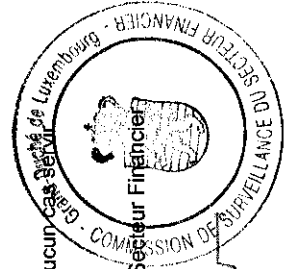
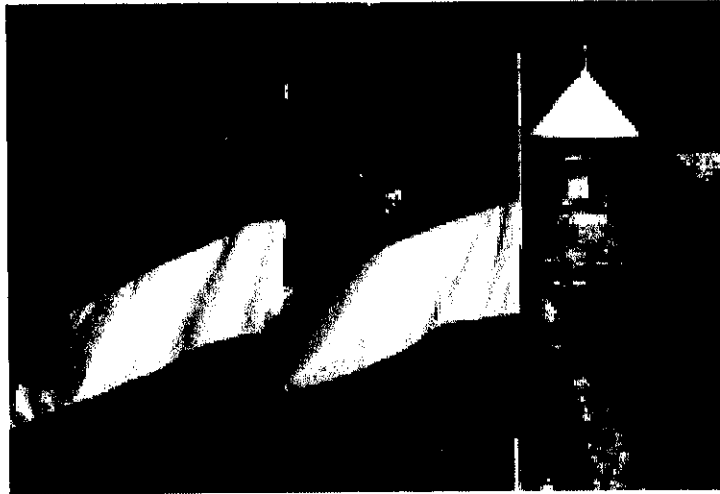


LUXALPHA SICAV

Société d'investissement à capital variable
291 Route d'Arlon, L-1150 Luxembourg



VISA 2004/2337-3665-0-PC

L'apposition du visa ne peut en aucun cas servir d'argument de publicité
Luxembourg, le 11/08/2004
Commission de Surveillance du Secteur Financier

SALES PROSPECTUS

August 2004

Distribution of this Prospectus is not authorised unless it is accompanied by a copy of the latest available annual report of LUXALPHA SICAV (the "Fund") containing the audited balance-sheet and a copy of the latest half-yearly report, if published after such annual report. The sales prospectus and the respective annual and semi-annual reports may be obtained free of charge from all paying agents and sales agencies. It is prohibited to disclose information on the Fund, which is not contained in this sales prospectus, the documents mentioned therein, the latest annual report and any subsequent semi-annual report. The English version of this sales prospectus is binding.

LUXALPHA SICAV
TABLE OF CONTENTS

TABLE OF CONTENTS	2
INTRODUCTION	3
SECTION I: DESCRIPTION OF THE AVAILABLE SUBFUNDS	4
SECTION II: GENERAL PROVISIONS	7
MANAGEMENT AND ADMINISTRATION	7
1. THE FUND	8
<i>STRUCTURE OF THE FUND</i>	8
<i>LEGAL ASPECTS</i>	8
2. INVESTMENT OBJECTIVES AND POLICY	9
3. INVESTMENTS IN THE LUXALPHA SICAV	9
<i>NET ASSET VALUE</i>	9
<i>ISSUE AND CONVERSION OF SHARES</i>	10
<i>REDEMPTION OF SHARES</i>	12
<i>SUSPENSION OF THE NET ASSET VALUE CALCULATION AND OF THE ISSUE,</i> <i>CONVERSION AND REDEMPTION OF SHARES</i>	12
4. LIQUIDATION, TERMINATION AND MERGING OF THE FUND AND ITS SUBFUNDS	13
<i>LIQUIDATION OF THE FUND</i>	13
<i>TERMINATION OF A SUBFUND</i>	13
<i>MERGER OF SUBFUNDS OR OF ONE SUBFUND WITH ANOTHER UCITS</i>	13
5. DIVIDEND POLICY	14
6. SPONSOR	14
7. CUSTODIAN BANK	14
8. ADMINISTRATIVE AGENT	15
9. PORTFOLIO MANAGER/ADVISOR	15
10. TAXATION	15
11. CHARGES AND EXPENSES	16
12. INFORMATION AVAILABLE TO SHAREHOLDERS	16
13. INVESTMENT GUIDELINES	17
<i>INVESTMENT RESTRICTIONS</i>	17
<i>FINANCIAL TECHNIQUES AND INSTRUMENTS</i>	22

INTRODUCTION

LUXALPHA SICAV (the "Fund") is a company organised as a *société d'investissement à capital variable* ("SICAV") and is registered under Part I of the Luxembourg law of December 20, 2002 on collective investment undertakings (the "Law"). This registration pursuant to the Law does not require any Luxembourg authority to approve or disapprove either the adequacy of this Prospectus or the portfolio of securities held by the Fund. Any representation to the contrary is unauthorised and unlawful.

This Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not allowed. In particular, the shares of the Fund have not been registered with the Securities and Exchange Commission (SEC) of the United States of America and may therefore not be offered in the United States of America or in any state, territory or possession thereof or areas subject to its jurisdiction. The Subfunds may be registered in different distribution countries.

Potential subscribers to the Fund should inform themselves on applicable laws and regulations (i.e. as to the possible tax requirements or foreign exchange control) of the countries of their citizenship, residence or domicile, and which might be relevant to the subscription, purchase, holding, conversion and redemption of shares.

Any reference to "EUR" in this Prospectus refers to the official currency of the European Monetary Union.

Any reference to "USD" in this Prospectus refers to the official currency of the United States of America.

This Prospectus is subject to changes concerning the addition or suppression of Subfunds as well as other modifications. Therefore it is advisable for subscribers to ask for the most recent issue of the Prospectus.

Potential subscribers should note that the structure of the Prospectus is made up of Section I which contains the regulations applicable to each individual Subfund and of Section II which contains the regulations to which the Fund is subject as a whole.

SECTION I: DESCRIPTION OF THE AVAILABLE SUBFUNDS

- List of available subfund
Subfund LUXALPHA SICAV – American Selection
- Unless otherwise indicated in the tables below, each Subfund of LUXALPHA SICAV is subject to the general regulations as set out in Section II of this Prospectus.

LUXALPHA SICAV – American Selection

This specific section describes the particularity of the Subfund LUXALPHA SICAV – American Selection. It is part of the general sales prospectus. Therefore, all information given herein should be considered in connection with this general prospectus.

Profile of the typical investors

The Sub-Fund is suitable for investors who consider investments in the Sub-Fund as a convenient way of participating in capital markets movements. The investor must be able to accept significant temporary losses, thus the Sub-Fund is suitable for investors who can afford to set aside the capital for 5 years. It is designed for the investment objective of building up capital.

Investment Policy and Objective

- The aim of the Subfund is to provide investors with an opportunity to invest mainly in transferable securities listed or quoted in the United States of America and to provide a consistent performance.
- The Subfund's assets are invested according to the principle of risk diversification in equity securities listed on the New York Stock Exchange or on the NASDAQ and / or in US government securities (US T Bills).
- The Subfund may hold liquidities on an ancillary basis (which may include on an ancillary basis units of US money market mutual funds providing daily liquidity).
- The Subfund may enter into transactions relating to options on financial instruments for a purpose of efficient portfolio management in compliance with what is provided under "Financial Techniques and Instruments" (in Section II General Provisions, 13. Investment Guidelines) and in the interest of an orderly management of its assets. Due to their high volatility, options are exposed to greater risks than direct investments in securities.

Investments in the Luxalpha Sicav – American Selection

General Information

- Category of shares: Two categories are available in this Subfund:
 - Category A Shares: USD Shares
 - Category B Shares: EUR Shares

The Subfund invests its assets into transferable securities denominated in USD and is denominated in USD.

The Category A Shares: USD Shares are denominated in USD, participate in the portfolio according to their entitlements.

The Category B Shares: EUR Shares are denominated in EUR, participate in the portfolio according to their entitlements and seek to benefit from a specific hedging complement under which the non-EUR portfolio assets attributable to it are intended to be hedged against the EUR on a roll-over monthly basis; the hedging costs are born by the Category B.

- Dividend Policy: this Subfund will pursue an accumulation policy.
- Valuation Day: the NAV per share is calculated as of the fifteenth day and the last business day of each month. Should the fifteenth day of the month not be a business day in Luxembourg, the NAV is calculated on the next following business day.
- Shares will be issued as non-certificated bearer or registered shares. Upon request and against payment by the shareholder of all incurred expenses, share certificates may be issued in physical form. The Board of Directors reserves the right to issue share certificates in denominations of 1 or more shares, however fractions of shares, will not be issued in certificate form.

Subscriptions

- The shares of this Subfund are intended for a limited number of investors and the Fund may at its discretion refuse subscription requests.
- Subscription fee: up to 5% of the Net Asset Value per share for the Distributor and its appointed agents.
- The shares of the Subfund may be subscribed on each Valuation Day at the then prevailing net asset value.

Initial offerings

- Subscriptions for the initial offer starting on February 11, 2004 and ending on March 19, 2004 (the "Closing Date") will be accepted at an initial subscription price per share of USD 1.000 per Category A and EUR 1.000 per Category B shares. Payment for initial subscription should be made for good value March 26, 2004 at the latest. The Closing Date can be postponed or accelerated by the Board, upon notification to the investors, in which case the new date will be communicated to the investors and this specific section will be updated.
- The minimum initial subscription for shares as well as the minimum holding in each Category is set at respectively USD 100.000 or EUR 100.000 per investor.

Redemptions

- The shares of the Subfund may be redeemed on each Valuation Day at the then prevailing net asset value.
- Redemption fee: none

Conversions

- Shareholders may convert from one Category to another on each Valuation Day at the prevailing net asset value.
- Conversion fee: none

Management fee and performance fee

In consideration of the portfolio management services, the Portfolio Manager shall receive from the Subfund a management fee and a performance fee, as determined below.

- The management fee for the Subfund is up to 0.80 % p.a. of the Trading Assets calculated in USD, accrued on each Valuation Day and payable quarterly in arrears on the Trading Assets over the quarter.
- The Subfund shall pay quarterly in arrears a performance fee of 16% of the quarterly performance of the Trading Assets over a hurdle rate of 5% per annum; performance means the positive difference between (i) Trading Assets on the last business day of the quarter and (ii) the Trading Assets on the last business day of the previous quarter increased by a hurdle rate of one quarter of 5% per annum (the "Performance Index").

Trading Assets means Assets traded by the Portfolio Manager corresponding to the Assets of the Subfund after deduction of liquid assets necessary to pay redemption proceeds, (if any), ordinary expenses and fees, adjusted if appropriate on a pro rata temporis basis for subscription and redemption made during the quarterly period.

The performance fee is calculated on a quarterly high water mark basis, incorporating the Performance Index, which means that, if there are net losses during a calculation period, such losses are carried forward in the following calculation period(s), and must be recovered before a further performance fee may be paid, taking into account the trading gains and losses attributable to subscribed and redeemed shares occurred in previous calculated periods.

It is expected that under normal circumstances the Subfund will be fully invested so that the Trading Assets will represent about 99% of the net assets. The management fee and the performance fee figures will therefore be about the same with respect to the net assets.

SECTION II GENERAL PROVISIONS

MANAGEMENT AND ADMINISTRATION

Registered Office:	291 Route d'Arlon L-1150 Luxembourg
Board of Directors:	
Chairman:	ROGER HARTMANN Managing Director UBS (Luxembourg) S.A.
Directors:	BERND STIEHL Executive Director UBS (Luxembourg) S.A. ALAIN HONDEQUIN Executive Director, UBS (Luxembourg) S.A. HERMANN KRANZ Executive Director, UBS (Luxembourg) S.A. PIERRE DELANDMETER Attorney at law Luxembourg
Portfolio Manager:	UBS (LUXEMBOURG) S.A. 36-38, Grand-Rue L-1660 Luxembourg
Portfolio Advisor to the Portfolio Manager	ACCESS INTERNATIONAL ADVISORS, LLC 509 Madison Avenue, 22 nd floor New-York, NY 10 022 USA
Custodian and main Paying Agent:	UBS (LUXEMBOURG) S.A. 36-38, Grand-Rue L-1660 Luxembourg
Distributor:	UBS (LUXEMBOURG) S.A. 36-38, Grand-Rue L- 1660 Luxembourg
Administrative Agent:	UBS FUND SERVICES (LUXEMBOURG) S.A. 291 Route d'Arlon L- 1150 Luxembourg
Auditors:	ERNST & YOUNG 7, Parc d'Activité Syrdall L-5365 Munsbach
Legal Advisor in Luxembourg	PIERRE DELANDMETER 8-10 AVENUE MARIE-THERESE L-2132 LUXEMBOURG

1. THE FUND

STRUCTURE OF THE FUND

LUXALPHA SICAV (hereinafter call the "Fund") is an investment company qualifying as a "société d'investissement à capital variable" (SICAV) with multiple Subfunds under the laws of the Grand Duchy of Luxembourg, which envisages to invest in transferable securities, in accordance with the investment policy of each particular Subfund. The Fund complies with the requirements of the UCITS Directive EEC 85/611.

LUXALPHA SICAV is characterised by an "umbrella construction" which comprises several specific portfolio of assets known as "Subfunds" for each of which various classes of shares may be issued". Such shares belonging to a particular category shall hereinafter also be called "Subfund shares".

The entirety of the Subfunds' net assets forms the total net assets of the Fund, which at any time correspond to the share capital of the Fund and consist of fully paid in and non-par-value shares (the "shares").

At general meetings, the shareholder has the right to one vote per share held, irrespective of the difference in value of shares in the respective Subfunds. Shares of a particular Subfund carry the right of one vote per share held when voting at meetings affecting this Subfund.

The Fund is a single legal entity and the assets of a particular Subfund are only applicable to the debts, engagements and obligations of that Subfund. In respect of the relationship between the shareholders, each subfund is treated as a separate entity. The Fund is unlimited with regard to duration and total assets.

LEGAL ASPECTS

LUXALPHA SICAV was incorporated on February 5, 2004 as an open-end investment company under Luxembourg law in the legal form of a share company (société anonyme) having the status of an investment company with variable capital (Société d'investissement à capital variable) in accordance with Part I of the Luxembourg law relating to undertakings for collective investment enacted on December 20, 2002. The Fund is entered under no B 98.874 in the Luxembourg Commercial Register.

The Articles of Association were published in the "Mémorial, Recueil des Sociétés et Associations", hereinafter called "Mémorial", the official gazette of the Grand Duchy of Luxembourg, of February 24, 2004, and were deposited together with the legal notice concerning the issue of the Fund's shares at the Commercial and Company Register of the District Court of Luxembourg. Any amendment must be published in the "Mémorial". Such amendments become legally binding in respect of all shareholders subsequent to their approval by the general meeting of the shareholders.

The Fund's accounts are audited by Ernst & Young. The financial year of the Fund ends the last day of December and for the first time on 2004 The ordinary general meeting shall be held each year on the 15th day of May at 11.30 hours a.m. at the registered office of the Fund or at any address specified in the notice of meeting. If the 15th day of May happens to be a holiday, the ordinary general meeting shall be held on the next following business day. The first ordinary general meeting will be held on 2005.

The Board of Directors reserves the right to, at any point in time, launch new Subfunds. The offering memorandum and investment policy of such Subfunds are to be communicated through a revised Prospectus. In compliance with the regulations laid down in "Liquidation and merging of the Fund and its Subfunds", the Board of Directors reserves the right to liquidate or to merge certain Subfunds.

Variations in the capital of the Fund can take place without further consideration or enquiry and without the need for publication or registration in the Register of Commerce. The initial capital was USD 40.000. The minimum capital required is EUR 1.250.000. This minimum has to be reached within a time frame of six months after the registration of the Fund on the official list of undertakings for collective investment.

2. INVESTMENT OBJECTIVES AND POLICY

The purpose of the Fund is to provide investors with an opportunity for investment in all types of transferable securities through professionally managed Subfunds, each with their own specific investment objectives and policies as more fully described in Section I, in order to achieve a high regular income or a maximum capital appreciation, while giving ultimate consideration to capital security and portfolio liquidity.

3. INVESTMENTS IN THE LUXALPHA SICAV

NET ASSET VALUE

The net asset value per share of the individual Subfunds is calculated on such business day as described under Section I by the Administration Agent (hereinafter called "Valuation Day"). In this context, "business day" shall mean the usual bank business days (i.e. each day on which banks are opened during normal business hours) in Luxembourg with the exception of some non-regulatory holidays.

The net asset value of each Subfund is equal to the total assets of that Subfund less its liabilities. The net asset value of each Subfund will be expressed in the currency of the relevant Subfund as further described under Section I (except when there exists any state of affairs which, in the opinion of the Board of Directors, makes the determination in the currency of the relevant Subfund either not reasonably practical or prejudicial to the shareholders, the net asset value may temporarily be determined in such other currency as the Board of Directors may determine) and shall be determined in respect of any Valuation Day by dividing the total net assets of the Subfund by the number of its shares then outstanding. The net asset value per share of the individual Subfunds is calculated on the basis of closing prices on each business day in Luxembourg, unless otherwise described under Section I.

The total net assets of the Fund are expressed in USD and correspond to the difference between the total assets of the Fund and its total liabilities. For the purpose of this calculation, the net assets of each Subfund, if they are not denominated in USD, are converted into USD and added together.

Without prejudice to the regulations of each Subfund, the value of the assets held by each Subfund is determined as follows:

- * The value of securities which are listed on an official stock exchange or traded on any other regulated market will be valued at the last available price on the principal market on which such security is traded, as furnished by a pricing service approved by the Board of Directors.
- * Based on the net acquisition price and by keeping the calculated investment return constant, the value of money market paper and of other debt securities with a residual maturity of less than one year is successively adjusted to the redemption price thereof. In the event of material changes in market conditions, the valuation basis is adjusted on the new market yields;
- * Debt securities with a residual maturity of more than one year and other securities are valued at the last available price, if they are listed on an official stock exchange. If the same security is listed on several stock exchanges, the last available price on the stock exchange that represents the major market for this security will apply;
- * Debt securities with a residual maturity of more than one year and other securities are valued at the last available price on this market, if they are not listed on an official stock exchange, but traded on another regulated market, which is recognised, open to the public and operating regularly;
- * If these prices are not in line with the market, the respective securities, as well as the other legally admissible assets, will be valued at their market value which the Fund, acting in good faith, shall estimate on the basis of the price likely to be obtained;
- * Time deposits with an original maturity exceeding 30 days can be valued at their respective rate of return, provided the corresponding agreement between the credit institution holding the time deposits and the Fund stipulates that these time deposits may be called at any time and that, if called for repayment, their cash value corresponds to this rate of return;

- * Any cash in hand or on deposit, notes payable on demand, bills and accounts receivable, prepaid expenses, cash dividends, interests declared or accrued as aforesaid and not yet received shall be valued at their full nominal value, unless in any case the same is unlikely to be paid or received in full, in which case the Board of Directors may value these assets with a discount he may consider appropriate to reflect the true value thereof. Liquid funds are valued at their nominal value plus any accrued interest.

The Fund is authorised to temporarily apply other adequate valuation principles for the assets of an individual Subfund if the aforementioned valuation criteria appear impossible or inappropriate due to extraordinary circumstances or events.

In the case of extensive redemption applications, the Fund may establish the value of the shares of the relevant Subfund on the basis of the prices at which the necessary sales of securities are effected. In such an event, the same basis for calculation shall be applied for subscription and redemption applications submitted at the same time.

ISSUE AND CONVERSION OF SHARES

Unless otherwise stated in Section I, the Board of Directors is authorised without limitation to allot and issue shares of any Subfund. The Board of Directors is also authorised to fix a minimum subscription, redemption and conversion level, as well as a minimum holding for each Subfund.

Subscriptions can be made for an amount of money, conversions and redemptions can only be made for a number of shares. The minimum initial and subsequent investment and minimum holding requirements, if any, are disclosed for each Subfund under Section I.

The shares will be issued as non-certificated registered or bearer shares. Fractional entitlements to a share will be recognised to three decimal places. Upon request and against payment by the shareholder of all incurred expenses, share certificates may be issued in physical form. The Board of Directors reserves the right to issue share certificates in denominations of 1 or more shares, however fractions of shares, will not be issued in certificate form.

Subscription fees are disclosed for each Subfund under Section I.

Initial subscription

Details on the initial subscription period and prices of the shares for each Subfund are described under Section I.

Subsequent subscription

After the closing of the initial offering period, shares will be issued at a price corresponding to the net asset value per share, plus a potential subscription fee to be determined for each Subfund by reference to the net Asset Value (and as described under Section I). Any taxes, commissions and other fees incurred in the respective countries in which Fund shares are sold will also be charged.

Subscription Procedures

All subscriptions and redemption and conversion requests must be addressed to the distributor(s), as described for each Subfund under Section I, or may be presented directly to the Fund. The distributor(s) may appoint further distributors based in a Member State of the Financial Action Task Force on Money Laundering (FATF).

Duly completed and signed applications received by the Fund during normal business hours on the business day in Luxembourg preceding a Valuation Day shall be settled at the issue price calculated on that Valuation Day. Requests received after this day and time will take effect on the following Valuation Day.

Applications shall be submitted for payment in the reference currency as defined for each Subfund under Section I. The issue price is calculated in the relevant reference currency as defined for each Subfund under Section I.

Payment must be received by the Custodian of the Fund at the latest 3 business days in Luxembourg after the Valuation Day.

Distributors and sales agents of Fund units must respect the rules set out by the Luxembourg law regarding the prevention of money laundering and particularly the law of July 7, 1989 modifying the law of February 19, 1973 regarding the sale of medicinal substances and the fight against drug addiction and the laws of April 5, 1993 and of August 11, 1998 regarding the financial sector, and any subsequent regulation issued by the Luxembourg government or supervisory authorities.

The Fund at its discretion may accept subscriptions in kind, in whole or in part. However in this case the investments in kind must be in accordance with the respective Subfund's investment policy and restrictions. In addition these investments will be audited by the Fund's appointed auditor. The related fees will be borne by the Investor.

Amongst others, subscribers must establish their identity with the distributors or the sales agent which collects their subscription. The distributors or the sales agent must request from subscribers the following identification documents: for individuals, certified copy of passport/identity card (certified by the distributors or the sales agent or by the local public authority); for corporations or other legal entities, certified copy of articles of incorporation, certified copy of Register of Commerce, copy of the latest annual accounts published, full identification of the beneficial owner, i.e. final shareholder.

Distributors must make sure that the sales agents are strictly observing the above identification procedure. UBS Fund Services (Luxembourg) S.A. and the Fund may at any time request assurance for compliance from the distributors. UBS Fund Services (Luxembourg) S.A. controls the observance of the above mentioned rules for any subscription/redemption requests it receives from distributors or sales agents established in non-GAFI/FATF countries.

In addition, distributor and its appointed sales agents must also respect all rules regarding the prevention of money laundering in force in their respective country.

Without prejudice to the above, the Fund reserves the right to (a) refuse any request for subscription, (b) issue only new shares if in the interest of the existing shareholders and (c) repurchase outstanding shares held by investors who are not authorised to either buy or hold shares of the Fund.

The shares will be transferred to the investors concerned without delay upon payment of the full purchase price. They may be credited to the securities account of the shareholder's choice. Fractions will be issued.

The Fund may, in the course of its sales activities and at its discretion, cease issuing shares, refuse purchase applications and suspend or limit the sale of shares for specific periods or permanently to individuals or corporate bodies in particular countries or areas. The Fund may also at any time reclaim shares from shareholders who are excluded from the acquisition or ownership of Fund shares.

Conversion of Shares

Unless otherwise provided for each Subfund under Section I, the shareholder of a Subfund may convert some or all of his shares into shares of another Subfund up to the countervalue of the shares presented for conversion, provided that the issue of shares by this Subfund has not, as described below, been suspended. The Board of Directors is authorised to set a minimum conversion level for each Subfund, in which case Section I will disclose this. For further information regarding the conversion procedure and fees, please revert to the description of the individual Subfunds in Section I.

The same procedures apply to the submission of conversion applications as apply to the issue and redemption of shares. The Fund calculates the number of shares to be allotted after conversion using the following formula:

$$A = [(B \times C) \times F] / (D + E)$$

A = number of the shares of the new Subfund to be issued

B = number of shares of the existing Subfund

C = Net asset value per share of the existing Subfund less any taxes, commissions or other fees

D = Net Asset Value per share of the new Subfund plus any taxes, commissions or other fees

E = conversion fee, if any (as further described for each Subfund in Section I)

F = exchange rate of the reference currencies of the two Subfunds;

The Shareholder can request such a conversion by indicating the number of shares and the Subfund to be converted in. If share certificates have been physically delivered to the shareholder, all share certificates to be converted including any coupons not yet due must be delivered to the Fund. Otherwise, the conversion cannot be executed.

REDEMPTION OF SHARES

Applications for redemption must be received by the Fund during normal business hours on the business day in Luxembourg preceding a Valuation Day. They shall be settled at the redemption price calculated on that Valuation Day and shall be submitted for payment in the reference currency as defined for each Subfund under Section I. All redemption requests received by the Fund after the deadline mentioned above will be settled at the redemption price calculated on the next Valuation Day. If share certificates were physically delivered to the shareholder, they must be enclosed with the redemption application (all non-used coupons attached).

The redemption price is based on the net asset value per share. Any taxes, commissions and other fees incurred in the respective countries in which Fund shares are sold will be charged. Since provision must be made for an adequate supply of liquidity in the Fund's assets, payment for Fund shares is effected under normal circumstances within 10 business days after the calculation of the redemption price unless legal provisions, such as foreign exchange controls or restrictions on capital movements, or other circumstances beyond the control of the Fund, make it impossible to transfer the redemption amount to the country in which the redemption application was submitted.

In the event of an excessively large volume of redemption applications, the Fund may decide to delay execution of the redemption applications until the corresponding assets of the Fund are sold without unnecessary delay. On payment of the redemption price, the corresponding Fund share ceases to be valid.

The Fund at its discretion may at the request of the investor accept redemptions in kind. In addition these redemption (1) must not have negative effect for the remaining investors and (2) will be audited by the Fund's appointed auditor. The related fees will be borne by the Investor.

SUSPENSION OF THE NET ASSET VALUE CALCULATION AND OF THE ISSUE, CONVERSION AND REDEMPTION OF SHARES

The Fund may temporarily suspend calculation of the net asset value and hence the issue, conversion and redemption of shares for one or more Subfunds when:

- * the stock exchanges or markets on which the valuation of a major part of the Fund's assets is based or when the foreign exchange markets corresponding to the currencies in which the net asset value or a considerable portion of the Fund's assets are denominated, are closed, except on regular public holidays, or when trading on such a market is limited or suspended or temporarily exposed to severe fluctuations;
- * political, economic, military or other emergencies beyond the control, liability and influence of the Fund make it impossible to access the Fund's assets under normal conditions or such access would be detrimental to the interests of the shareholders;
- * disruptions in the communications network or any other reason make it impossible to calculate with sufficient exactitude the value of a considerable part of the Fund's net assets;
- * limitations on exchange operations or other transfers of assets render it impracticable for the Fund to execute business transactions, or where purchases and sales of the Fund's assets cannot be effected at the normal conversion rates.

4. LIQUIDATION, TERMINATION AND MERGING OF THE FUND AND ITS SUBFUNDS

LIQUIDATION OF THE FUND

The liquidation of the Fund will take place if the conditions stated in the law of December 20, 2002 apply. The Fund can be dissolved at any time by the general meeting of the shareholders in due observance of the legal conditions governing the quorum and necessary majority.

If the total net assets of the Fund fall below two thirds of the prescribed minimum capital, the Board of Directors must submit the question of the dissolution of the undertaking to a general meeting for which no quorum shall be prescribed and which shall decide by simple majority of the shares represented at the meeting. If the total net assets of the Fund fall below one fourth of the prescribed minimum capital, the Board of Directors must submit the question of the dissolution of the undertaking to a general meeting, the dissolution may be resolved by investors holding one fourth of the shares represented at the meeting for which no quorum shall be prescribed. The meeting must be convened so that it is held within a period of 40 days as from the ascertainment that the net assets have fallen below two thirds or one fourth of the legal minimum as the case may be. Furthermore, the general meeting may decide to dissolve the Fund following the relevant articles of the Articles of Association. Any decision or order of liquidation will be notified to the Shareholders, and published in accordance with the Law.

If the Fund is dissolved, the liquidation shall be carried out by one or more liquidators to be designated by the general meeting, which shall also determine their sphere of responsibility and remuneration. The liquidators shall realise the Fund's assets in the best interests of the shareholders and distribute the net proceeds from the liquidation of the Subfunds to the shareholders of said Subfunds in proportion to their respective holdings. Any liquidation proceeds which cannot be distributed to the shareholders shall be deposited with the "Caisse de Consignation" in Luxembourg until expiry of the prescription period, at present thirty years.

TERMINATION OF A SUBFUND

If the total value of a Subfund's net assets falls to a level that does not allow the fund to be managed in an economically reasonable way (estimated at the equivalent of EUR 10 million) or if the political or economic environment changes, the Board of Directors may demand the liquidation of that Subfund.

Regardless of the Board of Directors' rights, the general meeting of shareholders of a Subfund can reduce the Fund capital at the proposal of the Board of Directors by withdrawing shares issued by a Subfund and refunding shareholders with the net asset value of their shares. The net asset value is calculated for the day on which the decision comes into force, taking into account the actual price realised on liquidating the Subfund's assets and any costs arising from this liquidation.

The shareholders of the respective Subfund will be informed of the decision of the general meeting or of the Board of Directors to withdraw the shares via an insert in the "Mémorial" and the "Luxemburger Wort" in Luxembourg as well as in the official publications requested for the respective countries in which Fund shares are sold. The remaining amount shall be deposited with the Custodian for a period of six months, and after that period, if still not presented for redemption, at the "Caisse de Consignation" in Luxembourg until expiry of the prescription period, at present thirty years.

MERGER OF SUBFUNDS OR OF ONE SUBFUND WITH ANOTHER UCITS

In the same circumstances as for the termination of a Subfund, the Board of Directors may decide to cancel shares of a Subfund and to allocate the corresponding shareholders shares in another Subfund or in another UCITS in accordance with Part I of the law dated December 20, 2002, relating to Undertakings for Collective Investment. Regardless of the powers conferred on the Board of Directors in this paragraph, the decision to merge funds as described herein may also be taken by a general meeting of the shareholders of the Subfund concerned.

The shareholders will be informed of the decision to merge in the same way as previously described for the withdrawal of shares.

During the month following the publication of such a decision, shareholders are authorised to redeem all or a part of their shares at their net asset value – free of charge – in accordance with the guidelines outlined in the section “Redemption of Shares”. Shares not presented for redemption will be exchanged on the basis of the net asset value of the shares of the Subfund concerned calculated for the day on which this decision will take effect. If the units to be allocated are units of a collective investment fund, the decision is binding only for the shareholders who voted in favour of the allocation.

General meeting of shareholders

For both the termination and merger of Subfunds, no minimum quorum is required at the general meeting of shareholders and decisions can be approved by a simple majority of shares present or represented.

5. DIVIDEND POLICY

The dividend policy of each of the Subfunds is further described under Section I.

The general meeting of shareholders of the respective Subfunds shall decide, at the proposal of the Board of Directors and after closing the annual accounts per Subfund, whether and to what extent distributions are to be paid out of investment income and realised gains in the net asset value after deduction of all fees and expenses. The payment of distributions must not result in the net asset value of the Fund falling below the minimum capital amount prescribed by law.

Entitlements to distributions and allocations not claimed within five years of the due date shall be forfeited and the corresponding assets returned to the respective Subfund. If the Subfund in question has already been liquidated, the distributions and allocations will accrue to the remaining Subfunds of the same Fund in proportion to their respective net assets. At the proposal of the Board of Directors, the general meeting of shareholders of a specific Subfund may decide to issue bonus shares as part of the distribution of net investment income and capital gains.

An income equalisation amount will be calculated so that the distribution corresponds to the actual income entitlement.

6. SPONSOR

The Sponsor of the Fund is UBS AG, one of the world’s leading financial institutions which offers a full range of commercial, trading, risk management and investment services. UBS is a publicly traded shareholder-driven company, incorporated under Swiss law. It operates from five major geographical centres: Zurich, London, New York, Singapore and Tokyo and employs 29’000 people globally, located in over 400 offices world-wide.

7. CUSTODIAN BANK

The rights and duties of the Custodian pursuant to article 34 of the law of December 20, 2002, have been assumed by UBS (Luxembourg) S.A., pursuant to a custodian agreement dated February 5, 2004.

UBS (Luxembourg) S.A., a fully fledged bank, founded on August 20, 1973, and has its registered office at 36–38, Grand-Rue, Luxembourg. In addition to international banking, UBS (Luxembourg) S.A. is also active in private banking and offers a wide range of customer services, among them investment advisory and asset management services, time deposits as well as securities and foreign exchange. Since the 1st July, 1998 its share capital amounts to CHF 150 Mio.

The Custodian holds all the liquid assets and securities belonging to the Fund's assets in safekeeping for the shareholders. The Custodian performs all customary banking duties relating to the Fund's accounts and securities as well as all routine administrative work in connection with the Fund's assets. The Custodian also:

- * ensures that the sale, redemption, conversion and cancellation of shares effected for the Fund's account are in accordance with the provisions of the law and the Fund's Articles of Association;
- * ensures that, in the case of transactions relating to the Fund's assets, consideration is provided in due time;
- * ensures that the Fund's revenues/earnings are employed in accordance with the law and the Fund's Articles of Association.

The Custodian is entitled to charge commission in line with the scale of fees customarily applied by banks at the financial centre of Luxembourg. Said commission shall be calculated and charged pro rata temporis at the end of the month on the basis of the average total net assets of the Subfunds during the respective month and amounts to 0.20% per annum.

The Fund or the Custodian may terminate their contractual agreement at any time in writing with three months' notice given by one party to the other. The Fund may only terminate the Custodian's contract, however, if a new Custodian takes over the functions and responsibilities of the Fund's Custodian. After such termination the Custodian must continue to carry out its functions until the entire assets of the Fund have been transferred to the new custodian. In the event of the Custodian giving notice, the Fund shall be obligated to appoint a new custodian. In this event, the Custodian must safeguard the interests of the Fund until its functions are transferred to the new custodian.

8. ADMINISTRATIVE AGENT

UBS Fund Services (Luxembourg) S.A. as the Administrative Agent is responsible for the general administrative duties involved in managing the Fund and prescribed by Luxembourg law. These administrative services mainly include calculation of the net asset value per share, accounting as well as reporting. The Administrative Agent is entitled to charge commission in line with the scale of fees customarily applied at the financial centre of Luxembourg and amounts to 0.05% per annum.

9. PORTFOLIO MANAGER/ADVISOR

The Board of Directors of the Fund shall be assisted by UBS (Luxembourg) S.A. for the portfolio management.

The Portfolio Management comprises the active management of the Subfund's assets and the ongoing monitoring and adjusting of investments. The mandate is executed under the supervision and the responsibility of the Fund's Board of Directors.

In the performance of its management duties, the Portfolio Manager shall be advised by Access International Advisors, LLC; the costs of such advice are borne by the Portfolio Manager

10. TAXATION

Taxation of the Fund

According to the law and practice currently in force in the Grand Duchy of Luxembourg, the Fund is not liable to any Luxembourg tax on withholding, income, capital gains or wealth taxes. The Fund is, however, liable in Luxembourg to a tax of 0.05 per cent per annum ("Taxe d'Abonnement") of its net asset value, such tax being payable quarterly on the basis of the value of the net assets of the Fund at the end of the relevant calendar quarter.

Taxation of shareholders

Shareholders are not subject to any capital gains, income, withholding, gift, estate, inheritance or other tax in Luxembourg, except for investors domiciled, resident or having a permanent establishment in Luxembourg and except for certain former residents of Luxembourg owning more than ten per cent of the shares in the Fund. The following summary is based on the law and practice currently in force in the Grand Duchy of Luxembourg and is subject to changes therein.

Potential shareholders should seek information on the laws and regulations in force and, where appropriate, seek advice on the subscription, purchase, possession and sale of shares at their place of residence.

11. CHARGES AND EXPENSES

- Apart from the management and performance fee described under "Available Subfunds" each Subfund is subject to administrative charge and expenses due or accrued, including fees and expenses for the administrative agent, the custodian bank, legal and audit services all taxes which are levied on the net assets and the income of each Subfund, particularly the "taxe d'abonnement";
- customary brokerage fees and commissions which are charged by other banks and brokers for securities transactions and similar transactions;
- costs for ordinary and extraordinary measures carried out in the interests of the shareholders, such as expert opinions and legal proceedings, etc.

The expenditure involved in the initial launching and marketing of the Fund, which is estimated to amount to EUR 100.000.-, as well as the cost of launching new Subfunds and other extraordinary expenses may be written off over a period of up to five years. The costs of launching new Subfunds will be written off only by the respective Subfund. The expenditure involved in establishing the Fund still outstanding may only be written off by the Subfunds launched at the same time as the Fund was established.

Fees and expenses that can not be attributed to one single Subfund will either be ascribed to all Subfunds on an equal basis or will be prorated on basis of the net asset value of each Subfund, if the amount and cause justify doing so.

12. INFORMATION AVAILABLE TO SHAREHOLDERS

The audited annual report will be made available to shareholders free of charge at the registered office of the Fund within four months of the end of the financial year. The annual report includes reports on the Fund in general and on the individual Subfunds. Un-audited semi-annual reports of the Subfunds will be made available at the same places as the annual reports within two months of the end of the period to which they refer.

The first report is the semi-annual report as of June 30, 2004.

Other information on the Fund, as well as on the net asset value, the issue, conversion and redemption prices of the Fund's shares may be obtained on any business day at the administrative address of the Fund and at the registered office of the Custodian. If necessary, any information relating to a suspension or resumption of the calculation of the net asset value, the issue or redemption price as well as all notifications to shareholders will be published in the "Mémorial" and in the "Luxemburger Wort", and, if necessary in the different distribution countries.

Copies of the Articles of Incorporation of the Fund may be obtained at the registered office of the Fund. Material provisions of the agreements referred to in this prospectus may be inspected during usual business hours on any Luxembourg business day at the registered office of the Fund.

In addition, the Articles of Association, the sales prospectus as well as the latest annual and semi-annual reports are available free of charge from the Custodian. The issue and redemption prices as well as any documents mentioned above may also be obtained there.

13. INVESTMENT GUIDELINES

INVESTMENT RESTRICTIONS

Foregoing definitions

Eligible State	any member of the OECD and any other country of Europe, North and South America, Africa, Asia and the Pacific Basin;
Eligible Transferable Securities and Money Market Instrument	Transferable securities and money market instruments admitted to or dealt in on a stock exchange in an Eligible State (ii) securities and money market instruments dealt in on another regulated market in an Eligible State, which operates regularly and is recognised and open to the public; (iii) recently issued transferable securities and money market instruments, provided that the terms of issue include an undertaking that application will be made for admission to official listing in an Eligible State or on a Regulated Market, and such admission is achieved within a year of the issue;
Regulated Market	a regulated market in an Eligible State, which operates regularly and <i>is</i> recognised and open to the public;

The Fund's investments shall be subject to the following guidelines:

- (1) (a) The Fund will invest only in :
- (i) Eligible Transferable Securities and Money Market Instruments
PROVIDED THAT the Fund may also invest in transferable securities and money market instruments which are not Eligible Transferable Securities and Money Market Instruments provided that the total of such investments other than Eligible Transferable Securities and Money Market Instruments shall not exceed 10 per cent. of the net assets of the relevant Subfund;
 - (ii) Recently issued Eligible Transferable Securities and Money Market Instruments
PROVIDED THAT :
 - the terms of issue include an undertaking that application will be made for admission to official listing on a stock exchange or to another regulated market which operates regularly and is recognised and open to the public, provided that the choice of the stock exchange or the market has been provided for in the constitutional documents of the Fund; and
 - such admission is secured within one year of issue;
 - (iii) UCITS authorised according to Directive 85/611/EEC as amended and/or other UCIs within the meaning of Article 1, paragraph (2) first and second indents of said Directive, should they be situated in an EU Member State or not,
PROVIDED THAT :
 - such other UCIs are authorised under laws which provide that they are subject to supervision considered by the CSSF to be equivalent (Hong-Kong, Canada, Japan, Switzerland, the United States of America and Norway) to that laid down in EU Community law, and that cooperation between authorities is sufficiently ensured;
 - the level of protection for shareholders in the other UCIs is equivalent to that provided for shareholders in a UCITS and in particular that the rules on asset segregation, borrowing, lending, uncovered sales of transferable securities and money market instruments are equivalent to the requirements of Directive 85/611/EU as amended;

- the business of the other UCIs is reported in half-yearly and annual reports to enable an assessment to be made of the assets and liabilities, income and operations over the reporting period;
 - no more than 10 per cent. of the UCITS's or the other UCI's assets, whose acquisition is contemplated, can, according to their constitutional documents, be invested in aggregate in units of other UCITS or other UCIs;
- (iv) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than twelve months, provided that the credit institution has its registered office in an EU Member State or, if the registered office of the credit institution is situated in a non-EU Member State, provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in EU law. For the time being only credit institutions that have their registered office in an EU Member State are used;
- (v) financial derivative instruments, including equivalent cash-settled instruments, dealt in on a Regulated Market; and/or OTC Derivatives, PROVIDED THAT :
- the underlying consists of instruments covered by Article 41, paragraph (1) of the Law, financial indices, interest rates, foreign exchange rates or currencies, in which the Fund may invest according to its investment objectives as stated in the constitutive documents of the Fund;
 - the counterparties to OTC Derivative transactions are financial institutions subject to prudential supervision, and belonging to the categories approved by the CSSF (for the time being only credit institutions and broker-dealers being first-rated class financial institutions specialised in that kind of market (that have their registered office in an EU Member State or in the US or in Canada are used); and
 - the OTC Derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Fund's initiative;
- (vi) money market instruments other than those dealt in on a Regulated Market, which are liquid and whose value can be determined with precision at any time, if the issuer or issuer of such instruments is itself regulated for the purpose of protecting investors and savings, and PROVIDED THAT they are :
- issued or guaranteed by a central, regional or local authority or central bank of an EU Member State, the European Central Bank, the European Union or the European Investment Bank, a non-EU Member State or, in the case of a federal state, by one of the members making up the federation, or by a public international body to which one or more EU Member States belong; or
 - issued by a company any securities of which are dealt in on a Regulated Market; or
 - issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by EU Law, or by an establishment which is subject to and complies with prudential rules considered by the CSSF to be at least as stringent as those laid down by EU Law; or
 - issued by other bodies belonging to the categories approved by the CSSF provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indents above in this paragraph and provided that the issuer is a company whose capital and reserves amount to at least ten million Euros (Euro 10,000,000) and which presents and publishes its annual accounts in accordance with the fourth Directive 78/660/EU, is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.

- (b) However, the Fund may acquire movable and immovable property which is essential for the direct pursuit of its business.
- (c) The Fund may hold ancillary liquid assets.
- (2) (a) The Fund may invest no more than 10 per cent. of the net assets of the relevant Subfund in transferable securities and money market instruments issued by the same issuing body. The Fund may not invest more than 20 per cent. of the net assets of the relevant Subfund in deposits made with the same body.

The risk exposure to a counterparty of the Fund in an OTC Derivative transaction may not exceed 10 per cent. of the net assets of the relevant Subfund when the counterparty is a credit institution referred to in paragraph (1) (a) (iv) above or 5 per cent. of the net assets of the relevant Subfund in other cases.

- (b) The total value of the transferable securities and money market instruments held by the Fund in the issuing bodies in each of which it invests more than 5 per cent. of the net assets of the relevant Subfund must not exceed 40 per cent. of the net assets of the relevant Subfund. This limitation does not apply to deposits made with financial institutions subject to prudential supervision and to OTC Derivatives with such institutions. Notwithstanding the individual limits laid down in paragraph 2(a) above, the Fund may not combine :
 - investments in transferable securities or money market instruments issued by a single body;
 - deposits made with a single body; and/or
 - exposure arising from OTC Derivative transactions undertaken with a single body,

in excess of 20 per cent. of the net assets of the relevant Subfund.

- (c) The limit laid down in paragraph 2(a), first sentence is increased to a maximum of 35 per cent. if the transferable securities and money market instruments are issued or guaranteed by an EU Member State, its local authorities, by a non EU Member State or by public international bodies of which one or more EU Member States are members.
- (d) The limit laid down in paragraph 2(a), first sentence is raised to a maximum of 25 per cent. for certain Transferable Debt Securities if they are issued by a credit institution having its registered office in an EU Member State and which is subject, by law, to special public supervision designed to protect the holders of Transferable Debt Securities. In particular, sums deriving from the issue of such Transferable Debt Securities must be invested pursuant to the Law in assets which, during the whole period of validity of such Transferable Debt Securities, are capable of covering claims attaching to the Transferable Debt Securities and which, in the event of bankruptcy of the issuer, would be used on a priority basis for the reimbursement of the principal and payment of the accrued interest.

When the Fund invests more than 5 per cent. of its net assets in such Transferable Debt Securities as referred to in the preceding paragraph and issued by one issuer, the total value of these investments may not exceed 80 per cent. of the value of the relevant Subfund's net assets.

- (e) The transferable securities and money market instruments referred to in paragraph 2(c) and 2(d) are not taken into account for the purpose of applying the limit of 40 per cent. referred to in paragraph 2(b).

The limits set out in paragraphs 2(a), (b), (c) and (d) may not be combined; thus investments in transferable securities or money market instruments issued by the same body, in deposits or derivative instruments made with this body carried out in accordance with paragraphs 2(a), (b), (c) and (d) shall under no circumstances exceed in total 35 per cent. of the net assets of the relevant Subfund.

Companies which are included in the same group for the purposes of consolidated accounts, as defined in Directive 83/349/EU, as amended, or in accordance with recognised international accounting rules are regarded as a single body for the purpose

of calculating the limits contained in this paragraph (2).

The Fund may invest in aggregate up to 20 per cent. of the net assets of the relevant Subfund in transferable securities and money market instruments within the same group.

- (3) **Notwithstanding paragraph (2) above, the Fund is authorised to invest in accordance with the principle of risk spreading up to 100 per cent. of the net assets of the relevant Subfund in transferable securities and money market instruments issued or guaranteed by an EU Member State, by its local authorities, by another member of the OECD or by public international bodies of which one or more EU Member States are members, provided that the Fund holds transferable securities from at least six different issues and transferable securities from one issue do not account for more than 30 per cent. of the total net assets of the relevant Subfund.**
- (4) (a) The Fund may not acquire any shares carrying voting rights which would enable it to exercise significant influence over the management of an issuing body.
- (b) Moreover, the Fund may acquire no more than :
- 10 per cent. of the non-voting shares of the same issuer;
 - 10 per cent. of the Transferable Debt Securities of the same issuer;
 - 25 per cent. of the units of the same UCITS and/or other UCI;
 - 10 per cent. of the money market instruments issued by the same issuer.
- (c) The limits laid down in the second, third and fourth indents may be disregarded at the time of acquisition if at that time the gross amount of Transferable Debt Securities or money market instruments or the net amount of the transferable securities in issue can not be calculated.
- (d) The limits contained in paragraphs 4(a) and 4(b) are waived as regards :
- Transferable securities and money market instruments issued or guaranteed by a EU Member State or its local authorities;
 - Transferable securities and money market instruments issued or guaranteed by a non-Member State of the European Union;
 - Transferable securities and money market instruments issued by public international bodies of which one or more EU Member States are members;
 - Shares held by UCITS in the capital of a company incorporated in a non-Member State of the European Union which invests its assets mainly in the transferable securities of issuing bodies having their registered office in that State, where under the legislation of that State, such a holding represents for the UCITS the only way in which it can invest in the transferable securities of issuing bodies of that State. This derogation, however, shall apply only if in its investment policy the company from the non-Member State of the European Union complies with the limits laid down in Article 43 and 46 and Article 48, paragraphs (1) and (2) of the Law. Where the limits set in Article 43 and 46 of the Law are exceeded, Article 49 of the Law shall apply *mutatis mutandis*;
 - Shares held by one or several investment companies 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 repurchase of units at unit-holder's requests exclusively on its or their behalf.

(5) The Fund shall not :

- (a) Make investments in, or enter into transactions involving precious metals, commodities or certificates representing them otherwise than as described below;
- (b) Purchase or sell real estate or any option, right or interest therein, provided the Fund may invest in securities secured by real estate or interests therein or issued by companies other than investment funds which invest in real estate or interests therein;
- (c) Invest more than 20 per cent. of the net assets of the relevant Subfund in a single UCITS or UCI as defined in point 1 (a) (iii) above. For the purposes of applying this investment limit, each compartment of a UCITS or UCI with multiple compartments shall be considered as a separate issuer, provided that the principle of segregation of liabilities of the different compartments is ensured in relation to third parties.

Investments in other UCIs may not exceed in aggregate 30 per cent. of the net assets of the relevant Subfund. When the Fund has acquired units of UCITS and/or other UCIs, the assets of the respective UCITS or other UCIs do not have to be combined for the purposes of the limits laid down in paragraph (2) above.

No subscription or redemption fees may be charged to the Fund if the Company invests in the units of UCITS and/or other UCIs that are managed, directly or by delegation, by the 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. If the Fund invests a substantial proportion of its net assets in other UCITS and/or UCIs then it shall disclose in its prospectus the maximum level of the management fees that may be charged both to the Fund and to the other UCITS and/or UCIs in which it intends to invest. In its annual report the Fund shall indicate the maximum percentage of management fees charged both to the Fund itself and to the UCITS and/or other UCI in which it invests;

- (d) Purchase any Eligible Transferable Securities or Money Market Instruments on margin or make short sales of Eligible Transferable Securities or Money Market Instruments or maintain a short position. Deposits or other accounts in connection with derivative contracts such as option, forward or financial futures contracts, permitted within the limits described above, are not considered margins for this purpose;
- (e) Borrow amounts in excess of 10 per cent. of the net assets of the relevant Subfund, taken at market value at the time of the borrowing provided that the borrowing is on a temporary basis; provided however that the Fund may borrow amounts in excess of 10 per cent. of the net assets of the Fund, provided that the borrowing is to make possible the acquisition of immovable property essential for the direct pursuit of the Fund's business; in such latter case these borrowings may not in any case exceed in total 15 per cent. of the net assets of the Fund;
- (f) Mortgage, pledge, hypothecate or in any manner encumber as security for indebtedness any securities owned or held by the Fund, except as may be necessary in connection with the borrowings permitted by paragraph (e) above, on terms that the total market value of the securities so mortgaged, pledged, hypothecated or transferred shall not exceed that proportion of the Fund's assets necessary to secure such borrowings; the deposit of securities or other assets in a separate account in connection with repurchase, reverse purchase agreements and derivative contracts such as option, forward or financial futures transactions shall not be considered to be mortgage, pledge, hypothecation or encumbrance for this purpose;
- (g) The Fund may not, without prejudice to the application of Articles 41 and 42 of the Law, grant loans or act as a guarantor on behalf of third parties;

The above paragraph shall not prevent the Fund from acquiring transferable securities, money market instruments or other financial instruments referred to in Article 41, paragraph (1), items e), g) and h) of the Law which are not fully paid;
- (h) The Fund may not carry out uncovered sales of transferable securities, money market instruments or other financial instruments referred to in Article 41, paragraph (1), items e), g) and h) of the Law;

- (i) Make investments in any assets involving the assumption of unlimited liability;
 - (j) Underwrite transferable securities of other issues;
- (6) The Fund does not necessarily need to comply with the limits laid down in this section when exercising subscription rights attaching to transferable securities or money market instruments which form part of its assets. While ensuring observance of the principle of risk-spreading, the Fund may derogate from Articles 43, 44, 45 and 46 of the Law for a period of six months following the date of its authorisation.
- (7) If the limits referred to in paragraph (6) are exceeded for reasons beyond the control of the Fund or as a result of the exercise of subscription rights, it must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its shareholders.

If an issuer is a legal entity with multiple compartments where the assets of a compartment are exclusively answerable for the rights of the investors relating to that compartment and to those of the creditors whose claim arose on the occasion of the constitution, the operation or the liquidation of this compartment, each compartment is to be considered as a separate issuer for the purpose of applying the risk spreading rules referred to in Articles 43, 44 and 46 of the Law.

FINANCIAL TECHNIQUES AND INSTRUMENTS

Each Subfund may, while observing the following investment guidelines, buy or sell futures and options on financial instruments or conduct transactions for hedging and non-hedging purposes involving options on securities. Due to their high volatility, futures and options are exposed to greater risks than direct investments in securities.

(1) Options on transferable securities

For each Subfund, the Fund may, in compliance with the following guidelines, buy and sell both call and put options provided they are traded either on a regulated market which is operating regularly, recognised and open to the public or in over-the-counter (OTC) options whereby the counterpart to these transactions must be prime financial institution specialised in this kind of operations and having a prime quality rating of a recognised rating agency:

Purchase of Options

The sum of the premiums paid to purchase outstanding call and put options may, together with the total premiums paid for the purchase of outstanding call and put options related to non-hedging transactions, not exceed 15% of the total net assets of each Subfund.

Sale of Options

At the conclusion of contracts for the sale of call options, the Subfund must hold either the underlying securities or equivalent call options or other instruments capable of ensuring adequate coverage of the commitments resulting from such contracts, such as warrants. The underlying securities related to call options written may not be disposed of as, long as these options are in existence unless such options are covered by matching options or by other instruments that can be used for that purpose. The same regulations also apply to matching call options or other instruments that each Subfund must hold when it does not have the underlying securities at the time of the sale of the relevant options. As an exception to these regulations, each Subfund may write uncovered call options on securities that it does not own at the conclusion of the option contract if the following conditions are met (a) the exercise price of the call options sold in this way does not exceed 25% of the net asset value of each Subfund; (b) each Subfund must at all times be able to cover the positions taken on these sales. Where a put option is sold, each Subfund must be covered for the full duration of the option contract by liquid assets sufficient to pay for the securities deliverable to it on the exercise of the option by the counterpart.

Conditions and limits for the sale of call and put options

The total commitment arising on the sale of call and put options (excluding the sale of call options for which the Fund has adequate coverage) together with the total commitment arising on transactions described under Non-Hedging Transactions, below, may at no time exceed the total net asset value of each Subfund.

In this context, the commitment on call and put options sold is equal to the total of the exercise prices of those options.

(2) Financial Futures and Options

With the exception of transactions by private contract to hedge risks in the event of interest rate fluctuations, futures and options on financial instruments may only consist of contracts traded either on a regulated market which is operating regularly, recognised and open to the public or in over-the-counter (OTC) contracts as defined under (1). Subject to the conditions defined below, such transactions may be undertaken for hedging or other purposes.

Hedging of Market Risks:

As a global hedge against the risk of unfavourable stock market movements, each Subfund may sell stock index futures and call options on stock indices or purchase put options thereon. The objective of these hedging operations assumes that a sufficient correlation exists between the composition of the index used and the Fund's portfolio. In principle, the total commitment resulting from futures contracts and stock index options may not exceed the aggregate estimated market value of the securities held by each Subfund in the corresponding market.

This does not apply for Subfunds which are not allowed to invest in equities.

Hedging of Interest Rate Risks:

As a global hedge against interest rate fluctuations, each Subfund may sell interest rate futures contracts. For the same purpose, it can also write call options or purchase put options on interest rates or enter into interest rate swaps on a mutual agreement basis with first class financial institutions specialising in this type of operations. In principle the total commitment on I futures contracts, options and swap contracts may not exceed the aggregate estimated market value of the assets to be hedged and held by the Subfund in the currency corresponding to those contracts.

Non-Hedging Transactions:

Besides option contracts on transferable securities and contracts on currencies, each Subfund may for a purpose other than hedging, purchase and sell futures contracts and options on any kind of financial instrument, providing that the aggregate commitment arising on these purchase and sale transactions together with the total commitment arising on the writing of call and put options on transferable securities at no time exceeds the net asset value of the Subfund. The writing of call options on transferable securities for which the Subfund has sufficient coverage are not considered for the calculation of the aggregate commitments referred to above.

In this context, the commitment arising on transactions which do not relate to options on transferable securities is defined as follows: (a) the commitment arising on futures contracts is deemed equal to the value of the underlying net position payable on those contracts relating to similar financial instruments (after netting between purchase and sale positions), without taking into account the respective maturity dates; and, (b) the commitment deriving from options purchased and written is equal to the aggregate of the exercise (striking) prices of net sales positions which relate to single underlying assets without taking into account the respective maturity dates.

(3) Securities Lending

The Fund may also lend portions of its securities portfolio to third parties. In general, lending may only be effected via recognised clearing houses such as Clearstream or Euroclear, or through the intermediary of prime financial institutions that specialise in such activities and in the modus specified by them. Such transactions may not be entered into for longer than 30 days, however. If the loan exceeds 50% of the market value of the securities portfolio of the corresponding Subfund, it may only be effected on condition that the Fund has the right, at all time, to terminate the contract and obtain restitution of the securities lent.

In the case of securities lending transactions, the Fund must, in principle, receive a guarantee, the value of which on conclusion of the loan contract should at least correspond to the total value of the securities lent out and any accrued interest thereon. This guarantee must consist of liquid funds and/or securities issued or guaranteed by an OECD member country or its public local authorities or supranational organisations, and which are blocked in the Fund's name until the expiry of the aforementioned contract. Such a guarantee is not required if the securities lending transaction is effected via Clearstream or Euroclear or another organisation, which guarantees that the value of the securities lent out will be refunded.

(4) Securities Repurchase Agreements

The Fund may, for any Subfund, engage in repurchase agreements on an ancillary basis. Repurchase agreements involve the purchase and sale of securities where the seller has the right or obligation to repurchase the securities sold from the buyer at a fixed price and within a certain period stipulated by both parties upon conclusion of the agreement.

The Fund may effect repurchase transactions either as a buyer or a seller. However, any transactions of this kind are subject to the following guidelines:

- Securities may only be purchased or sold under a repurchase agreement if the counterpart is a prime financial institution specialising in this kind of transaction.
- As long as the repurchase agreement is valid, the securities bought cannot be sold before the right to repurchase the securities has been exercised or the repurchase period has expired.
- In addition, it must be ensured that the volume of repurchase agreements of each Subfund is structured in such a way that the Subfund can meet its redemption obligations towards its shareholders at any time.

(5) Techniques and Instruments for Hedging Currency Risks

In order to protect its assets against the fluctuation of currencies, each Subfund may enter into transactions the purpose of which is the sale of currency futures contracts, sale of call options or the purchase of put options in respect of currencies. The transactions referred to herein may only concern contracts which are traded on a regulated market, operating regularly, recognised and open to the public.

For the same purpose each Subfund may also sell currencies forward or exchange currencies on a mutual agreement basis with first class financial institutions specialising in this type of transactions.

The hedging objective of the transactions referred to above presupposes the existence of a direct relationship between these transactions and the assets which are being hedged and implies that, in principle, transactions in a given currency cannot exceed the total valuation of assets denominated in that currency nor may the duration of these transactions exceed the period for which the respective assets are held.
