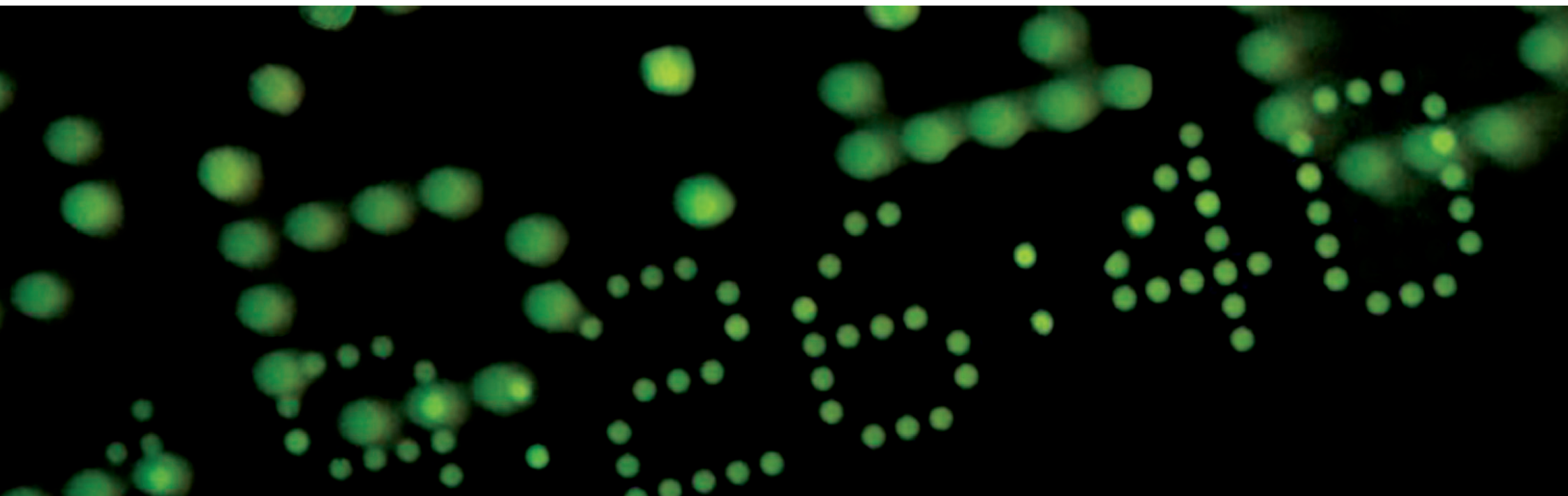


UBS Investment Funds ICVC

Annual Report and Accounts



Contents

Introduction and Authorised Corporate Directors' report	2	UBS Global Optimal Fund	117
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 ("the Company") for the year ended 31 December 2012	3	UBS Global Optimal Thirds Fund	135
Statement of Authorised Corporate Director's responsibilities	4	UBS Inflation Linked Bond UK Plus Fund	149
Independent Auditor's Report to the members of the UBS Investment Funds ICVC	5	UBS Long Dated Corporate Bond UK Plus Fund	169
Aggregated financial statements for UBS Investment Funds ICVC	7	UBS Long Dated Fixed Interest UK Plus Fund	191
UBS Alpha Choice Fund	21	UBS UK Equity Income Fund	211
UBS Broad Bond Market UK Plus Fund	31	UBS UK Opportunities Fund	229
UBS Corporate Bond UK Plus Fund	47	UBS UK Smaller Companies Fund	245
UBS Fixed Interest UK Plus Fund	77	UBS US Equity Fund	261
UBS Global Emerging Markets Equity Fund	99	Details of the company and other information	279

Introduction and Authorised Corporate Directors' Report

We are pleased to present the report and accounts for the UBS Investment Funds ICVC covering the year ended 31 December 2012.

Performance review

On the 1st January the U.S. 'fiscal cliff' was partially resolved after Congress passed last minute legislation. This should help to provide some clarity on overall headwinds to 2013 GDP growth, from scheduled tax rate increases and spending cuts. U.S. housing prices and starts showed signs of turning the corner, which increased investor confidence as housing starts are a key driver of employment growth and GDP. US GDP growth for the third quarter was revised up again in December to 3.1% (quarterly, annualised), in local currency terms. Business investment was the only detractor with consumption and inventories giving the strongest boost to growth. The Federal Reserve announced a new direction on monetary policy announcing that interest rates will remain low until unemployment falls below 6.5% and inflation is below 2.5%.

In the UK, third quarter GDP was slightly revised downwards in December to 3.8%, (quarterly annualised) driven by lower growth of consumer spending which was only partially offset by higher investment spending. Mortgage approvals increased for a fifth month in a row and house prices in November grew on a month-on-month basis, which suggests that the Bank of England's funding for lending scheme may finally be gaining traction. In the Autumn Statement, the Office of Budget Responsibility revised down its outlook for the UK economy: it projects lower growth and higher inflation compared to what it expected in March. Inflation was flat in November sitting at 2.7%, the Bank of England's Quantitative Easing program ended in December but the Monetary Policy Committee left the door open for further easing in the future if deemed necessary.

In Europe the most recent indicators seem to suggest that the underlying momentum in economic activity is improving, albeit only very gradually. Inflation fell to 2.2% in November with core inflation remaining broadly unchanged, while the European Central Bank continues to hold rates but some members of the governing council have suggested a preference to cut deposit rates into negative territory. The Outright Monetary Transaction facility remained unused but ready to be implemented if necessary.

With a downward revision of Japanese Q2 GDP to -3.5% (quarterly, annualised), in local currency terms, the economy entered into its third technical recession in the last four years. The unemployment rate improved slightly but consumer confidence continued its fall. After a pickup in October, industrial production fell again in November giving up almost all its gains from the previous month.

The landslide election of the LDP party in December gave markets hope of a more expansionary policy from the Japanese government as well as a change at the top of the Bank of Japan later in the year. Perhaps in response to this, the Bank of Japan extended the size of its asset purchase program by JPY 10 trillion to JPY 101 trillion. However, the markets remained largely unimpressed. Inflation in November was -0.2%, slightly higher than in October but still worryingly negative.

Outlook

As we head in to 2013, we expect economic data to remain mixed. Furthermore, we expect markets will be focusing their attention on the US debt ceiling negotiations and the Italian elections. Further political uncertainty also looks set to continue.

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 Customer Service 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.

Notice of Fund terminations

The following Funds have commenced termination since the year end date. UBS Inflation Linked Bond UK Plus Fund commenced termination on 7 January 2013, UBS Long Dated Corporate Bond UK Plus Fund and the UBS Long Dated Fixed Interest UK Plus Fund both commenced termination on 21 March 2013.



Paul Schmidt
Director



D Carter
Director

UBS Global Asset Management Funds Ltd
8 April 2013

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 (“the Company”) for the year ended 31 December 2012

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

8 April 2013

Statement of Authorised Corporate Directors' 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/expense, 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 ("the Company")

We have audited the financial statements of UBS Investment Funds ICVC ("the Company") for the year ended 31 December 2012 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 12 together with the Statement of Total Return, Statement of Change in Net Assets attributable to shareholders, Balance Sheet, and the related notes and distribution tables 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 the 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. 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 31 December 2012 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 the 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 the 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
8 April 2013

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

Aggregated statement of total return For the year ended 31 December 2012

			31 Dec 12	31 Dec 11
	Notes	£	£	£
Income				
Net capital gains/(losses)	2		73,777,797	(87,941,083)
Revenue	3	51,550,618		58,467,806
Expenses	4	(12,091,488)		(15,876,946)
Finance costs: Interest	6	(3,396)		(5,267)
Net revenue before taxation		39,455,734		42,585,593
Taxation	5	(2,363,766)		(2,521,811)
Net revenue after taxation			37,091,968	40,063,782
Total return before distributions			110,869,765	(47,877,301)
Finance costs: Distributions	6		(33,436,447)	(32,890,971)
Change in net assets attributable to shareholders from investment activities			£77,433,318	£(80,768,272)

Aggregated statement of change in net assets attributable to shareholders For the year ended 31 December 2012

		31 Dec 12	31 Dec 11
	£	£	£
Opening net assets attributable to shareholders		1,519,064,487	1,869,116,619
Amounts receivable on issue of shares	300,633,333		342,066,294
Amounts payable on cancellation of shares	(540,196,815)		(643,674,915)
		(239,563,482)	(301,608,621)
Change in net assets attributable to shareholders from investment activities (see Statement of total return)		77,433,318	(80,768,272)
Retained distribution on accumulation shares		33,241,371	32,397,884
Stamp duty reserve tax		(17,482)	(43,810)
Closing net assets attributable to shareholders		£1,390,158,212	£1,519,093,800

As the comparatives figures include the Medium Term Fixed Interest Fund and UBS Managed Fund, which both terminated during the period, the net assets at the 31 December 2011 will not agree to the net assets at the start of the current year.

Aggregated balance sheet
As at 31 December 2012

	Notes	As at 31 Dec 12 £	As at 31 Dec 11 £
ASSETS			
Investment assets		1,368,909,394	1,488,376,957
Debtors	7	10,341,299	12,720,579
Cash and bank balances	8	19,672,826	35,744,121
Total other assets		30,014,125	48,464,700
Total assets		1,398,923,519	1,536,841,657
LIABILITIES			
Investment liabilities		4,636,318	13,029,922
Creditors	9	4,039,685	4,572,865
Bank overdraft		6,923	-
Distribution payable		82,381	145,070
Total other liabilities		4,128,989	4,717,935
Total liabilities		8,765,307	17,747,857
Net assets attributable to shareholders		£1,390,158,212	£1,519,093,800

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 Alpha Choice Fund, UBS Broad Bond Market UK Plus Fund, UBS Global Optimal Thirds Fund, UBS Inflation Linked Bond UK Plus Fund, UBS Long Dated Corporate Bond UK Plus Fund and UBS Long Dated Fixed Interest UK Plus Fund which were 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.

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. Deposit interest and interest on interest rate swaps is accounted for on an accruals basis. Interest on debt securities is recognised on an effective interest rate basis.

(c) Derivative accounting policy

In determining the accounting treatment for derivatives, consideration is given to the instrument itself and the Fund's objectives for investment in derivative instruments. Options premiums, finance charges on interest rate Swaps, dividends and finance charges on equity Swaps and relevant revenue from property Swaps are all 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 Broad Bond Market UK Plus Fund, UBS Corporate Bond UK Plus Fund, UBS Fixed Interest UK Plus Fund, UBS Inflation Linked Bond UK Plus Fund, UBS Long Dated Corporate Bond UK Plus Fund, UBS Long Dated Fixed Interest UK Plus Fund, and UBS UK Equity Income Fund the ACD's annual fee and other expenses are charged against capital for the purposes of calculating the amount available for distribution.

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

(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.

Exchange traded derivatives are valued at closing bid or single quoted price.

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 31 December 2012.

(l) Taxation

The rate of corporation tax for the Funds is 20%. The UBS Broad Bond Market UK Plus Fund, UBS Corporate Bond UK Plus Fund, UBS Fixed Interest UK Plus Fund, UBS Inflation Linked Bond UK Plus Fund, UBS Long Dated Corporate Bond UK Plus Fund and UBS Long Dated Fixed Interest UK Plus Fund pay interest distributions, which are utilised against taxable income arising. The charge for taxation is based on the profit for the year 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. A large deal is defined as a redemption which is in excess of 3% of the Fund value.

(o) Dilution levy/adjustment

All funds apply 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 a 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/(losses)

	31 Dec 12 £	31 Dec 11 £
Currency losses	(486,656)	(1,357,688)
Derivative contracts	(12,980)	2,758,990
Forward currency contracts	4,272,838	208,710
Non-derivative securities	70,093,068	(89,453,578)
Transaction charges	(88,473)	(97,517)
Net capital gains/(losses)	£73,777,797	£(87,941,083)

3. Revenue

	31 Dec 12 £	31 Dec 11 £
Bank interest	20,980	114,109
Interest on debt securities	28,264,200	33,811,296
Interest on derivative contracts	(49,487)	(440,797)
Option Income	56,257	285,345
Overseas dividends	21,784,563	21,722,396
Property revenue distributions	1,421	5,766
Stock dividends	117,377	285,323
UK franked dividends	1,355,307	2,684,368
	£51,550,618	£58,467,806

4. Expenses

	31 Dec 12 £	31 Dec 11 £
<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	11,212,806	14,836,798
Registration fees	136,951	207,677
	11,349,757	15,044,475
<i>Payable to the Depositary, associates of the Depositary and agents of either of them:</i>		
Depositary's fees	146,191	159,228
	146,191	159,228
<i>Payable to other related parties and third parties:</i>		
Audit fees	112,861	115,826
Dividend collection fees	116,510	-
Professional fees	5,277	18,448
Safe custody fees	347,649	526,008
Taxation fees	13,243	12,961
	595,540	673,243
	£12,091,488	£15,876,946

The audit fee for the period, excluding VAT was £87,100 (31 December 2011: £90,100).

5. Taxation

(a) Analysis of tax charge

	31 Dec 12 £	31 Dec 11 £
Overseas tax provision movement	(42)	(171,483)
Overseas tax suffered	2,364,508	2,694,250
Prior year adjustment	(700)	(956)
Total current tax (5.b)	2,363,766	2,521,811
Total tax charge	£2,363,766	£2,521,811

(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 (31 Dec 11: 20%).

The differences are explained below:

	31 Dec 12 £	31 Dec 11 £
Net revenue before taxation	39,455,734	42,585,593
Corporation tax at 20%	7,891,147	8,517,117
<i>Effects of:</i>		
Dividends not subject to corporation tax	(4,166,172)	(4,504,880)
Interest distributions	(4,137,433)	(4,497,170)
Movement in excess expenses	1,935,774	2,691,768
Movement in overseas tax provision	(42)	(171,483)
Overseas tax suffered	2,364,508	2,694,250
Overseas tax expensed	(15)	-
Prior year adjustment	(700)	(956)
Relief for indexation on UK Index Linked Gilts	(1,505,482)	(2,191,737)
Revenue taxable in different years	(17,819)	(14,892)
	(5,527,381)	(5,995,306)
Total tax charge (5.a)	£2,363,766	£2,521,811

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:

	31 Dec 12 £	31 Dec 11 £
Interim - first quarter	5,830,298	5,470,839
Interim - second quarter	13,168,517	10,816,163
Interim - third quarter	4,901,265	6,068,802
Final	10,032,932	10,760,663
	33,933,012	33,116,467
Add: Amounts deducted on cancellation of shares	1,626,881	1,925,988
Add: Movement on revenue due to fund closure	(2,008)	2
Deduct: Amounts added on issue of shares	(2,121,438)	(2,151,486)
Net distributions	33,436,447	32,890,971
Interest	3,396	5,267
Total finance costs	£33,439,843	£32,896,238
Net revenue after taxation	37,091,968	40,063,782
Add: Expenses charged to capital	3,852,705	3,751,924
Add: Revenue brought forward	33,491	164,509
Add: Shortfall transfer to capital	23,120	92,101
Deduct: Change in the RPI taken to capital	(7,527,409)	(10,958,688)
Deduct: Revenue carried forward	(26,115)	(165,299)
Deduct: Tax relief on capital expenses	(11,313)	(57,358)
Net distributions as above	£33,436,447	£32,890,971

7. Debtors

	As at 31 Dec 12 £	As at 31 Dec 11 £
Accrued revenue	1,270,417	1,054,732
Amounts receivable on issue of shares	126,586	1,730,772
Interest receivable on debt securities	5,075,398	8,093,320
Interest receivable on swaps	-	6,903
Overseas tax recoverable	90,927	93,760
Property income tax recoverable	-	1,527
Sales awaiting settlement	3,777,971	1,739,565
	£10,341,299	£12,720,579

8. Cash & bank balances

	As at 31 Dec 12 £	As at 31 Dec 11 £
Amounts held at futures clearing houses and brokers	2,402,593	3,679,682
Cash and bank balances	17,270,233	32,064,439
	£19,672,826	£35,744,121

9. Creditors

	As at 31 Dec 12 £	As at 31 Dec 11 £
Amounts payable on cancellation of shares	1,480,053	835,043
Corporation tax payable	-	48,905
Expense accruals	1,082,301	1,250,700
Income tax payable	9,582	6,191
Interest payable on swaps	19,139	8,893
Payable to UBS due to fund closure	-	17
Purchases awaiting settlement	1,448,610	2,423,116
	£4,039,685	£4,572,865

10. Contingent liabilities

At 31 December 2012 there were no contingent liabilities or commitments at the current or prior year ends.

11. 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 31 December 2012 the amounts included in creditors in respect of management fees and registration fees due to the ACD are £764,451 and £11,213 respectively (31 Dec 11: £995,096 and £13,899).

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.

During the year, the funds made net sales in UBS shares to a value of £78,593 (31 Dec 11: £306,189). The value of the holding at year end is £nil (31 Dec 11: £68,009).

UBS Global Asset Management Life Ltd is a significant investor in the Funds. Transactions with these Funds were entered into in the normal course of business and on normal commercial terms. No initial charge was paid by UBS Global Asset Management Life Ltd on these transactions. The entity holds Class K Accumulation Gross shares on which no ACD fee is payable. The aggregate value of these transactions during the year was £(27,903,917) (31 Dec 11: £(32,220,075)). As at 31 December 2012, the entity held 33,494,863 shares in the Funds with a market value of £24,278,620 (31 Dec 11: 74,019,612, £47,826,611).

UBS Global Allocation Fund (UK) is also a significant investor in some of the Funds. Transactions with these Funds were entered into in the normal course of business and on normal commercial terms. No initial charge was paid by UBS Global Allocation Fund (UK) on these transactions. The entity holds Class K Accumulation Gross shares on which no ACD fee is payable. The aggregate value of these transactions during the year was £19,399,130 (31 Dec 11: £(4,331,610)). As at 31 December 2012, the entity held 120,522,527 shares in the Funds with a market value of £110,286,525 (31 Dec 11: 120,358,582 shares, £78,630,142).

UBS Managed Fund merged into UBS Global Allocation Fund (UK) on 23 November 2007. The remaining balances on the UBS Managed Fund, the net value of which at 31 December 2012 were £nil (31 Dec 11: £29,313), are in the process of being settled and will be transferred into the ongoing Fund.

The ACD has appointed UBS Global Asset Management (UK) Ltd to provide investment management services to the ACD in respect of the Fund. During the year no dealing commission was paid to UBS Global Asset Management (UK) Ltd.

UBS Global Allocation Fund (UK) and UBS Targeted Return Fund are part of the UBS Investment Funds ICVC III open-ended investment company for which UBS Global Asset Management Fund Ltd is the ACD. UBS Global Asset Management Funds Ltd, UBS Global Asset Management (UK) Ltd and UBS Global Asset Management Life Ltd are subsidiaries of UBS Global Asset Management Holdings Ltd.

12. 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 accounts 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. Futures will be traded on a recognised derivative market and currency forwards are traded over the counter (OTC). 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 and short transactions. 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.

UBS Alpha Choice Fund

Manager's report

Notice of Fund wind up

The UBS Alpha Choice Fund commenced termination on 22 March 2010. Termination will be completed once all assets and liabilities have been settled.

Percentage growth

	31/12/09 to termination %	Launch to 31/12/09 %
Class K - Accumulation Shares	1.97	-4.34

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: 11 March 2009.

UBS Global Asset Management Funds Ltd
8 April 2013

Performance record (unaudited)**1. Fund size**

Accounting year 31 December		Number of shares in issue	Total net asset value per share (p)*	Total net asset value (£)
2010	Class K - Accumulation	-	-	11,334
				£11,334
2011	Class K - Accumulation	-	-	10,098
				£10,098
2012	Class K - Accumulation	-	-	10,078
				£10,078

* rounded to one decimal place.

2. Share dealing price range and distribution record

The Fund was launched on 11 March 2009 at a price of 50p for Class K Accumulation shares.

Calendar year	Highest price (p)	Lowest price (p)	Distribution per share (net) (p)
Class K - Accumulation			
2009 [†]	49.96	47.16	0.69
2010 ^{††}	48.87	47.88	-

[†] covers period from launch to 31 December 2009.^{††} covers period from 1 January 2010 to 22 March 2010.

Portfolio statement (unaudited)

As at 31 December 2012

There are no holdings to disclose due to the Fund closure.

Portfolio movements (unaudited)

For the year ended 31 December 2012

There were no purchases or sales during the year due to the Fund closure.

Statement of total return
For the year ended 31 December 2012

		31 Dec 12		31 Dec 11	
	Notes	£	£	£	£
Income					
Net capital losses	2		-		(461)
Revenue	3	-		122	
Expenses	4	-		-	
Finance costs: Interest	6	-		(6)	
Net revenue before taxation		-		116	
Taxation	5	(20)		(891)	
Net expense after taxation			(20)		(775)
Total return before distributions			(20)		(1,236)
Finance costs: Distributions	6		-		-
Change in net assets attributable to shareholders from investment activities			£(20)		£(1,236)

Statement of change in net assets attributable to shareholders
For the year ended 31 December 2012

	31 Dec 12		31 Dec 11	
	£	£	£	£
Opening net assets attributable to shareholders		10,098		11,334
Amounts receivable on issue of shares	-		-	
Amounts payable on cancellation of shares	-		-	
		-		-
Change in net assets attributable to shareholders from investment activities (see Statement of total return)		(20)		(1,236)
Closing net assets attributable to shareholders		£10,078		£10,098

Balance sheet**As at 31 December 2012**

		As at 31 Dec 12	As at 31 Dec 11
	Notes	£	£
ASSETS			
Investment assets		-	-
Debtors	7	2,488	2,523
Cash and bank balances	8	7,590	7,575
Total assets		10,078	10,098
LIABILITIES			
Creditors		-	-
Total liabilities		-	-
Net assets attributable to shareholders		£10,078	£10,098

Notes to the financial statements**1. Accounting policies**

Accounting policies of the Fund are as set out on pages 10 and 11.

2. Net capital losses

	31 Dec 12 £	31 Dec 11 £
Transaction charges	-	(461)
Net capital losses	-	£(461)

3. Revenue

	31 Dec 12 £	31 Dec 11 £
Bank interest	-	122
	-	£122

4. Expenses

There were no expenses in the current or prior year.

5. Taxation**(a) Analysis of tax charge**

	31 Dec 12 £	31 Dec 11 £
Overseas tax suffered	-	-
Prior year adjustment	20	891
Total current tax (5.b)	20	891
Total tax charge	£20	£891

(b) Factors affecting current tax charge

The tax charged for the year is different than the standard 20% rate of corporation tax applicable to the revenue received by open-ended investment companies (31 Dec 11: 20%).

The differences are explained below:

	31 Dec 12 £	31 Dec 11 £
Net revenue before taxation	-	116
Corporation tax at 20%	-	23
<i>Effects of:</i>		
Dividends not subject to corporation tax	-	(24)
Movement in excess expenses	-	1
Prior year adjustment	20	891
	20	868
Total tax charge (5.a)	£20	£891

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 31 December 2012 the Fund had excess management expenses of £9,723 (31 Dec 11: £9,723). The deferred tax in respect of this would be £1,945 (31 Dec 11: £1,945).

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:

	31 Dec 12 £	31 Dec 11 £
Interim	-	-
Final	-	-
	-	-
Add: Amounts deducted on cancellation of shares	-	-
Deduct: Amounts added on issue of shares	-	-
Net distributions	-	-
Interest	-	6
Total finance costs	-	£6
Net expense after taxation	(20)	(775)
Add: Revenue brought forward	-	-
Add: Shortfall transfer to capital	20	775
Net distributions as above	-	-

7. Debtors

	As at 31 Dec 12 £	As at 31 Dec 11 £
Overseas tax recoverable	2,488	2,523
	£2,488	£2,523

8. Cash & bank balances

	As at 31 Dec 12 £	As at 31 Dec 11 £
Cash and bank balances	7,590	7,575
	£7,590	£7,575

9. Contingent liabilities

At 31 December 2012 there were no contingent liabilities or commitments at the current or prior year ends.

10. Related party transactions

UBS Global Asset Management Funds Ltd, as the Authorised Corporate Director (ACD), is considered to be a related party.

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.

The ACD has appointed UBS Global Asset Management (UK) Ltd to provide investment management services to the ACD in respect of the Fund. 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.

11. 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 18 and 19.

(a) Currency exposure

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

Numerical disclosures are as follows:

Currency	Monetary exposures £	Non- monetary exposures £	Total £
31 Dec 12			
Australian Dollar	3	-	3
Canadian Dollar	2	-	2
Euro	759	-	759
Taiwanese Dollar	1	-	1
US Dollar	1,833	-	1,833
	2,598	-	2,598
Sterling	7,480	-	7,480
	£10,078	-	£10,078

Currency	Monetary exposures £	Non- monetary exposures £	Total £
31 Dec 11			
Australian Dollar	3	-	3
Canadian Dollar	2	-	2
Euro	776	-	776
Taiwanese Dollar	1	-	1
US Dollar	1,852	-	1,852
	2,634	-	2,634
Sterling	7,464	-	7,464
	£10,098	-	£10,098

(b) 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.

12. Portfolio transaction costs

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

UBS Broad Bond Market UK Plus Fund

Manager's report

Notice of Fund wind up

The UBS Broad Bond Market UK Plus Fund commenced termination on 20 November 2012. Termination will be completed once all assets and liabilities have been settled.

Percentage growth

	31/12/11 to termination %	31/12/10 to 31/12/11 %	31/12/09 to 31/12/10 %	31/12/08 to 31/12/09 %	31/12/07 to 31/12/08 %
Class K - Accumulation Gross Shares	9.12	11.25	14.64	25.32	-13.12

Source: Lipper Hindsight is based on NAV prices with income reinvested net of basic rate tax and in sterling terms, based on Class A Share. Figures are shown to the most recent calendar quarter end.

Launch date: Class K Accumulation Gross Shares: 6 March 2007.

UBS Global Asset Management Funds Ltd
8 April 2013

Performance record (unaudited)**1. Fund size**

Accounting year 31 December		Number of shares in issue	Total net asset value per share (p)*	Total net asset value (£)
2010	Class K - Accumulation Gross	37,421,739	60.8	22,760,869
				£22,760,869
2011	Class K - Accumulation Gross	27,682,393	67.5	18,675,222
				£18,675,222
2012	Class K - Accumulation Gross	-	-	-
				-

* rounded to one decimal place.

2. Share dealing price range and distribution record

The Fund was launched on 6 March 2007 at a price of 50p for Class K Accumulation Gross shares.

Calendar year	Highest price (p)	Lowest price (p)	Distribution per share (net) (p)
Class K - Accumulation Gross			
2008	50.05	37.99	3.19
2009	53.42	40.69	2.92
2010	61.64	53.33	3.08
2011	67.87	60.08	2.89
2012 ^{††}	74.16	67.54	2.19

†† covers period from 1 January 2012 to 20 November 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 31 December 2012**

	Holding	Market value £	Percentage of total net assets %
Bonds - 0.00% (31 Dec 11: 94.87%)			
Floating Rate Notes - 0.00% (31 Dec 11: 5.28%)			
Mortgage & Asset Backed Securities - 0.00% (31 Dec 11: 0.21%)			
Aladdin CDO 25X FRN 2016	\$100,000	-	-
Ordinary Fixed Interest - 0.00% (31 Dec 11: 89.38%)			
Lambay Capital Securities 6.25% FRN Perpetual	£220,000	-	-
Derivatives - 0.00% (31 Dec 11: 0.26%)			
Credit Default Swaps - 0.00% (31 Dec 11: 0.13%)			
Futures - 0.00% (31 Dec 11: (0.31)%)			
Interest Rate Swaps - 0.00% (31 Dec 11: 0.09%)			
Forwards - 0.00% (6.00)% (31 Dec 11: 0.35%)			
Bought Australian Dollar 145,000			
Sold Canadian Dollar 147,556		1,138	-
Bought Canadian Dollar 135,000			
Sold Japanese Yen 10,887,750		5,740	-
Bought Canadian Dollar 292,556			
Sold Sterling 184,141		(2,305)	-
Bought Euro 615,000			
Sold Sterling 495,239		6,364	-

	Holding	Market value £	Percentage of total net assets %
Bought Japanese Yen 10,748,660			
Sold Canadian Dollar 135,000		(6,739)	-
Bought Japanese Yen 199,618			
Sold Sterling 1,553		(120)	-
Bought Japanese Yen 33,139,472			
Sold US Dollar 415,000		(18,786)	-
Bought Norwegian Krone 2,900,000			
Sold Sterling 315,936		5,166	-
Bought Sterling 143,810			
Sold Swedish Krona 1,540,000		(2,434)	-
Bought Sterling 16,223			
Sold Australian Dollar 25,000		214	-
Bought Sterling 186,035			
Sold Norwegian Krone 1,710,000		(3,304)	-
Bought Sterling 262,241			
Sold Japanese Yen 33,200,000		23,882	-
Bought Sterling 411,442			
Sold Euro 510,000		(4,522)	-
Bought Sterling 488,458			
Sold US Dollar 775,000		9,058	-
Bought Sterling 76,045			
Sold Australian Dollar 120,000		(797)	-
Bought Sterling 91,668			
Sold Canadian Dollar 145,000		1,544	-

Holding	Market value £	Percentage of total net assets %
Bought Swedish Krona 1,388,218		
Sold Norwegian Krone 1,190,000	68	-
Bought Swedish Krona 151,782		
Sold Sterling 14,132	282	-
Bought US Dollar 1,056,088		
Sold Sterling 663,885	(10,609)	-
Bought US Dollar 133,912Sold Euro 105,000	(2,804)	-
Investment assets (including investment liabilities)	1,036	-
Net other liabilities	(1,036)	-
Net assets	-	-

All holdings are ordinary shares or stock units and admitted to official stock exchange listings or trade on a regulated market unless otherwise stated.

Portfolio movements (unaudited)
For the year ended 31 December 2012

	Cost £
Major purchases	
Treasury 1.75% 2017	1,088,723
Treasury 1% 2017	605,297
Treasury 3.75% 2019	521,089
Treasury 4% 2022	429,099
Treasury 4% 2060	349,005
Treasury 0.375% Index-Linked 2062	200,430
Anheuser-Busch InBev 2.875% 2024	119,328
Lloyds Banking Group 5.125% 2025	110,398
Treasury 5% 2025	106,192
Treasury 2.75% 2015	105,986
Commonwealth Bank of Australia 3% 2026	98,803
European Investment Bank 2.5% 2022	89,440
Wales & West Utilities 6.75% 2036	88,914
Treasury 4.75% 2020	87,385
Techem 7.875% 2020	84,411
Telefonica Emisiones 5.375% 2026	82,535
Treasury 4.25% 2049	80,259
Intelsat Jackson 7.25% 2020	75,081
Reynolds Group 8.5% 2018	72,747
Rabobank 4% 2022	69,282
Total for the year	£5,002,726

	Proceeds £
Major sales	
Treasury 4% 2060	1,778,821
Treasury 4.75% 2030	1,323,678
Treasury 4.25% 2040	1,169,187
Treasury 1.75% 2017	1,095,548
Treasury 4% 2022	1,060,798
Treasury 4.25% 2036	786,082
Treasury 4.75% 2020	780,695
Treasury 8% 2021	696,606
US Treasury 0.125% 2016	653,487
Treasury 5% 2025	628,449
Treasury 1% 2017	618,059
Treasury 2.75% 2015	559,080
Treasury 3.75% 2019	523,919
Treasury 2.25% 2014	453,779
Treasury 4.5% 2034	419,657
Anheuser-Busch InBev 9.75% 2024	259,749
General Electric Capital 6.5% FRN 2067	257,325
HSBC 6.5% FRN 2023	199,418
Treasury 0.375% Index-Linked 2062	197,736
Royal Bank of Scotland 6% 2017	196,254
Total for the year	£23,354,063

Statement of total return
For the year ended 31 December 2012

		31 Dec 12		31 Dec 11	
	Notes	£	£	£	£
Income					
Net capital gains	2		564,915		1,136,900
Revenue	3	414,160		933,005	
Expenses	4	(10,134)		(15,552)	
Finance costs: Interest	6	(2)		(1)	
Net revenue before taxation		404,024		917,452	
Taxation	5	-		-	
Net revenue after taxation			404,024		917,452
Total return before distributions			968,939		2,054,352
Finance costs: Distributions	6		(416,563)		(929,695)
Change in net assets attributable to shareholders from investment activities			£552,376		£1,124,657

Statement of change in net assets attributable to shareholders
For the year ended 31 December 2012

	31 Dec 12		31 Dec 11	
	£	£	£	£
Opening net assets attributable to shareholders		18,675,222		22,760,869
Amounts receivable on issue of shares	304,480		-	
Amounts payable on cancellation of shares	(19,532,078)		(6,098,105)	
		(19,227,598)		(6,098,105)
Change in net assets attributable to shareholders from investment activities (see Statement of total return)		552,376		1,124,657
Retained distribution on accumulation shares		-		887,801
Closing net assets attributable to shareholders		-		£18,675,222

Balance sheet**As at 31 December 2012**

	Notes	As at 31 Dec 12 £	As at 31 Dec 11 £
ASSETS			
Investment assets		53,456	18,181,332
Debtors	7	345	297,214
Cash and bank balances	8	8,509	623,148
Total other assets		8,854	920,362
Total assets		62,310	19,101,694
LIABILITIES			
Investment liabilities		52,420	415,431
Creditors	9	9,890	11,041
Total other liabilities		9,890	11,041
Total liabilities		62,310	426,472
Net assets attributable to shareholders		-	£18,675,222

Notes to the financial statements**1. Accounting policies**

Accounting policies of the Fund are as set out on pages 10 and 11.

2. Net capital gains

	31 Dec 12	31 Dec 11
	£	£
Currency losses	(7,714)	(76,886)
Derivative contracts	(52,310)	(8,884)
Forward currency contracts	93,817	(31,648)
Non-derivative securities	535,381	1,256,266
Transaction charges	(4,259)	(1,948)
Net capital gains	£564,915	£1,136,900

3. Revenue

	31 Dec 12	31 Dec 11
	£	£
Bank interest	(3)	10,151
Interest on debt securities	413,326	940,841
Interest on derivative contracts	837	(17,987)
	£414,160	£933,005

4. Expenses

	31 Dec 12	31 Dec 11
	£	£
<i>Payable to the Depositary, associates of the Depositary and agents of either of them:</i>		
Depositary's fees	1,211	2,460
	1,211	2,460
<i>Payable to other related parties and third parties:</i>		
Audit fees	7,224	10,342
Professional fees	-	923
Safe custody fees	-	830
Taxation fees	1,699	997
	8,923	13,092
	£10,134	£15,552

The audit fee for the period, excluding VAT was £6,000 (31 December 2011: £7,500).

5. Taxation

(a) Analysis of tax charge

There is no tax charge for the year.

(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 (31 Dec 11: 20%).

The differences are explained below:

	31 Dec 12 £	31 Dec 11 £
Net revenue before taxation	404,024	917,452
Corporation tax at 20%	80,805	183,490
<i>Effects of:</i>		
Interest distributions	(82,900)	(185,939)
Movement in excess expenses	2,025	2,449
Non-trade deficit set against current year income	70	-
	(80,805)	(183,490)
Total tax charge (5.a)	-	-

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 31 December 2012 the Fund had excess management expenses of £100,036 (31 Dec 11: £89,910). The deferred tax in respect of this would be £20,007 (31 Dec 11: £17,982). 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:

	31 Dec 12 £	31 Dec 11 £
Interim - first quarter	127,527	230,574
Interim - second quarter	94,322	247,528
Interim - third quarter	82,631	207,618
Final	-	202,081
	304,480	887,801
Add: Amounts deducted on cancellation of shares	112,428	41,894
Deduct: Movement on revenue due to Fund closure	(345)	-
Net distributions	416,563	929,695
Interest	2	1
Total finance costs	£416,565	£929,696
Net revenue after taxation	404,024	917,452
Add: Expenses charged to capital	10,134	14,629
Add: Revenue brought forward	2,752	366
Deduct: Revenue carried forward	(347)	(2,752)
Net distributions as above	£416,563	£929,695

Details of the distribution per share are set out in the table on page 45.

7. Debtors

	As at 31 Dec 12 £	As at 31 Dec 11 £
Accrued revenue	345	-
Interest receivable on debt securities	-	297,214
	£345	£297,214

8. Cash & bank balances

	As at 31 Dec 12 £	As at 31 Dec 11 £
Amounts held at futures clearing houses and brokers	-	122,295
Cash and bank balances	8,509	500,853
	£8,509	£623,148

9. Creditors

	As at 31 Dec 12 £	As at 31 Dec 11 £
Expense accruals	9,890	11,041
	£9,890	£11,041

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 31 December 2012 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.

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.

UBS Global Asset Management Life Ltd is a significant investor in the Fund. Transactions with the Fund were entered into in the normal course of business and on normal commercial terms. No initial charge was paid by UBS Global Asset Management Life Ltd on these transactions. The entity holds Class K Accumulation shares on which no ACD fee is payable. The aggregate value of these transactions during the year was £ (19,679,759) (31 Dec 2011: £ (6,177,768)). As at 31 December 2012, the entity held nil shares in the Fund with a market value of £nil (31 Dec 2011: 27,682,393 shares with a market value of £18,675,222).

The ACD has appointed UBS Global Asset Management (UK) Ltd to provide investment management services to the ACD in respect of the Fund. 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 18 and 19.

(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 £
31 Dec 12	-	-		
Australian Dollar	-	-	92,851	92,851
Canadian Dollar	-	-	265,745	265,745
Euro	-	-	501,603	501,603
Japanese Yen	-	-	316,528	316,528
Norwegian Krone	-	-	321,102	321,102
Sterling	8,509	-	1,676,269	1,684,778
Swedish Krona	-	-	146,244	146,244
US Dollar	-	-	736,112	736,112
	£8,509		£4,056,454	£4,064,963

Currency	Floating rate financial assets £	Fixed rate financial assets £	Financial assets not carrying interest £	Total £
31 Dec 11				
Australian Dollar	2	-	1,491,398	1,491,400
Canadian Dollar	1,837	-	883,486	885,323
Czech Koruna	466,668	409,815	1,628,009	2,504,492
Euro	31	-	-	31
Japanese Yen	707	-	1,441,443	1,442,150
New Zealand Dollar	947	-	375,295	376,242
Norwegian Krone	893	-	698,324	699,217
Polish Zloty	15	-	-	15
Singapore Dollar	1,012	-	-	1,012
South African Rand	676	-	-	676
Sterling	1,512,812	14,262,639	4,967,452	20,742,903
Swedish Krona	865	-	1,149,593	1,150,458
US Dollar	14,517	1,668,230	3,046,993	4,729,740
	£ 2,000,982	£ 16,340,684	£ 15,681,993	£ 34,023,659

ii) Financial liabilities

Currency	Floating rate financial liabilities £	Financial liabilities not carrying interest £	Total £
31 Dec 12			
Australian Dollar	-	92,851	92,851
Canadian Dollar	-	265,745	265,745
Euro	-	501,603	501,603
Japanese Yen	-	316,528	316,528
Norwegian Krone	-	321,102	321,102
Sterling	-	1,684,778	1,684,778
Swedish Krona	-	146,244	146,244
US Dollar	-	736,112	736,112
	-	£4,064,963	£4,064,963
31 Dec 11			
Australian Dollar	-	2,019,082	2,019,082
Canadian Dollar	-	551,726	551,726
Euro	-	3,014,298	3,014,298
Japanese Yen	-	1,075,414	1,075,414
New Zealand Dollar	-	554,866	554,866
Norwegian Krone	-	161,938	161,938
Sterling	-	2,266,459	2,266,459
Swedish Krona	-	1,660,518	1,660,518
US Dollar	-	4,044,136	4,044,136
		£ 15,348,437	£ 15,348,437

iii) Fixed rate financial assets

Currency	Weighted average interest rate %	Weighted average period for which the rate is fixed in years
31 Dec 12		
Euro	-	-
Sterling	-	-
US Dollar	-	-
31 Dec 11		
Euro	9.90	4.99
Sterling	3.45	19.26
US Dollar	3.85	6.80

(b) Currency exposure

As the fund no longer has any net assets there is no exposure to currency. In the prior year 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:

Currency	Monetary exposures £	Non- monetary exposures £	Total £
31 Dec 12			
Sterling	-	-	-
	-	-	-
31 Dec 11			
Australian Dollar	(527,682)	-	(527,682)
Canadian Dollar	333,597	-	333,597
Czech Koruna	31	-	31
Euro	(1,239,012)	729,206	(509,806)
Japanese Yen	366,736	-	366,736
New Zealand Dollar	(178,624)	-	(178,624)
Norwegian Krone	537,279	-	537,279
Polish Zloty	15	-	15
South African Rand	676	-	676
Singapore Dollar	1,012	-	1,012
Swedish Krona	(510,060)	-	(510,060)
US Dollar	(918,653)	1,604,257	685,604
	(2,134,685)	2,333,463	198,778
Sterling	3,108,421	15,368,023	18,476,444
	£973,736	£17,701,486	£18,675,222

(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.

14. Portfolio transaction costs

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

Distribution table**For the year ended 31 December 2012 (in pence per share)**

Final 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 payable 28/02/13 (p)	<i>Distribution paid 29/02/12 (p)</i>
Class K - Accumulation Gross						
Group 1	-	-	-	-	-	0.730000
Group 2	-	-	-	-	-	0.730000

Third quarter interim interest distribution

Group 1: Shares purchased prior to 1 July 2012

Group 2: Shares purchased between 1 July 2012 and 30 September 2012

	Gross revenue (p)	Income tax (20%)	Net revenue (p)	Equalisation (note 10) (p)	Distribution paid 30/11/12 (p)	<i>Distribution paid 30/11/11 (p)</i>
Class K - Accumulation Gross						
Group 1	0.690000	-	0.690000	-	0.690000	0.750000
Group 2	0.690000	-	0.690000	0.000000	0.690000	0.750000

Second quarter interim interest distribution

Group 1: Shares purchased prior to 1 April 2012

Group 2: Shares purchased between 1 April 2012 and 30 June 2012

	Gross revenue (p)	Income tax (20%)	Net revenue (p)	Equalisation (note 10) (p)	Distribution paid 31/08/12 (p)	<i>Distribution paid 31/08/11 (p)</i>
Class K - Accumulation Gross						
Group 1	0.710000	-	0.710000	-	0.710000	0.730000
Group 2	0.710000	-	0.710000	0.000000	0.710000	0.730000

First quarter interim interest distribution

Group 1: Shares purchased prior to 1 January 2012

Group 2: Shares purchased between 1 January 2012 and 31 March 2012

	Gross revenue (p)	Income tax (20%)	Net revenue (p)	Equalisation (note 10) (p)	Distribution paid 31/05/12 (p)	<i>Distribution paid 31/05/11 (p)</i>
Class K - Accumulation Gross						
Group 1	0.790000	-	0.790000	-	0.790000	0.680000
Group 2	0.790000	-	0.790000	0.000000	0.790000	0.680000

Gross shareholders receive a distribution without the deduction of income tax

UBS Corporate Bond UK Plus Fund

Manager's report

Investment objective and policy

To seek to generate a return greater than the return provided by UK investment grade corporate bonds, derived from investment in UK and global securities. The Fund invests in government bonds, non-government bonds (including bonds issued by local authorities, supra-nationals, agencies and corporate entities); fixed rate, variable rate, inflation-linked, index-linked and non-sterling bonds (including emerging market debt); secured and unsecured debt securities (including floating rate notes); and investment grade and high yield bonds; and may express views on exchange rates. Additionally, the Fund may invest in other transferable securities (including warrants), money market instruments, deposits, cash and near cash and units in collective investments schemes. At its discretion the Manager may use derivatives including forward foreign exchange, forward and futures contracts, swaps, options, repurchase agreements and structured credit, for investment purposes and or to manage interest rate, inflation, credit and currency exposures.

Market environment

2012 proved to be a rollercoaster year for bond markets, peppered by political events, as investors' low expectations were exceeded in the first quarter amid better than expected economic data and a relatively calm market response to the restructuring in Greece. However, continuation of falling energy prices, escalation of Euro area sovereign risk and further central bank easing conspired to drive many key developed sovereign bond yields to record new lows in the second quarter as risk averse investors sought refuge in safe havens. Central banks embarked on the logical next step of unconventional monetary policy in the third quarter, as both the Fed and European Central Bank (ECB) announced further quantitative easing measures. This resulted in positive returns for global developed sovereign markets, with the main driver of return being the strong performance of European sovereign bond markets; in particular, peripheral country bond markets continued to rally in light of the ECB's announcement of support through the Outright Monetary Transactions facility. The members of the Bank of England's Monetary Policy Committee (MPC) kept rates on hold throughout the period, although they did expand the Quantitative Easing programme and announced a new 'funding for lending' programme designed to boost credit for British enterprise. The Quantitative Easing programme ended in December but the MPC left the door open for further easing in the future if deemed necessary. Inflation fell throughout the first 9 months of the year before rising to 2.7% as at the end of November.

The additional yield on the iBoxx Non-Gilt index relative to UK Gilts fell from 2.65% to 1.67% and the index returned 13.04% over the year, outperforming government bond indices. Within the corporate bond index financial bonds outperformed non-financial

bonds. Financial bonds spreads tightened from 5.11% to 2.62% and non-financial bond spreads tightened marginally from 2.14% to 1.65%.

Fund performance

The Fund achieved a performance of 13.9%* for the year. Spread management and in particular issue selection provided the strongest contribution to outperformance relative to benchmark, whilst duration and currency management strategies also provided positive contributions to outperformance.

During the year the overall duration of the portfolio was reduced to an underweight. Our overall reduction in duration, particularly in the final quarter of the year, reflects recent improvements in data, such as US employment data, which we believe may prove to be bearish for bonds. Our significantly reduced UK duration position follows Chancellor Osborne's Autumn Statement, in which he revealed that the budget deficit is to grow larger than had previously been estimated and that the Treasury have extended their target timescale for debt reduction as a percentage of GDP by a year, which will result in an extension of austerity. Within active currency positioning we moved underweight GBP in preference to USD and NOK. We remain overweight financials, in particular insurers whilst underweight high quality supranationals and retain selective exposure to some high yield issuers. As many of the supranationals in the index are guaranteed by European states, our underweight to these agency names is intended to reduce exposure to the potential risk of underperformance on further downgrades to European sovereign issuers.

Outlook

Global growth is likely to remain sub-par in 2013, however, the 2014 outlook could be much brighter if the post financial crisis policies are not reversed prematurely. Europe continues to be the principle drag on the global economy, although most recent data, particularly in the US, has strengthened the argument for an improving outlook.

Supportive monetary policy, investors search for yield, and lack of exogenous shocks still support carry-based investment in the months ahead. Notwithstanding the short-term risk on credit from US fiscal cliff debt ceiling negotiations and Italian politics, a stronger global economy in 2014 and further monetary easing (through providing both a greater quantity and lowering the cost of money) is supportive for euro rates and credit particularly those financial issuers who are systemically important and reside in strong sovereign countries.

* Source: Lipper-Hindsight. Performance is based on NAV prices with income reinvested net of basic rate tax and in sterling terms to 31 December 2012, based on A income net shares.

Percentage growth

	31/12/11 to 31/12/12 %	31/12/10 to 31/12/11 %	31/12/09 to 31/12/10 %	31/12/08 to 31/12/09 %	31/12/07 to 31/12/08 %
Class A - Accumulation Gross Shares	15.11	2.95	11.20	24.67	-16.13
Class A - Accumulation Net Shares	14.00	1.81	9.99	23.21	-13.76
Class A - Income Gross Shares	15.14	2.75	4.98	-	-
Class A - Income Net Shares	13.93	1.74	9.83	22.31	-13.40
Class B - Accumulation Gross Shares	15.74	3.53	11.84	25.36	-15.68
Class B - Accumulation Net Shares	14.62	2.36	10.55	23.83	-15.82
Class B - Income Gross Shares	15.74	3.43	11.52	24.16	-12.56
Class B - Income Net Shares	14.64	2.27	10.37	22.88	-14.68
Class C - Accumulation Gross Shares	5.42	-	-	-	-
Class C - Accumulation Net Shares	5.06	-	-	-	-
Class C - Income Gross Shares	5.42	-	-	-	-
Class C - Income Net Shares	5.07	-	-	-	-
Class J - Accumulation Gross Shares	15.71	3.51	11.69	25.32	-15.35
Class K - Accumulation Gross Shares	16.47	4.17	12.59	26.14	-15.15
Class K - Income Gross Shares	-	-	7.01	24.94	-11.86

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: 6 March 2007; Class A Accumulation Gross and Class B Accumulation Gross Shares: 29 June 2007; Class J Accumulation Gross Shares: 31 January 2008; Class B Income Gross Shares: 25 February 2008; Class K Income Gross Shares: 8 April 2008; Class A Accumulation Net Shares: 14 April 2008; Class B Income Net Shares: 22 April 2008; Class B Accumulation Net Shares: 24 April 2008; Class A Income Net Shares: 24 June 2008; Class A Income Gross Shares: 23 March 2010. Class C Accumulation & Income (net & gross): 15 August 2012

The Fund has moved IMA sector from £ Strategic Bond Sector to £ Corporate Bond Sector from 1 October 2009.

Performance has been re-stated from this time.

Class K Income Gross Shares closed 25 June 2010. The performance quoted is up to this date.

UBS Global Asset Management Funds Ltd

8 April 2013

Performance record (unaudited)**1. Fund size**

Accounting year		Number of shares in issue	Total net asset value per share (p)*	Total net asset value (£)
31 December				
2010	Class A - Accumulation Gross	344,340	56.0	192,812
	Class A - Accumulation Net	152,262	58.1	88,493
	Class A - Income Gross	257,408	50.0	128,581
	Class A - Income Net	25,741	51.4	13,236
	Class B - Accumulation Gross	82,808	56.6	46,894
	Class B - Accumulation Net	150,327	57.3	86,144
	Class B - Income Gross	767,350	51.2	392,521
	Class B - Income Net	781,755	50.6	395,636
	Class J - Accumulation Gross	5,155,714	1,178.4	60,752,876
	Class K - Accumulation Gross	136,064,232	58.1	79,118,106
				£141,215,299
2011	Class A - Accumulation Gross	89,207	57.5	51,250
	Class A - Accumulation Net	249,806	59.0	147,333
	Class A - Income Gross	10,000	48.3	4,835
	Class A - Income Net	321,202	49.8	160,054
	Class B - Accumulation Gross	177,292	58.4	103,599
	Class B - Accumulation Net	22,697	58.5	13,269
	Class B - Income Gross	119,857	49.8	59,725
	Class B - Income Net	3,079,940	49.3	1,518,338
	Class J - Accumulation Gross	5,297,982	1,215.6	64,402,845
	Class K - Accumulation Gross	133,047,401	60.4	80,327,946
				£146,789,194

Accounting year		Number of shares in issue	Total net asset value per share (p)*	Total net asset value (£)
31 December				
2012	Class A - Accumulation Gross	305,660	66.35	202,809
	Class A - Accumulation Net	405,218	67.45	273,336
	Class A - Income Gross	218,356	53.06	115,861
	Class A - Income Net	654,086	54.69	357,688
	Class B - Accumulation Gross	175,784	67.85	119,271
	Class B - Accumulation Net	59,233	67.22	39,819
	Class B - Income Gross	27,257	54.95	14,979
	Class B - Income Net	2,227,449	54.41	1,211,920
	Class C - Accumulation Gross	10,000	52.42	5,242
	Class C - Accumulation Net	10,000	52.24	5,224
	Class C - Income Gross	10,000	51.52	5,152
	Class C - Income Net	10,000	51.53	5,153
	Class J - Accumulation Gross	3,522,268	1,411.21	49,706,678
	Class K - Accumulation Gross	127,691,269	70.55	90,085,424
				£142,148,556

* 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. Where the Fund invests in other funds, the figure includes the impact of the charges made in those other funds.

Share class	31 Dec 12 (%)
Class A - Accumulation Gross	1.20
Class A - Accumulation Net	1.20
Class A - Income Gross	1.20
Class A - Income Net	1.20
Class B - Accumulation Gross	0.66
Class B - Accumulation Net	0.66
Class B - Income Gross	0.66
Class B - Income Net	0.66
Class C - Accumulation Gross	0.65
Class C - Accumulation Net	0.65
Class C - Income Gross	0.65
Class C - Income Net	0.65
Class J - Accumulation Gross	0.68
Class K - Accumulation Gross	0.03

3. Share dealing price range and distribution record

The Fund was launched on 6 March 2007 at a price of 50p for Class K Accumulation Gross shares. Class A Accumulation Gross shares were launched on 26 March 2007 at a price of 49.14p; Class B Accumulation Gross shares were launched on 8 May 2007 at a price of 48.98p; Class J Accumulation Gross shares were launched on 31 January 2008 at a price of 1,000p; Class B Income Gross shares were launched on 25 February 2008 at a price of 50p; Class K Income Gross shares were launched on 8 April 2008 at a price of 10,000p; Class A Accumulation Net shares were launched on 14 April 2008 at a price of 50p; Class B Income Net shares were launched on 22 April 2008 at a price of 50p; Class B Accumulation Net shares were launched on 24 April 2008 at a price of 50p; Class A Income Net shares were launched 24 June 2008 at a price of 50p; Class A Income Gross shares were launched 23 March 2010 at a price of 50p; Class C Accumulation Gross, Class C Accumulation Net, Class C Income Gross and Class C Income Net shares were launched 17 August 2012 at a price of 50p.

Calendar year	Highest price (p)	Lowest price (p)	Distribution per share (net) (p)
Class A - Accumulation Gross			
2008	49.33	36.06	2.81
2009	50.76	39.28	3.00
2010	57.73	50.77	3.11
2011	58.95	55.63	3.26
2012	66.75	57.86	3.21
Class A - Accumulation Net			
2008 [†]	52.81	38.34	1.81
2009	53.30	41.55	2.58
2010	60.06	53.28	2.60
2011	60.92	57.23	2.70
2012	67.86	59.39	2.65

Calendar year	Highest price (p)	Lowest price (p)	Distribution per share (net) (p)
Class A - Income Gross			
2010 ^{††}	52.71	49.60	2.26
2011	51.86	47.49	2.86
2012	54.00	48.70	2.66
Class A - Income Net			
2008 [†]	50.14	37.92	1.20
2009	50.00	40.26	2.44
2010	54.09	49.30	2.37
2011	53.31	48.91	2.35
2012	55.55	50.18	2.20
Class B - Accumulation Gross			
2008	49.17	36.06	2.20
2009	51.04	39.34	3.01
2010	58.32	51.05	3.13
2011	59.74	56.27	3.30
2012	68.26	58.86	3.29
Class B - Accumulation Net			
2008 [†]	51.38	37.41	1.53
2009	52.27	40.61	2.48
2010	59.16	52.26	2.56
2011	60.20	56.66	2.69
2012	67.63	58.88	2.63

Calendar year	Highest price (p)	Lowest price (p)	Distribution per share (net) (p)
Class B - Income Gross			
2008 [†]	52.49	37.40	2.25
2009	49.61	39.71	2.99
2010	53.90	48.79	2.92
2011	53.22	48.89	2.95
2012	55.96	50.19	2.76
Class B - Income Net			
2008 [†]	51.90	48.70	1.66
2009	48.95	39.28	2.36
2010	53.18	48.28	2.32
2011	52.58	48.33	2.32
2012	55.27	49.65	2.18
Class C - Accumulation Gross			
2012 ^{††††}	52.73	50.00	0.90
Class C - Accumulation Net			
2012 ^{††††}	52.56	50.00	0.72
Class C - Income Gross			
2012 ^{††††}	52.44	50.00	0.89
Class C - Income Net			
2012 ^{††††}	52.32	50.00	0.71

Calendar year	Highest price (p)	Lowest price (p)	Distribution per share (net) (p)
Class J - Accumulation Gross			
2008 [†]	1,025.03	751.46	58.10
2009	1,063.45	819.82	62.98
2010	1,213.50	1,063.81	64.90
2011	1,243.01	1,170.90	68.79
2012	1,419.63	1,224.39	68.34
Class K - Accumulation Gross			
2008	49.65	36.54	3.00
2009	52.05	39.93	3.05
2010	59.80	52.08	3.21
2011	61.53	57.79	3.41
2012	70.97	60.82	3.40
Class K - Income Gross			
2008 [†]	10,580.84	7,524.84	468.35
2009	10,048.42	8,006.90	603.76
2010 ^{†††}	10,571.49	9,885.16	138.07

[†] covers period from launch to 31 December 2008.

^{††} covers period from launch to 31 December 2010.

^{†††} share class closed on the 25 June 2010.

^{††††} covers period from launch to 31 December 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 31 December 2012**

	Holding	Market value £	Percentage of total net assets %
Bonds - 96.56% (31 Dec 11 93.16%)			
Floating Rate Notes - 8.64% (31 Dec 11 7.17%)			
Allianz Finance II 5.75% FRN 2041	€1,000,000	933,263	0.66
Anglian Water Service Finance 5.5% 2040	£700,000	762,422	0.54
ELM 5.252% FRN Perpetual	€500,000	417,393	0.29
ENBW Energie Baden 7.375% 2072	€226,000	205,742	0.14
Equity Release Funding (No.3) 'A2' 5.05% FRN 2033	£125,000	133,294	0.09
Granite Master FRN 2054	£33,043	32,498	0.02
HBOS Capital Funding 6.461% FRN Perpetual	£549,000	495,236	0.35
Legal & General Finance 5.875% FRN Perpetual	£407,000	420,273	0.30
Linde Finance FRN 2068	£45,000	52,640	0.04
Munich Re FRN 2042	£500,000	587,699	0.41
Old Mutual 5% Perpetual	€400,000	300,191	0.21
Rabobank Capital Funding Trust IV 5.556% Perpetual	£1,084,000	1,080,079	0.76
RSA Insurance Group 8.5% Perpetual STEP	£715,000	772,499	0.54
RWE 7% FRN Perpetual	£900,000	979,860	0.69
Scottish & Southern Energy 5.453% FRN Perpetual	£499,000	519,844	0.37
Siemens 6.125% FRN 2066	£1,008,000	1,105,292	0.78
Standard Chartered 5.375% FRN Perpetual	£335,000	326,389	0.23
Swiss Reinsurance FRN Perpetual	£810,000	839,102	0.59
Unicredit Bank 6.375% 2018	£50,000	46,522	0.03
Wales & West Utilities 6.75% 2036	£540,000	630,664	0.44
Yorkshire Water Services Finance 6% FRN 2025	£1,000,000	1,108,930	0.78
Zurich Finance 6.625% FRN Perpetual	£500,000	538,554	0.38

	Holding	Market value £	Percentage of total net assets %
Mortgage & Asset Backed Securities - 2.23% (31 Dec 11 2.72%)			
Aladdin CDO 25X FRN 2016 #	\$200,000	-	-
Canary Wharf Finance II 'B' 6.8% 2033	£210,449	261,077	0.18
European Investment Bank 4.5% 2029	£1,000,000	1,168,179	0.82
European Investment Bank 8.75% FRN 2017	£1,000,000	1,336,943	0.94
Southern Water Asset Backed 8.5% 2019	£400,000	418,204	0.29
Ordinary Fixed Interest - 85.63% (31 Dec 11 83.22%)			
Abbey National Treasury Services 5.125% 2021	£265,000	313,131	0.22
Abbey National Treasury Services 5.25% 2029	£1,155,000	1,411,268	0.99
ABN Amro Bank 4.875% 2019	£518,000	580,334	0.41
America Movil 4.375% 2041	£350,000	344,465	0.24
America Movil 5% 2026	£320,000	368,900	0.26
American International 6.765% 2017	£465,000	544,688	0.38
Amgen 4% 2029	£460,000	461,247	0.32
Anglian Water (Osprey) Financing 7% 2018	£300,000	324,618	0.23
Anglian Water 4.5% 2027	£180,000	196,471	0.14
Anheuser-Busch InBev 2.875% 2024	€1,500,000	1,271,327	0.89
Annington Finance No.4 6.5676% 2023	£320,000	345,213	0.24
Annington Repackaging No.1 'A' 5.3236% 2023	£240,000	273,754	0.19
ANZ National International Bank 1.5% 2015	£780,000	781,801	0.55
Apria Healthcare Group 11.25% 2014	\$905,000	575,378	0.41
Aspire Defence Finance 'A' 4.674% 2040	£800,000	827,234	0.58
AT&T 4.875% 2044	£170,000	177,405	0.12
AT&T 5.5% 2027	£1,150,000	1,361,830	0.96
AXA 6.772% FRN Perpetual	£1,300,000	1,242,982	0.87
BAA Funding 6.75% 2028	£595,000	777,340	0.55

	Holding	Market value £	Percentage of total net assets %
BAA Funding 7.125% 2024	£1,154,000	1,381,447	0.97
BAA Funding 'A' 6.45% 2033	£835,000	1,049,507	0.74
Banco Espirito Santo 5.875% 2015	€500,000	417,888	0.29
Bank Nederlandse Gemeenten 5.2% 2028	£800,000	981,234	0.69
Bank of America 5.5% 2019	£875,000	995,048	0.70
Bank of America 6.125% 2021	£50,000	58,674	0.04
Bank of Scotland 9.375% 2021	£330,000	405,462	0.29
Barclays Bank 5.75% 2026	£1,285,000	1,363,666	0.96
Barclays Bank 7.625% 2022	\$750,000	462,628	0.33
Barclays Bank 9.5% 2021	£200,000	261,744	0.18
BAT International Finance 6% 2022	£450,000	558,343	0.39
BAT International Finance 6% 2034	£570,000	723,280	0.51
BHP Billiton Financial 3.25% 2024	£875,000	871,278	0.61
Boardriders 8.875% 2017	€620,000	530,831	0.37
Bradford & Bingley 5.625% 2013	£250,000	250,797	0.18
British Telecommunications 5.75% FRN 2028	£80,000	94,952	0.07
British Telecommunications 6.375% 2037	£216,000	266,310	0.19
British Telecommunications 8.625% FRN 2020	£300,000	406,208	0.29
Canary Wharf Finance II 5.952% 2037	£155,000	194,740	0.14
Celanese US Holdings 6.625% 2018	\$870,000	591,947	0.42
Centrica 4.375% 2029	£990,000	1,061,284	0.75
Citigroup 5.15% 2026	£1,500,000	1,669,830	1.17
Clydesdale Bank 4.625% 2026	£635,000	733,457	0.52
Commonwealth Bank of Australia 3% 2026	£875,000	861,457	0.61
Co-Operative Group 5.625% 2020	£915,000	944,015	0.66
Daily Mail & General Trust 5.75% 2018	£1,060,000	1,119,742	0.79
Deutsche Bahn Finance 1.375% 2017	£1,190,000	1,195,320	0.84

	Holding	Market value £	Percentage of total net assets %
Deutsche Telekom International Finance 4.875% 2042	\$600,000	393,683	0.28
DirecTV 4.375% 2029	£400,000	399,764	0.28
Dish DBS 6.75% 2021	\$335,000	234,823	0.17
Dong Energy 4.875% 2032	£400,000	428,956	0.30
EDF 6.125% 2034	£900,000	1,081,271	0.76
Eksportfinans 5.5% 2017	\$1,340,000	871,211	0.61
Enel 5.75% 2037	£215,000	197,243	0.14
Enel 5.75% 2040	£1,560,000	1,422,110	1.00
Energy Transfer Partners 6.05% 2041	\$595,000	418,395	0.29
Enterprise Inns 6.375% 2031	£460,000	379,500	0.27
Enterprise Inns 6.875% 2021	£350,000	312,375	0.22
ENW Finance 6.75% 2015	£900,000	990,083	0.70
Equity Release Funding (No.2) 'A2' 5.88% 2032	£80,000	93,456	0.07
European Investment Bank 2.5% 2022	£1,960,000	1,967,816	1.38
European Investment Bank 3.75% 2027	£1,000,000	1,067,135	0.75
European Investment Bank 4.25% 2021	£3,085,000	3,567,519	2.51
Everything Finance 4.375% 2019	£330,000	341,998	0.24
FCE Bank 4.825% 2017	£118,000	126,952	0.09
Ford Motor Credit 8.125% 2020	\$450,000	355,402	0.25
France Telecom 5.375% 2050	£300,000	312,598	0.22
Gatwick Funding 5.75% 2037	£279,000	314,300	0.22
Gaz Capital 6.58% FRN 2013	£585,000	603,515	0.42
GDF Suez 5% 2060	£800,000	830,625	0.58
General Electric Capital UK 5.5% FRN 2066	£700,000	691,341	0.49
General Electric Capital UK 5.875% 2033	£1,391,000	1,658,308	1.17
General Electric Capital UK 6% 2013	£1,000	1,013	-

	Holding	Market value £	Percentage of total net assets %
General Electric Capital UK 6.5% FRN 2067	£1,085,000	1,117,890	0.79
General Electric Capital UK 8% 2039	£598,000	875,211	0.62
Glencore Finance Europe 5.5% 2022	£910,000	987,192	0.69
Goldman Sachs Group 6.125% 2017	£315,000	355,967	0.25
Goldman Sachs Group 7.125% 2025	£515,000	669,060	0.47
Great Rolling Stock 6.875% 2035	£951,000	1,191,084	0.84
Greene King Finance 'B' 5.702% FRN 2034	£500,000	391,384	0.28
Heinz (H.J.) 6.25% 2030	£213,000	258,730	0.18
HSBC 5% FRN 2023	£750,000	798,173	0.56
HSBC 5.375% 2033	£1,050,000	1,154,566	0.81
HSBC 5.75% 2027	£100,000	112,649	0.08
HSBC 6.5% FRN 2023	£685,000	845,987	0.60
Hutchison Ports Finance 6.75% 2015	£720,000	819,445	0.58
Iberdrola 7.375% 2024	£550,000	624,231	0.44
Imperial Tobacco Finance 5.5% 2026	£220,000	256,032	0.18
Imperial Tobacco Finance 8.125% 2024	£250,000	343,176	0.24
Imperial Tobacco Finance 9% 2022	£1,085,000	1,535,898	1.08
Instituto de Credito Oficial 4% 2014	£934,000	929,410	0.65
Intelsat Jackson 7.25% 2020	\$500,000	336,333	0.24
JPMorgan Chase 3.5% 2026	£960,000	955,776	0.67
Lambay Capital Securities 6.25% FRN Perpetual#	£330,000	-	-
Land Securities Capital Markets 5.125% FRN 2036	£1,000,000	1,176,462	0.83
Libra Longhurst Group Treasury 5.125% 2038	£240,000	258,573	0.18
Lloyds Banking Group 5.125% 2025	£930,000	1,117,764	0.79
Lloyds Banking Group 7.5% 2024	£370,000	491,084	0.35
Lloyds Banking Group 7.625% 2025	£640,000	732,227	0.52
Lloyds Banking Group 9.625% FRN 2023	£530,000	679,694	0.48
Lloyds Banking Group 13% Perpetual STEP	£1,000	1,448	-

	Holding	Market value £	Percentage of total net assets %
London & Quadrant Housing Trust 4.625% 2033	£360,000	406,405	0.29
Merrill Lynch 7.75% 2018	£1,050,000	1,274,986	0.90
Metro Life Global Fund 3.5% 2026	£460,000	472,973	0.33
Metropolitan Life Global Funding I 5.25% 2014	£610,000	634,179	0.45
Michaels Stores 7.75% 2018	\$335,000	227,415	0.16
Morgan Stanley 5.75% 2017	£479,000	527,271	0.37
Morrison (Wm.) Supermarket 3.5% 2026	£170,000	169,889	0.12
Motability Operations 5.25% 2016	£1,150,000	1,296,909	0.91
National Australia Bank 3% 2026	£390,000	384,111	0.27
National Express Group 6.625% 2020	£970,000	1,123,739	0.79
National Grid Electricity 4% 2027	£690,000	704,273	0.50
National Grid Electricity 5.875% FRN 2024	£270,000	332,121	0.23
NetApp 2% 2017	\$1,130,000	696,495	0.50
Network Rail Infrastructure 4.625% 2020	£205,000	247,251	0.17
Network Rail Infrastructure 4.75% 2035	£110,000	135,280	0.10
New York Life Funding 5.125% 2015	£820,000	882,616	0.62
Nordea Bank 2.125% 2019	£460,000	455,911	0.32
Northern Gas Networks 4.875% 2027	£350,000	383,957	0.27
Northern Gas Networks 5.625% 2040	£50,000	58,002	0.04
Northern Gas Networks 5.875% 2019	£800,000	950,400	0.67
Northumbrian Water Finance 5.125% 2042	£385,000	420,354	0.30
Notting Hill Housing 3.75% 2032	£510,000	509,082	0.36
Pepsico 2.5% 2022	£490,000	486,502	0.34
Petrobras Global Finance 5.375% 2029	£510,000	534,480	0.38
Petrobras International Finance 6.25% 2026	£205,000	236,775	0.17
Petroleos Mexicanos 8.25% 2022	£631,000	811,482	0.57
Pfizer 6.5% 2038	£500,000	694,329	0.49
Prudential 5.875% 2029	£200,000	249,894	0.18

	Holding	Market value £	Percentage of total net assets %
QBE Insurance Group 10% 2014	£190,000	207,172	0.15
Qtel International 1% 2023	\$1,000,000	619,688	0.44
Quicksilver Resources 11.75% 2016	\$790,000	482,542	0.34
Rabobank 4% 2022	£670,000	715,876	0.50
Rabobank 5.25% 2027	£1,910,000	2,016,540	1.42
Reed Elsevier Investments 5.625% 2016	£1,000,000	1,129,591	0.79
Reseau Ferre de France 5% 2052	£70,000	75,292	0.05
Reseau Ferre de France 5.25% 2028	£100,000	117,696	0.08
Reseau Ferre de France 5.5% 2021	£100,000	120,122	0.08
Reynolds Group 8.5% 2018	\$555,000	352,732	0.25
Rio Tinto 4% 2029	£530,000	536,996	0.38
Royal Bank of Scotland 5.125% 2024	£405,000	486,937	0.34
Royal Bank of Scotland 6% 2017	£474,000	543,786	0.38
Royal Bank of Scotland 6.875% 2025	£1,500,000	1,914,354	1.35
RSA Insurance Group 6.701% FRN Perpetual	£690,000	709,903	0.50
RWE Finance 6.125% 2039	£1,400,000	1,732,804	1.22
Santander Consumer 3.25% 2014	€1,000,000	819,901	0.58
Scottish & Southern Energy 8.375% 2028	£310,000	473,411	0.33
Segro 6.75% FRN 2024	£250,000	304,297	0.21
Severn Trent 4.875% 2042	£450,000	477,143	0.34
SLM Student Loan Trust 5.15% 2039	£205,000	174,250	0.12
Southern Gas Network 4.875% 2029	£1,000,000	1,104,292	0.78
Southern Water Services Finance 'A4' 6.64% FRN 2026	£499,000	630,486	0.44
Statoil 6.875% 2031	£200,000	285,605	0.20
Sunrise Communications 8.5% 2018	€470,000	418,557	0.29
T.H.F.C. (Funding No.2) 6.35% 2041	£300,000	370,263	0.26
Techem 6.125% 2019	€100,000	87,678	0.06
Techem 7.875% 2020	€500,000	449,710	0.32

	Holding	Market value £	Percentage of total net assets %
Telefonica Emision 5.445% 2029	£700,000	660,905	0.47
Telefonica Emisiones 5.289% 2022	£400,000	401,338	0.28
Telefonica Emisiones 5.375% 2026	£85,000	82,711	0.06
Telereal Securitisation 5.5534% 2033	£1,028,899	1,241,947	0.87
Tesco 5.2% 2057	£450,000	465,329	0.33
Tesco Property 4 5.8006% 2040	£1,849,558	2,032,147	1.43
Tesco Property Finance 5.744% 2040	£299,168	327,296	0.23
Thames Water 5.5% 2041	£1,300,000	1,532,795	1.08
Thames Water Utilities Finance 4.625% 2046	£310,000	312,256	0.22
Treasury 4.25% 2036	£153,000	187,272	0.13
Treasury 4.5% 2042	£2,388,000	3,039,518	2.14
UPC 8.375% 2020	€450,000	410,045	0.29
Virgin Media Finance 5.125% 2022	£500,000	506,060	0.36
Virgin Media Secured Finance 7% 2018	£755,000	817,393	0.58
Viridian Group 11.125% 2017	€500,000	420,640	0.30
Wales & West Utilities Finance 5.75% 2030	£465,000	564,118	0.40
Wales & West Utilities Finance 6.25% 2021	£475,000	589,729	0.42
Wal-Mart Stores 4.875% 2039	£800,000	915,631	0.64
Wells Fargo 3.5% 2029	£240,000	233,478	0.16
Wells Fargo 4.875% 2035	£100,000	100,406	0.07
Western Power Distribution 5.75% 2032	£910,000	1,074,745	0.76
Western Union Company 2.875% 2017	\$1,200,000	735,996	0.52
Westfield 4.25% 2022	£520,000	552,292	0.39
White City Property Finance 5.1202% 2035	£637,619	697,186	0.49
Wind Acquisition Finance 11.75% 2017	€392,000	334,040	0.23
Yorkshire Water Services Finance 3.625% 2029	£180,000	177,442	0.13
Yorkshire Water Services Finance 6.375% 2039	£365,000	480,923	0.34
Ziggo 8% 2018	€400,000	358,910	0.25

	Holding	Market value £	Percentage of total net assets %
Zero Coupon Bonds - 0.06% (31 Dec 11 0.05%)			
Annington Finance No.4 0% 2022	£120,000	88,493	0.06
Derivatives - (0.29)% (31 Dec 11 0.44%)			
Credit Default Swaps - (0.11)% (31 Dec 11 0.07%)			
Barclays Credit Default Swap Deutsche Telekom 6% Receive 20 Dec 2016	1,600,000	15,066	0.01
Barclays Credit Default Swap DGX 6.95% Pay 20 Mar 2017	1,145,000	(8,918)	(0.01)
Barclays Credit Default Swap FSL 8.875% Receive 20 Jun 2016	820,000	(13,724)	(0.01)
Barclays Credit Default Swap Next 5.375% Pay 20 Mar 2018	1,270,000	3,842	-
Barclays Credit Default Swap NMG 7.125% Receive 20 Jun 2016	820,000	60,094	0.04
Barclays Credit Default Swap Pfizer 4.65% Receive 20 Mar 2017	1,145,000	17,060	0.01
Barclays Credit Default Swap Solvay 4.625% Pay 20 Mar 2017	945,000	847	-
Barclays Credit Default Swap Tesco 6% Receive 20 Mar 2018	1,270,000	3,548	-
Citibank Credit Default Swap Imperial Tobacco 1% Pay 20 Mar 2018	1,360,000	(29)	-
Credit Suisse Credit Default Swap Barclays Bank 1% Receive 20 Dec 2017	1,300,000	(13,731)	(0.01)
Credit Suisse Credit Default Swap Cox Communication 6% Pay 20 Jun 2017	590,000	(11,199)	(0.01)
Credit Suisse Credit Default Swap Lloyds Banking Group 3% Pay 20 Dec 2017	1,300,000	(89,599)	(0.06)

	Holding	Market value £	Percentage of total net assets %
Deutsche Bank Credit Default Swap DGX 6.95% Pay 20 Mar 2017	1,095,000	(8,529)	(0.01)
Deutsche Bank Credit Default Swap Pfizer 4.65% Receive 20 Mar 2017	1,095,000	16,315	0.01
Goldman Sachs Credit Default Swap Credit Agricole 7% Pay 20 Mar 2017	1,020,000	(7,761)	(0.01)
Goldman Sachs Credit Default Swap BBVSM SRFI 4.8% Pay 20 Mar 2018	960,000	(8,141)	(0.01)
Goldman Sachs Credit Default Swap CDX.NA.HY 5% Pay 20 Dec 2017	9,200,000	(19,844)	(0.01)
Goldman Sachs Credit Default Swap Cox Communication 6% Pay 20 Jun 2017	590,000	(10,807)	(0.01)
Goldman Sachs Credit Default Swap GASSM-GNCM 4.5% Receive 20 Dec 2017	1,230,000	(54,310)	(0.04)
Goldman Sachs Credit Default Swap Procter & Gamble 4.95% Receive 20 Mar 2017	1,020,000	17,881	0.01
Goldman Sachs Credit Default Swap Solvay 4.625% Pay 20 Jun 2017	655,000	587	-
Goldman Sachs Credit Default Swap Xerox 6.35% Receive 20 Jun 2017	590,000	(20,513)	(0.01)
JPM Credit Default Swap BYIF 5.625% Pay 20 Mar 2018	1,920,000	(36,999)	(0.03)
JPM Credit Default Swap CDX.NA.HY 5% Pay 20 Dec 2017	6,900,000	(14,883)	(0.01)
JPM Credit Default Swap CSC 6.5% Pay 20 Mar 2014	1,680,000	(9,893)	(0.01)
JPM Credit Default Swap CSC 6.5% Receive 20 Mar 2016	1,125,000	5,842	-

	Holding	Market value £	Percentage of total net assets %
JPM Credit Default Swap Linde Finance 5% Receive 20 Mar 2018	1,920,000	36,002	0.03
JPM Credit Default Swap Metro 7.625% Pay 20 Mar 2017	1,630,000	30,750	0.02
JPM Credit Default Swap Xerox 6.35% Receive 20 Jun 2017	590,000	(20,513)	(0.01)
Merrill Lynch Credit Default Swap AIG Bank 8.25% Receive 20 Jun 2016	820,000	32,068	0.02
Futures - (0.08)% (31 Dec 11 (0.10)%)			
Australia 10 Year Bond Future Mar 2013	56	(46,961)	(0.03)
Japan 10 Year Future Mar 2013	(38)	8,455	0.01
Long Gilt Future Mar 2013	(103)	(33,475)	(0.02)
US 10 Year Note Future Mar 2013	53	(16,135)	(0.01)
US 5 Year Note Future Mar 2013	308	(35,721)	(0.03)
US Ultra Bond Future Mar 2013	(22)	(3,845)	-
Interest Rate Swaps - 0.01% (31 Dec 11 0.09%)			
Interest Rate Swap 0.77% 12 Oct 2017	36,080,000	13,814	0.01
Forwards - (0.11)% (31 Dec 2011 0.38%)			
Bought Australian Dollar 2,335,000 Sold Canadian Dollar 2,376,164		18,332	0.01
Bought Canadian Dollar 2,495,000 Sold Japanese Yen 201,221,750		106,084	0.07
Bought Canadian Dollar 5,105,017 Sold US Dollar 5,100,000		18,234	0.01
Bought Euro 4,520,000 Sold Sterling 3,675,076		11,503	0.01
Bought Euro 1,735,000 Sold US Dollar 2,284,452		1,973	-

	Holding	Market value £	Percentage of total net assets %
Bought Euro 2,040,000 Sold Swedish Krona 17,903,856		(36,366)	(0.03)
Bought Japanese Yen 594,114,876 Sold US Dollar 7,440,000		(336,798)	(0.24)
Bought Japanese Yen 202,015,165 Sold Australian Dollar 2,350,000		(54,463)	(0.04)
Bought Japanese Yen 208,409,544 Sold Euro 1,960,000		(102,330)	(0.07)
Bought Japanese Yen 198,651,152 Sold Canadian Dollar 2,495,000		(124,540)	(0.09)
Bought Malaysian Ringgit 6,922,365 Sold US Dollar 2,270,000		(6,045)	-
Bought Norwegian Krone 49,720,000 Sold Sterling 5,412,726		92,521	0.07
Bought Sterling 1,362,475 Sold Australian Dollar 2,150,000		(14,285)	(0.01)
Bought Sterling 10,726,069 Sold Euro 13,275,000		(101,221)	(0.07)
Bought Sterling 2,327,108 Sold Swedish Krona 24,920,000		(39,393)	(0.03)
Bought Sterling 2,053,698 Sold US Dollar 3,302,198		11,020	0.01
Bought Sterling 1,410,000 Sold US Dollar 2,296,963		(10,858)	(0.01)
Bought Sterling 4,554,268 Sold Japanese Yen 576,900,000		412,416	0.29
Bought Sterling 1,700,602 Sold Canadian Dollar 2,690,000		28,646	0.02

Holding	Market value £	Percentage of total net assets %
Bought Sterling 1,545,000		
Sold Norwegian Krone 14,242,722	(32,025)	(0.02)
Bought Swedish Krona 24,882,938		
Sold Norwegian Krone 21,330,000	1,217	-
Bought Swedish Krona 17,566,338		
Sold Euro 2,040,000	4,314	-
Bought US Dollar 1,265,000		
Sold Sterling 777,450	5,055	-
Bought US Dollar 2,520,000		
Sold Sterling 1,569,018	(10,193)	(0.01)
Bought US Dollar 2,502,880 Sold Euro 1,962,500	(52,410)	(0.04)
Bought US Dollar 4,540,000		
Sold Japanese Yen 378,778,102	88,923	0.06
Bought US Dollar 2,270,000		
Sold Singapore Dollar 2,766,721	3,573	-
Investment assets	136,845,373	96.27
Net other assets	5,303,183	3.73
Net assets	£142,148,556	100.00

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 31 December 2012, 99.60% of the debt securities were rated as investment grade as a percentage of the total bond holdings value and 0.40% were unrated.

Unquoted securities

Portfolio movements (unaudited)
For the year ended 31 December 2012

	Cost £
Major purchases	
Treasury 4.5% 2042	3,260,643
Rabobank 5.25% 2027	1,994,491
Anheuser-Busch InBev 2.875% 2024	1,990,326
European Investment Bank 2.5% 2022	1,953,916
Commonwealth Bank of Australia 3% 2026	1,760,416
BHP Billiton Financial 3.25% 2024	1,689,019
Deutsche Bahn Finance 2.75% 2022	1,515,668
Treasury 4.5% 2034	1,475,628
Lloyds Banking Group 5.125% 2025	1,382,937
Motability Operations 5.25% 2016	1,302,595
Abbey National Treasury Services 5.25% 2029	1,281,931
Network Rail Infrastructure 4.625% 2020	1,265,870
Credit Suisse International Primary 10.25% FRN Perpetual	1,229,000
Air France 6.25% 2018	1,209,925
Heathrow Funding 7.125% 2024	1,189,886
Deutsche Bahn Finance 1.375% 2017	1,188,346
European Investment Bank 4.5% 2029	1,108,370
Renault 4.625% 2017	1,085,803
European Investment Bank 3.75% 2027	1,069,170
Daily Mail & General Trust 5.75% 2018	1,067,878
Total for the year	£92,049,812

	Proceeds £
Major sales	
Treasury 4.75% 2030	3,975,676
Anheuser-Busch InBev 9.75% 2024	2,157,521
European Investment Bank 8.75% FRN 2017	1,863,851
Deutsche Bahn Finance 2.75% 2022	1,557,924
Treasury 4.5% 2034	1,468,121
ESB Finance 6.5% 2020	1,423,150
Octagon Healthcare Funding 5.333% FRN 2035	1,419,857
Aviva 6.125% FRN 2036	1,365,697
Treasury 0.625% Index-Linked 2040	1,289,192
Credit Suisse International Primary 10.25% FRN Perpetual	1,247,000
Instituto de Credito Oficial 4% 2014	1,240,840
Air France 6.25% 2018	1,216,604
General Electric Capital UK 8% 2039	1,204,652
CNP Assurances 7.375% 2041	1,192,100
KPN 5.75% 2016	1,172,571
Telecom Italia 5.875% FRN 2023	1,157,861
Svenska Handelsbanken 5.375% Perpetual	1,135,650
Renault 4.625% 2017	1,082,811
RWE Finance 6.125% 2039	1,078,678
Petrobras International Finance 6.25% 2026	1,019,776
Total for the year	£106,552,931

Statement of total return
For the year ended 31 December 2012

		31 Dec 12		31 Dec 11	
	Notes	£	£	£	£
Income					
Net capital gains/(losses)	2		15,584,331		(2,640,665)
Revenue	3	7,817,168		8,161,768	
Expenses	4	(490,606)		(451,261)	
Finance costs: Interest	6	(202)		(33)	
Net revenue before taxation		7,326,360		7,710,474	
Taxation	5	-		-	
Net revenue after taxation			7,326,360		7,710,474
Total return before distributions			22,910,691		5,069,809
Finance costs: Distributions	6		(7,811,535)		(8,167,218)
Change in net assets attributable to shareholders from investment activities			£15,099,156		£(3,097,409)

Statement of change in net assets attributable to shareholders
For the year ended 31 December 2012

	31 Dec 12		31 Dec 11	
	£	£	£	£
Opening net assets attributable to shareholders		146,789,194		141,215,299
Amounts receivable on issue of shares	10,845,819		10,746,074	
Amounts payable on cancellation of shares	(38,084,010)		(10,192,459)	
		(27,238,191)		553,615
Change in net assets attributable to shareholders from investment activities (see Statement of total return)		15,099,156		(3,097,409)
Retained distribution on accumulation shares		7,498,397		8,117,689
Closing net assets attributable to shareholders		£142,148,556		£146,789,194

Balance sheet**As at 31 December 2012**

		As at 31 Dec 12 £	As at 31 Dec 11 £
	Notes		
ASSETS			
Investment assets		138,251,831	140,306,169
Debtors	7	2,712,435	3,490,171
Cash and bank balances	8	2,668,205	5,976,131
Total other assets		5,380,640	9,466,302
Total assets		143,632,471	149,772,471
LIABILITIES			
Investment liabilities		1,406,458	2,906,601
Creditors	9	60,496	56,299
Distribution payable		16,961	20,377
Total other liabilities		77,457	76,676
Total liabilities		1,483,915	2,983,277
Net assets attributable to shareholders		£142,148,556	£146,789,194

Notes to the financial statements

1. Accounting policies

Accounting policies of the Fund are as set out on pages 10 and 11.

2. Net capital gains/(losses)

	31 Dec 12 £	31 Dec 11 £
Currency losses	(128,621)	(54,308)
Derivative contracts	(663,093)	56,498
Forward currency contracts	1,366,214	(33,353)
Non-derivative securities	15,027,246	(2,606,930)
Transaction charges	(17,415)	(2,572)
Net capital gains/(losses)	£15,584,331	£(2,640,665)

3. Revenue

	31 Dec 12 £	31 Dec 11 £
Bank interest	-	15,868
Interest on debt securities	7,832,793	8,249,766
Interest on derivative contracts	(15,625)	(103,866)
	£7,817,168	£8,161,768

4. Expenses

	31 Dec 12 £	31 Dec 11 £
<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	464,513	413,735
Registration fees	920	656
	465,433	414,391
<i>Payable to the Depositary, associates of the Depositary and agents of either of them:</i>		
Depositary's fees	15,121	14,396
	15,121	14,396
<i>Payable to other related parties and third parties:</i>		
Audit fees	9,049	9,165
Professional fees	-	923
Safe custody fees	-	11,389
Taxation fees	1,003	997
	10,052	22,474
	£490,606	£451,261

The audit fee for the period, excluding VAT was £7,500 (31 December 2011: £7,500).

5. Taxation

(a) Analysis of tax charge

There is no tax charge for the year.

(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 (31 Dec 11: 20%).

The differences are explained below:

	31 Dec 12 £	31 Dec 11 £
Net revenue before taxation	7,326,360	7,710,474
Corporation tax at 20%	1,465,272	1,542,095
<i>Effects of:</i>		
Interest distributions	(1,563,393)	(1,632,347)
Movement in excess expenses	98,121	90,252
	(1,465,272)	(1,542,095)
Total tax charge (5.a)	-	-

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 31 December 2012 the Fund had excess management expenses of £1,691,401 (31 Dec 11: £1,200,795). The deferred tax in respect of this would be £338,280 (31 Dec 11: £240,159). 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:

	31 Dec 12 £	31 Dec 11 £
Interim - first quarter	2,014,902	1,932,981
Interim - second quarter	1,993,420	2,068,255
Interim - third quarter	1,912,890	2,093,785
Final	1,671,539	2,087,857
	7,592,751	8,182,878
Add: Amounts deducted on cancellation of shares	297,043	83,128
Deduct: Amounts added on issue of shares	(78,259)	(98,788)
Net distributions	7,811,535	8,167,218
Interest	202	33
Total finance costs	£7,811,737	£8,167,251
Net revenue after taxation	7,326,360	7,710,474
Add: Expenses charged to capital	490,606	450,340
Add: Revenue brought forward	2,228	8,632
Deduct: Revenue carried forward	(7,659)	(2,228)
Net distributions as above	£7,811,535	£8,167,218

Details of the distribution per share are set out in the table on pages 72 to 75.

7. Debtors

	As at 31 Dec 12 £	As at 31 Dec 11 £
Amounts receivable on issue of shares	9,988	-
Interest receivable on debt securities	2,702,447	3,488,520
Interest receivable on swaps	-	1,651
	£2,712,435	£3,490,171

8. Cash & bank balances

	As at 31 Dec 12 £	As at 31 Dec 11 £
Amounts held at futures clearing houses and brokers	684,541	726,688
Cash and bank balances	1,983,664	5,249,443
	£2,668,205	£5,976,131

9. Creditors

	As at 31 Dec 12 £	As at 31 Dec 11 £
Amounts payable on cancellation of shares	2,254	-
Expense accruals	48,694	50,108
Income tax payable	9,548	6,191
	£60,496	£56,299

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 31 December 2012 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 31 December 2012 the amounts included in creditors in respect of management fees and registration fees due to the ACD are £30,535 and £91 respectively (31 Dec 11: £35,346 and £60).

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 Life Ltd is a significant investor in the Fund. Transactions with the Fund were entered into in the normal course of business and on normal commercial terms. No initial charge was paid by UBS Global Asset Management Life Ltd on these transactions. The entity holds Class K Accumulation shares on which no ACD fee is payable. The aggregate value of these transactions during the year was £(2,610,662) (31 Dec 11: £(5,880,000)). As at 31 December 2012, the entity held 23,584,698 shares in the Fund with a market value of £16,638,863 (31 Dec 11: 28,940,829 shares with a market value of £17,473,151).

UBS Global Allocation Fund (UK) is also a significant investor in the Fund. Transactions with the Fund were entered into in the normal course of business and on normal commercial terms. No initial charge was paid by UBS Global Allocation Fund (UK) on these transactions. The entity holds Class K Accumulation shares on which no ACD fee is payable. The aggregate value of these transactions during the period was £nil (31 Dec 11: £4,000,000). As at 31 December 2012, the entity held 104,106,572 shares in the Fund with a market value of £73,446,561 (31 Dec 11: 104,106,572 shares with market value of £62,854,795).

The ACD has appointed UBS Global Asset Management (UK) Ltd to provide investment management services to the ACD in respect of the Fund. 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 18 and 19.

(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 £
31 Dec 12				
Australian Dollar	269,521	-	1,495,225	1,764,746
Canadian Dollar	-	-	4,723,753	4,723,753
Czech Koruna	31	-	-	31
Euro	2,034,953	5,519,545	6,961,773	14,516,271
Japanese Yen	16,662	-	8,646,759	8,663,421
Malaysian Ringgit	-	-	1,398,134	1,398,134
New Zealand Dollar	1,223	-	-	1,223
Norwegian Krone	919	-	5,505,247	5,506,166
Polish Zloty	16	-	-	16
South African Rand	617	-	-	617
Sterling	19,541,234	103,555,008	28,223,602	151,319,844
Swedish Krona	876	-	4,031,150	4,032,026
US Dollar	1,572,586	7,354,674	8,313,811	17,241,071
	£23,438,638	£116,429,227	£69,299,454	£209,167,319

Currency	Floating rate financial assets £	Fixed rate financial assets £	Financial assets not carrying interest £	Total £
31 Dec 11				
Australian Dollar	230	-	11,556,693	11,556,923
Canadian Dollar	-	-	7,131,944	7,131,944
Euro	1,375,126	4,967,279	12,487,816	18,830,221
Japanese Yen	458	-	10,854,567	10,855,025
New Zealand Dollar	257	-	2,862,708	2,862,965
Norwegian Krone	-	-	5,306,833	5,306,833
Sterling	5,287,656	121,636,340	35,799,513	162,723,509
Swedish Krona	-	-	8,978,360	8,978,360
US Dollar	1,131,607	8,341,078	23,410,536	32,883,221
	£7,795,334	£134,944,697	£118,388,970	£261,129,001

ii) Financial liabilities

Currency	Floating rate financial liabilities £	Financial liabilities not carrying interest £	Total £
31 Dec 12			
Australian Dollar	-	2,928,550	2,928,550
Canadian Dollar	-	4,699,604	4,699,604
Euro	-	15,893,203	15,893,203
Japanese Yen	-	8,305,958	8,305,958
Norwegian Krone	-	3,938,789	3,938,789
Singapore Dollar	-	1,400,607	1,400,607
Sterling	-	11,545,202	11,545,202
Swedish Krona	-	4,066,722	4,066,722
US Dollar	-	14,240,128	14,240,128
	-	£67,018,763	£67,018,763
31 Dec 11			
Australian Dollar	-	15,867,454	15,867,454
Canadian Dollar	-	4,322,965	4,322,965
Euro	-	22,661,656	22,661,656
Japanese Yen	-	7,931,420	7,931,420
New Zealand Dollar	-	4,321,453	4,321,453
Norwegian Krone	-	1,271,294	1,271,294
Sterling	-	17,387,439	17,387,439
Swedish Krona	-	12,920,737	12,920,737
US Dollar	-	27,655,389	27,655,389
	-	£114,339,807	£114,339,807

iii) Fixed rate financial assets

Currency	Weighted average interest rate %	Weighted average period for which the rate is fixed in years
31 Dec 12		
Euro	10.36	11.08
Sterling	10.19	16.21
US Dollar	4.78	8.36
31 Dec 11		
Euro	10.56	5.04
Sterling	5.07	17.01
US Dollar	5.64	7.53

(b) Currency exposure

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

Numerical disclosures are as follows:

Currency	Monetary exposures £	Non- monetary exposures £	Total £
31 Dec 12			
Australian Dollar	(1,116,843)	(46,961)	(1,163,804)
Canadian Dollar	24,149	-	24,149
Czech Koruna	31	-	31
Euro	(8,640,900)	7,263,968	(1,376,932)
Japanese Yen	349,007	8,456	357,463
Malaysian Ringgit	1,398,134	-	1,398,134
New Zealand Dollar	1,223	-	1,223
Norwegian Krone	1,567,377	-	1,567,377
Polish Zloty	16	-	16
Singapore Dollar	(1,400,607)	-	(1,400,607)
South African Rand	617	-	617
Swedish Krona	(34,696)	-	(34,696)
US Dollar	(4,314,520)	7,315,463	3,000,943
 Sterling	 17,353,079	 122,421,563	 139,774,642
	£5,186,067	£136,962,489	£142,148,556

Currency	Monetary exposures £	Non- monetary exposures £	Total £
31 Dec 11			
Australian Dollar	(4,310,531)	-	(4,310,531)
Canadian Dollar	2,808,979	-	2,808,979
Euro	(9,043,676)	5,212,241	(3,831,435)
Japanese Yen	2,923,605	-	2,923,605
New Zealand Dollar	(1,458,488)	-	(1,458,488)
Norwegian Krone	4,035,539	-	4,035,539
Swedish Krona	(3,942,377)	-	(3,942,377)
US Dollar	(2,718,419)	7,946,251	5,227,832
	(11,705,368)	13,158,492	1,453,124
Sterling	21,625,254	123,710,816	145,336,070
	£9,919,886	£136,869,308	£146,789,194

(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 31 December 2012, the Fund's VaR was 2.15%. This means that per the statistical analysis there is a 99% probability that, over a month, the maximum loss the Fund could suffer is 2.15% of its value.

Further information on risks can be found in the Risk Profile on pages 18 and 19.

14. Portfolio transaction costs

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

Distribution table**For the year ended 31 December 2012 (in pence per share)****Final interest distribution**

Group 1: Shares purchased prior to 1 October 2012

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

	Gross revenue (p)	Income tax (20%)	Net revenue (p)	Equalisation (note 10) (p)	Distribution payable 28/02/13 (p)	Distribution paid 29/02/12 (p)
Class A - Accumulation Gross						
Group 1	0.780000	-	0.780000	-	0.780000	0.820000
Group 2	0.449827	-	0.449827	0.330173	0.780000	0.820000
Class A - Accumulation Net						
Group 1	0.800000	0.160000	0.640000	-	0.640000	0.680000
Group 2	0.253071	0.050614	0.202457	0.437543	0.640000	0.680000
Class A - Income Gross						
Group 1	0.640000	-	0.640000	-	0.640000	0.710000
Group 2	0.006447	-	0.006447	0.633553	0.640000	0.710000
Class A - Income Net						
Group 1	0.662500	0.132500	0.530000	-	0.530000	0.580000
Group 2	0.267060	0.053412	0.213648	0.316352	0.530000	0.580000
Class B - Accumulation Gross						
Group 1	0.810000	-	0.810000	-	0.810000	0.830000
Group 2	0.513307	-	0.513307	0.296693	0.810000	0.830000
Class B - Accumulation Net						
Group 1	0.800000	0.160000	0.640000	-	0.640000	0.670000
Group 2	0.475608	0.095121	0.380487	0.259513	0.640000	0.670000
Class B - Income Gross						
Group 1	0.670000	-	0.670000	-	0.670000	0.740000
Group 2	0.670000	-	0.670000	0.000000	0.670000	0.740000

	Gross revenue (p)	Income tax (20%)	Net revenue (p)	Equalisation (note 10) (p)	Distribution payable 28/02/13 (p)	Distribution paid 29/02/12 (p)
Class B - Income Net						
Group 1	0.662500	0.132500	0.530000	-	0.530000	0.570000
Group 2	0.662500	0.132500	0.530000	0.000000	0.530000	0.570000
Class C - Accumulation Gross						
Group 1	0.620000	-	0.620000	-	0.620000	-
Group 2	0.620000	-	0.620000	0.000000	0.620000	-
Class C - Accumulation Net						
Group 1	0.612500	0.122500	0.490000	-	0.490000	-
Group 2	0.612500	0.122500	0.490000	0.000000	0.490000	-
Class C - Income Gross						
Group 1	0.610000	-	0.610000	-	0.610000	-
Group 2	0.610000	-	0.610000	0.000000	0.610000	-
Class C - Income Net						
Group 1	0.600000	0.120000	0.480000	-	0.480000	-
Group 2	0.600000	0.120000	0.480000	0.000000	0.480000	-
Class J - Accumulation Gross						
Group 1	16.560000	-	16.560000	-	16.560000	17.250000
Group 2	16.560000	-	16.560000	0.000000	16.560000	17.250000
Class K - Accumulation Gross						
Group 1	0.830000	-	0.830000	-	0.830000	0.860000
Group 2	0.393297	-	0.393297	0.436703	0.830000	0.860000

Third quarter interim interest distribution

Group 1: Shares purchased prior to 1 July 2012

Group 2: Shares purchased between 1 July 2012 and 30 September 2012

	Gross revenue (p)	Income tax (20%)	Net revenue (p)	Equalisation (note 10) (p)	Distribution paid 30/11/12 (p)	Distribution paid 30/11/11 (p)
Class A - Accumulation Gross						
Group 1	0.790000	-	0.790000	-	0.790000	0.840000
Group 2	0.158993	-	0.158993	0.631007	0.790000	0.840000
Class A - Accumulation Net						
Group 1	0.812500	0.162500	0.650000	-	0.650000	0.690000
Group 2	0.182601	0.036520	0.146081	0.503919	0.650000	0.690000
Class A - Income Gross						
Group 1	0.650000	-	0.650000	-	0.650000	0.730000
Group 2	0.412457	-	0.412457	0.237543	0.650000	0.730000
Class A - Income Net						
Group 1	0.662500	0.132500	0.530000	-	0.530000	0.600000
Group 2	0.063710	0.012742	0.050968	0.479032	0.530000	0.600000
Class B - Accumulation Gross						
Group 1	0.800000	-	0.800000	-	0.800000	0.850000
Group 2	0.490062	-	0.490062	0.309938	0.800000	0.850000
Class B - Accumulation Net						
Group 1	0.812500	0.162500	0.650000	-	0.650000	0.710000
Group 2	0.074177	0.014835	0.059342	0.590658	0.650000	0.710000
Class B - Income Gross						
Group 1	0.660000	-	0.660000	-	0.660000	0.750000
Group 2	0.660000	-	0.660000	0.000000	0.660000	0.750000

	Gross revenue (p)	Income tax (20%)	Net revenue (p)	Equalisation (note 10) (p)	Distribution paid 30/11/12 (p)	Distribution paid 30/11/11 (p)
Class B - Income Net						
Group 1	0.662500	0.132500	0.530000	-	0.530000	0.600000
Group 2	0.662500	0.132500	0.530000	0.000000	0.530000	0.600000
Class J - Accumulation Gross						
Group 1	16.890000	-	16.890000	-	16.890000	17.750000
Group 2	16.890000	-	16.890000	0.000000	16.890000	17.750000
Class K - Accumulation Gross						
Group 1	0.840000	-	0.840000	-	0.840000	0.880000
Group 2	0.840000	-	0.840000	0.000000	0.840000	0.880000
Class C - Accumulation Gross						
Group 1	0.280000	-	0.280000	-	0.280000	-
Group 2	0.280000	-	0.280000	0.000000	0.280000	-
Class C - Accumulation Net						
Group 1	0.287500	0.057500	0.230000	-	0.230000	-
Group 2	0.287500	0.057500	0.230000	0.000000	0.230000	-
Class C - Income Gross						
Group 1	0.280000	-	0.280000	-	0.280000	-
Group 2	0.280000	-	0.280000	0.000000	0.280000	-
Class C - Income Net						
Group 1	0.287500	0.057500	0.230000	-	0.230000	-
Group 2	0.287500	0.057500	0.230000	0.000000	0.230000	-

Second quarter interim interest distribution

Group 1: Shares purchased prior to 1 April 2012

Group 2: Shares purchased between 1 April 2012 to 30 June 2012

	Gross revenue (p)	Income tax (20%)	Net revenue (p)	Equalisation (note 10) (p)	Distribution paid 31/08/12 (p)	<i>Distribution paid 31/08/11 (p)</i>
Class A - Accumulation Gross						
Group 1	0.820000	-	0.820000	-	0.820000	<i>0.820000</i>
Group 2	0.155629	-	0.155629	0.664371	0.820000	<i>0.820000</i>
Class A - Accumulation Net						
Group 1	0.850000	0.170000	0.680000	-	0.680000	<i>0.680000</i>
Group 2	0.176640	0.035328	0.141312	0.538688	0.680000	<i>0.680000</i>
Class A - Income Gross						
Group 1	0.680000	-	0.680000	-	0.680000	<i>0.720000</i>
Group 2	0.215147	-	0.215147	0.464853	0.680000	<i>0.720000</i>
Class A - Income Net						
Group 1	0.712500	0.142500	0.570000	-	0.570000	<i>0.590000</i>
Group 2	0.311538	0.062307	0.249231	0.320769	0.570000	<i>0.590000</i>
Class B - Accumulation Gross						
Group 1	0.840000	-	0.840000	-	0.840000	<i>0.830000</i>
Group 2	0.567660	-	0.567660	0.272340	0.840000	<i>0.830000</i>
Class B - Accumulation Net						
Group 1	0.837500	0.167500	0.670000	-	0.670000	<i>0.670000</i>
Group 2	0.224648	0.044929	0.179719	0.490281	0.670000	<i>0.670000</i>
Class B - Income Gross						
Group 1	0.710000	-	0.710000	-	0.710000	<i>0.740000</i>
Group 2	0.710000	-	0.710000	0.000000	0.710000	<i>0.740000</i>

	Gross revenue (p)	Income tax (20%)	Net revenue (p)	Equalisation (note 10) (p)	Distribution paid 31/08/12 (p)	<i>Distribution paid 31/08/11 (p)</i>
Class B - Income Net						
Group 1	0.700000	0.140000	0.560000	-	0.560000	<i>0.590000</i>
Group 2	0.700000	0.140000	0.560000	0.000000	0.560000	<i>0.590000</i>
Class J - Accumulation Gross						
Group 1	17.430000	-	17.430000	-	17.430000	<i>17.330000</i>
Group 2	17.430000	-	17.430000	0.000000	17.430000	<i>17.330000</i>
Class K - Accumulation Gross						
Group 1	0.870000	-	0.870000	-	0.870000	<i>0.860000</i>
Group 2	0.870000	-	0.870000	0.000000	0.870000	<i>0.860000</i>

First quarter interim interest distribution

Group 1: Shares purchased prior to 1 January 2012

Group 2: Shares purchased between 1 January 2012 to 31 March 2012

	Gross revenue (p)	Income tax (20%)	Net revenue (p)	Equalisation (note 10) (p)	Distribution paid 31/05/12 (p)	<i>Distribution paid 31/05/11 (p)</i>
Class A - Accumulation Gross						
Group 1	0.820000	-	0.820000	-	0.820000	0.780000
Group 2	0.075419	-	0.075419	0.744581	0.820000	0.780000
Class A - Accumulation Net						
Group 1	0.850000	0.170000	0.680000	-	0.680000	0.650000
Group 2	0.444000	0.088800	0.355200	0.324800	0.680000	0.650000
Class A - Income Gross						
Group 1	0.690000	-	0.690000	-	0.690000	0.700000
Group 2	0.690000	-	0.690000	0.000000	0.690000	0.700000
Class A - Income Net						
Group 1	0.712500	0.142500	0.570000	-	0.570000	0.580000
Group 2	0.137425	0.027485	0.109940	0.460060	0.570000	0.580000
Class B - Accumulation Gross						
Group 1	0.840000	-	0.840000	-	0.840000	0.790000
Group 2	0.138572	-	0.138572	0.701428	0.840000	0.790000
Class B - Accumulation Net						
Group 1	0.837500	0.167500	0.670000	-	0.670000	0.640000
Group 2	0.837500	0.167500	0.670000	0.000000	0.670000	0.640000
Class B - Income Gross						
Group 1	0.720000	-	0.720000	-	0.720000	0.720000
Group 2	0.720000	-	0.720000	0.000000	0.720000	0.720000

	Gross revenue (p)	Income tax (20%)	Net revenue (p)	Equalisation (note 10) (p)	Distribution paid 31/05/12 (p)	<i>Distribution paid 31/05/11 (p)</i>
Class B - Income Net						
Group 1	0.700000	0.140000	0.560000	-	0.560000	0.560000
Group 2	0.700000	0.140000	0.560000	0.000000	0.560000	0.560000
Class J - Accumulation Gross						
Group 1	17.460000	-	17.460000	-	17.460000	16.460000
Group 2	0.384897	-	0.384897	17.075103	17.460000	16.460000
Class K - Accumulation Gross						
Group 1	0.860000	-	0.860000	-	0.860000	0.810000
Group 2	0.860000	-	0.860000	0.000000	0.860000	0.810000

Gross shareholders receive a distribution without the deduction of income tax.

UBS Fixed Interest UK Plus Fund

Manager's report

Investment objective and policy

To seek to generate a return greater than the return provided by UK government securities, derived from investment in UK and global securities. The Fund invests in government bonds, non-government bonds (including bonds issued by local authorities, supra-nationals, agencies and corporate entities); fixed rate, variable rate, inflation-linked, index-linked and non-sterling bonds (including emerging market debt); secured and unsecured debt securities (including floating rate notes); and investment grade and high yield bonds; and may express views on exchange rates. Additionally, the Fund may invest in other transferable securities (including warrants), money market instruments, deposits, cash and near cash and units in collective investments schemes. At its discretion the Manager may use derivatives including forward foreign exchange, forward and futures contracts, swaps, options, repurchase agreements and structured credit, for investment purposes and/or to manage interest rate, inflation, credit and currency exposures.

Market environment

2012 proved to be a rollercoaster year for government bond markets, peppered by political events, as investors' low expectations were exceeded in the first quarter amid better than expected economic data and a relatively calm market response to the restructuring in Greece. However, continuation of falling energy prices, escalation of Euro area sovereign risk and further central bank easing conspired to drive many key developed market bond yields to record new lows in the second quarter as risk averse investors sought refuge in safe havens. Central banks embarked on the logical next step of unconventional monetary policy in the third quarter, as both the Fed and European Central Bank (ECB) announced further quantitative easing measures. This resulted in positive returns for global developed sovereign markets, with the main driver of return being the strong performance of European sovereign bond markets; in particular, peripheral country bond markets continued to rally in light of the ECB's announcement of support through the Outright Monetary Transactions facility. The members of the Bank of England's Monetary Policy Committee (MPC) kept rates on hold throughout the period, although they did expand the Quantitative Easing programme and announced a new 'funding for lending' programme designed to boost credit for British enterprise. The Quantitative Easing programme ended in December but the MPC left the door open for further easing in the future if deemed necessary. Inflation fell throughout the first 9 months of the year before rising to 2.7% as at the end of November.

UK Gilt yields fell over the year. The 10 year Gilt yield started at 1.98% and ended the period at 1.83%; the FTSE All Stock Gilt index returned 2.70%.

Fund performance

The Fund achieved a performance of 3.5%* for the year. Spread management and in particular issue selection provided the strongest contribution to outperformance relative to benchmark. Active currency management also provided a positive contribution in the period, while duration management detracted from outperformance.

During the year the overall duration of the portfolio was reduced to an underweight. Our overall reduction in duration, particularly in the final quarter of the year, reflects recent improvements in data, such as US employment data, which we believe may prove to be bearish for bonds. Our significantly reduced UK duration position follows Chancellor Osborne's Autumn Statement, in which he revealed that the budget deficit is to grow larger than had previously been estimated and that the Treasury have extended their target timescale for debt reduction as a percentage of GDP by a year, which will result in an extension of austerity. Within active currency positioning we moved underweight GBP in preference to USD and NOK. We remain overweight financials, in particular insurers whilst underweight high quality supranationals and retain selective exposure to some high yield issuers. As many of the supranationals in the index are guaranteed by European states, our underweight to these agency names is intended to reduce exposure to the potential risk of underperformance on further downgrades to European sovereign issuers.

Outlook

Global growth is likely to remain sub-par in 2013, however, the 2014 outlook could be much brighter if the post financial crisis policies are not reversed prematurely. Europe continues to be the principle drag on the global economy, although most recent data, particularly in the US, has strengthened the argument for an improving outlook.

Supportive monetary policy, investors search for yield, and lack of exogenous shocks still support carry-based investment in the months ahead. Notwithstanding the short-term risk on credit from US fiscal cliff debt ceiling negotiations and Italian politics, a stronger global economy in 2014 and further monetary easing (through providing both a greater quantity and lowering the cost of money) is supportive for euro rates and credit particularly those financial issuers who are systemically important and reside in strong sovereign countries.

* Source: Lipper-Hindsight. Performance is based on NAV prices with income reinvested net of basic rate tax and in sterling terms to 31 December 2012, based on J shares.

Percentage growth

	31/12/11 to 31/12/12 %	31/12/10 to 31/12/11 %	31/12/09 to 31/12/10 %	31/12/08 to 31/12/09 %	31/12/07 to 31/12/08 %
Class J – Accumulation Gross Shares	3.54	14.40	11.71	16.33	-5.29
Class K - Accumulation Gross Shares	4.22	15.15	12.67	17.08	-7.98

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: 6 March 2007; Class J Accumulation Gross Shares: 26 March 2008.

UBS Global Asset Management Funds Ltd

8 April 2013

Performance record (unaudited)**1. Fund size**

Accounting year		Number of shares in issue	Total net asset value per share (p)*	Total net asset value (£)
31 December				
2010	Class J - Accumulation Gross	382,085	1,229.8	4,699,065
	Class K - Accumulation Gross	17,613,580	60.5	10,655,084
				£ 15,354,149
2011	Class J - Accumulation Gross	337,237	1,404.7	4,737,093
	Class K - Accumulation Gross	17,358,282	69.5	12,071,231
				£16,808,324
2012	Class J - Accumulation Gross	341,551	1,456.59	4,974,992
	Class K - Accumulation Gross	16,211,838	72.58	11,767,320
				£16,742,312

* 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. Where the Fund invests in other funds, the figure includes the impact of the charges made in those other funds.

	31 Dec 12 (%)
Share class	
Class J - Accumulation Gross	0.75
Class K - Accumulation Gross	0.10

3. Share dealing price range and distribution record

The Fund was launched on 6 March 2007 at a price of 50p for Class K Accumulation Gross shares. The Class J Accumulation Gross shares were launched on 26 March 2008 at a price of £10.

Calendar year	Highest price (p)	Lowest price (p)	Distribution per share (p)
Class J - Accumulation Gross			
2008†	1,072.33	844.00	34.14
2009	1,114.24	903.20	55.92
2010	1,242.65	1,101.45	49.29
2011	1,408.97	1,202.39	40.25
2012	1,471.71	1,371.28	35.97
Class K - Accumulation Gross			
2008	51.83	40.95	2.54
2009	54.32	43.79	2.68
2010	61.03	53.73	2.42
2011	69.75	59.19	1.99
2012	73.23	67.98	1.80

† covers period from launch to 31 December 2008.

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 31 December 2012**

	Holding	Market value £	Percentage of total net assets %
Bonds - 94.32% (31 Dec 11: 92.47%)			
Floating Rate Notes - 2.21% (31 Dec 11: 3.17%)			
ELM 5.252% FRN Perpetual	€ 150,000	125,218	0.75
Legal & General Finance 5.875% FRN Perpetual	£59,000	60,924	0.36
Old Mutual 5% FRN Perpetual	€ 50,000	37,524	0.22
Scottish & Southern Energy 5.453% FRN Perpetual	£80,000	83,342	0.50
Standard Chartered Bank 5.375% FRN Perpetual	£16,000	15,589	0.09
Zurich Finance 6.625% MTN Perpetual	£45,000	48,470	0.29
Mortgage & Asset Backed Securities - 4.73% (31 Dec 11: 0.00%)			
FNMA 3.5% 30 Yrs 2049	\$1,200,000	791,079	4.73
Infiniti SPC FRN 2016	\$100,000	-	-
Ordinary Fixed Interest - 87.38% (31 Dec 11: 89.30%)			
BAA Funding 6.75% 2028	£50,000	65,323	0.39
BHP Billiton Financial 3.25% 2024	£170,000	169,277	1.01
Centrica 4.375% 2029	£100,000	107,200	0.64
Commonwealth Bank of Australia 3% 2026	£230,000	226,440	1.35
Deutsche Bahn Finance 1.375% 2017	£130,000	130,581	0.78
European Investment Bank 2.5% 2022	£170,000	170,678	1.02
GDF Suez 5% 2060	£50,000	51,914	0.31
Imperial Tobacco Finance 9% 2022	£50,000	70,779	0.42
Instituto de Credito Oficial 4% 2014	£84,000	83,587	0.50

	Holding	Market value £	Percentage of total net assets %
Linde Finance 8.125% 2068	£5,000	5,849	0.04
Lloyds Banking Group 5.125% 2025	£100,000	120,190	0.72
National Express Group 6.625% 2020	£80,000	92,680	0.55
Treasury 1.75% 2017	£501,000	522,250	3.12
Treasury 2.75% 2015	£1,198,000	1,257,112	7.51
Treasury 4% 2060	£1,373,000	1,639,350	9.79
Treasury 4.25% 2027	£280,000	346,982	2.07
Treasury 4.25% 2036	£841,000	1,029,386	6.15
Treasury 4.25% 2039	£295,000	360,040	2.15
Treasury 4.25% 2040	£556,000	678,614	4.05
Treasury 4.25% 2046	£97,000	118,669	0.71
Treasury 4.5% 2013	£333,000	335,481	2.00
Treasury 4.5% 2019	£725,000	872,458	5.21
Treasury 4.5% 2034	£217,000	275,377	1.65
Treasury 4.5% 2042	£246,000	313,116	1.87
Treasury 4.75% 2020	£1,885,000	2,328,030	13.91
Treasury 4.75% 2030	£768,000	1,005,957	6.01
Treasury 5% 2014	£1,087,000	1,172,124	7.00
Treasury 5% 2018	£242,000	291,810	1.74
Treasury 5% 2025	£509,000	671,911	4.01
Wales & West Utilities 6.75% 2018	£100,000	116,790	0.70

		Market value £	Percentage of total net assets %
	Holding		
Derivatives - (0.18)% (31 Dec 11: (0.03)%)			
Credit Default Swaps - (0.07)% (31 Dec 11: (0.30)%)			
Goldman Sachs Credit Default Swap BBVSM SRFI 4.8% 20 Mar 2018	100,000	(848)	(0.01)
JPM Credit Default Swap BYIF 5.625% Pay 20 Mar 2018	210,000	(4,047)	(0.02)
JPM Credit Default Swap CDX.NA.HY 5% Pay 20 Dec 2017	270,000	(582)	-
Goldman Sachs Credit Default Swap ConAgra Foods 7% Pay 20 Mar 2017	120,000	(913)	(0.01)
Credit Suisse Credit Default Swap Cox Communication 6% Pay 20 Jun 2017	65,000	(1,234)	(0.01)
Goldman Sachs Credit Default Swap Cox Communication 6% Pay 20 Jun 2017	65,000	(1,191)	(0.01)
JPM Credit Default Swap CSC 6.5% Pay 20 Mar 2014	185,000	(1,089)	(0.01)
JPM Credit Default Swap CSC 6.5% Receive 20 Mar 2016	125,000	649	-
Barclays Credit Default Swap Deutsche Telekom 6% Receive 20 Dec 2016	90,000	847	0.01
Barclays Credit Default Swap DGX 6.95% Pay 20 Mar 2017	133,000	(1,036)	(0.01)
Deutsche Bank Credit Default Swap DGX 6.95% Pay 20 Mar 2017	127,000	(989)	(0.01)

		Market value £	Percentage of total net assets %
	Holding		
Goldman Sachs Credit Default Swap GASSM-GNCM 4.5% Receive 20 Dec 2017	130,000	(5,740)	(0.03)
Citi Credit Default Swap Imperial Tobacco 1% Pay 20 Mar 2018	90,000	(2)	-
JPM Credit Default Swap Linde Finance 5% Receive 20 Mar 2018	210,000	3,938	0.02
JPM Credit Default Swap Metro 7.625% Pay 20 Mar 2017	100,000	1,887	0.01
Barclays Credit Default Swap Next 5.375% Pay 20 Mar 2018	140,000	423	-
Barclays Credit Default Swap Pfizer 4.65% Receive 20 Mar 2017	133,000	1,982	0.01
Deutsche Bank Credit Default Swap Pfizer 4.65% Receive 20 Mar 2017	127,000	1,892	0.01
Goldman Sachs Credit Default Swap Procter & Gamble 4.95% Receive 20 Mar 2017	120,000	2,104	0.01
Barclays Credit Default Swap Solvay 4.625% Pay 20 Mar 2017	55,000	49	-
Goldman Sachs Credit Default Swap Solvay 4.625% Pay 20 Mar 2017	35,000	31	-
Barclays Credit Default Swap Tesco 6% Receive 20 Mar 2018	140,000	391	-
Goldman Sachs Credit Default Swap Xerox 6.35% Receive 20 Jun 2017	130,000	(4,520)	(0.02)

	Holding	Market value £	Percentage of total net assets %
Futures - (0.08)% (31 Dec 11: (0.14)%)			
Australia 10 Year Bond Future 15 Mar 2013	7	(5,870)	(0.03)
Japan 10 Year Future 8 Mar 2013	(4)	890	0.01
Long Gilt Future 26 Mar 2013	(5)	(1,625)	(0.01)
US 5 Year Note Future 28 Mar 2013	36	(4,175)	(0.02)
US 10 Year Note Future 19 Mar 2013	8	(2,436)	(0.01)
US Bond Future 19 Mar 2013	(2)	(2,880)	(0.02)
Interest Rate Swaps - 0.01% (31 Dec 11: 0.09%)			
Interest Rate Swap			
Pay 0.77% 3 Oct 2017	4,140,000	1,585	0.01
Forwards - (0.04)% (31 Dec 11: 0.32%)			
Bought Australian Dollar 260,000			
Sold Canadian Dollar 264,584		2,041	0.01
Bought Canadian Dollar 265,000			
Sold Japanese Yen 21,372,250		11,267	0.07
Bought Canadian Dollar 530,566			
Sold US Dollar 530,000		1,922	0.01
Bought Euro 205,000			
Sold Swedish Krona 1,799,162		(3,654)	(0.02)
Bought Euro 200,000			
Sold US Dollar 263,337		227	-
Bought Japanese Yen 21,490,975			
Sold Australian Dollar 250,000		(5,794)	(0.03)
Bought Japanese Yen 21,099,221			
Sold Canadian Dollar 265,000		(13,228)	(0.08)

	Holding	Market value £	Percentage of total net assets %
Bought Japanese Yen 22,329,594			
Sold Euro 210,000		(10,964)	(0.07)
Bought Japanese Yen 65,480,403			
Sold US Dollar 820,000		(37,120)	(0.22)
Bought Malaysian Ringgit 808,118			
Sold US Dollar 265,000		(706)	-
Bought Norwegian Krone 5,280,000			
Sold Sterling 575,221		9,407	0.06
Bought Sterling 174,270			
Sold Australian Dollar 275,000		(1,827)	(0.01)
Bought Sterling 161,209			
Sold Canadian Dollar 255,000		2,715	0.02
Bought Sterling 329,440			
Sold Euro 410,000		(4,962)	(0.03)
Bought Sterling 501,576			
Sold Japanese Yen 63,500,000		45,678	0.27
Bought Sterling 165,000			
Sold Norwegian Krone 1,521,067		(3,420)	(0.02)
Bought Sterling 242,796			
Sold Swedish Krona 2,600,000		(4,110)	(0.02)
Bought Sterling 211,991			
Sold US Dollar 340,539		1,340	0.01
Bought Sterling 165,000			
Sold US Dollar 268,794		(1,271)	(0.01)

Holding	Market value £	Percentage of total net assets %
Bought Swedish Krona 1,765,245		
Sold Euro 205,000	433	-
Bought Swedish Krona 2,671,445		
Sold Norwegian Krone 2,290,000	131	-
Bought US Dollar 267,824		
Sold Euro 210,000	(5,608)	(0.03)
Bought US Dollar 540,000		
Sold Japanese Yen 45,052,902	10,577	0.06
Bought US Dollar 265,000		
Sold Singapore Dollar 322,987	417	-
Bought US Dollar 475,000		
Sold Sterling 295,554	(1,728)	(0.01)
Investment assets	15,761,355	94.14
Net other assets	980,957	5.86
Net assets	£16,742,312	100.00

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

At 31 December 2012, 100% of the debt securities were rated as investment grade.

Portfolio movements (unaudited)
For the year ended 31 December 2012

	Cost £
Major purchases	
Treasury 4.5% 2019	839,314
FNMA 4% 30 Yrs 2041	826,341
FNMA 4% 30 Yrs 2039	807,116
FNMA 3.5% 30 Yrs 2049	798,694
FNMA 3.5% 30 Yrs 2049	796,347
FNMA 3.5% 30 Yrs 2049	794,404
Treasury 1.75% 2017	670,453
Treasury 4% 2060	356,103
Treasury 4.5% 2042	322,191
Treasury 5% 2018	304,130
Treasury 5% 2025	263,942
Commonwealth Bank of Australia 3% 2026	227,247
Deutsche Bahn Finance 2.75% 2022	179,487
Treasury 0.375% Index-Linked 2062	175,226
BHP Billiton Financial 3.25% 2024	169,881
European Investment Bank 2.5% 2022	168,943
Deutsche Bahn Finance 1.375% 2017	129,819
Treasury 4.25% 2046	122,100
Tesco Property Finance 5.6611% 2041	121,000
Renault 4.625% 2017	119,758
Total for the year	£9,445,972

	Proceeds £
Major sales	
FNMA 4% 30 Yrs 2041	807,911
FNMA 4% 30 Yrs 2039	801,468
FNMA 3.5% 30 Yrs 2049	800,014
FNMA 3.5% 30 Yrs 2049	795,916
US Treasury 0.125% 2016	670,684
Treasury 4% 2060	521,782
Treasury 4% 2022	501,698
Treasury 5.25% 2012	401,681
Treasury 4.5% 2013	320,080
Treasury 4.25% 2040	310,678
Deutsche Bahn Finance 2.75% 2022	184,491
Treasury 0.375% Index-Linked 2062	172,194
Anheuser-Busch InBev 9.75% 2024	155,514
Treasury 1.75% 2017	153,658
Treasury 0.625% Index-Linked 2040	147,519
Tesco Property Finance 5.6611% 2041	123,528
Petrobras International Finance 6.25% 2026	120,060
Renault 4.625% 2017	119,433
Tesco 6.125% 2022	115,730
Wales & West Utilities 5.125% 2016	109,600
Total for the year	£9,267,945

Statement of total return
For the year ended 31 December 2012

		31 Dec 12		31 Dec 11	
	Notes	£	£	£	£
Income					
Net capital gains	2		324,422		1,751,061
Revenue	3	423,418		497,453	
Expenses	4	(44,715)		(45,589)	
Net revenue before taxation		378,703		451,864	
Taxation	5	-		-	
Net revenue after taxation			378,703		451,864
Total return before distributions			703,125		2,202,925
Finance costs: Distributions	6		(423,971)		(497,232)
Change in net assets attributable to shareholders from investment activities			£279,154		£1,705,693

Statement of change in net assets attributable to shareholders
For the year ended 31 December 2012

	31 Dec 12		31 Dec 11	
	£	£	£	£
Opening net assets attributable to shareholders		16,808,324		15,354,149
Amounts receivable on issue of shares	322,796		935,425	
Amounts payable on cancellation of shares	(1,089,687)		(1,677,797)	
		(766,891)		(742,372)
Change in net assets attributable to shareholders from investment activities (see Statement of total return)		279,154		1,705,693
Retained distribution on accumulation shares		421,725		490,854
Closing net assets attributable to shareholders		£16,742,312		£16,808,324

Balance sheet**As at 31 December 2012**

	Notes	As at 31 Dec 12 £	As at 31 Dec 11 £
ASSETS			
Investment assets		15,894,925	15,831,755
Debtors	7	165,755	171,114
Cash and bank balances	8	1,624,541	1,113,486
Total other assets		1,790,296	1,284,600
Total assets		17,685,221	17,116,355
LIABILITIES			
Investment liabilities		133,570	294,743
Creditors	9	809,339	13,288
Total other liabilities		809,339	13,288
Total liabilities		942,909	308,031
Net assets attributable to shareholders		£16,742,312	£16,808,324

Notes to the financial statements

1. Accounting policies

Accounting policies of the Fund are as set out on pages 10 and 11.

2. Net capital gains

	31 Dec 12 £	31 Dec 11 £
Currency gains	1,581	14,499
Derivative contracts	26,850	139,032
Forward currency contracts	126,924	(9,471)
Non-derivative securities	172,695	1,609,036
Transaction charges	(3,628)	(2,035)
Net capital gains	£324,422	£1,751,061

3. Revenue

	31 Dec 12 £	31 Dec 11 £
Bank interest	5	5,606
Interest on debt securities	425,135	504,689
Interest on derivative contracts	(1,722)	(12,842)
	£423,418	£497,453

4. Expenses

	31 Dec 12 £	31 Dec 11 £
<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	32,212	31,018
	32,212	31,018
<i>Payable to the Depositary, associates of the Depositary and agents of either of them:</i>		
Depositary's fees	2,026	1,903
	2,026	1,903
<i>Payable to other related parties and third parties:</i>		
Audit fees	9,049	10,342
Professional fees	-	923
Safe custody fees	426	406
Taxation fees	1,002	997
	10,477	12,668
	£44,715	£45,589

The audit fee for the period, excluding VAT was £7,500 (31 December 2011: £7,500)

5. Taxation

(a) Analysis of tax charge

There is no tax charge for the year.

(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 (31 Dec 11: 20%).

The differences are explained below:

	31 Dec 12 £	31 Dec 11 £
Net revenue before taxation	378,703	451,864
Corporation tax at 20%	75,741	90,373
<i>Effects of:</i>		
Interest distributions	(84,684)	(99,447)
Movement in excess expenses	8,943	9,074
	(75,741)	(90,373)
Total tax charge (5.a)	-	-

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 31 December 2012 the Fund had excess management expenses of £273,533 (31 Dec 2011: £228,818). The deferred tax in respect of this would be £54,707 (31 Dec 2011: £45,764). 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:

	31 Dec 12 £	31 Dec 11 £
Interim - first quarter	116,006	134,912
Interim - second quarter	107,482	127,430
Interim - third quarter	97,395	117,368
Final	100,842	111,144
	421,725	490,854
Add: Amounts deducted on cancellation of shares	4,450	10,953
Deduct: Amounts added on issue of shares	(2,204)	(4,575)
Total finance costs	£423,971	£497,232
Net revenue after taxation	378,703	451,864
Add: Expenses charged to capital	44,715	44,666
Add: Revenue brought forward	872	1,574
Deduct: Revenue carried forward	(319)	(872)
Net distributions as above	£423,971	£497,232

Details of the distribution per share are set out in the table on page 96 and 97.

7. Debtors

	As at 31 Dec 12 £	As at 31 Dec 11 £
Interest receivable on debt securities	165,755	170,928
Interest receivable on swaps	-	186
	£165,755	£171,114

8. Cash & bank balances

	As at 31 Dec 12 £	As at 31 Dec 11 £
Amounts held at futures clearing houses and brokers	63,365	83,778
Cash and bank balances	1,561,176	1,029,708
	£1,624,541	£1,113,486

9. Creditors

	As at 31 Dec 12 £	As at 31 Dec 11 £
Expense accruals	14,144	13,288
Interest payable on swaps	2,482	-
Purchases awaiting settlement	792,713	-
	£809,339	£13,288

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 31 December 2012 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 charged by the ACD are shown in note 4.

At 31 December 2012 the amounts included in creditors in respect of management fees due to the ACD are £2,736 (31 Dec 11: £2,507).

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.

UBS Global Asset Management Life Ltd is a significant investor in the Fund. Transactions with the Fund were entered into in the normal course of business and on normal commercial terms. No initial charge was paid by UBS Global Asset Management Life Ltd on these transactions. The entity holds Class K Accumulation Gross shares on which no ACD fee is payable. The aggregate value of these transactions during the year was £(820,819) (31 Dec 11: £(753,235)). As at 31 December 2012, the entity held Nil shares in the Fund with a market value of £Nil (31 Dec 11: 1,146,444 shares with a market value of £797,237).

UBS Global Allocation Fund (UK) is also a significant investor in the Fund. Transactions with the Fund were entered into in the normal course of business and on normal commercial terms. No initial charge was paid by UBS Global Allocation Fund (UK) on these transactions. The entity holds Class K Accumulation Gross shares on which no ACD fee is payable. The aggregate value of these transactions during the period was £Nil (31 Dec 11: £600,000). As at 31 December 2012, the entity held 16,211,838 shares in the Fund with a market value of £11,767,320 (31 Dec 11: 16,211,838 shares with a market value of £11,273,994).

The ACD has appointed UBS Global Asset Management (UK) Ltd to provide investment management services to the ACD in respect of the Fund. During the year no dealing commission was paid to UBS Global Asset Management (UK) Ltd.

UBS Global Allocation Fund (UK) is part of the UBS Investment Funds ICVC III open-ended investment company for which UBS Global Asset Management Fund Ltd is the ACD. UBS Global Asset Management Funds Ltd, UBS Global Asset Management (UK) Ltd and UBS Global Asset Management Life 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 18 and 19.

(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 £
31 Dec 12				
Australian Dollar	35,266	-	166,493	201,759
Canadian Dollar	227	-	494,480	494,707
Czech Koruna	58	-	-	58
Euro	372,011	-	338,841	710,852
Japanese Yen	1,762	-	937,098	938,860
Malaysian Ringgit	-	-	163,218	163,218
New Zealand Dollar	2,114	-	-	2,114
Norwegian Krone	-	-	584,628	584,628
Polish Zloty	1,566	-	-	1,566
South African Rand	681	-	-	681
Sterling	406,170	14,838,278	2,115,151	17,359,599
Swedish Krona	137	-	421,326	421,463
US Dollar	967,291	791,079	964,122	2,722,492
	£1,787,283	£15,629,357	£6,185,357	£23,601,997

	Floating rate financial assets £	Fixed rate financial assets £	Financial assets not carrying interest £	Total £
31 Dec 11				
Australian Dollar	1	-	1,340,287	1,340,288
Canadian Dollar	232	-	823,156	823,388
Czech Koruna	58	-	-	58
Euro	437,370	-	1,394,718	1,832,088
Japanese Yen	396	-	1,246,871	1,247,267
New Zealand Dollar	2,080	-	336,019	338,099
Norwegian Krone	-	-	595,028	595,028
Polish Zloty	1,477	-	-	1,477
Singapore Dollar	2,363	-	-	2,363
South African Rand	746	-	-	746
Sterling	1,213,642	14,317,218	3,354,994	18,885,854
Swedish Krona	136	-	1,044,223	1,044,359
US Dollar	9,942	671,456	2,945,162	3,626,560
	£1,668,443	£14,988,674	£13,080,458	£29,737,575

ii) Financial liabilities

Currency	Floating rate financial liabilities £	Financial liabilities not carrying interest £	Total £
31 Dec 12			
Australian Dollar	-	342,056	342,056
Canadian Dollar	-	487,654	487,654
Euro	-	854,799	854,799
Japanese Yen	-	932,797	932,797
Norwegian Krone	-	421,980	421,980
Singapore Dollar	-	163,507	163,507
Sterling	-	886,545	886,545
Swedish Krona	-	417,762	417,762
US Dollar	-	2,352,583	2,352,583
	-	£6,859,683	£6,859,683
31 Dec 11			
Australian Dollar	-	1,817,268	1,817,268
Canadian Dollar	-	502,973	502,973
Euro	-	2,310,961	2,310,961
Japanese Yen	-	913,521	913,521
New Zealand Dollar	-	494,880	494,880
Norwegian Krone	-	146,336	146,336
Sterling	-	2,231,540	2,231,540
Swedish Krona	-	1,499,579	1,499,579
US Dollar	-	3,012,193	3,012,193
	-	£12,929,251	£12,929,251

iii) Fixed rate financial assets

Currency	Weighted average interest rate %	Weighted average period for which the rate is fixed in years
31 Dec 12		
Sterling	1.96	15.70
US Dollar	-	29.10
31 Dec 11		
Sterling	2.18	17.17
US Dollar	5.50	2.00

(b) Currency exposure

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

Numerical disclosures are as follows:

Currency	Monetary exposures £	Non- monetary exposures £	Total £
31 Dec 12			
Australian Dollar	(134,427)	(5,870)	(140,297)
Canadian Dollar	7,053	-	7,053
Czech Koruna	58	-	58
Euro	(303,619)	159,672	(143,947)
Japanese Yen	5,173	890	6,063
Malaysian Ringgit	163,218	-	163,218
New Zealand Dollar	2,114	-	2,114
Norwegian Krone	162,648	-	162,648
Polish Zloty	1,566	-	1,566
Singapore Dollar	(163,507)	-	(163,507)
South African Rand	681	-	681
Swedish Krona	3,701	-	3,701
US Dollar	(408,338)	778,246	369,908
	(663,679)	932,938	269,259
Sterling	1,636,401	14,836,652	16,473,053
	£972,722	£15,769,590	£16,742,312

Currency	Monetary exposures £	Non- monetary exposures £	Total £
31 Dec 11			
Australian Dollar	(476,980)	-	(476,980)
Canadian Dollar	320,415	-	320,415
Czech Koruna	58	-	58
Euro	(664,150)	185,277	(478,873)
Japanese Yen	333,746	-	333,746
New Zealand Dollar	(156,781)	-	(156,781)
Norwegian Krone	448,692	-	448,692
Polish Zloty	1,477	-	1,477
Singapore Dollar	2,363	-	2,363
South African Rand	746	-	746
Swedish Krona	(455,220)	-	(455,220)
US Dollar	(37,679)	652,046	614,367
	(683,313)	837,323	154,010
Sterling	2,005,064	14,649,250	16,654,314
	£1,321,751	£15,486,573	£16,808,324

(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 31 December 2012, the Fund's VaR was 2.06%. This means that per the statistical analysis there is a 99% probability that, over a month, the maximum loss the Fund could suffer is 2.06% of its value.

Further information on risks can be found in the Risk Profile on pages 18 and 19.

14. Portfolio transaction costs

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

Distribution table**For the year ended 31 December 2012 (in pence per share)****Final 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 payable 28/02/13 (p)	Distribution paid 29/02/12 (p)
Class J - Accumulation Gross						
Group 1	8.640000	- 8.640000		-	8.640000	9.280000
Group 2	8.640000	- 8.640000		0.000000	8.640000	9.280000
Class K - Accumulation Gross						
Group 1	0.440000	- 0.440000		-	0.440000	0.460000
Group 2	0.440000	- 0.440000		0.000000	0.440000	0.460000

Third quarter interim interest distribution

Group 1: Shares purchased prior to 1 July 2012

Group 2: Shares purchased between 1 July 2012 and 30 September 2012

	Gross revenue (p)	Income tax (20%)	Net revenue (p)	Equalisation (note 10) (p)	Distribution paid 30/11/12 (p)	Distribution paid 30/11/11 (p)
Class J - Accumulation Gross						
Group 1	8.580000	- 8.580000		-	8.580000	9.700000
Group 2	8.580000	- 8.580000		0.000000	8.580000	9.700000
Class K - Accumulation Gross						
Group 1	0.430000	- 0.430000		-	0.430000	0.480000
Group 2	0.430000	- 0.430000		0.000000	0.430000	0.480000

Second quarter interim interest distribution

Group 1: Shares purchased prior to 1 April 2012

Group 2: Shares purchased between 1 April 2012 and 30 June 2012

	Gross revenue (p)	Income tax (20%)	Net revenue (p)	Equalisation (note 10) (p)	Distribution paid 31/08/12 (p)	<i>Distribution paid 31/08/11 (p)</i>
Class J - Accumulation Gross						
Group 1	9.140000	-	9.140000	-	9.140000	10.490000
Group 2	9.140000	-	9.140000	0.000000	9.140000	10.490000
Class K - Accumulation Gross						
Group 1	0.450000	-	0.450000	-	0.450000	0.520000
Group 2	0.450000	-	0.450000	0.000000	0.450000	0.520000

First quarter interim interest distribution

Group 1: Shares purchased prior to 1 January 2012

Group 2: Shares purchased between 1 January 2012 and 31 March 2012

	Gross revenue (p)	Income tax (20%)	Net revenue (p)	Equalisation (note 10) (p)	Distribution paid 31/05/12 (p)	<i>Distribution paid 31/05/11 (p)</i>
Class J - Accumulation Gross						
Group 1	9.610000	-	9.610000	-	9.610000	10.780000
Group 2	0.197283	-	0.197283	9.412717	9.610000	10.780000
Class K - Accumulation Gross						
Group 1	0.480000	-	0.480000	-	0.480000	0.530000
Group 2	0.480000	-	0.480000	0.000000	0.480000	0.530000

Gross shareholders receive a distribution without the deduction of income tax.

UBS Global Emerging Markets Equity Fund

Manager's report

Investment objective and policy

To achieve long term capital growth through active management of a diversified portfolio invested primarily in global emerging security markets. The Fund may also invest in other transferable securities (including warrants), money market instruments, deposits, cash and near cash and units in collective investment schemes

Market environment

Despite suffering from a mixture of slowing global demand and tightening measures aimed at cooling inflation, global emerging markets equities, as measured by the FTSE All-World Emerging Index, posted performance of 12.8%, in Sterling terms during the year under review.

This performance was aided by a rally in the fourth quarter which was partially the result of the stabilisation in Chinese economic activity, together with the rising expectation of a resolution to the US 'fiscal cliff' negotiations, which removed a perceived key macro economic risk. According to analyst forecasts global emerging markets will record GDP of 4.5% in 2012, with China estimated to come in at 7.7% and India 5.6%.

Fund performance

The Fund delivered performance of 7.8% in Sterling terms for the year, underperforming its benchmark, the FTSE All-World Emerging Index, which rose 12.8%, also in Sterling terms.

A zero weighting in Petrobras, the Brazilian oil and gas giant, throughout the course of the year, resulted in the largest stock contribution to the Fund's performance over the year under review. In Sterling terms the stock's share price fell over 21% during the reporting year, driven by continued poor domestic oil production and further delays to domestic products price increases, which was partially driven by concerns regarding Brazilian inflation.

An overweight holding in the Thailand-based bank Kasikornbank was the second largest stock contributor to performance after its share price rose over 55% in Sterling terms throughout the course of 2012.

A holding in the Brazilian energy company OGX proved to be the most significant stock detractor from performance during the reporting year, after its share price fell over 71% in Sterling terms. However, the manager sold out of the stock completely by the end of the year.

An overweight in the Russian energy company Gazprom resulted in the second largest stock detractor to the Fund's relative performance after its share price fell by more than 11% in Sterling terms. The weak performance came in part from the continued uncertainty over gas production taxes and the announced capex spending on the company's Eastern Gas Program.

At an industry level, stock selection within and an overweight to Banks, resulted in it being the largest contributor to relative performance during the reporting period, whereas stock selection within Oil and Gas detracted most.

On a geographical basis, stock selection within South Africa contributed to, yet within China detracted from relative performance.

Outlook

Contagion risks from sovereigns debt issues and slow growth in Europe and the US remain, particularly from those economies dependant on global capital markets to fund current account and fiscal deficits.

However, the prospect of stronger growth prospects underpinned by multi-year structural drivers remains a hallmark of the emerging market asset class, specifically: demographics, urbanisation, rising productivity and consumption growth. Most emerging market economies continue to benefit from relatively sound balance sheets, enjoying generally low debt at government, corporate and household levels. Meanwhile economic growth now appears to be bottoming out in some key emerging market countries, while undemanding valuations make this particular asset class attractive in both absolute and relative terms.

* Source: Lipper-Hindsight. Performance is based on NAV prices with income reinvested net of basic rate tax and in sterling terms to 31 December 2012, based on A shares.

Percentage growth

	31/12/11 to 31/12/12 %	31/12/10 to 31/12/11 %	31/12/09 to 31/12/10 %	31/12/08 to 31/12/09 %	31/12/07 to 31/12/08 %
Class A - Accumulation Shares	7.82	-19.77	20.53	68.00	-40.77
Class B - Accumulation Shares	8.51	-19.26	21.29	69.07	-40.38
Class C - Accumulation Shares	1.96	-	-	-	-
Class J - Accumulation Shares	8.17	-19.51	20.90	68.53	-40.58
Class K- Accumulation Shares	9.45	-18.60	22.41	70.49	-39.83

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

Launch date: Class J Accumulation Shares: 7 December 2001; Class A Accumulation Shares: 16 October 2003; Class B Accumulation Shares: 8 January 2004; Class K Accumulation Shares: 23 November 2007. Class C Accumulation; 15 August 2012

UBS Global Asset Management Funds Ltd

8 April 2013

Performance record (unaudited)**1. Fund size**

Accounting year		Number of shares in issue	Total net asset value per share (p)*	Total net asset value (£)
31 December				
2010	Class A - Accumulation	2,977,676	371.1	11,048,962
	Class B - Accumulation	3,168,008	162.2	5,139,170
	Class J - Accumulation	176,866,798	379.4	670,953,147
	Class K - Accumulation	113,960	13,709.3	15,623,045
				£702,764,324
2011	Class A - Accumulation	2,913,194	298.9	8,708,686
	Class B - Accumulation	2,511,309	131.5	3,303,098
	Class J - Accumulation	110,776,133	306.6	339,650,301
	Class K - Accumulation	1,060,942	11,206.2	118,880,860
				£470,542,945
2012	Class A - Accumulation	2,595,236	322.8	8,376,764
	Class B - Accumulation	2,192,965	142.9	3,134,402
	Class C - Accumulation	95,505	50.8	48,526
	Class J - Accumulation	98,644,435	332.1	327,630,983
	Class K - Accumulation	2,600,200	12,283.5	319,394,707
				£658,585,382

* 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. Where the Fund invests in other funds, the figure includes the impact of the charges made in those other funds.

Share class	31 Dec 12 (%)
Class A - Accumulation	1.65
Class B - Accumulation	1.01
Class C - Accumulation	0.85
Class J - Accumulation	1.33
Class K - Accumulation	0.07

3. Share dealing price range and distribution record

The Fund was launched on 7 December 2001 at a price of £1 Class J Accumulation shares. Class A Accumulation shares were launched on 16 October 2003 at a price of £1.17, Class B Accumulation shares were launched on 8 January 2004 at a price of 50p and Class K Accumulation shares were launched on 23 November 2007 at a price of £100, 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	315.52	142.82	1.33
2009	311.73	160.70	0.50
2010	375.59	284.82	0.67
2011	379.49	273.22	3.12
2012	346.84	286.62	4.13
Class B - Accumulation			
2008	135.63	61.58	1.25
2009	135.43	69.46	0.83
2010	164.20	123.80	1.21
2011	165.93	120.03	2.35
2012	152.81	126.43	2.71
Class C - Accumulation			
2012 [†]	51.09	47.63	0.14
Class J - Accumulation			
2008	319.91	145.02	2.20
2009	317.71	163.40	1.15
2010	383.99	290.35	1.75
2011	388.00	280.01	4.29
2012	355.98	294.35	5.30

Calendar Year	Highest price (p)	Lowest price (p)	Distribution per share (net) (p)
Class K - Accumulation			
2008	11,191.18	5,105.65	184.22
2009	11,340.13	5,776.85	139.32
2010	13,876.28	10,372.92	215.61
2011	14,027.34	10,212.69	307.22
2012	13,044.46	10,810.39	335.37

[†] covers period from launch to 31 December 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 31 December 2012**

	Holding	Market value £	Percentage of total net assets %
Brazil - 13.32% (31 Dec 11: 17.96%)			
Banco Bradesco ADR	1,428,800	15,148,659	2.30
Cia Hering	712,200	8,962,157	1.36
Companhia de Bebidas das Americas ADR Preference	398,650	10,329,034	1.57
Gerdau ADR	2,608,000	14,236,142	2.16
Itau Unibanco Multiplo ADR Preference	2,323,610	23,287,036	3.54
Vale 'A' Preference	1,276,666	15,722,795	2.39
China - 9.08% (31 Dec 11: 15.41%)			
China Construction Bank 'H'	40,909,040	20,273,130	3.08
China Mengniu Dairy Company	3,198,000	5,592,734	0.85
China Resources Land	2,606,000	4,349,803	0.66
China Shenhua Energy 'H'	6,205,500	16,735,804	2.54
Ping An Insurance 'H'	2,486,500	12,847,232	1.95
Czech Republic - 1.84% (31 Dec 11: 2.85%)			
CEZ	554,272	12,135,902	1.84
Hong Kong - 6.85% (31 Dec 11: 0.00%)			
Belle International	4,850,000	6,453,114	0.98
China Overseas Land & Investments	1,976,000	3,636,722	0.55
China Unicom	19,216,000	18,984,354	2.88
CNOOC	12,017,000	16,065,682	2.44
India - 11.29% (31 Dec 11: 9.75%)			
Bajaj Auto	106,900	2,561,423	0.39
Crompton Greaves	3,632,592	4,710,943	0.72
Hero Honda Motors	292,815	6,231,984	0.95

	Holding	Market value £	Percentage of total net assets %
Housing Development Finance	1,434,506	13,334,892	2.02
Infosys Technologies	339,797	8,824,028	1.34
Infosys Technologies ADR	302,900	7,810,741	1.19
ITC ELN 2017 (Deutsche Bank)	1,850,175	5,941,390	0.90
Jindal Steel & Power	3,628,830	18,198,819	2.76
Sun Pharmaceuticals Industries	809,663	6,694,641	1.02
Indonesia - 7.39% (31 Dec 11: 7.28%)			
Astra International	29,555,100	13,974,031	2.12
Bank Mandiri (Persero)	13,082,952	6,639,412	1.01
Bank Rakyat Indonesia	27,200,000	11,831,669	1.80
Telekomunikasi Indonesia 'B'	28,846,500	16,184,942	2.46
Malaysia - 0.96% (31 Dec 11: 0.95%)			
CIMB Group	4,099,900	6,316,737	0.96
Mexico - 5.49% (31 Dec 11: 3.61%)			
America Movil	11,012,800	7,843,619	1.19
Fomento Economico Mexicano	170,000	10,555,127	1.60
Grupo Financiero Banorte 'O'	2,003,000	7,939,582	1.21
Grupo Modelo 'C'	1,772,000	9,828,621	1.49
Russia - 11.20% (31 Dec 11: 9.97%)			
Gazprom ADR	3,632,643	21,264,908	3.23
Lukoil ADR	508,192	20,769,074	3.16
Mobile Telesystems ADR	773,000	8,892,519	1.35
Novatek GDR	103,292	7,621,967	1.16
Sberbank	8,098,162	15,188,710	2.30

	Holding	Market value £	Percentage of total net assets %
South Africa - 12.59% (31 Dec 11: 7.78%)			
First Rand	6,638,029	14,992,820	2.28
Foschini Group	1,041,554	10,681,019	1.62
Kumba Iron	377,749	15,440,049	2.34
MTN Group	685,623	8,871,782	1.35
Naspers 'N'	419,818	16,615,114	2.52
Sasol	201,224	5,318,995	0.81
Truworths International	1,399,683	11,019,887	1.67
Taiwan - 10.68% (31 Dec 11: 13.60%)			
Chunghwa Telecom	4,451,989	8,921,697	1.35
Formosa Plastics	10,570,000	17,633,005	2.68
Hon Hai Precision Industry	3,422,805	6,459,171	0.98
MediaTek	975,000	6,692,507	1.02
Quanta Computer	4,501,000	6,523,416	0.99
Taiwan Semiconductor Manufacturing	8,393,000	17,283,141	2.62
WPG Holdings	8,527,468	6,877,230	1.04
Thailand - 4.59% (31 Dec 11: 4.21%)			
Kasikornbank	1,582,300	6,180,488	0.94
Kasikornbank Non-Voting Depositary Receipt	1,965,700	7,678,054	1.17
Siam Cement Non-Voting Depositary Receipt	1,019,400	9,054,204	1.37
Siam Commercial Bank (Alien Market)	21,900	80,016	0.01
Siam Commercial Bank Non-Voting Depositary Receipt	1,982,300	7,242,707	1.10

	Holding	Market value £	Percentage of total net assets %
Turkey - 1.15% (31 Dec 11: 0.93%)			
Turkiye Garanti Bankasi	2,346,035	7,562,609	1.15
United States of America - 2.32% (31 Dec 11: 4.16%)			
Southern Copper	663,786	15,272,263	2.32
Investment assets		650,320,253	98.75
Net other assets		8,265,129	1.25
Net assets		£658,585,382	100.00

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

Portfolio movements (unaudited)
For the year ended 31 December 2012

Major purchases	Cost £
Lukoil ADR	19,321,127
CNOOC	15,301,206
Novatek GDR	14,260,844
China Shenhua Energy 'H'	12,983,097
Housing Development Finance	12,259,839
Cia Hering	10,041,029
Jindal Steel & Power	10,036,585
Fomento Economico Mexicano	9,796,665
Astra International	9,341,132
Taiwan Semiconductor Manufacturing	9,111,959
Foschini	9,079,913
China Unicom (Hong Kong)	8,460,857
Itau Unibanco ADR Preference	8,098,925
MTN Group	7,760,772
Siam Cement Non-Voting Depository Receipt	7,746,771
Formosa Plastic	7,732,289
Global Chemical (Alien Market)	7,596,802
Quanta Computer	7,240,064
Hero Honda Motors	7,125,282
Infosys Technologies	7,036,408
Total for the year (Note 14)	£309,968,000

Major sales	Proceeds £
Lojas Renner	14,852,984
Lukoil ADR	13,837,252
Formosa Chemical & Fibre	11,447,889
Hon Hai Precision Industry	10,472,907
ICICI Bank ADR	10,288,940
Zoomlion Heavy Industry Science and Technology	8,440,295
China Shenhua Energy 'H'	7,026,554
Global Chemical (Alien Market)	6,373,323
Deutsche Bank	5,295,470
Banpu (Alien Market)	5,273,371
Sun Pharmaceuticals Industries	5,218,344
Adaro Energy	5,095,548
Advanced Semiconductor Engineering	4,901,067
Mobile Telesystems ADR	4,855,642
Dongfeng Motor Group 'H'	4,685,816
Taiwan Semiconductor Manufacturing	4,465,361
China Merchants Bank 'H'	4,261,155
Synnex Technology	4,131,498
Hero Honda Motors	4,090,466
Novatek GDR	4,003,740
Total for the year (Note 14)	£160,467,375

Statement of total return
For the year ended 31 December 2012

		31 Dec 12	31 Dec 11
	Notes	£	£
Income			
Net capital gains/(losses)	2	37,611,326	(127,877,137)
Revenue	3	17,369,321	15,526,332
Expenses	4	(4,883,995)	(7,088,647)
Finance costs: Interest	6	(2,743)	(4,731)
Net revenue before taxation		12,482,583	8,432,954
Taxation	5	(1,722,382)	(1,605,028)
Net revenue after taxation		10,760,201	6,827,926
Total return before distributions		48,371,527	(121,049,211)
Finance costs: Distributions	6	(10,766,687)	(6,818,928)
Change in net assets attributable to shareholders from investment activities		£37,604,840	£(127,868,139)

Statement of change in net assets attributable to shareholders
For the year ended 31 December 2012

	31 Dec 12	31 Dec 11
	£	£
Opening net assets attributable to shareholders	470,542,945	702,764,324
Amounts receivable on issue of shares	202,748,961	191,324,501
Amounts payable on cancellation of shares	(64,726,674)	(303,105,416)
	138,022,287	(111,780,915)
Change in net assets attributable to shareholders from investment activities (see Statement of total return)	37,604,840	(127,868,139)
Retained distribution on accumulation shares	12,415,310	7,427,675
Closing net assets attributable to shareholders	£658,585,382	£470,542,945

Balance sheet**As at 31 December 2012**

	Notes	As at 31 Dec 12 £	As at 31 Dec 11 £
ASSETS			
Investment assets		650,320,253	463,310,689
Debtors	7	1,174,241	1,063,202
Cash and bank balances	8	8,259,849	7,577,759
Total other assets		9,434,090	8,640,961
Total assets		659,754,343	471,951,650
LIABILITIES			
Creditors	9	1,168,961	1,408,705
Total liabilities		1,168,961	1,408,705
Net assets attributable to shareholders		£658,585,382	£470,542,945

Notes to the financial statements

1. Accounting policies

Accounting policies of the Fund are as set out on pages 10 and 11.

2. Net capital gains/(losses)

	31 Dec 12 £	31 Dec 11 £
Currency gains/(losses)	119,016	(1,376,133)
Forward currency contracts	1,931	-
Non-derivative securities	37,508,957	(126,459,879)
Transaction charges	(18,578)	(41,125)
Net capital gains/(losses)	£37,611,326	£(127,877,137)

3. Revenue

	31 Dec 12 £	31 Dec 11 £
Bank interest	18,763	28,945
Overseas dividends	17,233,298	15,242,012
Stock dividends	117,260	255,375
	£17,369,321	£15,526,332

4. Expenses

	31 Dec 12 £	31 Dec 11 £
<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	4,380,350	6,528,864
Registration fees	7,110	8,117
	4,387,460	6,536,981
<i>Payable to the Depositary, associates of the Depositary and agents of either of them:</i>		
Depositary's fees	50,018	49,983
	50,018	49,983
<i>Payable to other related parties and third parties:</i>		
Audit fees	9,050	10,343
Dividend collection fees	115,769	-
Professional fees	791	7,372
Safe custody fees	319,901	482,971
Taxation fees	1,006	997
	446,517	501,683
	£4,883,995	£7,088,647

The audit fee for the period, excluding VAT was £7,500 (31 December 2011: £7,500)

5. Taxation

(a) Analysis of tax charge

	31 Dec 12 £	31 Dec 11 £
Overseas tax suffered	1,722,382	1,772,567
Overseas tax provision movement	-	(167,539)
Total current tax (5.b)	1,722,382	1,605,028
Total tax charge	£1,722,382	£1,605,028

(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 (31 Dec 11: 20%).

The differences are explained below:

	31 Dec 12 £	31 Dec 11 £
Net revenue before taxation	12,482,583	8,432,954
Corporation tax at 20%	2,496,517	1,686,591
<i>Effects of:</i>		
Dividends not subject to corporation tax	(3,105,679)	(2,726,877)
Movement in excess expenses	609,162	1,040,286
Movement in overseas tax provision	-	(167,539)
Overseas tax suffered	1,722,382	1,772,567
	(774,135)	(81,563)
Total tax charge (5.a)	£1,722,382	£1,605,028

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 31 December 2012 the Fund had excess management expenses of £18,762,230 (31 Dec 11: £15,716,422). The deferred tax in respect of this would be £3,752,446 (31 Dec 11: £3,143,284). 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:

	31 Dec 12 £	31 Dec 11 £
Interim	6,709,878	3,560,159
Final	5,705,433	3,867,516
	12,415,311	7,427,675
Add: Amounts deducted on cancellation of shares	324,278	1,091,463
Deduct: Amounts added on issue of shares	(1,972,902)	(1,700,210)
Net distributions	10,766,687	6,818,928
Interest	2,743	4,731
Total finance costs	£10,769,430	£6,823,659
Net revenue after taxation	10,760,201	6,827,926
Add: Revenue brought forward	9,893	3,758
Add: Shortfall transfer to capital	-	(2,863)
Deduct: Revenue carried forward	(3,407)	(9,893)
Net distributions as above	£10,766,687	£6,818,928

Details of the distribution per share are set out in the table on page 115.

7. Debtors

	As at 31 Dec 12 £	As at 31 Dec 11 £
Accrued revenue	892,542	464,497
Amounts receivable on issue of shares	54,876	340,495
Overseas tax recoverable	59,291	45,605
Sales awaiting settlement	167,532	212,605
	£1,174,241	£1,063,202

8. Cash & bank balances

	As at 31 Dec 12 £	As at 31 Dec 11 £
Cash and bank balances	8,259,849	7,577,759
	£8,259,849	£7,577,759

9. Creditors

	As at 31 Dec 12 £	As at 31 Dec 11 £
Amounts payable on cancellation of shares	266,888	204,114
Corporation tax payable	-	19,164
Expense accruals	465,165	470,079
Purchases awaiting settlement	436,908	715,348
	£1,168,961	£1,408,705

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 31 December 2012 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 31 December 2012 the amounts included in creditors in respect of management fees and registration fees due to the ACD are £357,221 and £577 respectively (31 Dec 11: £375,600 and £594).

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.

UBS Global Allocation Fund (UK) is a significant investor in the Fund. Transactions with the Fund were entered into in the normal course of business and on normal commercial terms. No initial charge was paid by UBS Global Allocation Fund (UK) on these transactions. The entity holds Class K Accumulation shares on which no ACD fee is payable. The aggregate value of these transactions during the year was £19,399,130 (31 Dec 11: £(8,931,610)). As at 31 December 2012, the entity held 204,117 shares in the Fund with a market value of £25,072,712 (31 Dec 11: 40,172 shares with a market value of £4,501,353).

The ACD has appointed UBS Global Asset Management (UK) Ltd to provide investment management services to the ACD in respect of the Fund. 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 18 and 19.

(a) Interest rate risk

At the year end date 1.25% (31 Dec 11: 1.61%) of the Fund's net assets were interest bearing.

(b) Currency exposure

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

Numerical disclosures are as follows:

Currency	Monetary exposures £	Non- monetary exposures £	Total £
31 Dec 12			
Brazil Real	59,291	24,684,952	24,744,243
Czech Koruna	316	12,135,902	12,136,218
Hong Kong Dollar	55,884	104,938,575	104,994,459
Hungarian Forint	80	-	80
Indian Rupee	288,638	66,498,120	66,786,758
Indonesian Rupiah	(216,342)	48,630,054	48,413,712
Israeli Shekel	15,934	-	15,934
Malaysian Ringgit	-	6,316,737	6,316,737
Mexican Peso	393	25,611,822	25,612,215
Philippine Peso	588	-	588
Polish Zloty	634	-	634
Singapore Dollar	2,355	-	2,355
South African Rand	163,344	82,939,666	83,103,010
South Korean Won	2	-	2
Taiwanese Dollar	4,432,515	70,390,167	74,822,682
Thai Baht	-	30,235,469	30,235,469
Turkish Lira	1,660	7,562,609	7,564,269
US Dollar	680,923	170,376,180	171,057,103
	5,486,215	650,320,253	655,806,468
Sterling	2,778,914	-	2,778,914
	£8,265,129	£650,320,253	£658,585,382

Currency	Monetary exposures £	Non- monetary exposures £	Total £
31 Dec 11			
Brazil Real	118,910	36,684,721	36,803,631
Czech Koruna	134	13,412,702	13,412,836
Hong Kong Dollar	98	72,551,412	72,551,510
Hungarian Forint	77	-	77
Indian Rupee	29,330	34,309,553	34,338,883
Indonesian Rupiah	45,291	25,955,530	26,000,821
Israeli Shekel	16,275	-	16,275
Malaysian Ringgit	-	4,475,186	4,475,186
Mexican Peso	213,012	16,997,471	17,210,483
Philippine Peso	576	-	576
Polish Zloty	598	-	598
Singapore Dollar	2,316	-	2,316
South African Rand	11,589	36,602,655	36,614,244
South Korean Won	2	-	2
Taiwanese Dollar	5,850,283	63,966,106	69,816,389
Thai Baht	-	19,809,381	19,809,381
Turkish Lira	597	4,363,817	4,364,414
US Dollar	107,647	134,182,155	134,289,802
	6,396,735	463,310,689	469,707,424
Sterling	835,521	-	835,521
	£7,232,256	£463,310,689	£470,542,945

(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.

14. Portfolio transaction costs

	£	31 Dec 12 £	£	31 Dec 11 £
Analysis of total purchase costs				
Purchases in year before transaction costs		309,296,843		223,122,218
Commissions & taxes	671,157		493,809	
Total purchase costs		671,157		493,809
Gross purchase total		£309,968,000		£223,616,027
Analysis of total sale costs				
Gross sales in year before transaction costs		160,944,700		330,459,362
Commissions & taxes	(477,325)		(789,278)	
Total sale costs		(477,325)		(789,278)
Total sales net of transaction costs		£160,467,375		£329,670,084

Distribution table**For the year ended 31 December 2012 (in pence per share)****Final dividend distribution**

Group 1: Shares purchased prior to 1 July 2012

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

	Net revenue (p)	Equalisation (note 10) (p)	Distribution payable 28/02/13 (p)	<i>Distribution paid 29/02/12 (p)</i>
Class A - Accumulation				
Group 1	1.39	-	1.39	1.52
Group 2	0.11	1.28	1.39	1.52
Class B - Accumulation				
Group 1	1.06	-	1.06	1.11
Group 2	0.40	0.66	1.06	1.11
Class C - Accumulation				
Group 1	0.14	-	0.14	-
Group 2	0.14	0.00	0.14	-
Class J - Accumulation				
Group 1	1.97	-	1.97	2.07
Group 2	0.28	1.69	1.97	2.07
Class K - Accumulation				
Group 1	142.40	-	142.40	141.60
Group 2	16.11	126.29	142.40	141.60

Interim dividend distribution

Group 1: Shares purchased prior to 1 January 2012

Group 2: Shares purchased between 1 January 2012 and 30 June 2012

	Net revenue (p)	Equalisation (note 10) (p)	Distribution paid 31/08/12 (p)	<i>Distribution paid 31/08/11 (p)</i>
Class A - Accumulation				
Group 1	2.74	-	2.74	1.60
Group 2	2.30	0.44	2.74	1.60
Class B - Accumulation				
Group 1	1.65	-	1.65	1.24
Group 2	1.35	0.30	1.65	1.24
Class J - Accumulation				
Group 1	3.33	-	3.33	2.22
Group 2	1.84	1.49	3.33	2.22
Class K - Accumulation				
Group 1	192.97	-	192.97	165.62
Group 2	82.79	110.18	192.97	165.62

UBS Global Optimal Fund

Manager's report

Investment objective and policy

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

Market environment

2012 was dominated by talk of the US 'fiscal cliff' and the year under review ended with a last minute deal reached by US policymakers to increase taxes for high earners and delay spending cuts. Given the risks to GDP growth, this agreement was greeted with relief by markets.

Following the volatile economic environment of 2011, markets saw an improvement throughout 2012 and as a result the MSCI World Index rose 11.4% in Sterling terms during the year under review. Most sectors finished in positive territory for the year, with financials, consumer discretionary and health care finishing ahead of the index. Energy, telecoms, utilities and materials all lagged the index during the reporting year.

In GDP terms the US continued to outperform Europe, Japan and the UK, while levels of growth within emerging markets were impacted by the faltering global market environment.

Fund performance

The Fund achieved performance of 9.8%* in Sterling terms for the year. Over the same time, the Fund's MSCI World ex-UK benchmark achieved performance of 11.6%.

The largest stock contributor to performance during the year under review was an overweight holding in the multinational chemicals company LyondellBasell. Over the year the stock's share price rose 84.2%, in Sterling terms.

An overweight position in the Hong-Kong listed property development company, New World Development, was the second most significant stock contributor to performance, after its share price rose 94.1%, in Sterling terms, during the reporting year.

A holding in the Colombian energy company Petrominerales, which is not listed in the Fund's benchmark index, was the most significant stock detractor to the Fund's relative performance over the reporting year after its share price fell significantly.

Stock selection within the social media company Facebook proved to be the second largest stock detractor to performance after its share price was down over 14%, in Sterling terms, during the year under review.

At an industry level, stock selection within the Materials sector proved to be the most positive contributor to the Fund's relative performance, whereas stock selection within Financials proved most detrimental. At a geographical level, stock selection within and an underweight to the US proved to be the largest contributor to relative performance, while stock selection within and an underweight to France was the biggest detractor.

Outlook

Whilst we expect that 2013 will start to see a return to a more normal economic environment and business cycle, it is still likely that risk appetite will remain fragile. However, the macro policies of both developed markets and emerging markets remain supportive and the loose monetary policy in the former, with the third round of quantitative easing, appears supportive for equity markets generally. The market will now be turning its attention to the US debt ceiling negotiations and the Italian elections as global political uncertainty continues.

We will maintain our focus on stock by stock fundamentals in order to seek out and exploit mis-pricing. We believe there is substantial value embedded in the portfolio, which will continue to be realised as valuation spreads narrow on improved confidence.

* Source: Lipper-Hindsight. Performance is based on NAV prices with income reinvested net of basic rate tax and in sterling terms to 31 December 2012, based on A shares.

Percentage growth

	31/12/11 to 31/12/12 %	31/12/10 to 31/12/11 %	31/12/09 to 31/12/10 %	31/12/08 to 31/12/09 %	31/12/07 to 31/12/08 %
Class A - Accumulation Shares	9.86	-13.12	13.20	27.47	-21.87
Class B - Accumulation Shares	10.57	-12.56	13.91	28.29	-21.36
Class C - Accumulation Shares	2.90	-	-	-	-

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 and B Accumulation Shares: 1 July 2002. Class C Accumulation; 15 August 2012

UBS Global Asset Management Funds Ltd

8 April 2013

Performance record (unaudited)**1. Fund size**

Accounting year		Number	Total net	Total net
31 December		of shares in	asset value	asset
		issue	per share	value
			(p)*	(£)
2010	Class A - Accumulation	5,123,760	71.5	3,662,757
	Class B - Accumulation	22,143,947	75.5	16,724,515
				£20,387,272
2011	Class A - Accumulation	3,776,746	62.4	2,355,033
	Class B - Accumulation	20,921,555	66.3	13,872,093
				£16,227,126
2012	Class A - Accumulation	2,335,268	68.69	1,604,207
	Class B - Accumulation	19,383,647	73.52	14,251,181
	Class C - Accumulation	10,000	51.42	5,142
				£15,860,530

* 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. Where the Fund invests in other funds, the figure includes the impact of the charges made in those other funds.

Share class	31 Dec 12
	(%)
Class A - Accumulation	1.73
Class B - Accumulation	1.09
Class C - Accumulation	0.97

3. Share dealing price range and distribution record

The Fund was launched on 1 July 2002 at a price of 50p for Class A and B Accumulation shares. Class C Accumulation shares were launched on 17 August 2012 at a price of 50p.

Calendar year	Highest price (p)	Lowest price (p)	Distribution per share (net) (p)
Class A - Accumulation			
2008	64.76	40.60	0.37
2009	64.92	39.14	0.17
2010	72.45	59.00	0.08
2011	73.68	55.64	0.26
2012	70.89	62.47	0.40
Class B - Accumulation			
2008	67.29	42.32	0.74
2009	68.17	40.88	0.45
2010	76.54	62.14	0.52
2011	77.91	59.08	0.70
2012	75.48	66.60	0.90
Class C - Accumulation			
2012 [†]	51.83	49.06	0.12

[†] covers period from launch to 31 December 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 31 December 2012**

	Holding	Market value £	Percentage of total net assets %
Bermuda - 0.00% (31 Dec 11: 1.27%)			
Brazil - 0.73% (31 Dec 11: 0.00%)			
Cielo	6,700	115,252	0.73
Canada - 3.45% (31 Dec 11: 6.42%)			
Canadian Oil Sands	14,600	179,929	1.13
Petrobank Energy & Resources	17,800	136,245	0.86
Petrominerales	14,347	72,794	0.46
Suncor Energy	7,970	159,374	1.00
China - 2.87% (31 Dec 11: 0.00%)			
China Construction Bank 'H'	501,000	248,690	1.57
Ping An Insurance 'H'	40,000	207,014	1.30
Denmark - 0.64% (31 Dec 11: 1.36%)			
FLSmidth & Co	2,817	100,739	0.64
Finland - 0.00% (31 Dec 11: 1.24%)			
France - 3.08% (31 Dec 11: 2.83%)			
Carrefour	19,034	301,485	1.90
Schneider Electric	4,177	186,612	1.18
Germany - 3.83% (31 Dec 11: 6.84%)			
Bayer	3,169	185,792	1.17
Deutsche Bank	5,415	145,577	0.92
E.On	12,315	141,388	0.89
Infineon Technologies	26,841	134,535	0.85
Greece - 0.00% (31 Dec 11: 0.51%)			
Hong Kong - 3.43% (31 Dec 11: 2.10%)			
AIA Group	116,400	281,001	1.77

	Holding	Market value £	Percentage of total net assets %
China Mobile	23,300	167,816	1.06
New World Development	99,500	95,128	0.60
Indonesia - 0.96% (31 Dec 11: 0.00%)			
Bank Rakyat Indonesia	350,000	152,505	0.96
Ireland - 2.51% (31 Dec 11: 2.11%)			
Covidien	5,441	189,511	1.19
Ingersoll-Rand	7,200	208,736	1.32
Italy - 1.15% (31 Dec 11: 1.35%)			
Fiat	27,138	182,560	1.15
Japan - 9.21% (31 Dec 11: 9.51%)			
Bridgestone	13,000	207,244	1.31
Itochu	26,600	172,981	1.09
KDDI	4,100	178,927	1.13
Mitsubishi UFJ Financial Group	63,100	208,342	1.31
ORIX	2,700	187,598	1.18
Sankyo	5,000	122,740	0.77
Tokyo Gas	34,000	96,153	0.61
Toyota Motor	10,000	287,111	1.81
Liberia - 1.35% (31 Dec 11: 0.00%)			
Royal Caribbean Cruises	10,400	213,699	1.35
Luxembourg - 0.00% (31 Dec 11: 1.01%)			
Netherlands - 4.35% (31 Dec 11: 5.14%)			
DSM	5,782	215,461	1.36
Heineken	5,874	241,066	1.52
LyondellBasell Industries	6,785	232,924	1.47

	Holding	Market value £	Percentage of total net assets %
Norway - 1.56% (31 Dec 11: 3.54%)			
Telenor	19,912	247,118	1.56
Russia - 2.41% (31 Dec 11: 0.00%)			
Gazprom	20,538	120,494	0.76
Mobile Telesystems ADR	11,500	132,520	0.84
Sberbank of Russia	16,804	127,846	0.81
South Africa - 1.48% (31 Dec 11: 0.00%)			
Naspers 'N'	5,941	235,224	1.48
South Korea - 2.90% (31 Dec 11: 0.00%)			
Samsung Electronics	386	340,166	2.14
Shinhan Financial	5,390	121,014	0.76
Spain - 0.00% (31 Dec 11: 1.32%)			
Sweden - 0.79% (31 Dec 11: 0.00%)			
Lundin Petroleum	8,834	125,390	0.79
Switzerland - 4.64% (31 Dec 11: 4.54%)			
Nestle	6,187	249,058	1.57
Novartis	6,621	256,914	1.62
Xstrata	21,732	230,359	1.45
Taiwan - 1.45% (31 Dec 11: 0.00%)			
Hon Hai Precision	62,531	229,555	1.45
Thailand - 1.63% (31 Dec 11: 0.00%)			
Kasikornbank Non-Voting Depositary Receipt	66,000	258,236	1.63
United Kingdom - 10.32% (31 Dec 11: 0.00%)			
Barclays	66,093	173,263	1.09
BP	62,681	267,052	1.68
HSBC	48,165	311,339	1.96
Imperial Tobacco Group	12,115	287,125	1.81
Rio Tinto	6,643	233,269	1.47

	Holding	Market value £	Percentage of total net assets %
SABMiller	6,971	197,419	1.24
Vodafone Group	109,637	169,773	1.07
United States of America - 33.92% (31 Dec 11: 48.25%)			
Abbott Laboratories	6,930	276,137	1.74
Apple	1,110	349,766	2.21
Atmel	24,700	94,724	0.60
Boeing	5,050	233,336	1.47
Colgate-Palmolive	5,000	321,767	2.03
Facebook 'A'	7,353	117,797	0.74
General Electric	18,300	231,368	1.46
Google 'A'	790	342,055	2.16
Hess	6,000	190,276	1.20
Hormel Foods	11,600	220,061	1.39
JPMorgan Chase & Co	8,100	216,641	1.37
McKesson	2,250	133,425	0.84
Microsoft	14,250	234,018	1.48
Occidental Petroleum	2,590	120,729	0.76
Oracle	12,400	253,262	1.60
Owens Corning	8,200	184,116	1.16
PNC Financial Services Group	4,100	145,720	0.92
St Jude Medical	6,300	138,220	0.87
Symantec	16,300	183,094	1.15
Textron	6,500	96,975	0.61
Thermo Fisher Scientific	3,700	143,977	0.91
Timken	4,550	130,306	0.82
United Health Group	5,950	198,186	1.25
Verifone Systems	6,400	113,575	0.72

		Market value £	Percentage of total net assets %
	Holding		
Viacom 'B' Non-Voting	5,400	173,520	1.09
Wellpoint	5,800	214,823	1.35
Wells Fargo	15,280	320,495	2.02
Investment assets		15,648,432	98.66
Net other assets		212,098	1.34
Net assets		£15,860,530	100.00

All holdings are ordinary shares or stock units and admitted to official stock exchange listings or trade on a regulated market unless otherwise stated.

Portfolio movements (unaudited)
For the year ended 31 December 2012

	Cost
	£
Major purchases	
iShares MSCI ACWI Index Fund	856,640
Toyota Motor	376,844
Imperial Tobacco Group	355,840
Oracle	331,550
HSBC	325,045
Deutsche Bank	313,557
BP	294,795
Samsung Electronics	294,011
Hess	290,768
Bridgestone	272,338
JPMorgan Chase & Co	270,387
China Construction Bank 'H'	263,196
Hormel Foods	255,853
Naspers 'N'	247,450
Kasikornbank Non-Voting Depositary Receipt	243,542
Hon Hai Precision	235,095
McKesson	231,420
Royal Caribbean Cruises	229,319
Xstrata	225,310
Tokyo Gas	216,966
Total for the year (Note 14)	£12,297,089

	Proceeds
	£
Major sales	
iShares MSCI ACWI Index Fund	857,600
Gilead Sciences	437,170
Lowes	359,137
Citigroup	358,366
Apple	348,418
Microsoft	339,010
Volkswagen Non-Voting Preference	323,388
Texas Instruments	307,677
Wolters-Kluwer	285,506
Universal Health Services 'B'	275,835
Altria Group	269,223
Tokyo Gas	257,247
Bank of New York Mellon	254,904
MDU Resources Group	245,750
Beiersdorf	244,270
Shin-Etsu Chemical	242,695
Comcast 'A'	233,717
Helmerich & Payne	229,971
Jardine Matheson	225,287
Statoil	223,647
Total for the year (Note 14)	£14,273,422

Statement of total return
For the year ended 31 December 2012

		31 Dec 12		31 Dec 11	
	Notes	£	£	£	£
Income					
Net capital gains/(losses)	2		1,493,530		(2,603,018)
Revenue	3	416,510		413,560	
Expenses	4	(184,329)		(203,278)	
Finance costs: Interest	6	(6)		(24)	
Net revenue before taxation		232,175		210,258	
Taxation	5	(38,481)		(46,183)	
Net revenue after taxation			193,694		164,075
Total return before distributions			1,687,224		(2,438,943)
Finance costs: Distributions	6		(195,017)		(164,245)
Change in net assets attributable to shareholders from investment activities			£1,492,207		£(2,603,188)

Statement of change in net assets attributable to shareholders
For the year ended 31 December 2012

	31 Dec 12		31 Dec 11	
	£	£	£	£
Opening net assets attributable to shareholders		16,227,126		20,387,272
Amounts receivable on issue of shares	4,147,826		1,286,718	
Amounts payable on cancellation of shares	(6,198,342)		(3,006,030)	
		(2,050,516)		(1,719,312)
Change in net assets attributable to shareholders from investment activities (see Statement of total return)		1,492,207		(2,603,188)
Retained distribution on accumulation shares		192,789		162,354
Stamp duty reserve tax		(1,076)		-
Closing net assets attributable to shareholders		£15,860,530		£16,227,126

Balance sheet**As at 31 December 2012**

	Notes	As at 31 Dec 12 £	As at 31 Dec 11 £
ASSETS			
Investment assets		15,648,432	16,119,491
Debtors	7	63,094	93,056
Cash and bank balances	8	174,709	66,114
Total other assets		237,803	159,170
Total assets		15,886,235	16,278,661
LIABILITIES			
Creditors	9	25,705	51,535
Total liabilities		25,705	51,535
Net assets attributable to shareholders		£15,860,530	£16,227,126

Notes to the financial statements

1. Accounting policies

Accounting policies of the Fund are as set out on pages 10 and 11.

2. Net capital gains/(losses)

	31 Dec 12 £	31 Dec 11 £
Currency losses	(16,626)	(19,275)
Forward currency contracts	10,441	18
Non-derivative securities	1,506,782	(2,577,251)
Transaction charges	(7,067)	(6,510)
Net capital gains/(losses)	£1,493,530	£(2,603,018)

3. Revenue

	31 Dec 12 £	31 Dec 11 £
Bank interest	4	312
Overseas dividends	381,310	402,322
Stock dividends	-	10,926
UK franked dividends	35,196	-
	£416,510	£413,560

4. Expenses

	31 Dec 12 £	31 Dec 11 £
<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	160,529	182,633
Registration fees	5,767	6,679
	166,296	189,312
<i>Payable to the Depositary, associates of the Depositary and agents of either of them:</i>		
Depositary's fees	1,974	2,200
	1,974	2,200
<i>Payable to other related parties and third parties:</i>		
Audit fees	7,843	7,945
Dividend collection fees	741	-
Professional fees	4,486	923
Safe custody fees	1,983	1,901
Taxation fees	1,006	997
	16,059	11,766
	£184,329	£203,278

The audit fee for the period, excluding VAT was £6,500 (31 December 2011: £6,500)

5. Taxation

(a) Analysis of tax charge

	31 Dec 12 £	31 Dec 11 £
Movement in overseas tax provision	-	(3,944)
Overseas tax suffered	38,481	50,127
Total current tax (5.b)	38,481	46,183
Total tax charge	£38,481	£46,183

(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 (31 Dec 11: 20%).

The differences are explained below:

	31 Dec 12 £	31 Dec 11 £
Net revenue before taxation	232,175	210,258
Corporation tax at 20%	46,435	42,052
<i>Effects of:</i>		
Dividends not subject to corporation tax	(82,918)	(82,650)
Movement in excess expenses	36,493	40,598
Movement in overseas tax provision	-	(3,944)
Overseas tax expense	(10)	-
Overseas tax suffered	38,481	50,127
	(7,954)	4,131
Total tax charge (5.a)	£38,481	£46,183

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 31 December 2012 the Fund had excess management expenses of £605,638 (31 Dec 11: £423,175). The deferred tax in respect of this would be £121,128 (31 Dec 11: £84,635). 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:

	31 Dec 12 £	31 Dec 11 £
Interim	137,569	122,603
Final	55,220	39,751
	192,789	162,354
Add: Amounts deducted on cancellation of shares	14,952	4,811
Deduct: Amounts added on issue of shares	(12,724)	(2,920)
Net distributions	195,017	164,245
Interest	6	24
Total finance costs	£195,023	£164,269
Net revenue after taxation	193,694	164,075
Add: Revenue brought forward	1,724	1,351
Add: Shortfall transfer to capital	-	543
Deduct: Revenue carried forward	(401)	(1,724)
Net distributions as above	£195,017	£164,245

Details of the distribution per share are set out in the table on page 134.

7. Debtors

	As at 31 Dec 12 £	As at 31 Dec 11 £
Accrued revenue	12,076	11,719
Amounts receivable on issue of shares	33,871	69,343
Overseas tax recoverable	17,147	11,994
	£63,094	£93,056

8. Cash & bank balances

	As at 31 Dec 12 £	As at 31 Dec 11 £
Cash and bank balances	174,709	66,114
	£174,709	£66,114

9. Creditors

	As at 31 Dec 12 £	As at 31 Dec 11 £
Amounts payable on cancellation of shares	-	27,537
Expense accruals	25,705	23,998
	£25,705	£51,535

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 31 December 2012 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 31 December 2012 the amounts included in creditors in respect of management fees and registration fees due to the ACD are £12,970 and £461 respectively (31 Dec 11: £13,092 and £477).

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.

During the year the Fund made net sales in UBS shares to a value of £nil (31 Dec 11: net sales of £231,614).

The ACD has appointed UBS Global Asset Management (UK) Ltd to provide investment management services to the ACD in respect of the Fund. 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 18 and 19.

(a) Interest rate risk

At the year end date 1.10% (31 Dec 11: 0.41%) of the Fund's net assets were interest bearing.

(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:

Currency	Monetary exposures £	Non- monetary exposures £	Total £
31 Dec 12			
Australian Dollar	377	-	377
Brazilian Lira	-	115,252	115,252
Canadian Dollar	1,650	548,342	549,992
Danish Krone	75	100,739	100,814
Euro	28,396	1,734,477	1,762,873
Hong Kong Dollar	21,382	999,649	1,021,031
Indonesian Rupiah	-	152,505	152,505
Japanese Yen	15,005	1,461,096	1,476,101
Norwegian Krone	8,830	247,118	255,948
Singapore Dollar	616	-	616
South African Rand	1,629	235,224	236,853
South Korean Won	2,949	461,180	464,129
Swedish Krona	1,542	125,390	126,932
Swiss Franc	5,298	505,973	511,271
Thailand Baht	-	258,236	258,236
US Dollar	94,498	6,833,653	6,928,151
	182,247	13,778,834	13,961,081
Sterling	29,851	1,869,598	1,899,449
	£212,098	£15,648,432	£15,860,530

Currency	Monetary exposures £	Non- monetary exposures £	Total £
31 Dec 11			
Australian Dollar	14	-	14
Canadian Dollar	3,093	1,042,286	1,045,379
Danish Krone	789	220,074	220,863
Euro	29,286	3,126,843	3,156,129
Hong Kong Dollar	3,286	341,041	344,327
Japanese Yen	5,703	1,542,715	1,548,418
Norwegian Krone	3,352	575,936	579,288
Singapore Dollar	606	-	606
Swedish Krona	854	-	854
Swiss Franc	6,874	736,588	743,462
US Dollar	11,468	8,534,008	8,545,476
	65,325	16,119,491	16,184,816
Sterling	42,310	-	42,310
	£107,635	£16,119,491	£16,227,126

(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.

14. Portfolio transaction costs

	31 Dec 12		31 Dec 11	
Analysis of total purchase costs	£	£	£	£
Purchases in year before transaction costs		12,275,030		12,079,779
Commissions & taxes	22,059		13,761	
Total purchase costs		22,059		13,761
<hr/>				
Gross purchase total		£12,297,089		£12,093,540

	31 Dec 12		31 Dec 11	
Analysis of total sale costs	£	£	£	£
Gross sales in year before transaction costs		14,286,453		13,567,027
Commissions & taxes	(13,031)		(12,363)	
Total sale costs		(13,031)		(12,363)
<hr/>				
Total sales net of transaction costs		£14,273,422		£13,554,664

Distribution table**For the year ended 31 December 2012 (in pence per share)****Final dividend distribution**

Group 1: Shares purchased prior to 1 July 2012

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

	Net revenue (p)	Equalisation (note 10) (p)	Distribution payable 28/02/13 (p)	<i>Distribution paid 29/02/12 (p)</i>
Class A - Accumulation				
Group 1	0.04	-	0.04	0.00
Group 2	0.00	0.04	0.04	0.00
Class B - Accumulation				
Group 1	0.28	-	0.28	0.19
Group 2	0.14	0.14	0.28	0.19
Class C - Accumulation				
Group 1	0.12	-	0.12	-
Group 2	0.12	0.00	0.12	-

Interim dividend distribution

Group 1: Shares purchased prior to 1 January 2012

Group 2: Shares purchased between 1 January 2012 and 30 June 2012

	Net revenue (p)	Equalisation (note 10) (p)	Distribution paid 31/08/12 (p)	<i>Distribution paid 31/08/11 (p)</i>
Class A - Accumulation				
Group 1	0.36	-	0.36	0.26
Group 2	0.35	0.01	0.36	0.26
Class B - Accumulation				
Group 1	0.62	-	0.62	0.51
Group 2	0.30	0.32	0.62	0.51

UBS Global Optimal Thirds Fund

Manager's report

Notice of Fund wind up

The UBS Global Optimal Thirds Fund commenced termination on 27 June 2012. Termination will be completed once all assets and liabilities have been settled.

Percentage growth

	31/12/11 to termination %	31/12/10 to 31/12/11 %	31/12/09 to 31/12/10 %	31/12/08 to 31/12/09 %	31/12/07 to 31/12/08 %
Class J - Accumulation Shares	-21.08	-13.30	13.01	28.03	-22.11

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

UBS Global Asset Management Funds Ltd

8 April 2013

Performance record (unaudited)**1. Fund size**

Accounting year 31 December		Number of shares in issue	Total net asset value per share (p)*	Total net asset value (£)
2010	Class J - Accumulation	8,992,388	101.2	9,104,190
				£9,104,190
2011	Class J - Accumulation	8,784,980	88.4	7,763,735
				£7,763,735
2012	Class J - Accumulation	-	-	-
				-

* rounded to one decimal place.

2. Share dealing price range and distribution record

The Fund was launched on 3 February 2003 at a price of 50p for Class J Accumulation shares.

Calendar year	Highest price (p)	Lowest price (p)	Distribution per share (net) (p)
Class J - Accumulation			
2008	91.58	57.59	1.21
2009	92.17	55.92	0.74
2010	102.55	83.23	0.91
2011	104.47	79.57	1.17
2012†	130.81	69.89	-

† covers period from 1 January 2012 to 27 June 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 31 December 2012

There are no holdings to disclose due to the Fund closure.

Portfolio movements (unaudited)
For the year ended 31 December 2012

	Cost
	£
Major purchases	
Toyota Motor	150,001
Deutsche Bank	136,820
Hess	102,652
Royal Caribbean Cruises	99,800
McKesson	99,438
JPMorgan Chase & Co	94,121
Hormel Foods	93,812
Westfield Group	92,057
Bridgestone	85,778
Schneider Electric	78,141
Atmel	64,559
DSM	63,566
Tokyo Gas	53,870
Wellpoint	41,431
BNP Paribas	29,138
SAP	23,798
Apple	23,067
Canadian Oil Sands	22,248
E.ON	18,232
Ingersoll-Rand	17,328
Total for the year (Note 14)	£1,461,691

	Proceeds
	£
Major sales	
Apple	286,832
Samsung Electronics	199,072
Telenor	196,673
Citigroup	190,233
Wells Fargo	187,080
Microsoft	183,651
Novartis	182,721
Gilead Sciences	182,392
Mitsubishi UFJ Financial Group	177,971
Colgate-Palmolive	169,488
Aia Group	164,117
Itochu	160,772
Carrefour	156,626
Toyota Motor	151,585
Volkswagen Non-Voting Preference	148,592
SAP	145,320
Heineken	136,958
Fiat	133,744
Wellpoint	133,397
United Health Group	132,231
Total for the year (Note 14)	£9,693,044

Statement of total return
For the year ended 31 December 2012

		31 Dec 12		31 Dec 11	
	Notes	£	£	£	£
Income					
Net capital gains/(losses)	2		614,045		(1,191,652)
Revenue	3	51,477		208,780	
Expenses	4	(37,570)		(86,145)	
Finance costs: Interest	6	(2)		(28)	
Net revenue before taxation		13,905		122,607	
Taxation	5	(5,707)		(22,031)	
Net revenue after taxation			8,198		100,576
Total return before distributions			622,243		(1,091,076)
Finance costs: Distributions	6		(7,151)		(100,144)
Change in net assets attributable to shareholders from investment activities			£615,092		£(1,191,220)

Statement of change in net assets attributable to shareholders
For the year ended 31 December 2012

	31 Dec 12		31 Dec 11	
	£	£	£	£
Opening net assets attributable to shareholders		7,763,735		9,104,190
Amounts receivable on issue of shares	39,787		708,184	
Amounts payable on cancellation of shares	(8,418,614)		(958,991)	
		(8,378,827)		(250,807)
Change in net assets attributable to shareholders from investment activities (see Statement of total return)		615,092		(1,191,220)
Retained distribution on accumulation shares		-		101,572
Closing net assets attributable to shareholders		-		£7,763,735

Balance sheet**As at 31 December 2012**

	Notes	As at 31 Dec 12 £	As at 31 Dec 11 £
ASSETS			
Investment assets		-	7,619,498
Debtors	7	9,498	79,001
Cash and bank balances	8	9,425	117,268
Total other assets		18,923	196,269
Total assets		18,923	7,815,767
LIABILITIES			
Creditors	9	12,000	52,032
Bank overdraft		6,923	-
Total liabilities		18,923	52,032
Net assets attributable to shareholders		-	£7,763,735

Notes to the financial statements**1. Accounting policies**

Accounting policies of the Fund are as set out on pages 10 and 11.

2. Net capital gains/(losses)

	31 Dec 12	31 Dec 11
	£	£
Currency gains	4,723	489
Forward currency contracts	333	-
Non-derivative securities	612,183	(1,187,102)
Transaction charges	(3,194)	(5,039)
Net capital gains/(losses)	£614,045	£(1,191,652)

3. Revenue

	31 Dec 12	31 Dec 11
	£	£
Bank interest	6	128
Overseas dividends	51,354	203,402
Stock dividends	117	5,250
	£51,477	£208,780

4. Expenses

	31 Dec 12	31 Dec 11
	£	£
<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	21,419	74,160
	21,419	74,160
<i>Payable to the Depositary, associates of the Depositary and agents of either of them:</i>		
Depositary's fees	286	989
	286	989
<i>Payable to other related parties and third parties:</i>		
Audit fees	13,821	7,945
Professional fees	-	923
Safe custody fees	1,545	1,131
Taxation fees	499	997
	15,865	10,996
	£37,570	£86,145

The audit fee for the period, excluding VAT was £5,000 (31 December 2011: £6,500)

5. Taxation

(a) Analysis of tax charge

	31 Dec 12 £	31 Dec 11 £
Overseas tax suffered	5,749	22,031
Movement in overseas tax provision	(42)	-
Total current tax (5.b)	5,707	22,031
Total tax charge	£5,707	£22,031

(b) Factors affecting current tax charge

The tax charged for the year is higher than the standard 20% rate of corporation tax applicable to the revenue received by open-ended investment companies (31 Dec 11: 20%).

The differences are explained below:

	31 Dec 12 £	31 Dec 11 £
Net revenue before taxation	13,905	122,607
Corporation tax at 20%	2,781	24,521
<i>Effects of:</i>		
Dividends not subject to corporation tax	(10,101)	(41,730)
Movement in excess expenses	7,325	17,209
Movement in overseas tax provision	(42)	-
Overseas tax expense	(5)	-
Overseas tax suffered	5,749	22,031
	2,926	(2,490)
Total tax charge (5.a)	£5,707	£22,031

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 31 December 2012 the Fund had excess management expenses of £205,133 (31 Dec 11: £168,512). The deferred tax in respect of this would be £41,027 (31 Dec 11: £33,702). 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:

	31 Dec 12 £	31 Dec 11 £
Interim	-	76,974
Final	-	24,598
	-	101,572
Add: Amounts deducted on cancellation of shares	8,964	1,633
Deduct: Amounts added on issue of shares	(150)	(3,061)
Deduct: Movement on revenue due to Fund closure	(1,663)	-
Net distributions	7,151	100,144
Interest	2	28
Total finance costs	£7,153	£100,172
Net revenue after taxation	8,198	100,576
Add: Revenue brought forward	475	43
Deduct: Revenue carried forward	(1,522)	(475)
Net distributions as above	£7,151	£100,144

Details of the distribution per share are set out in the table on page 148.

7. Debtors

	As at 31 Dec 12 £	As at 31 Dec 11 £
Accrued revenue	1,663	4,169
Amounts receivable on issue of shares	-	44,591
Overseas tax recoverable	7,835	18,575
Sales awaiting settlement	-	11,666
	£9,498	£79,001

8. Cash & bank balances

	As at 31 Dec 12 £	As at 31 Dec 11 £
Cash and bank balances	9,425	117,268
	£9,425	£117,268

9. Creditors

	As at 31 Dec 12 £	As at 31 Dec 11 £
Amounts payable on cancellation of shares	-	6,614
Corporation tax payable	-	29,741
Expense accruals	12,000	15,677
	£12,000	£52,032

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 31 December 2012 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 31 December 2012 the amounts included in creditors in respect of management fees due to the ACD are £Nil (31 Dec 2011: £5,688).

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.

During the year the Fund made net sales in UBS shares to a value of £78,593 (31 Dec 11: £74,575). The value of the holding at the year end is £Nil (31 Dec 11: £68,009).

The ACD has appointed UBS Global Asset Management (UK) Ltd to provide investment management services to the ACD in respect of the Fund. 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 18 and 19.

(a) Interest rate risk

At the year end date Nil% (31 Dec 2011: 1.51%) of the Fund's net assets were interest bearing.

(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:

Currency	Monetary exposures £	Non- monetary exposures £	Total £
31 Dec 12			
Canadian Dollar	20	-	20
Euro	1,020	-	1,020
Japanese Yen	9,194	-	9,194
Norwegian Krone	2,544	-	2,544
Swedish Krona	3	-	3
Swiss Franc	4,415	-	4,415
US Dollar	64	-	64
	17,260	-	17,260
Sterling	(17,260)	-	(17,260)
	-	-	-

Currency	Monetary exposures £	Non- monetary exposures £	Total £
31 Dec 11			
Australian Dollar	7,225	301,161	308,386
Canadian Dollar	14,073	372,468	386,541
Danish Krone	292	86,217	86,509
Euro	37,400	1,794,614	1,832,014
Hong Kong Dollar	2,981	208,123	211,104
Japanese Yen	2,265	1,112,857	1,115,122
South Korean Won	1,030	170,786	171,816
Norwegian Krone	2,708	309,794	312,502
Singapore Dollar	924	105,276	106,200
Swedish Krona	59	-	59
Swiss Franc	3,385	357,059	360,444
US Dollar	14,407	2,801,143	2,815,550
	86,749	7,619,498	7,706,247
Sterling	57,488	-	57,488
	£144,237	£7,619,498	£7,763,735

(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.

14. Portfolio transaction costs

		31 Dec 12	31 Dec 11
Analysis of total purchase costs	£	£	£
Purchases in year before transaction costs		1,459,993	5,034,387
Commissions & taxes	1,698		5,622
Total purchase costs		1,698	5,622
Gross purchase total		£1,461,691	£5,040,009

		31 Dec 12	31 Dec 11
Analysis of total sale costs	£	£	£
Gross sales in year before transaction costs		9,700,201	5,315,322
Commissions & taxes	(7,158)		(5,645)
Total sale costs		(7,158)	(5,645)
Total sales net of transaction costs		£9,693,044	£5,309,677

Distribution table**For the year ended 31 December 2012 (in pence per share)****Final dividend distribution**

Group 1: Shares purchased prior to 1 July 2012

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

	Net revenue (p)	Equalisation (note 10) (p)	Distribution payable 28/02/13 (p)	<i>Distribution paid 29/02/12 (p)</i>
Class J - Accumulation				
Group 1	-	-	-	0.28
Group 2	-	-	-	0.28

Interim dividend distribution

Group 1: Shares purchased prior to 1 January 2012

Group 2: Shares purchased between 1 January 2012 and 30 June 2012

	Net revenue (p)	Equalisation (note 10) (p)	Distribution paid 31/08/12 (p)	<i>Distribution paid 31/08/11 (p)</i>
Class J - Accumulation				
Group 1	-	-	-	0.89
Group 2	-	-	-	0.89

UBS Inflation Linked Bond UK Plus Fund

Manager's report

Investment objective and policy

To seek to generate a return greater than the return provided by long-dated UK government index-linked securities, derived from investment in UK and global securities. The Fund invests in government bonds, non-government bonds (including bonds issued by local authorities, supra-nationals, agencies and corporate entities); fixed rate, variable rate, inflation-linked, index-linked and non-sterling bonds (including emerging market debt); secured and unsecured debt securities (including floating rate notes); and investment grade and high yield bonds; and may express views on exchange rates. Additionally, the Fund may invest in other transferable securities (including warrants), money market instruments, deposits, cash and near cash and units in collective investments schemes. At its discretion the Manager may use derivatives including forward foreign exchange, forward and futures contracts, swaps, options, repurchase agreements and structured credit, for investment purposes and/or to manage interest rate, inflation, credit and currency exposures.

Market environment

2012 proved to be a rollercoaster year for government bond markets, peppered by political events, as investors' low expectations were exceeded in the first quarter amid better than expected economic data and a relatively calm market response to the restructuring in Greece. However, continuation of falling energy prices, escalation of Euro area sovereign risk and further central bank easing conspired to drive many key developed market bond yields to record new lows in the second quarter as risk averse investors sought refuge in safe havens. Central banks embarked on the logical next step of unconventional monetary policy in the third quarter, as both the Fed and European Central Bank (ECB) announced further quantitative easing measures. This resulted in positive returns for global developed sovereign markets, with the main driver of return being the strong performance of European sovereign bond markets; in particular, peripheral country bond markets continued to rally in light of the ECB's announcement of support through the Outright Monetary Transactions facility. The members of the Bank of England's Monetary Policy Committee (MPC) kept rates on hold throughout the period, although they did expand the Quantitative Easing programme and announced a new 'funding for lending' programme designed to boost credit for British enterprise.

The Quantitative Easing programme ended in December but the MPC left the door open for further easing in the future if deemed necessary. Inflation fell throughout the first 9 months of the year before rising to 2.7% as at the end of November. The over 5 year UK index-linked bond index returned 1.47%. 10 year real yields fell from -0.58% to -0.84% over year.

Fund performance

The Fund achieved a performance of 1.2%* for the year. Spread management provided the strongest contribution to outperformance relative to benchmark. Active currency management also provided a positive contribution in the year, while duration management detracted from outperformance.

Within active currency positioning we moved underweight GBP in preference to USD and NOK. We remained overweight financials, in particular insurers.

Outlook

Global growth is likely to remain sub-par in 2013, however, the 2014 outlook could be much brighter if the post financial crisis policies are not reversed prematurely. Europe continues to be the principle drag on the global economy, although most recent data, particularly in the US, has strengthened the argument for an improving outlook.

Supportive monetary policy, investors search for yield, and lack of exogenous shocks still support carry-based investment in the months ahead. Notwithstanding the short-term risk on credit from US fiscal cliff debt ceiling negotiations and Italian politics, a stronger global economy in 2014 and further monetary easing (through providing both a greater quantity and lowering the cost of money) is supportive for euro rates and credit particularly those financial issuers who are systemically important and reside in strong sovereign countries

Notice of Fund termination

The UBS Inflation Linked Bond UK Plus Fund commenced termination on 7 January 2013.

* Source: Lipper-Hindsight. Performance is based on NAV prices with income reinvested net of basic rate tax and in sterling terms to 31 December 2012, based on J shares.

Percentage growth

	31/12/11 to 31/12/12 %	31/12/10 to 31/12/11 %	31/12/09 to 31/12/10 %	31/12/08 to 31/12/09 %	31/12/07 to 31/12/08 %
Class J - Accumulation Gross Shares	1.19	21.73	11.07	16.79	-10.45
Class K - Accumulation Gross Shares	-	17.49	11.80	19.00	-9.95

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 and J Accumulation Gross Shares: 6 March 2007.

Class K Accumulation Gross Shares closed 8 December 2011. The performance quoted is up to this date.

UBS Global Asset Management Funds Ltd
8 April 2013

Performance record (unaudited)**1. Fund size**

Accounting year		Number of shares in issue	Total net asset value per share (p)*	Total net asset value (£)
31 December				
2010	Class J - Accumulation Gross	18,888,134	1,247.5	235,630,644
	Class K - Accumulation Gross	5,388,214	62.1	3,347,590
				£238,978,234
2011	Class J - Accumulation Gross	24,335,893	1,509.9	367,443,259
				£367,443,259
2012	Class J - Accumulation Gross	14,628,736	1531.37	224,020,239
				£224,020,239

* 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. Where the Fund invests in other funds, the figure includes the impact of the charges made in those other funds.

Share class	31 Dec 12 (%)
Class J - Accumulation Gross	0.67

3. Share dealing price range and distribution record

The Fund was launched on 6 March 2007 at a price of 50p for Class K Accumulation Gross shares. Class J Accumulation Gross shares were launched on 29 June 2007 at a price of £10.

Calendar year	Highest price (p)	Lowest price (p)	Distribution per share (net) (p)
Class J - Accumulation Gross			
2008	1,190.38	811.16	32.05
2009	1,142.95	887.61	37.19
2010	1,244.48	1,099.66	22.13
2011	1,521.70	1,197.97	23.02
2012	1,539.71	1,438.85	23.91
Class K - Accumulation Gross			
2008	57.73	39.38	1.91
2009	56.54	43.16	1.85
2010	61.98	54.46	1.10
2011 [†]	75.39	59.68	0.84

[†] share class closed on 9 December 2011.

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 31 December 2012**

	Holding	Market value £	Percentage of total net assets %
Bonds - 99.41% (31 Dec 11: 98.39%)			
Government Bonds - 99.41% (31 Dec 11: 89.21%)			
Treasury 0.125% Index-Linked 2029	£2,775,000	3,009,701	1.34
Treasury 0.375% Index-Linked 2062	£10,030,500	11,682,313	5.22
Treasury 0.5% Index-Linked 2050	£22,938,000	29,796,531	13.30
Treasury 0.625% Index-Linked 2040	£15,990,000	20,769,715	9.27
Treasury 0.625% Index-Linked 2042	£14,098,000	18,916,245	8.44
Treasury 0.75% Index-Linked 2034	£10,775,000	13,226,442	5.90
Treasury 0.75% Index-Linked 2047	£5,632,000	8,067,829	3.60
Treasury 1.125% Index-Linked 2037	£7,160,000	11,054,073	4.94
Treasury 1.25% Index-Linked 2027	£8,577,000	13,484,854	6.02
Treasury 1.25% Index-Linked 2032	£3,935,000	5,667,191	2.53
Treasury 1.75% Index-Linked 2055	£5,175,000	9,690,591	4.33
Treasury 2% Index-Linked 2035	£8,037,108	16,239,378	7.25
Treasury 2.5% Index-Linked 2020	£2,694,000	10,028,415	4.48
Treasury 2.5% Index-Linked 2024	£7,574,000	25,720,547	11.48
Treasury 4.125% Index-Linked 2030	£7,957,000	25,335,088	11.31
Mortgage & Asset Backed Securities - 0.00% (31 Dec 11: 0.00%)			
Abacus FRN 2041	\$350,000	-	-
Infiniti SPC FRN 2016	\$400,000	-	-
Ordinary Fixed Interest - 0.00% (31 Dec 11: 9.18%)			
Derivatives - (0.25)% (31 Dec 11: (0.10)%)			
Credit Default Swaps – 0.00% (31 Dec 11: (0.22)%)			
Futures - (0.02)% (31 Dec 11: (0.25)%)			
Long Gilt Future Mar 2013	(136)	(44,200)	(0.02)

	Holding	Market value £	Percentage of total net assets %
Inflation Swaps – (0.13)% (31 Dec 11: (0.04)%)			
Goldman Sachs Inflation Swap UK RPI 3.23% Pay 11 Dec 2017	8,500,000	(294,178)	(0.13)
Inflation Swap UK RPI 3.23% Pay 11 Dec 2017	(8,500,000)	-	-
Interest Rate Swaps - 0.00% (31 Dec 11: 0.09%)			
Forwards - (0.08)% (31 Dec 11: 0.32%)			
Bought Australian Dollar 1,880,000 Sold Sterling 1,223,879		(20,015)	(0.01)
Bought Australian Dollar 4,005,000 Sold Canadian Dollar 4,075,604		31,443	0.01
Bought Canadian Dollar 4,255,000 Sold Japanese Yen 343,165,750		180,917	0.08
Bought Canadian Dollar 8,553,514 Sold US Dollar 8,545,000		30,618	0.01
Bought Euro 2,760,000 Sold US Dollar 3,634,056		3,139	-
Bought Euro 3,410,000 Sold Swedish Krona 29,927,524		(60,788)	(0.03)
Bought Euro 9,070,000 Sold Sterling 7,332,633		64,995	0.03
Bought Japanese Yen 1,020,136,766 Sold US Dollar 12,775,000		(578,306)	(0.26)
Bought Japanese Yen 335,259,210 Sold Australian Dollar 3,900,000		(90,385)	(0.04)

	Market value £	Percentage of total net assets %
Holding		
Bought Japanese Yen 338,781,824		
Sold Canadian Dollar 4,255,000	(212,391)	(0.08)
Bought Japanese Yen 358,868,475		
Sold Euro 3,375,000	(176,206)	(0.08)
Bought Norwegian Krone 87,540,000		
Sold Sterling 9,529,968	162,898	0.07
Bought Sterling 2,245,000		
Sold US Dollar 3,657,222	(17,290)	(0.01)
Bought Sterling 2,610,000		
Sold Norwegian Krone 24,060,520	(54,101)	(0.02)
Bought Sterling 2,826,343		
Sold Australian Dollar 4,460,000	(29,633)	(0.01)
Bought Sterling 3,572,754		
Sold Canadian Dollar 5,660,000	54,809	0.03
Bought Sterling 4,908,481		
Sold US Dollar 7,895,343	24,570	0.01
Bought Sterling 5,222,828		
Sold Euro 6,500,000	(78,671)	(0.04)
Bought Sterling 5,481,668		
Sold Swedish Krona 58,710,000	(93,664)	(0.04)
Bought Sterling 7,898,327		
Sold Japanese Yen 1,000,500,000	715,240	0.32
Bought Swedish Krona 29,363,340		
Sold Euro 3,410,000	7,211	-

	Market value £	Percentage of total net assets %
Holding		
Bought Swedish Krona 42,346,491		
Sold Norwegian Krone 36,300,000	2,072	-
Bought US Dollar 28,035,000		
Sold Sterling 17,424,819	(82,895)	(0.04)
Bought US Dollar 4,304,316		
Sold Euro 3,375,000	(90,130)	(0.04)
Bought US Dollar 7,190,000		
Sold Japanese Yen 599,871,048	140,827	0.06
Investment assets (including investment liabilities)	222,184,798	99.18
Net other assets	1,835,441	0.82
Net assets	£224,020,239	100.00

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

At 31 December 2012, 100% of the debt securities were rated as investment grade.

Portfolio movements (unaudited)
For the year ended 31 December 2012

	Cost £
Major purchases	
Treasury 2.5% Index-Linked 2020	21,385,180
Treasury 0.375% Index-Linked 2062	11,152,886
Treasury 0.75% Index-Linked 2034	5,347,875
Treasury 1.75% Index-Linked 2055	5,335,665
Treasury 0.125% Index-Linked 2029	5,072,309
Deutsche Bahn Finance 2.75% 2022	3,749,284
Lloyds Banking Group 5.125% 2025	3,352,856
BHP Billiton Financial 3.25% 2024	2,778,054
Commonwealth Bank of Australia 3% 2026	2,717,083
Treasury 1.125% Index-Linked 2037	2,480,117
Tesco Property Finance 5.6611% 2041	2,393,000
Treasury 4.5% Index-Linked 2042	2,378,384
Treasury 0.625% Index-Linked 2042	2,361,076
Centrica 4.375% 2029	2,129,661
Wales & West Utilities 6.75% 2036	2,067,260
Glencore Finance Europe 5.5% 2022	2,007,597
Renault 4.625% 2017	1,884,188
Munich Re FRN 2042	1,696,549
Northumbrian Water Finance 5.125% 2042	1,629,834
Yorkshire Water Services Finance 6.375% 2039	1,618,788
Total for the year	£143,071,062

	Proceeds £
Major sales	
Treasury 2.5% Index-Linked 2020	35,054,082
Treasury 1.25% Index-Linked 2027	21,153,498
Treasury 2.5% Index-Linked 2024	16,053,345
Treasury 0.5% Index-Linked 2050	13,447,919
Treasury 0.625% Index-Linked 2042	11,941,211
Treasury 4.125% Index-Linked 2030	11,771,173
Treasury 0.625% Index-Linked 2040	10,887,467
Treasury 2% Index-Linked 2035	7,564,488
Treasury 1.125% Index-Linked 2037	5,946,374
Treasury 0.75% Index-Linked 2034	5,433,997
Treasury 0.375% Index-Linked 2062	4,677,052
Deutsche Bahn Finance 2.75% 2022	3,913,822
Treasury 0.75% Index-Linked 2047	3,822,099
Treasury 1.75% Index-Linked 2055	3,807,969
Instituto de Credito Oficial 4% 2014	3,751,957
Lloyds Banking Group 5.125% 2025	3,651,507
BHP Billiton Financial 3.25% 2024	2,787,076
Commonwealth Bank of Australia 3% 2026	2,744,020
Treasury 1.25% Index-Linked 2032	2,668,130
Petrobras International Finance 6.25% 2026	2,585,561
Total for the year	£280,243,944

Statement of total return
For the year ended 31 December 2012

		31 Dec 12		31 Dec 11	
	Notes	£	£	£	£
Income					
Net capital (losses) /gains	2		(8,261,502)		48,264,562
Revenue	3	12,781,986		16,143,501	
Expenses	4	(2,163,057)		(1,957,226)	
Finance costs: Interest	6	(288)		(13)	
Net revenue before taxation		10,618,641		14,186,262	
Taxation	5	-		-	
Net revenue after taxation		10,618,641		14,186,262	
Total return before distributions		2,357,139		62,450,824	
Finance costs: Distributions	6	(5,255,055)		(5,183,771)	
Change in net assets attributable to shareholders from investment activities			£(2,897,916)		£57,267,053

Statement of change in net assets attributable to shareholders
For the year ended 31 December 2012

	31 Dec 12		31 Dec 11	
	£	£	£	£
Opening net assets attributable to shareholders		367,443,259		238,978,234
Amounts receivable on issue of shares	7,544,146		79,765,867	
Amounts payable on cancellation of shares	(152,994,754)		(13,939,928)	
		(145,450,608)		65,825,939
Change in net assets attributable to shareholders from investment activities (see Statement of total return)		(2,897,916)		57,267,053
Retained distribution on accumulation shares		4,925,504		5,372,033
Closing net assets attributable to shareholders		£224,020,239		£367,443,259

Balance sheet**As at 31 December 2012**

	Notes	As at 31 Dec 12 £	As at 31 Dec 11 £
ASSETS			
Investment assets		224,107,651	366,987,807
Debtors	7	759,414	1,796,627
Cash and bank balances	8	1,223,075	4,676,313
Total other assets		1,982,489	6,472,940
Total assets		226,090,140	373,460,747
LIABILITIES			
Investment liabilities		1,922,853	5,809,549
Creditors	9	147,048	207,939
Total other liabilities		147,048	207,939
Total liabilities		2,069,901	6,017,488
Net assets attributable to shareholders		£224,020,239	£367,443,259

Notes to the financial statements

1. Accounting policies

Accounting policies of the Fund are as set out on pages 10 and 11.

2. Net capital (losses)/gains

	31 Dec 12 £	31 Dec 11 £
Currency (losses)/gains	(19,392)	43,603
Derivative contracts	(342,536)	999,848
Forward currency contracts	1,570,762	278,359
Non-derivative securities	(9,465,596)	46,944,951
Transaction charges	(4,740)	(2,199)
Net capital (losses)/gains	£(8,261,502)	£48,264,562

3. Revenue

	31 Dec 12 £	31 Dec 11 £
Bank interest	116	12,389
Interest on debt securities	12,796,057	16,328,412
Revenue from derivative contracts	(14,187)	(197,300)
	£12,781,986	£16,143,501

4. Expenses

	31 Dec 12 £	31 Dec 11 £
<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	2,112,260	1,909,798
	2,112,260	1,909,798
<i>Payable to the Depositary, associates of the Depositary and agents of either of them:</i>		
Depositary's fees	30,753	28,175
	30,753	28,175
<i>Payable to other related parties and third parties:</i>		
Audit fees	9,049	9,165
Professional fees	-	923
Safe custody fees	9,992	8,168
Taxation fees	1,003	997
	20,044	19,253
	£2,163,057	£1,957,226

The audit fee for the period, excluding VAT was £7,500 (31 December 2011: £7,500).

5. Taxation

(a) Analysis of tax charge

There is no tax charge for the year.

(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 (31 Dec 11: 20%).

The differences are explained below:

	31 Dec 12 £	31 Dec 11 £
Net revenue before taxation	10,618,641	14,186,262
Corporation tax at 20%	2,123,728	2,837,252
<i>Effects of:</i>		
Interest distributions	(1,050,858)	(1,036,754)
Movement in excess expenses	432,612	391,239
Relief for indexation on UK Index Linked Gilts	(1,505,482)	(2,191,37)
	(2,123,728)	(3,705,200)
Total tax charge (5.a)	-	-

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 31 December 2012 the Fund had excess management expenses of £7,092,974 (31 Dec 11: £4,929,915). The deferred tax in respect of this would be £1,418,595 (31 Dec 11: £985,983). 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:

	31 Dec 12 £	31 Dec 11 £
Interim - first quarter	1,585,837	1,018,257
Interim - second quarter	1,555,484	1,354,032
Interim - third quarter	1,017,637	1,478,750
Final	766,563	1,520,993
	4,925,521	5,372,032
Add: Amounts deducted on cancellation of shares	345,364	45,872
Deduct: Amounts added on issue of shares	(15,830)	(234,133)
Net distributions	5,255,055	5,183,771
Interest	288	13
Total finance costs	£5,255,343	£5,183,784
Net revenue after taxation	10,618,641	14,186,262
Add: Expenses charged to capital	2,163,057	1,956,303
Add: Revenue brought forward	1,910	1,804
Deduct: Change in the RPI taken to capital	(7,527,409)	(10,958,688)
Deduct: Revenue carried forward	(1,144)	(1,910)
Net distributions as above	£5,255,055	£5,183,771

Details of the distribution per share are set out in the table on page 166 and 167.

7. Debtors

	As at 31 Dec 12 £	As at 31 Dec 11 £
Interest receivable on debt securities	759,414	1,792,541
Interest receivable on swaps	-	4,086
	£759,414	£1,796,627

8. Cash & bank balances

	As at 31 Dec 12 £	As at 31 Dec 11 £
Amounts held at futures clearing houses and brokers	450,160	1,797,319
Cash and bank balances	772,915	2,878,994
	£1,223,075	£4,676,313

9. Creditors

	As at 31 Dec 12 £	As at 31 Dec 11 £
Expense accruals	147,048	207,939
	£147,048	£207,939

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 31 December 2012 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 31 December 2012 the amounts included in creditors in respect of management fees due to the ACD are £129,675 (31 Dec 11: £192,264).

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.

UBS Global Asset Management Life Ltd is a significant investor in the Fund. Transactions with the Fund were entered into in the normal course of business and on normal commercial terms. No initial charge was paid by UBS Global Asset Management Life Ltd on these transactions. The aggregate value of these transactions during the year was £Nil (31 Dec 11: £(3,752,272)). As at 31 December 2012, the entity does not hold any shares in the Fund (31 Dec 11: Nil shares with a market value of £Nil).

The ACD has appointed UBS Global Asset Management (UK) Ltd to provide investment management services to the ACD in respect of the Fund. 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 18 and 19.

(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 £
31 Dec 12				
Australian Dollar	-	-	3,768,479	3,768,479
Canadian Dollar	-	-	7,961,068	7,961,068
Euro	226,297	-	12,429,973	12,656,270
Japanese Yen	-	-	14,739,838	14,739,838
Norwegian Krone	-	-	9,692,866	9,692,866
Sterling	457,601	222,688,913	35,480,614	258,627,128
Swedish Krona	-	-	6,809,847	6,809,847
US Dollar	539,176	-	24,452,091	24,991,267
	£1,223,074	£222,688,913	£115,334,776	£339,246,763

Currency	Floating rate financial assets £	Fixed rate financial assets £	Financial assets not carrying interest £	Total £
31 Dec 11				
Australian Dollar	3,000	-	28,510,669	28,513,669
Canadian Dollar	2,507	-	17,534,661	17,537,168
Czech Koruna	95	-	-	95
Euro	2,155,208	3,884,151	31,550,476	37,589,835
Japanese Yen	39	-	26,495,835	26,495,874
New Zealand Dollar	1,785	-	7,409,878	7,411,663
Norwegian Krone	-	-	12,154,499	12,154,499
Polish Zloty	4,256	-	-	4,256
South African Rand	522	-	-	522
Singapore Dollar	1,614	-	-	1,614
Sterling	2,439,601	357,652,411	56,046,758	416,138,770
Swedish Krona	1,711	-	22,648,506	22,650,217
US Dollar	66,485	-	67,114,465	67,180,950
	£4,676,823	£361,536,562	£269,465,747	£635,679,132

ii) Financial liabilities

Currency	Floating rate financial liabilities £	Financial liabilities not carrying interest £	Total £
31 Dec 12			
Australian Dollar	-	(5,353,353)	(5,353,353)
Canadian Dollar	-	(8,695,791)	(8,695,791)
Euro	-	(13,588,146)	(13,588,146)
Japanese Yen	-	(13,953,615)	(13,953,615)
Norwegian Krone	-	(6,683,418)	(6,683,418)
Sterling	-	(35,952,525)	(35,952,525)
Swedish Krona	-	(8,417,367)	(8,417,367)
US Dollar	-	(22,582,309)	(22,582,309)
	-	(115,226,524)	(115,226,524)
31 Dec 11			
Australian Dollar	-	38,772,991	38,772,991
Canadian Dollar	-	10,636,240	10,636,240
Euro	-	47,533,798	47,533,798
Japanese Yen	-	19,296,566	19,296,566
New Zealand Dollar	-	10,504,955	10,504,955
Norwegian Krone	-	3,169,897	3,169,897
Sterling	-	52,808,297	52,808,297
Swedish Krona	-	31,834,559	31,834,559
US Dollar	-	53,678,570	53,678,570
	-	£268,235,873	£268,235,873

iii) Fixed rate financial assets

Currency	Weighted average interest rate %	Weighted average period for which the rate is fixed in years
31 Dec 12		
Sterling	1.07	25.18
31 Dec 11		
Euro	5.81	-
Sterling	1.36	23.63

(b) Currency exposure

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

Numerical disclosures are as follows:

Currency	Monetary exposures £	Non- monetary exposures £	Total £
31 Dec 12			
Australian Dollar	(1,584,874)	-	(1,584,874)
Canadian Dollar	(734,723)	-	(734,723)
Euro	(931,876)	-	(931,876)
Japanese Yen	786,223	-	786,223
Norwegian Krone	3,009,448	-	3,009,448
Swedish Krona	(1,607,520)	-	(1,607,520)
US Dollar	2,408,958	-	2,408,958
	1,345,638	-	1,345,638
Sterling	324,068	222,350,535	222,674,603
	£1,669,704	£222,350,535	£224,020,239

Currency	Monetary exposures £	Non- monetary exposures £	Total £
31 Dec 11			
Australian Dollar	(10,259,322)	-	(10,259,322)
Canadian Dollar	6,900,928	-	6,900,928
Czech Koruna	95	-	95
Euro	(12,788,573)	2,844,610	(9,943,963)
Japanese Yen	7,199,308	-	7,199,308
New Zealand Dollar	(3,093,292)	-	(3,093,292)
Norwegian Krone	8,984,602	-	8,984,602
Polish Zloty	4,256	-	4,256
Singapore Dollar	1,614	-	1,614
South African Rand	522	-	522
Swedish Krona	(9,184,342)	-	(9,184,342)
US Dollar	13,798,340	(295,960)	13,502,380
	1,564,136	2,548,650	4,112,786
Sterling	5,868,463	357,462,010	363,330,473
	£7,432,599	£360,010,660	£367,443,259

(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 31 December 2012, the Fund's VaR was 4.34%. This means that per the statistical analysis there is a 99% probability that, over a month, the maximum loss the Fund could suffer is 4.34% of its value.

Further information on risk can be found in the Risk Profile on pages 18 and 19.

14. Portfolio transaction costs

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

Distribution table**For the year ended 31 December 2012 (in pence per share)****Final 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 payable 28/02/13 (p)	<i>Distribution paid 29/02/12 (p)</i>
Class J - Accumulation Gross						
Group 1	5.240000	-	5.240000	-	5.240000	6.250000
Group 2	3.198228	-	3.198228	2.041772	5.240000	6.250000

Third quarter interim interest distribution

Group 1: Shares purchased prior to 1 July 2012

Group 2: Shares purchased between 1 July 2012 and 30 September 2012

	Gross revenue (p)	Income tax (20%)	Net revenue (p)	Equalisation (note 10) (p)	Distribution paid 30/11/12 (p)	<i>Distribution paid 30/11/11 (p)</i>
Class J - Accumulation Gross						
Group 1	5.680000	-	5.680000	-	5.680000	6.000000
Group 2	0.000000	-	0.000000	5.680000	5.680000	6.000000
Class K - Accumulation Gross						
Group 1	-	-	-	-	-	0.300000
Group 2	-	-	-	-	-	0.300000

Second quarter interim interest distribution

Group 1: Shares purchased prior to 1 April 2012

Group 2: Shares purchased between 1 April 2012 and 30 June 2012

	Gross revenue (p)	Income tax (20%)	Net revenue (p)	Equalisation (note 10) (p)	Distribution paid 31/08/12 (p)	<i>Distribution paid 31/08/11 (p)</i>
Class J - Accumulation Gross						
Group 1	6.460000	-	6.460000	-	6.460000	5.410000
Group 2	6.460000	-	6.460000	0.000000	6.460000	5.410000
Class K - Accumulation Gross						
Group 1	-	-	-	-	-	0.270000
Group 2	-	-	-	-	-	0.270000

First quarter interim interest distribution

Group 1: Shares purchased prior to 1 January 2012

Group 2: Shares purchased between 1 January 2012 and 31 March 2012

	Gross revenue (p)	Income tax (20%)	Net revenue (p)	Equalisation (note 10) (p)	Distribution paid 31/05/12 (p)	<i>Distribution paid 31/05/11 (p)</i>
Class J - Accumulation Gross						
Group 1	6.530000	-	6.530000	-	6.530000	5.360000
Group 2	0.066101	-	0.066101	6.463899	6.530000	5.360000
Class K - Accumulation Gross						
Group 1	-	-	-	-	-	0.270000
Group 2	-	-	-	-	-	0.270000

UBS Long Dated Corporate Bond UK Plus Fund

Manager's report

Investment objective and policy

To seek to generate a return greater than the return provided by long-dated UK investment grade corporate bonds, derived from investment in UK and global securities. The Fund invests in government bonds, non-government bonds (including bonds issued by local authorities, supra-nationals, agencies and corporate entities); fixed rate, variable rate, inflation-linked, index-linked and non-sterling bonds (including emerging market debt); secured and unsecured debt securities (including floating rate notes); and investment grade and high yield bonds; and may express views on exchange rates. Additionally, the Fund may invest in other transferable securities (including warrants), money market instruments, deposits, cash and near cash and units in collective investments schemes. At its discretion the Manager may use derivatives including forward foreign exchange, forward and futures contracts, swaps, options, repurchase agreements and structured credit, for investment purposes and/or to manage interest rate, inflation, credit and currency exposures.

Market environment

2012 proved to be a rollercoaster year for bond markets, peppered by political events, as investors' low expectations were exceeded in the first quarter amid better than expected economic data and a relatively calm market response to the restructuring in Greece. However, continuation of falling energy prices, escalation of Euro area sovereign risk and further central bank easing conspired to drive many key developed sovereign bond yields to record new lows in the second quarter as risk averse investors sought refuge in safe havens. Central banks embarked on the logical next step of unconventional monetary policy in the third quarter, as both the Fed and European Central Bank (ECB) announced further quantitative easing measures. This resulted in positive returns for global developed sovereign markets, with the main driver of return being the strong performance of European sovereign bond markets; in particular, peripheral country bond markets continued to rally in light of the ECB's announcement of support through the Outright Monetary Transactions facility. The members of the Bank of England's Monetary Policy Committee (MPC) kept rates on hold throughout the period, although they did expand the Quantitative Easing programme and announced a new 'funding for lending' programme designed to boost credit for British enterprise.

The Quantitative Easing programme ended in December but the MPC left the door open for further easing in the future if deemed necessary. Inflation fell throughout the first 9 months of the year before rising to 2.7% as at the end of November. The additional yield on the iBoxx Non-Gilt index relative to UK Gilts fell from 2.65% to 1.67% and the index returned 13.04% over the period, outperforming government bond indices. The over 15 year Non-Gilt returned 13.07%.

Fund performance

The Fund achieved a performance of 13.9%* for the year. Spread management and in particular issue selection provided the strongest contribution to outperformance relative to benchmark. Active currency management also provided a positive contribution in the year, while duration management detracted from outperformance.

During the year the overall duration of the portfolio was reduced to an underweight. Our overall reduction in duration, particularly in the final quarter of the year, reflects recent improvements in data, such as US employment data, which we believe may prove to be bearish for bonds. Our significantly reduced UK duration position follows Chancellor Osborne's Autumn Statement, in which he revealed that the budget deficit is to grow larger than had previously been estimated and that the Treasury have extended their target timescale for debt reduction as a percentage of GDP by a year, which will result in an extension of austerity. Within active currency positioning we moved underweight GBP in preference to USD and NOK. We remain overweight financials, in particular insurers whilst underweight high quality supranationals and retain selective exposure to some high yield issuers. As many of the supranationals in the index are guaranteed by European states, our underweight to these agency names is intended to reduce exposure to the potential risk of underperformance on further downgrades to European sovereign issuers.

* Source: Lipper-Hindsight. Performance is based on NAV prices with income reinvested net of basic rate tax and in sterling terms to 31 December 2012, based on J shares.

Outlook

Global growth is likely to remain sub-par in 2013, however, the 2014 outlook could be much brighter if the post financial crisis policies are not reversed prematurely. Europe continues to be the principle drag on the global economy, although most recent data, particularly in the US, has strengthened the argument for an improving outlook.

Supportive monetary policy, investors search for yield, and lack of exogenous shocks still support carry-based investment in the months ahead. Notwithstanding the short-term risk on credit from US fiscal cliff debt ceiling negotiations and Italian politics, a stronger global economy in 2014 and further monetary easing (through providing both a greater quantity and lowering the cost of money) is supportive for euro rates and credit particularly those financial issuers who are systemically important and reside in strong sovereign countries.

Notice of Fund termination

The UBS Long Dated Corporate Bond UK Plus Fund commenced termination on 21 March 2013.

Percentage growth

	31/12/11 to 31/12/12 %	31/12/10 to 31/12/11 %	31/12/09 to 31/12/10 %	31/12/08 to 31/12/09 %	31/12/07 to 31/12/08 %
Class C - Accumulation Net Shares	3.38	-	-	-	-
Class C - Income Net Shares	3.39	-	-	-	-
Class J - Accumulation Gross Shares	13.95	10.83	14.23	30.11	-16.52
Class K - Accumulation Gross Shares	14.70	11.54	14.99	30.98	-15.97

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: 6 March 2007; Class J Accumulation Gross Shares: 29 June 2007; Class C Accumulation Net Shares; 15 August 2012; Class C Income Net Shares; 15 August 2012.

UBS Global Asset management Funds Ltd
8 April 2013

Performance record (unaudited)**1. Fund size**

Accounting year		Number of shares in issue	Total net asset value per share (p)*	Total net asset value (£)
31 December				
2010	Class J - Accumulation Gross	4,992,841	1,256.1	62,715,828
	Class K - Accumulation Gross	41,349,471	60.3	24,945,134
				£87,660,962
2011	Class J - Accumulation Gross	5,065,488	1,385.2	70,167,371
	Class K - Accumulation Gross	16,249,946	67.0	10,881,001
				£81,048,372
2012	Class C - Accumulation Net	10,000	51.33	5,133
	Class C - Income Net	10,000	50.65	5,065
	Class J - Accumulation Gross	2,606,476	1,584.36	41,295,867
	Class K - Accumulation Gross	9,910,165	77.09	7,639,757
				£48,945,822

* 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. Where the Fund invests in other funds, the figure includes the impact of the charges made in those other funds.

	31 Dec 12
Share class	(%)
Class C - Accumulation Net	0.62
Class C - Income Net	0.62
Class J - Accumulation Gross	0.69
Class K - Accumulation Gross	0.04

3. Share dealing price range and distribution record

The Fund was launched on 6 March 2007 at a price of 50p for Class K Accumulation Gross shares. The Class J Accumulation Gross shares were launched on 29 June 2007 at a price of £10. The Class C Income and Accumulation Net shares were launched on 15 August 2012 at a price of 50p.

Calendar year	Highest price (p)	Lowest price (p)	Distribution per share (p)
Class C – Accumulation Net 2012 [†]	51.99	49.67	0.68
Class C – Income Net 2012 [†]	52.20	49.67	0.68
Class J – Accumulation Gross 2008	1,044.33	749.67	54.35
2009	1,117.88	793.63	69.49
2010	1,304.48	1,109.73	71.12
2011	1,400.68	1,231.31	72.91
2012	1,609.22	1,389.32	73.00
Class K – Accumulation Gross 2008	49.19	35.52	2.82
2009	53.32	37.64	3.31
2010	62.56	52.95	3.40
2011	67.71	59.18	3.52
2012	78.23	67.22	3.54

[†] covers period from launch to 31 December 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 31 December 2012**

	Holding	Market value £	Percentage of total net assets %
Bonds - 94.97% (31 Dec 11: 94.21%)			
Floating rate Notes - 3.83% (31 Dec 11: 4.61%)			
Allianz Finance II 5.75% FRN 2041	€400,000	373,305	0.76
Aviva 6.875% FRN 2058	£205,000	213,484	0.44
AXA 6.6666% FRN Perpetual	£230,000	225,676	0.46
AXA 6.6862% FRN Perpetual	£120,000	110,105	0.22
Barclays Bank 8.25% FRN Perpetual	£100,000	103,750	0.21
Greene King Finance 5.106% FRN 2034	£230,000	220,976	0.45
Legal & General Finance 5.875% FRN Perpetual	£113,000	116,685	0.24
Lloyds Banking Group FRN 2020	£75,000	74,229	0.15
Munich Re FRN 2042	£200,000	235,080	0.48
Swiss Reinsurance FRN Perpetual	£200,000	207,186	0.42
Mortgage & Asset Backed Securities - 2.94% (31 Dec 11: 2.96%)			
Aladdin CDO 25X FRN 2016	\$200,000	-	-
Aspire Defence Finance 'A' 4.674% 2040	£700,000	723,829	1.48
Canary Wharf Finance II 5.952% 2037	£125,000	157,048	0.32
Telereal Securitisation 5.4252% 2031	£509,808	559,154	1.14
Ordinary Fixed interest - 88.20% (31 Dec 11: 86.55%)			
Abbey National Treasury Services 5.25% 2029	£584,000	713,576	1.46
America Movil 4.375% 2041	£250,000	246,046	0.50
America Movil 5.75% 2030	£150,000	183,882	0.38
Amgen 4% 2029	£160,000	160,434	0.33
Anglian Water Service Finance 6.293% 2030	£224,000	291,241	0.60
AT&T 4.875% 2044	£730,000	761,797	1.56
BAA Funding 5.875% 2043	£200,000	233,824	0.48

	Holding	Market value £	Percentage of total net assets %
BAA Funding 'A' 6.45% 2033	£550,000	691,292	1.41
Banco Espirito Santo 5.875% 2015	€200,000	167,155	0.34
Barclays Bank 7.625% 2022	\$240,000	148,041	0.30
BAT International Finance 5.75% 2040	£300,000	364,516	0.74
BAT International Finance 6% 2034	£300,000	380,674	0.78
BHP Billiton Financial 4.3% 2042	£470,000	470,079	0.96
British Telecommunications 6.375% 2037	£465,000	573,306	1.17
Cambridge 3.75% 2052	£280,000	277,308	0.57
Centrica 4.25% 2044	£480,000	464,089	0.95
Centrica 4.375% 2029	£330,000	353,761	0.72
Circle Anglia Social Housing 5.2% 2044	£545,000	599,882	1.23
Citigroup 7.375% 2039	£530,000	717,001	1.46
Comcast 5.5% 2029	£150,000	178,704	0.37
Commonwealth Bank of Australia 3% 2026	£240,000	236,286	0.48
Daily Mail & General Trust 6.375% 2027	£200,000	195,654	0.40
Deutsche Telekom International Finance 4.875% 2042	\$310,000	203,403	0.42
DirecTV 4.375% 2029	£120,000	119,929	0.24
Dong Energy 4.875% 2032	£230,000	246,650	0.50
Dong Energy 5.75% 2040	£270,000	317,950	0.65
E.ON International Finance 6.75% 2039	£650,000	891,182	1.82
East Japan Railway 5.25% 2033	£300,000	357,999	0.73
EDF 5.5% 2041	£500,000	543,934	1.11
EDF 6.125% 2034	£950,000	1,141,341	2.33
Enel 5.75% 2040	£910,000	829,564	1.69

		Market value £	Percentage of total net assets %
	Holding		
European Investment Bank 3.875% 2037	£493,000	517,641	1.06
European Investment Bank 4.5% 2029	£1,148,000	1,341,069	2.74
European Investment Bank 5% 2039	£1,005,000	1,261,517	2.58
European Investment Bank 5.625% 2032	£376,000	500,654	1.02
Everything Finance 4.375% 2019	£140,000	145,090	0.30
France Telecom 5.375% 2050	£200,000	208,399	0.43
Gatwick Funding 5.75% 2037	£363,000	408,928	0.84
GDF Suez 5% 2060	£600,000	622,969	1.27
General Electric Capital 4.875% 2037	£1,091,000	1,048,549	2.14
General Electric Capital 6.25% 2038	£743,000	911,430	1.86
General Electric Capital 8% 2039	£148,000	216,607	0.44
GlaxoSmithKline Capital 5.25% 2042	£540,000	635,695	1.30
Great Rolling Stock 6.875% 2035	£264,000	330,648	0.68
Greene King Finance 'B' 5.702% 2034	£71,000	55,576	0.11
Heinz (H.J.) 6.25% 2030	£172,000	208,928	0.43
HSBC 4.75% 2046	£300,000	288,502	0.59
HSBC 6% 2040	£915,000	1,077,826	2.20
HSBC Capital Funding 5.844% Perpetual	£190,000	184,084	0.38
Land Securities Capital Markets 5.125% 2036	£300,000	352,939	0.72
Legal & General Finance 5.875% 2031	£316,000	392,822	0.80
Lloyds Banking Group 6% 2030	£414,000	543,940	1.11
Lloyds Banking Group 6.5% 2040	£239,000	296,854	0.61
London & Quadrant Housing Trust 4.625% 2033	£190,000	214,491	0.44
Motability Operations 5.625% 2030	£150,000	185,263	0.38
National Australia Bank 3% 2026	£120,000	118,188	0.24
National Grid Gas 6% 2038	£550,000	690,758	1.41

		Market value £	Percentage of total net assets %
	Holding		
Network Rail Infrastructure Finance 4.375% 2030	£425,000	509,216	1.04
Northern Gas Networks 5.625% 2040	£450,000	522,022	1.07
Northern Powergrid Yorks 4.375% 2032	£240,000	247,663	0.51
Northumbrian Water Finance 5.125% 2042	£113,000	123,377	0.25
Petrobras Global Finance 5.375% 2029	£180,000	188,640	0.39
Pfizer 6.5% 2038	£450,000	624,896	1.28
Rabobank Capital Funding Trust IV 5.556% Perpetual	£87,000	86,685	0.18
Reseau Ferre de France 5% 2052	£746,000	802,401	1.64
Reseau Ferre de France 5.25% 2028	£465,000	547,286	1.12
RWE Finance 6.125% 2039	£1,000,000	1,237,717	2.53
Severn Trent 4.875% 2042	£210,000	222,667	0.45
Siemens 3.75% 2042	£400,000	378,988	0.77
South Eastern Power Networks 6.375% 2031	£235,000	296,151	0.61
Southern Water Services Finance 5% 2041	£370,000	376,275	0.77
Sovereign Housing Capital 5.705% 2039	£250,000	317,182	0.65
Statoil 6.875% 2031	£315,000	449,828	0.92
T.H.F.C. (Funding No.2) 6.35% 2041	£295,000	364,092	0.74
Telefonica Emision 5.445% 2029	£100,000	94,415	0.19
Tesco 5.2% 2057	£300,000	310,220	0.63
Tesco Property Finance 5.744% 2040	£470,121	514,322	1.05
Tesco Property Finance 5.8006% 2040	£586,688	644,606	1.32
Thames Water 5.5% 2041	£440,000	518,792	1.06
Thames Water Utilities Finance 4.625% 2046	£440,000	443,202	0.91
Time Warner Cable 5.25% 2042	£120,000	128,460	0.26

		Market value £	Percentage of total net assets %
Holding			
Treasury 4% 2060	£1,294,000	1,545,024	3.16
Treasury 4.25% 2032	£427,000	526,974	1.08
Treasury 4.25% 2055	£743,000	923,973	1.89
Vattenfall 6.875% 2039	£455,000	647,159	1.32
Virgin Media Finance 5.125% 2022	£260,000	263,151	0.54
Wales & West Utilities Finance 5.75% 2030	£470,000	570,184	1.16
Wal-Mart Stores 5.25% 2035	£833,000	1,000,268	2.04
Wells Fargo 3.5% 2029	£230,000	223,750	0.46
Wells Fargo 4.875% 2035	£400,000	401,623	0.82
Western Power Distribution 5.75% 2032	£240,000	283,449	0.58
Western Power Distribution 5.75% 2040	£250,000	292,595	0.60
White City Property Finance 5.1202% 2035	£294,286	321,778	0.66
Yorkshire Water Services Finance 3.625% 2029	£100,000	98,579	0.20
Yorkshire Water Services Finance 6.375% 2039	£220,000	289,871	0.59
Derivatives - 0.01% (31 Dec 11: (0.01)%)			
Credit Default Swaps - 0.05% (31 Dec 11 (0.15)%)			
Barclays Bank Credit Default Swap Deutsche Telekom 6% Receive 20 Dec 2016	530,000	4,991	0.01
Barclays Bank Credit Default Swap DGX 6.95% Pay 20 Mar 2017	639,000	(4,977)	(0.01)
Barclays Bank Credit Default Swap FSL 8.875% Receive 20 Jun 2016	270,000	(4,519)	(0.01)
Barclays Bank Credit Default Swap Next 5.375% Pay 20 Mar 2018	620,000	1,875	-
Barclays Bank Credit Default Swap NMG 7.125% Receive 20 Jun 2016	275,000	20,153	0.04

		Market value £	Percentage of total net assets %
Holding			
Barclays Bank Credit Default Swap Pfizer 4.65% Receive 20 Mar 2017	639,000	9,521	0.02
Barclays Bank Credit Default Swap Solvay 4.625% Pay 20 Jun 2017	500,000	448	-
Barclays Bank Credit Default Swap Tesco 6% Receive 20 Mar 2018	620,000	1,732	-
Credit Suisse Credit Default Swap Cox Communication 6% Pay 20 Jun 2017	315,000	(5,979)	(0.01)
Deutsche Bank Credit Default Swap DGX 6.95% Pay 20 Mar 2017	611,000	(4,759)	(0.01)
Deutsche Bank Credit Default Swap Pfizer 4.65% Receive 20 Mar 2017	611,000	9,104	0.02
Goldman Sachs Credit Default Swap BBVSM SRFI 4.875% Pay 20 Mar 2018	260,000	(2,205)	-
Goldman Sachs Credit Default Swap Credit Agricole 7% Pay 20 Mar 2017	560,000	(4,261)	(0.01)
Goldman Sachs Credit Default Swap GASSM-GNCM 4.5% Receive 20 Dec 2017	330,000	(14,571)	(0.03)
Goldman Sachs Credit Default Swap Procter & Gamble 4.95% Receive 20 Mar 2017	560,000	9,817	0.02
Goldman Sachs Credit Default Swap Xerox 6.35% Receive 20 Jun 2017	315,000	(10,952)	(0.02)
JPM Credit Default Swap BYIF 5.625% Pay 20 Mar 2018	600,000	(11,562)	(0.02)
JPM Credit Default Swap CDX.NA.HY 5% Pay 20 Dec 2017	2,020,000	(4,357)	(0.01)

	Holding	Market value £	Percentage of total net assets %
JPM Credit Default Swap CSC 6.5% Pay 20 Mar 2014	1,035,000	(6,095)	(0.01)
JPM Credit Default Swap CSC 6.5% Receive 20 Mar 2016	695,000	3,609	0.01
JPM Credit Default Swaps Linde Finance 5.875% Receive 20 Mar 2018	600,000	11,251	0.02
JPM Credit Default Swaps Metro 7.625% Pay 20 Mar 2017	545,000	10,281	0.02
Merrill Lynch Credit Default Swaps AIG Bank 8.25% Receive 20 Jun 2016	440,000	17,207	0.03
Futures - (0.03)% (31 Dec 11: 0.33%)			
Euro Bund Future 07 Mar 13	16	18,004	0.04
Long Gilt Future 26 Mar 13	(45)	(14,625)	(0.03)
US 10 Year Note Futures 19 Mar 2013	21	(6,393)	(0.01)
US 5 Year Note (CBT) Futures 28 Mar 2013	107	(12,410)	(0.03)
Interest Rate Swaps - 0.01% (31 Dec 11: (0.49)%)			
Interest Rate Swap 0.77% 12 Oct 2017	12,500,000	4,786	0.01
Forwards - (0.02)% (31 Dec 11: 0.30%)			
Bought Australian Dollar 820,000 Sold Canadian Dollar 834,456		6,438	0.01
Bought Australian Dollar 605,000 Sold Sterling 386,263		1,151	-
Bought Canadian Dollar 830,000 Sold Japanese Yen 66,939,500		35,290	0.07
Bought Canadian Dollar 700,000 Sold Sterling 438,581		(3,499)	(0.01)
Bought Canadian Dollar 1,611,949 Sold US Dollar 1,610,000		5,983	0.01

	Holding	Market value £	Percentage of total net assets %
Bought Euro 1,145,000 Sold Sterling 923,968		9,911	0.02
Bought Euro 605,000 Sold Swedish Krona 5,309,722		(10,785)	(0.02)
Bought Euro 595,000 Sold US Dollar 783,429		677	-
Bought Japanese Yen 50,600,000 Sold Sterling 396,919		(33,637)	(0.07)
Bought Japanese Yen 262,500,896 Sold US Dollar 3,287,500		(148,961)	(0.30)
Bought Japanese Yen 70,060,579 Sold Australian Dollar 815,000		(18,888)	(0.04)
Bought Japanese Yen 66,084,351 Sold Canadian Dollar 830,000		(41,430)	(0.08)
Bought Japanese Yen 63,798,840 Sold Euro 600,000		(31,325)	(0.06)
Bought Malaysian Ringgit 2,348,115 Sold US Dollar 770,000		(2,050)	-
Bought Norwegian Krone 27,740,000 Sold Sterling 3,022,090		49,421	0.10
Bought Sterling 906,204 Sold Australian Dollar 1,430,000		(9,501)	(0.02)
Bought Sterling 970,418 Sold Canadian Dollar 1,535,000		16,346	0.03
Bought Sterling 2,256,308 Sold Euro 2,795,000		(23,336)	(0.05)

Holding	Market value £	Percentage of total net assets %
Bought Sterling 2,468,387		
Sold Japanese Yen 312,500,000	224,794	0.46
Bought Sterling 1,717,694		
Sold Norwegian Krone 15,745,853	(25,765)	(0.05)
Bought Sterling 1,255,070		
Sold Swedish Krona 13,440,000	(21,246)	(0.04)
Bought Sterling 2,253,751		
Sold US Dollar 3,607,943	21,945	0.04
Bought Sterling 480,000		
Sold US Dollar 781,945	(3,696)	(0.01)
Bought Swedish Krona 5,209,625		
Sold Euro 605,000	1,279	-
Bought Swedish Krona 8,375,973		
Sold Norwegian Krone 7,180,000	410	-
Bought Swedish Krona 5,030,000		
Sold Sterling 474,241	3,427	0.01
Bought US Dollar 784,342		
Sold Euro 615,000	(16,424)	(0.03)
Bought US Dollar 1,560,000		
Sold Japanese Yen 130,152,828	30,555	0.06
Bought US Dollar 770,000		
Sold Singapore Dollar 938,491	1,212	-
Bought US Dollar 8,310,000		
Sold Sterling 5,164,570	(24,160)	(0.05)
Investment assets (including investment liabilities)	46,487,105	94.98
Net other assets	2,458,717	5.02
Net assets	£48,945,822	100.00

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.

At 31 December 2012, 100% of the debt securities were rated as investment grade.

Portfolio movements (unaudited)
For the year ended 31 December 2012

	Cost £
Major purchases	
Treasury 4.25% 2032	4,636,004
Treasury 4.5% 2042	2,230,227
European Investment Bank 4.5% 2029	2,216,740
European Investment Bank 5% 2039	2,048,988
Treasury 4% 2060	1,733,812
HSBC 6% 2040	1,558,023
AT&T 4.875% 2044	1,474,438
Treasury 6% 2028	1,393,648
Treasury 4.25% 2036	1,230,311
EDF 5.5% 2041	1,034,450
Centrica 4.375% 2029	1,000,824
Abbey National Treasury Services 5.25% 2029	980,276
BHP Billiton Financial 4.3% 2042	963,055
Reseau Ferre de France 5.25% 2028	959,688
Network Rail Infrastructure Finance 4.375% 2030	954,180
Credit Suisse International Primary 10.25% FRN Perpetual	942,475
Circle Anglia Social Housing 5.2% 2044	941,787
European Investment Bank 3.875% 2037	894,202
Lloyds Banking Group 6% 2030	873,150
Centrica 4.25% 2044	865,357
Total for the year	£54,672,638

	Proceeds £
Major sales	
Treasury 4.25% 2032	4,142,423
Treasury 4% 2060	3,608,053
Treasury 4.5% 2042	2,249,492
HSBC Bank 7% 2039	2,078,756
AT&T 7% 2040	1,684,520
Treasury 6% 2028	1,378,555
Treasury 4.25% 2036	1,227,337
BAA Funding 6.45% 2033 'A'	1,219,388
Thames Water Cayman 5.5% 2041	1,177,882
E.ON International Finance 6.75% 2039	1,154,945
Wal-Mart Stores 4.875% 2039	1,131,360
Bishopsgate Asset Finance GDT Asset Backed 4.808% 2044	1,118,367
GlaxoSmithKline Capital 5.25% 2042	1,039,670
European Investment Bank 4.5% 2029	983,464
Freshwater Finance 4.607% 2036	959,650
Aviva 6.125% FRN 2036	959,081
Credit Suisse International Primary 10.25% FRN Perpetual	956,750
RWE Finance 6.125% 2039	940,170
European Investment Bank 5% 2039	919,756
Enel 5.75% 2040	894,750
Total for the year	£91,472,842

Statement of total return**For the year ended 31 December 2012**

		31 Dec 12		31 Dec 11	
	Notes	£	£	£	£
Income					
Net capital gains	2		7,846,871		3,773,906
Revenue	3	3,823,142		4,479,157	
Expenses	4	(465,736)		(445,979)	
Finance costs: Interest	6	(1)		(9)	
Net revenue before taxation		3,357,405		4,033,169	
Taxation	5	-		-	
Net revenue after taxation			3,357,405		4,033,169
Total return before distributions			11,204,276		7,807,075
Finance costs: Distributions	6		(3,823,411)		(4,481,948)
Change in net assets attributable to shareholders from investment activities			£7,380,865		£3,325,127

Statement of change in net assets attributable to shareholders**For the year ended 31 December 2012**

	31 Dec 12		31 Dec 11	
	£	£	£	£
Opening net assets attributable to shareholders		81,048,372		87,660,962
Amounts receivable on issue of shares	10,000		2,635,428	
Amounts payable on cancellation of shares	(43,166,320)		(16,903,756)	
		(43,156,320)		(14,268,328)
Change in net assets attributable to shareholders from investment activities (see Statement of total return)		7,380,865		3,325,127
Retained distribution on accumulation shares		3,672,905		4,330,611
Closing net assets attributable to shareholders		£48,945,822		£81,048,372

Balance sheet**As at 31 December 2012**

	Notes	As at 31 Dec 12 £	As at 31 Dec 11 £
ASSETS			
Investment assets		47,009,473	78,438,198
Debtors	7	1,012,209	1,765,919
Cash and bank balances	8	1,491,680	2,995,570
Total other assets		2,503,889	4,761,489
Total assets		49,513,362	83,199,687
LIABILITIES			
Investment liabilities		522,368	2,092,503
Creditors	9	45,124	58,812
Distribution payable		48	-
Total other liabilities		45,172	58,812
Total liabilities		567,540	2,151,315
Net assets attributable to shareholders		£48,945,822	£81,048,372

Notes to the financial statements

1. Accounting policies

Accounting policies of the Fund are as set out on pages 10 and 11.

2. Net capital gains

	31 Dec 12 £	31 Dec 11 £
Currency (losses) /gains	(21,497)	24,611
Derivative contracts	522,411	1,350,670
Forward currency contracts	635,901	(52,854)
Non-derivative securities	6,715,419	2,453,621
Transaction charges	(5,363)	(2,142)
Net capital gains	£7,846,871	£3,773,906

3. Revenue

	31 Dec 12 £	31 Dec 11 £
Bank interest	(69)	20,951
Interest on debt securities	3,834,874	4,531,862
Interest on derivative contracts	(11,663)	(73,656)
	£3,823,142	£4,479,157

4. Expenses

	31 Dec 12 £	31 Dec 11 £
<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	440,952	418,999
Registration fees	3	-
	440,955	418,999
<i>Payable to the Depositary, associates of the Depositary and agents of either of them:</i>		
Depositary's fees	8,516	8,732
	8,516	8,732
<i>Payable to other related parties and third parties:</i>		
Audit fees	9,049	10,342
Professional fees	-	923
Safe custody fees	6,213	5,986
Taxation fees	1,003	997
	16,265	18,248
	£465,736	£445,979

The audit fee for the period, excluding VAT was £7,500 (31 December 2011: £7,500)

5. Taxation

(a) Analysis of tax charge

There is no tax charge for the year.

(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 (31 Dec 11: 20%).

The differences are explained below:

	31 Dec 12 £	31 Dec 11 £
Net revenue before taxation	3,357,405	4,033,169
Corporation tax at 20%	671,481	806,634
<i>Effects of:</i>		
Interest distributions	(764,628)	(895,830)
Movement in excess expenses	93,147	89,196
	(671,481)	(806,634)
Total tax charge (5.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 31 December 2012 the Fund had excess management expenses of £2,169,762 (31 Dec 11: £1,704,026). The deferred tax in respect of this would be £433,952 (31 Dec 11: £340,805). 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:

	31 Dec 12 £	31 Dec 11 £
Interim - first quarter	1,081,042	1,031,999
Interim - second quarter	1,069,966	1,140,926
Interim - third quarter	955,154	1,085,064
Final	566,846	1,072,622
	3,673,008	4,330,611
Add: Amounts deducted on cancellation of shares	150,403	175,910
Deduct: Amounts added on issue of shares	-	(24,573)
Net distributions	3,823,411	4,481,948
Interest	1	9
Total finance costs	£3,823,412	£4,481,957
Net revenue after taxation	3,357,405	4,033,169
Add: Expenses charged to capital	465,736	445,056
Add: Revenue brought forward	813	4,536
Deduct: Revenue carried forward	(543)	(813)
Net distributions as above	£3,823,411	£4,481,948

Details of the distribution per share are set out in the table on page 188 and 189.

7. Debtors

	As at 31 Dec 12 £	As at 31 Dec 11 £
Interest receivable on debt securities	1,012,209	1,765,919
	£1,012,209	£1,765,919

8. Cash & bank balances

	As at 31 Dec 12 £	As at 31 Dec 11 £
Amounts held at futures clearing houses and brokers	232,115	297,119
Cash and bank balances	1,259,565	2,698,451
	£1,491,680	£2,995,570

9. Creditors

	As at 31 Dec 12 £	As at 31 Dec 11 £
Income tax withheld on distributions	34	-
Expense accruals	37,595	49,919
Interest payable on swaps	7,495	8,893
	£45,124	£58,812

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 31 December 2012 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 31 December 2012 the amounts included in creditors in respect of management fees and registration fees due to the ACD are £22,742 and £1 respectively (31 Dec 11: £37,101 and nil).

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 Life Ltd is a significant investor in the Fund. Transactions with the Fund were entered into in the normal course of business and on normal commercial terms. No initial charge was paid by UBS Global Asset Management Life Ltd on these transactions. The entity holds Class K Accumulation shares on which no ACD fee is payable. The aggregate value of these transactions during the year was £(4,792,677) (31 Dec 11: £(15,656,800)). As at 31 December 2012, the entity held 9,910,165 shares in the Fund with a market value of £7,639,757 (31 Dec 11: 16,249,946 shares with a market value of £10,881,001).

The ACD has appointed UBS Global Asset Management (UK) Ltd to provide investment management services to the ACD in respect of the Fund. 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 18 and 19.

(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 £
31 Dec 12				
Australian Dollar	1	-	-	1
Czech Koruna	241	-	-	241
Euro	1,159,195	167,155	30,679	1,357,029
Japanese Yen	167	-	24,786	24,953
Malaysian Ringgit	-	-	474,257	474,257
Norwegian Krone	-	-	533,046	533,046
Polish Zloty	784	-	-	784
Singapore Dollar	750	-	-	750
South African Rand	601	-	-	601
Sterling	3,564,949	42,412,055	2,484,131	48,461,135
Swedish Krona	579	-	-	579
US Dollar	311,615	351,444	367,176	1,030,235
	£5,038,882	£42,930,654	£3,914,075	£51,883,611

Currency	Floating rate financial assets £	Fixed rate financial assets £	Financial assets not carrying interest £	Total £
31 Dec 11				
Australian Dollar	3,274	-	6,448,490	6,451,764
Canadian Dollar	1,843	-	3,938,620	3,940,463
Czech Koruna	240	-	-	240
Euro	784,851	1,799,002	6,860,813	9,444,666
Japanese Yen	194	-	6,027,487	6,027,681
New Zealand Dollar	1,867	-	1,632,093	1,633,960
Norwegian Krone	-	-	2,938,557	2,938,557
Polish Zloty	739	-	-	739
Singapore Dollar	737	-	-	737
South African Rand	658	-	-	658
Sterling	3,425,254	67,868,853	18,609,141	89,903,248
Swedish Krona	572	-	5,149,632	5,150,204
US Dollar	412,456	5,044,939	12,579,456	18,036,851
	£ 4,632,685	£ 74,712,794	£64,184,289	£143,529,768

ii) Financial liabilities

Currency	Floating rate financial liabilities £	Financial liabilities not carrying interest £	Total £
31 Dec 12			
Australian Dollar	-	525,089	525,089
Canadian Dollar	-	35,743	35,743
Euro	-	1,851,446	1,851,446
Singapore Dollar	-	475,096	475,096
Swedish Krona	-	12,737	12,737
Sterling	-	37,678	37,678
	-	£ 2,937,789	£ 2,937,789
31 Dec 11			
Australian Dollar	-	8,801,882	8,801,882
Canadian Dollar	-	2,395,848	2,395,848
Euro	-	11,596,673	11,596,673
Japanese Yen	-	4,413,034	4,413,034
New Zealand Dollar	-	2,429,411	2,429,411
Norwegian Krone	-	700,208	700,208
Sterling	-	9,715,947	9,715,947
Swedish Krona	-	7,253,362	7,253,362
US Dollar	-	15,175,031	15,175,031
	-	£62,481,396	£62,481,396

iii) Fixed rate financial assets

Currency	Weighted average interest rate %	Weighted average period for which the rate is fixed in years
31 Dec 12		
Euro	4.93	20.58
Sterling	10.32	25.99
US Dollar	5.78	21.07
31 Dec 11		
Euro	9.25	3.49
Sterling	5.05	26.93
US Dollar	6.60	16.75

(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:

Currency	Monetary exposures £	Non-monetary exposures £	Total £
31 Dec 12			
Australian Dollar	(525,088)	-	(525,088)
Canadian Dollar	(35,743)	-	(35,743)
Czech Koruna	241	-	241
Euro	(1,055,122)	560,705	(494,417)
Japanese Yen	24,953	-	24,953
Malaysian Ringgit	474,257	-	474,257
Norwegian Krone	533,046	-	533,046

Currency	Monetary exposures £	Non-monetary exposures £	Total £
Polish Zloty	784	-	784
Singapore Dollar	(474,346)	-	(474,346)
South African Rand	601	-	601
Swedish Krona	(12,158)	-	(12,158)
US Dollar	669,295	360,940	1,030,235
	(399,280)	921,645	522,365
Sterling	2,852,130	45,571,327	48,423,457
	£2,452,850	£46,492,972	£48,945,822
31 Dec 11			
Australian Dollar	(2,350,118)	-	(2,350,118)
Canadian Dollar	1,544,615	-	1,544,615
Czech Koruna	240	-	240
Euro	(3,930,349)	1,778,342	(2,152,007)
Japanese Yen	1,614,647	-	1,614,647
New Zealand Dollar	(795,451)	-	(795,451)
Norwegian Krone	2,238,349	-	2,238,349
Polish Zloty	739	-	739
Singapore Dollar	737	-	737
South African Rand	658	-	658
Swedish Krona	(2,103,158)	-	(2,103,158)
US Dollar	(1,488,428)	4,350,248	2,861,820
	(5,267,519)	6,128,590	861,071
Sterling	10,212,633	69,974,668	80,187,301
	£4,945,114	£76,103,258	£81,048,372

(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 31 December 2012, the Fund's VaR was 2.87%. This means that per the statistical analysis there is a 99% probability that, over a month, the maximum loss the Fund could suffer is 2.87% of its value.

Further information on risk can be found in the Risk Profile on pages 18 and 19.

14. Portfolio transaction costs

There were no transaction costs in the current or prior year

Distribution table**For the year ended 31 December 2012 (in pence per share)****Final 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 payable 28/02/13 (p)	<i>Distribution paid 28/02/12 (p)</i>
Class C - Income Net						
Group 1	0.600000	0.120000	0.480000	-	0.480000	-
Group 2	0.600000	0.120000	0.480000	0.000000	0.480000	-
Class C - Accumulation Net						
Group 1	0.600000	0.120000	0.480000	-	0.480000	-
Group 2	0.600000	0.120000	0.480000	0.000000	0.480000	-
Class J - Accumulation Gross						
Group 1	18.360000	-	18.360000	-	18.360000	18.320000
Group 2	18.360000	-	18.360000	0.000000	18.360000	18.320000
Class K - Accumulation Gross						
Group 1	0.890000	-	0.890000	-	0.890000	0.890000
Group 2	0.890000	-	0.890000	0.000000	0.890000	0.890000

Third quarter interim interest distribution

Group 1: Shares purchased prior to 1 July 2012

Group 2: Shares purchased between 1 July 2012 and 30 September 2012

	Gross revenue (p)	Income tax (20%)	Net revenue (p)	Equalisation (note 10) (p)	Distribution paid 30/11/12 (p)	<i>Distribution paid 30/11/11 (p)</i>
Class C - Income Net						
Group 1	0.250000	0.050000	0.200000	-	0.200000	-
Group 2	0.250000	0.050000	0.200000	0.000000	0.200000	-
Class C - Accumulation Net						
Group 1	0.250000	0.050000	0.200000	-	0.200000	-
Group 2	0.250000	0.050000	0.200000	0.000000	0.200000	-
Class J - Accumulation Gross						
Group 1	17.310000	-	17.310000	-	17.310000	18.750000
Group 2	17.310000	-	17.310000	0.000000	17.310000	18.750000
Class K - Accumulation Gross						
Group 1	0.840000	-	0.840000	-	0.840000	0.900000
Group 2	0.840000	-	0.840000	0.000000	0.840000	0.900000

Second quarter interim interest distribution

Group 1: Shares purchased prior to 1 April 2012

Group 2: Shares purchased between 1 April 2012 and 30 June 2012

	Gross revenue (p)	Equalisation (note 10) (p)	Distribution paid 30/08/12 (p)	<i>Distribution paid 30/08/11 (p)</i>
Class J - Accumulation Gross				
Group 1	18.570000	-	18.570000	<i>18.810000</i>
Group 2	18.570000	0.000000	18.570000	<i>18.810000</i>
Class K - Accumulation Gross				
Group 1	0.900000	-	0.900000	<i>0.910000</i>
Group 2	0.900000	0.000000	0.900000	<i>0.910000</i>

First quarter interim interest distribution

Group 1: Shares purchased prior to 1 January 2012

Group 2: Shares purchased between 1 January 2012 and 31 March 2012

	Gross revenue (p)	Equalisation (note 10) (p)	Distribution paid 31/05/12 (p)	<i>Distribution paid 31/05/11 (p)</i>
Class J - Accumulation Gross				
Group 1	18.760000	-	18.760000	<i>17.030000</i>
Group 2	18.760000	0.000000	18.760000	<i>17.030000</i>
Class K - Accumulation Gross				
Group 1	0.910000	-	0.910000	<i>0.820000</i>
Group 2	0.910000	0.000000	0.910000	<i>0.820000</i>

Gross shareholders receive a distribution without the deduction of income tax.

UBS Long Dated Fixed Interest UK Plus Fund

Manager's report

Investment objective and policy

To seek to generate a return greater than the return provided by long-dated UK government securities, derived from investment in UK and global securities. The Fund invests in government bonds, non-government bonds (including bonds issued by local authorities, supra-nationals, agencies and corporate entities); fixed rate, variable rate, inflation-linked, index-linked and non-sterling bonds (including emerging market debt); secured and unsecured debt securities (including floating rate notes); and investment grade and high yield bonds; and may express views on exchange rates. Additionally, the Fund may invest in other transferable securities (including warrants), money market instruments, deposits, cash and near cash and units in collective investments schemes. At its discretion the Manager may use derivatives including forward foreign exchange, forward and futures contracts, swaps, options, repurchase agreements and structured credit, for investment purposes and/or to manage interest rate, inflation, credit and currency exposures.

Market environment

2012 proved to be a rollercoaster year for government bond markets, peppered by political events, as investors' low expectations were exceeded in the first quarter amid better than expected economic data and a relatively calm market response to the restructuring in Greece. However, continuation of falling energy prices, escalation of Euro area sovereign risk and further central bank easing conspired to drive many key developed market bond yields to record new lows in the second quarter as risk averse investors sought refuge in safe havens. Central banks embarked on the logical next step of unconventional monetary policy in the third quarter, as both the Fed and European Central Bank (ECB) announced further quantitative easing measures. This resulted in positive returns for global developed sovereign markets, with the main driver of return being the strong performance of European sovereign bond markets; in particular, peripheral country bond markets continued to rally in light of the ECB's announcement of support through the Outright Monetary Transactions facility. The members of the Bank of England's Monetary Policy Committee (MPC) kept rates on hold throughout the period, although they did expand the Quantitative Easing programme and announced a new 'funding for lending' programme designed to boost credit for British enterprise.

The Quantitative Easing programme ended in December but the MPC left the door open for further easing in the future if deemed necessary. Inflation fell throughout the first 9 months of the year before rising to 2.7% as at the end of November. UK Gilt yields fell over the year. The 10 year Gilt yield started at 1.98% and ended the year at 3.5%; the FTSE All Stock Gilt index returned 2.70%. Longer dated Gilts outperformed shorter dated bonds with the over 15 year gilt index returning 2.85%.

Fund performance

The Fund achieved a performance of 3.5%* for the year. Spread management and in particular issue selection in our allocation to credit provided the strongest contribution to outperformance relative to benchmark. Active currency management also provided a positive contribution in the year, while duration management detracted from outperformance.

During the year the overall duration of the portfolio was further reduced underweight. Our overall reduction in duration, particularly in the final quarter of the year, reflects recent improvements in data, such as US employment data, which we believe may prove to be bearish for bonds. Our significantly reduced UK duration position follows Chancellor Osborne's Autumn Statement, in which he revealed that the budget deficit is to grow larger than had previously been estimated and that the Treasury have extended their target timescale for debt reduction as a percentage of GDP by a year, which will result in an extension of austerity. Within active currency positioning we moved underweight GBP in preference to USD and NOK. We remain overweight financials, in particular insurers.

* Source: Lipper-Hindsight. Performance is based on NAV prices with income reinvested net of basic rate tax and in sterling terms to 31 December 2012, based on J shares.

Outlook

Global growth is likely to remain sub-par in 2013, however, the 2014 outlook could be much brighter if the post financial crisis policies are not reversed prematurely. Europe continues to be the principle drag on the global economy, although most recent data, particularly in the US, has strengthened the argument for an improving outlook.

Supportive monetary policy, investors search for yield, and lack of exogenous shocks still support carry-based investment in the months ahead. Notwithstanding the short-term risk on credit from US fiscal cliff debt ceiling negotiations and Italian politics, a stronger global economy in 2014 and further monetary easing (through providing both a greater quantity and lowering the cost of money) is supportive for euro rates and credit particularly those financial issuers who are systemically important and reside in strong sovereign countries.

Notice of Fund termination

The UBS Long Dated Fixed Interest UK Plus Fund commenced termination on 21 March 2013.

Percentage growth

	31/12/11 to 31/12/12 %	31/12/10 to 31/12/11 %	31/12/09 to 31/12/10 %	31/12/08 to 31/12/09 %	31/12/07 to 31/12/08 %
Class J - Accumulation Gross Shares	3.56	25.13	11.96	10.24	-2.43
Class K - Accumulation Gross Shares	-	-	15.20	12.10	-1.82

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: 6 March 2007; Class J Accumulation Gross Shares: 29 June 2007. Class K Accumulation Gross Shares closed 30 August 2010. The performance quoted is up to this date.

UBS Global Asset Management Funds Ltd

8 April 2013

Performance record (unaudited)**1. Fund size**

Accounting year		Number of shares in issue	Total net asset value per share (p)*	Total net asset value (£)
31 December				
2010	Class J - Accumulation Gross	5,954,925	1,267.9	75,503,345
				£75,503,345
2011	Class J - Accumulation Gross	5,574,918	1,580.4	88,106,712
				£88,106,712
2012	Class J - Accumulation Gross	3,686,406	1,639.1	60,422,824
				£60,422,824

* 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. Where the Fund invests in other funds, the figure includes the impact of the charges made in those other funds.

Share class	31 Dec 12 (%)
Class J - Accumulation Gross	0.68

3. Share dealing price range and distribution record

The Fund was launched on 6 March 2007 at a price of 50p for Class K Accumulation Gross shares. The Class J Accumulation Gross shares were launched on 29 June 2007 at a price of £10.

Calendar year	Highest price (p)	Lowest price (p)	Distribution per share (p)
Class J - Accumulation Gross			
2008	1,088.04	900.75	46.98
2009	1,180.82	923.30	61.19
2010	1,307.17	1,120.66	55.66
2011	1,587.26	1,207.91	55.52
2012	1,667.84	1,487.56	57.50
Class K - Accumulation Gross			
2008	50.79	42.12	2.56
2009	56.09	43.21	2.91
2010 [†]	62.45	53.36	1.22

[†] covers period from 1 January 2010 to 31 August 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 31 December 2012**

	Holding	Market value £	Percentage of total net assets %
Bonds - 97.24% (31 Dec 11: 98.30%)			
Floating Rate Notes - 1.73% (31 Dec 11: 1.98%)			
Aviva 6.125% FRN 2036	£80,000	82,173	0.14
AXA 6.6862% FRN Perpetual	£230,000	211,034	0.35
ELM 5.252% FRN Perpetual	€500,000	417,393	0.69
Legal & General Group 5.875% FRN Perpetual	£83,000	85,707	0.14
Linde Finance FRN 2066	£18,000	21,056	0.04
Old Mutual 5% FRN Perpetual	€100,000	75,048	0.12
Standard Chartered 5.375% FRN Perpetual	£21,000	20,460	0.03
Zurich Finance 6.625% FRN Perpetual	£123,000	132,484	0.22
Mortgage & Asset Backed Securities - 0.25% (31 Dec 11: 0.00%)			
Infiniti SPC FRN 2016	\$200,000	-	-
Tesco Property Finance 5.6611% 2041	£140,433	151,875	0.25
Ordinary Fixed Interest - 89.26% (31 Dec 11: 90.60%)			
Abbey National Treasury Services 5.25% 2029	£168,000	205,275	0.34
Amgen 4% 2029	£170,000	170,461	0.28
Anglian Water Services Financing 4.5% 2027	£110,000	120,065	0.20
Anheuser-Busch InBev 2.875% 2024	€220,000	186,461	0.31
BAA Funding 6% 2020	£100,000	111,917	0.19
BAA Funding 6.75% 2028	£60,000	78,387	0.13
BAA Funding 7.125% 2024	£145,000	173,579	0.29
Banco Espirito Santo 5.875% 2015	€200,000	167,155	0.28
Barclays Bank 7.625% 2022	\$290,000	178,883	0.30

	Holding	Market value £	Percentage of total net assets %
BHP Billiton Financial 4.3% 2042	£610,000	610,103	1.01
Cambridge 3.75% 2052	£260,000	257,500	0.43
Commonwealth Bank of Australia 3% 2026	£610,000	600,559	0.99
DirecTV 4.375% 2029	£130,000	129,923	0.21
Eastern Power Networks 4.75% 2021	£110,000	122,235	0.20
Everything Everywhere Finance 4.375% 2019	£150,000	155,454	0.26
FCE Bank 4.825% 2017	£90,000	96,828	0.16
GDF Suez 5% 2060	£100,000	103,828	0.17
General Electric Capital UK Funding 5.875% 2033	£335,000	399,377	0.66
Imperial Tobacco Finance 9% 2022	£250,000	353,893	0.59
Lloyds Banking Group 5.125% 2025	£150,000	180,285	0.30
London & Quadrant Housing Trust 4.625% 2033	£110,000	124,179	0.21
Metro Life Global Fund 3.5% 2026	£170,000	174,794	0.29
Motability Operation 4.375% 2027	£174,000	187,861	0.31
National Australia Bank 3% 2026	£130,000	128,037	0.21
Northumbrian Water Finance 5.125% 2042	£117,000	127,744	0.21
Petrobras Global Finance 5.375% 2029	£200,000	209,600	0.35
Rabobank 5.25% 2027	£220,000	232,272	0.38
Thames Water Utilities Finance 4.625% 2046	£180,000	181,310	0.30
Treasury 4% 2060	£5,224,000	6,237,409	10.32
Treasury 4.25% 2032	£2,582,000	3,186,529	5.27
Treasury 4.25% 2036	£3,382,000	4,139,575	6.85
Treasury 4.25% 2039	£2,721,000	3,320,910	5.50

	Holding	Market value £	Percentage of total net assets %
Treasury 4.25% 2040	£3,935,000	4,802,782	7.95
Treasury 4.25% 2046	£4,225,000	5,168,835	8.55
Treasury 4.25% 2049	£590,000	724,711	1.20
Treasury 4.25% 2055	£4,690,000	5,832,343	9.65
Treasury 4.5% 2034	£2,833,000	3,595,134	5.95
Treasury 4.5% 2042	£3,420,000	4,353,079	7.20
Treasury 4.75% 2030	£1,070,000	1,401,529	2.32
Treasury 4.75% 2038	£3,530,000	4,649,949	7.70
Virgin Media Finance 5.125% 2022	£300,000	303,636	0.50
Wells Fargo 3.5% 2029	£120,000	116,739	0.19
Westfield 4.25% 2022	£210,000	223,041	0.37
Yorkshire Water Services Finance 3.625% 2029	£110,000	108,437	0.18
Zero Coupon Bonds - 6.00% (31 Dec 11: 5.72%)			
Treasury 0% Strip 2028	£5,234,000	3,417,174	5.65
Treasury 0% Strip 2036	£450,000	210,231	0.35
Derivatives - (0.15)% (31 Dec 11: (0.15%))			
Credit Default Swaps - (0.05)% (31 Dec 11: (0.29%))			
Barclays Credit Default Swap Deutsche Telekom 6% Receive 20 Dec 2016	460,000	4,332	0.01
Barclays Credit Default Swap DGX 6.95% Pay 20 Mar 2017	(700,000)	(5,452)	(0.01)
Barclays Credit Default Swap Next 5.375% Pay 20 Mar 2018	(740,000)	2,238	-
Barclays Credit Default Swap Pfizer 4.65% Receive 20 Mar 2017	700,000	10,430	0.02

	Holding	Market value £	Percentage of total net assets %
Barclays Credit Default Swap Solvay 4.625% Pay 20 Jun 2017	(270,000)	242	-
Barclays Credit Default Swap Tesco 6% Receive 20 Mar 2018	740,000	2,067	-
Citi Credit Default Swaps Imperial Tobacco 6.25% Pay 20 Mar 2018	(460,000)	(10)	-
CreditSuisse Credit Default Swap Cox Communication 6.8% Pay 20 Jun 2017	(335,000)	(6,359)	(0.01)
Deutsche Bank Credit Default Swap DGX 6.95% Pay 20 Mar 2017	(670,000)	(5,218)	(0.01)
Deutsche Bank Credit Default Swap Pfizer 4.65% Receive 20 Mar 2017	670,000	9,983	0.02
Goldman Sachs Credit Default Swap BBVSM SRFI 4.875% Pay 20 Mar 2018	(380,000)	(3,223)	(0.01)
Goldman Sachs Credit Default Swap ConAgra Foods 7% Pay 20 Mar 2017	(610,000)	(4,642)	(0.01)
Goldman Sachs Credit Default Swap Cox Communication 6.8% Pay 20 Jun 2017	(335,000)	(6,136)	(0.01)
Goldman Sachs Credit Default Swap GASSM-GNCM 4.5% Receive 20 Dec 2017	480,000	(21,194)	(0.04)
Goldman Sachs Credit Default Swap Procter & Gamble 4.95% Receive 20 Mar 2017	610,000	10,693	0.02
Goldman Sachs Credit Default Swap Solvay 4.625% Pay 20 Jun 2017	(190,000)	170	-
Goldman Sachs Credit Default Swap Xerox 6.35% Receive 20 Jun 2017	335,000	(11,647)	(0.02)

	Holding	Market value £	Percentage of total net assets %
JPM Credit Default Swap BYIF 5.625% Pay 20 Mar 2018	(770,000)	(14,838)	(0.02)
JPM Credit Default Swap CSC 6.5% Pay 20 Mar 2014	(875,000)	(5,152)	(0.01)
JPM Credit Default Swap CSC 6.5% Receive 20 Mar 2016	585,000	3,038	0.01
JPM Credit Default Swap Linde Finance 5.875% Receive 20 Mar 2018	770,000	14,438	0.02
JPM Credit Default Swap Metro 7.625% Pay 20 Mar 2017	(500,000)	9,433	0.02
JPM Credit Default Swap Xerox 6.35% Receive 20 Jun 2017	335,000	(11,647)	(0.02)
Credit Index Swaps - (0.00)% (31 Dec 11: (0.00%))			
JPM Credit Index Swap CDX.NA.HY 5% Pay 20 Dec 2017	770,000	(1,661)	-
Futures - (0.08)% (31 Dec 11: (0.30%))			
Long Gilt Futures 26 Mar 2013	(56)	(18,200)	(0.03)
US 10 Year Note Futures 19 Mar 2013	59	(17,962)	(0.03)
US 5 Year Note Futures 28 Mar 2013	131	(15,193)	(0.02)
Interest Rate Swaps - 0.01% (31 Dec 11: 0.09%)			
Interest Rate Swap 0.77% 03 Oct 2017	15,280,000	5,850	0.01
Forwards - (0.03)% (31 Dec 11: 0.35%)			
Bought Australian Dollar 960,000 Sold Canadian Dollar 976,924		7,537	0.01
Bought Australian Dollar 420,000 Sold Sterling 268,149		799	-

	Holding	Market value £	Percentage of total net assets %
Bought Canadian Dollar 1,000,000 Sold Japanese Yen 80,650,000		42,519	0.07
Bought Canadian Dollar 415,000 Sold Sterling 260,016		(2,075)	-
Bought Canadian Dollar 1,937,148 Sold US Dollar 1,935,000		7,070	0.01
Bought Euro 525,000 Sold Sterling 423,254		4,944	0.01
Bought Euro 745,000 Sold Swedish Krona 6,538,418		(13,281)	(0.02)
Bought Euro 735,000 Sold US Dollar 967,765		836	-
Bought Japanese Yen 82,955,164 Sold Australian Dollar 965,000		(22,364)	(0.04)
Bought Japanese Yen 79,619,700 Sold Canadian Dollar 1,000,000		(49,916)	(0.08)
Bought Japanese Yen 80,811,864 Sold Euro 760,000		(39,679)	(0.07)
Bought Japanese Yen 46,700,000 Sold Sterling 366,327		(31,044)	(0.05)
Bought Japanese Yen 283,466,483 Sold US Dollar 3,550,000		(160,817)	(0.27)
Bought Malaysian Ringgit 2,912,273 Sold US Dollar 955,000		(2,543)	-
Bought Norwegian Krone 28,720,000 Sold Sterling 3,128,855		51,167	0.09

	Holding	Market value £	Percentage of total net assets %
Bought Sterling 877,687			
Sold Australian Dollar 1,385,000		(9,202)	(0.02)
Bought Sterling 881,911			
Sold Canadian Dollar 1,395,000		14,855	0.03
Bought Sterling 1,538,042			
Sold Euro 1,910,000		(19,783)	(0.03)
Bought Sterling 2,600,297			
Sold Japanese Yen 329,200,000		236,807	0.39
Bought Sterling 1,610,213			
Sold Norwegian Krone 14,769,433		(25,132)	(0.04)
Bought Sterling 1,334,445			
Sold Swedish Krona 14,290,000		(22,589)	(0.04)
Bought Sterling 2,197,972			
Sold US Dollar 3,519,736		20,730	0.03
Bought Sterling 595,000			
Sold US Dollar 969,286		(4,582)	(0.01)
Bought Swedish Krona 6,415,158			
Sold Euro 745,000		1,575	-
Bought Swedish Krona 9,752,525			
Sold Norwegian Krone 8,360,000		477	-
Bought Swedish Krona 4,530,000			
Sold Sterling 427,100		3,087	0.01
Bought US Dollar 966,080			
Sold Euro 757,500		(20,230)	(0.03)

	Holding	Market value £	Percentage of total net assets %
Bought US Dollar 1,930,000			
Sold Japanese Yen 161,022,410		37,802	0.06
Bought US Dollar 955,000			
Sold Singapore Dollar 1,163,973		1,503	-
Bought US Dollar 9,245,000			
Sold Sterling 5,745,662		(26,879)	(0.04)
Investment assets (including investment liabilities)		58,663,210	97.09
Net other assets		1,759,614	2.91
Net assets		£60,422,824	100.00

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.

At 31 December 2012 93.8% of the debt securities were rated as investment grade and 6.2% were unrated.

Portfolio movements (unaudited)
For the year ended 31 December 2012

	Cost £
Major purchases	
Treasury 4% 2060	3,696,055
BHP Billiton Financial 4.3% 2042	1,002,768
Treasury 4.25% 2040	973,160
Treasury 0.375% Index-Linked 2062	903,734
Commonwealth Bank of Australia 3% 2026	899,107
Renault 4.625% 2017	630,724
Treasury 4.5% 2042	568,744
Cambridge 3.75% 2052	549,741
Treasury 4.75% 2030	514,584
Centrica 4.375% 2029	505,175
Lloyds Banking Group 5.125% 2025	487,344
Tesco Property Finance 5.6611% 2041	486,000
Santander International 4.625% 2016	477,435
Glencore Finance Europe 5.5% 2022	467,114
Munich Re FRN 2042	399,188
Wendel 5.875% 2019	398,452
RWE 7% FRN Perpetual	397,372
BBVA U.S. Senior 4.664% 2015	372,451
Unitymedia 5.5% 2022	355,096
Fonciere Des Regions 3.875% 2018	321,953
Total for the year	£25,446,030

	Proceeds £
Major sales	
Treasury 4.75% 2030	5,443,823
Treasury 4% 2060	4,969,707
Treasury 4.5% 2042	3,395,676
Treasury 4.25% 2040	3,234,160
Treasury 4.25% 2046	2,555,089
Treasury 4.25% 2055	2,422,065
Treasury 4.25% 2032	2,223,986
Treasury 4.75% 2038	2,146,804
Treasury 4.25% 2036	1,910,431
Treasury 4.5% 2034	1,661,335
Treasury 0% 2028	1,580,222
Treasury 4.25% 2039	1,530,586
Treasury 0.375% Index-Linked 2062	888,097
Treasury 0.625% Index-Linked 2040	769,667
Renault 4.625% 2017	629,001
Petrobras International Finance 6.25% 2026	610,919
Centrica 4.375% 2029	537,780
Santander International 4.625% 2016	493,367
Glencore Finance Europe 5.5% 2022	472,999
Tesco 6.125% 2022	462,920
Total for the year	£53,502,072

Statement of total return
For the year ended 31 December 2012

		31 Dec 12		31 Dec 11	
	Notes	£	£	£	£
Income					
Net capital gains	2		469,164		15,220,803
Revenue	3	2,954,888		3,235,017	
Expenses	4	(554,652)		(532,339)	
Finance costs: Interest	6	(34)		(13)	
Net revenue before taxation		2,400,202		2,702,665	
Taxation	5	-		-	
Net revenue after taxation		2,400,202		2,702,665	
Total return before distributions		2,869,366		17,923,468	
Finance costs: Distributions	6	(2,954,998)		(3,234,266)	
Change in net assets attributable to shareholders from investment activities			£(85,632)		£14,689,202

Statement of change in net assets attributable to shareholders
For the year ended 31 December 2012

	31 Dec 12		31 Dec 11	
	£	£	£	£
Opening net assets attributable to shareholders		88,106,712		75,503,345
Amounts receivable on issue of shares	421,016		-	
Amounts payable on cancellation of shares	(30,888,707)		(5,285,536)	
		(30,467,691)		(5,285,536)
Change in net assets attributable to shareholders from investment activities (see Statement of total return)		(85,632)		14,689,202
Retained distribution on accumulation shares		2,869,435		3,199,701
Closing net assets attributable to shareholders		£60,422,824		£88,106,712

Balance sheet**As at 31 December 2012**

	Notes	As at 31 Dec 12 £	As at 31 Dec 11 £
ASSETS			
Investment assets		59,261,860	87,989,411
Debtors	7	435,573	579,178
Cash and bank balances	8	1,379,183	1,107,250
Total other assets		1,814,756	1,686,428
Total assets		£61,076,616	£89,675,839
LIABILITIES			
Investment liabilities		598,650	1,511,095
Creditors	9	55,142	58,032
Total other liabilities		55,142	58,032
Total liabilities		653,792	1,569,127
Net assets attributable to shareholders		£60,422,824	£88,106,712

Notes to the financial statements

1. Accounting policies

Accounting policies of the Fund are as set out on pages 10 and 11.

2. Net capital gains

	31 Dec 12 £	31 Dec 11 £
Currency losses	(35,610)	(6,995)
Derivative contracts	115,403	635,174
Forward currency contracts	469,314	57,659
Non-derivative securities	(73,187)	14,536,476
Transaction charges	(6,756)	(1,511)
Net capital gains	£469,164	£15,220,803

3. Revenue

	31 Dec 12 £	31 Dec 11 £
Bank interest	-	14,437
Interest on debt securities	2,962,015	3,255,726
Interest on derivative contracts	(7,127)	(35,146)
	£2,954,888	£3,235,017

4. Expenses

	31 Dec 12 £	31 Dec 11 £
<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	535,677	510,412
	535,677	510,412
<i>Payable to the Depositary, associates of the Depositary and agents of either of them:</i>		
Depositary's fees	8,924	8,564
	8,924	8,564
<i>Payable to other related parties and third parties:</i>		
Audit fees	9,049	9,165
Professional fees	-	923
Safe custody fees	-	2,278
Taxation fees	1,002	997
	10,051	13,363
	£554,652	£532,339

The audit fee for the period, excluding VAT was £7,500 (31 December 2011: £7,500)

5. Taxation

(a) Analysis of tax charge

There is no tax charge for the year.

(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 (31 Dec 11: 20%).

The differences are explained below:

	31 Dec 12 £	31 Dec 11 £
Net revenue before taxation	2,400,202	2,702,665
Corporation tax at 20%	480,040	540,533
<i>Effects of:</i>		
Interest distributions	(590,970)	(646,853)
Movement in excess expenses	110,930	106,320
	(480,040)	(540,533)
Total tax charge (5.a)	-	-

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 31 December 2012 the Fund had excess management expenses of £2,460,683 (31 Dec 11: £1,906,032). The deferred tax in respect of this would be £492,136 (31 Dec 11: £381,206). 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:

	31 Dec 12 £	31 Dec 11 £
Interim - first quarter	801,158	792,282
Interim - second quarter	770,229	826,333
Interim - third quarter	750,244	790,562
Final	547,799	790,524
	2,869,430	3,199,701
Add: Amounts deducted on cancellation of shares	89,546	34,565
Deduct: Amounts added on issue of shares	(3,978)	-
Net distributions	2,954,998	3,234,266
Interest	34	13
Total finance costs	£2,955,032	£3,234,279
Net revenue after taxation	2,400,202	2,702,665
Add: Expenses charged to capital	554,652	531,416
Add: Revenue brought forward	182	367
Deduct: Revenue carried forward	(38)	(182)
Net distributions as above	£2,954,998	£3,234,266

Details of the distribution per share are set out in the table on page 209 and 211.

7. Debtors

	As at 31 Dec 12 £	As at 31 Dec 11 £
Interest receivable on debt securities	435,573	578,198
Interest receivable on swaps	-	980
	£435,573	£579,178

8. Cash & bank balances

	As at 31 Dec 12 £	As at 31 Dec 11 £
Amounts held at futures clearing houses and brokers	303,224	553,918
Cash and bank balances	1,075,959	553,332
	£1,379,183	£1,107,250

9. Creditors

	As at 31 Dec 12 £	As at 31 Dec 11 £
Expense accruals	45,980	58,032
Interest payable on swaps	9,162	-
	£55,142	£58,032

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 31 December 2012 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 charged by the ACD are shown in note 4.

At 31 December 2012 the amounts included in creditors in respect of management fees due to the ACD are £33,097 (31 Dec 11: £46,187).

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 18 and 19.

(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 £
31 Dec 12				
Australian Dollar	3	-	883,687	883,690
Canadian Dollar	2,295	-	2,083,511	2,085,806
Czech Koruna	320	-	-	320
Euro	186,321	846,057	1,634,467	2,666,845
Japanese Yen	555	-	4,117,822	4,118,377
Malaysian Ringgit	-	-	588,202	588,202
New Zealand Dollar	154	-	-	154
Norwegian Krone	-	-	3,180,022	3,180,022
Polish Zloty	18	-	-	18
Singapore Dollar	1,285	-	-	1,285
South African Rand	280	-	-	280
Sterling	743,821	57,732,297	12,045,920	70,522,038
Swedish Krona	427	-	1,965,533	1,965,960
US Dollar	449,554	178,883	8,036,420	8,664,857
	£1,385,033	£58,757,237	£34,535,584	£94,677,854

Currency	Floating rate financial assets £	Fixed rate financial assets £	Financial assets not carrying interest £	Total £
31 Dec 11				
Australian Dollar	3	-	6,947,812	6,947,815
Canadian Dollar	2,341	-	4,299,532	4,301,873
Czech Koruna	320	-	-	320
Euro	1,555,465	-	7,857,188	9,412,653
Japanese Yen	646	-	6,435,886	6,436,532
New Zealand Dollar	152	-	1,766,101	1,776,253
Norwegian Krone	-	-	2,881,528	2,881,528
Polish Zloty	1,971	-	-	1,971
Singapore Dollar	1,264	-	-	1,264
South African Rand	307	-	-	307
Sterling	1,599,805	84,464,928	14,073,370	100,138,103
Swedish Krona	422	-	5,576,987	5,577,409
US Dollar	88,637	-	16,284,285	16,372,922
	£3,251,333	£84,464,928	£66,132,689	£153,848,950

ii) Financial liabilities

Currency	Floating rate financial liabilities £	Financial liabilities not carrying interest £	Total £
31 Dec 12			
Australian Dollar	-	1,504,830	1,504,830
Canadian Dollar	-	2,095,803	2,095,803
Euro	-	3,403,154	3,403,154
Japanese Yen	-	4,098,576	4,098,576
Norwegian Krone	-	2,561,006	2,561,006
Singapore Dollar	-	589,242	589,242
Swedish Krona	-	1,977,948	1,977,948
Sterling	-	10,665,342	10,665,342
US Dollar	-	7,359,129	7,359,129
	-	£34,255,030	£34,255,030
31 Dec 11			
Australian Dollar	-	9,409,367	9,409,367
Canadian Dollar	-	2,602,671	2,602,671
Euro	-	11,646,911	11,646,911
Japanese Yen	-	4,710,331	4,710,331
New Zealand Dollar	-	2,549,382	2,549,382
Norwegian Krone	-	761,270	761,270
Swedish Krona	-	7,770,559	7,770,559
Sterling	-	13,214,221	13,214,221
US Dollar	-	13,077,526	13,077,526
	-	£65,742,238	£65,742,238

iii) Fixed rate financial assets

Currency	Weighted average interest rate %	Weighted average period for which the rate is fixed in years
31 Dec 12		
Euro	3.55	7.54
Sterling	3.03	28.44
US Dollar	7.63	9.90
31 Dec 11		
Sterling	3.06	29.16
US Dollar	5.50	2.00

(b) Currency exposure

A proportion 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:

Currency	Monetary exposures £	Non- monetary exposures £	Total £
31 Dec 12			
Australian Dollar	(621,140)	-	(621,140)
Canadian Dollar	(9,997)	-	(9,997)
Czech Koruna	320	-	320
Euro	(1,576,022)	839,713	(736,309)
Japanese Yen	19,801	-	19,801
Malaysian Ringgit	588,202	-	588,202
New Zealand Dollar	154	-	154
Norwegian Krone	619,016	-	619,016
Polish Zloty	18	-	18
Singapore Dollar	(587,957)	-	(587,957)
Swedish Krona	(11,988)	-	(11,988)
South African Rand	280	-	280
US Dollar	1,177,921	127,807	1,305,728
	(401,392)	967,520	566,128
Sterling	2,142,599	57,714,097	59,856,696
	£1,741,207	£58,681,617	£60,422,824

Currency	Monetary exposures £	Non- monetary exposures £	Total £
31 Dec 11			
Australian Dollar	(2,461,552)	-	(2,461,552)
Canadian Dollar	(1,699,202)	-	(1,699,202)
Czech Koruna	320	-	320
Euro	(2,876,592)	642,334	(2,234,258)
Japanese Yen	1,726,201	-	1,726,201
New Zealand Dollar	(773,129)	-	(773,129)
Norwegian Krone	2,120,258	-	2,120,258
Polish Zloty	1,971	-	1,971
Singapore Dollar	1,264	-	1,264
Swedish Krona	(2,193,150)	-	(2,193,150)
South African Rand	307	-	307
US Dollar	3,388,616	(93,220)	3,295,396
	633,716	549,114	1,182,830
Sterling	1,284,279	85,639,603	86,923,882
	£1,917,995	£86,188,717	£88,106,712

(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 period of time in all but a given percentage of circumstances. As at 31 December 2012, the Fund's VaR was 4.24%. This means that per the statistical analysis there is a 99% probability that, over a month, the maximum loss the Fund could suffer is 4.24% of its value.

Further information on risks can be found in the Risk Profile on pages 18 and 19.

14. Portfolio transaction costs

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

Distribution table**For the year ended 31 December 2012 (in pence per share)****Final 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 payable 28/02/13 (p)	<i>Distribution paid 29/02/12 (p)</i>
Class J - Accumulation Gross						
Group 1	14.860000	-	14.860000	-	14.860000	<i>14.180000</i>
Group 2	14.860000	-	14.860000	0.000000	14.860000	<i>14.180000</i>

Third quarter interim interest distribution

Group 1: Shares purchased prior to 1 July 2012

Group 2: Shares purchased between 1 July 2012 and 30 September 2012

	Gross revenue (p)	Income tax (20%)	Net revenue (p)	Equalisation (note 10) (p)	Distribution paid 30/11/12 (p)	<i>Distribution paid 30/11/11 (p)</i>
Class J - Accumulation Gross						
Group 1	13.890000	-	13.890000	-	13.890000	<i>13.920000</i>
Group 2	13.890000	-	13.890000	0.000000	13.890000	<i>13.920000</i>

Second quarter interim interest distribution

Group 1: Shares purchased prior to 1 April 2012

Group 2: Shares purchased between 1 April 2012 and 30 June 2012

	Gross revenue (p)	Income tax (20%)	Net revenue (p)	Equalisation (note 10) (p)	Distribution paid 31/08/12 (p)	Distribution paid 31/08/11 (p)
Class J - Accumulation Gross						
Group 1	14.260000	-	14.260000	-	14.260000	14.060000
Group 2	14.260000	-	14.260000	0.000000	14.260000	14.060000

First quarter interim interest distribution

Group 1: Shares purchased prior to 1 January 2012

Group 2: Shares purchased between 1 January 2012 and 31 March 2012

	Gross revenue (p)	Income tax (20%)	Net revenue (p)	Equalisation (note 10) (p)	Distribution paid 31/05/12 (p)	Distribution paid 31/05/11 (p)
Class J - Accumulation Gross						
Group 1	14.490000	-	14.490000	-	14.490000	13.360000
Group 2	0.315818	-	0.315818	14.174182	14.490000	13.360000

Gross shareholders receive a distribution without the deduction of income tax.

UBS UK Equity Income Fund

Manager's report

Investment objective and policy

To seek to generate income and achieve long term capital growth through active management of a diversified portfolio invested primarily in UK equities. The portfolio will aim to have at least 80% invested in UK equities and to generate a running yield equal to or greater than 110% of the running yield on the FTSE All-Share Index. The Fund may also invest in other transferable securities (including warrants), money market instruments, deposits, cash and near cash and units in collective investments schemes. 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 FCA rules.

Market environment

Despite a weak year economically, the UK stockmarket, as measured by the FTSE All-Share, rose 12.3% in Sterling terms during the year under review.

This was set against an economic background in which growth in the UK economy in the year 2012 was essentially flat. Having entered recession in the first quarter of 2012, it stayed there in the second before growing again in the third quarter. However, a first estimate for fourth quarter growth from the Office for National Statistics showed the economy to have contracted by 0.3%, raising the risk of a triple-dip recession.

In their efforts to boost growth the Bank of England's twice injected £50bn into the economy in February and July as it extended its quantitative easing programme that began in 2009. Meanwhile having started the year at 3.6%, inflation as measured by the Consumer Price Index fell to as low as 2.2% in September before rising to and staying at 2.7% for the last three months of the year. Over the year interest rates were kept on hold at 0.5%

Fund performance

The Fund underperformed its benchmark, the FTSE All-Share, during the year under review. It posted performance of 8.6%* compared with the benchmark which rose 12.3%.

An overweight holding in the furniture company the Howden Joinery Group, formerly the MFI Furniture Group until 2006, was the largest stock contributor to performance during the reporting year, as the company's share price rose by 73.2%.

Another significant stock contributor to relative performance was an overweight to Prudential, the financial services company. During the year under review the company's share price rose over 40%.

The Fund's overweight position in the pharmaceutical company GlaxoSmithKline provided the primary stock detractor from relative performance during 2012, after a share price decline of 3.6%.

Stock activity within Vodafone resulted in the second largest stock detractor from performance over the year, after its share price fell 7.9%.

At an industry level stock selection within and an overweight to Basic Resources resulted in it being the largest contributor to relative performance during the year, whereas an underweight to the Banking sector, which rose significantly over the course of the year, proved to be most detrimental.

* Source: Lipper-Hindsight. Performance is based on NAV prices with income reinvested net of basic rate tax and in sterling terms to 31 December 2012, based on A income shares.

Outlook

Inflation is expected to remain above the Bank of England's target of 2% for the foreseeable future, as increases in electricity and gas prices take effect. In terms of economic growth, the International Monetary Fund recently cuts its forecasts for UK GDP growth in 2013 from 1.1% to 1%, citing a weakening in global economic growth.

Opportunities to add value via income orientated stock selection remain. Bottom-up stock selection remains key to avoid unsustainable franchises; while an emphasis on large sustainable growth opportunities remains core in a low growth, low inflation environment.

Percentage growth

	31/12/11 to 31/12/12 %	31/12/10 to 31/12/11 %	31/12/09 to 31/12/10 %	31/12/08 to 31/12/09 %	31/12/07 to 31/12/08 %
Class A - Accumulation Shares	8.70	-1.84	9.28	15.65	-29.90
Class A - Income Shares	8.59	-1.84	8.53	14.47	-28.97
Class B - Accumulation Shares	9.17	-1.30	10.08	16.15	-29.46
Class B - Income Shares	9.12	-1.31	9.09	15.00	-28.43
Class C - Accumulation Shares	1.56	-	-	-	-
Class C - Income Shares	1.56	-	-	-	-

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 and B Accumulation Shares and Class A and B Income Shares: 31 March 2007. Class C Accumulation and Income Shares; 15 August 2012.

UBS Global Asset management Funds Ltd
8 April 2013.

Performance record (unaudited)**1. Fund size**

Accounting year		Number of shares in issue	Total net asset value per share (p)*	Total net asset value (£)
31 December				
2010	Class A - Accumulation	24,002,735	44.3	10,628,729
	Class A - Income	13,797,712	35.4	4,879,509
	Class B - Accumulation	970,635	45.3	439,759
	Class B - Income	34,674,615	36.1	12,509,444
				£28,457,441
2011	Class A - Accumulation	6,730,817	43.9	2,951,585
	Class A - Income	9,191,931	33.1	3,043,264
	Class B - Accumulation	699,599	45.0	315,002
	Class B - Income	14,610,649	34.0	4,961,082
				£11,270,933
2012	Class A - Accumulation	3,233,639	47.4	1,534,242
	Class A - Income	5,237,237	34.2	1,794,234
	Class B - Accumulation	263,224	49.0	129,000
	Class B - Income	11,616,540	35.3	4,108,928
	Class C - Accumulation	10,000	50.7	5,074
	Class C - Income	10,000	50.0	5,007
				£7,576,485

* 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. Where the Fund invests in other funds, the figure includes the impact of the charges made in those other funds.

Share class	31 Dec 12 (%)
Class A - Accumulation	1.73
Class A - Income	1.73
Class B - Accumulation	1.08
Class B - Income	1.08
Class C - Accumulation	0.92
Class C - Income	0.92

3. Share dealing price range and distribution record

The Fund was launched on 1 April 2007 at a price of 50p for all share classes. The class C Income and Accumulation net share classes 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	50.67	29.01	2.60
2009	41.11	29.94	2.58
2010	44.85	36.56	2.39
2011	46.44	38.83	2.39
2012	48.07	42.28	2.03
Class A - Income			
2008	49.25	27.34	2.41
2009	35.88	27.21	2.29
2010	36.12	29.95	1.98
2011	36.34	30.23	1.88
2012	35.44	31.59	1.51
Class B - Accumulation			
2008	50.92	29.31	2.59
2009	41.71	30.31	2.63
2010	45.87	37.31	2.62
2011	47.63	39.85	2.39
2012	49.56	43.50	2.15
Class B - Income			
2008	49.49	27.61	2.46
2009	36.40	27.51	2.34
2010	36.82	30.49	2.01
2011	37.09	30.95	1.87
2012	36.54	32.49	1.55

Calendar year	Highest price (p)	Lowest price (p)	Distribution per share (net) (p)
Class C - Accumulation			
2012 [†]	51.31	48.57	0.67
Class C - Income			
2012 [†]	51.31	48.42	0.67

[†] covers period from launch to 31 December 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 31 December 2012**

	Holding	Market value £	Percentage of total net assets %
United Kingdom - 94.83% (31 Dec 11: 97.49%)			
Automobiles & Parts - 1.71% (31 Dec 11: 0.00%)			
GKN	56,324	129,827	1.71
Banks - 4.08% (31 Dec 11: 3.83%)			
HSBC	47,843	309,257	4.08
Electronics & Electrical Equipment - 2.20% (31 Dec 11: 1.85%)			
Domino Printing Sciences	28,669	166,710	2.20
Fixed Line Telecommunications - 3.71% (31 Dec 11: 0.00%)			
BT Group	82,944	193,011	2.55
Telecom Plus	9,770	87,979	1.16
Food & Drug Retailers - 1.89% (31 Dec 11: 6.86%)			
Booker Group	147,151	143,399	1.89
Food Producers & Processors - 0.00% (31 Dec 11: 2.05%)			
Gas, Water & Multiutilities - 5.42% (31 Dec 11: 5.55%)			
Centrica	71,259	238,433	3.15
National Grid	24,496	172,084	2.27
General Financial - 4.31% (31 Dec 11: 3.37%)			
Ashmore Group	24,760	88,443	1.17
ICAP	24,595	75,703	1.00
Provident Financial	11,897	161,918	2.14
General Industrials - 1.12% (31 Dec 11: 0.00%)			
Smith (DS)	41,817	85,098	1.12
General Retailers - 0.00% (31 Dec 11: 1.96%)			
Household Goods - 1.60% (31 Dec 11: 2.72%)			
Reckitt Benckiser Group	3,129	121,530	1.60

	Holding	Market value £	Percentage of total net assets %
Industrial Engineering - 2.03% (31 Dec 11: 1.49%)			
Weir Group	8,244	153,915	2.03
Life Insurance - 4.66% (31 Dec 11: 4.37%)			
Prudential	40,862	353,048	4.66
Media - 5.69% (31 Dec 11: 2.79%)			
Pearson	20,237	241,832	3.19
Informa	21,685	97,452	1.29
WPP	10,298	91,498	1.21
Mining - 11.92% (31 Dec 11: 8.89%)			
Antofagasta	11,986	159,414	2.10
BHP Billiton	15,712	336,944	4.45
Rio Tinto	11,576	406,491	5.37
Mobile Telecommunications - 5.42% (31 Dec 11: 7.91%)			
Vodafone Group	265,165	410,608	5.42
Non Life Insurance - 0.99% (31 Dec 11: 0.87%)			
Direct Line Insurance	35,544	74,642	0.99
Oil & Gas Producers - 16.90% (31 Dec 11: 17.41%)			
BG Group	22,548	228,411	3.01
BP	80,548	343,175	4.53
Royal Dutch Shell 'A'	14,867	316,072	4.17
Royal Dutch Shell 'B'	17,980	392,863	5.19
Oil Equipment, Services & Distribution - 1.64% (31 Dec 11: 1.77%)			
Hunting	15,818	124,329	1.64
Personal Goods - 0.00% (31 Dec 11: 1.23%)			

	Holding	Market value £	Percentage of total net assets %
Pharmaceuticals & Biotechnology - 7.80% (31 Dec 11: 10.39%)			
GlaxoSmithKline	34,066	455,122	6.00
Shire	7,210	136,197	1.80
Software & Computer Services - 0.00% (31 Dec 11: 0.53%)			
Support Services - 3.79% (31 Dec 11: 2.93%)			
Berendsen	26,882	160,486	2.12
Howden Joinery Group	73,223	126,456	1.67
Tobacco - 6.05% (31 Dec 11: 8.72%)			
British American Tobacco	9,072	284,044	3.75
Imperial Tobacco Group	7,353	174,266	2.30
Travel & Leisure - 1.90% (31 Dec 11: 0.00%)			
TUI Travel	50,857	143,824	1.90
Investment assets		7,184,481	94.83
Net other assets		392,004	5.17
Net assets		£7,576,485	100.00

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

Portfolio movements (unaudited)
For the year ended 31 December 2012

	Cost
	£
Major purchases	
Royal Dutch Shell 'A'	359,482
Centrica	212,099
Berendsen	180,505
BT Group	170,391
Domino Printing Sciences	152,935
IMI	151,444
GKN	128,461
WH Smith	126,464
Smith (DS)	124,838
SThree	106,735
TUI Travel	106,631
Bodycote	91,012
ICAP	88,055
Aviva	84,370
Informa	75,998
Telecom Plus	63,047
Direct Line Insurance	62,202
Brown (N.) Group	25,883
HSBC	8
Total for the year (Note 14)	£2,451,887

	Proceeds
	£
Major sales	
British American Tobacco	514,442
BP	465,618
GlaxoSmithKline	463,632
Vodafone Group	379,744
WH Smith	364,518
International Power	330,822
Legal & General Group	296,260
BG Group	292,447
Tesco	281,677
Associated British Foods	255,187
Reckitt Benckiser Group	224,193
HSBC	223,998
Morrison (Wm.) Supermarkets	207,842
SSE	201,117
Pennon Group	197,071
Aggreko	190,000
Burberry Group	168,376
Randgold Resources	164,835
IMI	146,377
Admiral Group	134,609
Total for the year (Note 14)	£6,738,182

Statement of total return
For the year ended 31 December 2012

		31 Dec 12		31 Dec 11	
	Notes	£	£	£	£
Income					
Net capital gains/(losses)	2		482,046		(1,568,949)
Revenue	3	414,942		1,324,745	
Expenses	4	(123,807)		(310,437)	
Finance costs: Interest	6	(9)		(16)	
Net revenue before taxation		291,126		1,014,292	
Taxation	5	(1,635)		(1,531)	
Net revenue after taxation			289,491		1,012,761
Total return before distributions			771,537		(556,188)
Finance costs: Distributions	6		(402,686)		(1,267,435)
Change in net assets attributable to shareholders from investment activities			£368,851		£(1,823,623)

Statement of change in net assets attributable to shareholders
For the year ended 31 December 2012

	31 Dec 12		31 Dec 11	
	£	£	£	£
Opening net assets attributable to shareholders		11,270,933		28,457,441
Amounts receivable on issue of shares	564,759		2,977,481	
Amounts payable on cancellation of shares	(4,714,432)		(18,774,767)	
		(4,149,673)		(15,797,286)
Change in net assets attributable to shareholders from investment activities (see Statement of total return)		368,851		(1,823,623)
Retained distribution on accumulation shares		88,933		457,352
Stamp duty reserve tax		(2,559)		(22,951)
Closing net assets attributable to shareholders		£7,576,485		£11,270,933

Balance sheet**As at 31 December 2012**

	Notes	As at 31 Dec 12 £	As at 31 Dec 11 £
ASSETS			
Investment assets		7,184,482	10,988,258
Debtors	7	27,413	75,537
Cash and bank balances	8	459,394	357,025
Total other assets		486,807	432,562
Total assets		7,671,289	11,420,820
LIABILITIES			
Creditors	9	29,432	25,194
Distribution payable		65,372	124,693
Total liabilities		94,804	149,887
Net assets attributable to shareholders		£7,576,485	£11,270,933

Notes to the financial statements

1. Accounting policies

Accounting policies of the Fund are as set out on pages 10 and 11.

2. Net capital gains/(losses)

	31 Dec 12 £	31 Dec 11 £
Currency losses	(38)	(73)
Derivative contracts	1,889	(109,865)
Non-derivative securities	482,527	(1,446,034)
Transaction charges	(2,332)	(12,977)
Net capital gains/(losses)	£482,046	£(1,568,949)

3. Revenue

	31 Dec 12 £	31 Dec 11 £
Bank interest	330	2,381
Option income	56,257	285,345
Overseas dividends	20,885	39,968
UK franked dividends	337,470	997,051
	£414,942	£1,324,745

4. Expenses

	31 Dec 12 £	31 Dec 11 £
<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	108,038	283,099
Registration fees	4,480	12,070
	112,518	295,169
<i>Payable to the Depositary, associates of the Depositary and agents of either of them:</i>		
Depositary's fees	1,089	2,722
	1,089	2,722
<i>Payable to other related parties and third parties:</i>		
Audit fees	9,049	10,177
Professional fees	-	923
Safe custody fees	149	449
Taxation fees	1,002	997
	10,200	12,546
	£123,807	£310,437

The audit fee for the period, excluding VAT was £7,500 (31 December 2011: £7,500)

5. Taxation

(a) Analysis of tax charge

	31 Dec 12 £	31 Dec 11 £
Overseas tax suffered	1,635	1,531
Total current tax (5.b)	1,635	1,531
Total tax charge	£1,635	£1,531

(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 (31 Dec 11: 20%).

The differences are explained below:

	31 Dec 12 £	31 Dec 11 £
Net revenue before taxation	291,126	1,014,292
Corporation tax at 20%	58,225	202,858
<i>Effects of:</i>		
Dividends not subject to corporation tax	(71,671)	(207,403)
Movement in excess expenses	13,446	4,545
Overseas tax suffered	1,635	1,531
	(56,590)	(201,327)
Total tax charge (5.a)	£1,635	£1,531

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 31 December 2012 the Fund had excess management expenses of £126,133 (31 Dec 11: £58,905). The deferred tax in respect of this would be £25,227 (31 Dec 11: £11,781). 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:

	31 Dec 12 £	31 Dec 11 £
Interim - first quarter	103,826	329,834
Interim - second quarter	109,960	305,580
Interim - third quarter	85,314	295,655
Final	82,525	179,678
	381,625	1,110,747
Add: Amounts deducted on cancellation of shares	24,612	184,047
Deduct: Amounts added on issue of shares	(3,551)	(27,359)
Net distributions	402,686	1,267,435
Interest	9	16
Total finance costs	£402,695	£1,267,451
Net revenue after taxation	289,491	1,012,761
Add: Expenses charged to capital	123,807	309,514
Add: Revenue brought forward	1,588	4,106
Deduct: Revenue carried forward	(886)	(1,588)
Deduct: Tax relief on capital expenses	(11,314)	(57,358)
Net distributions as above	£402,686	£1,267,435

Details of the distribution per share are set out in the table on page 226 and 227.

7. Debtors

	As at 31 Dec 12 £	As at 31 Dec 11 £
Accrued revenue	26,240	73,744
Amounts receivable on issue of shares	-	1,001
Overseas tax recoverable	1,173	792
	£27,413	£75,537

8. Cash & bank balances

	As at 31 Dec 12 £	As at 31 Dec 11 £
Cash and bank balances	459,394	357,025
	£459,394	£357,025

9. Creditors

	As at 31 Dec 12 £	As at 31 Dec 11 £
Amounts payable on cancellation of shares	8,962	-
Expense accruals	20,470	25,194
	£29,432	£25,194

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 31 December 2012 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 31 Dec 2012 the amounts included in creditors in respect of management fees and registration fees due to the ACD are £7,688 and £1,510 respectively (31 Dec 11: £11,598 and £1,686).

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.

The ACD has appointed UBS Global Asset Management (UK) Ltd to provide investment management services to the ACD in respect of the Fund. 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 18 and 19.

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

At the year end date 6.06% (31 Dec 11: 3.17%) of the Fund's net assets were interest bearing.

(b) Currency exposure

The revenue and capital value of the Fund's investments are mainly denominated in sterling, the Fund's base currency. Therefore, the financial statements are not subject to any significant risk of currency movements.

This is consistent with the exposure during both the current and prior years.

(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.

14. Portfolio transaction costs

		31 Dec 12	31 Dec 11
Analysis of total purchase costs	£	£	£
Purchases in year before transaction costs		2,438,620	47,763,332
Commissions & taxes	13,267		284,256
Total purchase costs		13,267	284,256
Gross purchase total		£2,451,887	£48,047,588

		31 Dec 12	31 Dec 11
Analysis of total sale costs	£	£	£
Gross sales in year before transaction costs		6,746,066	63,947,590
Commissions & taxes	(7,884)		(79,322)
Total sale costs		(7,884)	(79,322)
Total sales net of transaction costs		£6,738,182	£63,868,268

Distribution table**For the year ended 31 December 2012 (in pence per share)****Final dividend distribution**

Group 1: Shares purchased prior to 1 October 2012

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

	Net revenue (p)	Equalisation (note 10) (p)	Distribution payable 28/02/13 (p)	<i>Distribution paid 28/02/12 (p)</i>
Class A - Accumulation				
Group 1	0.48	-	0.48	0.74
Group 2	0.42	0.06	0.48	0.74
Class A - Income				
Group 1	0.36	-	0.36	0.53
Group 2	0.04	0.32	0.36	0.53
Class B - Accumulation				
Group 1	0.60	-	0.60	0.74
Group 2	0.60	0.00	0.60	0.74
Class B - Income				
Group 1	0.40	-	0.40	0.52
Group 2	0.40	0.00	0.40	0.52
Class C - Accumulation				
Group 1	0.52	-	0.52	-
Group 2	0.52	0.00	0.52	-
Class C - Income				
Group 1	0.52	-	0.52	-
Group 2	0.52	0.00	0.52	-

Third quarter interim dividend distribution

Group 1: Shares purchased prior to 1 July 2012

Group 2: Shares purchased between 1 July 2012 and 30 September 2012

	Net revenue (p)	Equalisation (note 10) (p)	Distribution paid 30/11/12 (p)	<i>Distribution paid 30/11/11 (p)</i>
Class A - Accumulation				
Group 1	0.50	-	0.50	0.55
Group 2	0.10	0.40	0.50	0.55
Class A - Income				
Group 1	0.35	-	0.35	0.45
Group 2	0.13	0.22	0.35	0.45
Class B - Accumulation				
Group 1	0.50	-	0.50	0.55
Group 2	0.03	0.47	0.50	0.55
Class B - Income				
Group 1	0.35	-	0.35	0.45
Group 2	0.26	0.09	0.35	0.45
Class C - Accumulation				
Group 1	0.15	-	0.15	-
Group 2	0.15	0.00	0.15	-
Class C - Income				
Group 1	0.15	-	0.15	-
Group 2	0.15	0.00	0.15	-

Second quarter dividend distribution

Group 1: Shares purchased prior to 1 April 2012

Group 2: Shares purchased between 1 April 2012 and 30 June 2012

	Net revenue (p)	Equalisation (note 10) (p)	Distribution payable 31/08/12 (p)	<i>Distribution paid 31/08/11 (p)</i>
Class A - Accumulation				
Group 1	0.55	-	0.55	0.55
Group 2	0.35	0.20	0.55	0.55
Class A - Income				
Group 1	0.45	-	0.45	0.45
Group 2	0.12	0.33	0.45	0.45
Class B - Accumulation				
Group 1	0.55	-	0.55	0.55
Group 2	0.00	0.55	0.55	0.55
Class B - Income				
Group 1	0.45	-	0.45	0.45
Group 2	0.09	0.36	0.45	0.45

First quarter dividend distribution

Group 1: Shares purchased prior to 1 January 2012

Group 2: Shares purchased between 1 January 2012 and 31 March 2012

	Net revenue (p)	Equalisation (note 10) (p)	Distribution paid 31/05/12 (p)	<i>Distribution paid 31/05/11 (p)</i>
Class A - Accumulation				
Group 1	0.50	-	0.50	0.55
Group 2	0.24	0.26	0.50	0.55
Class A - Income				
Group 1	0.35	-	0.35	0.45
Group 2	0.18	0.17	0.35	0.45
Class B - Accumulation				
Group 1	0.50	-	0.50	0.55
Group 2	0.00	0.50	0.50	0.55
Class B - Income				
Group 1	0.35	-	0.35	0.45
Group 2	0.17	0.18	0.35	0.45

UBS UK Opportunities Fund

Manager's report

Investment objective and policy

To achieve long term capital growth through active management of a diversified portfolio invested primarily in UK equities. The portfolio manager will generally select a portfolio of securities from a universe of UK equities identified by analysts as offering superior growth and/or income prospects. The Fund may also invest in other transferable securities (including warrants), money market instruments, deposits, cash and near cash and units in collective investment schemes.

Market environment

Despite a weak year economically, the UK stockmarket, as measured by the FTSE All-Share, rose 12.3% in Sterling terms during the year under review.

This was set against an economic background in which growth in the UK economy in the year 2012 was essentially flat. Having entered recession in the first quarter of 2012, it stayed there in the second before growing again in the third quarter. However, a first estimate for fourth quarter growth from the Office for National Statistics showed the economy to have contracted by 0.3%, raising the risk of a triple-dip recession.

In their efforts to boost growth the Bank of England's twice injected £50bn into the economy in February and July as it extended its quantitative easing programme that began in 2009. Meanwhile having started the year at 3.6%, inflation as measured by the Consumer Price Index fell to as low as 2.2% in September before rising to and staying at 2.7% for the last three months of the year. Over the year interest rates were kept on hold at 0.5%

Fund performance

The Fund underperformed its benchmark, the FTSE All-Share, during the period under review. It posted performance of 8.2%* compared with the benchmark which gained 12.3%.

An overweight holding in the fund management group Aberdeen Asset Management was the largest stock contributor to relative performance during the period under review, as the firm's share price rose over 80%.

Another significant contributor to performance resulted from an overweight position in the Berkeley Group, a house building company, whose share price rose by 37.7%.

An overweight holding in the specialty biopharmaceutical company Shire provided the largest stock detractor from relative performance, as the company's share price fell by 15.5% during the course of 2012.

Barclays proved to be the second largest detractor from performance over the year. While the bank's share price rose by more than 53% over the course of the year in full, active management of the stock detracted value.

At an industry level stock selection within and an underweight to Basic Resources resulted in it being the largest contributor to performance in relative terms during the reporting year. However, stock selection within and an underweight to the Banking sector, which rose significantly over the year, proved to be the most detrimental in relative terms.

* Source: Lipper-Hindsight. Performance is based on NAV prices with income reinvested net of basic rate tax and in sterling terms to 31 December 2012, based on A shares.

Outlook

Inflation is expected to remain above the Bank of England's target of 2% for the foreseeable future, as increases in electricity and gas prices take effect. In terms of economic growth, the International Monetary Fund recently cuts its forecasts for UK GDP growth in 2013 from 1.1% to 1%, citing a weakening in global economic growth.

Bottom up analysis of quality growth businesses remains key, with an emphasis on sustainable growth opportunities and shareholder returns

Percentage growth

	31/12/11 to 31/12/12 %	31/12/10 to 31/12/11 %	31/12/09 to 31/12/10 %	31/12/08 to 31/12/09 %	31/12/07 to 31/12/08 %
Class A - Accumulation Shares	8.23	-9.06	13.99	20.61	-35.02
Class B - Accumulation Shares	8.97	-8.47	14.72	21.40	-34.61
Class C - Accumulation Shares	2.26	-	-	-	-

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

Launch Dates; Class C Accumulation shares; 15 August 2012.

UBS Global Asset Management Funds Ltd

8 April 2013

Performance record (unaudited)**1. Fund size**

Accounting year		Number	Total net	Total net
31 December		of shares in	asset value	asset
		issue	per share	value
			(p)*	(£)
2010	Class A – Accumulation	3,378,016	66.6	2,248,406
	Class B - Accumulation	73,781,001	70.4	51,934,152
				£54,182,558
2011	Class A - Accumulation	3,202,486	60.9	1,952,676
	Class B - Accumulation	64,211,096	64.9	41,672,435
				£43,625,111
2012	Class A - Accumulation	1,008,055	65.7	662,716
	Class B - Accumulation	27,214,006	70.5	19,171,419
	Class C - Accumulation	10,000	51.0	5,104
				£19,839,239

* 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. Where the Fund invests in other funds, the figure includes the impact of the charges made in those other funds.

Share class	31 Dec 12
	(%)
Class A - Accumulation	1.64
Class B - Accumulation	0.99
Class C - Accumulation	0.35

3. Share dealing price range and distribution record

The Fund was launched on 1 July 2002 at a price of 50p for Class A and B Accumulation 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	75.82	41.26	1.69
2009	59.09	41.07	1.50
2010	67.22	54.34	1.08
2011	69.47	53.95	0.79
2012	66.43	59.06	0.71
Class B - Accumulation			
2008	78.67	43.02	2.16
2009	62.04	42.93	1.93
2010	71.09	57.29	1.55
2011	73.71	57.34	1.27
2012	71.00	63.04	1.21
Class C - Accumulation			
2012 [†]	51.44	48.88	0.21

[†] covers period from launch to 31 December 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 31 December 2012**

	Holding	Market value £	Percentage of total net assets %
United Kingdom - 97.59% (31 Dec 11 - 97.49%)			
Aerospace & Defence - 5.13% (31 Dec 11 - 1.59%)			
Rolls Royce Group	60,932	534,678	2.70
Rolls Royce Group 'C' Shares (January 2013)*	4,630,832	4,631	0.02
Senior	114,642	225,615	1.14
Ultra Electronics Holdings	15,159	252,246	1.27
Automobiles & Parts - 1.07% (31 Dec 11 - 0.00%)			
GKN	92,427	213,044	1.07
Banks - 7.67% (31 Dec 11 - 7.57%)			
HSBC	139,063	898,903	4.53
Standard Chartered	39,659	623,043	3.14
Beverages - 6.36% (31 Dec 11 - 2.68%)			
Diageo	41,335	742,170	3.74
SABMiller	18,335	519,247	2.62
Chemicals - 1.99% (31 Dec 11 - 0.77%)			
AZ Electronic Materials	67,933	235,388	1.19
Croda International	6,725	159,584	0.80
Electricity - 0.00% (31 Dec 11 - 1.23%)			
Electronics & Electrical Equipment - 1.94% (31 Dec 11 - 0.58%)			
Dialight	14,206	149,873	0.76
Oxford Instruments	16,594	233,975	1.18
Financial Services - 2.64% (31 Dec 11 - 1.78%)			
Aberdeen Asset Management	142,719	523,921	2.64
Food & Drug Retailers - 1.46% (31 Dec 11 - 3.73%)			
Booker Group	298,081	290,480	1.46

	Holding	Market value £	Percentage of total net assets %
Food Producers - 0.45% (31 Dec 11 - 2.06%)			
New Britain Palm Oil	18,393	90,126	0.45
Gas, Water & Multiutilities - 0.00% (31 Dec 11 - 2.42%)			
General Financial - 0.00% (31 Dec 11 - 0.00%)			
ACP Mezzanine Limited#	930,003	758	-
General Industrials - 0.77% (31 Dec 11 - 0.00%)			
RPC Group	38,065	151,841	0.77
General Retailers - 1.97% (31 Dec 11 - 1.22%)			
ASOS	7,523	197,780	1.00
Signet Jewelers	5,885	192,910	0.97
Household Goods - 2.02% (31 Dec 11 - 2.90%)			
Berkeley Group 'B'	22,868	401,562	2.02
Industrial Engineering - 3.94% (31 Dec 11 - 3.33%)			
Melrose Industries	121,374	271,635	1.37
Rotork	9,070	230,832	1.16
Weir Group	14,963	279,359	1.41
Industrial Metals - 1.02% (31 Dec 11 - 0.77%)			
First Quantum Minerals	15,241	202,705	1.02
Life Insurance - 2.10% (31 Dec 11 - 1.65%)			
Prudential	48,313	417,424	2.10
Media - 4.84% (31 Dec 11 - 5.57%)			
British Sky Broadcasting Group	38,262	293,852	1.48
Pearson	25,190	301,021	1.52
Rightmove Group	25,421	365,554	1.84

	Holding	Market value £	Percentage of total net assets %
Mining - 6.68% (31 Dec 11 - 8.36%)			
BHP Billiton	18,279	391,993	1.98
Fresnillo	9,927	182,955	0.92
Rio Tinto	21,352	749,776	3.78
Mobile Telecommunications - 2.75% (31 Dec 11 - 6.37%)			
Vodafone Group	351,750	544,685	2.75
Non Life Insurance - 0.56% (31 Dec 11 - 0.38%)			
Direct Line Insurance	52,720	110,712	0.56
Oil & Gas Producers - 10.70% (31 Dec 11 - 19.12%)			
Amerisur Resources	286,811	129,065	0.65
BG Group	28,112	284,775	1.44
Premier Oil	107,796	362,410	1.83
Providence Resources	22,006	135,557	0.68
Royal Dutch Shell 'B'	31,274	683,337	3.44
Salamander Energy	68,509	129,551	0.65
Tullow Oil	31,531	398,237	2.01
Oil Equipment, Services & Distribution - 5.41% (31 Dec 11 - 3.20%)			
Hunting	62,374	490,260	2.47
Kentz Group	52,853	203,643	1.03
Wood Group (John)	51,944	378,931	1.91
Personal Goods - 1.48% (31 Dec 11 - 0.00%)			
Burberry Group	23,900	293,492	1.48
Pharmaceuticals & Biotechnology - 4.91% (31 Dec 11 - 9.78%)			
GlaxoSmithKline	33,672	449,858	2.27
Shire	27,768	524,538	2.64

	Holding	Market value £	Percentage of total net assets %
Real Estate Investment Trusts - 0.00% (31 Dec 11 - 1.61%)			
Software & Computer Services - 2.77% (31 Dec 11 - 3.15%)			
ARM Holdings	33,300	256,244	1.29
AVEVA Group	13,502	293,939	1.48
Support Services - 7.67% (31 Dec 11 - 1.21%)			
Aggreko	19,322	336,782	1.70
Ashtead Group	44,677	188,537	0.95
Brammer	88,681	271,807	1.37
Experian	28,949	284,279	1.43
Filtrona	34,030	186,484	0.94
Intertek Group	8,161	254,542	1.28
Tobacco - 5.44% (31 Dec 11 - 3.68%)			
British American Tobacco	22,448	702,847	3.54
Imperial Tobacco Group	15,862	375,929	1.90
Travel & Leisure - 3.85% (31 Dec 11 - 0.78%)			
Compass Group	53,513	387,969	1.96
InterContinental Hotels Group	21,915	374,089	1.89
Investment assets		19,361,380	97.59
Net other assets		477,859	2.41
Net assets		£19,839,239	100.00

All holdings are ordinary shares or stock units and admitted to official stock exchange listings or trade on a regulated market unless otherwise stated.

Delisted security

* Unquoted security

Portfolio movements (unaudited)
For the year ended 31 December 2012

	Cost £
Major purchases	
Intertek Group	955,113
Shire	932,749
Compass Group	835,056
Rio Tinto	762,177
Pearson	756,476
Rolls Royce Group	708,208
Premier Oil	699,633
National Grid	684,738
Spectris	681,462
AZ Electronic Materials	678,713
Diageo	669,594
Petrofac	664,013
Rotork	659,342
British Sky Broadcasting Group	593,142
Synthomer	591,183
Lancashire	583,805
WH Smith	573,326
Aggreko	571,755
SABMiller	562,947
Wood Group (John)	557,558
Total for the year (Note 14)	£30,116,119

	Proceeds £
Major sales	
Royal Dutch Shell 'B'	2,606,274
Vodafone Group	2,062,024
GlaxoSmithKline	2,042,176
BP	1,789,782
Shire	1,648,910
HSBC	1,570,308
BG Group	1,437,033
Pearson	1,390,270
Rio Tinto	1,284,017
British Sky Broadcasting Group	1,219,656
Xstrata	1,176,604
Reckitt Benckiser Group	1,169,118
Hunting	1,120,338
British American Tobacco	1,091,466
Rolls Royce Group	984,264
Intertek Group	875,558
Unilever	852,292
SABMiller	842,189
WPP	813,468
Weir Group	806,977
Total for the year (Note 14)	£55,654,485

Statement of total return
For the year ended 31 December 2012

		31 Dec 12		31 Dec 11	
	Notes	£	£	£	£
Income					
Net capital gains/(losses)	2		2,365,859		(5,019,590)
Revenue	3	795,604		1,404,068	
Expenses	4	(279,255)		(485,497)	
Finance costs: Interest	6	(14)		-	
Net revenue before taxation		516,335		918,571	
Taxation	5	(1,485)		(3,873)	
Net revenue after taxation			514,850		914,698
Total return before distributions			2,880,709		(4,104,892)
Finance costs: Distributions	6		(516,781)		(914,559)
Change in net assets attributable to shareholders from investment activities			£2,363,928		£(5,019,451)

Statement of change in net assets attributable to shareholders
For the year ended 31 December 2012

	31 Dec 12		31 Dec 11	
	£	£	£	£
Opening net assets attributable to shareholders		43,625,111		54,182,558
Amounts receivable on issue of shares	730,971		2,420,092	
Amounts payable on cancellation of shares	(27,225,627)		(8,818,335)	
		(26,494,656)		(6,398,243)
Change in net assets attributable to shareholders from investment activities (see Statement of total return)		2,363,928		(5,019,451)
Retained distribution on accumulation shares		349,067		869,357
Stamp duty reserve tax		(4,211)		(9,110)
Closing net assets attributable to shareholders		£19,839,239		£43,625,111

Balance sheet**As at 31 December 2012**

	Notes	As at 31 Dec 12 £	As at 31 Dec 11 £
ASSETS			
Investment assets		19,361,380	42,528,639
Debtors	7	64,789	768,286
Cash and bank balances	8	469,382	463,290
Total other assets		534,171	1,231,576
Total assets		19,895,551	43,760,215
LIABILITIES			
Creditors	9	56,312	135,104
Total liabilities		56,312	135,104
Net assets attributable to shareholders		£19,839,239	£43,625,111

Notes to the financial statements

1. Accounting policies

Accounting policies of the Fund are as set out on pages 10 and 11.

2. Net capital gains/(losses)

	31 Dec 12 £	31 Dec 11 £
Currency (losses)/gains	(908)	1,279
Non-derivative securities	2,369,900	(5,016,465)
Transaction charges	(3,133)	(4,404)
Net capital gains/(losses)	£2,365,859	£(5,019,590)

3. Revenue

	31 Dec 12 £	31 Dec 11 £
Bank interest	6	59
Overseas dividends	56,622	49,524
Property revenue distributions	1,421	2,168
Stock dividends	-	13,772
UK franked dividends	737,555	1,338,545
	£795,604	£1,404,068

4. Expenses

	31 Dec 12 £	31 Dec 11 £
<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	259,086	454,705
Registration fees	8,859	15,558
	267,945	470,263
<i>Payable to the Depositary, associates of the Depositary and agents of either of them:</i>		
Depositary's fees	3,366	5,849
	3,366	5,849
<i>Payable to other related parties and third parties:</i>		
Audit fees	6,393	6,475
Professional fees	-	923
Safe custody fees	545	990
Taxation fees	1,006	997
	7,944	9,385
	£279,255	£485,497

The audit fee for the period, excluding VAT was £5,300 (31 December 2011: £5,300)

5. Taxation

(a) Analysis of tax charge

	31 Dec 12 £	31 Dec 11 £
Overseas tax suffered	1,485	3,873
Total current tax (5.b)	1,485	3,873
Total tax charge	£1,485	£3,873

(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 (31 Dec 11: 20%).

The differences are explained below:

	31 Dec 12 £	31 Dec 11 £
Net revenue before taxation	516,335	918,571
Corporation tax at 20%	103,267	183,714
<i>Effects of:</i>		
Dividends not subject to corporation tax	(158,834)	(280,368)
Movement in excess expenses	55,567	96,654
Overseas tax suffered	1,485	3,873
	(101,782)	(179,841)
Total tax charge (5.a)	£1,485	£3,873

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 31 December 2012 the Fund had excess management expenses of £4,556,068 (31 Dec 11: £4,278,234). The deferred tax in respect of this would be £911,214 (31 Dec 11: £855,647). 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:

	31 Dec 12 £	31 Dec 11 £
Interim	207,532	425,052
Final	141,534	444,305
	349,066	869,357
Add: Amounts deducted on cancellation of shares	170,542	55,932
Deduct: Amounts added on issue of shares	(2,827)	(10,730)
Net distributions	516,781	914,559
Interest	14	-
Total finance costs	£516,795	£914,559
Net revenue after taxation	514,850	914,698
Add: Revenue brought forward	4,236	4,097
Deduct: Revenue carried forward	(2,305)	(4,236)
Net distributions as above	£516,781	£914,559

Details of the distribution per share are set out in the table on page 244.

7. Debtors

	As at 31 Dec 12 £	As at 31 Dec 11 £
Accrued revenue	33,945	167,347
Amounts receivable on issue of shares	27,851	14,582
Overseas tax recoverable	2,993	3,131
Sales awaiting settlement	-	583,226
	£64,789	£768,286

8. Cash & bank balances

	As at 31 Dec 12 £	As at 31 Dec 11 £
Cash and bank balances	469,382	463,290
	£469,382	£463,290

9. Creditors

	As at 31 Dec 12 £	As at 31 Dec 11 £
Amounts payable on cancellation of shares	-	6,270
Expense accruals	24,907	43,251
Purchases awaiting settlement	31,405	85,583
	£56,312	£135,104

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 31 December 2012 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 31 December 2012 the amounts included in creditors in respect of management fees and registration fees due to the ACD are £15,516 and £531 respectively (31 Dec 2011: £33,541 and £1,151).

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.

The ACD has appointed UBS Global Asset Management (UK) Ltd to provide investment management services to the ACD in respect of the Fund. 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 18 and 19.

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

At the year end date 2.37% (31 Dec 11: 1.06%) of the Fund's net assets were interest bearing.

(b) Currency exposure

The revenue and capital value of the Fund's investments are mainly denominated in sterling, the Fund's base currency. Therefore, the financial statements are not subject to any significant risk of currency movements.

This is consistent with the exposure during both the current and prior years.

(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.

14. Portfolio transaction costs

	31 Dec 12		31 Dec 11	
Analysis of total purchase costs	£	£	£	£
Purchases in year before transaction costs		29,953,317		101,424,064
Commissions & taxes	162,802		612,717	
Total purchase costs		162,802		612,717
Gross purchase total		£30,116,119		£102,036,781

	31 Dec 12		31 Dec 11	
Analysis of total sale costs	£	£	£	£
Gross sales in year before transaction costs		55,716,377		108,008,884
Commissions & taxes	(61,892)		(148,726)	
Total sale costs		(61,892)		(148,726)
Total sales net of transaction costs		£55,654,485		£107,860,158

Distribution table**For the year ended 31 December 2012 (in pence per share)****Final dividend distribution**

Group 1: Shares purchased prior to 1 July 2012

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

	Net revenue (p)	Equalisation (note 10) (p)	Distribution payable 28/02/13 (p)	<i>Distribution paid 29/02/12 (p)</i>
Class A - Accumulation				
Group 1	0.27	-	0.27	0.44
Group 2	0.12	0.15	0.27	0.44
Class B - Accumulation				
Group 1	0.51	-	0.51	0.67
Group 2	0.11	0.40	0.51	0.67
Class C - Accumulation				
Group 1	0.21	-	0.21	-
Group 2	0.21	0.00	0.21	-

Interim dividend distribution

Group 1: Shares purchased prior to 1 January 2012

Group 2: Shares purchased between 1 January 2012 and 30 June 2012

	Net revenue (p)	Equalisation (note 10) (p)	Distribution paid 31/08/12 (p)	<i>Distribution paid 31/08/11 (p)</i>
Class A - Accumulation				
Group 1	0.44	-	0.44	0.35
Group 2	0.25	0.19	0.44	0.35
Class B - Accumulation				
Group 1	0.70	-	0.70	0.60
Group 2	0.48	0.22	0.70	0.60

UBS UK Smaller Companies Fund

Manager's report

Investment objective and policy

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

Market environment

Despite a weak year economically, UK smaller companies, as measured by the Hoare Govett Smaller Companies (ex ITs) Index, rose 29.9% during the year under review.

This was set against an economic background in which growth in the UK economy in the year 2012 was essentially flat. Having entered recession in the first quarter of 2012, it stayed there in the second before growing again in the third quarter. However, a first estimate for fourth quarter growth from the Office for National Statistics showed the economy to have contracted by 0.3%, raising the risk of a triple-dip recession.

In their efforts to boost growth the Bank of England's twice injected £50bn into the economy in February and July as it extended its quantitative easing programme that began in 2009. Meanwhile interest rates were kept on hold at 0.5% and Consumer Price Inflation remained above 2% throughout the course of the reporting year.

Fund performance

The Fund underperformed its benchmark, during the year under review. It posted positive performance of 13.3%* compared to the Hoare Govett Smaller Companies (ex ITs) Index, which rose 29.9%.

The Fund's position in GlobeOp Financial Services resulted in the largest stock contribution to performance over the year in absolute terms, as the share price of the company rose 69.6%. This was largely the result of it being acquired by SS&C Technology Holdings, a global provider of financial services software and software-enabled services, during the year under review.

A holding in Advanced Computer Software, the leading provider of software and IT services to the health care and commercial sectors, was another significant stock contributor to performance, as the share price rose 59.5%.

The Fund's position to CSF, a company that designs, develops, constructs and maintains data centres, proved to be the most significant stock detractor from performance as the company's share price fell 54.5% during the year.

A holding in the energy services company Cape was the second largest stock detractor from performance after its share price fell 32% throughout the course of the year.

At an industry level, stock selection with Financial Services proved the most beneficial to the Fund's relative performance, while holdings in Oil & Gas detracted the most.

* Source: Lipper-Hindsight. Performance is based on NAV prices with income reinvested net of basic rate tax and in sterling terms to 31 December 2012, based on A shares.

Outlook

While UK small companies were one of the best performing assets in 2012 we still believe there are opportunities in 2013. The portfolio is weighted towards what we see as sustainable growth niches, supplemented by opportunistic holdings trading on attractive valuations.

From an economic perspective, inflation is expected to remain above the Bank of England's target of 2% for the foreseeable future, as increases in electricity and gas prices take effect. In terms of economic growth, the International Monetary Fund recently cuts its forecasts for UK GDP growth in 2013 from 1.1% to 1%, citing a weakening in global economic growth.

Percentage growth

	31/12/11 to 31/12/12 %	31/12/10 to 31/12/11 %	31/12/09 to 31/12/10 %	31/12/08 to 31/12/09 %	31/12/07 to 31/12/08 %
Class A - Accumulation Shares	13.31	-19.74	11.44	52.55	-53.59
Class B - Accumulation Shares	14.04	-19.23	12.15	53.53	-53.29

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

UBS Global Asset Management Funds Ltd

8 April 2013

Performance record (unaudited)**1. Fund size**

Accounting year		Number	Total net	Total net
31 December		of shares in	asset value	asset
		issue	per share	value
			(p)*	(£)
2010	Class A - Accumulation	8,499,722	126.3	10,731,939
	Class B - Accumulation	10,542,096	133.0	14,022,712
				£24,754,651
2011	Class A - Accumulation	4,390,006	101.5	4,454,965
	Class B - Accumulation	7,800,381	107.6	8,392,113
				£12,847,078
2012	Class A - Accumulation	3,479,134	115.0	4,000,637
	Class B - Accumulation	6,038,549	122.7	7,409,359
				£11,409,996

* 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. Where the Fund invests in other funds, the figure includes the impact of the charges made in those other funds.

Share class	31 Dec 12
	(%)
Class A - Accumulation	1.66
Class B - Accumulation	1.02

3. Share dealing price range and distribution record

The Fund was launched on 17 February 2003 at a price of 50p for Class A and B Accumulation shares.

Calendar year	Highest price (p)	Lowest price (p)	Distribution per share (net) (p)
Class A - Accumulation			
2008	161.58	74.14	0.69
2009	122.82	70.82	0.90
2010	127.53	105.25	0.02
2011	130.15	96.47	0.13
2012	121.02	102.70	0.16
Class B - Accumulation			
2008	166.99	77.11	1.07
2009	128.41	73.75	1.59
2010	134.35	110.53	0.43
2011	137.16	102.12	0.79
2012	128.47	108.89	0.96

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 31 December 2012**

	Holding	Market value £	Percentage of total net assets %
British Virgin Islands - 1.33% (31 Dec 11: 1.14%)			
Mining - 1.03% (31 Dec 11: 0.00%)			
Sierra Rutile	212,823	117,053	1.03
Real Estate - 0.30% (31 Dec 11: 1.14%)			
Public Service Properties Investment	249,223	33,645	0.30
Canada - 2.58% (31 Dec 11: 1.92%)			
Industrial Metals - 1.77% (31 Dec 11: 0.86%)			
Afferro Mining	200,000	202,000	1.77
Mining - 0.81% (31 Dec 11: 1.06%)			
Aureus Mining	200,000	92,000	0.81
Jersey - 2.51% (31 Dec 11: 6.76%)			
Real Estate - 0.00% (31 Dec 11: 2.66%)			
Software & Computer Services - 1.48% (31 Dec 11: 3.04%)			
CSF Group	650,000	169,000	1.48
Support Services - 1.03% (31 Dec 11: 1.06%)			
Waterlogic	81,003	117,454	1.03
Luxembourg - 0.00% (31 Dec 11: 4.10%)			
Financial Services - 0.00% (31 Dec 11: 4.10%)			
United Kingdom - 89.71% (31 Dec 11: 85.24%)			
Aerospace & Defence - 4.35% (31 Dec 11: 3.36%)			
Senior	252,112	496,156	4.35
Chemicals - 6.56% (31 Dec 11: 6.23%)			
Elementis	62,828	144,881	1.27
Synthomer	322,761	603,886	5.29

	Holding	Market value £	Percentage of total net assets %
Construction & Materials - 2.75% (31 Dec 11: 1.61%)			
Galliford Try	42,481	314,147	2.75
Electronic & Electrical Equipment - 5.63% (31 Dec 11: 1.25%)			
Dialight	13,260	139,893	1.23
Domino Printing Sciences	31,650	184,045	1.61
Oxford Instruments	22,567	318,195	2.79
Financial Services - 10.45% (31 Dec 11: 9.31%)			
Ashcourt Rowan	376,996	561,724	4.92
Brooks MacDonald Group	17,727	221,588	1.94
Hargreaves Lansdown	15,447	105,349	0.92
International Personal Finance	81,564	305,049	2.67
Fixed Line Telecommunications - 5.07% (31 Dec 11: 2.94%)			
Telecom Plus	64,267	578,724	5.07
Food & Drug Retailers - 3.86% (31 Dec 11: 4.43%)			
Booker Group	219,574	213,975	1.88
Ocado Group	272,141	226,013	1.98
Food Producers & Processors - 6.18% (31 Dec 11: 5.37%)			
Cranswick	30,289	255,336	2.24
Devro	106,570	327,170	2.87
New Britain Palm Oil	24,835	121,692	1.07
General Financial - 0.00% (31 Dec 11: 2.81%)			
General Retailers - 6.23% (31 Dec 11: 4.58%)			
Brown (N.) Group	63,700	235,372	2.06
Expansys	2,894,161	27,495	0.24

	Holding	Market value £	Percentage of total net assets %
Mulberry Group	20,157	234,829	2.06
Ted Baker	18,947	213,343	1.87
Health Care Equipment & Services - 4.10% (31 Dec 11: 2.25%)			
Consort Medical	7,873	61,016	0.53
Optos	240,506	407,658	3.57
Household Goods & Home Construction - 2.43% (31 Dec 11: 1.56%)			
Berkeley Group 'B'	15,818	277,764	2.43
Industrial Engineering - 1.04% (31 Dec 11: 10.46%)			
Fenner	30,237	118,922	1.04
Industrial Metals - 0.50% (31 Dec 11: 0.93%)			
London Mining	40,400	57,570	0.50
Mining - 0.00% (31 Dec 11: 1.48%)			
Mobile Telecommunications - 1.07% (31 Dec 11: 1.12%)			
Avanti Communications Group	49,987	121,968	1.07
Oil & Gas Producers - 1.71% (31 Dec 11: 1.61%)			
Premier Oil	57,869	194,555	1.71
Oil Equipment, Services & Distribution - 5.71% (31 Dec 11: 9.60%)			
Cape	135,067	283,303	2.48
Hunting	46,915	368,752	3.23
Personal Goods - 0.47% (31 Dec 11: 1.87%)			
Theo Fennell	485,186	53,370	0.47
Pharmaceuticals & Biotechnology - 2.03% (31 Dec 11: 1.72%)			
Abcam	60,700	231,419	2.03
Real Estate - 0.00% (31 Dec 11: 0.15%)			
Colliers International	1,736,616	-	-
Newriver Retail Warrants	16,660	-	-

	Holding	Market value £	Percentage of total net assets %
Software & Computer Services - 4.91% (31 Dec 11: 2.75%)			
Advanced Computer Software	751,874	560,146	4.91
Support Services - 6.44% (31 Dec 11: 4.23%)			
Brammer	76,568	234,681	2.06
Howden Joinery Group	289,110	499,293	4.38
Technology Hardware & Equipment - 2.05% (31 Dec 11: 1.04%)			
Nanoco Group	268,401	233,508	2.05
Torex Retail#	145,358	-	-
Travel & Leisure - 6.17% (31 Dec 11: 2.58%)			
Cupid	119,277	231,994	2.03
Domino's Pizza	49,095	244,051	2.14
Snoozebox	400,000	228,000	2.00
Investment assets		10,967,984	96.13
Net other assets		442,012	3.87
Net assets		£11,409,996	100.00

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

Suspended security

Portfolio movements (unaudited)
For the year ended 31 December 2012

	Cost
Total purchases	£
Brammer	271,904
Oxford Instruments	266,349
Optos	246,075
Cupid	240,014
Snoozebox	220,000
Ocado Group	215,645
New Britain Palm Oil	200,743
Telecom Plus	148,009
Brown (N.) Group	147,254
Sierra Rutil	137,967
Dialight	123,606
Aberdeen Asset Management	3,600
Total for the year (Note 14)	£2,221,166

	Proceeds
Major sales	£
GlobeOp Financial Services	904,111
Fenner	664,187
Rotork	581,172
Hunting	447,630
Booker Group	384,979
LXB Retail Properties	369,100
Hargreaves Lansdown	316,650
H&T Group	308,923
Devro	231,322
Kenmare Resources	195,013
Mulberry Group	194,229
Domino's Pizza	167,918
Elementis	149,811
Hargreaves Services	113,226
Theo Fennell	103,590
International Personal Finance	72,151
Yule Catto & Co	71,122
Howden Joinery Group	69,957
Cape	69,915
Ashcourt Rowan	58,325
Total for the year (Note 14)	£5,582,306

Statement of total return
For the year ended 31 December 2012

			31 Dec 12	31 Dec 11
	Notes	£	£	£
Income				
Net capital gains/(losses)	2		1,588,193	(3,572,521)
Revenue	3	232,916		301,649
Expenses	4	(158,986)		(225,598)
Finance costs: Interest	6	(2)		-
Net revenue before taxation		73,928		76,051
Taxation	5	326		(2,674)
Net revenue after taxation			74,254	73,377
Total return before distributions			1,662,447	(3,499,144)
Finance costs: Distributions	6		(74,170)	(80,274)
Change in net assets attributable to shareholders from investment activities			£1,588,277	£(3,579,418)

Statement of change in net assets attributable to shareholders
For the year ended 31 December 2012

		31 Dec 12	31 Dec 11
	£	£	£
Opening net assets attributable to shareholders		12,847,078	24,754,651
Amounts receivable on issue of shares	4,262,827		2,242,771
Amounts payable on cancellation of shares	(7,350,803)		(10,634,627)
		(3,087,976)	(8,391,856)
Change in net assets attributable to shareholders from investment activities (see Statement of total return)		1,588,277	(3,579,418)
Retained distribution on accumulation shares		71,889	75,450
Stamp duty reserve tax		(9,272)	(11,749)
Closing net assets attributable to shareholders		£11,409,996	£12,847,078

Balance sheet**As at 31 December 2012**

	Notes	As at 31 Dec 12 £	As at 31 Dec 11 £
ASSETS			
Investment assets		10,967,984	12,739,131
Debtors	7	6,319	8,262
Cash and bank balances	8	480,203	125,495
Total other assets		486,522	133,757
Total assets		11,454,506	12,872,888
LIABILITIES			
Creditors	9	44,510	25,810
Total liabilities		44,510	25,810
Net assets attributable to shareholders		£11,409,996	£12,847,078

Notes to the financial statements

1. Accounting policies

Accounting policies of the Fund are as set out on pages 10 and 11.

2. Net capital gains/(losses)

	31 Dec 12 £	31 Dec 11 £
Currency losses	(9)	-
Non-derivative securities	1,589,994	(3,570,039)
Transaction charges	(1,792)	(2,482)
Net capital gains/(losses)	£1,588,193	£(3,572,521)

3. Revenue

	31 Dec 12 £	31 Dec 11 £
Bank interest	-	9
Overseas dividends	33,807	60,798
Property revenue distributions	-	3,598
UK franked dividends	199,109	237,244
	£232,916	£301,649

4. Expenses

	31 Dec 12 £	31 Dec 11 £
<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	144,031	206,406
Registration fees	5,716	8,306
	149,747	214,712
<i>Payable to the Depositary, associates of the Depositary and agents of either of them:</i>		
Depositary's fees	1,554	2,183
	1,554	2,183
<i>Payable to other related parties and third parties:</i>		
Audit fees	6,393	6,475
Professional fees	-	923
Safe custody fees	286	308
Taxation fees	1,006	997
	7,685	8,703
	£158,986	£225,598

The audit fee for the period, excluding VAT was £5,300 (31 December 2011: £5,300)

5. Taxation

(a) Analysis of tax charge

	31 Dec 12 £	31 Dec 11 £
Overseas tax suffered	394	2,674
Prior year adjustment	(720)	-
Total current tax (5.b)	(326)	2,674
Total tax charge	£(326)	£2,674

(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 (31 Dec 11: 20%).

The differences are explained below:

	31 Dec 12 £	31 Dec 11 £
Net revenue before taxation	73,928	76,051
Corporation tax at 20%	14,786	15,210
<i>Effects of:</i>		
Dividends not subject to corporation tax	(46,583)	(58,008)
Movement in excess expenses	31,797	42,798
Overseas tax suffered	394	2,674
Prior year adjustment	(720)	-
	(15,112)	(12,536)
Total tax charge (5.a)	£(326)	£2,674

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 31 December 2012 the Fund had excess management expenses of £3,738,553 (31 Dec 11: £3,579,567). The deferred tax in respect of this would be £747,711 (31 Dec 11: £715,913). 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:

	31 Dec 12 £	31 Dec 11 £
Interim	41,676	59,849
Final	30,213	15,601
	71,889	75,450
Add: Amounts deducted on cancellation of shares	7,951	5,361
Deduct: Amounts added on issue of shares	(5,670)	(537)
Net distributions	74,170	80,274
Interest	2	-
Total finance costs	£74,172	£80,274
Net revenue after taxation	74,254	73,377
Add: Revenue brought forward	570	32
Add: Shortfall transfer to capital	-	7,435
Deduct: Revenue carried forward	(654)	(570)
Net distributions as above	£74,170	£80,274

Details of the distribution per share are set out in the table on page 260.

7. Debtors

	As at 31 Dec 12 £	As at 31 Dec 11 £
Accrued revenue	6,319	2,726
Amounts receivable on issue of shares	-	4,009
Property income tax recoverable	-	1,527
	£6,319	£8,262

8. Cash & bank balances

	As at 31 Dec 12 £	As at 31 Dec 11 £
Cash and bank balances	480,203	125,495
	£480,203	£125,495

9. Creditors

	As at 31 Dec 12 £	As at 31 Dec 11 £
Amounts payable on cancellation of shares	25,457	5,750
Expense accruals	19,053	20,060
	£44,510	£25,810

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 31 December 2012 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 31 December 2012 the amounts included in creditors in respect of management fees and registration fees due to the ACD are £10,668 and £423 respectively (31 Dec 11: £11,830 and £470).

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.

The ACD has appointed UBS Global Asset Management (UK) Ltd to provide investment management services to the ACD in respect of the Fund. 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 18 and 19.

(a) Interest rate risk

At the year end date 4.21% (31 Dec 11: 0.97%) of the Fund's net assets were interest bearing.

(b) Currency exposure

The revenue and capital value of the Fund's investments are mainly denominated in sterling, the Fund's base currency. Therefore the financial statements are not subject to any significant risk of currency movements.

This is consistent with the exposure during both the current and prior years.

(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.

14. Portfolio transaction costs

		31 Dec 12	31 Dec 11
Analysis of total purchase costs	£	£	£
Purchases in year before transaction costs		2,208,884	8,955,393
Commissions & taxes	12,282		51,520
Total purchase costs		12,282	51,520
Gross purchase total		£2,221,166	£9,006,913
<hr/>			
		31 Dec 12	31 Dec 11
Analysis of total sale costs	£	£	£
Gross sales in year before transaction costs		5,590,340	16,760,356
Commissions & taxes	(8,034)		(21,281)
Total sale costs		(8,034)	(21,281)
Total sales net of transaction costs		£5,582,306	£16,739,075

Distribution table**For the year ended 31 December 2012 (in pence per share)****Final dividend distribution**

Group 1: Shares purchased prior to 1 July 2012

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

	Net revenue (p)	Equalisation (note 10) (p)	Distribution payable 28/02/13 (p)	<i>Distribution paid 29/02/12 (p)</i>
Class A - Accumulation				
Group 1	0.07	-	0.07	-
Group 2	0.00	0.07	0.07	-
Class B - Accumulation				
Group 1	0.46	-	0.46	0.20
Group 2	0.22	0.24	0.46	0.20

Interim dividend distribution

Group 1: Shares purchased prior to 1 January 2012

Group 2: Shares purchased between 1 January 2012 and 30 June 2012

	Net revenue (p)	Equalisation (note 10) (p)	Distribution paid 31/08/12 (p)	<i>Distribution paid 31/08/11 (p)</i>
Class A - Accumulation				
Group 1	0.09	-	0.09	0.13
Group 2	0.08	0.01	0.09	0.13
Class B - Accumulation				
Group 1	0.50	-	0.50	0.59
Group 2	0.16	0.34	0.50	0.59

UBS US Equity Fund

Manager's report

Investment objective and policy

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

Market environment

2012 was dominated by talk of the US 'fiscal cliff' and the year under review ended with a last minute deal reached by US policymakers to increase taxes for high earners and delay spending cuts. Given the risks to GDP growth, this agreement was greeted with relief by markets.

Indeed despite worries of the implications of falling over the 'cliff', US equity markets performed strongly during the year, with the S&P returning 10.9% in Sterling terms. Meanwhile, annualised GDP growth in the third quarter of the year was revised up in December once more to 3.1%, while the housing market continued to improve and the unemployment rate stayed steady. At the end of the year, the Federal Reserve also announced a fourth round of quantitative easing.

Fund performance

The Fund delivered performance of 3.9%* for the year in Sterling terms. Over the same time period the Fund's benchmark, the Russell 1000 Index, recorded a rise of 11.3%, also in Sterling terms.

A holding in the biopharmaceutical company Amylin Pharmaceuticals was the largest relative contributor to performance during the year under review after its share price rose by more than 170%. The large rise in the share price came as a result of the company being bought by Bristol-Myers Squibb in a USD5.3 billion deal.

An overweight position in Citigroup, whose share price gained over 43% in Sterling terms over the calendar year, was the second largest contributor to relative performance. In December the company announced it was cutting 11,000 jobs as part of a re-positioning plan, to reduce expenses and improve efficiency, which it expects will save it as much as GBP1.1 billion a year.

The largest detractor to performance in 2012 was a holding in Servicesource International, which is not listed in the Fund's benchmark. During the reporting year the recurring revenue management company's share price fell significantly.

An overweight holding in the mobile phone carrier Nii Holdings also detracted from performance as the rollout of its 3G network struggled to gain traction and its quarterly results failed to meet Wall Street expectations. During the year its share price fell by 68%, in Sterling terms.

At a sector level, positive stock selection within Healthcare was the primary cause for the largest contributor to performance, while weak stock selection within the consumer discretionary sector provided the largest detractor to performance in relative terms.

* Source: Lipper-Hindsight. Performance is based on NAV prices with income reinvested net of basic rate tax and in sterling terms to 31 December 2012, based on A shares.

Outlook

As we enter 2013, we are bullish on fundamental stock picking amid potential headline risks. While most of the macro-economic concerns still remain, the risk of material negative outcomes appears to have been reduced. A "mini deal" was struck by the US Congress as the New Year began but it only tackled tax issues in addressing the 'fiscal cliff'. In our view, a long-term solution to resolve the spending cuts and debt ceiling remains some way off and we believe these issues and concerns are likely to continue to drive markets in the near term.

We still find US companies attractive owing to the strength of their balance sheets, current cash flows and pent up demand for capital spending. These factors are coupled with a strengthening consumer base boosted by a housing recovery, decreasing unemployment, lower energy prices and continued extreme monetary stimulus. As a consequence we are positive on the outlook for US equities in 2013.

Percentage growth

	31/12/11 to 31/12/12 %	31/12/10 to 31/12/11 %	31/12/09 to 31/12/10 %	31/12/08 to 31/12/09 %	31/12/07 to 31/12/08 %
Class A - Accumulation Shares	3.93	-3.07	15.78	21.14	-20.75
Class B - Accumulation Shares	4.60	-2.44	16.54	21.92	-20.23
Class C - Accumulation Shares	-2.14	-	-	-	-

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 Accumulation Shares; 15 August 2012.

UBS Global Asset Management Funds Ltd
8 April 2013

Performance record (unaudited)**1. Fund size**

Accounting year		Number of shares in issue	Total net asset value per share (p)*	Total net asset value (£)
31 December				
2010	Class A - Accumulation	251,469,158	81.5	204,975,749
	Class B - Accumulation	282,519,971	86.0	242,978,409
				£447,954,158
2011	Class A - Accumulation	136,357,394	78.9	107,647,815
	Class B - Accumulation	155,381,697	83.8	130,258,563
				£237,906,378
2012	Class A - Accumulation	93,167,664	82.8	77,125,948
	Class B - Accumulation	121,425,733	88.5	107,432,567
	Class C - Accumulation	78,157	48.9	38,234
				£184,596,749

* 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. Where the Fund invests in other funds, the figure includes the impact of the charges made in those other funds.

Share class	31 Dec 12 (%)
Class A - Accumulation	1.59
Class B - Accumulation	0.95
Class C - Accumulation	0.80

3. Share dealing price range and distribution record

The Fund was launched on 30 September 2002 at a price of 50p for both Class A and B Accumulation shares. Class C Accumulation shares 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	74.67	47.09	0.26
2009	72.47	46.23	0.03
2010	83.01	68.08	0.00
2011	85.36	66.44	0.00
2012	89.04	77.89	0.00
Class B - Accumulation			
2008	77.45	49.01	0.71
2009	75.96	48.20	0.39
2010	87.57	71.64	0.42
2011	90.37	70.39	0.50
2012	94.67	82.91	0.57
Class C - Accumulation			
2012 [†]	51.38	47.27	0.18

[†] covers period from 15 August 2012 to 31 December 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 31 December 2012**

	Holding	Market value £	Percentage of total net assets %
Bermuda 1.63% (31 Dec 11: 1.13%)			
General Financial 1.35% (31 Dec 11: 1.13%)			
Invesco	155,800	2,484,397	1.35
Technology Hardware & Equipment 0.28% (31 Dec 11: 0.00%)			
Freescale Semiconductor	78,600	520,208	0.28
Canada 0.56% (31 Dec 11: 1.00%)			
Oil & Gas Producers 0.56% (31 Dec 11: 1.00%)			
Ultra Petroleum	93,200	1,040,552	0.56
Israel 1.04% (31 Dec 11: 0.95%)			
Pharmaceuticals & Biotechnology 1.04% (31 Dec 11: 0.95%)			
Teva Pharmaceutical Industries ADR	83,300	1,916,204	1.04
Netherlands 1.36% (31 Dec 11: 0.00%)			
Technology Hardware & Equipment 1.36% (31 Dec 11: 0.00%)			
NXP Semiconductors	160,600	2,519,216	1.36
Panama 1.00% (31 Dec 11: 1.24%)			
Oil Equipment, Services & Distribution 1.00% (31 Dec 11: 1.24%)			
McDermott International	277,400	1,837,666	1.00
Singapore 1.35% (31 Dec 11: 0.00%)			
Technology Hardware & Equipment 1.35% (31 Dec 11: 0.00%)			
Avago Technologies	129,000	2,483,132	1.35
Switzerland 1.53% (31 Dec 11: 1.24%)			
Oil Equipment, Services & Distribution 1.53% (31 Dec 11: 1.24%)			
Noble	134,300	2,827,718	1.53

	Holding	Market value £	Percentage of total net assets %
United States of America 89.50% (31 Dec 11: 89.93%)			
Aerospace & Defence 3.43% (31 Dec 11: 5.36%)			
Boeing	55,400	2,559,770	1.39
General Dynamics	89,500	3,757,262	2.04
Automobiles & Parts 0.00% (31 Dec 11: 1.19%)			
Banks 9.54% (31 Dec 11: 8.31%)			
Citigroup	227,095	5,478,261	2.97
JPMorgan Chase & Co	170,600	4,562,840	2.47
US Bancorp Delaware	155,000	3,037,298	1.65
Wells Fargo	215,564	4,521,417	2.45
Chemical 1.50% (31 Dec 11: 3.12%)			
Dow Chemical	141,800	2,772,498	1.50
Construction & Materials 0.00% (31 Dec 11: 0.69%)			
Electricity 3.11% (31 Dec 11: 2.61%)			
Edison International	69,700	1,930,147	1.05
Nextera Energy	49,400	2,085,452	1.13
PG&E	70,200	1,724,279	0.93
Food & Drug Retailers 0.00% (31 Dec 11: 1.55%)			
Food Producers 1.24% (31 Dec 11: 2.45%)			
Archer Daniels Midland	137,900	2,308,143	1.24
Forestry & Paper 1.18% (31 Dec 11: 0.00%)			
International Paper	90,500	2,177,553	1.18

	Holding	Market value £	Percentage of total net assets %
General Financial 2.87% (31 Dec 11: 3.88%)			
Morgan Stanley	459,800	5,295,649	2.87
General Retailers 4.33% (31 Dec 11: 4.70%)			
Amazon	33,500	5,081,051	2.75
Macy's	125,900	2,908,619	1.58
Health Care Equipment & Services 6.96% (31 Dec 11: 5.75%)			
Baxter International	101,600	4,121,942	2.23
Bio-Rad Laboratories	23,000	1,482,687	0.80
Bruker	96,500	897,730	0.49
Medtronic	101,263	2,551,775	1.38
United Health Group	74,100	2,468,167	1.34
Wellpoint	36,000	1,333,383	0.72
Industrial Engineering 1.09% (31 Dec 11: 1.89%)			
Illinois Tool Works	54,054	2,006,421	1.09
Industrial Transportation 3.47% (31 Dec 11: 1.76%)			
Norfolk Southern	99,300	3,751,006	2.03
Ryder System	88,300	2,658,777	1.44
Insurance 2.16% (31 Dec 11: 2.38%)			
Lincoln National	129,600	2,021,718	1.10
Metlife	97,900	1,953,519	1.06
Media 3.55% (31 Dec 11: 5.53%)			
Comcast 'A'	110,300	2,492,956	1.35
Time Warner	63,000	1,829,171	0.99
Viacom 'B'	69,700	2,239,695	1.21
Mining 0.00% (31 Dec 11: 0.83%)			

	Holding	Market value £	Percentage of total net assets %
Mobile Telecommunications 2.22% (31 Dec 11: 0.00%)			
Metropcs Communications	228,400	1,385,912	0.75
NII Holdings	627,100	2,711,343	1.47
Oil & Gas Producers 5.42% (31 Dec 11: 5.14%)			
Cabot Oil & Gas	84,500	2,551,673	1.38
EOG Resources	23,500	1,724,089	0.93
EQT	67,700	2,435,475	1.32
Hess	104,100	3,301,297	1.79
Oil Equipment, Services & Distribution 2.85% (31 Dec 11: 2.33%)			
Baker Hughes	76,100	1,879,082	1.02
Halliburton	160,500	3,375,394	1.83
Personal Goods 2.03% (31 Dec 11: 3.65%)			
Colgate-Palmolive	24,300	1,563,785	0.85
Ralph Lauren 'A'	24,000	2,181,926	1.18
Pharmaceuticals & Biotechnology 5.76% (31 Dec 11: 7.57%)			
Acorda Therapeutics	92,600	1,386,108	0.75
Allergan	29,336	1,635,463	0.89
Alnylam Pharmaceuticals	71,200	777,752	0.42
Cubist Pharmaceuticals	42,200	1,085,866	0.59
Gilead Sciences	40,200	1,799,514	0.97
Hospira	76,500	1,451,735	0.79
Merck & Co	99,355	2,497,549	1.35
Real Estate 2.98% (31 Dec 11: 0.87%)			
American Capital Agency	174,700	3,133,729	1.70
Digital Realty Trust	56,600	2,369,099	1.28

	Holding	Market value £	Percentage of total net assets %
Software & Computer Services 3.01% (31 Dec 11: 3.71%)			
Adobe Systems	149,500	3,412,229	1.85
Symantec	190,500	2,139,840	1.16
Support Services 1.07% (31 Dec 11: 0.54%)			
Servicesource International	553,600	1,975,059	1.07
Technology Hardware & Equipment 11.96% (31 Dec 11: 10.20%)			
Apple	30,000	9,453,145	5.12
Atmel	1,032,400	3,959,226	2.14
Broadcom 'A'	46,000	924,154	0.50
Micron Technology	761,300	2,886,602	1.56
Network Appliance	120,100	2,436,618	1.32
Skyworks Solutions	198,900	2,444,574	1.32
Tobacco 3.01% (31 Dec 11: 0.00%)			
Philip Morris International	108,700	5,557,033	3.01
Travel & Leisure 4.76% (31 Dec 11: 3.92%)			
Hertz Global Holdings	390,900	3,820,264	2.07
Spirit Airlines	195,200	2,134,679	1.16
Starbucks	86,600	2,819,174	1.53
Futures 0.00% (31 Dec 11: 0.07%)			
Investment assets		180,847,667	97.97
Net other assets		3,749,082	2.03
Net assets		£184,596,749	100.00

All holdings are ordinary shares or stock units and admitted to official stock exchange listings or trade on a regulated market unless otherwise stated.

Portfolio movements (unaudited)
For the year ended 31 December 2012

	Cost
	£
Major purchases	
Philip Morris International	6,917,659
Norfolk Southern	5,823,271
NII Holdings	5,332,013
American Capital Agency	4,736,969
Atmel	4,317,894
Network Appliance	4,107,418
Macy's	4,085,496
Juniper Networks	3,898,677
Halliburton	3,726,660
Starbucks	3,687,972
Fidelity National Info Services	3,443,743
Digital Realty Trust	3,404,644
Ralph Lauren	3,369,239
Morgan Stanley	3,343,726
Lincoln National	3,302,245
Micron Technology	3,281,998
Avago Technologies	3,186,878
Servisource International	3,051,443
Metropcs Communications	3,006,708
Apple	2,854,389
Total for the year (Note 14)	£154,469,482

	Proceeds
	£
Major sales	
Kraft Foods 'A'	6,207,003
ExxonMobil	5,513,447
Apple	5,238,868
Coach	5,039,942
Wells Fargo	4,892,633
Fedex	4,829,595
Comcast 'A'	4,699,199
Textron	4,666,724
Cisco Systems	4,576,572
Time Warner	4,313,586
Kohl's	4,117,293
Illinois Tool Works	4,032,697
Celanese	4,025,885
Alexion Pharmaceutical	3,911,462
Carnival	3,890,726
Kroger	3,812,629
Colgate-Palmolive	3,754,928
Fidelity National Info Services	3,744,250
Visa 'A'	3,659,254
Gilead Sciences	3,463,617
Total for the year (Note 14)	£213,910,027

Statement of total return
For the year ended 31 December 2012

		31 Dec 12		31 Dec 11	
	Notes	£	£	£	£
Income					
Net capital gains/(losses)	2		13,094,597		(13,613,955)
Revenue	3	4,055,086		5,838,647	
Expenses	4	(2,694,646)		(4,029,398)	
Finance costs: Interest	6	(93)		(393)	
Net revenue before taxation		1,360,347		1,808,856	
Taxation	5	(594,382)		(841,447)	
Net revenue after taxation			765,965		967,409
Total return before distributions			13,860,562		(12,646,546)
Finance costs: Distributions	6		(788,422)		(1,051,254)
Change in net assets attributable to shareholders from investment activities			£13,072,140		£(13,697,800)

Statement of change in net assets attributable to shareholders
For the year ended 31 December 2012

	31 Dec 12		31 Dec 11	
	£	£	£	£
Opening net assets attributable to shareholders		237,906,378		447,954,158
Amounts receivable on issue of shares	68,689,945		47,023,753	
Amounts payable on cancellation of shares	(135,806,767)		(244,279,168)	
		(67,116,822)		(197,255,415)
Change in net assets attributable to shareholders from investment activities (see Statement of total return)		13,072,140		(13,697,800)
Retained distribution on accumulation shares		735,417		905,435
Stamp duty reserve tax		(364)		-
Closing net assets attributable to shareholders		£184,596,749		£237,906,378

Balance sheet**As at 31 December 2012**

	Notes	As at 31 Dec 12 £	As at 31 Dec 11 £
ASSETS			
Investment assets		180,847,667	227,336,579
Debtors	7	3,907,726	2,530,079
Cash and bank balances	8	1,417,082	10,501,139
Total other assets		5,324,808	13,031,218
Total assets		186,172,475	240,367,797
LIABILITIES			
Creditors	9	1,575,726	2,461,419
Total liabilities		1,575,726	2,461,419
Net assets attributable to shareholders		£184,596,749	£237,906,378

Notes to the financial statements

1. Accounting policies

Accounting policies of the Fund are as set out on pages 10 and 11.

2. Net capital gains/(losses)

	31 Dec 12 £	31 Dec 11 £
Currency (losses)/gains	(381,561)	91,868
Derivative contracts	378,406	(303,483)
Forward currency contracts	(2,799)	-
Non-derivative securities	13,110,767	(13,390,228)
Transaction charges	(10,216)	(12,112)
Net capital gains/(losses)	£13,094,597	£(13,613,955)

3. Revenue

	31 Dec 12 £	31 Dec 11 £
Bank interest	1,822	2,749
Overseas dividends	4,007,287	5,724,370
UK franked dividends	45,977	111,528
	£4,055,086	£5,838,647

4. Expenses

	31 Dec 12 £	31 Dec 11 £
<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	2,553,739	3,822,969
Registration fees	104,096	156,291
	2,657,835	3,979,260
<i>Payable to the Depositary, associates of the Depositary and agents of either of them:</i>		
Depositary's fees	21,353	31,072
	21,353	31,072
<i>Payable to other related parties and third parties:</i>		
Audit fees	7,843	7,945
Professional fees	-	923
Safe custody fees	6,609	9,201
Taxation fees	1,006	997
	15,458	19,066
	£2,694,646	£4,029,398

The audit fee for the period, excluding VAT was £6,500 (31 December 2011: £6,500).

5. Taxation

(a) Analysis of tax charge

	31 Dec 12 £	31 Dec 11 £
Overseas tax suffered	594,382	841,447
Total current tax (5.b)	594,382	841,447
Total tax charge	£594,382	£841,447

(b) Factors affecting current tax charge

The tax charged for the year is higher than the standard 20% rate of corporation tax applicable to the revenue received by open-ended investment companies (31 Dec 11: 20%).

The differences are explained below:

	31 Dec 12 £	31 Dec 11 £
Net revenue before taxation	1,360,347	1,808,856
Corporation tax at 20%	272,069	361,771
<i>Effects of:</i>		
Dividends not subject to corporation tax	(690,386)	(1,107,820)
Movement in excess expenses	436,136	760,941
Overseas tax suffered	594,382	841,447
Revenue taxable in a different years	(17,819)	(14,892)
	322,313	479,676
Total tax charge (5.a)	£594,382	£841,447

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 31 December 2012 the Fund had excess management expenses of £12,789,411 (31 Dec 11: £10,683,191). The deferred tax in respect of this would be £2,572,774 (31 Dec 11: £2,136,638). 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:

	31 Dec 12 £	31 Dec 11 £
Interim	370,999	501,442
Final	364,418	403,993
	735,417	905,435
Add: Amounts deducted on cancellation of shares	76,348	190,419
Deduct: Amounts added on issue of shares	(23,343)	(44,600)
Net distributions	788,422	1,051,254
Interest	93	393
Total finance costs	£788,515	£1,051,647
Net revenue after taxation	765,965	967,409
Add: Revenue brought forward	6,248	3,407
Add: Shortfall transfer to capital	23,100	86,686
Deduct: Revenue carried forward	(6,891)	(6,248)
Net distributions as above	£788,422	£1,051,254

Details of the distribution per share are set out in the table on page 278.

7. Debtors

	As at 31 Dec 12 £	As at 31 Dec 11 £
Accrued revenue	297,287	330,530
Amounts receivable on issue of shares	-	1,256,751
Overseas tax recoverable	-	10,730
Sales awaiting settlement	3,610,439	932,068
	£3,907,726	£2,530,079

8. Cash & bank balances

	As at 31 Dec 12 £	As at 31 Dec 11 £
Amounts held at futures clearing houses and brokers	669,189	98,565
Cash and bank balances	747,893	10,402,574
	£1,417,082	£10,501,139

9. Creditors

	As at 31 Dec 12 £	As at 31 Dec 11 £
Amounts payable on cancellation of shares	1,176,492	584,758
Expense accruals	211,650	254,476
Purchases awaiting settlement	187,584	1,622,185
	£1,575,726	£2,461,419

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 31 December 2012 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 31 December 2012 the amounts included in creditors in respect of management fees and registration fees due to the ACD are £187,087 and £7,621 respectively (31 Dec 11: £230,342 and £9,461).

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.

The ACD has appointed UBS Global Asset Management (UK) Ltd to provide investment management services to the ACD in respect of the Fund. 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 18 and 19.

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

At the year end date 0.77% (31 Dec 11: 4.41%) of the Fund's net assets were interest bearing.

(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:

Currency	Monetary exposures £	Non- monetary exposures £	Total £
31 Dec 12			
US Dollar	4,389,182	180,847,667	185,236,849
	4,389,182	180,847,667	185,236,849
Sterling	(640,100)	-	(640,100)
	£3,749,082	£180,847,667	£184,596,749
31 Dec 11			
US Dollar	10,031,722	227,336,579	237,368,301
	10,031,722	227,336,579	237,368,301
Sterling	538,077	-	538,077
	£10,569,799	£227,336,579	£237,906,378

(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.

14. Portfolio transaction costs

	31 Dec 12	31 Dec 11
Analysis of total purchase costs	£	£
Purchases in year before transaction costs	154,260,242	206,995,003
Commissions & taxes	209,240	223,504
Total purchase costs	209,240	223,504
Gross purchase total	£154,469,482	£207,218,507
	31 Dec 12	31 Dec 11
Analysis of total sale costs	£	£
Gross sales in year before transaction costs	214,132,275	411,128,121
Commissions & taxes	(222,248)	(318,724)
Total sale costs	(222,248)	(318,724)
Total sales net of transaction costs	£213,910,027	£410,809,397

Distribution table**For the year ended 31 December 2012 (in pence per share)****Final dividend distribution**

Group 1: Shares purchased prior to 1 July 2012

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

	Net revenue (p)	Equalisation (note 10) (p)	Distribution payable 28/02/13 (p)	<i>Distribution paid 29/02/12 (p)</i>
Class A - Accumulation				
Group 1	0.00	-	0.00	0.00
Group 2	0.00	0.00	0.00	0.00
Class B - Accumulation				
Group 1	0.30	-	0.30	0.26
Group 2	0.24	0.06	0.30	0.26
Class C - Accumulation				
Group 1	0.18	-	0.18	-
Group 2	0.06	0.12	0.18	-

Interim dividend distribution

Group 1: Shares purchased prior to 1 January 2012

Group 2: Shares purchased between 1 January 2012 and 30 June 2012

	Net revenue (p)	Equalisation (note 10) (p)	Distribution paid 31/08/12 (p)	<i>Distribution paid 31/08/11 (p)</i>
Class A - Accumulation				
Group 1	0.00	-	0.00	0.00
Group 2	0.00	0.00	0.00	0.00
Class B - Accumulation				
Group 1	0.27	-	0.27	0.24
Group 2	0.21	0.06	0.27	0.24

Details of the Company and other information

Authorised status

UBS Investment Funds ICVC is an open-ended investment company with variable capital incorporated in England and Wales under registered number IC96 and is authorised by the Financial Conduct Authority with effect from 7 March 2001. The company has been certified under the Undertaking for Collective Investment in Transferable Securities (UCITS) directive.

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 Authorised Corporate Director (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

Since the last report, the following changes were made to the Prospectus:

- Implementation of the FCA's Protected Cell Regime, such that funds are no longer required to meet the liabilities of other funds within the company. Refer to the Liability of the Company and Funds section above for more information
- Creation of C share classes on certain funds
- Amendments to charging and rates of certain fees starting on 1 January 2013

Buying and selling shares

Dealing is on a forward basis and share prices are calculated daily at 12 p.m. with the exception of the UBS Global Emerging Markets Equity Fund which is calculated at 2 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 funds can 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.

The values range from 1 through to 7 in a non-linear manner, 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 Corporate Bond UK Plus Fund	4
UBS Fixed Interest UK Plus Fund	4
UBS Global Emerging Markets Equity Fund	7
UBS Global Optimal Fund	6
UBS Inflation Linked Bond UK Plus Fund	5
UBS Long Dated Corporate Bond UK Plus Fund	5
UBS Long Dated Fixed Interest UK Plus Fund	5
UBS UK Equity Income Fund	6
UBS UK Opportunities Fund	6
UBS UK Smaller Companies Fund	6
UBS US Equity Fund	6

Minimum Investments

		Minimum initial lump- sum investment (£)	Minimum subsequent investment (£)
UBS Corporate Bond UK Plus Fund	Class A shares*	£1,000	£500
	Class B shares	£1,000	£500
	Class C shares	£1,000,000	£10,000
	Class J shares †	£100,000	£500
	Class K shares †	£100,000	£500
UBS Fixed Interest UK Plus Fund	Class J shares †	£100,000	£500
	Class K shares †	£100,000	£500
UBS Global Emerging Markets Equity Fund	Class A shares*	£1,000	£500
	Class B shares	£1,000	£500
	Class C shares	£1,000,000	£10,000
	Class J shares †	£100,000	£500
	Class K shares †	£100,000	£500
UBS Global Optimal Fund	Class A shares*	£1,000	£500
	Class B shares	£1,000	£500
UBS Inflation Linked Bond UK Plus Fund (closed 7/1/13)	Class C shares	£1,000,000	£10,000
	Class J shares †	£100,000	£500
	Class K shares †	£100,000	£500

		Minimum initial lump- sum investment (£)	Minimum subsequent investment (£)
UBS Long Dated Corporate Bond UK Plus Fund (closed 21/3/13)	Class C shares	£1,000,000	£10,000
	Class J shares †	£100,000	£500
	Class K shares †	£100,000	£500
UBS Long Dated Fixed Interest UK Plus Fund (closed 21/3/13)			£500
	Class J shares †	£100,000	
	Class K shares †	£100,000	£500
UBS UK Equity Income Fund	Class A shares*	£1,000	£500
	Class B shares	£1,000	£500
	Class C shares	£1,000,000	£10,000
UBS UK Opportunities Fund	Class A shares*	£1,000	£500
	Class B shares	£1,000	£500
	Class C shares	£1,000,000	£10,000
UBS UK Smaller Companies Fund	Class A shares*	£1,000	£500
	Class B shares	£1,000	£500
UBS US Equity Fund	Class A shares*	£1,000	£500
	Class B shares	£1,000	£500
	Class C shares	£1,000,000	£10,000

* for Class A shares purchased through a regular savings plan, the minimum regular subscription is £50 per month.

† Available only to companies within the UBS AG group or 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.

Shareholder funds

Several classes of share may be issued in respect of each Fund. Each share class is distinguished by their criteria for subscription. The annual management charge on each share class is shown below.

		Management fee (%)
UBS Corporate Bond UK Plus Fund	Class A shares	1.10
	Class B shares	0.60
	Class C shares	0.50
	Class J shares	0.65
	Class K shares	0.00
UBS Fixed Interest UK Plus Fund	Class J shares	0.65
	Class K shares	0.00
UBS Global Emerging Markets Equity Fund	Class A shares	1.50
	Class B shares	0.90 (1.00% from 1 Jan 2013)
	Class C shares	0.75
	Class J shares	1.25
	Class K shares	0.00
UBS Global Optimal Fund	Class A shares	1.50
	Class B shares	0.90 (1.00% from 1 Jan 2013)
	Class K shares	0.00
UBS Inflation Linked Bond UK Plus Fund (closed 7/1/2013)	Class C shares	0.65
	Class J shares	0.65
	Class K shares	0.00
UBS Long Dated Corporate Bond UK Plus Fund (closed 21/3/13)	Class C shares	0.50
	Class J shares	0.65
	Class K shares	0.00
UBS Long Dated Fixed Interest UK Plus Fund (closed 21/3/13)	Class J shares	0.65
	Class K shares	0.00
UBS UK Equity Income Fund	Class A shares	1.50
	Class B shares	0.90 (1.00% from 1 Jan 2013)

		Management fee (%)
UBS UK Opportunities Fund	Class C shares	0.75
	Class A shares	1.50
	Class B shares	0.90 (1.00% from 1 Jan 2013)
	Class C shares	0.75
UBS UK Smaller Companies Fund	Class A shares	1.50
	Class B shares	0.90 (1.00% from 1 Jan 2013)
UBS US Equity Fund	Class A shares	1.50
	Class B shares	0.90 (1.00% from 1 Jan 2013)
	Class C shares	0.75

For all Funds (with the exception of the UBS Corporate Bond UK Plus Fund, UBS Fixed Interest UK Plus Fund, UBS Inflation Linked Bond UK Plus Fund, UBS Long Dated Corporate Bond UK Plus Fund, UBS Long Dated Fixed Interest UK Plus Fund and the UBS UK Equity 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 each of the respective funds.

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 and the permitted maximum initial charge allowable as a percentage of the amount subscribed are shown in the table below:

		Current charge	Maximum permitted charge
UBS Corporate Bond UK Plus Fund	Class A shares	3.50%	6.00%
	Class B shares	0.00%	6.00%
	Class C shares	0.00%	6.00%
	Class J shares	0.00%	6.00%
	Class K shares	0.00%	6.00%
UBS Fixed Interest UK Plus Fund	Class J shares	0.00%	6.00%
	Class K shares	0.00%	6.00%
UBS Global Emerging Markets Equity Fund	Class A shares	4.00%	6.00%
	Class B shares	0.00%	6.00%
	Class C shares	0.00%	6.00%
	Class J shares	0.00%	6.00%
	Class K shares	0.00%	6.00%
UBS Global Optimal Fund	Class A shares	4.00%	6.00%
	Class B shares	0.00%	6.00%
	Class K shares	0.00%	6.00%
UBS Inflation Linked Bond UK Plus Fund (closed 7/1/13)	Class C shares	0.00%	6.00%
	Class J shares	0.00%	6.00%
	Class K shares	0.00%	6.00%
UBS Long Dated Corporate Bond UK Plus Fund (closed 21/3/13)	Class C shares	0.00%	6.00%
	Class J shares	0.00%	6.00%
	Class K shares	0.00%	6.00%
UBS Long Dated Fixed Interest UK Plus Fund (closed 21/3/13)	Class J shares	0.00%	6.00%
	Class K shares	0.00%	6.00%

		Current charge	Maximum permitted charge
UBS UK Equity Income Fund	Class A shares	4.00%	6.00%
	Class B shares	0.00%	6.00%
	Class C shares	0.00%	6.00%
UBS UK Opportunities Fund	Class A shares	4.00%	6.00%
	Class B shares	0.00%	6.00%
	Class C shares	0.00%	6.00%
UBS UK Smaller Companies Fund	Class A shares	4.00%	6.00%
	Class B shares	0.00%	6.00%
UBS US Equity Fund	Class A shares	4.00%	6.00%
	Class B shares	0.00%	6.00%
	Class C shares	0.00%	6.00%

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.

	Switching charge %
Class A shares to Class B,C or J 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 or K shares of any Fund to Class B, J or K shares in the same Fund or another Fund	0.00%
Class B, C, J or K shares to Class A shares in the same Fund or another Fund*	0.25%

* where the minimum holding for Class B, C or J shares is not maintained the ACD may switch Class B, C, or J 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
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 (where available):

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

Depository

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

JP Morgan Chase Bank
125 London Wall
London EC27 5AH

State Street Bank and Trust Company
One Canada Square
Canary Wharf
London E14 5AF

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

