

Semi-Annual Report 2005/2006.

Investment Fund under Luxembourg Law

Unaudited semi-annual report as of 31 May 2006

UBS (Lux) Equity Fund – Telecom



UBS (Lux) Equity Fund – Telecom

Semi-Annual Report as of 31 May 2006

Most important figures

Date	ISIN	31.5.2006	30.11.2005	30.11.2004
Net assets in EUR		223 074 512.48	282 580 613.88	371 793 098.67
Class B	LU0098993750			
Units outstanding		4 971 352.2650	6 197 580.2680	8 423 417.4410
Net asset value per unit in EUR		44.87	45.59	44.14
Class BG	LU0168509189			
Units outstanding		N/A	288.1840	1 000.0000
Net asset value per unit in EUR		N/A	10.10	10.26

Structure of the Securities Portfolio

Geographical Breakdown as a % of net assets

United States	35.70
United Kingdom	13.96
Japan	10.33
France	7.31
Norway	4.71
Austria	3.97
Spain	3.43
Germany	3.12
Italy	2.81
Belgium	2.21
Singapore	1.84
Canada	1.83
Sweden	1.51
Indonesia	0.77
Total	93.50

Economic Breakdown as a % of net assets

Telecommunications	88.46
Computer hardware & network equipment providers	2.58
Banks & credit institutions	2.05
Finance & holding companies	0.41
Total	93.50

Statement of Net Assets

	EUR
Assets	31.5.2006
Investments in securities, cost	253 344 954.42
Investments in securities, unrealized appreciation (depreciation)	-44 765 180.12
Total investments in securities (Note 1)	208 579 774.30
Cash at banks, deposits on demand and deposit accounts	14 899 104.36
Receivable on securities sales (Note 1)	2 081 243.14
Receivable on subscriptions	62 817.94
Interest receivable on liquid assets	53 800.40
Receivable on dividends	432 877.93
Total Assets	226 109 618.07
Liabilities	
Payable on securities purchases (Note 1)	-2 078 099.38
Payable on redemptions	-761 578.06
Provisions for all-in fee (Note 2)	-176 736.42
Provisions for taxe d'abonnement (Note 3)	-18 691.73
Total provisions	-195 428.15
Total Liabilities	-3 035 105.59
Net assets at the end of the period	223 074 512.48

Statement of Operations

	EUR
Income	1.12.2005–31.5.2006
Net interest on liquid assets and bank overdraft	239 242.18
Dividends	3 332 883.02
Income on securities lending (Note 4)	117 005.01
Total income	3 689 130.21
Expenses	
All-in fee (Note 2)	-2 288 800.23
Taxe d'abonnement (Note 3)	-60 281.12
Total expenses	-2 349 081.35
Net income on investments	1 340 048.86
Realized gain (loss) (Note 1)	
Realized gain (loss) on market-priced securities without options	-14 519 685.29
Realized gain (loss) on forward foreign exchange contracts	-10 407.40
Total realized gain (loss) on investments	-14 530 092.69
Realized gain (loss) on foreign exchange	-115 367.24
Total realized gain (loss)	-14 645 459.93
Net realized gain (loss) of the period	-13 305 411.07
Changes in unrealized appreciation (depreciation)	
Unrealized appreciation (depreciation) on market-priced securities without options	9 903 656.78
Total changes in unrealized appreciation (depreciation)	9 903 656.78
Net increase (decrease) in net assets as a result of operations	-3 401 754.29

Statement of Changes in Net Assets

	EUR
	1.12.2005–31.5.2006
Net assets at the beginning of the period	282 580 613.88
Subscriptions	9 650 960.67
Redemptions	-65 755 307.78
Total net subscriptions (redemptions)	-56 104 347.11
Net income on investments	1 340 048.86
Total realized gain (loss)	-14 645 459.93
Total changes in unrealized appreciation (depreciation)	9 903 656.78
Net increase (decrease) in net assets as a result of operations	-3 401 754.29
Net assets at the end of the period	223 074 512.48

Development of the outstanding units

	1.12.2005–31.5.2006
Class	B
Number of units outstanding at the beginning of the period	6 197 580.2680
Number of units issued	210 384.5850
Number of units redeemed	-1 436 612.5880
Number of units outstanding at the end of the period	4 971 352.2650
Class	BG
Number of units outstanding at the beginning of the period	288.1840
Number of units issued	0.0000
Number of units redeemed	-288.1840
Number of units outstanding at the end of the period	0.0000

Statement of Investments in Securities and other Net Assets as of 31 May 2006

Description	Quantity/ Nominal	Valuation in EUR Unrealized gain (loss) on Futures/ Options/Forward Exchange Contracts (Note 1)	as a % of net assets
Transferable securities listed on an official stock exchange			
Bearer shares			
Austria			
EUR TELEKOM AUSTRIA AG	509 200.00	8 865 172.00	3.97
Total Austria		8 865 172.00	3.97
Belgium			
EUR BELGACOM SA	200 000.00	4 920 000.00	2.21
Total Belgium		4 920 000.00	2.21
Canada			
CAD BCE INC	168 200.00	3 157 953.40	1.42
CAD NORTEL NETWORKS CORP (HOLDING CO)	500 000.00	919 302.74	0.41
Total Canada		4 077 256.14	1.83
France			
EUR FRANCE TELECOM SA	933 674.00	16 301 948.04	7.31
Total France		16 301 948.04	7.31
Italy			
EUR TELECOM ITALIA SPA	2 865 000.00	6 260 025.00	2.81
Total Italy		6 260 025.00	2.81
Japan			
JPY KDDI CORP	1 650.00	8 043 767.32	3.61
JPY NIPPON TELEGRAPH & TELEPHONE CORP	1 100.00	4 193 759.03	1.88
JPY NTT DOCOMO INC	8 600.00	10 809 745.50	4.84
Total Japan		23 047 271.85	10.33
Norway			
NOK TELENOR ASA	1 067 400.00	10 505 257.11	4.71
Total Norway		10 505 257.11	4.71
Singapore			
SGD SINGAPORE TELECOMMUNICATIONS	2 028 573.00	2 515 625.93	1.13
SGD STARHUB LTD	1 500 000.00	1 585 939.93	0.71
Total Singapore		4 101 565.86	1.84
Spain			
EUR TELEFONICA SA	599 000.00	7 649 230.00	3.43
Total Spain		7 649 230.00	3.43
Sweden			
SEK TELEFON AB L.M. ERICSSON-B	1 350 000.00	3 364 705.57	1.51
Total Sweden		3 364 705.57	1.51
United Kingdom			
GBP BT GROUP PLC	1 440 000.00	4 914 375.14	2.20
GBP VODAFONE GROUP PLC	12 089 200.00	21 663 513.19	9.71
Total United Kingdom		26 577 888.33	11.91
United States			
USD AT&T INC	946 600.00	19 205 415.53	8.61
USD BELLSOUTH CORP	198 000.00	5 205 698.93	2.33
USD CISCO SYSTEMS INC	375 900.00	5 759 439.44	2.58
USD COMCAST CORP-A	370 000.00	9 255 401.14	4.15
USD DOBSON COMMUNICATIONS CORP-A	199 400.00	1 333 524.85	0.60
USD EMBARQ CORP	46 954.60	1 523 296.49	0.68
USD MOTOROLA INC	390 000.00	6 403 596.86	2.87
USD QUALCOMM INC	85 000.00	2 991 825.29	1.34
USD SPRINT NEXTEL CORP-S1	939 092.00	15 507 136.36	6.95
USD VERIZON COMMUNICATIONS INC	513 000.00	12 465 047.29	5.59
Total United States		79 650 382.18	35.70
Total Bearer shares		195 320 702.08	87.56
Registered shares			
Germany			
EUR DEUTSCHE TELEKOM AG	550 000.00	6 968 500.00	3.12
Total Germany		6 968 500.00	3.12
Total Registered shares		6 968 500.00	3.12

Description	Quantity/ Nominal	Valuation in EUR Unrealized gain (loss) on Futures/ Options/Forward Exchange Contracts (Note 1)	as a % of net assets
Depository receipts			
Indonesia			
USD PT INDOSAT TBK-ADR	85 000.00	1 723 227.84	0.77
Total Indonesia		1 723 227.84	0.77
Total Depository receipts		1 723 227.84	0.77
Total Transferable securities listed on an official stock exchange		204 012 429.92	91.45
Transferable securities not listed on an official stock exchange and not traded on another regulated market			
Warrants on shares			
United Kingdom			
GBP UBS AG LONDON/VODAFONE CALL WARRANT 1.39400 06-04.09.06	9 500 000.00	4 567 344.38	2.05
Total United Kingdom		4 567 344.38	2.05
Total Warrants on shares		4 567 344.38	2.05
Total Transferable securities not listed on an official stock exchange and not traded on another regulated market		4 567 344.38	2.05
Total investments in securities		208 579 774.30	93.50
Cash at banks, deposits on demand and deposit accounts and other liquid assets		14 899 104.36	6.68
Other assets and liabilities		-404 366.18	-0.18
Total net assets		223 074 512.48	100.00