

## UBS S&P 500 Index Fund

Supplement to the Prospectus dated September 28, 2006

December 15, 2006

Dear Investor:

The purpose of this supplement is to notify you of the new redemption fee policy applicable to UBS S&P 500 Index Fund (the "fund"). In an effort to discourage market timing, which can have a negative impact on the ability to manage a fund and thus potentially harm the long-term interests of its shareholders, a decision has been made to impose a 1% redemption fee on all share classes of the fund that are sold or exchanged within 90 days of their purchase date. This policy will become effective on or about March 1, 2007, and does not apply to shares sold or exchanged pursuant to automatic rebalancing through asset allocation programs.

### Understanding market timing

Market timing as it relates to the fund is the practice of buying and selling shares over relatively short time periods. This type of frequent trading:

- **Can drive up a fund's transaction costs**, to the detriment of the fund's long-term shareholders who finance those costs.
- **Can make it difficult for a fund's portfolio management to implement investment strategies**, because it is more difficult to predict the level of cash available to invest.
- **May force a fund's portfolio management to sell securities at disadvantageous times** to raise cash to satisfy a redemption request.

The implementation of this policy is in line with our ongoing commitment of providing our investors with solutions geared toward addressing their long-term needs.

As a result of the fund's new redemption fee policy, the prospectus is hereby revised as follows:

**1. The table in the section titled "Expenses and fee tables – Fees and expenses – Shareholder transaction expenses" in the top portion of page 5 in the prospectus is revised by inserting the following below the line that begins "Exchange Fee":**

	<u>Class A</u>	<u>Class B</u>	<u>Class C</u>	<u>Class C-2</u>	<u>Class Y</u>
Redemption fee (as a percentage of amount redeemed within 90 days of purchase, if applicable) @.....	1.00%	1.00%	1.00%	1.00%	1.00%

@ Effective beginning March 1, 2007. Please see the section entitled "Managing your fund account—Selling shares—Redemption fee" for additional information concerning the applicability of the redemption fee.

**2. The section titled "Managing your fund account – Selling shares" is revised by inserting the following at the end of that section on page 16 of the prospectus:**

### Redemption Fee

Section applicable to shareholder initiated transactions outside of periodic automatic account rebalancing.

Beginning March 1, 2007, if you sell or exchange any class of shares of the fund less than 90 days after you purchased them, a redemption fee of 1.00% of the amount sold or exchanged will be deducted at the time of the transaction, except as noted below. This amount will be paid to the applicable fund, not to UBS Global AM or UBS Global AM (US). The redemption fee is designed to offset the costs associated with fluctuations in fund asset levels and cash flow caused by short-term shareholder trading. Shares held the longest will be redeemed first for purposes of calculating the redemption fee; the redemption fee will not apply to shares of the fund that:

- are held in certain omnibus accounts of certain financial intermediaries, such as broker-dealers or qualified retirement plans including 401(k), 403(b) or 457 plans administered as college savings programs under Section 529 of the Internal Revenue Code, if those institutions have not implemented the system changes necessary to be capable of processing the redemption fee. However, account holders whose investments in the fund are held in omnibus accounts through certain other financial intermediaries may be subject to the redemption fee on terms that are generally in accordance with the redemption fee terms as described in this prospectus but that may differ in certain details. For certain retirement plans treated as omnibus accounts by the fund's transfer agent or principal underwriter, the redemption fee may be charged on participant initiated exchanges or redemptions;
- are sold or exchanged under automatic withdrawal plans;
- are sold due to death or disability of the shareholder; or
- UBS Global AM, in its sole discretion, deems reasonable, in light of the circumstances.

**3. The first two sentences in the second paragraph of the section titled "Managing your fund account – Exchanging shares" on page 16 of the prospectus are revised to read as follows:**

You will not pay either a front-end sales charge or a deferred sales charge when you exchange shares, but you may be subject to a redemption fee as noted above. Also, you may have to pay a deferred sales charge if you later sell the shares you acquired in the exchange.

**For more information**

For more information about this policy, please contact your Financial Advisor, or call the UBS Global Asset Management Shareholder Services Desk at 800-647 1568. As always, we thank you for your continued support.

Sincerely,



Kai R. Sotorp  
*President*  
UBS Index Trust - UBS S&P 500 Index Fund  
*Head of the Americas*  
UBS Global Asset Management (Americas) Inc.

# UBS S&P 500 Index Fund Prospectus

September 28, 2006

This prospectus offers Class A, Class B, Class C, Class C-2 and Class Y shares of UBS S&P 500 Index Fund. Each class has different sales charges and ongoing expenses. You can choose the class that is best for you based on how much you plan to invest and how long you plan to hold your fund shares. Class C-2 shares are available only to existing shareholders of Class C-2 shares. Class Y shares are available only to certain types of investors.

As with all mutual funds, the Securities and Exchange Commission has not approved or disapproved the fund's shares or determined whether this prospectus is complete or accurate. To state otherwise is a crime.

**Not FDIC Insured. May lose value. No bank guarantee.**

# Contents

## The fund

*What every investor should know about the fund*

Investment objective, strategies and risks .....	1
Performance .....	3
Expenses and fee tables .....	5
More about risks and investment strategies .....	7

## Your investment

*Information for managing your fund account*

Managing your fund account.....	8
—Flexible pricing	
—Buying shares	
—Selling shares	
—Exchanging shares	
—Transfer agent	
—Additional information about your account	
—Market timing	
—Pricing and valuation	

## Additional information

*Additional important information about the fund*

Management .....	21
Dividends and taxes .....	23
Disclosure of portfolio holdings.....	24
Financial highlights.....	25
Where to learn more about UBS mutual funds.....	Back cover

Please find the fund's privacy notice inside the back cover of this Prospectus.

**The fund is not a complete or balanced investment program.**

## Investment objective, strategies and risks

### Fund objective

To replicate the total return of the S&P 500 Index, before fees and expenses.

### Principal investment strategies

The fund invests primarily in common stocks issued by companies in the Standard & Poor's 500 Composite Stock Price Index ("S&P 500 Index" or "Index"). The fund ordinarily invests in at least 450 stocks that are represented in the Index in proportion to their weighting in the Index. The fund may invest, to a lesser extent, in related derivatives, such as options and futures contracts, that simulate investment in the Index.

Under normal circumstances, the fund invests at least 80% of its net assets (plus the amount of any borrowings for investment purposes) in common stocks issued by companies represented in the S&P 500 Index. The fund has adopted this policy as a "non-fundamental" policy. This means that this investment policy may be changed by the fund's board without shareholder approval. However, the fund has also adopted a policy to provide its shareholders with at least 60 days' prior written notice of any change to its 80% investment policy. The fund may invest up to 20% of its net assets in cash or money market instruments, although it expects these investments will represent a much smaller portion of its net assets under normal circumstances.

The S&P 500 Index is composed of 500 common stocks that are selected by Standard & Poor's, a

division of The McGraw-Hill Companies, Inc. ("S&P"). Most of these 500 stocks trade on the New York Stock Exchange. These stocks represent approximately 75% of the market value of all US common stocks but do not necessarily represent all of the largest US companies. S&P selects the component stocks included in the Index with the aim of achieving a distribution that is representative of the various industry components of the US market for common stocks. S&P also considers aggregate market value and trading activity in the selection process. Each stock in the Index is weighted by its free float market value relative to the total free float market value of all securities in the Index. To be eligible for inclusion in the S&P 500, a company must generally have a minimum market capitalization of at least \$4 billion. As of June 30, 2006, the market capitalization of the S&P 500 Index ranged from \$0.5 billion to \$371 billion, with an average market capitalization of \$23 billion.

The fund's investment advisor, UBS Global Asset Management (Americas) Inc. ("UBS Global AM"), uses a "passive" investment approach in attempting to replicate the investment performance of the S&P 500 Index. UBS Global AM does not attempt to "beat" the market by actively buying and selling stocks, some of which may not be included in the S&P 500 Index. UBS Global AM may (but is not required to) use options and futures and other derivatives in strategies intended to simulate full investment in the S&P 500 Index stocks while retaining a cash balance for fund

management purposes. UBS Global AM also may use these instruments to reduce the risk of adverse price movements while investing cash received when investors buy fund shares, to facilitate trading and to reduce transaction costs.

The fund is not sponsored, endorsed, sold or promoted by S&P, and S&P makes no representation regarding the advisability of investing in the fund. S&P 500® is a trademark of The McGraw-Hill Companies, Inc. and has been licensed for use by UBS Global AM.

### **Principal risks**

An investment in the fund is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. You may lose money by investing in the fund. The principal risks presented by an investment in the fund are:

- *Equity Risk*—Stocks and other equity securities generally fluctuate in value more than bonds.

The fund could lose all of its investment in a company's stock.

- *Index Tracking Risk*—While the fund attempts to replicate the investment results of the Index, the fund's investment results generally will not be identical to those of the Index because of the fees and expenses borne by the fund and investor purchases and sales of fund shares, which can occur daily.
- *Derivatives Risk*—The fund's investments in derivatives may rise or fall in value more rapidly than the fund's other investments.

More information about risks of an investment in the fund is provided below in "More about risks and investment strategies."

# Performance

**Risk/return bar chart and table**

The following bar chart and table provide information about the fund’s performance and thus gives some indication of the risks of an investment in the fund.

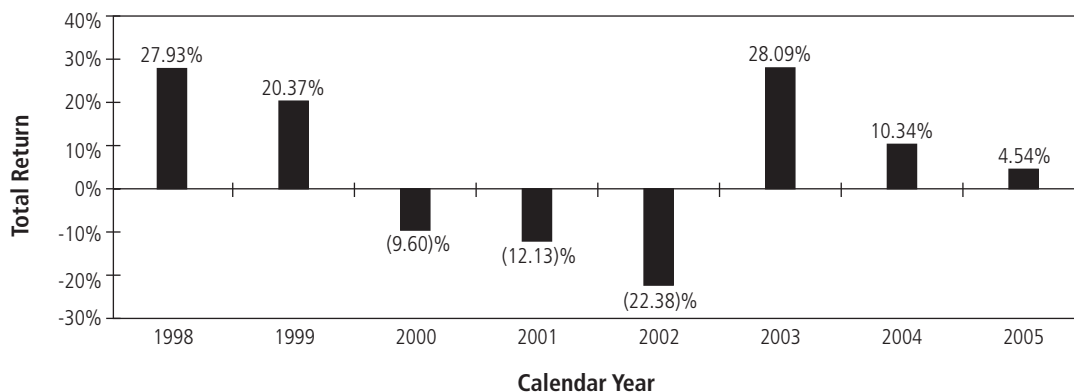
The bar chart shows how the fund’s performance has varied from year to year. The chart shows Class Y shares because they have the longest performance history of any class of fund shares. Unlike the other classes of shares, Class Y shares have no sales charges.

The table that follows the chart shows the average annual returns over various time periods for each class of the fund’s shares. The table does reflect fund sales charges. The table compares fund returns to returns of the S&P 500 Index, which is unmanaged and, therefore, does not reflect any sales charges or expenses.

The table shows returns on a before-tax and after-tax basis for Class Y shares. After-tax returns

are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor’s tax situation and are likely to differ from those shown. After-tax returns shown are not relevant to investors who hold their fund shares through tax-deferred arrangements such as 401(k) plans or individual retirement accounts. In some cases, the return after taxes on distribution and sale of fund shares may exceed the return before taxes due to an assumed tax benefit from any losses on a sale of fund shares at the end of the period. After-tax returns are shown for Class Y shares only, and after-tax returns for the other classes will vary.

The fund’s past performance, before and after taxes, does not necessarily indicate how the fund will perform in the future.

**Total return on Class Y shares (1998 is the fund's first full calendar year of operations)**

Total return January 1 to June 30, 2006—2.55%

Best quarter during years shown: 4th quarter, 1998—20.87%

Worst quarter during years shown: 3rd quarter, 2002—(17.35)%

**Average annual total returns**

(for the periods ended December 31, 2005)

<u>Class (inception date)</u>	<u>1 year</u>	<u>5 years</u>	<u>Life of class</u>
Class A (10/2/98)			
Return Before Taxes . . . . .	1.69%	(0.60)%	3.80%
Class B (11/7/03)			
Return Before Taxes . . . . .	0.91%	N/A	8.18%
Class C (10/7/98)			
Return Before Taxes . . . . .	2.47%	(0.84)%	3.42%
Class C-2 (11/7/03)			
Return Before Taxes . . . . .	3.17%	N/A	9.00%
Class Y (12/31/97)			
Return Before Taxes . . . . .	4.54%	0.15%	4.32%
Return After Taxes on Distributions . . . . .	4.32%	(0.20)%	3.68%
Return After Taxes on Distributions and Sale of Fund Shares . . . . .	3.25%	0.00%	3.45%
S&P 500 Index (reflects no deduction for fees, expenses, or taxes)	4.91%	0.55%	*

\* Average annual total returns for the S&P 500 Index for the life of each class were as follows:

Class A—4.66%; Class B—10.18%; Class C—5.13%; Class C-2—10.18%; Class Y—4.79%.



## Expenses and fee tables

**Fees and expenses** These tables describe the fees and expenses that you may pay if you buy and hold shares of the fund.

**Shareholder transaction expenses** (fees paid directly from your investment when you buy or sell fund shares):

	<u>Class A</u>	<u>Class B</u>	<u>Class C</u>	<u>Class C-2</u>	<u>Class Y</u>
Maximum Front-End Sales Charge (Load) Imposed on Purchases (as a % of Net Asset Value ("NAV"))* . . .	2.50%	None	None	None	None
Maximum Deferred Sales Charge (Load) (as a % of offering price or NAV, whichever is lower)* . . . . .	None	3.00%	1.00%	0.65%	None
Exchange Fee . . . . .	None	None	None	None	None

**Annual fund operating expenses** (expenses that are deducted from fund assets):

	<u>Class A</u>	<u>Class B</u>	<u>Class C</u>	<u>Class C-2</u>	<u>Class Y</u>
Management Fees . . . . .	0.20%	0.20%	0.20%	0.20%	0.20%
Distribution and/or Service (12b-1) Fees . . . . .	0.25	0.65	1.00	0.65	None
Other Expenses . . . . .	0.37	0.31	0.27	0.30	0.47
Total Annual Fund Operating Expenses . . . . .	<u>0.82%</u>	<u>1.16%</u>	<u>1.47%</u>	<u>1.15%</u>	<u>0.67%</u>
Expense Reimbursements** . . . . .	<u>0.12%</u>	<u>0.06%</u>	<u>0.02%</u>	<u>0.05%</u>	<u>0.22%</u>
Net Expenses** . . . . .	<u>0.70%</u>	<u>1.10%</u>	<u>1.45%</u>	<u>1.10%</u>	<u>0.45%</u>

\* Selected securities dealers or other financial institutions, including UBS Financial Services Inc., may charge you a processing fee to confirm a purchase or sale. UBS Financial Services Inc. charges a fee of \$5.25 as of the date of this prospectus.

\*\* The fund and UBS Global AM have entered into a written expense reimbursement agreement pursuant to which UBS Global AM is contractually obligated to reimburse the fund so that the annual total operating expenses of each class through September 30, 2007 (excluding interest expense, if any) would not exceed 0.70% for Class A, 1.10% for Class B, 1.45% for Class C, 1.10% for Class C-2 and 0.45% for Class Y. The fund has agreed to repay UBS Global AM for any reimbursed expenses to the extent that it can do so over the following three years without causing the fund's expenses in any of those three years to exceed those "Net Expenses" rates.

**Example**

This example is intended to help you compare the cost of investing in the fund with the cost of investing in other mutual funds.

This example assumes that you invest \$10,000 in the fund for the time periods indicated and then sell all of your shares at the end of those periods unless otherwise stated. The example also assumes that your investment has a 5% return each year and that the fund's operating expenses remain at the levels shown in the preceding table, except for the one year period when the fund's expenses are lower due to its reimbursement agreement with UBS Global AM.\* Although your actual costs may be higher or lower, based on these assumptions your costs would be:

	<u>1 year</u>	<u>3 years</u>	<u>5 years</u>	<u>10 years</u>
Class A . . . . .	\$320	\$494	\$682	\$1,227
Class B (assuming sale of all shares at end of period) . . . .	412	563	733	1,222**
Class B (assuming no sale of shares) . . . . .	112	363	633	1,222**
Class C (assuming sale of all shares at end of period) . . .	248	463	801	1,756
Class C (assuming no sale of shares) . . . . .	148	463	801	1,756
Class C-2 (assuming sale of all shares at end of period) . .	177	360	628	1,393
Class C-2 (assuming no sale of shares) . . . . .	112	360	628	1,393
Class Y . . . . .	46	192	351	814

---

\* The costs under the 1 year estimate reflect an Expense Reimbursement Agreement between UBS Global AM and the fund to limit the fund's total annual operating expenses to the net expenses shown in the fee table. The costs under the 3, 5 and 10 year estimates assume that the Expense Reimbursement Agreement is in effect only for the first year. As long as the Expense Reimbursement Agreement is renewed each year, your costs are expected to be lower than the amounts shown above under the 3, 5 and 10 year estimates.

\*\* Reflects conversion to Class A shares after a maximum of 6 years.

## More about risks and investment strategies

### Principal risks

The main risks of investing in the fund are described below. Other risks of investing in the fund, along with further detail about some of the risks described below, are discussed in the fund's Statement of Additional Information ("SAI"). Information on how you can obtain the SAI is on the back cover of this prospectus.

**Equity risk.** The prices of common stocks and other equity securities generally fluctuate more than those of other investments. They reflect changes in the issuing company's financial condition and changes in the overall market. Common stocks generally represent the riskiest investment in a company. The fund may lose a substantial part, or even all, of its investment in a company's stock.

**Index tracking risk.** The fund expects a close correlation between its performance and that of the S&P 500 Index in both rising and falling markets. While the fund attempts to replicate, before deduction of fees and operating expenses, the investment results of the Index, the fund's investment results generally will not be identical to

those of the Index. Deviations from the performance of the Index may result from shareholder purchases and sales of shares that can occur daily. In addition, the fund must pay fees and expenses that are not borne by the Index.

**Derivatives risk.** The value of "derivatives"—so-called because their value "derives" from the value of an underlying asset, reference rate or index—may rise or fall more rapidly than the value of other investments. For some derivatives, it is possible for the fund to lose more than the amount it invested in the derivative. Options, futures contracts and forward currency contracts are examples of derivatives. The fund's use of derivatives may not succeed for various reasons, including unexpected changes in the values of the derivatives or the assets underlying them. Also, if the fund uses derivatives to adjust or "hedge" the overall risk of its portfolio, the hedge will not succeed if changes in the values of the derivatives are not matched by opposite changes in the values of the assets being hedged. Derivatives include options and futures contracts that may be used to simulate full investment in the S&P 500 Index.

## Managing your fund account

### Flexible pricing

The fund offers five classes of shares—Class A, Class B, Class C, Class C-2 and Class Y. Each class has different sales charges and ongoing expenses. You can choose the class that is best for you, based on how much you plan to invest and how long you plan to hold your fund shares. Class Y shares are only available to certain types of investors.

The fund has adopted a rule 12b-1 plan for its Class A, Class B, Class C and Class C-2 shares that allows it to pay service and (for Class B, Class C and Class C-2 shares) distribution fees for the sale of its shares and services provided to shareholders. Because the 12b-1 distribution fees are paid out of the fund's assets on an ongoing basis, over time they will increase the cost of your investment and may cost you more than if you paid other types of sales charges.

You may qualify for a waiver of certain sales charges on Class A, Class B, Class C and Class C-2 shares. See "Sales charge waivers for Class A, Class B, Class C and Class C-2 shares" below. You may also qualify for a reduced sales charge on Class A shares. See "Sales charge reductions for Class A shares" below.

### Class A shares

Class A shares have a front-end sales charge that is included in the offering price of the Class A shares. This sales charge is paid at the time of the purchase and is not invested in the fund. Class A shares pay an annual 12b-1 service fee of 0.25% of average net assets, but they pay no 12b-1 distribution fees. The ongoing expenses for Class A shares are lower than for Class B, Class C and Class C-2 shares.

The Class A sales charges for the fund are described in the following table:

### Class A sales charges

Amount of investment	Sales charge as a percentage of:		Reallowance to selected dealers as percentage of NAV
	NAV	Net amount invested	
Less than \$100,000 . . . . .	2.50%	2.56%	2.25%
\$100,000 to \$249,999 . . . . .	2.00	2.04	1.75
\$250,000 to \$499,999 . . . . .	1.50	1.52	1.25
\$500,000 to \$999,999 . . . . .	1.00	1.01	0.75
\$1,000,000 to \$49,999,999(1) . . . . .	None	None	0.50
\$50 million and over(1) . . . . .	None	None	0.25

(1) A deferred sales charge of 0.50% of the shares' offering price or the net asset value at the time of sale by the shareholder, whichever is less, is charged on sales of shares made within one year of the purchase date. Class A shares representing reinvestment of dividends are not subject to this 0.50% charge. Withdrawals under the fund's Automatic Cash Withdrawal Plan in the first year after purchase of up to 12% of the value of the fund account are not subject to this charge.

**Class B shares**

Class B shares have a deferred sales charge. When you purchase Class B shares, we invest 100% of your purchase in fund shares. However, you may have to pay the deferred sales charge when you sell your fund shares, depending on how long you own the shares.

Class B shares pay an annual 12b-1 distribution fee of 0.40% of average net assets, as well as an annual 12b-1 service fee of 0.25% of average net assets. If you hold your Class B shares for the

specified period below, they will automatically convert to Class A shares, which have lower ongoing expenses.

If you sell Class B shares before the end of the specified period, you will pay a deferred sales charge. We calculate the deferred sales charge by multiplying the lesser of the net asset value of the Class B shares at the time of purchase or the net asset value at the time of sale by the percentage shown below:

	Percentage (based on amount of investment) by which the shares' net asset value is multiplied:			
	Less than \$100,000	\$100,000 to \$249,999	\$250,000 to \$499,999	\$500,000 to \$999,999
<b>If you sell shares within:</b>				
1st year since purchase . . . . .	3%	2%	2%	1%
2nd year since purchase . . . . .	3	2	1	1
3rd year since purchase . . . . .	2	1	1	None
4th year since purchase . . . . .	2	1	None	None
5th year since purchase . . . . .	1	None	None	None
6th year since purchase . . . . .	1	None	None	None
7th year since purchase . . . . .	None	None	None	None

*If you are eligible for a complete waiver of the sales charge on Class A shares because you are investing \$1 million or more, you should purchase Class A shares, which have lower ongoing expenses.*

Class B shares automatically convert to Class A shares after the end of the sixth year if you purchase less than \$100,000, after the end of the fourth year if you purchase at least \$100,000 but less than \$250,000, after the end of the third year if you purchase at least \$250,000 but less

than \$500,000 and after the end of the second year if you purchase at least \$500,000 but less than \$1 million. *To qualify for the lower deferred sales charge and shorter conversion schedule, you must make the indicated investment as a single purchase.*

We will not impose the deferred sales charge on Class B shares purchased by reinvesting dividends or on withdrawals in any year of up to 12% of the value of your Class B shares under the Automatic Cash Withdrawal Plan.

To minimize your deferred sales charge, we will assume that you are selling:

- First, Class B shares representing reinvested dividends, and
- Second, Class B shares that you have owned the longest.

### **Class C shares**

Class C shares pay an annual 12b-1 distribution fee of 0.75% of average net assets, as well as an annual 12b-1 service fee of 0.25% of average net assets. Class C shares do not convert to another class of shares. This means that you will pay the 12b-1 distribution and service fees for as long as you own your shares.

Class C shares also have a deferred sales charge applicable if you sell your shares within one year of the date you purchased them. We calculate the deferred sales charge on sales of Class C shares by multiplying 1.00% by the lesser of the net asset value of the Class C shares at the time of purchase or the net asset value at the time of sale.

### **Class C-2 shares**

**Class C-2 shares are currently available for purchase only by existing shareholders of Class C-2 shares. New investors and former holders of Class C-2 shares may not purchase Class C-2 shares.**

Class C-2 shares pay an annual 12b-1 distribution fee of 0.40% of average net assets, as well as an annual 12b-1 service fee of 0.25% of average net

assets. Class C-2 shares do not convert to another class of shares. This means that you will pay the 12b-1 distribution and service fees for as long as you own your shares.

Class C-2 shares also have a deferred sales charge applicable if you sell your shares within one year of the date you purchased them. We calculate the deferred sales charge on sales of Class C-2 shares by multiplying the applicable percentage by the lesser of the net asset value of the Class C-2 shares at the time of purchase or the net asset value at the time of sale.

### **Sales charge waivers for Class A, Class B, Class C and Class C-2 shares**

*Class A Front-end Sales Charge Waivers.* Front-end sales charges will be waived if you buy Class A shares with proceeds from the following sources:

1. Redemptions from any registered mutual fund for which UBS Global Asset Management (US) Inc. ("UBS Global AM (US)") or any of its affiliates serve as principal underwriter if you:
- Originally paid a front-end sales charge on the shares; and
  - Reinvest the money within 60 days of the redemption date.

The fund's front-end sales charges will also not apply to Class A purchases by or through:

2. Employees of UBS AG and its subsidiaries and members of the employees' immediate families; and members of (and nominees to)

the Board of Directors/Trustees (and former board members who retire from such boards after December 1, 2005) of any investment company for which UBS Global AM (US) or any of its affiliates serves as principal underwriter.

3. Trust companies and bank trust departments investing on behalf of their clients if clients pay the bank or trust company an asset-based fee for trust or asset management services.
4. Retirement plans and deferred compensation plans that have assets of at least \$1 million or at least 25 eligible employees.
5. Broker-dealers and other financial institutions (including registered investment advisors and financial planners) that have entered into a selling agreement with UBS Global AM (US) (or otherwise have an arrangement with a broker-dealer or other financial institution with respect to sales of fund shares), on behalf of clients participating in a fund supermarket, wrap program, or other program in which clients pay a fee for advisory services, executing transactions in fund shares, or for otherwise participating in the program.
6. Employees of broker-dealers and other financial institutions (including registered investment advisors and financial planners) that have entered into a selling agreement with UBS Global AM (US) (or otherwise have an arrangement with a broker-dealer or other financial institution with respect to sales of

fund shares), and their immediate family members, as allowed by the internal policies of their employer.

7. Insurance company separate accounts.
8. Shareholders of the Class N shares of any UBS fund who held such shares at the time they were redesignated as Class A shares.
9. Reinvestment of capital gain distributions and dividends.
10. College savings plans organized under Section 529 of the Internal Revenue Code.
11. A Financial Advisor at UBS Financial Services Inc. who was formerly employed as an investment executive with a competing brokerage firm, if:
  - you were the Financial Advisor's client at the competing brokerage firm;
  - within 90 days of buying shares in the fund, you sell shares of one or more mutual funds that were principally underwritten by the competing brokerage firm or its affiliates, and you either paid a sales charge to buy those shares, pay a deferred sales charge when selling them or held those shares until the deferred sales charge was waived; and
  - you purchase an amount that does not exceed the total amount of money you received from the sale of the other mutual fund.

*Class A, Class B, Class C and Class C-2 shares deferred sales charge waivers.* The deferred sales charge will be waived for:

- Redemptions of Class A shares by former holders of Class N shares;
- Exchanges between Family Funds (“Family Funds” include other UBS funds, UBS PACE<sup>SM</sup> Select funds and other funds for which UBS Global AM (US) serves as principal underwriter), if purchasing the same class of shares;
- Redemptions following the death or disability of the shareholder or beneficial owner;
- Tax-free returns of excess contributions from employee benefit plans;
- Distributions from employee benefit plans, including those due to plan termination or plan transfer;
- Redemptions made in connection with the Automatic Cash Withdrawal Plan, provided that such redemptions:
  - are limited annually to no more than 12% of the original account value;
  - are made in equal monthly amounts, not to exceed 1% per month;
  - the minimum account value at the time the Automatic Cash Withdrawal Plan was initiated was no less than \$5,000; and

- Redemptions of shares purchased through retirement plans (accounts).

### **Sales charge reductions for Class A shares Right of accumulation**

A purchaser of Class A shares may qualify for a reduction of the front-end sales charge on purchases of Class A shares by combining a current purchase with certain other Class A, Class B, Class C, Class C-2 and/or Class Y shares of Family Funds<sup>1</sup> already owned. To determine if you qualify for a reduction of the front-end sales charge, the amount of your current purchase is added to the current net asset value of your other Class A, Class B, Class C, Class C-2 and/or Class Y shares as well as those Class A, Class B, Class C, Class C-2 and/or Class Y shares of your spouse and children under the age of 21 and who reside in the same household. If you are the sole owner of a company, you may also add any company accounts, including retirement plan accounts invested in Class A, Class B, Class C, Class C-2 and/or Class Y shares of the Family Funds. Companies with one or more retirement plans may add together the total plan assets invested in Class A, Class B, Class C, Class C-2 and/or Class Y shares of the Family Funds to determine the front-end sales charge that applies. To qualify for the discount on a purchase through a financial institution, when each purchase is made the investor or institution must provide UBS Global AM (US) with sufficient information to verify that the purchase qualifies for the privilege or discount. The right of accumulation may be amended or terminated by UBS Global AM (US)

---

<sup>1</sup> Please note any Family Fund that is a money market fund will not count for purposes of the right of accumulation discount or for purposes of satisfying the terms of a Letter of Intent.



at any time as to purchases occurring thereafter. Shares purchased through a broker-dealer may be subject to different procedures concerning the right of accumulation. Please contact your investment professional for more information.

**Letter of intent**

Investors may also obtain reduced sales charges for Class A shares for investments of a particular amount by means of a written Letter of Intent, which expresses the investor's intention to invest that amount within a period of 13 months in shares of one or more Family Funds. Each purchase of Class A shares under a Letter of Intent will be made at the public offering price applicable at the time of such purchase to a single transaction of the total dollar amount indicated in the Letter of Intent. A Letter of Intent may include purchases of Class A, Class B, Class C, Class C-2 and/or Class Y shares made not more than three months prior to the date that an investor signs a Letter of Intent and in the 13-month period during which the Letter of Intent is in effect; however, the 13-month period during which the Letter of Intent is in effect will begin on the date on which the Letter of Intent is signed.

Investors do not receive credit for shares purchased by the reinvestment of distributions. Investors qualifying for a right of accumulation discount (described above) may purchase shares under a single Letter of Intent.

The Letter of Intent is not a binding obligation upon the investor to purchase the full amount indicated. The minimum initial investment under a Letter of Intent is 5% of such amount, and must be invested immediately. Class A shares purchased

with the first 5% of such amount may be held in escrow to secure payment of the higher sales charge applicable to the shares actually purchased if the full amount indicated is not purchased. When the full amount indicated has been purchased, the escrow will be released. If an investor desires to redeem escrowed shares before the full amount has been purchased, the shares will be released only if the investor pays the sales charge that, without regard to the Letter of Intent, would apply to the total investment made to date.

Letter of Intent forms may be obtained from UBS Global AM (US) or from Financial Advisors. Investors should read the Letter of Intent carefully.

**Note on sales charge reductions and waivers for Class A, Class B, Class C and Class C-2 shares**

Additional information concerning sales charge reductions and waivers is available in the fund's SAI. If you think you qualify for any of the sales charge waivers or reductions described above, you may need to notify and/or provide certain documentation to UBS Global AM (US). You will also need to notify UBS Global AM (US) of the existence of other accounts in which there are holdings eligible to be aggregated to meet certain sales load breakpoints.

Information you may need to provide to UBS Global AM (US) may include:

- Information or records regarding shares of the fund or other funds held in all accounts at any financial intermediary;

- Information or records regarding shares of the fund or other funds held in any account at any financial intermediary by related parties of the shareholder, such as members of the same family; and/or
- Any other information that may be necessary for UBS Global AM (US) to determine your eligibility for a reduction or waiver of a sales charge.

For more information, you should contact your investment professional or call 1-800-647 1568. If you want information regarding the Automatic Cash Withdrawal Plan, see the SAI or contact your investment professional. Also, information regarding the fund's distribution arrangements and the applicable sales charge reductions and waivers is available on the fund's Web site, free of charge, at <http://www.ubs.com/globalam>.

### **Class Y shares**

Shareholders pay no front-end or deferred sales charges on Class Y shares. UBS Global AM (US), the principal underwriter of the fund, may make payments out of its own resources to affiliated (e.g., UBS Financial Services Inc.) and unaffiliated dealers as follows: a one time finder's fee consistent with the fund's Class A share Reallowance to Selected Dealers' schedule (see page 8) and beginning in the thirteenth month after purchase an ongoing fee in an annual amount up to 0.05% of the assets subject to such arrangements. UBS Global AM (US) does not make these payments on employee related Class Y share accounts and reserves the right not to make these payments if it determines, in its sole discretion, that a dealer has been acting to the detriment of the fund.

The following are eligible to purchase Class Y shares:

- Shareholders of Class I shares of any UBS Fund who held such shares as of the date the shares were redesignated Class Y shares;
- Retirement plans with 5,000 or more eligible employees or \$100 million or more in plan assets;
- Retirement plan platforms/programs that include fund shares if the platform/program covers plan assets of at least \$100 million;
- Trust companies and bank trust departments purchasing shares on behalf of their clients in a fiduciary capacity;
- Banks, registered investment advisors and other financial institutions purchasing fund shares for their clients as part of a discretionary asset allocation model portfolio;
- Shareholders who owned Class Y shares of the fund through the PACE Multi-Advisor Program as of November 15, 2001, will be eligible to continue to purchase Class Y shares of that fund through the program;
- College savings plans organized under Section 529 of the Internal Revenue Code, if shareholder servicing fees are paid exclusively outside of the participating funds;
- Shareholders who invest a minimum initial amount of \$10 million in a fund. An institutional investor may aggregate its holdings with holdings of

certain related institutional investors to meet the foregoing minimums;

- Foundations, Endowments and Religious and other charitable organizations described in Section 501(c)(3) of the Internal Revenue Code that invest a minimum initial amount of \$2,500,000 in the fund;
- Employees of UBS Global AM (US) as long as the employee establishes an account in his or her name directly at the fund's transfer agent and purchases a minimum initial amount of \$50,000;
- Members of (and nominees to) the Board of Directors/Trustees (and former board members who retire from such boards after December 1, 2005) of any investment company for which UBS Global AM (US) or any of its affiliates serves as principal underwriter, subject to a minimum initial purchase amount of \$50,000 in an account established in his or her name directly at the Fund's transfer agent; and
- Other investors as approved by the fund's Board of Trustees.

Class Y shares do not pay ongoing 12b-1 distribution or service fees. The ongoing expenses for Class Y shares are the lowest of all the classes.

### Buying shares

You can buy fund shares through your financial advisor at a broker-dealer or other financial institution with which UBS Global AM (US) has a

dealer agreement or through the fund's transfer agent as described below.

If you wish to invest in other Family Funds, you can do so by:

- Contacting your Financial Advisor (if you have an account at a financial institution that has entered into a dealer agreement with UBS Global AM (US));
- Buying shares through the transfer agent as described below; or
- Opening an account by exchanging shares from another Family Fund.

The fund, UBS Global AM and UBS Global AM (US) reserve the right to reject a purchase order and to suspend the offering of shares for a period of time or permanently.

Selected securities dealers or other financial institutions, including UBS Financial Services Inc., may charge you a processing fee to confirm a purchase. UBS Financial Services Inc. currently charges a fee of \$5.25.

### Additional compensation to affiliated dealer

UBS Global AM (US) pays its affiliate, UBS Financial Services Inc., the following additional compensation in connection with the sale of fund shares:

- 0.05% of the value (at the time of sale) of all shares of the fund sold through UBS Financial Services Inc., and

- a monthly retention fee at the annual rate of 0.05% of the value of shares of the fund that are held in a UBS Financial Services Inc. account at month-end.

The foregoing payments are made by UBS Global AM (US) out of its own resources.

### Minimum investment

To open an account . . . . .	\$1,000
To add to an account . . . . .	\$ 100

The fund may waive or reduce these amounts for:

- Employees of UBS Global AM (US) or its affiliates; or
- Participants in certain pension plans, retirement accounts, unaffiliated investment programs or the fund's automatic investment plan.

### Selling shares

You can sell your fund shares at any time. If you own more than one class of shares, you should specify which class you want to sell. If you do not, the fund will assume that you want to sell shares in the following order: Class A, then Class C, then Class C-2, then Class B and last, Class Y.

If you want to sell shares that you purchased recently, the fund may delay payment until it verifies that it has received good payment.

If you hold your shares through a financial institution, you can sell shares by contacting your Financial Advisor. If you purchased shares through the fund's transfer agent, you may sell them as explained below.

If you sell Class A shares and then repurchase Class A shares of the fund within 365 days of the sale, you can reinstate your account without paying a sales charge.

It costs the fund money to maintain shareholder accounts. Therefore, the fund reserves the right to repurchase all shares in any account that has a net asset value of less than \$500. If the fund elects to do this with your account, it will notify you that you can increase the amount invested to \$500 or more within 60 days. The fund will not repurchase shares in accounts that fall below \$500 solely because of a decrease in the fund's net asset value.

Securities dealers or other financial institutions, including UBS Financial Services Inc., may charge you a fee to process a redemption of shares. UBS Financial Services Inc. currently charges a fee of \$5.25.

### Exchanging shares

You may exchange Class A, Class B or Class C shares of the fund for shares of the same class of most other Family Funds. You may exchange Class C-2 shares for Class C shares of most other Family Funds. You may not exchange shares of another fund for Class C-2 shares. You may not exchange Class Y shares.

You will not pay either a front-end sales charge or a deferred sales charge when you exchange shares. However, you may have to pay a deferred sales charge if you later sell the shares you acquired in the exchange. A fund will use the date of your original share purchase to determine whether you must pay a deferred sales charge when you sell the shares of the fund acquired in the exchange.

Other Family Funds may have different minimum investment amounts. You may not be able to exchange your shares if your exchange is not as large as the minimum investment amount in that other fund.

You may exchange shares of one fund for shares of another fund only after the first purchase has settled and the first fund has received your payment.

If you hold your fund shares through a financial institution, you may exchange your shares by placing an order with that institution. If you hold your fund shares through the fund's transfer agent, you may exchange your shares as explained below.

A fund may modify or terminate the exchange privilege at any time.

### **Transfer agent**

If you wish to invest in any of the Family Funds through the fund's transfer agent, PFPC Inc., you can obtain an application by calling 1-800-647 1568. You must complete and sign the application and mail it, along with a check to the transfer agent.

You may also sell or exchange your shares by writing to the fund's transfer agent. Your letter must include:

- Your name and address;
- Your account number;
- The name of the fund whose shares you are selling, and if exchanging shares, the name of the fund whose shares you want to buy;

- The dollar amount or number of shares you want to sell and/or exchange; and
- A guarantee of each registered owner's signature. A signature guarantee may be obtained from a financial institution, broker dealer or clearing agency that is a participant in one of the medallion programs recognized by the Securities Transfer Agents Association. These are: Securities Transfer Agents Medallion Program (STAMP), Stock Exchanges Medallion Program (SEMP) and the New York Stock Exchange Medallion Signature Program (MSP). The fund will not accept signature guarantees that are not part of these programs.

Applications to purchase shares (along with a check), and letters requesting redemptions of shares or exchanges of shares through the transfer agent, should be mailed to:

PFPC Inc.  
UBS Global Asset Management  
P.O. Box 9786  
Providence, RI 02940

You do not have to complete an application when you make additional investments in the same fund.

Different procedures may apply to investments through the transfer agent by UBS Global AM (US) and UBS Global AM (Americas) employees or members of (and nominees to) the Board of Directors/Trustees (and former board members who retire from such boards after December 1, 2005) of any investment company for which UBS Global AM (US) or any of its affiliates serves as principal underwriter.

**Transfer of accounts**

If you hold Class A, Class B, Class C, Class C-2 or Class Y shares of the fund in a brokerage account and you transfer your brokerage account to another firm, your fund shares will be moved to an account with PFPC Inc., the fund's transfer agent. However, if the other firm has entered into a dealer agreement relating to the fund with UBS Global AM (US), the fund's principal underwriter, you may be able to hold fund shares in an account with the other firm.

**Additional information about your account**

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account. If you do not provide the information requested, a fund may not be able to maintain your account. If a fund is unable to verify your identity or that of another person(s) authorized to act on your behalf, the fund and UBS Global AM (US) reserve the right to close your account and/or take such other action they deem reasonable or required by law. Fund shares will be redeemed and valued in accordance with the net asset value next calculated after the determination has been made to close the account.

**Market timing**

The interests of the fund's long-term shareholders and the fund's ability to manage its investments may be adversely affected when its shares are repeatedly bought and sold in response to short-term market fluctuations — also known as “market timing.” Market timing may cause the fund to have difficulty implementing long-term investment

strategies, because it would have more difficulty predicting how much cash it would need to have available to meet redemption requests and to invest. Market timing also may force the fund to sell portfolio securities at disadvantageous times to raise the cash needed to buy a market timer's fund shares. Market timing also may materially increase the fund's transaction costs or administrative costs. These factors may hurt the fund's performance and its shareholders.

The fund's board has adopted the following policies and procedures with respect to market timing that are designed to discourage, detect and prevent frequent purchases and redemptions of fund shares by fund shareholders. The fund will reject purchase orders and exchanges into the fund by any person, group or account that UBS Global AM determines to be a market timer. UBS Global AM maintains market timing prevention procedures under which it reviews daily reports from the fund's transfer agent of all accounts that engaged in transactions in fund shares that exceed a specified monetary threshold and effected such transactions within a certain time period to evaluate whether any such account had engaged in market timing activity. In evaluating the account transactions, UBS Global AM will consider the potential harm of the trading or exchange activity to the fund or its shareholders. If UBS Global AM determines, in its sole discretion, that a shareholder has engaged in market timing, the shareholder will be permanently barred from making future purchases or exchanges into the fund. In addition, if a Financial Advisor is identified as the Financial Advisor of two or more accounts that have engaged in market timing, UBS Global

AM will attempt to prohibit the Financial Advisor from making additional purchases of the fund on behalf of its clients.

Shares of the fund may be held through omnibus account arrangements or insurance company separate accounts, whereby a broker-dealer, investment advisor or other financial intermediary (each a "Financial Intermediary") maintains an omnibus account with the fund for trading on behalf of its customers or participants. Omnibus accounts are accounts that aggregate the transactions of underlying shareholders, thus making it difficult to identify individual underlying account holder activity. UBS Global AM reviews purchase and redemption activity in omnibus accounts on a daily basis to seek to identify an unusual pattern of trading activity within a short period of time. If UBS Global AM detects an unusual pattern of trading activity, UBS Global AM will notify the Financial Intermediary of the omnibus account and will request that the Financial Intermediary use its best efforts to identify and bar any customer or participant that is engaging in market timing, if possible.

While the fund will encourage Financial Intermediaries to apply the fund's market timing policies to their customers or participants who invest in the fund through an omnibus account, the fund is limited in its ability to monitor the trading activity or enforce the fund's market timing policies with respect to customers of Financial Intermediaries. For example, although UBS Global AM reviews the trading activity of omnibus accounts, UBS Global AM may not be able to detect market timing that may be facilitated by Financial Intermediaries or made

difficult to identify in the omnibus accounts used by those Financial Intermediaries for aggregated purchases, exchanges and redemptions on behalf of their customers or participants.

While the fund will seek to take actions (directly and with the assistance of Financial Intermediaries) that will detect market timing, the fund's efforts may not be completely successful in minimizing or eliminating such trading activity. As a result, some shareholders may still be able to market time to the detriment of existing shareholders in the fund.

Certain types of transactions will also be exempt from the market timing prevention procedures, such as purchases and redemptions through UBS Global AM's automatic cash withdrawal plan and automatic investment plan, and purchases and redemptions by wrap-fee accounts that have an automatic rebalancing feature.

### **Pricing and valuation**

The price at which you may buy, sell or exchange fund shares is based on net asset value per share. The fund calculates net asset value on days that the New York Stock Exchange (the "NYSE") is open. The fund calculates its net asset value separately for each class as of the close of regular trading on the NYSE (generally, 4:00 p.m., Eastern time). The NYSE normally is not open, and the fund does not price its shares, on most national holidays and on Good Friday. If trading on the NYSE is halted for the day before 4:00 p.m., Eastern time, the fund's net asset value per share will be calculated as of the time trading was halted.

The price for buying, selling or exchanging shares will be based on the net asset value (adjusted for any applicable sales charges) that is next calculated after the fund receives your order. If you place your order through a financial institution, your financial advisor is responsible for making sure that your order is promptly sent to the fund.

The fund calculates its net asset value based on the current market value for its portfolio securities. The fund normally obtains market values for its securities from independent pricing services that use reported last sales prices, current market quotations or valuations from computerized "matrix" systems that derive values based on comparable securities. If a reliable market value is not available from an independent pricing source for a particular security, that security is valued at a fair value determined by or under the direction of the fund's board. The fund normally uses the amortized cost method to value bonds that will mature in 60 days or less.

The types of securities for which fair value pricing may be necessary include, but are not limited to: securities of an issuer that has entered into a restructuring; securities whose trading has been halted or suspended; fixed-income securities that have gone into default and for which there is no current market value quotation; and securities that are restricted as to transfer or resale.

The fund expects to invest primarily in US securities. The fund expects to price most of its portfolio securities based on current market value, as discussed above. If the fund concludes that a market quotation is not readily available for a fund's portfolio security for any number of reasons, including the occurrence of a "significant event" (e.g., natural disaster or governmental action), after the close of trading in its principal market but before the close of regular trading on the NYSE, the fund will use fair value methods to reflect those events. This policy is intended to assure that the fund's net asset value fairly reflects security values as of the time of pricing. Valuing securities at fair value involves greater reliance on judgment than valuing securities that have readily available market quotations. Fair value determinations can also involve reliance on quantitative models employed by a fair value pricing service. There can be no assurance that the fund could obtain the fair value assigned to a security if it were to sell the security at approximately the time at which the fund determines its net asset value per share. As a result, the fund's sale or redemption of its shares at net asset value, at a time when a holding or holdings are valued at fair value, may have the effect of diluting or increasing the economic interest of existing shareholders.



## Management

### Investment advisor

UBS Global Asset Management (Americas) Inc. ("UBS Global AM") is the fund's investment advisor and administrator. UBS Global AM, a Delaware corporation with offices at One North Wacker Drive, Chicago, IL 60606 and at 51 West 52nd Street, New York, New York 10019-6114, is an investment advisor registered with the US Securities and Exchange Commission (the "SEC"). As of June 30, 2006, UBS Global AM had approximately \$128.2 billion in assets under management. UBS Global AM is an indirect wholly owned subsidiary of UBS AG ("UBS") and a member of the UBS Global Asset Management Division, which had approximately \$629.7 billion in assets under management worldwide as of June 30, 2006. UBS is an internationally diversified organization headquartered in Zurich and Basel, Switzerland, with operations in many areas of the financial services industry.

### Portfolio managers

**Investment management teams.** UBS Global AM's investment professionals are organized into investment management teams, with a particular team dedicated to a specific asset class.

**Ian Ashment** is the lead portfolio manager for the fund and has been primarily responsible for the day-to-day management of the fund's portfolio since 2005. Mr. Ashment has access to certain members of the North American Equities investment management team as well as

portfolio managers in our London, UK affiliate. The team members also have access to additional portfolio managers and analysts within the various sectors in the fund. Mr. Ashment, as lead portfolio manager and coordinator, has responsibility for allocating the portfolio, implementing trades, and reviewing the overall composition of the portfolio to ensure its compliance with its stated investment objective and strategies. Information about Mr. Ashment is provided below.

Ian Ashment is a Fund Manager (since 1990) and Executive Director (since 2002). He has been employed by UBS Global AM and its predecessor firms since 1985.

The SAI provides additional information about the compensation, any other accounts managed, and any fund shares held by Mr. Ashment.

### Advisory fees

The contractual rate for the fund's advisory fees to UBS Global AM is 0.20% of the fund's average daily net assets.

UBS Global Asset Management (US) Inc. served as investment advisor to the fund until April 1, 2006. On April 1, 2006, its sister company, UBS Global Asset Management (Americas) Inc., started serving as investment advisor for the same compensation. A discussion regarding the basis for the Board of Trustees' approval of the fund's prior Investment Advisory and Administration Contract with UBS

Global Asset Management (US) Inc. is available in the fund's semiannual report to shareholders for the fiscal period ended November 30, 2005. A discussion regarding the basis for the Board's approval of the fund's current Investment Advisory and Administration Contract with UBS Global Asset Management (Americas) Inc. is available in the fund's annual report to shareholders for the fiscal year ended May 31, 2006.

**Other information**

The fund has received an exemptive order from the SEC that permits the board to appoint and replace a sub-advisor by appointing an unaffiliated sub-advisor and to amend sub-advisory contracts with unaffiliated sub-advisors without obtaining shareholder approval. Shareholders must approve this policy before the board may implement it. As of the date of this prospectus, the shareholders of the fund have not been asked to do so.

## Dividends and taxes

### Dividends

The fund normally declares and pays dividends annually.

Classes with higher expenses are expected to have lower dividends. For example, Class C shares are expected to have the lowest dividends of any class of the fund's shares, while Class Y shares are expected to have the highest.

You will receive dividends in additional shares of the same class unless you elect to receive them in cash. If you prefer to receive dividends in cash, contact your Financial Advisor (or the fund's transfer agent if you invested in the fund through its transfer agent).

### Taxes

The dividends that you receive from the fund generally are subject to federal income tax regardless of whether you receive them in additional fund shares or in cash. If you hold fund shares through a tax-exempt account or plan, such as an IRA or 401(k) plan, dividends on your shares generally will not be subject to tax before you receive distributions from the account or plan.

When you sell fund shares, you generally will be subject to federal income tax on any gain you realize. If you exchange the fund's shares for shares of another Family Fund, the transaction will be treated as a sale of the first fund's shares, and any gain will be subject to federal income tax.

The fund expects that its dividends, if any, will consist of capital gain distributions and ordinary

income. Distributions of short-term capital gains will be taxed as ordinary income. The distribution of capital gains will be taxed at a lower rate than ordinary income if the fund held the assets that generated the gains for more than one year. A portion of the fund's distributions may be eligible to be treated as qualified dividends to the extent that the fund derives income from qualified dividends if both the fund and you satisfy certain holding period requirements. The fund will tell you annually how you should treat its dividends for tax purposes.

The fund may be required to withhold federal tax (currently at the rate of 28%) on all distributions payable to you if you fail to provide your correct taxpayer identification number or to make required certifications, or if you have been notified by the IRS that you are subject to backup withholding.

Taxable distributions to non-residents may be subject to a 30% withholding tax. Distributions to non-residents of short-term capital gains and interest income are expected to be subject to withholding tax because certain detailed information necessary for an exemption is not maintained or expected to be available.

The above is a general and abbreviated discussion of certain tax considerations, and each investor is advised to consult with his or her own tax advisor. There is additional information on taxes in the fund's SAI.

## Disclosure of portfolio holdings

The fund will generally post on UBS Global AM's Web site at <http://www.ubs.com/globalam>, its ten largest equity holdings, and the percentage that each of these holdings represents of the fund's total assets, as of the most recent calendar-quarter end 25 days after the end of the calendar quarter.

The fund will file its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The fund's complete schedule of portfolio holdings for the second and fourth quarters of each fiscal year is included in its semiannual and annual reports to shareholders and is filed with the SEC on Form N-CSR. The Forms N-Q and

Forms N-CSR are available on the SEC's Web site at <http://www.sec.gov>. The fund's Forms N-Q and Forms N-CSR may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the SEC's Public Reference Room may be obtained by calling 1-800-SEC 0330. Additionally, you may obtain copies of Forms N-Q and annual and semiannual reports to shareholders from the fund upon request by calling 1-800-647 1568. Please consult the fund's SAI for a description of the policies and procedures that govern disclosure of the fund's portfolio holdings.

## Financial highlights

The following financial highlights tables are intended to help you understand the fund's financial performance for the fiscal periods indicated. Certain information reflects financial results for a single fund share. In the tables, "total investment return" represents the rate that an investor would have earned (or lost) on an investment in the fund (assuming reinvestment of all dividends and distributions).

This information in the financial highlights has been audited by Ernst & Young LLP, independent registered public accounting firm, whose report, along with the fund's financial statements, is included in the fund's Annual Report to Shareholders. The Annual Report may be obtained without charge by calling 1-800-647 1568.

## Financial highlights (continued)

Selected data for a share of beneficial interest outstanding throughout each period is presented below:

	Class A				
	For the years ended May 31,				
	2006	2005	2004	2003	2002
<b>Net asset value, beginning of period</b> . . . . .	\$13.86	\$13.04	\$11.19	\$12.37	\$14.90
Net investment income . . . . .	0.18*	0.19*	0.13*	0.12*	0.10*
Net realized and unrealized gains (losses) from investment activities . . . . .	0.93	0.81	1.82	(1.20)	(2.22)
Net increase (decrease) from operations . . . . .	1.11	1.00	1.95	(1.08)	(2.12)
Dividends from net investment income . . . . .	(0.18)	(0.18)	(0.10)	(0.10)	(0.08)
Distributions from net realized gains from investment activities . . . . .	—	—	—	—	(0.33)
Total dividends and distributions to shareholders . . . . .	(0.18)	(0.18)	(0.10)	(0.10)	(0.41)
<b>Net asset value, end of period</b> . . . . .	\$14.79	\$13.86	\$13.04	\$11.19	\$12.37
<b>Total investment return<sup>1</sup></b> . . . . .	7.99%	7.62%	17.48%	(8.70)%	(14.37)%
<b>Ratios/Supplemental data:</b>					
Net assets, end of period (000's) . . . . .	\$138,585	\$143,288	\$140,491	\$79,638	\$59,485
Expenses to average net assets, net of fee waivers and/or expense reimbursements by advisor . . . . .	0.70%	0.70%	0.70%	0.67%	0.60%
Expenses to average net assets, before fee waivers and/or expense reimbursements by advisor . . . . .	0.82%	0.79%	0.84%	0.84%	0.82%
Net investment income to average net assets, net of fee waivers and/or expense reimbursements by advisor . . . . .	1.23%	1.41%	1.02%	1.14%	0.78%
Net investment income (loss) to average net assets, before fee waivers and/or expense reimbursements by advisor . . . . .	1.11%	1.32%	0.88%	0.97%	0.56%
Portfolio turnover . . . . .	4%	7%	16%	10%	12%

\* Calculated using the average month-end shares outstanding for the period.

\*\* Annualized.

# Amount earned represents less than \$0.005 per share.

† Amount of dividend paid represents less than \$0.005 per share.

‡ Commencement of issuance of shares.

1 Total investment return is calculated assuming a \$10,000 investment on the first day of each period reported, reinvestment of all dividends and other distributions, if any, at net asset value on the ex-dividend dates, and a sale at net asset value on the last day of each period reported. The figures do not include sales charges; results would be lower if they were included. Total investment return for the period of less than one year has not been annualized. Returns do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.

## Financial highlights (continued)

Class B			Class C				
For the years ended May 31,		For the period November 7, 2003† through May 31, 2004	For the years ended May 31,				
2006	2005		2006	2005	2004	2003	2002
\$13.70	\$12.89	\$12.12	\$13.70	\$12.89	\$11.06	\$12.21	\$14.74
0.11*	0.13*	0.04*	0.07*	0.09*	0.03*	0.04*	0.00*#
0.91	0.80	0.77	0.91	0.79	1.81	(1.19)	(2.20)
1.02	0.93	0.81	0.98	0.88	1.84	(1.15)	(2.20)
(0.08)	(0.12)	(0.04)	(0.05)	(0.07)	(0.01)	(0.00)‡	—
—	—	—	—	—	—	—	(0.33)
(0.08)	(0.12)	(0.04)	(0.05)	(0.07)	(0.01)	(0.00)‡	(0.33)
\$14.64	\$13.70	\$12.89	\$14.63	\$13.70	\$12.89	\$11.06	\$12.21
7.48%	7.18%	6.70%	7.18%	6.79%	16.68%	(9.39)%	(15.04)%
\$6,771	\$12,924	\$18,595	\$29,967	\$36,023	\$41,204	\$31,277	\$39,381
1.10%	1.10%	1.10%**	1.45%	1.45%	1.45%	1.42%	1.35%
1.16%	1.15%	1.18%**	1.47%	1.49%	1.53%	1.63%	1.60%
0.80%	1.01%	0.59%**	0.47%	0.66%	0.27%	0.39%	0.02%
0.74%	0.96%	0.51%**	0.45%	0.62%	0.19%	0.18%	(0.23)%
4%	7%	16%	4%	7%	16%	10%	12%

## Financial highlights (continued)

Selected data for a share of beneficial interest outstanding throughout each period is presented below:

	Class C-2			Class Y				
	For the years ended May 31,		For the period November 7, 2003† through May 31, 2004	For the years ended May 31,				
	2006	2005		2006	2005	2004	2003	2002
<b>Net asset value, beginning of period</b> . . . . .	\$13.70	\$12.89	\$12.12	\$13.93	\$13.11	\$11.24	\$12.41	\$14.94
Net investment income. . . . .	0.12*	0.13*	0.04*	0.22*	0.23*	0.15*	0.14*	0.14*
Net realized and unrealized gains (losses) from investment activities . . . . .	0.91	0.79	0.77	0.92	0.80	1.84	(1.19)	(2.24)
Net increase (decrease) from operations. . . . .	1.03	0.92	0.81	1.14	1.03	1.99	(1.05)	(2.10)
Dividends from net investment income . . . . .	(0.11)	(0.11)	(0.04)	(0.21)	(0.21)	(0.12)	(0.12)	(0.10)
Distributions from net realized gains from investment activities . . . . .	—	—	—	—	—	—	—	(0.33)
Total dividends and distributions to shareholders . . . . .	(0.11)	(0.11)	(0.04)	(0.21)	(0.21)	(0.12)	(0.12)	(0.43)
<b>Net asset value, end of period</b> . . . . .	\$14.62	\$13.70	\$12.89	\$14.86	\$13.93	\$13.11	\$11.24	\$12.41
<b>Total investment return</b> <sup>1</sup> . . . . .	7.54%	7.15%	6.70%	8.21%	7.83%	17.79%	(8.42)%	(14.23)%
<b>Ratios/Supplemental data:</b>								
Net assets, end of period (000's). . . . .	\$5,071	\$5,816	\$6,862	\$29,396	\$24,105	\$21,783	\$12,324	\$5,517
Expenses to average net assets, net of fee waivers and/or expense reimbursements by and recoupments to advisor . . . . .	1.10%	1.10%	1.10%**	0.45%	0.45% <sup>@</sup>	0.45%	0.42%	0.35%
Expenses to average net assets, before fee waivers and/or expense reimbursements by advisor . . . . .	1.15%	1.19%	1.21%**	0.67%	0.45%	0.45%	0.58%	0.64%
Net investment income to average net assets, net of fee waivers and/or expense reimbursements by and recoupments to advisor. . . . .	0.83%	1.01%	0.60%**	1.49%	1.67% <sup>@</sup>	1.24%	1.39%	1.01%
Net investment income to average net assets, before fee waivers and/or expense reimbursements by advisor. . . . .	0.78%	0.92%	0.49%**	1.27%	1.67%	1.24%	1.23%	0.72%
Portfolio turnover. . . . .	4%	7%	16%	4%	7%	16%	10%	12%



## Financial highlights (concluded)

---

\* Calculated using the average month-end shares outstanding for the period.

\*\* Annualized.

@ The advisor recouped expenses previously paid by the advisor on behalf of the Fund, not to exceed the expense cap.

† Commencement of issuance of shares.

1 Total investment return is calculated assuming a \$10,000 investment on the first day of each period reported, reinvestment of all dividends and other distributions, if any, at net asset value on the ex-dividend dates, and a sale at net asset value on the last day of each period reported. The figures do not include sales charges; results would be lower if they were included. Total investment return for the period of less than one year has not been annualized. Returns do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.

**Privacy Notice**  
***This privacy notice is not a part of the Prospectus.***

## Funds privacy notice

**This notice describes the privacy policy of the UBS Family of Funds, the UBS PACE Funds and all closed-end funds managed by UBS Global Asset Management (collectively, the “Funds”). The Funds are committed to protecting the personal information that they collect about individuals who are prospective, current or former investors.**

The Funds collect personal information in order to process requests and transactions and to provide customer service. Personal information, which is obtained from applications, may include name(s), address, social security number or tax identification number, bank account information, other Fund holdings and any affiliation the person has with UBS Financial Services Inc. or its subsidiaries (“Personal Information”).

The Funds limit access to Personal Information to those individuals who need to know that information in order to process transactions and service accounts. These individuals are required to maintain and protect the confidentiality of Personal Information. The Funds maintain physical, electronic and procedural safeguards to protect Personal Information.

The Funds may share Personal Information described above with their affiliates, including UBS Financial Services Inc. and UBS AG, for marketing and other business purposes, such as to facilitate the servicing of accounts.

The Funds may share Personal Information described above with a non-affiliated third party if the entity is under contract to perform transaction processing or to service and maintain shareholder accounts on behalf of the Funds and otherwise as permitted by law. Any such contract will include provisions designed to ensure that the third party will uphold and maintain privacy standards when handling Personal Information. The Funds may also disclose Personal Information to regulatory authorities as required by applicable law.

Except as described in this privacy notice, the Funds will not use Personal Information for any other purpose unless the Funds describe how such Personal Information will be used and clients are given an opportunity to decline approval of such use of Personal Information relating to them.

The Funds endeavor to keep their customer files complete and accurate. The Funds should be notified if any Personal Information needs to be corrected or updated. Please call 1-800-647 1568 with any questions or concerns regarding your Personal Information or this privacy notice.

©2006 UBS Global Asset Management (Americas) Inc.  
UBS Global Asset Management (Americas) Inc. is a subsidiary of UBS AG.  
All Rights Reserved. 04-0389  
[www.ubs.com/globalam](http://www.ubs.com/globalam)

**Ticker Symbol:**

Class: A: PSPIX  
B: PWSBX  
C: PWSPX  
C-2: PWSDX  
Y: PSPYX



If you want more information about the fund, the following documents are available free upon request:

**Annual/semiannual reports**

Additional information about the fund's investments is available in the fund's annual and semiannual reports to shareholders. In the fund's annual report, you will find a discussion of the market conditions and investment strategies that significantly affected the fund's performance during the last fiscal year. The fund makes its annual and semiannual reports available on its Web site at <http://www.ubs.com>.

**Statement of additional information (SAI)**

The SAI provides more detailed information about the fund and is incorporated by reference into this prospectus (*i.e.*, it is legally a part of this prospectus).

You may discuss your questions about the fund by contacting your Financial Advisor. You may obtain free copies of the fund's annual and semiannual reports and the SAI by contacting the fund directly at 1-800-647 1568. You may also request other information about the fund and make shareholder inquiries via this number. Because of limited investor requests for the SAI and the availability of the SAI via a toll free number, the advisor has not made the SAI available on its Web site.

You may review and copy information about the fund, including shareholder reports and the SAI, at the Public Reference Room of the Securities and Exchange Commission. You may obtain information about the operations of the SEC's Public Reference Room by calling the SEC at 1-800-SEC 0330. You can get copies of reports and other information about the fund:

- For a fee, by electronic request at [publicinfo@sec.gov](mailto:publicinfo@sec.gov) or by writing the SEC's Public Reference Section, Washington, D.C. 20549-0102; or
- Free from the EDGAR Database on the SEC's Internet Web site at <http://www.sec.gov>.

UBS Index Trust  
—UBS S&P 500 Index Fund  
Investment Company Act File No. 811-08229

© 2006 UBS Global Asset Management (Americas) Inc.  
All rights reserved.

# UBS S&P 500 Index Fund Prospectus

September 28, 2006