

**UBS ASSET MANAGEMENT FUNDS LTD**

**Report and Financial Statements**

**For the year ended 31 December 2016**



# UBS ASSET MANAGEMENT FUNDS LTD

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Registered No. 2218008

## **CORPORATE INFORMATION**

### **DIRECTORS**

E.C.S. Byrne

P. Davis (Non-executive)

S.J. Hutton

### **SECRETARY**

R. Beechey

### **AUDITORS**

Ernst & Young LLP

25 Churchill Place

Canary Wharf

London

E14 5EY

### **REGISTERED OFFICE**

5 Broadgate

London

EC2M 2QS

# UBS ASSET MANAGEMENT FUNDS LTD

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## STRATEGIC REPORT

The Directors present their strategic report of UBS Asset Management Funds Ltd (the "Company") for the year ended 31 December 2016.

### PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the Company, which is a wholly owned subsidiary undertaking of UBS Asset Management Holding Ltd, is to manage pooled vehicles for institutional and retail clients. The Company was authorised as an Alternative Investment Fund Manager ("AIFM") under the Alternative Investment Fund Managers Directive (Directive (2011/61/EU)) on 22 July 2014, and is the AIFM of the following funds:

- Triton Property Fund (Umbrella Fund)
- Triton Property Fund Unit Trust
- UBS Participating Real Estate Mortgage Fund
- UBS (UK) Real Estate Funds Selection Global Ex Canada LP
- UBS (Lux) Real Estate Funds Selection
- UBS International Infrastructure Fund 1
- UBS International Infrastructure Fund 2
- Archmore Infrastructure Debt Platform

The Company is also a manager of Undertakings for Collective Investment in Transferable Securities ("UCITS") funds. The Company is authorised and regulated by the Financial Conduct Authority (the "FCA").

The Directors assessed the implications of the Capital Requirements Regulation 575/2013 ("CRR") in relation to the Company and its business operating model and as a result of the review an Internal Capital Adequacy Assessment Process (ICAAP) report for the UBS Asset Management Holding (No.2) Ltd and its subsidiaries (the "Group"), in accordance with the Capital Requirement Directive 2013/36/EU ("CRD"), was submitted to the FCA during March 2017. UBS Asset Management Holding (No. 2) Ltd is the parent of UBS Asset Management Holding Ltd, the immediate parent of the Company.

### PRINCIPAL RISKS AND UNCERTAINTIES

Given that the nature of the Company's business is investment management, the risks to which the Company is exposed are principally those of a fiduciary nature and are managed according to UBS Group AG guidelines. The principal risks and uncertainties can be summarised as:

#### Operational

Management of operational risk, defined as risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, is becoming a key measure used by regulators to assess regulatory capital and risk monitoring programmes. The Company has in place a risk management and control framework which comprises qualitative elements such as a register of principal risks, policies and authorities, and quantitative components including risk measurement and limits. The Board Committee sets the overall risk appetite for the Company. Risk exposure is monitored against the set risk appetite on an ongoing basis through risk reporting and escalation process to the Board Committee. An assessment and review of the risk appetite methodologies and statements is made at a minimum on an annual basis, with the risks recorded on the risk register assessed more frequently.

#### Conduct

Conduct risk is the risk that the conduct of the firm or its individuals unfairly impacts clients or counterparties, undermines the integrity of the financial system or impairs effective competition to the detriment of consumers. UBS maintains a 'Code of Conduct and Ethics' (the Code). The Code sets out the principles and practices that define UBS's ethical standards and the way the firm does business. It is the basis for all of UBS Group policies, guidelines and procedures and applies in all circumstances and at all levels in the organisation, including the Company.

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## STRATEGIC REPORT (CONTINUED)

### Market

Market risk is the risk that the fair value of future cash flows will fluctuate because of changes in market prices. Market risk for the Company comprises two types of risks: foreign exchange risk, and interest rate risk. The Company does not enter into proprietary trading positions.

#### *Foreign exchange risk*

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's main exposure stems from fees accrued or billed in currencies which are not pound sterling denominated. The firm has limited appetite for market risk and seeks to minimise this by having an efficient process around payments of fees, and ensuring settlement occurs on a regular basis.

#### *Interest rate risk*

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. The Company is subject to cash flow interest rate risk due to fluctuations in the prevailing levels of market interest rates. The Company might be affected by the impact of interest rate changes on the earnings of certain investments in which the Company will invest.

### Credit

The primary credit risk faced by the Company is based on its obligation to hold a certain amount of cash to cover its business needs and that in relation to fee debtors.

This cash is deposited in a corporate account with a third party institution. Balances are categorised into overnight, one month, three month and six month tranches. Each progressive tranche automatically earns incremental value without locking balances to term or actively investing. The risk on fee related debtors is controlled by having an efficient process around payments of fees, specifically to ensure fees are paid on time. Debtors are reviewed on a regular basis and high risk items are raised to senior management accordingly.

As a wholly-owned subsidiary of UBS AG, the Company operates in line with UBS Group AG group (UBS Group AG and its subsidiaries) policies, including environmental and ethical standards.

### KEY PERFORMANCE INDICATORS

The results of the Group are managed on a Group and business stream basis. Business streams do not correspond directly with individual legal entities, and consequently key performance indicators are not set for individual companies. The parent company of the Group (UBS AG) maintains an oversight of the Company's performance under the UBS Asset Management business and management structures. However, the Directors are satisfied that the Company's business is operating and performing in accordance with and to the standards expected by those business and management structures. The Directors continually and actively monitored the Company's regulatory capital limits during the year. There has been no change in this status since the year end.

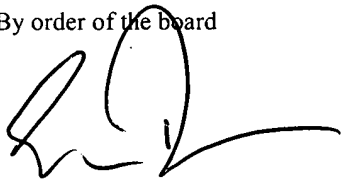
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STRATEGIC REPORT (CONTINUED)

**FUTURE DEVELOPMENTS**

The Directors intend to continue to assess relevant opportunities to develop or expand the Company's activities provided these are consistent with the UBS Group AG business strategy and direction.

By order of the board

A handwritten signature in black ink, appearing to be 'E.C.S. Byrne', written over the text 'By order of the board'.

E.C.S. Byrne  
Director  
25 April 2017

# UBS ASSET MANAGEMENT FUNDS LTD

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## DIRECTORS' REPORT

The Directors present their report and the audited financial statements of UBS Asset Management Funds Ltd (the "Company") for the year ended 31 December 2016.

### RESULTS AND DIVIDENDS

During the year the Company made a profit after taxation of £6,326,000 (2015 – £2,775,000). No interim dividend was paid during the year (2015 – £nil). The Directors do not recommend payment of a final dividend (2015 – £nil).

### GOING CONCERN

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out within this report. The financial position of the Company and its liquidity position are reflected on the balance sheet. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the 12 months from the date on which the financial statements are approved. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

### DIRECTORS

The Directors who served during the year and up to the date of signing the financial statements were as follows:

I.F. Barnes	(resigned 14 October 2016)
R. Beechey	(resigned 15 February 2017)
E.J. Bennett	(resigned 16 September 2016)
E.C.S. Byrne	(appointed 15 February 2017)
A. J. Davies	(resigned 8 April 2016)
P. Davis (Non-executive)	
M. Gilligan	(resigned 1 September 2016)
S. J. Hutton	(appointed 9 December 2016)
R. Ketterer	(resigned 9 December 2016)

### INSURANCE OF DIRECTORS

UBS AG, a UBS Group company, maintains a third party indemnity provision in favour of all of its Directors against liability in respect of proceedings brought by third parties. This is for its Directors in respect of their duties as Directors of the Company.

### DISCLOSURE OF INFORMATION TO AUDITORS

Each of the Directors at the date of approval of this report and audited financial statements have confirmed that:

- so far as he/she is aware, there was no relevant audit information of which the Auditors were unaware; and
- he/she has taken all the steps necessary as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Auditors have been made aware of that information.

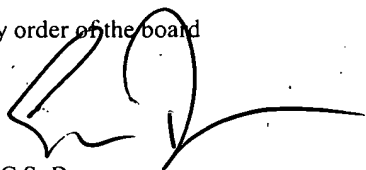
This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act (2006).

DIRECTORS' REPORT (CONTINUED)

**RE-APPOINTMENT OF AUDITORS**

Ernst & Young LLP, Chartered Accountants and Registered Auditor, have indicated their willingness to continue in the office and, as the Company has dispensed with the holding of annual general meetings permitted by the Companies Act (2006), shall continue in office in accordance with Section 487 of the Companies Act (2006) or, if annual general meetings are re-introduced, until the conclusion of the next annual general meeting and in which case a resolution for their re-appointment will be proposed.

By order of the board

A handwritten signature in black ink, appearing to read 'E.C.S. Byrne', with a long horizontal flourish extending to the right.

E.C.S. Byrne

Director  
25 April 2017

## UBS ASSET MANAGEMENT FUNDS LTD

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### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act (2006). They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



# UBS ASSET MANAGEMENT FUNDS LTD

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UBS ASSET MANAGEMENT FUNDS LTD

We have audited the financial statements of UBS Asset Management Funds Ltd. for the year ended 31 December 2016 which comprise of the Income Statement, the Balance Sheet, the Statement of Change in Equity and the related notes 1 to 15. 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), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are 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 directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

# UBS ASSET MANAGEMENT FUNDS LTD

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UBS ASSET MANAGEMENT FUNDS LTD (CONTINUED)

### Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit :

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Caroline Mercer (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London,

26 April 2017

# UBS ASSET MANAGEMENT FUNDS LTD

Registered No. 2218008

## INCOME STATEMENT for the year ended 31 December 2016

	Notes	2016 £000	2015 £000 <i>Reclassified</i>
<b>TURNOVER</b>	2	19,565	17,917
Administrative expenses	3	(13,071)	(14,601)
<b>OPERATING PROFIT</b>	4	6,494	3,316
Income / (Expense) from foreign exchange differences		1,227	(74)
Bank interest		47	74
Interest payable and similar charges	5	(22)	(22)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		7,746	3,294
Taxation on profit on ordinary activities	8	(1,420)	(519)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		6,326	2,775

All of the amounts above are in respect of continuing operations.

The notes on pages 12 to 18 form an integral part of these financial statements.

# UBS ASSET MANAGEMENT FUNDS LTD

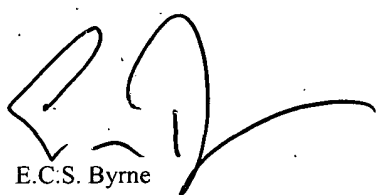
Registered No. 2218008

## BALANCE SHEET

at 31 December 2016

	<i>Notes</i>	<i>2016</i> <i>£000</i>	<i>2015</i> <i>£000</i>
<b>CURRENT ASSETS</b>			
Cash at bank		22,924	17,019
Debtors	9	13,170	18,518
		<u>36,094</u>	<u>35,537</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>			
Income tax payable	10	(6,907)	(13,446)
		<u>(1,305)</u>	<u>(535)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>27,882</u>	<u>21,556</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	26,000	26,000
Profit and loss account		1,882	(4,444)
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u>27,882</u>	<u>21,556</u>

Approved and authorised for issue by the Board of Directors on 25 April 2017 and signed on its behalf by:



E.C.S. Byrne  
Director

The notes on pages 12 to 18 form an integral part of these financial statements.

# UBS ASSET MANAGEMENT FUNDS LTD.

Registered No. 2218008

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## STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

	Share Capital	Retained Earnings	Total Equity
	£000	£000	£000
At 1 January 2015	26,000	(7,219)	18,781
Profit for the financial year	-	2,775	2,775
	<hr/>	<hr/>	<hr/>
At 31 December 2015	26,000	(4,444)	21,556
Profit for the financial year	-	6,326	6,326
	<hr/>	<hr/>	<hr/>
At 31 December 2016	26,000	1,882	27,882

# UBS ASSET MANAGEMENT FUNDS LTD

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

### 1. ACCOUNTING POLICIES

#### *Basis of accounting*

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 ("FRS 101") for all periods presented.

The Company has taken advantage of the following exemptions under FRS 101:

- (a) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 79(a)(iv) of IAS 1
- (b) the requirements of paragraphs 10(d), 10(f), 16, 38A-38D, 40A-40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- (c) the requirements of IAS 7 Statement of Cash Flows
- (d) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- (e) the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- (f) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

#### *Foreign currencies*

The company's financial statements are presented in sterling, which is also the company's functional currency. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

#### *Turnover*

Turnover, stated net of value added tax, and rebates, comprises management fees, performance fees, and other charges earned from providing investment and fund management services to clients and other UBS Group undertakings. Management and performance fees are recognised on an accrual basis, with performance fee rebates being accrued when fees have been earned.

#### *Interest Income*

Interest income on cash balances are recognised on an accrual basis.

#### *Administrative expenses*

Administrative expenses incurred are recognised on accrual basis.

#### *Debtors*

Debtors are amounts due in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Debtors are measured at fair value upon initial recognition. At each balance sheet date debtors are reviewed to determine whether there is an indication of impairment. If such indication exists, the recoverable amount is estimated.

#### *Creditors*

Creditors are obligations to pay for services that have been acquired in the ordinary course of business. Creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Creditors are recognised initially at fair value and subsequently measured at amortised cost.

# UBS ASSET MANAGEMENT FUNDS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2016

### 1. ACCOUNTING POLICIES (CONTINUED)

#### *Income taxes*

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date. Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

#### *Cash at Bank*

Cash and short term deposits in the balance sheet comprise of cash at banks and short term deposits with an original maturity of three months or less.

#### *Reclassification of prior year line items*

Certain prior year line items have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations.

The reclassification was to record transfers between Group entities as a reduction of revenue rather than expense. The line items impacted are Turnover and Administrative expenses on the Income Statement and the amount reclassified was £11,974,000.

### 2. TURNOVER

	2016 £000	2015 £000
Management fees received from unit trusts, open ended investment companies and alternative investment funds	19,565	17,917
	<u>19,565</u>	<u>17,917</u>

Turnover comprises management fees received from unit trust funds, open ended investment companies and alternative investment funds. Turnover is earned primarily from activities based in the United Kingdom.

### 3. ADMINISTRATIVE EXPENSES

	2016 £000	2015 £000
Expenses paid to UBS Asset Management Holding Ltd	13,071	14,601
	<u>13,071</u>	<u>14,601</u>

Expenses are borne by the immediate parent UBS Asset Management Holding Ltd. These expenses are charged to the Company from its parent on a just and reasonable basis.

# UBS ASSET MANAGEMENT FUNDS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2016

### 4. OPERATING PROFIT

This is stated after charging:

	2016 £000	2015 £000
Auditors' remuneration - audit of financial statements	12	19
- audit related assurance services	25	58
	<u>          </u>	<u>          </u>

### 5. INTEREST PAYABLE AND SIMILAR CHARGES

	2016 £000	2015 £000
Interest payable on overdrafts and bank loans	22	22
	<u>          </u>	<u>          </u>

### 6. DIRECTORS AND EMPLOYEES

The Company had no employees during the year (2015 – nil).

Directors' emoluments are payable by another company of the Group and are not separately recharged to UBS Asset Management Funds Ltd. The below disclosures are therefore in respect of Directors' emoluments in respect of qualifying services to the Group rather than to the Company alone.

Emoluments of Directors

	2016 £000	2015 £000
Aggregate remuneration in respect of qualifying services to companies of the Group	1,548	1,876
	<u>          </u>	<u>          </u>

	2016 No.	2015 No.
Directors to whom benefits are accrued under defined benefit schemes	-	-
Directors to whom benefits are accrued under defined contribution schemes	2	7
	<u>          </u>	<u>          </u>

	2016 £000	2015 £000
Highest paid Director		
Aggregate remuneration	720	502
Defined benefit pension scheme:		
Accrued pension at the end of the year	-	-
	<u>          </u>	<u>          </u>



# UBS ASSET MANAGEMENT FUNDS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2016

### 7. TRANSACTIONS WITH DIRECTORS AND RELATED PERSONS

Directors are entitled to deal in securities with UBS AG Group companies in accordance with the UBS AG Group's personal account dealing rules. These provide that the Directors obtain prior permission and must comply with restrictions designed to avoid conflicts of interest or dealing of a speculative nature. There have been no material transactions with Directors and related persons during the year.

### 8. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	2016 £000	2015 £000
<b>a) Taxation on profit on ordinary activities</b>		
The charge for taxation comprises:		
UK Corporation Tax:		
Current Year	1,420	519
Total current tax charge for the year	<u>1,420</u>	<u>519</u>

#### b) Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 20% (2015: 20.25%). The differences are explained below:

	2016 £000	2015 £000
Profit on ordinary activities before tax	7,746	3,294
Current tax charge at standard UK corporation tax rate of 20.00% (2015 – 20.25%)	(1,549)	(667)
Effects of:		
Transfer pricing adjustments	129	148
Total tax charge for the year	<u>(1,420)</u>	<u>(519)</u>

### 9. DEBTORS

	2016 £000	2015 £000
Amounts owed by UBS Group undertakings	7,549	11,849
Prepayments and accrued income	5,621	6,669
	<u>13,170</u>	<u>18,518</u>

# UBS ASSET MANAGEMENT FUNDS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2016

### 10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£000	£000
Amounts owed to UBS Group undertakings	5,376	11,240
Accruals and deferred income	1,211	1,798
VAT payable	320	197
Trade creditors	-	211
	<u>6,907</u>	<u>13,446</u>

### 11. CALLED UP SHARE CAPITAL

	2016	2015
	£000	£000
Authorised: Ordinary shares of £1 each	26,000	26,000
	<u>26,000</u>	<u>26,000</u>

### 12. PARENT UNDERTAKINGS

The Company's immediate parent undertaking is UBS Asset Management Holding Ltd. The group into which the Company is consolidated and the ultimate parent undertaking and controlling party is UBS Group AG, a company incorporated in Switzerland. This is the largest group company preparing consolidated financial statements which include the Company's financial statements.

Copies of the financial statements of UBS Group AG can be obtained from:

Company Secretary  
UBS AG London Branch  
5 Broadgate  
London EC2M 2QS

Or can be downloaded from:

[https://www.ubs.com/global/en/about\\_ubs/investor\\_relations/annualreporting/2016.html](https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting/2016.html).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2016

**13. AIFMD REMUNERATION DISCLOSURE (UNAUDITED)**

The remuneration disclosure requirement for the Alternative Investment Fund Managers Directive ("AIFMD") has been made available in the financial statements of the Alternative Investment Funds (AIFs). The Company has not made any additional disclosure in its financial statements for the year ended 31 December 2016 however it may choose to include these disclosures in subsequent years.

**14. COUNTRY-BY-COUNTRY REPORTING (UNAUDITED)**

Article 89 of the Capital Requirements Directive IV (CRD IV) requires credit institutions and investment firms in the EU to disclose annually, specifying, by Member State and by third country in which they have an establishment, the following information for the year ended 31 December 2016: name, nature of activities, geographical location, turnover, number of employees, profit or loss before tax, corporation tax paid and public subsidies received. This information is presented on a consolidated basis for UBS Asset Management Holding (No.2) Ltd and its subsidiaries. The audited disclosure will be made available on the below link before 31 December 2017:

[http://www.ubs.com/global/en/about\\_ubs/investor\\_relations/eu-crd-iv-disclosures.html](http://www.ubs.com/global/en/about_ubs/investor_relations/eu-crd-iv-disclosures.html)

**15. EVENTS AFTER THE BALANCE SHEET DATE**

On 24<sup>th</sup> April 2017 the Directors proposed the payment of a dividend of £1,882,000.