



UBS Asset Management UK

Pillar 3 Supplementary Disclosures - 31 December 2017

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Introduction and Scope

Scope of Pillar 3 disclosure

The Capital Requirements Directive “CRD” requires investment firms to publish information relating to their risk management and capital adequacy.

This Pillar 3 disclosure is based upon the EU regulations, Directive 2013/36/EU and Regulation 575/2013 (together known as “CRD IV”) and their related technical standards, as implemented within the UK by the FCA.

It complements the two other pillars of CRD IV;

- **Pillar 1** – Assesses the minimum capital requirements of a firm through the application of standard rules to address credit, market and operational risk;
- **Pillar 2** – Complements the Pillar 1 requirements by taking into consideration the need to hold additional capital in relation to the specific risk profile of the business; and
- **Pillar 3** – Comprises a set of disclosure requirements which enable external parties to assess information on a firm’s risks, its risk management procedures and its capital adequacy.

This statement is for the financial year ended 31 December 2017 and is produced on an annual basis using the last audited financial results of the entities in scope. These disclosures are not subject to audit and have been produced solely for the purposes of meeting the Pillar 3 regulatory requirements.

FCA regulatory supervision is performed at the level of UBS Asset Management Holding (No.2) Ltd, which is the parent company of UBS Asset Management in the UK. The entities which form the basis of these Pillar 3 disclosures are as follows:

- UBS Asset Management Holding No.2 Ltd. (a non-regulated entity)
- UBS Asset Management Holding Ltd. (a non-regulated entity)
- UBS Asset Management (UK) Ltd. (regulated by the FCA)
- UBS Asset Management Funds Ltd. (regulated by the FCA)

This group of entities is hereafter referred to as UBS AM UK.

The ultimate parent of UBS Asset Management Holding (No.2) Limited is UBS AG and further qualitative disclosures around the UBS Group’s risk management policies and processes may be found in the UBS Group AG disclosures at the following link:

https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting/2017.html

Risk management objectives and policies

Declaration of adequacy of risk management arrangements

The management of UBS AM UK has assessed the adequacy of risk management arrangements of the companies in the scope of this disclosure. Based on this assessment, management considers that risk management systems put in place are adequate with regard to the profile and strategy of UBS AM UK. This statement is given and should be interpreted in accordance with the provisions of Article 435(1(e)) of Regulation (EU) No 575/2013.

UBS AM UK is subject to the broader UBS Group risk policy framework. All UBS AM UK policies and frameworks are designed to guide actions and decisions within the context of UBS's corporate governance framework, risk principles and objectives. The Group Policy framework is periodically reviewed to ensure its adequacy and appropriateness for the requirements of UBS AM UK.

The senior management of AM UK own all the risk assumed throughout their business units and are responsible for the continuous and active management of all risk exposures to ensure that risk and return are balanced. They are accountable not only for the credit and market risks actively taken in order to generate returns, but also for the operational risks arising from their activities. Senior management have an overriding priority to protect AM UK's long-term interests and not simply to maximize short-term profits. Business management within support and control functions must view control objectives as of equal importance to their ongoing business support tasks.

Risk Appetite

The Board of Directors for UBS AG is responsible for determining the risk principles and risk appetite limits of the UBS Group, including their allocation to each of the business divisions.

The AM UK Boards are responsible for setting and implementing AM UK's Risk Appetite Framework, together with monitoring business performance against it on an ongoing basis. The Boards approve the Risk Appetite statements annually, with a mid-year review of appropriateness, and review MI against the risk appetite statements on a regular basis and determine actions to be taken should risk appetite be exceeded.

Risk Statement

Holistic governance, together with aligned risk, compliance and finance processes are designed to help protect UBS AM UK from damage to its financial strength, performance and reputation. The risk management and control processes of UBS AM UK are

designed to ensure that risk and return objectives are appropriately balanced in order to achieve sustainable earnings growth within the risk appetite established by the AM UK Boards.

Key Risks

The key risks to which UBS AM UK is exposed are set out below.

Credit Risk

UBS AM UK does not grant credit and therefore has minimal client credit and counterparty risk. The majority of the credit exposures stem from fee debtors and cash held at banks. Fee debtors mainly relate to segregated mandates and this exposure relates to UBS Asset Management (UK) Ltd.

The largest component of the balance sheet relates to the investment of the capital base within amounts due from banks and customers. The majority of this is cash concentrated with a number of highly-rated counterparties. The board is committed to a strategy to manage this risk closely through diversified exposures.

Our Pillar 1 capital requirement for credit risk is calculated on the total balance sheet assets of the consolidated group of subsidiaries, categorized for credit risk exposure, using standardised weightings.

Market Risk

AM UK is exposed to market risk from fees received in foreign currencies (foreign exchange risk). Risk exposure is moderate and is managed closely as part of the risk and control framework. Within AM UK, all entities have similar exposure to market risks. Fees mainly relate to segregated mandates and this exposure is therefore concentrated in UBS Asset Management (UK) Ltd.

Operational Risk

The primary risk to which AM UK is exposed is operational risk. This is the risk resulting from inadequate or failed internal processes, people and systems, or from external causes (deliberate, accidental or natural). Events may be direct financial losses, or indirect, in the form of revenue forgone as a result of business suspension. Operational risk events may also result in damage to the reputation or franchise of UBS AM UK, which have longer term financial consequences.

Operational risk arises in all entities in scope of the Pillar 3 disclosure, although the largest proportion of capital required for operational risk relates to UBS Asset Management (UK) Ltd.

Liquidity risk

Having analysed our liquid cash resources, we have concluded that no significant liquidity risks exists regarding UBS AM UK having insufficient capital or being unable to access this at reasonable cost. Liquidity risk for UBS AM UK is relevant to the legal entities which hold the companys capital resources.

Interest Rate Risk in the Banking Book

UBS AM UK's balance sheet does not contain assets and liabilities that need re-pricing and there are no off balance sheet positions. There are no risks arising from hedging of exposures and no pipeline risk relating to transactions. UBS AM UK does not offer any products using its balance sheet which involve interest rates.

Key Ratios

Key Ratios

The following is a summary of the key ratios of UBS AM UK.

Key Ratios

<i>GBP million</i>	31.12.17	31.12.16
Total Credit Exposure	330	350
Total RWA	330	350
<i>Of which credit risk</i>	183	164
<i>Of which market risk</i>	25	18
<i>Of which additional fixed overheads</i>	122	168
Capital Ratio - CET1	54.95%	45.69%
Capital Ratio - Tier 1	54.95%	45.69%
Capital Ratio - Total Capital	54.95%	45.69%

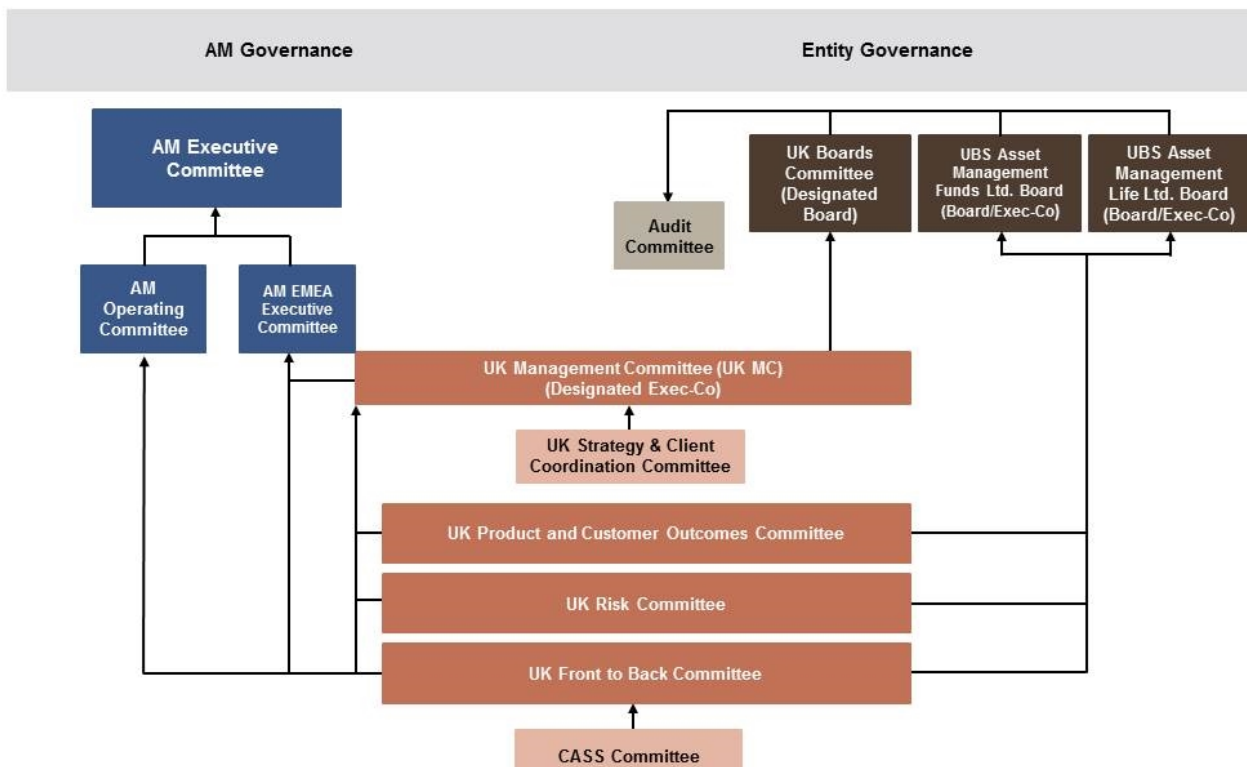
UBS AM UK Governance

The UK governance framework supports both the Boards of the three main regulated entities, as well as the AM divisional governance bodies. For the purpose of this Pillar 3 note there are two Boards which are relevant, the UK Boards Committee and the Funds Board.

The UK Boards Committee is a Board constituted at UBS Asset Management Holding (No.2) Ltd level. This board meets on a unitary basis on behalf of UBS Asset Management (UK) Ltd, UBS Asset Management Holding (No.2) Ltd and UBS Asset Management Holding Ltd. A decision taken by the UK Boards Committee in relation to a specific entity is a decision of the board of that entity.

There are a number of Committees which represent the Boards within UBS AM UK, including the UK Management Committee, the UK Risk Committee, the UK Front to Back Committee, the UK Product and Customer Outcome Committee and the UK Strategy Client and Coordination Committee, as set out in the following chart:-

UBS AM UK - Governance Structure - 31st December 2017



The members and terms of reference of the Committees are approved by the relevant Boards and reviewed for effectiveness periodically. The Chair of the Committee will be appointed by the Boards and will be a Board member, permanent guest or delegate of the Boards. The appointed person must be adequately qualified to be the Chair given the topics covered by the Committee and will report outcomes and progress to the Boards periodically and at least quarterly.

Recruitment Policy for the Management body

Our employees' skills, experience and commitment are key to delivering on our business strategy. Our human resource strategy seeks to hire, develop and engage talented employees at all levels who have the diverse backgrounds and capabilities to advise our clients, develop new products, manage risk and adapt to evolving regulations. We invest in our employees and promote initiatives that build engagement and a cohesive and collaborative culture. The Boards of UBS AM UK appoint directors, taking into consideration a broad range of qualities and competencies, and evaluate the balance of knowledge, skills, experience, and independence of the candidates.

Diversity and Equal opportunity

UBS provides equal employment and advancement opportunities for all individuals regardless of race/ethnicity, gender, nationality, age, disability, sexual orientation or religion. UBS is committed to developing and sustaining a diverse workplace.

The Boards and Senior Management Team

The names of the directors of the UBS AM UK entities in scope for this disclosure note, together with the number of other directorships each member held as at 31st December 2017 are shown in the table on page 11.

Pete Davis - Non-Executive Director, UBS Asset Management Funds Ltd

Pete is a Fellow of the Institute of Actuaries (1988) and has a First Class BSc. Honours degree in Mathematics from the University of Manchester (1981). During his executive career Pete worked for companies within the Zurich Financial Services Group between 1981 and 2014. His final role was Head of Global Funds Desk where he had global responsibility for commercial relationships and governance oversight of external asset managers as well as oversight of dealing and operating platforms. Previous roles at Zurich included Head of UK Fund Propositions, Business Development work within the UK IFA business, Product Marketing and 13 years in the Finance/Actuarial Division.

Priscilla Davies - Non-Executive Director, UBS Asset Management UK Ltd

Priscilla Davies joined UBS in September 2017 with over 25 years' experience in financial services across a range of sectors including asset management, alternative investments, private equity, infrastructure and real estate. During her executive career with Janus Henderson Investors (previously Henderson Global Investors) from 2000 to 2015 she held roles covering investments, finance and operations. She also managed Asian private equity, infrastructure and private equity fund of funds with £1bn of assets under management.

Prior to Janus Henderson Priscilla was a tax advisor with PwC in both their London and Sydney offices. Priscilla is a Chartered Accountant and a member of the Chartered Accountants Australia and New Zealand and holds a Bachelor of Commerce (Accounting and Legal Studies) from the University of Wollongong.

John Stannard - Non-Executive Director, UBS Asset Management Funds Ltd

John is a member of the board of UBS Asset Management Funds Ltd, and also chairs the board of UBS Asset Management Life Ltd. He is a member of the UBS AM UK Audit Committee spanning all aspects of the UK business including investment management activities. Other non-executive activities include Pension Trustee for the Tesco Stores Limited Defined Benefit Plan and Trustee Chairman of the Wine Society Scheme. John is also Interim Investment Officer for the Civil Aviation Company Pension Scheme and an independent Trustee for The Mercer Master Trust, a UK multi-employer DC arrangement to enable employees to

outsource their DC pension arrangements. John has been a contributor to a wide range of industry initiatives including chairing the CFA Institute board and the GIPS Investment Performance Council. In 2011 he was awarded the CFA Institute's Daniel Forestell III Leadership Award for providing leadership and championing the pursuit of excellence in professional ethics.

Eric Byrne - Chief Executive Officer, Head of UK Asset Management and UBS Asset Management Funds Ltd

Eric was appointed Head of UBS Asset Management in the UK in October 2016 with responsibility for the management and strategic development of the UK business. He chairs the UK Management Committee and is a member of the European Management Committee.

Eric is also Head of Multi-Managers for the Real Estate & Private Markets (REPM) business for UBS Asset Management. He is a member of the REPM Management Committee as well as the Multi Manager Investment, Valuation and Risk Committees. Eric joined UBS AM in 1996 in Hedge Fund Services in the Cayman Islands, where he became Chief Operating Officer, before returning to London in 2004. He established the internal control framework for Sarbanes Oxley for the business division and launched hedge fund and infrastructure third party funds. Prior to joining UBS, Eric held roles at Deloitte & Touche (1989–1993) and Barclays Capital (1993–1995). Eric qualified as a chartered accountant in 1992 (ACA, ICAEW)

Ruth Beechey - Managing Director, UBS Asset Management UK Ltd

Ruth joined UBS Asset Management in 2000 and is Chief of Staff for the UK region. She previously held the role of Head of UK Legal & Compliance for UBS Asset Management in the UK. She has been on the UK boards for the last 14 years and is a member of the UK Management Committee. Prior to this she worked at Deutsche Asset Management. She has a total of 24 years in the financial services industry, working at Birmingham Midshires Building Society before moving to the investment industry.

Ruth is a company-nominated Trustee Director of the UBS Pension and Life Assurance Scheme. She holds a University of Lancaster (UK) LLB (Hons) degree, a Post-Graduate Diploma from the College of Law, Chester (UK) and qualified as a Solicitor in 1996.

Luke Browne - Managing Director, UBS Asset Management UK Ltd

Luke is the Head of Investment Specialists responsible for delivering a full range of Investment Solutions for Institutional, Wealth Management and Wholesale clients globally. Luke was previously the Head of Portfolio Management within Investment Solutions and Deputy Global Head of Structured Solutions between 2011 and 2016.

He joined UBS Asset Management in January 2011 from Schroder Investment Management where he had been Head of Structured Solutions since 2008. Prior to joining Schroder in 2005, Luke worked on the structured products desk at Banca Popolare di Milano, London Branch for five years, where he had also held positions as a treasury assistant and loan administrator. He began his financial career with Midland Bank in 1996.

Adam Aziz - Executive Director, UBS Asset Management Funds Ltd

Adam was appointed UK Business Manager in 2017 reporting to the UK CEO with responsibility for supporting the Asset Management business in the UK, with an emphasis on ensuring the smooth day-to-day running of the operating environment and managing the regulatory responsibilities and governance framework. As part of this role, the Head of Business Management UK acts as Chairman of the UK Front to Back Committee.

Prior to joining Asset Management, Adam had a number of roles across other divisions of UBS including Corporate Center, Wealth Management and Regional Governance having joined the Investment Bank as a graduate trainee in their Consumer & Retail team of the Corporate Finance department in 2005.

Andy Larkin - Managing Director, UBS Asset Management Funds Ltd

Andy joined UBS Asset Management as Head of Wholesale in January 2018 and is responsible for the ongoing development, implementation and management of UBS's wholesale strategy for financial institutions and retail clients within the UK, Nordics and Benelux regions.

Prior to joining UBS Asset Management Andy was Head of Global Strategic Relationships at JP Morgan Asset Management where he was responsible for a team focusing on growing assets across the Private Banks, Family offices, Discretionary Mandates, Service Providers and the Intermediated Platform Market. Prior to joining JP Morgan in 2014 Andy also held positions at Neptune Asset Management, M&G Investments and Deutsche Asset Management.

Board Composition as at 31st December 2017

UBS Asset Management Holding (No.2) Ltd and its subsidiaries' directors - number of directorships

	Total Number of Directorships held at 31st December 2017, or at time of appointment, if later	Directorships under SYSC 4.3 A.7 (1) R that do not count for the limits under SYSC 4.3A 5R & 6R	Directorships adjusted by SYSC 4.3A7(2) (E = Executive, NE = Non-Executive)
P. Davis (Non-Executive Director)	5	2	2NE, 1E
P.A. Davies (Non-Executive Director) (appointed in 2017)	1		1NE
J. Stannard (Non-Executive Director) (appointed in 2018)	2	1	1NE
E.C.S. Byrne	5	4	1E
R. Beechey (Resigned in 2017, re-appointed in 2018)	4	3	1E
L.R.T. Browne	5	4	1E
A.J. Aziz (appointed in 2018)	2		2E
A. Larkin (appointed 2018)	1		1E
S.J. Hutton (Resigned in 2018)	1		1E

1. Adam Aziz, Andy Larkin and John Stannard were newly-appointed post 31st December 2017.

All board members have equal voting rights on resolutions and decisions. The composition of the boards for the above-named entities is reviewed on an ongoing basis to ensure appropriate representation.

Own funds

Reconciliation of balance sheet total equity to regulatory capital

The following table provides a reconciliation of total equity per the balance sheet to the total regulatory capital in accordance with CRR (575/2013) Article 437 1(a) and Annex I of Commission Implementing Regulation (EU) 1423/2013.

Reconciliation of balance sheet total equity to regulatory capital

<i>GBP million</i>	31.12.17	31.12.16
Balance sheet total equity ¹	181	160
Less:		
<i>Significant investments</i>	-	-
<i>Amount exceeding the 15% threshold</i>	-	-
Total Own Funds	181	160

¹ Taken from 2017 and 2016 ICAAP for UBS Asset Management Holding (No.2) Ltd and its subsidiaries

Nature and amounts of capital deductions from own funds

<i>GBP million</i>	31.12.17	31.12.16
Capital instruments and the related share premium accounts		
<i>of which: Instrument type 1</i>	181	181
<i>Retained earnings</i>	-	(21)
<i>Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)</i>	-	-
Common Equity Tier 1 (CET1) capital before regulatory adjustments	181	160
Instruments of financial sector entities where the institution has a significant investment	-	-
Amount exceeding the 15% threshold	-	-
Total Common Equity Tier 1 capital	181	160
Capital instruments and the related share premium accounts		
<i>of which: classified as equity under applicable accounting standards</i>	-	-
Total Additional Tier 1 capital	-	-
Total Tier 1 capital	181	160
Total Tier 2 capital	-	-
Total Own Funds	181	160

The capital base for UBS Asset Management Holding No.2 and its subsidiaries is comprised entirely of CET1 capital with the following features.

Capital Instruments Main Features

	Common Equity Tier 1 'A' Shares	Common Equity Tier 1 'B' Shares
Issuer	UBS Asset Management Holding (No.2) Ltd	UBS Asset Management Holding (No.2) Ltd
Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A	N/A
Governing law(s) of the instruments	English	English
<i>Regulatory treatment</i>		
Transitional CRR rules	Common Equity Tier 1	Common Equity Tier 1
Post-transitional CRR rules	Common Equity Tier 1	Common Equity Tier 1
Eligible at solo/(sub-)consolidated/ solo & (sub-)consolidated	Solo	Solo
Instrument type (types to be specified by each jurisdiction)	CET1 Instrument	CET1 Instrument
Amount recognised in regulatory capital (as of most recent reporting date)	GBP 100	GBP 181million
Nominal amount of instrument	0.01	10
Issue price	Par	Various
Redemption price	Par	Par
Accounting classification	Shareholders Equity	Shareholders Equity
Original date of issuance	Various	Various
Perpetual or dated	Perpetual	Perpetual
Original maturity date	No Maturity	No Maturity
Issuer call subject to prior supervisory approval	N/A	N/A
Optional call date, contingent call dates and redemption amount	N/A	N/A
Subsequent call dates, if applicable	N/A	N/A
<i>Coupons / dividends</i>		
Fixed or floating dividend/coupon	Floating	Floating
Coupon rate and any related index	N/A	N/A
Existence of a dividend stopper	No	No
Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	Fully discretionary
Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	Fully discretionary
Existence of step up or other incentive to redeem	No	No
Noncumulative or cumulative	Non cumulative	Non cumulative
Convertible or non-convertible	Non convertible	Non convertible
Write-down features	No	No
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	N/A	A' Shares
Non-compliant transitioned features	No	No

Both 'A' and 'B' Share classes are held by the Company's immediate parent undertaking, UBS Asset Management AG.

'A' shares carry 100% of the voting rights of the Company on a one vote per share basis. They carry no rights to share in the profits of the Company and, on winding up of the Company, entitle the holder to the return of the nominal value of the shares.

'B' shares carry no voting rights. They carry the right to dividends as recommended by the Directors and unlimited rights to share in the surplus remaining on a winding-up after all liabilities and the rights of 'A' shares have been satisfied.

Capital requirements

Assessing capital requirements

Under the UBS Group entity framework, the Boards are ultimately responsible for the entities' capital adequacy in accordance with local policy, regulatory and legal requirements. As required under CRD IV, UBS AM UK monitors the adequacy of its capital resources on a quarterly basis and through the annual Internal Capital Adequacy Assessment Process, referred to as ICAAP. The ICAAP is owned and governed by the Boards.

Retained earnings are distributed as dividends to the parent in line with Group policy and are subject to the approval of the relevant Boards, following consideration of the future needs of UBS AM UK. The UBS AM UK group had a significant capital surplus as at 31st December 2017.

Pillar 1 capital requirements

<i>GBP million</i>	31.12.17	31.12.16
Credit, counterparty credit risks		
<i>Institutions</i>	15	13
Position, foreign exchange and commodities risk		
<i>Foreign exchange</i>	2	2
Additional risk exposure amount due to fixed overheads	10	13
Total Pillar 1 capital requirement	27	28

Note: Exposure classes for which UBS Asset Management UK has no reportable exposure have been removed from this table

Credit Exposures

Credit Exposure

As at year end GBP million	As at 31.12.17			As at 31.12.16		
	Average credit exposure	Credit exposure after accounting and regulatory offsets	RWA	Average credit exposure	Credit exposure after accounting and regulatory offsets	RWA
Total Credit Exposure						
<i>Institutions</i>	183	183	183	163	163	163
Total	183	183	183	163	163	163

Note: Exposure classes for which UBS Asset Management UK has no reportable exposure have been removed from this table

Analysis of credit exposure by counterparty type

The following tables provide further breakdown and analysis of credit exposures.

Credit Exposure by Counterparty

31.12.17 GBP million	Corporates	Banks	Total
Total Credit Exposure			
<i>Institutions</i>	122	61	183
Total	122	61	183

31.12.16 GBP million	Corporates	Banks	Total
Total Credit Exposure			
<i>Institutions</i>	101	62	163
Total	101	62	163

Note: Exposure classes for which UBS Asset Management UK has no reportable exposure have been removed from this table

Credit Exposure by Maturity

	Due in 1 year or less	Total
<i>31.12.17</i>		
<i>GBP million</i>		
Total Credit Exposure		
<i>Institutions</i>	183	183
Total	183	183

	Due in 1 year or less	Total
<i>31.12.16</i>		
<i>GBP million</i>		
Total Credit Exposure		
<i>Institutions</i>	163	163
Total	163	163

Note: Exposure classes for which UBS Asset Management UK has no reportable exposure have been removed from this table

Credit Exposure by Geographical Region

	UK	Rest of Europe	North America	Asia Pacific	Total
<i>As at 31.12.17</i>					
<i>GBP million</i>					
Total Credit Exposure					
<i>Institutions</i>	89	31	46	17	183
Total	89	31	46	17	183

	UK	Rest of Europe	North America	Asia Pacific	Total
<i>As at 31.12.16</i>					
<i>GBP million</i>					
Total Credit Exposure					
<i>Institutions</i>	84	16	53	10	163
Total	84	16	53	10	163

Note: Exposure classes for which UBS Asset Management UK has no reportable exposure have been removed from this table

Regulatory net credit exposure before credit risk mitigation

31.12.17 GBP million	Credit Quality Step			Total
	1	2	3	
Regulatory net credit exposure before credit risk mitigation				
<i>Institutions</i>	38	5	140	183
Total	38	5	140	183

31.12.16 GBP million	Credit Quality Step			Total
	1	2	3	
Regulatory net credit exposure before credit risk mitigation				
<i>Institutions</i>	42	4	117	163
Total	42	4	117	163

Note: Exposure classes for which UBS Asset Management UK has no reportable exposure have been removed from this table

Remuneration

Remuneration at UBS operates within the UBS Total Reward Principles. These principles and supporting processes provide a compensation structure for all employee remuneration at UBS, including those in UBS AM UK.

The principles are published as part of the Compensation Report in the UBS Group AG Annual Report 2017, which can be viewed here :-

https://www.ubs.com/global/en/about_ubs/investor_relations/annual_reporting/2017.html

Compensation report, Page 258

Remuneration awarded for 2017 in respect of UBS Material Risk Takers (MRTs)

The following tables show details of the awards made to UK Material Risk Takers ("MRTs") in Asset Management entities at UBS, identified under the Regulatory Technical Standards of the European Banking Authority ("EBA"), in respect of the 2017 financial year.

In accordance with paragraph 2 of Article 450 of the CRR which provides for compliance with the disclosure requirements to be made in a manner that is appropriate to the size, internal organization and the nature, scope and complexity of the activities of the credit institution and without prejudice to Directive 95/46/EC ("EU Data Protection Directive"), awards have not been split between "Senior Management" and "Other", or between "Management Function" or "Supervisory Function" as due to the small number of individuals this would risk the disclosure of individuals' compensation.

Number of beneficiaries and total remuneration by business area

<i>31.12.17</i>	Number of Beneficiaries	Total Remuneration (GBP 000's)
Asset Management	38	22,685

<i>31.12.16</i>	Number of Beneficiaries	Total Remuneration (GBP 000's)
Asset Management	44	23,745

Total Remuneration

<i>31.12.17</i>	Number of Beneficiaries	Fixed Remuneration (GBP 000's)	Variable Remuneration (GBP 000's)
Asset Management total	38	7,159	15,526

<i>31.12.16</i>	Number of Beneficiaries	Fixed Remuneration (GBP 000's)	Variable Remuneration (GBP 000's)
Asset Management total	44	9,196	14,595

Variable remuneration awarded by compensation element

<i>As at 31.12.17</i> <i>(GBP 000's)</i>	Number of Beneficiaries	Immediate cash	Immediate Shares	Deferred Shares	Other Deferred Instruments
Total	33	9,063	0	4,847	1,616

<i>As at 31.12.16</i> <i>(GBP 000's)</i>	Number of Beneficiaries	Immediate cash	Immediate Shares	Deferred Shares	Other Deferred Instruments
Total	35	7,695	0	5,260	1,639

Summary of outstanding deferred remuneration, by vested and unvested portions, and vehicle type

<i>GBP '000</i>	31.12.2017	31.12.2016
Deferred remuneration - granted during year	12,075	14,293
Deferred remuneration - distributed during year	5,082	7,200
Performance adjustments during year	0	2,335
Outstanding deferred remuneration at year end	34,945	36,278

Notes:

- For granted remuneration, price as at grant date.
- For distributions, price at distribution date.
- Performance adjustments include forfeitures upon termination; the value is based on transaction price on transaction date.
- Outstanding remuneration based on price as at year end

In accordance with Article 450 of the CRR, UBS Asset Management can report there are 6 UK Asset Management MRTs receiving total remuneration in excess of EUR 1,000,000. The Company is unable to make a more detailed disclosure due to the small number of individuals concerned and the risk that individual compensation could be disclosed.

Summary of guaranteed incentives awarded to new hires

<i>31.12.17</i>	Number of Beneficiaries	Amount (GBP 000's)
Total	—	—

<i>31.12.16</i>	Number of Beneficiaries	Total Remuneration (GBP 000's)
Total	—	—

Summary of severance payments made

<i>31.12.17</i>	Number of Beneficiaries	Amount (GBP 000's)
Total	—	—

<i>31.12.16</i>	Number of Beneficiaries	Total Remuneration (GBP 000's)
Total	—	—

Contacts

Should you have any queries please contact:

UBS Asset Management UK Ltd.
5 Broadgate,
London EC2M 2QS
Tel: +44-(0)20-7901 5000
Fax: +44-(0)20-7929 0487

This document may contain statements that constitute “forward looking statements” including but not limited to statements relating to the anticipated effect of transactions described herein and other risks specific to UBS’s business, strategic initiatives, future business development and economic performance. While these forward-looking statements represent UBS’s judgements and expectations concerning the development of its business, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from UBS’s expectations.

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Numbers presented throughout this report may not add up precisely to the totals provided in the tables and text due to rounding.

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