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Introduction and Authorised Corporate Director's Report

We are pleased to present the report and accounts for the UBS Investment Funds ICVC III covering the year to 30 September 2011.

Depositary notification

As part of an internal re-structuring in 2011, The Royal Bank of Scotland Group plc transferred its Trustee and Depositary Services business from The Royal Bank of Scotland plc to National Westminster Bank plc and consequently National Westminster Bank plc was appointed as depositary of the Funds on 14 October 2011.

As depositary, National Westminster Bank plc will have the same duties and responsibilities as The Royal Bank of Scotland plc and the change of trustee will have no impact on the way the Funds are operated.

Performance review

The sovereign debt crisis, which came to the fore in early 2010 and primarily affected countries on the periphery of the Eurozone such as Greece, Portugal and Ireland, has continued throughout much of 2011, leaving the spotlight firmly on Europe. Some commentators continue to question the future of the Euro and European policy makers have come under pressure to stabilise the situation, with markets suffering increased volatility as the issues continue. Whilst Europe appears to be experiencing a two speed economy, even Germany's growth prospects have become more muted in recent months.

The evolving situation in the US further impacted on market sentiment, as a last minute deal to increase the country's debt ceiling caused unnecessary strain both on the mechanisms of government and markets. Standard & Poor's subsequent decision to downgrade the US's sovereign debt rating further unsettled markets.

The tragic events in Japan in early 2011 and the unrest in a number of Middle Eastern and North African countries all added to the building pressure on global growth prospects. High fuel costs have been adding to ongoing inflation concerns, with a number of central banks arriving at a cross roads. They face the dilemma of either increasing rates to stop inflation becoming a wider issue in the mid to long term, or keeping rates low, to preserve the fragile growth being currently experienced.

In the UK, the economy grew at 0.7% quarter-on-quarter in the second quarter, meeting low expectations. The spillover effect of the European sovereign debt crisis and the loss of momentum in global activity are beginning to threaten the already fragile UK recovery. The Bank of England has kept interest rates at historically low levels and recently pumped another £75bn in the economy in a bid to bolster the economy's growth.

Outlook

From as early as the beginning of Quarter 2 of 2011, investors, companies and consumers have been shocked by natural disaster, weakening macro economic data and policy disagreement. The risk of a return to recession has increased and cannot be ignored. However, as panic has developed throughout global markets, discrimination between shares has shrunk to historic lows and widespread mispricing has become a significant feature across global equity markets. It is our view that some companies have been oversold already, even factoring in a significant slowdown. With such conflicting views and data coming from a number of sources, volatility is likely to remain a feature at the forefront of investing for the foreseeable future.

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



John Nestor
Chairman



D Carter
Director

UBS Global Asset Management Funds Ltd
16 December 2011

Statement of the Depositary's responsibilities in respect of the Scheme and Report of the Depositary to the shareholders of the UBS Investment Funds ICVC III (“the Company”) for the year ended 30 September 2011

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 Services 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
The Broadstone
50 South Gyle Crescent
Edinburgh
EH12 9JZ

16 December 2011

Statement of Authorised Corporate Director's responsibilities

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

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

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

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

We have audited the financial statements of UBS Investment Funds ICVC III ("the Company") for the year ended 30 September 2011 which comprise Aggregated Statement of Total Return, Aggregated Statement of Change in Net Assets attributable to shareholders, Aggregated Balance Sheet and the related notes 1 to 13 together with the Statement of Total Return, Statement of Change in Net Assets attributable to shareholders, Balance Sheet, and the related notes for each sub-fund. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, pursuant to Paragraph 4.5.12 of the rules of the Collective Investment Schemes Sourcebook of the Financial 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 30 September 2011 and of the net revenue and the net losses 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.

Independent auditor’s report to the members of the UBS Investment Funds ICVC III (“the Company”)

Opinion on other matters prescribed by the rules of the Collective Investment Schemes Sourcebook of 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 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
Registered Auditor
Edinburgh
16 December 2011

Aggregated financial statements for
UBS Investment Funds ICVC III

**Aggregated statement of total return
For the year ended 30 September 2011**

	Notes	£	30 Sep 11 £	30 Sep 10 £
Income				
Net capital (losses)/gains	2		(40,744,107)	45,490,594
Revenue	3	21,434,097	22,789,696	
Expenses	4	(6,774,763)	(7,369,725)	
Finance costs: Interest	6	(82,508)	(6,298)	
Net revenue before taxation		14,576,826	15,413,673	
Taxation	5	(1,532,507)	(864,562)	
Net revenue after taxation			13,044,319	14,549,111
Total return before distributions			(27,699,788)	60,039,705
Finance costs: Distributions	6		(13,168,329)	(14,634,488)
Change in net assets attributable to shareholders from investment activities			£(40,868,117)	£45,405,217

**Aggregated statement of change in net assets attributable to shareholders
For the year ended 30 September 2011**

	£	30 Sep 11 £	30 Sep 10 £
Opening net assets attributable to shareholders		750,587,541	885,508,392
Amounts receivable on issue of shares	122,965,246		79,261,422
Amounts payable on cancellation of shares	(237,712,052)	(273,550,764)	
Change in net assets attributable to shareholders		(114,746,806)	(194,289,342)
from investment activities (see Statement of total return)		(40,868,117)	45,405,217
Dilution levy charged		320,316	384,232
Retained distribution			
on accumulation shares		12,949,521	13,790,561
Stamp duty reserve tax		(242,245)	(211,519)
Closing net assets attributable to shareholders		£608,000,210	£750,587,541

**Aggregated balance sheet
As at 30 September 2011**

	Notes	As at 30 Sep 11 £	As at 30 Sep 10 £
ASSETS			
Investment assets		498,163,901	705,945,828
Debtors	7	40,378,668	11,710,379
Cash and bank balances	8	101,208,474	57,025,353
Total other assets		141,587,142	68,735,732
Total assets		639,751,043	774,681,560
LIABILITIES			
Investment liabilities		19,742,543	13,788,513
Creditors	9	11,985,896	10,294,465
Distribution payable on income shares		22,394	11,041
Total other liabilities		12,008,290	10,305,506
Total liabilities		31,750,833	24,094,019
Net assets attributable to shareholders		£608,000,210	£750,587,541

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. The comparative figures were prepared in accordance with the Statement of Recommended Practice for Authorised Funds issued by the IMA in November 2008 and no restatement has been necessary.

(b) Recognition of revenue

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

(c) Derivative accounting policy

In determining the accounting treatment for derivatives, consideration is given to the nature of the instrument itself and the Fund's objectives. Option 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) Stocklending revenue

Revenue from stocklending is accounted for net of bank and agent fees and is recognised on an accruals basis.

(e) Treatment of expenses

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

(f) Stock dividends

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

(g) 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.

(h) 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.

(i) 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.

(j) Distribution policy

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

(k) Basis of valuation of investments

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

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

(l) Foreign exchange rates

Transactions in foreign currencies have been translated into sterling at the exchange rate ruling on the day of the transaction. Assets and liabilities have been translated into sterling at the closing exchange rates at 30 September 2011.

(m) Taxation

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

(n) Stamp duty reserve tax

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

(o) Dilution levy/adjustment

UBS Global Allocation Fund (UK), UBS Targeted Return Fund and UBS UK & International Equity Managed Fund all charge a dilution levy.

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

UBS Multi-Asset Income Fund applies 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 (losses)/gains

	30 Sep 11 £	30 Sep 10 £
Currency gains/(losses)	2,386,978	(250,537)
Derivative contracts	953,334	(8,977,038)
Forward currency contracts	(6,625,155)	7,182,540
Non-derivative securities	(37,459,826)	47,517,293
Transaction charges	(63,099)	(77,743)
Rebate of capital management fees	63,661	96,079
Net capital (losses)/gains	£(40,744,107)	£45,490,594

3. Revenue

	30 Sep 11 £	30 Sep 10 £
Bank interest	188,136	63,156
Fee rebates	895,824	873,571
Interest distributions	3,733,665	3,491,986
Interest on debt securities	155,840	127,095
Interest rate swaps	180,500	214,875
Option income	30,683	186,428
Overseas dividends	9,813,455	9,193,003
Property revenue distributions	34,058	-
Stock dividends	93,491	150,540
Stocklending income	5,958	12,216
UK franked dividends	6,291,289	7,739,790
UK unfranked dividends	2,618	698,589
Underwriting commission	8,580	38,447
	£21,434,097	£22,789,696

4. Expenses

	30 Sep 11 £	30 Sep 10 £
<i>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</i>		
Administration fees	35,000	35,102
Authorised Corporate Director's fees	6,319,689	6,920,028
Registration fees	263,692	301,517
	6,618,381	7,256,647
<i>Payable to the Depositary, associates of the Depositary and agents of either of them:</i>		
Depositary's fees	70,136	74,168
	70,136	74,168
<i>Payable to other related parties and third parties:</i>		
Audit fees	38,564	38,304
Derivative fees	-	1,520
Dividend charges	209	1,864
Legal fees	-	31
Safe custody fees	43,385	838
Taxation fees	4,088	(3,647)
	86,246	38,910
	£6,774,763	£7,369,725

5. Taxation

(a) Analysis of tax charge

	30 Sep 11	30 Sep 10
	£	£
Corporation tax at 20%	872,919	317,869
Double tax relief	(664)	(24,009)
Irrecoverable income tax	-	31,325
Overseas tax provision	-	(55,802)
Overseas tax suffered	396,993	458,937
Prior year adjustments	263,061	151,084
Total current tax (5.b)	1,532,309	879,404
Deferred tax	198	(14,842)
Total tax charge	£1,532,507	£864,562

(b) Factors affecting current tax charge

The tax charged for the year is lower than the standard 20% rate of corporation tax applicable to the revenue received by open-ended investment companies (30 September 2010: 20%).

The differences are explained below:

	30 Sep 11	30 Sep 10
	£	£
Net revenue before taxation	14,576,826	15,413,673
Corporation tax at 20%	2,915,365	3,082,736
<i>Effects of:</i>		
Dividends not subject to corporation tax	(2,163,440)	(2,810,169)
Double tax relief	(664)	(24,009)
Interest distributions deductible for tax purposes	(38,163)	(18,055)
Irrecoverable income tax	-	31,325
Movement in excess expenses	72,055	45,043
Non-trade deficit set against current year revenue	-	(902)
Overseas tax provision	-	(55,802)
Overseas tax suffered	396,993	458,937
Prior year adjustment	263,061	151,084
Revenue taxable in a different periods	(162)	-
Tax on offshore gains charged to capital	74,531	-
Tax relief on capital income	12,733	19,216
	(1,383,056)	(2,203,332)
Total tax charge (5.a)	£1,532,309	£879,404

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

6. Finance costs

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

	30 Sep 11 £	30 Sep 10 £
Interim - first quarter	67,591	20,376
Interim - second quarter	5,037,941	6,881,266
Interim - third quarter	78,978	47,082
Final	7,858,820	6,879,656
	13,043,330	13,828,380
Add: Amounts deducted on cancellation of shares	748,868	1,055,355
Deduct: Amounts added on issue of shares	(623,869)	(249,247)
Net distributions	13,168,329	14,634,488
Interest	82,508	6,298
Total finance costs	£13,250,837	£14,640,786
Net revenue after taxation	13,044,319	14,549,111
Add: Expense charged to capital	46,023	17,210
Add: Revenue brought forward	6,278	55,229
Add: Tax on offshore gains charged to capital	74,531	-
Add: Tax relief on capital income	12,733	19,216
Less: Revenue carried forward	(15,555)	(6,278)
Net distributions as above	£13,168,329	£14,634,488

7. Debtors

	As at 30 Sep 11 £	As at 30 Sep 10 £
Accrued management fee rebate	143,040	342,276
Accrued revenue	1,020,439	1,356,609
Amounts receivable on issue of shares	2,218,400	903,380
Corporation tax recoverable	1,338,533	1,338,533
Currency transactions awaiting settlement	5,195,705	324,639
Income tax recoverable	22,233	21,710
Interest receivable on swaps	10,919	4,711
Overseas tax recoverable	375,099	344,194
Sales awaiting settlement	30,054,300	7,074,327
	£40,378,668	£11,710,379

8. Cash & bank balances

	As at 30 Sep 11 £	As at 30 Sep 10 £
Amounts held at futures clearing houses and brokers	13,585,987	22,836,451
Cash and bank balances	87,622,487	34,188,902
	£101,208,474	£57,025,353

9. Creditors

	As at 30 Sep 11 £	As at 30 Sep 10 £
Amounts payable on cancellation of shares	18,282	377,577
Corporation tax payable	1,157,077	292,654
Currency transactions awaiting settlement	5,168,787	327,527
Deferred tax (note 10)	198	-
Expense accruals	538,776	648,358
Income tax payable	17,013	8,392
Purchases awaiting settlement	5,085,763	8,639,957
	£11,985,896	£10,294,465

10. Deferred tax

The deferred tax provision is made up as follows:

	As at 30 Sep 11 £	As at 30 Sep 10 £
Accrued revenue taxable on receipt	-	-
Double tax relief on accrued dividends	-	-
	-	-
Provision at the start of the year	-	14,842
Charge/(release)	198	(14,842)
Provision at the end of the year	£198	-

11. Contingent liabilities

At 30 September 2011 the contingent liabilities and commitments are as follows:

	As at 30 Sep 11 £	As at 30 Sep 10 £
Nil/part paid rights	£2,414	£218,638

12. Related party transactions

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

At 30 September 2011 the amounts included in creditors in respect of management fees, registration, fees administration fees and fee rebates due to/(from) the ACD are £430,617, £17,534, £9,342 and £(52,781) respectively (30 September 2010: £535,863, £21,735, £20,849 and £(247,285)).

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

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

UBS AG is the sole shareholder of the Multi-Asset Income Fund's K Accumulation Gross share class.

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

13. Derivatives and other financial instruments

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

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

Risk management and control

UBS Global Asset Management Risk Control is an independent risk function that has a separate reporting line from UBS Global Asset Management business and portfolio management functions. The Risk Control function reports to the Chief Risk Officer of UBS Global Asset Management who reports to the Chief Risk Officer of UBS Group. The UK team is responsible for the oversight of the OEIC Funds for which UBS Global Asset Management Funds Ltd is the ACD.

Risk Control function responsibilities:

Market Risk. Risk Control are responsible for the development of an integrated risk control and governance framework and the independent checking of risk controls within the business lines.

Operational Risk. Risk Control review and report upon the internal controls of business areas for which the senior management of each respective area are responsible.

Derivatives. Risk Control are responsible for overseeing and monitoring the use of derivatives in the OEIC Funds.

Core Risk Systems:

Global Risk System (GRS). The GRS system gathers together all the assets in a Fund and calculates risk using a bottom up approach. It is possible to drill down to individual assets in a Fund, including derivatives, and analyse the contribution of these positions in the context of the overall risk of the Fund.

Sentinel. The Sentinel system monitors post-trade investment restrictions. Sentinel is also used for those Funds using the commitment approach to ensure adequate cover is in place.

RiskMetrics. The RiskMetrics system quantifies the exposures taken by the Funds.

RiskMetrics is an industry standard system which has the ability to use different VaR models and can be used to calculate a range of risk sensitivities, as well as stress tests. The VaR methodology employed by UBS Global Asset Management is defined in the CESR/10-788 guidelines.

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.

Liquidity risk

The assets of the Company are generally liquid and considered to be readily realisable. Funds investing in smaller companies invest in transferable securities that may be less liquid than the securities of larger companies, as a result of inadequate trading volume or restrictions on trading. Prices on illiquid securities are regularly reviewed by the Manager. The Funds' main commitments are expenses and any cancellation of shares that investors may make. Assets from a Fund may need to be sold if insufficient cash is available to meet such liabilities.

Interest rate risk

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

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

Derivatives

The Manager may use certain types of derivatives for the purposes of efficient portfolio management. Some Funds, however, can use derivatives for investment purposes.

Further information on the types of derivatives and strategies can be found in the investment objective for each Fund and in the derivatives section of the Financial Instruments note within the long form annual accounts.

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

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

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

Credit default swap (CDS). Where used, the Fund may undertake both long (selling protection) and short transactions (buying protection). Each position is assessed in terms of the credit spread risk it adds to the portfolio. If protection is sold then the maximum loss will be the original (nominal) capital. If protection is purchased then the potential maximum loss is when the CDS spread over LIBOR contracts to zero. There is no potential for unlimited losses.

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

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

UBS Global Allocation Fund (UK)

Manager's report

Investment objective and policy

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

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

Market environment

In aggregate, equity markets declined over the year with developed markets faring better than their emerging market counterparts. Within developed markets, the notable outperformer was the US, which managed to eke out a positive return over the period. In contrast, the continental European markets were the standout laggards, with concerns over the Eurozone debt crisis weighing heavily on their equity markets.

Equity markets began the period in positive fashion, being driven forward by the prospect of further quantitative easing in the US. They continued to make further progress until mid-February when mounting concerns over unrest in the Middle East and North Africa weighed on sentiment. Markets suffered a further setback on account of the tragic events in Japan although most of these losses were recovered across most markets by the end of the quarter. Markets started the second quarter of 2011 in fairly sanguine fashion before the mood darkened considerably in May as problems in the Eurozone periphery intensified, echoing events in the same period of last year. However, this was all a sideshow to events in the third quarter when the market increasingly feared that contagion could engulf Italy, the largest issuer of debt in Europe. This, tied to concerns over a Chinese slowdown, the possibility of a double-dip recession, and the wrangling over the US debt ceiling by politicians in the US, culminated in significant declines across equity markets in the third quarter of 2011.

Leading bond markets, such as the US, UK and Germany, performed well over the period, registering particularly strong returns in the second and third quarter of 2011 as risk aversion mounted. In the credit markets, spreads widened significantly across the spectrum in the second and third quarter of 2011. This trend was particularly pronounced in continental Europe.

Fund performance

For most of the period under review, the UBS Global Allocation Fund (UK) maintained a large overweight exposure to risk assets, such as equities and investment grade bonds, and a large underweight to government bonds. While the Fund maintains an overweight to investment grade bonds, the Fund's equity overweight was reversed in the third quarter of 2011, moving to a pronounced underweight position. The reduction in the Fund's equity allocation in the third quarter has allowed us to mildly lift the Fund's allocations to government bonds, corporate bonds and high yield debt, as well as significantly lift allocations to cash. The aggressive move out of equities helped to limit the losses the Fund suffered from the steep falls in equity markets in September, and the Fund is now positioned much more defensively.

The Fund suffered a decline in value over the period under review, returning -5.1%* for the year to 30 September 2011, in sterling terms, underperforming its benchmark by -3.8%. The Fund's asset allocation strategy detracted over the period, primarily from being underweight to government bonds (although the fund is now broadly duration neutral). The Fund's currency strategy suffered early in the period due to underweight positions to economically-sensitive currencies such as Australian dollar and New Zealand dollar, although more recently these positions have performed strongly as concerns over the state of the global economy have mounted. Security selection significantly detracted over the period, particularly within the global equities component and, to a lesser extent, the UK equity component.

* Source: Lipper-Hindlight. Performance is based on NAV prices with income reinvested net of basic tax rate and in sterling terms to 30 September 2011, based on Class A shares.

Outlook

Having had a preference for being overweight in equities for the last few years, we have now moved to an underweight stance. In addition to concerns about the difficult economic environment, our proprietary 'headwind-tailwind model', which attempts to determine the stage of the economic cycle, has signalled that we are moving into a slowdown phase following a mild recovery and, in effect, a non-existent 'boom' stage. This stage of the cycle is not typically associated with strong equity markets, hence the move to underweight. In a practical sense, our mindset has switched from 'buying the dips' to 'selling the rallies'.

In the fixed income markets, we maintain a preference for investment grade credit over government bonds. Credit spreads remain reasonably attractive and companies are generally in good shape. Core government bonds markets are fundamentally overvalued. However, at present, with heightened levels of risk aversion, a continued commitment by leading central banks to maintain easy monetary conditions, and weak growth expectations fuelled by fiscal austerity, we see no catalyst to lead them to substantially weaken in the near-term. Consequently, the Fund is broadly neutral duration relative to benchmark.

Percentage growth

	30/09/10 to 30/09/11 %	30/09/09 to 30/09/10 %	30/09/08 to 30/09/09 %	Launch to 30/09/08 %
Class A – Accumulation Shares	-5.07	8.06	16.14	-12.23
Class B – Accumulation Shares	-4.38	8.53	16.86	-11.76
Class J – Income Shares	-	3.84*	16.37	-11.50

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

Launch date: Class A, B and J Shares: 27 November 2007.

*Class J Income Shares closed 18 February 2010.

UBS Global Asset Management Funds Ltd
16 December 2011

Performance record**1. Fund size**

Accounting year 30 September	Number of shares in issue	Total net asset value per share (p)*	Total net asset value (£)
2009	7,454,567	69.4	5,173,189
Class A - Accumulation			
Class B - Accumulation	550,657,706	72.6	399,632,142
Class J - Income	19,728,770	46.7	9,209,777
			£414,015,108
2010	8,126,003	75.4	6,126,583
Class A - Accumulation			
Class B - Accumulation	565,380,397	79.3	448,048,163
			£454,174,746
2011	8,169,633	71.0	5,799,475
Class A - Accumulation			
Class B - Accumulation	605,091,344	75.0	453,745,224
			£459,544,699

* rounded to one decimal place.

2. Total expense ratio

The total expense ratio (TER) below is calculated using the most recent audited results and as described in the Financial Services Authority's Collective Investment Schemes Sourcebook 4 Annex 1 R.

Share class	30 Sep 11 (%)	30 Sep 10 (%)
Class A - Accumulation	1.59	1.60
Class B - Accumulation	0.95	0.96

3. Share dealing price range and distribution record

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

Calendar year	Highest price (p)	Lowest price (p)	Distribution per share (net) (p)
Class A - Accumulation			
2007 †	71.10	68.73	-
2008	71.19	49.52	1.08
2009	72.34	46.40	1.15
2010	80.13	68.56	1.36
2011 to 30 September	81.71	70.01	1.25
Class B - Accumulation			
2007 †	74.14	71.05	-
2008	73.73	51.51	1.42
2009	75.76	48.36	1.63
2010	84.36	72.05	1.82
2011 to 30 September	86.10	74.01	1.74
Class J - Income			
2007 †	50.02	47.93	-
2008	49.69	34.22	1.05
2009	48.77	32.16	1.19
2010 ††	49.74	47.46	-

† covers period from launch to 31 December 2007.

†† covers the period from 1 January 2010 to 18 February 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.

	Holding	Market value £	Percentage of total net assets %
SGS	1,346	1,320,364	0.29
United Kingdom - 21.92% (30 Sep 10:31.06%)			
3i Group	886,479	1,663,921	0.36
Anglo American	137,627	3,067,706	0.67
Anite	153,080	97,206	0.02
Atkins (WS)	23,913	129,250	0.03
Aviva	274,056	836,693	0.18
BAE Systems	879,114	2,349,872	0.51
Balfour Beatty	400,584	1,023,893	0.22
Barclays	3,317,191	5,348,970	1.16
Barratt Developments	175,374	137,581	0.03
Berendsen	67,017	288,508	0.06
BP	3,208,300	12,462,641	2.71
British Land	124,924	594,638	0.13
British Polythene Industries	25,531	84,508	0.02
Carnival	64,739	1,302,549	0.28
Centrica	341,157	1,015,283	0.22
Daily Mail & General Trust 'A' Non-Voting	178,021	644,792	0.14
Dixons Retail	9,504,004	1,093,911	0.24
Electrocomponents	285,028	541,268	0.12
FirstGroup	266,588	855,214	0.19
Future	212,112	22,272	-
GlaxoSmithKline	670,188	8,930,255	1.94
HMV Group	1,541,588	75,538	0.02
HSBC	873,685	4,341,341	0.94
Imperial Tobacco Group	135,133	2,937,791	0.64
International Consolidated Airlines	1,013,755	1,552,059	0.34
ITV	1,511,802	895,743	0.19
Kesa Electricals	1,159,096	971,322	0.21
Leaf Clean Energy	119,536	92,043	0.02
Lloyds Banking Group	15,213,048	5,303,269	1.15
Logica	1,578,053	1,247,451	0.27
Lookers	171,518	87,474	0.02
Marks & Spencer	237,363	746,507	0.16
Monitise	2,001,015	685,348	0.15
National Express	359,746	835,690	0.18
Persimmon	137,513	626,234	0.14
Premier Farnell	481,655	737,895	0.16
Premier Foods	675,425	69,704	0.02
Prudential	202,969	1,130,537	0.25
Psion	378,437	202,464	0.04
Reed Elsevier	333,762	1,649,452	0.36
Regus	594,974	436,116	0.09
Rio Tinto	78,051	2,254,113	0.49
Royal Dutch Shell 'B'	406,233	8,169,346	1.78
Scottish & Southern Energy	165,855	2,146,164	0.47
SIG	131,239	121,855	0.03
Smith (DS)	151,204	264,758	0.06
STV Group	225,862	234,896	0.05
Taylor Wimpey	2,101,936	735,678	0.16
Unilever	133,694	2,699,282	0.59
UNIQ	17,705	16,731	-
Vodafone Group	7,120,078	11,833,570	2.58
Wembley*	21,524	-	-

	Holding	Market value £	Percentage of total net assets %
William Hill	393,726	890,608	0.19
Wolseley	134,492	2,161,286	0.47
Xstrata	199,806	1,638,409	0.36
Yule Catto & Co	316,163	508,074	0.11
United States of America - 12.98% (30 Sep 10: 14.91%)			
Abbott Laboratories	64,800	2,127,693	0.46
Apple	15,800	3,866,223	0.84
Autodesk	57,900	1,032,522	0.22
Bank of New York Mellon	140,700	1,679,043	0.37
Boeing	52,700	2,046,024	0.45
Capital One Financial	70,450	1,792,228	0.39
Citigroup	192,570	3,165,822	0.69
Colgate-Palmolive	56,900	3,237,288	0.70
Comcast 'A'	138,900	1,862,640	0.41
Covidien	91,494	2,589,530	0.56
EOG Resources	29,600	1,347,942	0.29
F5 Network	21,800	994,280	0.22
General Motors	118,686	1,536,716	0.34
Gilead Sciences	117,800	2,934,035	0.64
Goldman Sachs Group	23,500	1,424,814	0.31
Google 'A'	9,400	3,103,846	0.68
Helmerich & Payne	52,900	1,379,040	0.30
Lowes	151,700	1,882,373	0.41
Lyondellbasell Industries	79,228	1,242,992	0.27
MDU Resources Group	131,400	1,617,828	0.35
Metlife	91,100	1,636,853	0.36
Microsoft	269,000	4,297,991	0.94
Owens Corning	99,200	1,379,299	0.30
Texas Instruments	102,500	1,753,515	0.38
Textron	149,300	1,690,623	0.37
Timken	21,600	454,795	0.10
United Health Group	86,800	2,567,002	0.56
Universal Health Services 'B'	93,200	2,034,151	0.44
Wells Fargo	187,800	2,907,778	0.63
Investment Funds - 27.56% (30 Sep 10: 29.85%)			
UBS Corporate Bond UK Plus 'K' (Accumulation Gross)	104,106,572	61,443,699	13.37
UBS Fixed Interest UK Plus 'K' (Accumulation Gross)	16,211,838	10,720,888	2.33
UBS Global Emerging Markets Equity 'K' (Accumulation)	40,172	4,306,481	0.94
UBS (Lux) Bond SICAV Global Corporates (USD) U-X-Dist	4,716	31,353,492	6.82
UBS (Lux) Bond SICAV High Yield (USD) U-X-Dist	296,716	18,826,181	4.10
Bonds - 1.27% (30 Sep 10: 1.23%)			
Fixed Interest Bonds - 1.27% (30 Sep 10: 1.18%)			
Barclays Bank 4.875% 2019	€50,000	43,005	0.01
Belgium 3.5% 2015	€210,000	186,542	0.04
Canada 3.5% 2020	CAD 145000	99,294	0.02
Denmark 4% 2017	DKK 300000	39,816	0.01
FNMA 5.375% 2017	\$160,000	124,560	0.03
France 2.5% 2020	€165,000	141,882	0.03
France 3.75% 2013	€75,000	66,988	0.01
France 4% 2055	€35,000	33,437	0.01

	Holding	Market value £	Percentage of total net assets %
Germany 2% 2016	€145,000	130,061	0.03
Germany 4% 2013	€120,000	110,451	0.02
Germany 4% 2037	€35,000	37,398	0.01
Germany 5% 2012	€260,000	231,613	0.05
Germany 6.25% 2024	€125,000	154,616	0.03
Goldman Sachs Group 7.5% 2019	\$50,000	35,817	0.01
Italy 5% 2034	€260,000	185,814	0.04
Japan 0.8% 2013	¥35,500,000	298,510	0.06
Japan 1.3% 2015	¥11,500,000	99,181	0.02
Japan 1.5% 2018	¥52,800,000	466,508	0.10
Japan 1.8% 2017	¥12,000,000	107,478	0.02
Japan 1.8% 2018	¥14,000,000	125,987	0.03
Japan 1.9% 2025	¥20,000,000	177,388	0.04
Japan 2.2% 2026	¥7,000,000	63,845	0.01
Japan 2.3% 2035	¥34,700,000	314,050	0.07
KFW 3.875% 2013	€60,000	54,198	0.01
KFW 4.625% 2012	€170,000	151,932	0.03
KFW 5.5% 2014	AUD 100000	64,218	0.01
Landwirtschaftliche Rentenbank 3.25% 2014	€125,000	112,441	0.02
Royal Bank of Scotland 5.375% 2019	€50,000	38,511	0.01
Spain 3.9% 2012	€65,000	56,207	0.01
Spain 4% 2020	€90,000	73,128	0.02
Spain 4.2% 2037	€60,000	40,105	0.01
Sweden 6.75% 2014	SEK 340000	36,246	0.01
US Treasury 0.375% 2012	\$250,000	160,815	0.03
US Treasury 0.375% 2013	\$200,000	128,667	0.03
US Treasury 0.625% 2013	\$460,000	297,075	0.06
US Treasury 2% 2016	\$165,000	111,363	0.02
US Treasury 2.125% 2015	\$150,000	101,608	0.02
US Treasury 2.125% 2021	\$125,000	81,658	0.02
US Treasury 2.625% 2020	\$400,000	274,586	0.06
US Treasury 2.75% 2013	\$355,000	239,351	0.05
US Treasury 3.125% 2017	\$170,000	120,894	0.03
US Treasury 3.875% 2018	\$170,000	126,751	0.03
US Treasury 4.25% 2039	\$40,000	32,313	0.01
US Treasury 4.25% 2040	\$195,000	158,290	0.03
US Treasury 4.375% 2040	\$100,000	82,629	0.02
US Treasury 5.5% 2028	\$60,000	53,796	0.01
US Treasury 6.25% 2023	\$85,000	77,771	0.02
Floating Rate Notes - 0.00% (30 Sep 10: 0.05%)			
Derivatives - 0.04% (30 Sep 10: 0.15%)			
Futures - 0.23% (30 Sep 10: 0.11%)			
Long Gilt Future Dec 2011	269	508,410	0.11
Russell Mini Future Dec 2011	(776)	398,705	0.08
S&P 500 E-Mini Future Dec 2011	149	88,770	0.02
Topix Index Future Dec 2011	76	37,172	0.01
US 2 Year Note CBT Future Dec 2011	(241)	38,634	0.01
Forwards - (0.19)% (30 Sep 10: 0.26%)			
Bought Australian Dollar 7,550,000			
Sold New Zealand Dollar 9,523,268		33,031	0.01
Bought Australian Dollar 3,660,000			
Sold Sterling 2,296,092		(18,662)	-

	Holding	Market value £	Percentage of total net assets %
Bought Canadian Dollar 11,580,000 Sold Sterling 7,403,562		(297,608)	(0.07)
Bought Canadian Dollar 1,210,170 Sold US Dollar 1,190,000		(20,581)	(0.01)
Bought Euro 5,375,000 Sold Japanese Yen 561,348,875		(32,742)	(0.01)
Bought Euro 2,680,000 Sold Polish Zloty 12,038,498		(33,662)	(0.01)
Bought Euro 11,780,000 Sold Sterling 10,335,493		(138,188)	(0.03)
Bought Euro 442,500 Sold Swedish Krona 4,038,709		6,032	-
Bought Euro 27,445,000 Sold Swiss Franc 30,365,328		2,146,877	0.47
Bought Euro 1,222,500 Sold US Dollar 1,637,352		8,158	-
Bought Euro 845,000 Sold US Dollar 1,158,950		(11,807)	-
Bought Japanese Yen 704,200,000 Sold Sterling 5,582,735		295,233	0.06
Bought Korean Won 18,839,000,000 Sold US Dollar 17,570,416		(1,026,847)	(0.22)
Bought Malaysian Ringgit 56,385,000 Sold US Dollar 18,889,447		(813,046)	(0.18)
Bought Mexican Peso 204,450,000 Sold Sterling 10,828,870		(1,335,241)	(0.29)
Bought Mexican Peso 190,963,361 Sold US Dollar 15,620,710		(1,150,758)	(0.25)
Bought New Zealand Dollar 10,705,000 Sold Sterling 5,553,869		(310,055)	(0.07)
Bought Norwegian Krone 10,678,941 Sold Euro 1,365,000		(12,078)	-
Bought Norwegian Krone 7,230,000 Sold Japanese Yen 101,379,060		(54,403)	(0.01)
Bought Polish Zloty 35,515,000 Sold Sterling 7,723,675		(780,875)	(0.17)
Bought Singapore Dollar 21,095,000 Sold Sterling 10,834,623		(429,789)	(0.10)
Bought Sterling 12,717,506 Sold Australian Dollar 19,200,000		770,334	0.17
Bought Sterling 10,255,279 Sold Canadian Dollar 15,755,000		587,376	0.13
Bought Sterling 2,667,065 Sold Danish Krone 22,530,000		45,860	0.01
Bought Sterling 44,042,792 Sold Euro 49,940,000		812,450	0.18
Bought Sterling 2,246,209 Sold Hong Kong Dollar 27,850,000		(46,526)	(0.01)
Bought Sterling 1,590,000 Sold Japanese Yen 207,658,293		(143,327)	(0.03)
Bought Sterling 20,882,147 Sold New Zealand Dollar 40,494,298		1,046,130	0.23

Portfolio movements

For the year ended 30 September 2011

Major purchases	Cost £
UBS (Lux) Bond SICAV High Yield (USD) U-X-Dist	18,985,430
UBS Corporate Bond UK Plus 'K' (Accumulation Gross)	7,364,825
Citigroup	5,677,336
Lloyds Banking Group	5,603,838
Barclays	5,316,358
Novartis	5,250,190
Apple	4,662,047
UBS Global Emerging Markets Equity 'K' (Accumulation)	4,132,868
Bank of New York Mellon	4,130,439
Carrefour	4,064,020
Vodafone Group	4,041,250
Imperial Tobacco Group	3,954,879
BP	3,827,287
Google 'A'	3,734,101
Wells Fargo	3,693,980
Fiat Industrial	3,380,734
Metlife	3,320,539
FLSmidth & Co	3,290,799
Banco Santander	3,204,545
Heineken	3,192,878
Total for the year (Note 14)	£213,529,339

Major sales	Proceeds £
UBS (Lux) Bond SICAV High Yield (USD) U-X-Dist	19,995,780
UBS Global Emerging Markets Equity 'K' (Accumulation)	12,800,000
Vodafone Group	9,735,625
GlaxoSmithKline	7,665,047
Royal Dutch Shell 'B'	5,295,010
BP	5,166,940
Barclays	4,210,888
Altria Group	3,465,703
Prudential	3,302,110
Autodesk	3,258,010
Hewlett Packard	3,238,680
Qantas Airways	3,141,783
Textron	3,013,395
Qualcomm	2,990,512
Accenture 'A'	2,950,544
Metro	2,947,503
Unilever	2,756,614
UBS Corporate Bond UK Plus 'K' (Accumulation Gross)	2,750,000
Nissan Motor	2,739,423
Sampo 'A'	2,725,410
Total for the year (Note 14)	£246,648,891

Statement of total return
For the year ended 30 September 2011

	Notes	£	30 Sep 11	£	30 Sep 10
Income					
Net capital(losses)/gains	2		(37,431,134)		29,030,421
Revenue	3	16,114,360		14,886,348	
Expenses	4	(4,629,171)		(4,109,147)	
Finance costs: Interest	6	(1,830)		(123)	
Net revenue before taxation		11,483,359		10,777,078	
Taxation	5	(1,235,770)		(489,370)	
Net revenue after taxation			10,247,589		10,287,708
Total return before distributions			(27,183,545)		39,318,129
Finance costs: Distributions	6		(10,239,026)		(10,333,821)
Change in net assets attributable to shareholders from investment activities			£(37,422,571)		£28,984,308

Statement of change in net assets attributable to shareholders
For the year ended 30 September 2011

	£	30 Sep 11	£	30 Sep 10
Opening net assets attributable to shareholders		454,174,746		414,015,108
Amounts receivable on issue of shares	73,986,551		46,934,001	
Amounts payable on cancellation of shares	(41,531,652)		(45,916,240)	
Change in net assets attributable to shareholders		32,454,899		1,017,761
from investment activities (see Statement of total return)		(37,422,571)		28,984,308
Dilution levy charged		-		5
Retained distribution on accumulation shares		10,433,002		10,246,121
Stamp duty reserve tax		(95,377)		(88,557)
Closing net assets attributable to shareholders		£459,544,699		£454,174,746

Balance sheet
As at 30 September 2011

	Notes	As at 30 Sep 11 £	As at 30 Sep 10 £
ASSETS			
Investment assets		363,335,883	430,670,961
Debtors	7	27,394,888	5,515,079
Cash and bank balances	8	83,522,562	26,220,898
Total other assets		110,917,450	31,735,977
Total assets		474,253,333	462,406,938
LIABILITIES			
Investment liabilities		8,646,154	5,235,195
Creditors	9	6,062,480	2,996,997
Total other liabilities		6,062,480	2,996,997
Total liabilities		14,708,634	8,232,192
Net assets attributable to shareholders		£459,544,699	£454,174,746

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

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

2. Net capital (losses)/gains

	30 Sep 11 £	30 Sep 10 £
Currency gains/(losses)	48,634	(1,284)
Derivative contracts	1,682,417	(2,918,113)
Forward currency contracts	(1,991,641)	2,872,703
Non-derivative securities	(37,157,185)	29,089,412
Transaction charges	(13,359)	(12,297)
Net capital (losses)/gains	£(37,431,134)	£29,030,421

3. Revenue

	30 Sep 11 £	30 Sep 10 £
Bank interest	153,838	41,198
Interest distributions	3,733,665	3,491,986
Interest on debt securities	134,772	107,537
Overseas dividends	6,820,448	5,881,891
Property revenue distributions	34,058	-
Stock dividends	95,632	68,635
UK franked dividends	5,133,367	5,265,358
Underwriting commission	8,580	29,743
	£16,114,360	£14,886,348

4. Expenses

	30 Sep 11 £	30 Sep 10 £
<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	4,404,068	3,914,009
Registration fees	148,057	130,855
	4,552,125	4,044,864
<i>Payable to the Depositary, associates of the Depositary and agents of either of them:</i>		
Depositary's fees	44,940	39,336
	44,940	39,336
<i>Payable to other related parties and third parties:</i>		
Audit fees	10,801	10,573
Safe custody fees	20,305	16,033
Taxation fees	1,000	(1,659)
	32,106	24,947
	£4,629,171	£4,109,147

5. Taxation

(a) Analysis of tax charge

	30 Sep 11 £	30 Sep 10 £
Corporation tax at 20%	601,779	222,627
Double tax relief	-	(15,450)
Movement in overseas tax provision	-	(55,802)
Overseas tax suffered	342,431	337,995
Prior year adjustment	291,560	-
Total current tax (5.b)	1,235,770	489,370
Total tax charge	£1,235,770	£489,370

(b) Factors affecting current tax charge

The tax charged for the year is lower than the standard 20% rate of corporation tax applicable to the revenue received by open-ended investment companies (30 September 2010: 20%)

The differences are explained below:

	30 Sep 11 £	30 Sep 10 £
Net revenue before taxation	11,483,359	10,777,078
Corporation tax at 20%	2,296,672	2,155,416
<i>Effects of:</i>		
Dividends not subject to corporation tax	(1,694,893)	(1,932,789)
Double tax relief	-	(15,450)
Movement in overseas tax provision	-	(55,802)
Overseas tax suffered	342,431	337,995
Prior year adjustment	291,560	-
	(1,060,902)	(1,666,046)
Total tax charge (5.a)	£1,235,770	£489,370

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

6. Finance costs

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

	30 Sep 11 £	30 Sep 10 £
Interim	4,071,427	4,985,302
Final	6,361,575	5,260,819
	10,433,002	10,246,121
Add: Amounts deducted on cancellation of shares	302,174	306,177
Deduct: Amounts added on issue of shares	(496,150)	(218,477)
Net distributions	10,239,026	10,333,821
Interest	1,830	123
Total finance costs	£10,240,856	£10,333,944
Net revenue after taxation	10,247,589	10,287,708
Add: Revenue brought forward	2,489	48,602
Less: Revenue carried forward	(11,052)	(2,489)
Net distributions as above	£10,239,026	£10,333,821

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

7. Debtors

	As at 30 Sep 11 £	As at 30 Sep 10 £
Accrued revenue	706,241	864,767
Amounts receivable on issue of shares	2,184,498	884,364
Currency transactions awaiting settlement	-	50,280
Overseas tax recoverable	161,239	103,441
Sales awaiting settlement	24,342,910	3,612,227
	£27,394,888	£5,515,079

8. Cash & bank balances

	As at 30 Sep 11 £	As at 30 Sep 10 £
Amounts held at futures clearing houses and brokers	6,682,431	9,661,222
Cash and bank balances	76,840,131	16,559,676
	£83,522,562	£26,220,898

9. Creditors

	As at 30 Sep 11 £	As at 30 Sep 10 £
Amounts payable on cancellation of shares	-	70,105
Corporation tax payable	886,601	292,654
Currency transactions awaiting settlement	-	50,416
Expense accruals	383,614	365,940
Purchases awaiting settlement	4,792,265	2,217,882
	£6,062,480	£2,996,997

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 tables and is refunded to the holders of these shares as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

11. Contingent liabilities

At 30 September 2011 there were no contingent liabilities or commitments at the current or prior year ends.

12. Related party transactions

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

At 30 September 2011 the amounts included in creditors in respect of management fees and registration fees due to the ACD are £348,529 and £11,709 respectively (30 September 2010: £332,459 and £11,179).

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

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

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

13. Financial instruments

The Authorised Corporate Director's policy and approach to managing the risks associated with financial instruments are included in the Risk Profile on pages 17 to 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 £
30 Sep 11				
Australian Dollar	11,609	64,218	6,976,503	7,052,330
Canadian Dollar	710,615	99,293	15,270,447	16,080,355
Danish Krone	8,608	39,816	2,248,462	2,296,886
Euro	1,312,676	1,848,330	55,430,590	58,591,596
Hong Kong Dollar	10,541	-	3,097,850	3,108,391
Japanese Yen	930,676	1,652,948	18,415,405	20,999,029
Korean Won	-	-	12,473,661	12,473,661
Malaysian Ringgit	-	-	11,306,863	11,306,863
Mexican Peso	18	-	18,361,007	18,361,025
New Zealand Dollar	-	-	5,243,814	5,243,814
Norwegian Krone	208,702	-	7,258,096	7,466,798
Polish Zloty	2,104	-	6,942,801	6,944,905
Singapore Dollar	2,233	-	10,404,833	10,407,066
Sterling	70,670,336	-	325,764,061	396,434,397
Swedish Krona	250,264	36,246	3,417,651	3,704,161
Swiss Franc	173,191	-	27,084,281	27,257,472
US Dollar	9,230,989	2,207,943	160,816,493	172,255,425
	£83,522,562	£5,948,794	£690,512,818	£779,984,174

Currency	Floating rate financial assets £	Fixed rate financial assets £	Financial assets not carrying interest £	Total £
30 Sep 10				
Australian Dollar	22,124	60,732	8,479,456	8,562,312
Canadian Dollar	626,711	103,963	10,543,586	11,274,260
Danish Krone	2,857	38,941	1,482	43,280
Euro	6,511,882	1,799,413	35,437,839	43,749,134
Hong Kong Dollar	10,603	-	3,325,310	3,335,913
Japanese Yen	219,747	1,374,486	32,787,414	34,381,647
Malaysian Ringgit	-	-	6,016,526	6,016,526
Mexican Peso	20	-	8,053,708	8,053,728
Norwegian Krone	40,808	-	6,240,939	6,281,747
Polish Zloty	2,312	-	-	2,312
Singapore Dollar	2,165	-	9,942,546	9,944,711
South Korean Won	-	-	12,345,220	12,345,220
Sterling	13,503,735	-	338,302,019	351,805,754
Swedish Krona	5,090	37,308	17,393,058	17,435,456
Swiss Franc	153,560	-	23,250,242	23,403,802
Taiwanese Dollar	-	-	8,789,358	8,789,358
US Dollar	5,332,582	1,936,715	147,795,638	155,064,935
	£26,434,196	£5,351,558	£668,704,341	£700,490,095

ii) Financial liabilities

Currency	Floating rate financial liabilities £	Financial liabilities not carrying interest £	Total £
30 Sep 11			
Australian Dollar	-	16,352,692	16,352,692
Canadian Dollar	-	10,392,888	10,392,888
Danish Krone	-	2,621,205	2,621,205
Euro	-	55,084,305	55,084,305
Hong Kong Dollar	-	2,376,065	2,376,065
Japanese Yen	-	7,265,126	7,265,126
Korean Won	-	2,440,298	2,440,298
Malaysian Ringgit	-	4,709,304	4,709,304
Mexican Peso	-	4,307,091	4,307,091
New Zealand Dollar	-	24,500,963	24,500,963
Norwegian Krone	-	8,132,751	8,132,751
Polish Zloty	-	2,353,593	2,353,593
Singapore Dollar	-	8,984,311	8,984,311
Sterling	-	85,137,016	85,137,016
Swedish Krona	-	1,102,981	1,102,981
Swiss Franc	-	22,354,485	22,354,485
Turkish Lira	-	524,159	524,159
US Dollar	-	61,800,242	61,800,242
	-	£320,439,475	£320,439,475

Currency	Floating rate financial liabilities £	Financial liabilities not carrying interest £	Total £
30 Sep 10			
Australian Dollar	-	20,338,714	20,338,714
Canadian Dollar	-	7,777,093	7,777,093
Euro	-	34,214,878	34,214,878
Hong Kong Dollar	-	2,255,874	2,255,874
Japanese Yen	-	16,706,140	16,706,140
New Zealand Dollar	-	17,038,985	17,038,985
Norwegian Krone	-	7,099,884	7,099,884
Singapore Dollar	-	4,567,163	4,567,163
Sterling	-	52,713,665	52,713,665
Swedish Krona	-	4,658,618	4,658,618
Swiss Franc	-	9,145,554	9,145,554
US Dollar	-	69,798,781	69,798,781
	-	£246,315,349	£246,315,349

(b) Currency exposure

A significant 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 £
30 Sep 11			
Australian Dollar	(9,364,580)	64,218	(9,300,362)
Canadian Dollar	(849,499)	6,536,966	5,687,467
Danish Krone	(2,407,192)	2,082,873	(324,319)
Euro	(22,577,799)	26,085,090	3,507,291
Hong Kong Dollar	(2,365,524)	3,097,850	732,326
Japanese Yen	(261,630)	13,995,533	13,733,903
Korean Won	7,806,443	2,226,920	10,033,363
Malaysian Ringgit	6,597,559	-	6,597,559
Mexican Peso	14,053,934	-	14,053,934
New Zealand Dollar	(19,257,149)	-	(19,257,149)
Norwegian Krone	(5,550,979)	4,885,026	(665,953)
Polish Zloty	4,591,312	-	4,591,312
Singapore Dollar	1,422,755	-	1,422,755
Swedish Krona	2,564,934	36,246	2,601,180
Swiss Franc	565,707	4,337,280	4,902,987
Turkish Lira	(524,159)	-	(524,159)
US Dollar	(4,010,807)	114,465,990	110,455,183
	(29,566,674)	177,813,992	148,247,318
Sterling	133,528,225	177,769,156	311,297,381
	£103,961,551	£355,583,148	£459,544,699

Currency	Monetary exposures £	Non-monetary exposures £	Total £
30 Sep 10			
Australian Dollar	(18,039,115)	6,262,713	(11,776,402)
Canadian Dollar	(4,897,266)	8,394,433	3,497,167
Danish Krone	4,065	39,215	43,280
Euro	(17,739,821)	27,274,077	9,534,256
Hong Kong Dollar	(2,245,270)	3,325,309	1,080,039
Japanese Yen	(2,920,354)	20,595,861	17,675,507
Malaysian Ringgit	6,016,526	-	6,016,526
Mexican Peso	8,053,728	-	8,053,728
New Zealand Dollar	(17,038,985)	-	(17,038,985)
Norwegian Krone	(3,472,589)	2,654,452	(818,137)
Polish Zloty	2,312	-	2,312
Singapore Dollar	5,377,548	-	5,377,548
South Korean Won	12,345,220	-	12,345,220
Swedish Krona	12,739,369	37,469	12,776,838
Swiss Franc	10,029,622	4,228,626	14,258,248
Taiwanese Dollar	8,789,358	-	8,789,358
US Dollar	(39,984,219)	125,250,373	85,266,154
	(42,979,871)	198,062,528	155,082,657
Sterling	72,918,114	226,173,975	299,092,089
	£29,938,243	£424,236,503	£454,174,746

(c) Fair value of financial assets and financial liabilities

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

(d) Derivative exposure

The Fund invests in exchange traded index futures for Efficient Portfolio Management purposes, consistent with the Investment Objective of the Fund, as discussed in the Risk Profile on pages 17 to 19. Investments in these instruments are used to gain low levels of exposure to certain indices on a longer-term basis and, in order to cover cashflows arising from subscriptions and redemptions in the Fund, to gain exposure to markets on a shorter-term basis, prior direct investment.

14. Portfolio transaction costs

Analysis of total purchase costs	30 Sep 11	30 Sep 10
	£	£
Purchases in year before transaction costs	213,120,048	173,309,238
Commissions & taxes	409,291	402,645
Total purchase costs	409,291	402,645
Gross purchase total	£213,529,339	£173,711,883
Analysis of total sale costs	30 Sep 11	30 Sep 10
	£	£
Gross sales in year before transaction costs	246,852,410	182,565,818
Commissions & taxes	(203,519)	(174,126)
Total sale costs	(203,519)	(174,126)
Total sales net of transaction costs	£246,648,891	£182,391,692

Distribution table**For the year ended 30 September 2011 (in pence per share)**

Final dividend distribution

Group 1: Shares purchased prior to 1 April 2011

Group 2: Shares purchased between 1 April 2011 and 30 September 2011

	Net revenue (p)	Equalisation (note 10) (p)	Distribution payable 30/11/11 (p)	Distribution paid 30/11/10 (p)
Class A - Accumulation				
Group 1	0.84	-	0.84	0.73
Group 2	0.49	0.35	0.84	0.73
Class B - Accumulation				
Group 1	1.04	-	1.04	0.92
Group 2	0.45	0.59	1.04	0.92

Interim dividend distribution

Group 1: Shares purchased prior to 1 October 2010

Group 2: Shares purchased between 1 October 2010 and 31 March 2011

	Net revenue (p)	Equalisation (note 10) (p)	Distribution paid 31/05/11 (p)	Distribution paid 31/05/10 (p)
Class A - Accumulation				
Group 1	0.41	-	0.41	0.63
Group 2	0.10	0.31	0.41	0.63
Class B - Accumulation				
Group 1	0.70	-	0.70	0.90
Group 2	0.25	0.45	0.70	0.90

UBS Multi-Asset Income Fund

Manager's report

Investment objective and policy

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

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

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

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

Market environment

In aggregate, equity markets declined over the year with developed markets faring better than their emerging market counterparts. Within developed markets, the notable outperformer was the US, which managed to eke out a positive return over the period. In contrast, the continental European markets were the standout laggards, with concerns over the Eurozone debt crisis weighing heavily on their equity markets. REITs performed better than the broader equity market over the period under review, substantially outperforming for the first nine months, while underperforming in the third quarter of 2011.

Equity markets began the period in positive fashion, being driven forwards by the prospect of further quantitative easing in the US. They continued to make further progress until mid-February when mounting concerns over unrest in the Middle East and North Africa weighed on sentiment. Markets suffered a further setback on account of the tragic events in Japan although

most of these losses were recovered across most markets by the end of the first quarter 2011.

Markets started the second quarter of 2011 in fairly sanguine fashion before the mood darkened considerably in May as problems in the Eurozone periphery intensified, echoing events in the same period of last year. However, this was all sideshow to events in the third quarter when the market increasingly feared that contagion could engulf Italy, the largest issuer of debt in Europe. This, tied to concerns over a Chinese slowdown, the possibility of a double-dip recession, and the wrangling over the US debt ceiling by politicians in the US, culminated in significant declines across equity markets in the third quarter of 2011.

Leading bond markets, such as the US, UK and Germany, performed well over the period, registering particularly strong returns in the second and third quarter of 2011 as risk aversion mounted. Index-linked gilts performed even better, with their inflation-protection qualities much in demand as a result of inflation-data persistently coming in higher than expected in the UK. In the credit markets, spreads widened significantly across the spectrum in the second and third quarter of 2011. This trend was particularly pronounced in continental Europe.

Fund performance

The Multi-Asset Income Fund was broadly flat over the year to 30 September 2011 (returning -1.9%* in sterling terms). The Fund performed very strongly up until July 2011, before suffering declines in August and September as risk aversion swept through markets. Up until July the Fund benefitted from its large exposure to fixed income markets, such as corporate bonds and high yield debt, on account of the decent levels of income received from the investments as well as the sharp fall in yields from the start of the second quarter in 2011. However, increasing levels of risk aversion caused a sharp widening of credit spreads, particularly in the third quarter of 2011, leading to an overall detractor over the period from high yield debt and a broadly neutral impact from corporate bonds. The story was similar with the Fund's real estate exposure, which had performed exceptionally well over the year before suffering a significant setback in the third quarter of 2011.

* Source: Upper-Hindsight. Performance is based on NAV prices with income reinvested net of basic tax rate and in sterling terms to 30 September 2011, based on Class A Accumulation Net shares.

The Fund's most prominent positive contribution came from the Fund's holdings in index-linked gilts. Index-linked gilts are the risk-free asset of choice for this Fund, given their inflation protecting qualities, an important characteristic particularly where income is the primary focus. The Fund built up increasingly large allocations to index-linked gilts over the period under review, starting from a very low base in September 2010 of 4% up to close to 40% at the end of September 2011. This positioning was rewarded for two reasons. Firstly, inflation in the UK remains some way above target (as it has been for a number of years). While we share the Bank of England's view that this is largely due to one-off factors, such as the depreciation of sterling, the VAT increase and the strength of commodity prices, this has led to increasing demand for such instruments. Secondly, index-linked gilts have benefitted from risk aversion, with the UK viewed as a relative safe-haven following actions by the coalition government to rein in the country's fiscal deficit.

Outlook

In-line with the Fund's focus on generating income with the lowest level of risk required to meet the Fund's income objectives, we have adopted a much more cautious stance within the Fund, which has led the Fund to currently have no direct equity exposure. In addition to a weaker growth outlook, our proprietary 'headwind-tailwind model', which attempts to determine the stage of the economic cycle, has signalled that we are moving into a slowdown phase following a mild recovery and, in effect, a non-existent 'boom' stage. This stage of the cycle is not typically associated with strong equity markets, hence the move to the low weighting. We do, however, continue to have real estate exposure through the REITs market.

In the fixed income markets, we currently have a preference for investment grade bonds over high yield bonds, preferring the relative certainty of the coupon payments received. Credit spreads remain reasonably attractive and companies are generally in good shape. Within the corporate bond sector, we have no exposure to European corporate bonds having closed this position in June but maintain holdings in the US and UK.

Core government bonds markets are fundamentally overvalued. However, at present, with heightened levels of risk aversion, a continued commitment by leading central banks to maintain easy monetary conditions, and weak growth expectations fuelled by fiscal austerity, we see no catalyst to lead them to substantially weaken in the near-term and are comfortable with the Fund's holdings in index-linked gilts.

Percentage growth

	30/09/10 to 30/09/11 %	Launch to 30/09/10 %
Class A – Accumulation Gross Shares	-0.79	6.18
Class A – Accumulation Net Shares	-1.90	7.10
Class A – Income Gross Shares	-2.50	-
Class A – Income Net Shares	-1.84	7.26
Class K – Accumulation Gross Shares	0.53	11.04

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

Launch date: Class K Accumulation Gross Shares: 30 October 2009; Class A Income Net Shares: 13 November 2009; Class A Accumulation Net Shares: 16 November 2009; Class A Accumulation Gross Shares: 10 March 2010; Class A Income Gross shares: 31 January 2011.

UBS Global Asset Management Funds Ltd
16 December 2011

Performance record**1. Fund size**

Accounting year 30 September	Number of shares in issue	Total net asset value per share (p)*	Total net asset value (£)
2010			
Class A - Accumulation Gross	13,985	53.3	7,457
Class A - Accumulation Net	742,055	53.6	397,428
Class A - Income Net	1,259,595	51.8	652,699
Class K - Accumulation Gross	18,300	11,153.6	2,041,107
			£3,098,691
2011			
Class A - Accumulation Gross	48,694	52.5	25,582
Class A - Accumulation Net	6,021,555	52.4	3,156,494
Class A - Income Gross	29,238	47.1	13,785
Class A - Income Net	4,518,968	48.6	2,195,678
Class K - Accumulation Gross	18,300	11,139.0	2,038,437
			£7,429,976

* rounded to one decimal place.

2. Total expense ratio

The total expense ratio (TER) below is calculated using the most recent audited results and as described in the Financial Services Authority's Collective Investment Schemes Sourcebook 4 Annex 1 R.

Share class	30 Sep 11 (%)	30 Sep 10 (%)
Class A - Accumulation Gross	1.97	2.15
Class A - Accumulation Net	1.97	2.15
Class A - Income Gross	1.97	-
Class A - Income Net	1.97	2.15
Class K - Accumulation Gross	0.66	0.89

3. Share dealing price range and distribution record

The Fund was launched on 30 October 2009 at a price of 50.00p for Class A Accumulation Net shares and Class A Income Net shares and 10,000p for Class K Accumulation Gross shares. Class A Accumulation Gross shares were launched on 10 March 2010 at a price of 50.00p. Class A Income Gross shares were launched on 1 February 2011 at a price of 50.00p.

Calendar year	Highest price (p)	Lowest price (p)	Distribution per share (p)
Class A - Accumulation Gross			
2010 ^{††}	54.79	48.20	2.70
2011 to 30 September	56.71	52.34	1.71
Class A - Accumulation Net			
2009 [†]	50.32	49.44	0.43
2010	55.21	48.80	2.25
2011 to 30 September	56.66	52.20	1.34
Class A - Income Gross			
2011 to 30 September ^{†††}	51.99	47.27	1.47
Class A - Income Net			
2009 [†]	50.40	49.59	0.44
2010	53.11	47.51	2.26
2011 to 30 September	53.49	48.71	1.29
Class K - Accumulation Gross			
2009 [†]	10,244.88	9,874.38	99.40
2010	11,477.32	9,986.60	605.70
2011 to 30 September	11,990.22	11,090.95	366.47

[†] covers period from launch to 31 December 2009.^{††} covers period from launch to 31 December 2010.^{†††} covers period from launch to 30 September 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
As at 30 September 2011

	Holding	Market value £	Percentage of total net assets %
Collective Investment Schemes - 60.15% (30 Sep 10: 95.91%)			
Ireland - 55.74% (30 Sep 10: 79.21%)			
Invesco Global High Income 'A' (USD)	39,966	308,125	4.15
Invesco Global Real Estate Securities 'A' (USD)	174,614	906,811	12.20
iShares Corporate Bond (GBP)	7,231	842,448	11.34
iShares Corporate Bond (USD)	19,026	1,257,978	16.93
iShares II FTSE UK Property	238,147	826,132	11.12
Luxembourg - 4.41% (30 Sep 10: 13.70%)			
Schroder ISF Global High Yield 'A' (Distribution)	27,926	327,519	4.41
United Kingdom - 0.00% (30 Sep 10: 3.00%)			
Bonds - 40.67% (30 Sep 10: 3.72%)			
Fixed Interest - 40.67% (30 Sep 10: 3.72%)			
Treasury Index Linked 1.25% 2027	570,000	816,378	10.99
Treasury Index Linked 1.25% 2032	580,000	762,080	10.26
Treasury Index Linked 2.5% 2013	48,000	136,008	1.83
Treasury Index Linked 2.5% 2016	189,000	640,219	8.61
Treasury Index Linked 2.5% 2024	211,000	667,435	8.98
Derivatives - (0.95)% (30 Sep 10: 0.10%)			
Options - 0.00% (30 Sep 10: 0.50%)			
Forward Currency Contracts - (0.95)% (30 Sep 10: 0.60%)			
Bought Sterling 5,042,186			
Sold US Dollar 8,080,000		(139,815)	(1.88)
Bought US Dollar 3,560,000			
Sold Sterling 2,213,573		69,585	0.94

All investments are approved securities as defined in the Collective Investment Schemes sourcebook unless otherwise stated.

Portfolio movements

For the year ended 30 September 2011

Major purchases	Cost £
iShares Corporate Bond (USD)	1,191,062
iShares Corporate Bond (GBP)	1,166,642
Schroder ISF Global High Yield 'A' (Distribution)	884,750
iShares S&P 500	837,834
Invesco Global High Income 'A' (USD)	826,481
Treasury Index Linked 1.25% 2027	800,768
Treasury Index Linked 1.25% 2032	742,187
iShares II FTSE UK Property	709,406
Invesco Global Real Estate Securities 'A' (USD)	687,991
Treasury Index Linked 2.5% 2016	619,386
Treasury Index Linked 2.5% 2024	575,416
iShares FTSE 100	501,101
iShares Corporate Bond (EUR)	319,550
iShares High Yield Bond (EUR)	158,893
Treasury Index Linked 2.5% 2013	92,187
S&P 500 Call Option 1140 Nov 2010	8,786
Euro Stoxx 50 Call Option 2750 Dec 2010	6,568
S&P Call Option 1240 Nov 2011	3,509
DJ Euro Stoxx 50 Call Option 2950 Dec 2010	1,581
S&P Call Option 1180 Nov 2010	1,268
Total for the year (Note 14)	£10,142,054

Major sales	Proceeds £
iShares S&P 500	1,160,685
Invesco Global High Income 'A' (USD)	931,908
Schroder ISF Global High Yield 'A' (Distribution)	904,542
iShares FTSE 100	553,168
iShares Corporate Bond (EUR)	488,281
iShares II Euro Stoxx 50	413,624
iShares Corporate Bond (GBP)	411,843
iShares Corporate Bond (USD)	281,443
iShares High Yield Bond (EUR)	156,104
iShares II FTSE UK Property	108,674
Treasury Index Linked 2.5% 2016	33,252
S&P Call Option 1240 Nov 2011	3,847
S&P Call Option 1390 Aug 2011	3,393
FTSE 100 Call Option 6000 Oct 2011	3,194
S&P Call Option 1330 Aug 2011	1,683
S&P Call Option 1340 May 2011	1,472
FTSE 100 Call Option 6250 Jul 2011	1,107
FTSE 100 Call Option 5450 Oct 2011	979
FTSE 100 Call Option 5500 Oct 2011	949
S&P Call Option 1275 Nov 2011	912
Total for the year (Note 14)	£5,466,346

Statement of total return**For the year ended 30 September 2011**

	Notes	£	30 Sep 11	£	30 Sep 10
Income					
Net capital (losses)/gains	2		(395,755)		171,865
Revenue	3	226,294		117,416	
Expenses	4	(46,023)		(17,210)	
Finance costs: Interest	6	(185)		(8)	
Net revenue before taxation		180,086		100,198	
Taxation	5	3,724		-	
Net revenue after taxation			183,810		100,198
Total return before distributions			(211,945)		272,063
Finance costs: Distributions	6		(229,026)		(117,315)
Change in net assets attributable to shareholders from investment activities			£(440,971)		£154,748

Statement of change in net assets attributable to shareholders**For the year ended 30 September 2011**

	£	30 Sep 11	£	30 Sep 10
Opening net assets attributable to shareholders		3,098,691		-
Amounts receivable on issue of shares	4,763,123		2,882,991	
Amounts payable on cancellation of shares	(152,709)		(41,541)	
Change in net assets attributable to shareholders		4,610,414		2,841,450
from investment activities (see Statement of total return)		(440,971)		154,748
Retained distribution on accumulation shares		162,382		102,659
Stamp duty reserve tax		(540)		(166)
Closing net assets attributable to shareholders		£7,429,976		£3,098,691

Balance sheet			
As at 30 September 2011			
	Notes	As at 30 Sep 11 £	As at 30 Sep 10 £
ASSETS			
Investment assets		7,560,718	3,123,047
Debtors	7	46,509	12,120
Cash and bank balances	8	21,538	50,028
Total other assets		68,047	62,148
Total assets		7,628,765	3,185,195
LIABILITIES			
Investment liabilities		140,200	32,694
Creditors	9	40,384	48,520
Distribution payable on income shares		18,205	5,290
Total other liabilities		58,589	53,810
Total liabilities		198,789	86,504
Net assets attributable to shareholders		£7,429,976	£3,098,691

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

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

2. Net capital (losses)/gains

	30 Sep 11 £	30 Sep 10 £
Currency gains	6,017	-
Derivative contracts	(23,461)	3,210
Forward currency contracts	(102,700)	(3,705)
Non-derivative securities	(273,892)	173,432
Transaction charges	(1,719)	(1,072)
Net capital (losses)/gains	£(395,755)	£171,865

3. Revenue

	30 Sep 11 £	30 Sep 10 £
Bank interest	395	70
Fee rebate	11,456	4,508
Interest on debt securities	21,068	6,602
Option income	30,683	25,949
Overseas dividends	162,692	80,287
	£226,294	£117,416

4. Expenses

	30 Sep 11 £	30 Sep 10 £
<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	33,442	5,344
Registration fees	1,872	298
	35,314	5,642
<i>Payable to the Depositary, associates of the Depositary and agents of either of them:</i>		
Depositary's fees	572	253
	572	253
<i>Payable to other related parties and third parties:</i>		
Audit fees	9,000	8,813
Derivative fees	-	1,520
Safe custody fees	49	49
Taxation fees	1,088	933
	10,137	11,315
	£46,023	£17,210

5. Taxation

(a) Analysis of tax charge

	30 Sep 11 £	30 Sep 10 £
Prior year adjustment	(3,724)	-
Total tax charge (5.b)	£(3,724)	-

(b) Factors affecting current tax charge

The tax charged for the year is lower than the standard 20% rate of corporation tax applicable to the revenue received by open-ended investment companies (30 September 2010: 20%).

The differences are explained below:

	30 Sep 11 £	30 Sep 10 £
Net revenue before taxation	180,086	100,198
Corporation tax at 20%	36,017	20,040
<i>Effects of:</i>		
Dividends not subject to corporation tax	(4,768)	(4,525)
Interest distributions	(38,163)	(18,055)
Movement in excess expenses	6,914	3,442
Non-trade deficit set against current year revenue	-	(902)
Prior year adjustment	(3,724)	-
Total tax charge (5.a)	(39,741)	(20,040)
	£(3,724)	-

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

(c) Deferred tax assets

At 30 September 2011 the Fund had excess management expenses of £51,778 (30 September 2010: £17,210). The deferred tax in respect of this would be £10,356 (30 September 2010: £3,442). It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised.

6. Finance costs

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

	30 Sep 11 £	30 Sep 10 £
Interim - first quarter	67,591	20,376
Interim - second quarter	33,074	14,568
Interim - third quarter	78,978	47,082
Final	68,555	41,844
	248,198	123,870
Add: Amounts deducted on cancellation of shares	938	267
Deduct: Amounts added on issue of shares	(20,110)	(6,822)
Net distributions	229,026	117,315
Interest	185	8
Total finance costs	£229,211	£117,323
Net revenue after taxation	183,810	100,198
Add: Expense charged to capital	46,023	17,210
Add: Revenue brought forward	93	-
Less: Revenue carried forward	(900)	(93)
Net distributions as above	£229,026	£117,315

Details of the distribution per share are set out in the table on pages 57 to 58.

7. Debtors

	As at 30 Sep 11 £	As at 30 Sep 10 £
Accrued revenue	15,225	4,668
Amounts receivable on issue of shares	31,284	7,452
	£46,509	£12,120

8. Cash & bank balances

	As at 30 Sep 11 £	As at 30 Sep 10 £
Amounts held at futures clearing houses and brokers	-	1,640
Cash and bank balances	21,538	48,388
	£21,538	£50,028

9. Creditors

	As at 30 Sep 11 £	As at 30 Sep 10 £
Amounts payable on cancellation of shares	4,337	-
Expense accruals	19,034	11,845
Income tax payable	17,013	8,392
Purchases awaiting settlement	-	28,283
	£40,384	£48,520

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 tables and is refunded to the holders of these shares as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

11. Contingent liabilities

There were no contingent liabilities or commitments at the current or prior year ends.

12. Related party transactions

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

At 30 September 2011 the amounts included in creditors in respect of management fees and registration fees due to the ACD are £5,525 and £309 respectively (30 September 2010: £1,017 and £57).

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

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

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

UBS AG is the sole shareholder of the Multi-Asset Income Fund's K Accumulation Gross share class.

13. Financial instruments

The Authorised Corporate Director's policy and approach to managing the risks associated with financial instruments are included in the Risk Profile on pages 17 to 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 £
30 Sep 11				
Euro	3,569	-	-	3,569
Sterling	13,436	3,022,120	8,015,253	11,050,809
US Dollar	4,533	-	3,864,094	3,868,627
	£21,538	£3,022,120	£11,879,347	£14,923,005
30 Sep 10				
Euro	12,031	571,729	39,921	623,681
Sterling	26,978	217,405	2,901,685	3,146,068
US Dollar	11,019	1,587,963	282,641	1,881,623
	£50,028	£2,377,097	£3,224,247	£5,651,372

ii) Financial liabilities

Currency	Floating rate financial liabilities £	Financial liabilities not carrying interest £	Total £
30 Sep 11			
Sterling	-	2,311,028	2,311,028
US Dollar	-	5,182,001	5,182,001
	-	£7,493,029	£7,493,029
30 Sep 10			
Euro	-	617,721	617,721
Sterling	-	71,271	71,271
US Dollar	-	1,863,689	1,863,689
	-	£2,552,681	£2,552,681

(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 £
30 Sep 11			
Euro	3,569	-	3,569
US Dollar	(2,855,828)	1,542,454	(1,313,374)
	(2,852,259)	1,542,454	(1,309,805)
Sterling	2,791,102	5,948,679	8,739,781
	£(61,157)	£7,491,133	£7,429,976
30 Sep 10			
Euro	(558,502)	564,462	5,960
US Dollar	(1,852,670)	1,870,604	17,934
	(2,411,172)	2,435,066	23,894
Sterling	2,437,910	636,887	3,074,797
	£26,738	£3,071,953	£3,098,691

(c) Fair value of financial assets and financial liabilities

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

(d) Derivative exposure

The Fund invests in currency forwards, exchange traded index futures and options for Efficient Portfolio Management purposes, consistent with the Investment Objective of the Fund, as discussed in the Risk Profile on pages 17 to 19.

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

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

14. Portfolio transaction costs

Analysis of total purchase costs	£	30 Sep 11	£	30 Sep 10	£
Purchases in year before transaction costs		10,133,177		4,009,605	
Commissions & taxes	8,877		2,603		
Total purchase costs		8,877		2,603	
Gross purchase total		£10,142,054		£4,012,208	

Analysis of total sales costs	£	30 Sep 11	£	30 Sep 10	£
Gross sales in year before transaction costs		5,471,259		1,136,199	
Commissions & taxes	(4,913)		(805)		
Total sale costs		(4,913)		(805)	
Total sales net of transaction costs		£5,466,346		£1,135,394	

Distribution table**For the year ended 30 September 2011 (in pence per share)**

Final interest distribution

Group 1: Shares purchased prior to 1 July 2011

Group 2: Shares purchased between 1 July 2011 and 30 September 2011

	Gross revenue (p)	Income tax (20%)	Net revenue (p)	Equalisation (note 10) (p)	Distribution payable 30/11/11 (p)	Distribution paid 30/11/10 (p)
Class A - Accumulation Gross						
Group 1	0.490000	-	0.490000	-	0.490000	0.730000
Group 2	0.490000	-	0.490000	0.000000	0.490000	0.730000
Class A - Accumulation Net						
Group 1	0.500000	0.100000	0.400000	-	0.400000	0.350000
Group 2	0.296278	0.059255	0.237023	0.162977	0.400000	0.350000
Class A - Income Gross						
Group 1	0.440000	-	0.440000	-	0.440000	-
Group 2	0.440000	-	0.440000	0.000000	0.440000	-
Class A - Income Net						
Group 1	0.500000	0.100000	0.400000	-	0.400000	0.420000
Group 2	0.305637	0.061127	0.244510	0.155490	0.400000	0.420000
Class K - Accumulation Gross						
Group 1	109.430000	-	109.430000	-	109.430000	152.650000
Group 2	109.430000	-	109.430000	0.000000	109.430000	152.650000

Third quarter interim interest distribution

Group 1: Shares purchased prior to 1 April 2011

Group 2: Shares purchased between 1 April 2011 and 30 June 2011

	Gross revenue (p)	Income tax (20%)	Net revenue (p)	Equalisation (note 10) (p)	Distribution paid 30/08/11 (p)	Distribution paid 30/08/10 (p)
Class A - Accumulation Gross						
Group 1	0.790000	-	0.790000	-	0.790000	0.970000
Group 2	0.790000	-	0.790000	0.000000	0.790000	0.970000
Class A - Accumulation Net						
Group 1	0.762500	0.152500	0.610000	-	0.610000	0.800000
Group 2	0.333395	0.066679	0.266716	0.343284	0.610000	0.800000
Class A - Income Gross						
Group 1	0.720000	-	0.720000	-	0.720000	-
Group 2	0.720000	-	0.720000	0.000000	0.720000	-
Class A - Income Net						
Group 1	0.712500	0.142500	0.570000	-	0.570000	0.790000
Group 2	0.445772	0.089154	0.356618	0.213382	0.570000	0.790000
Class K - Accumulation Gross						
Group 1	165.470000	-	165.47000	-	165.470000	189.650000
Group 2	165.470000	-	165.47000	0.000000	165.470000	189.650000

Second quarter interim interest distribution

Group 1: Shares purchased prior to 1 January 2011

Group 2: Shares purchased between 1 January 2011 and 31 March 2011

	Gross revenue (p)	Income tax (20%)	Net revenue (p)	Equalisation (note 10) (p)	Distribution paid 31/05/11 (p)	Distribution paid 31/05/10 (p)
Class A - Accumulation Gross						
Group 1	0.430000	-	0.430000	-	0.430000	0.050000
Group 2	0.024079	-	0.024079	0.405921	0.430000	0.050000
Class A - Accumulation Net						
Group 1	0.412500	0.082500	0.330000	-	0.330000	0.220000
Group 2	0.226298	0.045259	0.181039	0.148961	0.330000	0.220000
Class A - Income Gross						
Group 1	0.310000	-	0.310000	-	0.310000	-
Group 2	0.310000	-	0.310000	0.000000	0.310000	-
Class A - Income Net						
Group 1	0.400000	0.080000	0.320000	-	0.320000	0.240000
Group 2	0.055292	0.011058	0.044234	0.275766	0.320000	0.240000
Class K - Accumulation Gross						
Group 1	91.570000	-	91.570000	-	91.570000	64.890000
Group 2	91.570000	-	91.570000	0.000000	91.570000	64.890000

First quarter interim interest distribution

Group 1: Shares purchased prior to 1 October 2010

Group 2: Shares purchased between launch date and 31 December 2010

	Gross revenue (p)	Income tax (20%)	Net revenue (p)	Equalisation (note 10) (p)	Distribution paid 28/02/11 (p)	Distribution paid 28/02/10 (p)
Class A - Accumulation Gross						
Group 1	0.950000	-	0.950000	-	0.950000	-
Group 2	0.185182	-	0.185182	0.764818	0.950000	-
Class A - Accumulation Net						
Group 1	1.100000	0.220000	0.880000	-	0.880000	0.430000
Group 2	0.678185	0.135637	0.542548	0.337452	0.880000	0.430000
Class A - Income Net						
Group 1	1.012500	0.202500	0.810000	-	0.810000	0.440000
Group 2	0.596361	0.119272	0.477089	0.332911	0.810000	0.440000
Class K - Accumulation Gross						
Group 1	198.510000	-	198.510000	-	198.510000	99.400000
Group 2	198.510000	-	198.510000	0.000000	198.510000	99.400000

UBS Targeted Return Fund

Manager's report

Investment objective and policy

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

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

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

IMA sector change

The Fund changed IMA sector on 30 November 2011 from the Cautious Managed Sector to the Specialist Sector. The Investment objective remains unchanged.

Market environment

In aggregate, equity markets declined over the year with developed markets faring better than their emerging market counterparts. Within developed markets, the notable outperformer was the US, which managed to eke out a positive return over the period. In contrast, the continental European markets were the standout laggards, with concerns over the Eurozone debt crisis weighing heavily on their equity markets.

Equity markets began the period in positive fashion, being driven forwards by the prospect of further quantitative easing in the US. They continued to make further progress until mid-February when mounting concerns over unrest in the Middle East and North Africa weighed on sentiment. Markets suffered a further setback on account of the tragic events in Japan although most of these losses were recovered across most markets by the end of the quarter. Markets started the second quarter of 2011 in fairly sanguine fashion before the mood darkened considerably in May as problems in the Eurozone periphery intensified, echoing events in the same period of last year.

However, this was all a sideshow to events in the third quarter when the market increasingly feared that contagion could engulf Italy, the largest issuer of debt in Europe. This, tied to concerns over a Chinese slowdown, the possibility of a double-dip recession, and the wrangling over the US debt ceiling by politicians in the US, culminated in significant declines across equity markets in the third quarter of 2011. Leading bond markets, such as the US, UK and Germany, performed well over the period, registering particularly strong returns in the second and third quarter of 2011 as risk aversion mounted. In the credit markets, spreads widened significantly across the spectrum in the second and third quarter of 2011. This trend was particularly pronounced in continental Europe.

Fund performance

The Targeted Return suffered a decline over the course of the year (returning -4.2%* in sterling terms over the period versus 4.8% for the benchmark) but, broadly speaking, outperformed most equity markets. The Fund's performance over the year suffered primarily due to positive equity exposure and from weak security selection within the underlying components. Partially offsetting this was the Fund's successful positioning within the government bond markets, such as its overweight to UK government bonds relative to Japanese government bonds as well as tactical increases in duration in the first and second quarter of 2011. The contribution from the Fund's currency strategy was negligible, having underperformed for much of the period under review, the strategy performed very strongly in the third quarter of 2011, benefiting from underweight positions in economically sensitive currencies, such as Australian dollar and New Zealand dollar, as well as to the euro.

In terms of positioning, the Fund had positive exposure to equities throughout the period but, having been overweight equities relative to where we would expect to be in the long-term, we are now at a more neutral position. In terms of the Fund's positioning within equities, we maintain a preference for Japanese equities relative to Taiwan and Korea.

* Source: Lipper-Hindsight. Performance is based on NAV prices with income reinvested net of basic tax rate and in sterling terms to 30 September 2011, based on Class A Accumulation Net shares.

More recently we have introduced some additional relative positions into the Fund, including an overweight to Chinese equities listed in Hong Kong over Chinese equities listed in China in August. We also recently closed the Fund's overweight position to US large cap equities, relative to US small cap equities, which had performed well during the recent market weakness.

On the fixed income side, the Fund is broadly duration neutral. In addition, the Fund has significant investment grade credit exposure, with a preference for US over Europe. The Fund also has positive exposure to high yield credit and relatively small exposures to hedge fund/absolute return strategies, infrastructure and commodities.

Outlook

Having had a preference for being overweight equities for the last few years, we have now moved to a neutral stance. In addition to concerns about the difficult economic environment, our proprietary 'headwind-tailwind model', which attempts to determine the stage of the economic cycle, has signalled that we are moving into a slowdown phase following a mild recovery and, in effect, a non-existent 'boom' stage. This stage of the cycle is not typically associated with strong equity markets, hence the move to underweight. In a practical sense, our mindset has switched from 'buying the dips' to 'selling the rallies'.

In the fixed income markets, we maintain a preference for investment grade credit over government bonds. Credit spreads remain reasonably attractive and companies are generally in good shape. Core government bonds markets are fundamentally overvalued. However, at present, with heightened levels of risk aversion, a continued commitment by leading central banks to maintain easy monetary conditions, and weak growth expectations fuelled by fiscal austerity, we see no catalyst to lead them to substantially weaken in the near-term. Consequently, the Fund has a broadly neutral duration exposure.

Percentage growth

	30/09/10 to 30/09/11	30/09/09 to 30/09/10	30/09/08 to 30/09/09	30/09/07 to 30/09/08	Launch to 30/09/07
Class A – Accumulation Shares	-4.17	2.84	-1.27	-9.28	-1.03
Class B – Accumulation Shares	-3.73	3.49	-0.77	-9.01	-0.96
Class C – Accumulation Shares	-3.88	3.29	-0.95	-9.16	-0.97
Class J – Accumulation Shares	-3.52	3.71	-0.58	-8.87	-0.76
Class K – Accumulation Shares	-2.86	2.10	-	-1.74	-0.41

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

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

UBS Global Asset Management Funds Ltd
16 December 2011

Performance record**1. Fund size**

Accounting year 30 September	Number of shares in issue	Total net asset value per share (p)*	Total net asset value (£)
2009			
Class A - Accumulation	11,185,644	88.7	9,921,460
Class B - Accumulation	223,571	89.5	200,029
Class C - Accumulation	60,745	891.5	541,537
Class J - Accumulation	3,737,205	8,995.9	336,195,213
			£346,858,239
2010			
Class A - Accumulation	8,900,012	91.6	8,154,959
Class B - Accumulation	269,001	92.9	249,826
Class C - Accumulation	60,745	923.9	561,246
Class J - Accumulation	2,253,780	9,355.0	210,841,403
Class K - Accumulation	111,068	10,243.5	11,377,239
			£231,184,673
2011			
Class A - Accumulation	5,055,282	86.5	4,373,759
Class B - Accumulation	222,866	88.1	196,301
Class C - Accumulation	10,001	876.1	87,614
Class J - Accumulation	439,215	8,907.8	39,124,425
Class K - Accumulation	510,417	9,784.3	49,940,840
			£93,722,939

* rounded to one decimal place.

2. Total expense ratio

The total expense ratio (TER) below is calculated using the most recent audited results and as described in the Financial Services Authority's Collective Investment Schemes Sourcebook 4 Annex 1 R.

Share class	30 Sep 11 (%)	30 Sep 10 (%)
Class A - Accumulation	1.92	1.87
Class B - Accumulation	1.28	1.22
Class C - Accumulation	1.48	1.42
Class J - Accumulation	1.03	0.98
Class K - Accumulation	0.28	0.20

3. Share dealing price range and distribution record

The Fund was launched on 23 February 2007 at a price of £100.00 for Class J Accumulation and Class K Accumulation shares, and £10.00 for Class C Accumulation shares. The Class B Accumulation shares were launched on 28 March 2007 at £1.00 and Class A Accumulation shares were launched on 24 May 2007 at £1.00. Class K Accumulation closed on 4 March 2008 but relaunched on 27 May 2010 at a price of £100.00.

Calendar year	Highest price (p)	Lowest price (p)	Distribution per share (net) (p)
Class A - Accumulation			
2007 [†]	101.66	96.87	0.47
2008	102.06	67.71	0.74
2009	92.88	61.57	1.04
2010	96.65	87.27	0.50
2011 to 30 September	98.66	86.29	0.68
Class B - Accumulation			
2007 [†]	101.58	97.02	0.62
2008	102.23	68.01	1.50
2009	93.76	61.93	1.44
2010	97.86	88.46	0.97
2011 to 30 September	100.24	87.98	1.16
Class C - Accumulation			
2007 [†]	1,015.77	969.72	6.22
2008	1,021.02	678.62	13.96
2009	933.75	617.78	19.83
2010	973.92	880.10	8.06
2011 to 30 September	996.31	873.71	11.21

Calendar year	Highest price (p)	Lowest price (p)	Distribution per share (net) (p)
Class J - Accumulation			
2007 [†]	10,175.21	9,712.60	85.06
2008	10,250.78	6,826.49	157.66
2009	9,432.89	6,220.32	160.75
2010	9,851.70	8,910.43	112.82
2011 to 30 September	10,106.30	8,884.72	154.87
Class K - Accumulation			
2007 [†]	10,204.31	9,763.40	117.45
2008 ^{††}	9,997.30	9,722.73	-
2010 ^{†††}	10,733.56	9,743.48	59.56
2011 to 30 September	11,096.05	9,790.78	206.92

[†] covers period from launch to 31 December 2007.

^{††} covers the period from 1 January 2008 to 4 March 2008.

^{†††} covers the period from 27 May 2010 to 31 December 2010.

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

	Holding	Market value £	Percentage of total net assets %
Melco Crown Entertainment	9,800	52,278	0.06
Shangri-La Asia	42,000	52,088	0.06
Xinyi Glass	42,000	11,394	0.01
India - 0.00% (30 Sep 10: 0.38%)			
Ireland - 0.00% (30 Sep 10: 0.28%)			
Israel - 0.04% (30 Sep 10: 0.13%)			
Mellanox Technologies	2,000	40,031	0.04
Italy - 0.22% (30 Sep 10: 0.47%)			
DiaSorin	1,414	33,101	0.04
Saipem	5,004	113,780	0.12
Tod's	1,077	58,902	0.06
Japan - 1.31% (30 Sep 10: 2.28%)			
Canon	2,000	59,046	0.06
Dena	4,400	119,642	0.13
Denki Kagaku Kogyo KK	38,000	94,308	0.10
Fanuc	1,800	162,198	0.17
Isuzu Motors	35,000	97,939	0.10
Komatsu	4,300	60,699	0.06
Makino Milling Machine	5,000	19,155	0.02
Mitsubishi	7,400	97,804	0.10
Mitsubishi UFJ Financial Group	17,600	51,594	0.06
Nippon Sheet Glass	30,000	43,473	0.05
Nissan Motor	17,300	99,701	0.11
NTT DoCoMo	22	25,944	0.03
Orix	2,250	115,053	0.12
Osaka Titanium Technologies	1,800	48,719	0.05
Rakuten	112	84,227	0.09
Toshiba	21,000	55,965	0.06
Luxembourg - 0.08% (30 Sep 10: 0.13%)			
Subsea 7	6,214	76,640	0.08
Malaysia - 0.00% (30 Sep 10: 0.14%)			
Netherlands - 0.22% (30 Sep 10: 1.39%)			
ASML	473	10,625	0.01
Gemalto	1,480	45,481	0.05
ING Groep	11,182	51,361	0.06
Schlumberger	2,500	95,872	0.10
Norway - 0.07% (30 Sep 10: 0.14%)			
Storebrand 'A'	19,201	62,353	0.07
Russia - 0.18% (30 Sep 10: 0.00%)			
Novatek Oao GDR	1,784	132,958	0.14
VTB Bank GDR	14,295	37,935	0.04
Singapore - 0.22% (30 Sep 10: 0.08%)			
Biosensors International Group	122,000	73,021	0.08
Golden Agri-Resources	227,000	68,772	0.07
Keppel	16,400	62,531	0.07
South Africa - 0.00% (30 Sep 10: 0.13%)			
South Korea - 0.19% (30 Sep 10: 0.39%)			
Hyundai Mobis	957	177,824	0.19
Spain - 0.21% (30 Sep 10: 0.48%)			
Banco Bilbao Vizcaya Argentaria	2,789	14,843	0.01
Banco Bilbao Vizcaya Argentaria (Rights 14 Oct 2011)	2,789	262	-
Banco Santander	8,111	43,452	0.05
Industria de Diseno Textil	1,859	102,936	0.11
Viscofan	1,673	38,833	0.04

	Holding	Market value £	Percentage of total net assets %		Holding	Market value £	Percentage of total net assets %
Sweden - 0.27% (30 Sep 10: 0.94%)							
Skandinaviska Enskilda Banken 'A'	16,089	56,195	0.06	Weir Group	5,522	85,425	0.09
Swedish Match	6,790	144,630	0.15	Wembley†	18,609	-	-
Trelleborg 'B'	6,145	25,782	0.03	Xstrata	7,307	59,917	0.06
Volvo 'B'	5,005	31,903	0.03	United States of America - 14.38% (30 Sep 10: 9.17%)			
Switzerland - 0.51% (30 Sep 10: 2.69%)				Agilent Technologies	17,500	351,056	0.37
Compagnie Financiere Richemont 'A'	2,284	65,891	0.07	Allergan	8,888	470,018	0.50
Credit Suisse Group	2,256	38,250	0.04	Amazon	5,000	693,703	0.74
GAM	8,916	71,520	0.08	Apple	4,504	1,102,118	1.18
Nestle	3,417	120,988	0.13	C. H. Robinson Worldwide	7,000	307,626	0.33
Novartis	2,810	100,786	0.11	Chipotle Mexican Grill	800	155,732	0.17
Swatch Group	2,012	77,497	0.08	CME Group 'A'	2,100	332,147	0.35
Thailand - 0.00% (30 Sep 10: 0.07%)				Concho Resources	6,900	315,013	0.34
United Kingdom - 1.41% (30 Sep 10: 8.85%)				Consol Energy	7,400	160,987	0.17
Afren	40,885	33,178	0.04	Crown Castle International	14,200	370,906	0.40
Aggreko	9,933	161,709	0.17	CVS Caremark	17,100	368,718	0.39
Anglo American	2,199	49,016	0.05	Danaher	11,200	301,605	0.32
BG Group	9,009	111,802	0.12	Discovery Communications	8,700	210,100	0.22
Croda International	2,251	37,142	0.04	Ecolab	4,800	150,612	0.16
Dialog Semiconductor	5,600	61,857	0.07	Edwards Lifesciences	3,400	155,551	0.17
HSBC	20,922	103,961	0.11	EMC	35,100	473,167	0.51
Reckitt Benckiser Group	3,166	103,497	0.11	Estee Lauder 'A'	6,800	383,389	0.41
Rio Tinto	2,538	73,297	0.08	Express Scripts 'A'	16,200	385,501	0.41
Royal Dutch Shell 'A'	6,413	128,196	0.14	FMC	4,600	204,221	0.22
Standard Chartered	8,236	105,956	0.11	FMC Technologies	13,500	325,671	0.35
Tullow Oil	6,824	89,190	0.10	Freeport-McMoRan Copper & Gold	5,500	107,472	0.11
Vodafone Group	66,625	110,731	0.12	Google 'A'	1,694	559,353	0.60
				Kellogg	11,700	399,413	0.43

	Holding	Market value £	Percentage of total net assets %
Las Vegas Sands	19,400	477,341	0.51
McDonald's	8,700	490,401	0.52
Mercadolibre	4,100	141,281	0.15
Nike 'B'	5,000	274,425	0.29
Oracle	19,200	354,223	0.38
Precision Castparts	3,600	359,053	0.38
Priceline.com	1,300	374,954	0.40
Qualcomm	11,769	367,394	0.39
Ralph Lauren	3,500	291,023	0.31
Riverbed Technology	21,300	272,916	0.29
Roper Industries	4,100	181,444	0.19
Salesforce.com	3,200	234,752	0.25
Sherwin-Williams	5,800	276,820	0.30
Teradata	4,100	140,781	0.15
Union Pacific	2,900	152,130	0.16
Visa 'A'	8,500	467,560	0.50
Watson Pharmaceuticals	7,700	337,400	0.36
Investment Funds - 48.53% (30 Sep 10: 53.44%)			
Investec Asia Ex-Japan 'A' (Accumulation)	1,815,217	5,201,868	5.55
Martin Currie Global Resources (Income)	403,022	5,013,599	5.35
Merrill Lynch Inv York Event-Driven UCITS 'B' (Accumulation)	16,224	1,403,365	1.50
Schroder ISF Global High Yield 'A' (Distribution)	417,042	4,891,103	5.22
UBS (Lux) Bond SICAV Global Corporates (USD) U-X-Dist	1,995	13,266,753	14.16
UBS (Lux) Equity SICAV Emerging Markets Growth (USD) U-X-Dist	728	3,949,097	4.21
UBS (Lux) Key Selection SICAV European Core Equities (EUR) U-X-Acc	1,620	11,752,846	12.54

	Holding	Market value £	Percentage of total net assets %
Derivatives - (1.34)% (30 Sep 10: 0.01%)			
Credit Default Swaps - (0.97)% (30 Sep 10: 0.11%)			
Goldman Sachs Credit Default Swaps CDX.NA Pay Jun 2016	(27,700,000)	(264,376)	(0.28)
UBS Credit Default Swaps CDX.NA.HY Pay Dec 2015	(13,700,000)	(514,766)	(0.55)
UBS Credit Default Swaps CDX.NA.IG Pay Dec 2015	(22,250,000)	(134,301)	(0.14)
Equity Total Return Swaps - (0.08)% (30 Sep 10: 0.08)%			
Deutsche Bank World Gross Energy Pay Dec 2011	(4,115,978)	(34,389)	(0.04)
Deutsche Bank World Materials Pay Dec 2011	(3,686,285)	(34,214)	(0.04)
Futures - (0.17)% (30 Sep 10: 0.94)%			
Amsterdam Exchange Index Future Oct 2011	(21)	(40,538)	(0.04)
Australia-Bond Future Dec 2011	(128)	66,780	0.07
DJ Euro Stoxx50 Future Dec 2011	15	(6,185)	(0.01)
Euro-Bond Future Dec 2011	(77)	(5,951)	(0.01)
FTSE 100 Index Future Dec 2011	73	(89,798)	(0.10)
FTSE China A50 Future Oct 2011	(916)	83,969	0.09
H Shares Index Future Oct 2011	124	(97,162)	(0.10)
Hang Seng Index Future Oct 2011	(57)	91,245	0.10
Japanese Govt 10 Year Bond Future Dec 2011	(8)	34,043	0.04
KOSPI 2 Index Future Dec 2011	(44)	8,959	0.01
Long Gilt Future Dec 2011	71	136,320	0.15
MSCI Taiwan Index Future Oct 2011	(26)	9,745	0.01
NASDAQ 100 E-Mini Future Dec 2011	(162)	(52,563)	(0.06)
OMXS 30 Future Oct 2011	(124)	(43,066)	(0.05)
S&P 500 Index Future Dec 2011	(20)	(36,149)	(0.04)

	Holding	Market value £	Percentage of total net assets %
S&P/TSX 60 Future Dec 2011	92	(491,620)	(0.52)
SPI 200 Future Dec 2011	9	(14,309)	(0.02)
Swiss Market IX Future Dec 2011	(20)	(32,866)	(0.04)
Topix Index Future Dec 2011	175	250,385	0.27
US 10 Year Future Dec 2011	164	78,871	0.08
Interest Rate Swaps - (0.25)% (30 Sep 10: (0.22)%)			
Barclays Interest Rate Swaps Pay 2.84% Aug 2021	(142,000,000)	(315,839)	(0.34)
Goldman Sachs Interest Rate Swaps Pay 2.523% Feb 2037	(300,000,000)	(415,123)	(0.44)
Goldman Sachs Interest Rate Swaps Receive 2.9325% Aug 2021	15,250,000	492,862	0.53
Forward Currency Contracts - 0.13% (30 Sep 10: 1.14%)			
Bought Australian Dollar 7,465,000		32,659	0.03
Sold New Zealand Dollar 9,416,052		(497,757)	(0.53)
Bought Australian Dollar 15,535,000		(331,253)	(0.35)
Sold Sterling 10,164,388		(18,912)	(0.02)
Bought Canadian Dollar 13,240,000		(20,224)	(0.02)
Sold Sterling 8,455,850		(20,348)	(0.02)
Bought Danish Krone 10,000,000		(298,070)	(0.32)
Sold Sterling 1,182,341			
Bought Euro 3,320,000			
Sold Japanese Yen 346,730,840			
Bought Euro 1,620,000			
Sold Polish Zloty 7,277,607			
Bought Euro 25,510,000			
Sold Sterling 22,380,690			
Bought Euro 18,070,000			
Sold Swiss Franc 19,947,828			
Bought Japanese Yen 669,700,000			
Sold Sterling 5,299,914			
Bought Japanese Yen 106,639,228			
Sold Sterling 898,564			
Bought Korean Won 2,528,000,000			
Sold US Dollar 2,325,774			
Bought Malaysian Ringgit 26,328,000			
Sold US Dollar 8,778,341			
Bought Mexican Peso 208,070,000			
Sold Sterling 11,020,607			
Bought Mexican Peso 119,439,288			
Sold US Dollar 9,775,629			
Bought New Zealand Dollar 22,890,000			
Sold Sterling 12,021,551			
Bought Polish Zloty 36,070,000			
Sold Sterling 7,844,374			
Bought Singapore Dollar 18,065,000			
Sold Sterling 9,278,382			
Bought Sterling 20,324,826			
Sold Australian Dollar 30,685,000			
Bought Sterling 7,694,716			
Sold Canadian Dollar 11,880,000			
Bought Sterling 1,732,688			
Sold Danish Krone 14,640,000			
Bought Sterling 49,500,847			
Sold Euro 56,185,000			

Portfolio movements**For the year ended 30 September 2011**

Major purchases	Cost £
UBS (Lux) Key Selection SICAV European Core Equities (EUR) U-X-Acc	14,400,731
Lyxor International ETF Commodities	4,092,606
HICL Infrastructure	2,310,000
International Public Partnerships	2,022,615
Alternative Investment Strategies Sterling Hedged	1,997,458
Sina	1,137,540
Teck Resources 'B'	863,083
Agilent Technologies	738,449
ING Groep	650,805
Riverbed Technology	640,894
China Everbright	620,877
Estee Lauder 'A'	603,695
Hyundai Mobis	599,970
FMC Technologies	580,192
Cimarex Energy	575,050
CVS Caremark	574,728
Visa 'A'	570,345
Aggreko	537,337
Precision Castparts	532,876
Express Scripts 'A'	529,391
Total for the year (Note 15)	£67,430,658

Major sales	Proceeds £
UBS US 130/30 Equity 'K' (Accumulation)	28,137,948
UBS (Lux) Equity SICAV USA Value (GBP) P-Income	14,358,290
UBS (Lux) Bond SICAV Global Corporates (USD) U-X-Dist	13,356,144
UBS European Equity 'J' (Income)	9,724,264
Martin Currie Global Resources (Income)	6,700,000
Schroder ISF Global High Yield 'A' (Distribution)	5,449,993
Martin Currie Pan European Alpha (Income)	5,208,592
UBS (Lux) Equity SICAV Emerging Markets Growth (USD) U-X-Dist	4,490,978
UBS (Lux) Equity SICAV 1 Fundamental Equity Market Neutral (USD) I-X-Dist	3,003,980
BlueCrest AllBlue Fund Sterling	2,639,132
Lyxor International ETF Commodities	2,363,013
Vodafone Group	2,276,007
Nestle	1,779,027
Reckitt Benckiser Group	1,412,698
Sina	1,295,532
Hyundai Mobis	1,183,153
Unilever	1,160,181
Merrill Lynch York Event-Driven UCITS 'B' (Accumulation)	1,136,494
GlaxoSmithKline	1,125,368
Anheuser-Busch InBev	1,121,097
Total for the year (Note 15)	£201,335,183

Statement of total return

For the year ended 30 September 2011

	Notes	£	30 Sep 11	£	30 Sep 10
Income					
Net capital (losses)/gains	2		(730,087)		9,313,319
Revenue	3	3,900,841		5,890,078	
Expenses	4	(1,327,661)		(2,242,552)	
Finance costs: Interest	6	(80,493)		(378)	
Net revenue before taxation		2,492,687		3,647,148	
Taxation	5	(325,236)		(302,922)	
Net revenue after taxation			2,167,451		3,344,226
Total return before distributions			1,437,364		12,657,545
Finance costs: Distributions	6		(2,242,307)		(3,344,800)
Change in net assets attributable to shareholders from investment activities			£(804,943)		£9,312,745

Statement of change in net assets attributable to shareholders

For the year ended 30 September 2011

	£	30 Sep 11	£	30 Sep 10
Opening net assets attributable to shareholders		231,184,673		346,858,239
Amounts receivable on issue of shares	44,077,252		16,444,437	
Amounts payable on cancellation of shares	(182,825,282)		(144,544,707)	
Change in net assets attributable to shareholders		(138,748,030)		(128,100,270)
from investment activities (see Statement of total return)		(804,943)		9,312,745
Dilution levy charged		320,316		281,414
Retained distribution on accumulation shares		1,916,186		2,916,884
Stamp duty reserve tax		(145,263)		(84,339)
Closing net assets attributable to shareholders		£93,722,939		£231,184,673

Balance sheet			
As at 30 September 2011			
	Notes	As at 30 Sep 11 £	As at 30 Sep 10 £
ASSETS			
Investment assets		82,424,431	212,921,718
Debtors	7	12,700,364	5,746,519
Cash and bank balances	8	15,355,776	22,165,801
Total other assets		28,056,140	27,912,320
Total assets		110,480,571	240,834,038
LIABILITIES			
Investment liabilities		10,956,189	8,520,624
Creditors	9	5,801,443	1,128,741
Total other liabilities		5,801,443	1,128,741
Total liabilities		16,757,632	9,649,365
Net assets attributable to shareholders		£93,722,939	£231,184,673

Notes to the financial statements

1. Accounting policies

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

2. Net capital (losses)/gains

	30 Sep 11 £	30 Sep 10 £
Currency gains/(losses)	2,312,190	(88,935)
Derivative contracts	(705,622)	(6,062,135)
Forward currency contracts	(4,530,814)	4,313,542
Non-derivative securities	2,239,372	11,211,648
Transaction charges	(45,213)	(60,801)
Net capital (losses)/gains	£(730,087)	£9,313,319

3. Revenue

	30 Sep 11 £	30 Sep 10 £
Bank interest	26,519	11,332
Fee rebate	511,828	333,759
Interest on debt securities	-	12,956
Interest rate swaps	180,500	214,875
Option income	-	160,479
Overseas dividends	2,450,746	2,694,321
Stock dividends	(2,141)	81,905
Stocklending income	5,958	12,216
UK franked dividends	727,431	1,817,605
UK unfranked dividends	-	541,926
Underwriting commission	-	8,704
	£3,900,841	£5,890,078

4. Expenses

	30 Sep 11 £	30 Sep 10 £
<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	1,208,774	2,121,319
Registration fees	67,090	100,748
	1,275,864	2,222,067
<i>Payable to the Depositary, associates of the Depositary and agents of either of them:</i>		
Depositary's fees	17,919	25,531
	17,919	25,531
<i>Payable to other related parties and third parties:</i>		
Audit fees	10,801	10,573
Dividend charges	209	1,864
Legal fees	-	31
Safe custody fees	21,868	(16,766)
Taxation fees	1,000	(748)
	33,878	(5,046)
	£1,327,661	£2,242,552

5. Taxation

(a) Analysis of tax charge

	30 Sep 11 £	30 Sep 10 £
Corporation tax at 20%	271,140	95,242
Double tax relief	(664)	(8,559)
Overseas tax suffered	54,562	120,942
Prior year adjustment	-	95,297
Total current tax (5.b)	325,038	302,922
Deferred tax	198	-
Total tax charge	£325,236	£302,922

(b) Factors affecting current tax charge

The tax charged for the year is lower than the standard 20% rate of corporation tax applicable to the revenue received by open-ended investment companies (30 September 2010: 20%).

The differences are explained below:

	30 Sep 11 £	30 Sep 10 £
Net revenue before taxation	2,492,687	3,647,148
Corporation tax at 20%	498,537	729,430
<i>Effects of:</i>		
Double tax relief	(664)	(8,559)
Dividends not subject to corporation tax	(301,766)	(634,188)
Overseas tax suffered	54,562	120,942
Prior year adjustment	-	95,297
Revenue taxable in different years	(162)	-
Tax on offshore gains charged to capital	74,531	-
	(173,499)	(426,508)
Total tax charge (5.a)	£325,038	£302,922

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

6. Finance costs

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

	30 Sep 11	30 Sep 10
	£	£
Interim	715,230	1,564,962
Final	1,200,956	1,351,922
	1,916,186	2,916,884
Add: Amounts deducted on cancellation of shares	433,489	432,145
Deduct: Amounts added on issue of shares	(107,368)	(4,229)
Net distributions	2,242,307	3,344,800
Interest	80,493	378
Total finance costs	£2,322,800	£3,345,178
Net revenue after taxation	2,167,451	3,344,226
Add: Revenue brought forward	703	1,277
Add: Tax on offshore gains charged to capital	74,531	-
Less: Revenue carried forward	(378)	(703)
Net distributions as above	£2,242,307	£3,344,800

Details of the distribution per share are set out in the table on page 82.

7. Debtors

	As at 30 Sep 11	As at 30 Sep 10
	£	£
Accrued revenue	205,637	392,797
Amounts receivable on issue of shares	2,618	11,564
Corporation tax recoverable	1,338,533	1,338,533
Currency transactions awaiting settlement	5,195,705	274,359
Income tax recoverable	21,702	21,702
Interest receivable on swaps	10,919	4,711
Overseas tax recoverable	213,860	240,753
Sales awaiting settlement	5,711,390	3,462,100
	£12,700,364	£5,746,519

8. Cash & bank balances

	As at 30 Sep 11	As at 30 Sep 10
	£	£
Amounts held at futures clearing houses and brokers	6,903,556	13,173,589
Cash and bank balances	8,452,220	8,992,212
	£15,355,776	£22,165,801

9. Creditors

	As at 30 Sep 11 £	As at 30 Sep 10 £
Amounts payable on cancellation of shares	13,945	141,118
Corporation tax payable	270,476	-
Currency transactions awaiting settlement	5,168,787	277,111
Deferred tax (note 10)	198	-
Expense accruals	67,440	176,897
Purchases awaiting settlement	280,597	533,615
	£5,801,443	£1,128,741

10. Deferred tax

The deferred tax provision is made up as follows:

	As at 30 Sep 11 £	As at 30 Sep 10 £
Provision at the start of the year	-	-
Charge	198	-
Provision at the end of the year	£198	-

11. Equalisation

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

12. Contingent liabilities

At 30 September 2011 the contingent liabilities and commitments are as follows:

	As at 30 Sep 11 £	As at 30 Sep 10 £
Nil paid rights	2,414	218,638

13. Related party transactions

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

At 30 September 2011 the amounts included in creditors in respect of management fees, registration fees and fee rebates due to/(from) the ACD are £31,239, £2,349 and £(52,781) respectively (30 September 2010: £143,078, £6,414 and £(247,285)).

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

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

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

14. Financial instruments

The Authorised Corporate Director's policy and approach to managing the risks associated with financial instruments are included in the Risk Profile on pages 17 to 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 £
30 Sep 11				
Australian Dollar	(235,871)	-	14,571,202	14,335,331
Brazilian Real	-	-	32,806	32,806
Canadian Dollar	(393,703)	-	7,774,021	7,380,318
Danish Krone	6,816	-	1,272,923	1,279,739
Euro	780,927	-	62,179,462	62,960,389
Hong Kong Dollar	724,124	-	259,749	983,873
Hungarian Forint	23	-	-	23
Japanese Yen	(891,459)	-	7,586,390	6,694,931
Malaysian Ringgit	-	-	5,279,791	5,279,791
Mexican Peso	23,397	-	15,207,883	15,231,280
New Zealand Dollar	97,712	-	11,212,601	11,310,313
Norwegian Krone	2,555	-	138,993	141,548
Polish Zloty	-	-	7,051,297	7,051,297
Singapore Dollar	92,019	-	9,124,394	9,216,413
South African Rand	1,071	-	-	1,071
South Korean Won	1,461,756	-	1,561,895	3,023,651
Sterling	8,652,163	-	207,670,412	216,322,575
Swedish Krona	447,009	-	(104,160)	342,849
Swiss Franc	275,703	-	16,201,255	16,476,958
US Dollar	4,311,534	-	84,732,895	89,044,429
	£15,355,776	-	£451,753,809	£467,109,585
30 Sep 10				
Australian Dollar	4,664	-	3,425,205	3,429,869
Brazilian Real	-	-	364,796	364,796
Canadian Dollar	49,782	-	451,709	501,491
Chinese Yuan	-	-	7,701	7,701
Danish Krone	4,574	-	1,446,014	1,450,588
Euro	168,635	-	30,245,636	30,414,271
Hong Kong Dollar	(251,046)	-	2,646,252	2,395,206
Hungarian Forint	24	-	-	24
Japanese Yen	131,719	-	9,747,521	9,879,240
Malaysian Ringgit	-	-	5,050,406	5,050,406
Mexican Peso	-	-	10,141,930	10,141,930
New Zealand Dollar	-	-	436,374	436,374
Norwegian Krone	29,924	-	317,273	347,197
Singapore Dollar	(16,686)	-	9,214,903	9,198,217
South African Rand	4,434	-	374,902	379,336
South Korean Won	20,048	-	7,570,781	7,590,829
Sterling	19,166,350	-	301,254,841	320,421,191
Swedish Krona	7,450	-	17,443,387	17,450,837
Swiss Franc	10,008	-	6,364,729	6,374,737
Taiwanese Dollar	-	-	9,026,100	9,026,100
Thai Baht	-	-	159,193	159,193
US Dollar	2,835,921	-	95,822,903	98,658,824
	£22,165,801	-	£511,512,556	£533,678,357

ii) Financial liabilities

Currency	Floating rate financial liabilities £	Financial liabilities not carrying interest £	Total £
30 Sep 11			
Australian Dollar	-	24,112,131	24,112,131
Canadian Dollar	-	7,290,046	7,290,046
Chinese Yuan	-	2,708,986	2,708,986
Danish Krone	-	1,703,260	1,703,260
Euro	-	68,853,562	68,853,562
Hong Kong Dollar	-	1,467,433	1,467,433
Japanese Yen	-	6,398,244	6,398,244
Malaysian Ringgit	-	2,752,913	2,752,913
Mexican Peso	-	6,755,050	6,755,050
New Zealand Dollar	-	22,650,939	22,650,939
Norwegian Krone	-	1,439,057	1,439,057
Polish Zloty	-	4,185,934	4,185,934
Singapore Dollar	-	8,910,326	8,910,326
South Korean Won	-	1,465,995	1,465,995
Sterling	-	116,512,186	116,512,186
Swedish Krona	-	926,973	926,973
Swiss Franc	-	18,377,905	18,377,905
Taiwan Dollar	-	1,238,511	1,238,511
US Dollar	-	75,637,195	75,637,195
	-	£373,386,646	£373,386,646

Currency	Floating rate financial liabilities £	Financial liabilities not carrying interest £	Total £
30 Sep 10			
Australian Dollar	-	24,162,101	24,162,101
Brazilian Real	-	1,857,532	1,857,532
Canadian Dollar	-	7,496,091	7,496,091
Chinese Yuan	-	3,612,130	3,612,130
Danish Krone	-	1,685,607	1,685,607
Euro	-	50,005,350	50,005,350
Hong Kong Dollar	-	1,583,230	1,583,230
Japanese Yen	-	7,532,760	7,532,760
New Zealand Dollar	-	20,699,469	20,699,469
Norwegian Krone	-	1,408,019	1,408,019
Singapore Dollar	-	4,882,799	4,882,799
Sterling	-	38,821,048	38,821,048
Swedish Krona	-	7,288,553	7,288,553
US Dollar	-	131,458,995	131,458,995
	-	£302,493,684	£302,493,684

(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
	£	£	£
30 Sep 11			
Australian Dollar	(10,036,286)	259,486	(9,776,800)
Brazilian Real	219	32,587	32,806
Canadian Dollar	440,848	(350,576)	90,272
Chinese Yuan	(2,708,986)	-	(2,708,986)
Danish Krone	(532,246)	108,725	(423,521)
Euro	(20,744,754)	14,851,581	(5,893,173)
Hong Kong Dollar	(741,268)	257,708	(483,560)
Hungarian Forint	23	-	23
Japanese Yen	(808,084)	1,104,771	296,687
Malaysian Ringgit	2,526,878	-	2,526,878
Mexican Peso	8,476,230	-	8,476,230
New Zealand Dollar	(11,340,626)	-	(11,340,626)
Norwegian Krone	(1,436,502)	138,993	(1,297,509)
Polish Zloty	2,865,363	-	2,865,363
Singapore Dollar	92,019	214,068	306,087
South African Rand	1,071	-	1,071
South Korean Won	1,370,873	186,783	1,557,656
Swedish Krona	(483,729)	(100,395)	(584,124)
Swiss Franc	(2,343,013)	442,066	(1,900,947)
Taiwanese Dollar	(1,238,511)	-	(1,238,511)
US Dollar	(24,319,214)	37,726,448	13,407,234
Sterling	(60,959,695)	54,872,245	(6,087,450)
	83,325,016	16,485,373	99,810,389
	£22,365,321	£71,357,618	£93,722,939

Currency	Monetary exposures	Non-monetary exposures	Total
	£	£	£
30 Sep 10			
Australian Dollar	(22,203,899)	1,471,667	(20,732,232)
Brazilian Real	(1,815,804)	323,068	(1,492,736)
Canadian Dollar	(7,171,949)	177,349	(6,994,600)
Chinese Yuan	(3,604,429)	-	(3,604,429)
Danish Krone	(1,678,901)	1,443,882	(235,019)
Euro	(39,764,111)	20,173,032	(19,591,079)
Hong Kong Dollar	(1,589,938)	2,401,914	811,976
Hungarian Forint	24	-	24
Japanese Yen	(1,106,283)	3,452,763	2,346,480
Malaysian Ringgit	4,737,981	312,425	5,050,406
Mexican Peso	10,141,930	-	10,141,930
New Zealand Dollar	(20,663,769)	400,674	(20,263,095)
Norwegian Krone	(1,378,095)	317,273	(1,060,822)
Singapore Dollar	4,136,802	178,616	4,315,418
South African Rand	84,508	294,828	379,336
South Korean Won	6,684,426	906,403	7,590,829
Swedish Krona	7,982,404	2,179,880	10,162,284
Swiss Franc	84,343	6,290,394	6,374,737
Taiwanese Dollar	9,026,100	-	9,026,100
Thai Baht	-	159,193	159,193
US Dollar	(106,106,241)	73,306,070	(32,800,171)
Sterling	(164,204,901)	113,789,431	(50,415,470)
	193,553,401	88,046,742	281,600,143
	£29,348,500	£201,836,173	£231,184,673

(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 30 September 2011, the Fund's VaR was 8.38%. This means that per the statistical analysis there is a 99% probability that, over a month, the maximum loss the Fund could suffer is 8.38% of its value.

Further information on risks can be found in the Risk Profile on pages 17 to 19.

15. Portfolio transaction costs

Analysis of total purchase costs	£	30 Sep 11	£	30 Sep 10	£
Purchases in year before transaction costs		67,352,390		166,920,280	
Commissions & taxes	78,268		181,868		
Total purchase costs		78,268		181,868	
Gross purchase total		£67,430,658		£167,102,148	
Analysis of total sale costs	£	30 Sep 11	£	30 Sep 10	£
Gross sales in year before transaction costs		201,422,198		305,530,709	
Commissions & taxes	(87,015)		(182,401)		
Total sale costs		(87,015)		(182,401)	
Total sales net of transaction costs		£201,335,183		£305,348,308	

Distribution table**For the year ended 30 September 2011 (in pence per share)**

Final dividend distribution

Group 1: Shares purchased prior to 1 April 2011

Group 2: Shares purchased between 1 April 2011 and 30 September 2011

	Net revenue (p)	Equalisation (note 11) (p)	Distribution payable 30/11/11 (p)	Distribution paid 30/11/10 (p)
Class A - Accumulation				
Group 1	0.68	-	0.68	0.33
Group 2	0.56	0.12	0.68	0.33
Class B - Accumulation				
Group 1	0.89	-	0.89	0.50
Group 2	0.63	0.26	0.89	0.50
Class C - Accumulation				
Group 1	9.60	-	9.60	4.33
Group 2	9.60	0.00	9.60	4.33
Class J - Accumulation				
Group 1	115.79	-	115.79	55.57
Group 2	83.92	31.87	115.79	55.57
Class K - Accumulation				
Group 1	128.34	-	128.34	59.56
Group 2	101.91	26.43	128.34	59.56

Interim dividend distribution

Group 1: Shares purchased prior to 1 October 2010

Group 2: Shares purchased between 1 October 2010 and 31 March 2011

	Net revenue (p)	Equalisation (note 11) (p)	Distribution paid 31/05/11 (p)	Distribution paid 31/05/10 (p)
Class A - Accumulation				
Group 1	0.00	-	0.00	0.17
Group 2	0.00	0.00	0.00	0.17
Class B - Accumulation				
Group 1	0.27	-	0.27	0.47
Group 2	0.09	0.18	0.27	0.47
Class C - Accumulation				
Group 1	1.61	-	1.61	3.73
Group 2	1.61	0.00	1.61	3.73
Class J - Accumulation				
Group 1	39.08	-	39.08	57.25
Group 2	13.99	25.09	39.08	57.25
Class K - Accumulation				
Group 1	78.58	-	78.58	-
Group 2	78.58	0.00	78.58	-

UBS UK & International Equity Managed Fund

Manager's report

Investment objective and policy

The objective of the Fund is to achieve long term capital growth by investing predominantly in a range of UK authorised unit trusts and OEICs which themselves invest in a mixture of UK and global equities. The Fund may also invest directly in UK and international equities and non-UK funds and money market instruments and funds that invest directly in such instruments.

Market environment

The third quarter of 2011 has been disappointing. Political leaders in both the US and Europe left investors lamenting a perceived lack of stewardship. In the US, the near-debt-default event sent consumer confidence to decade lows, while the economy barely grew during the first half of the year. In the Eurozone, the sovereign debt crisis is now on its second year of no resolution. Emerging markets cannot escape global events, but recent data has shown that trouble in the US economy has less pass through impact than it used to have. In 2008-09, the US experienced its worst economic and financial crisis since the 1930s, but the emerging markets continued to collectively record positive economic growth. Several factors that helped cushion the emerging markets during that crisis are still in place. Emerging countries have lots of cash built up as foreign exchange reserves, and central banks have a powerful stimulus tool at hand as they could again lower interest rates.

Fund performance

For the twelve month period ending 30 September 2011, the net asset value of the Fund declined by -5.6%* net of all fees compared to a decline of -4.8% for the customized benchmark. Low beta and low volatility dominated while small caps generally underperformed, especially in recent months. The underperformance during the period can largely be attributed to our Europe equity holdings, with Goldman Sachs Europe CORE and JPM Europe Strategic Value as negative contributing Europe equity funds. On the other hand, UK equity funds made a strong positive contribution to relative performance this period, with Invesco Perpetual High Income delivering the strongest relative performance.

In January 2011 we made changes within the Emerging Markets equity module and switched the position in Aberdeen Emerging Markets Fund into JPMorgan Emerging Markets Fund. The conviction into Aberdeen decreased. Given the large amount of assets within the Aberdeen strategy, the fund could have difficulties following its strategy going forward. JPMorgan which follows a disciplined active strategy, with its concentrated portfolio comprising of the analysts best long term ideas. The strategy seeks to exploit significant price/value discrepancies based on bottom up stock selection with a large cap bias could react more flexible in a potential changed market environment.

In March 2011 we switched within the UK equity module the BlackRock UK Dynamic Fund into BGF UK Fund. The fund has a concentrated bottom-up approach and focuses on quality stocks with a mid cap bias and a growth tilt. We also reduced our position in Schroder UK Equity Fund to bring in line the funds contribution to risk in the portfolio context. In May 2011 we switched the BNY Mellon Newton Higher Income Fund due to poor fund performance into Axa Framlington UK Select Opps Fund which follows a GARP (growth at a reasonable price) approach and invests about half of the portfolio in small and mid caps. According contribution to risk we also increased our position in Threadneedle UK Equity Income Fund, a core investment fund which combines top-down with bottom-up stock selection.

Within the US Equity Module we sold in July 2011 the allocation of Investec American Equity Fund due to poor fund performance. To balance the risk we also reduced our position in Robeco US Premium Equities Fund. Proceeds have been invested into Threadneedle American Select Equity Fund. The fund has a well resourced team of experienced and capable portfolio managers with a fundamental bottom-up investment approach. It is an active fund manager following a benchmark-agnostic approach but backed with a tight risk control. The fund has a consistent positive long term tracking record.

* Source: Lipper-Hindlight. Performance is based on NAV prices with income reinvested net of basic tax rate and in sterling terms to 30 September 2011, based on Class A shares.

The customised benchmark for the Fund consists of the following indices: JP Morgan UK 1 Month Cash (5%), MSCI United Kingdom TR (38%), MSCI USA TR (21.2%), MSCI Emerging Markets TR (4.6%), MSCI Europe TR (26.6%) and MSCI Pacific TR (4.6%).

Within the Pacific Equity Module we sold in July 2011 the allocation of Aberdeen Global Asia Pacific Fund and invested the proceeds into Investec Asia ex Japan Fund which represents our high conviction Asian Equity Fund. We favour Investec Asia ex Japan Fund which investment process employs a quantitative 4 factor screening model with a qualitative judgment overlay, seeking to identify high-quality, attractively valued companies. In addition we sold positions in UBAM Japan Equity Fund due to poor fund performance. The fund disappointed in particular within stock selection, one of its key capabilities. The proceeds have been invested into GLG Japan Core Alpha Fund. The fund offers a core exposure to Japan securities and tends to overweight large cap stocks with a value tilt.

Outlook

As we expect uncertainty to remain high particularly on the back of the Eurozone debt crisis, we see the traditionally more defensive sectors with relatively stable demand structures and higher dividend yields as attractive. Companies with earnings that are more exposed to the economic cycle naturally suffer more during periods of economic slowdown. We therefore recommend a focus on companies with reliable earnings growth and offering higher dividend yields. The former can be found particularly in the Consumer Staples and Healthcare sectors as well as companies located in, or with revenues from, emerging markets. High dividend yielding stocks should do well in the coming months as investors reward companies that offer the security of a stable income stream. In the UK market we have positions in Invesco Perpetual High Income Fund and Threadneedle UK Equity Income Fund and in the Europe market we have an allocation in JPM Europe Strategic Value Equity Fund. These funds focus particular on high dividend yield style.

Percentage growth

	30/09/10 to 30/09/11 %	30/09/09 to 30/09/10 %	30/09/08 to 30/09/09 %	30/09/07 to 30/09/08 %	30/09/06 to 30/09/07 %
Class A – Accumulation Shares	-5.59	7.11	11.29	-21.41	8.96
Class B – Accumulation Shares	-5.34	7.40	11.55	-21.23	9.24
Class B – Income Shares	-5.72	7.34	11.37	-21.12	9.61
Class Z – Accumulation Shares	-5.28	11.51	12.66	-20.44	3.26

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
16 December 2011

Performance record**1. Fund size**

Accounting year 30 September	Number of shares in issue	Total net asset value per share (p)*	Total net asset value (£)
2009			
Class A - Accumulation	22,099,456	65.3	14,426,125
Class B - Accumulation	87,879,844	65.9	57,902,756
Class B - Income	9,411,622	63.7	5,994,533
Class Z - Accumulation	69,506,010	66.6	46,311,631
			£124,635,045
2010			
Class A - Accumulation	13,364,046	69.9	9,338,246
Class B - Accumulation	66,748,304	70.7	47,205,480
Class B - Income	2,130,147	67.8	1,444,402
Class Z - Accumulation	5,647,114	73.3	4,141,303
			£62,129,431
2011			
Class A - Accumulation	7,539,913	66.0	4,973,034
Class B - Accumulation	56,638,109	66.9	37,917,528
Class B - Income	1,444,419	63.7	919,451
Class Z - Accumulation	4,977,251	70.2	3,492,583
			£47,302,596

* rounded to one decimal place.

2. Total expense ratio

The total expense ratio (TER) below is calculated using the most recent audited results and as described in the Financial Services Authority's Collective Investment Schemes Sourcebook 4 Annex 1 R.

Share class	30 Sep 11 (%)	30 Sep 10 (%)
Class A - Accumulation	2.38	2.44
Class B - Accumulation	2.08	2.13
Class B - Income	2.08	2.14
Class Z - Accumulation	0.87	0.93

3. Share dealing price range and distribution record

The Fund was launched on 7 October 2004 at a price of 50.00p for the Accumulation B shares. The A Accumulation and B Income shares were launched on 8 October 2004 at a price of 50.48p. The Z Accumulation shares were launched on 2 February 2007 at a price of 72.00p.

Calendar Year	Highest price (p)	Lowest price (p)	Distribution per share (net) (p)
Class A - Accumulation			
2006	72.66	62.83	0.17
2007	78.19	69.49	0.39
2008	74.93	48.13	0.33
2009	67.75	46.04	0.64
2010	75.87	62.86	0.37
2011 to 30 September	78.66	64.45	0.34
Class B - Accumulation			
2006	72.87	62.92	0.31
2007	78.53	69.81	0.56
2008	75.33	48.49	0.49
2009	68.43	46.41	0.78
2010	76.86	63.59	0.56
2011 to 30 September	79.79	65.40	0.57
Class B - Income			
2006	72.63	62.72	0.31
2007	78.14	69.47	0.63
2008	74.45	47.57	0.47
2009	66.15	45.53	0.76
2010	73.74	61.23	0.54
2011 to 30 September	76.21	62.46	0.55

Calendar Year	Highest price (p)	Lowest price (p)	Distribution per share (net) (p)
Class Z - Accumulation			
2007 [†]	77.52	69.02	1.41
2008	74.72	48.51	1.16
2009	69.48	46.55	1.49
2010	80.01	65.90	0.70
2011 to 30 September	83.43	68.47	1.45

[†] covers period from launch to 31 December 2007.

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**As at 30 September 2011**

	Holding	Market value £	Percentage of total net assets %
Overseas Funds - 42.92% (30 Sep 10: 45.67%)			
BlackRock United Kingdom Fund (Distribution)	53,736	2,702,942	5.71
Cazenove Pan Europe Fund 'B'	1,913,079	3,426,710	7.25
Findlay Park American Fund (Distribution)	47,186	1,328,217	2.81
Goldman Sachs Europe Core Equity Portfolio Fund	310,478	2,166,008	4.58
JPM Europe Strategic Value Fund 'A'	190,096	1,444,058	3.05
Robeco US Premium Equities Fund	13,300	1,540,564	3.26
Schroder ISF European Special Situations Fund 'C' (Distribution)	25,303	1,864,597	3.94
Schroder ISF Select UK Equity Fund 'A' (Distribution)	969,813	2,182,080	4.61
UBS-ETF FTSE 100 Shares 'A' (Distribution)	72,671	3,647,358	7.71
United Kingdom Funds - 51.88% (30 Sep 10: 49.66%)			
AXA Framlington UK Select Opportunities (Accumulation)	101,525	1,891,413	4.00
Fidelity European (Accumulation)	203,481	2,087,711	4.41
GLG Japan Core Alpha (Accumulation)	1,425,738	1,209,738	2.56
Invesco Perpetual High Income (Income)	880,257	2,686,105	5.68
Investec Asia ex-Japan 'A' (Accumulation)	304,701	873,181	1.85
JPM Emerging Markets 'A' (Accumulation)	1,551,822	2,009,610	4.25
M&G Securities American 'A' (Accumulation)	222,105	2,103,313	4.45

	Holding	Market value £	Percentage of total net assets %
Martin Currie North American 'A' (Accumulation)	875,378	1,282,430	2.71
Old Mutual North American Equity 'A' (Accumulation)	618,117	2,144,124	4.53
Threadneedle American Select (Retail)	1,938,965	2,120,452	4.48
Threadneedle Pan European Smaller Companies (Accumulation)	976,862	976,374	2.06
Threadneedle UK (Retail)	3,735,009	2,772,124	5.86
Threadneedle UK Equity Income (Retail)	4,006,319	2,383,760	5.04
Investment assets		44,842,869	94.80
Net other assets		2,459,727	5.20
Net assets		£47,302,596	100.00

All holdings are approved securities as defined in the Collective Investment Schemes sourcebook unless otherwise stated.

Portfolio movements

For the year ended 30 September 2011

Purchases	Cost £
BlackRock United Kingdom Fund (Distribution)	3,226,957
JPM Emerging Markets Fund 'A' (Income)	2,700,000
JPM Emerging Markets 'A' (Accumulation)	2,642,608
AXA Framlington UK Select Opportunities (Accumulation)	2,412,901
Threadneedle American Select (Retail)	2,300,000
Findlay Park American Fund (Distribution)	1,493,455
GLG Japan Core Alpha (Accumulation)	1,150,000
Investec Asia ex-Japan 'A' (Accumulation)	1,100,000
Threadneedle UK Equity Income (Retail)	575,000
Mellon Higher Income Fund (Income)	95,857
Cazenove Pan Europe Fund 'B'	89,507
Goldman Sachs Europe Core Equity Portfolio Fund	49,231
Aberdeen Global Asia Pacific Equity Fund (Income)	27,985
Schroder ISF Select UK Equity Fund 'A' (Distribution)	27,844
Schroder ISF European Special Situations Fund 'C' (Distribution)	25,029
Fidelity European (Accumulation)	16,151
Threadneedle Pan European Smaller Companies (Accumulation)	10,892
BlackRock UK Dynamic 'A' (Accumulation)	6,918
Total for the year (Note 15)	£17,950,345

Major sales	Proceeds £
Mellon Higher Income Fund (Income)	3,241,587
BlackRock UK Dynamic 'A' (Accumulation)	3,110,792
Aberdeen Emerging Markets 'A' (Accumulation)	3,005,207
JPM Emerging Markets Fund 'A' (Income)	2,642,608
Investec American (Accumulation)	1,901,312
Findlay Park US Smaller Companies Fund GBP Hedged	1,499,587
Aberdeen Global Asia Pacific Equity Fund (Income)	1,426,370
Discount Bank & Trust Scontinvest Equity Japan Fund	1,425,583
Robeco US Premium Equities Fund	1,375,000
Schroder ISF Select UK Equity Fund 'A' (Distribution)	1,305,000
UBS-ETF FTSE 100 Shares 'A' (Distribution)	1,091,876
Old Mutual North American Equity 'A' (Accumulation)	925,000
Cazenove Pan Europe Fund 'B'	920,288
Invesco Perpetual High Income (Income)	705,000
Fidelity European (Accumulation)	670,000
Threadneedle UK (Retail)	630,000
Schroder ISF European Special Situations Fund 'C' (Distribution)	629,066
Goldman Sachs Europe Core Equity Portfolio Fund	621,217
M&G Securities American 'A' (Accumulation)	510,000
Threadneedle UK Equity Income (Retail)	490,000
Total for the year (Note 15)	£30,064,261

Statement of total return
For the year ended 30 September 2011

	Notes	£	30 Sep 11	£	30 Sep 10
Income					
Net capital (losses)/gains	2		(2,187,131)		6,974,989
Revenue	3	1,192,602		1,895,854	
Expenses	4	(771,908)		(1,000,816)	
Finance costs: Interest	6	-		(5,789)	
Net revenue before taxation		420,694		889,249	
Taxation	5	24,775		(72,270)	
Net revenue after taxation			445,469		816,979
Total return before distributions			(1,741,662)		7,791,968
Finance costs: Distributions	6		(457,970)		(838,552)
Change in net assets attributable to shareholders from investment activities			£(2,199,632)		£6,953,416

Statement of change in net assets attributable to shareholders
For the year ended 30 September 2011

	£	30 Sep 11	£	30 Sep 10
Opening net assets attributable to shareholders		62,129,431		124,635,045
Amounts receivable on issue of shares	138,320		12,999,993	
Amounts payable on cancellation of shares	(13,202,409)		(83,048,276)	
Change in net assets attributable to shareholders		(13,064,089)		(70,048,283)
from investment activities (see Statement of total return)		(2,199,632)		6,953,416
Dilution levy charged		-		102,813
Retained distribution on accumulation shares		437,951		524,897
Stamp duty reserve tax		(1,065)		(38,457)
Closing net assets attributable to shareholders		£47,302,596		£62,129,431

Balance sheet
As at 30 September 2011

	Notes	As at 30 Sep 11 £	As at 30 Sep 10 £
ASSETS			
Investment assets		44,842,869	59,230,102
Debtors	7	236,907	436,661
Cash and bank balances	8	2,308,598	8,588,626
Total other assets		2,545,505	9,025,287
Total assets		47,388,374	68,255,389
LIABILITIES			
Creditors	9	81,589	6,120,207
Distribution payable on income shares		4,189	5,751
Total liabilities		85,778	6,125,958
Net assets attributable to shareholders		£47,302,596	£62,129,431

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

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

2. Net capital (losses)/gains

	30 Sep 11	30 Sep 10
	£	£
Currency gains/(losses)	20,137	(160,318)
Non-derivative securities	(2,268,121)	7,042,801
Transaction charges	(2,808)	(3,573)
Rebate of capital management fees	63,661	96,079
Net capital (losses)/gains	£(2,187,131)	£6,974,989

3. Revenue

	30 Sep 11	30 Sep 10
	£	£
Bank interest	7,384	10,556
Fee rebate	372,540	535,304
Overseas dividends	379,569	536,504
UK franked dividends	430,491	656,827
UK unfranked dividends	2,618	156,663
	£1,192,602	£1,895,854

4. Expenses

	30 Sep 11	30 Sep 10
	£	£
<i>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</i>		
Administration Fees	35,000	35,102
Authorised Corporate Director's fees	673,405	879,356
Registration fees	46,673	69,616
	755,078	984,074
<i>Payable to the Depositary, associates of the Depositary and agents of either of them:</i>		
Depositary's fees	6,705	9,048
	6,705	9,048
<i>Payable to other related parties and third parties:</i>		
Audit fees	7,962	8,345
Safe custody fees	1,163	1,522
Taxation fees	1,000	(2,173)
	10,125	7,694
	£771,908	£1,000,816

5. Taxation

(a) Analysis of tax charge

	30 Sep 11 £	30 Sep 10 £
Irrecoverable income tax	-	31,325
Prior year adjustment	(24,775)	55,787
Total current tax (5.b)	(24,775)	87,112
Deferred tax	-	(14,842)
Total tax charge	£(24,775)	£72,270

(b) Factors affecting current tax charge

The tax charged for the year is lower than the standard 20% rate of corporation tax applicable to the revenue received by open-ended investment companies (30 September 2010: 20%).

The differences are explained below:

	30 Sep 11 £	30 Sep 10 £
Net revenue before taxation	420,694	889,249
Corporation tax at 20%	84,139	177,850
<i>Effects of:</i>		
Dividends not subject to corporation tax	(162,013)	(238,667)
Income tax irrecoverable	-	31,325
Movement in excess expenses	65,141	41,601
Prior year adjustment	(24,775)	55,787
Tax relief on capital income	12,733	19,216
	(108,914)	(90,738)
Total tax charge (5.a)	£(24,775)	£87,112

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

After claiming relief against accrued income taxable on receipt, the Fund had excess management expenses of £533,708 (30 September 2010: £208,003). The deferred tax in respect of this would be £106,742 (30 September 2010: £41,601). It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised.

6. Finance costs

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

	30 Sep 11 £	30 Sep 10 £
Interim	218,210	316,434
Final	227,734	225,071
	445,944	541,505
Add: Amounts deducted on cancellation of shares	12,267	316,766
Deduct: Amounts added on issue of shares	(241)	(19,719)
Net distributions	457,970	838,552
Interest	-	5,789
Total finance costs	£457,970	£844,341
Net revenue after taxation	445,469	816,979
Add: Revenue brought forward	2,993	5,350
Add: Tax relief on capital income	12,733	19,216
Less: Revenue carried forward	(3,225)	(2,993)
Net distributions as above	£457,970	£838,552

Details of the distribution per share are set out in the table on page 98.

7. Debtors

	As at 30 Sep 11 £	As at 30 Sep 10 £
Accrued management fee rebate	143,040	342,276
Accrued revenue	93,336	94,377
Income tax recoverable	531	8
	£236,907	£436,661

8. Cash & bank balances

	As at 30 Sep 11 £	As at 30 Sep 10 £
Cash and bank balances	2,308,598	8,588,626
	£2,308,598	£8,588,626

9. Creditors

	As at 30 Sep 11 £	As at 30 Sep 10 £
Amounts payable on cancellation of shares	-	166,354
Expense accruals	68,688	93,676
Purchases awaiting settlement	12,901	5,860,177
	£81,589	£6,120,207

10. Deferred tax

The deferred tax provision is made up as follows:

	As at 30 Sep 11 £	As at 30 Sep 10 £
Provision at the start of the year	-	14,842
Release	-	(14,842)
Provision at the end of the year	-	-

11. Equalisation

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

12. Contingent liabilities

At 30 September 2011 there were no contingent liabilities or commitments at the current or prior year ends.

13. Related party transactions

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

At 30 September 2011 the amounts included in creditors in respect of management fees, registration fees and administration fees due to the ACD are £45,324, £3,167 and £9,342 respectively (30 September 2010: £59,309, £4,085 and £20,849).

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

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

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

14. Financial instruments

The Authorised Corporate Director's policy and approach to managing the risks associated with financial instruments are included in the Risk Profile on pages 17 to 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 £
30 Sep 11				
Euro	34,516	-	8,901,373	8,935,889
Japanese Yen	1,349,508	-	-	1,349,508
Sterling	924,574	-	34,850,186	35,774,760
US Dollar	-	-	1,328,217	1,328,217
	£2,308,598	-	£45,079,776	£47,388,374
30 Sep 10				
Euro	312,623	-	12,658,882	12,971,505
Japanese Yen	-	-	1,485,608	1,485,608
Sterling	4,818,696	-	45,522,272	50,340,968
US Dollar	3,457,308	-	-	3,457,308
	£8,588,627	-	£59,666,762	£68,255,389

ii) Financial liabilities

Currency	Floating rate financial liabilities £	Financial liabilities not carrying interest £	Total £
30 Sep 11			
Sterling	-	85,778	85,778
	-	£85,778	£85,778
30 Sep 10			
Sterling	-	6,125,958	6,125,958
	-	£6,125,958	£6,125,958

(b) Currency exposure

The significant 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 £
30 Sep 11			
Euro	34,516	8,901,373	8,935,889
Japanese Yen	1,349,508	-	1,349,508
US Dollar	-	1,328,217	1,328,217
Sterling	1,384,024	10,229,590	11,613,614
	1,075,703	34,613,279	35,688,982
	£2,459,727	£44,842,869	£47,302,596
30 Sep 10			
Euro	312,622	12,658,883	12,971,505
Japanese Yen	-	1,485,608	1,485,608
US Dollar	3,457,308	-	3,457,308
	3,769,930	14,144,491	17,914,421
Sterling	(870,601)	45,085,611	44,215,010
	£2,899,329	£59,230,102	£62,129,431

(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.

15. Portfolio transaction costs

Analysis of total purchase costs	£	30 Sep 11 £	30 Sep 10 £
Purchases in year before transaction costs		17,950,345	26,877,371
Commissions & taxes	-		8,882
Total purchase costs		-	8,882
Gross purchase total	£17,950,345		£26,886,253
Analysis of total sale costs	£	30 Sep 11 £	30 Sep 10 £
Gross sales in year before transaction costs		30,066,275	94,805,129
Commissions & taxes	(2,014)		(8,123)
Total sale costs		(2,014)	(8,123)
Total sales net of transaction costs	£30,064,261		£94,797,006

Distribution table**For the year ended 30 September 2011 (in pence per share)**

Final dividend distribution

Group 1: Shares purchased prior to 1 April 2011

Group 2: Shares purchased between 1 April 2011 and 30 September 2011

	Net revenue (p)	Equalisation (note 11) (p)	Distribution payable 30/11/11 (p)	Distribution paid 30/11/10 (p)
Class A - Accumulation				
Group 1	0.17	-	0.17	0.18
Group 2	0.13	0.04	0.17	0.18
Class B - Accumulation				
Group 1	0.30	-	0.30	0.29
Group 2	0.22	0.08	0.30	0.29
Class B - Income				
Group 1	0.29	-	0.29	0.27
Group 2	0.29	0.00	0.29	0.27
Class Z - Accumulation				
Group 1	0.82	-	0.82	0.03
Group 2	0.82	0.00	0.82	0.03

Interim dividend distribution

Group 1: Shares purchased prior to 1 October 2010

Group 2: Shares purchased between 1 October 2010 and 31 March 2011

	Net revenue (p)	Equalisation (note 11) (p)	Distribution paid 31/05/11 (p)	Distribution paid 31/05/10 (p)
Class A - Accumulation				
Group 1	0.17	-	0.17	0.19
Group 2	0.08	0.09	0.17	0.19
Class B - Accumulation				
Group 1	0.27	-	0.27	0.27
Group 2	0.11	0.16	0.27	0.27
Class B - Income				
Group 1	0.26	-	0.26	0.27
Group 2	0.26	0.00	0.26	0.27
Class Z - Accumulation				
Group 1	0.63	-	0.63	0.67
Group 2	0.63	0.00	0.63	0.67

Details of the company and other information

Authorised status

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

Structure of the Company

The Company is structured as an umbrella company, in that different Funds may be established from time to time by the ACD with the approval of the Financial Services 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

Each Fund is not a legal entity in itself but forms part of the Company. Should the assets attributed to any Fund be insufficient to meet the liabilities attributable to it, the shortfall may be met out of the assets attributed to one or more of the other Funds of the UBS Investment Funds ICVC III. Shareholders are not liable for the debts of the Company.

Conflicts of interest

There are no conflicts of interest which the ACD is unable to effectively manage and which are likely to have a material adverse effect on the shareholders.

Changes to the Prospectus

Since the last report, the following changes were made to the Prospectus:

- Changes have been made to update the Prospectus in line with UCITS IV requirements.
- Certain Eligible Markets have been updated.
- Name change of Depositary from Royal Bank of Scotland plc to National Westminster Bank plc. See page 2 for more details.

Buying and selling shares

Dealing is on a forward basis and share prices are calculated daily as at 12 p.m. except for the UBS UK & International Equity Managed Fund which is at close of business.

Shares in the UBS Targeted Return Fund (J and K shares), UBS Global Allocation Fund (J shares) and UBS Multi-Asset Income Fund (K shares) can be bought either by sending a completed application form to the ACD or by telephoning the ACD on 020 7901 5800.

A shares, B shares and C shares may be bought by sending an application form to the

administrator, International Financial Data Services (UK) Ltd (IFDS) or by telephoning IFDS on 0800 587 2112.

For the UBS UK & International Equity Managed Fund, B shares and Z shares may be bought by clients of UBS Wealth Management, London Branch by contacting the client's client adviser. A shares may be bought by sending an application form to the administrator, International Financial Data Services (UK) Ltd (IFDS) or by telephoning IFDS on 0800 587 2112 or through UBS Wealth Management, London Branch (on 020 7567 8485) or through financial intermediaries.

Minimum investments

	Minimum initial investment (£)	Minimum subsequent investment (£)
UBS Global Allocation Fund (UK)	Class A shares	£1,000
	Class B shares	£100,000
	Class J shares †	£100,000
	Class A shares	£1,000
UBS Multi-Asset Income Fund	Class K shares †	£100,000
	Class A shares	£1,000
	Class B shares	£100,000
	Class C shares *	£1,000,000
UBS Targeted Return Fund	Class J shares †	£50,000
	Class K shares †	£50,000
	Class A shares	£1,000
	Class B shares *	£50,000
UBS UK & International Equity Managed Fund	Class A shares	£1,000
	Class B shares *	£50,000
	Class Z shares *	£250,000
		£50,000

* Available only to UBS Wealth Management clients and others at the discretion of the ACD.

† 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 the Fund. The annual management charge on each share class is shown below.

	Management fee (%)
UBS Global Allocation Fund (UK)	Class A shares 1.50 Class B shares 0.90 Class J shares 0.65
UBS Multi-Asset Income Fund	Class A shares 1.25 Class K shares 0.00
UBS Targeted Return Fund	Class A shares 1.60 Class B shares 1.00 Class C shares 1.20 Class J shares 0.75 Class K shares 0.00
UBS UK & International Equity Managed Fund	Class A shares 1.50 Class B shares 1.20 Class Z shares 0.00

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

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

Dealing charges**Initial charge**

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

	Current charge
UBS Global Allocation Fund (UK)	Class A shares 4.00% Class B shares 0.00% Class J shares 0.00%
UBS Multi-Asset Income Fund	Class A shares 4.00% Class K shares 0.00%
UBS Targeted Return Fund	Class A shares 4.00% Class B shares 0.00% Class C shares 0.00% Class J shares 0.00% Class K shares 0.00%
UBS UK & International Equity Managed Fund	Class A shares 4.00% Class B shares 4.00% Class Z shares 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, J, K or Z shares in the same Fund or another Fund	0.00%
Class A shares of any Fund to Class A shares of another Fund	0.25%
Class B, C, J, K or Z shares of any Fund to Class B, C, J or Z shares in the same Fund or another Fund	0.00%
Class B, C, J, K or Z shares to Class A shares in the same Fund or another Fund*	0.25%

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

Directors of UBS Global Asset Management Funds Ltd

R Beechey
J H Nestor
P Schmidt
D S Carter
A J Davies

The Company and Head Office

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

Authorised Corporate Director, Registrar and Transfer Agent for UBS Targeted Return Fund (Class J and K shares), UBS Global Allocation Fund (UK) (Class J shares) and UBS Multi-Asset Income Fund (Class K shares)

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

Authorised and regulated by the Financial Services Authority

Transfer Agent and Registrar for all Funds other than UBS Targeted Return Fund (Class J and K shares), UBS Global Allocation Fund (UK) (Class J shares) and UBS Multi-Asset Income Fund (Class K shares)

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

Depository

National Westminster Bank plc
The Broadstone
50 South Gyle Crescent
Edinburgh EH12 9UZ

Authorised and regulated by the Financial Services Authority

Investment Manager

UBS Global Asset Management (UK) Ltd
21 Lombard Street
London EC3V 9AH

Authorised and regulated by the Financial Services Authority
All telephone calls are recorded

Custodians

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

Ernst & Young LLP
Ten George Street
Edinburgh EH2 2DZ

Legal Advisers

Eversheds LLP
Senator House
85 Queen Victoria Street
London EC4V 4J

