

# UBS Cash Fund

**This Product Disclosure Statement is only for use by investors investing through an IDPS**

**Dated 28 April 2010  
ARSN 090 431 039**

**Offered by UBS Global Asset Management (Australia) Ltd  
ABN 31 003 146 290  
AFS Licence No. 222605**



This is an important document. You should read the entire Product Disclosure Statement before making a decision to invest. Nothing in the Product Disclosure Statement is to be taken as personal financial product advice. In preparing this Product Disclosure Statement, UBS Global Asset Management (Australia) Ltd has not taken into account any individual investor's investment objectives, tax and financial situation or particular needs. Before acting on any advice in this Product Disclosure Statement, investors should consider the appropriateness of the advice having regard to their objectives, financial situation and needs. Investors should seek professional advice before investing.

UBS Global Asset Management (Australia) Ltd (ABN 31 003 146 290) (AFS Licence No.222605) is the Responsible Entity of the Fund. If you require the Australian Business Number (ABN) for the Fund, please contact your IDPS operator. In this Product Disclosure Statement, references to "the Responsible Entity", "manager", "we", "us" and "our" refer to UBS Global Asset Management (Australia) Ltd.

**UBS Global Asset Management (Australia) Ltd agrees to the use of this Product Disclosure Statement by IDPS investors only. "IDPS" means a master trust, wrap account, investor directed portfolio service or similar plan. Such investors do not acquire rights as unitholders. For more information, please see "Our relationship with an IDPS operator" on page 2.**

The offer under this PDS is only available to persons receiving this PDS (electronically or otherwise) while physically in Australia unless expressly authorised by us. This PDS does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

**UBS Global Asset Management (Australia) Ltd is the issuer of this Product Disclosure Statement. No member company in the UBS AG Group other than UBS Global Asset Management (Australia) Ltd makes any statement or representation in this document. None of UBS AG, UBS Global Asset Management (Australia) Ltd or other member company in the UBS AG Group, nor the custodian, National Australia Bank Limited guarantees the capital value, payment of income or performance of the Fund. Your investment in the Fund does not represent deposits or other liabilities of UBS AG or other member company of the UBS AG Group. Your investment is subject to investment risk, including possible delays in repayment and loss of income and capital invested. Information in this Product Disclosure Statement is subject to change from time to time. If the change is not materially adverse the information may be updated by means described in this Product Disclosure Statement. The updated information can be obtained at any time by contacting Client Services on (02) 9324 3222 or freecall 1800 023 043 or visiting our website [www.ubs.com/australia](http://www.ubs.com/australia)**

We accept no responsibility for any aspect of any IDPS or (without limitation) for any failure on the part of any IDPS in respect of its administration, payment of income or other distributions, payment of withdrawal proceeds, fees charged or the efficiency or viability of any IDPS. Specifically, our agreement to permit naming of the Fund in any document issued for any IDPS does not signify any endorsement of or support for the IDPS by us.

The distribution of this PDS outside Australia may be restricted by law. If you come into possession of this PDS, you should observe any restrictions and seek your own advice on such restrictions. Any failure to comply with these restrictions may violate securities laws.

No action has been taken to register or qualify the Fund or to otherwise permit a public offering of interests in the Fund outside Australia.

# UBS Cash Fund

## *IDPS Supplementary Product Disclosure Statement No.1*

Dated: 21 June 2011

### **About this Supplementary Product Disclosure Statement**

This is a Supplementary Product Disclosure Statement ("SPDS") to the UBS Cash Fund Product Disclosure Statement for IDPS investors dated 28 April 2010 ("PDS"), issued by UBS Global Asset Management (Australia) Ltd (ABN 31 003 146 290, AFS Licence No. 222605).

This SPDS must be read together with the PDS.

The purpose of this SPDS is to inform investors of an increase in the management cost of the Fund and the introduction of a UBS group-wide referral incentive program.

### **Changes to the PDS**

#### **1. Change to the management cost**

Effective from 1 August 2011, we are increasing the management cost for the UBS Cash Fund from 0.22% per annum to 0.25% per annum. As such, effective from 1 August 2011, all references to the management cost of the Fund on pages 5 and 7 of the PDS are replaced with the new management cost of 0.25% per annum, and the information on page 8 of the PDS is replaced with the information on page 2 of this SPDS.

#### **2. Group-wide Referral Incentive Program**

UBS Group is implementing a group-wide referral incentive program.

As such, on the top left side of page 9 of the PDS under the heading 'Management costs', immediately following the paragraph that reads *"From our fee, we may at our discretion, choose to pay a commission to, or sponsor various dealer groups that recommend our Funds. For example, we may contribute to conference costs."* the following paragraph will be inserted:

*"From our fees, we may at our discretion, pay a commission, or make any other payment, to any related party, or an employee of a related party, that refers a client or clients into our fund(s)."*

This SPDS must be read together with the PDS, available from our website [www.ubs.com/globalam-australia](http://www.ubs.com/globalam-australia) or by calling Client Services on (02) 9324 3222 or toll free on 1800 023 043. The information in this SPDS is general information only and does not take into account your individual objectives, financial situation and needs.

# Fees and other costs

Continued

## Example of annual fees and costs for managed investment products

This table gives an example of how the fees and costs in a fund within this product range can affect your investment over a one year period. You should use this table to compare this product with other managed investment products.

Example	Amount	Balance of \$50,000 with a contribution of \$5,000 during the year
<i>Contribution fees</i>	Nil	No fee applies to additional contributions.
<b>plus</b> <i>Management costs</i>	0.25%	For every \$50,000 you have in the Fund you will be charged \$125 each year.
<b>equals</b> <i>Cost of Fund</i>	<u>0.25%</u>	If you had an investment of \$50,000 at the beginning of the year and you invest an additional \$5,000 during that year, you would be charged a fee of between <b>\$125 and \$137.50*</b>
<b>What it costs you will depend on the fees you negotiate with your financial adviser or the Fund.</b>		

\*Additional fees may apply: including a buy/sell spread. Please see "Transaction costs" on the next page.

We have assumed a constant value throughout the year. Please see "Management costs" below

## Additional explanation of fees and costs

Each fee that may be charged is described below.

### Establishment and contribution fee

There are no establishment or contribution fees payable when investing in the Fund.

### Withdrawal fee and termination fee

There are no withdrawal or termination fees payable when withdrawing from the Fund.

### Trustee fee

There are no trustee fees payable to us for acting as trustee of the Fund.

### Management costs

We charge a fee for administering and managing the Fund. For the life of this Product Disclosure Statement, we will charge an ongoing fee of 0.25% per annum. This is referred to as management costs. Management costs are calculated daily on the value of the Fund and paid to the Manager on a monthly basis. The fee reduces the net asset value of the Fund and is reflected in the unit price. The fee is not charged separately to your investment. A simple example is as follows: A \$50,000 investment in the Fund at the current management cost of 0.25% per annum would equal a fee of \$125 for a 12 month period, assuming no variation in the value of the initial investment. In practice, this fee is based on the market value of your investment, which may fluctuate daily.

The fee described above is inclusive of any GST after taking into account expected reduced input tax credit entitlements.

Unless we otherwise notify your IDPS operator, this fee will pay for expenses incurred in managing the Fund including compliance committee costs, custodial and insurance costs, accounting and audit expenses, and legal and regulatory expenses as well as any GST impact on our services.

We may pay UBS AG, Australia Branch (part of a related company), part of our fee from investments in the Fund introduced by the investment banking group of UBS AG to cover certain expenses.

We have entered into certain arrangements with UBS Wealth Management Australia Ltd (a related company), that may involve us making payments of certain amounts to UBS Wealth Management Australia Ltd for introducing and servicing clients, and similar matters.

From our fee we may pay an amount to the Responsible Entity or Trustee of a master trust, or the operator of an Investor directed portfolio service, with respect to this Fund, as well as any other funds for which we are the Responsible Entity, being included in the range of investments offered by the relevant master trust or Investor directed portfolio service.

# About UBS Global Asset Management

We offer a wide range of investment products and services from boutique - like capabilities delivered through a global structure. We aim to offer a diverse range of simple, transparent investment strategies with consistent results for our clients.

UBS Global Asset Management, a business division of UBS, provides a diverse range of traditional, alternative, real estate, infrastructure and private equity investment solutions to private clients, financial intermediaries and institutional investors around the globe. Our aim is to deliver consistent, long-term investment results to our clients from distinctive and innovative products and services.

UBS Global Asset Management is a large scale asset manager with well diversified businesses across regions, capabilities and distribution channels. Invested assets totalled some A\$626 billion as at 31 December 2009, with around 60% from institutional clients and around 40% from the wholesale intermediary market. With around 3,500 employees located in 25 countries, we are a truly global firm. Headquartered in London, our other main offices are in Chicago, Frankfurt, Hartford, Hong Kong, New York, Paris, Sydney, Tokyo, Toronto and Zurich. We combine financial strength with a reputation for security, stability and innovation.

We believe our strengths lie in our diverse range of investment capabilities and styles, our boutique-like capability structure and our disciplined investment processes, which encourage entrepreneurial leadership. The expertise and diversity of our employees, as well as in the quality and responsiveness of our client service and mandate execution are all key to our success.

UBS Global Asset Management has a history of leadership, delivery and execution in the investment management industry. We aim to combine the latest in portfolio construction, risk management, product development and investment knowledge.

We seek to deliver our capabilities to clients, providing quality client servicing by combining local knowledge with our global network. The experience of our people creates value for our clients and we are committed to attracting, developing and retaining those with the skills, talent and integrity required to understand and meet our clients' needs.

We aim to provide our clients with investment management products and services to meet their needs through our combination of investment expertise, risk management and local delivery.

# Our relationship with an IDPS operator

The term IDPS stands for 'Investor directed portfolio service'. An IDPS is a generic term for an investment and reporting service operated by a master trust or wrap account operator. People who invest through an IDPS are indirect investors.

When you invest via an IDPS, you are investing indirectly in this Fund and as such you do not become a unitholder in the Fund. It is the IDPS operator that is the unitholder and the term 'unitholder' as used in this PDS refers to those entities. You will not receive reports or other documentation from UBS Global Asset Management in respect to this Fund. Instead, these will be provided to you by your IDPS operator, who is the unitholder. Issues relating to your investment in this Fund should be directed through your IDPS operator.

# Benefits of investing in the Fund

An investment in the Fund has a number of benefits, including (among others) the following:

- The pooling of assets into the Fund which provides investors with access to investment opportunities and diversification that is not available to an individual investor.
- The Fund will aim to provide a return (before management costs) equivalent to its stated benchmark over the relevant investment period.
- The Fund is managed by a team of experienced professionals with access to investment and risk management systems and processes which ordinary investors would not usually have. We are distinguished by our truly integrated global investment platform and our significant research contributions to the industry, including pioneering work in asset allocation, quantitative asset management and risk management.

# Risks of investing in the Fund

Investment in the Fund carries risks, including volatility of returns and/or loss of capital. Volatility refers to the degree to which returns may fluctuate around their longer-term average.

Each asset type has associated investment risks and the return achieved by each will vary accordingly.

The capital value of fixed income securities will rise and fall as a consequence of changes in interest rates. If interest rates rise, the value of a fixed income security falls; if interest rates fall, its value rises. The magnitude of these changes depends mainly on the term to maturity of the security. In general, a security with a longer term to maturity is more affected by interest rate changes.

The returns of the assets and related derivatives are affected by risk factors including those set out below.

## **Market risk**

Changes in legal, tax and economic conditions, political events, investor sentiment and market variables such as interest rates, exchange rates and equity indices can all directly or indirectly influence the value of your investments.

## **Company specific risk**

The value of investments can vary because of changes to management, product distribution or the company's business environment.

## **Interest rate risk**

Changes in official interest rates can directly and indirectly impact on investment returns.

## **Regulatory and tax risk**

The Fund may be adversely affected by future changes in applicable laws, including tax laws and regulations.

## **Liquidity risk**

Some investments may be thinly traded or illiquid and unable to be traded in reasonable sizes and therefore may be sold in small lots over longer periods or even at a discount.

Under extraordinary or extreme market conditions, generally liquid investments can become illiquid which may result in a loss when such assets need to be sold within a certain time frame. Illiquidity of investments can also result in a delay on the payment of redemption requests.

## **Derivative risk**

Derivatives may be used to gain or reduce exposure to markets as well as to manage risk. Derivatives are not used to leverage the Fund. Fluctuations in the price of a derivative will reflect movements in the underlying assets, reference rate or index to which the derivatives relate. The use of derivative positions to hedge the risk of physical securities will involve "basis risk", which refers to the possibility that the derivative positions may not move perfectly in line with the physical security. As a consequence, the derivative position cannot always be expected to perfectly hedge the risk of the physical security.

## **Credit risk**

The issuer of a credit transaction may fail to meet its obligation to repay the principal or the interest payment. This risk is primarily managed by monitoring the creditworthiness of the issuer.

## **Counterparty risk**

A counterparty may fail to perform contractual obligations, either in whole or in part. This risk is primarily managed by ensuring counterparties, together with the respective credit limits, are approved with stringent criteria and ensuring, where possible transactions are undertaken with a number of counterparties.

## **Performance risk**

The Fund may fail to perform as expected in which case the Fund's investment objective may not be achieved.

## **Non-diversification risk**

The risk that the Fund will be more volatile than a more diversified fund because the Fund invests in a smaller number of issuers. The gains and losses on a single security may, therefore, have a greater impact on the Fund's net asset value.

## **Business risk**

Business risk includes those risks arising from carrying on a complex business. The operation of the Fund requires us, the Custodian and other service providers to implement sophisticated systems and procedures. The Fund has systems in place designed to minimise these risks, such as compliance systems and risk management processes.

# Risks of investing in the Fund

Continued

## **Investment time horizon**

Another factor that affects risk is the length of time you plan to invest in the Fund. Historically, growth assets have achieved the highest returns over the long run with the greatest risk in the short term.

## **Fund termination risk**

The Constitution of the Fund, read subject to the Corporations Act, allows us to terminate the Fund at any time if we believe it is in the best interests of members. This may occur for a variety of reasons including, but not limited to, the Fund no longer being able to satisfy its investment objectives or strategy. While we will only terminate the Fund if we believe it is in the best interests of members as a whole, consequences for individual members (for example in relation to taxation) may vary depending on their own circumstances at the time that the Fund is terminated.

## **Ways to reduce risk**

**Diversify investments.** Investment risk can be significantly reduced by investing in a range of assets in different asset classes, securities and currencies. This reduces risk by ensuring that investors' returns are dependant on a broader range of factors which should reduce the volatility of their portfolio.

**Seek professional advice.** Doing so will assist you in understanding your current financial situation, setting your investment objectives and establishing a plan as to how best to achieve these objectives.

## **Invest for at least the recommended time frame.**

Historically, growth assets have achieved the highest returns over the long run and experience greater volatility greater risk in the short term.

**Plan your investment strategy** (together with your financial adviser) taking into account:

- your risk profile (that is, how much risk you are prepared to tolerate);
- how long you want to invest for;
- what level of return you require;
- whether you are investing for income or growth;
- the timing and amount of tax payable in respect of your investment; and
- your current financial situation.

# UBS Cash Fund

## Investment objective

This Fund aims to provide a return (before management costs) equivalent to the UBS Bank Bill Index (Benchmark) when measured over rolling 12 month periods.

## Investor suitability

The Fund is best suited to investors who seek an investment that provides stable income and preservation of capital through investment in short dated securities that provide a high level of liquidity and security. The Fund is a very low risk investment and should be viewed over at least a six to 12 month period.

## Investment policy

The Fund is an actively managed \$A portfolio of high quality short term call deposits, cash equivalent securities - such as treasury notes, bank bills of exchange, semi-government, corporate and asset backed promissory notes, and interest rate investment contracts (or equivalent). The Fund may also invest in financial derivatives to gain or reduce exposure to relevant markets and manage investment risk.

## Investment risk

The risks associated with these investments are set out in the section "Risks of investing in the Funds" on page 3-4.

## Fund size

\$1,277.84m (as at 26 February 2010)

## Income distribution

Monthly (if of an economic size)

## Management costs

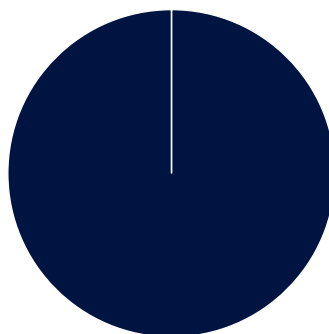
0.22% pa

## Buy/sell spread

0.00%

## Investment portfolio

The composition of the Fund as at 26 February 2010 is shown below.



■ Bank Deposits, Bills of Exchange and Equivalents 100%

Monthly performance data and the latest portfolio composition for this Fund are available on our website: [www.ubs.com/australia](http://www.ubs.com/australia)

# How to make your investment

## How to invest

To invest in the Fund through an IDPS, simply complete the documents which the IDPS operator requires. Any enquiries regarding investing in the Fund, such as additional investments, switching between our other UBS funds or transferring ownership, should be directed to the IDPS operator.

## Cooling off period

Persons investing through an IDPS should consult the IDPS operator in relation to cooling off rights that may apply to their investment in the IDPS (if any).

## Withdrawing your investment

Under normal circumstances, if we receive a withdrawal request from an IDPS operator by 3pm (Sydney time) on a business day, proceeds from the withdrawal of units are usually paid to the IDPS operator within the next six business days.

The Constitution of the Fund permits 30 days for payment and also allows us to suspend withdrawals in limited circumstances. Your withdrawal request will be governed by your arrangement with the IDPS operator.

## If the Fund ceases to be liquid

If the Fund ceases to be liquid (as defined by the Corporations Act), your IDPS operator will only be able to withdraw from the Fund if we make an offer of withdrawal. If we do make such an offer, your IDPS operator may only be able to withdraw part of their investment. There is no obligation for us to make such an offer. Under normal market conditions we would not expect the Fund to become illiquid.

## Unit pricing

The units which are issued to your IDPS operator represent an interest in the Fund.

The Fund is normally valued each Sydney business day. If an application, switch or redemption is received before 3pm (Sydney time) on a business day, the application or redemption price will be based on the net value of the assets of the Fund when next calculated (usually at close of business that day). If received after this time, or on a non-business day, the unit price is calculated at close of business the next business day.

The price of the units in the Fund is determined by dividing the Net Asset Value of the Fund by the total number of units in the Fund.

A buy/sell spread may be applied to the unit price in respect of transaction costs incurred when the Fund is purchasing or selling assets, however initially no transaction costs will apply (see page 9).

We have adopted a unit pricing discretion policy which sets out, among other things, the principles we adhere to when exercising the discretions provided to us under the Fund's Constitution in relation to calculating unit prices. Our unit pricing discretion policy is available free of charge on our website [www.ubs.com/australia](http://www.ubs.com/australia), or by contacting Client Services.

## PDS may be updated

This Product Disclosure Statement may be updated or replaced from time to time. You can request the most recent Product Disclosure Statement for the Fund from your IDPS operator.

# Fees and other costs

The information in the box below is standardised across all product issuers and does not provide information which relates specifically to fees and costs in the Fund and therefore does not reflect the fees and costs you will be charged.

## Did you know?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

## To find out more

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** website ([www.fido.asic.gov.au](http://www.fido.asic.gov.au)) has a managed investment fee calculator to help you check out different fee options.

This document shows fees and other costs that an investor may be charged. These fees and costs may be deducted from an investor's money, from the returns on your investment or from the Fund assets as a whole. These fees do not include any fees that may be charged by the IDPS operator.

Taxes are set out in another part of this document (see page 10 for more information). You should read all the information about fees and costs because it is important to understand their impact on your investment.

Type of fee or cost	Amount	How and when paid
<b>Fees when your money moves in or out of the Fund</b>		
<i>Establishment fee</i> <sup>1</sup> : The fee to open your investment.	Nil	Not applicable
<i>Contribution fee</i> <sup>1</sup> : The fee on each amount contributed to your investment.	Nil	Not applicable
<i>Withdrawal fee</i> <sup>2</sup> : The fee on each amount you take out of your investment.	Nil	Not applicable
<i>Termination fee</i> <sup>2</sup> : The fee to close your investment.	Nil	Not applicable
<b>Management costs</b> <sup>3</sup>		
The fees and costs for managing your investment.	0.22% per annum (including GST)	We charge a fee for administering and managing the Fund. These fees are calculated daily on the value of the Fund and paid to the "Manager" on a monthly basis. These fees reduce the net asset value of the Fund and are reflected in the Unit price. The fees are not charged separately to your investment.
<b>Service fees</b> <sup>4</sup>		
Investment switching fee: The fee for changing investment options.	Nil	We do not charge any fees when you switch to/from other UBS Funds. However, we reserve the right to limit these switches to a maximum of five per year.

<sup>1</sup> The Constitution permits us to charge a maximum establishment or contribution fee of 6% of the application price. However, for the life of this Product Disclosure Statement, we will not charge an establishment fee.

<sup>2</sup> The Constitution permits us to charge a maximum withdrawal fee (termination fee) of 1% of the redemption price. However, for the life of this Product Disclosure Statement, we will not charge a withdrawal fee.

<sup>3</sup> Note that you may incur a buy/sell spread when acquiring, switching or redeeming Units. Please see "Transaction Costs" on page 9.

<sup>4</sup> The Constitution permits us to charge a maximum fee for management costs of up to 1% per annum of the net asset value in respect of each day we act as a Manager. However, for the life of this IPDS we will only ever charge 0.22%.

# Fees and other costs

Continued

## Example of annual fees and costs for managed investment products

This table gives an example of how the fees and costs in a fund within this product range can affect your investment over a one year period. You should use this table to compare this product with other managed investment products.

Example	Amount	Balance of \$50,000 with a contribution of \$5,000 during the year
<i>Contribution fees</i>	Nil	No fee applies to additional contributions.
<b>plus</b> <i>Management costs</i>	0.22%	For every \$50,000 you have in the Fund you will be charged \$110 each year.
<b>equals</b> <i>Cost of Fund</i>	<u>0.22%</u>	If you had an investment of \$50,000 at the beginning of the year and you invest an additional \$5,000 during that year, you would be charged a fee of between <b>\$110 and \$121*</b>

**What it costs you will depend on the fees you negotiate with your financial adviser or the Fund.**

\*Additional fees may apply: including a buy/sell spread. Please see "Transaction costs" on the next page.

We have assumed a constant value throughout the year. Please see "Management costs" below

## Additional explanation of fees and costs

Each fee that may be charged is described below.

### Establishment and contribution fee

There are no establishment or contribution fees payable when investing in the Fund.

### Withdrawal fee and termination fee

There are no withdrawal or termination fees payable when withdrawing from the Fund.

### Trustee fee

There are no trustee fees payable to us for acting as trustee of the Fund.

### Management costs

We charge a fee for administering and managing the Fund. For the life of this Product Disclosure Statement, we will charge an ongoing fee of 0.22% per annum. This is referred to as management costs. Management costs are calculated daily on the value of the Fund and paid to the Manager on a monthly basis. The fee reduces the net asset value of the Fund and is reflected in the unit price. The fee is not charged separately to your investment. A simple example is as follows: A \$50,000 investment in the Fund at the current management cost of 0.22% per annum would equal a fee of \$110 for a 12 month period, assuming no variation in the value of the initial investment. In practice, this fee is based on the market value of your investment, which may fluctuate daily.

The fee described above is inclusive of any GST after taking into account expected reduced input tax credit entitlements.

Unless we otherwise notify your IDPS operator, this fee will pay for expenses incurred in managing the Fund including compliance committee costs, custodial and insurance costs, accounting and audit expenses, and legal and regulatory expenses as well as any GST impact on our services.

We may pay UBS AG, Australia Branch (part of a related company), part of our fee from investments in the Fund introduced by the investment banking group of UBS AG to cover certain expenses.

We have entered into certain arrangements with UBS Wealth Management Australia Ltd (a related company), that may involve us making payments of certain amounts to UBS Wealth Management Australia Ltd for introducing and servicing clients, and similar matters.

From our fee we may pay an amount to the Responsible Entity or Trustee of a master trust, or the operator of an Investor directed portfolio service, with respect to this Fund, as well as any other funds for which we are the Responsible Entity, being included in the range of investments offered by the relevant master trust or Investor directed portfolio service.

From our fee, we may at our discretion, choose to pay a commission to or sponsor various dealer groups that recommend our Funds. For example, we may contribute to conference costs.

Costs of buying and selling investments (and related duties, taxes, GST and financial institutions charges) are paid from the Fund, not by us.

### **Transaction costs**

When calculating application and redemption prices of units, transaction costs (buy/sell spreads) may apply. Transaction costs are our estimate of the total transaction cost the Fund would incur to buy the assets of the Fund (for applications) or sell those assets (for withdrawals). For an application for units, an adjustment is made to increase the issue price; and for a withdrawal of units, an adjustment is made to decrease the unit price. Types of transaction costs include brokerage and taxes.

Transaction costs are paid to the Fund not to us. They are an additional cost to your IDPS operator and are reflected in the unit price. Transaction costs will generally be incurred when your IDPS operator makes an investment, a switch or withdraws Funds. These costs will generally not apply to reinvested distributions.

Transaction costs example: If you invested or withdrew \$20,000 in the Fund, and the buy/sell was +0.02% / -0.02%, the buy/sell spread would be included in the Unit price which would be equal to a transaction cost of \$4 for that investment/withdrawal.

The maximum buy/sell spread for the Fund is +0.02% / -0.02%, however there is currently no buy/sell spread.

We may vary the applicable buy/sell spread for the Fund from time to time, provided that it remains within the above maximum limit. Updated transaction cost details will be available by contacting Client Services or from our website [www.ubs.com/australia](http://www.ubs.com/australia).

### **Change in fees**

It is possible for the management costs to change. If there is any proposed increase, we would always advise your IDPS operator at least 30 days prior to the date of the increase. This applies only to fees and costs charged by the Responsible Entity and not to indirect costs or transaction costs (provided that these transactions costs stay within the maximum buy/sell spread as indicated under 'transaction costs') which are subject to change at any time without notice.

### **Individual fee arrangement**

From time to time we may individually negotiate our management fee with wholesale clients (within the Corporations Act meaning) – such as master trusts and wrap account operators. This may include other UBS companies. This is generally because they invest very large amounts of money in the Fund. We do not enter into such fee arrangements with retail clients (within the Corporations Act meaning).

### **Receipt of non-cash benefits**

We may receive non-cash benefits in the nature of research from brokers and other persons through whom investment transactions are carried out. In addition, in certain circumstances we may nominate a broker to direct payment to a third party who will provide non-cash benefits in the nature of research to us. However, we will only use brokers to provide brokerage services where we are satisfied that the broker's services are consistent with best execution available in the market and that the brokerage rates paid will not exceed usual institutional full service brokerage rates for those brokerage services. We will only receive non-cash benefits in the nature of research where we believe the Fund will benefit from these arrangements.

# Taxation

The Australian taxation system is complex and different investors have different circumstances. This taxation and GST information is a general summary and does not take into account specific circumstances. We strongly recommend that you seek professional tax advice that is specific to your circumstances and that of your IDPS.

Acquiring and disposing of units in the Fund through an IDPS can have important taxation consequences for you. You may be liable for income tax, including tax on capital gains, on distributions made to you and on redemptions of units in the Fund and you may also be subject to tax in circumstances where you have not received a distribution. Redemptions may also result in a tax liability or a tax loss.

## Goods and service tax

The Fund has been registered for GST, which applies to most supplies that are connected with Australia. The majority of goods and services that the Fund will acquire for its operation will be subject to GST and GST will be payable on the Responsible Entity's fees, custodian and administrator fees and most other fees and expenses incurred by the Fund. In specified circumstances, the Fund may be entitled to reduced input tax credits ('RITCs') of 75% of GST paid, which effectively reduces the GST costs from 10% to 2.5%. GST will apply to establishment and termination fees if they are imposed.

As a consequence of GST being added for fees and expenses, and the potential availability of RITCs, the actual fees and expenses may exceed the rates stated in this PDS, except where we otherwise state that fees are inclusive of GST.

No GST will apply on amounts received by the Fund for the issue of Units, sale proceeds of the securities, or investment income and gains or buy/sell spreads applied.

## Stamp duty

The issue or redemption of Units should not attract any stamp duty. Stamp duty may be payable on the transfer of Units. You should confirm the stamp duty consequences of transferring Units with your taxation advisor and IDPS operator.

# Income distribution

The Fund may earn income from its various investments which it will distribute if of economic size. Capital or revenue gains or losses can occur on the sale of investments within the Fund. As a result, distributions may vary from period to period. Generally, all taxable income and realised taxable capital gains in a financial year will be distributed to unitholders.

The share of any income the IDPS operator receives depends on the number of units held by the IDPS operator in the Fund at the end of the distribution period. The amount may vary with each distribution and unit prices normally fall following a distribution. If your IDPS operator invests just prior to a distribution, they may receive some of their investment back immediately as income. If your IDPS operator withdraws from the Fund just before a distribution, they might turn accrued income into a capital gain or a reduction in their capital losses or the withdrawal proceeds might include a share of the income for the period.

We recommend that you seek professional tax advice relevant to your particular situation.

Distributions will be paid to the IDPS operator monthly as soon as practicable after the end of the distribution period.

# Other information

## Reporting

When you invest in the Fund through an IDPS, you will not receive confirmation of transactions, semi-annual reports, annual financial reports, transaction and distribution statements and tax statements directly from us in respect of the Fund. These will be provided by us to the operator of the IDPS who will be responsible for reporting to you on your investments in the IDPS in accordance with the arrangements governing the IDPS.

## Complaints

Persons investing through an IDPS should consult the IDPS operator if they have a complaint about their investment. If you have any issues that remain unresolved, then you may contact the complaints scheme of which the IDPS operator is a member.

## Additional information

As a disclosing entity, the Fund is subject to regular reporting and disclosure obligations. Copies of documents lodged with ASIC in relation to the Fund may be obtained from, or inspected at, an ASIC office. Your IDPS operator can also provide you with a copy of:

- The annual financial report most recently lodged with ASIC for the Fund;
- Any half year financial reports lodged with ASIC for the Fund after the lodgement of that annual financial report and before the date of this PDS; and
- Any continuous disclosure notices given for the Fund after the lodgement of that annual report and before the date of this PDS.

Financial reports will be prepared as at 30 June each year and are expected to be available by 30 September.

## Privacy

As you are investing through an IDPS, we will not receive or hold any personal information about you.

## Our role

We are the trustee of, and manage the Fund. Under the Corporations Act we are described as the "Responsible Entity". We and the Fund are regulated principally by the Australian Securities and Investments Commission (ASIC) under the Corporations Act.

Under the Corporation Act we must act honestly and in the best interests of investors. We have a compliance plan for the Fund which details the methods we follow to ensure that in operating the Fund we comply with the Corporations Act and the Constitution of the Fund.

We also have a Compliance Committee which (amongst other things) monitors our adherence to the compliance plan. It comprises three members, two being external. The Compliance Committee would report any breaches of the Constitution and the Corporations Act to us, and in some instances, to the ASIC.

## What are the main rights of investors under the Fund's Constitution?

The rights and obligations of investors are governed by the Fund's Constitution and this Product Disclosure Statement, but are also affected by the Corporations Act, exemptions and declarations issued by ASIC, and the general law relating to trusts.

Some of the provisions of the Constitution are outlined elsewhere in this document. The Constitution also addresses a number of other matters that affect your rights, including:

- the nature of the units - identical rights attach to all units;
- how we must calculate unit prices, and what the investor is entitled to receive when they withdraw or the Fund is wound up;
- the times we can delay processing withdrawals (such as if pricing the Fund is impracticable); and
- the right of the investor to share in any Fund income, and how we calculate it.

The Constitution states that investors' liability is limited to the amount paid for the units acquired but the courts are yet to determine the effectiveness of provisions of this kind.

Investors' rights to requisition, attend and vote at meetings are mainly contained in the Corporations Act.

# Other information

Continued

## **What are the main duties and rights of the Responsible Entity under the Fund's Constitution?**

There are also provisions governing our powers and duties:

- our powers to invest, borrow and generally manage the Fund are practically unrestricted;
- we have discretion to refuse transfers and applications;
- we can change the Constitution, but we need approval at a meeting of unitholders if the change will adversely affect your rights;
- we can terminate the Fund after giving notice, and if we do, investors share pro rata in the net proceeds from us selling the investments;
- we can retire, but in most situations only if a new Responsible Entity is appointed;
- we can charge fees and recover expenses;

As Responsible Entity, we are also subject to many duties under the Corporations Act - including duties to act honestly, exercise care and diligence and treat investors equally.

## **What does the Constitution say about the liabilities and indemnities of the Responsible Entity?**

The Constitution also deals with our liabilities in relation to the Fund and when they can be reimbursed to us out of the Fund's assets, for example:

- we are not liable for acting in reliance in good faith on professional advice;
- we are not liable for any loss unless we fail to comply with our duties under the Corporations Act;
- we exclude liability under other laws as much as possible;
- we can be reimbursed for liabilities we incur in connection with the proper performance of our duties for the Fund, including in circumstances where an unrelated act or omission for which we have responsibility has caused loss to the Fund.

## **Borrowing**

The Fund can borrow and may do so from time to time.

## **Termination**

The Constitution of the Fund, read subject to the Corporations Act, allows us to terminate the Fund at any time if we believe it is in the best interests of members. This may occur for a variety of reasons including, but not limited to, the Fund no longer being able to satisfy its investment objectives or strategy. If this occurs, on termination you are entitled to a share of net proceeds of our realisation of the assets in proportion to the number of units held by your IDPS operator. The termination process will be completed as quickly as possible but the time taken will vary depending on the nature of the assets in the Fund. While we will only terminate a Fund if we believe it is in the best interests of members as a whole, consequences for individual members (for example in relation to taxation) may vary depending on their own circumstances at the time that the Fund is terminated.

## **Related party transactions & service providers**

On a non-exclusive basis, UBS Global Asset Management (Australia) Ltd uses the services of UBS AG, Australia Branch a related company, for futures trading and clearing, fixed income trading and underwriting services. We also use the services of UBS Securities Australia Limited a related company for equity broking services. Fees paid to these related companies for their services are at normal commercial rates.

We use the investment management services of UBS Global Asset Management Group's worldwide offices. These offices are part of the same business group and they do not receive a fee for their services beyond that already included in our management costs.

We have appointed National Australia Bank Limited (NAB) as custodian to hold the assets of the Fund. NAB has also been appointed as service provider for the following outsourced functions: unit pricing, fund accounting and investor registry services.

The custodian has no supervising role in relation to the operation of the Fund and is not responsible for protecting your interests. NAB only acts in accordance with the relevant custody agreement. NAB has no liability or responsibility to you for any oversight or omission made in accordance with the terms of their custody agreements.

NAB was not involved in preparing, and takes no responsibility for this Product Disclosure Statement. NAB makes no guarantee of the success of the Fund or the repayment of capital or any particular rate of capital or income return.

## **Audit**

The financial report and the compliance plan are required to be audited annually.

## **Environmental, social and ethical considerations**

We do not take into account labour standards or environmental, social or ethical considerations when choosing investments. This means that we do not screen out companies solely on the basis of these standards or considerations. If a company's policies fall short of labour standards or its activities are considered environmentally, socially or ethically unacceptable and as a result, the company's earnings are adversely affected, we may not invest or choose to divest ourselves of the investment.

# Glossary\*

**ABN:** Australian Business Number.

**AFS Licence No.:** Australian Financial Services Licence Number, granted by ASIC.

**ASIC:** Australian Securities and Investments Commission.

**Asset:** Anything that has a monetary value that is owned by, or owed to an entity.

**Asset class:** A broadly defined category of financial assets, e.g. domestic shares, overseas bonds, cash, etc.

**\$A and \$:** Australian dollars.

**Bank bill:** A Bill of Exchange of which the acceptor or endorser is a bank.

**Benchmark:** An index or other market measurement which is used by a fund manager as a yardstick to assess the risk and performance of a portfolio.

**Bill of exchange:** An unconditional order in writing requiring the party to whom it is addressed to pay a certain sum on a fixed date in the future. Bills of exchange usually mature within six months, and can be sold at a discount to face value.

**Client Services:** UBS Global Asset Management Client Services, the contact details of which can be found on the back page of this document.

**Constitution:** The written document lodged with the ASIC which governs the operation of the Fund.

**Corporations Act:** Corporations Act 2001 (Commonwealth of Australia).

**CPI:** Consumer price index, as published by the Australian Bureau of Statistics.

**Derivative:** A financial instrument whose price is dependent upon or derived from one or more underlying assets. Its value is determined by the fluctuations of the underlying asset. The most common underlying assets include: stocks, bonds, commodities, currencies, interest rates and market indexes.

**Distribution:** Income paid from a fund to an investor.

**Fundamental factors:** Information relating to the economic "health" of a company such as revenue, earnings, assets, liabilities and growth.

**Futures:** An agreement to buy or sell a specified quantity of an underlying asset, such as bank bills, at a particular time in the future and at a price agreed when the contract was executed. A futures contract is a derivative.

**GST:** Goods and services tax.

**Hedging:** The practice of undertaking one investment activity in order to offset changes in another. Hedges aim to reduce potential losses. Typical hedges include currency forwards, share and bond futures and short selling.

**Hybrid investment:** Hybrid investments are instruments or other financial products which have the characteristics of both debt and equity.

**Investment Manager:** An organisation that specialises in the investment of a portfolio of securities on behalf of individuals or organisations subject to the guidelines and directions of the investor. Investment managers offer both pooled investment products and individual portfolios to a range of clients including superannuation providers, institutions and individual investors.

**Investor Number:** A unique number issued by us to you.

**Investment philosophy:** The set of principles or systems used by investment managers to govern the way they manage portfolios.

**Leverage:** The use of various financial instruments or borrowings, to increase the potential return of an investment. It can magnify the potential gain or loss, and volatility of investment returns. Leverage can be created through options, futures, margin lending, debt and other financial instruments.

**Liquidity:** The ability of an investment to be easily converted into cash with little or no loss of capital and minimum delay.

**Managed Investment scheme:** A type of investment vehicle which pools the assets of multiple investors into a single vehicle with a common investment objective and strategy. The investor's interests in the managed investment scheme are recognised as a financial product and are regulated in Australia under the Corporations Act.

\* The terms set out in the glossary are used in various other disclosure documents issued by us. As such, some of the terms set out in the glossary are not relevant to, and may not be used in this IDPS Product Disclosure Statement.

**Money market:** The market for trading short-term securities such as bills of exchange.

**National Australia Bank Limited:** Provides Custodian Services for the Fund.

**Net Asset Value:** Refers to the total value of a fund's underlying investment portfolio, less any fees, charges, expenses and other liabilities accrued by the fund.

**pa:** per annum.

**Portfolio:** An investor's collection of investment holdings, usually with reference to its composition. That is, the mix of different classes of securities, such as bonds, property, shares and cash; or if in a single asset class, the mix of different sectors and stocks.

**Portfolio construction:** The process of building a portfolio of assets taking into consideration valuations, benchmark and risk considerations.

**Redeem:** Withdraw units from the trust.

**Responsible Entity:** The responsible entity of the Fund, as defined under the Corporations Act, which, at the date of this PDS, is UBS Global Asset Management (Australia) Ltd.

**Risk budget:** The average ex ante (forward looking) risk, as calculated by our proprietary risk systems, that the Fund would be expected to be managed to over a full market cycle. It represents the risk benchmark against which the portfolio's actual risk position will be actively managed. In periods where we wish to take above average risk within the portfolio, the actual risk will be managed to be above the risk budget and it will be managed at a lower than budgeted risk level when we wish to take lower than average risk.

**Shares:** The ownership of part of a company. A contract between the issuing company and the owner of a share which gives the latter an interest in the management of the corporation, the right to participate in profits and, if the company is dissolved, a claim upon assets remaining when all debts have been paid.

**Short position:** The sale of an asset or security that the seller does not own in the expectation that the asset or security will fall in value, enabling the seller to buy the asset or security at a lower amount than the price at which they sold short.

**Switching:** The withdrawal of monies from one fund at the redemption price and an investment of monies in another fund at the application price on the same effective date. As the withdrawal is treated as a redemption this may give rise to a capital gains tax liability.

**TFN:** Tax file number.

**Trust, fund or unit trust:** Any form of pooled investment in which a number of individuals place their money with a professional manager to manage the total fund on their behalf and produce a return to them individually.

**UBS:** UBS AG group of companies including us.

**UBS Global Asset Management:** A business division of UBS AG.

**UBS Global Asset Management (Australia) Ltd:** The Responsible Entity of the Fund.

**Unit:** A term of measurement that represents an interest in a managed investment scheme.

**Volatility:** The standard deviation of the change in value of an investment usually expressed as a percentage over a year.

**Yield:** The rate of income generated from a share in the form of dividends (dividend yield), or the effective rate of interest paid on a fixed income security.

# Directory

## Responsible Entity

UBS Global Asset Management (Australia) Ltd  
ABN 31 003 146 290

## Registry Services

National Australia Bank Limited  
Attn: Registry Services  
GPO Box 4364  
Melbourne VIC 3001  
Facsimile: 1300 365 601

## UBS Global Asset Management Client Services

Telephone: (02) 9324 3222  
Freecall: 1800 023 043  
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Website: [www.ubs.com/australia](http://www.ubs.com/australia)

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UBS Global Asset Management (Australia) Ltd is a subsidiary of UBS AG