Important: if you are in any doubt about the contents of this Prospectus you should consult your professional adviser.

UBS Asset Management Funds Ltd, the authorised corporate director of the Company, is the person responsible for the information contained in this Prospectus. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained herein does not contain any untrue or misleading statement or omit any matters required by the Collective Investment Schemes Sourcebook to be included in it. UBS Asset Management Funds Ltd accepts responsibility accordingly.

Prospectus
UBS Investment Funds ICVC III

An open-ended investment company with variable capital incorporated with limited liability and registered in England and Wales under registered number IC000333

This document constitutes the Prospectus for UBS Investment Funds ICVC III which has been prepared in accordance with The Collective Investment Schemes Sourcebook.

This Prospectus is dated, and is valid as at 1 April 2016.

Copies of this Prospectus have been sent to the FCA and the Depositary.

Content

Clause **Page**

No person has been authorised by the Company to give any information or to make any representations in connection with the offering of Shares other than those contained in the Prospectus and, if given or made, such information or representations must not be relied on as having been made by the Company. The delivery of this Prospectus (whether or not accompanied by any reports) or the issue of Shares shall not, under any circumstances, create any implication that the affairs of the Company have not changed since the date hereof.

The distribution of this Prospectus and the offering of Shares in certain jurisdictions may be restricted. Persons into whose possession this Prospectus comes are required by the Company to inform themselves about and to observe any such restrictions. This Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

The Shares have not been and will not be registered in the United States of America under any applicable legislation. They may not be offered or sold in the United States of America, any state of the United States of America or in its territories and possessions or offered or sold to US persons. The Company and the ACD have not been and will not be registered in the United States of America under any applicable legislation.

Shares in the Company are not listed on any investment exchange.

Potential investors should not treat the contents of this Prospectus as advice relating to legal, taxation, investment or any other matters and are recommended to consult their own professional advisers concerning the acquisition, holding or disposal of Shares.

The provisions of the Instrument of Incorporation are binding on each of its Shareholders (who are taken to have notice of them).

This Prospectus has been issued for the purpose of section 21 of the Financial Services and Markets Act 2000 by UBS Asset Management Funds Ltd.

This Prospectus is based on information, law and practice at the date hereof. An out of date prospectus cannot bind the Company when it has issued a new prospectus and investors should check with the Authorised Corporate Director (ACD) that this is the most recently published prospectus.

DEFINITIONS

"ACD"	UBS Asset Management Funds Ltd, the Authorised Corporate Director of the Company
"Approved Bank"	in relation to a bank account opened by the Company (a) if the account is opened at a branch in the United Kingdom: (i) the Bank of England; or (ii) the central bank of a member state of the OECD; or (iii) a bank; or (iv) a building society ; or (v) a bank which is supervised by the central bank or other banking regulator of a member state of the OECD; or (b) if the account is opened elsewhere: (i) a bank in (a); or (ii) a credit institution established in an EEA State other than the United Kingdom and duly authorised by the relevant Home State regulator; or (iii) a bank which is regulated in the Isle of Man or the Channel Islands; or (c) a bank supervised by the South African Reserve Bank
"Class" or "Classes"	in relation to Shares, means (according to the context) all of the Shares related to a single Fund or a particular class or classes of Share related to a single Fund
"COLL"	refers to the appropriate chapter or rule in the Collective Investment Schemes Sourcebook

"COLL Sourcebook"	The Collective Investment Schemes Sourcebook issued by the FCA as amended or re-enacted from time to time
"Company"	UBS Investment Funds ICVC III
"Custodian"	JPMorgan Chase Bank N.A.
"Dealing Day"	Monday to Friday except: (1) for all funds a bank holiday in England and Wales and; (2) any other days declared by the ACD to be a company holiday or other days at the ACD's discretion. Where the ACD declares additional days these will be available on the ACD's website at www.ubs.com/funds.
"Depositary"	National Westminster Bank plc, the depositary of the Company
"Director" or "Directors"	the directors of the Company from time to time (including the ACD)
"Distributor and/or Distributors"	UBS Asset Management (UK) Ltd.
"EEA State"	a member state of the European Union and any other state that is within the European Economic Area
"efficient portfolio management" or "EPM"	as used in this Prospectus, shall mean efficient portfolio management, hedging and investment techniques where derivatives are used for one or more of the following purposes: reduction of risk, reduction of cost or generation of additional income with an acceptably low level of risk, as more fully described in Appendix 2, paragraph 49 (Efficient Portfolio Management of all Funds);
"Eligible Institution"	one of certain eligible institutions (being a BCD credit institution authorised by its home state regulator or a MiFID investment firm authorised by its home state regulator as defined in the glossary to the FCA Handbook)
"the FCA"	the Financial Conduct Authority

“FCA Handbook”	the FCA Handbook of Rules and Guidance
“fraction”	a smaller denomination Share (on the basis that one thousand smaller denomination Shares make one larger denomination Share)
“Fund” or “Funds”	a sub-fund of the Company (being part of the Scheme Property of the Company which is pooled separately) to which specific assets and liabilities of the Company may be allocated and which is invested in accordance with the investment objective applicable to such sub-fund
“General Fees”	all fees and expenses incurred in the ordinary course of business of the Company, including (but not limited to) the fees and expenses of the auditors, tax, legal and other professional advisers, any costs incurred in taking out and maintaining any insurance policy in relation to the Company and its Directors, the costs of printing and distributing reports, accounts, prospectuses (including any periodic updates), details of NAVs and prices, expenses incurred in relation to company secretarial duties and shareholders meetings, the fees of the FCA and any corresponding periodic fees of any other appropriate regulatory authority and any payments otherwise due by virtue of the COLL Sourcebook
“ICVC”	Investment Company with Variable Capital
“Instrument of Incorporation”	the instrument of incorporation of the Company as amended from time to time
“Investment Manager”	UBS Asset Management (UK) Ltd, the investment manager to the ACD in respect of the UBS Targeted Return Fund, the UBS Global Allocation Fund (UK), UBS Global Diversified Fund** and UBS Multi-Asset Income Fund
“ISA”	an individual savings account under the Individual Savings Account Regulations 1998 (as amended)

"money market instrument"

(1) any of the following investments:

(a) a debenture which is issued on terms requiring repayment not later than five years from the date of issue;

(b) any government and public security which is issued on terms requiring repayment not later than one year or, if issued by a local authority in the United Kingdom , five years from the date of issue;

(c) a warrant which entitles the holder to subscribe for an investment within (a) or (b);

(d) a certificate representing certain securities or rights to or interests in investments relating, in either case, to an investment within (a) or (b);

(e) an option relating to:

(i) an instrument in (a) or (b); or

(ii) currency of the United Kingdom or of any other country or territory; or

(iii) gold or silver;

(f) a future for the sale of:

(i) an instrument in (a) or (b); or

(ii) currency of the United Kingdom or of any other country or territory; or

(iii) gold or silver;

(g) a contract for differences by reference to fluctuations in:

(i) the value or price of any instrument within any of (a) to (f); or

(ii) currency of the United Kingdom or of any other country or territory; or

(iii) the rate of interest on loans in any such currency or any index of such rates;

(h) an option to acquire or dispose of an instrument within (e), (f) or (g).

(2) those classes of financial instruments which are normally dealt in on the money market, such as treasury bills, certificates of deposit and commercial papers and excluding instruments of payment.

"Net Asset Value"	the value of the Scheme Property of the Company or of any Fund (as the context may require) less the liabilities of the Company (or of the Fund concerned) as calculated in accordance with the Instrument of Incorporation
"OECD"	the Organisation for Economic CO-operation and Development
"OEIC Regulations"	the Open-Ended Investment Companies Regulations 2001 as amended or re-enacted from time to time
"register"	the register of shareholders of the Company
"Regulations"	the OEIC Regulations and the FCA Handbook (including the COLL Sourcebook). Also referred to as FCA Rules or FCA Regulations
"Scheme Property"	the property of the Company required under the COLL Sourcebook to be given for safekeeping to the Depositary
"SDRT"	stamp duty reserve tax
"Share" or "Shares"	a share or shares in the Company (including larger denomination Shares and fractions)
"Shareholder"	a holder of registered Shares in the Company
"switch"	the exchange of Shares of one Class or Fund for Shares of another Class or Fund

"Transfer Agent"	Northern Trust Global Services Limited: For UBS Targeted Return Fund – J and K Share Classes UBS Global Allocation Fund (UK) – J Share Class UBS Multi-Asset Income Fund – K Share Class UBS Global Diversified Fund** – K Share Class International Financial Data Services (UK) Limited: For all shares other than those listed above.
"UBS Asset Management (UK) Ltd"	a company incorporated in England and Wales with limited liability whose registered office is at 21 Lombard Street, London EC3V 9AH
"U.S. Person"	
(FATCA/IGA purposes only)	The term "U.S. Person" means a U.S. citizen or resident individual, a partnership or corporation organized in the United States or under the laws of the United States or any State thereof, a trust if (i) a court within the United States would have authority under applicable law to render orders or judgments concerning substantially all issues regarding administration of the trust, and (ii) one or more U.S. persons have the authority to control all substantial decisions of the trust, or an estate of a decedent that is a citizen or resident of the United States. This section shall be interpreted in accordance with the U.S. Internal Revenue Code.
"valuation point"	the point, whether on a periodic basis or for a particular valuation, at which the ACD carries out a valuation of the Scheme Property for the Company or a Fund (as the case may be) for the purpose of determining the price at which Shares of a Class may be issued, cancelled or redeemed or for accounting.
"VAT"	value added tax

**With effect from 11 November 2013, this Fund was closed to investors.

DETAILS OF THE COMPANY

General:

UBS Investment Funds ICVC III is an open-ended investment company with variable capital incorporated in England and Wales under registered number IC000333 and authorised by the FCA with effect from 1st October 2004. The Company is a UCITS Scheme which complies with COLL 5. The Company has an unlimited duration.

Shareholders are not liable for the debts of the Company.

Head office:

21 Lombard Street, London EC3V 9AH

Address for service:

The Head Office is the address of the place in the United Kingdom for service on the Company of notices or other documents required or authorised to be served on it.

Base currency:

The base currency of the Company and each Fund is pounds sterling.

Share capital:	Maximum	£100,000,000,000
	Minimum	£100

Shares have no par value. The share capital of the Company at all times equals the sum of the Net Asset Values of each of the Funds.

The structure of the Company:

The Funds:

The Company is an umbrella company for the purposes of the OEIC Regulations in that different Funds may be established from time to time by the ACD with the approval of the FCA. On the introduction of any new Fund or Class, a revised prospectus will be prepared setting out the relevant details of each Fund or Class.

The assets of each Fund will be treated as separate from those of every other Fund and will be invested in accordance with the investment objective and investment policy applicable to that Fund. The Funds are:

UBS Targeted Return Fund

UBS Global Allocation Fund (UK)

UBS Multi-Asset Income Fund

UBS Global Diversified Fund*

*With effect from 11 November 2013, this Fund was closed to investors.

Details of the Funds, including their investment objectives and policies, are set out on pages 14-15 below.

Each Fund has a specific portfolio to which that Fund's assets and liabilities are attributable. So far as the Shareholders are concerned each Fund is treated as a separate entity.

The Funds are segregated portfolios of assets and, accordingly, the assets of a Fund belong exclusively to that Fund and shall not be used or made available to discharge (directly or indirectly) the liabilities of, or claims against, any other person or body, including the Company and any other Fund and shall not be available for any such purpose.

Subject to the above, each Fund will be charged with the liabilities, expenses, costs and charges of the Company attributable to that Fund and within the Funds charges will be allocated between Classes in accordance with the terms of issue of Shares of those Classes. Any assets, liabilities, expenses, costs or charges not attributable to a particular Fund may be allocated by the ACD in a manner which it believes is fair to the Shareholders generally. This will normally be pro rata to the Net Asset Value of the relevant Funds.

Please also see the paragraph entitled "Liabilities of the Company and the Funds" on page 39 below.

Shares:

Classes of Share within the Funds

Several Classes of Share may be issued in respect of each Fund. UBS Targeted Return Fund has five classes, A, B, C, J and K, UBS Global Allocation Fund (UK) has four classes, A, B, C, J, UBS Multi-Asset Income Fund has five share classes, A, B, C, K and L and UBS Global Diversified Fund* has five share classes A, B, C, I and K. These are distinguished by their criteria for subscription and fee structure:

Share Class:	**UBS Targeted Return Fund**	**UBS Global Allocation Fund (UK)**	**UBS Multi-Asset Income Fund**	**UBS Global Diversified Fund***
Class A:				
minimum initial single lump-sum investment;	N/A	N/A	N/A	N/A
minimum subsequent investment;	£500	£500	£500	N/A
Minimum regular subscription	£50	£50	£50	N/A
minimum holding;	£500	£500	£500	N/A
initial charge	Nil	Nil	Nil	N/A
annual management charge	1.10%	1.00%	0.75%	0.90%
Class B:				
minimum initial single lump-sum investment;	£1,000	£1,000	£1,000	£1,000
minimum subsequent investment;	£500	£500	£500	£500
Minimum regular subscription	£50	£50	£50	£50
minimum holding;	£500	£500	£500	£500
initial charge;	Nil	Nil	Nil	Nil
annual management charge.	1.10%	1.00%	0.75%	0.50%
Class C:				
minimum initial	£1,000,000	£1,000,000	£1,000,000	£1,000,000

Share Class:	UBS Targeted Return Fund	UBS Global Allocation Fund (UK)	UBS Multi-Asset Income Fund	UBS Global Diversified Fund*
single lump-sum investment;				
minimum subsequent investment;	£10,000	£10,000	£10,000	£10,000
minimum holding;	£500,000	£500,000	£500,000	£500,000
initial charge;	Nil	Nil	Nil	Nil
annual management charge.	0.80%	0.75%	0.5%	0.35%
Class J:				
	Available only to companies within the UBS AG group or to clients of companies within the UBS AG group (and others at the discretion of the ACD).	Available only to companies within the UBS AG group or to clients of companies within the UBS AG group (and others at the discretion of the ACD).	N/A	N/A
minimum initial single lump-sum investment;	£50,000	£100,000	N/A	N/A
minimum subsequent investment;	£10,000	£500	N/A	N/A
minimum holding;	£50,000	£50,000	N/A	N/A
initial charge;	Nil	Nil	N/A	N/A
annual management charge.	0.75%	0.65%	N/A	N/A

Share Class:	**UBS Targeted Return Fund**	**UBS Global Allocation Fund (UK)**	**UBS Multi-Asset Income Fund**	**UBS Global Diversified Fund***
Class K:				
	Available only to companies within the UBS AG group (and others at the discretion of the ACD). Charges for managing investments with Class K are charged outside the Fund by agreement between the ACD and individual investors.	N/A	Available only to companies within the UBS AG group (and others at the discretion of the ACD). Charges for managing investments with Class K are charged outside the Fund by agreement between the ACD and individual investors.	N/A
minimum initial single lump-sum investment;	£100,000	N/A	£100,000	N/A
minimum subsequent investment;	£10,000	N/A	£10,000	N/A
minimum holding;	£50,000	N/A	£50,000	N/A
initial charge;	Nil	N/A	Nil	N/A
annual management charge.	Nil	N/A	Nil	Nil
Class L:				
	N/A	N/A	Available only for local authorities, corporate	N/A

Share Class:	UBS Targeted Return Fund	UBS Global Allocation Fund (UK)	UBS Multi-Asset Income Fund	UBS Global Diversified Fund*
			treasurers and institutional investors at the discretion of the ACD.	
minimum initial single lump-sum investment;	N/A		£1,000,000	N/A
minimum subsequent investment;	N/A		£100,000	N/A
minimum holding;	N/A		£500,000	N/A
initial charge;	N/A	Nil	Nil	N/A
annual management charge.	N/A	Nil	0.45%	N/A
Class I:				
minimum initial single lump-sum investment;	N/A	N/A	N/A	N/A
minimum subsequent investment;	N/A	N/A	N/A	N/A
minimum holding;	N/A	N/A	N/A	N/A
initial charge	N/A	N/A	N/A	N/A
annual management charge	N/A	N/A	N/A	0.2%

*With effect from 11 November 2013, this Fund was closed to investors.

The ACD may at its discretion accept subscriptions and/or holdings lower than the minimum amount(s).

The types and Classes of Shares available in each Fund are set out in the Investment Objectives, Policies and Other Details of the Funds section of this Prospectus.

Holders of income Shares are entitled to be paid the income attributed to such Shares on the relevant allocation dates. Holders of accumulation Shares are not entitled to be paid the income attributed to such Shares, but that income is automatically transferred to (and retained as part of) the capital assets of the relevant Fund on the relevant interim and/or annual accounting dates. This is reflected in the price of an accumulation Share.

The Instrument of Incorporation allows gross income and gross accumulation Shares to be issued as well as net income and net accumulation Shares. Net Shares are Shares in respect of which income allocated to them is distributed periodically to the relevant Shareholders (in the case of income Shares) or credited periodically to capital (in the case of accumulation Shares), in either case in accordance with relevant tax law net of any tax deducted or accounted for by the Company. Gross Shares are income or accumulation Shares where, in accordance with relevant tax law, distribution or allocation of income is made without any tax being deducted or accounted for by the Company. Currently, however, all references in this Prospectus to income and accumulation Shares are to net income and net accumulation Shares unless otherwise stated. Only the L Class issues gross shares.

Where a Fund has different Classes, each Class may attract different charges and so monies may be deducted from Classes in unequal proportions. In these circumstances the proportionate interests of the Classes within a Fund will be adjusted accordingly.

Shareholders are entitled (subject to certain restrictions) to switch all or part of their Shares in a Class or a Fund for Shares in another Class within the same Fund or for Shares of the same or another Class within a different Fund of the Company or for shares of any other ICVC for which the ACD acts as the authorised corporate director. Details of this switching facility and the restrictions are set out in the Buying, Redeeming and Switching Shares section of this Prospectus.

The targeted investors for each Class of Shares are all the investors that fall within the category of investors that can invest in that Class of Shares and who can provide the minimum initial single lump sum investment (where applicable).

Changes to the Company

Where any changes are proposed to be made to the Company or a Fund the ACD will assess whether the change is fundamental, significant or notifiable in accordance with COLL 4.3. If the change is regarded as fundamental, Shareholder approval will be required. If the change is regarded as significant, not less than 60 days' prior written notice will be given to Shareholders. If the change is regarded as notifiable, Shareholders will receive suitable notice of the change.

INVESTMENT OBJECTIVES, POLICIES AND OTHER DETAILS OF THE FUNDS

Investment of the assets of each of the Funds must comply with the COLL Sourcebook and the investment objective and policy of the relevant Fund. Details of these investment objectives and policies are set out below.

The eligible markets on which the Funds may invest are set out in Appendix I. A detailed statement of the general investment and borrowing restrictions and the extent to which the Company may employ is set out in Appendix II.

It is possible to hold the Funds within an ISA tax-efficient wrapper. Please contact the ACD for further details.

UBS Targeted Return Fund

Type of Sub-fund: UCITS Scheme
Investment objective and policy:

To seek to achieve a return above UK Retail Price Index through a diversified portfolio of investments. The Fund will invest in a mix of assets including domestic and international equities and bonds, warrants, derivatives, money market instruments, deposits, cash or near cash, and units in collective investment schemes in varying proportions at the ACD's discretion. There are no geographical restrictions on the countries of investment.

The Fund will use a range of derivatives instruments which include foreign exchange, forward and futures contracts, swaps and options for investment purposes and/or to manage interest rate and currency exposures.

Index futures and other derivatives are used to manage market exposure inherent in the invested portfolio. Increasing or reducing market and currency exposure will entail the use of long or net short positions in some derivative instruments.

Classes of Share available:

(i) Class A accumulation Shares

(ii) Class B accumulation Shares

(iii) Class C accumulation Shares

(iv) Class J accumulation Shares

(v) Class K accumulation Shares.

Fund launch date: 23 February 2007

Past Performance: See Appendix III

Investor Profile: The Fund is aimed at investors who are looking to invest for the medium to long term, who are prepared to accept fluctuations in the value of their capital, including capital loss, and who are also prepared to accept the possibility of paying income and capital gains tax on returns.

Global exposure and leverage: The ACD calculates global exposure using the absolute Value at Risk (VaR) approach. Please see paragraph 36 of Appendix II for a detailed explanation of VaR. The Fund's leverage level is expected to be 390% of the Fund's total Net Asset Value based on the sum of notional exposures of financial derivative instruments in the investment portfolio including those held for risk reduction purposes. This level of leverage will vary over time and may increase under certain market conditions.

UBS Global Allocation Fund (UK)

Type of Sub-fund: UCITS Scheme

Investment objective and policy:

To achieve long-term capital growth through active management of a diversified portfolio invested primarily in domestic and international equities and bonds and in units in UK and overseas regulated collective investment schemes. The Fund may also invest in other transferable securities (including warrants), money market instruments, deposits and cash and near cash.

At its discretion, the Fund may use derivatives including forward foreign exchange, forward and future contracts, swaps, options and repurchase agreements or other investment techniques permitted in applicable FCA rules.

Classes of Share available:

(i) Class A accumulation Shares

(ii) Class B accumulation Shares

(iii) Class C accumulation Shares

(iv) Class J accumulation Shares

(v) Class J income Shares

Fund launch date: 23 November 2007

Past Performance: See Appendix III

Investor Profile: The Fund is aimed at investors who are looking to invest for the medium to long term, who are prepared to accept fluctuations in the value of their capital, including capital loss, and who are also prepared to accept the possibility of paying income and capital gains tax on returns.

Global exposure and leverage: The ACD calculates global exposure using the relative Value at Risk (VaR) approach. Please see paragraph 36 of Appendix II for a detailed explanation of VaR. The Fund's leverage level is expected to be 130% of the Fund's total Net Asset Value based on the sum of notional exposures of financial derivative instruments in the investment portfolio including those held for risk reduction purposes. This level of leverage will vary over time and may increase under certain market conditions.

The Fund's reference portfolio used in relative VaR calculations is the Global Securities Markets UK Index (GSMUI). The GSMUI is currently constructed as follows: 25% FTSE All-Share Index, 37% FTSE All World Developed Index, 10% FTSE Gilt British Government All Stocks Index, 10% JP Morgan Global Bond ex-UK Index, 10% iBoxx non-Gilts Index, 3% FTSE All World Emerging Markets Index, 3% Merrill Lynch US High Yield Cash Pay Constrained Index, 1.4% JP Morgan Emerging Markets Bond Index Global and 0.6% JP Morgan Emerging Markets Government Bond Index Diversified. Please note: 10% JP Morgan Global Bond ex-UK Index, 3% Merrill Lynch US High Yield Cash Pay Constrained Index, 1.4% JP Morgan Emerging Markets Bond Index Global and 0.6% JP Morgan Emerging Markets Government Bond Index Diversified are all hedged back to GBP.

UBS Multi-Asset Income Fund

Type of Sub-fund: UCITS Scheme

Investment objective and policy:

To seek to provide an income, through a diversified portfolio of investments.

Capital growth will not be a primary consideration, although opportunities for growth may occur if market conditions are favourable.

The Fund will invest in a mix of transferable securities including domestic and international equities and bonds, units in collective investment schemes, warrants, money market instruments, deposits, and cash or near cash, as the Investment Manager deems appropriate. There are no geographical restrictions on the countries of investment.

The Fund may use a range of derivatives instruments which include foreign exchange, forward and futures contracts, swaps and options and other derivatives for investment purposes and/or to manage interest rate and currency exposures.

Index futures and other derivatives are used to manage market exposure inherent in an invested portfolio. Increasing or reducing market and currency exposure will entail the use of long or net short positions in some derivative instruments.

Classes of Share available:

(i) Class A accumulation and income, net and gross Shares

(ii) Class B accumulation and income, net and gross Shares

(iii) Class C accumulation and income, net and gross Shares

(iv) Class K accumulation and income, net and gross Shares

(v) Class L accumulation and income, net and gross Shares

Fund launch date: 30 October 2009

Past Performance: See Appendix III

Investor Profile: The Fund is aimed at investors who are looking to invest for the medium to long term, who are prepared to accept fluctuations in the value of their capital, including capital loss, and who are also prepared to accept the possibility of paying income and capital gains tax on returns.

Global exposure and leverage: The ACD calculates global exposure using the absolute Value at Risk (VaR) approach. Please see paragraph 36 of Appendix II for a detailed explanation of VaR. The Fund's leverage level is expected to be 135% of the Fund's total Net Asset Value based on the sum of notional exposures of financial derivative instruments in the investment portfolio including those held for risk reduction purposes. This level of leverage will vary over time and may increase under certain market conditions.

UBS Global Diversified Fund*

Type of Sub-fund: UCITS Scheme

Investment objective and policy:

To seek to achieve long-term capital growth through active management of a diversified portfolio predominantly invested in securities and derivatives that give the most efficient exposures to domestic and international equities and bonds and alternatives, including, but not limited to, property, hedge funds and commodities. The Fund may invest exclusively through derivatives to get its investment exposure. The Fund may also invest in warrants, money market instruments, deposits, cash or near cash, and units in collective investment schemes. There are no geographical restrictions on the countries of investment.

The Fund will use a range of derivatives instruments which include foreign exchange, forward and futures contracts, swaps and options for investment purposes and/or to manage interest rate and currency exposures.

Index futures and other derivatives may be used to manage market exposure. Increasing or reducing market and currency exposure will entail the use of long or net short positions in some derivative instruments.

Classes of Share available:

(i) Class A accumulation Shares

(ii) Class B accumulation Shares

(iii) Class C accumulation Shares

(iv) Class K accumulation Shares

(v) Class I accumulation Shares

Fund launch date: 31 October 2011

Past Performance: See Appendix III

Investor Profile: The Fund is aimed at investors who are looking to invest for the medium to long term, who are prepared to accept fluctuations in the value of their capital, including capital loss, and who are also prepared to accept the possibility of paying income and capital gains tax on returns.

Global exposure and leverage: The ACD calculates global exposure using the absolute Value at Risk (VaR) approach. Please see paragraph 36 of Appendix II for a detailed explanation of VaR. The Fund's leverage level is expected to be 400% of the Fund's total Net Asset Value based on the sum of notional exposures of financial derivative instruments in the investment portfolio including those held for risk reduction purposes. This level of leverage will vary over time and may increase under certain market conditions.

*With effect from 11 November 2013, this Fund was closed to investors.

BUYING, REDEEMING AND SWITCHING SHARES

The dealing office of the ACD is open on each Dealing Day to receive requests for the purchase, redemption and switching of Shares. Requests submitted after 12.00 noon will be dealt at the valuation point on the next day that is a Dealing Day.

Subject to and in accordance with the COLL Sourcebook the issue or cancellation of Shares may take place through the Company directly.

It is the ACD's policy generally not to hold Shares or seek to make a profit from holding Shares.

Buying Shares

Procedure:

Shares may be bought directly from the ACD or through your professional adviser or other intermediary. The targeted investors for each Class of Shares are all the investors that fall within the category of investors that can invest in that Class of Shares and who can provide the minimum initial single lump sum investment (where applicable).

For UBS Targeted Return Fund, UBS Global Allocation Fund (UK) and UBS Multi-Asset Income Fund: A Shares, B Shares and C Shares may be bought by sending an application form (which must be accompanied by all required information including a completed FATCA/CRS self-certification form) to IFDS or by telephoning IFDS on 0800 587 2112. J or K Shares may be bought either by sending a completed application form (which must be accompanied by all required information including a completed FATCA/CRS self-certification form) to the transfer agent, Northern Trust Global Services Limited, or by telephoning 0800 3583012.

*For UBS Global Diversified Fund**: A Shares, B Shares and C Shares may be bought by sending an application form (which must be accompanied by all required information including a completed FATCA/CRS self-certification form) to IFDS or by telephoning IFDS on 0800 587 2112. K Shares and I Shares may be bought either by sending a completed application form (which must be accompanied by all required information including a completed FATCA/CRS self-certification form) to the transfer agent Northern Trust Global Services Limited, or by telephoning 0800 3583012.

Application forms may be obtained from the Transfer Agent for the respective Fund and Share Class. In addition, the ACD may from time to time make arrangements to allow Shares to be bought online or through other communication media. At present, transfer of title by electronic means is not accepted.

The ACD has the right to reject, on reasonable grounds relating to the circumstances of the applicant, any application for Shares in whole or part, and in this event the ACD will return any money sent, or the balance of such monies, at the risk of the applicant.

Any subscription monies remaining after a whole number of Shares have been issued will not be returned to the applicant. Instead, smaller denomination Shares will be issued. A smaller denomination Share is equivalent to one thousandth (1/1000) of a larger denomination Share.

**With effect from 11 November 2013, this Fund was closed to investors.

Documents the buyer will receive:

A contract note giving details of the number and price of Shares bought will be issued no later than the end of the business day following the later of receipt of the application to buy Shares and the valuation point by reference to which the price is determined, together with, where appropriate, a notice of the applicant's right to cancel.

Settlement is due on receipt by the buyer of the contract note. An order for the purchase of Shares will only be deemed to have been accepted by the ACD once it is in receipt of cleared funds for the application. If settlement is not made within a reasonable period, then the ACD has the right to cancel any Shares issued in respect of the application.

Share certificates will not be issued in respect of Shares. Ownership of Shares will be evidenced by an entry on the Company's register of shareholders. Statements in respect of periodic distributions on Shares will show the number of Shares held by the recipient.

The Company has the power to issue bearer Shares but there are no present plans to do so.

Regular Savings Plan:

Class A, B and C Shares of any Fund may be bought through the UBS Investment Funds Regular Savings Plan. New regular savings are not available into Class A Shares. To invest in this way, Shareholders will need to complete a direct debit mandate and return it to IFDS before contributions may begin. Monthly contributions may be increased, decreased (subject to maintaining the minimum level of contribution) or stopped at any time by notifying IFDS in writing. If, however, payments are not made into the regular savings plan for more than three months and the Shareholder holds less than the minimum holding for that Class, then the ACD reserves the right to redeem that Shareholder's entire holding in that Class. Contract notes will not be issued to Shareholders investing through a regular savings plan.

Minimum subscriptions and holdings:

The minimum initial subscriptions, subsequent subscriptions and holdings for each Class of Share in a Fund are set out on pages 9, 10 and 11.

Redeeming Shares

Procedure:

Every Shareholder has the right to require that the Company redeem his Shares on any Dealing Day unless the value of Shares which a Shareholder wishes to redeem will mean that the Shareholder will hold Shares with a value less than the required minimum holding in the relevant Class, in which case the Shareholder may be required, at the discretion of the ACD, to redeem his entire holding in that Class of Share in the relevant Fund.

For UBS Targeted Return Fund, UBS Global Allocation Fund (UK) and UBS Multi-Asset Income Fund: Requests for redemption of A Shares, B Shares and C Shares may be made by sending an application form to IFDS or by telephoning IFDS on 0800 587 2112. Requests for redemption of J Shares and K Shares may be made to the transfer agent, Northern Trust Global Services Limited, by telephone on 0800 3583012 or in writing to Northern Trust Global Services Limited.

*For UBS Global Diversified Fund**: Requests for redemption of A Shares, B Shares and C Shares may be made by sending an application form to IFDS or by telephoning IFDS on 0800 587 2112. Requests for redemption of K Shares and I Shares may be made to Northern Trust Global Services Limited, by telephone on 0800 3583012 or in writing to Northern Trust Global Services Limited.

In addition the ACD may from time to time make arrangements to allow Shares to be redeemed on-line or through other communication media.

*With effect from 11 November 2013, this Fund was closed to investors.

The targeted investors for each Class of Shares are all the investors that fall within the category of investors that can invest in that Class of Shares and who can provide the minimum initial single lump sum investment (where applicable).

Documents a redeeming Shareholder will receive:

A contract note giving details of the number and price of Shares redeemed will be sent to the redeeming Shareholder (or the first named Shareholder, in the case of joint Shareholders) together with (if sufficient written instructions have not already been given) a form of renunciation for completion and execution by the Shareholder (or, in the case of a joint holding, by all the joint Shareholders) no later than the end of the business day following the later of the request to redeem Shares or the valuation point by reference to which the price is determined. Cheques in satisfaction of the redemption monies will be issued within four business days of the later of (a) receipt by the ACD of the form of renunciation (or other sufficient written instructions) duly signed and completed by all the relevant Shareholders, together with any other appropriate evidence of title, and (b) the valuation point following receipt by the ACD of the request to redeem.

Minimum redemption:

Part of a Shareholder's holding may be redeemed but the ACD reserves the right to refuse a redemption request if the value of the Shares of any Fund to be redeemed is less than the applicable minimum holding in respect of any Class of Share.

Switching

A Shareholder in a Fund may at any time switch all or some of his Shares of one Class or Fund ("the Original Shares") for Shares of another Class within the same Fund or of another Fund ("the New Shares") or for shares in any other UBS Asset Management ICVCs where UBS Asset Management Funds Ltd acts as the Authorised Corporate Director, subject to the restrictions defined in their prospectuses. The number of New Shares issued will be determined by reference to the respective prices of New Shares and Original Shares at the valuation point applicable at the time the Original Shares are redeemed and the New Shares are issued. For switching involving shares in other UBS Asset Management ICVCs, their valuation points will also apply.

For UBS Targeted Return Fund, UBS Global Allocation Fund (UK) and UBS Multi-Asset Income Fund: Switching from A Shares, B Shares, C Shares or Z Shares may be effected by telephoning IFDS on 0800 587 2112 or writing to IFDS. Switching from J Shares or K Shares may be effected by telephoning the transfer agent, Northern Trust Global Services Limited, on 0800 3583012 or by writing to Northern Trust Global Services Limited and the Shareholder will be required to provide written instructions to Northern Trust Global Services Limited.

*For UBS Global Diversified Fund**: Switching from A Shares, B Shares and C Shares may be effected by telephoning IFDS on 0800 587 2112 or writing to IFDS. Switching from K Shares and I Shares may be effected by telephoning the transfer agent, Northern Trust Global Services Limited, on 0800 3583012 or by writing to Northern Trust Global Services Limited and the Shareholder will be required to provide written instructions to Northern Trust Global Services Limited.

*With effect from 11 November 2013, this Fund was closed to investors.

The Shareholder will be required to provide written instructions to IFDS or their client adviser, as appropriate (which, in the case of joint Shareholders must be signed by all the joint Shareholders) before switching is effected. Switching forms may be obtained from IFDS or the client's client adviser.

The ACD may at its discretion make a charge on the switching of Shares between Funds For further details of the charges on switching currently payable please see "Charges on Switching".

If the switch would result in the Shareholder holding a number of Original Shares or New Shares of a value which is less than the minimum holding in the Class concerned, the ACD may, if it thinks fit, convert the whole of the applicant's holding of Original Shares to New Shares (and make a charge on switching on such conversion) or refuse to effect any switch of the Original Shares. No switch will be allowed during any period when the right of Shareholders to require the redemption of their Shares is suspended. Save as otherwise specifically set out, the general provisions on procedures relating to redemption will apply equally to a switch. A duly completed switching form must be received by the ACD before the valuation point (that is before 12.00 noon) on a Dealing Day in the Fund or Funds concerned to be dealt with at the prices at the valuation point on that Dealing Day, or at such other date as may be approved by the ACD. Switching requests received after a valuation point will be held over until the next day that is a Dealing Day in each of the relevant Fund or Funds.

The ACD may adjust the number of New Shares to be issued to reflect the application of any charge on switching together with any other charges or levies or dilution adjustments in respect of the application for the New Shares or redemption of the Original Shares as may be permitted pursuant to the COLL Sourcebook.

Please note that a switch of Shares in one Fund for Shares in any other Fund is treated as redemption of the Original Shares and a purchase of New Shares and will, for persons subject to United Kingdom taxation, be a realisation for the purposes of capital gains taxation.

A Shareholder who switches Shares in one Fund for Shares in any other Fund (or who switches between Classes of Shares) will not be given a right by law to withdraw from or cancel the transaction. The Shareholder will then be subject to the charges applicable to the new Fund or share class.

Dealing charges

The price per Share at which Shares are bought or redeemed is the Net Asset Value per Share and any dilution adjustment that may be applied. Any initial charge, redemption charge or dilution levy is payable in addition to the price.

Initial charge:

The ACD may impose a charge on the purchase of Shares in each Class. At present no initial charge is levied on purchases of any class of Shares.

Redemption charge:

The ACD may make a charge on the redemption of Shares in each Class. At present no redemption charge is levied on any class of Shares.

The ACD may introduce a redemption charge on any class of Shares or vary the rate or method of calculation of any redemption charge only in accordance with the FCA Rules and after the ACD has made available a revised version of the Prospectus showing the rate of charge and its commencement. Any redemption charge introduced will apply only to Shares sold since its introduction but not to shares previously in issue.

Charges on switching:

On the switching of Shares between Funds or Classes in the Company the Instrument of Incorporation authorises the Company to impose a charge on switching. At present no charge is levied on switches between any classes of Shares.

For details of charges in relation to switching into funds of other UBS Asset Management ICVCs, please contact the ACD.

Other dealing information

Delivery Versus Payment ("DvP") Exemption

The ACD may make use of the DvP exemption as set out in the FCA Handbook, which provides for a one-day window during which money held for the purposes of settling a transaction in shares is not treated as 'client money'. Specifically, under the DvP exemption, money received by the ACD from an investor, or money due to be paid to an investor by the ACD, need not be treated as client money if: (i) the ACD receives the money from an investor for the subscription of shares and the money is passed to the relevant Fund's depositary for the purpose of creating shares in the relevant Funds within the timeframes set out in the FCA Handbook; or (ii) the ACD holds the money in the course of redeeming shares provided that the proceeds of that redemption are paid to an investor within the timeframes set out in the FCA Handbook.

Dilution adjustment

The basis on which the Company's investments are valued for the purpose of calculating the price of Shares as stipulated in the COLL Sourcebook and the Instrument of Incorporation is summarised on pages 32-35. The actual cost of buying or redeeming a Fund's investments may be higher or lower than the mid-market value used in calculating the Share price - for example, due to dealing charges, taxes, or through dealing at prices other than the mid-market price. Under certain circumstances (for example, large volumes of deals) this may have a material adverse effect on the existing/continuing Shareholders' interest in the Fund. In order to prevent this effect, called "dilution", and in order to protect the interests of existing/continuing Shareholders, the ACD has the power to apply a "dilution adjustment" to the price on the purchase and/or redemption of Shares. If applied, the dilution adjustment will be made to the price of the Fund, with the effect that any extra capital invested/retained will become part of the relevant Fund and not paid to the ACD.

The dilution adjustment for each Fund will be calculated by reference to the estimated costs of dealing in the underlying investments of that Fund, including any dealing spreads, commission and transfer taxes. The price of each Class of Share in a Fund will be calculated separately but any dilution adjustment will, in percentage terms, affect the price of Shares of each Class identically.

The need to apply a dilution adjustment will depend on the volume of net purchases or redemptions of the Shares. The ACD may charge a dilution adjustment on the purchase and redemption of such shares if, in its opinion, the existing/continuing Shareholders might otherwise materially be adversely affected and if applying a dilution adjustment, so far as practicable, is fair to all existing and potential shareholders. In determining the rate of any dilution adjustment, the ACD may, in order to reduce volatility, take account of the trend of a Fund to expand or contract and the transaction in Shares at a particular valuation point. Unless it is disadvantageous to shareholders, the dilution adjustment will normally be applied in the following circumstances:

1. on a Fund experiencing large levels of net purchases or redemptions relative to its size; For these purposes, a large level of net dealing is defined as net purchases or redemptions of 3%, and in the case of UBS Targeted Return Fund of 1%, or more of the value of the Fund;

2. in any other case where the ACD is of the opinion that the interests of existing/continuing Shareholders or potential Shareholders require the imposition of a dilution adjustment.

As dilution is directly related to the inflows and outflows of monies from a Fund it is not possible to predict accurately whether dilution will occur at any future point in time or how frequently the ACD will need to make such a dilution adjustment. The actual dilution adjustment applied will depend on market conditions at or around the time at which the deal is struck. Please refer to Appendix IV for the dilution adjustments applied by Fund and an indication of the frequency of application of such adjustments.

Market Timing

The ACD may refuse to accept a subscription or a switch from another Fund if it has reasonable grounds, relating to the circumstances of the shareholder concerned, for refusing to accept a subscription or a switch from them. In particular, the ACD may exercise this discretion if it believes the shareholder has been or intends to engage in market timing.

Money laundering

Under the UK money laundering regulations, as amended from time to time, the ACD is responsible to verify investor identity when the investor undertakes certain transactions and as part of ongoing client screening. This involves obtaining independent documentary evidence confirming identity and permanent residential address. This may also involve an electronic check of information. Normally these verification processes will not result in any delay in carrying out instructions but the ACD reserves the right to refuse to issues Shares, pay the proceeds of a redemption of Shares, or pay income on Shares to the investor until satisfactory proof of identity is obtained.

Transfers

Shareholders are entitled to transfer their Shares to another person or body. All transfers must be in writing in the form of an instrument of transfer approved by the ACD for this purpose. Completed instruments of transfer must be returned to the ACD in order for the transfer to be registered by the ACD. The ACD may refuse to register a transfer unless an amount equivalent to the applicable SDRT has been paid.

Restrictions and compulsory transfer and redemption

The ACD may from time to time impose such restrictions as it may think necessary for the purpose of ensuring that no Shares are acquired or held by any person in breach of the law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory or which would result in the Company incurring any liability to taxation which the Company is not able to recoup itself or suffering any other adverse consequence. In this connection, the ACD may, inter alia, reject at its discretion any application for the purchase, redemption, transfer or switching of Shares.

If it comes to the notice of the ACD that any Shares ("affected Shares"):

(i) are owned directly or beneficially in breach of any law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory; or

(ii) would result in the Company incurring any liability to taxation which the Company would not be able to recoup itself or suffering any other adverse consequence (including a requirement to register under any securities or investment or similar laws or governmental regulation of any country or territory); or

(iii) are held in any manner by virtue of which the Shareholder or Shareholders in question is/are not qualified to hold such Shares or if it reasonably believes this to be the case;

the ACD may give notice to the Shareholder(s) of the affected Shares requiring the transfer of such Shares to a person who is qualified or entitled to own them or that a request in writing is given for the redemption of such Shares in accordance with the COLL Sourcebook. If any Shareholder upon whom such a notice is served does not within thirty days after the date of such notice transfer his affected Shares to a person qualified to own them or submit a written request for their redemption to the ACD or establish to the satisfaction of the ACD (whose judgement is final and binding) that he or the beneficial owner is qualified and entitled to own the affected Shares, he shall be deemed upon the expiry of that thirty day period to have given a request in writing for the redemption or cancellation (at the discretion of the ACD) of all the affected Shares.

A Shareholder who becomes aware that he is holding or owns affected Shares shall immediately, unless he has already received a notice as set out above, either transfer all his affected Shares to a person qualified to own them or submit a request in writing to the ACD for the redemption of all his affected Shares.

Where a request in writing is given or deemed to be given for the redemption of affected Shares, such redemption will be effected in the same manner as provided for under the COLL Sourcebook.

Issue of Shares in exchange for in specie assets

The ACD may arrange for the Company to issue Shares in exchange for assets other than cash, but will only do so where the Depositary has taken reasonable care to determine, in accordance with the COLL sourcebook, that the Company's acquisition of those assets in exchange for the Shares concerned is not likely to result in any material prejudice to the interests of Shareholders.

The ACD will ensure that the beneficial interest in the assets is transferred to the Company with effect from the issue of the Shares.

The ACD will not issue Shares in any Fund in exchange for assets the holding of which would be inconsistent with the investment objective of that Fund.

In specie redemptions

If a Shareholder requests the redemption of Shares the ACD may, where it considers the deal to be substantial in relation to the total size of the Fund concerned or in some way advantageous or detrimental to the Fund, arrange, having given prior notice in writing to the Shareholder, that in place of payment for the Shares in cash, the Company transfers property or, if required by the Shareholder, the net proceeds of sale of the relevant property, to the Shareholder.

The ACD will select the property to be transferred in consultation with the Depositary. The Depositary must be satisfied that the transfer of the Scheme Property concerned would not be likely to result in any material prejudice to the interests of Shareholders.

Suspension of dealings in the Company

The ACD may, with the prior agreement of the Depositary, or must if the Depositary so requires, temporarily suspend, without notice to Shareholders, the issue, cancellation, sale and redemption of Shares (including any purchase and redemption on switching) in any or all of the Funds where due to exceptional circumstances it is in the interests of Shareholders in the Fund to suspend dealings (for example, but without limitation, on the closure or suspension of dealing on a relevant stock exchange, or the inability of the ACD to ascertain properly the value of any or all of the assets or realise any or all of the assets of a Fund).

The ACD will notify Shareholders of the Fund of the suspension as soon as practicable after suspension commences and will publish sufficient details to keep Shareholders informed about the suspension including, if known, its likely duration.

Suspension is only allowed to continue for as long as it is justified having regard to the interests of the Shareholders of the Fund.

The ACD and the Depositary must formally review the suspension at least every 28 days.

During a suspension, none of the obligations in COLL 6.2 (Dealing) apply; and the ACD must comply with as much of COLL 6.3 (Valuation and pricing) as is practicable in the light of the suspension.

The suspension of dealings in Shares must cease as soon as practicable after the exceptional circumstances have ceased.

Any suspension of dealings will be subject to the provisions of the COLL Sourcebook.

Recalculation of the Share price for the purposes of purchases and redemptions will commence on the next relevant valuation point following the ending of the suspension.

Governing law

All deals in Shares are governed by English law.

VALUATION OF THE COMPANY

The price of a Share is calculated by reference to the Net Asset Value of the Fund to which it relates. There shall only be a single price for a share in any Fund. The Net Asset Value per share of UBS Targeted Return Fund, UBS Global Allocation Fund (UK), UBS Global Diversified Fund* and the Multi Asset Income Fund is 12 noon on each Dealing Day

The ACD may at any time during a Dealing Day carry out an additional valuation if it considers it desirable to do so. The ACD shall inform the Depositary of any decision to carry out such an additional valuation. Valuations may be carried out for effecting a scheme of amalgamation or reconstruction which do not create a Valuation Point for the purposes of dealings. Where permitted and subject to the Regulations, the ACD may in certain circumstances (for example where a significant event has occurred since the closure of a market) substitute a price with a more appropriate price which in its opinion reflects a fair and reasonable price for that investment.

The ACD will, upon completion of each valuation, notify the Depositary of the price of Shares, of each Class of each Fund and the amount of any dilution levy or dilution adjustment applicable in respect of any purchase or redemption of Shares, except where calculated purely for performance purposes.

*With effect from 11 November 2013, this Fund was closed to investors.

Calculation of the Net Asset Value

The value of the property of the Company or of a Fund (as the case may be) shall be the value of its assets less the value of its liabilities determined in accordance with the following provisions:

1. All the Scheme Property (including receivables) is to be included, subject to the following provisions.

2. Property which is not cash (or other assets dealt with in paragraph 3 below) or a contingent liability transaction shall be valued as follows and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain:

   (a) units or shares in a collective investment scheme:

      (i) if a single price for buying and redeeming units or shares is quoted, at that price; or

      (ii) if separate buying and redemption prices are quoted, at the average of the two prices provided the buying price has been reduced by any initial charge included therein and the redemption price has been increased by any exit or redemption charge attributable thereto; or

(iii) if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no recent price exists, or, if the most recent price available does not reflect the ACD's best estimate of the value of the units or shares, at a value which in the opinion of the ACD, is fair and reasonable;

(b) any other transferable security:

(i) if a single price for buying and redeeming the security is quoted, at that price; or

(ii) if separate buying and redemption prices are quoted, at the average of the two prices; or

(iii) if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no recent price exists, or, if the most recent price available does not reflect the ACD's best estimate of the value of the security, at a value which in the opinion of the ACD is a fair and reasonable price for that investment;

(c) Scheme Property other than that described in (a) and (b) above at a value which, in the opinion of the ACD, is fair and reasonable.

3. Cash and amounts held in current and deposit accounts and in other time related deposits shall be valued at their nominal values.

4. Property which is a contingent liability transaction shall be treated as follows:

(a) if it is a written option (and the premium for writing the option has become part of the Scheme Property), deduct the amount of the net valuation of premium receivable. If the Scheme Property is an off exchange option the method of valuation shall be agreed between the ACD and the Depositary;

(b) if it is an off exchange future, include it at the net value of closing out in accordance with a valuation method agreed between the ACD and the Depositary;

(c) if it is any other form of contingent liability transaction, include it at the mark to market value (whether as a positive or negative value). If the Scheme Property is an off exchange derivative, include it at a valuation method agreed between the ACD and the Depositary.

5. In determining the value of the Scheme Property, all instructions given to issue or cancel Shares shall be assumed to have been carried out (and any cash paid or received) whether or not this is the case.

6. Subject to paragraphs 7 and 8 below, agreements for the unconditional sale or purchase of Scheme Property which are in existence but uncompleted shall be

assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and if, in the opinion of the ACD, their omission will not materially affect the final net asset amount.

7. Futures or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased options shall not be included under paragraph 6.

8. All agreements are to be included under paragraph 6 which are, or ought reasonably to have been, known to the person valuing the property.

9. Deduct an estimated amount for anticipated tax liabilities at that point in time including (as applicable and without limitation) capital gains tax, income tax, corporation tax, VAT, SDRT, stamp duty, and any foreign taxes or duties.

10. Deduct an estimated amount for any liabilities payable out of the Scheme Property and any tax thereon treating periodic items as accruing from day to day.

11. Deduct the principal amount of any outstanding borrowings whenever repayable and any accrued but unpaid interest on borrowings.

12. Add an estimated amount for accrued claims for tax of whatever nature that may be recoverable.

13. Add any other credits or amounts due to be paid into the Scheme Property.

14. Add a sum representing any interest or any income accrued due or deemed to have accrued but not received.

15. Currencies or values in currencies other than Sterling shall be converted at the relevant valuation point at a rate of exchange that is not likely to result in any material prejudice to the interests of Shareholders or potential Shareholders.

16. Deduct the total amount of any performance fee that has accrued as at that time (if any) based on the calculation summarised in the Prospectus.

Price per Share in each Fund and each Class

The price per Share at which Shares are bought or redeemed is the Net Asset Value per Share and any dilution adjustment that may be applied. Any initial charge, redemption charge, SDRT provision or dilution levy is payable in addition to the price.

Pricing basis

The ACD deals on a forward pricing basis. A forward price is the price calculated at the next valuation point after the purchase or redemption is deemed to be accepted by the ACD.

Publication of prices

The most recent price of all A, B, C and I Shares only appear on UBS's website at www.ubs.com/funds although the ACD may, at its discretion, publish prices of some or all Shares in the Financial Times or any other United Kingdom newspaper but may cease to do so without notification to Shareholders at any time. All prices will also be available from the ACD by calling 0800 587 2111. The most recent prices of J Shares and K Shares are available from UBS by calling 020 7901 5800. The share price for the J Shares of the UBS Targeted Return Fund and UBS Global Allocation Fund (UK) also appears on UBS's website at www.ubs.com/funds. As the ACD deals on a forward pricing basis, the prices that appear on our website or those available by telephone will not necessarily be the same as the one at which investors can currently deal. The ACD does not accept responsibility for the accuracy of the prices published in or for the non-publication of prices for reasons beyond the control of the ACD.

RISK FACTORS

Potential investors should consider the following risk factors before investing in the Company (or, in the case of specific risks applying to specific Funds, in those Funds).

General

The investments of the Company are subject to normal market fluctuations and other risks inherent in investing in securities. There can be no assurance that any appreciation in the value of investments will occur. The value of investments and the income derived from them may fall as well as rise and investors may not recoup the original amount they invest in the Company. There is no certainty that the investment objective of any Fund will actually be achieved and no warranty or representation is given to this effect.

Effect of initial charge or redemption charge

Where an initial charge or redemption charge is imposed, an investor who realises his Shares after a short period may not (even in the absence of a fall in the value of the relevant investments) realise the amount originally invested.

In particular, where a redemption charge is payable investors should note that the percentage rate at which the redemption charge is calculated is based on the market value rather than the initial value of the Shares. If the market value of the Shares has increased the redemption charge will show a corresponding increase. Currently there is no redemption charge. The Shares therefore should be viewed as medium to long-term investments.

Charges to capital

The annual management charge and other expenses of a Fund may be deducted from the capital of the Fund in the event that income is insufficient for this purpose, subject to the provisions of the COLL Sourcebook.

Where an investment objective of a Fund is to treat the generation of income as a higher priority than capital growth, or the generation of income and capital growth have equal priority, all or part of the ACD's fee may be charged against capital instead of against income. This treatment of the ACD's fee will increase the amount of income (which may be taxable) available for distribution to Shareholders in the Fund concerned but may constrain capital growth.

The annual management charge and other expenses of the UBS Multi-Asset Income Fund will be deducted from capital.

Dilution levy and Dilution adjustment

Investors should note that in certain circumstances a dilution levy or dilution adjustment may be applied on the purchase or redemption of Shares (see "Other Dealing

Information" on page 23). Where a dilution levy or dilution adjustment is not applied, the Fund in question may incur dilution, which may constrain capital growth.

Suspension of dealings in Shares

Investors are reminded that in certain circumstances their right to redeem Shares (including a redemption by way of switching) may be suspended (see "Suspension of dealings in the Company" on page 27).

Liabilities of the Company

As explained on page 8 above, where, under the OEIC Regulations, each Fund is a segregated portfolio of assets and those assets can only be used to meet the liabilities of, or claims against, that Fund. Whilst the OEIC Regulations provide for segregated liability between Funds, the concept of segregated liability is relatively new. Accordingly, where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not yet known whether a foreign court would give effect to the segregated liability and cross-investment provisions contained in the OEIC Regulations. Therefore, it is not possible to be certain that the assets of a Fund will always be completely insulated from the liabilities of another Fund of the Company in every circumstance.

Client Money and Depositary Insolvency

The Depositary has a duty to ensure that it safeguards and administers the scheme property in compliance with the provisions of the FCA Handbook governing the protection of client assets ("Client Asset Rules"). The Depositary is not under a duty to comply with the provisions of the FCA Handbook on handling money received or held for the purpose of buying or selling securities and investments ("Client Money"). Moreover, with respect to handling scheme property in the course of delivery versus payment transactions through a commercial settlement system ("CSS"), the scheme property may not be protected under the Client Asset Rules. In the event that the Depositary becomes insolvent or otherwise fails, there is a risk of loss or delay in return of any scheme property which consists of Client Money, client assets held in a CSS or any other client assets which the Depositary or any of its delegates is not required or has failed to hold in accordance with the Client Asset Rules.

Currency exchange rates

Currency fluctuations may adversely affect the value of a Fund's investments and, depending on an investor's currency of reference, currency fluctuations may adversely affect the value of his investment in Shares.

Derivatives

Use of derivatives for efficient portfolio management

Derivative transactions may be used in the Fund solely for the purposes of hedging and efficient portfolio management and are not intended to increase the risk profile of the Fund.

The Funds may make use of EPM techniques (including stock lending and reverse repurchase transactions) to reduce risk and/or costs in the Fund and to produce additional capital or income in the Funds in a manner which is economically appropriate and with an acceptable level of risk. Techniques used by the Fund may include using derivatives for hedging against price or currency fluctuations, engaging in securities lending and reverse repurchase transactions. Further details on efficient portfolio management can be found in Appendix II.

It is not intended that using derivatives for EPM will increase the volatility of the Funds and indeed EPM is intended to reduce volatility. In adverse situations, however, a Fund's use of EPM techniques may be ineffective and that Fund may suffer significant loss as a result. The Fund's ability to use EPM strategies may be limited by market conditions, regulatory limits and tax considerations.

EPM techniques may involve a Fund entering into derivative transactions or securities lending transactions with a counterparty where there may be a risk that a counterparty will wholly or partially fail to honour its contractual obligations. To mitigate that risk, the counterparties to these transactions may be required to provide collateral to the Fund. The counterparty will forfeit its collateral if it defaults on the transaction. However, in the event of counterparty default, if the collateral is in the form of securities, there is a risk that when it is sold it will realise insufficient cash to settle the counterparty's liability to the Fund. This may result in losses for investors. To manage this risk, the ACD has in place a collateral management policy which details the eligible categories of acceptable collateral and the haircuts which will typically be applied when valuing certain categories of collateral received. Please see below for further information on the collateral management policy.

There is no guarantee that the Fund will achieve the objective for which it entered into a transaction in relation to EPM. Stock lending transactions may, in the event of a default by the counterparty, result in the securities lent being recovered late or only in part. This may result in losses for investors.

Use of derivatives for investment purposes

*UBS Targeted Return Fund, UBS Global Allocation Fund (UK), UBS Global Diversified Fund** and *Multi Asset Income Fund*

The Investment Manager may employ derivatives in the pursuit of the investment objectives as stated in this Prospectus and in accordance with its risk management policy. Derivative transactions may also be used for the purposes of hedging and efficient portfolio management. The use of derivatives may lead to higher volatility in the share price of these Funds.

*With effect from 11 November 2013, this Fund was closed to investors.

Derivatives which includes swaps, are potentially volatile, and these Funds may be exposed to additional risk and costs should the market move against these Funds' derivative positions. The market for swaps may sometimes be less liquid than other investments which in turn may require the Investment Manager to liquidate other Funds assets in order to meet unit holder redemptions.

When a fund uses derivatives to take 'short positions' in investments, it effectively allows it to sell a holding it does not own on the anticipation that the value will fall. However, if the value of that investment increases, it will have a negative effect on the Fund's value. In extreme stock market conditions, the Fund may be faced with unlimited losses which would mean your investment could become worthless.

Derivative Techniques

The COLL Sourcebook permits the Investment Manager to use certain techniques when investing in derivatives in order to manage a fund's exposure to particular counterparties and in relation to the use of collateral to reduce overall exposure to over-the-counter ("**OTC**") derivatives; for example a fund may take collateral from counterparties with whom they have an OTC derivative position and use that collateral to net off against the exposure they have to the counterparty under that OTC derivative position, for the purposes of complying with counterparty spread limits. The COLL Sourcebook also permits a fund to use derivatives to effectively short sell (agree to deliver the relevant asset without holding it in the scheme) under certain conditions.

Counterparties

In order to trade in swap and derivative instruments the Investment Manager may enter into an agreement with a counterparty. Whilst the Investment Manager assesses the credit worthiness of the counterparty, the Fund is at risk that the counterparty may not fulfil its obligations under the agreement. Any collateral paid by the Fund may not be returned, nor may any payments due to the Fund be made and this could have a significant negative impact on investor returns.

Risks due to investment exposures

The following are risks relevant to the investments made by the underlying funds of UBS Targeted Return Fund, UBS Global Allocation Fund (UK), UBS Global Diversified Fund* and UBS Multi-Asset Income Fund and the direct investments of the Funds.

Certain risks may apply only to a small percentage of the underlying investments held by a Fund and/or direct investments in equities and fixed income made by each Fund. To the extent that underlying funds or the Funds invest in emerging markets, Central and Eastern Europe (in particular Russia), smaller companies, bonds and high yield bonds the risks mentioned below may apply:

Emerging Markets

Investments in emerging markets may be more volatile than investments in more developed markets. Some of these markets may have relatively unstable governments, economies based on only a few industries and securities markets that trade only a limited number of securities. Many emerging markets do not have well developed regulatory systems and disclosure standards may be less stringent than those of developed markets.

The risks of expropriation, nationalisation and social, political and economic instability are greater in emerging markets than in more developed markets.

The following is a brief summary of some of the more common risks associated with emerging markets investment:

Fraudulent Securities – Given the lack of a regulatory structure it is possible that securities in which investments are made may be found to be fraudulent. As a result, it is possible that loss may be suffered.

Currency Fluctuations – Significant changes in the currencies of the countries in which investments are made in respect of the currency of denomination of the relevant Fund may occur following the investment of the Company in these currencies. These changes may impact the total return of the Fund to a significant degree. In respect of currencies of certain emerging countries, it is not possible to undertake currency hedging techniques.

Settlement and Custody Risks – Settlement and custody systems in emerging markets are not as well developed as those in developed markets. Standards may not be as high and supervisory and regulatory authorities not as sophisticated. As a result there may be risks that settlement may be delayed and that cash or securities could be disadvantaged.

Investment and Remittance Restrictions – In some cases, emerging markets may restrict the access of foreign investors to securities. As a result, certain equity securities may not always be available to a Fund because the maximum permitted number of or investment by foreign shareholders has been reached. In addition, the outward remittance by foreign investors of their share of net profits, capital and dividends may be restricted or require governmental approval. The Company will only invest in markets in which it believes these restrictions to be acceptable. However, there can be no guarantee that additional restrictions will not be imposed.

Accounting – Accounting, auditing and financial reporting standards, practices and disclosure requirements applicable to companies in emerging markets differ from those applicable in more developed markets in respect of the nature, quality and timeliness of the information disclosed to investors and, accordingly, investment possibilities may be difficult to properly assess.

*With effect from 11 November 2013, this Fund was closed to investors.

Eurozone Risks

In addition to specific national concerns, the Eurozone is experiencing a collective debt crisis. Certain countries have received very substantial financial assistance from other members of the European Union, and the question of additional funding is unclear. Investor confidence in other EU member states, as well as European banks exposed to sovereign debt of Eurozone countries experiencing financial turmoil, has been severely impacted, threatening capital markets throughout the Eurozone. Although the resources of various financial stability mechanisms in the Eurozone continue to be bolstered, there can be no assurance that the level of funds being committed to such facilities will be sufficient to resolve the crisis going forward. It is also unclear whether ultimately a political consensus will emerge in the Eurozone concerning whether and how to restructure sovereign debt. The consequences of any sovereign default would likely be severe and wide-reaching, and could include the withdrawal of one or more member states from the Eurozone, or even the abolition of the Euro. The withdrawal of one or more member states from the Eurozone or the abolition of the Euro could result in significant exchange rate volatility and could have an adverse impact on the financial markets, not only within Europe but globally and could result in serious losses to the Fund.

Specific risk relating to Central and Eastern Europe and in particular Russia

Certain markets in Central and Eastern Europe present specific risks in relation to the settlement and safekeeping of securities. These risks result from the fact that physical securities may not exist in certain countries (such as Russia); as a consequence the ownership of securities is evidenced only on the issuer's register of shareholders. Each issuer is responsible for the appointment of its own registrar. In the case of Russia, this results in a broad geographic distribution of several thousand registrars across Russia. Russia's Federal Commission for Securities and Capital Markets (the "Commission") has defined the responsibilities for registrar activities, including what constitutes evidence of ownership and transfer procedures. However, difficulties in enforcing the Commission's regulations mean that the potential for loss or error still remains and there is no guarantee that the registrars will act accordingly to the applicable laws and regulations. Widely accepted industry practices are still in the process of being established. When registration occurs, the registrar produces an extract of the register of shareholders as at that particular point in time. Ownership of shares is evidenced by the records of the registrar, but not by the possession of an extract of the register of shareholders. The extract is only evidence that registration has taken place. It is not negotiable and has no intrinsic value. In addition, a registrar will typically not accept an extract as evidence of ownership of shares and is not obligated to notify the Depositary, the Custodian or their local agents in Russia, if or when it amends the register of shareholders. As a consequence of this, Russian securities are not on physical deposit with the Depositary, the Custodian or their local agents in Russia. Therefore, neither the Depositary, Custodian nor their local agents in Russia can be considered as performing a physical safekeeping or custody function in the traditional sense. The registrars are neither agents of, nor responsible to the Depositary, Custodian or their local agents in Russia. The Depositary and the Custodian's liability only extends to their own negligence and wilful default and to that caused by negligence or wilful misconduct of their local agents in Russia, and does not extend to losses due to the liquidation, bankruptcy, negligence or wilful default of any registrar. In the event of such losses the ACD will have to pursue its rights directly against the issuer and/or its appointed registrar. The above risks in relation to safekeeping of securities in Russia may exist in a similar manner, in other Central and Eastern European countries in which a Fund may invest.

Smaller Companies

Funds investing in smaller companies invest in transferable securities that may be less liquid than the securities of larger companies, as a result of inadequate trading volume or restrictions on trading. Securities in smaller companies may possess greater potential for capital appreciation, but also involve risks, such as limited product lines, markets and financial or managerial resources and trading in such securities may be subject to more abrupt price movements than trading in the securities of larger companies.

Bonds

Bonds are subject to both actual and perceived measures of creditworthiness. Bonds, and especially high yield bonds, could be affected by adverse publicity and investor perception, which may not be based on fundamental analysis, and would have a negative effect on the value and liquidity of the bond.

High Yield Bonds

The Fund may invest in high yield bonds. With high yield bonds there is an increased risk of capital erosion through default or where the redemption yield is below the income yield and economic conditions and changes to interest levels may significantly impact the value of such bonds.

MANAGEMENT AND ADMINISTRATION

Authorised Corporate Director

The ACD is UBS Asset Management Funds Ltd, which is a private company, limited by shares incorporated in England and Wales on 5 February 1988.

The directors of the ACD and their main business activities are:

A J Davies – Head of Currency, Global Investment Solutions, UBS Asset Management

L Brown - Deputy Global Head of Structured Solutions, UBS Asset Management

I F Barnes – Head of UK, UBS Asset Management

R Beechey – Head of Legal UK, UBS Asset Management

M Gilligan – Head of Infrastructure, Europe, UBS Asset Management

R Ketterer – Head of Business Management and Operations, UBS Asset Management

E Bennett – Head of Finance UK, UBS Asset Management

P Davis – non-executive director

Registered Office and Head Office:	21 Lombard Street, London EC3V 9AH
Ultimate holding company:	UBS Group AG, a company incorporated under the laws of Switzerland
Share Capital:	Issued and paid up: £26,000,000

The ACD is the authorised corporate director of UBS Investment Funds ICVC, UBS Investment Funds ICVC II, UBS Investment Funds ICVC III, UBS Investment Funds ICVC IV and UBS Investment Funds ICVC V, all open-ended investment companies with variable capital.

The ACD is responsible for managing and administering the Company's affairs in compliance with the COLL Sourcebook. The ACD delegates certain investment management services to UBS Asset Management (UK) Ltd and certain administration functions to JP Morgan Chase Bank and J.P.Morgan Europe Limited, subject to the rules in the COLL Sourcebook.

The ACD has appointed Northern Trust Global Services Limited to provide registration services for the J and K Share Classes. For all other Share Classes and Funds the ACD has appointed International Financial Data Services (UK) Limited to provide registration services.

The ACD has delegated the Fund Accounting and OTC Derivatives services to J.P.Morgan Europe Limited ("the Fund Accounting and OTC Derivatives Agreement").

Terms of appointment:

The appointment of the ACD has been made under an agreement dated 30th September 2004 between the Company and the ACD ("the ACD Agreement").

The ACD Agreement provides that the appointment of the ACD may be terminated on 12 months' written notice being given to the other by either the ACD or the Company, provided that the notice period does not expire prior to the third anniversary of the ACD Agreement or immediately in certain circumstances, by notice in writing being given by the ACD to the Company, or by the Depositary or the Company to the ACD. Termination cannot take effect until the FCA has approved the change of director.

The ACD is entitled to its pro rata fees and expenses to the date of termination and any additional expenses necessarily incurred in settling or realising any outstanding obligations. No compensation for loss of office is provided for in the agreement. The ACD Agreement provides indemnities to the ACD except in the case of any matter arising as a direct result of its negligence, fraud or wilful default in the performance of its duties and obligations.

The ACD is under no obligation to account to the Depositary or the Shareholders for any profit it makes on the issue or reissue of Shares or cancellation of Shares that it has redeemed. The fees to which the ACD is entitled are set out on pages 48-49.

The Depositary

National Westminster Bank plc is the depositary of the Company. The Depositary is responsible for the safe-keeping of all the property of the Company and has a duty to take reasonable care to ensure that the Company is managed in accordance with the provisions of the COLL Sourcebook relating to the pricing of, and dealing in, Shares and relating to the income of the Funds. It is a public limited company incorporated in England and Wales on 18 March 1968, with registered number 929027.

The appointment of the Depositary has been made under an agreement dated 20 July 2007 (as amended) between the Company and The Royal Bank of Scotland plc (novated in favour of the Depositary with effect from 14 October 2011.

Principal business activity: Banking

Terms of appointment:

Subject to the COLL Sourcebook, the Depositary has full power under the Depositary Agreement to delegate (and authorise its delegate to sub-delegate) all or any part of its duties as depositary. The Depositary has delegated its custodial duties for the Funds to JPMorgan Chase Bank N.A.. The Depositary Agreement may be terminated on three months' written notice by the Depositary or the Company or immediately in certain circumstances but such notice may only take effect upon the appointment of a new depositary.

Subject to the OEIC Regulations and the COLL Sourcebook the Depositary Agreement provides indemnities to the Depositary in the discharge of its functions except in relation to any liability for any failure by the Depositary to exercise due care and diligence in the discharge of its functions in respect of the Company and any liability to the extent that it is recovered from another person.

The fees to which the Depositary is entitled are set out on pages 46-47.

The Investment Manager and Distributors

The ACD has appointed UBS Asset Management (UK) Ltd to provide investment management services to the ACD in respect of UBS Targeted Return Fund, UBS Global Allocation Fund (UK), UBS UK & International Equity Managed Fund*, UBS Global Diversified Fund* and UBS Multi-Asset Income Fund. The Investment Manager is a member of the same group of companies as the ACD.

The principal activity of the Investment Manager is the provision of discretionary investment management and financial advisory services. The Investment Manager is regulated in the conduct of investment business by the Financial Conduct Authority.

*With effect from 11 November 2013, this Fund was closed to investors.

Terms of appointment:

UBS Asset Management (UK) Ltd was appointed as Investment Manager by an agreement between the ACD and UBS Asset Management (UK) Ltd. ("the Investment Management Agreement").

Subject to appropriate controls imposed by the ACD, all relevant law and regulation, this Prospectus and the Instrument of Incorporation, the Investment Manager has discretion to take day-to-day investment decisions and to deal in investments in relation to the investment management of the relevant Fund, without prior reference to the ACD.

Under the Investment Management Agreement the ACD provides indemnities to the Investment Manager (except in the case of any matter arising as a direct result of its fraud, negligence, or wilful default). The ACD may be entitled under the indemnities in the ACD Agreement to recover from the Company amounts paid by the ACD under the indemnities in the Investment Management Agreement.

The Investment Management Agreement may be terminated on three months' written notice being given to the other by the Investment Manager or the ACD after an initial period of three months or immediately in certain circumstances.

UBS Asset Management (UK) Ltd has been appointed as Distributor for UBS Targeted Return Fund, UBS Global Allocation Fund (UK), UBS Global Diversified Fund* and UBS Multi-Asset Income Fund by the ACD under a distribution agreement. Under the terms of the distribution agreement UBS Asset Management (UK) Ltd will distribute Shares in UBS Targeted Return Fund, UBS Global Allocation Fund (UK) and UBS Multi-Asset Income Fund both direct to individuals and through financial intermediaries.

*With effect from 11 November 2013, this Fund was closed to investors.

The Auditors

The auditors of the Company are Ernst & Young LLP of 1 More London Place, London SE1 2AF.

Legal advisers

The Company is advised by Eversheds LLP of One Wood Street, London, EC2V 7WS.

Register of Shareholders

The Register of Shareholders may be inspected during normal business hours by any Shareholder or any Shareholder's duly authorised agent, at the office of Northern Trust Global Services Limited at PO BOX 3733, Wootton Bassett, Swindon, E14 5NT for:

UBS Targeted Return Fund – J Share and K Share

UBS Global Allocation Fund (UK) – J Share

UBS Multi-Asset Income Fund – K Share

UBS Global Diversified Fund** – K Share and I Share

For all shares other than those listed above, the Register of Shareholders may be inspected at the office of International Financial Data Services (UK) Limited, IFDS House, St Nicholas Lane, Basildon, Essex SS15 5FS during normal business hours by any Shareholder or any Shareholder's duly authorised agent.

*With effect from 11 November 2013, this Fund was closed to investors.

Conflicts of interest

The ACD, the Investment Managers and other companies within the UBS group may, from time to time, act as investment managers or advisers to other funds or sub-funds that follow similar investment objectives to those of the Funds. It is therefore possible that the ACD and/or the Investment Manager may in the course of their business have potential conflicts of interest with the Company or a particular Fund or between the Company and other funds managed by the ACD. Each of the ACD and the Investment Manager will, however, have regard in such event to its obligations under the ACD Agreement and the Investment Management Agreements respectively and, in particular, to its obligation to act in the best interests of the Company so far as practicable, having regard to its obligations to other clients, when undertaking any investment business where potential conflicts of interest may arise. Where a conflict of interest cannot be avoided, the ACD and the Investment Manager will ensure that the Company and other collective investment schemes it manages are fairly treated.

The ACD acknowledges that there may be some situations where the organisational or administrative arrangements in place for the management of conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the Company or its shareholders will be prevented. Should any such situations arise the ACD will disclose these to shareholders in an appropriate format.
The Depositary may, from time to time, act as the depositary of other open-ended investment companies with variable capital and as trustee or custodian of other collective investment schemes.

FEES AND EXPENSES

General

The fees, costs and expenses relating to the authorisation and incorporation and establishment of the Company, the offer of Shares, the preparation and printing of this Prospectus and the fees of the professional advisers to the Company in connection with the offer will be borne by the ACD or another company in the UBS group. The costs incurred in connection with the authorisation of any new Fund may be borne by the Fund.

The Company may pay out of the property of the Company any liabilities arising on the unitisation, amalgamation or reconstruction of the Company or of any Fund.

All fees or expenses payable by a Shareholder or out of the Scheme Property are set out in this section. The Company may also pay out of the property of the Company charges and expenses incurred by the Company, which will include the following expenses:

1. the fees and expenses payable to the ACD (which will include the fees and expenses payable to the Investment Manager), to the Depositary and to each Custodian;

2. expenses incurred in acquiring and disposing of investments;

3. the fees and expenses of the auditors;

4. the fees and expenses of tax advisers, legal advisers and other professional advisers of the company, including (for the avoidance of doubt) any legal costs arising from any Shareholder action;

5. costs incurred in taking out and maintaining any insurance policy in relation to the Company and/or its Directors;

6. any costs incurred in the preparation, modification, translation, production (including printing) and distribution of annual, half yearly or other reports or information provided for Shareholders, accounts, statements, contract notes and other like documentation, any Prospectuses, Key Investor Information Documents (apart from the costs of distributing any Key Investor Information Document or any other pre-contractual disclosure required by law or regulation), any instrument of incorporation, ACD Agreement and any costs incurred as a result of periodic updates of or changes to any prospectus or instrument of incorporation and any other administrative expenses;

7. expenses incurred in company secretarial duties, including the cost of minute books and other documentation required to be maintained by the Company;

8. the costs of convening and holding Shareholder meetings where the ACD considers it to be in the interests of Shareholders or when the meeting is called by

Shareholders (including meetings of Shareholders in any particular Fund and a particular Class within a Fund);

9. certain liabilities on amalgamation or reconstruction arising where the property of a body corporate or another collective investment scheme is transferred to the Depositary in consideration for the issue of Shares to the shareholders in that body or to participants in that other scheme in accordance with the COLL Sourcebook;

10. taxation and duties payable by the Company;

11. interest on and charges incurred in borrowings, stock lending arrangements or other permitted transactions;

12. any amount payable by the Company under any indemnity provisions contained in the Instrument of Incorporation or any agreement with any functionary of the Company;

13. fees of the FCA under the Financial Services and Markets Act 2000 and the corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which Shares are or may lawfully be marketed;

14. any payments otherwise due by virtue of the COLL Sourcebook.

15. the costs and expenses of any external vendor systems providing functionalities and data for risk calculations;

16. the costs and expenses of any external collateral management service provider

It is not currently proposed to seek a listing for the Shares on any stock exchange, but if a listing is sought in the future the fees connected with the listing will be payable by the Company.

Transfer Agency and Registrar Fees

The ACD or another company in the UBS group will pay the appointed Transfer Agent and Registrar, on behalf of the Company, the following ongoing and registration expenses:

a) fees and expenses in respect of establishing and maintaining the Register of Shareholders (and any plan sub-register) and related functions;

b) expenses incurred in producing, distributing and dispatching income and other payments to Shareholders;

In return for paying or satisfying (a) and (b) the ACD will collect from the Company and pay to the Transfer Agent and Registrar an administration charge. The administration charge varies with the volume of unit dealing, the number of holdings and the number of distributions.

For Class A, B and C Shares the ACD will make a charge of between 0.07% and 0.15% to cover Transfer Agent and Registrar's costs. For Class I J and K Shares the ACD will make a charge of between 0.03% and 0.07% to cover Transfer Agent and Registrar's costs.

The charge will accrue daily and be paid monthly represented by the Net Asset Value of the Fund calculated on each business day. The valuation used for each day that is not a business day will be the value calculated on the previous business day.

Fund Administration Fees

For each Fund, the Company will be charged an administration fee for pricing and accounting services based on a rate of between 0.005% and 0.06% (plus VAT), but subject to a minimum £12,500 per annum.

Depositary's and Custodians' fees

The Depositary receives for its own account a periodic fee which will accrue daily and is payable monthly on the last business day in each calendar month in respect of that day and the period since the last business day in the preceding month and is payable within seven days after the last business day in each month. The rate of the periodic fee is agreed between the ACD and the Depositary and is currently 0.015% per annum on the first £100 million and then 0.010% on the remainder, per annum, of the value of relevant fund, represented by the Net Asset Value of the Fund calculated on each business day.

The Depositary charges a minimum fee per Fund of £7,500 per annum.

These rates can be varied from time to time in accordance with the FCA Handbook.

The first accrual in relation to any Fund will take place in respect of the period beginning on the day on which the first valuation of that Fund is made and ending on the last business day of the month in which that day falls.

In addition to the periodic fee referred to above, the Depositary shall also be entitled to be paid transaction and custody charges in relation to transaction handling and safekeeping of the Scheme Property as follows:

Item	Range
Transaction Charges	£3 to £100.
Custody Charges	0.002% to 0.5%.

These charges vary from country to country depending on the markets and the type of transaction involved. Transaction charges accrue at the time the transactions are effected and are payable as soon as is reasonably practicable, and in any event not later than the last business day of the month when such charges arose or as otherwise agreed between the Depositary and the ACD. Custody charges accrue and are payable as agreed from time to time by the ACD and the Depositary.

Where relevant, the Depositary may make a charge for (or otherwise benefit from) providing services in relation to: distributions, the provision of banking services, holding money on deposit, lending money, or engaging in stock lending or derivative transactions, in relation to the Fund and may purchase or sell or deal in the purchase or sale of Scheme Property, provided always that the services concerned and any such dealing are in accordance with the provisions of the FCA Handbook.

The Depositary will also be entitled to payment and reimbursement of all costs, liabilities and expenses properly incurred in the performance of, or arranging the performance of, functions conferred on it by the Instrument, the FCA Handbook or by the general law.

On a winding up of the Fund the Depositary will be entitled to its *pro rata* fees, charges and expenses to the date of winding up, the termination, or the redemption (as appropriate) and any additional expenses necessarily realised in settling or receiving any outstanding obligations.

Any value added tax on any fees, charges or expenses payable to the Depositary will be added to such fees, charges or expenses.

In each such case such payments, expenses and disbursements may be payable to any person (including the ACD or any associate or nominee of the Depositary or of the ACD) who has had the relevant duty delegated to it pursuant to the FCA Handbook by the Depositary.

Stocklending

At the request of the Company, the Depositary has appointed Brown Brothers Harriman & Co. (the "Stocklending Agent") to carry out stocklending activities in relation to UBS Targeted Return Fund for the purposes of generating additional income. The Stocklending Agent is paid a fee to cover administration costs based on a percentage of the gross income generated from stocklending and is currently at a rate of 25% of gross income from stocklending. The stocklending fee accrues daily and is paid monthly in arrears.

The Investment Manager acting as agent for the Company may instruct the lending of stock from UBS Global Allocation Fund (UK) and UBS Multi-Asset Income Fund. Where this is done, the Investment Manager is entitled to deduct a fee of, currently, 35% of the fee earned on the stock lending transaction.

Charges payable to the ACD

In payment for carrying out its duties and responsibilities the ACD is entitled to take an annual fee out of each Fund which is, for each Class, a percentage of the Fund's Net Asset Value. The annual management charge will accrue daily and be paid monthly represented by the Net Asset Value of the Fund calculated on each business day. The valuation used for each day that is not a business day will be the value calculated on the previous business day. The current management charges for the Funds (expressed as a percentage per annum of the Net Asset Value of each Fund) are:

	UBS Targeted Return Fund	**UBS Global Allocation Fund (UK)**	**UBS Multi-Asset Income Fund**	**UBS Global Diversified Fund****
Class A Shares	1.10%	1.00%	0.75%	0.90%
Class B Shares	1.10%	1.00%	0.75%	0.50%
Class C Shares	0.80%	0.75%	0.50%	0.35%
Class J Shares	0.75%	0.65%	N/A	N/A
Class K Shares	Nil	N/A	Nil	Nil
Class L Shares	N/A	N/A	0.45%	N/A
Class I Shares	N/A	N/A	N/A	0.20%
Charges taken from:	Income	Income	Capital	Income

*With effect from 11 November 2013, this Fund was closed to investors.

Should there be insufficient income to cover the deduction of the annual management charge the fee may be taken from capital.

The current annual fee payable to the ACD for a Class may only be increased in accordance with the COLL Sourcebook and after the ACD has made available a revised Prospectus showing the new rate of charge and its commencement date.

The ACD is also entitled to all reasonable, properly documented, out of pocket expenses incurred in the performance of its duties which may include legal and professional expenses of the ACD in relation to the proper performance of the ACD's duties under the ACD Agreement, or related to documents amending the ACD Agreements, all postage and communication costs incurred in the proper performance of duties under the ACD Agreement and all expenses incurred in notarising documents.

If a Class's expenses in any period exceed its income the ACD may take that excess from the capital property attributable to that Class.

Investment Manager's fee

The Investment Manager's fees and expenses (plus VAT where applicable) for providing investment management and investment advisory services will be paid by the ACD out of its remuneration under the ACD Agreement.

Dealing Arrangements

The Investment Manager may make use of arrangements to enable it to obtain execution and research services which are beneficial to the Funds*,* both from counterparties and third parties. All transactions undertaken and the services provided under these arrangements in respect of the Funds will be subject to FCA rules and to the fundamental rule of providing best execution to the Funds. The benefits provided under any such arrangements must be those which assist in the provision of investment services to the Funds*.* Details of any such arrangements, if any, and a copy of the Investment Manager's policy on dealing arrangements and the commissions allocated separately to execution and research services will be made available on request.

Allocation of fees and expenses

All the above fees, duties and charges (other than those borne by the ACD) will be charged to the Fund in respect of which they were incurred. Where an expense is not considered to be attributable to any one Fund, the expense will normally be allocated to all Funds pro rata to the value of the Net Asset Value of the Funds, although the ACD has discretion to allocate these fees and expenses in a manner that it considers fair to Shareholders generally.

Save in relation to the UBS Multi-Asset Income Fund where expenses may be wholly attributed to capital, expenses are allocated between capital and income in accordance with the COLL Sourcebook. Where expenses are allocated to capital this may constrain capital growth.

VAT is payable on the fees and expenses where appropriate.

Increases in fees and expenses

Any increase to the current fees and expenses may only be made in accordance with the COLL Sourcebook and after the ACD has made available a revised Prospectus showing the new rate of charge and its commencement date.

INSTRUMENT OF INCORPORATION

The Instrument of Incorporation of the Company (which is available for inspection at the ACD's offices at 21 Lombard Street, London EC3V 9AH) contains provisions to the following effect:

1. Share capital

   (a) The Company may from time to time issue Shares of different Classes in respect of a Fund, and the Directors may by resolution from time to time create additional Classes in respect of a Fund (whether or not falling within one of the Classes in existence on incorporation).

   (b) The Directors may by resolution from time to time create additional Funds with such investment objectives and such restrictions as to geographic area, economic sector, monetary zone or category of transferable security, and denominated in such currencies, as the Directors from time to time determine.

   (c) The special rights attaching to a Class are not (unless otherwise expressly provided by the conditions of issue of such Shares) deemed to be varied by:

      (i) the creation, allotment or issue of further Shares of any Class ranking pari passu with them;

      (ii) the switch of Shares of any Class into Shares of another Class;

      (iii) the creation, allotment, issue or redemption of Shares of another Class within the same Fund, provided that the interests of that other Class in the Fund represent fairly the financial contributions and benefits of Shareholders of that Class;

      (iv) the creation, allotment, issue or redemption of Shares of another Fund;

      (v) the exercise by the Directors of their powers to re-allocate assets, liabilities, expenses, costs or charges not attributable to one Fund only or to terminate a Fund; or

      (vi) the passing of any resolution at a meeting of another Fund which does not relate to the Fund in which the Class is interested.

2. Transfer of Shares

(a) All transfers of registered Shares must be effected by transfer in writing in any usual or common form or in any other form as may be approved by the Directors.

(b) A single instrument of transfer may not be given in respect of more than one Class.

(c) In the case of a transfer to joint holders, the number of joint holders to whom a Share is to be transferred may not exceed four.

(d) The Company may refuse to register a transfer of Shares unless an SDRT provision has been paid.

(e) Gross shares are available only to certain categories of investors, and prospective investors in these Shares must complete the appropriate declaration (copies of which may be obtained from the ACD) and return it to the ACD, or provide the ACD with suitable evidence of eligibility to receive income gross, before the gross Shares can be transferred. (No gross shares are currently available as at the date of this Prospectus.)

3. Income

The following provisions apply in respect of Shares in issue in the Funds:

(a) An allocation of income (whether annual or interim) to be made in respect of each Share issued by the Company or sold by the ACD during the accounting period in respect of which that income allocation is made, shall be of the same amount as the allocation to be made in respect of the other Shares of the same Class issued in respect of the same Fund. This may include a capital sum ("income equalisation") representing the ACD's best estimate of the amount of income included in the price of that Share. This may be either the actual amount of income included in the issue price of that Share or an amount arrived at by taking the aggregate of the amounts of income included in the price in respect of all Shares of that Class bought or redeemed by Shareholders in the accounting period in question and dividing that aggregate amount by the number of such Shares and applying the resultant average to each of the Shares in question.

(b) Each allocation of income made in respect of any Fund at a time when more than one Class is in issue that Fund, shall be done by reference to the relevant Shareholders' proportionate interests in the property of the Fund in question. These will be ascertained for each Class as follows:

(i) A notional account will be maintained for each Class. Each account will be referred to as a "Proportion Account".

(ii) The word "proportion" in this context means the proportion that the balance on a Proportion Account at the relevant time bears to the balance on all the Proportion Accounts of a Fund at that time. The proportionate interest of a Class of Share in the assets and income of a Fund is its "proportion".

(iii) There will be credited to a Proportion Account:

- the subscription money (excluding any initial charges or any dilution levy or dilution adjustment if applicable) for the issue of Shares of the relevant Class;

- that Class's proportion of the amount by which the Net Asset Value of the Fund exceeds the total subscription money for all Shares in the Fund;

- that Class's proportion of the Fund's income received and receivable; and

- any notional tax benefit under paragraph (v) below.

(iv) There will be debited to a Proportion Account:

- the redemption payment for the cancellation of Shares of the relevant Class;

- the Class's proportion of the amount by which the Net Asset Value of the Fund falls short of the total subscription money for all Shares in the Fund;

- all distributions of income (including equalisation) made to Shareholders of that Class;

- all costs, charges and expenses incurred solely in respect of that Class;

- that Class's share of the costs, charges and expenses incurred in respect of that Class and one or more other Classes in the Fund, but not in respect of the Fund as a whole;

- that Class's share of the costs, charges and expenses incurred in respect of or attributable to the Fund as a whole;

- any SDRT charge; and

- any notional tax liability under paragraph (v).

(v) Any tax liability in respect of the Fund and any tax benefit received or receivable in respect of the Fund will be allocated between Classes in order to achieve, so far as possible, the same result as would have been achieved if each Class were itself a Fund so as not materially to prejudice any Class. The allocation will be carried out by the ACD after consultation with the Company's auditors.

(vi) Where a Class is denominated in a currency that is not the base currency of the Company, the balance on the Proportion Account shall be converted into the base currency of the Company in order to ascertain the proportions of all Classes. Conversions between currencies shall be at a rate of exchange decided by the ACD as being a rate that is not likely to result in any material prejudice to the interests of Shareholders or potential Shareholders.

(vii) The Proportion Accounts are memorandum accounts maintained for the purpose of calculating proportions. They do not represent debts from the Company to Shareholders or the other way round.

Each credit and debit to a Proportion Account shall be allocated to that account on the basis of that Class's proportion immediately before the allocation. All such adjustments shall be made as are necessary to ensure that on no occasion on which the proportions are ascertained is any amount counted more than once.

When Shares are issued thereafter each such Share shall represent the same proportionate interest in the property of the relevant Fund as each other Share of the same type and Class then in issue in respect of that Fund.

The Company may adopt a method of calculating the amount of income to be allocated between the Shares in issue (or the Shares in issue in respect of any Fund) which is different to that set out in paragraph 3(b) above provided that the ACD is satisfied that such method is fair to Shareholders and that it is reasonable to adopt such method in the given circumstances.

4. Number of Directors

Unless otherwise determined by an extraordinary resolution of Shareholders the number of Directors shall not at any time exceed one.

5. Removal of ACD

The Company may by ordinary resolution remove the ACD before the expiry of its period of office, notwithstanding any provisions in the Instrument of Incorporation or in any agreement between the Company and the ACD, but the removal will not take effect until the FCA has approved the ACD's removal and a new ACD approved by the FCA has been appointed.

6. Proceedings at General Meetings

(a) Prior to each general meeting a Director other than the ACD or an associate of the ACD or, if no such nomination is made, the Depositary, shall nominate an individual to act as chairman and if that person is not present within fifteen minutes (which shall be deemed a reasonable time) after the time appointed for holding the meeting or is not willing to act, the Shareholders present shall choose one of their number to be chairman of the meeting.

(b) The chairman of any quorate general meeting may with the consent of the general meeting adjourn the meeting from time to time (or without date) and from place to place, and if he is directed by the general meeting to adjourn he must do so. No business can be transacted at an adjourned general meeting that might not lawfully have been transacted at the meeting from which the adjournment took place.

(c) The Shareholders have rights under the COLL Sourcebook to demand a poll. In addition to these rights, a poll may be demanded by the chairman of the meeting or by the ACD on any resolution put to the vote of a general meeting.

(d) Unless a poll is required, a declaration by the chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book or computer record of proceedings will be conclusive evidence of that fact. If a poll is required, it shall be taken in such manner as the chairman may direct.

(e) The chairman may take any action he reasonably considers appropriate and not in contravention of any of the provisions of the Prospectus or the Instrument of Incorporation for, for example, the safety of people attending a general meeting, the proper and orderly conduct of the general meeting or in order to reflect the wishes of the majority.

7. Corporations acting by representatives

(a) Any corporation which is a Shareholder may by resolution of its directors or other governing body and in respect of any Share or Shares of which it is the holder authorise such individual as it thinks fit to act as its representative at any general meeting of the Shareholders or of any Class meeting or Fund meeting. The individual so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise in respect of such Share or Shares if it were an individual Shareholder.

(b) Any corporation which is a Director may by resolution of its directors or other governing body authorise such individual as it thinks fit to act as its representative (but not the Depositary's representative) at any general meeting of the Shareholders, or of any Class meeting or Fund meeting or at any meeting of the Directors. The person so authorised shall be entitled to exercise the same powers at such meeting on behalf of such corporation as the corporation could exercise if it were an individual Director.

8. Class meetings and Fund meetings

The provisions of the Instrument of Incorporation relating to meetings shall apply to Class meetings and Fund meetings in the same way as they apply to general meetings.

9. Instrument of Incorporation

(a) The Instrument of Incorporation may be amended by resolution of the ACD to the extent permitted by the COLL Sourcebook.

(b) In the event of any conflict arising between any provision of the Instrument of Incorporation and the Regulations, the Regulations will prevail.

10. Indemnity

The Instrument of Incorporation contains provisions indemnifying the Directors, other officers and the Company's auditors against liability in certain circumstances otherwise than in respect of their negligence, default, breach of duty or breach of trust, and indemnifying the Depositary against liability in certain circumstances otherwise than in respect of its failure to exercise due care and diligence.

SHAREHOLDER MEETINGS AND VOTING RIGHTS

Annual general meeting

The Company has elected to dispense with annual general meetings with effect from 19 August 2006.

Class and Fund meetings

The provisions below, unless the context otherwise requires, apply to Class meetings and meetings of Funds as they apply to general meetings of the Company, but by reference to Shares of the Class or Fund concerned and the Shareholders and value and prices of such Shares.

Requisitions of meetings

The ACD may requisition a general meeting at any time.

Shareholders may also requisition a general meeting of the Company. A requisition by Shareholders must state the objects of the meeting, be dated, be signed by Shareholders who, at the date of the requisition, are registered as holding not less than one tenth in value of all Shares then in issue and the requisition must be deposited at the head office of the Company. The ACD must convene a general meeting no later than eight weeks after receipt of such requisition.

Notice and quorum

Shareholders will receive at least fourteen days' notice of a general meeting and are entitled to be counted in the quorum and vote at such meeting either in person or by proxy. The quorum for a meeting is two Shareholders, present in person or by proxy. If after a reasonable time from the time set for an adjourned meeting there is not two Shareholders present in person or by proxy, the quorum for an adjourned meeting shall be one Shareholder entitled to be counted in a quorum present at the meeting. Notices of meetings and adjourned meetings will be sent to Shareholders at their registered addresses.

Voting rights

At a general meeting, on a show of hands every Shareholder who (being an individual) is present in person or (being a corporation) is present by its representative properly authorised in that regard, has one vote.

On a poll vote, a Shareholder may vote either in person or by proxy. The voting rights attaching to each Share are such proportion of the voting rights attached to all the Shares in issue that the price of the Share bears to the aggregate price(s) of all the Shares in issue at a date to be determined by the ACD and stated in the notice of the meeting which is a reasonable time before the notice of meeting was sent out.

A Shareholder entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.

Except where the COLL Sourcebook or the Instrument of Incorporation of the Company require an extraordinary resolution (which needs at least 75% of the votes cast at the meeting to be in favour if the resolution is to be passed) any resolution required by the COLL Sourcebook will be passed by a simple majority of the votes validly cast for and against the resolution.

Where an extraordinary resolution is required to conduct business at a meeting of Shareholders and every Shareholder is prohibited under COLL 4.4.8R(4) from voting, a resolution may, with the prior written agreement of the Depositary to the process, instead be passed with the written consent of the shareholder representing 75% of the Shares in issue.

The ACD may not be counted in the quorum for a meeting and neither the ACD nor any associate (as defined in the COLL Sourcebook) of the ACD is entitled to vote at any meeting of the Company except in respect of Shares which the ACD or associate holds on behalf of or jointly with a person who, if the registered Shareholder, would be entitled to vote and from whom the ACD or associate has received voting instructions.

In the case of joint Shareholders, the vote of the most senior who votes, whether in person or by proxy, must be accepted to the exclusion of the votes of the other joint shareholders. For this purpose seniority must be determined by the order in which the names stand in the register of Shareholders.

"Shareholders" in this context means Shareholders entered on the register at a time to be determined by the ACD and stated in the notice of the meeting which is a reasonable time before the notices of the relevant meeting are sent out.

Variation of Class rights

The rights attached to a Class or Fund may not be varied without the sanction of an extraordinary resolution passed at a meeting of Shareholders of that Class or Fund.

TAXATION

General

The information below is a general guide based on current United Kingdom law and HM Revenue & Customs practice, both of which are subject to change. It summarises the tax position of the Company and of investors who are United Kingdom resident and hold Shares as investments. Prospective investors who are in any doubt about their tax position, or who may be subject to tax in a jurisdiction other than the United Kingdom, are recommended to take professional advice.

The Funds

Each Fund will be treated as a separate entity for United Kingdom tax purposes.

The Funds are exempt from United Kingdom tax on capital gains realised on the disposal of investments (including interest-paying securities and derivatives) held within them.

The Funds will each be subject to corporation tax at 20% on income but after deducting allowable management expenses (including the agreed fees and expenses of the ACD and the Depositary) and interest distributions. The Funds are exempt from taxation on dividends received from United Kingdom companies, overseas dividends (unless the Fund has elected to waive the exemption from tax on specific overseas dividends, in which case those dividends will be treated as taxable income of the Fund) and any part of dividend distributions from authorised unit trusts and United Kingdom open-ended investment companies that represent such dividends. Where a Fund suffers foreign tax on income received, this may normally be deducted from the United Kingdom tax due on that income or treated as an expense.

UBS Global Diversified Fund*: it is intended that following launch this Fund will pay any distributable income as interest distributions with the likely result that there will not be any net taxable income in the Fund and therefore no charge to corporation tax.

*With effect from 11 November 2013, this Fund was closed to investors.

However, the investment objectives and policy are such that the fund may not always meet the investment criteria, as set out in UK tax legislation, for it to pay interest distributions. If this is the case and the fund is required to pay dividend distributions in respect of an accounting period, because dividend distributions are not deductible from taxable income arising within the fund, the fund may incur a corporation tax charge during one or more accounting periods.

Shareholders

Income UBS Targeted Return Fund, and UBS Global Allocation Fund (UK)

The Funds will pay any distributable income as dividend distributions (which will be automatically reinvested in the Fund in the case of accumulation Shares). Dividend distributions will be paid with a tax credit. United Kingdom resident individuals liable to income tax at the basic rate will have no further liability to tax. Higher rate taxpayers will have to pay an additional amount of income tax on their net dividends received. Non-taxpayers may not reclaim the tax credits on dividend distributions paid. Corporate Shareholders who receive dividend distributions may have to treat part of this distribution as a dividend and part as an annual payment (in which case the partition will be indicated on the tax voucher). Any part representing dividends received from a United Kingdom company or overseas company (except the part, if any, representing overseas dividends for which the Fund has elected to waive the exemption from tax) will be treated as dividend income (that is, franked investment income) and no further tax will be due on it. The remainder will be received as an annual payment after deduction of income tax at the basic rate, and corporate Shareholders may, depending on their circumstances, be liable to tax on the grossed up amount, with the benefit of the 20% income tax credit attached or to reclaim part of the tax credit as shown on the tax voucher.

Non United Kingdom resident Shareholders will generally not be entitled to reclaim any part of the tax credit on the dividend distribution from HM Revenue & Customs although it will normally satisfy their United Kingdom tax liability on that income. They may also be able to offset the tax credit against their liability to tax in their own country. This will depend on their personal circumstances and the terms of any double taxation agreement between the country of residence and the United Kingdom.

The Company is required to report details of interest paid to residents of the European Union and to residents of certain other jurisdictions to the HM Revenue & Customs each year (see the EU Savings Directive below) and, on request, payments to residents of the United Kingdom.

Income – the UBS Multi-Asset Income Fund

The UBS Multi-Asset Income Fund currently pays interest distributions (which will be automatically retained in the Fund in the case of accumulation Shares). These are made after income tax at 20% has been deducted and paid to the HM Revenue & Customs (except as described below). A tax voucher showing the total interest distribution before the deduction of tax (gross interest), the tax deducted and the amount of the interest distribution after tax has been deducted (net interest) will be supplied to Shareholders.

For individual Shareholders, the gross interest will be subject to United Kingdom income tax at 20% in the case of basic rate taxpayers. The tax deducted will satisfy in full the tax liability on the interest of Shareholders subject to basic rate income tax. Shareholders who are higher rate taxpayers will have to pay additional income tax. Non-taxpayers may reclaim any tax deducted from the HM Revenue & Customs. Where Shares are held through ISAs their managers may reclaim any tax deducted.

Shareholders subject to United Kingdom corporation tax will be liable to tax on the gross interest but will receive credit for any income tax deducted.

Non United Kingdom resident Shareholders may be entitled to a refund from HM Revenue & Customs of some or all of any tax deducted from their interest distribution. This will depend on their personal circumstances and the terms of any double taxation agreement between their country of residence and the United Kingdom.

The ACD may pay interest distributions gross, that is without withholding any income tax from the payment, to certain types of investor. These include companies, pension funds, charities, shareholders who are not ordinarily resident in the United Kingdom and the managers of ISAs. Any eligible investor wishing to receive interest distributions gross should contact the ACD who will provide the appropriate form to complete and return. The ACD may require a tax indemnity from the investor before it makes the payments gross.

The Company is required to report details of interest paid to residents of the European Union and to residents of certain other jurisdictions to the HM Revenue & Customs each year (see the EU Savings Directive below), and, on request, payments to United Kingdom residents.

*UBS Global Diversified Fund**

Interest Distributions it is intended that following launch the UBS Global Diversified Fund* will pay any distributable income as interest distributions. (which will be automatically retained in the Fund in the case of accumulation Shares). These are made after income tax at 20% has been deducted and paid to the HM Revenue & Customs (except as described below). A tax voucher showing the total interest distribution before the deduction of tax (gross interest), the tax deducted and the amount of the interest distribution after tax has been deducted (net interest) will be supplied to Shareholders.

The investment objectives and policy are such that the fund may not always meet the criteria for it to pay interest distributions. If this is the case, dividend distributions will be paid to shareholders in respect of one or more distribution periods (for which, see below)

For individual Shareholders, the gross interest will be subject to United Kingdom income tax at 20% in the case of basic rate taxpayers. The tax deducted will satisfy in full the tax liability on the interest of Shareholders subject to basic rate income tax. Shareholders who are higher rate taxpayers will have to pay additional income tax. Non-taxpayers may reclaim any tax deducted from the HM Revenue & Customs. Where Shares are held through ISAs their managers may reclaim any tax deducted.

Shareholders subject to United Kingdom corporation tax will be liable to tax on the gross interest but will receive credit for any income tax deducted.

Non United Kingdom resident Shareholders may be entitled to a refund from HM Revenue & Customs of some or all of any tax deducted from their interest distribution. This will depend on their personal circumstances and the terms of any double taxation agreement between their country of residence and the United Kingdom.

The ACD may pay interest distributions gross, that is without withholding any income tax from the payment, to certain types of investor. These include companies, pension funds, charities, shareholders who are not ordinarily resident in the United Kingdom and the managers of ISAs. Any eligible investor wishing to receive interest distributions gross should contact the ACD who will provide the appropriate form to complete and return. The ACD may require a tax indemnity from the investor before it makes the payments gross.

The Company is required to report details of interest paid to residents of the European Union and to residents of certain other jurisdictions to the HM Revenue & Customs each year (see the EU Savings Directive below), and, on request, payments to United Kingdom residents.

Dividend distributions (which will be automatically reinvested in the UBS Global Diversified Fund* in the case of accumulation Shares). Dividend distributions will be paid with a tax credit. United Kingdom resident individuals liable to income tax at the basic rate will have no further liability to tax. Higher rate taxpayers will have to pay an additional amount of income tax on their net dividends received. Non-taxpayers may not reclaim the tax credits on dividend distributions paid. Corporate Shareholders who receive dividend distributions may have to treat part of this distribution as a dividend and part as an annual payment (in which case the partition will be indicated on the tax voucher). Any part representing dividends received from a United Kingdom company or overseas company (except the part, if any, representing overseas dividends for which the Fund has elected to waive the exemption from tax) will be treated as dividend income (that is, franked investment income) and no further tax will be due on it. The remainder will be received as an annual payment after deduction of income tax at the basic rate, and corporate Shareholders may, depending on their circumstances, be liable to tax on the grossed up amount, with the benefit of the 20% income tax credit attached or to reclaim part of the tax credit as shown on the tax voucher.

Non United Kingdom resident Shareholders will generally not be entitled to reclaim any part of the tax credit on the dividend distribution from HM Revenue & Customs although it will normally satisfy their United Kingdom tax liability on that income. They may also be able to offset the tax credit against their liability to tax in their own country. This will depend on their personal circumstances and the terms of any double taxation agreement between the country of residence and the United Kingdom.

*With effect from 11 November 2013, this Fund was closed to investors.

Income equalisation

The first income allocation received by an investor after buying Shares may include an amount of income equalisation. This is effectively a repayment of the income equalisation paid by the investor as part of the purchase price. It is a return of capital, and is not taxable. Rather it should be deducted from the acquisition cost of the Shares for capital gains tax purposes.

Gains

Shareholders who are resident in the United Kingdom for tax purposes may, depending on their personal circumstances, be liable to capital gains tax or, if a corporate Shareholder, corporation tax on gains arising from the redemption, transfer or other disposal of Shares (but not on switches between Classes within a Fund). Individuals will be liable to pay capital gains tax only where their total chargeable gains for the tax year exceed their annual capital gains tax exemption.

Part of any increase in value of accumulation Shares represents the accumulation of income (including income equalisation but excluding tax credits). These amounts may be added to the allowable cost when calculating the capital gain realised on their disposal.

Individual Shareholders will find further information, in HM Revenue & Customs Help Sheets for the capital gains tax pages of their tax returns.

Stamp duty reserve tax

Following the abolition of stamp duty reserve tax on management dealings in shares in authorised investment funds, there will generally be no charge to stamp duty reserve tax when Shareholders surrender or redeem their Shares. However, where the redemption is satisfied by a non-pro rata in specie redemption, then a charge to stamp duty reserve tax may apply.

Stamp duty reserve tax is chargeable at a rate of 0.5% on certain sales and transfers of Shares in the Funds.

The EU Savings Directive

The EU Council Directive 2003/48/EC on the taxation of savings income (the "Directive") has been in force since 1 July 2005. Under the Directive, a paying agent in a Member State (or in a dependent or associated territory of a Member State or a "third country") may be required to give details of any payments of savings income made to investors, to the tax authorities of the Member State in which those investors are resident. Certain

Member States, including Austria, Belgium and Luxembourg amongst others, have opted for a withholding tax system instead of a reporting system for a transitional period, although investors may elect for disclosure in respect of payments rather than withholding. Savings income for the purposes of the Directive can include certain distributions, amounts paid on redemption of shares, and transfer payments in respect of investment funds which are invested in cash, debt and similar assets.

On 13 November 2008 the European Commission adopted an amending proposal to the Directive. As at the date of this prospectus, it is not known whether and, if so, when the amending proposal will become law.

Investors are advised to seek professional advice in relation to the specific laws and regulations which may be relevant to their investment in the funds.

The US Foreign Account Tax Compliance (FATCA) and similar provisions

Under an Intergovernmental Agreement ("IGA") concluded between the United Kingdom and the United States of America ("U.S."), the Funds will be classified as a Reporting UK Financial Institution for the purposes of FATCA. The main purpose of the legislation is to require Financial Institutions to identify and report the financial accounts of "Specified U.S. Persons", as defined by the IGA. In order to do so, shareholders may be required to provide further information regarding themselves on request. From 1 July 2014, the Company will report the financial accounts held by Specified U.S. Persons to HM Revenue & Customs, who will then provide such information to the U.S. Internal Revenue Services. Any shareholder refusing to provide the requisite information will also be reported.

Investors should consult their own tax advisor with regard to the U.S. federal, state, local and non-U.S. tax reporting and certification requirements associated with an investment in the Company.

OECD Common Reporting Standard

United Kingdom and a number of other jurisdictions propose to enter into multilateral arrangements modelled on the Common Reporting Standard for Automatic Exchange of Financial Account Information ("**CRS**") published by the Organisation for Economic Co-operation and Development (OECD). Under CRS which has been implemented into UK law, the Funds will be required to provide certain information to the HMRC about Investors resident or established in jurisdictions which are party to CRS arrangements (which information will in turn be provided to the relevant tax authorities). The requirements are similar to those which exist under FATCA with an expanded number of countries in respect of which account holders must be reported.

WINDING UP OF THE COMPANY OR A FUND

The Company or a Fund will not be wound up except as an unregistered company under Part V of the Insolvency Act 1986 or under the COLL Sourcebook. A Fund may otherwise only be terminated under the COLL Sourcebook.

Where the Company or a Fund is to be wound up under the COLL Sourcebook, such winding up may only be commenced following approval by the FCA. The FCA may only give such approval if the ACD provides a statement (following an investigation into the affairs of the Company or the Fund as appropriate) either that the Company or the Fund will be able to meet its liabilities within 12 months of the date of the statement or that the Company or the Fund will be unable to do so. The Company may not be wound up or a Fund terminated under the COLL Sourcebook if there is a vacancy in the position of ACD at the relevant time.

The Company or a Fund may be wound up under the COLL Sourcebook if:

(a) an extraordinary resolution to that effect is passed by Shareholders; or

(b) the period (if any) fixed for the duration of the Company or a particular Fund by the Instrument of Incorporation expires, or an event occurs on the occurrence of which the Instrument of Incorporation provides that the Company or a particular Fund is to be wound up (for example, if the share capital of the Company or (in relation to any Fund) the Net Asset Value of the Fund is below its prescribed minimum, or if a change in the laws or regulations of any country means that, in the ACD's opinion, it is desirable to terminate the Fund); or

(c) the FCA agrees to a request by the ACD for the revocation of the authorisation order in respect of the Company or the relevant Fund.

On the occurrence of any of the above:

(a) the COLL Sourcebook relating to Valuation, Pricing, Dealing and Investment and Borrowing Powers will cease to apply to the Company or the relevant Fund;

(b) the Company will cease to issue and cancel Shares in the Company or the relevant Fund and the ACD shall cease to sell or redeem Shares or arrange for the Company to issue or cancel them for the Company or the relevant Fund;

(c) no transfer of a Share shall be registered and no other change to the Register of Shareholders shall be made without the sanction of the ACD;

(d) where the Company is being wound up, or a Fund terminated, the Company or the Fund shall cease to carry on its business except in so far as it is beneficial for the winding up of the Company or the termination of the Fund;

(e) the corporate status and powers of the Company and, subject to (a) and (d) above, the powers of the ACD shall continue until the Company is dissolved.

The ACD shall, as soon as practicable after the Company or the Fund falls to be wound up, realise the assets and meet the liabilities of the Company or the Fund and, after paying out or retaining adequate provision for all liabilities properly payable and retaining provision for the costs of winding up or termination, arrange for the Depositary to make one or more interim distributions out of the proceeds to Shareholders proportionately to their rights to participate in the property of the Company or the Fund. If the ACD has not previously notified Shareholders of the proposal to wind up the Company or terminate the Fund, the ACD shall, as soon as practicable after the commencement of winding up of the Company or the termination of the Fund, give written notice of the commencement to Shareholders. When the ACD has caused all of the property to be realised and all of the liabilities of the Company or the particular Fund to be realised, the ACD shall arrange for the Depositary to make a final distribution to Shareholders on or prior to the date on which the final account is sent to Shareholders of any balance remaining in proportion to their holdings in the Company or the particular Fund.

As soon as reasonably practicable after completion of the winding up of the Company or the particular Fund, the Depositary shall notify the FCA that the winding up or termination has been completed.

On completion of a winding up of the Company or the termination of a Fund, the Company will be dissolved or the Fund will be terminated and any money (including unclaimed distributions) still standing to the account of the Company or the Fund, will be paid into court within one month of the dissolution or the termination.

Following the completion of a winding up of either the Company or the termination of a Fund, the ACD must prepare a final account showing how the winding up took place and how the property was distributed. The auditors of the Company shall make a report in respect of the final account stating their opinion as to whether the final account has been properly prepared. This final account and the auditors' report must be sent to the FCA and to each Shareholder within two months of the completion of the winding up.

GENERAL INFORMATION

Accounting periods

The annual accounting period of the Company ends each year on ***30 September*** (the accounting reference date). The interim accounting period ends each year on ***31 March***

Income allocations

Allocations of income are made in respect of the income available for allocation in each accounting period.

Distributions of income for each class in which income Shares are issued are paid on or before the relevant income allocation dates in each year as set out in the table below. Distributions will be made by CHAPS to a shareholder's bank account or where this is not practicable by cheque.

Annual income allocation dates	***30 November (or last business day of the month) in each year***
Half yearly income allocation date	***31 May (or last business day of the month)***
Quarterly income allocation dates*	***28 February or 29 February in a leap year, 31 August (or last business day of the month)***

*(UBS Multi-Asset Income Fund only)

For Fund Classes in which accumulation Shares are issued, income will become part of the capital property of the Fund and will be reflected in the price of each such accumulation Share as at the end of the relevant accounting period.

If a distribution remains unclaimed for a period of six years after it has become due, it will be forfeited and will revert to the relevant Fund (or, if that no longer exists, to the Company).

The amount available for distribution in any accounting period is calculated by taking the aggregate of the income received or receivable for the account of the relevant Fund in respect of that period, and deducting the charges and expenses of the relevant Fund paid or payable out of income in respect of that accounting period. The ACD then makes such other adjustments as it considers appropriate (and after consulting the Company's auditors as appropriate) in relation to taxation, income equalisation, income unlikely to be received within 12 months following the relevant income allocation date, income which should not be accounted for on an accrual basis because of lack of information as to how it accrues, transfers between the income and capital account and other matters.

Unclaimed cash or assets

Any cash (except unclaimed distributions which will be returned to the relevant Fund or the Company) or assets due to a Shareholder which are unclaimed by a Shareholder on an account which has not been active for six years (in the case of cash) or twelve years (in the case of assets) will cease to be client money or client assets and may be paid to a registered charity of the ACD's choice. The ACD will take reasonable steps to contact Shareholders in accordance with the requirements set out in the FCA Handbook before the ACD makes any such payment to charity.

If the client money or client asset is equal to or below the 'de minimis level' set by the Client Asset Rules (that is, £25 or less for retail clients and £100 or less for professional clients) then there are fewer requirements for the ACD to fulfil before it may pay the money or asset to charity but it will still attempt to contact investors at least once before doing so. The time periods set out above during which the money or assets may not be 'paid away' to charity continue to apply.

If a claim is made after the monies have been paid away to charity, the ACD undertakes to make good any valid claim made against any cash or assets the ACD has paid to a registered charity.

Annual reports

The annual report of the Company will be published within four months of each annual accounting period and the half yearly report will be published within two months of each interim accounting period and are available free of charge to anyone who requests from the ACD. The annual report and half yearly reports are prepared as both long and short reports. Shareholders will receive copies of the annual and half yearly short reports on publication.

Documents of the Company

The following documents may be inspected free of charge during normal business hours on any business day at the offices of the ACD at 21 Lombard Street, London EC3V 9AH:

(a) the most recent annual and half yearly reports of the Company;

(b) the most recent version of the Prospectus;

(c) the Instrument of Incorporation (as amended);

(d) the most recent version of the Company's simplified prospectus; and

(e) the ACD agreement referred to under the heading Material Contracts below.

Shareholders may obtain copies of the above documents from the ACD. The ACD may make a charge at its discretion for copies of documents (apart from the most recent versions of the Prospectus, simplified prospectus and annual and half yearly long reports of the Company which are available free of charge to anyone who requests).

Material contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company and are, or may be, material:

(a) the ACD Agreement dated 5th October 2004 between the Company and the ACD; and

(b) the Depositary Agreement dated 20 July 2007 between the Company, the ACD and the Depositary.

Details of the above contracts are given under the heading "Management and Administration".

Notices to Shareholders

All notices or other documents sent by the ACD to a Shareholder will be sent by normal post to the last address notified in writing to the Company by the Shareholder.

Complaints

Complaints concerning the operation or marketing of the Company may be referred to the Compliance Officer of the ACD at 21 Lombard Street, London EC3V 9AH. If you are dissatisfied with the way your complaint is dealt with you may then complain direct to the Financial Ombudsman Service at South Quay Plaza, 183 Marsh Wall, London E14 9SR.

Non-accountability for profits

Neither the ACD, the Depositary, the Investment Manager (or any associate of the same) or the Auditor is liable to account to either each other or to Shareholders for any profits or benefits it makes or receives that are made or derived from or in connection with:

(a) dealings in the units of the Funds; or

(b) any transaction in the Scheme Property; or

(c) the supply of services to the Funds.

Data Protection

The ACD will act as data controller (and in certain circumstances, data processor) within the meaning of the Data Protection Act 1998 (the "Data Protection Act") as amended or replaced from time to time. The ACD and its agents and affiliates may process and use personal data (as defined in the Data Protection Act) given by Shareholders pursuant to their investment in the Funds for the provision of services to Shareholders, which may include the transfer of such data out of the European Economic Area. Such data may also be used by the ACD and its agents and affiliates for the purposes of updating records relating to Shareholders and to advise Shareholders of additional products and services available to them, except in the case of any Shareholders who have indicated otherwise in writing to the ACD.

Strategy for the exercise of voting rights

The ACD has a strategy for determining when and how voting rights attached to ownership of Scheme Property are to be exercised for the benefit of each Fund. A summary of this strategy is available from the ACD upon request, as are the details of the actions taken on the basis of this strategy in relation to each Fund.

Collateral Management policy

The ACD has a collateral management policy which it keeps under regular review. The policy defines "eligible" types of collateral which the Funds may receive to mitigate counterparty exposure (including any applicable haircuts). A haircut is a reduction to the market value of the collateral in order to allow for a cushion in case the market value of that collateral falls. Collateral will generally be of high quality and liquid e.g. cash and government securities. The policy will also include any additional restrictions deemed appropriate by the ACD. The ACD will accept the following permitted types of collateral: cash, government securities, certificates of deposit; bonds or commercial paper issued by "relevant institutions".

Collateral will be subject to a haircut depending on the class of assets received. The haircut policy depends on the quality of assets received, their price volatility, together with the outcome of any stress tests performed under normal and exceptional liquidity conditions.

Where cash collateral is received, if it is reinvested, it will be diversified in accordance with the requirements of ESMA's Guidelines on ETFs and other UCITS issues (ESMA/2012/832EN).

A Fund may be fully collateralised in securities issued or guaranteed by a Member State. The countries, agencies, or public international bodies issuing or guaranteeing securities which a Fund is able to accept as collateral for more than 20% of its net asset value are as follows:

Countries: Australia, Austria, Denmark, Japan, Norway, Germany, France, Belgium, UK, Sweden, Netherlands, Canada, Switzerland, US, Cyprus, Estonia, Finland, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Portugal, Slovakia Slovenia, Spain

Agencies and public international bodies: The African Development Bank, Asian Development Bank, Council of Europe Development Bank, European Bank for Reconstruction and Development, European Investment Bank, Inter-American Development Bank, International Bank for Reconstruction and Development, International Finance Corporation, Nordic Investment Bank, Kredietanstalt Fuer Wiederaufbau, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Federal Home Loan Bank, Government National Mortgage Association.

Where a Fund re-invests cash collateral in one or more permitted types of investment, there is a risk that the investment will earn less than the interest that is due to the counterparty in respect of that cash and that it will return less than the amount of cash that was invested.

Best Execution

The Investment Manager's execution policy sets out the basis upon which the Investment Manager will effect transactions and place orders in relation to the Company whilst complying with its obligations under the FCA Handbook to obtain the best possible result for the ACD on behalf of the Company.

Details of the best execution policy are available upon request from the ACD.

APPENDIX I

ELIGIBLE SECURITIES MARKETS AND ELIGIBLE DERIVATIVES MARKETS

Eligible markets for the Funds are regulated markets and markets established in EEA States which are regulated, operate regularly and are open to the public.

The following are also eligible markets as indicated below for each Fund:

Eligible Securities Markets		**UBS Targeted Return Fund**	**UBS Global Allocation Fund (UK)**	**UBS Multi-Asset Income Fund**	**UBS Global Diversified Fund***
Australia	The Australia Stock Exchange Limited	✓	✓	✓	✓
Brazil	Bolsa de Valores de Sao Paulo	✓	✓	✓	✓
Canada	TSX	✓	✓	✓	✓
	TSX Ventures Exchange	✓	✓	✓	✓
Chile	Santiago Stock Exchange	✓	✓	✓	✓
	Valparaiso Stock Exchange	✓	✓	✓	✓
China	Shanghai Stock Exchange	✓	✓	✓	✓
	Shenzhen Stock Exchange	✓	✓	✓	✓
Egypt	The Cairo Stock Exchange	✓	✓	✓	✓
	Alexandria Stock Exchange	✓	✓	✓	✓
Hong Kong	The Hong Kong Exchanges	✓	✓	✓	✓
India	The Bombay Stock Exchange	✓	✓	✓	✓
Indonesia	Indonesia Stock Exchange	✓	✓	✓	✓
Israel	The Tel Aviv Stock Exchange	✓	✓	✓	✓
Japan	The Tokyo Stock Exchange	✓	✓	✓	✓
	The Osaka Securities Exchange	✓	✓	✓	✓
	The Nagoya Stock Exchange	✓	✓	✓	✓
	The Sapporo Stock Exchange	✓	✓	✓	✓
Republic of Korea	KRX	✓	✓	✓	✓
Malaysia	Bursa Malaysia	✓	✓	✓	✓
Mexico	The Mexican	✓	✓	✓	✓

Eligible Securities Markets		UBS Targeted Return Fund	UBS Global Allocation Fund (UK)	UBS Multi-Asset Income Fund	UBS Global Diversified Fund*
	Stock Exchange				
New Zealand	The New Zealand Stock Exchange	✓	✓	✓	✓
Peru	Lima SE	✓	✓	✓	✓
Philippines	The Philippine Stock Exchange	✓	✓	✓	✓
Russia	Moscow Stock Exchange	✓	✓	✓	✓
	MICEX	✓	✓	✓	✓
	Russian Trading System (RTS)	✓	✓	✓	✓
Singapore	The Singapore Exchange	✓	✓	✓	✓
South Africa	JSE Ltd	✓	✓	✓	✓
Switzerland	Virt-x	✓	✓	✓	✓
Taiwan	The Taiwan Stock Exchange	✓	✓	✓	✓
	Gre-Tai Securities Market	✓	✓	✓	✓
Thailand	The Stock Exchange of Thailand	✓	✓	✓	✓
Turkey	The Istanbul Stock Exchange	✓	✓	✓	✓
United Kingdom	The Alternative Investment Market	✓	✓	✓	✓
	Plus Markets plc	✓	✓	✓	✓
United States	The Boston Stock Exchange	✓	✓	✓	✓
	Chicago Stock Exchange (CSX)	✓	✓	✓	✓
	International Securities Exchange	✓	✓	✓	✓
	National Stock Exchange (NSX)	✓	✓	✓	✓
	New York Stock Exchange (NYSE)	✓	✓	✓	✓
	OTC Bulletin Board	✓	✓	✓	✓
	Philadelphia Stock Exchange	✓	✓	✓	✓
	NASDAQ	✓	✓	✓	✓

Eligible Derivatives Markets	**UBS UK & International Equity Managed Fund***	**UBS Targeted Return Fund**	**UBS Global Allocation Fund (UK)**	**UBS Multi-Asset Income Fund**	**UBS Global Diversified Fund****
American Stock Exchange	✓	✓	✓	✓	✓
Bolsa de Mercadorias e Futuros		✓	✓	✓	✓
Bursa Malaysia Derivatives Market		✓	✓	✓	✓
Chicago Board of Trade	✓	✓	✓	✓	✓
Chicago Board of Options Exchange	✓	✓	✓	✓	✓
Chicago Mercantile Exchange	✓	✓	✓	✓	✓
EUREX	✓	✓	✓	✓	✓
Hong Kong Futures Exchange	✓	✓	✓	✓	✓
ICE Futures U.S., Inc		✓	✓	✓	✓
International Options Exchange		✓	✓	✓	✓
KRX	✓	✓	✓	✓	✓
Montreal Stock Exchange	✓	✓	✓	✓	✓
NYSE Euronext	✓	✓	✓	✓	✓
New Zealand Futures & Options Exchange	✓	✓	✓	✓	✓
Osaka Securities Exchange	✓	✓	✓	✓	✓
OTC Bulletin Board		✓			
Philadelphia Stock Exchange	✓	✓	✓	✓	✓
Singapore International Monetary Exchange		✓	✓	✓	✓
Sydney Futures Exchange	✓	✓	✓	✓	✓
Tokyo Stock Exchange	✓	✓	✓	✓	✓
Toronto Stock Exchange	✓	✓	✓	✓	✓

*With effect from 11 November 2013, this Fund was closed to investors.

APPENDIX II
INVESTMENT MANAGEMENT AND BORROWING POWERS OF THE COMPANY

1. **Investment restrictions**

1.1 The property of each Fund will be invested with the aim of achieving the investment objective of that Fund but subject to the limits on investment set out in the COLL Sourcebook. These limits apply to each Fund as summarised below.

1.2 Prudent spread of risk

The ACD must ensure that, taking account of the investment objectives and policy of the Funds, the property of the Funds aims to provide a prudent spread of risk.

2. **Treatment of obligations**

2.1.1 Where the COLL Sourcebook allows a transaction to be entered into or an investment to be retained only (for example, investment in warrants and nil and partly paid securities and the general power to accept or underwrite) if possible obligations arising out of the investment transactions or out of the retention would not cause any breach of any limits in COLL 5, it must be assumed that the maximum possible liability of the Funds under any other of those rules has also to be provided for.

2.1.2 Where a rule in the COLL Sourcebook permits an investment transaction to be entered into or an investment to be retained only if that investment transaction, or the retention, or other similar transactions, are covered:

2.1.2.1 it must be assumed that in applying any of those rules, each Fund must also simultaneously satisfy any other obligation relating to cover; and

2.1.2.2 no element of cover must be used more than once.

3. **UCITS schemes: permitted types of scheme property**

The scheme property of a Fund must, subject to its investment objective and policy and except where otherwise provided by COLL 5, consist solely of any or all of:

3.1 transferable securities;

3.2 approved money-market instruments;

3.3 units in collective investment schemes;

3.4 derivatives and forward transactions;

3.5 deposits; and

3.6 movable and immovable property that is essential for the direct pursuit of the Company's business;

in accordance with the rules in COLL 5.2.

3.7 The requirements on spread do not apply until the expiry of a period of six months after the date of effect of the authorisation order in respect of the Funds (or on which the initial offer commenced if later) provided that the requirement to maintain prudent spread of risk is complied with.

3.8 It is not intended that the Funds will have an interest in any immovable property or tangible movable property.

4. **Transferable Securities**

4.1 A transferable security is an investment falling within article 76 (Shares etc), article 77 (Instruments creating or acknowledging indebtedness), article 78 (Government and public securities), article 79 (Instruments giving entitlement to investments) and article 80 (Certificates representing certain securities) of the Regulated Activities Order.

4.2 An investment is not a transferable security if the title to it cannot be transferred, or can be transferred only with the consent of a third party.

4.3 In applying paragraph 4.2 to an investment which is issued by a body corporate, and which is an investment falling within articles 76 (Shares, etc) or 77 (Instruments creating or acknowledging indebtedness) of the Regulated Activities Order, the need for any consent on the part of the body corporate or any members or debenture holders of it may be ignored.

4.4 An investment is not a transferable security unless the liability of the holder of it to contribute to the debts of the issuer is limited to any amount for the time being unpaid by the holder of it in respect of the investment.

5. **Investment in transferable securities**

5.1 A Fund may invest in a transferable security only to the extent that the transferable security fulfils the following criteria:

5.1.1 the potential loss which the Fund may incur with respect to holding the transferable security is limited to the amount paid for it;

5.1.2 its liquidity does not compromise the ability of the ACD to comply with its obligation to redeem units at the request of any qualifying Shareholder (see COLL 6.2.16R(3));

5.1.3 reliable valuation is available for it as follows:

5.1.3.1 in the case of a transferable security admitted to or dealt in on an eligible market, where there are accurate, reliable and regular prices which are either market prices or prices made available by valuation systems independent from issuers;

5.1.3.2 in the case of a transferable security not admitted to or dealt in on an eligible market, where there is a valuation on a periodic basis which is derived from information from the issuer of the transferable security or from competent investment research;

5.1.4 appropriate information is available for it as follows:

5.1.4.1 in the case of a transferable security admitted to or dealt in on an eligible market, where there is regular, accurate and comprehensive information available to the market on the transferable security or, where relevant, on the portfolio of the transferable security;

5.1.4.2 in the case of a transferable security not admitted to or dealt in on an eligible market, where there is regular and accurate information available to the ACD on the transferable security or, where relevant, on the portfolio of the transferable security;

5.1.5 it is negotiable; and

5.1.6 its risks are adequately captured by the risk management process of the ACD.

5.2 Unless there is information available to the ACD that would lead to a different determination, a transferable security which is admitted to or dealt in on an eligible market shall be presumed:

5.2.1 not to compromise the ability of the ACD to comply with its obligation to redeem units at the request of any qualifying Shareholder; and

5.2.2 to be negotiable.

5.3 Not more than 5% in value of a Fund is to consist of warrants.

6. **Closed end funds constituting transferable securities**

6.1 A unit in a closed end fund shall be taken to be a transferable security for the purposes of investment by a Fund, provided it fulfils the criteria for transferable securities set out in paragraph 5 (Investment in transferable securities), and either:

6.1.1 where the closed end fund is constituted as an investment company or a unit trust:

6.1.1.1 it is subject to corporate governance mechanisms applied to companies; and

6.1.1.2 where another person carries out asset management activity on its behalf, that person is subject to national regulation for the purpose of investor protection; or

6.1.2 where the closed end fund is constituted under the law of contract:

6.1.2.1 it is subject to corporate governance mechanisms equivalent to those applied to companies; and

6.1.2.2 it is managed by a person who is subject to national regulation for the purpose of investor protection.

7. **Transferable securities linked to other assets**

7.1 A Fund may invest in any other investment which shall be taken to be a transferable security for the purposes of investment by a Fund provided the investment:

7.1.1 fulfils the criteria for transferable securities set out in paragraph 5 (investment in transferable securities) above; and

7.1.2 is backed by or linked to the performance of other assets, which may differ from those in which a Fund can invest.

7.2 Where an investment in 7.1 contains an embedded derivative component (see COLL 5.2.19R(3A)), the requirements of this section with respect to derivatives and forwards will apply to that component.

8. **Approved Money Market Instruments**

8.1 An approved money-market instrument is a money-market instrument which is normally dealt in on the money market, is liquid and has a value which can be accurately determined at any time.

8.2 A money-market instrument shall be regarded as normally dealt in on the money market if it:

8.2.1 has a maturity at issuance of up to and including 397 days;

8.2.2 has a residual maturity of up to and including 397 days;

8.2.3 undergoes regular yield adjustments in line with money market conditions at least every 397 days; or

8.2.4 has a risk profile, including credit and interest rate risks, corresponding to that of an instrument which has a maturity as set out in 8.2.1 or 8.2.2 or is subject to yield adjustments as set out in 8.2.3.

8.3 A money-market instrument shall be regarded as liquid if it can be sold at limited cost in an adequately short time frame, taking into account the obligation of the ACD to redeem units at the request of any qualifying Shareholder (see COLL 6.2.16R(3)).

8.4 A money-market instrument shall be regarded as having a value which can be accurately determined at any time if accurate and reliable valuations systems, which fulfil the following criteria, are available:

8.4.1 enabling the ACD to calculate a net asset value in accordance with the value at which the instrument held in the portfolio could be exchanged between knowledgeable willing parties in an arm's length transaction; and

8.4.2 based either on market data or on valuation models including systems based on amortised costs.

8.5 A money-market instrument that is normally dealt in on the money market and is admitted to or dealt in on an eligible market shall be presumed to be liquid and have a value which can be accurately determined at any time unless there is information available to the ACD that would lead to a different determination.

9. Transferable securities and money market instruments generally to be admitted or dealt in on an Eligible Market

9.1 Transferable securities and approved money market instruments held within a Fund must be:

9.1.1 admitted to or dealt on an eligible market (as described in paragraph 10.1); or

9.1.2 dealt on an eligible market as described (in paragraph 10.1.2).

9.1.3 for an approved money market instrument not admitted to or dealt in on an eligible market, within 11.1; or

9.1.4 recently issued transferable securities provided that:

9.1.4.1 the terms of issue include an undertaking that application will be made to be admitted to an eligible market; and

9.1.4.2 such admission is secured within a year of issue.

9.2 However, a Fund may invest no more than 10% of the scheme property in transferable securities and approved money-market instruments other than those referred to in 9.1

10. **Eligible markets regime: requirements**

10.1 A market is eligible for the purposes of the rules if it is:

10.1.1 a regulated market (as defined for the purposes of COLL);

10.1.2 a market in an EEA State which is regulated, operates regularly and is open to the public; or

10.1.3 any market within 10.2

10.2 A market not falling within paragraph 10.1 is eligible for the purposes of COLL 5 if:

10.2.1 the ACD, after consultation with and notification to the Depositary, decides that market is appropriate for investment of, or dealing in, the Scheme Property;

10.2.2 the market is included in a list in the Prospectus; and

10.2.3 the Depositary has taken reasonable care to determine that:

10.2.3.1 adequate custody arrangements can be provided for the investment dealt in on that market; and

10.2.3.2 all reasonable steps have been taken by the ACD in deciding whether that market is eligible.

10.3 In paragraph 10.2.1, a market must not be considered appropriate unless it is regulated, operates regularly, is recognised as a market or exchange or as a self regulatory organisation by an overseas regulator, is open to the public, and is adequately liquid and has adequate arrangements for unimpeded transmission of income and capital to or for the order of investors.

10.4 The eligible markets in which the Funds may invest are set out in Appendix 1.

11. **Money-market instruments with a regulated issuer**

11.1 In addition to instruments admitted to or dealt in on an eligible market, a Fund may invest in an approved money-market instrument provided it fulfils the following requirements:

11.1.1 the issue or the issuer is regulated for the purpose of protecting investors and savings; and

11.1.2 the instrument is issued or guaranteed in accordance with paragraph 12 (issuers and guarantors of money market instruments).

11.2 The issue or the issuer of a money-market instrument, other than one dealt in on an eligible market, shall be regarded as regulated for the purpose of protecting investors and savings if:

11.2.1 the instrument is an approved money-market instrument;

11.2.2 appropriate information is available for the instrument (including information which allows an appropriate assessment of the credit risks related to investment in it), in accordance with paragraph 13 (appropriate information for money market instruments); and

11.2.3 the instrument is freely transferable.

12. **Issuers and guarantors of money-market instruments**

12.1 A Fund may invest in an approved money-market instrument if it is:

12.1.1 issued or guaranteed by any one of the following:

12.1.1.1 a central authority of an EEA State or, if the EEA State is a federal state, one of the members making up the federation;

12.1.1.2 a regional or local authority of an EEA State;

12.1.1.3 the European Central Bank or a central bank of an EEA State;

12.1.1.4 the European Union or the European Investment Bank;

12.1.1.5 a non-EEA State or, in the case of a federal state, one of the members making up the federation;

12.1.1.6 a public international body to which one or more EEA States belong; or

12.1.2 issued by a body, any securities of which are dealt in on an eligible market; or

12.1.3 issued or guaranteed by an establishment which is:

12.1.3.1 subject to prudential supervision in accordance with criteria defined by European Community law; or

12.1.3.2 subject to and complies with prudential rules considered by the FCA to be at least as stringent as those laid down by European Community law.

12.2 An establishment shall be considered to satisfy the requirement in 12.1.3.2 if it is subject to and complies with prudential rules, and fulfils one or more of the following criteria:

12.2.1 it is located in the European Economic Area;

12.2.2 it is located in an OECD country belonging to the Group of Ten;

12.2.3 it has at least investment grade rating;

12.2.4 on the basis of an in-depth analysis of the issuer, it can be demonstrated that the prudential rules applicable to that issuer are at least as stringent as those laid down by European Community law.

13. Appropriate information for money-market instruments

13.1 In the case of an approved money-market instrument within 12.1.2 or issued by a body of the type referred to in COLL 5.2.10E(G); or which is issued by an authority within 12.1.1.2 or a public international body within 12.1.1.6 but is not guaranteed by a central authority within 12.1.1.1, the following information must be available:

13.1.1 information on both the issue or the issuance programme, and the legal and financial situation of the issuer prior to the issue of the instrument, verified by appropriately qualified third parties not subject to instructions from the issuer;

13.1.2 updates of that information on a regular basis and whenever a significant event occurs; and

13.1.3 available and reliable statistics on the issue or the issuance programme.

13.2 In the case of an approved money-market instrument issued or guaranteed by an establishment within 12.1.3, the following information must be available:

13.2.1 information on the issue or the issuance programme or on the legal and financial situation of the issuer prior to the issue of the instrument;

13.2.2 updates of that information on a regular basis and whenever a significant event occurs; and

13.2.3 available and reliable statistics on the issue or the issuance programme, or other data enabling an appropriate assessment of the credit risks related to investment in those instruments.

13.3 In the case of an approved money-market instrument:

13.3.1 within 12.1.1.1, 12.1.1.4 or 12.1.1.5; or

13.3.2 which is issued by an authority within 12.1.1.2 or a public international body within 12.1.1.6 and is guaranteed by a central authority within 12.1.1.1;

information must be available on both the issue or the issuance programme, and on the legal and financial situation of the issuer prior to the issue of the instrument.

14. **Spread: general**

14.1 This paragraph 14 on spread does not apply to government and public securities.

14.2 For the purposes of this requirement companies included in the same group for the purposes of consolidated accounts as defined in accordance with Directive 83/349/EEC or in the same group in accordance with international accounting standards are regarded as a single body.

14.3 Not more than 20% in value of the Scheme Property is to consist of deposits with a single body.

14.4 Not more than 5% in value of the Scheme Property is to consist of transferable securities or approved money market instruments issued by any single body.

14.5 The limit of 5% in paragraph 14.4 is raised to 10% in respect of up to 40% in value of the Scheme Property. Covered bonds need not to be taken into account for the purpose of applying the limit of 40%.

14.6 The limit of 5% in 14.4 is raised to 25% in value of the Scheme Property in respect of covered bonds, provided that when a Fund invests more than 5% in covered bonds issued by a single body. The total value of covered bonds held must not exceed 80% in value of the Scheme Property.

14.7 In applying paragraphs 14.4 and 14.5 certificates representing certain securities are treated as equivalent to the underlying security.

14.8 The exposure to any one counterparty in an OTC derivative transaction must not exceed 5% in value of the Scheme Property. This limit is raised to 10% where the counterparty is an Approved Bank.

14.9 Not more than 20% in value of the Scheme Property is to consist of transferable securities and approved money market instruments issued by the same group (as referred to in paragraph 14.2).

14.10 Each Fund may invest up to 100% of the Scheme Property in other Collective Investment Schemes. However, not more than 20% in value of each Fund is to consist of the units of any one collective investment scheme.

14.11 In applying the limits in paragraphs 14.3, 14.4, 14.5, 14.7 and 14.8 and subject to 14.6, not more than 20% in value of the Scheme Property is to consist of any combination of two or more of the following:

14.11.1 transferable securities (including covered bonds) or approved money market instruments issued by a single body; or

14.11.2 deposits made with a single body; or

14.11.3 exposures from OTC derivatives transactions made with a single body.

15. Counterparty risk and issuer concentration

15.1 The ACD must ensure that counterparty risk arising from an OTC derivative is subject to the limits set out in paragraphs 14.8 and 14.11 above.

15.2 When calculating the exposure of a Fund to a counterparty in accordance with the limits in paragraph 14.8 the ACD must use the positive mark-to-market value of the OTC derivative contract with that counterparty.

15.3 An ACD may net the OTC derivative positions of a Fund with the same counterparty, provided they are able legally to enforce netting agreements with the counterparty on behalf of the Fund.

15.4 The netting agreements in paragraph 15.3 above are permissible only with respect to OTC derivatives with the same counterparty and not in relation to any other exposures the Fund may have with that same counterparty.

15.5 The ACD may reduce the exposure of Scheme Property to a counterparty of an OTC derivative through the receipt of collateral. Collateral received must be sufficiently liquid so that it can be sold quickly at a price that is close to its pre-sale valuation and must otherwise be eligible collateral which meets the requirements of the ESMA Guidelines on ETFs and other UCITS issues (ESMA/2012/832EN).

15.6 The ACD must take collateral into account in calculating exposure to counterparty risk in accordance with the limits in paragraph 14.8 when it passes collateral to an OTC counterparty on behalf of a Fund.

15.7 Collateral passed in accordance with paragraph 15.6 may be taken into account on a net basis only if the ACD is able legally to enforce netting arrangements with this counterparty on behalf of that Fund.

15.8 The ACD must calculate the issuer concentration limits referred to in paragraph 14.11 on the basis of the underlying exposure created through the use of OTC derivatives pursuant to the commitment approach.

15.9 In relation to the exposure arising from OTC derivatives as referred to in paragraph 14.11, the ACD must include any exposure to OTC derivative counterparty risk in the calculation.

16. Spread: Government and public securities

16.1 The above restrictions do not apply to government and public securities ("such securities"). The restrictions in relation to such securities are set out below.

16.2 Where no more than 35% in value of the Scheme Property is invested in such securities issued by any one body, there is no limit on the amount which may be invested in such securities or in any one issue.

16.3 Each Fund may invest more than 35% in value of the Scheme Property in such securities issued by any one body provided that:

16.3.1 the ACD has before any such investment is made consulted with the Depositary and as a result considers that the issuer of such securities is one which is appropriate in accordance with the investment objectives of the Fund;

16.3.2 no more than 30% in value of the Scheme Property consists of such securities of any one issue;

16.3.3 the Scheme Property includes such securities issued by that or another issuer, of at least six different issues; and

16.3.4 the disclosures required by COLL have been made.

16.4 In relation to such securities:

16.4.1 issue, issued and issuer include guarantee, guaranteed and guarantor; and

16.4.2 an issue differs from another if there is a difference as to repayment date, rate of interest, guarantor or other material terms of the issue.

The Funds may invest more than 35% in value of the Scheme Property in Government and public securities issued by or on behalf of the following governments: Australia, Austria, Belgium, Brazil, Canada, Chile, China, Denmark, Egypt, Finland, France, Germany, Greece, Hong Kong, Indonesia, India, Ireland, Israel, Italy, Japan, Malaysia, Mexico, Netherlands, New Zealand, Norway, Peru, Philippines, Poland, Portugal, Russia, Singapore, South Korea, South Africa, Spain, Sweden, Switzerland, Thailand, Taiwan, United Kingdom (including the Scottish Administration, the Executive Committee of the Northern Ireland Assembly and the National Assembly of Wales), Turkey, United States, and by the following public international bodies: US Federal Government (Treasuries and TIPs) and Government National Mortgage Association (GNMA).

16.5 Notwithstanding paragraph 14.1 above, and subject to paragraphs 16.2 and 16.3, in applying the 20% limit in 14.11 with respect to a single body, government and public securities issued by that body shall be taken into account.

17. Investment in collective investment schemes

17.1 A Fund may invest in units in a collective investment scheme provided that no more than 30% of the value of that investing scheme is investing in collective investment schemes which are not UCITS schemes and only if the second scheme complies with the following requirements:

17.1.1 it is a scheme which complies with the conditions necessary for it to enjoy the rights conferred by the UCITS Directive; or

17.1.2 is recognised under the provisions of section 270 of the Act (Schemes authorised in designated countries or territories); or

17.1.3 is authorised as a non-UCITS retail scheme (provided the requirements of article 50(1)(e) of the UCITS Directive are met); or

17.1.4 is authorised in another EEA State (provided the requirements of article 50(1)(e) of the UCITS Directive are met); or

17.1.5 is authorised by the competent authority of an OECD member country (other than another EEA State) which has:

(i) signed the IOSCO Multilateral Memorandum of Understanding; and

(ii) approved the Fund's management company, rules and depositary/custody arrangements

(provided the requirements of article 50(1)(e) of the UCITS Directive are met)

17.1.6 it is a scheme which complies where relevant with paragraph 18 below; and

17.1.7 it is a scheme which has terms which prohibit more than 10% in value of the Scheme Property consisting of units in collective investment schemes.

17.2 A Fund may invest a significant proportion of its assets in collective investment schemes managed or operated by the ACD or an associate of the ACD, provided the restrictions on charging fees to the Fund in the COLL Sourcebook are complied with.

18. Investment in associated collective investment schemes

18.1 A Fund must not invest in or dispose of units in another collective investment scheme if that collective investment scheme is managed or operated by (or, if it is an open-ended investment company has as its authorised corporate director) the ACD of the Company or an associate of the ACD, unless:

18.1.1 the prospectus of the investing authorised fund clearly states that the property of that investing fund may include such units; and the rules in paragraph 19 below are complied with.

18.2 Where a Fund invests in or disposes of units in another sub-fund of the same umbrella (the "Second Sub-Fund"):

18.2.1 the prospectus of the umbrella must clearly state that the scheme property attributable to the investing or disposing sub-fund may include units in another sub-fund of the same umbrella; and

18.2.2 the rules in paragraph 19 below must be complied with, modified such that references to the "Fund" are taken to be references to the investing or disposing sub-fund and references to the "second scheme" are taken to be references to the Second Sub-Fund.

19. Investment in other group schemes

19.1 Where an investment or disposal is made under paragraph 18.1, and there is a charge in respect of such investment or disposal, the ACD of the Fund making the investment or disposal must pay the Fund the amounts referred to in paragraphs 19.1 and 19.3 within four business days following the date of the agreement to invest or dispose.

19.2 When an investment is made, the amount referred to in paragraph 19 is either:

19.2.1.1 any amount by which the consideration paid by the Fund for the units in the second scheme exceeds the price that would have been paid for the benefit of the second scheme had the units been newly issued or sold by it; or

19.2.1.2 if such price cannot be ascertained by the ACD, the maximum amount of any charge permitted to be made by the seller of units in the second scheme;

19.3 When a disposal is made, the amount referred to in paragraph 19.1 is any charge made for the account of the authorised fund manager or operator of the second scheme or an Associate of any of them in respect of the disposal; and

19.3.1 In paragraphs 18.1 to 19.2.1.2 above:

19.3.1.1 any addition to or deduction from the consideration paid on the acquisition or disposal of units in the second scheme, which is applied for the benefit of the second scheme and is, or is like, a dilution levy or dilution adjustment or SDRT provision, is to be treated as part of the price of the units and not as part of any charge; and

19.3.1.2 any switching charge made in respect of an exchange of units in one Fund or separate part of the second scheme for units in another Fund or separate part of that scheme is to be included as part of the consideration paid for the units.

20. Investment in nil and partly paid securities

20.1 A transferable security or an approved money market instrument on which any sum is unpaid falls within a power of investment only if it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by the Fund, at the time when payment is required, without contravening the rules in COLL 5.

21. **Derivatives - general**

21.1 **UBS Targeted Return Fund, UBS Global Diversified Fund and UBS Multi-Asset Income Income Fund, use derivatives for investment purposes as set out in this Appendix as well as for the purposes of efficient portfolio management techniques (see "Efficient Portfolio Management" below) Please see page 35 for a description of the risk factors associated with investment in derivatives by the Funds.**

21.2 Under the COLL Sourcebook derivatives are permitted for UCITS schemes for investment purposes and derivative transactions may be used for the purposes of hedging or meeting the investment objectives or both.

*With effect from 11 November 2013, this Fund was closed to investors.

21.3 A transaction in derivatives or a forward transaction must not be effected for a Fund unless the transaction is of a kind specified in paragraph 22 (Permitted transactions (derivatives and forwards)); and the transaction is covered, as required by paragraph 37 (Cover for investment in derivatives).

21.4 Where a Fund invests in derivatives, the exposure to the underlying assets must not exceed the limits set out in COLL in relation to spread (COLL 5.2.11 R Spread : general and COLL 5.2.12 R Spread : government and public securities) except for index based derivatives where the rules below apply.

21.5 Where a transferable security or money market instrument embeds a derivative, this must be taken into account for the purposes of complying with the following section.

21.6 A transferable security or an approved money-market instrument will embed a derivative if it contains a component which fulfils the following criteria:

21.6.1 by virtue of that component some or all of the cash flows that otherwise would be required by the transferable security or approved money-market instrument which functions as host contract can be modified according to a specified interest rate, financial instrument price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, and therefore vary in a way similar to a stand-alone derivative;

21.6.2 its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and

21.6.3 it has a significant impact on the risk profile and pricing of the transferable security or approved money-market instrument.

21.6.4 A transferable security or an approved money-market instrument does not embed a derivative where it contains a component which is contractually transferable independently of the transferable security or the approved money-market instrument. That component shall be deemed to be a separate instrument.

21.7 Where a scheme invests in an index based derivative, provided the relevant index falls within paragraph 35.5 the underlying constituents of the index do not have to be taken into account for the purposes of the rules on spread in COLL 5.2.11R and COLL 5.2.12R. The rebalancing frequency of the underlying index of such financial derivative instruments is determined by the index provider and there would be no cost to a Fund when the index rebalances.

21.8 The relaxation in 21.7 is subject to the ACD continuing to ensure that the Scheme Property provides a prudent spread of risk.

21.9 A Fund may enter into a range of swap transactions in pursuit of its investment objective (including total return swaps) or other financial derivatives instruments with similar characteristics. The underlying assets and investment strategies or such swaps, to which exposure will be gained, are described in the investment objective and policy of the relevant Fund.

21.10 A Fund may not enter into such a swap or other derivative transaction where (1) the counterparty is permitted to have discretion over the composition or management of a Fund's portfolio or over the underlying of financial derivative instruments used by a Fund; or (2) the Counterparty's approval is required in relation to any investment decision made by a Fund.

21.11 The counterparties of these transactions will be highly rated financial institutions specialising in these types of transactions and approved by the Investment Manager.

21.12 UBS Targeted Return Fund, UBS Global Diversified Fund**, UBS Global Allocation Fund (UK) and UBS Multi-Asset Income Fund may enter into a range of swap transactions in pursuit of its investment objective (including total return swaps) or other financial derivatives instruments with similar characteristics. The underlying assets and investment strategies or such swaps, to which exposure will be gained, are described in the investment objective and policy of the relevant Fund.

21.13 The counterparty to such transactions does not have discretion over the composition or management of a Fund's portfolio or over the underlying of financial derivative instruments used by a Fund. Counterparty approval is not required in relation to any investment decision made by a Fund.

21.14 The counterparties of these transactions will be highly rated financial institutions specialising in these types of transactions and approved by the Investment Manager.

22. **Efficient Portfolio Management**

It is not intended that using derivatives for EPM will increase the volatility of the Funds and indeed EPM is intended to reduce volatility. In adverse situations, however, a Fund's use of derivatives may become ineffective in hedging or EPM and a Fund may suffer significant loss as a result.

22.1 The Funds listed above, may use its property to enter into transactions for the purposes of EPM. Permitted EPM transactions (excluding stock lending arrangements) are transactions in derivatives (i.e. options, futures, forward transactions or contracts for differences) dealt in or traded on an eligible market; off-exchange options or contracts for differences resembling options; or synthetic futures in certain circumstances. The eligible markets for the Funds are set out in Appendix I.

22.2 Any forward transactions must be with an approved counterparty (eligible institutions, money market institutions etc). A derivatives or forward transaction which would or could lead to delivery of property to the Depositary may be entered into only if such property can be held by the Fund, and the ACD reasonably believes that delivery of the property pursuant to the transaction will not lead to a breach of the COLL Sourcebook.

22.3 There is no limit on the amount of the property which may be used for EPM but the transactions must satisfy the three broadly based requirements set out below:

22.3.1 A transaction must be reasonably believed by the ACD to be economically appropriate to the efficient portfolio management of the Company. This means that, for transactions undertaken to reduce risk or cost (or both), the transaction alone or in combination will diminish a risk or cost of a kind or level that it is sensible to reduce.

EPM must not include speculative transactions.

22.3.2 The purpose of an EPM transaction for the Funds must be to achieve one of the following in respect of a Fund:

Reduction of risk. This allows for the use of the technique of cross-currency hedging in order to switch all or part of the property away from a currency the ACD considers unduly prone to risk, to another currency. This aim also permits the use of tactical asset allocation.

Reduction of cost. The aims of reduction of risk or cost, together or separately, allow the ACD on a temporary basis to use the technique of tactical asset allocation. Tactical asset allocation permits the ACD to undertake a switch in exposure by use of derivatives, rather than through the sale and purchase of the property. If a transaction for a Fund relates to the acquisition or potential acquisition of transferable securities, the ACD must intend that the Fund should invest in transferable securities within a reasonable time and the ACD must thereafter ensure that, unless the position has itself been closed out, that intention is realised within that reasonable time.

The generation of additional capital or income for the Fund (so called "enhancement strategies") with an acceptably low level of risk. There is an acceptably low level of risk in any case where the ACD reasonably believes that the Fund is certain (or certain barring events which are not reasonably foreseeable) to derive a benefit. The generation of additional capital or income may arise out of taking advantage of price imperfections or from the receipt of a premium for writing covered call or covered put options (even if the benefit is obtained at the expense of the chance of yet greater benefit) or pursuant to stock lending arrangements as permitted by the COLL Sourcebook (see below).

22.4 The relevant purpose must relate to property (whether precisely identified or not) which is to be or is proposed to be acquired for the Fund or anticipated cash receipts of the Fund, if due to be received at some time and likely to be received within one month.

23. The ACD measures the creditworthiness of counterparties as part of the risk management process. The counterparties of these transactions will be highly rated financial institutions specialising in these types of transactions and approved by the Investment Manager. A counterparty may be an associate of the ACD or the Investment Manager which may give rise to a conflict of interest. For further details on the ACD's conflicts of interest policy please see paragraph headed "Conflicts of Interest" above.

24. Any income or capital generated by EPM (net of direct or indirect costs) will be paid to the relevant Fund.

25. **Permitted transactions (derivatives and forwards)**

25.1 A transaction in a derivative must be in an approved derivative; or be one which complies with paragraph 29 (OTC transactions in derivatives).

25.2 A transaction in a derivative must have the underlying consisting of any or all of the following to which the scheme is dedicated:

25.2.1 transferable securities permitted under paragraph 9 (Transferable securities and money market instruments generally to be admitted or dealt in on an Eligible Market);

25.2.2 approved money market instruments permitted under paragraph 9 (Transferable securities and money market instruments generally to be admitted or dealt in on an Eligible Market) above;

25.2.3 deposits permitted under paragraph 32 (investment in deposits) below;

25.2.4 derivatives permitted under this rule;

25.2.5 collective investment scheme units permitted under paragraph 17 (investment collective investment schemes) above;

25.2.6 financial indices which satisfy the criteria set out at paragraph 26 (financial indices underlying derivatives) below;

25.2.7 interest rates;

25.2.8 foreign exchange rates; and

25.2.9 currencies.

25.3 A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market.

25.4 A transaction in a derivative must not cause a Fund to diverge from its investment objectives as stated in the Instrument constituting the scheme and the most recently published version of this Prospectus.

25.5 A transaction in a derivative must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more, transferable securities approved, money market instruments, units in collective investment schemes, or derivatives provided that a sale is not to be considered as uncovered if the conditions in paragraph 28 (Requirement to cover sales) are satisfied.

25.6 Any forward transaction must be with an Eligible Institution or an Approved Bank.

25.7 A derivative includes an instrument which fulfils the following criteria:

25.7.1 it allows the transfer of the credit risk of the underlying independently from the other risks associated with that underlying;

25.7.2 it does not result in the delivery or the transfer of assets other than those referred to in paragraph 3 above (UCITS schemes: permitted types of scheme property) including cash;

25.7.3 in the case of an OTC derivative, it complies with the requirements in paragraph 29 (OTC transactions in derivatives);

25.7.4 its risks are adequately captured by the risk management process of the ACD, and by its internal control mechanisms in the case of risks of asymmetry of information between the ACD and the counterparty to the derivative, resulting from potential access of the counterparty to non-public information on persons whose assets are used as the underlying by that derivative.

25.8 A Fund may not undertake transactions in derivatives on commodities.

26. **Financial indices underlying derivatives**

26.1 The financial indices referred to in 25.2.6 are those which satisfy the following criteria:

26.1.1 the index is sufficiently diversified;

26.1.2 the index represents an adequate benchmark for the market to which it refers; and

26.1.3 the index is published in an appropriate manner.

26.2 A financial index is sufficiently diversified if:

26.2.1 it is composed in such a way that price movements or trading activities regarding one component do not unduly influence the performance of the whole index;

26.2.2 where it is composed of assets in which a Fund is permitted to invest, its composition is at least diversified in accordance with the requirements with respect to spread and concentration set out in this section; and

26.2.3 where it is composed of assets in which a Fund cannot invest, it is diversified in a way which is equivalent to the diversification achieved by the requirements with respect to spread and concentration set out in this section.

26.3 A financial index represents an adequate benchmark for the market to which it refers if:

26.3.1 it measures the performance of a representative group of underlyings in a relevant and appropriate way;

26.3.2 it is revised or rebalanced periodically to ensure that it continues to reflect the markets to which it refers, following criteria which are publicly available; and

26.3.3 the underlyings are sufficiently liquid, allowing users to replicate it if necessary.

26.4 A financial index is published in an appropriate manner if:

26.4.1 its publication process relies on sound procedures to collect prices, and calculate and subsequently publish the index value, including pricing procedures for components where a market price is not available; and

26.4.2 material information on matters such as index calculation, rebalancing methodologies, index changes or any operational difficulties in providing timely or accurate information is provided on a wide and timely basis.

26.5 Where the composition of underlyings of a transaction in a derivative does not satisfy the requirements for a financial index, the underlyings for that transaction shall where they satisfy the requirements with respect to other underlyings pursuant to 25.2, be regarded as a combination of those underlyings.

27. **Transactions for the purchase of property**

27.1 A derivative or forward transaction which will or could lead to the delivery of property for the account of a Fund may be entered into only if that property can be held for the account of the Fund, and the ACD having taken reasonable care determines that delivery of the property under the transaction will not occur or will not lead to a breach of the rules in the COLL Sourcebook.

28. **Requirement to cover sales**

28.1 No agreement by or on behalf of the Company to dispose of property or rights may be made unless the obligation to make the disposal and any other similar obligation could immediately be honoured by the Company by delivery of property or the assignment (or, in Scotland, assignation) of rights, and the property and rights above are owned by the Company at the time of the agreement. This requirement does not apply to a deposit.

29. **OTC transactions in derivatives**

29.1 Any transaction in an OTC derivative must be:

29.1.1 with an approved counterparty; A counterparty to a transaction in derivatives is approved only if the counterparty is an Eligible Institution or an Approved Bank; or a person whose permission (including any requirements or limitations), as published in the FCA Register or whose Home State authorisation, permits it to enter into the transaction as principal off-exchange;

29.1.2 on approved terms; the terms of the transaction in derivatives are approved only if the ACD carries out, at least daily, a reliable and verifiable valuation in respect of that transaction corresponding to its fair value (being the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction) and which does not rely only on market quotations by the counterparty; and can enter into one or more further transactions to sell, liquidate or close out that transaction at any time, at its fair value.

29.1.3 capable of reliable valuation; a transaction in derivatives is capable of reliable valuation only if the ACD having taken reasonable care determines that, throughout the life of the derivative (if the transaction is entered into), it will be able to value the investment concerned with reasonable accuracy: on the basis of an up-to-date market value which the ACD and the Depositary have agreed is reliable; or if that value is not available, on the basis of a pricing model which the ACD and the Depositary have agreed uses an adequate recognised methodology; and

29.1.4 subject to verifiable valuation; a transaction in derivatives is subject to verifiable valuation only if, throughout the life of the derivative (if the transaction is entered into) verification of the valuation is carried out by:

29.1.4.1 an appropriate third party which is independent from the counterparty of the derivative, at an adequate frequency and in such a way that the ACD is able to check it; or

29.1.4.2 a department within the ACD which is independent from the department in charge of managing the scheme property and which is adequately equipped for such a purpose.

30. Valuation of OTC derivatives

30.1 For the purposes of paragraph 29.1.2 the ACD must:

30.1.1 establish, implement and maintain arrangements and procedures which ensure appropriate, transparent and fair valuation of the exposures of a Fund to OTC derivatives; and

30.1.2 ensure that the fair value of OTC derivatives is subject to adequate, accurate and independent assessment.

30.2 Where the arrangements and procedures referred to in paragraph 30.1 above involve the performance of certain activities by third parties, the ACD must comply with the requirements in SYSC 8.1.13 R (Additional requirements for a management company) and COLL 6.6A.4 R (4) to (6) (Due diligence requirements of AFMs of UCITS schemes).

30.3 The arrangements and procedures referred to in 30.1 must be:

30.3.1 adequate and proportionate to the nature and complexity of the OTC derivative concerned; and

30.3.2 adequately documented.

31. **Risk Management**

31.1 The ACD uses a risk management process (including a risk management policy) in accordance with COLL 6.12, as reviewed by the Depositary and filed with the FCA, enabling it to monitor and measure at any time the risk of a Fund's positions and their contribution to the overall risk profile of the Fund. The following details of the risk management process must be regularly notified to the FCA and at least on an annual basis:

31.1.1 a true and fair view of the types of derivatives and forward transactions to be used within the Fund together with their underlying risks and any relevant quantitative limits.

31.1.2 the methods for estimating risks in derivative and forward transactions.

31.2 The ACD must notify the FCA in advance of any material alteration to the details above.

32. **Investment in deposits**

32.1 The Fund may invest in deposits only with an Approved Bank and which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months.

33. **Significant influence**

33.1 The Company must not acquire transferable securities issued by a body corporate and carrying rights to vote (whether or not on substantially all matters) at a general meeting of that body corporate if:

33.1.1 immediately before the acquisition, the aggregate of any such securities held by the Company gives the Company power to significantly influence the conduct of business of that body corporate; or

33.1.2 the acquisition gives the Company that power.

33.2 For the purposes of paragraph 33.1, the Company is to be taken to have power significantly to influence the conduct of business of a body corporate if it can, because of the transferable securities held by it, exercise or control the exercise of 20% or more of the voting rights in that body corporate (disregarding for this purpose any temporary suspension of voting rights in respect of the transferable securities of that body corporate).

34. **Concentration**

A UCITS scheme**:**

34.1 must not acquire transferable securities (other than debt securities) which:

34.1.1 do not carry a right to vote on any matter at a general meeting of the body corporate that issued them; and

34.1.2 represent more than 10% of those securities issued by that body corporate;

34.2 must not acquire more than 10% of the debt securities issued by any single body;

34.3 must not acquire more than 25% of the units in a collective investment scheme;

34.4 must not acquire more than 10% of the approved money market instruments issued by any single body; and

34.5 need not comply with the limits in paragraphs 34.2 to 34.4 if, at the time of acquisition, the net amount in issue of the relevant investment cannot be calculated.

35. **Schemes replicating an index**

Please note that this investment power is not relevant for any of the existing Funds although it may be applicable to any new Funds of the Company.

35.1 Notwithstanding paragraph 14 (spread: general) a Fund may invest up to 20% in value of the Scheme Property in shares and debentures which are issued by the same body where the stated investment policy is to replicate the composition of a relevant index as defined below.

35.2 Replication of the composition of a relevant index shall be understood to be a reference to replication of the composition of the underlying assets of that index, including the use of techniques and instruments permitted for the purpose of efficient portfolio management.

35.3 The 20% limit in 35.1 can be raised for a particular Fund up to 35% in value of the Scheme Property, but only in respect of one body and where justified by exceptional market conditions.

35.4 In the case of a fund replicating an index the Scheme Property need not consist of the exact composition and weighting of the underlying in the relevant index where deviation from this is expedient for reasons of poor liquidity or excessive cost to the scheme in trading in an underlying investment.

35.5 The indices referred to above are those which satisfy the following criteria:

35.5.1 the composition is sufficiently diversified;

35.5.2 the index represents an adequate benchmark for the market to which it refers; and

35.5.3 the index is published in an appropriate manner.

35.6 The composition of an index is sufficiently diversified if its components adhere to the spread and concentration requirements in this section.

35.7 An index represents an adequate benchmark if its provider uses a recognised methodology which generally does not result in the exclusion of a major issuer of the market to which it refers.

35.8 An index is published in an appropriate manner if:

35.8.1 it is accessible to the public;

35.8.2 the index provider is independent from the index-replicating Fund; this does not preclude index providers and the Fund from forming part of the same group, provided that effective arrangements for the management of conflicts of interest are in place.

36. **Derivatives exposure**

36.1 A Fund may invest in derivatives and forward transactions as long as the exposure to which the Fund is committed by that transaction itself is suitably covered from within its Scheme Property. Exposure will include any initial outlay in respect of that transaction.

36.2 Cover ensures that a Fund is not exposed to the risk of loss of property, including money, to an extent greater than the net value of the Scheme Property. Therefore, a Fund must hold Scheme Property sufficient in value or amount to match the exposure arising from a derivative obligation to which the Fund is committed. Paragraph 37 (Cover for investment in derivatives) sets out detailed requirements for cover of a Fund.

36.3 Cover used in respect of one transaction in derivatives or forward transaction must not be used for cover in respect of another transaction in derivatives or a forward transaction.

37. **Cover for investment in derivatives**

37.1 A Fund may invest in derivatives and forward transactions as part of its investment policy provided:

37.1.1 its global exposure relating to derivatives and forward transactions held in the Fund does not exceed the net value of the scheme property; and

37.1.2 its global exposure to the underlying assets does not exceed in aggregate the investment limits laid down in paragraph 14 above.

38. **Cover and borrowing**

38.1 Cash obtained from borrowing, and borrowing which the ACD reasonably regards an Eligible Institution or an Approved Bank to be committed to provide, is available for cover under the previous paragraph 37 (Cover for investment in derivatives) as long as the normal limits on borrowing (see below) are observed.

38.2 Where, for the purposes of this paragraph the Company borrows an amount of currency from an Eligible Institution or an Approved Bank; and keeps an amount in another currency, at least equal to such borrowing for the time on deposit with the lender (or his agent or nominee), then this applies as if the borrowed currency, and not the deposited currency, were part of the Scheme Property, and the normal limits on borrowing under paragraph 43 (General power to borrow) do not apply to that borrowing.

39. **Calculation of global exposure**

39.1 The ACD must calculate the global exposure of a Fund on at least a daily basis.

39.2 The ACD must calculate the global exposure of any Fund it manages either as:

39.2.1 the incremental exposure and leverage generated through the use of derivatives and forward transactions (including embedded derivatives as referred to in paragraph 21 (Derivatives: general), which may not exceed 100% of the net value of the Scheme Property; or

39.2.2 the market risk of the Scheme Property

39.3 For the purposes of this section exposure must be calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions.

39.4 The ACD must calculate the global exposure of a Fund by using:

39.4.1 commitment approach; or

39.4.2 the value at risk approach.

39.5 The ACD must ensure that the method selected above is appropriate, taking into account:

39.5.1 the investment strategy pursued by the Fund;

39.5.2 types and complexities of the derivatives and forward transactions used; and

39.5.3 the proportion of the scheme property comprising derivatives and forward transactions.

39.6 Where a Fund employs techniques and instruments including repo contracts or stock lending transactions in accordance with paragraph 50 (Stock lending) in order to generate additional leverage or exposure to market risk, the authorised fund manager must take those transactions into consideration when calculating global exposure.

40. **Commitment approach**

40.1 Where the ACD uses the commitment approach for the calculation of global exposure, it must:

40.1.1 ensure that it applies this approach to all derivative and forward transactions (including embedded derivatives as referred to in paragraph 21 (Derivatives: general)), whether used as part of the

Fund's general investment policy, for the purposes of risk reduction or for the purposes of efficient portfolio management in accordance with paragraph 50 (Stock lending); and

40.1.2 convert each derivative or forward transaction into the market value of an equivalent position in the underlying asset of that derivative or forward (standard commitment approach).

40.1.3 The ACD may apply other calculation methods which are equivalent to the standard commitment approach.

40.2 For the commitment approach, the ACD may take account of netting and hedging arrangements when calculating global exposure of a Fund, where these arrangements do not disregard obvious and material risks and result in a clear reduction in risk exposure.

40.3 Where the use of derivatives or forward transactions does not generate incremental exposure for the Fund, the underlying exposure need not be included in the commitment calculation

40.4 Where the commitment approach is used, temporary borrowing arrangements entered into on behalf of the Fund in accordance with paragraph 39 (General power to borrow) need not form part of the global exposure calculation.

41. **Value at risk approach**

Value at risk (or VaR) is a means of measuring the maximum potential loss to a Fund due to market risk. VaR is expressed as the maximum potential loss at a given "confidence" level over a specific period. In calculating VaR, the ACD uses historical data on the performance assets. The period used for this purpose is the "observation period".

For example, if a fund has a VaR of £4 million based on a 99% confidence level on a 1 month (20 business days) holding period, this means that, under normal market conditions, the fund can be 99% confident that a change in the value of its portfolio would not result in a decrease of more than £4 million in 1 month.

VaR is calculated using the "absolute VaR" approach or the "relative VaR" approach.

Absolute VaR

"Absolute VaR" is the VaR of a Fund expressed as a percentage of the Net Asset Value of the Fund. In the example above, if £4 million equals 20% of that fund's net asset value, the absolute VaR would be 20%. For each Fund using absolute VaR, the ACD sets a maximum VaR limit. So if, in the example above, the VaR limit is set at 20% and, on any particular day, the calculation showed the absolute VaR to be 25%, the ACD would need to take steps to change the portfolio so that the VaR came back to a maximum of 20%.

Absolute VaR is generally an appropriate approach for funds investing in multi-asset classes which do not define their investment target in relation to a benchmark but rather to an absolute return target.

The absolute VaR of a Fund cannot be greater than 20% of its Net Asset Value

Relative VaR

"Relative VaR" is the VaR of a Fund divided by the VaR of a benchmark or reference portfolio (ie a portfolio similar to the Fund's portfolio but which does not include derivatives). The benchmark or reference portfolio can be an actual benchmark or reference portfolio or a fictitious benchmark or portfolio. For a Fund that uses the relative VaR approach, the relative VaR on the Fund's portfolio must not exceed twice the VaR on the comparable benchmark or reference portfolio.

Following the example above, if the daily VaR calculation showed the VaR to be £4 million and the VaR of the reference portfolio to be £1 million, the relative VaR of the would exceed twice the VaR on the reference portfolio and the ACD would need to take steps to change the portfolio so that the VaR came back to a maximum of twice the VaR on the reference portfolio.

Leverage

VaR does not always take into account leverage generated on a Fund's portfolio. In this context, leverage relates to the notional values of a Fund's derivatives positions compared with the cash required to take out those positions. For example, if a fund has a Net Asset Value of £100 and enters into a transaction with a notional value of £1,000, the leverage would be 10:1 or 1000%. Leverage in this context is not related to money borrowed by a Fund to make investments. Where a Fund uses VaR to calculate its global exposure, the ACD will monitor the leverage of the Fund separately. Where appropriate, the expected leverage for each such Fund is set out in the Investment Objectives, Policies and Other Details of the Funds section of this Prospectus.

The approach used by the ACD in respect of calculating global exposure for each Fund is set out in the Investment Objectives, Policies and Other Details of the Funds section of this Prospectus.

42. **Cash and near cash**

42.1 Cash and near cash must not be retained in the Scheme Property except to the extent that, this may reasonably be regarded as necessary in order to enable:

42.1.1 the pursuit of the Fund's investment objectives; or

42.1.2 redemption of shares; or

42.1.3 efficient management of the Fund in accordance with its investment objectives; or

42.1.4 other purposes which may reasonably be regarded as ancillary to the investment objectives of the Fund.

42.2 During the period of the initial offer the Scheme Property may consist of cash and near cash without limitation.

43. **General power to borrow**

43.1 The Fund may, in accordance with this paragraph and paragraph 24, borrow money for the use of the Fund on terms that the borrowing is to be repayable out of the Scheme Property. This power to borrow is subject to the obligation of the Fund to comply with any restriction in the instrument constituting the Fund.

43.2 The Fund may borrow under paragraph 43.1 only from an Eligible Institution or an Approved Bank.

43.3 The ACD must ensure that any borrowing is on a temporary basis and that borrowings are not persistent, and for this purpose the ACD must have regard in particular to:

43.3.1 the duration of any period of borrowing; and

43.3.2 the number of occasions on which it has resorted to borrowing in any period.

43.4 The ACD must ensure that no period of borrowing exceeds three months, without the consent of the Depositary.

43.5 These borrowing restrictions do not apply to "back to back" borrowing for currency hedging purposes.

43.6 The Fund must not issue any debenture unless it acknowledges or creates a borrowing that complies with paragraph 43.1 to 43.5.

44. **Borrowing limits**

44.1 The ACD must ensure that the Fund's borrowing does not, on any business day, exceed 10% of the value of the Scheme Property of the Fund.

44.2 In this paragraph 44, "borrowing" includes, as well as borrowing in a conventional manner, any other arrangement (including a combination of derivatives) designed to achieve a temporary injection of money into the Scheme Property in the expectation that the sum will be repaid.

44.3 For each Fund, borrowing does not include any arrangement for the Fund to pay to a third party (including the ACD) any set up costs which the Fund is entitled to amortise and which were paid on behalf of the Fund by the third party.

45. **Restrictions on lending of money**

45.1 None of the money in the Scheme Property of the Fund may be lent and, for the purposes of this prohibition, money is lent by the Fund if it is paid to a person ("the payee") on the basis that it should be repaid, whether or not by the payee.

45.2 Acquiring a debenture is not lending for the purposes of paragraph 45.1; nor is the placing of money on deposit or in a current account.

45.3 Paragraph 45.1 does not prevent the Fund from providing an officer of the Fund with funds to meet expenditure to be incurred by him for the purposes of the Fund (or for the purposes of enabling him properly to perform his duties as an officer of the Fund) or from doing anything to enable an officer to avoid incurring such expenditure.

46. **Restrictions on lending of property other than money**

46.1 The Scheme Property of the Fund other than money must not be lent by way of deposit or otherwise.

46.2 Transactions permitted by paragraph 50 (stocklending) are not lending for the purposes of paragraph 46.1.

46.3 The Scheme Property of the Fund must not be mortgaged.

46.4 Paragraph 44.1 does not prevent a Fund from providing an officer of the Fund with funds to meet expenditure to be incurred by him for the purposes of the Fund (or for the purposes of enabling him properly to perform his duties as an officer of the Fund) or from doing anything to enable an officer to avoid incurring such expenditure.

47. **General power to accept or underwrite placings**

47.1 Any power in Chapter 5 of the COLL Sourcebook to invest in transferable securities may be used for the purpose of entering into transactions to which this section applies, subject to compliance with any restriction in the Instrument of Incorporation.

47.2 This section applies, subject to paragraph 47.3, to any agreement or understanding which:

47.2.1 is an underwriting or sub-underwriting agreement; or

47.2.2 contemplates that securities will or may be issued or subscribed for or acquired for the account of the Fund.

47.3 Paragraph 47.2 does not apply to:

47.3.1 an option; or

47.3.2 a purchase of a transferable security which confers a right to:

47.3.2.1 subscribe for or acquire a transferable security; or

47.3.2.2 convert one transferable security into another.

47.3.3 The exposure of the Fund to agreements and understandings within paragraph 47.2 must, on any business day:

47.3.3.1 be covered in accordance with the requirements of rule 5.3.3R of the COLL Sourcebook; and

47.3.3.2 be such that, if all possible obligations arising under them had immediately to be met in full, there would be no breach of any limit in Chapter 5 of the COLL Sourcebook.

48. **Guarantees and indemnities**

48.1 The Fund or the Depositary for the account of the Fund must not provide any guarantee or indemnity in respect of the obligation of any person.

48.2 None of the Scheme Property of the Fund may be used to discharge any obligation arising under a guarantee or indemnity with respect to the obligation of any person.

48.3 Paragraphs 48.1 and 48.2 do not apply in respect of the Fund to:

48.3.1 any indemnity or guarantee given for margin requirements where the derivatives or forward transactions are being used in accordance with the FCA rules;

48.3.2 an indemnity falling within the provisions of regulation 62(3) (Exemptions from liability to be void) of the OEIC Regulations;

48.3.3 an indemnity (other than any provision in it which is void under regulation 62 of the OEIC Regulations) given to the Depositary against any liability incurred by it as a consequence of the safekeeping of any of the Scheme Property by it or by anyone retained by it to assist it to perform its function of the safekeeping of the Scheme Property; and

48.3.4 an indemnity given to a person winding up a scheme if the indemnity is given for the purposes of arrangements by which the whole or part of the property of that scheme becomes the first property of the Fund and the holders of units in that scheme become the first shareholders in the Fund.

49. **Efficient Portfolio Management of all Funds**

49.1 A Fund may use its property to enter into transactions for the purposes of EPM. Permitted EPM transactions (excluding stock lending arrangements) are transactions in derivatives (i.e. options, futures, forward transactions or contracts for differences) dealt in or traded on an eligible market; off-exchange options or contracts for differences resembling options; or synthetic futures in certain circumstances. The eligible markets for the Funds are set out in Appendix I.

49.2 Any forward transactions must be with an approved counterparty (eligible institutions, money market institutions etc). A derivatives or forward transaction which would or could lead to delivery of property to the Depositary may be entered into only if such property can be held by the Fund, and the ACD reasonably believes that delivery of the property pursuant to the transaction will not lead to a breach of the COLL Sourcebook.

49.3 There is no limit on the amount of the property which may be used for EPM but the transactions must satisfy the three broadly based requirements set out below:

49.3.1 A transaction must be reasonably believed by the ACD to be economically appropriate to the efficient portfolio management of the Company. This means that, for transactions undertaken to reduce risk or cost (or both), the transaction alone or in combination will diminish a risk or cost of a kind or level that it is sensible to reduce.

EPM must not include speculative transactions.

49.3.2 The purpose of an EPM transaction for the Funds must be to achieve one of the following in respect of a Fund:

Reduction of risk. This allows for the use of the technique of cross-currency hedging in order to switch all or part of the property away from a currency the ACD considers unduly prone to risk, to another currency. This aim also permits the use of tactical asset allocation.

Reduction of cost. The aims of reduction of risk or cost, together or separately, allow the ACD on a temporary basis to use the technique of tactical asset allocation. Tactical asset allocation permits the ACD to undertake a switch in exposure by use of derivatives, rather than through the sale and purchase of the property. If a transaction for a Fund relates to the acquisition or potential acquisition of transferable securities, the ACD must intend that the Fund should invest in transferable securities within a reasonable time and the ACD must thereafter ensure that, unless the position has itself been closed out, that intention is realised within that reasonable time.

The generation of additional capital or income for the Fund (so called "enhancement strategies") with an acceptably low level of risk. There is an acceptably low level of risk in any case where the ACD reasonably believes that the Fund is certain (or certain barring events which are not reasonably foreseeable) to derive a benefit. The generation of additional capital or income may arise out of taking advantage of price imperfections or from the receipt of a premium for writing covered call or covered put options (even if the benefit is obtained at the expense of the chance of yet greater benefit) or pursuant to stock lending arrangements as permitted by the COLL Sourcebook (see below).

The relevant purpose must relate to property (whether precisely identified or not) which is to be or is proposed to be acquired for the Fund or anticipated cash receipts of the Fund, if due to be received at some time and likely to be received within one month.

50. **Stock lending**

50.1 The entry into stocklending arrangements or repo contracts for the account of a Fund is permitted for the generation of additional income for the benefit of the Fund, and hence for its investors.

50.2 The stock lending permitted by this section may be exercised by a Fund when it reasonably appears to the Company to be appropriate to do so with a view to generating additional income for the Fund with an acceptable degree of risk.

50.3 The Company or the Depositary at the request of Company may enter into a repo contract, or a stock lending arrangement of the kind described in section 263B of the Taxation of Chargeable Gains Act 1992 (without extension by section 263C), but only if:

50.3.1 all the terms of the agreement under which securities are to be reacquired by the Depositary for the account of the Company are in a form which is acceptable to the Depositary and are in accordance with good market practice;

50.3.2 the counterparty is:

50.3.2.1 an authorised person; or

50.3.2.2 a person authorised by a Home State regulator; or

50.3.2.3 a person registered as a broker-dealer with the Securities and Exchange Commission of the United States of America; or

50.3.2.4 a bank, or a branch of a bank, supervised and authorised to deal in investments as principal, with respect to OTC derivatives by at least one of the following federal banking supervisory authorities of the United States of America: the Office of the Comptroller of the Currency; the Federal Deposit Insurance Corporation; the Board of Governors of the Federal Reserve System; and the Office of Thrift Supervision; and

50.3.3 collateral is obtained to secure the obligation of the counterparty under the terms referred to in 40.3.1 and the collateral is:

50.3.3.1 acceptable to the Depositary;

50.3.3.2 adequate ; and

50.3.3.3 sufficiently immediate.

50.4 The counterparty for the purpose of paragraph 35.2 is the person who is obliged under the agreement referred to in paragraph 35.2.1 to transfer to the Depositary the securities transferred by the Depositary under the stock lending arrangement or securities of the same kind.

50.5 Paragraph 40.3.3 does not apply to a stock lending transaction made through Euroclear Bank SA/NV's Securities Lending and Borrowing Programme.

50.6 There is no limit on the value of the Scheme Property which may be the subject of repo contracts or stock lending transactions.

51. **Treatment of collateral**

51.1 Collateral is adequate for the purposes of this paragraph only if it is:

51.1.1 transferred to the Depositary or its agent;

51.1.2 at least equal in value, at the time of the transfer to the Depositary, to the value of the securities transferred by the Depositary; and

51.1.3 in the form of one or more of:

51.1.4 cash; or

51.1.5 a certificate of deposit; or

51.1.6 a letter of credit; or

51.1.7 a readily realisable security ; or

51.1.8 commercial paper with no embedded derivative content; or

51.1.9 a qualifying money market fund.

51.2 Where the collateral is invested in units in a qualifying money market fund managed or operated by (or, for an ICVC, whose authorised corporate director is) the ACD or an associate of the ACD, the conditions in paragraph 16.2 must be complied with.

52. Collateral is sufficiently immediate for the purposes of this paragraph if:

52.1.1 it is transferred before or at the time of the transfer of the securities by the Depositary; or

52.1.2 the Depositary takes reasonable care to determine at the time referred to in paragraph 42.1.1 that it will be transferred at the latest by the close of business on the day of the transfer.

52.2 The Depositary must ensure that the value of the collateral at all times is at least equal to the value of the securities transferred by the Depositary.

52.3 The duty in paragraph 42.2 may be regarded as satisfied in respect of collateral the validity of which is about to expire or has expired where the Depositary takes reasonable care to determine that sufficient collateral will again be transferred at the latest by the close of business on the day of expiry.

52.4 Any agreement for transfer at a future date of securities or of collateral (or of the equivalent of either) under this paragraph may be regarded, for the purposes of valuation and pricing of the Company or this Appendix, as an unconditional agreement for the sale or transfer of property, whether or not the property is part of the property of the authorised fund.

52.5 Collateral transferred to the Depositary is part of the Scheme Property for the purposes of the rules in the COLL Sourcebook, except in the following respects:

52.5.1 it does not fall to be included in any calculation of NAV or this Appendix, because it is offset under paragraph 42.4 by an obligation to transfer; and

52.5.2 it does not count as Scheme Property for any purpose of this Appendix other than this paragraph.

52.6 Paragraphs 42.4 and 42.5.1 not apply to any valuation of collateral itself for the purposes of this paragraph.

APPENDIX III
PAST PERFORMANCE

Past performance - Periods ending 31 August 2012

Name of Fund (A Shares)	Inception Date	Since Launch Performance (%)	1 Year Performance (%)
UBS Targeted Return Fund A	23 May 2007	-2.57	8.96
UBS Global Allocation Fund (UK) A	23 November 2007	15.21	8.32
UBS Multi-Asset Income Fund	16 November 2009	9.16	1.04

Source: Lipper for Investment Management. Performance is based on NAV prices with income reinvested net of basic rate tax and in sterling terms. Performance is cumulative.

The UBS Targeted Return Fund Class A shares were launched on 23rd May 2007. Up to date performance data can be obtained from the ACD.

Past performance is not a guide to future performance. The value of investments and the income from them can go down as well as up and investors may not get back the amounts originally invested.

Please read the Company's simplified prospectus before investing. Nothing in this prospectus should be construed as advice and is therefore not a recommendation to buy or sell shares.

APPENDIX IV
DILUTION FIGURES

Estimates of the rate of any dilution levy or dilution adjustment applied and its likelihood are on a projected basis.

Name of Fund			**Frequency of dilution levy per annum**
UBS Targeted Return Fund	Typical average dilution levy (% from mid price) - 0.25%		4
UBS Global Allocation Fund (UK)	Typical dilution levy on subscription (% from mid price) - 0.25%	Typical dilution levy on redemption (% from mid price) - 0.13%	1
UBS Multi-Asset Income Fund	Range of dilution adjustment per fund applied on subscription & redemption (% from mid price) 0% to 3%		2
UBS Global Diversified Fund*	Range of dilution adjustment per fund applied on subscription & redemption (% from mid price) 0% to 3%		3

Data obtained between 1 July 2011 and 31 June 2012.

*With effect from 11 November 2013, this Fund was closed to investors.

DIRECTORY

The Company and Head Office:
UBS Investment Funds ICVC III
21 Lombard Street
London EC3V 9AH

Authorised Corporate Director:
UBS Asset Management Funds Ltd
21 Lombard Street
London EC3V 9AH

Depositary:
National Westminster Bank plc
135 Bishopsgate
London EC2M 3UR

Transfer Agent and Registrar for A, B, C, I and Z Shares for all funds:
International Financial Data Services (UK) Limited
IFDS House
St Nicholas Lane
Basildon
Essex SS15 5FS

Transfer Agent and Registrar for J and K Shares for all funds:
Northern Trust Global Services Limited
PO BOX 3733
Wootton Bassett
Swindon E14 5NT

Investment Manager:
UBS Asset Management (UK) Ltd
21 Lombard Street
London EC3V 9AH

Distributors:
UBS Asset Management (UK) Ltd
21 Lombard Street
London EC3V 9AH

Custodian:
JPMorgan Chase Bank N.A.
125 London Wall
London EC2Y 5AJ

Fund accounting and OTC derivatives services:
J.P.Morgan Europe Limited
125 London Wall
London EC2Y 5AJ

Legal Advisers:
Eversheds LLP
One Wood Street
London EC2V 7WS

Auditors:
Ernst & Young LLP

1 More London Place
London SE1 2AF