

Annual Report 2005/2006.

Investment Company under Luxembourg Law (SICAV)

Audited annual report as of 30 September 2006

UBS (Lux) Key Selection Sicav – European Equities



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Annual Report as of 30 September 2006

Three-year comparison

Date	ISIN	30.9.2006	30.9.2005	30.9.2004
Net assets in EUR		66 744 867.94	91 879 889.90	15 307 261.44
Class (EUR) B	LU0153925689			
Shares outstanding		4 035 242.8000	6 270 619.3110	1 334 863.6750
Net asset value per share in EUR		16.54	14.65	11.46
Class (EUR) BG	LU0176551595			
Shares outstanding		N/A	0.0000	1 000.0000
Net asset value per share in EUR		N/A	N/A	9.93

Structure of the Securities Portfolio

Geographical Breakdown as a % of net assets		Economic Breakdown as a % of net assets	
United Kingdom	31.78	Banks & credit institutions	27.46
France	16.59	Telecommunications	14.46
Netherlands	13.54	Petroleum	9.66
Switzerland	10.15	Insurance	9.59
Spain	4.34	Pharmaceuticals, cosmetics & medical products	9.16
Sweden	3.83	Energy & water supply	4.25
Ireland	3.65	Food & soft drinks	3.98
Germany	3.37	Traffic & transportation	3.83
Finland	2.87	Real estate	2.58
Italy	2.81	Retail trade, department stores	2.51
Belgium	1.50	Tobacco & alcohol	1.63
Norway	1.33	Building industry & materials	1.33
Denmark	0.93	Miscellaneous consumer goods	1.19
Austria	0.46	Internet, software & IT services	1.14
Total	97.15	Mechanical engineering & industrial equipment	0.95
		Forestry, paper & pulp products	0.88
		Electrical devices & components	0.71
		Electronics & semiconductors	0.50
		Graphic design, publishing & media	0.42
		Miscellaneous unclassified companies	0.41
		Finance & holding companies	0.27
		Chemicals	0.24
		Total	97.15

Statement of Net Assets

	EUR
Assets	30.9.2006
Investments in securities, cost	56 622 730.30
Investments in securities, unrealized appreciation (depreciation)	8 218 751.11
Total investments in securities (Note 1)	64 841 481.41
Cash at banks, deposits on demand and deposit accounts	1 816 521.29
Other liquid assets (Margins)	86 504.83
Receivable on securities sales (Note 1)	69 841.39
Receivable on subscriptions	40 641.03
Interest receivable on liquid assets	3 984.43
Receivable on dividends	150 453.27
Other receivables	71 071.74
Unrealized gain (loss) on financial futures (Note 1)	17 235.03
Total Assets	67 097 734.42
Liabilities	
Other short-term liabilities (Margins)	-19 866.91
Payable on securities purchases (Note 1)	-59 535.12
Payable on redemptions	-209 998.24
Provisions for all-in fee (Note 2)	-55 123.09
Provisions for tax d'abonnement (Note 3)	-8 343.12
Total provisions	-63 466.21
Total Liabilities	-352 866.48
Net assets at the end of the financial year	66 744 867.94

Statement of Operations

	EUR
Income	1.10.2005–30.9.2006
Interest on liquid assets and bank overdraft	33 099.71
Dividends	2 710 793.24
Income on securities lending (Note 4)	99 243.22
Total income	2 843 136.17
Expenses	
All-in fee (Note 2)	-2 057 117.31
Taxe d'abonnement (Note 3)	-52 491.19
Total expenses	-2 109 608.50
Net income on investments	733 527.67
Realized gain (loss) (Note 1)	
Realized gain (loss) on market-priced securities without options	16 283 843.86
Realized gain (loss) on financial futures	26 499.96
Total realized gain (loss) on investments	16 310 343.82
Realized gain (loss) on foreign exchange	25 581.62
Total realized gain (loss)	16 335 925.44
Net realized gain (loss) of the financial year	17 069 453.11
Changes in unrealized appreciation (depreciation) (Note 1)	
Unrealized appreciation (depreciation) on market-priced securities without options	-2 611 488.51
Unrealized appreciation (depreciation) on financial futures	17 235.03
Total changes in unrealized appreciation (depreciation)	-2 594 253.48
Net increase (decrease) in net assets as a result of operations	14 475 199.63

Statement of Changes in Net Assets

	EUR
	1.10.2005–30.9.2006
Net assets at the beginning of the financial year	91 879 889.90
Subscriptions	92 650 508.55
Redemptions	-132 260 730.14
Total net subscriptions (redemptions)	-39 610 221.59
Net income on investments	733 527.67
Total realized gain (loss)	16 335 925.44
Total changes in unrealized appreciation (depreciation)	-2 594 253.48
Net increase (decrease) in net assets as a result of operations	14 475 199.63
Net assets at the end of the financial year	66 744 867.94

Changes in the Number of Shares outstanding

	1.10.2005–30.9.2006
Class	(EUR) B
Number of shares outstanding at the beginning of the financial year	6 270 619.3110
Number of shares issued	6 046 679.8900
Number of shares redeemed	-8 282 056.4010
Number of shares outstanding at the end of the financial year	4 035 242.8000

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

Description	Quantity/ Nominal	Valuation in EUR 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

Austria				
EUR	TELEKOM AUSTRIA AG	15 283.00	304 131.70	0.46
Total Austria			304 131.70	0.46
Belgium				
EUR	DEXIA SA	24 279.00	496 019.97	0.74
EUR	KBC GROUP SA/NV	4 631.00	384 604.55	0.58
EUR	SOLVAY SA	1 203.00	122 706.00	0.18
Total Belgium			1 003 330.52	1.50
Denmark				
DKK	A. P. MOELLER – MAERSK A/S	92.00	621 785.79	0.93
Total Denmark			621 785.79	0.93
Finland				
EUR	NOKIA OYJ	122 150.00	1 912 869.00	2.87
Total Finland			1 912 869.00	2.87
France				
EUR	ARKEMA	1 011.00	37 619.31	0.06
EUR	AXA	45 578.00	1 325 408.24	1.99
EUR	BNP PARIBAS	4 057.00	344 236.45	0.52
EUR	BOUYGUES	6 892.00	290 704.56	0.44
EUR	FRANCE TELECOM SA	100 027.00	1 810 488.70	2.71
EUR	SANOFI AVENTIS SA	25 160.00	1 766 232.00	2.65
EUR	SUEZ SA	47 303.00	1 640 468.04	2.46
EUR	TOTAL SA	41 298.00	2 137 171.50	3.18
EUR	UNIBAIL	10 395.00	1 722 451.50	2.58
Total France			11 074 780.30	16.59
Germany				
EUR	METRO AG	1 969.00	90 751.21	0.14
Total Germany			90 751.21	0.14
Ireland				
EUR	ANGLO-IRISH BANK CORP PLC	90 501.00	1 171 987.95	1.76
EUR	BANK OF IRELAND	59 794.00	922 023.48	1.38
EUR	CRH PLC	6 118.00	162 922.34	0.24
EUR	DEPFA BANK PLC	12 390.00	180 398.40	0.27
Total Ireland			2 437 332.17	3.65
Italy				
EUR	ENI SPA	40 360.00	943 213.20	1.42
EUR	UNICREDITO ITALIANO SPA	142 135.00	930 273.58	1.39
Total Italy			1 873 486.78	2.81
Netherlands				
EUR	ABN AMRO HOLDING NV	121 491.00	2 794 293.00	4.20
EUR	AEGON NV	133 803.00	1 978 946.37	2.96
EUR	ASML HOLDING NV	18 177.00	335 183.88	0.50
EUR	KONINKLIJKE KPN NV	159 272.00	1 602 276.32	2.40
EUR	ORDINA NV	22 651.00	333 875.74	0.50
EUR	TNT NV	21 087.00	630 712.17	0.94
Total Netherlands			7 675 287.48	11.50
Norway				
NOK	TELENOR ASA	86 200.00	888 358.47	1.33
Total Norway			888 358.47	1.33
Spain				
EUR	REPSOL YPF SA	29 846.00	700 485.62	1.05
Total Spain			700 485.62	1.05
Sweden				
SEK	ELECTROLUX AB-B	61 900.00	793 466.58	1.20
SEK	HOLMEN AB-B	8 300.00	273 583.91	0.41
SEK	HUSQVARNA AB-B	68 600.00	637 344.51	0.95
SEK	SVENSKA CELLULOSA SCA AB-B	8 700.00	314 883.25	0.47
SEK	TELEFON AB L.M. ERICSSON-B	196 000.00	536 266.69	0.80
Total Sweden			2 555 544.94	3.83
United Kingdom				
GBP	ARRIVA PLC	44 778.00	435 795.72	0.65
GBP	BARCLAYS PLC	265 804.00	2 641 774.50	3.96

Description	Quantity/ Nominal	Valuation in EUR Unrealized gain (loss) on Futures/ Options/Forward Exchange Contracts (Note 1)	as a % of net assets
GBP BP PLC	311 029.00	2 669 305.02	3.99
GBP CADBURY SCHWEPES PLC	93 761.00	786 008.13	1.18
GBP DAILY MAIL & GENERAL TRUST PLC-A	9 052.00	80 956.12	0.12
GBP DGS INTERNATIONAL PLC	151 969.00	490 764.86	0.74
GBP DIAGEO PLC	55 705.00	775 015.56	1.16
GBP FIRSTGROUP PLC	88 911.00	643 413.45	0.96
GBP GALLAHER GROUP PLC	24 480.00	315 498.41	0.47
GBP GLAXOSMITHKLINE PLC	105 639.00	2 215 124.87	3.32
GBP ITV PLC	230 616.00	329 014.28	0.49
GBP KESA ELECTRICALS PLC	98 330.00	472 329.21	0.71
GBP KINGFISHER PLC	172 481.00	623 770.18	0.93
GBP MISYS PLC	107 693.00	359 294.35	0.54
GBP MORSE PLC	44 579.00	66 393.57	0.10
GBP PRUDENTIAL PLC	216 574.00	2 118 954.25	3.17
GBP RENTOKIL INITIAL PLC	125 548.00	271 220.03	0.41
GBP ROYAL BANK OF SCOTLAND GROUP PLC	65 915.00	1 787 476.42	2.68
GBP SCOTTISH POWER PLC	82 079.00	788 534.71	1.18
GBP TAYLOR NELSON SOFRES PLC	63 180.00	199 373.64	0.30
GBP UNITED UTILITIES PLC	38 867.00	404 345.28	0.61
GBP VODAFONE GROUP PLC	1 257 211.00	2 266 372.94	3.40
GBP WOLSELEY PLC	28 362.00	470 922.65	0.71
Total United Kingdom		21 211 658.15	31.78
Total Bearer shares		52 349 802.13	78.44
Bonus shares			
Switzerland			
CHF ROCHE HOLDING LTD	12 799.00	1 742 049.92	2.61
Total Switzerland		1 742 049.92	2.61
Total Bonus shares		1 742 049.92	2.61
Other shares			
Netherlands			
EUR ING GROEP NV-CVA	39 283.00	1 362 727.27	2.04
Total Netherlands		1 362 727.27	2.04
Total Other shares		1 362 727.27	2.04
Registered shares			
Germany			
EUR ALLIANZ SE	7 146.00	975 286.08	1.45
EUR CELESIO AG	9 506.00	390 791.66	0.59
EUR DEUTSCHE LUFTHANSA AG	13 596.00	227 189.16	0.34
EUR DEUTSCHE POSTBANK AG	9 436.00	564 744.60	0.85
Total Germany		2 158 011.50	3.23
Spain			
EUR BANCO SANTANDER CENTRAL HISPANO SA	175 948.00	2 194 071.56	3.29
Total Spain		2 194 071.56	3.29
Switzerland			
CHF CREDIT SUISSE GROUP	59 888.00	2 727 766.63	4.09
CHF HOLCIM LTD	6 775.00	435 902.20	0.65
CHF NESTLE SA	6 817.00	1 871 150.20	2.80
Total Switzerland		5 034 819.03	7.54
Total Registered shares		9 386 902.09	14.06
Total Transferable securities and money market instruments listed on an official stock exchange		64 841 481.41	97.15
Total investments in securities		64 841 481.41	97.15

Description	Quantity/ Nominal	Valuation in EUR Unrealized gain (loss) on Futures/ Options/Forward Exchange Contracts (Note 1)	as a % of net assets
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Derivative instruments

Derivative instruments listed on an official stock exchange

Financial Futures on Indices

CHF	SWISS MARKET INDEX FUTURE 14.12.06	2.00	2 770.01	0.00
EUR	DJ EURO STOXX 50 INDEX FUTURE 15.12.06	21.00	13 160.00	0.03
GBP	FTSE 100 INDEX FUTURE 15.12.06	3.00	1 305.02	0.00
Total Financial Futures on Indices			17 235.03	0.03
Total Derivative instruments listed on an official stock exchange			17 235.03	0.03
Total Derivative instruments			17 235.03	0.03
Cash at banks, deposits on demand and deposit accounts and other liquid assets			1 903 026.12	2.85
Bank overdraft and other short-term liabilities			-19 866.91	-0.03
Other assets and liabilities			2 992.29	0.00
Total net assets			66 744 867.94	100.00