

# UBS Investment Funds ICVC III

## *Annual Report and Accounts*



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# Introduction and Authorised Corporate Director's Report

We are pleased to present the report and accounts for the UBS Investment Funds ICVC III for the year ended 30 September 2013.

## Performance review

The US Federal Reserve's ('Fed') decision to continue with its Quantitative Easing (QE) programme brought some resolution to an issue that dominated markets over the latter part of the year under review. Not only did the Fed decide to continue with QE but the Federal Open Market Committee also suggested that they would raise interest rates later than the market had initially expected.

Speculation that the bonds purchase programme would be tapered resulted in significant market sell-offs within Emerging Markets and substantial capital outflows. However, Emerging Markets rebounded in September due, in part, to the Fed's announcement that tapering was to be postponed in the near term; as well as an easing of the geographical tensions in the Middle East.

In Europe, the year has been marked by a revision to central bank policy under European Central Bank ('ECB') President Mario Draghi. The stance to "do whatever it takes" to save the Euro marked a substantial shift in policy for a central bank that has historically been ultra-conservative. This stated commitment to back the common currency, together with improvements in the global economy, has helped support the Eurozone, which formally exited recession during the second quarter of 2013 with growth of +0.3%.

Despite the fiscal concerns in Washington, the US economy and corporate earnings continued to post solid results. Institute for Supply Management survey data point to continued expansion, the housing sector and consumer spending levels are recovering, whilst domestic energy production and manufacturing output are expanding.

Within Emerging Markets, the respite given by the decision to continue with QE does not disguise the fact that some countries with external funding needs, such as Indonesia and India, need to pursue reforms. However, we believe that, in general, core fundamental factors prevail, such as a manageable level of external debt that presents attractive stock picking opportunities.

Towards the end of the year under review, the German election and the threat of a government crisis in Italy provided the focus for markets in Europe. Meanwhile, both the ECB and the Bank of England continued to remain very cautious despite the moderate improvement in the economic outlook.

## Outlook

We believe that equities remain reasonably valued, albeit not as compelling as a year ago given recent rises in equity markets. We expect the rotation out of fixed income into equity markets to continue and believe the outlook for future company earnings is improving, especially in Europe and Japan.

## Fund terminations

The UBS Global Diversified Fund commenced termination on 14 November 2013.

The UBS UK & International Equity Managed Fund completed termination on 29 September 2013.

We hope you will find the report and accounts useful. If you have any queries or comments please contact your financial adviser or alternatively contact us directly. Our broker desk will be happy to assist you on 0800 587 2113, or you can find additional information on our website at [www.ubs.com/retailfunds](http://www.ubs.com/retailfunds).



Paul Schmidt  
Director



D Carter  
Director

UBS Global Asset Management Funds Ltd  
30 January 2014

# Statement of the Depositary's responsibilities in respect of the Scheme and Report of the Depositary to the shareholders of the UBS Investment Funds ICVC III (“the Company”) for the year ended 30 September 2013

The Depositary is responsible for the safekeeping of all of the property of the Company (other than tangible moveable property) which is entrusted to it and for the collection of revenue that arises from that property.

It is the duty of the Depositary to take reasonable care to ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook (COLL), as amended, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228), as amended (the “OEIC Regulations”), the Company's Instrument of Incorporation and Prospectus, in relation to the pricing of, and dealings in, shares in the Company; the application of revenue of the Company; and the investment and borrowing powers applicable to the Company.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the Authorised Corporate Director:

- has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's revenue in accordance with COLL and, where applicable, the OEIC Regulations, the Instrument of Incorporation and Prospectus of the Company; and
- has observed the investment and borrowing powers and restrictions applicable to the Company.

National Westminster Bank plc  
Younger Building  
3 Redheughs Avenue  
Edinburgh  
EH12 9RH

30 January 2014

# Statement of Authorised Corporate Director's responsibilities

The Authorised Corporate Director (ACD) is required by the "COLL Sourcebook" and the "OEIC Regulations" to prepare financial statements which give a true and fair view of the financial position of the Company at the end of each accounting period, the net revenue, the net gains or losses of the property of the Company and the movement in shareholders' funds for the period then ended. In preparing these financial statements, the ACD is required to:

- select suitable accounting policies and apply them on a consistent basis;
- make judgements and estimates that are prudent and reasonable;
- comply with the Prospectus and applicable accounting standards subject to any material departures which are required to be disclosed and explained in the financial statements; and
- prepare the financial statements on the basis that the Company will continue in operation unless it is inappropriate to presume this.

The ACD is also required to manage the Company in accordance with the Prospectus and the Regulations, maintain proper accounting records and take reasonable steps for the prevention and detection of fraud and other irregularities or errors.

# Independent auditor's report to the members of the UBS Investment Funds ICVC III ("the Company")

We have audited the financial statements of UBS Investment Funds ICVC III ("the Company") for the year ended 30 September 2013 which comprise Aggregated Statement of Total Return, Aggregated Statement of Change in Net Assets attributable to shareholders, Aggregated Balance Sheet and the related notes 1 to 13 together with the Statement of Total Return, Statement of Change in Net Assets attributable to shareholders, Balance Sheet, and the related notes for each sub-fund. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, pursuant to Paragraph 4.5.12 of the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority (formerly Financial Services Authority). Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of the authorised corporate director (ACD) and auditors**

As explained more fully in the ACD's responsibilities statement set out on page 4, the ACD is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the ACD; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the financial position of the Company and of its sub-funds as at 30 September 2013 and of the net revenue and the net gains on the scheme property of the Company and its sub-funds for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

**Opinion on other matters prescribed by the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority (formerly Financial Services Authority)**

In our opinion:

- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice relating to Authorised Funds, the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority (formerly Financial Services Authority) and the Instrument of Incorporation;
- the information given in the ACD's report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- there is nothing to indicate that proper accounting records have not been kept or that the financial statements are not in agreement with those records; and
- we have received all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit

Ernst & Young LLP  
Statutory Auditor  
Edinburgh  
30 January 2014

**Aggregated financial statements for  
UBS Investment Funds ICVC III**

**Aggregated statement of total return  
For the year ended 30 September 2013**

	Notes	30 Sep 13		30 Sep 12	
		£	£	£	£
Income					
Net capital gains	2		65,837,258		63,033,470
Revenue	3	19,151,215		19,160,005	
Expenses	4	(6,117,800)		(5,640,041)	
Finance costs: Interest	6	(875)		(27,139)	
Net revenue before taxation		13,032,540		13,492,825	
Taxation	5	(813,694)		(1,110,992)	
Net revenue after taxation			12,218,846		12,381,833
Total return before distributions			78,056,104		75,415,303
Finance costs: Distributions	6		(12,416,472)		(12,483,867)
<b>Change in net assets attributable to shareholders from investment activities</b>			£65,639,632		£62,931,436

**Aggregated statement of change in net assets attributable to shareholders  
For the year ended 30 September 2013**

	30 Sep 13		30 Sep 12	
	£	£	£	£
Opening net assets attributable to shareholders		586,453,876		608,000,210
Amounts receivable on issue of shares	30,668,109		101,473,667	
Amounts payable on cancellation of shares	(86,349,204)		(198,305,537)	
		(55,681,095)		(96,831,870)
Change in net assets attributable to shareholders from investment activities (see Statement of total return)		65,639,632		62,931,436
Dilution levy charged		23,981		253,486
Retained distribution on accumulation shares		11,925,347		12,208,907
Stamp duty reserve tax		(61,131)		(108,293)
<b>Closing net assets attributable to shareholders</b>		£608,300,610		£586,453,876

**Aggregated balance sheet****As at 30 September 2013**

	Notes	As at 30 Sep 13 £	As at 30 Sep 12 £
<b>ASSETS</b>			
Investment assets		584,219,233	531,588,516
Debtors	7	2,072,156	10,583,905
Cash and bank balances	8	32,346,776	50,821,367
Total other assets		34,418,932	61,405,272
Total assets		618,638,165	592,993,788
<b>LIABILITIES</b>			
Investment liabilities		6,315,372	3,426,117
Creditors	9	3,950,815	3,045,535
Bank overdraft		12,008	40,754
Distribution payable		59,360	27,506
Total other liabilities		4,022,183	3,113,795
Total liabilities		10,337,555	6,539,912
<b>Net assets attributable to shareholders</b>		<b>£608,300,610</b>	<b>£586,453,876</b>

## Aggregated notes to the financial statements

### 1. Accounting policies

#### (a) Basis of accounting

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice (SORP) for Financial Statements of Authorised Funds issued by the Investment Management Association (IMA) in October 2010, with the exception of UBS Global Diversified Fund which was prepared on a break up basis. In applying the break up basis assets and liabilities continue to be stated at their fair values which materially equate to their residual values. All costs to the point of final termination have been provided for. The financial statements have been prepared on a going concern basis.

There has been no change to the basis of accounting from the previous year.

#### (b) Recognition of revenue

Dividends on equities and underlying funds are recognised when the security is quoted ex-dividend. Revenue on debt securities is recognised on an effective interest rate basis. Deposit interest and interest on interest rate Swaps is accounted for on an accruals basis. Fee rebates from investments in collective investment schemes are recognised on an accruals basis in capital or revenue, following the fee policy of the target Fund.

#### (c) Derivative accounting policy

In determining the accounting treatment for derivatives, consideration is given to the nature of the instrument itself and the Fund's objectives. Finance charges on interest rate Swaps; dividends and finance charges on equity Swaps; relevant revenue from property Swaps and, depending on the underlying, total return swaps; and, interest on credit default swaps, are all taken to revenue. Option premiums on written covered calls on UBS Multi-Asset Income Fund only are also taken to revenue. All other gains/losses from derivatives are taken to capital.

#### (d) Treatment of expenses

All expenses are charged in full against revenue, with the exception of transaction charges and Stamp Duty Reserve Tax, which are charged directly to capital. In the case of UBS Multi-Asset Income Fund, all expenses are charged against capital for the purposes of calculating the amount available for distribution.

The ACD may from time to time apply a ceiling to the fees charged within each Fund, in particular where the ratio of expenses to the value of the Fund are considered to be too high. A fee rebate, paid by the ACD back to the Fund, will be employed to reduce the net effect of fees in these cases.

#### (e) Stock dividends

Stock dividends are recognised as revenue and valued at the rate of the declared cash dividend and are included in the amount available for distribution. In the case of enhanced stock dividends, the value of the enhancement is taken to capital.

#### (f) Special dividends

In accordance with the SORP, special dividends are reviewed on a case by case basis when determining if the dividend is to be treated as revenue or capital. Amounts recognised as revenue will form part of the distribution.

#### (g) Underwriting commission

Underwriting commission is accounted for when the issue underwritten takes place. Where the Fund is required to take up all of the shares underwritten, the commission received is treated as a deduction from the cost of the shares taken up. Where the Fund is required to take up a proportion of the shares underwritten, the same proportion of the commission received is treated as a deduction from the cost of the shares taken up and the balance is taken to revenue.

**(h) Allocation of revenue and expenses to multiple share classes**

With the exception of the annual management charge and registration fees, which are directly attributable to individual share classes, all revenue and expenses are allocated to share classes pro rata to the value of the net assets of the relevant share classes on a daily basis.

**(i) Distribution policy**

Revenue produced by the Fund's investment decisions accumulates during each accounting period. If revenue exceeds expenses and taxation, taken together at the end of the accounting period, a distribution is available to be made to shareholders in accordance with the Regulations. Any revenue deficit will be borne by the capital account.

The funds are not more than 60% invested in qualifying investments (as defined by the relevant regulation) and where applicable will pay a dividend apart from the UBS Multi-Asset Income Fund and the UBS Global Diversified Fund which are more than 60% invested in qualifying investments and where applicable will pay an interest distribution.

**(j) Basis of valuation of investments**

Listed investments, OEICs, Unit Trusts and offshore funds are valued at closing bid or single quoted price. Suspended securities have been valued at the lower of the suspended price or at a price which, in the opinion of the ACD, represents the likely realisable value of the security. Unlisted and transferable securities which are not approved have been valued at a price which, in the opinion of the ACD, represents the likely realisable value of the security.

The manager uses available information to arrive at an estimated fair value for non-exchange traded derivatives held. The investment value of these contracts are determined through independent valuation techniques including price valuation models.

**(k) Foreign exchange rates**

Transactions in foreign currencies have been translated into sterling at the exchange rate ruling on the day of the transaction. Assets and liabilities have been translated into sterling at the closing exchange rates at 30 September 2013.

**(l) Taxation**

The rate of corporation tax for the Funds is 20%. UBS Global Diversified Fund and Multi-Asset Income Fund pay interest distributions, which are utilized against taxable revenue arising. The charge for taxation is based on taxable income less expenses for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred taxation is provided using the liability method on all timing differences, calculated at the rate at which it is anticipated the timing difference will reverse. Deferred tax assets are recognised only when, on the basis of available evidence, it is more likely than not that there will be taxable profits in the future against which the deferred tax asset can be offset.

**(m) Stamp duty reserve tax**

Shares surrendered for cash are liable to 0.5% Stamp Duty Reserve Tax (SDRT). The liability is paid out of the property of the Fund, except on the surrender of shares which are 'large deals' where an SDRT provision of 0.5% can be levied directly on the redeeming shareholder at the Manager's discretion. For this purpose, a large deal is defined as a redemption which is in excess of 3% of the Fund value.

**(n) Dilution levy/adjustment**

UBS Global Allocation Fund (UK) and UBS Targeted Return Fund charge a dilution levy. Under certain circumstances, large volumes of deals may have a material adverse effect on existing shareholders' interest in the Fund. In order to protect the interests of existing shareholders, the ACD has the power to charge a 'dilution levy' on the purchase or redemption of shares. The need to charge a dilution levy will depend on the volume of net purchases or redemptions of shares, if in the ACD's opinion the existing shareholders might otherwise be materially adversely affected. The ACD may also charge a dilution levy on 'large deals'. A large deal can be defined as a purchase or redemption of 3% or more of the value of the Fund in the case of UBS Global Allocation Fund (UK) and 1% or more of the value of the Fund in the case of UBS Targeted Return Fund.

UBS Multi-Asset Income Fund and UBS Global Diversified Fund both pay a dilution adjustment. The need to apply a dilution adjustment will depend on the volume of net purchases or redemptions of the Shares. The ACD may charge a dilution adjustment on the purchase and redemption of such shares if, in its opinion, the existing/continuing Shareholders might otherwise materially be adversely affected and if applying a dilution adjustment, so far as practicable, is fair to all existing and potential shareholders. In determining the rate of any dilution adjustment, the ACD may, in order to reduce volatility, take account of the trend of a Fund to expand or contract and the transaction in shares at a particular valuation point. Unless it is disadvantageous to shareholders, the dilution adjustment will normally be applied on a Fund experiencing large levels of net purchases or redemptions relative to its size. For these purposes, a large level of net dealing is defined as net purchases or redemptions of 3% or more of the value of the Fund; or in any other case where the ACD is of the opinion that the interests of existing/continuing Shareholders or potential Shareholders require the imposition of a dilution adjustment.

## 2. Net capital gains

	30 Sep 13 £	30 Sep 12 £
Currency losses	(172,566)	(654,396)
Derivative contracts	340,777	(3,334,350)
Forward currency contracts	6,358,444	4,744,691
Non-derivative securities	59,334,051	62,276,198
Transaction charges	(23,448)	(24,060)
Rebate of capital management fees	-	25,387
<b>Net capital gains</b>	<b>£65,837,258</b>	<b>£63,033,470</b>

## 3. Revenue

	30 Sep 13 £	30 Sep 12 £
Bank interest	96,527	234,713
Fee rebate	62,564	312,802
Interest distributions*	6,268,158	7,441,320
Interest on debt securities	785,381	698,202
Derivative income	1,328,519	47,077
Option income	23,776	1,079
Overseas dividends*	5,311,360	5,117,785
Property revenue distributions	-	28,483
Stock dividends	427,224	136,083
UK franked dividends	4,847,706	5,141,726
UK unfranked dividends	-	735
	<b>£19,151,215</b>	<b>£19,160,005</b>

\* The comparative figures have been re-stated to include interest income from offshore bonds within Interest distributions.

## 4. Expenses

	30 Sep 13 £	30 Sep 12 £
<i>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</i>		
Administration fees	-	32,257
Authorised Corporate Director's fees	5,504,905	5,241,801
Registration fees	466,674	209,172
	<b>5,971,579</b>	<b>5,483,230</b>
<i>Payable to the Depository, associates of the Depository and agents of either of them:</i>		
Depository's fees	59,890	61,628
	<b>59,890</b>	<b>61,628</b>
<i>Payable to other related parties and third parties:</i>		
Audit fees	41,515	48,594
Dividend charges	-	22
Legal fees	1,006	4,522
Professional fees	1,836	-
Safe custody fees	38,784	37,993
Taxation fees	3,190	4,052
	<b>86,331</b>	<b>95,183</b>
	<b>£6,117,800</b>	<b>£5,640,041</b>

The audit fee for the period, excluding VAT was £34,500 (30 September 2012: £41,000).

## 5. Taxation

### (a) Analysis of tax charge

	30 Sep 13 £	30 Sep 12 £
Corporation tax at 20%	464,700	714,575
Double tax relief	(5,061)	(2,188)
Overseas tax provision	-	25,094
Overseas tax suffered	354,055	373,709
Total current tax (5.b)	813,694	1,111,190
Deferred tax	-	(198)
<b>Total tax charge</b>	<b>£813,694</b>	<b>£1,110,992</b>

### (b) Factors affecting current tax charge

The tax charged for the year is lower than the standard 20% rate of corporation tax applicable to the revenue received by open-ended investment companies (30 September 2012: 20%).

The differences are explained below:

	30 Sep 13 £	30 Sep 12 £
Net revenue before taxation	13,032,540	13,492,825
Corporation tax at 20%	2,606,507	2,698,564
<i>Effects of:</i>		
Dividends not subject to corporation tax	(1,925,180)	(1,861,558)
Double tax relief	(5,061)	(2,188)
Interest distributions deductible for tax purposes	(250,152)	(200,332)
Movement in excess expenses	33,525	72,626
Overseas tax provision	-	25,094
Overseas tax suffered	354,055	373,709
Revenue taxable in a different years	-	198
Tax relief on capital income	-	5,077
	(1,792,813)	(1,587,374)
<b>Total tax charge (5.a)</b>	<b>£813,694</b>	<b>£1,111,190</b>

Open-ended investment companies are exempt from tax on capital gains. Therefore, any capital return is not included in the above reconciliation.

## 6. Finance costs

The distributions take account of amounts added on the issue of shares and amounts deducted on the cancellation of shares, and comprise:

	30 Sep 13 £	30 Sep 12 £
Interim - first quarter	343,946	291,320
Interim - second quarter	4,213,652	3,720,091
Interim - third quarter	385,244	313,727
Final	7,282,753	8,078,057
	12,225,595	12,403,195
Add: Amounts deducted on cancellation of shares	255,805	324,590
Deduct: Amounts added on issue of shares	(64,928)	(243,918)
Net distributions	12,416,472	12,483,867
Interest	875	27,139
<b>Total finance costs</b>	<b>£12,417,347</b>	<b>£12,511,006</b>
Net revenue after taxation	12,218,846	12,381,833
Add: Expense charged to capital	167,628	125,086
Add: Revenue brought forward	51,502	15,555
Add: Shortfall transfer from capital	-	7,818
Add: Tax relief on capital income	-	5,077
Deduct: Revenue carried forward	(21,504)	(51,502)
<b>Net distributions as above</b>	<b>£12,416,472</b>	<b>£12,483,867</b>

## 7. Debtors

	As at 30 Sep 13 £	As at 30 Sep 12 £
Accrued management fee rebate*	21,854	64,046
Accrued revenue*	1,188,033	729,671
Amounts receivable on issue of shares	31,316	342,914
Corporation tax recoverable	-	110
Income tax recoverable	-	568
Interest receivable on swaps	-	619
Overseas tax recoverable†	311,942	343,557
Property income tax recoverable	5,443	5,443
Sales awaiting settlement	513,568	9,096,977
	£2,072,156	£10,583,905

\* The comparative figures have been re-stated to disclose accrued management fee rebates separately.

† The overseas tax recoverable is disclosed net of provisions under debtors. Previously the overseas tax recoverable and related provisions were disclosed separately under debtors and creditors.

## 8. Cash & bank balances

	As at 30 Sep 13 £	As at 30 Sep 12 £
Amounts held at futures clearing houses and brokers	11,938,065	9,019,290
Cash and bank balances	20,408,711	41,802,077
	£32,346,776	£50,821,367

## 9. Creditors

	As at 30 Sep 13 £	As at 30 Sep 12 £
Amounts payable on cancellation of shares <sup>†</sup>	658,595	16,506
Corporation tax payable	431,319	714,870
Expense accruals	599,021	472,007
Income tax payable	83,454	37,584
Overseas tax provision <sup>†</sup>	-	25,094
Purchases awaiting settlement	2,178,126	1,779,474
	<b>£3,950,815</b>	<b>£3,045,535</b>

<sup>†</sup> The overseas tax provision is netted against overseas tax recoverable and disclosed under debtors. Previously the overseas tax recoverable and related provisions were disclosed separately under debtors and creditors.

## 10. Deferred tax

The deferred tax provision is made up as follows:

	As at 30 Sep 13 £	As at 30 Sep 12 £
Provision at the start of the year	-	198
Charge/(Release)	-	(198)
<b>Provision at the end of the year</b>	<b>-</b>	<b>-</b>

## 11. Contingent liabilities

At 30 September 2013 there were no contingent liabilities or commitments at the current or prior year ends.

## 12. Related party transactions

UBS Global Asset Management Funds Ltd, as the Authorised Corporate Director (ACD), is considered to be a related party. Management fees, registration fees, administrations fees and fee rebates charged, and in the latter case rebated, by the ACD are shown in notes 3 and 4.

At 30 September 2013 the amounts included in creditors in respect of management fees, registration fees, administration fees and fee rebates due to/(from) the ACD are £472,194, £52,301, nil and £(21,854) respectively (30 September 2012: £372,954, £13,683, £12,257 and £(16,687)).

UBS Global Asset Management Funds Ltd acts as principal in respect of all transactions of shares in the Fund. The aggregate monies received through issue and paid on cancellation are disclosed in the Statement of change in net assets attributable to shareholders.

All dealing in the investment portfolio of the Fund was carried out through UBS Global Asset Management (UK) Ltd. During the period no dealing commission was paid to UBS Global Asset Management (UK) Ltd.

UBS AG is the sole shareholder of the following share classes:

UBS Global Diversified Fund; K Accumulation (net).

UBS Multi-Asset Income Fund; B Income (net & gross), C Accumulation (gross), C Income (net & gross) and K Accumulation (gross).

UBS Targeted Return Fund; C Accumulation (net).

UBS Global Asset Management Funds Ltd and UBS Global Asset Management (UK) Ltd are subsidiaries of UBS Global Asset Management Holdings Ltd.

## 13. Derivatives and other financial instruments

The Authorised Corporate Director's policy and approach to managing the risks associated with financial instruments are summarised below.

Numerical disclosures can be found within the financial statements of each sub-fund.

The OTC counterparty exposure tables can be found within the financial statements of each sub-fund.

## Risk profile

### Market price risk

The main risk arising from each Funds' financial instruments is market price. Market price risk can be defined as the uncertainty about future price movements of the financial instruments the Funds are invested in. Market price risk arises mainly from economic factors and is not limited to interest rate and currency movements. This exposure to market price risk may result in substantial fluctuations in the share price from time to time, although there will be a close correlation in the movement of the share price to the markets the Funds are invested in. Investments in emerging markets may be more volatile than investments in more developed markets, as some of these markets have relatively unstable economies based on only a few industries and securities markets that trade only a limited number of securities. The Funds seek to minimise these risks by holding diversified portfolios of investments in line with the Funds' investment objectives. Adherence to the investment guidelines and to the investment and borrowing powers set out in the Prospectus, the COLL Sourcebook and the OEIC Regulations 2001 mitigates the risk of exposure to any particular type of security or issuer.

### Currency risk

Foreign currency risk is the risk that the value of the Funds' investments will fluctuate as a result of changes in foreign exchange rates. For the Funds which invest in overseas securities the balance sheet can be affected by movements in foreign exchange rates. The Funds may not seek to avoid this foreign exchange movement risk on investments and revenue accrued but not yet received.

However, those Funds that do seek to avoid this risk may use currency forwards for the purposes of efficient portfolio management.

In respect of the purchase and sale of investments, the Manager normally reduces the risk by executing a foreign exchange transaction on the same day as the purchase or sale is undertaken.

### Counterparty risk

The Funds' transactions in securities expose it to the risk that the counterparty will not deliver the investment for a purchase or the cash for a sale. To minimise this risk the Funds only deal with brokers pre-approved by UBS Credit Risk Control function.

Counterparty risk is also a feature of transactions in derivatives, so all derivative counterparties are also pre-approved. Exchange traded futures are subject to daily variation margin payments which reduces the credit risk to one day's movement in index value. Forwards and swaps are transacted with a limited number of counterparties to reflect the increased credit risk involved in over-the-counter derivatives.

### Credit risk

Bonds are subject to both actual and perceived measures of creditworthiness. Bonds, and especially high yield bonds, could be affected by adverse publicity and investor perception, which may not be based on fundamental analysis, and would have a negative effect on the value and liquidity of the bond.

With investment in high yield bonds there is an increased risk to capital through default where bond issuers either fail to pay the interest or capital repayment due at maturity. Economic conditions and changes to interest rate levels may significantly affect the values of high yield bonds.

In the same way as equities, the Funds seek to minimise this risk by holding diversified portfolios of investments in line with the Funds' investment objectives. Adherence to the investment guidelines and to the investment and borrowing powers set out in the Prospectus, the COLL Sourcebook and the OEIC Regulations 2001 mitigates the risk of exposure to any particular type of security or issuer.

### Liquidity risk

The assets of the Company are generally liquid and considered to be readily realisable. Funds investing in smaller companies invest in transferable securities that may be less liquid than the securities of larger companies, as a result of inadequate trading volume or restrictions on trading. Prices on illiquid securities are regularly reviewed by the Manager.

The Funds' main commitments are expenses and any cancellation of shares that investors may make. Assets from a Fund may need to be sold if insufficient cash is available to meet such liabilities.

### Interest rate risk

Interest rate risk is the risk that the value of Funds' investments will fluctuate as a result of changes in interest rates. Some of the Funds may invest in fixed interest or floating rate investments. If interest rates rise, the income potential of the Funds also rise, but the value of fixed rate investments will decline. A decline in interest rates will in general have the opposite effect. Interest receivable on bank deposits and payable on bank overdrafts will also be affected by fluctuations in interest rates.

The numerical disclosures for currency and interest rate risk of financial instruments are shown in each of the relevant Fund's notes to the accounts.

## Derivatives

The Manager may use certain types of derivatives for the purposes of efficient portfolio management. Some Funds, however, can use derivatives for investment purposes. Further information on the types of derivatives and strategies can be found in the investment objective for each Fund and in the derivatives section of the Financial Instruments note within the long form annual accounts.

The Manager may invest in financial futures and currency forwards for the purposes of efficient portfolio management, in which case they will normally be traded on a recognised derivative market and must be fully covered. Daily exposure to futures and options will be monitored to ensure global coverage and ensure the Funds' exposure is within the limits set out by UBS, the scheme documents and the COLL Sourcebook. Daily exposure to options is also measured pre-trade.

With regard to those Funds that use derivatives as part of their investment capabilities, such instruments are inherently volatile and the Funds could potentially be exposed to additional risk and costs should the market move against them. In aiming to reduce volatility of the Funds we utilise a risk management process to monitor the level of risk in managing the portfolio, however, there is no guarantee that this process will work in all instances.

Specific additional risk considerations not already covered, at instrument level:

*Credit default swap (CDS).* Where used, the Fund may undertake both long (selling protection) and short transactions (buying protection). Each position is assessed in terms of the credit spread risk it adds to the portfolio. The buyer of a credit default swap receives credit protection, whereas the seller of the swap guarantees to reimburse the buyer for any default by the underlying reference. By doing this, risk of default is transferred to the seller of the swap. For example, the buyer of a credit swap will be entitled to the par value of the bond by the seller of the swap, should the bond default on its coupon payments. CDS are typically referenced against single name issuers or against an approved index.

*Inflation swap/Interest rate swap.* Where used, the Fund may undertake both long (pay fixed) and short (receive fixed) transactions. In theoretical terms (large negative/positive inflation or large negative/positive interest rates) one of these values has no upper or lower limit and the loss on the position could be very large. However, in the context of the Funds, in the event of an extreme situation arising the holdings in the portfolio should compensate for the large position in the derivative under the global cover requirements.

*Total return swap.* Where used, the Fund may undertake both long and short transactions referencing the total return of individual securities, basket of securities, indices or other reference obligations. In theoretical terms (large negative or large positive movements) one of these values has no upper or lower limit and the loss on the position could be very large. However, in the context of the Funds, in the event of an extreme situation arising the holdings in the portfolio should compensate for the large position in the derivative under the global cover requirements.

## UBS Global Allocation Fund (UK)

## Manager's report

### Investment objective and policy

To achieve long-term capital growth through active management of a diversified portfolio invested primarily in domestic and international equities and bonds and in units in UK and overseas regulated collective investment schemes. The Fund may also invest in other transferable securities (including warrants), money market instruments, deposits and cash and near cash.

At its discretion, the manager may use derivatives including forward foreign exchange, forward and future contracts, swaps, options and repurchase agreements or other investment techniques permitted in applicable Financial Conduct Authority rules.

### Market environment

Political and monetary policy decisions were highly influential in financial markets over the year to 30 September 2013. Equity markets delivered by far the strongest performance, with credit outperforming the majority of other fixed income asset classes.

Within equity markets, Japan's performance was the stand-out, trailblazing on the back of Shinzo Abe's success at the Japanese ballot box and his '3-arrow' policy approach to reviving Japan's economy: aggressive monetary easing, significant fiscal stimulus, and structural reform. European equity markets too delivered above-average performance with market sentiment turning supportive towards the end of the year, in spite of the remaining headwinds to a more competitive, cohesive monetary union. Broader Asian markets followed suit with the performance of US equities broadly in line, and UK equities just behind. Overall, developed markets, with much deeper liquidity, and more evolved capital markets fared much better than their emerging market counterparts, which became increasingly fragmented, many having their own idiosyncratic challenges to instilling confidence in their equity markets. In fixed income space, investment grade bonds managed to grind out some positive performance over the year owing to spread compression. Nominal government bonds in the US and UK both delivered negative returns over the year while UK index-linked gilts performed well given persistent UK inflation and no signs of less loose monetary policy for some time.

### Fund performance

The Fund performed very well over the year in review, almost keeping pace with equity markets while having significantly less risk. Tactical asset allocation, currency decisions, and security selection all delivered positive performance contributions. The Fund's performance was largely driven by an overweight to developed equity markets, and overweights to both high yield debt and investment grade debt (particularly in the first half of the year). In terms of tactical trades, our long held preference for European equities relative to US initially underperformed but rebounded with particularly strong

performance of late. In addition to this the Fund has held an overweight to Japanese equity markets for the entire year: this was initially funded by an underweight to emerging markets, but later in the year funded by an underweight to Germany equities. The Fund held an overweight to Australian equities vs. US equities for the first half of the year – it too added value.

In terms of currency decisions, our long-held overweight to euro and Mexican peso added value. The Fund has been underweight in the commodity-linked currencies of Australian dollar (AUD), Canadian dollar (CAD), and New Zealand dollar (NZD) for quite some time – over the year both the AUD and CAD positions performed very well while the NZD detracted. Nonetheless we remain bearish on NZD going forward. Further to this, the main detractor was the Fund's overweight to USD. We also retain this view going forward given the USD's attractive valuation coupled with favourable demographics, North America's increasing self-sufficiency in energy, and the fairly positive macroeconomic backdrop for the US. Security selection also proved positive over the year in review, with the stand-out performer being the UBS UK value equity component.

### Outlook

The Federal Reserve reiterated its dovish stance this quarter and its commitment to keep monetary policy loose. Coupled with the status-quo maintaining German election result and resolution over the Syrian conflict, this creates a supportive environment for risk assets. Low rates are supportive for corporate earnings and the overall economic trend is positive across emerging markets, European markets, and the US in spite of some mixed data. We will look for 'soft patches' within equity markets to increase our exposure and remain bullish on risk assets. Within equities, we prefer select European equities, namely German, UK and Dutch equities relative to US equities.

The eurozone continues to make structural improvements and the strength of economic growth is improving with the pace particularly encouraging in the periphery. Manager positioning and flows are now quite supportive of the region and, according to our proprietary valuation metrics, the eurozone remains attractively priced. Within the UK specifically, macro data is surprising on the upside, the Bank of England remain cautious and a housing-led recovery appears to be underway.

We are content that the current size of our investment grade bonds and high yield debt positions reflect the opportunity set available therein with defaults remaining well below historical averages and corporates still having large cash reserves.

### Percentage growth

	<b>30/09/12</b>	<b>30/09/11</b>	<b>30/09/10</b>	<b>30/09/09</b>	<b>30/09/08</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>30/09/13</b>	<b>30/09/12</b>	<b>30/09/11</b>	<b>30/09/10</b>	<b>30/09/09</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Class A - Accumulation Shares	14.04	11.78	-5.07	8.06	16.14
Class B - Accumulation Shares	14.53	12.10	-4.38	8.53	16.86
Class C - Accumulation Shares	14.72	1.06	-	-	-
Class J - Income Shares	-	-	-	3.84*	16.37

Source: Lipper-Hindsight: Performance is based on NAV prices with income reinvested net of basic rate tax and in sterling terms.

Launch date: Class A, B and J Shares: 27 November 2007; Class C Shares: 15 August 2012.

\*Class J Income Shares closed 18 February 2010.

UBS Global Asset Management Funds Ltd  
30 January 2014

## Performance record

### 1. Fund size

Accounting year		Number of shares in issue	Total net asset value per share (p)*	Total net asset value (£)
30 September				
2011	Class A - Accumulation	8,169,633	71.0	5,799,475
	Class B - Accumulation	605,091,344	75.0	453,745,224
				£459,544,699
2012	Class A - Accumulation	3,373,208	79.6	2,685,516
	Class B - Accumulation	581,293,178	84.5	490,940,705
	Class C - Accumulation	10,000	50.4	5,042
				£493,631,263
2013	Class A - Accumulation	3,192,592	90.7	2,894,508
	Class B - Accumulation	532,842,861	96.7	515,271,695
	Class C - Accumulation	7,187,157	57.9	4,158,552
				£522,324,755

\* rounded to one decimal place.

### 2. Ongoing charges figure

The ongoing charges figure (OCF) is the ratio of the Fund's annual operating expenses (excluding overdraft interest) to the average net assets of the Fund. It covers all aspects of operating the Fund during the year, including fees paid for investment management, administration, safeguarding the Fund's assets, depositary services and audit (net of any fee rebates if applicable). Where the Fund invests in other funds, the figure includes the impact of the charges made in those other funds.

Share class	30 Sep 13 (%)	30 Sep 12 (%)
Class A - Accumulation	1.64	1.62
Class B - Accumulation	1.13	0.98
Class C - Accumulation	0.90	0.87

### 3. Share dealing price range and distribution record

The Fund was launched on 23 November 2007 at a price of 68.26p for Class A, 70.56p for Class B Accumulation shares and 47.67p for Class J Income shares. Class C Accumulation shares were launched on 15 August 2012 at a price of 50p.

Calendar year	Highest price (p)	Lowest price (p)	Distribution per share (net) (p)
Class A - Accumulation			
2008	71.19	49.52	1.08
2009	72.34	46.40	1.15
2010	80.13	68.56	1.36
2011	81.71	70.01	1.25
2012	82.71	74.35	1.38
2013 to 30 September	95.16	82.76	0.85
Class B - Accumulation			
2008	73.73	51.51	1.42
2009	75.76	48.36	1.63
2010	84.36	72.05	1.82
2011	86.10	74.01	1.74
2012	87.88	78.86	1.76
2013 to 30 September	101.31	87.94	1.16
Class C - Accumulation			
2012 <sup>††</sup>	52.48	49.58	0.14
2013 to 30 September	60.56	52.51	0.79
Class J - Income			
2008	49.69	34.22	1.05
2009	48.77	32.16	1.19
2010 <sup>†</sup>	49.74	47.46	-

<sup>†</sup> covers period from 1 January 2010 to 18 February 2010

<sup>††</sup> covers period from 15 August 2012 to 30 September 2012.

Past performance is not a guide to future performance. Investors are reminded that the price of shares and the revenue from them is not guaranteed and may go down as well as up.

**Portfolio statement (unaudited)****As at 30 September 2013**

	<b>Holding</b>	<b>Market value £</b>	<b>Percentage of total net assets %</b>		<b>Holding</b>	<b>Market value £</b>	<b>Percentage of total net assets %</b>
<b>Equities - 54.48% (30 Sep 12: 47.68%)</b>				<b>Hong Kong - 0.58% (30 Sep 12: 0.86%)</b>			
<b>Australia - 0.24% (30 Sep 12: 0.66%)</b>				AIA Group			
Westfield Group Units	196,240	1,240,744	0.24	1,054,000	3,050,708	0.58	
<b>Bermuda - 0.30% (30 Sep 12: 0.33%)</b>				<b>Ireland - 1.18% (30 Sep 12: 0.64%)</b>			
Jardine Matheson	45,600	1,545,343	0.30	Accenture 'A'	31,800	1,446,258	0.28
<b>Canada - 1.06% (30 Sep 12: 1.19%)</b>				Covidien			
Canadian Oil Sands	142,900	1,712,656	0.33	Ingersoll-Rand	55,894	2,103,705	0.40
Lightstream Resources	189,840	846,226	0.16	<b>Israel - 0.36% (30 Sep 12: 0.00%)</b>			
Petrobank Energy & Resources	169,900	42,358	0.01	Check Point Software Technologies	54,300	1,895,839	0.36
Petrominerales	108,355	759,001	0.15	<b>Italy - 0.43% (30 Sep 12: 0.33%)</b>			
Suncor Energy	97,100	2,148,404	0.41	Fiat Industrial	271,649	2,228,695	0.43
<b>Channel Islands - 0.80% (30 Sep 12: 0.00%)</b>				Fiat Industrial Rights 2013			
Glencore Xstrata	1,233,530	4,153,295	0.80	271,649	431	-	
<b>Finland - 0.46% (30 Sep 12: 0.35%)</b>				<b>Japan - 4.56% (30 Sep 12: 2.35%)</b>			
Sampo 'A'	90,244	2,395,049	0.46	Itochu	338,400	2,555,511	0.49
<b>France - 1.37% (30 Sep 12: 0.81%)</b>				Japan Airlines			
Carrefour	151,585	3,215,248	0.62	55,600	2,078,392	0.40	
Peugeot	161,098	1,635,460	0.31	KDDI	76,200	2,412,066	0.46
Schneider Electric	43,761	2,285,496	0.44	Mitsubishi UFJ Financial Group	547,100	2,155,298	0.41
<b>Germany - 1.41% (30 Sep 12: 1.52%)</b>				ORIX			
Bayer	31,185	2,268,387	0.43	297,300	2,984,158	0.57	
Deutsche Bank	64,158	1,814,819	0.35	Panasonic	320,700	1,913,258	0.37
E.ON	104,389	1,143,084	0.22	Sankyo	51,800	1,559,832	0.30
Infineon Technologies	350,358	2,160,156	0.41	Shiseido	264,200	2,931,240	0.56
				Tokyo Gas			
				366,000			
				1,239,166			
				0.24			
				Toyota Motor			
				100,400			
				3,961,571			
				0.76			
				<b>Netherlands - 1.25% (30 Sep 12: 0.61%)</b>			
				Heineken			
				48,462			
				2,120,251			
				0.41			

	<b>Holding</b>	<b>Market value £</b>	<b>Percentage of total net assets %</b>
DSM	35,578	1,658,870	0.32
LyondellBasell Industries	60,428	2,732,955	0.52
<b>Norway - 0.57% (30 Sep 12: 0.80%)</b>			
Telenor	210,370	2,967,802	0.57
<b>South Korea - 0.44% (30 Sep 12: 0.44%)</b>			
Samsung Electronics	2,920	2,291,935	0.44
<b>Sweden - 0.22% (30 Sep 12: 0.24%)</b>			
Lundin Petroleum	84,270	1,122,890	0.22
<b>Switzerland - 1.52% (30 Sep 12: 1.29%)</b>			
Credit Suisse	119,420	2,252,465	0.43
Nestle	57,837	2,496,205	0.48
Novartis	66,757	3,166,113	0.61
<b>United Kingdom - 23.21% (30 Sep 12: 21.66%)</b>			
3i Group	882,474	3,210,440	0.62
Anglo American	160,335	2,433,084	0.47
Associated British Foods	63,488	1,191,035	0.23
AstraZeneca	34,516	1,109,862	0.21
Atkins (WS)	46,773	546,309	0.11
Aviva	1,189,032	4,718,079	0.90
BAE Systems	660,128	2,999,622	0.57
Balfour Beatty	471,283	1,337,972	0.26
Barclays	1,989,835	5,283,012	1.01
Berendsen	64,847	585,244	0.11
BP	2,841,797	12,304,981	2.36
Brown (N.) Group	81,494	426,621	0.08
Burberry Group	135,756	2,215,538	0.42
Carnival	106,521	2,230,550	0.43

	<b>Holding</b>	<b>Market value £</b>	<b>Percentage of total net assets %</b>
Centrica	692,837	2,560,726	0.49
Chemring Group	355,500	1,078,587	0.21
Daily Mail & General Trust 'A'	97,916	742,693	0.14
Darty	1,474,229	1,013,532	0.19
Direct Line Insurance	365,769	776,528	0.15
Dixons Retails	8,123,924	3,780,874	0.72
Electrocomponents	269,821	744,436	0.14
FirstGroup	741,920	885,852	0.17
Future	212,112	27,575	0.01
GKN	251,595	860,203	0.17
GlaxoSmithKline	355,109	5,530,823	1.06
HMV Group†	1,541,588	1,542	-
HSBC	1,127,740	7,546,836	1.46
Imperial Tobacco Group	124,420	2,845,485	0.55
International Consolidated Airline	808,595	2,731,434	0.52
Invensys	262,004	1,303,732	0.25
ITV	319,711	560,453	0.11
Lloyds Banking Group	8,754,540	6,441,590	1.23
Marks & Spencer	303,833	1,508,531	0.29
Morgan Crucible	162,526	504,318	0.10
Morrison (Wm.) Supermarkets	291,678	816,698	0.16
National Express Group	440,053	1,126,976	0.22
Premier Farnell	434,951	942,104	0.18
Prudential	59,978	690,347	0.13
Reed Elsevier	248,699	2,070,419	0.40
Regus	392,161	713,341	0.14

	<b>Holding</b>	<b>Market value £</b>	<b>Percentage of total net assets %</b>		<b>Holding</b>	<b>Market value £</b>	<b>Percentage of total net assets %</b>
Rio Tinto (GBP)	228,764	6,915,536	1.32	Google 'A'	8,700	4,706,134	0.90
Royal Dutch Shell 'B'	400,347	8,545,407	1.64	Hess	49,400	2,359,266	0.45
RPS Group	221,171	591,190	0.11	Hormel Foods	95,900	2,494,916	0.48
SABMiller	45,783	1,439,189	0.28	Lowes	64,500	1,896,286	0.36
SIG	605,339	1,124,115	0.22	MDU Resources Group	82,900	1,431,835	0.27
SSE	92,734	1,366,899	0.26	Micron Technology	171,000	1,843,683	0.35
Standard Chartered	114,163	1,690,754	0.32	Morgan Stanley	176,000	2,928,986	0.56
SThree	58,800	209,034	0.04	Occidental Petroleum	33,100	1,911,927	0.37
STV Group	153,089	388,846	0.08	Owens Corning	102,300	2,399,887	0.46
Synthomer	504,220	1,197,018	0.23	PNC Financial Services Group	42,800	1,914,027	0.37
Taylor Wimpey	344,806	345,840	0.07	Principal Financial Group	85,600	2,262,369	0.43
Tesco	715,187	2,567,521	0.49	Procter & Gamble	67,300	3,141,830	0.60
TT electronics	37,000	71,595	0.01	Prudential Financial	39,900	1,921,576	0.37
Tullett Prebon	62,808	216,939	0.04	Royal Caribbean Cruises	97,300	2,298,813	0.44
Vodafone Group	2,498,048	5,394,535	1.03	St Jude Medical	58,100	1,924,827	0.37
Barclays Rights Oct 2013	523,450	421,377	0.08	Symantec	150,900	2,306,271	0.44
Foxtons Group	47,541	127,410	0.02	Thermo Fisher Scientific	61,800	3,517,418	0.67
<b>United States of America - 14.52% (30 Sep 12: 13.40%)</b>				Time Warner Cable	36,600	2,522,267	0.48
AbbVie	104,700	2,893,247	0.55	Timken	35,900	1,338,768	0.26
Apollo Group 'A'	125,600	1,613,239	0.31	United Health Group	69,100	3,054,328	0.59
BankUnited	82,200	1,582,682	0.30	Viacom 'B' Non-Voting	46,800	2,415,428	0.46
Boeing	49,200	3,569,233	0.68	Wells Fargo	124,900	3,186,901	0.61
Celgene	23,700	2,252,773	0.43	Whirlpool	23,100	2,089,328	0.40
Chubb	34,100	1,879,143	0.36	<b>Investment Funds - 33.81% (30 Sep 12: 40.52%)</b>			
Colgate-Palmolive	41,400	1,516,262	0.29	UBS (Lux) Bond SICAV Emerging Economies Local			
Facebook 'A'	66,603	2,066,281	0.40	Currency Bond (USD) U-X-Acc	1,414	8,843,818	1.69
General Electric	179,000	2,641,781	0.51	UBS (Lux) Bond SICAV Global Corporates (USD) U-X-Dist	3,029	20,287,573	3.89

	<b>Holding</b>	<b>Market value £</b>	<b>Percentage of total net assets %</b>
UBS (Lux) Bond SICAV High Yield Bond (USD) U-X-Dist	607,298	40,486,556	7.75
UBS (Lux) Bond SICAV Emerging Economies Local Currency Bond (USD) U-X-Acc	3,343	34,859,963	6.68
UBS Corporate Bond UK Plus 'K' (Accumulation Gross)	51,671,577	36,562,808	7.00
UBS Fixed Interest UK Plus 'K' (Accumulation Gross)	16,211,838	11,366,120	2.18
UBS Global Emerging Markets Equity 'K' (Accumulation)	213,661	24,129,119	4.62
<b>Bonds - 7.71% (30 Sep 12: 1.19%)</b>			
<b>Fixed Interest Bonds - 7.70% (30 Sep 12: 1.16%)</b>			
Agence Francaise de Developpement 1.625% 2017	\$60,000	37,106	0.01
Australia 5.75% 2021	AUD 9,500,000	6,254,121	1.20
Bank Nederlandse Gemeenten 2.5% 2016	\$100,000	64,215	0.01
Belgium 1.25% 2018	€ 2,495,000	2,081,423	0.40
Belgium 3.75% 2020	€ 225,708	211,270	0.04
Eurofima 6.25% 2018	AUD 30,000	18,774	-
European Investment Bank 3% 2019	AUD 260,000	25,544	-
Finnish Government 4.375% 2019	€ 4,050,000	3,980,291	0.76
France 0.25% 2018	€ 2,350,000	2,078,718	0.40
France 1% 2017	€ 50,000	42,046	0.01
France 1% 2018	€ 150,000	125,104	0.02
France 2.5% 2020	€ 100,000	88,158	0.02
France 3% 2022	€ 120,000	107,550	0.02
France 3.5% 2026	€ 135,000	121,787	0.02
France 3.75% 2021	€ 2,150,000	2,043,059	0.39
France 3.75% 2045	€ 25,000	20,103	-

	<b>Holding</b>	<b>Market value £</b>	<b>Percentage of total net assets %</b>
Germany 1.25% 2016	€ 450,000	386,963	0.07
Germany 3.25% 2021	€ 1,500,000	1,434,780	0.28
Germany 4% 2037	€ 770,000	801,702	0.15
Italy 2.1% 2016	€ 430,000	389,058	0.07
Italy 2.1% 2021	€ 3,425,000	2,922,270	0.56
Italy 2.35% 2019	€ 55,000	50,664	0.01
Italy 3% 2015	€ 1,950,000	1,661,668	0.32
Italy 3.75% 2021	€ 85,000	70,944	0.01
Italy 4.25% 2019	€ 2,350,000	2,038,646	0.39
Italy 4.25% 2019	€ 75,000	64,913	0.01
Italy 4.75% 2023	€ 25,000	21,641	-
Landwirtschaftliche Rentenbank 5.5% 2020	AUD 30,000	18,376	-
Landwirtschaftliche Rentenbank 6.25% 2018	AUD 50,000	31,770	0.01
Netherlands 2.25% 2033	€ 25,000	20,190	-
Netherlands 4% 2016	€ 20,000	18,348	-
Sweden 5% 2020	SEK 17,500,000	2,001,749	0.38
US Treasury 0.125% 2014	\$48,000	29,648	0.01
US Treasury 0.125% 2022	\$145,000	89,616	0.02
US Treasury 0.25% 2015	\$55,000	33,988	0.01
US Treasury 0.25% 2016	\$100,000	61,399	0.01
US Treasury 0.5% 2017	\$115,000	69,677	0.01
US Treasury 0.625% 2017	\$3,295,000	2,011,814	0.39
US Treasury 0.625% 2021	\$1,818,000	1,211,883	0.23
US Treasury 0.75% 2017	\$235,000	143,948	0.03
US Treasury 0.875% 2016	\$315,000	195,185	0.04
US Treasury 1% 2016	\$155,000	96,604	0.02
US Treasury 1% 2018	\$3,275,000	1,996,444	0.38

	<b>Holding</b>	<b>Market value £</b>	<b>Percentage of total net assets %</b>		<b>Holding</b>	<b>Market value £</b>	<b>Percentage of total net assets %</b>
US Treasury 1.5% 2019	\$495,000	304,714	0.06				
US Treasury 1.625% 2022	\$7,115,000	4,092,913	0.78				
US Treasury 1.875% 2017	\$135,000	86,021	0.02				
US Treasury 2.125% 2015	\$280,000	178,246	0.03				
US Treasury 2.125% 2021	\$120,000	73,499	0.01				
US Treasury 2.75% 2042	\$180,000	92,135	0.02				
US Treasury 3.125% 2041	\$692,200	385,433	0.07				
US Treasury 4.5% 2036	\$105,000	74,929	0.01				
<b>Floating Rate Notes - 0.00% (30 Sep 12: 0.03%)</b>							
<b>Derivatives - 0.79% (30 Sep 12: 0.52%)</b>							
<b>Options - 0.22% (30 Sep 12: 0.07%)</b>							
FTSE 100 Call Options 6700 Dec 2013	839	453,060	0.09				
S&P 500 Index Call Options 1700 Dec 2013	343	686,254	0.13				
<b>Futures - 0.10% (30 Sep 12: 0.05%)</b>							
Australia 10 Year Bond Futures Dec 2013	191	320,526	0.06				
DAX Index Futures Dec 2013	(51)	35,430	0.01				
Euro Stoxx 50 Futures Dec 2013	669	(8,387)	-				
Euro BTP Futures Dec 2013	112	(40,717)	(0.01)				
Topix Index Futures Dec 2013	105	139,596	0.03				
Long Gilt Futures Dec 2013	627	749,265	0.14				
S&P500 Futures Dec 2013	(131)	(85,157)	(0.02)				
US 10 Year Note Futures Dec 2013	(529)	(582,838)	(0.11)				
<b>Forwards - 0.47% (30 Sep 12: 0.40%)</b>							
Bought Australian Dollar 10,650,000							
Sold Canadian Dollar 9,847,628		229,908	0.04				
Bought Australian Dollar 1,369,599							
Sold Euro 940,000		3,631	-				
				Bought Australian Dollar 1,490,000			
				Sold Japanese Yen 130,590,156	31,796	0.01	
				Bought Australian Dollar 1,375,000			
				Sold New Zealand Dollar 1,548,535	719	-	
				Bought Canadian Dollar 1,274,114			
				Sold US Dollar 1,230,000	2,837	-	
				Bought Euro 970,000			
				Sold Norwegian Krone 7,850,443	3,047	-	
				Bought Euro 975,000			
				Sold Swiss Francs 1,209,390	(12,323)	-	
				Bought Euro 1,425,000			
				Sold Sterling 1,203,287	(12,070)	-	
				Bought Euro 1,960,000			
				Sold US Dollar 2,618,024	17,327	-	
				Bought Hungarian Forint 245,050,000			
				Sold Sterling 723,013	(36,771)	(0.01)	
				Bought Japanese Yen 130,042,432			
				Sold Australian Dollar 1,490,000	(35,264)	(0.01)	
				Bought Japanese Yen 388,205,576			
				Sold Sterling 2,436,878	21,600	-	
				Bought Japanese Yen 637,873,000			
				Sold Sterling 4,251,485	(211,882)	(0.04)	
				Bought Japanese Yen 1,777,943,093			
				Sold Swiss Francs 16,800,000	(233,601)	(0.04)	
				Bought Mexican Peso 180,230,000			
				Sold Sterling 9,366,965	(931,975)	(0.18)	

<b> Holding</b>	<b> Market value  £</b>	<b> Percentage  of total net  assets  %</b>
Bought Norwegian Krone 20,380,000		
Sold Sterling 2,226,967	(129,850)	(0.02)
Bought Norwegian Krone 195,530,000		
Sold Swedish Krona 216,402,806	(758,374)	(0.15)
Bought Philippine Peso 676,550,000		
Sold US Dollar 15,143,816	262,900	0.05
Bought Polish Zloty 47,330,000		
Sold Sterling 9,586,512	(221,208)	(0.04)
Bought Singapore Dollar 2,805,000		
Sold Sterling 1,474,960	(92,332)	(0.02)
Bought Sterling 30,017,257		
Sold Australian Dollar 49,400,000	1,543,833	0.30
Bought Sterling 24,554,946		
Sold Canadian Dollar 38,690,000	1,340,881	0.26
Bought Sterling 1,277,980		
Sold Danish Krone 10,960,000	49,313	0.01
Bought Sterling 33,785,130		
Sold Euro 38,950,000	1,225,198	0.23
Bought Sterling 2,376,750		
Sold Hong Kong Dollar 27,850,000	152,674	0.03
Bought Sterling 840,000		
Sold Japanese Yen 124,893,216	49,060	0.01
Bought Sterling 840,000		
Sold Japanese Yen 132,902,868	(1,664)	-
Bought Sterling 7,981,326		
Sold Norwegian Krone 72,800,000	490,156	0.09
Bought Sterling 41,945,147		
Sold New Zealand Dollar 80,865,000	596,525	0.11

<b> Holding</b>	<b> Market value  £</b>	<b> Percentage  of total net  assets  %</b>
Bought Sterling 2,835,631		
Sold South African Rand 42,510,000	234,180	0.04
Bought Sterling 6,020,146		
Sold Swedish Krona 60,410,000	191,788	0.04
Bought Sterling 14,843,438		
Sold Swiss Francs 21,120,000	394,860	0.08
Bought Sterling 860,000		
Sold Swiss Francs 1,269,867	(8,739)	-
Bought Sterling 24,888,088		
Sold US Dollar 39,232,948	594,479	0.11
Bought Swedish Krona 22,000,000		
Sold Australian Dollar 3,746,889	(37,091)	(0.01)
Bought Swedish Krona 8,790,193		
Sold Norwegian Krone 7,970,000	27,959	0.01
Bought Swedish Krona 109,270,100		
Sold Sterling 10,600,000	(57,619)	(0.01)
Bought Swiss Francs 2,372,099		
Sold Euro 1,930,000	9,429	-
Bought Swiss Francs 1,195,000		
Sold Japanese Yen 127,774,037	8,338	-
Bought Swiss Francs 1,269,566		
Sold Sterling 860,000	8,534	-
Bought US Dollar 16,963,501		
Sold Australian Dollar 18,005,000	126,231	0.02
Bought US Dollar 3,248,963		
Sold Brazilian Lira 7,830,000	(106,428)	(0.02)
Bought US Dollar 1,230,000		
Sold Canadian Dollar 1,290,319	(12,560)	-

<b>Holding</b>	<b>Market value £</b>	<b>Percentage of total net assets %</b>
Bought US Dollar 2,600,566		
Sold Euro 1,965,000	(32,318)	(0.01)
Bought US Dollar 3,827,790		
Sold Indonesian Rupiah 45,646,400,000	(2,362)	-
Bought US Dollar 3,707,054		
Sold Russian Ruble 125,000,000	(63,443)	(0.01)
Bought US Dollar 52,520,000		
Sold Sterling 34,614,667	(2,093,523)	(0.40)
Investment assets (including investment liabilities)	505,365,423	96.75
Net other assets	16,959,332	3.25
<b>Net assets</b>	<b>£522,324,755</b>	<b>100.00</b>

All holdings are ordinary shares or stock units and admitted to official stock exchange listings unless otherwise stated.

† Delisted security

**Counterparty Exposure (unaudited)**

The underlying exposure obtained through financial derivative instruments and the identity of the counterparties to these transactions, including collateral information, is contained in the table below.

<b>Counterparty</b>	<b>Collateral type</b>	<b>Collateral amount* £</b>	<b>Net forward foreign exchange contracts £</b>	<b>Futures contracts £</b>	<b>Options contracts £</b>	<b>Total £</b>
<b>30 Sep 13</b>						
Barclays	-	-	539,884	-	-	539,884
Canadian Imperial Bank	-	-	1,340,881	-	-	1,340,881
Credit Suisse	-	-	(339,537)	-	-	(339,537)
Goldman Sachs	-	-	(494,979)	-	-	(494,979)
HSBC	-	-	2,132,246	-	-	2,132,246
JPMorgan Chase Bank	-	-	901,040	527,718	1,139,314	2,568,072
Morgan Stanley	-	-	126,231	-	-	126,231
Royal Bank of Scotland	-	-	(1,679,960)	-	-	(1,679,960)

\* The collateral value is positive where the Fund has provided collateral to the counterparty or negative where the counterparty has provided collateral to the Fund.

**Portfolio movements (unaudited)**  
**For the year ended 30 September 2013**

	<b>Cost</b>
	<b>£</b>
<b>Major purchases</b>	
UBS (Lux) Bond SICAV High Yield Bond (USD) U-X-Dist	21,158,345
UBS Global Corporate Bond 'X'	10,779,616
Australia 5.75% 2021	6,471,390
US Treasury 1.625% 2022	4,386,146
Sweden 5% 2020	4,329,946
Finnish Government 4.375% 2019	4,100,274
Aviva	3,442,108
Procter & Gamble	3,266,337
Morgan Stanley	3,068,892
Italy 2.1% 2021	2,965,391
UBS Corporate Bond UK Plus 'K' (Accumulation Gross)	2,875,608
Time Warner Cable	2,783,167
Royal Dutch Shell 'B'	2,669,549
Glencore Xstrata	2,605,811
Shiseido	2,585,028
Credit Suisse	2,182,277
France 3.75% 2021	2,179,482
Belgium 1.25% 2018	2,121,601
France 0.25% 2018	2,114,774
Treasury 1% Stock 2018	2,112,525
<b>Total for the year (Note 14)</b>	<b>£160,473,178</b>

	<b>Proceeds</b>
	<b>£</b>
<b>Major sales</b>	
UBS Corporate Bond UK Plus 'K' (Accumulation Gross)	36,500,000
UBS (Lux) Bond SICAV Global Corporates (USD) U-X-Dist	24,286,961
Vodafone Group	4,790,221
Lloyds Banking Group	3,956,883
Apple	3,782,995
Microsoft	3,695,064
Bridgestone	3,016,499
Comcast 'A'	2,904,402
JPMorgan Chase & Co	2,763,887
Oracle	2,674,049
McKesson	2,613,525
Unilever	2,517,996
Sweden 5% 2020	2,412,533
GlaxoSmithKline	2,308,889
WellPoint	2,210,515
Australia & New Zealand Bank Group	2,148,353
New World Development	2,034,546
Beiersdorf	1,883,865
Colgate-Palmolive	1,655,894
Abbott Laboratories	1,580,515
<b>Total for the year (Note 14)</b>	<b>£156,991,092</b>

**Statement of total return**  
**For the year ended 30 September 2013**

	Notes	30 Sep 13		30 Sep 12	
		£	£	£	£
Income					
Net capital gains	2		61,133,032		46,939,283
Revenue	3	16,186,107		16,145,051	
Expenses	4	(5,689,431)		(4,633,394)	
Finance costs: Interest	6	(671)		(2)	
Net revenue before taxation		10,496,005		11,511,655	
Taxation	5	(719,698)		(992,003)	
Net revenue after taxation			9,776,307		10,519,652
Total return before distributions			70,909,339		57,458,935
Finance costs: Distributions	6		(9,806,763)		(10,480,330)
<b>Change in net assets attributable to shareholders from investment activities</b>			£61,102,576		£46,978,605

**Statement of change in net assets attributable to shareholders**  
**For the year ended 30 September 2013**

	30 Sep 13		30 Sep 12	
	£	£	£	£
Opening net assets attributable to shareholders		493,631,263		459,544,699
Amounts receivable on issue of shares	19,491,636		57,702,534	
Amounts payable on cancellation of shares	(61,509,573)		(80,947,007)	
		(42,017,937)		(23,244,473)
Dilution levy charged		-		26,314
Change in net assets attributable to shareholders from investment activities (see Statement of total return)		61,102,576		46,978,605
Retained distribution on accumulation shares		9,659,543		10,430,416
Stamp duty reserve tax		(50,690)		(104,298)
<b>Closing net assets attributable to shareholders</b>		£522,324,755		£493,631,263

**Balance sheet****As at 30 September 2013**

	Notes	As at 30 Sep 13 £	As at 30 Sep 12 £
ASSETS			
Investment assets		511,173,920	446,130,343
Debtors	7	1,286,459	9,527,439
Cash and bank balances	8	17,404,494	42,244,860
Total other assets		18,690,953	51,772,299
Total assets		529,864,873	497,902,642
LIABILITIES			
Investment liabilities		5,808,497	2,304,934
Creditors	9	1,731,621	1,966,445
Total other liabilities		1,731,621	1,966,445
Total liabilities		7,540,117	4,271,379
<b>Net assets attributable to shareholders</b>		<b>£522,324,755</b>	<b>£493,631,263</b>

## Notes to the financial statements

### 1. Accounting policies

Accounting policies of the Fund are as set out on pages 10 to 12.

### 2. Net capital gains

	30 Sep 13 £	30 Sep 12 £
Currency losses	(321,536)	(589,676)
Derivative contracts	(1,197,573)	(3,500,642)
Forward currency contracts	6,456,135	3,207,161
Non-derivative securities	56,207,751	47,835,554
Transaction charges	(11,745)	(13,114)
Net capital gains	£61,133,032	£46,939,283

### 3. Revenue

	30 Sep 13 £	30 Sep 12 £
Bank interest	89,246	207,696
Derivative income	779,936	-
Interest distributions	6,268,158	7,441,320
Interest on debt securities	292,415	117,761
Overseas dividends	3,603,084	3,411,167
Property revenue distributions	-	28,483
Stock dividends	366,847	136,083
UK franked dividends	4,786,421	4,802,541
	£16,186,107	£16,145,051

### 4. Expenses

	30 Sep 13 £	30 Sep 12 £
<i>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</i>		
Authorised Corporate Director's fees	5,169,833	4,409,890
Registration fees	439,361	147,928
	5,609,194	4,557,818
<i>Payable to the Depositary, associates of the Depositary and agents of either of them:</i>		
Depositary's fees	49,113	45,318
	49,113	45,318
<i>Payable to other related parties and third parties:</i>		
Audit fees	10,830	10,770
Legal fees	-	923
Professional fees	1,836	-
Safe custody fees	17,283	17,571
Taxation fees	1,175	994
	31,124	30,258
	£5,689,431	£4,633,394

The audit fee for the period, excluding VAT was £9,000 (30 September 2012: £9,000).

## 5. Taxation

### (a) Analysis of tax charge

	30 Sep 13 £	30 Sep 12 £
Corporation tax at 20%	360,265	646,129
Double tax relief	(5,061)	(2,188)
Overseas tax suffered	364,494	348,062
Total current tax (5.b)	719,698	992,003
<b>Total tax charge</b>	<b>£719,698</b>	<b>£992,003</b>

### (b) Factors affecting current tax charge

The tax charged for the year is lower than the standard 20% rate of corporation tax applicable to the revenue received by open-ended investment companies (30 September 2012: 20%).

The differences are explained below:

	30 Sep 13 £	30 Sep 12 £
Net revenue before taxation	10,496,005	11,511,655
Corporation tax at 20%	2,099,201	2,302,331
<i>Effects of:</i>		
Double tax relief	(5,061)	(2,188)
Dividends not subject to corporation tax	(1,738,936)	(1,656,202)
Overseas tax suffered	364,494	348,062
	(1,379,503)	(1,310,328)
<b>Total tax charge (5.a)</b>	<b>£719,698</b>	<b>£992,003</b>

Open-ended investment companies are exempt from tax on capital gains. Therefore, any capital return is not included in the above reconciliation.

## 6. Finance costs

The distributions take account of amounts added on the issue of shares and amounts deducted on the cancellation of shares, and comprise:

	30 Sep 13 £	30 Sep 12 £
Interim	3,394,650	3,125,783
Final	6,264,893	7,304,633
	9,659,543	10,430,416
Add: Amounts deducted on cancellation of shares	188,932	195,927
Deduct: Amounts added on issue of shares	(41,712)	(146,013)
Net distributions	9,806,763	10,480,330
Interest	671	2
<b>Total finance costs</b>	<b>£9,807,434</b>	<b>£10,480,332</b>
Net revenue after taxation	9,776,307	10,519,652
Add: Revenue brought forward	50,374	11,052
Deduct: Revenue carried forward	(19,918)	(50,374)
<b>Net distributions as above</b>	<b>£9,806,763</b>	<b>£10,480,330</b>

Details of the distribution per share are set out in the table on page 42.

## 7. Debtors

	As at 30 Sep 13 £	As at 30 Sep 12 £
Accrued revenue	943,804	530,532
Amounts receivable on issue of shares	1,075	307,288
Overseas tax recoverable	213,746	215,502
Property income tax recoverable	5,443	5,443
Sales awaiting settlement	122,391	8,468,674
	£1,286,459	£9,527,439

**8. Cash & bank balances**

	<b>As at 30 Sep 13 £</b>	<b>As at 30 Sep 12 £</b>
Amounts held at futures clearing houses and brokers	5,478,784	4,975,639
Cash and bank balances	11,925,710	37,269,221
	<b>£17,404,494</b>	<b>£42,244,860</b>

**9. Creditors**

	<b>As at 30 Sep 13 £</b>	<b>As at 30 Sep 12 £</b>
Amounts payable on cancellation of shares	623,598	15,247
Corporation tax payable	355,204	643,942
Expense accruals	519,116	372,570
Purchases awaiting settlement	233,703	934,686
	<b>£1,731,621</b>	<b>£1,966,445</b>

**10. Equalisation**

This applies only to shares purchased during the distribution period (Group 2 shares). The average amount of revenue included in the purchase price of Group 2 shares is shown in the Distribution table and is refunded to the holders of these shares as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

**11. Contingent liabilities**

At 30 September 2013 there were no contingent liabilities or commitments at the current or prior year ends.

**12. Related party transactions**

UBS Global Asset Management Funds Ltd, as the Authorised Corporate Director (ACD), is considered to be a related party. Both management fees and registration fees charged by the ACD are shown in note 4.

At 30 September 2013 the amounts included in creditors in respect of management fees and registration fees due to the ACD are £448,449 and £44,810 respectively (30 September 2012: £341,504 and £11,430).

UBS Global Asset Management Funds Ltd acts as principal in respect of all transactions of shares in the Fund. The aggregate monies received through issue and paid on cancellation are disclosed in the Statement of change in net assets attributable to shareholders.

All dealing in the investment portfolio of the Fund was carried out through UBS Global Asset Management (UK) Ltd. During the year no dealing commission was paid to UBS Global Asset Management (UK) Ltd.

UBS Global Asset Management Funds Ltd and UBS Global Asset Management (UK) Ltd are subsidiaries of UBS Global Asset Management Holdings Ltd.

**13. Financial instruments**

The Authorised Corporate Director's policy and approach to managing the risks associated with financial instruments are included in the Risk Profile on pages 17 and 18.

**(a) Interest rate risk profile of financial assets and financial liabilities**

The interest rate risk profile of the Fund's financial assets and liabilities at the year end is set out in the following tables.

**i) Financial assets**

<b>Currency</b>	<b>Floating rate financial assets £</b>	<b>Fixed rate financial assets £</b>	<b>Financial assets not carrying interest £</b>	<b>Total £</b>
<b>30 Sep 13</b>				
Australian Dollar	243,654	6,323,041	3,443,335	10,010,030
Canadian Dollar	154,302	-	7,216,234	7,370,536
Danish Krone	231	-	49,312	49,543
Euro	786,654	20,781,296	59,303,192	80,871,142
Hong Kong Dollar	32,515	-	3,203,383	3,235,898
Indonesian Rupiah	-	-	96,927	96,927
Japanese Yen	401,376	-	24,238,386	24,639,762
Mexican Peso	18	-	-	18
New Zealand Dollar	22	-	617,239	617,261
Norwegian Krone	1,213	-	3,592,995	3,594,208
Russian Ruble	-	-	32,715	32,715
Singapore Dollar	2,231	-	-	2,231
South African Rand	-	-	234,180	234,180
South Korean Won	-	-	2,292,950	2,292,950
Sterling	13,188,486	-	198,797,987	211,986,473
Swedish Krona	25,915	2,027,293	2,066,989	4,120,197
Swiss Franc	7,659	-	8,636,609	8,644,268
US Dollar	2,560,218	11,329,418	159,740,177	173,629,813
	<b>£17,404,494</b>	<b>£40,461,048</b>	<b>£473,562,610</b>	<b>£531,428,152</b>

<b>Currency</b>	<b>Floating rate financial assets £</b>	<b>Fixed rate financial assets £</b>	<b>Financial assets not carrying interest £</b>	<b>Total £</b>
<b>30 Sep 12</b>				
Australian Dollar	1,300,306	147,680	10,921,088	12,369,074
Canadian Dollar	746,926	149,308	12,207,539	13,103,773
Danish Krone	161,735	37,665	968,708	1,168,108
Euro	2,036,341	1,270,455	65,359,590	68,666,386
Hong Kong Dollar	152,767	-	4,247,182	4,399,949
Hungarian Forint	-	-	5,408,038	5,408,038
Indian Rupee	-	-	9,176,441	9,176,441
New Israeli Sheqel	-	-	4,835,627	4,835,627
Japanese Yen	491,153	1,628,203	21,959,806	24,079,162
Malaysian Ringgit	-	-	4,672,947	4,672,947
Mexican Peso	19	-	14,473,779	14,473,798
New Zealand Dollar	21	-	1,538,773	1,538,794
Norwegian Krone	255,688	-	6,647,301	6,902,989
Philippine Peso	-	-	4,932,595	4,932,595
Polish Zloty	2,085	-	4,544,103	4,546,188
Singapore Dollar	2,280	-	1,450,505	1,452,785
South African Rand	-	-	4,199,855	4,199,855
South Korean Won	-	-	18,094,794	18,094,794
Sterling	34,585,971	-	333,874,807	368,460,778
Swedish Krona	1,452,316	148,255	6,763,542	8,364,113
Swiss Franc	4,350	-	4,765,291	4,769,641
US Dollar	1,186,060	2,402,768	197,120,354	200,709,182
	<b>£42,378,018</b>	<b>£5,784,334</b>	<b>£738,162,665</b>	<b>£786,325,017</b>

**ii) Financial liabilities**

<b>Currency</b>	<b>Floating rate financial liabilities £</b>	<b>Financial liabilities not carrying interest £</b>	<b>Total £</b>
<b>30 Sep 13</b>			
Australian Dollar	-	128,224	128,224
Brazilian Real	-	22,152	22,152
Canadian Dollar	-	37,297	37,297
Euro	-	119,622	119,622
Hungarian Forint	-	36,771	36,771
Japanese Yen	-	721,826	721,826
Mexican Peso	-	931,975	931,975
Norwegian Krone	-	1,568,745	1,568,745
Philippine Peso	-	133,785	133,785
Polish Zloty	-	221,208	221,208
Singapore Dollar	-	92,332	92,332
Sterling	-	1,731,621	1,731,621
Swedish Krona	-	94,109	94,109
Swiss Franc	-	46,052	46,052
US Dollar	-	3,217,678	3,217,678
	-	<b>£9,103,397</b>	<b>£9,103,397</b>

<b>Currency</b>	<b>Floating rate financial liabilities £</b>	<b>Financial liabilities not carrying interest £</b>	<b>Total £</b>
<b>30 Sep 12</b>	-		
Australian Dollar	-	30,630,608	30,630,608
Brazilian Real	-	2,364,813	2,364,813
Canadian Dollar	-	5,786,391	5,786,391
Czech Koruna	-	5,501,881	5,501,881
Danish Krone	-	1,174,150	1,174,150
Euro	-	15,622,851	15,622,851
Hong Kong Dollar	-	2,218,485	2,218,485
Hungarian Forint	-	4,723,805	4,723,805
Japanese Yen	-	8,601,564	8,601,564
Mexican Peso	-	4,904,947	4,904,947
New Zealand Dollar	-	21,418,497	21,418,497
Norwegian Krone	-	12,193,434	12,193,434
Russian Ruble	-	2,459,152	2,459,152
South African Rand	-	6,462,785	6,462,785
South Korean Won	-	7,978,763	7,978,763
Sterling	-	61,090,391	61,090,391
Swedish Krona	-	5,683,524	5,683,524
Swiss Franc	-	7,000,889	7,000,889
Turkish Lira	-	4,773,933	4,773,933
US Dollar	-	82,102,891	82,102,891
	-	<b>£292,693,754</b>	<b>£292,693,754</b>

**iii) Fixed rate financial assets**

<b>Currency</b>	<b>Weighted average interest rate %</b>	<b>Weighted average period for which the rate is fixed in years</b>
<b>30 Sep 13</b>		
Australian Dollar	3.63	7.57
Euro	1.70	6.50
Swedish Krona	2.10	7.18
US Dollar	1.65	7.40
<b>30 Sep 12</b>		
Australian Dollar	3.26	2.89
Canadian Dollar	1.35	5.38
Danish Krone	0.49	5.10
Euro	3.02	9.38
Japanese Yen	0.72	9.62
Swedish Krona	1.31	8.20
US Dollar	0.92	6.87

**(b) Currency exposure**

The majority of the net assets of the Fund's investments are denominated in currencies other than sterling, with the effect that currency movements can significantly affect the balance sheet and total return.

Numerical disclosures are as follows:

<b>Currency</b>	<b>Monetary exposures £</b>	<b>Non-monetary exposures £</b>	<b>Total £</b>
<b>30 Sep 13</b>			
Australian Dollar	363,043	9,518,763	9,881,806
Brazilian Real	-	(22,152)	(22,152)
Canadian Dollar	168,960	7,164,279	7,333,239
Danish Krone	230	49,313	49,543
Euro	976,243	79,775,277	80,751,520
Hong Kong Dollar	32,516	3,203,382	3,235,898
Hungarian Forint	-	(36,771)	(36,771)
Indonesian Rupiah	-	96,927	96,927
Japanese Yen	586,503	23,331,433	23,917,936
Mexican Peso	18	(931,975)	(931,957)
New Zealand Dollar	22	617,239	617,261
Norwegian Krone	100,328	1,925,135	2,025,463
Philippine Peso	-	(133,785)	(133,785)
Polish Zloty	-	(221,208)	(221,208)
Russian Ruble	-	32,715	32,715
Singapore Dollar	2,231	(92,332)	(90,101)
South African Rand	-	234,180	234,180
South Korean Won	1,015	2,291,935	2,292,950
Swedish Krona	96,385	3,929,703	4,026,088
Swiss Franc	86,630	8,511,586	8,598,216
US Dollar	2,715,211	167,696,924	170,412,135
	5,129,335	306,940,568	312,069,903
Sterling	11,829,997	198,424,855	210,254,852
	<b>£16,959,332</b>	<b>£505,365,423</b>	<b>£522,324,755</b>

Currency	Monetary exposures £	Non-monetary exposures £	Total £
<b>30 Sep 12</b>			
Australian Dollar	(21,680,399)	3,418,865	(18,261,534)
Brazilian Real	(2,364,813)	-	(2,364,813)
Canadian Dollar	1,289,890	6,027,492	7,317,382
Czech Koruna	(5,501,881)	-	(5,501,881)
Danish Krone	(1,011,298)	1,005,256	(6,042)
Euro	4,725,040	48,318,495	53,043,535
Hong Kong Dollar	(2,065,718)	4,247,182	2,181,464
Hungarian Forint	684,233	-	684,233
Indian Rupee	9,176,441	-	9,176,441
New Israeli Sheqel	4,835,627	-	4,835,627
Japanese Yen	2,088,639	13,388,959	15,477,598
Malaysian Ringgit	4,672,947	-	4,672,947
Mexican Peso	9,568,851	-	9,568,851
New Zealand Dollar	(19,879,703)	-	(19,879,703)
Norwegian Krone	(9,220,378)	3,929,933	(5,290,445)
Philippine Peso	4,932,595	-	4,932,595
Polish Zloty	4,546,188	-	4,546,188
Russian Ruble	(2,459,152)	-	(2,459,152)
Singapore Dollar	1,452,785	-	1,452,785
South African Rand	(2,262,930)	-	(2,262,930)
South Korean Won	7,927,734	2,188,297	10,116,031
Swedish Krona	1,484,496	1,196,093	2,680,589
Swiss Franc	(6,898,536)	4,667,288	(2,231,248)
Turkish Lira	(4,773,933)	-	(4,773,933)

Currency	Monetary exposures £	Non-monetary exposures £	Total £
US Dollar	(19,403,261)	138,009,552	118,606,291
	(40,136,536)	226,397,412	186,260,876
Sterling	91,909,212	215,461,175	307,370,387
	£51,772,676	£441,858,587	£493,631,263

**(c) Fair value of financial assets and financial liabilities**

There is no material difference between the value of the financial assets and financial liabilities, as shown in the balance sheet, and their fair value.

**(d) Derivative exposure**

The Fund is permitted to invest in exchange traded bond, deposit, consumer price index and currency futures, currency forwards, credit default swaps, total return swaps, interest rate swaps and inflation swaps. The Fund will use derivatives as part of its investment capabilities and are used to manage market exposure inherent in an invested portfolio. The derivatives overlay is designed to remove unwanted market risk and allow tactical asset allocation and currency views to be expressed efficiently. However, such instruments are inherently volatile and the Fund could be potentially exposed to additional risk and costs should the market move against it.

The Manager also assesses the market risk of the Fund's investments, including any derivative exposures, using a Value at Risk (VaR) methodology with a 99% confidence level and one month time horizon. This process provides the Manager with an estimate of the maximum potential loss that could be expected to occur as a result of changes in the market prices over a given year of time in all but a given percentage of circumstances. As at 30 September 2013, the Fund's VaR was 6.17%. This means that per statistical analysis there is a 99% probability that, over a month, the maximum loss the Fund could suffer is 6.17% of its value.

Further information on risks can be found in the Risk Profile on pages 17 and 18.

**14. Portfolio transaction costs**

	30 Sep 13		30 Sep 12	
<b>Analysis of total purchase costs</b>	£	£	£	£
Purchases in year before transaction costs		160,262,861		204,213,669
Taxes	210,317		255,162	
Total purchase costs		210,317		255,162
<b>Gross purchase total</b>		<b>£160,473,178</b>		<b>£204,468,831</b>
	30 Sep 13		30 Sep 12	
<b>Analysis of total sale costs</b>	£	£	£	£
Gross sales in year before transaction costs		157,073,197		165,546,621
Taxes	(82,105)		(131,657)	
Total sale costs		(82,105)		(131,657)
<b>Total sales net of transaction costs</b>		<b>£156,991,092</b>		<b>£165,414,964</b>

**Distribution table****For the year ended 30 September 2013 (in pence per share)**

Final dividend distribution

Group 1: Shares purchased prior to 1 April 2013

Group 2: Shares purchased between 1 April 2013 and 30 September 2013

	Net revenue (p)	Equalisation (note 10) (p)	Distribution payable 30/11/13 (p)	Distribution paid 30/11/12 (p)
<b>Class A - Accumulation</b>				
Group 1	0.85	-	0.85	1.14
Group 2	0.71	0.14	0.85	1.14
<b>Class B - Accumulation</b>				
Group 1	1.16	-	1.16	1.25
Group 2	0.62	0.54	1.16	1.25
<b>Class C - Accumulation</b>				
Group 1	0.79	-	0.79	0.14
Group 2	0.58	0.21	0.79	0.14

Interim dividend distribution

Group 1: Shares purchased prior to 1 October 2012

Group 2: Shares purchased between 1 October 2012 and 31 March 2013

	Net revenue (p)	Equalisation (note 10) (p)	Distribution paid 31/05/13 (p)	Distribution paid 31/05/12 (p)
<b>Class A - Accumulation</b>				
Group 1	0.32	-	0.32	0.24
Group 2	0.29	0.03	0.32	0.24
<b>Class B - Accumulation</b>				
Group 1	0.60	-	0.60	0.51
Group 2	0.48	0.12	0.60	0.51
<b>Class C - Accumulation</b>				
Group 1	0.38	-	0.38	-
Group 2	0.20	0.18	0.38	-

## UBS Global Diversified Fund

## Manager's report

### Investment objective and policy

To seek to achieve long-term capital growth through active management of a diversified portfolio predominantly invested in securities and derivatives that give the most efficient exposures to domestic and international equities and bonds and alternatives, including, but not limited to, property, hedge funds and commodities. The Fund may also invest in warrants, money market instruments, deposits, cash or near cash, and units in collective investment schemes. There are no geographical restrictions on the countries of investment.

The Fund will use a range of derivative instruments which include foreign exchange, forward and futures contracts, swaps and options for investment purposes and or to manage interest rates and currency exposures.

Index futures and other derivatives may be used to manage market exposure. Increasing or reducing market and currency exposure will entail the use of long or net short positions in some derivative instruments.

### Market environment

Political and monetary policy decisions were highly influential in financial markets over the year to 30 September 2013. Equity markets delivered by far the strongest performance, with credit outperforming the majority of other fixed income asset classes.

Within equity markets, Japan's performance was the stand-out, trailblazing on the back of Shinzo Abe's success at the Japanese ballot box and '3-arrow' policy approach to reviving Japan's economy: aggressive monetary easing, significant fiscal stimulus, and structural reform. European equity markets too delivered above-average performance with market sentiment turning supportive towards the end of the year, in spite of the remaining headwinds to a more competitive, cohesive monetary union. Broader Asian markets followed suit with the performance of US equities broadly in line, and UK equities just behind. Overall, developed markets, with much deeper liquidity, and more evolved capital markets fared much better than their emerging market counterparts, which became increasingly fragmented, many having their own idiosyncratic challenges to instilling confidence in their equity markets. In fixed income space, investment grade bonds managed to grind out some positive performance over the year owing to spread compression. Nominal government bonds in the US and UK both delivered negative returns over the year while UK index-linked gilts performed well given persistent UK inflation and no signs of less loose monetary policy for some time.

### Fund performance

Over the year in review the approach of bearing diversified risk premia has been rewarded. The Fund performed in line with its objectives over the year in review. Tactical asset allocation and currency decisions delivered positive performance contributions. The Fund's directional views, particularly its overweight to global equities (more recently through call options) was strongly positive. The Fund's relative trades too were broadly additive: its overweight to Japan relative to Korea and Taiwan (and then relative to Germany) worked well. The Fund's long held overweight to Europe relative US equities initially underperformed but rebounded with particularly strong performance of late. In fixed income space, the Fund's recent underweight to duration has been additive, as has its long-held overweights to investment grade bonds and high yield debt. Relative fixed income trades fared less well with the Fund's overweight to UK gilts vs. German bunds (and then vs. French OATs) underperforming. So too did the Fund's Australian and Polish yield curve trades.

The Fund's exposure to alternative asset classes also proved beneficial with UK real estate investment trusts and hedge fund allocations performing particularly well.

In terms of currency decisions, our long-held overweight to euro and Mexican peso added value. The Fund has been underweight the commodity-linked currencies of Australian dollar (AUD), Canadian dollar (CAD), and New Zealand dollar (NZD) for quite some time – over the year both the AUD and CAD positions performed very well while the NZD detracted. Nonetheless we remain bearish on NZD going forward. Further to this, the main detractor was the Fund's overweight to USD. We also retain this view going forward given the USD's attractive valuation coupled with favourable demographics, North America's increasing self-sufficiency in energy, and the fairly positive macroeconomic backdrop for the US.

### Notice of Fund Termination

The UBS Global Diversified Fund commenced termination on 14 November 2013.

### Percentage growth

	<b>30/09/12 to 30/09/13 %</b>	<b>Launch to 30/09/12 %</b>
Class A - Accumulation Shares	6.51	5.12
Class B - Accumulation Shares	-0.36	-
Class C - Accumulation Shares	3.42	-
Class K - Accumulation Shares	7.36	6.59

Source: Lipper-Hindsight: Performance is based on NAV prices with income reinvested net of basic rate tax and in sterling terms.

Launch date: Class K Accumulation Shares: 31 October 2011; Class A Accumulation Shares: 11 November 2011; Class C Accumulation Shares: 05 February 2013; Class B Accumulation Shares: 31 July 2013.

UBS Global Asset Management Funds Ltd  
30 January 2014

## Performance record

### 1. Fund size

Accounting year		Number of shares in issue	Total net asset value per share (p)*	Total net asset value (£)
30 September				
2012	Class A - Accumulation	13,848,141	52.5	7,275,248
	Class K - Accumulation	130,090	10,655.4	13,861,558
				£21,136,806
2013	Class A - Accumulation	1,558,963	56.0	873,248
	Class B - Accumulation	10,865	49.8	5,415
	Class C - Accumulation	188,849	51.7	97,712
	Class K - Accumulation	130,348	11,450.3	14,925,296
				£15,901,671

\* rounded to one decimal place.

### 2. Ongoing charges figure

The ongoing charges figure (OCF) is the ratio of the Fund's annual operating expenses (excluding overdraft interest) to the average net assets of the Fund. It covers all aspects of operating the fund during the year, including fees paid for investment management, administration, safeguarding the Fund's assets, depositary services and audit (net of any fee rebates if applicable). Where the Fund invests in other funds, the figure includes the impact of the charges made in those other funds.

Share class	30 Sep 13 (%)	30 Sep 12 (%)
Class A - Accumulation	1.09	1.06
Class B - Accumulation	0.69	-
Class C - Accumulation	0.54	-
Class K - Accumulation	0.10	0.09

### 3. Share dealing price range and distribution record

The Fund was launched on 31 October 2011 at a price of 10,000p for Class K Accumulation Shares, Class A Accumulation were launched on 11 November 2011 at a price of 50p, Class C Accumulation shares were launched 5 February 2013 at a price of 50p and Class B Accumulation shares 1 August 2013 at a price of 50p.

Calendar year	Highest price (p)	Lowest price (p)	Distribution per share (net) (p)
Class A - Accumulation			
2011 <sup>†</sup>	50.34	48.63	-
2012	53.37	49.10	0.00
2013 to 30 September	58.30	53.16	0.44
Class B - Accumulation			
2013 to 30 September <sup>††</sup>	50.33	49.21	0.07
Class C - Accumulation			
2013 to 30 September <sup>††</sup>	53.77	49.41	0.56
Class K - Accumulation			
2011 <sup>†</sup>	10,144.21	9,795.43	-
2012	10,844.97	9,931.48	54.72
2013 to 30 September	11,883.61	10,803.47	179.75

<sup>†</sup> covers period from launch to 31 December 2011.

<sup>††</sup> covers period from launch to 30 September 2013.

Past performance is not a guide to future performance. Investors are reminded that the price of shares and the revenue from them is not guaranteed and may go down as well as up.

**Portfolio statement (unaudited)****As at 30 September 2013**

	<b>Holding</b>	<b>Market value £</b>	<b>Percentage of total net assets %</b>
<b>Bonds - 83.10% (30 Sep 12: 83.68%)</b>			
<b>Fixed Interest - 83.10% (30 Sep 12: 83.68%)</b>			
Treasury 1.75% 2017	£1,475,000	1,513,055	9.52
Treasury 2% 2016	£3,042,000	3,137,823	19.73
Treasury 2.25% 2014	£4,225,000	4,260,067	26.79
Treasury 2.75% 2015	£1,810,000	1,865,386	11.73
Treasury 3.75% 2020	£1,219,000	1,354,674	8.52
Treasury 4.75% 2020	£924,000	1,083,390	6.81
<b>Derivatives - 0.72% (30 Sep 12: 1.20%)</b>			
<b>Commodity Total Return Index Swaps - 0.02% (30 Sep 12: 0.06%)</b>			
UBS Total Return Index Swap (CMCI composite USD Excess Return index) Pay Oct 2013	243,934	2,553	0.02
<b>Credit Default Index Swaps - 1.17% (30 Sep 12: 0.87%)</b>			
Barclays Credit Default Index Swaps CDX.EM Receive Jun 2018	1,600,000	80,752	0.51
Barclays Credit Default Swaps iTraxx Crossover Series 19 Receive Jun 2018	800,000	35,440	0.22
Barclays Credit Default Swaps iTraxx Series 19 Receive Jun 2018	1,400,000	3,975	0.01
Citibank Credit Default Index Swaps CDX.NA.IG Receive Jun 2018	2,000,000	16,264	0.10
Citibank Credit Default Index Swaps CDX.NA.HY Receive Jun 2018	1,400,000	51,996	0.33
<b>Equity Total Return Index Swaps - 0.09% (30 Sep 12: 0.05%)</b>			
Barclays Total Return Index Swap Receive Oct 2013	2,143,637	14,066	0.09

	<b>Holding</b>	<b>Market value £</b>	<b>Percentage of total net assets %</b>
<b>Interest Rate Swaps - (0.09)% (30 Sep 12: 0.02%)</b>			
Barclays Interest Rate Swaps 4.0225% Pay Jul 2022	1,600,000	(15,086)	(0.09)
<b>Futures - (0.24)% (30 Sep 12: (0.20)%)</b>			
Amsterdam Exchange Index Futures Oct 2013	3	(3,284)	(0.02)
CAC40 10 Euro Futures Oct 2013	(14)	1,024	0.01
Euro Stoxx 50 Equity Index Futures Dec 2013	48	(602)	-
Euro-BTP Futures Dec 2013	8	(2,373)	(0.01)
FTSE 100 Index Futures Dec 2013	8	(14,100)	(0.09)
FTSE Index Futures Dec 2013	7	(8,263)	(0.05)
Hang Seng Index Futures Oct 2013	2	(2,723)	(0.02)
MSCI Emerging Markets Index Futures Dec 2013	25	8,763	0.05
OMXS 30 Futures Oct 2013	7	(1,390)	(0.01)
S&P 500 E-Mini Futures Dec 2013	21	(6,874)	(0.04)
S&P/TSX 60 Futures Dec 2013	3	(1,491)	(0.01)
SPI 200 Futures Dec 2013	3	(1,429)	(0.01)
Swiss MKT Futures Dec 2013	4	(1,710)	(0.01)
Topix Index Futures Dec 2013	10	13,295	0.08
US 5 Year Note Futures Dec 2013	(21)	(17,280)	(0.11)
<b>Options - 0.31% (30 Sep 12: 0.35%)</b>			
FTSE 100 Call Option 6700 20 Dec 2013	25	13,688	0.09
S&P 500 Call Option 1700 21 Dec 2013	15	34,592	0.22
<b>Forwards - (0.54)% (30 Sep 12: 0.05%)</b>			
Bought Australian Dollar 273,800			
Sold Canadian Dollar 252,172		6,511	0.04

Holding	Market value £	Percentage of total net assets %
Bought Euro 152,900		
Sold Sterling 128,492	(676)	-
Bought Hong Kong Dollar 916,800		
Sold Sterling 73,490	(275)	-
Bought Japanese Yen 45,016,900		
Sold Sterling 300,185	(15,096)	(0.09)
Bought Japanese Yen 48,573,514		
Sold Swiss Francs 459,200	(6,536)	(0.04)
Bought Mexican Peso 6,455,400		
Sold Sterling 335,502	(33,381)	(0.21)
Bought Norwegian Krone 5,808,300		
Sold Swedish Krona 6,428,335	(22,528)	(0.14)
Bought Philippine Peso 20,848,600		
Sold US Dollar 467,039	7,907	0.05
Bought Polish Zloty 1,670,600		
Sold Sterling 338,374	(7,808)	(0.05)
Bought Sterling 799,432		
Sold Australian Dollar 1,316,700	40,506	0.25
Bought Sterling 820,334		
Sold Canadian Dollar 1,293,600	44,172	0.28
Bought Sterling 240,813		
Sold Euro 280,100	6,666	0.04
Bought Sterling 78,241		
Sold Hong Kong Dollar 916,800	5,026	0.03
Bought Sterling 13,902		
Sold Swedish Krona 139,500	443	-
Bought Sterling 317,321		
Sold Swiss Francs 451,500	8,441	0.05

Holding	Market value £	Percentage of total net assets %
Bought Sterling 132,993		
Sold US Dollar 212,300	1,534	0.01
Bought Sterling 1,260,660		
Sold New Zealand Dollar 2,431,700	17,261	0.11
Bought Swedish Krona 3,313,152		
Sold Sterling 321,400	(1,747)	(0.01)
Bought US Dollar 515,170		
Sold Australian Dollar 546,800	3,834	0.02
Bought US Dollar 3,349,200		
Sold Sterling 2,214,134	(140,261)	(0.88)
Investment assets (including investment liabilities)	13,328,191	83.82
Net other assets	2,573,480	16.18
<b>Net assets</b>	<b>£15,901,671</b>	<b>100.00</b>

All holdings are ordinary shares or stock units and admitted to official stock exchange listings unless otherwise stated, with the exception of the Swaps which are over-the-counter derivative investments not listed on recognised exchanges.

As at 30 September 2013 100% of debt securities were rated as investment grade as a percentage of total bond holdings.

**Counterparty Exposure (unaudited)**

The underlying exposure obtained through financial derivative instruments and the identity of the counterparties to these transactions, including collateral information, is contained in the table below.

<b>Counterparty</b>	<b>Collateral type</b>	<b>Collateral amount* £</b>	<b>Net forward foreign exchange contracts £</b>	<b>Futures contracts £</b>	<b>Options contracts £</b>	<b>Commodity total return swaps £</b>	<b>Equity total return swaps £</b>	<b>Credit default swaps £</b>	<b>Interest rate swaps £</b>	<b>Total £</b>
<b>30 Sep 13</b>										
Barclays	Cash, GBP	(160,000)	(5,015)	-	-	-	14,066	120,167	(15,086)	(45,868)
Credit Suisse	-	-	(11,264)	-	-	-	-	68,260	-	56,996
Goldman Sachs	-	-	(14,532)	-	-	-	-	-	-	(14,532)
JPMorgan Chase Bank	-	-	(58,079)	-	-	-	-	-	-	(58,079)
Morgan Stanley	-	-	3,834	-	-	-	-	-	-	3,834
UBS	-	-	(951)	(38,437)	48,280	2,553	-	-	-	11,445

\* The collateral value is positive where the Fund has provided collateral to the counterparty or negative where the counterparty has provided collateral to the Fund.

**Portfolio movements (unaudited)**  
**For the year ended 30 September 2013**

<b>Purchases</b>	<b>Cost £</b>
Treasury 2.25% 2014	3,367,617
HSBC Infrastructure	222,429
<b>Total for the year (Note 14)</b>	<b>£3,590,046</b>

<b>Sales</b>	<b>Proceeds £</b>
Treasury 4.5% 2013	3,470,000
Treasury 2.25% 2014	1,894,996
Treasury 4.75% 2020	676,102
Treasury 2% 2016	668,428
Treasury 3.75% 2020	641,500
HSBC Infrastructure	229,448
<b>Total for the year (Note 14)</b>	<b>£7,580,474</b>

**Statement of total return****For the year ended 30 September 2013**

	Notes	30 Sep 13		30 Sep 12	
		£	£	£	£
Income					
Net capital gains	2		1,089,262		1,067,574
Revenue	3	375,097		141,963	
Expenses	4	(55,801)		(58,202)	
Finance costs: Interest	6	(185)		(7,754)	
Net revenue before taxation		319,111		76,007	
Taxation	5	-		-	
Net revenue after taxation			319,111		76,007
Total return before distributions			1,408,373		1,143,581
Finance costs: Distributions	6		(318,985)		(88,150)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>£1,089,388</b>		<b>£1,055,431</b>

**Statement of change in net assets attributable to shareholders****For the year ended 30 September 2013**

	30 Sep 13		30 Sep 12	
	£	£	£	£
Opening net assets attributable to shareholders		21,136,806		-
Amounts receivable on issue of shares	1,029,164		20,329,490	
Amounts payable on cancellation of shares	(7,607,209)		(318,800)	
		(6,578,045)		20,010,690
Change in net assets attributable to shareholders from investment activities (see Statement of total return)		1,089,388		1,055,431
Retained distribution on accumulation shares		253,554		70,691
Stamp duty reserve tax		(32)		(6)
<b>Closing net assets attributable to shareholders</b>		<b>£15,901,671</b>		<b>£21,136,806</b>

**Balance sheet****As at 30 September 2013**

	<b>Notes</b>	<b>As at 30 Sep 13 £</b>	<b>As at 30 Sep 12 £</b>
<b>ASSETS</b>			
Investment assets		13,547,097	18,350,000
Debtors	7	40,064	57,271
Cash and bank balances	8	2,597,701	3,164,438
Total other assets		2,637,765	3,221,709
Total assets		16,184,862	21,571,709
<b>LIABILITIES</b>			
Investment liabilities		218,906	409,311
Creditors	9	64,285	25,592
Total other liabilities		64,285	25,592
Total liabilities		283,191	434,903
<b>Net assets attributable to shareholders</b>		<b>£15,901,671</b>	<b>£21,136,806</b>

## Notes to the financial statements

### 1. Accounting policies

Accounting policies of the Fund are as set out on pages 10 to 12.

### 2. Net capital gains

	30 Sep 13 £	30 Sep 12 £
Currency gains/(losses)	19,861	(299)
Derivative contracts	1,209,034	468,744
Forward currency contracts	79,187	177,290
Non-derivative securities	(217,081)	423,384
Transaction charges	(1,739)	(1,545)
Net capital gains	£1,089,262	£1,067,574

### 3. Revenue

	30 Sep 13 £	30 Sep 12 £
Bank interest	-	3,918
Derivative income	228,411	(9,270)
Interest on debt securities	146,686	147,315
	£375,097	£141,963

### 4. Expenses

	30 Sep 13 £	30 Sep 12 £
<i>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</i>		
Authorised Corporate Director's fees	36,398	41,084
Registration fees	5,046	3,196
	41,444	44,280
<i>Payable to the Depositary, associates of the Depositary and agents of either of them:</i>		
Depositary's fees	2,242	2,001
	2,242	2,001
<i>Payable to other related parties and third parties:</i>		
Audit fees	10,801	10,799
Legal fees	1,006	830
Safe custody fees	308	292
	12,115	11,921
	£55,801	£58,202

The audit fee for the period, excluding VAT was £9,000 (30 September 2012: £9,000).

## 5. Taxation

### (a) Analysis of tax charge

There is no tax charge for the period.

### (b) Factors affecting current tax charge

The tax charged for the year is lower than the standard 20% rate of corporation tax applicable to the revenue received by open-ended investment companies (30 September 2012: 20%).

The differences are explained below:

	30 Sep 13 £	30 Sep 12 £
Net revenue before taxation	319,111	76,007
Corporation tax at 20%	63,822	15,201
<i>Effects of:</i>		
Interest distributions	(63,822)	(15,201)
	(63,822)	(15,201)
<b>Total tax charge (5.a)</b>	-	-

Open-ended investment companies are exempt from tax on capital gains. Therefore, any capital return is not included in the above reconciliation.

## 6. Finance costs

The distributions take account of amounts added on the issue of shares and amounts deducted on the cancellation of shares, and comprise:

	30 Sep 13 £	30 Sep 12 £
Interim	119,606	44,279
Final	197,771	44,084
	317,377	88,363
Add: Amounts deducted on cancellation of shares	2,102	2
Deduct: Amounts added on issue of shares	(494)	(215)
Net distributions	318,985	88,150
Interest	185	7,754
<b>Total finance costs</b>	£319,170	£95,904
Net revenue after taxation	319,111	76,007
Add: undistributed revenue brought forward	4	-
Add: Shortfall transfer to capital	-	12,147
Deduct: Revenue carried forward	(130)	(4)
<b>Net distributions as above</b>	£318,985	£88,150

Details of the distribution per share are set out in the table on page 61.

**7. Debtors**

	<b>As at 30 Sep 13 £</b>	<b>As at 30 Sep 12 £</b>
Accrued revenue	40,064	45,605
Amounts receivable on issue of shares	-	11,666
	<b>£40,064</b>	<b>£57,271</b>

**8. Cash & bank balances**

	<b>As at 30 Sep 13 £</b>	<b>As at 30 Sep 12 £</b>
Amounts held at futures clearing houses and brokers	707,068	1,545,914
Cash and bank balances	1,890,633	1,618,524
	<b>£2,597,701</b>	<b>£3,164,438</b>

**9. Creditors**

	<b>As at 30 Sep 13 £</b>	<b>As at 30 Sep 12 £</b>
Amounts payable on cancellation of shares	6,729	-
Income tax payable	39,873	8,699
Expense accruals	17,683	16,893
	<b>£64,285</b>	<b>£25,592</b>

**10. Equalisation**

This applies only to shares purchased during the distribution period (Group 2 shares). The average amount of revenue included in the purchase price of Group 2 shares is shown in the Distribution table and is refunded to the holders of these shares as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

**11. Contingent liabilities**

There were no contingent liabilities or commitments at the current period end.

**12. Related party transactions**

UBS Global Asset Management Funds Ltd, as the Authorised Corporate Director (ACD), is considered to be a related party. Both management fees and registration fees charged by the ACD are shown in note 4.

At 30 September 2013 the amounts included in creditors in respect of management fees and registration fees due to the ACD are £705 and £1,580 respectively (30 September 2012: £4,938 and £384).

UBS Global Asset Management Funds Ltd acts as principal in respect of all transactions of shares in the Fund. The aggregate monies received through issue and paid on cancellation are disclosed in the Statement of change in net assets attributable to shareholders.

All dealing in the investment portfolio of the Fund was carried out through UBS Global Asset Management (UK) Ltd. During the period no dealing commission was paid to UBS Global Asset Management (UK) Ltd.

UBS Global Asset Management Funds Ltd and UBS Global Asset Management (UK) Ltd are subsidiaries of UBS Global Asset Management Holdings Ltd.

UBS AG is the sole shareholder of the Fund's K Accumulation Net share class.

### 13. Financial instruments

The Authorised Corporate Director's policy and approach to managing the risks associated with financial instruments are included in the Risk Profile on pages 17 and 18.

#### (a) Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of the Fund's financial assets and liabilities at the year end is set out in the following tables.

##### i) Financial assets

Currency	Floating rate financial assets £	Fixed rate financial assets £	Financial assets not carrying interest £	Total £
<b>30 Sep 13</b>				
Australian Dollar	13,405	-	160,389	173,795
Canadian Dollar	18,246	-	-	18,246
Euro	304,876	-	128,839	433,715
Hong Kong Dollar	104,989	-	73,215	178,203
Japanese Yen	73,457	-	605,996	679,454
Mexican Peso	-	-	302,121	302,121
Norwegian Krone	-	-	597,678	597,678
Philippine Peso	-	-	297,104	297,104
Polish Zloty	-	-	330,566	330,566
South Korean Won	107	-	-	107
Sterling	2,078,690	-	16,929,463	19,008,153
Swedish Krona	5,522	-	319,653	325,175
Swiss Franc	39,410	-	-	39,410
US Dollar	170,212	-	2,431,453	2,601,664
	<b>£2,808,914</b>	<b>-</b>	<b>£22,176,477</b>	<b>£24,985,391</b>

Currency	Floating rate financial assets £	Fixed rate financial assets £	Financial assets not carrying interest £	Total £
<b>30 Sep 12</b>				
Australian Dollar	91,668	-	395,404	487,072
Canadian Dollar	11,718	-	397,942	409,660
Euro	447,835	-	1,262,893	1,710,728
Hong Kong Dollar	682	-	1,282	1,964
Hungarian Forint	-	-	409,470	409,470
Indian Rupee	-	-	856,660	856,660
New Israeli Sheqel	-	-	406,246	406,246
Japanese Yen	120,132	-	13,605	133,737
Malaysian Ringgit	-	-	345,276	345,276
Mexican Peso	-	-	1,246,737	1,246,737
Philippine Peso	-	-	397,742	397,742
Polish Zloty	15,579	-	350,914	366,493
South African Rand	-	-	387,939	387,939
South Korean Won	103,076	-	499,408	602,484
Sterling	2,381,922	17,686,984	4,720,105	24,789,011
Swedish Krona	26,346	-	-	26,346
Swiss Franc	40,675	-	-	40,675
US Dollar	114,075	-	4,653,369	4,767,444
	<b>£3,353,708</b>	<b>£17,686,984</b>	<b>£16,344,992</b>	<b>£37,385,684</b>

## ii) Financial liabilities

Currency	Floating rate financial liabilities £	Financial liabilities not carrying interest £	Total £
<b>30 Sep 13</b>			
Australian Dollar	-	1,075,522	1,075,522
Canadian Dollar	-	928,957	928,957
Euro	-	248,670	248,670
Hong Kong Dollar	-	75,937	75,937
New Zealand Dollar	-	1,243,399	1,243,399
South Korean Won	-	635,055	635,055
Sterling	-	3,789,964	3,789,964
Swedish Krona	-	624,736	624,736
US Dollar	16,670	444,810	461,480
	<b>£16,670</b>	<b>£9,067,050</b>	<b>£9,083,720</b>

Currency	Floating rate financial liabilities £	Financial liabilities not carrying interest £	Total £
<b>30 Sep 12</b>			
Australian Dollar	12,980	2,723,467	2,736,447
Canadian Dollar	-	388,074	388,074
Czech Koruna	-	416,575	416,575
Euro	-	526,780	526,780
Hungarian Forint	-	362,857	362,857
Japanese Yen	-	98,555	98,555
Mexican Peso	-	416,399	416,399
New Zealand Dollar	-	1,684,160	1,684,160
South African Rand	-	425,470	425,470
South Korean Won	-	249,704	249,704
Sterling	-	4,147,016	4,147,016
Swedish Krona	-	218,536	218,536
Swiss Franc	-	421,394	421,394
Turkish Lira	-	400,803	400,803
US Dollar	173,690	3,582,418	3,756,108
	<b>£186,670</b>	<b>£16,062,208</b>	<b>£16,248,878</b>

**iii) Fixed rate financial assets**

<b>Currency</b>	<b>Weighted average interest rate %</b>	<b>Weighted average period for which the rate is fixed in years</b>
<b>30 Sep 13</b>		
Sterling	0.77	2.47
<b>30 Sep 12</b>		
Sterling	0.51	3.36

**(b) Currency exposure**

The majority of the net assets of the Fund's investments are denominated in currencies other than sterling, with the effect that currency movements can significantly affect the balance sheet and total return.

Numerical disclosures are as follows:

<b>Currency</b>	<b>Monetary exposures £</b>	<b>Non-monetary exposures £</b>	<b>Total £</b>
<b>30 Sep 13</b>			
Australian Dollar	(885,212)	(16,515)	(901,727)
Canadian Dollar	(909,220)	(1,491)	(910,711)
Euro	159,129	25,916	185,045
Hong Kong Dollar	104,989	(2,723)	102,266
Japanese Yen	666,159	13,295	679,454
Mexican Peso	302,121	-	302,121
New Zealand Dollar	(1,243,399)	-	(1,243,399)
Norwegian Krone	597,678	-	597,678
Philippine Peso	297,104	-	297,104
Polish Zloty	330,566	-	330,566
South Korean Won	107	-	107
Swedish Krona	(308,490)	(1,390)	(309,880)
Swiss Franc	(583,616)	(1,710)	(585,326)
US Dollar	1,955,351	184,833	2,140,184
	483,267	200,215	683,482
Sterling	2,052,086	13,166,103	15,218,189
	<b>£2,535,353</b>	<b>£13,366,318</b>	<b>£15,901,671</b>

Currency	Monetary exposures £	Non-monetary exposures £	Total £
<b>30 Sep 12</b>			
Australian Dollar	(2,232,563)	(16,812)	(2,249,375)
Canadian Dollar	25,852	(4,266)	21,586
Czech Koruna	(416,575)	-	(416,575)
Euro	1,243,670	(59,722)	1,183,948
Hong Kong Dollar	682	1,282	1,964
Hungarian Forint	46,613	-	46,613
Indian Rupee	856,660	-	856,660
New Israeli Sheqel	406,246	-	406,246
Japanese Yen	21,577	13,605	35,182
Malaysian Ringgit	345,276	-	345,276
Mexican Peso	830,338	-	830,338
New Zealand Dollar	(1,684,160)	-	(1,684,160)
Philippine Peso	397,742	-	397,742
Polish Zloty	350,913	15,580	366,493
South African Rand	(37,531)	-	(37,531)
South Korean Won	352,780	-	352,780
Swedish Krona	(185,599)	(6,591)	(192,190)
Swiss Franc	(380,465)	(254)	(380,719)
Turkish Lira	(400,803)	-	(400,803)
US Dollar	680,131	331,205	1,011,336
	220,784	274,027	494,811
Sterling	2,987,411	17,654,584	20,641,995
	£3,208,195	£17,928,611	£21,136,806

**(c) Fair value of financial assets and financial liabilities**

There is no material difference between the value of the financial assets and financial liabilities, as shown in the balance sheet, and their fair value.

**(d) Derivative exposure**

The Fund is permitted to invest in exchange traded bond, deposit, consumer price index and currency futures, currency forwards, credit default swaps, total return swaps, interest rate swaps and inflation swaps. The Fund will use derivatives as part of its investment capabilities and are used to manage market exposure inherent in an invested portfolio. The derivatives overlay is designed to remove unwanted market risk and allow tactical asset allocation and currency views to be expressed efficiently. However, such instruments are inherently volatile and the Fund could be potentially exposed to additional risk and costs should the market move against it.

The Manager also assesses the market risk of the Fund's investments, including any derivative exposures, using a Value at Risk (VaR) methodology with a 99% confidence level and one month time horizon. This process provides the Manager with an estimate of the maximum potential loss that could be expected to occur as a result of changes in the market prices over a given year of time in all but a given percentage of circumstances. As at 30 September 2013, the Fund's VaR was 3.53%. This means that per the statistical analysis there is a 99% probability that, over a month, the maximum loss the Fund could suffer is 3.53% of its value.

Further information on risks can be found in the Risk Profile on pages 17 and 18.

**14. Portfolio transaction costs**

There were no transaction costs in the current or prior year.

		<b>30 Sep 13</b>		<b>30 Sep 12</b>
<b>Analysis of total purchase costs</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Purchases in year before transaction costs		3,590,046		26,042,091
Gross purchase total		£3,590,046		£26,042,091

		<b>30 Sep 13</b>		<b>30 Sep 12</b>
<b>Analysis of total sale costs</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Gross sales in year before transaction costs		7,580,821		8,458,056
Commissions & taxes	(347)		-	
Total sale costs		(347)		-
Total sales net of transaction costs		£7,580,474		£8,458,056

**Distribution table****For the year ended 30 September 2013 (in pence per share)****Final interest distribution**

Group 1: Shares purchased prior to 1 April 2013

Group 2: Shares purchased between 1 April 2013 and 30 September 2013

	Gross revenue (p)	Income tax (20%)	Net revenue (p)	Equalisation (note 10) (p)	Distribution payable 30/11/13 (p)	Distribution paid 30/11/12 (p)
<b>Class A - Accumulation</b>						
Group 1	0.425000	0.085000	0.340000	-	0.340000	0.000000
Group 2	0.291083	0.058217	0.232866	0.107134	0.340000	0.000000
<b>Class B - Accumulation</b>						
Group 1	0.087500	0.017500	0.070000	-	0.070000	n/a
Group 2	0.087500	0.017500	0.070000	0.000000	0.070000	n/a
<b>Class C - Accumulation</b>						
Group 1	0.550000	0.110000	0.440000	-	0.440000	n/a
Group 2	0.519496	0.103899	0.415597	0.024403	0.440000	n/a
<b>Class K - Accumulation</b>						
Group 1	145.837500	29.167500	116.670000	-	116.670000	27.110000
Group 2	65.569296	13.113858	52.455438	64.214562	116.670000	27.110000

**Interim interest distribution**

Group 1: Shares purchased prior to 1 October 2012

Group 2: Shares purchased between 1 October 2012 and 31 March 2013

	Gross revenue (p)	Income tax (20%)	Net revenue (p)	Equalisation (note 10) (p)	Distribution paid 31/05/13 (p)	Distribution paid 31/05/12 (p)
<b>Class A - Accumulation</b>						
Group 1	0.125000	0.025000	0.100000	-	0.100000	0.000000
Group 2	0.114747	0.022949	0.091798	0.008202	0.100000	0.000000
<b>Class C - Accumulation</b>						
Group 1	0.150000	0.030000	0.120000	-	0.120000	n/a
Group 2	0.150000	0.030000	0.120000	0.000000	0.120000	n/a
<b>Class K - Accumulation</b>						
Group 1	78.850000	15.770000	63.080000	-	63.080000	27.610000
Group 2	64.642347	12.928469	51.713878	11.366122	63.080000	27.610000



## UBS Multi-Asset Income Fund

## Manager's report

### Investment objective and policy

To seek to provide an income, through a diversified portfolio of investments. Capital growth will not be a primary consideration, although opportunities for growth may occur if market conditions are favourable.

The Fund will invest in a mix of transferable securities including domestic and international equities and bonds, units in collective investment schemes, warrants, money market instruments, deposits, and cash or near cash, as the Investment Manager deems appropriate. There are no geographical restrictions on the countries of investment.

The Fund may use a range of derivative instruments which include foreign exchange, forward and futures contracts, swaps and options and other derivatives for investment purposes and/or to manage interest rate and currency exposures.

Index futures and other derivatives are used to manage market exposure inherent in an invested portfolio. Increasing or reducing market and currency exposure will entail the use of long or net short positions in some derivative instruments.

### Market environment

Political and monetary policy decisions were highly influential in financial markets over the year to 30 September 2013. Equity markets delivered by far the strongest performance, with credit outperforming the majority of other fixed income asset classes.

Within equity markets, Japan's performance was the stand-out, trailblazing on the back of Shinzo Abe's success at the Japanese ballot box and his '3-arrow' policy approach to reviving Japan's economy: aggressive monetary easing, significant fiscal stimulus, and structural reform. European equity markets too delivered above-average performance with market sentiment turning supportive towards the end of the year, in spite of the remaining headwinds to a more competitive, cohesive monetary union. Broader Asian markets followed suit with the performance of US equities broadly in line, and UK equities just behind. Overall, developed markets, with much deeper liquidity, and more evolved capital markets fared much better than their emerging market counterparts, which became increasingly fragmented, many having their own idiosyncratic challenges to instilling confidence in their equity markets. In fixed income space, investment grade bonds managed to grind out some positive performance over the year owing to spread compression. Nominal government bonds in the US and UK both delivered negative returns over the year while UK index-linked gilts performed well given persistent UK inflation and no signs of less loose monetary policy for some time.

## Fund performance

Over the year in review the Fund performed in line with its objectives, delivering its targeted level of income without impairing its capital base. Positive contributions to total return came from UK Real Estate Investment Trusts (REITs), which performed strongly, as did exposure to high yield debt. The Fund's European and UK equity also benefitted the Fund over this year as did the Fund's alternative sources of income, such as infrastructure and insurance-linked securities. Detracting from the Fund's performance were its allocations to emerging markets equity and debt.

### Outlook

A reiterated dovish stance from the Federal Reserve coupled with the status-quo maintaining German election result and resolution over the Syrian conflict, creates a supportive environment for risk assets. Low rates are supportive for corporate earnings - the overall economic trend is positive across emerging markets, European markets, and the US in spite of some mixed data. We will look for 'soft patches' within equity markets to increase our exposure and remain bullish on risk assets. Within equities we retain our preference for markets outside of the US. We are also constructive on short duration high yield debt and will continue to enhance the yield from developed equities through call overwriting strategies. Conversely, we will seek opportunities to further reduce the Fund's duration.

## Percentage growth

	30/09/12 to 30/09/13 %	30/09/11 to 30/09/12 %	30/09/10 to 30/09/11 %	Launch to 30/09/10 %
Class A - Accumulation Gross Shares	3.76	11.56	-0.79	6.18
Class A - Accumulation Net Shares	2.96	10.70	-1.90	7.10
Class A - Income Gross Shares	3.77	11.51	-2.61	-
Class A - Income Net Shares	2.94	10.73	-2.01	7.49
Class B - Accumulation Gross Shares	4.32	-0.06	-	-
Class B - Accumulation Net Shares	3.45	0.16	-	-
Class B - Income Gross Shares	4.32	0.24	-	-
Class B - Income Net Shares	3.46	0.18	-	-
Class C - Accumulation Gross Shares	4.59	0.26	-	-
Class C - Accumulation Net Shares	3.71	0.20	-	-
Class C - Income Gross Shares	4.56	0.26	-	-
Class C - Income Net Shares	3.74	0.20	-	-
Class K - Accumulation Gross Shares	5.18	13.01	0.53	11.04
Class L - Accumulation Gross Shares	3.14	-	-	-
Class L - Income Gross Shares	3.16	-	-	-

Source: Lipper-Hindsight: Performance is based on NAV prices with income reinvested net of basic rate tax and in sterling terms.

Launch date: Class K Accumulation Gross Shares: 30 October 2009; Class A Income Net Shares: 13 November 2009; Class A Accumulation Net Shares: 16 November 2009; Class A Accumulation Gross Shares: 10 March 2010; Class A Income Gross Shares: 31 January 2011; Class B Accumulation Net Shares: 1 August 2012; Class B Accumulation Gross Shares: 13 August 2012; Class B Income Gross & Net Shares, Class C Accumulation Gross & Net Shares, Class C Income Gross & Net Shares: 15 August 2012; Class L Accumulation and Income Gross Shares: 25 June 2013.

UBS Global Asset Management Funds Ltd  
30 January 2014

**Performance record****1. Fund size**

Accounting year		Number of shares in issue	Total net asset value per share (p)*	Total net asset value (£)
30 September				
2011	Class A - Accumulation Gross	48,694	52.5	25,582
	Class A - Accumulation Net	6,021,555	52.4	3,156,494
	Class A - Income Gross	29,238	47.1	13,785
	Class A - Income Net	4,518,968	48.6	2,195,678
	Class K - Accumulation Gross	18,300	11,139.0	2,038,437
				£7,429,976
2012	Class A - Accumulation Gross	59,369	58.6	34,806
	Class A - Accumulation Net	11,641,394	58.0	6,754,957
	Class A - Income Gross	149,671	50.5	75,613
	Class A - Income Net	7,036,300	52.1	3,663,885
	Class B - Accumulation Gross	13,302	49.9	6,633
	Class B - Accumulation Net	33,584	50.0	16,780
	Class B - Income Gross	10,000	49.8	4,978
	Class B - Income Net	10,000	49.8	4,978
	Class C - Accumulation Gross	10,000	50.0	5,002
	Class C - Accumulation Net	10,000	50.0	4,997
	Class C - Income Gross	10,000	49.8	4,980
	Class C - Income Net	10,000	49.8	4,979
	Class K - Accumulation Gross	175,424	12,587.4	22,081,407
				£32,663,995

Accounting year		Number of shares in issue	Total net asset value per share (p)*	Total net asset value (£)
30 September				
2013	Class A - Accumulation Gross	33,143	60.9	20,169
	Class A - Accumulation Net	9,715,113	59.8	5,805,831
	Class A - Income Gross	128,603	50.4	64,805
	Class A - Income Net	5,027,790	51.9	2,611,440
	Class B - Accumulation Gross	3,303	52.0	1,719
	Class B - Accumulation Net	34,405	51.7	17,793
	Class B - Income Gross	10,000	49.9	4,992
	Class B - Income Net	10,000	49.9	4,992
	Class C - Accumulation Gross	22,173	52.3	11,603
	Class C - Accumulation Net	2,379,485	51.9	1,234,012
	Class C - Income Gross	10,000	50.1	5,006
	Class C - Income Net	370,992	50.1	185,690
	Class K - Accumulation Gross	175,424	13,243.1	23,231,439
Class L - Accumulation Gross	1,961,554	51.5	1,009,728	
Class L - Income Gross	7,303,720	50.9	3,720,403	
				£37,929,622

\* rounded to one decimal place.

## 2. Ongoing charges figure

The ongoing charges figure (OCF) is the ratio of the Fund's annual operating expenses (excluding overdraft interest) to the average net assets of the Fund. It covers all aspects of operating the Fund during the year, including fees paid for investment management, administration, safeguarding the Fund's assets, depositary services and audit (net of any fee rebates if applicable). Where the Fund invests in other funds, the figure includes the impact of the charges made in those other funds.

Share class	30 Sep 13 (%)	30 Sep 12 (%)
Class A - Accumulation Gross	1.61	1.62
Class A - Accumulation Net	1.61	1.62
Class A - Income Gross	1.61	1.62
Class A - Income Net	1.61	1.62
Class B - Accumulation Gross	1.11	1.12
Class B - Accumulation Net	1.11	1.12
Class B - Income Gross	1.11	1.12
Class B - Income Net	1.11	1.12
Class C - Accumulation Gross	0.86	0.87
Class C - Accumulation Net	0.86	0.87
Class C - Income Gross	0.86	0.87
Class C - Income Net	0.86	0.87
Class K - Accumulation Gross	0.26	0.30
Class L - Accumulation Gross	0.76	-
Class L - Income Gross	0.76	-

## 3. Share dealing price range and distribution record

The Fund was launched on 30 October 2009 at a price of 10,000p for Class K Accumulation Gross shares. Class A Income Net shares were launched on 13 November 2009 at a price of 50p. Class A Accumulation Net shares were launched on 16 November 2009 at a price of 50p. Class A Accumulation Gross shares were launched on 10 March 2010 at a price of 50p. Class A Income Gross shares were launched on 31 January 2011 at a price of 50p. Class B Accumulation Net shares were launched on 1 August 2012 at a price of 50p. Class B Accumulation Gross shares were launched on 13 August 2012 at a price of 50p. Class B Income Gross, Class B Income Net, Class C Accumulation Gross, Class C Accumulation Net, Class C Income Gross and Class C Income Net shares were launched on 15 August 2012 at a price of 50p. Class L Income Gross shares and Class L Accumulation Gross shares were launched on 25 June 2013 at a price of 50p.

Calendar Year	Highest price (p)	Lowest price (p)	Distribution per share (net) (p)
Class A - Accumulation Gross			
2010 <sup>††</sup>	54.79	48.20	2.70
2011	56.71	52.04	2.31
2012	60.46	54.87	2.29
2013 to 30 September	63.41	59.10	1.77
Class A - Accumulation Net			
2009 <sup>†</sup>	50.32	49.44	0.43
2010	55.21	48.80	2.25
2011	56.66	51.89	1.81
2012	59.73	54.61	1.82
2013 to 30 September	62.48	58.15	1.44
Class A - Income Gross			
2011 <sup>†††</sup>	51.99	46.70	2.02
2012	52.10	48.70	1.98
2013 to 30 September	53.69	50.00	1.53

Calendar year	Highest price (p)	Lowest price (p)	Distribution per share (net) (p)
Class A - Income Net			
2009 <sup>†</sup>	50.40	49.59	0.44
2010	53.11	47.51	2.26
2011	53.49	48.12	1.70
2012	53.60	50.18	1.68
2013 to 30 September	55.28	51.40	1.24
Class B - Accumulation Gross			
2012	51.49	49.75	0.74
2013 to 30 September	54.11	50.45	1.46
Class B - Accumulation Net			
2012	51.49	49.89	0.61
2013 to 30 September	53.97	50.25	1.23
Class B - Income Gross			
2012	51.41	49.80	0.73
2013 to 30 September	53.08	49.47	1.51
Class B - Income Net			
2012	51.30	49.80	0.58
2013 to 30 September	53.02	49.35	1.22
Class C - Accumulation Gross			
2012 <sup>††††</sup>	51.68	49.90	0.73
2013 to 30 September	54.37	50.71	1.55
Class C - Accumulation Net			
2012 <sup>††††</sup>	51.53	49.89	0.58
2013 to 30 September	54.06	50.36	1.24
Class C - Income Gross			
2012 <sup>††††</sup>	51.45	49.82	0.73
2013 to 30 September	53.18	49.56	1.51

Calendar year	Highest price (p)	Lowest price (p)	Distribution per share (net) (p)
Class C - Income Net			
2012 <sup>††††</sup>	51.35	49.82	0.59
2013 to 30 September	53.10	49.47	1.22
Class K - Accumulation Gross			
2009 <sup>†</sup>	10,244.88	9,874.38	99.40
2010	11,477.32	9,986.60	605.70
2011	11,990.22	11,030.18	496.22
2012	13,024.95	11,669.88	486.91
2013 to 30 September	13,730.78	12,814.75	391.22
Class L - Accumulation Gross			
2013 to 30 September <sup>‡</sup>	51.86	49.88	0.54
Class L - Income Gross			
2013 to 30 September <sup>‡</sup>	51.82	49.88	0.54

<sup>†</sup> covers period from launch to 31 December 2009.

<sup>††</sup> covers period from launch to 31 December 2010.

<sup>†††</sup> covers period from launch to 31 December 2011.

<sup>††††</sup> covers period from launch to 31 December 2012.

<sup>‡</sup> covers period from launch to 30 September 2013.

Past performance is not a guide to future performance. Investors are reminded that the price of shares and the revenue from them is not guaranteed and may go down as well as up.

**Portfolio statement (unaudited)****As at 30 September 2013**

	Market value £	Percentage of total net assets %		Market value £	Percentage of total net assets %
Collective Investment Schemes - 70.35% (30 Sep 12: 63.36%)			United Kingdom - 4.86% (30 Sep: 0.00%)		
<b>Bermuda - 1.44% (30 Sep 12: 0.00%)</b>			UBS Emerging Markets Equity Income Fund 'K' (Income)	18,524	4.86
Blue Capital Global	802,135	1.44	<b>Bonds - 20.16% (30 Sep 12: 34.80%)</b>		
<b>Channel Islands - 5.67% (30 Sep 12: 0.00%)</b>			<b>Fixed Interest Bonds - 15.35% (30 Sep 12: 33.76%)</b>		
DCG IRIS	832,956	2.20	FHLM 3% Apr 2027	\$177,819	0.04
HICL Infrastructure	754,369	2.58	FNMA 2.5% 2027	\$125,000	0.20
John Laing Infrastructure Fund	302,366	0.89	FNMA 2.5% Mar 2028	\$1,795,622	0.33
John Laing Infrastructure Fund (New)	120,946	-	FNMA 2.5% Jun 2028	\$1,544,090	0.28
<b>Ireland - 55.00% (30 Sep 12: 59.11%)</b>			FNMA 3% 2025	\$150,000	0.26
Invesco Global High Income 'A' (USD)	91,015	1.93	FNMA 3% 2033	\$1,179,217	0.31
iShares Corporate Bond (GBP)	9,086	3.01	FNMA 3% Aug 2027	\$64,484	0.11
iShares Corporate Bond (USD)	16,423	2.88	FNMA 3% Sep 2027	\$158,102	0.27
iShares European Corporate Bond (EUR)	25,055	7.01	FNMA 3.5% 2042	\$833,247	0.31
iShares FTSE 100 (GBP)	343,232	5.83	FNMA 3.5% 2043	\$525,585	0.20
iShares FTSE Global Property REIT (USD)	96,981	3.46	FNMA 4.5% 2041	\$494,088	0.16
iShares High Yield Bond (USD)	50,502	9.16	FNMA 5% Oct 2042	\$25,000	0.04
iShares Markit iBoxx Euro High Yield	16,331	3.83	FNMA 5% Nov 2042	\$25,000	0.04
iShares S&P500 Fund	134,977	3.68	FNMA 5% 2038	\$31,695	0.06
iShares II Euro Stoxx 50 (EUR)	55,177	3.54	GNMA 3% 2043	\$852,354	0.28
iShares II JPM Emerging Markets Bond (USD)	9,601	1.68	GNMA 3.5% 2027	\$1,120,319	0.19
Pimco Fixed Income Short Term High Yield Corporate Bond	52,470	8.99	GNMA 3.5% 2038	\$666,904	0.14
<b>Luxembourg - 3.38% (30 Sep 12: 4.25%)</b>			GNMA 3.5% 2039	\$865,384	0.21
Bilfinger Berger Global Infrastructure Fund	94,370	0.29	GNMA 3.5% 2043	\$1,042,242	0.36
Schroder ISF Global High Yield 'A' (Distribution)	94,126	3.09	GNMA 4% 2042	\$203,057	0.35

	Holding	Market value £	Percentage of total net assets %
GNMA 4.5% 2040	\$383,656	257,013	0.68
GNMA 4.5% Mar 2040	\$140,699	93,668	0.25
GNMA 4.5% Apr 2040	\$118,969	79,169	0.21
Treasury Index Linked 1.25% 2027	£753,000	1,153,141	3.04
Treasury Index Linked 2.5% 2024	£584,000	1,919,725	5.06
US Treasury 3.875% 2029	\$594,000	748,010	1.97
<b>Floating Rate Interest Bonds - 4.81% (30 Sep 12: 1.04%)</b>			
Bank of America 5.8121% FRN 2017	\$125,000	84,530	0.22
Boca Hotel Portfolio Trust FRN 2026	\$75,000	46,314	0.12
Italy 2.1% FRN 2017	\$1,552,000	1,507,260	3.97
JPMorgan Chase 6% FRN 2049	\$125,000	86,818	0.23
Morgan Stanley 5.7873% FRN 2045	\$150,000	101,612	0.27
<b>Derivatives 1.80% (30 Sep 12: (0.19)%)</b>			
<b>Options (0.01)% (30 Sep 12: 0.00%)</b>			
Euro Stoxx 50 Call Option 3000 Oct 2013	(54)	(2,279)	(0.01)
FTSE 100 Call Option 6900 Oct 2013	(33)	(248)	-
SPX Call Option 1750 Oct 2013	(12)	(1,207)	-
<b>Forward Currency Contracts 1.81% (30 Sep 12: (0.19)%)</b>			
Bought Sterling 306,591			
Sold Australian Dollar 530,000		809	-
Bought Sterling 231,360			
Sold Canadian Dollar 380,000		3,302	0.01
Bought Sterling 7,285,887			
Sold Euro 8,610,000		89,659	0.24
Bought Sterling 447,755			
Sold Hong Kong Dollar 5,405,000		16,184	0.04

	Holding	Market value £	Percentage of total net assets %
Bought Sterling 318,600			
Sold Japanese Yen 49,400,000		5,835	0.02
Bought Sterling 116,910			
Sold Polish Zloty 590,000		62	-
Bought Sterling 140,943			
Sold Singapore Dollar 280,000		2,945	0.01
Bought Sterling 77,745			
Sold South African Rand 1,250,000		1,075	-
Bought Sterling 16,014,248			
Sold US Dollar 24,950,000		566,819	1.49
Bought US Dollar 191,726			
Sold Taiwan Dollar 5,700,000		(600)	-
Investment assets (including investment liabilities)		35,014,611	92.31
Net other assets		2,915,011	7.69
<b>Net assets</b>		<b>£37,929,622</b>	<b>100.00</b>

All holdings are ordinary shares or stock units and admitted to official stock exchange listings unless otherwise stated.

As at 30 September 2013, 73.36% of debt securities were rated as investment grade as a percentage of the total bond holding and 26.64% were unrated.

**Counterparty Exposure (unaudited)**

The underlying exposure obtained through financial derivative instruments and the identity of the counterparties to these transactions, including collateral information, is contained in the table below.

<b>Counterparty</b>	<b>Collateral type</b>	<b>Collateral amount* £</b>	<b>Net forward foreign exchange contracts £</b>	<b>Options contracts £</b>	<b>Total £</b>
<b>30 Sep 13</b>					
JPMorgan Chase Bank	-	-	124,348	-	124,348
Merrill Lynch	-	-	-	(3,734)	(3,734)
Royal Bank of Scotland	-	-	546,724	-	546,724
State Street Bank & Trust	-	-	15,018	-	15,018

\* The collateral value is positive where the Fund has provided collateral to the counterparty or negative where the counterparty has provided collateral to the Fund.

**Portfolio movements (unaudited)**  
**For the year ended 30 September 2013**

	<b>Cost</b>
	<b>£</b>
<b>Major purchases</b>	
Pimco Fixed Income Short Term High Yield Corporate Bond	3,494,576
Italy 2.1% FRN 2017	2,844,795
UBS Emerging Markets Equity Income Fund 'K' (Income)	2,528,186
iShares High Yield Bond (USD)	2,160,599
iShares Markit iBoxx Euro Corporate Bond	1,796,716
iShares Corporate Bond (GBP)	1,723,132
US Treasury 3.875% 2029	1,550,020
iShares Corporate Bond (USD)	1,549,716
iShares S&P500 Fund	1,450,116
iShares II JPM Emerging Markets Bond (USD)	1,389,899
iShares FTSE 100 (GBP)	1,359,361
HICL Infrastructure	913,428
iShares High Yield (EUR)	844,893
Treasury Index Linked 1.25% 2027	765,814
iShares II Euro Stoxx 50 (EUR)	606,240
DCG IRIS	839,617
GNMA 4.5% 2040	380,794
GNMA 4.5% Feb 2035	375,759
GNMA 4.5% Mar 2035	370,618
John Laing Infrastructure Fund	344,097
<b>Total for the year (Note 14)</b>	<b>£34,541,440</b>

	<b>Proceeds</b>
	<b>£</b>
<b>Major sales</b>	
iShares Corporate Bond (GBP)	3,756,712
iShares Corporate Bond (USD)	3,495,930
iShares FTSE Global Property REIT (USD)	3,129,452
Treasury Index Linked 1.25% 2027	3,103,265
iShares II FTSE UK Property (GBP)	3,062,486
Treasury Index Linked 2.5% 2024	2,055,433
Treasury Index Linked 1.25% 2032	1,643,367
Italy 2.1% FRN 2017	1,320,973
iShares Markit iBoxx Euro Corporate Bond	907,473
Treasury Index Linked 1.25% 2017	896,052
US Treasury 3.875% 2029	748,968
UBS Emerging Markets Equity Income Fund 'K' (Income)	600,000
iShares II JPM Emerging Markets Bond (USD)	576,414
Invesco Global High Income 'A' (USD)	485,851
GNMA 4.5% Feb 2035	382,003
GNMA 4.5% Mar 2035	381,211
GNMA 4.5% 2040	377,686
GNMA 3.5% 2042	345,072
GNMA 4% 2049	322,000
FNMA 4.5% 2043	265,703
<b>Total for the year (Note 14)</b>	<b>£32,746,233</b>

**Statement of total return****For the year ended 30 September 2013**

	Notes	£	30 Sep 13 £	£	30 Sep 12 £
Income					
Net capital gains	2		425,125		1,747,073
Revenue	3	1,388,098		1,120,176	
Expenses	4	(167,627)		(125,086)	
Finance costs: Interest	6	(19)		-	
Net revenue before taxation		1,220,452		995,090	
Taxation	5	-		-	
Net revenue after taxation			1,220,452		995,090
Total return before distributions			1,645,577		2,742,163
Finance costs: Distributions	6		(1,387,775)		(1,120,180)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>£257,802</b>		<b>£1,621,983</b>

**Statement of change in net assets attributable to shareholders****For the year ended 30 September 2013**

	£	30 Sep 13 £	£	30 Sep 12 £
Opening net assets attributable to shareholders		32,663,995		7,429,976
Amounts receivable on issue of shares	9,348,810		23,203,151	
Amounts payable on cancellation of shares	(5,488,514)		(629,300)	
		3,860,296		22,573,851
Change in net assets attributable to shareholders from investment activities (see Statement of total return)		257,802		1,621,983
Retained distribution on accumulation shares		1,156,345		1,041,148
Stamp duty reserve tax		(8,816)		(2,963)
<b>Closing net assets attributable to shareholders</b>		<b>£37,929,622</b>		<b>£32,663,995</b>

**Balance sheet****As at 30 September 2013**

	Notes	As at 30 Sep 13 £	As at 30 Sep 12 £
<b>ASSETS</b>			
Investment assets		35,018,945	32,071,042
Debtors	7	552,152	570,548
Cash and bank balances	8	4,476,772	967,201
Total other assets		5,028,924	1,537,749
Total assets		40,047,869	33,608,791
<b>LIABILITIES</b>			
Investment liabilities		4,334	70,366
Creditors	9	2,042,545	846,924
Bank overdraft		12,008	-
Distribution payable		59,360	27,506
Total other liabilities		2,113,913	874,430
Total liabilities		2,118,247	944,796
<b>Net assets attributable to shareholders</b>		<b>£37,929,622</b>	<b>£32,663,995</b>

## Notes to the financial statements

### 1. Accounting policies

Accounting policies of the Fund are as set out on pages 10 to 12.

### 2. Net capital gains

	30 Sep 13 £	30 Sep 12 £
Currency gains/(losses)	122,779	(57,579)
Derivative contracts	(46,995)	4,271
Forward currency contracts	(28,973)	330,278
Non-derivative securities	385,288	1,471,321
Transaction charges	(6,974)	(1,218)
Net capital gains	£425,125	£1,747,073

### 3. Revenue

	30 Sep 13 £	30 Sep 12 £
Bank interest	2,076	983
Fee rebate	16,806	13,354
Interest on debt securities	346,280	433,126
Option income	23,776	1,079
Overseas dividends	990,085	671,634
UK franked dividends	9,075	-
	£1,388,098	£1,120,176

### 4. Expenses

	30 Sep 13 £	30 Sep 12 £
<i>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</i>		
Authorised Corporate Director's fees	140,433	104,643
Registration fees	12,162	5,863
	152,595	110,506
<i>Payable to the Depositary, associates of the Depositary and agents of either of them:</i>		
Depositary's fees	4,228	3,249
	4,228	3,249
<i>Payable to other related parties and third parties:</i>		
Audit fees	9,025	8,975
Legal fees	-	923
Safe custody fees	774	535
Taxation fees	1,005	898
	10,804	11,331
	£167,627	£125,086

The audit fee for the period, excluding VAT was £7,500 (30 September 2012: £7,500).

## 5. Taxation

### (a) Analysis of tax charge

There is no tax charge for the period.

### (b) Factors affecting current tax charge

The tax charged for the year is lower than the standard 20% rate of corporation tax applicable to the revenue received by open-ended investment companies (30 September 2012: 20%).

The differences are explained below:

	30 Sep 13 £	30 Sep 12 £
Net revenue before taxation	1,220,452	995,090
Corporation tax at 20%	244,090	199,018
<i>Effects of:</i>		
Dividends not subject to corporation tax	(91,285)	(38,904)
Interest distributions	(186,330)	(185,131)
Movement in excess expenses	33,525	25,017
	(244,090)	(199,018)
<b>Total tax charge (5.a)</b>	-	-

Open-ended investment companies are exempt from tax on capital gains. Therefore, any capital return is not included in the above reconciliation.

### (c) Deferred tax assets

At 30 September 2013 the Fund had excess management expenses of £435,515 (30 September 2012: £267,872). The deferred tax in respect of this would be £87,103 (30 September 2012: £53,578). It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised.

## 6. Finance costs

The distributions take account of amounts added on the issue of shares and amounts deducted on the cancellation of shares, and comprise:

	30 Sep 13 £	30 Sep 12 £
Interim - first quarter	343,946	291,320
Interim - second quarter	292,775	269,653
Interim - third quarter	385,244	313,727
Final	370,661	340,315
	1,392,626	1,215,015
Add: Amounts deducted on cancellation of shares	16,992	2,745
Deduct: Amounts added on issue of shares	(21,843)	(97,580)
Net distributions	1,387,775	1,120,180
Interest	19	-
<b>Total finance costs</b>	<b>£1,387,794</b>	<b>£1,120,180</b>
Net revenue after taxation	1,220,452	995,090
Add: Expense charged to capital	167,628	125,086
Add: Revenue brought forward	896	900
Deduct: Revenue carried forward	(1,201)	(896)
<b>Net distributions as above</b>	<b>£1,387,775</b>	<b>£1,120,180</b>

Details of the distribution per share are set out in the tables on pages 82 to 85.

## 7. Debtors

	As at 30 Sep 13 £	As at 30 Sep 12 £
Accrued management fee rebate*	5,395	3,800
Accrued revenue*	128,839	64,285
Amounts receivable on issue of shares	26,741	23,182
Sales awaiting settlement	391,177	479,281
	£552,152	£570,548

\* The comparative figures have been re-stated to disclose accrued management fee rebates separately.

## 8. Cash & bank balances

	As at 30 Sep 13 £	As at 30 Sep 12 £
Amounts held at futures clearing houses and brokers	251,002	25,955
Cash and bank balances	4,225,770	941,246
	£4,476,772	£967,201

## 9. Creditors

	As at 30 Sep 13 £	As at 30 Sep 12 £
Amounts payable on cancellation of shares	28,048	1,259
Expense accruals	26,493	24,712
Income Tax payable	43,581	37,584
Purchases awaiting settlement	1,944,423	783,369
	£2,042,545	£846,924

## 10. Equalisation

This applies only to shares purchased during the distribution period (Group 2 shares). The average amount of revenue included in the purchase price of Group 2 shares is shown in the Distribution table and is refunded to the holders of these shares as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

## 11. Contingent liabilities

At 30 September 2013 there were no contingent liabilities or commitments at the current or prior year ends.

## 12. Related party transactions

UBS Global Asset Management Funds Ltd, as the Authorised Corporate Director (ACD), is considered to be a related party. Both management fees and registration fees charged by the ACD are shown in note 4.

At 30 September 2013 the amounts included in creditors in respect of management fees, registration fees and fee rebates due to/(from) the ACD are £11,651, £2,545 and £(5,395) respectively (30 September 2012: £10,008, £562 and £(3,800)).

UBS Global Asset Management Funds Ltd acts as principal in respect of all transactions of shares in the Fund. The aggregate monies received through issue and paid on cancellation are disclosed in the Statement of change in net assets attributable to shareholders.

All dealing in the investment portfolio of the Fund was carried out through UBS Global Asset Management (UK) Ltd. During the year no dealing commission was paid to UBS Global Asset Management (UK) Ltd.

UBS Global Asset Management Funds Ltd and UBS Global Asset Management (UK) Ltd are subsidiaries of UBS Global Asset Management Holdings Ltd.

UBS AG is the sole shareholder of the Multi-Asset Income Fund's following shares; B Income (net & gross), C Accumulation (gross), C Income (gross) and K Accumulation (gross).

### 13. Financial instruments

The Authorised Corporate Director's policy and approach to managing the risks associated with financial instruments are included in the Risk Profile on pages 17 and 18.

#### (a) Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of the Fund's financial assets and liabilities at the year end is set out in the following tables.

##### i) Financial assets

Currency	Floating rate financial assets £	Fixed rate financial assets £	Financial assets not carrying interest £	Total £
<b>30 Sep 13</b>				
Euro	61,873	-	6,963,163	7,025,036
Sterling	3,986,142	-	35,524,755	39,510,897
US Dollar	428,757	-	17,455,231	17,883,988
	£4,476,772	-	£59,943,149	£64,419,921
<b>30 Sep 12</b>				
Euro	20,000	-	2,808,028	2,828,028
Sterling	628,323	9,843,407	22,163,865	32,635,595
US Dollar	658,113	1,182,032	11,591,146	13,431,291
	£1,306,436	£11,025,439	£36,563,039	£48,894,914

##### ii) Financial liabilities

Currency	Floating rate financial liabilities £	Financial liabilities not carrying interest £	Total £
<b>30 Sep 13</b>			
Australian Dollar	-	305,782	305,782
Canadian Dollar	-	228,058	228,058
Euro	12,008	7,198,506	7,210,514
Hong Kong Dollar	-	431,571	431,571
Polish Zloty	-	116,848	116,848
Swiss Franc	-	312,765	312,765
Singapore Dollar	-	137,998	137,998
South African Rand	-	76,670	76,670
Sterling	-	157,730	157,730
Taiwan Dollar	-	119,304	119,304
US Dollar	-	17,393,059	17,393,059
	£12,008	£26,478,291	£26,490,299
<b>30 Sep 12</b>			
Australian Dollar	-	340,444	340,444
Canadian Dollar	-	239,106	239,106
Euro	-	3,098,835	3,098,835
Hong Kong Dollar	-	430,561	430,561
Japanese Yen	-	393,151	393,151
Singapore Dollar	-	188,869	188,869
Sterling	-	92,186	92,186
US Dollar	-	11,447,767	11,447,767
	-	£16,230,919	£16,230,919

**iii) Fixed rate financial assets**

<b>Currency</b>	<b>Weighted average interest rate %</b>	<b>Weighted average period for which the rate is fixed in years</b>
<b>30 Sep 13</b>		
Euro	2.09	4
Sterling	1.61	12.08
US Dollar	3.39	20.89
<b>30 Sep 12</b>		
Sterling	1.36	13.75
US Dollar	1.58	26.64

**(b) Currency exposure**

The majority of the net assets of the Fund's investments are denominated in currencies other than sterling, with the effect that currency movements can significantly affect the balance sheet and total return.

Numerical disclosures are as follows:

<b>Currency</b>	<b>Monetary exposures £</b>	<b>Non-monetary exposures £</b>	<b>Total £</b>
<b>30 Sep 13</b>			
Australian Dollar	(305,782)	-	(305,782)
Canadian Dollar	(228,058)	-	(228,058)
Euro	(7,145,061)	6,959,583	(185,478)
Hong Kong Dollar	(431,571)	-	(431,571)
Japanese Yen	(312,765)	-	(312,765)
Polish Zloty	(116,848)	-	(116,848)
Singapore Dollar	(137,998)	-	(137,998)
South African Rand	(76,670)	-	(76,670)
Taiwan Dollar	(119,304)	-	(119,304)
US Dollar	(16,349,648)	16,840,577	490,929
	(25,223,705)	23,800,160	(1,423,545)
Sterling	28,824,806	10,528,361	39,353,167
	£3,601,101	£34,328,521	£37,929,622
<b>30 Sep 12</b>			
Australian Dollar	(340,444)	-	(340,444)
Canadian Dollar	(239,106)	-	(239,106)
Euro	(3,078,008)	2,807,201	(270,807)
Hong Kong Dollar	(430,561)	-	(430,561)
Japanese Yen	(393,151)	-	(393,151)
Singapore Dollar	(188,869)	-	(188,869)
US Dollar	(10,621,383)	12,604,907	1,983,524
	(15,291,522)	15,412,108	120,586
Sterling	15,895,052	16,648,357	32,543,409
	£603,530	£32,060,465	£32,663,995

**(c) Fair value of financial assets and financial liabilities**

There is no material difference between the value of the financial assets and financial liabilities, as shown in the balance sheet, and their fair value.

**(d) Derivative exposure**

The Fund invests in currency forwards, exchange traded index futures and options for Efficient Portfolio Management purposes, consistent with the Investment Objective of the Fund, as discussed in the Risk Profile on pages 17 and 18.

Investments in index futures are used to gain low levels of exposure to certain indices on a longer-term basis and, in order to cover cashflows arising from subscriptions and redemptions in the Fund, to gain exposure to markets on a shorter-term basis, prior to direct investment.

Call options written are used to generate additional income. They will only be exchange traded and will be fully covered by corresponding shares held within the scheme property.

**14. Portfolio transaction costs**

		<b>30 Sep 13</b>		<b>30 Sep 12</b>
<b>Analysis of total purchase costs</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Purchases in year before transaction costs		34,515,539		35,380,733
Commissions & taxes	25,901		26,648	
Total purchase costs		25,901		26,648
Gross purchase total		£34,541,440		£35,407,381

		<b>30 Sep 13</b>		<b>30 Sep 12</b>
<b>Analysis of total sale costs</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Gross sales in year before transaction costs		32,769,109		12,564,803
Commissions & taxes	(22,876)		(5,815)	
Total sale costs		(22,876)		(5,815)
Total sales net of transaction costs		£32,746,233		£12,558,988

**Distribution table****For the year ended 30 September 2013 (in pence per share)**

Final interest distribution

Group 1: Shares purchased prior to 1 July 2013

Group 2: Shares purchased between 1 July 2013 and 30 September 2013

	<b>Gross revenue (p)</b>	<b>Income tax (20%)</b>	<b>Net revenue (p)</b>	<b>Equalisation (note 10) (p)</b>	<b>Distribution payable 30/11/13 (p)</b>	<b>Distribution paid 30/11/12 (p)</b>
<b>Class A - Accumulation Gross</b>						
Group 1	0.590000	-	0.590000	-	0.590000	0.520000
Group 2	0.590000	-	0.590000	0.000000	0.590000	0.520000
<b>Class A - Accumulation Net</b>						
Group 1	0.587500	0.117500	0.470000	-	0.470000	0.420000
Group 2	0.408569	0.081714	0.326855	0.143145	0.470000	0.420000
<b>Class A - Income Gross</b>						
Group 1	0.500000	-	0.500000	-	0.500000	0.460000
Group 2	0.500000	-	0.500000	0.000000	0.500000	0.460000
<b>Class A - Income Net</b>						
Group 1	0.512500	0.102500	0.410000	-	0.410000	0.380000
Group 2	0.403120	0.080624	0.322496	0.087504	0.410000	0.380000
<b>Class B - Accumulation Gross</b>						
Group 1	0.510000	-	0.510000	-	0.510000	0.230000
Group 2	0.510000	-	0.510000	0.000000	0.510000	0.230000
<b>Class B - Accumulation Net</b>						
Group 1	0.512500	0.102500	0.410000	-	0.410000	0.200000
Group 2	0.460225	0.092045	0.368180	0.041820	0.410000	0.200000

	<b>Gross revenue (p)</b>	<b>Income tax (20%)</b>	<b>Net revenue (p)</b>	<b>Equalisation (note 10) (p)</b>	<b>Distribution payable 30/11/13 (p)</b>	<b>Distribution paid 30/11/12 (p)</b>
<b>Class B - Income Gross</b>						
Group 1	0.490000	-	0.490000	-	0.490000	0.220000
Group 2	0.490000	-	0.490000	0.000000	0.490000	0.220000
<b>Class B - Income Net</b>						
Group 1	0.500000	0.100000	0.400000	-	0.400000	0.180000
Group 2	0.500000	0.100000	0.400000	0.000000	0.400000	0.180000
<b>Class C - Accumulation Gross</b>						
Group 1	0.510000	-	0.510000	-	0.510000	0.220000
Group 2	0.444975	-	0.444975	0.065025	0.510000	0.220000
<b>Class C - Accumulation Net</b>						
Group 1	0.512500	0.102500	0.410000	-	0.410000	0.180000
Group 2	0.148385	0.029677	0.118708	0.291292	0.410000	0.180000
<b>Class C - Income Gross</b>						
Group 1	0.490000	-	0.490000	-	0.490000	0.220000
Group 2	0.490000	-	0.490000	0.000000	0.490000	0.220000
<b>Class C - Income Net</b>						
Group 1	0.487500	0.097500	0.390000	-	0.390000	0.180000
Group 2	0.388844	0.077769	0.311075	0.078925	0.390000	0.180000
<b>Class K - Accumulation Gross</b>						
Group 1	129.110000	-	129.110000	-	129.110000	111.390000
Group 2	129.110000	-	129.110000	0.000000	129.110000	111.390000
<b>Class L - Accumulation Gross</b>						
Group 1	0.500000	-	0.500000	-	0.500000	n/a
Group 2	0.451601	-	0.451601	0.048399	0.500000	n/a
<b>Class L - Income Gross</b>						
Group 1	0.500000	-	0.500000	-	0.500000	n/a
Group 2	0.456230	-	0.456230	0.043770	0.500000	n/a

## Third quarter interim interest distribution

Group 1: Shares purchased prior to 1 April 2013

Group 2: Shares purchased between 1 April 2013 and 30 June 2013

	Gross revenue (p)	Income tax (20%)	Net revenue (p)	Equalisation (note 10) (p)	Distribution paid 30/08/13 (p)	Distribution paid 30/08/12 (p)
<b>Class A - Accumulation Gross</b>						
Group 1	0.670000	-	0.670000	-	0.670000	0.620000
Group 2	0.670000	-	0.670000	0.000000	0.670000	0.620000
<b>Class A - Accumulation Net</b>						
Group 1	0.700000	0.140000	0.560000	-	0.560000	0.490000
Group 2	0.423015	0.084603	0.338412	0.221588	0.560000	0.490000
<b>Class A - Income Gross</b>						
Group 1	0.590000	-	0.590000	-	0.590000	0.540000
Group 2	0.590000	-	0.590000	0.000000	0.590000	0.540000
<b>Class A - Income Net</b>						
Group 1	0.587500	0.117500	0.470000	-	0.470000	0.450000
Group 2	0.274538	0.054908	0.219630	0.250370	0.470000	0.450000
<b>Class B - Accumulation Gross</b>						
Group 1	0.510000	-	0.510000	-	0.510000	n/a
Group 2	0.510000	-	0.510000	0.000000	0.510000	n/a
<b>Class B - Accumulation Net</b>						
Group 1	0.587500	0.117500	0.470000	-	0.470000	n/a
Group 2	0.290531	0.058106	0.232425	0.237575	0.470000	n/a
<b>Class B - Income Gross</b>						
Group 1	0.590000	-	0.590000	-	0.590000	n/a
Group 2	0.590000	-	0.590000	0.000000	0.590000	n/a

	Gross revenue (p)	Income tax (20%)	Net revenue (p)	Equalisation (note 10) (p)	Distribution paid 30/08/13 (p)	Distribution paid 30/08/12 (p)
<b>Class B - Income Net</b>						
Group 1	0.587500	0.117500	0.470000	-	0.470000	n/a
Group 2	0.587500	0.117500	0.470000	0.000000	0.470000	n/a
<b>Class C - Accumulation Gross</b>						
Group 1	0.600000	-	0.600000	-	0.600000	n/a
Group 2	0.600000	-	0.600000	0.000000	0.600000	n/a
<b>Class C - Accumulation Net</b>						
Group 1	0.600000	0.120000	0.480000	-	0.480000	n/a
Group 2	0.533325	0.106665	0.426660	0.053340	0.480000	n/a
<b>Class C - Income Gross</b>						
Group 1	0.580000	-	0.580000	-	0.580000	n/a
Group 2	0.580000	-	0.580000	0.000000	0.580000	n/a
<b>Class C - Income Net</b>						
Group 1	0.612500	0.122500	0.490000	-	0.490000	n/a
Group 2	0.210315	0.042063	0.168252	0.321748	0.490000	n/a
<b>Class K - Accumulation Gross</b>						
Group 1	151.550000	-	151.550000	-	151.550000	132.350000
Group 2	151.550000	-	151.550000	0.000000	151.550000	132.350000
<b>Class L - Accumulation Gross</b>						
Group 1	0.040000	-	0.040000	-	0.040000	n/a
Group 2	0.040000	-	0.040000	0.000000	0.040000	n/a
<b>Class L - Income Gross</b>						
Group 1	0.040000	-	0.040000	-	0.040000	n/a
Group 2	0.040000	-	0.040000	0.000000	0.040000	n/a

Second quarter interim interest distribution

Group 1: Shares purchased prior to 1 January 2013

Group 2: Shares purchased between 1 January 2013 and 31 March 2013

	Gross revenue (p)	Income tax (20%)	Net revenue (p)	Equalisation (note 10) (p)	Distribution paid 31/05/13 (p)	Distribution paid 31/05/12 (p)
<b>Class A - Accumulation Gross</b>						
Group 1	0.510000	-	0.510000	-	0.510000	0.550000
Group 2	0.484667	-	0.484667	0.025333	0.510000	0.550000
<b>Class A - Accumulation Net</b>						
Group 1	0.512500	0.102500	0.410000	-	0.410000	0.440000
Group 2	0.311752	0.062350	0.249402	0.160598	0.410000	0.440000
<b>Class A - Income Gross</b>						
Group 1	0.440000	-	0.440000	-	0.440000	0.470000
Group 2	0.440000	-	0.440000	0.000000	0.440000	0.470000
<b>Class A - Income Net</b>						
Group 1	0.450000	0.090000	0.360000	-	0.360000	0.424000
Group 2	0.259776	0.051955	0.207821	0.152179	0.360000	0.424000
<b>Class B - Accumulation Gross</b>						
Group 1	0.440000	-	0.440000	-	0.440000	n/a
Group 2	0.440000	-	0.440000	0.000000	0.440000	n/a
<b>Class B - Accumulation Net</b>						
Group 1	0.437500	0.087500	0.350000	-	0.350000	n/a
Group 2	0.026963	0.005392	0.021571	0.328429	0.350000	n/a
<b>Class B - Income Gross</b>						
Group 1	0.430000	-	0.430000	-	0.430000	n/a
Group 2	0.430000	-	0.430000	0.000000	0.430000	n/a

	Gross revenue (p)	Income tax (20%)	Net revenue (p)	Equalisation (note 10) (p)	Distribution paid 31/05/13 (p)	Distribution paid 31/05/12 (p)
<b>Class B - Income Net</b>						
Group 1	0.437500	0.087500	0.350000	-	0.350000	n/a
Group 2	0.437500	0.087500	0.350000	0.000000	0.350000	n/a
<b>Class C - Accumulation Gross</b>						
Group 1	0.440000	-	0.440000	-	0.440000	n/a
Group 2	0.440000	-	0.440000	0.000000	0.440000	n/a
<b>Class C - Accumulation Net</b>						
Group 1	0.437500	0.087500	0.350000	-	0.350000	n/a
Group 2	0.306376	0.061275	0.245101	0.104899	0.350000	n/a
<b>Class C - Income Gross</b>						
Group 1	0.440000	-	0.440000	-	0.440000	n/a
Group 2	0.440000	-	0.440000	0.000000	0.440000	n/a
<b>Class C - Income Net</b>						
Group 1	0.425000	0.085000	0.340000	-	0.340000	n/a
Group 2	0.264137	0.052827	0.211310	0.128690	0.340000	n/a
<b>Class K - Accumulation Gross</b>						
Group 1	110.560000	-	110.560000	-	110.560000	114.380000
Group 2	110.560000	-	110.560000	0.000000	110.560000	114.380000

First quarter interim interest distribution

Group 1: Shares purchased prior to 1 October 2012

Group 2: Shares purchased between 1 October 2012 and 31 December 2012

	Gross revenue (p)	Income tax (20%)	Net revenue (p)	Equalisation (note 10) (p)	Distribution paid 28/02/13 (p)	Distribution paid 28/02/12 (p)
<b>Class A - Accumulation Gross</b>						
Group 1	0.600000	-	0.600000	-	0.600000	0.600000
Group 2	0.600000	-	0.600000	0.000000	0.600000	0.600000
<b>Class A - Accumulation Net</b>						
Group 1	0.587500	0.117500	0.470000	-	0.470000	0.470000
Group 2	0.325322	0.065064	0.260258	0.209742	0.470000	0.470000
<b>Class A - Income Gross</b>						
Group 1	0.510000	-	0.510000	-	0.510000	0.550000
Group 2	0.510000	-	0.510000	0.000000	0.510000	0.550000
<b>Class A - Income Net</b>						
Group 1	0.537500	0.107500	0.430000	-	0.430000	0.410000
Group 2	0.268867	0.053773	0.215094	0.214906	0.430000	0.410000
<b>Class B - Accumulation Gross</b>						
Group 1	0.510000	-	0.510000	-	0.510000	n/a
Group 2	0.510000	-	0.510000	0.000000	0.510000	n/a
<b>Class B - Accumulation Net</b>						
Group 1	0.512500	0.102500	0.410000	-	0.410000	n/a
Group 2	0.105270	0.021054	0.084216	0.325784	0.410000	n/a
<b>Class B - Income Gross</b>						
Group 1	0.510000	-	0.510000	-	0.510000	n/a
Group 2	0.510000	-	0.510000	0.000000	0.510000	n/a

	Gross revenue (p)	Income tax (20%)	Net revenue (p)	Equalisation (note 10) (p)	Distribution paid 28/02/13 (p)	Distribution paid 28/02/12 (p)
<b>Class B - Income Net</b>						
Group 1	0.500000	0.100000	0.400000	-	0.400000	n/a
Group 2	0.500000	0.100000	0.400000	0.000000	0.400000	n/a
<b>Class C - Accumulation Gross</b>						
Group 1	0.510000	-	0.510000	-	0.510000	n/a
Group 2	0.510000	-	0.510000	0.000000	0.510000	n/a
<b>Class C - Accumulation Net</b>						
Group 1	0.500000	0.100000	0.400000	-	0.400000	n/a
Group 2	0.500000	0.100000	0.400000	0.000000	0.400000	n/a
<b>Class C - Income Gross</b>						
Group 1	0.510000	-	0.510000	-	0.510000	n/a
Group 2	0.510000	-	0.510000	0.000000	0.510000	n/a
<b>Class C - Income Net</b>						
Group 1	0.512500	0.102500	0.410000	-	0.410000	n/a
Group 2	0.284251	0.056850	0.227401	0.182599	0.410000	n/a
<b>Class K - Accumulation Gross</b>						
Group 1	128.790000	-	128.790000	-	128.790000	129.750000
Group 2	128.790000	-	128.790000	0.000000	128.790000	129.750000



## UBS Targeted Return Fund

## Manager's report

### Investment objective and policy

To seek to achieve a return above the UK Retail Price Index through a diversified portfolio of investments. The Fund will invest in a mix of assets including domestic and international equities and bonds, warrants, derivatives, money market instruments, deposits, cash or near cash, and units in collective investment schemes in varying proportions at the ACD's discretion. There are no geographical restrictions on the countries of investment.

The Fund will use a range of derivative instruments which include foreign exchange, forward and future contracts, swaps and options for investment purposes and/or to manage interest rate risk and currency exposures.

Index futures and other derivatives are used to manage market exposure inherent in the invested portfolio. Increasing or reducing market and currency exposure will entail the use of long or net short positions in some derivatives instruments.

### Market environment

Political and monetary policy decisions were highly influential in financial markets over the year to 30 September 2013. Equity markets delivered by far the strongest performance, with credit outperforming the majority of other fixed income asset classes.

Within equity markets, Japan's performance was the stand-out, trailblazing on the back of Shinzo Abe's success at the Japanese ballot box and his '3-arrow' policy approach to reviving Japan's economy: aggressive monetary easing, significant fiscal stimulus, and structural reform. European equity markets too delivered above-average performance with market sentiment turning supportive towards the end of the year, in spite of the remaining headwinds to a more competitive, cohesive monetary union. Broader Asian markets followed suit with the performance of US equities broadly in line, and UK equities just behind. Overall, developed markets, with much deeper liquidity, and more evolved capital markets fared much better than their emerging market counterparts, which became increasingly fragmented, many having their own idiosyncratic challenges to instilling confidence in their equity markets. In fixed income space, investment grade bonds managed to grind out some positive performance over the year owing to spread compression. Nominal government bonds in the US and UK both delivered negative returns over the year while UK index-linked gilts performed well given persistent UK inflation and no signs of less loose monetary policy for some time.

### Fund performance

Over the year in review the approach of bearing diversified risk premia has been rewarded. The Fund performed very well over the year in review, delivering good returns while having significantly less risk than the equity market. Tactical asset allocation, currency decisions, and security selection all delivered positive performance contributions. The Fund's directional views, particularly its overweight to global equities (more recently through call options) was strongly positive. The Fund's relative trades too were broadly additive: its overweight to Japan relative to Korea and Taiwan (and then relative to Germany) worked well. The Fund's long held overweight to Europe relative US equities initially underperformed but rebounded with particularly strong performance of late. In fixed income space, the Fund's recent overweight to duration has been additive, as has its long-held overweights to investment grade bonds and high yield debt. Relative fixed income trades fared less well with the Fund's overweight to UK gilts vs. German bunds (and then vs. French OATs) underperforming. So too did the Fund's Australian and Polish yield curve trades.

The Fund's exposure to alternative asset classes also proved beneficial with UK real estate investment trusts and hedge fund allocations performing particularly well.

In terms of currency decisions, our long-held overweight to euro (EUR) and Mexican peso (MXN) added value. The Fund has been underweight the commodity-linked currencies of Australian dollar (AUD), Canadian dollar (CAD), and New Zealand dollar (NZD) for quite some time – over the year both the AUD and CAD positions performed very well while the NZD detracted. Nonetheless we remain bearish on NZD going forward. Further to this, the main detractor was the Fund's overweight to USD. We also retain this view going forward given the USD's attractive valuation coupled with favourable demographics, North America's increasing self-sufficiency in energy, and the fairly positive macroeconomic backdrop for the US.

Security selection also proved positive over the year in review, with the stand-out performer being the UBS US Large Cap growth component.

## Outlook

The Federal Reserve reiterated its dovish stance this quarter and its commitment to keep monetary policy loose. Coupled with the status-quo maintaining German election result and resolution over the Syrian conflict, this creates a supportive environment for risk assets. Low rates are supportive for corporate earnings and the overall economic trend is positive across emerging markets, European markets, and the US in spite of some mixed data. We will look for 'soft patches' within equity markets to increase our exposure and remain bullish on risk assets. Within equities, we prefer select European equities, namely German, UK and Dutch equities relative to US equities. The eurozone continues to make structural improvements and the strength of economic growth is improving with the pace particularly encouraging in the periphery. Manager positioning and flows are now quite supportive of the region and, according to our proprietary valuation metrics, the eurozone remains attractively priced. Within the UK specifically, macro data is surprising on the upside, the BoE remain cautious and a housing-led recovery appears to be underway.

We are content that the current size of our investment grade bonds and high yield debt positions reflect the opportunity set available therein with defaults remaining well below historical averages and corporates still having large cash reserves.

## Percentage growth

	<b>30/09/12</b>	<b>30/09/11</b>	<b>30/09/10</b>	<b>30/09/09</b>	<b>30/09/08</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>30/09/13</b>	<b>30/09/12</b>	<b>30/09/11</b>	<b>30/09/10</b>	<b>30/09/09</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Class A - Accumulation Shares	10.92	13.37	-4.17	2.84	-1.27
Class B - Accumulation Shares	11.41	13.75	-3.73	3.49	-0.77
Class C - Accumulation Shares	11.62	13.77	-3.88	3.29	-0.95
Class J - Accumulation Shares	11.73	14.15	-3.52	3.71	-0.58
Class K - Accumulation Shares	12.43	14.44	-2.86	2.10	-

Source: Lipper-Hindsight: Performance is based on NAV prices with income reinvested net of basic rate tax and in sterling terms.

Launch date: Class C, J and K Shares: 23 February 2007; Class B Shares: 28 March 2007; Class A Shares: 24 May 2007. Class K Shares closed 4 March 2008 and re launched 27 May 2010.

UBS Global Asset Management Funds Ltd  
30 January 2014

**Performance record****1. Fund size**

<b>Accounting year</b>		<b>Number of shares in issue</b>	<b>Total net asset value per share (p)*</b>	<b>Total net asset value (£)</b>
<b>30 September</b>				
2011	Class A - Accumulation	5,055,282	86.5	4,373,759
	Class B - Accumulation	222,866	88.1	196,301
	Class C - Accumulation	10,001	876.1	87,614
	Class J - Accumulation	439,215	8,907.8	39,124,425
	Class K - Accumulation	510,417	9,784.3	49,940,840
				<b>£93,722,939</b>
2012	Class A - Accumulation	4,105,361	99.0	4,065,860
	Class B - Accumulation	229,424	101.3	232,503
	Class C - Accumulation	10,001	1,006.5	100,653
	Class J - Accumulation	153,044	10,269.9	15,717,394
	Class K - Accumulation	166,575	11,349.5	18,905,402
				<b>£39,021,812</b>
2013	Class A - Accumulation	3,644,754	109.2	3,980,413
	Class B - Accumulation	219,828	112.2	246,711
	Class C - Accumulation	10,000	1,116.8	111,686
	Class J - Accumulation	77,120	11,406.0	8,796,269
	Class K - Accumulation	149,865	12,684.4	19,009,483
				<b>£32,144,562</b>

\* rounded to one decimal place.

**2. Ongoing charges figure**

The ongoing charges figure (OCF) is the ratio of the Fund's annual operating expenses (excluding overdraft interest) to the average net assets of the Fund. It covers all aspects of operating the Fund during the year, including fees paid for investment management, administration, safeguarding the Fund's assets, depositary services and audit (net of any fee rebates if applicable). Where the Fund invests in other funds, the figure includes the impact of the charges made in those other funds.

<b>Share class</b>	<b>30 Sep 13 (%)</b>	<b>30 Sep 12 (%)</b>
Class A - Accumulation	1.96	1.89
Class B - Accumulation	1.46	1.24
Class C - Accumulation	1.16	1.44
Class J - Accumulation	1.03	1.00
Class K - Accumulation	0.27	0.25

### 3. Share dealing price range and distribution record

The Fund was launched on 23 February 2007 at a price of 10,000p for Class J Accumulation and Class K Accumulation shares and 1,000p for Class C Accumulation shares. The Class B Accumulation shares were launched on 28 March 2007 at 100p and Class A Accumulation shares were launched on 24 May 2007 at 100p. Class K Accumulation closed on 4 March 2008 but relaunched on 27 May 2010 at a price of 10,000p.

<b>Calendar year</b>	<b>Highest price (p)</b>	<b>Lowest price (p)</b>	<b>Distribution per share (net) (p)</b>
Class A - Accumulation			
2008	102.06	67.71	0.74
2009	92.88	61.57	1.04
2010	96.65	87.27	0.50
2011	98.66	85.11	0.68
2012	102.46	90.39	0.35
2013 to 30 September	114.89	102.07	1.82
Class B - Accumulation			
2008	102.23	68.01	1.50
2009	93.76	61.93	1.44
2010	97.86	88.46	0.97
2011	100.24	86.80	1.16
2012	104.93	92.11	0.87
2013 to 30 September	117.90	104.59	2.36
Class C - Accumulation			
2008	1,021.02	678.62	13.96
2009	933.75	617.78	19.83
2010	973.92	880.10	8.06
2011	996.31	861.85	11.21
2012	1,042.20	915.95	7.41
2013 to 30 September	1,172.22	1,038.89	25.56

<b>Calendar year</b>	<b>Highest price (p)</b>	<b>Lowest price (p)</b>	<b>Distribution per share (net) (p)</b>
Class J - Accumulation			
2008	10,250.78	6,826.49	157.66
2009	9,432.89	6,220.32	160.75
2010	9,851.70	8,910.43	112.82
2011	10,106.30	8,765.09	154.87
2012	10,637.11	9,321.23	109.54
2013 to 30 September	11,969.28	10,604.32	271.03
Class K - Accumulation			
2008 <sup>†</sup>	9,997.30	9,722.73	-
2010 <sup>††</sup>	10,733.56	9,743.48	59.56
2011	11,096.05	9,663.17	206.92
2012	11,770.84	10,255.58	183.38
2013 to 30 September	13,280.10	11,737.71	378.04

<sup>†</sup> covers period from 1 January 2008 to 4 March 2008.

<sup>††</sup> covers period from 27 May 2010 to 31 December 2010.

Past performance is not a guide to future performance. Investors are reminded that the price of shares and the revenue from them is not guaranteed and may go down as well as up.

**Portfolio statement (unaudited)****As at 30 September 2013**

	<b>Holding</b>	<b>Market value £</b>	<b>Percentage of total net assets %</b>		<b>Holding</b>	<b>Market value £</b>	<b>Percentage of total net assets %</b>
<b>Equities - 73.26% (30 Sep 12: 84.80%)</b>							
<b>Canada - 0.21% (30 Sep 12: 0.00%)</b>							
Catamaran	2,405	68,241	0.21	Danaher	2,020	86,493	0.27
<b>Channel Islands - 11.31% (30 Sep 12: 11.14%)</b>							
Alternative Investment Strategies Sterling Hedged	121,093	159,843	0.50	Discover Financial Services	2,200	68,660	0.21
BlueCrest AllBlue Fund	767,863	1,319,189	4.10	Dollar General	2,470	86,085	0.27
DCG Iris	325,000	325,000	1.01	eBay	4,100	141,224	0.44
HICL Infrastructure	497,173	643,839	2.00	EOG Resources	350	36,599	0.11
International Public Partnerships	960,062	1,189,517	3.70	Estee Lauder 'A'	2,200	94,975	0.29
<b>China - 0.00% (30 Sep 12: 0.24%)</b>							
<b>France - 0.97% (30 Sep 12: 2.00%)</b>							
Lyxor International ETF Commodities Thomson	18,881	311,914	0.97	Facebook 'A'	4,300	133,402	0.42
<b>Netherlands - 0.23% (30 Sep 12: 0.18%)</b>							
Schlumberger	1,350	73,694	0.23	FMC Technologies	1,100	37,645	0.12
<b>United Kingdom - 0.15% (30 Sep 12: 0.00%)</b>							
Liberty Global 'A'	970	47,530	0.15	Gilead Sciences	3,200	124,194	0.39
<b>United States of America - 12.39% (30 Sep 12: 11.95%)</b>							
Allergan	1,313	73,361	0.23	Google 'A'	355	192,032	0.60
Amazon	585	112,936	0.35	Hain Celestial	1,000	47,592	0.15
Ametek	2,600	73,919	0.23	Intuitive Surgical	200	46,459	0.14
Apple	798	234,931	0.73	Kellogg	2,660	96,485	0.30
Biogen Idec	600	89,203	0.28	Las Vegas Sands	2,350	96,400	0.30
Cardinal Health	1,900	61,186	0.19	Lululemon Athletica	1,800	81,241	0.25
Concho Resources	1,200	80,637	0.25	Mastercard	220	91,456	0.28
Crown Castle International	1,900	85,684	0.27	Michael Kors Holdings	2,350	108,184	0.34
Cummins	800	65,664	0.20	Mohawk Industries	680	54,689	0.17
				Monster Beverage	1,900	61,327	0.19
				NetApp	1,600	42,080	0.13
				Nike 'B'	2,500	112,171	0.35
				Precision Castparts	850	119,317	0.37
				Priceline.com	224	139,843	0.44
				Progressive	1,800	30,278	0.09
				Qualcomm	2,869	119,285	0.37
				Ralph Lauren	520	52,906	0.16

	<b>Holding</b>	<b>Market value £</b>	<b>Percentage of total net assets %</b>
Realogy	2,130	56,597	0.18
Salesforce.com	3,700	118,627	0.37
Servicenow	1,480	47,478	0.15
Sherwin-Williams	730	82,092	0.25
Teradata	2,400	82,179	0.26
Union Pacific	700	67,160	0.21
United Technologies	1,500	99,833	0.31
UnitedHealth	1,270	56,136	0.17
Visa 'A'	925	109,276	0.34
Vmware 'A'	1,725	86,143	0.27
<b>Investment Funds - 48.00% (30 Sep 12: 59.29%)</b>			
Investec Asia Ex-Japan 'A' (Accumulation)	667,339	2,402,554	7.47
Schroder ISF Global High Yield 'A' (Distribution)	197,497	2,458,650	7.65
UBS (Lux) Bond SICAV Global Corporates (USD) U-XDist	634	4,247,943	13.21
UBS (Lux) Key Selection SICAV Core Equities (EUR) U-X-Acc	465	4,848,691	15.08
UBS Global Emerging Markets Equity 'K' (Accumulation)	13,078	1,476,937	4.59
<b>Derivatives – 2.01% (30 Sep 12: 3.34%)</b>			
<b>Options - 0.27% (30 Sep 12: 0.33%)</b>			
FTSE 100 Call Options 6700 Dec 2013	50	27,000	0.08
S&P 500 Index Call Options 1700 Dec 2013	30	60,022	0.19
<b>Credit Default Index Swaps - 0.61% (30 Sep 12: 1.12%)</b>			
Barclays Bank Credit Default Index Swaps CDI.CDX.EM Jun 2018	3,900,000	196,833	0.61

	<b>Holding</b>	<b>Market value £</b>	<b>Percentage of total net assets %</b>
<b>Futures - 0.20% (30 Sep 12: 0.16%)</b>			
Amsterdam Exchange Index Futures Oct 2013	(3)	3,134	0.01
Aust 10 Year Futures Dec 2013	23	29,206	0.09
CAC40 10 Futures Oct 2013	(55)	4,022	0.01
DAX Index Futures Dec 2013	(4)	2,570	0.01
Euro BTP Futures Dec 2013	17	(5,044)	(0.02)
Euro Stoxx 50 Futures Dec 2013	111	(1,391)	-
FTSE 100 Index Futures Dec 2013	(1)	1,748	0.01
FTSE Index Futures Dec 2013	14	(16,527)	(0.05)
Hang Seng Index Futures Oct 2013	(6)	8,311	0.03
H-Shares Index Futures Oct 2013	(8)	11,689	0.04
KOSPI 200 Index Futures Dec 2013	(15)	9,514	0.03
MSCI Singapore Index Futures Oct 2013	(10)	4,041	0.01
Nasdaq 100 E-Mini Futures Dec 2013	(40)	(30,757)	(0.10)
OMXS 30 Index Futures Oct 2013	(25)	5,013	0.02
S&P 500 E-Mini Futures Dec 2013	31	(10,148)	(0.03)
S&P/TSX 60 Futures Dec 2013	9	(4,473)	(0.01)
SPI 200 Futures Dec 2013	6	(2,857)	(0.01)
Swiss Market IX Futures Dec 2013	(2)	910	-
Topix Index Futures Dec 2013	26	34,567	0.11
US 10 Year Futures Dec 2013	36	50,495	0.16
US 5 Year Futures Dec 2013	(42)	(34,559)	(0.11)
<b>Interest rate Swaps - 0.00% (30 Sep 12: 0.01%)</b>			
<b>Forward Currency Contracts - 0.93% (30 Sep 12: 1.72%)</b>			
Bought Euro 415,000			
Sold Sterling 348,721		(1,837)	(0.01)

Holding	Market value £	Percentage of total net assets %
Bought Japanese Yen 272,800,000		
Sold Sterling 1,749,299	(21,916)	(0.07)
Bought Mexican Peso 16,530,000		
Sold Sterling 787,405	(13,233)	(0.04)
Bought Norwegian Krone 15,240,000		
Sold Sterling 1,600,302	(31,683)	(0.10)
Bought Philippine Peso 56,050,000		
Sold US Dollar 1,294,308	(2,726)	(0.01)
Bought Polish Zloty 4,870,000		
Sold Sterling 958,473	5,620	0.02
Bought Sterling 1,808,582		
Sold Australian Dollar 3,100,000	20,858	0.06
Bought Sterling 2,996,586		
Sold Canadian Dollar 4,915,000	47,182	0.15
Bought Sterling 2,023,237		
Sold Euro 2,395,000	21,339	0.07
Bought Sterling 250,289		
Sold Hong Kong Dollar 3,030,000	8,336	0.03
Bought Sterling 3,814,047		
Sold New Zealand Dollar 7,595,000	(71,588)	(0.22)
Bought Sterling 280,409		
Sold Singapore Dollar 560,000	4,396	0.01
Bought Sterling 230,390		
Sold South African Rand 3,720,000	2,463	0.01
Bought Sterling 2,197,061		
Sold Swedish Krona 22,810,000	(3,954)	(0.01)
Bought Sterling 2,702,113		
Sold Swiss Francs 3,960,000	(6,608)	(0.02)

Holding	Market value £	Percentage of total net assets %
Bought Sterling 10,208,852		
Sold US Dollar 15,940,000	339,246	1.06
Bought Swedish Krona 10,101,134		
Sold Sterling 980,000	(5,307)	(0.02)
Bought US Dollar 1,574,242		
Sold Australian Dollar 1,670,000	11,663	0.04
Bought US Dollar 420,979		
Sold Brazilian Real 960,000	(1,467)	-
Bought US Dollar 1,257,126		
Sold Chinese Yuan Renminbi 7,740,000	(353)	-
Bought US Dollar 707,867		
Sold Indian Rupee 44,900,000	(2,860)	(0.01)
Bought US Dollar 389,988		
Sold Indonesian Rupiah 4,386,200,000	10,015	0.03
Bought US Dollar 2,706,316		
Sold Korean Won 2,935,000,000	(14,347)	(0.04)
Bought US Dollar 347,995		
Sold Malaysian Ringgit 1,129,000	1,219	-
Bought US Dollar 778,790		
Sold Taiwan Dollar 23,000,000	253	-
Investment assets (including investment liabilities)	24,195,636	75.27
Net other assets	7,948,926	24.73
<b>Net assets</b>	<b>£32,144,562</b>	<b>100.00</b>

All holdings are ordinary shares or stock units and admitted to official stock exchange listings unless otherwise stated, with the exception of the Swaps which are over-the-counter derivative investments not listed on recognised exchanges.

**Counterparty Exposure (unaudited)**

The underlying exposure obtained through financial derivative instruments and the identity of the counterparties to these transactions, including collateral information, is contained in the table below.

<b>Counterparty</b>	<b>Collateral type</b>	<b>Collateral amount* £</b>	<b>Net forward foreign exchange contracts £</b>	<b>Futures contracts £</b>	<b>Options contracts £</b>	<b>Credit default swaps £</b>	<b>Total £</b>
<b>30 Sep 13</b>							
Barclays	Cash, GBP	(190,000)	(5,307)	-	-	196,833	1,526
Canadian Imperial Bank	-	-	25,041	-	-	-	25,041
JPMorgan Chase Bank	-	-	(10,266)	-	-	-	(10,266)
Morgan Stanley	-	-	11,663	-	-	-	11,663
Royal Bank of Scotland	-	-	267,658	-	-	-	267,658
State Street Bank & Trust	-	-	7,759	-	-	-	7,759
UBS	-	-	(1,837)	59,464	87,022	-	144,649

\* The collateral value is positive where the Fund has provided collateral to the counterparty or negative where the counterparty has provided collateral to the Fund.

**Portfolio movements (unaudited)**  
**For the year ended 30 September 2013**

	<b>Cost</b>
	<b>£</b>
<b>Major purchases</b>	
HICL Infrastructure	456,419
DCG Iris	328,706
Precision Castparts	149,699
UBS Global Emerging Markets Equity 'K' (Accumulation)	127,491
Cardinal Health	117,600
Kellogg	111,678
eBay	106,768
Catamaran	78,694
Apple	77,687
Teradata	77,195
Michael Kors Holdings	76,472
Realogy	69,343
Ametek	69,009
Discover Financial Services	65,570
Mohawk Industries	59,266
Liberty Global 'A'	56,233
Intercontinental Exchange	55,608
Servicenow	52,680
Progressive	52,627
Hain Celestial	50,412
<b>Total for the year (Note 14)</b>	<b>£2,904,822</b>

	<b>Proceeds</b>
	<b>£</b>
<b>Major sales</b>	
UBS (Lux) Key Selection SICAV Core Equities (EUR) U-X-Acc	2,720,438
UBS Global Corporates 'X' USD (Distribution)	2,473,947
iShares UK Property	1,931,984
Investec Asia ex-Japan 'A' (Accumulation)	1,175,000
HICL Infrastructure	1,043,156
Schroder ISF Global High Yield 'A' (Distribution)	890,619
UBS Global Emerging Markets Equity 'K' (Accumulation)	675,000
Alternative Investment Strategies Sterling Hedged	461,806
Lyxor	431,425
BlueCrest AllBlue Fund	298,487
Visa 'A'	189,451
Apple	171,370
Agilent Technologies	138,362
Allergan	131,362
CVS Caremark	125,956
Amazon	106,597
DirecTV	101,293
UnitedHealth	100,263
FMC Technologies	100,057
Dollar General	86,943
<b>Total for the year (Note 14)</b>	<b>£15,645,197</b>

**Statement of total return****For the year ended 30 September 2013**

	Notes	30 Sep 13		30 Sep 12	
		£	£	£	£
Income					
Net capital gains	2		3,189,839		8,621,045
Revenue	3	1,201,913		1,092,213	
Expenses	4	(204,941)		(333,261)	
Finance costs: Interest	6	-		(18,971)	
Net revenue before taxation		996,972		739,981	
Taxation	5	(93,996)		(118,989)	
Net revenue after taxation			902,976		620,992
Total return before distributions			4,092,815		9,242,037
Finance costs: Distributions	6		(902,949)		(621,142)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>£3,189,866</b>		<b>£8,620,895</b>

**Statement of change in net assets attributable to shareholders****For the year ended 30 September 2013**

	30 Sep 13		30 Sep 12	
	£	£	£	£
Opening net assets attributable to shareholders		39,021,812		93,722,939
Amounts receivable on issue of shares	798,499		222,921	
Amounts payable on cancellation of shares	(11,743,908)		(64,204,286)	
		(10,945,409)		(63,981,365)
Dilution levy charged		23,981		145,877
Change in net assets attributable to shareholders from investment activities (see Statement of total return)		3,189,866		8,620,895
Retained distribution on accumulation shares		855,905		514,437
Stamp duty reserve tax		(1,593)		(971)
<b>Closing net assets attributable to shareholders</b>		<b>£32,144,562</b>		<b>£39,021,812</b>

**Balance sheet****As at 30 September 2013**

	Notes	As at 30 Sep 13 £	As at 30 Sep 12 £
<b>ASSETS</b>			
Investment assets		24,479,271	35,037,131
Debtors	7	193,481	365,224
Cash and bank balances	8	7,867,809	4,444,868
Total other assets		8,061,290	4,810,092
Total assets		32,540,561	39,847,223
<b>LIABILITIES</b>			
Investment liabilities		283,635	641,506
Creditors	9	112,364	183,905
Total other liabilities		112,364	183,905
Total liabilities		395,999	825,411
<b>Net assets attributable to shareholders</b>		<b>£32,144,562</b>	<b>£39,021,812</b>

## Notes to the financial statements

### 1. Accounting policies

Accounting policies of the Fund are as set out on pages 10 to 12.

### 2. Net capital gains

	30 Sep 13 £	30 Sep 12 £
Currency gains	6,330	34,211
Derivative contracts	376,311	(306,723)
Forward currency contracts	(147,905)	1,029,962
Non-derivative securities	2,958,093	7,870,087
Transaction charges	(2,990)	(6,492)
Net capital gains	£3,189,839	£8,621,045

### 3. Revenue

	30 Sep 13 £	30 Sep 12 £
Bank interest	5,205	16,424
Fee rebate	45,758	78,797
Derivative income	320,172	56,347
Overseas dividends	718,191	751,650
Stock dividends	60,377	-
UK franked dividends	52,210	188,995
	£1,201,913	£1,092,213

### 4. Expenses

	30 Sep 13 £	30 Sep 12 £
<i>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</i>		
Authorised Corporate Director's fees	158,241	271,131
Registration fees	10,105	23,443
	168,346	294,574
<i>Payable to the Depositary, associates of the Depositary and agents of either of them:</i>		
Depositary's fees	4,307	6,752
	4,307	6,752
<i>Payable to other related parties and third parties:</i>		
Audit fees	10,859	10,741
Legal fees	-	923
Dividend charges	-	22
Safe custody fees	20,419	19,042
Taxation fees	1,010	1,207
	32,288	31,935
	£204,941	£333,261

The audit fee for the period, excluding VAT was £9,000 (30 September 2012: £9,000).

## 5. Taxation

### (a) Analysis of tax charge

	30 Sep 13 £	30 Sep 12 £
Corporation tax at 20%	104,435	68,446
Overseas tax suffered	(10,439)	25,647
Movement in overseas tax provision	-	25,094
Total current tax (5.b)	93,996	119,187
Deferred tax	-	(198)
<b>Total tax charge</b>	<b>£93,996</b>	<b>£118,989</b>

### (b) Factors affecting current tax charge

The tax charged for the year is lower than the standard 20% rate of corporation tax applicable to the revenue received by open-ended investment companies (30 September 2012: 20%).

The differences are explained below:

	30 Sep 13 £	30 Sep 12 £
Net revenue before taxation	996,972	739,981
Corporation tax at 20%	199,394	147,996
<i>Effects of:</i>		
Dividends not subject to corporation tax	(94,959)	(79,748)
Movement in overseas tax provision	-	25,094
Overseas tax suffered	(10,439)	25,647
Revenue taxable in a different years	-	198
	(105,398)	(28,809)
<b>Total tax charge (5.a)</b>	<b>£93,996</b>	<b>£119,187</b>

Open-ended investment companies are exempt from tax on capital gains. Therefore, any capital return is not included in the above reconciliation.

## 6. Finance costs

The distributions take account of amounts added on the issue of shares and amounts deducted on the cancellation of shares, and comprise:

	30 Sep 13 £	30 Sep 12 £
Interim	406,621	125,412
Final	449,428	389,025
	856,049	514,437
Add: Amounts deducted on cancellation of shares	47,779	106,815
Deduct: Amounts added on issue of shares	(879)	(110)
Net distributions	902,949	621,142
Interest	-	18,971
<b>Total finance costs</b>	<b>£902,949</b>	<b>£640,113</b>
Net revenue after taxation	902,976	620,992
Add: Revenue brought forward	228	378
Deduct: Revenue carried forward	(255)	(228)
<b>Net distributions as above</b>	<b>£902,949</b>	<b>£621,142</b>

Details of the distribution per share are set out in the table on page 109.

**7. Debtors**

	<b>As at 30 Sep 13 £</b>	<b>As at 30 Sep 12 £</b>
Accrued management fee rebate*	16,459	12,888
Accrued revenue*	75,326	86,853
Amounts receivable on issue of shares	3,500	675
Interest receivable on swaps	-	619
Overseas tax recoverable†	98,196	128,055
Sales awaiting settlement	-	149,022
	<b>£193,481</b>	<b>£365,224</b>

\* The comparative figures have been re-stated to disclose accrued management fee rebates separately.

† The overseas tax recoverable is disclosed net of provisions under debtors. Previously the overseas tax recoverable and related provisions were disclosed separately under debtors and creditors.

**8. Cash & bank balances**

	<b>As at 30 Sep 13 £</b>	<b>As at 30 Sep 12 £</b>
Amounts held at futures clearing houses and brokers	5,501,211	2,471,782
Cash and bank balances	2,366,598	1,973,086
	<b>£7,867,809</b>	<b>£4,444,868</b>

**9. Creditors**

	<b>As at 30 Sep 13 £</b>	<b>As at 30 Sep 12 £</b>
Amounts payable on cancellation of shares	220	-
Corporation tax payable	76,415	62,229
Expense accruals	35,729	35,163
Overseas tax provision†	-	25,094
Purchases awaiting settlement	-	61,419
	<b>£112,364</b>	<b>£183,905</b>

† The overseas tax provision is netted against overseas tax recoverable and disclosed under debtors. Previously the overseas tax recoverable and related provisions were disclosed separately under debtors and creditors.

**10. Deferred tax**

The deferred tax provision is made up as follows:

	<b>As at 30 Sep 13 £</b>	<b>As at 30 Sep 12 £</b>
Provision at the start of the year	-	198
Charge / (Release)	-	(198)
<b>Provision at the end of the year</b>	<b>-</b>	<b>-</b>

### 11. Equalisation

This applies only to shares purchased during the distribution period (Group 2 shares). The average amount of revenue included in the purchase price of Group 2 shares is shown in the Distribution table and is refunded to the holders of these shares as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

### 12. Related party transactions

UBS Global Asset Management Funds Ltd, as the Authorised Corporate Director (ACD), is considered to be a related party. Both management fees and registration fees charged by the ACD are shown in note 4.

At 30 September 2013 the amounts included in creditors in respect of management fees, registration fees and fee rebates due to/(from) the ACD are £11,389, £3,366 and £(16,459) respectively (30 September 2012: £14,261, £1,186 and £(12,887)).

UBS Global Asset Management Funds Ltd acts as principal in respect of all transactions of shares in the Fund. The aggregate monies received through issue and paid on cancellation are disclosed in the Statement of change in net assets attributable to shareholders.

All dealing in the investment portfolio of the Fund was carried out through UBS Global Asset Management (UK) Ltd. During the year no dealing commission was paid to UBS Global Asset Management (UK) Ltd.

UBS Global Asset Management Funds Ltd and UBS Global Asset Management (UK) Ltd are subsidiaries of UBS Global Asset Management Holdings Ltd.

UBS AG is the sole shareholder of the Fund's C Accumulation Net share class.

### 13. Financial instruments

The Authorised Corporate Director's policy and approach to managing the risks associated with financial instruments are included in the Risk Profile on pages 17 and 18.

#### (a) Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of the Fund's financial assets and liabilities at the year end is set out in the following tables.

## i) Financial assets

Currency	Floating rate financial assets £	Fixed rate financial assets £	Financial assets not carrying interest £	Total £
<b>30 Sep 13</b>				
Argentine Peso	-	-	26,349	26,349
Australian Dollar	4,282	-	-	4,282
Canadian Dollar	56,488	-	-	56,488
Danish Krone	740	-	-	740
Euro	354,614	-	5,235,401	5,590,015
Hong Kong Dollar	131,334	-	20,000	151,334
Japanese Yen	138,791	-	1,761,949	1,900,740
Mexican Peso	-	-	774,172	774,172
New Zealand Dollar	67	-	-	67
Norwegian Krone	1	-	1,569,289	1,569,290
Philippine Peso	-	-	798,721	798,721
Polish Zloty	-	-	964,093	964,093
Singapore Dollar	38	-	4,041	4,079
South African Rand	2	-	-	2
South Korean Won	1,158,569	-	9,514	1,168,083
Sterling	5,243,377	-	34,417,001	39,660,378
Swedish Krona	941	-	979,706	980,647
Swiss Franc	259	-	55,704	55,963
US Dollar	1,034,649	-	16,254,415	17,289,064
	<b>£8,124,152</b>	<b>-</b>	<b>£62,870,355</b>	<b>£70,994,507</b>

Currency	Floating rate financial assets £	Fixed rate financial assets £	Financial assets not carrying interest £	Total £
<b>30 Sep 12</b>				
Australian Dollar	184,117	-	7,668,675	7,852,792
Canadian Dollar	106,829	-	34,625	141,454
Czech Koruna	-	-	1,176,153	1,176,153
Danish Krone	708	-	260,202	260,910
Euro	381,423	-	10,472,483	10,853,906
Hong Kong Dollar	-	-	540,441	540,441
Hungarian Forint	22	-	7,423	7,445
Indian Rupee	-	-	1,875,082	1,875,082
New Israeli Sheqel	-	-	2,291,091	2,291,091
Japanese Yen	185,669	-	393,828	579,497
Malaysian Ringgit	-	-	958,738	958,738
Mexican Peso	-	-	5,771,509	5,771,509
New Zealand Dollar	65	-	4,708,603	4,708,668
Norwegian Krone	1	-	504,538	504,539
Philippine Peso	-	-	1,125,882	1,125,882
Polish Zloty	-	-	2,336,969	2,336,969
Singapore Dollar	-	-	282,203	282,203
South African Rand	3	-	1,185,880	1,185,883
South Korean Won	1,087,157	-	319	1,087,476

<b>Currency</b>	<b>Floating rate financial assets £</b>	<b>Fixed rate financial assets £</b>	<b>Financial assets not carrying interest £</b>	<b>Total £</b>
Sterling	2,853,354	-	80,892,581	83,745,935
Swedish Krona	884	-	768,577	769,461
Swiss Franc	2,336	-	2,061,436	2,063,772
Turkish Lira	-	-	1,123,276	1,123,276
US Dollar	-	-	34,294,893	34,294,893
	<b>£4,802,568</b>	<b>-</b>	<b>£160,735,407</b>	<b>£165,537,975</b>

**ii) Financial liabilities**

<b>Currency</b>	<b>Floating rate financial liabilities £</b>	<b>Financial liabilities not carrying interest £</b>	<b>Total £</b>
<b>30 Sep 13</b>			
Australian Dollar	-	2,750,788	2,750,788
Brazilian Real	-	262,141	262,141
Canadian Dollar	-	2,953,877	2,953,877
Chinese Yuan Renminbi	-	778,777	778,777
Euro	-	2,015,134	2,015,134
Hong Kong Dollar	-	241,953	241,953
Indian Rupee	-	441,178	441,178
Indonesian Rupiah	-	231,469	231,469
Malaysian Ringgit	-	214,262	214,262
New Zealand Dollar	-	3,885,635	3,885,635
Singapore Dollar	23,369	276,013	299,382
South African Rand	-	227,927	227,927
South Korean Won	-	1,690,122	1,690,122
Sterling	-	6,536,565	6,536,565
Swedish Krona	20,114	2,201,015	2,221,129
Swiss Franc	6,053	2,708,721	2,714,774
Taiwan Dollar	-	481,981	481,981
US Dollar	206,829	10,696,022	10,902,851
	<b>£256,365</b>	<b>£38,593,580</b>	<b>£38,849,945</b>

<b>Currency</b>	<b>Floating rate financial liabilities £</b>	<b>Financial liabilities not carrying interest £</b>	<b>Total £</b>
<b>30 Sep 12</b>			
Australian Dollar	-	14,230,420	14,230,420
Brazilian Real	-	291,808	291,808
Canadian Dollar	-	82,025	82,025
Chinese Yuan Renminbi	-	970,864	970,864
Czech Koruna	-	2,352,404	2,352,404
Danish Krone	-	520,606	520,606
Euro	-	3,584,546	3,584,546
Hong Kong Dollar	88,867	1,089,130	1,177,997
Hungarian Forint	-	7,423	7,423
New Israeli Sheqel	-	1,146,402	1,146,402
Japanese Yen	-	703,456	703,456
Mexican Peso	-	3,472,862	3,472,862
New Zealand Dollar	-	9,407,262	9,407,262
Norwegian Krone	-	1,007,091	1,007,091
Polish Zloty	-	1,161,179	1,161,179
Singapore Dollar	8,518	564,089	572,607
South African Rand	-	1,455,242	1,455,242
South Korean Won	-	691,796	691,796
Sterling	-	43,972,747	43,972,747
Swedish Krona	-	1,536,867	1,536,867
Swiss Franc	-	4,019,163	4,019,163
Taiwan Dollar	-	769,396	769,396

<b>Currency</b>	<b>Floating rate financial liabilities £</b>	<b>Financial liabilities not carrying interest £</b>	<b>Total £</b>
Turkish Lira	-	2,241,487	2,241,487
US Dollar	260,315	30,880,198	31,140,513
	<b>£357,700</b>	<b>£126,158,463</b>	<b>£126,516,163</b>

**(b) Currency exposure**

The majority of the net assets of the Fund's investments are denominated in currencies other than sterling, with the effect that currency movements can significantly affect the balance sheet and total return.

Numerical disclosures are as follows:

<b>Currency</b>	<b>Monetary exposures £</b>	<b>Non-monetary exposures £</b>	<b>Total £</b>
<b>30 Sep 13</b>			
Argentine Peso	-	26,349	26,349
Australian Dollar	(2,746,506)	-	(2,746,506)
Brazilian Real	(262,141)	-	(262,141)
Canadian Dollar	(2,892,916)	(4,473)	(2,897,389)
Chinese Yuan Renminbi	(778,777)	-	(778,777)
Danish Krone	740	-	740
Euro	(1,260,574)	4,835,455	3,574,881
Hong Kong Dollar	(110,619)	20,000	(90,619)
Indian Rupee	(441,178)	-	(441,178)
Indonesian Rupiah	(231,469)	-	(231,469)
Japanese Yen	1,866,173	34,567	1,900,740
Malaysian Ringgit	(214,262)	-	(214,262)
Mexican Peso	774,172	-	774,172
New Zealand Dollar	(3,885,568)	-	(3,885,568)
Norwegian Krone	1,569,290	-	1,569,290
Philippine Peso	798,721	-	798,721
Polish Zloty	964,093	-	964,093

<b>Currency</b>	<b>Monetary exposures £</b>	<b>Non-monetary exposures £</b>	<b>Total £</b>
Singapore Dollar	(299,344)	4,041	(295,303)
South African Rand	(227,925)	-	(227,925)
South Korean Won	(531,553)	9,514	(522,039)
Swedish Krona	(1,245,495)	5,013	(1,240,482)
Swiss Franc	(2,659,721)	910	(2,658,811)
Taiwan Dollar	(481,981)	-	(481,981)
US Dollar	(4,725,797)	11,112,010	6,386,213
	(17,022,637)	16,043,386	(979,251)
Sterling	25,266,274	7,857,539	33,123,813
	<b>£8,243,637</b>	<b>£23,900,925</b>	<b>£32,144,562</b>

Currency	Monetary exposures £	Non-monetary exposures £	Total £
<b>30 Sep 12</b>			
Australian Dollar	(6,347,886)	(29,742)	(6,377,628)
Brazilian Real	(291,808)	-	(291,808)
Canadian Dollar	72,227	(12,798)	59,429
Chinese Yuan Renminbi	(970,864)	-	(970,864)
Czech Koruna	(1,176,251)	-	(1,176,251)
Danish Krone	(259,696)	-	(259,696)
Euro	983,646	6,285,714	7,269,360
Hong Kong Dollar	(629,372)	(8,184)	(637,556)
Hungarian Forint	22	-	22
Indian Rupee	1,875,082	-	1,875,082
New Israeli Sheqel	1,144,689	-	1,144,689
Japanese Yen	(166,126)	42,167	(123,959)
Malaysian Ringgit	958,738	-	958,738
Mexican Peso	2,298,647	-	2,298,647
New Zealand Dollar	(4,698,594)	-	(4,698,594)
Norwegian Krone	(502,552)	-	(502,552)
Philippine Peso	1,125,882	-	1,125,882
Polish Zloty	1,147,454	28,336	1,175,790
Singapore Dollar	(290,565)	161	(290,404)
South African Rand	(269,359)	-	(269,359)
South Korean Won	395,361	319	395,680
Swedish Krona	(767,406)	-	(767,406)
Swiss Franc	(1,955,391)	-	(1,955,391)
Taiwan Dollar	(769,396)	-	(769,396)

Currency	Monetary exposures £	Non-monetary exposures £	Total 7£
Turkish Lira	(1,118,211)	-	(1,118,211)
US Dollar	(13,006,016)	16,160,396	3,154,380
	(23,217,745)	22,466,369	(751,376)
Sterling	28,516,880	11,256,308	39,773,188
	£5,299,135	£33,722,677	£39,021,812

**(c) Fair value of financial assets and financial liabilities**

There is no material difference between the value of the financial assets and financial liabilities, as shown in the balance sheet, and their fair value.

**(d) Derivative exposure**

The Fund is permitted to invest in exchange traded bond, deposit, consumer price index and currency futures, currency forwards, credit default swaps, total return swaps, interest rate swaps and inflation swaps. The Fund will use derivatives as part of its investment capabilities and are used to manage market exposure inherent in an invested portfolio. The derivatives overlay is designed to remove unwanted market risk and allow tactical asset allocation and currency views to be expressed efficiently. However, such instruments are inherently volatile and the Fund could be potentially exposed to additional risk and costs should the market move against it.

The Manager also assesses the market risk of the Fund's investments, including any derivative exposures, using a Value at Risk (VaR) methodology with a 99% confidence level and one month time horizon. This process provides the Manager with an estimate of the maximum potential loss that could be expected to occur as a result of changes in the market prices over a given year of time in all but a given percentage of circumstances. As at 30 September 2013, the Fund's VaR was 5.44%. This means that per statistical analysis there is a 99% probability that, over a month, the maximum loss the Fund could suffer is 5.44% of its value.

Further information on risks can be found in the Risk Profile on pages 17 and 18.

**14. Portfolio transaction costs**

There were no transaction costs in the current or prior year.

	£	30 Sep 13 £	£	30 Sep 12 £
<b>Analysis of total purchase costs</b>				
Purchases in year before transaction costs		2,903,555		20,747,871
Commissions & taxes	1,267		12,479	
Total purchase costs		1,267		12,479
Gross purchase total		£2,904,822		£20,760,350

	£	30 Sep 13 £	£	30 Sep 12 £
<b>Analysis of total sale costs</b>				
Gross sales in year before transaction costs		15,652,639		68,216,984
Commissions & taxes	(7,442)		(21,966)	
Total sale costs		(7,442)		(21,966)
Total sales net of transaction costs		£15,645,197		£68,195,018

**Distribution table****For the year ended 30 September 2013 (in pence per share)****Final dividend distribution**

Group 1: Shares purchased prior to 1 April 2013

Group 2: Shares purchased between 1 April 2013 and 30 September 2013

	Net revenue (p)	Equalisation (note 11) (p)	Distribution payable 30/11/13 (p)	Distribution paid 30/11/12 (p)
<b>Class A - Accumulation</b>				
Group 1	0.97	-	0.97	0.35
Group 2	0.80	0.17	0.97	0.35
<b>Class B - Accumulation</b>				
Group 1	1.23	-	1.23	0.82
Group 2	0.99	0.24	1.23	0.82
<b>Class C - Accumulation</b>				
Group 1	13.60	-	13.60	7.41
Group 2	11.55	2.05	13.60	7.41
<b>Class J - Accumulation</b>				
Group 1	142.61	-	142.61	95.37
Group 2	80.23	62.38	142.61	95.37
<b>Class K - Accumulation</b>				
Group 1	200.20	-	200.20	135.72
Group 2	200.20	0.00	200.20	135.72

**Interim dividend distribution**

Group 1: Shares purchased prior to 1 October 2012

Group 2: Shares purchased between 1 October 2012 and 31 March 2013

	Net revenue (p)	Equalisation (note 11) (p)	Distribution paid 31/05/13 (p)	Distribution paid 31/05/12 (p)
<b>Class A - Accumulation</b>				
Group 1	0.85	-	0.85	0.00
Group 2	0.85	0.00	0.85	0.00
<b>Class B - Accumulation</b>				
Group 1	1.13	-	1.13	0.05
Group 2	0.00	1.13	1.13	0.05
<b>Class C - Accumulation</b>				
Group 1	11.96	-	11.96	0.00
Group 2	11.96	0.00	11.96	0.00
<b>Class J - Accumulation</b>				
Group 1	128.42	-	128.42	14.17
Group 2	120.33	8.09	128.42	14.17
<b>Class K - Accumulation</b>				
Group 1	177.84	-	177.84	47.66
Group 2	177.84	0.00	177.84	47.66

# Details of the company and other information

## Authorised status

UBS Investment Funds ICVC III is an open-ended investment company with variable capital incorporated in England and Wales under registered number IC000333 and authorised by the Financial Conduct Authority with effect from 1 October 2004. The Company is an Undertakings for Collective Investments in Transferable Securities (“UCITS”) scheme. The Company has an unlimited duration.

## Structure of the Company

The Company is structured as an umbrella company, in that different Funds may be established from time to time by the ACD with the approval of the Financial Conduct Authority. The assets of each Fund will be treated as separate from those of every other Fund and will be invested in accordance with the investment objective and investment policy applicable to that Fund.

## Liability of the Company and Funds

Under the OEIC Regulations, each Fund is a segregated portfolio of assets and those assets can only be used to meet the liabilities of, or claims against, that Fund. Whilst the OEIC Regulations provide for segregated liability between Funds, the concept of segregated liability is relatively new. Accordingly, where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not yet known whether a foreign court would give effect to the segregated liability and cross-investment provisions contained in the OEIC Regulations. Therefore, it is not possible to be certain that the assets of a Fund will always be completely insulated from the liabilities of another Fund of the Company in every circumstance.

## Changes to the Prospectus

There were no changes made to the Prospectus since the last report.

## Buying and selling shares

Dealing is on a forward basis and share prices are calculated daily as at 12 p.m.

K and J shares in all Funds, where they are available, can be bought either by sending a completed application form to the transfer agent, J.P. Morgan Europe Limited, or by telephoning J.P. Morgan Europe Limited on 020 7742 1018

Shares in all other classes may be bought by sending an application form to the administrator, International Financial Data Services (UK) Ltd (IFDS) or by telephoning IFDS on 0800 587 2112.

## Synthetic Risk and Reward Indicator (SRRI)

The SRRI is a numerical indicator of the risk and return profile of the Fund. This indicator is disclosed in the Key Investor Information document (KIID) for each shareclass which can be found on the website [www.ubs.com/retailfunds](http://www.ubs.com/retailfunds).

The values range from 1 through to 7 in a non-linear manor, where 1 denotes the lowest risk and therefore typically the lower rewards, while a 7 denotes the highest risk and therefore typically higher rewards.

The SRRI is based on return volatility over the last five years. Historical data may not be a reliable indication for the future. The risk category shown is not guaranteed and may vary over time. The lowest category does not mean ‘risk free’.

	Current SRRI
UBS Global Allocation Fund (UK)	6
UBS Global Diversified Fund	5
UBS Multi-Asset Income Fund	4
UBS Targeted Return Fund	6

*SRRI's at Fund level above are consistent across shareclasses within each Fund.*

**Minimum investments**

		<b>Minimum initial lump- sum investment (£)</b>	<b>Minimum subsequent investment (£)</b>
UBS Global Allocation Fund (UK)	Class A & B shares	£1,000	£500
	Class C shares	£1,000,000	£10,000
	Class J shares	£100,000	£500
UBS Global Diversified Fund	Class A & B shares	£1,000	£500
	Class C Shares	£1,000,000	£10,000
	Class K shares	£100,000	£10,000
UBS Multi-Asset Income Fund	Class A & B shares	£1,000	£500
	Class C shares	£1,000,000	£10,000
	Class K shares	£100,000	£10,000
	Class L shares	£1,000,000	£100,000
UBS Targeted Return Fund	Class A & B shares	£1,000	£500
	Class C shares	£1,000,000	£10,000
	Class J shares	£50,000	£10,000
	Class K shares	£50,000	£10,000

**Minimum holdings**

Class A & B Shares - The minimum holding is £500.

Class C Shares - The minimum holding is £500,000.

Class J Shares - The minimum holding is £50,000. Investments in Class J shares are restricted to companies within the UBS AG Group and to clients of companies within the UBS AG Group (and others at discretion of ACD).

Class K Shares - The minimum holding is £50,000. Investments in Class K shares are restricted to companies within the UBS AG Group and to clients of companies within the UBS AG Group (and others at the discretion of the ACD).

Class L shares - The minimum holding is £500,000. Investments in Class L shares are restricted to Local Authorities, Corporate Treasurers and institutional investors at the discretion of the ACD.

Class Z Shares - The minimum holding is £500,000. Investments in Class Z shares are restricted to companies within the UBS AG Group and to clients of companies within the UBS AG Group (and others at the discretion of the ACD).

The ACD may at its discretion accept subscriptions and/or holdings lower than the minimum amounts.

If following a redemption a holding in any class of share should fall below the minimum holding for that class, the ACD has a discretion to require redemption of that shareholder's entire holding in that class of share.

The ACD may at its discretion accept subscriptions and/or holdings lower than the minimum amounts.

**Shareholder funds**

Several classes of share may be issued in respect of the Fund. The annual management charge on each share class is shown below.

		<b>Management fee (%)</b>
UBS Global Allocation Fund (UK)	Class A shares	1.50
	Class B shares	1.00
	Class C shares	0.75
	Class J shares	0.65
UBS Global Diversified Fund	Class A shares	0.90
	Class B shares	0.50
	Class C Shares	0.35
	Class K shares	0.00
	Class L shares	0.45
UBS Multi-Asset Income Fund	Class A shares	1.25
	Class B shares	0.75
	Class C shares	0.50
	Class K shares	0.00
	Class L shares	0.45
UBS Targeted Return Fund	Class A shares	1.60
	Class B shares	1.10
	Class C shares	0.80
	Class J shares	0.75
	Class K shares	0.00

For all Funds (with the exception of UBS Multi-Asset Income Fund) the annual management fee is taken from income.

The net asset value of each share class in issue, the net asset value per share and the number of shares in each share class in issue are shown in the Performance table of the fund.

### Dealing charges

#### Initial charge

The ACD may impose a charge on the purchase of shares in each Class. The current initial charge as a percentage of the amount subscribed is shown in the table below:

		<b>Current charge</b>
UBS Global Allocation Fund (UK)	Class A shares	4.00%
	Class B shares	0.00%
	Class C shares	0.00%
	Class J shares	0.00%
UBS Global Diversified Fund	Class A shares	4.00%
	Class B shares	0.00%
	Class C Shares	0.00%
	Class K shares	0.00%
UBS Multi-Asset Income Fund	Class A shares	4.00%
	Class B shares	0.00%
	Class C shares	0.00%
	Class K shares	0.00%
	Class L shares	0.00%
UBS Targeted Return Fund	Class A shares	4.00%
	Class B shares	0.00%
	Class C shares	0.00%
	Class J shares	0.00%
	Class K shares	0.00%

**Charges on switching**

The Company is permitted to impose a charge for switching of shares between Funds or classes. The charge will not exceed an amount equal to the prevailing initial charge for new shares. The current charges on switching between Funds or classes in the Company are detailed below.

	<b>Switching charge %</b>
Class A shares to Class B, C, J, K, L or Z shares in the same Fund or another Fund	0.00%
Class A shares of any Fund to Class A shares of another Fund	0.25%
Class B, C, J, K, L or Z shares of any Fund to Class B, C, J or Z shares in the same Fund or another Fund	0.00%
Class B, C, J, K, L or Z shares to Class A shares in the same Fund or another Fund*	0.25%

\* where the minimum holding for Class B, C, J, K, L or Z shares is not maintained the ACD may switch Class B, C, J, K, L or Z shares into Class A shares, and a charge on switching of 0.25% will be charged, although the ACD may offer a waiver or a partial waiver of the initial charge.

**Directors of UBS Global Asset Management Funds Ltd**

I Barnes                      D S Carter  
R Beechey                    A J Davies  
P Schmidt

**The Company and Head Office**

UBS Investment Funds ICVC III  
21 Lombard Street  
London EC3V 9AH

**Authorised Corporate Director**

UBS Global Asset Management Funds Ltd  
21 Lombard Street  
London EC3V 9AH

Authorised and regulated by the Financial Conduct Authority

**Transfer Agent and Registrar for J and K Shares for all funds**

J. P. Morgan Europe Limited  
PO Box 70719  
1 Angel Court  
London  
EC2P 2LJ

**Transfer Agent and Registrar for all funds other shares**

International Financial Data Services (UK) Ltd  
IFDS House  
St. Nicholas Lane  
Basildon  
Essex SS15 5FS

**Depositary**

National Westminster Bank plc  
Younger Building  
3 Redheughs Avenue  
Edinburgh EH12 9RH  
Authorised and regulated by the Financial Conduct Authority

**Investment Manager**

UBS Global Asset Management (UK) Ltd  
21 Lombard Street  
London EC3V 9AH  
Authorised and regulated by the Financial Conduct Authority  
All telephone calls are recorded

**Custodians**

Brown Brothers Harriman & Co	JP Morgan Chase Bank
40 Water Street	1 Chaseside
Boston	Bournemouth
Massachusetts MA 02109	Dorset BH7 7DA

**Auditors**

Ernst & Young LLP  
Ten George Street  
Edinburgh EH2 2DZ

**Legal Advisers**

Eversheds LLP  
One Wood Street  
London EC2V 7WS

0800 587 2113

[www.ubs.com/retailfunds](http://www.ubs.com/retailfunds)

