

# Annual Report 2005/2006.

**Investment Company under Luxembourg Law (SICAV)**

**Audited annual report as of 30 September 2006**

UBS (Lux) Key Selection Sicav – Global Equities



# UBS (Lux) Key Selection Sicav – Global Equities

Annual Report as of 30 September 2006

## Three-year comparison

Date	ISIN	30.9.2006	30.9.2005	30.9.2004
Net assets in USD		132 311 762.82	134 790 885.97	104 539 614.10
<b>Class (EUR) B</b>	<b>LU0161942635</b>			
Shares outstanding		2 951 671.8860	2 104 042.3200	1 916 134.3790
Net asset value per share in EUR		14.29	13.52	11.39
<b>Class (EUR) BG</b>	<b>LU0176552569</b>			
Shares outstanding		N/A	0.0000	1 000.0000
Net asset value per share in EUR		N/A	N/A	9.65
<b>Class (USD) B</b>	<b>LU0161942395</b>			
Shares outstanding		4 791 579.3270	6 777 333.1150	6 018 072.9380
Net asset value per share in USD		16.46	14.83	12.86

## Structure of the Securities Portfolio

Geographical Breakdown as a % of net assets		Economic Breakdown as a % of net assets	
United States	54.74	Banks & credit institutions	17.24
United Kingdom	10.82	Pharmaceuticals, cosmetics & medical products	9.25
Japan	9.38	Telecommunications	9.07
France	5.01	Insurance	7.32
Netherlands	3.54	Petroleum	5.47
Switzerland	2.63	Finance & holding companies	5.42
Ireland	1.84	Internet, software & IT services	4.82
Australia	1.66	Electronics & semiconductors	4.75
Canada	1.60	Vehicles	4.35
Germany	1.49	Tobacco & alcohol	3.65
Italy	1.06	Traffic & transportation	3.64
Luxembourg	0.99	Retail trade, department stores	3.34
Spain	0.85	Energy & water supply	2.66
Sweden	0.73	Miscellaneous services	2.38
Austria	0.67	Mechanical engineering & industrial equipment	2.07
Bermudas	0.48	Building industry & materials	1.84
Hong Kong	0.32	Healthcare & social services	1.59
Cayman Islands	0.30	Lodging, catering & leisure	1.44
Norway	0.28	Biotechnology	1.12
<b>Total</b>	<b>98.39</b>	Computer hardware & network equipment providers	1.05
		Miscellaneous trading companies	1.01
		Investment funds & pension foundations	0.99
		Graphic design, publishing & media	0.96
		Aerospace industry	0.55
		Real estate	0.48
		Miscellaneous unclassified companies	0.39
		Forestry, paper & pulp products	0.38
		Chemicals	0.37
		Textiles, garments & leather goods	0.32
		Food & soft drinks	0.29
		Electrical devices & components	0.18
		<b>Total</b>	<b>98.39</b>

## Statement of Net Assets

	<b>USD</b>
<b>Assets</b>	<b>30.9.2006</b>
Investments in securities, cost	114 077 243.61
Investments in securities, unrealized appreciation (depreciation)	16 097 626.48
<b>Total investments in securities (Note 1)</b>	<b>130 174 870.09</b>
Cash at banks, deposits on demand and deposit accounts	1 417 621.63
Receivable on securities sales (Note 1)	528 886.38
Receivable on subscriptions	555 907.05
Interest receivable on liquid assets	3 944.09
Receivable on dividends	213 494.91
Other receivables	73 754.36
<b>Total Assets</b>	<b>132 968 478.51</b>
<b>Liabilities</b>	
Payable on securities purchases (Note 1)	-155 909.21
Payable on redemptions	-374 609.24
Provisions for all-in fee (Note 2)	-109 821.79
Provisions for tax d'abonnement (Note 3)	-16 375.45
<b>Total provisions</b>	<b>-126 197.24</b>
<b>Total Liabilities</b>	<b>-656 715.69</b>
<b>Net assets at the end of the financial year</b>	<b>132 311 762.82</b>

## Statement of Operations

	<b>USD</b>
<b>Income</b>	<b>1.10.2005–30.9.2006</b>
Interest on liquid assets and bank overdraft	40 844.37
Dividends	2 357 712.89
Income on securities lending (Note 4)	88 515.35
<b>Total income</b>	<b>2 487 072.61</b>
<b>Expenses</b>	
All-in fee (Note 2)	-2 636 310.04
Taxe d'abonnement (Note 3)	-65 421.90
<b>Total expenses</b>	<b>-2 701 731.94</b>
<b>Net income on investments</b>	<b>-214 659.33</b>
<b>Realized gain (loss) (Note 1)</b>	
Realized gain (loss) on market-priced securities without options	11 868 066.62
Realized gain (loss) on forward foreign exchange contracts	2 187.70
<b>Total realized gain (loss) on investments</b>	<b>11 870 254.32</b>
Realized gain (loss) on foreign exchange	-29 822.77
<b>Total realized gain (loss)</b>	<b>11 840 431.55</b>
<b>Net realized gain (loss) of the financial year</b>	<b>11 625 772.22</b>
<b>Changes in unrealized appreciation (depreciation) (Note 1)</b>	
Unrealized appreciation (depreciation) on market-priced securities without options	1 640 858.59
<b>Total changes in unrealized appreciation (depreciation)</b>	<b>1 640 858.59</b>
<b>Net increase (decrease) in net assets as a result of operations</b>	<b>13 266 630.81</b>

## Statement of Changes in Net Assets

	<b>USD</b>
	<b>1.10.2005–30.9.2006</b>
Net assets at the beginning of the financial year	134 790 885.97
Subscriptions	34 654 369.82
Redemptions	-50 400 123.78
Total net subscriptions (redemptions)	-15 745 753.96
Net income on investments	-214 659.33
Total realized gain (loss)	11 840 431.55
Total changes in unrealized appreciation (depreciation)	1 640 858.59
Net increase (decrease) in net assets as a result of operations	13 266 630.81
<b>Net assets at the end of the financial year</b>	<b>132 311 762.82</b>

## Changes in the Number of Shares outstanding

	<b>1.10.2005–30.9.2006</b>
<b>Class</b>	<b>(EUR) B</b>
Number of shares outstanding at the beginning of the financial year	2 104 042.3200
Number of shares issued	1 313 727.1480
Number of shares redeemed	-466 097.5820
<b>Number of shares outstanding at the end of the financial year</b>	<b>2 951 671.8860</b>
<b>Class</b>	<b>(USD) B</b>
Number of shares outstanding at the beginning of the financial year	6 777 333.1150
Number of shares issued	770 361.6140
Number of shares redeemed	-2 756 115.4020
<b>Number of shares outstanding at the end of the financial year</b>	<b>4 791 579.3270</b>

## Statement of Investments in Securities and other Net Assets as of 30 September 2006

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

#### Bearer shares

<b>Australia</b>				
AUD	NATIONAL AUSTRALIA BANK LTD	24 396.00	668 142.40	0.50
AUD	QANTAS AIRWAYS LTD	105 256.00	307 119.90	0.23
AUD	QBE INSURANCE GROUP LTD	66 448.00	1 214 877.09	0.93
<b>Total Australia</b>			<b>2 190 139.39</b>	<b>1.66</b>
<b>Austria</b>				
EUR	TELEKOM AUSTRIA AG	35 080.00	884 308.04	0.67
<b>Total Austria</b>			<b>884 308.04</b>	<b>0.67</b>
<b>Bermudas</b>				
USD	ACCENTURE LTD-A	20 200.00	640 542.00	0.48
<b>Total Bermudas</b>			<b>640 542.00</b>	<b>0.48</b>
<b>Canada</b>				
CAD	CANADIAN PACIFIC RAILWAY LTD	23 000.00	1 145 412.99	0.86
CAD	JEAN COUTU GROUP PJC INC	35 600.00	379 405.73	0.29
CAD	MAGNA INTERNATIONAL INC-A	8 100.00	589 176.71	0.45
<b>Total Canada</b>			<b>2 113 995.43</b>	<b>1.60</b>
<b>Cayman Islands</b>				
USD	GLOBALSANTAFE CORP	8 000.00	399 920.00	0.30
<b>Total Cayman Islands</b>			<b>399 920.00</b>	<b>0.30</b>
<b>France</b>				
EUR	AXA	38 828.00	1 430 310.53	1.08
EUR	FRANCE TELECOM SA	88 826.00	2 036 618.07	1.54
EUR	SANOFI AVENTIS SA	8 882.00	789 839.40	0.60
EUR	TOTAL SA	28 826.00	1 889 668.61	1.43
EUR	UNIBAIL	2 272.00	476 893.88	0.36
<b>Total France</b>			<b>6 623 330.49</b>	<b>5.01</b>
<b>Germany</b>				
EUR	RHOEN KLINIKUM AG	3 761.00	168 701.98	0.13
<b>Total Germany</b>			<b>168 701.98</b>	<b>0.13</b>
<b>Hong Kong</b>				
HKD	ESPRIT HOLDINGS LTD	47 000.00	428 547.60	0.32
<b>Total Hong Kong</b>			<b>428 547.60</b>	<b>0.32</b>
<b>Ireland</b>				
EUR	BANK OF IRELAND	100 550.00	1 964 071.81	1.48
EUR	DEPFA BANK PLC	25 640.00	472 901.08	0.36
<b>Total Ireland</b>			<b>2 436 972.89</b>	<b>1.84</b>
<b>Italy</b>				
EUR	ENI SPA	19 598.00	580 178.16	0.44
EUR	UNICREDITO ITALIANO SPA	99 637.00	826 078.29	0.62
<b>Total Italy</b>			<b>1 406 256.45</b>	<b>1.06</b>
<b>Japan</b>				
JPY	AIFUL CORP	12 450.00	481 908.27	0.36
JPY	CANON INC	12 950.00	675 661.72	0.51
JPY	FUNAI ELECTRIC CO LTD	2 500.00	235 675.27	0.18
JPY	HONDA MOTOR CO LTD	21 900.00	736 399.45	0.56
JPY	HOYA CORP	9 100.00	342 989.03	0.26
JPY	JAPAN TOBACCO INC	340.00	1 321 814.26	1.00
JPY	MITSUI SUMITOMO INSURANCE CO LTD	36 000.00	450 362.09	0.34
JPY	NISSAN MOTOR CO LTD	63 100.00	707 079.16	0.53
JPY	NITTO DENKO CORP	8 300.00	492 101.81	0.37
JPY	NOMURA HOLDINGS INC	47 300.00	833 303.69	0.63
JPY	NTN CORP	61 000.00	482 564.69	0.36
JPY	NTT DOCOMO INC	1 021.00	1 573 895.75	1.19
JPY	ROHM CO LTD	5 500.00	511 032.06	0.39
JPY	SOMPO JAPAN INSURANCE INC	47 000.00	615 838.74	0.47
JPY	SUMITOMO MITSUI FINANCIAL GROUP INC	61.00	640 664.05	0.48
JPY	TAKEFUJI CORP	8 130.00	373 223.23	0.28
JPY	TOYOTA MOTOR CORP	31 000.00	1 685 681.63	1.28
JPY	WEST JAPAN RAILWAY COMPANY	58.00	248 083.68	0.19
<b>Total Japan</b>			<b>12 408 278.58</b>	<b>9.38</b>
<b>Netherlands</b>				
EUR	ABN AMRO HOLDING NV	66 644.00	1 941 689.60	1.47
EUR	AEGON NV	55 592.00	1 041 529.04	0.79

Description	Quantity/ Nominal	Valuation in USD Unrealized gain (loss) on Futures/ Options/Forward Exchange Contracts (Note 1)	as a % of net assets
EUR ASML HOLDING NV	20 667.00	482 757.77	0.36
EUR REED ELSEVIER NV	38 320.00	638 325.46	0.48
<b>Total Netherlands</b>		<b>4 104 301.87</b>	<b>3.10</b>
<b>Norway</b>			
NOK TELENOR ASA	28 000.00	365 535.81	0.28
<b>Total Norway</b>		<b>365 535.81</b>	<b>0.28</b>
<b>Sweden</b>			
SEK SVENSKA CELLULOSA SCA AB-B	11 000.00	504 328.96	0.38
SEK TELEFON AB L.M. ERICSSON-B	132 000.00	457 498.41	0.35
<b>Total Sweden</b>		<b>961 827.37</b>	<b>0.73</b>
<b>United Kingdom</b>			
GBP ASSOCIATED BRITISH FOODS PLC	24 461.00	379 242.98	0.29
GBP BARCLAYS PLC	154 806.00	1 949 004.91	1.47
GBP BP PLC	292 369.00	3 178 480.53	2.40
GBP DIAGEO PLC	22 971.00	404 843.40	0.31
GBP GALLAHER GROUP PLC	105 049.00	1 715 017.69	1.30
GBP GUS PLC	25 256.00	455 729.29	0.34
GBP KINGFISHER PLC	125 780.00	576 216.72	0.44
GBP PRUDENTIAL PLC	78 096.00	967 909.97	0.73
GBP RENTOKIL INITIAL PLC	189 453.00	518 447.00	0.39
GBP ROYAL BANK OF SCOTLAND GROUP PLC	45 581.00	1 565 780.31	1.18
GBP TULLOW OIL PLC	11 366.00	80 041.32	0.06
GBP VODAFONE GROUP PLC	1 108 061.00	2 530 333.61	1.91
<b>Total United Kingdom</b>		<b>14 321 047.73</b>	<b>10.82</b>
<b>United States</b>			
USD ALLERGAN INC	17 000.00	1 914 370.00	1.45
USD AMERICAN ELECTRIC POWER CO INC	15 800.00	574 646.00	0.43
USD AMERICAN INTERNATIONAL GROUP INC	27 700.00	1 835 402.00	1.39
USD ANALOG DEVICES INC	27 200.00	799 408.00	0.60
USD ANHEUSER-BUSCH COS INC	29 100.00	1 382 541.00	1.04
USD AT&T INC	32 700.00	1 064 712.00	0.80
USD BRISTOL MYERS SQUIBB CO	24 800.00	618 016.00	0.47
USD BURLINGTON NORTHERN SANTA FE CORP	24 900.00	1 828 656.00	1.38
USD CAREMARK RX INC	11 800.00	668 706.00	0.51
USD CARNIVAL CORP	37 400.00	1 758 922.00	1.33
USD CEPHALON INC	8 000.00	494 000.00	0.37
USD CITIGROUP INC	79 700.00	3 958 699.00	3.02
USD COSTCO WHOLESALE CORP	32 300.00	1 604 664.00	1.21
USD DELL INC	60 600.00	1 384 104.00	1.05
USD DIRECTV GROUP INC	42 900.00	844 272.00	0.64
USD ENSCO INTERNATIONAL INC	7 500.00	328 725.00	0.25
USD EOG RESOURCES INC	7 900.00	513 895.00	0.39
USD EXELON CORP	22 000.00	1 331 880.00	1.01
USD FEDEX CORP	11 800.00	1 282 424.00	0.97
USD FIFTH THIRD BANCORP	40 700.00	1 549 856.00	1.17
USD FREDDIE MAC	15 400.00	1 021 482.00	0.77
USD GENZYME CORP-GENERAL DIVISION	14 700.00	991 809.00	0.75
USD H.&R. BLOCK INC	14 700.00	319 578.00	0.24
USD HALLIBURTON CO	9 400.00	267 430.00	0.20
USD HARLEY-DAVIDSON INC	9 800.00	614 950.00	0.46
USD ILLINOIS TOOL WORKS INC	46 300.00	2 078 870.00	1.57
USD INTEL CORP	115 900.00	2 384 063.00	1.80
USD JOHNSON & JOHNSON	25 100.00	1 629 994.00	1.23
USD JOHNSON CONTROLS INC	19 800.00	1 420 452.00	1.07
USD JPMORGAN CHASE & CO	26 200.00	1 230 352.00	0.93
USD KOHLS CORP	17 100.00	1 110 132.00	0.84
USD KROGER CO	28 800.00	666 432.00	0.50
USD MASCO CORP	49 200.00	1 349 064.00	1.02
USD MEDCO HEALTH SOLUTIONS INC	23 500.00	1 412 585.00	1.07
USD MEDTRONIC INC	10 900.00	506 196.00	0.38
USD MELLON FINANCIAL CORP	54 600.00	2 134 860.00	1.61
USD MICROSOFT CORP	114 900.00	3 140 217.00	2.37
USD MORGAN STANLEY	36 100.00	2 632 051.00	1.99
USD NEWS CORP-A W.I.	27 400.00	538 410.00	0.41
USD NISOURCE INC	18 100.00	393 494.00	0.30
USD NORTHEAST UTILITIES INC	16 600.00	386 282.00	0.29
USD NORTHROP GRUMMAN CORP	10 600.00	721 542.00	0.55
USD OMNICOM GROUP INC	18 600.00	1 740 960.00	1.32
USD ORACLE CORP	63 300.00	1 122 942.00	0.85
USD PACCAR INC	3 100.00	176 762.00	0.13
USD PEPCO HOLDINGS INC	19 200.00	464 064.00	0.35
USD PNC FINANCIAL SERVICES GROUP	17 600.00	1 274 944.00	0.96
USD R H DONNELLEY CORP	11 900.00	629 510.00	0.48
USD REALOGY CORP	6 725.00	152 523.00	0.12
USD SALESFORCE.COM INC	12 300.00	441 324.00	0.33
USD SEMpra ENERGY	16 700.00	839 175.00	0.63
USD SPRINT NEXTEL CORP-S1	84 358.00	1 446 739.70	1.09
USD SYMANTEC CORP	84 236.00	1 792 542.08	1.35
USD SYSCO CORP	39 900.00	1 334 655.00	1.01
USD THE HARTFORD FINANCIAL SERVICES GROUP INC	7 400.00	641 950.00	0.49
USD UNITEDHEALTH GROUP INC	25 800.00	1 269 360.00	0.96
USD UNIVISION COMMUNICATIONS INC-A	7 500.00	257 550.00	0.19
USD WATERS CORPORATION	8 500.00	384 880.00	0.29

Description	Quantity/ Nominal	Valuation in USD Unrealized gain (loss) on Futures/ Options/Forward Exchange Contracts (Note 1)	as a % of net assets
USD WELLS FARGO & CO	64 100.00	2 319 138.00	1.75
USD WYETH	51 200.00	2 603 008.00	1.97
USD WYNDHAM WORLDWIDE CORP	5 380.00	150 478.60	0.11
USD XILINX INC	31 800.00	698 010.00	0.53
<b>Total United States</b>		<b>72 428 658.38</b>	<b>54.74</b>
<b>Total Bearer shares</b>		<b>121 882 364.01</b>	<b>92.12</b>
<b>Bonus shares</b>			
<b>Switzerland</b>			
CHF ROCHE HOLDING LTD	10 693.00	1 843 635.39	1.39
<b>Total Switzerland</b>		<b>1 843 635.39</b>	<b>1.39</b>
<b>Total Bonus shares</b>		<b>1 843 635.39</b>	<b>1.39</b>
<b>Other shares</b>			
<b>Netherlands</b>			
EUR ING GROEP NV-CVA	13 184.00	579 351.86	0.44
<b>Total Netherlands</b>		<b>579 351.86</b>	<b>0.44</b>
<b>Total Other shares</b>		<b>579 351.86</b>	<b>0.44</b>
<b>Registered shares</b>			
<b>Germany</b>			
EUR ALLIANZ SE	8 615.00	1 489 413.23	1.14
EUR QSC AG	14 370.00	84 826.90	0.06
EUR UNITED INTERNET AG	16 764.00	230 408.40	0.17
<b>Total Germany</b>		<b>1 804 648.53</b>	<b>1.37</b>
<b>Spain</b>			
EUR BANCO BILBAO VIZCAYA ARGENTARIA SA	18 844.00	435 639.13	0.33
EUR BANCO SANTANDER CENTRAL HISPANO SA	43 488.00	686 952.65	0.52
<b>Total Spain</b>		<b>1 122 591.78</b>	<b>0.85</b>
<b>Switzerland</b>			
CHF HOLCIM LTD	13 393.00	1 091 562.34	0.82
CHF NOVARTIS AG	9 316.00	542 340.60	0.41
<b>Total Switzerland</b>		<b>1 633 902.94</b>	<b>1.23</b>
<b>Total Registered shares</b>		<b>4 561 143.25</b>	<b>3.45</b>
<b>Total Transferable securities and money market instruments listed on an official stock exchange</b>		<b>128 866 494.51</b>	<b>97.40</b>
<b>UCITS in accordance with Article 41 (1) e</b>			
<b>Investment certificates, open end</b>			
<b>Luxembourg</b>			
USD UBS (LUX) EXPOSURE SICAV – SMALLER CAPS GLOBAL EX USA FA	61.00	652 167.47	0.49
USD UBS (LUX) EXPOSURE SICAV – SMALLER CAPS USA FA	61.00	656 208.11	0.50
<b>Total Luxembourg</b>		<b>1 308 375.58</b>	<b>0.99</b>
<b>Total Investment certificates, open end</b>		<b>1 308 375.58</b>	<b>0.99</b>
<b>Total UCITS in accordance with Article 41 (1) e</b>		<b>1 308 375.58</b>	<b>0.99</b>
<b>Total investments in securities</b>		<b>130 174 870.09</b>	<b>98.39</b>
<b>Cash at banks, deposits on demand and deposit accounts and other liquid assets</b>		<b>1 417 621.63</b>	<b>1.07</b>
<b>Other assets and liabilities</b>		<b>719 271.10</b>	<b>0.54</b>
<b>Total net assets</b>		<b>132 311 762.82</b>	<b>100.00</b>