

Semi-Annual Report 2005/2006.

Investment Fund under Luxembourg Law

Unaudited semi-annual report as of 31 May 2006

UBS (Lux) Equity Fund – Biotech



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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 USD		460 228 886.89	523 062 892.43	579 070 562.41
Class B	LU0069152568			
Units outstanding		3 306 835.6301	3 632 721.3271	4 303 193.0311
Net asset value per unit in USD		139.18	143.99	134.57
Class BG	LU0168501954			
Units outstanding		N/A	N/A	1 000.0000
Net asset value per unit in USD		N/A	N/A	9.44

Structure of the Securities Portfolio

Geographical Breakdown as a % of net assets	
United States	93.40
Germany	2.13
Denmark	1.92
Switzerland	1.29
Total	98.74

Economic Breakdown as a % of net assets	
Biotechnology	87.65
Pharmaceuticals, cosmetics & medical products	8.77
Miscellaneous services	2.32
Total	98.74

Statement of Net Assets

	USD
	31.5.2006
Assets	
Investments in securities, cost	430 131 499.93
Investments in securities, unrealized appreciation (depreciation)	24 261 544.81
Total investments in securities (Note 1)	454 393 044.74
Cash at banks, deposits on demand and deposit accounts	6 183 977.28
Receivable on subscriptions	1 804 648.28
Interest receivable on liquid assets	18 006.99
Receivable on dividends	7 211.40
Total Assets	462 406 888.69
Liabilities	
Payable on redemptions	-1 737 857.96
Provisions for all-in fee (Note 2)	-401 580.60
Provisions for tax d'abonnement (Note 3)	-38 563.24
Total provisions	-440 143.84
Total Liabilities	-2 178 001.80
Net assets at the end of the period	460 228 886.89

Statement of Operations

	USD
	1.12.2005–31.5.2006
Income	
Net interest on liquid assets and bank overdraft	113 576.93
Dividends	18 915.37
Income on securities lending (Note 4)	68 817.09
Total income	201 309.39
Expenses	
All-in fee (Note 2)	-5 148 761.24
Taxe d'abonnement (Note 3)	-128 140.94
Total expenses	-5 276 902.18
Net income on investments	-5 075 592.79
Realized gain (loss) (Note 1)	
Realized gain (loss) on market-priced securities without options	5 741 818.11
Realized gain (loss) on options	8 480 100.00
Total realized gain (loss) on investments	14 221 918.11
Realized gain (loss) on foreign exchange	153 854.50
Total realized gain (loss)	14 375 772.61
Net realized gain (loss) of the period	9 300 179.82
Changes in unrealized appreciation (depreciation)	
Unrealized appreciation (depreciation) on market-priced securities without options	-12 731 792.22
Unrealized appreciation (depreciation) on options	-9 845 970.00
Total changes in unrealized appreciation (depreciation)	-22 577 762.22
Net increase (decrease) in net assets as a result of operations	-13 277 582.40

Statement of Changes in Net Assets

	USD
	1.12.2005–31.5.2006
Net assets at the beginning of the period	523 062 892.43
Subscriptions	70 084 141.85
Redemptions	-119 640 564.99
Total net subscriptions (redemptions)	-49 556 423.14
Net income on investments	-5 075 592.79
Total realized gain (loss)	14 375 772.61
Total changes in unrealized appreciation (depreciation)	-22 577 762.22
Net increase (decrease) in net assets as a result of operations	-13 277 582.40
Net assets at the end of the period	460 228 886.89

Development of the outstanding units

	1.12.2005–31.5.2006
Class	B
Number of units outstanding at the beginning of the period	3 632 721.3271
Number of units issued	466 191.9860
Number of units redeemed	-792 077.6830
Number of units outstanding at the end of the period	3 306 835.6301

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

Description	Quantity/ Nominal	Valuation in USD 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			
Denmark			
DKK GENMAB A/S	274 900.00	8 830 246.03	1.92
Total Denmark		8 830 246.03	1.92
Germany			
EUR GPC BIOTECH AG	203 666.00	2 942 986.43	0.64
Total Germany		2 942 986.43	0.64
United States			
USD AFFYMETRIX INC	192 200.00	5 287 422.00	1.15
USD ALKERMES INC	426 300.00	8 449 266.00	1.84
USD AMGEN INC	598 414.00	40 446 802.26	8.79
USD AMYLIN PHARMACEUTICALS INC	345 400.00	15 698 430.00	3.41
USD APPLERA CORP	242 400.00	7 175 040.00	1.56
USD ATHEROGENICS INC	156 500.00	2 079 885.00	0.45
USD BIOGEN IDEC INC	447 000.00	20 843 610.00	4.53
USD BIOMARIN PHARMACEUTICAL INC	234 700.00	3 048 753.00	0.66
USD CELGENE CORP	353 000.00	14 631 850.00	3.18
USD CEPHALON INC	227 000.00	13 556 440.00	2.95
USD CHARLES RIVER LABORATORIES INTERNATIONAL INC	110 200.00	4 412 408.00	0.96
USD DIGENE CORP	43 100.00	1 611 078.00	0.35
USD DYAX CORP	380 000.00	1 425 000.00	0.31
USD EXELIXIS INC	675 200.00	7 325 920.00	1.59
USD GEN-PROBE INC NEW	126 300.00	6 820 200.00	1.48
USD GENENTECH INC	399 400.00	33 134 224.00	7.20
USD GENZYME CORP-GENERAL DIVISION	722 900.00	43 012 550.00	9.35
USD GILEAD SCIENCES INC	765 500.00	43 886 115.00	9.53
USD IDENIX PHARMACEUTICALS INC	353 900.00	3 195 717.00	0.69
USD IMCLONE SYSTEMS INC	108 000.00	4 320 000.00	0.94
USD INTERMUNE INC	73 500.00	1 165 710.00	0.25
USD INVITROGEN CORP	108 200.00	6 896 668.00	1.50
USD ISIS PHARMACEUTICALS INC	820 000.00	6 412 400.00	1.39
USD KERYX BIOPHARMACEUTICALS INC	486 200.00	6 952 660.00	1.51
USD MARTEK BIOSCIENCES CORP	237 600.00	6 023 160.00	1.31
USD MEDAREX INC	235 500.00	2 416 230.00	0.53
USD MEDICINES CO	217 200.00	4 018 200.00	0.87
USD MEDIMMUNE INC	446 000.00	14 191 720.00	3.08
USD MGI PHARMA INC	206 300.00	3 715 463.00	0.81
USD MILLENNIUM PHARMACEUTICALS INC	287 700.00	2 462 712.00	0.54
USD MYOGEN INC	362 100.00	11 279 415.00	2.45
USD NEUROCRINE BIOSCIENCES INC	210 000.00	4 139 100.00	0.90
USD NPS PHARMACEUTICALS INC	172 000.00	952 880.00	0.21
USD OSI PHARMACEUTICALS INC	478 700.00	13 700 394.00	2.98
USD PALATIN TECHNOLOGIES INC	976 000.00	2 264 320.00	0.49
USD PANACOS PHARMACEUTICALS INC	889 700.00	5 605 110.00	1.22
USD PDL BIOPHARMA INC	297 900.00	6 032 475.00	1.31
USD PHARMION CORP	311 300.00	6 104 593.00	1.33
USD PROGENICS PHARMACEUTICALS INC	278 000.00	5 896 380.00	1.28
USD REGENERON PHARMACEUTICALS INC	197 000.00	2 549 180.00	0.55
USD TANOX INC	335 200.00	4 790 008.00	1.04
USD TECHNE CORP	90 200.00	4 932 136.00	1.07
USD TELIK INC	266 300.00	4 255 474.00	0.92
USD TERCICA INC	479 800.00	2 451 778.00	0.53
USD THRESHOLD PHARMACEUTICALS INC	479 400.00	1 965 540.00	0.43
USD TRIMERIS INC	101 300.00	1 092 014.00	0.24
USD UNITED THERAPEUTICS CORP	80 500.00	3 876 880.00	0.84
USD VERTEX PHARMACEUTICALS INC	386 200.00	13 323 900.00	2.90
Total United States		429 827 210.26	93.40
Total Bearer shares		441 600 442.72	95.96
Registered shares			
Germany			
EUR JERINI AG	1 200 000.00	6 858 963.01	1.49
Total Germany		6 858 963.01	1.49
Switzerland			
CHF ACTELION LTD	50 806.00	5 933 639.01	1.29
Total Switzerland		5 933 639.01	1.29
Total Registered shares		12 792 602.02	2.78
Total Transferable securities listed on an official stock exchange		454 393 044.74	98.74
Total investments in securities		454 393 044.74	98.74

Description	Quantity/ Nominal	Valuation in USD Unrealized gain (loss) on Futures/ Options/Forward Exchange Contracts (Note 1)	as a % of net assets
Cash at banks, deposits on demand and deposit accounts and other liquid assets		6 183 977.28	1.34
Other assets and liabilities		-348 135.13	-0.08
Total net assets		460 228 886.89	100.00