

UBS Exchange Traded Funds

Interim Financial Report

For the half-year ended 31 December 2017

This financial report covers the following UBS Exchange Traded Funds:

UBS IQ Morningstar Australia Quality ETF (ASX code: ETF)

ARSN 159 571 534

UBS IQ Morningstar Australia Dividend Yield ETF (ASX code: DIV)

ARSN 161 570 574

UBS IQ MSCI Australia Ethical ETF (ASX code: UBA)

ARSN 166 219 601

UBS IQ MSCI Asia APEX 50 Ethical ETF (ASX code: UBP)

ARSN 603 812 826

UBS IQ MSCI Europe Ethical ETF (ASX code: UBE)

ARSN 603 813 949

UBS IQ MSCI Japan Ethical ETF (ASX Code: UBJ)

ARSN 603 812 451

UBS IQ MSCI USA Ethical ETF (ASX Code: UBU)

ARSN 603 812 246

UBS IQ MSCI World ex Australia Ethical ETF (ASX code: UBW)

ARSN 603 812 040

UBS Exchange Traded Funds

Interim Financial Report

For the half-year ended 31 December 2017

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The Interim financial report covers the UBS IQ Morningstar Australia Quality ETF, UBS IQ Morningstar Australia Dividend Yield ETF, UBS IQ MSCI Australia Ethical ETF, UBS IQ MSCI Asia APEX 50 Ethical ETF, UBS IQ MSCI Europe Ethical ETF, UBS IQ MSCI Japan Ethical ETF, UBS IQ MSCI USA Ethical ETF and UBS IQ MSCI World ex Australia Ethical ETF as individual entities.

Directors' Report

The directors of UBS Asset Management (Australia) Ltd (ABN 31 003 146 290) (AFS Licence No. 222 605), the Responsible Entity of the UBS IQ Morningstar Australia Quality ETF, UBS IQ Morningstar Australia Dividend Yield ETF, UBS IQ MSCI Australia Ethical ETF, UBS IQ MSCI Asia APEX 50 Ethical ETF, UBS IQ MSCI Europe Ethical ETF, UBS IQ MSCI Japan Ethical ETF, UBS IQ MSCI USA Ethical ETF and UBS IQ MSCI World ex Australia Ethical ETF ("the Funds"), present their report together with the interim financial report of the Funds for the half-year ended 31 December 2017.

Funds' information

The Funds are Australian Registered Schemes. UBS Asset Management (Australia) Ltd, the Responsible Entity of the Funds, is incorporated and domiciled in Australia. The registered office of the Responsible Entity is located at Level 16 Chifley Tower, 2 Chifley Square, Sydney, NSW 2000.

Directors

The following persons held office as directors of UBS Asset Management (Australia) Ltd during the half-year and up to the date of this report:

B J Doherty, Chairman
A L Anderson
J D Males
A L Flockart
R Buehlmann

Principal Activities

During the half-year, the Funds continued to invest funds in accordance with their current Product Disclosure Statements and the provisions of the Funds' Constitutions.

The Funds did not have any employees during the half-year.

There were no significant changes in the nature of the Funds' activities during the half-year or since the end of the half-year and up to the date of this report.

Review and results of operations

There have been no significant changes to the operations of the Funds since the previous financial year. The Funds continued to invest funds in accordance with target asset allocations as set out in the governing documents of the Funds and in accordance with the provisions of the Funds' Constitutions.

Directors' Report (continued)

Review and results of operations (continued)

The performance of the Funds, as represented by the results of their operations, was as follows:

	UBS IQ Morningstar Australia Quality ETF		UBS IQ Morningstar Australia Dividend Yield ETF	
	Half-year ended		Half-year ended	
	31 December 2017 \$'000	31 December 2016 \$'000	31 December 2017 \$'000	31 December 2016 \$'000
Profit/(loss) before finance costs attributable to unitholders	<u>457</u>	<u>(4,977)</u>	<u>1,976</u>	<u>1,271</u>
<i>Distributions - quoted class</i>				
Total distribution paid	<u>295</u>	<u>549</u>	<u>475</u>	<u>273</u>
Total distribution payable	<u>155</u>	<u>163</u>	<u>154</u>	<u>274</u>
Total distribution (cents per unit)	<u>52.14</u>	<u>51.34</u>	<u>45.13</u>	<u>42.67</u>
<i>Distributions - unquoted class</i>				
Total distribution paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total distribution payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total distribution (cents per unit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	UBS IQ MSCI Australia Ethical ETF		UBS IQ MSCI Asia APEX 50 Ethical ETF	
	Half-year ended		Half-year ended	
	31 December 2017 \$'000	31 December 2016 \$'000	31 December 2017 \$	31 December 2016 \$
Profit/(loss) before finance costs attributable to unitholders	<u>13,396</u>	<u>15,666</u>	<u>305,135</u>	<u>83,748</u>
<i>Distributions - quoted class</i>				
Total distribution paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total distribution payable	<u>4,754</u>	<u>4,131</u>	<u>-</u>	<u>-</u>
Total distribution (cents per unit)	<u>54.35</u>	<u>52.78</u>	<u>-</u>	<u>-</u>
<i>Distributions - unquoted class</i>				
Total distribution paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total distribution payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total distribution (cents per unit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Directors' Report (continued)

Review and results of operations (continued)

	UBS IQ MSCI Europe Ethical ETF		UBS IQ MSCI Japan Ethical ETF	
	Half-year ended		Half-year ended	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	\$'000	\$'000	\$	\$
Profit/(loss) before finance costs attributable to unitholders	<u>565</u>	<u>540</u>	<u>347,727</u>	<u>328,158</u>
<i>Distributions - quoted class</i>				
Total distribution paid	-	-	-	-
Total distribution payable	-	-	-	-
Total distribution (cents per unit)	-	-	-	-
<i>Distributions - unquoted class</i>				
Total distribution paid	-	-	-	-
Total distribution payable	-	-	-	-
Total distribution (cents per unit)	-	-	-	-

	UBS IQ MSCI USA Ethical ETF		UBS IQ MSCI World ex Australia Ethical ETF	
	Half-year ended		Half-year ended	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	\$	\$	\$'000	\$'000
Profit/(loss) before finance costs attributable to unitholders	<u>521,009</u>	<u>554,072</u>	<u>3,383</u>	<u>2,971</u>
<i>Distributions - quoted class</i>				
Total distribution paid	-	-	-	-
Total distribution payable	-	-	-	-
Total distribution (cents per unit)	-	-	-	-
<i>Distributions - unquoted class</i>				
Total distribution paid	-	-	-	-
Total distribution payable	-	-	-	-
Total distribution (cents per unit)	-	-	-	-

Directors' Report (continued)

Significant changes in the state of affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Funds that occurred during the reporting period, other than those changes identified in the financial statements for the half-year ended 31 December 2017.

Likely developments and expected results of operations

The Funds will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Funds and in accordance with the provisions of the Funds' Constitutions.

Further information on likely developments in the operations of the Funds and the expected results of those operations have not been included in this report because the Responsible Entity believes it would be likely to result in unreasonable prejudice to the Funds.

Events occurring after reporting period

No matter or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect:

- (i) the operations of the Funds in future financial periods, or
- (ii) the results of those operations in future financial periods, or
- (iii) the state of affairs of the Funds in future financial periods.

Indemnification and insurance of officers and auditors

No insurance premiums are paid for out of the assets of the Funds in regards to insurance cover provided to either the officers of UBS Asset Management (Australia) Ltd or the auditors of the Funds. So long as the officers of UBS Asset Management (Australia) Ltd act in accordance with the Funds' Constitutions and the *Corporations Act 2001*, the officers remain indemnified out of the assets of the Funds against losses incurred while acting on behalf of the Funds.

The auditors of the Funds are in no way indemnified out of the assets of the Funds.

Environmental regulation

The operations of the Funds are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

Single set of financial reports

The Funds are entities of the kind referred to in ASIC Corporations (Related Scheme Reports) Instrument 2015/839 issued by the Australian Securities and Investments Commission ("ASIC") and in accordance with that Instrument, Funds with a common Responsible Entity (or related Responsible Entities) can include their financial reports in adjacent columns in a single set of financial reports.

Proceeds from redeeming units in a Fund can be applied to acquire units in other Funds included in these financial statements. All the Funds are open-ended.

Rounding of amounts

The Funds are entities of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission ("ASIC") relating to the "rounding off" of amounts in the Directors' report. For UBS IQ Morningstar Australia Quality ETF, UBS IQ Morningstar Australia Dividend Yield ETF, UBS IQ MSCI Australia Ethical ETF, UBS IQ MSCI Europe Ethical ETF and UBS IQ MSCI World ex Australia Ethical ETF, amounts in the Directors' report have been rounded to the nearest thousand dollars in accordance with that ASIC Instrument, unless otherwise indicated. For UBS IQ MSCI Asia APEX 50 Ethical ETF, UBS IQ MSCI Japan Ethical ETF and UBS IQ MSCI USA Ethical ETF, amounts in the Directors' report have been rounded to the nearest dollar in accordance with that ASIC Instrument, unless otherwise indicated.

Directors' Report (continued)

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 7.

This report is made in accordance with a resolution of the directors.



B J Doherty
Chairman



A L Anderson
Director

Sydney
9 March 2018

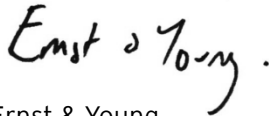
Auditor's Independence Declaration to the Directors of UBS Asset Management (Australia) Ltd, as Responsible Entity for the UBS Exchange Traded Funds ("the Funds")

For the following UBS Exchange Traded Funds ("the Funds")

- ▶ UBS IQ Morningstar Australia Quality ETF (ETF)
- ▶ UBS IQ Morningstar Australia Dividend Yield ETF (DIV)
- ▶ UBS IQ MSCI Australia Ethical ETF (UBA)
- ▶ UBS IQ MSCI Asia Apex 50 Ethical ETF (UBP)
- ▶ UBS IQ MSCI Europe Ethical ETF (UBE)
- ▶ UBS IQ MSCI Japan Ethical ETF (UBJ)
- ▶ UBS IQ MSCI USA Ethical ETF (UBU)
- ▶ UBS IQ MSCI World ex Australia Ethical ETF (UBW)

As lead auditor for the review of the Funds for the half-year ended 31 December 2017, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.



Ernst & Young



Graeme McKenzie
Partner
9 March 2018

Statements of Comprehensive Income

	UBS IQ Morningstar Australia Quality ETF		UBS IQ Morningstar Australia Dividend Yield ETF	
	Half-year ended		Half-year ended	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Notes	\$'000	\$'000	\$'000	\$'000
Investment income				
Dividend/Trust distribution income	451	749	639	582
Net gains/(losses) on financial instruments held at fair value through profit or loss	39	(5,661)	1,384	729
Total Investment income/(loss)	490	(4,912)	2,023	1,311
Expenses				
Responsible Entity's fees	30	59	43	37
Transaction costs	3	6	4	3
Total Expenses	33	65	47	40
Profit/(loss) before finance costs attributable to unitholders	457	(4,977)	1,976	1,271
Finance costs attributable to unitholders				
Distributions to unitholders	4	712	629	547
Increase/(decrease) in net assets attributable to unitholders	3	(5,689)	1,347	724
Profit/(loss) for the half-year attributable to unitholders	-	-	-	-
Other comprehensive income for the half-year attributable to unitholders	-	-	-	-
Total comprehensive income for the half-year attributable to unitholders	-	-	-	-

The above Statements of Comprehensive Income should be read in conjunction with the accompanying notes.

Statements of Comprehensive Income (continued)

	Notes	UBS IQ MSCI Australia Ethical ETF		UBS IQ MSCI Asia APEX 50 Ethical ETF	
		Half-year ended 31 December 2017 \$'000	31 December 2016 \$'000	Half-year ended 31 December 2017 \$	31 December 2016 \$
Investment income					
Dividend/Trust distribution income		3,963	3,134	65,969	9,001
Interest income		1	1	2	-
Net gains/(losses) on financial instruments held at fair value through profit or loss		9,584	12,657	286,745	77,671
Net foreign exchange gains/(losses)		(1)	-	(37,118)	(101)
Other income		-	-	22,563	18
Total Investment income/(loss)		13,547	15,792	338,161	86,589
Expenses					
Responsible Entity's fees		148	122	13,224	2,097
Transaction costs		1	2	11,817	83
Other expenses		2	2	7,985	661
Total Expenses		151	126	33,026	2,841
Profit/(loss) before finance costs attributable to unitholders		13,396	15,666	305,135	83,748
Finance costs attributable to unitholders					
Distributions to unitholders	4	4,754	4,131	-	-
Increase/(decrease) in net assets attributable to unitholders	3	8,642	11,535	305,135	83,748
Profit/(loss) for the half-year attributable to unitholders		-	-	-	-
Other comprehensive income for the half-year attributable to unitholders		-	-	-	-
Total comprehensive income for the half-year attributable to unitholders		-	-	-	-

The above Statements of Comprehensive Income should be read in conjunction with the accompanying notes.

Statements of Comprehensive Income (continued)

	Notes	UBS IQ MSCI Europe Ethical ETF		UBS IQ MSCI Japan Ethical ETF	
		Half-year ended 31 December 2017 \$'000	31 December 2016 \$'000	Half-year ended 31 December 2017 \$	31 December 2016 \$
Investment income					
Dividend/Trust distribution income		66	54	34,373	32,800
Net gains/(losses) on financial instruments held at fair value through profit or loss		517	505	312,625	308,019
Net foreign exchange gains/(losses)		5	(2)	11,550	(3,388)
Other income		4	-	162	-
Total Investment income/(loss)		592	557	358,710	337,431
Expenses					
Responsible Entity's fees		17	14	7,306	5,953
Transaction costs		5	-	206	17
Other expenses		5	3	3,471	3,303
Total Expenses		27	17	10,983	9,273
Profit/(loss) before finance costs attributable to unitholders		565	540	347,727	328,158
Finance costs attributable to unitholders					
Distributions to unitholders	4	-	-	-	-
Increase/(decrease) in net assets attributable to unitholders	3	565	540	347,727	328,158
Profit/(loss) for the half-year attributable to unitholders		-	-	-	-
Other comprehensive income for the half-year attributable to unitholders		-	-	-	-
Total comprehensive income for the half-year attributable to unitholders		-	-	-	-

The above Statements of Comprehensive Income should be read in conjunction with the accompanying notes.

Statements of Comprehensive Income (continued)

	Notes	UBS IQ MSCI USA Ethical ETF		UBS IQ MSCI World ex Australia Ethical ETF	
		Half-year ended 31 December 2017	31 December 2016	Half-year ended 31 December 2017	31 December 2016
		\$	\$	\$'000	\$'000
Investment income					
Dividend/Trust distribution income		58,175	56,192	397	316
Interest income		4	-	-	-
Net gains/(losses) on financial instruments held at fair value through profit or loss		477,137	510,397	3,111	2,766
Net foreign exchange gains/(losses)		128	531	(4)	(16)
Other income		230	633	2	2
Total Investment income/(loss)		535,674	567,753	3,506	3,068
Expenses					
Responsible Entity's fees		6,041	5,390	73	55
Transaction costs		12	12	2	2
Other expenses		8,612	8,279	48	40
Total Expenses		14,665	13,681	123	97
Profit/(loss) before finance costs attributable to unitholders		521,009	554,072	3,383	2,971
Finance costs attributable to unitholders					
Distributions to unitholders	4	-	-	-	-
Increase/(decrease) in net assets attributable to unitholders	3	521,009	554,072	3,383	2,971
Profit/(loss) for the half-year attributable to unitholders		-	-	-	-
Other comprehensive income for the half-year attributable to unitholders		-	-	-	-
Total comprehensive income for the half-year attributable to unitholders		-	-	-	-

The above Statements of Comprehensive Income should be read in conjunction with the accompanying notes.

Statements of Financial Position

	Notes	UBS IQ Morningstar Australia Quality ETF		UBS IQ Morningstar Australia Dividend Yield ETF	
		As at		As at	
		31 December 2017	30 June 2017	31 December 2017	30 June 2017
		\$'000	\$'000	\$'000	\$'000
Assets					
Cash and cash equivalents		157	300	218	105
Receivables		140	202	178	149
Financial assets held at fair value through profit or loss	5	<u>10,564</u>	<u>27,452</u>	<u>28,082</u>	<u>27,544</u>
Total assets		<u>10,861</u>	<u>27,954</u>	<u>28,478</u>	<u>27,798</u>
Liabilities					
Distributions payable	4	155	284	154	238
Payables		6	206	9	9
Financial liabilities held at fair value through profit or loss	6	<u>-</u>	<u>3</u>	<u>-</u>	<u>2</u>
Total liabilities (excluding net assets attributable to unitholders)		<u>161</u>	<u>493</u>	<u>163</u>	<u>249</u>
Net assets attributable to unitholders	3	<u>10,700</u>	<u>27,461</u>	<u>28,315</u>	<u>27,549</u>

The above Statements of Financial Position should be read in conjunction with the accompanying notes.

Statements of Financial Position (continued)

	Notes	UBS IQ MSCI Australia Ethical ETF		UBS IQ MSCI Asia APEX 50 Ethical ETF	
		As at		As at	
		31 December 2017	30 June 2017	31 December 2017	30 June 2017
		\$'000	\$'000	\$	\$
Assets					
Cash and cash equivalents		1,577	464	7,591	6,324
Receivables		350	1,489	21,803	27,462
Financial assets held at fair value through profit or loss	5	<u>179,796</u>	<u>159,740</u>	<u>8,870,742</u>	<u>3,855,884</u>
Total assets		<u>181,723</u>	<u>161,693</u>	<u>8,900,136</u>	<u>3,889,670</u>
Liabilities					
Distributions payable	4	4,754	2,185	-	14,277
Payables		28	26	7,759	5,184
Financial liabilities held at fair value through profit or loss	6	<u>-</u>	<u>26</u>	<u>-</u>	<u>-</u>
Total liabilities (excluding net assets attributable to unitholders)		<u>4,782</u>	<u>2,237</u>	<u>7,759</u>	<u>19,461</u>
Net assets attributable to unitholders	3	<u>176,941</u>	<u>159,456</u>	<u>8,892,377</u>	<u>3,870,209</u>

The above Statements of Financial Position should be read in conjunction with the accompanying notes.

Statements of Financial Position (continued)

	Notes	UBS IQ MSCI Europe Ethical ETF		UBS IQ MSCI Japan Ethical ETF	
		As at		As at	
		31 December 2017	30 June 2017	31 December 2017	30 June 2017
		\$'000	\$'000	\$	\$
Assets					
Cash and cash equivalents		37	72	1,173	15,436
Receivables		33	178	5,662	45,005
Financial assets held at fair value through profit or loss	5	<u>10,182</u>	<u>7,530</u>	<u>4,445,569</u>	<u>3,167,997</u>
Total assets		<u>10,252</u>	<u>7,780</u>	<u>4,452,404</u>	<u>3,228,438</u>
Liabilities					
Distributions payable	4	-	195	-	48,501
Payables		5	5	2,556	1,612
Financial liabilities held at fair value through profit or loss	6	<u>1</u>	<u>2</u>	<u>-</u>	<u>147</u>
Total liabilities (excluding net assets attributable to unitholders)		<u>6</u>	<u>202</u>	<u>2,556</u>	<u>50,260</u>
Net assets attributable to unitholders	3	<u>10,246</u>	<u>7,578</u>	<u>4,449,848</u>	<u>3,178,178</u>

The above Statements of Financial Position should be read in conjunction with the accompanying notes.

Statements of Financial Position (continued)

	Notes	UBS IQ MSCI USA Ethical ETF		UBS IQ MSCI World ex Australia Ethical ETF	
		As at		As at	
		31 December 2017	30 June 2017	31 December 2017	30 June 2017
		\$	\$	\$'000	\$'000
Assets					
Cash and cash equivalents		8,807	7,570	153	132
Receivables		13,067	113,235	100	395
Financial assets held at fair value through profit or loss	5	<u>6,299,844</u>	<u>5,792,467</u>	<u>42,317</u>	<u>37,178</u>
Total assets		<u>6,321,718</u>	<u>5,913,272</u>	<u>42,570</u>	<u>37,705</u>
Liabilities					
Distributions payable	4	-	120,492	-	715
Payables		4,140	1,929	29	15
Financial liabilities held at fair value through profit or loss	6	<u>-</u>	<u>124</u>	<u>-</u>	<u>1</u>
Total liabilities (excluding net assets attributable to unitholders)		<u>4,140</u>	<u>122,545</u>	<u>29</u>	<u>731</u>
Net assets attributable to unitholders	3	<u>6,317,578</u>	<u>5,790,727</u>	<u>42,541</u>	<u>36,974</u>

The above Statements of Financial Position should be read in conjunction with the accompanying notes.

Statements of Changes in Equity

	UBS IQ Morningstar Australia Quality ETF		UBS IQ Morningstar Australia Dividend Yield ETF	
	Half-year ended		Half-year ended	
	31 December 2017 \$'000	31 December 2016 \$'000	31 December 2017 \$'000	31 December 2016 \$'000
Total equity at the beginning of the half-year	-	-	-	-
Profit/(loss) for the half-year attributable to unitholders	-	-	-	-
Other comprehensive income for the half-year attributable to unitholders	-	-	-	-
Total comprehensive income for the half-year attributable to unitholders	-	-	-	-
Transactions with owners in their capacity as owners	-	-	-	-
Total equity at the end of the half-year	-	-	-	-

In accordance with AASB 132 Financial Instruments: Presentation, net assets attributable to unitholders are classified as a liability rather than equity. As a result, there was no equity at the beginning and the end of the half-year.

Changes in net assets attributable to unitholders are disclosed in Note 3.

The above Statements of Changes in Equity should be read in conjunction with the accompanying notes.

Statements of Changes in Equity (continued)

	UBS IQ MSCI Australia Ethical ETF		UBS IQ MSCI Asia APEX 50 Ethical ETF	
	31 December 2017 \$'000	31 December 2016 \$'000	31 December 2017 \$	31 December 2016 \$
Total equity at the beginning of the half-year	-	-	-	-
Profit/(loss) for the half-year attributable to unitholders	-	-	-	-
Other comprehensive income for the half-year attributable to unitholders	-	-	-	-
Total comprehensive income for the half-year attributable to unitholders	-	-	-	-
Transactions with owners in their capacity as owners	-	-	-	-
Total equity at the end of the half-year	-	-	-	-

In accordance with AASB 132 Financial Instruments: Presentation, net assets attributable to unitholders are classified as a liability rather than equity. As a result, there was no equity at the beginning and the end of the half-year.

Changes in net assets attributable to unitholders are disclosed in Note 3.

The above Statements of Changes in Equity should be read in conjunction with the accompanying notes.

Statements of Changes in Equity (continued)

	UBS IQ MSCI Europe Ethical ETF		UBS IQ MSCI Japan Ethical ETF	
	Half-year ended 31 December 2017 \$'000	31 December 2016 \$'000	Half-year ended 31 December 2017 \$	31 December 2016 \$
Total equity at the beginning of the half-year	-	-	-	-
Profit/(loss) for the half-year attributable to unitholders	-	-	-	-
Other comprehensive income for the half-year attributable to unitholders	-	-	-	-
Total comprehensive income for the half-year attributable to unitholders	-	-	-	-
Transactions with owners in their capacity as owners	-	-	-	-
Total equity at the end of the half-year	-	-	-	-

In accordance with AASB 132 Financial Instruments: Presentation, net assets attributable to unitholders are classified as a liability rather than equity. As a result, there was no equity at the beginning and the end of the half-year.

Changes in net assets attributable to unitholders are disclosed in Note 3.

The above Statements of Changes in Equity should be read in conjunction with the accompanying notes.

Statements of Changes in Equity (continued)

	UBS IQ MSCI USA Ethical ETF Half-year ended		UBS IQ MSCI World ex Australia Ethical ETF Half-year ended	
	31 December 2017 \$	31 December 2016 \$	31 December 2017 \$'000	31 December 2016 \$'000
Total equity at the beginning of the half-year	-	-	-	-
Profit/(loss) for the half-year attributable to unitholders	-	-	-	-
Other comprehensive income for the half-year attributable to unitholders	-	-	-	-
Total comprehensive income for the half-year attributable to unitholders	-	-	-	-
Transactions with owners in their capacity as owners	-	-	-	-
Total equity at the end of the half-year	-	-	-	-

In accordance with AASB 132 Financial Instruments: Presentation, net assets attributable to unitholders are classified as a liability rather than equity. As a result, there was no equity at the beginning and the end of the half-year.

Changes in net assets attributable to unitholders are disclosed in Note 3.

The above Statements of Changes in Equity should be read in conjunction with the accompanying notes.

Statements of Cash Flows

	UBS IQ Morningstar Australia Quality ETF		UBS IQ Morningstar Australia Dividend Yield ETF	
	Half-year ended		Half-year ended	
	31 December 2017 \$'000	31 December 2016 \$'000	31 December 2017 \$'000	31 December 2016 \$'000
Cash flows from operating activities				
Proceeds from sale of financial instruments held at fair value through profit or loss	5,271	9,373	7,906	4,730
Purchase of financial instruments held at fair value through profit or loss	(5,561)	(9,578)	(8,274)	(4,955)
Dividends/Trust distributions received	599	753	717	572
Responsible Entity's fees paid	(33)	(57)	(43)	(37)
Payments for other expenses	(2)	(5)	(4)	(3)
Net cash inflows/(outflows) from operating activities	274	486	302	307
Cash flows from financing activities				
Proceeds from applications by unitholders	-	4	-	2
Payments for redemptions by unitholders	-	(51)	-	-
Distributions paid	(417)	(295)	(189)	(158)
Net cash inflows/(outflows) from financing activities	(417)	(342)	(189)	(156)
Net increase/(decrease) in cash and cash equivalents	(143)	144	113	151
Cash and cash equivalents at the beginning of the half-year	300	1	105	7
Cash and cash equivalents at the end of the half-year	157	145	218	158

The above Statements of Cash Flows should be read in conjunction with the accompanying notes.

Statements of Cash Flows (continued)

	UBS IQ MSCI Australia Ethical ETF Half-year ended		UBS IQ MSCI Asia APEX 50 Ethical ETF Half-year ended	
	31 December 2017 \$'000	31 December 2016 \$'000	31 December 2017 \$	31 December 2016 \$
Cash flows from operating activities				
Proceeds from sale of financial instruments held at fair value through profit or loss	1,285	1,313	3,322,871	51,193
Purchase of financial instruments held at fair value through profit or loss	(5,025)	(4,371)	(8,050,232)	(41,251)
Dividends/Trust distributions received	5,098	4,180	61,087	13,960
Interest received	1	1	2	-
Net foreign exchange gains/(losses)	(1)	-	(37,176)	(87)
Other income received	-	-	24,397	8
Responsible Entity's fees paid	(144)	(119)	(10,433)	(2,058)
Payments for other expenses	-	(2)	(12,063)	(91)
Net cash inflows/(outflows) from operating activities	1,214	1,002	(4,701,547)	21,674
Cash flows from financing activities				
Proceeds from applications by unitholders	-	-	7,904,218	-
Payments for redemptions by unitholders	-	-	(3,187,563)	-
Distributions paid	(101)	(24)	(13,899)	(23,034)
Net cash inflows/(outflows) from financing activities	(101)	(24)	4,702,756	(23,034)
Net increase/(decrease) in cash and cash equivalents	1,113	978	1,209	(1,360)
Cash and cash equivalents at the beginning of the half-year	464	300	6,324	1,506
Effects of foreign exchange rate changes on cash and cash equivalents	-	-	58	(14)
Cash and cash equivalents at the end of the half-year	1,577	1,278	7,591	132

The above Statements of Cash Flows should be read in conjunction with the accompanying notes.

Statements of Cash Flows (continued)

	UBS IQ MSCI Europe Ethical ETF		UBS IQ MSCI Japan Ethical ETF	
	Half-year ended 31 December 2017 \$'000	31 December 2016 \$'000	Half-year ended 31 December 2017 \$	31 December 2016 \$
Cash flows from operating activities				
Proceeds from sale of financial instruments held at fair value through profit or loss	272	299	84,357	75,237
Purchase of financial instruments held at fair value through profit or loss	(2,259)	(158)	(1,008,180)	(49,296)
Dividends/Trust distributions received	57	44	29,368	29,612
Net foreign exchange gains/(losses)	6	(3)	11,412	(3,277)
Other income received	3	-	55	91
Responsible Entity's fees paid	(16)	(13)	(6,855)	(5,845)
Payments for other expenses	(4)	-	-	-
Net cash inflows/(outflows) from operating activities	(1,941)	169	(889,843)	46,522
Cash flows from financing activities				
Proceeds from applications by unitholders	2,089	-	919,471	-
Distributions paid	(182)	(175)	(44,029)	(60,550)
Net cash inflows/(outflows) from financing activities	1,907	(175)	875,442	(60,550)
Net increase/(decrease) in cash and cash equivalents	(34)	(6)	(14,401)	(14,028)
Cash and cash equivalents at the beginning of the half-year	72	11	15,436	16,031
Effects of foreign exchange rate changes on cash and cash equivalents	(1)	1	138	(111)
Cash and cash equivalents at the end of the half-year	37	6	1,173	1,892

The above Statements of Cash Flows should be read in conjunction with the accompanying notes.

Statements of Cash Flows (continued)

	UBS IQ MSCI USA Ethical ETF Half-year ended		UBS IQ MSCI World ex Australia Ethical ETF Half-year ended	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	\$	\$	\$'000	\$'000
Cash flows from operating activities				
Proceeds from sale of financial instruments held at fair value through profit or loss	165,656	159,913	2,750	704
Purchase of financial instruments held at fair value through profit or loss	(93,186)	(135,865)	(4,465)	(3,237)
Dividends/Trust distributions received	49,214	46,796	341	263
Interest received	4	-	-	-
Net foreign exchange gains/(losses)	274	400	(3)	(16)
Other income received	226	571	2	2
Responsible Entity's fees paid	(5,939)	(5,289)	(71)	(53)
Payments for other expenses	(216)	(116)	(1)	(5)
Net cash inflows/(outflows) from operating activities	116,033	66,410	(1,447)	(2,342)
Cash flows from financing activities				
Proceeds from applications by unitholders	-	-	3,810	2,542
Payments for redemptions by unitholders	-	-	(2,000)	-
Distributions paid	(114,650)	(68,794)	(341)	(243)
Net cash inflows/(outflows) from financing activities	(114,650)	(68,794)	1,469	2,299
Net increase/(decrease) in cash and cash equivalents	1,383	(2,384)	22	(43)
Cash and cash equivalents at the beginning of the half-year	7,570	8,326	132	66
Effects of foreign exchange rate changes on cash and cash equivalents	(146)	131	(1)	-
Cash and cash equivalents at the end of the half-year	8,807	6,073	153	23

The above Statements of Cash Flows should be read in conjunction with the accompanying notes.

1 General Information

These interim financial statements cover the UBS IQ Morningstar Australia Quality ETF, UBS IQ Morningstar Australia Dividend Yield ETF, UBS IQ MSCI Australia Ethical ETF, UBS IQ MSCI Asia APEX 50 Ethical ETF, UBS IQ MSCI Europe Ethical ETF, UBS IQ MSCI Japan Ethical ETF, UBS IQ MSCI USA Ethical ETF and UBS IQ MSCI World ex Australia Ethical ETF (“the Funds”) as individual entities.

The Responsible Entity of the Funds is UBS Asset Management (Australia) Ltd (“the Responsible Entity”). The Responsible Entity’s registered office is located at Level 16 Chifley Tower, 2 Chifley Square, Sydney NSW 2000. The Responsible Entity is incorporated and domiciled in Australia.

The financial statements of the Funds for the half-year ended 31 December 2017 were authorised for issue in accordance with a resolution of the directors of the Responsible Entity dated 9 March 2018. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

The financial statements are presented in Australian dollars.

On 5 May 2016, the Attribution Managed Investment Trust “AMIT” regime, applying to Managed Investment Trusts (“MITs”) was established under the Tax Laws Amendment (New Tax System for Managed Investment Trusts) Act 2016. With its introduction, the Responsible Entity has modified Funds’ constitutions to facilitate each Fund’s operation under the new AMIT regime. The Responsible Entity intends to elect for the AMIT Regime to apply to the Funds for the 2017/2018 financial year and this will be done on lodgment of the Funds’ tax return. The Responsible Entity is continuing to assess the accounting implications associated with the modified Funds’ constitutions which will become effective upon election into the AMIT regime.

2 Basis of preparation of interim financial report

These general purpose financial statements for the half-year ended 31 December 2017 have been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standard AASB 134 *Interim Financial Reporting*.

The interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2017 and any continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous annual reporting period and corresponding interim reporting period, unless otherwise stated.

Compliance with International Financial Reporting Standards

Compliance with AASB 134 *Interim Financial Reporting* ensures that the interim financial report of the Funds, comprising the financial statements and notes thereto, complies with International Accounting Standard IAS 34 *Interim Financial Reporting*.

Comparative information

Where appropriate, comparative disclosures have been reclassified/amended to be consistent with the current period’s presentation. Such reclassification/amendments have not significantly affected the Statement of Comprehensive Income or Statement of Financial Position.

Rounding of amounts

The Funds are entities of the kind referred to in ASIC Corporations (Rounding in Financial/Directors’ Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission (“ASIC”) relating to the “rounding off” of amounts in the financial statements. For UBS IQ Morningstar Australia Quality ETF, UBS IQ Morningstar Australia Dividend Yield ETF, UBS IQ MSCI Australia Ethical ETF, UBS IQ MSCI Europe Ethical ETF and UBS IQ MSCI World ex Australia Ethical ETF, amounts in the financial statements have been rounded to the nearest thousand dollars in accordance with that ASIC Instrument, unless otherwise indicated. For UBS IQ MSCI Asia APEX 50 Ethical ETF, UBS IQ MSCI Japan Ethical ETF and UBS IQ MSCI USA Ethical ETF, amounts in the financial statements have been rounded to the nearest dollar in accordance with that ASIC Instrument, unless otherwise indicated.

3 Net assets attributable to unitholders

Movements in the number of units and net assets attributable to unitholders during the half-year were as follows:

	Half-year ended			
	31 December 2017 No. '000	31 December 2016 No. '000	31 December 2017 \$'000	31 December 2016 \$'000
UBS IQ Morningstar Australia Quality ETF				
Net assets attributable to unitholders - quoted class				
Opening balance	1,352	348	27,461	6,929
Applications*	-	2,900	-	60,300
Redemptions*	(850)	(2,750)	(16,930)	(51,947)
Units issued upon reinvestment of distributions	8	3	162	53
Increase/(decrease) in net assets attributable to unitholders	-	-	7	(5,689)
Closing balance	<u>510</u>	<u>501</u>	<u>10,700</u>	<u>9,646</u>
Total net assets attributable to unitholders			<u>10,700</u>	<u>9,646</u>

	Half-year ended			
	31 December 2017 No. '000	31 December 2016 No. '000	31 December 2017 \$'000	31 December 2016 \$'000
UBS IQ Morningstar Australia Dividend Yield ETF				
Net assets attributable to unitholders - quoted class				
Opening balance	1,356	1,212	27,549	23,153
Applications*	50	50	1,014	1,002
Redemptions*	(100)	-	(2,119)	-
Units issued upon reinvestment of distributions	27	24	524	463
Increase/(decrease) in net assets attributable to unitholders	-	-	1,347	724
Closing balance	<u>1,333</u>	<u>1,286</u>	<u>28,315</u>	<u>25,342</u>
Total net assets attributable to unitholders			<u>28,315</u>	<u>25,342</u>

3 Net assets attributable to unitholders (continued)

	Half-year ended			
	31 December 2017 No. '000	31 December 2016 No. '000	31 December 2017 \$'000	31 December 2016 \$'000
UBS IQ MSCI Australia Ethical ETF				
Net assets attributable to unitholders - quoted class				
Opening balance	8,289	7,679	159,456	133,946
Applications*	500	50	9,726	927
Redemptions*	(150)	-	(2,967)	-
Units issued upon reinvestment of distributions	109	99	2,084	1,724
Increase/(decrease) in net assets attributable to unitholders	-	-	8,642	11,535
Closing balance	<u>8,748</u>	<u>7,828</u>	<u>176,941</u>	<u>148,132</u>
Total net assets attributable to unitholders			<u>176,941</u>	<u>148,132</u>

	Half-year ended			
	31 December 2017 No.	31 December 2016 No.	31 December 2017 \$	31 December 2016 \$
UBS IQ MSCI Asia APEX 50 Ethical ETF				
Net assets attributable to unitholders - quoted class				
Opening balance	175,058	50,013	3,870,209	854,537
Applications	300,000	-	7,904,218	-
Redemptions	(125,000)	-	(3,187,563)	-
Units issued upon reinvestment of distributions	17	25	378	428
Increase/(decrease) in net assets attributable to unitholders	-	-	305,135	83,748
Closing balance	<u>350,075</u>	<u>50,038</u>	<u>8,892,377</u>	<u>938,713</u>
Total net assets attributable to unitholders			<u>8,892,377</u>	<u>938,713</u>

	Half-year ended			
	31 December 2017 No. '000	31 December 2016 No. '000	31 December 2017 \$'000	31 December 2016 \$'000
UBS IQ MSCI Europe Ethical ETF				
Net assets attributable to unitholders - quoted class				
Opening balance	376	375	7,579	6,585
Applications	100	-	2,089	-
Units issued upon reinvestment of distributions	1	1	13	8
Increase/(decrease) in net assets attributable to unitholders	-	-	565	540
Closing balance	<u>477</u>	<u>376</u>	<u>10,246</u>	<u>7,133</u>
Total net assets attributable to unitholders			<u>10,246</u>	<u>7,133</u>

3 Net assets attributable to unitholders (continued)

	Half-year ended			
	31 December 2017 No.	31 December 2016 No.	31 December 2017 \$	31 December 2016 \$
UBS IQ MSCI Japan Ethical ETF				
Net assets attributable to unitholders - quoted class				
Opening balance	150,224	150,009	3,178,178	2,773,060
Applications	40,000	-	919,471	-
Units issued upon reinvestment of distributions	212	215	4,472	3,979
Increase/(decrease) in net assets attributable to unitholders	-	-	<u>347,727</u>	<u>328,158</u>
Closing balance	<u>190,436</u>	<u>150,224</u>	<u>4,449,848</u>	<u>3,105,197</u>
Total net assets attributable to unitholders			<u>4,449,848</u>	<u>3,105,197</u>

	Half-year ended			
	31 December 2017 No.	31 December 2016 No.	31 December 2017 \$	31 December 2016 \$
UBS IQ MSCI USA Ethical ETF				
Net assets attributable to unitholders - quoted class				
Opening balance	250,147	250,038	5,790,727	5,193,193
Units issued upon reinvestment of distributions	251	109	5,842	2,258
Increase/(decrease) in net assets attributable to unitholders	-	-	<u>521,009</u>	<u>554,072</u>
Closing balance	<u>250,398</u>	<u>250,147</u>	<u>6,317,578</u>	<u>5,749,523</u>
Total net assets attributable to unitholders			<u>6,317,578</u>	<u>5,749,523</u>

3 Net assets attributable to unitholders (continued)

	Half-year ended			
	31 December 2017 No. '000	31 December 2016 No. '000	31 December 2017 \$'000	31 December 2016 \$'000
UBS IQ MSCI World ex Australia Ethical ETF				
Net assets attributable to unitholders - quoted class				
Opening balance	875	625	19,429	12,326
Applications	165	125	3,791	2,526
Units issued upon reinvestment of distributions	2	-	35	9
Increase/(decrease) in net assets attributable to unitholders	-	-	1,831	1,417
Closing balance	<u>1,042</u>	<u>750</u>	<u>25,086</u>	<u>16,278</u>
Net assets attributable to unitholders - Unquoted class				
Opening balance	791	773	17,545	15,247
Applications	1	1	19	16
Redemptions	(82)	-	(2,000)	-
Units issued upon reinvestment of distributions	15	16	339	312
Increase/(decrease) in net assets attributable to unitholders	-	-	1,552	1,554
Closing balance	<u>725</u>	<u>790</u>	<u>17,455</u>	<u>17,129</u>
Total net assets attributable to unitholders			<u>42,541</u>	<u>33,407</u>

* These are non-cash applications and redemptions through asset transfer in-specie.

As stipulated within the Funds' Constitutions and the Product Disclosure Statements, each unit in the Funds confers an equal undivided interest in the relevant Class Assets and subject to the Liabilities applicable to that Unit or Class.

A unit does not confer an interest in a particular asset. All units in a class rank equally and each class is a separate class of interests for the purposes of the *Corporations Act 2001*.

The Funds offered two classes of units in the Funds as at 31 December 2017 and 31 December 2016. One class that is quoted and traded on the AQUA market of the ASX. This is reflected in the current Product Disclosure Statements. The other class is an unquoted class that is available to wholesale investors only. As at 31 December 2017 and 31 December 2016, the unquoted class of investors were nil for UBS IQ Morningstar Australia Quality ETF, UBS IQ Morningstar Australia Dividend Yield ETF, UBS IQ MSCI Australia Ethical ETF, UBS IQ MSCI Asia APEX 50 Ethical ETF, UBS IQ MSCI Europe Ethical ETF, UBS IQ MSCI Japan Ethical ETF and UBS IQ MSCI USA Ethical ETF.

4 Distributions to unitholders

The distributions for the half-year were paid/payable as follows:

	Half-year ended			
	31 December 2017 \$'000	31 December 2017 CPU	31 December 2016 \$'000	31 December 2016 CPU
UBS IQ Morningstar Australia Quality ETF				
Distributions - quoted class				
11 October	295	21.67	-	-
2 December	-	-	549	18.60
31 December (payable)	<u>155</u>	<u>30.47</u>	<u>163</u>	<u>32.74</u>
	<u>450</u>	<u>52.14</u>	<u>712</u>	<u>51.34</u>
Total distributions	<u>450</u>		<u>712</u>	

	Half-year ended			
	31 December 2017 \$'000	31 December 2017 CPU	31 December 2016 \$'000	31 December 2016 CPU
UBS IQ Morningstar Australia Dividend Yield ETF				
Distributions - quoted class				
30 September	475	33.59	273	21.36
31 December (payable)	<u>154</u>	<u>11.54</u>	<u>274</u>	<u>21.31</u>
	<u>629</u>	<u>45.13</u>	<u>547</u>	<u>42.67</u>
Total distributions	<u>629</u>		<u>547</u>	

	Half-year ended			
	31 December 2017 \$'000	31 December 2017 CPU	31 December 2016 \$'000	31 December 2016 CPU
UBS IQ MSCI Australia Ethical ETF				
Distributions - quoted class				
31 December (payable)	<u>4,754</u>	<u>54.35</u>	<u>4,131</u>	<u>52.78</u>
	<u>4,754</u>	<u>54.35</u>	<u>4,131</u>	<u>52.78</u>
Total distributions	<u>4,754</u>		<u>4,131</u>	

	Half-year ended			
	31 December 2017 \$	31 December 2017 CPU	31 December 2016 \$	31 December 2016 CPU
UBS IQ MSCI Asia APEX 50 Ethical ETF*				
Distributions - quoted class				
	-	-	-	-
Total distributions	-		-	

4 Distributions to unitholders (continued)

	Half-year ended			
	31 December 2017 \$'000	31 December 2017 CPU	31 December 2016 \$'000	31 December 2016 CPU
UBS IQ MSCI Europe Ethical ETF*				
Distributions - quoted class	-	-	-	-
Total distributions	-	-	-	-

	Half-year ended			
	31 December 2017 \$	31 December 2017 CPU	31 December 2016 \$	31 December 2016 CPU
UBS IQ MSCI Japan Ethical ETF*				
Distributions - quoted class	-	-	-	-
Total distributions	-	-	-	-

	Half-year ended			
	31 December 2017 \$	31 December 2017 CPU	31 December 2016 \$	31 December 2016 CPU
UBS IQ MSCI USA Ethical ETF*				
Distributions - quoted class	-	-	-	-
Total distributions	-	-	-	-

	Half-year ended			
	31 December 2017 \$'000	31 December 2017 CPU	31 December 2016 \$'000	31 December 2016 CPU
UBS IQ MSCI World ex Australia Ethical ETF*				
Distributions - quoted class	-	-	-	-
Distributions - Unquoted class	-	-	-	-
Total distributions	-	-	-	-

* UBS IQ MSCI Asia APEX 50 Ethical ETF, UBS IQ MSCI Europe Ethical ETF, UBS IQ MSCI Japan Ethical ETF, UBS IQ MSCI USA Ethical ETF and UBS IQ MSCI World ex Australia Ethical ETF distribute on annual basis as per current Product Disclosure Statements. As a result, there is no distribution for the half-year ended 31 December 2017.

5 Financial assets held at fair value through profit or loss

	UBS IQ Morningstar Australia Quality ETF		UBS IQ Morningstar Australia Dividend Yield ETF	
	As at		As at	
	31 December 2017 \$'000	30 June 2017 \$'000	31 December 2017 \$'000	30 June 2017 \$'000
Held for trading				
Derivatives	<u>1</u>	-	<u>1</u>	-
Total held for trading	<u>1</u>	-	<u>1</u>	-
Designated at fair value through profit or loss				
Listed equities	8,935	22,341	28,081	27,544
Listed unit trusts	<u>1,628</u>	<u>5,111</u>	-	-
Total designated at fair value through profit or loss	<u>10,563</u>	<u>27,452</u>	<u>28,081</u>	<u>27,544</u>
Total financial assets held at fair value through profit or loss	<u>10,564</u>	<u>27,452</u>	<u>28,082</u>	<u>27,544</u>
	UBS IQ MSCI Australia Ethical ETF		UBS IQ MSCI Asia APEX 50 Ethical ETF	
	As at		As at	
	31 December 2017 \$'000	30 June 2017 \$'000	31 December 2017 \$	30 June 2017 \$
Held for trading				
Derivatives	<u>7</u>	-	-	-
Total held for trading	<u>7</u>	-	-	-
Designated at fair value through profit or loss				
Listed equities	165,781	147,439	8,870,742	3,855,884
Listed unit trusts	<u>14,008</u>	<u>12,301</u>	-	-
Total designated at fair value through profit or loss	<u>179,789</u>	<u>159,740</u>	<u>8,870,742</u>	<u>3,855,884</u>
Total financial assets held at fair value through profit or loss	<u>179,796</u>	<u>159,740</u>	<u>8,870,742</u>	<u>3,855,884</u>

5 Financial assets held at fair value through profit or loss (continued)

	UBS IQ MSCI Europe Ethical ETF		UBS IQ MSCI Japan Ethical ETF	
	As at		As at	
	31 December 2017 \$'000	30 June 2017 \$'000	31 December 2017 \$	30 June 2017 \$
Held for trading				
Derivatives	-	-	-	-
Total held for trading	-	-	-	-
Designated at fair value through profit or loss				
Listed equities	10,092	7,460	4,398,900	3,140,673
Listed unit trusts	90	70	46,669	27,324
Total designated at fair value through profit or loss	10,182	7,530	4,445,569	3,167,997
Total financial assets held at fair value through profit or loss	10,182	7,530	4,445,569	3,167,997
	UBS IQ MSCI USA Ethical ETF		UBS IQ MSCI World ex Australia Ethical ETF	
	As at		As at	
	31 December 2017 \$	30 June 2017 \$	31 December 2017 \$'000	30 June 2017 \$'000
Held for trading				
Derivatives	-	-	1	-
Total held for trading	-	-	1	-
Designated at fair value through profit or loss				
Listed equities	6,108,754	5,605,822	41,353	36,297
Listed unit trusts	191,090	186,645	963	881
Total designated at fair value through profit or loss	6,299,844	5,792,467	42,316	37,178
Total financial assets held at fair value through profit or loss	6,299,844	5,792,467	42,317	37,178

6 Financial liabilities held at fair value through profit or loss

	UBS IQ Morningstar Australia Quality ETF		UBS IQ Morningstar Australia Dividend Yield ETF	
	As at		As at	
	31 December 2017 \$'000	30 June 2017 \$'000	31 December 2017 \$'000	30 June 2017 \$'000
Held for trading				
Derivatives	-	3	-	2
Total held for trading	-	3	-	2
Total financial liabilities held at fair value through profit or loss	-	3	-	2

	UBS IQ MSCI Australia Ethical ETF		UBS IQ MSCI Asia APEX 50 Ethical ETF	
	As at		As at	
	31 December 2017 \$'000	30 June 2017 \$'000	31 December 2017 \$	30 June 2017 \$
Held for trading				
Derivatives	-	26	-	-
Total held for trading	-	26	-	-
Total financial liabilities held at fair value through profit or loss	-	26	-	-

	UBS IQ MSCI Europe Ethical ETF		UBS IQ MSCI Japan Ethical ETF	
	As at		As at	
	31 December 2017 \$'000	30 June 2017 \$'000	31 December 2017 \$	30 June 2017 \$
Held for trading				
Derivatives	1	2	-	147
Total held for trading	1	2	-	147
Total financial liabilities held at fair value through profit or loss	1	2	-	147

6 Financial liabilities held at fair value through profit or loss (continued)

	UBS IQ MSCI USA Ethical ETF		UBS IQ MSCI World ex Australia Ethical ETF	
	As at		As at	
	31 December 2017	30 June 2017	31 December 2017	30 June 2017
	\$	\$	\$'000	\$'000
Held for trading				
Derivatives	-	124	-	1
Total held for trading	-	124	-	1
Total financial liabilities held at fair value through profit or loss	-	124	-	1

7 Fair value measurement

The Funds measure and recognise the following assets and liabilities at fair value on a recurring basis.

- Financial assets / liabilities designated at fair value through profit or loss (FVTPL)
- Financial assets / liabilities held for trading
- Derivative financial instruments

The Funds have no assets or liabilities measured at fair value on a non-recurring basis in the current period. The Funds are required to classify fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes “observable” requires significant judgement by the Funds. The Funds consider observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

All fair value measurements disclosed are recurring fair value measurements.

(i) Fair value in an active market (level 1)

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and equity securities) are based on their quoted market prices at the close of trading at the end of the year without any deduction for estimated future selling costs. For the majority of investments, information provided by independent pricing services are relied upon for the valuation of investments.

7 Fair value measurement (continued)

(i) Fair value in an active market (level 1) (continued)

Where the Funds do have financial assets and financial liabilities with offsetting positions in market risks or counterparty credit risk, it may elect to use the measurement exception provided in AASB 13 to measure the fair value of its net risk exposure by applying a price within the bid-ask spread to the net open position as appropriate.

If a significant movement in fair value occurs subsequent to the close of trading up to midnight on the reporting date, valuation techniques will be applied to determine the fair value. A significant event is any event that occurs after the last market price for a security, close of market or close of the foreign exchange, but before the Funds' valuation time that materially affects the integrity of the closing prices for any security, instrument, currency or securities affected by that event so that they cannot be considered 'readily available' market quotations. Where the last sale price does not fall within the bid-ask spread, an assessment is performed by the Responsible Entity to determine the appropriate valuation price to use that is most representative of fair value.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

(ii) Fair value in an inactive or unquoted market (level 2 and level 3)

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the period applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the end of the period. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

The fair value of derivatives that are not exchange traded is estimated at the amount that the Funds would receive or pay to terminate the contract at the end of the period taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Funds hold. Valuations are therefore adjusted, where appropriate, to allow for additional factors including liquidity risk and counterparty risk.

7 Fair value measurement (continued)

Recognised fair value measurement

The table below sets out the Funds' financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at 31 December 2017 and 30 June 2017.

	UBS IQ Morningstar Australia Quality ETF							
	As at 31 December 2017				As at 30 June 2017			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets								
Financial assets held for trading:								
Australian share price index futures	1	-	-	1	-	-	-	-
Financial assets designated at fair value through profit or loss:								
Listed equities	8,935	-	-	8,935	22,341	-	-	22,341
Listed unit trusts	1,628	-	-	1,628	5,111	-	-	5,111
Total	10,564	-	-	10,564	27,452	-	-	27,452
Financial liabilities								
Financial liabilities held for trading:								
Australian share price index futures	-	-	-	-	3	-	-	3
Total	-	-	-	-	3	-	-	3

7 Fair value measurement (continued)

Recognised fair value measurement (continued)

UBS IQ Morningstar Australia Dividend Yield ETF								
	As at 31 December 2017				As at 30 June 2017			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets								
Financial assets held for trading:								
Australian share price index futures	1	-	-	1	-	-	-	-
Financial assets designated at fair value through profit or loss:								
Listed equities	28,081	-	-	28,081	27,544	-	-	27,544
Listed unit trusts	-	-	-	-	-	-	-	-
Total	28,082	-	-	28,082	27,544	-	-	27,544
Financial liabilities								
Financial liabilities held for trading:								
Australian share price index futures	-	-	-	-	2	-	-	2
Total	-	-	-	-	2	-	-	2

7 Fair value measurement (continued)

Recognised fair value measurement (continued)

	UBS IQ MSCI Australia Ethical ETF							
	As at 31 December 2017				As at 30 June 2017			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets								
Financial assets held for trading:								
Australian share price index futures	7	-	-	7	-	-	-	-
Financial assets designated at fair value through profit or loss:								
Listed equities	165,781	-	-	165,781	147,439	-	-	147,439
Listed unit trusts	14,008	-	-	14,008	12,301	-	-	12,301
Total	179,796	-	-	179,796	159,740	-	-	159,740
Financial liabilities								
Financial liabilities held for trading:								
Australian share price index futures	-	-	-	-	26	-	-	26
Total	-	-	-	-	26	-	-	26

7 Fair value measurement (continued)

Recognised fair value measurement (continued)

	UBS IQ MSCI Asia APEX 50 Ethical ETF							
	As at 31 December 2017				As at 30 June 2017			
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets								
Financial assets held for trading:								
Australian share price index futures	-	-	-	-	-	-	-	-
Financial assets designated at fair value through profit or loss:								
Listed equities	8,870,742	-	-	8,870,742	3,855,884	-	-	3,855,884
Listed unit trusts	-	-	-	-	-	-	-	-
Total	8,870,742	-	-	8,870,742	3,855,884	-	-	3,855,884
Financial liabilities								
Financial liabilities held for trading:								
Australian share price index futures	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-

7 Fair value measurement (continued)

Recognised fair value measurement (continued)

	UBS IQ MSCI Europe Ethical ETF							
	As at 31 December 2017				As at 30 June 2017			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets								
Financial assets held for trading:								
Foreign currency contracts	-	-	-	-	-	-	-	91
Financial assets designated at fair value through profit or loss:								
Listed equities	10,092	-	-	10,092	7,460	-	-	7,460
Listed unit trusts	90	-	-	90	70	-	-	70
Total	10,182	-	-	10,182	7,530	-	-	7,530
Financial liabilities								
Financial liabilities held for trading:								
International share price index futures	1	-	-	1	2	-	-	2
Foreign currency contracts	-	-	-	-	-	-	-	-
Total	1	-	-	1	2	-	-	2

7 Fair value measurement (continued)

Recognised fair value measurement (continued)

	UBS IQ MSCI Japan Ethical ETF							
	As at 31 December 2017				As at 30 June 2017			
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets								
Financial assets held for trading:								
Foreign currency contracts	-	-	-	-	-	-	-	-
Financial assets designated at fair value through profit or loss:								
Listed equities	4,398,900	-	-	4,398,900	3,140,673	-	-	3,140,673
Listed unit trusts	46,669	-	-	46,669	27,324	-	-	27,324
Total	4,445,569	-	-	4,445,569	3,167,997	-	-	3,167,997
Financial liabilities								
Financial liabilities held for trading:								
International share price index futures	-	-	-	-	-	-	-	-
Foreign currency contracts	-	-	-	-	-	147	-	147
Total	-	-	-	-	-	147	-	147

7 Fair value measurement (continued)

Recognised fair value measurement (continued)

	UBS IQ MSCI USA Ethical ETF							
	As at 31 December 2017				As at 30 June 2017			
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets								
Financial assets held for trading:								
International share price index futures	-	-	-	-	-	-	-	-
Financial assets designated at fair value through profit or loss:								
Listed equities	6,108,754	-	-	6,108,754	5,605,822	-	-	5,605,822
Listed unit trusts	191,090	-	-	191,090	186,645	-	-	186,645
Total	6,299,844	-	-	6,299,844	5,792,467	-	-	5,792,467
Financial liabilities								
Financial liabilities held for trading:								
International share price index futures	-	-	-	-	-	-	-	-
Foreign currency contracts	-	-	-	-	-	124	-	124
Total	-	-	-	-	-	124	-	124

7 Fair value measurement (continued)

Recognised fair value measurement (continued)

	UBS IQ MSCI World ex Australia Ethical ETF							
	As at 31 December 2017				As at 30 June 2017			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets								
Financial assets held for trading:								
International share price index futures	1	-	-	1	-	-	-	-
Financial assets designated at fair value through profit or loss:								
Listed equities	41,353	-	-	41,353	36,297	-	-	36,297
Listed unit trusts	963	-	-	963	881	-	-	881
Total	42,317	-	-	42,317	37,178	-	-	37,178
Financial liabilities								
Financial liabilities held for trading:								
International share price index futures	-	-	-	-	1	-	-	1
Foreign currency contracts	-	-	-	-	-	-	-	-
Total	-	-	-	-	1	-	-	1

Management's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of each reporting period.

(i) *Transfers between levels*

There have been no transfers between levels for the half-year ended 31 December 2017 and year ended 30 June 2017. There were also no changes made to any of the valuation techniques applied as at 30 June 2017.

(ii) *Fair value measurements using significant unobservable inputs (level 3)*

The Funds did not hold any financial instruments with fair value measurements using significant unobservable inputs during the half-year ended 31 December 2017 or year ended 30 June 2017.

(iii) *Fair values of other financial instruments*

The Funds did not hold any financial instruments which were not measured at fair value in the Statements of Financial Position. Due to their short-term nature, the carrying amounts of receivables and payables are assumed to approximate fair value.

8 Events occurring after the reporting period

No significant events have occurred since 31 December 2017 and up to the date of this report that the Funds have not otherwise dealt within the financial report that has significantly affected or may significantly affect the Funds (30 June 2017: Nil).

9 Contingent assets and liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 31 December 2017 (30 June 2017: Nil).

Directors' Declaration

In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 8 to 44 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Funds' financial position as at 31 December 2017 and of their performance, as represented by the results of their operations and cash flows, for the half-year ended on that date.
- (b) there are reasonable grounds to believe that the Funds will be able to pay their debts as and when they become due and payable.
- (c) the financial statements are in accordance with the Funds' Constitutions.
- (d) the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as disclosed in Note 2.

This declaration is made in accordance with a resolution of the directors.



B J Doherty
Chairman



A L Anderson
Director

Sydney
9 March 2018

Independent Auditor's Review Report to the unitholders of the UBS Exchange Traded Funds ("the Funds")

Report on the Half-Year Financial Report

For the following Funds

- ▶ UBS IQ Morningstar Australia Quality ETF (ETF)
- ▶ UBS IQ Morningstar Australia Dividend Yield ETF (DIV)
- ▶ UBS IQ MSCI Australia Ethical ETF (UBA)
- ▶ UBS IQ MSCI Asia Apex 50 Ethical ETF (UBP)
- ▶ UBS IQ MSCI Europe Ethical ETF (UBE)
- ▶ UBS IQ MSCI Japan Ethical ETF (UBJ)
- ▶ UBS IQ MSCI USA Ethical ETF (UBU)
- ▶ UBS IQ MSCI World ex Australia Ethical ETF (UBW)

Conclusion

We have reviewed the accompanying half-year financial report of the Funds, which comprises the Statements of Financial Position as at 31 December 2017, the Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' Declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Funds is not in accordance with the *Corporations Act 2001*, including:

- i giving a true and fair view of the Funds' financial positions as at 31 December 2017 and of their financial performance for the half-year ended on that date; and
- ii complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' Responsibility for the Half-Year Financial Report

The directors of UBS Asset Management (Australia) Ltd (the "Responsible Entity") are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

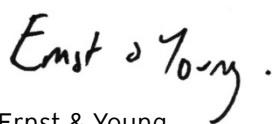
Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Funds' financial positions as at 31 December 2017 and their financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Funds, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Ernst & Young



Graeme McKenzie
Partner
Sydney
9 March 2018

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

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