

Semi-Annual Report 2005/2006.

Investment Fund under Luxembourg Law

Unaudited semi-annual report as of 31 May 2006

UBS (Lux) Equity Fund – Financial Services



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Most important figures

Date	ISIN	31.5.2006	30.11.2005	30.11.2004
Net assets in EUR		101 111 614.23	122 136 602.99	107 376 892.56
Class B	LU0099863671			
Units outstanding		944 194.5240	1 150 254.3070	1 255 940.6160
Net asset value per unit in EUR		107.09	106.18	85.49
Class BG	LU0168505609			
Units outstanding		N/A	N/A	1 000.0000
Net asset value per unit in EUR		N/A	N/A	9.61

Structure of the Securities Portfolio

Geographical Breakdown as a % of net assets	
United States	35.51
United Kingdom	10.42
Japan	8.69
Switzerland	8.13
France	6.60
Spain	5.00
Italy	4.76
Ireland	4.33
Germany	4.33
Belgium	2.71
Netherlands	2.54
Canada	2.26
Australia	1.86
Greece	0.83
Austria	0.44
Total	98.41

Economic Breakdown as a % of net assets	
Banks & credit institutions	64.21
Insurance	21.62
Finance & holding companies	12.50
Miscellaneous services	0.08
Total	98.41

Statement of Net Assets

	EUR
Assets	31.5.2006
Investments in securities, cost	89 879 210.88
Investments in securities, unrealized appreciation (depreciation)	9 625 195.33
Total investments in securities (Note 1)	99 504 406.21
Cash at banks, deposits on demand and deposit accounts	1 038 041.24
Receivable on securities sales (Note 1)	906 848.17
Receivable on subscriptions	100 483.60
Interest receivable on liquid assets	1 656.55
Receivable on dividends	309 235.07
Total Assets	101 860 670.84
Liabilities	
Payable on securities purchases (Note 1)	-8 789.24
Payable on redemptions	-650 708.29
Provisions for all-in fee (Note 2)	-81 086.80
Provisions for taxe d'abonnement (Note 3)	-8 472.28
Total provisions	-89 559.08
Total Liabilities	-749 056.61
Net assets at the end of the period	101 111 614.23

Statement of Operations

	EUR
Income	1.12.2005–31.5.2006
Net interest on liquid assets and bank overdraft	9 101.57
Dividends	1 600 500.11
Income on securities lending (Note 4)	45 579.96
Total income	1 655 181.64
Expenses	
All-in fee (Note 2)	-1 032 129.00
Taxe d'abonnement (Note 3)	-28 214.75
Total expenses	-1 060 343.75
Net income on investments	594 837.89
Realized gain (loss) (Note 1)	
Realized gain (loss) on market-priced securities without options	6 709 912.82
Realized gain (loss) on forward foreign exchange contracts	-9 760.77
Total realized gain (loss) on investments	6 700 152.05
Realized gain (loss) on foreign exchange	-5 684.47
Total realized gain (loss)	6 694 467.58
Net realized gain (loss) of the period	7 289 305.47
Changes in unrealized appreciation (depreciation)	
Unrealized appreciation (depreciation) on market-priced securities without options	-5 829 192.39
Total changes in unrealized appreciation (depreciation)	-5 829 192.39
Net increase (decrease) in net assets as a result of operations	1 460 113.08

Statement of Changes in Net Assets

	EUR
	1.12.2005–31.5.2006
Net assets at the beginning of the period	122 136 602.99
Subscriptions	15 532 956.22
Redemptions	-38 018 058.06
Total net subscriptions (redemptions)	-22 485 101.84
Net income on investments	594 837.89
Total realized gain (loss)	6 694 467.58
Total changes in unrealized appreciation (depreciation)	-5 829 192.39
Net increase (decrease) in net assets as a result of operations	1 460 113.08
Net assets at the end of the period	101 111 614.23

Development of the outstanding units

	1.12.2005–31.5.2006
Class	B
Number of units outstanding at the beginning of the period	1 150 254.3070
Number of units issued	140 021.0620
Number of units redeemed	-346 080.8450
Number of units outstanding at the end of the period	944 194.5240

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

Description	Quantity/ Nominal	Valuation in EUR Unrealized gain (loss) on Futures/ Options/Forward Exchange Contracts (Note 1)	as a % of net assets
Transferable securities listed on an official stock exchange			
Bearer shares			
Australia			
AUD QBE INSURANCE GROUP LTD	149 631.00	1 880 587.50	1.86
Total Australia		1 880 587.50	1.86
Austria			
EUR WIENER STAEDTISCHE VERSICHERUNG AG	9 138.00	440 725.74	0.44
Total Austria		440 725.74	0.44
Belgium			
EUR ALMANCORA COMM VA	10 600.00	1 086 500.00	1.07
EUR FORTIS SA/NV	57 900.00	1 649 571.00	1.64
Total Belgium		2 736 071.00	2.71
Canada			
CAD MANULIFE FINANCIAL CORP	48 600.00	1 245 832.00	1.23
CAD TORONTO DOMINION BANK	24 600.00	1 039 065.25	1.03
Total Canada		2 284 897.25	2.26
France			
EUR AXA	98 300.00	2 663 930.00	2.63
EUR BNP PARIBAS	45 500.00	3 312 400.00	3.28
EUR NATEXIS BANQUES POPULAIRES	3 500.00	693 000.00	0.69
Total France		6 669 330.00	6.60
Germany			
EUR HYPO REAL ESTATE HOLDING AG	18 700.00	922 097.00	0.91
Total Germany		922 097.00	0.91
Greece			
EUR ALPHA BANK SA	42 840.00	835 380.00	0.83
Total Greece		835 380.00	0.83
Ireland			
EUR ANGLO-IRISH BANK CORP PLC	90 600.00	1 105 320.00	1.09
EUR BANK OF IRELAND	173 600.00	2 454 704.00	2.43
EUR DEPFA BANK PLC	65 100.00	820 911.00	0.81
Total Ireland		4 380 935.00	4.33
Italy			
EUR BANCO POPOLARE DI VERONA E NOVARA SCRL	39 900.00	853 461.00	0.84
EUR SANPAOLO IMI SPA	97 100.00	1 356 487.00	1.34
EUR UNICREDITO ITALIANO SPA	437 600.00	2 601 532.00	2.58
Total Italy		4 811 480.00	4.76
Japan			
JPY AIFUL CORP	7 000.00	300 903.43	0.30
JPY BANK OF YOKOHAMA LTD	110 000.00	607 292.97	0.60
JPY MITSUBI SUMITOMO INSURANCE CO LTD	155 000.00	1 469 274.00	1.45
JPY NOMURA HOLDINGS INC	95 000.00	1 438 197.54	1.42
JPY SOMPO JAPAN INSURANCE INC	68 000.00	671 029.22	0.66
JPY SUMITOMO MITSUI FINANCIAL GROUP INC	321.00	2 541 255.47	2.52
JPY SUMITOMO TRUST & BANKING CO LTD	171 000.00	1 271 815.24	1.26
JPY TAKEFUJI CORP	9 940.00	483 885.76	0.48
Total Japan		8 783 653.63	8.69
Netherlands			
EUR ABN AMRO HOLDING NV	65 200.00	1 407 668.00	1.39
EUR AEGON NV	86 146.00	1 119 898.00	1.11
Total Netherlands		2 527 566.00	2.50
United Kingdom			
GBP BARCLAYS PLC	330 800.00	2 978 380.57	2.95
GBP HSBC HOLDINGS PLC	161 300.00	2 184 288.38	2.16
GBP PRUDENTIAL PLC	153 600.00	1 304 625.86	1.29
GBP ROYAL BANK OF SCOTLAND GROUP PLC	161 900.00	4 066 402.13	4.02
Total United Kingdom		10 533 696.94	10.42
United States			
USD AMERICAN INTERNATIONAL GROUP INC	87 500.00	4 141 850.59	4.10
USD BANK OF AMERICA CORP	43 800.00	1 650 449.61	1.63
USD BANK OF NEW YORK CO INC	42 100.00	1 089 168.90	1.08
USD CITIGROUP INC	201 200.00	7 722 496.00	7.60
USD FIFTH THIRD BANCORP	49 800.00	1 473 315.43	1.46
USD FREDDIE MAC	42 400.00	1 981 934.68	1.96
USD H. & R. BLOCK INC	4 500.00	79 703.37	0.08
USD JPMORGAN CHASE & CO	98 400.00	3 266 593.48	3.23
USD MELLON FINANCIAL CORP	74 400.00	2 095 676.75	2.07
USD MERRILL LYNCH & CO INC	12 500.00	704 679.04	0.70
USD MORGAN STANLEY	65 300.00	3 031 014.05	3.00

Description	Quantity/ Nominal	Valuation in EUR Unrealized gain (loss) on Futures/ Options/Forward Exchange Contracts (Note 1)	as a % of net assets
USD PNC FINANCIAL SERVICES GROUP	31 100.00	1 668 497.02	1.65
USD THE HARTFORD FINANCIAL SERVICES GROUP INC	27 300.00	1 869 097.28	1.85
USD WELLS FARGO & CO NEW	99 700.00	5 151 690.60	5.10
Total United States		35 926 166.80	35.51
Total Bearer shares		82 732 586.86	81.82
Registered shares			
Germany			
EUR ALLIANZ AG	22 900.00	2 780 060.00	2.75
EUR HANNOVER RUECKVERSICHERUNG AG	23 500.00	671 630.00	0.66
Total Germany		3 451 690.00	3.41
Spain			
EUR BANCO BILBAO VIZCAYA ARGENTARIA SA	137 800.00	2 228 226.00	2.20
EUR BANCO SANTANDER CENTRAL HISPANO SA	251 100.00	2 829 897.00	2.80
Total Spain		5 058 123.00	5.00
Switzerland			
CHF CREDIT SUISSE GROUP	42 100.00	1 897 809.94	1.88
CHF UBS AG	53 400.00	4 715 166.07	4.67
CHF ZURICH FINANCIAL SERVICES	9 100.00	1 606 458.51	1.59
Total Switzerland		8 219 434.52	8.14
Total Registered shares		16 729 247.52	16.55
Total Transferable securities listed on an official stock exchange		99 461 834.38	98.37
Transferable securities not listed on an official stock exchange and not traded on another regulated market			
Other securities and rights			
Netherlands			
EUR ABN AMRO HOLDING NV RIGHTS 06-18.05.06	70 000.00	42 571.83	0.04
Total Netherlands		42 571.83	0.04
Total Other securities and rights		42 571.83	0.04
Total Transferable securities not listed on an official stock exchange and not traded on another regulated market		42 571.83	0.04
Total investments in securities		99 504 406.21	98.41
Cash at banks, deposits on demand and deposit accounts and other liquid assets		1 038 041.24	1.03
Other assets and liabilities		569 166.78	0.56
Total net assets		101 111 614.23	100.00