

UBS ETFs: termination of ASX quotation and election to convert to unquoted class

Friday 13 March 2020

Dear investor

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UBS Asset Management (Australia) Ltd ACN 003 731 959 (**UBS**) is the responsible entity for each of the following registered managed investment schemes, each of which are admitted to trading status on the AQUA market of the ASX (each a **Fund**):

- (a) UBS IQ MSCI Asia APEX 50 Ethical ETF ARSN 603 812 826 (ASX code UBP) (**UBP**);
- (b) UBS IQ MSCI Australia Ethical ETF ARSN 166 219 601 (ASX code UBA) (**UBA**); and
- (c) UBS IQ MSCI World ex Australia Ethical ETF ARSN 603 812 040 (ASX code UBW) (**UBW**).

UBS has applied to ASX, and ASX has approved, for each Fund's admission to trading status to be revoked.

UBS has determined to offer members in each Fund the opportunity to continue their investment in the Fund on the terms described below. For each Fund, each member may continue their investment in the Fund if the member elects, in accordance with the process set out below under the heading "How do you accept the Offer", in respect of units in the Fund with a value of not less than AUD 550,000 as at the Record Date, for such units to be redesignated as units within a new unquoted class, which will continue following the Fund's cessation of quotation (the **Offer**).

The Offer is conditional, for each Fund, on receipt of valid redesignation elections relating to units in the Fund with an aggregate value of not less than AUD 10 million as at the Record Date (the **Acceptance Threshold**).

If the Acceptance Threshold is met for a Continuing Fund: (1) all unit redesignations for the Fund will take effect on the Redesignation Date; (2) each member of the Fund who has not accepted the Offer by 4.00 pm on the date 14 days before the Record Date will have their units in the existing class of the Fund compulsorily redeemed pursuant to clause 8.5 of the Constitution for the Fund following cessation of quotation; and (3) the following changes will be made after conversion to an unquoted class:

ASX code	Existing fund name	Proposed New fund name
UBW	UBS IQ MSCI World ex Australia Ethical ETF	UBS World ex Australia Index Fund
UBP	UBS IQ MSCI Asia APEX 50 Ethical ETF	UBS Emerging Markets Index Fund
UBA	UBS IQ MSCI Australia Ethical ETF	UBS Australia Index Fund

ASX code	Existing benchmark	New benchmark
UBW	MSCI World ex Australia ex Tobacco ex Controversial Weapons (Net Total Return Index)	No change
UBP	MSCI Asia APEX 50 ex Tobacco ex Controversial Weapons Index	MSCI EM (Emerging Markets) ex Tobacco ex Controversial Weapons (Net Total Return Index)
UBA	MSCI Australia ex Tobacco ex Controversial Weapons Index	MSCI Australia Domestic IMI Custom ex Tobacco ex Controversial Weapons (Gross Total Return Index)

Proposed New fund name	Existing fee	Proposed new fee
UBS World ex Australia Index Fund	0.35%	0.15%
UBS Emerging Markets Index Fund	0.45%	0.25%
UBS Australia Index Fund	0.17%	0.10%

If the Acceptance Threshold is not met for a Continuing Fund, the Fund will be wound up (ie termination of the Fund will commence on the Termination Date in accordance with the constitution for the Fund and Part 5C.9 of the Corporations Act) and this notice constitutes a termination notice for the purposes of clause 21.2(a)(ii) of the Constitution of each Fund.

Background

In respect of each Fund, UBS considers that the Fund is not, and is not likely to become, viable as an ASX quoted exchange traded fund. This is primarily due to insufficient scale, leading to costs that are disproportionately high as a percentage of net asset value of each Fund.

However, UBS considers that each Fund would be viable as an unquoted wholesale fund (subject to the Acceptance Threshold being met) and, on this basis, is making the Offer.

Important dates

Important dates relating to this notice are set out the table below. These dates are subject to change. Any change will be announced to the market via the ASX.

Step	Description	Date
1	Unitholders must lodge their elections in respect of the Offer so that they are received by UBS by 4.00pm on this date.	Wednesday 29 April 2020
1	The last date on which units in each Fund may be traded on ASX (Last Trading Date).	Monday 11 May 2020
2	The date final trades on ASX will settle (Record Date).	Wednesday 13 May 2020
3	If the Acceptance Threshold is met for a Fund, unit redesignations will take effect on this date (Redesignation Date). Promptly following the Redesignation Date, all units in the Fund that are not redesignated to the unquoted class will be compulsorily redeemed. If the Acceptance Threshold is not met for a Fund, unit redesignations will not occur, and the Fund will commence termination on the Redesignation Date.	Thursday 14 May 2020

What can you do?

UBS expects that you will be able to continue to trade in your units until the Last Trading Date referred to above. If you are an Authorised Participant, you may redeem units until the Last Trading Date. Alternatively, you can continue to hold your units in a Fund and either: (i) elect to redesignate your units to the relevant unquoted class (if your units in aggregate exceed (or equal) \$550,000 in value on the Record Date) subject to the Acceptance Threshold being met; or participate in the unit redemption. You should seek independent professional advice to ensure that you understand the implications, including the costs and risks of each choice.

Can you accept the Offer?

You may accept the Offer if, on the Record Date your units in the Fund the subject of your redesignation request have a value of not less than AUD 550,000.

How do you accept the Offer?

To accept the Offer you must provide written notice to UBS. Written notice is provided to UBS by validly completing, signing and sending the offer acceptance form attached to this letter (**Offer Acceptance Form**) in accordance with the instructions set out in the Offer Acceptance Form. Acceptance of the Offer is conditional on UBS receiving the Offer Acceptance Form by no later than 4.00pm on the date 14 days before the Record Date.

What happens if you accept the Offer?

If you accept the Offer in respect of a Fund and the Acceptance Threshold is met, on the Redesignation Date your units will (unless your acceptance of the Offer is validly revoked in accordance with the process set out below) be converted to the relevant unquoted class of units (as described above) and your investment in the Fund will continue.

If you accept the Offer, can you continue to trade?

UBS expects that you will continue to be able to trade your units until close of trading on the Last Trading Day.

Can you revoke your acceptance of the Offer?

You can revoke your acceptance of the Offer, provided UBS receives written notice of that revocation by no later than 4.00 pm on the Last Trading Day (**Cancellation Notice**). Your Cancellation Notice must be sent by post to the address of the Fund administrator (ie State Street Australia Limited) set out in the Offer Acceptance Form attached to this letter. If you have any questions regarding this process, please contact Client Services on (02) 9324 3222.

What happens if you do not accept the Offer?

If you do not accept the Offer in respect of a Fund (and you do not transfer or redeem your units before the Record Date), your units will be compulsorily redeemed in accordance with the Constitution for the Fund, and you will be entitled to receive redemption proceeds calculated in accordance with the constitution promptly following the Redesignation Date.

This amount will be paid into the bank account nominated to receive distributions for the Fund. To update or confirm the details of this bank account, please contact Link Market Services Limited (the **Registrar** for each Fund) on 1800 810 869 or register (if you have not done so) and log in to the Registrar's website: www.linkmarketservices.com.au.

What happens if the Acceptance Threshold is not met?

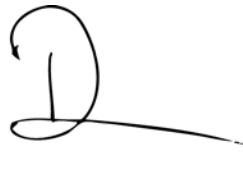
If the Acceptance Threshold is not met for a Fund UBS will commence termination of the Fund on or shortly after the Redesignation Date. After the commencement of termination of the Fund, the assets of the Fund will be sold and the Fund will be wound up. If you hold units on the Record Date you will be entitled to your pro-rata share of any final distribution amount (being an amount equal to your pro-rata share of the proceeds of selling the assets of the Fund (less any reasonable costs of the winding-up of the Fund)). Any such amount will be paid into the bank account nominated to receive distributions for the Fund (see the description above). To update or confirm the details for this bank account, please contact Link Market Services Limited

(the **Registrar** for each Fund) on 1800 810 869 or register (if you have not done so) and login to the Registrar's website: www.linkmarketservices.com.au.

Contact information

If you require any further information relating to this letter, please contact your adviser or Link Market Services Limited via email ubself@linkmarketservices.com.au or phone 1800 810 869 between 8:30 am and 5:30 pm (Sydney time) Monday to Friday.

Kind regards

A handwritten signature in black ink, appearing to read "Bryce Doherty".

Bryce Doherty
Head of Australia & New Zealand
UBS Asset Management (Australia) Ltd

For personal use only

Friday 13 March 2020

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Offer Acceptance Form

By validly completing, signing and lodging this form with UBS Asset Management (Australia) Ltd (**UBS**) you request (**Offer**), in the manner described in the market announcement by UBS Asset Management (Australia) Ltd (**UBS**) dated Friday 13 March 2020 (**Market Announcement**) for your units specified below, in the Fund or Funds specified below to be re-designated as units in the unquoted class of the relevant Fund.

Conditions of acceptance of your Offer

Acceptance of your Offer, in respect of each Fund, will be conditional on:

- (a) you validly completing, signing and lodging this form with UBS;
- (b) attaching to this form the relevant original certified identification documents [(for more information on the documents required (if any) please contact Client Services on (02) 9324 3222
- (c) UBS receiving this form by no later than 4pm on the date 14 days before Wednesday 13 May 2020 (**Record Date**);
- (d) you not validly revoking your acceptance in accordance with the process set out in the Market Announcement under the heading "Can you revoke your acceptance of the Offer?";
- (e) the aggregate value of the Units the subject of your re-designation election for the Fund being at least \$550,000 on the Record Date; and
- (f) the aggregate value of all units the subject of re-designation elections for the Fund not being less than AUD 10 million on the Record Date (**Acceptance Threshold**).

Lodgement process

This form can only be lodged by sending a validly completed and signed copy to UBS by post to the following address:

State Street Australia Limited

Unit Registry

Level 14

420 George Street

Sydney NSW 2000

Australia

UBS will provide written notice to you on or shortly after Thursday 14 May 2020 (**Redesignation Date**), confirming whether your units have been re-designated to the unquoted class of the relevant Fund.

Investor details

Name of investor (individual, trust/super fund, platform, company or trustee etc):

Date of birth

Investor address

TFN or ABN

Country of residence for tax purposes if not Australia

Investor contact details (email address and phone number)

Holder Identification Number (HIN):

Bank account details:

Income distributions (reinvest or pay Income to above bank account)

Fund (strike out if not applicable)	Number of units requested for redesignation
UBS IQ MSCI Asia APEX 50 Ethical ETF ARSN 603 812 826 (ASX code UBP) (UBP)	
UBS IQ MSCI Australia Ethical ETF ARSN 166 219 601(ASX code UBA) (UBA)	
UBS IQ MSCI World ex Australia Ethical ETF ARSN 603 812 040 (ASX code UBW) (UBW)	

Execution

Investor signature:

Title and full name of investor signatory:

