

UBS Exchange Traded Funds

Financial Report

For the year ended 30 June 2017

This financial report covers the following UBS Exchange Traded Funds:

UBS IQ Morningstar Australia Quality ETF (ASX code: ETF)

ARSN 159 571 534

UBS IQ Morningstar Australia Dividend Yield ETF (ASX code: DIV)

ARSN 161 570 574

UBS IQ MSCI Australia Ethical ETF (ASX code: UBA)

ARSN 166 219 601

UBS IQ MSCI Asia APEX 50 Ethical ETF (ASX code: UBP)

ARSN 603 812 826

UBS IQ MSCI Europe Ethical ETF (ASX code: UBE)

ARSN 603 813 949

UBS IQ MSCI Japan Ethical ETF (ASX Code: UBJ)

ARSN 603 812 451

UBS IQ MSCI USA Ethical ETF (ASX Code: UBU)

ARSN 603 812 246

UBS IQ MSCI World ex Australia Ethical ETF (ASX code: UBW)

ARSN 603 812 040

UBS Exchange Traded Funds

Financial Report

For the year ended 30 June 2017

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The financial report covers the UBS IQ Morningstar Australia Quality ETF, UBS IQ Morningstar Australia Dividend Yield ETF, UBS IQ MSCI Australia Ethical ETF, UBS IQ MSCI Asia APEX 50 Ethical ETF, UBS IQ MSCI Europe Ethical ETF, UBS IQ MSCI Japan Ethical ETF, UBS IQ MSCI USA Ethical ETF and UBS IQ MSCI World ex Australia Ethical ETF as individual entities.

Directors' Report

The directors of UBS Asset Management (Australia) Ltd (ABN 31 003 146 290) (AFSL 222 605), the Responsible Entity of the UBS IQ Morningstar Australia Quality ETF, UBS IQ Morningstar Australia Dividend Yield ETF, UBS IQ MSCI Australia Ethical ETF, UBS IQ MSCI Asia APEX 50 Ethical ETF, UBS IQ MSCI Europe Ethical ETF, UBS IQ MSCI Japan Ethical ETF, UBS IQ MSCI USA Ethical ETF and UBS IQ MSCI World ex Australia Ethical ETF ("the Funds"), present their report together with the financial statements of the Funds for the year ended 30 June 2017.

Funds' information

The Funds are Australian Registered Schemes. UBS Asset Management (Australia) Ltd, the Responsible Entity of the Funds, is incorporated and domiciled in Australia. The registered office of the Responsible Entity is located at Level 16 Chifley Tower, 2 Chifley Square, Sydney, NSW 2000.

Directors

The following persons held office as directors of UBS Asset Management (Australia) Ltd during the year and up to the date of this report:

B J Doherty, Chairman
A L Anderson
J D Males
A L Flockart
R Buehlmann

Principal Activities

During the year, the Funds continued to invest funds in accordance with their current Product Disclosure Statements and the provisions of the Funds' Constitutions.

The Funds did not have any employees during the year.

There were no significant changes in the nature of the Funds' activities during the year or since the end of the year and up to the date of this report.

Review and results of operations

There have been no significant changes to the operations of the Funds since the previous financial year. The Funds continued to invest funds in accordance with target asset allocations as set out in the governing documents of the Funds and in accordance with the provisions of the Funds' Constitutions.

Directors' Report (continued)

Review and results of operations (continued)

The performance of the Funds, as represented by the results of their operations, was as follows:

	UBS IQ Morningstar Australia Quality ETF		UBS IQ Morningstar Australia Dividend Yield ETF	
	Year ended		Year ended	
	30 June 2017 \$'000	30 June 2016 \$'000	30 June 2017 \$'000	30 June 2016 \$'000
Profit/(loss) before finance costs attributable to unitholders	<u>(3,898)</u>	<u>(2,481)</u>	<u>2,532</u>	<u>3</u>
<i>Distributions - quoted class</i>				
Total distribution paid	<u>713</u>	<u>1,072</u>	<u>806</u>	<u>722</u>
Total distribution payable	<u>284</u>	<u>245</u>	<u>238</u>	<u>348</u>
Total distribution (cents per unit)	<u>74.05</u>	<u>109.40</u>	<u>80.19</u>	<u>89.17</u>
Total return (including both capital and distribution return) for the year assuming reinvestment of all distributions back into the Fund (%)	<u>5.83</u>	<u>3.86</u>	<u>10.59</u>	<u>0.29</u>
<i>Distributions - unquoted class</i>				
Total distribution paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total distribution payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total distribution (cents per unit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total return (including both capital and distribution return) for the year assuming reinvestment of all distributions back into the Fund (%)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Directors' Report (continued)

Review and results of operations (continued)

	UBS IQ MSCI Australia Ethical ETF Year ended		UBS IQ MSCI Asia APEX 50 Ethical ETF Year ended	
	30 June 2017 \$'000	30 June 2016 \$'000	30 June 2017 \$	30 June 2016 \$
Profit/(loss) before finance costs attributable to unitholders	<u>20,275</u>	<u>1,751</u>	<u>281,132</u>	<u>(96,414)</u>
<i>Distributions - quoted class</i>				
Total distribution paid	<u>4,131</u>	<u>2,384</u>	<u>10,766</u>	<u>-</u>
Total distribution payable	<u>2,185</u>	<u>1,748</u>	<u>14,277</u>	<u>23,462</u>
Total distribution (cents per unit)	<u>79.14</u>	<u>77.00</u>	<u>29.68</u>	<u>46.91</u>
Total return (including both capital and distribution return) for the year assuming reinvestment of all distributions back into the Fund (%)	<u>14.97</u>	<u>(1.41)</u>	<u>31.15</u>	<u>(9.98)</u>
<i>Distributions - unquoted class</i>				
Total distribution paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total distribution payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total distribution (cents per unit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total return (including both capital and distribution return) for the year assuming reinvestment of all distributions back into the Fund (%)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Directors' Report (continued)

Review and results of operations (continued)

	UBS IQ MSCI Europe Ethical ETF Year ended		UBS IQ MSCI Japan Ethical ETF Year ended	
	30 June 2017 \$	30 June 2016 \$	30 June 2017 \$	30 June 2016 \$
Profit/(loss) before finance costs attributable to unitholders	<u>1,179,984</u>	<u>(986,572)</u>	<u>449,640</u>	<u>(152,336)</u>
<i>Distributions - quoted class</i>				
Total distribution paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total distribution payable	<u>194,567</u>	<u>182,418</u>	<u>48,501</u>	<u>64,529</u>
Total distribution (cents per unit)	<u>51.81</u>	<u>48.63</u>	<u>32.29</u>	<u>43.02</u>
Total return (including both capital and distribution return) for the year assuming reinvestment of all distributions back into the Fund (%)	<u>17.79</u>	<u>(9.10)</u>	<u>16.27</u>	<u>(6.63)</u>
<i>Distributions - unquoted class</i>				
Total distribution paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total distribution payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total distribution (cents per unit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total return (including both capital and distribution return) for the year assuming reinvestment of all distributions back into the Fund (%)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Directors' Report (continued)

Review and results of operations (continued)

	UBS IQ MSCI USA Ethical ETF Year ended		UBS IQ MSCI World ex Australia Ethical ETF Year ended	
	30 June 2017 \$	30 June 2016 \$	30 June 2017 \$'000	30 June 2016 \$'000
Profit/(loss) before finance costs attributable to unitholders	<u>715,768</u>	<u>248,744</u>	<u>4,563</u>	<u>(62)</u>
<i>Distributions - quoted class</i>				
Total distribution paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total distribution payable	<u>120,492</u>	<u>71,052</u>	<u>376</u>	<u>252</u>
Total distribution (cents per unit)	<u>48.17</u>	<u>28.42</u>	<u>42.93</u>	<u>40.34</u>
Total return (including both capital and distribution return) for the year assuming reinvestment of all distributions back into the Fund (%)	<u>13.76</u>	<u>5.34</u>	<u>14.68</u>	<u>(0.02)</u>
<i>Distributions - unquoted class</i>				
Total distribution paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total distribution payable	<u>-</u>	<u>-</u>	<u>339</u>	<u>312</u>
Total distribution (cents per unit)	<u>-</u>	<u>-</u>	<u>42.93</u>	<u>40.34</u>
Total return (including both capital and distribution return) for the year assuming reinvestment of all distributions back into the Fund (%)	<u>-</u>	<u>-</u>	<u>14.68</u>	<u>(0.02)</u>

Significant changes in the state of affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Funds that occurred during the financial year, other than those changes identified in the financial statements for the year ended 30 June 2017.

Likely developments and expected results of operations

The Funds will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Funds and in accordance with the provisions of the Funds' Constitutions.

Further information on likely developments in the operations of the Funds and the expected results of those operations have not been included in this report because the Responsible Entity believes it would be likely to result in unreasonable prejudice to the Funds.

Events occurring after reporting period

No matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect:

- (i) the operations of the Funds in future financial years, or
- (ii) the results of those operations in future financial years, or
- (iii) the state of affairs of the Funds in future financial years.

Directors' Report (continued)

Indemnification and insurance of officers and auditors

No insurance premiums are paid for out of the assets of the Funds in regards to insurance cover provided to either the officers of UBS Asset Management (Australia) Ltd or the auditors of the Funds. So long as the officers of UBS Asset Management (Australia) Ltd act in accordance with the Funds' Constitutions and the *Corporations Act 2001*, the officers remain indemnified out of the assets of the Funds against losses incurred while acting on behalf of the Funds.

The auditors of the Funds are in no way indemnified out of the assets of the Funds.

Fees paid to and interests held in the Funds by the Responsible Entity or its associates

Fees paid to the Responsible Entity and its associates out of Funds' assets during the year are disclosed in Note 16 to the financial statements.

No fees were paid out of the Funds' assets to the directors of the Responsible Entity during the year.

The number of interests in the Funds held by the Responsible Entity or its associates as at the end of the financial year are disclosed in Note 16 to the financial statements.

Interests in the Funds

The movement in units on issue in the Funds during the year is disclosed in Note 5 to the financial statements.

The value of the Funds' assets and liabilities is disclosed in the Statement of Financial Position and derived using the basis set out in Note 2 to the financial statements.

Environmental regulation

The operations of the Funds are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

Single set of financial reports

The Funds are entities of the kind referred to in ASIC Corporations (Related Scheme Reports) Instrument 2015/839 issued by the Australian Securities and Investments Commission (ASIC) and in accordance with that Instrument, Funds with a common Responsible Entity (or related Responsible Entities) can include their financial reports in adjacent columns in a single set of financial reports.

Proceeds from redeeming units in a Fund can be applied to acquire units in other Funds included in these financial statements. All the Funds are open-ended.

Rounding of amounts

The Funds are entities of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission (ASIC) relating to the "rounding off" of amounts in the Directors' report. For UBS IQ Morningstar Australia Quality ETF, UBS IQ Morningstar Australia Dividend Yield ETF, UBS IQ MSCI Australia Ethical ETF and UBS IQ MSCI World ex Australia Ethical ETF, amounts in the Directors' report have been rounded to the nearest thousand dollars in accordance with that ASIC Instrument, unless otherwise indicated. For UBS IQ MSCI Asia APEX 50 Ethical ETF, UBS IQ MSCI Europe Ethical ETF, UBS IQ MSCI Japan Ethical ETF and UBS IQ MSCI USA Ethical ETF, amounts in the Directors' report have been rounded to the nearest dollar in accordance with that ASIC Instrument, unless otherwise indicated.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 9.

This report is made in accordance with a resolution of the directors.

Directors' Report (continued)

Auditor's Independence Declaration (continued)



B J Doherty
Chairman



A L Anderson
Director

Sydney
5 September 2017

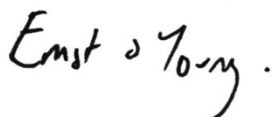
Auditor's Independence Declaration to the Directors of UBS Asset Management (Australia) Ltd, as Responsible Entity for UBS Exchange Traded Funds

For the following UBS Exchanged Traded Funds ("the Funds"):

- ▶ UBS IQ Morningstar Australia Quality ETF
- ▶ UBS IQ Morningstar Australia Dividend Yield ETF
- ▶ UBS IQ MSCI Australia Ethical ETF
- ▶ UBS IQ MSCI Asia APEX 50 Ethical ETF
- ▶ UBS IQ MSCI Europe Ethical ETF
- ▶ UBS IQ MSCI Japan Ethical ETF
- ▶ UBS IQ MSCI USA Ethical ETF
- ▶ UBS IQ MSCI World ex Australia Ethical ETF

As lead auditor for the audit of the Funds for the financial year ended 30 June 2017, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.



Ernst & Young



Graeme McKenzie
Partner
5 September 2017

Statements of Comprehensive Income

		UBS IQ Morningstar Australia Quality ETF		UBS IQ Morningstar Australia Dividend Yield ETF	
		Year ended		Year ended	
	Notes	30 June 2017 \$'000	30 June 2016 \$'000	30 June 2017 \$'000	30 June 2016 \$'000
Investment income					
Dividend/Trust distribution income		1,120	1,473	1,167	1,128
Interest income		-	1	-	-
Net gains/(losses) on financial instruments held at fair value through profit or loss	4	(4,923)	(3,693)	1,448	(989)
Net foreign exchange gains/(losses)		-	1	-	-
Other income		-	-	-	1
Total Investment income/(loss)		(3,803)	(2,218)	2,615	140
Expenses					
Responsible Entity's fees	16	85	236	77	122
Transaction costs		10	22	6	14
Other expenses		-	5	-	1
Total Expenses		95	263	83	137
Profit/(loss) before finance costs attributable to unitholders		(3,898)	(2,481)	2,532	3
Finance costs attributable to unitholders					
Distributions to unitholders	6	997	1,317	1,044	1,070
Increase/(decrease) in net assets attributable to unitholders	5	(4,895)	(3,798)	1,488	(1,067)
Profit/(loss) for the year attributable to unitholders		-	-	-	-
Other comprehensive income for the year attributable to unitholders		-	-	-	-
Total comprehensive income for the year attributable to unitholders		-	-	-	-

The above Statements of Comprehensive Income should be read in conjunction with the accompanying notes.

Statements of Comprehensive Income (continued)

	Notes	UBS IQ MSCI Australia Ethical ETF		UBS IQ MSCI Asia APEX 50 Ethical ETF	
		Year ended 30 June 2017 \$'000	30 June 2016 \$'000	Year ended 30 June 2017 \$	30 June 2016 \$
Investment income					
Dividend/Trust distribution income		6,596	4,917	42,630	28,490
Interest income		1	2	-	-
Net gains/(losses) on financial instruments held at fair value through profit or loss	4	13,944	(2,992)	222,020	(117,875)
Net foreign exchange gains/(losses)		-	-	21,904	239
Other income		-	-	7,531	45
Total Investment income/(loss)		<u>20,541</u>	<u>1,927</u>	<u>294,085</u>	<u>(89,101)</u>
Expenses					
Responsible Entity's fees	16	256	167	5,748	3,938
Transaction costs		4	4	2,328	449
Other expenses		6	5	4,877	2,926
Total Expenses		<u>266</u>	<u>176</u>	<u>12,953</u>	<u>7,313</u>
Profit/(loss) before finance costs attributable to unitholders		<u>20,275</u>	<u>1,751</u>	<u>281,132</u>	<u>(96,414)</u>
Finance costs attributable to unitholders					
Distributions to unitholders	6	6,316	4,132	25,043	23,462
Increase/(decrease) in net assets attributable to unitholders	5	13,959	(2,381)	256,089	(119,876)
Profit/(loss) for the year attributable to unitholders		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the year attributable to unitholders		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the year attributable to unitholders		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The above Statements of Comprehensive Income should be read in conjunction with the accompanying notes.

Statements of Comprehensive Income (continued)

		UBS IQ MSCI Europe Ethical ETF		UBS IQ MSCI Japan Ethical ETF	
		Year ended		Year ended	
		30 June 2017	30 June 2016	30 June 2017	30 June 2016
	Notes	\$	\$	\$	\$
Investment income					
Dividend/Trust distribution income		239,204	233,728	68,646	79,963
Net gains/(losses) on financial instruments held at fair value through profit or loss	4	992,086	(1,179,226)	403,514	(218,896)
Net foreign exchange gains/(losses)		(770)	5,317	(3,359)	9,493
Other income		759	11,948	-	630
Total Investment income/(loss)		1,231,279	(928,233)	468,801	(128,810)
Expenses					
Responsible Entity's fees	16	28,238	25,107	12,222	14,782
Transaction costs		666	11,774	30	689
Other expenses		22,391	21,458	6,909	8,055
Total Expenses		51,295	58,339	19,161	23,526
Profit/(loss) before finance costs attributable to unitholders		1,179,984	(986,572)	449,640	(152,336)
Finance costs attributable to unitholders					
Distributions to unitholders	6	194,567	182,418	48,501	64,529
Increase/(decrease) in net assets attributable to unitholders	5	985,417	(1,168,990)	401,139	(216,865)
Profit/(loss) for the year attributable to unitholders		-	-	-	-
Other comprehensive income for the year attributable to unitholders		-	-	-	-
Total comprehensive income for the year attributable to unitholders		-	-	-	-

The above Statements of Comprehensive Income should be read in conjunction with the accompanying notes.

Statements of Comprehensive Income (continued)

		UBS IQ MSCI USA Ethical ETF		UBS IQ MSCI World ex Australia Ethical ETF	
		Year ended		Year ended	
		30 June 2017	30 June 2016	30 June 2017	30 June 2016
Notes		\$	\$	\$'000	\$'000
Investment income					
		114,314	68,380	829	663
	4	628,232	176,989	3,980	(603)
		(48)	20,009	(27)	47
		<u>1,805</u>	<u>1,363</u>	<u>8</u>	<u>10</u>
		<u>744,303</u>	<u>266,741</u>	<u>4,790</u>	<u>117</u>
Expenses					
	16	11,180	6,315	117	88
		39	512	5	8
		<u>17,316</u>	<u>11,170</u>	<u>105</u>	<u>83</u>
		<u>28,535</u>	<u>17,997</u>	<u>227</u>	<u>179</u>
Profit/(loss) before finance costs attributable to unitholders					
		<u>715,768</u>	<u>248,744</u>	<u>4,563</u>	<u>(62)</u>
Finance costs attributable to unitholders					
	6	120,492	71,052	715	564
	5	<u>595,276</u>	<u>177,692</u>	<u>3,848</u>	<u>(626)</u>
Profit/(loss) for the year attributable to unitholders					
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the year attributable to unitholders					
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the year attributable to unitholders					
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The above Statements of Comprehensive Income should be read in conjunction with the accompanying notes.

Statements of Financial Position

	Notes	UBS IQ Morningstar Australia Quality ETF		UBS IQ Morningstar Australia Dividend Yield ETF	
		As at		As at	
		30 June 2017 \$'000	30 June 2016 \$'000	30 June 2017 \$'000	30 June 2016 \$'000
Assets					
Cash and cash equivalents	7	300	1	105	7
Receivables	10	202	248	149	102
Financial assets held at fair value through profit or loss	8	<u>27,452</u>	<u>6,951</u>	<u>27,544</u>	<u>23,399</u>
Total assets		<u>27,954</u>	<u>7,200</u>	<u>27,798</u>	<u>23,508</u>
Liabilities					
Distributions payable	6	284	245	238	348
Payables	11	206	26	9	7
Financial liabilities held at fair value through profit or loss	9	<u>3</u>	<u>-</u>	<u>2</u>	<u>-</u>
Total liabilities (excluding net assets attributable to unitholders)		<u>493</u>	<u>271</u>	<u>249</u>	<u>355</u>
Net assets attributable to unitholders	5	<u>27,461</u>	<u>6,929</u>	<u>27,549</u>	<u>23,153</u>

The above Statements of Financial Position should be read in conjunction with the accompanying notes.

Statements of Financial Position (continued)

	Notes	UBS IQ MSCI Australia Ethical ETF		UBS IQ MSCI Asia APEX 50 Ethical ETF	
		As at		As at	
		30 June 2017 \$'000	30 June 2016 \$'000	30 June 2017 \$	30 June 2016 \$
Assets					
Cash and cash equivalents	7	464	300	6,324	1,506
Receivables	10	1,489	1,372	27,462	31,265
Financial assets held at fair value through profit or loss	8	159,740	134,045	3,855,884	846,821
Total assets		<u>161,693</u>	<u>135,717</u>	<u>3,889,670</u>	<u>879,592</u>
Liabilities					
Distributions payable	6	2,185	1,748	14,277	23,462
Payables	11	26	23	5,184	1,586
Financial liabilities held at fair value through profit or loss	9	26	-	-	7
Total liabilities (excluding net assets attributable to unitholders)		<u>2,237</u>	<u>1,771</u>	<u>19,461</u>	<u>25,055</u>
Net assets attributable to unitholders	5	<u>159,456</u>	<u>133,946</u>	<u>3,870,209</u>	<u>854,537</u>

The above Statements of Financial Position should be read in conjunction with the accompanying notes.

Statements of Financial Position (continued)

	Notes	UBS IQ MSCI Europe Ethical ETF		UBS IQ MSCI Japan Ethical ETF	
		As at		As at	
		30 June 2017	30 June 2016	30 June 2017	30 June 2016
		\$	\$	\$	\$
Assets					
Cash and cash equivalents	7	72,012	10,887	15,436	16,031
Receivables	10	177,865	210,862	45,005	60,858
Financial assets held at fair value through profit or loss	8	<u>7,529,802</u>	<u>6,568,644</u>	<u>3,167,997</u>	<u>2,762,170</u>
Total assets		<u>7,779,679</u>	<u>6,790,393</u>	<u>3,228,438</u>	<u>2,839,059</u>
Liabilities					
Distributions payable	6	194,567	182,418	48,501	64,529
Payables	11	5,028	22,299	1,612	1,401
Financial liabilities held at fair value through profit or loss	9	<u>1,568</u>	<u>236</u>	<u>147</u>	<u>69</u>
Total liabilities (excluding net assets attributable to unitholders)		<u>201,163</u>	<u>204,953</u>	<u>50,260</u>	<u>65,999</u>
Net assets attributable to unitholders	5	<u>7,578,516</u>	<u>6,585,440</u>	<u>3,178,178</u>	<u>2,773,060</u>

The above Statements of Financial Position should be read in conjunction with the accompanying notes.

Statements of Financial Position (continued)

	Notes	UBS IQ MSCI USA Ethical ETF		UBS IQ MSCI World ex Australia Ethical ETF	
		As at		As at	
		30 June 2017	30 June 2016	30 June 2017	30 June 2016
		\$	\$	\$'000	\$'000
Assets					
Cash and cash equivalents	7	7,570	8,326	132	66
Receivables	10	113,235	74,409	395	286
Financial assets held at fair value through profit or loss	8	5,792,467	5,184,246	37,178	27,801
Total assets		5,913,272	5,266,981	37,705	28,153
Liabilities					
Distributions payable	6	120,492	71,052	715	564
Payables	11	1,929	2,736	15	16
Financial liabilities held at fair value through profit or loss	9	124	-	1	-
Total liabilities (excluding net assets attributable to unitholders)		122,545	73,788	731	580
Net assets attributable to unitholders	5	5,790,727	5,193,193	36,974	27,573

The above Statements of Financial Position should be read in conjunction with the accompanying notes.

Statements of Changes in Equity

	UBS IQ Morningstar Australia Quality ETF		UBS IQ Morningstar Australia Dividend Yield ETF	
	Year ended		Year ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	\$'000	\$'000	\$'000	\$'000
Total equity at the beginning of the year	-	-	-	-
Profit/(loss) for the year attributable to unitholders	-	-	-	-
Other comprehensive income for the year attributable to unitholders	-	-	-	-
Total comprehensive income for the year attributable to unitholders	-	-	-	-
Transactions with owners in their capacity as owners	-	-	-	-
Total equity at the end of the year	-	-	-	-

	UBS IQ MSCI Australia Ethical ETF		UBS IQ MSCI Asia APEX 50 Ethical ETF	
	Year ended		Year ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	\$'000	\$'000	\$	\$
Total equity at the beginning of the year	-	-	-	-
Profit/(loss) for the year attributable to unitholders	-	-	-	-
Other comprehensive income for the year attributable to unitholders	-	-	-	-
Total comprehensive income for the year attributable to unitholders	-	-	-	-
Transactions with owners in their capacity as owners	-	-	-	-
Total equity at the end of the year	-	-	-	-

In accordance with AASB 132 Financial Instruments: Presentation, net assets attributable to unitholders are classified as a liability rather than equity. As a result, there was no equity at the beginning and the end of the year.

Changes in net assets attributable to unitholders are disclosed in Note 5.

The above Statements of Changes in Equity should be read in conjunction with the accompanying notes.

Statements of Changes in Equity (continued)

	UBS IQ MSCI Europe Ethical ETF		UBS IQ MSCI Japan Ethical ETF	
	Year ended		Year ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	\$	\$	\$	\$
Total equity at the beginning of the year	-	-	-	-
Profit/(loss) for the year attributable to unitholders	-	-	-	-
Other comprehensive income for the year attributable to unitholders	-	-	-	-
Total comprehensive income for the year attributable to unitholders	-	-	-	-
Transactions with owners in their capacity as owners	-	-	-	-
Total equity at the end of the year	-	-	-	-

	UBS IQ MSCI USA Ethical ETF		UBS IQ MSCI World ex Australia Ethical ETF	
	Year ended		Year ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	\$	\$	\$'000	\$'000
Total equity at the beginning of the year	-	-	-	-
Profit/(loss) for the year attributable to unitholders	-	-	-	-
Other comprehensive income for the year attributable to unitholders	-	-	-	-
Total comprehensive income for the year attributable to unitholders	-	-	-	-
Transactions with owners in their capacity as owners	-	-	-	-
Total equity at the end of the year	-	-	-	-

In accordance with AASB 132 Financial Instruments: Presentation, net assets attributable to unitholders are classified as a liability rather than equity. As a result, there was no equity at the beginning and the end of the year.

Changes in net assets attributable to unitholders are disclosed in Note 5.

The above Statements of Changes in Equity should be read in conjunction with the accompanying notes.

Statements of Cash Flows

	Notes	UBS IQ Morningstar Australia Quality ETF		UBS IQ Morningstar Australia Dividend Yield ETF	
		Year ended		Year ended	
		30 June 2017 \$'000	30 June 2016 \$'000	30 June 2017 \$'000	30 June 2016 \$'000
Cash flows from operating activities					
Proceeds from sale of financial instruments held at fair value through profit or loss		17,198	38,763	11,055	28,041
Purchase of financial instruments held at fair value through profit or loss		(17,368)	(40,158)	(11,699)	(28,785)
Dividends/Trust distributions received		994	1,560	1,100	1,129
Interest received		-	1	-	-
Net foreign exchange gains/(losses)		-	1	-	-
Other income received		-	18	-	3
Responsible Entity's fees paid		(80)	(267)	(76)	(130)
Payments for other expenses		(11)	(27)	(6)	(13)
Net cash inflows/(outflows) from operating activities	18(a)	<u>733</u>	<u>(109)</u>	<u>374</u>	<u>245</u>
Cash flows from financing activities					
Proceeds from applications by unitholders(i)		-	-	2	-
Payments for redemptions by unitholders(i)		-	1	-	-
Distributions paid		(434)	(231)	(278)	(325)
Net cash inflows/(outflows) from financing activities		<u>(434)</u>	<u>(230)</u>	<u>(276)</u>	<u>(325)</u>
Net increase/(decrease) in cash and cash equivalents		299	(339)	98	(80)
Cash and cash equivalents at the beginning of the year		1	340	7	87
Effects of foreign exchange rate changes on cash and cash equivalents		-	-	-	-
Cash and cash equivalents at the end of the year	18(b)	<u>300</u>	<u>1</u>	<u>105</u>	<u>7</u>

(i) Refer to Note 5 for non-cash applications and redemptions, where applicable.

The above Statements of Cash Flows should be read in conjunction with the accompanying notes.

Statements of Cash Flows (continued)

	UBS IQ MSCI Australia Ethical ETF		UBS IQ MSCI Asia APEX 50 Ethical ETF	
	Year ended		Year ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
Notes	\$'000	\$'000	\$	\$
Cash flows from operating activities				
Proceeds from sale of financial instruments held at fair value through profit or loss	2,816	3,634	95,852	155,848
Purchase of financial instruments held at fair value through profit or loss	(8,769)	(7,972)	(2,858,390)	(175,806)
Dividends/Trust distributions received	6,474	4,230	24,529	24,908
Interest received	1	2	-	-
Net foreign exchange gains/(losses)	-	-	22,014	225
Other income received	-	-	2,115	-
Responsible Entity's fees paid	(253)	(159)	(4,615)	(3,971)
Payments for other expenses	(5)	(6)	(1,932)	(493)
Net cash inflows/(outflows) from operating activities	18(a) <u>264</u>	<u>(271)</u>	<u>(2,720,427)</u>	<u>711</u>
Cash flows from financing activities				
Proceeds from applications by unitholders(i)	-	185	2,758,713	-
Payments for redemptions by unitholders(i)	-	-	-	-
Distributions paid	(100)	(68)	(33,358)	(14,832)
Net cash inflows/(outflows) from financing activities	<u>(100)</u>	<u>117</u>	<u>2,725,355</u>	<u>(14,832)</u>
Net increase/(decrease) in cash and cash equivalents	164	(154)	4,928	(14,121)
Cash and cash equivalents at the beginning of the year	300	454	1,506	15,613
Effects of foreign exchange rate changes on cash and cash equivalents	-	-	(110)	14
Cash and cash equivalents at the end of the year	18(b) <u>464</u>	<u>300</u>	<u>6,324</u>	<u>1,506</u>

(i) Refer to Note 5 for non-cash applications and redemptions, where applicable.

The above Statements of Cash Flows should be read in conjunction with the accompanying notes.

Statements of Cash Flows (continued)

	Notes	UBS IQ MSCI Europe Ethical ETF Year ended		UBS IQ MSCI Japan Ethical ETF Year ended	
		30 June 2017 \$	30 June 2016 \$	30 June 2017 \$	30 June 2016 \$
Cash flows from operating activities					
Proceeds from sale of financial instruments held at fair value through profit or loss		455,161	241,540	79,390	2,141,061
Purchase of financial instruments held at fair value through profit or loss		(365,164)	(5,654,017)	(66,135)	(124,719)
Dividends/Trust distributions received		174,482	173,972	62,089	72,242
Net foreign exchange gains/(losses)		(1,228)	5,596	(3,090)	9,872
Other income received		702	11,523	54	709
Responsible Entity's fees paid		(27,913)	(23,557)	(12,084)	(15,352)
Payments for other expenses		(614)	(11,627)	-	(651)
Net cash inflows/(outflows) from operating activities	18(a)	<u>235,426</u>	<u>(5,256,570)</u>	<u>60,224</u>	<u>2,083,162</u>
Cash flows from financing activities					
Proceeds from applications by unitholders(i)		-	5,267,875	-	-
Payments for redemptions by unitholders(i)		-	-	-	(2,070,731)
Distributions paid		(174,759)	(38,777)	(60,550)	(32,573)
Net cash inflows/(outflows) from financing activities		<u>(174,759)</u>	<u>5,229,098</u>	<u>(60,550)</u>	<u>(2,103,304)</u>
Net increase/(decrease) in cash and cash equivalents		60,667	(27,472)	(326)	(20,142)
Cash and cash equivalents at the beginning of the year		10,887	38,638	16,031	36,552
Effects of foreign exchange rate changes on cash and cash equivalents		458	(279)	(269)	(379)
Cash and cash equivalents at the end of the year	18(b)	<u>72,012</u>	<u>10,887</u>	<u>15,436</u>	<u>16,031</u>

(i) Refer to Note 5 for non-cash applications and redemptions, where applicable.

The above Statements of Cash Flows should be read in conjunction with the accompanying notes.

Statements of Cash Flows (continued)

	Notes	UBS IQ MSCI USA Ethical ETF Year ended		UBS IQ MSCI World ex Australia Ethical ETF Year ended	
		30 June 2017 \$	30 June 2016 \$	30 June 2017 \$'000	30 June 2016 \$'000
Cash flows from operating activities					
Proceeds from sale of financial instruments held at fair value through profit or loss		255,498	175,500	1,317	1,012
Purchase of financial instruments held at fair value through profit or loss		(274,785)	(2,745,780)	(6,769)	(11,616)
Dividends/Trust distributions received		97,430	55,902	671	536
Net foreign exchange gains/(losses)		(51)	20,089	(27)	48
Other income received		1,711	1,293	7	9
Responsible Entity's fees paid		(11,054)	(5,812)	(114)	(85)
Payments for other expenses		(714)	(1,675)	(9)	(11)
Net cash inflows/(outflows) from operating activities	18(a)	68,035	(2,500,483)	(4,924)	(10,107)
Cash flows from financing activities					
Proceeds from applications by unitholders(i)		-	2,516,300	5,233	10,142
Payments for redemptions by unitholders(i)		-	-	-	-
Distributions paid		(68,794)	(12,043)	(243)	(16)
Net cash inflows/(outflows) from financing activities		(68,794)	2,504,257	4,990	10,126
Net increase/(decrease) in cash and cash equivalents		(759)	3,774	66	19
Cash and cash equivalents at the beginning of the year		8,326	4,632	66	48
Effects of foreign exchange rate changes on cash and cash equivalents		3	(80)	-	(1)
Cash and cash equivalents at the end of the year	18(b)	7,570	8,326	132	66

(i) Refer to Note 5 for non-cash applications and redemptions, where applicable.

The above Statements of Cash Flows should be read in conjunction with the accompanying notes.

1 General Information

These financial statements cover the UBS IQ Morningstar Australia Quality ETF, UBS IQ Morningstar Australia Dividend Yield ETF, UBS IQ MSCI Australia Ethical ETF, UBS IQ MSCI Asia APEX 50 Ethical ETF, UBS IQ MSCI Europe Ethical ETF, UBS IQ MSCI Japan Ethical ETF, UBS IQ MSCI USA Ethical ETF and UBS IQ MSCI World ex Australia Ethical ETF ("the Funds") as individual entities.

The Responsible Entity of the Funds is UBS Asset Management (Australia) Ltd ("the Responsible Entity"). The Responsible Entity's registered office is located at Level 16 Chifley Tower, 2 Chifley Square, Sydney NSW 2000. The Responsible Entity is incorporated and domiciled in Australia.

The financial statements of the Funds for the year ended 30 June 2017 were authorised for issue in accordance with a resolution of the directors of the Responsible Entity dated 5 September 2017. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

The financial statements are presented in Australian dollars.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001* in Australia.

The Funds are for-profit funds for the purpose of preparing the financial statements.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The Statement of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are expected to be recovered or settled within twelve months, except for investments in financial assets, financial liabilities held at fair value through profit or loss and net assets attributable to unitholders. The amount expected to be recovered or settled within twelve months after the end of the reporting period cannot be reliably determined.

(i) Compliance with Australian Accounting Standards and International Financial Reporting Standards (IFRS)

The financial statements of the Funds comply with Australian Accounting Standards as issued by the Australian Accounting Standards Board and also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

(ii) New and amended standards adopted by the Funds

The Funds applied the following accounting standard amendment which became effective for the first time for the financial year:

AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality: AASB 2015-3 completed the withdrawal of references to AASB 1031 *Materiality* in all Australian Accounting Standards and Interpretations, allowing AASB 1031 to be effectively withdrawn. The adoption of AASB 2015-3 did not have any impact on the Funds for the current period or any prior periods and will not impact any future periods.

There are no other standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2016 that have a material impact on the Funds.

2 Summary of significant accounting policies (continued)

(b) Investment entities

Funds that meet the definition of an investment entity within AASB 10 are required to measure their subsidiaries at fair value through profit or loss rather than consolidate them. The criteria which define an investment entity are, as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Board has concluded that the Funds meet the additional characteristics of an investment entity, in that it has more than one investment; the investments are predominantly in the form of equities and similar securities; it has more than one investor.

The Board has also concluded that the Funds meet the definition of an investment entity. These conclusions will be reassessed on an annual basis, if any of these criteria or characteristics change.

(c) Financial instruments

(i) Classification

The Funds' investments are classified as at fair value through profit or loss. They comprise:

- *Financial instruments held for trading*

Derivative financial instruments are categorised as held for trading within the financial asset or financial liability at fair value through profit or loss category.

- *Financial instruments designated at fair value through profit or loss upon initial recognition*

These include financial assets and financial liabilities that are not held for trading purposes and which may be sold. These are investments in international securities.

Financial assets and liabilities designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Funds' documented investment strategy. The Funds' policy is for the Responsible Entity to evaluate the information about these financial instruments on a fair value basis together with other related financial information.

(ii) Recognition/derecognition

The Funds recognise financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

A financial asset (or, where applicable a part of a financial asset or part of a group of similar assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Funds retain the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' agreement; or
- the Funds have transferred its rights to receive cash flows from the asset and either:

2 Summary of significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Recognition/derecognition (continued)

- (a) has transferred substantially all the risks and rewards of the asset; or
- (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Any gains or losses arising on derecognition of the asset (calculated as the difference between the disposal proceeds and the carrying amount of the asset) are included in the Statement of Comprehensive Income in the reporting period the asset is derecognised as realised gains or losses on financial instruments.

(iii) Measurement

Financial assets and liabilities held at fair value through profit or loss

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities held at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Statement of Comprehensive Income.

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the financial year without any deduction for estimated future selling costs. Financial assets are priced at current bid prices, while financial liabilities are priced at current asking price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial assets and liabilities not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is the market rate at the end of the year applicable for an investment with similar terms and conditions.

For other pricing models, inputs are based on market data at the end of the year.

There may be a difference between the fair value at initial recognition and amounts determined using a valuation technique. If such a difference exists, the Funds recognise the difference in the Statement of Comprehensive Income to reflect a change in factors, including time, that market participants would consider in setting a price.

The Funds' financial instruments that are valued based on active markets generally include listed instruments ranging from listed equities and/or listed derivatives, where applicable.

The Funds' financial instruments that are valued based on inactive or unquoted markets generally include unlisted instruments such as over the counter derivatives, where applicable.

Further details on how the fair values of financial instruments are determined are disclosed in Note 15.

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when, and only when, there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. Refer to Note 14 to the financial statements for further information.

2 Summary of significant accounting policies (continued)

(d) Net assets attributable to unitholders

Units are redeemable at the unitholders' option and are therefore classified as financial liabilities as the Funds are required to distribute its distributable income. The units can be put back to the Funds at any time for cash based on the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable (in cash and securities representing each investor's equal undivided, vested and infeasible interest in the assets as a whole, subject to liabilities as defined by the Funds' Constitutions) at the end of the reporting period if unitholders exercised their right to put the units back to the Funds.

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks or other financial institutions and margin accounts. Margin accounts comprise cash held as collateral for derivative transactions. The cash pertinent to the margin accounts is held by the broker and is only available to meet margin calls.

(f) Investment income

Interest income and expense is recognised in the Statement of Comprehensive Income for all debt instruments using the effective interest method.

Interest income on discount securities include both interest on maturity and any realized gains/(losses) on discount securities component.

Interest income on discount securities is calculated as the difference between the purchase price and face value on maturity of a security.

Dividend income is recognised on the ex-dividend date when the Funds' right to receive the payment is established and dividend revenue is presented gross of withholding tax in the Statement of Comprehensive Income.

Trust distributions are recognised on a present entitlement basis.

(g) Expenses

All expenses, including Responsible Entity's fees and other expenses, which include dividend withholding tax, are recognised in the Statement of Comprehensive Income on an accruals basis.

(h) Income tax

Under current legislation, the Funds are not subject to income tax as unitholders are presently entitled to the income of the Funds and the Funds fully distributes their net taxable income.

(i) Distributions

In accordance with the Funds' Constitutions, the Funds fully distribute their income adjusted for amounts determined by the Responsible Entity, to unitholders by cash or reinvestment. The distributions are recognised in the Statement of Comprehensive Income as finance costs attributable to unitholders.

(j) Increase/decrease in net assets attributable to unitholders

Non-distributable income is transferred directly to net assets attributable to unitholders and may consist of unrealised changes in the net fair value of financial instruments, accrued income not yet assessable, expenses provided or accrued for which are not yet deductible, net capital losses and tax free or tax deferred income. Net capital gains on the realisation of any investments (including any adjustments for tax deferred income previously taken directly to net assets attributable to unitholders) and accrued income not yet assessable will generally be included in the determination of distributable income in the same year in which it becomes assessable for tax.

2 Summary of significant accounting policies (continued)

(k) Foreign currency translation

(i) Functional and presentation currency

Items included in the Funds' financial statements are measured using the currency of the primary economic environment in which it operates ("the functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Funds compete for funds and is regulated. The Australian dollar is also the Funds' presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined. Translation differences on assets and liabilities carried at fair value are reported in the Statement of Comprehensive Income on a net basis within net gains/(losses) on financial instruments held at fair value through profit or loss.

(l) Receivables

Receivables may include income receivable and amounts are generally received within 30 days of being recorded as receivables.

Trades are recorded on trade date and normally settled within three business days. Sales of securities and investments that are unsettled at the end of the financial year, are included in receivables.

Accrued income may include amounts for dividends, trust distributions and interest.

Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the end of the year from the time of last payment.

(m) Payables

Payables include liabilities and accrued expenses owing by the Funds which are unpaid as at the end of the year.

Trades are recorded on trade date and normally settled within three business days. Purchases of securities and investments that are unsettled at the end of the financial year are included in payables.

The distribution amount payable to unitholders as at the end of the year is recognised separately on the Statement of Financial Position as unitholders are presently entitled to the distributable income under the Funds' Constitutions.

(n) Applications and redemptions

Application amounts may be in the form of a parcel of quoted securities transferred through Clearing House Electronic Subregister System (CHESS) or can be paid in cash. The parcel of securities related to in-specie applications generally reflect the characteristics of the Funds' underlying Indexes. Investors may purchase units by trading on the Australian Securities Exchange (ASX).

Applications for Units in a Fund may only be made by Authorised Participants, acting as principal. Unitholders may only redeem Units if they are an Authorised Participant acting as principal and are a Qualifying Australian Resident as defined in the Product Disclosure Statement. Investors may sell units by trading on the ASX.

Unit redemption price is determined by reference to the net assets of the Funds divided by the number of units on issue. For unit pricing purposes, net assets are determined using the last reported trade price for securities. These prices may differ from the market price quoted on the ASX.

2 Summary of significant accounting policies (continued)

(o) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Funds by third parties have been passed on to the Funds. The Funds qualifies for Reduced Input Tax Credits (RITC) at a rate of 55% to 75%. Hence, the costs have been recognised in the Statement of Comprehensive Income net of the amount of GST recoverable from the Australian Taxation Office (ATO).

Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the Statement of Financial Position.

Cash flows relating to GST are included in the Statement of Cash Flow on a gross basis.

(p) Use of estimates

The Funds makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(q) Segment reporting

A business segment is identified for a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment subject to risks and returns that are different from those of segments operating in other economic environments.

The Board of the Responsible Entity reviews performance of the segments against the performance of the Funds' benchmark.

(r) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the year ended 30 June 2017 and have not been applied in the Financial Statements. The directors' assessment of the impact of these new standards (to the extent relevant to the Funds) and interpretations is set out below.

(i) *AASB 9 Financial Instruments* (and applicable amendments) (effective from 1 July 2018)

AASB 9 Financial Instruments addresses the classification, measurement, recognition and de-recognition of financial assets and financial liabilities. It has now also introduced revised rules for hedge accounting and impairment. The Standard is not applicable until 1 January 2018, and will therefore apply to the Funds from 1 July 2018. The Funds do not intend to early adopt AASB 9 as permitted by the standard.

The application of the standard is not expected to change the classification basis of the Funds current financial instruments as these are predominantly already measured at fair value through profit or loss.

The de-recognition rules have not been changed from the previous requirements and the Funds do not apply hedge accounting.

AASB 9 introduces a new impairment model. Under this new impairment model, the Funds' Cash and Receivables measured at amortised cost are subject to the new impairment rules, which are based on an expected credit loss model. The Funds do not anticipate the new impairment requirements would have any material impact on Cash and Receivables accounts.

(ii) *AASB 15 Revenue from Contracts with Customers* (and applicable amendments) (effective from 1 January 2018)

The AASB has issued a new standard for the recognition of revenue. Once applied or effective, AASB 15 will replace AASB 118 Revenue which covers contracts for goods and services and AASB 111 Construction Contracts which covers construction contracts.

2 Summary of significant accounting policies (continued)

(r) New accounting standards and interpretations (continued)

(ii) *AASB 15 Revenue from Contracts with Customers (and applicable amendments)* (effective from 1 January 2018) (continued)

AASB 15 is based on the notion that revenue is recognised when control of a good or service transfers to a customer. This notion of control replaces the existing notion of risks and rewards.

The Funds' main source of income includes interest, dividends/distributions and gains on financial instruments held at fair value through profit or loss. All of these are outside the scope of the Revenue standard. Consequently, the Funds do not expect AASB 15 to have a significant impact on the Funds' financial statements. The Funds do not intend to early adopt AASB 15. The Funds will apply AASB 15 in their financial statements for the financial year commencing from 1 July 2018.

(s) Comparative information

Where appropriate, comparative disclosures have been reclassified/amended to be consistent with the current year's presentation. Such reclassifications/amendments have not significantly affected the Statement of Comprehensive Income or Statement of Financial Position.

(t) Rounding of amounts

The Funds are entities of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission (ASIC) relating to the "rounding off" of amounts in the financial statements. For UBS IQ Morningstar Australia Quality ETF, UBS IQ Morningstar Australia Dividend Yield ETF, UBS IQ MSCI Australia Ethical ETF and UBS IQ MSCI World ex Australia Ethical ETF, amounts in the financial statements have been rounded to the nearest thousand dollars in accordance with that ASIC Instrument, unless otherwise indicated. For UBS IQ MSCI Asia APEX 50 Ethical ETF, UBS IQ MSCI Europe Ethical ETF, UBS IQ MSCI Japan Ethical ETF and UBS IQ MSCI USA Ethical ETF, amounts in the financial statements have been rounded to the nearest dollar in accordance with that ASIC Instrument, unless otherwise indicated.

3 Auditor's remuneration

During the year the following professional fees were paid or payable by the Responsible Entity for services provided by the auditor of the Funds.

	UBS IQ Morningstar Australia Quality ETF		UBS IQ Morningstar Australia Dividend Yield ETF	
	Year ended		Year ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	\$	\$	\$	\$
Assurance services				
<i>Ernst & Young</i>				
Audit and review of financial statements	14,900	13,500	14,900	13,500
Audit of compliance plan	1,604	1,559	1,604	1,559
Total remuneration for assurance services	16,504	15,059	16,504	15,059

3 Auditor's remuneration (continued)

	UBS IQ MSCI Australia Ethical ETF Year ended		UBS IQ MSCI Asia APEX 50 Ethical ETF Year ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	\$	\$	\$	\$
Assurance services				
<i>Ernst & Young</i>				
Audit and review of financial statements	10,400	9,000	10,400	9,000
Audit of compliance plan	1,604	1,559	1,604	1,559
Total remuneration for assurance services	12,004	10,559	12,004	10,559

	UBS IQ MSCI Europe Ethical ETF Year ended		UBS IQ MSCI Japan Ethical ETF Year ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	\$	\$	\$	\$
Assurance services				
<i>Ernst & Young</i>				
Audit and review of financial statements	14,900	13,500	10,400	9,000
Audit of compliance plan	1,604	1,559	1,604	1,559
Total remuneration for assurance services	16,504	15,059	12,004	10,559

	UBS IQ MSCI USA Ethical ETF Year ended		UBS IQ MSCI World ex Australia Ethical ETF Year ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	\$	\$	\$	\$
Assurance services				
<i>Ernst & Young</i>				
Audit and review of financial statements	10,400	9,000	14,900	9,000
Audit of compliance plan	1,604	1,559	1,604	1,559
Total remuneration for assurance services	12,004	10,559	16,504	10,559

4 Net gains/(losses) on financial instruments held at fair value through profit or loss

	UBS IQ Morningstar Australia Quality ETF		UBS IQ Morningstar Australia Dividend Yield ETF	
	Year ended		Year ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	\$'000	\$'000	\$'000	\$'000
Net gains/(losses) on financial instruments held for trading	17	(8)	20	(5)
Net gains/(losses) on financial instruments designated as at fair value through profit or loss	(4,940)	(3,685)	1,428	(984)
Total net gains/(losses) on financial instruments held at fair value through profit or loss	(4,923)	(3,693)	1,448	(989)

	UBS IQ MSCI Australia Ethical ETF		UBS IQ MSCI Asia APEX 50 Ethical ETF	
	Year ended		Year ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	\$'000	\$'000	\$	\$
Net gains/(losses) on financial instruments held for trading	161	14	(23,859)	(494)
Net gains/(losses) on financial instruments designated as at fair value through profit or loss	13,783	(3,006)	245,879	(117,381)
Total net gains/(losses) on financial instruments held at fair value through profit or loss	13,944	(2,992)	222,020	(117,875)

	UBS IQ MSCI Europe Ethical ETF		UBS IQ MSCI Japan Ethical ETF	
	Year ended		Year ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	\$	\$	\$	\$
Net gains/(losses) on financial instruments held for trading	(297)	(9,218)	654	(1,448)
Net gains/(losses) on financial instruments designated as at fair value through profit or loss	992,383	(1,170,008)	402,860	(217,448)
Total net gains/(losses) on financial instruments held at fair value through profit or loss	992,086	(1,179,226)	403,514	(218,896)

4 Net gains/(losses) on financial instruments held at fair value through profit or loss (continued)

	UBS IQ MSCI USA Ethical ETF		UBS IQ MSCI World ex Australia Ethical ETF	
	Year ended		Year ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	\$	\$	\$'000	\$'000
Net gains/(losses) on financial instruments held for trading	110	(19,800)	29	(54)
Net gains/(losses) on financial instruments designated as at fair value through profit or loss	628,122	196,789	3,951	(549)
Total net gains/(losses) on financial instruments held at fair value through profit or loss	628,232	176,989	3,980	(603)

5 Net assets attributable to unitholders

Movements in the number of units and net assets attributable to unitholders during the year were as follows:

	Year ended			
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	No. '000	No. '000	\$'000	\$'000
UBS IQ Morningstar Australia Quality ETF				
Net assets attributable to unitholders - quoted class				
Opening balance	348	2,735	6,929	55,397
Applications*	3,750	-	77,296	-
Redemptions*	(2,750)	(2,450)	(51,947)	(45,945)
Units issued upon reinvestment of distributions	4	63	78	1,275
Increase/(decrease) in net assets attributable to unitholders	-	-	(4,895)	(3,798)
Closing balance	1,352	348	27,461	6,929
Total net assets attributable to unitholders			27,461	6,929

5 Net assets attributable to unitholders (continued)

	Year ended			
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
UBS IQ Morningstar Australia Dividend Yield ETF	No. '000	No. '000	\$'000	\$'000
Net assets attributable to unitholders - quoted class				
Opening balance	1,212	1,109	23,153	22,144
Applications*	100	50	2,032	1,041
Redemptions*	-	-	-	-
Units issued upon reinvestment of distributions	44	53	876	1,035
Increase/(decrease) in net assets attributable to unitholders	-	-	1,488	(1,067)
Closing balance	1,356	1,212	27,549	23,153
Total net assets attributable to unitholders			27,549	23,153

	Year ended			
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
UBS IQ MSCI Australia Ethical ETF	No. '000	No. '000	\$'000	\$'000
Net assets attributable to unitholders - quoted class				
Opening balance	7,679	4,328	133,946	79,962
Applications*	300	3,150	5,772	52,757
Redemptions*	-	-	-	-
Units issued upon reinvestment of distributions	310	201	5,779	3,608
Increase/(decrease) in net assets attributable to unitholders	-	-	13,959	(2,381)
Closing balance	8,289	7,679	159,456	133,946
Total net assets attributable to unitholders			159,456	133,946

5 Net assets attributable to unitholders (continued)

	Year ended			
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	No.	No.	\$	\$
UBS IQ MSCI Asia APEX 50 Ethical ETF				
Net assets attributable to unitholders - quoted class				
Opening balance	50,013	50,000	854,537	974,160
Applications	125,000	-	2,758,713	-
Redemptions	-	-	-	-
Units issued upon reinvestment of distributions	45	13	870	253
Increase/(decrease) in net assets attributable to unitholders	-	-	256,089	(119,876)
Closing balance	175,058	50,013	3,870,209	854,537
Total net assets attributable to unitholders			3,870,209	854,537

	Year ended			
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	No.	No.	\$	\$
UBS IQ MSCI Europe Ethical ETF				
Net assets attributable to unitholders - quoted class				
Opening balance	375,100	125,000	6,585,440	2,484,541
Applications	-	250,000	-	5,267,875
Redemptions	-	-	-	-
Units issued upon reinvestment of distributions	434	100	7,659	2,014
Increase/(decrease) in net assets attributable to unitholders	-	-	985,417	(1,168,990)
Closing balance	375,534	375,100	7,578,516	6,585,440
Total net assets attributable to unitholders			7,578,516	6,585,440

5 Net assets attributable to unitholders (continued)

	Year ended			
	30 June 2017 No.	30 June 2016 No.	30 June 2017 \$	30 June 2016 \$
UBS IQ MSCI Japan Ethical ETF				
Net assets attributable to unitholders - quoted class				
Opening balance	150,009	250,000	2,773,060	5,060,474
Applications	-	-	-	-
Redemptions	-	(100,000)	-	(2,070,731)
Units issued upon reinvestment of distributions	215	9	3,979	182
Increase/(decrease) in net assets attributable to unitholders	-	-	401,139	(216,865)
Closing balance	150,224	150,009	3,178,178	2,773,060
Total net assets attributable to unitholders			3,178,178	2,773,060

	Year ended			
	30 June 2017 No.	30 June 2016 No.	30 June 2017 \$	30 June 2016 \$
UBS IQ MSCI USA Ethical ETF				
Net assets attributable to unitholders - quoted class				
Opening balance	250,038	125,000	5,193,193	2,498,435
Applications	-	125,000	-	2,516,300
Redemptions	-	-	-	-
Units issued upon reinvestment of distributions	109	38	2,258	766
Increase/(decrease) in net assets attributable to unitholders	-	-	595,276	177,692
Closing balance	250,147	250,038	5,790,727	5,193,193
Total net assets attributable to unitholders			5,790,727	5,193,193

5 Net assets attributable to unitholders (continued)

	Year ended			
	30 June 2017 No. '000	30 June 2016 No. '000	30 June 2017 \$'000	30 June 2016 \$'000
UBS IQ MSCI World ex Australia Ethical ETF				
Net assets attributable to unitholders - quoted class				
Opening balance	625	125	12,326	2,496
Applications	250	500	5,200	10,111
Redemptions	-	-	-	-
Units issued upon reinvestment of distributions	-	-	9	2
Increase/(decrease) in net assets attributable to unitholders	-	-	1,894	(283)
Closing balance	875	625	19,429	12,326
Net assets attributable to unitholders - Unquoted class				
Opening balance	773	766	15,247	15,451
Applications	2	2	32	31
Redemptions	-	-	-	-
Units issued upon reinvestment of distributions	16	5	312	108
Increase/(decrease) in net assets attributable to unitholders	-	-	1,954	(343)
Closing balance	791	773	17,545	15,247
Total net assets attributable to unitholders			36,974	27,573

* These are non-cash applications and redemptions through asset transfer in-specie.

As stipulated within the Funds' Constitutions and the Product Disclosure Statements, each unit in the Funds confers an equal undivided interest in the relevant Class Assets and subject to the Liabilities applicable to that Unit or Class.

A unit does not confer an interest in a particular asset. All Units in a Class rank equally and each class is a separate class of interests for the purposes of the *Corporations Act 2001*.

Capital risk management

The Funds manage their net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders can change significantly on a daily basis as the Funds are subject to daily applications and redemptions at the discretion of unitholders. The Funds monitor the level of daily applications and redemptions relative to the liquid assets in the Funds.

Two classes of units in the Funds may be offered. One class that is quoted and traded on the AQUA market of the ASX. This is reflected in the current Product Disclosure Statements. The other class is an unquoted class that is available to wholesale investors only. The UBS IQ MSCI World ex Australia Ethical ETF is the only Fund having unquoted class of investors with an outstanding balance of \$17,545,296 as at 30 June 2017 (\$15,247,434 at 30 June 2016).

6 Distributions to unitholders

The distributions for the year were paid/payable as follows:

	Year ended			
	30 June 2017	30 June 2017	30 June 2016	30 June 2016
UBS IQ Morningstar Australia Quality ETF	\$'000	CPU	\$'000	CPU
Distributions - quoted class				
2 December	549	18.60	-	-
31 December	164	32.74	1,072	38.94
30 June (payable)	284	22.71	245	70.46
	<u>997</u>	<u>74.05</u>	<u>1,317</u>	<u>109.40</u>
Total distributions	<u>997</u>		<u>1,317</u>	

	Year ended			
	30 June 2017	30 June 2017	30 June 2016	30 June 2016
UBS IQ Morningstar Australia Dividend Yield ETF	\$'000	CPU	\$'000	CPU
Distributions - quoted class				
30 September	273	21.36	262	22.11
31 December	274	21.31	304	25.42
31 March	259	19.94	156	12.94
30 June (payable)	238	17.58	348	28.70
	<u>1,044</u>	<u>80.19</u>	<u>1,070</u>	<u>89.17</u>
Total distributions	<u>1,044</u>		<u>1,070</u>	

	Year ended			
	30 June 2017	30 June 2017	30 June 2016	30 June 2016
UBS IQ MSCI Australia Ethical ETF	\$'000	CPU	\$'000	CPU
Distributions - quoted class				
31 December	4,131	52.78	2,384	54.24
30 June (payable)	2,185	26.36	1,748	22.76
	<u>6,316</u>	<u>79.14</u>	<u>4,132</u>	<u>77.00</u>
Total distributions	<u>6,316</u>		<u>4,132</u>	

6 Distributions to unitholders (continued)

	Year ended			
	30 June 2017	30 June 2017	30 June 2016	30 June 2016
	\$	CPU	\$	CPU
UBS IQ MSCI Asia APEX 50 Ethical ETF				
Distributions - quoted class				
22 May	10,766	21.52	-	-
30 June (payable)	<u>14,277</u>	<u>8.16</u>	<u>23,462</u>	<u>46.91</u>
	<u>25,043</u>	<u>29.68</u>	<u>23,462</u>	<u>46.91</u>
Total distributions	<u>25,043</u>		<u>23,462</u>	

	Year ended			
	30 June 2017	30 June 2017	30 June 2016	30 June 2016
	\$	CPU	\$	CPU
UBS IQ MSCI Europe Ethical ETF				
Distributions - quoted class				
30 June (payable)	<u>194,567</u>	<u>51.81</u>	<u>182,418</u>	<u>48.63</u>
	<u>194,567</u>	<u>51.81</u>	<u>182,418</u>	<u>48.63</u>
Total distributions	<u>194,567</u>		<u>182,418</u>	

	Year ended			
	30 June 2017	30 June 2017	30 June 2016	30 June 2016
	\$	CPU	\$	CPU
UBS IQ MSCI Japan Ethical ETF				
Distributions - quoted class				
30 June (payable)	<u>48,501</u>	<u>32.29</u>	<u>64,529</u>	<u>43.02</u>
	<u>48,501</u>	<u>32.29</u>	<u>64,529</u>	<u>43.02</u>
Total distributions	<u>48,501</u>		<u>64,529</u>	

	Year ended			
	30 June 2017	30 June 2017	30 June 2016	30 June 2016
	\$	CPU	\$	CPU
UBS IQ MSCI USA Ethical ETF				
Distributions - quoted class				
30 June (payable)	<u>120,492</u>	<u>48.17</u>	<u>71,052</u>	<u>28.42</u>
	<u>120,492</u>	<u>48.17</u>	<u>71,052</u>	<u>28.42</u>
Total distributions	<u>120,492</u>		<u>71,052</u>	

6 Distributions to unitholders (continued)

	Year ended			
	30 June 2017 \$'000	30 June 2017 CPU	30 June 2016 \$'000	30 June 2016 CPU
UBS IQ MSCI World ex Australia Ethical ETF				
Distributions - quoted class				
30 June (payable)	<u>376</u>	<u>42.93</u>	<u>252</u>	<u>40.34</u>
	<u>376</u>	<u>42.93</u>	<u>252</u>	<u>40.34</u>
Distributions - Unquoted class				
30 June (payable)	<u>339</u>	<u>42.93</u>	<u>312</u>	<u>40.34</u>
	<u>339</u>	<u>42.93</u>	<u>312</u>	<u>40.34</u>
Total distributions	<u>715</u>		<u>564</u>	

7 Cash and cash equivalents

	UBS IQ Morningstar Australia Quality ETF		UBS IQ Morningstar Australia Dividend Yield ETF	
	As at		As at	
	30 June 2017 \$'000	30 June 2016 \$'000	30 June 2017 \$'000	30 June 2016 \$'000
Cash at bank	292	1	95	7
Margin accounts	<u>8</u>	<u>-</u>	<u>10</u>	<u>-</u>
Total cash and cash equivalents	<u>300</u>	<u>1</u>	<u>105</u>	<u>7</u>

	UBS IQ MSCI Australia Ethical ETF		UBS IQ MSCI Asia APEX 50 Ethical ETF	
	As at		As at	
	30 June 2017 \$'000	30 June 2016 \$'000	30 June 2017 \$	30 June 2016 \$
Cash at bank	359	165	6,324	1,506
Margin accounts	<u>105</u>	<u>135</u>	<u>-</u>	<u>-</u>
Total cash and cash equivalents	<u>464</u>	<u>300</u>	<u>6,324</u>	<u>1,506</u>

7 Cash and cash equivalents (continued)

	UBS IQ MSCI Europe Ethical ETF As at		UBS IQ MSCI Japan Ethical ETF As at	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	\$	\$	\$	\$
Cash at bank	64,608	10,887	15,436	16,031
Margin accounts	7,404	-	-	-
Total cash and cash equivalents	72,012	10,887	15,436	16,031

	UBS IQ MSCI USA Ethical ETF As at		UBS IQ MSCI World ex Australia Ethical ETF As at	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	\$	\$	\$'000	\$'000
Cash at bank	7,570	8,326	124	66
Margin accounts	-	-	8	-
Total cash and cash equivalents	7,570	8,326	132	66

8 Financial assets held at fair value through profit or loss

	UBS IQ Morningstar Australia Quality ETF As at		UBS IQ Morningstar Australia Dividend Yield ETF As at	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	\$'000	\$'000	\$'000	\$'000
Held for trading				
Derivatives (Note 12)	-	-	-	-
Total held for trading	-	-	-	-
Designated at fair value through profit or loss				
Listed equities	22,341	4,647	27,544	23,399
Listed unit trusts	5,111	2,304	-	-
Total designated at fair value through profit or loss	27,452	6,951	27,544	23,399
Total financial assets held at fair value through profit or loss	27,452	6,951	27,544	23,399

8 Financial assets held at fair value through profit or loss (continued)

	UBS IQ MSCI Australia Ethical ETF		UBS IQ MSCI Asia APEX 50 Ethical ETF	
	As at		As at	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	\$'000	\$'000	\$	\$
Held for trading				
Derivatives (Note 12)	-	10	-	-
Total held for trading	-	10	-	-
Designated at fair value through profit or loss				
Listed equities	147,439	121,345	3,855,884	846,821
Listed unit trusts	12,301	12,690	-	-
Total designated at fair value through profit or loss	159,740	134,035	3,855,884	846,821
Total financial assets held at fair value through profit or loss	159,740	134,045	3,855,884	846,821

	UBS IQ MSCI Europe Ethical ETF		UBS IQ MSCI Japan Ethical ETF	
	As at		As at	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	\$	\$	\$	\$
Held for trading				
Derivatives (Note 12)	91	529	-	-
Total held for trading	91	529	-	-
Designated at fair value through profit or loss				
Listed equities	7,459,667	6,497,056	3,140,673	2,729,657
Listed unit trusts	70,044	71,059	27,324	32,513
Total designated at fair value through profit or loss	7,529,711	6,568,115	3,167,997	2,762,170
Total financial assets held at fair value through profit or loss	7,529,802	6,568,644	3,167,997	2,762,170

8 Financial assets held at fair value through profit or loss (continued)

	UBS IQ MSCI USA Ethical ETF		UBS IQ MSCI World ex Australia Ethical ETF	
	As at		As at	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	\$	\$	\$'000	\$'000
Held for trading				
Derivatives (Note 12)	-	-	-	-
Total held for trading	-	-	-	-
Designated at fair value through profit or loss				
Listed equities	5,605,822	5,003,033	36,297	27,072
Listed unit trusts	186,645	181,213	881	729
Total designated at fair value through profit or loss	5,792,467	5,184,246	37,178	27,801
Total financial assets held at fair value through profit or loss	5,792,467	5,184,246	37,178	27,801

An overview of the risk exposures relating to financial assets held at fair value through profit or loss is included in Note 13.

9 Financial liabilities held at fair value through profit or loss

	UBS IQ Morningstar Australia Quality ETF		UBS IQ Morningstar Australia Dividend Yield ETF	
	As at		As at	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	\$'000	\$'000	\$'000	\$'000
Held for trading				
Derivatives (Note 12)	3	-	2	-
Total held for trading	3	-	2	-
Total financial liabilities held at fair value through profit or loss	3	-	2	-

9 Financial liabilities held at fair value through profit or loss (continued)

	UBS IQ MSCI Australia Ethical ETF		UBS IQ MSCI Asia APEX 50 Ethical ETF	
	As at		As at	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	\$'000	\$'000	\$	\$
Held for trading				
Derivatives (Note 12)	<u>26</u>	-	-	7
Total held for trading	<u>26</u>	-	-	7
Total financial liabilities held at fair value through profit or loss	<u>26</u>	-	-	7
	UBS IQ MSCI Europe Ethical ETF		UBS IQ MSCI Japan Ethical ETF	
	As at		As at	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	\$	\$	\$	\$
Held for trading				
Derivatives (Note 12)	<u>1,568</u>	236	<u>147</u>	69
Total held for trading	<u>1,568</u>	236	<u>147</u>	69
Total financial liabilities held at fair value through profit or loss	<u>1,568</u>	236	<u>147</u>	69
	UBS IQ MSCI USA Ethical ETF		UBS IQ MSCI World ex Australia Ethical ETF	
	As at		As at	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	\$	\$	\$'000	\$'000
Held for trading				
Derivatives (Note 12)	<u>124</u>	-	<u>1</u>	-
Total held for trading	<u>124</u>	-	<u>1</u>	-
Total financial liabilities held at fair value through profit or loss	<u>124</u>	-	<u>1</u>	-

10 Receivables

	UBS IQ Morningstar Australia Quality ETF		UBS IQ Morningstar Australia Dividend Yield ETF	
	As at		As at	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	\$'000	\$'000	\$'000	\$'000
Dividends receivable	201	75	147	80
Due from brokers - receivables for securities sold	-	172	-	21
Other receivables	1	1	2	1
Total receivables	202	248	149	102

	UBS IQ MSCI Australia Ethical ETF		UBS IQ MSCI Asia APEX 50 Ethical ETF	
	As at		As at	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	\$'000	\$'000	\$	\$
Dividends receivable	1,485	1,368	21,965	9,489
Due from brokers - receivables for securities sold	-	-	-	21,695
Other receivables	4	4	5,497	81
Total receivables	1,489	1,372	27,462	31,265

	UBS IQ MSCI Europe Ethical ETF		UBS IQ MSCI Japan Ethical ETF	
	As at		As at	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	\$	\$	\$	\$
Dividends receivable	38,735	26,426	3,568	3,964
Due from brokers - receivables for securities sold	138,505	183,868	41,271	56,761
Other receivables	625	568	166	133
Total receivables	177,865	210,862	45,005	60,858

10 Receivables (continued)

	UBS IQ MSCI USA Ethical ETF		UBS IQ MSCI World ex Australia Ethical ETF	
	As at		As at	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	\$	\$	\$'000	\$'000
Dividends receivable	5,891	5,513	74	54
Due from brokers - receivables for securities sold	107,109	68,755	318	230
Other receivables	235	141	3	2
Total receivables	113,235	74,409	395	286

11 Payables

	UBS IQ Morningstar Australia Quality ETF		UBS IQ Morningstar Australia Dividend Yield ETF	
	As at		As at	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	\$'000	\$'000	\$'000	\$'000
Responsible Entity's fees payable	6	2	7	6
Due to brokers - payable for securities purchased	198	22	-	-
Other payables	2	2	2	1
Total payables	206	26	9	7

	UBS IQ MSCI Australia Ethical ETF		UBS IQ MSCI Asia APEX 50 Ethical ETF	
	As at		As at	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	\$'000	\$'000	\$	\$
Responsible Entity's fees payable	22	19	1,453	320
Due to brokers - payable for securities purchased	-	-	-	-
Other payables	4	4	3,731	1,266
Total payables	26	23	5,184	1,586

11 Payables (continued)

	UBS IQ MSCI Europe Ethical ETF		UBS IQ MSCI Japan Ethical ETF	
	As at		As at	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	\$	\$	\$	\$
Responsible Entity's fees payable	2,616	2,291	1,085	947
Due to brokers - payable for securities purchased	1,830	19,417	-	-
Other payables	582	591	527	454
Total payables	5,028	22,299	1,612	1,401

	UBS IQ MSCI USA Ethical ETF		UBS IQ MSCI World ex Australia Ethical ETF	
	As at		As at	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	\$	\$	\$'000	\$'000
Responsible Entity's fees payable	992	866	11	8
Due to brokers - payable for securities purchased	-	1,068	-	4
Other payables	937	802	4	4
Total payables	1,929	2,736	15	16

12 Derivative financial instruments

In the normal course of business, the Funds enter into transactions in various derivative financial instruments with certain risks. A derivative is a financial instrument or other contract which is settled at a future date and whose value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable.

Derivative financial instruments require either no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

Derivative transactions include many different instruments, such as futures. Derivatives are considered to be part of the investment process and the use of derivatives is an essential part of the Funds' portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multifaceted and may include:

- hedging to protect an asset or liability of the Funds against a fluctuation in market values or to reduce volatility;
- a substitution for trading of physical securities;
- adjusting asset exposures within the parameters set in the investment strategy.

While derivatives are used for trading purposes, they are not used to gear (leverage) a portfolio. Gearing a portfolio would occur if the level of exposure to the markets exceeds the underlying value of the Funds.

12 Derivative financial instruments (continued)

The Funds hold the following derivative instruments:

(a) Futures

Futures are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organised market. The futures contracts are collateralised by cash or marketable securities. Changes in futures contracts' values are settled daily with the exchange. Index futures are contractual obligations to receive or pay a net amount based on changes in indices at a future date at a specified price, established in an organised financial market.

(b) Foreign currency contracts

Foreign currency contracts are used by the Funds for non-Australian dollar denominated trading activities to mitigate foreign exchange rate risks. The Funds agree to receive or deliver a fixed quantity of foreign currency for an agreed upon price on an agreed future date. Currency contracts are valued at the prevailing bid price at the end of each financial year. The Funds recognise a gain or loss equal to the change in fair value at the end of each financial year.

The Funds's derivative financial instruments at year end are detailed below:

UBS IQ Morningstar Australia Quality ETF					
	30 June 2017			30 June 2016	
Contract/ Notional \$'000	Assets \$'000	Liabilities \$'000	Contract/ Notional \$'000	Assets \$'000	Liabilities \$'000
Australian share price index futures	144	-	3	-	-
	144	-	3	-	-

UBS IQ Morningstar Australia Dividend Yield ETF					
	30 June 2017			30 June 2016	
Contract/ Notional \$'000	Assets \$'000	Liabilities \$'000	Contract/ Notional \$'000	Assets \$'000	Liabilities \$'000
Australian share price index futures	143	-	2	-	-
	143	-	2	-	-

UBS IQ MSCI Australia Ethical ETF					
	30 June 2017			30 June 2016	
Contract/ Notional \$'000	Assets \$'000	Liabilities \$'000	Contract/ Notional \$'000	Assets \$'000	Liabilities \$'000
Australian share price index futures	1,720	-	26	1,543	10
	1,720	-	26	1,543	10

12 Derivative financial instruments (continued)

(b) Foreign currency contracts (continued)

UBS IQ MSCI Asia APEX 50 Ethical ETF

	Contract/ Notional	30 June 2017 Assets	Liabilities	Contract/ Notional	30 June 2016 Assets	Liabilities
	\$	\$	\$	\$	\$	\$
Foreign currency contracts	-	-	-	17,054	-	7
	-	-	-	17,054	-	7

UBS IQ MSCI Europe Ethical ETF

	Contract/ Notional	30 June 2017 Assets	Liabilities	Contract/ Notional	30 June 2016 Assets	Liabilities
	\$	\$	\$	\$	\$	\$
International share price index futures	52,722	-	1,472	-	-	-
Foreign currency contracts	189,000	91	96	174,630	529	236
	241,722	91	1,568	174,630	529	236

UBS IQ MSCI Japan Ethical ETF

	Contract/ Notional	30 June 2017 Assets	Liabilities	Contract/ Notional	30 June 2016 Assets	Liabilities
	\$	\$	\$	\$	\$	\$
Foreign currency contracts	47,000	-	147	62,113	-	69
	47,000	-	147	62,113	-	69

UBS IQ MSCI USA Ethical ETF

	Contract/ Notional	30 June 2017 Assets	Liabilities	Contract/ Notional	30 June 2016 Assets	Liabilities
	\$	\$	\$	\$	\$	\$
Foreign currency contracts	112,000	-	124	68,494	-	-
	112,000	-	124	68,494	-	-

12 Derivative financial instruments (continued)

(b) Foreign currency contracts (continued)

UBS IQ MSCI World ex Australia Ethical ETF						
	Contract/ Notional \$'000	30 June 2017 Assets \$'000	Liabilities \$'000	Contract/ Notional \$'000	30 June 2016 Assets \$'000	Liabilities \$'000
International share price index futures	161	-	1	-	-	-
Foreign currency contracts	355	-	-	81	-	-
	516	-	1	81	-	-

Risk exposures and fair value measurements

Information about the Funds' exposure to price risk, credit risk, foreign exchange risk, interest rate risk, liquidity risk and about the methods and assumptions used in determining fair values is provided in Note 13 to the financial statements. The maximum exposure to credit risk at the end of the year is the carrying amount of each class of derivative financial instruments disclosed above.

13 Financial risk management

The Funds' activities expose it to a variety of financial risks: market risk (including price risk, foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The Funds' overall risk management programme focuses on ensuring compliance with the Funds' Product Disclosure Statements and seeks to maximise the returns derived for the level of risk to which the Funds are exposed. The Funds may use derivative financial instruments to manage certain risk exposures. Financial risk management is carried out by the Investment Manager under an Investment Mandate approved by the Board of Directors of the Responsible Entity ("the Board").

Compliance with the Funds' Constitutions are monitored on a daily basis and reported to the Board and Compliance Committee on a regular basis.

The Funds use different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of market risk.

(a) Market risk

Market risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate due to changes in market prices. The Funds' equity investments are publicly traded and are included in their underlying Indexes.

(i) Price risk

The Funds are exposed to equity securities and derivative securities price risk. This arises from investments held by the Funds for which prices in the future are uncertain. Where non-monetary financial instruments are denominated in currencies other than the Australian dollar, the price in the future will also fluctuate because of changes in foreign exchange rates. Investments are classified in the Statement of Financial Position as at fair value through profit or loss. All securities investments present a risk of loss of capital.

13 Financial risk management (continued)

(a) Market risk (continued)

(i) Price risk (continued)

The tables below for respective Funds summarise the sensitivity of the Funds' operating profit and net assets attributable to unitholders to equity price risk. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical correlation of the Funds' investments with the relevant benchmark and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies, markets and securities in which the Funds invest. As a result, historic variations in risk variables are not a definitive indicator of future variations in the risk variables.

	As at 30 June 2017		As at 30 June 2016	
	Increased by 10% \$'000	Decreased by 10% \$'000	Increased by 10% \$'000	Decreased by 10% \$'000
UBS IQ Morningstar Australia Quality ETF				
Increase/(decrease) in value of financial assets held at fair value through profit or loss	<u>2,745</u>	<u>(2,745)</u>	<u>695</u>	<u>(695)</u>

The Fund tracks on the Morningstar® Australia Moat Focus Index™. The Index is a rules-based, equal-weighted index intended to offer exposure to quality companies that Morningstar determines have sustainable competitive advantages based on a proprietary methodology that considers quantitative and qualitative factors.

The Index is designed to target exposure to approximately 25-50 wide and narrow 'moat' stocks in the Morningstar Australia Index™ with the lowest ratios of current market price to fair value price determined under an independent research process by the Morningstar Equity Research team. The fair value estimate is based primarily on Morningstar's proprietary three-stage discounted cash flow model. Morningstar checks its fair value estimates against other valuation measures, such as sum-of-the-parts, multiples and yields, among others.

	As at 30 June 2017		As at 30 June 2016	
	Increased by 10% \$'000	Decreased by 10% \$'000	Increased by 10% \$'000	Decreased by 10% \$'000
UBS IQ Morningstar Australia Dividend Yield ETF				
Increase/(decrease) in value of financial assets held at fair value through profit or loss	<u>2,754</u>	<u>(2,754)</u>	<u>2,340</u>	<u>(2,340)</u>

The Fund tracks on the Morningstar® Australia Dividend Yield Focus Index™. The Index provides exposure to the equities of high-quality Australian-domiciled companies with strong financial health and an ability to sustain above-average dividend payouts. Companies must have a strong balance sheet and a sustainable competitive advantage as deemed by Morningstar equity research team.

The index consists of 25 stocks screened for their dividend yield. The index is reconstituted and rebalanced semi-annually. The Index is weighted according to the dividends paid by each company that are available to investors. Consequently, the available dividend dollar value is the product of the security's shares outstanding, free float factor, and annual indicated dividend per share. At the time of rebalancing and reconstitution, the largest weight in the index will not exceed 10% and the sum of the constituent weights that are each greater than 5% will not exceed 50%.

13 Financial risk management (continued)

(a) Market risk (continued)

(i) Price risk (continued)

	As at 30 June 2017		As at 30 June 2016	
	Increased by 10% \$'000	Decreased by 10% \$'000	Increased by 10% \$'000	Decreased by 10% \$'000
UBS IQ MSCI Australia Ethical ETF				
Increase/(decrease) in value of financial assets held at fair value through profit or loss	<u>15,974</u>	<u>(15,974)</u>	<u>13,405</u>	<u>(13,405)</u>

The Fund tracks on the MSCI Australia ex Tobacco ex Controversial Weapons Index. The Index is designed to measure the performance of the large and mid cap segments of the Australia market. The Index comprises approximately 70 constituents listed on the Australian exchanges, and covers approximately 85% of the free float-adjusted market capitalisation in Australia. The Index excludes companies with significant business activities involving tobacco and those engaged in the production of cluster bombs, landmines, chemical and biological weapons and depleted uranium weapons. Constituent selection is based on data from MSCI research.

	As at 30 June 2017		As at 30 June 2016	
	Increased by 10% \$	Decreased by 10% \$	Increased by 10% \$	Decreased by 10% \$
UBS IQ MSCI Asia APEX 50 Ethical ETF				
Increase/(decrease) in value of financial assets held at fair value through profit or loss	<u>385,588</u>	<u>(385,588)</u>	<u>84,682</u>	<u>(84,682)</u>

The Fund tracks on the MSCI Asia APEX 50 ex Tobacco ex Controversial Weapons Index. The Index is a free-float adjusted market capitalisation weighted index that is designed to track the 50 largest stocks in the Asia ex Japan region represented in the MSCI AC Asia ex Japan Index. The MSCI Asia APEX 50 Index serves as a tradable proxy to the broader MSCI AC Asia ex Japan Index, a benchmark index widely followed by investors investing in Asia and forms the basis for many investment products.

The Index excludes companies with significant business activities involving tobacco and those engaged in the production of cluster bombs, landmines, chemical and biological weapons and depleted uranium weapons. Constituent selection is based on data from MSCI research.

	As at 30 June 2017		As at 30 June 2016	
	Increased by 10% \$	Decreased by 10% \$	Increased by 10% \$	Decreased by 10% \$
UBS IQ MSCI Europe Ethical ETF				
Increase/(decrease) in value of financial assets held at fair value through profit or loss	<u>752,980</u>	<u>(752,980)</u>	<u>656,812</u>	<u>(656,812)</u>

The Fund tracks on the MSCI Europe ex Tobacco ex Controversial Weapons Index. The Index captures the large and mid-cap representation across 15 developed markets countries in Europe. With approximately 430 constituents, the Index covers approximately 85% of the free float-adjusted market capitalisation across European developed markets equity universe. The Index excludes companies with significant business activities involving tobacco and those engaged in the production of cluster bombs, landmines, chemical and biological weapons and depleted uranium weapons. Constituent selection is based on data from MSCI research.

13 Financial risk management (continued)

(a) Market risk (continued)

(i) Price risk (continued)

	As at 30 June 2017		As at 30 June 2016	
	Increased by 10% \$	Decreased by 10% \$	Increased by 10% \$	Decreased by 10% \$
UBS IQ MSCI Japan Ethical ETF				
Increase/(decrease) in value of financial assets held at fair value through profit or loss	<u>316,800</u>	<u>(316,800)</u>	<u>276,217</u>	<u>(276,217)</u>

The Fund tracks on the MSCI Japan ex Tobacco ex Controversial Weapons Index. The Index is designed to measure the performance of the large and mid cap segments of the Japan market. With approximately 320 constituents, the Index covers approximately 85% of the free float-adjusted market capitalisation in Japan. The Index excludes companies with significant business activities involving tobacco and those engaged in the production of cluster bombs, landmines, chemical and biological weapons and depleted uranium weapons. Constituent selection is based on data from MSCI research.

	As at 30 June 2017		As at 30 June 2016	
	Increased by 10% \$	Decreased by 10% \$	Increased by 10% \$	Decreased by 10% \$
UBS IQ MSCI USA Ethical ETF				
Increase/(decrease) in value of financial assets held at fair value through profit or loss	<u>579,247</u>	<u>(579,247)</u>	<u>518,425</u>	<u>(518,425)</u>

The Fund tracks on the MSCI USA ex Tobacco ex Controversial Weapons Index. The Index is designed to measure the performance of the large and mid cap segments of the US market. With approximately 610 constituents, the Index covers approximately 85% of the free float-adjusted market capitalisation in the US. The Index excludes companies with significant business activities involving tobacco and those engaged in the production of cluster bombs, landmines, chemical and biological weapons and depleted uranium weapons. Constituent selection is based on data from MSCI research.

	As at 30 June 2017		As at 30 June 2016	
	Increased by 10% \$'000	Decreased by 10% \$'000	Increased by 10% \$'000	Decreased by 10% \$'000
UBS IQ MSCI World ex Australia Ethical ETF				
Increase/(decrease) in value of financial assets held at fair value through profit or loss	<u>3,718</u>	<u>(3,718)</u>	<u>2,780</u>	<u>(2,780)</u>

The Fund tracks on the MSCI World ex Australia ex Tobacco ex Controversial Weapons Index. The Index captures large and mid-cap representation across 22 of 23 developed markets countries (excluding Australia). With approximately 1,550 constituents, the Index covers approximately 85% of the free float-adjusted market capitalisation in each country. The Index excludes companies with significant business activities involving tobacco and those engaged in the production of cluster bombs, landmines, chemical and biological weapons and depleted uranium weapons. Constituent selection is based on data from MSCI research.

13 Financial risk management (continued)

(a) Market risk (continued)

(ii) Foreign exchange risk

Foreign exchange risk arises as the value of monetary assets and liabilities denominated in other currencies will fluctuate due to changes in exchange rates.

The tables below summarise the Funds' assets and liabilities that are denominated in a currency other than the Australian dollar.

UBS IQ MSCI Asia APEX 50 Ethical ETF

	Hong Kong dollar \$	South Korean won \$	US Dollars \$	New Taiwan dollar \$	All other foreign currencies \$
As at 30 June 2017					
Cash and cash equivalents	3,849	-	357	378	1,118
Receivables	10,532	-	-	11,433	-
Financial assets held at fair value through profit or loss	1,730,120	742,818	616,610	569,499	196,836
Payables	(964)	-	-	(2,313)	-
Financial liabilities held at fair value through profit or loss	-	-	-	-	-
	<u>1,743,537</u>	<u>742,818</u>	<u>616,967</u>	<u>578,997</u>	<u>197,954</u>
Foreign currency contracts exposure	-	-	-	-	-
Total net exposure	<u>1,743,537</u>	<u>742,818</u>	<u>616,967</u>	<u>578,997</u>	<u>197,954</u>

	Hong Kong dollar \$	South Korean won \$	US Dollars \$	New Taiwan dollar \$	All other foreign currencies \$
As at 30 June 2016					
Cash and cash equivalents	1,210	-	15	2	3
Receivables	19,447	5,262	2,141	3,084	1,250
Financial assets held at fair value through profit or loss	417,582	156,271	99,307	123,444	50,217
Payables	(642)	-	-	(620)	-
Financial liabilities held at fair value through profit or loss	(7)	-	-	-	-
	<u>437,590</u>	<u>161,533</u>	<u>101,463</u>	<u>125,910</u>	<u>51,470</u>
Foreign currency contracts exposure	(13,843)	-	(2,015)	-	(1,196)
Total net exposure	<u>423,747</u>	<u>161,533</u>	<u>99,448</u>	<u>125,910</u>	<u>50,274</u>

13 Financial risk management (continued)

(a) Market risk (continued)

(ii) Foreign exchange risk (continued)

UBS IQ MSCI Europe Ethical ETF

	Euro \$	British Pounds \$	Swiss Franc \$	All other foreign currencies \$
As at 30 June 2017				
Cash and cash equivalents	44,680	8,829	2,529	7,954
Cash at Broker - Margin Accounts	7,404	-	-	-
Receivables	93,083	44,489	26,585	13,082
Financial assets held at fair value through profit or loss	3,851,311	1,979,754	1,018,936	679,801
Payables	(2,050)	(28)	(1)	-
Financial liabilities held at fair value through profit or loss	<u>(1,472)</u>	<u>(22)</u>	<u>(4)</u>	<u>(70)</u>
	<u>3,992,956</u>	<u>2,033,022</u>	<u>1,048,045</u>	<u>700,767</u>
Foreign currency contracts exposure	<u>(115,000)</u>	<u>(43,000)</u>	<u>(16,000)</u>	<u>(15,000)</u>
Total net exposure	<u>3,877,956</u>	<u>1,990,022</u>	<u>1,032,045</u>	<u>685,767</u>

	Euro \$	British Pounds \$	Swiss Franc \$	All other foreign currencies \$
As at 30 June 2016				
Cash and cash equivalents	4,334	4,258	562	1,562
Receivables	90,064	63,332	35,339	21,559
Financial assets held at fair value through profit or loss	3,098,044	1,909,977	972,244	588,379
Payables	(15,444)	(3,364)	-	(1,052)
Financial liabilities held at fair value through profit or loss	<u>(35)</u>	<u>-</u>	<u>(158)</u>	<u>(43)</u>
	<u>3,176,963</u>	<u>1,974,203</u>	<u>1,007,987</u>	<u>610,405</u>
Foreign currency contracts exposure	<u>(77,553)</u>	<u>(50,965)</u>	<u>(26,034)</u>	<u>(20,078)</u>
Total net exposure	<u>3,099,410</u>	<u>1,923,238</u>	<u>981,953</u>	<u>590,327</u>

13 Financial risk management (continued)

(a) Market risk (continued)

(ii) Foreign exchange risk (continued)

UBS IQ MSCI Japan Ethical ETF

	Japanese Yen \$
As at 30 June 2017	
Cash and cash equivalents	15,377
Receivables	44,840
Financial assets held at fair value through profit or loss	3,167,997
Payables	(372)
Financial liabilities held at fair value through profit or loss	<u>(147)</u>
Foreign currency contracts exposure	<u>(47,000)</u>
Total net exposure	<u>3,180,695</u>
	Japanese Yen \$
As at 30 June 2016	
Cash and cash equivalents	15,986
Receivables	60,725
Financial assets held at fair value through profit or loss	2,762,170
Payables	(416)
Financial liabilities held at fair value through profit or loss	<u>(69)</u>
	<u>2,838,396</u>
Foreign currency contracts exposure	<u>(62,113)</u>
Total net exposure	<u>2,776,283</u>

13 Financial risk management (continued)

(a) Market risk (continued)

(ii) Foreign exchange risk (continued)

UBS IQ MSCI USA Ethical ETF

	US Dollars
	\$
As at 30 June 2017	
Cash and cash equivalents	7,410
Receivables	113,000
Financial assets held at fair value through profit or loss	5,792,467
Payables	(727)
Financial liabilities held at fair value through profit or loss	<u>(124)</u>
	5,912,026
Foreign currency contracts exposure	<u>(112,000)</u>
Total net exposure	<u>5,800,026</u>

	US Dollars
	\$
As at 30 June 2016	
Cash and cash equivalents	6,783
Receivables	74,268
Financial assets held at fair value through profit or loss	5,184,246
Payables	<u>(1,825)</u>
	5,263,472
Foreign currency contracts exposure	<u>(68,494)</u>
Total net exposure	<u>5,194,978</u>

13 Financial risk management (continued)

(a) Market risk (continued)

(ii) Foreign exchange risk (continued)

UBS IQ MSCI World ex Australia Ethical ETF

As at 30 June 2017	US Dollars \$'000	Euro \$'000	Japanese Yen \$'000	British Pounds \$'000	All other foreign currencies \$'000
Cash and cash equivalents	52	8	22	8	34
Cash at Broker - Margin Accounts	8	-	-	-	-
Receivables	212	74	11	36	60
Financial assets held at fair value through profit or loss	22,677	4,660	3,391	2,392	4,058
Payables	(3)	-	-	-	-
Financial liabilities held at fair value through profit or loss	(1)	-	-	-	-
	<u>22,945</u>	<u>4,742</u>	<u>3,424</u>	<u>2,436</u>	<u>4,152</u>
Foreign currency contracts exposure	<u>(198)</u>	<u>(56)</u>	<u>(15)</u>	<u>(30)</u>	<u>(56)</u>
Total net exposure	<u>22,747</u>	<u>4,686</u>	<u>3,409</u>	<u>2,406</u>	<u>4,096</u>

As at 30 June 2016	US Dollars \$'000	Euro \$'000	Japanese Yen \$'000	British Pounds \$'000	All other foreign currencies \$'000
Cash and cash equivalents	26	9	17	3	7
Receivables	181	55	10	10	28
Financial assets held at fair value through profit or loss	17,147	3,142	2,417	1,933	3,161
Payables	(3)	(4)	-	-	-
	<u>17,351</u>	<u>3,202</u>	<u>2,444</u>	<u>1,946</u>	<u>3,196</u>
Foreign currency contracts exposure	<u>-</u>	<u>(45)</u>	<u>(14)</u>	<u>(3)</u>	<u>(19)</u>
Total net exposure	<u>17,351</u>	<u>3,157</u>	<u>2,430</u>	<u>1,943</u>	<u>3,177</u>

13 Financial risk management (continued)

(a) Market risk (continued)

(ii) Foreign exchange risk (continued)

The tables below show the sensitivity of the Funds' operating profit and net assets attributable to unitholders to foreign exchange risk. The reasonably possible movement in the risk variable has been determined based on management's best estimate, having regard to a number of factors, including the historical levels of changes in foreign exchange rates. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies, markets and securities in which the Funds invest in. As a result, historic variations in risk variables are not a definitive indicator of future variations in the risk variable.

UBS IQ MSCI Asia APEX 50 Ethical ETF

	AUD Weakened	AUD Strengthened
	Increase/(decrease) in net assets attributable to unitholders (and profit/(loss) before finance costs attributable to unitholders)	
	30 June 2017	30 June 2017
	\$	\$
AUD/HKD 2017 10%	174,354	(174,354)
AUD/KRW 2017 10%	74,282	(74,282)
AUD/USD 2017 10%	61,697	(61,697)
AUD/TWD 2017 10%	57,900	(57,900)

	AUD Weakened	AUD Strengthened
	Increase/(decrease) in net assets attributable to unitholders (and profit/(loss) before finance costs attributable to unitholders)	
	30 June 2016	30 June 2016
	\$	\$
AUD/HKD 2016 10%	42,375	(42,375)
AUD/KRW 2016 10%	16,153	(16,153)
AUD/USD 2016 10%	9,945	(9,945)
AUD/TWD 2016 10%	12,591	(12,591)

13 Financial risk management (continued)

(a) Market risk (continued)

(ii) Foreign exchange risk (continued)

UBS IQ MSCI Europe Ethical ETF

	AUD Weakened	AUD Strengthened
	Increase/(decrease) in net assets attributable to unitholders (and profit/(loss) before finance costs attributable to unitholders)	
	30 June 2017	30 June 2017
	\$	\$
AUD/EUR 2017 10%	387,796	(387,796)
AUD/GBP 2017 10%	199,002	(199,002)
AUD/CHF 2017 10%	103,205	(103,205)

	AUD Weakened	AUD Strengthened
	Increase/(decrease) in net assets attributable to unitholders (and profit/(loss) before finance costs attributable to unitholders)	
	30 June 2016	30 June 2016
	\$	\$
AUD/EUR 2016 10%	309,941	(309,941)
AUD/GBP 2016 10%	192,324	(192,324)
AUD/CHF 2016 10%	98,195	(98,195)

UBS IQ MSCI Japan Ethical ETF

	AUD Weakened	AUD Strengthened
	Increase/(decrease) in net assets attributable to unitholders (and profit/(loss) before finance costs attributable to unitholders)	
	30 June 2017	30 June 2017
	\$	\$
AUD/JPY 2017 10%	318,070	(318,070)

	AUD Weakened	AUD Strengthened
	Increase/(decrease) in net assets attributable to unitholders (and profit/(loss) before finance costs attributable to unitholders)	
	30 June 2016	30 June 2016
	\$	\$
AUD/JPY 2016 10%	277,628	(277,628)

13 Financial risk management (continued)

(a) Market risk (continued)

(ii) Foreign exchange risk (continued)

UBS IQ MSCI USA Ethical ETF

	AUD Weakened	AUD Strengthened
	Increase/(decrease) in net assets attributable to unitholders (and profit/(loss) before finance costs attributable to unitholders)	
	30 June 2017	30 June 2017
	\$	\$
AUD/USD 2017 10%	580,003	(580,003)

	AUD Weakened	AUD Strengthened
	Increase/(decrease) in net assets attributable to unitholders (and profit/(loss) before finance costs attributable to unitholders)	
	30 June 2017	30 June 2017
	\$	\$
AUD/USD 2016 10%	519,498	(519,498)

UBS IQ MSCI World ex Australia Ethical ETF

	AUD Weakened	AUD Strengthened
	Increase/(decrease) in net assets attributable to unitholders (and profit/(loss) before finance costs attributable to unitholders)	
	30 June 2017	30 June 2017
	\$'000	\$'000
AUD/USD 2017 10%	2,275	(2,275)
AUD/EUR 2017 10%	469	(469)
AUD/JPY 2017 10%	341	(341)
AUD/GBP 2017 10%	241	(241)

	AUD Weakened	AUD Strengthened
	Increase/(decrease) in net assets attributable to unitholders (and profit/(loss) before finance costs attributable to unitholders)	
	30 June 2016	30 June 2016
	\$'000	\$'000
AUD/USD 2016 10%	1,735	(1,735)
AUD/EUR 2016 10%	316	(316)
AUD/JPY 2016 10%	243	(243)
AUD/GBP 2016 10%	194	(194)

The possible impact against other currencies not disclosed above is considered immaterial individually and therefore has not been included in the above table.

13 Financial risk management (continued)

(a) Market risk (continued)

(iii) Interest rate risk

Interest rate risk is the risk that rate movements will have a negative impact on investment value or returns. Interest rate risk is managed in accordance with the underlying investment strategy of the Funds.

The Funds are exposed to cash flow interest rate risk on financial instruments with variable interest rates. Financial instruments with fixed rates expose the Funds to fair value interest rate risk.

The Funds' interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The risk is measured using sensitivity analysis.

The Funds have direct exposure to interest rate changes on the valuation and cash flows of its interest bearing assets and liabilities. However, it may also be indirectly affected by the impact of interest rate changes on the earnings of certain entities in which the Funds invests and impact on the valuation of certain assets that use interest rates as an input in their valuation model. Therefore, the sensitivity analysis within this note may not fully indicate the total effect on the Funds' net assets attributable to unitholders of future movements in interest rates.

Compliance with the value of cash investments held is monitored daily and reported to the Board and Compliance Committee on a regular basis.

The tables below summarise the Funds' exposure to interest rate risks.

UBS IQ Morningstar Australia Quality ETF								
	30 June 2017				30 June 2016			
	Floating interest rate	Fixed interest rate	Non - interest bearing	Total	Floating interest rate	Fixed interest rate	Non - interest bearing	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets								
Cash and cash equivalents	300	-	-	300	1	-	-	1
Receivables	-	-	202	202	-	-	248	248
Financial assets held at fair value through profit and loss	-	-	27,452	27,452	-	-	6,951	6,951
Total assets	300	-	27,654	27,954	1	-	7,199	7,200
Financial liabilities								
Payables	-	-	(206)	(206)	-	-	(25)	(25)
Financial liabilities held at fair value through profit and loss	-	-	(3)	(3)	-	-	-	-
Distributions payable	-	-	(284)	(284)	-	-	(245)	(245)
Total liabilities (excluding net assets attributable to unitholders)	-	-	(493)	(493)	-	-	(270)	(270)
Net assets attributable to unitholders	300	-	27,161	27,461	1	-	6,929	6,929

13 Financial risk management (continued)

(a) Market risk (continued)

(iii) Interest rate risk (continued)

UBS IQ Morningstar Australia Dividend Yield ETF								
	30 June 2017				30 June 2016			
	Floating interest rate	Fixed interest rate	Non - interest bearing	Total	Floating interest rate	Fixed interest rate	Non - interest bearing	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets								
Cash and cash equivalents	105	-	-	105	7	-	-	7
Receivables	-	-	149	149	-	-	102	102
Financial assets held at fair value through profit and loss	-	-	27,544	27,544	-	-	23,399	23,399
Total assets	105	-	27,693	27,798	7	-	23,501	23,508
Financial liabilities								
Payables	-	-	(9)	(9)	-	-	(7)	(7)
Financial liabilities held at fair value through profit and loss	-	-	(2)	(2)	-	-	-	-
Distributions payable	-	-	(238)	(238)	-	-	(348)	(348)
Total liabilities (excluding net assets attributable to unitholders)	-	-	(249)	(249)	-	-	(355)	(355)
Net assets attributable to unitholders	105	-	27,444	27,549	7	-	23,146	23,153

13 Financial risk management (continued)

(a) Market risk (continued)

(iii) Interest rate risk (continued)

	UBS IQ MSCI Australia Ethical ETF							
	30 June 2017				30 June 2016			
	Floating interest rate	Fixed interest rate	Non - interest bearing	Total	Floating interest rate	Fixed interest rate	Non - interest bearing	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets								
Cash and cash equivalents	464	-	-	464	300	-	-	300
Receivables	-	-	1,489	1,489	-	-	1,372	1,372
Financial assets held at fair value through profit and loss	-	-	159,740	159,740	-	-	134,045	134,045
Total assets	464	-	161,229	161,693	300	-	135,417	135,717
Financial liabilities								
Payables	-	-	(26)	(26)	-	-	(23)	(23)
Financial liabilities held at fair value through profit and loss	-	-	(26)	(26)	-	-	-	-
Distributions payable	-	-	(2,185)	(2,185)	-	-	(1,748)	(1,748)
Total liabilities (excluding net assets attributable to unitholders)	-	-	(2,237)	(2,237)	-	-	(1,771)	(1,771)
Net assets attributable to unitholders	464	-	158,992	159,456	300	-	133,646	133,946

13 Financial risk management (continued)

(a) Market risk (continued)

(iii) Interest rate risk (continued)

	UBS IQ MSCI Asia APEX 50 Ethical ETF							
	30 June 2017				30 June 2016			
	Floating interest rate	Fixed interest rate	Non - interest bearing	Total	Floating interest rate	Fixed interest rate	Non - interest bearing	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Financial assets								
Cash and cash equivalents	6,324	-	-	6,324	1,506	-	-	1,506
Receivables	-	-	27,462	27,462	-	-	31,265	31,265
Financial assets held at fair value through profit and loss	-	-	3,855,884	3,855,884	-	-	846,821	846,821
Total assets	6,324	-	3,883,346	3,889,670	1,506	-	878,086	879,592
Financial liabilities								
Payables	-	-	(5,184)	(5,184)	-	-	(1,586)	(1,586)
Financial liabilities held at fair value through profit and loss	-	-	-	-	-	-	(7)	(7)
Distributions payable	-	-	(14,277)	(14,277)	-	-	(23,462)	(23,462)
Total liabilities (excluding net assets attributable to unitholders)	-	-	(19,461)	(19,461)	-	-	(25,055)	(25,055)
Net assets attributable to unitholders	6,324	-	3,863,885	3,870,209	1,506	-	853,031	854,537

13 Financial risk management (continued)

(a) Market risk (continued)

(iii) Interest rate risk (continued)

	UBS IQ MSCI Europe Ethical ETF							
	30 June 2017				30 June 2016			
	Floating interest rate	Fixed interest rate	Non - interest bearing	Total	Floating interest rate	Fixed interest rate	Non - interest bearing	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Financial assets								
Cash and cash equivalents	72,012	-	-	72,012	10,887	-	-	10,887
Receivables	-	-	177,865	177,865	-	-	210,862	210,862
Financial assets held at fair value through profit and loss	-	-	7,529,802	7,529,802	-	-	6,568,644	6,568,644
Total assets	72,012	-	7,707,667	7,779,679	10,887	-	6,779,506	6,790,393
Financial liabilities								
Payables	-	-	(5,028)	(5,028)	-	-	(22,299)	(22,299)
Financial liabilities held at fair value through profit and loss	-	-	(1,568)	(1,568)	-	-	(236)	(236)
Distributions payable	-	-	(194,567)	(194,567)	-	-	(182,418)	(182,418)
Total liabilities (excluding net assets attributable to unitholders)	-	-	(201,163)	(201,163)	-	-	(204,953)	(204,953)
Net assets attributable to unitholders	72,012	-	7,506,504	7,578,516	10,887	-	6,574,553	6,585,440

13 Financial risk management (continued)

(a) Market risk (continued)

(iii) Interest rate risk (continued)

	UBS IQ MSCI Japan Ethical ETF							
	30 June 2017				30 June 2016			
	Floating interest rate	Fixed interest rate	Non - interest bearing	Total	Floating interest rate	Fixed interest rate	Non - interest bearing	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Financial assets								
Cash and cash equivalents	15,436	-	-	15,436	16,031	-	-	16,031
Receivables	-	-	45,005	45,005	-	-	60,858	60,858
Financial assets held at fair value through profit and loss	-	-	3,167,997	3,167,997	-	-	2,762,170	2,762,170
Total assets	15,436	-	3,213,002	3,228,438	16,031	-	2,823,028	2,839,059
Financial liabilities								
Payables	-	-	(1,612)	(1,612)	-	-	(1,401)	(1,401)
Financial liabilities held at fair value through profit and loss	-	-	(147)	(147)	-	-	(69)	(69)
Distributions payable	-	-	(48,501)	(48,501)	-	-	(64,529)	(64,529)
Total liabilities (excluding net assets attributable to unitholders)	-	-	(50,260)	(50,260)	-	-	(65,999)	(65,999)
Net assets attributable to unitholders	15,436	-	3,162,742	3,178,178	16,031	-	2,757,029	2,773,060

13 Financial risk management (continued)

(a) Market risk (continued)

(iii) Interest rate risk (continued)

	UBS IQ MSCI USA Ethical ETF							
	30 June 2017				30 June 2016			
	Floating interest rate	Fixed interest rate	Non - interest bearing	Total	Floating interest rate	Fixed interest rate	Non - interest bearing	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Financial assets								
Cash and cash equivalents	7,570	-	-	7,570	8,326	-	-	8,326
Receivables	-	-	113,235	113,235	-	-	74,409	74,409
Financial assets held at fair value through profit and loss	-	-	5,792,467	5,792,467	-	-	5,184,246	5,184,246
Total assets	7,570	-	5,905,702	5,913,272	8,326	-	5,258,655	5,266,981
Financial liabilities								
Payables	-	-	(1,929)	(1,929)	-	-	(2,736)	(2,736)
Financial liabilities held at fair value through profit and loss	-	-	(124)	(124)	-	-	-	-
Distributions payable	-	-	(120,492)	(120,492)	-	-	(71,052)	(71,052)
Total liabilities (excluding net assets attributable to unitholders)	-	-	(122,545)	(122,545)	-	-	(73,788)	(73,788)
Net assets attributable to unitholders	7,570	-	5,783,157	5,790,727	8,326	-	5,184,867	5,193,193

13 Financial risk management (continued)

(a) Market risk (continued)

(iii) Interest rate risk (continued)

	UBS IQ MSCI World ex Australia Ethical ETF							
	30 June 2017				30 June 2016			
	Floating interest rate	Fixed interest rate	Non - interest bearing	Total	Floating interest rate	Fixed interest rate	Non - interest bearing	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets								
Cash and cash equivalents	132	-	-	132	66	-	-	66
Receivables	-	-	395	395	-	-	286	286
Financial assets held at fair value through profit and loss	-	-	37,178	37,178	-	-	27,801	27,801
Total assets	132	-	37,573	37,705	66	-	28,087	28,153
Financial liabilities								
Payables	-	-	(15)	(15)	-	-	(16)	(16)
Financial liabilities held at fair value through profit and loss	-	-	(1)	(1)	-	-	-	-
Distributions payable	-	-	(715)	(715)	-	-	(564)	(564)
Total liabilities (excluding net assets attributable to unitholders)	-	-	(731)	(731)	-	-	(580)	(580)
Net assets attributable to unitholders	132	-	36,842	36,974	66	-	27,507	27,573

The sensitivity to interest rate risk on Cash and cash equivalents is not considered to be material.

An analysis of financial liabilities by maturities is provided in Note 13 (c).

(b) Credit risk

Credit risk is the risk that a counterparty will be unable to pay its contractual obligations in full when they fall due, causing a financial loss to the Funds.

The Funds do not have a significant concentration of credit risk that arises from an exposure to a single counterparty or group of counterparties having similar characteristics. The main concentration of credit risk, to which the Funds are exposed, arises from cash and cash equivalents, deposits with banks and other financial institutions and amounts due from brokers. None of these assets are impaired nor past their due date. The maximum exposure to credit risk at the reporting date is the carrying amount disclosed in the Statement of Financial Position.

The Funds do not consider counterparty risk to be significant, as the Funds only trade with recognised and creditworthy third parties.

13 Financial risk management (continued)

(c) Liquidity risk

The Funds' listed securities are considered readily convertible to cash, as they are listed on various stock exchanges.

The Funds may, from time to time, invest in derivative contracts traded over the counter, which are not traded in an organised market and may be illiquid. As a result, the Funds may not be able to liquidate quickly its investments in these instruments at an amount close to their fair value to meet its liquidity requirements or to respond to specific events such as a deterioration in the creditworthiness of any particular issuer or counterparty. No such investments were held at the end of the year (2016: Nil).

(i) Maturities of non-derivative financial liabilities

The tables below analyse the Funds' non-derivative financial liabilities into relevant maturity groupings based on the remaining period to the earliest possible contractual maturity date at the year end date. The amounts in the table are contractual undiscounted cash flows.

UBS IQ Morningstar Australia Quality ETF

	Less than 1 month \$'000	1-6 months \$'000	7-12 months \$'000	Over 12 months \$'000	No stated maturity \$'000
At 30 June 2017					
Distributions payable	284	-	-	-	-
Payables	206	-	-	-	-
Net assets attributable to unitholders	27,461	-	-	-	-
Contractual cash flows (excluding gross settled derivatives)	27,951	-	-	-	-

UBS IQ Morningstar Australia Dividend Yield ETF

	Less than 1 month \$'000	1-6 months \$'000	7-12 months \$'000	Over 12 months \$'000	No stated maturity \$'000
At 30 June 2017					
Distributions payable	238	-	-	-	-
Payables	9	-	-	-	-
Net assets attributable to unitholders	27,549	-	-	-	-
Contractual cash flows (excluding gross settled derivatives)	27,796	-	-	-	-

13 Financial risk management (continued)

(c) Liquidity risk (continued)

(i) Maturities of non-derivative financial liabilities (continued)

UBS IQ MSCI Australia Ethical ETF

	Less than 1 month \$'000	1-6 months \$'000	7-12 months \$'000	Over 12 months \$'000	No stated maturity \$'000
At 30 June 2017					
Distributions payable	2,185	-	-	-	-
Payables	26	-	-	-	-
Net assets attributable to unitholders	<u>159,456</u>	-	-	-	-
Contractual cash flows (excluding gross settled derivatives)	<u>161,667</u>	-	-	-	-

UBS IQ MSCI Asia APEX 50 Ethical ETF

	Less than 1 month \$	1-6 months \$	7-12 months \$	Over 12 months \$	No stated maturity \$
At 30 June 2017					
Distributions payable	14,277	-	-	-	-
Payables	5,184	-	-	-	-
Net assets attributable to unitholders	<u>3,870,209</u>	-	-	-	-
Contractual cash flows (excluding gross settled derivatives)	<u>3,889,670</u>	-	-	-	-

UBS IQ MSCI Europe Ethical ETF

	Less than 1 month \$	1-6 months \$	7-12 months \$	Over 12 months \$	No stated maturity \$
At 30 June 2017					
Distributions payable	194,567	-	-	-	-
Payables	5,028	-	-	-	-
Net assets attributable to unitholders	<u>7,578,516</u>	-	-	-	-
Contractual cash flows (excluding gross settled derivatives)	<u>7,778,111</u>	-	-	-	-

13 Financial risk management (continued)

(c) Liquidity risk (continued)

(i) Maturities of non-derivative financial liabilities (continued)

UBS IQ MSCI Japan Ethical ETF

	Less than 1 month \$	1-6 months \$	7-12 months \$	Over 12 months \$	No stated maturity \$
At 30 June 2017					
Distributions payable	48,501	-	-	-	-
Payables	1,612	-	-	-	-
Net assets attributable to unitholders	<u>3,178,178</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contractual cash flows (excluding gross settled derivatives)	<u>3,228,291</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

UBS IQ MSCI USA Ethical ETF

	Less than 1 month \$	1-6 months \$	7-12 months \$	Over 12 months \$	No stated maturity \$
At 30 June 2017					
Distributions payable	120,492	-	-	-	-
Payables	1,929	-	-	-	-
Net assets attributable to unitholders	<u>5,790,727</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contractual cash flows (excluding gross settled derivatives)	<u>5,913,148</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

UBS IQ MSCI World ex Australia Ethical ETF

	Less than 1 month \$'000	1-6 months \$'000	7-12 months \$'000	Over 12 months \$'000	No stated maturity \$'000
At 30 June 2017					
Distributions payable	715	-	-	-	-
Payables	15	-	-	-	-
Net assets attributable to unitholders	<u>36,974</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contractual cash flows (excluding gross settled derivatives)	<u>37,704</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

13 Financial risk management (continued)

(c) Liquidity risk (continued)

(i) Maturities of non-derivative financial liabilities (continued)

UBS IQ Morningstar Australia Quality ETF

	Less than 1 month \$'000	1-6 months \$'000	7-12 months \$'000	Over 12 months \$'000	No stated maturity \$'000
At 30 June 2016					
Distributions payable	245	-	-	-	-
Payables	25	-	-	-	-
Net assets attributable to unitholders	<u>6,929</u>	-	-	-	-
Contractual cash flows (excluding gross settled derivatives)	<u>7,199</u>	-	-	-	-

UBS IQ Morningstar Australia Dividend Yield ETF

	Less than 1 month \$'000	1-6 months \$'000	7-12 months \$'000	Over 12 months \$'000	No stated maturity \$'000
At 30 June 2016					
Distributions payable	348	-	-	-	-
Payables	7	-	-	-	-
Net assets attributable to unitholders	<u>23,153</u>	-	-	-	-
Contractual cash flows (excluding gross settled derivatives)	<u>23,508</u>	-	-	-	-

UBS IQ MSCI Australia Ethical ETF

	Less than 1 month \$'000	1-6 months \$'000	7-12 months \$'000	Over 12 months \$'000	No stated maturity \$'000
At 30 June 2016					
Distributions payable	1,748	-	-	-	-
Payables	23	-	-	-	-
Net assets attributable to unitholders	<u>133,946</u>	-	-	-	-
Contractual cash flows (excluding gross settled derivatives)	<u>135,717</u>	-	-	-	-

13 Financial risk management (continued)

(c) Liquidity risk (continued)

(i) Maturities of non-derivative financial liabilities (continued)

UBS IQ MSCI Asia APEX 50 Ethical ETF

	Less than 1 month	1-6 months	7-12 months	Over 12 months	No stated maturity
At 30 June 2016	\$	\$	\$	\$	\$
Distributions payable	23,462	-	-	-	-
Payables	1,586	-	-	-	-
Net assets attributable to unitholders	<u>854,537</u>	-	-	-	-
Contractual cash flows (excluding gross settled derivatives)	<u>879,585</u>	-	-	-	-

UBS IQ MSCI Europe Ethical ETF

	Less than 1 month	1-6 months	7-12 months	Over 12 months	No stated maturity
At 30 June 2016	\$	\$	\$	\$	\$
Distributions payable	182,418	-	-	-	-
Payables	22,299	-	-	-	-
Net assets attributable to unitholders	<u>6,585,440</u>	-	-	-	-
Contractual cash flows (excluding gross settled derivatives)	<u>6,790,157</u>	-	-	-	-

UBS IQ MSCI Japan Ethical ETF

	Less than 1 month	1-6 months	7-12 months	Over 12 months	No stated maturity
At 30 June 2016	\$	\$	\$	\$	\$
Distributions payable	64,529	-	-	-	-
Payables	1,401	-	-	-	-
Net assets attributable to unitholders	<u>2,773,060</u>	-	-	-	-
Contractual cash flows (excluding gross settled derivatives)	<u>2,838,990</u>	-	-	-	-

13 Financial risk management (continued)

(c) Liquidity risk (continued)

(i) Maturities of non-derivative financial liabilities (continued)

UBS IQ MSCI USA Ethical ETF

	Less than 1 month \$	1-6 months \$	7-12 months \$	Over 12 months \$	No stated maturity \$
At 30 June 2016					
Distributions payable	71,052	-	-	-	-
Payables	2,736	-	-	-	-
Net assets attributable to unitholders	<u>5,193,193</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contractual cash flows (excluding gross settled derivatives)	<u>5,266,981</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

UBS IQ MSCI World ex Australia Ethical ETF

	Less than 1 month \$'000	1-6 months \$'000	7-12 months \$'000	Over 12 months \$'000	No stated maturity \$'000
At 30 June 2016					
Distributions payable	564	-	-	-	-
Payables	16	-	-	-	-
Net assets attributable to unitholders	<u>27,573</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contractual cash flows (excluding gross settled derivatives)	<u>28,153</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(ii) Maturities of net settled derivative financial instruments

The table below analyses the Funds' net settled derivative financial instruments for which the contractual maturities are considered to be essential to an understanding of the timing of cash flows based on the Funds' investment strategy.

UBS IQ Morningstar Australia Quality ETF

	Less than 1 month \$'000	1-6 months \$'000	7-12 months \$'000	Over 12 months \$'000	No stated maturity \$'000
At 30 June 2017					
Australian share price index futures - Outflows	-	(3)	-	-	-

13 Financial risk management (continued)

(c) Liquidity risk (continued)

(ii) Maturities of net settled derivative financial instruments (continued)

UBS IQ Morningstar Australia Dividend Yield ETF

	Less than 1 month \$'000	1-6 months \$'000	7-12 months \$'000	Over 12 months \$'000	No stated maturity \$'000
At 30 June 2017					
Australian share price index futures - Outflows	-	(2)	-	-	-

UBS IQ MSCI Australia Ethical ETF

	Less than 1 month \$'000	1-6 months \$'000	7-12 months \$'000	Over 12 months \$'000	No stated maturity \$'000
At 30 June 2017					
Australian share price index futures - Outflows	-	(26)	-	-	-

UBS IQ MSCI Europe Ethical ETF

	Less than 1 month \$	1-6 months \$	7-12 months \$	Over 12 months \$	No stated maturity \$
At 30 June 2017					
International share price index futures - Outflows	-	(1,472)	-	-	-
Foreign currency contracts - Outflows	(5)	-	-	-	-

UBS IQ MSCI Japan Ethical ETF

	Less than 1 month \$	1-6 months \$	7-12 months \$	Over 12 months \$	No stated maturity \$
At 30 June 2017					
Foreign currency contracts - Outflows	(147)	-	-	-	-

13 Financial risk management (continued)

(c) Liquidity risk (continued)

(ii) Maturities of net settled derivative financial instruments (continued)

UBS IQ MSCI USA Ethical ETF

	Less than 1 month	1-6 months	7-12 months	Over 12 months	No stated maturity
At 30 June 2017	\$	\$	\$	\$	\$
Foreign currency contracts					
- Outflows	(124)	-	-	-	-

UBS IQ MSCI World ex Australia Ethical ETF

	Less than 1 month	1-6 months	7-12 months	Over 12 months	No stated maturity
At 30 June 2017	\$'000	\$'000	\$'000	\$'000	\$'000
International share price index futures					
- Outflows	-	(1)	-	-	-

UBS IQ MSCI Asia APEX 50 Ethical ETF had nil net settled derivatives as at 30 June 2017.

UBS IQ MSCI Australia Ethical ETF

	Less than 1 month	1-6 months	7-12 months	Over 12 months	No stated maturity
At 30 June 2016	\$'000	\$'000	\$'000	\$'000	\$'000
Australian share price index futures					
- Inflows	-	10	-	-	-

UBS IQ MSCI Asia APEX 50 Ethical ETF

	Less than 1 month	1-6 months	7-12 months	Over 12 months	No stated maturity
At 30 June 2016	\$	\$	\$	\$	\$
Foreign currency contracts					
- Outflows	(7)	-	-	-	-

13 Financial risk management (continued)

(c) Liquidity risk (continued)

(ii) Maturities of net settled derivative financial instruments (continued)

UBS IQ MSCI Europe Ethical ETF

	Less than 1 month	1-6 months	7-12 months	Over 12 months	No stated maturity
At 30 June 2016	\$	\$	\$	\$	\$
Foreign currency contracts - Inflows	293	-	-	-	-

UBS IQ MSCI Japan Ethical ETF

	Less than 1 month	1-6 months	7-12 months	Over 12 months	No stated maturity
At 30 June 2016	\$	\$	\$	\$	\$
Foreign currency contracts - Outflows	(69)	-	-	-	-

UBS IQ Morningstar Australia Quality ETF, UBS IQ Morningstar Australia Dividend Yield ETF, UBS IQ MSCI USA Ethical ETF and UBS IQ MSCI World ex Australia Ethical ETF had nil net settled derivatives as at 30 June 2016.

14 Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The gross and net positions of financial assets and liabilities that have been offset in the Statement of Financial Position are disclosed in the first three columns of the tables below.

UBS IQ Morningstar Australia Quality ETF

Financial assets	Effects of offsetting on the Statement of Financial Positions			Related amount not offset		
	Gross amounts of financial assets \$'000	Gross amounts set off in the Statement of Financial Position \$'000	Net amount of financial assets presented in the Statement of Financial Position \$'000	Amounts subject to master netting arrangements \$'000	Collateral Pledged/ Received \$'000	Net Amount \$'000
2017						
Australian share price index futures	-	-	-	-	-	-
Total	-	-	-	-	-	-
2016						
Australian share price index futures	-	-	-	-	-	-
Total	-	-	-	-	-	-
Financial liabilities	Effects of offsetting on the Statement of Financial Position			Related amount not offset		
	Gross amounts of financial liabilities \$'000	Gross amounts set off in the Statement of Financial Position \$'000	Net amount of financial liabilities presented in the Statement of Financial Position \$'000	Amounts subject to master netting arrangements \$'000	Collateral Pledged/ Received \$'000	Net Amount \$'000
2017						
Australian share price index futures	3	-	3	-	(3)	-
Total	3	-	3	-	(3)	-
2016						
Australian share price index futures	-	-	-	-	-	-
Total	-	-	-	-	-	-

14 Offsetting financial assets and financial liabilities (continued)

UBS IQ Morningstar Australia Dividend Yield ETF

Financial assets	Effects of offsetting on the Statement of Financial Positions			Related amount not offset		
	Gross amounts of financial assets \$'000	Gross amounts set off in the Statement of Financial Position \$'000	Net amount of financial assets presented in the Statement of Financial Position \$'000	Amounts subject to master netting arrangements \$'000	Collateral Pledged/ Received \$'000	Net Amount \$'000
2017						
Australian share price index futures	-	-	-	-	-	-
Total	-	-	-	-	-	-
2016						
Australian share price index futures	-	-	-	-	-	-
Total	-	-	-	-	-	-

Financial liabilities	Effects of offsetting on the Statement of Financial Position			Related amount not offset		
	Gross amounts of financial liabilities \$'000	Gross amounts set off in the Statement of Financial Position \$'000	Net amount of financial liabilities presented in the Statement of Financial Position \$'000	Amounts subject to master netting arrangements \$'000	Collateral Pledged/ Received \$'000	Net Amount \$'000
2017						
Australian share price index futures	2	-	2	-	(2)	-
Total	2	-	2	-	(2)	-
2016						
Australian share price index futures	-	-	-	-	-	-
Total	-	-	-	-	-	-

14 Offsetting financial assets and financial liabilities (continued)

UBS IQ MSCI Australia Ethical ETF

Financial assets	Effects of offsetting on the Statement of Financial Positions			Related amount not offset		
	Gross amounts of financial assets \$'000	Gross amounts set off in the Statement of Financial Position \$'000	Net amount of financial assets presented in the Statement of Financial Position \$'000	Amounts subject to master netting arrangements \$'000	Collateral Pledged/ Received \$'000	Net Amount \$'000
2017						
Australian share price index futures	-	-	-	-	-	-
Total	-	-	-	-	-	-
2016						
Australian share price index futures	10	-	10	-	-	10
Total	10	-	10	-	-	10

Financial liabilities	Effects of offsetting on the Statement of Financial Position			Related amount not offset		
	Gross amounts of financial liabilities \$'000	Gross amounts set off in the Statement of Financial Position \$'000	Net amount of financial liabilities presented in the Statement of Financial Position \$'000	Amounts subject to master netting arrangements \$'000	Collateral Pledged/ Received \$'000	Net Amount \$'000
2017						
Australian share price index futures	26	-	26	-	(25)	1
Total	26	-	26	-	(25)	1
2016						
Australian share price index futures	-	-	-	-	-	-
Total	-	-	-	-	-	-

14 Offsetting financial assets and financial liabilities (continued)

UBS IQ MSCI Asia APEX 50 Ethical ETF

Financial assets	Effects of offsetting on the Statement of Financial Positions			Related amount not offset		
	Gross amounts of financial assets	Gross amounts set off in the Statement of Financial Position	Net amount of financial assets presented in the Statement of Financial Position	Amounts subject to master netting arrangements	Collateral Pledged/ Received	Net Amount
	\$	\$	\$	\$	\$	\$
2017						
Foreign currency contracts	-	-	-	-	-	-
Total	-	-	-	-	-	-
2016						
Foreign currency contracts	15,039	(15,039)	-	-	-	-
Total	15,039	(15,039)	-	-	-	-

Financial liabilities	Effects of offsetting on the Statement of Financial Position			Related amount not offset		
	Gross amounts of financial liabilities	Gross amounts set off in the Statement of Financial Position	Net amount of financial liabilities presented in the Statement of Financial Position	Amounts subject to master netting arrangements	Collateral Pledged/ Received	Net Amount
	\$	\$	\$	\$	\$	\$
2017						
Foreign currency contracts	-	-	-	-	-	-
Total	-	-	-	-	-	-
2016						
Foreign currency contracts	15,046	(15,039)	7	-	-	7
Total	15,046	(15,039)	7	-	-	7

14 Offsetting financial assets and financial liabilities (continued)

UBS IQ MSCI Europe Ethical ETF

Financial assets	Effects of offsetting on the Statement of Financial Positions			Related amount not offset		
	Gross amounts of financial assets	Gross amounts set off in the Statement of Financial Position	Net amount of financial assets presented in the Statement of Financial Position	Amounts subject to master netting arrangements	Collateral Pledged/ Received	Net Amount
	\$	\$	\$	\$	\$	\$
2017						
Foreign currency contracts	187,091	(187,000)	91	(91)	-	-
Total	187,091	(187,000)	91	(91)	-	-
2016						
Foreign currency contracts	175,160	(174,631)	529	(236)	-	293
Total	175,160	(174,631)	529	(236)	-	293
Financial liabilities	Effects of offsetting on the Statement of Financial Position			Related amount not offset		
	Gross amounts of financial liabilities	Gross amounts set off in the Statement of Financial Position	Net amount of financial liabilities presented in the Statement of Financial Position	Amounts subject to master netting arrangements	Collateral Pledged/ Received	Net Amount
	\$	\$	\$	\$	\$	\$
2017						
Foreign currency contracts	187,096	(187,000)	96	(91)	-	5
International share price index futures	1,472	-	1,472	-	(1,472)	-
Total	188,568	(187,000)	1,568	(91)	(1,472)	5
2016						
Foreign currency contracts	174,867	(174,631)	236	(236)	-	-
Total	174,867	(174,631)	236	(236)	-	-

14 Offsetting financial assets and financial liabilities (continued)

UBS IQ MSCI Japan Ethical ETF

Financial assets	Effects of offsetting on the Statement of Financial Positions			Related amount not offset		
	Gross amounts of financial assets	Gross amounts set off in the Statement of Financial Position	Net amount of financial assets presented in the Statement of Financial Position	Amounts subject to master netting arrangements	Collateral Pledged/ Received	Net Amount
	\$	\$	\$	\$	\$	\$
2017						
Foreign currency contracts	47,000	(47,000)	-	-	-	-
Total	47,000	(47,000)	-	-	-	-
2016						
Foreign currency contracts	62,113	(62,113)	-	-	-	-
Total	62,113	(62,113)	-	-	-	-
Financial liabilities	Effects of offsetting on the Statement of Financial Position			Related amount not offset		
	Gross amounts of financial liabilities	Gross amounts set off in the Statement of Financial Position	Net amount of financial liabilities presented in the Statement of Financial Position	Amounts subject to master netting arrangements	Collateral Pledged/ Received	Net Amount
	\$	\$	\$	\$	\$	\$
2017						
Foreign currency contracts	47,147	(47,000)	147	-	-	147
Total	47,147	(47,000)	147	-	-	147
2016						
Foreign currency contracts	62,182	(62,113)	69	-	-	69
Total	62,182	(62,113)	69	-	-	69

14 Offsetting financial assets and financial liabilities (continued)

UBS IQ MSCI USA Ethical ETF

Financial assets	Effects of offsetting on the Statement of Financial Positions			Related amount not offset		
	Gross amounts of financial assets	Gross amounts set off in the Statement of Financial Position	Net amount of financial assets presented in the Statement of Financial Position	Amounts subject to master netting arrangements	Collateral Pledged/ Received	Net Amount
	\$	\$	\$	\$	\$	\$
2017						
Foreign currency contracts	112,000	(112,000)	-	-	-	-
Total	112,000	(112,000)	-	-	-	-
2016						
Foreign currency contracts	-	-	-	-	-	-
Total	-	-	-	-	-	-
Financial liabilities	Effects of offsetting on the Statement of Financial Position			Related amount not offset		
	Gross amounts of financial liabilities	Gross amounts set off in the Statement of Financial Position	Net amount of financial liabilities presented in the Statement of Financial Position	Amounts subject to master netting arrangements	Collateral Pledged/ Received	Net Amount
	\$	\$	\$	\$	\$	\$
2017						
Foreign currency contracts	112,124	(112,000)	124	-	-	124
Total	112,000	(112,000)	124	-	-	124
2016						
Foreign currency contracts	-	-	-	-	-	-
Total	-	-	-	-	-	-

14 Offsetting financial assets and financial liabilities (continued)

UBS IQ MSCI World ex Australia Ethical ETF

Financial assets	Effects of offsetting on the Statement of Financial Positions			Related amount not offset		
	Gross amounts of financial assets \$'000	Gross amounts set off in the Statement of Financial Position \$'000	Net amount of financial assets presented in the Statement of Financial Position \$'000	Amounts subject to master netting arrangements \$'000	Collateral Pledged/ Received \$'000	Net Amount \$'000
2017						
Foreign currency contracts	355	(355)	-	-	-	-
Total	355	(355)	-	-	-	-
2016						
Foreign currency contracts	63	(63)	-	-	-	-
Total	63	(63)	-	-	-	-
Financial liabilities	Effects of offsetting on the Statement of Financial Position			Related amount not offset		
	Gross amounts of financial liabilities \$'000	Gross amounts set off in the Statement of Financial Position \$'000	Net amount of financial liabilities presented in the Statement of Financial Position \$'000	Amounts subject to master netting arrangements \$'000	Collateral Pledged/ Received \$'000	Net Amount \$'000
2017						
Foreign currency contracts	355	(355)	-	-	-	-
International share price index futures	1	-	1	-	(1)	-
Total	356	(355)	1	-	(1)	-
2016						
Foreign currency contracts	63	(63)	-	-	-	-
Total	63	(63)	-	-	-	-

14 Offsetting financial assets and financial liabilities (continued)

(i) Master netting arrangement – currently enforceable

Agreements with derivative counterparties are based on the ISDA Master Agreement. Under the terms of these arrangements, only where certain credit events occur (such as default, insolvency or bankruptcy), the net position owing/receivable to a single counterparty in the same currency will be taken as owing and all the relevant arrangements terminated. As the Funds presently have a legally enforceable right of set-off, these amounts have been offset in the Statement of Financial Position.

15 Fair value measurement

The Funds measure and recognise the following assets and liabilities at fair value on a recurring basis:

- Financial assets / liabilities designated at fair value through profit or loss (FVTPL) (see Notes 8 and 9)
- Financial assets / liabilities held for trading (see Notes 8 and 9);
- Derivative financial instruments (see Note 12);

The Funds have no assets or liabilities measured at fair value on a non-recurring basis in the current financial year. The Funds are required to classify fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- (a) Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (b) Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly; and
- (c) Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes "observable" requires significant judgement by the Funds. The Funds consider observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

All fair value measurement disclosed are recurring fair value measurements.

(i) Fair value in an active market (level 1)

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and equity securities) are based on their quoted market prices at the close of trading at the end of the year without any deduction for estimated future selling costs. For the majority of investments, information provided by independent pricing services are relied upon for the valuation of investments.

Where the Funds do have financial assets and financial liabilities with offsetting positions in market risks or counterparty credit risk, it may elect to use the measurement exception provided in AASB 13 to measure the fair value of its net risk exposure by applying a price within the bid-ask spread to the net open position as appropriate.

15 Fair value measurement (continued)

(i) Fair value in an active market (level 1) (continued)

If a significant movement in fair value occurs subsequent to the close of trading up to midnight on the reporting date, valuation techniques will be applied to determine the fair value. A significant event is any event that occurs after the last market price for a security, close of market or close of the foreign exchange, but before the Funds' valuation time that materially affects the integrity of the closing prices for any security, instrument, currency or securities affected by that event so that they cannot be considered 'readily available' market quotations. Where the last sale price does not fall within the bid-ask spread, an assessment is performed by the Responsible Entity to determine the appropriate valuation price to use that is most representative of fair value.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

(ii) Fair value in an inactive or unquoted market (level 2 and level 3)

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the year applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the end of the year. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed entities adjusted to reflect the specific circumstances of the issuer.

The fair value of derivatives that are not exchange traded is estimated at the amount that the Funds would receive or pay to terminate the contract at the end of the year taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Funds hold. Valuations are therefore adjusted, where appropriate, to allow for additional factors including liquidity risk and counterparty risk.

15 Fair value measurement (continued)

Recognised fair value measurement

The table below presents the Funds' financial assets and liabilities (by class) measured and recognised at fair value according to the fair value hierarchy at 30 June 2017 and 30 June 2016.

UBS IQ Morningstar Australia Quality ETF								
	As at 30 June 2017				As at 30 June 2016			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets								
Financial assets designated at fair value through profit or loss:								
Listed equities	22,341	-	-	22,341	4,647	-	-	4,648
Listed unit trusts	5,111	-	-	5,111	2,304	-	-	2,304
Total	27,452	-	-	27,452	6,951	-	-	6,951
Financial liabilities								
Financial liabilities held for trading:								
Australian share price index futures	3	-	-	3	-	-	-	-
Total	3	-	-	3	-	-	-	-

UBS IQ Morningstar Australia Dividend Yield ETF								
	As at 30 June 2017				As at 30 June 2016			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets								
Financial assets designated at fair value through profit or loss:								
Listed equities	27,544	-	-	27,544	23,399	-	-	23,399
Total	27,544	-	-	27,544	23,399	-	-	23,399
Financial liabilities								
Financial liabilities held for trading:								
Australian share price index futures	2	-	-	2	-	-	-	-
Total	2	-	-	2	-	-	-	-

15 Fair value measurement (continued)

Recognised fair value measurement (continued)

UBS IQ MSCI Australia Ethical ETF								
	As at 30 June 2017				As at 30 June 2016			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets								
Financial assets held for trading:								
Australian share price index futures	-	-	-	-	10	-	-	10
Financial assets designated at fair value through profit or loss:								
Listed equities	147,439	-	-	147,439	121,345	-	-	121,345
Listed unit trusts	12,301	-	-	12,301	12,690	-	-	12,690
Total	159,740	-	-	159,740	134,045	-	-	134,045
Financial liabilities								
Financial liabilities held for trading:								
Australian share price index futures	26	-	-	26	-	-	-	-
Total	26	-	-	26	-	-	-	-

UBS IQ MSCI Asia APEX 50 Ethical ETF								
	As at 30 June 2017				As at 30 June 2016			
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets								
Financial assets designated at fair value through profit or loss:								
Listed equities	3,855,884	-	-	3,855,884	846,821	-	-	846,821
Total	3,855,884	-	-	3,855,884	846,821	-	-	846,821
Financial liabilities								
Financial liabilities held for trading:								
Foreign currency contracts	-	-	-	-	-	7	-	7
Total	-	-	-	-	-	7	-	7

15 Fair value measurement (continued)

Recognised fair value measurement (continued)

UBS IQ MSCI Europe Ethical ETF								
	As at 30 June 2017				As at 30 June 2016			
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets								
Foreign currency contracts	-	91	-	91	-	529	-	529
Financial assets designated at fair value through profit or loss:								
Listed equities	7,459,667	-	-	7,459,667	6,497,056	-	-	6,497,056
Listed unit trusts	70,044	-	-	70,044	71,059	-	-	71,059
Total	7,529,711	91	-	7,529,802	6,568,115	529	-	6,568,644
Financial liabilities								
Financial liabilities held for trading:								
International share price index futures	1,472	-	-	1,472	-	-	-	-
Foreign currency contracts	-	96	-	96	-	236	-	236
Total	1,472	96	-	1,568	-	236	-	236

UBS IQ MSCI Japan Ethical ETF								
	As at 30 June 2017				As at 30 June 2016			
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets								
Financial assets designated at fair value through profit or loss:								
Listed equities	3,140,673	-	-	3,140,673	2,729,657	-	-	2,729,657
Listed unit trusts	27,324	-	-	27,324	32,513	-	-	32,513
Total	3,167,997	-	-	3,167,997	2,762,170	-	-	2,762,170
Financial liabilities								
Financial liabilities held for trading:								
Foreign currency contracts	-	147	-	147	-	69	-	69
Total	-	147	-	147	-	69	-	69

15 Fair value measurement (continued)

Recognised fair value measurement (continued)

UBS IQ MSCI USA Ethical ETF								
	As at 30 June 2017				As at 30 June 2016			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Financial assets								
Financial assets designated at fair value through profit or loss:								
Listed equities	5,605,822	-	-	5,605,822	5,003,033	-	-	5,003,033
Listed unit trusts	186,645	-	-	186,645	181,213	-	-	181,213
Total	5,792,467	-	-	5,792,467	5,184,246	-	-	5,184,246
Financial liabilities held for trading:								
Foreign currency contracts	-	124	-	124	-	-	-	-
Total	-	124	-	124	-	-	-	-

UBS IQ MSCI World ex Australia Ethical ETF								
	As at 30 June 2017				As at 30 June 2016			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets								
Financial assets designated at fair value through profit or loss:								
Listed equities	36,297	-	-	36,297	27,072	-	-	27,072
Listed unit trusts	881	-	-	881	729	-	-	729
Total	37,178	-	-	37,178	27,801	-	-	27,801
Financial liabilities								
Financial liabilities held for trading:								
International share price index futures	1	-	-	1	-	-	-	-
Total	1	-	-	1	-	-	-	-

Management's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the year.

(i) Transfers between levels

There have been no transfers between levels for the year ended 30 June 2017 and 30 June 2016. There were also no changes made to any of the valuation techniques applied as at 30 June 2016.

15 Fair value measurement (continued)

Recognised fair value measurement (continued)

(ii) Fair value measurements using significant unobservable inputs (level 3)

The Funds did not hold any financial instruments with fair value measurements using significant unobservable inputs for the year ended 30 June 2017 and 30 June 2016.

(iii) Fair values of other financial instruments

The Funds did not hold any financial instruments which were not measured at fair value in the Statement of Financial Position. Due to their short-term nature, the carrying amounts of receivables and payables are assumed to approximate fair value.

16 Related party transactions

Responsible Entity

The Responsible Entity of the Funds is UBS Asset Management (Australia) Ltd, whose immediate and ultimate holding company is UBS AG, a publicly listed company incorporated in Switzerland.

Key management personnel

(a) Directors

Key management personnel includes persons who were directors of UBS Asset Management (Australia) Ltd at any time during the year and up to the date of this report:

B J Doherty, Chairman
A L Anderson
J D Males
A L Flockart
R Buehlmann

(b) Other key management personnel

There were no other persons with responsibility for planning, directing and controlling the activities of the Funds, directly or indirectly during the year.

Other transactions within the Funds

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the Funds during the year and there were no material contracts involving key management personnel's interests existing at the end of the year.

Responsible Entity's fees and other transactions

The Responsible Entity's fees paid and payable for administering and managing the Funds in accordance with the Funds' Product Disclosure Statements for the year ended 30 June 2017 are as follows:

16 Related party transactions (continued)

Responsible Entity's fees and other transactions (continued)

	UBS IQ Morningstar Australia Quality ETF		UBS IQ Morningstar Australia Dividend Yield ETF	
	Year ended		Year ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	\$	\$	\$	\$
Responsible Entity's fees paid and payable for the year	84,670	235,553	76,523	121,537
Aggregate amounts payable to the Responsible Entity at the end of the year	6,380	1,777	6,849	5,788
	UBS IQ MSCI Australia Ethical ETF		UBS IQ MSCI Asia APEX 50 Ethical ETF	
	Year ended		Year ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	\$	\$	\$	\$
Responsible Entity's fees paid and payable for the year	255,739	167,454	5,748	3,938
Aggregate amounts payable to the Responsible Entity at the end of the year	22,220	18,953	1,453	320
	UBS IQ MSCI Europe Ethical ETF		UBS IQ MSCI Japan Ethical ETF	
	Year ended		Year ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	\$	\$	\$	\$
Responsible Entity's fees paid and payable for the year	28,238	25,107	12,222	14,782
Aggregate amounts payable to the Responsible Entity at the end of the year	2,616	2,291	1,085	947
	UBS IQ MSCI USA Ethical ETF		UBS IQ MSCI World ex Australia Ethical ETF	
	Year ended		Year ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	\$	\$	\$	\$
Responsible Entity's fees paid and payable for the year	11,180	6,315	117,372	87,660
Aggregate amounts payable to the Responsible Entity at the end of the year	992	866	11,063	8,167

16 Related party transactions (continued)

Relationship with UBS AG Australia Branch and UBS Securities Australia Limited

On a non-exclusive basis, the Responsible Entity uses the services of UBS AG Australia Branch, a related company, for futures trading, futures clearing and underwriting services. The Responsible Entity also uses the services of UBS Securities Australia Limited, a related company for equity broking services.

The Responsible Entity has appointed the related entities on an arm's length commercial basis. Fees paid to the related companies for their services are on normal commercial terms and conditions.

Related party unitholdings

Parties related to the Funds (including UBS Asset Management (Australia) Ltd, its related parties and other funds managed by UBS Asset Management (Australia) Ltd), are recorded below.

UBS IQ Morningstar Australia Quality ETF

30 June 2017

Unitholder	No. of units held opening (Units)	No. of units held closing (Units)	Fair value of investment (\$)	Interest held (%)	No. of units acquired (Units)	No. of units disposed (Units)	Distributions paid/payable by the Fund (\$)
Brispot Nominees Pty Ltd	-	-	-	-	-	-	-
UBS Balanced Investment Fund	-	-	-	-	-	-	-
Total	-	-	-		-	-	-

30 June 2016

Unitholder	No. of units held opening (Units)	No. of units held closing (Units)	Fair value of investment (\$)	Interest held (%)	No. of units acquired (Units)	No. of units disposed (Units)	Distributions paid/payable by the Fund (\$)
Brispot Nominees Pty Ltd	2,960	-	-	-	-	2,960	-
UBS Balanced Investment Fund	2,054,436	-	-	-	56,151	2,110,587	808,783
Total	2,057,396	-	-		56,151	2,113,547	808,783

UBS IQ Morningstar Australia Dividend Yield ETF

30 June 2017

Unitholder	No. of units held opening (Units)	No. of units held closing (Units)	Fair value of investment (\$)	Interest held (%)	No. of units acquired (Units)	No. of units disposed (Units)	Distributions paid/payable by the Fund (\$)
UBS Defensive Investment Fund	823,844	862,664	17,516,427	63.58	38,820	-	680,797
Brispot Nominees Pty Ltd	-	-	-	-	-	-	-
Total	823,844	862,664	17,516,427		38,820	-	680,797

16 Related party transactions (continued)

Related party unitholdings (continued)

UBS IQ Morningstar Australia Dividend Yield ETF (continued)

30 June 2016

Unitholder	No. of units held opening (Units)	No. of units held closing (Units)	Fair value of investment (\$)	Interest held (%)	No. of units acquired (Units)	No. of units disposed (Units)	Distributions paid/payable by the Fund (\$)
Brispot Nominees Pty Ltd	11,898	-	-	-	-	11,898	2,078
UBS Defensive Investment Fund	<u>775,984</u>	<u>823,844</u>	<u>15,733,637</u>	67.95	<u>47,860</u>	-	<u>724,127</u>
Total	<u>787,882</u>	<u>823,844</u>	<u>15,733,637</u>		<u>47,860</u>	<u>11,898</u>	<u>726,205</u>

UBS IQ MSCI Australia Ethical ETF

30 June 2017

Unitholder	No. of units held opening (Units)	No. of units held closing (Units)	Fair value of investment (\$)	Interest held (%)	No. of units acquired (Units)	No. of units disposed (Units)	Distributions paid/payable by the Fund (\$)
UBS Tactical Beta Fund - Conservative	1,005,596	1,046,698	20,134,751	12.63	41,102	-	813,594
UBS Tactical Beta Fund - Balanced	2,679,469	2,788,990	53,650,259	33.65	109,521	-	2,167,870
UBS Tactical Beta Fund - Growth	2,119,972	2,206,624	42,447,606	26.62	86,652	-	1,715,199
UBS Balanced Investment Fund	<u>1,757,077</u>	<u>1,828,895</u>	<u>35,181,442</u>	22.06	<u>71,818</u>	-	<u>1,421,592</u>
Total	<u>7,562,114</u>	<u>7,871,207</u>	<u>151,414,058</u>		<u>309,093</u>	-	<u>6,118,255</u>

30 June 2016

Unitholder	No. of units held opening (Units)	No. of units held closing (Units)	Fair value of investment (\$)	Interest held (%)	No. of units acquired (Units)	No. of units disposed (Units)	Distributions paid/payable by the Fund (\$)
UBS Tactical Beta Fund - Conservative	725,800	1,005,596	17,539,810	13.09	279,796	-	628,910
UBS Tactical Beta Fund - Balanced	2,249,836	2,679,469	46,735,842	34.89	429,633	-	1,849,856
UBS Tactical Beta Fund - Growth	1,265,627	2,119,972	36,976,982	27.61	854,345	-	1,180,099
UBS Balanced Investment Fund	-	<u>1,757,077</u>	<u>30,647,294</u>	22.88	<u>1,757,077</u>	-	<u>400,016</u>
Total	<u>4,241,263</u>	<u>7,562,114</u>	<u>131,899,928</u>		<u>3,320,851</u>	-	<u>4,058,881</u>

16 Related party transactions (continued)

Investments

The Funds did not hold any investments in UBS Asset Management (Australia) Ltd or its related parties or other funds managed by UBS Asset Management (Australia) Ltd during the year (2016: Nil).

Other transactions within the Funds

From time to time directors of UBS Investment Funds, or their director related entities, may invest in or withdraw from the Funds. These investments or withdrawals are on the same terms and conditions as those entered into by other Funds' investors and are trivial in nature.

17 Segment information

The Funds are organised into one main segment which operates solely in the business of investment management within Australia.

The Funds operate in Australia and hold investments in Australia and globally.

18 Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities

	UBS IQ Morningstar Australia Quality ETF		UBS IQ Morningstar Australia Dividend Yield ETF	
	Year ended		Year ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	\$'000	\$'000	\$'000	\$'000
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities				
Increase/(decrease) in net assets attributable to unitholders	(4,895)	(3,798)	1,488	(1,067)
Distributions to unitholders	997	1,317	1,044	1,070
Proceeds from sale of financial instruments held at fair value through profit or loss	17,198	38,763	11,055	28,041
Purchase of financial instruments held at fair value through profit or loss	(17,368)	(40,158)	(11,699)	(28,785)
Net foreign exchange gains/(losses)	-	-	-	-
Dividends/Trust distributions reinvested	-	(10)	-	(6)
Net (gains)/losses on financial instruments held at fair value through profit or loss	4,923	3,693	(1,448)	989
Net change in receivables	(126)	120	(68)	10
Net change in payables	4	(36)	2	(7)
Net cash inflow/(outflow) from operating activities	733	(109)	374	245
(b) Components of cash and cash equivalents				
Cash at the end of the year as shown in the Statement of Cash Flows is reconciled to the Statement of Financial Position as follows:				
Cash and cash equivalents	300	1	105	7
(c) Non-cash financing activities				
During the year, the following applications were satisfied by in specie asset transfers	77,296	-	2,030	1,041
During the year, the following redemptions were satisfied by in specie asset transfers	51,947	45,946	-	-
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	78	1,275	876	1,035

18 Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities (continued)

	UBS IQ MSCI Australia Ethical ETF Year ended		UBS IQ MSCI Asia APEX 50 Ethical ETF Year ended	
	30 June 2017 \$'000	30 June 2016 \$'000	30 June 2017 \$	30 June 2016 \$
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities				
Increase/(decrease) in net assets attributable to unitholders	13,959	(2,381)	256,089	(119,876)
Distributions to unitholders	6,316	4,132	25,043	23,462
Proceeds from sale of financial instruments held at fair value through profit or loss	2,816	3,634	95,852	155,848
Purchase of financial instruments held at fair value through profit or loss	(8,769)	(7,972)	(2,858,390)	(175,806)
Net foreign exchange gains/(losses)	-	-	110	(14)
Dividends/Trust distributions reinvested	-	(10)	(2,817)	(2,417)
Net (gains)/losses on financial instruments held at fair value through profit or loss	(13,944)	2,992	(222,020)	117,875
Net change in receivables	(117)	(674)	(17,892)	1,801
Net change in payables	3	8	3,598	(162)
Net cash inflow/(outflow) from operating activities	264	(271)	(2,720,427)	711
(b) Components of cash and cash equivalents				
Cash at the end of the year as shown in the Statement of Cash Flows is reconciled to the Statement of Financial Position as follows:				
Cash and cash equivalents	464	300	6,324	1,506
(c) Non-cash financing activities				
During the year, the following applications were satisfied by in specie asset transfers	5,772	52,572	-	-
During the year, the following redemptions were satisfied by in specie asset transfers	-	-	-	-
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	5,779	3,608	870	253

18 Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities (continued)

	UBS IQ MSCI Europe Ethical ETF Year ended		UBS IQ MSCI Japan Ethical ETF Year ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	\$	\$	\$	\$
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities				
Increase/(decrease) in net assets attributable to unitholders	985,417	(1,168,990)	401,139	(216,865)
Distributions to unitholders	194,567	182,418	48,501	64,529
Proceeds from sale of financial instruments held at fair value through profit or loss	455,161	241,540	79,390	2,141,061
Purchase of financial instruments held at fair value through profit or loss	(365,164)	(5,654,017)	(66,135)	(124,719)
Net foreign exchange gains/(losses)	(458)	279	269	379
Dividends/Trust distributions reinvested	(29,961)	(21,057)	-	-
Net (gains)/losses on financial instruments held at fair value through profit or loss	(992,086)	1,179,226	(403,514)	218,896
Net change in receivables	(12,366)	(17,930)	363	445
Net change in payables	316	1,961	211	(564)
Net cash inflow/(outflow) from operating activities	235,426	(5,256,570)	60,224	2,083,162
(b) Components of cash and cash equivalents				
Cash at the end of the year as shown in the Statement of Cash Flows is reconciled to the Statement of Financial Position as follows:				
Cash and cash equivalents	72,012	10,887	15,436	16,031
(c) Non-cash financing activities				
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	7,659	2,014	3,979	182

18 Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities (continued)

	UBS IQ MSCI USA Ethical ETF Year ended		UBS IQ MSCI World ex Australia Ethical ETF Year ended	
	30 June 2017 \$	30 June 2016 \$	30 June 2017 \$'000	30 June 2016 \$'000
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities				
Increase/(decrease) in net assets attributable to unitholders	595,276	177,692	3,848	(626)
Distributions to unitholders	120,492	71,052	715	564
Proceeds from sale of financial instruments held at fair value through profit or loss	255,498	175,500	1,317	1,012
Purchase of financial instruments held at fair value through profit or loss	(274,785)	(2,745,780)	(6,769)	(11,616)
Net foreign exchange gains/(losses)	(3)	80	-	1
Dividends/Trust distributions reinvested	-	(3)	(37)	(24)
Net (gains)/losses on financial instruments held at fair value through profit or loss	(628,232)	(176,989)	(3,980)	603
Net change in receivables	(472)	(2,992)	(21)	(26)
Net change in payables	261	957	3	5
Net cash inflow/(outflow) from operating activities	68,035	(2,500,483)	(4,924)	(10,107)
(b) Components of cash and cash equivalents				
Cash at the end of the year as shown in the Statement of Cash Flows is reconciled to the Statement of Financial Position as follows:				
Cash and cash equivalents	7,570	8,326	132	66
(c) Non-cash financing activities				
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	2,258	766	321	110

19 Events occurring after the reporting date

No significant events have occurred since 30 June 2017 and up to the date of this report that the Funds have not otherwise dealt within the financial report that has significantly affected or may significantly affect the Funds (30 June 2016: Nil).

20 Contingent assets and liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2017 (30 June 2016: Nil).

Directors' Declaration

In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 10 to 101 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Funds' financial position as at 30 June 2017 and of its performance, as represented by the results of its operations and cash flows, for the year ended on that date.
- (b) there are reasonable grounds to believe that the Funds will be able to pay its debts as and when they become due and payable.
- (c) the financial statements are in accordance with the Funds' Constitutions.
- (d) the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as disclosed in Note 2(a).

This declaration is made in accordance with a resolution of the directors.



B J Doherty
Chairman



A L Anderson
Director

Sydney
5 September 2017

Independent auditor's report to the unitholders of UBS Exchange Traded Funds

To the following UBS Exchange Traded Funds (the "Funds")

- ▶ UBS IQ Morningstar Australia Quality ETF (ETF)
- ▶ UBS IQ Morningstar Australia Dividend Yield ETF (DIV)
- ▶ UBS IQ MSCI Australia Ethical ETF (UBA)
- ▶ UBS IQ MSCI Asia APEX 50 Ethical ETF (UBP)
- ▶ UBS IQ MSCI Europe Ethical ETF (UBE)
- ▶ UBS IQ MSCI Japan Ethical ETF (UBJ)
- ▶ UBS IQ MSCI USA Ethical ETF (UBU)
- ▶ UBS IQ MSCI World ex Australia Ethical ETF (UBW)

Opinion

We have audited the financial report of the above Funds, which comprises the Statement of Financial Position as at 30 June 2017, the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies and the Directors' Declaration.

In our opinion:

- a. the accompanying financial report of the Funds is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the Fund's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2(a).

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Funds in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia; and we have fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

1. Investment Valuation

Why significant

As exchange traded funds, the Funds have significant investment portfolios consisting primarily of listed equities, listed trusts and cash accounts. As at 30 June 2017, the value of these financial assets, per Note 7 and 8 to the financial statements was as follows:

Fund	Value of investments and cash	Investments and cash as a % of Total Assets held by Fund
ETF	\$27,748,795	99%
DIV	\$27,646,797	99%
UBA	\$160,178,645	99%
UBP	\$3,862,208	99%
UBE	\$7,600,246	98%
UBJ	\$3,183,286	99%
UBU	\$5,799,913	98%
UBW	\$37,308,871	99%

As detailed in the Fund's accounting policy, as described in Note 2 to the financial statements, these financial assets are recognised at fair value through profit or loss in accordance with Australian Accounting Standards.

Volatility and other market drivers can have a significant impact on the value of these financial assets and the financial statements, therefore valuation of the investment portfolio is considered a key area of focus.

How our audit addressed the key audit matter

We assessed the design and operating effectiveness of the key controls in place around the recognition and valuation of investments, through review of the audited internal controls report prepared under *ASAE 3402 Assurance Reports on Controls at a Service Organisation*, of the Funds' administrator and custodian. We relied on these controls to gain assurance over the recognition and valuation of the investment balances.

We agreed investment holdings, including cash accounts, to third party confirmations at 30 June 2017.

We checked the valuation of positions in the portfolios held at 30 June 2017. To validate the fair value in accordance with *AASB 139*, we agreed the listed securities to independent pricing sources and for unlisted funds, we agreed the investment valuations to statements from external fund administrators.

We assessed the adequacy of the disclosures in Note 7, Note 8 and Note 14 to the financial statements in line with *AASB 139*, *AASB 7: Financial Instruments Disclosures* and *AASB 13: Fair Value Measurement*.

2. Responsible Entity's Fees

Why significant

Responsible Entity's Fees are the most significant expense for the Funds.

The Funds' accounting policy for Responsible Entity's Fees is described in Note 2 to the financial statements. All expenses are recognised on an accruals basis.

As at 30 June 2017, Responsible Entity's Fees for the Funds totalled:

Fund	Responsible Entity's Fees	Responsible Entity's Fees as a % of Total Expenses incurred
ETF	\$84,670	89%
DIV	\$76,523	93%
UBA	\$255,739	96%
UBP	\$5,748	44%
UBE	\$28,238	55%
UBJ	\$12,222	64%
UBU	\$11,180	39%
UBW	\$117,372	52%

How our audit addressed the key audit matter

We assessed the design and operating effectiveness of the key controls in place in relation to the calculation of Responsible Entity's fees, through review of the audited internal controls report of the administrator. We relied on these controls to gain assurance over the calculation of the fee expenses.

We performed a recalculation of Responsible Entity's fees, in accordance with contractual arrangements including agreeing the contract rate to the calculation.

We assessed the adequacy of the disclosures in Note 16 to the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The directors of UBS Asset Management (Australia) Ltd as Responsible Entity of the Funds are responsible for the other information. The other information is the directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Funds' abilities to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Funds or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

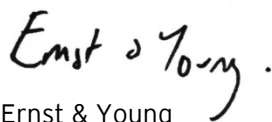
As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting in the preparation of the financial report. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the disclosures in the financial report about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial report. However, future events or conditions may cause an entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Ernst & Young



Graeme McKenzie
Partner
Sydney
5 September 2017

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