

**SMA Relationship Trust – Series M Investments  
Tax-Exempt Income Earned by State/Territory  
Calendar Year 2007**

The table below provides information to assist you in determining the source of income earned by the SMA Relationship Trust – Series M on a state-by-state or territory basis. Most states/territories do not impose income tax on interest income derived from their own municipal obligations. Since tax laws vary in each state, please consult your tax advisor about the specific rules in the state(s)/territories where you file income tax returns.

Please note, tax-exempt interest (including accrued interest received on sales and exempt-interest dividends from mutual funds) will be reported in Box 8 of Form 1099-INT. Tax-exempt interest subject to the AMT will be reported in Box 9 of Form 1099-INT.

State/Territory	Percentage of Dividends Paid	State/Territory	Percentage of Dividends Paid
Alabama	0.01%	Montana	0.00%
Alaska	0.33	Nebraska	0.00
Arizona	1.33	Nevada	2.61
Arkansas	0.00	New Hampshire	0.00
California	13.34	New Jersey	5.67
Colorado	1.62	New Mexico	0.06
Connecticut	0.37	New York	18.00
Delaware	0.09	North Carolina	3.86
Washington DC	0.00	North Dakota	0.00
Florida	3.46	Ohio	2.22
Georgia	1.16	Oklahoma	0.10
Guam	0.00	Oregon	0.02
Hawaii	0.00	Pennsylvania	1.40
Idaho	0.00	Puerto Rico	5.65
Illinois	2.61	Rhode Island	0.00
Indiana	1.36	South Carolina	2.38
Iowa	0.00	South Dakota	0.00
Kansas	0.44	Tennessee	0.14
Kentucky	0.80	Texas	15.77
Louisiana	0.07	Utah	0.51
Maine	0.00	Vermont	0.00
Maryland	2.72	Virginia	0.01
Massachusetts	6.10	Washington	2.53
Michigan	2.23	West Virginia	0.00
Minnesota	0.00	Wisconsin	0.00
Mississippi	0.04	Wyoming	0.00
Missouri	0.99	Total exempt from regular Federal Tax	100.00%



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**UBS Funds  
SMA Relationship Trust  
2007 Tax Information**

The enclosed information will assist you in preparing your 2007 federal, state and local tax returns. Due to the many differences in state and local regulations, shareholders of these funds should consult their tax advisors regarding this information. If you have any questions concerning these funds please call us toll-free at 1-800-647 1568.

*This notice is provided to you for informational purposes only, and should not be considered tax advice. UBS Global Asset Management (Americas) Inc. does not offer tax or legal advice. Please consult with your attorney and tax advisor regarding your personal circumstances.*

## Sources of Ordinary Income Dividends Calendar Year 2007

Most states exempt interest earned on obligations of the federal government from state and local income taxes. This may allow a portion of a fund's dividends paid to be exempt from state and local income taxes. However, the exemption requirements vary from state to state, so we recommend that you contact your state's tax authorities if you have any questions about their specific requirements. For example, some states require that a minimum percentage, usually 50% of a fund's assets, consist of U.S. government securities at the end of each fiscal quarter to be exempt from state taxes. None of the funds below met this requirement for 2007.

The table indicates the sources of ordinary income dividends paid by the funds during the calendar year 2007 from investments in U.S. government and agency obligations. Ordinary income dividends are reported on your Form 1099-DIV in Box 1a. Also included is the qualifying dividends received deduction (DRD) percentage for corporations.

As a result of the Jobs and Growth Tax Relief Reconciliation Act of 2003, the maximum tax rate for qualified dividends is 15%. Qualified dividends are shown in Box 1b of your Form 1099-DIV.

## Percentage of Ordinary Income Dividends

Funds	U.S. Treasury Obligations	Other Direct U.S. Government Obligations (a)	Federal Home Loan Mortgage Corp. (FHLMC)	Federal Nat'l Mortgage Association (FNMA)	Government Nat'l Mortgage Association (GNMA)	Qualifying Dividends for Corporate DRD
UBS Global Allocation Fund (b)	3.85%	0.36%	1.15%	1.97%	0.11%	29.49%
UBS High Yield Fund	0.50	0.00	0.00	0.00	0.00	0.00
UBS International Equity Fund (b)	0.00	0.00	0.00	0.00	0.00	0.00
UBS U.S. Mid Cap Growth Equity Fund (b)	0.00	0.00	0.00	0.00	0.00	100.00
UBS Global Equity Fund	0.00	0.00	0.00	0.00	0.00	84.14
UBS Global Bond Fund	7.54	0.11	0.11	0.62	0.11	0.00
UBS U.S. Bond Fund	19.03	0.85	3.59	9.26	0.55	0.00
UBS U.S. Large Cap Equity Fund (b)	0.07	0.00	0.00	0.00	0.00	71.94
UBS U.S. Large Cap Growth Fund (b)	0.00	2.51	0.00	0.10	0.00	100.00
UBS U.S. Small Cap Growth Fund (b)	0.00	0.00	0.00	0.00	0.00	100.00
UBS U.S. Large Cap Value Equity Fund (b)	0.00	0.00	0.00	0.00	0.00	96.76
UBS Dynamic Alpha Fund (b)	2.41	0.00	0.01	0.00	0.00	0.00
UBS Absolute Return Bond Fund	0.40	0.14	7.72	6.60	0.00	0.00
UBS U.S. Equity Alpha Fund (b)	0.00	0.00	0.00	0.00	0.00	34.35
UBS Global Frontier Fund (b)	1.92	0.02	0.04	0.28	0.00	0.00
UBS Money Market Fund	0.04	1.71	6.36	3.14	0.00	0.00
UBS S&P 500 Index Fund (b)	0.12	0.00	0.00	0.00	0.00	100.00
UBS U.S. Allocation Fund	8.93	1.01	4.47	12.81	1.56	54.74

## SMA Relationship Trust

Series M (b)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Series T	0.03	0.00	5.50	8.84	0.60	0.00

(a) Includes: Federal Farm Credit Bank, Federal Home Loan Bank, Student Loan Marketing Association, and Tennessee Valley Authority securities.

(b) In addition to ordinary and/or tax-exempt income dividends, the Fund also made long-term capital gain distributions as reported on your Form 1099-DIV in Box 2a. Please consult your tax advisor for further assistance with how these distributions will impact your specific tax situation.

## Foreign Income and Taxes Paid

Your share of foreign taxes paid by UBS International Equity Fund can be used as a tax credit or a deduction from income on your personal income tax return. These foreign taxes are reported in Box 6 of your Form 1099-DIV. Generally, it may be better to take the credit by completing Form 1116 or, if you qualify, by reporting the foreign tax amount on line 51 of Form 1040. To take the deduction, report the foreign tax amount on Schedule A, Line 8 of Form 1040. If you choose to take the credit, use the following table to complete Form 1116.

The amount of foreign tax credit that is utilized by a shareholder may be limited due to general credit limitation rules as well as a reduction in foreign source income associated with qualified dividend income under the Jobs and Growth Tax Relief Reconciliation Act of 2003. Please refer to the instructions to Form 1116 for additional information. Please consult your tax advisor to determine whether it is more beneficial for you to take the credit or the deduction.

## UBS International Equity Fund

Country	Total Income Percentage by Source <sup>(1)</sup>	Foreign Tax Credit Per Share Record Date: 12/18/07 <sup>(2)</sup>
Australia	2.67%	\$0.0000
Austria	0.27	0.0000
Belgium	0.81	0.0007
Bermuda	0.53	0.0000
Canada	1.35	0.0018
Denmark	0.11	0.0000
Finland	0.72	0.0004
France	4.13	0.0000
Germany	2.12	0.0007
Greece	0.25	0.0000
Hong Kong	0.27	0.0000
Ireland	1.55	0.0000
Italy	2.29	0.0000
Japan	4.74	0.0023
Luxemburg	0.03	0.0000
Netherlands	3.60	0.0014
Norway	0.99	0.0000
Singapore	0.01	0.0000
Spain	1.53	0.0012
Sweden	0.64	0.0007
Switzerland	2.33	0.0009
United Kingdom	13.83	0.0000
United States	55.23	0.0000
	100.00%	\$0.0101

To Complete Form 1116:

(1) Apply this percentage to Box 1a on your Form 1099-DIV.

(2) Multiply this per share amount by the number of shares held at record date.

(3) A substantial amount of income attributed to the United States represents short-term capital gains.

Note: 43.50% of the ordinary income dividend paid (shown in box 1b on your Form 1099-DIV) represents qualified income dividends