

# UBS Exchange Traded Funds

## Financial Report

For the year/period ended 30 June 2018

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 Cash ETF (ASX Code: MONY)**

**(For the reporting period from 27 April 2017 to 30 June 2018))**

ARSN 618 551 125

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

ARSN 603 812 040



# UBS Exchange Traded Funds

## Financial Report

### For the year/period ended 30 June 2018

Contents	Page
Directors' Report	2
Auditor's Independence Declaration	10
Statements of Comprehensive Income	11
Statements of Financial Position	16
Statements of Changes in Equity	21
Statements of Cash Flows	26
Notes to the Financial Statements	31
1 General Information	31
2 Summary of significant accounting policies	31
3 Auditor's remuneration	38
4 Net gains/(losses) on financial instruments held at fair value through profit or loss	40
5 Net assets attributable to unitholders	42
6 Distributions to unitholders	46
7 Cash and cash equivalents	49
8 Financial assets held at fair value through profit or loss	50
9 Financial liabilities held at fair value through profit or loss	53
10 Receivables	54
11 Payables	56
12 Derivative financial instruments	58
13 Financial risk management	61
14 Offsetting financial assets and financial liabilities	89
15 Fair value measurement	97
16 Related party transactions	105
17 Segment information	110
18 Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities	111
19 Events occurring after the reporting date	115
20 Contingent assets and liabilities and commitments	115
Directors' Declaration	116
Independent Auditor's report to the unitholders of the UBS Exchange Traded Funds	117

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, UBS IQ Cash 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) (AFS Licence No. 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, UBS IQ Cash 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/period ended 30 June 2018.

### 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/period 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/period, the Funds continued to invest 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/period.

There were no significant changes in the nature of the Funds' activities during the year/period or since the end of the year/period 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 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 2018	30 June 2017	30 June 2018	30 June 2017
	\$	\$	\$'000	\$'000
Profit/(loss) before finance costs attributable to unitholders	<u>332,777</u>	<u>(3,897,988)</u>	<u>526</u>	<u>2,532</u>
<i>Distributions - quoted class</i>				
Total distribution paid	<u>449,708</u>	<u>712,377</u>	<u>892</u>	<u>806</u>
Total distribution payable	<u>139,616</u>	<u>284,163</u>	<u>254</u>	<u>238</u>
Total distribution (cents per unit)	<u>86.15</u>	<u>74.05</u>	<u>111.12</u>	<u>80.19</u>
Total return (including both capital and distribution return) for the year/period assuming reinvestment of all distributions back into the Fund (%)	<u>4.49</u>	<u>5.83</u>	<u>5.55</u>	<u>10.59</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/period 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		UBS IQ MSCI Asia APEX 50 Ethical ETF	
	Year ended		Year ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	\$'000	\$'000	\$	\$
Profit/(loss) before finance costs attributable to unitholders	<u>22,990</u>	<u>20,275</u>	<u>442,704</u>	<u>281,132</u>
<i>Distributions - quoted class</i>				
Total distribution paid	<u>4,754</u>	<u>4,131</u>	<u>-</u>	<u>10,766</u>
Total distribution payable	<u>2,783</u>	<u>2,185</u>	<u>91,730</u>	<u>14,277</u>
Total distribution (cents per unit)	<u>82.89</u>	<u>79.14</u>	<u>26.20</u>	<u>29.68</u>
Total return (including both capital and distribution return) for the year/period assuming reinvestment of all distributions back into the Fund (%)	<u>12.87</u>	<u>14.97</u>	<u>16.66</u>	<u>31.15</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/period 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 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$	30 June 2017 \$
Profit/(loss) before finance costs attributable to unitholders	<u>852</u>	<u>1,180</u>	<u>508,536</u>	<u>449,640</u>
<i>Distributions - quoted class</i>				
Total distribution paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total distribution payable	<u>300</u>	<u>195</u>	<u>83,757</u>	<u>48,501</u>
Total distribution (cents per unit)	<u>58.10</u>	<u>51.81</u>	<u>43.98</u>	<u>32.29</u>
Total return (including both capital and distribution return) for the year/period assuming reinvestment of all distributions back into the Fund (%)	<u>9.72</u>	<u>17.79</u>	<u>14.46</u>	<u>16.27</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/period 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 Cash ETF For the reporting period from 27 April 2017 to 30 June 2018
	30 June 2018 \$	30 June 2017 \$	30 June 2018 \$
Profit/(loss) before finance costs attributable to unitholders	<u>1,080,763</u>	<u>715,768</u>	<u>17,912</u>
<i>Distributions - quoted class</i>			
Total distribution paid	<u>-</u>	<u>-</u>	<u>16,811</u>
Total distribution payable	<u>139,454</u>	<u>120,492</u>	<u>1,579</u>
Total distribution (cents per unit)	<u>55.69</u>	<u>48.17</u>	<u>36.78</u>
Total return (including both capital and distribution return) for the year/period assuming reinvestment of all distributions back into the Fund (%)	<u>18.66</u>	<u>13.76</u>	<u>1.65</u>
<i>Distributions - unquoted class</i>			
Total distribution paid	<u>-</u>	<u>-</u>	<u>-</u>
Total distribution payable	<u>-</u>	<u>-</u>	<u>-</u>
Total distribution (cents per unit)	<u>-</u>	<u>-</u>	<u>-</u>
Total return (including both capital and distribution return) for the year/period assuming reinvestment of all distributions back into the Fund (%)	<u>-</u>	<u>-</u>	<u>-</u>

## Directors' Report (continued)

### Review and results of operations (continued)

	UBS IQ MSCI World ex Australia Ethical ETF	
	Year ended	
	30 June 2018 \$'000	30 June 2017 \$'000
Profit/(loss) before finance costs attributable to unitholders	<u>6,230</u>	<u>4,563</u>
<i>Distributions - quoted class</i>		
Total distribution paid	<u>-</u>	<u>-</u>
Total distribution payable	<u>602</u>	<u>376</u>
Total distribution (cents per unit)	<u>51.78</u>	<u>42.93</u>
Total return (including both capital and distribution return) for the year/period assuming reinvestment of all distributions back into the Fund (%)	<u>15.48</u>	<u>14.68</u>
<i>Distributions - unquoted class</i>		
Total distribution paid	<u>-</u>	<u>-</u>
Total distribution payable	<u>314</u>	<u>339</u>
Total distribution (cents per unit)	<u>51.78</u>	<u>42.93</u>
Total return (including both capital and distribution return) for the year/period assuming reinvestment of all distributions back into the Fund (%)	<u>15.47</u>	<u>14.68</u>



## Directors' Report (continued)

### Significant changes in the state of affairs

On 5 May 2016, the Attribution Managed Investment Trust "AMIT" regime, applying to Managed Investment Trusts ("MITs") was established under the Tax Laws Amendment (New Tax System for Managed Investment Trusts) Act 2016. With its introduction, the Responsible Entity has modified Funds' Constitutions to facilitate each Fund's operation under the new AMIT regime. The Responsible Entity intends to elect for the AMIT Regime to apply to the Funds for the 2017/2018 financial year and this will be done on lodgment of the Funds' tax return. The Funds had determined that the units should continue to be classified as financial liabilities on 30 June 2018 as they do not meet the criteria under AASB 132 Financial Instruments: Presentation to be classified as equity.

In the opinion of the directors, except as disclosed above, there were no other significant changes in the state of affairs of the Funds that occurred during the year/period.

### 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 2018 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.

### 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/period 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/period.

The number of interests in the Funds held by the Responsible Entity or its associates as at the end of the financial year/period 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/period 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.

## Directors' Report (continued)

### 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 Dividend Yield ETF, UBS IQ MSCI Australia Ethical ETF, UBS IQ MSCI Europe 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 Morningstar Australia Quality ETF, UBS IQ MSCI Asia APEX 50 Ethical ETF, UBS IQ MSCI Japan Ethical ETF, UBS IQ MSCI USA Ethical ETF and UBS IQ Cash 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 10.

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



B J Doherty  
Chairman



A L Anderson  
Director

Sydney  
13 September 2018

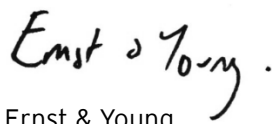
## Auditor's Independence Declaration to the Directors of UBS Asset Management (Australia) Ltd, as Responsible Entity for UBS Exchange Traded Funds

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 Cash 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 2018, 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  
13 September 2018

## Statements of Comprehensive Income

	Notes	UBS IQ Morningstar Australia Quality ETF		UBS IQ Morningstar Australia Dividend Yield ETF	
		Year ended		Year ended	
		30 June 2018 \$	30 June 2017 \$	30 June 2018 \$'000	30 June 2017 \$'000
<b>Investment income</b>					
Dividend/Trust distribution income		610,376	1,119,948	1,146	1,167
Interest income		7	-	-	-
Net gains/(losses) on financial instruments held at fair value through profit or loss	4	(231,344)	(4,922,789)	(543)	1,448
Net foreign exchange gains/(losses)		-	-	-	-
Other income		-	-	-	-
<b>Total Investment income/(loss)</b>		<u>379,039</u>	<u>(3,802,841)</u>	<u>603</u>	<u>2,615</u>
<b>Expenses</b>					
Responsible Entity's fees	16	42,779	84,670	73	77
Transaction costs		3,483	10,477	4	6
Other expenses		-	-	-	-
<b>Total Expenses</b>		<u>46,262</u>	<u>95,147</u>	<u>77</u>	<u>83</u>
<b>Profit/(loss) before finance costs attributable to unitholders</b>		<u>332,777</u>	<u>(3,897,988)</u>	<u>526</u>	<u>2,532</u>
<b>Finance costs attributable to unitholders</b>					
Distributions to unitholders	6	589,324	996,540	1,146	1,044
Increase/(decrease) in net assets attributable to unitholders	5	<u>(256,547)</u>	<u>(4,894,528)</u>	<u>(620)</u>	<u>1,488</u>
<b>Profit/(loss) for the year/period attributable to unitholders</b>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the year/period attributable to unitholders		-	-	-	-
<b>Total comprehensive income for the year/period attributable to unitholders</b>		<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)

	Notes	UBS IQ MSCI Australia Ethical ETF		UBS IQ MSCI Asia APEX 50 Ethical ETF	
		Year ended 30 June 2018 \$'000	30 June 2017 \$'000	Year ended 30 June 2018 \$	30 June 2017 \$
<b>Investment income</b>					
Dividend/Trust distribution income		8,199	6,596	167,725	42,630
Interest income		2	1	2	-
Net gains/(losses) on financial instruments held at fair value through profit or loss	4	15,104	13,944	355,175	222,020
Net foreign exchange gains/(losses)		-	-	(36,690)	21,904
Other income		-	-	22,556	7,531
<b>Total Investment income/(loss)</b>		<u>23,305</u>	<u>20,541</u>	<u>508,768</u>	<u>294,085</u>
<b>Expenses</b>					
Responsible Entity's fees	16	309	256	33,879	5,748
Transaction costs		3	4	12,668	2,328
Other expenses		3	6	19,517	4,877
<b>Total Expenses</b>		<u>315</u>	<u>266</u>	<u>66,064</u>	<u>12,953</u>
<b>Profit/(loss) before finance costs attributable to unitholders</b>		<u>22,990</u>	<u>20,275</u>	<u>442,704</u>	<u>281,132</u>
<b>Finance costs attributable to unitholders</b>					
Distributions to unitholders	6	7,537	6,316	91,730	25,043
Increase/(decrease) in net assets attributable to unitholders	5	<u>15,453</u>	<u>13,959</u>	<u>350,974</u>	<u>256,089</u>
<b>Profit/(loss) for the year/period attributable to unitholders</b>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the year/period attributable to unitholders		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year/period attributable to unitholders</b>		<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)

	Notes	UBS IQ MSCI Europe Ethical ETF		UBS IQ MSCI Japan Ethical ETF	
		Year ended 30 June 2018 \$'000	30 June 2017 \$'000	Year ended 30 June 2018 \$	30 June 2017 \$
<b>Investment income</b>					
Dividend/Trust distribution income		355	239	87,809	68,646
Interest income		-	-	-	-
Net gains/(losses) on financial instruments held at fair value through profit or loss	4	562	992	435,010	403,514
Net foreign exchange gains/(losses)		14	(1)	11,056	(3,359)
Other income		6	1	200	-
<b>Total Investment income/(loss)</b>		<u>937</u>	<u>1,231</u>	<u>534,075</u>	<u>468,801</u>
<b>Expenses</b>					
Responsible Entity's fees	16	40	28	16,418	12,222
Transaction costs		7	1	226	30
Other expenses		38	22	8,895	6,909
<b>Total Expenses</b>		<u>85</u>	<u>51</u>	<u>25,539</u>	<u>19,161</u>
<b>Profit/(loss) before finance costs attributable to unitholders</b>		<u>852</u>	<u>1,180</u>	<u>508,536</u>	<u>449,640</u>
<b>Finance costs attributable to unitholders</b>					
Distributions to unitholders	6	300	195	83,757	48,501
Increase/(decrease) in net assets attributable to unitholders	5	<u>552</u>	<u>985</u>	<u>424,779</u>	<u>401,139</u>
<b>Profit/(loss) for the year/period attributable to unitholders</b>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the year/period attributable to unitholders		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year/period attributable to unitholders</b>		<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 USA Ethical ETF Year ended	UBS IQ Cash ETF For the reporting period from 27 April 2017 to 30 June 2018
	Notes	30 June 2018 \$	30 June 2017 \$
<b>Investment income</b>			
Dividend/Trust distribution income		118,778	114,314
Interest income		-	-
Net gains/(losses) on financial instruments held at fair value through profit or loss	4	990,423	628,232
Net foreign exchange gains/(losses)		963	(48)
Other income		497	1,805
<b>Total Investment income/(loss)</b>		<b>1,110,661</b>	<b>744,303</b>
<b>Expenses</b>			
Responsible Entity's fees	16	12,528	11,180
Transaction costs		26	39
Other expenses		17,344	17,316
<b>Total Expenses</b>		<b>29,898</b>	<b>28,535</b>
<b>Profit/(loss) before finance costs attributable to unitholders</b>		<b>1,080,763</b>	<b>715,768</b>
<b>Finance costs attributable to unitholders</b>			
Distributions to unitholders	6	139,454	120,492
Increase/(decrease) in net assets attributable to unitholders	5	941,309	595,276
<b>Profit/(loss) for the year/period attributable to unitholders</b>		<b>-</b>	<b>-</b>
Other comprehensive income for the year/period attributable to unitholders		-	-
<b>Total comprehensive income for the year/period attributable to unitholders</b>		<b>-</b>	<b>-</b>

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

## Statements of Comprehensive Income (continued)

		UBS IQ MSCI World ex Australia Ethical ETF	
		Year ended	
		30 June 2018	30 June 2017
		\$'000	\$'000
Notes			
<b>Investment income</b>			
		1,029	829
Dividend/Trust distribution income			
Net gains/(losses) on financial instruments held at fair value through profit or loss	4	5,522	3,980
Net foreign exchange gains/(losses)		(43)	(27)
Other income		5	8
<b>Total Investment income/(loss)</b>		<b>6,513</b>	<b>4,790</b>
<b>Expenses</b>			
Responsible Entity's fees	16	152	117
Transaction costs		5	5
Other expenses		126	105
<b>Total Expenses</b>		<b>283</b>	<b>227</b>
<b>Profit/(loss) before finance costs attributable to unitholders</b>		<b>6,230</b>	<b>4,563</b>
<b>Finance costs attributable to unitholders</b>			
Distributions to unitholders	6	916	715
Increase/(decrease) in net assets attributable to unitholders	5	5,314	3,848
<b>Profit/(loss) for the year/period attributable to unitholders</b>		<b>-</b>	<b>-</b>
Other comprehensive income for the year/period attributable to unitholders		-	-
<b>Total comprehensive income for the year/period attributable to unitholders</b>		<b>-</b>	<b>-</b>

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 2018 \$	30 June 2017 \$	30 June 2018 \$'000	30 June 2017 \$'000
<b>Assets</b>					
Cash and cash equivalents	7	261,616	300,028	378	105
Receivables	10	68,639	202,280	39	149
Financial assets held at fair value through profit or loss	8	<u>8,229,681</u>	<u>27,451,941</u>	<u>10,999</u>	<u>27,544</u>
<b>Total assets</b>		<u>8,559,936</u>	<u>27,954,249</u>	<u>11,416</u>	<u>27,798</u>
<b>Liabilities</b>					
Distributions payable	6	139,616	284,163	254	238
Payables	11	58,606	206,218	59	9
Financial liabilities held at fair value through profit or loss	9	<u>-</u>	<u>3,200</u>	<u>-</u>	<u>2</u>
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<u>198,222</u>	<u>493,581</u>	<u>313</u>	<u>249</u>
<b>Net assets attributable to unitholders</b>	5	<u>8,361,714</u>	<u>27,460,668</u>	<u>11,103</u>	<u>27,549</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 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$	30 June 2017 \$
<b>Assets</b>					
Cash and cash equivalents	7	447	464	73,091	6,324
Receivables	10	1,885	1,489	62,688	27,462
Financial assets held at fair value through profit or loss	8	<u>203,889</u>	<u>159,740</u>	<u>8,905,079</u>	<u>3,855,884</u>
<b>Total assets</b>		<u>206,221</u>	<u>161,693</u>	<u>9,040,858</u>	<u>3,889,670</u>
<b>Liabilities</b>					
Distributions payable	6	2,783	2,185	91,730	14,277
Payables	11	30	26	10,913	5,184
Financial liabilities held at fair value through profit or loss	9	<u>-</u>	<u>26</u>	<u>-</u>	<u>-</u>
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<u>2,813</u>	<u>2,237</u>	<u>102,643</u>	<u>19,461</u>
<b>Net assets attributable to unitholders</b>	5	<u>203,408</u>	<u>159,456</u>	<u>8,938,215</u>	<u>3,870,209</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 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$	30 June 2017 \$
<b>Assets</b>					
Cash and cash equivalents	7	360	72	19,430	15,436
Receivables	10	59	178	119,269	45,005
Financial assets held at fair value through profit or loss	8	<u>11,029</u>	<u>7,530</u>	<u>4,517,394</u>	<u>3,167,997</u>
<b>Total assets</b>		<u>11,448</u>	<u>7,780</u>	<u>4,656,093</u>	<u>3,228,438</u>
<b>Liabilities</b>					
Distributions payable	6	300	195	83,757	48,501
Payables	11	24	5	45,436	1,612
Financial liabilities held at fair value through profit or loss	9	<u>3</u>	<u>2</u>	<u>-</u>	<u>147</u>
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<u>327</u>	<u>202</u>	<u>129,193</u>	<u>50,260</u>
<b>Net assets attributable to unitholders</b>	5	<u>11,121</u>	<u>7,578</u>	<u>4,526,900</u>	<u>3,178,178</u>

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

## Statements of Financial Position (continued)

		UBS IQ MSCI USA Ethical ETF		UBS IQ Cash ETF
		As at		As at
		30 June 2018	30 June 2017	30 June 2018
	Notes	\$	\$	\$
<b>Assets</b>				
Cash and cash equivalents	7	108,096	7,570	7,699
Receivables	10	30,351	113,235	26
Financial assets held at fair value through profit or loss	8	6,749,566	5,792,467	993,755
<b>Total assets</b>		<b>6,888,013</b>	<b>5,913,272</b>	<b>1,001,480</b>
<b>Liabilities</b>				
Distributions payable	6	139,454	120,492	1,579
Payables	11	10,681	1,929	199
Financial liabilities held at fair value through profit or loss	9	-	124	-
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<b>150,135</b>	<b>122,545</b>	<b>1,778</b>
<b>Net assets attributable to unitholders</b>	5	<b>6,737,878</b>	<b>5,790,727</b>	<b>999,702</b>

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

## Statements of Financial Position (continued)

		UBS IQ MSCI World ex Australia Ethical ETF	
		As at	
		30 June 2018	30 June 2017
	Notes	\$'000	\$'000
<b>Assets</b>			
Cash and cash equivalents	7	626	132
Receivables	10	189	395
Financial assets held at fair value through profit or loss	8	<u>44,614</u>	<u>37,178</u>
<b>Total assets</b>		<u>45,429</u>	<u>37,705</u>
<b>Liabilities</b>			
Distributions payable	6	916	715
Payables	11	91	15
Financial liabilities held at fair value through profit or loss	9	<u>4</u>	<u>1</u>
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<u>1,011</u>	<u>731</u>
<b>Net assets attributable to unitholders</b>	5	<u>44,418</u>	<u>36,974</u>

*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 2018	30 June 2017	30 June 2018	30 June 2017
	\$	\$	\$'000	\$'000
<b>Total equity at the beginning of the year/period</b>	-	-	-	-
Profit/(loss) for the year/period attributable to unitholders	-	-	-	-
Other comprehensive income for the year/period attributable to unitholders	-	-	-	-
<b>Total comprehensive income for the year/period attributable to unitholders</b>	-	-	-	-
Transactions with owners in their capacity as owners	-	-	-	-
<b>Total equity at the end of the year/period</b>	-	-	-	-

*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/period.*

*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 Australia Ethical ETF		UBS IQ MSCI Asia APEX 50 Ethical ETF	
	Year ended		Year ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	\$'000	\$'000	\$	\$
<b>Total equity at the beginning of the year/period</b>	-	-	-	-
Profit/(loss) for the year/period attributable to unitholders	-	-	-	-
Other comprehensive income for the year/period attributable to unitholders	-	-	-	-
<b>Total comprehensive income for the year/period attributable to unitholders</b>	-	-	-	-
Transactions with owners in their capacity as owners	-	-	-	-
<b>Total equity at the end of the year/period</b>	-	-	-	-

*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/period.*

*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 2018	30 June 2017	30 June 2018	30 June 2017
	\$'000	\$'000	\$	\$
<b>Total equity at the beginning of the year/period</b>	-	-	-	-
Profit/(loss) for the year/period attributable to unitholders	-	-	-	-
Other comprehensive income for the year/period attributable to unitholders	-	-	-	-
<b>Total comprehensive income for the year/period attributable to unitholders</b>	-	-	-	-
Transactions with owners in their capacity as owners	-	-	-	-
<b>Total equity at the end of the year/period</b>	-	-	-	-

*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/period.*

*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 USA Ethical ETF Year ended		UBS IQ Cash ETF For the reporting period from 27 April 2017 to 30 June 2018
	30 June 2018 \$	30 June 2017 \$	30 June 2018 \$
<b>Total equity at the beginning of the year/period</b>	-	-	-
Profit/(loss) for the year/period attributable to unitholders	-	-	-
Other comprehensive income for the year/period attributable to unitholders	-	-	-
<b>Total comprehensive income for the year/period attributable to unitholders</b>	-	-	-
Transactions with owners in their capacity as owners	-	-	-
<b>Total equity at the end of the year/period</b>	-	-	-

*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/period.*

*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 World ex Australia Ethical ETF	
	Year ended	
	30 June 2018	30 June 2017
	\$'000	\$'000
<b>Total equity at the beginning of the year/period</b>	-	-
Profit/(loss) for the year/period attributable to unitholders	-	-
Other comprehensive income for the year/period attributable to unitholders	-	-
<b>Total comprehensive income for the year/period attributable to unitholders</b>	-	-
Transactions with owners in their capacity as owners	-	-
<b>Total equity at the end of the year/period</b>	-	-

*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/period.*

*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 2018 \$	30 June 2017 \$	30 June 2018 \$'000	30 June 2017 \$'000
<b>Cash flows from operating activities</b>					
Proceeds from sale of financial instruments held at fair value through profit or loss		7,186,511	17,197,739	9,234	11,055
Purchase of financial instruments held at fair value through profit or loss		(7,367,721)	(17,366,920)	(9,819)	(11,699)
Dividends/Trust distributions received		743,427	993,531	1,257	1,100
Interest received		13	-	-	-
Net foreign exchange gains/(losses)		-	-	-	-
Other income received		584	-	-	-
Responsible Entity's fees paid		(47,070)	(80,067)	(77)	(76)
Payments for other expenses		(4,277)	(10,776)	(5)	(6)
<b>Net cash inflows/(outflows) from operating activities</b>	18(a)	<u>511,467</u>	<u>733,507</u>	<u>590</u>	<u>374</u>
<b>Cash flows from financing activities</b>					
Proceeds from applications by unitholders(i)		-	-	-	2
Payments for redemptions by unitholders(i)		-	-	-	-
Distributions paid		(549,879)	(434,101)	(317)	(278)
<b>Net cash inflows/(outflows) from financing activities</b>		<u>(549,879)</u>	<u>(434,101)</u>	<u>(317)</u>	<u>(276)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		(38,412)	299,406	273	98
Cash and cash equivalents at the beginning of the year/period		300,028	622	105	7
Effects of foreign exchange rate changes on cash and cash equivalents		-	-	-	-
<b>Cash and cash equivalents at the end of the year/period</b>	18(b)	<u>261,616</u>	<u>300,028</u>	<u>378</u>	<u>105</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 2018	30 June 2017	30 June 2018	30 June 2017
Notes	\$'000	\$'000	\$	\$
<b>Cash flows from operating activities</b>				
Proceeds from sale of financial instruments held at fair value through profit or loss	4,542	2,816	3,660,795	95,852
Purchase of financial instruments held at fair value through profit or loss	(11,820)	(8,769)	(8,366,872)	(2,858,390)
Dividends/Trust distributions received	7,799	6,474	127,696	24,529
Interest received	2	1	2	-
Net foreign exchange gains/(losses)	-	-	(36,786)	22,014
Other income received	-	-	23,945	2,115
Responsible Entity's fees paid	(303)	(253)	(31,890)	(4,615)
Payments for other expenses	(4)	(5)	(12,974)	(1,932)
<b>Net cash inflows/(outflows) from operating activities</b>	<b>216</b>	<b>264</b>	<b>(4,636,084)</b>	<b>(2,720,427)</b>
18(a)				
<b>Cash flows from financing activities</b>				
Proceeds from applications by unitholders(i)	-	-	7,904,218	2,758,713
Payments for redemptions by unitholders(i)	(10)	-	(3,187,563)	-
Distributions paid	(223)	(100)	(13,900)	(33,358)
<b>Net cash inflows/(outflows) from financing activities</b>	<b>(233)</b>	<b>(100)</b>	<b>4,702,755</b>	<b>2,725,355</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(17)</b>	<b>164</b>	<b>66,671</b>	<b>4,928</b>
Cash and cash equivalents at the beginning of the year/period	464	300	6,324	1,506
Effects of foreign exchange rate changes on cash and cash equivalents	-	-	96	(110)
<b>Cash and cash equivalents at the end of the year/period</b>	<b>447</b>	<b>464</b>	<b>73,091</b>	<b>6,324</b>
18(b)				

(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 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$	30 June 2017 \$
<b>Cash flows from operating activities</b>					
Proceeds from sale of financial instruments held at fair value through profit or loss		745	455	92,770	79,390
Purchase of financial instruments held at fair value through profit or loss		(3,504)	(365)	(1,035,184)	(66,135)
Dividends/Trust distributions received		278	175	76,078	62,089
Net foreign exchange gains/(losses)		14	(1)	10,951	(3,090)
Other income received		6	1	-	54
Responsible Entity's fees paid		(39)	(28)	(15,973)	(12,084)
Payments for other expenses		(8)	(1)	(195)	-
<b>Net cash inflows/(outflows) from operating activities</b>	18(a)	<u>(2,508)</u>	<u>236</u>	<u>(871,553)</u>	<u>60,224</u>
<b>Cash flows from financing activities</b>					
Proceeds from applications by unitholders(i)		2,978	-	919,471	-
Distributions paid		(182)	(175)	(44,029)	(60,550)
<b>Net cash inflows/(outflows) from financing activities</b>		<u>2,796</u>	<u>(175)</u>	<u>875,442</u>	<u>(60,550)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>288</b>	<b>61</b>	<b>3,889</b>	<b>(326)</b>
Cash and cash equivalents at the beginning of the year/period		72	11	15,436	16,031
Effects of foreign exchange rate changes on cash and cash equivalents		-	-	105	(269)
<b>Cash and cash equivalents at the end of the year/period</b>	18(b)	<u>360</u>	<u>72</u>	<u>19,430</u>	<u>15,436</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 USA Ethical ETF Year ended		UBS IQ Cash ETF For the reporting period from 27 April 2017 to 30 June 2018
	Notes	30 June 2018 \$	30 June 2017 \$	30 June 2018 \$
<b>Cash flows from operating activities</b>				
Proceeds from sale of financial instruments held at fair value through profit or loss		352,612	255,498	-
Purchase of financial instruments held at fair value through profit or loss		(226,429)	(274,785)	(973,890)
Dividends/Trust distributions received		100,236	97,430	-
Net foreign exchange gains/(losses)		902	(51)	-
Other income received		466	1,711	26
Responsible Entity's fees paid		(12,395)	(11,054)	(1,806)
Payments for other expenses		(277)	(714)	-
<b>Net cash inflows/(outflows) from operating activities</b>	18(a)	<u>215,115</u>	<u>68,035</u>	<u>(975,670)</u>
<b>Cash flows from financing activities</b>				
Proceeds from applications by unitholders(i)		-	-	1,000,000
Distributions paid		(114,650)	(68,794)	(16,631)
<b>Net cash inflows/(outflows) from financing activities</b>		<u>(114,650)</u>	<u>(68,794)</u>	<u>983,369</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>100,465</b>	<b>(759)</b>	<b>7,699</b>
Cash and cash equivalents at the beginning of the year/period		7,570	8,326	-
Effects of foreign exchange rate changes on cash and cash equivalents		61	3	-
<b>Cash and cash equivalents at the end of the year/period</b>	18(b)	<u>108,096</u>	<u>7,570</u>	<u>7,699</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 World ex Australia Ethical ETF	
		Year ended	
		30 June 2018	30 June 2017
		\$'000	\$'000
	Notes		
<b>Cash flows from operating activities</b>			
Proceeds from sale of financial instruments held at fair value through profit or loss		6,835	1,317
Purchase of financial instruments held at fair value through profit or loss		(8,423)	(6,769)
Dividends/Trust distributions received		857	671
Net foreign exchange gains/(losses)		(44)	(27)
Other income received		4	7
Responsible Entity's fees paid		(150)	(114)
Payments for other expenses		(1)	(9)
<b>Net cash inflows/(outflows) from operating activities</b>	18(a)	<b>(922)</b>	<b>(4,924)</b>
<b>Cash flows from financing activities</b>			
Proceeds from applications by unitholders(i)		6,756	5,233
Payments for redemptions by unitholders(i)		(5,000)	-
Distributions paid		(341)	(243)
<b>Net cash inflows/(outflows) from financing activities</b>		<b>1,415</b>	<b>4,990</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>493</b>	<b>66</b>
Cash and cash equivalents at the beginning of the year/period		132	66
Effects of foreign exchange rate changes on cash and cash equivalents		1	-
<b>Cash and cash equivalents at the end of the year/period</b>	18(b)	<b>626</b>	<b>132</b>

(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, UBS IQ Cash 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/period ended 30 June 2018 were authorised for issue in accordance with a resolution of the directors of the Responsible Entity dated 13 September 2018. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

The financial statements are presented in Australian dollars.

On 5 May 2016, the Attribution Managed Investment Trust "AMIT" regime, applying to Managed Investment Trusts ("MITs") was established under the Tax Laws Amendment (New Tax System for Managed Investment Trusts) Act 2016. With its introduction, the Responsible Entity has modified Funds' Constitutions to facilitate Funds' operation under the new AMIT regime. The Responsible Entity intends to elect for the AMIT Regime to apply to the Funds for the 2017/2018 financial year and this will be done on lodgment of the Funds' tax return. As at 30 June 2018, the Funds met the conditions to be an AMIT and reassessed the other criteria in AASB 132 *Financial Instruments: Presentation* for classifying unitholders' funds. The Funds had determined that the units should continue to be classified as financial liabilities on 30 June 2018 as they do not meet the criteria under AASB 132 *Financial Instruments: Presentation* to be classified as equity.

See Note 2 for further information.

The Funds contain two classes which are equally subordinate but not identical (one class is quoted and traded on the AQUA market and the other class is unquoted and available to wholesale investors only). Though both classes have applied the same management fee rate during the year, management fees can be varied by the Responsible Entity, and therefore, contractually, the fee rates may differ and the return that the members in each class receive on liquidation may also differ. Therefore, as there are different obligations per each class, the Responsible Entity has a contractual obligation to make distribution, and therefore the liability classification has been retained.

## 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/period 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.



## 2 Summary of significant accounting policies (continued)

### (a) Basis of preparation (continued)

#### (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

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2017 that have a material impact on the Funds.

### (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.

## 2 Summary of significant accounting policies (continued)

### (c) Financial instruments (continued)

#### (ii) Recognition/derecognition (continued)

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:
  - (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/period 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/period 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/period.

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.

## 2 Summary of significant accounting policies (continued)

### (c) Financial instruments (continued)

#### (iii) Measurement (continued)

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.

### (d) Net assets attributable to unitholders

Units are redeemable at the unitholders' option, however, applications and redemptions may be suspended by the Responsible Entity if it is in the best interests of the unitholders.

The units can be put back to the Funds at any time for cash based on the redemption price, which is equal to a proportionate share of the Funds' net asset value attributable to the unitholders.

The units are carried at the redemption amount that is payable at balance sheet date if the holder exercises the right to put the unit back to the Funds. This amount represents the expected cash flows on redemption of these units.

Units are classified as equity when they satisfy the following criteria under AASB 132 *Financial instruments: Presentation*:

- the puttable financial instrument entitles the holder to a pro-rata share of net assets in the event of the Funds' liquidation;
- the puttable financial instrument is in the class of instruments that is subordinate to all other classes of instruments and class features are identical;
- the puttable financial instrument does not include any contractual obligations to deliver cash or another financial asset, or to exchange financial instruments with another entity under potentially unfavourable conditions to the Funds, and it is not a contract settled in the Fund's own equity instruments; and
- the total expected cash flows attributable to the puttable financial instrument over the life are based substantially on the profit or loss.

As at 30 June 2017, net assets attributable to unitholders are classified as a financial liability. As at 30 June 2018, net assets attributable to unitholders did not meet the criteria under AASB 132 *Financial Instruments: Presentation* to be classified as equity and therefore continue to be classified as a financial liability.

### (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.

## 2 Summary of significant accounting policies (continued)

### (f) Investment income (continued)

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

Income not distributed is included in the net assets attributable to the unitholders. Where the Funds' units are classified as liabilities, movements in net assets attributable to unitholders are recognized in profit or loss as finance costs.

### (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.

## **2 Summary of significant accounting policies (continued)**

### **(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/period, 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/period 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/period.

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/period are included in payables.

The distribution amount payable to unitholders as at the end of the year/period 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 (CHES) 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.

### **(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/period. 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. No significant estimates were used in the preparation of these financials.

## 2 Summary of significant accounting policies (continued)

### (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/period ended 30 June 2018 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.

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.

## 2 Summary of significant accounting policies (continued)

### (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 Dividend Yield ETF, UBS IQ MSCI Australia Ethical ETF, UBS IQ MSCI Europe 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 Morningstar Australia Quality ETF, UBS IQ MSCI Asia APEX 50 Ethical ETF, UBS IQ MSCI Japan Ethical ETF, UBS IQ MSCI USA Ethical ETF and UBS IQ Cash 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/period 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 2018	30 June 2017	30 June 2018	30 June 2017
	\$	\$	\$	\$
<b>Assurance services</b>				
<i>Ernst &amp; Young</i>				
Audit and review of financial statements	14,900	14,900	14,900	14,900
Audit of compliance plan	1,652	1,604	1,652	1,604
<b>Total remuneration for assurance services</b>	<b>16,552</b>	<b>16,504</b>	<b>16,552</b>	<b>16,504</b>

	UBS IQ MSCI Australia Ethical ETF		UBS IQ MSCI Asia APEX 50 Ethical ETF	
	Year ended		Year ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	\$	\$	\$	\$
<b>Assurance services</b>				
<i>Ernst &amp; Young</i>				
Audit and review of financial statements	14,900	10,400	14,900	10,400
Audit of compliance plan	1,652	1,604	1,652	1,604
<b>Total remuneration for assurance services</b>	<b>16,552</b>	<b>12,004</b>	<b>16,552</b>	<b>12,004</b>

### 3 Auditor's remuneration (continued)

	UBS IQ MSCI Europe Ethical ETF		UBS IQ MSCI Japan Ethical ETF	
	Year ended		Year ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	\$	\$	\$	\$
<b>Assurance services</b>				
<i>Ernst &amp; Young</i>				
Audit and review of financial statements	14,900	14,900	14,900	10,400
Audit of compliance plan	1,652	1,604	1,652	1,604
<b>Total remuneration for assurance services</b>	<b>16,552</b>	<b>16,504</b>	<b>16,552</b>	<b>12,004</b>

	UBS IQ MSCI USA Ethical ETF		UBS IQ Cash ETF
	Year ended		For the reporting period from 27 April 2017 to
	30 June 2018	30 June 2017	30 June 2018
	\$	\$	\$
<b>Assurance services</b>			
<i>Ernst &amp; Young</i>			
Audit and review of financial statements	14,900	10,400	10,400
Audit of compliance plan	1,652	1,604	3,256
<b>Total remuneration for assurance services</b>	<b>16,552</b>	<b>12,004</b>	<b>13,656</b>

	UBS IQ MSCI World ex Australia Ethical ETF	
	Year ended	
	30 June 2018	30 June 2017
	\$	\$
<b>Assurance services</b>		
<i>Ernst &amp; Young</i>		
Audit and review of financial statements	14,900	14,900
Audit of compliance plan	1,652	1,604
<b>Total remuneration for assurance services</b>	<b>16,552</b>	<b>16,504</b>



#### 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 2018	30 June 2017	30 June 2018	30 June 2017
	\$	\$	\$'000	\$'000
Net gains/(losses) on financial instruments held for trading	22,475	17,135	16	20
Net gains/(losses) on financial instruments designated as at fair value through profit or loss	(253,819)	(4,939,924)	(559)	1,428
<b>Total net gains/(losses) on financial instruments held at fair value through profit or loss</b>	<b>(231,344)</b>	<b>(4,922,789)</b>	<b>(543)</b>	<b>1,448</b>

	UBS IQ MSCI Australia Ethical ETF		UBS IQ MSCI Asia APEX 50 Ethical ETF	
	Year ended		Year ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	\$'000	\$'000	\$	\$
Net gains/(losses) on financial instruments held for trading	89	161	21,705	(23,859)
Net gains/(losses) on financial instruments designated as at fair value through profit or loss	15,015	13,783	333,470	245,879
<b>Total net gains/(losses) on financial instruments held at fair value through profit or loss</b>	<b>15,104</b>	<b>13,944</b>	<b>355,175</b>	<b>222,020</b>

	UBS IQ MSCI Europe Ethical ETF		UBS IQ MSCI Japan Ethical ETF	
	Year ended		Year ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	\$'000	\$'000	\$	\$
Net gains/(losses) on financial instruments held for trading	(13)	-	(7,736)	654
Net gains/(losses) on financial instruments designated as at fair value through profit or loss	575	992	442,746	402,860
<b>Total net gains/(losses) on financial instruments held at fair value through profit or loss</b>	<b>562</b>	<b>992</b>	<b>435,010</b>	<b>403,514</b>

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

	UBS IQ MSCI USA Ethical ETF		UBS IQ Cash ETF
	Year ended		For the reporting period from 27 April 2017 to
	30 June 2018	30 June 2017	30 June 2018
	\$	\$	\$
Net gains/(losses) on financial instruments held for trading	(209)	110	-
Net gains/(losses) on financial instruments designated as at fair value through profit or loss	<u>990,632</u>	<u>628,122</u>	<u>(485)</u>
<b>Total net gains/(losses) on financial instruments held at fair value through profit or loss</b>	<b><u>990,423</u></b>	<b><u>628,232</u></b>	<b><u>(485)</u></b>

	UBS IQ MSCI World ex Australia Ethical ETF	
	Year ended	
	30 June 2018	30 June 2017
	\$'000	\$'000
Net gains/(losses) on financial instruments held for trading	63	29
Net gains/(losses) on financial instruments designated as at fair value through profit or loss	<u>5,459</u>	<u>3,951</u>
<b>Total net gains/(losses) on financial instruments held at fair value through profit or loss</b>	<b><u>5,522</u></b>	<b><u>3,980</u></b>

## 5 Net assets attributable to unitholders

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

	Year ended			
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	No.	No.	\$	\$
<b>UBS IQ Morningstar Australia Quality ETF</b>				
<b>Net assets attributable to unitholders - quoted class</b>				
Opening balance	1,351,517	347,613	27,460,668	6,929,202
Applications*	-	3,750,000	-	77,295,854
Redemptions*	(950,000)	(2,750,000)	(19,026,399)	(51,946,976)
Units issued upon reinvestment of distributions	8,966	3,904	183,992	77,116
Increase/(decrease) in net assets attributable to unitholders	-	-	(256,547)	(4,894,528)
<b>Closing balance</b>	<b>410,483</b>	<b>1,351,517</b>	<b>8,361,714</b>	<b>27,460,668</b>

	Year ended			
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	No. '000	No. '000	\$'000	\$'000
<b>UBS IQ Morningstar Australia Dividend Yield ETF</b>				
<b>Net assets attributable to unitholders - quoted class</b>				
Opening balance	1,356	1,212	27,549	23,153
Applications*	50	100	1,014	2,032
Redemptions*	(900)	-	(17,653)	-
Units issued upon reinvestment of distributions	41	44	813	876
Increase/(decrease) in net assets attributable to unitholders	-	-	(620)	1,488
<b>Closing balance</b>	<b>547</b>	<b>1,356</b>	<b>11,103</b>	<b>27,549</b>

	Year ended			
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	No. '000	No. '000	\$'000	\$'000
<b>UBS IQ MSCI Australia Ethical ETF</b>				
<b>Net assets attributable to unitholders - quoted class</b>				
Opening balance	8,289	7,679	159,456	133,946
Applications*	1,625	300	31,900	5,772
Redemptions*	(500)	-	(10,117)	-
Units issued upon reinvestment of distributions	338	310	6,716	5,779
Increase/(decrease) in net assets attributable to unitholders	-	-	15,453	13,959
<b>Closing balance</b>	<b>9,752</b>	<b>8,289</b>	<b>203,408</b>	<b>159,456</b>

## 5 Net assets attributable to unitholders (continued)

	Year ended			
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
UBS IQ MSCI Asia APEX 50 Ethical ETF	No.	No.	\$	\$
<b>Net assets attributable to unitholders - quoted class</b>				
Opening balance	175,058	50,013	3,870,209	854,537
Applications	300,000	125,000	7,904,218	2,758,713
Redemptions	(125,000)	-	(3,187,563)	-
Units issued upon reinvestment of distributions	17	45	377	870
Increase/(decrease) in net assets attributable to unitholders	-	-	350,974	256,089
<b>Closing balance</b>	<b>350,075</b>	<b>175,058</b>	<b>8,938,215</b>	<b>3,870,209</b>

	Year ended			
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
UBS IQ MSCI Europe Ethical ETF	No. '000	No. '000	\$'000	\$'000
<b>Net assets attributable to unitholders - quoted class</b>				
Opening balance	376	375	7,578	6,585
Applications	140	-	2,978	-
Redemptions	-	-	-	-
Units issued upon reinvestment of distributions	1	1	13	8
Increase/(decrease) in net assets attributable to unitholders	-	-	552	985
<b>Closing balance</b>	<b>517</b>	<b>376</b>	<b>11,121</b>	<b>7,578</b>

	Year ended			
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
UBS IQ MSCI Japan Ethical ETF	No.	No.	\$	\$
<b>Net assets attributable to unitholders - quoted class</b>				
Opening balance	150,224	150,009	3,178,178	2,773,060
Applications	40,000	-	919,471	-
Redemptions	-	-	-	-
Units issued upon reinvestment of distributions	212	215	4,472	3,979
Increase/(decrease) in net assets attributable to unitholders	-	-	424,779	401,139
<b>Closing balance</b>	<b>190,436</b>	<b>150,224</b>	<b>4,526,900</b>	<b>3,178,178</b>

## 5 Net assets attributable to unitholders (continued)

	Year ended			
	30 June 2018 No.	30 June 2017 No.	30 June 2018 \$	30 June 2017 \$
<b>UBS IQ MSCI USA Ethical ETF</b>				
<b>Net assets attributable to unitholders - quoted class</b>				
Opening balance	250,147	250,038	5,790,727	5,193,193
Applications	-	-	-	-
Redemptions	-	-	-	-
Units issued upon reinvestment of distributions	251	109	5,842	2,258
Increase/(decrease) in net assets attributable to unitholders	-	-	941,309	595,276
<b>Closing balance</b>	<b>250,398</b>	<b>250,147</b>	<b>6,737,878</b>	<b>5,790,727</b>

	For the reporting period from 27 April 2017 to 30 June 2018 No.	For the reporting period from 27 April 2017 to 30 June 2018 \$
<b>UBS IQ Cash ETF</b>		
<b>Net assets attributable to unitholders - Quoted class</b>		
Applications	50,000	1,000,000
Redemptions	-	-
Units issued upon reinvestment of distributions	9	180
Increase/(decrease) in net assets attributable to unitholders	-	(478)
<b>Closing balance</b>	<b>50,009</b>	<b>999,702</b>

## 5 Net assets attributable to unitholders (continued)

	Year ended			
	30 June 2018 No. '000	30 June 2017 No. '000	30 June 2018 \$'000	30 June 2017 \$'000
<b>UBS IQ MSCI World ex Australia Ethical ETF</b>				
<b>Net assets attributable to unitholders - quoted class</b>				
Opening balance	875	625	19,429	12,326
Applications	285	250	6,719	5,200
Redemptions	-	-	-	-
Units issued upon reinvestment of distributions	2	-	35	9
Increase/(decrease) in net assets attributable to unitholders	-	-	2,992	1,894
<b>Closing balance</b>	<b>1,162</b>	<b>875</b>	<b>29,175</b>	<b>19,429</b>
<b>Net assets attributable to unitholders - Unquoted class</b>				
Opening balance	791	773	17,545	15,247
Applications	1	2	37	32
Redemptions	(200)	-	(5,000)	-
Units issued upon reinvestment of distributions	15	16	339	312
Increase/(decrease) in net assets attributable to unitholders	-	-	2,322	1,954
<b>Closing balance</b>	<b>607</b>	<b>791</b>	<b>15,243</b>	<b>17,545</b>
<b>Total net assets attributable to unitholders</b>			<b>44,418</b>	<b>36,974</b>

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

As stipulated within the relevant 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 \$15,243,514 as at 30 June 2018 (\$17,545,296 at 30 June 2017).

## 6 Distributions to unitholders

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

	Year ended			
	30 June 2018	30 June 2018	30 June 2017	30 June 2017
UBS IQ Morningstar Australia Quality ETF	\$	CPU	\$	CPU
<b>Distributions - quoted class</b>				
11 October	294,497	21.67	-	-
2 December	-	-	548,597	18.60
31 December	155,211	30.47	163,780	32.74
30 June (payable)	139,616	34.01	284,163	22.71
	<u>589,324</u>	<u>86.15</u>	<u>996,540</u>	<u>74.05</u>
<b>Total distributions</b>	<u>589,324</u>		<u>996,540</u>	

	Year ended			
	30 June 2018	30 June 2018	30 June 2017	30 June 2017
UBS IQ Morningstar Australia Dividend Yield ETF	\$'000	CPU	\$'000	CPU
<b>Distributions - quoted class</b>				
30 September	475	33.59	273	21.36
31 December	154	11.54	274	21.31
31 March	263	19.67	259	19.94
30 June (payable)	254	46.32	238	17.58
	<u>1,146</u>	<u>111.12</u>	<u>1,044</u>	<u>80.19</u>
<b>Total distributions</b>	<u>1,146</u>		<u>1,044</u>	

	Year ended			
	30 June 2018	30 June 2018	30 June 2017	30 June 2017
UBS IQ MSCI Australia Ethical ETF	\$'000	CPU	\$'000	CPU
<b>Distributions - quoted class</b>				
31 December	4,754	54.35	4,131	52.78
30 June (payable)	2,783	28.54	2,185	26.36
	<u>7,537</u>	<u>82.89</u>	<u>6,316</u>	<u>79.14</u>
<b>Total distributions</b>	<u>7,537</u>		<u>6,316</u>	

## 6 Distributions to unitholders (continued)

	Year ended			
	30 June 2018	30 June 2018	30 June 2017	30 June 2017
	\$	CPU	\$	CPU
<b>UBS IQ MSCI Asia APEX 50 Ethical ETF</b>				
<b>Distributions - quoted class</b>				
22 May	-	-	10,766	21.52
30 June (payable)	<u>91,730</u>	<u>26.20</u>	<u>14,277</u>	<u>8.16</u>
	<u>91,730</u>	<u>26.20</u>	<u>25,043</u>	<u>29.68</u>
<b>Total distributions</b>	<u>91,730</u>		<u>25,043</u>	

	Year ended			
	30 June 2018	30 June 2018	30 June 2017	30 June 2017
	\$'000	CPU	\$'000	CPU
<b>UBS IQ MSCI Europe Ethical ETF</b>				
<b>Distributions - quoted class</b>				
30 June (payable)	<u>300</u>	<u>58.10</u>	<u>195</u>	<u>51.81</u>
	<u>300</u>	<u>58.10</u>	<u>195</u>	<u>51.81</u>
<b>Total distributions</b>	<u>300</u>		<u>195</u>	

	Year ended			
	30 June 2018	30 June 2018	30 June 2017	30 June 2017
	\$	CPU	\$	CPU
<b>UBS IQ MSCI Japan Ethical ETF</b>				
<b>Distributions - quoted class</b>				
30 June (payable)	<u>83,757</u>	<u>43.98</u>	<u>48,501</u>	<u>32.29</u>
	<u>83,757</u>	<u>43.98</u>	<u>48,501</u>	<u>32.29</u>
<b>Total distributions</b>	<u>83,757</u>		<u>48,501</u>	

	Year ended			
	30 June 2018	30 June 2018	30 June 2017	30 June 2017
	\$	CPU	\$	CPU
<b>UBS IQ MSCI USA Ethical ETF</b>				
<b>Distributions - quoted class</b>				
30 June (payable)	<u>139,454</u>	<u>55.69</u>	<u>120,492</u>	<u>48.17</u>
	<u>139,454</u>	<u>55.69</u>	<u>120,492</u>	<u>48.17</u>
<b>Total distributions</b>	<u>139,454</u>		<u>120,492</u>	



## 6 Distributions to unitholders (continued)

	For the reporting period from 27 April 2017 to 30 June 2018 \$	For the reporting period from 27 April 2017 to 30 June 2018 CPU
<b>UBS IQ Cash ETF</b>		
<b>Distributions - Quoted class</b>		
31 May 2017	-	-
30 June 2017	1,461	2.92
31 July	1,350	2.70
31 August	1,375	2.75
30 September	1,375	2.75
31 October	1,375	2.75
30 November	1,375	2.75
31 December	1,375	2.75
31 January	1,425	2.85
28 February	1,425	2.85
31 March	1,425	2.85
30 April	1,425	2.85
31 May	1,425	2.85
30 June (payable)	1,579	3.16
	<u>18,390</u>	<u>36.78</u>
<b>Total distributions</b>	<u>18,390</u>	

	Year ended			
	30 June 2018 \$'000	30 June 2018 CPU	30 June 2017 \$'000	30 June 2017 CPU
<b>UBS IQ MSCI World ex Australia Ethical ETF</b>				
<b>Distributions - quoted class</b>				
30 June (payable)	<u>602</u>	<u>51.78</u>	<u>376</u>	<u>42.93</u>
	<u>602</u>	<u>51.78</u>	<u>376</u>	<u>42.93</u>
<b>Distributions - Unquoted class</b>				
30 June (payable)	<u>314</u>	<u>51.78</u>	<u>339</u>	<u>42.93</u>
	<u>314</u>	<u>51.78</u>	<u>339</u>	<u>42.93</u>
<b>Total distributions</b>	<u>916</u>		<u>715</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 2018	30 June 2017	30 June 2018	30 June 2017
	\$	\$	\$'000	\$'000
Cash at bank	244,958	292,032	353	95
Margin accounts	16,658	7,996	25	10
<b>Total cash and cash equivalents</b>	<b>261,616</b>	<b>300,028</b>	<b>378</b>	<b>105</b>

	UBS IQ MSCI Australia Ethical ETF		UBS IQ MSCI Asia APEX 50 Ethical ETF	
	As at		As at	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	\$'000	\$'000	\$	\$
Cash at bank	304	359	73,091	6,324
Margin accounts	143	105	-	-
<b>Total cash and cash equivalents</b>	<b>447</b>	<b>464</b>	<b>73,091</b>	<b>6,324</b>

	UBS IQ MSCI Europe Ethical ETF		UBS IQ MSCI Japan Ethical ETF	
	As at		As at	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	\$'000	\$'000	\$	\$
Cash at bank	348	65	19,430	15,436
Margin accounts	12	7	-	-
<b>Total cash and cash equivalents</b>	<b>360</b>	<b>72</b>	<b>19,430</b>	<b>15,436</b>

	UBS IQ MSCI USA Ethical ETF		UBS IQ Cash ETF
	As at		As at
	30 June 2018	30 June 2017	30 June 2018
	\$	\$	\$
Cash at bank	108,096	7,570	7,699
Margin accounts	-	-	-
<b>Total cash and cash equivalents</b>	<b>108,096</b>	<b>7,570</b>	<b>7,699</b>

## 7 Cash and cash equivalents (continued)

	UBS IQ MSCI World ex Australia Ethical ETF	
	As at	
	30 June 2018	30 June 2017
	\$'000	\$'000
Cash at bank	602	124
Margin accounts	24	8
<b>Total cash and cash equivalents</b>	<b>626</b>	<b>132</b>

## 8 Financial assets 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 2018	30 June 2017	30 June 2018	30 June 2017
	\$	\$	\$'000	\$'000
<b>Held for trading</b>				
Derivatives (Note 12)	2,600	-	3	-
Total held for trading	2,600	-	3	-
<b>Designated at fair value through profit or loss</b>				
Listed equities	7,214,509	22,341,194	10,996	27,544
Listed unit trusts	1,012,572	5,110,747	-	-
Total designated at fair value through profit or loss	8,227,081	27,451,941	10,996	27,544
<b>Total financial assets held at fair value through profit or loss</b>	<b>8,229,681</b>	<b>27,451,941</b>	<b>10,999</b>	<b>27,544</b>

## 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 2018	30 June 2017	30 June 2018	30 June 2017
	\$'000	\$'000	\$	\$
<b>Held for trading</b>				
Derivatives (Note 12)	28	-	4	-
Total held for trading	28	-	4	-
<b>Designated at fair value through profit or loss</b>				
Listed equities	191,111	147,439	8,905,075	3,855,884
Listed unit trusts	12,750	12,301	-	-
Total designated at fair value through profit or loss	203,861	159,740	8,905,075	3,855,884
<b>Total financial assets held at fair value through profit or loss</b>	<b>203,889</b>	<b>159,740</b>	<b>8,905,079</b>	<b>3,855,884</b>
	UBS IQ MSCI Europe Ethical ETF		UBS IQ MSCI Japan Ethical ETF	
	As at		As at	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	\$'000	\$'000	\$	\$
<b>Held for trading</b>				
Derivatives (Note 12)	-	-	273	-
Total held for trading	-	-	273	-
<b>Designated at fair value through profit or loss</b>				
Listed equities	10,924	7,460	4,467,241	3,140,673
Listed unit trusts	105	70	49,880	27,324
Debt securities	-	-	-	-
Total designated at fair value through profit or loss	11,029	7,530	4,517,121	3,167,997
<b>Total financial assets held at fair value through profit or loss</b>	<b>11,029</b>	<b>7,530</b>	<b>4,517,394</b>	<b>3,167,997</b>

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

	UBS IQ MSCI USA Ethical ETF As at		UBS IQ Cash ETF As at
	30 June 2018	30 June 2017	30 June 2018
	\$	\$	\$
<b>Held for trading</b>			
Derivatives (Note 12)	5	-	-
Total held for trading	5	-	-
<b>Designated at fair value through profit or loss</b>			
Listed equities	6,550,330	5,605,822	-
Listed unit trusts	199,231	186,645	-
Debt securities	-	-	993,755
Total designated at fair value through profit or loss	6,749,561	5,792,467	993,755
<b>Total financial assets held at fair value through profit or loss</b>	<b>6,749,566</b>	<b>5,792,467</b>	<b>993,755</b>

	UBS IQ MSCI World ex Australia Ethical ETF As at	
	30 June 2018	30 June 2017
	\$'000	\$'000
<b>Held for trading</b>		
<b>Designated at fair value through profit or loss</b>		
Listed equities	43,608	36,297
Listed unit trusts	1,006	881
Total designated at fair value through profit or loss	44,614	37,178
<b>Total financial assets held at fair value through profit or loss</b>	<b>44,614</b>	<b>37,178</b>

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 2018	30 June 2017	30 June 2018	30 June 2017
	\$	\$	\$'000	\$'000
<b>Held for trading</b>				
Derivatives (Note 12)	-	3,200	-	2
Total held for trading	-	3,200	-	2
<b>Total financial liabilities held at fair value through profit or loss</b>	-	3,200	-	2

	UBS IQ MSCI Australia Ethical ETF		UBS IQ MSCI Asia APEX 50 Ethical ETF	
	As at		As at	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	\$'000	\$'000	\$	\$
<b>Held for trading</b>				
Derivatives (Note 12)	-	26	-	-
Total held for trading	-	26	-	-
<b>Total financial liabilities held at fair value through profit or loss</b>	-	26	-	-

	UBS IQ MSCI Europe Ethical ETF		UBS IQ MSCI Japan Ethical ETF	
	As at		As at	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	\$'000	\$'000	\$	\$
<b>Held for trading</b>				
Derivatives (Note 12)	3	2	-	147
Total held for trading	3	2	-	147
<b>Total financial liabilities held at fair value through profit or loss</b>	3	2	-	147

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

	UBS IQ MSCI USA Ethical ETF As at		UBS IQ Cash ETF As at
	30 June 2018	30 June 2017	30 June 2018
	\$	\$	\$
<b>Held for trading</b>			
Derivatives (Note 12)	-	124	-
Total held for trading	-	124	-
<b>Total financial liabilities held at fair value through profit or loss</b>	-	124	-

	UBS IQ MSCI World ex Australia Ethical ETF As at	
	30 June 2018	30 June 2017
	\$'000	\$'000
<b>Held for trading</b>		
Derivatives (Note 12)	4	1
Total held for trading	4	1
<b>Total financial liabilities held at fair value through profit or loss</b>	4	1

## 10 Receivables

	UBS IQ Morningstar Australia Quality ETF As at		UBS IQ Morningstar Australia Dividend Yield ETF As at	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	\$	\$	\$'000	\$'000
Interest receivables	13	19	-	-
Dividends receivable	67,929	200,980	36	147
Due from brokers - receivables for securities sold	-	-	-	-
Other receivables	697	1,281	3	2
<b>Total receivables</b>	<b>68,639</b>	<b>202,280</b>	<b>39</b>	<b>149</b>

## 10 Receivables (continued)

	UBS IQ MSCI Australia Ethical ETF		UBS IQ MSCI Asia APEX 50 Ethical ETF	
	As at		As at	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	\$'000	\$'000	\$	\$
Interest receivables	-	-	-	-
Dividends receivable	1,878	1,485	44,019	21,965
Due from brokers - receivables for securities sold	-	-	14,561	-
Other receivables	7	4	4,108	5,497
<b>Total receivables</b>	<b>1,885</b>	<b>1,489</b>	<b>62,688</b>	<b>27,462</b>

	UBS IQ MSCI Europe Ethical ETF		UBS IQ MSCI Japan Ethical ETF	
	As at		As at	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	\$'000	\$'000	\$	\$
Interest receivables	-	-	-	-
Dividends receivable	58	39	6,771	3,568
Due from brokers - receivables for securities sold	-	138	112,021	41,271
Other receivables	1	1	477	166
<b>Total receivables</b>	<b>59</b>	<b>178</b>	<b>119,269</b>	<b>45,005</b>

	UBS IQ MSCI USA Ethical ETF		UBS IQ Cash ETF
	As at		As at
	30 June 2018	30 June 2017	30 June 2018
	\$	\$	\$
Interest receivables	-	-	1
Dividends receivable	7,560	5,891	-
Due from brokers - receivables for securities sold	22,525	107,109	-
Other receivables	266	235	25
<b>Total receivables</b>	<b>30,351</b>	<b>113,235</b>	<b>26</b>



## 10 Receivables (continued)

### UBS IQ MSCI World ex Australia Ethical ETF

As at

30 June 2018 \$'000	30 June 2017 \$'000
---------------------------	---------------------------

Dividends receivable	96	74
Due from brokers - receivables for securities sold	89	318
Other receivables	4	3
<b>Total receivables</b>	<b>189</b>	<b>395</b>

## 11 Payables

### UBS IQ Morningstar Australia Quality ETF

As at

30 June 2018 \$	30 June 2017 \$
-----------------------	-----------------------

### UBS IQ Morningstar Australia Dividend Yield ETF

As at

30 June 2018 \$'000	30 June 2017 \$'000
---------------------------	---------------------------

Responsible Entity's fees payable	2,089	6,380	3	7
Due to brokers - payable for securities purchased	55,296	197,823	54	-
Other payables	1,221	2,015	2	2
<b>Total payables</b>	<b>58,606</b>	<b>206,218</b>	<b>59</b>	<b>9</b>

### UBS IQ MSCI Australia Ethical ETF

As at

30 June 2018 \$'000	30 June 2017 \$'000
---------------------------	---------------------------

### UBS IQ MSCI Asia APEX 50 Ethical ETF

As at

30 June 2018 \$	30 June 2017 \$
-----------------------	-----------------------

Responsible Entity's fees payable	28	22	3,442	1,453
Due to brokers - payable for securities purchased	-	-	-	-
Other payables	2	4	7,471	3,731
<b>Total payables</b>	<b>30</b>	<b>26</b>	<b>10,913</b>	<b>5,184</b>

## 11 Payables (continued)

	UBS IQ MSCI Europe Ethical ETF		UBS IQ MSCI Japan Ethical ETF	
	As at		As at	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	\$'000	\$'000	\$	\$
Responsible Entity's fees payable	4	3	1,530	1,085
Due to brokers - payable for securities purchased	20	2	42,870	-
Other payables	-	-	1,036	527
<b>Total payables</b>	<b>24</b>	<b>5</b>	<b>45,436</b>	<b>1,612</b>

	UBS IQ MSCI USA Ethical ETF		UBS IQ Cash ETF
	As at		As at
	30 June 2018	30 June 2017	30 June 2018
	\$	\$	\$
Responsible Entity's fees payable	1,125	992	148
Due to brokers - payable for securities purchased	8,399	-	-
Other payables	1,157	937	51
<b>Total payables</b>	<b>10,681</b>	<b>1,929</b>	<b>199</b>

	UBS IQ MSCI World ex Australia Ethical ETF	
	As at	
	30 June 2018	30 June 2017
	\$'000	\$'000
Responsible Entity's fees payable	13	11
Due to brokers - payable for securities purchased	68	-
Other payables	10	4
<b>Total payables</b>	<b>91</b>	<b>15</b>

## 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.

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/period. The Funds recognise a gain or loss equal to the change in fair value at the end of each financial year/period.

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

UBS IQ Morningstar Australia Quality ETF						
		30 June 2018			30 June 2017	
	Contract/ Notional	Assets	Liabilities	Contract/ Notional	Assets	Liabilities
	\$	\$	\$	\$	\$	\$
Australian share price index futures	151,075	2,600	-	144,400	-	3,200
	151,075	2,600	-	144,400	-	3,200

## 12 Derivative financial instruments (continued)

### (b) Foreign currency contracts (continued)

#### UBS IQ Morningstar Australia Dividend Yield ETF

	30 June 2018			30 June 2017		
	Contract/ Notional	Assets	Liabilities	Contract/ Notional	Assets	Liabilities
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Australian share price index futures	151	3	-	143	-	2
	151	3	-	143	-	2

#### UBS IQ MSCI Australia Ethical ETF

	30 June 2018			30 June 2017		
	Contract/ Notional	Assets	Liabilities	Contract/ Notional	Assets	Liabilities
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Australian share price index futures	1,970	28	-	1,720	-	26
	1,970	28	-	1,720	-	26

#### UBS IQ MSCI Asia APEX 50 Ethical ETF

	30 June 2018			30 June 2017		
	Contract/ Notional	Assets	Liabilities	Contract/ Notional	Assets	Liabilities
	\$	\$	\$	\$	\$	\$
Foreign currency contracts	5,959	4	-	-	-	-
	5,959	4	-	-	-	-

#### UBS IQ MSCI Europe Ethical ETF

	30 June 2018			30 June 2017		
	Contract/ Notional	Assets	Liabilities	Contract/ Notional	Assets	Liabilities
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
International share price index futures	107	-	3	53	-	2
Foreign currency contracts	-	-	-	189	-	-
	107	-	3	242	-	2

## 12 Derivative financial instruments (continued)

### (b) Foreign currency contracts (continued)

UBS IQ MSCI Japan Ethical ETF						
	Contract/ Notional	30 June 2018 Assets	Liabilities	Contract/ Notional	30 June 2017 Assets	Liabilities
	\$	\$	\$	\$	\$	\$
Foreign currency contracts	77,000	273	-	47,000	-	147
	77,000	273	-	47,000	-	147

UBS IQ MSCI USA Ethical ETF						
	Contract/ Notional	30 June 2018 Assets	Liabilities	Contract/ Notional	30 June 2017 Assets	Liabilities
	\$	\$	\$	\$	\$	\$
Foreign currency contracts	20,000	5	-	112,000	-	124
	20,000	5	-	112,000	-	124

UBS IQ MSCI World ex Australia Ethical ETF						
	30 June 2018				30 June 2017	
	Contract/ Notional	Assets	Liabilities	Contract/ Notional	Assets	Liabilities
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
International share price index futures	183	-	4	161	-	1
Foreign currency contracts	110	-	-	355	-	-
	293	-	4	516	-	1

### 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/period 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, excluding UBS IQ Cash ETF, 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.

The tables below for respective Funds, excluding UBS IQ Cash ETF, 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 2018		As at 30 June 2017	
	Increased by 10%	Decreased by 10%	Increased by 10%	Decreased by 10%
<b>UBS IQ Morningstar Australia Quality ETF</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Increase/(decrease) in value of financial assets held at fair value through profit or loss	<u>822,968</u>	<u>(822,968)</u>	<u>2,745,194</u>	<u>(2,745,194)</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.

### 13 Financial risk management (continued)

#### (a) Market risk (continued)

##### (i) Price risk (continued)

	As at 30 June 2018		As at 30 June 2017	
	Increased by 10% \$'000	Decreased by 10% \$'000	Increased by 10% \$'000	Decreased by 10% \$'000
<b>UBS IQ Morningstar Australia Dividend Yield ETF</b>				
Increase/(decrease) in value of financial assets held at fair value through profit or loss	<u>1,100</u>	<u>(1,100)</u>	<u>2,754</u>	<u>(2,754)</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%.

	As at 30 June 2018		As at 30 June 2017	
	Increased by 10% \$'000	Decreased by 10% \$'000	Increased by 10% \$'000	Decreased by 10% \$'000
<b>UBS IQ MSCI Australia Ethical ETF</b>				
Increase/(decrease) in value of financial assets held at fair value through profit or loss	<u>20,389</u>	<u>(20,389)</u>	<u>15,974</u>	<u>(15,974)</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 2018		As at 30 June 2017	
	Increased by 10% \$	Decreased by 10% \$	Increased by 10% \$	Decreased by 10% \$
<b>UBS IQ MSCI Asia APEX 50 Ethical ETF</b>				
Increase/(decrease) in value of financial assets held at fair value through profit or loss	<u>890,508</u>	<u>(890,508)</u>	<u>385,588</u>	<u>(385,588)</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.

## 13 Financial risk management (continued)

### (a) Market risk (continued)

#### (i) Price risk (continued)

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 2018		As at 30 June 2017	
	Increased	Decreased	Increased	Decreased
	by 10%	by 10%	by 10%	by 10%
UBS IQ MSCI Europe Ethical ETF	\$'000	\$'000	\$'000	\$'000
Increase/(decrease) in value of financial assets held at fair value through profit or loss	<u>1,103</u>	<u>(1,103)</u>	<u>753</u>	<u>(753)</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.

	As at 30 June 2018		As at 30 June 2017	
	Increased	Decreased	Increased	Decreased
	by 10%	by 10%	by 10%	by 10%
UBS IQ MSCI Japan Ethical ETF	\$	\$	\$	\$
Increase/(decrease) in value of financial assets held at fair value through profit or loss	<u>451,739</u>	<u>(451,739)</u>	<u>316,800</u>	<u>(316,800)</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 2018		As at 30 June 2017	
	Increased	Decreased	Increased	Decreased
	by 10%	by 10%	by 10%	by 10%
UBS IQ MSCI USA Ethical ETF	\$	\$	\$	\$
Increase/(decrease) in value of financial assets held at fair value through profit or loss	<u>674,957</u>	<u>(674,957)</u>	<u>579,247</u>	<u>(579,247)</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.



### 13 Financial risk management (continued)

#### (a) Market risk (continued)

##### (i) Price risk (continued)

	As at 30 June 2018		As at 30 June 2017	
	Increased by 10% \$'000	Decreased by 10% \$'000	Increased by 10% \$'000	Decreased by 10% \$'000
<b>UBS IQ MSCI World ex Australia Ethical ETF</b>				
Increase/(decrease) in value of financial assets held at fair value through profit or loss	<u>4,461</u>	<u>(4,461)</u>	<u>3,718</u>	<u>(3,718)</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.

##### (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 \$	New Taiwan Dollars \$	US Dollar \$	All other foreign currencies \$
<b>As at 30 June 2018</b>					
Cash and cash equivalents	5,714	-	1,435	(7,134)	17
Receivables	14,266	-	29,754	8,523	6,038
Financial assets held at fair value through profit or loss	4,182,512	1,627,220	1,107,648	1,548,437	439,262
Payables	(1,080)	-	(6,240)	-	-
Financial liabilities held at fair value through profit or loss	-	-	-	-	-
	<u>4,201,412</u>	<u>1,627,220</u>	<u>1,132,597</u>	<u>1,549,826</u>	<u>445,317</u>
Foreign currency contracts exposure	-	-	-	-	-
<b>Total net exposure</b>	<u>4,201,412</u>	<u>1,627,220</u>	<u>1,132,597</u>	<u>1,549,826</u>	<u>445,317</u>

### 13 Financial risk management (continued)

#### (a) Market risk (continued)

##### (ii) Foreign exchange risk (continued)

	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>125,910</u>	<u>197,954</u>

#### UBS IQ MSCI Europe Ethical ETF

	Euro \$'000	British Pounds \$'000	Swiss Franc \$'000	All other foreign currencies \$'000
As at 30 June 2018				
Cash and cash equivalents	22	11	5	15
Cash at Broker - Margin Accounts	12	-	-	-
Receivables	25	11	19	3
Financial assets held at fair value through profit or loss	5,735	2,985	1,377	932
Payables	(14)	(3)	(1)	(2)
Financial liabilities held at fair value through profit or loss	(3)	-	-	-
	<u>5,777</u>	<u>3,004</u>	<u>1,400</u>	<u>948</u>
Foreign currency contracts exposure	-	-	-	-
Total net exposure	<u>5,777</u>	<u>3,004</u>	<u>1,400</u>	<u>948</u>

## 13 Financial risk management (continued)

### (a) Market risk (continued)

#### (ii) Foreign exchange risk (continued)

	Euro \$'000	British Pounds \$'000	Swiss Franc \$'000	All other foreign currencies \$'000
As at 30 June 2017				
Cash and cash equivalents	45	9	2	8
Cash at Broker - Margin Accounts	7	-	-	-
Receivables	93	44	27	13
Financial assets held at fair value through profit or loss	3,851	1,980	1,019	680
Payables	(2)	-	-	-
Financial liabilities held at fair value through profit or loss	(1)	-	-	-
	<u>3,993</u>	<u>2,033</u>	<u>1,048</u>	<u>701</u>
Foreign currency contracts exposure	<u>(115)</u>	<u>(43)</u>	<u>(16)</u>	<u>(15)</u>
Total net exposure	<u>3,878</u>	<u>1,990</u>	<u>1,032</u>	<u>686</u>

### UBS IQ MSCI Japan Ethical ETF

	Japanese Yen \$
As at 30 June 2018	
Cash and cash equivalents	19,479
Receivables	118,792
Financial assets held at fair value through profit or loss	4,517,394
Payables	(43,572)
Financial liabilities held at fair value through profit or loss	-
	<u>4,612,093</u>
Foreign currency contracts exposure	<u>(77,000)</u>
Total net exposure	<u>4,535,093</u>

## 13 Financial risk management (continued)

### (a) Market risk (continued)

#### (ii) Foreign exchange risk (continued)

	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	(147)
	<u>3,227,695</u>
Foreign currency contracts exposure	(47,000)
Total net exposure	<u>3,180,695</u>

#### UBS IQ MSCI USA Ethical ETF

	US Dollars \$
<b>As at 30 June 2018</b>	
Cash and cash equivalents	3,040
Receivables	30,085
Financial assets held at fair value through profit or loss	6,749,566
Payables	(9,274)
Financial liabilities held at fair value through profit or loss	-
	<u>6,773,417</u>
Foreign currency contracts exposure	(20,000)
<b>Total net exposure</b>	<u>6,753,417</u>

	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	(124)
	<u>5,912,026</u>
Foreign currency contracts exposure	(112,000)
Total net exposure	<u>5,800,026</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 2018	US Dollars \$'000	Euro \$'000	Japanese Yen \$'000	British Pounds \$'000	All other foreign currencies \$'000
Cash and cash equivalents	60	11	25	12	48
Receivables	28	22	95	11	29
Financial assets held at fair value through profit or loss	27,827	5,411	3,972	2,823	4,581
Payables	(21)	(9)	(30)	(4)	(9)
Financial liabilities held at fair value through profit or loss	(4)	-	-	-	-
	<u>27,890</u>	<u>5,435</u>	<u>4,062</u>	<u>2,842</u>	<u>4,649</u>
Foreign currency contracts exposure	-	-	(64)	-	3
<b>Total net exposure</b>	<u>27,890</u>	<u>5,435</u>	<u>3,998</u>	<u>2,842</u>	<u>4,652</u>

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
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	(198)	(56)	(15)	(30)	(56)
<b>Total net exposure</b>	<u>22,747</u>	<u>4,686</u>	<u>3,409</u>	<u>2,406</u>	<u>4,096</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 2018	30 June 2018
	\$	\$
AUD/HKD 2018 10%	420,141	(420,141)
AUD/KRW 2018 10%	162,722	(162,722)
AUD/TWD 2018 10%	113,260	(113,260)
AUD/USD 2018 10%	154,983	(154,983)

	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)

#### 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 2018	30 June 2018
	\$'000	\$'000
AUD/EUR 2018 10%	578	(578)
AUD/GBP 2018 10%	300	(300)
AUD/CHF 2018 10%	140	(140)

## 13 Financial risk management (continued)

### (a) Market risk (continued)

#### (ii) Foreign exchange risk (continued)

	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/EUR 2017 10%	388	(388)
AUD/GBP 2017 10%	199	(199)
AUD/CHF 2017 10%	103	(103)

#### 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 2018	30 June 2018
	\$	\$
AUD/JPY 2018 10%	453,509	(453,509)

	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)

#### 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 2018	30 June 2018
	\$	\$
AUD/USD 2018 10%	675,342	(675,342)

## 13 Financial risk management (continued)

### (a) Market risk (continued)

#### (ii) Foreign exchange risk (continued)

	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)

#### 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 2018	30 June 2018
	\$'000	\$'000
AUD/USD 2018 10%	2,789	(2,789)
AUD/EUR 2018 10%	544	(544)
AUD/JPY 2018 10%	400	(400)
AUD/GBP 2018 10%	284	(284)

	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)

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

#### (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.



## 13 Financial risk management (continued)

### (a) Market risk (continued)

#### (iii) Interest rate risk (continued)

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 2018				30 June 2017			
	Floating interest rate	Fixed interest rate	Non - interest bearing	Total	Floating interest rate	Fixed interest rate	Non - interest bearing	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Financial assets</b>								
Cash and cash equivalents	261,616	-	-	261,616	300,028	-	-	300,028
Receivables	-	-	68,639	68,639	-	-	202,280	202,280
Financial assets held at fair value through profit and loss	-	-	8,229,681	8,229,681	-	-	27,451,941	27,451,941
Total assets	261,616	-	8,298,320	8,559,936	300,028	-	27,654,221	27,954,249
<b>Financial liabilities</b>								
Payables	-	-	(58,606)	(58,606)	-	-	(206,218)	(206,218)
Financial liabilities held at fair value through profit and loss	-	-	-	-	-	-	(3,200)	(3,200)
Distributions payable	-	-	(139,616)	(139,616)	-	-	(284,163)	(284,163)
Total liabilities (excluding net assets attributable to unitholders)	-	-	(198,222)	(198,222)	-	-	(493,581)	(493,581)
<b>Net assets attributable to unitholders</b>	261,616	-	8,100,098	8,361,714	300,028	-	27,160,640	27,460,668

## 13 Financial risk management (continued)

### (a) Market risk (continued)

#### (iii) Interest rate risk (continued)

UBS IQ Morningstar Australia Dividend Yield ETF								
	30 June 2018				30 June 2017			
	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
<b>Financial assets</b>								
Cash and cash equivalents	378	-	-	378	105	-	-	105
Receivables	-	-	39	39	-	-	149	149
Financial assets held at fair value through profit and loss	-	-	10,999	10,999	-	-	27,544	27,544
Total assets	378	-	11,038	11,416	105	-	27,693	27,798
<b>Financial liabilities</b>								
Payables	-	-	(59)	(59)	-	-	(9)	(9)
Financial liabilities held at fair value through profit and loss	-	-	-	-	-	-	(2)	(2)
Distributions payable	-	-	(254)	(254)	-	-	(238)	(238)
Total liabilities (excluding net assets attributable to unitholders)	-	-	(313)	(313)	-	-	(249)	(249)
<b>Net assets attributable to unitholders</b>	378	-	10,725	11,103	105	-	27,444	27,549

### 13 Financial risk management (continued)

#### (a) Market risk (continued)

##### (iii) Interest rate risk (continued)

	UBS IQ MSCI Australia Ethical ETF							
	30 June 2018				30 June 2017			
	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
<b>Financial assets</b>								
Cash and cash equivalents	447	-	-	447	464	-	-	464
Receivables	-	-	1,885	1,885	-	-	1,489	1,489
Financial assets held at fair value through profit and loss	-	-	203,889	203,889	-	-	159,740	159,740
Total assets	447	-	205,774	206,221	464	-	161,229	161,693
<b>Financial liabilities</b>								
Payables	-	-	(30)	(30)	-	-	(26)	(26)
Financial liabilities held at fair value through profit and loss	-	-	-	-	-	-	(26)	(26)
Distributions payable	-	-	(2,783)	(2,783)	-	-	(2,185)	(2,185)
Total liabilities (excluding net assets attributable to unitholders)	-	-	(2,813)	(2,813)	-	-	(2,237)	(2,237)
<b>Net assets attributable to unitholders</b>	447	-	202,961	203,408	464	-	158,992	159,456

## 13 Financial risk management (continued)

### (a) Market risk (continued)

#### (iii) Interest rate risk (continued)

	UBS IQ MSCI Asia APEX 50 Ethical ETF							
	30 June 2018				30 June 2017			
	Floating interest rate	Fixed interest rate	Non - interest bearing	Total	Floating interest rate	Fixed interest rate	Non - interest bearing	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Financial assets</b>								
Cash and cash equivalents	73,091	-	-	73,091	6,324	-	-	6,324
Receivables	-	-	62,688	62,688	-	-	27,462	27,462
Financial assets held at fair value through profit and loss	-	-	8,905,079	8,905,079	-	-	3,855,884	3,855,884
Total assets	73,091	-	8,967,767	9,040,858	6,324	-	3,883,346	3,889,670
<b>Financial liabilities</b>								
Payables	-	-	(10,913)	(10,913)	-	-	(5,184)	(5,184)
Distributions payable	-	-	(91,730)	(91,730)	-	-	(14,277)	(14,277)
Total liabilities (excluding net assets attributable to unitholders)	-	-	(102,643)	(102,643)	-	-	(19,461)	(19,461)
<b>Net assets attributable to unitholders</b>	73,091	-	8,865,124	8,938,215	6,324	-	3,863,885	3,870,209

## 13 Financial risk management (continued)

### (a) Market risk (continued)

#### (iii) Interest rate risk (continued)

	UBS IQ MSCI Europe Ethical ETF							
	30 June 2018				30 June 2017			
	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
<b>Financial assets</b>								
Cash and cash equivalents	360	-	-	360	72	-	-	72
Receivables	-	-	59	59	-	-	178	178
Financial assets held at fair value through profit and loss	-	-	11,029	11,029	-	-	7,530	7,530
Total assets	360	-	11,088	11,448	72	-	7,708	7,780
<b>Financial liabilities</b>								
Payables	-	-	(24)	(24)	-	-	(5)	(5)
Financial liabilities held at fair value through profit and loss	-	-	(3)	(3)	-	-	(2)	(2)
Distributions payable	-	-	(300)	(300)	-	-	(194)	(194)
Total liabilities (excluding net assets attributable to unitholders)	-	-	(327)	(327)	-	-	(201)	(201)
<b>Net assets attributable to unitholders</b>	360	-	10,761	11,121	72	-	7,507	7,579

## 13 Financial risk management (continued)

### (a) Market risk (continued)

#### (iii) Interest rate risk (continued)

	UBS IQ MSCI Japan Ethical ETF							
	30 June 2018				30 June 2017			
	Floating interest rate	Fixed interest rate	Non - interest bearing	Total	Floating interest rate	Fixed interest rate	Non - interest bearing	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Financial assets</b>								
Cash and cash equivalents	19,430	-	-	19,430	15,436	-	-	15,436
Receivables	-	-	119,269	119,269	-	-	45,005	45,005
Financial assets held at fair value through profit and loss	-	-	4,517,394	4,517,394	-	-	3,167,997	3,167,997
Total assets	19,430	-	4,636,663	4,656,093	15,436	-	3,213,002	3,228,438
<b>Financial liabilities</b>								
Payables	-	-	(45,436)	(45,436)	-	-	(1,612)	(1,612)
Financial liabilities held at fair value through profit and loss	-	-	-	-	-	-	(147)	(147)
Distributions payable	-	-	(83,757)	(83,757)	-	-	(48,501)	(48,501)
Total liabilities (excluding net assets attributable to unitholders)	-	-	(129,193)	(129,193)	-	-	(50,260)	(50,260)
<b>Net assets attributable to unitholders</b>	19,430	-	4,507,470	4,526,900	15,436	-	3,162,742	3,178,178

## 13 Financial risk management (continued)

### (a) Market risk (continued)

#### (iii) Interest rate risk (continued)

	UBS IQ MSCI USA Ethical ETF							
	30 June 2018				30 June 2017			
	Floating interest rate	Fixed interest rate	Non - interest bearing	Total	Floating interest rate	Fixed interest rate	Non - interest bearing	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Financial assets</b>								
Cash and cash equivalents	108,096	-	-	108,096	7,570	-	-	7,570
Receivables	-	-	30,351	30,351	-	-	113,235	113,235
Financial assets held at fair value through profit and loss	-	-	6,749,566	6,749,566	-	-	5,792,467	5,792,467
Total assets	108,096	-	6,779,917	6,888,013	7,570	-	5,905,702	5,913,272
<b>Financial liabilities</b>								
Payables	-	-	(10,681)	(10,681)	-	-	(1,929)	(1,929)
Financial liabilities held at fair value through profit and loss	-	-	-	-	-	-	(124)	(124)
Distributions payable	-	-	(139,454)	(139,454)	-	-	(120,492)	(120,492)
Total liabilities (excluding net assets attributable to unitholders)	-	-	(150,135)	(150,135)	-	-	(122,545)	(122,545)
<b>Net assets attributable to unitholders</b>	108,096	-	6,629,782	6,737,878	7,570	-	5,783,157	5,790,727

## 13 Financial risk management (continued)

### (a) Market risk (continued)

#### (iii) Interest rate risk (continued)

	UBS IQ Cash ETF			
	30 June 2018			
	Floating interest rate	Fixed interest rate	Non - interest bearing	Total
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash and cash equivalents	7,699	-	-	7,699
Receivables	-	-	26	26
Financial assets held at fair value through profit and loss	993,755	-	-	993,755
Total assets	1,001,454	-	26	1,001,480
<b>Financial liabilities</b>				
Payables	-	-	(199)	(199)
Distributions payable	-	-	(1,579)	(1,579)
Total liabilities (excluding net assets attributable to unitholders)	-	-	(1,778)	(1,778)
<b>Net assets attributable to unitholders</b>	<b>1,001,454</b>	<b>-</b>	<b>(1,752)</b>	<b>999,702</b>



### 13 Financial risk management (continued)

#### (a) Market risk (continued)

##### (iii) Interest rate risk (continued)

UBS IQ MSCI World ex Australia Ethical ETF								
	30 June 2018				30 June 2017			
	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
<b>Financial assets</b>								
Cash and cash equivalents	626	-	-	626	132	-	-	132
Receivables	-	-	189	189	-	-	395	395
Financial assets held at fair value through profit and loss	-	-	44,614	44,614	-	-	37,178	37,178
Total assets	626	-	44,803	45,429	132	-	37,573	37,705
<b>Financial liabilities</b>								
Payables	-	-	(91)	(91)	-	-	(15)	(15)
Financial liabilities held at fair value through profit and loss	-	-	(4)	(4)	-	-	(1)	(1)
Distributions payable	-	-	(916)	(916)	-	-	(715)	(715)
Total liabilities (excluding net assets attributable to unitholders)	-	-	(1,011)	(1,011)	-	-	(731)	(731)
<b>Net assets attributable to unitholders</b>	626	-	43,792	44,418	132	-	36,842	36,974

The following table summarises the sensitivity of UBS IQ Cash ETF Fund's operating profit and net assets attributable to unitholders to interest rate 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 Fund's 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 Fund invests. As a result, historic variations in risk variables are not a definitive indicator of future variations in the risk variables.

## 13 Financial risk management (continued)

### (a) Market risk (continued)

#### (iii) Interest rate risk (continued)

	Interest rate risk	
	Impact on operating profit/Net assets attributable to unitholders	
	-100bps	+100bps
	\$	\$
30 June 2018	10,015	(10,015)

The sensitivity to interest rate risk on Cash and cash equivalents for all Funds other than UBS IQ Cash ETF 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 (to the exception of UBS IQ Cash ETF) 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 main concentration of credit risk, to which UBS IQ Cash ETF is exposed, arises from the Fund's counterparty credit risk on cash and cash equivalents as shown in the table:

	As at 30 June 2018 \$
<b>Debt securities</b>	
AA+ to AA-	993,755
<b>Total</b>	<u>993,755</u>

All Funds (to the exception of UBS IQ Cash ETF) do not consider counterparty risk to be significant, as the Funds only trade with recognised and creditworthy third parties.

### (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/period (2017: Nil).

## 13 Financial risk management (continued)

### (c) Liquidity risk (continued)

#### (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/period end date. The amounts in the table are contractual undiscounted cash flows.

#### UBS IQ Morningstar Australia Quality ETF

	Less than 1 month \$	1-6 months \$	7-12 months \$	Over 12 months \$	No stated maturity \$
<b>At 30 June 2018</b>					
Distributions payable	139,616	-	-	-	-
Payables	58,606	-	-	-	-
Net assets attributable to unitholders	<u>8,361,714</u>	-	-	-	-
<b>Contractual cash flows (excluding gross settled derivatives)</b>	<u>8,559,936</u>	-	-	-	-
<b>At 30 June 2017</b>					
Distributions payable	284,163	-	-	-	-
Payables	206,218	-	-	-	-
Net assets attributable to unitholders	<u>27,460,668</u>	-	-	-	-
Contractual cash flows (excluding gross settled derivatives)	<u>27,951,049</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
<b>At 30 June 2018</b>					
Distributions payable	254	-	-	-	-
Payables	59	-	-	-	-
Net assets attributable to unitholders	<u>11,103</u>	-	-	-	-
<b>Contractual cash flows (excluding gross settled derivatives)</b>	<u>11,416</u>	-	-	-	-
<b>At 30 June 2017</b>					
Distributions payable	238	-	-	-	-
Payables	9	-	-	-	-
Net assets attributable to unitholders	<u>27,549</u>	-	-	-	-
Contractual cash flows (excluding gross settled derivatives)	<u>27,796</u>	-	-	-	-

## 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
<b>At 30 June 2018</b>					
Distributions payable	2,783	-	-	-	-
Payables	30	-	-	-	-
Net assets attributable to unitholders	<u>203,408</u>	-	-	-	-
<b>Contractual cash flows (excluding gross settled derivatives)</b>	<u>206,221</u>	-	-	-	-
<b>At 30 June 2017</b>					
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 \$
<b>At 30 June 2018</b>					
Distributions payable	91,730	-	-	-	-
Payables	10,913	-	-	-	-
Net assets attributable to unitholders	<u>8,938,215</u>	-	-	-	-
<b>Contractual cash flows (excluding gross settled derivatives)</b>	<u>9,040,858</u>	-	-	-	-
<b>At 30 June 2017</b>					
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>	-	-	-	-

## 13 Financial risk management (continued)

### (c) Liquidity risk (continued)

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

##### UBS IQ MSCI Europe Ethical ETF

	Less than 1 month \$'000	1-6 months \$'000	7-12 months \$'000	Over 12 months \$'000	No stated maturity \$'000
<b>At 30 June 2018</b>					
Distributions payable	300	-	-	-	-
Payables	24	-	-	-	-
Net assets attributable to unitholders	<u>11,121</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Contractual cash flows (excluding gross settled derivatives)</b>	<u>11,445</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>At 30 June 2017</b>					
Distributions payable	195	-	-	-	-
Payables	5	-	-	-	-
Net assets attributable to unitholders	<u>7,578</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contractual cash flows (excluding gross settled derivatives)	<u>7,778</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

##### UBS IQ MSCI Japan Ethical ETF

	Less than 1 month \$	1-6 months \$	7-12 months \$	Over 12 months \$	No stated maturity \$
<b>At 30 June 2018</b>					
Distributions payable	83,757	-	-	-	-
Payables	45,436	-	-	-	-
Net assets attributable to unitholders	<u>4,526,900</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Contractual cash flows (excluding gross settled derivatives)</b>	<u>4,656,093</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>At 30 June 2017</b>					
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>

## 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
	\$	\$	\$	\$	\$
<b>At 30 June 2018</b>					
Distributions payable	139,454	-	-	-	-
Payables	10,681	-	-	-	-
Net assets attributable to unitholders	<u>6,737,878</u>	-	-	-	-
<b>Contractual cash flows (excluding gross settled derivatives)</b>	<u>6,888,013</u>	-	-	-	-
<b>At 30 June 2017</b>					
Distributions payable	120,492	-	-	-	-
Payables	1,929	-	-	-	-
Net assets attributable to unitholders	<u>5,790,727</u>	-	-	-	-
Contractual cash flows (excluding gross settled derivatives)	<u>5,913,148</u>	-	-	-	-

##### UBS IQ Cash ETF

	Less than 1 month	1-6 months	7-12 months	Over 12 months	No stated maturity
	\$	\$	\$	\$	\$
<b>At 30 June 2018</b>					
Distributions payable	1,579	-	-	-	-
Payables	199	-	-	-	-
Net assets attributable to unitholders	<u>999,702</u>	-	-	-	-
<b>Contractual cash flows (excluding gross settled derivatives)</b>	<u>1,001,480</u>	-	-	-	-

## 13 Financial risk management (continued)

### (c) Liquidity risk (continued)

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

##### 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
<b>At 30 June 2018</b>					
Distributions payable	916	-	-	-	-
Payables	91	-	-	-	-
Net assets attributable to unitholders	<u>44,418</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Contractual cash flows (excluding gross settled derivatives)</b>	<u>45,425</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>At 30 June 2017</b>					
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>

#### (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 \$	1-6 months \$	7-12 months \$	Over 12 months \$	No stated maturity \$
<b>At 30 June 2018</b>					
Australian share price index futures - Inflows	-	2,600	-	-	-
<b>At 30 June 2017</b>					
Australian share price index futures - Inflows	-	(3,200)	-	-	-

## 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
<b>At 30 June 2018</b>					
Australian share price index futures - Inflows	-	3	-	-	-
<b>At 30 June 2017</b>					
Australian share price index futures - Inflows	-	(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
<b>At 30 June 2018</b>					
Australian share price index futures - Inflows	-	28	-	-	-
<b>At 30 June 2017</b>					
Australian share price index futures - Inflows	-	(26)	-	-	-

##### UBS IQ MSCI Asia APEX 50 Ethical ETF

	Less than 1 month \$	1-6 months \$	7-12 months \$	Over 12 months \$	No stated maturity \$
<b>At 30 June 2018</b>					
Foreign currency contracts - Inflows	4	-	-	-	-

##### UBS IQ MSCI Europe Ethical ETF

	Less than 1 month \$'000	1-6 months \$'000	7-12 months \$'000	Over 12 months \$'000	No stated maturity \$'000
<b>At 30 June 2018</b>					
International share price index futures - Outflows	-	(3)	-	-	-
<b>At 30 June 2017</b>					
International share price index futures - Outflows	-	(1)	-	-	-



## 13 Financial risk management (continued)

### (c) Liquidity risk (continued)

#### (ii) Maturities of net settled derivative financial instruments (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 2018	\$	\$	\$	\$	\$
Foreign currency contracts - Inflows	273	-	-	-	-
At 30 June 2017					
Foreign currency contracts - Inflows	(147)	-	-	-	-

##### 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 2018	\$	\$	\$	\$	\$
Foreign currency contracts - Inflows	5	-	-	-	-
At 30 June 2017					
Foreign currency contracts - Inflows	(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 2018	\$'000	\$'000	\$'000	\$'000	\$'000
International share price index futures - Outflows	-	(4)	-	-	-
At 30 June 2017					
International share price index futures - Outflows	-	(1)	-	-	-

UBS IQ Cash ETF had nil net settled derivatives as at 30 June 2018.

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

## 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	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
	\$	\$	\$	\$	\$	\$
<b>2018</b>						
Australian share price index futures	2,600	-	2,600	-	-	2,600
<b>Total</b>	<b>2,600</b>	<b>-</b>	<b>2,600</b>	<b>-</b>	<b>-</b>	<b>2,600</b>
<b>2017</b>						
Australian share price index futures	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
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
	\$	\$	\$	\$	\$	\$
<b>2018</b>						
Australian share price index futures	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2017</b>						
Australian share price index futures	3,200	-	3,200	-	(3,200)	-
<b>Total</b>	<b>3,200</b>	<b>-</b>	<b>3,200</b>	<b>-</b>	<b>(3,200)</b>	<b>-</b>

## 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		
			Net amount of financial assets presented in the Statement of Financial Position	Amounts subject to master netting arrangements	Collateral Pledged/Received	Net Amount
	Gross amounts of financial assets	Gross amounts set off in the Statement of Financial Position	\$'000	\$'000	\$'000	\$'000
<b>2018</b>						
Australian share price index futures	3	-	3	-	-	3
<b>Total</b>	<b>3</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>3</b>
<b>2017</b>						
Australian share price index futures	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Financial liabilities	Effects of offsetting on the Statement of Financial Position			Related amount not offset		
			Net amount of financial liabilities presented in the Statement of Financial Position	Amounts subject to master netting arrangements	Collateral Pledged/Received	Net Amount
	Gross amounts of financial liabilities	Gross amounts set off in the Statement of Financial Position	\$'000	\$'000	\$'000	\$'000
<b>2018</b>						
Australian share price index futures	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2017</b>						
Australian share price index futures	2	-	2	-	(2)	-
<b>Total</b>	<b>2</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>(2)</b>	<b>-</b>

## 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		
			Net amount of financial assets presented in the Statement of Financial Position	Amounts subject to master netting arrangements	Collateral Pledged/Received	Net Amount
	Gross amounts of financial assets	Gross amounts set off in the Statement of Financial Position				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2018</b>						
Australian share price index futures	28	-	28	-	-	28
<b>Total</b>	<b>28</b>	<b>-</b>	<b>28</b>	<b>-</b>	<b>-</b>	<b>28</b>
<b>2017</b>						
Australian share price index futures	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Financial liabilities	Effects of offsetting on the Statement of Financial Position			Related amount not offset		
			Net amount of financial liabilities presented in the Statement of Financial Position	Amounts subject to master netting arrangements	Collateral Pledged/Received	Net Amount
	Gross amounts of financial liabilities	Gross amounts set off in the Statement of Financial Position				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2018</b>						
Australian share price index futures	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2017</b>						
Australian share price index futures	26	-	26	-	(25)	1
<b>Total</b>	<b>26</b>	<b>-</b>	<b>26</b>	<b>-</b>	<b>(25)</b>	<b>1</b>

## 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		
			Net amount of financial assets presented in the Statement of Financial Position			
	Gross amounts of financial assets	Gross amounts set off in the Statement of Financial Position		Amounts subject to master netting arrangements	Collateral Pledged/Received	Net Amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2018</b>						
Foreign currency contracts	4	-	4	-	-	4
<b>Total</b>	4	-	4	-	-	4
<b>2017</b>						
Foreign currency contracts	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-
Financial liabilities	Effects of offsetting on the Statement of Financial Position			Related amount not offset		
			Net amount of financial liabilities presented in the Statement of Financial Position			
	Gross amounts of financial liabilities	Gross amounts set off in the Statement of Financial Position		Amounts subject to master netting arrangements	Collateral Pledged/Received	Net Amount
	\$	\$	\$	\$	\$	\$
<b>2018</b>						
Foreign currency contracts	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-
<b>2017</b>						
Foreign currency contracts	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-

## 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		
			Net amount of financial assets presented in the Statement of Financial Position	Amounts subject to master netting arrangements	Collateral Pledged/Received	Net Amount
	Gross amounts of financial assets	Gross amounts set off in the Statement of Financial Position				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2018</b>						
Foreign currency contracts	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-
<b>2017</b>						
Foreign currency contracts	187	(187)	-	-	-	-
<b>Total</b>	187	(187)	-	-	-	-
<b>Financial liabilities</b>	<b>Effects of offsetting on the Statement of Financial Position</b>			<b>Related amount not offset</b>		
			Net amount of financial liabilities presented in the Statement of Financial Position	Amounts subject to master netting arrangements	Collateral Pledged/Received	Net Amount
	Gross amounts of financial liabilities	Gross amounts set off in the Statement of Financial Position				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2018</b>						
Foreign currency contracts	3	-	3	-	-	3
<b>Total</b>	3	-	3	-	-	3
<b>2017</b>						
Foreign currency contracts	187	(187)	-	-	-	-
International share price index futures	2	-	2	-	(2)	-
<b>Total</b>	189	(187)	2	-	(2)	-

## 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		
			Net amount of financial assets presented in the Statement of Financial Position	Amounts subject to master netting arrangements	Collateral Pledged/Received	Net Amount
	Gross amounts of financial assets	Gross amounts set off in the Statement of Financial Position				
	\$	\$	\$	\$	\$	\$
<b>2018</b>						
Foreign currency contracts	6,273	(6,000)	273	-	-	273
<b>Total</b>	<b>6,273</b>	<b>(6,000)</b>	<b>273</b>	<b>-</b>	<b>-</b>	<b>273</b>
<b>2017</b>						
Foreign currency contracts	47,000	(47,000)	-	-	-	-
<b>Total</b>	<b>47,000</b>	<b>(47,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Financial liabilities	Effects of offsetting on the Statement of Financial Position			Related amount not offset		
			Net amount of financial liabilities presented in the Statement of Financial Position	Amounts subject to master netting arrangements	Collateral Pledged/Received	Net Amount
	Gross amounts of financial liabilities	Gross amounts set off in the Statement of Financial Position				
	\$	\$	\$	\$	\$	\$
<b>2018</b>						
Foreign currency contracts	6,000	(6,000)	-	-	-	-
<b>Total</b>	<b>6,000</b>	<b>(6,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2017</b>						
Foreign currency contracts	47,147	(47,000)	147	-	-	147
<b>Total</b>	<b>47,147</b>	<b>(47,000)</b>	<b>147</b>	<b>-</b>	<b>-</b>	<b>147</b>

## 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		
			Net amount of financial assets presented in the Statement of Financial Position	Amounts subject to master netting arrangements	Collateral Pledged/Received	Net Amount
	Gross amounts of financial assets	Gross amounts set off in the Statement of Financial Position				
	\$	\$	\$	\$	\$	\$
<b>2018</b>						
Foreign currency contracts	5	-	5	-	-	5
<b>Total</b>	<b>5</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>5</b>
<b>2017</b>						
Foreign currency contracts	112,000	(112,000)	-	-	-	-
<b>Total</b>	<b>112,000</b>	<b>(112,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Financial liabilities	Effects of offsetting on the Statement of Financial Position			Related amount not offset		
			Net amount of financial liabilities presented in the Statement of Financial Position	Amounts subject to master netting arrangements	Collateral Pledged/Received	Net Amount
	Gross amounts of financial liabilities	Gross amounts set off in the Statement of Financial Position				
	\$	\$	\$	\$	\$	\$
<b>2018</b>						
Foreign currency contracts	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2017</b>						
Foreign currency contracts	112,124	(112,000)	124	-	-	124
<b>Total</b>	<b>112,000</b>	<b>(112,000)</b>	<b>124</b>	<b>-</b>	<b>-</b>	<b>124</b>



## 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		
			Net amount of financial assets presented in the Statement of Financial Position	Amounts subject to master netting arrangements	Collateral Pledged/Received	Net Amount
	Gross amounts of financial assets	Gross amounts set off in the Statement of Financial Position				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2018</b>						
Foreign currency contracts	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-
<b>2017</b>						
Foreign currency contracts	355	(355)	-	-	-	-
<b>Total</b>	355	(355)	-	-	-	-
<b>Financial liabilities</b>	<b>Effects of offsetting on the Statement of Financial Position</b>			<b>Related amount not offset</b>		
			Net amount of financial liabilities presented in the Statement of Financial Position	Amounts subject to master netting arrangements	Collateral Pledged/Received	Net Amount
	Gross amounts of financial liabilities	Gross amounts set off in the Statement of Financial Position				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2018</b>						
Foreign currency contracts	-	-	-	-	-	-
International share price index future	4	-	4	-	(4)	-
<b>Total</b>	4	-	4	-	(4)	-
<b>2017</b>						
Foreign currency contracts	355	(355)	-	-	-	-
International share price index futures	1	-	1	-	(1)	-
<b>Total</b>	356	(355)	1	-	(1)	-

## 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/period. 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/period 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/period 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/period. 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/period 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 2018 and 30 June 2017.

UBS IQ Morningstar Australia Quality ETF								
	As at 30 June 2018				As at 30 June 2017			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Financial assets</b>								
Financial assets held for trading:								
Australian share price index futures	2,600	-	-	2,600	-	-	-	-
Financial assets designated at fair value through profit or loss:								
Listed equities	7,214,509	-	-	7,214,509	22,341,194	-	-	22,341,194
Listed unit trusts	1,012,572	-	-	1,012,572	5,110,747	-	-	5,110,747
<b>Total</b>	<b>8,229,681</b>	<b>-</b>	<b>-</b>	<b>8,229,681</b>	<b>27,451,941</b>	<b>-</b>	<b>-</b>	<b>27,451,941</b>
<b>Financial liabilities</b>								
Financial liabilities held for trading:								
Australian share price index futures	-	-	-	-	3,200	-	-	3,200
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,200</b>	<b>-</b>	<b>-</b>	<b>3,200</b>

## 15 Fair value measurement (continued)

### Recognised fair value measurement (continued)

UBS IQ Morningstar Australia Dividend Yield ETF								
	As at 30 June 2018				As at 30 June 2017			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets</b>								
Financial assets held for trading:								
Australian share price index futures	3	-	-	3	-	-	-	-
Financial assets designated at fair value through profit or loss:								
Listed equities	10,996	-	-	10,996	27,544	-	-	27,544
<b>Total</b>	<b>10,999</b>	<b>-</b>	<b>-</b>	<b>10,999</b>	<b>27,544</b>	<b>-</b>	<b>-</b>	<b>27,544</b>
<b>Financial liabilities</b>								
Financial liabilities held for trading:								
Australian share price index futures	-	-	-	-	2	-	-	2
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>2</b>

## 15 Fair value measurement (continued)

### Recognised fair value measurement (continued)

UBS IQ MSCI Australia Ethical ETF								
	As at 30 June 2018				As at 30 June 2017			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets</b>								
Financial assets held for trading:								
Australian share price index futures	28	-	-	28	-	-	-	-
Financial assets designated at fair value through profit or loss:								
Listed equities	191,111	-	-	191,111	147,439	-	-	147,439
Listed unit trusts	12,750	-	-	12,750	12,301	-	-	12,301
<b>Total</b>	<b>203,889</b>	<b>-</b>	<b>-</b>	<b>203,889</b>	<b>159,740</b>	<b>-</b>	<b>-</b>	<b>159,740</b>
<b>Financial liabilities</b>								
Financial liabilities held for trading:								
Australian share price index futures	-	-	-	-	26	-	-	26
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26</b>	<b>-</b>	<b>-</b>	<b>26</b>

UBS IQ MSCI Asia APEX 50 Ethical ETF								
	As at 30 June 2018				As at 30 June 2017			
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Financial assets</b>								
Financial assets held for trading:								
Foreign currency contracts	-	4	-	4	-	-	-	-
Financial assets designated at fair value through profit or loss:								
Listed equities	8,905,075	-	-	8,905,075	3,855,884	-	-	3,855,884
<b>Total</b>	<b>8,905,075</b>	<b>4</b>	<b>-</b>	<b>8,905,079</b>	<b>3,855,884</b>	<b>-</b>	<b>-</b>	<b>3,855,884</b>

## 15 Fair value measurement (continued)

### Recognised fair value measurement (continued)

	UBS IQ MSCI Europe Ethical ETF							
	As at 30 June 2018				As at 30 June 2017			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets</b>								
Financial assets held for trading:								
Foreign currency contracts	-	-	-	-	-	-	-	-
Financial assets designated at fair value through profit or loss:								
Listed equities	10,924	-	-	10,924	7,460	-	-	7,460
Listed unit trusts	105	-	-	105	70	-	-	70
<b>Total</b>	<b>11,029</b>	<b>-</b>	<b>-</b>	<b>11,029</b>	<b>7,530</b>	<b>-</b>	<b>-</b>	<b>7,530</b>
<b>Financial liabilities</b>								
Financial liabilities held for trading:								
International share price index futures	3	-	-	3	2	-	-	2
Foreign currency contracts	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>2</b>

## 15 Fair value measurement (continued)

### Recognised fair value measurement (continued)

	UBS IQ MSCI Japan Ethical ETF							
	As at 30 June 2018				As at 30 June 2017			
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Financial assets</b>								
Financial assets held for trading:								
Foreign currency contracts	-	273	-	273	-	-	-	-
Financial assets designated at fair value through profit or loss:								
Listed equities	4,467,241	-	-	4,467,241	3,140,673	-	-	3,140,673
Listed unit trusts	49,880	-	-	49,880	27,324	-	-	27,324
<b>Total</b>	<b>4,517,121</b>	<b>273</b>	<b>-</b>	<b>4,517,394</b>	<b>3,167,997</b>	<b>-</b>	<b>-</b>	<b>3,167,997</b>
<b>Financial liabilities</b>								
Financial liabilities held for trading:								
Foreign currency contracts	-	-	-	-	-	147	-	147
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>147</b>	<b>-</b>	<b>147</b>



## 15 Fair value measurement (continued)

### Recognised fair value measurement (continued)

UBS IQ MSCI USA Ethical ETF								
	As at 30 June 2018				As at 30 June 2017			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Financial assets</b>								
Financial assets held for trading:								
Foreign currency contracts	-	5	-	5	-	-	-	-
Financial assets designated at fair value through profit or loss:								
Listed equities	6,550,330	-	-	6,550,330	5,605,822	-	-	5,605,822
Listed unit trusts	199,231	-	-	199,231	186,645	-	-	186,645
<b>Total</b>	<b>6,749,561</b>	<b>5</b>	<b>-</b>	<b>6,749,566</b>	<b>5,792,467</b>	<b>-</b>	<b>-</b>	<b>5,792,467</b>
<b>Financial liabilities</b>								
Financial liabilities held for trading:								
Foreign currency contracts	-	-	-	-	-	124	-	124
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>124</b>	<b>-</b>	<b>124</b>

UBS IQ Cash ETF				
	As at 30 June 2018			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>Financial assets</b>				
Financial assets held for trading:				
Financial assets designated at fair value through profit or loss:				
Debt securities	-	993,755	-	993,755
<b>Total</b>	<b>-</b>	<b>993,755</b>	<b>-</b>	<b>993,755</b>

## 15 Fair value measurement (continued)

### Recognised fair value measurement (continued)

UBS IQ MSCI World ex Australia Ethical ETF								
	As at 30 June 2018				As at 30 June 2017			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets</b>								
Financial assets held for trading:								
Financial assets designated at fair value through profit or loss:								
Listed equities	43,608	-	-	43,608	36,297	-	-	36,297
Listed unit trusts	1,006	-	-	1,006	881	-	-	881
<b>Total</b>	<b>44,614</b>	<b>-</b>	<b>-</b>	<b>44,614</b>	<b>37,178</b>	<b>-</b>	<b>-</b>	<b>37,178</b>
<b>Financial liabilities</b>								
Financial liabilities held for trading:								
International share price index futures	4	-	-	4	1	-	-	1
<b>Total</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>1</b>

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

#### (i) Transfers between levels

There have been no transfers between levels for the year/period ended 30 June 2018 and 30 June 2017. There were also no changes made to any of the valuation techniques applied as at 30 June 2018.

#### (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/period ended 30 June 2018 and 30 June 2017.

#### (iii) Fair values of other financial instruments

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.

## 16 Related party transactions (continued)

### 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/period 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/period.

Key management personnel services are provided by Responsible Entity and included in the Responsible Entity's fees disclosed below. There was no compensation paid directly by the Funds to any of the key management personnel.

### 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/period and there were no material contracts involving key management personnel's interests existing at the end of the year/period.

### 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/period ended 30 June 2018 are as follows:

	UBS IQ Morningstar Australia Quality ETF		UBS IQ Morningstar Australia Dividend Yield ETF	
	Year ended		Year ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	\$	\$	\$	\$
Responsible Entity's fees paid and payable for the year/period	42,779	84,670	73,328	76,523
Aggregate amounts payable to the Responsible Entity at the end of the year/period	2,089	6,380	2,857	6,849

## 16 Related party transactions (continued)

### Responsible Entity's fees and other transactions (continued)

	UBS IQ MSCI Australia Ethical ETF		UBS IQ MSCI Asia APEX 50 Ethical ETF	
	Year ended		Year ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	\$	\$	\$	\$
Responsible Entity's fees paid and payable for the year/period	308,885	255,739	33,879	5,748
Aggregate amounts payable to the Responsible Entity at the end of the year/period	28,154	22,220	3,442	1,453
	UBS IQ MSCI Europe Ethical ETF		UBS IQ MSCI Japan Ethical ETF	
	Year ended		Year ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	\$	\$	\$	\$
Responsible Entity's fees paid and payable for the year/period	39,834	28,238	16,418	12,222
Aggregate amounts payable to the Responsible Entity at the end of the year/period	3,739	2,616	1,530	1,085
	UBS IQ MSCI USA Ethical ETF		UBS IQ Cash ETF	
	Year ended		For the reporting period from 27 April 2017 to	
	30 June 2018	30 June 2017	30 June 2018	
	\$	\$	\$	
Responsible Entity's fees paid and payable for the year/period	12,528	11,180	1,954	
Aggregate amounts payable to the Responsible Entity at the end of the year/period	1,125	992	148	
	UBS IQ MSCI World ex Australia Ethical ETF			
	Year ended			
	30 June 2018	30 June 2017		
	\$	\$		
Responsible Entity's fees paid and payable for the year/period			151,918	117,372
Aggregate amounts payable to the Responsible Entity at the end of the year/period			13,109	11,063

## 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 Dividend Yield ETF

30 June 2018

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 Funds (\$)
UBS Defensive Investment Fund	<u>862,664</u>	-	-	-	<u>34,390</u>	<u>897,054</u>	<u>535,300</u>
<b>Total</b>	<u>862,664</u>	-	-		<u>34,390</u>	<u>897,054</u>	<u>535,300</u>

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 Funds (\$)
UBS Defensive Investment Fund	<u>823,844</u>	<u>862,664</u>	<u>17,516,427</u>	63.58	<u>38,820</u>	-	<u>680,797</u>
<b>Total</b>	<u>823,844</u>	<u>862,664</u>	<u>17,516,427</u>		<u>38,820</u>	-	<u>680,797</u>

## 16 Related party transactions (continued)

### Related party unitholdings (continued)

#### UBS IQ MSCI Australia Ethical ETF

30 June 2018

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	1,046,698	976,400	20,365,128	10.01	42,956	113,254	855,307
UBS Tactical Beta Fund - Balanced	2,788,990	2,748,000	57,316,030	28.18	114,459	155,449	2,320,770
UBS Tactical Beta Fund - Growth	2,206,624	2,918,000	60,861,782	29.92	807,137	95,761	2,321,814
UBS Balanced Investment Fund	1,828,895	1,903,952	39,711,416	19.52	75,057	-	1,550,945
UBS Defensive Investment Fund	-	775,000	16,164,455	7.95	775,000	-	221,149
<b>Total</b>	<b>7,871,207</b>	<b>9,321,352</b>	<b>194,418,811</b>		<b>1,814,609</b>	<b>364,464</b>	<b>7,269,985</b>

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	1,757,077	1,828,895	35,181,442	22.06	71,818	-	1,421,592
<b>Total</b>	<b>7,562,114</b>	<b>7,871,207</b>	<b>151,414,058</b>		<b>309,093</b>	<b>-</b>	<b>6,118,255</b>

## 16 Related party transactions (continued)

### Related party unitholdings (continued)

#### UBS IQ Cash ETF

30 June 2018

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 IQ MSCI Australia Ethical ETF	-	1,251	25,008	2.50	1,251	-	182
<b>Total</b>	-	1,251	25,008		1,251	-	182

### 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/period (2017: 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 2018	30 June 2017	30 June 2018	30 June 2017
	\$	\$	\$'000	\$'000
<b>(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities</b>				
Increase/(decrease) in net assets attributable to unitholders	(256,547)	(4,894,528)	(620)	1,488
Distributions to unitholders	589,324	996,540	1,146	1,044
Proceeds from sale of financial instruments held at fair value through profit or loss	7,186,511	17,197,739	9,234	11,055
Purchase of financial instruments held at fair value through profit or loss	(7,367,721)	(17,366,920)	(9,819)	(11,699)
Net foreign exchange gains/(losses)	-	-	-	-
Dividends/Trust distributions reinvested	-	-	-	-
Net (gains)/losses on financial instruments held at fair value through profit or loss	231,344	4,922,789	543	(1,448)
Net change in receivables	133,641	(126,473)	110	(68)
Net change in payables	(5,085)	4,360	(4)	2
<b>Net cash inflow/(outflow) from operating activities</b>	<b>511,467</b>	<b>733,507</b>	<b>590</b>	<b>374</b>
<b>(b) Components of cash and cash equivalents</b>				
Cash at the end of the year/period as shown in the Statement of Cash Flows is reconciled to the Statement of Financial Position as follows:				
Cash and cash equivalents	261,616	300,028	378	105
<b>(c) Non-cash financing activities</b>				
During the year/period, the following applications were satisfied by in specie asset transfers	-	77,296,114	1,014	2,030
During the year/period, the following redemptions were satisfied by in specie asset transfers	19,026,399	51,946,551	17,653	-
During the year/period, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	183,992	77,116	813	876



## 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 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$	30 June 2017 \$
<b>(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities</b>				
Increase/(decrease) in net assets attributable to unitholders	15,453	13,959	350,974	256,089
Distributions to unitholders	7,537	6,316	91,730	25,043
Proceeds from sale of financial instruments held at fair value through profit or loss	4,542	2,816	3,660,795	95,852
Purchase of financial instruments held at fair value through profit or loss	(11,820)	(8,769)	(8,366,872)	(2,858,390)
Net foreign exchange gains/(losses)	-	-	(96)	110
Dividends/Trust distributions reinvested	-	-	(2,504)	(2,817)
Net (gains)/losses on financial instruments held at fair value through profit or loss	(15,104)	(13,944)	(355,175)	(222,020)
Net change in receivables	(396)	(117)	(20,665)	(17,892)
Net change in payables	4	3	5,729	3,598
<b>Net cash inflow/(outflow) from operating activities</b>	<b>216</b>	<b>264</b>	<b>(4,636,084)</b>	<b>(2,720,427)</b>
<b>(b) Components of cash and cash equivalents</b>				
Cash at the end of the year/period as shown in the Statement of Cash Flows is reconciled to the Statement of Financial Position as follows:				
Cash and cash equivalents	447	464	73,091	6,324
<b>(c) Non-cash financing activities</b>				
During the year/period, the following applications were satisfied by in specie asset transfers	31,900	5,772	-	-
During the year/period, the following redemptions were satisfied by in specie asset transfers	10,107	-	-	-
During the year/period, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	6,716	5,779	377	870

## 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 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$	30 June 2017 \$
<b>(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities</b>				
Increase/(decrease) in net assets attributable to unitholders	552	985	424,779	401,139
Distributions to unitholders	300	195	83,757	48,501
Proceeds from sale of financial instruments held at fair value through profit or loss	745	455	92,770	79,390
Purchase of financial instruments held at fair value through profit or loss	(3,504)	(365)	(1,035,184)	(66,135)
Net foreign exchange gains/(losses)	-	-	(105)	269
Dividends/Trust distributions reinvested	(21)	(30)	-	-
Net (gains)/losses on financial instruments held at fair value through profit or loss	(562)	(992)	(435,010)	(403,514)
Interest bought/sold	-	-	-	-
Net change in receivables	(19)	(12)	(3,514)	363
Net change in payables	1	-	954	211
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(2,508)</b>	<b>236</b>	<b>(871,553)</b>	<b>60,224</b>
<b>(b) Components of cash and cash equivalents</b>				
Cash at the end of the year/period as shown in the Statement of Cash Flows is reconciled to the Statement of Financial Position as follows:				
Cash and cash equivalents	360	72	19,430	15,436
<b>(c) Non-cash financing activities</b>				
During the year/period, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	13	8	4,472	3,979

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

	UBS IQ MSCI USA Ethical ETF Year ended		UBS IQ Cash ETF For the reporting period from 27 April 2017 to
	30 June 2018	30 June 2017	30 June 2018
	\$	\$	\$
<b>(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities</b>			
Increase/(decrease) in net assets attributable to unitholders	941,309	595,276	(478)
Distributions to unitholders	139,454	120,492	18,390
Proceeds from sale of financial instruments held at fair value through profit or loss	352,612	255,498	-
Purchase of financial instruments held at fair value through profit or loss	(226,429)	(274,785)	(973,890)
Net foreign exchange gains/(losses)	(61)	(3)	-
Dividends/Trust distributions reinvested	-	-	-
Net (gains)/losses on financial instruments held at fair value through profit or loss	(990,423)	(628,232)	485
Interest bought/sold	-	-	(20,350)
Net change in receivables	(1,700)	(472)	(26)
Net change in payables	353	261	199
<b>Net cash inflow/(outflow) from operating activities</b>	<b>215,115</b>	<b>68,035</b>	<b>(975,670)</b>
<b>(b) Components of cash and cash equivalents</b>			
Cash at the end of the year/period as shown in the Statement of Cash Flows is reconciled to the Statement of Financial Position as follows:			
Cash and cash equivalents	108,096	7,570	7,699
<b>(c) Non-cash financing activities</b>			
During the year/period, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	5,842	2,258	180

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

UBS IQ MSCI World ex  
Australia Ethical ETF  
Year ended  
30 June 2018 30 June 2017  
\$'000 \$'000

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

Increase/(decrease) in net assets attributable to unitholders	5,314	3,848
Distributions to unitholders	916	715
Proceeds from sale of financial instruments held at fair value through profit or loss	6,835	1,317
Purchase of financial instruments held at fair value through profit or loss	(8,423)	(6,769)
Net foreign exchange gains/(losses)	(1)	-
Dividends/Trust distributions reinvested	(26)	(37)
Net (gains)/losses on financial instruments held at fair value through profit or loss	(5,522)	(3,980)
Net change in receivables	(23)	(21)
Net change in payables	8	3
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(922)</b>	<b>(4,924)</b>

### (b) Components of cash and cash equivalents

Cash at the end of the year/period as shown in the Statement of Cash Flows is reconciled to the Statement of Financial Position as follows:

Cash and cash equivalents	626	132
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### (c) Non-cash financing activities

During the year/period, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan

374	321
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## 19 Events occurring after the reporting date

No significant events have occurred since 30 June 2018 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 2017: Nil).

## 20 Contingent assets and liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2018 (30 June 2017: Nil).

## Directors' Declaration

In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 11 to 115 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with AASB 134 *Interim Financial Reporting*, 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 2018 and of its performance, as represented by the results of its operations and cash flows, for the year/period 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  
13 September 2018

## 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 Cash ETF (MONY)
- ▶ 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 2018, 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 2018 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 2018, 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	\$8,491,297	99%
DIV	\$11,377,130	100%
UBA	\$204,336,143	99%
UBP	\$8,978,170	99%
UBE	\$11,389,000	99%
UBJ	\$4,536,824	97%
UBU	\$6,857,662	100%
MONY	\$1,001,454	100%
UBW	\$45,240,000	100%

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 effectiveness of the key controls in place around the recognition and valuation of investments, through consideration of the assurance report on the controls of the Fund's administrator and custodian in relation to Fund Administration Services for the year ended 30 June 2018. We considered the auditor's qualifications and objectivity and results of their procedures

We agreed investment holdings, including cash accounts, to third party confirmations at 30 June 2018.

We determined whether the valuation of positions in the portfolios held at 30 June 2018 reflected fair value by agreeing the listed securities values 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.

## 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 2018, Responsible Entity's Fees for the Funds totalled:

Fund	Responsible Entity's Fees	Responsible Entity's Fees as a % of Total Expenses incurred
ETF	\$42,779	92%
DIV	\$73,328	95%
UBA	\$308,885	98%
UBP	\$33,879	51%
UBE	\$39,834	47%
UBJ	\$16,418	64%
UBU	\$12,528	42%
MONY	\$1,954	100%
UBW	\$151,918	54%

### 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 the Responsible Entity's fees, through review of the assurance report of the administrator referred to above.

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.

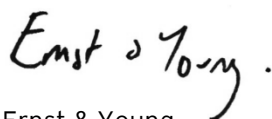
As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- 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  
13 September 2018

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