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Introduction and Authorised Corporate Director's Report

I am pleased to present the report and accounts for the UBS Investment Funds ICVC II covering the year ended 31 March 2011.

Performance review

The sovereign debt crisis, which came to the fore in early 2010 and primarily affected countries such as Greece, Portugal and Ireland, put the spotlight on the Eurozone, with some commentators questioning the future of the Euro. Whilst policy makers in Europe acted throughout 2010 and have continued to do so in early 2011, to stabilise the situation, markets are still sensitive to the fragility of these peripheral European economies. Indeed, Europe appears to be experiencing a two speed economy with Germany, in particular, powering ahead.

Markets and economists refer to exogenous shocks as those that are outside of the system and are, in essence, not predictable. The terrible natural disaster in Japan and the escalation of the civil conflict in Libya are two such shocks and investors struggled to understand the implications. As often happens after an exogenous shock, equity markets primarily fell sharply but subsequently recovered quite quickly. The view in the market now appears to be that the humanitarian cost of the earthquake will be far worse than the economic cost, especially in global terms.

There are persuasive reasons to support this view. Firstly, as a net exporter, Japan actually takes in demand from the rest of the world, rather than acting as a source of demand for other exporters. Secondly, the supply chain impacts of disruptions to Japanese production are more likely to affect the timing, rather than the overall level, of output over the next year. The conflict in Libya, combined with the wider unrest in the Middle East and North Africa, is likely to have a bigger global impact through the ever-rising price of oil. Higher oil prices are inflationary and slow growth, adding yet another complication for central banks to consider.

Outlook

Which such conflicting views and data coming from a variety of sources, short-term volatility is likely to be an ongoing feature of investing. However, we firmly believe UBS's disciplined and consistent investment style, proven over time, can take advantage of varying market conditions.

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



Graham Kane
Chairman



D Carter
Director

UBS Global Asset Management Funds Ltd
10 June 2011

Statement of Depositary's responsibilities in respect of the Scheme and Report of the Depositary to the shareholders of the UBS Investment Funds ICVC II ("the company") for the year ended 31 March 2011

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

It is the duty of the depositary to take reasonable care to ensure that the company is managed in accordance with the Financial Services Authority's Collective Investment Schemes Sourcebook (COLL), as amended, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228), as amended (the "OEIC Regulations"), the company's instrument of incorporation and prospectus, in relation to the pricing of, and dealings in, shares in the company; the application of revenue of the company; and the investment and borrowing powers applicable to the company.

Having carried out such procedures as we consider necessary to discharge our responsibilities as depositary of the company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the company, acting through the authorised corporate director:

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

The Royal Bank of Scotland plc
The Broadstone
50 South Gyle Crescent
Edinburgh
EH12 9UZ

10 June 2011

Statement of Authorised Corporate Directors' responsibilities

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

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

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

Independent auditors' report to the members of the UBS Investment Fund ICVC II

We have audited financial statements of UBS Investment Funds ICVC II "the Company" for the year ended 31 March 2011 which comprise the Aggregated Statement of Total Return, Aggregated Statement of Change in net assets attributable to shareholders, Aggregated Balance Sheet and related notes 1 to 14 together with the Statement of Total Return, Statement of Change in net assets attributable to shareholders, Balance Sheet and the related notes and Distribution Table for each sub-fund. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

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

As explained more fully in the ACD's responsibilities statement set out on page 3, the ACD is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the ACD; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the reports and accounts to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the Company and of its sub-funds as at 31 December 2010 and of the net revenue and the net gains on the scheme property of the Company and of its sub-funds for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Opinion on other matters prescribed by the rules of the Collective Investment Schemes Sourcebook of the Financial Services Authority

In our opinion:

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

Ernst & Young LLP
Statutory Auditor
Edinburgh
10 June 2011

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

Aggregated statement of total return

For the year ended 31 March 2011

	Notes	31 Mar 11		31 Mar 10	
		£	£	£	£
Income					
Net capital gains	2	10,646,107		43,576,943	
Revenue	3	4,225,820	5,938,201		
Expenses	4	(1,502,596)	(1,412,972)		
Finance costs: Interest	6	(6,237)	(6,353)		
Net revenue before taxation		2,716,987	4,518,876		
Taxation	5	(251,956)	(226,474)		
Net revenue after taxation		2,465,031		4,292,402	
Total return before distributions		13,111,138		47,869,345	
Finance costs: Distributions	6	(2,955,397)		(4,726,119)	
Change in net assets attributable to shareholders from investment activities		£10,155,741		£43,143,226	

Aggregated statement of change in net assets attributable to shareholders

For the year ended 31 March 2011

	31 Mar 11		31 Mar 10	
	£	£	£	£
Opening net assets attributable to shareholders		178,476,521		172,491,354
Amounts receivable on issue of shares	100,376,932		65,335,917	
Amounts payable on cancellation of shares	(61,611,616)		(104,890,113)	
		38,765,316		(39,554,196)
Stamp duty reserve tax		(413)		(44)
Change in net assets attributable to shareholders from investment activities (see Statement of total return)		10,155,741		43,143,226
Retained distribution on accumulation shares		1,767,523		2,396,181
Closing net assets attributable to shareholders		£229,164,688		£178,476,521

The UBS UK 130/30 Fund has been included within the Aggregated financial statements but a final set of financial statements for the terminated sub-Fund has not been included so the aggregated figures are not the summation of all the remaining Funds in the Company.

Aggregated balance sheet**As at 31 March 2011**

	Notes	As at 31 Mar 11 £	As at 31 Mar 10 £
ASSETS			
Investment assets		223,967,133	175,206,637
Debtors	7	4,503,108	2,916,913
Cash and bank balances	8	6,520,057	4,155,074
Total other assets		11,023,165	7,071,987
Total assets		234,990,298	182,278,624
LIABILITIES			
Investment liabilities		1,776,364	1,268,574
Creditors	9	3,870,102	2,260,342
Bank overdrafts		20,300	990
Distribution payable		158,844	272,197
Total other liabilities		4,049,246	2,533,529
Total liabilities		5,825,610	3,802,103
Net assets attributable to shareholders		£229,164,688	£178,476,521

The UBS UK 130/30 Fund has been included within the Aggregated financial statements but a final set of financial statements for the terminated sub-Fund has not been included so the aggregated figures are not the summation of all the remaining Funds in the Company.

Aggregates notes to the financial statements

1. Accounting policies

(a) Basis of accounting

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice (SORP) for Financial Statements of Authorised Funds issued by the Investment Management Association (IMA) in October 2010. The comparative figures were prepared in accordance with the Statement of Recommended Practice for Authorised Funds issued by the IMA in November 2008 and no restatement has been necessary.

The exception to this is UK 130/30 Fund which was prepared on a break up basis. In applying the break up basis assets and liabilities continue to be stated at their fair values which materially equate to their residual values. All costs to the point of final termination have been provided for. The Fund was terminated on 31 May 2010.

(b) Recognition of revenue

Dividends on equities are recognised when the security is quoted ex-dividend. Deposit interest is accounted for on an accruals basis. Interest on debt securities is accounted for on an effective interest rate basis.

(c) Derivative accounting policy

In determining the accounting treatment for derivatives, consideration is given to the instrument itself and the Fund's objectives for investment in derivative instruments. Finance charges on interest rate Swaps, dividends and finance charges on equity Swaps are all taken to revenue. All other gains/losses from derivatives are taken to capital.

(d) Treatment of expenses

Expenses are accounted for in revenue with the exception of transaction charges. Professional charges are initially recognised as revenue, but are charged against capital for revenue distribution purposes. In the case of UBS Active Bond Fund and UBS Emerging Markets Equity Income Fund, all expenses are charged against capital for the purposes of calculating the amount available for distribution.

(e) Stock dividends

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

(f) Special dividends

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

(g) Underwriting commission

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

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

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

(i) Distribution policy

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

(j) Basis of valuation of investments

Listed investments are valued at 12 noon bid-market value, net of any accrued interest; interest is included in the financial statements as a revenue related item. Suspended securities are valued at the lower of the suspended price or at a price which, in the opinion of the ACD, represents the likely realisable value of the security. Unlisted and transferable securities which are not approved have been valued at a price which, in the opinion of the ACD, represents the likely realisable value of the security.

Exchange traded derivatives are valued at closing bid or single quoted price. Over-the-counter derivatives are valued at a close of business price using valuation models or are otherwise sourced from market data providers.

(k) Foreign exchange rates

Transactions in foreign currencies have been translated into sterling at the exchange rate ruling on the day of the transaction. Assets and liabilities have been translated into sterling at the closing exchange rates at 31 March 2011.

(l) Taxation

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

(m) Stamp duty reserve tax

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

2. Net capital gains

	31 Mar 11	31 Mar 10
	£	£
Currency gains/(losses)	47,761	(576,742)
Derivative contracts	(2,210,882)	(60,280)
Forward currency contracts	706,745	1,747,897
Non-derivative securities	12,156,749	42,504,691
Transaction charges	(54,266)	(38,623)
Net capital gains	£10,646,107	£43,576,943

3. Revenue

	31 Mar 11	31 Mar 10
	£	£
Bank interest	13,469	15,208
Interest on debt securities	1,990,810	3,962,831
Overseas dividends	2,098,446	1,752,478
Property revenue distributions	-	1,301
Return from derivatives*	84,323	31,645
Stock dividends	31,665	94,033
Underwriting commission	-	8,998
UK dividends	7,107	71,707
	£4,225,820	£5,938,201

* This includes income received on long and short positions

4. Expenses

	31 Mar 11	31 Mar 10
	£	£
<i>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</i>		
Administration fees	54,998	55,060
Authorised Corporate Director's fees	1,237,536	1,185,108
Registration fees	66,078	86,533
	1,358,612	1,326,701
<i>Payable to the Depositary, associates of the Depositary and agents of either of them:</i>		
Depositary's fees	23,874	20,907
	23,874	20,907
<i>Payable to other third parties:</i>		
Audit fees	73,435	56,504
Dividend expenses	552	792
Legal fees	368	660
Professional fees	9,081	-
Safe custody fees	30,573	14,656
Taxation fees	6,101	(7,248)
	120,110	65,364
	£1,502,596	£1,412,972

5. Taxation

(a) Analysis of tax charge

	31 Mar 11	31 Mar 10
	£	£
Corporation tax at 20%	-	69,575
Adjustments in respect of prior periods	11,974	3,358
Double tax relief	-	(59,425)
Overseas tax suffered	239,982	217,814
Property income tax	-	(148)
Total current tax 5(b)	251,956	231,174
Deferred tax	-	(4,700)
Total tax charge	£251,956	£226,474

(b) Factors affecting current tax charge

The tax charged for the year is lower than the standard rate of corporation tax in the UK for open-ended investment companies (31 March 2010: 20%).

The differences are explained below:

	31 Mar 11	31 Mar 10
	£	£
Net revenue before taxation	2,716,987	4,518,876
Corporation tax at 20%	543,399	903,776
<i>Effects of:</i>		
Adjustments in respect of prior periods	11,974	3,358
Dividends not subject to corporation tax	(415,208)	(239,458)
Double tax relief	-	(59,425)
Interest distributions	(371,140)	(754,131)
Movement in excess expenses	242,949	148,748
Overseas tax suffered	239,982	217,814
Property income tax	-	(148)
Revenue taxable in a different periods	-	10,640
	(291,443)	(672,602)
Total tax charge 5(a)	£251,956	£231,174

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

6. Finance costs

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

	31 Mar 11 £	31 Mar 10 £
Interim - first quarter	357,966	1,118,701
Interim - second quarter	1,240,569	1,805,310
Interim - third quarter	296,076	477,364
Final	920,370	980,436
	2,814,981	4,381,811
Add: Amounts deducted on cancellation of shares	168,804	418,064
Deduct: Amounts added on issue of shares	(28,222)	(73,756)
Deduct: Amounts received from UBS	(166)	-
Net distributions	2,955,397	4,726,119
Interest	6,237	6,353
Total finance costs	£2,961,634	£4,732,472
Net revenue after taxation	2,465,031	4,292,402
Add: Expenses charged to capital	490,952	347,709
Add: Revenue brought forward	9,880	9,453
Add: Shortfall transfer to capital	-	129,653
Less: Indexation not distributable	-	(43,218)
Less: Revenue carried forward	(10,453)	(9,880)
Less: Tax relief on capital fees	(13)	-
Net distributions as above	£2,955,397	£4,726,119

7. Debtors

	As at 31 Mar 11 £	As at 31 Mar 10 £
Accrued revenue	884,665	1,015,796
Amounts due from broker	-	1,163,325
Amounts due from UBS	-	990
Amounts receivable on issue of shares	63,735	332,206
Currency transactions awaiting settlement	157,298	240,014
Income tax recoverable	-	10,397
Overseas tax recoverable	49,040	154,185
Sales awaiting settlement	3,348,370	-
	£4,503,108	£2,916,913

8. Cash & bank balances

	As at 31 Mar 11 £	As at 31 Mar 10 £
Amounts held at futures clearing houses and brokers	167,172	114,071
Cash and bank balances	6,352,885	4,041,003
	£6,520,057	£4,155,074

9. Creditors

	As at 31 Mar 11 £	As at 31 Mar 10 £
Amounts payable on cancellation of shares	642,976	824,621
Corporation tax payable	170,295	50,208
Currency transactions awaiting settlement	157,345	239,334
Expense accruals	249,884	266,733
Income tax payable	38,113	57,046
Net unfranked income payable on equity swaps	30,975	18,306
Purchases awaiting settlement	2,580,514	804,094
	£3,870,102	£2,260,342

10. Deferred tax

The deferred tax provision is made up as follows:

	As at 31 Mar 11 £	As at 31 Mar 10 £
Accrued revenue taxable on receipt	-	-
Double tax relief on accrued dividends	-	-
	-	-
Provision at the start of the year	-	4,700
Charge	-	(4,700)
Provision at the end of the year	-	-

11. Equalisation

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

12. Contingent liabilities

At 31 March 2011 there were no contingent liabilities or commitments at the current or prior period ends.

13. Related party transactions

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

At 31 March 2011 the amounts included in creditors in respect of management fees, registration fees and administration fees due to the ACD are £107,025, £5,342 and £23,540 respectively (31 March 2010: £116,557, £8,076 and £77,751).

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

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

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

14. Financial instruments

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

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

Market price risk

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

The levels of risk taken by the Manager of the Funds are monitored using our own proprietary risk systems, Risk Capital Allocation System, Global Equity Risk Management System or Fixed Income Risk Management System, and conventional statistical techniques, together with software such as that provided by BARRA and JP Morgan. Risk is measured at both the asset allocation and stock selection levels.

Currency risk

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

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

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

Counterparty risk

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

Counterparty risk is also a feature of transactions in derivatives, so all derivative counterparties are also pre-approved. Futures are subject to daily variation margin payments which reduces the credit risk to one days movement in index value. Forwards and swaps are transacted with a limited number of counterparties to reflect the increased credit risk involved in over-the-counter derivatives. All forwards and swaps deals are covered by ISDA agreements.

Credit risk

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

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

Liquidity risk

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

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

Interest rate risk

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

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

Derivatives

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

The Risk Control Team, Compliance and the Sentinel Team monitor the use of derivatives in the OEIC Funds for which UBS Global Asset Management Funds Ltd is the ACD. The membership of this UBS committee meets monthly and is made up of representatives from the following functions: Compliance, Market Risk Control, Derivative Administration Group, Trade Support and Risk Management.

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

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

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

Credit default swap (CDS). Where used, the Fund may undertake both long (selling protection) and short transactions (buying protection). Each position is assessed in terms of the credit spread risk it adds to the portfolio. If we sell protection then the maximum

loss will be the original (nominal) capital. If we buy protection then our potential maximum loss is when the CDS spread over LIBOR contracts to zero. There is no potential for unlimited losses.

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

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

UBS Absolute Return Bond Fund

Manager's report

Investment objective and policy

To seek to generate a positive return regardless of market conditions through a diversified global bond portfolio.

The Fund will invest at least two-thirds of its net assets in a global diversified portfolio of fixed and variable interest rate, secured and unsecured debt securities, (including floating rate notes) issued by governments and local authorities, corporates, supra-national or government agencies. The majority of the assets will be invested in investment grade securities but the Fund may also invest in high yield and emerging market debt.

Within the remaining one-third of its net assets, the fund may invest in money market instruments and collective investment schemes. In addition, the Fund, according to current market assessment, may hold cash and near cash.

The ACD may use derivatives including forward foreign exchange, forward and futures contracts, swaps, options and repurchase agreements, for investment purposes and/or to manage interest rate and currency exposures. There are no geographical restrictions on the countries of investment.

Market Environment and Fund Performance

In the twelve months to the end of March 2011 the Bank of England maintained the base rate at 0.5% and sterling Libor rose from 0.64% to 0.82% over the period. Short dated UK Gilts yields fell marginally with 5 year Gilt yields down 0.25% to 2.44%.

The first 6 months of the period saw positive returns across most of the major developed bond markets, with some exceptions in the Euro area periphery. Concerns over the soundness of the Economic and Monetary Union's (EMU) institutional framework and the solvency of some Eurozone member states caused acute tension in EMU sovereign bond markets. Questions rose over the momentum behind the global economic growth recovery, as data in the US disappointed and European governments' embraced fiscal austerity in new proposals to address mounting deficits and restore confidence. Initially there was a broad-based reduction in risk appetite, causing spreads on non-sovereign debt to widen, and leading to increased volatility in government bond markets. In particular the safe haven status of US Treasuries, German bunds and UK Gilts attracted significant demand.

Despite a background of major political instability in the Middle East and North Africa and the devastating consequences of the natural disaster in Japan, in the second half of the period most major developed bond markets posted negative returns. Economic activity improved beyond expectations and coupled with rising commodity prices put policymakers in the spotlight to address inflation concerns. UK inflation again surprised on the upside with year on year CPI increasing 4.4% to end February 2011. This despite

the fact that the latest signs from the high street have been weak and on some measures UK consumer confidence has fallen to levels lower than in the midst of the financial crisis.

Over the period the duration of the portfolio relative to benchmark was increased from negative 1 year underweight to positive 0.1yr as duration was added to the US and European markets. Within non-government bond sectors the exposure to AAA rated agency mortgages was increased and an overweight to financials maintained.

Outlook

Expectations are for a continued economic recovery in the US and core Europe but relative to these countries the UK looks likely to face more significant headwinds to growth. The housing market remains weak and the impact of significant public sector spending cuts is only now beginning to bite. Consumer confidence has already shown signs of material deterioration.

Investment grade markets have posted a strong start to 2011 and we think this can be maintained through the year, albeit probably at a slower pace. We are also mindful at this point in the cycle that a pick-up in M&A activity could undo some of the positive balance sheet trends of the last couple of years. We are therefore paying close attention to changing leverage metrics. In particular we have been surprised that duration adjusted excess returns for Euro and Sterling corporate bonds so far this year have already exceeded those achieved for the whole of 2010, benefiting corporate bond investors. Corporate earnings and cash flow generation levels remain at very high levels though, particularly in the US, and companies continue to enjoy low funding costs.

All this has been reflected in low default rates and improving ratings drift, and these trends will probably continue into 2011. We continue to favour both the financial and non-financial components of the corporate universe. We believe that many names in the financials sector offer good value, not just certain banks in the US and Europe but also some Insurance names, and therefore we are maintaining our overweight into the coming months.

Percentage growth

	31/03/10 to 31/03/11 %	31/03/09 to 31/03/10 %	31/03/08 to 31/03/09 %	31/03/07 to 31/03/08 %	31/03/06 to 31/03/07 %
Class A – Accumulation Gross Shares	1.72	9.72	-25.18	-18.09	3.25
Class A – Accumulation Net Shares	1.24	11.23	-27.20	-19.01	2.34
Class B – Accumulation Gross Shares	2.14	9.47	-25.15	-17.84	3.58
Class B – Accumulation Net Shares	1.73	4.91	-22.39	-18.60	2.72

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

UBS Global Asset Management Funds Ltd
10 June 2011

Performance record**1. Fund size**

Accounting year 31 March		Number of shares in issue	Total net asset value per share (p)*	Total net asset value (£)
2009	Class A – Accumulation Gross	6,327,920	32.4	2,050,577
	Class A – Accumulation Net	6,339,827	31.4	1,991,920
	Class B – Accumulation Gross	41,760,301	32.6	13,631,554
	Class B – Accumulation Net	609,678	31.9	194,519
				£17,868,570
2010	Class A – Accumulation Gross	4,354,285	36.1	1,571,258
	Class A – Accumulation Net	4,777,006	34.7	1,655,298
	Class B – Accumulation Gross	39,487,578	36.4	14,365,696
	Class B – Accumulation Net	578,120	35.3	204,131
				£17,796,383
2011	Class A – Accumulation Gross	2,743,340	36.7	1,006,136
	Class A – Accumulation Net	2,038,858	35.1	715,365
	Class B – Accumulation Gross	39,038,680	37.1	14,493,489
	Class B – Accumulation Net	359,940	35.9	129,082
				£16,344,072

* rounded to one decimal place.

2. Total expense ratio

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

Share class	31 Mar 11 (%)	31 Mar 10 (%)
Class A – Accumulation Gross	1.19	1.13
Class A – Accumulation Net	1.17	1.15
Class B – Accumulation Gross	0.78	0.75
Class B – Accumulation Net	0.78	0.76

3. Share dealing price range and distribution record

The Fund was launched on 11 April 2005 at a price of 50p for all share classes.

Calendar Year	Highest price (p)	Lowest price (p)	Distribution per share (p)
Class A – Accumulation Gross			
2006	53.61	51.22	1.89
2007	54.17	48.84	2.18
2008	49.89	34.14	4.60
2009	35.63	32.25	0.74
2010	36.33	34.98	1.34
2011 to 31 March	36.75	36.08	0.43
Class A – Accumulation Net			
2006	52.90	50.94	1.51
2007	53.23	47.76	1.72
2008	48.75	32.69	3.59
2009	34.26	30.57	0.56
2010	34.86	33.55	1.09
2011 to 31 March	35.12	34.52	0.34
Class B – Accumulation Gross			
2006	53.93	51.37	2.10
2007	54.58	49.27	2.43
2008	50.35	34.44	4.91
2009	36.04	32.57	0.82
2010	36.63	35.29	1.48
2011 to 31 March	37.20	36.49	0.52

Calendar Year	Highest price (p)	Lowest price (p)	Distribution per share (p)
Class B – Accumulation Net			
2006	53.20	51.06	1.67
2007	53.62	48.17	1.91
2008	49.16	32.46	3.85
2009	36.13	32.26	0.66
2010	35.47	34.20	1.21
2011 to 31 March	35.89	35.26	0.41

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

Portfolio statement

As at 31 March 2011

	Holding	Market value £	Percentage of total net assets %		Holding	Market value £	Percentage of total net assets %
Bonds - 93.46% (31 Mar 2010: 90.19%)				Natixis FRN 0.77594% 2019			
Argentina – 0.00% (31 Mar 2010: 0.00%)				Rhodia 7% 2018			
Argentina Government International VAR 0% 2035	ARS 718	18	-	Germany – 7.37% (31 Mar 2010: 5.48%)	\$100,000	54,655	0.33
Australia – 0.55% (31 Mar 2010: 1.00%)				Commerzbank AG 6.375% 2019	€100,000	82,916	0.51
Wesfarmers 3.875% 2015	€50,000	44,300	0.27	Eurohypo AG 3.75% 2014	€350,000	316,326	1.94
Westpac Banking 4.2% 2015	\$70,000	45,318	0.28	Germany 3.25% 2015	€165,000	150,231	0.92
Belgium - 0.00% (31 Mar 2010: 0.46%)				Germany 4.25% 2014	€80,000	75,158	0.46
Bermuda – 0.42% (31 Mar 2010: 0.40%)				Heidelbergcement 8.5% 2019	€30,000	29,913	0.18
Qtel International Finance 6.5% 2014	\$100,000	68,040	0.42	Kreditanstalt fuer Wiederaufbau 4.75% 2012	\$325,000	211,442	1.29
Canada – 0.00% (31 Mar 2010: 2.28%)				Kreditanstalt fuer Wiederaufbau 5.55% 2021	£300,000	337,807	2.07
Cayman Islands – 0.87% (31 Mar 2010: 0.81%)				Ireland – 0.68% (31 Mar 2010: 0.43%)			
Aladdin CDO I FRN 7.7534% 2016	\$100,000	-	-	Allied Irish Banks 4.5% 2012	€50,000	33,984	0.21
Denali Capital CLO VII FRN 4.7625% 2022	\$200,000	93,901	0.57	GE Capital UK Fund 6% 2013	£50,000	53,128	0.33
Gresham Street CDO Funding FRN 3.6681% 2033	\$200,846	12,481	0.08	Menton CDO FRN 10.718% 2053	\$100,000	-	-
MBNA America-Europe Strategic Offer 5.45% 2011	€40,000	35,362	0.22	Mercator CLO VAR 0% 2023	€100,000	22,071	0.14
Denmark – 1.05% (31 Mar 2010: 0.00%)				Italy – 5.30% (31 Mar 2010: 4.54%)			
Denmark 1.875% 2012	\$200,000	125,922	0.77	Fiat Industrial Finance 6.25% 2018	€100,000	87,617	0.54
Dong Energy 4.875% 2014	€50,000	46,243	0.28	Intesa Sanpaolo 2.714% 2014	\$100,000	62,776	0.38
France – 4.38% (31 Mar 2010: 8.09%)				Intesa Sanpaolo 6.625% 2018	€100,000	86,942	0.53
AXA FRN Perpetual	£100,000	91,409	0.56	Italian Republic 4.5% 2015	\$285,000	186,703	1.14
BNP Paribas FRN 0.49188% 2016	\$500,000	307,375	1.88	Italian Republic 4.75% 2016	\$285,000	185,755	1.14
Casino Guichard-Perrachon 4.481% 2018	€100,000	87,760	0.54	Telecom Italia 5.625% 2015	£250,000	256,569	1.57
Compagnie de Financement Foncier 3.625% 2012	€145,000	129,922	0.79	Japan – 2.38% (31 Mar 2010: 2.15%)			
				Japan Bank for International Cooperation 5.25% 2016	\$300,000	207,697	1.27

	Holding	Market value £	Percentage of total net assets %
Japan Government 30 Year Bond 2.5% 2037	¥22,500,000	180,843	1.11
Jersey – 1.39% (31 Mar 2010: 1.28%)			
BAA Funding 3.975% 2014	€200,000	178,372	1.09
WPP 6.625% 2016	€50,000	49,033	0.30
Luxembourg – 4.53% (31 Mar 2010: 4.53%)			
Arcelormittal 9% 2015	\$100,000	74,165	0.45
European Investment Bank 2.5% 2012	€205,000	182,718	1.12
European Investment Bank 3.625% 2011	€150,000	134,057	0.82
European Investment Bank 6.25% 2014	£200,000	222,317	1.36
Gaz Capital 6.58% FRN 2013	£50,000	53,136	0.33
GSC European CLO 1 FRN 2022	€130,000	11,477	0.07
Theseus European CLO FRN 5.139% 2022	€100,000	46,226	0.28
Theseus European CLO VAR 0% 2022	€100,000	15,891	0.10
Mexico – 0.39% (31 Mar 2010: 0.00%)			
America Movil 3.625% 2015	\$100,000	63,823	0.39
Netherlands – 4.86% (31 Mar 2010: 4.33%)			
Allianz Finance II 4.75% 2019	€150,000	137,497	0.84
Cadogan Square CLO III 11.32787% 2023	€100,000	39,729	0.24
CRH Finance BV 7.375% 2014	€50,000	48,508	0.30
EDP Finance BV 5.375% 2012	\$100,000	63,424	0.39
ELM for Elsevier Finance 6.5% 2013	€50,000	47,045	0.29
ELM FRN Perpetual	€100,000	79,071	0.48
Highlander Euro CDO 2012	€110,000	56,812	0.35
PACCAR Financial Europe 5.125% 2011	€50,000	44,223	0.27
Rabobank 4% 2015	£50,000	51,276	0.31
Repsol International Finance 4.75% 2017	€50,000	44,945	0.28
Schiphol Nederland 6.625% 2014	€92,000	88,438	0.54
Scotland International Finance 4.25% 2013	\$150,000	92,814	0.57

	Holding	Market value £	Percentage of total net assets %
South Korea – 0.95% (31 Mar 2010: 0.39%)			
Hyundai Capital Services 4.375% 2015	\$250,000	155,995	0.95
Spain – 3.41% (31 Mar 2010: 1.46%)			
Banco Santander 4.375% 2015	€100,000	88,283	0.54
Instituto de Credito Oficial 5.375% 2012	\$300,000	193,360	1.18
Spain 4.7% 2041	€315,000	230,268	1.41
Telefonica Emisiones 5.431% 2014	€50,000	46,356	0.28
Sweden – 0.28% (31 Mar 2010: 0.61%)			
Vattenfall Treasury 4.25% 2014	€50,000	45,578	0.28
Switzerland – 0.87% (31 Mar 2010: 0.83%)			
Credit Suisse 6.125% 2014	€100,000	95,542	0.58
UBS 5.625% 2014	€50,000	47,049	0.29
United Arab Emirates – 1.15% (31 Mar 2010: 1.11%)			
MDC-GMTN 5.75% 2014	\$280,000	187,986	1.15
United Kingdom – 10.88% (31 Mar 2010: 8.69%)			
Anglo American Capital 9.375% 2014	\$100,000	74,304	0.46
Arkle Master Issuer FRN 2060	\$100,000	62,012	0.38
Aviva FRN Perpetual	€125,000	97,356	0.60
Barclays Bank 2.50% 2013	\$200,000	126,267	0.77
Barclays Bank FRN 1.036% 2016	€50,000	44,064	0.27
BP Capital Markets 1.55% 2011	\$10,000	6,232	0.04
Chester Asset Receivable Dealings FRN 0.92% 2014	£30,000	29,143	0.18
Chester Asset Receivables Deal Class 'A' 4.65% 2013	£40,000	41,478	0.25
Holmes Master Issuer FRN 2054	\$260,000	161,754	0.99
HSBC 4.5% 2014	€50,000	45,675	0.28

	Holding	Market value £	Percentage of total net assets %		Holding	Market value £	Percentage of total net assets %
Imperial Tobacco Finance 8.375% 2016	€200,000	208,947	1.28	Comcast 6.3% 2017	\$130,000	91,142	0.56
Lloyds TSB Bank VAR 2014	\$250,000	158,626	0.97	Conocophillips 4.6% 2015	\$75,000	50,732	0.31
Nationwide Building Society 4.65% 2015	\$100,000	62,999	0.39	CSX 5.75% 2013	\$110,000	73,726	0.45
Permanent Financing FRN 2042	£60,000	59,612	0.36	DIRECTV 7.625% 2016	\$100,000	68,375	0.42
Reed Elsevier Investments 5.625% 2016	£50,000	52,920	0.32	Enterprise Products 3.70% 2015	\$70,000	44,523	0.27
Royal Bank of Scotland 5.25% 2013	€200,000	181,822	1.11	Enterprise Products 5% 2015	\$60,000	39,921	0.24
Smiths 6.05% 2014	\$50,000	33,144	0.20	ERAC USA Finance 2.75% 2013	\$50,000	31,545	0.19
Standard Chartered 3.85% 2015	\$250,000	159,015	0.97	Fannie Mae Pool 4% 2039	\$233,864	143,132	0.88
Vodafone 5.75% 2016	\$250,000	173,509	1.06	Fannie Mae Pool 4.5% 2038	\$327,889	207,773	1.27
United States – 41.87% (31 Mar 2010: 41.32%)				Federal Home Loan Banks 5.25% 2014	\$700,000	485,708	2.97
Ally Financial 4.5% 2014	\$40,000	24,903	0.15	Federal Home Loan Mortgage 5% 2017	\$800,000	555,939	3.40
Altria Group 9.25% 2019	\$60,000	48,451	0.30	Federal Home Loan Mortgage Corporation Gold 5.5% 2040	\$150,000	99,792	0.61
American Honda Finance 3.875% 2014	€50,000	45,032	0.28	Federal National Mortgage Association 4% 2041	\$174,648	106,856	0.65
American International 3.65% 2014	\$150,000	94,546	0.58	Federal National Mortgage Association 4.125% 2014	\$460,000	308,315	1.89
Anadarko Petroleum 7.625% 2014	\$225,000	159,006	0.97	Federal National Mortgage Association 4.5% 2039	\$100,000	63,309	0.39
AT&T 4.85% 2014	\$100,000	67,176	0.41	Federal National Mortgage Association 6.5% 2038	\$122,523	85,410	0.52
BA Credit Card Trust FRN 1.4573% 2013	\$50,000	31,168	0.19	FHLMC Gold 5.5% 30 Yrs Apr 2008	\$325,000	215,350	1.32
BAE Systems 4.95% 2014	\$100,000	66,031	0.40	FNMA 4.50% 30 Yrs Apr 2009	\$125,000	79,380	0.49
Bank of America 4.9% 2013	\$180,000	117,861	0.72	FNMA 5% 30 Yrs Apr 2008	\$300,000	202,659	1.24
Boston Scientific 4.5% 2015	\$130,000	83,145	0.51	FNMA 5% 30 Yrs Apr 2035	\$575,000	373,747	2.29
Cellco Partnership / Verizon Wireless Capital 7.625% 2011	€200,000	183,525	1.12	FNMA 5.5% 30 Yrs Apr 2009	\$125,000	81,837	0.50
Chase Issuance Trust FRN 0.5922% 2014	\$50,000	31,123	0.19	General Electric Capital 3.75% 2014	\$110,000	71,181	0.44
Citibank Credit Card Issuance Trust 5.375% 2013	€40,000	35,334	0.22	General Electric Capital 6.75% 2032	\$260,000	176,558	1.08
Citicorp Mortgage Securities VAR 6.000004% 2036	\$232,547	3,799	0.02				
Citigroup 4.62% Step 2017	€100,000	83,974	0.51				
Citigroup 6.375% 2014	\$50,000	34,292	0.21				

	Holding	Market value £	Percentage of total net assets %		Holding	Market value £	Percentage of total net assets %
General Electric Capital FRN 0.41141% 2013	\$40,000	24,591	0.15	Nomura Asset Acceptance FRN 0.4263% 2036	\$101,761	20,493	0.13
Greenwich Capital Communal Funding 5.736% 2017	\$25,000	16,446	0.10	Nomura Asset Acceptance VAR 8% 2036	\$600,000	-	-
GS Mortgage Securities 4.56% 2035	\$650,000	-	-	ONEOK Partners 8.625% 2019	\$100,000	78,161	0.48
GS Mortgage Securities II VAR 6.002% 2035	\$50,000	33,083	0.20	Pfizer 3.625% 2013	€50,000	45,060	0.28
GSAMP Trust FRN 4.79875% 2036	\$500,000	-	-	Residential Accredit Loans VAR #5.587899% 2035	\$750,000	-	-
GSAMP Trust FRN 7.048% 2034	\$500,000	-	-	Reynolds American 7.25% 2012	\$100,000	65,573	0.40
GSAMP Trust STEP 6.9% 2036	\$565,000	-	-	Reynolds Group 7.75% 2016	€50,000	45,763	0.28
GSAMP Trust STEP 7% 2034	\$345,000	-	-	Roche 4.625% 2013	€120,000	110,013	0.67
Indymac Index Mortgage Loan Trust VAR 6.43156% 2036	\$500,000	3	-	SLM FRN 1.149% 2011	€50,000	43,087	0.26
Inter-American Development Bank 3.25% 2011	\$450,000	284,539	1.74	Structured Adjustable Rate Mortgage Loan Trust FRN 5.75% 2036	\$500,000	241,297	1.48
JPMorgan Chase 3.40% 2015	\$300,000	187,918	1.15	Structured Asset Securities FRN 7.63125% 2036	\$385,000	-	-
JPMorgan Chase 6.3% 2019	\$250,000	171,734	1.05	Union Pacific 5.125% 2014	\$50,000	33,682	0.21
Kinder Morgan Energy Partners 9% 2019	\$200,000	156,721	0.96	WaMu Mortgage Pass Through Certificates FRN 5.5068% 2036	\$377,857	2,560	0.02
MBNA Credit Card Master Note Trust 4.5% 2014	€50,000	44,709	0.27	WaMu Mortgage Pass Through Certificates VAR 5.5972% 2036	\$426,465	3,463	0.02
MBNA Master Credit Card Note Trust 5.6% 2014	€50,000	45,138	0.28	Wells Fargo 5.25% 2012	\$300,000	197,576	1.21
Merrill Lynch Mortgage Investors FRN 0.4363% 2036	\$27,563	8,060	0.05				
Merrill Lynch Mortgage Investors FRN 4.5425% 2036	\$700,000	-	-				
Merrill Lynch Mortgage Investors VAR 5.923682% 2036	\$400,000	2	-	Derivatives - (0.54)% (31 Mar 2010: 1.53%)			
Morgan Stanley 5.95% 2017	\$250,000	165,679	1.01	Credit Default Swaps – (0.36)% (31 Mar 2010: (0.10)%)			
Morgan Stanley Dean Witter Capital ITrust 5.240% 2037	\$25,000	15,944	0.10	Barclays Credit Default Swaps AEGO 4.125% Pay June 2016	(95,000)	(2,656)	(0.02)
Motorola 6% 2017	\$50,000	33,784	0.21	Barclays Credit Default Swaps AG 6.375% Receive June 2016	190,000	2,094	0.01
				Barclays Credit Default Swaps CDXNA Pay June 2016	(800,000)	(1,343)	(0.01)
				Barclays Credit Default Swaps Centrica 7% Pay June 2016	(190,000)	(3,494)	(0.02)

	Holding	Market value £	Percentage of total net assets %		Holding	Market value £	Percentage of total net assets %
Barclays Credit Default Swaps LEGA 5.875% Receive June 2016	95,000	482	-	JPM Credit Default Swaps ALLST 6.75% Receive March 2016	320,000	32	-
Deutsche Bank Credit Default Swaps COMPUT 6.5% Pay March 2014	(205,000)	(1,097)	(0.01)	JPM Credit Default Swaps AXA 6% Pay March 2016	(80,000)	(1,311)	(0.01)
Deutsche Bank Credit Default Swaps COMPUT 6.5% Pay March 2016	(140,000)	(1,560)	(0.01)	JPM Credit Default Swaps CDXNA Receive December 2015	125,000	617	-
Deutsche Bank Credit Default Swaps MetLife 5% Pay June 2016	(250,000)	(3,872)	(0.02)	JPM Credit Default Swaps COMPUT 6.5% Pay March 2014	(195,000)	(1,043)	(0.01)
Deutsche Bank Credit Default Swaps Prudential 4.5% Receive June 2016	250,000	2,880	0.02	JPM Credit Default Swaps COMPUT 6.5% Pay March 2016	(130,000)	(1,448)	(0.01)
Deutsche Bank Interest Default Swaps 0.0156% Receive February 2016	1,130,000	2,462	0.02	JPM Credit Default Swaps ITVP 5.375% Pay March 2015	(300,000)	(27,423)	(0.17)
Deutsche Bank Interest Default Swaps 0.0301% Receive February 2016	770,000	3,074	0.02	JPM Credit Default Swaps ITVP 5.375% Receive March 2016	190,000	20,861	0.13
Goldman Sachs Credit Default Swaps Austria 0% Receive September 2019	500,000	6,822	0.04	JPM Credit Default Swaps LEGA 5.875% Receive June 2016	95,000	482	-
Goldman Sachs Credit Default Swaps Europe 4.375% Pay December 2015	(200,000)	(1,435)	(0.01)	JPM Credit Default Swaps MRT 7.65% Pay December 2015	(250,000)	(4,452)	(0.03)
Goldman Sachs Credit Default Swaps MOTORI 6.5% Pay March 2014	(400,000)	(2,779)	(0.02)	JPM Credit Default Swaps REPI 6.875% Pay March 2020	(300,000)	(7,577)	(0.05)
Goldman Sachs Credit Default Swaps MOTORI 6.5% Pay March 2016	(270,000)	(1,692)	(0.01)	JPM Credit Default Swaps TRA 5.9% Pay March 2016	(220,000)	(424)	-
Goldman Sachs Credit Default Swaps Poland 0% Pay December 2018	(250,000)	(4,290)	(0.03)	Merill Lynch Credit Default Swaps Europe Pay June 2016	(200,000)	(10,303)	(0.06)
Goldman Sachs Credit Default Swaps Spain 0% Pay June 2018	(100,000)	(6,585)	(0.04)	Merill Lynch Credit Default Swaps Volvo 5% Receive June 2016	200,000	1,174	0.01
JPM Credit Default Swaps AEGO 4.125% Pay June 2016	(95,000)	(2,656)	(0.02)	MSD Credit Default Swaps ITRXEU Receive June 2016	600,000	565	-

	Holding	Market value £	Percentage of total net assets %
MSD Credit Default Swaps ITRXXO Pay June 2016	(200,000)	(8,828)	(0.05)
Futures – (0.14)% (31 Mar 2010: 0.21%)			
Euro Buxl 30 Year Bond June 2011	1	(609)	-
Euro BOBL 30 Year Bond Future June 2011	(27)	357	-
Euro Bund Future June 2011	(1)	163	-
Euro-Schatz Future June 2011	(9)	(417)	-
10 Year Mini JGB Future June 2011	(5)	(2,700)	(0.02)
Long Gilt Future Future June 2011	(3)	(3,225)	(0.02)
US Treasury Note 2 Year Future June 2011	(17)	(2,311)	(0.01)
US Treasury Note 5 Year Future June 2011	(60)	(13,351)	(0.08)
US Treasury Note 10 Year Future June 2011	(29)	(1,906)	(0.01)
Forward Currency Contracts – (0.04)% (31 Mar 2010: 1.42%)			
Bought Australian Dollar 460,000			
Sold Sterling 278,896		15,878	0.10
Bought Euro 290,000			
Sold Sterling 251,309		4,681	0.03
Bought Euro 335,614			
Sold Australian Dollar 460,000		1,479	0.01
Bought Norwegian Krone 10,010,000			
Sold Sterling 1,101,654		23,482	0.14
Bought Sterling 405,000			
Sold Norwegian Krone 3,657,632		(6,122)	(0.04)
Bought Sterling 809,456			
Sold Japanese Yen 102,500,000		40,459	0.25
Bought Sterling 5,991,362			
Sold Euro 6,895,000		(95,016)	(0.58)
Bought Sterling 9,059,556			
Sold US Dollar 14,600,000		(15,930)	(0.10)

	Holding	Market value £	Percentage of total net assets %
Bought Swedish Krona 8,640,000			
Sold Sterling 832,262		21,345	0.13
Bought US Dollar 310,000			
Sold Sterling 189,395		3,303	0.02
Investment assets (including investment liabilities)		15,206,038	93.04
Net other assets		1,138,033	6.96
Net assets		£16,344,072	100.00

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

As at 31 March 2011, 88.4% of debt securities were rated as investment grade as a percentage of the total bond holdings value, 0.2% were rated as non investment grade and 11.4% were unrated.

Portfolio movements
for the year ended 31 March 2011

	Cost
	£
Major purchases	
Federal National Mortgage Association 5.5% 15/02/2038	637,039
Germany 5.25% 2011	515,793
Federal National Mortgage Association 5.5% 15/04/2036	393,829
Federal National Mortgage Association 5% 15/02/2034	378,934
Federal National Mortgage Association 5% 15/03/2039	368,726
Federal National Mortgage Association 5% 15/04/2039	367,633
Germany 5% 2011	350,295
Germany 5% 2012	313,415
Federal National Mortgage Association 5.5% 15/03/2037	311,651
Eurohypo 3.75% 2014	304,403
Telecom Italia 5.625% 2015	257,500
Spain 4.7% 2041	217,106
FHLMC Gold 5.5% 30 Yrs Apr 2008	215,057
FNMA Mortgage Pass-Through Certificates 6% 15/02/2038	204,442
JPMorgan Chase 3.40% 2015	200,995
Federal National Mortgage Association 6% 15/03/2036	200,762
Federal National Mortgage Association 6% 15/04/2034	199,851
Credit Agricole FRN 2016	185,523
European Investment Bank 2.5% 2012	185,059
Santander International 3.75% 2013	167,753
Total for the year (Note 14)	£10,739,848

	Proceeds
	£
Major sales	
Federal National Mortgage Association 5.5% 15/02/2038	630,687
Germany 5.25% 2011	512,178
Credit Agricole FRN 2016	497,449
CIE Financement Foncier 3.625% 2012	434,379
Quebec 6.125% 2011	397,936
United States Treasury Notes 1.375% 2012	372,658
Federal National Mortgage Association 5% 15/02/2034	370,051
Federal National Mortgage Association 5% 15/03/2039	369,050
Germany 5% 2011	344,784
Federal National Mortgage Association 5% 15/10/2011	325,153
Federal National Mortgage Association 5.5% 15/04/2036	314,036
Germany 5% 2012	313,130
Federal National Mortgage Association 5.5% 15/03/2037	311,621
Eurohypo 5.25% 2011	292,911
Goldman Sachs 6.5% 2010	290,058
Telecom Italia 4.75% 2014	271,816
Tesco 5.875% 2016	220,153
RWE Finance 4.625% 2010	217,258
Microsoft 2.95% 2014	214,905
JPMorgan Chase 4.75% 2013	213,843
Total for the year (Note 14)	£11,185,435

Statement of total return

For the year ended 31 March 2011

	Notes	31 Mar 11		31 Mar 10	
		£	£	£	£
Income					
Net capital (losses)/gains	2		(240,311)		1,201,095
Revenue	3	701,198		971,537	
Expenses	4	(138,109)		(153,453)	
Finance costs: Interest	6	(6,080)		(5,681)	
Net revenue before taxation		557,009		812,403	
Taxation	5	1,451		-	
Net revenue after taxation			558,460		812,403
Total return before distributions			318,149		2,013,498
Finance costs: Distributions	6		(560,554)		(809,064)
Change in net assets attributable to shareholders from investment activities			£(242,405)		£1,204,434

Statement of change in net assets attributable to shareholders

For the year ended 31 March 2011

	31 Mar 11		31 Mar 10	
	£	£	£	£
Opening net assets attributable to shareholders		17,796,383		17,868,570
Amounts receivable on issue of shares	193,134		618,569	
Amounts payable on cancellation of shares	(1,945,089)		(2,667,408)	
		(1,751,955)		(2,048,839)
Change in net assets attributable to shareholders from investment activities (see Statement of total return)		(242,405)		1,204,434
Retained distribution on accumulation shares		542,049		772,218
Closing net assets attributable to shareholders		£16,344,072		£17,796,383

Balance sheet**As at 31 March 2011**

	Notes	As at 31 Mar 11 £	As at 31 Mar 10 £
ASSETS			
Investment assets		15,444,696	16,451,115
Debtors	7	876,639	546,692
Cash and bank balances	8	1,940,766	1,120,952
Total other assets		2,817,405	1,667,644
Total assets		18,262,101	18,118,759
LIABILITIES			
Investment liabilities		238,657	127,438
Creditors	9	1,679,372	194,938
Total other liabilities		1,679,372	194,938
Total liabilities		1,918,029	322,376
Net assets attributable to shareholders		£16,344,072	£17,796,383

Notes to the financial statements

1. Accounting policies

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

2. Net capital (losses)/gains

	31 Mar 11 £	31 Mar 10 £
Currency losses	(21,702)	(38,665)
Derivative contracts	(647,827)	(207,134)
Forward currency contracts	737,514	1,111,795
Non-derivative securities	(303,044)	343,118
Transaction charges	(5,252)	(8,019)
Net capital (losses)/gains	£(240,311)	£1,201,095

3. Revenue

	31 Mar 11 £	31 Mar 10 £
Bank interest	3,382	2,019
Interest on fixed interest securities	697,117	969,518
Return from derivatives	699	-
	£701,198	£971,537

4. Expenses

	31 Mar 11 £	31 Mar 10 £
<i>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</i>		
Authorised Corporate Director's fees	117,460	131,628
Registration fees	5,256	7,116
	122,716	138,744
<i>Payable to the Depositary, associates of the Depositary and agents of either of them:</i>		
Depositary's fees	1,970	2,078
	1,970	2,078
<i>Payable to other third parties:</i>		
Audit fees	11,025	10,125
Legal fees & Professional fees	368	660
Safe custody fees	1,117	1,260
Taxation fees	913	586
	13,423	12,631
	£138,109	£153,453

5. Taxation

(a) Analysis of tax charge

	31 Mar 11 £	31 Mar 10 £
Adjustments in respect of prior periods	(1,570)	-
Overseas tax suffered	119	-
Total tax charge 5(b)	£(1,451)	-

(b) Factors affecting current tax charge

The tax charged for the year is lower than the standard 20% rate of corporation tax applicable to the revenue received by open-ended investment companies (31 March 2010: 20%).

The differences are explained below:

	31 Mar 11 £	31 Mar 10 £
Net revenue before taxation	557,009	812,403
Corporation tax at 20%	111,402	162,481
<i>Effects of:</i>		
Adjustments in respect of prior periods	(1,570)	-
Excess management expenses for which no relief recognised	709	-
Interest distributions	(112,111)	(162,481)
Overseas tax irrecoverable	119	-
	(112,853)	-
Total tax charge 5(a)	£(1,451)	-

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

(c) Deferred tax assets

At 31 March 2011 the Fund had unutilised excess management expenses of £3,546 (31 March 2010: £nil). The deferred tax in respect of this would be £709 (31 March 2010: £nil). It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised in the period.

6. Finance costs

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

	31 Mar 11 £	31 Mar 10 £
Interim	323,435	416,694
Final	225,663	371,919
	549,098	788,613
Add: Amounts deducted on cancellation of shares	13,205	28,758
Deduct: Amounts added on issue of shares	(1,749)	(8,307)
Net distributions	560,554	809,064
Interest	6,080	5,681
Total finance costs	£566,634	£814,745
Net revenue after taxation	558,460	812,403
Add: Revenue brought forward	3,339	-
Less: Undistributed revenue carried forward	(1,245)	(3,339)
Net distributions as above	£560,554	£809,064

Details of the distribution per share are set out in the table on page 39.

7. Debtors

	As at 31 Mar 11 £	As at 31 Mar 10 £
Accrued revenue	228,745	248,966
Amounts receivable on issue of shares	3,002	9,096
Income tax receivable	-	10,397
Sales awaiting settlement	644,892	278,233
	£876,639	£546,692

8. Cash & bank balances

	As at 31 Mar 11 £	As at 31 Mar 10 £
Cash and bank balances	1,796,029	1,019,911
Amounts held at futures clearing houses and brokers	144,737	101,041
	£1,940,766	£1,120,952

9. Creditors

	As at 31 Mar 11 £	As at 31 Mar 10 £
Amounts payable on cancellation of shares	21,835	38,810
Expense accruals	23,826	23,897
Income tax payable	1,853	-
Purchases awaiting settlement	1,631,858	132,231
	£1,679,372	£194,938

10. Equalisation

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

11. Contingent liabilities

At 31 March 2011 there were no contingent liabilities or commitments in the current or prior period.

12. Related party transactions

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

At 31 March 2011 the amounts included in creditors in respect of management fees and registration fees due to the ACD are £9,557 and £477 respectively (31 March 2010: £9,696 and £1,885).

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

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

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

13. Financial instruments

The Authorised Corporate Director's policy and approach to managing the risks associated with financial instruments are included in the aggregated notes to the financial statements on pages 16 to 17.

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

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

i) Financial assets

Currency	Floating rate financial assets £	Fixed rate financial assets £	Financial assets not carrying interest £	Total £
31 Mar 11				
Argentine Peso	4	18	294,775	294,797
Canadian Dollar	7,321	-	-	7,321
Euro	468,599	4,051,505	939,625	5,459,729
Japanese Yen	10,630	180,843	127	191,600
Norwegian Krone	-	-	1,125,136	1,125,136
Sterling	679,921	1,160,041	16,303,491	18,143,453
Swiss Franc	-	-	850	850
Swedish Krona	988	-	853,607	854,595
US Dollar	2,356,454	8,316,441	645,325	11,318,220
	£3,523,917	£13,708,848	£20,162,936	£37,395,701

Currency	Floating rate financial assets £	Fixed rate financial assets £	Financial assets not carrying interest £	Total £
31 Mar 10				
Argentine Peso	11	-	8	19
Canadian Dollar	-	-	8,089	8,089
Euro	319,838	4,496,677	391,958	5,208,473
Japanese Yen	2,769	166,096	968	169,833
Norwegian Krone	-	-	2,646	2,646
Sterling	449,811	1,102,258	358,409	1,910,478
Swedish Krona	915	-	-	915
US Dollar	2,557,300	8,058,582	202,424	10,818,306
	£3,330,644	£13,823,613	£964,502	£18,118,759

ii) Financial liabilities

Currency	Floating rate financial liabilities £	Financial liabilities not carrying interest £	Total £
31 Mar 11	-		
Argentine Peso	-	294,775	294,775
Euro	-	6,120,132	6,120,132
Japanese Yen	-	771,697	771,697
Norwegian Krone	-	411,122	411,122
Sterling	-	2,962,264	2,962,264
US Dollar	-	10,491,639	10,491,639
		£21,051,629	£21,051,629
31 Mar 10			
Canadian Dollar	-	3,447	3,447
Euro	-	167,333	167,333
Norwegian Krone	-	468	468
Sterling	-	130,228	130,228
Swiss Franc	-	1,788	1,788
US Dollar	-	19,112	19,112
	-	£322,376	£322,376

iii) Fixed rate financial assets

Currency	As at 31 Mar 2011		As at 31 Mar 2010	
	Weighted average interest rate %	Weighted average period for which the rate is fixed in years	Weighted average interest rate %	Weighted average period for which the rate is fixed in years
Argentine Peso	0.00	24.7	0.00	25.7
Euro	3.87	5.0	2.50	3.2
Japanese Yen	2.14	26.5	2.28	27.5
Sterling	4.02	5.4	3.51	8.1
US Dollar	2.55	8.2	2.78	4.4

(b) Currency exposure

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

Numerical disclosures are as follows:

Currency	Monetary exposures £	Non- monetary exposures £	Total £
31 Mar 11			
Argentine Peso	4	18	22
Canadian Dollar	7,321	-	7,321
Euro	(4,917,783)	4,257,380	(660,403)
Japanese Yen	(758,240)	178,143	(580,097)
Norwegian Krone	714,014	-	714,014
Swedish Krona	854,595	-	854,595
Swiss Franc	(1,612)	2,462	850
US Dollar	(8,699,250)	9,525,831	826,581
	(12,800,951)	13,963,834	1,162,883
Sterling	13,932,544	1,248,645	15,181,189
	£1,131,593	£15,212,479	£16,344,072
31 Mar 10			
Argentine Peso	11	8	19
Canadian Dollar	-	4,642	4,642
Euro	356,239	4,684,901	5,041,140
Japanese Yen	2,889	166,944	169,833
Norwegian Krone	-	2,178	2,178
Swedish Krona	915	-	915
Swiss Franc	-	(1,788)	(1,788)
US Dollar	697,436	10,101,758	10,799,194
	1,057,490	14,958,643	16,016,133
Sterling	415,216	1,365,034	1,780,250
	£1,472,706	£16,323,677	£17,796,383

(c) Fair value of financial assets and financial liabilities

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

(d) Derivative Exposure

The fund is permitted to invest in exchange traded bond futures, currency futures, currency forwards, credit default swaps, interest rate swaps and inflation swaps. The fund will use derivatives as part of its investment capabilities and are used to manage the fund's sensitivity to interest rate and current movements and to potentially take advantage of certain market conditions normally to the detriment of a bond fund. However, such instruments are inherently volatile and the fund could be potentially exposed to additional risk and cost should the market move against it.

Further information on risks can be found in the risk profile on pages 16 and 17.

14. Portfolio transaction costs

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

Distribution table**For the year ended 31 March 2011 (in pence per share)**

Final interest distribution

Group 1: Shares purchased prior to 1 October 2010

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

	Gross revenue (p)	Income tax (20%) (p)	Net revenue (p)	Equalisation (note 10) (p)	Distribution payable 31/05/11 (p)	Distribution paid 31/05/10 (p)
Class A – Accumulation Gross						
Group 1	0.430000	-	0.430000		0.430000	0.700000
Group 2	0.430000	-	0.430000	0.000000	0.430000	0.700000
Class A – Accumulation Net						
Group 1	0.425000	0.085000	0.340000		0.340000	0.560000
Group 2	0.145451	0.029090	0.116361	0.223639	0.340000	0.560000
Class B – Accumulation Gross						
Group 1	0.520000	-	0.520000		0.520000	0.770000
Group 2	0.123297	-	0.123297	0.396703	0.520000	0.770000
Class B – Accumulation Net						
Group 1	0.512500	0.102500	0.410000		0.410000	0.610000
Group 2	0.256206	0.051241	0.204965	0.205035	0.410000	0.610000

Interim interest distribution

Group 1: Shares purchased prior to 1 April 2010

Group 2: Shares purchased between 1 April 2010 and 30 September 2010

	Gross revenue (p)	Income tax (20%) (p)	Net revenue (p)	Equalisation (note 10) (p)	Distribution paid 30/11/10 (p)	Distribution paid 30/11/09 (p)
Class A – Accumulation Gross						
Group 1	0.640000	-	0.640000		0.640000	0.740000
Group 2	0.390387	-	0.390387	0.249613	0.640000	0.740000
Class A – Accumulation Net						
Group 1	0.662500	0.132500	0.530000		0.530000	0.560000
Group 2	0.408637	0.081727	0.326910	0.203090	0.530000	0.560000
Class B – Accumulation Gross						
Group 1	0.710000	-	0.710000		0.710000	0.820000
Group 2	0.276188	-	0.276188	0.433812	0.710000	0.820000
Class B – Accumulation Net						
Group 1	0.750000	0.150000	0.600000		0.600000	0.660000
Group 2	0.108550	0.021710	0.086840	0.513160	0.600000	0.660000

UBS Active Bond Fund

Manager's report

Investment objective and policy

To seek to achieve returns by investing in a diversified portfolio of predominantly investment grade UK and Global bonds. The Fund will seek to maximise the returns by the active management of duration and investment grade risk whilst minimising where possible the risk of capital loss.

The Fund will invest predominantly in investment grade Eurobonds, corporate bonds, Government bonds and floating rate notes. In addition the Fund may also invest in monetary deposits, certificates of deposit, commercial paper, Government cash instruments, commercial bills and derivatives for the purpose of efficient portfolio management. The Fund will invest in both sterling and non-sterling instruments and it will seek to minimise the exposure to currency fluctuation risks by the use of hedging and other techniques and instruments.

Market Environment and Fund Performance

In the twelve months to the end of March 2011 the Bank of England maintained the base rate at 0.5% and sterling Libor rose from 0.64% to 0.82% over the period. Short dated UK Gilts yields fell marginally with 5 year Gilt yields down 0.25% to 2.44%.

The first 6 months of the period saw positive returns across most of the major developed bond markets, with some exceptions in the Euro area periphery. Concerns over the soundness of the Economic and Monetary Union's (EMU) institutional framework and the solvency of some Eurozone member states caused acute tension in EMU sovereign bond markets. Questions rose over the momentum behind the global economic growth recovery, as data in the US disappointed and European governments' embraced fiscal austerity in new proposals to address mounting deficits and restore confidence. Initially there was a broad-based reduction in risk appetite, causing spreads on non-sovereign debt to widen, and leading to increased volatility in government bond markets. In particular the safe haven status of US Treasuries, German bunds and UK Gilts attracted significant demand.

Despite a background of major political instability in the Middle East and North Africa and the devastating consequences of the natural disaster in Japan, in the second half of the period most major developed bond markets posted negative returns. Economic activity improved beyond expectations and coupled with rising commodity prices put policymakers in the spotlight to address inflation concerns. UK inflation again surprised on the upside with year on year CPI increasing 4.4% to end February 2011. This despite the fact that the latest signs from the high street have been weak and on some measures UK consumer confidence has fallen to levels lower than in the midst of the financial crisis.

Over the period the duration of the portfolio relative to benchmark was marginally increased from -0.15 years underweight to neutral, and an underweight position to longer dated bonds was reduced. Within non-government bond sectors the exposure to AAA rated supranational issuers and bonds issued by financials was reduced and the exposure to industrial and utility issuers increased.

Outlook

Expectations are for a continued economic recovery in the US and core Europe but relative to these countries the UK looks likely to face more significant headwinds to growth. The housing market remains weak and the impact of significant public sector spending cuts is only now beginning to bite. Consumer confidence has already shown signs of material deterioration.

Although spreads on investment grade credit markets are closing in on longer term averages corporate bonds remain well supported by strong fundamentals, for example; continued positive earnings surprises and retained large corporate cash balances, positive economic growth and continued investor demand for yield against a background of near zero interest rates. Political pressure and current regulatory change is directed at de-risking the financial sector, a positive for bondholders. The fund is overweight corporate bonds.

Percentage growth

	31/03/10 to 31/03/11 %	31/03/09 to 31/03/10 %	31/03/08 to 31/03/09 %	31/03/07 to 31/03/08 %	31/03/06 to 31/03/07 %
Class A – Accumulation Net Shares	0.37	5.41	5.71	6.50	1.83
Class A – Income Gross Shares	1.13	6.17	6.50	6.17	2.63
Class A – Income Net Shares	0.39	5.30	5.57	6.76	0.38
Class B – Accumulation Net Shares	0.71	5.79	6.08	4.24	5.82
Class B – Income Gross Shares	1.47	6.53	6.83	6.53	3.02
Class B – Income Net Shares	0.73	5.68	5.91	5.79	0.94
Class Z – Accumulation Gross Shares	1.90	7.13	7.52	8.39	1.28
Class Z – Accumulation Net Shares	1.24	8.88	6.51	7.43	1.16

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

UBS Global Asset Management Funds Ltd
10 June 2011

Performance record

1. Fund size

Accounting year 31 March		Number of shares in issue	Total net asset value per share (p)*	Total net asset value (£)
2009	Class A – Accumulation Net	6,307,379	57.1	3,603,460
	Class A – Income Gross	15,749,637	50.1	7,896,128
	Class A – Income Net	2,662,760	49.2	1,309,597
	Class B – Accumulation Net	8,434,648	58.5	4,930,151
	Class B – Income Gross	51,685,624	50.8	26,278,808
	Class B – Income Net	5,204,239	51.0	2,656,121
	Class Z – Accumulation Gross	59,489,315	59.1	35,156,128
	Class Z – Accumulation Net	15,683,854	56.7	8,885,726
				£90,716,119
2010	Class A – Accumulation Net	8,899,054	61.5	5,468,042
	Class A – Income Gross	11,199,337	50.9	5,704,021
	Class A – Income Net	2,152,895	51.1	1,100,252
	Class B – Accumulation Net	4,747,811	63.1	2,995,431
	Class B – Income Gross	34,129,401	51.8	17,693,420
	Class B – Income Net	1,245,489	53.2	662,666
	Class Z – Accumulation Gross	11,216,116	63.2	7,082,703
	Class Z – Accumulation Net	39,416	63.0	24,811
				£40,731,346
2011	Class A – Accumulation Net	5,097,661	61.7	3,146,135
	Class A – Income Gross	3,208,586	49.6	1,591,923
	Class A – Income Net	4,112,105	49.8	2,046,910
	Class B – Accumulation Net	737,229	63.6	468,790
	Class B – Income Gross	22,225,397	50.7	11,262,324
	Class B – Income Net	199,940	52.0	103,967
	Class Z – Accumulation Gross	10,010,180	64.4	6,445,753
	Class Z – Accumulation Net	11,546	63.8	7,362
				£25,073,164

* rounded to one decimal place.

2. Total expense ratio

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

Share class	31 Mar 11 (%)	31 Mar 10 (%)
Class A – Accumulation Net	1.04	0.94
Class A – Income Gross	1.05	0.94
Class A – Income Net	1.04	0.94
Class B – Accumulation Net	0.70	0.59
Class B – Income Gross	0.69	0.59
Class B – Income Net	0.69	0.59
Class Z – Accumulation Gross	0.29	0.19
Class Z – Accumulation Net	0.30	0.19

3. Share dealing price range and distribution record

The Fund was launched on 1 April 2005 at a price of 50.00p for Class B Income Gross shares. Class A Income Gross shares were launched on 13 April 2005 at a price of 50.07p, Class A Income Net shares were launched on 15 April 2005 at a price of 50.09p; Class A Accumulation Net shares were launched on 4 May 2005 at a price of 50.17p; Class B Accumulation Net shares were launched on 13 July 2005 at a price of 50.48p; Class B Income Net shares were launched on 18 January 2007 at a price of 50.00p; and both Class Z Accumulation Net and Class Z Accumulation Gross were launched on 31 January 2007 at a price of 50.00p

Calendar year	Highest price (p)	Lowest price (p)	Distribution per share (p)
Class A – Accumulation Net			
2006	52.13	50.74	1.97
2007	54.33	51.15	1.96
2008	58.49	54.15	2.12
2009	61.02	57.91	2.19
2010	62.84	60.70	1.91
2011 to 31 March	61.91	61.21	0.49
Class A – Income Gross			
2006	50.38	49.12	2.37
2007	49.49	47.65	2.27
2008	51.38	48.22	2.39
2009	51.76	49.75	2.34
2010	51.75	50.15	1.96
2011 to 31 March	50.24	49.62	0.49
Class A – Income Net			
2006	50.42	49.19	1.91
2007	49.47	47.76	1.77
2008	51.41	48.33	1.90
2009	51.83	49.91	1.87
2010	51.86	50.23	1.59
2011 to 31 March	50.32	49.75	0.39

Calendar year	Highest price (p)	Lowest price (p)	Distribution per share (p)
Class B – Accumulation Net			
2006	52.90	49.22	1.88
2007	55.35	52.01	1.86
2008	59.79	55.25	2.10
2009	62.55	59.25	2.25
2010	64.61	62.27	1.97
2011 to 31 March	63.78	63.03	0.50
Class B – Income Gross			
2006	50.57	49.33	2.44
2007	49.98	48.02	2.29
2008	52.05	48.81	2.39
2009	52.58	50.46	2.37
2010	52.75	51.16	2.00
2011 to 31 March	51.29	50.65	0.49
Class B – Income Net			
2007 *	51.12	49.29	1.81
2008	53.30	50.08	1.95
2009	53.88	51.79	1.94
2010	54.06	52.42	1.68
2011 to 31 March	52.57	51.95	0.41
Class Z – Accumulation Gross			
2007 *	53.80	50.03	2.20
2008	58.90	53.81	2.64
2009	62.40	58.58	2.78
2010	65.03	62.16	2.46
2011 to 31 March	64.54	63.72	0.61

Calendar year	Highest price (p)	Lowest price (p)	Distribution per share (p)
Class Z – Accumulation Net			
2007 *	53.37	50.03	1.79
2008	57.90	53.37	2.09
2009	61.03	57.44	2.54
2010	64.64	60.29	1.65
2011 to 31 March	63.94	63.17	0.50

* covers period from launch to 31 December 2007.

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

Portfolio statement

As at 31 March 2011

	Holding	Market value £	Percentage of total net assets %		Holding	Market value £	Percentage of total net assets %	
Bonds – 94.48% (31 Mar 10: 98.75%)				Supranational - 30.68% (31 Mar 10: 24.20%)				
Australia - 7.17% (31 Mar 10: 3.85%)				Eurofima 4.375% 2013				
	National Australia Bank 3.625% 2017	£450,000	428,489	1.71	European Investment Bank 2.875% 2013	£220,000	224,707	0.90
	Suncorp-Metway 4% 2014	£1,310,000	1,368,302	5.46	European Investment Bank 3.375% 2014	£940,000	965,225	3.85
Canada - 2.08% (31 Mar 10: 5.84%)				European Investment Bank 5.5% 2011				
	GE Capital 6.125% 2012	£500,000	521,244	2.08	European Investment Bank 5.625% 2032	£4,455,000	4,590,655	18.31
Denmark - 1.13% (31 Mar 10: 0.00%)				European Investment Bank 6% 2028				
	Carlsberg Finance 7% 2013	£265,000	284,179	1.13	European Investment Bank 8.75% 2017	£550,000	646,761	2.58
France - 3.01% (31 Mar 10: 2.51%)				European Investment Bank 8.75% 2017				
	Cse D'Amort Dette 2.25% 2015	£780,000	754,645	3.01	Sweden - 2.28% (31 Mar 10: 2.94%)			
Germany - 3.29% (31 Mar 10: 3.72%)				Skandinaviska Enskilda Banken 6.625% 2014				
	Landwirtschaftliche Rentenbank 5.25% 2012	£800,000	825,722	3.29	United Kingdom - 24.59% (31 Mar 10: 32.89%)			
Ireland - 5.85% (31 Mar 10: 4.16%)				BP Capital Markets 4.325% 2018				
	Bank of Ireland 6.75% 2012	£212,000	205,634	0.82	British Sky Broadcasting 9.5% 2018	\$200,000	165,036	0.66
	Electricity Supply Board 6.5% 2020	£260,000	249,424	1.00	Coventry 2% 2012	£1,300,000	1,308,633	5.22
	GE Capital UK Fund 6% 2013	£950,000	1,009,441	4.03	Great Rolling 6.25% 2020	£275,000	279,414	1.11
Luxembourg - 0.00% (31 Mar 10: 1.89%)				Lloyds Banking Group 2.75% 2012				
Mexico - 1.02% (31 Mar 10: 0.00%)				Lloyds Banking Group 4% 2011				
	America Movil 5.75% 2030	£251,000	256,222	1.02	Marks & Spencer 6.875% 2037	£760,000	774,098	3.09
Netherlands - 0.99% (31 Mar 10: 4.03%)				National Grid Electricity 5.875% 2024				
	Volkswagen Financial Services 2.5% 2013	£250,000	248,400	0.99	Scottish & Southern Energy Sterling Perpetual	£190,000	184,560	0.74
South Korea - 1.24% (31 Mar 10: 0.85%)				Treasury 4.75% 2020				
	Hyundai Capital Services 4.375% 2016	\$500,000	311,990	1.24	Treasury 4.75% 2038	£285,000	310,981	1.24
Spain - 5.66% (31 Mar 10: 4.12%)				Wales & West Utilities 5.125% 2016				
	Institut de Credito Oficial 4% 2014	£500,000	482,594	1.92	Yorkshire Water Services Finance 6% FRN 2025	£310,000	324,155	1.29
	Instituto de Credito Oficial 4.5% 2013	£935,000	938,689	3.74	United States - 5.49% (31 Mar 10: 7.75%)			
					American Honda Finance 3.875% 2014	€200,000	180,127	0.72

	Holding	Market value £	Percentage of total net assets %
Citigroup 0.905% FRN 2011	£250,000	249,656	1.00
Citigroup 5.25% 2011	£300,000	302,003	1.20
Metropolitan Life Global Funding I 5.25% 2014	£350,000	367,866	1.47
New York Life Funding 4.5% 2013	£265,000	274,550	1.10
Derivatives – (0.03)% (31 Mar 10: 0.10%)			
Forward Currency Contracts – (0.03)% (31 Mar 10: 0.10%)			
Bought Sterling 320,429			
Sold Euro 380,000		(15,029)	(0.06)
Bought Sterling 419,520			
Sold US Dollar 665,000		6,183	0.03
Investment assets (including investment liabilities)		23,681,363	94.45
Net other assets		1,391,801	5.55
Net assets		£25,073,164	100.00

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

At 31 March 2011, 98.80% of the debt securities were rated as investment grade as a percentage of the total bond holdings value, and 1.20% were unrated.

Portfolio movements
for the year ended 31 March 2011

	Cost £
Major purchases	
European Investment Bank 3.375% 2014	981,830
Treasury 4.75% 2038	800,100
Cse D'Amort Dette 2.25% 2015	777,660
Clydesdale Bank 4.875% FRN 2016	749,571
European investment Bank 5.625% 2032	574,056
European Investment Bank 8.75% 2017	525,813
National Australia Bank 3.625% 2017	447,881
Commonwealth Bank of Australia 3.875% 2015	447,062
BP Capital Markets 4.325% 2018	423,130
Kreditanstalt fur Wiederaufbau 6% 2028	350,250
Treasury 4.75% 2020	312,531
Hyundai Capital Services 4.375% 2016	312,119
Bank of Ireland 6.75% 2012	286,916
Carlsberg Finance 7% 2013	284,859
Marks & Spencer 6.875% 2037	280,693
Great Rolling 6.25% 2020	279,480
Volkswagen Financial Services 2.5% 2013	249,290
America Movil 5.75% 2030	248,498
Treasury 4.25% 2040	235,421
Yorkshire Water Services Finance 6% FRN 2025	219,162
Total for the year (Note 14)	£9,488,492

	Proceeds £
Major sales	
Bank of Scotland 4.625% 2011	1,852,470
Lloyds Banking Group 4% 2011	1,545,618
Clydesdale Bank 4.875% FRN 2016	1,499,571
Bank Nederlandse Gemeenten 5.375% 2021	1,248,960
GE Capital Funding 2.75% 2011	1,164,157
Export Development Canada 5% 2010	1,102,454
Barclays Bank 2.875% 2011	1,093,540
Royal Bank of Scotland 4.125% 2011	1,051,506
European Investment Bank 4.25% 2010	1,010,000
Barclays Bank 2.375% 2011	1,003,966
Yorkshire building Society 2.25% 2011	1,000,440
European Investment Bank 1.25% 2012	792,572
Cse D'Amort Dette 3.75% 2014	785,699
European Investment Bank 6% 2028	770,934
Eurohypo 5.125% 2011	750,000
GE Capital 6.125% 2012	724,431
Nordea Bank 4.625% Call Subordinate Notes (STEP)	710,414
European Investment Bank 5% 2039	651,560
KFW 5.125% 2011	640,000
European Investment Bank 5.5% 2011	570,552
Total for the year (Note 14)	£25,433,273

Statement of total return

For the year ended 31 March 2011

	Notes	31 Mar 11		31 Mar 10	
		£	£	£	£
Income					
Net capital (losses)/gains	2	(468,544)		2,121,485	
Revenue	3	1,295,174		2,999,545	
Expenses	4	(245,017)		(347,709)	
Finance costs: Interest	6	(28)		(1)	
Net revenue before taxation		1,050,129		2,651,835	
Taxation	5	(238)		-	
Net revenue after taxation		1,049,891		2,651,835	
Total return before distributions		581,347		4,773,320	
Finance costs: Distributions	6	(1,297,215)		(2,958,253)	
Change in net assets attributable to shareholders from investment activities		£(715,868)		£1,815,067	

Statement of change in net assets attributable to shareholders

For the year ended 31 March 2011

	31 Mar 11		31 Mar 10	
	£	£	£	£
Opening net assets attributable to shareholders		40,731,346		90,716,119
Amounts receivable on issue of shares	4,126,090		14,629,903	
Amounts payable on cancellation of shares	(19,491,441)		(67,624,271)	
		(15,365,351)		(52,994,368)
Change in net assets attributable to shareholders from investment activities (see Statement of total return)		(715,868)		1,815,067
Retained distribution on accumulation shares		423,037		1,194,528
Closing net assets attributable to shareholders		£25,073,164		£40,731,346

Balance sheet**As at 31 March 2011**

	Notes	As at 31 Mar 11 £	As at 31 Mar 10 £
ASSETS			
Investment assets		23,696,392	40,261,016
Debtors	7	1,711,883	1,078,315
Cash and bank balances	8	656,413	190,256
Total other assets		2,368,296	1,268,571
Total assets		26,064,688	41,529,587
LIABILITIES			
Investment liabilities		15,029	-
Creditors	9	835,012	552,293
Distribution payable on income shares		141,483	245,948
Total other liabilities		976,495	798,241
Total liabilities		991,524	798,241
Net assets attributable to shareholders		£25,073,164	£40,731,346

Notes to the financial statements

1. Accounting policies

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

2. Net capital (losses)/gains

	31 Mar 11 £	31 Mar 10 £
Currency gains/(losses)	9,410	(242,451)
Forward currency contracts	(34,324)	791,638
Non-derivative securities	(441,468)	1,575,073
Transaction charges	(2,162)	(2,775)
Net capital (losses)/gains	£(468,544)	£2,121,485

3. Revenue

	31 Mar 11 £	31 Mar 10 £
Bank interest	1,481	6,232
Interest on debt securities	1,293,693	2,993,313
	£1,295,174	£2,999,545

4. Expenses

	31 Mar 11 £	31 Mar 10 £
<i>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</i>		
Administration fees	54,998	55,060
Authorised Corporate Director's fees	145,951	220,162
Registration fees	27,351	53,663
	228,300	328,885
<i>Payable to the Depositary, associates of the Depositary and agents of either of them:</i>		
Depositary's fees	4,035	7,192
	4,035	7,192
<i>Payable to other third parties:</i>		
Audit fees	9,002	9,224
Safe custody fees	2,680	5,086
Taxation fees	1,000	(2,678)
	12,682	11,632
	£245,017	£347,709

5. Taxation

(a) Analysis of tax charge

	31 Mar 11 £	31 Mar 10 £
Overseas tax suffered	238	-
Total tax charge 5(b)	£238	-

(b) Factors affecting current tax charge

The tax charged for the year is lower than the standard 20% rate of corporation tax applicable to the revenue received by open-ended investment companies (31 March 10: 20%).

The differences are explained below:

	31Mar 11 £	31 Mar 10 £
Net revenue before taxation	1,050,129	2,651,835
Corporation tax at 20%	210,026	530,367
<i>Effects of:</i>		
Interest distributions	(259,443)	(591,650)
Movement in excess expenses	49,417	61,283
Overseas tax suffered	238	-
	(209,788)	(530,367)
Total tax charge 5(a)	£238	-

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

(c) Deferred tax assets

At 31 March 2011 the Fund had unutilised excess management expenses of £2,567,792 (31 March 2010: £2,320,706). The deferred tax in respect of this would be £513,558 (31 March 2010: £464,141). It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised in the period.

6. Finance costs

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

	31 Mar 11 £	31 Mar 10 £
Interim - first quarter	357,966	1,118,701
Interim - second quarter	330,070	721,993
Interim - third quarter	296,076	477,364
Final	244,961	406,508
	1,229,073	2,724,566
Add: Amounts deducted on cancellation of shares	85,215	292,461
Deduct: Amounts added on issue of shares	(17,073)	(58,774)
Net distributions	1,297,215	2,958,253
Interest	28	1
Total finance costs	£1,297,243	£2,958,254
Net revenue after taxation	1,049,891	2,651,835
Add: Expenses charged to capital	245,017	347,709
Add: Undistributed revenue brought forward	4,709	6,636
Deduct: Indexation not distributable	-	(43,218)
Deduct: Undistributed revenue carried forward	(2,402)	(4,709)
Net distributions as above	£1,297,215	£2,958,253

Details of the distribution per share are set out in the table on pages 59 to 61.

7. Debtors

	As at 31 Mar 11 £	As at 31 Mar 10 £
Accrued revenue	424,112	684,751
Amounts receivable on issue of shares	-	37,440
Sales awaiting settlement	1,287,771	356,124
	£1,711,883	£1,078,315

8. Cash & bank balances

	As at 31 Mar 11 £	As at 31 Mar 10 £
Cash and bank balances	656,413	190,256
	£656,413	£190,256

9. Creditors

	As at 31 Mar 11 £	As at 31 Mar 10 £
Amounts payable on cancellation of shares	502,979	386,222
Expense accruals	46,483	109,025
Income tax payable	36,260	57,046
Purchases awaiting settlement	249,290	-
	£835,012	£552,293

10. Equalisation

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

11. Contingent liabilities

At 31 March 2011 there were no contingent liabilities or commitments at the current or prior period end.

12. Related party transactions

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

At 31 March 2011 the amounts included in creditors in respect of management fees, administration fees and registration fees due to the ACD are £9,513, £23,540 and £1,845 respectively (31 March 2010: £17,152, £77,751 and £3,134).

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

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

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

13. Financial instruments

The Authorised Corporate Director's policy and approach to managing the risks associated with financial instruments are included in the aggregated notes to the financial statements on pages 16 to 17.

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

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

i) Financial assets

Currency	Floating rate financial assets £	Fixed rate financial assets £	Financial assets not carrying interest £	Total £
31 Mar 11				
Australian Dollar	7,577	-	-	7,577
Canadian Dollar	2,448	-	-	2,448
Euro	196,694	180,127	3,730	380,551
Sterling	883,384	22,554,513	2,441,532	25,879,429
Swedish Krona	9,298	-	-	9,298
US Dollar	35,557	477,025	6,570	519,152
	£1,134,958	£23,211,665	£2,451,832	£26,798,455
31 Mar 10				
Australian Dollar	7,076	-	-	7,076
Canadian Dollar	2,483	-	-	2,483
Euro	859	185,459	(134,207)	52,111
Japanese Yen	9,247	722,862	(609,389)	122,720
Sterling	2,319,999	36,628,765	2,291,400	41,240,164
Swedish Krona	8,600	-	-	8,600
US Dollar	6,357	516,645	(426,569)	96,433
	£2,354,621	£38,053,731	£1,121,235	£41,529,587

ii) Financial liabilities

Currency	Floating rate financial liabilities £	Financial liabilities not carrying interest £	Total £
31 Mar 11			
Euro	-	335,459	335,459
Sterling	-	976,495	976,495
US Dollar	-	413,337	413,337
	-	£1,725,291	£1,725,291
31 Mar 10			
Sterling	-	798,241	798,241
	-	£798,241	£798,241

iii) Fixed rate financial assets

Country	As at 31 Mar 2011		As at 31 Mar 2010	
	Weighted average interest rate %	Weighted average period for which the rate is fixed in years	Weighted average interest rate %	Weighted average period for which the rate is fixed in years
Australia	2.80	3.71	2.67	3.80
Canada	2.18	1.10	1.77	1.22
Denmark	2.96	1.90	-	-
France	2.98	4.71	2.22	3.47
Germany	1.15	0.80	1.16	1.36
Ireland	4.47	3.02	3.66	4.40
Luxembourg	-	-	1.99	0.90
Mexico	5.52	19.40	-	-
Netherlands	2.74	2.50	4.17	9.60
South Korea	4.23	4.81	4.83	5.10
Spain	4.43	2.52	2.65	3.45
Supranational	1.92	4.32	1.98	6.00
Sweden	3.29	3.30	4.02	4.30
United Kingdom	2.96	8.75	1.65	2.99
United States	2.57	1.97	2.30	2.44

(b) Currency exposure

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

Numerical disclosures are as follows:

Currency	Monetary exposures £	Non-monetary exposures £	Total £
31 Mar 11			
Australian Dollar	7,577	-	7,577
Canadian Dollar	2,448	-	2,448
Euro	(135,035)	180,128	45,093
Swedish Krona	9,298	-	9,298
US Dollar	(371,210)	477,024	105,814
	(486,922)	657,152	170,230
Sterling	1,869,876	23,033,058	24,902,934
	£1,382,954	£23,690,210	£25,073,164
31 Mar 10			
Australian Dollar	7,076	-	7,076
Canadian Dollar	2,483	-	2,483
Euro	(133,348)	185,459	52,111
Japanese Yen	(600,142)	722,862	122,720
Swedish Krona	8,600	-	8,600
US Dollar	(420,212)	516,645	96,433
	(1,135,543)	1,424,966	289,423
Sterling	1,648,794	38,793,129	40,441,923
	£513,251	£40,218,095	£40,731,346

(c) Fair value of financial assets and financial liabilities

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

14. Portfolio transaction costs

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

Distribution table

For the year ended 31 March 2011 (in pence per share)

Final interest distribution

Group 1: Shares purchased prior to 1 January 2011

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

	Gross revenue (p)	Income tax (20%) (p)	Net revenue (p)	Equalisation (note 10) (p)	Distribution payable 31/05/11 (p)	Distribution paid 31/05/10 (p)
Class A – Accumulation Net						
Group 1	0.612500	0.122500	0.490000	-	0.490000	0.500000
Group 2	0.423782	0.084756	0.339026	0.150974	0.490000	0.500000
Class A – Income Gross						
Group 1	0.490000	0.000000	0.490000	-	0.490000	0.510000
Group 2	0.287651	0.000000	0.287651	0.202349	0.490000	0.510000
Class A – Income Net						
Group 1	0.487500	0.097500	0.390000	-	0.390000	0.420000
Group 2	0.395787	0.079157	0.316630	0.073370	0.390000	0.420000
Class B – Accumulation Net						
Group 1	0.625000	0.125000	0.500000	-	0.500000	0.510000
Group 2	0.325937	0.065187	0.260750	0.239250	0.500000	0.510000
Class B – Income Gross						
Group 1	0.490000	0.000000	0.490000	-	0.490000	0.510000
Group 2	0.441996	0.000000	0.441996	0.048004	0.490000	0.510000
Class B – Income Net						
Group 1	0.512500	0.102500	0.410000	-	0.410000	0.460000
Group 2	0.250193	0.050038	0.200155	0.209845	0.410000	0.460000
Class Z – Accumulation Gross						
Group 1	0.610000	0.000000	0.610000	-	0.610000	0.630000
Group 2	0.610000	0.000000	0.610000	0.000000	0.610000	0.630000

	Gross revenue (p)	Income tax (20%) (p)	Net revenue (p)	Equalisation (note 10) (p)	Distribution payable 31/05/11 (p)	Distribution paid 31/05/10 (p)
Class Z – Accumulation Net						
Group 1	0.625000	0.125000	0.500000	-	0.500000	0.190000
Group 2	0.625000	0.125000	0.500000	0.000000	0.500000	0.190000

Third interim interest distribution

Group 1: Shares purchased prior to 1 October 2010

Group 2: Shares purchased between 1 October 2010 and 31 December 2010

	Gross revenue (p)	Income tax (20%) (p)	Net revenue (p)	Equalisation (note 10) (p)	Distribution paid 28/02/11 (p)	Distribution paid 28/02/10 (p)
Class A – Accumulation Net						
Group 1	0.562500	0.112500	0.450000	-	0.450000	0.480000
Group 2	0.244172	0.048834	0.195338	0.254662	0.450000	0.480000
Class A – Income Gross						
Group 1	0.470000	0.000000	0.470000	-	0.470000	0.520000
Group 2	0.221202	0.000000	0.221202	0.248798	0.470000	0.520000
Class A – Income Net						
Group 1	0.475000	0.095000	0.380000	-	0.380000	0.410000
Group 2	0.238720	0.047744	0.190976	0.189024	0.380000	0.410000
Class B – Accumulation Net						
Group 1	0.587500	0.117500	0.470000	-	0.470000	0.500000
Group 2	0.339828	0.067965	0.271863	0.198137	0.470000	0.500000
Class B – Income Gross						
Group 1	0.480000	0.000000	0.480000	-	0.480000	0.530000
Group 2	0.128520	0.000000	0.128520	0.351480	0.480000	0.530000
Class B – Income Net						
Group 1	0.487500	0.097500	0.390000	-	0.390000	0.430000
Group 2	0.170163	0.034032	0.136131	0.253869	0.390000	0.430000
Class Z – Accumulation Gross						
Group 2	0.600000	0.000000	0.600000	-	0.600000	0.620000
Group 2	0.600000	0.000000	0.600000	0.000000	0.600000	0.620000
Class Z – Accumulation Net						
Group 1	0.587500	0.117500	0.470000	-	0.470000	0.810000
Group 2	0.587500	0.117500	0.470000	0.000000	0.470000	0.810000

Second interim interest distribution

Group 1: Shares purchased prior to 1 July 2010

Group 2: Shares purchased between 1 July 2010 and 30 September 2010

	Gross revenue (p)	Income tax (20%) (p)	Net revenue (p)	Equalisation (note 10) (p)	Distribution paid 30/11/10 (p)	Distribution paid 30/11/09 (p)
Class A – Accumulation Net						
Group 1	0.600000	0.120000	0.480000	-	0.480000	0.560000
Group 2	0.233213	0.046642	0.186571	0.293429	0.480000	0.560000
Class A – Income Gross						
Group 1	0.490000	0.000000	0.490000	-	0.490000	0.590000
Group 2	0.154101	0.000000	0.154101	0.335899	0.490000	0.590000
Class A – Income Net						
Group 1	0.487500	0.097500	0.390000	-	0.390000	0.470000
Group 2	0.192626	0.0385252	0.164249	0.225751	0.390000	0.470000
Class B – Accumulation Net						
Group 1	0.612500	0.122500	0.490000	-	0.490000	0.570000
Group 2	0.255851	0.051170	0.204681	0.285319	0.490000	0.570000
Class B – Income Gross						
Group 1	0.500000	0.000000	0.500000	-	0.500000	0.600000
Group 2	0.222994	0.000000	0.222994	0.277006	0.500000	0.600000
Class B – Income Net						
Group 1	0.512500	0.102500	0.410000	-	0.410000	0.490000
Group 2	0.165697	0.033139	0.132558	0.277442	0.410000	0.490000
Class Z – Accumulation Gross						
Group 1	0.620000	0.000000	0.620000	-	0.620000	0.730000
Group 2	0.620000	0.000000	0.620000	0.000000	0.620000	0.730000
Class Z – Accumulation Net						
Group 1	0.612500	0.122500	0.490000	-	0.490000	0.570000
Group 2	0.612500	0.122500	0.490000	0.000000	0.490000	0.570000

First interim interest distribution

Group 1: Shares purchased prior to 1 April 2010

Group 2: Shares purchased between 1 April 2010 and 30 June 2010

	Gross revenue (p)	Income tax (20%) (p)	Net revenue (p)	Equalisation (note 10) (p)	Distribution paid 31/08/10 (p)	<i>Distribution paid 31/08/09 (p)</i>
Class A – Accumulation Net						
Group 1	0.600000	0.120000	0.480000	-	0.480000	0.540000
Group 2	0.290482	0.058096	0.232386	0.247614	0.480000	0.540000
Class A – Income Gross						
Group 1	0.490000	0.000000	0.490000	-	0.490000	0.580000
Group 2	0.165290	0.000000	0.165290	0.324710	0.490000	0.580000
Class A – Income Net						
Group 1	0.500000	0.100000	0.400000	-	0.400000	0.460000
Group 2	0.364970	0.072994	0.291976	0.108024	0.400000	0.460000
Class B – Accumulation Net						
Group 1	0.625000	0.125000	0.500000	-	0.500000	0.560000
Group 2	0.193990	0.038798	0.155192	0.344808	0.500000	0.560000
Class B – Income Gross						
Group 1	0.510000	0.000000	0.510000	-	0.510000	0.580000
Group 2	0.153322	0.000000	0.153322	0.356678	0.510000	0.580000
Class B – Income Net						
Group 1	0.525000	0.105000	0.420000	-	0.420000	0.480000
Group 2	0.225238	0.045047	0.180191	0.239809	0.420000	0.480000
Class Z – Accumulation Gross						
Group 1	0.610000	0.000000	0.610000	-	0.610000	0.680000
Group 2	0.610000	0.000000	0.610000	0.000000	0.610000	0.680000
Class Z – Accumulation Net						
Group 1	0.625000	0.125000	0.500000	-	0.500000	0.560000
Group 2	0.625000	0.125000	0.500000	0.000000	0.500000	0.560000

UBS Asian Consumption Fund

Manager's report

Investment objective and policy

To seek to achieve long term capital appreciation predominantly through investment in equities in the Asian region, excluding Japan via investing in Asian stocks that are engaged in the business activities of providing goods and services to Asian consumers and Asian consumer products and services companies that have a global franchise. The Fund may also invest in non-Asian companies that are engaged in the business of providing goods and services to Asian consumers. Furthermore, the Fund may also invest in other transferable securities (including warrants), money market instruments, deposits, cash and units in collective investment schemes.

The ACD may use derivatives for the purpose of efficient portfolio management.

Market environment

The UBS Asian Consumption Fund launched on 17 December 2010. Rising inflation and tightening monetary policy led the Asian consumer sector to underperform the broader Asian equity market in the first quarter of 2011. Consumer stocks in China and India were impacted the most. In March the annual rate of inflation in India had risen to 9.0%, largely as a result of increases in food prices and a spike in the oil price. This prompted the India Reserve Bank to announce it will raise interest rates from 6.5% to 6.75%.

In China, the possibility of government intervention in end-product pricing led to a sell-off in staple stocks. Meanwhile inflation also accelerated in China, with Chinese consumer prices rising by 5.4% in March, compared with the previous year.

The automobile space in Korea rallied more than 20% in the first quarter of the year as they were perceived to be potential beneficiaries given the supply constraints and disruption to the competition from Japan, in the aftermath of the earthquake and tsunami in March.

Fund performance

The Fund generated a return of -4.5%*, in Sterling terms, to the end of the period under review.

The largest contributor to performance over the period under review was an overweight position in LG Household & Healthcare. Over the first quarter of 2011, the Korean household product company's share price rose 6.6%, in Sterling terms.

Overweight positions in the Hyundai Department Store and Hyundai Home Shopping were also key contributors to performance over the period under review. Hyundai Home

Shopping is a Korean-based television home shopping channel operator, whose share price rose 25.4%, in Sterling terms, over the first quarter of 2011.

A zero weight position in Hyundai Motors was the largest detractor to performance over the period under review. However, we are maintaining this position as we believe the company will face headwinds should the Korean Won appreciate, or stabilise, versus other currencies, particularly the Japanese Yen. The stock is trading at the higher end of its P/E multiples and does not offer much value.

Overweight positions in Hong Kong discretionary plays Li & Fung and Ports Design also hurt performance during the period under review. Disappointing results at both companies led to the underperformance, but we maintain the outlook remains strong.

Outlook

We remain positive on consumption in Asia, maintaining a preference for high-quality consumer staple companies, given the risk from inflation.

The Fund is positioned to benefit from rising mass consumption as well as growth in high-end spending. We think that mass consumption should see strong growth this year, driven by policy measures. In addition, luxury and high-end consumption are unlikely to be hit by headwinds from interest rates or inflation. We are playing this theme via cosmetics and high-end apparels.

The consumer sectors have lagged the general market in the first quarter of 2011, but this trend is unlikely to continue and valuations are starting to look attractive for many stocks.

* Source: Lipper-Hindsight. Performance is based on NAV prices with income reinvested net of basic tax rate and in sterling terms to 31 March 2011, based on Class A shares.

Percentage growth

	Launch to 31/03/11 %
Class A – Accumulation Shares	-4.48
Class B – Accumulation Shares	-4.30
Class K – Accumulation Shares	-4.06

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

Launch date: Class A, B and K Shares: 17 December 2010.

UBS Global Asset Management Funds Ltd
10 June 2011

Performance record

1. Fund size

Accounting period		Number of shares in issue	Total net asset value per share (p)*	Total net asset value (£)
31 March				
2011	Class A – Accumulation	4,346,799	47.6	2,070,631
	Class B – Accumulation	10,856,631	47.7	5,180,732
	Class K – Accumulation	47,511	9,568.5	4,546,122
				£11,797,485

* rounded to one decimal place.

2. Total expense ratio

The total expense ratio (TER) below is calculated using the most recent audited results and as described in the Financial Services Authority's Collective Investment Schemes Sourcebook 4 Annex 1 R. Due to the short accounting period, the TER has been annualised.

Share class	31 Mar 11 (%)
Class A – Accumulation	1.94
Class B – Accumulation	1.29
Class K – Accumulation	0.35

3. Share dealing price range and distribution record

The Fund was launched on 17 December 2010 at a price of 50p for Class A and Class B shares, and 10,000p for Class K shares.

Calendar year	Highest price (p)	Lowest price (p)	Distribution per share (net) (p)
Class A – Accumulation			
2010 [†]	51.67	49.86	-
2011 to 31 March	51.95	44.57	0.00
Class B – Accumulation			
2010 [†]	51.68	49.86	-
2011 to 31 March	51.96	44.62	0.00
Class K – Accumulation			
2010 [†]	10,337.89	9,971.49	-
2011 to 31 March	10,396.96	8,938.60	11.72

[†] covers period from launch to 31 December 2010.

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

Portfolio statement**As at 31 March 2011**

	Holding	Market value £	Percentage of total net assets %		Holding	Market value £	Percentage of total net assets %
Bermuda - 13.87%							
Esprit	107,600	306,299	2.60	Credit Suisse Nassau ELN (Jubilant Foodworks) 2014	22,203	166,942	1.42
Huabao International Holdings	163,000	153,323	1.30	Deutsche Bank Call Warrants (Maruti Suzuki) 2017	14,484	252,884	2.14
Li & Fung	204,000	648,315	5.50	Deutsche Bank Call Warrants (ITC) 2017	248,183	625,196	5.30
Ports Design	215,000	305,585	2.59	JPMorgan (Godrej Consumer Products) 2015	59,642	302,296	2.56
Trinity	384,000	221,688	1.88	JPMorgan Call Warrants (DLF) 2014	33,081	123,204	1.04
Cayman Islands - 17.64%							
Anta Sports Products	135,000	130,003	1.10	Merrill Lynch Call Warrants (GlaxoSmithKline Consumer) 2015	4,938	148,137	1.26
China Lilang	179,000	147,505	1.25	Merrill Lynch Call Warrants (Marico) 2015	93,834	177,090	1.50
China Mengniu Dairy	327,000	536,578	4.55	Indonesia - 3.95%			
China Zhengtong Holdings	300,500	190,039	1.61	Astra International	99,500	404,176	3.43
Hengan International	67,500	308,300	2.61	Ramayana Lestari	1,125,000	61,038	0.52
Mindray Medical International ADR	8,700	137,868	1.17	Malaysia - 3.48%			
Sa Sa International Holdings	522,000	165,476	1.40	British American Tobacco Malaysia	23,500	231,425	1.96
Tencent	15,700	236,813	2.01	Parkson Holdings	153,000	179,073	1.52
Want Want China Holdings	472,000	229,149	1.94	Philippines - 0.68%			
China - 1.58%							
Dongfeng Motor Group 'H'	176,000	186,069	1.58	Alliance Global Group	470,000	80,206	0.68
France - 2.08%							
L'Occitane International	161,000	245,289	2.08	Singapore - 5.58%			
Hong Kong - 5.27%							
Aia Group	143,000	272,902	2.31	Jardine Cycle & Carriage	17,000	306,492	2.60
Belle International	308,000	349,722	2.96	Olam International	255,000	352,097	2.98
India - 17.20%							
Citigroup Global Markets Holdings	3,841	109,882	0.93	South Korea - 15.32%			
Credit Suisse Nassau ELN (Housing) 2012	50,484	123,610	1.05	Hite Brewery	2,276	139,472	1.18
				Hyundai Department Store	4,110	331,147	2.81
				Hyundai Home Shopping	2,056	141,156	1.20
				LG Fashion	11,950	199,684	1.69

	Holding	Market value £	Percentage of total net assets %
LG Household & Healthcare	2,404	558,571	4.73
Lotte Shopping	1,721	437,959	3.71
Taiwan - 6.43%			
Giant Manufacturing	75,000	188,052	1.59
Uni-President Enterprises	670,000	570,611	4.84
Thailand - 1.22%			
Big C Supercenter	88,400	143,875	1.22
United Kingdom - 1.33%			
Genting Singapore	155,000	156,693	1.33
United States of America - 2.17%			
Sun Pharmaceuticals Industries Call Warrants 2012	41,694	255,867	2.17
Investment assets		11,537,758	97.80
Net other assets		259,727	2.20
Net assets		£11,797,485	100.00

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

Portfolio movements**For the period from 17 December 2010 to 31 March 2011**

Major purchases	Cost £	Major sales	Proceeds £
Li & Fung	787,270	Shinsegae	219,578
Uni-President Enterprises	612,030	Citigroup Global Markets Holdings (Tata Motors)	177,109
Deutsche Bank Call Warrants (ITC) 2017	606,979	China Dongxiang	115,172
China Mengniu Dairy	564,958	Merrill Lynch Call Warrants (United Spirits) 2011	107,036
LG Household & Healthcare	501,776	Merrill Lynch Call Warrants (United Spirits) 2016	94,288
Lotte Shopping	433,134	Rexlot	88,709
Ports Design	380,569	JPMorgan Call Warrants (DLF) 2014	70,586
Esprit	375,810	Uni-President China Holdings	69,368
Olam International	375,764	Merrill Lynch Call Warrants (Indian Hotels) 2012	58,032
Hengan International	362,413	Li & Fung	48,800
Astra International	356,298	Huabao International Holdings	42,638
Belle International	333,097	Mindray Medical International ADR	38,583
Shinsegae	314,965	Credit Suisse Nassau ELN (Housing) 2012	32,386
JPMorgan (Godrej Consumer Products) 2015	309,196	Esprit	30,689
Hyundai Department Store	294,250	Tencent	28,193
L'Occitane International	280,379	Deutsche Bank Call Warrants (ITC) 2017	21,504
Jardine Cycle & Carriage	278,366	Hite Brewery	21,443
Deutsche Bank Call Warrants (Maruti Suzuki) 2017	277,481	Anta Sports Products	16,637
Sun Pharmaceuticals Industries Call Warrants 2012	267,713	Big C Supercenter	13,752
Aia Group	260,999	Ports Design	12,964
Total for the period (Note 14)	£13,333,502	Total for the period (Note 14)	£1,310,770

Statement of total return

For the period from 17 December 2010 to 31 March 2011

	Notes	£	31 Mar 11 £
Income			
Net capital losses	2		(514,646)
Revenue	3	27,674	
Expenses	4	(32,920)	
Net expenses before taxation		(5,246)	
Taxation	5	(1,850)	
Net expenses after taxation			(7,096)
Total return before distributions			(521,742)
Finance costs: Distributions	6		(5,480)
Change in net assets attributable to shareholders from investment activities			£(527,222)

Statement of change in net assets attributable to shareholders

For the period from 17 December 2010 to 31 March 2011

	£	31 Mar 11 £
Opening net assets attributable to shareholders		-
Amounts receivable on issue of shares	12,696,373	
Amounts payable on cancellation of shares	(377,234)	
		12,319,139
Change in net assets attributable to shareholders from investment activities (see Statement of total return)		(527,222)
Retained distribution on accumulation shares		5,568
Closing net assets attributable to shareholders		£11,797,485

Balance sheet**As at 31 March 2011**

	Notes	As at 31 Mar 11 £
ASSETS		
Investment assets		11,537,758
Debtors	7	107,818
Cash and bank balances	8	338,893
Total other assets		446,711
Total assets		11,984,469
LIABILITIES		
Creditors	9	186,984
Total liabilities		186,984
Net assets attributable to shareholders		£11,797,485

Notes to the financial statements

1. Accounting policies

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

2. Net capital losses

	31 Mar 11
	£
Currency losses	(20,672)
Forward currency contracts	3,555
Non-derivative securities	(497,196)
Transaction charges	(333)
Net capital losses	£(514,646)

3. Revenue

	31 Mar 11
	£
Bank interest	1,092
Overseas dividends	26,582
	£27,674

4. Expenses

	31 Mar 11
	£
<i>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</i>	
Authorised Corporate Director's fees	19,729
Registration fees	757
	20,486
<i>Payable to the Depositary, associates of the Depositary and agents of either of them:</i>	
Depositary's fees	374
	374
<i>Payable to other third parties:</i>	
Audit fees	6,000
Safe custody fees	6,060
	12,060
	£32,920

5. Taxation

(a) Analysis of tax charge

	31 Mar 11
	£
Overseas tax suffered	1,850
Total tax charge 5(b)	£1,850

(b) Factors affecting current tax charge

The tax charged for the period is higher than the standard rate of 20% of corporation tax applicable to the revenue received by open-ended investment companies.

The differences are explained below:

	31 Mar 11
	£
Net expense before taxation	(5,246)
Corporation tax at 20%	(1,049)
<i>Effects of:</i>	
Dividends not subject to corporation tax	(5,317)
Movement in excess expenses	6,366
Overseas tax suffered	1,850
	2,899
Total tax charge 5(a)	£1,850

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

(c) Deferred tax assets

At 31 March 2011 the Fund had excess management expenses of £31,828. The deferred tax in respect of this would be £6,366. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised.

6. Finance costs

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

	31 Mar 11
	£
Final	5,568
Add: Amounts deducted on cancellation of shares	-
Deduct: Amounts added on issue of shares	(88)
Total finance costs	£5,480
Net revenue after taxation	(7,096)
Add: Expenses charged to capital	12,579
Deduct: Undistributed revenue carried forward	(3)
Net distributions as above	£5,480

Details of the distribution per share are set out in the table on page 78.

7. Debtors

	As at
	31 Mar 11
	£
Accrued revenue	19,075
Amounts receivable on issue of shares	10,048
Sales awaiting settlement	78,695
	£107,818

8. Cash & bank balances

	As at
	31 Mar 11
	£
Cash and bank balances	338,893
	£338,893

9. Creditors

	As at
	31 Mar 11
	£
Expense accruals	19,232
Purchases awaiting settlement	167,752
	£186,984

10. Equalisation

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

11. Contingent liabilities

At 31 March 2011 there were no contingent liabilities or commitments at the current period end.

12. Related party transactions

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

At 31 March 2011 the amounts included in creditors in respect of management fees and registration fees due to the ACD are £6,472 and £251 respectively.

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

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

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

13. Financial instruments

The Authorised Corporate Director's policy and approach to managing the risks associated with financial instruments are included in the aggregated notes to the financial statements on pages 16 to 17.

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

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

i) Financial assets

Currency	Floating rate financial assets £	Fixed rate financial assets £	Financial assets not carrying interest £	Total £
31 Mar 11				
Hong Kong Dollar	388	-	4,655,851	4,656,239
Indonesian Rupiah	-	-	465,214	465,214
Korean Won	-	-	1,818,471	1,818,471
Malaysian	-	-	410,497	410,497
Philippine peso	-	-	80,206	80,206
Singapore Dollar	73	-	815,282	815,355
Sterling	40,536	-	10,049	50,585
Taiwan Dollar	74,189	-	758,664	832,853
Thai Baht	-	-	143,875	143,875
US Dollar	223,708	-	2,487,466	2,711,174
	£338,894	-	£11,645,575	£11,984,469

ii) Financial liabilities

Currency	Floating rate financial liabilities £	Financial liabilities not carrying interest £	Total £
31 Mar 11			
Hong Kong Dollar	-	76,092	76,092
Indonesian Rupiah	-	12,102	12,102
Malaysian	-	26,047	26,047
Singapore Dollar	-	29,239	29,239
Sterling	-	19,232	19,232
Thai Baht	-	12,157	12,157
US Dollar	-	12,115	12,115
	-	£186,984	£186,984

(b) Currency exposure

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

Numerical disclosures are as follows:

Currency	Monetary exposures £	Non- monetary exposures £	Total £
31 Mar 11			
Hong Kong Dollar	(52,907)	4,633,054	4,580,147
Indonesian Rupiah	(12,103)	465,214	453,111
Korean Won	10,482	1,807,989	1,818,471
Malaysian	(26,047)	410,497	384,450
Philippine peso	-	80,206	80,206
Singapore Dollar	(29,167)	815,282	786,115
Taiwan Dollar	74,189	758,664	832,853
Thai Baht	(12,157)	143,875	131,718
US Dollar	276,084	2,422,977	2,699,061
	228,374	11,537,758	11,766,132
Sterling	31,353	-	31,353
	£259,727	£11,537,758	£11,797,485

(c) Fair value of financial assets and financial liabilities

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

14. Portfolio transaction costs

Analysis of total purchase costs	£	31 Mar 11	£
Purchases in period before transaction costs		13,299,186	
Commissions & taxes	34,316		
Total purchase costs			34,316
Gross purchase total			£13,333,502
<hr/>			
Analysis of total sale costs	£	31 Mar 11	£
Gross sales in period before transaction costs		1,313,741	
Commissions & taxes	(2,971)		
Total sale costs			(2,971)
Total sales net of transaction costs			£1,310,770

Distribution table**For the period ended 31 March 2011 (in pence per share)**

Final dividend distribution

Group 1: Shares purchased during the launch period

Group 2: Shares purchased between 18 December 2010 and 31 March 2011

	Net revenue (p)	Equalisation (note 10) (p)	Distribution payable 31/05/11 (p)
Class A – Accumulation			
Group 1	0.00	-	0.00
Group 2	0.00	0.00	0.00
Class B – Accumulation			
Group 1	0.00	-	0.00
Group 2	0.00	0.00	0.00
Class K – Accumulation			
Group 1	11.72	-	11.72
Group 2	11.72	0.00	11.72

UBS Asian Equity Fund

Manager's report

Investment objective and policy

To seek to achieve long term capital appreciation predominantly through investment in equities in the Asian region, excluding Japan.

The Fund may also invest in other transferable securities (including warrants), money market instruments, deposits, cash and units in collective investment schemes.

Market environment

Overall Asian markets delivered positive performance during the year under review but signs of overheating began to materialise in a number of economies towards the end of the period. Markets declined at the start of the year as concerns that inflation pressures may cause central banks to tighten their policy stances more rapidly than forecast. This led many investors to rotate out of Asian markets into the more developed markets.

As attention turned to the earthquake and tsunami in Japan macro news flow dominated markets in March, in addition to the geo-political tensions in the Middle East.

India was the most significant contributor to performance, with year on year GDP growth of 8.2% over the fourth quarter of 2010, relative to the corresponding quarter in the preceding year.

Fund performance

The Fund underperformed its benchmark, the MSCI AC Asia ex Japan Index, during the period under review. It posted performance of 5.6%* compared with the benchmark which returned 13.4%, both in Sterling terms.

The Fund's overweight position in the Thailand Bank Kasikornbank was the largest contributor to performance over the period in review. The Fund ended the period 2.8% overweight in the bank, whose share price rose 33.7%, in Sterling terms, over the year.

Bank Rakyat Indonesia was the second largest contributor to performance over the period in review. The Indonesian-listed bank outperformed on the back of better than expected Q4 results in 2010. Moreover, positive trends in asset quality have helped this laggard that was trading at a steep discount to its peers.

The largest detractor to performance under review was an overweight stance in the Taiwan-listed Hon Hai Precision. The technology stock pulled back after the rally in January, while rumours of another interest rate rise and the delay of a product launch also caused stock weakness, with the share price falling 12.8% in Sterling terms during the period under review. However we remain positive on the company, with performance likely to come from a margin recovery in the second half of 2011.

The Chinese-listed dairy company China Mengniu Dairy was the second largest detractor from performance during the period under review. The Fund ended the period overweight in the stock, whose share price declined 19.0% in Sterling terms.

Outlook

In our view the short-term outlook for Asian markets remains mixed, with a strong growth outlook being balanced out by concerns over inflationary risks. Meanwhile the impact on the oil price from rising conflicts in the Middle East also aggravates the pressure on prices.

The long-term fundamentals in Asia however remain positive as the structural growth drivers remain intact. Demographics and urbanisation are multi-year drivers and the Asian economies are mostly healthy. Emerging Asia should continue to drive growth in the global recovery, anchored by China, India and Indonesia.

The portfolio remains focused on stock selection. We remain positive on those areas which will benefit from an increase in domestic demand, namely the financial and consumer sectors, which are relatively more resilient given lower earnings risk and structural growth drivers. We also favour stocks within the smaller 'ASEAN' (Association of South East Asian Nations) markets, such as Thailand, Indonesia and the Phillipines; in particular the well positioned banks which are geared into the buoyant domestic demand growth story.

* Source: Lipper-Hindsight. Performance is based on NAV prices with income reinvested net of basic tax rate and in sterling terms to 31 March 2011, based on Class A shares.

Percentage growth

	31/03/10	31/03/09	31/03/08	31/03/07	01/12/06
	to	to	to	to	to
	31/03/11	31/03/10	31/03/09	31/03/08	31/03/07
	%	%	%	%	%
Class A – Accumulation Shares	5.60	67.90	-23.52	12.13	7.61
Class B – Accumulation Shares	6.35	69.05	-23.13	12.88	7.77

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

Performance record

1. Fund size

Accounting year 31 March		Number of shares in issue	Total net asset value per share (p)*	Total net asset value (£)
2009	Class A - Accumulation	1,039,191	385.4	4,005,109
	Class B - Accumulation	389,636	393.3	1,532,482
				£5,537,591
2010	Class A - Accumulation	1,251,847	647.5	8,105,958
	Class B - Accumulation	377,960	666.5	2,519,061
				£10,625,019
2011	Class A - Accumulation	905,615	683.9	6,193,832
	Class B - Accumulation	256,663	709.0	1,819,715
				£8,013,547

* rounded to one decimal place.

2. Total expense ratio

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

Share class	31 Mar 11 (%)	31 Mar 10 (%)
Class A - Accumulation	1.73	1.70
Class B - Accumulation	1.09	1.07

3. Share dealing price range and distribution record

The Fund was launched on 22 May 2004 at a price of £2.41 for Class A and B Accumulation shares, and Class J Income shares.

Calendar year	Highest price (p)	Lowest price (p)	Distribution per share (net) (p)
Class A - Accumulation			
2006	440.78	361.71	5.18
2007	641.63	427.97	3.09
2008	604.67	288.40	3.32
2009	610.90	328.60	4.16
2010	720.94	555.82	3.61
2011 to 31 March	728.23	636.59	0.00
Class B - Accumulation			
2006	444.76	364.01	6.84
2007	650.85	431.89	5.16
2008	614.12	294.20	4.66
2009	627.80	335.80	6.90
2010	746.13	571.48	6.20
2011 to 31 March	753.76	659.47	0.00
Class J - Income			
2006 †	414.16	351.77	7.26

† covers period from 1 January 2006 to 29 November 2006 after which the share class closed.

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

Portfolio statement**As at 31 March 2011**

	Holding	Market value £	Percentage of total net assets %		Holding	Market value £	Percentage of total net assets %
Cayman Islands - 4.48% (31 Mar 10: 4.48%)				India - 14.07% (31 Mar 10: 14.96%)			
China Mengniu Dairy Company	86,000	141,118	1.76	CLSA ELN (Cipla) 2011	8,920	39,612	0.49
Mindray Medical International ADR	4,600	72,896	0.91	CLSA ELN (Crompton Greaves) 2015	42,342	158,901	1.98
Tencent	6,200	93,518	1.17	Credit Suisse Nassau ELN (Hero Honda) 2014	4,083	90,300	1.13
Want Want China Holdings	105,000	50,976	0.64	Credit Suisse Nassau ELN (HSG) 2012	7,683	18,812	0.23
China - 15.87% (31 Mar 10: 21.21%)				Deutsche Bank Call Warrants (Axis Bank)			
China Construction Bank 'H'	578,830	336,477	4.20	Deutsche Bank Call Warrants (Shriram Transport)	5,903	65,002	0.81
China Shenhua Energy 'H'	57,000	166,355	2.08	HDFC Bank ADR	900	93,655	1.17
CNOOC	131,000	205,440	2.56	HSBC Bank Warrants (Engineers India)	2,193	9,226	0.12
Dongfeng Motor Group 'H'	124,000	131,094	1.64	Infosys Technologies ADR	6,500	285,788	3.57
Industrial & Commercial Bank of China 'H'	527,475	271,666	3.39	JPMorgan Call Warrants (DLF) 2014	20,441	76,129	0.95
Ping An Insurance 'H'	25,500	160,246	2.00	JPMorgan ELN (Engineers India) 2015	4,838	20,442	0.26
Hong Kong - 17.47% (31 Mar 10: 13.70%)				JPMorgan ELN (Housing Development)			
Aia Group	82,000	156,489	1.95	Sun Pharmaceuticals Industries Call Warrants 2012	16,416	100,741	1.26
Bank of Communications	121,000	82,415	1.03	Indonesia - 6.40% (31 Mar 10: 3.70%)			
Changsha Zoomlion	72,654	115,448	1.44	Adaro Energy	500,500	78,607	0.98
China Life Insurance 'H'	44,000	102,767	1.28	Agung Podomoro Land	1,416,500	32,865	0.41
China Mobile	13,000	74,324	0.93	Astra International	6,000	24,372	0.30
China Resources Land	68,000	79,058	0.99	Bank Mandiri (Persero)	349,776	168,550	2.10
China Unicom	140,000	144,209	1.80	Bank Rakyat Indonesia	343,000	140,798	1.76
Hang Seng Bank	11,500	114,876	1.43	Telekomunikasi Indonesia 'B'	132,000	68,320	0.85
HUABAO Holdings	36,000	33,863	0.42	Malaysia - 1.67% (31 Mar 10: 0.00%)			
Li & Fung	30,000	95,341	1.19	CIMB Group Holdings	41,200	69,286	0.86
New World Development	94,364	103,379	1.29	Petronas Chemicals	43,500	64,579	0.81
Sun Hung Kai Properties	22,118	217,232	2.71	Philippines - 1.49% (31 Mar 10: 0.91%)			
Wharf	18,900	80,966	1.01	Banco de Oro-Unibank	160,200	119,003	1.49

	Holding	Market value £	Percentage of total net assets %
Singapore - 3.80% (31 Mar 10: 6.46%)			
Jardine Cycle & Carriage	8,304	149,712	1.87
Jardine Matheson Holdings	400	11,037	0.14
Olam International	103,945	143,524	1.79
South Korea - 12.22% (31 Mar 10: 17.94%)			
Dongbu Insurance	3,800	107,806	1.35
GS Engineering & Construction	1,372	89,135	1.11
Hengan International	7,000	31,972	0.40
LG Chemical	593	154,607	1.93
LG Household & Healthcare	529	122,914	1.53
Samsung Electronics	894	472,763	5.90
Taiwan - 13.63% (31 Mar 10: 11.25%)			
Advanced Semiconductor Engineering	130,000	87,472	1.09
Formosa Chemical & Fibre	27,000	63,414	0.79
Formosa Plastic	95,000	207,043	2.58
Hon Hai Precision Industry	123,844	268,595	3.35
Synnex Technology	54,000	77,697	0.97
Taiwan Semiconductor Manufacturing	92,000	137,239	1.71
Tripod Technology	17,000	46,042	0.57
Unimicron Technology	70,000	74,057	0.92
WPG Holdings	126,487	132,346	1.65
Thailand - 5.86% (31 Mar 10: 2.93%)			
Advanced Information Services (Alien Market)	18,000	33,177	0.41
Bank of Ayudhya (Alien Market)	124,700	63,512	0.79
Bank of Ayudhya Non-Voting Depositary Receipt	29,500	15,025	0.19
Banpu (Alien Market)	5,900	92,330	1.15
Kasikornbank (Alien Market)	43,205	115,348	1.44
Kasikornbank Non-Voting Depositary Receipt	33,395	87,100	1.09
Siam Commercial Bank (Alien Market)	16,100	35,709	0.45
Total Access Communications	27,900	27,360	0.34

	Holding	Market value £	Percentage of total net assets %
United Kingdom - 0.95% (31 Mar 10: 1.24%)			
Standard Chartered	4,631	76,028	0.95
Investment assets		7,846,389	97.91
Net other assets		167,158	2.09
Net assets		£8,013,547	100.00

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

Portfolio movements**For the year ended 31 March 2011**

Major purchases	Cost £
CLSA Financial Products ELN	341,003
Formosa Plastic	232,181
Credit Suisse Nassau 'H'	215,372
Hang Seng Bank	214,689
Aia Group	187,910
CIMB Group Holdings	186,512
Bank Mandiri (Persero)	184,868
Mindray Medical International ADR	177,680
CLSA Financial Products	175,856
LG Chemical	161,241
Credit Suisse Nassau 'F'	149,204
Adaro Energy	143,166
ITC ELN 25/08/14 (JPM)	141,447
Deutsche Bank Warrants	130,433
China Mengniu Dairy Company	118,894
Changsha Zoomlion Heavy Industries 'H'	117,359
Samsung Electronics	117,039
China Construction Bank 'H'	116,973
China Unicom	110,837
JP Morgan Structured Products	106,121
Total for the year (Note 15)	£5,562,771

Major sales	Proceeds £
Shinhan Financial Group	349,791
ITC ELN 25/08/14 (JPM)	324,265
Samsung Electronics GDR	274,795
Infosys Technologies ADR	249,245
Credit Suisse Nassau 'F'	234,874
Sun Pharmaceuticals Industries Call Warrants 2012	223,374
China Merchants Bank 'H'	223,266
CLSA Financial Products ELN	198,728
Samsung Electronics	196,086
CNOOC	170,264
United Microelectronics	165,879
KT&G	154,027
Sun Hung Kai Properties	152,047
Olam International	150,966
Anhui Conch Cement 'H'	149,893
Li & Fung	143,345
Deutsche Bank Ag Call Warrants 2017	140,724
China Construction Bank 'H'	138,755
Wilmar International	135,957
GS Engineering & Construction	131,883
Total for the year (Note 15)	£8,812,165

Statement of total return

For the year ended 31 March 2011

	Notes	31 Mar 11		31 Mar 10	
		£	£	£	£
Income					
Net capital gains	2		593,879		4,009,500
Revenue	3	213,093		169,711	
Expenses	4	(163,706)		(128,123)	
Finance costs: Interest	6	(47)		(1)	
Net revenue before taxation		49,340		41,587	
Taxation	5	(18,352)		(15,060)	
Net revenue after taxation			30,988		26,527
Total return before distributions			624,867		4,036,027
Finance costs: Distributions	6		(68,267)		(64,800)
Change in net assets attributable to shareholders from investment activities			£556,600		£3,971,227

Statement of change in net assets attributable to shareholders

For the year ended 31 March 2011

	31 Mar 11		31 Mar 10	
	£	£	£	£
Opening net assets attributable to shareholders		10,625,019		5,537,591
Amounts receivable on issue of shares	2,177,400		2,340,228	
Amounts payable on cancellation of shares	(5,415,912)		(1,290,888)	
		(3,238,512)		1,049,340
Change in net assets attributable to shareholders from investment activities (see Statement of total return)		556,600		3,971,227
Retained distribution on accumulation shares		70,440		66,861
Closing net assets attributable to shareholders		£8,013,547		£10,625,019

Balance sheet**As at 31 March 2011**

	Notes	As at 31 Mar 11 £	As at 31 Mar 10 £
ASSETS			
Investment assets		7,846,389	10,495,840
Debtors	7	109,544	584,865
Cash and bank balances	8	193,336	162,666
Total other assets		302,880	747,531
Total assets		8,149,269	11,243,371
LIABILITIES			
Creditors	9	135,722	618,352
Total liabilities		135,722	618,352
Net assets attributable to shareholders		£8,013,547	£10,625,019

Notes to the financial statements

1. Accounting policies

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

2. Net capital gains

	31 Mar 11 £	31 Mar 10 £
Currency gains	3,625	2,098
Non-derivative securities	599,944	4,015,091
Transaction charges	(9,690)	(7,689)
Net capital gains	£593,879	£4,009,500

3. Revenue

	31 Mar 11 £	31 Mar 10 £
Bank interest	594	405
Overseas dividends	184,775	161,567
Return from derivatives	13,921	-
Stock dividends	10,314	3,949
UK dividends	3,489	3,790
	£213,093	£169,711

4. Expenses

	31 Mar 11 £	31 Mar 10 £
<i>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</i>		
Authorised Corporate Director's fees	141,112	111,285
Registration fees	6,294	4,932
	147,406	116,217
<i>Payable to the Depositary, associates of the Depositary and agents of either of them:</i>		
Depositary's fees	1,225	963
	1,225	963
<i>Payable to other third parties:</i>		
Audit fees	7,802	7,484
Dividend expenses	314	792
Safe custody fees	5,937	3,803
Taxation fees	1,022	(1,136)
	15,075	10,943
	£163,706	£128,123

5. Taxation

(a) Analysis of tax charge

	31 Mar 11	31 Mar 10
	£	£
Adjustments in respect of prior periods	-	3,358
Overseas tax suffered	18,352	12,960
Total current tax 5(b)	18,352	16,318
Deferred tax	-	(1,258)
Total tax charge	£18,352	£15,060

(b) Factors affecting current tax charge

The tax assessed for the year is higher than the standard rate of 20% of corporation tax in the UK for open-ended investment companies (31 March 2010: 20%).

The differences are explained below:

	31 Mar 11	31 Mar 10
	£	£
Net revenue before taxation	49,340	41,587
Corporation tax at 20%	9,868	8,317
<i>Effects of:</i>		
Adjustments in respect of prior periods	-	3,358
Dividends not subject to corporation tax	(39,716)	(22,106)
Movement in excess expenses	29,848	11,441
Overseas tax suffered	18,352	12,960
Revenue taxable in a different periods	-	2,348
	8,484	8,001
Total tax charge 5(a)	£18,352	£16,318

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

(c) Deferred tax assets

At 31 March 2011 the Fund had excess management expenses of £206,443 (31 March 2010: £57,205). The deferred tax in respect of this would be £41,289 (31 March 2010: £11,441). It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised.

6. Finance costs

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

	31 Mar 11 £	31 Mar 10 £
Interim	70,440	66,861
Final	-	-
	70,440	66,861
Add: Amounts deducted on cancellation of shares	3,655	1,335
Deduct: Amounts added on issue of shares	(5,828)	(3,396)
Net distributions	68,267	64,800
Interest	47	1
Total finance costs	£68,314	£64,801
Net revenue after taxation	30,988	26,527
Add: Shortfall transfer to capital	37,279	38,246
Add: Undistributed revenue brought forward	-	27
Net distributions as above	£68,267	£64,800

Details of the distribution per share are set out in the table on page 93.

7. Debtors

	As at 31 Mar 11 £	As at 31 Mar 10 £
Accrued revenue	9,934	16,068
Amounts receivable on issue of shares	-	65,025
Currency transactions awaiting settlement	15,571	240,014
Overseas tax recoverable	1,272	-
Sales awaiting settlement	82,767	263,758
	£109,544	£584,865

8. Cash & bank balances

	As at 31 Mar 11 £	As at 31 Mar 10 £
Cash and bank balances	193,336	162,666
	£193,336	£162,666

9. Creditors

	As at 31 Mar 11 £	As at 31 Mar 10 £
Amounts payable on cancellation of shares	52,236	332,432
Currency transactions awaiting settlement	15,586	239,334
Expense accruals	23,797	24,170
Purchases awaiting settlement	44,103	22,416
	£135,722	£618,352

10. Deferred tax

The deferred tax provision is made up as follows:

	As at 31 Mar 11 £	As at 31 Mar 10 £
Provision at the start of the year	-	1,258
Credit	-	(1,258)
Provision at the end of the year	-	-

11. Equalisation

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

12. Contingent liabilities

At 31 March 2011 there were no contingent liabilities or commitments at the current or prior period ends.

13. Related party transactions

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

At 31 March 2011 the amounts included in creditors in respect of management fees and registration fees due to the ACD are £9,617 and £430 respectively (31 March 2010: £13,195 and £589).

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

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

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

14. Financial instruments

The Authorised Corporate Director's policy and approach to managing the risks associated with financial instruments are included in the aggregated notes to the financial statements on pages 16 to 17.

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

At the year end 2.41% of the fund's assets by value were interest bearing.

(b) Currency exposure

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

Numerical disclosures are as follows:

Currency	Monetary exposures £	Non- monetary exposures £	Total £
31 Mar 11			
Hong Kong Dollar	(14,610)	3,065,256	3,050,646
Indonesian Rupiah	1,165	513,512	514,677
Korean Won	6,832	947,226	954,058
Malaysian Ringgit	1,107	133,865	134,972
New Zealand Dollar	27	-	27
Philippine Peso	1,102	119,003	120,105
Singapore Dollar	82	293,237	293,319
Taiwan Dollar	100,362	1,093,906	1,194,268
Thai Baht	-	469,561	469,561
US Dollar	43,248	1,210,823	1,254,071
	139,315	7,846,389	7,985,704
Sterling	27,843	-	27,843
	£167,158	£7,846,389	£8,013,547

Currency	Monetary exposures £	Non- monetary exposures £	Total £
31 Mar 10			
Hong Kong Dollar	20,429	4,265,024	4,285,453
Indonesian Rupiah	498	393,344	393,842
Korean Won	45,070	1,550,586	1,595,656
New Zealand Dollar	27	-	27
Philippine Peso	1,122	96,563	97,685
Singapore Dollar	73	686,637	686,710
Taiwan Dollar	58,242	1,027,664	1,085,906
Thai Baht	-	312,049	312,049
US Dollar	4,396	2,163,973	2,168,369
	129,857	10,495,840	10,625,697
Sterling	(678)	-	(678)
	£129,179	£10,495,840	£10,625,019

(c) Fair value of financial assets and financial liabilities

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

15. Portfolio transaction costs

Analysis of total purchase costs	£	31 Mar 11 £	£	31 Mar 10 £
Purchases in year before transaction costs		5,550,775		5,814,576
Commissions & taxes	11,996		16,498	
Total purchase costs		11,996		16,498
Gross purchase total		£5,562,771		£5,831,074
Analysis of total sale costs				
Gross sales in year before transaction costs		8,829,990		4,803,084
Commissions & taxes	(17,825)		(12,591)	
Total sale costs		(17,825)		(12,591)
Total sales net of transaction costs		£8,812,165		£4,790,493

Distribution table**For the year ended 31 March 2011 (in pence per share)**

Final dividend distribution

Group 1: Shares purchased prior to 1 October 2010

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

	Net revenue (p)	Equalisation (note 11) (p)	Distribution payable 31/05/11 (p)	Distribution paid 31/05/10 (p)
Class A - Accumulation				
Group 1	0.00	-	0.00	0.00
Group 2	0.00	0.00	0.00	0.00
Class B - Accumulation				
Group 1	0.00	-	0.00	0.00
Group 2	0.00	0.00	0.00	0.00

Interim dividend distribution

Group 1: Shares purchased prior to 1 April 2010

Group 2: Shares purchased between 1 April 2010 and 30 September 2010

	Net revenue (p)	Equalisation (note 11) (p)	Distribution paid 30/11/10 (p)	Distribution paid 30/11/09 (p)
Class A - Accumulation				
Group 1	3.61	-	3.61	3.74
Group 2	1.29	2.32	3.61	3.74
Class B - Accumulation				
Group 1	6.20	-	6.20	6.25
Group 2	2.50	3.70	6.20	6.25

UBS Emerging Markets Equity Income Fund

Manager's report

Investment objective and policy

To seek to generate income and achieve some long term capital appreciation predominantly through active management of a diversified portfolio invested in equity securities across global emerging markets. The Fund may also invest in other transferable securities (including warrants), money market instruments, deposits, cash and near cash and units in collective investments schemes.

The ACD may use derivatives for the purpose of efficient portfolio management.

Market environment

The UBS Emerging Markets Equity Income Fund launched on 31 January 2011. A high degree of macro crosswinds and uncertainty lead to a volatile first quarter of 2011 for emerging markets. In the first half of the quarter, investors focused their attention and investments in those countries and sectors most likely to benefit from a global recovery and improving exports.

Later in the quarter however, a number of unforeseen macro events unfolded: the crisis in the Middle East and the ensuing spike in oil prices, and the earthquake in Japan and the damage to its nuclear infrastructure.

Many companies within the emerging markets provide material levels of dividend payments. During the recent financial crisis dividend payments fell far less than earnings and have risen more steadily than earnings over the last decade. Meanwhile dividend payment streams are not significantly more volatile than in the West. From a country perspective, Taiwan stands out from the rest and since launch we have been overweight in the country.

Fund performance

The Fund generated a return of 1.3%* in Sterling terms to the end of the period under review.

An overweight position in the Woolworths Holdings was the largest contributor to the Fund's performance since launch to the end of the period. During the two months under review the South African chain of retail stores share price has risen 28.6%, in Sterling terms.

Turk Telekomunikasyon is Turkey's largest phone company by sales and was the Fund's second largest contributor to performance over the period under review. The company recently announced it will increase employee salaries 3.75% in the first half of this year and 3.5% percent in the second half, which is almost double the current inflation rate. Investment in the telecoms sector is the Fund's largest overweight sector position.

A zero weight to Gazprom has been one of the Fund's largest detractors to performance over the period under review. Russia's natural gas monopoly company outperformed; as a result of improved prospects for European gas volumes and pricing.

The largest detractor to performance since launch to the end of the period under review was an overweight position in Compal Electronics, the world's second-largest contract maker of notebook PCs. The Taiwanese-listed company's share price fell 25.2% over the period under review, in Sterling terms, after it was affected by a shortage in supply after the earthquake and tsunami in Japan in March.

Outlook

In our view the short-term outlook for Asian markets remains mixed, with a strong growth outlook being balanced out by concerns over inflationary risks. Meanwhile the impact on the oil price from rising conflicts in the Middle East also aggravates the pressure on prices.

The long-term fundamentals in Asia however, remain positive as the structural growth drivers remain intact. Demographics and urbanisation are multi-year drivers and the Asian economies are mostly healthy. Emerging Asia should continue to drive growth in the global recovery, anchored by China, India and Indonesia.

The portfolio remains focused on stock selection. We remain positive on those areas which will benefit from an increase in domestic demand, namely the financial and consumer sectors, which are relatively more resilient given lower earnings risk and structural growth drivers. We also favour stocks within the smaller 'ASEAN' (Association of South East Asian Nations) markets, such as Thailand, Indonesia and the Phillipines; in particular the well positioned banks which are geared into the buoyant domestic demand growth story.

* Source: Lipper-Hindsight. Performance is based on NAV prices with income reinvested net of basic tax rate and in sterling terms to 31 March 2011, based on Class A shares.

Percentage growth

	Launch to 31/03/11 %
Class A – Accumulation Shares	4.36
Class A – Income Shares	1.28
Class B – Accumulation Shares	1.38
Class B – Income Shares	1.40
Class K – Accumulation Shares	1.26

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

Launch date: Class A Income, B Accumulation, B Income and K Accumulation Shares: 31 January 2011; Class A Accumulation: 15 February 2011.

UBS Global Asset Management Funds Ltd
10 June 2011

Performance record

1. Fund size

Accounting period		Number of shares in issue	Total net asset value per share (p)*	Total net asset value (£)
31 March				
2011	Class A – Accumulation	103,403	52.1	53,889
	Class A – Income	1,365,625	50.4	688,179
	Class B – Accumulation	17,560	50.6	8,892
	Class B – Income	7,771,725	50.5	3,920,640
	Class K – Accumulation	100,000	10,114.4	10,114,362
				£14,785,962

* rounded to one decimal place.

2. Total expense ratio

The total expense ratio (TER) below is calculated using the most recent audited results and as described in the Financial Services Authority's Collective Investment Schemes Sourcebook 4 Annex 1 R. Due to the short accounting period, the TER has been annualised.

Share class	31 Mar 11 (%)
Class A – Accumulation	1.83
Class A – Income	1.83
Class B – Accumulation	1.19
Class B – Income	1.19
Class K – Accumulation	0.26

3. Share dealing price range and distribution record

The Fund was launched on 31 January 2011 at a price of 50.00p for Class A and Class B shares, and 10,000p for Class K shares.

Calendar year	Highest price (p)	Lowest price (p)	Distribution per share (net) (p)
Class A – Accumulation † 2011 to 31 March	52.18	48.88	0.18
Class A – Income † 2011 to 31 March	50.45	47.45	0.19
Class B – Accumulation † 2011 to 31 March	50.70	47.48	0.19
Class B – Income † 2011 to 31 March	50.51	47.49	0.19
Class K – Accumulation † 2011 to 31 March	10,126.44	9,481.59	38.11

† covers period from launch to 31 March 2011.

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

Portfolio statement**As at 31 March 2011**

	Holding	Market value £	Percentage of total net assets %		Holding	Market value £	Percentage of total net assets %
Bermuda - 2.67%				Indonesia - 1.55%			
Cheung Kong Infrastructure	68,000	199,273	1.35	Telekomunikasi Indonesia 'B'	441,500	228,509	1.55
Esprit	68,700	195,564	1.32	Israel - 1.53%			
Brazil - 6.98%				Bezeq-Israeli Telecommunication			
Cia Energetica Minas Gerais ADR Preference	22,500	268,465	1.82	Malaysia - 3.31%			
Companhia de Bebidas das Americas ADR	13,700	239,919	1.62	Public Bank	90,700	244,345	1.65
Eletropaulo Metropolitana Eletricid	19,500	266,499	1.80	Tenaga Nasional Berhad	191,800	244,964	1.66
Tele Norte Leste Participacoes ADR Preference	23,500	257,030	1.74	Mexico - 3.45%			
Chile - 1.59%				Kimberly-Clark de Mexico Sab 'A'			
Banco Santander Chile	4,642,118	234,891	1.59	Telefonos de Mexico 'L'	450,000	249,525	1.69
China - 5.19%				Philippines - 1.87%			
Bank of China 'H'	732,000	252,504	1.71	Philippine Long Distance Telephone	8,315	276,640	1.87
China Construction Bank 'H'	445,000	258,681	1.75	Poland - 3.36%			
Industrial & Commercial Bank of China 'H'	498,000	256,485	1.73	Bank Pekao	6,809	252,238	1.71
Czech Republic - 4.87%				Telekomunikacja Polska			
CEZ	8,000	255,210	1.73	Russia - 3.39%			
Komerčni Banka	1,450	226,122	1.53	AO Tatneft	9,006	245,809	1.66
Telefonica O2 Czech Republic	16,500	238,559	1.61	Mobile Telesystems ADR	19,100	255,434	1.73
Hong Kong - 7.59%				Singapore - 5.90%			
BOC Hong Kong	121,000	243,961	1.65	Singapore Technologies Engineering	129,000	206,746	1.40
China Mobile	39,500	225,831	1.53	SingTel	135,000	201,050	1.36
CLP	40,000	201,062	1.36	United Overseas Bank	25,000	231,526	1.57
Hang Seng Bank	23,900	238,742	1.61	Venture	49,000	231,970	1.57
Power Assets	51,500	212,809	1.44	South Africa - 14.22%			
Hungary - 1.79%				African Bank Investments			
Magyar Telecom	135,362	264,257	1.79	Foschini	33,991	263,553	1.78

	Holding	Market value £	Percentage of total net assets %
Kumba Iron Ore	5,846	253,009	1.71
Sanlam	97,462	243,987	1.65
Standard Bank	26,874	254,033	1.72
Telkom	76,516	257,291	1.74
Truworths International	44,010	287,115	1.94
Woolworths	113,162	285,258	1.93
South Korea - 6.62%			
KT	10,410	229,769	1.55
KT&G	7,399	239,297	1.62
LG Uplus	76,100	266,848	1.80
SK Telecom	2,632	243,424	1.65
Taiwan - 17.83%			
Acer	147,000	186,624	1.26
Asustek Computer	43,000	230,191	1.56
Chunghwa Telecom	110,000	212,037	1.43
Compal Electronics	347,000	214,027	1.45
Formosa Chemical & Fibre	106,000	248,959	1.68
Formosa Plastic	110,000	239,734	1.62
Novatek Microelectronics	121,000	221,463	1.50
Powertech Technology	92,000	179,286	1.21
Quanta Computer	209,000	244,552	1.65
Taiwan Semiconductor Manufacturing	151,000	225,250	1.52
Wistron	226,000	222,840	1.51
WPG Holdings	203,000	212,404	1.44

	Holding	Market value £	Percentage of total net assets %
Thailand - 1.80%			
Advanced Information Services (Alien Market)	144,400	266,156	1.80
Turkey - 1.93%			
Turk Telekomunikasyon	91,292	285,685	1.93
Investment assets		14,406,952	97.44
Net other assets		379,010	2.56
Net assets		£14,785,962	100.00

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

Portfolio movements**For the period from 31 January 2011 to 31 March 2011**

Major purchases	Cost £
Philippine Long Distance Telephone	280,197
Compal Electronics	273,179
LG Uplus	269,931
Wistron	264,109
Quanta Computer	264,081
Public Bank	247,868
Bank Pekao	247,194
Acer	246,667
Standard Bank	246,263
KT&G	245,578
Hang Seng Bank	245,374
Truworths International	245,267
Novatek Microelectronics	245,108
WPG Holdings	243,992
China Construction Bank 'H'	243,894
Taiwan Semiconductor Manufacturing	243,873
BOC Hong Kong	242,964
Tenaga Nasional Berhad	242,905
China Mobile	242,769
Telefonos de Mexico 'L'	242,446
Total for the period (Note 14)	£14,133,767

Major sales	Proceeds £
There were no sales during the period.	
Total for the period (Note 14)	-

Statement of total return**For the period from 31 January 2011 to 31 March 2011**

	Notes	£	31 Mar 11 £
Income			
Net capital gains	2		186,335
Revenue	3	58,807	
Expenses	4	(21,324)	
Net revenue before taxation		37,483	
Taxation	5	(4,608)	
Net revenue after taxation			32,875
Total return before distributions			219,210
Finance costs: Distributions	6		(54,099)
Change in net assets attributable to shareholders from investment activities			£165,111

Statement of change in net assets attributable to shareholders**For the period from 31 January 2011 to 31 March 2011**

	£	31 Mar 11 £
Opening net assets attributable to shareholders		-
Amounts receivable on issue of shares	14,602,577	
Amounts payable on cancellation of shares	(20,055)	
		14,582,522
Change in net assets attributable to shareholders from investment activities (see Statement of total return)		165,111
Retained distribution on accumulation shares		38,329
Closing net assets attributable to shareholders		£14,785,962

Balance sheet**As at 31 March 2011**

	Notes	As at 31 Mar 11 £
ASSETS		
Investment assets		14,406,952
Debtors	7	103,766
Cash and bank balances	8	371,529
Total other assets		475,295
Total assets		14,882,247
LIABILITIES		
Creditors	9	58,624
Bank overdrafts		20,300
Distribution payable		17,361
Total liabilities		96,285
Net assets attributable to shareholders		£14,785,962

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

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

2. Net capital gains

	31 Mar 11
	£
Currency losses	(81,864)
Non-derivative securities	273,186
Transaction charges	(4,987)
Net capital gains	£186,335

3. Revenue

	31 Mar 11
	£
Bank interest	61
Overseas dividends	58,746
	£58,807

4. Expenses

	31 Mar 11
	£
<i>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</i>	
Authorised Corporate Director's fees	6,069
Registration fees	224
	6,293
<i>Payable to the Depositary, associates of the Depositary and agents of either of them:</i>	
Depositary's fees	258
	258
<i>Payable to other third parties:</i>	
Audit fees	6,000
Safe custody fees	3,540
Professional fees	5,233
	14,773
	£21,324

5. Taxation

(a) Analysis of tax charge

	31 Mar 11
	£
Overseas tax suffered	4,608
Total tax charge 5(b)	£4,608

(b) Factors affecting current tax charge

The tax charged for the period is lower than the standard rate of 20% of corporation tax applicable to the revenue received by open-ended investment companies.

The differences are explained below:

	31 Mar 11
	£
Net revenue before taxation	37,483
Corporation tax at 20%	7,497
<i>Effects of:</i>	
Dividends not subject to corporation tax	(11,749)
Movement in excess expenses	4,252
Overseas tax suffered	4,608
	(2,889)
Total tax charge 5(a)	£4,608

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

(c) Deferred tax assets

At 31 March 2011 the fund had excess management expenses of £21,263. The deferred tax asset in respect of this would be £4,252. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised.

6. Finance costs

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

	31 Mar 11
	£
Final	55,690
Add: Amounts deducted on cancellation of shares	28
Deduct: Amounts added on issue of shares	(1,619)
Total finance costs	£54,099
Net revenue after taxation	32,875
Add: Net expense payable from capital	21,324
Deduct: Tax relief on capital fees	(13)
Deduct: Undistributed revenue carried forward	(87)
Net distributions as above	£54,099

Details of the distribution per share are set out in the table on page 110.

7. Debtors

	As at
	31 Mar 11
	£
Accrued revenue	16,459
Amounts receivable on issue of shares	42,373
Currency transactions awaiting settlement	44,934
	£103,766

8. Cash & bank balances

	As at
	31 Mar 11
	£
Cash and bank balances	371,529
	£371,529

9. Creditors

	As at
	31 Mar 11
	£
Expense accruals	13,624
Currency transactions awaiting settlement	45,000
	£58,624

10. Equalisation

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

11. Contingent liabilities

At 31 March 2011 there were no contingent liabilities or commitments at the current period end.

12. Related party transactions

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

At 31 March 2011 the amounts included in creditors in respect of management fees and registration fees due to the ACD are £3,614 and £133 respectively.

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

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

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

13. Financial instruments

The Authorised Corporate Director's policy and approach to managing the risks associated with financial instruments are included in the aggregated notes to the financial statements on pages 16 to 17.

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

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

i) Financial assets

Currency	Floating rate financial assets £	Fixed rate financial assets £	Financial assets not carrying interest £	Total £
31 Mar 11				
Brazilian Real	-	-	266,499	266,499
Chilean Peso	-	-	234,891	234,891
Czech Koruna	244	-	719,891	720,135
Hong Kong Dollar	6,599	-	2,290,397	2,296,996
Hungarian Forint	159	-	264,257	264,416
Indonesian Rupiah	-	-	228,509	228,509
Israeli Shekel	77	-	226,337	226,414
Korean Won	-	-	979,338	979,338
Malaysian Ringgit	-	-	489,309	489,309
Mexican Peso	3,060	-	510,092	513,152
Philippine Peso	-	-	287,613	287,613
Polish Zloty	576	-	496,807	497,383
Singapore Dollar	1,126	-	871,292	872,418
South African Rand	732	-	2,102,315	2,103,047
Sterling	39,155	-	42,373	81,528
Taiwan Dollar	26,713	-	2,637,367	2,664,080
Thai Baht	-	-	266,156	266,156
Turkish Lira	1,093	-	285,684	286,777
US Dollar	291,995	-	1,311,591	1,603,586
	£371,529	-	£14,510,718	£14,882,247

ii) Financial liabilities

Currency	Floating rate financial liabilities £	Financial liabilities not carrying interest £	Total £
31 Mar 11			
Sterling	20,300	75,985	96,285
	£20,300	£75,985	£96,285

(b) Currency exposure

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

Numerical disclosures are as follows:

Currency	Monetary exposures £	Non- monetary exposures £	Total £
31 Mar 11			
Brazilian Real	-	266,499	266,499
Chilean Peso	-	234,891	234,891
Czech Koruna	244	719,891	720,135
Hong Kong Dollar	12,085	2,284,911	2,296,996
Hungarian Forint	159	264,257	264,416
Indonesian Rupiah	-	228,509	228,509
Israeli Shekel	77	226,337	226,414
Korean Won	-	979,338	979,338
Malaysian Ringgit	-	489,309	489,309
Mexican Peso	3,060	510,092	513,152
Philippine Peso	10,973	276,640	287,613
Polish Zloty	576	496,807	497,383
Singapore Dollar	1,126	871,292	872,418
South African Rand	733	2,102,314	2,103,047
Taiwan Dollar	26,713	2,637,367	2,664,080
Thai Baht	-	266,156	266,156
Turkish Lira	1,092	285,685	286,777
US Dollar	336,929	1,266,657	1,603,586
	393,767	14,406,952	14,800,719
Sterling	(14,757)	-	(14,757)
	£379,010	£14,406,952	£14,785,962

(c) Fair value of financial assets and financial liabilities

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

14. Portfolio transaction costs

Analysis of total purchase costs	£	31 Mar 11 £
Purchases in period before transaction costs		14,115,170
Commissions & taxes	18,597	
Total purchase costs		18,597
Gross purchase total		£14,133,767
Analysis of total sale costs	£	31 Mar 11 £
Gross sales in period before transaction costs		-
Commissions & taxes	-	
Total sale costs		-
Total sales net of transaction costs		-

Distribution table**For the period from launch date to 31 March 2011 (in pence per share)**

Final dividend distribution

Group 1: Shares purchased during the launch period

Group 2: Shares purchased between 26 January 2011 and 31 March 2011

	Net revenue (p)	Equalisation (note 10) (p)	Distribution payable 31/05/11 (p)
Class A – Accumulation			
Group 1	0.18	-	0.18
Group 2	0.17	0.01	0.18
Class A – Income			
Group 1	0.19	-	0.19
Group 2	0.17	0.02	0.19
Class B – Accumulation			
Group 1	0.19	-	0.19
Group 2	0.19	0.00	0.19
Class B – Income			
Group 1	0.19	-	0.19
Group 2	0.17	0.02	0.19
Class K – Accumulation			
Group 1	38.11	-	38.11
Group 2	38.11	0.00	38.11

UBS Emerging Markets Growth Fund

Manager's report

Investment objective and policy

To seek to achieve long term capital appreciation predominantly through investment in equities in emerging markets. The Fund may also invest in other transferable securities (including warrants), money market instruments, deposits, cash and units in collective investment schemes.

The ACD may use derivatives for the purpose of efficient portfolio management.

Market environment

The UBS Emerging Markets Equity Income Fund launched on 28 October 2010. A high degree of macro crosswinds and uncertainty led to a volatile first quarter of 2011 for emerging markets. In the first half of the quarter, investors focused their attention and investments in those countries and sectors most likely to benefit from a global recovery and improving exports.

Later in the quarter however, a number of unforeseen macro events unfolded: the crisis in the Middle East and the ensuing spike in oil prices, and the earthquake in Japan and the damage to its nuclear infrastructure. These events produced a reduction in risk-taking and a rotation out of global growth stocks, except for energy.

The best performing emerging markets, during the first quarter of 2011, were Russia, Hungary and the Czech Republic. Russia's performance was driven to its large weighting in energy stocks that outperformed on high oil prices. The Indian economy, with its high dependency on imports, is the most negatively affected by rising energy prices.

Fund performance

Since launch, on 28 October 2010, to the end of the period under review, the Fund has underperformed its MSCI Emerging Markets benchmark. The Fund posted performance of 3.4%*, compared to its benchmark, which returned 6.1%, both in Sterling terms.

The Fund's overweight position in the South Korean shipbuilder Hyundai Heavy Industries was the largest contributor to performance over the period under review. The company, which produces some 15% of the world's ships, saw its share price rise 46.9% during the period under review, in Sterling terms.

Baidu Inc is China's largest internet search engine provider and was another large contributor to performance. The Fund ended the period under review overweight in the company, which outperformed during the first quarter of 2011 following the news its domestic market share had risen to over 75%. Chinese internet stocks have performed well since Google claimed that China is blocking its Gmail e-mail service.

A position in PT Astra International, Indonesia's largest automotive retailer, was the largest detractor to performance over the period under review. We sold out of our position during the period, in which the company's share price rose 2.4% in Sterling terms.

The Fund's second largest detractor of performance was its underweight position, for most of the period under review, in Gazprom. Russia's natural gas monopoly company outperformed; as a result of improved prospects for European gas volumes and pricing.

Outlook

Our outlook remains positive for emerging market equities. We believe they will benefit from a global recovery and that growth will be robust going forward. Furthermore, in our view, emerging market companies have never been better placed to compete in the globally expanding marketplace.

In the short-term however, it is logical to think that the unpredictable global macro environment will make it difficult for the market to provide significant upside returns. Despite this, given recent events, we regard the strong returns of the first quarter of 2011 as a positive surprise. We believe that if macro headwinds, such as inflation and spikes in oil prices can subside, we may see continued strong returns.

* Source: Lipper-Hindsight. Performance is based on NAV prices with income reinvested net of basic tax rate and in sterling terms to 31 March 2011, based on Class K shares.

Percentage growth

	Launch to 31/03/11 %
Class B – Accumulation Shares	0.08
Class K – Accumulation Shares	3.42

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

Launch date: K Accumulation Shares: 28 October 2010; Class B Accumulation: 27 January 2011.

UBS Global Asset Management Funds Ltd
10 June 2011

Performance record

1. Fund size

Accounting year 31 March		Number of shares in issue	Total net asset value per share (p)*	Total net asset value (£)
2011	Class B – Accumulation	17,044	49.9	8,512
	Class K – Accumulation	100,000	10,322.0	10,321,965
				£10,330,477

* rounded to one decimal place.

2. Total expense ratio

The total expense ratio (TER) below is calculated using the most recent audited results and as described in the Financial Services Authority's Collective Investment Schemes Sourcebook 4 Annex 1 R. Due to the short accounting period, the TER has been annualised.

Share class	31 Mar 11 (%)
Class B – Accumulation	1.14
Class K – Accumulation	0.19

3. Share dealing price range and distribution record

The Fund was launched on 28 October 2010 at a price of 10,000p for Class K Accumulation shares. Class B Accumulation shares were launched on 28 January 2011 at a price of 50p.

Calendar year	Highest price (p)	Lowest price (p)	Distribution per share (net) (p)
Class B – Accumulation			
2011 to 31 March	50.04	45.96	0.00
Class K – Accumulation			
2010 [†]	10,594.07	9,751.13	-
2011 to 31 March	10,862.46	9,490.71	33.38

[†] covers period from launch to 31 December 2010.

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

Portfolio statement**As at 31 March 2011**

	Holding	Market value £	Percentage of total net assets %		Holding	Market value £	Percentage of total net assets %
Bermuda - 1.64%				China – 11.47%			
Cosan 'A'	14,700	117,388	1.14	BBMG 'H'	177,500	180,568	1.75
Credicorp	800	51,724	0.50	China Oilfield Services 'H'	126,000	175,666	1.70
Brazil - 10.70%				Chongqing Machinery & Electric	538,000	111,694	1.08
Banco Bradesco ADR	2,200	27,562	0.27	CNOOC	141,000	221,123	2.14
Companhia de Bebidas das Americas ADR Preference	6,000	105,074	1.02	CSR	221,000	139,763	1.35
Diagnosticos da America	10,000	76,994	0.75	Industrial & Commercial Bank of China 'H'	238,000	122,577	1.19
Embraer-Empresa Bras de Aeronautica ADR	4,500	93,012	0.90	PetroChina 'H'	114,000	107,232	1.04
Itau Unibanco Multiplo ADR Preference	1,800	25,952	0.25	Yanzhou Coal Mining 'H'	56,000	125,875	1.22
Odontoprev	2,000	20,122	0.19	Cyprus - 1.05%			
Petrobras ADS	20,000	501,880	4.86	Globaltrans Investment GDR	9,651	108,796	1.05
Porto Seguro	5,000	52,194	0.50	India - 4.30%			
Vale ADR	9,900	202,411	1.96	ICICI Bank ADR	2,300	71,509	0.69
British Virgin Islands - 0.25%				Infosys Technologies ADR	3,300	145,092	1.40
Renesola ADR	4,100	25,938	0.25	Reliance Industries GDR	3,404	100,397	0.97
Cayman Islands - 13.44%				Tata Motors ADR	7,300	127,614	1.24
Agile Property	104,000	101,147	0.98	Indonesia - 0.46%			
Baidu ADR	3,750	317,660	3.07	Harum Energy	74,500	47,335	0.46
China Liansu Group	352,000	187,755	1.82	Malaysia - 4.70%			
Hidili Industry International Development	136,000	74,605	0.72	Axiata Group	153,300	150,779	1.46
International Mining Machinery	94,000	51,040	0.49	KNM Group	298,400	167,885	1.63
Melco Crown Entertainment ADR	55,600	264,326	2.56	Malayan Banking	90,700	166,684	1.61
MIE	179,219	52,949	0.51	Mexico - 1.43%			
Tencent	10,200	153,853	1.49	America Movil ADR	2,700	96,295	0.93
Xingda International	320,000	185,507	1.80	Wal-Mart de Mexico 'V'	28,000	51,670	0.50
Channel Islands - 1.09%				Philippines - 3.64%			
United Company Rusal	105,000	112,516	1.09	Alliance Global Group	849,000	144,884	1.40

	Holding	Market value £	Percentage of total net assets %
Megaworld	3,573,000	107,601	1.04
Metropolitan Bank & Trust	135,483	124,442	1.20
Russia - 10.39%			
Gazprom ADS	12,842	258,333	2.50
Lukoil ADR	2,289	101,139	0.98
Mechel ADR	13,500	262,508	2.54
Merrill Lynch Call Warrants (Aeroflot) 2013	31,092	49,269	0.48
Merrill Lynch Call Warrants (Sberbank Russia) 2012	106,274	244,361	2.37
Uralkali GDR	6,164	157,054	1.52
South Africa - 5.68%			
African Bank Investments	34,215	117,524	1.14
Barloworld	18,620	125,274	1.21
Imperial	4,760	48,958	0.47
Sasol	4,113	144,892	1.40
Shoprite	15,963	150,456	1.46
South Korea - 14.24%			
Cheil Industries	1,854	122,028	1.18
Doosan Infracore	3,390	58,666	0.57
Duksan Hi-Metal	1,934	27,708	0.27
Hyundai Engineering & Construction	1,167	52,377	0.51
Hyundai Heavy Industries	597	175,128	1.70
Hyundai Mobis	276	51,052	0.49
Hyundai Motor	3,302	379,396	3.67
KB Financial Group	3,148	102,527	0.99
Kiwoom Securities	4,136	139,398	1.35
LG Chemical	1,190	310,258	3.00
SFA Engineering	1,361	52,666	0.51

	Holding	Market value £	Percentage of total net assets %
Taiwan - 7.47%			
Chinatrust Financial	94,000	49,625	0.48
Formosa Chemical & Fibre	61,000	143,269	1.39
HTC	2,000	48,455	0.47
Largan Precision	6,000	100,929	0.98
Powertech Technology	12,000	23,385	0.23
Taishin Financial	139,000	48,823	0.47
Uni-President Enterprises	164,000	139,672	1.35
Wintek	110,000	121,031	1.17
Yuanta Financial	216,000	95,978	0.93
Thailand - 3.88%			
Bangkok Bank Non-Voting Depository Receipt	45,800	161,311	1.56
CP All PCL (Alien Market)	61,100	49,878	0.48
Thanachart Capital (Alien Market)	115,900	77,357	0.75
Tisco Financial (Alien Market)	141,700	112,766	1.09
Turkey - 0.66%			
Turkiye Garanti Bankasi	23,174	67,859	0.66
United Kingdom - 0.90%			
Eurasian Natural Resources	9,800	92,708	0.90
Investment assets		10,061,108	97.39
Net other assets		269,369	2.61
Net assets		£10,330,477	100.00

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

Portfolio movements**For the period from 28 October 2010 to 31 March 2011**

	Cost £
Major purchases	
iShares MSCI Taiwan	553,668
Petrobras ADS	465,263
Hyundai Motor	333,063
Baidu ADR	323,910
LG Chemical	276,528
Astra International	269,206
Hyundai Heavy Industries	222,352
Melco Crown Entertainment ADR	220,955
Merrill Lynch Call Warrants (Sberbank Russia) 2012	220,288
Mechel ADR	219,457
Xingda International	212,083
Vale ADR	202,053
Tencent	199,832
Gazprom ADR	195,748
ICICI Bank ADR	192,654
CNOOC	188,991
Deutsche Bank	187,651
China Liansu Group	185,460
Metropolitan Bank & Trust	178,873
Total for the period (Note 14)	£14,760,858

	Proceeds £
Major sales	
iShares MSCI Taiwan	569,064
Astra International	227,125
Tam ADR Preference	163,926
Deutsche Bank	152,975
Hyundai Glovis	149,000
Samsung Electro-Mechanics	137,318
New World Resources 'A'	136,512
Samsung Electronics	129,008
CIMB Group Holdings	128,603
Angang Steel	113,653
ICICI Bank ADR	113,282
Itau Unibanco Multiplo ADR Preference	105,855
Hyundai Heavy Industries	104,604
HDFC Bank ADR	94,773
Votorantim Celulose e Papel ADR	93,068
Guangzhou Automobile Group	91,688
Banco Bradesco ADR	90,158
BM&F Bovespa Sa Bolsa de Valores	86,734
The Basic House	86,145
Total for the period (Note 14)	£4,993,309

Statement of total return**For the period from 28 October 2010 to 31 March 2011**

	Notes	£	31 Mar 11 £
Income			
Net capital gains	2		292,448
Revenue	3	47,597	
Expenses	4	(15,645)	
Net revenue before taxation		31,952	
Taxation	5	(2,422)	
Net revenue after taxation			29,530
Total return before distributions			321,978
Finance costs: Distributions	6		(33,380)
Change in net assets attributable to shareholders from investment activities			£288,598

Statement of change in net assets attributable to shareholders**For the period from 28 October 2010 to 31 March 2011**

	£	31 Mar 11 £
Opening net assets attributable to shareholders		-
Amounts receivable on issue of shares	10,008,499	
Amounts payable on cancellation of shares	-	
		10,008,499
Change in net assets attributable to shareholders from investment activities (see Statement of total return)		288,598
Retained distribution on accumulation shares		33,380
Closing net assets attributable to shareholders		£10,330,477

Balance sheet**As at 31 March 2011**

	Notes	As at 31 Mar 11 £
ASSETS		
Investment assets		10,061,108
Debtors	7	474,790
Cash and bank balances	8	349,733
Total other assets		824,523
Total assets		10,885,631
LIABILITIES		
Creditors	9	555,154
Total liabilities		555,154
Net assets attributable to shareholders		£10,330,477

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

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

2. Net capital gains

	31 Mar 11
	£
Currency gains	13,800
Non-derivative securities	293,564
Transaction charges	(14,916)
Net capital gains	£292,448

3. Revenue

	31 Mar 11
	£
Bank interest	898
Overseas dividends	45,615
UK franked dividends	1,084
	£47,597

4. Expenses

	31 Mar 11
	£
<i>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</i>	
Authorised Corporate Director's fees	10
Registration fees	1
	11
<i>Payable to the Depositary, associates of the Depositary and agents of either of them:</i>	
Depositary's fees	505
	505
<i>Payable to other third parties:</i>	
Audit fees	9,000
Dividend charges	238
Professional fees	3,848
Safe custody fees	2,043
	15,129
	£15,645

5. Taxation

(a) Analysis of tax charge

	31 Mar 11
	£
Overseas tax suffered	2,422
Total tax charge 5(b)	£2,422

(b) Factors affecting current tax charge

The tax charged for the period is lower than the standard rate of 20% of corporation tax applicable to the revenue received by open-ended investment companies.

The differences are explained below:

	31 Mar 11
	£
Net revenue before taxation	31,952
Corporation tax at 20%	6,390
<i>Effects of:</i>	
Dividends not subject to corporation tax	(9,340)
Movement in excess expenses	2,950
Overseas tax suffered	2,422
	(3,968)
Total tax charge 5(a)	£2,422

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

(c) Deferred tax assets

At 31 March 2011 the Fund had excess management expenses of £14,747. The deferred tax in respect of this would be £2,950. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised.

6. Finance costs

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

	31 Mar 11
	£
Final	33,380
Add: Amounts deducted on cancellation of shares	-
Deduct: Amounts added on issue of shares	-
Total finance costs	£33,380
Net revenue after taxation	29,530
Less: Revenue carried forward	(2)
Add: Expenses charged to capital	4
Add: Professional fees paid from capital	3,848
Net distributions as above	£33,380

Details of the distribution per share are set out in the table on page 125.

7. Debtors

	As at
	31 Mar 11
	£
Accrued revenue	14,481
Amounts receivable on issue of shares	1,500
Currency transactions awaiting settlement	96,793
Sales awaiting settlement	362,016
	£474,790

8. Cash & bank balances

	As at
	31 Mar 11
	£
Cash and bank balances	349,733
	£349,733

9. Creditors

	As at
	31 Mar 11
	£
Currency transactions awaiting settlement	96,759
Expense accruals	15,243
Purchases awaiting settlement	443,152
	£555,154

10. Equalisation

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

11. Contingent liabilities

At 31 March 2011 there were no contingent liabilities or commitments at the current period end.

12. Related party transactions

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

At 31 March 2011 the amounts included in creditors in respect of management fees and registration fees due to the ACD are £5 and £nil respectively.

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

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

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

13. Financial instruments

The Authorised Corporate Director's policy and approach to managing the risks associated with financial instruments are included in the aggregated notes to the financial statements on pages 16 to 17.

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

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

i) Financial assets

Currency	Floating rate financial assets £	Fixed rate financial assets £	Financial assets not carrying interest £	Total £
31 Mar 11				
Brazilian Real	-	-	149,810	149,810
Hong Kong Dollar	117	-	2,246,745	2,246,862
Indonesian Rupiah	-	-	47,335	47,335
Korean Won	624	-	1,617,684	1,618,308
Malaysian Ringgit	-	-	487,186	487,186
Mexican Peso	218	-	51,670	51,888
Philippine Peso	-	-	376,927	376,927
Turkish Lira	464	-	67,859	68,323
South African Rand	1,789	-	587,105	588,894
Sterling	194,042	-	167,226	361,268
Taiwanese Dollar	145,574	-	828,859	974,433
Thai Baht	-	-	401,312	401,312
US Dollar	6,905	-	3,506,180	3,513,085
	£349,733	-	£10,535,898	£10,885,631

ii) Financial liabilities

Currency	Floating rate financial liabilities £	Financial liabilities not carrying interest £	Total £
31 Mar 11			
Brazilian Real	-	72,373	72,373
Hong Kong Dollar	-	125,329	125,329
Korean Won	-	141,930	141,930
Sterling	-	40,138	40,138
Taiwanese Dollar	-	73,208	73,208
Thai Baht	-	52,474	52,474
US Dollar	-	49,702	49,702
	-	£555,154	£555,154

(b) Currency exposure

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

Numerical disclosures are as follows:

Currency	Monetary exposures £	Non-monetary exposures £	Total £
31 Mar 11			
Brazilian Real	(71,873)	149,310	77,437
Hong Kong Dollar	17,663	2,103,870	2,121,533
Indonesian Rupiah	-	47,335	47,335
Korean Won	5,174	1,471,204	1,476,378
Malaysian Ringgit	1,838	485,348	487,186
Mexican Peso	218	51,670	51,888
Philippine Peso	-	376,927	376,927
Turkish Lira	464	67,859	68,323
South African Rand	1,789	587,105	588,894
Taiwanese Dollar	130,059	771,166	901,225
Thai Baht	(52,474)	401,312	348,838
US Dollar	8,089	3,455,294	3,463,383
	40,947	9,968,400	10,009,347
Sterling	228,422	92,708	321,130
	£269,369	£10,061,108	£10,330,477

(c) Fair value of financial assets and financial liabilities

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

14. Portfolio transaction costs

Analysis of total purchase costs	£	31 Mar 11	£
Purchases in period before transaction costs		14,739,256	
Commissions & taxes	21,602		
Total purchase costs		21,602	
Gross purchase total		£14,760,858	

Analysis of total sale costs	£	31 Mar 11	£
Gross sales in period before transaction costs		5,006,651	
Commissions & taxes	(13,342)		
Total sale costs		(13,342)	
Total sales net of transaction costs		£4,993,309	

Distribution table**For the period from launch date to 31 March 2011 (in pence per share)**

Final dividend distribution

Group 1: Shares purchased during launch period

Group 2: Shares purchased between launch period and 31 March 2011

	Net revenue (p)	Equalisation (note 10) (p)	Distribution payable 31/05/11 (p)
Class B – Accumulation			
Group 1	0.00	-	0.00
Group 2	0.00	0.00	0.00
Class K – Accumulation			
Group 1	33.38	-	33.38
Group 2	33.38	0.00	33.38

UBS European Equity Fund

Manager's report

Investment objective and policy

To seek to achieve long term capital appreciation predominantly through investment in Continental European equities.

The Fund may also invest in other transferable securities (including warrants), money market instruments, deposits, cash and units in collective investment schemes.

Market environment

The Eurozone saw subdued headline GDP growth of 0.3% in the fourth quarter of 2010 (annualised), with net exports adding to growth.

The news of a devastating earthquake in Japan in March, including fears of a possible nuclear crisis, led to heightened risk aversion midway through the first quarter of 2011. Markets recovered some lost ground in late March as investors realised the economic impact would be limited and regained confidence in the global recovery.

Preliminary data suggests the inflation rate in the Eurozone increased further in March to reach 2.7%, above market expectations, mainly owing to rises in food and energy prices.

Fund performance

During the reporting period the Fund achieved performance of 1.9%*, in Sterling terms. The Fund's benchmark, the FTSE AW Developed Europe ex UK Index, achieved performance of 7.5%, also in Sterling terms.

The Fund's position in the Swedish-listed Assa Abloy, the world's largest lock maker, was the largest contributor to performance during the period under review. However we booked profits in this company and sold out of the position by the end of the reporting period.

An overweight stance in Greece's Hellenic Telecoms (OTE) also benefited performance, with the company's shares rallying in March on speculation that Deutsche Telekom, the owner of 30% of the business, may raise its stake. Over the period under review, the timing of the Fund's holding in the telecoms company was a major contributor to performance, although the overall share price fell 12.4% in Sterling terms. In February the company also secured €900m in loans from 16 banks, while in April it raised €500m through a bonds issue.

The largest detractor to performance over the period in review was the Fund's overweight position in the Swiss-based Nobel Biocare. The world's biggest maker of dental implants saw its share price fall over 26% in Sterling terms over the reporting period as sales failed to keep pace with the market. The company blamed the economic

downturn for dampening demand for pricier dental work and has subsequently undergone management changes and a restructuring in the last year.

An overweight stance in Banco Santander also detracted from performance on a relative basis as Spain's banks suffered from heavy selling following the downgrading of the country's sovereign debt by Moody's.

Outlook

Although domestic inflationary pressures in the Eurozone should remain moderate throughout 2011, commodity prices have become a serious risk in the near future. This, combined with increasing supply chain pressures, led the European Central Bank to raise its base rate from 1% to 1.25% in its April meeting to help reduce above-target inflation in the Eurozone.

Meanwhile Portugal recently became the third country to ask for bailout funding from the European Union (EU), following Greece and Ireland. This is expected to be agreed by the EU by the middle of May and could be worth around €70 billion.

* Source: Lipper-Hindsight. Performance is based on NAV prices with income reinvested net of basic tax rate and in sterling terms to 31 March 2011, based on Class A shares

Percentage growth

	31/03/10	31/03/09	31/03/08	31/03/07	31/03/06
	to	to	to	to	to
	31/03/11	31/03/10	31/03/09	31/03/08	31/03/07
	%	%	%	%	%
Class A – Accumulation Shares	1.86	49.40	-29.80	-7.94	7.87
Class B – Accumulation Shares	2.54	50.18	-29.42	-7.47	8.42
Class J – Income Shares	2.20	50.94	-29.41	-7.43	8.08
Class K – Accumulation Shares	9.39	-	-	-	-

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

Launch date: Class K Accumulation Shares: 16 July 2010.

UBS Global Asset Management Funds Ltd
10 June 2011

Performance record**1. Fund size**

Accounting year 31 March		Number of shares in issue	Total net asset value per share (p)*	Total net asset value (£)
2009	Class A - Accumulation	271,641	359.3	976,113
	Class B - Accumulation	212,730	366.8	780,385
	Class J - Income	5,066,838	337.2	17,086,389
				£18,842,887
2010	Class A - Accumulation	297,169	539.9	1,604,492
	Class B - Accumulation	203,214	554.1	1,126,065
	Class J - Income	2,003,805	500.2	10,022,357
				£12,752,914
2011	Class A - Accumulation	236,956	549.3	1,301,581
	Class B - Accumulation	188,551	567.4	1,069,904
	Class J - Income	2,003,805	500.2	10,023,538
	Class K - Accumulation	79,988,282	56.5	45,151,843
				£57,546,866

* rounded to one decimal place.

2. Total expense ratio

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

Share class	31 Mar 11 (%)	31 Mar 10 (%)
Class A - Accumulation	1.61	1.63
Class B - Accumulation	0.97	1.00
Class J - Income	1.04	1.07
Class K - Accumulation	0.05	-

3. Share dealing price range and distribution record

The Fund was launched on 22 May 2004 at a price of £3.01 for Class A Accumulation and B Accumulation shares, and Class J Income shares. Class K Accumulation was launched on 19 July 2010 at a price of 50.00p

Calendar year	Highest price (p)	Lowest price (p)	Distribution per share (net) (p)
Class A - Accumulation			
2006	530.71	445.73	8.05
2007	594.95	521.60	8.56
2008	584.52	325.40	12.20
2009	526.40	310.10	7.71
2010	549.28	452.90	10.34
2011 to 31 March	551.74	504.34	-
Class B - Accumulation			
2006	535.36	448.39	10.33
2007	601.51	527.79	10.15
2008	592.70	331.40	13.68
2009	539.20	316.40	9.13
2010	563.61	465.65	12.24
2011 to 31 March	569.96	520.27	0.06
Class J – Income			
2006	520.88	442.21	9.65
2007	581.14	510.01	9.68
2008	562.17	304.90	12.81
2009	486.85	290.90	8.15
2010	509.26	420.28	12.14
2011 to 31 March	502.44	458.71	-
Class K - Accumulation			
2010†	55.41	47.06	0.07
2011 to 31 March	56.70	51.65	0.26

† covers period from launch to 31 December 2010.

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

Portfolio statement

As at 31 March 2011

	Market value	Percentage of total net assets		Market value	Percentage of total net assets
£	£	%	Holding	£	%
Austria - 4.18% (31 Mar 10: 1.31%)			Industrial Engineering - 2.74% (31 Mar 10: 0.00%)		
Banks - 1.98% (31 Mar 10: 0.00%)			Alstom 42,500 1,578,527 2.74		
Erste Group Bank	36,422	1,141,518	1.98	Industrial Transportation - 0.00% (31 Mar 10: 2.90%)	
Industrial Metals - 0.00% (31 Mar 10: 1.31%)			Personal Goods - 2.41% (31 Mar 10: 0.00%)		
Non-life Insurance - 2.20% (31 Mar 10: 0.00%)			LVMH 14,029 1,389,665 2.41		
Wiener Staedtische Versicherung	35,579	1,268,227	2.20	Pharmaceuticals & Biotech - 0.00% (31 Mar 10: 2.66%)	
Belgium - 1.03% (31 Mar 10: 2.64%)			Germany - 19.57% (31 Mar 10: 9.08%)		
Banks - 0.00% (31 Mar 10: 1.60%)			Automobiles & Parts - 2.98% (31 Mar 10: 0.00%)		
Beverages - 0.00% (31 Mar 10: 1.04%)			Volkswagen Non-Voting Preference 16,835 1,714,436 2.98		
Industrial Metals - 1.03% (31 Mar 10: 0.00%)			Chemicals - 5.79% (31 Mar 10: 0.00%)		
Nyrstar	65,724	590,113	1.03	Bayer	43,000 2,076,189 3.61
Denmark - 0.00% (31 Mar 10: 6.16%)			Linde 12,770 1,254,806 2.18		
Banks - 0.00% (31 Mar 10: 3.40%)			Construction & Materials - 1.63% (31 Mar 10: 0.00%)		
Health Care Equipment & Services - 0.00% (31 Mar 10: 1.41%)			HeidelbergCement 21,401 940,639 1.63		
Industrial Transportation - 0.00% (31 Mar 10: 1.35%)			Gas, Water & Multiutilities - 2.64% (31 Mar 10: 0.00%)		
Finland - 2.30% (31 Mar 10: 7.53%)			E.ON 79,764 1,518,260 2.64		
Non-life Insurance - 2.30% (31 Mar 10: 4.14%)			Health Care Equipment & Services - 2.31% (31 Mar 10: 0.00%)		
Sampo	66,606	1,324,257	2.30	Fresenius Medical Care	31,783 1,327,792 2.31
Technology Hardware & Equipment - 0.00% (31 Mar 10: 3.39%)			Industrial Engineering - 1.52% (31 Mar 10: 0.00%)		
France - 14.53% (31 Mar 10: 15.69%)			MAN 11,268 876,024 1.52		
Banks - 6.36% (31 Mar 10: 8.64%)			Media - 0.00% (31 Mar 10: 1.29%)		
BNP Paribas	57,730	2,658,457	4.62	Personal Goods - 0.00% (31 Mar 10: 4.46%)	
Credit Agricole	97,108	999,641	1.74	Pharmaceuticals & Biotech - 0.00% (31 Mar 10: 0.96%)	
Food & Drug Retailers - 3.02% (31 Mar 10: 0.00%)			Software & Computer Services - 2.70% (31 Mar 10: 0.00%)		
Carrefour	62,331	1,737,828	3.02	SAP	40,798 1,553,311 2.70
General Retailers - 0.00% (31 Mar 10: 1.49%)			Support Services - 0.00% (31 Mar 10: 2.37%)		

	Market value £	Percentage of total net assets %		Market value £	Percentage of total net assets %
Holding			Holding		
Greece - 2.18% (31 Mar 10: 0.00%)			Technology Hardware & Equipment - 1.87% (31 Mar 10: 0.00%)		
Fixed Line Telecommunications - 2.18% (31 Mar 10: 0.00%)			ASML	38,946	1.87
Hellenic Telecom	179,526	1,253,702	2.18		
Ireland - 0.00% (31 Mar 10: 3.09%)			Norway - 5.85% (31 Mar 10: 4.23%)		
Construction & Materials - 0.00% (31 Mar 10: 3.09%)			Life Insurance - 0.00% (31 Mar 10: 2.29%)		
Italy - 7.30% (31 Mar 10: 2.74%)			Mobile Telecommunications - 3.71% (31 Mar 10: 1.94%)		
Aerospace & Defence - 2.26% (31 Mar 10: 0.00%)			Telenor	207,600	2,134,750
Finmeccanica	165,976	1,300,482	2.26		
Banks - 4.01% (31 Mar 10: 0.00%)			Oil Equipment, Services & Distribution - 2.14% (31 Mar 10: 0.00%)		
Unicredito Italiano	1,494,277	2,304,701	4.01		
Financial Services - 1.03% (31 Mar 10: 0.00%)			Petroleum Geo-Services	122,984	1,233,512
Azimut	85,569	592,275	1.03		
Oil & Gas Producers - 0.00% (31 Mar 10: 2.74%)			Portugal - 2.41% (31 Mar 10: 0.00%)		
Luxembourg - 2.96% (31 Mar 10: 0.00%)			Fixed Line Telecommunications - 2.41% (31 Mar 10: 0.00%)		
Industrial Metals - 2.96% (31 Mar 10: 0.00%)			Portugal Telecom	192,161	1,386,895
ArcelorMittal	74,659	1,706,164	2.96		
Netherlands - 12.41% (31 Mar 10: 14.37%)			Spain - 7.74% (31 Mar 10: 2.52%)		
Beverages - 0.00% (31 Mar 10: 2.33%)			Banks - 4.32% (31 Mar 10: 2.52%)		
Chemicals - 1.84% (31 Mar 10: 0.00%)			Banco Santander	342,448	2,485,780
DSM Koninlijke	27,618	1,061,138	1.84		
Food & Drug Retailers - 0.00% (31 Mar 10: 1.05%)			Construction & Materials - 1.26% (31 Mar 10: 0.00%)		
Food Producers - 0.00% (31 Mar 10: 2.00%)			Acciona	10,639	724,367
General Industrials - 0.00% (31 Mar 10: 0.73%)			Gas, Water & Multiutilities - 2.16% (31 Mar 10: 0.00%)		
Leisure Goods - 3.48% (31 Mar 10: 0.00%)			Enagas	87,536	1,240,373
Koninklijke Philips Electronics	99,811	2,002,061	3.48		
Media & Entertainment - 1.83% (31 Mar 10: 3.86%)			Sweden - 2.94% (31 Mar 10: 8.71%)		
Reed Elsevier	131,008	1,050,437	1.83		
Oil & Gas Producers - 3.39% (31 Mar 10: 0.00%)			Banks - 1.78% (31 Mar 10: 3.09%)		
Royal Dutch Shell 'A'	85,800	1,948,268	3.39		
Support Services - 0.00% (31 Mar 10: 4.40%)			Construction Materials - 0.00% (31 Mar 10: 3.46%)		
			General Retailers - 1.16% (31 Mar 10: 0.00%)		
			Hennes & Mauritz	32,290	668,575
			Tobacco - 0.00% (31 Mar 10: 2.16%)		
			Switzerland - 13.80% (31 Mar 10: 19.08%)		
			Chemicals - 0.00% (31 Mar 10: 4.31%)		
			Food Producers - 1.94% (31 Mar 10: 5.46%)		
			Nestle	31,134	1,118,149

	Holding	Market value £	Percentage of total net assets %
Industrial Engineering - 4.18% (31 Mar 10: 0.00%)			
ABB	159,815	2,407,703	4.18
Health Care Equipment & Services - 1.90% (31 Mar 10: 4.00%)			
Nobel Biocare	85,373	1,093,003	1.90
Pharmaceuticals & Biotechnology - 5.78% (31 Mar 10: 5.31%)			
Novartis	53,781	1,827,337	3.18
Roche	16,711	1,493,303	2.60
Investment assets		57,086,751	99.20
Net other assets		460,115	0.80
Net assets		£57,546,866	100.00

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

Portfolio movements**For the year ended 31 March 2011**

Major purchases	Cost £
Banco Santander	3,401,730
Roche	3,235,990
Nestle	2,787,398
Unicredito Italiano	2,523,202
Koninklijke Philips Electronics	2,496,628
Total	2,487,918
BNP Paribas	2,477,307
Bayer	2,425,681
SAP	2,313,913
ABB	2,235,378
Carrefour	2,116,392
Novartis	2,089,627
ArcelorMittal	1,928,844
Banco Bilbao Vizcaya Argentaria	1,905,185
Telenor	1,836,037
AXA	1,810,755
France Telecom	1,776,055
Volkswagen Non-Voting Preference	1,775,855
E.ON	1,758,517
Royal Dutch Shell 'A'	1,750,301
Total for the year (Note 15)	£87,305,993

Major sales	Proceeds £
Total	2,494,193
Nestle	2,419,205
Banco Bilbao Vizcaya Argentaria	1,881,551
France Telecom	1,828,468
AXA	1,779,212
UBS	1,777,570
Roche	1,645,504
Repsol YPF	1,606,463
Iberdrola	1,595,893
Holcim	1,520,804
Storebrand 'A'	1,394,142
Ahold	1,349,881
Metro	1,301,965
Bouygues	1,191,413
SAP	1,126,097
CRH	1,084,882
Sampo	1,068,453
Banco Santander	944,414
Unione Di Banche Italiane	938,604
Novo-Nordisk 'B'	908,783
Total for the year (Note 15)	£47,878,542

Statement of total return

For the year ended 31 March 2011

	Notes	31 Mar 11		31 Mar 10	
		£	£	£	£
Income					
Net capital gains	2		5,245,449		8,015,180
Revenue	3	770,466		748,927	
Expenses	4	(145,101)		(194,250)	
Finance costs: Interest	6	(11)		(33)	
Net revenue before taxation		625,354		554,644	
Taxation	5	(77,747)		(78,232)	
Net revenue after taxation			547,607		476,412
Total return before distributions			5,793,056		8,491,592
Finance costs: Distributions	6		(548,722)		(479,352)
Change in net assets attributable to shareholders from investment activities			£5,244,334		£8,012,240

Statement of change in net assets attributable to shareholders

For the year ended 31 March 2011

	31 Mar 11		31 Mar 10	
	£	£	£	£
Opening net assets attributable to shareholders		12,752,914		18,842,887
Amounts receivable on issue of shares	45,951,933		354,934	
Amounts payable on cancellation of shares	(6,725,956)		(14,499,992)	
		39,225,977		(14,145,058)
Stamp duty reserve tax		(413)		-
Change in net assets attributable to shareholders from investment activities (see Statement of total return)		5,244,334		8,012,240
Retained distribution on accumulation shares		324,054		42,845
Closing net assets attributable to shareholders		£57,546,866		£12,752,914

Balance sheet**As at 31 March 2011**

	Notes	As at 31 Mar 11 £	As at 31 Mar 10 £
ASSETS			
Investment assets		57,086,751	12,389,927
Debtors	7	423,819	191,734
Cash and bank balances	8	234,621	269,312
Total other assets		658,440	461,046
Total assets		57,745,191	12,850,973
LIABILITIES			
Creditors	9	198,325	71,810
Distribution payable		-	26,249
Total liabilities		198,325	98,059
Net assets attributable to shareholders		£57,546,866	£12,752,914

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

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

2. Net capital gains

	31 Mar 11	31 Mar 10
	£	£
Currency (losses)/gains	(22,005)	134,643
Forward currency contracts	-	(155,536)
Non-derivative securities	5,274,824	8,039,092
Transaction charges	(7,370)	(3,019)
Net capital gains	£5,245,449	£8,015,180

3. Revenue

	31 Mar 11	31 Mar 10
	£	£
Bank interest	1,518	1,038
Overseas dividends	747,597	657,805
Stock dividends	21,351	90,084
	£770,466	£748,927

4. Expenses

	31 Mar 11	31 Mar 10
	£	£
<i>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</i>		
Authorised Corporate Director's fees	123,519	181,109
Registration fees	1,249	1,247
	124,768	182,356
<i>Payable to the Depositary, associates of the Depositary and agents of either of them:</i>		
Depositary's fees	4,971	2,069
	4,971	2,069
<i>Payable to other third parties:</i>		
Audit fees	7,802	7,484
Safe custody fees	6,560	2,327
Taxation fees	1,000	14
	15,362	9,825
	£145,101	£194,250

5. Taxation

(a) Analysis of tax charge

	31 Mar 11	31 Mar 10
	£	£
Corporation tax at 20%	-	69,575
Double tax relief	-	(59,425)
Overseas tax suffered	64,203	71,524
Adjustments in respect of prior periods	13,544	-
Total current tax 5(b)	77,747	81,674
Deferred tax	-	(3,442)
Total tax charge	£77,747	£78,232

(b) Factors affecting current tax charge

The tax charged for the year is lower than the standard rate of 20% of corporation tax applicable to the revenue received by open-ended investment companies (31 Mar 10: 20%).

The differences are explained below:

	31 Mar 11	31 Mar 10
	£	£
Net revenue before taxation	625,354	554,644
Corporation tax at 20%	125,071	110,929
<i>Effects of:</i>		
Double tax relief	-	(59,425)
Dividends not subject to corporation tax	(141,568)	(44,796)
Overseas tax suffered	64,203	71,524
Adjustments in respect of prior periods	13,544	-
Revenue taxable in different periods	-	3,442
Movement in excess expenses	16,497	-
	(47,324)	(29,255)
Total tax charge 5(a)	£77,747	£81,674

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

(c) Deferred tax assets

On 31 March 2011, the Fund had excess management expenses of £82,482 (31 Mar 10: £nil). The deferred tax in respect of this would be £16,497 (31 Mar 10: £nil). It is unlikely that the fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised.

6. Finance costs

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

	31 Mar 11 £	31 Mar 10 £
Interim	332,983	455,650
Final	208,083	26,392
	541,066	482,042
Add: Amounts deducted on cancellation of shares	8,543	2,214
Deduct: Amounts added on issue of shares	(887)	(4,904)
Net distributions	548,722	479,352
Interest	11	33
Total finance costs	£548,733	£479,385
Net revenue after taxation	547,607	476,412
Add: Revenue brought forward	172	-
Add: Shortfall transfer to capital	6,185	3,112
Deduct: Revenue carried forward	(5,242)	(172)
Net distributions as above	£548,722	£479,352

Details of the distribution per share are set out in the table on page 143.

7. Debtors

	As at 31 Mar 11 £	As at 31 Mar 10 £
Accrued revenue	36,622	36,366
Amounts receivable on issue of shares	-	8,054
Overseas tax recoverable	40,926	147,314
Sales awaiting settlement	346,271	-
	£423,819	£191,734

8. Cash & bank balances

	As at 31 Mar 11 £	As at 31 Mar 10 £
Cash and bank balances	234,621	269,312
	£234,621	£269,312

9. Creditors

	As at 31 Mar 11 £	As at 31 Mar 10 £
Amounts payable on cancellation of shares	3,235	-
Corporation tax payable	170,295	50,208
Expense accruals	24,795	21,602
	£198,325	£71,810

10. Deferred tax

The deferred tax provision is made up as follows:

	As at 31 Mar 11 £	As at 31 Mar 10 £
Provision at the start of the year	-	3,442
Credit	-	(3,442)
Provision at the end of the year	-	-

11. Equalisation

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

12. Contingent liabilities

At 31 March 2011 there were no contingent liabilities and commitments at the current or prior period ends.

13. Related party transactions

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

At 31 March 2011 the amounts included in creditors in respect of management fees and registration fees due to the ACD are £10,805 and £103 respectively (31 March 2010: £12,068 and £131).

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

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

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

14. Financial instruments

The Authorised Corporate Director's policy and approach to managing the risks associated with financial instruments are included in the aggregated notes to the financial statements on pages 16 to 17.

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

At the year end 0.41% of the fund's assets by value were interest bearing.

(b) Currency exposure

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

Numerical disclosures are as follows:

Currency	Monetary exposures £	Non-monetary exposures £	Total £
31 Mar 11			
Danish Krone	869	-	869
Euro	542,649	44,084,953	44,627,602
Norwegian Krone	9,097	3,368,261	3,377,358
Swedish Krona	491	1,694,042	1,694,533
Swiss Franc	32,518	7,939,495	7,972,013
US Dollar	4,323	-	4,323
	£589,947	£57,086,751	£57,676,698
Sterling	(129,832)	-	(129,832)
	£460,115	£57,086,751	£57,546,866
31 Mar 10			
Danish Krone	109	785,062	785,171
Euro	86,456	7,520,392	7,606,848
Norwegian Krone	709	539,816	540,525
Swedish Krona	12,690	1,111,359	1,124,049
Swiss Franc	160,948	2,433,298	2,594,246
US Dollar	4	-	4
	260,916	12,389,927	12,650,843
Sterling	102,071	-	102,071
	£362,987	£12,389,927	£12,752,914

(c) Fair value of financial assets and financial liabilities

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

15. Portfolio transaction costs

Analysis of total purchase costs	£	31 Mar 11 £	£	31 Mar 10 £
Purchases in year before transaction costs		87,242,982		10,044,646
Commissions & taxes	63,011		8,483	
Total purchase costs		63,011		8,483
Gross purchase total		£87,305,993		£10,053,129
Analysis of total sale costs				
Gross sales in year before transaction costs		47,934,344		24,364,146
Commissions & taxes	(55,802)		(12,673)	
Total sale costs		(55,802)		(12,673)
Total sales net of transaction costs		£47,878,542		£24,351,473

Distribution table**For the year ended 31 March 2011 (in pence per share)**

Final dividend distribution

Group 1: Shares purchased prior to 1 October 2010

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

	Net revenue (p)	Equalisation (note 10) (p)	Distribution payable 31/05/11 (p)	Distribution paid 31/05/10 (p)
Class A - Accumulation				
Group 1	0.00	-	0.00	0.00
Group 2	0.00	0.00	0.00	0.00
Class B - Accumulation				
Group 1	0.06	-	0.06	0.07
Group 2	0.00	0.06	0.06	0.07
Class J - Income				
Group 1	0.00	-	0.00	1.31
Group 2	0.00	0.00	0.00	1.31
Class K - Accumulation				
Group 1	0.26	-	0.26	-
Group 2	0.26	0.00	0.26	-

Interim dividend distribution

Group 1: Shares purchased prior to 1 April 2010

Group 2: Shares purchased between 1 April 2010 and 30 September 2010

	Net revenue (p)	Equalisation (note 10) (p)	Distribution paid 30/11/10 (p)	Distribution paid 30/11/09 (p)
Class A - Accumulation				
Group 1	10.34	-	10.34	7.71
Group 2	1.85	8.49	10.34	7.71
Class B - Accumulation				
Group 1	12.17	-	12.17	9.13
Group 2	7.00	5.17	12.17	9.13
Class J - Income				
Group 1	10.83	-	10.83	8.15
Group 2	10.83	0.00	10.83	8.15
Class K - Accumulation				
Group 1	0.07	-	0.07	-
Group 2	0.07	0.00	0.07	-

UBS US 130/30 Equity Fund

Manager's report

Investment objective and policy

To seek to achieve long term returns through active management of a diversified portfolio invested primarily in US equities, equity instruments and derivatives.

The Fund will invest on average 130% of its net assets in long positions and exposures to US equities and around 30% of its net assets in short positions. In doing so, the Fund will invest mainly between 110% and 140% of net assets in long positions with the corresponding short positions mainly comprising between 10% and 40% of the Fund's net assets.

The Fund will achieve its long and short positions and exposures by investing in equities, equity instruments and derivatives, including forward foreign exchange, forward and futures contracts, structured products, swaps, options, equity-linked notes, contracts for differences and repurchase agreements or other investment techniques permitted in FSA rules.

The Fund may also invest in other transferable securities (including warrants), money market instruments, deposits, cash and near cash and units in collective investments schemes.

Market environment

America's GDP grew at an annual rate of 3.1% in the fourth quarter of 2010, driven by positive contributions from personal consumption and net exports. Recent data also points to unemployment falling to a two-year low and nonfarm payrolls adding more and more jobs. The housing market was the biggest disappointment, with both home sales and housing starts showing surprisingly big drops and house prices continuing to fall.

Inflation accelerated to 2.1% in February, supported by higher energy prices, but core inflation also continued its ongoing gradual acceleration, although it still remains low.

US Equity markets finished the year under review strongly as the broadest measure of the market, represented by the Russell 1000 index, gained 3.8%, in Sterling terms, over the first quarter of 2011.

Fund performance

During the period under the review the Fund rose by 2.1%* in Sterling terms. During the same time period, the Fund's benchmark the Russell 1000 index rose by 10.4%, also in Sterling terms.

An overweight to Borg-Warner was the largest contributor to relative performance during the period under review. The auto part maker's stock price rose by 97.5% in Sterling terms, during the period. However, we realised profits in this company and had sold out of the position in full by the end of the reporting period.

A short position in Amedisys also contributed to the Fund's performance during the period. Shares in the health care provider Amedisys fell significantly, adding to the Fund's relative performance. The position was also realised in full by the end of the reporting period.

The Fund's short position in Netflix was the largest detractor to performance during the period under review. The share price of the internet and mail movie business rose 204.6%, in Sterling terms, during the period, as its number of subscribers in America and Canada rose to over 20m.

Apollo Group Inc, the company that owns the University of Phoenix, was another detractor from performance. The Fund ended the period overweight in the stock, whose share price fell over 35%, in Sterling terms. The group, which also runs other for-profit schools, reported a decline in enrollments owing to government pressure to tighten enrollment standards. At the end of March the company reported a \$64m loss for the fiscal second quarter, as degree enrollments fell by 45%.

Outlook

Despite the positive overall results for the first quarter and the last year, this has proven to be a challenging time for fundamental investors. However, we believe the opportunity set is getting richer and potentially priming investors for a more dramatically positive period when the market is willing to look longer term, and reward situations with less visible fundamentals. In this regard, we are encouraged about the US equity opportunities ahead. Corporate cash flows are strengthening and we believe that as investors gain greater confidence in the sustainability of the economic recovery, they will begin to credit companies properly for their future earnings stream.

* Source: Lipper-Hindsight. Performance is based on NAV prices with income reinvested net of basic tax rate and in sterling terms to 31 March 2011, based on Class A shares.

Percentage growth

	31/03/10 to 31/03/11 %	31/03/09 to 31/03/10 %	31/03/08 to 31/03/09 %	Launch to 31/03/08 %
Class A – Accumulation Shares	2.08	55.31	-21.45	-16.36
Class B – Accumulation Shares	2.68	56.26	-20.94	-15.96
Class K – Accumulation Shares	3.65	*30.66	-	-

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

Launch date: Class A and B Shares: 6 July 2007; *Class K Shares: 7 May 2009.

UBS Global Asset Management Funds Ltd
10 June 2011

Performance record

1. Fund size

Accounting year 31 March		Number of shares in issue	Total net asset value per share (p)*	Total net asset value (£)
2009	Class A - Accumulation	18,758,777	32.8	6,158,800
	Class B - Accumulation	30,359,717	33.2	10,077,001
				£16,235,801
2010	Class A - Accumulation	19,645,270	51.0	10,023,883
	Class B - Accumulation	25,648,264	51.9	13,310,925
	Class K - Accumulation	211,005	13,074.6	27,588,025
				£50,922,833
2011	Class A - Accumulation	14,687,019	52.1	7,646,775
	Class B - Accumulation	16,474,109	53.3	8,779,002
	Class K - Accumulation	135,274	13,557.5	18,339,797
				£34,765,574

* rounded to one decimal place.

2. Total expense ratio

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

Share class	31 Mar 11 (%)	31 Mar 10 (%)
Class A - Accumulation	1.71	1.69
Class B - Accumulation	1.07	1.05
Class K - Accumulation	0.04	0.03

3. Share dealing price range and distribution record

The Fund was launched on 6 July 2007 at a price of 50.00p for Class A Accumulation shares and B Accumulation shares. Class K Accumulation shares were launched on 7 May 2009 at a price of £100.00.

Calendar year	Highest price (p)	Lowest price (p)	Distribution per share (net) (p)
Class A - Accumulation			
2007 †	50.00	43.94	-
2008	47.43	28.37	0.00
2009	47.33	27.93	0.21
2010	52.12	43.03	0.00
2011 to 31 March	53.21	49.46	0.00
Class B - Accumulation			
2007 †	50.00	44.04	-
2008	47.58	28.61	0.28
2009	48.07	28.19	0.33
2010	53.25	43.88	0.15
2011 to 31 March	54.39	50.61	0.11
Class K - Accumulation			
2009 ††	12,084.91	8,734.78	50.36
2010	13,511.57	11,099.58	152.36
2011 to 31 March	13,806.36	12,869.23	95.29

† covers period from launch to 31 December 2007.

†† covers period from launch to 31 December 2009.

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

Portfolio statement

As at 31 March 2011

	Holding	Market value £	Percentage of total net assets %		Holding	Market value £	Percentage of total net assets %
United States - 95.51% (31 Mar 10: 97.86%)				Food Producer - 1.88% (31 Mar 10: 1.12%)			
Aerospace & Defence - 2.90% (31 Mar 10: 4.04%)				Kellogg			
Boeing	13,100	600,883	1.73	Kraft Foods 'A'	24,200	473,127	1.36
General Dynamics	8,600	405,910	1.17	General Financial - 4.53% (31 Mar 10: 0.00%)			
Automobiles & Parts - 2.64% (31 Mar 10: 1.81%)				Goldman Sachs Group			
General Motors	29,800	584,277	1.68	Morgan Stanley	32,800	554,837	1.60
Johnson Controls	12,900	333,252	0.96	Visa	11,400	525,669	1.51
Banks - 8.73% (31 Mar 10: 9.05%)				General Industrials - 0.00% (31 Mar 10: 1.29%)			
Citigroup	256,800	710,164	2.04	General Retailers - 4.88% (31 Mar 10: 3.95%)			
JPMorgan Chase & Co	28,300	816,385	2.35	Amazon	4,600	512,899	1.48
US Bancorp	31,100	515,064	1.48	Apollo Group 'A'	10,200	262,361	0.76
Wells Fargo	50,200	995,483	2.86	GameStop 'A'	26,500	372,349	1.07
Chemicals - 1.91% (31 Mar 10: 0.00%)				Lowe's			
Air Products & Chemicals	2,900	162,486	1.09	Health Care Equipment & Services - 8.05% (31 Mar 10: 9.31%)			
Celanese 'A'	12,500	344,514	0.82	Bio Rad Laboratories 'A'	1,800	133,628	0.39
Construction & Building Materials - 1.46% (31 Mar 10: 2.78%)				Boston Scientific			
Fortune Brands	10,000	380,325	0.47	Covidien	21,300	689,637	1.98
MDU Resources Group	20,100	283,922	0.99	HCA Holdings	12,800	272,283	0.78
Electricity - 3.23% (31 Mar 10: 3.05%)				Medtronic			
American Electric Power	18,100	399,085	1.15	United Health Group	29,000	817,835	2.35
Edison International	13,500	307,140	0.88	Industrial Engineering - 2.90% (31 Mar 10: 5.05%)			
Nextera Energy	12,200	416,687	1.20	Dover	11,300	456,522	1.31
Electronics & Electrical Equipment - 0.00% (31 Mar 10: 0.72%)				Paccar			
Fixed Line Telecommunications - 0.00% (31 Mar 10: 2.29%)				Pall			
Food & Drug Retailers - 2.27% (31 Mar 10: 3.06%)				Steel Dynamics			
Kroger	52,300	789,465	2.27				

	Holding	Market value £	Percentage of total net assets %		Holding	Market value £	Percentage of total net assets %
Industrial Transportation - 4.08% (31 Mar 10: 3.16%)							
Fedex	8,500	495,004	1.42	Amgen	8,400	281,366	0.81
Norfolk Southern	13,400	574,256	1.65	Amylin Pharmaceuticals	11,600	79,585	0.23
Ryder System	11,300	352,451	1.01	Johnson & Johnson	20,400	752,156	2.16
				Pharmasset	2,200	97,576	0.28
Insurance - 0.00% (31 Mar 10: 1.56%)				Software & Computer Services - 6.37% (31 Mar 10: 5.29%)			
Life Insurance - 3.38% (31 Mar 10: 2.06%)							
AFLAC	14,500	473,256	1.36	Adobe Systems	39,500	808,582	2.33
Metlife	25,200	702,371	2.02	Autodesk	23,900	647,423	1.86
				Intersil 'A'	31,100	238,881	0.69
Media - 5.46% (31 Mar 10: 7.97%)							
Comcast 'A'	42,400	650,828	1.87	Symantec	46,300	519,352	1.49
Time Warner	26,300	581,521	1.67	Support Services - 0.36% (31 Mar 10: 0.00%)			
Viacom 'B'	22,900	668,435	1.92	Emdeon	12,700	124,541	0.36
				Technology Hardware & Equipment - 9.81% (31 Mar 10: 8.66%)			
Mining - 0.00% (31 Mar 10: 0.87%)							
Non-life Insurance - 0.00% (31 Mar 10: 1.00%)							
Oil & Gas - 0.00% (31 Mar 10: 1.20%)							
Oil & Gas Producers - 4.76% (31 Mar 10: 2.78%)							
EOG Resources	7,600	562,886	1.62	Apple	6,000	1,300,115	3.74
Hess	7,500	390,672	1.12	Broadcom 'A'	11,400	286,071	0.82
Ultra Petroleum	23,000	700,513	2.02	Cisco Systems	53,300	573,692	1.65
				Marvell Tech Group	16,600	164,747	0.47
Oil Equipment, Services & Distribution - 2.64% (31 Mar 10: 3.61%)							
Baker Hughes	8,100	371,891	1.07	National Semiconductor	36,700	331,387	0.95
EnSCO International ADR	15,000	544,760	1.57	Qualcomm	22,400	758,801	2.18
				Travel & Leisure - 4.95% (31 Mar 10: 3.60%)			
Personal Goods - 2.65% (31 Mar 10: 1.62%)							
Avon Products	23,500	405,699	1.17	Carnival (Paired Stock)	22,800	549,756	1.58
Colgate-Palmolive	10,200	514,580	1.48	Hertz Global	57,200	556,662	1.60
				International Game Technology	24,100	246,819	0.71
Pharmaceuticals & Biotechnology - 5.88% (31 Mar 10: 6.96%)							
Acorda Therapeutics	12,000	170,102	0.49	Southwest Airlines	46,200	367,785	1.06
Alexion Pharmaceutical	3,600	222,580	0.64	Derivatives - (0.93)% (31 Mar 10: (0.78)%)			
Allergan	10,000	441,910	1.27	Synthetic Equity Swaps - (0.93)% (31 Mar 10: (0.78)%)			
				Morgan Stanley - Altera	(9,500)	(15,634)	(0.04)
				Morgan Stanley - American Water Works	(12,600)	(62,168)	(0.18)
				Morgan Stanley - Aqua America	(14,100)	(49,506)	(0.14)
				Morgan Stanley - Bank of New York	21,200	38,462	0.11

	Holding	Market value £	Percentage of total net assets %
Morgan Stanley - Baxter	15,900	87,315	0.25
Morgan Stanley - BB&T	(14,200)	(6,646)	(0.02)
Morgan Stanley - Bio Reference	(8,900)	2,910	0.01
Morgan Stanley - BMC Software	(9,500)	(82,813)	(0.24)
Morgan Stanley - Centurytel	(11,148)	(65,888)	(0.19)
Morgan Stanley - Church & Dwight	(4,600)	(39,689)	(0.11)
Morgan Stanley - Cognizant Tech	(3,800)	(39,898)	(0.11)
Morgan Stanley - Compuware	(23,600)	(18,755)	(0.05)
Morgan Stanley - Consolidated Edison	(7,800)	(40,556)	(0.12)
Morgan Stanley - Constellation Brands	(12,500)	10,473	0.03
Morgan Stanley - Dillard's	(8,100)	10,852	0.03
Morgan Stanley - Discovery Communication	(6,700)	(4,105)	(0.01)
Morgan Stanley - Dollar General	(12,800)	(9,324)	(0.03)
Morgan Stanley - EMC (Massachusetts)	(9,400)	(48,954)	(0.14)
Morgan Stanley - Exxon Mobil	35,789	517,390	1.49
Morgan Stanley - Firstenergy	18,100	30,141	0.09
Morgan Stanley - Ford Motor	(27,800)	(63,050)	(0.18)
Morgan Stanley - Goodrich	(5,300)	(56,462)	(0.16)
Morgan Stanley - Grainger (W.W.)	(2,800)	(67,972)	(0.20)
Morgan Stanley - Halliburton	(9,100)	(70,644)	(0.20)
Morgan Stanley - Hewlett-Packard	26,700	(52,882)	(0.15)
Morgan Stanley - Humana	(4,400)	(10,985)	(0.03)
Morgan Stanley - Illinois Tool Works	19,700	106,924	0.31
Morgan Stanley - Integrys Energy Group	(6,600)	(26,151)	(0.08)
Morgan Stanley - Lamar Advertising	(10,200)	(34,558)	(0.10)
Morgan Stanley - Lilly (Eli) & Co	(10,600)	(16,877)	(0.05)
Morgan Stanley - Merck & Co	34,800	8,246	0.02

	Holding	Market value £	Percentage of total net assets %
Morgan Stanley - Microsoft	49,000	(25,009)	(0.07)
Morgan Stanley - Netflix	(1,200)	(97,651)	(0.28)
Morgan Stanley - Network Appliance	(4,900)	(45,384)	(0.13)
Morgan Stanley - Noble Corporation	27,300	241,076	0.69
Morgan Stanley - Novellus Systems	(11,700)	(81,095)	(0.23)
Morgan Stanley - Nstar	(5,300)	(39,275)	(0.11)
Morgan Stanley - Nvidia	(14,600)	62,109	0.18
Morgan Stanley - O'Reilly Automotive	(6,400)	(33,611)	(0.10)
Morgan Stanley - Occidental Petroleum	(4,000)	(62,256)	(0.18)
Morgan Stanley - Pepsico	21,100	49,871	0.14
Morgan Stanley - Pioneer Natural Resources	(5,300)	(138,584)	(0.40)
Morgan Stanley - Procter & Gamble	26,400	26,758	0.08
Morgan Stanley - Sears Holdings	(3,600)	(38,740)	(0.11)
Morgan Stanley - Starwood Hotels	(6,200)	(11,571)	(0.03)
Morgan Stanley - TJX	(6,300)	(21,671)	(0.06)
Morgan Stanley - Travelers	(6,375)	(44,314)	(0.13)
Investment assets (including investment liabilities)		33,204,488	95.51
Net other assets		1,561,086	4.49
Net assets		£34,765,574	100.00

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

Portfolio movements**For the year ended 31 March 2011**

Major purchases	Cost £
Cisco Systems	1,100,384
Metlife	1,073,632
Kraft Foods 'A'	1,036,083
Adobe Systems	985,753
Citigroup	979,885
Johnson & Johnson	976,672
General Motors	862,422
Visa	818,553
EOG Resources	809,193
Viacom 'B'	805,327
Goldman Sachs Group	779,860
Symantec	753,748
Morgan Stanley	738,565
US Bancorp	715,071
Boeing	687,580
Johnson Controls	683,735
Dow Chemical	673,358
GameStop 'A'	662,806
Hertz Global	635,009
Amazon	632,797
Total for the year (Note 14)	£27,636,940

Major sales	Proceeds £
AT&T	1,227,787
Borg-Warner	1,178,421
Baker Hughes	1,077,878
Comcast 'A'	1,071,244
Pfizer	1,061,243
Paccar	988,419
EOG Resources	978,857
VMware 'A'	932,312
Intuit	917,316
JPMorgan Chase & Co	912,058
Omnicom Group	881,840
Marathon Oil	871,327
Principal Financial Group	841,250
Bank of America	833,740
Fortune Brands	783,944
Dow Chemical	775,868
Broadcom 'A'	771,146
General Dynamics	750,787
Interpublic Group	749,729
Genzyme	745,331
Total for the year (Note 14)	£46,228,687

Statement of total return**For the year ended 31 March 2011**

	Notes	31 Mar 11		31 Mar 10	
		£	£	£	£
Income					
Net capital gains	2		534,166		16,142,573
Revenue	3	749,799		663,751	
Expenses	4	(287,133)		(266,888)	
Finance costs: Interest	6	(67)		(544)	
Net revenue before taxation		462,599		396,319	
Taxation	5	(96,616)		(89,281)	
Net revenue after taxation			365,983		307,038
Total return before distributions			900,149		16,449,611
Finance costs: Distributions	6		(387,846)		(339,363)
Change in net assets attributable to shareholders from investment activities			£512,303		£16,110,248

Statement of change in net assets attributable to shareholders**For the year ended 31 March 2011**

	31 Mar 11		31 Mar 10	
	£	£	£	£
Opening net assets attributable to shareholders		50,922,833		16,235,801
Amounts receivable on issue of shares	2,516,759		31,526,510	
Amounts payable on cancellation of shares	(19,516,987)		(13,269,455)	
		(17,000,228)		18,257,055
Dilution levy charged				
Change in net assets attributable to shareholders from investment activities (see Statement of total return)		512,303		16,110,248
Retained distribution on accumulation shares		330,666		319,729
Closing net assets attributable to shareholders		£34,765,574		£50,922,833

Balance sheet**As at 31 March 2011**

	Notes	As at 31 Mar 11 £	As at 31 Mar 10 £
ASSETS			
Investment assets		34,727,166	50,575,048
Debtors	7	332,652	65,734
Cash and bank balances	8	1,335,445	1,917,312
Total other assets		1,668,097	1,983,046
Total assets		36,395,263	52,558,094
LIABILITIES			
Investment liabilities		1,522,678	1,141,136
Creditors	9	107,011	494,125
Total other liabilities		107,011	494,125
Total liabilities		1,629,689	1,635,261
Net assets attributable to shareholders		£34,765,574	£50,922,833

Notes to the financial statements

1. Accounting policies

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

2. Net capital gains

	31 Mar 11 £	31 Mar 10 £
Currency gains/(losses)	261,197	(436,563)
Derivative contracts	(1,618,851)	58,020
Non-derivative securities	1,896,616	16,529,085
Transaction charges	(4,796)	(7,969)
Net capital gains	£534,166	£16,142,573

3. Revenue

	31 Mar 11 £	31 Mar 10 £
Bank interest	3,160	1,542
Overseas dividends	674,402	627,372
Return from derivatives*	69,703	34,837
UK franked dividends	2,534	-
	£749,799	£663,751

* This includes income received on long and short positions

4. Expenses

	31 Mar 11 £	31 Mar 10 £
<i>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</i>		
Authorised Corporate Director's fees	260,605	245,591
Registration fees	9,804	9,125
	270,409	254,716
<i>Payable to the Depositary, associates of the Depositary and agents of either of them:</i>		
Depositary's fees	5,391	5,195
	5,391	5,195
<i>Payable to other third parties:</i>		
Audit fees	9,002	6,875
Safe custody fees	1,331	1,238
Taxation fees	1,000	(1,136)
	11,333	6,977
	£287,133	£266,888

5. Taxation

(a) Analysis of tax charge

	31 Mar 11 £	31 Mar 10 £
Overseas tax suffered	96,616	89,281
Total tax charge (5b)	£96,616	£89,281

(b) Factors affecting current tax charge

The tax charged for the year is higher than the standard rate of 20% of corporation tax applicable to the revenue received by open-ended investment companies (31 Mar 10: 20%).

The differences are explained below:

	31 Mar 11 £	31 Mar 10 £
Net revenue before taxation	462,599	396,319
Corporation tax at 20%	92,520	79,264
<i>Effects of:</i>		
Dividends not subject to corporation tax	(135,387)	(110,416)
Movement in excess expenses	42,867	27,943
Overseas tax suffered	96,616	89,281
Revenue taxable in a different periods	-	3,209
	4,096	10,017
Total tax charge (5.a)	£96,616	£89,281

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

(c) Deferred tax assets

At 31 March 2011 the Fund had excess management expenses of £354,054 (31 March 2010: £139,717). The deferred tax in respect of this would be £70,811 (31 March 2010: £27,944). It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised.

6. Finance costs

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

	31 Mar 11 £	31 Mar 10 £
Interim	183,641	144,112
Final	147,025	175,617
	330,666	319,729
Add: Amounts deducted on cancellation of shares	58,158	19,818
Deduct: Amounts added on issue of shares	(978)	(184)
Net distributions	387,846	339,363
Interest	67	544
Total finance costs	£387,913	£339,907
Net revenue after taxation	365,983	307,038
Add: Expense charged to capital	21,985	32,376
Add: Undistributed revenue brought forward	1,350	1,299
Less: Undistributed revenue carried forward	(1,472)	(1,350)
Net distributions as above	£387,846	£339,363

Details of the distribution per share are set out in the table on page 159.

7. Debtors

	As at 31 Mar 11 £	As at 31 Mar 10 £
Accrued revenue	119,281	15,347
Amounts receivable on issue of shares	6,812	47,409
Overseas tax recoverable	2,276	2,978
Sales awaiting settlement	204,283	-
	£332,652	£65,734

8. Cash & bank balances

	As at 31 Mar 11 £	As at 31 Mar 10 £
Cash and bank balances	1,335,445	1,917,312
	£1,335,445	£1,917,312

9. Creditors

	As at 31 Mar 11 £	As at 31 Mar 10 £
Amounts payable on cancellation of shares	45,427	67,157
Expense accruals	30,609	38,571
Interest payable on swaps	30,975	18,306
Purchases awaiting settlement	-	370,091
	£107,011	£494,125

10. Equalisation

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

11. Contingent liabilities

At 31 March 2011 there were no contingent liabilities or commitments in the current or prior period.

12. Related party transactions

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

At 31 March 2011 the amounts included in creditors in respect of management fees and registration fees due to the ACD are £17,694 and £671 respectively (31 March 2010: £26,360 and £987).

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

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

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

13. Financial instruments

The Authorised Corporate Director's policy and approach to managing the risks associated with financial instruments are included in the aggregated notes to the financial statements on pages 16 to 17.

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

At the year end 3.84% of the fund's assets by value were interest bearing.

(b) Currency exposure

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

Numerical disclosures are as follows:

Currency	Monetary exposures £	Non-monetary exposures £	Total £
31 Mar 11			
US Dollar	1,592,444	33,204,488	34,796,932
	1,592,444	33,204,488	34,796,932
Sterling	(31,358)	-	(31,358)
	£1,561,086	£33,204,488	£34,765,574
31 Mar 10			
US Dollar	1,485,386	49,433,912	50,919,298
	1,485,386	49,433,912	50,919,298
Sterling	3,535	-	3,535
	£1,488,921	£49,433,912	£50,922,833

(c) Fair value of financial assets and financial liabilities

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

14. Portfolio transaction costs

Analysis of total purchase costs	31 Mar 11 £	31 Mar 10 £
Purchases in year before transaction costs	27,608,275	51,856,255
Commissions & taxes	28,665	39,542
Total purchase costs	28,665	39,542
Gross purchase total	£27,636,940	£51,895,797
Analysis of total sale costs		
Analysis of total sale costs	31 Mar 11 £	31 Mar 10 £
Gross sales in year before transaction costs	46,270,550	34,016,784
Commissions & taxes	(41,863)	(35,582)
Total sale costs	(41,863)	(35,582)
Total sales net of transaction costs	£46,228,687	£33,981,202

Distribution table**For the year ended 31 March 2011 (in pence per share)**

Final dividend distribution

Group 1: Shares purchased prior to 1 October 2010

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

	Net revenue (p)	Equalisation (note 10) (p)	Distribution payable 31/05/11 (p)	Distribution paid 31/05/10 (p)
Class A - Accumulation				
Group 1	0.00	-	0.00	0.00
Group 2	0.00	0.00	0.00	0.00
Class B - Accumulation				
Group 1	0.11	-	0.11	0.07
Group 2	0.04	0.07	0.11	0.07
Class K - Accumulation				
Group 1	95.29	-	95.29	74.72
Group 2	95.29	0.00	95.29	74.72

Interim dividend distribution

Group 1: Shares purchased prior to 1 April 2010

Group 2: Shares purchased between 1 April 2010 and 30 September 2010

	Net revenue (p)	Equalisation (note 10) (p)	Distribution paid 30/11/10 (p)	Distribution paid 30/11/09 (p)
Class A - Accumulation				
Group 1	0.00	-	0.00	0.00
Group 2	0.00	0.00	0.00	0.00
Class B - Accumulation				
Group 1	0.08	-	0.08	0.00
Group 2	0.05	0.03	0.08	0.00
Class K - Accumulation				
Group 1	77.64	-	77.64	50.36
Group 2	77.64	0.00	77.64	50.36

UBS US Growth Fund

Manager's report

Investment objective and policy

To seek to achieve long term capital growth primarily through investment in US equities with growth characteristics.

The ACD may use derivatives for the purpose of efficient portfolio management. The Fund may also invest in other transferable securities (including warrants), money market instruments, deposits, cash and near cash and units in collective investments schemes.

Market environment

GDP in the US grew at an annual rate of 3.1% over the fourth quarter of 2010, driven by positive contributions from personal consumption and net exports. Recent data also points to unemployment falling to a two-year low and nonfarm payrolls adding more and more jobs. The housing market was the biggest disappointment, with both home sales and housing starts showing surprisingly big drops and house prices continuing to fall.

Inflation accelerated to 2.1% in February, supported by higher energy prices, but core inflation also continued its ongoing gradual acceleration, although it still remains low.

US Equity markets finished the year under review strongly as the broadest measure of the market, represented by the Russell 1000 index, gained 3.8%, in Sterling terms, over the first quarter of 2011.

Fund performance

During the reporting period the Fund achieved performance of 10.9%* in Sterling terms. The Fund's benchmark, the Russell 1000 Growth Index, achieved performance of 11.9%, also in Sterling terms.

The Fund's overweight holding in priceline.com was the largest contributor to performance during the period under review. The Fund ended the period 2.7% overweight in the online travel company, whose share price rose 87.9% in Sterling terms during the period under review. The stock price appreciated in March after reporting better than expected revenues and earnings attributed to strong growth in hotel room nights and average daily rates in Europe.

Sina is a provider of online media advertising, mobile services, and social media in China. We believe online advertising spend in China remains predominantly focused on "brand-building", which drives strong growth in display advertising on Sina's main portal. As a result the Fund was overweight during the period under review.

MasterCard and Visa were the largest detractors to performance during the period under review. While the Visa position was sold during the period, MasterCard still commands a marginal overweight position in the Fund.

Despite reporting a strong first quarter, Google shares fell during the period under review, as investors raised questions about the company's social media strategy. We believe that the shares are undervalued so we continue to favour Google as a core holding.

Outlook

Equity markets finished the month in positive territory, although volatility continued as upheaval in the Middle East and a tsunami in Japan impacted upon investor confidence. While the devastation in Japan is certainly unsettling, the potential impact on the recovery in the US remains unclear. Higher crude oil prices certainly have the potential to dampen consumer spending and are worth watching closely.

With higher prices for petrol at the pump, household inflation expectations have picked up sharply. Most worrying for the Federal Reserve is that longer-term expectations are also rising, but there is some consolation that this usually reverses when oil prices fall again. The Fed remains clearly on hold but the language on growth is firming up and some Federal Open Market Committee members have started talking about exit strategies again. Markets are looking for the first rise somewhere towards the end of the year.

* Source: Lipper-Hindsight. Performance is based on NAV prices with income reinvested net of basic tax rate and in sterling terms from launch to 31 March 2011, based on Class A shares.

Percentage growth

	31/03/10 to 31/03/11 %	31/03/09 to 31/03/10 %	Launch to 31/03/09 %
Class A – Accumulation Shares	10.94	44.55	0.80
Class B – Accumulation Shares	11.64	45.47	1.08

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

Launch date: Class A and B Shares: 3 November 2008.

UBS Global Asset Management Funds Ltd
10 June 2011

Performance record

1. Fund size

Accounting year 31 March		Number of shares in issue	Total net asset value per share (p)*	Total net asset value (£)
2009	Class A - Accumulation	3,891,993	50.4	1,960,760
	Class B - Accumulation	35,219,044	50.5	17,788,518
				£19,749,278
2010	Class A - Accumulation	6,656,429	72.9	4,849,272
	Class B - Accumulation	55,507,524	73.5	40,798,754
				£45,648,026
2011	Class A - Accumulation	8,579,387	80.8	6,934,343
	Class B - Accumulation	53,092,515	82.1	43,573,198
				£50,507,541

* rounded to one decimal place.

2. Total expense ratio

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

Share class	31 Mar 11 (%)	31 Mar 10 (%)
Class A - Accumulation	1.60	1.60
Class B - Accumulation	0.97	0.96

3. Share dealing price range and distribution record

The Fund was launched on 3 November 2008 at a price of 50.00p for Class A Accumulation and B Accumulation shares.

Calendar year	Highest price (p)	Lowest price (p)	Distribution per share (net) (p)
Class A - Accumulation			
2008 †	51.82	42.25	-
2009	69.11	45.73	0.00
2010	80.22	63.44	0.00
2011 to 31 March	82.06	75.95	0.00
Class B - Accumulation			
2008 †	51.82	42.26	-
2009	69.61	45.82	0.02
2010	81.31	64.11	0.00
2011 to 31 March	83.26	77.11	0.00

† covers period from launch to 31 December 2008.

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

Portfolio statement

As at 31 March 2011

	Holding	Market value £	Percentage of total net assets %		Holding	Market value £	Percentage of total net assets %			
United States – 93.48% (31 Mar 10: 93.35%)				Health - 1.51% (31 Mar 10: 6.00%)						
Aerospace & Defence - 4.18% (31 Mar 10: 3.66%)				Household Goods & Home Construction - 0.00% (31 Mar 10: 0.76%)						
Precision Castparts	11,300	1,036,919	2.05	Express Scripts	22,400	764,090	1.51			
United Technologies	20,600	1,078,039	2.13	Industrial Engineering - 1.30% (31 Mar 10: 3.21%)						
Automobiles & Parts - 0.00% (31 Mar 10: 0.61%)				Parker-Hannifin				11,200	658,643	1.30
Banks - 0.00% (31 Mar 10: 1.81%)				Industrial Metals - 1.59% (31 Mar 10: 0.00%)						
Chemicals - 0.98% (31 Mar 10: 2.71%)				Freeport-McMoRan Copper & Gold				23,400	803,291	1.59
Praxair	7,900	496,097	0.98	Industrial Transportation - 3.08% (31 Mar 10: 2.53%)						
Construction & Building Materials - 1.85% (31 Mar 10: 2.14%)				C.H. Robinson Worldwide				21,900	994,867	1.97
Sherwin-Williams	17,900	936,631	1.85	Union Pacific	9,200	559,553	1.11			
Electronic & Electrical Equipment - 5.29% (31 Mar 10: 0.00%)				Media - 3.35% (31 Mar 10: 2.63%)						
Agilent Technologies	38,100	1,068,074	2.11	Discovery Communications	32,200	800,823	1.59			
Danaher	28,800	929,962	1.84	Focus Media Holding	47,100	890,104	1.76			
Roper Industries	12,700	676,376	1.34	Mining - 1.52% (31 Mar 10: 0.00%)						
Food & Drug Retailers - 3.96% (31 Mar 10: 2.22%)				Consol Energy				23,200	768,311	1.52
CVS Caremark	44,700	933,918	1.85	Mobile Telecommunications - 2.29% (31 Mar 10: 0.00%)						
Kellogg	31,800	1,064,776	2.11	Crown Castle International	44,200	1,158,322	2.29			
Gas, Water & Multiutilities - 0.00% (31 Mar 10: 1.75%)				Oil Equipment, Services & Distribution - 2.44% (31 Mar 10: 0.90%)						
General Financial - 4.83% (31 Mar 10: 13.70%)				FMC Technologies				12,000	713,818	1.41
CME Group	6,600	1,243,465	2.46	Schlumberger	8,900	517,966	1.03			
Goldman Sachs Group	6,400	632,901	1.25	Oil & Gas - 4.63% (31 Mar 10: 1.09%)						
MasterCard 'A'	3,600	566,953	1.12	Anadarko Petroleum	16,000	819,613	1.62			
General Retailers - 6.94% (31 Mar 10: 7.12%)				Cimarex Energy				7,500	536,184	1.06
Amazon	16,800	1,873,198	3.71	Concho Resources	14,800	982,466	1.95			
MercadoLibre	4,400	220,335	0.44	Personal Goods - 1.74% (31 Mar 10: 1.52%)						
Priceline.com	4,500	1,408,629	2.79	Nike 'B'	18,400	877,606	1.74			

	Market value £	Percentage of total net assets %	
Pharmaceuticals & Biotechnology - 4.57% (31 Mar 10: 7.36%)			
Allergan	32,800	1,449,466	2.87
Watson Pharmaceuticals	24,600	857,327	1.70
Software & Computer Services - 12.64% (31 Mar 10: 8.92%)			
Baidu ADS	11,200	948,744	1.88
Google	6,800	2,458,717	4.87
Oracle	69,400	1,424,961	2.82
Salesforce.com	5,100	426,313	0.84
Teradata	35,900	1,123,974	2.23
Support Services - 1.02% (31 Mar 10: 2.11%)			
Red Hat	18,000	515,452	1.02
Technology Hardware & Equipment - 16.75% (31 Mar 10: 15.07%)			
Apple	16,000	3,466,973	6.86
EMC	116,200	1,944,670	3.85
Juniper Networks	23,800	619,127	1.23
Qualcomm	47,300	1,602,289	3.17
Riverbed Technology	35,300	828,782	1.64
Travel & Leisure - 7.02% (31 Mar 10: 5.53%)			
International Game Technology	70,800	725,093	1.44
Las Vegas Sands	41,800	1,128,936	2.24
McDonald's	35,800	1,686,603	3.34
Canada - 2.30% (31 Mar 10: 0.52%)			
Chemicals - 1.35% (31 Mar 10: 0.00%)			
Potash Corporation of Saskatchewan	18,800	679,377	1.35
Oil & Gas - 0.95% (31 Mar 10: 0.52%)			
Suncor Energy	17,300	479,925	0.95

	Market value £	Percentage of total net assets %	
Cayman Islands - 1.53% (31 Mar 10: 0.52%)			
Software & Computer Services - 1.53% (31 Mar 10: 0.00%)			
SINA	11,500	772,336	1.53
Ireland - 0.00% (31 Mar 10: 3.10%)			
Health - 0.00% (31 Mar 10: 3.10%)			
Switzerland - 0.00% (31 Mar 10: 1.67%)			
Health - 0.00% (31 Mar 10: 1.67%)			
Derivatives - 0.02% (31 Mar 10: 0.01%)			
Futures - 0.02% (31 Mar 10: 0.01%)			
S&P 500 E-Mini Future Jun 11	16	8,926	0.02
Investment assets		49,159,921	97.33
Net other assets		1,347,620	2.67
Net assets		£50,507,541	100.00

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

Portfolio movements**For the year ended 31 March 2011**

Major purchases	Cost £	Major Sales	Proceeds £
EMC	1,657,591	Occidental Petroleum	1,548,469
Occidental Petroleum	1,391,107	Visa	1,539,510
Crown Castle International	1,233,443	Cisco Systems	1,451,740
Sina	1,154,447	MasterCard	1,310,369
Teradata	1,098,367	Covidien	1,148,250
Precision Castparts	1,039,550	Apple	1,105,060
Las Vegas Sands	1,008,848	Intercontinental Exchange	991,890
Agilent Technologies	1,001,981	Medco Health Solutions	942,093
Nike 'B'	1,001,242	Illinois Tool Works	917,076
C.H. Robinson Worldwide	996,059	Praxair	882,823
CVS Caremark	980,127	Zimmer	875,710
Schlumberger	953,825	Amazon	844,238
CME Group 'A'	860,384	Time Warner Cable	811,714
Discovery Communications	854,338	Sina	793,866
Anadarko Petroleum	836,599	The Mosaic Company	778,128
Danaher	828,986	Union Pacific	767,633
Google 'A'	810,619	Alcon	751,327
Riverbed Technology	787,833	American Tower 'A'	741,228
Baidu ADS	784,610	Schlumberger	732,911
Watson Pharmaceuticals	780,301	JPMorgan Chase & Co	730,334
Total for the year (Note 14)	£39,710,791	Total for the year (Note 14)	£40,658,726

Statement of total return

For the year ended 31 March 2011

	Notes	31 Mar 11		31 Mar 10	
		£	£	£	£
Income					
Net capital gains	2		5,017,331		11,732,187
Revenue	3	362,012		304,562	
Expenses	4	(453,475)		(316,370)	
Finance costs: Interest	6	(4)		(93)	
Net expense before taxation		(91,467)		(11,901)	
Taxation	5	(51,574)		(43,714)	
Net expense after taxation			(143,041)		(55,615)
Total return before distributions			4,874,290		11,676,572
Finance costs: Distributions	6		-		(1,771)
Change in net assets attributable to shareholders from investment activities			£4,874,290		£11,674,801

Statement of change in net assets attributable to shareholders

For the year ended 31 March 2011

	31 Mar 11		31 Mar 10	
	£	£	£	£
Opening net assets attributable to shareholders		45,648,026		19,749,278
Amounts receivable on issue of shares	8,104,167		15,855,630	
Amounts payable on cancellation of shares	(8,118,942)		(1,631,683)	
		(14,775)		14,223,947
Change in net assets attributable to shareholders from investment activities (see Statement of total return)		4,874,290		11,674,801
Closing net assets attributable to shareholders		£50,507,541		£45,648,026

Balance sheet**As at 31 March 2011**

	Notes	As at 31 Mar 11 £	As at 31 Mar 10 £
ASSETS			
Investment assets		49,159,921	45,033,691
Debtors	7	362,197	448,583
Cash and bank balances	8	1,099,321	494,576
Total other assets		1,461,518	943,159
Total assets		50,621,439	45,976,850
LIABILITIES			
Creditors	9	113,898	328,824
Total liabilities		113,898	328,824
Net assets attributable to shareholders		£50,507,541	£45,648,026

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

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

2. Net capital gains

	31 Mar 11	31 Mar 10
	£	£
Currency (losses)/gains	(94,028)	5,582
Derivative contracts	55,796	117,434
Non-derivative securities	5,060,323	11,615,202
Transaction charges	(4,760)	(6,031)
Net capital gains	£5,017,331	£11,732,187

3. Revenue

	31 Mar 11	31 Mar 10
	£	£
Bank interest	1,283	2,234
Overseas dividends	360,729	302,328
	£362,012	£304,562

4. Expenses

	31 Mar 11	31 Mar 10
	£	£
<i>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</i>		
Authorised Corporate Director's fees	423,081	295,133
Registration fees	15,142	10,443
	438,223	305,576
<i>Payable to the Depositary, associates of the Depositary and agents of either of them:</i>		
Depositary's fees	5,145	3,573
	5,145	3,573
<i>Payable to other third parties:</i>		
Audit fees	7,802	7,473
Safe custody fees	1,305	926
Taxation fees	1,000	(1,178)
	10,107	7,221
	£453,475	£316,370

5. Taxation

(a) Analysis of tax charge

	31 Mar 11 £	31 Mar 10 £
Overseas tax suffered	51,574	43,714
Total tax charge 5(b)	£51,574	£43,714

(b) Factors affecting current tax charge

The tax charged for the year is higher than the standard rate of 20% of corporation tax applicable to the revenue received by open-ended investment companies (31 March 2010: 20%).

The differences are explained below:

	31 Mar 11 £	31 Mar 10 £
Net expense before taxation	(91,467)	(11,901)
Corporation tax at 20%	(18,293)	(2,380)
<i>Effects of:</i>		
Dividends not subject to corporation tax	(72,131)	(48,082)
Movement in excess expenses	90,424	48,821
Overseas tax suffered	51,574	43,714
Revenue taxable in a different periods	-	1,641
	69,867	46,094
Total tax charge 5(a)	£51,574	£43,714

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

(c) Deferred tax assets

At 31 March 2011 the Fund had excess management expenses of £696,226 (31 March 2010: £244,104). The deferred tax in respect of this would be £139,245 (31 March 2010: £48,821). It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised.

6. Finance costs

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

	31 Mar 11	31 Mar 10
	£	£
Interim	-	-
Final	-	-
	-	-
Add: Amounts deducted on cancellation of shares	-	(44)
Deduct: Amounts added on issue of shares	-	1,815
Net distributions	-	1,771
Interest	4	93
Total finance costs	£4	£1,864
Net expense after taxation	(143,041)	(55,615)
Add: Revenue brought forward	-	1,467
Add: Shortfall transfer to capital	143,041	55,919
Net distributions as above	-	£1,771

Details of the distribution per share are set out in the table on page 174.

7. Debtors

	As at	As at
	31 Mar 11	31 Mar 10
	£	£
Accrued revenue	15,956	14,298
Amounts receivable on issue of shares	341,675	165,182
Overseas tax recoverable	4,566	3,893
Sales awaiting settlement	-	265,210
	£362,197	£448,583

8. Cash & bank balances

	As at	As at
	31 Mar 11	31 Mar 10
	£	£
Amounts held at futures clearing houses and brokers	22,435	13,030
Cash and bank balances	1,076,886	481,546
	£1,099,321	£494,576

9. Creditors

	As at	As at
	31 Mar 11	31 Mar 10
	£	£
Amounts payable on cancellation of shares	17,264	-
Expense accruals	52,275	49,468
Purchases awaiting settlement	44,359	279,356
	£113,898	£328,824

10. Equalisation

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

11. Contingent liabilities

At 31 March 2011 there were no contingent liabilities or commitments at the current or prior period ends.

12. Related party transactions

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

At 31 March 2011 the amounts included in creditors in respect of management fees and registration fees due to the ACD are £39,748 and £1,432 respectively (31 March 2010: £38,086 and £1,350).

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

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

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

13. Financial instruments

The Authorised Corporate Director's policy and approach to managing the risks associated with financial instruments are included in the aggregated notes to the financial statements on pages 16 to 17.

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

At the year end 2.18% of the fund's assets by value were interest bearing.

(b) Currency exposure

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

Numerical disclosures are as follows:

Currency	Monetary exposures £	Non- monetary exposures £	Total £
31 Mar 11			
US Dollar	710,275	49,159,921	49,870,196
	710,275	49,159,921	49,870,196
Sterling	637,345	-	637,345
	£1,347,620	£49,159,921	£50,507,541
31 Mar 10			
US Dollar	467,004	45,033,691	45,500,695
	467,004	45,033,691	45,500,695
Sterling	147,331	-	147,331
	£614,335	£45,033,691	£45,648,026

(c) Fair value of financial assets and financial liabilities

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

14. Portfolio transaction costs

Analysis of total purchase costs	£	31 Mar 11	£	31 Mar 10	£
Purchases in year before transaction costs		39,685,196		32,362,833	
Commissions & taxes	25,595		19,335		
Total purchase costs		25,595		19,335	
Gross purchase total		£39,710,791		£32,382,168	

Analysis of total sale costs	£	31 Mar 11	£	31 Mar 10	£
Gross sales in year before transaction costs		40,684,598		17,813,541	
Commissions & taxes	(25,872)		(12,056)		
Total sale costs		(25,872)		(12,056)	
Total sales net of transaction costs		£40,658,726		£17,801,485	

Distribution table**For the year ended 31 March 2011 (in pence per share)**

Final dividend distribution

Group 1: Shares purchased prior to 1 October 2010

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

	Net revenue (p)	Equalisation (note 10) (p)	Distribution payable 31/05/11 (p)	Distribution paid 31/05/10 (p)
Class A - Accumulation				
Group 1	0.00	-	0.00	0.00
Group 2	0.00	0.00	0.00	0.00
Class B - Accumulation				
Group 1	0.00	-	0.00	0.00
Group 2	0.00	0.00	0.00	0.00

Interim dividend distribution

Group 1: Shares purchased prior to 1 April 2010

Group 2: Shares purchased between 1 April 2010 and 30 September 2010

	Net revenue (p)	Equalisation (note 10) (p)	Distribution paid 30/11/10 (p)	Distribution paid 30/11/09 (p)
Class A - Accumulation				
Group 1	0.00	-	0.00	0.00
Group 2	0.00	0.00	0.00	0.00
Class B - Accumulation				
Group 1	0.00	-	0.00	0.00
Group 2	0.00	0.00	0.00	0.00

Details of the Company and other information

Authorised status

UBS Investment Funds ICVC II is an open-ended investment company with variable capital incorporated in England and Wales under registered number IC000307 and is authorised by the Financial Services Authority with effect from 21 May 2004. The Company has been certified under the Undertaking for Collective Investment in Transferable Securities (UCITS) directive.

Structure of the Company

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

Liability

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

Changes to the Prospectus

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

- Three new Funds, UBS Asian Consumption Fund, UBS Emerging Markets Growth Fund and UBS Emerging Markets Equity Income Fund were launched on 17 December 2010, 28 October 2010 and 31 January 2011 respectively.

Buying and selling shares

Dealing is on a forward basis and share prices are calculated daily at 12 p.m. K and J shares in all Funds, where they are available, can be bought either by sending a completed application form to the ACD or by telephoning the ACD on 020 7901 5800. Shares in all other funds can be bought by sending an application form to the administrator, International Financial Data Services (UK) Ltd (IFDS) or by telephoning IFDS on 0800 587 2112.

Minimum investments

The minimum initial lump-sum investment in Class A Shares is £1,000. The minimum subsequent lump-sum investment is £500. The minimum holding is £500.

The minimum initial lump-sum investment for Class B Shares is £100,000. The minimum holding and subsequent lump-sum investment is £500, except for UBS Active Bond Fund for which the minimum holding is £100,000 and subsequent single subscription is £10,000.

The minimum initial lump-sum investment for Class J Shares is £100,000. The minimum holding is £50,000 and subsequent lump sum subscription is £500. Investments in Class J shares are restricted to companies within the UBS AG Group and to clients of companies within the UBS AG Group.

The minimum initial lump-sum investment for Class K Shares is £50,000. The minimum holding is £50,000 and subsequent lump sum subscription is £10,000. Investments in Class J shares are restricted to companies within the UBS AG Group and to clients of companies within the UBS AG Group.

The minimum initial lump-sum investment for Class Z Shares is £1,000,000. The minimum holding is £500,000 and subsequent lump sum subscription is £100,000. Investments in Class Z shares are restricted to companies within the UBS AG Group and to clients of companies within the UBS AG Group.

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

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

Shareholder funds

Several classes of share may be issued in respect of each Fund. Each Share class can be distinguished by their criteria for subscription and fee structure. The minimum initial single lump-sum investment and annual management charge on each share class is shown below.

		Minimum investment (£)	Management fee (%)
UBS Absolute Return Bond Fund	Class A shares*	£1,000	1.00
	Class B shares	£100,000	0.65
UBS Active Bond Fund	Class A shares*	£1,000	0.75
	Class B shares	£100,000	0.40
UBS Asian Consumption Fund	Class A shares*	£1,000	1.50
	Class B shares	£100,000	0.90
	Class K shares	£50,000	0.00
UBS Asian Equity Fund	Class A shares*	£1,000	1.50
	Class B shares	£100,000	0.90
	Class J shares	£100,000	1.00
UBS Emerging Markets Equity Income Fund	Class A shares*	£1,000	1.50
	Class B shares	£100,000	0.90
	Class K shares	£50,000	0.00
UBS Emerging Markets Growth Fund	Class A shares*	£1,000	1.50
	Class B shares	£100,000	0.90
	Class J shares	£100,000	1.00
	Class K shares	£50,000	0.00
UBS European Equity Fund	Class A shares*	£1,000	1.50
	Class B shares	£100,000	0.90
	Class J shares	£100,000	1.00
UBS US 130/30 Equity Fund	Class A shares*	£1,000	1.60
	Class B shares	£100,000	1.00
	Class K shares	£50,000	0.00
UBS US Growth Fund	Class A shares*	£1,000	1.50
	Class B shares	£100,000	0.90

* for Class A shares purchased through a regular savings plan, the minimum regular subscription is £50 per month.

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

Dealing charges**Initial charge**

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

		Current charge
UBS Absolute Return Bond Fund	Class A shares	1.00%
	Class B shares	0.00%
UBS Active Bond Fund	Class A shares	4.00%
	Class B shares	4.00%
UBS Asian Consumption Fund	Class A shares	4.00%
	Class B shares	0.00%
	Class K shares	0.00%
UBS Asian Equity Fund	Class A shares	4.00%
	Class B shares	0.00%
	Class J shares	0.00%
UBS Emerging Markets Equity Income Fund	Class A shares	4.00%
	Class B shares	0.00%
	Class K shares	0.00%
UBS Emerging Markets Growth Fund	Class A shares	4.00%
	Class B shares	0.00%
	Class J shares	0.00%
	Class K shares	0.00%
UBS European Equity Fund	Class A shares	4.00%
	Class B shares	0.00%
	Class J shares	0.00%
UBS US 130/30 Equity Fund	Class A shares	4.00%
	Class B shares	0.00%
	Class B shares	0.00%
UBS US Growth Fund	Class A shares	4.00%
	Class B shares	0.00%

Charges on switching

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

	Switching charge %
Class A shares to Class B, J, K or Z shares in the same Fund or another Fund	0.00%
Class A shares of any Fund to Class A shares of another Fund	0.25%
Class B, J, K or Z shares of any Fund to Class B, J, K or Z shares in the same Fund or another Fund	0.00%
Class B, J, K or Z shares to Class A shares in the same Fund or another Fund*	0.25%

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

Directors of UBS Global Asset Management Funds Ltd

G R Kane (Chairman)	R Beechey
D S Carter	J H Nestor
A J Davies	P Schmidt

The company and Head Office

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

Authorised Corporate Director and Registrar

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

Authorised and regulated by the Financial Services Authority

Depositary

The Royal Bank of Scotland plc
The Broadstone
50 South Gyle Crescent
Edinburgh EH12 9UZ

Authorised and regulated by the Financial Services Authority

Transfer Agent

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

Investment Manager

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

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

Custodian

JP Morgan Chase Bank
1 Chaseside
Bournemouth
Dorset BH7 7DA

Auditor

Ernst & Young LLP
Ten George Street
Edinburgh EH2 2DZ

Legal Adviser

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