



# Understanding our fees, charges and other compensation

January 2020

## **Important information about**

How we are paid by you

Payments we receive from third parties

How your Financial Advisor is compensated

Conflicts of interest resulting from our compensation structures

UBS reserves the right to change its programs, fees and payment(s) (or payment structures) at any time.

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## Related documents and web pages

Title	Web address
Conducting business with UBS	<a href="https://ubs.com/workingwithus">ubs.com/workingwithus</a>
Account information and disclosures	<a href="https://ubs.com/accountdisclosures">ubs.com/accountdisclosures</a>
Revenue Sharing, Networking/Omnibus Fees and Non-Cash Compensation	<a href="https://ubs.com/mutualfundrevenuesharing">ubs.com/mutualfundrevenuesharing</a>
Understanding your variable annuity	<a href="https://ubs.com/vadisclosure">ubs.com/vadisclosure</a>
Annuity revenue sharing and non-cash compensation in brokerage accounts	<a href="https://ubs.com/va-revenuesharing">ubs.com/va-revenuesharing</a>
UBS credit and debit cards	<a href="https://ubs.com/uscards">ubs.com/uscards</a>
Commission schedules	<a href="https://ubs.com/commissions">ubs.com/commissions</a>
Understanding mutual fund share classes, fees and certain risk considerations	<a href="https://ubs.com/mutualfunddisclosure">ubs.com/mutualfunddisclosure</a>
Unit Investment Trusts	<a href="https://ubs.com/uitdisclosure">ubs.com/uitdisclosure</a>
Best Execution of Equity Securities	<a href="https://ubs.com/bestexecution">ubs.com/bestexecution</a>
Order Routing Disclosure	<a href="https://ubs.com/orderroutingdisclosure">ubs.com/orderroutingdisclosure</a>
Important Information and Disclosures for Retirement Plans	<a href="https://ubs.com/retirementplandisclosures">ubs.com/retirementplandisclosures</a>
Important information about structured products	<a href="https://ubs.com/spkeyrisks">ubs.com/spkeyrisks</a>

## Material changes made between June 2019 and January 2020

Section	Page
Mutual Funds (transition to single share class offering in brokerage accounts)	27
New Pricing on Select UBS Asset Management (AM) strategies in <u>the ACCESS and SWP</u>	40

### Important information for Qualified Retirement Plan Fiduciaries holding accounts at UBS

This document, in conjunction with other documents and disclosures we provide to you, is intended to meet the disclosure requirements of the US Department of Labor's regulations under ERISA Section 408(b)(2). If you are a retirement plan fiduciary and have questions or need additional information, please see the important information at [ubs.com/retirementplandisclosure](https://ubs.com/retirementplandisclosure) or contact your Financial Advisor who will provide you with written copies of these disclosures upon request. If your plan participates in an investment advisory program with UBS, please refer to our **Form ADV disclosure at [ubs.com/formadv](https://ubs.com/formadv) for the particular advisory program or service and to our contract with you. Specifically:**

- Review Item 4 of the Form ADV "Services, Fees and Compensation" for a description of the services we provide under the particular program or service, and the direct and indirect compensation we expect to receive in connection with that program or service
- Review Item 11 of the Form ADV "Investment Adviser Code of Ethics, Participation or Interest in Client Transactions and Personal Trading" for a description of additional indirect compensation we receive
- Review Item 14 "client referrals and other compensation" for a description of how we are compensated for referrals from affiliates and third parties
- We will act as a Registered Investment Adviser under the Investment Advisers Act of 1940 with respect to any of the advisory programs that you select
- When we provide investment advisory services, our fiduciary status under the federal retirement laws depends on the nature of the specific services we agree to provide to you. Please see your applicable agreement and related disclosures for more information
- Your advisory fee is disclosed in your program application or in a notice to you that confirms your fee and your enrollment in our advisory programs
- If you have selected a program that includes management by an investment manager unaffiliated with us, please see the manager's respective Form ADV and/or separate ERISA Section 408(b)(2) disclosure document for information regarding the manager's specific services and indirect compensation. We will provide you with the applicable Form ADV for each manager you select in the ACCESS and Strategic Wealth Portfolio Programs. Managers in the Managed Accounts Consulting and Institutional Consulting Programs will enter into an individualized contract with you and will provide the Form ADV directly

Please also review the Conflicts of Interest section of this brochure.

# About our fees, charges and other compensation—general

Our goal is to make sure our clients are informed about the costs of the various investment products and services that we offer, which is why we publish this overview of our fees and how we generate revenue.

## Brokerage and advisory services

As a UBS Financial Services Inc. client, you benefit from the broad scope of services and resources of a leading global financial services firm, whether we serve you as a broker-dealer, investment advisor or both. While there are similarities between the brokerage and advisory services we provide, there are important differences, including the pricing structures for these services. For detailed information regarding the distinctions between brokerage and advisory services, please visit our website at [ubs.com/workingwithus](https://ubs.com/workingwithus). This information is also included in the disclosure materials we provide to you when you open an account(s) at UBS, or in the “Agreements and Disclosures” booklet, which can be found at [ubs.com/accountdisclosures](https://ubs.com/accountdisclosures).

**Brokerage relationships generate transaction-based compensation.** In brokerage relationships: Investors pay transaction-based fees in connection with the products and services they receive, such as buying and selling stocks, bonds, mutual funds, annuity contracts and other investment products, as well as trading and exercising options. These include commissions, transaction fees, loads and sales charges. Compensation to UBS includes commissions, sales concessions, transaction fees, sales charges or expenses that are embedded in the purchase price as well as compensation from third parties in some cases.

**Advisory relationships have fee-based compensation.** In advisory relationships: Clients pay a set fee or a fee based on a percentage of the assets in the account according to an investment advisory program agreement. In some circumstances, UBS, our Financial Advisors and our affiliates receive additional compensation from third parties in connection with the assets in clients’ advisory accounts. This compensation is in addition to the fee that a client pays for investment advisory services. For certain alternative investments in advisory accounts, the compensation also includes performance fees.

## Pricing of products and services

Clients may purchase many of our products and services in either transaction-based or fee-based accounts, or a combination of both.

**Factors that affect pricing.** It is difficult to compare transaction-based and fee-based options solely on the basis of price. You may pay more or less in a fee-based program than you would pay if you purchased the products and services separately in a transaction-based account. The costs of either type of account depend on a number of factors, including:

- Product and service preferences
- Size and value of your account(s)
- Mix of products you hold
- Frequency with which you trade
- Administrative or management fees associated with the products or services you purchase

Please consider the costs and services associated with each option carefully and speak with your Financial Advisor about which approach is most appropriate for you.

## Sources of revenue

Our firm earns revenue from our clients, from our affiliates, and, for some products and services, from third parties, including product vendors, underwriters and investment managers whose products and services are purchased by clients. UBS also receives compensation as a result of intercompany profit-sharing and servicing agreements.

## Revenue received from clients

In general, our firm, and our affiliates receive revenue from clients in the following ways:

- Commissions charged to clients in connection with the purchase or sale of investment products

- Markups (increases) and markdowns (reductions) on the price of equities and fixed income products, where the firm acts as principal in purchasing or selling securities for or from UBS's inventory
- Asset-based and other fees for our investment advisory programs and services
- Interest on margin and other loans
- Administrative fees such as account maintenance fees
- Sales loads, commissions or fees for various financial products, such as mutual funds, alternative investment funds, unit investment trusts (UITs), insurance and annuities

Revenue received from clients is debited from accounts unless stated or agreed to otherwise.

### **Revenue from third parties (including affiliates)**

In addition to revenue that we receive from clients, UBS earns revenue from third parties and affiliates in the following ways:

- Issuers or underwriters of new issue securities pay us fees and/or offer underwriting discounts or share fees with us in certain cases
- Mutual fund and insurance companies pay us for offering and placing their products, and many of them also pay us for marketing support, known as revenue sharing, which is based on our total sales of and/or total client assets in their products
- Mutual fund companies pay recordkeeping and account servicing fees for processing services we provide in accounts held at UBS
- Insurance and annuity companies compensate us for the costs of establishing and maintaining their products in our distribution system
- For some alternative investment funds that are managed by third-party and affiliated investment advisers, we receive fees for distribution, shareholder services or solicitation services, or a combination of the three
  - Third parties providing investment advisory or investment management services pay us fees in the form of a recurring fee, a one-time fee, a portion of the third party's fees or revenues or as otherwise agreed with the third party, for solicitations, referrals or client services
  - Third parties with whom we offer co-branded programs, such as UBS Donor-Advised Funds, pay referral fees to us
  - Underwriters of securities compensate us for trading activities we provide on their behalf
  - Third-party UITs pay volume-based fees for the sale of their products to our clients
  - Companies that issue investment products (e.g., mutual funds, UITs, exchange traded funds (ETFs), NextShares, insurance companies, investment advisers and other third parties) pay for educational programs and seminars for employees and clients
  - Affiliate lenders pay us fees for various loan servicing, collateral monitoring and marketing services. These fees can be in the form of revenue splits between affiliates
  - Unaffiliated third-party lenders pay us referral fees for certain client referrals for loan transactions

Additional information regarding revenue sharing for mutual funds and annuities can be found at [ubs.com/mutualfundrevenuesharing](https://ubs.com/mutualfundrevenuesharing) and [ubs.com/va-revenuesharing](https://ubs.com/va-revenuesharing).

A number of companies that issue investment products that we offer to and place with our clients enter into agreements to pay UBS an annual fee ranging from \$150,000 to \$300,000 for receipt of data and analytics relating to all Financial Advisors and their sales of investment products. Participation by vendors in this program is optional and is not considered by UBS in determining whether a company's products will be made available to clients.

### **Revenue to affiliates**

When you conduct business with us, our affiliates—including UBS Asset Management, UBS Bank USA, UBS Financial Services Inc. Incorporated of Puerto Rico, UBS Trust Company of Puerto Rico, UBS Limited, London and UBS Investment Bank—may earn compensation through activities in a client's account, including:

- The purchase of securities underwritten by a UBS affiliate
- Buying securities directly from or selling securities directly to UBS or one of our affiliates
- Management or other fees in conjunction with mutual funds or other investments purchased that are structured or managed by one of our affiliates
- Management fees earned through investments in a separately managed account managed by UBS or an affiliated investment manager
- Borrowing or maintaining credit with one of our affiliates
- Depositing or investing free credit balances into accounts with affiliated entities

- Revenue from referrals and introductions
- Trading and hedging activities related to structured products and Exchange Traded Notes (ETNs)
- Collecting licensing fees from mutual fund, ETF, ETN, structured product and other product providers for indexes or strategies owned by a UBS affiliate

Our affiliates typically pay us for referring or introducing clients or investors to them. Likewise, we typically pay our affiliates for referring certain clients and business opportunities to our Financial Advisors. Third parties to whom we introduce clients, including investment managers and investment banks, typically pay us a referral fee.

Referral payments can be based on a percentage of the revenue received or as otherwise agreed between the affiliates or with the third party. Depending on the type of referral, payments can be made over several years.

### **Correcting trading and other errors**

We have procedures for resolving trading and other errors that occur from time to time. UBS maintains one or more error accounts to facilitate handling trading and other errors. Gains attributable to trading errors will be offset by losses attributable to other errors in these error accounts. At the end of the calendar year, any net gains in the error account are donated to charity.

### **Compensation attributable to float on uninvested cash**

UBS benefits from deposits and credits to your account(s) before cash balances are invested or swept into the UBS Bank Sweep Programs or other sweep options (usually the next business day). This benefit is generally in the form of income at the prevailing market rates on overnight investments averaging 1.76% for the month of October 2019. In some cases, the benefit is in the form of not needing to borrow from an affiliate to meet daily liquidity needs. The current rate at which UBS Financial Services Inc. borrows from an affiliate is 1.55%. UBS does not receive this benefit for retirement accounts.

### **Financial Advisor compensation**

In general, we pay our Financial Advisors cash compensation consisting of two components: a guaranteed monthly minimum draw required by applicable law and a production payout if it exceeds the monthly minimum draw. The production payout is a percentage (called a payout or grid rate) of the product-related revenue (called production) that each Financial Advisor generates during that month with respect to the clients he or she serves, minus certain adjustments that are specified by our Financial Advisor Compensation Plan. The payout rate or grid rate is generally based on production levels and ranges from 28% – 50%. Financial Advisors working as part of a team that meets minimum production requirements can qualify for a higher grid rate (but not above 50%) than they would receive working as an individual.

We reserve the right, at our discretion and without prior notice, to change the methods by which we compensate our Financial Advisors and employees, including reducing and/or denying production payout and/or awards at our discretion for any reason.

For our Investment Advisory Programs (asset-based fee programs), the payout rate is applied to the program fees credited to the Financial Advisor by the firm, but the payout is generally reduced for accounts priced below certain thresholds. Advisory accounts in relationships with assets over certain thresholds may have customized pricing and payouts as approved by the firm. We reduce or terminate the payout rates described above to Financial Advisors in connection with accounts they service that do not meet certain prescribed asset levels on a household basis or for transactions or fees below specified amounts.

The standard compensation structure creates financial incentives for Financial Advisors to encourage clients to purchase multiple products and services and to choose a payment structure for products and services that generate greater compensation. Financial Advisors are also eligible to receive certain awards based on their production, length of service with UBS and net new business.

Under certain circumstances (e.g., acquisitions and recruitment or particular programs or designations such as the Wealth Advice Center, Wealth Planning Associate, Financial Advisor Associate, Institutional Consulting and Retirement Plan Consulting Services), some Financial Advisors or producing Branch Managers are compensated differently.

**Production for Retirement Accounts in Investment Advisory Consulting Programs:** With respect to retirement account clients enrolled in the RPCS, IC or OCIO programs, who also have brokerage accounts at UBS or accounts opened in another investment advisory program at UBS, including those who are included in IC Program services only

as an accommodation, the production payout rate for the Financial Advisor related to the RPCS, IC or OCIO relationship will be applied to all retirement assets and accounts the client has at UBS. However, on an exception basis, the production payout rate for the Financial Advisor can be the weighted average production rate generated by that client's retirement accounts at UBS.

**Recruitment compensation:** In general, if your Financial Advisor is joining UBS from another firm, you should discuss the reasons your Financial Advisor decided to change firms and any costs or changes in services you would incur by transferring your accounts to UBS. In many cases, UBS pays Financial Advisors financial incentives when they join and on an ongoing basis as described below.

Many Financial Advisors who joined UBS prior to November 1, 2016 are eligible to receive incentives, including loans, bonuses and/or other compensation, if they reach certain asset and/or production levels or other targets. The amount paid to Financial Advisors under these arrangements is largely based on the size of the business serviced by the Financial Advisor at their prior firm and the Financial Advisor achieving a minimum percentage of their prior firm production and asset levels within a specific time period after joining UBS.

These payments are often substantial and take various forms, including salary guarantees, loans, transition bonus payments and various forms of compensation to encourage Financial Advisors to join UBS, and are contingent on your Financial Advisor's continued employment. Therefore, even if the fees you pay at UBS remain the same or are less, the transfer of your assets to UBS contributes to your Financial Advisor's ability to meet such targets and to receive additional loans and/or compensation even if not directly related to your account or the fees you pay to us.

Recruiting offer letters issued by UBS after November 1, 2016 do not include additional recruitment incentives triggered by production, asset levels or other targets at UBS regardless of account type although certain asset levels would need to be maintained to continue the payments made in the offer.

These practices create an incentive and a conflict of interest for your Financial Advisor to recommend the transfer of your account assets to UBS since a significant part of the Financial Advisor's compensation is often contingent on the Financial Advisor achieving a pre-determined level of revenue and/or assets at UBS. You should carefully consider whether your Financial Advisor's advice is aligned with your investment strategy and goals.

**Wealth Planning Associate compensation:** Wealth Planning Associates do not receive the production payouts described above and do not qualify for awards or recognition programs described below in *Additional Compensation*. Wealth Planning Associates receive base compensation and they are eligible for discretionary incentive compensation, which is based on the performance of the firm in general, as well as their individual performance.

**Financial Advisor Associate compensation:** Financial Advisor Associates in the Development Program ("FAA") are eligible for a 48 – 60 month compensation structure that combines base compensation, production payout and potential awards. Production payout is based on a payout rate that is applied to the production credited to the FAA, and there is a minimum grid rate of 45%. For those with production start dates prior to June 1, 2018, FAAs in the Development Program with firm-determined and approved production start dates on and after June 1, 2018 have a minimum grid rate of 35%.

### **Compensation from the purchase and sale of investment products**

In general, our Financial Advisors are compensated from the following sources of revenue:

- Commissions charged to clients in connection with the purchase, or sale, of equities, fixed income products and other investments
- Markups (i.e., an increase in the amount you pay) and markdowns (i.e., a reduction in the amount you receive) for securities where the firm acts as principal, which means the securities were purchased for, or sold from, UBS's inventory
- Underwriting concessions in connection with products sold in initial offerings; Financial Advisors generally earn more for products sold in initial offerings than for those purchased and sold in secondary offerings
- Asset-based fees and hard-dollar fees charged in connection with our investment advisory programs and financial planning services
- Interest on loan accounts
- Compensation based on the outstanding balance on a securities-backed loan ("SBL"), and the applicable interest rate spread for the SBL
- Production credit for residential mortgage and commercial mortgage origination based on the amount of the mortgage loan

- Sales loads, commissions and 12b-1 fees for various financial products such as mutual funds, NextShares, offshore funds, alternative investment funds, unit investment trusts, insurance and annuities
- Referral fees and/or production credits for referrals to UBS affiliates, other employees and third parties, including referrals and/or transfers to the UBS Financial Services Inc. Wealth Advice Center
- A portion of the management and performance fees the firm receives in connection with the distribution of alternative investments

### **Non-cash compensation**

We receive (and our Financial Advisors also receive) non-cash compensation from mutual fund companies, investment managers, UIT sponsors, annuity providers, insurance vendors and sponsors of products (including ETFs and NextShares) that we distribute. This compensation includes the following:

- Occasional gifts up to \$100 per vendor per year
- Occasional meals, tickets or other entertainment of reasonable and customary value
- Sponsorship support of educational or training events (which include educational events Financial Advisors arrange for clients and prospects) and seminars and/or payment of expenses related to training and education of employees, which can (and often do) include a non-training element of the event
- Various forms of marketing support and, in certain limited circumstances, the development of tools used by the firm for training or recordkeeping purposes

The receipt of cash and non-cash compensation from sources other than clients, and the differences in which we compensate Financial Advisors for the products we offer, create an incentive for Financial Advisors to recommend certain products over others. We address these conflicts of interest by maintaining policies and procedures on the suitability and supervision of the products and services we offer to you, and by disclosing our practices to ensure you make a fully informed decision.

### **Additional compensation**

Financial Advisors are generally eligible to qualify for strategic objective awards and recognition programs, which are based on production, length of service at the firm and net new assets brought to the firm by the Financial Advisor. These awards are subject to various caps and deferrals. Additionally, we may reduce or deny any such awards for any reason at our discretion.

**Net New Business Award.** This award is granted to Financial Advisors based on their year-end result for net new business, defined as the sum of net new assets and positive lending balances, subject to minimum requirements and overall caps, and can include assets in certain accounts referred by Financial Advisors to the Wealth Advice Center. The Net New Business Consulting Award for IC/RPCS consultants and contracts that meet certain qualifications is higher than the Net New Business Award paid for non-IC/RPCS business. Consultants who do not qualify for the Consulting Net New Business Award will still be eligible to receive the Net New Business Award otherwise available to Financial Advisors. Consultants who do qualify for the Consulting Net New Business Award will **not** also receive the Net New Business Award otherwise available to Financial Advisors.

**UBS Length of Service Award.** This award is based on a Financial Advisor's current year production and length of service with UBS. It is subject to minimum production and length of service requirements.

The payment structure of the awards generally consists of deferred cash awards paid annually over a specified timeframe and restricted equity/notional shares subject to the plan's vesting schedule, or some combination thereof. Total awards below a certain threshold are paid in cash.

The recognition programs and awards include the following:

**Recognition Councils.** At UBS, there are four Recognition Councils for top-performing Financial Advisors. They are Pinnacle Council, Chairman's Council, President's Council and Director's Council. Membership is based on a combination of production and net new asset rankings and other eligibility factors set by the firm, including disciplinary history and compliance with firm rules, standards and policies. Recognition Council members participate in training and education events that involve travel paid for by the firm.

**The Expense Allowance program.** Recognition Council members and other Financial Advisors with a minimum production level are generally eligible to participate in the Expense Allowance Program, which provides an expense allowance for the purpose of promoting business. The amount of the expense allowance awarded is based on production level and Recognition Council Membership.



**Aspiring Legacy FA program.** Subject to specific program requirements, Financial Advisors with minimum production and length of services requirements who are leaving the financial services industry and transition their client relationships to other UBS Financial Advisors can earn production on transitioned accounts over a specified period and, based upon production, may qualify to receive an up-front cash loan and annual cash transition payments.

### **Compensation to Financial Advisors in the UBS Wealth Advice Center**

UBS Wealth Advice Center Financial Advisors receive an annual fixed salary, are eligible to receive an annual discretionary incentive compensation award and have the ability to earn quarterly incentive awards. This UBS Wealth Advice Center incentive compensation plan is operated in UBS's sole and absolute discretion and may be amended or discontinued at any time.

**Annual Discretionary Incentive Compensation Award:** Eligibility and potential payout for the annual discretionary compensation award is calculated by taking into account a Financial Advisor's performance under the UBS Wealth Advice Center compensation plan and UBS's overall performance.

**Quarterly Incentive Award:** UBS Wealth Advice Center Financial Advisors who meet specific criteria are eligible to earn quarterly incentive awards. Potential payout for qualifying Financial Advisors is determined in part by using a formulaic evaluation of multiple criteria, which includes production credits.

Production credits for brokerage accounts vary by product type and are based on the purchase of a limited set of specified products, including mutual funds, fixed income and exchange traded funds. (Note: For fixed income, credits are also applied for the sale of positions.) For investment advisory accounts, production credits are determined by using a formulaic calculation that includes transactions within an account, the funding of new accounts and/or assets transferred into UBS.

**Financial Advisors in the Wealth Advice Center receive more production credits for recommending investment advisory accounts than for recommending other products or transactions. This creates a conflict of interest and an incentive for Financial Advisors to recommend advisory accounts over other products, services and transactions.**

While the Wealth Advice Center offers both brokerage and advisory accounts, new clients to the UBS Wealth Advice Center are limited to two different advisory programs: the Managed Portfolio Program and the Advice Portfolio Program. However, clients already enrolled in the PACE Multi Advisor Program or the PACE Select Advisor Program are permitted to enroll additional accounts in those programs if appropriate.

# Conflicts of interest

Conflicts of interest arise as a consequence of the firm's interests and our relationships with multiple clients, other financial services firms and vendors with whom we conduct business. Examples of conflicts of interest that arise as a result of our compensation structures are described below.

## Financial Advisor compensation

The receipt of cash and non-cash compensation from sources other than clients, and the differences in the way we compensate Financial Advisors for the products we offer, create an incentive for Financial Advisors to recommend certain products over others. We address these conflicts of interest by maintaining policies and procedures on the suitability and supervision of the products and services we offer to you, and by disclosing these conflicts so that you can make a fully informed decision.

## Products recommended must be offered by UBS

Please note that your Financial Advisor may only recommend or refer you to investments and products that are offered for sale by UBS or through the UBS platform. For most products that are offered by UBS you will receive a trade confirmation and these investments will be reflected on your statement of account (limited exceptions include certain insurance products and referral arrangements). Trade confirmations that indicate "Solicited" highlight transactions that were recommended by your Financial Advisor. Please review your trade confirmations and account statements promptly to ensure they are accurate and consistent with your instructions and investment objectives. If you do not receive a trade confirmation or have any questions or concerns about whether a recommended product or service is offered by UBS or through our platform, please contact a member of your Financial Advisor's management team at your UBS branch office.

## Revenue sharing

When UBS receives revenue sharing compensation or distribution support from distributors or advisors of mutual funds, annuity products, UITs and other products we offer, it presents a conflict of interest between our interests and those of our clients. Because these payments are not shared with Financial Advisors, it is a conflict only at the firm level but can create incentives for the firm to promote products for which we receive revenue sharing payments. For more information, refer to [ubs.com/mutualfundrevenuesharing](https://ubs.com/mutualfundrevenuesharing) and [ubs.com/va-revenuesharing](https://ubs.com/va-revenuesharing).

## Revenue from third parties—compensation for data analytics

UBS's receipt of compensation from vendors to whom we provide analytics and data relating to our Financial Advisors may result in increased sales of those vendors' products. Financial Advisors, however, do not receive a portion of the fees that UBS receives for providing that information.

## Non-cash compensation

When vendors decide to contribute toward training and educational programs, in some instances the contributions per vendor (as well as the aggregate received from all vendors) are significant. Financial Advisors do not receive a portion of these payments. However, Financial Advisors' receipt of non-cash compensation such as occasional gifts, meals or entertainment and/or their attendance and participation in educational or training forums, and the increased exposure to vendors who sponsor these events, may lead Financial Advisors to recommend the products and services of those vendors as compared to those vendors that do not provide non-cash compensation or sponsor such events.

## Trading and execution practices

When executing an order in certain types of securities, including debt, we are permitted to trade for our own account, with an affiliate or with a client, and to earn a profit on those trades. When we or an affiliate act as principal in buying a security from or selling a security to a client, we earn compensation on the transaction by marking up the price of the security sold to the client and marking down the amount received by the client when selling a security to us. This spread is the firm's compensation for taking market risk and making a market in the security.

We have adopted policies and procedures that limit transactions for our proprietary accounts and the accounts of our employees. These policies and procedures are designed to prevent, among other things, improper or abusive conduct when there is a potential conflict with interests of clients.

For additional information on our best execution and order entry procedures, go to [ubs.com/bestexecution](https://ubs.com/bestexecution) and [ubs.com/orderroutingdisclosure](https://ubs.com/orderroutingdisclosure).

### **Conflicts between our asset management and distribution businesses**

Your Financial Advisor may offer to sell you a nonproprietary hedge fund, managed futures fund or other investments that a UBS fund of funds or a UBS portfolio manager has redeemed in the portfolios they manage. The decisions by portfolio managers regarding the purchase and sale of funds or securities in the portfolios are made independently from our assessment of the products approved for our distribution platform. There is no obligation that any of the UBS funds of funds or UBS portfolio managers (or any other client or affiliate of the firm) either invest in or hold any investment vehicle that your Financial Advisor may offer to you.

### **Rollovers from an employer-sponsored retirement plan into a UBS IRA**

When, based on the recommendation of a UBS Financial Advisor, you roll over assets of an employer-sponsored retirement plan (such as a 401(k), 403(b), 457(b), profit sharing or defined benefit pension plan) to a UBS IRA, a conflict of interest exists due to the financial benefit for UBS, its employees and agents resulting from transferring the plan assets to a UBS IRA. You are responsible for evaluating the investment and non-investment considerations for moving such assets (versus continuing to hold them in your employer-sponsored retirement plan) such as those identified in the UBS IRA rollover guide available at [ubs.com/irainformation](https://ubs.com/irainformation) or previously provided to you or available upon your request.

# About our fees, charges and other compensation—by product

The sections that follow offer an overview of the compensation UBS receives for the wide variety of products and services that our clients typically purchase in a brokerage account with UBS. Some of this compensation is paid to UBS by clients and other compensation is paid to UBS by third parties. We provide specific fees or ranges depending on the product. If you believe that a product or service we provide is not covered in this guide, please contact your Financial Advisor.

**Financial Advisors receive compensation in the form of direct payouts and credits toward bonuses and/or club status in connection with the products described below except where otherwise noted.**

## Annuities and insurance

### Fixed, fixed indexed, single premium immediate and deferred income annuities

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#### Description

- Fixed annuities are contracts issued by insurance companies that guarantee a fixed interest rate for a specified period of time
- Fixed indexed annuities are contracts issued by insurance companies where the returns are based upon the performance of a market index, such as the S&P 500. The principal investment is protected from losses in down markets, subject to the solvency of the issuer, while gains add to the annuity's returns
- Single premium immediate annuities are contracts issued by insurance companies that are purchased by the client with a single investment for which income payments begin within one year of the contract date
- Deferred income annuities are contracts issued by insurance companies that are purchased by the client with a single investment or multiple investments for which income payments begin after one year of the contract date

#### Fees and charges paid directly by clients

Typically, fixed annuities do not have upfront sales loads or ongoing expenses. The insurance company's costs are built into the interest rate paid on the contract. However, depending on the terms of the annuity, you can pay additional annual fees, including premium taxes and fees for any optional riders selected. Optional riders are provisions that may be added to an annuity contract to increase or limit benefits the contract otherwise provides. Annual fees are generally deducted from the annuity contract value. If the annuity is surrendered before a designated period of time, the client will generally have to pay the insurance company a surrender fee specified in the contract (the amount is reduced over time and generally lasts 5 – 10 years). All amounts payable to the insurance company are disclosed in the annuity contract.

#### Compensation UBS receives from third parties

UBS receives commissions for the sale of an annuity from the insurance company issuing the annuity. The client does not pay UBS directly.

Insurance companies pay UBS:

- A commission in the first year, and
- Trailing (ongoing) commissions, if any, for each year the client owns the contract
- The amount of compensation that UBS receives can vary depending upon, among other factors: (i) the duration of the annuity; (ii) the age of the client; (iii) the amount invested in the annuity; (iv) the chosen share class and/or; (v) the commission option selected by the Financial Advisor. Insurance companies allow the Financial Advisor to choose among various commission structures, which generally provide that when there is a higher first-year commission, there will be a lower or \$0 trail commission (and vice versa)
  - For fixed annuities, the first-year commission is usually between 1.50% – 4.00% of the initial client's investment, with an annual trailing commission of up to 0.25% of the total value of the annuity assets. Certain fixed annuities with long-term care insurance benefits (sometimes known as "hybrid products") pay a first-year commission between 1.00% – 7.00% of the client's initial investment, with an annual trailing commission of up to 1.00% of the total value of the annuity assets
  - For fixed indexed annuities, the first-year commission is usually between 1.00% – 5.00% of the client's initial investment, with an annual trailing commission of up to 1.0% of the total value of the annuity assets
  - For immediate annuities, the first-year commission is usually between 0.75% – 4.00% of the client's initial investment, and usually has no annual trailing commission
  - UBS charges a one-time fee to insurance companies to offset the cost (or partial cost) of setting up insurance companies on our platform. These expenses include some or all of the following: marketing costs, system costs, due diligence costs or administrative costs. No part of this fee is paid to Financial Advisors
  - In addition, UBS receives revenue sharing on new annuity sales and existing annuity assets. UBS receives up to 0.20% of the initial premium amount on the sale of fixed deferred annuities, fixed index annuities, single premium immediate annuities and deferred income annuities. Although not applicable to any annuities currently sold on the UBS platform, we also receive quarterly persistency payments of up to 0.10% annually of the assets in certain annuity products previously sold and that remain with the insurance company for an agreed period, generally five or more years. This revenue sharing compensation is not paid to Financial Advisors

#### Financial Advisor compensation

Financial Advisors receive a portion of the commissions paid to UBS by the insurance companies based on the grid rate applicable to them.

## Additional disclosures

For more information, please refer to the applicable annuity contract.

## Variable annuities

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### Description

- Variable annuities are contracts issued by insurance companies into which the buyer makes a lump-sum payment or series of payments. In return, the insurer agrees to make periodic payments beginning immediately or at some future date. The client's premiums are paid to the issuing insurance company
- At the client's direction, the insurer allocates the client's premium payments to investment options, such as sub-accounts (which are similar to mutual funds) or directly into the general account of the insurance company that manages the portfolios. The value of the account during the accumulation phase and the payments after annuitization vary, depending on the performance of the investment options chosen. Variable annuities can be issued individually or as group annuities
- Group variable annuities are contracts issued by insurance companies to businesses or other eligible organizations, often as funding vehicles for qualified and nonqualified retirement plans

### Fees and charges paid directly by clients

Clients purchase the annuity and, depending on the terms and share class of the annuity, pay additional annual fees as follows:

#### *Mortality risk and expense charge ("M&E")*

- This is a yearly charge that compensates the insurance company for insurance risks it assumes under the annuity contract. The charge typically ranges from 1.00% to 1.70% of the annual total account value

#### *Administrative fee and annual maintenance fee*

- This yearly charge covers recordkeeping and other administrative expenses. This may be charged as a flat account maintenance fee (typically ranging from \$25 or \$50 per year) or as a percentage of the account value (typically in the range of 0.15% per year)
- Annual maintenance fees are not generally charged when the contract value reaches a specified level of value, such as \$50,000 or \$100,000. The annuity may charge both types of fees

#### *Investment management fees and expenses*

- These fees and expenses are paid to the firm that manages the investment portfolios and may include affiliates of the insurance company
- These vary depending on which investment portfolios the client chooses

Optional riders are provisions that may be added to an annuity contract to increase or limit benefits the contract otherwise provides. Annual fees are generally deducted from the annuity contract value.

#### *Fees for optional features*

- The client will be charged additional fees if they select optional contract features, such as a stepped-up death benefit or a living benefit
- The fees for some benefits may continue after the optional feature ceases to provide a benefit

#### *Contingent Deferred Sales Charge ("CDSC" or "surrender charge")*

- If you withdraw money from a variable annuity within a certain period after a purchase payment (typically within seven years), the insurance company usually will assess a "surrender charge," which is a type of sales charge
- Generally, the surrender charge is a percentage of the amount withdrawn, and declines gradually over a period of several years, known as the "surrender period"
- The surrender period typically starts when the client makes an investment (this can be the initial investment or any additional payments the client makes to the contract)

#### *Premium taxes*

- Several states impose a premium tax on variable annuity purchases either at the time of purchase or at annuitization

- The tax may be as high as 5% of either the purchase payments or the total value of the annuity contract depending upon the state
- The insurance company is responsible for paying this tax and may pass this cost onto the client

#### Private Placement Variable Annuities

- There is an upfront sales load of up to 1.00% of the total premiums paid
- There is a separate account charge of up to 0.40% annually of the account value

#### Compensation UBS receives from third parties

UBS receives commissions for the sale of an annuity from the insurance company issuing the annuity. The client does not pay UBS directly.

#### *Insurance companies pay UBS:*

- A commission in the first year, and:
- Generally trailing (ongoing) commissions for each year the client owns the contract
- The amount of compensation that UBS receives can vary depending upon, among other factors: (i) the duration of the annuity; (ii) the age of the client; (iii) the amount invested in the annuity; (iv) the chosen share class and/or; (v) the commission option selected by the Financial Advisor. Insurance companies allow the Financial Advisor to choose among various commission structures, which generally provide that when there is a higher first-year commission, there will be a lower or \$0 trail commission (and vice versa)
- UBS offers three variable annuity share classes (B, L and C) on its platform, none of which require the client to pay an upfront fee at the time the annuity is purchased:
  - For Class B shares, the first-year commission to UBS is usually between 1.00% – 5.00% of the client’s initial investment, with an annual trailing commission of up to 1.00% of the total value of the annuity assets
  - For Class L shares and Class B shares with a Liquidity Rider, the first-year commission to UBS is usually between 2.00% – 5.00% of the client’s initial investment, with an annual trailing commission of between 0.40% – 1.00% of the total value of the annuity assets
  - For Class C shares, the first-year commission to UBS is usually between 1.00% – 2.00% of the client’s initial investment, with an annual trailing commission between 0.60% – 1.00% of the total value of the annuity assets
- UBS also offers Private Placement Variable Annuities (PPVA):
  - The client is required to pay an upfront sales charge equal to 1.0% on all deposits up to \$5MM, 0.50% on all deposits between \$5MM – \$10MM, and 0.0% on all deposits \$10MM+, paid to UBS by the insurance company;
  - Annual trail of 0.10%, charged on account value, paid to UBS by the insurance company; annual compensation of 0.75%, paid to UBS by the underlying investment manager of the non-registered Insurance-Dedicated Fund (IDF)
- UBS charges a one-time fee to insurance companies to offset the cost (or partial cost) of setting up insurance companies on our platform. These expenses include some or all of the following: marketing costs, system costs, due diligence costs or administrative costs. No part of this fee is paid to Financial Advisors

In addition, UBS receives revenue sharing on new annuity sales and existing annuity assets. UBS receives up to 0.20% of the initial premium amount on the sale of variable annuities. UBS receives up to 0.10% of the annuity assets of variable annuities, excluding the fixed assets within the variable annuities. Although not applicable to any annuities currently sold on the UBS platform, we also receive quarterly persistency payments of up to 0.10% annually of the assets in certain annuity products previously sold and that remain with the insurance company for an agreed period, generally five or more years. This revenue sharing compensation is not paid to Financial Advisors

- UBS does not receive revenue sharing on group variable annuity contracts on ERISA-covered plans. The first-year commissions on group variable annuities are up to 2% of the group variable annuity investment plus annual trailing commissions from 0.25% – 1.00% of the total value of the group variable annuity assets

#### Financial Advisor compensation

Financial Advisors receive a portion of the commissions paid to UBS by the insurance companies based on the grid rate applicable to them.

## Additional disclosures

- For more information, please refer to the applicable variable annuity contract and prospectus. Also refer to our *Understanding Your Variable Annuities* brochure at [ubs.com/vadisclosure](https://ubs.com/vadisclosure)
- For information on group annuities used as a qualified plan solution, please refer to the UBS Select for Corporate Plans disclosure at [ubs.com/ubsselectdisclosure](https://ubs.com/ubsselectdisclosure)

## Disability, life and long-term care insurance

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### Description

- Insurance companies issue disability income, life and long-term care insurance policies to cover the risk of loss due to disability, death or the need for long-term care
- Life insurance contracts can be either fixed or variable. A variable policy provides death benefit protection and the potential to accumulate cash value through the underlying investment options

### Fees and charges paid directly by clients

- The amount of the premium that clients pay depends on a variety of factors, including the level of coverage, the client's age, health and the optional riders selected, i.e., provisions that may be added to an insurance policy to increase or limit the benefits that the policy otherwise provides
- Depending on the type of life insurance policy, clients are subject to a surrender charge if the policy is surrendered (either partially or in full) during the surrender period or the policy lapses and is not reinstated within the allowable timeframe. Surrender charges are based on a variety of factors, including the number of years a policy has been in force, its cash value and death benefits
  - It is very important that the client review the applicable insurance policy for a detailed description of the fees and charges

Private Placement Variable Universal Life Products:  
Investment management fees and expenses:

- These fees and expenses are paid to the firm that manages the investment portfolios and may include affiliates of the insurance company and
- These vary depending on which investment portfolios the client chooses

### Compensation UBS receives from third parties

- UBS receives commissions for the sale of an insurance product directly from the insurance company issuing the policy. The client does not pay UBS directly
- The amount of the initial sales commission, or first-year commission, paid to UBS varies, and is based upon the product, policy structure and the terms of the contract. For disability income policies, the first-year commission ranges from 35.00% – 50.00% of the premium. For traditional long-term care policies, the first-year commission ranges from 38.25% – 59.5% of the product premium. For life insurance policies, the first-year commission ranges from 6.5% – 85% of the target premium and from 1.00% – 3.00% of the premium in excess of the target premium
- UBS will also receive renewals, commissions and/or asset-based cash accumulation values or a combination of both. Renewal commissions are generally between 1.00% – 3.00% starting in year two, and generally last between two years and 10 years, depending upon the product
  - UBS does not receive revenue sharing on disability income, life and long-term care insurance policies
  - For Private Placement Variable Universal Life insurance policies: 1) the fee charged on premium deposits, equal to 1.0% on all deposits up to \$5MM, 0.50% on all deposits between \$5MM – \$10MM, and 0.0% on all deposits \$10MM+, paid to UBS by the insurance company; and 2) Annual trail of 0.10%, charged on account value, paid to UBS by the insurance company; annual compensation of 0.75%, paid to UBS by the underlying investment manager of the non-registered Insurance-Dedicated Fund (IDF)

### Financial Advisor compensation

Financial Advisors receive a portion of the amount UBS receives based on the grid rate applicable to them

### Additional disclosures

For very important and detailed information regarding fees and expenses, please refer to the applicable insurance policy.



## Referral Arrangements for Annuities and Insurance Businesses

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### Description

UBS offers a referral program for property and casualty insurance, high-limit disability insurance, certain life insurance products and products for certain international clients, and pension risk transfer services. Under these programs, a Financial Advisor refers a client to a Third-Party general agency (“General Agency”) or other Third-Party firm (“Third-Party Firm”) who sells the insurance or annuity policy directly to the client. The General Agency or Third-Party Firm then pays UBS a portion of the commission it receives from the insurance company that issues the policy or the fee that the Third-Party Firm receives from the client (the “Referral Fee”).

### Fees and charges paid directly by clients

- For High-Limit Disability policies, the amount of the premium that the client pays depends on a variety of factors, including the occupation, coverage sought and the benefits the client elected
- For Property and Casualty policies, the amount of the premium is dependent on the type of coverage (property or casualty), amount of coverage, deductible and the length of coverage
- For referral life insurance products, the amount of the premium that clients pay depends on a variety of factors, including the level of coverage, the client’s age and the optional riders selected, i.e., provisions that may be added to an insurance policy to increase or limit the benefits that the policy otherwise provides
- For pension risk transfer, depending on the size and complexity of the engagement and associated transaction the client may pay a fee directly to the Third-Party Firm and/or the Third-Party Firm will receive a commission directly from the insurance company

### Compensation UBS receives from third parties

- For High Limit Disability policies, Referral Fees are paid to UBS from the General Agency. UBS receives from 12% – 25% of the premiums in all years the client pays these premiums—typically three to five years. UBS Financial Advisors receive a portion of the Referral Fee paid by the General Agency
- For Property and Casualty policies, the Referral Fees are paid to UBS from the General Agency. The Referral Fees range from 10% – 20% of what the General Agency receives as commissions for each year the client pays a premium. UBS Financial Advisors receive a portion of the Referral Fee paid by the General Agency
- For referral life insurance products, the Referral Fees are paid to UBS from the General Agency. UBS receives 50% of what the General Agency receives for first-year premiums, and excess and renewal commissions in years two and thereafter. UBS Financial Advisors receive a portion of the Referral Fee paid by the General Agency
- For pension risk transfer, the Referral Fees are paid to UBS from the Third-Party Firm. UBS receives 50% of what the Third-Party Firm receives for its services related to pension risk transfer and/or its involvement in the purchase of a Group Annuity Contract

### Financial Advisor compensation

Financial Advisors receive a portion of the amount UBS receives based on the grid rate applicable to them.

### Additional disclosures

You will receive disclosures from your Financial Advisor when a referral is going to be made.

## Banking products

### Credit lines

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#### Description

Variable or fixed rate credit lines, which are primarily issued by UBS Bank USA, a UBS affiliate, are loans that may not be used to purchase, trade or carry securities. These loans are generally secured by securities pledged by borrowers and/or a third party.

#### Fees and charges paid directly by clients

- Clients repay the principal balance and interest on outstanding balances to UBS Bank USA
- For variable-rate loans, clients have the option to repay the principal at any time without prepayment fees
- For fixed-rate loans, clients may be subject to prepayment fees (as described in the loan documents) if the loan is repaid before the end of the fixed-rate contract
- Interest rates are stated in the Credit Line Agreement with UBS Bank USA

#### Compensation UBS receives from third parties

UBS receives an annual fee from UBS Bank USA in an amount equal to 0.14% of the average monthly credit line loan balances for various loan servicing, collateral monitoring and marketing services provided by UBS and its affiliates.

#### Financial Advisor compensation

Financial Advisors receive compensation from UBS, which is determined by multiplying the outstanding balance of the credit line by the spread of the client's interest rate over LIBOR. Financial Advisors then receive 0%, 4.5% or 11.25% of this amount depending on whether the loan is considered deeply discounted and/or the size of the client relationship.

#### Additional disclosures

For more information, please refer to the Credit Line Agreement with UBS Bank USA or another UBS affiliate (e.g., UBS Credit Corp. and/or UBS) and the Client Relationship Agreement at [ubs.com/accountdisclosures](https://ubs.com/accountdisclosures). UBS and its Financial Advisors have a financial incentive to recommend the use of securities backed loans, rather than the sale of securities to meet cash needs because we receive compensation related to the loan as well as the investments used to secure the loan. We benefit if clients draw down on the loan to meet liquidity needs rather than sell securities or other investments, and have a financial incentive to recommend products or manage an account in order to maximize the amount of the loan. UBS and its Financial Advisors and employees offer banking and lending products to clients through our affiliates and third-party banks in our capacity as a broker-dealer and not as an investment adviser.

### Margin loans

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#### Description

Margin loans use securities in client accounts as collateral and may be used to purchase, trade or carry securities.

#### Fees and charges paid directly by clients

Clients repay the principal balance and interest on outstanding balances to UBS, and have the option to repay the principal at any time without prepayment fees.

Clients engaged in short selling a security will generally incur a charge due to certain borrowing costs for that particular security.

#### Compensation UBS receives from third parties

When a client has a margin account with UBS, as permitted by law UBS uses certain securities in the client's account for, among other things, settling short sales and lending securities for short sales. UBS will generally be compensated in connection with these transactions.

#### Financial Advisor compensation

Financial Advisors do not receive compensation on margin loans.

**Additional disclosures**

For more information, refer to the Statement of Credit and the Client Relationship Agreement in our “Agreements and Disclosures” and “Agreements and Disclosures Addendum” at [ubs.com/accountdisclosures](https://ubs.com/accountdisclosures).

**Residential Mortgage loans**

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**Description**

Residential Mortgage loans are loans that are used to purchase a home, refinance an existing mortgage or to take cash out for other purposes. These loans are secured by residential real estate.

**Fees and charges paid directly by clients**

Clients repay the principal amount borrowed to UBS Bank USA plus interest. These loans generally have origination fees, application fees and/or closing costs, which are disclosed before the loan is made.

**Compensation UBS receives from third parties**

n/a

**Financial Advisor compensation**

Except where prohibited by law, Financial Advisors receive compensation from UBS determined by multiplying the mortgage loan amount by 0.75% and applying that amount to the Financial Advisor’s grid rate.

**Additional disclosures**

n/a

**Commercial Mortgage loans**

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**Description**

Commercial Mortgage loans are loans used to purchase a commercial property or to refinance an existing mortgage. These loans are secured by commercial real property.

**Fees and charges paid directly by clients**

Clients repay the principal amount borrowed to UBS Bank USA plus interest. These loans generally have origination fees, structuring fees, application fees and/or closing costs, which are disclosed before the loan is made.

**Compensation UBS receives from third parties**

n/a

**Financial Advisor compensation**

Except where prohibited by law, Financial Advisors receive compensation from UBS determined by multiplying the mortgage loan amount by a percentage and applying that amount to the Financial Advisor’s grid rate. The percentage varies by loan amount as follows: for the first \$12,499,999 of the loan amount, the percentage is 0.50%; for the next \$12,499,999 of the loan amount, the percentage is 0.25%; and for the portions of the loan amount in excess of \$25 million, the percentage is 0.125%.

**Additional disclosures**

n/a

**Standby Letters of Credit**

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**Description**

Standby Letters of Credit are documents that guarantee the payment of a client’s obligations to a third party for a specified period and up to a specified amount. The letters of credit are secured by securities pledged by clients and/or a third party.

**Fees and charges paid directly by clients**

Clients repay the amount drawn under the letter of credit to UBS. Clients pay an issuance fee and an annual credit fee based on the stated dollar amount of the Standby Letter of Credit. Clients may also pay additional charges during the life of the letter of credit such as drawing and amendment fees.

**Compensation UBS receives from third parties**

n/a

**Financial Advisor compensation**

UBS pays a portion of the fee to FAs provided it exceeds a certain threshold.

**Additional disclosures**

For more information, please refer to the letter of credit application and agreement.

**Sweep programs for brokerage and advisory accounts**

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**Description**

A sweep program is a service whereby free cash balances in eligible securities accounts are automatically deposited into interest-bearing bank deposit accounts, or invested in money market mutual funds or other sweep options, based on your eligibility and sweep election.

**Fees and charges paid directly by clients**

Clients are not charged an additional fee for this service.

**Compensation UBS receives from third parties***UBS Bank Sweep Programs*

- In this program, cash balances in most accounts are swept to deposit accounts at UBS Bank USA without limit. Certain business accounts may sweep cash balances to a money market fund or deposit accounts at UBS AG (Stamford Branch) on an intra-month basis. UBS receives up to \$50 annually from each of UBS Bank USA and UBS AG (Stamford Branch), for each securities account that has funds swept into deposit accounts at UBS Bank USA and UBS AG (Stamford Branch), respectively, through the sweep programs

*UBS FDIC-Insured Deposit Program*

- In this program, cash balances are swept to deposit accounts at UBS Bank USA and to non-UBS banks up to a deposit limit of \$249,000 per bank (\$498,000 for joint accounts). Once the deposit limit has been reached at all banks, your additional cash balances will be deposited into Bank USA without limit. UBS receives a fee from UBS Bank USA of up to \$50 annually for each securities account that has funds swept into deposit accounts at UBS Bank USA
- UBS receives a fee from each participating bank, except UBS Bank USA, equal to a percentage of the average daily deposit balance in deposit accounts at a participating bank. The fee varies from bank to bank and ranged between 2.34% – 2.64% from January to September 2019. The rate for September 2019 averaged 2.38%

*Money market mutual fund sweep programs*

- Securities accounts that are not eligible for either of the deposit sweeps described above may sweep to a money market fund. For money market funds other than UBS Liquid Assets Government Fund, which is limited to eligible qualified pooled plans and 403(b) plans, UBS and/or its affiliates collectively receive investment management and service fees between 0.20% and 0.45% per annum on investments in the money market funds offered as sweep options. The stated range is based on contractual agreements. UBS and its affiliates collectively receive 0.20% for investment management fees based on contractual agreements. Service fees in connection with money market sweep funds are paid annually at a rate of 0.25%. Revenue sharing payments on investment management fees for the money market sweep funds are paid to UBS by UBS Asset Management and will not exceed 0.12% per contractual agreement

- The fund transfer agent pays UBS or our affiliates up to \$1.79 per month per open account at the fund for certain transfer agent-related services. Currently, the only sweep money market fund that pays transfer agent-related fees is UBS RMA Government Money Market Fund
- A client's Financial Advisor does not receive a portion of the service fees or revenue sharing payments or the fees received from UBS Asset Management, UBS Bank USA or the UBS AG Stamford branch for the deposit accounts

#### *Puerto Rico Sweep Program*

- For nonretirement accounts, residents of Puerto Rico may elect to have cash balances sweep to the Puerto Rico Short-Term Investment Fund, Inc. UBS Financial Services Inc. Incorporated of Puerto Rico receives service fees from the fund and other UBS affiliates receive investment advisory and service fees
- Financial Advisors do not receive any portion of or credit for these fees

#### **Financial Advisor compensation**

Financial Advisors are not compensated on the assets in the sweep programs.

#### **Additional disclosures**

Additional information regarding the sweep programs and current yields is available online at [ubs.com/sweeppyields](https://ubs.com/sweeppyields).

### **UBS Bank USA Core Savings (UBS Core Savings)**

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#### **Description**

UBS Core Savings is a non-sweep, FDIC-insured deposit account at UBS Bank USA, Member FDIC. Clients purchase through their UBS accounts by providing instructions to purchase to their Financial Advisors.

#### **Fees and charges paid directly by clients**

Clients are not charged a commission or other fee for purchasing UBS Core Savings. Each withdrawal in excess of five per month is subject to a \$25 fee. You must contact your Financial Advisor to make a withdrawal.

#### **Compensation UBS receives from third parties**

UBS receives up to \$50 annually from UBS Bank USA for each securities account that has funds in UBS Core Savings.

#### **Financial Advisor compensation**

Financial Advisors are not compensated on the assets in the UBS Core Savings program.

#### **Additional disclosures**

UBS Core Savings is available only to individuals, nonprofit entities and US governmental entities. It is not intended for clients who need to have frequent access to their funds. Each withdrawal in excess of 5 per month is subject to a \$25 fee. You must contact your Financial Advisor to make a withdrawal. These fees will be posted to your securities account the business day following the excess withdrawal, and may reduce your earnings on UBS Core Savings. You may incur a withdrawal fee even if the withdrawal is involuntary such as if a withdrawal is made by UBS to meet a margin call.

Deposits are insured up to applicable FDIC limits (\$250,000) and are aggregated with other deposits held at UBS Bank USA such as CDs and sweep deposits held in the same ownership capacity. For more information, please refer to the UBS Bank USA Core Savings disclosure statement by visiting [ubs.com/coresavingsdisclosure.pdf](https://ubs.com/coresavingsdisclosure.pdf).

## UBS Visa credit cards

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### Description

UBS Visa Signature, UBS Visa Infinite, UBS Visa Signature Business, UBS Visa Infinite Business and UBS Visa Cash Rewards Visa Business credit cards, issued by UBS Bank USA, a UBS affiliate, provide a rewards program, or in the case of the UBS Cash Rewards Visa Business cards a cash rewards program, and exclusive benefits as well as access to cash at ATMs and banks worldwide without cash advance fees as long as there are sufficient funds in the associated RMA or BSA Business Services Account.

### Fees and charges paid directly by clients

Clients repay the principal balance and interest on outstanding balances to UBS Bank USA, and they may repay the principal at any time without prepayment fees. Clients pay UBS Bank USA additional fees such as an annual fee of \$495 for the UBS Visa Infinite credit card, \$550 for the UBS Visa Infinite Business card and \$150 for the UBS Cash Rewards Visa Business card; balance transfer fees; cash advance fees; foreign transaction fees; and late payment and returned payment fees depending on the card product and other factors.

### Compensation UBS receives from third parties

UBS receives fees from UBS Bank USA for certain costs of providing card administration services for credit card accounts at the net amount actually paid by UBS, plus an additional amount equal to ten percent (10%) of the costs attributable to credit card administration services involving credit card accounts.

### Financial Advisor compensation

UBS Bank USA does not pay a portion of the interest or fees to Financial Advisors; however, such interest and fees do contribute toward calculating the applicable Financial Advisors' payout rate schedule.

### Additional disclosures

For more information, refer to the Cardmember Agreements, at [ubs.com/uscards](https://ubs.com/uscards).

## UBS Visa debit cards

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### Description

UBS debit cards, issued by UBS Bank USA, a UBS affiliate, provide a convenient and secure way to pay for purchases as well as to access cash at ATMs and banks worldwide.

### Fees and charges paid directly by clients

Clients pay UBS Bank USA foreign transaction fees.

### Compensation UBS receives from third parties

UBS receives fees from UBS Bank USA for certain costs of providing card administration services for debit card accounts, at the net amount actually paid by UBS.

### Financial Advisor compensation

UBS Bank USA does not pay a portion of the fees to Financial Advisors.

### Additional disclosures

For more information, refer to the UBS Visa Debit Card Cardholder Agreement in our "Agreements and Disclosures" at [ubs.com/accountdisclosures](https://ubs.com/accountdisclosures).

## Individual securities, options and precious metals and municipal securities

### Auction Rate Securities (ARS)

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#### Description

- Auction Rate Securities are floating rate securities with long or perpetual maturities that are re-priced periodically through a series of Dutch Auctions, i.e., an auction system in which the price is gradually lowered until it meets a responsive bid
- UBS does not offer new-issue ARS

#### Fees and charges paid directly by clients

A client who sells ARS outside of a settlement offer or a non-failed auction (i.e., an ordinary secondary market sale) may pay commissions. More information on commissions is available at [ubs.com/commissions](https://ubs.com/commissions).

#### Compensation UBS receives from third parties

n/a

#### Financial Advisor compensation

Financial Advisors receive a portion of the commission UBS receives based on the grid rate applicable to them.

#### Additional disclosures

n/a

### Equity securities

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#### Description

Equity securities include common stock and American Depositary Receipts (ADRs).

#### Fees and charges paid directly by clients

Clients pay a commission based on the quantity of shares purchased or sold and their corresponding stock prices. The UBS commission schedule is available at [ubs.com/commissions](https://ubs.com/commissions).

#### Compensation UBS receives from third parties

UBS routes a significant percentage of its equity order flow to its affiliate, UBS Securities LLC. Except where prohibited by law, UBS Securities LLC may act as principal when executing equity trades (buying or selling from its own inventory) and consequently may make a profit or loss on the trade depending on movements in the equity market.

#### Financial Advisor compensation

Financial Advisors receive a portion of the commission UBS receives based on the grid rate applicable to them.

#### Additional disclosures

Additional information relating to best execution of equity securities and order routing disclosures is available at [ubs.com/bestexecution](https://ubs.com/bestexecution) and [ubs.com/orderroutingdisclosure](https://ubs.com/orderroutingdisclosure), respectively.

## Equity syndicate offering

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### Description

Equity syndicate offerings generally are offerings of newly issued equity securities that are underwritten by our affiliate UBS Securities LLC, which includes initial and secondary offerings of common stock and closed-end funds.

### Fees and charges paid directly by clients

Clients pay the initial offering price as disclosed in the prospectus, and not a commission. The offering price includes selling concessions paid to underwriters and distributors.

### Compensation UBS receives from third parties

- UBS receives a fee/selling concession from its investment bank affiliate, UBS Securities LLC, as the underwriter involved in the offering, based on sales volume. The fee/selling concession is built into the initial offering price paid by the client. The fee/selling concession is negotiated between the issuer and the underwriter(s) and is disclosed in the prospectus

### Financial Advisor compensation

Financial Advisors receive a portion of the new issue selling concession received by UBS at the grid rate applicable to them.

### Additional disclosures

For more information, please refer to the applicable offering document.

## Exchange Traded Notes (ETNs)

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### Description

ETNs are debt securities that are designed to track the return of a specific market index or asset, minus investor fees.

### Fees and charges paid directly by clients

Clients typically pay a commission in connection with the purchase or sale of an ETN in the secondary market. More information on commissions is available at [ubs.com/commissions](https://ubs.com/commissions).

### Compensation UBS receives from third parties

- UBS and/or its affiliates receive compensation from issuing ETNs and from trading and hedging activities related to ETNs. Compensation from issuing ETNs is disclosed in the prospectus and typically includes ongoing tracking fees that accrue on a daily basis, as well as creation and/or redemption fees that are charged by the issuer or an affiliate for creations and early redemptions by investors, as applicable. In addition, issuers of leveraged or inverse ETNs, including affiliates of UBS, typically charge financing fees that accrue on a daily basis. Any financing fees are disclosed in the applicable prospectus  
In some instances, in new issue offerings, UBS and/or its affiliates receive a fee (sometimes called a selling concession) directly from the issuer for bringing the security to market and receive a portion of any ongoing tracking fee charged by the issuer. These fees are disclosed in the applicable prospectus.
- Financial Advisors receive part of the selling concession on new issue offerings, but none of the other fees or charges described in this section are received from third parties. For investments linked to the performance of an index created, owned or sponsored by UBS, fees will include licensing and marketing fees for use of the index

### Financial Advisor compensation

Financial Advisors receive a portion of the commission UBS receives paid at the grid rate applicable to them.

### Additional disclosures

For more information, please refer to the applicable offering document.



## Municipal securities

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### Description

Municipal securities are bonds issued by states, cities, counties and other governmental entities to raise money, typically for general governmental needs or special projects.

### Fees and charges paid directly by clients

- For new issues, clients pay the initial offering price disclosed in the applicable offering document and not a commission. The offering price includes underwriting discounts paid to underwriters and distributors
- For municipal securities purchased or sold in the secondary market, clients pay a markup (in the case of a purchase) or a markdown (in the case of a sale), which generally consists of (1) the Financial Advisor's sales credit (effectively a commission) that varies depending on the bond type and duration and/or (2) the markup or markdown (if any) that the UBS trading desk has included as part of the transaction. (Note that UBS seeks to earn additional compensation in connection with certain trading-desk activities.) More information on commissions/sales credits is available at [ubs.com/commissions](https://ubs.com/commissions)

### Compensation UBS receives from third parties

- For new issues, UBS receives an underwriting discount from the issuer that is bringing the security to market or a share of the underwriting discount from a provider, such as another broker-dealer. This fee is built into the initial offering price paid by the client and generally is disclosed in the final offering document
- For new issues underwritten by UBS, UBS's compensation is usually generated by an "underwriting discount" (which is the difference between the price paid by UBS to the municipal issuer for the new issue and the price at which the bonds are initially offered to clients). If no underwriting discount is provided, UBS is paid an underwriting fee by the issuer from any available issuer funds. The amount of the underwriting discount or fee, as applicable, is set forth in the final offering document

### Financial Advisor compensation

- For new issues, Financial Advisors receive a portion of the underwriting discount that is received by UBS based on the grid rate applicable to them
- For secondary market-traded municipal securities, Financial Advisors receive a portion of the sales credit paid by clients (see discussion above under "Fees and charges paid directly by clients") based on the Financial Advisor's grid rate

### Additional disclosures

For more information, please refer to the applicable offering document.

## Municipal variable rate demand obligations (VRDOs)

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### Description

Municipal VRDOs are debt instruments with long maturities (i.e., usually 30 years) that feature multiple interest rate modes and associated tender features, including an option to tender securities at par on seven days' notice or, in some cases, on one day's notice.

### Fees and charges paid directly by clients

UBS currently receives no compensation from clients for facilitating transactions in VRDOs.

### Compensation UBS receives from third parties

UBS does not currently engage in initial sales of VRDOs. For certain secondary VRDO transactions, an unaffiliated third-party provider acts as remarketing agent and is subsequently paid a remarketing fee. This provider may, but is not required to, share a portion of that fee with UBS.

### Financial Advisor compensation

Financial Advisors do not receive compensation in connection with VRDO transactions.

### Additional disclosures

For more information, please refer to the applicable offering document.

## Options

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### Description

Options, which include puts and calls, are securities transactions tied to the stocks, commodities, currencies or indexes that give the holder the right to buy or sell the same within a specified timeframe for a defined price.

### Fees and charges paid directly by clients

Clients pay a commission to buy or sell an option based on the number of contracts and the principal amount of the trade. More information on commissions is available at [ubs.com/commissions](https://ubs.com/commissions).

### Compensation UBS receives from third parties

n/a

### Financial Advisor compensation

Financial Advisors receive a portion of the commission received by UBS based on the grid rate applicable to them.

### Additional disclosures

For more information, please review the booklet entitled "Characteristics and Risks of Standardized Options," which is available upon request from your Financial Advisor.

## Futures

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### Description

Futures (which include commodities futures) and options on futures.

### Fees and charges paid directly by clients

Clients pay a commission based on the quantity of the contracts. Any fees charged for the client's futures transaction by the listing exchange are passed to the client. More information on commissions is available at [ubs.com/commissions](https://ubs.com/commissions).

### Compensation UBS receives from third parties

n/a

### Financial Advisor compensation

Financial Advisors receive a portion of the commission UBS receives based on the grid rate applicable to them.

### Additional disclosures

n/a

## Precious metals

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### Description

Precious metals, such as gold, silver, platinum and palladium, are commodities and, with the exception of certain coins, are not legal tender.

### Fees and charges paid directly by clients

- Clients pay a commission of up to 1% to buy or sell based on the quantity and type of precious metal purchased and the corresponding price of the metal. More information on commissions is available at [ubs.com/commissions](https://ubs.com/commissions)
- For metals held in storage at a depository designated by UBS, clients are charged storage fees, which can range from 0.00% – 0.60% annually. A portion of such storage fees is used to cover the administrative costs UBS incurs in engaging the depository vendor. Please contact your Financial Advisor for more information regarding these storage fee charges

### Compensation UBS receives from third parties

n/a

## Financial Advisor compensation

Financial Advisors receive a portion of the commission UBS receives based on the grid rate applicable to them but not any compensation with respect to associated custody fees.

## Additional disclosures

Unallocated metals held in storage in Switzerland are custodied with an affiliate, UBS AG. When purchasing or selling precious metals on behalf of its clients, UBS may route such precious metals orders to its affiliate, UBS Securities LLC., for execution. Except where prohibited by law, UBS Securities LLC may act as principal when executing precious metals trades buying or selling and consequently may make a profit or loss on the trade depending on movements in the precious metals market.

For more information, please refer to the Precious Metals Account Addendum and Risk Disclosure Statement, which is available upon request from your Financial Advisor.

## Structured products

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### Description

Structured products are unsecured obligations with a return at maturity that is linked to the performance of an underlying asset. Structured products include debt securities, obligations or certificates of deposit (CDs) issued by our affiliates and non-affiliated third parties, with returns linked to underlying assets (or indexes thereon) such as equities, commodities, foreign exchange, interest rates, credit or hedge funds.

### Fees and charges paid directly by clients

- For new issues, clients pay the initial offering price, which is set by the issuer. The offering price includes costs and fees associated with purchasing the security and includes selling concessions paid to UBS and structuring and hedging costs of the issuer and its affiliates. Clients are not charged additional sales charges or commissions. The offering price and a description of the costs and fees associated with a security can be found in the offering document
- For structured products transacted in the secondary market, clients pay a markup (in the case of a purchase) or a markdown (in the case of a sale), which generally consists of (1) the sales credit (effectively a commission) that varies based on the time to maturity of the Note and (2) the markup or markdown that the UBS trading desk has included as part of the transaction
- More information on commissions/sales credits is available at [ubs.com/commissions](https://ubs.com/commissions)

### Compensation UBS receives from third parties

- For new issues, UBS receives a selling concession directly from the issuer for bringing the security to market, which may be received upfront or on an ongoing basis. The selling concession is stated in the offering document
- Some structured products also include ongoing embedded fees charged by the issuer that are shared with UBS. If the embedded fees are shared by the issuer, the amount is detailed in the offering document
- For certain structured products linked to hedge funds and funds of funds, UBS or its affiliates receive a portion of the management fees charged by those funds as compensation. The amount is stated in the offering document
- UBS or its affiliates also receive compensation from issuing structured products and from trading and hedging activities related to structured products
- For investments linked to the performance of an index created, owned or sponsored by UBS, fees generally include licensing and marketing fees for use of the index

## Financial Advisor compensation

Financial Advisors receive a portion of the new issue selling concession and secondary market markup or markdown (other than the portion of the markup or markdown that the UBS trading desk has included as part of the transaction), in each case based on the grid rate applicable to them.

## Additional disclosures

More information on commissions/sales credits is available at [ubs.com/commissions](https://ubs.com/commissions). Important information about structured products is available at [ubs.com/spkeyrisks](https://ubs.com/spkeyrisks).

## Taxable fixed income

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### Description

- Taxable fixed income securities include:
  - Corporate bonds
  - US Treasuries
  - Federal agency bonds
  - Mortgage-backed securities
  - Zero-coupon bonds
  - High-yield and emerging market securities
  - Convertible securities
  - Brokered Certificates of Deposits (CDs)
  - Preferred securities
  - Commercial paper

### Fees and charges paid directly by clients

- For new issues, clients pay the initial offering price set by the issuer in consultation with the underwriters. The initial offering price is stated in the offering document. For taxable fixed income securities purchased or sold in the secondary market, clients pay a markup (in the case of a purchase) or a markdown (in the case of a sale), which generally consists of: (1) the Financial Advisor's sales credit (effectively a commission) that varies depending on the bond type and duration and/or (2) the markup or markdown (if any) that the UBS trading desk has included as part of the transaction. (Note that UBS seeks to earn additional compensation in connection with certain trading-desk activities.) More information on commissions/sales credits is available at [ubs.com/commissions](https://ubs.com/commissions)
- For exchange-traded \$25 par value preferred securities, the maximum sales charge is 1.50% of the price for purchases and 1.00% for sales. There is no separate markup or markdown taken by the trading desk
- For US Treasury bills, notes and bonds, and government agency securities, as well as Treasury auction transactions, an additional \$35 fee is generally charged for transactions under \$100,000 in face value
- More information on commissions/sales credits is available at [ubs.com/commissions](https://ubs.com/commissions)

### Compensation UBS receives from third parties

UBS receives a fee for new issues from the underwriter(s) who bring the security to market. This fee is built into the initial offering price paid by the client and is in the form of a portion of the gross concession or underwriting fees disclosed in the offering document.

### Financial Advisor compensation

- For new issues, Financial Advisors receive a portion of the fee that is received by UBS at the grid rate applicable to them
- For secondary market-traded taxable fixed income securities, Financial Advisors receive a portion of the sales credit UBS receives based on the grid rate applicable to them. (See discussion above under "Fees and charges paid directly by clients.")

### Additional disclosures

For more information, please refer to the applicable offering document.

## Foreign exchange

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### Description

Purchases and sales of foreign currency (including foreign exchange spot and limited forward transactions) are done through an affiliate who earns compensation on the transaction. For more information, please contact your Financial Advisor.

### Fees and charges paid directly by clients

- On foreign exchange spot and limited forward transactions (except for foreign exchange spot transactions in connection with a foreign currency wire), clients pay UBS a sales charge of up to 1.00% of the amount converted in US dollars, depending on the size of the transaction)
- For fees related to foreign currency wire transfers, see the table of brokerage and administration fees located at the end of this brochure
- If a foreign currency held in a client's foreign currency account is associated with a negative interest rate environment, UBS will charge a monthly negative interest rate fee, which will be calculated based upon a flat rate percentage for the month and applied against the foreign currency account's daily balance for the impacted currency. The total of each day's negative interest rate fee for the month will be charged at the beginning of the following month in the respective currency and deducted from client's foreign currency account. The negative interest rate fee may vary each month based on charges incurred by UBS from its currency custodian.

### Compensation UBS receives from third parties

Our affiliate who effects foreign exchange transactions at our request for your benefit is compensated by adding or subtracting amounts to the prevailing market bid or offer price (whether you are buying or selling a foreign currency). How much is added or subtracted is dependent upon the type of transaction and currency pair, as well as certain other factors, including costs incurred and the nature and extent of services provided.

### Financial Advisor compensation

Financial Advisors receive a portion of the sales charge paid by clients at the grid rate applicable to them.

### Additional disclosures

n/a

## Global Time Deposits

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### Description

Global Time Deposits are deposits in either USD or select foreign currencies with maturities of less than one year and are an obligation of UBS AG.

### Fees and charges paid directly by clients

Clients pay a commission of up to .36% to buy global time deposits. Note that the commission fee charged will typically vary based upon the underlying currency of the deposit. Clients will pay a fee to break the deposit. Break fees are determined by the size of the deposit, length to maturity and current interest rates.

### Compensation UBS receives from third parties

n/a

### Financial Advisor compensation

Financial Advisors receive a portion of the commission UBS receives based on the grid rate applicable to them.

### Additional disclosures

For more information, please refer to the Global Time Deposit Information Statement, which is available upon request from your Financial Advisor.

### Mutual funds

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#### Description

- Mutual funds are open-end investment vehicles designed to invest in a group of assets in accordance with stated investment objectives
- Many mutual funds offer several classes of shares that represent an interest in the same portfolio of securities. The principal difference among the classes is the fees and expenses charged by the mutual fund. Fees and expenses in a mutual fund reduce the net asset value of the fund and the investment return. Additionally, not all share classes are available for all account types and/or programs
- On or about January 31, 2020, UBS will simplify its mutual fund offering platform by offering a single share class in brokerage accounts. The single share class will have no front-end loads, back-end loads or 12b-1 fees and will be the only share class offered for purchase in Brokerage, with certain limited exceptions including, but not limited to, offshore funds, interval funds, money market funds and 529 plans
- For more information, please refer to the fund prospectus and “Understanding mutual fund share classes and fees” at [ubs.com/mutualfunddisclosure](https://ubs.com/mutualfunddisclosure)

#### Fees and charges paid directly by clients

Some mutual fund share classes have an upfront sales charge or a Contingent Deferred Sales Charge (CDSC), also known as a surrender charge or back-end sales charge. Sales charges are paid to UBS, with a portion paid to your Financial Advisor, for services provided that result in the sale of a mutual fund.

#### *Commissions*

On or about January 31, 2020, for mutual fund transactions in the single share class in brokerage, a commission will be charged on both buys and sells under a mutual fund commission schedule. Financial Advisors have the ability to discount commissions. More information is available at [ubs.com/mutualfundcommissions](https://ubs.com/mutualfundcommissions).

#### *Upfront sales charge*

- Upfront sales charges can range from 0.00% – 5.75% and are described in the prospectus. Many mutual funds allow for a reduction or waiver of the upfront sales charge based upon, among other things, the amount of your total investments in the particular mutual fund family, investor type, as well as the type of account in which the assets are invested (i.e., advisory). Requirements for a reduction or waiver of upfront sales charges are detailed in the prospectus

#### *Back-end sales charge*

- These are sales charges that are applied upon redemption of mutual fund shares within a specified number of years (varies by prospectus)
- These sales charges are also referred to as a Contingent Deferred Sales Charge, or CDSC. These charges generally range from 1% – 5.5%, but typically are 4% for B shares and 1% for C shares. These charges can be reduced or eliminated based on how long the shares are held and as described in the prospectus

#### *No load and institutional fund charge*

- Effective on or about January 31, 2020, “no load” and “institutional” mutual fund share classes will be included as part of the single share class available in brokerage accounts, and will be subject to commissions as laid out above in lieu of the no load and institutional fund charge. There is a \$75 per transaction fee to purchase offshore institutional no-load funds. No part of this fee is paid to Financial Advisors

#### *Processing and handling fee*

- UBS charges a \$5.25 processing and handling fee on the purchase and sale of most mutual fund shares in brokerage accounts, to defray transaction processing costs. No part of this fee is paid to Financial Advisors

#### *Redemption fee*

- Mutual funds may charge clients a redemption fee, typically between 0.25% – 2%, on shares redeemed shortly after purchase. UBS does not receive this compensation. Details can be found in the fund prospectus

### *Proprietary UBS Mutual Funds*

- Proprietary funds will charge investment management fees and other fund expenses detailed in the fund prospectus for services provided to the fund by UBS affiliates. These charges will reduce investment returns

### *Offshore funds*

- Sales charges paid to UBS for offshore fund purchases may be negotiable, with a portion paid to your Financial Advisor

## **Compensation UBS receives from third parties**

### *12b-1 fees*

- Many mutual funds pay a 12b-1 fee to UBS directly from the fund's assets. Like other fees and expenses in a mutual fund, 12b-1 fees will reduce investment returns. The exact amount varies among funds and share classes but is disclosed in the applicable fund prospectus. The typical ranges of 12b-1 fees in mutual funds we offer are as follows:
  - A shares: 0.00% – 0.50% (most frequently 0.25%)
  - B shares: 0.00% – 1.00% (most frequently 1.00%)
  - C shares: 0.25% – 1.00% (most frequently 1.00%)
  - Retirement shares: 0.00% – 1.00% (most frequently 0.50%)

### *Networking/omnibus fees*

- We request that all mutual fund companies on the UBS platform pay networking or omnibus fees (i.e., a consolidated trade executed once per day in order to save costs), which are determined on a per-position basis, as described below, for recordkeeping services performed for the fund by UBS
- Some mutual fund companies choose to calculate these rates expressed as basis points on assets. Depending on asset levels, a basis point fee may result in a higher or lower fee than a per-position fee. Neither networking nor omnibus fees are paid to Financial Advisors
- These networking and omnibus fees generally are paid from investor assets in mutual funds, but in some cases are subsidized in part by affiliates or the distributor of the mutual funds
- Networking fees are generally calculated by applying our standard networking rate of \$4 – \$16 for each mutual fund position that exceeds \$500 and is held at UBS. Exclusions apply to positions below \$500 and Retirement Accounts enrolled in a discretionary advisory program
- Omnibus fees range from \$10 – \$26 per position and can vary by share class. Exclusions may apply to positions below an asset level mutually agreed upon by UBS and the mutual fund company, to certain discretionary advisory and Retirement Accounts, and to certain funds and/or share classes. A portion of the fees UBS receives is paid to a sub-account vendor contracted by UBS

### *Revenue sharing*

- UBS requests that all mutual fund companies on the UBS platform pay UBS revenue based on overall sales and/or assets, known as revenue sharing. This compensation is not paid to Financial Advisors
- Distribution support or revenue sharing is individually negotiated with each mutual fund company and generally ranges:
  - Up to 0.15% (paid quarterly) on all purchases of mutual fund shares (excluding purchases through fee-based programs)
  - Up to 0.20% per year (paid quarterly) of the asset value of all equity and fixed income mutual fund shares held at UBS (other than money market or offshore funds). The most common rates are 0.15% on equity mutual fund shares and 0.10% on fixed income mutual fund sharesSome mutual fund families pay a flat fee annually or are subject to a minimum annual payment that can result in payments that exceed the percentages described above.
- This revenue sharing information is current as of the date of this brochure and can be changed at any time. For updates, visit [ubs.com/mutualfundrevenuesharing](https://ubs.com/mutualfundrevenuesharing)

### *Finder's fees*

- Based on the total dollar value of a client's holdings with a fund company, UBS may also receive Dealer Concessions or finder's fees (except for certain transactions in qualified plan and nonprofit/charity accounts) as described in the fund's prospectus or the fund's Statement of Additional Information. These are one-time payments made by the fund's asset manager. Such fees generally range from 0.25% – 1% of the purchase amount, with the most commonly paid finder's fee of 1.00%. Redemptions within certain timeframes may result in a CDSC fee to be charged to the client to offset the one-time payment previously made to UBS
- Financial Advisors are not permitted to receive these payments where a load-waived share class is available

### *Offshore funds*

- UBS generally receives fees for offshore mutual funds, which are generally calculated as a percentage of the management fee charged by the applicable fund
- These fees range from 0% – 65% of the fund's management fee, with 65% being the most commonly paid rate. The fee UBS receives includes compensation for all services provided by UBS to the fund

### **Financial Advisor compensation**

Depending on the type of mutual fund and share class you buy, as well as account type, Financial Advisors receive a portion of commissions, sales charges and 12b-1 fees paid to UBS by mutual fund companies based on the grid rate applicable to them.

### **Additional disclosures**

For more information, please refer to the applicable mutual fund prospectus. Also, refer to our *Understanding mutual fund share classes, fees and certain risk considerations* brochure at [ubs.com/mutualfunddisclosure](https://ubs.com/mutualfunddisclosure).

## **Closed-end funds**

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### **Description**

A type of investment company with a fixed number of shares that is listed on an exchange.

### **Fees and charges paid directly by clients**

- For initial offerings, clients pay the initial offering price and are not charged a commission
- For secondary market transactions, clients pay a commission based on the quantity of shares purchased or sold and their corresponding fund prices
- More information on commissions is available at [ubs.com/commissions](https://ubs.com/commissions)

### **Compensation UBS receives from third parties**

For an initial offering UBS receives a fee/selling concession from the underwriter(s) involved in the offering of the fund, which is built into the offering price paid by the client. The fee/selling concession is determined after negotiation between the issuer and the underwriter(s) and is disclosed in the prospectus.

### **Financial Advisor compensation**

For initial offerings, Financial Advisors receive a portion of the new issue selling concession received by UBS at the grid rate applicable to them. For secondary market transactions, Financial Advisors receive a portion of the commission UBS receives based on the grid rate applicable to them.

### **Additional disclosures**

For more information on initial offering closed end funds, please refer to the applicable offering document.

## **Exchange Traded Funds (ETFs)**

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### **Description**

- An ETF is an interest in a pooled investment fund that can be bought and sold in the open market. These funds typically hold portfolios of securities that correspond to the price and yield performance of a particular broad market index or basket of securities for a particular industry, sector or geographic region, minus annual fees and expenses
- For more information, please refer to the fund prospectus

### **Fees and charges paid directly by clients**

- Clients typically pay a commission in connection with the purchase or sale of an ETF
- More information on commissions is available at [ubs.com/commissions](https://ubs.com/commissions)

### **Compensation UBS receives from third parties**

- For investments linked to the performance of an index created, owned or sponsored by UBS, fees generally include licensing and marketing fees for use of the index
- UBS receives compensation from creation and/or redemption fees that are charged by the issuer or an affiliate for creations and redemptions, as applicable. None of these amounts are paid to the Financial Advisor



### **Financial Advisor compensation**

Financial Advisors receive a portion of the commission UBS receives based on the grid rate applicable to them.

### **Additional disclosures**

For more information, please refer to the applicable offering document.

## **Unit Investment Trusts (UITs)**

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### **Description**

- UITs are investment companies that purchase a fixed unmanaged portfolio of securities and subsequently sell shares in the trust to investors
- For more information, please refer to the fund prospectus and *Unit Investment Trusts: Investment primer* at [ubs.com/uitdisclosure](https://ubs.com/uitdisclosure)

### **Fees and charges paid directly by clients**

- Clients typically pay the UIT sponsor either a deferred sales charge or a combination of upfront and deferred sales charges as disclosed in the prospectus. Sales charges range between 1.85% – 3.95% of assets invested with the most common sales
- Charges equaling 1.85% or 2.75% for equity-based trusts
- The UIT's prospectus contains specific sales charge amounts, terms and policies

### **Compensation UBS receives from third parties**

UBS receives a portion of the sales charge from the company sponsoring the UIT, based on certain factors. The portion of the sales charge received by UBS is based on a schedule, which can be found in the prospectus. These sales charges are paid to Financial Advisors. Most UIT sponsors make additional payments to the firms that offer their UITs, typically calculated as a percentage of sales volume. The UIT's prospectus contains detailed descriptions of these additional payment programs. Financial Advisors do not receive any portion of or credit for these payments.

### **Financial Advisor compensation**

Financial Advisors receive a portion of the compensation UBS receives based on the grid rate applicable to them.

### **Additional disclosures**

For more information, please refer to the applicable offering document.

## **NextShares (ETMFs)**

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### **Description**

An ETMF is an Exchange Traded Managed Fund, a pooled investment fund that can be bought and sold in the open market. These actively managed funds typically hold portfolios of securities, and are designed to invest in a group of assets in accordance with stated investment objectives.

### **Fees and charges paid directly by clients**

Clients typically pay a commission in connection with the purchase or sale of an ETMF.

### **Compensation UBS receives from third parties**

- UBS receives compensation from creation and/or redemption fees that are charged by the issuer or an affiliate for creations and redemptions, as applicable. None of these amounts are paid to the Financial Advisor
- *Revenue sharing*: UBS intends to request that all ETMF issuers on the UBS platform pay UBS revenue based on overall sales and/or assets, known as revenue sharing. This compensation is not paid to Financial Advisors

### **Financial Advisor compensation**

Financial Advisors receive a portion of the commission received by UBS based on the grid rate applicable to them.

### **Additional disclosures**

For more information, please refer to the applicable offering document.

## Donor-advised Funds (DAFs)

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### **Description**

Account maintained and operated by a 501(c)(3) organization. Contributions to the account made by donors are generally tax deductible, and donors retain certain privileges such as recommending the distribution of funds in the account as well as how the assets in the account are invested.

### **Fees and charges paid directly by clients**

Because contributions to DAF accounts are irrevocable gifts, the assets no longer belong to the donor once transferred into the DAF account. Any fees are charged to the 501(c)(3) organization that ultimately owns the DAF account. For segregated accounts, fees include underlying product expenses and Financial Advisor investment advisory program compensation. If you invest with a separate investment manager, the SMA Manager's fee is in addition to the UBS Investment Advisory Fee, generally ranging from 0.20% to 0.75% for equity and balanced accounts, and 0.10% to 0.60% for fixed income accounts. For pooled accounts, there is an asset management fee ranging from 0.30% to 2% for nondiscretionary services in addition to the underlying product expenses and Financial Advisor compensation. The pooled account Financial Advisor fee is charged up to 0.75% annually, which can be discounted down to 0.00% depending on the account balance.

### **Compensation UBS receives from third parties**

Please refer to revenue sharing description under the Mutual Fund section of this document.

### **Financial Advisor compensation**

Financial Advisors managing DAF accounts are compensated according to the investment advisory program in which you are enrolled.

### **Additional disclosures**

For more information about Donor-Advised Funds, please ask your Financial Advisor for the UBS Donor-Advised Fund Program Guide. Also refer to the applicable Form ADV disclosure ([ubs.com/formadv](https://ubs.com/formadv)) regarding your investment advisory program.

### Alternative investments

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#### Description

- Alternative investments include, but are not limited to, hedge funds, funds of funds and private equity and real estate funds
- For more information, please refer to the offering materials for each fund, which include the private placement memorandum, investor application and marketing materials, among other documents

#### Fees and charges paid directly by clients

Client fees for investing in alternative investments are based on various factors, such as whether the investment is proprietary to UBS or nonproprietary, and/or by product type

#### *Placement fees*

Most of these investments carry a placement fee. The placement fees are in addition to the amount the client invests and vary by product type. Generally, the placement fee is 2.00% of the investment. Placement fees are subject to waiver in limited circumstances. Clients can find details about this waiver in the client's Investor Application.

#### *Proprietary UBS alternative investments*

- When you invest in a UBS alternative investment managed by us or one of our affiliates, the management and/or administration fee charged by the fund will be paid to us or to our affiliates as managers and/or as administrators of the fund. Proprietary funds are funds administered by UBS, including affiliated funds; however, affiliated funds may charge clients different fees as noted below. The administration fee is charged for services including, but not limited to, administration, accounting, reporting and processing. The fee is generally up to 1.00% (100 bps) of the investment based on the following investment breakpoints, with Financial Advisors receiving a portion of this fee:
  - 1% (100 bps): for investments of up to \$3 million
  - 0.75% (75 bps): for investments from \$3 million up to \$10 million
  - 0.50% (50 bps): for investments of \$10 million and above
- In addition, clients will be subject to the underlying fund fees that generally charge a management fee of 1.5% – 2.5% and an incentive fee of 5% – 25% of profits made in a given year, in addition to other expenses as disclosed in the offering materials for each fund
- Affiliated funds will generally charge clients a management fee of 1.0% – 2.25% of the amount invested. In addition, affiliated funds charge an incentive fee of up to 25% of profits made in a given year. In addition, affiliated funds may include single manager pass-through vehicles that charge an administration management fee of 0.15%–1.00%; in the such pass-through vehicles, clients will also be subject to the underlying fund's fees that generally include a management fee of 1.5% – 2.85% and an incentive fee of 5% – 30% of profits made in a given year. The actual fee charged to the client by the fund can be found in the offering materials for the fund
- UBS Managed Futures Funds typically charge clients a fee of approximately 7.00%, which is comprised of the management fee and all trading and operating expenses of the fund's investment activities. These funds may also charge an incentive fee of up to 25% of profits made in a given year. The actual fee charged to the client by the fund can be found in the offering materials for the fund. Certain income that is generated by the fund such as dividends or interest may offset the expenses of the fund

#### *Nonproprietary UBS alternative investments*

- For funds other than the Managed Futures Funds, clients pay the fund manager a management/administration fee that generally ranges between 1% – 2.5% of the investment, although such fees are sometimes higher. These funds may also charge an incentive fee of up to 25% of profits made in a given year. The actual fee charged to the client by the fund can be found in the offering materials for the fund. UBS will receive a fee from the investment manager that may constitute a majority of the management/administration fee the investment manager receives from the fund with respect to the overall client fee. The Financial Advisor will receive a portion of this fee
- Managed Futures Funds typically charge clients fees of 4.00% – 9.50%, which comprises the management fee and all trading and operating expenses of the fund's investment activities. These funds also charge an incentive fee of up to 25% of profits made in a given year. The actual fee charged to the client by the fund can be found in the offering materials for the fund. In cases of Managed Futures Funds, UBS will receive a fee from the fund sponsor and the Financial Advisor will receive a portion of or the full fee paid to UBS

## **Compensation UBS receives from third parties**

### *Proprietary UBS alternative investments*

- UBS receives a management and an administration fee for servicing our proprietary funds
- UBS has an agreement with one of its affiliates whereby it shares the profits generated by certain funds transferred to the UBS affiliate and funds that they develop specifically for UBS's wealth management platform
- In addition, from time to time, UBS receives a one-time placement fee for certain feeder funds it manages or administers. That fee is paid to UBS by the underlying fund, its distributor or investment manager. No portion of this placement fee is paid to the Financial Advisor

### *Nonproprietary alternative investments*

- As compensation for our distribution services, UBS receives a marketing and distribution fee that is paid from the fund manager's management fee. The offering materials or subscription documents for the fund will disclose whether UBS receives a marketing and distribution fee from the fund
- In limited circumstances, the fund manager pays UBS up to 25% of the fund manager's incentive fee. This fee varies from year to year based on the underlying fund's annual performance. An incentive fee, if charged by the fund manager, can be up to 25% of profits made in a given year and is disclosed in the offering materials for the fund
- UBS also generally receives a portion of the management fee from third-party funds that it no longer distributes or that were purchased by investors before they became UBS clients, as long as such clients are invested in that fund (or its successor)
- The fund's offering or transfer documents state whether or not we receive this fee

## **Financial Advisor compensation**

The compensation that UBS Financial Advisors receive can vary from one fund to another and is generally higher for proprietary funds.

### *Placement fees*

- UBS Financial Advisors receive a portion of the placement fees (generally, 2% of investment) that are charged in addition to the amount the client invests. Placement fees are subject to waiver in limited circumstances

### *Proprietary UBS alternative investments*

- UBS Financial Advisors receive a portion of the management and administrative fees UBS receives for servicing its proprietary funds

### *Nonproprietary alternative investments*

- UBS Financial Advisors receive a portion of the marketing and distribution fee that is paid to UBS from the fund manager's management fee
- In limited circumstances where the fund manager pays UBS up to 25% of the fund manager's incentive fee, Financial Advisors receive a portion of these fees. UBS Financial Advisors also receive a portion of the management fee from third-party funds that UBS no longer distributes or that were purchased by investors before they became UBS clients, as long as such clients are invested in that fund (or its successor)

## **Additional disclosures**

For more information, please refer to the applicable offering document.

# Brokerage account and administrative fees

Fees are subject to change at any time, and we reserve the right to implement new fees and charges for account features in the future. Unless otherwise stated in your account documentation, we will automatically deduct fees and charges from your account. Fees and charges normally associated with account maintenance are listed below. Investment advisory accounts are exempt from several of the fees listed below. However, if you have a PACE account and hold non-PACE eligible assets (other than free credit balances or sweep instruments) or use RMA cash management services, your account is subject to the same annual service fee and maintenance fee applicable to brokerage accounts of that type. If you have any questions about fees, please contact your Financial Advisor.

Financial Advisors are not paid any portion of the fees set forth below; however, such fees do contribute toward calculating the applicable Financial Advisors' payout rate schedule.

The Fees and Charges section in the "Agreements and Disclosures" and, if applicable, its "Addendum," which can be accessed at [ubs.com/accountdisclosures](https://ubs.com/accountdisclosures), contains explanations of: situations where fees are waived or capped, how annual fees can be impacted by different types of marketing relationships and how to designate a specific account to pay annual service and maintenance fees.

Account	Fee	Notes and definitions
<b>Annual service fee</b>		
Resource Management Account (RMA)	\$175	
International Resource Management Account (IRMA)	\$200	
IRA Resource Management Account	\$175	
Individual Retirement Account (IRA)	\$100	Includes SEP and SIMPLE IRAs
Coverdell Education Savings Account (ESA)	\$100	
403(b)(7) Custodial Account	\$100	
Qualified plan fee	\$100	
Business Services Account BSA	\$175	
Business Services Account BSA qualified plans	\$175	
International Business Services Account BSA	\$200	
Basic Investment Account	\$100	This account is no longer available.
International Basic Investment Account	\$100	This account is no longer available.
Wealth Advice Center limited purpose account annual service fee	\$100	

Please note that if your account is a UBS employee account or a UBS employee related account, different annual service fees apply and additional fee waivers are available. Contact your Financial Advisor for more information.

Account	Fee	Notes and definitions
<b>Other fees</b>		
Maintenance fee	\$95	We charge this fee if your eligible assets in a Marketing Relationship do not maintain certain minimum required levels.
Account transfer fee	\$95	
Processing and handling fee (per transaction)	\$5.25	
Transaction fee (per sale transaction of equities and covered equity options)	Varies. Generally between 0.00127% – 0.00257% of the transaction amount.	This fee, which is displayed on trade confirmations, is charged at the same rate as the Section 31 Fee rate, which is set by the SEC and adjusted twice per year.  The amount of the fee, which covers the transaction fees UBS is required to pay self-regulatory organizations, is rounded by UBS to the nearest penny or up to one penny if less than one. The rate varies, but in recent years has been between 0.00127% – 0.00257%. For the most updated information on the amount of the transaction fee, refer to “Transaction fee on the sale of equities and covered equity options” at <a href="https://ubs.com/accountdisclosures">ubs.com/accountdisclosures</a> .
Annual physical security safekeeping (per security per account)	\$75	This is a fee for storing stock certificates or other physical securities on your behalf.
Restricted legend removal fee (per security)	\$125	This fee covers costs associated with the legal transfer from restricted to transferable shares.
Non-DRS transfer fee	\$25	This fee applies to securities that do not participate in the Direct Registration System (DRS) and is charged for the transfer and shipment of a client’s book-entry shares into physical certificate form registered in client name or another name designated by the client.
Legal transfer fee	\$25	The fee charged for processing a change of registration of security in certificate form due to events (such as death of original owner or a minor reaching the age of majority).
Bounced check fee	\$15	This fee is charged if a check drawn on your account is returned for insufficient funds.
Returned check deposit fee (per check)	\$25	This fee is charged when a check deposited to your account is returned for insufficient funds.
Special check handling fee	\$10	This fee is charged when we pay a check that exceeds your Withdrawal Limit.
Bill payment, automatic payment or electronic funds transfer returned-item fee (per item)	\$15	
Stop bill payment/transfer fee (per stop payment)	\$15	
Federal fund wire transfer fee (applies to US Dollar wire transfers)	\$25	This fee is charged for outgoing US Dollar wire transfers. The following billable accounts residing in the same Marketing Relationship receive a total of three free outgoing US Dollar wire transfers per year: RMA, IRA-RMA, Business Services Account BSA (Sole Proprietorships only), Business

<b>Account</b>	<b>Fee</b>	<b>Notes and definitions</b>
		Services Accounts BSA opened for the individual's investment purposes with the following organizational structures only (beneficial ownership of the organization must be individual, trust or estate): Limited Liability Company, Limited Partnership, Limited Liability Partnership and Limited Liability Limited Partnership and IRA accounts residing within the same Marketing Relationship with these billable accounts.
Foreign currency wire transfer fee	\$45	This fee is charged for all outgoing foreign currency wire transfers. It is not included in the three free Federal Fund Wire transfer per year offer described above.
Check stop payment fee (per check)	\$12	
Check stop payment fee (series of three or more)	\$25	
Check copy fee (per item)	\$2.50	
Overnight delivery of wallet style check-order fee	\$15	
Voluntary corporate action fees	\$30	This fee is charged when account owners decide how they would like their assets to be handled when corporations take certain actions, such as voluntary tender offers.
Support services and processing fee	\$75	This fee applies to purchases or sales of no-load mutual funds and institutional mutual fund share classes in brokerage accounts, regardless of the amount of the transaction.
American Depositary Receipts (ADR)/Global Depositary Receipts (GDR) service fee	Varies	If you own these types of securities, this fee may be charged by the third-party depository bank that holds the underlying assets and manages all registration and recordkeeping for the securities. UBS does not retain any portion of this fee.

There are certain charges that we incur from third parties that we pass along to clients: Corporate action and/or settlement fees that issuers, transfer agents, agent banks or depositories impose for particular transactions/events such as ADR/GDR conversion fees, ADR/GDR shareholder service fees, odd lot tenders and optional dividends, transfer fees, re-registration fees, stamp duties and taxes, including sales, capital gains, excise and financial transaction taxes.

# Available advisory programs and services

A description of each of our investment advisory programs and applicable required minimum investments are provided below.

Please note that if you have more than one advisory account, you may be able to link them so that the total of your eligible assets is considered when determining the appropriate fee. For details, please contact your Financial Advisor.

For each of the programs described below, your Financial Advisor receives a portion of the fee that you pay UBS based on his or her payout rate.

## Mutual fund share classes available in advisory programs

Institutional and/or advisory share classes are the primary eligible share class available for purchase in our programs. Class A shares are available for funds that do not offer institutional or advisory share classes or that declined to make those shares available in the programs.

Class A shares normally pay a shareholder servicing fee, commonly referred to as a 12b-1 fee, out of fund assets. As a distributor of mutual funds, we receive a portion of the 12b-1 fees for services we provide. The 12b-1 fees for Class A shares that remain in the nondiscretionary advisory programs (PACE, Strategic Advisor and Strategic Wealth Portfolio) are retained by the firm and are not paid to Financial Advisors. Clients invested in discretionary advisory programs or IC Wrap receive a credit of 12b-1 fees and trail commissions for Class A shares held in those accounts.

The applicable Form ADV disclosure (available at [ubs.com/formadv](https://ubs.com/formadv)) provides detailed information regarding each of these programs, our fees and billing practices, our personnel, our other business activities and financial industry affiliations, and conflicts between our interests and your interests. The fees you pay will be the amount agreed between you and UBS. The applicable Form ADV disclosure and Advisory Agreement and Program Application include information regarding compensation we receive directly from you and the indirect compensation we receive from third parties in these programs. If you would like a copy of the Agreement, Application and/or our ADV disclosure document, please contact your Financial Advisor.

**Fee schedules:** The maximum UBS Investment Advisory Fee in all Programs is 2.50% for all assets and strategy types, except as noted below for the Consulting Programs and UBS Advice Portfolio. Fees charged by investment managers in separately managed account programs such as ACCESS and MAC, within managed account sleeves in the UBS Strategic Wealth Portfolio ("SWP") Program ("SMA Manager Fees"), are in addition to the UBS Investment Advisory Fee. The annual fees paid to SMA Managers in ACCESS and the UBS Strategic Wealth Portfolio are based on a percentage of assets under management and generally range from 0.20% to 0.75% for equity and balanced accounts, and 0.10% to 0.60% for fixed income accounts. The SMA Manager Fee in the Managed Accounts Consulting Program is negotiated between the client and the SMA Manager.

Select UBS Asset Management (AM) strategies in the ACCESS and SWP Programs will be available with no additional SMA Manager Fee charged to Clients. UBS Financial Services Inc. has negotiated the SMA Management Fee with UBS AM based on an institutional fee schedule that is substantially lower than the ranges listed above and will pay that fee out of its own resources.

UBS AM will charge additional fees for certain strategies or additional services determined to be premium solutions, such as personalized tax management and sustainable investing. The fees for those value-add services will be paid by Clients. All third-party asset managers will be invited to participate in this new pricing structure. Participation is optional and it does not impact the availability of a third party manager's strategy on the UBS Financial Services Inc. platform. For those third party managers that elect to participate, we expect the new pricing structure to be available beginning on or about July 1, 2020, although some third party managers may choose to participate at a later date.

The lower pricing structure for our affiliated UBS AM separately managed accounts creates a conflict of interest and provides an opportunity for Financial Advisors to charge a higher UBS Investment Advisory Fee for the affiliated strategies than they would for strategies that charge an additional SMA Management Fee. The difference in SMA Manager Fees can also result in the recommendation of the affiliated strategies versus other strategies available at higher fees.



The following programs offer the flexibility to negotiate either a flat fee or a tiered (breakpoint) fee schedule:

ACCESS

Managed Accounts Consulting

Portfolio Management Program (PMP)

UBS Managed Portfolio Program

With a flat-fee option, the agreed-upon annual fee is a fixed percentage of the assets in the account; that percentage does not change as the value of your account changes. With breakpoints, the negotiated fee, also a percentage of the assets, varies based on asset levels and changes as you increase or decrease assets in your account. Specific "breakpoints" for each asset level are defined in the Program application. You may request to have two or more eligible Advisory accounts treated as related accounts to qualify for certain breakpoint discounts. Please discuss with your Financial Advisor.

We reserve the right, in our sole discretion, to institute special pricing features, change account minimums for new accounts, impose higher account minimums for certain strategies or portfolios that may be offered from time to time, terminate accounts that fall below the minimum account value requirements, or require that additional cash or securities be deposited to bring an account up to the required minimum.

### **Nondiscretionary advisory programs**

#### **PACE (Personalized Asset Consulting and Evaluation) Multi Advisor**

The PACE Multi Advisor program offers access to a broad array of mutual funds with diverse investment management approaches. The minimum investment is \$5,000.

#### **PACE (Personalized Asset Consulting and Evaluation) Select Advisors**

The PACE Select Advisors program offers clients the opportunity to participate in style-specific, no-load funds that are managed by investment subadvisors chosen by UBS Asset Management (Americas) Inc., which is the advisor for the portfolios. The minimum investment is \$10,000.

#### **UBS Strategic Advisor**

The UBS Strategic Advisor program is a non-discretionary program that offers access to a wide range of investments including stocks, bonds, mutual funds, ETFs and structured products for clients who seek the ongoing advice of a professional financial advisor and are looking to implement a medium- to long-term investment plan. The minimum investment is \$25,000.

### **Separately managed account programs and unified managed accounts program<sup>1</sup>**

#### **ACCESS<sup>SM</sup>**

ACCESS allows clients to select professional investment management organizations that will assume all day-to-day investment decisions for their assets. For a minimum investment of \$50,000 (though some managers have higher minimums), ACCESS offers a broad spectrum of respected investment management organizations that have undergone and met the standard of our Investment Manager Research Group's due diligence process. UBS will provide you with the applicable Form ADV disclosure for each investment management organization you select, which provides detailed information regarding the investment management organization, fees, personnel, other business activities and conflict between their interests and your interests.

<sup>1</sup> The ACCESS, SWP, MAC and IC programs offer some of the same SMA Managers for different SMA Manager fees. The amount of the fee paid to each SMA Manager is a function of that SMA Manager's investment style and the fee negotiated with the SMA Manager either by UBS (in ACCESS, SWP) and by you in the MAC or IC Program. Depending on your asset level and ability to negotiate the investment management fee with the SMA Manager in the dual-contract structure of the MAC or IC program, you may find that the single-contract structure in ACCESS and SWP provides a more cost-effective option or vice versa. In addition, based on the combination of our fees and your SMA Manager's fees, the overall fee for your SMA account in ACCESS, SWP, MAC or IC may exceed 3% of the account value. **Please review your options and overall costs carefully with your Financial Advisor before investing.**

#### **Managed Accounts Consulting (MAC)**

MAC offers clients the ability to establish a discretionary relationship directly with an investment management organization, while UBS provides professional investment consulting services, such as custody, trading and execution services, as well as performance reporting for accounts that are custodied at UBS. The minimum investment is \$100,000 or the manager's minimum, whichever is greater. The applicable Form ADV disclosure for each management organization you select provides detailed information regarding the management organization, fees, personnel, other business activities and conflicts between their interests and a client's interests. The SMA Manager Fee is in addition to the UBS Investment Advisory Fee and is negotiated between the client and the SMA Manager.

### **UBS Strategic Wealth Portfolio (SWP)**

Through UBS Strategic Wealth Portfolio, Financial Advisors help clients build portfolios using a combination of investment managers, mutual funds and ETFs—all within a single account. The minimum investment is \$100,000. Certain strategies require a higher minimum investment. We will provide you with the applicable Form ADV disclosure for each investment management organization you select, which provides detailed information regarding the investment management organization, fees, personnel, other business activities and conflicts between their interests and your interests.

### **Discretionary advisory programs**

#### **Portfolio Management Program (PMP)**

PMP places Financial Advisors in the role of investment manager, providing discretionary investment management. The minimum investment is \$25,000.

#### **UBS Managed Portfolio of Funds (MPF)**

This discretionary program offers clients diversified mutual fund and ETF portfolios managed by the UBS Investment Management Group. The minimum investment is \$5,000, \$25,000 or \$50,000, depending on the strategy selected.

#### **UBS Managed Portfolio of Global Selections (MPGS)**

This discretionary program offers clients a globally diversified portfolio of ETFs and US equities, depending on the strategy selected, and managed by the UBS Investment Management Group. The minimum investment is \$50,000 or \$250,000, depending on the strategy selected.

#### **UBS Managed Portfolio Selections**

This discretionary program offers clients single equity and ETF portfolios managed by the UBS Investment Management Group. The minimum investment is \$100,000.

#### **UBS Managed Portfolio of Sustainable Investing**

This discretionary program offers clients a diversified portfolio of mutual funds, ETFs and pooled investment vehicles managed by the UBS Investment Management Group to consider environmental, social and governance (ESG) factors. The minimum investment is \$50,000.

#### **UBS Advice Portfolio**

This discretionary program offers clients ETF portfolios managed by the UBS Investment Management Group. The minimum investment is \$10,000. The maximum UBS Investment Advisory Fee for the UBS Advice Portfolio Program is 0.75% for clients and 0.50% for employees.

#### **UBS Consolidated Advisory Program (CAP)**

This "Portfolio Based Advisory Program" is available through a select group of Financial Advisors who provide specialized investment advisory consulting services to investors with total relationship assets of at least \$5 million. Rather than providing services at the individual account level, the services in UBS-CAP are available for UBS Advisory Accounts in certain programs and, in limited circumstances, for accounts held at other financial institutions. UBS-CAP services include, but are not limited to: 1) assistance in the development and preparation of an investment policy guideline; 2) the preparation of an asset allocation analysis for the allocation of your investment assets among various asset categories or classes; 3) selection of separate account managers, mutual funds, ETFs and alternative investments; 4) portfolio evaluation and review; 5) ongoing investment management consulting on such items as review of the asset allocation and investment policy and the impact of capital market developments on the overall investment strategy. (The SMA Manager Fee in ACCESS and MAC is in addition to the UBS-CAP fee; see the ACCESS and MAC Program descriptions for details.)

### **Consulting programs**

#### **Retirement Plan Consulting Services (RPCS) program**

RPCS is a program designed to provide advisory services to participant-directed defined contribution retirement plans. The ongoing investment advice as an ERISA fiduciary is one of the key services provided by an RPCS Financial Advisor. There is no minimum asset requirement for participation in non-discretionary RPCS services. However, there is typically a \$10,000,000 minimum asset requirement for discretionary services, though we do waive that minimum under certain circumstances. Fee schedule: The maximum annual fee is 2% of eligible plan assets. The minimum annual fee is \$6,000. However, start-up plans seeking ongoing services are subject to a flat dollar fee no greater than \$40,000. Plans will be

considered start-ups where they have total billable plan assets of \$0 to \$2,000,000. Our fee is negotiable and may be expressed as a flat hard-dollar fee for services or as a percentage of plan assets or as a breakpoint fee schedule, and may be for a specific project or for ongoing services.

### **Retirement Plan Manager (RPM) program**

RPM provides advisory services to small market participant-directed defined contribution retirement plans. The ongoing investment menu discretion as an ERISA fiduciary is one of the key services provided by UBS. RPM can be offered by any registered UBS Financial Advisor. There is no minimum asset requirement for participation in RPM. The program is designed for smaller plans; however, there is no maximum asset requirement for RPM. The maximum annual fee is 2% of eligible plan assets and there is no minimum annual fee. Our fee is negotiable and is generally expressed as a percentage of plan assets.

### **Institutional Consulting (IC)**

The UBS Institutional Consulting Program provides investment policy assistance, asset allocation studies and analysis, investment search and identification, and portfolio evaluation for institutional clients. It also provides discretionary investment services. Institutional clients include pension plans, endowments, foundations, reserves and trusts. Typically the minimum investment is \$1 million for non-discretionary services and \$10 million for discretionary services, although we will provide consulting services to clients with less than those values in investable assets under certain conditions. Fee schedule: The IC program uses a fee schedule based on total assets that ranges from 0.30% to 2% for non-discretionary services and 0.33% to 1.8% for discretionary services. The minimum fee is generally \$10,000 or 2% of the value of Eligible Investments, whichever is less. Our fee is negotiable and may be expressed as a flat hard-dollar fee for services or as a percentage of eligible assets or as a breakpoint fee schedule, and may be for a specific project or for ongoing services. If you invest with a separate investment manager, the SMA Manager's fee is in addition to the UBS Investment Advisory Fee. The annual fees paid to SMA Managers are based on a percentage of assets under management.

### **UBS Outsourced Chief Investment Officer (OCIO) program**

The OCIO Program is an advisory and discretionary investment management program designed to offer institutions (e.g., endowments, foundations, defined benefit pension plans, etc.) a way to delegate certain of their fiduciary responsibilities to UBS and UBS Asset Management (Americas) Inc. The OCIO Program combines the services provided by UBS through the UBS Institutional Program with the discretionary investment management services of UBS Asset Management (Americas) Inc. Typically the minimum investment is \$10 million, although we will provide OCIO services to clients with less than \$10 million in investable assets under certain conditions. Your account must have at least \$25 million in investable assets to be eligible for privately offered alternative investments. Fee schedule: The OCIO program uses a tiered fee schedule based on total assets that ranges from 0.20% to 0.60% for Foundations, Endowments and other Pooled Investments (excluding Pension Funds), and from 0.25% to 0.70% for Pension Funds. Our fee is negotiable.

### **Financial planning services**

In providing financial planning services, we may act as a broker-dealer or investment adviser, depending on whether we charge a fee for the service.

### **Brokerage**

Financial plans provided free of charge are a service incidental to our brokerage relationship, terminate when we deliver the plan and we are under no obligation to provide ongoing planning advice or reporting.

### **Advisory**

Financial planning services are provided for a fee and through a financial planning services agreement that defines the terms and scope of engagement. Fees for our Financial Planning Services are negotiable, are at our sole discretion and may differ significantly from client to client based on a number of factors:

- General fee range: \$500 to \$50,000
- Fees greater than \$50,000 and not exceeding \$100,000 may be permitted for complex situations involving relationships with a net worth of \$100 million or more

Corporations may enter into an agreement with UBS to provide financial planning services for their employees at a negotiated rate.

The financial planning services fee covers only the financial planning service and does not cover any other services, accounts or products. If you maintain accounts with us, or if you implement all or a portion of your financial plan with UBS, you will pay the fees and charges for the products and services you select. This will add to the overall compensation that we receive and the fees for financial planning services will not be reduced or offset by these other fees and charges.

In deciding whether to pay a fee for the financial planning services, you should consider whether you prefer to enter into an investment advisory relationship with us that is governed by a written services agreement outlining the services you will receive and the duration of the engagement, the scope and complexity of your planning needs and whether you want the engagement to extend beyond the delivery of the financial plan. For information about our financial planning advisory services, see the firm's Financial Planning ADV Disclosure Brochure available at our website [ubs.com/accountdisclosures](https://ubs.com/accountdisclosures).

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