



Form ADV Part 2A Firm Brochure

SEC File Number 801-34910

UBS Global Asset Management (Americas) Inc.
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March 31, 2014

This Firm Brochure provides information about the qualifications and business practices of UBS Global Asset Management (Americas) Inc. If you have any questions about the contents of this Firm Brochure, please contact Joseph Allessie, Chief Compliance Officer-Americas, at (212) 882 5961 or Joseph.Allessie@ubs.com, or Mark Kemper, General Counsel-Americas, at (312) 525 7138 or Mark.Kemper@ubs.com. The information in this Firm Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about UBS Global Asset Management (Americas) Inc. also is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 106838.

UBS Global Asset Management (Americas) Inc. is registered as an investment adviser pursuant to the Investment Advisers Act of 1940, as amended.

An investment adviser does not have to demonstrate or meet any minimum level of skill or training to register with the U.S. Securities and Exchange Commission.

Item 2: Material Changes

UBS Global Asset Management (Americas) Inc. filed its last annual update to the Firm Brochure on March 31, 2013, and filed an updated Firm Brochure on June 11, 2013. UBS Global Asset Management (Americas) Inc. continues to conduct its business activities and provide investment advisory services in substantially the same manner as described in the last annual update to the Firm Brochure. The material changes since the last annual update include additional language regarding the risks associated with infrastructure and private equity investments and revisions to disclosures regarding the aggregation and allocation of orders relating to equity securities.

We may update this Firm Brochure at any time, and will either send you a copy or offer to send you a copy (either electronically or in hard copy) as may be necessary or required but at least on an annual basis.

Consistent with the new rules, we will ensure that you receive a summary of any material changes to this and subsequent Firm Brochures within 120 days of the close of our business' fiscal year. We will provide you with other interim disclosures about material changes as necessary.

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Privacy Notice

This notice describes the privacy policy of UBS Global Asset Management (Americas) Inc. and UBS Global Asset Management (US) Inc. ("UBS Global AM Americas"). UBS Global AM Americas is committed to protecting the personal information that it collects about individuals who are prospective, current or former advisory clients.

UBS Global AM Americas collects personal information in connection with providing investment advisory services primarily to process requests and transactions, provide customer service and communicate information about its products and services. Personal information, which is obtained from applications and other forms, may include name(s), address, e-mail address, telephone number, date of birth, social security number or other tax identification number, bank account information, financial information and other investments in mutual funds or other investment programs managed by UBS Global AM Americas or its affiliates ("Personal Information").

UBS Global AM Americas limits access to Personal Information to those individuals who need to know that information in order to process transactions and service accounts. These individuals are required to maintain and protect the confidentiality of Personal Information and to follow established procedures. UBS Global AM Americas maintains physical, electronic and procedural safeguards to protect Personal Information and to comply with applicable laws and regulations.

UBS Global AM Americas may share Personal Information with their affiliates to facilitate the servicing of accounts and for other business purposes, or as otherwise required or permitted by applicable law. UBS Global AM Americas affiliates are companies that are controlled by a member of UBS Global AM Americas or that control or are under common control with UBS Global AM Americas. UBS Global AM Americas may also share Personal Information with non-affiliated third parties that perform services, such as vendors that provide data or transaction processing, computer software maintenance and development, and other administrative services. When UBS Global AM Americas shares Personal Information with a non-affiliated third party, they will do so pursuant to a contract that includes provisions designed to ensure that the third party will uphold and maintain privacy standards when handling Personal Information. In addition to sharing information with non-affiliated third parties to facilitate the servicing of accounts and for other business purposes, UBS Global AM Americas may also disclose Personal Information to non-affiliated third parties as otherwise required or permitted by applicable law. For example, UBS Global AM Americas may disclose Personal Information to credit bureaus or regulatory authorities to facilitate or comply with investigations; to protect against or prevent actual or potential fraud, unauthorized transactions, claim or other liabilities; or to respond to judicial or legal process, such as subpoena requests.

Except as described in this privacy notice, UBS Global AM Americas will not use Personal Information for any other purpose unless UBS Global AM Americas describes how such Personal Information will be used and clients are given an opportunity to decline approval of such use of Personal Information relating to them (or affirmatively approve the use of Personal Information, if required by applicable law). UBS Global AM Americas endeavors to keep its customer files complete and accurate. Please notify your Client Service Representative if any Personal Information needs to be corrected or updated. If you have any questions or concerns about your Personal Information or this privacy notice, please contact your Client Service Representative.

Item 4: Advisory Business

Overview

This section of the Firm Brochure contains a general description of our firm, as well as information regarding our ownership structure, the types of advisory services we provide and the investment instruments we use, how we tailor advisory services to client needs, and our participation in wrap fee programs.

General description and ownership

UBS Global Asset Management (Americas) Inc., a Delaware corporation, is a wholly-owned subsidiary of UBS AG, a publicly traded Swiss bank (NYSE: UBS). UBS Global Asset Management (Americas) Inc. is registered with the US Securities and Exchange Commission ("SEC") as an investment adviser pursuant to the Investment Advisers Act of 1940, as amended ("Advisers Act").

UBS Global Asset Management (Americas) Inc. is part of UBS Global Asset Management, one of four business divisions of UBS. The other three divisions are the Investment Bank, Wealth Management Americas and Wealth Management & Swiss Bank ("WM&SB"). The asset management division was formed through the merger of Union Bank of Switzerland and Swiss Bank Corporation in 1998. In July 2000, the merger culminated in the integration of the investment teams of the respective asset management businesses: UBS Asset Management, Brinson Partners (whose Chicago origins date back to the early 1970s) and Phillips & Drew (established in London in 1895). In April 2002, with the integration completed, the division was re-branded as UBS Global Asset Management, reflecting the truly global nature of our business.

Types of advisory services

The UBS Global Asset Management division is itself divided into multiple separate businesses that provide asset management services globally.

1. The Equities, Fixed Income, Global Investment Solutions and Infrastructure and Private Equity ("I&PE") businesses are covered by this Firm Brochure and are described more fully herein.
2. O'Connor is a key single manager hedge fund specialist with global reach, combining significant, actual experience in trading, risk management and alternative investments.
3. A&Q Hedge Fund Solutions (A&Q) offers a full spectrum of hedge fund solutions and advisory services including a wide range of multi-manager strategies which provide broad based, diversified exposure to the hedge fund asset class with various risk and return profiles.
4. The Global Real Estate ("GRE") business primarily performs direct real estate investment management services.
5. The Investment Fund Services ("IFS") business provides administrative services to pooled investment funds domiciled outside of the United States.

The A&Q, GRE and IFS businesses are not covered by this Firm Brochure.

While the I&PE business is covered by this Firm Brochure, the I&PE business is not included in the firm definition of UBS Global Asset Management as it relates to our compliance with the Global Investment Performance Standards ("GIPS") regarding composite performance, and as a result, the I&PE business does not calculate its performance in accordance with GIPS.

Throughout this Firm Brochure, UBS Global Asset Management (Americas) Inc. will be referred to as UBS Global AM, and the asset management business division of UBS will be referred to as UBS Global Asset Management.

UBS Global AM is a member of an investment platform which provides a broad range of investment supervisory services in the following areas: includes equities, fixed income, asset allocation, currencies, strategic investment advisory, infrastructure, private equity and real estate. Further description of the investment services we provide can be found below, but we may, in our discretion, provide services to clients based on customized needs that are not described in this Firm Brochure.

UBS Global AM may seek the advice and assistance of its participating affiliates within UBS Global Asset Management in providing investment supervisory services to its clients; however, it remains responsible for the advice and services provided by such affiliates in connection with its clients, and clients will not pay additional investment advisory fees as a result of such advice and services being rendered by such affiliates. UBS Global AM may also manage assets for A&Q, GRE or I&PE and may engage them to manage assets on behalf of UBS Global AM's clients.

UBS Global AM has clients that are pension plans covered by the applicable regulations and opinions of the Department of Labor under the Employee Retirement Income Security Act of 1974 ("ERISA"). In those circumstances, UBS Global AM is a "covered service provider" to the plan under the ERISA Section 408(b)(2) regulations, and UBS Global AM provides services both as a registered investment adviser under the Advisers Act and as a fiduciary under Section 3(21) of ERISA. These pension plan clients may include clients whose assets we manage through wrap fee programs.

UBS Global AM provides individualized discretionary investment management services and non-discretionary investment advisory services to investment companies and various types of institutional and individual clients. UBS Global AM primarily provides active investment strategies to its clients and principally employs fundamental analysis in managing client accounts by attempting to identify discrepancies between current market prices and our estimate of fundamental value. In addition to fundamental analysis, UBS Global Asset Management employs growth equity, quantitative, and enhanced index investment strategies in addition to multi-manager strategies wherein UBS Global AM engages third-party investment sub-advisers who may employ other investment philosophies, in addition to those used by UBS Global AM.

UBS Global Asset Management manages certain client accounts pursuant to model strategies applied across all clients having similar benchmarks and investment guidelines. As a result of managing client assets in accordance to a specific model, new accounts that invest in a model may initially invest in securities whose attributes fall outside the ranges typically associated with the specific investment mandate. For example, this may occur due to the appreciation or depreciation of the market capitalization of securities included in the model prior to the initiation of the new account. In addition, a client account may specify industry or sector allocation limits which are complied with based on standard sector or industry classifications rather than similar classifications used by the provider of the benchmark for the account. Lastly, when contributions and withdrawals are made to or from an account managed pursuant to a model, the transactions made to satisfy a client's contribution or withdrawal may have an effect on the market price of such securities held in other client accounts managed pursuant to the same model.

In limited circumstances, UBS Global AM may employ passive, active-passive and enhanced index strategies in managing client accounts or may invest client assets in funds or separate accounts managed by sub-advisers who use these strategies. Passive strategies are intended to replicate the investment performance of a specified index, gross of fees. Active-passive strategies involve active allocation to markets and passive selection of securities within those markets. Enhanced index strategies attempt to outperform a specified index while controlling risk relative to the index.

Where UBS Global AM has not assumed discretionary investment authority, we will typically make periodic investment recommendations and provide our research supporting such recommendations to our clients involving securities to be purchased or sold including the amounts of such purchase or sale. In adopting our recommendation, a client may execute the transaction directly or may request UBS Global AM, as an accommodation, to place the orders for the purchase or sale of the securities recommended. In such cases, we will either determine the executing broker or a client may direct that such transaction be effected

through a particular broker. These non-discretionary client accounts typically will not receive a recommendation or allocation to initial or secondary public offerings which are generally allocated by underwriters based on trading volumes generated by UBS Global AM's discretionary clients.

UBS Global AM has engaged the services of third-party pricing vendors to provide prices for securities held in client accounts. From time to time additional sources such as broker quotes or market prices are also used. Portfolio managers are primarily responsible for monitoring the pricing or liquidity of securities held in client accounts. If a portfolio manager questions the pricing of a security, he/she is required to contact UBS Global AM's global valuation committee, which is composed of personnel from the investment, legal & compliance, fund accounting and operations areas of the firm. If the valuation committee agrees that the primary and secondary pricing sources are not accurate, the committee will implement a fair value methodology (such as model or matrix pricing) to value the security using all information available to it including input from the portfolio manager. Individual securities or sectors of securities may be fair valued in response to issuer specific or market events. In addition, the valuation committee has engaged a third-party vendor to provide fair value pricing factors for all foreign equity securities and certain foreign equity futures held by certain pooled funds managed by UBS Global AM. These pricing factors are used to adjust the prices of securities held by the pooled funds to prevent market timing or arbitrage opportunities based on the movement of various markets around the world. The fair valuation of securities held in client accounts may result in instances where a security held in one account is priced at a different level than the same security held in another account. UBS Global AM has implemented various procedures reasonably designed to monitor and identify illiquid and stale priced securities. Any significant pricing or valuation issues identified are brought to UBS Global AM's global valuation committee for consideration. Valuation procedures will vary for infrastructure assets managed by the I&PE business based on the region.

UBS Global Asset Management uses various institutional delivery systems for trade confirmation and settlement including, but not limited to, the Depository Trust & Clearing Corporation, Options Clearing Corporation, Chicago Mercantile Exchange, Canadian Depository for Securities Limited, Brazilian Clearing and Depository Corporation, Hong Kong Exchanges and Clearing Limited, Singapore Exchange Limited, Tokyo Stock Exchange, Clearnet SBF SA, Eurex Clearing AG, London Clearing House, Euroclear and Clearstream (Deutsche Borse Group).

Types of instruments

Types of investments which UBS Global AM offers investment advice on include, but are not limited to: (1) exchange-listed securities, securities traded over-the-counter, privately-placed securities and foreign issues; (2) warrants and rights; (3) debt securities issued by corporations, supranationals and financial institutions; (4) commercial paper and other money-market instruments; (5) certificates of deposit; (6) municipal securities; (7) mutual fund shares, including closed-end and exchange-traded funds; (8) government and government sponsored enterprises securities; (9) time deposits maintained inside or outside the U.S., held in book-entry form by the custodian of the client's assets; (10) foreign government and foreign government agency securities; (11) repurchase agreements; (12) bank loans and loan participations; (13) master notes; (14) mortgages (agency and non-agency mortgage-backed securities and real estate); (15) convertible securities, distressed debt, preferred stock, and pass-through participation certificates in pools of real estate mortgages, credit card receivables, and auto loan receivables (asset-backed securities); (16) insurance company separate accounts; (17) collateralized debt obligations; (18) commodities and currencies; (19) inflation protected securities; (20) depositary receipts; and (21) various derivative instruments, including: options contracts on securities and commodities, futures contracts, forward and spot currency contracts, swaps (including, but not limited to interest rate swaps, total return swaps, portfolio swaps, credit default swaps and swaps on indices), participation notes, structured notes and various types of agency and non-agency asset-backed securities. UBS Global AM may also place client funds in pooled funds, including real estate, publicly traded and private real estate investment trusts ("REITS"), unit investment trusts and collective investment trusts managed by UBS Global Asset Management's affiliates or by unaffiliated investment managers.

UBS Global AM may offer advice with respect to limited partnership interests or other pooled interests investing in private equity investments, including venture capital, mezzanine, and LBO, and real estate, infrastructure and other alternative investments to clients whose investment objectives are consistent with those types of vehicles.

Tailoring advisory services to client needs

UBS Global AM designs its investment management services to meet the needs and objectives of each client. We use our best efforts to increase the value of a client's assets under management through the investment and reinvestment of assets as limited by and subject to the terms of clients' written investment guidelines and agreed risk tolerances. Our active management process involves the allocation of investments among asset classes, markets, regions and countries in addition to the selection of various types of instruments noted above on behalf of client accounts. UBS Global AM may invest in derivative instruments for the purpose of obtaining exposure to securities, currencies, commodities or markets or to alter the risk and return characteristics of a portfolio. We do not use derivatives to leverage a portfolio absent authority to do so in client guidelines. We may invest in securities on a long-only basis or, where clients permit, may also enter into short-sales of securities or short derivatives positions. We do not manage portfolios for the purpose of providing for a client's liquidity needs, with the exception of certain short-term fixed income assignments and when expressly required by a client's guidelines. We may furnish advice or provide investment management services on matters not involving securities including actively managing foreign currency exposure of portfolios invested in assets denominated in currencies other than the client's base currency, as well as investments in commodities and financial futures and derivative instruments. We also provide strategic investment advisory services that include a range of services including investment policy development, total portfolio construction and management incorporating alternative assets, risk management services, global tactical asset allocation and multi-manager research and portfolio construction. In addition, strategic investment advisory services include asset/liability management and fiduciary outsourcing for pension funds.

Providing portfolio management services to wrap fee programs

From time to time, UBS Global AM is retained by clients of broker-dealers or other investment advisers ("sponsors") under "wrap-fee" arrangements offered by these sponsors wherein the client selects UBS Global AM from among the investment advisers presented to the client by the sponsor. The sponsor has primary responsibility for client communications and service, and UBS Global AM provides investment management services to the clients. The sponsor generally arranges for payment of UBS Global AM's advisory fees on behalf of the client, monitors and evaluates our performance, executes the client's portfolio transactions and, in certain cases, provides custodial services for the client's assets, all for a single fee paid by the client to the sponsor.

UBS Global AM offers discretionary investment management services to individuals and institutions who are clients of UBS Financial Services Inc. ("UBS Financial Services"), an affiliate, as well as other affiliated and unaffiliated broker-dealers and investment advisers. UBS Financial Services' clients may obtain UBS Global AM's services through either our Private Wealth Solutions ("PWS") program or UBS Financial Services' ACCESS ("ACCESS") or Managed Accounts Consulting ("MAC") or Strategic Wealth Portfolio ("SWP") programs.

Clients in the PWS, ACCESS and SWP programs pay an inclusive "wrap" fee that includes all investment management services, as well as custodial, execution and other services with or through an affiliated broker-dealer. The wrap fee does not include (i) commissions on transactions effected through broker-dealers other than the sponsor or the sponsor's affiliates; (ii) mark-ups/mark-downs on principal transactions with UBS Financial Services or other broker-dealers; (iii) custody fees imposed by other financial institutions if agreed to by Sponsor, and the client chooses to custody assets at other financial institutions; (iv) internal trust fees; (v) charges imposed by law; (vi) costs relating to trading in foreign securities (other than commissions otherwise payable to sponsor or sponsor's affiliates); (vii) Depositary Receipt ("DR") conversion fees; (viii) foreign dividend fees; (ix) internal charges and fees that may be imposed by any collective

investment vehicles, such as closed-end funds, index shares, unit investment trusts, ETFs or real estate investment trusts that may be included as an investment in a Portfolio; and (x) other specialized charges, such as transfer taxes, exchange and SEC transaction fees. UBS Global AM will generally attempt to place trades for execution on behalf of wrap accounts with the broker/custodian because the program fee typically includes execution costs. However, from time-to-time, UBS Global AM reserves the right to execute principal trades away from the broker/custodian. Additionally, in general with respect to equity mandates, UBS Global AM consolidates model driven changes with institutional and mutual fund accounts to achieve best execution. The wrap fee accounts will then be stepped out to the broker/custodian for settlement. As a result, costs related to principal trades and step out transactions such as dealer spreads, mark-ups, mark-downs, exchange fees and other miscellaneous charges may be in addition to the all-inclusive program fee. The sponsor or one of its affiliates will also charge interest on any outstanding loan balances to clients who borrow money from the sponsor or such affiliate. The client also may be charged additional fees by the affiliated broker-dealer for specific account services, such as ACAT transfers, annual and termination fees for retirement accounts, Resource Management Accounts® or Business Services Accounts® and wire transfer charges.

With regard to PWS municipal securities portfolio accounts, at UBS Global AM's sole discretion, it may or may not accept municipal fixed income securities to fund a Municipal Securities Account. UBS Global AM may attempt to sell any securities transferred to the PWS account, either at the time the PWS account is initially funded or at a later time, which are not, in UBS Global Asset Management's sole opinion, appropriate for the PWS account's municipal securities portfolio strategy. If, under normal market conditions, after ninety days of attempting to sell the securities, UBS Global AM has been unable to obtain reasonable bids for them, it will have the right, in its discretion, at any time upon notice to the client to cease exercising discretion over, or providing any advice with respect to, the relevant securities.

If UBS Global AM exercises its right, provides notice to the client and thereafter ceases exercising discretion over, or providing any advice with respect to, the securities, the client, and not UBS Global AM, will be solely responsible for any and all decisions to continue to hold or sell the securities, and UBS Global AM will cease having any responsibility for the securities. By opening a PWS municipal securities portfolio account and funding it with municipal securities already held by the client (or transferring the securities in the case of a subsequent contribution to the account), the client agrees that UBS Global AM will have no liability to the client or any other party if UBS Global AM determines at some point in the future to cease exercising discretion over, or providing any advice with respect to, any of the securities. **The client should carefully consider these matters before funding a PWS account with securities (or transferring the securities in the case of a subsequent contribution to the Account) and a client should not fund an account with securities or transfer them if the client is not prepared to accept investment discretion over them at some time in the future, which may be at a time when the securities are completely illiquid, requiring the client to hold them for an indefinite time.**

Additional information concerning wrap fees, commissions and the PWS program is provided in the UBS Global Asset Management (Americas) Inc. Private Wealth Solutions Wrap Fee Program Disclosure Statement (Part 2A, Appendix 1 of this Form ADV), which is provided to all prospective clients of this program.

ACCESS offers the client the portfolio management services of a select, pre-screened group of Separately Managed Account ("SMA") Managers. ACCESS is a sub-advisory program in which the client hires UBS Financial Services to assist him or her in the process of SMA Manager selection and authorizes UBS Financial Services to hire the manager on the client's behalf. ACCESS services also include custody at UBS Financial Services, trading and execution through UBS Financial Services, and performance reporting. UBS Global AM is one of the SMA Managers in the ACCESS program.

MAC is a consulting program that allows the client to select an SMA Manager and receive performance reporting on the eligible assets in his or her MAC account. Unlike in the ACCESS program, in MAC the

client's relationship and the client's investment agreement are directly with the SMA Manager. UBS Financial Services acts as the client's consultant, but the client delegates discretionary authority directly to the SMA Manager. Through the MAC program, clients pay a "wrap" fee to UBS Financial Services plus UBS Global AM's investment management fee, if UBS Global AM is the SMA Manager. The wrap fee includes UBS Financial Services trade execution, custodial and consulting services. The wrap fee does not include commissions on transactions effected through broker-dealers other than UBS Financial Services, custody fees imposed by other financial institutions if the client chooses to custody their assets at another financial institution; mark-up/mark-downs on principal transactions, any internal trust fees, any charges imposed by law, charges relating to trading in foreign securities (other than commissions otherwise payable to UBS Financial Services); internal administrative, management, redemption and performance fees that may be imposed by collective investment vehicles such as open-end and closed-end mutual funds, UITs, hedge funds and other alternative investments, exchange-traded funds or real estate investment trusts or any other specialized charges such as transfer taxes, exchange fees, foreign dividend fees, and SEC transaction fees. Therefore, UBS Global AM will generally place trades for execution on behalf of wrap accounts with UBS Financial Services because the wrap fee typically includes execution costs. However, from time-to-time, UBS Global AM reserves the right to execute principal trades away from UBS Financial Services. As a result, costs related to the transaction such as dealer spreads, mark-ups, mark-downs, exchange fees and other miscellaneous charges may be in addition to the wrap fee.

UBS Global AM may use affiliated money market funds or interest bearing deposit accounts ("Deposit Accounts") at UBS Bank USA (the "Bank"), an FDIC member institution and an affiliate of UBS Global AM, for our wrap accounts, for cash allocation, temporary investment purposes or otherwise. UBS Global AM, or our affiliates, earn advisory or other fees for providing services to these funds. This compensation is in addition to the fees paid by clients for investment advice. UBS Financial Services receives, to the extent permitted by applicable law, an annual fee of up to \$25 from the Bank for each account that sweeps in Deposit Accounts at the Bank.

SWP is an advisory, non-discretionary unified management account combining investment managers, mutual funds, ETFs and alternative strategies. In SWP, program assets are held in one account, but segregated within that account into investment sub-accounts (for example, SMA sub-accounts, mutual fund sub-accounts and ETF sub-accounts) that correspond with the asset allocation selected by the client. The sub-accounts offer different levels of discretion, features, and services.

Restrictions regarding certain types of services and investments

UBS Global AM and UBS AG adhere to several global policies that support compliance with relevant regulatory and legal requirements. An example of such a requirement would be sanctions. Sanctions generally mean any measure or restriction (including those often referred to as embargoes), taken by one or more countries, their respective government agencies or by an international organization, which is aimed at restricting dealings of any kind with or involving another country, specific persons, legal entities, organizations or goods. UBS Global AM and UBS AG may restrict business activities with certain countries, governments, government controlled entities, territories or persons. In some cases, business activities are expressly prohibited, where other cases may require pre-approval from regional compliance personnel before any business activity can be considered. In addition, UBS Global AM and UBS AG have policies in place that prohibit securities of certain companies to be included in actively managed retail or institutional funds and in discretionary mandates. Such prohibitions include, but are not limited to, a ban on companies involved in the development, production or purchase of cluster munitions and anti-personnel mines, pursuant to a Swiss federal Act on War Materials.

In addition because UBS Global AM is a part of a global financial services firm, we may be precluded from acquiring or selling certain securities or investments as a result of inside information, conflicts of interests or other applicable laws or regulations. UBS Global AM is subject to certain provisions of the Bank Holding Company Act ("BHCA") by reason of being owned by a foreign bank, UBS. The BHCA may in certain circumstances limit our clients' ownership of stock issued by other U.S. companies and other bank holding

companies that are subject to the BHCA. UBS Global AM client accounts generally will not be able to invest in securities issued by UBS (except for accounts following a passive or quantitative strategy). Similarly, other state and federal laws may restrict our clients' aggregate ownership of stock issued by certain companies.

Assets under management

Client assets under management for UBS Global Asset Management (Americas) Inc. as of December 31, 2013 are as follows:

	US Dollar Amount
Discretionary:	\$137,578,816,770
Non-Discretionary	\$20,011,573,521
Total:	\$157,590,390,291

As noted above and in Item 5, UBS Global AM provides strategic investment advisory services, generally to pension plans, where we advise on the total asset level, but may not directly manage all of a client's assets. When we advise on a client's total assets, we generally include the total assets in the non-discretionary figure above. If we also directly manage assets for such a client, those assets are included in the discretionary figure above. Therefore, UBS Global AM has counted the same assets as both discretionary and non-discretionary assets; however these assets amount to approximately 1% of the total assets listed. The same methodology was used to report our regulatory assets under management in the ADV Part 1A.

Item 5: Fees and Compensation

Overview

This section of the Firm Brochure contains information regarding how we are compensated for our advisory services. We manage assets for clients in separately managed accounts, commingled funds and/or a combination of both. Our fee schedule for the various strategies we manage is included in Appendix A.

Separate Account Management and Certain Commingled Fund Management Fees

In providing investment advisory services, UBS Global AM is normally compensated on the basis of fees calculated as a percentage of assets under management, subject to a minimum fee charge and a minimum account size. The minimum invested assets indicate minimum account sizes for separately managed portfolios (other than for portfolios managed through wrap programs in which UBS Global AM participates as an investment manager). The minimum fees indicated are per annum.

Fees are generally charged quarterly, but may be charged more or less frequently, and are generally payable in arrears in U.S. dollars based upon the market value of assets under management at the beginning or end of a quarter. If an advisory relationship begins after the first day of a quarter or terminates before the last day of a quarter, fees are prorated accordingly. We do not typically charge fees in advance; however if a client pays in advance, the client will receive a refund of any pre-paid fee attributable to any period after the termination. To obtain a refund, the client should contact his or her client relationship manager or the contacts noted above. Pro rata adjustments in advisory fees are made for material contributions and withdrawals made during the billing period. UBS Global AM may bill fees based upon the market value of a client's account as computed by the client's custodian or as shown on our internal portfolio accounting system. Although we reconcile our internal system to the client's custodian records at least monthly when billing based on our system, there may be immaterial differences between the market value shown on the custodian records versus on our records.

Generally, fees will be calculated based upon the aggregate market value of all assets under management within the client's account, including accrued interest and allocations to cash. To the extent any such assets of the account are invested in a money market investment fund managed by the client's trustee/custodian, the client should be aware that its trustee/custodian may also charge management fees with respect to such assets. If permitted by a client's investment guidelines, UBS Global AM may invest a client account into other pooled funds, such as exchange-traded funds or country funds, in order to quickly and efficiently obtain market exposure. These pooled funds may charge management fees with respect to assets invested in them, in addition to those charged by UBS Global AM. To the extent assets are invested in a pooled fund managed by us or one of our affiliates, a fee credit or rebate will be provided to prevent our earning duplicate fees on those assets. Clients using our multi-manager investment strategy may also pay management fees to third-party sub-advisers in addition to paying our fees.

Generally, UBS Global AM does not deduct fees from client accounts, but clients may request that their fees be deducted from their account. Clients will also pay transaction costs, in the form of commissions and spreads, to banks, broker/dealers, futures commission merchants and other counterparties in connection with the acquisition and sale of portfolio securities and other instruments in the client's account or a pooled fund managed by UBS Global AM. Please see Item 12 for a further discussion regarding UBS Global AM's brokerage practices.

We provide services to clients where we advise on the total asset level, but may not directly manage all the client assets; this generally occurs with the management of pension plan assets. We may provide pension risk advice, asset allocation recommendations or other strategic investment advice on an entire plan where we also directly manage a portion of the client's total assets. For these accounts, UBS Global AM will structure its fees in a manner designed to mitigate the conflicts of interests.

Certain employee retirement benefit plan clients' assets may be invested in commingled trust funds maintained by our affiliate, UBS Global Asset Management Trust Company (the "Trust Company"). The Trust Company is a wholly owned subsidiary of UBS Global AM, who is the sub-adviser to the Trust Company. The Trust Company, as Trustee of the commingled trust funds ("Collective Funds"), charges a fee for providing such services; however, the Collective Funds generally do not pay an advisory fee to UBS Global AM so that duplicate fees are not charged to a client for the same services provided by the UBS Global AM and the Trust Company.

Certain clients' assets may also be invested in one or more series of the UBS Relationship Funds ("Relationship Funds") a privately offered registered investment company, which is advised by UBS Global AM. The Relationship Funds do not pay an advisory fee to UBS Global Asset Management. Generally, we contract with Relationship Fund shareholders to provide investment services, including investment in the Relationship Funds, based on the fee arrangements discussed above to avoid duplicate fees being paid on such investments.

UBS Global AM and its affiliates manage and distribute money market and other mutual funds that we may recommend as investments to advisory clients, and we may receive compensation from such pooled funds, including: the UBS Funds, the Collective Funds and the Relationship Funds, for administration, distribution, and/or shareholder services provided to or on behalf of these funds. This compensation may be paid in addition to investment advisory fees paid directly to UBS Global AM by our advisory clients. However, duplicate fees are not charged to a client for investment management services provided by UBS Global AM.

Furthermore, when UBS Global AM invests client assets into pooled funds, whether managed by UBS Global AM, its affiliates or unaffiliated third parties, a client will pay fund operating costs such as fund administration, custody, audit and other similar expenses customarily paid for by pooled funds.

For certain asset allocation or global investment solutions consulting relationships, fixed fees are available based upon the amount of supervision and advice required.

Fees, minimum fees, and minimum account sizes may be negotiated on a basis differing from the schedules listed in Appendix A if circumstances warrant. Such circumstances include, among other things, the size of the account, the amount and types of services to be provided, as well as our capacity for the type of assignment (including whether it is a new capability). Clients that negotiate fees with different breakpoints may pay a higher fee than as listed in Appendix A as a result of fluctuations in the client's assets under management and/or account performance. Fee schedules for sub-advisory relationships with other financial institutions and for managed account programs may differ from the schedules provided in Appendix A. Fees for accounts managed on behalf of our affiliates may differ from the schedules. UBS Global AM may group sub-accounts together, or may offer relationship discounts for multiple assignments of a client or group of related clients. Clients may be paying fees different from the schedules listed herein based upon the schedules in effect when our, or our affiliates, services were retained.

Most Favored Nations Clauses

UBS Global AM may enter into "most favored nations" clauses wherein we agree that the fees charged to a client shall not be more than the most favorable rates we offer to any other comparable client for similar services (i.e., a client for whom UBS Global Asset Management manages a portfolio of similar size and type, under similar terms and conditions, and with similar commercial expectations). Exceptions to these clauses generally include performance or incentive fees, relationship discount arrangements, clients affiliated with UBS Global AM and clients that were initial investors in a strategy (i.e., a "founder").

Registered Investment Companies

UBS Global Asset Management provides discretionary investment management services to a number of open-end and closed-end registered investment companies (collectively, the "Funds"). UBS Global AM typically receives a monthly fee, based on an annual percentage of each Fund's average daily net assets (for open-end Funds) and average weekly net assets (for closed-end Funds), in accordance with the investment advisory or investment sub-advisory agreement applicable to that Fund, and as disclosed in each Fund's prospectus and statement of additional information.

UBS Global AM has retained affiliated or unaffiliated sub-advisers for some of the Funds. Our management role for such Funds includes the selection and monitoring of the sub-advisers and oversight of various fund service providers.

Investment Adviser Fees: Wrap Fee Programs

As noted in Item 4 above, UBS Global AM offers discretionary investment management services to individuals and institutions through wrap account programs.

For ACCESS, SWP and MAC, the investment advisory fee paid to UBS Global AM will vary depending on the program and strategy selected. For the ACCESS and SWP Programs, the range of annual fees paid to UBS Global AM for equity and balanced accounts is generally 0.25% to 0.75% of assets under management. The range of annual fees paid to UBS Global AM for fixed income accounts is generally 0.10% to 0.60% of assets under management. For the MAC program, the compensation payable to UBS Global AM, the client's Financial Advisor and UBS is higher for equity and balanced strategies than it is for fixed income strategies. The range of annual fees charged by investment managers, including UBS Global AM, in MAC for equity and balanced accounts is generally 0.50% to 1.50% or higher of assets under management. For fixed-income accounts, the range of annual fees is generally between 0.25% and 0.75% of assets under management. However, fees charged by investment managers can vary significantly, depending on the type of investment services offered. UBS Global AM may group sub-accounts together, or may offer relationship discounts for multiple assignments of a client or group of related clients. Clients may be paying fees different from the schedules listed herein based upon the schedules in effect when our, or our affiliates, services were retained.

Additional information concerning wrap fees, commissions and the UBS Financial Services ACCESS, MAC and SWP programs is provided in the UBS Financial Services Wrap Fee Program Brochure, which is provided to all prospective clients of these programs. Additional information concerning our PWS program is provided in the Wrap Fee Program Brochure, which is provided to all prospective clients of this program.

From time to time, UBS Global AM may be retained by clients of broker-dealers and investment advisers ("sponsors") under other "wrap fee" arrangements offered by these sponsors wherein the client selects UBS Global AM from among the investment advisers presented to the client by the sponsor. The sponsor generally arranges for payment of UBS Global AM's advisory fees on behalf of the client, monitors and evaluates our performance, executes the client's portfolio transactions and, in certain cases, provides custodial services for the client's assets, all for a single fee paid by the client to the sponsor.

UBS Global AM's compensation pursuant to wrap fee arrangements may be lower than our standard fee schedule; however, the overall cost of a wrap fee arrangement may be higher than the client otherwise would experience by paying UBS Global AM's standard fees and negotiating commissions with a broker or dealer that are payable on a per transaction basis (either directly in directed brokerage arrangements or through UBS Global AM when we are authorized to select a broker or dealer), depending on the extent to which securities transactions are or are not initiated for the client by UBS Global AM during the period covered by the arrangement.

Item 6: Performance-Based Fees and Side-By-Side Management

Overview

In this section of the Firm Brochure, we explain that we have performance-based fee arrangements with clients. We also describe how we manage the conflicts of interests that may arise in managing performance-based accounts alongside other accounts.

Acceptance of performance-based fees

In certain instances, UBS Global Asset Management may be compensated under performance-based fee arrangements in compliance with Rule 205-3 promulgated by the SEC under the Advisers Act, and, in the case of employee benefit plan clients, applicable regulations and opinions of the Department of Labor under the Employee Retirement Income Security Act of 1974 ("ERISA"). Such performance-based fee arrangements generally involve an asset-based base fee and a performance fee at differing levels of performance relative to an agreed upon benchmark. Performance fees may include a minimum and maximum fee payable, a high water mark and may go up or down depending on performance, e.g., a fulcrum fee. Performance-based fee arrangements are subject to negotiation with the client.

Side-by-side management of performance-based and other accounts

UBS Global AM manages both accounts that are charged a performance-based fee and accounts that are charged a flat fee or an asset-based fee. Conflicts of interests may arise when managing these accounts side-by-side, as there may be an incentive to favor accounts for which we receive a performance-based fee. UBS Global AM seeks to mitigate these potential conflicts by implementing a number of compliance policies and business processes. Specifically, prior to implementing performance-based fee arrangements, these arrangements are reviewed by our firm to assess whether the proposed fee arrangement would unfairly disadvantage any of our clients. In addition, many of our strategies are managed on a model basis, meaning the portfolio managers manage a model for the strategy and translation of the models into individual client portfolios is handled by multiple other functions within UBS Global AM. This division of labor imparts checks and balances into the portfolio management process that minimizes the potential for one account to be favored over another. Our performance measurement team and compliance personnel monitor for dispersion of investment performance among similarly managed accounts to confirm that no accounts are being favored. We also have a comprehensive trade allocation policy which is monitored by compliance, to ensure fair and equitable allocation of investments among client accounts. Additionally, portfolio holdings, position sizes and industry and sector exposures tend to be similar across accounts, which may minimize the potential for conflicts of interests.

Item 7: Types of Clients

Overview

In this section of the Firm Brochure, we provide information about the types of clients to whom we provide investment advice. We also discuss the conditions we may impose on the management of client accounts.

General introduction

UBS Global AM provides investment advice to all types of clients, including: pension, welfare and other employee benefit plans of corporations, state and local governments, and labor unions; other tax exempt organizations such as charitable foundations, educational institutions, endowments; U.S. state and local governments, foreign governments and supranationals; insurance companies; registered and unregistered investment companies; individuals; personal trusts; investment advisers and corporations. UBS Global AM also advises affiliates that act as trustee or fiduciary of various pooled trusts and funds and advises various limited partnerships for which it or an affiliate acts as general partner.

Conditions for managing accounts

UBS Global AM has certain requirements for opening or maintaining an account. All clients are required to enter into a written investment advisory agreement prior to the establishment of an advisory relationship. For institutional account management, UBS Global AM generally requires minimum fees and minimum account sizes as set forth in Appendix A. Advisory agreements generally provide for termination on not more than 30 days' written notice. Minimum fees and account sizes for wrap programs in which we participate as an investment manager are set between us and the sponsor of the wrap program, on a program specific basis. Minimums for wrap fee programs for which UBS Global AM is the sponsor are described in the disclosure brochures for these programs.

For certain types of investment strategies or funds offered or managed by UBS Global AM, U.S. investors must generally satisfy certain investor sophistication requirements, including that the client is an "accredited investor" under Rule 501(a) of Regulation D under the Securities Act of 1933, as amended, a "qualified purchaser" within the meaning of section 2(a)(51) of the Investment Company Act of 1940, as amended, a "qualified institutional buyer" under Rule 144A under the Securities Act of 1933, as amended, and/or a "qualified eligible person" under Rule 4.7 of the Commodity Exchange Act.

Legal proceedings—class actions and other matters

For separately managed accounts, UBS Global AM will not advise or act for the client in legal proceedings, including class actions, bankruptcies or other similar legal matters with respect to securities held or that were held in a client account. UBS Global AM encourages clients to contact their custodians to ensure they are receiving the proper notification of any such legal proceedings. Further, UBS Global AM encourages clients to seek advice of counsel regarding the participation and filing requirements associated with such matters. UBS Global AM will not be responsible for any failure to meet the filing or other requirements of legal proceedings with respect to securities held or that were held in a client account.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

Overview

This section of the Firm Brochure describes the methods of analysis we use to formulate investment advice and manage assets. We also discuss the material risks that clients should generally consider when investing in any of our strategies.

General introduction

UBS Global AM primarily provides services through its Equities, Fixed Income, and Global Investment Solutions ("GIS") groups. In addition, our firm manages strategies investing in real estate fund-of-funds strategies as well as infrastructure strategies. The following provides a description of the methods of analysis and investment strategies we use in formulating investment advice and managing assets. We also provide a general discussion of the material risk associated with these investment strategies. However, it is not possible to identify all of the risk associated with investing. Clients who invest in funds managed by UBS Global AM should carefully read the relevant prospectus or offering memorandum for specific information applicable to that particular vehicle.

Analysis for Equities, Fixed Income and GIS

UBS Global Asset Management employs a number of investment strategies in connection with its investment management services, depending upon the type of client, investment discipline chosen and a client's investment guidelines and objectives. With respect to active equity strategies, UBS Global AM believes that value-added investment returns are primarily a function of asset management decisions made within an integrated view of global capital markets. World economies and financial markets are interactive. Thus, investment management, both within and across global equity and bond markets, must be based upon comprehensive knowledge and analyses of integrated investment fundamentals.

Our Core/Value investment research focuses on identifying discrepancies between a security's or a market's fundamental or intrinsic value and its observed market price; both across and within global markets. By recognizing and exploiting these inefficiencies with a global perspective, UBS Global AM may add value as portfolios profit when market prices converge toward fundamental value, as we believe they do over time.

In UBS Global Asset Management's Core/Value equity investment process, expected future cash flows to investors are estimated and discounted to the present, incorporating analysts' considerations of company management, competitive advantage, and core competencies. These value estimates are then compared to current market prices and ranked against the other stocks. Portfolios are then constructed by buying those stocks believed to be undervalued (or selling short those believed to be overvalued for accounts that permit short-selling) with consideration given to market sensitivity, common factor exposures and industry weightings.

UBS Growth Investors, our growth equity investment team, engages in classic growth-style investing. They seek to invest in companies that we believe have superior growth prospects where estimates of the length and/or magnitude of earnings growth exceeds market expectations.

Our global sustainable equity team, Sustainable Investors, seeks to provide value-added investment results by investing in attractively valued companies with strong fundamental valuation as well as a long-term sustainable business model. Our investment philosophy and process combine our bottom-up fundamental research with rigorous sustainability analysis. In the strategy, we actively look for companies that appear attractively valued and can benefit from secular themes, such as energy and water conservation, health care, demographics and other long-term trends. . In short, we believe that combining a traditional valuation discipline with sustainability analysis enhances the possibilities for value-added returns.

Our Structured Equities investment team is a multi-strategy pillar that employs proprietary analytics and quantitative methods in elements of their investment processes. The team is united in a common philosophy that emphasizes systematic approaches in the delivery of consistent investment performance.

The overall investment decision-making process is adapted to each specific asset class in a way that is consistent with its investment and market characteristics and contains five essential components:

- The analysis of investment alternatives by teams of specialists for each asset class.
- Analysis of the economic and capital market environments specifying the risk/return trade-offs from consideration of worldwide conditions.
- The specification of client prescribed objectives.
- The quantitative models provided by modern portfolio theory are employed to provide a systematic framework for optimally constructing the desired portfolio by blending the three factors above.
- Performance measurement and evaluation tools are employed to analyze the results of decisions undertaken within managed accounts.

In UBS Global AM's Core fixed income investment process, sector selection, security selection, duration management and yield curve positioning all play an integral role in building portfolios. Top-down factors, including sector positioning and duration/yield curve, define strategy and set a quantitative framework (asset allocation is determined at the sector level). After establishing these parameters, sector specialists and credit analysts work in close collaboration to select securities to build optimal portfolios.

In UBS Global Asset Management's asset allocation investment process employed by GIS, we seek price/intrinsic value discrepancies across capital markets (at the asset class, country and currency levels), and within capital markets (through sector, sub-sector and individual security selection). Portfolios are monitored and rebalanced with both risk and return considerations in mind. Value estimates and investment decisions are based on analysis of forward-looking investment fundamentals.

GIS's Strategic Investment Advisory services support clients in a wide range of investment-related functions - how to determine investment policy, how to incorporate alternatives in multi-asset portfolios, how to evaluate and manage risk, how to invest with a liability profile in mind and how to include strategies from a range of managers or how to outsource the investment function entirely.

UBS Global AM may also employ passive or risk-controlled strategies to its selection of securities and construction of portfolios.

The UBS Global AM uses various sources of information, including, but not limited to, the following: financial newspapers, magazines, and electronic data services; inspections of corporate activities; research materials prepared by others; public regulatory filings, such as annual reports, prospectuses and other filings with the US Securities and Exchange Commission or other regulatory authorities; company press releases and market data services. Original research developed by UBS Global AM and our affiliates will also be utilized for certain investment strategies. UBS Global AM and/or its affiliates use "uncommon" or non-conventional sources of information where, using a long-term focus, analysts gather information concerning the ability of individual companies to generate profits, as well as analyze industry competitive strategy, structure, and global integration. On-site company visits examine the characteristics of each company, (i.e., balance sheet fundamentals, culture, productivity, pricing, etc.). A management checklist helps to focus analysts on the more qualitative aspects of the analytical decision making process. Analysts attempt to identify the critical variables and assumptions underlying a valuation analysis. These valuations and insights, in conjunction with observed market prices, define relative attractiveness comparisons within and across

markets. From this research, we form critical inputs into our valuation models which are then used as a ranking tool to determine the relative attractiveness of individual securities and markets.

Investment Strategies for Equities, Fixed Income and GIS

Equities, Fixed Income and GIS manage portfolios primarily based on a long-term, fundamental analysis described above, but may also employ different strategies as dictated by client investment guidelines and/or market conditions. Certain investment guidelines and/or market conditions may present greater investment risks than others. We may manage portfolios based on relative return strategies where a client specifies an index to which their account should be managed or, based on non-relative return strategies where risk/return, portfolio construction decisions are made, without reference to an index. Clients may specify ex ante, or forward looking risk/return targets or objectives in their investment guidelines that we will use in the portfolio construction process. Such risk/return targets are never used ex post as indications of levels of actual portfolio returns.

UBS Global AM primarily employs investment strategies that are long-only at the security level but may allow long and/or short positions in markets, currencies or other portfolio factors through the use of derivatives. We may also employ long/short investment strategies that purchase securities on margin and/or sell securities short where permitted by client guidelines.

Analysis and Investment Strategies for Infrastructure and Private Equity

I&PE forms part of UBS Global Asset Management's broader offering of alternative investments. The business includes the infrastructure direct investment business and the multi-manager (fund of funds) investment business for infrastructure and private equity. A dedicated team, Infrastructure Asset Management (IAM), manages direct investments in infrastructure assets globally. The multi-manager business, Alternative Funds Advisory (AFA), constructs portfolios of infrastructure and private equity funds operated by third-party managers. The business provides institutional and other long-term investors the opportunity to generate attractive risk-adjusted returns.

The Infrastructure business, both direct and multi-manager, concentrates primarily on investments in public and private infrastructure assets. Infrastructure assets are the permanent assets that a society requires to facilitate the orderly operations of its economy. Transportation networks, health and education facilities, communications networks, water and energy distribution systems provide essential services to communities. Examples of infrastructure assets include:

- Transportation assets such as toll roads and airports
- Utility and energy assets such as water, power generation, electricity and gas networks and fuel storage facilities
- Communications infrastructure such as transmission towers
- Social infrastructure such as education, recreation and healthcare facilities

The high barriers to entry and the monopoly-like characteristics of typical infrastructure assets mean that their financial performance should not be as sensitive to the economic cycle as many other asset classes. Investments are generally low risk given the stable and growing demand for the essential services provided, together with the regulation of the businesses and/or long-term contractual protection of revenues.

The AFA business is a multi-manager business, constructing portfolios of infrastructure and private equity funds operated by third-party manager. The AFA managers are responsible for sourcing investment opportunities, monitoring existing and prospective investments, and portfolio management of diversified mandates.

Material risks

All investments carry a certain amount of risk and a client may lose money by investing in any of our strategies. UBS Global AM cannot guarantee that it will achieve its investment objectives. Below is a summary of certain risks that may be associated with our strategies. This list of risk factors is not a complete enumeration or explanation of the risks involved in a strategy, as the particular risks applicable to a client account will depend on the nature of the account, its investment strategy or strategies and the types of securities held. While UBS Global AM seeks to manage accounts so that risks are appropriate to the strategy, it is often not possible or desirable to fully mitigate risks. Prospective clients should read this entire Firm Brochure, and the prospectus or offering documents, if any, in connection with investments in pooled funds. Clients should also consult with their own legal, financial, and tax advisors before deciding whether to invest in a strategy.

- *Management risk:* UBS Global AM's judgments about the fundamental value of securities or other factors showing the attractiveness of investments acquired for a portfolio may prove to be incorrect. In addition, UBS Global AM's judgments about asset allocations, exposure to foreign currencies and other macro-economic factors may prove to be incorrect.
- *Risk of loss:* Investing in securities involves risk of loss that clients should be prepared to bear. The investment decisions that UBS Global AM makes for a client are subject to various market, currency, economic, political and business risks, and our investment decisions based on such factors will not always be profitable.
- *No guarantee of investment objectives:* UBS Global AM does not guarantee or warranty that a client's account will achieve its investment objectives, performance expectations, risk and/or return targets.
- *No government guarantee:* An investment in an account or fund managed by UBS Global AM is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.
- *Personnel risk:* UBS Global AM generally utilizes a team approach to managing investment portfolios. However, certain strategies may be dependent upon the expertise of certain key personnel, and any future unavailability of their services could have an adverse impact on the performance of clients invested in such strategies.
- *Diversification and liquidity risk:* Unless otherwise agreed upon by a client and UBS Global AM, we will not be responsible for the client's overall diversification, asset allocation or liquidity needs. In addition, certain of our strategies may be non-diversified and hold a low number of investments.
- *Tax risk:* Clients should consult their tax advisors regarding the tax consequences of their investments. UBS Global AM is not a tax advisor, although certain of its investment strategies may consider the potential tax implications of investment decision.
- *Models: Risk of Programming and Modeling Errors:* UBS Global AM's research and modeling process is extremely complex and involves financial, economic, econometric and statistical theories, research and modeling; the results of that process must then be translated into computer code. Although UBS Global AM seeks to hire individuals skilled in each of these functions and to provide appropriate levels of oversight, the complexity of the individual tasks, the difficulty of integrating such tasks, and the limited ability to perform "real world" testing of the end product raises the chances that the finished model may contain an error; one or more of such errors could adversely affect a client's portfolio. If a model or a portion of the model proves to be incorrect or incomplete, any decisions made in reliance thereon expose a client's portfolio to potential risks. In addition, some of the models used by UBS Global AM

are predictive in nature. The use of predictive models has inherent risks. Because predictive models are usually constructed based on historical data supplied by third parties, the success of relying on such models may depend heavily on the accuracy and reliability of the supplied historical data. All models rely on correct market data inputs. If incorrect market data is entered into even a well-founded model, the resulting information will be incorrect. However, even if market data is input correctly, "model prices" will often differ substantially from market prices, especially for securities with complex characteristics, such as derivative securities. However, absent gross negligence, willful misconduct or malfeasance, UBS Global AM will not treat model code violations as a reimbursable trade error.

- *Risk of equity instruments:* Risks associated with investing in equity securities include:
 - The stock markets where a portfolio's investments are traded may go down.
 - An adverse event, such as negative press reports about a company in the portfolio, may depress the value of the company's stock.
 - Small to mid-capitalization companies may have less diversified product or service offerings and less liquidity in the markets which increases their volatility.
- *Risk of fixed income investments:* Risk associated with investing in fixed income securities include:
 - Interest rate risk: If interest rates rise, the prices of fixed income securities in the portfolio may fall, and the longer the maturity of a fixed income security, the greater its sensitivity to changes in interest rates.
 - Credit risk: The issuer may default on its obligation to pay principal or interest, may have its credit rating downgraded by a rating organization or may be perceived by the market to be less creditworthy. Lower-rated bonds are more likely to be subject to an issuer's default than investment grade (higher-rated) bond. Lower-rated bonds may have less liquidity and be more difficult to value in declining markets.
 - Prepayment risk: If interest rates decline, the issuer of a security may exercise its right to prepay principal earlier than scheduled, forcing the account to reinvest in lower yielding securities.
 - Extension risk: If interest rates rise, the average life of securities backed by debt obligations is extended because of slower than expected payments. This will lock in a below-market interest rate, increase the security's duration and reduce the value of the security.
 - Counterparty risk: The risk that the counterparty to the transaction will default on its obligations.
 - Municipal securities risk: State and local government securities are more susceptible to credit risk as a result of recent economic stress. Factors contributing to the economic stress on state and local government securities may include: lower tax collections as a result of lower home values, lower sales tax revenue as a result of reduced consumer spending, lower income tax revenue as result of higher unemployment rates, and budgetary constraints of local, state and federal governments upon which the tax-free issuers may be relying for funding.
- *Foreign country and emerging market risks:* Risk associated with investing in foreign and emerging markets include:
 - Vulnerability to economic downturns and instability due to undiversified economies; trade imbalances; inadequate infrastructure; heavy debt loads and dependence on foreign capital inflows; governmental corruption and mismanagement of the economy; and difficulty in mobilizing political support for economic reforms.
 - Adverse governmental actions, such as nationalization or expropriation of property; confiscatory taxation; currency devaluations, interventions and controls; asset transfer restrictions; restrictions on investments by non-citizens; arbitrary administration of laws and regulations; and unilateral repudiation of sovereign debt.
 - Political and social instability, war and civil unrest.

- Less liquid and efficient securities markets; higher transaction costs; settlement delays; lack of accurate publicly available information and uniform financial reporting and accounting standards; difficulty in pricing securities and monitoring corporate actions; and less effective governmental supervision.
- Changes in foreign currency exchange rates and in exchange control regulations may adversely affect the value of securities denominated or traded in non-US currencies.

The risks described above are more severe for emerging markets than for non-US developed markets.

- *Asset-backed and mortgage-backed securities risks:* Certain strategies may invest in securitized debt, including asset-backed securities ("ABS") and/or mortgage-backed securities ("MBS"). The investment characteristics of MBS and ABS may differ from traditional debt securities in that interest and principal payments are made more frequently, principal may be prepaid at any time and a number of state and federal law govern and may limit right to the underlying collateral.
- *Derivatives risks:* The use of derivatives involves risks which are different from the risks associated with investing directly in securities. The primary risks of loss associated with derivatives are (i) market risk – the risk that the market value of the investment will decline; (ii) credit risk – the risk that the counterparty to the transaction will default on its obligations; (iii) liquidity risk – the risk that the instrument will not be readily marketable; and (iv) valuation risk – the risk that the instrument may have only one pricing source. Additionally, investments in derivatives include the risk that changes in the value of a derivative may not correlate with the underlying asset, rate, index, or market. Gains or losses involving some options, futures and other derivatives may be substantial. While some derivatives strategies can reduce the risk of loss, the use of derivatives can also reduce the opportunity for gain or result in losses by offsetting favorable price movements in other investments. Derivatives may create leverage and may pose the risk of losing more than the amount invested. These derivatives risks are different from, and may be greater than, the risks associated with investing directly in securities and other instruments.
- *Leverage risk:* Derivatives that involve leverage can result in losses to the client's portfolio that exceed the amount originally invested in the derivative instruments.

Certain strategies may use derivatives or may borrow money and purchase investments in order to leverage or gear a client's portfolio. If a client's portfolio is levered and the investments decrease in value, the client's losses will be greater than if the client's portfolio was not leveraged. In addition, if the return on an investment purchased with borrowed funds is not sufficient to cover the cost of borrowing, then the net income of the client will be less than if borrowing were not used.

- *IPO risks:* The purchase of shares sold in initial public offerings ("IPOs") may expose the strategy to the risks associated with issuers that have no operating history as public companies, as well as potentially significant price fluctuations.
- *Side-by-side management of long-only and long-short portfolios:* UBS Global Asset Management manages both long-only portfolios and long-short-portfolios. UBS Global Asset Management has implemented special trading procedures designed to manage the conflicts of interests arising from the same portfolio managers managing long-short portfolios alongside of long-only portfolios. These procedures require approval from compliance personnel prior to establishing any short position. Additional restrictions may apply to shorting depending on the size of the short position, whether the security being shorted is also held by long-only accounts and the reason for which the short position is being effected (e.g., client flows, model changes). As a result, clients who permit short positions in their investment guidelines may experience sequencing delays, lost opportunity and market impact costs whenever the implementation of short positions is delayed pending completion of trades on behalf of long-only client accounts.

A long/short account's ability to fully implement its investment strategy may also be affected by our procedures discussed above. For example, our restriction on short sales in excess of a stated amount of the average daily trading volume of a stock if we deem it may negatively impact the market and drive down the price of a security that is also held in our long only accounts and/or funds. In addition, our procedures require short sales to be executed after long-only sell orders in the same stock if the long-only orders are in excess of a stated number of shares. This procedure may delay the short sales and therefore the price at which the short sale is executed. Therefore, the price may be lower than had the long-only order not taken precedence, and the potential benefit of the short sale would be reduced.

- *Short sales risk:* Short sales involve the risk that the client will incur a loss by subsequently buying a security at a higher price than the price at which the client previously sold the security short. This would occur if the securities lender required the client to deliver the securities the client had borrowed at the commencement of the short sale and the client was unable to either purchase the security at a favorable price or to borrow the security from another securities lender. If this occurs at a time when other short sellers of the sale security also want to close out their positions, a "short squeeze" can occur. A short squeeze occurs when demand is greater than supply for the security sold short. Because the loss on a short sale arises from increases in the value of the security sold short, such loss is theoretically unlimited.
- *Non-publicly traded securities, private placements and restricted securities:* Investing in unregistered or unlisted securities may involve a high degree of business and financial risk that can result in substantial losses, due to the absence of a public trading market for these securities and the absence of public disclosure and other investor protection requirements applicable if the securities were publicly traded.
- *Illiquid securities:* Certain strategies (e.g., multi-asset portfolios, private equity, real estate, infrastructure, etc.) may invest in illiquid assets, such as private equity, venture capital, real estate, infrastructure, etc. Exposure to an illiquid asset class will be made by purchasing interests in a privately offered pooled investment vehicle ("illiquid asset vehicle"). Investment in an illiquid asset vehicle poses similar risks as direct investments in illiquid securities. In addition, investment in an illiquid asset vehicle will be subject to the terms and conditions of the illiquid asset vehicle's investment policy and governing documents which often include provisions that may involve investor lock-in periods, mandatory capital calls, redemption restrictions, infrequent valuation of assets, etc. In addition, investments in illiquid securities or vehicle may normally involve investment in non-marketable securities where there is limited transparency. If obligated to sell an illiquid security prior to an expected maturity date, particularly with an infrastructure investment, they may not be able to realize fair value. Investments in illiquid securities or vehicles may include restrictions on withdrawal rights and shares may not be freely transferable. A client may not be able to liquidate its investment in the event of an emergency or any other reason.
- *Investments in pooled investment funds:* In lieu of direct investment, certain strategies may invest in one or more pooled investment funds managed by UBS Global AM or its affiliates ("affiliated funds") or by unaffiliated third party managers ("unaffiliated funds"), including, mutual funds, ETFs, collective investment funds, private funds, offshore funds, private equity funds, real estate funds, etc. A fund's investments will be made in accordance with the fund's offering documents (e.g., prospectus, offering memorandum, etc.) and governing instruments. In addition, to the extent a strategy invests in a pooled investment fund, there may be additional risks discussed in the fund's offering documents or governing instruments which are not discussed in this Firm Brochure.

Prior to investing an account in a fund, UBS Global AM will assess whether it believes the investment is consistent with the client's investment guidelines as well as applicable law and regulation (e.g., Investment Company Act of 1940, ERISA, etc.). A client will generally bear, indirectly, fund investment expenses (e.g., brokerage commissions to execute portfolio trades, etc.) and operating costs (e.g., administration, custody, audit, etc.). When a client's account invests in an affiliated fund, the client will not normally pay any additional investment management fees to UBS Global AM in connection with

investing in the affiliated fund. When investing in an unaffiliated fund, the client will normally bear, indirectly, fees paid by the fund to its investment manager.

- *REITS:* An investment in REITs includes the possibility of a decline in the value of real estate, possible lack of available money for loans to purchase real estate, risks related to general and local economic conditions, overbuilding and increased competition, increases in property taxes and operating expenses, prolonged vacancies in rental properties, changes in zoning laws, casualty or condemnation losses, variations in rental income, changes in neighborhood values, the appeal of properties to tenants, costs of clean up and liability to third parties resulting from environmental problems, costs associated with damage from natural disasters not covered by insurance, increases in interest rates and changes to tax and regulatory requirements.

Some REITs may have limited diversification and making them more susceptible to adverse developments affecting a single project or market segment than more broadly diversified investments. Also, the performance of a REIT may be affected by its failure to qualify for tax-free pass-through of income, or the REIT's failure to maintain exemption from registration under the Act.

- *Frequent trading:* Certain strategies may involve frequent trading of securities. Frequent trading can impact a portfolio's investment performance due to increased brokerage and other transaction costs. For taxable clients, frequent trading may also result in short-term capital gains which are taxed at a higher rate than long-term capital gains.

Additional risks – Infrastructure and Private Equity

In addition to the applicable material risks listed above, investments in infrastructure and private equity investments may involve other specific risks. These risks include, but are not limited to, the following risks.

- *Patronage/demand risk:* Some assets (such as toll roads or airports) are exposed to usage or patronage risks. Usage risk varies between assets and over time.
- *Regulatory risk:* Infrastructure assets are very often regulated by government either through a regime set by a regulator or through long-term concession agreements. The independence and consistency over time of the regulatory system is a key risk factor for investors.
- *Sovereignty and political risk:* Investments in infrastructure assets are exposed to the risk of unexpected changes in government and government policies.
- *Environmental liability risk:* Infrastructure assets may be subject to numerous laws, rules and regulations relating to environmental protection. Under these statutes, rules and regulations, a current or previous owner or operator of the infrastructure asset may be liable for non-compliance with applicable environmental and health and safety requirements.
- *Contractual/credit risk:* Long-term contracts expose counterparties to credit and other risks.
- *Operational/construction risk:* Infrastructure assets involve operational risks and Greenfield projects involve construction risks.
- *Financing/inflation risk:* The leverage involved in financing infrastructure assets exposes investors to the cost of debt and refinancing risk. The value of cash flows may also be impacted by inflation. These risks will have varying degrees of influence on whether an infrastructure investment is appropriate. A toll road and hospital, for example, have unique characteristics that will influence their distinctive risk profile.

In addition, the investments will be subject to typical investment risks such as the price paid, ongoing management and (ultimately) liquidity. As a result and, as is the case with most investments, it is important to ensure the risks are fully understood at the outset and the portfolio appropriately diversified and balanced.

Item 9: Disciplinary Information

We are required to disclose legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

UBS Global AM managed certain registered investment companies ("Funds"). UBS Global AM was alleged to have willfully aided and abetted and caused the Funds' violation, for several days in June 2008, of Rule 22c-1 of the Investment Company Act. UBS Global AM was also alleged to have willfully aided and abetted and caused the Funds' violation of Rule 38a-1 of the Investment Company Act. UBS Global AM settled the matter without admitting or denying the findings except as to the SEC's jurisdiction over it and the subject matter of the proceedings. UBS Global AM was ordered to cease and desist from committing or causing any violations and any future violations of Rules 22c-1 and 38a-1 under the Investment Company Act. UBS Global AM was also censured and ordered to pay a civil money penalty of \$300,000.

Item 10: Other Financial Industry Activities and Affiliations

Overview

This section of the Firm Brochure contains information about our financial industry activities and affiliations. We provide information about the material relationships and arrangements we have with advisory affiliates or any persons under common control with our firm, including broker-dealers, investment companies and other pooled vehicles, affiliated investments advisers, financial planners, banking institutions and other similar entities. We identify if any of these relationships or arrangements creates a material conflict of interests with clients, and discuss how we address these conflicts.

Broker-Dealer registration

UBS Global Asset Management (Americas) Inc. is not registered as a broker-dealer. UBS Global Asset Management (US) Inc., an affiliate, is a registered broker-dealer and a member of the Financial Industry Regulatory Authority ("FINRA") for the limited purpose of facilitating the distribution of collective investment vehicles, such as mutual funds, managed by UBS Global AM and its affiliates. A number of UBS Global Asset Management's management persons are also principals or registered representatives of UBS Global Asset Management (US) Inc.

Futures Commission Merchant ("FCMs"), Commodity Pool Operator ("CPOs"), or Commodity Trading Advisor ("CTAs")

UBS Global AM is registered with the National Futures Association ("NFA") as a CTA. In addition, UBS Global AM is registered with the NFA as a CPO for certain investment funds. Information on the CPO registration status of specific investment funds is available upon request.

UBS Global AM filed a notice of claim for exemption pursuant to Commodities Futures Trading Commission ("CFTC") Rule 4.7 in April 1996. Rule 4.7 exempts a CTA and a CPO who files a notice of claim for exemption from having to provide a CFTC-mandated Disclosure Document to certain highly accredited clients, defined as qualified eligible participants ("QEPs") who consent to their account being Rule 4.7 exempt QEP accounts. Thus, UBS Global AM is exempt from the requirement to provide a Disclosure Document with respect to its Rule 4.7 exempt QEP accounts. In accordance with Rule 4.7, UBS Global AM is required to display the following disclosure statement with this Firm Brochure:

PURSUANT TO AN EXEMPTION FROM THE COMMODITY FUTURES TRADING COMMISSION IN CONNECTION WITH ACCOUNTS OF QUALIFIED ELIGIBLE PERSONS, THIS FIRM BROCHURE IS NOT REQUIRED TO BE, AND HAS NOT BEEN FILED WITH THE COMMODITY FUTURES TRADING COMMISSION. THE COMMODITY FUTURES TRADING COMMISSION DOES NOT PASS UPON THE MERITS OF PARTICIPATING IN A TRADING PROGRAM OR UPON THE ADEQUACY OR ACCURACY OF COMMODITY TRADING ADVISOR DISCLOSURE. CONSEQUENTLY, THE COMMODITY FUTURES TRADING COMMISSION HAS NOT REVIEWED OR APPROVED THIS TRADING PROGRAM OR FIRM BROCHURE.

The following affiliates of UBS Global Asset Management are registered with the NFA as FCMs, CPOs, and/or CTOs: UBS Securities LLC (FCM, CPO, and CTA) and UBS Financial Services Inc. (FCM).

Use of Related Persons—Material Relationships and Arrangements

UBS Global AM is an indirect wholly owned subsidiary of UBS AG ("UBS"), a Swiss banking corporation headquartered in Zurich and Basel, Switzerland. As a large, globally diversified financial services firm, among UBS' direct and indirect affiliates and related persons are various broker-dealers, future commission merchants, commodity pool operators, commodity trading advisers, investment advisers, pension consultants, banking organizations and other financial services firms. UBS Global AM has arrangements that are material to its advisory business with UBS and certain of its affiliates. UBS Global AM may also have arrangements to purchase certain investment advisory, brokerage and incidental services, corporate finance advisory services and foreign exchange services from some UBS affiliates. A list of significant subsidiaries and associates of UBS is available in the UBS annual report, which is publicly available at www.ubs.com.

- ***Affiliated Broker-Dealers, Municipal Securities Dealers and Government Securities Broker-Dealers:*** The following affiliates of UBS Global AM are broker-dealers registered in the United States: UBS Securities LLC, UBS Financial Services Inc., UBS Financial Services Incorporated of Puerto Rico, UBS Global Asset Management (US) Inc., and UBS Fund Services (USA) LLC. Certain of those affiliates are also registered as municipal securities dealers and/or government securities broker-dealers. In addition, UBS Global AM has numerous broker-dealer affiliates operating outside the United States. A complete list of affiliated broker-dealers is available to clients upon request.

If consistent with applicable law and contractual arrangements with clients, some transactions for client accounts may be executed through our broker-dealer affiliates, which may earn commissions in connection therewith. These affiliates are compensated for executing the transactions; however, UBS Global AM has no agreements with its affiliates that obligate it to direct client transactions to such affiliates. All such transactions are effected in compliance with the Advisers Act and other applicable law, including our duty to seek best execution.

UBS Global AM generally does not act as principal or broker in connection with client transactions. In connection with transactions in which our affiliated broker-dealers may act as principal, UBS Global Asset Management, in compliance with applicable regulatory requirements, will disclose to the advisory client the terms of the trade, that the trade will be conducted on a principal basis and obtain the client's informed consent prior to completion of each such transaction. We will recommend that a client engage in such a transaction only when we reasonably believe that we will satisfy our duty to seek best execution. UBS Global AM and our affiliates will not engage in principal transactions for clients subject to the Investment Company Act of 1940 or ERISA, except to the extent permitted by exemptive order, applicable regulation or prohibited transaction exemption.

UBS Global AM's affiliated broker/dealers may, subject to applicable law, execute agency cross transactions on behalf of clients only if appropriate client consent is obtained and the required disclosure is made. An "agency cross transaction" is a transaction in which one of our affiliates acts as broker for clients on both sides of the same transaction, and receives a commission from each client. Since our affiliate may receive compensation from parties on both sides of such transactions, UBS Global AM and its affiliate may have a potentially conflicting division of loyalties and responsibilities. Consent to agency cross transactions may be revoked by a client at any time by written notice to UBS Global Asset Management.

UBS Global AM may execute securities and futures transactions with broker-dealers that do not have their own clearing facilities and who may clear such transactions through an affiliate of ours. In such cases, our affiliate will receive a clearing fee.

UBS Global AM's affiliates have direct or indirect interests in electronic communication networks and alternative trading systems (collectively "ECNs"). UBS Global AM, in accordance with its fiduciary obligation to seek best execution, may execute client trades through ECNs in which our related persons have, or may acquire, an interest. A related person may receive compensation based upon its

ownership percentage in relation to the transaction fees charged by the ECNs. UBS Global AM will execute through an ECN in which a related person has an interest only in situations where we reasonably believe such transactions will be in the best interests of our clients and the requirements of applicable law have been satisfied.

In accordance with Section 11(a) of the Securities Exchange Act of 1934, as amended, and the rules thereunder, UBS Global AM's affiliates may effect transactions for our client accounts on a national securities exchange of which an affiliate is an equity owner and/or a member and may retain compensation in connection with those transactions.

UBS Global AM may effect transactions through an affiliate on behalf of clients on an agency basis. For clients with respect to which we are a "fiduciary" as defined in ERISA, such transactions will be effected in accordance with the terms of Prohibited Transaction Class Exemption 86-128 or other applicable prohibited transaction exemptions.

UBS Global AM and its affiliates are authorized to effect agency transactions through an affiliated broker-dealer for its clients that are registered investment companies (the "Funds") pursuant to procedures adopted in accordance with Rule 17e-1 under the Investment Company Act of 1940 (and approved by the Funds' Board of Directors/Trustees). Rule 17e-1 is intended to ensure that all brokerage commissions paid by the Funds are reasonable and fair. Further, any transactions between the Funds and any other advisory account for which we also act as investment adviser are effected consistent with the requirements and conditions of Rule 17a-7 under the Investment Company Act of 1940.

UBS Global Asset Management may also effect "cross" transactions between client accounts in which we will cause one client to purchase securities held by another client of ours. Such transactions are only entered into, in accordance with applicable law, when we deem the transaction to be in the best interest of both clients and at a price determined by reference to independent market conditions and which we believe to constitute "best execution" for both clients. We will not effect a cross transaction through an affiliated broker-dealer, and neither UBS Global AM nor any of our affiliates will receive any compensation in connection with a cross transaction. We will effect cross transactions with any client subject to ERISA as permitted by Section 408(b)(19) of ERISA or other applicable prohibited transaction exemption.

In the case of crossing municipal securities, UBS Global AM will only effect cross trades in investment grade securities, at the close of business, based upon a price determined by an independent pricing service to be reflective of current market conditions.

- *Investment Companies and Other Pooled Investment Vehicles:* UBS Global AM is the investment adviser or sub-adviser for various investment companies registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as well as pooled investment vehicles exempt from registration under the 1940 Act, including private investment companies and offshore funds. Below is a list of funds managed by UBS Global AM, as of the date of this Firm Brochure. Certain employees of UBS Global AM may be officers and/or directors of the funds listed below.

DISCLAIMER: The information provided in this Firm Brochure is intended solely for complying with Form ADV disclosure requirements. This Firm Brochure does not constitute an offer to sell or a solicitation of an offer to buy any securities. Nothing in this Firm Brochure shall limit or restrict the particular terms of any specific offering. Offers will be made only to qualified investors by means of a prospectus or confidential private offering memorandum providing information as to the specifics of the offering. No offer of any interest in any product will be made in any jurisdiction in which the offer, solicitation or sale is not permitted, or to any person to whom it is unlawful to make such offer, solicitation or sale.

Registered Open-End Investment Companies: Each of the following investment company groups offer one or more open-end investment companies registered under the 1940 Act to qualifying investors:

- The UBS Funds
- UBS Relationship Funds ("Relationship Funds"). Please note that shares of the Relationship Funds are issued solely in private placement transactions that do not involve a "public offering" within the meaning of Section 4(2) of the Securities Act of 1933 (the "Securities Act"). Investments in the Relationship Funds may only be made by "accredited investors" with the meaning of Regulation D under the Securities Act.
- PACE Select Advisors Trust. Please note that various sub-advisers manage the investment portfolios of the funds under the PACE Select Advisors Trust.
- Master Trust
- SMA Relationship Trust
- UBS Cashfund, Inc.
- UBS Investment Trust
- UBS Managed Municipal Trust
- UBS Money Series
- UBS RMA Money Fund, Inc.
- UBS RMA Tax-Free Fund, Inc.

Registered Closed-End Investment Companies: Each of the following closed-end investment companies is registered under the 1940 Act:

- Fort Dearborn Income Securities, Inc.
- Global High Income Fund Inc.
- Managed High Yield Plus Fund Inc.
- Strategic Global Income Fund, Inc.

Other Pooled Investment Vehicles: Each of the following pooled investment vehicles is exempt from registration under the 1940 Act, and the offering or sale of interests is exempt from registration under the Securities Act of 1933, as amended:

- UBS Private Money Market Fund LLC
- UBS (CAY) Select Prime Institutional Fund Ltd.
- UBS (CAY) Select Prime Preferred Fund Ltd.
- UBS (CAY) Select Treasury Institutional Fund Ltd.
- UBS (CAY) Select Treasury Preferred Fund Ltd.
- 1 North Equity Healthcare Long/Short Master Fund Ltd.
- 1 North Equity Healthcare Long/Short Fund Ltd.
- 1 North Equity Healthcare Long/Short Fund LLC

In addition, UBS Global AM is the investment manager or sub-adviser for various pooled investment vehicles sponsored by third parties. These pooled investment vehicles are listed in Schedule D, Sections 5.G.(3) and 7.B.(2) of UBS Global AM's ADV Part I.

- *Other Investment Advisers:* UBS Global AM is one of the investment advisory entities within the UBS Global Asset Management division. Other SEC-registered investment advisers in the division include: UBS Agrivest LLC; UBS Alternative and Quantitative Investments LLC; UBS O'Connor LLC; and UBS Realty Investors LLC.

In addition, the UBS Global Asset Management division includes various participating affiliates operating outside the United States that provide investment management services. Under the terms of a Global Service Agreement signed by applicable entities within the UBS Global Asset Management division, we have agreed to provide such advice and assistance to each other as is reasonably necessary to permit the others in the division to render investment advice and related services to their respective client accounts. Such advisory affiliates include, but are not limited to:

- UBS AG
- UBS Global Asset Management (Australia) Ltd.
- UBS Global Asset Management (Canada) Inc.
- UBS Global Asset Management (Deutschland) GmbH
- UBS Global Asset Management (Hong Kong) Limited
- UBS Global Asset Management (Italia) SGR S.p.A
- UBS Global Asset Management (Japan) Ltd.
- UBS Global Asset Management (Singapore) Ltd.
- UBS Global Asset Management (Taiwan) Ltd.
- UBS Global Asset Management (UK) Ltd.
- UBS Hana Asset Management Co., Ltd.
- CCR Asset Management S.A.

The following advisory affiliates provide fund administration services:

- UBS Fund Management (Luxembourg) S.A.
- UBS Fund Management (Switzerland) AG
- UBS Fund Services (Cayman) Ltd.
- UBS Fund Services (Ireland) Ltd.
- UBS Fund Services (Luxembourg) S.A.

- *Financial Planners:* Affiliates of UBS Global AM, including UBS AG and UBS Financial Services Inc., may provide financial planning services to their clients.
- *Banking Institutions:* UBS Global Asset Management (Americas) Inc. is a member of the UBS Global Asset Management division of UBS AG, a Swiss banking organization.

UBS Global Asset Management Trust Company (the "Trust Company"), an Illinois trust company is a wholly-owned subsidiary of UBS Global Asset Management (Americas) Inc. Certain UBS Global Asset Management employees are also officers of the Trust Company. In addition, UBS Global Asset Management provides investment sub-advisory services to the Trust Company. The Trust Company provides fiduciary services to employee benefit retirement plans and serves as the trustee for various collective investment trusts ("Collective Trusts"), including the UBS (US) Group Trust and various closed-end collective investment trusts. The Collective Trusts are investment vehicles through which certain qualified pension, profit sharing and governmental plans may commingle their assets for investment purposes. The Collective Trusts are exempted from registration and regulation under the Investment Company Act of 1940, as amended.

Affiliated banking institutions include: UBS Bank USA, a Utah industrial bank and a wholly owned subsidiary of UBS AG.

- *Pension Consultants:* UBS Global AM may provide pension consulting services to certain of its clients, subject to compliance with applicable rules and regulations, including ERISA. In addition, certain of its affiliates, including UBS Financial Services Inc., may also provide pension consulting services to their clients.
- *Limited Partnership Sponsorships:* UBS Global Asset Management is the general partner of certain private equity limited partnerships in which clients previously were solicited to invest, but which are no longer open to new investors. UBS Global Asset Management has engaged Adams Street Partners LLC, an unaffiliated registered investment adviser, to sub-advise these limited partnerships.

Recommending or selecting other investment advisers: UBS Global AM may recommend or select other investment adviser for clients; however we do not receive direct or indirect compensation from those advisers.

Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Overview

This section of the Firm Brochure contains a summary of our Code of Ethics. We also describe circumstances where we may recommend, buy or sell securities for client accounts in which we (or a related person) may have a material financial interest. This description includes information on the conflicts of interests that may arise and how we address these conflicts.

Code of Ethics: Proprietary and Employee Securities Transactions

Directors, officers and employees of UBS Global AM and our affiliates may from time to time have acquired or sold, or may subsequently acquire or sell, for their personal accounts, securities that may also be held, or have been purchased or sold, for the accounts of our clients.

UBS Global AM has adopted a Code of Ethics intended, among other things, to ensure that personal investing activities by employees and certain of their family members are consistent with our fiduciary duty to clients. Unless specifically exempted, our Code of Ethics generally requires employees to pre-clear all securities transactions, and imposes certain “lockout” periods whereby certain employees may not be able to trade in a particular security if we are recommending a transaction in that security for clients. These lockout periods are subject to certain exceptions upon approval by a compliance officer. Employees also are required to hold securities, including mutual funds we advise or sub-advise, for a period of at least 30 days. The restrictions generally do not apply to accounts in which an employee has an interest but which is subject to a discretionary investment management agreement, whether with UBS Global AM, an affiliate or an unaffiliated manager. Our employees may be investors in certain pooled vehicles for which we or an affiliate acts as investment adviser. For purposes of the Code of Ethics, such investment vehicles are treated as clients and are not subject to the personal trading restrictions described above.

UBS Global AM will provide a copy of our Code of Ethics to any client or prospective client upon request.

Participation or Interest in Client Transactions

- *General*

UBS Global AM may purchase or sell, or recommend for purchase or sale, for our investment advisory clients securities of companies: (i) with respect to which our affiliates act as an investment banker or financial adviser; (ii) with which our affiliates have other confidential relationships; (iii) in which our affiliates maintain a position or (iv) make a market; or in which the affiliate or its officers, directors or employees own securities or otherwise have an interest. Except to the extent prohibited by law or regulation or by client instruction, UBS Global AM may recommend to our clients, or purchase for our clients, securities of issuers in which UBS has an interest. We may also invest in or recommend for purchase for our clients, securities issued by a company for whose pension plan we act as investment manager or otherwise with whom we have a client relationship.

To minimize potential conflicts of interests, UBS Global AM’s investment advisory business is structured as a separate and distinct business from our affiliates that conduct banking, investment banking, broker/dealer (other than pooled fund distribution), wealth management and a variety of other financial services businesses. In providing such services, our affiliates may have access to material, non-public information. In order to prevent the improper communication of such inside information, UBS Global AM and its affiliates established policies and procedures designed to prevent the misuse of such information, and the spread of such information within or across business divisions. UBS Global AM’s business processes and information systems are also designed to prevent sensitive information regarding affiliates’ businesses from being shared with or accessed by our personnel. These information barriers are also designed to prevent sensitive information regarding our business from being shared with or accessed by our affiliates. However, despite these information barriers, as a result of applicable law or potential conflicts of interests, UBS Global AM may be precluded from effecting or recommending

transactions in particular securities for its clients that we may otherwise believe are an attractive investment. Material, nonpublic information may also become available to UBS Global AM through our client relationships or other activities. This information will not knowingly be passed on to our investment advisory clients, or used for our or their benefit, or for any other purpose.

The highest priority of every investment professional at UBS Global AM is to pursue each client's investment goals through independent analysis and portfolio management. At all times, our research, security selection and trade execution is performed strictly and solely in adherence to the investment principles established independently by UBS Global AM, and in full compliance with all applicable banking, securities and fiduciary laws and regulations. To the extent we cause transactions for client accounts to be executed through affiliates (which will only be done in compliance with applicable law, as described above), UBS Global AM receives no additional remuneration with respect to such transactions. The compensation of our personnel is dependent solely on the results of our investment advisory business.

From time to time, UBS Global AM and our affiliates may engage in cross-marketing their services to clients and prospects. As noted above, UBS Global AM and our affiliates have policies and procedures in place to prevent the improper flow of information to or from UBS Global AM as a result of such cross-marketing opportunities.

UBS Global Asset Management and our affiliates have relationships with a number of clients who directly or through one or more affiliates issues publicly-traded securities. UBS Global AM may, in compliance with client investment guidelines and applicable law, purchase on behalf of our clients securities issued by another client. UBS Global Asset Management has a number of policies and procedures designed to manage this potential conflict of interest.

As a result of differences in client objectives, strategies and risk tolerances, UBS Global AM may give different advice or make different recommendations to different clients that are authorized to invest in the same securities. In addition, our investment advice may differ from advice given by other business divisions within UBS or other members of UBS Global AM, as our investment advisory business is structured as a separate and distinct business from our affiliates that conduct banking, investment banking, broker-dealer (other mutual fund distribution), wealth management, investment management and a variety of other financial services businesses.

Conflicts exist when UBS Global AM and/or our affiliates invest, on behalf of our clients, in more than one part of the capital structure of the same issuer. UBS Global AM has a number of policies and internal controls designed to manage this potential conflict of interest. The underwritings section below further addresses one of these types of conflicts, where our affiliates may be engaged in the offering of a security which UBS Global AM may purchase on behalf of our clients.

- *Underwritings*

In conformance with clients' investment objectives and subject to compliance with applicable law, UBS Global AM may purchase securities for client accounts during an underwriting or other offering of securities in which an affiliated broker-dealer acts as a manager, co-manager, underwriter or placement agent, or receives a benefit in the form of management, underwriting, or other fees paid to members of an underwriting syndicate. Affiliates of ours may act in other capacities in such offerings for which a fee, compensation, or other benefit will be received. From time to time, our affiliates will be current investors in, or lenders to, companies engaged in an offering of securities which we may purchase on behalf of clients, and the proceeds of such purchases may be used to pay off or retire the interests of our affiliates. Such purchases may provide a direct or indirect benefit to our affiliates acting as a selling shareholder, through the return of capital or otherwise. UBS Global AM may also participate in structured fixed income offerings of securities in which a related person may serve as trustee, depositor, originator service agent or other service provider in which fees will be paid to such related person. Further, a related person may act as originator and/or servicing agent of loans or receivables for a

structured fixed income offering in which we may invest client assets. Participation in such offering may directly or indirectly relieve obligations of related persons. For clients subject to ERISA, such investments will be made in accordance with the terms of applicable prohibited transaction exemptions.

- *Investments in Funds*

When permitted by applicable law and the investment guidelines applicable to the individual client accounts, and considered by UBS Global AM to be in the best interests of a client, we may recommend to clients and invest assets of client accounts in various closed-end and open-end investment companies and other pooled investment funds we or an affiliate advise or sub-advise. UBS Global AM may or may not receive compensation for such services from the funds. Generally, we will waive our management fee with respect to assets so invested to the extent of the compensation we or our affiliates receive for investment advisory services rendered with respect to such pooled investment vehicles; however clients will pay custody, administration, audit and other fees in connection with such investments.

UBS Global AM, on behalf of clients, may invest in private equity offerings in which an advisory affiliate and/or related person may also invest. With respect to such investments, our advisory affiliates and/or related persons may buy and sell at times and prices which may be more or less favorable than prices paid or received by our clients.

- *Model Programs*

In connection with certain programs pursuant to which independent investment advisers and other financial institutions ("Model Program Sponsors") provide advisory services to their clients (the "Model Programs"), certain Program Sponsors have retained UBS Global AM to provide model investment portfolios for use in the Model Programs (the "Model Portfolios"). In some cases, the Model Program Sponsor may retain UBS Global AM to provide periodic or ongoing advice with respect to updates to the Model Portfolio. The Model Portfolios may consist of a portfolio of mutual funds sponsored by UBS Global AM or other securities and investment products.

UBS Global AM generally creates the Model Portfolios for a hypothetical investor with investment objectives specified by the Model Program Sponsor. As a general matter, an investor in the Model Program or the investor's adviser has the responsibility to (i) determine whether a Model Portfolio is suitable and appropriate for the investor and (ii) tailor the Model Portfolio, as necessary, to fit an investor's financial situation and objectives. Under the terms of the Model Programs, the Model Program Sponsor or an investor's adviser generally has the ability to modify the Model Portfolios.

For providing these services, the Model Program Sponsor generally pays UBS Global AM a quarterly fee, based on an annual percentage of assets in the Model Program managed pursuant to the Model Portfolios. Those fees are generally 0.15% of assets up to \$250,000, 0.12% of assets from \$250,000 to \$500,000, 0.10% of assets from \$500,000 to \$1,000,000, 0.07% of assets from \$1,000,000 to \$2,000,000, and 0.04% of assets in excess of \$2,000,000. Such fees are generally assessed separately on the assets of each client of the Model Program Sponsor. These fees are in addition to the fees UBS Global AM and its affiliates earn for providing services to the funds that comprise the Model Portfolios. UBS Global AM or the Model Program Sponsor may impose a minimum account size in connection with a Model Program.

UBS Global AM may have interests that conflict with the interests of investors investing in a Model Portfolio pursuant to a Model Program. For example, UBS Global AM and our affiliates receive asset-based and other fees for providing advisory and other services to mutual funds that we manage, including those mutual funds that we may select to form a part of a Model Portfolio. Thus, we have an incentive to include such mutual funds in any Model Portfolio we create. The advisory and other fees charged by such mutual funds will be indirectly borne by investors in the Model Portfolios and are in addition to any fees charged by the Program and Program Sponsor. In addition, to the extent the

profitability of a particular mutual fund or other product is greater than the profitability of another product; we will have an incentive to include the most profitable product in the Model Portfolio.

In addition, Model Program Sponsors may pay UBS Global AM for our services in connection with furnishing the Model Portfolios. To the extent that our profitability earned for services in connection with one Model Program or Model Portfolio is higher than the profitability earned for another Model Program or Model Portfolio, we will have an incentive to devote more resources to the more profitable Model Program or Model Portfolio.

Item 12: Brokerage Practices

Overview

This section of the Firm Brochure contains information regarding our brokerage practices, including the trade execution services we provide to clients in selecting broker-dealers and other execution counterparties and in negotiating commission rates and other transaction costs on behalf of our client accounts. We also discuss the brokerage and research services we receive in connection with client securities transactions (often referred to as “soft dollars”). Clients may request that we direct commissions for their accounts to specific brokers, and we discuss our practices with respect to directed brokerage. In addition, we discuss the aggregation and allocation of orders.

Selection of brokers and dealers and commission rates

UBS Global AM will seek to select broker-dealers (which may include its affiliates if permitted by the client) and other trading counterparties on the basis of a number of factors including their financial stability, their execution capabilities and trading expertise to execute and settle transactions for client accounts. In determining which broker-dealer may provide best execution for a particular transaction or series of transactions, UBS Global AM considers the totality of the services that a broker-dealer can provide, including but not limited to: execution price, capability to execute difficult trades (possible market impact, size of the order and market liquidity); commitment of capital; opportunity for block transactions; access to IPOs and other new issues; research; confidentiality; clearance and settlement; responsiveness; access to markets; and/or financial stability. This means that a broker-dealer offering the most favorable commission or spread may not be selected to execute a particular transaction. We will seek to negotiate favorable commissions and spreads on all transactions (other than client-directed brokerage).

We will determine the overall reasonableness of the brokerage commissions and other transaction costs on client transactions by taking into account various factors, including, but not limited to, the following: current market conditions; size and timing of the order; depth of the market; per share price; difficulty of execution; the time taken to conclude the transaction; the extent of the broker-dealer’s commitment, if any, of its own capital; and the amount involved in the transaction. In the course of executing client transactions, when in the best interests of our clients, we may utilize the execution services of a broker (including a related person) other than the market-maker for certain over-the-counter securities transactions. As a result, clients may be charged a commission as well as an undisclosed mark-up or markdown on such transactions.

UBS Global AM will coordinate portfolio management and trading activities among our clients and our advisory affiliates that utilize a common trading platform. Such transactions will be executed through one of our trading desks in accordance with our current trading policy and procedures, including the following: trade allocations, purchase of new issues, cross-trading, directed brokerage, and research or services. Indications of interest of new issues will be aggregated for clients of ours and our advisory affiliates in accordance with UBS Global AM’s allocation policy.

From time to time, UBS Global AM has implemented trade order volume controls for clients of related persons and for advised wrap programs that received our model portfolio information in order to minimize potential market impact execution costs of trading the same securities outside of our trading desk. In the course of monitoring the above noted trading activities, UBS Global AM attempts to objectively ensure that all clients, as well as clients of advisory affiliates and related persons, are treated equitably.

Research and Brokerage Services

While we select brokers primarily on the basis of their execution capabilities, UBS Global AM may cause a client to pay a commission to brokers or dealers for effecting a transaction for that client in excess of the amount another broker or dealer would have charged for effecting that transaction. Although the use of client brokerage commissions to obtain research or other products or services inherently benefits UBS Global AM because we do not have to produce or pay for the research, products, or services, this is only done when we have determined in good faith that the commission is reasonable in relation to the value of the execution, brokerage and/or research services ("soft dollar benefits") provided by the broker. Our arrangements for the receipt of research services from brokers may create conflicts of interests, in that we have an incentive to choose a broker or dealer that provides research services, instead of one that charges a lower commission rate but does not provide any research. Third party research services provided to our firm by brokers are reviewed to ensure that they meet the standards of Section 28(e) of the Securities Exchange Act of 1934, as amended. We follow certain procedures to direct client transactions to a particular broker-dealer in return for soft dollar benefits we receive.

UBS Global AM and our advisory affiliates utilize a common portfolio and trading platform for our clients. Certain investment professionals and other employees are officers of advisory affiliates and related persons and may provide investment advisory services to clients of such affiliated entities. UBS Global AM's personnel also provide research and trading support to personnel of certain advisory affiliates. Research-related costs may be shared by advisory affiliates and related persons and may benefit the clients of such advisory affiliates. Since research services are shared between UBS Global AM and our advisory affiliates, we maintain an aggregated soft dollar budget. Therefore, research services that benefit our clients may be paid for with commissions generated by clients of our advisory affiliates. Similarly, research services paid for by commissions generated by our clients may benefit advisory affiliates and their clients.

UBS Global AM does not allocate the relative costs or benefits of research received from brokers or dealers among clients because we believe that the research received is, in the aggregate, of assistance in fulfilling our overall responsibilities to clients. The research may be used in connection with the management of accounts other than those for which trades are executed by the brokers or dealers providing the research. UBS Global AM may receive a variety of research services and information on many topics, which we can use in connection with our management responsibilities with respect to the various accounts over which we exercise investment discretion or otherwise provide investment advice. These topics include: issuers, industries, securities, economic factors and trends, portfolio strategy, the performance of accounts, statistical information, market data, earnings estimates, credit analysis, pricing, risk measurement analysis, and other information that may affect the U.S. or foreign economies, security prices, or management of the portfolio.

For equity transactions, approximately 40% of brokerage commissions are attributable to execution and 60% of brokerage commissions are attributable to third party and/or proprietary research services provided to our firm by brokers executing trades on behalf of our clients. For fixed income, currency and derivative transactions, counterparties do not provide the firm with third party research services. We believe that any proprietary research provided by fixed income, currency and derivative counterparties is incidental to their execution services.

Types of services received

UBS Global AM uses proprietary and third party research and products. In the past fiscal year, the research services we have used include: written reports, pricing and appraisal services, market data services, analysis of issues raised in proxy statements, educational seminars, subscriptions to trade journals, portfolio attribution and monitoring services and computer software and access charges which are directly related to investment research. Research services may be received in the form of written reports, online services, telephone contacts and personal meetings with security analysts, economists, corporate and industry

spokespersons, investment consultants and government representatives. Research services are either provided directly by broker-dealers or generated by third parties and are provided by the brokerage firm to which the commissions are paid including commission sharing arrangements. Products and services that we believe do not meet the standards of Section 28(e) of the Securities Exchange Act of 1934, as amended, are not acquired with client brokerage commissions.

Certain services may be mixed use, or used for research purposes as well as other purposes such as compliance or account administration. Payment for these mixed-use services is made as follows: the portion allocated to research is paid for through commissions, and the portion allocated to other purposes is paid for by UBS Global AM. The decision, regarding what amounts are paid by UBS Global AM versus paid by clients through commissions, presents a conflict of interests. To mitigate the conflict, the allocation is determined by our equity trading department, in consultation with legal and compliance, in good faith and based on objective criteria, to the extent available, of the amounts used for research and non-research purposes, and the allocation is reviewed by our Best Execution and Trading Committee. Research services received from brokers and dealers may be supplemental to our own research efforts and, when utilized, are subject to internal analysis before being incorporated into our investment process. As a practical matter, it would not be possible for UBS Global AM to generate all of the information presently provided by brokers and dealers.

UBS Global AM may receive in-house or proprietary research from dealers that execute trades on a principal basis for our clients. The research received will be of the type described above, excluding third-party research services.

Brokerage for client referrals

When selecting or recommending broker-dealers, UBS Global AM does not consider whether it or a related person receives client referrals from a broker-dealer or third party.

Client directed brokerage

UBS Global AM does not recommend, request or require that a client provide direction to execute transactions through a specified broker-dealer. However, a client may request that UBS Global AM direct all or a portion of commissions for their accounts to specified brokers that provide research, commission recapture and other services directly to such client. UBS Global AM may not be able to freely negotiate commission rates or select brokers on the basis of best available price and most favorable execution for these client directed brokerage transactions. In addition, transactions directed in this manner may not be aggregated for execution with transactions in the same securities for other clients. Where available, we may use the "step-out" trade mechanisms to effect client directed brokerage transactions along with aggregated orders that are not directed. A step-out trade allows for execution through one broker-dealer who steps out of a portion of the trade in favor of the client's directed broker-dealer. The commission is charged by the client's directed broker or clearing broker and the executing broker-dealer receives no compensation for the portion of the trade that was stepped-out. If UBS Global AM is not able to arrange for step-out transactions to facilitate client directed brokerage arrangements, we may execute directed transactions after executing transactions in the same security that are not directed to a particular broker-dealer. As a result, clients that have directed brokerage arrangements may pay higher commissions or receive less favorable net prices or may experience sequencing delays than would be the case if UBS Global AM were authorized to choose the broker through which to execute transactions for the client's account.

Pursuant to certain of the wrap fee arrangements between UBS Global AM and the wrap fee Program Sponsors, we have discretion to select brokers or dealers other than the wrap fee Program Sponsors (or their designees) when necessary to fulfill our duty to seek best execution of transactions for client accounts. However, brokerage commissions and other charges for transactions not effected through the wrap fee Program Sponsors (or their designees) are charged to the client, whereas the wrap fee covers the cost of

brokerage commissions and other transaction fees on transactions effected through the wrap fee Program Sponsors (or their designees). For this reason, it is likely that most, if not all, transactions for such clients will be effected through the Program Sponsors (or their designees).

UBS Global AM is not in a position to negotiate commission rates with the Program Sponsors on behalf of wrap fee clients, or to monitor or evaluate the commission rates being paid by such clients or the nature and quality of the services they obtain from the Program Sponsors. UBS Global AM and its advisory affiliates endeavor to treat all advisory accounts fairly in the execution of client orders. However, from time to time, wrap fee clients may experience sequencing delays, lost opportunity and market impact costs when executing transactions through the wrap sponsor.

A client who participates in the wrap fee program arrangement with the wrap fee Program Sponsors should consider that, depending upon the level of the wrap fee charged by the Program Sponsors, the amount of portfolio activity in the client's account, the value of custodial and other services which are provided under the arrangement, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately.

Aggregation and allocation of orders

UBS Global AM may purchase or sell the same security or instruments for more than one client account, including clients of advisory affiliates, simultaneously. These accounts include advisory clients, pooled vehicles, partnerships and investment companies for which UBS Global AM and our related persons act as investment manager, administrator or underwriter, and in which UBS Global AM and our officers, employees, advisory affiliates and related persons have a financial interest as well as accounts of pension plans covering our employees and advisory affiliates and seed capital accounts ("Proprietary Accounts"). With respect to equity securities, when possible, orders for the same security are aggregated or "batched" to facilitate best execution and to reduce brokerage commissions and other costs. UBS Global AM effects batched transactions in a manner designed to ensure that no participating client, including any Proprietary Account, is favored over any other client. Specifically, each client and Proprietary Account that participates in a batched transaction will receive the average share price for all the fills in that security on that business day, with respect to that batched order.

With respect to equity securities traded through a market or exchange, securities purchased or sold in a batched transaction are allocated on a pro rata basis based on eligible shares, unless certain exceptions noted below apply, to the participating client accounts and Proprietary Accounts in proportion to the value of the initial order based on account size. UBS Global AM may, however, increase or decrease the amount of securities allocated to a particular account to avoid odd-lot or a small number of shares being allocated to an account. Additionally, if we are unable to fully execute an aggregated order and determine that it would be impractical to allocate a small number of securities among the accounts participating in the transaction on a pro-rata basis, we may allocate such securities to less than all of the participating accounts in a manner determined in good faith to be a fair allocation. The accounts not receiving an allocation may be given priority on subsequent trading days in order to catch them up with the remaining accounts. Additional exceptions to a pro rata allocation method are when a client's total order is small compared to orders for other client accounts being traded.

With respect to fixed income securities, UBS Global AM seeks to allocate trades on a pro-rata, average price basis. However, due to the limited supply of certain securities and the differing portfolio characteristics among accounts, we will often allocate fixed income securities using a method other than pro-rata, based upon pre-determined criteria, such as duration or credit quality. We make these allocations in good faith with the goal of ensuring that a fair and equitable allocation will occur over time. In addition, accounts with a specialized investment strategy and/or mandate may receive priority in the allocation process with respect to certain securities.

In some instances, the procedures described above may adversely affect the size of the position or the price paid or received by the client, as compared with the position size or price that would have been received had no aggregation occurred. Conversely, clients that direct brokerage to particular broker-dealers may be precluded from batched orders to the extent necessary to comply with client's directions and may not benefit there from.

UBS Global AM will allocate trades for the same security on behalf of multiple accounts on a basis other than pro rata when necessary due to differing levels of liquidity in client accounts. This may occur when sales required to raise liquidity for purchases are completed at different times for each account, when trades are required as a result of asset allocation changes, based on the investment objectives of accounts, and when a client is making a contribution to or withdrawal from its account. While we may effect trades in these circumstances prior to trading for other accounts, we will seek to ensure that all allocations are fair and equitable over time.

IPOs, secondaries and new issues will generally be allocated among eligible clients on a pro rata basis. To the extent shares available in an IPO or new issue are not sufficient to allocate on a pro rata basis in a manner that would be meaningful for clients, the shares may be allocated in another manner determined in good faith to be a fair allocation. Additionally, IPOs may be allocated based on the objectives and guidelines of the particular accounts, the trading volume attributable to each model strategy with the broker from which the IPO opportunity arises, the size of the orders placed on behalf of each model strategy, the length of time the security is likely to be held within a particular strategy and the assets under management in a particular model strategy. IPOs and secondaries typically are not purchased for wrap account clients or for non-discretionary clients.

Although UBS Global AM may believe that it is both desirable and suitable for a particular security or other investment be purchased or sold for the account of more than one client, there may be instances when there is a limited supply or demand for that security or investment. In these instances, we generally allocate the opportunity to purchase or sell that security or investment among client accounts according to client needs and objectives. While we seek to assure fair and equitable treatment over time, there can be no assurance of equality of treatment among all clients or that any one investment will be proportionally allocated among clients according to any particular or predetermined standards or criteria.

Equity securities will initially be allocated to the PWS program as described above. Then, the portion of equity securities allocated to the PWS program will be allocated among individual clients in the PWS program on a random basis and in separate order management systems, subject to an exception that orders to purchase securities will not be allocated to clients who do not have sufficient cash in their accounts to fund the purchase price of the entire block of securities that would otherwise have been allocated to them. A random allocation method such as this may result in clients not owning certain securities that other similarly managed accounts own and thus may lead to performance dispersion among similarly managed accounts. The extent of any performance dispersion may be greater over shorter time periods, as the trade discrepancies inherent in a random method for allocating trades may take time to even out across all accounts. Therefore, depending on when you redeem, the performance of your account may differ from other client accounts.

UBS Global AM provides investment advisory services to some accounts over which we do not have investment discretion including affiliated and third party model based programs ("Non-Discretionary Accounts"). Non-Discretionary Accounts will typically be notified of recommended changes to a model simultaneously with the accounts over which we have investment discretion, ("Discretionary Accounts"). However, UBS Global AM may determine in its sole discretion to place transactions of our Discretionary Accounts ahead of Non-Discretionary accounts based on a number of factors, including size of the overall trade, a particular broker-dealer's commitment of capital, liquidity, subscription and redemption activity, conditions of the market (such as volatility, market dislocation / disruption), or confidentiality. In those

events, the Non-Discretionary accounts may not receive executions as favorable as those received by our Discretionary Accounts because of the delay. When we decide to place Discretionary Accounts ahead of Non-Discretionary Accounts, we will make a good faith effort to notify Non-Discretionary accounts of the model changes promptly after discretionary trading is completed.

Even though UBS Global AM may provide our recommended changes to a model simultaneously to Non-Discretionary Account and Discretionary Accounts, UBS Global AM may have already commenced trading before the manager of a Non-Discretionary Account has received or had the opportunity to fully evaluate or to act on our recommendations. In this circumstance, trades ultimately placed by a manager of a Non-Discretionary Account may be subject to price movements, particularly with large orders or where the securities are thinly traded, which may result in the Non-Discretionary Account receiving prices that are less favorable than the prices obtained by UBS Global AM for its Discretionary Accounts. On the other hand, a manager of a Non-Discretionary Account may initiate trading based on our recommendations before or at the same time UBS Global AM is also trading for its Discretionary Accounts. Particularly with large orders where the securities are thinly traded, this could result in UBS Global AM's Discretionary Accounts receiving prices that are less favorable than prices that might otherwise have been obtained absent the other manager's trading activity. Because UBS Global AM does not control a manager's execution of transactions for Non-Discretionary accounts, UBS Global AM cannot control the market impact of such transactions. However, UBS Global AM believes that all accounts will have the same long-term opportunity for substantially similar performance.

UBS Global AM may have investment management discretion over accounts where we receive a model from a third party investment adviser. In these instances, the third party investment adviser will follow their trading policies regarding the sequencing of orders for model programs, including the timing of delivery of the model. UBS Global AM may or may not receive information regarding the model simultaneously with other accounts of the third party manager. As a result, UBS Global AM may not receive executions as favorable as those accounts managed by the third party manager.

From time to time, UBS Global AM may reallocate securities from one client account to a second client account in order to correct an error. Such reallocations may only be effected with prior approval of compliance personnel. UBS Global AM will only make the reallocation prior to settlement of the trade, and only if the reallocation represents a legitimate investment decision on behalf of each account involved.

Other affiliated transactions

UBS Global AM may designate any broker or dealer to receive selling concessions, discounts or other allowances or may otherwise deal with any broker or dealer in connection with the acquisition of securities in underwritings. To the extent an affiliate is a participating underwriter in a syndicate, the affiliate may receive an indirect benefit from the purchase of shares by client accounts. UBS Global AM will not cause client accounts to purchase shares of securities in an underwriting directly from an affiliate. Purchases in an underwriting syndicate for clients who are subject to ERISA or the Investment Company Act of 1940 will be made in compliance with the terms of Prohibited Transaction Exemption 75-1, or other applicable exemption, and Rule 10f-3 under the Investment Company Act of 1940, respectively.

The use of affiliated brokers creates certain conflicts of interests, including the fact that the affiliate and certain of its employees may receive additional compensation based on the commissions charged and the number of trades in the account. See above for a further description of our use of affiliated brokers.

Item 13: Review of Accounts

Overview

This section of the Firm Brochure describes our process for reviewing client accounts. We also describe the types of reports we provide to clients.

Account review procedures

Accounts are reviewed periodically by compliance personnel for compliance with model strategies and investment guidelines.

Every client account is managed by a team of investment specialists either directly or indirectly through application of a model. These investment specialists perform research and make portfolio composition decisions for their accounts or models. Depending on the investment strategy for the account, the portfolio manager, client advisor, account manager or other personnel bring together these investment decisions with the client's policy objectives to form the optimal portfolio for the client.

UBS Global Asset Management maintains an Equity Investment Committee, a Fixed-Income Investment Committee and an Asset Allocation/Currency Investment Committee. Each committee has overall responsibility for portfolio structure and monitoring of the accounts and models within the scope of their committee. These committees formulate, review and approve investment policies, strategies and objectives for each particular asset class; review, approve and recommend the purchase, sale or retention of the assets held in client accounts either directly or through the process of setting model strategies pursuant to which such accounts are managed. For different clients or groups of clients, we may use different screening tools for monitoring restrictions and client guidelines. Therefore, clients that impose similar restrictions may or may not have similar portfolios.

In addition to review of the model strategies by the committees, all institutional accounts have one or more portfolio managers, a client advisor and/or an account manager assigned to them. Before an account is officially opened and trading begins, client guidelines are reviewed and are distributed in a pre-funding meeting attended by the legal, compliance, client servicing, operations, investment, and trading groups. Following an account funding, revisions or changes to guidelines are communicated and reviewed with the same groups prior to implementation. Transactions are executed by portfolio managers or order placement specialists and confirmations for all trades in client accounts are reviewed on a daily basis and reconciled to the report of the trustee or custodian by an account administrator on a monthly basis. Transaction details may be sent to the client or the custodian daily. Each client account is further reviewed on a continuous basis by the client advisor and/or account manager to ensure the model strategy and client investment guidelines are being adhered to. UBS Global AM currently has various manual and automated pre and post-trade monitoring processes and systems in place. .

In addition to the account review processes described above, our compliance, legal, client servicing and investment teams conduct a periodic review of client accounts, reviewing portfolio holdings, legal documentation and restrictions, Know Your Customer documentation, authorized signers lists, investment guidelines, fees and billing cycle, reporting and performance. The supervised persons who conduct these reviews may include compliance officers, associate general counsels, account managers and portfolio managers.

Additionally, wrap accounts are serviced by their Financial Advisors, who are informed on an ongoing basis of their client account transactions, holdings and performance.

Client reporting

There is considerable variation in the number of accounts assigned to different portfolio managers, client advisors and account managers, depending upon such factors as the type of account, the amount of assets under management, the nature of the investment goals and objectives and the location of the client.

The nature and frequency of reporting to clients will vary depending upon a number of factors, including the investment program chosen by the client, the needs of the client, and the terms of the contract and other discussions between the client and UBS Global AM.

Typically, clients and/or their custodian banks are regularly furnished written confirmations (from the executing broker), written portfolio appraisal reports and summaries, written purchase and sales reports and written performance reviews with respect to their investment advisory accounts. All reports (other than trade confirmations) are sent on either a monthly, quarterly or semi-annual basis, depending on the client's needs. Reports for wrap clients are typically sent by the program sponsor.

Portfolio appraisal reports and summaries generally classify the securities in a client portfolio by industry, aggregate cost, aggregate market value, respective percentages of the total portfolio, the estimated annual income, current yield and market value.

Transaction summaries are furnished monthly or quarterly as the client requests. The monthly summaries show the activity in any one account and include the security, the number of shares of each security held, costs, proceeds from sales, current market value and realized gains or losses. This information is recapped on a quarterly basis.

Performance reviews usually contain information as to the market value of the total portfolio, contributions and withdrawals, rate of return and comparisons to various published indices. These reviews generally reflect this information by month, by quarter and by year and rate of return since the inception of the account.

At the client's request, a cumulative monthly statement may also be provided, setting forth the commissions paid by the account on all equity transactions since the beginning of the calendar year in terms of total dollars and cents per share. UBS Global AM encourages frequent reviews with clients, particularly early in the relationship. Generally, we meet with each institutional client on a periodic basis, such as quarterly, semi-annually or annually in order to review investment strategy, performance and administrative matters. Although we typically do not hold formal periodic meetings with clients investing in wrap programs in which we are a participating manager, we will make personnel available upon request to respond to a client's questions about the investments made in his/her account.

Item 14: Client Referrals and Other Compensation

Client referrals

Occasionally, clients may be referred to UBS Global AM by affiliated or unaffiliated persons ("solicitors"). UBS Global AM may compensate certain solicitors pursuant to a written agreement consistent with the requirements of Rule 206(4)-3 under the Advisers Act and applicable state laws and regulations. We may pay a solicitor a monthly fee or a portion of the advisory fees or revenues that we earn for managing a client account referred to us by a solicitor. The costs of any such referral fees are paid entirely by UBS Global AM and, therefore, do not result in any additional charges to the client. In addition, our client service representatives and certain of our affiliates' employees may receive incentive compensation, a portion of which may be attributable to solicitation or sales activities. UBS Global AM may also enter into arrangements to reimburse our and our affiliates' employees for certain business expenses incurred in the solicitation of prospective clients.

UBS Global AM implemented policies and procedures regarding political contributions and doing business with government entities in response to the SEC's "pay-to-play" rules under the Investment Advisers Act of 1940, including Rules 206(4)-3 and 206(4)-5 there under. Under our political contributions policy, covered associates will be required to pre-clear all political contributions through our Legal Department to ensure compliance with applicable political contribution restrictions. Furthermore, we do not allow political contributions to be made by our firm.

All arrangements to pay solicitors or placement agents in connection with soliciting or doing business with a government client or investor must comply with SEC Rule 206(4)-3 under the Advisers Act as well as any applicable state/local laws or regulations limiting or prohibiting the use of placement agents. All solicitor and placement agent arrangements must be pre-approved by our Legal Department to confirm that they comply with applicable federal and state rules.

Occasionally, UBS Global AM employees may refer clients to our affiliates and may be compensated by such affiliates consistent with the requirements of Rule 206(4)-3 under the Advisers Act, if applicable. Where we have the discretion to allocate client assets we are managing to an affiliate for management as a sub-adviser, we will not receive any referral fees as a result of such allocation.

Clients may also retain their own consultants to whom they pay fees directly. UBS Global AM at times may pay these consultants fees for various services provided to our firm such as market data, educational conferences, or, on occasion, for separate research projects. From time to time consultants performing due diligence on UBS Global AM's investment processes may attend internal investment strategy meetings, but only if the consultant has executed a confidentiality agreement prior to attending the meetings.

Item 15: Custody

UBS Global AM does not maintain physical custody of any client assets as all of our clients' assets are maintained by qualified custodians. The term custody, however, is broadly defined by the SEC, and UBS Global AM performs certain activities that result in UBS Global AM being deemed to have custody under SEC Rule 206(4)-2. Both UBS Global AM and our clients' qualified custodians send periodic account statements to clients. **As a result, to ensure the safekeeping of their assets, it would be a good control process for clients to review and reconcile these account statements and contact UBS Global AM and their qualified custodian if there are any discrepancies between the two statements.**

Item 16: Investment Discretion

Discretionary authority

UBS Global AM offers both discretionary (clients who have authorized our firm to execute transactions for their accounts without prior approval) and non-discretionary (clients who require that transactions be either traded by or authorized by them in advance) investment management services. In either circumstance, clients may limit or prohibit UBS Global Asset Management from engaging in certain transactions due to asset allocation ranges, restrictions on the purchase of particular classes of securities or specific issuers, or other investment factors or account requirements. In addition, clients may further limit our authority by requiring that all or a portion of the client's transactions be executed through client's designated broker-dealer ("client directed brokerage"). Before UBS Global AM will assume discretionary authority for a client, the client and UBS Global AM must enter into an investment management agreement granting us authority to execute trades for the client.

Item 17: Voting Client Securities

Overview

This section of the Firm Brochure describes our proxy voting policies and procedures.

Proxy voting policies

Unless clients have reserved voting rights to themselves, UBS Global AM will direct the voting of proxies on securities held in their accounts. Our proxy voting policy is based on our belief that voting rights have economic value and must be treated accordingly. Generally, we expect the boards of directors of companies issuing securities held in client accounts to act as stewards of the financial assets of the company, to exercise good judgment and practice diligent oversight of the management of the company. While there is no absolute set of rules that determine appropriate corporate governance under all circumstances and no set of rules will guarantee ethical behavior, there are certain benchmarks, which, if substantial progress is made toward, give evidence of good corporate governance.

When UBS Global AM's view of a company's management is favorable, we generally support current management initiatives. When our view is that changes to the management structure may increase shareholder value, we may not support existing management proposals. In general, UBS Global AM: (1) opposes proposals which act to entrench management; (2) believes that boards should be independent of company management and composed of persons with requisite skills, knowledge and experience; (3) opposes structures which impose financial constraints on changes in control; (4) believes remuneration should be commensurate with responsibilities and performance; and (5) believes that appropriate steps

should be taken to ensure the independence of auditors. UBS Global AM may delegate to an independent proxy voting and research service the authority to exercise the voting rights associated with certain client holdings. Any such delegation shall be made with the direction that the votes be exercised in accordance with UBS Global AM's proxy voting policies. In addition, UBS Global AM has become a signatory to the United Nations Principles for Responsible Investment, which are available at www.unpri.org.

UBS Global AM has implemented procedures designed to identify whether we have a conflict of interest in voting a particular proxy proposal, which may arise as a result of our or our affiliates' client relationships, marketing efforts or banking, investment banking and broker/dealer activities. To address certain conflicts, we have imposed information barriers between ourselves and our affiliates who conduct banking, investment banking and broker/dealer activities and have implemented procedures to prevent business, sales and marketing issues from influencing our proxy votes. Whenever we are aware of a conflict with respect to a particular proxy, our local corporate governance committee is required to review and agree to the manner in which such proxy is voted.

Most discretionary clients give UBS Global AM the authority to vote proxies on their behalf. However, clients may opt to retain the right to vote proxies for securities in their account. If a client has retained proxy voting rights, the client is responsible for making arrangements to receive proxies and other solicitations directly from its custodian or transfer agents for the issuers. UBS Global AM does not generally communicate its proxy recommendations to such clients, but such clients may request to consult UBS Global AM with questions about a particular proxy.

A copy of UBS Global AM's full proxy voting policy is available to clients upon request. Additionally, information about how we voted proxies for securities held in a client's account will be made available upon request.

Item 18: Financial Information

To the best of our knowledge, there are no financial conditions to disclose at the present time that we believe are reasonably likely to impair our ability to meet our contractual commitments to our clients.

UBS Global Asset Management (Americas) Inc. has not been the subject of a bankruptcy petition at any time during the past ten years.

Appendix A—Fee Schedule***US Equity*****US Large Cap
(Core, Value, Value Analyst
Research, Select)**

	Separately Managed	Commingled
First 15,000,000		0.70%
Next 10,000,000		0.60%
Next 25,000,000	0.56% on first \$50 Mil	0.45%
Next 50,000,000	0.35%	0.32%
Next 100,000,000	0.30%	0.27%
Next 300,000,000	0.27%	0.24%
Thereafter	0.25%	0.22%
Minimum Invested Assets:	USD 50,000,000	USD 15,000,000
Minimum Fee:	USD 280,000	USD 105,000

**US Large Cap
(Growth, Select Growth)**

	Separately Managed	Commingled
First 15,000,000		0.75%
Next 10,000,000	0.71% on first \$25 Mil	0.65%
Next 25,000,000	0.50%	0.50%
Next 50,000,000	0.40%	0.37%
Next 100,000,000	0.35%	0.32%
Next 300,000,000	0.32%	0.29%
Thereafter	0.30%	0.27%
Minimum Invested Assets:	USD 25,000,000	USD 15,000,000
Minimum Fee:	USD 117,500	USD 112,500

US All Cap Equity/ US Equity Opportunity	Separately Managed	Commingled
First 15,000,000		0.80%
Next 10,000,000		0.70%
Next 25,000,000	0.66% on first \$50 Mil	0.55%
Next 50,000,000	0.45%	0.42%
Next 100,000,000	0.40%	0.37%
Next 300,000,000	0.37%	0.34%
Thereafter	0.35%	0.32%
Minimum Invested Assets	USD 50,000,000	USD 15,000,000
Minimum Fee	USD 330,000	USD 120,000

US Equity 130-30	Separately Managed	Commingled
First 50,000,000	0.80%	0.75%
Next 200,000,000	0.70%	0.65%
Next 250,000,000	0.65%	0.60%
Thereafter	0.60%	0.55%
Minimum Invested Assets:	USD 50,000,000	USD 15,000,000
Minimum Fee:	USD 400,000	USD 112,500

US Small Cap (Core, Growth, Value)	Separately Managed	Commingled
First 15,000,000		0.97%
Next 10,000,000	0.94% on first \$25 Mil	0.90%
Next 25,000,000	0.80%	0.80%
Next 50,000,000	0.70%	0.63%
Next 100,000,000	0.65%	0.59%
Next 300,000,000	0.62%	0.56%
Thereafter	0.60%	0.54%
Minimum Invested Assets:	USD 25,000,000	USD 15,000,000
Minimum Fee:	USD 235,000	USD 145,500

Global Equity

Global Equity/ Global ex-US Equity (Core)/ Global Growth	Separately Managed	Commingled
First 15,000,000		0.82%
Next 10,000,000		0.70%
Next 25,000,000	0.68% on first \$50 Mil	0.60%
Next 50,000,000	0.50%	0.45%
Next 100,000,000	0.45%	0.41%
Next 300,000,000	0.42%	0.38%
Thereafter	0.40%	0.36%
Minimum Invested Assets:	USD 50,000,000	USD 15,000,000
Minimum Fee:	USD 340,000	USD 123,000

ACWI/ACWI ex-US Equity/ Global (ex-US) All Cap Growth (EAFE, ACWI)	Separately Managed	Commingled
First 15,000,000		0.85%
Next 10,000,000		0.75%
Next 25,000,000	0.73% on first \$50 Mil	0.65%
Next 50,000,000	0.55%	0.50%
Next 100,000,000	0.50%	0.45%
Next 300,000,000	0.47%	0.42%
Thereafter	0.45%	0.40%
Minimum Invested Assets:	USD 50,000,000	USD 15,000,000
Minimum Fee:	USD 365,000	USD 127,500

ACWI All Cap/ACWI IMI	Separately Managed	Commingled
First 15,000,000		0.90%
Next 10,000,000		0.80%
Next 25,000,000	0.78% on first \$50 Mil	0.70%
Next 50,000,000	0.60%	0.55%
Next 100,000,000	0.55%	0.50%
Next 300,000,000	0.52%	0.47%
Thereafter	0.50%	0.45%
Minimum Invested Assets:	USD 50,000,000	USD 15,000,000
Minimum Fee:	USD 390,000	USD 135,000

Asia ex-Japan (Growth)	Separately Managed	Commingled
First 15,000,000		
Next 10,000,000		
Next 25,000,000	0.75% on first \$50 Mil	
Next 50,000,000	0.70%	
Next 100,000,000	0.65%	
Next 300,000,000	0.60%	
Thereafter	0.55%	
Minimum Invested Assets:	USD 50,000,000	N/A
Minimum Fee:	USD 375,000	N/A
Global ex-US Small Cap (Growth)	Separately Managed	Commingled
First 15,000,000		1.00%
Next 10,000,000		0.95%
Next 25,000,000	0.95% on first \$50 Mil	0.90%
Next 50,000,000	0.90%	0.85%
Next 100,000,000	0.85%	0.80%
Next 300,000,000	0.80%	0.75%
Thereafter	0.75%	0.70%
Minimum Invested Assets	USD 50,000,000	USD 15,000,000
Minimum Fee:	USD 475,000	USD 150,000
Emerging Markets Equity (Core, Value, Asia, Growth)	Separately Managed	Commingled
First 15,000,000		1.05%
Next 10,000,000		1.00%
Next 25,000,000	1.00% on first \$50 Mil	0.95%
Next 50,000,000	0.90%	0.81%
Next 100,000,000	0.80%	0.72%
Next 300,000,000	0.77%	0.69%
Thereafter	0.75%	0.67%
Minimum Invested Assets:	USD 50,000,000	USD 15,000,000
Minimum Fee:	USD 500,000	USD 157,500

**Emerging Markets HALO
(Emerging Markets Opportunity)**

	Separately Managed	Commingled
First 15,000,000		1.15%
Next 10,000,000		1.10%
Next 25,000,000	1.10% on first \$50 Mil	1.05%
Next 50,000,000	1.00%	0.91%
Next 100,000,000	0.90%	0.81%
Next 300,000,000	0.85%	0.77%
Thereafter	0.83%	0.75%
Minimum Invested Assets:	USD 50,000,000	USD 15,000,000
Minimum Fee:	USD 550,000	USD 172,500

**Emerging Markets Small Cap
Growth**

	Separately Managed	Commingled
First 50,000,000	1.10%	
Thereafter	1.00%	
Minimum Invested Assets:	USD 50,000,000	N/A
Minimum Fee:	USD 550,000	N/A

Global Sustainable Equity**Global Sustainable Equity /
Eco Performance**

	Separately Managed	Commingled
First 15,000,000		0.85%
Next 10,000,000	0.85% on first \$25 Mil	0.75%
Next 25,000,000	0.70%	0.65%
Next 50,000,000	0.55%	0.50%
Next 100,000,000	0.50%	0.45%
Next 300,000,000	0.47%	0.42%
Thereafter	0.45%	0.40%
Minimum Invested Assets	USD 25,000,000	USD 15,000,000
Minimum Fee:	USD 212,500	USD 127,500

**Global Sustainable Equity /
Global Innovators**

Separately Managed

Commingled

First 15,000,000

Next 10,000,000

0.90% on first \$25 Mil

Next 25,000,000

0.80%

Next 150,000,000

0.75%

Thereafter

0.75%

Minimum Invested Assets**USD 25,000,000****N/A****Minimum Fee:****USD 225,000****N/A****Global Sustainable Equity /
Emerging Market Innovators**

Separately Managed

Commingled

First 15,000,000

Next 10,000,000

1.00% on first \$25 Mil

Next 25,000,000

0.95%

Next 150,000,000

0.90%

Thereafter

0.90%

Minimum Invested Assets**USD 25,000,000****N/A****Minimum Fee:****USD 250,000****N/A*****Structured Equities*****Structured Beta & Indexing –
Developed Market Index Passive**

Separately Managed

Commingled

First 100,000,000

0.10%

Next 100,000,000

0.05%

Next 300,000,000

0.03%

Thereafter

negotiable

Minimum Invested Assets:**USD 100,000,000****N/A****Minimum Fee:****USD 150,000****N/A**

**Structured Beta & Indexing –
Passive US Equity
(Fundamental / Minimum
Volatility)**

	Separately Managed	Commingled
First 50,000,000		0.10%
Next 50,000,000	0.11% on first \$100 Mil	0.09%
Next 100,000,000	0.07%	0.06%
Next 300,000,000	0.05%	0.04%
Thereafter	negotiable	negotiable
Minimum Invested Assets:	USD 100,000,000	USD 15,000,000
Minimum Fee:	USD 200,000	USD 15,000

**Structured Beta & Indexing –
Passive Developed World
Ex-US Equity
(Fundamental / Minimum
Volatility)**

	Separately Managed	Commingled
First 50,000,000		0.11%
Next 50,000,000	0.12% on first \$100 Mil	0.10%
Next 100,000,000	0.09%	0.08%
Next 300,000,000	0.07%	0.06%
Thereafter	negotiable	negotiable
Minimum Invested Assets:	USD 100,000,000	USD 15,000,000
Minimum Fee:	USD 200,000	USD 16,500

**Structured Beta & Indexing –
Emerging Market Index Passive**

	Separately Managed	Commingled
First 100,000,000	0.15%	
Next 100,000,000	0.08%	
Next 300,000,000	0.05%	
Thereafter	negotiable	
Minimum Invested Assets:	USD 100,000,000	N/A
Minimum Fee:	USD 250,000	N/A

Applied Research Group - Enhanced (US, Europe, Japan)	Separately Managed	Commingled
First 50,000,000	0.30%	
Next 50,000,000	0.25%	
Next 100,000,000	0.20%	
Next 300,000,000	0.15%	
Thereafter	0.10%	
Minimum Invested Assets:	USD 50,000,000	N/A
Minimum Fee:	USD 150,000	N/A
Applied Research Group - Enhanced (Global)	Separately Managed	Commingled
First 50,000,000	0.35%	
Next 50,000,000	0.30%	
Next 100,000,000	0.25%	
Next 300,000,000	0.20%	
Thereafter	0.15%	
Minimum Invested Assets:	USD 50,000,000	N/A
Minimum Fee:	USD 175,000	N/A
Applied Research Group - Active (US)	Separately Managed	Commingled
First 50,000,000	0.50%	
Next 50,000,000	0.45%	
Next 100,000,000	0.40%	
Next 300,000,000	0.35%	
Thereafter	0.30%	
Minimum Invested Assets:	USD 50,000,000	N/A
Minimum Fee:	USD 250,000	N/A
Applied Research Group – Active (Europe, Japan)	Separately Managed	Commingled
First 50,000,000	0.55%	
Next 50,000,000	0.50%	
Next 100,000,000	0.45%	
Next 300,000,000	0.40%	
Thereafter	0.35%	

Minimum Invested Assets:	USD 50,000,000	N/A
Minimum Fee:	USD 275,000	N/A
Applied Research Group – Active (Global)	Separately Managed	Commingled
First 50,000,000	0.65%	
Next 50,000,000	0.60%	
Next 100,000,000	0.55%	
Next 300,000,000	0.50%	
Thereafter	0.45%	
Minimum Invested Assets:	USD 50,000,000	N/A
Minimum Fee:	USD 325,000	N/A
US Fundamental Equity Market Neutral	Separately Managed	Commingled
Minimum Invested Assets:	USD 25,000,000	USD 5,000,000
Minimum Fee:	USD 250,000	USD 50,000

European Equity

Pan European Standard Risk (+2%)/ Pan European Value	Separately Managed	Commingled
First 15,000,000		
Next 10,000,000		
Next 25,000,000	0.45% on first \$50 Mil	
Next 150,000,000	0.40%	
Next 300,000,000	0.37%	
Thereafter	0.35%	
Minimum Invested Assets:	USD 50,000,000	N/A
Minimum Fee:	USD 225,000	N/A

Pan European High Alpha Fund (+3%)/ Pan Euro Concentrated/ European Growth/ Global Concentrated Alpha	Separately Managed	Commingled
First 15,000,000		
Next 10,000,000		
Next 25,000,000	0.65% on first \$50 Mil	
Next 150,000,000	0.60%	
Next 300,000,000	0.57%	
Thereafter	0.55%	
Minimum Invested Assets:	USD 50,000,000	N/A
Minimum Fee:	USD 325,000	N/A

European Small Cap (Core, Value)	Separately Managed	Commingled
First 15,000,000		
Next 10,000,000		
Next 25,000,000	0.75% on first \$50 Mil	
Next 50,000,000	0.65%	
Next 100,000,000	0.60%	
Next 300,000,000	0.57%	
Thereafter	0.55%	
Minimum Invested Assets:	USD 50,000,000	N/A
Minimum Fee:	USD 375,000	N/A

European All Cap (Growth)	Separately Managed	Commingled
First 15,000,000		0.90%
Next 10,000,000		0.85%
Next 25,000,000	0.85% on first \$50 Mil	0.80%
Next 50,000,000	0.65%	0.60%
Next 100,000,000	0.55%	0.50%
Next 300,000,000	0.52%	0.47%
Thereafter	0.50%	0.45%
Minimum Invested Assets:	USD 50,000,000	USD 15,000,000
Minimum Fee:	USD 425,000	USD 135,000

Fixed Income

Cash (0-3 mos duration)	Separately Managed	Commingled
First 100,000,000	0.12%	
Next 100,000,000	0.11%	
Next 100,000,000	0.10%	
Next 200,000,000	0.08%	
Next 500,000,000	0.06%	
Thereafter	0.05%	
Minimum Invested Assets:	USD 100,000,000	N/A
Minimum Fee	USD 120,000	N/A

Ultra Short Strategies (0-1 yr duration)	Separately Managed	Commingled
First 200,000,000	0.12%	
Next 100,000,000	0.11%	
Next 200,000,000	0.09%	
Next 500,000,000	0.07%	
Thereafter	0.06%	
Minimum Invested Assets:	USD 100,000,000	N/A
Minimum Fee:	USD 120,000	N/A

US Short Duration (1 yr + duration)	Separately Managed	Commingled
First 100,000,000	0.15%	
Next 100,000,000	0.11%	
Next 100,000,000	0.09%	
Next 200,000,000	0.07%	
Thereafter	0.06%	
Minimum Invested Assets:	USD 100,000,000	N/A
Minimum Fee:	USD 150,000	N/A

US Treasury Inflation-Protection Securities (TIPS)

	Separately Managed	Commingled
First 50,000,000	0.23%	0.20%
Next 50,000,000	0.19%	0.17%
Next 100,000,000	0.15%	0.13%
Next 300,000,000	0.12%	0.10%
Thereafter	0.10%	0.08%
Minimum Invested Assets:	USD 50,000,000	USD 15,000,000
Minimum Fee:	USD 115,000	USD 30,000

Municipal Fixed Income

	Separately Managed	Commingled
First 15,000,000		
Next 10,000,000		
Next 25,000,000	0.25% on first \$50 Mil	
Next 50,000,000	0.20%	
Next 100,000,000	0.15%	
Next 300,000,000	0.12%	
Thereafter	0.10%	
Minimum Invested Assets:	USD 50,000,000	N/A
Minimum Fee:	USD 125,000	N/A

Pension Liability Long Duration (Active & Retired Member)

	Separately Managed	Commingled
First 50,000,000		0.25%
Next 50,000,000		0.22%
Next 100,000,000		0.17%
Next 300,000,000		0.15%
Next 500,000,000		0.12%
Thereafter		0.08%
Minimum Invested Assets:	N/A	USD 15,000,000
Minimum Fee:	N/A	USD 37,500

**Capital Efficient Pension Liability
Long Duration
(Active & Retired Member)**

	Separately Managed	Commingled
First 50,000,000		0.35%
Next 50,000,000		0.32%
Next 100,000,000		0.27%
Next 300,000,000		0.25%
Next 500,000,000		0.22%
Thereafter		0.18%
Minimum Invested Assets:	N/A	USD 15,000,000
Minimum Fee:	N/A	USD 52,500

US Bond & US Long Credit

	Separately Managed	Commingled
First 15,000,000		0.37%
Next 10,000,000		0.30%
Next 25,000,000	0.30% on first \$50 Mil	0.25%
Next 50,000,000	0.20%	0.18%
Next 100,000,000	0.15%	0.14%
Next 300,000,000	0.12%	0.11%
Thereafter	0.10%	0.09%
Minimum Invested Assets:	USD 50,000,000	USD 15,000,000
Minimum Fee:	USD 150,000	USD 55,500

**US Bond Core Plus& US Long
Duration**

	Separately Managed	Commingled
First 15,000,000		0.40%
Next 10,000,000		0.33%
Next 25,000,000	0.33% on first \$50 Mil	0.28%
Next 50,000,000	0.23%	0.21%
Next 100,000,000	0.18%	0.16%
Next 300,000,000	0.15%	0.13%
Thereafter	0.12%	0.11%
Minimum Invested Assets:	USD 50,000,000	USD 15,000,000
Minimum Fee:	USD 165,000	USD 60,000

Global Sovereign /**Global ex-US Sovereign/****Global Bond/Global Bond Ex-US**

Separately Managed

Commingled

First 15,000,000

0.39%

Next 10,000,000

0.36%

Next 25,000,000

0.35% on first \$50 Mil

0.32%

Next 50,000,000

0.27%

0.24%

Next 100,000,000

0.22%

0.21%

Next 300,000,000

0.20%

0.18%

Thereafter

0.18%

0.16%

Minimum Invested Assets:**USD 50,000,000****USD 15,000,000****Minimum Fee:****USD 175,000****USD 58,500****Global Aggregate/****Global ex-US Aggregate**

Separately Managed

Commingled

First 15,000,000

0.43%

Next 10,000,000

0.41%

Next 25,000,000

0.36%

Next 50,000,000

0.35% on first \$100 Mil

0.32%

Next 100,000,000

0.27%

0.24%

Next 300,000,000

0.24%

0.22%

Thereafter

0.22%

0.20%

Minimum Invested Assets:**USD 100,000,000****USD 15,000,000****Minimum Fee:****USD 350,000****USD 64,500****Short Duration High Yield**

Separately Managed

Commingled

First 15,000,000

Next 10,000,000

Next 25,000,000

0.45% on first \$50 Mil

Next 50,000,000

0.40%

Next 100,000,000

0.35%

Next 300,000,000

0.32%

Thereafter

0.30%

Minimum Invested Assets:**USD 50,000,000****N/A****Minimum Fee:****USD 225,000****N/A**

US High Yield	Separately Managed	Commingled
First 50,000,000	0.50% on first \$50 Mil	0.50%
Next 50,000,000	0.45%	0.41%
Next 100,000,000	0.40%	0.36%
Next 300,000,000	0.37%	0.33%
Thereafter	0.35%	0.31%
Minimum Invested Assets:	USD 50,000,000	USD 15,000,000
Minimum Fee:	USD 250,000	USD 75,000
Emerging Market Debt	Separately Managed	Commingled
First 50,000,000		0.65%
Next 50,000,000		0.55%
Next 100,000,000	0.60% on first \$200 Mil	0.50%
Next 300,000,000	0.52%	0.47%
Thereafter	0.50%	0.45%
Minimum Invested Assets:	USD 150,000,000	USD 15,000,000
Minimum Fee:	USD 900,000	USD 97,500
Fixed Income Opportunities	Separately Managed	Commingled
First 100,000,000	0.50% on first \$100 Mil	
Next 100,000,000	0.40%	
Next 100,000,000	0.35%	
Thereafter	0.30%	
Minimum Invested Assets:	USD 100,000,000	N/A
Minimum Fee:	USD 500,000	N/A

Fixed Income Global Opportunities	Separately Managed	Commingled
First 15,000,000		1.10%
Next 10,000,000		1.05%
Next 25,000,000		1.00%
Next 50,000,000	1.00% on first \$100 Mil	0.85%
Next 100,000,000	0.80%	0.75%
Next 300,000,000	0.80%	0.72%
Thereafter	0.80%	0.70%
Minimum Invested Assets:	USD 100,000,000	USD 15,000,000
Minimum Fee:	USD 1,000,000	USD 615,000

Global Investment Solutions—Asset Allocation

Dynamic Pension Liability Strategy	Separately Managed	Commingled
First 50,000,000		0.30%
Next 50,000,000		0.20%
Next 100,000,000		0.15%
Next 300,000,000		0.12%
Thereafter		0.10%
Minimum Invested Assets:		USD 50,000,000
Minimum Fee:	negotiable	USD 150,000
US Balanced	Separately Managed	Commingled
First 15,000,000		0.65%
Next 10,000,000		0.55%
Next 25,000,000		0.50%
Next 50,000,000	0.50% on first \$100 Mil	0.40%
Next 100,000,000	0.40%	0.35%
Next 300,000,000	0.37%	0.32%
Thereafter	0.35%	0.30%
Minimum Invested Assets:	USD 100,000,000	USD 15,000,000
Minimum Fee:	USD 500,000	USD 97,500
Global Securities Portfolio	Separately Managed	Commingled
First 15,000,000		0.85%
Next 10,000,000		0.75%
Next 25,000,000		0.65%
Next 50,000,000		0.55%
Next 100,000,000		0.50%
Next 300,000,000		0.47%
Thereafter		0.45%
Minimum Invested Assets:	USD 300,000,000	USD 15,000,000
Minimum Fee:	negotiable	USD 127,500

Dynamic Alpha Strategy	Separately Managed	Commingled
First 50,000,000		
Next 50,000,000		
Next 100,000,000		
Next 300,000,000		
Thereafter		
Minimum Invested Assets:	USD 1,000,000,000	N/A
Minimum Fee:	negotiable	N/A
Multi-Asset Portfolio	Separately Managed	Commingled
First 15,000,000		0.95%
Next 10,000,000		0.85%
Next 25,000,000		0.75%
Next 50,000,000		0.65%
Next 100,000,000		0.60%
Next 300,000,000		0.57%
Thereafter		0.55%
Minimum Invested Assets:	N/A	USD 15,000,000
Minimum Fee:	N/A	USD 142,500
Global Frontier Portfolio	Separately Managed	Commingled
First 15,000,000		1.00%
Next 10,000,000		0.90%
Next 25,000,000		0.80%
Next 50,000,000		0.70%
Next 100,000,000		0.65%
Next 300,000,000		0.62%
Thereafter		0.60%
Minimum Invested Assets:	USD 300,000,000	USD 15,000,000
Minimum Fee:	negotiable	USD 150,000

UBS TargetRetirement Strategies

The UBS TargetRetirement strategies offer multiple glide paths with different risk levels (see series I, II and III below).

For Invested Assets up to USD 250M

	2045	2035	2025	2015	Today
Series I – Moderate	0.66%	0.66%	0.64%	0.62%	0.58%
Series II – Aggressive	0.72%	0.72%	0.69%	0.66%	0.64%
Series III – Conservative	0.62%	0.62%	0.57%	0.54%	0.52%

Next USD 250,000,000 – subtract 3 bps from above fee schedule

Next USD 500,000,000 – subtract 6 bps from above fee schedule

Thereafter – subtract 9 bps from above fee schedule

Lifetime Income Funds

Emerging Market Debt	Separately Managed	Commingled
First 25,000,000		0.95%
Next 75,000,000		0.85%
Next 100,000,000		0.80%
Next 300,000,000		0.75%
Thereafter		0.65%
Minimum Invested Assets:		USD 25,000,000