcy) or a termination event (which is not due to the fault of either party, for example, illegality or a change in the tax or accounting laws), in which case the non-defaulting party or the unaffected party respectively is entitled to calculate the close-out value of the Swaps and it will do so in line with the industry standard requirements set out in the ISDA Master Agreement. The Fund may then enter into new Swaps (unless the Directors resolve that it is inadvisable to do so) or, if the Directors determine that there is no reasonable way to achieve the investment objective, the Fund may be terminated in accordance with the provisions of the Prospectus.

### **Securities Lending and Repurchase Transactions**

The Company may (for the purposes of efficient portfolio management only) enter into stock lending arrangements and/or Repurchase Transactions with financial institutions (including with a member of the UBS AG Group as the stock borrower or counterparty to the Repurchase Transaction) with a minimum credit rating at the time the relevant transaction as permitted by the Regulations, or which are deemed by the Fund to have an implied credit rating at least equal to such level (a "**Counterparty**"). Any such stock lending arrangement and Repurchase Transaction will be subject to the conditions, limits and requirements of the Central Bank and the provisions of the Prospectus. In these transactions, Collateral will move between the Company and the relevant Counterparty in order to mitigate any counterparty risk.

Investors should also note the information contained in the "Securities Lending and Repurchase Transactions" and "Collateral Policy" sections in the main body of the Prospectus.

**The Company on behalf of the Fund has filed with the Central Bank its risk management policy which enables it to accurately measure, monitor and manage the various risks associated with the use of Financial Derivative Instruments. The Company will, on request, provide supplementary information to Shareholders relating to the risk management methods employed, including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments.**

**The Company will use the commitment approach for the purposes of calculating global exposure for the Fund. The Fund's total exposure to the Reference Index will be limited to 100% of Net Asset Value.**

### **Efficient Portfolio Management**

The Company may also (for the purposes of efficient portfolio and cash management and not for investment purposes), invest in cash deposits, money market instruments, OTC options and units of UCITS regulated money market collective investment schemes.

Further information on efficient portfolio management is contained in the main body of the prospectus under the heading "Use of Financial Derivative Instruments and Efficient Portfolio Management".

### **Investment Restrictions**

Investors in particular must note that the general investment restrictions set out under "**Investment Restrictions**" in the Prospectus apply to the Fund. In addition, the following investment restriction shall apply specifically to the Fund:

The Fund shall not invest in a fund of the Company which itself holds shares in any other fund of the Company.

### **Disruption Events**

The following Disruption Events shall apply to the Fund in addition to those set out in the Prospectus:

- (i) the Index Provider makes an adjustment or modification to the calculation of the Reference Index;
- (ii) the Approved Counterparty is:

- (a) prevented, hindered or impaired from conducting one or more of its activity/activities in a commercially reasonable manner in connection with the establishment, maintenance, adjustment or termination of any transaction(s) in order to fully hedge its exposure in respect of the Reference Index; and/or
- (b) prevented, hindered or impaired from performing one or more of its obligation(s) in a commercially reasonable manner,

under the terms of the relevant Swaps, with the consequence that the Approved Counterparty or the Calculation Agent (as applicable) elects to:

- i. adjust the terms of the Swaps; and/or
  - ii. delay payment to the Fund under the terms of the Swaps; and/or
  - iii. terminate the Swaps;
- (iii) the Index Provider fails or delays in calculating, announcing and/or publishing the Reference Index level.

### **Consequences of Disruption Events**

As further described in the Prospectus and as set out above, upon the occurrence of a Disruption Event including an Index Disruption and Adjustment Event (and without limitation to the Directors' personal powers), (i) the Approved Counterparty (where acting as the relevant Calculation Agent or otherwise) may either (a) terminate one or more of the relevant Swaps or (b) make adjustments to the terms or valuation of the relevant Swaps and other Derivative Contracts to account for such event and the Net Asset Value may be affected by such adjustment; (ii) the Directors may temporarily suspend the calculation of the Net Asset Value and any subscription, redemption and exchange of Shares; and/or (iii) the Directors may, in certain circumstances, terminate the Fund.

### **Borrowings**

In accordance with the general provisions set out in the Prospectus under the heading "**Borrowing and Lending Powers**", the Company on behalf of the Fund may borrow up to 10% of the Net Asset Value of the Fund on a temporary basis. Such borrowings may only be used for short term liquidity purposes to cover the redemption of Shares.

### **Dividend Policy**

The Fund does not intend to issue dividends. However, the Directors may, in their absolute discretion, determine to declare dividends in respect of any Share Class and Shareholders will be notified accordingly. Any dividends payable by the Fund will be effected in accordance with the Dividend Policy stated in the Prospectus.

The dividend payments may be as low as zero. There is no guarantee that any dividend will be declared. For the avoidance of doubt, the payment of a dividend (if any) will reduce the Net Asset Value of the relevant Share Class accordingly.

### **Limited Recourse**

A Shareholder will solely be entitled to look to the Fund Assets in respect of all payments in respect of its Shares. If the realised net assets of the Fund are insufficient to pay any amounts payable in respect of the Shares, the Shareholder will have no further right of payment in respect of such Shares nor any claim against or recourse to any of the assets of any other Fund or any other asset of the Company.

### **Listing**

Application will be made to such exchanges as the Directors may determine from time to time (the "**Relevant Stock Exchanges**") for the listing of the Shares issued and available to be issued and to be admitted to listing on the official list and trading on each of the Relevant Stock Exchanges on or about the Launch Date. This Supplement and the Prospectus together comprise listing particulars for the purposes of listing the Shares on the official list and trading on the main market of each of the Relevant Stock Exchanges.

## Exchange Traded Fund

The Fund is an Exchange Traded Fund (“ETF”). The Shares of this Fund (where they are listed on the Relevant Stock Exchanges) are fully transferable among investors. It is envisaged that Shares will be bought and sold by public and institutional investors in the secondary market in the same way as the ordinary shares of a listed trading company.

The Directors of the Company may create new Share Classes from time to time, provided that the creation of any such new Share Classes is notified in advance to and cleared by the Central Bank. A separate pool of assets will not be maintained for each of the Share Classes.

### General Information Relating to the Fund

<b>Type</b>	Open-ended
<b>Base Currency</b>	US Dollar (“USD”)
<b>Business Day</b>	A day (other than a Saturday or Sunday) on which (i) banks are open for business in Dublin and New York; (ii) the Reference Index is published by the Index Provider; (iii) the Clearing Agent is open for business; and (iv) foreign exchange markets are open and settle payments (including dealings in foreign exchange and foreign currency deposits) in London, or such other day or days as the Directors may from time to time determine and notify in advance to Shareholders. For the avoidance of doubt, there shall be at least two Dealing Days per month at regular intervals.
<b>Dealing Day</b>	Any Business Day.
<b>Dealing Deadline</b>	1.00 p.m. (Dublin time) on the relevant Dealing Day.
<b>Launch Date</b>	The (USD) A-acc Share Class launched on 01 February 2011. The (EUR) A-acc Share Class, the (CHF) A-acc Share Class and the (GBP) A-acc Share Class launched on 06 April 2011. The remaining Share Classes have not yet launched.
<b>Minimum Fund Size</b>	USD 100 million
<b>Valuation Point</b>	10:30 pm (Dublin time) on the relevant Dealing Day.
<b>Settlement Date</b>	Up to three Business Days after the relevant Dealing Day.
<b>Minimum Holding</b>	1 Share
<b>Minimum Subscription Amount</b>	100,000 USD or its equivalent in another currency or such amount as may be determined by the Directors. Investors will be notified of any change to the Minimum Subscription Amount/basket size.
<b>Minimum Redemption Amount</b>	100,000 USD or its equivalent in another currency or such amount as may be determined by the Directors. Investors will be notified of any change to the Minimum Redemption Amount/basket size.
<b>Website</b>	<a href="http://www.ubs.com/ETF">www.ubs.com/ETF</a> - information on Fund Assets and the Fund's iNAV is set out on the Website.

\* Non-Base Currency Share Classes performance may differ from that of the Base Currency Share Classes due to currency hedging costs.

## Description of the Shares

### Share Classes

<b>Share Class (Listed)*</b>	***“(USD) A-acc”	***“(EUR) A-acc”	***“(CHF) A-acc”	***“(GBP) A-acc”
<b>Initial Issue</b>	N/A	N/A	N/A	N/A

<b>Share Class (Listed)*</b>	***“(HKD) A-acc”	***“(SGD) A-acc”	***“(JPY) A-acc”	***“(SEK) A-acc”
<b>Initial Issue</b>	HKD 1,000	SGD 100	JPY 1,000	SEK 1,000

\* Non-Base Currency share classes will have a currency hedged exposure to the Reference Index

\*\*Together "A-acc" Share Class

### Fees and Expenses

The following fees will be incurred on each Share by Shareholders (and will not be incurred by the Company on behalf the Fund, and accordingly will not affect the Net Asset Value of the relevant Share Class of the Fund):

<b>Share Class</b>	”A-acc”
<b>Subscription Charge</b>	Up to 5%
<b>Redemption Charge**</b>	Up to 3%
<b>Exchange Charge</b>	Up to 3%
<b>Primary Market Transaction Costs***</b>	Up to 1%

\* The Subscription Charge is deducted from the investment amount received from an investor for subscription for Shares. The Manager may waive all or part of the Subscription Charge in the event that the Shares purchased by a Shareholder correspond at least to the Minimum Subscription Amount/basket or a multiple thereof or for any other reason at the Manager's sole discretion.

\*\* The Redemption Charge is deducted from the redemption proceeds payable to the investor. The Manager may waive all or part of the Redemption Charge in the event that the Shares redeemed by a Shareholder correspond at least to the Minimum Redemption Amount/basket or a multiple thereof or for any other reason at the Manager's sole discretion.

\*\*\*The Manager may waive all or part of the Primary Market Transaction Costs in the event that the Shares subscribed or redeemed by a Shareholder correspond at least to the Minimum Redemption Amount/basket or a multiple thereof or for any other reason at the Manager's sole discretion.

Separate to and distinct from the Subscription Charge, Redemption Charge, Exchange Charge and Primary Market Transaction Costs, which shall be deducted from the investment amount received from an investor or deducted from the redemption proceeds payable to the investor or used to purchase the Shares

of the New Class (as appropriate), the following fees and expenses will be incurred by the Company on behalf of the Fund and will affect the Net Asset Value of the relevant Share Class of the Fund:

Share Class	"A-acc"
Flat-Fees	Up to 0.37% per annum

The Promoter shall discharge the fees associated with the establishment and approval of the Fund.

This section headed "**Fees and Expenses**" should be read in conjunction with the sections headed "**Fees and Expenses**" and "**Issue and Repurchase Price/Calculation of Net Asset Value/Valuation of Assets**" in the Prospectus.

### **GENERAL DESCRIPTION OF THE REFERENCE INDEX**

The Reference Index is the Bloomberg Commodity Index ("**the Reference Index**"). The Reference Index is further described below but only represents an extract of information available and neither the Directors, the Manager, Bloomberg Finance LP (and/or any such other successor sponsor(s) to the Reference Index, the "**Index Provider**") nor the Investment Manager take any responsibility for the accuracy or completeness of such information.

The Reference Index is designed to be a highly liquid and diversified benchmark for commodities investments composed of futures contracts on physical commodities. The Reference Index provides broad-based exposure to commodities as an asset class and is designed to minimize concentration in any one commodity or sector where no single commodity or commodity sector dominates the Reference Index. Rather than being driven by micro-economic events affecting one commodity market or sector, the diversified commodity exposure of the Reference Index potentially reduces volatility in comparison to non-diversified commodity baskets. It currently includes 22 commodities in six groups (grains, energy, industrial metals, precious metals, livestock & softs).

For an index providing exposure to commodities such as the Reference Index, where categories of components making up the relevant index are highly correlated, such highly correlated categories must be considered as sub-categories of the same commodity (in other words, components that are highly correlated must be considered as representing one component of the relevant index for the purposes of calculating the Fund's exposures). The Reference Index includes one component with a weighting of more than 20% and up to 35% (taking into account high correlation between certain components of the Reference Index such that they are considered together to constitute one component). Pursuant to the Regulations, the Fund is permitted to gain exposure to one component that represents more than 20% and up to 35% of the Reference Index where justified by exceptional market conditions.

Whilst the Reference Index is designed to provide broad-based exposure to commodities as an asset class across six main groups (grains, energy, industrial metals, precious metals, livestock and softs), the oil and gasoline components within the energy group are highly correlated, and on a combined basis, they have a typical weighting of more than 20% and up to 35% of the Reference Index. Their high weighting in the Reference Index is partly due to the economic significance of the energy group and of these components as measured by their relative share of global production. In order to properly reflect the economic significance of the oil and gasoline components within the energy group and within the commodities sector as a whole, it is necessary for the Reference Index, and consequently the Fund, to have a typical weighting of more than 20% and up to 35% to these highly correlated components.

The Reference Index is rebalanced on an annual basis.

The rebalancing frequency of the Reference Index has no impact on the transaction costs associated with the Fund as any rebalancing is not expected to require any higher frequency of position turnover in the Fund than would otherwise be the case were the Reference Index to be static.

The Reference Index is calculated in USD (Dollar).

*Index Provider and website*

The Reference Index is sponsored by Bloomberg Finance LP. More details on the Reference Index, can be found at [www.bloombergindexes.com](http://www.bloombergindexes.com).

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## **OTHER INFORMATION**

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### **Risk Factors**

Certain risks relating to the Shares are set out under the heading “**Risk Factors**” in the Prospectus. In addition, Shareholders must also note that:

- a) The sub-funds of the Company are segregated as a matter of Irish law and as such, in Ireland, the assets of one sub-fund will not be available to satisfy the liabilities of another sub-fund. However, it should be noted that the Company is a single legal entity which may operate or have assets held on its behalf or be subject to claims in other jurisdictions which may not necessarily recognise such segregation. There can be no guarantee that the courts of any jurisdiction outside Ireland will respect the limitations on liability as set out above.
- b) Upon the occurrence of a Disruption Event or an Index Disruption and Adjustment Event (and without limitation to the Directors’ personal powers as further described in the Prospectus); (i) adjustments may be made to account for any such event (including adjustment to the Reference Index, the calculation of the Reference Index level and/or changes to the terms of the derivative contracts) which may have a significant impact on the Net Asset Value of the Fund; (ii) the Directors may temporarily suspend the calculation of the Net Asset Value and any subscription, redemption and exchange of Shares and payment of redemption proceeds in accordance with the provisions of the Prospectus under the section “Suspension of Calculation of Net Asset Value”; and/or (iii) the Directors may, in certain circumstances as set out in the Prospectus, terminate the Fund.
- c) The return payable under the Swaps with a counterparty is subject to the credit risk of the counterparty. In addition, the counterparty will generally act as the calculation agent under the Swaps (the “**Calculation Agent**”) and perform those duties agreed in the ISDA Master Agreement and confirmation for the relevant Swaps. Shareholders should note that not only will they be exposed to the credit risk of the counterparty but also potential conflicts of interest in the performance of the function of Calculation Agent by the counterparty. The counterparty will use its reasonable endeavours to resolve any such conflicts of interest fairly (having regard to its respective obligations and duties) and to ensure that the interests of the Company and the Shareholders are not unfairly prejudiced. The Directors believe that the counterparty will be suitable and competent to act as Calculation Agent. Any valuations provided by the counterparty in its role as Calculation Agent will be verified at least weekly by a party independent of the counterparty as sourced by the Administrator and approved by the Custodian.
- d) The Fund is highly dynamic and may exhibit above-average potential growth and investment performance, depending on the economic environment. The opportunities for above average growth may in some circumstances lead to extreme positive and negative fluctuations in the Net Asset Value of the Fund.
- e) The value of investments and the income from them, and therefore the value of and income from the Shares can go down as well as up and an investor may not get back the amount invested. The Fund's exposure is linked to the performance of the components of the Reference Index which, in turn, is exposed to general market movements (negative as well as positive).
- f) There can be no assurance that the Reference Index will be successful at producing positive returns consistently or at all. The Index Provider makes no representation or warranty, express or implied, that the Reference Index will produce positive returns at any time.

- g) There are Classes of Shares issued in respect of the Fund. Additional Classes of Shares may be created at any time without the consent of the then existing Shareholders in accordance with the Central Bank's requirements. Each Class of Shares issued in respect of the Fund will perform differently as a result of differences of currency and fees (as applicable). The Company on behalf of the Fund will enter into Swaps that are designed to generate the cash flows payable in respect of the Shares of the relevant Classes. There is no legal segregation of assets and liabilities between Classes and there is no separate portfolio of assets held for each Class.
- h) The Company on behalf of the Fund will enter into a separate Derivative Contract in respect of each Class. Each Derivative Contract will be on similar terms except that each Derivative Contract will provide a return in the currency of denomination of each Class of Shares to which it relates.
- i) The Fund's use of the Reference Index is licensed by the Index Provider. If at any time, the licence is terminated or the Reference Index otherwise becomes unavailable, unreliable, inaccurate or unrepresentative, the Fund Directors may exercise their discretion to terminate the Fund in accordance with the terms of the Memorandum and Articles of Association.
- j) The Fund is exposed to the investment risk arising from the Reference Index underlying the ISDA Master Agreement. The Fund is therefore exposed to the risks inherent to investments in commodity markets.
- k) Some of the markets in which the Fund may effect derivative transactions are "over-the-counter" or "interdealer" markets, which may be illiquid and are sometimes subject to larger spreads than exchange-traded derivative transactions. The participants in such markets are typically not subject to credit evaluation and regulatory oversight, which would be the case with members of "exchange-based" markets. This exposes the Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a credit or liquidity problem with the counterparty. Delays in settlement may also result from disputes over the terms of the contract (whether or not bona fide) since such markets may lack the established rules and procedures for swift settlement of disputes among market participants found in "exchange-based" markets. These factors may cause the Fund to suffer a loss due to adverse market movements while replacement transactions are executed or otherwise.
- l) Whilst the Company has the right to use and reference the Reference Index in connection with the Fund in accordance with the terms of the Reference Index license, in the event that the licence is terminated the Fund may be terminated or if any other Index Disruption and Adjustment Event occurs, adjustments may be made to the terms of the Swaps after negotiation with each Approved Counterparty to account for any such event including adjustment to the Reference Index or the calculation of the Reference Index level which may have a significant impact on the Net Asset Value of the Fund.
- m) Subject to certain pre-defined parameters, it is possible that methodology used to calculate the Reference Index or the formulae underlying the Reference Index could change and such change may result in a decrease in the performance of the Reference Index. As such, aspects of the Reference Index could change in the future, including without limitation, the methodology and third party data sources. Any changes may be made without regard to the interests of a holder of any product linked to the Reference Index. Additionally, the Reference Index was created by the Index Provider, who has the right to permanently cancel the Reference Index at any time. Such cancellation may have a material adverse effect on any linked investments or transactions.

**Investors should also refer to the Prospectus for additional disclosure of risks.**

### **Miscellaneous**

The Company has the following Funds established as at the date of this Supplement.

S&P 500 SF UCITS ETF  
 FTSE 100 SF UCITS ETF  
 HFRX GLOBAL HEDGE FUND INDEX SF UCITS ETF  
 BLOOMBERG COMMODITY INDEX SF UCITS ETF  
 CMCI COMPOSITE SF UCITS ETF  
 MSCI USA SF UCITS ETF

MSCI CANADA SF UCITS ETF  
MSCI EMU SF UCITS ETF  
MSCI JAPAN SF UCITS ETF  
MSCI EMERGING MARKETS SF UCITS ETF  
MSCI ACWI RISK WEIGHTED SF UCITS ETF  
MSCI USA GROWTH SF UCITS ETF  
MSCI EMU GROWTH SF UCITS ETF  
MSCI AC ASIA EX JAPAN SF UCITS ETF  
MAP BALANCED 5 SF UCITS ETF  
MAP BALANCED 7 SF UCITS ETF  
JPX-NIKKEI 400 SF UCITS ETF  
MSCI ACWI SF UCITS ETF  
CMCI EX-AGRICULTURE SF UCITS ETF

## Disclaimers

“Bloomberg®”, “Bloomberg Commodity Index<sup>SM</sup>” are service marks of Bloomberg Finance L.P. and its affiliates (collectively, “Bloomberg”) and have been licensed for use for certain purposes by the Fund.

The Fund is not sponsored, endorsed, sold or promoted by Bloomberg, UBS AG, UBS Securities LLC (“UBS Securities”) or any of their subsidiaries or affiliates. None of Bloomberg, UBS AG, UBS Securities or any of their subsidiaries or affiliates makes any representation or warranty, express or implied, to the owners of or counterparties to the Fund or any member of the public regarding the advisability of investing in securities or commodities generally or in the Fund particularly. The only relationship of Bloomberg, UBS AG, UBS Securities or any of their subsidiaries or affiliates to the Licensee is the licensing of certain trademarks, trade names and service marks and of the Bloomberg Commodity Index<sup>SM</sup>, which is determined, composed and calculated by Bloomberg in conjunction with UBS Securities without regard to the Fund. Bloomberg and UBS Securities have no obligation to take the needs of the Fund or the owners of shares in the Fund into consideration in determining, composing or calculating Bloomberg Commodity Index<sup>SM</sup>. None of Bloomberg, UBS AG, UBS Securities or any of their respective subsidiaries or affiliates is responsible for or has participated in the determination of the timing of, prices at, or quantities of shares in the Fund to be issued or in the determination or calculation of the equation by which shares in the Fund are to be converted into cash. None of Bloomberg, UBS AG, UBS Securities or any of their subsidiaries or affiliates shall have any obligation or liability, including, without limitation, to Fund customers, in connection with the administration, marketing or trading of shares in the Fund. Notwithstanding the foregoing, UBS AG, UBS Securities and their respective subsidiaries and affiliates may independently issue and/or sponsor financial products unrelated to the shares currently being issued by the Fund, but which may be similar to and competitive with such shares in the Fund. In addition, UBS AG, UBS Securities and their subsidiaries and affiliates actively trade commodities, commodity indexes and commodity futures (including the Bloomberg Commodity Index<sup>SM</sup> and Bloomberg Commodity Index Total Return<sup>SM</sup>), as well as swaps, options and derivatives which are linked to the performance of such commodities, commodity indexes and commodity futures. It is possible that this trading activity will affect the value of the Bloomberg Commodity Index<sup>SM</sup> and shares in the Fund.

This Supplement relates only to the Fund and does not relate to the exchange-traded physical commodities underlying any of the Bloomberg Commodity Index<sup>SM</sup> components. Purchasers of shares in the Fund should not conclude that the inclusion of a futures contract in the Bloomberg Commodity Index<sup>SM</sup> is any form of investment recommendation of the futures contract or the underlying exchange-traded physical commodity by Bloomberg, UBS AG, UBS Securities or any of their subsidiaries or affiliates. The information in the Supplement regarding the Bloomberg Commodity Index<sup>SM</sup> components has been derived solely from publicly available documents. None of Bloomberg, UBS AG, UBS Securities or any of their subsidiaries or affiliates has made any due diligence inquiries with respect to the Bloomberg Commodity Index<sup>SM</sup> components in connection with the Fund. None of Bloomberg, UBS AG, UBS Securities or any of their subsidiaries or affiliates makes any representation that these publicly available documents or any other publicly available information regarding the Bloomberg Commodity Index<sup>SM</sup> components, including without limitation a description of factors that affect the prices of such components, are accurate or complete.

NONE OF BLOOMBERG, UBS AG, UBS SECURITIES OR ANY OF THEIR SUBSIDIARIES OR AFFILIATES GUARANTEES THE ACCURACY AND/OR THE COMPLETENESS OF THE BLOOMBERG COMMODITY INDEXSM OR ANY DATA RELATED THERETO AND NONE OF BLOOMBERG, UBS AG, UBS SECURITIES OR ANY OF THEIR SUBSIDIARIES OR AFFILIATES SHALL HAVE ANY LIABILITY FOR ANY ERRORS, OMISSIONS OR INTERRUPTIONS THEREIN. NONE OF BLOOMBERG, UBS AG, UBS SECURITIES OR ANY OF THEIR SUBSIDIARIES OR AFFILIATES MAKES ANY WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY THE FUND OWNERS OF SHARES IN THE FUND OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE BLOOMBERG COMMODITY INDEXSM OR ANY DATA RELATED THERETO. NONE OF BLOOMBERG, UBS AG, UBS SECURITIES OR ANY OF THEIR SUBSIDIARIES OR AFFILIATES MAKES ANY EXPRESS OR IMPLIED WARRANTIES AND EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE BLOOMBERG COMMODITY INDEXSM OR ANY DATA RELATED THERETO. WITHOUT LIMITING ANY OF THE FOREGOING, TO THE MAXIMUM EXTENT ALLOWED BY LAW, BLOOMBERG, ITS LICENSORS (INCLUDING UBS), AND ITS AND THEIR RESPECTIVE EMPLOYEES, CONTRACTORS, AGENTS, SUPPLIERS AND VENDORS SHALL HAVE NO LIABILITY OR RESPONSIBILITY WHATSOEVER FOR ANY INJURY OR DAMAGES—WHETHER DIRECT, INDIRECT, CONSEQUENTIAL, INCIDENTAL, PUNITIVE OR OTHERWISE—ARISING IN CONNECTION WITH THE FUND OR BLOOMBERG COMMODITY INDEX OR ANY DATA OR VALUES RELATING THERETO—WHETHER ARISING FROM THEIR NEGLIGENCE OR OTHERWISE, EVEN IF NOTIFIED OF THE POSSIBILITY THEREOF. THERE ARE NO THIRD PARTY BENEFICIARIES OF ANY AGREEMENTS OR ARRANGEMENTS AMONG BLOOMBERG, UBS SECURITIES AND THE FUND OTHER THAN UBS AG.

## **S&P 500 SF UCITS ETF**

### **Supplement to the Prospectus**

This Supplement contains information in relation to the **S&P 500 SF UCITS ETF** (the "**Fund**"), a sub-fund of UBS ETFs plc (the "**Company**") an umbrella type open-ended investment company with variable capital, governed by the laws of Ireland and authorised by the Central Bank of Ireland (the "**Central Bank**") of Block D, Iveagh Court, Harcourt Road, Dublin 2, Ireland.

**This Supplement forms part of, and must be read in conjunction with, the Prospectus of the Company dated 12 October 2016, as may be amended, supplemented or modified from time to time, (the "Prospectus") and may not be distributed unless accompanied by the Prospectus (other than to prior recipients of the Prospectus).**

**THIS DOCUMENT IS IMPORTANT. BEFORE YOU PURCHASE ANY OF THE SHARES REPRESENTING INTERESTS IN THE FUND DESCRIBED IN THIS SUPPLEMENT YOU SHOULD ENSURE THAT YOU FULLY UNDERSTAND THE NATURE OF SUCH AN INVESTMENT, THE RISKS INVOLVED AND YOUR OWN PERSONAL CIRCUMSTANCES. IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS SUPPLEMENT YOU SHOULD TAKE ADVICE FROM AN APPROPRIATELY QUALIFIED ADVISOR.**

**Capitalised terms used in this Supplement will have the meanings given to them in the Definitions section below or in the Prospectus.**

**In addition to investing in equities and equity related securities, transferable securities and other eligible assets, it is the intention of the Company to invest on behalf of the Fund in financial derivative instruments ("FDIs") for investment and efficient portfolio management purposes, where applicable.**

**Certain risks attached to investments in FDIs are set out in the Prospectus under the section headed "Risk Factors".**

**You should inform yourself as to (a) the possible tax consequences, (b) the legal and regulatory requirements, (c) any foreign exchange restrictions or exchange control requirements and (d) any other requisite governmental or other consents or formalities which you might encounter under the laws of the country of your citizenship, residence or domicile and which might be relevant to your purchase, holding or disposal of the Shares.**

## **UBS ETFs plc**

An umbrella fund with segregated liability between the sub-funds

**Dated 12 October 2016**

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## **IMPORTANT INFORMATION**

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### **Suitability of Investment**

**The Shares are not principal protected. The value of the Shares may go up or down and you may not get back the amount you have invested. See the section headed "Risk Factors" of the Prospectus and the section headed "Other Information – Risk Factors" of this Supplement for a discussion of certain risks that should be considered by you.**

An investment in the Shares is only suitable for you if you (either alone or with the help of an appropriate financial or other advisor) are able to assess the merits and risks of such an investment and have sufficient resources to be able to bear any losses that may result from such an investment. The contents of this document are not intended to contain and should not be regarded as containing advice relating to legal, taxation, investment or any other matters.

### **Profile of a Typical Investor**

The Fund is suitable for investors seeking capital appreciation and who are prepared to accept a high level of volatility. Investment in the Fund should be viewed as a medium to long term investment.

### **Responsibility**

The Directors (whose names appear under the heading "**Directors of the Company**" of the Prospectus) accept responsibility for the information contained in the Prospectus and this Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement when read together with the Prospectus (as complemented, modified or supplemented by this Supplement) is in accordance with the facts as at the date of this Supplement and does not omit anything likely to affect the import of such information.

### **General**

This Supplement sets out information in relation to the Shares and the Fund. You must also refer to the Prospectus which is separate to this document and describes the Company and provides general information about offers of shares in the Company. You should not take any action in respect of the Shares unless you have received a copy of the Prospectus. Should there be any inconsistency between the contents of the Prospectus and this Supplement, the contents of this Supplement will, to the extent of any such inconsistency, prevail. This Supplement and the Prospectus should both be carefully read in their entirety before any investment decision with respect to Shares is made.

As of the date of this Supplement, the Company does not have any loan capital (including term loans) outstanding or created but unissued and no outstanding mortgages, charges or other borrowings or indebtedness in the nature of borrowings, including bank overdrafts and liabilities under acceptances or acceptance credits, hire purchase or finance lease commitments, guarantees or other contingent liabilities.

### **Distribution of this Supplement and Selling Restrictions**

Distribution of this Supplement is not authorised unless accompanied by a copy of the Prospectus and the latest annual report and audited accounts of the Company and the Fund (other than to prior recipients of the Prospectus) and if published after such report, a copy of the then latest semi annual report and unaudited accounts. The distribution of this Supplement and the offering or purchase of the Shares may be restricted in certain jurisdictions. If you receive a copy of this Supplement and/or the Prospectus you may not treat such document(s) as constituting an offer, invitation or solicitation to you to subscribe for any Shares unless, in the relevant jurisdiction, such an offer, invitation or solicitation could lawfully be made to you without compliance with any registration or other legal requirement other than those with which the Company has already complied. If you wish to apply for the opportunity to purchase any Shares it is your duty to inform yourself of, and to observe, all applicable laws and regulations of any relevant jurisdiction. In particular, you should inform yourself as to the legal requirements of so applying, and any applicable exchange control regulations and taxes in the countries of your respective citizenship, residence or domicile.

## Definitions

Words and expressions defined in the Prospectus will, unless otherwise defined in this Supplement, have the same meaning when used in this Supplement.

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## **TERMS OF THE SHARES REPRESENTING INTERESTS IN THE FUND**

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### Investment Objective

The investment objective of the Fund is to deliver the net total return of the Reference Index (being S&P 500 Net Total Return Index).

The Fund will return the Reference Index performance less fees and expenses on each Dealing Day.

### Investment Policy

In order to achieve the investment objective, the Company on behalf of the Fund intends to invest all or substantially all of the net proceeds of any issue of Shares in the manner set out below:

- (i) swaps (each swap being an agreement between the Company on behalf of the Fund and an Approved Counterparty pursuant to a master agreement in accordance with the requirements of the International Swaps and Derivatives Association), and such swaps may include funded, unfunded or total return (as further described below under "**Use of Derivative Contracts – Swaps**") (the "**Swaps**"). The purpose of the Swaps shall be to gain indirect exposure to the Reference Index (as described in further detail under the heading "**Use of Derivative Contracts – Swaps**" below); and
- (ii) a portfolio of transferable securities or other eligible assets. These may include (without limitation) equity and equity-related securities; fixed income securities such as government and corporate bonds (such bonds may be rated or unrated), money market instruments, floating rate instruments, convertible securities and commercial paper and/or units of other open-ended collective investment schemes including other Funds of the Company. Any of the foregoing may be issued or arranged by a member of the UBS AG Group. Where the Fund invests in such securities and/or other eligible assets, the Fund will enter into an unfunded or total return swap to exchange the price performance and income received in relation to such securities and/or other eligible assets for the performance of the Reference Index. In this instance, the Fund will have neither market nor credit exposure to the particular securities and other eligible assets referred to above, except in the event of a default on the part of the Approved Counterparty to the Swaps.

The equities, equity-related securities, Swaps, other eligible assets listed at (ii) above, any ancillary cash and any instruments held by the Fund (either for investment or efficient portfolio management purposes) shall constitute the "**Fund Assets**" for the purposes of the Prospectus. To the extent that the Fund invests some of the net proceeds of any issue of Shares in the manner set out in (ii) above, the Fund shall invest no more than 15% in the fixed income securities mentioned in (ii) above. All instruments shall be listed and/or traded on the exchanges and markets set out in Appendix II of the Prospectus.

The Fund may, with due regard to the best interest of its Shareholders, decide from time to time to switch partially or totally from one of the above described policies to the other.

Further information relevant to the Fund's investment policy is contained in the main part of the Prospectus under "**Investment Objectives and Policies**" and under "**Investment Restrictions**".

### Index Tracking Strategy

The Fund gains exposure to the Reference Index by investing in one or more Swaps. It is not intended that the Fund will invest directly in the components of the Reference Index in order to meet the Fund's investment objective. The Fund (and the investors in the Fund) will be exposed to the full performance of the Reference Index.

The Fund may have counterparty risk as a result of the investment in the swaps – further information is provided in the section below headed "Use of Derivative Contracts – Swaps" and in section 6 "Risk Factors" of the Prospectus.

The anticipated level of tracking error after fees and transaction costs is 0% per annum in normal market conditions.

The annual report of the Fund, which can be found on the Website, will include the following information:

- a. The size of the realised tracking error for the year, being the volatility of the difference between the return of the Fund and the return of the Reference Index;
- b. An explanation for the divergence between the anticipated and realised tracking error for the year;
- c. The size of the annual tracking distance for the year, being the difference between the performance of the Fund and the Reference Index; and
- d. An explanation for the annual tracking difference, including the impact of transaction costs, fees and expenses on the performance of the Fund.

### **Portfolio Transparency Policy**

The Fund's transparency policy regarding the composition of its portfolio, and any collateral received in relation to the Swaps, is to provide position level disclosure on a daily basis. The information is published on the Website.

The assets in which the Fund will invest in order to achieve its investment objective are set out in the "Investment Policy" section above. Details on the composition of the Fund Assets will be set out on the Website.

### **Use of Derivative Contracts – Swaps**

The Fund may enter into Swaps with a member of the UBS AG Group or any other eligible entity (being the "**Approved Counterparty**") pursuant to which the Fund will be entitled to receive from the Approved Counterparty the performance of the components of the Reference Index in exchange for the payment to the Approved Counterparty of (i) where the swap is funded, some or all of the net proceeds of any issue of Shares; (ii) where the swap is unfunded, payments linked to the return on some or all of the equities and other eligible assets held by the Fund as listed at (ii) above; and (iii) where the swap is a total return swap, payments will be based upon a set rate agreed between the parties in exchange for the return on some or all of the equities and other eligible assets held by the Fund as listed at (ii) above.

The Approved Counterparty to the Swaps and the Company on behalf of the Fund have entered into a 2002 International Swaps and Derivatives Association Master Agreement (including any supporting agreements, annexes or schedules thereto) (the "**ISDA Master Agreement**"), and will enter into confirmations for each Swap transaction. Such confirmations may be entered into before or after the relevant transaction and may be in electronic form.

The Swaps will at all times be valued in accordance with the provisions of the Prospectus. The valuation of the Swaps will reflect the relative movements in the performance of the Reference Index and the Fund's holding of transferable securities and/or other Fund Assets as may be referenced under the Swaps. Depending on the value of the Swaps, the Fund will have to make a payment to the Approved Counterparty or will receive such a payment. Where the Fund has to make a payment to the Approved Counterparty, this payment will be made from the proceeds and, as the case may be, the disposal of some or all of the transferable securities and/or other Fund Assets in which the Fund has invested.

As set out in Section 5 of the Prospectus, the Company will ensure that the counterparty risk exposure under the Swaps never exceeds the limits required by the Regulations and the Central Bank. Accordingly, the Company will reduce such counterparty exposure by causing the Approved Counterparty, where necessary, to provide appropriate Collateral to the Company on behalf of the relevant Fund (or as otherwise permitted by the Central Bank) under the terms of ISDA Master Agreement, in accordance with the Investment Restrictions. Alternatively, the Company may reduce its risk exposure to the Approved Counterparty by causing the Approved Counterparty to reset the Swaps or vice versa. This may result in a corresponding payment from the Fund to the Approved Counterparty.

The Swaps may be terminated by either party at any time or on the occurrence of certain events with respect to either the Fund or the Approved Counterparty including, but not limited to, an event of default (such as a failure to pay, breach of agreement or bankruptcy) or a termination event (which is not due to the fault of either party, for example, illegality or a change in the tax or accounting laws), in which case the non-defaulting party or the unaffected party respectively is entitled to calculate the close-out value of the Swaps and it will do so in line with the industry standard requirements set out in the ISDA Master Agreement. The Fund may then enter into new Swaps (unless the Directors resolve that it is inadvisable to do so) or, if the Directors determine that there is no reasonable way to achieve the investment objective, the Fund may be terminated in accordance with the provisions of the Prospectus.

### **Securities Lending and Repurchase Transactions**

The Company may (for the purposes of efficient portfolio management only) enter into stock lending arrangements and/or Repurchase Transactions with financial institutions (including with a member of the UBS AG Group as the stock borrower or counterparty to the Repurchase Transaction) with a minimum credit rating at the time the relevant transaction as permitted by the Regulations, or which are deemed by the Fund to have an implied credit rating at least equal to such level (a "**Counterparty**"). Any such stock lending arrangement and Repurchase Transaction will be subject to the conditions, limits and requirements of the Central Bank and the provisions of the Prospectus. In these transactions, Collateral will move between the Company and the relevant Counterparty in order to mitigate any counterparty risk.

Investors should also note the information contained in the "Securities Lending and Repurchase Transactions" and "Collateral Policy" sections in the main body of the Prospectus.

**The Company on behalf of the Fund has filed with the Central Bank its risk management policy which enables it to accurately measure, monitor and manage the various risks associated with the use of Financial Derivative Instruments. The Company will, on request, provide supplementary information to Shareholders relating to the risk management methods employed, including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments.**

**The Company will use the commitment approach for the purposes of calculating global exposure for the Fund. The Fund's total exposure to the Reference Index will be limited to 100% of Net Asset Value.**

### **Efficient Portfolio Management**

The Company may also (for the purposes of efficient portfolio and cash management and not for investment purposes), invest in cash deposits, money market instruments, OTC options and units of UCITS regulated money market collective investment schemes.

Further information on efficient portfolio management is contained in the main body of the prospectus under the heading "Use of Financial Derivative Instruments and Efficient Portfolio Management".

### **Investment Restrictions**

Investors in particular must note that the general investment restrictions set out under "**Investment Restrictions**" in the Prospectus apply to the Fund. In addition the following investment restrictions shall apply to the Fund:

The Fund shall not invest in a fund of the Company which itself holds shares in any other fund of the Company.

### **Disruption Events**

The following Disruption Events shall apply to the Fund in addition to those set out in the Prospectus:

- (i) the Index Provider makes an adjustment or modification to the calculation of the Reference Index;
- (ii) the Approved Counterparty is:
  - (a) prevented, hindered or impaired from conducting one or more of its activity/activities in a commercially reasonable manner in connection with the establishment, maintenance,

adjustment or termination of any transaction(s) in order to fully hedge its exposure in respect of the Reference Index; and/or

- (b) prevented, hindered or impaired from performing one or more of its obligation(s) in a commercially reasonable manner;

under the terms of the relevant Swaps, with the consequence that the Approved Counterparty or the Calculation Agent (as applicable) elects to:

- I. adjust the terms of the Swaps; and/or
  - II. delay payment to the Fund under the terms of the Swaps; and/or
  - III. terminate the Swaps;
- (iii) the Index Provider fails or delays in calculating, announcing and/or publishing the Reference Index level.

### **Consequences of Disruption Events**

As further described in the Prospectus and as set out above, upon the occurrence of a Disruption Event including an Index Disruption and Adjustment Event (and without limitation to the Directors' personal powers), (i) the Approved Counterparty (where acting as the relevant Calculation Agent or otherwise) may either (a) terminate one or more of the relevant Swaps or (b) make adjustments to the terms or valuation of the relevant Swaps and other Derivative Contracts to account for such event and the Net Asset Value may be affected by such adjustment; (ii) the Directors may temporarily suspend the calculation of the Net Asset Value and any subscription, redemption and exchange of Shares; and/or (iii) the Directors may, in certain circumstances, terminate the Fund.

### **Borrowings**

In accordance with the general provisions set out in the Prospectus under the heading "**Borrowing and Lending Powers**", the Company on behalf of the Fund may borrow up to 10% of the Net Asset Value of the Fund on a temporary basis. Such borrowings may only be used for short term liquidity purposes to cover the redemption of Shares.

### **Dividend Policy**

The Fund does not intend to issue dividends. However, the Directors may, in their absolute discretion, determine to declare dividends in respect of any Share Class and Shareholders will be notified accordingly. Any dividends payable by the Fund will be effected in accordance with the Dividend Policy stated in the Prospectus.

The dividend payments may be as low as zero. There is no guarantee that any dividend will be declared. For the avoidance of doubt, the payment of a dividend (if any) will reduce the Net Asset Value of the relevant Share Class accordingly.

### **Limited Recourse**

A Shareholder will solely be entitled to look to the Fund Assets in respect of all payments in respect of its Shares. If the realised net assets of the Fund are insufficient to pay any amounts payable in respect of the Shares, the Shareholder will have no further right of payment in respect of such Shares nor any claim against or recourse to any of the assets of any other Fund or any other asset of the Company.

### **Listing**

Application will be made to such exchanges as the Directors may determine from time to time (the "**Relevant Stock Exchanges**") for the listing of the Shares issued and available to be issued and to be admitted to listing on the official list and trading on each of the Relevant Stock Exchanges on or about the Launch Date. This Supplement and the Prospectus together comprise listing particulars for the purposes of listing the Shares on the official list and trading on the main market of each of the Relevant Stock Exchanges.

## Exchange Traded Fund

The Fund is an Exchange Traded Fund ("ETF"). The Shares of this Fund (where they are listed on the Relevant Stock Exchanges) are fully transferable among investors. It is envisaged that Shares will be bought and sold by public and institutional investors in the secondary market in the same way as the ordinary shares of a listed trading company.

The Directors of the Company may create new Share Classes from time to time, provided that the creation of any such new Share Classes is notified in advance to and cleared by the Central Bank. A separate pool of assets will not be maintained for each of the Share Classes.

## General Information Relating to the Fund

<b>Type</b>	Open-ended
<b>Base Currency</b>	US Dollar ("USD")
<b>Business Day</b>	A day (other than a Saturday or Sunday) on which (i) banks are open for business in Dublin and New York; and (ii) the Reference Index is calculated by the Index Provider or such other day or days as the Directors may from time to time determine and notify in advance to Shareholders. For the avoidance of doubt, there shall be at least two Dealing Days per month at regular intervals.
<b>Dealing Day</b>	Any Business Day.
<b>Dealing Deadline</b>	2.00 p.m. (Dublin time) on the relevant Dealing Day.
<b>Launch Date</b>	The (USD) A-acc Share Class launched on 15 December 2010. The remaining Share Classes have not yet launched.
<b>Minimum Fund Size</b>	USD 100 million
<b>Valuation Point</b>	10:30 pm (Dublin time) on the relevant Dealing Day.
<b>Settlement Date</b>	Up to three Business Days after the relevant Dealing Day.
<b>Minimum Holding</b>	1 Share
<b>Minimum Subscription Amount</b>	100,000 USD or its equivalent in another currency or such amount as may be determined by the Directors. Investors will be notified of any change to the Minimum Subscription Amount/basket size.
<b>Minimum Redemption Amount</b>	100,000 USD or its equivalent in another currency or such amount as may be determined by the Directors. Investors will be notified of any change to the Minimum Redemption Amount/basket size.
<b>Website</b>	<a href="http://www.ubs.com/etf">www.ubs.com/etf</a> - information on Fund Assets and the Fund's iNAV is set out on the Website.

\* Non-Base Currency Share Classes performance may differ from that of the Base Currency Share Classes due to currency hedging costs.

## Description of the Shares

Share Class	***(USD)	***(EUR)	***(CHF)	***(GBP)	***(HKD)	***(SGD)	***(JPY)	***(SEK)
*	A-acc"							

Initial Issue Price	N/A.	EUR 1/100 of the closing level of the Reference Index on the Launch Date.	CHF 1/100 of the closing level of the Reference Index on the Launch Date.	GBP 1/100 of the closing level of the Reference Index on the Launch Date.	HKD 1/100 of the closing level of the Reference Index on the Launch Date.	SGD 1/100 of the closing level of the Reference Index on the Launch Date.	JPY 1/100 of the closing level of the Reference Index on the Launch Date.	SEK 1/100 of the closing level of the Reference Index on the Launch Date.
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\* Non-Base Currency share classes will have a currency hedged exposure to the Reference Index.

\*\*Together "A-acc" Share Class.

Information regarding the Initial Issue Price is available from the Administrator. Details on the Reference Index can be found at [www.standardandpoors.com](http://www.standardandpoors.com).

## Fees and Expenses

The following fees will be incurred on each Share by Shareholders (and will not be incurred by the Company on behalf the Fund, and accordingly will not affect the Net Asset Value of the relevant Share Class of the Fund):

<b>Share Class</b>	"A-acc"
<b>Subscription Charge*</b>	Up to 5%
<b>Redemption Charge**</b>	Up to 3%
<b>Exchange Charge</b>	Up to 3%
<b>Primary Market Transaction Costs***</b>	Up to 1%

\* The Subscription Charge is deducted from the investment amount received from an investor for subscription for Shares. The Manager may waive all or part of the Subscription Charge in the event that the Shares purchased by a Shareholder correspond at least to the Minimum Subscription Amount/basket or a multiple thereof or for any other reason at the Manager's sole discretion.

\*\* The Redemption Charge is deducted from the redemption proceeds payable to the investor. The Manager may waive all or part of the Redemption Charge in the event that the Shares redeemed by a Shareholder correspond at least to the Minimum Redemption Amount/basket or a multiple thereof or for any other reason at the Manager's sole discretion.

\*\*\*The Manager may waive all or part of the Primary Market Transaction Costs in the event that the Shares subscribed or redeemed by a Shareholder correspond at least to the Minimum Redemption Amount/basket or a multiple thereof or for any other reason at the Manager's sole discretion.

Separate to and distinct from the Subscription Charge, Redemption Charge, Exchange Charge and Primary Market Transaction Costs, which shall be deducted from the investment amount received from an investor or deducted from the redemption proceeds payable to the investor or used to purchase the Shares of the New Class (as appropriate), the following fees and expenses will be incurred by the Company on behalf of the Fund and will affect the Net Asset Value of the relevant Share Class of the Fund:

<b>Share Class</b>	"A-acc"
<b>Flat-Fees</b>	Up to 0.22% per annum

The Promoter shall discharge the fees associated with the establishment and approval of the Fund.

This section headed "**Fees and Expenses**" should be read in conjunction with the sections headed "**Fees and Expenses**" and "**Issue and Repurchase Price/Calculation of Net Asset Value/Valuation of Assets**" in the Prospectus.

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## GENERAL DESCRIPTION OF THE REFERENCE INDEX

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The Reference Index is the S&P 500 Net Total Return Index ("**the Reference Index**"). The Reference Index is further described below but only represents an extract of information available and neither the Directors, the Manager, UBS AG, Standard & Poor's Financial Services LLC or any such other successor sponsor to the Reference Index, the "**Index Provider**") nor the Investment Manager take any responsibility for the accuracy or completeness of such information.

The Reference Index is an equity index of securities which focuses on the large cap segment of the US market. Securities listed on national stock exchanges in the US are eligible for inclusion. The Reference Index represents companies that are available to investors worldwide and provides a representation of 10 sectors within 500 constituents.

The Reference Index is rebalanced on a quarterly basis.

The rebalancing frequency of the Reference Index has no impact on the transaction costs associated with the Fund as any rebalancing is not expected to require any higher frequency of position turnover in the Fund than would otherwise be the case were the Reference Index to be static.

The Reference Index is calculated in USD (Dollar).

### *Index Provider and website*

The Reference Index is sponsored by Standard & Poor's Financial Services LLC. More details on the Reference Index, including its underlying components, can be found at [www.spindices.com](http://www.spindices.com).

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## OTHER INFORMATION

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### **Risk Factors**

Certain risks relating to the Shares are set out under the heading "**Risk Factors**" in the Prospectus. In addition, Shareholders must also note that:

- (a) The sub-funds of the Company are segregated as a matter of Irish law and as such, in Ireland, the assets of one sub-fund will not be available to satisfy the liabilities of another sub-fund. However, it should be noted that the Company is a single legal entity which may operate or have assets held on its behalf or be subject to claims in other jurisdictions which may not necessarily recognise such segregation. There can be no guarantee that the courts of any jurisdiction outside Ireland will respect the limitations on liability as set out above.
- (b) Upon the occurrence of a Disruption Event or an Index Disruption and Adjustment Event (and without limitation to the Directors' personal powers as further described in the Prospectus); (i) adjustments may be made to account for any such event (including adjustment to the Reference Index, the calculation of the Reference Index level and/or changes to the terms of the derivative contracts) which may have a significant impact on the Net Asset Value of the Fund; (ii) the Directors may temporarily suspend the calculation of the Net Asset Value and any subscription, redemption and exchange of Shares and payment of redemption proceeds in accordance with the provisions of the Prospectus under the section "Suspension of Calculation of Net Asset Value"; and/or (iii) the Directors may, in certain circumstances as set out in the Prospectus, terminate the Fund.
- (c) The return payable under the Swaps with a counterparty is subject to the credit risk of the counterparty. In addition, the counterparty will generally act as the calculation agent under the Swaps (the "**Calculation Agent**") and perform those duties agreed in the ISDA Master Agreement and confirmation for the relevant Swaps. Shareholders should note that not only will they be exposed to the credit risk of the counterparty but also potential conflicts of interest in the performance of the function of Calculation Agent by the counterparty. The counterparty will use its reasonable endeavours to resolve any such conflicts of interest fairly (having regard to

its respective obligations and duties) and to ensure that the interests of the Company and the Shareholders are not unfairly prejudiced. The Directors believe that the counterparty will be suitable and competent to act as Calculation Agent. Any valuations provided by the counterparty in its role as Calculation Agent will be verified at least weekly by a party independent of the counterparty as sourced by the Administrator and approved by the Custodian.

- (d) The Fund is highly dynamic and may exhibit above-average potential growth and investment performance, depending on the economic environment. The opportunities for above average growth may in some circumstances lead to extreme positive and negative fluctuations in the Net Asset Value of the Fund.
- (e) The value of investments and the income from them, and therefore the value of and income from the Shares can go down as well as up and an investor may not get back the amount invested. The Fund's exposure is linked to the performance of the components of the Reference Index which, in turn, is exposed to general market movements (negative as well as positive).
- (f) There can be no assurance that the Reference Index will be successful at producing positive returns consistently or at all. The Index Provider makes no representation or warranty, express or implied, that the Reference Index will produce positive returns at any time.
- (g) As at the date hereof there is one Class of Shares issued in respect of the Fund. Additional Classes of Shares may be created at any time without the consent of the then existing Shareholders in accordance with the Central Bank's requirements. Each Class of Shares issued in respect of the Fund will perform differently as a result of differences of currency and fees (as applicable). The Company on behalf of the Fund will enter into Swaps that are designed to generate the cash flows payable in respect of the Shares of the relevant Classes. There is no legal segregation of assets and liabilities between Classes and there is no separate portfolio of assets held for each Class.
- (h) The Company on behalf of the Fund will enter into a separate Derivative Contract in respect of each Class. Each Derivative Contract will be on similar terms except that each Derivative Contract will provide a return in the currency of denomination of each Class of Shares to which it relates.
- (i) The Fund's use of the Reference Index is licensed by the Index Provider. If at any time, the licence is terminated or the Reference Index otherwise becomes unavailable, unreliable, inaccurate or unrepresentative, the Fund Directors may exercise their discretion to terminate the Fund in accordance with the terms of the Memorandum and Articles of Association.
- (j) The Fund is exposed to the investment risk arising from the Reference Index underlying the Swaps. The Fund is therefore exposed to the risks inherent to investments in equity markets.
- (k) Some of the markets in which the Fund may effect derivative transactions are "over-the-counter" or "interdealer" markets, which may be illiquid and are sometimes subject to larger spreads than exchange-traded derivative transactions. The participants in such markets are typically not subject to credit evaluation and regulatory oversight, which would be the case with members of "exchange-based" markets. This exposes the Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a credit or liquidity problem with the counterparty. Delays in settlement may also result from disputes over the terms of the contract (whether or not bona fide) since such markets may lack the established rules and procedures for swift settlement of disputes among market participants found in "exchange-based" markets. These factors may cause the Fund to suffer a loss due to adverse market movements while replacement transactions are executed or otherwise.
- (l) Whilst the Company has the right to use and reference the Reference Index in connection with the Fund in accordance with the terms of the Reference Index license, in the event that the licence is terminated the Fund may be terminated or if any other Index Disruption and Adjustment Event occurs, adjustments may be made to the terms of the Swaps after negotiation with each Approved Counterparty to account for any such event including

adjustment to the Reference Index or the calculation of the Reference Index level which may have a significant impact on the Net Asset Value of the Fund.

- (m) Subject to certain pre-defined parameters, it is possible that methodology used to calculate the Reference Index or the formulae underlying the Reference Index could change and such change may result in a decrease in the performance of the Reference Index. As such, aspects of the Reference Index could change in the future, including without limitation, the methodology and third party data sources. Any changes may be made without regard to the interests of a holder of any product linked to the Reference Index. Additionally, the Reference Index was created by the Index Provider, who has the right to permanently cancel the Reference Index at any time. Such cancellation may have a material adverse effect on any linked investments or transactions.

**Investors should also refer to the Prospectus for additional disclosure of risks.**

### **Miscellaneous**

The Company has the following Funds established as at the date of this Supplement.

S&P 500 SF UCITS ETF  
FTSE 100 SF UCITS ETF  
HFRX GLOBAL HEDGE FUND INDEX SF UCITS ETF  
BLOOMBERG COMMODITY INDEX SF UCITS ETF  
CMCI COMPOSITE SF UCITS ETF  
MSCI USA SF UCITS ETF  
MSCI CANADA SF UCITS ETF  
MSCI EMU SF UCITS ETF  
MSCI JAPAN SF UCITS ETF  
MSCI EMERGING MARKETS SF UCITS ETF  
MSCI ACWI RISK WEIGHTED SF UCITS ETF  
MSCI USA GROWTH SF UCITS ETF  
MSCI EMU GROWTH SF UCITS ETF  
MSCI AC ASIA EX JAPAN SF UCITS ETF  
MAP BALANCED 5 SF UCITS ETF  
MAP BALANCED 7 SF UCITS ETF  
JPX-NIKKEI 400 SF UCITS ETF  
MSCI ACWI SF UCITS ETF  
CMCI EX-AGRICULTURE SF UCITS ETF

### **Disclaimers**

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**THIS FUND IS NOT SPONSORED, ENDORSED, SOLD OR PROMOTED BY STANDARD & POOR'S AND ITS AFFILIATES ("S&P"). S&P MAKES NO REPRESENTATION, CONDITION OR WARRANTY, EXPRESS OR IMPLIED, TO THE OWNERS OF THE FUND OR ANY MEMBER OF THE PUBLIC REGARDING THE ADVISABILITY OF INVESTING IN SECURITIES GENERALLY OR IN THE FUND PARTICULARLY OR THE ABILITY OF THE S&P 500 TO TRACK THE PERFORMANCE OF CERTAIN FINANCIAL MARKETS AND/OR SECTIONS THEREOF AND/OR OF GROUPS OF ASSETS OR ASSET CLASSES. S&P'S ONLY RELATIONSHIP TO THE MANAGER IS THE LICENSING OF CERTAIN TRADEMARKS AND TRADE NAMES AND OF THE S&P 500 WHICH IS DETERMINED, COMPOSED AND CALCULATED BY S&P WITHOUT REGARD TO THE MANAGER OR THE FUND. S&P HAS NO OBLIGATION TO TAKE THE NEEDS OF THE MANAGER OR THE OWNERS OF THE FUND INTO CONSIDERATION IN DETERMINING, COMPOSING OR CALCULATING THE S&P 500. S&P IS NOT RESPONSIBLE FOR AND HAS NOT PARTICIPATED IN THE DETERMINATION OF THE PRICES AND AMOUNT OF THE FUND OR THE TIMING OF THE ISSUANCE OR SALE OF THE FUND OR IN THE DETERMINATION OR CALCULATION OF THE EQUATION BY WHICH THE FUND SHARES ARE TO**

BE CONVERTED INTO CASH. S&P HAS NO OBLIGATION OR LIABILITY IN CONNECTION WITH THE ADMINISTRATION, MARKETING, OR TRADING OF THE FUND.

S&P DOES NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF THE S&P 500 OR ANY DATA INCLUDED THEREIN AND S&P SHALL HAVE NO LIABILITY FOR ANY ERRORS, OMISSIONS, OR INTERRUPTIONS THEREIN. S&P MAKES NO WARRANTY, CONDITION OR REPRESENTATION, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY THE MANAGER, OWNERS OF THE FUND, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE S&P 500 OR ANY DATA INCLUDED THEREIN. S&P MAKES NO EXPRESS OR IMPLIED WARRANTIES, REPRESENTATIONS OR CONDITIONS, AND EXPRESSLY DISCLAIMS ALL WARRANTIES OR CONDITIONS OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE AND ANY OTHER EXPRESS OR IMPLIED WARRANTY OR CONDITION WITH RESPECT TO THE S&P 500 OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL S&P HAVE ANY LIABILITY FOR ANY SPECIAL, PUNITIVE, INDIRECT, OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS) RESULTING FROM THE USE OF THE S&P 500 OR ANY DATA INCLUDED THEREIN, EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

THE DIRECTORS OF THE COMPANY, THE MANAGER AND THE INVESTMENT MANAGER TOGETHER THE "RESPONSIBLE PARTIES" DO NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF ANY DESCRIPTION RELATING TO THE REFERENCE INDEX OR ANY DATA INCLUDED THEREIN AND THE RESPONSIBLE PARTIES SHALL HAVE NO LIABILITY FOR ANY ERRORS, OMISSIONS, OR INTERRUPTIONS HEREIN. THE APPROVED RESPONSIBLE PARTIES MAKES NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE FUND, ANY SHAREHOLDER IN THE FUND, OR TO ANY OTHER PERSON OR ENTITY IN RESPECT OF THE REFERENCE INDEX DESCRIBED HEREIN.

THE INDEX PROVIDER MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE REFERENCE INDEX OR STRATEGY OR ANY DATA INCLUDED HEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL THE INDEX PROVIDER HAVE ANY LIABILITY FOR ANY SPECIAL, PUNITIVE, INDIRECT, OR CONSEQUENTIAL DAMAGES OR FOR ANY LOST PROFITS, EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

## **MSCI USA SF UCITS ETF**

### **Supplement to the Prospectus**

This Supplement contains information in relation to the **MSCI USA SF UCITS ETF** (the "**Fund**"), a sub-fund of UBS ETFs plc (the "**Company**") an umbrella type open-ended investment company with variable capital, governed by the laws of Ireland and authorised by the Central Bank of Ireland (the "**Central Bank**") of Block D Iveagh Court, Harcourt Road, Dublin 2, Ireland.

**This Supplement forms part of, and must be read in conjunction with, the Prospectus of the Company dated 12 October 2016, as may be amended, supplemented or modified from time to time, (the "Prospectus") and may not be distributed unless accompanied by the Prospectus (other than to prior recipients of the Prospectus).**

**THIS DOCUMENT IS IMPORTANT. BEFORE YOU PURCHASE ANY OF THE SHARES REPRESENTING INTERESTS IN THE FUND DESCRIBED IN THIS SUPPLEMENT YOU SHOULD ENSURE THAT YOU FULLY UNDERSTAND THE NATURE OF SUCH AN INVESTMENT, THE RISKS INVOLVED AND YOUR OWN PERSONAL CIRCUMSTANCES. IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS SUPPLEMENT YOU SHOULD TAKE ADVICE FROM AN APPROPRIATELY QUALIFIED ADVISOR.**

Capitalised terms used in this Supplement will have the meanings given to them in the Definitions section below or in the Prospectus.

In addition to investing in equities and equity related securities, transferable securities and other eligible assets, it is the intention of the Company to invest on behalf of the Fund in financial derivative instruments ("FDIs") for investment and efficient portfolio management purposes, where applicable.

Certain risks attached to investments in FDIs are set out in the Prospectus under the section headed "Risk Factors".

You should inform yourself as to (a) the possible tax consequences, (b) the legal and regulatory requirements, (c) any foreign exchange restrictions or exchange control requirements and (d) any other requisite governmental or other consents or formalities which you might encounter under the laws of the country of your citizenship, residence or domicile and which might be relevant to your purchase, holding or disposal of the Shares.

### **UBS ETFs plc**

An umbrella fund with segregated liability between the sub-funds

**Dated 12 October 2016**

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## **IMPORTANT INFORMATION**

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### **Suitability of Investment**

**The Shares are not principal protected. The value of the Shares may go up or down and you may not get back the amount you have invested. See the section headed "Risk Factors" of the Prospectus and the section headed "Other Information – Risk Factors" of this Supplement for a discussion of certain risks that should be considered by you.**

An investment in the Shares is only suitable for you if you (either alone or with the help of an appropriate financial or other advisor) are able to assess the merits and risks of such an investment and have sufficient resources to be able to bear any losses that may result from such an investment. The contents of this document are not intended to contain and should not be regarded as containing advice relating to legal, taxation, investment or any other matters.

### **Profile of a Typical Investor**

The Fund is suitable for investors seeking capital appreciation and who are prepared to accept a high level of volatility. Investment in the Fund should be viewed as a medium to long term investment.

### **Responsibility**

The Directors (whose names appear under the heading "**Directors of the Company**" of the Prospectus) accept responsibility for the information contained in the Prospectus and this Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement when read together with the Prospectus (as complemented, modified or supplemented by this Supplement) is in accordance with the facts as at the date of this Supplement and does not omit anything likely to affect the import of such information.

### **General**

This Supplement sets out information in relation to the Shares and the Fund. You must also refer to the Prospectus which is separate to this document and describes the Company and provides general information about offers of shares in the Company. You should not take any action in respect of the Shares unless you have received a copy of the Prospectus. Should there be any inconsistency between the contents of the Prospectus and this Supplement, the contents of this Supplement will, to the extent of any such inconsistency, prevail. This Supplement and the Prospectus should both be carefully read in their entirety before any investment decision with respect to Shares is made.

As of the date of this Supplement, the Company does not have any loan capital (including term loans) outstanding or created but unissued and no outstanding mortgages, charges or other borrowings or indebtedness in the nature of borrowings, including bank overdrafts and liabilities under acceptances or acceptance credits, hire purchase or finance lease commitments, guarantees or other contingent liabilities.

### **Distribution of this Supplement and Selling Restrictions**

Distribution of this Supplement is not authorised unless accompanied by a copy of the Prospectus and the latest annual report and audited accounts of the Company and the Fund (other than to prior recipients of the Prospectus) and if published after such report, a copy of the then latest semi annual report and unaudited accounts. The distribution of this Supplement and the offering or purchase of the Shares may be restricted in certain jurisdictions. If you receive a copy of this Supplement and/or the Prospectus you may not treat such document(s) as constituting an offer, invitation or solicitation to you to subscribe for any Shares unless, in the relevant jurisdiction, such an offer, invitation or solicitation could lawfully be made to you without compliance with any registration or other legal requirement other than those with which the Company has already complied. If you wish to apply for the opportunity to purchase any Shares it is your duty to inform yourself of, and to observe, all applicable laws and regulations of any relevant jurisdiction. In particular, you should inform yourself as to the legal requirements of so applying, and any applicable exchange control regulations and taxes in the countries of your respective citizenship, residence or domicile.

## Definitions

Words and expressions defined in the Prospectus will, unless otherwise defined in this Supplement, have the same meaning when used in this Supplement.

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## **TERMS OF THE SHARES REPRESENTING INTERESTS IN THE FUND**

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### **Investment Objective**

The investment objective of the Fund is to deliver the net total return of the Reference Index (being MSCI USA Index Net Total Return).

The Fund will return the Reference Index performance less fees and expenses on each Dealing Day.

### **Investment Policy**

In order to achieve the investment objective, the Company on behalf of the Fund intends to invest all or substantially all of the net proceeds of any issue of Shares in the manner set out below:

- (i) swaps (each swap being an agreement between the Company on behalf of the Fund and an Approved Counterparty pursuant to a master agreement in accordance with the requirements of the International Swaps and Derivatives Association), and such swaps may include funded, unfunded or total return (as further described below under "**Use of Derivative Contracts – Swaps**") (the "**Swaps**"). The purpose of the Swaps shall be to gain indirect exposure to the Reference Index (as described in further detail under the heading "**Use of Derivative Contracts – Swaps**" below); and
- (ii) a portfolio of transferable securities or other eligible assets. These may include (without limitation) equity and equity-related securities; fixed income securities such as government and corporate bonds (such bonds may be rated or unrated), money market instruments, floating rate instruments, convertible securities and commercial paper and/or units of other open-ended collective investment schemes including other Funds of the Company. Any of the foregoing may be issued or arranged by a member of the UBS AG Group. Where the Fund invests in such securities and/or other eligible assets, the Fund will enter into an unfunded or total return swap to exchange, the price performance and income received in relation to such securities and/or other eligible assets for the performance of the Reference Index. In this instance, the Fund will have neither market nor credit exposure to the particular securities and other eligible assets referred to above, except in the event of a default on the part of the Approved Counterparty to the Swaps.

The equities, equity-related securities, Swaps, other eligible assets listed at (ii) above, any ancillary cash and any instruments held by the Fund (either for investment or efficient portfolio management purposes) shall constitute the "**Fund Assets**" for the purposes of the Prospectus. To the extent that the Fund invests some of the net proceeds of any issue of Shares in the manner set out in (ii) above, the Fund shall invest no more than 15% in the fixed income securities mentioned in (ii) above. All instruments shall be listed and/or traded on the exchanges and markets set out in Appendix II of the Prospectus.

The Fund may, with due regard to the best interest of its Shareholders, decide from time to time to switch partially or totally from one of the above described policies to the other.

Further information relevant to the Fund's investment policy is contained in the main part of the Prospectus under "**Investment Objectives and Policies**" and under "**Investment Restrictions**".

### **Index Tracking Strategy**

The Fund gains exposure to the Reference Index by investing in one or more Swaps. It is not intended that the Fund will invest directly in the components of the Reference Index in order to meet the Fund's investment objective. The Fund (and the investors in the Fund) will be exposed to the full performance of the Reference Index.

The Fund may have counterparty risk as a result of the investment in the swaps – further information is provided in the section below headed "Use of Derivative Contracts – Swaps" and in section 6 "Risk Factors" of the Prospectus.

The anticipated level of tracking after fees and transaction costs is 0% per annum in normal market conditions.

The annual report of the Fund, which can be found on the Website, will include the following information:

- a. The size of the realised tracking error for the year, being the volatility of the difference between the return of the Fund and the return of the Reference Index;
- b. An explanation for the divergence between the anticipated and realised tracking error for the year;
- c. The size of the annual tracking distance for the year, being the difference between the performance of the Fund and the Reference Index; and
- d. An explanation for the annual tracking difference, including the impact of transaction costs, fees and expenses on the performance of the Fund.

### **Portfolio Transparency Policy**

The Fund's transparency policy regarding the composition of its portfolio, and any collateral received in relation to the Swaps, is to provide position level disclosure on a daily basis. The information is published on the Website.

The assets in which the Fund will invest in order to achieve its investment objective are set out in the "Investment Policy" section above. Details on the composition of the Fund Assets will be set out on the Website.

### **Use of Derivative Contracts – Swaps**

The Fund may enter into Swaps with a member of the UBS AG Group or any other eligible entity (being the "**Approved Counterparty**") pursuant to which the Fund will be entitled to receive from the Approved Counterparty the performance of the components of the Reference Index in exchange for the payment to the Approved Counterparty of (i) where the swap is funded, some or all of the net proceeds of any issue of Shares; (ii) where the swap is unfunded, payments linked to the return on some or all of the equities and other eligible assets held by the Fund as listed at (ii) above; and (iii) where the swap is a total return swap, payments will be based upon a set rate agreed between the parties in exchange for the return on some or all of the equities and other eligible assets held by the Fund as listed at (ii) above.

The Approved Counterparty to the Swaps and the Company on behalf of the Fund have entered into a 2002 International Swaps and Derivatives Association Master Agreement (including any supporting agreements, annexes or schedules thereto) (the "**ISDA Master Agreement**"), and will enter into confirmations for each Swap transaction. Such confirmations may be entered into before or after the relevant transaction and may be in electronic form.

The Swaps will at all times be valued in accordance with the provisions of the Prospectus. The valuation of the Swaps will reflect the relative movements in the performance of the Reference Index and the Fund's holding of transferable securities and/or other Fund Assets as may be referenced under the Swaps. Depending on the value of the Swaps, the Fund will have to make a payment to the Approved Counterparty or will receive such a payment. Where the Fund has to make a payment to the Approved Counterparty, this payment will be made from the proceeds and, as the case may be, the disposal of some or all of the transferable securities and/or other Fund Assets in which the Fund has invested.

As set out in Section 5 of the Prospectus, the Company will ensure that the counterparty risk exposure under the Swaps never exceeds the limits required by the Regulations and the Central Bank. Accordingly, the Company will reduce such counterparty exposure by causing the Approved Counterparty, where necessary, to provide appropriate Collateral to the Company on behalf of the relevant Fund (or as otherwise permitted by the Central Bank) under the terms of ISDA Master Agreement, in accordance with the Investment Restrictions. Alternatively, the Company may reduce its risk exposure to the Approved Counterparty by causing the Approved Counterparty to reset the Swaps or vice versa. This may result in a corresponding payment from the Fund to the Approved Counterparty.

The Swaps may be terminated by either party at any time or on the occurrence of certain events with respect to either the Fund or the Approved Counterparty including, but not limited to, an event of default (such as a failure to pay, breach of agreement or bankruptcy) or a termination event (which is not due to the fault of either party, for example, illegality or a change in the tax or accounting laws), in which case the non-defaulting party or the unaffected party respectively is entitled to calculate the close-out value of the Swaps and it will do so in line with the industry standard requirements set out in the ISDA Master Agreement. The Fund may then enter into new Swaps (unless the Directors resolve that it is inadvisable to do so) or, if the Directors determine that there is no reasonable way to achieve the investment objective, the Fund may be terminated in accordance with the provisions of the Prospectus.

### **Securities Lending and Repurchase Transactions**

The Company may (for the purposes of efficient portfolio management only) enter into stock lending arrangements and/or Repurchase Transactions with financial institutions (including with a member of the UBS AG Group as the stock borrower or counterparty to the Repurchase Transaction) with a minimum credit rating at the time the relevant transaction as permitted by the Regulations, or which are deemed by the Fund to have an implied credit rating at least equal to such level (a "**Counterparty**"). Any such stock lending arrangement and Repurchase Transaction will be subject to the conditions, limits and requirements of the Central Bank and the provisions of the Prospectus. In these transactions, Collateral will move between the Company and the relevant Counterparty in order to mitigate any counterparty risk.

Investors should also note the information contained in the "Securities Lending and Repurchase Transactions" and "Collateral Policy" sections in the main body of the Prospectus.

**The Company on behalf of the Fund has filed with the Central Bank its risk management policy which enables it to accurately measure, monitor and manage the various risks associated with the use of Financial Derivative Instruments. The Company will, on request, provide supplementary information to Shareholders relating to the risk management methods employed, including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments.**

**The Company will use the commitment approach for the purposes of calculating global exposure for the Fund. The Fund's total exposure to the Reference Index will be limited to 100% of Net Asset Value.**

### **Efficient Portfolio Management**

The Company may also (for the purposes of efficient portfolio and cash management and not for investment purposes), invest in cash deposits, money market instruments, OTC options and units of UCITS regulated money market collective investment schemes.

Further information on efficient portfolio management is contained in the main body of the prospectus under the heading "Use of Financial Derivative Instruments and Efficient Portfolio Management".

### **Investment Restrictions**

Investors in particular must note that the general investment restrictions set out under "**Investment Restrictions**" in the Prospectus apply to the Fund. In addition the following investment restrictions shall apply to the Fund:

The Fund shall not invest in a fund of the Company which itself holds shares in any other fund of the Company.

### **Disruption Events**

The following Disruption Events shall apply to the Fund in addition to those set out in the Prospectus:

- (i) the Index Provider makes an adjustment or modification to the calculation of the Reference Index;
- (ii) the Approved Counterparty is:
  - (a) prevented, hindered or impaired from conducting one or more of its activity/activities in a commercially reasonable manner in connection with the establishment, maintenance, adjustment or termination of any transaction(s) in order to fully hedge its exposure in respect of the Reference Index; and/or

- (b) prevented, hindered or impaired from performing one or more of its obligation(s) in a commercially reasonable manner,

under the terms of the relevant Swaps, with the consequence that the Approved Counterparty or the Calculation Agent (as applicable) elects to:

- I. adjust the terms of the Swaps; and/or
  - II. delay payment to the Fund under the terms of the Swaps; and/or
  - III. terminate the Swaps;
- (iii) the Index Provider fails or delays in calculating, announcing and/or publishing the Reference Index level.

### **Consequences of Disruption Events**

As further described in the Prospectus and as set out above, upon the occurrence of a Disruption Event including an Index Disruption and Adjustment Event (and without limitation to the Directors' personal powers), (i) the Approved Counterparty (where acting as the relevant Calculation Agent or otherwise) may either (a) terminate one or more of the relevant Swaps or (b) make adjustments to the terms or valuation of the relevant Swaps and other Derivative Contracts to account for such event and the Net Asset Value may be affected by such adjustment; (ii) the Directors may temporarily suspend the calculation of the Net Asset Value and any subscription, redemption and exchange of Shares; and/or (iii) the Directors may, in certain circumstances, terminate the Fund.

### **Borrowings**

In accordance with the general provisions set out in the Prospectus under the heading "**Borrowing and Lending Powers**", the Company on behalf of the Fund may borrow up to 10% of the Net Asset Value of the Fund on a temporary basis. Such borrowings may only be used for short term liquidity purposes to cover the redemption of Shares.

### **Dividend Policy**

The Fund does not intend to issue dividends. However, the Directors may, in their absolute discretion, determine to declare dividends in respect of any Share Class and Shareholders will be notified accordingly. Any dividends payable by the Fund will be effected in accordance with the Dividend Policy stated in the Prospectus.

The dividend payments may be as low as zero. There is no guarantee that any dividend will be declared. For the avoidance of doubt, the payment of a dividend (if any) will reduce the Net Asset Value of the relevant Share Class accordingly.

### **Limited Recourse**

A Shareholder will solely be entitled to look to the Fund Assets in respect of all payments in respect of its Shares. If the realised net assets of the Fund are insufficient to pay any amounts payable in respect of the Shares, the Shareholder will have no further right of payment in respect of such Shares nor any claim against or recourse to any of the assets of any other Fund or any other asset of the Company.

### **Listing**

Application will be made to such exchanges as the Directors may determine from time to time (the "**Relevant Stock Exchanges**") for the listing of the Shares issued and available to be issued and to be admitted to listing on the official list and trading on each of the Relevant Stock Exchanges on or about the Launch Date. This Supplement and the Prospectus together comprise listing particulars for the purposes of listing the Shares on the official list and trading on the main market of each of the Relevant Stock Exchanges.

### **Exchange Traded Fund**

The Fund is an Exchange Traded Fund ("**ETF**"). The Shares of this Fund (where they are listed on the Relevant Stock Exchanges) are fully transferable among investors. It is envisaged that Shares will be bought and sold by public and institutional investors in the secondary market in the same way as the ordinary shares of a listed trading company.

The Directors of the Company may create new Share Classes from time to time, provided that the creation of any such new Share Classes is notified in advance to and cleared by the Central Bank. A separate pool of assets will not be maintained for each of the Share Classes.

### General Information Relating to the Fund

<b>Type</b>	Open-ended
<b>Base Currency</b>	US Dollar ("USD")
<b>Business Day</b>	A day (other than a Saturday or Sunday) on which (i) banks are open for business in Dublin and New York; (ii) the Reference Index is calculated by the Index Provider and (iii) the Clearing Agent is open for business or such other day or days as the Directors may from time to time determine and notify in advance to Shareholders. For the avoidance of doubt, there shall be at least two Dealing Days per month at regular intervals.
<b>Dealing Day</b>	Any Business Day.
<b>Dealing Deadline</b>	2.00 p.m. (Dublin time) on the relevant Dealing Day.
<b>Launch Date</b>	The (USD) A-acc Share Class launched on 15 December 2010. The remaining Share Classes have not yet launched.
<b>Minimum Fund Size</b>	USD 100 million
<b>Valuation Point</b>	10:30 pm (Dublin time) on the relevant Dealing Day.
<b>Settlement Date</b>	Up to three Business Days after the relevant Dealing Day.
<b>Minimum Holding</b>	1 Share
<b>Minimum Subscription Amount</b>	100,000 USD or its equivalent in another currency or such amount as may be determined by the Directors. Investors will be notified of any change to the Minimum Subscription Amount/basket size.
<b>Minimum Redemption Amount</b>	100,000 USD or its equivalent in another currency or such amount as may be determined by the Directors. Investors will be notified of any change to the Minimum Redemption Amount/basket size.
<b>Website</b>	<a href="http://www.ubs.com/etf">www.ubs.com/etf</a> - information on Fund Assets and the Fund's iNAV is set out on the Website.

\* Non-Base Currency Share Classes performance may differ from that of the Base Currency Share Classes due to currency hedging costs.

### Description of the Shares

#### Share Classes

Share Class*	***(USD) A-acc"	***(EUR) A-acc"	***(CHF) A-acc"	***(GBP) A-acc"	***(HKD) A-acc"	***(SGD) A-acc"	***(JPY) A-acc"	***(SEK) A-acc"
<b>Initial Issue</b>	N/A	EUR 1/100 of the closing level of the Reference Index on the Launch	CHF 1/100 of the closing level of the Reference Index on the Launch	GBP 1/100 of the closing level of the Reference Index on the Launch	HKD 1/100 of the closing level of the Reference Index on the Launch	SGD 1/100 of the closing level of the Reference Index on the Launch	JPY 1/100 of the closing level of the Reference Index on the Launch	SEK 1/100 of the closing level of the Reference Index on the Launch

		Date.	Date	Date	Date	Date	e Index on the Launch Date	Date
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\* Non-Base Currency share classes will have a currency hedged exposure to the Reference Index.

\*\*Together "A-acc" Share Class.

Information regarding the Initial Issue Price is available from the Administrator. Details on the Reference Index can be found at [www.mscibarra.com](http://www.mscibarra.com)

### Fees and Expenses

The following fees will be incurred on each Share by Shareholders (and will not be incurred by the Company on behalf the Fund, and accordingly will not affect the Net Asset Value of the relevant Share Class of the Fund).

<b>Share Class</b>	"A-acc"
<b>Subscription Charge*</b>	Up to 5%
<b>Redemption Charge**</b>	Up to 3%
<b>Exchange Charge</b>	Up to 3%
<b>Primary Market Transaction Costs***</b>	Up to 1%

\* The Subscription Charge is deducted from the investment amount received from an investor for subscription for Shares. The Manager may waive all or part of the Subscription Charge in the event that the Shares purchased by a Shareholder correspond at least to the Minimum Subscription Amount/basket or a multiple thereof or for any other reason at the Manager's sole discretion.

\*\* The Redemption Charge is deducted from the redemption proceeds payable to the investor. The Manager may waive all or part of the Redemption Charge in the event that the Shares redeemed by a Shareholder correspond at least to the Minimum Redemption Amount/basket or a multiple thereof or for any other reason at the Manager's sole discretion.

\*\*\*The Manager may waive all or part of the Primary Market Transaction Costs in the event that the Shares subscribed or redeemed by a Shareholder correspond at least to the Minimum Redemption Amount/basket or a multiple thereof or for any other reason at the Manager's sole discretion.

Separate to and distinct from the Subscription Charge, Redemption Charge, Exchange Charge and Primary Market Transaction Costs, which shall be deducted from the investment amount received from an investor or deducted from the redemption proceeds payable to the investor or used to purchase the Shares of the New Class (as appropriate), the following fees and expenses will be incurred by the Company on behalf of the Fund and will affect the Net Asset Value of the relevant Share Class of the Fund:

<b>Share Class</b>	"A-acc"
<b>Flat-Fees</b>	Up to 0.20% per annum

The Promoter shall discharge the fees associated with the establishment and approval of the Fund.

This section headed "**Fees and Expenses**" should be read in conjunction with the sections headed "**Fees and Expenses**" and "**Issue and Repurchase Price/Calculation of Net Asset Value/Valuation of Assets**" in the Prospectus.

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## GENERAL DESCRIPTION OF THE REFERENCE INDEX

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The Reference Index is the MSCI USA Index Net Total Return Index ("**the Reference Index**"). The Reference Index is further described below but only represents an extract of information available and neither the Directors, the Manager, MSCI Inc or such other successor sponsor to the Reference Index (the "**Index Provider**") nor the Investment Manager take any responsibility for the accuracy or completeness of such information.

The Reference Index is a free float adjusted market capitalization index that is designed to measure large and mid cap US equity market performance. The Reference Index is member of the MSCI international equity index series and represents the US equity portion of the global benchmark MSCI ACWI (All Country World Index) Index.

The Reference Index is rebalanced on a semi-annual basis.

The rebalancing frequency of the Reference Index has no impact on the transaction costs associated with the Fund as any rebalancing is not expected to require any higher frequency of position turnover in the Fund than would otherwise be the case were the Reference Index to be static.

The Reference Index is calculated in USD (Dollar).

### *Index Provider and website*

The Reference Index is sponsored by MSCI Inc. More details on the Reference Index, including its underlying components, can be found at [www.msci.com](http://www.msci.com).

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## OTHER INFORMATION

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### **Risk Factors**

Certain risks relating to the Shares are set out under the heading "**Risk Factors**" in the Prospectus. In addition, Shareholders must also note that:

- (a) The sub-funds of the Company are segregated as a matter of Irish law and as such, in Ireland, the assets of one sub-fund will not be available to satisfy the liabilities of another sub-fund. However, it should be noted that the Company is a single legal entity which may operate or have assets held on its behalf or be subject to claims in other jurisdictions which may not necessarily recognise such segregation. There can be no guarantee that the courts of any jurisdiction outside Ireland will respect the limitations on liability as set out above.
- (b) Upon the occurrence of a Disruption Event or an Index Disruption and Adjustment Event (and without limitation to the Directors' personal powers as further described in the Prospectus); (i) adjustments may be made to account for any such event (including adjustment to the Reference Index, the calculation of the Reference Index level and/or changes to the terms of the derivative contracts) which may have a significant impact on the Net Asset Value of the Fund; (ii) the Directors may temporarily suspend the calculation of the Net Asset Value and any subscription, redemption and exchange of Shares and payment of redemption proceeds in accordance with the provisions of the Prospectus under the section "Suspension of Calculation of Net Asset Value"; and/or (iii) the Directors may, in certain circumstances as set out in the Prospectus, terminate the Fund.
- (c) The return payable under the Swaps with a counterparty is subject to the credit risk of the counterparty. In addition, the counterparty will generally act as the calculation agent under the Swaps (the "**Calculation Agent**") and perform those duties agreed in the ISDA Master Agreement and confirmation for the relevant Swaps. Shareholders should note that not only will they be exposed to the credit risk of the counterparty but also potential conflicts of interest in the performance of the function of Calculation Agent by the counterparty. The counterparty will use its

reasonable endeavours to resolve any such conflicts of interest fairly (having regard to its respective obligations and duties) and to ensure that the interests of the Company and the Shareholders are not unfairly prejudiced. The Directors believe that the counterparty will be suitable and competent to act as Calculation Agent. Any valuations provided by the counterparty in its role as Calculation Agent will be verified at least weekly by a party independent of the counterparty as sourced by the Administrator and approved by the Custodian.

- (d) The Fund is highly dynamic and may exhibit above-average potential growth and investment performance, depending on the economic environment. The opportunities for above average growth may in some circumstances lead to extreme positive and negative fluctuations in the Net Asset Value of the Fund.
- (e) The value of investments and the income from them, and therefore the value of and income from the Shares can go down as well as up and an investor may not get back the amount invested. The Fund's exposure is linked to the performance of the components of the Reference Index which, in turn, is exposed to general market movements (negative as well as positive).
- (f) There can be no assurance that the Reference Index will be successful at producing positive returns consistently or at all. The Index Provider makes no representation or warranty, express or implied, that the Reference Index will produce positive returns at any time.
- (g) As at the date hereof there is one Class of Shares issued in respect of the Fund. Additional Classes of Shares may be created at any time without the consent of the then existing Shareholders in accordance with the Central Bank's requirements. Each Class of Shares issued in respect of the Fund will perform differently as a result of differences of currency and fees (as applicable). The Company on behalf of the Fund will enter into Swaps that are designed to generate the cash flows payable in respect of the Shares of the relevant Classes. There is no legal segregation of assets and liabilities between Classes and there is no separate portfolio of assets held for each Class.
- (h) The Company on behalf of the Fund will enter into a separate Derivative Contract in respect of each Class. Each Derivative Contract will be on similar terms except that each Derivative Contract will provide a return in the currency of denomination of each Class of Shares to which it relates.
- (i) The Fund's use of the Reference Index is licensed by the Index Provider. If at any time, the licence is terminated or the Reference Index otherwise becomes unavailable, unreliable, inaccurate or unrepresentative, the Fund Directors may exercise their discretion to terminate the Fund in accordance with the terms of the Memorandum and Articles of Association.
- (j) The Fund is exposed to the investment risk arising from the Reference Index underlying the Swaps. The Fund is therefore exposed to the risks inherent to investments in equity markets.
- (k) Some of the markets in which the Fund may effect derivative transactions are "over-the-counter" or "interdealer" markets, which may be illiquid and are sometimes subject to larger spreads than exchange-traded derivative transactions. The participants in such markets are typically not subject to credit evaluation and regulatory oversight, which would be the case with members of "exchange-based" markets. This exposes the Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a credit or liquidity problem with the counterparty. Delays in settlement may also result from disputes over the terms of the contract (whether or not bona fide) since such markets may lack the established rules and procedures for swift settlement of disputes among market participants found in "exchange-based" markets. These factors may cause the Fund to suffer a loss due to adverse market movements while replacement transactions are executed or otherwise.
- (l) Whilst the Company has the right to use and reference the Reference Index in connection with the Fund in accordance with the terms of the Reference Index license, in the event that the licence is terminated the Fund may be terminated or if any other Index Disruption and Adjustment Event occurs, adjustments may be made to the terms of the Swaps after negotiation with each Approved Counterparty to account for any such event including adjustment to the Reference Index or the calculation of the Reference Index level which may have a significant impact on the Net Asset Value of the Fund.

- (m) Subject to certain pre-defined parameters, it is possible that methodology used to calculate the Reference Index or the formulae underlying the Reference Index could change and such change may result in a decrease in the performance of the Reference Index. As such, aspects of the Reference Index could change in the future, including without limitation, the methodology and third party data sources. Any changes may be made without regard to the interests of a holder of any product linked to the Reference Index. Additionally, the Reference Index was created by the Index Provider, who has the right to permanently cancel the Reference Index at any time. Such cancellation may have a material adverse effect on any linked investments or transactions.

**Investors should also refer to the Prospectus for additional disclosure of risks.**

## **Miscellaneous**

The Company has the following Funds established as at the date of this Supplement.

S&P 500 SF UCITS ETF  
FTSE 100 SF UCITS ETF  
HFRX GLOBAL HEDGE FUND INDEX SF UCITS ETF  
BLOOMBERG COMMODITY INDEX SF UCITS ETF  
CMCI COMPOSITE SF UCITS ETF  
MSCI USA SF UCITS ETF  
MSCI CANADA SF UCITS ETF  
MSCI EMU SF UCITS ETF  
MSCI JAPAN SF UCITS ETF  
MSCI EMERGING MARKETS SF UCITS ETF  
MSCI ACWI RISK WEIGHTED SF UCITS ETF  
MSCI USA GROWTH SF UCITS ETF  
MSCI EMU GROWTH SF UCITS ETF  
MSCI AC ASIA EX JAPAN SF UCITS ETF  
MAP BALANCED 5 SF UCITS ETF  
MAP BALANCED 7 SF UCITS ETF  
JPX-NIKKEI 400 SF UCITS ETF  
MSCI ACWI SF UCITS ETF  
CMCI EX-AGRICULTURE SF UCITS ETF

## **Disclaimers**

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## **MSCI JAPAN SF UCITS ETF**

### **Supplement to the Prospectus**

This Supplement contains information in relation to the **MSCI JAPAN SF UCITS ETF** (the "**Fund**"), a sub-fund of UBS ETFs plc (the "**Company**") an umbrella type open-ended investment company with variable capital, governed by the laws of Ireland and authorised by the Central Bank of Ireland (the "**Central Bank**") of Block D, Iveagh Court, Harcourt Road, Dublin 2, Ireland.

**This Supplement forms part of, and must be read in conjunction with, the Prospectus of the Company dated 12 October 2016, as may be amended, supplemented or modified from time to time, (the "Prospectus") and may not be distributed unless accompanied by the Prospectus (other than to prior recipients of the Prospectus).**

**THIS DOCUMENT IS IMPORTANT. BEFORE YOU PURCHASE ANY OF THE SHARES REPRESENTING INTERESTS IN THE FUND DESCRIBED IN THIS SUPPLEMENT YOU SHOULD ENSURE THAT YOU FULLY UNDERSTAND THE NATURE OF SUCH AN INVESTMENT, THE RISKS INVOLVED AND YOUR OWN PERSONAL CIRCUMSTANCES. IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS SUPPLEMENT YOU SHOULD TAKE ADVICE FROM AN APPROPRIATELY QUALIFIED ADVISOR.**

**Capitalised terms used in this Supplement will have the meanings given to them in the Definitions section below or in the Prospectus.**

**In addition to investing in equities and equity related securities, transferable securities and other eligible assets, it is the intention of the Company to invest on behalf of the Fund in financial derivative instruments ("FDIs") for investment and efficient portfolio management purposes, where applicable.**

**Certain risks attached to investments in FDIs are set out in the Prospectus under the section headed "Risk Factors".**

**You should inform yourself as to (a) the possible tax consequences, (b) the legal and regulatory requirements, (c) any foreign exchange restrictions or exchange control requirements and (d) any other requisite governmental or other consents or formalities which you might encounter under the laws of the country of your citizenship, residence or domicile and which might be relevant to your purchase, holding or disposal of the Shares.**

## **UBS ETFs plc**

An umbrella fund with segregated liability between the sub-funds

**Dated 12 October 2016**

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## **IMPORTANT INFORMATION**

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### **Suitability of Investment**

**The Shares are not principal protected. The value of the Shares may go up or down and you may not get back the amount you have invested. See the section headed "Risk Factors" of the Prospectus and the section headed "Other Information – Risk Factors" of this Supplement for a discussion of certain risks that should be considered by you.**

An investment in the Shares is only suitable for you if you (either alone or with the help of an appropriate financial or other advisor) are able to assess the merits and risks of such an investment and have sufficient resources to be able to bear any losses that may result from such an investment. The contents of this document are not intended to contain and should not be regarded as containing advice relating to legal, taxation, investment or any other matters.

### **Profile of a Typical Investor**

The Fund is suitable for investors seeking capital appreciation and who are prepared to accept a high level of volatility. Investment in the Fund should be viewed as a medium to long term investment.

### **Responsibility**

The Directors (whose names appear under the heading "**Directors of the Company**" of the Prospectus) accept responsibility for the information contained in the Prospectus and this Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement when read together with the Prospectus (as complemented, modified or supplemented by this Supplement) is in accordance with the facts as at the date of this Supplement and does not omit anything likely to affect the import of such information.

### **General**

This Supplement sets out information in relation to the Shares and the Fund. You must also refer to the Prospectus which is separate to this document and describes the Company and provides general information about offers of shares in the Company. You should not take any action in respect of the Shares unless you have received a copy of the Prospectus. Should there be any inconsistency between the contents of the Prospectus and this Supplement, the contents of this Supplement will, to the extent of any such inconsistency, prevail. This Supplement and the Prospectus should both be carefully read in their entirety before any investment decision with respect to Shares is made.

As of the date of this Supplement, the Company does not have any loan capital (including term loans) outstanding or created but unissued and no outstanding mortgages, charges or other borrowings or indebtedness in the nature of borrowings, including bank overdrafts and liabilities under acceptances or acceptance credits, hire purchase or finance lease commitments, guarantees or other contingent liabilities.

### **Distribution of this Supplement and Selling Restrictions**

Distribution of this Supplement is not authorised unless accompanied by a copy of the Prospectus and the latest annual report and audited accounts of the Company and the Fund (other than to prior recipients of the Prospectus) and if published after such report, a copy of the then latest semi annual report and unaudited accounts. The distribution of this Supplement and the offering or purchase of the Shares may be restricted in certain jurisdictions. If you receive a copy of this Supplement and/or the Prospectus you may not treat such document(s) as constituting an offer, invitation or solicitation to you to subscribe for any Shares unless, in the relevant jurisdiction, such an offer, invitation or solicitation could lawfully be made to you without compliance with any registration or other legal requirement other than those with which the Company has already complied. If you wish to apply for the opportunity to purchase any Shares it is your duty to inform yourself of, and to observe, all applicable laws and regulations of any relevant jurisdiction. In particular, you should inform yourself as to the legal requirements of so applying, and any applicable exchange control regulations and taxes in the countries of your respective citizenship, residence or domicile.

## Definitions

Words and expressions defined in the Prospectus will, unless otherwise defined in this Supplement, have the same meaning when used in this Supplement.

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## **TERMS OF THE SHARES REPRESENTING INTERESTS IN THE FUND**

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### **Investment Objective**

The investment objective of the Fund is to deliver the net total return of the Reference Index (being MSCI Japan Index Net Total Return).

The Fund will return the Reference Index performance less fees and expenses on each Dealing Day.

### **Investment Policy**

In order to achieve the investment objective, the Company on behalf of the Fund intends to invest all or substantially all of the net proceeds of any issue of Shares in the manner set out below:

- a) swaps (each swap being an agreement between the Company on behalf of the Fund and an Approved Counterparty pursuant to a master agreement in accordance with the requirements of the International Swaps and Derivatives Association), and such swaps may include funded, unfunded or total return (as further described below under "**Use of Derivative Contracts – Swaps**") (the "**Swaps**"). The purpose of the Swaps shall be to gain indirect exposure to the Reference Index (as described in further detail under the heading "**Use of Derivative Contracts – Swaps**" below); and
- b) a portfolio of transferable securities or other eligible assets. These may include (without limitation) equity and equity-related securities; fixed income securities such as government and corporate bonds (such bonds may be rated or unrated), money market instruments, floating rate instruments, convertible securities and commercial paper; and/or units of other open-ended collective investment schemes including other Funds of the Company. Any of the foregoing may be issued or arranged by a member of the UBS AG Group. Where the Fund invests in such securities and/or other eligible assets, the Fund will enter into an unfunded or total return swap to exchange, the price performance and income received in relation to such securities and/or other eligible assets for the performance of the Reference Index. In this instance, the Fund will have neither market nor credit exposure to the particular securities and other eligible assets referred to above, except in the event of a default on the part of the Approved Counterparty to the Swaps.

The equities, equity-related securities, Swaps, other eligible assets listed at (ii) above, any ancillary cash and any instruments held by the Fund (either for investment or efficient portfolio management purposes) shall constitute the "**Fund Assets**" for the purposes of the Prospectus. To the extent that the Fund invests some of the net proceeds of any issue of Shares in the manner set out in (ii) above, the Fund shall invest no more than 15% in the fixed income securities mentioned in (ii) above. All instruments shall be listed and/or traded on the exchanges and markets set out in Appendix II of the Prospectus.

The Fund may, with due regard to the best interest of its Shareholders, decide from time to time to switch partially or totally from one of the above described policies to the other.

Further information relevant to the Fund's investment policy is contained in the main part of the Prospectus under "**Investment Objectives and Policies**" and under "**Investment Restrictions**".

### **Index Tracking Strategy**

The Fund gains exposure to the Reference Index by investing in one or more Swaps. It is not intended that the Fund will invest directly in the components of the Reference Index in order to meet the Fund's investment objective. The Fund (and the investors in the Fund) will be exposed to the full performance of the Reference Index.

The Fund may have counterparty risk as a result of the investment in the swaps – further information is provided in the section below headed "Use of Derivative Contracts – Swaps" and in section 6 "Risk Factors" of the Prospectus.

The anticipated level of tracking error after fees and transaction costs is up to 0.02% per annum in normal market conditions.

The annual report of the Fund, which can be found on the Website, will include the following information:

- a. The size of the realised tracking error for the year, being the volatility of the difference between the return of the Fund and the return of the Reference Index;
- b. An explanation for the divergence between the anticipated and realised tracking error for the year;
- c. The size of the annual tracking distance for the year, being the difference between the performance of the Fund and the Reference Index; and
- d. An explanation for the annual tracking difference, including the impact of transaction costs, fees and expenses on the performance of the Fund.

### **Portfolio Transparency Policy**

The Fund's transparency policy regarding the composition of its portfolio, and any collateral received in relation to the Swaps, is to provide position level disclosure on a daily basis. The information is published on the Website.

The assets in which the Fund will invest in order to achieve its investment objective are set out in the "Investment Policy" section above. Details on the composition of the Fund Assets will be set out on the Website.

### **Use of Derivative Contracts – Swaps**

The Fund may enter into Swaps with a member of the UBS AG Group or any other eligible entity (being the "**Approved Counterparty**") pursuant to which the Fund will be entitled to receive from the Approved Counterparty the performance of the components of the Reference Index in exchange for the payment to the Approved Counterparty of (i) where the swap is funded, some or all of the net proceeds of any issue of Shares; (ii) where the swap is unfunded, payments linked to the return on some or all of the equities and other eligible assets held by the Fund as listed at (ii) above; and (iii) where the swap is a total return swap, payments will be based upon a set rate agreed between the parties in exchange for the return on some or all of the equities and other eligible assets held by the Fund as listed at (ii) above.

The Approved Counterparty to the Swaps and the Company on behalf of the Fund have entered into a 2002 International Swaps and Derivatives Association Master Agreement (including any supporting agreements, annexes or schedules thereto) (the "**ISDA Master Agreement**"), and will enter into confirmations for each Swap transaction. Such confirmations may be entered into before or after the relevant transaction and may be in electronic form.

The Swaps will at all times be valued in accordance with the provisions of the Prospectus. The valuation of the Swaps will reflect the relative movements in the performance of the Reference Index and the Fund's holding of transferable securities and/or other Fund Assets as may be referenced under the Swaps. Depending on the value of the Swaps, the Fund will have to make a payment to the Approved Counterparty or will receive such a payment. Where the Fund has to make a payment to the Approved Counterparty, this payment will be made from the proceeds and, as the case may be, the disposal of some or all of the transferable securities and/or other Fund Assets in which the Fund has invested.

As set out in Section 5 of the Prospectus, the Company will ensure that the counterparty risk exposure under the Swaps never exceeds the limits required by the Regulations and the Central Bank. Accordingly, the Company will reduce such counterparty exposure by causing the Approved Counterparty, where necessary, to provide appropriate Collateral to the Company on behalf of the relevant Fund (or as otherwise permitted by the Central Bank) under the terms of ISDA Master Agreement, in accordance with the Investment Restrictions. Alternatively, the Company may reduce its risk exposure to the Approved Counterparty by causing the Approved Counterparty to reset the Swaps or vice versa. This may result in a corresponding payment from the Fund to the Approved Counterparty.

The Swaps may be terminated by either party at any time or on the occurrence of certain events with respect to either the Fund or the Approved Counterparty including, but not limited to, an event of default (such as a failure to pay, breach of agreement or bankruptcy) or a termination event (which is not due to the fault of either party, for example, illegality or a change in the tax or accounting laws), in which case the non-defaulting party or the unaffected party respectively is entitled to calculate the close-out value of the Swaps and it will do so in line with the industry standard requirements set out in the ISDA Master Agreement. The Fund may then enter into new Swaps (unless the Directors resolve that it is inadvisable to do so) or, if the Directors determine that there is no reasonable way to achieve the investment objective, the Fund may be terminated in accordance with the provisions of the Prospectus.

### **Securities Lending and Repurchase Transactions**

The Company may (for the purposes of efficient portfolio management only) enter into stock lending arrangements and/or Repurchase Transactions with financial institutions (including with a member of the UBS AG Group as the stock borrower or counterparty to the Repurchase Transaction) with a minimum credit rating at the time the relevant transaction as permitted by the Regulations, or which are deemed by the Fund to have an implied credit rating at least equal to such level (a "**Counterparty**"). Any such stock lending arrangement and Repurchase Transaction will be subject to the conditions, limits and requirements of the Central Bank and the provisions of the Prospectus. In these transactions, Collateral will move between the Company and the relevant Counterparty in order to mitigate any counterparty risk.

Investors should also note the information contained in the "Securities Lending and Repurchase Transactions" and "Collateral Policy" sections in the main body of the Prospectus.

**The Company on behalf of the Fund has filed with the Central Bank its risk management policy which enables it to accurately measure, monitor and manage the various risks associated with the use of Financial Derivative Instruments. The Company will, on request, provide supplementary information to Shareholders relating to the risk management methods employed, including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments.**

**The Company will use the commitment approach for the purposes of calculating global exposure for the Fund. The Fund's total exposure to the Reference Index will be limited to 100% of Net Asset Value.**

### **Efficient Portfolio Management**

The Company may also (for the purposes of efficient portfolio and cash management and not for investment purposes), invest in cash deposits, money market instruments, OTC options and units of UCITS regulated money market collective investment schemes.

Further information on efficient portfolio management is contained in the main body of the prospectus under the heading "Use of Financial Derivative Instruments and Efficient Portfolio Management".

### **Investment Restrictions**

Investors in particular must note that the general investment restrictions set out under "**Investment Restrictions**" in the Prospectus apply to the Fund. In addition the following investment restrictions shall apply to the Fund:

The Fund shall not invest in a fund of the Company which itself holds shares in any other fund of the Company.

### **Disruption Events**

The following Disruption Events shall apply to the Fund in addition to those set out in the Prospectus:

- (i) the Index Provider makes an adjustment or modification to the calculation of the Reference Index;
- (ii) the Approved Counterparty is:
  - (a) prevented, hindered or impaired from conducting one or more of its activity/activities in a commercially reasonable manner in connection with the establishment, maintenance, adjustment or termination of any transaction(s) in order to fully hedge its exposure in respect of the Reference Index; and/or

- (b) prevented, hindered or impaired from performing one or more of its obligation(s) in a commercially reasonable manner,

under the terms of the relevant Swaps, with the consequence that the Approved Counterparty or the Calculation Agent (as applicable) elects to:

- I. adjust the terms of the Swaps; and/or
  - II. delay payment to the Fund under the terms of the Swaps; and/or
  - III. terminate the Swaps;
- (iii) the Index Provider fails or delays in calculating, announcing and/or publishing the Reference Index level.

### **Consequences of Disruption Events**

As further described in the Prospectus and as set out above, upon the occurrence of a Disruption Event including an Index Disruption and Adjustment Event (and without limitation to the Directors' personal powers), (i) the Approved Counterparty (where acting as the relevant Calculation Agent or otherwise) may either (a) terminate one or more of the relevant Swaps or (b) make adjustments to the terms or valuation of the relevant Swaps and other Derivative Contracts to account for such event and the Net Asset Value may be affected by such adjustment; (ii) the Directors may temporarily suspend the calculation of the Net Asset Value and any subscription, redemption and exchange of Shares; and/or (iii) the Directors may, in certain circumstances, terminate the Fund.

### **Borrowings**

In accordance with the general provisions set out in the Prospectus under the heading "**Borrowing and Lending Powers**", the Company on behalf of the Fund may borrow up to 10% of the Net Asset Value of the Fund on a temporary basis. Such borrowings may only be used for short term liquidity purposes to cover the redemption of Shares.

### **Dividend Policy**

The Fund does not intend to issue dividends. However, the Directors may, in their absolute discretion, determine to declare dividends in respect of any Share Class and Shareholders will be notified accordingly. Any dividends payable by the Fund will be effected in accordance with the Dividend Policy stated in the Prospectus.

The dividend payments may be as low as zero. There is no guarantee that any dividend will be declared. For the avoidance of doubt, the payment of a dividend (if any) will reduce the Net Asset Value of the relevant Share Class accordingly.

### **Limited Recourse**

A Shareholder will solely be entitled to look to the Fund Assets in respect of all payments in respect of its Shares. If the realised net assets of the Fund are insufficient to pay any amounts payable in respect of the Shares, the Shareholder will have no further right of payment in respect of such Shares nor any claim against or recourse to any of the assets of any other Fund or any other asset of the Company.

### **Listing**

Application will be made to such exchanges as the Directors may determine from time to time (the "**Relevant Stock Exchanges**") for the listing of the Shares issued and available to be issued and to be admitted to listing on the official list and trading on each of the Relevant Stock Exchanges on or about the Launch Date. This Supplement and the Prospectus together comprise listing particulars for the purposes of listing the Shares on the official list and trading on the main market of each of the Relevant Stock Exchanges.

### **Exchange Traded Fund**

The Fund is an Exchange Traded Fund ("**ETF**"). The Shares of this Fund (where they are listed on the Relevant Stock Exchanges) are fully transferable among investors. It is envisaged that Shares will be bought and sold by public and institutional investors in the secondary market in the same way as the ordinary shares of a listed trading company.

The Directors of the Company may create new Share Classes from time to time, provided that the creation of any such new Share Classes is notified in advance to and cleared by the Central Bank. A separate pool of assets will not be maintained for each of the Share Classes.

### General Information Relating to the Fund

<b>Type</b>	Open-ended
<b>Base Currency</b>	Japanese Yen ("JPY")
<b>Business Day</b>	A day (other than a Saturday or Sunday) on which (i) banks are open for business in Dublin and Tokyo; (ii) the Reference Index is calculated by the Index Provider or such other day or days as the Directors may from time to time determine and notify in advance to Shareholders. For the avoidance of doubt, there shall be at least two Dealing Days per month at regular intervals.
<b>Dealing Day</b>	Any Business Day.
<b>Dealing Deadline</b>	2.00 p.m. (Dublin time) 1 Business Day prior to the Dealing Day.
<b>Launch Date</b>	The Fund launched on 23 March 2011.
<b>Minimum Fund Size</b>	USD 100 million or its equivalent in Base currency
<b>Valuation Point</b>	10:30 pm (Dublin time) on the relevant Dealing Day.
<b>Settlement Date</b>	Up to three Business Days after the relevant Dealing Day.
<b>Minimum Holding</b>	1 Share
<b>Minimum Subscription Amount</b>	10,000,000 JPY or its equivalent in another currency or such amount as may be determined by the Directors. Investors will be notified of any change to the Minimum Subscription Amount/basket size.
<b>Minimum Redemption Amount</b>	10,000,000 JPY or its equivalent in another currency or such amount as may be determined by the Directors. Investors will be notified of any change to the Minimum Redemption Amount/basket size.
<b>Website</b>	<a href="http://www.ubs.com/etf">www.ubs.com/etf</a> - information on Fund Assets and the Fund's iNAV is set out on the Website.

### Description of the Shares

#### Share Classes

<b>Share Class</b>	*(JPY) A-acc"
<b>Initial Issue</b>	N/A

\*Together "A-acc" Share Class.

Information regarding the Initial Issue Price is available from the Administrator. Details on the Reference Index can be found at [www.msibarra.com](http://www.msibarra.com)

### Fees and Expenses

The following fees will be incurred on each Share by Shareholders (and will not be incurred by the Company on behalf the Fund, and accordingly will not affect the Net Asset Value of the relevant Share Class of the Fund).

<b>Share Class</b>	"A-acc"
<b>Subscription Charge*</b>	Up to 5%
<b>Redemption Charge**</b>	Up to 3%
<b>Exchange Charge</b>	Up to 3%
<b>Primary Market Transaction Costs***</b>	Up to 1%

\* The Subscription Charge is deducted from the investment amount received from an investor for subscription for Shares. The Manager may waive all or part of the Subscription Charge in the event that the Shares purchased by a Shareholder correspond at least to the Minimum Subscription Amount/basket or a multiple thereof or for any other reason at the Manager's sole discretion.

\*\* The Redemption Charge is deducted from the redemption proceeds payable to the investor. The Manager may waive all or part of the Redemption Charge in the event that the Shares redeemed by a Shareholder correspond at least to the Minimum Redemption Amount/basket or a multiple thereof or for any other reason at the Manager's sole discretion.

\*\*\*The Manager may waive all or part of the Primary Market Transaction Costs in the event that the Shares subscribed or redeemed by a Shareholder correspond at least to the Minimum Redemption Amount/basket or a multiple thereof or for any other reason at the Manager's sole discretion.

Separate to and distinct from the Subscription Charge, Redemption Charge, Exchange Charge and Primary Market Transaction Costs, which shall be deducted from the investment amount received from an investor or deducted from the redemption proceeds payable to the investor or used to purchase the Shares of the New Class (as appropriate), the following fees and expenses will be incurred by the Company on behalf of the Fund and will affect the Net Asset Value of the relevant Share Class of the Fund:

<b>Share Class</b>	"A-acc"
<b>Flat-Fees</b>	Up to 0.32% per annum

The Promoter shall discharge the fees associated with the establishment and approval of the Fund.

This section headed "**Fees and Expenses**" should be read in conjunction with the sections headed "**Fees and Expenses**" and "**Issue and Repurchase Price/Calculation of Net Asset Value/Valuation of Assets**" in the Prospectus.

### **GENERAL DESCRIPTION OF THE REFERENCE INDEX**

The Reference Index is the MSCI Japan Index Net Total Return Index ("**the Reference Index**"). The Reference Index is further described below but only represents an extract of information available and neither the Directors, the Manager, MSCI Inc or such other successor sponsor to the Reference Index (the "**Index Provider**") nor the Investment Manager take any responsibility for the accuracy or completeness of such information.

The Reference Index is a free float adjusted market capitalization index that is designed to measure large and mid cap Japanese equity market performance. The Reference Index is a member of the MSCI international equity index series and represents the Japanese equity portion of the global benchmark MSCI ACWI (All Country World Index) Index.

The Reference Index is rebalanced on a semi-annual basis.

The rebalancing frequency of the Reference Index has no impact on the transaction costs associated with the Fund as any rebalancing is not expected to require any higher frequency of position turnover in the Fund than would otherwise be the case were the Reference Index to be static.

The Reference Index is calculated in JPY (Japanese Yen).

*Index Provider and website*

The Reference Index is sponsored by MSCI Inc. More details on the Reference Index, including its underlying components, can be found at [www.msci.com](http://www.msci.com).

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## OTHER INFORMATION

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### Risk Factors

Certain risks relating to the Shares are set out under the heading "**Risk Factors**" in the Prospectus. In addition, Shareholders must also note that:

- (a) The sub-funds of the Company are segregated as a matter of Irish law and as such, in Ireland, the assets of one sub-fund will not be available to satisfy the liabilities of another sub-fund. However, it should be noted that the Company is a single legal entity which may operate or have assets held on its behalf or be subject to claims in other jurisdictions which may not necessarily recognise such segregation. There can be no guarantee that the courts of any jurisdiction outside Ireland will respect the limitations on liability as set out above.
- (b) Upon the occurrence of a Disruption Event or an Index Disruption and Adjustment Event (and without limitation to the Directors' personal powers as further described in the Prospectus); (i) adjustments may be made to account for any such event (including adjustment to the Reference Index, the calculation of the Reference Index level and/or changes to the terms of the derivative contracts) which may have a significant impact on the Net Asset Value of the Fund; (ii) the Directors may temporarily suspend the calculation of the Net Asset Value and any subscription, redemption and exchange of Shares and payment of redemption proceeds in accordance with the provisions of the Prospectus under the section "Suspension of Calculation of Net Asset Value"; and/or (iii) the Directors may, in certain circumstances as set out in the Prospectus, terminate the Fund.
- (c) The return payable under the Swaps with a counterparty is subject to the credit risk of the counterparty. In addition, the counterparty will generally act as the calculation agent under the Swaps (the "**Calculation Agent**") and perform those duties agreed in the ISDA Master Agreement and confirmation for the relevant Swaps. Shareholders should note that not only will they be exposed to the credit risk of the counterparty but also potential conflicts of interest in the performance of the function of Calculation Agent by the counterparty. The counterparty will use its reasonable endeavours to resolve any such conflicts of interest fairly (having regard to its respective obligations and duties) and to ensure that the interests of the Company and the Shareholders are not unfairly prejudiced. The Directors believe that the counterparty will be suitable and competent to act as Calculation Agent. Any valuations provided by the counterparty in its role as Calculation Agent will be verified at least weekly by a party independent of the counterparty as sourced by the Administrator and approved by the Custodian.
- (d) The Fund is highly dynamic and may exhibit above-average potential growth and investment performance, depending on the economic environment. The opportunities for above average growth may in some circumstances lead to extreme positive and negative fluctuations in the Net Asset Value of the Fund.

- (e) The value of investments and the income from them, and therefore the value of and income from the Shares can go down as well as up and an investor may not get back the amount invested. The Fund's exposure is linked to the performance of the components of the Reference Index which, in turn, is exposed to general market movements (negative as well as positive).
- (f) There can be no assurance that the Reference Index will be successful at producing positive returns consistently or at all. The Index Provider makes no representation or warranty, express or implied, that the Reference Index will produce positive returns at any time.
- (g) As at the date hereof there is one Class of Shares issued in respect of the Fund. Additional Classes of Shares may be created at any time without the consent of the then existing Shareholders in accordance with the Central Bank's requirements. Each Class of Shares issued in respect of the Fund will perform differently as a result of differences of currency and fees (as applicable). The Company on behalf of the Fund will enter into Swaps that are designed to generate the cash flows payable in respect of the Shares of the relevant Classes. There is no legal segregation of assets and liabilities between Classes and there is no separate portfolio of assets held for each Class.
- (h) The Company on behalf of the Fund will enter into a separate Derivative Contract in respect of each Class. Each Derivative Contract will be on similar terms except that each Derivative Contract will provide a return in the currency of denomination of each Class of Shares to which it relates.
- (i) The Fund's use of the Reference Index is licensed by the Index Provider. If at any time, the licence is terminated or the Reference Index otherwise becomes unavailable, unreliable, inaccurate or unrepresentative, the Fund Directors may exercise their discretion to terminate the Fund in accordance with the terms of the Memorandum and Articles of Association.
- (j) The Fund is exposed to the investment risk arising from the Reference Index underlying the Swaps. The Fund is therefore exposed to the risks inherent to investments in equity markets.
- (k) Some of the markets in which the Fund may effect derivative transactions are "over-the-counter" or "interdealer" markets, which may be illiquid and are sometimes subject to larger spreads than exchange-traded derivative transactions. The participants in such markets are typically not subject to credit evaluation and regulatory oversight, which would be the case with members of "exchange-based" markets. This exposes the Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a credit or liquidity problem with the counterparty. Delays in settlement may also result from disputes over the terms of the contract (whether or not bona fide) since such markets may lack the established rules and procedures for swift settlement of disputes among market participants found in "exchange-based" markets. These factors may cause the Fund to suffer a loss due to adverse market movements while replacement transactions are executed or otherwise.
- (l) Whilst the Company has the right to use and reference the Reference Index in connection with the Fund in accordance with the terms of the Reference Index license, in the event that the licence is terminated the Fund may be terminated or if any other Index Disruption and Adjustment Event occurs, adjustments may be made to the terms of the Swaps after negotiation with each Approved Counterparty to account for any such event including adjustment to the Reference Index or the calculation of the Reference Index level which may have a significant impact on the Net Asset Value of the Fund.
- (m) Subject to certain pre-defined parameters, it is possible that methodology used to calculate the Reference Index or the formulae underlying the Reference Index could change and such change may result in a decrease in the performance of the Reference Index. As such, aspects of the Reference Index could change in the future, including without limitation, the methodology and third party data sources. Any changes may be made without regard to the interests of a holder of any product linked to the Reference Index. Additionally, the Reference Index was created by the Index Provider, who has the right to permanently cancel the Reference Index at any time. Such cancellation may have a material adverse effect on any linked investments or transactions.

**Investors should also refer to the Prospectus for additional disclosure of risks.**

## **Miscellaneous**

The Company has the following Funds established as at the date of this Supplement.

S&P 500 SF UCITS ETF  
FTSE 100 SF UCITS ETF  
HFRX GLOBAL HEDGE FUND INDEX SF UCITS ETF  
BLOOMBERG COMMODITY INDEX SF UCITS ETF  
CMCI COMPOSITE SF UCITS ETF  
MSCI USA SF UCITS ETF  
MSCI CANADA SF UCITS ETF  
MSCI EMU SF UCITS ETF  
MSCI JAPAN SF UCITS ETF  
MSCI EMERGING MARKETS SF UCITS ETF  
MSCI ACWI RISK WEIGHTED SF UCITS ETF  
MSCI USA GROWTH SF UCITS ETF  
MSCI EMU GROWTH SF UCITS ETF  
MSCI AC ASIA EX JAPAN SF UCITS ETF  
MAP BALANCED 5 SF UCITS ETF  
MAP BALANCED 7 SF UCITS ETF  
JPX-NIKKEI 400 SF UCITS ETF  
MSCI ACWI SF UCITS ETF  
CMCI EX-AGRICULTURE SF UCITS ETF

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## **MSCI CANADA SF UCITS ETF**

### **Supplement to the Prospectus**

This Supplement contains information in relation to the **MSCI CANADA SF UCITS ETF** (the "**Fund**"), a sub-fund of UBS ETFs plc (the "**Company**") an umbrella type open-ended investment company with variable capital, governed by the laws of Ireland and authorised by the Central Bank of Ireland (the "**Central Bank**") of Block D, Iveagh Court, Harcourt Road, Dublin 2, Ireland.

**This Supplement forms part of, and must be read in conjunction with, the Prospectus of the Company dated 12 October 2016, as may be amended, supplemented or modified from time to time, (the "Prospectus") and may not be distributed unless accompanied by the Prospectus (other than to prior recipients of the Prospectus).**

**THIS DOCUMENT IS IMPORTANT. BEFORE YOU PURCHASE ANY OF THE SHARES REPRESENTING INTERESTS IN THE FUND DESCRIBED IN THIS SUPPLEMENT YOU SHOULD ENSURE THAT YOU FULLY UNDERSTAND THE NATURE OF SUCH AN INVESTMENT, THE RISKS INVOLVED AND YOUR OWN PERSONAL CIRCUMSTANCES. IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS SUPPLEMENT YOU SHOULD TAKE ADVICE FROM AN APPROPRIATELY QUALIFIED ADVISOR.**

**Capitalised terms used in this Supplement will have the meanings given to them in the Definitions section below or in the Prospectus.**

**In addition to investing in equities and equity related securities, transferable securities and other eligible assets, it is the intention of the Company to invest on behalf of the Fund in financial derivative instruments ("FDIs") for investment and efficient portfolio management purposes, where applicable.**

**Certain risks attached to investments in FDIs are set out in the Prospectus under the section headed "Risk Factors".**

**You should inform yourself as to (a) the possible tax consequences, (b) the legal and regulatory requirements, (c) any foreign exchange restrictions or exchange control requirements and (d) any other requisite governmental or other consents or formalities which you might encounter under the laws of the country of your citizenship, residence or domicile and which might be relevant to your purchase, holding or disposal of the Shares.**

### **UBS ETFs plc**

An umbrella fund with segregated liability between the sub-funds

**Dated 12 October 2016**

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## **IMPORTANT INFORMATION**

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### **Suitability of Investment**

**The Shares are not principal protected. The value of the Shares may go up or down and you may not get back the amount you have invested. See the section headed "Risk Factors" of the Prospectus and the section headed "Other Information – Risk Factors" of this Supplement for a discussion of certain risks that should be considered by you.**

An investment in the Shares is only suitable for you if you (either alone or with the help of an appropriate financial or other advisor) are able to assess the merits and risks of such an investment and have sufficient resources to be able to bear any losses that may result from such an investment. The contents of this document are not intended to contain and should not be regarded as containing advice relating to legal, taxation, investment or any other matters.

### **Profile of a Typical Investor**

The Fund is suitable for investors seeking capital appreciation and who are prepared to accept a high level of volatility. Investment in the Fund should be viewed as a medium to long term investment.

### **Responsibility**

The Directors (whose names appear under the heading "**Directors of the Company**" of the Prospectus) accept responsibility for the information contained in the Prospectus and this Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement when read together with the Prospectus (as complemented, modified or supplemented by this Supplement) is in accordance with the facts as at the date of this Supplement and does not omit anything likely to affect the import of such information.

### **General**

This Supplement sets out information in relation to the Shares and the Fund. You must also refer to the Prospectus which is separate to this document and describes the Company and provides general information about offers of shares in the Company. You should not take any action in respect of the Shares unless you have received a copy of the Prospectus. Should there be any inconsistency between the contents of the Prospectus and this Supplement, the contents of this Supplement will, to the extent of any such inconsistency, prevail. This Supplement and the Prospectus should both be carefully read in their entirety before any investment decision with respect to Shares is made.

As of the date of this Supplement, the Company does not have any loan capital (including term loans) outstanding or created but unissued and no outstanding mortgages, charges or other borrowings or indebtedness in the nature of borrowings, including bank overdrafts and liabilities under acceptances or acceptance credits, hire purchase or finance lease commitments, guarantees or other contingent liabilities.

### **Distribution of this Supplement and Selling Restrictions**

Distribution of this Supplement is not authorised unless accompanied by a copy of the Prospectus and the latest annual report and audited accounts of the Company and the Fund (other than to prior recipients of the Prospectus) and if published after such report, a copy of the then latest semi annual report and unaudited accounts. The distribution of this Supplement and the offering or purchase of the Shares may be restricted in certain jurisdictions. If you receive a copy of this Supplement and/or the Prospectus you may not treat such document(s) as constituting an offer, invitation or solicitation to you to subscribe for any Shares unless, in the relevant jurisdiction, such an offer, invitation or solicitation could lawfully be made to you without compliance with any registration or other legal requirement other than those with which the Company has already complied. If you wish to apply for the opportunity to purchase any Shares it is your duty to inform yourself of, and to observe, all applicable laws and regulations of any relevant jurisdiction. In particular, you should inform yourself as to the legal requirements of so applying, and any applicable exchange control regulations and taxes in the countries of your respective citizenship, residence or domicile.

## Definitions

Words and expressions defined in the Prospectus will, unless otherwise defined in this Supplement, have the same meaning when used in this Supplement.

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## **TERMS OF THE SHARES REPRESENTING INTERESTS IN THE FUND**

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### **Investment Objective**

The investment objective of the Fund is to deliver the net total return of the Reference Index (being MSCI Canada Index Net Total Return).

The Fund will return the Reference Index performance less fees and expenses on each Dealing Day.

### **Investment Policy**

In order to achieve the investment objective, the Company on behalf of the Fund intends to invest all or substantially all of the net proceeds of any issue of Shares in the manner set out below:

- (i) swaps (each swap being an agreement between the Company on behalf of the Fund and an Approved Counterparty pursuant to a master agreement in accordance with the requirements of the International Swaps and Derivatives Association), and such swaps may include funded, unfunded or total return (as further described below under "**Use of Derivative Contracts – Swaps**") (the "**Swaps**"). The purpose of the Swaps shall be to gain indirect exposure to the Reference Index (as described in further detail under the heading "**Use of Derivative Contracts – Swaps**" below); and
- (ii) a portfolio of transferable securities or other eligible assets. These may include (without limitation) equity and equity-related securities; fixed income securities such as government and corporate bonds (such bonds may be rated or unrated), money market instruments, floating rate instruments, convertible securities and commercial paper; and/or units of other open-ended collective investment schemes including other Funds of the Company. Any of the foregoing may be issued or arranged by a member of the UBS AG Group. Where the Fund invests in such securities and/or other eligible assets, the Fund will enter into an unfunded or total return swap to exchange, the price performance and income received in relation to such securities and/or other eligible assets for the performance of the Reference Index. In this instance, the Fund will have neither market nor credit exposure to the particular securities and other eligible assets referred to above, except in the event of a default on the part of the Approved Counterparty to the Swaps.

The equities, equity-related securities, Swaps, other eligible assets listed at (ii) above, any ancillary cash and any instruments held by the Fund (either for investment or efficient portfolio management purposes) shall constitute the "**Fund Assets**" for the purposes of the Prospectus. To the extent that the Fund invests some of the net proceeds of any issue of Shares in the manner set out in (ii) above, the Fund shall invest no more than 15% in the fixed income securities mentioned in (ii) above. All instruments shall be listed and/or traded on the exchanges and markets set out in Appendix II of the Prospectus.

The Fund may, with due regard to the best interest of its Shareholders, decide from time to time to switch partially or totally from one of the above described policies to the other.

Further information relevant to the Fund's investment policy is contained in the main part of the Prospectus under "**Investment Objectives and Policies**" and under "**Investment Restrictions**".

### **Index Tracking Strategy**

The Fund gains exposure to the Reference Index by investing in one or more Swaps. It is not intended that the Fund will invest directly in the components of the Reference Index in order to meet the Fund's investment objective. The Fund (and the investors in the Fund) will be exposed to the full performance of the Reference Index.

The Fund may have counterparty risk as a result of the investment in the swaps – further information is provided in the section below headed "Use of Derivative Contracts – Swaps" and in section 6 "Risk Factors" of the Prospectus.

The anticipated level of tracking error after fees and transaction costs is 0% per annum in normal market conditions.

The annual report of the Fund, which can be found on the Website, will include the following information:

- a. The size of the realised tracking error for the year, being the volatility of the difference between the return of the Fund and the return of the Reference Index;
- b. An explanation for the divergence between the anticipated and realised tracking error for the year;
- c. The size of the annual tracking distance for the year, being the difference between the performance of the Fund and the Reference Index; and
- d. An explanation for the annual tracking difference, including the impact of transaction costs, fees and expenses on the performance of the Fund.

### **Portfolio Transparency Policy**

The Fund's transparency policy regarding the composition of its portfolio, and any collateral received in relation to the Swaps, is to provide position level disclosure on a daily basis. The information is published on the Website.

The assets in which the Fund will invest in order to achieve its investment objective are set out in the "Investment Policy" section above. Details on the composition of the Fund Assets will be set out on the Website.

### **Use of Derivative Contracts – Swaps**

The Fund may enter into Swaps with a member of the UBS AG Group or any other eligible entity (being the "**Approved Counterparty**") pursuant to which the Fund will be entitled to receive from the Approved Counterparty the performance of the components of the Reference Index in exchange for the payment to the Approved Counterparty of (i) where the swap is funded, some or all of the net proceeds of any issue of Shares; (ii) where the swap is unfunded, payments linked to the return on some or all of the equities and other eligible assets held by the Fund as listed at (ii) above; and (iii) where the swap is a total return swap, payments will be based upon a set rate agreed between the parties in exchange for the return on some or all of the equities and other eligible assets held by the Fund as listed at (ii) above.

The Approved Counterparty to the Swaps and the Company on behalf of the Fund have entered into a 2002 International Swaps and Derivatives Association Master Agreement (including any supporting agreements, annexes or schedules thereto) (the "**ISDA Master Agreement**"), and will enter into confirmations for each Swap transaction. Such confirmations may be entered into before or after the relevant transaction and may be in electronic form.

The Swaps will at all times be valued in accordance with the provisions of the Prospectus. The valuation of the Swaps will reflect the relative movements in the performance of the Reference Index and the Fund's holding of transferable securities and/or other Fund Assets as may be referenced under the Swaps. Depending on the value of the Swaps, the Fund will have to make a payment to the Approved Counterparty or will receive such a payment. Where the Fund has to make a payment to the Approved Counterparty, this payment will be made from the proceeds and, as the case may be, the disposal of some or all of the transferable securities and/or other Fund Assets in which the Fund has invested.

As set out in Section 5 of the Prospectus, the Company will ensure that the counterparty risk exposure under the Swaps never exceeds the limits required by the Regulations and the Central Bank. Accordingly, the Company will reduce such counterparty exposure by causing the Approved Counterparty, where necessary, to provide appropriate Collateral to the Company on behalf of the relevant Fund (or as otherwise permitted by the Central Bank) under the terms of ISDA Master Agreement, in accordance with the Investment Restrictions. Alternatively, the Company may reduce its risk exposure to the Approved Counterparty by causing the Approved Counterparty to reset the Swaps or vice versa. This may result in a corresponding payment from the Fund to the Approved Counterparty.

The Swaps may be terminated by either party at any time or on the occurrence of certain events with respect to either the Fund or the Approved Counterparty including, but not limited to, an event of default (such as a failure to pay, breach of agreement or bankruptcy) or a termination event (which is not due to the fault of either party, for example, illegality or a change in the tax or accounting laws), in which case the non-defaulting party or the unaffected party respectively is entitled to calculate the close-out value of the Swaps and it will do so in line with the industry standard requirements set out in the ISDA Master Agreement. The Fund may then enter into new Swaps (unless the Directors resolve that it is inadvisable to do so) or, if the Directors determine that there is no reasonable way to achieve the investment objective, the Fund may be terminated in accordance with the provisions of the Prospectus.

### **Securities Lending and Repurchase Transactions**

The Company may (for the purposes of efficient portfolio management only) enter into stock lending arrangements and/or Repurchase Transactions with financial institutions (including with a member of the UBS AG Group as the stock borrower or counterparty to the Repurchase Transaction) with a minimum credit rating at the time the relevant transaction as permitted by the Regulations, or which are deemed by the Fund to have an implied credit rating at least equal to such level (a "**Counterparty**"). Any such stock lending arrangement and Repurchase Transaction will be subject to the conditions, limits and requirements of the Central Bank and the provisions of the Prospectus. In these transactions, Collateral will move between the Company and the relevant Counterparty in order to mitigate any counterparty risk.

Investors should also note the information contained in the "Securities Lending and Repurchase Transactions" and "Collateral Policy" sections in the main body of the Prospectus.

**The Company on behalf of the Fund has filed with the Central Bank its risk management policy which enables it to accurately measure, monitor and manage the various risks associated with the use of Financial Derivative Instruments. The Company will, on request, provide supplementary information to Shareholders relating to the risk management methods employed, including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments.**

**The Company will use the commitment approach for the purposes of calculating global exposure for the Fund. The Fund's total exposure to the Reference Index will be limited to 100% of Net Asset Value.**

### **Efficient Portfolio Management**

The Company may also (for the purposes of efficient portfolio and cash management and not for investment purposes), invest in cash deposits, money market instruments, OTC options and units of UCITS regulated money market collective investment schemes.

Further information on efficient portfolio management is contained in the main body of the prospectus under the heading "Use of Financial Derivative Instruments and Efficient Portfolio Management".

### **Investment Restrictions**

Investors in particular must note that the general investment restrictions set out under "**Investment Restrictions**" in the Prospectus apply to the Fund. In addition the following investment restrictions shall apply to the Fund:

The Fund shall not invest in a fund of the Company which itself holds shares in any other fund of the Company.

### **Disruption Events**

The following Disruption Events shall apply to the Fund in addition to those set out in the Prospectus:

- (i) the Index Provider makes an adjustment or modification to the calculation of the Reference Index;
- (ii) the Approved Counterparty is:
  - (a) prevented, hindered or impaired from conducting one or more of its activity/activities in a commercially reasonable manner in connection with the establishment, maintenance, adjustment or termination of any transaction(s) in order to fully hedge its exposure in respect of the Reference Index; and/or

- (b) prevented, hindered or impaired from performing one or more of its obligation(s) in a commercially reasonable manner,

under the terms of the relevant Swaps, with the consequence that the Approved Counterparty or the Calculation Agent (as applicable) elects to:

- I. adjust the terms of the Swaps; and/or
- II. delay payment to the Fund under the terms of the Swaps; and/or
- III. terminate the Swaps;

- (iii) the Index Provider fails or delays in calculating, announcing and/or publishing the Reference Index level.

### **Consequences of Disruption Events**

As further described in the Prospectus and as set out above, upon the occurrence of a Disruption Event including an Index Disruption and Adjustment Event (and without limitation to the Directors' personal powers), (i) the Approved Counterparty (where acting as the relevant Calculation Agent or otherwise) may either (a) terminate one or more of the relevant Swaps or (b) make adjustments to the terms or valuation of the relevant Swaps and other Derivative Contracts to account for such event and the Net Asset Value may be affected by such adjustment; (ii) the Directors may temporarily suspend the calculation of the Net Asset Value and any subscription, redemption and exchange of Shares; and/or (iii) the Directors may, in certain circumstances, terminate the Fund.

### **Borrowings**

In accordance with the general provisions set out in the Prospectus under the heading "**Borrowing and Lending Powers**", the Company on behalf of the Fund may borrow up to 10% of the Net Asset Value of the Fund on a temporary basis. Such borrowings may only be used for short term liquidity purposes to cover the redemption of Shares.

### **Dividend Policy**

The Fund does not intend to issue dividends. However, the Directors may, in their absolute discretion, determine to declare dividends in respect of any Share Class and Shareholders will be notified accordingly. Any dividends payable by the Fund will be effected in accordance with the Dividend Policy stated in the Prospectus.

The dividend payments may be as low as zero. There is no guarantee that any dividend will be declared. For the avoidance of doubt, the payment of a dividend (if any) will reduce the Net Asset Value of the relevant Share Class accordingly.

### **Limited Recourse**

A Shareholder will solely be entitled to look to the Fund Assets in respect of all payments in respect of its Shares. If the realised net assets of the Fund are insufficient to pay any amounts payable in respect of the Shares, the Shareholder will have no further right of payment in respect of such Shares nor any claim against or recourse to any of the assets of any other Fund or any other asset of the Company.

### **Listing**

Application will be made to such exchanges as the Directors may determine from time to time (the "**Relevant Stock Exchanges**") for the listing of the Shares issued and available to be issued and to be admitted to listing on the official list and trading on each of the Relevant Stock Exchanges on or about the Launch Date. This Supplement and the Prospectus together comprise listing particulars for the purposes of listing the Shares on the official list and trading on the main market of each of the Relevant Stock Exchanges.

### **Exchange Traded Fund**

The Fund is an Exchange Traded Fund ("**ETF**"). The Shares of this Fund (where they are listed on the Relevant Stock Exchanges) are fully transferable among investors. It is envisaged that Shares will be bought and sold by public and institutional investors in the secondary market in the same way as the ordinary shares of a listed trading company.

The Directors of the Company may create new Share Classes from time to time, provided that the creation of any such new Share Classes is notified in advance to and cleared by the Central Bank. A separate pool of assets will not be maintained for each of the Share Classes.

### General Information Relating to the Fund

<b>Type</b>	Open-ended
<b>Base Currency</b>	Canadian Dollar ("CAD")
<b>Business Day</b>	A day (other than a Saturday or Sunday) on which (i) banks are open for business in Dublin and Toronto; (ii) the Reference Index is calculated by the Index or such other day or days as the Directors may from time to time determine and notify in advance to Shareholders. For the avoidance of doubt, there shall be at least two Dealing Days per month at regular intervals.
<b>Dealing Day</b>	Any Business Day.
<b>Dealing Deadline</b>	2.00 p.m. (Dublin time) on the relevant Dealing Day.
<b>Launch Date</b>	The Fund launched on 23 March 2011.
<b>Minimum Fund Size</b>	CAD 100 million
<b>Valuation Point</b>	10:30 pm (Dublin time) on the relevant Dealing Day.
<b>Settlement Date</b>	Up to three Business Days after the relevant Dealing Day.
<b>Minimum Holding</b>	1 Share
<b>Minimum Subscription Amount</b>	100,000 CAD or its equivalent in another currency or such amount as may be determined by the Directors. Investors will be notified of any change to the Minimum Subscription Amount/basket size.
<b>Minimum Redemption Amount</b>	100,000 CAD or its equivalent in another currency or such amount as may be determined by the Directors. Investors will be notified of any change to the Minimum Redemption Amount/basket size.
<b>Website</b>	<a href="http://www.ubs.com/etf">www.ubs.com/etf</a> - information on Fund Assets and the Fund's iNAV is set out on the Website.

\* Non-Base Currency Share Classes performance may differ from that of the Base Currency Share Classes due to currency hedging costs.

### Description of the Shares

#### Share Classes

<b>Share Class</b> *	** (CAD) A-acc"
<b>Initial Issue</b>	N/A

\*Together "A-acc" Share Class.

Information regarding the Initial Issue Price is available from the Administrator. Details on the Reference Index can be found at [www.mscibarra.com](http://www.mscibarra.com)

### Fees and Expenses

The following fees will be incurred on each Share by Shareholders (and will not be incurred by the Company on behalf the Fund, and accordingly will not affect the Net Asset Value of the relevant Share Class of the Fund).

<b>Share Class</b>	<b>"A-acc"</b>
<b>Subscription Charge*</b>	Up to 5%
<b>Redemption Charge**</b>	Up to 3%
<b>Exchange Charge</b>	Up to 3%
<b>Primary Market Transaction Costs***</b>	Up to 1%

\* The Subscription Charge is deducted from the investment amount received from an investor for subscription for Shares. The Manager may waive all or part of the Subscription Charge in the event that the Shares purchased by a Shareholder correspond at least to the Minimum Subscription Amount/basket or a multiple thereof or for any other reason at the Manager's sole discretion.

\*\* The Redemption Charge is deducted from the redemption proceeds payable to the investor. The Manager may waive all or part of the Redemption Charge in the event that the Shares redeemed by a Shareholder correspond at least to the Minimum Redemption Amount/basket or a multiple thereof or for any other reason at the Manager's sole discretion.

\*\*\*The Manager may waive all or part of the Primary Market Transaction Costs in the event that the Shares subscribed or redeemed by a Shareholder correspond at least to the Minimum Redemption Amount/basket or a multiple thereof or for any other reason at the Manager's sole discretion.

Separate to and distinct from the Subscription Charge, Redemption Charge, Exchange Charge and Primary Market Transaction Costs, which shall be deducted from the investment amount received from an investor or deducted from the redemption proceeds payable to the investor or used to purchase the Shares of the New Class (as appropriate), the following fees and expenses will be incurred by the Company on behalf of the Fund and will affect the Net Asset Value of the relevant Share Class of the Fund:

<b>Share Class</b>	<b>"A-acc"</b>
<b>Flat-Fees</b>	Up to 0.28% per annum

The Promoter shall discharge the fees associated with the establishment and approval of the Fund.

This section headed "**Fees and Expenses**" should be read in conjunction with the sections headed "**Fees and Expenses**" and "**Issue and Repurchase Price/Calculation of Net Asset Value/Valuation of Assets**" in the Prospectus.

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### **GENERAL DESCRIPTION OF THE REFERENCE INDEX**

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The Reference Index is the MSCI Canada Index Net Total Return Index ("**the Reference Index**"). The Reference Index is further described below but only represents an extract of information available and neither the Directors, the Manager, MSCI Inc or such other successor sponsor to the Reference Index (the

"Index Provider") nor the Investment Manager take any responsibility for the accuracy or completeness of such information.

The Reference Index is a free float adjusted market capitalization index that is designed to measure large and mid cap Canadian equity market performance. The Reference Index is a member of the MSCI international equity index series and represents the Canadian equity portion of the global benchmark MSCI ACWI (All Country World Index) Index.

The Reference Index is rebalanced on a semi-annual basis.

The rebalancing frequency of the Reference Index has no impact on the transaction costs associated with the Fund as any rebalancing is not expected to require any higher frequency of position turnover in the Fund than would otherwise be the case were the Reference Index to be static.

The Reference Index is calculated in CAD (Canadian Dollar).

*Index Provider and website*

The Reference Index is sponsored by MSCI Inc. More details on the Reference Index, including its underlying components, can be found at [www.msci.com](http://www.msci.com).

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## **OTHER INFORMATION**

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### **Risk Factors**

Certain risks relating to the Shares are set out under the heading "**Risk Factors**" in the Prospectus. In addition, Shareholders must also note that:

- (a) The sub-funds of the Company are segregated as a matter of Irish law and as such, in Ireland, the assets of one sub-fund will not be available to satisfy the liabilities of another sub-fund. However, it should be noted that the Company is a single legal entity which may operate or have assets held on its behalf or be subject to claims in other jurisdictions which may not necessarily recognise such segregation. There can be no guarantee that the courts of any jurisdiction outside Ireland will respect the limitations on liability as set out above.
- (b) Upon the occurrence of a Disruption Event or an Index Disruption and Adjustment Event (and without limitation to the Directors' personal powers as further described in the Prospectus); (i) adjustments may be made to account for any such event (including adjustment to the Reference Index, the calculation of the Reference Index level and/or changes to the terms of the derivative contracts) which may have a significant impact on the Net Asset Value of the Fund; (ii) the Directors may temporarily suspend the calculation of the Net Asset Value and any subscription, redemption and exchange of Shares and payment of redemption proceeds in accordance with the provisions of the Prospectus under the section "Suspension of Calculation of Net Asset Value"; and/or (iii) the Directors may, in certain circumstances as set out in the Prospectus, terminate the Fund.
- (c) The return payable under the Swaps with a counterparty is subject to the credit risk of the counterparty. In addition, the counterparty will generally act as the calculation agent under the Swaps (the "Calculation Agent") and perform those duties agreed in the ISDA Master Agreement and confirmation for the relevant Swaps. Shareholders should note that not only will they be exposed to the credit risk of the counterparty but also potential conflicts of interest in the performance of the function of Calculation Agent by the counterparty. The counterparty will use its reasonable endeavours to resolve any such conflicts of interest fairly (having regard to its respective obligations and duties) and to ensure that the interests of the Company and the Shareholders are not unfairly prejudiced. The Directors believe that the counterparty will be suitable and competent to act as Calculation Agent. Any valuations provided by the counterparty in its role as Calculation Agent will be verified at least weekly by a party independent of the counterparty as sourced by the Administrator and approved by the Custodian.

- (d) The Fund is highly dynamic and may exhibit above-average potential growth and investment performance, depending on the economic environment. The opportunities for above average growth may in some circumstances lead to extreme positive and negative fluctuations in the Net Asset Value of the Fund.
- (e) The value of investments and the income from them, and therefore the value of and income from the Shares can go down as well as up and an investor may not get back the amount invested. The Fund's exposure is linked to the performance of the components of the Reference Index which, in turn, is exposed to general market movements (negative as well as positive).
- (f) There can be no assurance that the Reference Index will be successful at producing positive returns consistently or at all. The Index Provider makes no representation or warranty, express or implied, that the Reference Index will produce positive returns at any time.
- (g) As at the date hereof there is one Class of Shares issued in respect of the Fund. Additional Classes of Shares may be created at any time without the consent of the then existing Shareholders in accordance with the Central Bank's requirements. Each Class of Shares issued in respect of the Fund will perform differently as a result of differences of currency and fees (as applicable). The Company on behalf of the Fund will enter into Swaps that are designed to generate the cash flows payable in respect of the Shares of the relevant Classes. There is no legal segregation of assets and liabilities between Classes and there is no separate portfolio of assets held for each Class.
- (h) The Company on behalf of the Fund will enter into a separate Derivative Contract in respect of each Class. Each Derivative Contract will be on similar terms except that each Derivative Contract will provide a return in the currency of denomination of each Class of Shares to which it relates.
- (i) The Fund's use of the Reference Index is licensed by the Index Provider. If at any time, the licence is terminated or the Reference Index otherwise becomes unavailable, unreliable, inaccurate or unrepresentative, the Fund Directors may exercise their discretion to terminate the Fund in accordance with the terms of the Memorandum and Articles of Association.
- (j) The Fund is exposed to the investment risk arising from the Reference Index underlying the Swaps. The Fund is therefore exposed to the risks inherent to investments in equity markets.
- (k) Some of the markets in which the Fund may effect derivative transactions are "over-the-counter" or "interdealer" markets, which may be illiquid and are sometimes subject to larger spreads than exchange-traded derivative transactions. The participants in such markets are typically not subject to credit evaluation and regulatory oversight, which would be the case with members of "exchange-based" markets. This exposes the Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a credit or liquidity problem with the counterparty. Delays in settlement may also result from disputes over the terms of the contract (whether or not bona fide) since such markets may lack the established rules and procedures for swift settlement of disputes among market participants found in "exchange-based" markets. These factors may cause the Fund to suffer a loss due to adverse market movements while replacement transactions are executed or otherwise.
- (l) Whilst the Company has the right to use and reference the Reference Index in connection with the Fund in accordance with the terms of the Reference Index license, in the event that the licence is terminated the Fund may be terminated or if any other Index Disruption and Adjustment Event occurs, adjustments may be made to the terms of the Swaps after negotiation with each Approved Counterparty to account for any such event including adjustment to the Reference Index or the calculation of the Reference Index level which may have a significant impact on the Net Asset Value of the Fund.
- (m) Subject to certain pre-defined parameters, it is possible that methodology used to calculate the Reference Index or the formulae underlying the Reference Index could change and such change may result in a decrease in the performance of the Reference Index. As such, aspects of the Reference Index could change in the future, including without limitation, the methodology and third party data sources. Any changes may be made without regard to the interests of a holder of any product linked to the Reference Index. Additionally, the Reference Index was created by the Index

Provider, who has the right to permanently cancel the Reference Index at any time. Such cancellation may have a material adverse effect on any linked investments or transactions.

**Investors should also refer to the Prospectus for additional disclosure of risks.**

#### **Miscellaneous**

The Company has the following Funds established as at the date of this Supplement.

S&P 500 SF UCITS ETF  
FTSE 100 SF UCITS ETF  
HFRX GLOBAL HEDGE FUND INDEX SF UCITS ETF  
BLOOMBERG COMMODITY INDEX SF UCITS ETF  
CMCI COMPOSITE SF UCITS ETF  
MSCI USA SF UCITS ETF  
MSCI CANADA SF UCITS ETF  
MSCI EMU SF UCITS ETF  
MSCI JAPAN SF UCITS ETF  
MSCI EMERGING MARKETS SF UCITS ETF  
MSCI ACWI RISK WEIGHTED SF UCITS ETF  
MSCI USA GROWTH SF UCITS ETF  
MSCI EMU GROWTH SF UCITS ETF  
MSCI AC ASIA EX JAPAN SF UCITS ETF  
MAP BALANCED 5 SF UCITS ETF  
MAP BALANCED 7 SF UCITS ETF  
JPX-NIKKEI 400 SF UCITS ETF  
MSCI ACWI SF UCITS ETF  
CMCI EX-AGRICULTURE SF UCITS ETF

#### **Disclaimers**

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## **MSCI EMU SF UCITS ETF**

### **Supplement to the Prospectus**

This Supplement contains information in relation to the **MSCI EMU SF UCITS ETF** (the "**Fund**"), a sub-fund of UBS ETFs plc (the "**Company**") an umbrella type open-ended investment company with variable capital, governed by the laws of Ireland and authorised by the Central Bank of Ireland (the "**Central Bank**") of Block D, Iveagh Court, Harcourt Road, Dublin 2, Ireland.

**This Supplement forms part of, and must be read in conjunction with, the Prospectus of the Company dated 12 October 2016, as may be amended, supplemented or modified from time to time, (the "Prospectus") and may not be distributed unless accompanied by the Prospectus (other than to prior recipients of the Prospectus).**

**THIS DOCUMENT IS IMPORTANT. BEFORE YOU PURCHASE ANY OF THE SHARES REPRESENTING INTERESTS IN THE FUND DESCRIBED IN THIS SUPPLEMENT YOU SHOULD ENSURE THAT YOU FULLY UNDERSTAND THE NATURE OF SUCH AN INVESTMENT, THE RISKS INVOLVED AND YOUR OWN PERSONAL CIRCUMSTANCES. IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS SUPPLEMENT YOU SHOULD TAKE ADVICE FROM AN APPROPRIATELY QUALIFIED ADVISOR.**

Capitalised terms used in this Supplement will have the meanings given to them in the Definitions section below or in the Prospectus.

In addition to investing in equities and equity related securities, transferable securities and other eligible assets, it is the intention of the Company to invest on behalf of the Fund in financial derivative instruments ("FDIs") for investment and efficient portfolio management purposes, where applicable.

Certain risks attached to investments in FDIs are set out in the Prospectus under the section headed "Risk Factors".

You should inform yourself as to (a) the possible tax consequences, (b) the legal and regulatory requirements, (c) any foreign exchange restrictions or exchange control requirements and (d) any other requisite governmental or other consents or formalities which you might encounter under the laws of the country of your citizenship, residence or domicile and which might be relevant to your purchase, holding or disposal of the Shares.

### **UBS ETFs plc**

An umbrella fund with segregated liability between the sub-funds

**Dated 12 October 2016**

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## **IMPORTANT INFORMATION**

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### **Suitability of Investment**

**The Shares are not principal protected. The value of the Shares may go up or down and you may not get back the amount you have invested. See the section headed "Risk Factors" of the Prospectus and the section headed "Other Information – Risk Factors" of this Supplement for a discussion of certain risks that should be considered by you.**

An investment in the Shares is only suitable for you if you (either alone or with the help of an appropriate financial or other advisor) are able to assess the merits and risks of such an investment and have sufficient resources to be able to bear any losses that may result from such an investment. The contents of this document are not intended to contain and should not be regarded as containing advice relating to legal, taxation, investment or any other matters.

### **Profile of a Typical Investor**

The Fund is suitable for investors seeking capital appreciation and who are prepared to accept a high level of volatility. Investment in the Fund should be viewed as a medium to long term investment.

### **Responsibility**

The Directors (whose names appear under the heading "**Directors of the Company**" of the Prospectus) accept responsibility for the information contained in the Prospectus and this Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement when read together with the Prospectus (as complemented, modified or supplemented by this Supplement) is in accordance with the facts as at the date of this Supplement and does not omit anything likely to affect the import of such information.

### **General**

This Supplement sets out information in relation to the Shares and the Fund. You must also refer to the Prospectus which is separate to this document and describes the Company and provides general information about offers of shares in the Company. You should not take any action in respect of the Shares unless you have received a copy of the Prospectus. Should there be any inconsistency between the contents of the Prospectus and this Supplement, the contents of this Supplement will, to the extent of any such inconsistency, prevail. This Supplement and the Prospectus should both be carefully read in their entirety before any investment decision with respect to Shares is made.

As of the date of this Supplement, the Company does not have any loan capital (including term loans) outstanding or created but unissued and no outstanding mortgages, charges or other borrowings or indebtedness in the nature of borrowings, including bank overdrafts and liabilities under acceptances or acceptance credits, hire purchase or finance lease commitments, guarantees or other contingent liabilities.

### **Distribution of this Supplement and Selling Restrictions**

Distribution of this Supplement is not authorised unless accompanied by a copy of the Prospectus and the latest annual report and audited accounts of the Company and the Fund (other than to prior recipients of the Prospectus) and if published after such report, a copy of the then latest semi annual report and unaudited accounts. The distribution of this Supplement and the offering or purchase of the Shares may be restricted in certain jurisdictions. If you receive a copy of this Supplement and/or the Prospectus you may not treat such document(s) as constituting an offer, invitation or solicitation to you to subscribe for any Shares unless, in the relevant jurisdiction, such an offer, invitation or solicitation could lawfully be made to you without compliance with any registration or other legal requirement other than those with which the Company has already complied. If you wish to apply for the opportunity to purchase any Shares it is your duty to inform yourself of, and to observe, all applicable laws and regulations of any relevant jurisdiction. In particular, you should inform yourself as to the legal requirements of so applying, and any applicable exchange control regulations and taxes in the countries of your respective citizenship, residence or domicile.

### **Definitions**

Words and expressions defined in the Prospectus will, unless otherwise defined in this Supplement, have the same meaning when used in this Supplement.

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## **TERMS OF THE SHARES REPRESENTING INTERESTS IN THE FUND**

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### **Investment Objective**

The investment objective of the Fund is to deliver the net total return of the Reference Index (being MSCI EMU (European Economic and Monetary Union) TRN Index).

The Fund will return the Reference Index performance less fees and expenses on each Dealing Day.

### **Investment Policy**

In order to achieve the investment objective, the Company on behalf of the Fund intends to invest all or substantially all of the net proceeds of any issue of Shares in the manner set out below:

- (i) swaps (each swap being an agreement between the Company on behalf of the Fund and an Approved Counterparty pursuant to a master agreement in accordance with the requirements of the International Swaps and Derivatives Association), and such swaps may include funded, unfunded or total return (as further described below under "**Use of Derivative Contracts – Swaps**") (the "**Swaps**"). The purpose of the Swaps shall be to gain indirect exposure to the Reference Index (as described in further detail under the heading "**Use of Derivative Contracts – Swaps**" below); and
- (ii) a portfolio of transferable securities or other eligible assets. These may include (without limitation) equity and equity-related securities; fixed income securities such as government and corporate bonds (such bonds may be rated or unrated), money market instruments, floating rate instruments, convertible securities and commercial paper; and/or units of other open-ended collective investment schemes including other Funds of the Company. Any of the foregoing may be issued or arranged by a member of the UBS AG Group. Where the Fund invests in such securities and/or other eligible assets, the Fund will enter into an unfunded or total return swap to exchange, the price performance and income received in relation to such securities and/or other eligible assets for the performance of the Reference Index. In this instance, the Fund will have neither market nor credit exposure to the particular securities and other eligible assets referred to above, except in the event of a default on the part of the Approved Counterparty to the Swaps.

The equities, equity-related securities, Swaps, other eligible assets listed at (ii) above, any ancillary cash and any instruments held by the Fund (either for investment or efficient portfolio management purposes) shall constitute the "**Fund Assets**" for the purposes of the Prospectus. To the extent that the Fund invests some of the net proceeds of any issue of Shares in the manner set out in (ii) above, the Fund shall invest no more than 15% in the fixed income securities mentioned in (ii) above. All instruments shall be listed and/or traded on the exchanges and markets set out in Appendix II of the Prospectus.

The Fund may, with due regard to the best interest of its Shareholders, decide from time to time to switch partially or totally from one of the above described policies to the other.

Further information relevant to the Fund's investment policy is contained in the main part of the Prospectus under "**Investment Objectives and Policies**" and under "**Investment Restrictions**".

### **Index Tracking Strategy**

The Fund gains exposure to the Reference Index by investing in one or more Swaps. It is not intended that the Fund will invest directly in the components of the Reference Index in order to meet the Fund's investment objective. The Fund (and the investors in the Fund) will be exposed to the full performance of the Reference Index.

The Fund may have counterparty risk as a result of the investment in the swaps – further information is provided in the section below headed "Use of Derivative Contracts – Swaps" and in section 6 "Risk Factors" of the Prospectus.

The anticipated level of tracking error after fees and transaction costs is 0% per annum in normal market conditions.

The annual report of the Fund, which can be found on the Website, will include the following information:

- a. The size of the realised tracking error for the year, being the volatility of the difference between the return of the Fund and the return of the Reference Index;
- b. An explanation for the divergence between the anticipated and realised tracking error for the year;
- c. The size of the annual tracking distance for the year, being the difference between the performance of the Fund and the Reference Index; and
- d. An explanation for the annual tracking difference, including the impact of transaction costs, fees and expenses on the performance of the Fund.

### **Portfolio Transparency Policy**

The Fund's transparency policy regarding the composition of its portfolio, and any collateral received in relation to the Swaps, is to provide position level disclosure on a daily basis. The information is published on the Website.

The assets in which the Fund will invest in order to achieve its investment objective are set out in the "Investment Policy" section above. Details on the composition of the Fund Assets will be set out on the Website.

### **Use of Derivative Contracts – Swaps**

The Fund may enter into Swaps with a member of the UBS AG Group or any other eligible entity (being the "**Approved Counterparty**") pursuant to which the Fund will be entitled to receive from the Approved Counterparty the performance of the components of the Reference Index in exchange for the payment to the Approved Counterparty of (i) where the swap is funded, some or all of the net proceeds of any issue of Shares; (ii) where the swap is unfunded, payments linked to the return on some or all of the equities and other eligible assets held by the Fund as listed at (ii) above; and (iii) where the swap is a total return swap, payments will be based upon a set rate agreed between the parties in exchange for the return on some or all of the equities and other eligible assets held by the Fund as listed at (ii) above.

The Approved Counterparty to the Swaps and the Company on behalf of the Fund have entered into a 2002 International Swaps and Derivatives Association Master Agreement (including any supporting agreements, annexes or schedules thereto) (the "**ISDA Master Agreement**"), and will enter into confirmations for each Swap transaction. Such confirmations may be entered into before or after the relevant transaction and may be in electronic form.

The Swaps will at all times be valued in accordance with the provisions of the Prospectus. The valuation of the Swaps will reflect the relative movements in the performance of the Reference Index and the Fund's holding of transferable securities and/or other Fund Assets as may be referenced under the Swaps. Depending on the value of the Swaps, the Fund will have to make a payment to the Approved Counterparty or will receive such a payment. Where the Fund has to make a payment to the Approved Counterparty, this payment will be made from the proceeds and, as the case may be, the disposal of some or all of the transferable securities and/or other Fund Assets in which the Fund has invested.

As set out in Section 5 of the Prospectus, the Company will ensure that the counterparty risk exposure under the Swaps never exceeds the limits required by the Regulations and the Central Bank. Accordingly, the Company will reduce such counterparty exposure by causing the Approved Counterparty, where necessary, to provide appropriate Collateral to the Company on behalf of the relevant Fund (or as otherwise permitted by the Central Bank) under the terms of ISDA Master Agreement, in accordance with the Investment Restrictions. Alternatively, the Company may reduce its risk exposure to the Approved Counterparty by causing the Approved Counterparty to reset the Swaps or vice versa. This may result in a corresponding payment from the Fund to the Approved Counterparty.

The Swaps may be terminated by either party at any time or on the occurrence of certain events with respect to either the Fund or the Approved Counterparty including, but not limited to, an event of default (such as a failure to pay, breach of agreement or bankruptcy) or a termination event (which is not due to

the fault of either party, for example, illegality or a change in the tax or accounting laws), in which case the non-defaulting party or the unaffected party respectively is entitled to calculate the close-out value of the Swaps and it will do so in line with the industry standard requirements set out in the ISDA Master Agreement. The Fund may then enter into new Swaps (unless the Directors resolve that it is inadvisable to do so) or, if the Directors determine that there is no reasonable way to achieve the investment objective, the Fund may be terminated in accordance with the provisions of the Prospectus.

### **Securities Lending and Repurchase Transactions**

The Company may (for the purposes of efficient portfolio management only) enter into stock lending arrangements and/or Repurchase Transactions with financial institutions (including with a member of the UBS AG Group as the stock borrower or counterparty to the Repurchase Transaction) with a minimum credit rating at the time the relevant transaction as permitted by the Regulations, or which are deemed by the Fund to have an implied credit rating at least equal to such level (a "**Counterparty**"). Any such stock lending arrangement and Repurchase Transaction will be subject to the conditions, limits and requirements of the Central Bank and the provisions of the Prospectus. In these transactions, Collateral will move between the Company and the relevant Counterparty in order to mitigate any counterparty risk.

Investors should also note the information contained in the "Securities Lending and Repurchase Transactions" and "Collateral Policy" sections in the main body of the Prospectus.

**The Company on behalf of the Fund has filed with the Central Bank its risk management policy which enables it to accurately measure, monitor and manage the various risks associated with the use of Financial Derivative Instruments. The Company will, on request, provide supplementary information to Shareholders relating to the risk management methods employed, including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments.**

**The Company will use the commitment approach for the purposes of calculating global exposure for the Fund. The Fund's total exposure to the Reference Index will be limited to 100% of Net Asset Value.**

### **Efficient Portfolio Management**

The Company may also (for the purposes of efficient portfolio and cash management and not for investment purposes), invest in cash deposits, money market instruments, OTC options and units of UCITS regulated money market collective investment schemes.

Further information on efficient portfolio management is contained in the main body of the prospectus under the heading "Use of Financial Derivative Instruments and Efficient Portfolio Management".

### **Investment Restrictions**

Investors in particular must note that the general investment restrictions set out under "**Investment Restrictions**" in the Prospectus apply to the Fund. In addition the following investment restrictions shall apply to the Fund:

The Fund shall not invest in a fund of the Company which itself holds shares in any other fund of the Company.

### **Disruption Events**

The following Disruption Events shall apply to the Fund in addition to those set out in the Prospectus:

- (i) the Index Provider makes an adjustment or modification to the calculation of the Reference Index;
- (ii) the Approved Counterparty is:
  - a. prevented, hindered or impaired from conducting one or more of its activity/activities in a commercially reasonable manner in connection with the establishment, maintenance, adjustment or termination of any transaction(s) in order to fully hedge its exposure in respect of the Reference Index; and/or
  - b. prevented, hindered or impaired from performing one or more of its obligation(s) in a commercially reasonable manner,

under the terms of the relevant Swaps, with the consequence that the Approved Counterparty or the Calculation Agent (as applicable) elects to:

- I. adjust the terms of the Swaps; and/or
  - II. delay payment to the Fund under the terms of the Swaps; and/or
  - III. terminate the Swaps;
- (iii) the Index Provider fails or delays in calculating, announcing and/or publishing the Reference Index level.

### **Consequences of Disruption Events**

As further described in the Prospectus and as set out above, upon the occurrence of a Disruption Event including an Index Disruption and Adjustment Event (and without limitation to the Directors' personal powers), (i) the Approved Counterparty (where acting as the relevant Calculation Agent or otherwise) may either (a) terminate one or more of the relevant Swaps or (b) make adjustments to the terms or valuation of the relevant Swaps and other Derivative Contracts to account for such event and the Net Asset Value may be affected by such adjustment; (ii) the Directors may temporarily suspend the calculation of the Net Asset Value and any subscription, redemption and exchange of Shares; and/or (iii) the Directors may, in certain circumstances, terminate the Fund.

### **Borrowings**

In accordance with the general provisions set out in the Prospectus under the heading "**Borrowing and Lending Powers**", the Company on behalf of the Fund may borrow up to 10% of the Net Asset Value of the Fund on a temporary basis. Such borrowings may only be used for short term liquidity purposes to cover the redemption of Shares.

### **Dividend Policy**

The Fund does not intend to issue dividends. However, the Directors may, in their absolute discretion, determine to declare dividends in respect of any Share Class and Shareholders will be notified accordingly. Any dividends payable by the Fund will be effected in accordance with the Dividend Policy stated in the Prospectus.

The dividend payments may be as low as zero. There is no guarantee that any dividend will be declared. For the avoidance of doubt, the payment of a dividend (if any) will reduce the Net Asset Value of the relevant Share Class accordingly.

### **Limited Recourse**

A Shareholder will solely be entitled to look to the Fund Assets in respect of all payments in respect of its Shares. If the realised net assets of the Fund are insufficient to pay any amounts payable in respect of the Shares, the Shareholder will have no further right of payment in respect of such Shares nor any claim against or recourse to any of the assets of any other Fund or any other asset of the Company.

### **Listing**

Application will be made to such exchanges as the Directors may determine from time to time (the "**Relevant Stock Exchanges**") for the listing of the Shares issued and available to be issued and to be admitted to listing on the official list and trading on each of the Relevant Stock Exchanges on or about the Launch Date. This Supplement and the Prospectus together comprise listing particulars for the purposes of listing the Shares on the official list and trading on the main market of each of the Relevant Stock Exchanges.

### **Exchange Traded Fund**

The Fund is an Exchange Traded Fund ("**ETF**"). The Shares of this Fund (where they are listed on the Relevant Stock Exchanges) are fully transferable among investors. It is envisaged that Shares will be bought and sold by public and institutional investors in the secondary market in the same way as the ordinary shares of a listed trading company.

The Directors of the Company may create new Share Classes from time to time, provided that the creation of any such new Share Classes is notified in advance to and cleared by the Central Bank. A separate pool of assets will not be maintained for each of the Share Classes.

### General Information Relating to the Fund

<b>Type</b>	Open-ended
<b>Base Currency</b>	Euro ("EUR")
<b>Business Day</b>	A day (other than a Saturday or Sunday) on which (i) banks are open for business in Dublin; (ii) the Reference Index is calculated by the Index Provider (iii) the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET) system is open (iv) more than 95% of the markets on which components of the Reference Index are listed and or traded or such other day or days as the Directors may from time to time determine and notify in advance to Shareholders. For the avoidance of doubt, there shall be at least two Dealing Days per month at regular intervals.
<b>Dealing Day</b>	Any Business Day.
<b>Dealing Deadline</b>	2.00 p.m. (Dublin time) on the relevant Dealing Day.
<b>Launch Date</b>	The Fund launched on 23 March 2011.
<b>Minimum Fund Size</b>	EUR 100 million
<b>Valuation Point</b>	10:30 pm (Dublin time) on the relevant Dealing Day.
<b>Settlement Date</b>	Up to three Business Days after the relevant Dealing Day.
<b>Minimum Holding</b>	1 Share
<b>Minimum Subscription Amount</b>	100,000 EUR or its equivalent in another currency or such amount as may be determined by the Directors. Investors will be notified of any change to the Minimum Subscription Amount/basket size.
<b>Minimum Redemption Amount</b>	100,000 EUR or its equivalent in another currency or such amount as may be determined by the Directors. Investors will be notified of any change to the Minimum Redemption Amount/basket size.
<b>Website</b>	<a href="http://www.ubs.com/etf">www.ubs.com/etf</a> - information on Fund Assets and the Fund's iNAV is set out on the Website.

\* Non-Base Currency Share Classes performance may differ from that of the Base Currency Share Classes due to currency hedging costs.

### Description of the Shares

#### Share Classes

<b>Share Class</b>	**("EUR") A-acc"
<b>Initial Issue</b>	N/A

\*Together "A-acc" Share Class.

Information regarding the Initial Issue Price is available from the Administrator. Details on the Reference Index can be found at [www.mscibarra.com](http://www.mscibarra.com).

### Fees and Expenses

The following fees will be incurred on each Share by Shareholders (and will not be incurred by the Company on behalf the Fund, and accordingly will not affect the Net Asset Value of the relevant Share Class of the Fund).

<b>Share Class</b>	<b>"A-acc"</b>
<b>Subscription Charge*</b>	Up to 5%
<b>Redemption Charge**</b>	Up to 3%
<b>Exchange Charge</b>	Up to 3%
<b>Primary Market Transaction Costs***</b>	Up to 1%

\* The Subscription Charge is deducted from the investment amount received from an investor for subscription for Shares. The Manager may waive all or part of the Subscription Charge in the event that the Shares purchased by a Shareholder correspond at least to the Minimum Subscription Amount/basket or a multiple thereof or for any other reason at the Manager's sole discretion.

\*\* The Redemption Charge is deducted from the redemption proceeds payable to the investor. The Manager may waive all or part of the Redemption Charge in the event that the Shares redeemed by a Shareholder correspond at least to the Minimum Redemption Amount/basket or a multiple thereof or for any other reason at the Manager's sole discretion.

\*\*\*The Manager may waive all or part of the Primary Market Transaction Costs in the event that the Shares subscribed or redeemed by a Shareholder correspond at least to the Minimum Redemption Amount/basket or a multiple thereof or for any other reason at the Manager's sole discretion.

Separate to and distinct from the Subscription Charge, Redemption Charge, Exchange Charge and Primary Market Transaction Costs, which shall be deducted from the investment amount received from an investor or deducted from the redemption proceeds payable to the investor or used to purchase the Shares of the New Class (as appropriate), the following fees and expenses will be incurred by the Company on behalf of the Fund and will affect the Net Asset Value of the relevant Share Class of the Fund:

<b>Share Class</b>	<b>"A-acc"</b>
<b>Flat-Fees</b>	Up to 0.23% per annum

The Promoter shall discharge the fees associated with the establishment and approval of the Fund.

This section headed "**Fees and Expenses**" should be read in conjunction with the sections headed "**Fees and Expenses**" and "**Issue and Repurchase Price/Calculation of Net Asset Value/Valuation of Assets**" in the Prospectus.

### **GENERAL DESCRIPTION OF THE REFERENCE INDEX**

The Reference Index is the MSCI EMU (European Economic and Monetary Union) TRN Index ("**the Reference Index**"). The Reference Index is further described below but only represents an extract of information available and neither the Directors, the Manager, MSCI Inc or such other successor sponsor to the Reference Index (the "**Index Provider**") nor the Investment Manager take any responsibility for the accuracy or completeness of such information.

The Reference Index is a free float adjusted market capitalization index that is designed to measure the equity market performance of countries within EMU. As of July 2014 the Reference Index consisted of the following 10 developed market country indices: Austria, Belgium, Finland, France, Germany, Ireland, Italy, the Netherlands, Portugal, and Spain.

The Reference Index is rebalanced on a semi-annual basis.

The rebalancing frequency of the Reference Index has no impact on the transaction costs associated with the Fund as any rebalancing is not expected to require any higher frequency of position turnover in the Fund than would otherwise be the case were the Reference Index to be static.

The Reference Index is calculated in EUR (Euro).

*Index Provider and website*

The Reference Index is sponsored by MSCI Inc. More details on the Reference Index, including its underlying components, can be found at [www.msci.com](http://www.msci.com).

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## **OTHER INFORMATION**

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### **Risk Factors**

Certain risks relating to the Shares are set out under the heading "**Risk Factors**" in the Prospectus. In addition, Shareholders must also note that:

- (a) The sub-funds of the Company are segregated as a matter of Irish law and as such, in Ireland, the assets of one sub-fund will not be available to satisfy the liabilities of another sub-fund. However, it should be noted that the Company is a single legal entity which may operate or have assets held on its behalf or be subject to claims in other jurisdictions which may not necessarily recognise such segregation. There can be no guarantee that the courts of any jurisdiction outside Ireland will respect the limitations on liability as set out above.
- (b) Upon the occurrence of a Disruption Event or an Index Disruption and Adjustment Event (and without limitation to the Directors' personal powers as further described in the Prospectus); (i) adjustments may be made to account for any such event (including adjustment to the Reference Index, the calculation of the Reference Index level and/or changes to the terms of the derivative contracts) which may have a significant impact on the Net Asset Value of the Fund; (ii) the Directors may temporarily suspend the calculation of the Net Asset Value and any subscription, redemption and exchange of Shares and payment of redemption proceeds in accordance with the provisions of the Prospectus under the section "Suspension of Calculation of Net Asset Value"; and/or (iii) the Directors may, in certain circumstances as set out in the Prospectus, terminate the Fund.
- (c) The return payable under the Swaps with a counterparty is subject to the credit risk of the counterparty. In addition, the counterparty will generally act as the calculation agent under the Swaps (the "Calculation Agent") and perform those duties agreed in the ISDA Master Agreement and confirmation for the relevant Swaps. Shareholders should note that not only will they be exposed to the credit risk of the counterparty but also potential conflicts of interest in the performance of the function of Calculation Agent by the counterparty. The counterparty will use its reasonable endeavours to resolve any such conflicts of interest fairly (having regard to its respective obligations and duties) and to ensure that the interests of the Company and the Shareholders are not unfairly prejudiced. The Directors believe that the counterparty will be suitable and competent to act as Calculation Agent. Any valuations provided by the counterparty in its role as Calculation Agent will be verified at least weekly by a party independent of the counterparty as sourced by the Administrator and approved by the Custodian.
- (d) The Fund is highly dynamic and may exhibit above-average potential growth and investment performance, depending on the economic environment. The opportunities for above average growth may in some circumstances lead to extreme positive and negative fluctuations in the Net Asset Value of the Fund.

- (e) The value of investments and the income from them, and therefore the value of and income from the Shares can go down as well as up and an investor may not get back the amount invested. The Fund's exposure is linked to the performance of the components of the Reference Index which, in turn, is exposed to general market movements (negative as well as positive).
- (f) There can be no assurance that the Reference Index will be successful at producing positive returns consistently or at all. The Index Provider makes no representation or warranty, express or implied, that the Reference Index will produce positive returns at any time.
- (g) As at the date hereof there is one Class of Shares issued in respect of the Fund. Additional Classes of Shares may be created at any time without the consent of the then existing Shareholders in accordance with the Central Bank's requirements. Each Class of Shares issued in respect of the Fund will perform differently as a result of differences of currency and fees (as applicable). The Company on behalf of the Fund will enter into Swaps that are designed to generate the cash flows payable in respect of the Shares of the relevant Classes. There is no legal segregation of assets and liabilities between Classes and there is no separate portfolio of assets held for each Class.
- (h) The Company on behalf of the Fund will enter into a separate Derivative Contract in respect of each Class. Each Derivative Contract will be on similar terms except that each Derivative Contract will provide a return in the currency of denomination of each Class of Shares to which it relates.
- (i) The Fund's use of the Reference Index is licensed by the Index Provider. If at any time, the licence is terminated or the Reference Index otherwise becomes unavailable, unreliable, inaccurate or unrepresentative, the Fund Directors may exercise their discretion to terminate the Fund in accordance with the terms of the Memorandum and Articles of Association.
- (j) The Fund is exposed to the investment risk arising from the Reference Index underlying the Swaps. The Fund is therefore exposed to the risks inherent to investments in equity markets.
- (k) Some of the markets in which the Fund may effect derivative transactions are "over-the-counter" or "interdealer" markets, which may be illiquid and are sometimes subject to larger spreads than exchange-traded derivative transactions. The participants in such markets are typically not subject to credit evaluation and regulatory oversight, which would be the case with members of "exchange-based" markets. This exposes the Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a credit or liquidity problem with the counterparty. Delays in settlement may also result from disputes over the terms of the contract (whether or not bona fide) since such markets may lack the established rules and procedures for swift settlement of disputes among market participants found in "exchange-based" markets. These factors may cause the Fund to suffer a loss due to adverse market movements while replacement transactions are executed or otherwise.
- (l) Whilst the Company has the right to use and reference the Reference Index in connection with the Fund in accordance with the terms of the Reference Index license, in the event that the licence is terminated the Fund may be terminated or if any other Index Disruption and Adjustment Event occurs, adjustments may be made to the terms of the Swaps after negotiation with each Approved Counterparty to account for any such event including adjustment to the Reference Index or the calculation of the Reference Index level which may have a significant impact on the Net Asset Value of the Fund.
- (m) Subject to certain pre-defined parameters, it is possible that methodology used to calculate the Reference Index or the formulae underlying the Reference Index could change and such change may result in a decrease in the performance of the Reference Index. As such, aspects of the Reference Index could change in the future, including without limitation, the methodology and third party data sources. Any changes may be made without regard to the interests of a holder of any product linked to the Reference Index. Additionally, the Reference Index was created by the Index Provider, who has the right to permanently cancel the Reference Index at any time. Such cancellation may have a material adverse effect on any linked investments or transactions.

**Investors should also refer to the Prospectus for additional disclosure of risks.**

### **Miscellaneous**

The Company has the following Funds established as at the date of this Supplement.

S&P 500 SF UCITS ETF  
FTSE 100 SF UCITS ETF  
HFRX GLOBAL HEDGE FUND INDEX SF UCITS ETF  
BLOOMBERG COMMODITY INDEX SF UCITS ETF  
CMCI COMPOSITE SF UCITS ETF  
MSCI USA SF UCITS ETF  
MSCI CANADA SF UCITS ETF  
MSCI EMU SF UCITS ETF  
MSCI JAPAN SF UCITS ETF  
MSCI EMERGING MARKETS SF UCITS ETF  
MSCI ACWI RISK WEIGHTED SF UCITS ETF  
MSCI USA GROWTH SF UCITS ETF  
MSCI EMU GROWTH SF UCITS ETF  
MSCI AC ASIA EX JAPAN SF UCITS ETF  
MAP BALANCED 5 SF UCITS ETF  
MAP BALANCED 7 SF UCITS ETF  
JPX-NIKKEI 400 SF UCITS ETF  
MSCI ACWI SF UCITS ETF  
CMCI EX-AGRICULTURE SF UCITS ETF

### **Disclaimers**

THIS FINANCIAL PRODUCT IS NOT SPONSORED, ENDORSED, SOLD OR PROMOTED BY MSCI INC. ("MSCI"), ANY AFFILIATE OF MSCI OR ANY OTHER PARTY INVOLVED IN, OR RELATED TO, MAKING OR COMPILING ANY MSCI INDEX. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES ARE SERVICE MARK(S) OF MSCI OR ITS AFFILIATES AND HAVE BEEN LICENSED FOR USE FOR CERTAIN PURPOSES BY LICENSEE. NEITHER MSCI, ANY OF ITS AFFILIATES NOR ANY OTHER PARTY INVOLVED IN, OR RELATED TO, MAKING OR COMPILING ANY MSCI INDEX MAKES ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, TO THE OWNERS OF THIS FINANCIAL PRODUCT OR ANY MEMBER OF THE PUBLIC REGARDING THE ADVISABILITY OF INVESTING IN FINANCIAL SECURITIES GENERALLY OR IN THIS FINANCIAL PRODUCT PARTICULARLY OR THE ABILITY OF ANY MSCI INDEX TO TRACK CORRESPONDING STOCK MARKET PERFORMANCE. MSCI OR ITS AFFILIATES ARE THE LICENSORS OF CERTAIN TRADEMARKS, SERVICE MARKS AND TRADE NAMES AND OF THE MSCI INDEXES WHICH ARE DETERMINED, COMPOSED AND CALCULATED BY MSCI WITHOUT REGARD TO THIS FINANCIAL PRODUCT OR THE ISSUER OR OWNER OF THIS FINANCIAL PRODUCT. NEITHER MSCI, ANY OF ITS AFFILIATES NOR ANY OTHER PARTY INVOLVED IN, OR RELATED TO, MAKING OR COMPILING ANY MSCI INDEX HAS ANY OBLIGATION TO TAKE THE NEEDS OF THE ISSUERS OR OWNERS OF THIS FINANCIAL PRODUCT INTO CONSIDERATION IN DETERMINING, COMPOSING OR CALCULATING THE MSCI INDEXES. NEITHER MSCI, ITS AFFILIATES NOR ANY OTHER PARTY INVOLVED IN, OR RELATED TO, MAKING OR COMPILING ANY MSCI INDEX IS RESPONSIBLE FOR OR HAS PARTICIPATED IN THE DETERMINATION OF THE TIMING OF, PRICES AT, OR QUANTITIES OF THIS FINANCIAL PRODUCT TO BE ISSUED OR IN THE DETERMINATION OR CALCULATION OF THE EQUATION BY WHICH THIS FINANCIAL PRODUCT IS REDEEMABLE FOR CASH. NEITHER MSCI, ANY OF ITS AFFILIATES NOR ANY OTHER PARTY INVOLVED IN, OR RELATED TO, THE MAKING OR COMPILING ANY MSCI INDEX HAS ANY OBLIGATION OR LIABILITY TO THE OWNERS OF THIS FINANCIAL PRODUCT IN CONNECTION WITH THE ADMINISTRATION, MARKETING OR OFFERING OF THIS FINANCIAL PRODUCT.

ALTHOUGH MSCI SHALL OBTAIN INFORMATION FOR INCLUSION IN OR FOR USE IN THE CALCULATION OF THE MSCI INDEXES FROM SOURCES WHICH MSCI CONSIDERS RELIABLE, NEITHER MSCI, ANY OF ITS AFFILIATES NOR ANY OTHER PARTY INVOLVED IN, OR RELATED TO MAKING OR COMPILING ANY MSCI INDEX WARRANTS OR GUARANTEES THE ORIGINALITY, ACCURACY AND/OR THE COMPLETENESS OF ANY MSCI INDEX OR ANY DATA INCLUDED THEREIN. NEITHER MSCI, ANY OF ITS AFFILIATES NOR ANY OTHER PARTY INVOLVED IN, OR RELATED TO, MAKING OR COMPILING ANY MSCI INDEX MAKES ANY WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY LICENSEE, LICENSEE'S CUSTOMERS OR COUNTERPARTIES, ISSUERS OF THE FINANCIAL SECURITIES, OWNERS OF THE FINANCIAL SECURITIES, OR ANY OTHER PERSON OR ENTITY, FROM THE USE OF ANY MSCI INDEX OR ANY DATA INCLUDED THEREIN IN CONNECTION WITH THE RIGHTS LICENSED HEREUNDER OR FOR ANY OTHER USE. NEITHER MSCI, ANY OF ITS AFFILIATES NOR ANY OTHER PARTY INVOLVED IN, OR RELATED TO, MAKING OR COMPILING ANY MSCI INDEX SHALL HAVE ANY LIABILITY FOR ANY ERRORS, OMISSIONS OR INTERRUPTIONS OF OR IN CONNECTION WITH ANY MSCI INDEX OR ANY DATA INCLUDED THEREIN. FURTHER, NEITHER MSCI, ANY OF ITS AFFILIATES NOR ANY OTHER PARTY INVOLVED IN, OR RELATED TO, MAKING OR COMPILING ANY MSCI INDEX MAKES ANY EXPRESS OR IMPLIED WARRANTIES OF ANY KIND, AND MSCI, ANY OF ITS AFFILIATES AND ANY OTHER PARTY INVOLVED IN, OR RELATED TO MAKING OR COMPILING ANY MSCI INDEX HEREBY EXPRESSLY DISCLAIM ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO ANY MSCI INDEX AND ANY DATA

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## **MSCI EMERGING MARKETS SF UCITS ETF**

### **Supplement to the Prospectus**

This Supplement contains information in relation to the **MSCI EMERGING MARKETS SF UCITS ETF** (the "**Fund**"), a sub-fund of UBS ETFs plc (the "**Company**") an umbrella type open-ended investment company with variable capital, governed by the laws of Ireland and authorised by the Central Bank of Ireland (the "**Central Bank**") of Block D, Iveagh Court, Harcourt Road, Dublin 2, Ireland.

**This Supplement forms part of, and must be read in conjunction with, the Prospectus of the Company dated 12 October 2016, as may be amended, supplemented or modified from time to time, (the "Prospectus") and may not be distributed unless accompanied by the Prospectus (other than to prior recipients of the Prospectus).**

**THIS DOCUMENT IS IMPORTANT. BEFORE YOU PURCHASE ANY OF THE SHARES REPRESENTING INTERESTS IN THE FUND DESCRIBED IN THIS SUPPLEMENT YOU SHOULD ENSURE THAT YOU FULLY UNDERSTAND THE NATURE OF SUCH AN INVESTMENT, THE RISKS INVOLVED AND YOUR OWN PERSONAL CIRCUMSTANCES. IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS SUPPLEMENT YOU SHOULD TAKE ADVICE FROM AN APPROPRIATELY QUALIFIED ADVISOR.**

Capitalised terms used in this Supplement will have the meanings given to them in the Definitions section below or in the Prospectus.

In addition to investing in equities and equity related securities, transferable securities and other eligible assets, it is the intention of the Company to invest on behalf of the Fund in financial derivative instruments ("FDIs") for investment and efficient portfolio management purposes, where applicable.

Certain risks attached to investments in FDIs are set out in the Prospectus under the section headed "Risk Factors".

You should inform yourself as to (a) the possible tax consequences, (b) the legal and regulatory requirements, (c) any foreign exchange restrictions or exchange control requirements and (d) any other requisite governmental or other consents or formalities which you might encounter under the laws of the country of your citizenship, residence or domicile and which might be relevant to your purchase, holding or disposal of the Shares.

### **UBS ETFs plc**

An umbrella fund with segregated liability between the sub-funds

**Dated 12 October 2016**

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## **IMPORTANT INFORMATION**

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### **Suitability of Investment**

**The Shares are not principal protected. The value of the Shares may go up or down and you may not get back the amount you have invested. See the section headed "Risk Factors" of the Prospectus and the section headed "Other Information – Risk Factors" of this Supplement for a discussion of certain risks that should be considered by you.**

An investment in the Shares is only suitable for you if you (either alone or with the help of an appropriate financial or other advisor) are able to assess the merits and risks of such an investment and have sufficient resources to be able to bear any losses that may result from such an investment. The contents of this document are not intended to contain and should not be regarded as containing advice relating to legal, taxation, investment or any other matters.

### **Profile of a Typical Investor**

The Fund is suitable for investors seeking capital appreciation and who are prepared to accept a high level of volatility. Investment in the Fund should be viewed as a medium to long term investment.

### **Responsibility**

The Directors (whose names appear under the heading "**Directors of the Company**" of the Prospectus) accept responsibility for the information contained in the Prospectus and this Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement when read together with the Prospectus (as complemented, modified or supplemented by this Supplement) is in accordance with the facts as at the date of this Supplement and does not omit anything likely to affect the import of such information.

### **General**

This Supplement sets out information in relation to the Shares and the Fund. You must also refer to the Prospectus which is separate to this document and describes the Company and provides general information about offers of shares in the Company. You should not take any action in respect of the Shares unless you have received a copy of the Prospectus. Should there be any inconsistency between the contents of the Prospectus and this Supplement, the contents of this Supplement will, to the extent of any such inconsistency, prevail. This Supplement and the Prospectus should both be carefully read in their entirety before any investment decision with respect to Shares is made.

As of the date of this Supplement, the Company does not have any loan capital (including term loans) outstanding or created but unissued and no outstanding mortgages, charges or other borrowings or indebtedness in the nature of borrowings, including bank overdrafts and liabilities under acceptances or acceptance credits, hire purchase or finance lease commitments, guarantees or other contingent liabilities.

### **Distribution of this Supplement and Selling Restrictions**

Distribution of this Supplement is not authorised unless accompanied by a copy of the Prospectus and the latest annual report and audited accounts of the Company and the Fund (other than to prior recipients of the Prospectus) and if published after such report, a copy of the then latest semi annual report and unaudited accounts. The distribution of this Supplement and the offering or purchase of the Shares may be restricted in certain jurisdictions. If you receive a copy of this Supplement and/or the Prospectus you may not treat such document(s) as constituting an offer, invitation or solicitation to you to subscribe for any Shares unless, in the relevant jurisdiction, such an offer, invitation or solicitation could lawfully be made to you without compliance with any registration or other legal requirement other than those with which the Company has already complied. If you wish to apply for the opportunity to purchase any Shares it is your duty to inform yourself of, and to observe, all applicable laws and regulations of any relevant jurisdiction. In particular, you should inform yourself as to the legal requirements of so applying, and any applicable exchange control regulations and taxes in the countries of your respective citizenship, residence or domicile.

## Definitions

Words and expressions defined in the Prospectus will, unless otherwise defined in this Supplement, have the same meaning when used in this Supplement.

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## **TERMS OF THE SHARES REPRESENTING INTERESTS IN THE FUND**

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### **Investment Objective**

The investment objective of the Fund is to deliver the net total return of the Reference Index (being MSCI Emerging Markets Total Return Net Index).

The Fund will return the Reference Index performance less fees and expenses on each Dealing Day.

### **Investment Policy**

In order to achieve the investment objective, the Company on behalf of the Fund intends to invest all or substantially all of the net proceeds of any issue of Shares in the manner set out below:

- I. swaps (each swap being an agreement between the Company on behalf of the Fund and an Approved Counterparty pursuant to a master agreement in accordance with the requirements of the International Swaps and Derivatives Association, and such swaps may include funded, unfunded or total return (as further described below under "**Use of Derivative Contracts – Swaps**") (the "**Swaps**"). The purpose of the Swaps shall be to gain indirect exposure to the Reference Index (as described in further detail under the heading "**Use of Derivative Contracts – Swaps**" below); and
- II. a portfolio of transferable securities or other eligible assets. These may include (without limitation) equity and equity-related securities; fixed income securities such as government and corporate bonds (such bonds may be rated or unrated), money market instruments, floating rate instruments, convertible securities and commercial paper; and/or units of other open-ended collective investment schemes including other Funds of the Company. Any of the foregoing may be issued or arranged by a member of the UBS AG Group. Where the Fund invests in such securities and/or other eligible assets, the Fund will enter into an unfunded or total return swap to exchange, the price performance and income received in relation to such securities and/or other eligible assets for the performance of the Reference Index. In this instance, the Fund will have neither market nor credit exposure to the particular securities and other eligible assets referred to above, except in the event of a default on the part of the Approved Counterparty to the Swaps.

The equities, equity-related securities, Swaps, other eligible assets listed at (ii) above, any ancillary cash and any instruments held by the Fund (either for investment or efficient portfolio management purposes) shall constitute the "**Fund Assets**" for the purposes of the Prospectus. To the extent that the Fund invests some of the net proceeds of any issue of Shares in the manner set out in (ii) above, the Fund shall invest no more than 15% in the fixed income securities mentioned in (ii) above. All instruments shall be listed and/or traded on the exchanges and markets set out in Appendix II of the Prospectus.

The Fund may, with due regard to the best interest of its Shareholders, decide from time to time to switch partially or totally from one of the above described policies to the other.

Further information relevant to the Fund's investment policy is contained in the main part of the Prospectus under "**Investment Objectives and Policies**" and under "**Investment Restrictions**".

### **Index Tracking Strategy**

The Fund gains exposure to the Reference Index by investing in one or more Swaps. It is not intended that the Fund will invest directly in the components of the Reference Index in order to meet the Fund's investment objective. The Fund (and the investors in the Fund) will be exposed to the full performance of the Reference Index.

The Fund may have counterparty risk as a result of the investment in the swaps – further information is provided in the section below headed "Use of Derivative Contracts – Swaps" and in section 6 "Risk Factors" of the Prospectus.

The anticipated level of tracking error after fees and transaction costs is up to 0.03% per annum in normal market conditions.

The annual report of the Fund, which can be found on the Website, will include the following information:

- a. The size of the realised tracking error for the year, being the volatility of the difference between the return of the Fund and the return of the Reference Index;
- b. An explanation for the divergence between the anticipated and realised tracking error for the year;
- c. The size of the annual tracking distance for the year, being the difference between the performance of the Fund and the Reference Index; and
- d. An explanation for the annual tracking difference, including the impact of transaction costs, fees and expenses on the performance of the Fund.

### **Portfolio Transparency Policy**

The Fund's transparency policy regarding the composition of its portfolio, and any collateral received in relation to the Swaps, is to provide position level disclosure on a daily basis. The information is published on the Website.

The assets in which the Fund will invest in order to achieve its investment objective are set out in the "Investment Policy" section above. Details on the composition of the Fund Assets will be set out on the Website.

### **Use of Derivative Contracts – Swaps**

The Fund may enter into Swaps with a member of the UBS AG Group or any other eligible entity (being the "**Approved Counterparty**") pursuant to which the Fund will be entitled to receive from the Approved Counterparty the performance of the components of the Reference Index in exchange for the payment to the Approved Counterparty of (i) where the swap is funded, some or all of the net proceeds of any issue of Shares; (ii) where the swap is unfunded, payments linked to the return on some or all of the equities and other eligible assets held by the Fund as listed at (ii) above; and (iii) where the swap is a total return swap, payments will be based upon a set rate agreed between the parties in exchange for the return on some or all of the equities and other eligible assets held by the Fund as listed at (ii) above.

The Approved Counterparty to the Swaps and the Company on behalf of the Fund have entered into a 2002 International Swaps and Derivatives Association Master Agreement (including any supporting agreements, annexes or schedules thereto) (the "**ISDA Master Agreement**"), and will enter into confirmations for each Swap transaction. Such confirmations may be entered into before or after the relevant transaction and may be in electronic form.

The Swaps will at all times be valued in accordance with the provisions of the Prospectus. The valuation of the Swaps will reflect the relative movements in the performance of the Reference Index and the Fund's holding of transferable securities and/or other Fund Assets as may be referenced under the Swaps. Depending on the value of the Swaps, the Fund will have to make a payment to the Approved Counterparty or will receive such a payment. Where the Fund has to make a payment to the Approved Counterparty, this payment will be made from the proceeds and, as the case may be, the disposal of some or all of the transferable securities and/or other Fund Assets in which the Fund has invested.

As set out in Section 5 of the Prospectus, the Company will ensure that the counterparty risk exposure under the Swaps never exceeds the limits required by the Regulations and the Central Bank. Accordingly, the Company will reduce such counterparty exposure by causing the Approved Counterparty, where necessary, to provide appropriate Collateral to the Company on behalf of the relevant Fund (or as otherwise permitted by the Central Bank) under the terms of ISDA Master Agreement, in accordance with the Investment Restrictions. Alternatively, the Company may reduce its risk exposure to the Approved Counterparty by causing the Approved Counterparty to reset the Swaps or vice versa. This may result in a corresponding payment from the Fund to the Approved Counterparty.

The Swaps may be terminated by either party at any time or on the occurrence of certain events with respect to either the Fund or the Approved Counterparty including, but not limited to, an event of default (such as a failure to pay, breach of agreement or bankruptcy) or a termination event (which is not due to

the fault of either party, for example, illegality or a change in the tax or accounting laws), in which case the non-defaulting party or the unaffected party respectively is entitled to calculate the close-out value of the Swaps and it will do so in line with the industry standard requirements set out in the ISDA Master Agreement. The Fund may then enter into new Swaps (unless the Directors resolve that it is inadvisable to do so) or, if the Directors determine that there is no reasonable way to achieve the investment objective, the Fund may be terminated in accordance with the provisions of the Prospectus.

### **Securities Lending and Repurchase Transactions**

The Company may (for the purposes of efficient portfolio management only) enter into stock lending arrangements and/or Repurchase Transactions with financial institutions (including with a member of the UBS AG Group as the stock borrower or counterparty to the Repurchase Transaction) with a minimum credit rating at the time the relevant transaction as permitted by the Regulations, or which are deemed by the Fund to have an implied credit rating at least equal to such level (a "**Counterparty**"). Any such stock lending arrangement and Repurchase Transaction will be subject to the conditions, limits and requirements of the Central Bank and the provisions of the Prospectus. In these transactions, Collateral will move between the Company and the relevant Counterparty in order to mitigate any counterparty risk.

Investors should also note the information contained in the "Securities Lending and Repurchase Transactions" and "Collateral Policy" sections in the main body of the Prospectus.

**The Company on behalf of the Fund has filed with the Central Bank its risk management policy which enables it to accurately measure, monitor and manage the various risks associated with the use of Financial Derivative Instruments. The Company will, on request, provide supplementary information to Shareholders relating to the risk management methods employed, including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments.**

**The Company will use the commitment approach for the purposes of calculating global exposure for the Fund. The Fund's total exposure to the Reference Index will be limited to 100% of Net Asset Value.**

### **Efficient Portfolio Management**

The Company may also (for the purposes of efficient portfolio and cash management and not for investment purposes), invest in cash deposits, money market instruments, OTC options and units of UCITS regulated money market collective investment schemes.

Further information on efficient portfolio management is contained in the main body of the prospectus under the heading "Use of Financial Derivative Instruments and Efficient Portfolio Management".

### **Investment Restrictions**

Investors in particular must note that the general investment restrictions set out under "**Investment Restrictions**" in the Prospectus apply to the Fund. In addition the following investment restrictions shall apply to the Fund:

The Fund shall not invest in a fund of the Company which itself holds shares in any other fund of the Company.

### **Disruption Events**

The following Disruption Events shall apply to the Fund in addition to those set out in the Prospectus:

- (i) the Index Provider makes an adjustment or modification to the calculation of the Reference Index;
- (ii) the Approved Counterparty is:
  - (a) prevented, hindered or impaired from conducting one or more of its activity/activities in a commercially reasonable manner in connection with the establishment, maintenance, adjustment or termination of any transaction(s) in order to fully hedge its exposure in respect of the Reference Index; and/or
  - (b) prevented, hindered or impaired from performing one or more of its obligation(s) in a commercially reasonable manner,

under the terms of the relevant Swaps, with the consequence that the Approved Counterparty or the Calculation Agent (as applicable) elects to:

- I. adjust the terms of the Swaps; and/or
  - II. delay payment to the Fund under the terms of the Swaps; and/or
  - III. terminate the Swaps;
- (iii) the Index Provider fails or delays in calculating, announcing and/or publishing the Reference Index level.

### **Consequences of Disruption Events**

As further described in the Prospectus and as set out above, upon the occurrence of a Disruption Event including an Index Disruption and Adjustment Event (and without limitation to the Directors' personal powers), (i) the Approved Counterparty (where acting as the relevant Calculation Agent or otherwise) may either (a) terminate one or more of the relevant Swaps or (b) make adjustments to the terms or valuation of the relevant Swaps and other Derivative Contracts to account for such event and the Net Asset Value may be affected by such adjustment; (ii) the Directors may temporarily suspend the calculation of the Net Asset Value and any subscription, redemption and exchange of Shares; and/or (iii) the Directors may, in certain circumstances, terminate the Fund.

### **Borrowings**

In accordance with the general provisions set out in the Prospectus under the heading "**Borrowing and Lending Powers**", the Company on behalf of the Fund may borrow up to 10% of the Net Asset Value of the Fund on a temporary basis. Such borrowings may only be used for short term liquidity purposes to cover the redemption of Shares.

### **Dividend Policy**

The Fund does not intend to issue dividends. However, the Directors may, in their absolute discretion, determine to declare dividends in respect of any Share Class and Shareholders will be notified accordingly. Any dividends payable by the Fund will be effected in accordance with the Dividend Policy stated in the Prospectus.

The dividend payments may be as low as zero. There is no guarantee that any dividend will be declared. For the avoidance of doubt, the payment of a dividend (if any) will reduce the Net Asset Value of the relevant Share Class accordingly.

### **Limited Recourse**

A Shareholder will solely be entitled to look to the Fund Assets in respect of all payments in respect of its Shares. If the realised net assets of the Fund are insufficient to pay any amounts payable in respect of the Shares, the Shareholder will have no further right of payment in respect of such Shares nor any claim against or recourse to any of the assets of any other Fund or any other asset of the Company.

### **Listing**

Application will be made to such exchanges as the Directors may determine from time to time (the "**Relevant Stock Exchanges**") for the listing of the Shares issued and available to be issued and to be admitted to listing on the official list and trading on each of the Relevant Stock Exchanges on or about the Launch Date. This Supplement and the Prospectus together comprise listing particulars for the purposes of listing the Shares on the official list and trading on the main market of each of the Relevant Stock Exchanges.

### **Exchange Traded Fund**

The Fund is an Exchange Traded Fund ("**ETF**"). The Shares of this Fund (where they are listed on the Relevant Stock Exchanges) are fully transferable among investors. It is envisaged that Shares will be bought and sold by public and institutional investors in the secondary market in the same way as the ordinary shares of a listed trading company.

The Directors of the Company may create new Share Classes from time to time, provided that the creation of any such new Share Classes is notified in advance to and cleared by the Central Bank. A separate pool of assets will not be maintained for each of the Share Classes.

### General Information Relating to the Fund

<b>Type</b>	Open-ended
<b>Base Currency</b>	US Dollar ("USD")
<b>Business Day</b>	A day (other than a Saturday or Sunday) on which (i) banks are open for business in Dublin; (ii) the Reference Index is calculated by the Index Provider or such other day or days as the Directors may from time to time determine and notify in advance to Shareholders. For the avoidance of doubt, there shall be at least two Dealing Days per month at regular intervals.
<b>Dealing Day</b>	Any Business Day.
<b>Dealing Deadline</b>	2.00pm. (Dublin time) 1 Business Day prior to the relevant Dealing Day.
<b>Launch Date</b>	The Fund launched on 27 April 2011.
<b>Minimum Fund Size</b>	USD 100 million
<b>Valuation Point</b>	10:30 pm (Dublin time) on the relevant Dealing Day.
<b>Settlement Date</b>	Up to three Business Days after the relevant Dealing Day.
<b>Minimum Holding</b>	1 Share
<b>Minimum Subscription Amount</b>	100,000 USD or its equivalent in another currency or such amount as may be determined by the Directors. Investors will be notified of any change to the Minimum Subscription Amount/basket size.
<b>Minimum Redemption Amount</b>	100,000 USD or its equivalent in another currency or such amount as may be determined by the Directors. Investors will be notified of any change to the Minimum Redemption Amount/basket size.
<b>Website</b>	<a href="http://www.ubs.com/etf">www.ubs.com/etf</a> - information on Fund Assets and the Fund's iNAV is set out on the Website.

### Description of the Shares

#### Share Classes

<b>Share Class</b>	*(USD) A-acc"
<b>Initial Issue</b>	N/A

\*Together "A-acc" Share Class

Information regarding the Initial Issue Price is available from the Administrator. Details on the Reference Index can be found at [www.msibarra.com](http://www.msibarra.com)

## Fees and Expenses

The following fees will be incurred on each Share by Shareholders (and will not be incurred by the Company on behalf the Fund, and accordingly will not affect the Net Asset Value of the relevant Share Class of the Fund).

Share Class	"A-acc"
Subscription Charge*	Up to 5%
Redemption Charge**	Up to 3%
Exchange Charge	Up to 3%
Primary Market Transaction Costs***	Up to 1%

\* The Subscription Charge is deducted from the investment amount received from an investor for subscription for Shares. The Manager may waive all or part of the Subscription Charge in the event that the Shares purchased by a Shareholder correspond at least to the Minimum Subscription Amount/basket or a multiple thereof or for any other reason at the Manager's sole discretion.

\*\* The Redemption Charge is deducted from the redemption proceeds payable to the investor. The Manager may waive all or part of the Redemption Charge in the event that the Shares redeemed by a Shareholder correspond at least to the Minimum Redemption Amount/basket or a multiple thereof or for any other reason at the Manager's sole discretion.

\*\*\*The Manager may waive all or part of the Primary Market Transaction Costs in the event that the Shares subscribed or redeemed by a Shareholder correspond at least to the Minimum Redemption Amount/basket or a multiple thereof or for any other reason at the Manager's sole discretion.

Separate to and distinct from the Subscription Charge, Redemption Charge, Exchange Charge and Primary Market Transaction Costs, which shall be deducted from the investment amount received from an investor or deducted from the redemption proceeds payable to the investor or used to purchase the Shares of the New Class (as appropriate), the following fees and expenses will be incurred by the Company on behalf of the Fund and will affect the Net Asset Value of the relevant Share Class of the Fund:

Share Class	"A-acc"
Flat-Fees	Up to 0.34% per annum

The Promoter shall discharge the fees associated with the establishment and approval of the Fund.

This section headed "**Fees and Expenses**" should be read in conjunction with the sections headed "**Fees and Expenses**" and "**Issue and Repurchase Price/Calculation of Net Asset Value/Valuation of Assets**" in the Prospectus.

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## GENERAL DESCRIPTION OF THE REFERENCE INDEX

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The Reference Index is the MSCI Emerging Markets Total Return Net Index ("**the Reference Index**"). The Reference Index is further described below but only represents an extract of information available and neither the Directors, the Manager, MSCI BarraSM or such other successor sponsor to the Reference Index (the "**Index Provider**") nor the Investment Manager take any responsibility for the accuracy or completeness of such information.

The Reference Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. As of July 2014 the MSCI Emerging Markets Index consisted of the following 23 emerging market country indices: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Peru, Philippines, Poland, Qatar, Russia, South Africa, Taiwan, Thailand, Turkey and United Arab Emirates.

The Reference Index is rebalanced on a semi-annual basis.

The rebalancing frequency of the Reference Index has no impact on the transaction costs associated with the Fund as any rebalancing is not expected to require any higher frequency of position turnover in the Fund than would otherwise be the case were the Reference Index to be static.

The Reference Index is calculated in USD (Dollar).

*Index Provider and website*

The Reference Index is sponsored by MSCI Inc. More details on the Reference Index, including its underlying components, can be found at [www.msci.com](http://www.msci.com).

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## **OTHER INFORMATION**

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### **Risk Factors**

Certain risks relating to the Shares are set out under the heading "**Risk Factors**" in the Prospectus. In addition, Shareholders must also note that:

- (a) The sub-funds of the Company are segregated as a matter of Irish law and as such, in Ireland, the assets of one sub-fund will not be available to satisfy the liabilities of another sub-fund. However, it should be noted that the Company is a single legal entity which may operate or have assets held on its behalf or be subject to claims in other jurisdictions which may not necessarily recognise such segregation. There can be no guarantee that the courts of any jurisdiction outside Ireland will respect the limitations on liability as set out above.
- (b) Upon the occurrence of a Disruption Event or an Index Disruption and Adjustment Event (and without limitation to the Directors' personal powers as further described in the Prospectus); (i) adjustments may be made to account for any such event (including adjustment to the Reference Index, the calculation of the Reference Index level and/or changes to the terms of the Derivative Contracts) which may have a significant impact on the Net Asset Value of the Fund; (ii) the Directors may temporarily suspend the calculation of the Net Asset Value and any subscription, redemption and exchange of Shares and payment of redemption proceeds in accordance with the provisions of the Prospectus under the section "Suspension of Calculation of Net Asset Value"; and/or (iii) the Directors may, in certain circumstances as set out in the Prospectus, terminate the Fund.
- (c) The return payable under the Swaps with a counterparty is subject to the credit risk of the counterparty. In addition, the counterparty will generally act as the calculation agent under the Swaps (the "Calculation Agent") and perform those duties agreed in the ISDA Master Agreement and confirmation for the relevant Swaps. Shareholders should note that not only will they be exposed to the credit risk of the counterparty but also potential conflicts of interest in the performance of the function of Calculation Agent by the counterparty. The counterparty will use its reasonable endeavours to resolve any such conflicts of interest fairly (having regard to its respective obligations and duties) and to ensure that the interests of the Company and the Shareholders are not unfairly prejudiced. The Directors believe that the counterparty will be suitable and competent to act as Calculation Agent. Any valuations provided by the counterparty in its role as Calculation Agent will be verified at least weekly by a party independent of the counterparty as sourced by the Administrator and approved by the Custodian.
- (d) The Fund is highly dynamic and may exhibit above-average potential growth and investment performance, depending on the economic environment. The opportunities for above average

growth may in some circumstances lead to extreme positive and negative fluctuations in the Net Asset Value of the Fund.

- (e) The value of investments and the income from them, and therefore the value of and income from the Shares can go down as well as up and an investor may not get back the amount invested. The Fund's exposure is linked to the performance of the components of the Reference Index which, in turn, is exposed to general market movements (negative as well as positive).
- (f) There can be no assurance that the Reference Index will be successful at producing positive returns consistently or at all. The Index Provider makes no representation or warranty, express or implied, that the Reference Index will produce positive returns at any time.
- (g) As at the date hereof there is one Class of Shares issued in respect of the Fund. Additional Classes of Shares may be created at any time without the consent of the then existing Shareholders in accordance with the Central Bank's requirements. Each Class of Shares issued in respect of the Fund will perform differently as a result of differences of currency and fees (as applicable). The Company on behalf of the Fund will enter into Swaps that are designed to generate the cash flows payable in respect of the Shares of the relevant Classes. There is no legal segregation of assets and liabilities between Classes and there is no separate portfolio of assets held for each Class.
- (h) The Company on behalf of the Fund will enter into a separate Derivative Contract in respect of each Class. Each Derivative Contract will be on similar terms except that each Derivative Contract will provide a return in the currency of denomination of each Class of Shares to which it relates.
- (i) The Fund's use of the Reference Index is licensed by the Index Provider. If at any time, the licence is terminated or the Reference Index otherwise becomes unavailable, unreliable, inaccurate or unrepresentative, the Fund Directors may exercise their discretion to terminate the Fund in accordance with the terms of the Memorandum and Articles of Association.
- (j) The Fund is exposed to the investment risk arising from the Reference Index underlying the Swaps. The Fund is therefore exposed to the risks inherent to investments in equity markets.
- (k) Some of the markets in which the Fund may effect derivative transactions are "over-the-counter" or "interdealer" markets, which may be illiquid and are sometimes subject to larger spreads than exchange-traded derivative transactions. The participants in such markets are typically not subject to credit evaluation and regulatory oversight, which would be the case with members of "exchange-based" markets. This exposes the Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a credit or liquidity problem with the counterparty. Delays in settlement may also result from disputes over the terms of the contract (whether or not bona fide) since such markets may lack the established rules and procedures for swift settlement of disputes among market participants found in "exchange-based" markets. These factors may cause the Fund to suffer a loss due to adverse market movements while replacement transactions are executed or otherwise.
- (l) Whilst the Company has the right to use and reference the Reference Index in connection with the Fund in accordance with the terms of the Reference Index license, in the event that the licence is terminated the Fund may be terminated or if any other Index Disruption and Adjustment Event occurs, adjustments may be made to the terms of the Swaps after negotiation with each Approved Counterparty to account for any such event including adjustment to the Reference Index or the calculation of the Reference Index level which may have a significant impact on the Net Asset Value of the Fund.
- (m) Subject to certain pre-defined parameters, it is possible that methodology used to calculate the Reference Index or the formulae underlying the Reference Index could change and such change may result in a decrease in the performance of the Reference Index. As such, aspects of the Reference Index could change in the future, including without limitation, the methodology and third party data sources. Any changes may be made without regard to the interests of a holder of any product linked to the Reference Index. Additionally, the Reference Index was created by the Index Provider, who has the right to permanently cancel the Reference Index at any time. Such cancellation may have a material adverse effect on any linked investments or transactions.

- (n) The Reference Index is comprised of emerging market country indices including India. The Securities and Exchange Board of India ("SEBI") imposes certain obligations under the FII (Foreign Institutional Investor) Regulations on investors seeking to invest either directly and or indirectly in securities listed or proposed to be listed in India ("Indian Securities"). In the case of the Fund, such obligations would apply where the Indian listed stock component of the Reference Index exceeds certain prescribed limits which are set by SEBI. Currently, the Indian listed stock component in the Reference Index remains below the prescribed limits. However, should the SEBI limit requirements change, this may have an impact on the Fund as an indirect investor in Indian Securities by referencing the Reference Index and consequently the Fund may need to be closed to further subscriptions.

**Investors should also refer to the Prospectus for additional disclosure of risks.**

#### **Miscellaneous**

The Company has the following Funds established as at the date of this Supplement.

S&P 500 SF UCITS ETF  
FTSE 100 SF UCITS ETF  
HFRX GLOBAL HEDGE FUND INDEX SF UCITS ETF  
BLOOMBERG COMMODITY INDEX SF UCITS ETF  
CMCI COMPOSITE SF UCITS ETF  
MSCI USA SF UCITS ETF  
MSCI CANADA SF UCITS ETF  
MSCI EMU SF UCITS ETF  
MSCI JAPAN SF UCITS ETF  
MSCI EMERGING MARKETS SF UCITS ETF  
MSCI ACWI RISK WEIGHTED SF UCITS ETF  
MSCI USA GROWTH SF UCITS ETF  
MSCI EMU GROWTH SF UCITS ETF  
MSCI AC ASIA EX JAPAN SF UCITS ETF  
MAP BALANCED 5 SF UCITS ETF  
MAP BALANCED 7 SF UCITS ETF  
JPX-NIKKEI 400 SF UCITS ETF  
MSCI ACWI SF UCITS ETF  
CMCI EX-AGRICULTURE SF UCITS ETF

#### **Disclaimers**

THIS FUND IS NOT SPONSORED, ENDORSED, SOLD OR PROMOTED BY MSCI INC. ("MSCI"), ANY AFFILIATE OF MSCI OR ANY OTHER PARTY INVOLVED IN, OR RELATED TO, MAKING OR COMPILING ANY MSCI INDEX. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES ARE SERVICE MARK(S) OF MSCI OR ITS AFFILIATES AND HAVE BEEN LICENSED FOR USE FOR CERTAIN PURPOSES BY LICENSEE. NEITHER MSCI, ANY OF ITS AFFILIATES NOR ANY OTHER PARTY INVOLVED IN, OR RELATED TO, MAKING OR COMPILING ANY MSCI INDEX MAKES ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, TO THE OWNERS OF THIS FUND OR ANY MEMBER OF THE PUBLIC REGARDING THE ADVISABILITY OF INVESTING IN FINANCIAL SECURITIES GENERALLY OR IN THIS FUND PARTICULARLY OR THE ABILITY OF ANY MSCI INDEX TO TRACK CORRESPONDING STOCK MARKET PERFORMANCE. MSCI OR ITS AFFILIATES ARE THE LICENSORS OF CERTAIN TRADEMARKS, SERVICE MARKS AND TRADE NAMES AND OF THE MSCI INDEXES WHICH ARE DETERMINED, COMPOSED AND CALCULATED BY MSCI WITHOUT REGARD TO THIS FUND OR THE ISSUER OR OWNER OF THIS FUND. NEITHER MSCI, ANY OF ITS AFFILIATES NOR ANY OTHER PARTY INVOLVED IN, OR RELATED TO, MAKING OR COMPILING ANY MSCI INDEX HAS ANY OBLIGATION TO TAKE THE NEEDS OF THE ISSUERS OR OWNERS OF THIS FUND INTO CONSIDERATION IN DETERMINING, COMPOSING OR CALCULATING THE MSCI INDEXES. NEITHER MSCI, ITS AFFILIATES NOR ANY OTHER PARTY INVOLVED IN, OR RELATED TO, MAKING OR COMPILING ANY MSCI INDEX IS RESPONSIBLE FOR OR HAS PARTICIPATED IN THE DETERMINATION OF THE TIMING OF, PRICES AT, OR QUANTITIES OF THIS FUND TO BE ISSUED OR IN THE DETERMINATION OR CALCULATION OF THE EQUATION BY WHICH THIS FUND IS REDEEMABLE FOR CASH. NEITHER MSCI, ANY OF ITS AFFILIATES NOR ANY OTHER PARTY INVOLVED IN, OR RELATED TO, THE MAKING OR COMPILING ANY MSCI INDEX HAS ANY OBLIGATION OR LIABILITY TO THE OWNERS OF THIS FUND IN CONNECTION WITH THE ADMINISTRATION, MARKETING OR OFFERING OF THIS FUND.

ALTHOUGH MSCI SHALL OBTAIN INFORMATION FOR INCLUSION IN OR FOR USE IN THE CALCULATION OF THE MSCI INDEXES FROM SOURCES WHICH MSCI CONSIDERS RELIABLE, NEITHER MSCI, ANY OF ITS AFFILIATES NOR ANY OTHER PARTY INVOLVED IN, OR RELATED TO MAKING OR COMPILING ANY MSCI INDEX WARRANTS OR GUARANTEES THE ORIGINALITY, ACCURACY AND/OR THE COMPLETENESS OF ANY MSCI INDEX OR ANY DATA INCLUDED THEREIN. NEITHER MSCI, ANY OF ITS AFFILIATES NOR ANY OTHER PARTY INVOLVED IN, OR RELATED TO, MAKING OR COMPILING ANY MSCI INDEX MAKES ANY WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY

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## **MAP BALANCED 7 SF UCITS ETF**

### **Supplement to the Prospectus**

This Supplement contains information in relation to the **MAP BALANCED 7 SF UCITS ETF** (the "**Fund**"), a sub-fund of UBS ETFs plc (the "**Company**") an umbrella type open-ended investment company with variable capital, governed by the laws of Ireland and authorised by the Central Bank of Ireland (the "**Central Bank**") of Block D, Iveagh Court, Harcourt Road, Dublin 2, Ireland.

This Supplement forms part of, and must be read in conjunction with, the Prospectus of the Company dated 12 October 2016, as may be amended, supplemented or modified from time to time, (the "Prospectus") and may not be distributed unless accompanied by the Prospectus (other than to prior recipients of the Prospectus).

**THIS DOCUMENT IS IMPORTANT. BEFORE YOU PURCHASE ANY OF THE SHARES REPRESENTING INTERESTS IN THE FUND DESCRIBED IN THIS SUPPLEMENT YOU SHOULD ENSURE THAT YOU FULLY UNDERSTAND THE NATURE OF SUCH AN INVESTMENT, THE RISKS INVOLVED AND YOUR OWN PERSONAL CIRCUMSTANCES. IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS SUPPLEMENT YOU SHOULD TAKE ADVICE FROM AN APPROPRIATELY QUALIFIED ADVISOR.**

Capitalised terms used in this Supplement will have the meanings given to them in the Definitions section below or in the Prospectus.

In addition to investing in equities and equity related securities, transferable securities and other eligible assets, it is the intention of the Company to invest on behalf of the Fund in financial derivative instruments ("FDIs") for investment and efficient portfolio management purposes, where applicable.

Certain risks attached to investments in FDIs are set out in the Prospectus under the section headed "Risk Factors".

You should inform yourself as to (a) the possible tax consequences, (b) the legal and regulatory requirements, (c) any foreign exchange restrictions or exchange control requirements and (d) any other requisite governmental or other consents or formalities which you might encounter under the laws of the country of your citizenship, residence or domicile and which might be relevant to your purchase, holding or disposal of the Shares.

### **UBS ETFs plc**

An umbrella fund with segregated liability between the sub-funds

**Dated 12 October 2016**

## **IMPORTANT INFORMATION**

### **Suitability of Investment**

**The Shares are not principal protected. The value of the Shares may go up or down and you may not get back the amount you have invested. See the section headed "Risk Factors" of the Prospectus and the section headed "Other Information – Risk Factors" of this Supplement for a discussion of certain risks that should be considered by you.**

An investment in the Shares is only suitable for you if you (either alone or with the help of an appropriate financial or other advisor) are able to assess the merits and risks of such an investment and have sufficient resources to be able to bear any losses that may result from such an investment. The contents of this document are not intended to contain and should not be regarded as containing advice relating to legal, taxation, investment or any other matters.

### **Profile of a Typical Investor**

The Fund is suitable for investors seeking capital appreciation and who are prepared to accept a potentially medium level of volatility. Investment in the Fund should be viewed as a medium to long term investment.

### **Responsibility**

The Directors (whose names appear under the heading "**Directors of the Company**" of the Prospectus) accept responsibility for the information contained in the Prospectus and this Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement when read together with the Prospectus (as complemented, modified or supplemented by this Supplement) is in accordance with the facts as at the date of this Supplement and does not omit anything likely to affect the import of such information.

### **General**

This Supplement sets out information in relation to the Shares and the Fund. You must also refer to the Prospectus which is separate to this document and describes the Company and provides general information about offers of shares in the Company. You should not take any action in respect of the Shares unless you have received a copy of the Prospectus. Should there be any inconsistency between the contents of the Prospectus and this Supplement, the contents of this Supplement will, to the extent of any such inconsistency, prevail. This Supplement and the Prospectus should both be carefully read in their entirety before any investment decision with respect to Shares is made.

As of the date of this Supplement, the Company does not have any loan capital (including term loans) outstanding or created but unissued and no outstanding mortgages, charges or other borrowings or indebtedness in the nature of borrowings, including bank overdrafts and liabilities under acceptances or acceptance credits, hire purchase or finance lease commitments, guarantees or other contingent liabilities.

### **Distribution of this Supplement and Selling Restrictions**

Distribution of this Supplement is not authorised unless accompanied by a copy of the Prospectus and the latest annual report and audited accounts of the Company and the Fund (other than to prior recipients of the Prospectus) and if published after such report, a copy of the then latest semi annual report and unaudited accounts. The distribution of this Supplement and the offering or purchase of the Shares may be restricted in certain jurisdictions. If you receive a copy of this Supplement and/or the Prospectus you may not treat such document(s) as constituting an offer, invitation or solicitation to you to subscribe for any Shares unless, in the relevant jurisdiction, such an offer, invitation or solicitation could lawfully be made to you without compliance with any registration or other legal requirement other than those with which the Company has already complied. If you wish to apply for the opportunity to purchase any Shares it is your duty to inform yourself of, and to observe, all applicable laws and regulations of any relevant jurisdiction. In particular, you should inform yourself as to the legal requirements of so applying, and any applicable exchange control regulations and taxes in the countries of your respective citizenship, residence or domicile.

## Definitions

Words and expressions defined in the Prospectus will, unless otherwise defined in this Supplement, have the same meaning when used in this Supplement.

## **TERMS OF THE SHARES REPRESENTING INTERESTS IN THE FUND**

### Investment Objective

The investment objective of the Fund is to deliver the return of the Reference Strategy (being the Multi Asset Portfolio "MAP" Strategy). The Reference Strategy is a rules based algorithm based on a strategy developed and operated by the Investment Manager. Further information on the Reference Strategy is set out below under "General Description of the Reference Strategy".

The Fund will return the Reference Strategy performance less fees and expenses on each Dealing Day. Further information in relation to this is set out below under the section "Fees and Expenses".

### General Description of the Reference Strategy

The Reference Strategy is a rules based strategy (the "**Algorithm**") which provides exposure to three main asset classes, namely equities, commodities and bonds and also a potential short term interest rate exposure (together the "**Portfolio**"). The Fund's exposure to the Portfolio is adjusted daily in order to maintain an annualised volatility of the Reference Strategy at or around 7% ("**Target Volatility**") (as set out further below). Within the Reference Strategy there will be 7 pre-determined constituents of the Portfolio (each, a "**Component**") in addition to a potential cash exposure (as described below). The Reference Strategy is a notional strategy; therefore the Fund's exposure is to the Components of the Portfolio through investment in a swap agreement as further described below. Two Components will provide an equity index exposure for the Fund, one Component will provide a commodity index exposure for the Fund and four Components will provide a bond exposure for the Fund. Each of the non-index components shall be listed on or traded on the markets and exchanges set out in Appendix II of the Prospectus. Further information on the Components is set out below:

Asset* Class	Component**	Allocation Range***
Equity	S&P 500 index	0 to 40%
	Euro Stoxx 50 index	
Commodity	UBS Bloomberg CMCI Composite Index	0 to 35%
Bond	Rolling 3 month investment in 5 year US Treasury Bonds futures	Up to 80%
	Rolling 3 month investment in 10 year US Treasury Bonds futures	
	Rolling 3 month investment in Euro–Bobl bond futures with 5 years maturity	
	Rolling 3 month investment in Euro–Bobl bond futures with 10 years maturity	

\* Investments in a specific asset class are allocated equally to the Components of this asset class.

\*\* The Fund does not invest directly in the Components. The Fund gains exposure to the Components through investment in a swap agreement as further described under "Investment Policy" and "Use of Derivative Contracts Swaps" below.

\*\*\* Component weightings will range from 0% to the maximum allocation specified. The Component weightings plus any potential cash exposure will amount to 100%. Under the terms of the Algorithm, the Components of the Portfolio may be subject to a maximum 2 times leverage. The Reference Strategy therefore is notionally comprised of the Leveraged Portfolio.

The Reference Strategy is an algorithmic investment strategy that the Investment Manager applies synthetically through the purchase of a swap(s) agreement whose underlyings satisfy the rules of the

Algorithm. Additional information on the rules of the Algorithm is available from the Investment Manager on request.

If the rules of the Algorithm were to change to include other asset classes not disclosed in this Supplement the Supplement would need to be updated, Shareholder approval obtained and the revised Supplement filed and cleared with the Central Bank in advance.

The percentage of the Fund allocated to each asset class within the Portfolio is determined in accordance with the Algorithm. The Algorithm will employ historical volatility data of each asset class and market sentiment indicators (based on the UBS Dynamic Equity Risk Indicator ("**DERI**"), as further described in "Other Information" section below) to determine the allocation. DERI is a risk indicator published daily by UBS equity research department and is used to determine the allocation to each asset class. The allocation to each Component is reweighted on a monthly basis. Values for DERI combined with historic pricing levels of the asset class will be utilised to calculate volatility levels within the Portfolio (i.e. used for the calculation of volatility for use in the monthly rebalance process and in turn assists in meeting Target Volatility levels). These levels in conjunction with the asset maximum allocations specified within the Algorithm (and as set out above) will determine the asset class weighting each month.

In addition on any day the Portfolio's exposure to the equity and/or the commodity asset classes may be replaced by a short term LIBOR linked interest rate return, in accordance with the Algorithm. The Algorithm uses the level of DERI (and for the commodity asset class an additional momentum indicator based on historical moving averages of prices) to determine whether for any day the equity and/or commodity asset classes should be replaced by an interest rate return. The Algorithm has an inbuilt mechanism which attempts to highlight trends in the commodity asset classes described as a momentum indicator. The momentum indicator thus seeks to identify where shifts in prices may occur and combined with DERI then indicates whether a long position in the commodity asset class or exposure to the interest rate return should be taken within the Portfolio as a result of price movements. A momentum indicator is not applied to the bond or equity component and the bond and equity allocations are driven by the rules of the Algorithm.

On each Business Day, the Reference Strategy shall reflect the value of the exposure to the Portfolio plus any exposure to short term interest rates.

The Reference Strategy is calculated in USD (Dollars).

The above represents a summary of information available on the Reference Strategy, further information on the Reference Strategy may be found on the Website [www.ubs.com/etf](http://www.ubs.com/etf).

The Fund's exposure to the Portfolio is also adjusted daily in order to maintain an annualised volatility of the Reference Strategy at or around 7% ("**Target Volatility**"). This is achieved by reducing the exposure of the Fund to the Portfolio when the volatility, as of any Business Day, of the Reference Strategy is greater than the Target Volatility or increasing the exposure of the Fund via the Swap to the Portfolio, when the volatility, as of any Business Day, of the Reference Strategy is lower than the Target Volatility. Such increase or decrease of the exposure is principally achieved by increasing or decreasing the leverage at the Portfolio level. There is no direct leverage at the Fund level. If the resulting exposure of the Reference Strategy to the Portfolio is less than 100%, any excess will be exposed to short term interest rates within the Swap. If the exposure of the Reference Strategy to the Portfolio is greater than 100%, the Reference Strategy will incur a charge based on LIBOR short term interest rates. The maximum exposure of the Reference Strategy to the Portfolio is 200%. If for any reason (e.g. market movements) the exposure of 200% is exceeded, the Investment Manager will, via the leverage limits specified within the Algorithm, reduce the Reference Strategy's exposure to the Portfolio to below the 200% maximum exposure permitted by the Algorithm, as soon as practicable. Any part of the Portfolio not comprised of the Components shall be invested in cash and will provide via the Swap a short term interest rate exposure to the Fund.

The Fund will not invest directly in the Components of the Portfolio but will enter into one or more Swaps (as such term is defined below) to gain exposure to the Reference Strategy. Under the terms of each of the Swaps, the Fund will receive the performance of the Reference Strategy. The Components of the Portfolio will at all times comply with UCITS eligibility rules.

## Investment Policy

In order to achieve the investment objective, the Company on behalf of the Fund intends to invest all or substantially all of the net proceeds of any issue of Shares in the manner set out below:

- (i) swaps (each swap being an agreement between the Company on behalf of the Fund and an Approved Counterparty pursuant to a master agreement in accordance with the requirements of the International Swaps and Derivatives Association, separate Derivative Contracts will be entered into in respect of each Class (each Derivative Contract will have materially similar terms (apart from the currency and fees) and provide exposure to the same underlyings (i.e. the Portfolio)) and such swaps may include funded, unfunded or total return (as further described below under "**Use of Derivative Contracts – Swaps**") (the "**Swaps**"). The purpose of the Swaps shall be to gain indirect exposure to the Reference Strategy (as described in further detail under the heading "**Use of Derivative Contracts – Swaps**" below); and
- (ii) a portfolio of transferable securities or other eligible assets. These may include equity and equity-related securities; fixed income securities such as government and corporate bonds such bonds may be rated or unrated, money market instruments, floating rate instruments, convertible securities, commercial paper; and/or units of other open-ended collective investment schemes including other Funds of the Company. Any of the foregoing may be issued or arranged by a member of the UBS AG Group. Where the Fund invests in such securities and/or other eligible assets, the Fund will enter into an unfunded or total return swap to exchange the price performance and income received in relation to such securities and/or other eligible assets for the performance of the Reference Strategy. In this instance, the Fund will have neither market nor credit exposure to the particular securities and other eligible assets referred to above, except in the event of a default on the part of the Approved Counterparty to the Swaps.

The equities, equity-related securities, Swaps, other eligible assets listed at (ii) above, any ancillary cash and any instruments held by the Fund (either for investment or efficient portfolio management purposes) shall constitute the "**Fund Assets**" for the purposes of the Prospectus. To the extent that the Fund invests some of the net proceeds of any issue of Shares in the manner set out in (ii) above, the Fund shall invest no more than 15% in the fixed income securities mentioned in (ii) above. All instruments shall be listed and/or traded on the exchanges and markets set out in Appendix II of the Prospectus.

The Fund may, with due regard to the best interest of its Shareholders, decide from time to time to switch partially or totally from one of the above described policies to the other.

Further information relevant to the Fund's investment policy is contained in the main part of the Prospectus under "**Investment Objectives and Policies**" and under "**Investment Restrictions**".

### Portfolio Transparency Policy

The Fund's transparency policy regarding the composition of its portfolio, and any collateral received in relation to the Swaps, is to provide position level disclosure on a daily basis. The information is published on the Website.

The assets in which the Fund will invest in order to achieve its investment objective are set out in the "Investment Policy" section above. Details on the composition of the Fund Assets will be set out on the Website.

### Use of Derivative Contracts – Swaps

The Fund may enter into Swaps with a member of the UBS AG Group or any other eligible entity (being the "**Approved Counterparty**") pursuant to which the Fund will be entitled to receive from the Approved Counterparty the performance of the components of the Reference Strategy in exchange for the payment to the Approved Counterparty of (i) where the swap is funded, some or all of the net proceeds of any issue of Shares; (ii) where the swap is unfunded or a total return swap, payments linked to the return on some or all of the equities and other eligible assets held by the Fund as listed at (ii) above.

The Fund will limit its exposure to swaps that are fully funded ("**Fully Funded Swaps**") to 10% of its net assets. Fully Funded Swaps are swap agreements pursuant to which a Fund transfers a cash amount in full consideration of the swap value to the counterparty. In return the Fund will be entitled to receive the performance of the relevant investment strategy under the terms of the swap agreement. The counterparty

will transfer collateral to the Fund in accordance with the UCITS Regulations to mitigate credit risk to the counterparty arising from entering into the swap agreement. Fully Funded Swaps are used to enhance the liquidity of the Fund.

The Approved Counterparty to the Swaps and the Company on behalf of the Fund have entered into a 2002 International Swaps and Derivatives Association Master Agreement (including any supporting agreements, annexes or schedules thereto) (the "**ISDA Master Agreement**"), and will enter into confirmations for each Swap transaction. Such confirmations may be entered into before or after the relevant transaction and may be in electronic form.

The Swaps will at all times be valued in accordance with the provisions of the Prospectus. The valuation of the Swaps will reflect the relative movements in the performance of the Reference Strategy and the Fund's holding of transferable securities and/or other Fund Assets as may be referenced under the Swaps. Depending on the value of the Swaps, the Fund will have to make a payment to the Approved Counterparty or will receive such a payment. Where the Fund has to make a payment to the Approved Counterparty, this payment will be made from the proceeds and, as the case may be, the disposal of some or all of the transferable securities and/or other Fund Assets in which the Fund has invested.

As set out in Section 5 of the Prospectus, the Company will ensure that the counterparty risk exposure under the Swaps never exceeds the limits required by the Regulations and the Central Bank. Accordingly, the Company will reduce such counterparty exposure by causing the Approved Counterparty, where necessary, to provide appropriate Collateral to the Company on behalf of the relevant Fund (or as otherwise permitted by the Central Bank) under the terms of ISDA Master Agreement, in accordance with the Investment Restrictions. Alternatively, the Company may reduce its risk exposure to the Approved Counterparty by causing the Approved Counterparty to reset the Swaps or vice versa. This may result in a corresponding payment from the Fund to the Approved Counterparty.

The Swaps may be terminated by either party at any time or on the occurrence of certain events with respect to either the Fund or the Approved Counterparty including, but not limited to, an event of default (such as a failure to pay, breach of agreement or bankruptcy) or a termination event (which is not due to the fault of either party, for example, illegality or a change in the tax or accounting laws), in which case the non-defaulting party or the unaffected party respectively is entitled to calculate the close-out value of the Swaps and it will do so in line with the industry standard requirements set out in the ISDA Master Agreement. The Fund may then enter into new Swaps (unless the Directors resolve that it is inadvisable to do so) or the Fund may be terminated in accordance with the provisions of the Prospectus.

### **Securities Lending and Repurchase Transactions**

The Company may (for the purposes of efficient portfolio management only) enter into stock lending arrangements and/or Repurchase Transactions with financial institutions (including with a member of the UBS AG Group as the stock borrower or counterparty to the Repurchase Transaction) with a minimum credit rating as permitted by the Regulations which at the date of this Supplement is A-2 or equivalent, or which are deemed by the Fund to have an implied credit rating at least equal to such level; alternatively, an unrated counterparty will be acceptable where the Fund is indemnified against losses suffered as a result of a failure by the counterparty by an entity which has and maintains a rating of A-2 (a "**Counterparty**"). Any such stock lending arrangement and Repurchase Transaction will be subject to the conditions, limits and requirements of the Central Bank and the provisions of the Prospectus. In these transactions, Collateral will move between the Company and the relevant Counterparty in order to mitigate any counterparty risk.

Investors should also note the information contained in the "Securities Lending and Repurchase Transactions" and "Collateral Policy" sections in the main body of the Prospectus.

**The Company on behalf of the Fund has filed with the Central Bank its risk management policy which enables it to accurately measure, monitor and manage the various risks associated with the use of Financial Derivative Instruments. The Company will, on request, provide supplementary information to Shareholders relating to the risk management methods employed, including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments.**

**The Company will use the commitment approach for the purposes of calculating global exposure for the Fund. The maximum exposure of the Fund to the Reference Strategy is 200% of its Net**

**Asset Value comprised of 100% of its Net Asset Value plus an additional 100% leverage exposure which is generated through the use of the Swap.**

### **Efficient Portfolio Management**

The Company may also (for the purposes of efficient portfolio or cash management and not for investment purposes), invest in cash deposits, money market instruments, OTC options and units of UCITS regulated money market collective investment schemes.

Further information on efficient portfolio management is contained in the main body of the prospectus under the heading "Use of Financial Derivative Instruments and Efficient Portfolio Management".

### **Investment Restrictions**

Investors in particular must note that the general investment restrictions set out under "**Investment Restrictions**" in the Prospectus apply to the Fund. In addition the following investment restrictions shall apply to the Fund:

The Fund shall not invest in a fund of the Company which itself holds shares in any other fund of the Company.

### **Disruption Events**

The following Disruption Events shall apply to the Fund in addition to those set out in the Prospectus:

- (i) the Approved Counterparty is:
  - (a) prevented, hindered or impaired from conducting one or more of its activity/activities in a commercially reasonable manner in connection with the establishment, maintenance, adjustment or termination of any transaction(s) in order to fully hedge its exposure in respect of the Reference Strategy; and/or
  - (b) prevented, hindered or impaired from performing one or more of its obligation(s) in a commercially reasonable manner,

under the terms of the relevant Swaps, with the consequence that the Approved Counterparty or the Calculation Agent (as applicable) elects to:

- (i) adjust the terms of the Swaps; and/or
- (ii) delay payment to the Fund under the terms of the Swaps; and/or
- (iii) terminate the Swaps;

### **Consequences of Disruption Events**

As further described in the Prospectus and as set out above, upon the occurrence of a Disruption Event including a Strategy Disruption and Adjustment Event (and without limitation to the Directors' personal powers), (i) the Approved Counterparty (where acting as the relevant Calculation Agent or otherwise) may either (a) terminate one or more of the relevant Swaps or (b) make adjustments to the terms or valuation of the relevant Swaps and other Derivative Contracts to account for such event and the Net Asset Value may be affected by such adjustment; (ii) the Directors may temporarily suspend the calculation of the Net Asset Value and any subscription, redemption and exchange of Shares; and/or (iii) the Directors may, in certain circumstances, terminate the Fund.

### **Leverage**

Although the Fund may not be directly leveraged, it may be indirectly leveraged via the exposure to the Reference Strategy. The maximum global exposure of the Fund to the Reference Strategy is 100% of its Net Asset Value. The potential maximum total exposure of the Fund by virtue of its exposure to the Reference Strategy through the Swap is 200% of its Net Asset Value. The global exposure of the Fund associated with the use of financial derivative instruments will be measured using the commitment approach in accordance with the requirements of the Central Bank.

### **Borrowings**

In accordance with the general provisions set out in the Prospectus under the heading "**Borrowing and Lending Powers**", the Company on behalf of the Fund may borrow up to 10% of the Net Asset Value of

the Fund on a temporary basis. Such borrowings may only be used for short term liquidity purposes to cover the redemption of Shares.

### Dividend Policy

The Fund does not intend to issue dividends. However, the Directors may, in their absolute discretion, determine to declare dividends in respect of any Share Class and Shareholders will be notified accordingly. Any dividends payable by the Fund will be effected in accordance with the Dividend Policy stated in the Prospectus.

The dividend payments may be as low as zero. There is no guarantee that any dividend will be declared. For the avoidance of doubt, the payment of a dividend (if any) will reduce the Net Asset Value of the relevant Share Class accordingly.

### Limited Recourse

A Shareholder will solely be entitled to look to the Fund Assets in respect of all payments in respect of its Shares. If the realised net assets of the Fund are insufficient to pay any amounts payable in respect of the Shares, the Shareholder will have no further right of payment in respect of such Shares nor any claim against or recourse to any of the assets of any other fund or any other asset of the Company.

### Listing

Application will be made to such exchanges as the Directors may determine from time to time (the "**Relevant Stock Exchanges**") for the listing of the Shares issued and available to be issued and to be admitted to listing on the official list and trading on each of the Relevant Stock Exchanges on or about the Launch Date. This Supplement and the Prospectus together comprise listing particulars for the purposes of listing the Shares on the official list and trading on the main market of each of the Relevant Stock Exchanges.

### Exchange Traded Fund

The Fund is an Exchange Traded Fund ("**ETF**"). The Shares of this Fund (where they are listed on the Relevant Stock Exchanges) are fully transferable among investors. It is envisaged that Shares will be bought and sold by public and institutional investors in the secondary market in the same way as the ordinary shares of a listed trading company.

The Directors of the Company may create new Share Classes from time to time, provided that the creation of any such new Share Classes is notified in advance to and cleared by the Central Bank. A separate pool of assets will not be maintained for each of the Share Classes.

### General Information Relating to the Fund

Type	Open-ended
Base Currency	US Dollar (" <b>USD</b> ")
Business Day	A day (other than a Saturday or Sunday) on which (i) banks are open for business in Dublin, London, Frankfurt and New York or such other day or days as the Directors may from time to time determine and notify in advance to Shareholders. For the avoidance of doubt, there shall be at least two Dealing Days per month at regular intervals.
Dealing Day	Any Business Day.
Dealing Deadline	1.00p.m. (Dublin time) on the relevant Dealing Day.
Launch Date	The (EUR) A-acc Share Class launched on 05 February 2015. The (USD) A-acc Share Class launched on the 20 June 2013. The remaining Share Classes have not yet launched.

Minimum Fund Size	USD 100 million
Valuation Point	10.30 pm (Dublin time) on the relevant Dealing Day.
Settlement Date	Up to 3 (three) Business Days after the relevant Dealing Day and in any event shall not exceed 10 (ten) Business Days from the relevant Dealing Day.
Minimum Subscription Amount	100,000 USD or its equivalent in another currency or such amount as may be determined by the Directors. Investors will be notified of any change to the Minimum Subscription Amount/basket size.
Minimum Redemption Amount	100,000 USD or its equivalent in another currency or such amount as may be determined by the Directors. Investors will be notified of any change to the Minimum Redemption Amount/basket.
Minimum Holding	1 Share
Website	<a href="http://www.ubs.com/etf">www.ubs.com/etf</a> - information on Fund Assets and the Fund's iNAV is set out on the Website.

### Description of the Shares

#### Share Classes

Share Class*	(USD)	(EUR)	(GBP)	(CHF)	(SEK)
Initial Issue					
A-Acc**	N/A	N/A	100	100	100

\* Non-Base Currency share classes will have a currency hedged exposure to the Reference Strategy.

\*\*The "A-acc" Share Class

Information regarding the Initial Issue Price is available from the Administrator.

#### Fees and Expenses

The following fees will be incurred on each Share by Shareholders (and will not be incurred by the Company on behalf the Fund, and accordingly will not affect the Net Asset Value of the relevant Share Class of the Fund).

Share Class	"A-acc"
Subscription Charge*	Up to 5%
Redemption Charge**	Up to 3%
Exchange Charge	Up to 3%
Primary Market Transaction Costs***	Up to 1%

\* The Subscription Charge is deducted from the investment amount received from an investor for subscription for Shares. The Manager may waive all or part of the Subscription Charge in the event that the Shares purchased by a Shareholder correspond at least to the Minimum Subscription Amount/basket or a multiple thereof or for any other reason at the Manager's sole discretion.

\*\* The Redemption Charge is deducted from the redemption proceeds payable to the investor. The Manager may waive all or part of the Redemption Charge in the event that the Shares redeemed by a Shareholder correspond at least to the Minimum Redemption Amount/basket or a multiple thereof or for any other reason at the Manager's sole discretion.

\*\*\*The Manager may waive all or part of the Primary Market Transaction Costs in the event that the Shares subscribed or redeemed by a Shareholder correspond at least to the Minimum Redemption Amount/basket or a multiple thereof or for any other reason at the Manager's sole discretion.

Separate to and distinct from the Subscription Charge, Redemption Charge, Exchange Charge and Primary Market Transaction Costs, which shall be deducted from the investment amount received from an investor or deducted from the redemption proceeds payable to the investor or used to purchase the Shares of the New Class (as appropriate), the following fees and expenses will be incurred by the Company on behalf of the Fund and will affect the Net Asset Value of the relevant Share Class of the Fund:

Share Class	"A-acc"
Flat-Fees	Up to 0.60% per annum

In addition to the aforementioned fees, the Fund is also through the Swap subject to transaction costs and expenses of 0.07%, multiplied by the Fund's exposure to the Portfolio each month.

This section headed "**Fees and Expenses**" should be read in conjunction with the sections headed "**Fees and Expenses**" and "**Issue and Repurchase Price/Calculation of Net Asset Value/Valuation of Assets**" in the Prospectus.

## **OTHER INFORMATION**

### **The UBS Dynamic Equity Risk Indicator (DERI)**

DERI - is a measure of investor sentiment and risk appetite, designed in 2007 by the UBS IB equity research department. DERI's value is calculated daily by the UBS IB research department, is published daily (Bloomberg: ULTADERI) with a lag of two trading days and is used to determine the allocation to each asset class. DERI is calculated as a weighted average of distinct risk/sentiment measures. DERI's value is determined using a fixed mathematical formula performed on a fixed set of observable market prices.

### **Commodity Index Exposure**

As outlined above, the Fund has an exposure to the UBS Bloomberg CMCI Composite Index (the "CMCI Index"). For an index providing exposure to commodities such as CMCI Index, where categories of components making up the relevant index are highly correlated, such highly correlated categories must be considered as sub-categories of the same commodity (in other words, components that are highly correlated must be considered as representing one component of the relevant index for the purposes of calculating the Fund's exposures). The CMCI Index includes one component with a weighting of more than 20% and up to 35% (taking into account high correlation between certain components of the Reference Index such that they are considered together to constitute one component). Pursuant to the Regulations, the Fund is permitted to gain exposure to an index with one component representing more than 20% and up to 35% of the relevant index where justified by exceptional market conditions.

Whilst the CMCI Index is designed to provide broad-based exposure to commodities as an asset class across five main groups (agriculture, energy, industrial metals, precious metals and livestock), the oil and gasoline components within the energy group are highly correlated, and on a combined basis, they have a typical weighting of more than 20% and up to 35% of the CMCI Index. Their high weighting in the CMCI Index is partly due to the economic significance of the energy group and of these components as measured by their relative share of global consumption. In order to properly reflect the economic significance of the oil and gasoline components within the energy group and within the commodities sector as a whole, it is necessary for the CMCI Index to have a typical weighting of more than 20% and up to 35% to these highly correlated components.

### **Risk Factors**

Certain risks relating to the Shares are set out under the heading "**Risk Factors**" in the Prospectus. In addition, Shareholders must also note that:

- (a) The sub-funds of the Company are segregated as a matter of Irish law and as such, in Ireland, the assets of one sub-fund will not be available to satisfy the liabilities of another sub-fund. However, it

should be noted that the Company is a single legal entity which may operate or have assets held on its behalf or be subject to claims in other jurisdictions which may not necessarily recognise such segregation. There can be no guarantee that the courts of any jurisdiction outside Ireland will respect the limitations on liability as set out above.

- (b) Upon the occurrence of a Disruption Event or a Strategy Disruption and Adjustment Event (and without limitation to the Directors' personal powers as further described in the Prospectus); (i) adjustments may be made to account for any such event (including adjustment to the Reference Strategy, the calculation of the Reference Strategy level and/or changes to the terms of the Derivative Contracts) which may have a significant impact on the Net Asset Value of the Fund; (ii) the Directors may temporarily suspend the calculation of the Net Asset Value and any subscription, redemption and exchange of Shares and payment of redemption proceeds in accordance with the provisions of the Prospectus under the section "Suspension of Calculation of Net Asset Value"; and/or (iii) the Directors may, in certain circumstances as set out in the Prospectus, terminate the Fund.
- (c) The return payable under the Swaps with a counterparty is subject to the credit risk of the counterparty. In addition, the counterparty will generally act as the calculation agent under the Swaps (the "Calculation Agent") and perform those duties agreed in the ISDA Master Agreement and confirmation for the relevant Swaps. Shareholders should note that not only will they be exposed to the credit risk of the counterparty but also potential conflicts of interest in the performance of the function of Calculation Agent by the counterparty. The counterparty will use its reasonable endeavours to resolve any such conflicts of interest fairly (having regard to its respective obligations and duties) and to ensure that the interests of the Company and the Shareholders are not unfairly prejudiced. The Directors believe that the counterparty will be suitable and competent to act as Calculation Agent. Any valuations provided by the counterparty in its role as Calculation Agent will be verified at least weekly by a party independent of the counterparty as sourced by the Administrator and approved by the Custodian.
- (d) The Fund is highly dynamic and may exhibit above-average potential growth and investment performance, depending on the economic environment. The opportunities for above average growth may in some circumstances lead to extreme positive and negative fluctuations in the Net Asset Value of the Fund.
- (e) The value of investments and the income from them, and therefore the value of and income from the Shares can go down as well as up and an investor may not get back the amount invested. The Fund's exposure is linked to the performance of the components of the Reference Strategy which, in turn, is exposed to general market movements (negative as well as positive).
- (f) There are Classes of Shares issued in respect of the Fund. Additional Classes of Shares may be created at any time without the consent of the then existing Shareholders in accordance with the Central Bank's requirements. Each Class of Shares issued in respect of the Fund will perform differently as a result of differences of currency and fees (as applicable). The Company on behalf of the Fund will enter into Swaps that are designed to generate the cash flows payable in respect of the Shares of the relevant Classes. There is no legal segregation of assets and liabilities between Classes and there is no separate portfolio of assets held for each Class.
- (g) The Company on behalf of the Fund will enter into a separate Derivative Contract(s) in respect of each Class. Each Derivative Contract will be on similar terms except that each Derivative Contract will provide a return in the currency of denomination of each Class of Shares to which it relates.
- (h) The Fund is exposed to the investment risk arising from the Reference Strategy underlying the Swaps. The Fund is therefore exposed to the risks inherent to investments in equity, commodity and bond markets.
- (i) Some of the markets in which the Fund may effect derivative transactions are "over-the-counter" or "interdealer" markets, which may be illiquid and are sometimes subject to larger spreads than exchange-traded derivative transactions. The participants in such markets are typically not subject to credit evaluation and regulatory oversight, which would be the case with members of "exchange-based" markets. This exposes the Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a credit or liquidity problem with the counterparty. Delays in settlement may also result from disputes over the terms of the

contract (whether or not bona fide) since such markets may lack the established rules and procedures for swift settlement of disputes among market participants found in "exchange-based" markets. These factors may cause the Fund to suffer a loss due to adverse market movements while replacement transactions are executed or otherwise.

- (j) Predictive value of Indicator: The investment strategy uses the level of DERI as part of the Algorithm to assist in the determination of weightings and exposure to each of the Components in the Reference Strategy. DERI is designed to identify market risk sentiment. There is a risk that DERI may not be effective in identifying on a timely basis market risk sentiment going forward which could lead to negative performance.
- (k) Early Termination Risk: The Directors may decide to terminate the Fund where the Net Asset Value is less than USD 100 million (or its foreign currency equivalent). This may result in Shareholders receiving redemption proceeds less than the amount subscribed.
- (l) Algorithm Risk: The Reference Strategy is a rules based Algorithm designed to target consistent returns in different market cycles. There is a risk the Algorithm may not be effective in delivering such returns which could lead to negative performance.

**Investors should also refer to the Prospectus for additional disclosure of risks.**

### **Miscellaneous**

The Company has the following Funds established as at the date of this Supplement.

S&P 500 SF UCITS ETF  
FTSE 100 SF UCITS ETF  
HFRX GLOBAL HEDGE FUND INDEX SF UCITS ETF  
BLOOMBERG COMMODITY INDEX SF UCITS ETF  
CMCI COMPOSITE SF UCITS ETF  
MSCI USA SF UCITS ETF  
MSCI CANADA SF UCITS ETF  
MSCI EMU SF UCITS ETF  
MSCI JAPAN SF UCITS ETF  
MSCI EMERGING MARKETS SF UCITS ETF  
MSCI ACWI RISK WEIGHTED SF UCITS ETF  
MSCI USA GROWTH SF UCITS ETF  
MSCI EMU GROWTH SF UCITS ETF  
MSCI AC ASIA EX JAPAN SF UCITS ETF  
MAP BALANCED 5 SF UCITS ETF  
MAP BALANCED 7 SF UCITS ETF  
JPX-NIKKEI 400 SF UCITS ETF  
MSCI ACWI SF UCITS ETF  
CMCI EX-AGRICULTURE SF UCITS ETF

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Shares in the Fund or in the determination or calculation of the equation by which the Shares in the Fund is to be converted into cash. S&P Dow Jones Indices have no obligation or liability in connection with the administration, marketing or trading of the Fund. There is no assurance that investment products based on the S&P 500 will accurately track index performance or provide positive investment returns. S&P Dow Jones Indices LLC and its affiliates are not investment advisors. Inclusion of a security within an index is not a recommendation by S&P Dow Jones Indices to buy, sell, or hold such security, nor is it considered to be investment advice.

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**The accuracy or completeness of the relevant index and its data;**

**The merchantability and the fitness for a particular purpose or use of the relevant index and its data;**

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Further, the Exchanges: (i) do not in any way participate in the offering, sale, administration of, or payments for, the CMCI or any products related thereto, (ii) do not in any way ensure the accuracy of any of the statements made in any product materials or this document, (iii) are not liable for any error or omission in any settlement or other price, index, or valuation used in connection with the CMCI, have not participated in the determination of the timing of, prices at, or quantities of the products to be issued and have no obligation or liability in connection with the administration, marketing, or trading of the CMCI or any products thereon, (iv) are not in any way an issuer, manager, operator, guarantor or offeror of CMCI or any products related thereto, and are not a partner, affiliate or joint venturer of any of the foregoing, (v) have not approved, sponsored or endorsed the CMCI or its terms and are not responsible for any calculations involving the CMCI, (vi) make no representation or warranty, express or implied, to the owners of the CMCI or any member of the public regarding the advisability of investing in securities generally or in the CMCI particularly, and (vii) have no involvement with and accept no responsibility for the CMCI, its suitability as an investment or its future performance.

None of the information contained herein constitutes a solicitation, offer, opinion, or recommendation by the Index Sponsors or any of their affiliates to buy or sell any security, or to provide legal, tax, accounting, or investment advice or services regarding the profitability or suitability of any security or investment. Under no circumstances, including but not limited to negligence, shall the Index Sponsors, their parents, and their respective affiliates, suppliers, vendors, agents, subcontractors, directors, officers, employees, representatives, partners, subsidiaries, successors, and assigns be liable for direct, indirect, incidental, consequential, special, punitive, or exemplary damages even if the Index Sponsors and their affiliates have been advised specifically of the possibility of such damages, arising from the CMCI or Product, such as, but not limited to, loss of revenue or anticipated profits or lost business.

This Supplement has not been reviewed by Bloomberg Finance. This Supplement should be read in conjunction with the prospectus in respect of the relevant Product.

## **MSCI ACWI RISK WEIGHTED SF UCITS ETF**

### **Supplement to the Prospectus**

This Supplement contains information in relation to the **MSCI ACWI Risk Weighted SF UCITS ETF** (the "**Fund**"), a sub-fund of UBS ETFs plc (the "**Company**") an umbrella type open-ended investment company with variable capital, governed by the laws of Ireland and authorised by the Central Bank of Ireland (the "**Central Bank**") of Block D, Iveagh Court, Harcourt Road, Dublin 2, Ireland.

**This Supplement forms part of, and must be read in conjunction with, the Prospectus of the Company dated 12 October 2016, as may be amended, supplemented or modified from time to time, (the "Prospectus") and may not be distributed unless accompanied by the Prospectus (other than to prior recipients of the Prospectus).**

**THIS DOCUMENT IS IMPORTANT. BEFORE YOU PURCHASE ANY OF THE SHARES REPRESENTING INTERESTS IN THE FUND DESCRIBED IN THIS SUPPLEMENT YOU SHOULD ENSURE THAT YOU FULLY UNDERSTAND THE NATURE OF SUCH AN INVESTMENT, THE RISKS INVOLVED AND YOUR OWN PERSONAL CIRCUMSTANCES. IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS SUPPLEMENT YOU SHOULD TAKE ADVICE FROM AN APPROPRIATELY QUALIFIED ADVISOR.**

**Capitalised terms used in this Supplement will have the meanings given to them in the Definitions section below or in the Prospectus.**

**In addition to investing in equities and equity related securities, transferable securities and other eligible assets, it is the intention of the Company to invest on behalf of the Fund in financial derivative instruments ("FDIs") for investment and efficient portfolio management purposes, where applicable.**

**Certain risks attached to investments in FDIs are set out in the Prospectus under the section headed "Risk Factors".**

**You should inform yourself as to (a) the possible tax consequences, (b) the legal and regulatory requirements, (c) any foreign exchange restrictions or exchange control requirements and (d) any other requisite governmental or other consents or formalities which you might encounter under the laws of the country of your citizenship, residence or domicile and which might be relevant to your purchase, holding or disposal of the Shares.**

### **UBS ETFs plc**

An umbrella fund with segregated liability between the sub-funds

**Dated 12 October 2016**

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## **IMPORTANT INFORMATION**

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### **Suitability of Investment**

**The Shares are not principal protected. The value of the Shares may go up or down and you may not get back the amount you have invested. See the section headed "Risk Factors" of the Prospectus and the section headed "Other Information – Risk Factors" of this Supplement for a discussion of certain risks that should be considered by you.**

An investment in the Shares is only suitable for you if you (either alone or with the help of an appropriate financial or other advisor) are able to assess the merits and risks of such an investment and have sufficient resources to be able to bear any losses that may result from such an investment. The contents of this document are not intended to contain and should not be regarded as containing advice relating to legal, taxation, investment or any other matters.

### **Profile of Typical Investor**

The Fund is suitable for investors seeking capital appreciation and who are prepared to accept a high level of volatility. Investment in the Fund should be viewed as a medium to long term investment.

### **Responsibility**

The Directors (whose names appear under the heading "**Directors of the Company**" of the Prospectus) accept responsibility for the information contained in the Prospectus and this Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement when read together with the Prospectus (as complemented, modified or supplemented by this Supplement) is in accordance with the facts as at the date of this Supplement and does not omit anything likely to affect the import of such information.

### **General**

This Supplement sets out information in relation to the Shares and the Fund. You must also refer to the Prospectus which is separate to this document and describes the Company and provides general information about offers of shares in the Company. You should not take any action in respect of the Shares unless you have received a copy of the Prospectus. Should there be any inconsistency between the contents of the Prospectus and this Supplement, the contents of this Supplement will, to the extent of any such inconsistency, prevail. This Supplement and the Prospectus should both be carefully read in their entirety before any investment decision with respect to Shares is made.

As of the date of this Supplement, the Company does not have any loan capital (including term loans) outstanding or created but unissued and no outstanding mortgages, charges or other borrowings or indebtedness in the nature of borrowings, including bank overdrafts and liabilities under acceptances or acceptance credits, hire purchase or finance lease commitments, guarantees or other contingent liabilities.

### **Distribution of this Supplement and Selling Restrictions**

Distribution of this Supplement is not authorised unless accompanied by a copy of the Prospectus and the latest annual report and audited accounts of the Company and the Fund (other than to prior recipients of the Prospectus) and if published after such report, a copy of the then latest semi annual report and unaudited accounts. The distribution of this Supplement and the offering or purchase of the Shares may be restricted in certain jurisdictions. If you receive a copy of this Supplement and/or the Prospectus you may not treat such document(s) as constituting an offer, invitation or solicitation to you to subscribe for any Shares unless, in the relevant jurisdiction, such an offer, invitation or solicitation could lawfully be made to you without compliance with any registration or other legal requirement other than those with which the Company has already complied. If you wish to apply for the opportunity to purchase any Shares it is your duty to inform yourself of, and to observe, all applicable laws and regulations of any relevant jurisdiction. In particular, you should inform yourself as to the legal requirements of so applying, and any applicable exchange control regulations and taxes in the countries of your respective citizenship, residence or domicile.

### **Definitions**

Words and expressions defined in the Prospectus will, unless otherwise defined in this Supplement, have the same meaning when used in this Supplement.

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## **TERMS OF THE SHARES REPRESENTING INTERESTS IN THE FUND**

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### **Investment Objective**

The investment objective of the Fund is to deliver the net total return of the Reference Index (being MSCI ACWI Risk Weighted Net Total Return Index).

The Fund will return the Reference Index performance less fees and expenses on each Dealing Day.

### **Investment Policy**

In order to achieve the investment objective, the Company on behalf of the Fund intends to invest all or substantially all of the net proceeds of any issue of Shares in the manner set out below:

- (i) swaps (each swap being an agreement between the Company on behalf of the Fund and an Approved Counterparty pursuant to a master agreement in accordance with the requirements of the International Swaps and Derivatives Association, and such swaps may include funded, unfunded or total return (as further described below under "**Use of Derivative Contracts – Swaps**") (the "**Swaps**"). The purpose of the Swaps shall be to gain indirect exposure to the Reference Index (as described in further detail under the heading "**Use of Derivative Contracts – Swaps**" below); and
- (ii) a portfolio of transferable securities or other eligible assets. These may include (without limitation) equity and equity-related securities; fixed income securities such as government and corporate bonds (such bonds may be rated or unrated), money market instruments, floating rate instruments, convertible securities and commercial paper; and/or units of other open-ended collective investment schemes including other Funds of the Company. Any of the foregoing may be issued or arranged by a member of the UBS AG Group. Where the Fund invests in such securities and/or other eligible assets, the Fund will enter into an unfunded or total return swap to exchange, the price performance and income received in relation to such securities and/or other eligible assets for the performance of the Reference Index. In this instance, the Fund will have neither market nor credit exposure to the particular securities and other eligible assets referred to above, except in the event of a default on the part of the Approved Counterparty to the Swaps.

The equities, equity-related securities, Swaps, other eligible assets listed at (ii) above, any ancillary cash and any instruments held by the Fund (either for investment or efficient portfolio management purposes) shall constitute the "**Fund Assets**" for the purposes of the Prospectus. To the extent that the Fund invests some of the net proceeds of any issue of Shares in the manner set out in (ii) above, the Fund shall invest no more than 15% in the fixed income securities mentioned in (ii) above. All instruments shall be listed and/or traded on the exchanges and markets set out in Appendix II of the Prospectus.

The Fund may, with due regard to the best interest of its Shareholders, decide from time to time to switch partially or totally from one of the above described policies to the other.

Further information relevant to the Fund's investment policy is contained in the main part of the Prospectus under "**Investment Objectives and Policies**" and under "**Investment Restrictions**".

### **Index Tracking Strategy**

The Fund gains exposure to the Reference Index by investing in one or more Swaps. It is not intended that the Fund will invest directly in the components of the Reference Index in order to meet the Fund's investment objective. The Fund (and the investors in the Fund) will be exposed to the full performance of the Reference Index.

The Fund may have counterparty risk as a result of the investment in the swaps – further information is provided in the section below headed "Use of Derivative Contracts – Swaps" and in section 6 "Risk Factors" of the Prospectus.

The anticipated level of tracking error after fees and transaction costs is up to 0.02% per annum in normal market conditions.

The annual report of the Fund, which can be found on the Website, will include the following information:

- a. The size of the realised tracking error for the year, being the volatility of the difference between the return of the Fund and the return of the Reference Index;
- b. An explanation for the divergence between the anticipated and realised tracking error for the year;
- c. The size of the annual tracking distance for the year, being the difference between the performance of the Fund and the Reference Index; and
- d. An explanation for the annual tracking difference, including the impact of transaction costs, fees and expenses on the performance of the Fund.

### **Portfolio Transparency Policy**

The Fund's transparency policy regarding the composition of its portfolio, and any collateral received in relation to the Swaps, is to provide position level disclosure on a daily basis. The information is published on the Website.

The assets in which the Fund will invest in order to achieve its investment objective are set out in the "Investment Policy" section above. Details on the composition of the Fund Assets will be set out on the Website.

### **Use of Derivative Contracts – Swaps**

The Fund may enter into Swaps with a member of the UBS AG Group or any other eligible entity (being the "**Approved Counterparty**") pursuant to which the Fund will be entitled to receive from the Approved Counterparty the performance of the components of the Reference Index in exchange for the payment to the Approved Counterparty of (i) where the swap is funded, some or all of the net proceeds of any issue of Shares; (ii) where the swap is unfunded, payments linked to the return on some or all of the equities and other eligible assets held by the Fund as listed at (ii) above; and (iii) where the swap is a total return swap, payments will be based upon a set rate agreed between the parties in exchange for the return on some or all of the equities and other eligible assets held by the Fund as listed at (ii) above.

The Fund will limit its exposure to Swaps that are fully funded ("**Fully Funded Swaps**") to 10% of its net assets. Fully Funded Swaps are swap agreements pursuant to which a Fund transfers a cash amount in full consideration of the swap value to the counterparty. In return the Fund will be entitled to receive the performance of the relevant investment strategy under the terms of the swap agreement. The counterparty will transfer collateral to the Fund in accordance with the UCITS Regulations to mitigate credit risk to the counterparty arising from entering into the swap agreement. Fully Funded Swaps are used to enhance the liquidity of the Fund.

The Approved Counterparty to the Swaps and the Company on behalf of the Fund have entered into a 2002 International Swaps and Derivatives Association Master Agreement (including any supporting agreements, annexes or schedules thereto) (the "**ISDA Master Agreement**"), and will enter into confirmations for each Swap transaction. Such confirmations may be entered into before or after the relevant transaction and may be in electronic form.

The Swaps will at all times be valued in accordance with the provisions of the Prospectus. The valuation of the Swaps will reflect the relative movements in the performance of the Reference Index and the Fund's holding of transferable securities and/or other Fund Assets as may be referenced under the Swaps. Depending on the value of the Swaps, the Fund will have to make a payment to the Approved Counterparty or will receive such a payment. Where the Fund has to make a payment to the Approved Counterparty, this payment will be made from the proceeds and, as the case may be, the disposal of some or all of the transferable securities and/or other Fund Assets in which the Fund has invested.

As set out in Section 5 of the Prospectus, the Company will ensure that the counterparty risk exposure under the Swaps never exceeds the limits required by the Regulations and the Central Bank. Accordingly, the Company will reduce such counterparty exposure by causing the Approved Counterparty, where necessary, to provide appropriate Collateral to the Company on behalf of the relevant Fund (or as otherwise permitted by the Central Bank) under the terms of ISDA Master Agreement, in accordance with the Investment Restrictions. Alternatively, the Company may reduce its risk exposure to the Approved Counterparty by causing the Approved Counterparty to reset the Swaps or vice versa. This may result in a corresponding payment from the Fund to the Approved Counterparty.

The Swaps may be terminated by either party at any time or on the occurrence of certain events with respect to either the Fund or the Approved Counterparty including, but not limited to, an event of default (such as a failure to pay, breach of agreement or bankruptcy) or a termination event (which is not due to the fault of either party, for example, illegality or a change in the tax or accounting laws), in which case the non-defaulting party or the unaffected party respectively is entitled to calculate the close-out value of the Swaps and it will do so in line with the industry standard requirements set out in the ISDA Master Agreement. The Fund may then enter into new Swaps (unless the Directors resolve that it is inadvisable to do so) or, if the Directors determine that there is no reasonable way to achieve the investment objective, the Fund may be terminated in accordance with the provisions of the Prospectus.

### **Securities Lending and Repurchase Transactions**

The Company may (for the purposes of efficient portfolio management only) enter into stock lending arrangements and/or Repurchase Transactions with financial institutions (including with a member of the UBS AG Group as the stock borrower or counterparty to the Repurchase Transaction) with a minimum credit rating at the time the relevant transaction as permitted by the Regulations, or which are deemed by the Fund to have an implied credit rating at least equal to such level (a "**Counterparty**"). Any such stock lending arrangement and Repurchase Transaction will be subject to the conditions, limits and requirements of the Central Bank and the provisions of the Prospectus. In these transactions, Collateral will move between the Company and the relevant Counterparty in order to mitigate any counterparty risk.

Investors should also note the information contained in the "Securities Lending and Repurchase Transactions" and "Collateral Policy" sections in the main body of the Prospectus.

**The Company on behalf of the Fund has filed with the Central Bank its risk management policy which enables it to accurately measure, monitor and manage the various risks associated with the use of Financial Derivative Instruments. The Company will, on request, provide supplementary information to Shareholders relating to the risk management methods employed, including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments.**

**The Company will use the commitment approach for the purposes of calculating global exposure for the Fund. The Fund's total exposure to the Reference Index will be limited to 100% of Net Asset Value.**

### **Efficient Portfolio Management**

The Company may also (for the purposes of efficient portfolio and cash management and not for investment purposes), invest in cash deposits, money market instruments, OTC options and units of UCITS regulated money market collective investment schemes.

Further information on efficient portfolio management is contained in the main body of the prospectus under the heading "Use of Financial Derivative Instruments and Efficient Portfolio Management".

### **Investment Restrictions**

Investors in particular must note that the general investment restrictions set out under "**Investment Restrictions**" in the Prospectus apply to the Fund. In addition the following investment restrictions shall apply to the Fund:

The Fund shall not invest in a fund of the Company which itself holds shares in any other fund of the Company.

### **Disruption Events**

The following Disruption Events shall apply to the Fund in addition to those set out in the Prospectus:

- (i) the Index Provider makes an adjustment or modification to the calculation of the Reference Index;
- (ii) the Approved Counterparty is:
  - (a) prevented, hindered or impaired from conducting one or more of its activity/activities in a commercially reasonable manner in connection with the establishment, maintenance, adjustment or termination of any transaction(s) in order to fully hedge its exposure in respect of the Reference Index; and/or

- (b) prevented, hindered or impaired from performing one or more of its obligation(s) in a commercially reasonable manner,

under the terms of the relevant Swaps, with the consequence that the Approved Counterparty or the Calculation Agent (as applicable) elects to:

- I. adjust the terms of the Swaps; and/or
- II. delay payment to the Fund under the terms of the Swaps; and/or
- III. terminate the Swaps;

the Index Provider fails or delays in calculating, announcing and/or publishing the Reference Index level.

### **Consequences of Disruption Events**

As further described in the Prospectus and as set out above, upon the occurrence of a Disruption Event including an Index Disruption and Adjustment Event (and without limitation to the Directors' personal powers), (i) the Approved Counterparty (where acting as the relevant Calculation Agent or otherwise) may either (a) terminate one or more of the relevant Swaps or (b) make adjustments to the terms or valuation of the relevant Swaps and other Derivative Contracts to account for such event and the Net Asset Value may be affected by such adjustment; (ii) the Directors may temporarily suspend the calculation of the Net Asset Value and any subscription, redemption and exchange of Shares; and/or (iii) the Directors may, in certain circumstances, terminate the Fund.

### **Borrowings**

In accordance with the general provisions set out in the Prospectus under the heading "**Borrowing and Lending Powers**", the Company on behalf of the Fund may borrow up to 10% of the Net Asset Value of the Fund on a temporary basis. Such borrowings may only be used for short term liquidity purposes to cover the redemption of Shares.

### **Dividend Policy**

The Fund does not intend to issue dividends. However, the Directors may, in their absolute discretion, determine to declare dividends in respect of any Share Class and Shareholders will be notified accordingly. Any dividends payable by the Fund will be effected in accordance with the Dividend Policy stated in the Prospectus.

The dividend payments may be as low as zero. There is no guarantee that any dividend will be declared. For the avoidance of doubt, the payment of a dividend (if any) will reduce the Net Asset Value of the relevant Share Class accordingly.

### **Limited Recourse**

A Shareholder will solely be entitled to look to the Fund Assets in respect of all payments in respect of its Shares. If the realised net assets of the Fund are insufficient to pay any amounts payable in respect of the Shares, the Shareholder will have no further right of payment in respect of such Shares nor any claim against or recourse to any of the assets of any other Fund or any other asset of the Company.

### **Listing**

Application will be made to such exchanges as the Directors may determine from time to time (the "**Relevant Stock Exchanges**") for the listing of the Shares issued and available to be issued and to be admitted to listing on the official list and trading on each of the Relevant Stock Exchanges on or about the Launch Date. This Supplement and the Prospectus together comprise listing particulars for the purposes of listing the Shares on the official list and trading on the main market of each of the Relevant Stock Exchanges.

### **Exchange Traded Fund**

The Fund is an Exchange Traded Fund ("**ETF**"). The Shares of this Fund (where they are listed on the Relevant Stock Exchanges) are fully transferable among investors. It is envisaged that Shares will be bought and sold by public and institutional investors in the secondary market in the same way as the ordinary shares of a listed trading company.

The Directors of the Company may create new Share Classes from time to time, provided that the creation of any such new Share Classes is notified in advance to and cleared by the Central Bank. A separate pool of assets will not be maintained for each of the Share Classes.

### General Information Relating to the Fund

<b>Type</b>	Open-ended
<b>Base Currency</b>	US Dollar ("USD")
<b>Business Day</b>	A day (other than a Saturday or Sunday) on which (i) banks are open for business in Dublin; (ii) the Reference Index is calculated by the Index Provider or such other day or days as the Directors may from time to time determine and notify in advance to Shareholders. For the avoidance of doubt, there shall be at least two Dealing Days per month at regular intervals.
<b>Dealing Day</b>	Any Business Day.
<b>Dealing Deadline</b>	2.00pm. (Dublin time) 1 Business Day prior to the relevant Dealing Day.
<b>Launch Date</b>	The Fund launched on 19 August 2011.
<b>Minimum Fund Size</b>	USD 100 million
<b>Valuation Point</b>	10:30 pm (Dublin time) on the relevant Dealing Day.
<b>Settlement Date</b>	Up to three Business Days after the relevant Dealing Day.
<b>Minimum Holding</b>	1 Share
<b>Minimum Subscription Amount</b>	100,000 USD or its equivalent in another currency or such amount as may be determined by the Directors. Investors will be notified of any change to the Minimum Subscription Amount/basket size.
<b>Minimum Redemption Amount</b>	100,000 USD or its equivalent in another currency or such amount as may be determined by the Directors. Investors will be notified of any change to the Minimum Redemption Amount/basket size.
<b>Website</b>	<a href="http://www.ubs.com/etf">www.ubs.com/etf</a> - information on Fund Assets and the Fund's iNAV is set out on the Website.

### Description of the Shares

#### Share Classes

Share Class	*(USD) A-acc"
Initial Issue	N/A

\*The "A-acc" Share Class

Information regarding the Initial Issue Price is available from the Administrator. Details on the Reference Index can be found at [www.msclub.com](http://www.msclub.com).

## Fees and Expenses

The following fees will be incurred on each Share by Shareholders (and will not be incurred by the Company on behalf the Fund, and accordingly will not affect the Net Asset Value of the relevant Share Class of the Fund).

Share Class	"A-acc"
Subscription Charge*	Up to 5%
Redemption Charge**	Up to 3%
Exchange Charge	Up to 3%
Primary Market Transaction Costs***	Up to 1%

\* The Subscription Charge is deducted from the investment amount received from an investor for subscription for Shares. The Manager may waive all or part of the Subscription Charge in the event that the Shares purchased by a Shareholder correspond at least to the Minimum Subscription Amount/basket or a multiple thereof or for any other reason at the Manager's sole discretion.

\*\* The Redemption Charge is deducted from the redemption proceeds payable to the investor. The Manager may waive all or part of the Redemption Charge in the event that the Shares redeemed by a Shareholder correspond at least to the Minimum Redemption Amount/basket or a multiple thereof or for any other reason at the Manager's sole discretion.

\*\*\*The Manager may waive all or part of the Primary Market Transaction Costs in the event that the Shares subscribed or redeemed by a Shareholder correspond at least to the Minimum Redemption Amount/basket or a multiple thereof or for any other reason at the Manager's sole discretion.

Separate to and distinct from the Subscription Charge, Redemption Charge, Exchange Charge and Primary Market Transaction Costs, which shall be deducted from the investment amount received from an investor or deducted from the redemption proceeds payable to the investor or used to purchase the Shares of the New Class (as appropriate), the following fees and expenses will be incurred by the Company on behalf of the Fund and will affect the Net Asset Value of the relevant Share Class of the Fund:

Share Class	"A-acc"
Flat-Fees	Up to 0.34% per annum

The Promoter shall discharge the fees associated with the establishment and approval of the Fund.

This section headed "**Fees and Expenses**" should be read in conjunction with the sections headed "**Fees and Expenses**" and "**Issue and Repurchase Price/Calculation of Net Asset Value/Valuation of Assets**" in the Prospectus.

## **GENERAL DESCRIPTION OF THE REFERENCE INDEX**

The Reference Index is the MSCI ACWI Risk Weighted Net Total Return Index (the "**Reference Index**"). The Reference Index is further described below but only represents an extract of information available and neither the Directors, the Manager, MSCI BarraSM or such other successor sponsor to the Reference Index (the "**Index Provider**") nor the Investment Manager take any responsibility for the accuracy or completeness of such information.

The Reference Index is based on the flagship MSCI ACWI Index, which includes large and mid cap stocks across 23 developed markets and 23 emerging markets countries. Constructed using a simple but effective and transparent process, the Reference Index reweights each security of the MSCI ACWI Index so that stocks with lower risk are given higher index weights. Historically the index has exhibited lower realized volatility in comparison to the MSCI ACWI Index, while maintaining reasonable liquidity and capacity.

The Reference Index is rebalanced on a semi-annual basis.

The rebalancing frequency of the Reference Index has no impact on the transaction costs associated with the Fund as any rebalancing is not expected to require any higher frequency of position turnover in the Fund than would otherwise be the case were the Reference Index to be static.

The Reference Index is calculated in USD (Dollar).

#### *Index Provider and website*

The Reference Index is sponsored by MSCI Inc. More details on the Reference Index, including its underlying components, can be found at [www.msci.com](http://www.msci.com).

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## **OTHER INFORMATION**

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### **Risk Factors**

Certain risks relating to the Shares are set out under the heading "**Risk Factors**" in the Prospectus. In addition, Shareholders must also note that:

- (a) The sub-funds of the Company are segregated as a matter of Irish law and as such, in Ireland, the assets of one sub-fund will not be available to satisfy the liabilities of another sub-fund. However, it should be noted that the Company is a single legal entity which may operate or have assets held on its behalf or be subject to claims in other jurisdictions which may not necessarily recognise such segregation. There can be no guarantee that the courts of any jurisdiction outside Ireland will respect the limitations on liability as set out above.
- (b) Upon the occurrence of a Disruption Event or an Index Disruption and Adjustment Event (and without limitation to the Directors' personal powers as further described in the Prospectus); (i) adjustments may be made to account for any such event (including adjustment to the Reference Index, the calculation of the Reference Index level and/or changes to the terms of the Derivative Contracts) which may have a significant impact on the Net Asset Value of the Fund; (ii) the Directors may temporarily suspend the calculation of the Net Asset Value and any subscription, redemption and exchange of Shares and payment of redemption proceeds in accordance with the provisions of the Prospectus under the section "Suspension of Calculation of Net Asset Value"; and/or (iii) the Directors may, in certain circumstances as set out in the Prospectus, terminate the Fund.
- (c) The return payable under the Swaps with a counterparty is subject to the credit risk of the counterparty. In addition, the counterparty will generally act as the calculation agent under the Swaps (the "**Calculation Agent**") and perform those duties agreed in the ISDA Master Agreement and confirmation for the relevant Swaps. Shareholders should note that not only will they be exposed to the credit risk of the counterparty but also potential conflicts of interest in the performance of the function of Calculation Agent by the counterparty. The counterparty will use its reasonable endeavours to resolve any such conflicts of interest fairly (having regard to its respective obligations and duties) and to ensure that the interests of the Company and the Shareholders are not unfairly prejudiced. The Directors believe that the counterparty will be suitable and competent to act as Calculation Agent. Any valuations provided by the counterparty in its role as Calculation Agent will be verified at least weekly by a party independent of the counterparty as sourced by the Administrator and approved by the Custodian.
- (d) The Fund is highly dynamic and may exhibit above-average potential growth and investment performance, depending on the economic environment. The opportunities for above average

growth may in some circumstances lead to extreme positive and negative fluctuations in the Net Asset Value of the Fund.

- (e) The value of investments and the income from them, and therefore the value of and income from the Shares can go down as well as up and an investor may not get back the amount invested. The Fund's exposure is linked to the performance of the components of the Reference Index which, in turn, is exposed to general market movements (negative as well as positive).
- (f) There can be no assurance that the Reference Index will be successful at producing positive returns consistently or at all. The Index Provider makes no representation or warranty, express or implied, that the Reference Index will produce positive returns at any time.
- (g) As at the date hereof there is one Class of Shares issued in respect of the Fund. Additional Classes of Shares may be created at any time without the consent of the then existing Shareholders in accordance with the Central Bank's requirements. Each Class of Shares issued in respect of the Fund will perform differently as a result of differences of currency and fees (as applicable). The Company on behalf of the Fund will enter into Swaps that are designed to generate the cash flows payable in respect of the Shares of the relevant Classes. There is no legal segregation of assets and liabilities between Classes and there is no separate portfolio of assets held for each Class.
- (h) The Company on behalf of the Fund will enter into a separate Derivative Contract in respect of each Class. Each Derivative Contract will be on similar terms except that each Derivative Contract will provide a return in the currency of denomination of each Class of Shares to which it relates.
- (i) The Fund's use of the Reference Index is licensed by the Index Provider. If at any time, the licence is terminated or the Reference Index otherwise becomes unavailable, unreliable, inaccurate or unrepresentative, the Fund Directors may exercise their discretion to terminate the Fund in accordance with the terms of the Memorandum and Articles of Association.
- (j) The Fund is exposed to the investment risk arising from the Reference Index underlying the Swaps. The Fund is therefore exposed to the risks inherent to investments in equity markets.
- (k) Some of the markets in which the Fund may effect derivative transactions are "over-the-counter" or "interdealer" markets, which may be illiquid and are sometimes subject to larger spreads than exchange-traded derivative transactions. The participants in such markets are typically not subject to credit evaluation and regulatory oversight, which would be the case with members of "exchange-based" markets. This exposes the Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a credit or liquidity problem with the counterparty. Delays in settlement may also result from disputes over the terms of the contract (whether or not bona fide) since such markets may lack the established rules and procedures for swift settlement of disputes among market participants found in "exchange-based" markets. These factors may cause the Fund to suffer a loss due to adverse market movements while replacement transactions are executed or otherwise.
- (l) Whilst the Company has the right to use and reference the Reference Index in connection with the Fund in accordance with the terms of the Reference Index license, in the event that the licence is terminated the Fund may be terminated or if any other Index Disruption and Adjustment Event occurs, adjustments may be made to the terms of the Swaps after negotiation with each Approved Counterparty to account for any such event including adjustment to the Reference Index or the calculation of the Reference Index level which may have a significant impact on the Net Asset Value of the Fund.
- (m) Subject to certain pre-defined parameters, it is possible that methodology used to calculate the Reference Index or the formulae underlying the Reference Index could change and such change may result in a decrease in the performance of the Reference Index. As such, aspects of the Reference Index could change in the future, including without limitation, the methodology and third party data sources. Any changes may be made without regard to the interests of a holder of any product linked to the Reference Index. Additionally, the Reference Index was created by the Index Provider, who has the right to permanently cancel the Reference Index at any time. Such cancellation may have a material adverse effect on any linked investments or transactions.

- (n) The Reference Index is comprised of developed market and emerging market country indices including India. The Securities and Exchange Board of India ("SEBI") imposes certain obligations under the FII (Foreign Institutional Investor) Regulations on investors seeking to invest either directly and or indirectly in securities listed or proposed to be listed in India ("Indian Securities"). In the case of the Fund, such obligations would apply where the Indian listed stock component of the Reference Index exceeds certain prescribed limits which are set by SEBI. Currently, the Indian listed stock component in the Reference Index remains below the prescribed limits. However, should the SEBI limit requirements change, this may have an impact on the Fund as an indirect investor in Indian Securities by referencing the Reference Index and consequently the Fund may need to be closed to further subscriptions.

**Investors should also refer to the Prospectus for additional disclosure of risks.**

#### **Miscellaneous**

The Company has the following Funds established as at the date of this Supplement.

S&P 500 SF UCITS ETF  
FTSE 100 SF UCITS ETF  
HFRX GLOBAL HEDGE FUND INDEX SF UCITS ETF  
BLOOMBERG COMMODITY INDEX SF UCITS ETF  
CMCI COMPOSITE SF UCITS ETF  
MSCI USA SF UCITS ETF  
MSCI CANADA SF UCITS ETF  
MSCI EMU SF UCITS ETF  
MSCI JAPAN SF UCITS ETF  
MSCI EMERGING MARKETS SF UCITS ETF  
MSCI ACWI RISK WEIGHTED SF UCITS ETF  
MSCI USA GROWTH SF UCITS ETF  
MSCI EMU GROWTH SF UCITS ETF  
MSCI AC ASIA EX JAPAN SF UCITS ETF  
MAP BALANCED 5 SF UCITS ETF  
MAP BALANCED 7 SF UCITS ETF  
JPX-NIKKEI 400 SF UCITS ETF  
MSCI ACWI SF UCITS ETF  
CMCI EX-AGRICULTURE SF UCITS ETF

#### **Disclaimers**

THIS FUND IS NOT SPONSORED, ENDORSED, SOLD OR PROMOTED BY MSCI INC. ("MSCI"), ANY AFFILIATE OF MSCI OR ANY OTHER PARTY INVOLVED IN, OR RELATED TO, MAKING OR COMPILING ANY MSCI INDEX. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES ARE SERVICE MARK(S) OF MSCI OR ITS AFFILIATES AND HAVE BEEN LICENSED FOR USE FOR CERTAIN PURPOSES BY LICENSEE. NEITHER MSCI, ANY OF ITS AFFILIATES NOR ANY OTHER PARTY INVOLVED IN, OR RELATED TO, MAKING OR COMPILING ANY MSCI INDEX MAKES ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, TO THE OWNERS OF THIS FUND OR ANY MEMBER OF THE PUBLIC REGARDING THE ADVISABILITY OF INVESTING IN FINANCIAL SECURITIES GENERALLY OR IN THIS FUND PARTICULARLY OR THE ABILITY OF ANY MSCI INDEX TO TRACK CORRESPONDING STOCK MARKET PERFORMANCE. MSCI OR ITS AFFILIATES ARE THE LICENSORS OF CERTAIN TRADEMARKS, SERVICE MARKS AND TRADE NAMES AND OF THE MSCI INDEXES WHICH ARE DETERMINED, COMPOSED AND CALCULATED BY MSCI WITHOUT REGARD TO THIS FUND OR THE ISSUER OR OWNER OF THIS FUND. NEITHER MSCI, ANY OF ITS AFFILIATES NOR ANY OTHER PARTY INVOLVED IN, OR RELATED TO, MAKING OR COMPILING ANY MSCI INDEX HAS ANY OBLIGATION TO TAKE THE NEEDS OF THE ISSUERS OR OWNERS OF THIS FUND INTO CONSIDERATION IN DETERMINING, COMPOSING OR CALCULATING THE MSCI INDEXES. NEITHER MSCI, ITS AFFILIATES NOR ANY OTHER PARTY INVOLVED IN, OR RELATED TO, MAKING OR COMPILING ANY MSCI INDEX IS RESPONSIBLE FOR OR HAS PARTICIPATED IN THE DETERMINATION OF THE TIMING OF, PRICES AT, OR QUANTITIES OF THIS FUND TO BE ISSUED OR IN THE DETERMINATION OR CALCULATION OF THE EQUATION BY WHICH THIS FUND IS REDEEMABLE FOR CASH. NEITHER MSCI, ANY OF ITS AFFILIATES NOR ANY OTHER PARTY INVOLVED IN, OR RELATED TO, THE MAKING OR COMPILING ANY MSCI INDEX HAS ANY OBLIGATION OR LIABILITY TO THE OWNERS OF THIS FUND IN CONNECTION WITH THE ADMINISTRATION, MARKETING OR OFFERING OF THIS FUND.

ALTHOUGH MSCI SHALL OBTAIN INFORMATION FOR INCLUSION IN OR FOR USE IN THE CALCULATION OF THE MSCI INDEXES FROM SOURCES WHICH MSCI CONSIDERS RELIABLE, NEITHER MSCI, ANY OF ITS AFFILIATES NOR ANY OTHER PARTY INVOLVED IN, OR RELATED TO MAKING OR COMPILING ANY MSCI INDEX WARRANTS OR GUARANTEES THE ORIGINALITY, ACCURACY AND/OR THE COMPLETENESS OF ANY MSCI INDEX OR ANY DATA INCLUDED THEREIN. NEITHER MSCI, ANY OF ITS AFFILIATES NOR ANY OTHER PARTY INVOLVED IN, OR RELATED TO, MAKING OR

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## **MSCI USA GROWTH SF UCITS ETF**

### **Supplement to the Prospectus**

This Supplement contains information in relation to the **MSCI USA GROWTH SF UCITS ETF** (the "**Fund**"), a sub-fund of UBS ETFs plc (the "**Company**") an umbrella type open-ended investment company with variable capital, governed by the laws of Ireland and authorised by the Central Bank of Ireland (the "**Central Bank**") of Block D, Iveagh Court, Harcourt Road, Dublin 2, Ireland.

This Supplement forms part of, and must be read in conjunction with, the Prospectus of the Company dated 12 October 2016, as may be amended, supplemented or modified from time to time (the "**Prospectus**") and may not be distributed unless accompanied by the Prospectus (other than to prior recipients of the Prospectus).

**THIS DOCUMENT IS IMPORTANT. BEFORE YOU PURCHASE ANY OF THE SHARES REPRESENTING INTERESTS IN THE FUND DESCRIBED IN THIS SUPPLEMENT YOU SHOULD ENSURE THAT YOU FULLY UNDERSTAND THE NATURE OF SUCH AN INVESTMENT, THE RISKS INVOLVED AND YOUR OWN PERSONAL CIRCUMSTANCES. IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS SUPPLEMENT YOU SHOULD TAKE ADVICE FROM AN APPROPRIATELY QUALIFIED ADVISOR.**

Capitalised terms used in this Supplement will have the meanings given to them in the Definitions section below or in the Prospectus.

In addition to investing in equities and equity related securities, transferable securities and other eligible assets, it is the intention of the Company to invest on behalf of the Fund in financial derivative instruments ("**FDIs**") for investment and efficient portfolio management purposes, where applicable.

Certain risks attached to investments in **FDIs** are set out in the Prospectus under the section headed "**Risk Factors**".

You should inform yourself as to (a) the possible tax consequences, (b) the legal and regulatory requirements, (c) any foreign exchange restrictions or exchange control requirements and (d) any other requisite governmental or other consents or formalities which you might encounter under the laws of the country of your citizenship, residence or domicile and which might be relevant to your purchase, holding or disposal of the Shares.

### **UBS ETFs plc**

An umbrella fund with segregated liability between the sub-funds

**Dated 12 October 2016**

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## **IMPORTANT INFORMATION**

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### **Suitability of Investment**

**The Shares are not principal protected. The value of the Shares may go up or down and you may not get back the amount you have invested. See the section headed "Risk Factors" of the Prospectus and the section headed "Other Information – Risk Factors" of this Supplement for a discussion of certain risks that should be considered by you.**

An investment in the Shares is only suitable for you if you (either alone or with the help of an appropriate financial or other advisor) are able to assess the merits and risks of such an investment and have sufficient resources to be able to bear any losses that may result from such an investment. The contents of this document are not intended to contain and should not be regarded as containing advice relating to legal, taxation, investment or any other matters.

### **Profile of a Typical Investor**

The Fund is suitable for investors seeking capital appreciation and who are prepared to accept a high level of volatility. Investment in the Fund should be viewed as a medium to long term investment.

### **Responsibility**

The Directors (whose names appear under the heading "**Directors of the Company**" of the Prospectus) accept responsibility for the information contained in the Prospectus and this Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement when read together with the Prospectus (as complemented, modified or supplemented by this Supplement) is in accordance with the facts as at the date of this Supplement and does not omit anything likely to affect the import of such information.

### **General**

This Supplement sets out information in relation to the Shares and the Fund. You must also refer to the Prospectus which is separate to this document and describes the Company and provides general information about offers of shares in the Company. You should not take any action in respect of the Shares unless you have received a copy of the Prospectus. Should there be any inconsistency between the contents of the Prospectus and this Supplement, the contents of this Supplement will, to the extent of any such inconsistency, prevail. This Supplement and the Prospectus should both be carefully read in their entirety before any investment decision with respect to Shares is made.

As of the date of this Supplement, the Company does not have any loan capital (including term loans) outstanding or created but unissued and no outstanding mortgages, charges or other borrowings or indebtedness in the nature of borrowings, including bank overdrafts and liabilities under acceptances or acceptance credits, hire purchase or finance lease commitments, guarantees or other contingent liabilities.

### **Distribution of this Supplement and Selling Restrictions**

Distribution of this Supplement is not authorised unless accompanied by a copy of the Prospectus and the latest annual report and audited accounts of the Company and the Fund (other than to prior recipients of the Prospectus) and if published after such report, a copy of the then latest semi annual report and unaudited accounts. The distribution of this Supplement and the offering or purchase of the Shares may be restricted in certain jurisdictions. If you receive a copy of this Supplement and/or the Prospectus you may not treat such document(s) as constituting an offer, invitation or solicitation to you to subscribe for any Shares unless, in the relevant jurisdiction, such an offer, invitation or solicitation could lawfully be made to you without compliance with any registration or other legal requirement other than those with which the Company has already complied. If you wish to apply for the opportunity to purchase any Shares it is your duty to inform yourself of, and to observe, all applicable laws and regulations of any relevant jurisdiction. In particular, you should inform yourself as to the legal requirements of so applying, and any applicable exchange control regulations and taxes in the countries of your respective citizenship, residence or domicile.

## Definitions

Words and expressions defined in the Prospectus will, unless otherwise defined in this Supplement, have the same meaning when used in this Supplement.

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## TERMS OF THE SHARES REPRESENTING INTERESTS IN THE FUND

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### Investment Objective

The investment objective of the Fund is to deliver the net total return of the Reference Index (being MSCI USA Growth Net Total Return Index).

The Fund will return the Reference Index performance less fees and expenses on each Dealing Day.

### Investment Policy

In order to achieve the investment objective, the Company on behalf of the Fund intends to invest all or substantially all of the net proceeds of any issue of Shares in the manner set out below:

- (i) swaps (each swap being an agreement between the Company on behalf of the Fund and an Approved Counterparty pursuant to a master agreement in accordance with the requirements of the International Swaps and Derivatives Association, and such swaps may include funded, unfunded or total return (as further described below under "**Use of Derivative Contracts – Swaps**") (the "**Swaps**"). The purpose of the Swaps shall be to gain indirect exposure to the Reference Index (as described in further detail under the heading "**Use of Derivative Contracts – Swaps**" below); and
- (ii) a portfolio of transferable securities or other eligible assets. These may include (without limitation) equity and equity-related securities; fixed income securities such as government and corporate bonds (such bonds may be rated or unrated), money market instruments, floating rate instruments, convertible securities and commercial paper; and/or units of other open-ended collective investment schemes including other Funds of the Company. Any of the foregoing may be issued or arranged by a member of the UBS AG Group. Where the Fund invests in such securities and/or other eligible assets, the Fund will enter into an unfunded or total return swap to exchange, the price performance and income received in relation to such securities and/or other eligible assets for the performance of the Reference Index. In this instance, the Fund will have neither market nor credit exposure to the particular securities and other eligible assets referred to above, except in the event of a default on the part of the Approved Counterparty to the Swaps.

The equities, equity-related securities, Swaps, other eligible assets listed at (ii) above, any ancillary cash and any instruments held by the Fund (either for investment or efficient portfolio management purposes) shall constitute the "**Fund Assets**" for the purposes of the Prospectus. To the extent that the Fund invests some of the net proceeds of any issue of Shares in the manner set out in (ii) above, the Fund shall invest no more than 15% in the fixed income securities mentioned in (ii) above. All instruments shall be listed and/or traded on the exchanges and markets set out in Appendix II of the Prospectus.

The Fund may, with due regard to the best interest of its Shareholders, decide from time to time to switch partially or totally from one of the above described policies to the other.

Further information relevant to the Fund's investment policy is contained in the main part of the Prospectus under "**Investment Objectives and Policies**" and under "**Investment Restrictions**".

### Index Tracking Strategy

The Fund gains exposure to the Reference Index by investing in one or more Swaps. It is not intended that the Fund will invest directly in the components of the Reference Index in order to meet the Fund's investment objective. The Fund (and the investors in the Fund) will be exposed to the full performance of the Reference Index.

The Fund may have counterparty risk as a result of the investment in the swaps – further information is provided in the section below headed "Use of Derivative Contracts – Swaps" and in section 6 "Risk Factors" of the Prospectus.

The anticipated level of tracking error after fees and transaction costs is up to 0.02% per annum in normal market conditions.

The annual report of the Fund, which can be found on the Website, will include the following information:

- a. The size of the realised tracking error for the year, being the volatility of the difference between the return of the Fund and the return of the Reference Index;
- b. An explanation for the divergence between the anticipated and realised tracking error for the year;
- c. The size of the annual tracking distance for the year, being the difference between the performance of the Fund and the Reference Index; and
- d. An explanation for the annual tracking difference, including the impact of transaction costs, fees and expenses on the performance of the Fund.

### **Portfolio Transparency Policy**

The Fund's transparency policy regarding the composition of its portfolio, and any collateral received in relation to the Swaps, is to provide position level disclosure on a daily basis. The information is published on the Website.

The assets in which the Fund will invest in order to achieve its investment objective are set out in the "Investment Policy" section above. Details on the composition of the Fund Assets will be set out on the Website.

### **Use of Derivative Contracts – Swaps**

The Fund may enter into Swaps with a member of the UBS AG Group or any other eligible entity (being the "**Approved Counterparty**") pursuant to which the Fund will be entitled to receive from the Approved Counterparty the performance of the components of the Reference Index in exchange for the payment to the Approved Counterparty of (i) where the swap is funded, some or all of the net proceeds of any issue of Shares; (ii) where the swap is unfunded, payments linked to the return on some or all of the equities and other eligible assets held by the Fund as listed at (ii) above; and (iii) where the swap is a total return swap, payments will be based upon a set rate agreed between the parties in exchange for the return on some or all of the equities and other eligible assets held by the Fund as listed at (ii) above.

The Fund will limit its exposure to Swaps that are fully funded ("**Fully Funded Swaps**") to 10% of its net assets. Fully Funded Swaps are swap agreements pursuant to which a Fund transfers a cash amount in full consideration of the swap value to the counterparty. In return the Fund will be entitled to receive the performance of the relevant investment strategy under the terms of the swap agreement. The counterparty will transfer collateral to the Fund in accordance with the UCITS Regulations to mitigate credit risk to the counterparty arising from entering into the swap agreement. Fully Funded Swaps are used to enhance the liquidity of the Fund.

The Approved Counterparty to the Swaps and the Company on behalf of the Fund have entered into a 2002 International Swaps and Derivatives Association Master Agreement (including any supporting agreements, annexes or schedules thereto) (the "**ISDA Master Agreement**"), and will enter into confirmations for each Swap transaction. Such confirmations may be entered into before or after the relevant transaction and may be in electronic form.

The Swaps will at all times be valued in accordance with the provisions of the Prospectus. The valuation of the Swaps will reflect the relative movements in the performance of the Reference Index and the Fund's holding of transferable securities and/or other Fund Assets as may be referenced under the Swaps. Depending on the value of the Swaps, the Fund will have to make a payment to the Approved Counterparty or will receive such a payment. Where the Fund has to make a payment to the Approved Counterparty, this payment will be made from the proceeds and, as the case may be, the disposal of some or all of the transferable securities and/or other Fund Assets in which the Fund has invested.

As set out in Section 5 of the Prospectus, the Company will ensure that the counterparty risk exposure under the Swaps never exceeds the limits required by the Regulations and the Central Bank. Accordingly, the Company will reduce such counterparty exposure by causing the Approved Counterparty, where necessary, to provide appropriate Collateral to the Company on behalf of the relevant Fund (or as otherwise permitted by the Central Bank) under the terms of ISDA Master Agreement, in accordance with

the Investment Restrictions. Alternatively, the Company may reduce its risk exposure to the Approved Counterparty by causing the Approved Counterparty to reset the Swaps or vice versa. This may result in a corresponding payment from the Fund to the Approved Counterparty.

The Swaps may be terminated by either party at any time or on the occurrence of certain events with respect to either the Fund or the Approved Counterparty including, but not limited to, an event of default (such as a failure to pay, breach of agreement or bankruptcy) or a termination event (which is not due to the fault of either party, for example, illegality or a change in the tax or accounting laws), in which case the non-defaulting party or the unaffected party respectively is entitled to calculate the close-out value of the Swaps and it will do so in line with the industry standard requirements set out in the ISDA Master Agreement. The Fund may then enter into new Swaps (unless the Directors resolve that it is inadvisable to do so) or, if the Directors determine that there is no reasonable way to achieve the investment objective, the Fund may be terminated in accordance with the provisions of the Prospectus.

### **Securities Lending and Repurchase Transactions**

The Company may (for the purposes of efficient portfolio management only) enter into stock lending arrangements and/or Repurchase Transactions with financial institutions (including with a member of the UBS AG Group as the stock borrower or counterparty to the Repurchase Transaction) with a minimum credit rating at the time the relevant transaction as permitted by the Regulations, or which are deemed by the Fund to have an implied credit rating at least equal to such level (a "**Counterparty**"). Any such stock lending arrangement and Repurchase Transaction will be subject to the conditions, limits and requirements of the Central Bank and the provisions of the Prospectus. In these transactions, Collateral will move between the Company and the relevant Counterparty in order to mitigate any counterparty risk.

Investors should also note the information contained in the "Securities Lending and Repurchase Transactions" and "Collateral Policy" sections in the main body of the Prospectus.

**The Company on behalf of the Fund has filed with the Central Bank its risk management policy which enables it to accurately measure, monitor and manage the various risks associated with the use of Financial Derivative Instruments. The Company will, on request, provide supplementary information to Shareholders relating to the risk management methods employed, including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments.**

**The Company will use the commitment approach for the purposes of calculating global exposure for the Fund. The Fund's total exposure to the Reference Index will be limited to 100% of Net Asset Value.**

### **Efficient Portfolio Management**

The Company may also (for the purposes of efficient portfolio and cash management and not for investment purposes), invest in cash deposits, money market instruments, OTC options and units of UCITS regulated money market collective investment schemes.

Further information on efficient portfolio management is contained in the main body of the prospectus under the heading "Use of Financial Derivative Instruments and Efficient Portfolio Management".

### **Investment Restrictions**

Investors in particular must note that the general investment restrictions set out under "**Investment Restrictions**" in the Prospectus apply to the Fund. In addition the following investment restrictions shall apply to the Fund:

The Fund shall not invest in a fund of the Company which itself holds shares in any other fund of the Company.

### **Disruption Events**

The following Disruption Events shall apply to the Fund in addition to those set out in the Prospectus:

- (i) the Index Provider makes an adjustment or modification to the calculation of the Reference Index;
- (ii) the Approved Counterparty is:

- (a) prevented, hindered or impaired from conducting one or more of its activity/activities in a commercially reasonable manner in connection with the establishment, maintenance, adjustment or termination of any transaction(s) in order to fully hedge its exposure in respect of the Reference Index; and/or
- (b) prevented, hindered or impaired from performing one or more of its obligation(s) in a commercially reasonable manner,

under the terms of the relevant Swaps, with the consequence that the Approved Counterparty or the Calculation Agent (as applicable) elects to:

- i. adjust the terms of the Swaps; and/or
  - ii. delay payment to the Fund under the terms of the Swaps; and/or
  - iii. terminate the Swaps;
- (iii) the Index Provider fails or delays in calculating, announcing and/or publishing the Reference Index level.

### **Consequences of Disruption Events**

As further described in the Prospectus and as set out above, upon the occurrence of a Disruption Event including an Index Disruption and Adjustment Event (and without limitation to the Directors' personal powers), (i) the Approved Counterparty (where acting as the relevant Calculation Agent or otherwise) may either (a) terminate one or more of the relevant Swaps or (b) make adjustments to the terms or valuation of the relevant Swaps and other Derivative Contracts to account for such event and the Net Asset Value may be affected by such adjustment; (ii) the Directors may temporarily suspend the calculation of the Net Asset Value and any subscription, redemption and exchange of Shares; and/or (iii) the Directors may, in certain circumstances, terminate the Fund.

### **Borrowings**

In accordance with the general provisions set out in the Prospectus under the heading "**Borrowing and Lending Powers**", the Company on behalf of the Fund may borrow up to 10% of the Net Asset Value of the Fund on a temporary basis. Such borrowings may only be used for short term liquidity purposes to cover the redemption of Shares.

### **Dividend Policy**

The Fund does not intend to issue dividends. However, the Directors may, in their absolute discretion, determine to declare dividends in respect of any Share Class and Shareholders will be notified accordingly. Any dividends payable by the Fund will be effected in accordance with the Dividend Policy stated in the Prospectus.

The dividend payments may be as low as zero. There is no guarantee that any dividend will be declared. For the avoidance of doubt, the payment of a dividend (if any) will reduce the Net Asset Value of the relevant Share Class accordingly.

### **Limited Recourse**

A Shareholder will solely be entitled to look to the Fund Assets in respect of all payments in respect of its Shares. If the realised net assets of the Fund are insufficient to pay any amounts payable in respect of the Shares, the Shareholder will have no further right of payment in respect of such Shares nor any claim against or recourse to any of the assets of any other Fund or any other asset of the Company.

### **Listing**

Application will be made to such exchanges as the Directors may determine from time to time (the "**Relevant Stock Exchanges**") for the listing of the Shares issued and available to be issued and to be admitted to listing on the official list and trading on each of the Relevant Stock Exchanges on or about the Launch Date. This Supplement and the Prospectus together comprise listing particulars for the purposes of listing the Shares on the official list and trading on the main market of each of the Relevant Stock Exchanges.

### **Exchange Traded Fund**

The Fund is an Exchange Traded Fund ("**ETF**"). The Shares of this Fund (where they are listed on the Relevant Stock Exchanges) are fully transferable among investors. It is envisaged that Shares will be bought and sold by public and institutional investors in the secondary market in the same way as the ordinary shares of a listed trading company.

The Directors of the Company may create new Share Classes from time to time, provided that the creation of any such new Share Classes is notified in advance to and cleared by the Central Bank. A separate pool of assets will not be maintained for each of the Share Classes.

**General Information Relating to the Fund**

<b>Type</b>	Open-ended
<b>Base Currency</b>	USD (" <b>US Dollar</b> ")
<b>Business Day</b>	A day (other than a Saturday or Sunday) on which (i) banks are open for business in Dublin and New York; (ii) the Reference Index is calculated by the Index Provider or such other day or days as the Directors may from time to time determine and notify in advance to Shareholders. For the avoidance of doubt, there shall be at least two Dealing Days per month at regular intervals.
<b>Dealing Day</b>	Any Business Day.
<b>Dealing Deadline</b>	2.00pm. (Dublin time) on the relevant Dealing Day.
<b>Launch Date</b>	The (USD) A-acc Share Class launched on 06 October 2011.
<b>Minimum Fund Size</b>	USD 100 million
<b>Valuation Point</b>	10:30 pm (Dublin time) on the relevant Dealing Day.
<b>Settlement Date</b>	Up to three Business Days after the relevant Dealing Day.
<b>Minimum Holding</b>	1 Share
<b>Minimum Subscription Amount</b>	100,000 USD or its equivalent in another currency or such amount as may be determined by the Directors. Investors will be notified of any change to the Minimum Subscription Amount/basket size.
<b>Minimum Redemption Amount</b>	100,000 USD or its equivalent in another currency or such amount as may be determined by the Directors. Investors will be notified of any change to the Minimum Redemption Amount/basket size.
<b>Website</b>	<a href="http://www.ubs.com/etf">www.ubs.com/etf</a> - information on Fund Assets and the Fund's iNAV is set out on the Website.

**Description of the Shares**

**Share Classes**

Share Class	**"(USD) A-acc"
Initial Issue	N/A

\*The "A-acc" Share Class

Information regarding the Initial Issue Price is available from the Administrator. Details on the Reference Index can be found at [www.msccibarra.com](http://www.msccibarra.com).

### Fees and Expenses

The following fees will be incurred on each Share by Shareholders (and will not be incurred by the Company on behalf the Fund, and accordingly will not affect the Net Asset Value of the relevant Share Class of the Fund).

<b>Share Class</b>	"A-acc"
<b>Subscription Charge*</b>	Up to 5%
<b>Redemption Charge**</b>	Up to 3%
<b>Exchange Charge</b>	Up to 3%
<b>Primary Market Transaction Costs***</b>	Up to 1%

\* The Subscription Charge is deducted from the investment amount received from an investor for subscription for Shares. The Manager may waive all or part of the Subscription Charge in the event that the Shares purchased by a Shareholder correspond at least to the Minimum Subscription Amount/basket or a multiple thereof or for any other reason at the Manager's sole discretion.

\*\* The Redemption Charge is deducted from the redemption proceeds payable to the investor. The Manager may waive all or part of the Redemption Charge in the event that the Shares redeemed by a Shareholder correspond at least to the Minimum Redemption Amount/basket or a multiple thereof or for any other reason at the Manager's sole discretion.

\*\*\*The Manager may waive all or part of the Primary Market Transaction Costs in the event that the Shares subscribed or redeemed by a Shareholder correspond at least to the Minimum Redemption Amount/basket or a multiple thereof or for any other reason at the Manager's sole discretion.

Separate to and distinct from the Subscription Charge, Redemption Charge, Exchange Charge and Primary Market Transaction Costs, which shall be deducted from the investment amount received from an investor or deducted from the redemption proceeds payable to the investor or used to purchase the Shares of the New Class (as appropriate), the following fees and expenses will be incurred by the Company on behalf of the Fund and will affect the Net Asset Value of the relevant Share Class of the Fund:

<b>Share Class</b>	"A-acc"
<b>Flat-Fees</b>	Up to 0.36% per annum

The Promoter shall discharge the fees associated with the establishment and approval of the Fund.

This section headed "**Fees and Expenses**" should be read in conjunction with the sections headed "**Fees and Expenses**" and "**Issue and Repurchase Price/Calculation of Net Asset Value/Valuation of Assets**" in the Prospectus.

### **GENERAL DESCRIPTION OF THE REFERENCE INDEX**

The Reference Index is the MSCI USA Growth Net Total Return Index (the "**Reference Index**"). The Reference Index is further described below but only represents an extract of information available and neither the Directors, the Manager, MSCI BarraSM or such other successor sponsor to the Reference Index (the "**Index Provider**") nor the Investment Manager take any responsibility for the accuracy or completeness of such information.

The Reference Index is a subset of the MSCI USA Index, a free float adjusted market capitalization index that is designed to measure equity market performance within the USA.

The Reference Index offers a representation of the US market by targeting all companies with a market capitalization within the top 85% of the US investable equity universe, subject to a global minimum size requirement (being the minimum value that a company must have achieved in order to be included in the Reference Index), which comply with the two-dimensional framework for style segmentation where value and growth securities are categorized using different attributes. It is based on the MSCI Global Investable Market Value and Growth Indices methodology.

As of the end of July 2014, the MSCI USA Growth Index consisted of 376 constituents.

The Reference Index is rebalanced on a semi-annual basis.

The rebalancing frequency of the Reference Index has no impact on the transaction costs associated with the Fund as any rebalancing is not expected to require any higher frequency of position turnover in the Fund than would otherwise be the case were the Reference Index to be static.

The Reference Index is calculated in USD (US Dollar).

#### *Index Provider and website*

The Reference Index is sponsored by MSCI Inc. More details on the Reference Index, including its underlying components, can be found at [www.msci.com](http://www.msci.com).

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## **OTHER INFORMATION**

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### **Risk Factors**

Certain risks relating to the Shares are set out under the heading "**Risk Factors**" in the Prospectus. In addition, Shareholders must also note that:

- (a) The sub-funds of the Company are segregated as a matter of Irish law and as such, in Ireland, the assets of one sub-fund will not be available to satisfy the liabilities of another sub-fund. However, it should be noted that the Company is a single legal entity which may operate or have assets held on its behalf or be subject to claims in other jurisdictions which may not necessarily recognise such segregation. There can be no guarantee that the courts of any jurisdiction outside Ireland will respect the limitations on liability as set out above.
- (b) Upon the occurrence of a Disruption Event or an Index Disruption and Adjustment Event (and without limitation to the Directors' personal powers as further described in the Prospectus); (i) adjustments may be made to account for any such event (including adjustment to the Reference Index, the calculation of the Reference Index level and/or changes to the terms of the Derivative Contracts) which may have a significant impact on the Net Asset Value of the Fund; (ii) the Directors may temporarily suspend the calculation of the Net Asset Value and any subscription, redemption and exchange of Shares and payment of redemption proceeds in accordance with the provisions of the Prospectus under the section "Suspension of Calculation of Net Asset Value"; and/or (iii) the Directors may, in certain circumstances as set out in the Prospectus, terminate the Fund.
- (c) The return payable under the Swaps with a counterparty is subject to the credit risk of the counterparty. In addition, the counterparty will generally act as the calculation agent under the Swaps (the "**Calculation Agent**") and perform those duties agreed in the ISDA Master Agreement and confirmation for the relevant Swaps. Shareholders should note that not only will they be exposed to the credit risk of the counterparty but also potential conflicts of interest in the performance of the function of Calculation Agent by the counterparty. The counterparty will use its reasonable endeavours to resolve any such conflicts of interest fairly (having regard to its respective obligations and duties) and to ensure that the interests of the Company and the Shareholders are not unfairly prejudiced. The Directors believe that the counterparty will be suitable and competent to act as Calculation Agent. Any valuations provided by the counterparty in its role as Calculation Agent will be verified at least weekly by a party independent of the counterparty as sourced by the Administrator and approved by the Custodian.

- (d) The Fund is highly dynamic and may exhibit above-average potential growth and investment performance, depending on the economic environment. The opportunities for above average growth may in some circumstances lead to extreme positive and negative fluctuations in the Net Asset Value of the Fund.
- (e) The value of investments and the income from them, and therefore the value of and income from the Shares can go down as well as up and an investor may not get back the amount invested. The Fund's exposure is linked to the performance of the components of the Reference Index which, in turn, is exposed to general market movements (negative as well as positive).
- (f) There can be no assurance that the Reference Index will be successful at producing positive returns consistently or at all. The Index Provider makes no representation or warranty, express or implied, that the Reference Index will produce positive returns at any time.
- (g) As at the date hereof there is one Class of Shares issued in respect of the Fund. Additional Classes of Shares may be created at any time without the consent of the then existing Shareholders in accordance with the Central Bank's requirements. Each Class of Shares issued in respect of the Fund will perform differently as a result of differences of currency and fees (as applicable). The Company on behalf of the Fund will enter into Swaps that are designed to generate the cash flows payable in respect of the Shares of the relevant Classes. There is no legal segregation of assets and liabilities between Classes and there is no separate portfolio of assets held for each Class.
- (h) The Company on behalf of the Fund will enter into a separate Derivative Contract in respect of each Class. Each Derivative Contract will be on similar terms except that each Derivative Contract will provide a return in the currency of denomination of each Class of Shares to which it relates.
- (i) The Fund's use of the Reference Index is licensed by the Index Provider. If at any time, the licence is terminated or the Reference Index otherwise becomes unavailable, unreliable, inaccurate or unrepresentative, the Fund Directors may exercise their discretion to terminate the Fund in accordance with the terms of the Memorandum and Articles of Association.
- (j) The Fund is exposed to the investment risk arising from the Reference Index underlying the Swaps. The Fund is therefore exposed to the risks inherent to investments in equity markets.
- (k) Some of the markets in which the Fund may effect derivative transactions are "over-the-counter" or "interdealer" markets, which may be illiquid and are sometimes subject to larger spreads than exchange-traded derivative transactions. The participants in such markets are typically not subject to credit evaluation and regulatory oversight, which would be the case with members of "exchange-based" markets. This exposes the Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a credit or liquidity problem with the counterparty. Delays in settlement may also result from disputes over the terms of the contract (whether or not bona fide) since such markets may lack the established rules and procedures for swift settlement of disputes among market participants found in "exchange-based" markets. These factors may cause the Fund to suffer a loss due to adverse market movements while replacement transactions are executed or otherwise.
- (l) Whilst the Company has the right to use and reference the Reference Index in connection with the Fund in accordance with the terms of the Reference Index license, in the event that the licence is terminated the Fund may be terminated or if any other Index Disruption and Adjustment Event occurs, adjustments may be made to the terms of the Swaps after negotiation with each Approved Counterparty to account for any such event including adjustment to the Reference Index or the calculation of the Reference Index level which may have a significant impact on the Net Asset Value of the Fund.
- (m) Subject to certain pre-defined parameters, it is possible that methodology used to calculate the Reference Index or the formulae underlying the Reference Index could change and such change may result in a decrease in the performance of the Reference Index. As such, aspects of the Reference Index could change in the future, including without limitation, the methodology and third party data sources. Any changes may be made without regard to the interests of a holder of any product linked to the Reference Index. Additionally, the Reference Index was created by the Index

Provider, who has the right to permanently cancel the Reference Index at any time. Such cancellation may have a material adverse effect on any linked investments or transactions.

**Investors should also refer to the Prospectus for additional disclosure of risks.**

#### **Miscellaneous**

The Company has the following Funds established as at the date of this Supplement.

S&P 500 SF UCITS ETF  
FTSE 100 SF UCITS ETF  
HFRX GLOBAL HEDGE FUND INDEX SF UCITS ETF  
BLOOMBERG COMMODITY INDEX SF UCITS ETF  
CMCI COMPOSITE SF UCITS ETF  
MSCI USA SF UCITS ETF  
MSCI CANADA SF UCITS ETF  
MSCI EMU SF UCITS ETF  
MSCI JAPAN SF UCITS ETF  
MSCI EMERGING MARKETS SF UCITS ETF  
MSCI ACWI RISK WEIGHTED SF UCITS ETF  
MSCI USA GROWTH SF UCITS ETF  
MSCI EMU GROWTH SF UCITS ETF  
MSCI AC ASIA EX JAPAN SF UCITS ETF  
MAP BALANCED 5 SF UCITS ETF  
MAP BALANCED 7 SF UCITS ETF  
JPX-NIKKEI 400 SF UCITS ETF  
MSCI ACWI SF UCITS ETF  
CMCI EX-AGRICULTURE SF UCITS ETF

#### **Disclaimers**

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## **MSCI EMU GROWTH SF UCITS ETF**

### **Supplement to the Prospectus**

This Supplement contains information in relation to the **MSCI EMU GROWTH SF UCITS ETF** (the "**Fund**"), a sub-fund of UBS ETFs plc (the "**Company**") an umbrella type open-ended investment company with variable capital, governed by the laws of Ireland and authorised by the Central Bank of Ireland (the "**Central Bank**") of Block D, Iveagh Court, Harcourt Road, Dublin 2, Ireland.

**This Supplement forms part of, and must be read in conjunction with, the Prospectus of the Company dated 12 October 2016, as may be amended, supplemented or modified from time to time, (the "Prospectus") and may not be distributed unless accompanied by the Prospectus (other than to prior recipients of the Prospectus).**

**THIS DOCUMENT IS IMPORTANT. BEFORE YOU PURCHASE ANY OF THE SHARES REPRESENTING INTERESTS IN THE FUND DESCRIBED IN THIS SUPPLEMENT YOU SHOULD ENSURE THAT YOU FULLY UNDERSTAND THE NATURE OF SUCH AN INVESTMENT, THE RISKS INVOLVED AND YOUR OWN PERSONAL CIRCUMSTANCES. IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS SUPPLEMENT YOU SHOULD TAKE ADVICE FROM AN APPROPRIATELY QUALIFIED ADVISOR.**

Capitalised terms used in this Supplement will have the meanings given to them in the Definitions section below or in the Prospectus.

In addition to investing in equities and equity related securities, transferable securities and other eligible assets, it is the intention of the Company to invest on behalf of the Fund in financial derivative instruments ("FDIs") for investment and efficient portfolio management purposes, where applicable.

Certain risks attached to investments in FDIs are set out in the Prospectus under the section headed "Risk Factors".

You should inform yourself as to (a) the possible tax consequences, (b) the legal and regulatory requirements, (c) any foreign exchange restrictions or exchange control requirements and (d) any other requisite governmental or other consents or formalities which you might encounter under the laws of the country of your citizenship, residence or domicile and which might be relevant to your purchase, holding or disposal of the Shares.

### **UBS ETFs plc**

An umbrella fund with segregated liability between the sub-funds

**Dated 12 October 2016**

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## **IMPORTANT INFORMATION**

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### **Suitability of Investment**

**The Shares are not principal protected. The value of the Shares may go up or down and you may not get back the amount you have invested. See the section headed "Risk Factors" of the Prospectus and the section headed "Other Information – Risk Factors" of this Supplement for a discussion of certain risks that should be considered by you.**

An investment in the Shares is only suitable for you if you (either alone or with the help of an appropriate financial or other advisor) are able to assess the merits and risks of such an investment and have sufficient resources to be able to bear any losses that may result from such an investment. The contents of this document are not intended to contain and should not be regarded as containing advice relating to legal, taxation, investment or any other matters.

### **Profile of a Typical Investor**

The Fund is suitable for investors seeking capital appreciation and who are prepared to accept a high level of volatility. Investment in the Fund should be viewed as a medium to long term investment.

### **Responsibility**

The Directors (whose names appear under the heading "**Directors of the Company**" of the Prospectus) accept responsibility for the information contained in the Prospectus and this Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement when read together with the Prospectus (as complemented, modified or supplemented by this Supplement) is in accordance with the facts as at the date of this Supplement and does not omit anything likely to affect the import of such information.

### **General**

This Supplement sets out information in relation to the Shares and the Fund. You must also refer to the Prospectus which is separate to this document and describes the Company and provides general information about offers of shares in the Company. You should not take any action in respect of the Shares unless you have received a copy of the Prospectus. Should there be any inconsistency between the contents of the Prospectus and this Supplement, the contents of this Supplement will, to the extent of any such inconsistency, prevail. This Supplement and the Prospectus should both be carefully read in their entirety before any investment decision with respect to Shares is made.

As of the date of this Supplement, the Company does not have any loan capital (including term loans) outstanding or created but unissued and no outstanding mortgages, charges or other borrowings or indebtedness in the nature of borrowings, including bank overdrafts and liabilities under acceptances or acceptance credits, hire purchase or finance lease commitments, guarantees or other contingent liabilities.

### **Distribution of this Supplement and Selling Restrictions**

Distribution of this Supplement is not authorised unless accompanied by a copy of the Prospectus and the latest annual report and audited accounts of the Company and the Fund (other than to prior recipients of the Prospectus) and if published after such report, a copy of the then latest semi annual report and unaudited accounts. The distribution of this Supplement and the offering or purchase of the Shares may be restricted in certain jurisdictions. If you receive a copy of this Supplement and/or the Prospectus you may not treat such document(s) as constituting an offer, invitation or solicitation to you to subscribe for any Shares unless, in the relevant jurisdiction, such an offer, invitation or solicitation could lawfully be made to you without compliance with any registration or other legal requirement other than those with which the Company has already complied. If you wish to apply for the opportunity to purchase any Shares it is your duty to inform yourself of, and to observe, all applicable laws and regulations of any relevant jurisdiction. In particular, you should inform yourself as to the legal requirements of so applying, and any applicable exchange control regulations and taxes in the countries of your respective citizenship, residence or domicile.

## Definitions

Words and expressions defined in the Prospectus will, unless otherwise defined in this Supplement, have the same meaning when used in this Supplement.

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## TERMS OF THE SHARES REPRESENTING INTERESTS IN THE FUND

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### Investment Objective

The investment objective of the Fund is to deliver the net total return of the Reference Index (being MSCI EMU Growth Net Total Return Index).

The Fund will return the Reference Index performance less fees and expenses on each Dealing Day.

### Investment Policy

In order to achieve the investment objective, the Company on behalf of the Fund intends to invest all or substantially all of the net proceeds of any issue of Shares in the manner set out below:

- (i) swaps (each swap being an agreement between the Company on behalf of the Fund and an Approved Counterparty pursuant to a master agreement in accordance with the requirements of the International Swaps and Derivatives Association, and such swaps may include funded, unfunded or total return (as further described below under "**Use of Derivative Contracts – Swaps**") (the "**Swaps**"). The purpose of the Swaps shall be to gain indirect exposure to the Reference Index (as described in further detail under the heading "**Use of Derivative Contracts – Swaps**" below); and
- (ii) a portfolio of transferable securities or other eligible assets. These may include (without limitation) equity and equity-related securities; fixed income securities such as government and corporate bonds (such bonds may be rated or unrated), money market instruments, floating rate instruments, convertible securities and commercial paper; and/or units of other open-ended collective investment schemes including other Funds of the Company. Any of the foregoing may be issued or arranged by a member of the UBS AG Group. Where the Fund invests in such securities and/or other eligible assets, the Fund will enter into an unfunded or total return swap to exchange, the price performance and income received in relation to such securities and/or other eligible assets for the performance of the Reference Index. In this instance, the Fund will have neither market nor credit exposure to the particular securities and other eligible assets referred to above, except in the event of a default on the part of the Approved Counterparty to the Swaps.

The equities, equity-related securities, Swaps, other eligible assets listed at (ii) above, any ancillary cash and any instruments held by the Fund (either for investment or efficient portfolio management purposes) shall constitute the "**Fund Assets**" for the purposes of the Prospectus. To the extent that the Fund invests some of the net proceeds of any issue of Shares in the manner set out in (ii) above, the Fund shall invest no more than 15% in the fixed income securities mentioned in (ii) above. All instruments shall be listed and/or traded on the exchanges and markets set out in Appendix II of the Prospectus.

The Fund may, with due regard to the best interest of its Shareholders, decide from time to time to switch partially or totally from one of the above described policies to the other.

Further information relevant to the Fund's investment policy is contained in the main part of the Prospectus under "**Investment Objectives and Policies**" and under "**Investment Restrictions**".

### Index Tracking Strategy

The Fund gains exposure to the Reference Index by investing in one or more Swaps. It is not intended that the Fund will invest directly in the components of the Reference Index in order to meet the Fund's investment objective. The Fund (and the investors in the Fund) will be exposed to the full performance of the Reference Index.

The Fund may have counterparty risk as a result of the investment in the swaps – further information is provided in the section below headed "Use of Derivative Contracts – Swaps" and in section 6 "Risk Factors" of the Prospectus.

The anticipated level of tracking error after fees and transaction costs is up to 0.01% per annum in normal market conditions.

The annual report of the Fund, which can be found on the Website, will include the following information:

- a. The size of the realised tracking error for the year, being the volatility of the difference between the return of the Fund and the return of the Reference Index;
- b. An explanation for the divergence between the anticipated and realised tracking error for the year;
- c. The size of the annual tracking distance for the year, being the difference between the performance of the Fund and the Reference Index; and
- d. An explanation for the annual tracking difference, including the impact of transaction costs, fees and expenses on the performance of the Fund.

### **Portfolio Transparency Policy**

The Fund's transparency policy regarding the composition of its portfolio, and any collateral received in relation to the Swaps, is to provide position level disclosure on a daily basis. The information is published on the Website.

The assets in which the Fund will invest in order to achieve its investment objective are set out in the "Investment Policy" section above. Details on the composition of the Fund Assets will be set out on the Website.

### **Use of Derivative Contracts – Swaps**

The Fund may enter into Swaps with a member of the UBS AG Group or any other eligible entity (being the "**Approved Counterparty**") pursuant to which the Fund will be entitled to receive from the Approved Counterparty the performance of the components of the Reference Index in exchange for the payment to the Approved Counterparty of (i) where the swap is funded, some or all of the net proceeds of any issue of Shares; (ii) where the swap is unfunded, payments linked to the return on some or all of the equities and other eligible assets held by the Fund as listed at (ii) above; and (iii) where the swap is a total return swap, payments will be based upon a set rate agreed between the parties in exchange for the return on some or all of the equities and other eligible assets held by the Fund as listed at (ii) above.

The Fund will limit its exposure to Swaps that are fully funded ("**Fully Funded Swaps**") to 10% of its net assets. Fully Funded Swaps are swap agreements pursuant to which a Fund transfers a cash amount in full consideration of the swap value to the counterparty. In return the Fund will be entitled to receive the performance of the relevant investment strategy under the terms of the swap agreement. The counterparty will transfer collateral to the Fund in accordance with the UCITS Regulations to mitigate credit risk to the counterparty arising from entering into the swap agreement. Fully Funded Swaps are used to enhance the liquidity of the Fund.

The Approved Counterparty to the Swaps and the Company on behalf of the Fund have entered into a 2002 International Swaps and Derivatives Association Master Agreement (including any supporting agreements, annexes or schedules thereto) (the "**ISDA Master Agreement**"), and will enter into confirmations for each Swap transaction. Such confirmations may be entered into before or after the relevant transaction and may be in electronic form.

The Swaps will at all times be valued in accordance with the provisions of the Prospectus. The valuation of the Swaps will reflect the relative movements in the performance of the Reference Index and the Fund's holding of transferable securities and/or other Fund Assets as may be referenced under the Swaps. Depending on the value of the Swaps, the Fund will have to make a payment to the Approved Counterparty or will receive such a payment. Where the Fund has to make a payment to the Approved Counterparty, this payment will be made from the proceeds and, as the case may be, the disposal of some or all of the transferable securities and/or other Fund Assets in which the Fund has invested.

As set out in Section 5 of the Prospectus, the Company will ensure that the counterparty risk exposure under the Swaps never exceeds the limits required by the Regulations and the Central Bank. Accordingly,

the Company will reduce such counterparty exposure by causing the Approved Counterparty, where necessary, to provide appropriate Collateral to the Company on behalf of the relevant Fund (or as otherwise permitted by the Central Bank) under the terms of ISDA Master Agreement, in accordance with the Investment Restrictions. Alternatively, the Company may reduce its risk exposure to the Approved Counterparty by causing the Approved Counterparty to reset the Swaps or vice versa. This may result in a corresponding payment from the Fund to the Approved Counterparty.

The Swaps may be terminated by either party at any time or on the occurrence of certain events with respect to either the Fund or the Approved Counterparty including, but not limited to, an event of default (such as a failure to pay, breach of agreement or bankruptcy) or a termination event (which is not due to the fault of either party, for example, illegality or a change in the tax or accounting laws), in which case the non-defaulting party or the unaffected party respectively is entitled to calculate the close-out value of the Swaps and it will do so in line with the industry standard requirements set out in the ISDA Master Agreement. The Fund may then enter into new Swaps (unless the Directors resolve that it is inadvisable to do so) or, if the Directors determine that there is no reasonable way to achieve the investment objective, the Fund may be terminated in accordance with the provisions of the Prospectus.

### **Securities Lending and Repurchase Transactions**

The Company may (for the purposes of efficient portfolio management only) enter into stock lending arrangements and/or Repurchase Transactions with financial institutions (including with a member of the UBS AG Group as the stock borrower or counterparty to the Repurchase Transaction) with a minimum credit rating at the time the relevant transaction as permitted by the Regulations, or which are deemed by the Fund to have an implied credit rating at least equal to such level (a "**Counterparty**"). Any such stock lending arrangement and Repurchase Transaction will be subject to the conditions, limits and requirements of the Central Bank and the provisions of the Prospectus. In these transactions, Collateral will move between the Company and the relevant Counterparty in order to mitigate any counterparty risk.

Investors should also note the information contained in the "Securities Lending and Repurchase Transactions" and "Collateral Policy" sections in the main body of the Prospectus.

**The Company on behalf of the Fund has filed with the Central Bank its risk management policy which enables it to accurately measure, monitor and manage the various risks associated with the use of Financial Derivative Instruments. The Company will, on request, provide supplementary information to Shareholders relating to the risk management methods employed, including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments.**

**The Company will use the commitment approach for the purposes of calculating global exposure for the Fund. The Fund's total exposure to the Reference Index will be limited to 100% of Net Asset Value.**

### **Efficient Portfolio Management**

The Company may also (for the purposes of efficient portfolio and cash management and not for investment purposes), invest in cash deposits, money market instruments, OTC options and units of UCITS regulated money market collective investment schemes.

Further information on efficient portfolio management is contained in the main body of the prospectus under the heading "Use of Financial Derivative Instruments and Efficient Portfolio Management".

### **Investment Restrictions**

Investors in particular must note that the general investment restrictions set out under "**Investment Restrictions**" in the Prospectus apply to the Fund. In addition the following investment restrictions shall apply to the Fund:

The Fund shall not invest in a fund of the Company which itself holds shares in any other fund of the Company.

### **Disruption Events**

The following Disruption Events shall apply to the Fund in addition to those set out in the Prospectus:

- (i) the Index Provider makes an adjustment or modification to the calculation of the Reference Index;

(ii) the Approved Counterparty is:

- (a) prevented, hindered or impaired from conducting one or more of its activity/activities in a commercially reasonable manner in connection with the establishment, maintenance, adjustment or termination of any transaction(s) in order to fully hedge its exposure in respect of the Reference Index; and/or
- (b) prevented, hindered or impaired from performing one or more of its obligation(s) in a commercially reasonable manner,

under the terms of the relevant Swaps, with the consequence that the Approved Counterparty or the Calculation Agent (as applicable) elects to:

- I. adjust the terms of the Swaps; and/or
- II. delay payment to the Fund under the terms of the Swaps; and/or
- III. terminate the Swaps;

(iii) the Index Provider fails or delays in calculating, announcing and/or publishing the Reference Index level.

### **Consequences of Disruption Events**

As further described in the Prospectus and as set out above, upon the occurrence of a Disruption Event including an Index Disruption and Adjustment Event (and without limitation to the Directors' personal powers), (i) the Approved Counterparty (where acting as the relevant Calculation Agent or otherwise) may either (a) terminate one or more of the relevant Swaps or (b) make adjustments to the terms or valuation of the relevant Swaps and other Derivative Contracts to account for such event and the Net Asset Value may be affected by such adjustment; (ii) the Directors may temporarily suspend the calculation of the Net Asset Value and any subscription, redemption and exchange of Shares; and/or (iii) the Directors may, in certain circumstances, terminate the Fund.

### **Borrowings**

In accordance with the general provisions set out in the Prospectus under the heading "**Borrowing and Lending Powers**", the Company on behalf of the Fund may borrow up to 10% of the Net Asset Value of the Fund on a temporary basis. Such borrowings may only be used for short term liquidity purposes to cover the redemption of Shares.

### **Dividend Policy**

The Fund does not intend to issue dividends. However, the Directors may, in their absolute discretion, determine to declare dividends in respect of any Share Class and Shareholders will be notified accordingly. Any dividends payable by the Fund will be effected in accordance with the Dividend Policy stated in the Prospectus.

The dividend payments may be as low as zero. There is no guarantee that any dividend will be declared. For the avoidance of doubt, the payment of a dividend (if any) will reduce the Net Asset Value of the relevant Share Class accordingly.

### **Limited Recourse**

A Shareholder will solely be entitled to look to the Fund Assets in respect of all payments in respect of its Shares. If the realised net assets of the Fund are insufficient to pay any amounts payable in respect of the Shares, the Shareholder will have no further right of payment in respect of such Shares nor any claim against or recourse to any of the assets of any other Fund or any other asset of the Company.

### **Listing**

Application will be made to such exchanges as the Directors may determine from time to time (the "**Relevant Stock Exchanges**") for the listing of the Shares issued and available to be issued and to be admitted to listing on the official list and trading on each of the Relevant Stock Exchanges on or about the Launch Date. This Supplement and the Prospectus together comprise listing particulars for the purposes of listing the Shares on the official list and trading on the main market of each of the Relevant Stock Exchanges.

## Exchange Traded Fund

The Fund is an Exchange Traded Fund ("ETF"). The Shares of this Fund (where they are listed on the Relevant Stock Exchanges) are fully transferable among investors. It is envisaged that Shares will be bought and sold by public and institutional investors in the secondary market in the same way as the ordinary shares of a listed trading company.

The Directors of the Company may create new Share Classes from time to time, provided that the creation of any such new Share Classes is notified in advance to and cleared by the Central Bank. A separate pool of assets will not be maintained for each of the Share Classes.

### General Information Relating to the Fund

<b>Type</b>	Open-ended
<b>Base Currency</b>	Euro ("EUR")
<b>Business Day</b>	A day (other than a Saturday or Sunday) on which (i) banks are open for business in Dublin; (ii) the Reference Index is calculated by the Index Provider or such other day or days as the Directors may from time to time determine and notify in advance to Shareholders. For the avoidance of doubt, there shall be at least two Dealing Days per month at regular intervals.
<b>Dealing Day</b>	Any Business Day.
<b>Dealing Deadline</b>	2.00pm. (Dublin time) on the relevant Dealing Day.
<b>Launch Date</b>	The A-acc Share Class launched on 06 October 2011
<b>Minimum Fund Size</b>	EUR 100 million
<b>Valuation Point</b>	10:30 pm (Dublin time) on the relevant Dealing Day.
<b>Settlement Date</b>	Up to three Business Days after the relevant Dealing Day.
<b>Minimum Holding</b>	1 Share
<b>Minimum Subscription Amount</b>	100,000 EUR or its equivalent in another currency or such amount as may be determined by the Directors. Investors will be notified of any change to the Minimum Subscription Amount/basket size.
<b>Minimum Redemption Amount</b>	100,000 EUR or its equivalent in another currency or such amount as may be determined by the Directors. Investors will be notified of any change to the Minimum Redemption Amount/basket size.
<b>Website</b>	<a href="http://www.ubs.com/etf">www.ubs.com/etf</a> - information on Fund Assets and the Fund's iNAV is set out on the Website.

### Description of the Shares

#### Share Classes

<b>Share Class</b>	**("EUR) A-acc"
<b>Initial Issue</b>	N/A

\*The "A-acc" Share Class

Information regarding the Initial Issue Price is available from the Administrator. Details on the Reference Index can be found at [www.ms cibarra.com](http://www.ms cibarra.com).

### Fees and Expenses

The following fees will be incurred on each Share by Shareholders (and will not be incurred by the Company on behalf the Fund, and accordingly will not affect the Net Asset Value of the relevant Share Class of the Fund).

<b>Share Class</b>	"A-acc"
<b>Subscription Charge*</b>	Up to 5%
<b>Redemption Charge**</b>	Up to 3%
<b>Exchange Charge</b>	Up to 3%
<b>Primary Market Transaction Costs***</b>	Up to 1%

\* The Subscription Charge is deducted from the investment amount received from an investor for subscription for Shares. The Manager may waive all or part of the Subscription Charge in the event that the Shares purchased by a Shareholder correspond at least to the Minimum Subscription Amount/basket or a multiple thereof or for any other reason at the Manager's sole discretion.

\*\* The Redemption Charge is deducted from the redemption proceeds payable to the investor. The Manager may waive all or part of the Redemption Charge in the event that the Shares redeemed by a Shareholder correspond at least to the Minimum Redemption Amount/basket or a multiple thereof or for any other reason at the Manager's sole discretion.

\*\*\*The Manager may waive all or part of the Primary Market Transaction Costs in the event that the Shares subscribed or redeemed by a Shareholder correspond at least to the Minimum Redemption Amount/basket or a multiple thereof or for any other reason at the Manager's sole discretion.

Separate to and distinct from the Subscription Charge, Redemption Charge, Exchange Charge and Primary Market Transaction Costs, which shall be deducted from the investment amount received from an investor or deducted from the redemption proceeds payable to the investor or used to purchase the Shares of the New Class (as appropriate), the following fees and expenses will be incurred by the Company on behalf of the Fund and will affect the Net Asset Value of the relevant Share Class of the Fund:

<b>Share Class</b>	"A-acc"
<b>Flat-Fees</b>	Up to 0.32% per annum

The Promoter shall discharge the fees associated with the establishment and approval of the Fund.

This section headed "**Fees and Expenses**" should be read in conjunction with the sections headed "**Fees and Expenses**" and "**Issue and Repurchase Price/Calculation of Net Asset Value/Valuation of Assets**" in the Prospectus.

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### **GENERAL DESCRIPTION OF THE REFERENCE INDEX**

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The Reference Index is the MSCI EMU Growth Net Total Return Index (the "**Reference Index**"). The Reference Index is further described below but only represents an extract of information available and neither the Directors, the Manager, MSCI BarraSM or such other successor sponsor to the Reference

Index (the "**Index Provider**") nor the Investment Manager take any responsibility for the accuracy or completeness of such information.

The Reference Index is a subset of the MSCI EMU Index, a free float adjusted market capitalization index that is designed to measure the equity market performance of countries within EMU.

The Reference Index offers a representation of the European Economic and Monetary Union country markets (Austria, Belgium, Finland, France, Germany, Ireland, Italy, the Netherlands, Portugal, Spain) by targeting all companies with a market capitalization within the top 85% of their investable equity universe, subject to a global minimum size requirement (being the minimum value that a company must have achieved in order to be included in the Reference Index), which comply with the two-dimensional framework for style segmentation where value and growth securities are categorized using different attributes. It is based on the MSCI Global Investable Market Value and Growth Indices methodology.

As of the end of July 2014, the MSCI EMU Growth Index consisted of 146 constituents.

The Reference Index is rebalanced on a semi-annual basis.

The rebalancing frequency of the Reference Index has no impact on the transaction costs associated with the Fund as any rebalancing is not expected to require any higher frequency of position turnover in the Fund than would otherwise be the case were the Reference Index to be static.

The Reference Index is calculated in EUR (Euro).

*Index Provider and website*

The Reference Index is sponsored by MSCI Inc. More details on the Reference Index, including its underlying components, can be found at [www.msci.com](http://www.msci.com).

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## **OTHER INFORMATION**

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### **Risk Factors**

Certain risks relating to the Shares are set out under the heading "**Risk Factors**" in the Prospectus. In addition, Shareholders must also note that:

- (a) The sub-funds of the Company are segregated as a matter of Irish law and as such, in Ireland, the assets of one sub-fund will not be available to satisfy the liabilities of another sub-fund. However, it should be noted that the Company is a single legal entity which may operate or have assets held on its behalf or be subject to claims in other jurisdictions which may not necessarily recognise such segregation. There can be no guarantee that the courts of any jurisdiction outside Ireland will respect the limitations on liability as set out above.
- (b) Upon the occurrence of a Disruption Event or an Index Disruption and Adjustment Event (and without limitation to the Directors' personal powers as further described in the Prospectus); (i) adjustments may be made to account for any such event (including adjustment to the Reference Index, the calculation of the Reference Index level and/or changes to the terms of the Derivative Contracts) which may have a significant impact on the Net Asset Value of the Fund; (ii) the Directors may temporarily suspend the calculation of the Net Asset Value and any subscription, redemption and exchange of Shares and payment of redemption proceeds in accordance with the provisions of the Prospectus under the section "Suspension of Calculation of Net Asset Value"; and/or (iii) the Directors may, in certain circumstances as set out in the Prospectus, terminate the Fund.
- (c) The return payable under the Swaps with a counterparty is subject to the credit risk of the counterparty. In addition, the counterparty will generally act as the calculation agent under the Swaps (the "Calculation Agent") and perform those duties agreed in the ISDA Master Agreement and confirmation for the relevant Swaps. Shareholders should note that not only will they be exposed to the credit risk of the counterparty but also potential conflicts of interest in the performance of the function of Calculation Agent by the counterparty. The counterparty will use its reasonable endeavours to resolve any such conflicts of interest fairly (having regard to its

respective obligations and duties) and to ensure that the interests of the Company and the Shareholders are not unfairly prejudiced. The Directors believe that the counterparty will be suitable and competent to act as Calculation Agent. Any valuations provided by the counterparty in its role as Calculation Agent will be verified at least weekly by a party independent of the counterparty as sourced by the Administrator and approved by the Custodian.

- (d) The Fund is highly dynamic and may exhibit above-average potential growth and investment performance, depending on the economic environment. The opportunities for above average growth may in some circumstances lead to extreme positive and negative fluctuations in the Net Asset Value of the Fund.
- (e) The value of investments and the income from them, and therefore the value of and income from the Shares can go down as well as up and an investor may not get back the amount invested. The Fund's exposure is linked to the performance of the components of the Reference Index which, in turn, is exposed to general market movements (negative as well as positive).
- (f) There can be no assurance that the Reference Index will be successful at producing positive returns consistently or at all. The Index Provider makes no representation or warranty, express or implied, that the Reference Index will produce positive returns at any time.
- (g) As at the date hereof there is one Class of Shares issued in respect of the Fund. Additional Classes of Shares may be created at any time without the consent of the then existing Shareholders in accordance with the Central Bank's requirements. Each Class of Shares issued in respect of the Fund will perform differently as a result of differences of currency and fees (as applicable). The Company on behalf of the Fund will enter into Swaps that are designed to generate the cash flows payable in respect of the Shares of the relevant Classes. There is no legal segregation of assets and liabilities between Classes and there is no separate portfolio of assets held for each Class.
- (h) The Company on behalf of the Fund will enter into a separate Derivative Contract in respect of each Class. Each Derivative Contract will be on similar terms except that each Derivative Contract will provide a return in the currency of denomination of each Class of Shares to which it relates.
- (i) The Fund's use of the Reference Index is licensed by the Index Provider. If at any time, the licence is terminated or the Reference Index otherwise becomes unavailable, unreliable, inaccurate or unrepresentative, the Fund Directors may exercise their discretion to terminate the Fund in accordance with the terms of the Memorandum and Articles of Association.
- (j) The Fund is exposed to the investment risk arising from the Reference Index underlying the Swaps. The Fund is therefore exposed to the risks inherent to investments in equity markets.
- (k) Some of the markets in which the Fund may effect derivative transactions are "over-the-counter" or "interdealer" markets, which may be illiquid and are sometimes subject to larger spreads than exchange-traded derivative transactions. The participants in such markets are typically not subject to credit evaluation and regulatory oversight, which would be the case with members of "exchange-based" markets. This exposes the Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a credit or liquidity problem with the counterparty. Delays in settlement may also result from disputes over the terms of the contract (whether or not bona fide) since such markets may lack the established rules and procedures for swift settlement of disputes among market participants found in "exchange-based" markets. These factors may cause the Fund to suffer a loss due to adverse market movements while replacement transactions are executed or otherwise.
- (l) Whilst the Company has the right to use and reference the Reference Index in connection with the Fund in accordance with the terms of the Reference Index license, in the event that the licence is terminated the Fund may be terminated or if any other Index Disruption and Adjustment Event occurs, adjustments may be made to the terms of the Swaps after negotiation with each Approved Counterparty to account for any such event including adjustment to the Reference Index or the calculation of the Reference Index level which may have a significant impact on the Net Asset Value of the Fund.

- (m) Subject to certain pre-defined parameters, it is possible that methodology used to calculate the Reference Index or the formulae underlying the Reference Index could change and such change may result in a decrease in the performance of the Reference Index. As such, aspects of the Reference Index could change in the future, including without limitation, the methodology and third party data sources. Any changes may be made without regard to the interests of a holder of any product linked to the Reference Index. Additionally, the Reference Index was created by the Index Provider, who has the right to permanently cancel the Reference Index at any time. Such cancellation may have a material adverse effect on any linked investments or transactions.

**Investors should also refer to the Prospectus for additional disclosure of risks.**

#### **Miscellaneous**

The Company has the following Funds established as at the date of this Supplement.

S&P 500 SF UCITS ETF  
FTSE 100 SF UCITS ETF  
HFRX GLOBAL HEDGE FUND INDEX SF UCITS ETF  
BLOOMBERG COMMODITY INDEX SF UCITS ETF  
CMCI COMPOSITE SF UCITS ETF  
MSCI USA SF UCITS ETF  
MSCI CANADA SF UCITS ETF  
MSCI EMU SF UCITS ETF  
MSCI JAPAN SF UCITS ETF  
MSCI EMERGING MARKETS SF UCITS ETF  
MSCI ACWI RISK WEIGHTED SF UCITS ETF  
MSCI USA GROWTH SF UCITS ETF  
MSCI EMU GROWTH SF UCITS ETF  
MSCI AC ASIA EX JAPAN SF UCITS ETF  
MAP BALANCED 5 SF UCITS ETF  
MAP BALANCED 7 SF UCITS ETF  
JPX-NIKKEI 400 SF UCITS ETF  
MSCI ACWI SF UCITS ETF  
CMCI EX-AGRICULTURE SF UCITS ETF

#### **Disclaimers**

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## **MSCI AC ASIA EX JAPAN SF UCITS ETF**

### **Supplement to the Prospectus**

This Supplement contains information in relation to the **MSCI AC ASIA EX JAPAN SF UCITS ETF** (the "**Fund**"), a sub-fund of UBS ETFs plc (the "**Company**") an umbrella type open-ended investment company with variable capital, governed by the laws of Ireland and authorised by the Central Bank of Ireland (the "**Central Bank**") of Block D, Iveagh Court, Harcourt Road, Dublin 2, Ireland.

**This Supplement forms part of, and must be read in conjunction with, the Prospectus of the Company dated 12 October 2016, as may be amended, supplemented or modified from time to time, (the "Prospectus") and may not be distributed unless accompanied by the Prospectus (other than to prior recipients of the Prospectus).**

**THIS DOCUMENT IS IMPORTANT. BEFORE YOU PURCHASE ANY OF THE SHARES REPRESENTING INTERESTS IN THE FUND DESCRIBED IN THIS SUPPLEMENT YOU SHOULD ENSURE THAT YOU FULLY UNDERSTAND THE NATURE OF SUCH AN INVESTMENT, THE RISKS INVOLVED AND YOUR OWN PERSONAL CIRCUMSTANCES. IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS SUPPLEMENT YOU SHOULD TAKE ADVICE FROM AN APPROPRIATELY QUALIFIED ADVISOR.**

Capitalised terms used in this Supplement will have the meanings given to them in the Definitions section below or in the Prospectus.

In addition to investing in equities and equity related securities, transferable securities and other eligible assets, it is the intention of the Company to invest on behalf of the Fund in financial derivative instruments ("FDIs") for investment and efficient portfolio management purposes, where applicable.

Certain risks attached to investments in FDIs are set out in the Prospectus under the section headed "Risk Factors".

You should inform yourself as to (a) the possible tax consequences, (b) the legal and regulatory requirements, (c) any foreign exchange restrictions or exchange control requirements and (d) any other requisite governmental or other consents or formalities which you might encounter under the laws of the country of your citizenship, residence or domicile and which might be relevant to your purchase, holding or disposal of the Shares.

### **UBS ETFs plc**

An umbrella fund with segregated liability between the sub-funds

**Dated 12 October 2016**

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## **IMPORTANT INFORMATION**

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### **Suitability of Investment**

**The Shares are not principal protected. The value of the Shares may go up or down and you may not get back the amount you have invested. See the section headed "Risk Factors" of the Prospectus and the section headed "Other Information – Risk Factors" of this Supplement for a discussion of certain risks that should be considered by you.**

An investment in the Shares is only suitable for you if you (either alone or with the help of an appropriate financial or other advisor) are able to assess the merits and risks of such an investment and have sufficient resources to be able to bear any losses that may result from such an investment. The contents of this document are not intended to contain and should not be regarded as containing advice relating to legal, taxation, investment or any other matters.

### **Profile of a Typical Investor**

The Fund is suitable for investors seeking capital appreciation and who are prepared to accept a high level of volatility. Investment in the Fund should be viewed as a medium to long term investment.

### **Responsibility**

The Directors (whose names appear under the heading "**Directors of the Company**" of the Prospectus) accept responsibility for the information contained in the Prospectus and this Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement when read together with the Prospectus (as complemented, modified or supplemented by this Supplement) is in accordance with the facts as at the date of this Supplement and does not omit anything likely to affect the import of such information.

### **General**

This Supplement sets out information in relation to the Shares and the Fund. You must also refer to the Prospectus which is separate to this document and describes the Company and provides general information about offers of shares in the Company. You should not take any action in respect of the Shares unless you have received a copy of the Prospectus. Should there be any inconsistency between the contents of the Prospectus and this Supplement, the contents of this Supplement will, to the extent of any such inconsistency, prevail. This Supplement and the Prospectus should both be carefully read in their entirety before any investment decision with respect to Shares is made.

As of the date of this Supplement, the Company does not have any loan capital (including term loans) outstanding or created but unissued and no outstanding mortgages, charges or other borrowings or indebtedness in the nature of borrowings, including bank overdrafts and liabilities under acceptances or acceptance credits, hire purchase or finance lease commitments, guarantees or other contingent liabilities.

### **Distribution of this Supplement and Selling Restrictions**

Distribution of this Supplement is not authorised unless accompanied by a copy of the Prospectus and the latest annual report and audited accounts of the Company and the Fund (other than to prior recipients of the Prospectus) and if published after such report, a copy of the then latest semi annual report and unaudited accounts. The distribution of this Supplement and the offering or purchase of the Shares may be restricted in certain jurisdictions. If you receive a copy of this Supplement and/or the Prospectus you may not treat such document(s) as constituting an offer, invitation or solicitation to you to subscribe for any Shares unless, in the relevant jurisdiction, such an offer, invitation or solicitation could lawfully be made to you without compliance with any registration or other legal requirement other than those with which the Company has already complied. If you wish to apply for the opportunity to purchase any Shares it is your duty to inform yourself of, and to observe, all applicable laws and regulations of any relevant jurisdiction. In particular, you should inform yourself as to the legal requirements of so applying, and any applicable exchange control regulations and taxes in the countries of your respective citizenship, residence or domicile.

## Definitions

Words and expressions defined in the Prospectus will, unless otherwise defined in this Supplement, have the same meaning when used in this Supplement.

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## **TERMS OF THE SHARES REPRESENTING INTERESTS IN THE FUND**

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### **Investment Objective**

The investment objective of the Fund is to deliver the net total return of the Reference Index (being MSCI AC ASIA EX JAPAN Net Total Return Index).

The Fund will return the Reference Index performance less fees and expenses on each Dealing Day.

### **Investment Policy**

In order to achieve the investment objective, the Company on behalf of the Fund intends to invest all or substantially all of the net proceeds of any issue of Shares in the manner set out below:

- (i) swaps (each swap being an agreement between the Company on behalf of the Fund and an Approved Counterparty pursuant to a master agreement in accordance with the requirements of the International Swaps and Derivatives Association, and such swaps may include funded, unfunded or total return (as further described below under "**Use of Derivative Contracts – Swaps**") (the "**Swaps**"). The purpose of the Swaps shall be to gain indirect exposure to the Reference Index (as described in further detail under the heading "**Use of Derivative Contracts – Swaps**" below); and
- (ii) a portfolio of transferable securities or other eligible assets. These may include (without limitation) equity and equity-related securities; fixed income securities such as government and corporate bonds (such bonds may be rated or unrated), money market instruments, floating rate instruments, convertible securities and commercial paper; and/or units of other open-ended collective investment schemes including other Funds of the Company. Any of the foregoing may be issued or arranged by a member of the UBS AG Group. Where the Fund invests in such securities and/or other eligible assets, the Fund will enter into an unfunded or total return swap to exchange the price performance and income received in relation to such securities and/or other eligible assets for the performance of the Reference Index. In this instance, the Fund will have neither market nor credit exposure to the particular securities and other eligible assets referred to above, except in the event of a default on the part of the Approved Counterparty to the Swaps.

The equities, equity-related securities, Swaps, other eligible assets listed at (ii) above, any ancillary cash and any instruments held by the Fund (either for investment or efficient portfolio management purposes) shall constitute the "**Fund Assets**" for the purposes of the Prospectus. To the extent that the Fund invests some of the net proceeds of any issue of Shares in the manner set out in (ii) above, the Fund shall invest no more than 15% in the fixed income securities mentioned in (ii) above. All instruments shall be listed and/or traded on the exchanges and markets set out in Appendix II of the Prospectus.

The Fund may, with due regard to the best interest of its Shareholders, decide from time to time to switch partially or totally from one of the above described policies to the other.

Further information relevant to the Fund's investment policy is contained in the main part of the Prospectus under "**Investment Objectives and Policies**" and under "**Investment Restrictions**".

### **Index Tracking Strategy**

The Fund gains exposure to the Reference Index by investing in one or more Swaps. It is not intended that the Fund will invest directly in the components of the Reference Index in order to meet the Fund's investment objective. The Fund (and the investors in the Fund) will be exposed to the full performance of the Reference Index.

The Fund may have counterparty risk as a result of the investment in the swaps – further information is provided in the section below headed "Use of Derivative Contracts – Swaps" and in section 6 "Risk Factors" of the Prospectus.

The anticipated level of tracking error after fees and transaction costs is up to 0.03% per annum in normal market conditions.

The annual report of the Fund, which can be found on the Website, will include the following information:

- a. The size of the realised tracking error for the year, being the volatility of the difference between the return of the Fund and the return of the Reference Index;
- b. An explanation for the divergence between the anticipated and realised tracking error for the year;
- c. The size of the annual tracking distance for the year, being the difference between the performance of the Fund and the Reference Index; and
- d. An explanation for the annual tracking difference, including the impact of transaction costs, fees and expenses on the performance of the Fund.

### **Portfolio Transparency Policy**

The Fund's transparency policy regarding the composition of its portfolio, and any collateral received in relation to the Swaps, is to provide position level disclosure on a daily basis. The information is published on the Website.

The assets in which the Fund will invest in order to achieve its investment objective are set out in the "Investment Policy" section above. Details on the composition of the Fund Assets will be set out on the Website.

### **Use of Derivative Contracts – Swaps**

The Fund may enter into Swaps with a member of the UBS AG Group or any other eligible entity (being the "**Approved Counterparty**") pursuant to which the Fund will be entitled to receive from the Approved Counterparty the performance of the components of the Reference Index in exchange for the payment to the Approved Counterparty of (i) where the swap is funded, some or all of the net proceeds of any issue of Shares; (ii) where the swap is unfunded, payments linked to the return on some or all of the equities and other eligible assets held by the Fund as listed at (ii) above; and (iii) where the swap is a total return swap, payments will be based upon a set rate agreed between the parties in exchange for the return on some or all of the equities and other eligible assets held by the Fund as listed at (ii) above.

The Fund will limit its exposure to Swaps that are fully funded ("**Fully Funded Swaps**") to 10% of its net assets. Fully Funded Swaps are swap agreements pursuant to which a Fund transfers a cash amount in full consideration of the swap value to the counterparty. In return the Fund will be entitled to receive the performance of the relevant investment strategy under the terms of the swap agreement. The counterparty will transfer collateral to the Fund in accordance with the UCITS Regulations to mitigate credit risk to the counterparty arising from entering into the swap agreement. Fully Funded Swaps are used to enhance the liquidity of the Fund.

The Approved Counterparty to the Swaps and the Company on behalf of the Fund have entered into a 2002 International Swaps and Derivatives Association Master Agreement (including any supporting agreements, annexes or schedules thereto) (the "**ISDA Master Agreement**"), and will enter into confirmations for each Swap transaction. Such confirmations may be entered into before or after the relevant transaction and may be in electronic form.

The Swaps will at all times be valued in accordance with the provisions of the Prospectus. The valuation of the Swaps will reflect the relative movements in the performance of the Reference Index and the Fund's holding of transferable securities and/or other Fund Assets as may be referenced under the Swaps. Depending on the value of the Swaps, the Fund will have to make a payment to the Approved Counterparty or will receive such a payment. Where the Fund has to make a payment to the Approved Counterparty, this payment will be made from the proceeds and, as the case may be, the disposal of some or all of the transferable securities and/or other Fund Assets in which the Fund has invested.

As set out in Section 5 of the Prospectus, the Company will ensure that the counterparty risk exposure under the Swaps never exceeds the limits required by the Regulations and the Central Bank. Accordingly, the Company will reduce such counterparty exposure by causing the Approved Counterparty, where necessary, to provide appropriate Collateral to the Company on behalf of the relevant Fund (or as

otherwise permitted by the Central Bank) under the terms of ISDA Master Agreement, in accordance with the Investment Restrictions. Alternatively, the Company may reduce its risk exposure to the Approved Counterparty by causing the Approved Counterparty to reset the Swaps or vice versa. This may result in a corresponding payment from the Fund to the Approved Counterparty.

The Swaps may be terminated by either party at any time or on the occurrence of certain events with respect to either the Fund or the Approved Counterparty including, but not limited to, an event of default (such as a failure to pay, breach of agreement or bankruptcy) or a termination event (which is not due to the fault of either party, for example, illegality or a change in the tax or accounting laws), in which case the non-defaulting party or the unaffected party respectively is entitled to calculate the close-out value of the Swaps and it will do so in line with the industry standard requirements set out in the ISDA Master Agreement. The Fund may then enter into new Swaps (unless the Directors resolve that it is inadvisable to do so) or, if the Directors determine that there is no reasonable way to achieve the investment objective, the Fund may be terminated in accordance with the provisions of the Prospectus.

### **Securities Lending and Repurchase Transactions**

The Company may (for the purposes of efficient portfolio management only) enter into stock lending arrangements and/or Repurchase Transactions with financial institutions (including with a member of the UBS AG Group as the stock borrower or counterparty to the Repurchase Transaction) with a minimum credit rating at the time the relevant transaction as permitted by the Regulations, or which are deemed by the Fund to have an implied credit rating at least equal to such level (a "**Counterparty**"). Any such stock lending arrangement and Repurchase Transaction will be subject to the conditions, limits and requirements of the Central Bank and the provisions of the Prospectus. In these transactions, Collateral will move between the Company and the relevant Counterparty in order to mitigate any counterparty risk.

Investors should also note the information contained in the "Securities Lending and Repurchase Transactions" and "Collateral Policy" sections in the main body of the Prospectus.

**The Company on behalf of the Fund has filed with the Central Bank its risk management policy which enables it to accurately measure, monitor and manage the various risks associated with the use of Financial Derivative Instruments. The Company will, on request, provide supplementary information to Shareholders relating to the risk management methods employed, including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments.**

**The Company will use the commitment approach for the purposes of calculating global exposure for the Fund. The Fund's total exposure to the Reference Index will be limited to 100% of Net Asset Value**

### **Efficient Portfolio Management**

The Company may also (for the purposes of efficient portfolio or cash management and not for investment purposes), invest in cash deposits, money market instruments, OTC options and units of UCITS regulated money market collective investment schemes.

Further information on efficient portfolio management is contained in the main body of the prospectus under the heading "Use of Financial Derivative Instruments and Efficient Portfolio Management".

### **Investment Restrictions**

Investors in particular must note that the general investment restrictions set out under "**Investment Restrictions**" in the Prospectus apply to the Fund. In addition the following investment restrictions shall apply to the Fund:

The Fund shall not invest in a fund of the Company which itself holds shares in any other fund of the Company.

### **Disruption Events**

The following Disruption Events shall apply to the Fund in addition to those set out in the Prospectus:

- (i) the Index Provider makes an adjustment or modification to the calculation of the Reference Index;
- (ii) the Approved Counterparty is:

- (a) prevented, hindered or impaired from conducting one or more of its activity/activities in a commercially reasonable manner in connection with the establishment, maintenance, adjustment or termination of any transaction(s) in order to fully hedge its exposure in respect of the Reference Index; and/or
- (b) prevented, hindered or impaired from performing one or more of its obligation(s) in a commercially reasonable manner,

under the terms of the relevant Swaps, with the consequence that the Approved Counterparty or the Calculation Agent (as applicable) elects to:

- I. adjust the terms of the Swaps; and/or
  - II. delay payment to the Fund under the terms of the Swaps; and/or
  - III. terminate the Swaps;
- (iii) the Index Provider fails or delays in calculating, announcing and/or publishing the Reference Index level.

### **Consequences of Disruption Events**

As further described in the Prospectus and as set out above, upon the occurrence of a Disruption Event including an Index Disruption and Adjustment Event (and without limitation to the Directors' personal powers), (i) the Approved Counterparty (where acting as the relevant Calculation Agent or otherwise) may either (a) terminate one or more of the relevant Swaps or (b) make adjustments to the terms or valuation of the relevant Swaps and other Derivative Contracts to account for such event and the Net Asset Value may be affected by such adjustment; (ii) the Directors may temporarily suspend the calculation of the Net Asset Value and any subscription, redemption and exchange of Shares; and/or (iii) the Directors may, in certain circumstances, terminate the Fund.

### **Leverage**

The Fund will not be leveraged. The market risk of the Fund associated with the use of financial derivative instruments will be measured using the commitment approach in accordance with the requirements of the Central Bank.

### **Borrowings**

In accordance with the general provisions set out in the Prospectus under the heading "**Borrowing and Lending Powers**", the Company on behalf of the Fund may borrow up to 10% of the Net Asset Value of the Fund on a temporary basis. Such borrowings may only be used for short term liquidity purposes to cover the redemption of Shares.

### **Dividend Policy**

The Fund does not intend to issue dividends. However, the Directors may, in their absolute discretion, determine to declare dividends in respect of any Share Class and Shareholders will be notified accordingly. Any dividends payable by the Fund will be effected in accordance with the Dividend Policy stated in the Prospectus.

The dividend payments may be as low as zero. There is no guarantee that any dividend will be declared. For the avoidance of doubt, the payment of a dividend (if any) will reduce the Net Asset Value of the relevant Share Class accordingly.

### **Limited Recourse**

A Shareholder will solely be entitled to look to the Fund Assets in respect of all payments in respect of its Shares. If the realised net assets of the Fund are insufficient to pay any amounts payable in respect of the Shares, the Shareholder will have no further right of payment in respect of such Shares nor any claim against or recourse to any of the assets of any other Fund or any other asset of the Company.

### **Listing**

Application will be made to such exchanges as the Directors may determine from time to time (the "**Relevant Stock Exchanges**") for the listing of the Shares issued and available to be issued and to be admitted to listing on the official list and trading on each of the Relevant Stock Exchanges on or about the

Launch Date. This Supplement and the Prospectus together comprise listing particulars for the purposes of listing the Shares on the official list and trading on the main market of each of the Relevant Stock Exchanges.

### Exchange Traded Fund

The Fund is an Exchange Traded Fund ("ETF"). The Shares of this Fund (where they are listed on the Relevant Stock Exchanges) are fully transferable among investors. It is envisaged that Shares will be bought and sold by public and institutional investors in the secondary market in the same way as the ordinary shares of a listed trading company.

The Directors of the Company may create new Share Classes from time to time, provided that the creation of any such new Share Classes is notified in advance to and cleared by the Central Bank. A separate pool of assets will not be maintained for each of the Share Classes.

### General Information Relating to the Fund

<b>Type</b>	Open-ended
<b>Base Currency</b>	US Dollar ("USD")
<b>Business Day</b>	A day (other than a Saturday or Sunday) on which (i) banks are open for business in Dublin; (ii) the Reference Index is calculated by the Index Provider or such other day or days as the Directors may from time to time determine and notify in advance to Shareholders. For the avoidance of doubt, there shall be at least two Dealing Days per month at regular intervals.
<b>Dealing Day</b>	Any Business Day.
<b>Dealing Deadline</b>	2.00p.m. (Dublin time) 1 Business Day prior to the relevant Dealing Day.
<b>Launch Date</b>	The (USD) A-acc Share Class launched on 20 August 2012.
<b>Minimum Fund Size</b>	USD 100 million
<b>Valuation Point</b>	10.30 pm (Dublin time) on the relevant Dealing Day.
<b>Settlement Date</b>	Up to 3 (three) Business Days after the relevant Dealing Day and in any event shall not exceed 10 (ten) Business Days from the relevant Dealing Day.
<b>Minimum Subscription Amount</b>	100,000 USD or its equivalent in another currency or such amount as may be determined by the Directors. Investors will be notified of any change to the Minimum Subscription Amount/basket size.
<b>Minimum Redemption Amount</b>	100,000 USD or its equivalent in another currency or such amount as may be determined by the Directors. Investors will be notified of any change to the Minimum Redemption Amount/basket.
<b>Minimum Holding</b>	1 Share
<b>Website</b>	<a href="http://www.ubs.com/etf">www.ubs.com/etf</a> - information on Fund Assets and the Fund's iNAV is set out on the Website.

### Description of the Shares

#### Share Classes

<b>Share Class</b>	*(USD) A-acc"
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<b>Initial Issue</b>	N/A
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\*The "A-acc" Share Class

Information regarding the Initial Issue Price is available from the Administrator. Details on the Reference Index can be found at [www.msibarra.com](http://www.msibarra.com).

### Fees and Expenses

The following fees will be incurred on each Share by Shareholders (and will not be incurred by the Company on behalf the Fund, and accordingly will not affect the Net Asset Value of the relevant Share Class of the Fund).

<b>Share Class</b>	"A-acc"
<b>Subscription Charge*</b>	Up to 5%
<b>Redemption Charge**</b>	Up to 3%
<b>Exchange Charge</b>	Up to 3%
<b>Primary Market Transaction Costs***</b>	Up to 1%

\* The Subscription Charge is deducted from the investment amount received from an investor for subscription for Shares. The Manager may waive all or part of the Subscription Charge in the event that the Shares purchased by a Shareholder correspond at least to the Minimum Subscription Amount/basket or a multiple thereof or for any other reason at the Manager's sole discretion.

\*\* The Redemption Charge is deducted from the redemption proceeds payable to the investor. The Manager may waive all or part of the Redemption Charge in the event that the Shares redeemed by a Shareholder correspond at least to the Minimum Redemption Amount/basket or a multiple thereof or for any other reason at the Manager's sole discretion.

\*\*\*The Manager may waive all or part of the Primary Market Transaction Costs in the event that the Shares subscribed or redeemed by a Shareholder correspond at least to the Minimum Redemption Amount/basket or a multiple thereof or for any other reason at the Manager's sole discretion.

Separate to and distinct from the Subscription Charge, Redemption Charge, Exchange Charge and Primary Market Transaction Costs, which shall be deducted from the investment amount received from an investor or deducted from the redemption proceeds payable to the investor or used to purchase the Shares of the New Class (as appropriate), the following fees and expenses will be incurred by the Company on behalf of the Fund and will affect the Net Asset Value of the relevant Share Class of the Fund:

Share Class	"A-acc"
Flat-Fees	Up to 0.37% per annum

The Promoter shall discharge the fees associated with the establishment and approval of the Fund.

This section headed "**Fees and Expenses**" should be read in conjunction with the sections headed "**Fees and Expenses**" and "**Issue and Repurchase Price/Calculation of Net Asset Value/Valuation of Assets**" in the Prospectus.

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## GENERAL DESCRIPTION OF THE REFERENCE INDEX

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The Reference Index is the MSCI AC ASIA EX JAPAN Net Total Return Index (the "**Reference Index**"). The Reference Index is further described below but only represents an extract of information available and neither the Directors, the Manager, MSCI BarraSM or such other successor sponsor to the Reference Index (the "**Index Provider**") nor the Investment Manager take any responsibility for the accuracy or completeness of such information.

The Reference Index captures large and mid cap representation across 2 of 3 developed market countries (excluding Japan) (as at July 2014 these include Hong Kong and Singapore) and 8 emerging markets countries in Asia (as at July 2014 such markets include China, India, Indonesia, Malaysia, the Philippines, South Korea, Taiwan and Thailand). With 616 constituents, the Reference Index covers approximately 84% of the free float-adjusted market capitalisation in each country.

The Reference Index is rebalanced on a semi-annual basis.

The rebalancing frequency of the Reference Index has no impact on the transaction costs associated with the Fund as any rebalancing is not expected to require any higher frequency of position turnover in the Fund than would otherwise be the case were the Reference Index to be static.

The Reference Index is calculated in USD (Dollars).

### *Index Provider and website*

The Reference Index is sponsored by MSCI Inc. More details on the Reference Index, including its underlying components, can be found at [www.msci.com](http://www.msci.com).

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## OTHER INFORMATION

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### **Risk Factors**

Certain risks relating to the Shares are set out under the heading "**Risk Factors**" in the Prospectus. In addition, Shareholders must also note that:

- (a) The sub-funds of the Company are segregated as a matter of Irish law and as such, in Ireland, the assets of one sub-fund will not be available to satisfy the liabilities of another sub-fund. However, it should be noted that the Company is a single legal entity which may operate or have assets held on its behalf or be subject to claims in other jurisdictions which may not necessarily recognise such segregation. There can be no guarantee that the courts of any jurisdiction outside Ireland will respect the limitations on liability as set out above.
- (b) Upon the occurrence of a Disruption Event or an Index Disruption and Adjustment Event (and without limitation to the Directors' personal powers as further described in the Prospectus); (i) adjustments may be made to account for any such event (including adjustment to the Reference Index, the calculation of the Reference Index level and/or changes to the terms of the Derivative Contracts) which may have a significant impact on the Net Asset Value of the Fund; (ii) the Directors may temporarily suspend the calculation of the Net Asset Value and any subscription, redemption and exchange of Shares and payment of redemption proceeds in accordance with the provisions of the Prospectus under the section "Suspension of Calculation of Net Asset Value"; and/or (iii) the Directors may, in certain circumstances as set out in the Prospectus, terminate the Fund.
- (c) The return payable under the Swaps with a counterparty is subject to the credit risk of the counterparty. In addition, the counterparty will generally act as the calculation agent under the Swaps (the "**Calculation Agent**") and perform those duties agreed in the ISDA Master Agreement and confirmation for the relevant Swaps. Shareholders should note that not only will they be exposed to the credit risk of the counterparty but also potential conflicts of interest in the

performance of the function of Calculation Agent by the counterparty. The counterparty will use its reasonable endeavours to resolve any such conflicts of interest fairly (having regard to its respective obligations and duties) and to ensure that the interests of the Company and the Shareholders are not unfairly prejudiced. The Directors believe that the counterparty will be suitable and competent to act as Calculation Agent. Any valuations provided by the counterparty in its role as Calculation Agent will be verified at least weekly by a party independent of the counterparty as sourced by the Administrator and approved by the Custodian.

- (d) The Fund is highly dynamic and may exhibit above-average potential growth and investment performance, depending on the economic environment. The opportunities for above average growth may in some circumstances lead to extreme positive and negative fluctuations in the Net Asset Value of the Fund.
- (e) The value of investments and the income from them, and therefore the value of and income from the Shares can go down as well as up and an investor may not get back the amount invested. The Fund's exposure is linked to the performance of the components of the Reference Index which, in turn, is exposed to general market movements (negative as well as positive).
- (f) There can be no assurance that the Reference Index will be successful at producing positive returns consistently or at all. The Index Provider makes no representation or warranty, express or implied, that the Reference Index will produce positive returns at any time.
- (g) As at the date hereof there is one Class of Shares issued in respect of the Fund. Additional Classes of Shares may be created at any time without the consent of the then existing Shareholders in accordance with the Central Bank's requirements. Each Class of Shares issued in respect of the Fund will perform differently as a result of differences of currency and fees (as applicable). The Company on behalf of the Fund will enter into Swaps that are designed to generate the cash flows payable in respect of the Shares of the relevant Classes. There is no legal segregation of assets and liabilities between Classes and there is no separate portfolio of assets held for each Class.
- (h) The Company on behalf of the Fund will enter into a separate Derivative Contract in respect of each Class. Each Derivative Contract will be on similar terms except that each Derivative Contract will provide a return in the currency of denomination of each Class of Shares to which it relates.
- (i) The Fund's use of the Reference Index is licensed by the Index Provider. If at any time, the licence is terminated or the Reference Index otherwise becomes unavailable, unreliable, inaccurate or unrepresentative, the Fund Directors may exercise their discretion to terminate the Fund in accordance with the terms of the Memorandum and Articles of Association.
- (j) The Fund is exposed to the investment risk arising from the Reference Index underlying the Swaps. The Fund is therefore exposed to the risks inherent to investments in equity markets.
- (k) Some of the markets in which the Fund may effect derivative transactions are "over-the-counter" or "interdealer" markets, which may be illiquid and are sometimes subject to larger spreads than exchange-traded derivative transactions. The participants in such markets are typically not subject to credit evaluation and regulatory oversight, which would be the case with members of "exchange-based" markets. This exposes the Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a credit or liquidity problem with the counterparty. Delays in settlement may also result from disputes over the terms of the contract (whether or not bona fide) since such markets may lack the established rules and procedures for swift settlement of disputes among market participants found in "exchange-based" markets. These factors may cause the Fund to suffer a loss due to adverse market movements while replacement transactions are executed or otherwise.
- (l) Whilst the Company has the right to use and reference the Reference Index in connection with the Fund in accordance with the terms of the Reference Index license, in the event that the licence is terminated the Fund may be terminated or if any other Index Disruption and Adjustment Event occurs, adjustments may be made to the terms of the Swaps after negotiation with each Approved Counterparty to account for any such event including adjustment to the Reference Index or the calculation of the Reference Index level which may have a significant impact on the Net Asset Value of the Fund.

- (m) Subject to certain pre-defined parameters, it is possible that methodology used to calculate the Reference Index or the formulae underlying the Reference Index could change and such change may result in a decrease in the performance of the Reference Index. As such, aspects of the Reference Index could change in the future, including without limitation, the methodology and third party data sources. Any changes may be made without regard to the interests of a holder of any product linked to the Reference Index. Additionally, the Reference Index was created by the Index Provider, who has the right to permanently cancel the Reference Index at any time. Such cancellation may have a material adverse effect on any linked investments or transactions.
- (n) The Reference Index is comprised of developed market and emerging market country indices including India. The Securities and Exchange Board of India ("SEBI") imposes certain obligations under the FII (Foreign Institutional Investor) Regulations on investors seeking to invest either directly and or indirectly in securities listed or proposed to be listed in India ("Indian Securities"). In the case of the Fund, such obligations would apply where the Indian listed stock component of the Reference Index exceeds certain prescribed limits which are set by SEBI. Currently, the Indian listed stock component in the Reference Index remains below the prescribed limits. However, should the SEBI limit requirements change, this may have an impact on the Fund as an indirect investor in Indian Securities by referencing the Reference Index and consequently the Fund may need to be closed to further subscriptions.

**Investors should also refer to the Prospectus for additional disclosure of risks.**

#### **Miscellaneous**

The Company has the following Funds established as at the date of this Supplement.

S&P 500 SF UCITS ETF  
 FTSE 100 SF UCITS ETF  
 HFRX GLOBAL HEDGE FUND INDEX SF UCITS ETF  
 BLOOMBERG COMMODITY INDEX SF UCITS ETF  
 CMCI COMPOSITE SF UCITS ETF  
 MSCI USA SF UCITS ETF  
 MSCI CANADA SF UCITS ETF  
 MSCI EMU SF UCITS ETF  
 MSCI JAPAN SF UCITS ETF  
 MSCI EMERGING MARKETS SF UCITS ETF  
 MSCI ACWI RISK WEIGHTED SF UCITS ETF  
 MSCI USA GROWTH SF UCITS ETF  
 MSCI EMU GROWTH SF UCITS ETF  
 MSCI AC ASIA EX JAPAN SF UCITS ETF  
 MAP BALANCED 5 SF UCITS ETF  
 MAP BALANCED 7 SF UCITS ETF  
 JPX-NIKKEI 400 SF UCITS ETF  
 MSCI ACWI SF UCITS ETF  
 CMCI EX-AGRICULTURE SF UCITS ETF

#### **Disclaimers**

THIS FUND IS NOT SPONSORED, ENDORSED, SOLD OR PROMOTED BY MSCI INC. ("MSCI"), ANY AFFILIATE OF MSCI OR ANY OTHER PARTY INVOLVED IN, OR RELATED TO, MAKING OR COMPILING ANY MSCI INDEX. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES ARE SERVICE MARK(S) OF MSCI OR ITS AFFILIATES AND HAVE BEEN LICENSED FOR USE FOR CERTAIN PURPOSES BY LICENSEE. NEITHER MSCI, ANY OF ITS AFFILIATES NOR ANY OTHER PARTY INVOLVED IN, OR RELATED TO, MAKING OR COMPILING ANY MSCI INDEX MAKES ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, TO THE OWNERS OF THIS FUND OR ANY MEMBER OF THE PUBLIC REGARDING THE ADVISABILITY OF INVESTING IN FINANCIAL SECURITIES GENERALLY OR IN THIS FUND PARTICULARLY OR THE ABILITY OF ANY MSCI INDEX TO TRACK CORRESPONDING STOCK MARKET PERFORMANCE. MSCI OR ITS AFFILIATES ARE THE LICENSORS OF CERTAIN TRADEMARKS, SERVICE MARKS AND TRADE NAMES AND OF THE MSCI INDEXES WHICH ARE DETERMINED, COMPOSED AND CALCULATED BY MSCI WITHOUT REGARD TO THIS FUND OR THE ISSUER OR OWNER OF THIS FUND. NEITHER MSCI, ANY OF ITS AFFILIATES NOR ANY OTHER PARTY INVOLVED IN, OR RELATED TO, MAKING OR COMPILING ANY MSCI INDEX HAS ANY OBLIGATION TO TAKE THE NEEDS OF THE ISSUERS OR OWNERS OF THIS FUND INTO CONSIDERATION IN DETERMINING, COMPOSING OR CALCULATING THE MSCI INDEXES. NEITHER MSCI, ITS AFFILIATES NOR ANY OTHER

**PARTY INVOLVED IN, OR RELATED TO, MAKING OR COMPILING ANY MSCI INDEX IS RESPONSIBLE FOR OR HAS PARTICIPATED IN THE DETERMINATION OF THE TIMING OF, PRICES AT, OR QUANTITIES OF THIS FUND TO BE ISSUED OR IN THE DETERMINATION OR CALCULATION OF THE EQUATION BY WHICH THIS FUND IS REDEEMABLE FOR CASH. NEITHER MSCI, ANY OF ITS AFFILIATES NOR ANY OTHER PARTY INVOLVED IN, OR RELATED TO, THE MAKING OR COMPILING ANY MSCI INDEX HAS ANY OBLIGATION OR LIABILITY TO THE OWNERS OF THIS FUND IN CONNECTION WITH THE ADMINISTRATION, MARKETING OR OFFERING OF THIS FUND.**

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## **MSCI ACWI SF UCITS ETF**

### **Supplement to the Prospectus**

This Supplement contains information in relation to the **MSCI ACWI SF UCITS ETF** (the "**Fund**"), a sub-fund of UBS ETFs plc (the "**Company**") an umbrella type open-ended investment company with variable capital, governed by the laws of Ireland and authorised by the Central Bank of Ireland (the "**Central Bank**") of Block D, Iveagh Court, Harcourt Road, Dublin 2, Ireland.

**This Supplement forms part of, and must be read in conjunction with, the Prospectus of the Company dated 12 October 2016, as may be amended, supplemented or modified from time to time, (the "Prospectus") and may not be distributed unless accompanied by the Prospectus (other than to prior recipients of the Prospectus).**

**THIS DOCUMENT IS IMPORTANT. BEFORE YOU PURCHASE ANY OF THE SHARES REPRESENTING INTERESTS IN THE FUND DESCRIBED IN THIS SUPPLEMENT YOU SHOULD ENSURE THAT YOU FULLY UNDERSTAND THE NATURE OF SUCH AN INVESTMENT, THE RISKS INVOLVED AND YOUR OWN PERSONAL CIRCUMSTANCES. IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS SUPPLEMENT YOU SHOULD TAKE ADVICE FROM AN APPROPRIATELY QUALIFIED ADVISOR.**

Capitalised terms used in this Supplement will have the meanings given to them in the Definitions section below or in the Prospectus.

In addition to investing in equities and equity related securities, transferable securities and other eligible assets, it is the intention of the Company to invest principally on behalf of the Fund in financial derivative instruments ("FDIs") for investment and efficient portfolio management purposes, where applicable.

Certain risks attached to investments in FDIs are set out in the Prospectus under the section headed "Risk Factors".

You should inform yourself as to (a) the possible tax consequences, (b) the legal and regulatory requirements, (c) any foreign exchange restrictions or exchange control requirements and (d) any other requisite governmental or other consents or formalities which you might encounter under the laws of the country of your citizenship, residence or domicile and which might be relevant to your purchase, holding or disposal of the Shares.

### **UBS ETFs plc**

An umbrella fund with segregated liability between the sub-funds

**Dated 12 October 2016**

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## **IMPORTANT INFORMATION**

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### **Suitability of Investment**

**The Shares are not principal protected. The value of the Shares may go up or down and you may not get back the amount you have invested. See the section headed "Risk Factors" of the Prospectus and the section headed "Other Information – Risk Factors" of this Supplement for a discussion of certain risks that should be considered by you.**

An investment in the Shares is only suitable for you if you (either alone or with the help of an appropriate financial or other advisor) are able to assess the merits and risks of such an investment and have sufficient resources to be able to bear any losses that may result from such an investment. The contents of this document are not intended to contain and should not be regarded as containing advice relating to legal, taxation, investment or any other matters.

### **Profile of Typical Investor**

The Fund is suitable for investors seeking capital appreciation and who are prepared to accept a high level of volatility. Investment in the Fund should be viewed as a medium to long term investment.

### **Responsibility**

The Directors (whose names appear under the heading "**Directors of the Company**" of the Prospectus) accept responsibility for the information contained in the Prospectus and this Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement when read together with the Prospectus (as complemented, modified or supplemented by this Supplement) is in accordance with the facts as at the date of this Supplement and does not omit anything likely to affect the import of such information.

### **General**

This Supplement sets out information in relation to the Shares and the Fund. You must also refer to the Prospectus which is separate to this document and describes the Company and provides general information about offers of shares in the Company. You should not take any action in respect of the Shares unless you have received a copy of the Prospectus. Should there be any inconsistency between the contents of the Prospectus and this Supplement, the contents of this Supplement will, to the extent of any such inconsistency, prevail. This Supplement and the Prospectus should both be carefully read in their entirety before any investment decision with respect to Shares is made.

As of the date of this Supplement, the Company does not have any loan capital (including term loans) outstanding or created but unissued and no outstanding mortgages, charges or other borrowings or indebtedness in the nature of borrowings, including bank overdrafts and liabilities under acceptances or acceptance credits, hire purchase or finance lease commitments, guarantees or other contingent liabilities.

### **Distribution of this Supplement and Selling Restrictions**

Distribution of this Supplement is not authorised unless accompanied by a copy of the Prospectus and the latest annual report and audited accounts of the Company and the Fund (other than to prior recipients of the Prospectus) and if published after such report, a copy of the then latest semi annual report and unaudited accounts. The distribution of this Supplement and the offering or purchase of the Shares may be restricted in certain jurisdictions. If you receive a copy of this Supplement and/or the Prospectus you may not treat such document(s) as constituting an offer, invitation or solicitation to you to subscribe for any Shares unless, in the relevant jurisdiction, such an offer, invitation or solicitation could lawfully be made to you without compliance with any registration or other legal requirement other than those with which the Company has already complied. If you wish to apply for the opportunity to purchase any Shares it is your duty to inform yourself of, and to observe, all applicable laws and regulations of any relevant jurisdiction. In particular, you should inform yourself as to the legal requirements of so applying, and any applicable exchange control regulations and taxes in the countries of your respective citizenship, residence or domicile.

## Definitions

Words and expressions defined in the Prospectus will, unless otherwise defined in this Supplement, have the same meaning when used in this Supplement.

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## **TERMS OF THE SHARES REPRESENTING INTERESTS IN THE FUND**

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### **Investment Objective**

The investment objective of the Fund is to deliver the net total return of the Reference Index (being MSCI ACWI Net Total Return Index) which captures the large and mid cap representation of equities across developed markets and emerging markets countries.

The Fund will return the Reference Index or Currency Index performance less fees and expenses on each Dealing Day.

### **Investment Policy**

In order to achieve the investment objective, the Company on behalf of the Fund intends to invest all or substantially all of the net proceeds of any issue of Shares in the manner set out below:

- (i) swaps (each swap being an agreement between the Company on behalf of the Fund and an Approved Counterparty pursuant to a master agreement in accordance with the requirements of the International Swaps and Derivatives Association, and such swaps may include fully funded, unfunded or total return (as further described below under "**Use of Derivative Contracts – Swaps**") (the "**Swaps**"). The purpose of the Swaps shall be to gain indirect exposure to the Reference Index / Currency Index (as described in further detail under the heading "**Use of Derivative Contracts – Swaps**" below); and
- (ii) a portfolio of transferable securities or other eligible assets. These may include (without limitation) equity and equity-related securities e.g. equity-linked notes (debt instruments based on the return of a single stock or basket of stocks) or global depositary receipts; fixed income securities such as government and corporate bonds (such bonds may be rated or unrated), money market instruments (such as short term commercial paper, floating rate notes, medium term notes, securities issued or guaranteed by any OECD government, its agencies and shall be in accordance with the requirements of the Central Bank) floating rate instruments and convertible securities and/or units of other open-ended collective investment schemes including other Funds of the Company. Any of the foregoing may be issued or arranged by a member of the UBS Group AG group. Where the Fund invests in such securities and/or other eligible assets, the Fund will enter into an unfunded or total return swap to exchange, the price performance and income received in relation to such securities and/or other eligible assets for the performance of the Reference Index. In this instance, the Fund will have neither market nor credit exposure to the particular securities and other eligible assets referred to above, except in the event of a default on the part of the Approved Counterparty to the Swaps.

The equities, equity-related securities, Swaps, other eligible assets listed at (i) and (ii) above, any ancillary cash and any instruments held by the Fund (either for investment or efficient portfolio management purposes) shall constitute the "**Fund Assets**" for the purposes of the Prospectus. To the extent that the Fund invests some of the net proceeds of any issue of Shares in the manner set out in (ii) above, the Fund shall invest no more than 15% in the fixed income securities mentioned in (ii) above. All instruments shall be listed and/or traded on the exchanges and markets set out in Appendix II of the Prospectus.

The Fund may, with due regard to the best interest of its Shareholders, decide from time to time to switch partially or totally from one of the above described policies at (i) and (ii) above.

Further information relevant to the Fund's investment policy is contained in the main part of the Prospectus under "**Investment Objectives and Policies**" and under "**Investment Restrictions**".

### **Index Tracking Strategy**

The Fund gains exposure to the Reference Index by investing in one or more Swaps. It is not intended that the Fund will invest directly in the components of the Reference Index in order to meet the Fund's

investment objective. The Fund (and the investors in the Fund) will be exposed to the full performance of the Reference Index.

The (hedged to USD) A-acc, (hedged to EUR) A-acc, (hedged to CHF) A-acc, (hedged to JPY) A-acc (hedged to GBP) A-acc, (hedged to USD) A-UKdis, (hedged to EUR) A-UKdis, (hedged to CHF) A-UKdis, (hedged to JPY) A-UKdis, (hedged to GBP) A-UKdis and (hedged to GBP) A-dis Share Classes intend to reduce currency risk by investing in Swaps with exposure to a currency hedged version of the Reference Index (each a "**Currency Index**" and together the "**Currency Indices**"). The aim of the currency hedge is to limit (though not eliminate) the FX exposure of the Class of Shares versus the currencies of countries which make up the Reference Index. Currency hedging of a share class will be limited to the developed market currencies underlying the Reference Index which typically account for 80-90% of the Reference Index. For example, the (hedged to USD) A- acc share class will hedge the developed market currency exposures inherent in the Reference Index against the US dollar currency. The purpose of gaining exposure to a Currency Index is to limit, at a Share Class level, the profit or loss generated from foreign exchange exposure. This is achieved by the Currency Indices methodology referencing one month rolling forward FX contracts as opposed to the Fund itself.

See "**General Description of the Reference Index**" section for more information on the Currency Indices

The Fund may have counterparty risk as a result of the investment in the swaps – further information is provided in the section below headed "Use of Derivative Contracts – Swaps" and in section 6 "Risk Factors" of the Prospectus.

The anticipated level of tracking error in normal conditions after fees and transaction costs is 0.02% per annum.

The annual report of the Fund, which can be found on the Website, will include the following information:

- a) The size of the realised tracking error for the year, being the volatility of the difference between the return of the Fund and the return of the Reference Index;
- b) An explanation for the divergence between the anticipated and realised tracking error for the year;
- c) The size of the annual tracking difference for the year, being the difference between the performance of the Fund and the Reference Index; and
- d) An explanation for the annual tracking difference, including the impact of transaction costs, fees and expenses on the performance of the Fund.

### **Portfolio Transparency Policy**

The Fund's transparency policy regarding the composition of its portfolio, and any collateral received in relation to the Swaps, is to provide position level disclosure on a daily basis. The information is published on the Website.

The assets in which the Fund will invest in order to achieve its investment objective are set out in the "Investment Policy" section above. Details on the composition of the Fund Assets will be set out on the Website.

### **Use of Derivative Contracts – Swaps**

The Fund may enter into Swaps with a member of the UBS Group AG group or any other eligible entity (being the "**Approved Counterparty**") pursuant to which the Fund will be entitled to receive from the Approved Counterparty the performance of the components of the Reference Index in exchange for the payment to the Approved Counterparty of (a) where the swap is fully funded, some or all of the net proceeds of any issue of Shares; (b) where the swap is unfunded, payments linked to the return on some or all of the equities and other eligible assets held by the Fund as listed at (ii) above; and (c) where the swap is a total return swap, payments will be based upon a set rate agreed between the parties in exchange for the return on some or all of the equities and other eligible assets held by the Fund as listed at (ii) above.

The Fund will limit its exposure to Swaps that are fully funded ("**Fully Funded Swaps**") to 10% of its net assets. Fully Funded Swaps are swap agreements pursuant to which a Fund transfers a cash amount in full consideration of the swap value to the counterparty. In return the Fund will be entitled to receive the

performance of the relevant investment strategy under the terms of the swap agreement. The counterparty will transfer collateral to the Fund in accordance with the UCITS Regulations to mitigate credit risk to the counterparty arising from entering into the swap agreement. Fully Funded Swaps are used to enhance the liquidity of the Fund.

The Approved Counterparty to the Swaps and the Company on behalf of the Fund have entered into a 2002 International Swaps and Derivatives Association Master Agreement (including any supporting agreements, annexes or schedules thereto) (the "**ISDA Master Agreement**"), and will enter into confirmations for each Swap transaction. Such confirmations may be entered into before or after the relevant transaction and may be in electronic form.

The Swaps will at all times be valued in accordance with the provisions of the Prospectus. The valuation of the Swaps will reflect the relative movements in the performance of the Reference Index and the Fund's holding of transferable securities and/or other Fund Assets as may be referenced under the Swaps. Depending on the value of the Swaps, the Fund will have to make a payment to the Approved Counterparty or will receive such a payment. Where the Fund has to make a payment to the Approved Counterparty, this payment will be made from the proceeds and, as the case may be, the disposal of some or all of the transferable securities and/or other Fund Assets in which the Fund has invested.

As set out in Section 5 of the Prospectus, the Company will ensure that the counterparty risk exposure under the Swaps never exceeds the limits required by the Regulations and the Central Bank. Accordingly, the Company will reduce such counterparty exposure by causing the Approved Counterparty, where necessary, to provide appropriate Collateral to the Company on behalf of the relevant Fund (or as otherwise permitted by the Central Bank) under the terms of ISDA Master Agreement, in accordance with the Investment Restrictions. Alternatively, the Company may reduce its risk exposure to the Approved Counterparty by causing the Approved Counterparty to reset the Swaps or vice versa. This may result in a corresponding payment from the Fund to the Approved Counterparty.

The Swaps may be terminated by either party at any time or on the occurrence of certain events with respect to either the Fund or the Approved Counterparty including, but not limited to, an event of default (such as a failure to pay, breach of agreement or bankruptcy) or a termination event (which is not due to the fault of either party, for example, illegality or a change in the tax or accounting laws), in which case the non-defaulting party or the unaffected party respectively is entitled to calculate the close-out value of the Swaps and it will do so in line with the industry standard requirements set out in the ISDA Master Agreement. The Fund may then enter into new Swaps (unless the Directors resolve that it is inadvisable to do so) or, if the Directors determine that there is no reasonable way to achieve the investment objective, the Fund may be terminated in accordance with the provisions of the Prospectus.

### **Securities Lending and Repurchase Transactions**

The Company may (for the purposes of efficient portfolio management only) enter into stock lending arrangements and/or Repurchase Transactions with financial institutions (including with a member of the UBS Group AG group as the stock borrower or counterparty to the Repurchase Transaction) with a minimum credit rating at the time the relevant transaction as permitted by the Regulations, or which are deemed by the Fund to have an implied credit rating at least equal to such level (a "**Counterparty**"). Any such stock lending arrangement and Repurchase Transaction will be subject to the conditions, limits and requirements of the Central Bank and the provisions of the Prospectus. In these transactions, Collateral will move between the Company and the relevant Counterparty in order to mitigate any counterparty risk.

Investors should also note the information contained in the "Securities Lending and Repurchase Transactions" and "Collateral Policy" sections in the main body of the Prospectus.

**The Company on behalf of the Fund has filed with the Central Bank its risk management policy which enables it to accurately measure, monitor and manage the various risks associated with the use of Financial Derivative Instruments. The Company will, on request, provide supplementary information to Shareholders relating to the risk management methods employed, including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments.**

**The Company will use the commitment approach for the purposes of calculating global exposure for the Fund. The Fund's total exposure to the Reference Index will be limited to 100% of Net Asset Value.**

## **Efficient Portfolio Management**

The Company may also (for the purposes of efficient portfolio and cash management and not for investment purposes), invest in cash deposits, money market instruments, OTC options and units of UCITS regulated money market collective investment schemes.

Further information on efficient portfolio management is contained in the main body of the prospectus under the heading "Use of Financial Derivative Instruments and Efficient Portfolio Management".

## **Investment Restrictions**

Investors in particular must note that the general investment restrictions set out under "**Investment Restrictions**" in the Prospectus apply to the Fund. In addition the following investment restrictions shall apply to the Fund:

The Fund shall not invest in a fund of the Company which itself holds shares in any other fund of the Company.

## **Disruption Events**

The following Disruption Events shall apply to the Fund in addition to those set out in the Prospectus:

- (i) the Index Provider makes an adjustment or modification to the calculation of the Reference Index;
- (ii) the Approved Counterparty is:
  - (a) prevented, hindered or impaired from conducting one or more of its activity/activities in a commercially reasonable manner in connection with the establishment, maintenance, adjustment or termination of any transaction(s) in order to fully hedge its exposure in respect of the Reference Index; and/or
  - (b) prevented, hindered or impaired from performing one or more of its obligation(s) in a commercially reasonable manner,under the terms of the relevant Swaps, with the consequence that the Approved Counterparty or the Calculation Agent (as applicable) elects to:
  - i. adjust the terms of the Swaps; and/or
  - ii. delay payment to the Fund under the terms of the Swaps; and/or
  - iii. terminate the Swaps;
- (iii) the Index Provider fails or delays in calculating, announcing and/or publishing the Reference Index level.

## **Consequences of Disruption Events**

As further described in the Prospectus and as set out above, upon the occurrence of a Disruption Event including an Index Disruption and Adjustment Event (and without limitation to the Directors' personal powers), (i) the Approved Counterparty (where acting as the relevant Calculation Agent or otherwise) may either (a) terminate one or more of the relevant Swaps or (b) make adjustments to the terms or valuation of the relevant Swaps and other Derivative Contracts to account for such event and the Net Asset Value may be affected by such adjustment; (ii) the Directors may temporarily suspend the calculation of the Net Asset Value and any subscription, redemption and exchange of Shares; and/or (iii) the Directors may, in certain circumstances, terminate the Fund.

## **Leverage**

The Fund will not be leveraged. The market risk of the Fund associated with the use of financial derivative instruments will be measured using the commitment approach in accordance with the requirements of the Central Bank.

## **Borrowings**

In accordance with the general provisions set out in the Prospectus under the heading "**Borrowing and Lending Powers**", the Company on behalf of the Fund may borrow up to 10% of the Net Asset Value of

the Fund on a temporary basis. Such borrowings may only be used for short term liquidity purposes to cover the redemption of Shares.

### **Dividend Policy**

The Fund does not intend to issue dividends in respect of the (USD) A-acc, (hedged to USD) A-acc, (hedged to EUR) A-acc, (hedged to CHF) A-acc, (hedged to JPY) A-acc and (hedged to GBP) A-acc Share Classes. However, the Directors may, in their absolute discretion, determine to declare dividends in respect of such Share Classes and Shareholders will be notified accordingly. Any dividends payable by the Fund will be effected in accordance with the Dividend Policy stated in the Prospectus.

The Directors may declare dividends attributable to the (hedged to USD) A-UKdis, (hedged to EUR) A-UKdis, (hedged to GBP) A-UKdis, (hedged to GBP) A-dis, (hedged to JPY) A-UKdis and (hedged to CHF) A-UKdis Share Classes in respect of any six or twelve month period ending on 31 December and/or 30 June. Such dividends may be declared out of:

- (i) net income (being the accumulated revenue consisting of all revenue accrued including interest and dividends) less expenses; or
- (ii) realised and unrealised capital gains on the disposal/valuation of investments less realised and unrealised capital losses of the Fund.

Any such dividends will be paid within four calendar months after declaration. Shareholders will be notified in advance of the payment of any such dividend and the period for which it will be determined.

The Directors reserve the right to increase or decrease the frequency of dividend payments, if any, at their discretion for income distribution Shares. In the event of a change of policy full details will be disclosed in an updated Supplement and Shareholders will be notified in advance.

Any dividend unclaimed after six years from the date when it first became payable shall be forfeited automatically, without the necessity for any declaration or other action by the Company.

Further information is set out in the "Dividend Policy" section of the Prospectus.

The dividend payments may be as low as zero. There is no guarantee that any dividend will be declared. For the avoidance of doubt, the declaration of a dividend (if any) will reduce the Net Asset Value of the relevant Share Class accordingly.

### **Limited Recourse**

A Shareholder will solely be entitled to look to the Fund Assets in respect of all payments in respect of its Shares. If the realised net assets of the Fund are insufficient to pay any amounts payable in respect of the Shares, the Shareholder will have no further right of payment in respect of such Shares nor any claim against or recourse to any of the assets of any other Fund or any other asset of the Company.

### **Listing**

Application will be made to such exchanges as the Directors may determine from time to time (the "**Relevant Stock Exchanges**") for the listing of the Shares issued and available to be issued and to be admitted to listing on the official list and trading on each of the Relevant Stock Exchanges on or about the Launch Date. This Supplement and the Prospectus together comprise listing particulars for the purposes of listing the Shares on the official list and trading on the main market of each of the Relevant Stock Exchanges.

### **Exchange Traded Fund**

The Fund is an Exchange Traded Fund ("**ETF**"). The Shares of this Fund (where they are listed on the Relevant Stock Exchanges) are fully transferable among investors. It is envisaged that Shares will be bought and sold by public and institutional investors in the secondary market in the same way as the ordinary shares of a listed trading company.

The Directors of the Company may create new Share Classes from time to time, provided that the creation of any such new Share Classes is notified in advance to and cleared by the Central Bank. A separate pool of assets will not be maintained for each of the Share Classes.

## General Information Relating to the Fund

<b>Type</b>	Open-ended
<b>Base Currency</b>	US Dollar ("USD")
<b>Business Day</b>	A day (other than a Saturday or Sunday) on which (i) banks are open for business in Dublin; (ii) the Reference Index is calculated by the Index Provider or such other day or days as the Directors may from time to time determine and notify in advance to Shareholders. For the avoidance of doubt, there shall be at least two Dealing Days per month at regular intervals.
<b>Dealing Day</b>	Any Business Day.
<b>Dealing Deadline</b>	2.00pm. (Dublin time) 1 Business Day prior to the relevant Dealing Day.
<b>Initial Offer Period</b>	The Initial Offer Period for the (hedged to JPY) A-acc Share Class will start at 9.00 a.m. (Dublin time) on 12 October 2016 and close at 5.00 p.m. (Dublin time) on 12 April 2017 or such earlier or later date as the Directors may determine.
<b>Launch Date</b>	The (hedged to CHF) A-acc Share Class, the (hedged to EUR) A-acc Share Class and the (hedged to USD) A-acc Share Class launched on 11 August 2015. The (hedged to CHF) A-UKdis Share Class launched on 27 October 2015. The (hedged to EUR) A-UKdis Share Class, the (hedged to GBP) A-UKdis Share Class and the (hedged to USD) A-UKdis Share Class launched on 24 September 2015. The remaining Share Classes have not yet launched.
<b>Minimum Fund Size</b>	USD 100 million
<b>Valuation Point</b>	10:30 pm (Dublin time) on the relevant Dealing Day.
<b>Settlement Date</b>	Up to three Business Days after the relevant Dealing Day.
<b>Minimum Holding</b>	1 Share
<b>Website</b>	<a href="http://www.ubs.com/etf">www.ubs.com/etf</a> - information on Fund Assets and the Fund's iNAV is set out on the Website.

## Description of the Shares

### Share Classes

Share Class***	** (USD) A-acc"	** (hedged to USD) A-acc"	** (hedged to EUR) A-acc"	** (hedged to CHF) A-acc"	** (hedged to GBP) A-acc"	*** (hedged to USD) A-UKdis"	*** (hedged to EUR) A-UKdis"	*** (hedged to GBP) A-UKdis"	*** (hedged to CHF) A-UKdis"	*** (hedged to GBP) A-dis"
<b>Initial Issue Price</b>	USD 100	N/A	N/A	N/A	GBP 100	N/A	N/A	N/A	N/A	GBP 100
<b>Minimum Subscription Amount* ***</b>	USD 100,000	USD 100,000	USD 100,000	USD 100,000	USD 100,000	USD 100,000	USD 100,000	USD 100,000	USD 100,000	USD 100,000

<b>Minimum Redemption Amount****</b>	USD 100,000									
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<b>Share Class***</b>	**"(hedged to JPY) A-acc"	**"(hedged to JPY) A-UKdis"
<b>Initial Issue Price</b>	JPY 1,000	JPY 1,000
<b>Minimum Subscription Amount*****</b>	USD 100,000	USD 100,000
<b>Minimum Redemption Amount*****</b>	USD 100,000	USD 100,000

\* Together the "A-acc" Share Class

\*\* Together the "A-dis" Share Class

\*\*\* Each hedged Share Class will have a currency hedged exposure through the relevant Currency Index. Hedged Share Classes performance may differ from that of the Base Currency Share Classes due to, inter alia, currency hedging and currency hedging costs.

\*\*\*\* The Minimum Subscription Amount may also be its equivalent in another currency or such amount as may be determined by the Directors. Investors will be notified of any change to the Minimum Subscription Amount/basket size and the Supplement will be updated accordingly.

\*\*\*\*\* The Minimum Redemption Amount may also be its equivalent in another currency or such amount as may be determined by the Directors. Investors will be notified of any change to the Minimum Redemption Amount/basket size and the Supplement will be updated accordingly.

Information regarding the Initial Issue Price is available from the Administrator. Details on the Reference Index can be found at [www.msci.com](http://www.msci.com).

### Fees and Expenses

The following fees will be incurred on each Share by Shareholders (and will not be incurred by the Company on behalf the Fund, and accordingly will not affect the Net Asset Value of the relevant Share Class of the Fund).

Share Class	"A-acc"	"A-dis"
<b>Subscription Charge*</b>	Up to 5%	Up to 5%
<b>Redemption Charge**</b>	Up to 3%	Up to 3%
<b>Exchange Charge</b>	Up to 3%	Up to 3%
<b>Primary Market Transaction Costs***</b>	Up to 1%	Up to 1%

\* The Subscription Charge is deducted from the investment amount received from an investor for subscription for Shares. The Manager may waive all or part of the Subscription Charge in the event that the Shares purchased by a Shareholder correspond at least to the Minimum Subscription Amount/basket or a multiple thereof or for any other reason at the Manager's sole discretion.

\*\* The Redemption Charge is deducted from the redemption proceeds payable to the investor. The Manager may waive all or part of the Redemption Charge in the event that the Shares redeemed by a Shareholder correspond at least to the Minimum Redemption Amount/basket or a multiple thereof or for any other reason at the Manager's sole discretion.

\*\*\*The Manager may waive all or part of the Primary Market Transaction Costs in the event that the Shares subscribed or redeemed by a Shareholder correspond at least to the Minimum Redemption Amount/basket or a multiple thereof or for any other reason at the Manager's sole discretion.

Separate to and distinct from the Subscription Charge, Redemption Charge, Exchange Charge and Primary Market Transaction Costs, which shall be deducted from the investment amount received from an investor or deducted from the redemption proceeds payable to the investor or used to purchase the Shares of the New Class (as appropriate), the following fees and expenses will be incurred by the Company on behalf of the Fund and will affect the Net Asset Value of the relevant Share Class of the Fund:

Share Class	"A-acc"	"A-dis"
Flat-Fees	Up to 0.31% per annum	Up to 0.31% per annum

This section headed "**Fees and Expenses**" should be read in conjunction with the sections headed "**Fees and Expenses**" and "**Issue and Repurchase Price/Calculation of Net Asset Value/Valuation of Assets**" in the Prospectus.

The Promoter shall discharge the fees associated with the establishment and approval of the Fund.

### **GENERAL DESCRIPTION OF THE REFERENCE INDEX**

The Reference Index is the MSCI ACWI Net Total Return Index (the "**Reference Index**"). The Reference Index is further described below but only represents an extract of information available and neither the Directors, the Manager, MSCI or such other successor sponsor to the Reference Index (the "**Index Provider**") nor the Investment Manager take any responsibility for the accuracy or completeness of such information.

The Reference Index is a free float-adjusted market capitalization-weighted index that captures the large and mid cap representation of equities across 23 developed markets and 23 emerging markets countries, with a current aggregate total of 2,464 constituents. The components of the Reference Index are primarily composed of consumer discretionary (being businesses that tend to be the most sensitive to economic cycles. Its manufacturing segment includes automotive, household durable goods, leisure equipment and textiles & apparel. The services segment includes hotels, restaurants and other leisure facilities, media production and services, and consumer retailing and services), financials and information technology companies. For the purposes of the Reference Index, developed market countries include: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the UK and the US. Emerging market countries include: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Peru, Philippines, Poland, Russia, Qatar, South Africa, Taiwan, Thailand, Turkey and United Arab Emirates. The Reference Index is based on the MSCI Global Investable Market Indexes (GIMI) Methodology, further information on which is set out on the Index Provider's website detailed below.

The Reference Index is calculated in USD. The Reference Index has different Currency Indices, including Currency Indices denominated in Euro, GBP, JPY and CHF. Such Currency Indices employ forward FX contracts to provide the relevant currency return. The Currency Indices are designed to represent the

returns of the Reference Index while reducing currency risk but not the underlying equity market risk. By employing such a strategy, the Currency Indices seek to reduce the risk of downward currency fluctuations although potential currency gains may also be sacrificed. The Reference Index value in respect of the Currency Indices is determined in accordance with the index methodology and further information is available at [http://www.msci.com/eqb/methodology/meth\\_docs/MSCI\\_May14\\_GIMIMethod.pdf](http://www.msci.com/eqb/methodology/meth_docs/MSCI_May14_GIMIMethod.pdf)

The Reference Index is rebalanced on a semi-annual basis.

The rebalancing frequency of the Reference Index has no impact on the transaction costs associated with the Fund as any rebalancing is not expected to require any higher frequency of position turnover in the Fund than would otherwise be the case were the Reference Index to be static.

The Reference Index is calculated in USD (Dollar).

#### *Index Provider and website*

The Reference Index is sponsored by MSCI Inc.

- 1 General information on the Reference Index (a variant of the MSCI ACWI Index) may be found at:

[http://www.msci.com/resources/factsheets/index\\_fact\\_sheet/msci-acwi-net.pdf](http://www.msci.com/resources/factsheets/index_fact_sheet/msci-acwi-net.pdf)

- 2 Reference Index Methodology:

[http://www.msci.com/eqb/methodology/meth\\_docs/MSCI\\_May14\\_GIMIMethod.pdf](http://www.msci.com/eqb/methodology/meth_docs/MSCI_May14_GIMIMethod.pdf)

- 3 Reference Index Calculation Methodology:

[http://www.msci.com/eqb/methodology/meth\\_docs/MSCI\\_Apr14\\_IndexCalcMethodology.pdf](http://www.msci.com/eqb/methodology/meth_docs/MSCI_Apr14_IndexCalcMethodology.pdf)

- 4 Reference Index Constituents: <http://www.msci.com/products/indexes/licensing/constituents.html>

Select "ACWI" from the drop down menu.

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## **OTHER INFORMATION**

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### **Risk Factors**

Certain risks relating to the Shares are set out under the heading "**Risk Factors**" in the Prospectus. In addition, Shareholders must also note that:

- (a) The sub-funds of the Company are segregated as a matter of Irish law and as such, in Ireland, the assets of one sub-fund will not be available to satisfy the liabilities of another sub-fund. However, it should be noted that the Company is a single legal entity which may operate or have assets held on its behalf or be subject to claims in other jurisdictions which may not necessarily recognise such segregation. There can be no guarantee that the courts of any jurisdiction outside Ireland will respect the limitations on liability as set out above.
- (b) Upon the occurrence of a Disruption Event or an Index Disruption and Adjustment Event (and without limitation to the Directors' personal powers as further described in the Prospectus); (i) adjustments may be made to account for any such event (including adjustment to the Reference Index, the calculation of the Reference Index level and/or changes to the terms of the Derivative Contracts) which may have a significant impact on the Net Asset Value of the Fund; (ii) the Directors may temporarily suspend the calculation of the Net Asset Value and any subscription, redemption and exchange of Shares and payment of redemption proceeds in accordance with the provisions of the Prospectus under the section "Suspension of Calculation of Net Asset Value"; and/or (iii) the Directors may, in certain circumstances as set out in the Prospectus, terminate the Fund.
- (c) The return payable under the Swaps with a counterparty is subject to the credit risk of the counterparty. In addition, the counterparty will generally act as the calculation agent under the

Swaps (the "**Calculation Agent**") and perform those duties agreed in the ISDA Master Agreement and confirmation for the relevant Swaps. Shareholders should note that not only will they be exposed to the credit risk of the counterparty but also potential conflicts of interest in the performance of the function of Calculation Agent by the counterparty. The counterparty will use its reasonable endeavours to resolve any such conflicts of interest fairly (having regard to its respective obligations and duties) and to ensure that the interests of the Company and the Shareholders are not unfairly prejudiced. The Directors believe that the counterparty will be suitable and competent to act as Calculation Agent. Any valuations provided by the counterparty in its role as Calculation Agent will be verified at least weekly by a party independent of the counterparty as sourced by the Administrator and approved by the Custodian.

- (d) The Fund is highly dynamic and may exhibit above-average potential growth and investment performance, depending on the economic environment. The opportunities for above average growth may in some circumstances lead to extreme positive and negative fluctuations in the Net Asset Value of the Fund.
- (e) The value of investments and the income from them, and therefore the value of and income from the Shares can go down as well as up and an investor may not get back the amount invested. The Fund's exposure is linked to the performance of the components of the Reference Index which, in turn, is exposed to general market movements (negative as well as positive).
- (f) There can be no assurance that the Reference Index will be successful at producing positive returns consistently or at all. The Index Provider makes no representation or warranty, express or implied, that the Reference Index will produce positive returns at any time.
- (g) There are Classes of Shares issued in respect of the Fund. Additional Classes of Shares may be created at any time without the consent of the then existing Shareholders in accordance with the Central Bank's requirements. Each Class of Shares issued in respect of the Fund will perform differently as a result of differences in currency and fees (as applicable). The Company on behalf of the Fund will enter into Swaps that are designed to generate the cashflows payable in respect of the Shares of the relevant Classes. There is no legal segregation of assets and liabilities between Classes and there is no separate portfolio of assets held for each Class.
- (h) The Company on behalf of the Fund will enter into a separate Derivative Contract in respect of each Class. Each Derivative Contract will be on similar terms except that each Derivative Contract will provide a return in the currency of denomination of each Class of Shares to which it relates.
- (i) Classes of Shares denominated in currencies other than USD are exposed to the Currency Index of the Reference Index relating to the currency of Share Class denomination. Consequently, returns in respect of a Base Currency Share Class may differ from those in respect of Non-Base Currency Share Classes due, inter alia, to currency hedging costs.
- (j) The Fund's use of the Reference Index is licensed by the Index Provider. If at any time, the licence is terminated or the Reference Index otherwise becomes unavailable, unreliable, inaccurate or unrepresentative, the Fund Directors may exercise their discretion to terminate the Fund in accordance with the terms of the Memorandum and Articles of Association.
- (k) The Fund is exposed to the investment risk arising from the Reference Index underlying the Swaps. The Fund is therefore exposed to the risks inherent to investments in equity markets.
- (l) Some of the markets in which the Fund may effect derivative transactions are "over-the-counter" or "interdealer" markets, which may be illiquid and are sometimes subject to larger spreads than exchange-traded derivative transactions. The participants in such markets are typically not subject to credit evaluation and regulatory oversight, which would be the case with members of "exchange-based" markets. This exposes the Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a credit or liquidity problem with the counterparty. Delays in settlement may also result from disputes over the terms of the contract (whether or not bona fide) since such markets may lack the established rules and procedures for swift settlement of disputes among market participants found in "exchange-based" markets. These factors may cause the Fund to suffer

a loss due to adverse market movements while replacement transactions are executed or otherwise.

- (m) Whilst the Company has the right to use and reference the Reference Index in connection with the Fund in accordance with the terms of the Reference Index licence, in the event that the licence is terminated the Fund may be terminated or if any other Index Disruption and Adjustment Event occurs, adjustments may be made to the terms of the Swaps after negotiation with each Approved Counterparty to account for any such event including adjustment to the Reference Index or the calculation of the Reference Index level which may have a significant impact on the Net Asset Value of the Fund.
- (n) Subject to certain pre-defined parameters, it is possible that the methodology used to calculate the Reference Index or the formulae underlying the Reference Index could change and such change may result in a decrease in the performance of the Reference Index. As such, aspects of the Reference Index could change in the future, including, without limitation, the methodology and third party data sources. Any changes may be made without regard to the interests of a holder of any product linked to the Reference Index. Additionally, the Reference Index was created by the Index Provider, who has the right to permanently cancel the Reference Index at any time. Such cancellation may have a material adverse effect on any linked investments or transactions.
- (o) The Reference Index is comprised of developed market and emerging market country indices including India. The Securities and Exchange Board of India ("SEBI") imposes certain obligations under the FII (Foreign Institutional Investor) Regulations on investors seeking to invest either directly and or indirectly in securities listed or proposed to be listed in India ("Indian Securities"). In the case of the Fund, such obligations would apply where the Indian listed stock component of the Reference Index exceeds certain prescribed limits which are set by SEBI. Currently, the Indian listed stock component in the Reference Index remains below the prescribed limits. However, should the SEBI limit requirements change, this may have an impact on the Fund as an indirect investor in Indian Securities by referencing the Reference Index and consequently the Fund may need to be closed to further subscriptions.

**Investors should also refer to the Prospectus for additional disclosure of risks.**

#### **Miscellaneous**

The Company has the following Funds established as at the date of this Supplement.

S&P 500 SF UCITS ETF  
FTSE 100 SF UCITS ETF  
HFRX GLOBAL HEDGE FUND INDEX SF UCITS ETF  
BLOOMBERG COMMODITY INDEX SF UCITS ETF  
CMCI COMPOSITE SF UCITS ETF  
MSCI USA SF UCITS ETF  
MSCI CANADA SF UCITS ETF  
MSCI EMU SF UCITS ETF  
MSCI JAPAN SF UCITS ETF  
MSCI EMERGING MARKETS SF UCITS ETF  
MSCI ACWI RISK WEIGHTED SF UCITS ETF  
MSCI USA GROWTH SF UCITS ETF  
MSCI EMU GROWTH SF UCITS ETF  
MSCI AC ASIA EX JAPAN SF UCITS ETF  
MAP BALANCED 5 SF UCITS ETF  
MAP BALANCED 7 SF UCITS ETF  
JPX-NIKKEI 400 SF UCITS ETF  
MSCI ACWI SF UCITS ETF  
CMCI EX-AGRICULTURE SF UCITS ETF

#### **Disclaimers**

**THIS FUND IS NOT SPONSORED, ENDORSED, SOLD OR PROMOTED BY MSCI INC. ("MSCI"), ANY AFFILIATE OF MSCI OR ANY OTHER PARTY INVOLVED IN, OR RELATED TO, MAKING OR COMPILING ANY MSCI INDEX. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES ARE SERVICE MARK(S) OF MSCI OR ITS**

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## CMCI EX-AGRICULTURE SF UCITS ETF

### Supplement to the Prospectus

This Supplement contains information in relation to the **CMCI EX-AGRICULTURE SF UCITS ETF** (the "**Fund**"), a sub-fund of UBS ETFs plc (the "**Company**") an umbrella type open-ended investment company with variable capital, governed by the laws of Ireland and authorised by the Central Bank of Ireland (the "**Central Bank**") of Block D, Iveagh Court, Harcourt Road, Dublin 2, Ireland.

This Supplement forms part of, and must be read in conjunction with, the Prospectus of the Company dated 12 October 2016, as may be amended, supplemented or modified from time to time, (the "**Prospectus**") and may not be distributed unless accompanied by the Prospectus (other than to prior recipients of the Prospectus).

**THIS DOCUMENT IS IMPORTANT. BEFORE YOU PURCHASE ANY OF THE SHARES REPRESENTING INTERESTS IN THE FUND DESCRIBED IN THIS SUPPLEMENT YOU SHOULD ENSURE THAT YOU FULLY UNDERSTAND THE NATURE OF SUCH AN INVESTMENT, THE RISKS INVOLVED AND YOUR OWN PERSONAL CIRCUMSTANCES. IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS SUPPLEMENT YOU SHOULD TAKE ADVICE FROM AN APPROPRIATELY QUALIFIED ADVISOR.**

Capitalised terms used in this Supplement will have the meanings given to them in the Definitions section below or in the Prospectus.

In addition to investing in equities and equity related securities, transferable securities and other eligible assets, it is the intention of the Company to invest principally on behalf of the Fund in financial derivative instruments ("**FDIs**") for investment and efficient portfolio management purposes, where applicable.

Certain risks attached to investments in **FDIs** are set out in the Prospectus under the section headed "**Risk Factors**".

You should inform yourself as to (a) the possible tax consequences, (b) the legal and regulatory requirements, (c) any foreign exchange restrictions or exchange control requirements and (d) any other requisite governmental or other consents or formalities which you might encounter under the laws of the country of your citizenship, residence or domicile and which might be relevant to your purchase, holding or disposal of the Shares.

### UBS ETFs plc

An umbrella fund with segregated liability between the sub-funds

Dated 12 October 2016

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## **IMPORTANT INFORMATION**

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### **Suitability of Investment**

**The Shares are not principal protected. The value of the Shares may go up or down and you may not get back the amount you have invested. See the section headed "Risk Factors" of the Prospectus and the section headed "Other Information – Risk Factors" of this Supplement for a discussion of certain risks that should be considered by you.**

An investment in the Shares is only suitable for you if you (either alone or with the help of an appropriate financial or other advisor) are able to assess the merits and risks of such an investment and have sufficient resources to be able to bear any losses that may result from such an investment. The contents of this document are not intended to contain and should not be regarded as containing advice relating to legal, taxation, investment or any other matters.

### **Profile of a Typical Investor**

The Fund is suitable for investors seeking capital appreciation and who are prepared to accept a high level of volatility. Investment in the Fund should be viewed as a medium to long term investment.

### **Responsibility**

The Directors (whose names appear under the heading "**Directors of the Company**" of the Prospectus) accept responsibility for the information contained in the Prospectus and this Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement when read together with the Prospectus (as complemented, modified or supplemented by this Supplement) is in accordance with the facts as at the date of this Supplement and does not omit anything likely to affect the import of such information.

### **General**

This Supplement sets out information in relation to the Shares and the Fund. You must also refer to the Prospectus which is separate to this document and describes the Company and provides general information about offers of shares in the Company. You should not take any action in respect of the Shares unless you have received a copy of the Prospectus. Should there be any inconsistency between the contents of the Prospectus and this Supplement, the contents of this Supplement will, to the extent of any such inconsistency, prevail. This Supplement and the Prospectus should both be carefully read in their entirety before any investment decision with respect to Shares is made.

As of the date of this Supplement, the Company does not have any loan capital (including term loans) outstanding or created but unissued and no outstanding mortgages, charges or other borrowings or indebtedness in the nature of borrowings, including bank overdrafts and liabilities under acceptances or acceptance credits, hire purchase or finance lease commitments, guarantees or other contingent liabilities.

### **Distribution of this Supplement and Selling Restrictions**

Distribution of this Supplement is not authorised unless accompanied by a copy of the Prospectus and the latest annual report and audited accounts of the Company and the Fund (other than to prior recipients of the Prospectus) and if published after such report, a copy of the then latest semi annual report and unaudited accounts. The distribution of this Supplement and the offering or purchase of the Shares may be restricted in certain jurisdictions. If you receive a copy of this Supplement and/or the Prospectus you may not treat such document(s) as constituting an offer, invitation or solicitation to you to subscribe for any Shares unless, in the relevant jurisdiction, such an offer, invitation or solicitation could lawfully be made to you without compliance with any registration or other legal requirement other than those with which the Company has already complied. If you wish to apply for the opportunity to purchase any Shares it is your duty to inform yourself of, and to observe, all applicable laws and regulations of any relevant jurisdiction. In particular, you should inform yourself as to the legal requirements of so applying, and any applicable exchange control regulations and taxes in the countries of your respective citizenship, residence or domicile.

## Definitions

Words and expressions defined in the Prospectus will, unless otherwise defined in this Supplement, have the same meaning when used in this Supplement.

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## TERMS OF THE SHARES REPRESENTING INTERESTS IN THE FUND

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### Investment Objective

The investment objective of the Fund is to deliver the return of the Reference Index (being UBS Bloomberg CMCI Ex-Agriculture Ex-Livestock Capped Index Total Return).

The Fund will return the Reference Index or Currency Index performance less fees and expenses on each Dealing Day.

### Investment Policy

In order to achieve the investment objective, the Company on behalf of the Fund intends to invest all or substantially all of the net proceeds of any issue of Shares in the manner set out below:

- (i) swaps (each swap being an agreement between the Company on behalf of the Fund and an Approved Counterparty pursuant to a master agreement in accordance with the requirements of the International Swaps and Derivatives Association, and such swaps may include funded, unfunded or total return (as further described below under "**Use of FDI Contracts – Swaps**") (the "**Swaps**"). The purpose of the Swaps shall be to gain indirect exposure to the Reference Index / Currency Index (as described in further detail under the heading "**Use of FDI Contracts – Swaps**" below); and
- (ii) a portfolio of transferable securities or other eligible assets. These may include (without limitation) equity and equity-related securities; fixed income securities such as government and corporate bonds (such bonds may be rated or unrated), money market instruments, floating rate instruments, convertible securities and commercial paper and/or units of other open-ended collective investment schemes including other Funds of the Company. Any of the foregoing may be issued or arranged by a member of the UBS AG Group. Where the Fund invests in such securities and/or other eligible assets, the Fund will enter into an unfunded or total return swap to exchange the price performance and income received in relation to such securities and/or other eligible assets for the performance of the Reference Index. In this instance, the Fund will have neither market nor credit exposure to the particular securities and other eligible assets referred to above, except in the event of a default on the part of the Approved Counterparty to the Swaps.

The equities, equity-related securities, Swaps, other eligible assets listed at (ii) above, any ancillary cash and any instruments held by the Fund (either for investment or efficient portfolio management purposes) shall constitute the "**Fund Assets**" for the purposes of the Prospectus. To the extent that the Fund invests some of the net proceeds of any issue of Shares in the manner set out in (ii) above, the Fund shall invest no more than 15% in the fixed income securities mentioned in (ii) above. All instruments (save for "over the counter" derivatives ("**OTCs**") shall be listed and/or traded on the exchanges and markets set out in Appendix II of the Prospectus.

The Fund may, with due regard to the best interest of its Shareholders, decide from time to time to switch partially or totally from one of the above described policies to the other.

Further information relevant to the Fund's investment policy is contained in the main part of the Prospectus under "**Investment Objectives and Policies**" and under "**Investment Restrictions**".

### Index Tracking

The Fund gains exposure to the Reference Index by investing in one or more Swaps. It is not intended that the Fund will invest directly in the components of the Reference Index in order to meet the Fund's investment objective. The Fund (and the investors in the Fund) will be exposed to the full performance of the Reference Index.

The (hedged to EUR) A-acc, (hedged to CHF) A-acc, (hedged to GBP) A-acc, (hedged to HKD) A-acc, (hedged to SGD) A-acc, (hedged to JPY) A-acc, and (hedged to SEK) A-acc Share Classes intend to reduce currency risk by investing in Swaps with exposure to a currency hedged version of the Reference Index (each a "**Currency Index**" and together the "**Currency Indices**"). The aim of the currency hedge is to limit (though not eliminate) the FX exposure of the Class of Shares versus the currency of the Reference Index. The purpose of gaining exposure to a Currency Index is to limit, at a Share Class level, the profit or loss generated from foreign exchange exposure. This is achieved by the Currency Indices methodology referencing one month rolling forward FX contracts as opposed to the Fund itself.

See "**General Description of the Reference Index**" section for more information on the Currency Indices.

The Fund may have counterparty risk as a result of the investment in the swaps – further information is provided in the section below headed "Use of FDI Contracts – Swaps" and in section 6 "Risk Factors" of the Prospectus.

The anticipated level of tracking error after fees and transaction costs is up to 0.04% per annum in normal market conditions.

The annual report of the Fund, which can be found on the Website, will include the following information:

- a. The size of the realised tracking error for the year, being the volatility of the difference between the return of the Fund and the return of the Reference Index;
- b. An explanation for the divergence between the anticipated and realised tracking error for the year;
- c. The size of the annual tracking difference for the year, being the difference between the performance of the Fund and the Reference Index; and
- d. An explanation for the annual tracking difference, including the impact of transaction costs, fees and expenses on the performance of the Fund.

### **Portfolio Transparency Policy**

The Fund's transparency policy regarding the composition of its portfolio, and any collateral received in relation to the Swaps, is to provide position level disclosure on a daily basis. The information is published on the Website.

The assets in which the Fund will invest in order to achieve its investment objective are set out in the "Investment Policy" section above. Details on the composition of the Fund Assets will be set out on the Website.

### **Use of FDI Contracts – Swaps**

The Fund may enter into Swaps with a member of the UBS AG Group or any other eligible entity (being the "**Approved Counterparty**") pursuant to which the Fund will be entitled to receive from the Approved Counterparty the performance of the components of the Reference Index which provides exposure to the Reference Index in exchange for the payment to the Approved Counterparty of (i) where the swap is funded, some or all of the net proceeds of any issue of Shares; (ii) where the swap is unfunded, payments linked to the return on some or all of the equities and other eligible assets held by the Fund as listed at (ii) above; and (iii) where the swap is a total return swap, payments will be based upon a set rate agreed between the parties in exchange for the return on some or all of the equities and other eligible assets held by the Fund as listed at (ii) above.

The Fund will limit its exposure to Swaps that are fully funded ("**Fully Funded Swaps**") to 10% of its net assets. Fully Funded Swaps are swap agreements pursuant to which a Fund transfers a cash amount in full consideration of the swap value to the counterparty. In return the Fund will be entitled to receive the performance of the relevant investment strategy under the terms of the swap agreement. The counterparty will transfer collateral to the Fund in accordance with the UCITS rules to mitigate credit risk to the counterparty arising from entering into the swap agreement. Fully Funded Swaps are used to enhance the liquidity of the Fund.

The Approved Counterparty to the Swaps and the Company on behalf of the Fund have entered into a 2002 International Swaps and Derivatives Association Master Agreement (including any supporting agreements, annexes or schedules thereto) (the "**ISDA Master Agreement**"), and will enter into

confirmations for each Swap transaction. Such confirmations may be entered into before or after the relevant transaction and may be in electronic form.

The Swaps will at all times be valued in accordance with the provisions of the Prospectus. The valuation of the Swaps will reflect the relative movements in the performance of the Reference Index and the Fund's holding of transferable securities and/or other Fund Assets as may be referenced under the Swaps. Depending on the value of the Swaps, the Fund will have to make a payment to the Approved Counterparty or will receive such a payment. Where the Fund has to make a payment to the Approved Counterparty, this payment will be made from the proceeds and, as the case may be, the disposal of some or all of the transferable securities and/or other Fund Assets in which the Fund has invested.

As set out in Section 5 of the Prospectus, the Company will ensure that the counterparty risk exposure under the Swaps never exceeds the limits required by the Regulations and the Central Bank. Accordingly, the Company will reduce such counterparty exposure by causing the Approved Counterparty, where necessary, to provide appropriate Collateral to the Company on behalf of the relevant fund (or as otherwise permitted by the Central Bank) under the terms of ISDA Master Agreement, in accordance with the Investment Restrictions. Alternatively, the Company may reduce its risk exposure to the Approved Counterparty by causing the Approved Counterparty to reset the Swaps or vice versa. This may result in a corresponding payment from the Fund to the Approved Counterparty.

The Swaps may be terminated by either party at any time or on the occurrence of certain events with respect to either the Fund or the Approved Counterparty including, but not limited to, an event of default (such as a failure to pay, breach of agreement or bankruptcy) or a termination event (which is not due to the fault of either party, for example, illegality or a change in the tax or accounting laws), in which case the non-defaulting party or the unaffected party respectively is entitled to calculate the close-out value of the Swaps and it will do so in line with the industry standard requirements set out in the ISDA Master Agreement. The Fund may then enter into new Swaps (unless the Directors resolve that it is inadvisable to do so) or, if the Directors determine that there is no reasonable way to achieve the investment objective, the Fund may be terminated in accordance with the provisions of the Prospectus.

#### **Securities Lending and Repurchase Transactions**

The Company may (for the purposes of efficient portfolio management only) enter into stock lending arrangements and/or Repurchase Transactions with financial institutions (including with a member of the UBS AG Group as the stock borrower or counterparty to the Repurchase Transaction) with a minimum credit rating at the time the relevant transaction as permitted by the Regulations, or which are deemed by the Fund to have an implied credit rating at least equal to such level (a "**Counterparty**"). Any such stock lending arrangement and Repurchase Transaction will be subject to the conditions, limits and requirements of the Central Bank and the provisions of the Prospectus. In these transactions, Collateral will move between the Company and the relevant Counterparty in order to mitigate any counterparty risk.

Investors should also note the information contained in the "Securities Lending and Repurchase Transactions" and "Collateral Policy" sections in the main body of the Prospectus.

**The Company on behalf of the Fund has filed with the Central Bank its risk management policy which enables it to accurately measure, monitor and manage the various risks associated with the use of FDI. The Company will, on request, provide supplementary information to Shareholders relating to the risk management methods employed, including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments.**

**The Company will use the commitment approach for the purposes of calculating global exposure for the Fund. The Fund's maximum exposure to the Reference Index will be limited to 100% of Net Asset Value.**

#### **Efficient Portfolio Management**

The Company may also (for the purposes of efficient portfolio and cash management and not for investment purposes), invest in cash deposits, money market instruments, OTC options and units of UCITS regulated money market collective investment schemes.

Further information on efficient portfolio management is contained in the main body of the prospectus under the heading "Use of Financial Derivative Instruments and Efficient Portfolio Management".

## Investment Restrictions

Investors in particular must note that the general investment restrictions set out under "**Investment Restrictions**" in the Prospectus apply to the Fund. In addition the following investment restrictions shall apply to the Fund:

The Fund shall not invest in a fund of the Company which itself holds shares in any other fund of the Company.

## Disruption Events

The following Disruption Events shall apply to the Fund in addition to those set out in the Prospectus:

- (i) the Index Provider makes an adjustment or modification to the calculation of the Reference Index;
- (ii) the Approved Counterparty is:
  - (a) prevented, hindered or impaired from conducting one or more of its activity/activities in a commercially reasonable manner in connection with the establishment, maintenance, adjustment or termination of any transaction(s) in order to fully hedge its exposure in respect of the Reference Index; and/or
  - (b) prevented, hindered or impaired from performing one or more of its obligation(s) in a commercially reasonable manner,under the terms of the relevant Swaps, with the consequence that the Approved Counterparty or the Calculation Agent (as applicable) elects to:
  - (i) adjust the terms of the Swaps; and/or
  - (ii) delay payment to the Fund under the terms of the Swaps; and/or
  - (iii) terminate the Swaps;
- (iii) the Index Provider fails or delays in calculating, announcing and/or publishing the Reference Index level.

## Consequences of Disruption Events

As further described in the Prospectus and as set out above, upon the occurrence of a Disruption Event including an Index Disruption and Adjustment Event (and without limitation to the Directors' personal powers), (i) the Approved Counterparty (where acting as the relevant Calculation Agent or otherwise) may either (a) terminate one or more of the relevant Swaps or (b) make adjustments to the terms or valuation of the relevant Swaps and other FDIs to account for such event and the Net Asset Value may be affected by such adjustment; (ii) the Directors may temporarily suspend the calculation of the Net Asset Value and any subscription, redemption and exchange of Shares; and/or (iii) the Directors may, in certain circumstances, terminate the Fund.

## Leverage

The Fund will not be leveraged. The market risk of the Fund associated with the use of FDIs will be measured using the commitment approach in accordance with the requirements of the Central Bank.

## Borrowings

In accordance with the general provisions set out in the Prospectus under the heading "**Borrowing and Lending Powers**", the Company on behalf of the Fund may borrow up to 10% of the Net Asset Value of the Fund on a temporary basis. Such borrowings may only be used for short term liquidity purposes to cover the redemption of Shares.

## Dividend Policy

The Fund does not intend to issue dividends. However, the Directors may, in their absolute discretion, determine to declare dividends in respect of any Share Class and Shareholders will be notified accordingly. Any dividends payable by the Fund will be effected in accordance with the Dividend Policy stated in the Prospectus.

The dividend payments may be as low as zero. There is no guarantee that any dividend will be declared. For the avoidance of doubt, the payment of a dividend (if any) will reduce the Net Asset Value of the relevant Share Class accordingly.

### Limited Recourse

A Shareholder will solely be entitled to look to the Fund Assets in respect of all payments in respect of its Shares. If the realised net assets of the Fund are insufficient to pay any amounts payable in respect of the Shares, the Shareholder will have no further right of payment in respect of such Shares nor any claim against or recourse to any of the assets of any other Fund or any other asset of the Company.

### Listing

Application will be made to such exchanges as the Directors may determine from time to time (the "**Relevant Stock Exchanges**") for the listing of the Shares issued and available to be issued and to be admitted to listing on the official list and trading on each of the Relevant Stock Exchanges on or about the Launch Date. This Supplement and the Prospectus together comprise listing particulars for the purposes of listing the Shares on the official list and trading on the main market of each of the Relevant Stock Exchanges.

### Exchange Traded Fund

The Fund is an Exchange Traded Fund ("**ETF**"). The Shares of this Fund (where they are listed on the Relevant Stock Exchanges) are fully transferable among investors. It is envisaged that Shares will be bought and sold by public and institutional investors in the secondary market in the same way as the ordinary shares of a listed trading company.

The Directors of the Company may create new Share Classes from time to time, provided that the creation of any such new Share Classes is notified in advance to and cleared by the Central Bank. A separate pool of assets will not be maintained for each of the Share Classes.

### General Information Relating to the Fund

<b>Type</b>	Open-ended
<b>Base Currency</b>	US Dollar (" <b>USD</b> ")
<b>Business Day</b>	A day (other than a Saturday or Sunday) on which (i) banks are open for business in Dublin, London and New York; (ii) the Reference Index is published by the Index Provider or such other day or days as the Directors may from time to time determine and notify in advance to Shareholders. For the avoidance of doubt, there shall be at least two Dealing Days per month at regular intervals.
<b>Dealing Day</b>	Any Business Day.
<b>Dealing Deadline</b>	1.00 p.m. (Dublin time) on the relevant Dealing Day.
<b>Launch Date</b>	The (USD) A-acc Share Class launched on 24 March 2016. The (hedged to EUR) A-acc Share Class and the (hedged to CHF) A-acc Share Class launched on 04 May 2016. The remaining Share Classes have not yet launched.
<b>Minimum Fund Size</b>	USD 100 million
<b>Valuation Point</b>	10:30 pm (Dublin time) on the relevant Dealing Day.
<b>Settlement Date</b>	Up to three Business Days after the relevant Dealing Day.
<b>Minimum Holding</b>	1 Share
<b>Minimum Subscription Amount</b>	100,000 USD or its equivalent in another currency or such amount as may be determined by the Directors. Investors will be notified of any change to the Minimum Subscription Amount/basket size.

<b>Minimum Redemption Amount</b>	100,000 USD or its equivalent in another currency or such amount as may be determined by the Directors. Investors will be notified of any change to the Minimum Redemption Amount/basket.
<b>Website</b>	<a href="http://www.ubs.com/ETF">www.ubs.com/ETF</a> - information on Fund Assets and the Fund's iNAV is set out on the Website.

## Description of the Shares

### Share Classes

<b>Share Class *</b>	"(USD ) A-acc"	***"(hedge d to EUR) A-acc"	***"hedge d to CHF) A-acc"	***"(hedge d to GBP) A-acc"	***"(hedge d to HKD) A-acc"	***"(hedge d to SGD) A-acc"	***"(hedge d to JPY) A-acc"	***"(hedge d to SEK) A-acc"
<b>Initial Issue Price</b>	N/A	N/A	N/A	GBP 100	HKD 1,000	SGD 100	JPY 1,000	SEK 1,000

\*Together the "A-acc" Share Classes

\*\*Each hedged Share Class will have a currency hedged exposure through the relevant Currency Index. Hedged Share Classes performance may differ from that of the Base Currency Share Classes due to, inter alia, currency hedging and currency hedging costs.

### Fees and Expenses

The following fees will be incurred on each Share by Shareholders (and will not be incurred by the Company on behalf the Fund, and accordingly will not affect the Net Asset Value of the relevant Share Class of the Fund):

<b>Share Class</b>	"A-acc"
<b>Subscription Charge*</b>	Up to 5%
<b>Redemption Charge**</b>	Up to 3%
<b>Exchange Charge</b>	Up to 3%
<b>Primary Market Transaction Costs***</b>	Up to 1%

\* The Subscription Charge is deducted from the investment amount received from an investor for subscription for Shares. The Manager may waive all or part of the Subscription Charge in the event that the Shares purchased by a Shareholder correspond at least to the Minimum Subscription Amount/basket or a multiple thereof or for any other reason at the Manager's sole discretion.

\*\* The Redemption Charge is deducted from the redemption proceeds payable to the investor. The Manager may waive all or part of the Redemption Charge in the event that the Shares redeemed by a Shareholder correspond at least to the Minimum Redemption Amount/basket or a multiple thereof or for any other reason at the Manager's sole discretion.

\*\*\*The Manager may waive all or part of the Primary Market Transaction Costs in the event that the Shares subscribed or redeemed by a Shareholder correspond at least to the Minimum Redemption Amount/basket or a multiple thereof or for any other reason at the Manager's sole discretion.

Separate to and distinct from the Subscription Charge, Redemption Charge, Exchange Charge and Primary Market Transaction Costs, which shall be deducted from the investment amount received from an investor or deducted from the redemption proceeds payable to the investor or used to purchase the Shares of the New Class (as appropriate), the following fees and expenses will be incurred by the Company on behalf of the Fund and will affect the Net Asset Value of the relevant Share Class of the Fund:

<b>Share Class</b>	"A-acc"
<b>Flat-Fees</b>	Up to 0.37% per annum

The Promoter shall discharge the fees associated with the establishment and approval of the Fund.

This section headed "**Fees and Expenses**" should be read in conjunction with the sections headed "**Fees and Expenses**" and "**Issue and Repurchase Price/Calculation of Net Asset Value/Valuation of Assets**" in the Prospectus.

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### **GENERAL DESCRIPTION OF THE REFERENCE INDEX**

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The Reference Index is the UBS Bloomberg CMCI Ex-Agriculture Ex-Livestock Capped Index Total Return ("**the Reference Index**"). The Reference Index is further described below but such a description only represents an extract of information available and neither the Directors, the Manager, UBS AG, Bloomberg Finance L.P. (UBS AG and Bloomberg Finance L.P. together, and/or any such other successor sponsor(s) to the Reference Index, the "**Index Provider**") nor the Investment Manager take any responsibility for the accuracy or completeness of such information.

The Reference Index was developed to offer investors a commodity index that recognised the various maturities of commodity futures contracts that are available in commodity markets but excludes exposure to two commodity categories of agriculture and livestock. Initially, commodity indices have been limited to those offering an index based on short term commodity futures contracts, whereas the Reference Index enables the construction of commodity exposures across maturities and across three commodity categories of energy, industrial metals and precious metals. The Reference Index is made up of 14 components across those three commodity categories.

For an index providing exposure to commodities such as the Reference Index, where categories of components making up the relevant index are highly correlated, such highly correlated categories must be considered as sub-categories of the same commodity (in other words, components that are highly correlated must be considered as representing one component of the relevant index for the purposes of calculating the Fund's exposures). The Reference Index includes one component with a weighting of more than 20% and up to 35% (taking into account high correlation between certain components of the Reference Index such that they are considered together to constitute one component). Pursuant to the Regulations, the Fund is permitted to gain exposure to one component that represents more than 20% and up to 35% of the Reference Index where justified by exceptional market conditions.

Whilst the Reference Index is designed to provide broad-based exposure to commodities as an asset class across three main groups (energy, industrial metals and precious metals) the oil and gasoline components within the energy group are highly correlated, and on a combined basis, they have a typical weighting of more than 20% and up to 35% of the Reference Index. Their high weighting in the Reference Index is partly due to the economic significance of the energy group and of these components as measured by their relative share of global consumption. In order to properly reflect the economic significance of the oil and gasoline components within the energy group and within the commodities sector as a whole, it is necessary for the Reference Index, and consequently the Fund, to have a typical weighting of more than 20% and up to 35% to these highly correlated components.

The Reference Index is calculated in USD, and includes a notional exposure to the USD 3 month treasury bill interest rate. The Reference Index has different Currency Indices, including Currency Indices denominated in Euro, GBP, CHF, HKD, SGD, JPY and SEK. Such Currency Indices employ forward FX contracts to provide the relevant currency return. The Currency Indices are designed to represent the returns of the Reference Index while reducing currency risk but not the underlying commodity market risk. By employing such a strategy, the Currency Indices seek to reduce the risk of downward currency fluctuations although potential currency gains may also be sacrificed.

The Reference Index is rebalanced on a monthly basis back to its target weights.

The rebalancing frequency of the Reference Index has no impact on the transaction costs associated with the Fund as any rebalancing is not expected to require any higher frequency of position turnover in the Fund than would otherwise be the case were the Reference Index to be static.

The Reference Index is calculated in USD (Dollar).

#### *Index Provider and website*

The Reference Index is governed by the Bloomberg Finance L.P. ("Index Administrator") via its internal processes. The Index Administrator controls the creation and operation of the administrative process, including all stages and processes involved in the production and dissemination of the Reference Index. UBS AG ("Index Owner") is the sole owner of the intellectual property rights with respect to the Reference Index. More details on the Reference Index, including its underlying components, can be found at <https://www.ubs.com/global/en/investment-bank/bloomberg-cmci/universe/composite-index/cmci-xal.html>.

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## **OTHER INFORMATION**

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### **Risk Factors**

Certain risks relating to the Shares are set out under the heading "**Risk Factors**" in the Prospectus. In addition, Shareholders must also note that:

- (a) The sub-funds of the Company are segregated as a matter of Irish law and as such, in Ireland, the assets of one sub-fund will not be available to satisfy the liabilities of another sub-fund. However, it should be noted that the Company is a single legal entity which may operate or have assets held on its behalf or be subject to claims in other jurisdictions which may not necessarily recognise such segregation. There can be no guarantee that the courts of any jurisdiction outside Ireland will respect the limitations on liability as set out above.
- (b) Upon the occurrence of a Disruption Event or an Index Disruption and Adjustment Event (and without limitation to the Directors' personal powers as further described in the Prospectus); (i) adjustments may be made to account for any such event (including adjustment to the Reference Index, the calculation of the Reference Index level and/or changes to the terms of the FDI contracts) which may have a significant impact on the Net Asset Value of the Fund; (ii) the Directors may temporarily suspend the calculation of the Net Asset Value and any subscription, redemption and exchange of Shares and payment of redemption proceeds in accordance with the provisions of the Prospectus under the section "Suspension of Calculation of Net Asset Value"; and/or (iii) the Directors may, in certain circumstances as set out in the Prospectus, terminate the Fund.
- (c) The return payable under the Swaps with a counterparty is subject to the credit risk of the counterparty. In addition, the counterparty will generally act as the calculation agent under the Swaps (the "**Calculation Agent**") and perform those duties agreed in the ISDA Master Agreement and confirmation for the relevant Swaps. Shareholders should note that not only will they be exposed to the credit risk of the counterparty but also potential conflicts of interest in the performance of the function of Calculation Agent by the counterparty. The counterparty will use its reasonable endeavours to resolve any such conflicts of interest fairly (having regard to its respective obligations and duties) and to ensure that the interests of the Company and the Shareholders are not unfairly prejudiced. The Directors believe that the counterparty will be suitable and competent to act as Calculation Agent. Any valuations provided by the counterparty

in its role as Calculation Agent will be verified at least weekly by a party independent of the counterparty as sourced by the Administrator and approved by the Custodian.

- (d) The Fund is highly dynamic and may exhibit above-average potential growth and investment performance, depending on the economic environment. The opportunities for above average growth may in some circumstances lead to extreme positive and negative fluctuations in the Net Asset Value of the Fund.
- (e) The value of investments and the income from them, and therefore the value of and income from the Shares can go down as well as up and an investor may not get back the amount invested. The Fund's exposure is linked to the performance of the components of the Reference Index which, in turn, is exposed to general market movements (negative as well as positive).
- (f) There can be no assurance that the Reference Index will be successful at producing positive returns consistently or at all. The Index Provider makes no representation or warranty, express or implied, that the Reference Index will produce positive returns at any time.
- (g) There are Classes of Shares issued in respect of the Fund. Additional Classes of Shares may be created at any time without the consent of the then existing Shareholders in accordance with the Central Bank's requirements. Each Class of Shares issued in respect of the Fund will perform differently as a result of differences of currency and fees (as applicable). The Company on behalf of the Fund will enter into Swaps that are designed to generate the cash flows payable in respect of the Shares of the relevant Classes. There is no legal segregation of assets and liabilities between Classes and there is no separate portfolio of assets held for each Class.
- (h) The Company on behalf of the Fund will enter into a separate FDI contract in respect of each Class. Each FDI Contract will be on similar terms except that each FDI Contract will provide a return in the currency of denomination of each Class of Shares to which it relates.
- (i) Classes of Shares denominated in currencies other than USD are exposed to the Currency Index of the Reference Index relating to the currency of Share Class denomination. Consequently, returns in respect of a Base Currency Share Class may differ from those in respect of Non-Base Currency Share Classes due, inter alia, to currency hedging costs.
- (j) The Fund's use of the Reference Index is licensed by the Index Provider. If at any time, the licence is terminated or the Reference Index otherwise becomes unavailable, unreliable, inaccurate or unrepresentative, the Fund Directors may exercise their discretion to terminate the Fund in accordance with the terms of the Memorandum and Articles of Association.
- (k) The Fund is exposed to the investment risk arising from the Reference Index underlying the ISDA Master Agreement. The Fund is therefore exposed to the risks inherent to investments in commodity markets.
- (l) Some of the markets in which the Fund may effect derivative transactions are "over-the-counter" or "interdealer" markets, which may be illiquid and are sometimes subject to larger spreads than exchange-traded derivative transactions. The participants in such markets are typically not subject to credit evaluation and regulatory oversight, which would be the case with members of "exchange-based" markets. This exposes the Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a credit or liquidity problem with the counterparty. Delays in settlement may also result from disputes over the terms of the contract (whether or not bona fide) since such markets may lack the established rules and procedures for swift settlement of disputes among market participants found in "exchange-based" markets. These factors may cause the Fund to suffer a loss due to adverse market movements while replacement transactions are executed or otherwise.
- (m) Whilst the Company has the right to use and reference the Reference Index in connection with the Fund in accordance with the terms of the Reference Index license, in the event that the licence is terminated the Fund may be terminated or if any other Index Disruption and Adjustment Event occurs, adjustments may be made to the terms of the Swaps after negotiation with each Approved Counterparty to account for any such event including adjustment to the Reference Index or the calculation of the Reference Index level which may have a significant impact on the Net Asset Value of the Fund.

- (n) Subject to certain pre-defined parameters, it is possible that the methodology used to calculate the Reference Index or the formulae underlying the Reference Index could change and such change may result in a decrease in the performance of the Reference Index. As such, aspects of the Reference Index could change in the future, including without limitation, the methodology and third party data sources. Any changes may be made without regard to the interests of a holder of any product linked to the Reference Index. Additionally, the Reference Index was created by the Index Provider, who has the right to permanently cancel the Reference Index at any time. Such cancellation may have a material adverse effect on any linked investments or transactions.
- (o) The Fund, through its use of the Total Return Index has exposure to interest rates. Such interest rates may be negative or positive, which will impact the return the Fund negatively or positively respectively.

**Investors should also refer to the Prospectus for additional disclosure of risks.**

#### **Miscellaneous**

The Company has the following Funds established as at the date of this Supplement.

S&P 500 SF UCITS ETF  
FTSE 100 SF UCITS ETF  
HFRX GLOBAL HEDGE FUND INDEX SF UCITS ETF  
BLOOMBERG COMMODITY INDEX SF UCITS ETF  
CMCI COMPOSITE SF UCITS ETF  
MSCI USA SF UCITS ETF  
MSCI CANADA SF UCITS ETF  
MSCI EMU SF UCITS ETF  
MSCI JAPAN SF UCITS ETF  
MSCI EMERGING MARKETS SF UCITS ETF  
MSCI ACWI RISK WEIGHTED SF UCITS ETF  
MSCI USA GROWTH SF UCITS ETF  
MSCI EMU GROWTH SF UCITS ETF  
MSCI AC ASIA EX JAPAN SF UCITS ETF  
MAP BALANCED 5 SF UCITS ETF  
MAP BALANCED 7 SF UCITS ETF  
JPX-NIKKEI 400 SF UCITS ETF  
MSCI ACWI SF UCITS ETF  
CMCI EX-AGRICULTURE SF UCITS ETF

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This Supplement has not been reviewed by Bloomberg Finance. This Supplement should be read in conjunction with the prospectus in respect of the relevant Product.

## **Bloomberg Commodity CMCI SF UCITS ETF**

### **Supplement to the Prospectus**

This Supplement contains information in relation to the **Bloomberg Commodity CMCI SF UCITS ETF** (the "**Fund**"), a sub-fund of UBS ETFs plc (the "**Company**") an umbrella type open-ended investment company with variable capital, governed by the laws of Ireland and authorised by the Central Bank of Ireland (the "**Central Bank**") of New Wapping Street, North Wall Quay, Dublin 1, Ireland.

**This Supplement forms part of, and must be read in conjunction with, the Prospectus of the Company dated 12 October 2016, as may be amended, supplemented or modified from time to time, (the "Prospectus") and may not be distributed unless accompanied by the Prospectus (other than to prior recipients of the Prospectus).**

**THIS DOCUMENT IS IMPORTANT. BEFORE YOU PURCHASE ANY OF THE SHARES REPRESENTING INTERESTS IN THE FUND DESCRIBED IN THIS SUPPLEMENT YOU SHOULD ENSURE THAT YOU FULLY UNDERSTAND THE NATURE OF SUCH AN INVESTMENT, THE RISKS INVOLVED AND YOUR OWN PERSONAL CIRCUMSTANCES. IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS SUPPLEMENT YOU SHOULD TAKE ADVICE FROM AN APPROPRIATELY QUALIFIED ADVISOR.**

Capitalised terms used in this Supplement will have the meanings given to them in the Definitions section below or in the Prospectus.

In addition to investing in equities and equity related securities, transferable securities and other eligible assets, it is the intention of the Company to invest principally on behalf of the Fund in financial derivative instruments ("FDIs") for investment and efficient portfolio management purposes, where applicable.

Certain risks attached to investments in FDIs are set out in the Prospectus under the section headed "Risk Factors".

You should inform yourself as to (a) the possible tax consequences, (b) the legal and regulatory requirements, (c) any foreign exchange restrictions or exchange control requirements and (d) any other requisite governmental or other consents or formalities which you might encounter under the laws of the country of your citizenship, residence or domicile and which might be relevant to your purchase, holding or disposal of the Shares.

### **UBS ETFs plc**

An umbrella fund with segregated liability between the sub-funds

**Dated 16 May 2017**

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## **IMPORTANT INFORMATION**

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### **Suitability of Investment**

**The Shares are not principal protected. The value of the Shares may go up or down and you may not get back the amount you have invested. See the section headed "Risk Factors" of the Prospectus and the section headed "Other Information – Risk Factors" of this Supplement for a discussion of certain risks that should be considered by you.**

An investment in the Shares is only suitable for you if you (either alone or with the help of an appropriate financial or other advisor) are able to assess the merits and risks of such an investment and have sufficient resources to be able to bear any losses that may result from such an investment. The contents of this document are not intended to contain and should not be regarded as containing advice relating to legal, taxation, investment or any other matters.

### **Profile of a Typical Investor**

The Fund is suitable for investors seeking capital appreciation and who are prepared to accept a high level of volatility. Investment in the Fund should be viewed as a medium to long term investment.

### **Responsibility**

The Directors (whose names appear under the heading "**Directors of the Company**" of the Prospectus) accept responsibility for the information contained in the Prospectus and this Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement when read together with the Prospectus (as complemented, modified or supplemented by this Supplement) is in accordance with the facts as at the date of this Supplement and does not omit anything likely to affect the import of such information.

### **General**

This Supplement sets out information in relation to the Shares and the Fund. You must also refer to the Prospectus which is separate to this document and describes the Company and provides general information about offers of shares in the Company. You should not take any action in respect of the Shares unless you have received a copy of the Prospectus. Should there be any inconsistency between the contents of the Prospectus and this Supplement, the contents of this Supplement will, to the extent of any such inconsistency, prevail. This Supplement and the Prospectus should both be carefully read in their entirety before any investment decision with respect to Shares is made.

As of the date of this Supplement, the Company does not have any loan capital (including term loans) outstanding or created but unissued and no outstanding mortgages, charges or other borrowings or indebtedness in the nature of borrowings, including bank overdrafts and liabilities under acceptances or acceptance credits, hire purchase or finance lease commitments, guarantees or other contingent liabilities.

### **Distribution of this Supplement and Selling Restrictions**

Distribution of this Supplement is not authorised unless accompanied by a copy of the Prospectus and the latest annual report and audited accounts of the Company and the Fund (other than to prior recipients of the Prospectus) and if published after such report, a copy of the then latest semi annual report and unaudited accounts. The distribution of this Supplement and the offering or purchase of the Shares may be restricted in certain jurisdictions. If you receive a copy of this Supplement and/or the Prospectus you may not treat such document(s) as constituting an offer, invitation or solicitation to you to subscribe for any Shares unless, in the relevant jurisdiction, such an offer, invitation or solicitation could lawfully be made to you without compliance with any registration or other legal requirement other than those with which the Company has already complied. If you wish to apply for the opportunity to purchase any Shares it is your duty to inform yourself of, and to observe, all applicable laws and regulations of any relevant jurisdiction. In particular, you should inform yourself as to the legal requirements of so applying, and any applicable exchange control regulations and taxes in the countries of your respective citizenship, residence or domicile.

## Definitions

Words and expressions defined in the Prospectus will, unless otherwise defined in this Supplement, have the same meaning when used in this Supplement.

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## **TERMS OF THE SHARES REPRESENTING INTERESTS IN THE FUND**

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### Investment Objective

The investment objective of the Fund is to deliver the return of the Reference Index (being UBS Bloomberg BCOM Constant Maturity Commodity Index Total Return).

The Fund will return the Reference Index performance less fees and expenses on each Dealing Day.

### Investment Policy

1 In order to achieve the investment objective, the Company on behalf of the Fund intends to invest all or substantially all of the net proceeds of any issue of Shares in the manner set out below:

- (i) swaps (each swap being an agreement between the Company on behalf of the Fund and an Approved Counterparty pursuant to a master agreement in accordance with the requirements of the International Swaps and Derivatives Association, and such swaps may include funded, unfunded or total return (as further described below under "**Use of Derivative Contracts – Swaps**") (the "**Swaps**"). The purpose of the Swaps shall be to gain indirect exposure to the Reference Index/ Currency Index (as described in further detail under the heading "**Use of Derivative Contracts – Swaps**" below); and
- (ii) a portfolio of transferable securities or other eligible assets. These may include (without limitation) equity and equity-related securities; fixed income securities such as government and corporate bonds (such bonds may be rated or unrated), money market instruments, floating rate instruments, convertible securities and commercial paper and/or units of other open-ended collective investment schemes including other Funds of the Company. Any of the foregoing may be issued or arranged by a member of the UBS AG Group. Where the Fund invests in such securities and/or other eligible assets, the Fund will enter into an unfunded or total return swap to exchange, the price performance and income received in relation to such securities and/or other eligible assets for the performance of the Reference Index. In this instance, the Fund will have neither market nor credit exposure to the particular securities and other eligible assets referred to above, except in the event of a default on the part of the Approved Counterparty to the Swaps.

The equities, equity-related securities, Swaps, other eligible assets listed at (ii) above, any ancillary cash and any instruments held by the Fund (either for investment or efficient portfolio management purposes) shall constitute the "**Fund Assets**" for the purposes of the Prospectus. To the extent that the Fund invests some of the net proceeds of any issue of Shares in the manner set out in (ii) above, the Fund shall invest no more than 15% in the fixed income securities mentioned in (ii) above. All instruments shall be listed and/or traded on the exchanges and markets set out in Appendix II of the Prospectus.

2 The Fund will take long positions only and the Fund will invest 100% of its net assets in long positions.

3 The Fund may, with due regard to the best interest of its Shareholders, decide from time to time to switch partially or totally from one of the above described policies to the other.

Further information relevant to the Fund's investment policy is contained in the main part of the Prospectus under "**Investment Objectives and Policies**" and under "**Investment Restrictions**".

## Index Tracking Strategy

The Fund gains exposure to the Reference Index by investing in one or more Swaps. It is not intended that the Fund will invest directly in the components of the Reference Index in order to meet the Fund's investment objective. The Fund (and the investors in the Fund) will be exposed to the full performance of the Reference Index.

The (hedged to EUR) A-acc, (hedged to CHF) A-acc, (hedged to GBP) A-acc, (hedged to HKD) A-acc, (hedged to SGD) A-acc, (hedged to JPY) A-acc, and (hedged to SEK) A-acc Share Classes intend to reduce currency risk by investing in Swaps with exposure to a currency hedged version of the Reference Index (each a "**Currency Index**" and together the "**Currency Indices**"). The aim of the currency hedge is to limit (though not eliminate) the FX exposure of the Class of Shares versus the currency of the Reference Index. The purpose of gaining exposure to a Currency Index is to limit, at a Share Class level, the profit or loss generated from foreign exchange exposure. This is achieved by the Currency Indices methodology referencing one month rolling forward FX contracts, as opposed to the Fund itself.

See "**General Description of the Reference Index**" section for more information on the Currency Indices.

The Fund may have counterparty risk as a result of the investment in the swaps – further information is provided in the section below headed "Use of Derivative Contracts – Swaps" and in section 6 "Risk Factors" of the Prospectus.

The anticipated level of tracking error after fees and transaction costs is up to 0.04% per annum in normal market conditions.

The annual report of the Fund, which can be found on the Website, will include the following information:

- a) The size of the realised tracking error for the year, being the volatility of the difference between the return of the Fund and the return of the Reference Index;
- b) An explanation for the divergence between the anticipated and realised tracking error for the year;
- c) The size of the annual tracking difference for the year, being the difference between the performance of the Fund and the Reference Index; and
- d) An explanation for the annual tracking difference, including the impact of transaction costs, fees and expenses on the performance of the Fund.

## Portfolio Transparency Policy

The Fund's transparency policy regarding the composition of its portfolio, and any collateral received in relation to the Swaps, is to provide position level disclosure on a daily basis. The information is published on the Website.

The assets in which the Fund will invest in order to achieve its investment objective are set out in the "Investment Policy" section above. Details on the composition of the Fund Assets will be set out on the Website.

## Use of FDI Contracts – Swaps

The Fund may enter into Swaps with a member of the UBS AG Group or any other eligible entity (being the "**Approved Counterparty**") pursuant to which the Fund will be entitled to receive from the Approved Counterparty the performance of the components of the Reference Index in exchange for the payment to the Approved Counterparty of (i) where the swap is funded, some or all of the net proceeds of any issue of Shares; (ii) where the swap is unfunded, payments linked to the return on some or all of the equities and other eligible assets held by the Fund as listed at (ii) above; and (iii) where the swap is a total return swap, payments will be based upon a set rate agreed between the parties in exchange for the return on some or all of the equities and other eligible assets held by the Fund as listed at (ii) above.

The Approved Counterparty to the Swaps and the Company on behalf of the Fund have entered into a 2002 International Swaps and Derivatives Association Master Agreement (including any supporting agreements, annexes or schedules thereto) (the "**ISDA Master Agreement**"), and will enter into confirmations for each Swap transaction. Such confirmations may be entered into before or after the relevant transaction and may be in electronic form.

The Fund will limit its exposure to Swaps that are fully funded ("Fully Funded Swaps") to 10% of its net assets. Fully Funded Swaps are swap agreements pursuant to which a Fund transfers a cash amount in full consideration of the swap value to the counterparty. In return the Fund will be entitled to receive the performance of the relevant investment strategy under the terms of the swap agreement. The counterparty will transfer collateral to the Fund in accordance with the UCITS rules to mitigate credit risk to the counterparty arising from entering into the swap agreement. Fully Funded Swaps are used to enhance the liquidity of the Fund.

The Swaps will at all times be valued in accordance with the provisions of the Prospectus. The valuation of the Swaps will reflect the relative movements in the performance of the Reference Index and the Fund's holding of transferable securities and/or other Fund Assets as may be referenced under the Swaps. Depending on the value of the Swaps, the Fund will have to make a payment to the Approved Counterparty or will receive such a payment. Where the Fund has to make a payment to the Approved Counterparty, this payment will be made from the proceeds and, as the case may be, the disposal of some or all of the transferable securities and/or other Fund Assets in which the Fund has invested.

As set out in Section 5 of the Prospectus, the Company will ensure that the counterparty risk exposure under the Swaps never exceeds the limits required by the Regulations and the Central Bank. Accordingly, the Company will reduce such counterparty exposure by causing the Approved Counterparty, where necessary, to provide appropriate Collateral to the Company on behalf of the relevant Fund (or as otherwise permitted by the Central Bank) under the terms of ISDA Master Agreement, in accordance with the Investment Restrictions. Alternatively, the Company may reduce its risk exposure to the Approved Counterparty by causing the Approved Counterparty to reset the Swaps or vice versa. This may result in a corresponding payment from the Fund to the Approved Counterparty.

The Swaps may be terminated by either party at any time or on the occurrence of certain events with respect to either the Fund or the Approved Counterparty including, but not limited to, an event of default (such as a failure to pay, breach of agreement or bankruptcy) or a termination event (which is not due to the fault of either party, for example, illegality or a change in the tax or accounting laws), in which case the non-defaulting party or the unaffected party respectively is entitled to calculate the close-out value of the Swaps and it will do so in line with the industry standard requirements set out in the ISDA Master Agreement. The Fund may then enter into new Swaps (unless the Directors resolve that it is inadvisable to do so) or, if the Directors determine that there is no reasonable way to achieve the investment objective, the Fund may be terminated in accordance with the provisions of the Prospectus.

### **Securities Lending and Repurchase Transactions**

The Company may (for the purposes of efficient portfolio management only) enter into stock lending arrangements and/or Repurchase Transactions with financial institutions (including with a member of the UBS AG Group as the stock borrower or counterparty to the Repurchase Transaction) with a minimum credit rating at the time the relevant transaction as permitted by the Regulations, or which are deemed by the Fund to have an implied credit rating at least equal to such level (a "**Counterparty**"). Any such stock lending arrangement and Repurchase Transaction will be subject to the conditions, limits and requirements of the Central Bank and the provisions of the Prospectus. In these transactions, Collateral will move between the Company and the relevant Counterparty in order to mitigate any counterparty risk.

Investors should also note the information contained in the "Securities Lending and Repurchase Transactions" and "Collateral Policy" sections in the main body of the Prospectus.

**The Company on behalf of the Fund has filed with the Central Bank its risk management policy which enables it to accurately measure, monitor and manage the various risks associated with the use of FDIs. The Company will, on request, provide supplementary information to Shareholders relating to the risk management methods employed, including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments.**

**The Company will use the commitment approach for the purposes of calculating global exposure for the Fund. The Fund's total exposure to the Reference Index will be limited to 100% of Net Asset Value.**

### **Efficient Portfolio Management**

The Company may also (for the purposes of efficient portfolio and cash management and not for investment purposes), invest in cash deposits, money market instruments, OTC options and units of UCITS regulated money market collective investment schemes.

Further information on efficient portfolio management is contained in the main body of the prospectus under the heading "Use of Financial Derivative Instruments and Efficient Portfolio Management".

### **Investment Restrictions**

Investors in particular must note that the general investment restrictions set out under "**Investment Restrictions**" in the Prospectus apply to the Fund. In addition the following investment restrictions shall apply to the Fund:

The Fund shall not invest in a fund of the Company which itself holds shares in any other fund of the Company.

### **Disruption Events**

The following Disruption Events shall apply to the Fund in addition to those set out in the Prospectus:

- (i) the Index Provider makes an adjustment or modification to the calculation of the Reference Index;
- (ii) the Approved Counterparty is:
  - (a) prevented, hindered or impaired from conducting one or more of its activity/activities in a commercially reasonable manner in connection with the establishment, maintenance, adjustment or termination of any transaction(s) in order to fully hedge its exposure in respect of the Reference Index; and/or
  - (b) prevented, hindered or impaired from performing one or more of its obligation(s) in a commercially reasonable manner,under the terms of the relevant Swaps, with the consequence that the Approved Counterparty or the Calculation Agent (as applicable) elects to:
  - i. adjust the terms of the Swaps; and/or
  - ii. delay payment to the Fund under the terms of the Swaps; and/or
  - iii. terminate the Swaps;
- (iii) the Index Provider fails or delays in calculating, announcing and/or publishing the Reference Index level.

### **Consequences of Disruption Events**

As further described in the Prospectus and as set out above, upon the occurrence of a Disruption Event including an Index Disruption and Adjustment Event (and without limitation to the Directors' personal powers), (i) the Approved Counterparty (where acting as the relevant Calculation Agent or otherwise) may either (a) terminate one or more of the relevant Swaps or (b) make adjustments to the terms or valuation of the relevant Swaps and other derivative contracts to account for such event and the Net Asset Value may be affected by such adjustment; (ii) the Directors may temporarily suspend the calculation of the Net Asset Value and any subscription, redemption and exchange of Shares; and/or (iii) the Directors may, in certain circumstances, terminate the Fund.

### **Leverage**

The Fund will not be leveraged. The market risk of the Fund associated with the use of FDIs will be measured using the commitment approach in accordance with the requirements of the Central Bank.

## Borrowings

In accordance with the general provisions set out in the Prospectus under the heading "**Borrowing and Lending Powers**", the Company on behalf of the Fund may borrow up to 10% of the Net Asset Value of the Fund on a temporary basis. Such borrowings may only be used for short term liquidity purposes to cover the redemption of Shares.

## Dividend Policy

The Fund does not intend to issue dividends. However, the Directors may, in their absolute discretion, determine to declare dividends in respect of any Share Class and Shareholders will be notified accordingly. Any dividends payable by the Fund will be effected in accordance with the Dividend Policy stated in the Prospectus.

The dividend payments may be as low as zero. There is no guarantee that any dividend will be declared. For the avoidance of doubt, the payment of a dividend (if any) will reduce the Net Asset Value of the relevant Share Class accordingly.

## Limited Recourse

A Shareholder will solely be entitled to look to the Fund Assets in respect of all payments in respect of its Shares. If the realised net assets of the Fund are insufficient to pay any amounts payable in respect of the Shares, the Shareholder will have no further right of payment in respect of such Shares nor any claim against or recourse to any of the assets of any other Fund or any other asset of the Company.

## Listing

Application will be made to such exchanges as the Directors may determine from time to time (the "**Relevant Stock Exchanges**") for the listing of the Shares issued and available to be issued and to be admitted to listing on the official list and trading on each of the Relevant Stock Exchanges on or about the Launch Date. This Supplement and the Prospectus together comprise listing particulars for the purposes of listing the Shares on the official list and trading on the main market of each of the Relevant Stock Exchanges.

## Exchange Traded Fund

The Fund is an Exchange Traded Fund ("**ETF**"). The Shares of this Fund (where they are listed on the Relevant Stock Exchanges) are fully transferable among investors. It is envisaged that Shares will be bought and sold by public and institutional investors in the secondary market in the same way as the ordinary shares of a listed trading company.

The Directors of the Company may create new Share Classes from time to time, provided that the creation of any such new Share Classes is notified in advance to and cleared by the Central Bank. A separate pool of assets will not be maintained for each of the Share Classes.

## General Information Relating to the Fund

<b>Type</b>	Open-ended
<b>Base Currency</b>	US Dollar (" <b>USD</b> ")
<b>Business Day</b>	A day (other than a Saturday or Sunday) on which (i) banks are open for business in Dublin, London and New York; (ii) the Reference Index is published by the Index Provider or such other day or days as the Directors may from time to time determine and notify in advance to Shareholders. For the avoidance of doubt, there shall be at least two Dealing Days per month at regular intervals.
<b>Dealing Day</b>	Any Business Day.
<b>Dealing Deadline</b>	1.00 p.m. (Dublin time) on the relevant Dealing Day.
<b>Launch Date</b>	Means 23 <sup>rd</sup> May 2017, unless this is not a Business Day, in which case it will be the next

	following Business Day, or such other date as the Board of Directors may determine.
<b>Initial Offer Period</b>	The Initial Offer Period will start at 9.00 a.m. (Dublin time) on 17 May 2017 and close at 5.00 p.m. (Dublin time) on 22 May 2017 or such earlier or later date as the Directors may determine.
<b>Minimum Fund Size</b>	USD 100 million
<b>Valuation Point</b>	10:30 pm (Dublin time) on the relevant Dealing Day.
<b>Settlement Date</b>	Up to three Business Days after the relevant Dealing Day.
<b>Minimum Holding</b>	1 Share
<b>Minimum Subscription Amount</b>	100,000 USD or its equivalent in another currency or such amount as may be determined by the Directors. Investors will be notified of any change to the Minimum Subscription Amount/basket size.
<b>Minimum Redemption Amount</b>	100,000 USD or its equivalent in another currency or such amount as may be determined by the Directors. Investors will be notified of any change to the Minimum Redemption Amount/basket.
<b>Website</b>	<a href="http://www.ubs.com/ETF">www.ubs.com/ETF</a> - information on Fund Assets and the Fund's iNAV is set out on the Website.

## Description of the Shares

### Share Classes

Share Class*	"(USD) A-acc"	***(hedged to EUR) A-acc"	***( hedged to CHF) A-acc"	***( hedged to GBP) A-acc"	***( hedged to HKD) A-acc"	***( hedged to SGD) A-acc"	***( hedged to JPY) A-acc"	***( hedged to SEK) A-acc"
<b>Initial Issue</b>	10	10	10	10	HKD 100	SGD 10	JPY 1,000	SEK 100

\* Together the "A-acc" Share Classes

\*\* Each Share Class not denominated in the Base Currency will have a currency hedged exposure through the relevant Currency Index. Such Share Class's performance may differ from that of the Base Currency Share Classes due to currency hedging and currency hedging costs.

### Fees and Expenses

The following fees will be incurred on each Share by Shareholders (and will not be incurred by the Company on behalf the Fund, and accordingly will not affect the Net Asset Value of the relevant Share Class of the Fund):

<b>Share Class</b>	"A-acc"
<b>Subscription Charge*</b>	Up to 5%
<b>Redemption Charge**</b>	Up to 3%

<b>Exchange Charge</b>	Up to 3%
<b>Primary Market Transaction Costs***</b>	Up to 1%

\* The Subscription Charge is deducted from the investment amount received from an investor for subscription for Shares. The Manager may waive all or part of the Subscription Charge in the event that the Shares purchased by a Shareholder correspond at least to the Minimum Subscription Amount/basket or a multiple thereof or for any other reason at the Manager's sole discretion.

\*\* The Redemption Charge is deducted from the redemption proceeds payable to the investor. The Manager may waive all or part of the Redemption Charge in the event that the Shares redeemed by a Shareholder correspond at least to the Minimum Redemption Amount/basket or a multiple thereof or for any other reason at the Manager's sole discretion.

\*\*\*The Manager may waive all or part of the Primary Market Transaction Costs in the event that the Shares subscribed or redeemed by a Shareholder correspond at least to the Minimum Redemption Amount/basket or a multiple thereof or for any other reason at the Manager's sole discretion.

Separate to and distinct from the Subscription Charge, Redemption Charge, Exchange Charge and Primary Market Transaction Costs, which shall be deducted from the investment amount received from an investor or deducted from the redemption proceeds payable to the investor or used to purchase the Shares of the New Class (as appropriate), the following fees and expenses will be incurred by the Company on behalf of the Fund and will affect the Net Asset Value of the relevant Share Class of the Fund:

<b>Share Class</b>	"A-acc"
<b>Flat-Fees</b>	Up to 0.37% per annum

The Promoter shall discharge the fees associated with the establishment and approval of the Fund.

This section headed "**Fees and Expenses**" should be read in conjunction with the sections headed "**Fees and Expenses**" and "**Issue and Repurchase Price/Calculation of Net Asset Value/Valuation of Assets**" in the Prospectus.

### **GENERAL DESCRIPTION OF THE REFERENCE INDEX**

The Reference Index is the UBS Bloomberg BCOM Constant Maturity Index ("**the Reference Index**"). The Reference Index is further described below but only represents an extract of information available and neither the Directors, the Manager, UBS AG, Bloomberg Finance L.P. (UBS AG and Bloomberg Finance L.P. together, and/or any such other successor sponsor(s) to the Reference Index, the "**Index Provider**") nor the Investment Manager take any responsibility for the accuracy or completeness of such information.

The Reference Index was developed to offer investors a commodity index that recognised the various maturities of commodity futures contracts that are available in commodity markets. Previously, commodity indices have been limited to those offering an index based on short term commodity futures contracts, whereas the Reference Index enables the construction of commodity exposures across maturities and across commodity categories of energy, industrial metals, precious metals, agriculture and livestock. The Reference Index is made up of 22 components across commodity categories.

For an index providing exposure to commodities such as the Reference Index, where categories of components making up the relevant index are highly correlated, such highly correlated categories must be considered as sub-categories of the same commodity (in other words, components that are highly correlated must be considered as representing one component of the relevant index for the purposes of calculating the Fund's exposures). The Reference Index includes one component with a weighting of more

than 20% and up to 35% (taking into account high correlation between certain components of the Reference Index such that they are considered together to constitute one component). Pursuant to the Regulations, the Fund is permitted to gain exposure to one component that represents more than 20% and up to 35% of the Reference Index where justified by exceptional market conditions.

Whilst the Reference Index is designed to provide broad-based exposure to commodities as an asset class across five main groups (agriculture, energy, industrial metals, precious metals and livestock), the oil and gasoline components within the energy group are highly correlated, and on a combined basis, they have a typical weighting of more than 20% and up to 35% of the Reference Index. Their high weighting in the Reference Index is partly due to the economic significance of the energy group and of these components as measured by their relative share of global production and futures liquidity. In order to properly reflect the economic significance of the oil and gasoline components within the energy group and within the commodities sector as a whole, it is necessary for the Reference Index, and consequently the Fund, to have a typical weighting of more than 20% and up to 35% to these highly correlated components.

Where the Investment Manager becomes aware that the weighting of any particular component in the Reference Index exceeds the permitted investment restrictions, the Investment Manager will seek to amend the Fund's investment exposure to ensure the Fund operates within the permitted investment restrictions, while keeping the best interests of the Shareholders in consideration.

The Reference Index is calculated in USD, and includes a notional exposure to the USD 3 month treasury bill interest rate. The Reference Index has different Currency Indices, including Currency Indices denominated in Euro, GBP, CHF, HKD, SGD, JPY and SEK. Such Currency Indices employ forward FX contracts to provide the relevant currency return. The Currency Indices are designed to represent the returns of the Reference Index while reducing currency risk but not the underlying commodity market risk. By employing such a strategy, the Currency Indices seek to reduce the risk of downward currency fluctuations although potential currency gains may also be sacrificed.

The Reference Index is rebalanced on a monthly basis back to its target weights. Details of the target weights are available at <https://www.ubs.com/global/en/investment-bank/bloomberg-cmci/commodity-strategies.html>.

The rebalancing frequency of the Reference Index has no impact on the transaction costs associated with the Fund as any rebalancing is not expected to require any higher frequency of position turnover in the Fund than would otherwise be the case were the Reference Index to be static.

The Reference Index is calculated in USD (Dollar).

#### *Index Provider and website*

The Reference Index is governed by the Bloomberg Finance L.P. ("Index Administrator") via its internal processes. The Index Administrator controls the creation and operation of the administrative process, including all stages and processes involved in the production and dissemination of the Reference Index. UBS AG ("Index Owner") is the sole owner of the intellectual property rights with respect to the Reference Index. More details on the Reference Index, including its underlying components and its calculation methodology can be found at <https://www.ubs.com/global/en/investment-bank/bloomberg-cmci/universe/composite-index/bcom.html>.

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## **OTHER INFORMATION**

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### **Risk Factors**

Certain risks relating to the Shares are set out under the heading "**Risk Factors**" in the Prospectus. In addition, Shareholders must also note that:

- (a) The sub-funds of the Company are segregated as a matter of Irish law and as such, in Ireland, the assets of one sub-fund will not be available to satisfy the liabilities of another sub-fund. However, it should be noted that the Company is a single legal entity which may operate or have assets held on its behalf or be subject to claims in other jurisdictions which may not necessarily recognise

such segregation. There can be no guarantee that the courts of any jurisdiction outside Ireland will respect the limitations on liability as set out above.

- (b) Upon the occurrence of a Disruption Event or an Index Disruption and Adjustment Event (and without limitation to the Directors' personal powers as further described in the Prospectus); (i) adjustments may be made to account for any such event (including adjustment to the Reference Index, the calculation of the Reference Index level and/or changes to the terms of the derivative contracts) which may have a significant impact on the Net Asset Value of the Fund; (ii) the Directors may temporarily suspend the calculation of the Net Asset Value and any subscription, redemption and exchange of Shares and payment of redemption proceeds in accordance with the provisions of the Prospectus under the section "Suspension of Calculation of Net Asset Value"; and/or (iii) the Directors may, in certain circumstances as set out in the Prospectus, terminate the Fund.
- (c) The return payable under the Swaps with a counterparty is subject to the credit risk of the counterparty. In addition, the counterparty will generally act as the calculation agent under the Swaps (the "**Calculation Agent**") and perform those duties agreed in the ISDA Master Agreement and confirmation for the relevant Swaps. Shareholders should note that not only will they be exposed to the credit risk of the counterparty but also potential conflicts of interest in the performance of the function of Calculation Agent by the counterparty. The counterparty will use its reasonable endeavours to resolve any such conflicts of interest fairly (having regard to its respective obligations and duties) and to ensure that the interests of the Company and the Shareholders are not unfairly prejudiced. The Directors believe that the counterparty will be suitable and competent to act as Calculation Agent. Any valuations provided by the counterparty in its role as Calculation Agent will be verified at least weekly by a party independent of the counterparty as sourced by the Administrator and approved by the Custodian.
- (d) The Fund is highly dynamic and may exhibit above-average potential growth and investment performance, depending on the economic environment. The opportunities for above average growth may in some circumstances lead to extreme positive and negative fluctuations in the Net Asset Value of the Fund.
- (e) The value of investments and the income from them, and therefore the value of and income from the Shares can go down as well as up and an investor may not get back the amount invested. The Fund's exposure is linked to the performance of the components of the Reference Index which, in turn, is exposed to general market movements (negative as well as positive).
- (f) There can be no assurance that the Reference Index will be successful at producing positive returns consistently or at all. The Index Provider makes no representation or warranty, express or implied, that the Reference Index will produce positive returns at any time.
- (g) There are Classes of Shares issued in respect of the Fund. Additional Classes of Shares may be created at any time without the consent of the then existing Shareholders in accordance with the Central Bank's requirements. Each Class of Shares issued in respect of the Fund will perform differently as a result of differences of currency and fees (as applicable). The Company on behalf of the Fund will enter into Swaps that are designed to generate the cash flows payable in respect of the Shares of the relevant Classes. There is no legal segregation of assets and liabilities between Classes and there is no separate portfolio of assets held for each Class.
- (h) The Company on behalf of the Fund will enter into a separate Derivative Contract in respect of each Class. Each Derivative Contract will be on similar terms except that each Derivative Contract will provide a return in the currency of denomination of each Class of Shares to which it relates.
- (i) Classes of Shares denominated in currencies other than USD are exposed to the Currency Index of the Reference Index relating to the currency of the Share Class denomination. Consequently, returns in respect of a Base Currency Share Class may differ from those in respect of Non-Base Currency Share Classes due to currency hedging costs.
- (j) The Fund's use of the Reference Index is licensed by the Index Provider. If at any time, the licence is terminated or the Reference Index otherwise becomes unavailable, unreliable, inaccurate or unrepresentative, the Fund Directors may exercise their discretion to terminate the Fund in accordance with the terms of the Memorandum and Articles of Association.

- (k) The Fund is exposed to the investment risk arising from the Reference Index underlying the ISDA Master Agreement. The Fund is therefore exposed to the risks inherent to investments in commodity markets.
- (l) Some of the markets in which the Fund may effect derivative transactions are "over-the-counter" or "interdealer" markets, which may be illiquid and are sometimes subject to larger spreads than exchange-traded derivative transactions. The participants in such markets are typically not subject to credit evaluation and regulatory oversight, which would be the case with members of "exchange-based" markets. This exposes the Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a credit or liquidity problem with the counterparty. Delays in settlement may also result from disputes over the terms of the contract (whether or not bona fide) since such markets may lack the established rules and procedures for swift settlement of disputes among market participants found in "exchange-based" markets. These factors may cause the Fund to suffer a loss due to adverse market movements while replacement transactions are executed or otherwise.
- (m) Whilst the Company has the right to use and reference the Reference Index in connection with the Fund in accordance with the terms of the Reference Index license, in the event that the licence is terminated the Fund may be terminated or if any other Index Disruption and Adjustment Event occurs, adjustments may be made to the terms of the Swaps after negotiation with each Approved Counterparty to account for any such event including adjustment to the Reference Index or the calculation of the Reference Index level which may have a significant impact on the Net Asset Value of the Fund.
- (n) Subject to certain pre-defined parameters, it is possible that the methodology used to calculate the Reference Index or the formulae underlying the Reference Index could change and such change may result in a decrease in the performance of the Reference Index. As such, aspects of the Reference Index could change in the future, including without limitation, the methodology and third party data sources. Any changes may be made without regard to the interests of a holder of any product linked to the Reference Index. Additionally, the Reference Index was created by the Index Provider, who has the right to permanently cancel the Reference Index at any time. Such cancellation may have a material adverse effect on any linked investments or transactions.
- (o) The Fund, through its use of the Reference Index has exposure to interest rates. Such interest rates may be negative or positive, which will impact the return the Fund negatively or positively respectively.

**Investors should also refer to the Prospectus for additional disclosure of risks.**

**Miscellaneous**

The Company has the following Funds established as at the date of this Supplement.

S&P 500 SF UCITS ETF  
 FTSE 100 SF UCITS ETF  
 HFRX GLOBAL HEDGE FUND INDEX SF UCITS ETF  
 BLOOMBERG COMMODITY INDEX SF UCITS ETF  
 CMCI COMPOSITE SF UCITS ETF  
 MSCI USA SF UCITS ETF  
 MSCI CANADA SF UCITS ETF  
 MSCI EMU SF UCITS ETF  
 MSCI JAPAN SF UCITS ETF  
 MSCI EMERGING MARKETS SF UCITS ETF  
 MSCI ACWI RISK WEIGHTED SF UCITS ETF  
 MSCI USA GROWTH SF UCITS ETF  
 MSCI EMU GROWTH SF UCITS ETF  
 MSCI AC ASIA EX JAPAN SF UCITS ETF  
 MAP BALANCED 5 SF UCITS ETF  
 MAP BALANCED 7 SF UCITS ETF  
 JPX-NIKKEI 400 SF UCITS ETF  
 MSCI ACWI SF UCITS ETF

CMCI EX-AGRICULTURE SF UCITS ETF  
BLOOMBERG COMMODITY CMCI SF UCITS ETF

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This Supplement has not been reviewed by Bloomberg Finance. This Supplement should be read in conjunction with the prospectus in respect of the relevant Product.

## COUNTRY SUPPLEMENT

for

**UBS ETFs plc**

### INFORMATION FOR INVESTORS IN THE FEDERAL REPUBLIC OF GERMANY

This Country Supplement forms part of, and should be read in conjunction with the Prospectus for UBS ETFs plc dated 12 October 2016 (the "Prospectus") and with its Supplements in respect of the Funds dated as specified below and is for use in Germany only:

Fund(s)	Share Class(es) notified for public distribution in Germany	Supplement dated
FTSE 100 SF UCITS ETF	GBP A Acc	<b>12 October 2016</b>
CMCI COMPOSITE SF UCITS ETF	USD A Acc, CHF A Acc, EUR A Acc, GBP A Acc	<b>18 October 2016</b>
S&P 500 SF UCITS ETF	USD A Acc	<b>12 October 2016</b>
MSCI USA SF UCITS ETF	USD A Acc	<b>12 October 2016</b>
HFRX GLOBAL HEDGE FUND INDEX SF UCITS ETF	EUR A Acc, USD A Acc, CHF A Acc, GBP A Acc	<b>12 October 2016</b>
MSCI CANADA SF UCITS ETF	CAD A Acc	<b>12 October 2016</b>
MSCI JAPAN SF UCITS ETF	JPY A Acc	<b>12 October 2016</b>
MSCI EMU SF UCITS ETF	EUR A Acc	<b>12 October 2016</b>
MSCI Emerging Markets SF UCITS ETF	USD A Acc	<b>12 October 2016</b>
MSCI ACWI Risk Weighted SF UCITS ETF	USD A Acc	<b>12 October 2016</b>
MSCI USA Growth SF UCITS ETF	USD A Acc	<b>12 October 2016</b>
MSCI EMU Growth SF UCITS ETF	EUR A Acc	<b>12 October 2016</b>
Bloomberg Commodity Index SF UCITS ETF	USD A Acc, EUR A Acc, CHF A Acc, GBP A Acc	<b>12 October 2016</b>
MSCI AC Asia Ex Japan SF UCITS ETF	USD A Acc	<b>12 October 2016</b>
MAP Balanced 7 UCITS ETF SF UCITS ETF	USD A Acc, EUR A Acc	<b>12 October 2016</b>
MSCI ACWI SF UCITS ETF	USD A-acc, (hedged to GBP) A-acc, (hedged to CHF) A-acc, (hedged to EUR) A-acc, (hedged to USD) A-acc, (hedged to GBP) A-dis.	<b>12 October 2016</b>
CMCI EX-AGRICULTURE SF UCITS ETF	(USD) A-acc, (hedged to EUR) A-acc, (hedged to CHF) A-acc, (hedged to GBP) A-acc	<b>12 October 2016</b>

BLOOMBERG COMMODITY CMCI SF UCITS ETF	(USD) A-acc, (hedged to EUR) A-acc, (hedged to CHF) Aacc	16 May 2017
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- **For the additional sub-funds, namely MAP Balanced 5 UCITS ETF SF and JPX Nikkei 400 SF UCITS ETF, of the Company no notification for public distribution in the Federal Republic of Germany was submitted and shares in these sub-funds may NOT be publicly offered to investors within the scope of the German investment law.**

UBS Europe SE, An der Alster 45, 20099 Hamburg, has undertaken the function of Paying and Information Agent for the Company in the Federal Republic of Germany (the "German Paying and Information Agent").

Applications for the redemptions and conversion of shares may be sent to the German Paying and Information Agent.

All payments to investors, including redemption proceeds and potential distributions, may, upon request, be paid through the German Paying and Information Agent.

The Prospectus, the above listed supplements and Key Investor Information Documents, the Articles of Incorporation of the Company and the annual and semi-annual reports may be obtained in hardcopy, free of charge, at the office of the German Paying and Information Agent during normal opening hours.

Issue, redemption and conversion prices of the shares, and any other information to the shareholders, are also available free of charge from the German Paying and Information Agent.

The following documents are furthermore available free of charge to the shareholders for inspection in paper form at the office at the German Paying and Information Agent during usual business hours.

- the Regulations
- a list of past and current directorships and partnerships held by each Director over the last five years
- the UCITS series of notices issued by the Financial Regulator.
- the Management Agreement dated 25 June 2010 between the Company and the Manager
- the Investment Management Agreement dated 25 June 2010 between the Manager and the Investment Manager
- the Depositary Agreement dated 12 October 2016 between the Company and the Depositary
- the Administration Agreement dated 25 June 2010 between the Manager, the Company and the Administrator
- the Distribution Agreement dated 25 June 2010 between the Manager and Distributor

The issue and redemption prices, together with any other information to the Shareholders will be published on the fund's website [www.ubs.com/etf](http://www.ubs.com/etf) in German.

In addition, communications to investors in the Federal Republic of Germany by means of a durable medium (§ 167 Capital Investment Code) in the following cases:

- suspension of the redemption of the units,
- termination of the management of the fund or its liquidation,
- any amendments to the fund rules which are inconsistent with the previous investment principles, which affect material investor rights or which relate to remuneration and reimbursement of expenses that may be paid or made out of the asset pool,
- merger of the fund with one or more other funds and

- the change of the fund into a feeder fund or the modification of a master fund.

## **Information on Taxation in the Federal Republic of Germany**

The following information gives an overview of the income tax consequences of the investment in shares of the Funds. The statements contained herein do not purport to be exhaustive and can in no case replace individual professional tax advice. The information relates exclusively to the German taxation of Shareholders in the Funds with unlimited tax liability in Germany (hereinafter referred to as "Shareholders"). The information is based on an interpretation of the tax laws in effect as of 22 June 2016. The tax treatment may change at any time – even retroactively – and depends on the individual circumstances of the Shareholders. Shareholders and prospective investors are strongly advised to seek advice from their tax advisors regarding the tax consequences of their investment in shares of the Funds.

### **I. Transparent Taxation**

It is intended to comply with the requirements for the taxation of Shareholders in accordance with the rules applicable to investment funds and the so-called "transparent tax regime" (German Investment Tax Act ("InvStG")). It can, however, not be guaranteed that such requirements will actually be met. Negative tax consequences resulting from non-compliance (as described in the paragraph "II. Lump-sum taxation") cannot be excluded.

#### **Current taxation**

Shareholders are subject to taxation on any distributions and on any income of the Funds not used for distributions or coverage of costs. Retained net income (so-called deemed distributions) is deemed to have accrued to Shareholders for tax purposes as at the end of each fiscal year. If, however, income is distributed in respect of a fiscal year after the end of such year, the deemed distribution is generally deemed to have accrued to Shareholders at the time of the relevant distribution. For Shareholders holding their shares as private assets (hereinafter referred to as "Private Investors"), distributions and deemed distributions will be deemed to constitute capital income within the meaning of Section 20 para. 1 no. 1 of the German Income Tax Act (*Einkommensteuergesetz*, "EStG"). If the shares are held as part of business assets ("Business Investors"), the distributions and deemed distributions constitute business income.

The income of the Funds is calculated as surplus of the earnings over the expenses. On the level of the Funds only income of the same type can be offset. If the result of a certain category of income is negative (cost surplus), the negative income will be carried forward and can be offset with positive income of the same type in the following years. Negative income cannot be attributed to Shareholders.

#### **Composition of taxable earnings of the Funds**

The taxable earnings of the Funds, whether distributed or deemed to be distributed (i.e. retained net income), include, in principle, any investment income (e.g. interest and dividend income) as well as other income and capital gains (Section 1 para. 3 clause 2 and 3 InvStG). Dividend income (if any) of the Funds is fully taxable in the hands of Private and Corporate Investors and, since the Funds do not calculate the equity gain I (*Aktiengewinn I*), also for non-corporate Business Investors.

Capital gains derived by the Funds from derivative transactions within the meaning of Section 20 para. 2 clause 1 no. 3 EStG are not part of the deemed distributions. This includes for example gains from options and gains from swap transactions through which the Funds obtain a cash settlement or a cash amount or benefit determined by reference to a variable underlying.

The taxable earnings of the Funds, whether distributed or deemed to be distributed, comprise, in particular, gains derived by the Funds from the sale of other capital claims pursuant to Section 20 para. 2 clause 1 no. 7 EStG. This would include gains from such derivative transactions which involve the granting of capital. Pursuant to Section 1 para. 3 clause 3 no. 1 lit. b and c InvStG, such gains would be part of deemed distributed income if: (i) repayment of the capital provided is agreed or granted (in full or in part); or (ii) no separate consideration for providing the capital is agreed or granted; and the repayment of capital is linked to the performance of a single share or a published stock index and where such performance is replicated on a 1:1 basis. Hence, gains from derivative transactions involving the granting of capital and referenced for example to the performance of a hedge fund or commodities index, are not part of the deemed distributed income and taxed only upon distributions.

Also gains derived by the Funds from the sale of shares in corporations and subscription rights to shares in corporations are not attributed to Shareholders for tax purposes in case of retention by the Funds. Such gains are taxed only upon distribution.

Private Investors are subject to the definitive flat tax (*Abgeltungsteuer*) with any of the aforementioned gains in case of a distribution. In case of Business Investors the distribution (not however the retention) of the aforementioned gains constitutes business income. The partial tax exemption of gains from shares in corporations existing in relation to Business Investors who are subject to income tax or corporation tax pursuant to Section 3 no. 40 lit. a EStG and Section 8b para. 2 KStG does not apply, since the Funds do not publish the equity gain II (*Aktiengewinn II*) (cf. Section 5 para. 2 clause 4 InvStG).

### **Redemption and sale of Fund shares**

Gains on a redemption or sale of shares of the Funds acquired by a Private Investor are subject to tax irrespective of the holding period. Business Investors are also subject to tax on any such capital gains irrespective of the holding period. The taxable gain of a Private Investor is inter alia reduced by the amount of earnings deemed to have been distributed during the holding of the fund shares and the published value for the interim profit at disposal date and is increased by the published interim profit at acquisition date of the fund shares. Investors drawing up a balance sheet capitalise an adjustment item in connection with the attribution of deemed distributions which, upon the sale or redemption of fund shares, is deleted and recognised as an expense.

### **Tax rates**

To the extent that distributions, deemed distributions or gains from the sale or redemption of fund shares are taxable in the hands of Private Investors, in principle, the special tax rate for capital investment income of 25 % (plus 5,5 % solidarity surcharge) applies. Upon application by the taxpayer the personal income tax rate will be applied if more beneficial for the respective taxpayer.

Business Investors are taxed on taxable income and gains at their personal income tax rate (plus 5,5 % solidarity surcharge). In relation to Shareholders subject to corporate income tax a tax rate of 15 % (plus 5,5 % solidarity surcharge) applies. In case of a trade or business, the income is also subject to trade tax.

### **Deduction of withholding tax (*Kapitalertragsteuer*)**

If distributions of the Funds or proceeds from a sale or redemption of shares are paid out or credited through a credit institution acting within Germany (or an equivalent enterprise) which keeps in custody or administers shares ("custody case") or which pays out or credits the distributions or proceeds against surrender of share certificates ("over-the-counter case"), such institution must generally deduct withholding tax. In relation to Private Investors the tax deduction will be definitive as a rule (so-called "*Abgeltungsteuer*").

On a distribution, the withholding tax is deducted from distributed income and the deemed distribution.

On a sale or redemption of a share in the Funds, withholding tax is deducted from the interim profit and earnings per share deemed to have accrued to an investor for German tax purposes after 31 December 1993, to the extent that such earnings have not yet been subject to a deduction of withholding tax. If the credit institution making the payment has purchased or sold the share and since then kept it in custody, withholding tax is only deducted from the interim profit and such earnings which are deemed to have accrued during the period of custody and which were not subject to a deduction of tax on a distribution. In addition, in the case of Shareholders subject to income tax (however not in the case of corporate Shareholders and Business Investors subject to income tax who have provided the paying agent with the respective statement) also the gain from the sale of shares in the Funds is subject to tax deduction.

The withholding tax rate in the case of distributions, sales or redemptions amounts to 26,375 % (including solidarity surcharge). The withholding tax deducted can generally be credited against the relevant Shareholder's personal or corporate income tax, as the case may be, or be refunded in the course of the relevant Shareholder's tax assessment. Shareholders are required to state the income derived from the Funds on their income tax return.

### **Impacts of Tax Audits**

The published German tax information of the Funds may be reviewed by the German fiscal authorities. If the Funds have published incorrect amounts, the differential amounts shall be taken into account in the

publication for the current financial year in which the error is detected. The correction may positively or negatively affect the taxation of shareholders who receive a distribution or are attributed deemed distributions in the current financial year.

## **II. Lump-Sum Taxation**

In case that the requirements for qualification as transparent funds under the Investment Tax Act are not met for one or several sub-funds or share classes, the respective Shareholders are subject to tax in each calendar year on the distributions on their shares and on 70% of any excess amount between the first redemption price determined in the calendar year and the last redemption price determined in the calendar year for such share; at least 6% of the last redemption price determined in the calendar year are subject to tax. Due to the ECJ-case law "van Caster" the Funds have the possibility to obtain tax transparency retroactively.

Gains derived by a Private Investor from the redemption or sale of shares in the Funds will be taxable irrespective of the holding period. Business Investors are also subject to tax on any capital gains from the sale or redemption of the shares in the Funds irrespective of the holding period.

The full amounts of the distributions shall be subject to a tax deduction at the rates set out in the paragraphs mentioned above. In the event of a disposal or redemption of shares, such tax deduction will also be made at the rates set out above from the interim profit plus the sum of any income per share deemed to have accrued to Shareholders after 31 December 1993 for German tax purposes, which have not yet been subject to a deduction. For Shareholders subject to income tax (not, however, in the case of corporate Shareholders and Business Investors subject to income tax, who have provided the paying agent with the respective statement), capital gains derived from redemption or sale of shares of the Funds are subject to a tax deduction, whereby the capital gain is adjusted by the interim profit and the accumulated deemed distributed income.