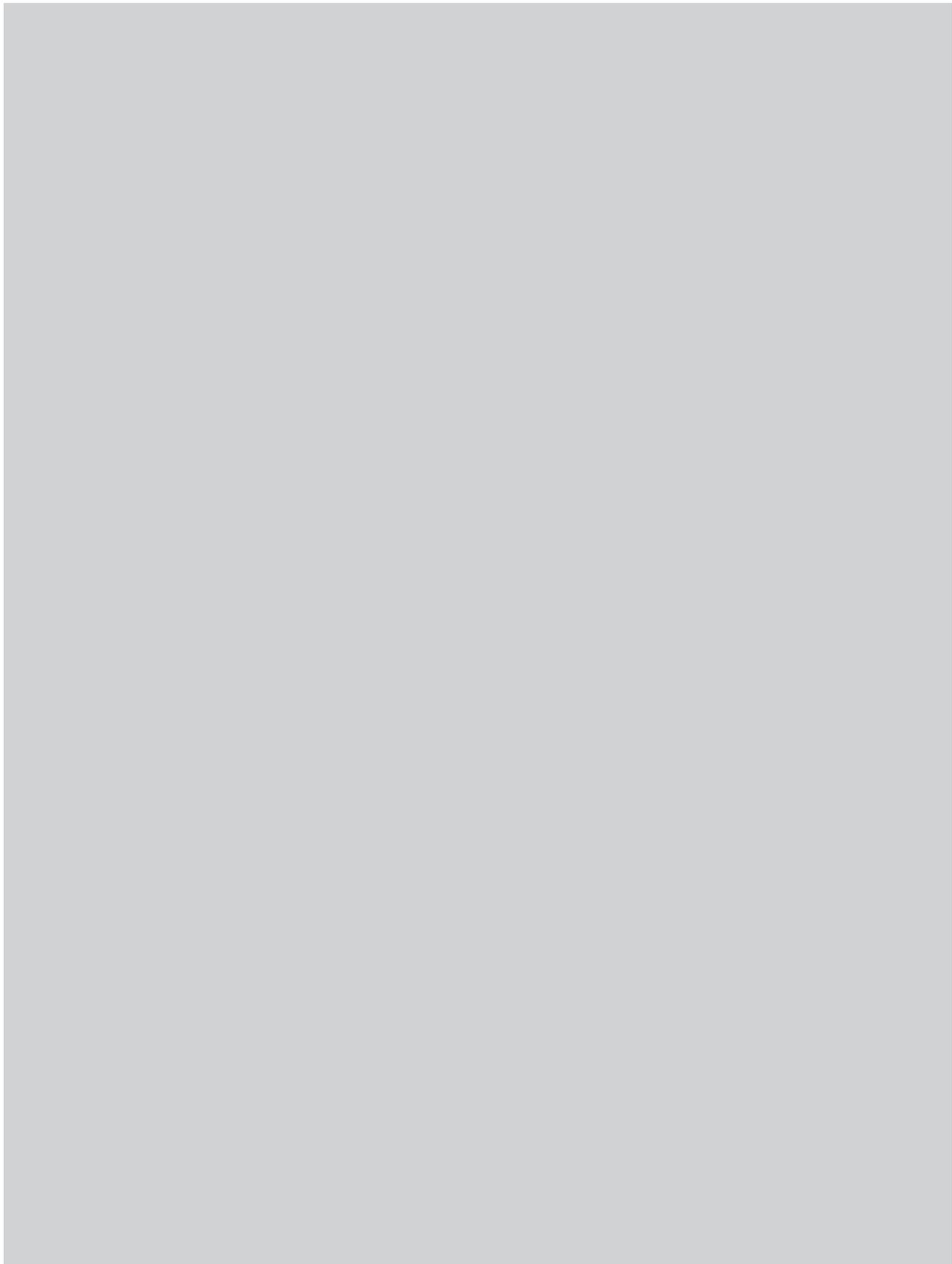


# Your relationship with UBS

Understanding our approach, services, fees,  
compensation and conflicts of interest





## Table of contents

<b>Introduction</b> .....	5	<b>Part two: Table of contents</b> .....	19
<b>Part one: Understanding our approach, services, fees, compensation and conflicts of interest</b> .....	6	<b>Introduction</b> .....	21
Our Financial Advisors .....	6	<b>Part two: Understanding fees, compensation and conflicts of interest—by product</b> .....	22
Our investment approach .....	6	Annuities and insurance .....	22
Investment recommendations .....	7	Banking products .....	27
Brokerage and advisory services: Understanding the differences .....	7	Individual securities, options, precious metals and municipal securities .....	32
Our advisory and brokerage services .....	8	Investment company products .....	40
Important limitations .....	10	Alternative investments .....	47
Important information for retirement plan fiduciaries holding accounts at UBS .....	11	Corporate Cash Management .....	49
Financial Advisor compensation .....	11	Brokerage account and administrative fees .....	49
Conflicts disclosure .....	14	Advisory programs and financial planning services .....	52

Modifications since last publication date of January, 2021

Page 8: Corrected language under "Trading" in the "Brokerage" column.

Modifications made from publication date of June 30, 2020.

Page 10: "Advisory offerings" has been modified to reflect a change to the types of Advisory Accounts that can generally be recommended in the UBS Wealth Advice Center.

Page 13: "Compensation to Financial Advisors in the UBS Wealth Advice Center" has been revised to reflect updates in how production credits are earned.

Page 14: A new section was added to describe compensation for Sales Managers in the UBS Wealth Advice Center.

Page 38: The "Conflicts of interest" section for "Structured products" has been revised to provide that if UBS's affiliate acts as hedge provider for a particular offering it will be described in the offering document and that for certain offerings, UBS requires that third-party issuers hedge all or a portion of the offering with UBS's affiliate.

Page 41: The "Offshore funds" section was revised to reflect the maximum amount of a sales charge you would pay to UBS when purchasing Offshore funds. In addition, the "Compensation received by UBS from third parties" section has been revised to reflect the compensation UBS receives in the American Funds SIMPLE IRA PLUS offering. Finally, the trail payments for offshore funds has been revised.

Page 42 – 43: The "Conflicts of interest" for "Investment company products" added a new paragraph to disclose the compensation conflicts in connection with money market funds.

## Introduction

Transparency about our services and fees is an important part of our relationship with you. Understanding the services available to you and the fees involved allows you to make informed choices about how you will work with us.

This booklet is designed in two parts to serve as a reference guide when you consider different products and services. The first part of the booklet sets out key aspects of how we work with you, including:

- Our Financial Advisors and investment approach
- Understanding the differences between our advisory and brokerage services
- Limitations on our services
- How our Financial Advisors are compensated
- Conflicts of interest

The second part of the booklet describes the brokerage products and services available to you, the fees you pay and the compensation UBS and your Financial Advisor receive.

As in everything we do, our aim is to serve your financial needs with transparency and with your best interests foremost.

This booklet supplements our “Relationship summary for individual UBS Wealth Management clients” at [ubs.com/relationshipsummary](https://ubs.com/relationshipsummary). It also serves as a comprehensive description of our brokerage services. The comprehensive description of our advisory services is available in the applicable Form ADV, Part 2A disclosures at [ubs.com/advisorydisclosures](https://ubs.com/advisorydisclosures). In addition to the disclosures in this booklet and referenced disclosure documents, from time to time Financial Advisors will provide additional disclosures verbally.

UBS Financial Services Inc. is a broker-dealer and an investment adviser registered with the US Securities and Exchange Commission (“SEC”). UBS Financial Services Incorporated of Puerto Rico is a broker-dealer registered with the SEC. We refer to either firm in this booklet as “us,” “we,” “our” or “UBS.”

# Part one: Understanding our approach, services, fees, compensation and conflicts of interest

## Our Financial Advisors

Our Financial Advisors are qualified and licensed to provide both brokerage and investment advisory services.<sup>1</sup> Some of our Financial Advisors hold educational or professional credentials, such as the CERTIFIED FINANCIAL PLANNER™ (CFP®) designation. Holding a professional designation indicates that the Financial Advisor has completed certain courses or continuing education. However, a Financial Advisor's professional designation does not change the obligations UBS has as a firm in providing investment advisory or brokerage services to you.

Our Financial Advisors have access to our global resources to help you pursue what matters most to you. These include analytic and modeling tools, the insights of our global research team and the views of our Chief Investment Office. They also have access to centers of specialized knowledge and experience, including philanthropy, art and global family office services.

## Our investment approach

UBS is a global wealth management firm with a broad range of capabilities designed to provide a holistic set of solutions to address your financial needs. The following sections outline the two components of our investment approach:

- Discovery: Understanding client needs
- Developing wealth management recommendations

### Discovery: Understanding client needs

#### *Account profile*

Before making investment recommendations, we will ask you a series of questions to help us understand your financial situation and the return objectives and risk tolerance for your investment accounts.

In addition to our account profiling process, our Financial Advisors have access to a number of tools and resources to enable a deeper understanding of your goals and what matters most to you and your financial life. These tools include the UBS Wealth Way<sup>2</sup> framework, Financial Goal Analysis and Preferred Planning.

- **UBS Wealth Way**—This comprehensive wealth management approach was designed to give Financial Advisors the ability to align the overall wealth strategy of each client to what matters most to them. Your Financial Advisor can ask a series of questions aimed at uncovering

your most important values, needs and goals, which inform appropriate strategies that align with those specific goals and time frames.<sup>3</sup>

The three UBS Wealth Way strategies include “**Liquidity. Longevity. Legacy**”—each representing a specific time frame of a client's life. This approach to wealth management can help you and your Financial Advisor focus on both your short- and long-term goals, while taking into consideration the inherent variability in the markets.

### – Financial Goal Analysis and Preferred Planning Tools—

Your Financial Advisor has access to a comprehensive set of financial planning tools and resources to help you identify and articulate goals, financial priorities and concerns. These tools also provide the ability to assess the likelihood of meeting those goals and to map a plan to pursue them.

### Developing wealth management recommendations

UBS provides a broad set of offerings, intellectual capital and investment expertise to empower your Financial Advisor to partner with and meet your personal wealth management needs.

### Know your risks

Recommendations and advice we provide about investments or investment strategies involve risks to you. While we will take reasonable care in developing our recommendations, there is no guarantee that you will meet your investment goals or make money, or that our recommendations and advice regarding investments and/or strategies will perform as anticipated.

Please consult the available offering or similar documents for any investment we recommend to you for a discussion of risks associated with the product. In the case of securities issued by reporting companies or registered investment companies, you can obtain information about the risks in the annual, semiannual, quarterly, current and other reports and documents filed by those companies with the SEC.

For more detailed information about the risks associated with particular types of investments and investment objectives or strategies, see the applicable offering document and the applicable product section in this booklet. We encourage you to discuss with your Financial Advisor the risks associated with any recommendations provided to you.

<sup>1</sup>A small number of our representatives are not registered as Investment Advisory Representatives in states that require a qualifying exam and are not permitted to engage in investment advisory services. Those employees will not use the title “Financial Advisor” and will disclose that limitation to you.

<sup>2</sup>UBS Wealth Way is an approach incorporating Liquidity, Longevity, Legacy, strategies that UBS Financial Services Inc. and our Financial Advisors can use to assist clients in exploring and pursuing their wealth management needs and goals over different time frames. This approach is not a promise or guarantee that wealth, or any financial results, can or will be achieved. All investments involve the risk of loss, including the risk of loss of the entire investment.

<sup>3</sup>Time frames may vary. Strategies are subject to individual client goals, objectives and suitability.

## Investment recommendations

When making recommendations, your Financial Advisor will review reasonably available alternatives (but not necessarily all) that you and your account type are eligible to purchase through the UBS platform, taking into consideration the potential risks, rewards and costs.

The UBS Chief Investment Office (CIO) provides multiple resources Financial Advisors can use in developing investment recommendations, including: thought leadership and market insights; fixed income, equity and economic research; globally integrated investment strategies; and thematic investment views.

UBS offers both brokerage and advisory services to help you meet your investment needs. Brokerage and advisory services and fees differ, and it is important for you to understand the differences. The choice of services will depend on your needs and preferences, but UBS believes that the holistic and comprehensive approach of our advisory services are generally best in enabling clients to meet personal investment goals.

Research suggests that clients who use advisory services have better outcomes.<sup>4</sup> This is largely due to the characteristics inherent in the disciplined investment process of an advisory relationship, inclusive of the services and resources not available in brokerage relationships. For example, UBS advisory programs provide clients with access to the following capabilities that are not available in brokerage:

- Professional investment management with ongoing advice and the ability to delegate discretion to your Financial Advisor, UBS or a third-party manager
- Ability to align with asset-based fee preferences
- Ongoing account monitoring and periodic rebalancing
- Access to over 4,500 vetted asset managers and investment strategies

Brokerage services may nevertheless be preferable for clients who do not want to pay an asset-based fee for investment recommendations, who do not seek professional investment management or in situations such as:

- Clients who intend to hold concentrated positions or those who do not require ongoing advice or monitoring
- Clients who prefer to only pay for limited services, such as advice on an ad hoc basis through individual transaction fees (such as through commission, loads, etc.)
- Clients who have a need for an investment not available in an advisory program such as annuities, tax-advantaged college savings (529) accounts, certain alternative investments and others

UBS also offers wealth management solutions that span beyond investments to allow your Financial Advisor to provide you with a holistic and comprehensive set of recommendations to address a broad spectrum of your wealth management needs. This includes, but is not limited to, banking, lending, insurance and philanthropy.

## Brokerage and advisory services: Understanding the differences

At UBS, you can choose a brokerage account, an investment advisory account, or a combination of both, and many of the investments we offer are available in both types of accounts. However, the features and services provided in a brokerage account and an advisory account are distinct and governed by different laws and regulations, as well as different terms and conditions in our agreements with you. The chart below highlights the key differences between brokerage and advisory services.

### About our brokerage and advisory services

Details about the investment products available in a brokerage relationship, the fees you pay, any additional compensation we receive and the conflicts associated with the investment are all provided in the section of this booklet called “Part two: Understanding fees, compensation and conflicts of interest—by product.”

A brief description of our investment advisory programs and their minimums is provided in the section called “Available advisory programs and services.” A full description of our investment advisory programs, costs and conflicts of interest are provided in the applicable Form ADV disclosure brochure at [ubs.com/advisorydisclosures](https://ubs.com/advisorydisclosures).

You should consider the costs and services associated with each option and investment carefully before you invest and speak with your Financial Advisor about which approach is most appropriate for you.

### Comparing costs of brokerage and advisory services

Comparing brokerage and investment advisory options solely on the basis of price is difficult because the services you receive are different. You may pay more or less in an investment advisory program than you would pay if you purchased the investments and services separately in a brokerage account. The costs of either type of account depend on a number of factors, including:

- Types of investment products and services you prefer
- Value of your account(s)
- Mix of investments you hold
- How much you trade
- Administrative or management fees for the products or services you buy

### How we earn revenue

We earn revenue from our clients, from our affiliates and, for some investments and services, from third parties, including investment product vendors, underwriters and investment managers whose products and services clients purchase. We also receive compensation as a result of intercompany profit-sharing and servicing agreements. These revenue streams include:

<sup>4</sup>The Vanguard Group, Inc., *Putting a value on your value: Quantifying Vanguard Advisor's Alpha*<sup>®</sup>, Advisor Alpha: The View from Vanguard, as updated August 15, 2019.

	Brokerage	Advisory
Recommendation and advice	Recommendations and education provided from time to time or upon your request	Ongoing advice, for as long as you are enrolled in an advisory program
Decision-making authority	You decide how to invest your assets; we do not make decisions on your behalf	You can select a nondiscretionary program where you keep the authority to make investment decisions or you can select a discretionary program where investment decisions are made by your Financial Advisor, UBS or a separate investment manager
Ongoing monitoring of your account	None, unless we provide a written commitment to do so	Yes, subject to the terms of your advisory agreement
Primary costs and fees	Transaction-based—you pay fees for trades in your account	Asset-based—you pay a percentage of your advisory assets each quarter, or a flat annual fee
Trading	Agency or Principal Agency—we trade your account with another broker-dealer Principal—we trade with you out of our own (or an affiliate's) inventory	Generally, agency—we trade your account with another broker-dealer We can only trade as principal if you give us advance permission to do so for each trade
Account minimums	None; some investments have minimums	Yes, account minimums vary from program to program

- Commission clients pay when they buy or sell investment products
- Gains (markups and markdowns) on principal trades whether from our inventory or from one of our affiliates
- Interest clients pay on margin and other loans
- Account maintenance and other administrative fees
- Compensation we or an affiliate earn (called selling concessions, underwriting fees or management fees) when you purchase securities we or an affiliate bring to market
- Management or other fees in conjunction with mutual funds or other investments purchased that are structured or managed by one of our affiliates
- Revenue generated from the use of deposits with our affiliate bank through the UBS Deposit Account Sweep Program
- Revenue from referrals and introductions
- Trading and hedging activities related to structured products and exchange-traded notes (ETNs)
- Licensing fees collected from mutual fund, ETF, ETN, structured product and other product providers for indexes or strategies owned by a UBS affiliate
- Revenue paid by mutual fund and insurance companies for offering and placing their products and/or marketing support
- UBS earns “float” (revenue or other benefits) from deposits and credits to your account(s) before cash balances are invested or swept into the UBS Deposit Account Sweep Program (usually the next business day); this benefit is generally in the form of income at the prevailing market rates on overnight investments; UBS does not receive this benefit for retirement accounts

Many of these revenue streams create conflicts of interest for us that are more fully described in the “Conflicts Disclosure” section below.

### Our advisory and brokerage services

#### Our advisory services

##### *Our responsibilities to you*

- When you participate in one of our investment advisory programs, we are considered to have a **fiduciary relationship** with you under the Investment Advisers Act of 1940. Our responsibilities include the obligation to:
- **Disclose:** Disclose all material facts, including conflicts between our interests and your interests, to you. Please see our Form ADV disclosure brochure for our conflicts of interest disclosure at [ubs.com/formadv](https://ubs.com/formadv).
  - **Inform:** To inform you if we or our affiliates receive additional compensation from you or a third party as a result of our relationship with you.
  - **Seek best execution:** Where we direct trading, to seek best execution of your securities transactions.
  - **Obtain consent for principal trades and agency cross trades:** Obtain your informed consent after providing appropriate disclosure before engaging in transactions with you for our own account or that of an affiliate (principal trades) or transactions where we or our affiliates act as broker for parties on both sides of the transactions.

- **Treat you fairly:** To treat you and our other advisory clients fairly and equitably, without unfairly favoring one client to the disadvantage of another.
- **Act in your best interests:** To act in what we reasonably believe to be your best interests and, in the event of a conflict of interest, to place your interests before our own.
- **Make informed recommendations:** Provide recommendations that we reasonably determine are appropriate for you given your individual financial situation, investment objectives and goals and that are consistent with any restrictions you have placed on us.

When we provide investment advisory services, our fiduciary status under the federal retirement laws depends on the nature of the specific services we have agreed to provide to you. Please see your applicable agreement and related disclosures for more information.

#### *Ongoing advice and monitoring*

If specified in your client agreement:

- We will provide advice and management services (as applicable) on an ongoing basis.
- We will also monitor your account investments (including cash and cash equivalents) and provide investment recommendations on an ongoing basis.

Termination of your advisory account or agreement will end our investment advisory fiduciary relationship with you as it pertains to the terminated account or services and, depending on the terms of your investment advisory agreement with us, will cause your account to be converted to, and designated as, a brokerage account only.

Please see our “Relationship summary for individual UBS Wealth Management clients” at [ubs.com/relationshipssummary](https://ubs.com/relationshipssummary), and our Form ADV disclosure brochure at [ubs.com/formadv](https://ubs.com/formadv). The Form ADV disclosures for all of our advisory programs are provided at [ubs.com/advisorydisclosures](https://ubs.com/advisorydisclosures).

If you have any questions or concerns, please talk to your Financial Advisor. If you do not want to pay for fee-based, ongoing investment advice and monitoring through an investment advisory program, then consider opening a brokerage account with us instead.

#### **Available advisory products and services**

In our capacity as an investment adviser, we offer a number of investment advisory services and programs, including:

- Fee-based financial planning
- Discretionary investment management and nondiscretionary investment advisory programs
- Advice on the selection of investment managers, mutual funds and exchange traded funds and other securities offered through our investment advisory programs

For more information about these programs, please refer to our Form ADV disclosure brochure at [ubs.com/formadv](https://ubs.com/formadv). The fees for these services and programs are calculated as a percentage of assets in the account or a flat or annual fee and are charged on an ongoing basis.

When we act as your investment adviser, we will enter into a written agreement with you expressly acknowledging our investment advisory relationship and describing our specific obligations to you. At the beginning of our advisory relationship, we will give you our Form ADV disclosure brochure, which provides detailed information about, among other things: the program(s) you select; the advisory services we provide; our fees, personnel, other business activities and financial industry affiliations; and conflicts between our interests and your interests.

#### **Our brokerage services**

We are subject to the Securities Exchange Act of 1934, the Securities Act of 1933, the rules of self-regulatory organizations such as the Financial Industry Regulatory Authority (FINRA), the rules of the New York Stock Exchange and other exchanges and applicable state laws.

#### *Our responsibilities to you*

When you have a brokerage account with us, we have the following responsibilities:

- **Fairness obligation:** We have a duty to deal fairly with you. Consistent with our duty of fairness, we are obligated to make sure that the prices you receive when we execute transactions for you are reasonable and fair in light of prevailing market conditions and that the commissions and other fees we charge you are not excessive.
- **Seek best execution:** Where we direct trading, to seek best execution of your securities transactions.
- **Suitability:** We must have a reasonable basis for believing that any securities recommendations we make to you are suitable and appropriate for you, given your individual financial circumstances, needs and goals.
- **Best interest:** If you are an “individual wealth management client”<sup>5</sup> we must have a reasonable basis for believing that a recommendation of any securities transaction or investment strategy involving securities is in your best interest, without placing the financial or other interest of the firm or Financial Advisor ahead of your interests. As part of our best interest obligation we must provide written full and fair disclosure of all material facts relating to the scope and terms of our relationship with you. This booklet and the “Relationship summary for individual UBS Wealth Management clients” at [ubs.com/relationshipssummary](https://ubs.com/relationshipssummary) provide that information to you.
- **Principal trading:** We are permitted to buy securities from you or sell securities to you from our (or our affiliate’s) inventory, known as “principal trading” and earn a profit on those transactions. When we engage in principal trades, we disclose the capacity in which we acted on your

<sup>5</sup> “Individual Wealth Management Client” is a natural person, or the legal representative of a natural person, who receives a recommendation from UBS and uses it primarily for personal, family or household purposes. This disclosure is provided to comply with the SEC’s Form CRS and Regulation Best Interest disclosure requirements. It does not create or modify any agreement, relationship or obligation between UBS (or your financial professional). Please consult your UBS agreements for all terms and conditions controlling your account and relationship with us.

confirmation, though we are not required to communicate this or obtain your consent in advance or to inform you of the profit earned on the trades.

- **No monitoring:** We have no duty to provide ongoing recommendations or monitor your investments. We are not obligated to provide recommendations to you, or to update recommendations made previously, and not doing so should not be viewed as a recommendation to hold an investment.
- **Your responsibility:** You are responsible for independently ensuring that the investments in your accounts remain appropriate given your investment objective, risk tolerance, financial circumstances and investment needs.
- **Transaction-based compensation:** We receive transaction-based compensation for trades you decide to enter into, which includes commissions, administrative fees and compensation from third parties that are disclosed to you.
- **No separate fee for advice:** Unlike how we charge for investment advisory services, we do not charge or receive a separate fee for our advice or recommendations and our recommendations are provided solely incidental to our brokerage services.

### Available brokerage products and services

Through our brokerage services, UBS provides clients access to a wide variety of investments and services, including financial planning (at no additional fee), stocks and bonds, public and privately issued investment companies and funds (including mutual funds, ETFs, hedge funds and alternatives), variable annuities and other types of insurance products, structured notes (including CDs and index-based products), options, futures and securities-based futures and banking offerings, including the sweep deposit program, securities-backed loans and mortgages.

Our offerings are generally “open architecture,” meaning that we strive to bring a broad range of offerings and issuers to our clients from inside and outside our firm. Our platform includes investments that we or an affiliate create or sponsor (“proprietary offerings”) and investments for which we receive compensation to support their sales (i.e., third-party compensation).

### Important limitations

#### Recommendations from UBS Financial Advisors generally

Financial Advisors may only recommend or refer you to investments that are offered for sale through the UBS platform. When you purchase an investment sold through UBS, you will receive a trade confirmation and generally the investments will be shown on your UBS account statements (limited exceptions include certain insurance products and referral arrangements).

If you do not receive a trade confirmation or have any questions or concerns about whether a recommended product or service is offered through UBS, please contact

a member of your Financial Advisor’s management team at your UBS branch office.

#### Limitation on annuity and insurance recommendations

Financial Advisors must have an insurance license to sell, solicit or recommend annuity and/or insurance products under applicable state laws. Not all UBS Financial Advisors have these licenses, which means that your Financial Advisor may not be able to recommend an annuity or insurance product, even if that product is in your best interest. You should talk to your Financial Advisor about whether this limitation applies to him or her.

#### Services available through the UBS Wealth Advice Center

Not all of the brokerage and investment advisory products and services offered by UBS are available to UBS Wealth Advice Center clients.

- Brokerage offerings:
  - Recommendations in brokerage accounts are generally limited to pooled investment vehicles (e.g., mutual funds, exchange-traded funds) to seek diversification with minimal investments. Financial Advisors are not permitted to recommend individual securities but will assist clients with those transactions upon request.
  - The Wealth Advice Center platform does not include commodities, foreign currencies, managed futures, certain options strategies, penny stocks, precious metals, private investments or most alternative investments.
- Advisory offerings:
  - Recommendations of investment advisory programs currently are limited to two different advisory programs: ACCESS and the Advice Portfolio program. However, clients already in the PACE Multi Advisor Program or the PACE Select Advisor Program are permitted to enroll additional accounts in those programs if appropriate.
  - For details regarding the referenced Investment Advisory Programs, including fees, client suitability and program features, see the firm’s Wrap Fee ADV disclosure brochure at [ubs.com/formadv](https://ubs.com/formadv).
  - If accounts are enrolled in any other UBS investment advisory program when they are transferred to the UBS Wealth Advice Center, we will end your participation in that program and the account will be converted to, and designated as, a brokerage account.

We can change the products and services available through the Wealth Advice Center at any time, at our discretion. For more information about the UBS Wealth Advice Center, please consult the “Working with UBS Wealth Advice Center” booklet available at [ubs.com/wacdisclosure](https://ubs.com/wacdisclosure).

#### Limited investment options for UBS Puerto Rico IRAs

By law, Puerto Rico IRAs can only invest, subject to specific percentage limitations, in certain investment alternatives approved by the Office of the Commissioner of Financial Institutions of the Commonwealth of Puerto Rico (“OCFI”). Currently, the only OCFI-approved investment options

available for UBS Puerto Rico IRAs are two UBS-managed Puerto Rico open-end funds. UBS Puerto Rico IRAs are only offered on an unsolicited basis. UBS Trust Company of Puerto Rico charges fees as investment adviser, administrator, custodian, registrar and transfer agent for the available UBS-managed Puerto Rico open-end funds, and therefore receives a financial benefit when you establish a UBS Puerto Rico IRA. UBS Trust Company of Puerto Rico does not charge for trustee and other services it offers with respect to UBS Puerto Rico IRAs, except for any applicable early withdrawal charges (which may be waived at the discretion of UBS Trust Company of Puerto Rico).

### **Important information for retirement plan fiduciaries holding accounts at UBS**

This booklet 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 Section 408(b)(2) of the Employee Retirement Income Security Act of 1974 (ERISA), as amended. If you are a retirement plan fiduciary and have questions or need additional information, please see the important information at [ubs.com/retirementplandisclosures](https://ubs.com/retirementplandisclosures) or contact your Financial Advisor who will provide you with paper copies of these disclosures upon your request. If your plan participates in an investment advisory program with UBS, please refer to the applicable Form ADV disclosures at [ubs.com/advisorydisclosures](https://ubs.com/advisorydisclosures) 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 other third parties.
- If you have selected a program that includes management by an investment manager unaffiliated with us, you should review the manager's Form ADV and/or separate ERISA Section 408(b)(2) disclosure document for information regarding that manager's specific services and indirect compensation. We will provide you with the applicable Form ADV for each manager you select in the ACCESS, Strategic Wealth Portfolio and Advisor Allocation Programs. If you select the Managed Accounts Consulting Program or the Institutional Retirement Plan or Retirement Plan Consulting Program, you will enter into a separate contract and each program will provide their Form ADV to you directly.
- Whether we are considered as a fiduciary to your retirement plan under ERISA is highly technical and depends on the service you choose. ERISA and the Internal Revenue Code of

1986, as amended and their regulations ("retirement laws"), significantly limit the types of products and services we can provide to your retirement account when we agree to act as a fiduciary. Unless we agree in writing, we do not act (and you should not expect us to act) as a "fiduciary" under the retirement laws when we provide nondiscretionary investment recommendations to you, including when we have a "best interest" or "fiduciary" obligation under other federal or state laws. Information on whether we have a fiduciary relationship to your retirement accounts under the retirement laws are provided in our contracts with you.

When we talk about retirement accounts, we are talking about all types of employee benefit plans qualified under Section 401(a) or described under Section 403(b)(7) or a governmental plan under the retirement laws.

If you would like us to act as a fiduciary under the retirement laws for your retirement plan account, please talk to your Financial Advisor about the services available through our advisory programs.

Please also review the following "Conflicts disclosure" section of this booklet and the various "Conflicts of interest" disclosures in "Part two" of this booklet.

### **Financial Advisor compensation**

#### **Standard compensation**

Our standard compensation plan for Financial Advisors consists of: (1) a guaranteed monthly minimum draw required by applicable law; and (2) a payout based on the Financial Advisor's production if it is greater than the monthly minimum draw.

The payout is a percentage (referred to as grid rate) of the production (generally transaction revenue and investment advisory program fees) that each Financial Advisor generates during that month, minus adjustments specified in our Financial Advisor Compensation Plan. The grid rate percentages range from 28% – 50% and increase as a Financial Advisor's production increases. 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. Financial Advisors are not generally paid on households below the thresholds below:

- Wealth Management US households: \$100,000
- Nonresident alien households: \$1,000,000
- Private Wealth Management households: \$2,000,000

Financial Advisors receive credit for production generated in accounts they migrate to the Wealth Advice Center depending on the value of the assets in the account household. For households over \$100,000, Financial Advisors are paid at the grid rate applicable to them. For households under \$100,000, advisors are paid at a grid rate of 30%. In addition,

for referrals of new relationships to the Wealth Advice Center, Financial Advisors also receive credit for purposes of calculating awards and bonuses but not for purposes of increasing their grid rate.

Financial Advisors recruited from other financial institutions, Financial Advisors in the Wealth Advice Center, Financial Advisors operating as Wealth Planning Associates, Financial Advisor Associates, and Financial Advisors in the Aspiring Legacy Financial Advisor Program (ALFA) and Premier Programs are compensated differently as described below. The "Compensation for Branch Managers, Complex Directors and Market Heads" section below describes the compensation plans for our Financial Advisor management teams.

### **Compensation for Financial Advisors recruited from other firms**

Financial Advisors who move between financial institutions generally receive a significant amount of additional compensation as an incentive to move. As with other peer firms, at UBS this additional compensation has historically been based on a combination of the amount of the Financial Advisor's annual revenue production at their prior firm and the amount of assets or accounts that transfer to UBS. Typically, UBS has paid Financial Advisors financial incentives when they join and on an ongoing basis as described below.

Financial Advisors who were recruited to UBS prior to November 2016 were eligible to receive incentives at the time they joined (based on prior firm revenue) and are eligible to receive additional incentives while employed at UBS, based on reaching certain minimum asset and/or production levels or other targets within a specified period of time after joining UBS. Financial Advisors hired after November 2016 are similarly eligible to receive substantial incentives at the time they join UBS based on prior firm revenue. In some cases, the recruited Financial Advisors are required to maintain baseline revenue thresholds or net new asset levels to continue to receive such incentives.

### **Compensation for Financial Advisors transitioned from UBS Private Bank**

Financial Advisors who moved from the New York and Miami Branches of UBS Private Bank received a change of compensation structure from salary and bonus to: (1) a guaranteed monthly minimum draw required by applicable law; and (2) a payout based on the Financial Advisor's production if it is greater than the monthly minimum draw.

The payout is a percentage (referred to as grid rate) of the production (generally transaction revenue and investment advisory program fees) that each Financial Advisor generates during that month, minus adjustments specified in a supplement to the Financial Advisor Compensation Plan. The grid rate percentages range from 18% to 50% and increase as a Financial Advisor's production increases. 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. Financial Advisors are not generally paid on smaller households subject to the thresholds described above under the "Standard compensation" section above.

### **Bonuses and rewards**

– **Net New Business Award:** This award is based on positive net new business at the end of the year (defined as the sum of net new assets gathered over the calendar year and positive lending balances). It includes assets in new accounts to UBS referred by Financial Advisors directly to the Wealth Advice Center. Financial Advisors receive less credit toward the Net New Business Award for assets enrolled in the Institutional Consulting ("IC"), Retirement Plan Consulting Services ("RPCS") and Retirement Plan Guided Solutions ("RPGS") Programs when those accounts are priced below certain levels as contractually defined. This creates an incentive for Financial Advisors to price accounts at or above those levels in those programs.

Award values range from 1% to 6% of year-end trailing 12-month revenue, and awards are capped at \$250,000. Financial Advisors eligible to provide services in the IC/RPCS/RPGS Programs ("Consultants") can earn 1% greater than the net new business value ranges if they meet net new business requirements within the IC/RPCS/RPA Programs (the "Net New Business Consulting Award"). The Net New Business Consulting Award is still subject to the overall \$250,000 cap. The payment structure of the awards generally consists of deferred cash awards paid annually over a specified time frame (provided the Financial Advisor is employed with UBS on the payment date) and restricted equity/notional shares subject to the plan's vesting and forfeiture rules, or some combination thereof. Total awards below a certain threshold are paid in cash.

– **UBS Length of Service Award:** This award is based on a Financial Advisor's current year production and length of service with UBS. Eligibility requirements are a minimum year-end trailing 12-month production of \$750,000 and length of service requirements of five years or greater. Award values range from 1.5% to 10% of year-end trailing 12-month revenue. The awards generally consist of deferred cash awards paid annually over a specified time frame (provided the Financial Advisor is employed with UBS on the payment date) and restricted equity/notional shares subject to the plan's vesting and forfeiture rules, or some combination thereof. Total awards below a certain threshold are paid in cash.

– **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 business 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 meeting minimum production levels 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.

#### **Compensation for specific types of Financial Advisors**

– **Wealth Planning Associate compensation:** Wealth Planning Associates do not receive the production payouts described above and do not qualify for awards or recognition programs. Wealth Planning Associates receive base compensation and 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 are eligible for a 48 – 60-month compensation structure that combines base compensation, production payout and potential awards. Production payout is a percentage (minimum of 35% depending on hire date) of the production credited to the Financial Advisor.

– **Aspiring Legacy Financial Advisor and Premier Programs:** Financial Advisors (and Branch Managers who service client accounts) who meet production and length of service requirements and commit to transition their client relationship to other UBS Financial Advisors or Branch Managers on a specific date receive annual cash transition payments with an up-front cash loan option. Once the accounts are transitioned, they receive payments over a five-year period based on a pre-set schedule.

– **Compensation to Financial Advisors in the UBS Wealth Advice Center:** UBS Wealth Advice Center Financial Advisors receive an annual salary and are also eligible to earn both quarterly incentive awards and an annual discretionary incentive compensation award. The total amount of the incentive awards generally ranges between 15% and 120% of the average salary, with the most common awards being approximately 50% of the average salary.

##### – **Annual Discretionary Incentive Compensation**

**Award:** The annual discretionary compensation award is determined by management in its discretion considering the Financial Advisor's earned credits (as described above) and overall job performance.

– **Quarterly Incentive Award:** The quarterly incentive award is based on production credits earned for transactions and enrollments, as described below, and additional credits for specified activities that are designed to deepen client relationships and improve the client experience. These credits are applied to a predetermined formula that is used to determine the quarterly incentive award payout.

– **Production credits are variable, depending on the type of investment purchased, and for brokerage accounts are only earned for:**

1. Mutual fund purchases
2. Exchange Traded Fund (ETF) purchases and
3. Annuity purchases

In addition, annuity purchases provide higher production credits than mutual fund or ETF purchases. This creates a conflict of interest and an incentive for Financial Advisors to recommend mutual funds, ETFs and annuities over other investments, and for annuities over mutual funds or ETFs.

#### **For investment advisory accounts, production credits are earned for:**

1. New enrollments into advisory programs (ACCESS and Advice Portfolio Program)
2. Additional investments into existing advisory accounts and
3. Account conversions from PACE Programs to ACCESS or Advice Portfolio Program

Financial Advisors receive more production credits for investment advisory enrollments and additional investments than for products or transactions in brokerage accounts. This creates a conflict of interest and an incentive for the Financial Advisors to recommend Advisory Accounts over other products, services and transactions. Production credits earned on Advisory products are based on the time required to execute, which includes FA effort, product complexity and time required to complete the transaction.

New clients to the UBS Wealth Advice Center are limited to two different advisory programs: ACCESS and the Advice Portfolio program. However, clients already in the PACE Multi Advisor Program or the PACE Select Advisor Program are permitted to enroll additional accounts in those programs if appropriate.

#### **Compensation for Branch Managers, Complex Directors and Market Heads**

Our compensation plan for Branch Managers consists of (1) a base salary that is based on the level of revenue for the branch in the prior year, and (2) an incentive compensation award consisting of two components: a formulaically driven calculation and "discretionary overlay." The formulaically driven component is an amount based on the economic profit of the branch (net income less the cost of capital). The discretionary overlay is determined in the firm's sole discretion after consideration of overall performance, risk and other factors, including:

- UBS Behaviors—Integrity, Collaboration and Challenge
- Net new business (net new assets plus positive lending balances)
- Retention of Financial Advisors
- Wealth management revenue (which includes revenue from advisory business, banking-related business and the Wealth Advice Center)

The formulaically driven calculation will generally be adjusted (upward or downward) by up to 30% of the total sum of the base salary and the formulaically driven calculation.

Complex Directors and Market Heads are paid using the same methodology, but the compensation levels are higher. In addition to the compensation above, Branch Managers are eligible for payouts under the “Standard compensation” described above at the applicable Financial Advisor Compensation Plan grid rate (28% to 50% as noted above) or 40%, whichever is greater. Branch Managers can also qualify for the additional bonuses and rewards described in the “Bonuses and rewards” section above.

### **Compensation for Sales Managers in the UBS Wealth Advice Center**

UBS Wealth Advice Center Sales Managers receive an annual salary and are also eligible to earn an annual discretionary incentive compensation award. The annual award is a recognition of the employee’s contribution throughout the year. It is based on many factors, including individual performance on goals and behaviors, Group, business division and team performance, risk considerations, market environment, internal equity and external competitiveness.

### **Conflicts disclosure**

#### **Conflicts of interest**

Conflicts of interest arise as a result of our compensation streams, our business interests and our relationships with other financial services firms, issuers of investment products and multiple clients. Conflicts arise when UBS (including its affiliates and Financial Advisors) benefits from a recommendation made to a client. Where the benefit would not directly benefit the Financial Advisor, it is considered a firm-level conflict. Where the Financial Advisor directly benefits (for example, by receiving compensation), the conflict would apply to your Financial Advisor at the time a recommendation is made.

Examples of firm-level conflicts include the incentive to:

- Offer investments and services that we or our affiliates create
- Offer investments and services from companies that share a portion of their revenue with us
- Maintain a sweep program for uninvested cash balances using our affiliate bank or money market funds of our affiliates
- Route trades to our affiliate for execution
- Offer securities that we have in inventory or where we are participating in an underwriting syndicate
- Execute your trade against our proprietary accounts
- Receive reimbursement from a product issuer or sponsor for technology-related costs of onboarding or maintaining an investment product or platform; while UBS does not generally require reimbursement, we reserve the right to do so

Examples of Financial Advisor-level conflicts that apply when a recommendation is being made include the incentive to recommend that you:

- Purchase investments that result in greater compensation than other investments (typical examples include annuities, structured products, alternative investments such as hedge funds and private equity funds, and securities where we are acting as an underwriter)
- Trade more frequently in your brokerage account to increase commissions
- Move accounts to us from other financial institutions and roll over your workplace retirement plan balances to an IRA at UBS
- Increase the assets you have in advisory accounts to increase fees

**We address our conflicts of interest by maintaining policies and procedures requiring that Financial Advisors act in your best interest, reasonably supervising their activities and disclosing these conflicts so that you can make fully informed decisions.**

#### **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 and account types over others. The commission schedules applicable to the investments we sell are variable so that Financial Advisors are paid more for some products than others. This creates an incentive for Financial Advisors to recommend products that result in higher compensation.

Further discussion of conflicts with respect to specific products is set forth in this booklet under “Part two: Understanding fees, compensation and conflicts of interest—by product.”

#### **Compensation for Financial Advisors recruited from other firms**

In the event your Financial Advisor was recruited to UBS from another firm, there is an incentive for the Financial Advisor to recommend that you transfer your assets to UBS. In many cases, the transfer of your assets contributes to your Financial Advisor’s ability to meet targets and to receive additional compensation even if not directly related to your account or the fees you pay to us. You should carefully consider these conflicts and whether your Financial Advisor’s advice is aligned with your investment strategy and goals.

#### **Branch Manager/Complex Director/Market Head compensation**

Elements of our management compensation are based on revenues and sources of profit to the firm. This creates an incentive for our management team to encourage Financial Advisors to recommend products and services that result in more revenue and/or are more profitable to the firm and can create a conflict of interest. Regardless of these incentives, we maintain policies and procedures and supervisory processes

designed to ensure that Financial Advisors meet the standard of conduct applicable to each client.

### **Revenue sharing in connection with mutual funds and annuities**

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. When we receive revenue share for mutual funds and annuity products, it creates an incentive for the firm to promote these products, and it creates an incentive for the firm to promote those products that pay a higher level of revenue sharing. However, Financial Advisors do not receive any portion of revenue sharing compensation. For more information, refer to [ubs.com/mutualfundrevenuesharing](https://ubs.com/mutualfundrevenuesharing) and [ubs.com/annuity-revenuesharing](https://ubs.com/annuity-revenuesharing).

### **Revenue received for Financial Advisor data analytics**

We receive compensation from investment product providers for analytics and data relating to our Financial Advisors. This information is used to increase the exposure Financial Advisors receive from the providers about their products and tends to result in increased sales of the providers' products.

### **Other revenue received from third parties**

- 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 companies pay recordkeeping and account servicing fees for processing services we provide in accounts held at UBS.
- We receive a number of different fees from the alternative investment funds that we sell including distribution fees, fees for solicitation services and fees for shareholder services or any combination of the three.
- Third parties with whom we offer co-branded programs, such as UBS Donor-Advised Funds, pay referral fees to us.
- Affiliate lenders pay us fees (which can be in the form of revenue splits between affiliates) for various loan servicing, collateral monitoring and marketing services.
- Unaffiliated third-party lenders pay us referral fees for certain client referrals for loan transactions.
- Unit investment trusts ("UITs") pay us volume-based compensation for the sale of their products to our clients.
- Sales loads, commissions or fees that clients do not pay directly but that are paid to us from the internal expenses of the investment product such as mutual funds, alternative investment funds, UITs, insurance and annuities.

### **Non-cash compensation**

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

- Occasional gifts up to \$100 per vendor per year and occasional meals, tickets or other entertainment of reasonable and customary value. The receipt of occasional gifts, meals or entertainment can tend to result in recommendations of the products of the providers of such gifts, meals or entertainment.
- Sponsorship support of educational events the Financial Advisors arrange for clients and prospective clients.
- Contributions made at the firm level toward seminars and educational programs for Financial Advisors. These contributions are significant both per vendor and in the aggregate. While Financial Advisors do not receive any portion of these payments, the conflict presented is that a Financial Advisor's attendance and participation in educational or training forums, and the increased exposure to vendors who sponsor these events, tend to lead Financial Advisors to recommend the products and services of those vendors over the products of other vendors. These seminars and educational programs often include non-educational elements.
- Various forms of marketing support and, in certain limited circumstances, the development of tools used by the firm for training or recordkeeping purposes.

### **Introductions and referrals**

Our affiliates and third parties pay us when we refer or introduce clients to them who ultimately make investments. Likewise, we pay our affiliates and third parties for referring certain clients and business opportunities to our Financial Advisors. Referral payments can be based on a percentage of the revenue received or as we otherwise agree between the affiliates or with the third party. Depending on the type of referral, payments can be made over several years. UBS affiliates also have internal referral programs that incentivize employees to refer clients or potential clients to other UBS business divisions or legal entities.

### **Payment for referrals to advisory business**

UBS offers a program where it pays professionals such as attorneys or accountants for referrals of clients to our advisory business. Clients receive detailed disclosures in advance and must acknowledge agreement to the referral fee payment.

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

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.

### **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.

### **Treatment of error accounts**

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

### **Rollover and transfer recommendations**

When a UBS Financial Advisor recommends that 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, there is a conflict of interest presented because the firm and the Financial Advisor will

receive a financial benefit if you transfer the plan assets to a UBS IRA. Our policies and procedures require Financial Advisors to review with clients factors that are important to deciding whether to roll over assets and to providing disclosures about the pros and cons of making that decision. For additional information about those factors, please review the UBS IRA Rollover Guide provided at [ubs.com/lirainformation](https://ubs.com/lirainformation) or upon your request.

### **Reimbursement for shareholder materials**

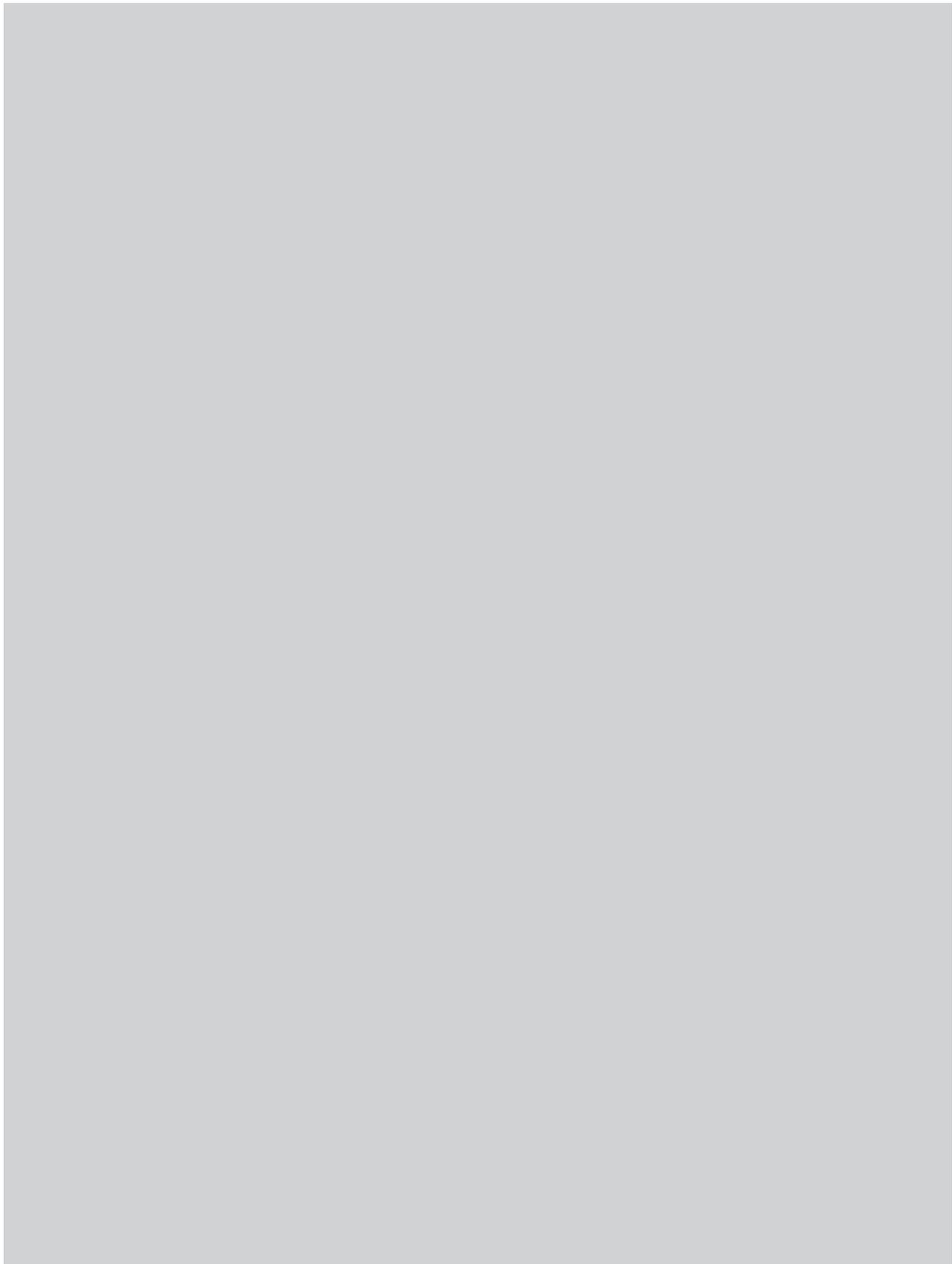
UBS receives a financial benefit when clients instruct us not to disclose their identity to issuers of the securities they own for the purpose of receiving proxies and interim mailings. This is because under New York Stock Exchange rules the amounts issuers must reimburse to broker-dealers like UBS for sending proxies and interim mailings are greater than the amounts they pay to obtain beneficial owner information so they can deliver the materials themselves. This is a firm-level conflict of interest, because UBS has an incentive to recommend that clients object to the disclosure. Financial Advisors do not receive any compensation in connection with these proxy services.

### **Technology funding**

While UBS does not generally receive reimbursement for technology-related costs associated with the onboarding or maintenance of a platform, tool or service, we may do so from time to time. In the event that UBS receives reimbursements from product issuers or sponsors for such costs, it creates a conflict with our ability to use strictly objective factors when selecting product sponsors to make available on our platform.

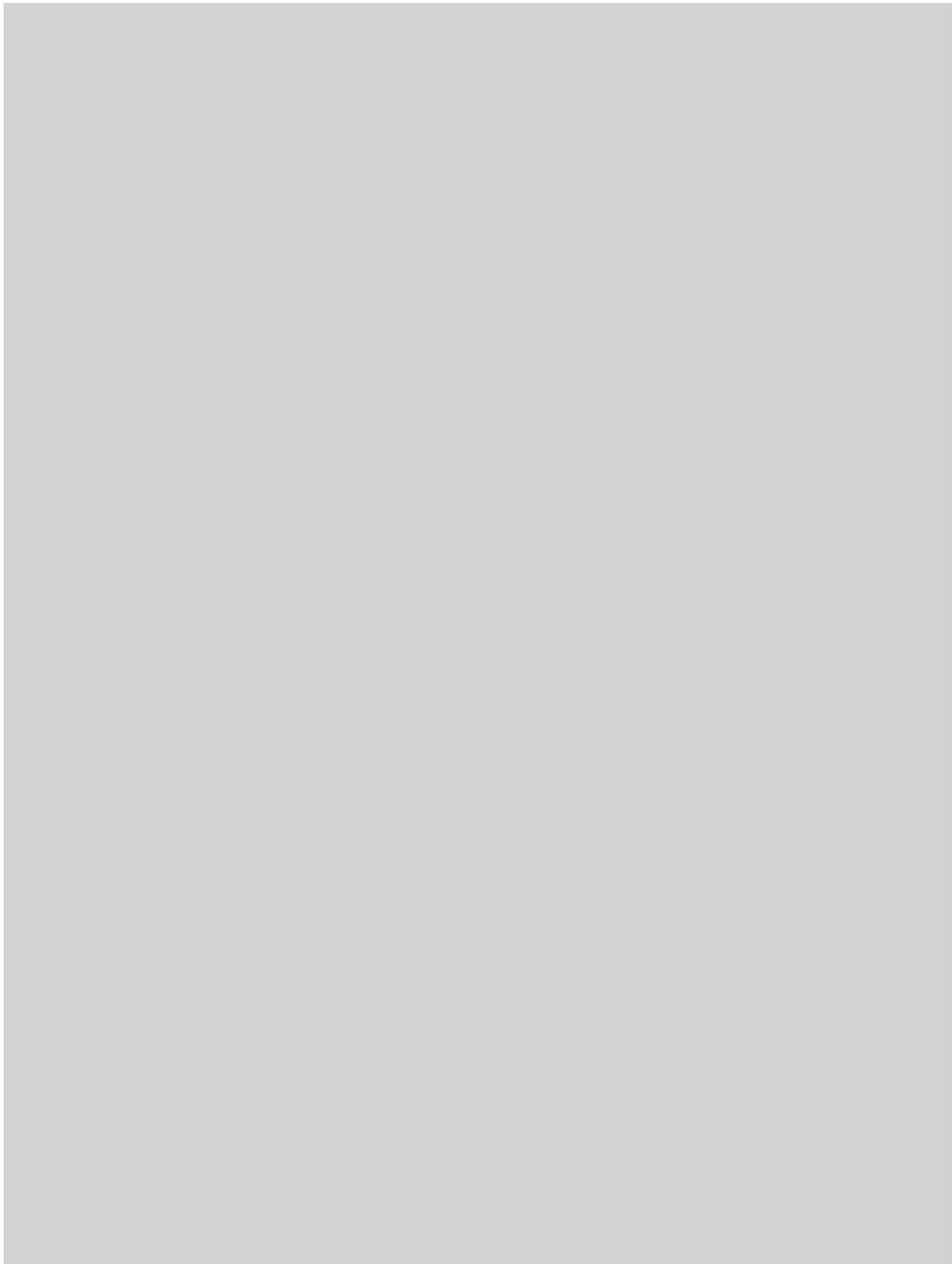
## Related disclosure documents

<b>Title</b>	<b>Web address</b>
Account information and disclosures	<a href="https://ubs.com/disclosuredocuments">ubs.com/disclosuredocuments</a>
Account Sweep Yields	<a href="https://ubs.com/sweepyields">ubs.com/sweepyields</a>
Agreements and Disclosures	<a href="https://ubs.com/agreementsanddisclosures">ubs.com/agreementsanddisclosures</a>
Annuity Revenue Sharing and Non-cash Compensation in Brokerage Accounts	<a href="https://ubs.com/annuity-revenuesharing">ubs.com/annuity-revenuesharing</a>
Best Execution of Equity Securities	<a href="https://ubs.com/bestexecution">ubs.com/bestexecution</a>
Client Relationship Agreement	<a href="https://ubs.com/clientrelationshipagreement">ubs.com/clientrelationshipagreement</a>
Commission schedules	<a href="https://ubs.com/commissions">ubs.com/commissions</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>
Investment Advisory Brochures	<a href="https://ubs.com/advisorydisclosures">ubs.com/advisorydisclosures</a>
IRA Information	<a href="https://ubs.com/irainformation">ubs.com/irainformation</a>
Mutual Funds—Commission Schedule	<a href="https://ubs.com/mutualfundcommissions">ubs.com/mutualfundcommissions</a>
Order Routing Disclosure	<a href="https://ubs.com/orderroutingdisclosure">ubs.com/orderroutingdisclosure</a>
Puerto Rico Funds	<a href="https://ubs.com/prfunds">ubs.com/prfunds</a>
Relationship Summary for Individual UBS Wealth Management Clients	<a href="https://ubs.com/relationshipsummary">ubs.com/relationshipsummary</a>
Revenue Sharing, Networking/Omnibus Fees and Non-Cash Compensation	<a href="https://ubs.com/mutualfundrevenuesharing">ubs.com/mutualfundrevenuesharing</a>
UBS Bank USA Core Savings Disclosure Statement	<a href="https://ubs.com/coresavingsdisclosure">ubs.com/coresavingsdisclosure</a>
UBS credit and debit cards	<a href="https://ubs.com/uscards">ubs.com/uscards</a>
UBS Form ADV	<a href="https://ubs.com/formadv">ubs.com/formadv</a>
UBS Select for Corporate Retirement Plans Platform	<a href="https://ubs.com/ubsselectdisclosure">ubs.com/ubsselectdisclosure</a>
Understanding Mutual Fund Share Classes, Fees and Certain Risk Considerations	<a href="https://ubs.com/mutualfunddisclosure">ubs.com/mutualfunddisclosure</a>
Understanding Your Fixed Indexed Annuity	<a href="https://ubs.com/fixed-indexed-annuities">ubs.com/fixed-indexed-annuities</a>
Understanding Your Variable Annuity	<a href="https://ubs.com/vadisclosure">ubs.com/vadisclosure</a>
Unit Investment Trusts	<a href="https://ubs.com/uitdisclosure">ubs.com/uitdisclosure</a>
US Money Market Funds—All Funds	<a href="https://usmoneymarketfunds.com/all-funds.html">usmoneymarketfunds.com/all-funds.html</a>
Working with the UBS Wealth Advice Center	<a href="https://ubs.com/wacdisclosure">ubs.com/wacdisclosure</a>



## Part two: Table of contents

<b>Introduction</b> . . . . .	21	Municipal securities . . . . .	34
<b>Annuities and insurance</b> . . . . .	22	Municipal variable rate demand obligations (VRDOs) . . .	35
Fixed annuities . . . . .	22	Options . . . . .	36
Variable annuities . . . . .	23	Futures . . . . .	36
Disability, life and long-term care insurance . . . . .	25	Precious metals . . . . .	37
Referral arrangements for annuities and insurance businesses . . . . .	26	Structured products . . . . .	37
<b>Banking products</b> . . . . .	27	Taxable fixed income . . . . .	38
Credit lines . . . . .	27	Foreign exchange . . . . .	39
Margin loans . . . . .	28	Global Time Deposits . . . . .	40
Residential mortgage loans . . . . .	28	<b>Investment company products</b> . . . . .	40
Commercial mortgage loans . . . . .	29	Mutual funds . . . . .	40
Standby letters of credit . . . . .	29	Puerto Rico open-end funds . . . . .	43
Cash sweep programs . . . . .	29	Closed-end funds . . . . .	44
UBS Bank USA Core Savings . . . . .	31	Puerto Rico closed-end funds . . . . .	44
UBS Visa credit cards . . . . .	31	Exchange-traded funds (ETFs) . . . . .	45
UBS Visa debit cards . . . . .	32	Unit investment trusts (UITs) . . . . .	45
<b>Individual securities, options, precious metals and municipal securities</b> . . . . .	32	NextShares (ETMFs) . . . . .	46
Auction rate securities . . . . .	32	Donor-advised funds (DAFs) . . . . .	46
Equity securities . . . . .	32	<b>Alternative investments</b> . . . . .	47
Equity syndicate offering . . . . .	33	<b>Corporate Cash Management</b> . . . . .	49
Exchange-traded notes (ETNs) . . . . .	34	<b>Brokerage account and administrative fees</b> . . . . .	49
		<b>Advisory programs and financial planning services</b> . . . . .	52



## Introduction

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 generally 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. Fees paid to UBS by third parties or by UBS affiliates are not negotiable or waivable by clients. Fees you pay directly to product providers are generally also not negotiable or waivable.

Financial Advisors (including Branch Managers who service client accounts) receive compensation in the form of direct payouts and credits toward increases in grid rates, bonuses and/or club status in connection with the products described below except where otherwise noted. We specify in each product section below the types of compensation Financial Advisors receive with respect to that product.

The compensation for Financial Advisors in the Wealth Advice Center or operating as Wealth Planning Associates, Financial Advisor Associates, Branch Managers, Complex Directors and Market Heads is described in the prior section of this booklet.

In addition to the disclosure in this section, in general, when an affiliate of UBS underwrites a security, such affiliate also receives compensation (as disclosed in the offering document for such offering). Where an affiliate of UBS is the issuer of such security, it receives the use of the proceeds of such offering.

## Part two: Understanding fees, compensation and conflicts of interest—by product

### Annuities and insurance

#### Fixed annuities

##### Description

The types of annuities described below are collectively referred to as “fixed annuities.”

- Fixed interest annuities: contracts issued by insurance companies that guarantee a fixed interest rate for a specified period of time
- Fixed indexed annuities: 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: contracts issued by insurance companies that you purchase with a single investment for which income payments begin within one year of the contract date
- Deferred income annuities: contracts issued by insurance companies that you purchase with a single investment or multiple investments for which income payments begin after one year of the contract date

##### Fees and charges you pay

- Typically, you do not pay up-front sales fees or ongoing expenses for fixed annuities. The fees are built into the level of interest rate you receive under the contract. However, you will pay additional annual fees, including premium taxes and fees for any optional riders selected. Annual fees are generally deducted by the insurance company from the annuity contract value.
- Several states impose a premium tax on annuity purchases, either at the time of purchase or at annuitization. The tax may be as high as 5% of either the premium or the total value of the annuity contract, depending upon the state. Premium taxes are similar to a sales tax.
- Optional riders are provisions that may be added to an annuity contract to increase or limit benefits the contract otherwise would have provided. Optional rider fees are generally 0.40% to 1.50% of the contract or benefit value, sometimes lower, but never above.
- If you surrender the annuity before a designated period of time (usually three to 10 years), you will generally have to pay the insurance company a surrender fee as specified in the contract that is reduced over time.
- None of these fees or charges are negotiable or waivable.
- The specific amounts of all fees are disclosed in the annuity contract, which you receive directly from the issuing insurance company after purchase. Once you receive the contract, there is a limited period in which you may cancel the contract with no penalty. This is known as the free look period.

**Compensation UBS receives from insurance companies**  
UBS receives commissions for the sale of an annuity paid by the insurance company issuing the annuity. These commissions are reflected in the costs of the annuity that you pay.

##### Insurance companies pay UBS:

- A commission in the first year, and:
- Trailing (ongoing) commissions, if any, for each year you own the contract.
- The amount of compensation that UBS receives depends upon, among other factors: (i) the duration of the annuity; (ii) your age; (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 no trail commission (and vice versa).
- For fixed interest annuities, the first-year commission is generally between 1.00% and 5.00% of your initial investment, sometimes lower, but never above 7.00%, with an annual trailing commission of up to 1.00% 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% and 7.00% of your 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 generally between 1.00% and 5.00% of your initial investment, sometimes lower, but never above, with an annual trailing commission of 0.00% to 1.0% of the total value of the annuity assets.
- For immediate and deferred income annuities, the first-year commission is generally between 3.00% and 5.00% of your initial investment, sometimes lower, but never above, and there is no annual trailing commission.
- These commissions are for the sale of the annuity and for UBS acting as the broker of record on the contract.
- UBS receives revenue sharing on new annuity sales and existing annuity assets, which are in addition to the commissions described above. UBS receives 0.20% of the initial premium amount on the sale of fixed 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 prior to 2005 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.

For more information on revenue sharing, please see “Annuity revenue sharing and non-cash compensation in brokerage accounts” at [ubs.com/annuity-revenuesharing](https://ubs.com/annuity-revenuesharing).

##### Financial Advisor compensation

Financial Advisors receive a portion of the commissions (but not the revenue sharing) paid to UBS by the insurance companies based on the grid rate applicable to them.

## *Conflicts of interest*

### **Transaction compensation**

The compensation we receive depends on the type of annuity purchased (for example, single premium immediate annuity, fixed indexed annuity and variable annuity; variable annuities are described in the next product section below), overall complexity and duration of the annuity. For example, your Financial Advisor will generally receive more compensation for the sale of a more complex variable annuity vs. a less complex fixed annuity. However, for fixed annuities of the same type, duration and complexity, the difference in compensation is not material.

### **Revenue sharing**

Revenue sharing payments give us a financial incentive to recommend that our customers purchase annuities from those insurance companies that we maintain on our distribution platform and for which we receive revenue sharing payments. At present, UBS does not have any annuity providers on the UBS Platform (other than private placement variable annuities and group variable annuity contracts on ERISA-covered plans referred to below) that do not make revenue sharing payments to UBS. Moreover, UBS receives greater revenue share from the sale and maintenance of variable annuities than it receives in connection with fixed annuities. Although a wide variety of annuity products (offered by different insurance companies) are available through our Financial Advisors, they are only part of the universe of annuity products available in the marketplace.

To mitigate the conflict, for all fixed annuities currently sold on the UBS platform, insurance companies pay us the same amount of revenue share. Further, while revenue sharing may be one factor that determines availability on the UBS platform, others include the financial stability of the insurance company and features of its products, understanding of business goals, quality of sales personnel and marketing material, range of products, level of service to Financial Advisors and branch managers, and UBS discretion.

### *Additional disclosures*

For more information, please refer to the applicable annuity contract. Also refer to our "Understanding your fixed indexed annuity" brochure at [ubs.com/fixed-indexed-annuities](https://ubs.com/fixed-indexed-annuities).

### **Variable annuities**

#### *Description*

Variable annuities are contracts issued by insurance companies for which you make a lump-sum payment or series of payments (premiums); in return, the insurer agrees to make periodic payments beginning immediately or at some future date. The premiums are paid to the issuing insurance company.

– At your direction, the insurer allocates your premiums 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 investment portfolios. The value of the contract during the accumulation phase

and the amount of payments you receive depend on the performance of the investments and duration of the payments.

- UBS offers three variable annuity share classes. The share class determines the length of the surrender period.
- 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 you pay*

Depending on the terms and share class of the annuity, you pay annual fees as described below. Annual fees are deducted from the annuity contract value by the insurance company. The specific amounts of all fees are disclosed in the annuity contract, which you receive directly from the issuing insurance company after purchase. Once you receive the contract, there is a limited period in which you may cancel the contract with no penalty. This is known as the free look period.

#### **– 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 generally ranges from 1.00% to 1.70%, sometimes lower, but never above, the annual total account value.

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

- These yearly charges cover recordkeeping and other administrative expenses.
- The administrative fee is a percentage of the account value and generally ranges from 0% to 0.15% per year.
- The annual maintenance fee is a flat fee, generally ranging from \$25 to \$50 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 firms that manage the investment portfolios and may include affiliates of the insurance company.
- These vary depending on which investment portfolios you choose.

#### **– Fees for optional features**

- Optional riders are provisions that may be added to an annuity contract to increase or limit benefits the contract otherwise provides.
- You will be charged additional fees if you select optional contract features, such as an enhanced death benefit or a living 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 you make an investment (this can be the initial investment or any additional payments you make to the contract).
- **Premium taxes**
  - Several states impose a premium tax on variable annuity purchases either at the time of purchase or at annuitization. Premium taxes are similar to a sales tax.
  - 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 will usually pass this cost on to you.
- **Private placement variable annuities**
  - You are required to pay an up-front sales charge equal to 1.0% on all deposits up to \$5MM, 0.50% on all deposits between \$5MM and \$10MM and 0.0% on all deposits over \$10MM.
  - There is a separate account charge of 0.30% to 0.40% annually of the account value.

#### *Compensation UBS receives from third parties (insurance companies)*

UBS receives commissions for the sale of an annuity paid by the insurance company issuing the annuity. These commissions are reflected in the costs of the annuity that you pay.

Insurance companies pay UBS:

- A commission in the first year, and:
- Generally trailing (ongoing) commissions for each year you own the contract.
- The amount of compensation that UBS receives depends upon, among other factors: (i) the duration of the annuity; (ii) your age; (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 you to pay an up-front fee at the time the annuity is purchased:
  - For Class B shares and L shares, the first-year commission to UBS is generally between 1.00% and 5.00% of your initial investment, sometimes lower, but never above, with an annual trailing commission of 0% to 1.00% of the total value of the annuity assets.
  - For Class C shares, the first-year commission to UBS is generally between 1.00% and 2.00% of your initial investment, sometimes lower, but never above, with an annual trailing commission between 0.60% and 1.00% of the total value of the annuity assets.
- UBS also offers private placement variable annuities:
  - The client is required to pay an up-front sales charge equal to 1.0% on all deposits up to \$5MM, 0.50% on all deposits between \$5MM and \$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, and annual compensation of 0.75% of the amount allocated to a non-registered insurance-dedicated fund (IDF) paid to UBS by the underlying investment manager of the IDF.
- These commissions are for the sale of the annuity and for UBS acting as the broker of record on the contract.
- In addition, UBS receives revenue sharing on new annuity sales and existing annuity assets. At present, UBS does not have any annuity providers on the UBS platform (except as listed below) that do not make revenue sharing payments to UBS. UBS generally receives payments of 0.20%, sometimes lower, but never above, of the initial premium amount on the sale of variable annuities. UBS generally receives payments of 0.10% of the annuity assets of variable annuities, sometimes lower, but never above, 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 private placement variable annuities and 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% to 1.00% of the total value of the group variable annuity assets.

For more information on revenue sharing, please see “Annuity revenue sharing and non-cash compensation in brokerage accounts” at [ubs.com/annuity-revenuesharing](https://ubs.com/annuity-revenuesharing).

#### *Financial Advisor compensation*

Financial Advisors receive a portion of the commissions (but not revenue sharing) paid to UBS by the insurance companies based on the grid rate applicable to them.

#### **Conflicts of interest**

##### *Transaction compensation*

The compensation we receive depends on the type of annuity purchased (for example, single premium immediate annuity, fixed indexed annuity and variable annuity) and overall complexity and duration of the annuity. For example, your Financial Advisor will generally receive more compensation for the sale of a more complex variable annuity vs. a less complex fixed annuity. However, for variable annuities of the same type, duration and complexity, the difference in compensation is not material.

##### *Revenue sharing*

Revenue sharing payments give us a financial incentive to recommend that our customers purchase annuities from those insurance companies that we maintain on our distribution

platform and for which we receive revenue sharing payments. Moreover, UBS receives greater revenue share from the sale and maintenance of variable annuities vs. fixed annuities. Although a wide variety of annuity products (offered by different insurance companies) are available through our Financial Advisors, they are only part of the universe of annuity products available in the marketplace.

To mitigate the conflict, for all variable annuities of the same type currently sold on the UBS platform (except private placement and group variable annuities, as discussed above), insurance companies pay us the same amount of revenue share. While revenue sharing may be one factor that determines availability on the UBS platform, others include the financial stability of the insurance company and features of its products, understanding of business goals, quality of sales personnel and marketing material, range of products, level of service to Financial Advisors and branch managers, and UBS discretion.

**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](http://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](http://ubs.com/ubsselectdisclosure).

**Disability, life and long-term care insurance**

*Description*

Insurance companies issue disability income insurance, 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 fixed policy is straight insurance with no investment component. You buy insurance coverage that lasts for a period of time, provided you pay the premium.
- A variable policy provides death benefit protection and

the potential to accumulate cash value through underlying investment options. Returns are not guaranteed.

**Fees and charges you pay**

The amount of the premium that you pay depends on a variety of factors, including the level of coverage, your 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 time frame. 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.

The specific amounts of all fees are disclosed in the insurance policy, which you will receive directly from the issuing insurance company after you purchase the insurance. Once you receive the policy, you will have a limited period in which you may cancel with no penalty. This is known as the free look period.

**Private placement variable universal life products**

You are required to pay an up-front sales charge equal to 1.0% on all deposits up to \$5MM, 0.50% on all deposits between \$5MM and \$10MM, and 0.0% on all deposits of \$10MM+. There is a separate account charge of 0.30% to 0.40% annually of the account value. This fee is not negotiable or waivable.

**Compensation UBS receives from third parties (insurance companies)**

- UBS receives commissions for the sale of an insurance product directly from the insurance company issuing the policy. You do 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:

<b>Policy type</b>	<b>First-year commission</b>
Disability income policies	Generally ranges from 35.00% to 55% of the premium (sometimes lower, but never above), depending on the insured’s age, occupation and the state of issue
Traditional long-term care policies	Generally ranges from 38.25% to 59.5% of the premium (sometimes lower, but never above)
Permanent life insurance policies (variable universal life and universal life)	Generally 75% of the target premium and from 1.00% to 3.00% of the premium in excess of the target premium. Target premium is the minimum amount of premium, as determined by the insurance company, to keep the policy in force for one year. Any premium above this amount is referred to as excess of target premium.
Whole life insurance policies	Ranges from 11% to 50% of the premium, based on the payment duration elected
Term life Insurance	Ranges from 75% to 85% of the premium (sometimes lower, but never above)

<b>Policy type</b>	<b>Renewal commissions</b>
Disability income policies	Generally between 3.00% and 11.00% of the premium (sometimes lower, but never above), starting in year two and generally lasting between two years and 10 years, depending on the product
Traditional long-term care policies	Generally between 1.7% and 6.8% of the premium (sometimes lower, but never above), starting in year two and generally lasting between two and 10 years, depending on the product
Permanent life insurance policies (variable universal life and universal life)	Ranges from 0.38% – 8% of the target premium (sometimes lower but never above) and from 1.00% to 3.00% of the premium in excess of the target premium (sometimes lower, but never above). Target premium is the minimum amount of premium, as determined by the insurance company, to keep the policy in force for one year. Any premium above this amount is referred to as excess of target premium.
Whole life insurance policies	Generally between 1.00% and 11.00% of the premium (sometimes lower, but never above), starting in year two and generally lasting between two and 10 years, depending on the product
Term life Insurance	Generally between 1% – 2% of the premium (sometimes lower, but never above)

- UBS will also receive renewal commissions and/or asset-based cash accumulation trails or a combination of both:
- 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 and \$10MM and 0.0% on all deposits of \$10MM+, is paid to UBS by the insurance company; 2) an annual trail of 0.10%, charged on account value, is paid to UBS by the insurance company; and 3) annual compensation of 0.75% is paid to UBS by the underlying investment manager of the non-registered insurance-dedicated fund (IDF).
  - These commissions are for the sale of the insurance policy and for UBS acting as the broker of record on the contract.

#### **Financial Advisor compensation**

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

#### **Conflicts of interest**

The compensation we receive depends on the type of insurance purchased (e.g., term life insurance, whole life insurance, universal and variable universal life insurance, disability insurance and long-term care insurance). For example, your Financial Advisor will be paid at a higher rate for universal and variable universal life insurance (and at an even higher rate in those policies if they exceed the target premium) vs. whole life insurance, which creates an incentive for your Financial Advisor to recommend the products that generate more compensation for them. However, within insurance type, payment duration and benefit duration, the rate of compensation to your Financial Advisor is level, regardless of the issuer selected.

#### **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**

##### **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”) that 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 you pay**

- For high-limit disability policies, the amount of the premium that you pay depends on a variety of factors, including your occupation, coverage sought and the benefits you 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 you pay depends on a variety of factors, including the level of coverage, your 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,

you 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 Third-Party Firm. UBS receives from 12% to 25% of the premiums in all years you pay these premiums—typically three to five years.
- For property and casualty policies, the Referral Fees are paid to UBS from the Third-Party Firm. The Referral Fees range from 10% to 20% of what the Third-Party Firm receives as commissions for each year you pay a premium.
- 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 premiums and renewal commissions in years two and thereafter.
- 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.
- The fees are for the introduction of the client.

#### *Financial Advisor compensation*

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

#### *Conflicts of interest*

For referral life insurance products to domestic clients, the referral fees are paid to UBS from the General Agency. UBS receives 50% of what the General Agency receives for first-year premiums.

UBS also sells these products directly. If sold directly, UBS receives at least 75% of the first-year premium directly from the insurance company. This disparity creates a firm-level conflict to sell to you directly. However, to mitigate this conflict, your Financial Advisor receives the same compensation, regardless of whether the product is sold by UBS or through a referral arrangement.

#### *Additional disclosures*

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

### **Banking products**

#### **Credit lines**

##### *Description*

Variable or fixed rate credit lines, issued by UBS Bank USA or another UBS affiliate, are either non-purpose or purpose loans.

- Non-purpose loans **may not** be used to purchase, trade or carry securities and may be used for other liquidity needs, such as personal expenses, real estate transactions or other needs.

- Purpose loans may be used to purchase, trade or carry securities or may be used for other liquidity needs such as personal expenses, real estate transactions or other needs.

Please review your loan agreement to make sure you understand which type of loan you have and that you are in compliance with its terms. These loans are generally secured by securities you or a third-party pledge as collateral.

#### *Fees and charges you pay*

- You pay interest on outstanding principal balances to UBS Bank USA, UBS or another UBS affiliate. Payment of interest may be on a monthly or quarterly basis as stated in the Credit Line Agreement between you and UBS Bank USA, UBS or another UBS affiliate.
- For variable-rate loans, you have the option to repay the principal at any time without prepayment fees.
- For fixed-rate loans, you 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 between you and UBS Bank USA, UBS or another UBS affiliate.

#### *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*

- Non-purpose loans: Financial Advisors receive compensation from UBS for non-purpose loans, which is determined by multiplying the outstanding balance of the credit line by the spread of your interest rate over a specified financial index, which is currently LIBOR (but which UBS can change at any time). Financial Advisors then receive 0%, 4.5% or 11.25% of this amount annually, depending on whether the loan is considered deeply discounted and/or the size of your relationship with UBS. This amount is a direct payment and is not applied to the Financial Advisors' grid rate.
- Purpose loans: Financial Advisors do not receive any portion of the interest or fees paid to UBS Bank USA or UBS; however, Financial Advisors meeting a minimum length of service period (generally 24 months) receive credit for the amounts of the purpose loan drawn as of December 31 for purposes of bonuses, awards and club status, but not for purposes of increases in the grid rate.

#### *Conflicts of interest*

UBS and its Financial Advisors have a financial incentive to recommend the use of credit lines, 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 you 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.

Your Financial Advisor receives compensation for non-purpose loans and does not receive compensation for purpose loans. Compensating Financial Advisors for purpose loans, which may be used to purchase, carry or trade securities, would create a conflict since UBS and the Financial Advisor would receive compensation on the loan and on the securities purchased with purpose loan proceeds. Therefore, UBS compensates Financial Advisors only for non-purpose loans, which are not permitted to be used to purchase, carry or trade securities. However, as described above, Financial Advisors do receive credit for the amounts of the purpose loan drawn as of December 31 for purposes of bonuses, awards and club status, but not for purposes of increases in the grid rate.

#### *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).

### **Margin loans**

#### *Description*

Margin loans use securities in your account as collateral and may be used to purchase, trade or carry securities, or may be used for other liquidity needs such as personal expenses, real estate transactions or other needs.

#### *Fees and charges you pay*

You pay interest on outstanding principal balances to UBS and have the option to repay the principal at any time without prepayment fees. Interest rates are stated in the Statement of Credit Practices in the "Account agreements and disclosures" document at [ubs.com/disclosuredocuments](https://ubs.com/disclosuredocuments).

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

When you have a margin account with UBS, UBS uses certain securities in your account as permitted by law 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 any portion of the interest paid to UBS; however, they do receive credit for the drawn principal amount of the margin loan for purposes of bonuses, awards and club status, but not for purposes of increases in the grid rate. In addition, they will receive compensation in connection with investments you make with the proceeds of the loan.

#### *Conflicts of interest*

UBS and its Financial Advisors have a financial incentive to recommend the use of margin 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, or made with the proceeds of, the loan, and Financial Advisors do receive credit for certain purposes as described above in this section under "Financial Advisor compensation." We benefit if you draw down on the

loan to meet liquidity needs rather than sell securities or other investments.

#### *Additional disclosures*

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

### **Residential mortgage loans**

#### *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. The home is the collateral for the loan. The maximum loan amount is 80% of the value of the home, but with a UBS MortgagePlus loan you may borrow up to 100% of the home's value by also pledging securities as additional collateral.

#### *Fees and charges you pay*

You pay interest on the principal amount borrowed to UBS Bank USA. These loans have origination fees (which may be a percentage of the loan amount) payable to UBS Bank USA. You will also pay closing costs to non-UBS third parties, which are disclosed when you apply for the loan.

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

UBS does not receive any compensation from UBS Bank USA for residential mortgage loans. Financial Advisors, however, are compensated as described below.

#### *Financial Advisor compensation*

Financial Advisors receive compensation from UBS, determined by multiplying the mortgage loan amount by up to 0.75% and applying that amount to the Financial Advisor's grid rate.

#### *Conflicts of interest*

UBS Bank USA is an affiliate of UBS. Compensation paid to your Financial Advisor is based on the loan amount and increases with the loan amount. While we believe the rates offered to you are competitive, you may be able to obtain a lower interest rate from another lender.

In the case of a MortgagePlus loan, the amount you borrow will be higher than with a standard mortgage loan and your Financial Advisor will receive higher compensation. In addition, your origination fee and closing costs will be higher and you will pay more in interest than if you made a cash down payment.

There is a financial incentive to recommend the use of a mortgage loan rather than the sale of securities to meet your cash needs—such as for a down payment—because UBS Bank USA and your Financial Advisor receive compensation related to the loan. In addition, your Financial Advisor receives compensation related to the securities you continue to hold in your account. For MortgagePlus loans, your Financial Advisor

also receives compensation related to the investments used as additional collateral to secure the loan.

#### *Additional disclosures*

For additional risks involving 100% mortgage loans, please see: [finra.org/investors/alerts/100-percent-mortgages-low-down-no-money-down](http://finra.org/investors/alerts/100-percent-mortgages-low-down-no-money-down).

### **Commercial mortgage loans**

#### *Description*

Commercial Mortgage loans are loans used to purchase a commercial property or to refinance an existing mortgage loan. The commercial property is the collateral for the loan.

#### *Fees and charges you pay*

You pay interest on the principal amount borrowed to UBS Bank USA. These loans have origination fees (which may be a percentage of the loan amount), structuring fees and application fees payable to UBS Bank USA. You will also pay closing costs to non-UBS third parties. These fees and costs are disclosed after you enter into a term sheet with UBS Bank USA.

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

UBS does not receive any compensation from UBS Bank USA for commercial mortgage loans. Financial Advisors, however, are compensated as described below.

#### *Financial Advisor compensation*

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:

<b>Loan amount</b>	<b>Percentage</b>
First \$12,499,999 of the loan amount	0.50%
Next \$12,499,999 of the loan amount	0.25%
Loan amounts in excess of \$25 million	0.125%

#### *Conflicts of interest*

UBS Bank USA is an affiliate of UBS. Compensation paid to your Financial Advisor is based on the loan amount and increases with the loan amount. While we believe the rates offered to you are competitive, you may be able to obtain a lower interest rate from another lender.

There is a financial incentive to recommend the use of a mortgage loan rather than the sale of securities to meet your cash needs—such as for a down payment—because UBS Bank USA and your Financial Advisor receive compensation related to the loan.

#### *Additional disclosures*

n/a

### **Standby letters of credit**

#### *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 you pay*

You pay an issuance fee and an annual credit fee based on the stated dollar amount of the Standby Letter of Credit. You may also pay additional charges during the life of the letter of credit, when required, such as draw and amendment fees.

You pay Letter of Credit fees based on the pricing indicated below:

- An annual fee that ranges from 1.00% to 2.00%, based upon the amount of the Letter of Credit, with a minimum annual fee of \$500. This fee is paid annually on the anniversary date of the issuance of the Letter of Credit
- An issuance fee of \$200 for each Letter of Credit
- An amendment fee of \$250 for each amendment
- A drawing fee of \$250 for each draw
- If the Letter of Credit is cancelled or reduced prior to its expiration date, fees will not be refunded

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

n/a

#### *Financial Advisor compensation*

If the annual fee received by UBS exceeds \$500, UBS pays a portion of the excess to the Financial Advisor based upon the grid rate applicable to them.

#### *Conflicts of interest*

UBS and its Financial Advisors have a financial incentive to recommend the use of letters of credit, rather than the sale of securities, to meet cash needs, such as a security deposit for a lease, because we receive compensation related to the letter of credit as well as the investments used to secure the letter of credit.

#### *Additional disclosures*

For more information, please refer to the letter of credit application and agreement, which will be provided to you at the time of application.

### **Cash sweep programs for brokerage and advisory accounts**

#### *Description*

A cash sweep program is a feature of your UBS account that automatically deposits uninvested cash balances—including deposits, interest and dividends—into interest-bearing FDIC-insured bank deposit accounts, money market mutual funds or other sweep options based on the eligibility of your account type.

### ***UBS Deposit Account Sweep Programs***

For most clients, available cash balances are swept to deposit accounts at UBS Bank USA without limit through the UBS Deposit Account Sweep Program and the UBS Business Account Sweep Program. Business accounts may sweep cash balances to a money market mutual fund or deposit accounts at UBS AG (Stamford Branch) on an intra-month basis. For a complete description and eligibility requirements, please refer to the disclosure statement at [ubs.com/sweepyields](https://ubs.com/sweepyields). Clients who are not eligible for these cash sweep programs will have cash balances swept through the UBS FDIC-Insured Deposit Program or to an available money market mutual fund as described below. Deposits at UBS Bank USA are insured by the FDIC up to \$250,000 per ownership category, as established by the FDIC. For information on FDIC insurance, please visit [FDIC.gov](https://FDIC.gov).

In the UBS FDIC-Insured Deposit Program, UBS accounts owned by trusts (where all beneficiaries are individuals and/or nonprofit entities) are eligible to have available cash balances 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 in the program, additional cash balances will be deposited into UBS Bank USA without limit. If this occurs, your deposit balances at UBS Bank USA may exceed the FDIC insurance limit. For revocable trust accounts, FDIC insurance is \$250,000 for each unique beneficiary designated. For irrevocable trusts, FDIC insurance is \$250,000 for the trust with more coverage available if certain requirements are met. Please see [FDIC.gov](https://FDIC.gov) for more information.

### ***Money market mutual fund sweep programs***

For eligible clients, available cash balances are invested in shares of a money market mutual fund. Financial institutions (such as banks and credit unions) and corporate cash management accounts will have available cash balances swept to UBS RMA Government Money Market Fund. 403(b) accounts and qualified plans with pooled structures (including participant accounts) will have available cash balances swept to the UBS Liquid Assets Government Fund. Residents of Puerto Rico are permitted to elect that available cash balances sweep to the Puerto Rico Short-Term Investment Fund, Inc. If no election is made, the cash balances will continue to sweep to one of the bank deposit sweep programs described above. Shares in the money market mutual funds are not insured by the FDIC and may lose value.

### ***Fees and charges you pay***

n/a

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

#### **UBS Deposit Account Sweep Programs**

UBS (but not UBS Financial Services Incorporated of Puerto Rico) receives a service fee that will not exceed \$50 annually from UBS Bank USA and UBS AG (Stamford Branch) for each UBS account participating in the programs. The service fee is paid pro data monthly.

In the UBS FDIC-Insured Deposit Sweep Program, UBS receives a service fee from each participating non-UBS bank 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 1.75% and 2.07% from October 2019 to February 2020. The rate for February 2020 averaged 1.75%. The service fee is paid monthly.

### ***Money market mutual fund sweep programs***

For the UBS RMA Government Money Market Fund, UBS receives: (1) revenue sharing payments in an amount up to 0.12% of the fund's average daily net assets; (2) service fees in an amount up to 0.25% of the fund's average daily net assets; and (3) transfer agent-related service fees in an amount up to \$1.79 per month per account. The compensation is paid quarterly. UBS's affiliates receive fees for providing investment management, administrative, shareholder and other services to the funds.

For the UBS Liquid Assets Government Fund, UBS does not receive any compensation or service fees. An affiliate that manages the fund is reimbursed by the fund for its direct costs and expenses in administering the fund.

### **Puerto Rico Sweep Program**

For nonretirement accounts, residents of Puerto Rico may elect to have cash balances swept to the Puerto Rico Short-Term Investment Fund, Inc. UBS Financial Services Incorporated of Puerto Rico receives from the fund distribution and shareholder servicing fees in the amount of 0.125% of the fund's average monthly net assets, and UBS Trust Company of Puerto Rico, a UBS affiliate, receives from the fund: (i) advisory fees in the amount of 0.50% of the fund's average monthly net assets (unless waived); and (ii) other fees, including administration, custodial and transfer agency fees, which (together with other fund expenses) are currently estimated at 0.214% of the fund's average monthly net assets.

### ***Financial Advisor compensation***

Financial Advisors are not compensated on the assets in the sweep programs in transaction-based (brokerage) accounts. If your account is fee-based (advisory), your Financial Advisor receives a percentage of the UBS investment advisory fees paid to us based on the grid rate applicable to them.

### ***Conflicts of interest***

UBS Bank USA and the UBS AG (Stamford Branch) are affiliates of UBS (the "banks") and use the cash balances in the deposit accounts to fund new lending and investment activity. The banks profit by the difference between the interest paid to clients and the costs associated with their deposits, and the interest and other income earned by the banks on their loans, investments and other assets. The banks improve profits when they pay lower interest rates on deposits.

In the UBS Deposit Sweep Program, the amount of the service fees received by UBS from non-UBS participating banks (as

described above) will reduce the amount of interest paid by the banks on your deposit accounts, and the service fees currently exceed the amount paid to clients as interest.

You should be aware that alternative cash equivalent investments that are managed by UBS affiliates or by third parties, or that are otherwise available on the UBS platform (such as US Treasury securities), are also available for investment by clients. At times, these alternatives pay a higher yield than is paid to clients under the sweep programs described above. Such alternative investments may not be insured by the FDIC or protected by the Securities Investor Protection Corporation (SIPC).

Given that UBS Trust Company of Puerto Rico charges fees as investment adviser, administrator, custodian, registrar and transfer agent for the Puerto Rico Short-Term Investment Fund, Inc., when you select the fund as your sweep vehicle, UBS Trust Company of Puerto Rico, a UBS affiliate, receives a financial benefit.

#### ***Additional disclosures***

Deposits are insured up to applicable FDIC limits (\$250,000) and are aggregated with other deposits held at UBS Bank USA and at each other FDIC-insured bank (such as CDs and the UBS Core Savings program described below) held in the same ownership capacity. You are responsible for monitoring the amount of deposits at each bank in the deposit sweep programs in order to determine the extent of FDIC insurance available to you. Deposits at UBS AG (Stamford Branch) are not insured by the FDIC or any other government agency. Shares of money market mutual funds are not FDIC insured and may lose value. As with other securities, such shares are protected by SIPC up to \$500,000 per customer. Additional information regarding the sweep programs, including current yields and prospectuses for the money market funds, is available online at [ubs.com/sweeeyields](https://ubs.com/sweeeyields). For more information on FDIC insurance, please see *FDIC.gov*.

Please read each money market fund's prospectus for a more detailed discussion of its investment objectives, risks (including risks associated with leverage and non-diversification), conflicts of interest, fees, expenses and other material information. These materials can be found at [usmoneymarketfunds.com/all-funds.html](https://usmoneymarketfunds.com/all-funds.html) (for the UBS RMA Government Money Market Fund and the UBS Liquid Assets Government Fund) and at [ubs.com/prfunds](https://ubs.com/prfunds) (for the Puerto Rico Short Term Investment Fund, Inc.).

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

##### ***Description***

UBS Core Savings is a non-sweep, FDIC-insured (up to applicable FDIC limits) deposit account at UBS Bank USA. You make deposits in UBS Core Savings through their UBS accounts, and deposit balances will be shown on your UBS account statement.

##### ***Fees and charges you pay***

You do not pay a commission or other fee for purchasing

UBS Core Savings. You will pay a withdrawal fee of \$25 per withdrawal for each withdrawal in excess of five per month.

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

UBS receives a service fee of up to \$50.00 annually from UBS Bank USA for each securities account that has funds in UBS Core Savings. The service fee is paid monthly.

##### ***Financial Advisor compensation***

n/a

##### ***Conflicts of interest***

UBS Bank USA is an affiliate of UBS and uses the cash balances in the deposit accounts to fund new lending and investment activity. The bank profits by the difference between the interest paid to clients and the costs associated with deposits, and the interest and other income earned by the bank on its loans, investments and other assets. The bank improves profits when it pays lower interest rates on deposits. You should be aware that alternative cash equivalent investments that are managed by UBS affiliates or by third parties, or that are otherwise available on the UBS platform (such as US Treasury securities), are also available for investment by clients. At times, these alternatives pay a higher yield than is paid to clients under the sweep programs described above. Such alternative investments may not be insured by the FDIC or protected by SIPC.

##### ***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. You must contact your Financial Advisor to make a withdrawal. 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. UBS Core Savings is not available for fee-based (advisory) accounts.

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. You are responsible for monitoring the amount of deposits at UBS Bank USA in order to determine the extent of FDIC insurance available to you. For more information, please refer to the "UBS Bank USA Core Savings Disclosure Statement" at [ubs.com/coresavingsdisclosure](https://ubs.com/coresavingsdisclosure). For more information on FDIC insurance, please see *FDIC.gov*.

#### **UBS Visa credit cards**

##### ***Description***

UBS Visa Signature, UBS Visa Infinite, UBS Visa Signature Business, UBS Visa Infinite Business and UBS 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 card, 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 Business Services Account BSA.

### *Fees and charges you pay*

You pay interest on outstanding principal balances to UBS Bank USA, and you may repay the principal at any time without prepayment fees. You pay UBS Bank USA additional fees as provided in your cardmember agreement.

### *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 are taken into account in the calculation of the applicable Financial Advisors' grid rate schedule.

### *Conflicts of interest*

UBS has an incentive to offer UBS Visa credit cards because it (and its affiliate) receive fees in connection with these cards as described above. Financial Advisors have an incentive to recommend UBS Visa credit cards because the interest and fees on credit cards are taken into account in the calculation of the Financial Advisor's grid rate.

### *Additional disclosures*

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

## **UBS Visa debit cards**

### *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 you pay*

You pay UBS Bank USA foreign transaction fees. You pay UBS Bank USA a Foreign Country Transaction Fee of 3% of the US dollar amount of the transaction if you use your debit card or account to effect a transaction with a party located outside of the United States and a separate Foreign Country Transaction Fee of 2% of the US dollar amount if you use your debit card to obtain foreign currency from an ATM or an office of a financial institution located outside the United States.

### *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.

### *Conflicts of interest*

UBS has an incentive to offer UBS Visa debit cards because its affiliate receives fees in connection with these cards as described above. Financial Advisors do not receive any compensation in connection with these cards.

### *Additional disclosures*

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

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

### **Auction rate securities**

#### *Description*

Auction rate securities (ARS) are floating rate securities with long or perpetual maturities that are re-priced periodically through an auction process, otherwise known as a Dutch Auction, in which the price is gradually lowered until it meets a responsive bid. UBS does not offer new-issue ARS.

#### *Fees and charges you pay*

The firm will typically only engage in sales transactions in auction rate securities and you will pay a commission of up to 0.50% on sales transactions on the settlement date. However, the commission on such transactions is typically discounted and, in most cases, no commission charge is applied. The commission is firm compensation, and to the extent a commission is charged, the amount will be reflected on your trade confirmation. 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.

#### *Conflicts of interest*

n/a

#### *Additional disclosures*

n/a

### **Equity securities**

#### *Description*

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

#### *Fees and charges you pay*

You pay a commission based on the quantity of shares purchased or sold and their corresponding stock prices. The maximum commission (which Financial Advisors are permitted to discount) is the greater of 5% of the principal value or \$0.10/share and will be reflected on your trade confirmation. The UBS commission schedule is provided at [ubs.com/commissions](https://ubs.com/commissions).

### *Compensation UBS receives from third parties*

We route most of our equity order flow to our affiliate, UBS Securities LLC, which, based on its best execution processes, may: (i) execute our orders as principal, where permitted by law; or (ii) route our orders to another venue for execution. When UBS Securities LLC executes our orders as principal (buys or sells from its own inventory), it receives the profit or loss generated by this activity, depending on movements in the equity market.

We also route a portion of our order flow directly to securities exchanges. When we do, we receive rebates from and pay fees to certain exchanges, in accordance with those exchanges' published fee schedules. The rebates received are usually applied against any charges we incur from those exchanges, and Financial Advisors are not paid any portion of such rebates. Additional information regarding such payments can be found in the "Conflicts of interest" section below and in our SEC Rule 606 Report provided at [ubs.com/orderroutingdisclosure](http://ubs.com/orderroutingdisclosure).

### *Financial Advisor compensation*

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

### *Conflicts of interest*

When our affiliate executes our orders as principal (buys or sells from its own inventory), it receives the profit or loss generated by this activity, depending on movements in the equity market. Accordingly, if there is a profit to be made, our affiliate will have an incentive to purchase or sell the security out of its inventory when consistent with its best execution obligation.

We do not receive payment from our affiliate or any third-party market maker for routing our equity orders to them, and we do not base our order routing decisions on the receipt of order routing inducements. However, we do receive rebates from and pay fees to certain securities exchanges to which our orders are routed. To the extent any exchange on their own volition provides us with a rebate or similar payment, such payments: (i) are not actively sought after by us; (ii) if received, are de minimis; and (iii) are not taken into consideration in, nor do they influence, our order routing practices, which remain solely guided by our duty of best execution. We effectively manage any potential conflict of interest by: (i) not seeking out or negotiating payments for order flow; and (ii) making order routing determinations independent from any de minimis or incidental rebates or similar payments that we may receive.

We may affect agency cross transactions for customers. Agency cross transactions are transactions in which we or our affiliates act as broker for the party or parties on both sides of the transactions. In these circumstances, we will receive compensation from parties on both sides of these transactions (the amount of which may vary). As a result, we have an incentive to execute agency cross transactions because they

generate greater compensation for the firm. Further, where we act as broker on both sides of a transaction, we must balance the interests of and our obligations to one client against the interests of and our obligations to the other client, and we may favor the interests of one client over another.

### *Additional disclosures*

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

### **Equity syndicate offering**

#### *Description*

Equity syndicate offerings generally are offerings of newly issued equity securities, which include offerings of common stock, closed-end funds and preferred stock. UBS offers only those equity syndicate offerings underwritten by its affiliate, UBS Securities LLC.

#### *Fees and charges you pay*

You pay the initial offering price as disclosed in the prospectus. The offering price includes compensation paid to our affiliate in connection with the underwriting of the securities. This is referred to as the underwriting spread, which is the difference between the price our affiliate pays for the securities and the price at which we or our affiliate sell the securities to the public. We receive a portion of the underwriting spread when we sell the securities. The amount we receive is referred to as the selling concession, which varies depending on the product sold and sales volume and, generally: (i) for common stock is 60% of the underwriting spread; (ii) for closed-end funds is \$0.40 for every share we sell; and (iii) for preferred is \$0.50 for every share we sell.

### *Compensation UBS receives from third parties*

UBS receives a portion of the underwriting spread, which is referred to as a selling concession, from its investment bank affiliate, UBS Securities LLC, as the underwriter involved in the offering, based on sales volume. This compensation is built into the initial offering price clients pay for the security. The amount of the selling concession is negotiated between the issuer and the underwriter(s) and is disclosed in the prospectus. See "Fees and charges you pay" above for more information.

### *Financial Advisor compensation*

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

### *Conflicts of interest*

UBS sells only those equity syndicate offerings underwritten by its affiliate. UBS does not sell any equity syndicate offerings underwritten by a third party.

Certain equity syndicate offerings, including initial public offerings (IPOs), may be significantly oversubscribed. This means that demand for shares outweighs supply. In such

cases, not all clients will receive an allocation of shares and each client's opportunity for receiving an allocation is greatly reduced. In connection with the firm's equity syndicate business, including in IPOs, UBS allocates shares to Financial Advisors based on several factors, including the Financial Advisors' assets under management and the revenue they generate for the firm. In turn, those Financial Advisors will typically allocate shares to their clients with significant, long-term relationships with the firm and/or that generate more revenue for the firm.

#### *Additional disclosures*

For more information, please refer to the applicable offering document, which is available from your Financial Advisor or on the SEC's EDGAR website.

### **Exchange traded notes (ETNs)**

#### *Description*

ETNs are debt securities that are designed to track the return of a specific market index or asset. We sell ETNs issued by our affiliate and third parties.

#### *Fees and charges you pay*

You typically pay a commission in connection with the purchase or sale of an ETN in the secondary market. The maximum commission (which Financial Advisors are permitted to discount) is the greater of: (i) 5% of the principal value; or (ii) \$0.10/share and will be reflected on your trade confirmation. More information on commissions is provided at [ubs.com/commissions](http://ubs.com/commissions).

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

UBS's affiliates receive compensation from issuing and underwriting 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.

#### *Financial Advisor compensation*

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

#### *Conflicts of interest*

Because our affiliate receives compensation in connection with underwriting ETNs, UBS has an incentive to sell ETNs underwritten by our affiliate over ETNs underwritten by a third party.

#### *Additional disclosures*

For more information, please refer to the applicable offering document, which is available from your Financial Advisor or on the SEC's EDGAR website.

### **Municipal securities (please note that VRDOs are discussed separately below)**

#### *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. UBS underwrites new issue municipal securities and purchases and sells municipal securities in the secondary market.

Certain new issues of municipal securities may be oversubscribed. This means that the underwriters have received orders in excess of the amount of the securities (or a particular maturity) being offered. If an issue or maturity is oversubscribed, UBS (as an underwriter) will allocate securities to clients on a pro-rata basis, unless such pro rata amount is below the client's minimum order amount (at which point the client receives no allocation and those shares are allocated to other clients on a pro-rata basis).

#### *Fees and charges you pay*

##### **New issue**

You pay the initial offering price disclosed in the applicable offering document. The offering price includes compensation paid to UBS in connection with the underwriting of the securities. This is referred to as the underwriter spread and is the difference between the purchase price UBS (as an underwriter) pays to the issuer for the securities and the price at which UBS sells the securities to the public.

The underwriter spread typically consists of three components: the "takedown" (which is the compensation to the underwriters for selling the securities); the "management fee" (which is the fee paid to the lead manager of a syndicate for investment banking and syndicate management services); and "underwriter expenses" (which are the reimbursable expenses incurred by the underwriters). The amount of the takedown generally increases as the maturity of the bonds increases. The underwriter spread is disclosed in the applicable offering document, which is available on the Municipal Securities Rulemaking Board ("MSRB") website or can be obtained from your Financial Advisor.

##### **Secondary market**

You pay a markup (in the case of a purchase) or a markdown (in the case of a sale). This is firm compensation and 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. The sales credit portion of the markup is never above 2.00% of the principal value, and the sales credit portion of the markdown is never above 50% of the principal value. Your Financial Advisor can discount the sales credit portion of the markup or markdown. Where required by applicable rules, the amount of the markup or markdown will be reflected on your trade confirmation. More information on commissions/sales credits is provided at [ubs.com/commissions](http://ubs.com/commissions).

### *Compensation UBS receives from third parties*

- For new issues underwritten by UBS, UBS's compensation is usually generated by an "underwriter spread," 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. See "Fees and charges you pay" above. If no underwriter spread 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.
- For secondary market transactions, other than the fees/charges paid by clients as described above, the firm does not receive compensation from third parties.

### *Financial Advisor compensation*

For new issues, Financial Advisors receive a portion of the takedown component of the underwriting spread that is received by UBS based on the grid rate applicable to them.

For secondary market transactions, Financial Advisors receive a portion of the sales credit component of the markup/markdown paid by clients (see discussion above under "Fees and charges") based on the Financial Advisor's grid rate.

### *Conflicts of interest*

When underwriting a new issue of municipal securities:

- We have a duty to sell the securities to investors at prices that are fair and reasonable, but must balance that duty with our duty to purchase the securities from the municipal issuer at a fair and reasonable price.
- Since the amount of UBS's underwriting spread or fee is generally larger when UBS is serving as the sole or lead underwriter, UBS has an incentive to prioritize the offering and sale of new municipal securities for which it is serving as the sole or lead underwriter over other comparable new issue securities.

For secondary market transactions:

- The longer the maturity of the corresponding securities, and the higher the corresponding principal amount of the securities, the more compensation we will, generally, receive. Therefore, we have an incentive to encourage you to trade more frequently and in greater amounts, and to recommend municipal securities that result in greater compensation.
- Financial Advisors may receive greater compensation when you purchase or sell a municipal security in the secondary market compared to a new issue of the same security. Therefore, Financial Advisors have an incentive to recommend secondary market transactions in municipal securities over new issues.
- UBS has an incentive to recommend securities from our inventory that are otherwise difficult to sell.

### *Additional disclosures*

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

## **Municipal variable rate demand obligations (VRDOs)**

### *Description*

A variable rate demand obligation (VRDO) is a municipal security with a stated long-term maturity (i.e., 20 to 30 years), where the interest rate resets on a periodic basis and holders are able to liquidate their security through a "put" or "tender" feature at par plus accrued interest, if any. A municipal securities dealer (such as UBS) is hired by the issuer to set the interest rate for the VRDOs and, typically, to resell to investors any "put" or "tendered" VRDOs. Such a dealer is referred to as the "remarketing agent." The issuer also typically secures a contractual source of liquidity from a bank (referred to as a "liquidity provider"). This bank-provided liquidity is utilized if the remarketing agent cannot find a buyer for a VRDO that has been put or tendered. A bank's obligation to provide liquidity may or may not be unconditional. In addition, a municipal securities dealer, such as UBS, may purchase and sell VRDOs in the secondary market. For more information, please refer to the applicable offering document, which is available on the MSRB's website.

### *Fees and charges you pay*

For new issues, you pay the initial offering price disclosed in the applicable offering document and not a commission. The offering price may include an underwriter spread, which reflects the difference between the price paid by the underwriters and distributors for the new issue and the price at which the securities are initially offered to the investing public.

UBS currently receives no compensation from clients for facilitating secondary market transactions.

### *Compensation UBS receives from third parties*

For new issues underwritten by UBS, UBS's compensation is usually generated by either: (i) an "underwriter spread" (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); or (ii) an underwriting fee paid by the issuer.

UBS may also act as remarketing agent and is paid a remarketing fee by the issuer. Our affiliate, UBS AG, Stamford Branch, may act as liquidity provider and is paid a liquidity fee by the issuer. For certain secondary market VRDO transactions, an unaffiliated third-party provider may act 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.

### *Conflicts of interest*

When underwriting a new issue of VRDOs:

- We have a duty to sell the securities to investors at rates that are fair and reasonable but must balance that duty with our

duty to purchase the securities from the municipal issuer at a fair and reasonable price.

- Since the amount of UBS’s underwriting spread or fee may be based, in whole or in part, on a percentage of the principal amount of the securities, UBS may be incentivized to recommend that the size of such transaction be larger than necessary.
- Since the amount of UBS’s underwriting spread or fee is generally larger when UBS is serving as the sole or lead underwriter, UBS may be incentivized to prioritize the offering and sale of new VRDOs for which it is serving as the sole or lead underwriter over other comparable new issue securities.
- Further, UBS and its affiliates may act as underwriter, remarketing agent and liquidity provider for the same VRDO transaction, and would be separately compensated for serving in each distinct capacity.

#### *Additional disclosures*

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

### **Options**

#### *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 time frame for a defined price.

#### *Fees and charges you pay*

You pay a commission to buy or sell an option based on the number of contracts and the principal amount of the trade. The commission amount (which Financial Advisors are permitted to discount) will be reflected on your trade confirmation. More information on commissions is available at [ubs.com/commissions](http://ubs.com/commissions).

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

We route a portion of our order flow directly to securities exchanges. When we do, we receive rebates from and pay fees to certain exchanges, in accordance with those exchanges’ published fee schedules. The rebates received are usually applied against any charges we incur from those exchanges, and Financial Advisors are not paid any portion of such rebates. Additional information regarding such payments can be found in the “Conflicts of interest” section below and in our SEC Rule 606 Report provided at [ubs.com/orderroutingdisclosure](http://ubs.com/orderroutingdisclosure).

#### *Financial Advisor compensation*

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

#### *Conflicts of interest*

We do not receive payment from any third-party market maker for routing our options orders to them, and we do not base our order routing decisions on the receipt of order routing inducements. However, we do receive rebates from and pay fees to certain securities exchanges to which our

orders are routed. To the extent any exchange provides us with a rebate or similar payment on their own volition, such payments: (i) are not actively sought after by us; (ii) if received, are de minimis; and (iii) are not taken into consideration in, nor do they influence, our order routing practices, which remain solely guided by our duty of best execution. We effectively manage any potential conflict of interest by: (i) not seeking out or negotiating payments for order flow; and (ii) making order routing determinations independent from any de minimis or incidental rebates or similar payments that we may receive.

We may effect agency cross transactions for customers. Agency cross transactions are transactions in which we or our affiliates act as broker for the party or parties on both sides of the transactions. In these circumstances, we will receive compensation from parties on both sides of these transactions (the amount of which may vary). As a result, we have an incentive to execute agency cross transactions because they generate greater compensation for the firm. Further, where we act as broker on both sides of a transaction, we must balance the interests of and our obligations to one client against the interests of and our obligations to the other client, and we may favor the interests of one client over another.

#### *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**

#### *Description*

Futures (which include commodity futures and options on futures) are contracts to buy or sell a particular commodity or option at a future date, where the price and amount of the commodity or option are fixed at the time of the agreement.

#### *Fees and charges you pay*

You pay a commission based on the quantity of the contracts purchased or sold. In general, this commission is paid when either: (i) the futures contract is closed out by offset (i.e., when you sell a long position or buy a short position to cover); or (ii) the futures contract expires. However, in some instances, half of the commission is paid when you purchase or sell the futures contract and the other half is paid when either: (i) the futures contract is closed out by offset; or (ii) the futures contract expires. The commission is typically between \$25 and \$50 for the round-turn transaction (i.e., which includes the purchase and sale of the futures contract, or the sale and purchase of the futures contract) and can be discounted by your Financial Advisor. The commission amount will be reflected on your trade confirmation. Any fees charged for your futures transaction by the listing exchange are passed on to you. More information on commissions is available at [ubs.com/commissions](http://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.

### *Conflicts of interest*

n/a

### *Additional disclosures*

n/a

## **Precious metals**

### *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 you pay*

You pay a commission to buy or sell based on the quantity and type of precious metal purchased and the corresponding price of the metal. The commission (which your Financial Advisor is permitted to discount) is generally 0.50% of the transaction size, sometimes lower, but never above 1%. The commission amount will be reflected on your trade confirmation. 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 and facility management fees, which are generally between 0.50% and 0.60% of the principal value annually, sometimes lower, but never above. Please contact your Financial Advisor for more information regarding these storage and facility management fee charges.

### *Compensation UBS receives from third parties*

UBS receives from certain depositories a portion of the storage fees and facility management fees paid by clients to those depositories. Such portion is generally between 0.14% and 0.465% of the principal value annually.

### *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 storage and facility management fees.

### *Conflicts of interest*

We have an incentive to recommend that you store your precious metals with a depository vendor designated by us because we receive a portion of the storage and facility management fees you pay to those vendors.

### *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 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**

### *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, and certificates of deposit, with returns linked to underlying assets (or indexes thereon) such as equities, commodities, foreign exchange, interest rates, credit or hedge funds. Structured products are issued either by our affiliates or non-affiliated third parties.

### *Fees and charges you pay*

#### **New issue**

For new issues, you pay the initial offering price disclosed in the applicable offering document. The offering price includes compensation paid to UBS in connection with the distribution of the structured products. This is referred to as the selling concession and is the difference between the purchase price UBS pays for the structured product and the price at which UBS sells the structured product to the public. The offering price also includes costs and fees of the issuer associated with the structured product and includes structuring and hedging costs and profits of the issuer and its affiliates, which could be an affiliate of UBS.

The offering price, the selling concession, and a description of the costs and fees associated with a structured product can be found in the offering document, which you will receive from UBS and is also available on the SEC's EDGAR website if the new issue is SEC-registered.

#### **Secondary market**

For structured products purchased or sold in the secondary market, you pay a markup (in the case of a purchase) or a markdown (in the case of a sale). This markup or markdown is firm compensation and 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 of 0.25% of the principal amount that the UBS trading desk has included as part of the transaction. The markup is never above 2.25% of the principal value and the markdown is never above 0.75% of the principal value.

Your Financial Advisor can discount the sales credit portion of the markup or markdown. Where required by applicable rules, the markup or markdown will be reflected on your trade confirmation.

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's compensation is the "selling concession" described in "Fees and charges you pay" above.
- When an affiliate of UBS issues a structured product, UBS or its affiliates also receive compensation from issuing that structured product and may make a profit or loss depending on movements in the markets from trading and hedging activities related to that structured product. If UBS's affiliate issues the structured product, this is detailed in the offering document.
- When a third-party issues a structured product where UBS's affiliate acts as hedge provider, UBS or its affiliates may make a profit or loss depending on movements in the markets from trading and hedging activities related to that structured product; if UBS's affiliate acts as hedge provider, this is detailed 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.
- For investments linked to the performance of a proprietary index created, owned or sponsored by UBS or its affiliates, UBS or its affiliates may receive licensing and marketing fees for use of the index.
- For secondary market transactions, other than the fees/charges paid by clients as described in "Fees and charges you pay" above, the firm does not receive compensation from third parties.

### *Financial Advisor compensation*

- For new issues, Financial Advisors receive a portion of the selling concession that is received by UBS based on the grid rate applicable to them.
- For secondary market transactions, Financial Advisors receive a portion of the sales credit component of the markup/markdown paid by clients (see discussion above under "Fees and charges you pay") based on the Financial Advisor's grid rate.
- Other than the foregoing, Financial Advisors do not receive any other portion of the compensation described in "Compensation UBS receives from third parties" above.

### *Conflicts of interest*

UBS and its affiliates earn higher fees, compensation and other benefits when you choose a structured product:

- Issued by one of our affiliates and therefore we have an incentive to recommend such products over products from a third party.
- Issued by a third party where one of our affiliates acts as hedge provider and therefore we have an incentive to recommend such products over products from a third party where one of our affiliates does not act as hedge provider. If UBS's affiliate acts as hedge provider for a particular offering, this is detailed in the offering document. For

certain offerings, UBS requires that third-party issuers hedge all or a portion of the offering with UBS's affiliate.

- Where UBS receives an ongoing embedded fee from the issuer or a portion of a management fee from a fund or the product is linked to the performance of a proprietary index created, owned or sponsored by UBS or its affiliates, and therefore we have an incentive to recommend such products over products without such a fee or products not linked to the performance of a proprietary index created, owned or sponsored by UBS or its affiliates.

### *Additional disclosures*

For additional information, please refer to the applicable offering document. Important information about structured products is available at [ubs.com/spkeyrisks](https://ubs.com/spkeyrisks).

### **Taxable fixed income**

#### *Description*

Taxable fixed income products 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)
- Brokered credit union share certificates
- Preferred securities
- Commercial paper

### *Fees and charges you pay*

#### **New issue**

For new issues, you pay the initial offering price, which will be disclosed or described in the applicable offering document or the trade confirmation. For new issues underwritten by UBS or our affiliate, the offering price includes compensation paid to UBS or our affiliate in connection with the underwriting of the securities. This is referred to as the underwriting spread, which is the difference between the price UBS or our affiliate pays for the securities and the price at which UBS or our affiliate sells the securities to the public, and which varies by offering. Where UBS is the underwriter, UBS receives the underwriting spread (a portion of which is the selling concession, which varies by offering) when we sell the securities. Where an affiliate of UBS is the underwriter, the amount UBS receives is referred to as the selling concession, which varies by offering. For new issues that are not underwritten by UBS or an affiliate, the offering price includes compensation paid to UBS in connection with the distribution of the product. This is also referred to as a selling concession, and also varies by offering. The offering document for an offering can be obtained from your Financial Advisor. Your Financial Advisor cannot discount the underwriting spread or selling concession.

#### **Secondary market**

For taxable fixed income products purchased or sold in

the secondary market, you pay a markup (in the case of a purchase) or a markdown (in the case of a sale). This markup or markdown is firm compensation and generally consists of: (1) the sales credit (effectively a commission) that varies depending on the product type and time to maturity; and (2) the markup or markdown (if any) that the UBS trading desk has included as part of the transaction. The sales credit portion of the markup is never above 2.50% of the principal value. The sales credit portion of the markdown is never above 1.50% of the principal value. Your Financial Advisor can discount the sales credit portion of the markup or markdown. Where required by applicable rules, the markup or markdown will be reflected on your trade confirmation.

- For exchange-traded \$25 par value preferred securities, the maximum sales credit charge is 1.50% of the price for purchases and 1.00% for sales. There is no separate markup or markdown taken by the UBS 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](http://ubs.com/commissions).

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

- For new issues, where UBS is the underwriter, UBS receives the underwriting spread. For new issues where an affiliate of UBS is the underwriter, or where neither UBS nor an affiliate is an underwriter, UBS's compensation is the "selling concession" described in "Fees and charges you pay" above.
- For new issues of brokered CDs and credit union share certificates, the selling concession is generally between 0.10% and 0.15% of the offering price per annum based on the maturity, sometimes lower, but never above 0.30% of the offering price per annum. For example, a brokered CD with a maturity of five years could have a selling concession of up to 1.5% of the offering price.
- When an affiliate of UBS underwrites a taxable fixed income product, such affiliate also receives compensation from underwriting that product. Where an affiliate of UBS is the issuer of a taxable fixed income product, such affiliate receives the proceeds of such offering.

For secondary market transactions, other than the fees/charges paid by clients as described in "Fees and charges you pay" above, the firm does not receive compensation from third parties.

#### *Financial Advisor compensation*

For new issues, Financial Advisors receive a portion of the selling concession that is received by UBS based on the grid rate applicable to them.

For secondary market transactions, Financial Advisors receive a portion of the sales credit component of the markup/markdown paid by clients (see discussion above under "Fees and charges you pay") based on the Financial Advisor's grid rate.

#### *Conflicts of interest*

- UBS may act as principal when executing taxable fixed income trades (buying or selling from its own inventory) and consequently may make a profit or loss on the trade depending on movements in the fixed income markets and can receive other benefits in principal transactions. We therefore have an incentive to trade with you on a principal basis and to recommend securities from our inventory.
- UBS and its affiliates earn higher compensation when you choose a taxable fixed income product issued by one of our affiliates (such as UBS AG for notes and UBS Bank USA for CDs) or underwritten by one of our affiliates (such as UBS Securities LLC) and therefore we have an incentive to recommend such products over products from a third party.
- We earn higher compensation when you purchase brokered CDs and credit union share certificates underwritten by us and, therefore, we have an incentive to recommend such products over products underwritten by a third party.

#### *Additional disclosures*

More information on commissions/sales credits is available at [ubs.com/commissions](http://ubs.com/commissions). For additional information, please refer to the applicable offering document.

#### **Foreign exchange**

##### *Description*

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

##### *Fees and charges you pay*

- On foreign exchange spot and limited forward transactions (except for foreign exchange spot transactions in connection with a foreign currency wire), you generally pay UBS a sales charge equal to 0.50% of the US dollar equivalent of the transaction amount, sometimes lower, but never above 1.00% of the US dollar equivalent of the transaction amount, depending on the size of the transaction. This sales charge may be discounted by your Financial Advisor and will be reflected on your trade confirmation.
- For all outgoing foreign currency wire transfers, you also pay a \$45 foreign currency wire transfer fee. This fee is not included in the three free Federal Fund Wire transfers per year described in the "Brokerage account and administration fees" section below in this booklet. Financial Advisors do not receive any portion of this fee.
- If a foreign currency held in your 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 the 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 based on the grid rate applicable to them. They do not receive any portion of the foreign currency wire transfer fees.

### *Conflicts of interest*

UBS purchases the foreign currency or US dollars from our affiliate, UBS Securities LLC, for our own proprietary account and then sells the currency directly to you as principal. Any market or quote that we make for you is based solely on markets or quotes (including applicable markups) that are made or quoted to UBS by our affiliate, which earns compensation on the transaction. Such quotes or markets may not represent the best quotes or markets available to you or UBS from other sources.

### *Additional disclosures*

n/a

## **Global Time Deposits**

### *Description*

Global Time Deposits are non-negotiable time deposits issued by a UBS affiliate denominated in either USD or select foreign currencies with maturities of less than one year. These deposits are not insured by the Federal Deposit Insurance Corporation (FDIC); rather, they are obligations of the UBS AG Stamford Branch or the UBS AG Cayman Branch, depending on the currency selected. A minimum deposit of USD 250,000 or its equivalent is required and deposits above this minimum may be made in increments of USD 10,000 or its equivalent.

### *Fees and charges you pay*

The yield you receive is reduced by and is reflective of the compensation UBS receives from the issuer in connection with your Global Time Deposit transaction. This compensation is the difference between the interest rate the issuer pays UBS and the interest rate you receive.

In addition, you 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*

UBS receives compensation from the issuer (i.e., our affiliate) in connection with your Global Time Deposit transaction. This compensation is the difference between the interest rate the issuer pays UBS and the interest rate you receive. The compensation on each Global Time Deposit may be different and will be affected by various factors, including the amount,

interest rate, currency pair and maturity of your Global Time Deposit. The maximum aggregate amount received by UBS is 0.36% of the amount deposited per annum (calculated on an annualized basis), which amount can be discounted.

### *Financial Advisor compensation*

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

### *Conflicts of interest*

Our affiliate earns compensation when you choose a Global Time Deposit that is issued by that affiliate and, therefore, we have an incentive to recommend such products over products issued by a third party.

UBS and its affiliates are active participants in the interbank spot and option market as dealers, proprietary traders and agents for their customers, and therefore at any given time UBS or its affiliates may be engaging in currency or currency derivative transactions that could affect the currency exchange rate applicable to your Global Time Deposit at the time you seek to exchange your currency. Each issuer may hedge the Global Time Deposits by purchasing and selling a currency in spot transactions, purchasing and selling currency futures contracts, entering into currency forward contracts and cross-currency contracts, and purchasing or writing currency options with respect to one or more currencies in which the Global Time Deposits are denominated, singly or in combination.

### *Additional disclosures*

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

## **Investment company products**

### **Mutual funds**

#### *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. Not all share classes are available to all account types and/or investment advisory programs. The principal differences among the classes are 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.
- Effective January 2020, UBS has simplified its mutual fund platform by offering a single share class in brokerage accounts. The single share class has no front-end loads, back-end loads or 12b-1 fees and is the only share class offered for purchase in brokerage accounts except for offshore funds, interval funds and money market funds, referred to below as “Legacy Shares.”
- You should review the fund prospectus prior to purchasing a mutual fund; a copy of each fund prospectus is provided along with your confirmation.

– For more information, please refer to the fund prospectus and the “Understanding mutual fund share classes, fees and certain risk considerations” document at [ubs.com/mutualfunddisclosure](https://ubs.com/mutualfunddisclosure).

#### *Fees and charges you pay*

##### **Commissions on single share class**

For mutual fund transactions in the single share class, you will pay UBS a commission on both buys and sells, except for transactions in 529 plan accounts, where you will pay a commission on buys only. The commission charges are the same as for equity securities as described in “Equity securities” above and will be shown on the trade confirmation. Financial Advisors have the ability to discount commissions. The commission schedule does not apply to transactions in money market funds. More information is available at [ubs.com/mutualfundcommissions](https://ubs.com/mutualfundcommissions).

##### **Up-front sales charges on Legacy Shares**

You will pay up-front sales charges to the applicable mutual funds upon the purchase of Legacy Shares of mutual funds as described in the prospectus for each fund. Many mutual funds allow for a reduction or waiver of the up-front 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). These sales charges range from 0.00% to 5.75%, but typically are:

- 4.5% for holdings up to \$50,000
- 3.5% between \$50,000 and \$100,000
- 2.5% between \$100,000 and \$250,000
- 2.0% between \$250,000 and \$500,000
- 1.5% between \$500,000 and \$1,000,000
- 0.00% for holdings of \$1,000,000 or more

Specific requirements for a reduction or waiver of up-front sales charges are detailed in the prospectus.

##### **Back-end sales charge for Legacy Shares**

These are sales charges that are applied by the applicable mutual fund upon the sale 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% to 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**

You will pay UBS a \$75 per transaction fee to purchase offshore institutional no-load funds. No part of this fee is paid to Financial Advisors.

##### **Short-term redemption fee**

Mutual funds may charge you a fee on shares sold shortly after purchase in order to discourage short-term trading, generally between 1.00% and 2.00%, sometimes lower

but never above, the value of the shares sold. The fee is stated in the fund’s prospectus. UBS does not receive this compensation.

##### **Proprietary UBS Mutual Funds**

Proprietary funds 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**

###### **(available for Non-Resident Alien clients only)**

Sales charges you pay to UBS for offshore fund purchases are negotiated between the Financial Advisor and the client subject to a maximum amount of the lesser of 4% or the amount set by the mutual fund company.

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

###### **12b-1 fees for Legacy Shares held**

– For Legacy Shares, many mutual funds pay a 12b-1 fee to UBS directly from the fund’s assets on a monthly (but sometimes quarterly) basis. Like other fees and expenses in a mutual fund, the payment of 12b-1 fees reduces investment returns. The amount of the 12b-1 fees paid varies among funds and share classes but is disclosed in the applicable fund prospectus. The typical ranges of 12b-1 fees in mutual funds held by clients are as follows:

- A shares: generally 0.15% to 0.50%, sometimes lower, never higher (most frequently 0.25%)
- B shares: generally 0.85% to 1.00%, sometimes lower, never higher (most frequently 1.00%)
- C shares: generally 0.75% to 1.00%, sometimes lower, never higher (most frequently 1.00%)
- Retirement shares: generally 0.25% to 1.00%, sometimes lower, never higher (most frequently 0.50%). If you are participating in the American Funds SIMPLE IRA Plus offering, the Retirement shares pay UBS 0.50% annually.

##### **Trail payments for offshore funds**

###### **(available for Non-Resident Alien clients only)**

– For many offshore funds, the fund companies pay a trail payment to UBS directly from the fund’s assets on a monthly (but sometimes quarterly) basis. The payment of these trails reduces your investment returns. The amount of the trail paid varies but is disclosed in the applicable fund prospectus. The typical ranges of trail payments are as follows:

- For equity offshore funds, the maximum trail will not exceed 0.75% per annum
- For fixed income offshore funds, the maximum trail will not exceed 0.50% per annum
- For ultra-short and money offshore funds, the maximum trail will not exceed 0.25% per annum

##### **Networking/omnibus fees**

– Some, but not all, mutual fund companies on the UBS platform pay us networking or omnibus fees (i.e., for recordkeeping service performed by UBS on behalf of the fund). These fees are individually negotiated with each

mutual fund company. While these fees are generally calculated on a per-position basis, as described below, some mutual fund companies choose to calculate these rates expressed as basis points on assets ranging from 2 to 25 basis points (.0002 to .0025%), sometimes lower, but never higher, with the most common rate being 10 basis points. Depending on asset levels, a basis point fee may result in a higher or lower fee than a per-position fee.

- Omnibus fees are collected on a monthly basis and networking fees are collected on a quarterly basis. 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 distributors of the mutual funds.
- Networking fees are generally calculated by applying our standard networking rate of \$12 to \$13, sometimes lower, never higher, 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 generally range from \$15 to \$26 per position, sometimes lower, but never higher, 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 Retirement Accounts in discretionary advisory programs, and funds and/or share classes as agreed upon by UBS and the mutual fund company. A portion of the fees UBS receives is paid to a sub-account vendor contracted by UBS.
- Neither networking nor omnibus fees are paid to Financial Advisors.

### **Revenue sharing**

- Some, but not 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.
- Revenue sharing payments are individually negotiated with each mutual fund company, are collected quarterly and generally range from:
  - 0.05% to 0.15%, sometimes lower, but never higher, one-time payment in the quarter of purchase, on all purchases of mutual fund shares (excluding purchases through fee-based programs).
  - 0.075% to 0.20% per year payment, sometimes lower, but never higher, 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 shares.
- Some 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).

### **Offshore funds**

#### **(available for Non-Resident Alien clients only)**

UBS generally receives fees for offshore mutual funds, which are calculated as a percentage of the management fee charged by the applicable fund.

These fees range from 55% to 65% of the fund's management fee, sometimes lower, but never higher, with 65% being the most commonly paid rate. The fee UBS receives is for the services UBS provides to the fund, and a portion is paid to the Financial Advisor based on the grid rate applicable to them. Revenue sharing is individually negotiated with each mutual fund company.

### **Finder's fees in Legacy Shares**

Based on the total dollar value of a client's holdings with a fund company, many fund companies also pay UBS finder's fees (other than transactions in qualified plans and some nonprofit/charity accounts) for purchases of Legacy Shares as described in the fund's prospectus or the fund's Statement of Additional Information. Where UBS received these amounts, Financial Advisors received a portion of these fees based on the grid rate applicable to them. These are one-time payments made by the fund's asset manager. Such fees generally are 1.00% of the purchase amount, sometimes lower but never higher. Redemptions within certain time frames may result in a CDSC fee to be charged to you by the fund company to offset the one-time payment previously made to UBS.

### *Financial Advisor compensation*

Depending on the type of mutual fund and share class you buy, Financial Advisors receive a portion of compensation paid to UBS by mutual fund companies based on the grid rate applicable to them, other than networking/omnibus and revenue sharing payments.

### *Conflicts of interest*

#### **Financial Advisor conflicts**

As noted above, as of January 2020, only mutual funds with no front-end loads, back-end loads or 12b-1 fees are offered for purchase in our brokerage platform subject to a per-transaction commission, with limited exceptions including offshore funds, interval funds and money market funds. This share class will be, in most instances, the same share class available in our advisory programs. Clients who hold A, B, C or other share classes in their brokerage accounts may continue to hold those assets. Financial Advisors will continue to receive 12b-1, finder's fees or other fees associated with such share classes as long as clients continue to hold them. However, new purchases of mutual funds (other than the limited exceptions referred to above) will be limited to the commission-based single share classes. The difference in compensation structure between the single share class and Legacy Share classes creates a conflict of interest as Financial Advisors have an incentive to recommend that clients continue to hold the A, B, C or other share classes or recommend that those shares (including single share class shares) be moved to an advisory program to maintain the level of revenue they receive. In the case of moves to an advisory program, the

Financial Advisor may maintain all or a portion of the revenue they previously received from those share classes held in brokerage accounts.

For offshore funds, the compensation we receive varies based on the type of fund purchased and creates a conflict of interest. For example, your Financial Advisor will receive more compensation for the sale of an equity offshore fund than the sale of a fixed income offshore fund.

For ticketed money market funds, we receive fees of up to 0.10%, of which up to 0.04% may be allocated to your Financial Advisor for assets held in brokerage accounts. In addition, the Investor shares offered through UBS Asset Management pay a 12b-1 fee, of which a portion is paid to your Financial Advisor when held in a brokerage account. This creates a conflict of interest as Financial Advisors have an incentive to recommend that clients purchase these money market funds rather than other similar products for which they receive no additional compensation, such as the UBS Bank USA Core Savings deposit product.

Additionally, Financial Advisors may have incentive to recommend funds that provide non-cash compensation, such as training and entertainment, pursuant to UBS policies and procedures.

UBS firm-level conflicts include incentives to offer funds from mutual fund companies that pay us revenue sharing and networking/omnibus fees.

#### *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) and "Revenue Sharing, Networking/Omnibus Fees, and Non-Cash Compensation" document at [ubs.com/mutualfundrevenuesharing](https://ubs.com/mutualfundrevenuesharing).

#### **Puerto Rico open-end funds**

##### *Description*

UBS offers proprietary open-end funds that are: (i) organized under applicable Puerto Rico law; and (ii) designed to meet the investment objectives of, and provide certain tax benefits to, Puerto Rico residents.

- Shares of the Puerto Rico open-end funds are available in brokerage accounts and Puerto Rico individual retirement accounts for which UBS Trust Company of Puerto Rico serves as trustee.
- The Puerto Rico open-end funds are not currently registered under the Investment Company Act of 1940, as amended.
- Only residents of Puerto Rico may invest in the Puerto Rico open-end funds.

#### *Fees and charges you pay*

##### **Sales charges**

Except with respect to the UBS IRA Select Growth & Income Fund, which is not currently being offered, investors pay to

UBS Financial Services Incorporated of Puerto Rico an initial sales charge ranging between 1.50%, for investments of \$1,000,000 or more, and 5.00%, for investments of less than \$50,000, of the corresponding fund's share offering price. Specific requirements for waivers of initial sales charges are detailed in each fund's prospectus.

##### **Investment advisory fees**

UBS Asset Managers of Puerto Rico, a division of UBS Trust Company of Puerto Rico, a UBS affiliate, receives investment advisory fees at an annual rate of between 0.75% and 1.00% of each Puerto Rico open-end fund's average weekly net assets or average daily gross assets, as applicable, and payable monthly. These fees may be waived at the discretion of UBS Asset Managers of Puerto Rico.

##### **Other fees**

UBS Trust Company of Puerto Rico also receives fees as administrator, custodian, registrar and transfer agent at an aggregate annual rate of between 0.39% and 0.41% of average weekly net assets, in the case of the Multi-Select Securities Puerto Rico Fund, and 0.18% of average daily gross assets, in the case of the US Municipal & Income Fund, Inc., in each case payable monthly. In the case of the UBS IRA Select Growth & Income Fund, these fees are part of the annual trustee fee of 1.10% of average weekly net assets paid to UBS Trust Company of Puerto Rico. All or some of these fees may be waived at the discretion of UBS Trust Company of Puerto Rico.

The foregoing sales charges, investment advisory and other fees reduce investment returns.

##### *Compensation UBS receives from third parties (affiliates)*

UBS Financial Services Incorporated of Puerto Rico receives from each Puerto Rico open-end fund (except for the UBS IRA Select Growth & Income Fund) distribution and shareholder servicing fees out of fund assets at an annual rate of 0.25% of each portfolio's average daily or weekly net assets, as applicable, and payable monthly, except for the Class L units of the Multi-Select Securities Puerto Rico Fund, which is 0.75%. In the case of the UBS IRA Select Growth & Income Fund, these fees are paid to UBS Financial Services Incorporated of Puerto Rico from the trustee fee received by UBS Trust Company of Puerto Rico, as described above.

##### *Financial Advisor compensation*

Financial Advisors receive a portion of the initial sales charge and the distribution and shareholder servicing fees received by UBS Financial Services Incorporated of Puerto Rico described above, based on the grid rate applicable to them. Financial Advisors do not receive any portion of the fees charged by UBS Trust Company of Puerto Rico.

##### *Conflicts of interest*

Financial Advisors have an incentive to recommend that clients purchase shares of the Puerto Rico open-end funds because of the compensation they will receive as described above.

When you invest in a UBS proprietary Puerto Rico open-end fund, UBS Trust Company of Puerto Rico, a UBS affiliate, receives a financial benefit. Therefore, we have an incentive to recommend Puerto Rico open-end funds managed by our affiliate, UBS Trust Company of Puerto Rico, even though third-party funds may be available in Puerto Rico. UBS does not currently offer Puerto Rico open-end funds managed by a third party.

#### *Additional information*

Please read each fund's prospectus for a more detailed discussion of its investment objectives, risks (including risks associated with leverage and non-diversification), conflicts of interest, fees, expenses and other material information. These materials can be found at [ubs.com/prfunds](http://ubs.com/prfunds).

For information about the Puerto Rico Short Term Investment Fund, Inc., please refer to the section of this document entitled "Puerto Rico Sweep Program" under "Cash sweep programs for brokerage and advisory accounts" above.

### **Closed-end funds**

#### *Description*

Closed-end funds are a type of investment company with a fixed number of shares that is listed on an exchange.

#### *Fees and charges you pay*

- For initial offerings, you pay the initial offering price and are not charged a commission. Please see the "Equity syndicate offering" section above for additional details.
- For secondary market transactions, you pay a commission based on the quantity of shares purchased or sold and their corresponding fund prices. The maximum commission (which Financial Advisors are permitted to discount) is the greater of: (i) 5% of the principal value; or (ii) \$0.10/share. The commission amount will be reflected on your trade confirmation.
- More information on commissions is available at [ubs.com/commissions](http://ubs.com/commissions).

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

For an initial offering UBS receives a selling concession from the underwriter(s) involved in the offering of the fund, which is built into the offering price you pay. The selling concession is determined after negotiation between the issuer and the underwriter(s) and is disclosed in the prospectus. Please see the "equity syndicate offering" section above for additional details.

#### *Financial Advisor compensation*

For initial offerings, Financial Advisors receive a portion of the new issue selling concession received by UBS based on 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.

#### *Conflicts of interest*

Because UBS and its affiliate receive higher compensation

when you purchase a new issue closed-end fund underwritten by our affiliate, we have an incentive to recommend new issue closed-end funds underwritten by our affiliate over closed-end funds underwritten by a third party.

For secondary market transactions, except where prohibited by law, UBS's affiliate, UBS Securities LLC, may act as principal when executing such transactions (buying or selling from its own inventory) and consequently makes a profit or loss on the trade depending on movements in the market. Accordingly, if there is a potential for profit to be made, our affiliate will have an incentive to purchase or sell the security out of its inventory when consistent with its best execution obligation.

#### *Additional disclosures*

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

### **Puerto Rico closed-end funds**

#### *Description*

UBS offers proprietary closed-end funds that are: (i) organized under applicable Puerto Rico law; and (ii) designed to meet the investment objectives of, and provide certain tax benefits to, Puerto Rico residents.

- Shares of the Puerto Rico closed-end funds are available in brokerage accounts. Generally, shares of the Puerto Rico closed-end funds may only be offered on an unsolicited basis.
- The Puerto Rico closed-end funds are not currently registered under the Investment Company Act of 1940, as amended, and its securities are not listed on any exchange.
- Only residents of Puerto Rico may invest in the Puerto Rico closed-end funds.

#### *Fees and charges you pay*

##### **Sales charges**

On secondary market transactions (note that Puerto Rico closed-end funds are no longer issuing shares to the public), clients pay to UBS Financial Services Incorporated of Puerto Rico a commission based on the quantity of shares sold or purchased and the corresponding share prices. On sales, clients generally pay a commission of between 0% and 0.5% of the corresponding fund's share price. On purchases, clients generally pay a commission of 3.00% of the corresponding fund's share price, sometimes lower but never above 3.00%.

##### **Investment advisory fees**

UBS Asset Managers of Puerto Rico, a division of UBS Trust Company of Puerto Rico, a UBS affiliate, receives investment advisory fees at an annual rate of between 0.50% and 0.75% of each closed-end fund's average weekly gross assets, payable monthly. These fees may be waived at the discretion of UBS Trust Company of Puerto Rico.

##### **Other fees**

UBS Trust Company of Puerto Rico also receives fees as administrator, custodian, registrar and transfer agent at an aggregate annual rate of 0.25% of each closed-end fund's average weekly gross assets, payable monthly. All or some

of these fees may be waived at the discretion of UBS Trust Company of Puerto Rico.

The foregoing sales charges, investment advisory and other fees reduce investment returns.

**Compensation UBS receives from third parties (affiliates)**  
n/a

#### **Financial Advisor compensation**

Financial Advisors receive a portion of the commissions received by UBS Financial Services Incorporated of Puerto Rico described above, based on the grid rate applicable to them. Financial Advisors do not receive any portion of the fees received by UBS Trust Company of Puerto Rico, including the UBS Asset Managers of Puerto Rico division.

#### **Conflicts of interest**

Financial Advisors have an incentive to recommend that clients purchase shares of the Puerto Rico closed-end funds because of the compensation they will receive as described above. When you invest in a UBS proprietary Puerto Rico closed-end fund, UBS Trust Company of Puerto Rico, a UBS affiliate, receives a financial benefit. Therefore, we have an incentive to recommend Puerto Rico closed-end funds managed by our affiliate, UBS Trust Company of Puerto Rico, even though third-party funds may be available in Puerto Rico. UBS does not currently offer any Puerto Rico closed-end funds that are not managed by UBS.

#### **Additional information**

Please read each fund's prospectus for a more detailed discussion of its investment objectives, risks (including risks associated with leverage and non-diversification), conflicts of interest, fees, expenses and other material information. These materials can be found at [ubs.com/prfunds](http://ubs.com/prfunds).

#### **Exchange traded funds (ETFs)**

##### **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 you pay**

You typically pay a commission in connection with the purchase or sale of an ETF. The maximum commission (which Financial Advisors are permitted to discount) is the greater of: (i) 5% of the principal value; or (ii) \$0.10/share. The commission amount will be reflected on your trade confirmation.

More information on commissions is available at [ubs.com/commissions](http://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's affiliate 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 Financial Advisors.

#### **Financial Advisor compensation**

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

#### **Conflicts of interest**

A similar investment strategy may be offered in both a mutual fund and ETF format. Mutual fund expenses may be higher compared to those on ETFs. Mutual funds may also be subject to revenue sharing arrangements while ETFs are not. As a result, we may have an incentive to offer funds from mutual fund companies that pay us revenue sharing or that result in the firm's receipt of greater compensation over ETFs.

Except where prohibited by law, UBS's affiliate, UBS Securities LLC, may act as principal when executing ETF trades (buying or selling from its own inventory) and consequently makes a profit or loss on the trade depending on movements in the market. Accordingly, if there is a potential profit to be made, our affiliate will have an incentive to purchase or sell the security out of its inventory when consistent with its best execution obligation.

#### **Additional disclosures**

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

#### **Unit investment trusts (UITs)**

##### **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 the "Unit Investment Trusts: Investment primer" document at [ubs.com/uitdisclosure](http://ubs.com/uitdisclosure).

##### **Fees and charges you pay**

You typically pay the UIT sponsor either a deferred sales charge or a combination of up-front and deferred sales charges as disclosed in the prospectus, which is provided by UBS. Equity-based UITs commonly charge sales charges of 1.35% of the public offering price per unit for 15-month trusts and 2.25% of the public offering price per unit for 2-year trusts, a portion of which is paid to UBS as firm compensation. UBS typically receives 1.25% of the public offering price per unit for 15-month trusts and 2.00% for 2-year trusts. This charge cannot be negotiated or waived.

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 based on the grid rate applicable to them.

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 sales charges UBS receives based on the grid rate applicable to them.

### *Conflicts of interest*

A similar investment strategy may be offered in a UIT and ETF. Because UIT expenses may be higher compared to those of an ETF with a similar strategy, and UITs pay volume concessions to the firm while ETFs do not, the firm may have an incentive to offer the UIT over the ETF.

### *Additional disclosures*

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

### **NextShares (ETMFs)**

#### *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 you pay*

You typically pay a commission in connection with the purchase or sale of an ETMF. The commission amount will be reflected on your trade confirmation.

The maximum commission (which Financial Advisors are permitted to discount) is the greater of: (i) 5% of the principal value; or (ii) \$0.10/share.

### *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.

### *Conflicts of interest*

A similar investment strategy may be offered in both a mutual fund and an ETMF format. Mutual fund expenses may be higher compared to those on ETMFs. Mutual funds may also be subject to revenue sharing arrangements while ETMFs

are not. As a result, we may have an incentive to offer funds from mutual fund companies that pay us revenue sharing or that result in the firm's receipt of greater compensation over ETMFs.

### *Additional disclosures*

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

### **Donor-advised funds (DAFs)**

#### *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 you pay*

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 the 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.

### *Conflicts of interest*

Financial Advisor conflicts include incentives to recommend a DAF (or the funds in which the DAF will invest) that may provide non-cash compensation, such as training and entertainment, pursuant to UBS policies and procedures, or a recommendation of an investment advisory program based on the level of compensation received.

UBS firm-level conflicts include incentives to offer products from companies that pay us revenue sharing.

### *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 at [ubs.com/disclosuredocuments](https://ubs.com/disclosuredocuments) regarding your investment advisory program.

### **Alternative investments**

#### *Description*

Alternative investments include investments in hedge funds, private equity funds, real estate funds, funds of funds and similar investment funds. These are private offerings of interests commonly, but not exclusively, in the form of limited partnership interests in funds with defined investment strategies. These interests generally have a high minimum investment and are considered high risk. They are not sold on an exchange.

For more information on fund strategy, governance and operations, please refer to the offering materials for each fund, which may include the Private Placement Memorandum, investor application and marketing materials, among other documents. You will receive the offering materials generally in electronic format after approval as an investor and prior to the investment.

We offer alternative investments that are managed by affiliates of UBS (affiliated funds) and that are managed by third parties (third-party funds). Certain of such affiliated funds and third-party funds in turn invest in other underlying funds. Such affiliated funds and third-party funds that invest in other underlying funds are referred to above as “feeder” or “single manager pass through” funds.

#### *Fees and charges you pay*

##### **Placement fees**

You pay placement fees to UBS as compensation for marketing and distributing the fund. UBS charges a placement fee of 2.00% (sometimes lower) of the invested or committed amount. The placement fee is in addition to the amount of the investment and can be waived by the Financial Advisor only as described in the offering documents. The placement fee, if charged, is reflected on the UBS trade confirmation.

#### *Alternative investments generally*

##### **Management fees**

- Management fees are charged for the investment management of the fund, although no management fees are charged by affiliated funds managed by our affiliate UBS Fund Advisor LLC.
- Except as described above, management fees for affiliated funds are paid to the affiliated fund manager out of the assets of the fund on a monthly or quarterly basis. The amount of the management fees ranges from 1% to 2.25%, which are calculated based on either the net asset value or commitment amount.

- For third-party funds, management fees are paid to the fund manager out of the assets of the fund on a monthly or quarterly basis. The amount of the management fees ranges from 1% to 2.5%, which are calculated based on either the net asset value or commitment amount.

##### **Administration fees**

- Administration fees are charged by the fund for services including administration, accounting, reporting and processing.
- Administration fees for affiliated funds managed by our affiliate, UBS Fund Advisor LLC, are generally 1% of the amounts invested in the fund, which are calculated based on either the net asset value or commitment amount, but subject to lower fees at certain breakpoints based on the size of the investment, as described in the fund offering materials for a particular offering.
- In addition, certain types of affiliated funds called single manager pass-through funds charge an administration fee of generally between 0.15% and 1.00%, which is generally calculated based on the net asset value.
- For certain third-party funds, administration fees are paid to the fund manager out of the assets of the fund on a monthly or quarterly basis. The amount of the administration fees ranges from 0.5% to 1.1%, which are calculated based on either the net asset value or commitment amount.

##### **Incentive fees**

An incentive fee is a portion of the profits (based on realized gains) paid to the investment manager of the fund, which is generally between 5% and 30% (sometimes lower) of profits made in a given year, as described in the fund offering materials for a particular offering.

#### *Feeder and single manager pass through funds specifically*

If you invest in a feeder or single manager pass through fund, you will also, in addition to the fees and charges described above, be subject generally to the fees of the underlying fund(s) that the feeder or single manager pass through fund invests in. These generally include annual management fees of 1.5% to 2.85% (calculated based on either the net asset value or commitment amount) and an incentive fee of 5% to 30% (sometimes lower) of profits made in a given year.

#### *Managed Futures funds specifically*

Managed Futures Funds charge clients annual fees of generally 4.00% to 9.50%, which are calculated based on the net asset value and which are comprised of the annual management and administration fees and all trading and operating expenses of the fund’s investment activities, payable monthly or quarterly. These funds also charge an incentive fee of up to 25% of profits made in a given year. Additional information related to the fee charged to you by the fund will be in the fund offering materials.

### *Compensation UBS receives from funds*

#### **Affiliated funds managed by UBS Fund Advisor LLC**

- UBS receives the entire annual administration fee for these funds. The amount ranges from between 0.5% and 1.0%, which are calculated based on either the net asset value or commitment amount.
- For some funds, UBS receives a placement fee for placing fund investments with an underlying third-party fund. That fee is directly paid to UBS by the underlying third-party fund, its distributor or investment manager, as described in the fund offering materials for a particular fund. No portion of this placement fee is paid to Financial Advisors.
- In limited circumstances, the fund pays UBS an incentive fee of up to 5% of profits made in a given year, which is disclosed in the offering materials for the fund. This fee varies from year to year based on the fund's annual performance.

#### **Other affiliated funds**

- UBS receives an annual fee for distribution services totaling 3.5%, which is calculated based on the net asset value, for servicing our affiliated Managed Futures Fund, which is managed by an affiliated investment manager, Sydling Futures Management LLC. UBS also receives an annual administration fee from such fund of 0.5%.

Financial Advisors do not receive any portion of such administration fee.

- UBS receives an annual fee for distribution services provided to its affiliates for affiliated funds (other than funds managed by UBS Fund Advisor LLC), generally between 0.5% and 1.2%, which is calculated based on the net asset value.

#### **Third-party funds**

- As compensation for our distribution services (that also includes services for marketing, administration and due diligence, among other things), UBS receives a distribution fee that is generally between 0.5% and 1.25% (which is calculated based on either the net asset value or commitment amount) that is paid from the fund manager's management fee.
- UBS generally receives a distribution fee from the fund sponsor of the third-party Managed Futures Funds of between 2% and 2.5%, which is calculated based on the net asset value.
- UBS 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. Compensation ranges between 0.1% and 1.05%, which is calculated based on either the net asset value or commitment amount, as long as such clients are invested in that fund (or its successor). The fund offering materials or transfer documents will disclose whether UBS receives this fee.
- For some funds, UBS receives a placement fee for placing the investments with an underlying fund. That fee is directly paid to UBS by the underlying fund, its distributor or investment manager, as described in the fund offering

materials for a particular offering. No portion of this placement fee is paid to the Financial Advisor.

#### *Financial Advisor compensation*

The compensation that Financial Advisors receive can vary from one fund to another and is generally higher for funds managed by our affiliate UBS Fund Advisor LLC.

#### *Placement fees*

Except where otherwise specified above, Financial Advisors receive a portion of the placement fees based on the grid rate applicable to them. Financial Advisors are permitted to waive placement fees prior to the investment.

#### *Administration fees*

##### **Affiliated funds managed by UBS Fund Advisor LLC**

Financial Advisors receive 80% to 90% of the administration fees received by UBS, payable based on the grid rate applicable to them.

#### *Incentive fees*

In limited circumstances where UBS receives an incentive fee of profits made in a given year from the fund, the Financial Advisors receive approximately 30% of such fees, payable based on the grid rate applicable to them.

#### *Distribution fees*

##### **Other affiliated funds**

Financial Advisors receive 80% to 100% of the distribution fees UBS receives, payable based on the grid rate applicable to them.

##### **Third-party funds**

Financial Advisors receive 80% to 100% of the distribution fees that UBS receives, payable based on the grid rate applicable to them.

#### *Management fees*

Financial Advisors also receive 80% to 100% of the management fee UBS receives from third-party funds that UBS no longer distributes or that were purchased by investors before they became UBS clients, as long as clients are invested in that fund, payable based upon the grid rate applicable to them.

#### *Conflicts of interest*

- UBS only distributes funds that compensate UBS and its affiliates and/or UBS's Financial Advisors for its distribution and placement agent services, even though there may be other funds with better performance results and/or more preferential terms.
- Differences in fees received by UBS and/or UBS's Financial Advisors create an incentive to recommend funds (and in certain cases, specific share classes) in which UBS and/or UBS's Financial Advisors will receive a fee or higher fees.
- UBS allocates investments to investors in the order of investors successfully submitting completed fund documentation; however, specific funds may have different parameters with respect to eligibility, minimum investment

amounts, suitability or fund discretion, among other things, that will change the priority.

#### *Additional disclosures*

For more information, including with respect to the fees to be paid directly and indirectly by you, please refer to the applicable offering document provided by your Financial Advisor.

### **Corporate Cash Management**

#### *Description*

Corporate Cash Management is a service offered by a team of designated Financial Advisors that provides tailored liquidity management to clients on a nondiscretionary basis, and for clients with at least \$50 million in total assets, on a limited discretionary basis. Corporate Cash Management accounts are brokerage accounts and not investment advisory accounts. Under the program, limited discretion is exercised pursuant to the customer's written authorization and in accordance with guidelines set by the customer regarding types of securities, maturity and credit quality. Discretion is further limited to comport with the terms of a no-action letter issued by the SEC to UBS relating to the exercise of limited discretion in these brokerage accounts. The advisory services are solely incidental to the conduct of the brokerage business and UBS receives no special compensation for these services. All other Financial Advisors are required to refer new Corporate Cash Management business opportunities to the Corporate Cash Management team and enter into a partnering arrangement, or they may refer opportunities involving customers with greater than \$2 billion of investable assets to UBS Global Asset Management. Where a customer seeks discretionary investment advice like the Corporate Cash Management product, other Financial Advisors have an incentive to recommend investment advisory accounts rather than Corporate Cash Management brokerage accounts where they must split compensation with the Corporate Cash Management Team.

#### *Fees and charges you pay*

Corporate Cash Management accounts invest in taxable fixed income securities (US Treasury securities, US government agencies, commercial paper, corporate bonds, certificates of deposit), municipal securities, variable rate demand obligations and money market funds. Please refer to the applicable product section above for information on the fees and charges you will pay in addition to the annual service fees for the brokerage account you open.

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

For information on the compensation UBS receives from third parties, please refer to the applicable product section above.

#### *Financial Advisor compensation*

Financial Advisors receive compensation based on the type of product purchased and sold for the account. Please refer to the applicable product section above for additional information.

#### *Conflicts of interest*

Different investment products, even of the same investment type (including money market funds), provide different levels of compensation to UBS and/or the Financial Advisor, which raises conflicts of interest.

Financial Advisors may recommend customers open discretionary Corporate Cash Managements Accounts, which limits the permitted investments pursuant to the no-action letter referred to above. These limitations may be more restrictive than required under the customer's investment policy statement, which would apply to a nondiscretionary account. Financial Advisors have the ability to allocate trades among different customers, which can create conflicts. The factors used in determining trade allocations may include, but are not limited to, a client's IPS parameters, weighted average maturity (WAM), percentage of concentration, timing to maturity, available funds and other attributes that are assessed on a case-by-case basis.

UBS firm-level conflicts include incentives to recommend money market funds offered by affiliates, to recommend securities underwritten by the firm and to route transactions to be executed in a principal capacity.

#### *Additional disclosures*

For more information, please refer to the applicable "Corporate Cash Management Information Statement for Discretionary Accounts and Non-Discretionary Accounts." For more information about particular products, 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 maintaining your account 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.

Other account types, including Workplace Wealth Solutions accounts, delivery versus payment accounts, 529 plan accounts and collateral accounts for securities backed loans, are exempt from the annual service and maintenance fees. Annual service and maintenance fees are capped at \$500 per Marketing Relationship (defined below) for the calendar year; however, the annual service fees listed below for international accounts and Qualified Plans are not included in the \$500 fee cap. We may waive the fees described below based on the scope of our relationship with you. If you have any questions about fees, please contact your Financial Advisor.

## Account and administrative fees

Account	Fee	Notes and definitions
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	Financial Advisors do not receive compensation or a benefit of any kind with respect to this fee.
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.

## Other fees

Account	Fee	Notes and definitions
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% and 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% and 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/disclosuredocuments">ubs.com/disclosuredocuments</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 your book-entry shares into physical certificate form registered in your name or another name you designate.

<b>Account</b>	<b>Fee</b>	<b>Notes and definitions</b>
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	\$15 (per stop payment)	
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) and Business 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 transfers per year 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.

We offer a number of automatic annual service fee waivers to clients who take advantage of key wealth management solutions and resources we offer. Once you qualify for a fee waiver, it will be applied automatically. There is no action for qualifying clients to take. In addition, Financial Advisors can waive these fees. The Fees and Charges section in the "Agreements and Disclosures" and, if applicable, its "Addendum," which is provided at [ubs.com/disclosuredocuments](https://ubs.com/disclosuredocuments), explains account types that are eligible for automatic annual service fee waivers, situations where fees are waived or capped, how annual service fees can be impacted by different types of Marketing Relationships, and how to designate a specific account to pay annual service and maintenance fees.

### **Marketing relationship**

A marketing relationship is defined by combining the assets held in a household. More than one household can sometimes be combined into a single marketing relationship based on criteria defined in the Client Relationship Agreement. See [ubs.com/disclosuredocuments](https://ubs.com/disclosuredocuments).

### **Annual service fee**

Financial Advisors are not paid any portion of the fees set forth below; however, they receive credit for annual service fees for purposes of bonuses, grid levels and club status, except as noted above. These credits create an incentive for Financial Advisors to recommend that clients open and maintain brokerage accounts that will increase the credits, and they have a financial incentive not to waive fees. Financial Advisors in the Wealth Advice Center do not receive compensation of any kind with respect to these fees.

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 and administrative fees**

See chart on page 50.

### **Other fees**

See chart on page 50.

### **Advisory programs and financial planning services**

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

The information included here regarding our investment advisory programs is current as of the date of this document and is subject to change. Please see the respective Advisory Agreement and Form ADV disclosure brochure for current information. The applicable Form ADV disclosure brochures (available at [ubs.com/advisorydisclosures](https://ubs.com/advisorydisclosures)) provide 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 upon between you and UBS. The applicable Form ADV disclosure brochure 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 brochure, please contact your Financial Advisor.

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, Financial Advisors receive a portion of the fee that you pay UBS at the grid rate applicable to them.

### **Mutual fund share classes available in advisory programs**

Institutional and/or advisory share classes are the primary eligible share classes 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 Institutional Consulting wrap fee accounts receive a credit of 12b-1 fees and trail commissions for Class A shares held in those accounts.

### **Standard 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 Managed Accounts Consulting ("MAC"), and within managed account sleeves in the UBS Strategic Wealth Portfolio ("SWP") and Advisor Allocation Program ("AAP") Programs ("SMA Manager Fees"), are in addition to the UBS Investment Advisory Fee. Not all strategies in ACCESS, SWP and AAP have an additional SMA Manager Fee. When fees are charged, the annual fees paid to SMA Managers in ACCESS, SWP and AAP are based on a percentage of assets under management and generally range from 0.10% to 0.75% for equity and balanced accounts, and 0.10% to 0.60% for fixed income accounts. The SMA Manager Fee in the MAC Program is negotiated between the client and the SMA Manager.

## Fee types

The following programs offer 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 nondiscretionary 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>6</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.

### *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 investment management organization you select provides detailed information regarding the management organization, fees, personnel, other business activities and conflicts between their interests and your 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.

<sup>6</sup>The ACCESS, SWP, AAP, MAC and IC programs (as defined and described below) 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 AAP) 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, SWP and AAP 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 MAC or IC may exceed 3% of the account value. Please review your options and overall costs carefully with your Financial Advisor before investing.

### ***Advisor Allocation Program (AAP)***

In AAP, Financial Advisors have discretion over asset allocation and investment selection using mutual funds, ETFs and researched separately managed account strategies—all within a single account. The minimum investment is \$25,000, although it may be higher depending on the allocation to separately managed account strategies and the manager minimums. We will provide you with the applicable Form ADV disclosures for each investment management organization selected by your Financial Advisor, which provides detailed information regarding the investment management organization, fees, personnel, other business activities and conflicts between their interests and your interests.

### ***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 1.25% for accounts serviced by individual Financial Advisors. Accounts in the Wealth Advice Center access the product for 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; and 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, MAC and SWP is in addition to the UBS-CAP fee; see the ACCESS, MAC and SWP Program descriptions for details.)

### **Consulting programs**

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

The RPCS program is an advisory program available through a select group of firm-designated retirement plan consultants (“RPCs”) to participant-directed defined contribution retirement plans and other similar clients. RPCS services include but are not limited to investment consulting, employee education consulting and plan program consulting. The ongoing investment advice as an ERISA fiduciary is one of the key services provided by an RPC. There is no minimum asset requirement for participation in nondiscretionary 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. 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***

The RPM program offers advisory services to small market participant-directed defined contribution retirement plans. RPM services include investment advice and education from a UBS Financial Advisor and discretionary management of the plan’s investment menu by UBS. The ongoing discretion, as an ERISA fiduciary, of your investment menu is one of the key services provided by UBS. Additional consulting services may be available in the RPM program through an RPC. The program is designed for smaller plans; however, there is no minimum or 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 is available through a select group of firm-designated institutional consultants (“Institutional Consultants”) and 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, corporations, municipalities, Taft-Hartley plans, religious and charitable organizations and certain trusts. Certain nonprofit institutional clients may also participate in the IC program through a firm-designated endowment and foundation consultant ("EFC").

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. The IC program uses a fee schedule based on total assets that ranges from 0.30% to 2% for nondiscretionary 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, 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 is negotiated between the client and the SMA Manager.

### **Financial planning services**

We offer financial planning services designed to help you assess your financial situation and pursue your long-term objectives. Our financial planning services are designed to be a collaborative experience tailored to your personal goals and customized to the complexity of your financial circumstances. Our financial planning services do not include implementation of the plan, or initial or ongoing advice regarding specific securities or other investments.

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, as described below.

#### ***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***

When we charge a fee for financial planning services we act as an investment adviser and enter into a financial planning services agreement with you that defines the fee, the terms and scope of engagement. We will review and may update the plan during the course of the engagement. Fees for our financial planning services are as follows:

- Fee range: \$500 to \$50,000. However, generally the range is between \$1,000 and \$10,000, sometimes lower and sometimes higher.
- 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.

Because our fees are negotiable and at the discretion of our Financial Advisors, you can pay different fees (lower or higher) for the same or similar set of financial planning services provided to another client. We may also discount fees for clients in certain circumstances. Financial Advisors receive a portion of the financial planning services fee UBS receives based on the grid rate applicable to them.

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/advisorydisclosures](https://ubs.com/advisorydisclosures). The Financial Planning ADV Disclosure Brochure will also be mailed to you upon acceptance of our signed service agreement.

#### ***Conflicts***

Financial Advisors have an incentive to recommend financial planning services for a fee, because they receive a portion of the fee based on the grid rate applicable to them.

Whether or not a fee is charged for financial planning services, we and our Financial Advisors have a conflict of interest and an incentive to make planning recommendations and illustrate planning strategies that can be implemented at UBS using products and services for which we and our Financial Advisors will receive compensation.

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UBS Financial Services Inc. and its employees do not provide legal or tax advice. Clients should consult with their legal and tax advisors regarding their personal circumstances.

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