

# UBS Additional Information Booklet



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# 1. Important Information

The information in this UBS Additional Information Booklet ('**Additional Information Booklet**') forms part of each PDS issued by UBS Asset Management (Australia) Ltd as responsible entity in relation to a Fund (as defined in the relevant PDS) to the extent it is relevant to that Fund and provides further information on the subjects in the PDS.

Capitalised terms in this Additional Information Booklet have the meanings given to them in the PDS. Each PDS defines and provides information in relation to a Fund.

**Information in the PDS and this Additional Information Booklet is subject to change from time to time.**

The following table identifies the funds that this UBS Additional Information Booklet relates to, their ARSN and APIR identifiers and whether they are subject to enhanced disclosure reporting.

Fund name	ARSN	mFund Code	APIR	Enhanced disclosure reporting (see page 4 for more information)
<b>Australian Equities</b>				
UBS Australian Share Fund	090 427 213		SBC0817AU	✓
UBS Australian Small Companies Fund	107 739 873	UAM01	UBS0004AU	✓
UBS Australian Small Companies SIV Fund	607 487 374		UBS0063AU	
UBS-HALO Australian Share Fund	145 223 007	UAM03	UBS0024AU	
UBS Microcap Fund	600 159 573	UAM02	UBS0057AU	✓
<b>International Equities</b>				
UBS Emerging Markets Equity Fund	626 390 949	UAM14	UBS8018AU	
UBS Global High Conviction Fund	617 374 795	UAM13	UBS2393AU	
UBS International Share Fund	090 431 735		SBC0822AU	✓
<b>Property Securities and Infrastructure</b>				
UBS Clarion Global Property Securities Fund	115 202 358	UAM10	HML0016AU	✓
UBS Clarion Global Infrastructure Securities Fund	612 832 069	UAM12	UBS0064AU	
UBS Property Securities Fund	090 431 271	UAM11	SBC0816AU	✓
<b>Fixed Income and Cash</b>				
UBS Australian Bond Fund	090 427 571	UAM04	SBC0813AU	✓
UBS Cash Fund	090 431 039		SBC0811AU	✓
UBS Short-Term Fixed Income Fund	090 428 121		SBC0812AU	
UBS Diversified Fixed Income Fund	090 428 372	UAM06	SBC0007AU	✓
UBS Income Solution Fund	094 218 498	UAM05	UBS0003AU	✓
UBS International Bond Fund	090 431 628		SBC0819AU	
<b>Multi-Asset</b>				
UBS Balanced Investment Fund	090 430 210		SBC0815AU	✓
UBS Defensive Investment Fund	090 430 881		SBC0814AU	✓
UBS Tactical Beta Fund – Conservative	157 926 460	UAM09	UBS0036AU	
UBS Tactical Beta Fund – Growth	157 926 166	UAM08	UBS0037AU	
UBS Tactical Beta Fund – Balanced	158 859 173	UAM07	UBS0041AU	

## 2. Investing in the Fund

### Investing directly

If you invest in the Fund directly the units in the Fund are issued to you.

You can invest online at [www.ubs.com/au-applyonline](http://www.ubs.com/au-applyonline) or by completing the UBS Application Form ('**Application Form**'). This is available by calling Client Services on (03) 9046 4041 or freecall on 1 800 572 018 or on our website at [www.ubs.com/au-am-pds](http://www.ubs.com/au-am-pds).

To invest in the Fund, you must be 18 years of age or older. We have the right to refuse applications.

### Investing in the Fund indirectly

If you invest via an IDPS (as an indirect investor), you do not become a unit holder in the Fund. Generally, your IDPS operator or custodian is registered as the unit holder on your behalf.

Indirect investors should seek advice from their IDPS operator as to how they can apply to make an investment in the Fund. Any transactional advices (such as investment or withdrawal confirmations) are provided directly to your IDPS operator. The terms and conditions of your IDPS will govern your investment in relation to the Fund.

No member of the UBS group is responsible for the operation of any IDPS through which you might invest. If you have any questions you should contact your IDPS operator.

### Regular Savings Plan

You can also set up a regular savings plan, investing at least \$1,000 each month into your account. You will need to complete an application form each time you make an additional investment and when you set up or change your regular savings plan. Initial, additional and regular savings are made on the basis of the PDS current at the time of the investment.

### Investing in the Fund through mFund

For funds quoted on mFund refer to Section 1.

While a Fund is admitted as an mFund product:

- You will be able to apply for units in the Fund and withdraw from the Fund using your ASX broker or your financial adviser who uses a stockbroking service on your behalf. mFund uses CHESS, ASX's electronic settlement system, allowing automated applications and withdrawal of units in the Fund through your ASX broker (or your financial adviser who uses a stockbroking service on your behalf). Applications received through mFund will be subject to cut-off times (see 'Cut-off times' below).
- Applications for units received and accepted by us will be forwarded by CHESS to your ASX broker for your payment to be passed through the CHESS daily batch settlement process. Your holding of the broker-sponsored units will be linked to your individual Holder Identification Number ('HIN') that is used to hold your other investments transacted through the ASX. If you do not currently have a HIN, you will be issued with one. CHESS will confirm the order with your ASX broker once received and accepted by us.

Information about mFund and CHESS are available at [www.mFund.com.au](http://www.mFund.com.au) and from your ASX broker or financial adviser.

mFund does not facilitate on-market buying and selling between investors. When transactions are settled through mFund, units are issued by us or redeemed by us.

### Switching between funds

You can switch between the Fund and other UBS funds at any time if you are eligible to invest in and eligible to withdraw from the applicable funds.

Switching can have taxation consequences – for example, a capital gain or loss may be realised by the disposal of your units. You should consult your tax adviser for advice.

### Cut-off times

The cut-off time for applications (including through mFund) is normally 2pm Sydney time on a day (except Saturday, Sunday or a public holiday) on which banks are open for general banking business in Sydney ('**Business Day**'). Cut-off times for other administration platforms or certain ASX brokers may be earlier than our normal cut-off times. If your application is received by us by the cut-off time, the application price will be based on the net asset value of the Fund or, if applicable, the class, when next calculated (usually as at close of business on that day). If received after this time, or on a non-Business Day, you will generally receive the application price calculated as at the close of business on the next Business Day.

Please note that when investing via mFund, any errors made on the application instruction, including missing or incorrect bank details, may result in the order being automatically rejected by the registry system. Any rejected orders will not be processed and will require resubmission.

### Pending application

You or your IDPS operator or custodian (as applicable) will generally be issued with units relating to your investment within one month of us receiving your application money, or else your application money will be returned.

## 3. Benefits and features

### Constitution

A copy of the Constitution will be available by calling Client Services on (03) 9046 4041 or freecall on 1 800 572 018. The Constitution sets out your rights and obligations and the rights and obligations of the responsible entity ('RE') and is an important document.

### Termination

Under the Constitution, the Fund may be terminated on the date specified by us in a notice to all unit holders. The Fund may also be terminated by law or as otherwise permitted by the Constitution.

We may, for example, provide a notice to terminate the Fund to unit holders where we believe that such termination is in the best interests of unit holders. This may occur for a variety of reasons including, but not limited to, the Fund no longer being able to satisfy its investment objectives or strategy.

If we give notice to terminate the Fund, all assets in the Fund will be realised and paid out to unit holders in proportion

to their unit holding (subject to any Fund liabilities and expenses). We would complete the termination process as quickly as possible but the time taken will vary depending on the nature of the assets in the Fund. Consequences for individual unit holders (for example in relation to taxation) may vary depending on their own circumstances at the time that the Fund is terminated.

### Discretion in calculating unit prices

The Constitution allows us to exercise our discretion in determining the net asset value of the Fund or, if applicable, a class ('**Net Asset Value**') which affects the outcome of the calculation of unit prices. There are two types of unit prices: application prices and withdrawal prices.

We have prepared a document outlining our policy and approach to the exercise of those discretions. Copies of that document are available free of charge on request. Please contact us on (03) 9046 4041 or freecall 1 800 572 018 if you would like to request a copy of the policy. The policy is also available on our website at [www.ubs.com/au-am-info](http://www.ubs.com/au-am-info).

### Monitoring your investment

**Current unit prices are available on our website at [www.ubs.com/au/en/asset\\_management/funds-and-prices](http://www.ubs.com/au/en/asset_management/funds-and-prices) or, if you are investing through an IDPS, from your IDPS operator. If you are accessing the Fund through mFund application and withdrawal prices are also available on the ASX website at [www.mFund.com.au](http://www.mFund.com.au).**

Reports and other information about the Fund are provided directly to you or your IDPS operator (as applicable).

<b>Transaction confirmations</b>	Provided within seven Business Days. This includes initial and additional investments, withdrawals and transfers.
<b>Periodic statement</b>	Provided annually within 1 month after 30 June each year. You will receive a statement detailing your transactions, return on investment, distributions and fees & costs.
<b>Annual financial report</b>	The audited financial statements for the Fund will be prepared as at 30 June each year and are expected to be available on our website at <a href="http://www.ubs.com/au-am-pds">www.ubs.com/au-am-pds</a> by 30 September.
<b>Tax statements</b>	A year-end tax statement will be sent to you following the final distribution for the financial year if the Fund has distributed income during the financial year.
<b>Distribution statements</b>	A distribution statement will be issued to investors when a distribution is paid. If no distribution is paid for a particular period, investors will also be notified.

### Investing in the Fund through mFund

If you are accessing the Fund through mFund, you will also have access to the following information on the ASX website at [www.mFund.com.au](http://www.mFund.com.au) or from ASX's Market Announcement Platform:

<b>Net Asset Value</b>	Provided on a quarterly basis on ASX's Market Announcement Platform.
<b>Application and withdrawal prices</b>	Provided on a daily basis as 'buy' and 'sell' prices on mFund.
<b>Distributions</b>	Information on any distributions declared or paid is provided on ASX's Market Announcement Platform.
<b>Statement of transactions</b>	Information on redemptions (the amount and value of units redeemed from the Fund on a monthly basis). ASX Settlement will periodically issue to you a CHESS holding statement summarising any changes in your unitholding through mFund.

To obtain the most recent information about the Fund, including monthly performance data and latest portfolio composition, please see our website at [www.ubs.com/au-am-pds](http://www.ubs.com/au-am-pds) or contact Client Services on (03) 9046 4041 or freecall on 1 800 572 018.

### Distributions

Generally, all taxable income and realised taxable capital gains in a financial year will be distributed to unitholders. Distributions will be paid as soon as practicable after the end of the distribution period (and in any event, within 3 months of the end of the relevant distribution period).

You may choose to have your distributions:

- reinvested in additional units in the relevant Fund; or
- paid directly to a nominated Australian bank or financial institution account.

Unless you indicate otherwise on the Application Form, we will reinvest your distributions (including applications made via mFund).

### Applications and transactions

One of the features of the Fund is the ability of unit holders to withdraw from the Fund or increase their unit holding (subject to eligibility and conditions).

If you or your authorised agent make such an application (to withdraw or increase your unit holding), or if you or your authorised agent give us instructions in writing in relation to your unit holding:

- we and the registrar appointed in relation to the Fund ('Registrar') will only process your written application or instruction if it has been received by us or the Registrar in full;
- neither we nor the Registrar are responsible for any loss or delay that results from an application or instruction not being received or not being received in full. If you or your authorised agent make an application or give us instructions by facsimile, a facsimile receipt confirmation from the sender's facsimile machine is not evidence of receipt of the facsimile by us or the Registrar; and
- neither we nor the Registrar are responsible for any fraudulently completed applications, instructions or transactions in relation to your unit holding and neither we nor the Registrar will compensate you for any losses arising from such activities. For example, you bear the risk that a facsimile instruction may be sent by someone who knows your unit holding and account details.

While a Fund is admitted as an mFund product under the ASX Operating Rules, you will be able to apply for units in the Fund and withdraw from the Fund using your ASX broker or your financial adviser who uses a stockbroking service on your behalf.

### External managers

For the Funds specified below, the Responsible Entity has entered into an investment management agreement ('IMA') with each Manager under which the Manager provides investment management services to the Fund in return for payment of a management fee (and a performance fee where applicable).

For these Funds the management fees (and performance fee where applicable) are paid out of the management fee received by the Responsible Entity and are not an additional fee to the investor.

Fund	Manager
UBS Australian Share Fund	Yarra Funds Management Limited
UBS-HALO Australian Share Fund	
UBS Australian Small Companies Fund	
UBS Australian Small Companies SIV Fund	
UBS Microcap Fund	CBRE Clarion Securities LLC
UBS Clarion Global Property Securities Fund	
UBS Clarion Global Infrastructure Securities Fund	
UBS Property Securities Fund	

Under each IMA the Manager is responsible for managing the assets of the Fund subject to supervision and monitoring by the Responsible Entity.

The Responsible Entity is entitled to terminate the IMA for cause upon the occurrence of specified events or without cause by giving a period of notice to the Manager.

### Other Service Providers

We have appointed National Australia Bank Limited (ABN 12 004 044 937 'Custodian') as custodian to hold the assets of the Funds. The Custodian's role is limited to holding the assets of the Funds as agent of the Responsible Entity.

The Custodian has no supervising role in relation to the operation of the Funds and is not responsible for protecting your interests. NAB only acts in accordance with the custody agreement. NAB has no liability or responsibility to you for any oversight or omission made in accordance with the terms of their custody agreement.

The Custodian was not involved in preparing, and takes no responsibility for, the PDS or this Additional Information Booklet. The Custodian holds investments of the fund as bare trustee and such investments are not investments of NAB or any other member of the NAB group of companies (NAB Group). Neither NAB, nor any other member of the NAB Group, guarantees the performance of the investment or the underlying assets of the Fund, or provide a guarantee or assurance in respect of the obligation of the Responsible Entity or its related entities.

### Enhanced Disclosure

If you are investing in a fund that is identified in the table on page 1 as having enhanced disclosure reporting (each an 'Enhanced Disclosure Scheme') then you should be aware that:

- as a disclosing entity, each Enhanced Disclosure Scheme is subject to regular reporting and disclosure requirements;
- copies of documents lodged with ASIC in relation to the Enhanced Disclosure Scheme may be obtained from, or inspected at, an ASIC office; and
- you have a right to obtain a copy of:
  - the annual financial report of the Enhanced Disclosure Scheme most recently lodged with ASIC ('Report');
  - any half-year financial report lodged with ASIC between the date of the Report and the date of the PDS; and
  - any continuous disclosure notices given by the Enhanced Disclosure Scheme between the date of the Report and the date of the PDS

### Benefits and Features of UBS Australian Small Companies SIV Fund

On 1 July 2015, the Australian Government implemented changes to a sub-class of visa known as the Significant Investor Visa ('SIV') which is a stream within the Business Innovation and Investment visa program.

Under the SIV regime rules applicable to SIV applicants from 1 July 2015, one of the conditions of the visa is that the visa holder invests in, and maintains their investment in, certain complying investments. One of these is an investment in 'emerging companies investments' accessed through one or more 'managed investment funds'. These terms are defined in the SIV regime rules. The UBS Australian Small Companies SIV Fund has been designed with the objective of meeting these requirements (as at the date of issue of the PDS). You should seek professional advice tailored to your personal circumstances in relation to the SIV regime rules before investing in the UBS Australian Small Companies SIV Fund.

The Fund is not designed to be a complying investment for SIV applicants who have applied for a SIV visa prior to 1 July 2015.

## 4. Withdrawing from the Fund

### Withdrawing your investment

You can withdraw some or all of your investment at any time, by written request, signed by the appropriate signatories. Please note that we only make payments to your nominated Australian bank or financial institution account. No third party payments will be allowed. Withdrawals will be subject to cut-off times (see 'Cut-off times' below).

### Withdrawing your broker-sponsored units through mFund

If you have invested in a Fund through mFund, you will also be able to make a withdrawal by lodging a request through your ASX broker (or your financial adviser who uses a stockbroking service on your behalf). CHESS, ASX's electronic settlement system, will confirm the order with your ASX broker (or your financial adviser who uses a stockbroking service on your behalf) once the withdrawal request is accepted by us. Withdrawals received through mFund will be subject to cut-off times (see 'Cut-off times' below).

Withdrawals received and accepted by us will be forwarded by CHESS to your ASX broker for your proceeds to be passed through the CHESS daily batch settlement process. Your withdrawal of broker-sponsored units will be recorded against your HIN. Information about mFund and CHESS is available at [www.mFund.com.au](http://www.mFund.com.au) and from your ASX broker or financial adviser.

### Regular Income Plan

You can also set up a regular income plan, investing at least \$1,000 each month into your nominated bank account. You will need to complete an application form to set up or change your regular income plan.

### Cut-off times

The cut-off time for withdrawals (including through mFund) is normally 2pm Sydney time on a Business Day. Under normal circumstances, if your withdrawal request is received by 2pm Sydney time on a Business Day, redemption proceeds will be paid within six Business Days.

Cut-off times for other administration platforms or certain ASX brokers may be earlier than our normal cut-off times. If your withdrawal is received by the cut-off time, the withdrawal price will be based on the Net Asset Value of the Fund or, if applicable, the relevant class, when next calculated (usually at the close of business that day). If received after this time, or on a non-Business Day, you will generally receive the withdrawal price calculated at close of business on the next Business Day.

Please note that when investing via mFund, any errors made on the withdrawal instruction, including missing or incorrect bank details, may result in the order being automatically rejected by the registry system. Any rejected orders will not be processed and will require resubmission.

### Other information

Information in relation to withdrawal prices is provided in section 3 of this Additional Information Booklet.

Please note withdrawals can also have taxation consequences.

In the case of the UBS Emerging Markets Equity Fund, UBS Global High Conviction Fund, UBS Microcap Fund, the UBS Australian Small Companies SIV Fund and the UBS Clarion Global Infrastructure Securities Fund, the Constitution of the Fund permits 21 days for payment. In the case of each

other Fund, the Constitution of the Fund permits 30 days for payment. The Constitution also allows us to suspend withdrawals in certain circumstances (such as a relevant securities exchange being closed).

If the Fund ceases to be liquid (as defined by the Corporations Act), you will only be able to withdraw from the Fund if we make an offer of withdrawal. If we do make such an offer, you may only be able to withdraw part of your investment. There is no obligation for us to make such an offer. Under normal market conditions we would not expect the Fund to become illiquid.

There is currently no minimum withdrawal amount or account balance.

The Constitution allows us to set a minimum withdrawal amount or account balance and we will give you 30 days' notice if we introduce either. We are not obliged to process a withdrawal request if it relates to less than the minimum withdrawal amount unless the entire balance is withdrawn. In addition, if processing a withdrawal request will result in the unit holder's balance falling below the minimum account balance, we may treat the request as if it relates to the balance of the holding. If we increase the minimum account balance, we may redeem holdings which are less than the new minimum amount, after giving reasonable (at least 30 days') notice to the unit holder.

If you invest through an IDPS, your IDPS operator can tell you how much your minimum withdrawal amount is.

If a member on a Business Day requests withdrawal of units (other than in relation to the UBS Emerging Markets Equity Fund, UBS Global High Conviction Fund, UBS Clarion Global Property Securities Fund, UBS Clarion Global Infrastructure Securities Fund or the UBS Australian Small Companies SIV Fund) totalling more than 5% of the total number of units on issue, we may treat the request as five separate equal requests received on each of the five successive Business Days starting from the day when we received the original request.

In relation to the UBS Clarion Global Property Securities Fund, if we receive withdrawal requests for more than 5% of the Net Asset Value of that Fund or for more than 5% of a member's holding, we may extend the period for payment by 28 days and may make the payment through one or more instalments.

In relation to the Emerging Markets Equity Fund, UBS Global High Conviction Fund, UBS Australian Small Companies SIV Fund and the UBS Clarion Global Infrastructure Securities Fund, if we estimate at a time of calculation of the Net Asset Value of the Fund (referred to as a valuation time) that we have received total withdrawal requests exceeding 5% of the total number of units on issue, we may reduce each of those requests on a pro rata basis so that they equal an aggregate of 5% (or such higher percentage as we may determine) of total units on issue (referred to as a redemption limit). The balance of a member's withdrawal request that is remaining following the pro rata reduction will be carried forward and deemed as a separate withdrawal request to the following valuation time. If the carried forward withdrawal requests, together with any new withdrawal requests received after the preceding cut-off time, exceed the applicable redemption limit at that following valuation time, we may repeat the pro rata reduction procedure until the full balance of the member's original withdrawal request is satisfied, with the result that each separate withdrawal request receives a separate price determined based on the Net Asset Value of the Fund at successive valuation times.



## 5. Fees and other costs

This document shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the managed investment scheme as a whole.

Taxes are set out in another part of this document.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

### UBS funds

Type of fee or cost	Amount	How and when paid
<b>Fees when your money moves in or out of the managed investment product</b>		
<b>Establishment fee:</b> The fee to open your investment	Nil	Not applicable
<b>Contribution fee:</b> The fee on each amount contributed to your investment	Nil	Not applicable†
<b>Withdrawal fee:</b> The fee on each amount you take out of your investment	Nil	Not applicable
<b>Exit fee:</b> The fee to close your investment	Nil	Not applicable
<b>Management costs</b>		
The fees and costs for managing your investment The amount you pay for specific Funds is shown in each Fund's PDS.	The following fees apply, depending on the Fund: <b>Management fee:</b> 0.25%–1.20%# p.a. of Net Asset Value of the Fund or, if applicable, the relevant class. <b>Indirect costs**:</b> estimated to be 0.00% p.a. of Net Asset Value of the Fund or, if applicable, the relevant class. <b>Performance fees:</b> estimated to be 0%–0.48%^ of Net Asset Value of the Fund or, if applicable, the relevant class.	We charge fees for managing and administering the Fund. The <b>management fee</b> is calculated daily and paid to us on a monthly basis from the Fund's assets. This management fee reduces the Net Asset Value of the Fund and is reflected in the unit price. This management fee is not charged separately to your investment. In certain circumstances this management fee is negotiable. Refer to 'Additional Explanation of Fees and Costs' below for more information. <b>Indirect costs</b> are generally any amount that arises from investing in interposed vehicles and certain over-the-counter derivatives. These costs are not an additional fee paid to us, are not charged separately to your investment and are reflected in the unit price. They are estimated amounts quoted with reference to the financial year ended 30 June 2019 and may vary over time. Indirect costs are paid from the Fund's assets as and when they are incurred. <b>Performance fees</b> , if charged for a Fund, are calculated at each Valuation Time (as defined in the Constitution) and payable at the end of the relevant Performance Fee Period as referenced below.
<b>Service fees*</b>		
<b>Switching fee:</b> The fee for changing investment options	Nil	Not applicable

† There is no contribution fee payable when you invest in the Fund. However, you have the option to direct us to pay your financial adviser an initial advice fee. Please see Advice Fees in this section 5 for more information.

\* Additional fees may apply such as fees payable to your ASX broker or financial adviser if you apply for units in or withdraw from the Fund through mFund. Please see 'Additional Explanation of Fees and Costs' in this section 5 for more information.

\*\* Estimated amount for the 12 months to 30 June 2019. Please note that past costs are not a reliable indicator of future costs.

# This is the net amount of the management fee including GST, net of reduced inputs tax credits to be claimed by the Fund under the GST rules.

^ See 'Additional Explanation of Fees and Costs' in this section 5 for more information on performance fees. The performance fee estimate is a forward looking estimate which is based on the actual performance fee (if any) incurred in the previous financial year or, in the case of the UBS Emerging Markets Equity Fund, the performance fee payable between the Fund's inception on 27 July 2018 and 30 June 2019.



## Additional Explanation of Fees and Costs

### Management fees

Management fees will cover expenses incurred in managing the Fund including compliance committee costs, custodial and insurance costs, accounting and audit expenses, legal and regulatory expenses and mFund clearing and settlement services expenses, as well as any GST impact on our services. We currently charge the management fee as specified in the PDS.

### Performance fees

In addition to the management fee, a performance fee may be payable to the Responsible Entity in respect of the

UBS Emerging Markets Equity Fund, UBS Australian Small Companies Fund, UBS Microcap Fund and UBS Australian Small Companies SIV Fund ('Performance Fee'). Performance fees result in higher management costs. This fee is only payable where the relevant Fund's return (after management fees, paid or accrued) outperforms its benchmark. Full details of how the fee is calculated are set out in the Constitution. The benchmark for each Fund is set out below.

Fund	Benchmark	Performance Fee Period
UBS Emerging Markets Equity Fund	MSCI Emerging Markets Net Total Return Index	Annual (ending 30 June)
UBS Australian Small Companies Fund	S&P/ASX Small Ordinaries Accumulation Index	Quarterly
UBS Microcap Fund	S&P/ASX Small Ordinaries Accumulation Index	Quarterly
UBS Australian Small Companies SIV Fund	S&P/ASX Small Ordinaries Accumulation Index	Quarterly

The Performance Fee is set at 20% of the amount by which the fund or class outperforms its Benchmark. The fee is calculated at each Valuation Time (as defined in the Constitution) and is payable quarterly or annually, as specified in the table above ('Performance Fee Period'). The unit prices are reflective of accrued Performance Fees.

If for any Performance Fee Period, the cumulative accrued performance fee amount is negative, the Fund will need to make up this underperformance in future performance fee periods before a performance fee is payable.

Where the cumulative accrued performance fee amount for any Performance Fee Period is positive, a Performance Fee will be payable to the Responsible Entity.

For Funds with a quarterly performance Fee Period, this may mean that for a given 12 month period a Performance Fee may be paid (where there was positive performance in one quarter) despite overall underperformance relative to the benchmark over the remaining three quarters.

We set out below some examples to illustrate when a Performance Fee may be payable. These examples are based on the following assumptions: an investment of \$100,000; calculations usually occur daily; Performance Fees are payable quarterly; the investment balance stays constant over the periods; and there were no application or redemption transactions for the investment during each period.

Scenario	Calculation for the period before allowing for carried forward negative amounts	Performance Fee amount
<b>Performance below the Benchmark</b>		
For the quarter ending 31 December, assume: <ul style="list-style-type: none"> <li>The Fund's return for the period is 5%</li> <li>The S&amp;P/ASX Small Ordinaries Accumulation Index (Benchmark) return for the period is 10%</li> </ul>	<ul style="list-style-type: none"> <li>The Fund's return in relation to the Benchmark for the period is -5% (that is, <math>5\% - 10\% = -5\%</math>)</li> <li>The negative Performance Fee amount for the period is calculated as:  <math>\\$100,000 \times 20\% \times -5\% = -\\$1,000.00</math></li> </ul>	<b>-\$1,000.00</b> No Performance Fee is payable and the negative amount will be carried forward and offset against future positive Performance Fee periods.
<b>Performance above the Benchmark and carried forward underperformance</b>		
For the quarter ending 30 March, assume: <ul style="list-style-type: none"> <li>The Fund's return for the period is 7%</li> <li>The S&amp;P/ASX Small Ordinaries Accumulation Index (Benchmark) return for the period is 4%</li> </ul>	<ul style="list-style-type: none"> <li>The Fund's return above the Benchmark for the period is 3% (that is, <math>7\% - 4\% = 3\%</math>)</li> <li>The Performance Fee amount is calculated as:  <math>\\$100,000 \times 20\% \times 3\% = \\$600.00</math></li> </ul>	<b>\$600.00 PLUS -\$1,000.00</b> carried forward from the prior period equals <b>-\$400.00</b> No Performance Fee is payable as the positive Performance Fee amount from this period, \$600.00, did not exceed the negative amount carried forward from the prior period, -\$1,000.00. This amount of -\$400.00 will be carried forward and offset against future positive Performance Fee periods

Scenario	Calculation for the period before allowing for carried forward negative amounts	Performance Fee amount
<b>Performance above the Benchmark</b>		
For the quarter ending 30 June, assume:	<ul style="list-style-type: none"> <li>The Fund's return above the Benchmark for the period is 6% (that is, 9% - 3% = 6%)</li> <li>The Performance Fee amount is calculated as:  <math>\\$100,000 \times 20\% \times 6\% = \\$1,200.00</math></li> </ul>	<p>\$1,200.00 PLUS -\$400.00 carried forward from the prior period equals  <b>\$800.00</b></p> <p>A Performance Fee is payable as the positive amount from this period, \$1,200.00, exceeds the negative amount that was carried forward, -\$400.00.</p> <p>The Performance Fee payable of <b>\$800.00</b> will be accrued in the Fund's unit price and deducted directly from the Fund after the Performance Fee period.</p>

The above scenarios are provided for illustrative purposes only and do not represent any projection or indication of the future performance of the Fund. The RE does not provide any assurance that the Fund will achieve the performance used in this example.

Performance fees by their nature are dependent on a number of variables, none of which can be accurately predicted or forecast. These variables include actual future performance of the relevant Fund and its benchmark. Based on the information available to it, including recent performance fee information, the RE's current performance fee estimate for the UBS Australian Small Companies Fund, UBS Microcap Fund and the UBS Australian Small Companies SIV Fund is 0.00% of net asset value. Its performance fee estimate for the UBS Emerging Markets Equity Fund is 0.48% p.a. of net asset value of the Fund (or \$240 on an average account balance of \$50,000 during the year).

We currently charge the performance fee as specified in the PDS.

## Advice fees

### Initial advice fee

You have the option to direct us to pay your financial adviser an initial advice fee on your behalf. If agreed by you with your financial adviser, you can direct us to deduct an amount from your initial investment and pay it directly to your adviser. This remunerates your adviser for initial advice and service and reduces the amount of your initial investment. We do not receive any fees for this service. The Application Form indicates the maximum amount that we will pay to your advisor on your behalf. If you wish to change or cancel the initial advice fee, please advise us in writing. Refer to section 10 of the Application Form.

### Ongoing advice fee

If you agree, we can arrange for your adviser to receive an ongoing advice fee on your behalf. This remunerates your adviser for ongoing advice and service to the extent that such arrangements are permitted by law. We do not receive any fees for this service.

You can direct us to pay these fees by completing section 10 of the Application Form. The ongoing advice fee must be a percentage, and we may impose a limit on the amount that we will pay your adviser on your behalf. This fee is calculated daily on the Net Asset Value of the Fund and the number of units you hold, and paid to your adviser on a quarterly basis by redeeming a sufficient number of your units to cover the fee (including GST). Please note that each payment is considered a redemption and generally, tax calculations will be required. These redemptions will generally occur on or about the 5th Business Day after quarter end. Details of all amounts that are paid to your financial adviser and any GST impact will be advised to you quarterly.

This fee may be tax deductible. Investors should seek their own professional tax advice for eligibility.

If you wish to change or cancel the ongoing advice fee, please advise us in writing.

### Transactional and operational costs

In managing the assets of the Fund, the Fund may incur transaction costs such as brokerage, settlement costs,

clearing costs and stamp duty (where applicable) when assets are bought and sold. These transaction costs may arise from investor applications and redemptions and also from regular day-to-day portfolio management activities. Where they are related to an application or redemption and in order to reflect these costs, a buy/sell spread is added to the Net Asset Value to determine the application price or deducted from the Net Asset Value to determine the redemption price. Regular portfolio management-related transaction costs are deducted from the Fund's assets and reflected in the Net Asset Value that is used to calculate application and redemption prices (in this PDS these costs are referred to as 'other transactional and operational costs') and are an additional cost to those stated in section 6.1 of the PDS.

### Buy/sell spreads that apply to client applications and withdrawals

Transactional and operational costs related to applications and redemptions are recovered from applicants and redeeming unitholders via a 'buy/sell spread'. Buy/sell spreads are based on our estimate of the transaction cost the Fund would incur to buy the assets of the Fund (for applications) or sell those assets (for withdrawals), in each case divided by the number of units on issue. They are reflected in the unit price and are an additional cost to those stated in section 6.1 of the PDS – for an application of units, an adjustment is made to increase the issue price; and for a withdrawal of units, an adjustment is made to decrease the withdrawal price. Buy/sell spreads are paid to the Fund not to us and include transaction costs such as brokerage and taxes. Buy/sell spreads will generally not apply to reinvested distributions.

Although there are no contribution fees or exit fees, the buy/sell spread does represent an additional cost of investing and withdrawing from a Fund.

Below is a table outlining the buy/sell spreads for each Fund. Current buy/sell spread details are also available on our website [www.ubs.com/au-am-info](http://www.ubs.com/au-am-info), by contacting Client Services on (03) 9046 4041 or freecall on 1 800 572 018. For indirect investors we recommend that you contact your IDPS operator. We may vary the applicable buy/sell spreads up or down from time to time.

**Table 1**

Fund name	Buy/sell spread (%) for investor applications (+) and redemptions (-)
<b>Australian Equities</b>	
UBS Australian Share Fund	+/- 0.25
UBS Australian Small Companies Fund	+/- 0.45
UBS Australian Small Companies SIV Fund	+/- 0.45
UBS-HALO Australian Share Fund	+/- 0.25
UBS Microcap Fund	+/- 0.70
<b>International Equities</b>	
UBS Emerging Markets Equity Fund	+/- 0.40
UBS Global High Conviction Fund	+/- 0.20
UBS International Share Fund	+/- 0.25
<b>Property and Infrastructure Securities</b>	
UBS Clarion Global Infrastructure Securities Fund	+/- 0.20
UBS Clarion Global Property Securities Fund	+/- 0.25
UBS Property Securities Fund	+/- 0.25
<b>Fixed Income &amp; Cash</b>	
UBS Australian Bond Fund	+0.025 / -0.10
UBS Cash Fund	+/- 0.00
UBS Short-Term Fixed Income Fund	+0.00 / -0.06
UBS Diversified Fixed Income Fund	+0.10 / -0.15
UBS Income Solution Fund	+0.075 / -0.35
UBS International Bond Fund	+0.25 / -0.15
<b>Multi-Asset</b>	
UBS Balanced Investment Fund	+0.24 / -0.29
UBS Defensive Investment Fund	+0.16 / -0.34
UBS Tactical Beta Fund – Balanced	+0.17 / -0.16
UBS Tactical Beta Fund – Conservative	+0.18 / -0.16
UBS Tactical Beta Fund – Growth	+0.18 / -0.16

Costs of buying and selling investments (and related duties, taxes, GST and financial institutions charges) and other expenses we incur in operating the Fund may be paid from the Fund, not by us and are included in the example of other transactional and operational costs below.

The buy/sell spread is based on the value of your application or withdrawal. For example, if you made a withdrawal of \$50,000 from the UBS Australian Bond Fund which has a sell spread of 0.41%, you would pay \$205.00 (\$50,000 x 0.41%). This amount is retained by the Fund to cover transactional and operational costs associated with your withdrawal.

#### Other transactional and operational costs related to managing Fund assets

In addition to the buy/sell spread, transactional and operational costs may be incurred when we transact to manage the Fund's assets. These costs are reflected in the Net Asset Value which is used to calculate the Fund's unit prices. Examples include brokerage, buy-sell spread, settlement costs, clearing costs, stamp duty on investment transactions and certain costs of OTC derivative financial products. These costs will differ according to the type of assets in the Fund, or the purpose for which any derivatives are acquired, are not an additional fee paid to us and will be paid out of the Fund's assets.

Below is a table outlining the other transactional and operational costs of managing each Fund that are not recovered via the buy/sell spread. These other transactional and operational costs are presented net of buy/sell spreads recovered as a percentage of the average Fund size and are estimated based on the financial year ended 30 June 2019.

**Table 2**

Fund name	A. Estimated total transactional and operational costs (p.a. of the Net Asset Value)	B. Minus: Estimated overall buy/sell spread recovery (p.a. of the Net Asset Value)	C. Equals: Estimated net transactional and operational costs (p.a. of the Net Asset Value)
<b>Australian Equities</b>			
UBS Australian Share Fund	0.32%	0.11%	0.21%
UBS Australian Small Companies Fund	0.83%	0.53%	0.30%
UBS Australian Small Companies SIV Fund	0.38%	0.32%	0.06%
UBS-HALO Australian Share Fund	0.49%	0.21%	0.28%
UBS Microcap Fund	0.10%	0.57%	-0.47%#
<b>International Equities</b>			
UBS Emerging Markets Equity Fund	0.80%	0.94%	-0.14%#
UBS Global High Conviction Fund	0.07%	0.01%	0.06%
UBS International Share Fund	0.07%	0.03%	0.04%
<b>Property &amp; Infrastructure Securities</b>			
UBS Clarion Global Infrastructure Securities Fund	0.22%	0.11%	0.11%
UBS Clarion Global Property Securities Fund	0.35%	0.14%	0.21%
UBS Property Securities Fund	0.21%	0.07%	0.14%
<b>Fixed Income &amp; Cash</b>			
UBS Australian Bond Fund	0.07%	0.01%	0.06%
UBS Cash Fund	0.01%	0.00%	0.01%
UBS Short-Term Fixed Income Fund	0.05%	0.03%	0.02%
UBS Income Solution Fund	0.09%	0.05%	0.04%
UBS Diversified Fixed Income Fund	0.16%	0.03%	0.13%
UBS International Bond Fund	0.05%	0.02%	0.03%
<b>Multi-Asset</b>			
UBS Balanced Investment Fund	0.22%	0.01%	0.21%
UBS Defensive Investment Fund	0.19%	0.07%	0.12%
UBS Tactical Beta Fund - Balanced	0.06%	0.06%	0.00%
UBS Tactical Beta Fund - Conservative	0.05%	0.05%	0.00%
UBS Tactical Beta Fund - Growth	0.06%	0.07%	-0.01%#

#UBS has reviewed and determined that the current buy/sell spread level (noted in Table 1) for each of these funds is reasonable and appropriate. In Table 2, the excess 'Estimated overall buy/sell spread recovery' (B) over the 'Estimated total transactional and operational costs' (A) reflects an above-trend volume of applications and redemptions.

For example, if transactional and operational costs of 0.06% for the UBS Australian Bond Fund are applied to an investment of \$50,000, transactional and operational costs would equal to \$30 per annum. Transactional and operational costs vary from period to period and accordingly future transactional and operational costs may be higher or lower than this amount. When transactional and operational costs of 0.06% are added to the management costs of 0.45% for the UBS Australian Bond Fund, the total investment cost is 0.51% per annum. Applied to an investment of \$50,000, the total investment cost would equal to \$255 per annum.

#### mFund fees and costs

Additional fees may be payable to your ASX broker or if applicable, to your financial adviser who uses a stockbroking service on your behalf, for applying for units in the Fund or withdrawing from the Fund through mFund (please refer to the relevant Financial Services Guide provided by your ASX Broker or Statement of Advice provided by your adviser).

**Change in fees**

It is possible for the fees and costs to change up to the maximum amount specified in the Constitution. If we increase the fees or costs, we will advise you or your IDPS operator (as applicable) in writing at least 30 days prior to the date that the increase takes effect. This applies only to fees and costs charged by us and to transaction costs but not to indirect costs, which are subject to change at any time without notice.

**Individual fee arrangement**

From time to time we may individually negotiate our management fee and performance fee arrangements with wholesale clients (within the Corporations Act meaning) – such as master trusts and IDPS operators. This may include other UBS companies. This is generally because they invest very large amounts of money in the Fund. We do not enter into such fee arrangements with retail clients (within the Corporations Act meaning).

**IDPS Investors**

If you are investing through an IDPS, you should also consider the fees and expenses charged to you by your IDPS operator (if applicable) as well as the fees and other costs outlined in the PDS when calculating the total cost of your investment. If you have any questions you should contact us or, if you are investing through an IDPS, your IDPS operator.

**Tax**

Please see section 7 of the PDS for each Fund for an explanation of some of the taxation implications of an investment in the Fund.

## 6. Taxation

**This section provides further information about taxation matters relating to the Fund.**

This taxation information is a general summary and does not take into account specific circumstances. It addresses tax consequences for investors based on Australian income tax, stamp duty and GST laws which have been enacted as at the date of this Additional Information Booklet. Unless otherwise stated, the information applies to Australian resident investors.

This taxation summary assumes that the investor will hold the units in the Fund directly or will be taken to hold those units directly for tax purposes. The taxation summary also assumes that investors hold units in the Fund on capital account. It is not exhaustive and, in particular, does not deal with the position of certain classes of investors (including investors who hold units in the Fund on revenue account). Importantly, changes to taxation rules including those discussed below under the heading 'Tax reform' could impact on the return realised by investors in the Fund. We recommend that you seek independent professional taxation advice that is specific to your circumstances.

### **Taxation of the Fund**

The Responsible Entity of the Fund intends to manage the Fund such that it is regarded as a flow-through entity for Australian tax purposes.

Under the Attributed Managed Investment Trust ("AMIT") regime ("AMIT Regime"), which has been available from the 2016-17 income year, the trustees of certain eligible managed investment trusts ("MITs") can make an irrevocable election for the MIT to be an AMIT.

The AMIT Regime includes the following measures:

- an attribution method that provides a formal mechanism to allocate taxable income to Unitholders, which is not dependent on the amount of income distributed to Unitholders and which ensures that the income retains the tax character it had in the hands of the Fund;
- an ability for under-estimations and over-estimations of amounts at the trust level to be carried forward and dealt with in the year in which they are discovered;
- both upwards and downwards adjustments to Unitholders' cost base for CGT purposes and cost for revenue purposes in specified circumstances and clarification of the treatment of tax deferred distributions; and
- deemed fixed trust treatment.

Accordingly, under the AMIT rules, the Responsible Entity will be able to allocate trust components to Unitholders on a fair and reasonable basis in accordance with the terms of the Trust Deed (without the need to satisfy the complex "present entitlement" rules). Additionally, an AMIT will be treated as a fixed trust for tax purposes, which will provide further certainty for the Fund in respect of certain tax characteristics such as franking credits and carry forward tax losses.

As at the date of this Additional Information Booklet, the Responsible Entity has elected into the AMIT Regime with effect from 1 July 2017 (or in the case of the UBS Emerging Markets Equity Fund, from its inception on 27 July 2018). Investors should seek their own professional advice on the potential impact of the Responsible Entity choosing for the AMIT Regime to apply to the Fund.

Based on current tax laws, the Responsible Entity of the Fund should not be subject to tax on the income of the Fund, other than in relation to withholding tax or other tax

paid in respect of non-resident investors. Instead, investors in the Fund will ordinarily be taxed on their share of the Fund's taxable income at the end of the relevant income year, whether or not they actually receive a distribution from the Fund equal to that amount.

### **Disposal of investments by the Fund**

The disposal of investments by the Fund may result in taxable income for the Fund. Generally, a gain arising on the disposal of investments will be included in the Fund's distribution amount.

#### *Capital/revenue election for Managed Investment Trusts*

Under the current tax laws, trusts which are MITs (which include Australian managed investment schemes that are widely held or that are taken to be widely held) and that satisfy certain closely held restrictions) may be eligible to irrevocably elect (in an approved form) to apply the capital gains tax ('CGT') provisions as the primary code to tax gains and losses from the disposal on certain eligible assets (primarily, shares, units and real property), subject to certain integrity rules. However, where a MIT is eligible to make an election and it does not do so, any gains and losses on the disposal of those otherwise eligible assets (excluding land or certain interests in land) will be taxed on revenue account.

Where the Fund qualifies as an eligible MIT (or elects to be an AMIT under the new AMIT Regime) and validly elects to treat the Fund's eligible assets on capital account, certain investors may obtain the benefit of the CGT discount and other tax concessions (where applicable) on distributions of capital gains they may receive.

The capital account election will not apply in relation to the disposal of assets covered by that election in any year that the Fund fails to qualify as an eligible MIT. The ordinary tax rules will generally apply in relation to those years in determining whether gains and losses are on revenue or capital account.

Non-resident and temporary resident investors will generally not be subject to tax on capital gains made by managed investment funds which are 'fixed trusts' for tax purposes, unless those gains relate to certain direct or indirect interests in Australian real property. The AMIT regime may impact on the status of the Fund as a 'fixed trust', which will be relevant for this concession. You should seek advice in relation to the availability of this concession.

### **Taxation of the investor's income entitlement from the Fund**

Distributions of distributable income and realised capital gains of the Fund will be made at least on an annual basis. All investors who hold units in the Fund at the end of the relevant distribution period are entitled to share in the distribution, pro rata to the number of units (or units in the relevant class, if applicable) which they hold.

Distribution amounts are calculated by reference to the distributable income of the Fund (or class, if applicable) for the distribution period. Investors who are entitled to the distributable income of the Fund as at year end should be assessable on the taxable income of the Fund, in proportion to their entitlements to that distributable income.

All taxable income which becomes assessable to an investor from the Fund during a year of income forms part of the investor's assessable income for the year in which the entitlement arises rather than when the distribution is made.

Eligible investors may be entitled to offset, against tax payable, franking credits in respect of dividends received by the Fund (subject to the qualified person rules). To the extent that the investor's share of the franking credits exceeds the investor's tax liability, the investor may be entitled to a refund of the excess, at least where the investor is an individual or a complying superannuation fund.

Investors may also be entitled to claim a foreign income tax offset (foreign tax credit) for foreign tax paid or deemed to have been paid by the investor in relation to assessable income or capital gains received from the Fund in relation to foreign investments.

### **Taxation of non-resident Unitholders**

Deductions of Australian tax will be made from distributions of Australian sourced income from the Fund to non-resident investors. The amounts withheld will depend on the type of income and the country of residence of the particular investor. Generally, if the Fund qualifies as a MIT under the current rules (or elects for the AMIT regime under the new rules to apply to the Fund), distributions of amounts from the taxable income of the Fund (other than dividends, interest, royalties, each of which have separate withholding regimes, foreign sourced income and capital gains on assets which are not 'taxable Australian property') are subject to a final withholding tax at the rate of 15% if the investor is resident in a country which has an information exchange agreement with Australia, and 30% in other cases.

To the extent that the distribution includes unfranked dividends, withholding tax will apply at the rate determined having regard to the country of residence of the relevant Unitholder. If there is no double tax treaty concluded between that country and Australia the general withholding rate of 30% applies. If the Unitholder is resident of a country which has concluded a double tax treaty with Australia that rate may be reduced (to rates varying generally between 0% and 15%). Withholding tax generally does not apply to the franked dividend component of distributions.

To the extent that the distribution includes interest, withholding tax will apply, depending on the residence of the Unitholder, at the general (non-treaty) rate of 10% or at the rate determined by the relevant treaty (generally between 0% and 10%).

If and to the extent that the distribution includes royalties, withholding tax will apply, depending on the residence of the Unitholder, at the general (non-treaty) rate of 30% or at the rate determined by the relevant treaty (generally between 5% and 15%).

### **Taxation treatment of investor's unit holding in the Fund**

Investors will generally realise a capital gain or loss on disposal, switching, transfer or redemption of units in the Fund. This assumes that investors hold their units in the Fund on capital account and that the TOFA regime does not apply to them in respect of their units. If not, other tax consequences will apply. If you are a resident individual, trust or complying superannuation entity and have held units for at least 12 months prior to disposal (including switching) or redemption, you may be entitled to discount capital gains treatment. The CGT discount is 50% for an investor that is an individual or trust, and 33⅓% for an investor that is a complying superannuation fund. The CGT discount does not apply to an investor that is a company. Non-residents and temporary residents are no longer entitled to the CGT discount.

It is also possible for investors to receive a tax deferred amount in relation to their distribution from the Fund. This could arise where the distribution received from the Fund exceeds the share of the taxable income of the Fund which is to be included in the assessable income of an investor. In relation to these amounts, the CGT rules may require the cost base which is held by investors in their units to be adjusted. Where such tax deferred amounts received by the investors exceed the cost base of the units, the excess is treated as a capital gain.

Non-residents and temporary residents are generally not subject to tax on capital gains arising on assets which are not 'taxable Australian property'. Generally, a unit in a managed investment fund will not be taxable Australian property for this purpose, unless the unitholder has (with associates) a 10% or more interest in the fund and more than 50% of the market value of the fund's assets are attributable to Australian real property.

From 1 July 2016, a non-final withholding tax applies on 'acquisitions' (for tax purposes) of certain 'taxable Australian property' from foreign residents and persons taken to be foreign residents. Under these rules, the purchaser of the relevant 'taxable Australian property' would be required to pay 12.5% of the purchase price (being the rate applicable from 1 July 2017, previously being 10%) (in the ordinary case) to the ATO on or before the settlement date (unless an exemption applies or the ATO agrees to vary the amount).

### **Taxation of Financial Arrangements ('TOFA')**

#### *Overview of the TOFA regime*

The TOFA regime is a code for the taxation of gains and losses in relation to financial arrangements. The rules contemplate a number of different methods for bringing to account gains and losses in relation to financial arrangements (including fair value, accruals, retranslation, realisation, hedging and financial reports).

The TOFA regime applies on a mandatory basis to financial arrangements acquired by:

- entities (other than individuals) that satisfy the minimum financial thresholds discussed below; and
- any entity (including individuals) if significant deferral of tax in relation to certain specific arrangements (called 'qualifying securities') is involved.

Superannuation funds and managed investment schemes must apply the TOFA regime if the value of their assets is \$100 million or more. Other entities must apply the rules if their turnover is \$100 million or more, if the value of their assets is \$300 million or more, or if the value of their financial assets is \$100 million or more.

If the TOFA regime does not mandatorily apply to a taxpayer, the taxpayer can nevertheless voluntarily elect to be subject to the TOFA regime.

#### **Impact of the TOFA regime on investors**

The units in the Fund are 'financial arrangements'. However, in our view, on the basis that the units are unlikely to be qualifying securities, investing in units should not cause the TOFA regime to mandatorily apply to:

- investors who are individuals; or
- investors that are not individuals and do not exceed the relevant financial thresholds.



Moreover, even where the TOFA regime applies to an investor, the tax consequences arising to the investor in respect of the investor's units will only be determined under the TOFA regime if the investor makes either the fair value election or the financial reports election. Any such investors should seek tax advice that is specific to their circumstances.

### **Proposed changes to the TOFA regime**

In the 2016–17 Federal Budget, the Australian Government announced that it will reform the TOFA rules to reduce their scope, decrease compliance costs and increase certainty, including by introducing new simplified accruals and realisation rules. The measure was announced originally to apply to income years commencing on or after 1 January 2018, but the Government announced in the 2018–19 Federal Budget that it will now apply to income years commencing on or after the date of Royal Assent of the enabling legislation. No draft legislation has yet been released as at the date of this Additional Information Booklet.

Investors should seek their own advice on the potential impact of any of the above announcements and proposed and recently enacted legislative changes. Investors should monitor the progress of all relevant legislation and any further legislation introduced as a result of the announced or recommended reforms.

### **Controlled foreign company ('CFC') regime**

The Fund may invest in foreign entities which could mean the Fund becomes subject to Australia's current or proposed CFC regime. The Fund may also invest in other entities which could hold interests in foreign entities that may also mean the Fund becomes subject to that regime.

Where the CFC regime applies, the Fund will determine the income to be recognised under the CFC rules. Generally, all attributable income will be included within the taxable income of the Fund (even if unrealised) and will be taxed in the hands of the investor.

However, it is not expected that the Fund's interest in any foreign entity will be subject to the CFC regime.

### **Providing your Tax File Number or Australian Business Number**

You may choose to quote your TFN or ABN (if applicable) or claim an exemption in relation to your investment in the Fund. The law strictly regulates how we may use TFNs and ABNs. If you choose not to give us your TFN or ABN or claim an exemption, we must deduct tax at the highest personal tax rate (plus Medicare Levy if applicable) before we pass on each distribution to you.

### **Goods and Services Tax ('GST')**

The Fund is registered for GST. The majority of goods and services that the Fund will acquire for its operations will be subject to GST including the Responsible Entity's fees. In certain circumstances, the Fund may be entitled to reduced inputs tax credits, which effectively reduces the GST cost to the Fund.

No GST will apply on amounts received by the Fund for the issue of units, sale proceeds of the securities, or investment income and gains or buy/sell spreads applied.

### **Stamp duty**

The issue or redemption of units should not attract any stamp duty (assuming no landholder duty, land rich duty or trust acquisition duty in Queensland applies). Transfer duty does not generally apply to the transfer of Units in any Australian jurisdiction, however you should confirm the stamp duty consequences of transferring units with your taxation adviser.

## 7. Privacy

### Keeping us informed

Our records about you are important. Please inform us in writing (must be signed by the authorised signatories) of any changes to details which you have given us. This may be a new postal address, a change of name or new financial institution account details for distribution payments.

We will send you written confirmation of any changes. Please quote your Investor Number when you contact us.

### Collecting and using your information

We collect information for the following purposes:

- to process your application;
- to administer your investment and provide you with reports;
- to monitor and improve the quality of service provided to you; and
- to comply with regulatory or legal requirements, including the Corporations Act, the Proceeds of Crime Act, the Financial Transaction Reports Act, the Taxation Administration Act and the Anti-Money Laundering and Counter-Terrorism Financing Act.

We also ask you for some personal details so that we, and our related companies, can keep in touch with you and tell you on an ongoing basis about our other products and services that could be useful to you. We may do this by telephone, electronic messages (eg. email), online and other means. Please contact us if you do not wish your details to be used for marketing purposes.

We may gather information about you from a third party. These include credit agencies, financial advisers, fund managers or intermediaries and spouses. We may also collect details of your interactions with us and our products and services (including from our records of any telephone, email and online interactions).

If you provide someone else's personal information to us, you must ensure that they first agree on the basis of this privacy section.

### Disclosing your information

We exchange your personal information with your consultant/adviser and third parties appointed by your consultants/adviser if you complete section 15 of the Application Form, or if you request us to, and to any other authorised representative of yours (such as your accountant

or lawyer) from time to time. In addition, we may exchange personal information about you in the following circumstances:

- you consent to the disclosure;
- with any joint investor;
- with companies that provide services to us, to our related companies, to the Fund, or on our behalf (and our related companies may also exchange personal information with these companies) – for example administration, custody, investment management, technology, identity verification, auditing, registry, mailing or printing services; or
- where required or authorised by law, which may include disclosures to the Australian Taxation Office and other Government or regulatory bodies; or
- with organisations related to us and its related bodies corporate, whether in Australia or any overseas jurisdiction ('**Related Companies**').

In some cases, the types of organisations referred to above to whom we will disclose your personal information may be located in Switzerland, China, Hong Kong, India, New Zealand, Poland, Singapore, United Kingdom, United States of America and other countries.

### What happens if you choose not to disclose the information?

Depending on the type of information, the following may apply:

- TFN or ABN: we have to deduct tax at the highest rate before we pay distributions to you (see section 6).
- account details: we will not be able to pay income directly to your bank account.
- incomplete application: we will not be able to process your requested investment or tell you about other investment opportunities until the required information is received.

### Further details

You can access, correct or update any personal information we hold about you, subject to some exceptions allowed by law, by contacting Client Services. Reasons will be given if access is denied. We may charge a reasonable fee for access to your personal information. Please contact Client Services on (03) 9046 4041 or freecall on 1 800 572 018 if you have any questions about how we handle your personal information. You can obtain a copy of our Privacy Policy on request.

## 8. Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standard

The Fund is a Financial Institution under the intergovernmental agreement entered into between the Australian and U.S. governments in relation to the United States of America Foreign Account Tax Compliance Act ('FATCA') on 28 April 2014 ('IGA'). The Fund is also a Financial Institution under the OECD Common Reporting Standard for Automatic Exchange of Financial Account Information ('CRS').

We conduct due diligence on prospective investors in the Fund and on existing unit holders. Prospective investors (including existing unit holders applying for additional units) will need to provide us with certain information and/or documentation when applying for units. Existing unit holders may need to provide us with certain information and/or documentation on request.

We will report information in respect of certain unit holders and their unit holdings in the Fund to the Australian Taxation Office ('ATO'). Broadly, we will report to the ATO information in respect of unit holders who are:

- U.S. citizens or residents;
- certain types of U.S. entities; and
- certain types of non-U.S. entities that are controlled by one or more U.S. citizens or residents (pursuant to the IGA); or
- foreign resident individuals, certain types of foreign resident entities;
- and certain types of Australian entities that are controlled by one or more foreign residents (pursuant to the CRS).

We are also required to report to the ATO the details of any payments we make to "Nonparticipating Financial Institutions", as such term is defined in the IGA.

If you are an existing unit holder and you do not provide us with the required documentation upon request we may be required to report information in respect of you and your unit holding in the Fund to the ATO.

If you are a new investor and you do not provide us with the required information and/or documentation on request, we may not issue units to you. Alternatively, we may report information in respect of you and your unit holding in the Fund to the ATO.

The ATO will share information reported to it by Australian financial institutions with the U.S. Internal Revenue Service or tax authorities of jurisdictions that have signed a relevant CRS Competent Authority Agreement.

For further information in relation to how our due diligence and reporting obligations under the IGA and CRS may affect you, please consult your tax adviser.

The Fund may be subject to other reporting regimes in relation to your investment in the Fund. These regimes may require the Fund to collect additional information from you and/or result in certain information being reported by the Fund to the ATO or other government organisations.

## 9. Other information

### Fund offer

The Fund has not been registered under the U.S. Securities Act of 1933, as amended (the 'Securities Act') and may not be offered or sold in the United States of America or to U.S. persons, as defined in 'Regulation S' of the Securities Act. This PDS is not for use in, and may not be delivered to or inside, the United States of America.

Under the Securities Act, 'U.S. Persons' include:

- any natural person resident in the United States of America
- any partnership or corporation organized or incorporated under the laws of the United States of America
- any estate of which any executor or administrator is a U.S. Person
- any trust of which any trustee is a U.S. Person
- any agency or branch of a foreign entity located in the United States of America
- any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. Person

- any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or (if an individual) resident in the United States of America
- any partnership or corporation if organized or incorporated under the laws of any foreign jurisdiction and formed by a U.S. person principally for the purpose of investing in securities not registered under the Securities Act, unless it is organised or incorporated, and owned, by accredited investors (as defined in Rule 501(a) of Regulation D under the Securities Act) who are not natural persons, estates or trusts.

### Fund information

Each member is entitled to elect to receive, free of charge, a copy of the financial report for each financial year. To request a copy of the annual financial report please contact our Client Services team on (03) 9046 4041 or toll free on 1 800 572 018. The annual financial report is available on our website by 30 September each year at [ubs.com/au-am-pds](https://ubs.com/au-am-pds).



[www.ubs.com/am-australia](http://www.ubs.com/am-australia)