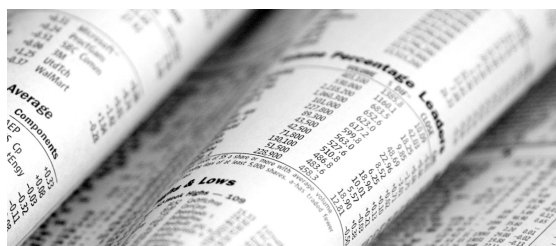


# Annual Report 2006/2007.

## Investment Fund under Luxembourg Law

### Audited annual report as of 31 August 2007

- UBS (Lux) Emerging Economies Fund
- UBS (Lux) Emerging Economies Fund – Global Bonds
- UBS (Lux) Emerging Economies Fund – Latin American Bonds
- UBS (Lux) Emerging Economies Fund – Latin American Money Market
- UBS (Lux) Emerging Economies Fund – Local Currencies Exposure





# Audited annual report as of 31 August 2007

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## **Sales restrictions**

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

## **Internet address**

<http://www.ubs.com/1/e/globalam/funds.html>

# Management and Administration

Annual Report as of 31 August 2007  
UBS (Lux) Emerging Economies Fund

## Management Company

UBS Emerging Economies Fund  
Management Company S.A.,  
33A, avenue J.F. Kennedy,  
P.O. Box 91, L-2010 Luxembourg\*  
R.C.S. Luxembourg N° B 50 090

\* until 29 July 2007: 291, route d'Arlon, L-1150 Luxembourg

## Board of Directors

*Andreas Jacobs*, Chairman of the Board  
(until 12 September 2007)  
Managing Director, UBS AG, Basel and Zurich

*Thomas Rose*, Chairman of the Board  
(since 13 September 2007)  
Managing Director, UBS AG, Basel and Zurich

*Gerhard Fusenig*, Member  
Managing Director, UBS AG, Basel and Zurich

*Aloyse Hemmen*, Member  
Executive Director, UBS Fund Services  
(Luxembourg) S.A., Luxembourg

*Gilbert Schintgen*, Member  
Executive Director, UBS Fund Services  
(Luxembourg) S.A., Luxembourg

*Dirk Spiegel*, Member  
Executive Director, UBS AG, Basel and Zurich

## Executive Board (until 16 December 2005)

*Jean-Paul Gennari*  
Managing Director, UBS Fund Services  
(Luxembourg) S.A., Luxembourg

*Günter Lutgen*  
Executive Director, UBS Fund Services  
(Luxembourg) S.A., Luxembourg

*Isabelle Asseray*  
Director, UBS Fund Services  
(Luxembourg) S.A., Luxembourg

## Day to Day Manager (since 16 December 2005)

*Isabelle Asseray* (until 1 May 2007)  
Director, UBS Fund Services (Luxembourg) S.A.,  
Luxembourg

*Valérie Bernard*  
Director, UBS Fund Services (Luxembourg) S.A.,  
Luxembourg

*Emmanuel Duterme* (since 1 May 2007)  
Associate Director, UBS Fund Services  
(Luxembourg) S.A., Luxembourg

*Christophe Hilbert*  
Associate Director, UBS Fund Services  
(Luxembourg) S.A., Luxembourg

## Portfolio Manager

UBS Global Asset Management (Americas) Inc.,  
209 South LaSalle Street,  
Chicago, IL 60604-1295, USA

## Custodian Bank, main paying agent and sales agency

UBS (Luxembourg) S.A.,  
33A, avenue J.F. Kennedy,  
P.O. Box 2, L-2010 Luxembourg\*

\* until 29 July 2007: 36-38, Grand-Rue, L-1660 Luxembourg

## Administrative agent

UBS Fund Services (Luxembourg) S.A.,  
33A, avenue J.F. Kennedy,  
P.O. Box 91, L-2010 Luxembourg\*

\* until 29 July 2007: 291, route d'Arlon, L-1150 Luxembourg

## Independent Auditors of the Fund and of the Management Company

PricewaterhouseCoopers S.à r.l.,  
Réviseur d'entreprises,  
400, route d'Esch, B.P. 1443, L-1014 Luxembourg

### **Sale in Switzerland**

*Representant*

UBS Fund Management (Switzerland) AG,  
Aeschenvorstadt 48, CH-4002 Basel

*Paying Agent*

UBS AG, Aeschenvorstadt 1, CH-4002 Basel  
UBS AG, Bahnhofstrasse 45, CH-8098 Zurich  
and its offices in Switzerland

The sales prospectus and the simplified prospectuses, management regulations, annual and semi-annual reports as well as the portfolio movements of the investment fund mentioned in this publication are available free of charge from UBS AG, P.O. Box, CH-4002 Basel and from UBS Fund Management (Switzerland) AG, P.O. Box, CH-4002 Basel.

### **Sale in the Federal Republic of Germany**

*Sales support and information agent*

UBS Deutschland AG,  
Stephanstrasse 14–16, D-60313 Frankfurt am Main

*Sales agency, paying and information agent*

UBS Deutschland AG,  
Stephanstrasse 14–16, D-60313 Frankfurt am Main

The sales prospectus and the simplified prospectuses, management regulations, annual and semi-annual reports as well as the portfolio movements of the investment fund mentioned in this publication are available free of charge from UBS Deutschland AG, Stephanstrasse 14–16, D-60313 Frankfurt am Main.

### **Sale in the Principality of Liechtenstein**

*Sales agency and paying agent*

Liechtensteinische Landesbank AG,  
Städtle 44, FL-9490 Vaduz

### **Sale in Chile\*, in Denmark, in Finland, in France, in Italy, at Malta, in Portugal, in Singapore\*\*, in Spain and in Taiwan**

\* only pension scheme

\*\* Restricted recognition scheme

Units of this fund may be sold in these countries.

The sales prospectus and the simplified prospectuses, management regulations, annual and semi-annual reports as well as the portfolio movements of the investment fund mentioned in this publication are available free of charge at the sales agencies and at the registered office of the Management Company.

# Features of the Fund

Annual Report as of 31 August 2007  
UBS (Lux) Emerging Economies Fund

UBS (Lux) Emerging Economies Fund (hereinafter called the "Fund") offers investors a range of different subfunds ("umbrella construction") which invest in accordance with the investment policy described in the Sales Prospectus. The Sales Prospectus, which contains specific details on each subfund, will be brought up to date on the inception of each new subfund.

UBS (Lux) Emerging Economies Fund was established as an open-ended investment fund without legally independent status in the form of a collective investment fund ("fonds commun de placement", FCP) pursuant to Part I of the Luxembourg law relating to undertakings for collective investment of 30 March 1988 and adapted in February 2004 to conform to the Luxembourg law dated 20 December 2002 relating to undertakings for collective investment. It was originally established under the title SBC Emerging Economies Portfolio in compliance with the Management Regulations approved by the board of directors of UBS Emerging Economies Fund Management Company S.A. (formerly SBC Emerging Economies Portfolio Management Company S.A.) on 20 January 1995. The Management Regulations were published on 11 March 1995 and amendments were published on 12 August 1995, 29 June 1996, 16 August 1996, 3 March 1998, 30 September 1998, 9 April 1999, 1 July 2000, 27 November 2002, 23 February 2004 and by way of a notice of deposit on 28 December 2005 in the Luxembourg "Mémorial".

The Management Regulations may be changed in observance of the provisions of the law. Each time a revision is deposited it is announced in the "Mémorial". The new Management Regulations come into force on the date they are signed by the Management Company and the custodian bank. The consolidated version is deposited for inspection at the Commercial and Company Register of the District Court in Luxembourg.

The fund has no legal personality as an investment fund. The entire assets of each subfund are the undivided property of all investors who have equal rights in proportion to the number of units which they hold. These assets are separate from the assets of the Management Company. The securities and other assets of the fund are managed by UBS Emerging Economies Fund Management Company S.A. as in-house funds in the interest and for the account of the unitholders.

The Management Regulations give the Management Company the authority to establish different subfunds for the fund as well as different unit classes with specific characteristics within these subfunds. The Sales Prospectus will be updated each time a new subfund or an additional unit class is issued.

At the moment, the following subfunds are available:

<b>UBS (Lux) Emerging Economies Fund</b>	<b>Currency of account</b>	<b>Unit classes</b>
– Global Bonds	USD	(USD) B, (USD) AM
– Latin American Bonds	USD	(USD) B
– Latin American Money Market	USD	(USD) B
– Local Currencies Exposure	USD	(EUR) B, (USD) B

The Management Company may issue several classes of units for each of the subfunds.

At the moment, the following unit classes are available:

- Units of class "B" (= reinvestment units), which do not entitle the unitholder to distributions. The income attaching to these units is automatically reinvested, although the Management Company may decide at any time to make distributions.
- Units of class "AM" (= distribution units with a monthly gross distribution that is subject to restrictions depending on the country of sale), which are issued exclusively in Asian countries and where appropriate in further countries of sale at the discretion of the Board of Directors.

The fund is subject to no restrictions with regard to the size of its net assets, the number of units, number of subfunds and unit classes and the duration of the fund and its subfunds.

The fund forms a legal entity. With respect to the unitholders, however, each subfund is regarded as being separate from the others. The assets of a subfund can only be used to offset the liabilities which the subfund concerned has assumed.

The acquisition of fund units implies acceptance of the Management Regulations by the unitholder.

The Management Regulations do not provide for a general meeting of the unitholders.

The financial year of the fund ends on the last day of August.

The units of the subfunds of the UBS (Lux) Emerging Economies Fund are listed on the Luxembourg Stock Exchange.

The issue and redemption of units of the UBS (Lux) Emerging Economies Fund are subject to the regulations prevailing in the country concerned.

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

The annual and semi-annual reports are available free of charge to unitholders at the registered office of the Management Company and the Custodian Bank.

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

# Independent Auditor's Report

Annual Report as of 31 August 2007  
UBS (Lux) Emerging Economies Fund

To the Unitholders of

## **UBS (Lux) Emerging Economies Fund**

We have audited the accompanying financial statements of UBS (Lux) Emerging Economies Fund and of each of its subfunds, which comprise the statement of net assets and the statement of investments in securities and other net assets as at 31 August 2007 and the statement of operations and the statement of changes in net assets for the year then ended, and a summary of significant accounting policies and other explanatory notes to the financial statements.

## **Board of Directors of the Management Company's responsibility for the financial statements**

The Board of Directors of the Management Company is responsible for the preparation and fair presentation of these financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted by the "Institut des Réviseurs d'Entreprises". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the Auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the Auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors of the Management Company, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, these financial statements give a true and fair view of the financial position of UBS (Lux) Emerging Economies Fund and of each of its subfunds as of 31 August 2007, and of the results of their operations and changes in their net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the financial statements.



**Other matter**

Supplementary information included in the annual report has been reviewed in the context of our mandate but has not been subject to specific audit procedures carried out in accordance with the standards described above. Consequently, we express no opinion on such information. However, we have no observation to make concerning such information in the context of the financial statements taken as a whole.

Luxembourg, 5 February 2008

PricewaterhouseCoopers S.à r.l.  
Réviseur d'entreprises  
Represented by

Marc Saluzzi

# UBS (Lux) Emerging Economies Fund

Annual Report as of 31 August 2007

## Consolidated Statement of Net Assets

	<b>USD</b>
<b>Assets</b>	<b>31.8.2007</b>
Investments in securities, cost	956 088 711.10
Investments in securities, unrealized appreciation (depreciation)	-23 285 982.67
Total investments in securities (Note 1)	932 802 728.43
Cash at banks, deposits on demand and deposit accounts	46 433 625.53
Time deposits and fiduciary deposits	80 197 935.92
Other liquid assets (Margins)	1 708 856.50
Receivable on securities sales (Note 1)	1 942 411.85
Receivable on subscriptions	555 436.86
Interest receivable on securities	11 753 051.38
Interest receivable on liquid assets	385 166.46
Receivable on dividends	323 583.29
Other receivables	151 630.56
Unrealized gain (loss) on financial futures (Note 1)	3 245 315.53
Unrealized gain (loss) on forward foreign exchange contracts (Note 1)	837 833.10
Unrealized gain (loss) on swaps (Note 1)	-305 366.54
<b>Total Assets</b>	<b>1 080 032 208.87</b>
<b>Liabilities</b>	
Bank overdraft	-4 477 140.65
Other short-term liabilities (Margins)	-4 315 586.71
Interest payable on bank overdraft	-1 161 085.77
Payable on securities purchases (Note 1)	-3 166.12
Payable on redemptions	-3 082 173.83
Other liabilities	-824.15
Provisions for all-in fee (Note 2)	-809 308.10
Provisions for taxe d'abonnement (Note 3)	-75 800.57
Total provisions	-885 108.67
<b>Total Liabilities</b>	<b>-13 925 085.90</b>
<b>Net assets at the end of the financial year</b>	<b>1 066 107 122.97</b>

**Consolidated Statement of Operations**

	<b>USD</b>
<b>Income</b>	<b>1.9.2006–31.8.2007</b>
Interest on liquid assets	4 293 015.18
Interest on securities	50 244 907.82
Interest received on swaps (Note 1)	1 241 692.94
Income on securities lending (Note 4)	84 414.70
<b>Total income</b>	<b>55 864 030.64</b>
<b>Expenses</b>	
Interest paid on swaps (Note 1)	–464 125.04
All-in fee (Note 2)	–15 458 420.43
Taxe d'abonnement (Note 3)	–388 739.87
Other expenses	–1 651.75
Interest on liquid assets and bank overdraft	–1 964 393.12
<b>Total expenses</b>	<b>–18 277 330.21</b>
<b>Net income on investments</b>	<b>37 586 700.43</b>
<b>Realized gain (loss) (Note 1)</b>	
Realized gain (loss) on market-priced securities without options	24 622 217.09
Realized gain (loss) on options	1 819 782.96
Realized gain (loss) on yield-evaluated securities and money market instruments	14 746 018.33
Realized gain (loss) on financial futures	–740 705.34
Realized gain (loss) on options, futures-styled	–12 712.00
Realized gain (loss) on forward foreign exchange contracts	–10 759 680.05
Realized gain (loss) on swaps	1 942 746.32
Total realized gain (loss) on investments	31 617 667.31
Realized gain (loss) on foreign exchange	–1 740 926.65
<b>Total realized gain (loss)</b>	<b>29 876 740.66</b>
<b>Net realized gain (loss) of the financial year</b>	<b>67 463 441.09</b>
<b>Changes in unrealized appreciation (depreciation) (Note 1)</b>	
Unrealized appreciation (depreciation) on market-priced securities without options	–25 131 898.84
Unrealized appreciation (depreciation) on options	–2 011 282.18
Unrealized appreciation (depreciation) on yield-evaluated securities and money market instruments	763 589.82
Unrealized appreciation (depreciation) on financial futures	3 046 880.28
Unrealized appreciation (depreciation) on forward foreign exchange contracts	4 039 121.10
Unrealized appreciation (depreciation) on swaps	–231 460.53
<b>Total changes in unrealized appreciation (depreciation)</b>	<b>–19 525 050.35</b>
<b>Net increase (decrease) in net assets as a result of operations</b>	<b>47 938 390.74</b>

# UBS (Lux) Emerging Economies Fund – Global Bonds

Annual Report as of 31 August 2007

## Three-year comparison

Date	ISIN	31.8.2007	31.8.2006	31.8.2005
Net assets in USD		661 334 289.90	537 294 934.91	518 244 280.53
<b>Class (USD) AM<sup>1</sup></b>	<b>LU0281209311</b>			
Units outstanding		270 832.5010		
Net asset value per unit in USD		97.99		
<b>Class (USD) B</b>	<b>LU0084219863</b>			
Units outstanding		506 424.7008	463 116.2068	488 063.3378
Net asset value per unit in USD		1 253.49	1 160.17	1 061.84

<sup>1</sup> Initial subscription: 13.4.2007

## Report of the Portfolio Manager

Emerging markets continued their solid performance from last year, though increased concerns about global liquidity conditions led to a widening of spreads at the end of the reporting period (1 September 2006 to 31 August 2007); JP Morgan EMBI Global performing spreads were 37 basis points (bp) above their level one year earlier, at 232 bp in 31 August 2007 from 195 bp on 1 September 2006. From a fundamental perspective, emerging markets continue to look strong, something that should remain a source of support for emerging market debt in the future.

The subfund outperformed its benchmark, JP Morgan EMBI Global, during the reporting year. Performance suffered from a position in performing Argentina USD denominated debt, as well as a position to the country's ARS (Argentine peso) denominated bonds. Underweights in Mexico and Brazil external debt also weighed on performance. Local market investments in Turkey and the Dominican Republic helped performance. Duration was close to or under that of the benchmark through most of the reporting year.

## Structure of the Securities Portfolio

Geographical Breakdown as a % of net assets	
Argentina	14.73
Turkey	9.54
United States	9.27
Venezuela	6.10
Netherlands	5.98
Malaysia	5.47
Russian Federation (CIS)	5.09
Brazil	3.96
Dominican Republic	3.68
Egypt	3.05
Poland	3.03
Philippines	2.48
Serbia	2.26
Indonesia	1.75
El Salvador	1.55
Vietnam	1.54
Lebanon	1.49
Ecuador	1.26
Pakistan	1.25
Colombia	1.18
Ireland	1.08
Luxembourg	0.88
Ukraine	0.87
Uruguay	0.85
South Africa	0.72
United Kingdom	0.55
Bahamas	0.50
Mexico	0.39
<b>Total</b>	<b>90.50</b>

Economic Breakdown as a % of net assets	
Countries & central governments	61.55
Miscellaneous unclassified companies	12.79
Finance & holding companies	8.32
Banks & credit institutions	3.24
Petroleum	2.29
Energy & water supply	1.56
Investment funds & pension foundations	0.32
Cantons, federal states	0.26
Miscellaneous services	0.17
<b>Total</b>	<b>90.50</b>

## Statement of Net Assets

	<b>USD</b>
	<b>31.8.2007</b>
<b>Assets</b>	
Investments in securities, cost	598 631 515.57
Investments in securities, unrealized appreciation (depreciation)	-104 858.40
<b>Total investments in securities (Note 1)</b>	<b>598 526 657.17</b>
Cash at banks, deposits on demand and deposit accounts	2 727 533.05
Time deposits and fiduciary deposits	54 930 102.26
Other liquid assets (Margins)	1 655 157.50
Receivable on securities sales (Note 1)	383 289.29
Receivable on subscriptions	453 413.69
Interest receivable on securities	7 097 007.02
Interest receivable on liquid assets	57 988.41
Receivable on dividends	186 032.00
Unrealized gain (loss) on financial futures (Note 1)	3 008 089.88
Unrealized gain (loss) on forward foreign exchange contracts (Note 1)	475 451.35
Unrealized gain (loss) on swaps (Note 1)	-297 650.96
<b>Total Assets</b>	<b>669 203 070.66</b>
<b>Liabilities</b>	
Bank overdraft	-1 043 076.12
Other short-term liabilities (Margins)	-4 002 611.74
Interest payable on bank overdraft	-570 074.71
Payable on redemptions	-1 642 138.14
Other liabilities	-824.15
Provisions for all-in fee (Note 2)	-554 358.10
Provisions for taxe d'abonnement (Note 3)	-55 697.80
<b>Total provisions</b>	<b>-610 055.90</b>
<b>Total Liabilities</b>	<b>-7 868 780.76</b>
<b>Net assets at the end of the financial year</b>	<b>661 334 289.90</b>

## Statement of Operations

	<b>USD</b>
	<b>1.9.2006–31.8.2007</b>
<b>Income</b>	
Interest on liquid assets	2 829 212.00
Interest on securities	31 321 378.36
Interest received on swaps (Note 1)	1 153 323.31
Income on securities lending (Note 4)	59 516.26
<b>Total income</b>	<b>35 363 429.93</b>
<b>Expenses</b>	
Interest paid on swaps (Note 1)	-416 085.98
All-in fee (Note 2)	-10 895 604.00
Taxe d'abonnement (Note 3)	-297 101.77
Other expenses	-1 651.75
Interest on liquid assets and bank overdraft	-1 142 058.11
<b>Total expenses</b>	<b>-12 752 501.61</b>
<b>Net income on investments</b>	<b>22 610 928.32</b>
<b>Realized gain (loss) (Note 1)</b>	
Realized gain (loss) on market-priced securities without options	25 411 864.46
Realized gain (loss) on options	1 542 624.78
Realized gain (loss) on yield-evaluated securities and money market instruments	11 339 624.75
Realized gain (loss) on financial futures	710 199.86
Realized gain (loss) on options, futures-styled	-10 928.00
Realized gain (loss) on forward foreign exchange contracts	-9 048 866.12
Realized gain (loss) on swaps	1 720 303.30
<b>Total realized gain (loss) on investments</b>	<b>31 664 823.03</b>
Realized gain (loss) on foreign exchange	-1 794 807.44
<b>Total realized gain (loss)</b>	<b>29 870 015.59</b>
<b>Net realized gain (loss) of the financial year</b>	<b>52 480 943.91</b>
<b>Changes in unrealized appreciation (depreciation) (Note 1)</b>	
Unrealized appreciation (depreciation) on market-priced securities without options	-14 754 249.87
Unrealized appreciation (depreciation) on options	-1 743 777.90
Unrealized appreciation (depreciation) on yield-evaluated securities and money market instruments	-105 321.81
Unrealized appreciation (depreciation) on financial futures	2 797 560.63
Unrealized appreciation (depreciation) on forward foreign exchange contracts	3 351 719.79
Unrealized appreciation (depreciation) on swaps	-252 120.44
<b>Total changes in unrealized appreciation (depreciation)</b>	<b>-10 706 189.60</b>
<b>Net increase (decrease) in net assets as a result of operations</b>	<b>41 774 754.31</b>

## Statement of Changes in Net Assets

	<b>USD</b>
	<b>1.9.2006–31.8.2007</b>
Net assets at the beginning of the financial year	537 294 934.91
Subscriptions	474 649 685.68
Redemptions	-391 929 476.24
Total net subscriptions (redemptions)	82 720 209.44
Dividend paid	-455 608.76
Net income on investments	22 610 928.32
Total realized gain (loss)	29 870 015.59
Total changes in unrealized appreciation (depreciation)	-10 706 189.60
Net increase (decrease) in net assets as a result of operations	41 774 754.31
<b>Net assets at the end of the financial year</b>	<b>661 334 289.90</b>

## Development of the outstanding units

	<b>1.9.2006–31.8.2007</b>
<b>Class</b>	<b>(USD) AM</b>
Number of units outstanding at the beginning of the financial year	0.0000
Number of units issued	282 708.8450
Number of units redeemed	-11 876.3440
<b>Number of units outstanding at the end of the financial year</b>	<b>270 832.5010</b>
<b>Class</b>	<b>(USD) B</b>
Number of units outstanding at the beginning of the financial year	463 116.2068
Number of units issued	359 426.7370
Number of units redeemed	-316 118.2430
<b>Number of units outstanding at the end of the financial year</b>	<b>506 424.7008</b>

## Statement of Investments in Securities and other Net Assets as of 31 August 2007

Description	Quantity/ Nominal	Valuation in USD Unrealized gain (loss) on Futures/ Options/Forward Exchange Contracts (Note 1)	as a % of net assets
<b>Transferable securities and money market instruments listed on an official stock exchange</b>			
<b>Credit Linked Notes, floating rate</b>			
<b>BRL</b>			
BRL BARCLAYS BANK PLC/BRAZIL-REG-S CLN FLR 16.03.06-17.05.45	4 600 000.00	3 659 869.43	0.55
<b>Total BRL</b>		<b>3 659 869.43</b>	<b>0.55</b>
<b>Total Credit Linked Notes, floating rate</b>		<b>3 659 869.43</b>	<b>0.55</b>
<b>Notes, fixed rate</b>			
<b>USD</b>			
USD DOMINICAN REPUBLIC-REG-S 9.04000% 05-23.01.18	2 200 000.00	2 632 981.33	0.40
USD DOMINICAN REPUBLIC-REG-S 9.50000% 05-27.09.11	15 100 000.00	15 665 729.35	2.37
USD EL SALVADOR, REPUBLIC OF-REG-S 7.75000% 02-24.01.23	6 180 000.00	6 890 700.00	1.04
USD EL SALVADOR, REPUBLIC OF-REG-S 8.25000% 02-10.04.32	2 890 000.00	3 337 950.00	0.50
USD HIPOTECARIA SU CASITA-REG-S 8.50000% 06-04.10.16	2 000 000.00	1 980 000.00	0.30
USD LEBANESE REPUBLIC-REG-S 11.62500% 01-11.05.16	1 200 000.00	1 344 000.00	0.20
USD MAJAPAHIT HOLDING NV-REG S 7.25000% 06-17.10.11	5 500 000.00	5 500 000.00	0.83
USD PHILIPPINES, REPUBLIC OF THE 8.00000% 05-15.01.16	1 800 000.00	1 948 500.00	0.29
USD SOUTH AFRICA, REPUBLIC OF 5.87500% 07-30.05.22	600 000.00	580 543.33	0.09
USD SOUTH AFRICA, REPUBLIC OF 6.50000% 04-02.06.14	3 100 000.00	3 235 764.81	0.49
USD TURKEY, REPUBLIC OF 7.00000% 05-05.06.20	2 000 000.00	1 992 500.00	0.30
USD TURKEY, REPUBLIC OF 7.00000% 06-26.09.16	16 990 000.00	17 202 375.00	2.61
<b>Total USD</b>		<b>62 311 043.82</b>	<b>9.42</b>
<b>Total Notes, fixed rate</b>		<b>62 311 043.82</b>	<b>9.42</b>
<b>Notes, floating rate</b>			
<b>ARS</b>			
ARS ARGENTINA, REPUBLIC OF 0.000%/GDP LINKED 05-15.12.35	36 980 858.00	995 920.14	0.15
<b>Total ARS</b>		<b>995 920.14</b>	<b>0.15</b>
<b>Total Notes, floating rate</b>		<b>995 920.14</b>	<b>0.15</b>
<b>Medium term notes, fixed rate</b>			
<b>RUB</b>			
RUB DALI CAPITAL PLC/BK MOSCOW LPN 7.25000% 06-25.11.09	180 000 000.00	7 111 980.74	1.08
<b>Total RUB</b>		<b>7 111 980.74</b>	<b>1.08</b>
<b>USD</b>			
USD BANCO GALICIA Y BNOS AIRES-SUB-REG-S-PIK STEP-UP 04-01.01.19	1 302 842.07	1 198 614.70	0.18
USD LEBANESE REPUBLIC 4.00000% 02-31.12.17	8 240 000.00	6 386 000.00	0.96
USD LEBANON, REPUBLIC OF-REG-S 8.25000% 06-12.04.21	600 000.00	528 000.00	0.08
USD SOUTH AFRICA, REPUBLIC OF 7.37500% 02-25.04.12	860 000.00	922 323.69	0.14
USD TURKEY, REPUBLIC OF 11.00000% 03-14.01.13	4 000 000.00	4 770 000.00	0.72
USD TURKEY, REPUBLIC OF 11.50000% 02-23.01.12	2 110 000.00	2 514 856.25	0.38
<b>Total USD</b>		<b>16 319 794.64</b>	<b>2.46</b>
<b>Total Medium term notes, fixed rate</b>		<b>23 431 775.38</b>	<b>3.54</b>
<b>Bonds, fixed rate</b>			
<b>ARS</b>			
ARS FIDEICOMISO FIN PAGAN IV 4.00000 06-22.12.11	10 000 000.00	3 421 782.17	0.52
<b>Total ARS</b>		<b>3 421 782.17</b>	<b>0.52</b>
<b>EUR</b>			
EUR URUGUAY, EASTERN REPUBLIC OF 6.87500% 05-19.01.16	3 960 000.00	5 600 064.30	0.85
<b>Total EUR</b>		<b>5 600 064.30</b>	<b>0.85</b>
<b>IDR</b>			
IDR INDONESIA, REPUBLIC OF 10.25000% 07-15.07.27	20 000 000 000.00	2 131 116.76	0.32
IDR INDONESIA, REPUBLIC OF 11.00000% 06-15.09.25	67 000 000 000.00	7 563 360.12	1.15
IDR INDONESIA, REPUBLIC OF 12.50000% 05-15.03.13	15 500 000 000.00	1 857 027.48	0.28
<b>Total IDR</b>		<b>11 551 504.36</b>	<b>1.75</b>
<b>KZT</b>			
KZT CENTERCREDIT INTERNATIONAL BV 8.25000% 06-30.09.11	930 000 000.00	7 064 129.48	1.07
<b>Total KZT</b>		<b>7 064 129.48</b>	<b>1.07</b>
<b>PLN</b>			
PLN POLAND, REPUBLIC OF 4.25000% 05-24.05.11	28 500 000.00	9 687 909.49	1.47
PLN POLAND, REPUBLIC OF 6.00000% 00-24.11.10	5 000 000.00	1 803 856.29	0.27
PLN POLAND, REPUBLIC OF 6.00000% 99-24.05.09	23 763 000.00	8 557 353.80	1.29
<b>Total PLN</b>		<b>20 049 119.58</b>	<b>3.03</b>

Description	Quantity/ Nominal	Valuation in USD Unrealized gain (loss) on Futures/ Options/Forward Exchange Contracts (Note 1)	as a % of net assets
<b>TRY</b>			
TRY TURKEY, REPUBLIC OF 14.00000% 06-19.01.11	9 060 000.00	6 489 072.96	0.98
TRY TURKEY, REPUBLIC OF 15.00000% 05-10.02.10	23 200 000.00	17 020 550.16	2.57
<b>Total TRY</b>		<b>23 509 623.12</b>	<b>3.55</b>
<b>USD</b>			
USD ARGENTINA, REPUBLIC OF 7.00000% 05-03.10.15	4 500 000.00	3 606 750.00	0.55
USD ARGENTINA, REPUBLIC OF 7.00000% 07-17.04.17	3 805 000.00	2 990 730.00	0.45
USD ARGENTINA, REPUBLIC OF-DEF 11.00000% 96-09.10.06	6 000 000.00	2 100 000.00	0.32
USD ARGENTINA, REPUBLIC OF-DEF 11.00000% 98-04.12.05	2 000 000.00	700 000.00	0.11
USD ARGENTINA, REPUBLIC OF-DEF 11.37500% 97-30.01.17	1 473 000.00	537 645.00	0.08
USD ARGENTINA, REPUBLIC OF-DEF 11.37500% 00-15.03.10	2 000 000.00	700 000.00	0.11
USD ARGENTINA, REPUBLIC OF-DEF 11.75000% 99-07.04.09	1 213 000.00	433 041.00	0.07
USD ARGENTINA, REPUBLIC OF-DEF 12.00000% 00-01.02.20	2 250 000.00	787 500.00	0.12
USD ARGENTINA, REPUBLIC OF-DEF 12.25000% 01-19.06.18	4 800 938.00	1 704 332.99	0.26
USD BRAZIL, FEDERATIVE REPUBLIC OF 6.00000% 06-17.01.17	20 650 000.00	20 526 100.00	3.10
USD ECUADOR, REPUBLIC OF-REG-S STEP-UP 00-15.08.30	9 495 000.00	8 355 600.00	1.26
USD GAZPROM OAO-REG-S 7.28800% 07-16.08.37	3 700 000.00	3 800 643.66	0.57
USD LEBANON, REPUBLIC OF-REG-S 8.50000% 05-19.01.16	1 700 000.00	1 598 000.00	0.24
USD MAJAPAHIT HOLDINGS BV-REG-S 7.87500% 07-29.06.37	8 600 000.00	8 270 147.00	1.25
USD MENDOZA, PROVINCE OF-REG-S 5.50000% 04-04.09.18	2 565 000.00	1 705 722.44	0.26
USD PAKISTAN, ISLAMIC REPUBLIC OF 6.75000% 04-19.02.09	3 570 000.00	3 462 900.00	0.52
USD PAKISTAN, ISLAMIC REPUBLIC OF-REG-S 6.87500% 07-01.06.17	5 660 000.00	4 811 000.00	0.73
USD PHILIPPINES, REPUBLIC OF THE 8.37500% 04-15.02.11	5 000 000.00	5 300 000.00	0.80
USD RSHB CAPITAL SA-REG-S 7.17500% 06-16.05.13	5 500 000.00	5 676 660.00	0.86
USD RUSSIA, FEDERATION OF-REG-S STEP-UP 00-31.03.30	25 024 622.00	27 638 443.77	4.17
USD SERBIA, REPUBLIC OF-REG-S STEP-UP 05-01.11.24	16 250 000.00	14 950 000.00	2.26
USD UKRAINE-REG-S 7.65000% 03-11.06.13	5 460 000.00	5 733 000.00	0.87
USD VENEZUELA, REPUBLIC OF 13.62500% 98-15.08.18	700 000.00	903 000.00	0.14
USD VENEZUELA, REPUBLIC OF 9.37500% 04-13.01.34	5 780 000.00	5 765 550.00	0.87
USD VENEZUELA, REPUBLIC OF-REG-S 5.37500% 03-07.08.10	4 730 000.00	4 375 212.59	0.66
USD VENEZUELA, REPUBLIC OF-REG-S 5.75000% 05-26.02.16	12 820 000.00	10 357 615.55	1.57
USD VENEZUELA, REPUBLIC OF-REG-S 7.00000% 03-01.12.18	11 660 000.00	9 870 082.49	1.49
USD VIETNAM, SOCIALIST REPUBLIC-REG-S 6.87500% 05-15.01.16	9 950 000.00	10 201 718.39	1.54
<b>Total USD</b>		<b>166 861 394.88</b>	<b>25.23</b>
<b>Total Bonds, fixed rate</b>		<b>238 057 617.89</b>	<b>36.00</b>
<b>Bonds, zero coupon</b>			
<b>TRY</b>			
TRY TURKEY, REPUBLIC OF 0.00000% 06-13.08.08	20 000 000.00	13 077 813.42	1.98
<b>Total TRY</b>		<b>13 077 813.42</b>	<b>1.98</b>
<b>Total Bonds, zero coupon</b>		<b>13 077 813.42</b>	<b>1.98</b>
<b>Bonds, floating rate</b>			
<b>ARS</b>			
ARS ARGENTINA, REPUBLIC OF 2.00000%/INDEX LINKED 03-03.01.16	10 140 000.00	4 487 462.02	0.68
ARS ARGENTINA, REPUBLIC OF 2.00000%/INDEX LINKED 04-15.03.14	23 565 000.00	8 511 398.02	1.29
ARS ARGENTINA, REPUBLIC OF 2.00000%/INDEX LINKED 02-03.01.10	22 946 000.00	9 003 793.84	1.36
ARS ARGENTINA, REPUBLIC OF PIK VAR/INDEX LINKED 05-31.12.33	3 774 399.00	1 339 829.43	0.20
ARS BANCO CENTRAL ARGENTINA 2.00000%/INDEX LINKED 02-04.02.18	2 750 000.00	1 055 674.44	0.16
<b>Total ARS</b>		<b>24 398 157.75</b>	<b>3.69</b>
<b>USD</b>			
USD ARGENTINA, REPUBLIC OF 6M LIBOR 02-03.08.12	87 344 000.00	48 323 068.00	7.31
<b>Total USD</b>		<b>48 323 068.00</b>	<b>7.31</b>
<b>Total Bonds, floating rate</b>		<b>72 721 225.75</b>	<b>11.00</b>
<b>Total Transferable securities and money market instruments listed on an official stock exchange</b>		<b>414 255 265.83</b>	<b>62.64</b>
<b>Transferable securities and money market instruments traded on another regulated market</b>			
<b>Treasury bills, zero coupon</b>			
<b>EGP</b>			
EGP ARAB REPUBLIC OF EGYPT TB 0.00000% 01.05.07-29.04.08	5 000 000.00	843 965.39	0.13
EGP EGYPT, REPUBLIC OF TB 0.00000% 0.00000% 08.05.07-06.05.08	13 000 000.00	2 177 968.51	0.33
EGP EGYPT, REPUBLIC OF TB 0.00000% 26.09.06-25.09.07	27 550 000.00	4 845 036.85	0.73
<b>Total EGP</b>		<b>7 866 970.75</b>	<b>1.19</b>
<b>Total Treasury bills, zero coupon</b>		<b>7 866 970.75</b>	<b>1.19</b>



Description	Quantity/ Nominal	Valuation in USD Unrealized gain (loss) on Futures/ Options/Forward Exchange Contracts (Note 1)	as a % of net assets
<b>Credit Linked Notes, fixed rate</b>			
<b>RUB</b>			
RUB ING BANK/GAZPROM 7.580% 07 CLN 7.58000% 12.04.05-09.10.07	110 200 000.00	4 298 528.25	0.65
<b>Total RUB</b>		<b>4 298 528.25</b>	<b>0.65</b>
<b>Total Credit Linked Notes, fixed rate</b>		<b>4 298 528.25</b>	<b>0.65</b>
<b>Notes, fixed rate</b>			
<b>BRL</b>			
BRL ELETROPAULO METR DE SAO PAULO SA-REG-S 19.12500% 05-28.06.10	1 950 000.00	1 143 782.51	0.17
<b>Total BRL</b>		<b>1 143 782.51</b>	<b>0.17</b>
<b>USD</b>			
USD COLOMBIA, REPUBLIC OF 7.37500% 06-27.01.17	7 375 000.00	7 835 937.50	1.18
USD MAJAPAHIT HOLDING BV-REG-S 7.25000% 07-28.06.17	13 000 000.00	12 356 786.00	1.88
USD PETROLEOS DE VENEZUELA SA-REG-S 5.25000% 07-12.04.17	13 200 000.00	9 088 104.70	1.37
<b>Total USD</b>		<b>29 280 828.20</b>	<b>4.43</b>
<b>Total Notes, fixed rate</b>		<b>30 424 610.71</b>	<b>4.60</b>
<b>Bonds, fixed rate</b>			
<b>EGP</b>			
EGP ARAB REPUBLIC OF EGYPT 8.50000% 06-14.02.08	28 000 000.00	4 978 548.06	0.75
<b>Total EGP</b>		<b>4 978 548.06</b>	<b>0.75</b>
<b>MYR</b>			
MYR JOHOR CORPORATION 1.00000% 02-31.07.12	77 450 000.00	25 658 146.50	3.89
MYR MALAYSIA 3.86900% 06-13.04.10	12 500 000.00	3 597 029.84	0.54
<b>Total MYR</b>		<b>29 255 176.34</b>	<b>4.43</b>
<b>USD</b>			
USD BRAZIL, FEDERATIVE REPUBLIC OF 6.00000% 89-15.09.13	10 500 000.00	4 550 000.00	0.69
USD NATIONAL POWER CORP 8.40000% 02-15.12.16	6 400 000.00	7 184 000.00	1.08
USD NATIONAL POWER CORP 9.62500% 03-15.05.28	1 660 000.00	1 958 800.00	0.30
<b>Total USD</b>		<b>13 692 800.00</b>	<b>2.07</b>
<b>Total Bonds, fixed rate</b>		<b>47 926 524.40</b>	<b>7.25</b>
<b>Total Transferable securities and money market instruments traded on another regulated market</b>		<b>90 516 634.11</b>	<b>13.69</b>
<b>Transferable securities and money market instruments not listed on an official stock exchange and not traded on another regulated market</b>			
<b>Treasury bills, zero coupon</b>			
<b>EGP</b>			
EGP EGYPT, REPUBLIC OF TB 0.00000% 07.08.07-05.08.08	44 500 000.00	7 331 069.19	1.11
<b>Total EGP</b>		<b>7 331 069.19</b>	<b>1.11</b>
<b>Total Treasury bills, zero coupon</b>		<b>7 331 069.19</b>	<b>1.11</b>
<b>Credit Linked Notes, fixed rate</b>			
<b>DOP</b>			
DOP ICAP SEC /DOMINICAN REP LPN 9.00000% 04-31.03.10	43 000 000.00	1 163 909.77	0.18
DOP ICAP SEC /DOMINICAN REP LPN 9.00000% 04-30.09.10	176 730 000.00	4 198 998.48	0.61
<b>Total DOP</b>		<b>5 362 908.25</b>	<b>0.79</b>
<b>IDR</b>			
IDR CITIGROUP/INDONES-REG 11% 14 CLN 11.00000% 23.09.05-17.10.14	30 000 000 000.00	3 421 722.91	0.52
<b>Total IDR</b>		<b>3 421 722.91</b>	<b>0.52</b>
<b>RUB</b>			
RUB ING BANK/RSHB SA-REG-S 11 CLN 01.03.06-16.02.11	53 800 000.00	2 091 214.25	0.32
<b>Total RUB</b>		<b>2 091 214.25</b>	<b>0.32</b>
<b>TRY</b>			
TRY CS INTL/TURKEY CLN-REG-S 15.00000% 28.06.06-10.02.10	4 500 000.00	3 305 523.59	0.50
<b>Total TRY</b>		<b>3 305 523.59</b>	<b>0.50</b>
<b>USD</b>			
USD CITIGROUP FUNDING INC/TURKEY-REG-S CLN 15.00000% 05-10.02.10	3 000 000.00	2 684 310.00	0.41
<b>Total USD</b>		<b>2 684 310.00</b>	<b>0.41</b>
<b>Total Credit Linked Notes, fixed rate</b>		<b>16 865 679.00</b>	<b>2.54</b>

Description	Quantity/ Nominal	Valuation in USD Unrealized gain (loss) on Futures/ Options/Forward Exchange Contracts (Note 1)	as a % of net assets
<b>Notes, floating rate</b>			
<b>BRL</b>			
BRL UNION NATIONAL FIDC TR 2006-REG-S VAR/UNFIDC FD 07-01.07.10	149.00	1 978 333.33	0.30
<b>Total BRL</b>		<b>1 978 333.33</b>	<b>0.30</b>
<b>Total Notes, floating rate</b>		<b>1 978 333.33</b>	<b>0.30</b>
<b>Bonds, fixed rate</b>			
<b>ARS</b>			
ARS DEUTSCHE BANK RADAR SERIE 6 4.00000% 07-19.12.11	12 200 000.00	3 788 039.60	0.57
<b>Total ARS</b>		<b>3 788 039.60</b>	<b>0.57</b>
<b>MYR</b>			
MYR JOHOR CORPORATION 1.00000% 02-31.07.09	20 919 000.00	6 930 184.20	1.05
<b>Total MYR</b>		<b>6 930 184.20</b>	<b>1.05</b>
<b>Total Bonds, fixed rate</b>		<b>10 718 223.80</b>	<b>1.62</b>
<b>Bonds, floating rate</b>			
<b>BRL</b>			
BRL UNION NATIONAL FIDC TR 2006-REG-S VAR/UNFIDC FD 06-01.12.08	132.00	1 752 617.44	0.27
<b>Total BRL</b>		<b>1 752 617.44</b>	<b>0.27</b>
<b>Total Bonds, floating rate</b>		<b>1 752 617.44</b>	<b>0.27</b>
<b>Total Transferable securities and money market instruments not listed on an official stock exchange and not traded on another regulated market</b>		<b>38 645 922.76</b>	<b>5.84</b>
<b>UCITS in accordance with Article 41 (1) e</b>			
<b>Investment certificates, open end</b>			
<b>Luxembourg</b>			
USD UBS (LUX) IF-EMERGING MARKETS BONDS XA	1 128.72	148 528.79	0.02
<b>Total Luxembourg</b>		<b>148 528.79</b>	<b>0.02</b>
<b>Total Investment certificates, open end</b>		<b>148 528.79</b>	<b>0.02</b>
<b>Total UCITS in accordance with Article 41 (1) e</b>		<b>148 528.79</b>	<b>0.02</b>
<b>Derivative instruments listed on an official stock exchange</b>			
<b>Notes, fixed rate</b>			
<b>USD</b>			
USD MONTERREY POWER SA DE CV-REG-S 9.62500% 98-15.11.09	611 000.00	585 774.40	0.09
<b>Total USD</b>		<b>585 774.40</b>	<b>0.09</b>
<b>Total Notes, fixed rate</b>		<b>585 774.40</b>	<b>0.09</b>
<b>Options on bond futures, classic-styled</b>			
<b>USD</b>			
USD US 10YR TREASURY NOTE FUTURE PUT 107.00000 DEC 07 20.11.07	2 790.00	1 133 437.50	0.17
<b>Total USD</b>		<b>1 133 437.50</b>	<b>0.17</b>
<b>Total Options on bond futures, classic-styled</b>		<b>1 133 437.50</b>	<b>0.17</b>
<b>Total Derivative instruments listed on an official stock exchange</b>		<b>1 719 211.90</b>	<b>0.26</b>
<b>Derivative instruments not listed on an official stock exchange and not traded on another regulated market</b>			
<b>Synthetic instruments</b>			
<b>BRL</b>			
BRL CITIGROUP/BRL INFLATION TRS 6.00000% 06-15.05.45	7 240 000.00	5 760 316.23	0.87
<b>Total BRL</b>		<b>5 760 316.23</b>	<b>0.87</b>
<b>DOP</b>			
DOP CITIGROUP/DOMINICAN REPUBLIC TRS 0.00000% 07-22.01.08	223 150 000.00	6 482 987.34	0.98
DOP DOMINICAN REPUBLIC TRS 0.00000% 06-13.11.07	22 900 000.00	677 714.65	0.10
<b>Total DOP</b>		<b>7 160 701.99</b>	<b>1.08</b>

Description	Quantity/ Nominal	Valuation in USD Unrealized gain (loss) on Futures/ Options/Forward Exchange Contracts (Note 1)	as a % of net assets
<b>EGP</b>			
EGP CITIGROUP/ARAB REP OF EGYPT T-BILL TRS 0.00000% 07-13.03.08	57 012 956.01	9 645 065.63	1.46
<b>Total EGP</b>		<b>9 645 065.63</b>	<b>1.46</b>
<b>KZT</b>			
KZT MS/ALLIANCE BK JSC TRS 8.00000% 07-05.02.08	520 000 000.00	4 038 007.69	0.61
KZT MS/ALLIANCE BK JSC TRS 9.00000% 06-05.02.08	704 000 000.00	5 462 774.88	0.82
<b>Total KZT</b>		<b>9 500 782.57</b>	<b>1.44</b>
<b>RUB</b>			
RUB CSFB/RUSSIA BANK STANDARD TRS 8.25000% 07-03.03.08	159 200 000.00	6 386 185.78	0.97
RUB GAZPROM OAO (TRS) 7.58000% 04-09.10.07	57 600 000.00	2 249 400.54	0.34
<b>Total RUB</b>		<b>8 635 586.32</b>	<b>1.31</b>
<b>UAH</b>			
UAH MORGAN STANLEY/UK PRIVAT BANK TRS 11.00000% 07-11.03.08	22 500 000.00	4 617 632.44	0.69
UAH MORGAN STANLEY/UKRAINE DELTA TRS 14.50000% 07-30.03.08	28 977 962.00	5 798 184.60	0.88
<b>Total UAH</b>		<b>10 415 817.04</b>	<b>1.57</b>
<b>USD</b>			
USD CSFB/UKRAINE NAFTAOGAZ TRS 5.00000% 07-20.12.11	2 150 000.00	2 122 824.00	0.32
<b>Total USD</b>		<b>2 122 824.00</b>	<b>0.32</b>
<b>Total Synthetic instruments</b>		<b>53 241 093.78</b>	<b>8.05</b>
<b>Total Derivative instruments not listed on an official stock exchange and not traded on another regulated market</b>		<b>53 241 093.78</b>	<b>8.05</b>
<b>Total investments in securities</b>		<b>598 526 657.17</b>	<b>90.50</b>

## Derivative instruments

### Derivative instruments listed on an official stock exchange

#### Financial Futures on bonds

USD US 10YR TREASURY NOTE FUTURE 19.12.07	1 399.00	1 579 037.00	0.25
USD US 5YR TREASURY NOTE FUTURE 31.12.07	155.00	79 922.65	0.01
USD US LONG BOND FUTURE 19.12.07	1 085.00	1 349 130.23	0.20
<b>Total Financial Futures on bonds</b>		<b>3 008 089.88</b>	<b>0.46</b>
<b>Total Derivative instruments listed on an official stock exchange</b>		<b>3 008 089.88</b>	<b>0.46</b>

### Derivative instruments not listed on an official stock exchange and not traded on another regulated market

#### Credit default swaps

USD DEUTSCHE BANK/TURKEY CDS PAYER DEFAULT 06-20.06.16			
USD DEUTSCHE BANK/TURKEY CDS REC 3.06000% 06-20.06.16	-5 200 000.00	130 994.29	0.01
USD DEUTSCHE BANK/TURKEY CDS PAYER DEFAULT 07-20.04.17			
USD DEUTSCHE BANK/TURKEY CDS REC 2.50000% 07-20.04.17	-6 000 000.00	-42 955.02	-0.01
USD DEUTSCHE BK/REPUB,OF COLUMBIA CDS PAYER DEFAULT 07-20.03.12			
USD DEUTSCHE BK/REPUB,OF COLUMBIA CDS REC 1.26000% 07-20.03.12	-7 300 000.00	-1 739.08	0.00
USD CREDIT SUISSE/INDONESIA CDS PAYER DEFAULT 07-20.09.17			
USD CREDIT SUISSE/INDONESIA CDS REC 1.63000% 07-20.09.17	-6 500 000.00	-384 695.22	-0.06
USD MERRILL LYNCH/PANAMA 8.875% CDS PAYER DEFAULT 07-20.07.12			
USD MERRILL LYNCH/PANAMA 8.875% CDS REC 0.67000% 07-20.07.12	-4 500 000.00	-83 773.89	-0.01
USD MERRILL LYNCH/COLUMBIA CDS PAYER DEFAULT 07-20.08.17			
USD MERRILL LYNCH/COLUMBIA CDS REC 1.93000% 07-20.08.17	-9 000 000.00	46 589.40	0.01
USD GOLDMAN SACHS/COUNTRYWIDE HOM CDS PAYER DEFAULT 07-20.09.08			
USD GOLDMAN SACHS/COUNTRYWIDE HOM CDS REC 6.00000% 07-20.09.08	-4 000 000.00	37 928.56	0.01
<b>Total Credit default swaps</b>		<b>-297 650.96</b>	<b>-0.05</b>
<b>Total Derivative instruments not listed on an official stock exchange and not traded on another regulated market</b>		<b>-297 650.96</b>	<b>-0.05</b>
<b>Total Derivative instruments</b>		<b>2 710 438.92</b>	<b>0.41</b>

### Forward Foreign Exchange contracts

#### Forward Foreign Exchange contracts (Purchase/Sale)

USD 2 283 185.84	UAH 12 900 000.00	18.5.2009	-84 139.91	-0.01
UAH 12 900 000.00	USD 2 324 324.32	18.5.2009	46 258.34	0.01
USD 69 089 340.38	EUR 49 995 000.00	24.10.2007	826 172.63	0.12
USD 10 265 413.86	EUR 7 410 000.00	24.10.2007	147 599.93	0.02
EUR 8 845 000.00	USD 12 125 610.50	24.10.2007	-49 420.54	-0.01
EUR 5 360 000.00	USD 7 407 455.68	24.10.2007	-88 909.57	-0.01
USD 11 115 447.20	EUR 8 030 000.00	24.10.2007	151 138.85	0.02

Description	Quantity/ Nominal	Valuation in USD Unrealized gain (loss) on Futures/ Options/Forward Exchange Contracts (Note 1)	as a % of net assets
EUR 3 140 000.00	USD 4 218 097.02	24.10.2007 68 299.44	0.01
USD 21 272 590.36	CLP 11 300 000 000.00	23.11.2007 -318 163.10	-0.05
EUR 8 110 000.00	USD 10 939 741.20	24.10.2007 131 532.62	0.02
USD 14 634 146.34	TRY 20 100 000.00	23.11.2007 -356 886.22	-0.05
USD 5 747 126.44	COP 12 500 000 000.00	23.11.2007 20 351.85	0.00
IDR 24 000 000 000.00	USD 2 561 366.06	23.11.2007 -18 382.97	0.00
<b>Total Forward Foreign Exchange contracts (Purchase/Sale)</b>			<b>0.07</b>
<b>Time deposits and fiduciary deposits</b>			<b>8.31</b>
<b>Cash at banks, deposits on demand and deposit accounts and other liquid assets</b>			<b>0.66</b>
<b>Bank overdraft and other short-term liabilities</b>			<b>-0.76</b>
<b>Other assets and liabilities</b>			<b>0.81</b>
<b>Total net assets</b>			<b>100.00</b>

# UBS (Lux) Emerging Economies Fund – Latin American Bonds

Annual Report as of 31 August 2007

## Three-year comparison

Date	ISIN	31.8.2007	31.8.2006	31.8.2005
Net assets in USD		100 868 664.67	82 507 666.88	56 188 572.52
<b>Class (USD) B</b>	<b>LU0055660533</b>			
Units outstanding		23 783.1712	20 067.8402	16 309.8672
Net asset value per unit in USD		4 241.18	4 111.44	3 445.07

## Report of the Portfolio Manager

Latin American markets continued their solid performance last year, though increased concerns about global liquidity conditions led to a spread widening at the end of the reporting period (1 September 2006 to 31 August 2007); JP Morgan EMBI Global Latin Index spreads were 44 basis points (bp) above their level one year earlier, at 250 bp on 31 August 2007 from 206 bp on 1 September 2006. From a fundamental perspective, Latin markets continue to look strong, something that should remain a source of support for emerging market debt in the future.

The subfund underperformed its benchmark, JP Morgan EMBI Global Latin Index, during the reporting year. Performance suffered from a position in performing Argentina USD denominated debt as well as a position in the country's ARS (Argentine peso) denominated bonds. Underweights in Mexico and Brazil external debt also weighed on performance. Local market investments in the Dominican Republic helped performance. Duration was close to or under that of the benchmark through most of the reporting year.

## Structure of the Securities Portfolio

Geographical Breakdown as a % of net assets	
Argentina	39.61
Venezuela	10.80
Brazil	10.64
Dominican Republic	9.40
El Salvador	6.04
United States	5.79
Colombia	3.23
Ecuador	2.83
Mexico	2.07
Uruguay	1.92
Cayman Islands	0.79
United Kingdom	0.63
<b>Total</b>	<b>93.75</b>

Economic Breakdown as a % of net assets	
Countries & central governments	77.01
Miscellaneous unclassified companies	7.19
Finance & holding companies	3.28
Banks & credit institutions	2.77
Petroleum	1.37
Energy & water supply	0.98
Investment funds & pension foundations	0.62
Cantons, federal states	0.35
Miscellaneous services	0.17
Electronics & semiconductors	0.01
<b>Total</b>	<b>93.75</b>

## Statement of Net Assets

	<b>USD</b>
	<b>31.8.2007</b>
<b>Assets</b>	
Investments in securities, cost	103 611 207.84
Investments in securities, unrealized appreciation (depreciation)	-9 044 789.84
Total investments in securities (Note 1)	94 566 418.00
Cash at banks, deposits on demand and deposit accounts	134 802.44
Time deposits and fiduciary deposits	6 525 550.46
Other liquid assets (Margins)	53 699.00
Receivable on securities sales (Note 1)	128 441.45
Receivable on subscriptions	8 147.45
Interest receivable on securities	752 785.22
Interest receivable on liquid assets	6 766.30
Receivable on dividends	137 551.29
Other receivables	43 356.45
Unrealized gain (loss) on financial futures (Note 1)	237 225.65
Unrealized gain (loss) on forward foreign exchange contracts (Note 1)	-79 562.06
Unrealized gain (loss) on swaps (Note 1)	-19 568.26
<b>Total Assets</b>	<b>102 495 613.39</b>
<b>Liabilities</b>	
Bank overdraft	-15 067.18
Other short-term liabilities (Margins)	-312 974.97
Interest payable on bank overdraft	-55 905.02
Payable on redemptions	-1 155 163.00
Provisions for all-in fee (Note 2)	-79 341.45
Provisions for taxe d'abonnement (Note 3)	-8 497.10
Total provisions	-87 838.55
<b>Total Liabilities</b>	<b>-1 626 948.72</b>
<b>Net assets at the end of the financial year</b>	<b>100 868 664.67</b>

## Statement of Operations

	<b>USD</b>
	<b>1.9.2006–31.8.2007</b>
<b>Income</b>	
Interest on liquid assets	419 094.33
Interest on securities	5 701 193.11
Interest received on swaps (Note 1)	88 369.63
Income on securities lending (Note 4)	18 166.49
<b>Total income</b>	<b>6 226 823.56</b>
<b>Expenses</b>	
Interest paid on swaps (Note 1)	-48 039.06
All-in fee (Note 2)	-1 727 249.73
Taxe d'abonnement (Note 3)	-48 008.91
Interest on liquid assets and bank overdraft	-163 693.04
<b>Total expenses</b>	<b>-1 986 990.74</b>
<b>Net income on investments</b>	<b>4 239 832.82</b>
<b>Realized gain (loss) (Note 1)</b>	
Realized gain (loss) on market-priced securities without options	2 834 072.23
Realized gain (loss) on options	277 158.18
Realized gain (loss) on yield-evaluated securities and money market instruments	866 640.74
Realized gain (loss) on financial futures	-1 450 905.20
Realized gain (loss) on options, futures-styled	-1 784.00
Realized gain (loss) on forward foreign exchange contracts	-466 029.38
Realized gain (loss) on swaps	222 443.02
Total realized gain (loss) on investments	2 281 595.59
Realized gain (loss) on foreign exchange	-95 348.79
<b>Total realized gain (loss)</b>	<b>2 186 246.80</b>
<b>Net realized gain (loss) of the financial year</b>	<b>6 426 079.62</b>
<b>Changes in unrealized appreciation (depreciation) (Note 1)</b>	
Unrealized appreciation (depreciation) on market-priced securities without options	-5 360 571.22
Unrealized appreciation (depreciation) on options	-267 504.28
Unrealized appreciation (depreciation) on yield-evaluated securities and money market instruments	8 176.70
Unrealized appreciation (depreciation) on financial futures	249 319.65
Unrealized appreciation (depreciation) on forward foreign exchange contracts	41 569.59
Unrealized appreciation (depreciation) on swaps	8 807.23
<b>Total changes in unrealized appreciation (depreciation)</b>	<b>-5 320 202.33</b>
<b>Net increase (decrease) in net assets as a result of operations</b>	<b>1 105 877.29</b>

## Statement of Changes in Net Assets

	<b>USD</b>
	<b>1.9.2006–31.8.2007</b>
Net assets at the beginning of the financial year	82 507 666.88
Subscriptions	83 835 506.21
Redemptions	-66 580 385.71
	<hr/>
Total net subscriptions (redemptions)	17 255 120.50
Net income on investments	4 239 832.82
Total realized gain (loss)	2 186 246.80
Total changes in unrealized appreciation (depreciation)	-5 320 202.33
	<hr/>
Net increase (decrease) in net assets as a result of operations	1 105 877.29
<b>Net assets at the end of the financial year</b>	<b>100 868 664.67</b>

## Development of the outstanding units

	<b>1.9.2006–31.8.2007</b>
<b>Class</b>	<b>(USD) B</b>
Number of units outstanding at the beginning of the financial year	20 067.8402
Number of units issued	19 103.5690
Number of units redeemed	-15 388.2380
<b>Number of units outstanding at the end of the financial year</b>	<b>23 783.1712</b>

## Statement of Investments in Securities and other Net Assets as of 31 August 2007

Description	Quantity/ Nominal	Valuation in USD Unrealized gain (loss) on Futures/ Options/Forward Exchange Contracts (Note 1)	as a % of net assets
<b>Transferable securities and money market instruments listed on an official stock exchange</b>			
<b>Credit Linked Notes, floating rate</b>			
<b>BRL</b>			
BRL BARCLAYS BANK PLC/BRAZIL-REG-S CLN FLR 16.03.06-17.05.45	800 000.00	636 499.03	0.63
<b>Total BRL</b>		<b>636 499.03</b>	<b>0.63</b>
<b>Total Credit Linked Notes, floating rate</b>			
		<b>636 499.03</b>	<b>0.63</b>
<b>Notes, fixed rate</b>			
<b>USD</b>			
USD DOMINICAN REPUBLIC-REG-S 9.04000% 05-23.01.18	945 000.00	1 130 985.16	1.12
USD DOMINICAN REPUBLIC-REG-S 9.50000% 05-27.09.11	4 085 000.00	4 238 046.65	4.20
USD EL SALVADOR, REPUBLIC OF-REG-S 7.75000% 02-24.01.23	3 730 000.00	4 158 950.00	4.13
USD EL SALVADOR, REPUBLIC OF-REG-S 8.25000% 02-10.04.32	1 670 000.00	1 928 850.00	1.91
USD HIPOTECARIA SU CASITA-REG-S 8.50000% 06-04.10.16	1 000 000.00	990 000.00	0.98
<b>Total USD</b>		<b>12 446 831.81</b>	<b>12.34</b>
<b>Total Notes, fixed rate</b>			
		<b>12 446 831.81</b>	<b>12.34</b>
<b>Notes, floating rate</b>			
<b>ARS</b>			
ARS ARGENTINA, REPUBLIC OF 0.000%/GDP LINKED 05-15.12.35	9 790 771.00	263 672.25	0.26
<b>Total ARS</b>		<b>263 672.25</b>	<b>0.26</b>
<b>Total Notes, floating rate</b>			
		<b>263 672.25</b>	<b>0.26</b>
<b>Medium term notes, fixed rate</b>			
<b>USD</b>			
USD BANCO GALICIA Y BNOS AIRES-SUB-REG-S-PIK STEP-UP 04-01.01.19	113 275.66	104 213.60	0.10
USD SHARP SA EQUIPAMENTOS ELETR-REG-S-DEF 9.62500% 97-30.10.05	1 080 000.00	10 800.00	0.01 *
<b>Total USD</b>		<b>115 013.60</b>	<b>0.11</b>
<b>Total Medium term notes, fixed rate</b>			
		<b>115 013.60</b>	<b>0.11</b>
<b>Bonds, fixed rate</b>			
<b>ARS</b>			
ARS FIDEICOMISO FIN PAGAN IV 4.00000 06-22.12.11	6 000 000.00	2 053 069.31	2.04
<b>Total ARS</b>		<b>2 053 069.31</b>	<b>2.04</b>
<b>EUR</b>			
EUR URUGUAY, EASTERN REPUBLIC OF 6.87500% 05-19.01.16	1 370 000.00	1 937 395.99	1.92
<b>Total EUR</b>		<b>1 937 395.99</b>	<b>1.92</b>
<b>USD</b>			
USD ARGENTINA, REPUBLIC OF 7.00000% 05-03.10.15	700 000.00	561 050.00	0.56
USD ARGENTINA, REPUBLIC OF 7.00000% 07-17.04.17	470 000.00	369 420.00	0.37
USD ARGENTINA, REPUBLIC OF-DEF 11.00000% 96-09.10.06	1 800 000.00	630 000.00	0.62
USD ARGENTINA, REPUBLIC OF-DEF 11.37500% 97-30.01.17	850 000.00	310 250.00	0.31
USD ARGENTINA, REPUBLIC OF-DEF 11.37500% 00-15.03.10	600 000.00	210 000.00	0.21
USD ARGENTINA, REPUBLIC OF-DEF 12.25000% 01-19.06.18	600 000.00	213 000.00	0.21
USD BRAZIL, FEDERATIVE REPUBLIC OF 6.00000% 06-17.01.17	6 080 000.00	6 043 520.00	5.97
USD COLOMBIA, REPUBLIC OF 11.75000% 00-25.02.20	980 000.00	1 392 580.00	1.38
USD ECUADOR, REPUBLIC OF-REG-S STEP-UP 00-15.08.30	3 240 000.00	2 851 200.00	2.83
USD MENDOZA, PROVINCE OF-REG-S 5.50000% 04-04.09.18	525 000.00	349 124.48	0.35
USD VENEZUELA, REPUBLIC OF 13.62500% 98-15.08.18	200 000.00	258 000.00	0.26
USD VENEZUELA, REPUBLIC OF 9.37500% 04-13.01.34	1 450 000.00	1 446 375.00	1.43
USD VENEZUELA, REPUBLIC OF-REG-S 5.37500% 03-07.08.10	1 120 000.00	1 035 991.14	1.03
USD VENEZUELA, REPUBLIC OF-REG-S 5.75000% 05-26.02.16	5 690 000.00	4 597 100.82	4.56
USD VENEZUELA, REPUBLIC OF-REG-S 7.00000% 03-01.12.18	2 565 000.00	2 171 248.85	2.15
<b>Total USD</b>		<b>22 438 860.29</b>	<b>22.24</b>
<b>Total Bonds, fixed rate</b>			
		<b>26 429 325.59</b>	<b>26.20</b>
<b>Bonds, floating rate</b>			
<b>ARS</b>			
ARS ARGENTINA, REPUBLIC OF 2.00000%/INDEX LINKED 03-03.01.16	6 450 000.00	2 854 450.69	2.83
ARS ARGENTINA, REPUBLIC OF 2.00000%/INDEX LINKED 04-15.03.14	7 420 000.00	2 680 015.84	2.66
ARS ARGENTINA, REPUBLIC OF 2.00000%/INDEX LINKED 02-03.01.10	25 370 000.00	9 954 948.56	9.87
<b>Total ARS</b>		<b>15 489 415.09</b>	<b>15.36</b>



Description	Quantity/ Nominal	Valuation in USD Unrealized gain (loss) on Futures/ Options/Forward Exchange Contracts (Note 1)	as a % of net assets
<b>USD</b>			
USD ARGENTINA, REPUBLIC OF 6M LIBOR 02-03.08.12	30 593 000.00	16 925 577.25	16.78
<b>Total USD</b>		<b>16 925 577.25</b>	<b>16.78</b>
<b>Total Bonds, floating rate</b>		<b>32 414 992.34</b>	<b>32.14</b>
<b>Treasury notes, floating rate</b>			
<b>BRL</b>			
BRL BRAZIL, REPUBLIC OF VAR/INFLATION INDEX LINKED 04-15.05.45	4 000.00	3 147 743.70	3.12
<b>Total BRL</b>		<b>3 147 743.70</b>	<b>3.12</b>
<b>Total Treasury notes, floating rate</b>		<b>3 147 743.70</b>	<b>3.12</b>
<b>Total Transferable securities and money market instruments listed on an official stock exchange</b>		<b>75 454 078.32</b>	<b>74.80</b>
<b>Transferable securities and money market instruments traded on another regulated market</b>			
<b>Notes, fixed rate</b>			
<b>BRL</b>			
BRL ELETROPAULO METR DE SAO PAULO SA-REG-S 19.12500% 05-28.06.10	1 690 000.00	991 278.18	0.98
<b>Total BRL</b>		<b>991 278.18</b>	<b>0.98</b>
<b>USD</b>			
USD COLOMBIA, REPUBLIC OF 7.37500% 06-27.01.17	1 760 000.00	1 870 000.00	1.86
USD PETROLEOS DE VENEZUELA SA-REG-S 5.25000% 07-12.04.17	2 010 000.00	1 383 870.49	1.37
<b>Total USD</b>		<b>3 253 870.49</b>	<b>3.23</b>
<b>Total Notes, fixed rate</b>		<b>4 245 148.67</b>	<b>4.21</b>
<b>Bonds, fixed rate</b>			
<b>USD</b>			
USD BRAZIL, FEDERATIVE REPUBLIC OF 6.00000% 89-15.09.13	1 250 000.00	541 666.67	0.54
<b>Total USD</b>		<b>541 666.67</b>	<b>0.54</b>
<b>Total Bonds, fixed rate</b>		<b>541 666.67</b>	<b>0.54</b>
<b>Total Transferable securities and money market instruments traded on another regulated market</b>		<b>4 786 815.34</b>	<b>4.75</b>
<b>Transferable securities and money market instruments not listed on an official stock exchange and not traded on another regulated market</b>			
<b>Investment certificates, closed end</b>			
<b>Bermuda</b>			
USD SIDEK CREDITOR TRUST-A1	222 274.28	2.22	0.00 *
USD SIDEK CREDITOR TRUST-B1	889 210.59	8.89	0.00 *
<b>Total Bermuda</b>		<b>11.11</b>	<b>0.00</b>
<b>Total Investment certificates, closed end</b>		<b>11.11</b>	<b>0.00</b>
<b>Credit Linked Notes, fixed rate</b>			
<b>DOP</b>			
DOP ICAP SEC /DOMINICAN REP LPN 9.00000% 04-31.03.10	14 767 000.00	399 708.27	0.40
DOP ICAP SEC /DOMINICAN REP LPN 9.00000% 04-30.09.10	62 500 000.00	1 484 962.40	1.47
<b>Total DOP</b>		<b>1 884 670.67</b>	<b>1.87</b>
<b>Total Credit Linked Notes, fixed rate</b>		<b>1 884 670.67</b>	<b>1.87</b>
<b>Domestic Certificates of Deposits, zero coupon</b>			
<b>USD</b>			
USD LOJAS ARAPUA INTL INC-DEFAULT CD 0.00000% 10.06.97-05.06.98	1 000 000.00	0.10	0.00 *
<b>Total USD</b>		<b>0.10</b>	<b>0.00</b>
<b>Total Domestic Certificates of Deposits, zero coupon</b>		<b>0.10</b>	<b>0.00</b>
<b>Mortgage loan, floating rate</b>			
<b>USD</b>			
USD PYOSA SA DE CV-DEFAULT VAR 01-13.09.12	3 162 500.00	457 492.52	0.45
<b>Total USD</b>		<b>457 492.52</b>	<b>0.45</b>
<b>Total Mortgage loan, floating rate</b>		<b>457 492.52</b>	<b>0.45</b>

Description	Quantity/ Nominal	Valuation in USD Unrealized gain (loss) on Futures/ Options/Forward Exchange Contracts (Note 1)	as a % of net assets
<b>Notes, fixed rate</b>			
<b>USD</b>			
USD BRAZIL CREDIT LINKED TRUST 10.00000% 05-04.01.12	600 000.00	797 645.35	0.79
<b>Total USD</b>		<b>797 645.35</b>	<b>0.79</b>
<b>Total Notes, fixed rate</b>		<b>797 645.35</b>	<b>0.79</b>
<b>Notes, floating rate</b>			
<b>BRL</b>			
BRL UNION NATIONAL FIDC TR 2006-REG-S VAR/UNFIDC FD 07-01.07.10	47.00	624 038.03	0.62
<b>Total BRL</b>		<b>624 038.03</b>	<b>0.62</b>
<b>Total Notes, floating rate</b>		<b>624 038.03</b>	<b>0.62</b>
<b>Bonds, fixed rate</b>			
<b>ARS</b>			
ARS DEUTSCHE BANK RADAR SERIE 6 4.00000% 07-19.12.11	8 000 000.00	2 483 960.39	2.47
<b>Total ARS</b>		<b>2 483 960.39</b>	<b>2.47</b>
<b>Total Bonds, fixed rate</b>		<b>2 483 960.39</b>	<b>2.47</b>
<b>Bonds, floating rate</b>			
<b>BRL</b>			
BRL UNION NATIONAL FIDC TR 2006-REG-S VAR/UNFIDC FD 06-01.12.08	36.00	477 986.58	0.47
<b>Total BRL</b>		<b>477 986.58</b>	<b>0.47</b>
<b>Total Bonds, floating rate</b>		<b>477 986.58</b>	<b>0.47</b>
<b>Convertible bonds, fixed rate</b>			
<b>USD</b>			
USD GLOBAL INVESTMENT FINANCIAL-DEF 11.00000% 96-06.04.06	2 000 000.00	0.20	0.00 *
<b>Total USD</b>		<b>0.20</b>	<b>0.00</b>
<b>Total Convertible bonds, fixed rate</b>		<b>0.20</b>	<b>0.00</b>
<b>Total Transferable securities and money market instruments not listed on an official stock exchange and not traded on another regulated market</b>		<b>6 725 804.95</b>	<b>6.67</b>
<b>Derivative instruments listed on an official stock exchange</b>			
<b>Notes, fixed rate</b>			
<b>USD</b>			
USD MONTERREY POWER SA DE CV-REG-S 9.62500% 98-15.11.09	665 000.00	637 544.97	0.63
<b>Total USD</b>		<b>637 544.97</b>	<b>0.63</b>
<b>Total Notes, fixed rate</b>		<b>637 544.97</b>	<b>0.63</b>
<b>Options on bond futures, classic-styled</b>			
<b>USD</b>			
USD US 10YR TREASURY NOTE FUTURE PUT 107.00000 DEC 07 20.11.07	428.00	173 875.00	0.17
<b>Total USD</b>		<b>173 875.00</b>	<b>0.17</b>
<b>Total Options on bond futures, classic-styled</b>		<b>173 875.00</b>	<b>0.17</b>
<b>Total Derivative instruments listed on an official stock exchange</b>		<b>811 419.97</b>	<b>0.80</b>
<b>Derivative instruments not listed on an official stock exchange and not traded on another regulated market</b>			
<b>Synthetic instruments</b>			
<b>BRL</b>			
BRL CITIGROUP/BRL INFLATION TRS 6.00000% 06-15.05.45	850 000.00	676 280.22	0.67
<b>Total BRL</b>		<b>676 280.22</b>	<b>0.67</b>
<b>DOP</b>			
DOP CITIGROUP/DOMINICAN REPUBLIC TRS 0.00000% 07-22.01.08	59 524 791.00	1 729 323.18	1.71
DOP CITIGROUP/DOMINICAN REPUBLIC TRS 0.00000% 07-20.03.08	75 500 000.00	2 156 002.97	2.14
DOP DOMINICAN REPUBLIC TRS 0.00000% 06-26.11.07	75 500 000.00	2 226 691.41	2.21
<b>Total DOP</b>		<b>6 112 017.56</b>	<b>6.06</b>
<b>Total Synthetic instruments</b>		<b>6 788 297.78</b>	<b>6.73</b>

Description	Quantity/ Nominal	Valuation in USD Unrealized gain (loss) on Futures/ Options/Forward Exchange Contracts (Note 1)	as a % of net assets
<b>Warrants on shares</b>			
<b>Cayman Islands</b>			
CAD MERCANTILE INTL PETROLEUM INC-DEF CALL WARRANT 02-28.06.07	111 000.00	1.64	0.00 *
<b>Total Cayman Islands</b>		<b>1.64</b>	<b>0.00</b>
<b>Total Warrants on shares</b>		<b>1.64</b>	<b>0.00</b>
<b>Total Derivative instruments not listed on an official stock exchange and not traded on another regulated market</b>		<b>6 788 299.42</b>	<b>6.73</b>
<b>Total investments in securities</b>		<b>94 566 418.00</b>	<b>93.75</b>

\* see Note 7

## Derivative instruments

### Derivative instruments listed on an official stock exchange

<b>Financial Futures on bonds</b>			
USD US 10YR TREASURY NOTE FUTURE 19.12.07	105.00	127 529.28	0.13
USD US 5YR TREASURY NOTE FUTURE 31.12.07	15.00	7 734.45	0.01
USD US LONG BOND FUTURE 19.12.07	82.00	101 961.92	0.10
<b>Total Financial Futures on bonds</b>		<b>237 225.65</b>	<b>0.24</b>
<b>Total Derivative instruments listed on an official stock exchange</b>		<b>237 225.65</b>	<b>0.24</b>

### Derivative instruments not listed on an official stock exchange and not traded on another regulated market

<b>Credit default swaps</b>			
USD DEUTSCHE BK/REPUB,OF COLUMBIA CDS PAYER DEFAULT 07-20.03.12			
USD DEUTSCHE BK/REPUB,OF COLUMBIA CDS REC 1.26000% 07-20.03.12	-1 700 000.00	-404.99	0.00
USD MERRILL LYNCH/PANAMA 8.875% CDS PAYER DEFAULT 07-20.07.12			
USD MERRILL LYNCH/PANAMA 8.875% CDS REC 0.67000% 07-20.07.12	-2 000 000.00	-37 232.84	-0.04
USD MERRILL LYNCH/COLUMBIA CDS PAYER DEFAULT 07-20.08.17			
USD MERRILL LYNCH/COLUMBIA CDS REC 1.93000% 07-20.08.17	-2 300 000.00	11 906.18	0.01
USD GOLDMAN SACHS/COUNTRYWIDE HOM CDS PAYER DEFAULT 07-20.09.08			
USD GOLDMAN SACHS/COUNTRYWIDE HOM CDS REC 6.00000% 07-20.09.08	-650 000.00	6 163.39	0.01
<b>Total Credit default swaps</b>		<b>-19 568.26</b>	<b>-0.02</b>
<b>Total Derivative instruments not listed on an official stock exchange and not traded on another regulated market</b>		<b>-19 568.26</b>	<b>-0.02</b>
<b>Total Derivative instruments</b>		<b>217 657.39</b>	<b>0.22</b>

### Forward Foreign Exchange contracts

<b>Forward Foreign Exchange contracts (Purchase/Sale)</b>						
USD	3 229 141.55	EUR	2 335 000.00	24.10.2007	40 914.22	0.04
EUR	875 000.00	USD	1 199 537.50	24.10.2007	-4 888.98	0.00
USD	6 400 602.41	CLP	3 400 000 000.00	23.11.2007	-95 730.49	-0.10
USD	1 437 066.40	BRL	2 900 000.00	23.11.2007	-19 856.81	-0.02
<b>Total Forward Foreign Exchange contracts (Purchase/Sale)</b>					<b>-79 562.06</b>	<b>-0.08</b>
<b>Time deposits and fiduciary deposits</b>					<b>6 525 550.46</b>	<b>6.47</b>
<b>Cash at banks, deposits on demand and deposit accounts and other liquid assets</b>					<b>188 501.44</b>	<b>0.19</b>
<b>Bank overdraft and other short-term liabilities</b>					<b>-328 042.15</b>	<b>-0.33</b>
<b>Other assets and liabilities</b>					<b>-221 858.41</b>	<b>-0.22</b>
<b>Total net assets</b>					<b>100 868 664.67</b>	<b>100.00</b>

# UBS (Lux) Emerging Economies Fund – Latin American Money Market

Annual Report as of 31 August 2007

## Three-year comparison

Date	ISIN	31.8.2007	31.8.2006	31.8.2005
Net assets in USD		195 141 777.64	203 611 416.19	121 452 094.69
<b>Class (USD) B</b>	<b>LU0055660707</b>			
Units outstanding		85 142.7293	92 468.6073	58 718.3243
Net asset value per unit in USD		2 291.94	2 201.95	2 068.38

## Report of the Portfolio Manager

Spreads on short-term USD denominated investments in Latin America widened at the end of the reporting period (1 September 2006 to 31 August 2007) on concerns about global liquidity conditions. While the spreads were generally higher at the end of August 2007 than one year earlier, they remain low by historical standards. Strong economic fundamentals and relatively higher yields compared with those of developed countries have continued to attract capital to the region.

The subfund delivered a positive performance over the reporting year (the subfund has no benchmark). Positions included investments in performing USD denominated debt in Argentina and in USD denominated Brazilian and Venezuelan sovereign debt. The strategy also included positions in local markets in Argentina, Brazil, the Dominican Republic and Mexico. Duration was kept short in relation to the benchmark.

## Structure of the Securities Portfolio

Geographical Breakdown as a % of net assets	
Brazil	23.27
Argentina	23.11
Venezuela	16.20
United States	6.34
Colombia	5.22
Jamaica	5.18
Dominican Republic	4.30
Mexico	3.61
Virgin Islands GB	0.51
<b>Total</b>	<b>87.74</b>

Economic Breakdown as a % of net assets	
Countries & central governments	57.55
Food & soft drinks	10.12
Banks & credit institutions	6.90
Finance & holding companies	6.14
Cantons, federal states	5.22
Miscellaneous unclassified companies	0.93
Agriculture & fishery	0.51
Investment funds & pension foundations	0.34
Building industry & materials	0.03
<b>Total</b>	<b>87.74</b>

## Statement of Net Assets

	USD
<b>Assets</b>	<b>31.8.2007</b>
Investments in securities, cost	182 050 698.65
Investments in securities, unrealized appreciation (depreciation)	-10 819 725.85
<b>Total investments in securities (Note 1)</b>	<b>171 230 972.80</b>
Cash at banks, deposits on demand and deposit accounts	2 598 208.80
Time deposits and fiduciary deposits	18 742 283.20
Receivable on securities sales (Note 1)	1 430 681.11
Receivable on subscriptions	73 457.08
Interest receivable on securities	3 647 402.87
Interest receivable on liquid assets	11 287.25
Other receivables	108 274.11
Unrealized gain (loss) on forward foreign exchange contracts (Note 1)	362 748.73
Unrealized gain (loss) on swaps (Note 1)	11 852.68
<b>Total Assets</b>	<b>198 217 168.63</b>
<b>Liabilities</b>	
Bank overdraft	-2 154 493.17
Interest payable on bank overdraft	-534 392.49
Payable on securities purchases (Note 1)	-3 166.12
Payable on redemptions	-274 500.00
Provisions for all-in fee (Note 2)	-105 551.49
Provisions for taxe d'abonnement (Note 3)	-3 287.72
<b>Total provisions</b>	<b>-108 839.21</b>
<b>Total Liabilities</b>	<b>-3 075 390.99</b>
<b>Net assets at the end of the financial year</b>	<b>195 141 777.64</b>

## Statement of Operations

	USD
<b>Income</b>	<b>1.9.2006–31.8.2007</b>
Interest on liquid assets	679 452.23
Interest on securities	11 776 832.99
Income on securities lending (Note 4)	6 731.95
<b>Total income</b>	<b>12 463 017.17</b>
<b>Expenses</b>	
All-in fee (Note 2)	-2 500 002.63
Taxe d'abonnement (Note 3)	-21 050.50
Interest on liquid assets and bank overdraft	-638 041.98
<b>Total expenses</b>	<b>-3 159 095.11</b>
<b>Net income on investments</b>	<b>9 303 922.06</b>
<b>Realized gain (loss) (Note 1)</b>	
Realized gain (loss) on market-priced securities without options	-2 603 913.78
Realized gain (loss) on yield-evaluated securities and money market instruments	2 539 752.84
Realized gain (loss) on forward foreign exchange contracts	-808 239.47
<b>Total realized gain (loss) on investments</b>	<b>-872 400.41</b>
Realized gain (loss) on foreign exchange	-19 225.41
<b>Total realized gain (loss)</b>	<b>-891 625.82</b>
<b>Net realized gain (loss) of the financial year</b>	<b>8 412 296.24</b>
<b>Changes in unrealized appreciation (depreciation) (Note 1)</b>	
Unrealized appreciation (depreciation) on market-priced securities without options	-1 674 790.56
Unrealized appreciation (depreciation) on yield-evaluated securities and money market instruments	835 056.32
Unrealized appreciation (depreciation) on forward foreign exchange contracts	566 636.64
Unrealized appreciation (depreciation) on swaps	11 852.68
<b>Total changes in unrealized appreciation (depreciation)</b>	<b>-261 244.92</b>
<b>Net increase (decrease) in net assets as a result of operations</b>	<b>8 151 051.32</b>

## Statement of Changes in Net Assets

	<b>USD</b>
	<b>1.9.2006–31.8.2007</b>
Net assets at the beginning of the financial year	203 611 416.19
Subscriptions	79 336 658.95
Redemptions	-95 957 348.82
Total net subscriptions (redemptions)	-16 620 689.87
Net income on investments	9 303 922.06
Total realized gain (loss)	-891 625.82
Total changes in unrealized appreciation (depreciation)	-261 244.92
Net increase (decrease) in net assets as a result of operations	8 151 051.32
<b>Net assets at the end of the financial year</b>	<b>195 141 777.64</b>

## Development of the outstanding units

	<b>1.9.2006–31.8.2007</b>
<b>Class</b>	<b>(USD) B</b>
Number of units outstanding at the beginning of the financial year	92 468.6073
Number of units issued	34 716.3770
Number of units redeemed	-42 042.2550
<b>Number of units outstanding at the end of the financial year</b>	<b>85 142.7293</b>

## Statement of Investments in Securities and other Net Assets as of 31 August 2007

Description	Quantity/ Nominal	Valuation in USD Unrealized gain (loss) on Futures/ Options/Forward Exchange Contracts (Note 1)	as a % of net assets
<b>Transferable securities and money market instruments listed on an official stock exchange</b>			
<b>Treasury bills, zero coupon</b>			
<b>BRL</b>			
BRL BRAZIL, FEDERAL REPUBLIC OF TB 0.00000% 22.07.05-01.01.08	2 400.00	11 828 783.03	6.06
<b>Total BRL</b>		<b>11 828 783.03</b>	<b>6.06</b>
<b>Total Treasury bills, zero coupon</b>		<b>11 828 783.03</b>	<b>6.06</b>
<b>Notes, fixed rate</b>			
<b>USD</b>			
USD BCO NAC DE DESENVOL ECO-REG-S 9.00000% 97-24.09.07	180 000.00	180 000.00	0.09
USD BERTIN LTDA 8.50000% 05-25.07.08	19 500 000.00	19 743 750.00	10.12
<b>Total USD</b>		<b>19 923 750.00</b>	<b>10.21</b>
<b>Total Notes, fixed rate</b>		<b>19 923 750.00</b>	<b>10.21</b>
<b>Notes, floating rate</b>			
<b>ARS</b>			
ARS ARGENTINA, REPUBLIC OF 0.000%/GDP LINKED 05-15.12.35	19 206 783.00	517 251.98	0.27
<b>Total ARS</b>		<b>517 251.98</b>	<b>0.27</b>
<b>USD</b>			
USD BRAZIL MYDFA TRUST-REG-S 6M LIBOR+81.25BP 96-15.09.07	5 400 000.00	290 322.56	0.15
<b>Total USD</b>		<b>290 322.56</b>	<b>0.15</b>
<b>Total Notes, floating rate</b>		<b>807 574.54</b>	<b>0.42</b>
<b>Medium term notes, fixed rate</b>			
<b>GBP</b>			
GBP COLOMBIA, REPUBLIC OF 9.75000% 98-11.02.08	5 000 000.00	10 186 102.51	5.22
<b>Total GBP</b>		<b>10 186 102.51</b>	<b>5.22</b>
<b>USD</b>			
USD CIA LATINO AMERICANA 9.00000% 06-19.12.08	1 430 000.00	1 401 400.00	0.72
USD FAVORITA FRUIT CO LTD 8.00000% 07-28.06.08	1 000 000.00	996 473.05	0.51
<b>Total USD</b>		<b>2 397 873.05</b>	<b>1.23</b>
<b>Total Medium term notes, fixed rate</b>		<b>12 583 975.56</b>	<b>6.45</b>
<b>Bonds, fixed rate</b>			
<b>EUR</b>			
EUR VENEZUELA, REPUBLIC OF 11.00000% 01-05.03.08	22 000 000.00	30 428 149.27	15.58
<b>Total EUR</b>		<b>30 428 149.27</b>	<b>15.58</b>
<b>MXN</b>			
MXN MEXICO, UNITED STATES OF 9.00000% 03-27.12.07	747 082.00	6 698 076.82	3.43
<b>Total MXN</b>		<b>6 698 076.82</b>	<b>3.43</b>
<b>USD</b>			
USD ARGENTINA, REPUBLIC OF-DEF 11.00000% 98-04.12.05	12 000 000.00	4 200 000.00	2.15
USD JAMAICA, GOVERNMENT OF-REG S 12.75000% 00-01.09.07	10 000 000.00	10 117 221.00	5.19
<b>Total USD</b>		<b>14 317 221.00</b>	<b>7.34</b>
<b>Total Bonds, fixed rate</b>		<b>51 443 447.09</b>	<b>26.35</b>
<b>Bonds, floating rate</b>			
<b>ARS</b>			
ARS ARGENTINA, REPUBLIC OF 2.00000%/INDEX LINKED 03-03.01.16	9 000 000.00	3 982 954.45	2.04
ARS ARGENTINA, REPUBLIC OF 2.00000%/INDEX LINKED 02-30.09.08	16 000 000.00	2 091 089.11	1.07
ARS ARGENTINA, REPUBLIC OF 2.00000%/INDEX LINKED 04-15.03.14	48 000 000.00	17 337 029.70	8.89
ARS ARGENTINA, REPUBLIC OF 2.00000%/INDEX LINKED 02-03.01.10	710 000.00	278 597.30	0.14
<b>Total ARS</b>		<b>23 689 670.56</b>	<b>12.14</b>

Description	Quantity/ Nominal	Valuation in USD Unrealized gain (loss) on Futures/ Options/Forward Exchange Contracts (Note 1)	as a % of net assets
<b>USD</b>			
USD ARGENTINA, REPUBLIC OF 6M LIBOR 02-03.08.12	27 630 000.00	15 286 297.50	7.83
USD DOMINICAN REPUBLIC 6M LIBOR+81.25BP 94-31.08.09	13 350 000.00	3 439 551.07	1.76
USD VENEZUELA, REPUBLIC OF 6M LIBOR+87.5BP 90-18.12.07	25 000 000.00	1 190 000.00	0.61
<b>Total USD</b>		<b>19 915 848.57</b>	<b>10.20</b>
<b>Total Bonds, floating rate</b>		<b>43 605 519.13</b>	<b>22.34</b>
<b>Total Transferable securities and money market instruments listed on an official stock exchange</b>		<b>140 193 049.35</b>	<b>71.83</b>
<b>Transferable securities and money market instruments traded on another regulated market</b>			
<b>Medium term notes, fixed rate</b>			
<b>USD</b>			
USD BANCO BMG SA 7.00000% 05-24.10.07	2 300 000.00	2 294 250.00	1.18
USD BANCO CRUZEIRO DO SUL SA 7.75000% 06-19.03.08	2 710 000.00	2 696 450.00	1.38
<b>Total USD</b>		<b>4 990 700.00</b>	<b>2.56</b>
<b>Total Medium term notes, fixed rate</b>		<b>4 990 700.00</b>	<b>2.56</b>
<b>Total Transferable securities and money market instruments traded on another regulated market</b>		<b>4 990 700.00</b>	<b>2.56</b>
<b>Transferable securities and money market instruments not listed on an official stock exchange and not traded on another regulated market</b>			
<b>Euro Certificates of Deposit, fixed rate</b>			
<b>USD</b>			
USD CORNHILL FENICIAPAR-DEF ECD 8.82500% 14.08.97-14.08.98	875 448.00	0.09	0.00 *
<b>Total USD</b>		<b>0.09</b>	<b>0.00</b>
<b>Total Euro Certificates of Deposit, fixed rate</b>		<b>0.09</b>	<b>0.00</b>
<b>Euro Certificates of Deposit, zero coupon</b>			
<b>USD</b>			
USD SHARP DO BRAZIL SA-DEF ECD 0.00000% 16.06.99-08.11.99	3 847 752.00	38 477.52	0.02 *
<b>Total USD</b>		<b>38 477.52</b>	<b>0.02</b>
<b>Total Euro Certificates of Deposit, zero coupon</b>		<b>38 477.52</b>	<b>0.02</b>
<b>Euro Commercial Papers, zero coupon</b>			
<b>USD</b>			
USD COPAMEX SA DE CV-144A ECP 0.00000% 20.07.07-22.01.08	360 000.00	350 194.55	0.18
<b>Total USD</b>		<b>350 194.55</b>	<b>0.18</b>
<b>Total Euro Commercial Papers, zero coupon</b>		<b>350 194.55</b>	<b>0.18</b>
<b>Other money market instruments, zero coupon</b>			
<b>USD</b>			
USD GRUPO ACERERO DEL NORTE-DEF OC 0.00000% 18.07.97-08.02.99	5 000 000.00	50 000.00	0.03 *
USD GRUPO ACERERO DEL NORTE-DEF OC 0.00000% 06.10.97-28.01.99	2 500 000.00	25 000.00	0.01 *
<b>Total USD</b>		<b>75 000.00</b>	<b>0.04</b>
<b>Total Other money market instruments, zero coupon</b>		<b>75 000.00</b>	<b>0.04</b>
<b>Notes, floating rate</b>			
<b>BRL</b>			
BRL UNION NATIONAL FIDC TR 2006-REG-S VAR/UNFIDC FD 07-01.07.10	50.00	663 870.24	0.34
<b>Total BRL</b>		<b>663 870.24</b>	<b>0.34</b>
<b>Total Notes, floating rate</b>		<b>663 870.24</b>	<b>0.34</b>
<b>Medium term notes, fixed rate</b>			
<b>USD</b>			
USD BANCO CRUZEIRO DO SUL SA 7.75000% 06-19.03.08	1 000 000.00	1 001 000.00	0.51
USD BANCO CRUZEIRO DO SUL SA 7.75000% 06-08.05.08	3 900 000.00	3 870 750.00	1.98
USD BANCO CRUZEIRO DO SUL SA 8.00000% 05-31.10.07	3 420 000.00	3 415 896.00	1.75
<b>Total USD</b>		<b>8 287 646.00</b>	<b>4.24</b>
<b>Total Medium term notes, fixed rate</b>		<b>8 287 646.00</b>	<b>4.24</b>



Description	Quantity/ Nominal	Valuation in USD Unrealized gain (loss) on Futures/ Options/Forward Exchange Contracts (Note 1)	as a % of net assets
<b>Medium term notes, floating rate</b>			
<b>USD</b>			
USD CONSTRAN SA CONSTRUCOES-DEF FLR 98-26.08.03	6 234 150.00	62 341.50	0.03 *
<b>Total USD</b>		<b>62 341.50</b>	<b>0.03</b>
<b>Total Medium term notes, floating rate</b>		<b>62 341.50</b>	<b>0.03</b>
<b>Bonds, floating rate</b>			
<b>BRL</b>			
BRL UNION NATIONAL FIDC TR 2006-REG-S VAR/UNFIDC FD 06-01.12.08	54.00	716 979.86	0.37
<b>Total BRL</b>		<b>716 979.86</b>	<b>0.37</b>
<b>Total Bonds, floating rate</b>		<b>716 979.86</b>	<b>0.37</b>
<b>Total Transferable securities and money market instruments not listed on an official stock exchange and not traded on another regulated market</b>		<b>10 194 509.76</b>	<b>5.22</b>
<b>Derivative instruments not listed on an official stock exchange and not traded on another regulated market</b>			
<b>Synthetic instruments</b>			
<b>DOP</b>			
DOP CITIGROUP/DOMINICAN REPUBLIC TRS 0.00000% 07-12.05.08	175 500 000.00	4 940 617.93	2.54
DOP DOMINICAN REPUBLIC TRS 0.00000% 07-25.09.07	165 470 000.00	4 943 994.76	2.54
<b>Total DOP</b>		<b>9 884 612.69</b>	<b>5.08</b>
<b>USD</b>			
USD CSFB/VENEZUELA TRS 6.25000% 07-20.02.08	6 000 000.00	5 968 101.00	3.05
<b>Total USD</b>		<b>5 968 101.00</b>	<b>3.05</b>
<b>Total Synthetic instruments</b>		<b>15 852 713.69</b>	<b>8.13</b>
<b>Total Derivative instruments not listed on an official stock exchange and not traded on another regulated market</b>		<b>15 852 713.69</b>	<b>8.13</b>
<b>Total investments in securities</b>		<b>171 230 972.80</b>	<b>87.74</b>
* see Note 7			
<b>Derivative instruments</b>			
<b>Derivative instruments not listed on an official stock exchange and not traded on another regulated market</b>			
<b>Credit default swaps</b>			
USD GOLDMAN SACHS/COUNTRYWIDE HOM CDS PAYER DEFAULT 07-20.09.08			
USD GOLDMAN SACHS/COUNTRYWIDE HOM CDS REC 6.00000% 07-20.09.08	-1 250 000.00	11 852.68	0.01
<b>Total Credit default swaps</b>		<b>11 852.68</b>	<b>0.01</b>
<b>Total Derivative instruments not listed on an official stock exchange and not traded on another regulated market</b>		<b>11 852.68</b>	<b>0.01</b>
<b>Total Derivative instruments</b>		<b>11 852.68</b>	<b>0.01</b>
<b>Forward Foreign Exchange contracts</b>			
<b>Forward Foreign Exchange contracts (Purchase/Sale)</b>			
USD 36 545 006.63 EUR 26 445 000.00 24.10.2007		437 006.40	0.23
USD 11 274 048.00 GBP 5 520 000.00 24.10.2007		153 107.01	0.08
USD 9 977 409.64 CLP 5 300 000 000.00 23.11.2007		-149 226.94	-0.08
USD 5 649 157.58 BRL 11 400 000.00 23.11.2007		-78 057.79	-0.04
USD 1 617 762.00 EUR 1 185 000.00 24.10.2007		-79.95	0.00
<b>Total Forward Foreign Exchange contracts (Purchase/Sale)</b>		<b>362 748.73</b>	<b>0.19</b>
<b>Time deposits and fiduciary deposits</b>		<b>18 742 283.20</b>	<b>9.60</b>
<b>Cash at banks, deposits on demand and deposit accounts and other liquid assets</b>		<b>2 598 208.80</b>	<b>1.33</b>
<b>Bank overdraft and other short-term liabilities</b>		<b>-2 154 493.17</b>	<b>-1.10</b>
<b>Other assets and liabilities</b>		<b>4 350 204.60</b>	<b>2.23</b>
<b>Total net assets</b>		<b>195 141 777.64</b>	<b>100.00</b>

# UBS (Lux) Emerging Economies Fund – Local Currencies Exposure

Annual Report as of 31 August 2007

## Most important figures

Date	ISIN	31.8.2007
Net assets in USD		108 762 390.76
Class (EUR) B <sup>1</sup>	LU0281210327	
Units outstanding		834 827.9560
Net asset value per unit in EUR		95.57

<sup>1</sup> Initial subscription: 19.6.2007

## Report of the Portfolio Manager

The subfund was launched on 19 June 2007, so no meaningful report is possible.

## Structure of the Securities Portfolio

Geographical Breakdown as a % of net assets	
Argentina	15.06
Luxembourg	9.21
United States	8.98
Turkey	8.90
Hungary	6.11
South Africa	5.28
Brazil	3.52
Indonesia	2.46
Egypt	2.17
Malaysia	0.65
Ireland	0.62
<b>Total</b>	<b>62.96</b>

Economic Breakdown as a % of net assets	
Countries & central governments	43.49
Investment funds & pension foundations	9.52
Finance & holding companies	8.68
Miscellaneous unclassified companies	1.27
<b>Total</b>	<b>62.96</b>

## Statement of Net Assets

	<b>USD</b>
<b>Assets</b>	<b>31.8.2007</b>
Investments in securities, cost	71 795 289.04
Investments in securities, unrealized appreciation (depreciation)	-3 316 608.58
Total investments in securities (Note 1)	68 478 680.46
Cash at banks, deposits on demand and deposit accounts	40 973 081.24
Receivable on subscriptions	20 418.64
Interest receivable on securities	255 856.27
Interest receivable on liquid assets	309 124.50
Unrealized gain (loss) on forward foreign exchange contracts (Note 1)	79 195.08
<b>Total Assets</b>	<b>110 116 356.19</b>
<b>Liabilities</b>	
Bank overdraft	-1 264 504.18
Interest payable on bank overdraft	-713.55
Payable on redemptions	-10 372.69
Provisions for all-in fee (Note 2)	-70 057.06
Provisions for taxe d'abonnement (Note 3)	-8 317.95
Total provisions	-78 375.01
<b>Total Liabilities</b>	<b>-1 353 965.43</b>
<b>Net assets at the end of the period</b>	<b>108 762 390.76</b>

## Statement of Operations

	<b>USD</b>
<b>Income</b>	<b>19.6.2007–31.8.2007</b>
Interest on liquid assets	365 256.62
Interest on securities	1 445 503.36
<b>Total income</b>	<b>1 810 759.98</b>
<b>Expenses</b>	
All-in fee (Note 2)	-335 564.07
Taxe d'abonnement (Note 3)	-22 578.69
Interest on liquid assets and bank overdraft	-20 599.99
<b>Total expenses</b>	<b>-378 742.75</b>
<b>Net income on investments</b>	<b>1 432 017.23</b>
<b>Realized gain (loss) (Note 1)</b>	
Realized gain (loss) on market-priced securities without options	-1 019 805.82
Realized gain (loss) on forward foreign exchange contracts	-436 545.08
Total realized gain (loss) on investments	-1 456 350.90
Realized gain (loss) on foreign exchange	168 454.99
<b>Total realized gain (loss)</b>	<b>-1 287 895.91</b>
<b>Net realized gain (loss) of the period</b>	<b>144 121.32</b>
<b>Changes in unrealized appreciation (depreciation) (Note 1)</b>	
Unrealized appreciation (depreciation) on market-priced securities without options	-3 342 287.19
Unrealized appreciation (depreciation) on yield-evaluated securities and money market instruments	25 678.61
Unrealized appreciation (depreciation) on forward foreign exchange contracts	79 195.08
<b>Total changes in unrealized appreciation (depreciation)</b>	<b>-3 237 413.50</b>
<b>Net increase (decrease) in net assets as a result of operations</b>	<b>-3 093 292.18</b>

## Statement of Changes in Net Assets

	<b>USD</b>
	<b>19.6.2007–31.8.2007</b>
Net assets at the beginning of the period	0.00
Subscriptions	116 822 427.28
Redemptions	-4 966 744.34
Total net subscriptions (redemptions)	111 855 682.94
Net income on investments	1 432 017.23
Total realized gain (loss)	-1 287 895.91
Total changes in unrealized appreciation (depreciation)	-3 237 413.50
Net increase (decrease) in net assets as a result of operations	-3 093 292.18
<b>Net assets at the end of the period</b>	<b>108 762 390.76</b>

## Development of the outstanding units

	<b>19.6.2007–31.8.2007</b>
<b>Class</b>	<b>(EUR) B</b>
Number of units outstanding at the beginning of the period	0.0000
Number of units issued	872 445.9950
Number of units redeemed	-37 618.0390
<b>Number of units outstanding at the end of the period</b>	<b>834 827.9560</b>

## Statement of Investments in Securities and other Net Assets as of 31 August 2007

Description	Quantity/ Nominal	Valuation in USD Unrealized gain (loss) on Futures/ Options/Forward Exchange Contracts (Note 1)	as a % of net assets
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### Transferable securities and money market instruments listed on an official stock exchange

#### Notes, fixed rate

BRL				
BRL	BRAZIL, FEDERATIVE REPUBLIC OF 10.00000% 05-01.01.10	2 500.00	1 229 145.58	1.13
<b>Total BRL</b>			<b>1 229 145.58</b>	<b>1.13</b>
<b>Total Notes, fixed rate</b>			<b>1 229 145.58</b>	<b>1.13</b>

#### Medium term notes, fixed rate

RUB				
RUB	DALI CAPITAL PLC/BK MOSCOW LPN 7.25000% 06-25.11.09	17 000 000.00	671 687.07	0.62
<b>Total RUB</b>			<b>671 687.07</b>	<b>0.62</b>
<b>Total Medium term notes, fixed rate</b>			<b>671 687.07</b>	<b>0.62</b>

#### Bonds, fixed rate

HUF				
HUF	HUNGARY, REPUBLIC OF 6.25000% 03-12.06.08	1 255 000 000.00	6 647 049.63	6.11
<b>Total HUF</b>			<b>6 647 049.63</b>	<b>6.11</b>
IDR				
IDR	INDONESIA, REPUBLIC OF 12.00000% 03-15.09.11	23 000 000 000.00	2 675 983.27	2.46
<b>Total IDR</b>			<b>2 675 983.27</b>	<b>2.46</b>
TRY				
TRY	TURKEY, REPUBLIC OF 14.00000% 06-19.01.11	2 000 000.00	1 432 466.44	1.32
TRY	TURKEY, REPUBLIC OF 15.00000% 05-10.02.10	10 163 000.00	7 456 028.07	6.85
TRY	TURKEY, REPUBLIC OF 16.00000% 07-07.03.12	1 000 000.00	796 248.56	0.73
<b>Total TRY</b>			<b>9 684 743.07</b>	<b>8.90</b>
<b>Total Bonds, fixed rate</b>			<b>19 007 775.97</b>	<b>17.47</b>

#### Bonds, zero coupon

BRL				
BRL	BRAZIL, FEDERATIVE REPUBLIC OF 0.00000% 06-01.01.09	5 890 000.00	2 595 885.76	2.39
<b>Total BRL</b>			<b>2 595 885.76</b>	<b>2.39</b>
<b>Total Bonds, zero coupon</b>			<b>2 595 885.76</b>	<b>2.39</b>

#### Bonds, floating rate

ARS				
ARS	ARGENTINA, REPUBLIC OF 2.00000%/INDEX LINKED 04-15.03.14	18 100 000.00	6 537 504.95	6.01
<b>Total ARS</b>			<b>6 537 504.95</b>	<b>6.01</b>
USD				
USD	ARGENTINA, REPUBLIC OF 6M LIBOR 02-03.08.12	17 780 000.00	9 836 785.00	9.04
<b>Total USD</b>			<b>9 836 785.00</b>	<b>9.04</b>
<b>Total Bonds, floating rate</b>			<b>16 374 289.95</b>	<b>15.05</b>

#### Total Transferable securities and money market instruments listed on an official stock exchange

**39 878 784.33**      **36.66**

### Transferable securities and money market instruments traded on another regulated market

#### Treasury bills, zero coupon

EGP				
EGP	ARAB REPUBLIC OF EGYPT TB 0.00000% 01.05.07-29.04.08	4 000 000.00	675 172.31	0.62
EGP	EGYPT, REPUBLIC OF TB 0.00000% 0.00000% 08.05.07-06.05.08	5 000 000.00	841 209.04	0.77
<b>Total EGP</b>			<b>1 516 381.35</b>	<b>1.39</b>
<b>Total Treasury bills, zero coupon</b>			<b>1 516 381.35</b>	<b>1.39</b>

Description	Quantity/ Nominal	Valuation in USD Unrealized gain (loss) on Futures/ Options/Forward Exchange Contracts (Note 1)	as a % of net assets
<b>Bonds, fixed rate</b>			
<b>ZAR</b>			
ZAR SOUTH AFRICA, REPUBLIC OF 10.00000% 05-28.02.09	41 000 000.00	5 747 457.45	5.29
<b>Total ZAR</b>		<b>5 747 457.45</b>	<b>5.29</b>
<b>Total Bonds, fixed rate</b>		<b>5 747 457.45</b>	<b>5.29</b>
<b>Total Transferable securities and money market instruments traded on another regulated market</b>		<b>7 263 838.80</b>	<b>6.68</b>
<b>Transferable securities and money market instruments not listed on an official stock exchange and not traded on another regulated market</b>			
<b>Treasury bills, zero coupon</b>			
<b>EGP</b>			
EGP EGYPT, REPUBLIC OF TB 0.00000% 15.05.07-13.05.08	5 000 000.00	840 062.83	0.77
<b>Total EGP</b>		<b>840 062.83</b>	<b>0.77</b>
<b>Total Treasury bills, zero coupon</b>		<b>840 062.83</b>	<b>0.77</b>
<b>Credit Linked Notes, fixed rate</b>			
<b>USD</b>			
USD MORGAN STANLEY/UKRAINE, GOV CLN 8.15000% 04-25.06.09	1 000 000.00	997 618.58	0.92
<b>Total USD</b>		<b>997 618.58</b>	<b>0.92</b>
<b>Total Credit Linked Notes, fixed rate</b>		<b>997 618.58</b>	<b>0.92</b>
<b>Notes, floating rate</b>			
<b>BRL</b>			
BRL UNION NATIONAL FIDC TR 2006-REG-S VAR/UNFIDC FD 07-01.07.10	25.00	331 935.12	0.31
<b>Total BRL</b>		<b>331 935.12</b>	<b>0.31</b>
<b>Total Notes, floating rate</b>		<b>331 935.12</b>	<b>0.31</b>
<b>Medium term notes, zero coupon</b>			
<b>USD</b>			
USD CITIGROUP FUNDING INC 0.00000% 07-20.03.08	1 465 384.00	1 462 462.46	1.34
<b>Total USD</b>		<b>1 462 462.46</b>	<b>1.34</b>
<b>Total Medium term notes, zero coupon</b>		<b>1 462 462.46</b>	<b>1.34</b>
<b>Bonds, fixed rate</b>			
<b>MYR</b>			
MYR JOHOR CORPORATION 1.00000% 02-31.07.09	2 130 000.00	705 640.44	0.65
<b>Total MYR</b>		<b>705 640.44</b>	<b>0.65</b>
<b>Total Bonds, fixed rate</b>		<b>705 640.44</b>	<b>0.65</b>
<b>Total Transferable securities and money market instruments not listed on an official stock exchange and not traded on another regulated market</b>		<b>4 337 719.43</b>	<b>3.99</b>
<b>UCITS in accordance with Article 41 (1) e)</b>			
<b>Investment certificates, open end</b>			
<b>Luxembourg</b>			
USD UBS (LUX) IF-SHORT TERM USD XA	88 912.60	10 020 449.79	9.21
<b>Total Luxembourg</b>		<b>10 020 449.79</b>	<b>9.21</b>
<b>Total Investment certificates, open end</b>		<b>10 020 449.79</b>	<b>9.21</b>
<b>Total UCITS in accordance with Article 41 (1) e)</b>		<b>10 020 449.79</b>	<b>9.21</b>
<b>Derivative instruments not listed on an official stock exchange and not traded on another regulated market</b>			
<b>Synthetic instruments</b>			
<b>KZT</b>			
KZT MS/KAZAKHSTAN ALLIANC BANK TRS 3.78000% 07-23.02.08	232 389 000.00	1 832 983.53	1.69
<b>Total KZT</b>		<b>1 832 983.53</b>	<b>1.69</b>

Description	Quantity/ Nominal	Valuation in USD Unrealized gain (loss) on Futures/ Options/Forward Exchange Contracts (Note 1)	as a % of net assets
<b>RUB</b>			
RUB CSFB/RUSSIA BANK STANDARD TRS 8.25000% 07-03.03.08	27 300 000.00	1 095 118.54	1.01
RUB CSFB/RUSSIA RSHB TRS 7.34000% 07-09.02.17	100 000 000.00	4 049 786.04	3.72
<b>Total RUB</b>		<b>5 144 904.58</b>	<b>4.73</b>
<b>Total Synthetic instruments</b>		<b>6 977 888.11</b>	<b>6.42</b>
<b>Total Derivative instruments not listed on an official stock exchange and not traded on another regulated market</b>		<b>6 977 888.11</b>	<b>6.42</b>
<b>Total investments in securities</b>		<b>68 478 680.46</b>	<b>62.96</b>

### Forward Foreign Exchange contracts

#### Forward Foreign Exchange contracts (Purchase/Sale)

USD	3 012 048.19	CLP	1 600 000 000.00	23.11.2007	-45 049.64	-0.04
KRW	1 600 000 000.00	USD	1 709 036.53	23.11.2007	-1 458.51	0.00
USD	3 276 301.42	TRY	4 500 000.00	23.11.2007	-79 899.89	-0.07
PHP	110 000 000.00	USD	2 342 918.00	23.11.2007	14 920.43	0.01
INR	100 000 000.00	USD	2 411 963.34	23.11.2007	25 375.33	0.02
PEN	6 500 000.00	USD	2 058 264.72	23.11.2007	-198.81	0.00
CZK	100 130 080.00	USD	4 902 545.52	23.11.2007	49 783.58	0.05
PLN	26 686 408.00	USD	9 399 932.37	23.11.2007	117 025.25	0.10
SGD	15 007 415.00	USD	9 912 689.24	23.11.2007	-1 302.66	0.00
<b>Total Forward Foreign Exchange contracts (Purchase/Sale)</b>					<b>79 195.08</b>	<b>0.07</b>

<b>Cash at banks, deposits on demand and deposit accounts and other liquid assets</b>	<b>40 973 081.24</b>	<b>37.67</b>
<b>Bank overdraft and other short-term liabilities</b>	<b>-1 264 504.18</b>	<b>-1.16</b>
<b>Other assets and liabilities</b>	<b>495 938.16</b>	<b>0.46</b>
<b>Total net assets</b>	<b>108 762 390.76</b>	<b>100.00</b>

# Notes to the Financial Statements

Annual Report as of 31 August 2007  
UBS (Lux) Emerging Economies Fund

## Note 1 – Summary of significant accounting policies

### a) Calculation of the Net Asset Value

The net asset value and the issue and redemption price per unit of any subfund or unit Class are expressed in the reference currency that appears in the name of the subfund concerned and are calculated every business day. The net asset value and the issue and redemption price per unit are calculated by dividing the overall net asset value for each subfund by the number of units outstanding for this subfund.

In this context, “business day” refers to normal bank business days in Luxembourg (i.e. each day on which the banks are open during normal business hours) with the exception of individual non-statutory rest days in Luxembourg and days on which exchanges in the main countries in which the subfund invests are closed or 50% or more subfund investments cannot be adequately valued.

### b) Valuation principles

– Securities, money market instruments, derivatives and other investments listed on a stock exchange are valued at the last known market prices. If the same security, money market instrument, derivative or other investment is quoted on several stock exchanges, the last available quotation on the stock exchange that represents the major market for this investment will apply.

In the case of securities, money market instruments, derivatives and other investments little traded on a stock exchange and for which a secondary market among securities traders exists with pricing in line with the market, the Management Company may value these securities, money market instruments, derivatives and other investments based on these prices. Securities, money market instruments, derivatives and other investments that are not listed on a stock exchange, but which are traded on another regulated market which is recognised, open to the public and operates in a due and orderly fashion, are valued at the last available price on this market.

– Securities, money market instruments and other investments that are not listed at a stock exchange or traded on another regulated market, and for which no appropriate price can be obtained, will be valued by the Management Company according to other principles chosen by it in good faith on the basis of the likely sales prices.

- The valuation of derivatives which are not listed on a stock exchange (OTC derivatives) shall take place by reference to independent pricing sources. In case only one independent pricing source of a derivative is available, the plausibility of the valuation obtained will be verified by means of methods of calculation recognised by the Management Company, based on the market value of the underlying instrument from which the derivative is derived.
- Units of other undertakings for collective investment in securities (UCITS) and/or undertakings for collective investment (UCI) will be valued at their last net asset value.
- Time deposits and fiduciary investments are valued at their nominal value plus accumulated interest.
- The value of swap transactions is calculated by the swap counterparty on the basis of the net present value of all cash flows, both inflows and outflows. This valuation method is recognised by the Management Company.

The Management Company is entitled temporarily to apply other appropriate valuation principles which have been determined by it in good faith and are generally accepted and verifiable by auditors to the assets of the fund as a whole or of an individual subfund if the above criteria are deemed impossible or inappropriate for accurately determining the value of the subfunds concerned due to extraordinary circumstances or events.

### c) Valuation of forward foreign exchange contracts

The unrealized gain (loss) of outstanding forward foreign exchange contracts is valued on the basis of the forward exchange rate prevailing on the valuation date.

### d) Valuation of financial future contracts

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



*e) Swaps*

The Fund may enter into interest rate swap contracts, forward rate agreements on interest rates swaptions and credit default swaps, if they are executed with first-class financial institutions that specialize in transactions of this kind.

Changes in unrealized profits and losses are reflected in the statement of operations under "Unrealized appreciation (depreciation) on Swaps".

Gains or losses on swaps incurred when closed-out or matured are recorded as "Realized gain (loss) on Swaps" in the statement of operations.

*f) Net realized profit (loss) on sales of securities*

The realized profit or loss on sales of securities are calculated on the basis of the average cost of the securities sold.

*g) Conversion of foreign currencies*

Bank accounts, other net assets and the valuation of the investments in securities denominated in currencies other than the reference currency of the different subfunds are converted at the mid closing spot rates on the valuation date. Income and expenses denominated in currencies other than the currency of the different subfunds are converted at the mid closing spot rates at payment date. Profit or loss on foreign exchange is included in the financial statements.

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

*h) Accounting of securities' portfolio transactions*

The securities portfolio transactions are accounted on the bank business day following the transaction dates.

*i) Consolidated financial statements*

The consolidated financial statements are expressed in USD. The various items of the consolidated statement of net assets and operations as of 31 August 2007 of the fund are equal to the sum of the corresponding items of each subfund converted into USD at the exchange rates prevailing at closing date.

The following exchange rates were used for the conversion of foreign currencies and the consolidated financial statements as of 31 August 2007:

**Exchange rates**

USD 1 = ARS	3.156250
USD 1 = BRL	1.960600
USD 1 = CLP	523.350000
USD 1 = COP	2160.600001
USD 1 = DEM	1.434682
USD 1 = DOP	33.250000
USD 1 = EGP	5.654500
USD 1 = EUR	0.733541
USD 1 = HUF	187.038350
USD 1 = IDR	9390.000005
USD 1 = KZT	126.385000
USD 1 = MXN	11.039800
USD 1 = MYR	3.501500
USD 1 = PLN	2.808400
USD 1 = RUB	25.649500
USD 1 = SKK	24.742700
USD 1 = THB	34.310000
USD 1 = TRK	1303.499946
USD 1 = TRY	1.303500
USD 1 = UAH	5.030500

*j) Income recognition*

Dividends, net of withholding taxes, are recognized as income on the date upon which the relevant securities are first listed as "ex-dividend". Interest income is accrued on a daily basis.

*k) Receivable on securities sales,*

*Payable on securities purchases*

The account "Receivables on securities sales" can also include receivables from foreign currency transactions. The account "Payables on securities purchases" can also include payables from foreign currency transactions.

*l) Securities without fixed maturity date*

Securities descriptions ending with "XX" in the "Statement of Investments in Securities and other Net Assets" indicate that these securities have no fixed maturity date.

## Note 2 – All-in fee

The fund pays a monthly All-in fee (monthly all-in administrative commission) for each of the subfunds, calculated on the average net asset value of the subfund as shown in the table below:

UBS (Lux) Emerging Economies Fund	All-in fee
– Global Bonds	0.150% per month (1.80% p.a.)
– Latin American Bonds	0.150% per month (1.80% p.a.)
– Latin American Money Market	0.100% per month (1.20% p.a.)
– Local Currencies Exposure	0.125% per month (1.50% p.a.)

Out of the above monthly all-in administrative commission, the Fund will bear all costs incurred in connection with the management, administration, portfolio management and safekeeping of the Fund assets and Fund sales, such as:

- annual fees and expenses of licences and supervision of the Fund in Luxembourg and abroad;
- other fees charged by the supervisory authorities;
- printing of the Regulations, prospectuses and the annual and semi-annual reports;
- price publications and publication of notices to investors;
- charges made in connection with the listing of the Fund and sales within Luxembourg and abroad;
- commission and expenses of the Custodian Bank for safekeeping of the Fund's assets, dealing with payments and other duties required under the Luxembourg law of 20 December 2002;
- fees and other expenses for the payment of dividends to investors;
- auditor's fees.

Out of the management commission sales fees are paid to distributors and asset managers of the Fund.

The Custodian Bank, administrative agent and Management Company are nevertheless entitled to be reimbursed the costs of non-routine arrangements made by them in the interests of the investors; otherwise such expenses will be charged direct to the Fund.

The Fund will also bear all transaction expenses arising in connection with the administration of the Fund assets (brokerage commission in line with the market, fees, fiscal charges, etc.).

All taxes which are levied on the income and assets of the Fund, particularly the "taxe d'abonnement", will also be borne by the Fund.

All costs which can be allocated accurately to individual subfunds will be charged to these subfunds. If costs pertain to several or all subfunds, these costs will be charged to the subfunds concerned in proportion to their relative net asset values. In the subfunds that may invest in other UCI or UCITS under the terms of their investment policies, charges may be incurred both at the level of the relevant investment fund and at the level of the subfund. In the case of investments in units of funds managed directly or indirectly by the Management Company itself or another company related to it by common management or control, or by a direct or indirect holding of more than 10% of the capital or the voting shares, the subfund may only be charged with a reduced all-in administration commission of no more than 0.25% p.a. The Management Company may, moreover, not charge the subfund making the investment with any of the related target fund's issuing or redemption commissions.

If, in accordance with the above paragraph, the Management Company invests in a related fund that charges a lower all-in administration commission than that charged by the subfund making the investment (see table above), the Management Company may, instead of the aforementioned lower all-in administration commission, charge the volume invested in this target fund with the difference between the all-in administration commission charged by the subfund making the investment on the one hand and the all-in administration commission of the target fund on the other.

## Note 3 – Taxe d'abonnement

In accordance with the law and the regulations currently in force, the fund is subject to a subscription tax at the annual rate of 0.05%, payable quarterly and calculated on the basis of the net assets at the end of each quarter.

The taxe d'abonnement is waived for that part of the net assets invested in units or shares of other undertakings for collective investment that have already paid the taxe d'abonnement in accordance with the statutory provisions of Luxembourg law.

#### Note 4 – Securities Lending

The fund may also lend portions of its securities portfolio to third parties. In general, lendings may only be effected via recognized clearing houses such as Clearstream International or Euroclear, or through the intermediary of prime financial institutions that specialize 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 securities portfolio of the corresponding subfund, it may only be effected on condition that termination of the loan contract is possible immediately.

The market value of the securities lent on 31 August 2007 was for the following subfunds:

UBS (Lux) Emerging Economies Fund	Securities Lending
– Global Bonds	103 796 179.60 USD
– Latin American Bonds	13 776 094.43 USD
– Latin American Money Market	3 644 235.96 USD
– Local Currencies Exposure	– USD

#### Note 5 – Income Distribution

In accordance with Article 10 of the Management Regulations, once the annual accounts are closed the Management Company will decide whether and to what extent distributions are to be paid out by each subfund.

Distributions may not be so large as to cause the net assets of the fund to fall below the minimum fund assets laid down by the provisions of the law. If distributions are made, they will be paid out within four months of the end of the financial year.

*UBS (Lux) Emerging Economies Fund*  
*– Global Bonds (USD) AM*

Distribution units with a monthly gross distribution:

Ex-Date	Pay Date	USD
15.5.2007	21.5.2007	0.30
15.6.2007	20.6.2007	0.51
16.7.2007	19.7.2007	0.55
16.8.2007	21.8.2007	0.62
17.9.2007	20.9.2007	0.68

#### Note 6 – Soft commission arrangements

During the period from 1 September 2006 until 31 August 2007, no “soft commission arrangements” were entered into on behalf of UBS (Lux) Emerging Economies Fund and “soft dollar commissions” amount to nil.

#### Note 7 – Matured securities

Matured securities still held in portfolio indicated by an asterisk relate to companies currently experiencing financial difficulties. Several of these securities are valued at zero as there is a strong probability that these companies remain insolvent. The valuation of the remaining securities is based on the restructuring plan sent to the Management Company.

#### Note 8 – Commitments on Financial Futures

Commitments on Financial Futures per subfund and respective currency as of 31 August 2007 can be summarised as follows:

UBS (Lux) Emerging Economies Fund	Financial Futures on bonds (purchased)
– Global Bonds	290 140 882.77 USD
– Latin American Bonds	22 198 594.35 USD

#### Note 9 – Total Expense Ratio (TER)

This ratio was calculated in accordance with the “Guidelines on the calculation and publication of the TER and PTR” issued by the Swiss Funds Association SFA on 25 January 2006 and expresses the sum of all costs and commissions charged on an ongoing basis to the net assets (operating expenses) taken retrospectively as a percentage of the net assets.

TER for the last 12 months:

UBS (Lux) Emerging Economies Fund	Total Expense Ratio (TER)
– Global Bonds (USD) AM	1.86%
– Global Bonds (USD) B	1.84%
– Latin American Bonds (USD) B	1.85%
– Latin American Money Market (USD) B	1.21%
– Local Currencies Exposure (EUR) B	1.56%

Transaction costs and any other costs incurred in connection with currency hedging are not included in the TER.

### Note 10 – Portfolio Turnover Rate (PTR)

This key ratio was calculated in accordance with the Swiss Funds Association's (SFA) "Guidelines on the calculation and disclosure of the TER and PTR" dated 25 January 2006. The PTR is considered an indicator of the relevance of the additional costs incurred when buying and selling investments. It shows how many security transactions occurred as a result of voluntary investment shifts in relation to the average net assets. Transactions that resulted from uncontrollable subscriptions and redemptions are not included in this rate.

PTR for the last 12 months:

UBS (Lux) Emerging Economies Fund	Portfolio Turnover Rate (PTR)
– Global Bonds	64.84%
– Latin American Bonds	126.76%
– Latin American Money Market	128.25%
– Local Currencies Exposure	28.46%

### Note 11 – Total Return Swaps

The total return swaps are valued based on the price difference between the hedged bond value and the financing costs of the variable swap component. The valuation of the total return swaps thus depends primarily on the valuation of the individual underlying securities. The underlying securities are valued using the same valuation procedure as the other securities held in the fund's portfolios.

### Note 12 – Applicable law, place of performance and authoritative language

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

The German version of these financial statements is the authoritative version and only this version was audited by the auditors. However, in the case of units sold to investors from the other countries in which fund units can be bought and sold, the Management Company and the Custodian Bank may recognize approved translations (i.e. approved by the Management Company and the Custodian Bank) into the languages concerned as binding upon themselves and the fund.



