



# **UBS Investment Funds Annual Financial Statements for the year ended 30 June 2023**

The Responsible Entity of UBS Investment Funds is UBS Asset Management (Australia) Ltd (ABN 31 003 146 290) (AFS Licence No.222 605).  
The Responsible Entity's registered office is Level 16 Chifley Tower, 2 Chifley Square, Sydney NSW 2000.

The UBS Investment Funds consists of 7 separate Schemes:

**UBS Global Credit Fund**  
ARSN 096 296 892

**UBS Diversified Fixed Income Fund**  
ARSN 090 428 372

**UBS Income Solution Fund**  
ARSN 094 218 498

**UBS International Bond Fund**  
ARSN 090 431 628

**UBS Cash Fund**  
ARSN 090 431 039

**UBS Short-Term Fixed Income Fund**  
ARSN 090 428 121

**UBS Australian Bond Fund**  
ARSN 090 427 571

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## Directors' Report

The directors of UBS Asset Management (Australia) Ltd, the Responsible Entity of UBS Global Credit Fund, UBS Diversified Fixed Income Fund, UBS Income Solution Fund, UBS International Bond Fund, UBS Cash Fund, UBS Short-Term Fixed Income Fund and UBS Australian Bond Fund ("the Schemes"), present their report together with the financial statements of the Schemes for the financial year ended 30 June 2023.

## Schemes information

The Schemes are Australian Registered Schemes. UBS Asset Management (Australia) Ltd, the Responsible Entity of the Schemes, 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 financial year up to the date of this report:

A Telfer, Chairman  
G W Rice  
N A Hughes  
J Benady (Appointed 20 September 2022)  
J Pieterse (Appointed 20 September 2022, Resigned 18 August 2023)  
C Charnock (Appointed 25 September 2023)

## Principal activities

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

The Schemes did not have any employees during the financial year.

There were no significant changes in the nature of the Schemes' activities during the financial year.

## Review and results of operations

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

The performance of the Schemes, as represented by the results of its operations, was as follows:

	UBS Global Credit Fund		UBS Diversified Fixed Income Fund		UBS Income Solution Fund	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Total comprehensive income/(loss) for the period	<u>(376)</u>	<u>(12,401)</u>	<u>(811)</u>	<u>(86,272)</u>	<u>15,417</u>	<u>(19,062)</u>
Total distributions paid and payable	<u>-</u>	<u>-</u>	<u>4,396</u>	<u>11,025</u>	<u>8,233</u>	<u>21,682</u>
Total distributions (cents per unit)	<u>-</u>	<u>-</u>	<u>0.60</u>	<u>1.10</u>	<u>2.064</u>	<u>5.067</u>
Total return (including both capital and distribution return) for the financial year assuming reinvestment of all distributions back into the Scheme (%)	<u>(0.67)</u>	<u>(14.46)</u>	<u>(0.43)</u>	<u>(10.91)</u>	<u>4.70</u>	<u>(4.42)</u>

**UBS Investment Funds  
Directors' Report  
For the year ended 30 June 2023  
(continued)**

**Review and results of operations (continued)**

	<b>UBS International Bond Fund</b>		<b>UBS Cash Fund</b>		<b>UBS Short-Term Fixed Income Fund</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Total comprehensive income/(loss) for the period	<u>(3,630)</u>	<u>(38,411)</u>	<u>28,558</u>	<u>398</u>	<u>5,048</u>	<u>(398)</u>
Total distributions paid and payable	<u>-</u>	<u>-</u>	<u>28,189</u>	<u>1,362</u>	<u>4,098</u>	<u>1,999</u>
Total distributions (cents per unit)	<u>-</u>	<u>-</u>	<u>3.049</u>	<u>0.163</u>	<u>2.93</u>	<u>1.21</u>
Total return (including both capital and distribution return) for the financial year assuming reinvestment of all distributions back into the Scheme (%)	<u>(1.17)</u>	<u>(10.31)</u>	<u>3.00</u>	<u>0.05</u>	<u>3.37</u>	<u>(0.23)</u>
	<b>UBS Australian Bond Fund</b>					
	<b>2023</b>	<b>2022</b>				
	<b>\$'000</b>	<b>\$'000</b>				
Total comprehensive income/(loss) for the period	<u>15,282</u>	<u>(109,173)</u>				
Total distributions paid and payable	<u>11,670</u>	<u>10,717</u>				
Total distributions (cents per unit)	<u>1.20</u>	<u>1.10</u>				
Total return (including both capital and distribution return) for the financial year assuming reinvestment of all distributions back into the Scheme (%)	<u>1.49</u>	<u>(11.34)</u>				

**Significant changes in state of affairs**

In the opinion of the directors, there were no significant changes in the state of affairs of the Schemes that occurred during the financial year under review.

**Likely developments and expected results of operations**

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

Further information on likely developments in the operations of the Schemes 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 Schemes.

**Indemnification and insurance of officers and auditors**

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

#### **Fees paid to the Responsible Entity or its associates**

Fees paid to the Responsible Entity and its associates out of the Schemes' assets during the financial year are disclosed in the Statements of Comprehensive Income under Expenses - Responsible Entity's fees. Responsible Entity's fees are further disclosed in Note 16.

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

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

#### **Interests in the Schemes**

The movements in units on issue in the Schemes during the financial year are disclosed in Note 7 of the financial statements.

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

#### **Environmental regulation**

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

Environmental, social and governance (ESG) risks, including climate change, are identified, measured, monitored, reported and overseen in accordance with the Schemes' Risk Management Framework.

#### **Financial year and comparative information**

All Schemes' comparative information is for the financial year ended 30 June 2022 unless stated otherwise.

#### **Events occurring after the financial year**

Except as disclosed in Note 18 in the financial statements, no other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect:

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

#### **Rounding of amounts to the nearest thousand dollars**

The Schemes 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 and financial statements. Amounts in the Directors' report and financial statements have been rounded to the nearest thousand dollars in accordance with that ASIC Instrument, unless otherwise indicated.

The Schemes' financial statements are rounded to the nearest thousand dollars.

#### **Single set of financial statements**

The Schemes 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 ASIC Instrument. Schemes with a common Responsible Entity (or related Responsible Entities) can include their financial statements in adjacent columns in a single set of financial statements.

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

**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 6.

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



A Telfer  
Chairman



G W Rice  
Director

Sydney  
25 September 2023



**Building a better  
working world**

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## **Auditor's independence declaration to the directors of UBS Asset Management (Australia) Ltd, as Responsible Entity for the UBS Investment Funds**

For the following UBS Investment Funds ("the Schemes"):

- ▶ UBS Global Credit Fund
- ▶ UBS Diversified Fixed Income Fund
- ▶ UBS Income Solution Fund
- ▶ UBS International Bond Fund
- ▶ UBS Cash Fund
- ▶ UBS Short-Term Fixed Income Fund
- ▶ UBS Australian Bond Fund

As lead auditor for the audit of the financial report of the Schemes for the financial year ended 30 June 2023, 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;
- b. No contraventions of any applicable code of professional conduct in relation to the audit; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'Ernst &amp; Young'.

Ernst & Young

A handwritten signature in black ink, appearing to read 'Elliott Shadforth'.

Elliott Shadforth  
Partner  
25 September 2023

**UBS Investment Funds**  
**Statements of Comprehensive Income**  
**For the year ended 30 June 2023**

	Notes	UBS Global Credit Fund		UBS Diversified Fixed Income Fund		UBS Income Solution Fund	
		2023	2022	2023	2022	2023	2022
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Investment income</b>							
Dividend/Trust distribution income	4	-	-	3,798	5,677	-	159
Interest income	3	2,137	2,553	479	1,076	14,406	12,589
Net gains/(losses) on financial instruments at fair value through profit or loss	5	93	(14,286)	(3,955)	(91,465)	4,010	(27,998)
Net foreign exchange gains/(losses)		(2,312)	(233)	(668)	(820)	(1,022)	(1,271)
Swap income/(loss)		-	-	58	165	27	(114)
Other income		-	-	45	12	15	8
<b>Total investment income/(loss)</b>		<b>(82)</b>	<b>(11,966)</b>	<b>(243)</b>	<b>(85,355)</b>	<b>17,436</b>	<b>(16,627)</b>
<b>Expenses</b>							
Responsible Entity's fees	16	292	433	506	874	2,001	2,404
Transaction costs		2	2	23	31	13	28
Other expenses		-	-	39	12	5	3
<b>Total expenses</b>		<b>294</b>	<b>435</b>	<b>568</b>	<b>917</b>	<b>2,019</b>	<b>2,435</b>
<b>Profit/(loss) before finance costs attributable to unitholders</b>		<b>(376)</b>	<b>(12,401)</b>	<b>(811)</b>	<b>(86,272)</b>	<b>15,417</b>	<b>(19,062)</b>
Other comprehensive income for the financial year		-	-	-	-	-	-
<b>Total comprehensive income for the financial year attributable to unitholders</b>		<b>(376)</b>	<b>(12,401)</b>	<b>(811)</b>	<b>(86,272)</b>	<b>15,417</b>	<b>(19,062)</b>

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



**UBS Investment Funds**  
**Statements of Comprehensive Income**  
**For the year ended 30 June 2023**  
**(continued)**

	Notes	UBS International Bond Fund		UBS Cash Fund		UBS Short-Term Fixed Income Fund	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Investment income</b>							
Dividend/Trust distribution income	4	-	-	-	-	-	-
Interest income	3	4,553	5,341	22,940	1,381	4,794	1,759
Net gains/(losses) on financial instruments at fair value through profit or loss	5	(3,269)	(46,327)	6,644	(35)	562	(1,725)
Net foreign exchange gains/(losses)		(3,885)	3,972	-	-	-	1
Swap income/(loss)		-	-	-	-	-	-
Other income		1	9	-	-	1	-
<b>Total investment income/(loss)</b>		<b>(2,600)</b>	<b>(37,005)</b>	<b>29,584</b>	<b>1,346</b>	<b>5,357</b>	<b>35</b>
<b>Expenses</b>							
Responsible Entity's fees	16	1,020	1,401	1,026	948	306	430
Transaction costs		6	5	-	-	3	3
Other expenses		4	-	-	-	-	-
<b>Total expenses</b>		<b>1,030</b>	<b>1,406</b>	<b>1,026</b>	<b>948</b>	<b>309</b>	<b>433</b>
<b>Profit/(loss) before finance costs attributable to unitholders</b>		<b>(3,630)</b>	<b>(38,411)</b>	<b>28,558</b>	<b>398</b>	<b>5,048</b>	<b>(398)</b>
Other comprehensive income for the financial year		-	-	-	-	-	-
<b>Total comprehensive income for the financial year attributable to unitholders</b>		<b>(3,630)</b>	<b>(38,411)</b>	<b>28,558</b>	<b>398</b>	<b>5,048</b>	<b>(398)</b>

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

**UBS Investment Funds**  
**Statements of Comprehensive Income**  
**For the year ended 30 June 2023**  
**(continued)**

		<b>UBS Australian Bond Fund</b>	
		<b>2023</b>	<b>2022</b>
<b>Notes</b>		<b>\$'000</b>	<b>\$'000</b>
<b>Investment income</b>			
Dividend/Trust distribution income	4	-	-
Interest income	3	<b>28,933</b>	23,759
Net gains/(losses) on financial instruments at fair value through profit or loss	5	<b>(9,656)</b>	(128,476)
Net foreign exchange gains/(losses)		<b>78</b>	(47)
Swap income/(loss)		<b>221</b>	106
Other income		<b>67</b>	14
<b>Total investment income/(loss)</b>		<b><u>19,643</u></b>	<b><u>(104,644)</u></b>
<b>Expenses</b>			
Responsible Entity's fees	16	<b>4,253</b>	4,486
Transaction costs		<b>37</b>	26
Other expenses		<b>71</b>	17
<b>Total expenses</b>		<b><u>4,361</u></b>	<b><u>4,529</u></b>
<b>Profit/(loss) before finance costs attributable to unitholders</b>		<b><u>15,282</u></b>	<b><u>(109,173)</u></b>
Other comprehensive income for the financial year		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the financial year attributable to unitholders</b>		<b><u>15,282</u></b>	<b><u>(109,173)</u></b>

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

**UBS Investment Funds**  
**Statements of Financial Position**  
**As at 30 June 2023**

	Notes	UBS Global Credit Fund		UBS Diversified Fixed Income Fund		UBS Income Solution Fund	
		2023	2022	2023	2022	2023	2022
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Assets</b>							
Cash and cash equivalents	17(b)	3,189	4,795	23,206	35,056	6,640	25,447
Receivables	10	674	654	1,788	1,779	3,028	8,718
Financial assets at fair value through profit or loss	9	<u>56,542</u>	<u>57,415</u>	<u>481,591</u>	<u>618,818</u>	<u>319,479</u>	<u>335,690</u>
<b>Total assets</b>		<b><u>60,405</u></b>	<b><u>62,864</u></b>	<b><u>506,585</u></b>	<b><u>655,653</u></b>	<b><u>329,147</u></b>	<b><u>369,855</u></b>
<b>Liabilities</b>							
Distributions payable	8	-	-	1,019	-	665	13,498
Payables	12	353	31	1,651	11,754	2,932	13,301
Financial liabilities at fair value through profit or loss	11	<u>327</u>	<u>2,732</u>	<u>3,222</u>	<u>4,901</u>	<u>1,250</u>	<u>3,807</u>
<b>Total liabilities</b>		<b><u>680</u></b>	<b><u>2,763</u></b>	<b><u>5,892</u></b>	<b><u>16,655</u></b>	<b><u>4,847</u></b>	<b><u>30,606</u></b>
<b>Net assets attributable to unitholders - equity</b>	7	<b><u>59,725</u></b>	<b><u>60,101</u></b>	<b><u>500,693</u></b>	<b><u>638,998</u></b>	<b><u>324,300</u></b>	<b><u>339,249</u></b>
	Notes	UBS International Bond Fund		UBS Cash Fund		UBS Short-Term Fixed Income Fund	
		2023	2022	2023	2022	2023	2022
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Assets</b>							
Cash and cash equivalents	17(b)	7,082	38,396	32,429	43,513	1,732	1,380
Receivables	10	1,334	4,324	1,553	880	577	430
Financial assets at fair value through profit or loss	9	<u>228,467</u>	<u>282,773</u>	<u>874,369</u>	<u>813,776</u>	<u>132,115</u>	<u>174,274</u>
<b>Total assets</b>		<b><u>236,883</u></b>	<b><u>325,493</u></b>	<b><u>908,351</u></b>	<b><u>858,169</u></b>	<b><u>134,424</u></b>	<b><u>176,084</u></b>
<b>Liabilities</b>							
Distributions payable	8	-	-	3,323	849	1,455	811
Payables	12	5,404	12,610	5,663	3,031	75	244
Financial liabilities at fair value through profit or loss	11	<u>1,105</u>	<u>8,306</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>191</u>
<b>Total liabilities</b>		<b><u>6,509</u></b>	<b><u>20,916</u></b>	<b><u>8,986</u></b>	<b><u>3,880</u></b>	<b><u>1,530</u></b>	<b><u>1,246</u></b>
<b>Net assets attributable to unitholders - equity</b>	7	<b><u>230,374</u></b>	<b><u>304,577</u></b>	<b><u>899,365</u></b>	<b><u>854,289</u></b>	<b><u>132,894</u></b>	<b><u>174,838</u></b>

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

**UBS Investment Funds**  
**Statements of Financial Position**  
**As at 30 June 2023**  
**(continued)**

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		<b>UBS Australian Bond Fund</b>	
		<b>2023</b>	<b>2022</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Assets</b>			
Cash and cash equivalents	17(b)	17,420	38,123
Receivables	10	7,977	6,410
Financial assets at fair value through profit or loss	9	<u>833,145</u>	<u>854,592</u>
<b>Total assets</b>		<u><b>858,542</b></u>	<u><b>899,125</b></u>
<b>Liabilities</b>			
Distributions payable	8	2,714	-
Payables	12	851	1,610
Financial liabilities at fair value through profit or loss	11	<u>3,626</u>	<u>5,029</u>
<b>Total liabilities</b>		<u><b>7,191</b></u>	<u><b>6,639</b></u>
<b>Net assets attributable to unitholders - equity</b>	7	<u><b>851,351</b></u>	<u><b>892,486</b></u>

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

**UBS Investment Funds**  
**Statements of Changes in Equity**  
**For the year ended 30 June 2023**

	Notes	UBS Global Credit Fund		UBS Diversified Fixed Income Fund		UBS Income Solution Fund	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Total equity at the beginning of the financial year</b>	7	<b>60,101</b>	101,787	<b>638,998</b>	895,538	<b>339,249</b>	330,445
<b>Comprehensive income for the financial year</b>							
Profit/(loss) for the financial year attributable to unitholders		(376)	(12,401)	(811)	(86,272)	15,417	(19,062)
Other comprehensive income for the financial year		-	-	-	-	-	-
<b>Total comprehensive income/(loss) for the financial year</b>		<b>(376)</b>	(12,401)	<b>(811)</b>	(86,272)	<b>15,417</b>	(19,062)
<b>Transactions with unitholders</b>							
Applications		-	-	37,000	210,137	43,714	156,451
Redemptions		-	(38,500)	(171,199)	(380,950)	(69,481)	(109,558)
Units issued upon reinvestment of distributions		-	9,215	1,101	11,570	3,634	2,655
Distributions paid and payable	8	-	-	(4,396)	(11,025)	(8,233)	(21,682)
<b>Total equity at the end of the financial year</b>		<b>59,725</b>	60,101	<b>500,693</b>	638,998	<b>324,300</b>	339,249

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

**UBS Investment Funds**  
**Statements of Changes in Equity**  
**For the year ended 30 June 2023**  
**(continued)**

	Notes	UBS International Bond Fund		UBS Cash Fund		UBS Short-Term Fixed Income Fund	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Total equity at the beginning of the financial year</b>	7	<b>304,577</b>	409,590	<b>854,289</b>	999,626	<b>174,838</b>	230,862
<b>Comprehensive income for the financial year</b>							
Profit/(loss) for the financial year attributable to unitholders		(3,630)	(38,411)	28,558	398	5,048	(398)
Other comprehensive income for the financial year		-	-	-	-	-	-
<b>Total comprehensive income/(loss) for the financial year</b>		<b>(3,630)</b>	(38,411)	<b>28,558</b>	398	<b>5,048</b>	(398)
<b>Transactions with unitholders</b>							
Applications		630	713	929,167	355,402	27,064	97,362
Redemptions		(71,203)	(67,356)	(884,663)	(499,781)	(71,337)	(151,003)
Units issued upon reinvestment of distributions		-	41	203	6	1,379	14
Distributions paid and payable	8	-	-	(28,189)	(1,362)	(4,098)	(1,999)
<b>Total equity at the end of the financial year</b>		<b>230,374</b>	304,577	<b>899,365</b>	854,289	<b>132,894</b>	174,838

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

**UBS Investment Funds**  
**Statements of Changes in Equity**  
**For the year ended 30 June 2023**  
**(continued)**

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		<b>UBS Australian Bond Fund</b>	
	<b>Notes</b>	<b>2023</b>	<b>2022</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Total equity at the beginning of the financial year</b>	7	<b>892,486</b>	1,127,668
<b>Comprehensive income for the financial year</b>			
Profit/(loss) for the financial year attributable to unitholders		<b>15,282</b>	(109,173)
Other comprehensive income for the financial year		<u>-</u>	<u>-</u>
<b>Total comprehensive income/(loss) for the financial year</b>		<b><u>15,282</u></b>	<b><u>(109,173)</u></b>
<b>Transactions with unitholders</b>			
Applications		<b>256,688</b>	286,932
Redemptions		<b>(302,729)</b>	(410,578)
Units issued upon reinvestment of distributions		<b>1,294</b>	8,354
Distributions paid and payable	8	<b><u>(11,670)</u></b>	<b><u>(10,717)</u></b>
<b>Total equity at the end of the financial year</b>		<b><u>851,351</u></b>	<b><u>892,486</u></b>

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

**UBS Investment Funds  
Statements of Cash Flows  
For the year ended 30 June 2023**

	Notes	UBS Global Credit Fund		UBS Diversified Fixed Income Fund		UBS Income Solution Fund	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Cash flows from operating activities</b>							
Proceeds from sale of financial instruments at fair value through profit or loss		25,737	59,163	144,531	204,904	109,516	104,516
Purchase of financial instruments at fair value through profit or loss		(29,185)	(25,278)	(11,841)	(34,172)	(85,210)	(167,798)
Dividend/Trust distributions received		-	-	2,380	48,506	-	159
Interest received		2,095	2,901	(177)	1,482	13,950	12,039
Other income received		-	-	45	12	15	8
Responsible Entity's fees paid		(295)	(446)	(514)	(905)	(2,014)	(2,395)
Transaction costs on financial instruments at fair value through profit or loss		(2)	(2)	(23)	(31)	(13)	(28)
Payment of other expenses		-	-	(39)	(12)	(5)	(3)
<b>Net cash inflows/(outflows) from operating activities</b>	17(a)	<b>(1,650)</b>	<b>36,338</b>	<b>134,362</b>	<b>219,784</b>	<b>36,239</b>	<b>(53,502)</b>
<b>Cash flows from financing activities</b>							
Proceeds from applications by unitholders		-	-	37,402	209,988	43,825	156,431
Payments for redemptions by unitholders		-	(38,500)	(181,292)	(370,927)	(81,460)	(96,593)
Distributions paid		-	(6)	(2,276)	(38,539)	(17,432)	(10,214)
<b>Net cash inflows/(outflows) from financing activities</b>		<b>-</b>	<b>(38,506)</b>	<b>(146,166)</b>	<b>(199,478)</b>	<b>(55,067)</b>	<b>49,624</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(1,650)</b>	<b>(2,168)</b>	<b>(11,804)</b>	<b>20,306</b>	<b>(18,828)</b>	<b>(3,878)</b>
Cash and cash equivalents at the beginning of the financial year		4,795	6,923	35,056	14,743	25,447	29,208
Effects of changes in foreign currency exchange rates on cash and cash equivalents		44	40	(46)	7	21	117
<b>Cash and cash equivalents at the end of the financial year</b>	17(b)	<b>3,189</b>	<b>4,795</b>	<b>23,206</b>	<b>35,056</b>	<b>6,640</b>	<b>25,447</b>

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



**UBS Investment Funds**  
**Statements of Cash Flows**  
**For the year ended 30 June 2023**  
**(continued)**

	Notes	UBS International Bond Fund		UBS Cash Fund		UBS Short-Term Fixed Income Fund	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Cash flows from operating activities</b>							
Proceeds from sale of financial instruments at fair value through profit or loss		233,593	417,484	2,188,385	2,199,036	179,800	291,843
Purchase of financial instruments at fair value through profit or loss		(198,162)	(292,298)	(2,242,334)	(2,066,015)	(137,270)	(239,279)
Dividend/Trust distributions received		-	-	-	-	-	-
Interest received		4,753	5,506	22,664	1,324	4,596	1,894
Other income received		1	9	-	-	1	-
Responsible Entity's fees paid		(1,043)	(1,423)	(944)	(955)	(310)	(452)
Transaction costs on financial instruments at fair value through profit or loss		(6)	(5)	-	-	(3)	(3)
Payment of other expenses		(4)	-	-	-	-	-
<b>Net cash inflows/(outflows) from operating activities</b>	17(a)	<b>39,132</b>	<b>129,273</b>	<b>(32,229)</b>	<b>133,390</b>	<b>46,814</b>	<b>54,003</b>
<b>Cash flows from financing activities</b>							
Proceeds from applications by unitholders		630	713	928,777	356,324	27,115	97,437
Payments for redemptions by unitholders		(71,147)	(67,434)	(882,120)	(498,421)	(71,502)	(150,943)
Distributions paid		-	(33,470)	(25,512)	(520)	(2,075)	(1,555)
<b>Net cash inflows/(outflows) from financing activities</b>		<b>(70,517)</b>	<b>(100,191)</b>	<b>21,145</b>	<b>(142,617)</b>	<b>(46,462)</b>	<b>(55,061)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(31,385)</b>	<b>29,082</b>	<b>(11,084)</b>	<b>(9,227)</b>	<b>352</b>	<b>(1,058)</b>
Cash and cash equivalents at the beginning of the financial year		38,396	8,609	43,513	52,740	1,380	2,437
Effects of changes in foreign currency exchange rates on cash and cash equivalents		71	705	-	-	-	1
<b>Cash and cash equivalents at the end of the financial year</b>	17(b)	<b>7,082</b>	<b>38,396</b>	<b>32,429</b>	<b>43,513</b>	<b>1,732</b>	<b>1,380</b>

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

**UBS Investment Funds  
Statements of Cash Flows  
For the year ended 30 June 2023  
(continued)**

		<b>UBS Australian Bond Fund</b>	
		<b>2023</b>	<b>2022</b>
<b>Notes</b>		<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>			
	Proceeds from sale of financial instruments at fair value through profit or loss	452,243	593,870
	Purchase of financial instruments at fair value through profit or loss	(441,714)	(433,673)
	Dividend/Trust distributions received	-	-
	Interest received	26,384	24,236
	Other income received	67	14
	Responsible Entity's fees paid	(4,257)	(4,570)
	Transaction costs on financial instruments at fair value through profit or loss	(37)	(26)
	Payment of other expenses	(71)	(17)
	<b>Net cash inflows/(outflows) from operating activities</b>	<u>32,615</u>	<u>179,834</u>
17(a)			
<b>Cash flows from financing activities</b>			
	Proceeds from applications by unitholders	257,897	286,093
	Payments for redemptions by unitholders	(303,490)	(411,936)
	Distributions paid	(7,662)	(39,125)
	<b>Net cash inflows/(outflows) from financing activities</b>	<u>(53,255)</u>	<u>(164,968)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>			
		(20,640)	14,866
	Cash and cash equivalents at the beginning of the financial year	38,123	23,259
	Effects of changes in foreign currency exchange rates on cash and cash equivalents	(63)	(2)
	<b>Cash and cash equivalents at the end of the financial year</b>	<u>17,420</u>	<u>38,123</u>
17(b)			

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

## **1 General information**

These financial statements cover UBS Global Credit Fund, UBS Diversified Fixed Income Fund, UBS Income Solution Fund, UBS International Bond Fund, UBS Cash Fund, UBS Short-Term Fixed Income Fund and UBS Australian Bond Fund ("the Schemes") as individual entities.

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

The financial statements of the Schemes for the financial year ended 30 June 2023 were authorised for issue in accordance with a resolution of the directors of the Responsible Entity dated 25 September 2023. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

The financial statements are presented in the Australian currency.

All Schemes' comparative information is for the financial year ended 30 June 2022 unless stated otherwise.

## **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 financial periods presented, unless otherwise stated.

### **(a) Basis of preparation**

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

The Schemes are for-profit entities 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 Statements of Financial Position are 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 generally expected to be recovered or settled within twelve months, except for investments in financial assets and net assets attributable to unitholders where the amount expected to be recovered or settled within twelve months after the end of the financial year cannot be reliably determined.

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

The financial statements of the Schemes 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.

#### *New and Amended standards and Interpretations adopted by the Schemes*

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2022 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

### **(b) Investment entities**

The Schemes, where applicable, have multiple investments which are controlled by them. However, management determines that the Schemes, where applicable, is a qualifying investment entity due to the following factors:

- The Schemes obtain and manage funds for the purpose of providing investors of the Schemes with investment management services.
- The Schemes' business purpose, which is communicated directly to the investors, is to invest funds solely for returns from capital appreciation and investment income.
- The Schemes measure and evaluate the performance of substantially all of its investments on a fair value basis.
- The Schemes have multiple investments and multiple investors.

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

The Schemes also meet all of the typical characteristics of an investment entity. As a consequence, the Schemes do not consolidate these investments, but accounts for them at fair value through profit or loss. These separate financial statements are the only financial statements presented by the Schemes.

### **(c) Financial instruments**

#### **(i) Classification**

Classification and measurement of debt securities is driven by the Schemes' business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

A debt instrument is measured at amortised cost if the objective of the business model is to hold the financial asset for the collection of the contractual cash flows and the contractual cash flows under the instrument represent solely payments of principal and interest ("SPPI").

A debt instrument is measured at fair value through other comprehensive income if the objective of the business model is to hold the financial asset both to collect contractual cash flows from SPPI and to sell.

All other debt instruments must be recognised at fair value through profit or loss. A Scheme may however, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

Derivative and equity instruments are measured at fair value through profit or loss unless, for equity instruments not held for trading, an irrevocable option is taken to measure at fair value through other comprehensive income.

#### **Assets**

The Schemes classify their investments based on their business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The Schemes' portfolios of financial assets is managed and performance is evaluated on a fair value basis in accordance with the Schemes' documented investment strategy. The Responsible Entity evaluates the information about these financial assets on a fair value basis together with other related financial information.

For equity securities and derivatives such as futures and foreign currency contracts, the contractual cash flows of these instruments do not represent solely payments of principal and interest. Consequently, these investments are measured at fair value through profit or loss.

For debt securities, the contractual cash flows are solely payments of principal and interest, however they are neither held for collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Schemes' business model's objective. Consequently, the debt securities are measured at fair value through profit or loss.

The Schemes held equity securities, asset backed securities, unit trusts, debt securities and term loans which had previously been designated at fair value through profit or loss. In accordance with AASB 9 these securities are mandatorily classified as fair value through profit or loss.

The Schemes held derivatives which had previously been held for trading. In accordance with AASB 9 these securities are mandatorily classified as fair value through profit or loss.

For other receivables and payables, including amounts due to/from brokers, these balances are classified at amortised cost as they are deemed to be held in a business model with the objective to collect contractual cash flows through to maturity, and whose terms meet the SPPI criterion by virtue of the fact that payments pertain to only principal and/or simple interest and have a maturity of less than 12 months.

#### **Liabilities**

Derivative contracts that have a negative fair value are presented as liabilities at fair value through profit or loss.

The Schemes held derivatives which had previously been held for trading. In accordance with AASB 9 these securities are mandatorily classified as fair value through profit or loss.

#### **(ii) Impairment**

AASB 9 requires the Schemes to record an allowance for expected credit losses (ECLs) for all financial assets not held at fair value through profit or loss.

The ECL approach is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Schemes expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For receivables, due from brokers, margin accounts and applications receivable, the Schemes have applied the standard's simplified approach and have calculated ECLs based on lifetime expected credit losses. Each Scheme has established a provision matrix that is based on the Schemes' historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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

### **(c) Financial instruments (continued)**

The Schemes consider a financial asset in default when contractual payment are 90 days past due. However, in certain cases, the Schemes may also consider a financial asset to be in default when internal or external information indicates that the Schemes are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Schemes.

#### ***(iii) Recognition/derecognition***

The Schemes recognise financial assets and financial liabilities on the date they become party to the contractual agreement (trade date) and recognise changes in fair value of the financial assets or financial liabilities from this date.

Investments are derecognised when the right to receive cash flows from the investments have expired or have been transferred and the Schemes have transferred substantially all of the risks and rewards of ownership.

#### ***(iv) Measurement***

##### ***Financial assets and liabilities at fair value through profit or loss***

Financial assets and financial liabilities 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 at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the financial assets or financial liabilities at fair value through profit or loss category are presented in the Statement of Comprehensive Income within 'net gains/(losses) on financial instruments at fair value through profit or loss' in the period in which they arise.

##### ***Fair value in an active market***

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

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 Schemes' financial instruments that are valued based on active markets generally include listed instruments, ranging from listed equity and/or debt securities to listed derivatives, where applicable.

##### ***Fair value in an inactive or unquoted market***

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 techniques that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flows 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 financial year applicable for an instrument with similar terms and conditions.

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

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

The fair value of derivatives that are not exchange traded is estimated at the amount that the Schemes would receive or pay to terminate the contract at the end of the reporting period taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The fair value of a forward contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date. The fair value of an option contract is determined by applying the most appropriate option valuation model.

Investments in unlisted unit trusts are recorded at the redemption value per unit as reported by the managers of such trusts.

The Schemes' financial instruments that are valued based on inactive or unquoted markets generally include unlisted instruments ranging from investments in unlisted unit trusts, unlisted equity and/or debt securities to over the counter derivatives, where applicable.

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

### **(c) Financial instruments (continued)**

#### *Receivables/payables*

Receivables/payables are measured initially at fair value plus transaction costs.

Subsequently, short term receivables/payables are carried at their initial fair values.

#### **(v) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the Statements of Financial Position when, and only when, there is currently 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.

### **(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 Schemes at any time for cash based on the redemption price, which is equal to a proportionate share of the Schemes' 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 Schemes. 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 as below:

- the puttable financial instrument entitles the holder to a pro-rata share of net assets in the event of the Schemes' 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 Schemes, and it is not a contract settled in the Schemes' 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.

Units are redeemable at the unitholders' option and can be put back to the Schemes at any time for cash based on the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) as at the Statements of Financial Position date if unitholders exercised their right to put the units back to the Schemes.

### **(e) Cash and cash equivalents**

Cash and cash equivalents include cash on hand and deposits held at call with banks or other financial institutions.

### **(f) Investment income**

Interest income on cash deposits and interest expenses are recognised in the Statements of Comprehensive Income for all debt instruments using the effective interest method basis.

Dividend income is recognised on the ex-dividend date.

Trust distributions are recognised on an entitlements basis.

### **(g) Net gains/(losses) on financial instruments at fair value through profit or loss**

Net gains/(losses) on financial assets and financial liabilities at fair value through profit or loss arising on a change in fair value are calculated as the difference between the fair value at the end of the financial year and the fair value at the previous valuation point. This includes both realised and unrealised gains/(losses).

### **(h) Expenses**

All expenses, including Responsible Entity's fees, are recognised in the Statements of Comprehensive Income on an accruals basis.

## 2 Summary of significant accounting policies (continued)

### (i) Income tax

Under current legislation, the Schemes are not subject to income tax provided it attributes the entirety of its taxable income to its unitholders.

### (j) Distributions

In accordance with the Schemes' Constitutions, the Schemes distribute their distributable income, and any other amounts determined by the Responsible Entity, to unitholders by cash or reinvestment. Such distributions are recognised as payable when they are determined by Responsible Entity of the Schemes.

### (k) Increase/(decrease) in net assets attributable to unitholders

Income and expenses that are not included in distributable income and not attributed to unitholders are included in net assets attributable to unitholders. Unrealised gains and losses on financial instruments are included in net assets attributable to unitholders as they are not distributed to unitholders until realised. Capital losses are not distributed to unitholders but are retained to be offset against any future realised capital gains. Movements in net assets attributable to unitholders are recognised in the Statements of Comprehensive Income as finance costs attributable to unitholders.

### (l) Foreign currency translation

#### (i) Functional and presentation currency

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

#### (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 financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statements of Comprehensive Income.

### (m) Accrued income

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 financial year from the time of last payment.

### (n) 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 two business days. Sales of securities and investments that are unsettled at the end of the financial year are included in receivables.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Schemes shall measure the loss allowance on receivables at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Schemes shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

## 2 Summary of significant accounting policies (continued)

### (o) Payables

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

Trades are recorded on trade date, and normally settled within two business days. Purchases of financial instruments that are unsettled at the end of each financial year are included in payables.

The distribution amount payable to unitholders as at the end of each financial year is recognised separately in the Statements of Financial Position when unitholders are presently entitled to the distributable income under the Schemes' Constitutions.

### (p) Applications and redemptions

Applications received for units in the Schemes are recorded net of any entry fees payable prior to the issue of units in the Schemes. Redemptions from the Schemes are recorded gross of any exit fees payable after the cancellation of units redeemed.

Unit redemption prices are determined by reference to the net assets of the Schemes divided by the number of units on issue.

### (q) Goods and services tax (GST)

Expenses of various services provided to the Schemes recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the related expense in the Statements of Comprehensive Income.

Responsible Entity's fees payable and other payables are stated inclusive of the GST receivable. The net amount of GST recoverable from the taxation authority is included in receivables in the Statements of Financial Position.

Cash flows relating to GST are included in the Statements of Cash Flows on a gross basis.

### (r) Use of judgements and estimates

The preparation of the Schemes' financial statements requires them to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. However, 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.

The Schemes' financial instruments are valued primarily based on the prices provided by independent pricing services.

When the fair values of the reported financial instruments cannot be derived from active markets, they are determined using prices obtained from inactive or unquoted markets and/or other valuation techniques. The inputs to these valuation techniques (if applicable) are taken from observable markets to the extent practicable. Where observable inputs are not available, the inputs may be estimated based on a degree of judgements and assumptions in establishing fair values.

Where appropriate, the outcomes of the valuation techniques that are used in establishing fair values are validated using prices from observable current market transactions for similar instruments (without modification or repackaging) or based on relevant available observable market data.

The determination of what constitutes 'observable' requires significant judgement by the Schemes. The Schemes 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.

For certain other financial instruments, including amounts due from/to brokers, accounts payable and the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

### (s) New accounting standards, interpretations and other authoritative pronouncements

There are no new accounting standards and other authoritative pronouncements that are expected to have a material impact on the Schemes.



## 2 Summary of significant accounting policies (continued)

### (t) Other legislative/government developments

#### *Climate related and other emerging risk disclosure*

The International Sustainability Standards Board (ISSB), at its meeting in February 2023, has taken its final decisions on all the technical content of its initial Standards. With the substance of the Standards now fully agreed, the Standards are expected to be issued at the end of the second quarter of 2023.

At the meeting, the ISSB agreed that its initial Sustainability Disclosure Standards will become effective starting January 2024.

### (u) Rounding of amounts

The Schemes 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. Amounts in the financial statements have been rounded off in accordance with that ASIC Instrument nearest thousand dollars, unless otherwise indicated.

**UBS Investment Funds**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2023**  
**(continued)**

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**3 Interest income**

	<b>2023</b>	2022
	<b>\$'000</b>	\$'000
<b>UBS Global Credit Fund</b>		
Cash and cash equivalents	45	(8)
Fixed interest securities	<u>2,092</u>	<u>2,561</u>
<b>Total interest income</b>	<b><u>2,137</u></b>	<b><u>2,553</u></b>
	<b>2023</b>	2022
	<b>\$'000</b>	\$'000
<b>UBS Diversified Fixed Income Fund</b>		
Cash and cash equivalents	364	(9)
Fixed interest securities	<u>115</u>	<u>1,085</u>
<b>Total interest income</b>	<b><u>479</u></b>	<b><u>1,076</u></b>
	<b>2023</b>	2022
	<b>\$'000</b>	\$'000
<b>UBS Income Solution Fund</b>		
Cash and cash equivalents	198	(3)
Fixed interest securities	<u>14,208</u>	<u>12,592</u>
<b>Total interest income</b>	<b><u>14,406</u></b>	<b><u>12,589</u></b>
	<b>2023</b>	2022
	<b>\$'000</b>	\$'000
<b>UBS International Bond Fund</b>		
Cash and cash equivalents	70	(6)
Fixed interest securities	<u>4,483</u>	<u>5,347</u>
<b>Total interest income</b>	<b><u>4,553</u></b>	<b><u>5,341</u></b>
	<b>2023</b>	2022
	<b>\$'000</b>	\$'000
<b>UBS Cash Fund</b>		
Cash and cash equivalents	1,434	62
Fixed interest securities	2,391	354
Discount securities	<u>19,115</u>	<u>965</u>
<b>Total interest income</b>	<b><u>22,940</u></b>	<b><u>1,381</u></b>

**UBS Investment Funds**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2023**  
**(continued)**

**3 Interest income (continued)**

	2023 \$'000	2022 \$'000
<b>UBS Short-Term Fixed Income Fund</b>		
Cash and cash equivalents	53	2
Fixed interest securities	3,626	1,661
Discount securities	1,115	96
<b>Total interest income</b>	<b>4,794</b>	<b>1,759</b>
	2023 \$'000	2022 \$'000
<b>UBS Australian Bond Fund</b>		
Cash and cash equivalents	446	13
Fixed interest securities	28,102	23,746
Discount securities	385	-
<b>Total interest income</b>	<b>28,933</b>	<b>23,759</b>

**4 Dividend/Trust distribution income**

	UBS Global Credit Fund		UBS Diversified Fixed Income Fund		UBS Income Solution Fund	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Dividends	-	-	-	-	-	145
Trust distributions	-	-	3,798	5,677	-	14
<b>Total Dividends/Trust distributions income</b>	<b>-</b>	<b>-</b>	<b>3,798</b>	<b>5,677</b>	<b>-</b>	<b>159</b>

	UBS International Bond Fund		UBS Cash Fund		UBS Short-Term Fixed Income Fund	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Dividends	-	-	-	-	-	-
Trust distributions	-	-	-	-	-	-
<b>Total Dividends/Trust distributions income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

	UBS Australian Bond Fund	
	2023 \$'000	2022 \$'000
Dividends	-	-
Trust distributions	-	-
<b>Total Dividends/Trust distributions income</b>	<b>-</b>	<b>-</b>

**UBS Investment Funds**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2023**  
**(continued)**

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

	UBS Global Credit Fund		UBS Diversified Fixed Income Fund		UBS Income Solution Fund	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net gains/(losses) on derivatives at fair value through profit or loss	(815)	(3,866)	(2,511)	(6,022)	(1,819)	13,416
Net gains/(losses) on financial instruments at fair value through profit or loss	<u>908</u>	<u>(10,420)</u>	<u>(1,444)</u>	<u>(85,443)</u>	<u>5,829</u>	<u>(41,414)</u>
<b>Total net gains/(losses) on financial instruments at fair value through profit or loss</b>	<b><u>93</u></b>	<b><u>(14,286)</u></b>	<b><u>(3,955)</u></b>	<b><u>(91,465)</u></b>	<b><u>4,010</u></b>	<b><u>(27,998)</u></b>
	UBS International Bond Fund		UBS Cash Fund		UBS Short-Term Fixed Income Fund	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net gains/(losses) on derivatives at fair value through profit or loss	854	(6,460)	-	-	15	1,116
Net gains/(losses) on financial instruments at fair value through profit or loss	<u>(4,123)</u>	<u>(39,867)</u>	<u>6,644</u>	<u>(35)</u>	<u>547</u>	<u>(2,841)</u>
<b>Total net gains/(losses) on financial instruments at fair value through profit or loss</b>	<b><u>(3,269)</u></b>	<b><u>(46,327)</u></b>	<b><u>6,644</u></b>	<b><u>(35)</u></b>	<b><u>562</u></b>	<b><u>(1,725)</u></b>
	UBS Australian Bond Fund					
	2023	2022				
	\$'000	\$'000				
Net gains/(losses) on derivatives at fair value through profit or loss	(3,662)	522				
Net gains/(losses) on financial instruments at fair value through profit or loss	<u>(5,994)</u>	<u>(128,998)</u>				
<b>Total net gains/(losses) on financial instruments at fair value through profit or loss</b>	<b><u>(9,656)</u></b>	<b><u>(128,476)</u></b>				

**UBS Investment Funds**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2023**  
**(continued)**

**6 Auditor's remuneration**

During the financial year the following professional fees were paid or payable for services provided by the auditor to the Schemes. These fees were paid for by the Responsible Entity and are not passed on to the Schemes.

	UBS Global Credit Fund		UBS Diversified Fixed Income Fund		UBS Income Solution Fund	
	2023	2022	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$
<b>Assurance services</b>						
Audit services						
Ernst & Young						
Audit and review of financial statements	7,900	7,900	12,400	12,400	12,400	12,400
Audit of compliance plan	<u>2,453</u>	<u>2,727</u>	<u>2,453</u>	<u>2,727</u>	<u>2,453</u>	<u>2,727</u>
<b>Total remuneration for assurance services</b>	<b><u>10,353</u></b>	<b><u>10,627</u></b>	<b><u>14,853</u></b>	<b><u>15,127</u></b>	<b><u>14,853</u></b>	<b><u>15,127</u></b>

	UBS International Bond Fund		UBS Cash Fund		UBS Short-Term Fixed Income Fund	
	2023	2022	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$
<b>Assurance services</b>						
Audit services						
Ernst & Young						
Audit and review of financial statements	7,900	7,900	7,900	7,900	7,900	7,900
Audit of compliance plan	<u>2,453</u>	<u>2,727</u>	<u>2,453</u>	<u>2,727</u>	<u>2,453</u>	<u>2,727</u>
<b>Total remuneration for assurance services</b>	<b><u>10,353</u></b>	<b><u>10,627</u></b>	<b><u>10,353</u></b>	<b><u>10,627</u></b>	<b><u>10,353</u></b>	<b><u>10,627</u></b>

	UBS Australian Bond Fund	
	2023	2022
	\$	\$
<b>Assurance services</b>		
Audit services		
Ernst & Young		
Audit and review of financial statements	12,400	12,400
Audit of compliance plan	<u>2,453</u>	<u>2,727</u>
<b>Total remuneration for assurance services</b>	<b><u>14,853</u></b>	<b><u>15,127</u></b>

**UBS Investment Funds**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2023**  
**(continued)**

**7 Net assets attributable to unitholders**

As stipulated within the Scheme's Constitutions, each unit represents a right to an individual share in the Scheme's net assets and does not extend to a right to the underlying assets of the Schemes. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Scheme.

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

	<b>2023</b>	2022	<b>2023</b>	2022
	<b>No. '000</b>	No. '000	<b>\$'000</b>	\$'000
<b>UBS Global Credit Fund</b>				
<b>Net assets attributable to unitholders</b>				
Opening balance	<b>74,883</b>	108,446	<b>60,101</b>	101,787
Redemptions	-	(43,366)	-	(38,500)
Units issued upon reinvestment of distributions	-	9,803	-	9,215
Distributions paid and payable	-	-	-	-
Profit/(loss) for the financial year	-	-	<b>(376)</b>	(12,401)
<b>Closing balance</b>	<b>74,883</b>	74,883	<b>59,725</b>	60,101
<b>UBS Diversified Fixed Income Fund</b>				
<b>Net assets attributable to unitholders</b>				
Opening balance	<b>856,519</b>	1,055,521	<b>638,998</b>	895,538
Applications	<b>49,351</b>	265,488	<b>37,000</b>	210,137
Redemptions	<b>(227,873)</b>	(478,208)	<b>(171,199)</b>	(380,950)
Units issued upon reinvestment of distributions	<b>1,483</b>	13,718	<b>1,101</b>	11,570
Distributions paid and payable	-	-	<b>(4,396)</b>	(11,025)
Profit/(loss) for the financial year	-	-	<b>(811)</b>	(86,272)
<b>Closing balance</b>	<b>679,480</b>	856,519	<b>500,693</b>	638,998
<b>UBS Income Solution Fund</b>				
<b>Net assets attributable to unitholders</b>				
Opening balance	<b>413,232</b>	362,665	<b>339,249</b>	330,445
Applications	<b>52,592</b>	172,703	<b>43,714</b>	156,451
Redemptions	<b>(83,570)</b>	(125,096)	<b>(69,481)</b>	(109,558)
Units issued upon reinvestment of distributions	<b>4,392</b>	2,960	<b>3,634</b>	2,655
Distributions paid and payable	-	-	<b>(8,233)</b>	(21,682)
Profit/(loss) for the financial year	-	-	<b>15,417</b>	(19,062)
<b>Closing balance</b>	<b>386,646</b>	413,232	<b>324,300</b>	339,249
<b>UBS International Bond Fund</b>				
<b>Net assets attributable to unitholders</b>				
Opening balance	<b>362,612</b>	437,272	<b>304,577</b>	409,590
Applications	<b>747</b>	767	<b>630</b>	713
Redemptions	<b>(85,875)</b>	(75,470)	<b>(71,203)</b>	(67,356)
Units issued upon reinvestment of distributions	-	43	-	41
Profit/(loss) for the financial year	-	-	<b>(3,630)</b>	(38,411)
<b>Closing balance</b>	<b>277,484</b>	362,612	<b>230,374</b>	304,577

**UBS Investment Funds**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2023**  
**(continued)**

**7 Net assets attributable to unitholders (continued)**

<b>UBS Cash Fund</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>No. '000</b>	<b>No. '000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Net assets attributable to unitholders</b>				
Opening balance	819,034	957,322	854,289	999,626
Applications	888,289	340,398	929,167	355,402
Redemptions	(845,711)	(478,692)	(884,663)	(499,781)
Units issued upon reinvestment of distributions	194	6	203	6
Distributions paid and payable	-	-	(28,189)	(1,362)
Profit/(loss) for the financial year	-	-	28,558	398
<b>Closing balance</b>	<b>861,806</b>	<b>819,034</b>	<b>899,365</b>	<b>854,289</b>

<b>UBS Short-Term Fixed Income Fund</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>No. '000</b>	<b>No. '000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Net assets attributable to unitholders</b>				
Opening balance	172,329	224,285	174,838	230,862
Applications	26,467	95,201	27,064	97,362
Redemptions	(69,816)	(147,170)	(71,337)	(151,003)
Units issued upon reinvestment of distributions	1,353	13	1,379	14
Distributions paid and payable	-	-	(4,098)	(1,999)
Profit/(loss) for the financial year	-	-	5,048	(398)
<b>Closing balance</b>	<b>130,333</b>	<b>172,329</b>	<b>132,894</b>	<b>174,838</b>

<b>UBS Australian Bond Fund</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>No. '000</b>	<b>No. '000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Net assets attributable to unitholders</b>				
Opening balance	950,098	1,053,547	892,486	1,127,668
Applications	269,358	290,344	256,688	286,932
Redemptions	(316,202)	(401,631)	(302,729)	(410,578)
Units issued upon reinvestment of distributions	1,369	7,838	1,294	8,354
Distributions paid and payable	-	-	(11,670)	(10,717)
Profit/(loss) for the financial year	-	-	15,282	(109,173)
<b>Closing balance</b>	<b>904,623</b>	<b>950,098</b>	<b>851,351</b>	<b>892,486</b>

**Capital risk management**

The Schemes manage their net assets attributable to unitholders as capital. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Schemes are subject to daily applications and redemptions at the discretion of unitholders.

Liquid assets include cash and cash equivalents, redeemable preference shares, fixed interest bonds, discount securities and any other securities that are readily convertible to cash under normal market conditions.

In accordance with the Schemes' investment policy, the Schemes hold certain portion of the net assets attributable to unitholders in liquid assets.

Refer to Note 14 Financial Risk Management for further details.

**UBS Investment Funds**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2023**  
**(continued)**

**8 Distributions to unitholders**

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

	2023 \$'000	2023 CPU	2022 \$'000	2022 CPU
<b>UBS Global Credit Fund</b>				
<b>Distributions</b>				
30 June (payable)	-	-	-	-
	-	-	-	-
<b>UBS Diversified Fixed Income Fund</b>				
<b>Distributions</b>				
30 September	1,174	0.15	4,683	0.45
31 December	1,120	0.15	4,487	0.45
31 March	1,083	0.15	1,855	0.20
30 June (payable)	1,019	0.15	-	-
	<u>4,396</u>	<u>0.60</u>	<u>11,025</u>	<u>1.10</u>
<b>UBS Income Solution Fund</b>				
<b>Distributions</b>				
31 July	699	0.172	666	0.175
31 August	690	0.172	696	0.175
30 September	683	0.172	796	0.175
31 October	680	0.172	817	0.175
30 November	674	0.172	834	0.175
31 December	706	0.172	846	0.175
31 January	703	0.172	732	0.150
28 February	696	0.172	724	0.150
31 March	682	0.172	702	0.150
30 April	681	0.172	700	0.150
31 May	674	0.172	671	0.150
30 June (payable)	665	0.172	13,498	3.267
	<u>8,233</u>	<u>2.064</u>	<u>21,682</u>	<u>5.067</u>
<b>UBS International Bond Fund</b>				
<b>Distributions</b>				
30 June (payable)	-	-	-	-
	-	-	-	-



**UBS Investment Funds**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2023**  
**(continued)**

**8 Distributions to unitholders (continued)**

<b>UBS Cash Fund</b>	<b>2023</b>	<b>2023</b>	<b>2022</b>	<b>2022</b>
<b>Distributions</b>	<b>\$'000</b>	<b>CPU</b>	<b>\$'000</b>	<b>CPU</b>
31 July	698	0.085	14	0.002
31 August	1,127	0.140	19	0.002
30 September	1,507	0.188	19	0.002
31 October	1,928	0.240	13	0.001
30 November	2,067	0.190	16	0.002
31 December	2,797	0.260	27	0.003
31 January	3,079	0.350	32	0.004
28 February	2,480	0.280	40	0.004
31 March	2,997	0.300	79	0.009
30 April	3,149	0.310	128	0.015
31 May	3,037	0.320	126	0.015
30 June (payable)	3,323	0.386	849	0.104
	<b>28,189</b>	<b>3.049</b>	<b>1,362</b>	<b>0.163</b>

  

<b>UBS Short-Term Fixed Income Fund</b>	<b>2023</b>	<b>2023</b>	<b>2022</b>	<b>2022</b>
<b>Distributions</b>	<b>\$'000</b>	<b>CPU</b>	<b>\$'000</b>	<b>CPU</b>
30 September	450	0.29	346	0.20
31 December	902	0.62	448	0.28
31 March	1,291	0.90	394	0.26
30 June (payable)	1,455	1.12	811	0.47
	<b>4,098</b>	<b>2.93</b>	<b>1,999</b>	<b>1.21</b>

  

<b>UBS Australian Bond Fund</b>	<b>2023</b>	<b>2023</b>	<b>2022</b>	<b>2022</b>
<b>Distributions</b>	<b>\$'000</b>	<b>CPU</b>	<b>\$'000</b>	<b>CPU</b>
30 September	3,084	0.30	4,692	0.45
31 December	3,041	0.30	4,281	0.45
31 March	2,831	0.30	1,744	0.20
30 June (payable)	2,714	0.30	-	-
	<b>11,670</b>	<b>1.20</b>	<b>10,717</b>	<b>1.10</b>

UBS Investment Funds  
Notes to the Financial Statements  
For the year ended 30 June 2023  
(continued)

9 Financial assets at fair value through profit or loss

	UBS Global Credit Fund		UBS Diversified Fixed Income Fund		UBS Income Solution Fund	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets at fair value through profit or loss</b>						
Derivatives	165	172	258	498	257	952
Unlisted managed investment schemes	-	-	478,472	614,871	-	-
Fixed interest bonds	45,381	45,089	2,861	3,449	220,194	241,047
Fixed interest annuities	82	84	-	-	-	-
Covered bonds	436	182	-	-	-	-
Indexed bonds	-	-	-	-	-	-
Floating rate notes	10,478	11,888	-	-	97,564	93,691
Mortgage backed securities	-	-	-	-	-	-
Asset backed securities	-	-	-	-	-	-
Discount securities	-	-	-	-	1,464	-
<b>Total financial assets at fair value through profit or loss</b>	<b>56,542</b>	<b>57,415</b>	<b>481,591</b>	<b>618,818</b>	<b>319,479</b>	<b>335,690</b>

	UBS International Bond Fund		UBS Cash Fund		UBS Short-Term Fixed Income Fund	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets at fair value through profit or loss</b>						
Derivatives	2,008	1,021	-	-	51	-
Unlisted managed investment schemes	59,710	60,114	-	-	-	-
Fixed interest bonds	112,267	167,802	-	-	22,877	25,927
Fixed interest annuities	-	-	-	-	-	-
Covered bonds	5,095	7,486	-	-	7,490	7,981
Indexed bonds	15,952	9,120	-	-	-	-
Floating rate notes	5,678	3,425	74,552	61,027	53,194	78,846
Mortgage backed securities	22,319	28,375	-	-	-	4,852
Asset backed securities	4,995	5,430	-	-	-	963
Discount securities	443	-	799,817	752,749	48,503	55,705
<b>Total financial assets at fair value through profit or loss</b>	<b>228,467</b>	<b>282,773</b>	<b>874,369</b>	<b>813,776</b>	<b>132,115</b>	<b>174,274</b>

An overview of the risk exposures relating to financial assets at fair value through profit or loss is included in Note 14.

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

	UBS Australian Bond Fund	
	2023 \$'000	2022 \$'000
<b>Financial assets at fair value through profit or loss</b>		
Derivatives	110	2,069
Unlisted managed investment schemes	-	-
Fixed interest bonds	699,830	731,125
Fixed interest annuities	-	-
Covered bonds	45,242	40,268
Indexed bonds	-	-
Floating rate notes	82,761	33,720
Mortgage backed securities	5,202	7,894
Asset backed securities	-	-
Discount securities	-	39,516
<b>Total financial assets at fair value through profit or loss</b>	<b>833,145</b>	<b>854,592</b>

An overview of the risk exposures relating to financial assets at fair value through profit or loss is included in Note 14.

**UBS Investment Funds**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2023**  
**(continued)**

**10 Receivables**

	UBS Global Credit Fund		UBS Diversified Fixed Income Fund		UBS Income Solution Fund	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade receivables	-	20	-	-	-	6,052
Dividends/Trust distributions receivable	-	-	768	1,069	-	-
Interest receivables	665	623	814	100	2,965	2,482
Unsettled applications	-	-	194	596	11	122
Other receivables	9	11	12	14	52	62
<b>Total receivables</b>	<b>674</b>	<b>654</b>	<b>1,788</b>	<b>1,779</b>	<b>3,028</b>	<b>8,718</b>

	UBS International Bond Fund		UBS Cash Fund		UBS Short-Term Fixed Income Fund	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade receivables	-	2,781	-	-	-	-
Dividends/Trust distributions receivable	-	-	-	-	-	-
Interest receivables	1,303	1,503	374	98	570	372
Unsettled applications	-	-	1,154	764	1	52
Other receivables	31	40	25	18	6	6
<b>Total receivables</b>	<b>1,334</b>	<b>4,324</b>	<b>1,553</b>	<b>880</b>	<b>577</b>	<b>430</b>

	UBS Australian Bond Fund	
	2023	2022
	\$'000	\$'000
Trade receivables	-	-
Dividends/Trust distributions receivable	-	-
Interest receivables	7,770	5,000
Unsettled applications	112	1,321
Other receivables	95	89
<b>Total receivables</b>	<b>7,977</b>	<b>6,410</b>

11 Financial liabilities at fair value through profit or loss

	UBS Global Credit Fund		UBS Diversified Fixed Income Fund		UBS Income Solution Fund	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Financial liabilities at fair value through profit or loss</b>						
Derivatives	<u>327</u>	<u>2,732</u>	<u>3,222</u>	<u>4,901</u>	<u>1,250</u>	<u>3,807</u>
<b>Total financial liabilities at fair value through profit or loss</b>	<u>327</u>	<u>2,732</u>	<u>3,222</u>	<u>4,901</u>	<u>1,250</u>	<u>3,807</u>
	UBS International Bond Fund		UBS Cash Fund		UBS Short-Term Fixed Income Fund	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Financial liabilities at fair value through profit or loss</b>						
Derivatives	<u>1,105</u>	<u>8,306</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>191</u>
<b>Total financial liabilities at fair value through profit or loss</b>	<u>1,105</u>	<u>8,306</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>191</u>
UBS Australian Bond Fund						
2023 \$'000	2022 \$'000					
<b>Financial liabilities at fair value through profit or loss</b>						
Derivatives	<u>3,626</u>	<u>5,029</u>				
<b>Total financial liabilities at fair value through profit or loss</b>	<u>3,626</u>	<u>5,029</u>				

An overview of the risk exposures relating to financial liabilities at fair value through profit or loss is included in Note 14.

## 12 Payables

	UBS Global Credit Fund		UBS Diversified Fixed Income Fund		UBS Income Solution Fund	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade payables	327	-	-	-	1,643	10
Unsettled redemptions	-	-	1,609	11,702	1,114	13,093
Responsible Entity's fees	26	31	41	51	175	198
Other payables	-	-	1	1	-	-
<b>Total payables</b>	<b>353</b>	<b>31</b>	<b>1,651</b>	<b>11,754</b>	<b>2,932</b>	<b>13,301</b>

	UBS International Bond Fund		UBS Cash Fund		UBS Short-Term Fixed Income Fund	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade payables	5,244	12,474	-	-	-	-
Unsettled redemptions	82	26	5,498	2,955	51	216
Responsible Entity's fees	78	110	165	76	24	28
Other payables	-	-	-	-	-	-
<b>Total payables</b>	<b>5,404</b>	<b>12,610</b>	<b>5,663</b>	<b>3,031</b>	<b>75</b>	<b>244</b>

	UBS Australian Bond Fund	
	2023	2022
	\$'000	\$'000
Trade payables	-	-
Unsettled redemptions	505	1,266
Responsible Entity's fees	343	341
Other payables	3	3
<b>Total payables</b>	<b>851</b>	<b>1,610</b>

## 13 Derivative financial instruments

In the normal course of business, the Schemes may enter into transactions in various derivative financial instruments to gain or reduce exposure to relevant markets and currencies as well as to manage 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, equity market or index, 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 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 a wide assortment of instruments, such as forward currency contracts, futures, options and interest rate swaps. Derivatives are considered to be part of the investment process. The use of derivatives is an essential part of the Schemes' portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multifaceted and may include:

- protecting assets of the Schemes against fluctuations in market values or to reduce volatility;
- a substitution for trading of physical securities; or
- adjusting asset exposures within the parameters set in the investment strategies, and adjusting the duration of fixed interest portfolios or the weighted average maturity of cash portfolios.

While derivatives are used for trading purposes, they are not used to gear (leverage) a portfolio unless expressly permitted under the Schemes' investment policy. Gearing a portfolio would occur if the level of exposure to the markets exceeds the underlying value of the Schemes.

### 13 Derivative financial instruments (continued)

The Schemes 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 usually settled net daily with the exchange. Interest rate futures are contractual obligations to receive or pay a net amount based on changes in interest rates at a future date at a specified price, established in an organised financial market.

#### (b) Options

An option is a contractual arrangement under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of securities or a financial instrument at a predetermined price. The seller receives a premium from the purchaser in consideration for the assumption of future securities price risk. Options held by the Schemes are exchange-traded. The Schemes are exposed to credit risk on purchased options to the extent of their carrying amount, which is their fair value.

#### (c) Forward currency contracts

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

#### (d) Swaps

An interest rate swap is an agreement between two parties to exchange their interest obligations (payments) or receipts at set intervals on a notional principal amount over an agreed time period.

The fair value of interest rate swaps is the estimated amount that the entity would receive or pay to terminate the swap at the end of the financial year, taking into account current interest rates and the current creditworthiness of the swap counterparties.

A credit default swap is a financial agreement between two parties which allows the transfer of third party credit risk. The buyer of a credit default swap receives credit protection, whereas the seller of the swap guarantees the credit worthiness of the debt security. A credit default swap is considered insurance against non-payment.

Outstanding notional contracts on derivatives are as follows:

#### UBS Global Credit Fund 2023

	Contract/ notional \$'000	Fair Value	
		Assets \$'000	Liabilities \$'000
Forward foreign exchange contracts	58,889	125	192
<b>Buy</b>			
Futures	11,886	23	131
<b>Sell</b>			
Futures	<u>2,588</u>	<u>17</u>	<u>4</u>
		<u>165</u>	<u>327</u>

**UBS Investment Funds**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2023**  
**(continued)**

**13 Derivative financial instruments (continued)**

UBS Global Credit Fund  
2022

	Contract/ notional \$'000	Fair Value	
		Assets \$'000	Liabilities \$'000
Forward foreign exchange contracts	83,094	95	2,444
Buy			
Futures	18,899	-	288
Sell			
Futures	3,901	77	-
		<u>172</u>	<u>2,732</u>

**UBS Diversified Fixed Income Fund**  
**2023**

	Contract/ notional \$'000	Fair Value	
		Assets \$'000	Liabilities \$'000
Swaps	147,260	-	764
Forward foreign exchange contracts	28,580	254	422
<b>Buy</b>			
Futures	159,783	-	1,532
<b>Sell</b>			
Futures	87,929	4	504
		<u>258</u>	<u>3,222</u>

UBS Diversified Fixed Income Fund  
2022

	Contract/ notional \$'000	Fair Value	
		Assets \$'000	Liabilities \$'000
Swaps	18,355	-	2,444
Forward foreign exchange contracts	3,617	4	11
Buy			
Futures	643,495	93	2,140
Sell			
Futures	213,595	401	306
		<u>498</u>	<u>4,901</u>



**UBS Investment Funds**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2023**  
**(continued)**

**13 Derivative financial instruments (continued)**

**UBS Income Solution Fund**  
**2023**

	Contract/ notional \$'000	Fair value	
		Assets \$'000	Liabilities \$'000
Swaps	3,215	92	-
Forward foreign exchange contracts	62,961	-	1,250
<b>Sell</b>			
Futures	<u>19,577</u>	<u>165</u>	<u>-</u>
		<u>257</u>	<u>1,250</u>

UBS Income Solution Fund  
2022

	Contract/ notional \$'000	Fair Value	
		Assets \$'000	Liabilities \$'000
Swaps	800	606	23
Forward foreign exchange contracts	101,834	47	3,256
Buy			
Options	547,081	148	-
Sell			
Futures	161,219	151	275
Options	<u>1,049,953</u>	<u>-</u>	<u>253</u>
		<u>952</u>	<u>3,807</u>

**UBS International Bond Fund**  
**2023**

	Contract/ notional \$'000	Fair Value	
		Assets \$'000	Liabilities \$'000
Forward foreign exchange contracts	270,723	1,833	560
<b>Buy</b>			
Futures	44,529	12	403
<b>Sell</b>			
Futures	<u>37,544</u>	<u>163</u>	<u>142</u>
		<u>2,008</u>	<u>1,105</u>

UBS International Bond Fund  
2022

	Contract/ notional \$'000	Fair Value	
		Assets \$'000	Liabilities \$'000
Forward foreign exchange contracts	381,779	637	7,694
Buy			
Futures	32,765	-	612
Sell			
Futures	<u>11,733</u>	<u>384</u>	<u>-</u>
		<u>1,021</u>	<u>8,306</u>

13 Derivative financial instruments (continued)

UBS Cash Fund

No derivative financial instruments for the financial year ended 2023 and 2022.

UBS Short-Term Fixed Income Fund  
2023

	Contract/ notional \$'000	Fair Value	
		Assets \$'000	Liabilities \$'000
<b>Sell</b>			
Futures	10,191	51	-
		51	-

UBS Short-Term Fixed Income Fund  
2022

	Contract/ notional \$'000	Fair Value	
		Assets \$'000	Liabilities \$'000
<b>Buy</b>			
Futures	31,830	-	110
<b>Sell</b>			
Futures	25,495	-	81
		-	191

UBS Australian Bond Fund  
2023

	Contract/ notional \$'000	Fair Value	
		Assets \$'000	Liabilities \$'000
Swaps	274,181	-	1,577
<b>Buy</b>			
Futures	153,551	-	1,584
<b>Sell</b>			
Futures	103,654	110	465
		110	3,626

UBS Australian Bond Fund  
2022

	Contract/ notional \$'000	Fair Value	
		Assets \$'000	Liabilities \$'000
Swaps	23,056	484	3,066
<b>Buy</b>			
Futures	442,762	791	983
<b>Sell</b>			
Futures	341,228	794	980
		2,069	5,029

An overview of the risk exposures to derivatives is included in Note 14.

## 14 Financial risk management

### (a) Objectives, strategies, policies and processes

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

The Schemes' overall risk management program focuses on ensuring compliance with the Schemes' Product Disclosure Statements and seeks to maximise the returns derived for the level of risk to which the Schemes are exposed. Financial risk management is carried out by the Responsible Entity under policies approved by the Board of Directors of the Responsible Entity ("the Board").

The Schemes use different methods to measure different types of risks to which they are exposed. These methods include sensitivity analysis in the case of price risk, foreign exchange risk and interest rate risk, ratings analysis for credit risk, and maturity analysis for liquidity risk.

As part of its risk management strategy, the Schemes may use derivatives and other investments, including bond futures, swaps, options and forward currency contracts, to manage exposures resulting from changes in interest rates, foreign currencies, equity price, and exposures arising from derivative transactions.

### (b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: price risk, foreign exchange risk and interest rate risk. Market risk is managed and monitored using sensitivity analysis, and minimised through ensuring that all investment activities are undertaken in accordance with established mandates, investment strategies and guidelines.

The market risk disclosures are prepared on the basis of the Schemes' direct investments and not on a look through basis for investments held in the Schemes.

The sensitivity of the Schemes' net assets attributable to unitholders (and profit/(loss) to price risk, foreign exchange risk and interest rate risk is measured by the reasonably possible movements approach. This approach is determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in interest rates and foreign exchange rates, historical correlation of the Schemes' investments with the relevant benchmarks 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 Schemes invest. As a result, historic variations in the risk variables are not a definitive indicator of future variations in the risk variables.

Net assets attributable to unitholders may include investments in debt securities and related derivatives.

At 30 June 2023 and 30 June 2022, the overall market exposures were as follows:

	UBS Global Credit Fund		UBS Diversified Fixed Income Fund		UBS Income Solution Fund	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Derivatives assets at fair value through profit or loss	165	172	258	498	257	952
Derivatives liabilities at fair value through profit or loss	327	2,732	3,222	4,901	1,250	3,807
Securities at fair value through profit or loss	56,377	57,243	481,333	618,320	319,222	334,738
	<u>56,869</u>	<u>60,147</u>	<u>484,813</u>	<u>623,719</u>	<u>320,729</u>	<u>339,497</u>

14 Financial risk management (continued)

(b) Market risk (continued)

	UBS International Bond Fund		UBS Cash Fund		UBS Short-Term Fixed Income Fund	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Derivatives assets at fair value through profit or loss	2,008	1,021	-	-	51	-
Derivatives liabilities at fair value through profit or loss	1,105	8,306	-	-	-	191
Securities at fair value through profit or loss	<u>226,459</u>	<u>281,752</u>	<u>874,369</u>	<u>813,776</u>	<u>132,064</u>	<u>174,274</u>
	<u>229,572</u>	<u>291,079</u>	<u>874,369</u>	<u>813,776</u>	<u>132,115</u>	<u>174,465</u>
	<b>UBS Australian Bond Fund</b>					
	2023 \$'000	2022 \$'000				
Derivatives assets at fair value through profit or loss	110	2,069				
Derivatives liabilities at fair value through profit or loss	3,626	5,029				
Securities at fair value through profit or loss	<u>833,035</u>	<u>852,523</u>				
	<u>836,771</u>	<u>859,621</u>				

(i) Price risk

Price risk is the risk that the fair value or future cash flows of equities will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign exchange risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Price risk exposure arises from the Schemes' investment portfolio. The investments are classified on the Statements of Financial Position as at fair value through profit or loss. All securities investments present a risk of loss of capital. Except for equities sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from equities sold short can be unlimited.

The Investment Manager mitigates this price risk through diversification and a careful selection of securities and other financial instruments within specified limits.

The Schemes' overall market positions are monitored on a daily basis by the Schemes' Investment Manager.

At 30 June 2023 and 30 June 2022, if the equity prices had increased/(decreased) by the percentage indicated, with all other variables held constant, the net assets attributable to unitholders (and profit/(loss)) would have changed by the following amounts, approximately and respectively:

	As at 30 June 2023		As at 30 June 2022	
	Increased by 5% \$'000	Decreased by 5% \$'000	Increased by 5% \$'000	Decreased by 5% \$'000
<b>Increase/(decrease) in net assets attributable to unitholders (and profit/(loss))</b>				
UBS Diversified Fixed Income Fund	23,924	(23,924)	30,744	(30,744)
UBS International Bond Fund	2,985	(2,985)	3,006	(3,006)

**UBS Investment Funds**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2023**  
**(continued)**

**14 Financial risk management (continued)**

**(b) Market risk (continued)**

*(i) Price risk (continued)*

The above analysis is performed on the same basis for both 2023 and 2022 financial years for each of the respective Schemes.

UBS Global Credit Fund, UBS Cash Fund, UBS Short-Term Fixed Income Fund, UBS Income Solution Fund and UBS Australian Bond Fund do not hold investments in other unlisted investment schemes. As a result, each of these Schemes would not be subject to this price risk sensitive analysis.

*(ii) Foreign exchange risk*

The foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Schemes may hold assets denominated in currencies other than the Australian dollar, the functional currency. The Product Disclosure Statement and fund guidelines dictate what and how much foreign currency exposure may be assumed. The sensitivity analysis following is prepared on the basis of asset level exposure excluding currency hedges. It is therefore potentially exposed to foreign exchange risk, as the value of the securities denominated in other currencies will fluctuate due to changes in exchange rates. The risk is measured using sensitivity analysis.

As stated in Note 14(a) above, as part of their risk management strategy, some of the Schemes may use forward currency contracts to manage exposures resulting from changes in foreign currencies. Refer to Note 13 for forward currency contracts held in each of the respective Schemes.

In accordance with the Schemes' policy, the Responsible Entity monitors the Schemes' currency position on a regular basis.

The foreign exchange risk disclosures have been prepared on the basis of the Schemes' direct investments and not on a look through basis for investments held indirectly through unit trusts. Consequently, the disclosure of currency risk in the note may not represent the true currency risk profile of the Schemes where the Schemes have significant investments in indirect trusts which also have exposure to the currency markets.

UBS Cash Fund does not hold investments denominated in currencies other than Australian dollar therefore will not be included in the following table.

The tables below summarise the Schemes' exposure to foreign exchange risk:

**UBS Global Credit Fund**

	Australian Dollars A\$'000	US Dollars A\$'000	Euro A\$'000	Japanese Yen A\$'000	British Pounds A\$'000	Other currencies A\$'000	Total A\$'000
<b>2023</b>							
<b>Assets</b>							
Cash and cash equivalents	257	1,570	921	1	313	127	3,189
Receivables	20	445	164	-	39	6	674
Fixed interest bonds	865	29,399	12,222	-	2,004	891	45,381
Fixed interest annuities	-	82	-	-	-	-	82
Covered bonds	-	-	436	-	-	-	436
Floating rate notes	436	4,930	4,604	-	508	-	10,478
Forward foreign exchange contracts	-	119	-	-	6	-	125
Futures	2	23	15	-	-	-	40
<b>Total assets</b>	<b>1,580</b>	<b>36,568</b>	<b>18,362</b>	<b>1</b>	<b>2,870</b>	<b>1,024</b>	<b>60,405</b>
<b>Liabilities</b>							
Payables	26	-	327	-	-	-	353
Forward foreign exchange contracts	-	-	144	-	38	10	192
Futures	-	127	4	-	-	4	135
<b>Total liabilities</b>	<b>26</b>	<b>127</b>	<b>475</b>	<b>-</b>	<b>38</b>	<b>14</b>	<b>680</b>
<b>Net assets attributable to unitholders</b>	<b>1,554</b>	<b>36,441</b>	<b>17,887</b>	<b>1</b>	<b>2,832</b>	<b>1,010</b>	<b>59,725</b>

**UBS Investment Funds**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2023**  
**(continued)**

**14 Financial risk management (continued)**

**(b) Market risk (continued)**

*(ii) Foreign exchange risk (continued)*

UBS Global Credit Fund

	Australian Dollars A\$'000	US Dollars A\$'000	Euro A\$'000	Japanese Yen A\$'000	British Pounds A\$'000	Other currencies A\$'000	Total A\$'000
2022							
Assets							
Cash and cash equivalents	475	2,249	693	1	1,181	196	4,795
Receivables	37	420	118	-	58	21	654
Fixed interest bonds	1,923	30,871	9,838	-	2,335	122	45,089
Fixed interest annuities	-	84	-	-	-	-	84
Covered bonds	-	-	182	-	-	-	182
Floating rate notes	426	6,275	4,163	-	1,024	-	11,888
Forward foreign exchange contracts	-	82	13	-	-	-	95
Futures	-	-	30	-	47	-	77
Total assets	<u>2,861</u>	<u>39,981</u>	<u>15,037</u>	<u>1</u>	<u>4,645</u>	<u>339</u>	<u>62,864</u>
Liabilities							
Payables	31	-	-	-	-	-	31
Forward foreign exchange contracts	-	2,021	381	-	33	9	2,444
Futures	<u>2</u>	<u>257</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29</u>	<u>288</u>
Total liabilities	<u>33</u>	<u>2,278</u>	<u>381</u>	<u>-</u>	<u>33</u>	<u>38</u>	<u>2,763</u>
Net assets attributable to unitholders	<u>2,828</u>	<u>37,703</u>	<u>14,656</u>	<u>1</u>	<u>4,612</u>	<u>301</u>	<u>60,101</u>

UBS Investment Funds  
Notes to the Financial Statements  
For the year ended 30 June 2023  
(continued)

14 Financial risk management (continued)

(b) Market risk (continued)

(ii) Foreign exchange risk (continued)

UBS Diversified Fixed Income Fund

	Australian Dollars A\$'000	US Dollars A\$'000	Euro A\$'000	Japanese Yen A\$'000	British Pounds A\$'000	Other currencies A\$'000	Total A\$'000
<b>2023</b>							
<b>Assets</b>							
Cash and cash equivalents	21,553	576	52	540	2	483	23,206
Receivables	1,007	-	-	-	-	781	1,788
Unlisted managed investment schemes	478,472	-	-	-	-	-	478,472
Fixed interest bonds	-	-	-	-	-	2,861	2,861
Forward foreign exchange contracts	-	9	-	135	-	110	254
Futures	-	4	-	-	-	-	4
<b>Total assets</b>	<b>501,032</b>	<b>589</b>	<b>52</b>	<b>675</b>	<b>2</b>	<b>4,235</b>	<b>506,585</b>
<b>Liabilities</b>							
Distributions payable	1,019	-	-	-	-	-	1,019
Payables	1,651	-	-	-	-	-	1,651
Swaps	-	-	-	-	-	764	764
Forward foreign exchange contracts	-	1	-	260	145	16	422
Futures	314	1,251	259	156	56	-	2,036
<b>Total liabilities</b>	<b>2,984</b>	<b>1,252</b>	<b>259</b>	<b>416</b>	<b>201</b>	<b>780</b>	<b>5,892</b>
<b>Net assets attributable to unitholders</b>	<b>498,048</b>	<b>(663)</b>	<b>(207)</b>	<b>259</b>	<b>(199)</b>	<b>3,455</b>	<b>500,693</b>

**UBS Investment Funds**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2023**  
**(continued)**

**14 Financial risk management (continued)**

**(b) Market risk (continued)**

*(ii) Foreign exchange risk (continued)*

UBS Diversified Fixed Income Fund

	Australian Dollars A\$'000	US Dollars A\$'000	Euro A\$'000	Japanese Yen A\$'000	British Pounds A\$'000	Other currencies A\$'000	Total A\$'000
2022							
Assets							
Cash and cash equivalents	33,549	289	822	226	1	169	35,056
Receivables	1,711	-	-	-	-	68	1,779
Unlisted managed investment schemes	614,871	-	-	-	-	-	614,871
Fixed interest bonds	338	-	-	-	-	3,111	3,449
Forward foreign exchange contracts	-	2	-	-	-	2	4
Futures	-	295	-	106	-	93	494
Total assets	<u>650,469</u>	<u>586</u>	<u>822</u>	<u>332</u>	<u>1</u>	<u>3,443</u>	<u>655,653</u>
Liabilities							
Payables	11,754	-	-	-	-	-	11,754
Swaps	-	-	-	-	-	2,444	2,444
Forward foreign exchange contracts	-	11	-	-	-	-	11
Futures	1,921	52	473	-	-	-	2,446
Total liabilities	<u>13,675</u>	<u>63</u>	<u>473</u>	<u>-</u>	<u>-</u>	<u>2,444</u>	<u>16,655</u>
Net assets attributable to unitholders	<u>636,794</u>	<u>523</u>	<u>349</u>	<u>332</u>	<u>1</u>	<u>999</u>	<u>638,998</u>



UBS Investment Funds  
Notes to the Financial Statements  
For the year ended 30 June 2023  
(continued)

14 Financial risk management (continued)

(b) Market risk (continued)

(ii) Foreign exchange risk (continued)

UBS Income Solution Fund

	Australian Dollars A\$'000	US Dollars A\$'000	Euro A\$'000	Japanese Yen A\$'000	British Pounds A\$'000	Other currencies A\$'000	Total A\$'000
<b>2023</b>							
<b>Assets</b>							
Cash and cash equivalents	3,227	3,347	57	-	9	-	6,640
Receivables	2,117	794	100	-	17	-	3,028
Fixed interest bonds	159,964	53,474	5,929	-	827	-	220,194
Floating rate notes	96,784	288	492	-	-	-	97,564
Discount securities	-	1,464	-	-	-	-	1,464
Swaps	-	92	-	-	-	-	92
Futures	165	-	-	-	-	-	165
<b>Total assets</b>	<b>262,257</b>	<b>59,459</b>	<b>6,578</b>	<b>-</b>	<b>853</b>	<b>-</b>	<b>329,147</b>
<b>Liabilities</b>							
Distributions payable	665	-	-	-	-	-	665
Payables	1,289	1,643	-	-	-	-	2,932
Forward foreign exchange contracts	-	1,066	175	-	9	-	1,250
<b>Total liabilities</b>	<b>1,954</b>	<b>2,709</b>	<b>175</b>	<b>-</b>	<b>9</b>	<b>-</b>	<b>4,847</b>
<b>Net assets attributable to unitholders</b>	<b>260,303</b>	<b>56,750</b>	<b>6,403</b>	<b>-</b>	<b>844</b>	<b>-</b>	<b>324,300</b>

**UBS Investment Funds**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2023**  
**(continued)**

**14 Financial risk management (continued)**

**(b) Market risk (continued)**

*(ii) Foreign exchange risk (continued)*

UBS Income Solution Fund

	Australian Dollars A\$'000	US Dollars A\$'000	Euro A\$'000	Japanese Yen A\$'000	British Pounds A\$'000	Other currencies A\$'000	Total A\$'000
2022							
<b>Assets</b>							
Cash and cash equivalents	11,054	13,768	616	-	9	-	25,447
Receivables	7,844	822	46	-	6	-	8,718
Fixed interest bonds	179,933	57,385	3,524	-	205	-	241,047
Floating rate notes	93,018	673	-	-	-	-	93,691
Swaps	-	606	-	-	-	-	606
Forward foreign exchange contracts	-	47	-	-	-	-	47
Futures	151	-	-	-	-	-	151
Options	-	148	-	-	-	-	148
<b>Total assets</b>	<b>292,000</b>	<b>73,449</b>	<b>4,186</b>	<b>-</b>	<b>220</b>	<b>-</b>	<b>369,855</b>
<b>Liabilities</b>							
Distributions payable	13,498	-	-	-	-	-	13,498
Payables	13,291	10	-	-	-	-	13,301
Swaps	-	23	-	-	-	-	23
Forward foreign exchange contracts	-	3,178	78	-	-	-	3,256
Futures	275	-	-	-	-	-	275
Options	-	253	-	-	-	-	253
<b>Total liabilities</b>	<b>27,064</b>	<b>3,464</b>	<b>78</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,606</b>
<b>Net assets attributable to unitholders</b>	<b>264,936</b>	<b>69,985</b>	<b>4,108</b>	<b>-</b>	<b>220</b>	<b>-</b>	<b>339,249</b>

UBS Investment Funds  
Notes to the Financial Statements  
For the year ended 30 June 2023  
(continued)

14 Financial risk management (continued)

(b) Market risk (continued)

(ii) Foreign exchange risk (continued)

UBS International Bond Fund

	Australian Dollars A\$'000	US Dollars A\$'000	Euro A\$'000	Japanese Yen A\$'000	British Pounds A\$'000	Other currencies A\$'000	Total A\$'000
<b>2023</b>							
<b>Assets</b>							
Cash and cash equivalents	798	2,220	913	1,586	513	1,052	7,082
Receivables	34	441	324	12	32	491	1,334
Unlisted managed investment schemes	59,710	-	-	-	-	-	59,710
Fixed interest bonds	3,405	33,287	27,943	8,953	3,822	34,857	112,267
Covered bonds	-	-	5,095	-	-	-	5,095
Indexed bonds	-	8,480	-	3,584	-	3,888	15,952
Floating rate notes	-	1,038	4,640	-	-	-	5,678
Mortgage backed securities	-	22,319	-	-	-	-	22,319
Asset backed securities	-	4,995	-	-	-	-	4,995
Discount securities	-	443	-	-	-	-	443
Forward foreign exchange contracts	-	1,044	8	689	-	92	1,833
Futures	44	-	35	-	-	96	175
<b>Total assets</b>	<b>63,991</b>	<b>74,267</b>	<b>38,958</b>	<b>14,824</b>	<b>4,367</b>	<b>40,476</b>	<b>236,883</b>
<b>Liabilities</b>							
Payables	160	4,313	931	-	-	-	5,404
Forward foreign exchange contracts	-	6	327	-	46	181	560
Futures	-	381	83	42	39	-	545
<b>Total liabilities</b>	<b>160</b>	<b>4,700</b>	<b>1,341</b>	<b>42</b>	<b>85</b>	<b>181</b>	<b>6,509</b>
<b>Net assets attributable to unitholders</b>	<b>63,831</b>	<b>69,567</b>	<b>37,617</b>	<b>14,782</b>	<b>4,282</b>	<b>40,295</b>	<b>230,374</b>

**UBS Investment Funds**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2023**  
**(continued)**

**14 Financial risk management (continued)**

**(b) Market risk (continued)**

*(ii) Foreign exchange risk (continued)*

UBS International Bond Fund

	Australian Dollars A\$'000	US Dollars A\$'000	Euro A\$'000	Japanese Yen A\$'000	British Pounds A\$'000	Other currencies A\$'000	Total A\$'000
2022							
<b>Assets</b>							
Cash and cash equivalents	2,293	18,269	849	9,393	1,067	6,525	38,396
Receivables	48	3,190	337	31	42	676	4,324
Unlisted managed investment schemes	60,114	-	-	-	-	-	60,114
Fixed interest bonds	4,716	49,510	42,248	19,232	5,533	46,563	167,802
Covered bonds	-	2,817	4,669	-	-	-	7,486
Indexed bonds	-	-	-	4,317	-	4,803	9,120
Floating rate notes	-	-	3,425	-	-	-	3,425
Mortgage backed securities	-	28,375	-	-	-	-	28,375
Asset backed securities	-	5,430	-	-	-	-	5,430
Forward foreign exchange contracts	-	391	44	149	16	37	637
Futures	-	134	242	8	-	-	384
<b>Total assets</b>	<b>67,171</b>	<b>108,116</b>	<b>51,814</b>	<b>33,130</b>	<b>6,658</b>	<b>58,604</b>	<b>325,493</b>
<b>Liabilities</b>							
Payables	136	12,474	-	-	-	-	12,610
Forward foreign exchange contracts	-	6,400	986	-	50	258	7,694
Futures	-	185	277	-	106	44	612
<b>Total liabilities</b>	<b>136</b>	<b>19,059</b>	<b>1,263</b>	<b>-</b>	<b>156</b>	<b>302</b>	<b>20,916</b>
<b>Net assets attributable to unitholders</b>	<b>67,035</b>	<b>89,057</b>	<b>50,551</b>	<b>33,130</b>	<b>6,502</b>	<b>58,302</b>	<b>304,577</b>

**UBS Cash Fund**

There was no significant direct foreign exchange risk for UBS Cash Fund as at 30 June 2023 (2022: Nil).

**UBS Investment Funds**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2023**  
**(continued)**

**14 Financial risk management (continued)**

**(b) Market risk (continued)**

*(ii) Foreign exchange risk (continued)*

**UBS Short-Term Fixed Income Fund**

	Australian Dollars A\$'000	US Dollars A\$'000	Euro A\$'000	Japanese Yen A\$'000	British Pounds A\$'000	Other currencies A\$'000	Total A\$'000
<b>2023</b>							
<b>Assets</b>							
Cash and cash equivalents	1,732	-	-	-	-	-	1,732
Receivables	577	-	-	-	-	-	577
Fixed interest bonds	22,877	-	-	-	-	-	22,877
Covered bonds	7,490	-	-	-	-	-	7,490
Floating rate notes	53,194	-	-	-	-	-	53,194
Discount securities	48,503	-	-	-	-	-	48,503
Futures	51	-	-	-	-	-	51
<b>Total assets</b>	<b>134,424</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>134,424</b>
<b>Liabilities</b>							
Distributions payable	1,455	-	-	-	-	-	1,455
Payables	75	-	-	-	-	-	75
<b>Total liabilities</b>	<b>1,530</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,530</b>
<b>Net assets attributable to unitholders</b>	<b>132,894</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>132,894</b>

**UBS Short-Term Fixed Income Fund**

	Australian Dollars A\$'000	US Dollars A\$'000	Euro A\$'000	Japanese Yen A\$'000	British Pounds A\$'000	Other currencies A\$'000	Total A\$'000
<b>2022</b>							
<b>Assets</b>							
Cash and cash equivalents	1,371	8	1	-	-	-	1,380
Receivables	430	-	-	-	-	-	430
Fixed interest bonds	25,927	-	-	-	-	-	25,927
Covered bonds	7,981	-	-	-	-	-	7,981
Floating rate notes	78,846	-	-	-	-	-	78,846
Mortgage backed securities	4,852	-	-	-	-	-	4,852
Asset backed Securities	963	-	-	-	-	-	963
Discount securities	55,705	-	-	-	-	-	55,705
<b>Total assets</b>	<b>176,075</b>	<b>8</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>176,084</b>
<b>Liabilities</b>							
Distributions payable	811	-	-	-	-	-	811
Payables	244	-	-	-	-	-	244
Futures	191	-	-	-	-	-	191
<b>Total liabilities</b>	<b>1,246</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,246</b>
<b>Net assets attributable to unitholders</b>	<b>174,829</b>	<b>8</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>174,838</b>

UBS Investment Funds  
Notes to the Financial Statements  
For the year ended 30 June 2023  
(continued)

14 Financial risk management (continued)

(b) Market risk (continued)

(ii) Foreign exchange risk (continued)

UBS Australian Bond Fund

	Australian Dollars A\$'000	US Dollars A\$'000	Euro A\$'000	Japanese Yen A\$'000	British Pounds A\$'000	Other currencies A\$'000	Total A\$'000
<b>2023</b>							
<b>Assets</b>							
Cash and cash equivalents	16,081	116	-	762	-	461	17,420
Receivables	7,025	-	-	-	-	952	7,977
Fixed interest bonds	699,830	-	-	-	-	-	699,830
Covered bonds	45,242	-	-	-	-	-	45,242
Floating rate notes	82,761	-	-	-	-	-	82,761
Mortgage backed securities	5,202	-	-	-	-	-	5,202
Futures	109	1	-	-	-	-	110
<b>Total assets</b>	<b>856,250</b>	<b>117</b>	<b>-</b>	<b>762</b>	<b>-</b>	<b>1,413</b>	<b>858,542</b>
<b>Liabilities</b>							
Distributions payable	2,714	-	-	-	-	-	2,714
Payables	851	-	-	-	-	-	851
Swaps	-	-	-	-	-	1,577	1,577
Futures	607	1,224	-	218	-	-	2,049
<b>Total liabilities</b>	<b>4,172</b>	<b>1,224</b>	<b>-</b>	<b>218</b>	<b>-</b>	<b>1,577</b>	<b>7,191</b>
<b>Net assets attributable to unitholders</b>	<b>852,078</b>	<b>(1,107)</b>	<b>-</b>	<b>544</b>	<b>-</b>	<b>(164)</b>	<b>851,351</b>

**UBS Investment Funds**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2023**  
**(continued)**

**14 Financial risk management (continued)**

**(b) Market risk (continued)**

*(ii) Foreign exchange risk (continued)*

UBS Australian Bond Fund

	Australian Dollars A\$'000	US Dollars A\$'000	Euro A\$'000	Japanese Yen A\$'000	British Pounds A\$'000	Other currencies A\$'000	Total A\$'000
2022							
Assets							
Cash and cash equivalents	37,907	(286)	-	362	-	140	38,123
Receivables	6,354	(11)	-	-	-	67	6,410
Fixed interest bonds	731,125	-	-	-	-	-	731,125
Covered bonds	40,268	-	-	-	-	-	40,268
Floating rate notes	33,720	-	-	-	-	-	33,720
Mortgage backed securities	7,894	-	-	-	-	-	7,894
Discount securities	39,516	-	-	-	-	-	39,516
Swaps	-	484	-	-	-	-	484
Futures	931	581	-	73	-	-	1,585
Total assets	<u>897,715</u>	<u>768</u>	<u>-</u>	<u>435</u>	<u>-</u>	<u>207</u>	<u>899,125</u>
Liabilities							
Payables	1,610	-	-	-	-	-	1,610
Swaps	-	-	-	-	-	3,066	3,066
Futures	1,793	-	170	-	-	-	1,963
Total liabilities	<u>3,403</u>	<u>-</u>	<u>170</u>	<u>-</u>	<u>-</u>	<u>3,066</u>	<u>6,639</u>
Net assets attributable to unitholders	<u>894,312</u>	<u>768</u>	<u>(170)</u>	<u>435</u>	<u>-</u>	<u>(2,859)</u>	<u>892,486</u>

UBS Global Credit Fund, UBS Diversified Fixed Income Fund, UBS Income Solution Fund, UBS International Bond Fund, UBS Short-Term Fixed Income Fund and UBS Australian Bond Fund invest in foreign currency denominated assets. The Product Disclosure Statement provides guideline for the hedging policy for each of the Schemes mentioned above. The hedged position of the Schemes may fluctuate around a perfectly hedged position but the impact is not material.

14 Financial risk management (continued)

(b) Market risk (continued)

(ii) Foreign exchange risk (continued)

UBS Global Credit Fund

At 30 June 2023 and 30 June 2022, had the Australian dollar weakened/strengthened as illustrated below against the various currencies to which the Scheme is exposed, with all other variables held constant, the net assets attributable to unitholders (and profit/(loss)) would have changed by the following amounts, approximately and respectively:

	AUD Weakened		AUD Strengthened	
	Increase/(decrease) in net assets attributable to unitholders (and profit/(loss))			
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$'000	\$'000	\$'000	\$'000
AUD/USD 2023 10% (2022: 10%)	(45)	10	36	(8)
AUD/EUR 2023 10% (2022: 10%)	(2)	(15)	1	12
AUD/CAD 2023 10% (2022: 10%)	(5)	(7)	4	6
AUD/GBP 2023 10% (2022: 10%)	(6)	(9)	5	7

The possible impact against other currencies not disclosed above is considered immaterial individually and therefore has not been included in the above table. The analysis is performed on the same basis for both 2023 and 2022 financial years.

UBS Diversified Fixed Income Fund

At 30 June 2023 and 30 June 2022, had the Australian dollar weakened/strengthened as illustrated below against the various currencies to which the Scheme is exposed, with all other variables held constant, the net assets attributable to unitholders (and profit/(loss)) would have changed by the following amounts, approximately and respectively:

	AUD Weakened		AUD Strengthened	
	Increase/(decrease) in net assets attributable to unitholders (and profit/(loss))			
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$'000	\$'000	\$'000	\$'000
AUD/USD 2023 10% (2022: 10%)	(75)	19	61	(16)
AUD/EUR 2023 10% (2022: 10%)	(23)	39	19	(32)
AUD/JPY 2023 10% (2022: 10%)	43	37	(35)	(30)
AUD/GBP 2023 10% (2022: 10%)	(6)	-	5	-
AUD/NZD 2023 10% (2022: 10%)	(167)	(9)	136	7
AUD/CAD 2023 10% (2022: 10%)	4	10	(4)	(8)
AUD/CNY 2023 10% (2022: 10%)	-	(18)	-	15

The possible impact against other currencies is considered immaterial individually and therefore has not been included in the above table. The analysis is performed on the same basis for both 2023 and 2022 financial years.



**14 Financial risk management (continued)**

**(b) Market risk (continued)**

*(ii) Foreign exchange risk (continued)*

**UBS Income Solution Fund**

At 30 June 2023 and 30 June 2022, had the Australian dollar weakened/strengthened as illustrated below against the various currencies to which the Scheme is exposed, with all other variables held constant, the net assets attributable to unitholders (and profit/(loss)) would have changed by the following amounts, approximately and respectively:

	AUD Weakened		AUD Strengthened	
	Increase/(decrease) in net assets attributable to unitholders (and profit/(loss))			
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$'000	\$'000	\$'000	\$'000
AUD/USD 2023 10% (2022: 10%)	(52)	(130)	43	106
AUD/EUR 2023 10% (2022: 10%)	8	(17)	(7)	14
AUD/GBP 2023 10% (2022: 10%)	58	24	(47)	(19)

The possible impact against other currencies is considered immaterial individually and therefore has not been included in the above table. The analysis is performed on the same basis for both 2023 and 2022 financial years.

**UBS International Bond Fund**

At 30 June 2023 and 30 June 2022, had the Australian dollar weakened/strengthened as illustrated below against the various currencies to which the Scheme is exposed, with all other variables held constant, the net assets attributable to unitholders (and profit/(loss)) would have changed by the following amounts, approximately and respectively:

	AUD Weakened		AUD Strengthened	
	Increase/(decrease) in net assets attributable to unitholders (and profit/(loss))			
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$'000	\$'000	\$'000	\$'000
AUD/USD 2023 10% (2022: 10%)	(36)	101	30	(82)
AUD/EUR 2023 10% (2022: 10%)	(18)	78	15	(63)
AUD/JPY 2023 10% (2022: 10%)	(13)	(57)	11	46
AUD/GBP 2023 10% (2022: 10%)	(17)	(28)	14	23
AUD/CAD 2023 10% (2022: 10%)	(4)	11	3	(9)
AUD/KRW 2023 10% (2022: 10%)	(14)	7	12	(6)
AUD/NZD 2023 10% (2022: 10%)	35	(25)	(28)	21
AUD/CNY 2023 10% (2022: 10%)	(64)	(39)	53	32

The possible impact against other currencies not disclosed above is considered immaterial individually and therefore has not been included in the above table. The analysis is performed on the same basis for both 2023 and 2022 financial years.

**UBS Cash Fund**

There was no significant direct foreign exchange risk for UBS Cash Fund as at 30 June 2023 (2022: Nil).

**14 Financial risk management (continued)**

**(b) Market risk (continued)**

*(ii) Foreign exchange risk (continued)*

**UBS Short-Term Fixed Income Fund**

At 30 June 2023 and 30 June 2022, had the Australian dollar weakened/strengthened as illustrated below against the various currencies to which the Scheme is exposed, with all other variables held constant, the net assets attributable to unitholders (and profit/(loss)) would have changed by the following amounts, approximately and respectively:

	AUD Weakened		AUD Strengthened	
	Increase/(decrease) in net assets attributable to unitholders (and profit/(loss))			
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$'000	\$'000	\$'000	\$'000
AUD/USD 2023 10% (2022: 10%)	-	1	-	(1)

The possible impact against other currencies not disclosed above is considered immaterial individually and therefore has not been included in the above table. The analysis is performed on the same basis for both 2023 and 2022 financial years.

**UBS Australian Bond Fund**

At 30 June 2023 and 30 June 2022, had the Australian dollar weakened/strengthened as illustrated below against the various currencies to which the Scheme is exposed, with all other variables held constant, the net assets attributable to unitholders (and profit/(loss)) would have changed by the following amounts, approximately and respectively:

	AUD Weakened		AUD Strengthened	
	Increase/(decrease) in net assets attributable to unitholders (and profit/(loss))			
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$'000	\$'000	\$'000	\$'000
AUD/USD 2023 10% (2022: 10%)	(123)	87	101	(71)
AUD/EUR 2023 10% (2022: 10%)	-	(19)	-	16
AUD/JPY 2023 10% (2022: 10%)	60	48	(49)	(39)
AUD/NZD 2023 10% (2022: 10%)	(124)	(325)	101	266

The possible impact against other currencies not disclosed above is considered immaterial individually and therefore has not been included in the above table. The analysis is performed on the same basis for both 2023 and 2022 financial years.

*(iii) Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Schemes' interest-bearing financial assets and financial liabilities expose them to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on their financial position and cash flows. The Schemes have established limits on investments in interest-bearing assets, which are monitored on a daily basis. The Schemes may use derivatives to hedge against unexpected increases in interest rates and/or multiple rollover dates for debt instruments to manage repricing risk. The interest rate risk is measured using sensitivity analysis.

In accordance with the Schemes' policy, the Responsible Entity monitors the Schemes' overall interest sensitivity on a daily basis.

The Schemes 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 Schemes invest and impact on the valuation of certain assets that use interest rates as an input in their valuation model. Therefore, the sensitivity analysis may not fully indicate the total effect on the Schemes' net assets attributable to unitholders of future movements in interest rates.

A reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Schemes did not hold any securities that are exposed to LIBOR's as at 30 June 2023.

14 Financial risk management (continued)

(b) Market risk (continued)

(iii) Interest rate risk (continued)

The Investment Manager monitors and manages the Schemes' transition to alternative rates if required. The Investment Manager evaluates the extent to which contracts reference IBOR cash flows, whether such contracts will need to be amended as a result of IBOR reform and how to manage communication about IBOR reform with counterparties.

The table below summarises the Schemes' exposure to interest rate risks. It includes the Schemes' assets and liabilities at fair values, categorised by the maturity dates:

UBS Global Credit Fund

	Floating interest rate \$'000	Fixed interest rate				Non- interest bearing \$'000	Total \$'000
		3 months or less \$'000	4 to 12 months \$'000	1 to 5 years \$'000	Over 5 years \$'000		
<b>2023</b>							
<b>Assets</b>							
Cash and cash equivalents	2,564	625	-	-	-	-	3,189
Receivables	-	-	-	-	-	674	674
Fixed interest bonds	-	150	2,082	19,457	23,692	-	45,381
Fixed interest annuities	-	-	-	-	82	-	82
Covered bonds	-	-	-	436	-	-	436
Floating rate notes	10,478	-	-	-	-	-	10,478
Forward foreign exchange contracts	-	-	-	-	-	125	125
Futures	40	-	-	-	-	-	40
<b>Total assets</b>	<b>13,082</b>	<b>775</b>	<b>2,082</b>	<b>19,893</b>	<b>23,774</b>	<b>799</b>	<b>60,405</b>
<b>Liabilities</b>							
Payables	-	-	-	-	-	353	353
Forward foreign exchange contracts	-	-	-	-	-	192	192
Futures	135	-	-	-	-	-	135
<b>Total liabilities</b>	<b>135</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>545</b>	<b>680</b>
<b>Net assets attributable to unitholders</b>	<b>12,947</b>	<b>775</b>	<b>2,082</b>	<b>19,893</b>	<b>23,774</b>	<b>254</b>	<b>59,725</b>

**UBS Investment Funds**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2023**  
**(continued)**

**14 Financial risk management (continued)**

**(b) Market risk (continued)**

*(iii) Interest rate risk (continued)*

UBS Global Credit Fund

	Floating interest rate \$'000	Fixed interest rate				Non- interest bearing \$'000	Total \$'000
		3 months or less \$'000	4 to 12 months \$'000	1 to 5 years \$'000	Over 5 years \$'000		
2022							
Assets							
Cash and cash equivalents	3,237	1,558	-	-	-	-	4,795
Receivables	-	-	-	-	-	654	654
Fixed interest bonds	-	462	2,732	19,384	22,511	-	45,089
Fixed interest annuities	-	-	-	-	84	-	84
Covered bonds	-	-	-	182	-	-	182
Floating rate notes	11,888	-	-	-	-	-	11,888
Forward foreign exchange contracts	-	-	-	-	-	95	95
Futures	77	-	-	-	-	-	77
Total assets	<u>15,202</u>	<u>2,020</u>	<u>2,732</u>	<u>19,566</u>	<u>22,595</u>	<u>749</u>	<u>62,864</u>
Liabilities							
Payables	-	-	-	-	-	31	31
Forward foreign exchange contracts	-	-	-	-	-	2,444	2,444
Futures	288	-	-	-	-	-	288
Total liabilities	<u>288</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,475</u>	<u>2,763</u>
Net assets attributable to unitholders	<u>14,914</u>	<u>2,020</u>	<u>2,732</u>	<u>19,566</u>	<u>22,595</u>	<u>(1,726)</u>	<u>60,101</u>

UBS Investment Funds  
Notes to the Financial Statements  
For the year ended 30 June 2023  
(continued)

14 Financial risk management (continued)

(b) Market risk (continued)

(iii) Interest rate risk (continued)

UBS Diversified Fixed Income Fund

	Fixed interest rate					Non-interest bearing \$'000	Total \$'000
	Floating interest rate \$'000	3 months or less \$'000	4 to 12 months \$'000	1 to 5 years \$'000	Over 5 years \$'000		
<b>2023</b>							
<b>Assets</b>							
Cash and cash equivalents	17,400	5,806	-	-	-	-	23,206
Receivables	-	-	-	-	-	1,788	1,788
Unlisted managed investment schemes	-	-	-	-	-	478,472	478,472
Fixed interest bonds	-	-	-	-	2,861	-	2,861
Forward foreign exchange contracts	-	-	-	-	-	254	254
Futures	4	-	-	-	-	-	4
<b>Total assets</b>	<b>17,404</b>	<b>5,806</b>	<b>-</b>	<b>-</b>	<b>2,861</b>	<b>480,514</b>	<b>506,585</b>
<b>Liabilities</b>							
Distributions payable	-	-	-	-	-	1,019	1,019
Payables	-	-	-	-	-	1,651	1,651
Swaps	764	-	-	-	-	-	764
Forward foreign exchange contracts	-	-	-	-	-	422	422
Futures	2,036	-	-	-	-	-	2,036
<b>Total liabilities</b>	<b>2,800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,092</b>	<b>5,892</b>
<b>Net assets attributable to unitholders</b>	<b>14,604</b>	<b>5,806</b>	<b>-</b>	<b>-</b>	<b>2,861</b>	<b>477,422</b>	<b>500,693</b>

**UBS Investment Funds**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2023**  
**(continued)**

**14 Financial risk management (continued)**

**(b) Market risk (continued)**

*(iii) Interest rate risk (continued)*

UBS Diversified Fixed Income Fund

	Floating interest rate \$'000	Fixed interest rate				Non- interest bearing \$'000	Total \$'000
		3 months or less \$'000	4 to 12 months \$'000	1 to 5 years \$'000	Over 5 years \$'000		
2022							
Assets							
Cash and cash equivalents	27,312	7,744	-	-	-	-	35,056
Receivables	-	-	-	-	-	1,779	1,779
Unlisted managed investment schemes	-	-	-	-	-	614,871	614,871
Fixed interest bonds	-	-	338	-	3,111	-	3,449
Forward foreign exchange contracts	-	-	-	-	-	4	4
Futures	494	-	-	-	-	-	494
Total assets	<u>27,806</u>	<u>7,744</u>	<u>338</u>	<u>-</u>	<u>3,111</u>	<u>616,654</u>	<u>655,653</u>
Liabilities							
Payables	-	-	-	-	-	11,754	11,754
Swaps	2,444	-	-	-	-	-	2,444
Forward foreign exchange contracts	-	-	-	-	-	11	11
Futures	2,446	-	-	-	-	-	2,446
Total liabilities	<u>4,890</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,765</u>	<u>16,655</u>
Net assets attributable to unitholders	<u>22,916</u>	<u>7,744</u>	<u>338</u>	<u>-</u>	<u>3,111</u>	<u>604,889</u>	<u>638,998</u>

14 Financial risk management (continued)

(b) Market risk (continued)

(iii) Interest rate risk (continued)

UBS Income Solution Fund

	Floating interest rate \$'000	Fixed interest rate				Non- interest bearing \$'000	Total \$'000
		3 months or less \$'000	4 to 12 months \$'000	1 to 5 years \$'000	Over 5 years \$'000		
<b>2023</b>							
<b>Assets</b>							
Cash and cash equivalents	5,881	759	-	-	-	-	6,640
Receivables	-	-	-	-	-	3,028	3,028
Fixed interest bonds	-	1,875	6,348	132,023	79,948	-	220,194
Floating rate notes	97,564	-	-	-	-	-	97,564
Discount securities	-	-	1,464	-	-	-	1,464
Swaps	92	-	-	-	-	-	92
Futures	165	-	-	-	-	-	165
<b>Total assets</b>	<b>103,702</b>	<b>2,634</b>	<b>7,812</b>	<b>132,023</b>	<b>79,948</b>	<b>3,028</b>	<b>329,147</b>
<b>Liabilities</b>							
Distributions payable	-	-	-	-	-	665	665
Payables	-	-	-	-	-	2,932	2,932
Forward foreign exchange contracts	-	-	-	-	-	1,250	1,250
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,847</b>	<b>4,847</b>
<b>Net assets attributable to unitholders</b>	<b>103,702</b>	<b>2,634</b>	<b>7,812</b>	<b>132,023</b>	<b>79,948</b>	<b>(1,819)</b>	<b>324,300</b>

**UBS Investment Funds**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2023**  
**(continued)**

**14 Financial risk management (continued)**

**(b) Market risk (continued)**

*(iii) Interest rate risk (continued)*

UBS Income Solution Fund

	Floating interest rate \$'000	Fixed interest rate				Non- interest bearing \$'000	Total \$'000
		3 months or less \$'000	4 to 12 months \$'000	1 to 5 years \$'000	Over 5 years \$'000		
2022							
<b>Assets</b>							
Cash and cash equivalents	23,052	2,395	-	-	-	-	25,447
Receivables	-	-	-	-	-	8,718	8,718
Fixed interest bonds	-	956	7,911	121,531	110,649	-	241,047
Floating rate notes	93,691	-	-	-	-	-	93,691
Swaps	606	-	-	-	-	-	606
Forward foreign exchange contracts	-	-	-	-	-	47	47
Futures	151	-	-	-	-	-	151
Options	148	-	-	-	-	-	148
<b>Total assets</b>	<b>117,648</b>	<b>3,351</b>	<b>7,911</b>	<b>121,531</b>	<b>110,649</b>	<b>8,765</b>	<b>369,855</b>
<b>Liabilities</b>							
Distributions payable	-	-	-	-	-	13,498	13,498
Payables	-	-	-	-	-	13,301	13,301
Swaps	23	-	-	-	-	-	23
Forward foreign exchange contracts	-	-	-	-	-	3,256	3,256
Futures	275	-	-	-	-	-	275
Options	253	-	-	-	-	-	253
<b>Total liabilities</b>	<b>551</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,055</b>	<b>30,606</b>
<b>Net assets attributable to unitholders</b>	<b>117,097</b>	<b>3,351</b>	<b>7,911</b>	<b>121,531</b>	<b>110,649</b>	<b>(21,290)</b>	<b>339,249</b>



UBS Investment Funds  
Notes to the Financial Statements  
For the year ended 30 June 2023  
(continued)

14 Financial risk management (continued)

(b) Market risk (continued)

(iii) Interest rate risk (continued)

UBS International Bond Fund

	Floating interest rate \$'000	Fixed interest rate				Non- interest bearing \$'000	Total \$'000
		3 months or less \$'000	4 to 12 months \$'000	1 to 5 years \$'000	Over 5 years \$'000		
<b>2023</b>							
<b>Assets</b>							
Cash and cash equivalents	5,479	1,603	-	-	-	-	7,082
Receivables	-	-	-	-	-	1,334	1,334
Unlisted managed investment schemes	-	-	-	-	-	59,710	59,710
Fixed interest bonds	-	1,599	-	46,436	64,232	-	112,267
Covered bonds	-	-	-	3,471	1,624	-	5,095
Indexed bonds	15,952	-	-	-	-	-	15,952
Floating rate notes	5,678	-	-	-	-	-	5,678
Mortgage backed securities	22,319	-	-	-	-	-	22,319
Asset backed securities	4,995	-	-	-	-	-	4,995
Discount securities	-	-	-	443	-	-	443
Forward foreign exchange contracts	-	-	-	-	-	1,833	1,833
Futures	175	-	-	-	-	-	175
<b>Total assets</b>	<b>54,598</b>	<b>3,202</b>	<b>-</b>	<b>50,350</b>	<b>65,856</b>	<b>62,877</b>	<b>236,883</b>
<b>Liabilities</b>							
Payables	-	-	-	-	-	5,404	5,404
Forward foreign exchange contracts	-	-	-	-	-	560	560
Futures	545	-	-	-	-	-	545
<b>Total liabilities</b>	<b>545</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,964</b>	<b>6,509</b>
<b>Net assets attributable to unitholders</b>	<b>54,053</b>	<b>3,202</b>	<b>-</b>	<b>50,350</b>	<b>65,856</b>	<b>56,913</b>	<b>230,374</b>

**UBS Investment Funds**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2023**  
**(continued)**

**14 Financial risk management (continued)**

**(b) Market risk (continued)**

*(iii) Interest rate risk (continued)*

UBS International Bond Fund

	Floating interest rate	Fixed interest rate				Non-interest bearing	Total
	3 months or less	4 to 12 months	1 to 5 years	Over 5 years			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2022							
<b>Assets</b>							
Cash and cash equivalents	36,941	1,455	-	-	-	-	38,396
Receivables	-	-	-	-	-	4,324	4,324
Unlisted managed investment schemes	-	-	-	-	-	60,114	60,114
Fixed interest bonds	-	-	7,840	55,421	104,541	-	167,802
Covered bonds	-	2,818	-	2,553	2,115	-	7,486
Indexed bonds	9,120	-	-	-	-	-	9,120
Floating rate notes	3,425	-	-	-	-	-	3,425
Mortgage backed securities	28,375	-	-	-	-	-	28,375
Asset backed securities	5,430	-	-	-	-	-	5,430
Forward foreign exchange contracts	-	-	-	-	-	637	637
Futures	384	-	-	-	-	-	384
<b>Total assets</b>	<b>83,675</b>	<b>4,273</b>	<b>7,840</b>	<b>57,974</b>	<b>106,656</b>	<b>65,075</b>	<b>325,493</b>
<b>Liabilities</b>							
Payables	-	-	-	-	-	12,610	12,610
Forward foreign exchange contracts	-	-	-	-	-	7,694	7,694
Futures	612	-	-	-	-	-	612
<b>Total liabilities</b>	<b>612</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,304</b>	<b>20,916</b>
<b>Net assets attributable to unitholders</b>	<b>83,063</b>	<b>4,273</b>	<b>7,840</b>	<b>57,974</b>	<b>106,656</b>	<b>44,771</b>	<b>304,577</b>

UBS Investment Funds  
Notes to the Financial Statements  
For the year ended 30 June 2023  
(continued)

14 Financial risk management (continued)

(b) Market risk (continued)

(iii) Interest rate risk (continued)

UBS Cash Fund

	Floating interest rate \$'000	Fixed interest rate				Non- interest bearing \$'000	Total \$'000
		3 months or less \$'000	4 to 12 months \$'000	1 to 5 years \$'000	Over 5 years \$'000		
<b>2023</b>							
<b>Assets</b>							
Cash and cash equivalents	32,429	-	-	-	-	-	32,429
Receivables	-	-	-	-	-	1,553	1,553
Floating rate notes	74,552	-	-	-	-	-	74,552
Discount securities	-	627,842	171,975	-	-	-	799,817
<b>Total assets</b>	<b>106,981</b>	<b>627,842</b>	<b>171,975</b>	<b>-</b>	<b>-</b>	<b>1,553</b>	<b>908,351</b>
<b>Liabilities</b>							
Distributions payable	-	-	-	-	-	3,323	3,323
Payables	-	-	-	-	-	5,663	5,663
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,986</b>	<b>8,986</b>
<b>Net assets attributable to unitholders</b>	<b>106,981</b>	<b>627,842</b>	<b>171,975</b>	<b>-</b>	<b>-</b>	<b>(7,433)</b>	<b>899,365</b>

UBS Cash Fund

	Floating interest rate \$'000	Fixed interest rate				Non- interest bearing \$'000	Total \$'000
		3 months or less \$'000	4 to 12 months \$'000	1 to 5 years \$'000	Over 5 years \$'000		
<b>2022</b>							
<b>Assets</b>							
Cash and cash equivalents	43,513	-	-	-	-	-	43,513
Receivables	-	-	-	-	-	880	880
Floating rate notes	61,027	-	-	-	-	-	61,027
Discount securities	-	493,050	259,699	-	-	-	752,749
<b>Total assets</b>	<b>104,540</b>	<b>493,050</b>	<b>259,699</b>	<b>-</b>	<b>-</b>	<b>880</b>	<b>858,169</b>
<b>Liabilities</b>							
Distributions payable	-	-	-	-	-	849	849
Payables	-	-	-	-	-	3,031	3,031
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,880</b>	<b>3,880</b>
<b>Net assets attributable to unitholders</b>	<b>104,540</b>	<b>493,050</b>	<b>259,699</b>	<b>-</b>	<b>-</b>	<b>(3,000)</b>	<b>854,289</b>

UBS Investment Funds  
Notes to the Financial Statements  
For the year ended 30 June 2023  
(continued)

14 Financial risk management (continued)

(b) Market risk (continued)

(iii) Interest rate risk (continued)

UBS Short-Term Fixed Income Fund

	Floating interest rate \$'000	Fixed interest rate				Non- interest bearing \$'000	Total \$'000
		3 months or less \$'000	4 to 12 months \$'000	1 to 5 years \$'000	Over 5 years \$'000		
<b>2023</b>							
<b>Assets</b>							
Cash and cash equivalents	1,610	122	-	-	-	-	1,732
Receivables	-	-	-	-	-	577	577
Fixed interest bonds	-	-	2,290	20,587	-	-	22,877
Covered bonds	6,006	-	-	1,484	-	-	7,490
Floating rate notes	53,194	-	-	-	-	-	53,194
Discount securities	-	29,848	18,655	-	-	-	48,503
Futures	51	-	-	-	-	-	51
<b>Total assets</b>	<b>60,861</b>	<b>29,970</b>	<b>20,945</b>	<b>22,071</b>	<b>-</b>	<b>577</b>	<b>134,424</b>
<b>Liabilities</b>							
Distributions payable	-	-	-	-	-	1,455	1,455
Payables	-	-	-	-	-	75	75
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,530</b>	<b>1,530</b>
<b>Net assets attributable to unitholders</b>	<b>60,861</b>	<b>29,970</b>	<b>20,945</b>	<b>22,071</b>	<b>-</b>	<b>(953)</b>	<b>132,894</b>

**UBS Investment Funds**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2023**  
**(continued)**

**14 Financial risk management (continued)**

**(b) Market risk (continued)**

*(iii) Interest rate risk (continued)*

UBS Short-Term Fixed Income Fund

	Floating interest rate \$'000	Fixed interest rate				Non- interest bearing \$'000	Total \$'000
		3 months or less \$'000	4 to 12 months \$'000	1 to 5 years \$'000	Over 5 years \$'000		
2022							
Assets							
Cash and cash equivalents	1,069	311	-	-	-	-	1,380
Receivables	-	-	-	-	-	430	430
Fixed interest bonds	-	-	2,959	22,968	-	-	25,927
Covered bonds	7,981	-	-	-	-	-	7,981
Floating rate notes	78,846	-	-	-	-	-	78,846
Mortgage backed securities	4,852	-	-	-	-	-	4,852
Asset backed securities	963	-	-	-	-	-	963
Discount securities	-	29,932	25,773	-	-	-	55,705
Total assets	<u>93,711</u>	<u>30,243</u>	<u>28,732</u>	<u>22,968</u>	<u>-</u>	<u>430</u>	<u>176,084</u>
Liabilities							
Distributions payable	-	-	-	-	-	811	811
Payables	-	-	-	-	-	244	244
Futures	191	-	-	-	-	-	191
Total liabilities	<u>191</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,055</u>	<u>1,246</u>
Net assets attributable to unitholders	<u>93,520</u>	<u>30,243</u>	<u>28,732</u>	<u>22,968</u>	<u>-</u>	<u>(625)</u>	<u>174,838</u>

UBS Investment Funds  
Notes to the Financial Statements  
For the year ended 30 June 2023  
(continued)

14 Financial risk management (continued)

(b) Market risk (continued)

(iii) Interest rate risk (continued)

UBS Australian Bond Fund

	Floating interest rate \$'000	Fixed interest rate				Non- interest bearing \$'000	Total \$'000
		3 months or less \$'000	4 to 12 months \$'000	1 to 5 years \$'000	Over 5 years \$'000		
<b>2023</b>							
<b>Assets</b>							
Cash and cash equivalents	8,677	8,743	-	-	-	-	17,420
Receivables	-	-	-	-	-	7,977	7,977
Fixed interest bonds	-	-	5,655	268,505	425,670	-	699,830
Covered bonds	-	-	-	36,505	8,737	-	45,242
Floating rate notes	82,761	-	-	-	-	-	82,761
Mortgage backed securities	5,202	-	-	-	-	-	5,202
Futures	110	-	-	-	-	-	110
<b>Total assets</b>	<b>96,750</b>	<b>8,743</b>	<b>5,655</b>	<b>305,010</b>	<b>434,407</b>	<b>7,977</b>	<b>858,542</b>
<b>Liabilities</b>							
Distributions payable	-	-	-	-	-	2,714	2,714
Payables	-	-	-	-	-	851	851
Swaps	1,577	-	-	-	-	-	1,577
Futures	2,049	-	-	-	-	-	2,049
<b>Total liabilities</b>	<b>3,626</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,565</b>	<b>7,191</b>
<b>Net assets attributable to unitholders</b>	<b>93,124</b>	<b>8,743</b>	<b>5,655</b>	<b>305,010</b>	<b>434,407</b>	<b>4,412</b>	<b>851,351</b>

**UBS Investment Funds**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2023**  
**(continued)**

**14 Financial risk management (continued)**

**(b) Market risk (continued)**

*(iii) Interest rate risk (continued)*

UBS Australian Bond Fund

	Floating interest rate \$'000	Fixed interest rate				Non-interest bearing \$'000	Total \$'000
		3 months or less \$'000	4 to 12 months \$'000	1 to 5 years \$'000	Over 5 years \$'000		
2022							
Assets							
Cash and cash equivalents	30,179	7,944	-	-	-	-	38,123
Receivables	-	-	-	-	-	6,410	6,410
Fixed interest bonds	-	-	19,993	299,692	411,440	-	731,125
Covered bonds	-	-	-	40,268	-	-	40,268
Floating rate notes	33,720	-	-	-	-	-	33,720
Mortgage backed securities	7,894	-	-	-	-	-	7,894
Discount securities	-	-	39,516	-	-	-	39,516
Swaps	484	-	-	-	-	-	484
Futures	1,585	-	-	-	-	-	1,585
Total assets	<u>73,862</u>	<u>7,944</u>	<u>59,509</u>	<u>339,960</u>	<u>411,440</u>	<u>6,410</u>	<u>899,125</u>
Liabilities							
Payables	-	-	-	-	-	1,610	1,610
Swaps	3,066	-	-	-	-	-	3,066
Futures	1,963	-	-	-	-	-	1,963
Total liabilities	<u>5,029</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,610</u>	<u>6,639</u>
Net assets attributable to unitholders	<u>68,833</u>	<u>7,944</u>	<u>59,509</u>	<u>339,960</u>	<u>411,440</u>	<u>4,800</u>	<u>892,486</u>

At 30 June 2023 and 30 June 2022, should interest rates have increased/(decreased) by the basis points indicated below, with all other variables held constant, the net assets attributable to unitholders (and profit/(loss)) would have changed by the following amounts, approximately and respectively:

	As at 30 June 2023		As at 30 June 2022	
	Increased by 100bp \$'000	Decreased by 100bp \$'000	Increased by 100bp \$'000	Decreased by 100bp \$'000
<b>Increase/(decrease) in net assets attributable to unitholders (and profit/(loss))</b>				
UBS Global Credit Fund	(2,784)	2,789	(3,836)	3,841
UBS Diversified Fixed Income Fund	(2,794)	2,796	(932)	935
UBS Income Solution Fund	(7,561)	7,565	(2,906)	2,908
UBS International Bond Fund	(9,225)	9,251	(18,922)	18,963
UBS Cash Fund	(1,652)	1,652	(1,641)	1,641
UBS Short-Term Fixed Income Fund	(359)	359	(167)	168
UBS Australian Bond Fund	(49,699)	49,743	(44,093)	44,138

## 14 Financial risk management (continued)

### (c) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Credit risk primarily arises from investments in debt securities and from trading derivative products. Other credit risk arises from cash and cash equivalents, deposits with banks and other financial institutions.

With respect to credit risk arising from the financial assets of the Schemes, other than derivatives, the Schemes' exposure to credit risk arises from default of the counterparty, with the current exposure equal to the fair value of these investments as disclosed in the Statements of Financial Position. This does not represent the maximum risk exposure that could arise in the future as a result of changes in values, but best represents the current maximum exposure at the end of the financial year.

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values.

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered low, as delivery of securities sold is only made once the broker has received payment. Payment is made once purchase of the securities has been received by the broker. The trade will fail if either party fails to meet its obligations.

The Schemes hold no collateral as security or any other credit enhancements. There are no financial assets that are past due or impaired, or would otherwise be past due or impaired.

Counterparty credit limits and the list of authorised brokers are reviewed by the relevant parties within the Responsible Entity on a regular basis as deemed appropriate.

In accordance with the Schemes' policy, the Responsible Entity monitors the Schemes' credit position on a regular basis. This information and the compliance with the Schemes' policy are reported to the relevant parties on a regular basis as deemed appropriate such as compliance manager, other key management personnel, compliance committees and ultimately the Board. All contracts with counterparties are included in the Board's Approved Counterparties list.

### *Credit quality per class of instrument*

The credit quality of financial assets is managed by the Schemes using Standard & Poor's rating categories, in accordance with the investment mandate of the Schemes. The Schemes' exposure in each grade is monitored on a daily basis. This review process allows the Responsible Entity to assess the potential loss as a result of risks and take corrective action.

Securities that are rated by a credit rating agency, other than Standard & Poor's (namely, Moody's Corporation and Fitch Group), at the election of the security issuer, have been allocated by Standard & Poor's equivalent rating scale in accordance with current market practice. If a security has been rated by both Moody's and Fitch and the rating is inconsistent between these two rating agencies, then the most conservative ratings have been adopted in the credit risk analysis tables overleaf. The 'Others' category may include unrated debt instruments and other ratings lower than BBB. In order to monitor the credit quality of the unrated assets, the Responsible Entity, on the basis of internal research, may prepare its own shadow ratings for the various instruments for which publicly available credit ratings do not exist.

The table below shows the credit quality by class of assets:

UBS Global Credit Fund	AAA to AA- /A-1+ \$'000	A+ to A- /A-1 \$'000	BBB+ to BBB- /A-2 to A-3 \$'000	Others \$'000
<b>As at 30 June 2023</b>				
Fixed interest bonds	2,343	16,135	26,229	674
Fixed interest annuities	82	-	-	-
Covered bonds	436	-	-	-
Floating rate notes	-	3,665	6,654	159
<b>Total</b>	<b>2,861</b>	<b>19,800</b>	<b>32,883</b>	<b>833</b>



**UBS Investment Funds**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2023**  
**(continued)**

**14 Financial risk management (continued)**

**(c) Credit risk (continued)**

	AAA to AA- /A-1+ \$'000	A+ to A- /A-1 \$'000	BBB+ to BBB- /A-2 to A-3 \$'000	Others \$'000
As at 30 June 2022				
Convertible notes	182	-	-	-
Fixed interest bonds	2,030	14,830	26,923	1,306
Fixed interest annuities	84	-	-	-
Floating rate notes	-	4,185	6,721	982
<b>Total</b>	<b>2,296</b>	<b>19,015</b>	<b>33,644</b>	<b>2,288</b>

**UBS Diversified Fixed Income Fund**

**As at 30 June 2023**

	AAA to AA- /A-1+ \$'000	A+ to A- /A-1 \$'000	BBB+ to BBB- /A-2 to A-3 \$'000	Others \$'000
Fixed interest bonds	2,861	-	-	-
<b>Total</b>	<b>2,861</b>	<b>-</b>	<b>-</b>	<b>-</b>

	AAA to AA- /A-1+ \$'000	A+ to A- /A-1 \$'000	BBB+ to BBB- /A-2 to A-3 \$'000	Others \$'000
As at 30 June 2022				
Fixed interest bonds	3,111	-	-	338
<b>Total</b>	<b>3,111</b>	<b>-</b>	<b>-</b>	<b>338</b>

**UBS Income Solution Fund**

**As at 30 June 2023**

	AAA to AA- /A-1+ \$'000	A+ to A- /A-1 \$'000	BBB+ to BBB- /A-2 to A-3 \$'000	Others \$'000
Fixed interest bonds	-	22,372	142,331	55,491
Floating rate notes	-	2,220	90,104	5,240
Discount securities	1,464	-	-	-
<b>Total</b>	<b>1,464</b>	<b>24,592</b>	<b>232,435</b>	<b>60,731</b>

	AAA to AA- /A-1+ \$'000	A+ to A- /A-1 \$'000	BBB+ to BBB- /A-2 to A-3 \$'000	Others \$'000
As at 30 June 2022				
Fixed interest bonds	1,905	31,454	150,752	56,936
Floating rate notes	-	2,365	86,663	4,663
<b>Total</b>	<b>1,905</b>	<b>33,819</b>	<b>237,415</b>	<b>61,599</b>

**UBS Investment Funds**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2023**  
**(continued)**

**14 Financial risk management (continued)**

**(c) Credit risk (continued)**

<b>UBS International Bond Fund</b>	<b>AAA to AA- /A-1+ \$'000</b>	<b>A+ to A- /A-1 \$'000</b>	<b>BBB+ to BBB- /A-2 to A-3 \$'000</b>	<b>Others \$'000</b>
<b>As at 30 June 2023</b>				
Fixed interest bonds	63,437	39,414	6,518	2,898
Covered bonds	5,095	-	-	-
Indexed bonds	12,368	3,584	-	-
Floating rate notes	-	1,142	820	3,716
Mortgage backed securities	21,377	298	570	74
Asset backed securities	4,530	465	-	-
Discount securities	443	-	-	-
<b>Total</b>	<b>107,250</b>	<b>44,903</b>	<b>7,908</b>	<b>6,688</b>
<b>As at 30 June 2022</b>				
Fixed interest bonds	87,470	61,756	12,896	5,680
Covered bonds	7,486	-	-	-
Indexed bonds	4,803	4,317	-	-
Floating rate notes	-	-	1,091	2,334
Mortgage backed securities	24,293	1,886	2,127	69
Asset backed securities	2,411	3,019	-	-
<b>Total</b>	<b>126,463</b>	<b>70,978</b>	<b>16,114</b>	<b>8,083</b>
<b>UBS Cash Fund</b>				
	<b>AAA to AA- /A-1+ \$'000</b>	<b>A+ to A- /A-1 \$'000</b>	<b>BBB+ to BBB- /A-2 to A-3 \$'000</b>	<b>Others \$'000</b>
<b>As at 30 June 2023</b>				
Floating rate notes	46,557	25,994	2,001	-
Discount securities	352,010	405,257	42,550	-
<b>Total</b>	<b>398,567</b>	<b>431,251</b>	<b>44,551</b>	<b>-</b>
<b>As at 30 June 2022</b>				
Floating rate notes	25,018	34,012	1,997	-
Discount securities	279,315	423,717	49,717	-
<b>Total</b>	<b>304,333</b>	<b>457,729</b>	<b>51,714</b>	<b>-</b>

The credit ratings for UBS Cash Fund are in accordance with Standard & Poor's short-term ratings.

<b>UBS Short-Term Fixed Income Fund</b>	<b>AAA to AA- /A-1+ \$'000</b>	<b>A+ to A- /A-1 \$'000</b>	<b>BBB+ to BBB- /A-2 to A-3 \$'000</b>	<b>Others \$'000</b>
<b>As at 30 June 2023</b>				
Fixed interest bonds	15,919	5,078	1,880	-
Covered bonds	7,490	-	-	-
Floating rate notes	16,112	24,626	12,456	-
Discount securities	15,914	26,691	5,898	-
<b>Total</b>	<b>55,435</b>	<b>56,395</b>	<b>20,234</b>	<b>-</b>

**UBS Investment Funds**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2023**  
**(continued)**

**14 Financial risk management (continued)**

**(c) Credit risk (continued)**

	AAA to AA- /A-1+ \$'000	A+ to A- /A-1 \$'000	BBB+ to BBB- /A-2 to A-3 \$'000	Others \$'000
As at 30 June 2022				
Fixed interest bonds	12,025	12,046	1,856	-
Covered bonds	7,981	-	-	-
Floating rate notes	24,856	31,986	22,004	-
Mortgage backed securities	4,852	-	-	-
Asset backed securities	963	-	-	-
Discount securities	16,938	32,822	5,945	-
<b>Total</b>	<b>67,615</b>	<b>76,854</b>	<b>29,805</b>	<b>-</b>

<b>UBS Australian Bond Fund</b>	AAA to AA- /A-1+ \$'000	A+ to A- /A-1 \$'000	BBB+ to BBB- /A-2 to A-3 \$'000	Others \$'000
<b>As at 30 June 2023</b>				
Fixed interest bonds	529,328	42,047	128,455	-
Covered bonds	39,944	5,298	-	-
Floating rate notes	-	9,725	71,549	1,487
Mortgage backed securities	5,202	-	-	-
<b>Total</b>	<b>574,474</b>	<b>57,070</b>	<b>200,004</b>	<b>1,487</b>

	AAA to AA- /A-1+ \$'000	A+ to A- /A-1 \$'000	BBB+ to BBB- /A-2 to A-3 \$'000	Others \$'000
As at 30 June 2022				
Fixed interest bonds	537,700	57,459	135,554	412
Covered bonds	40,268	-	-	-
Floating rate notes	-	1,577	30,680	1,463
Mortgage backed securities	7,894	-	-	-
Discount securities	39,516	-	-	-
<b>Total</b>	<b>625,378</b>	<b>59,036</b>	<b>166,234</b>	<b>1,875</b>

**(d) Concentration risk**

Concentration of risk arises when a number of financial instruments are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic conditions. These similarities would cause the counterparties' liabilities to meet the contractual obligations to be similarly affected by certain changes in the risk variables.

The concentration of risk is monitored by the Investment Manager to ensure it is within acceptable limits by reducing the exposures or by other means as deemed appropriate.

Concentration of risk is managed by industry sector for equity instruments and by counterparty for debt instruments and selected derivatives. Where related parties exist, the related Schemes will be disclosed individually.

Based on the concentration of risk that is managed by industry sector and/or counterparty the following investments can be analysed by the industry sector and/or counterparty as at 30 June 2023 and 30 June 2022:

**UBS Global Credit Fund**

No concentration of risk for the financial year ended 2023 and 2022 because no concentration to industry sector that is greater than 5%.

**UBS Investment Funds**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2023**  
**(continued)**

**14 Financial risk management (continued)**

**(d) Concentration risk (continued)**

<b>UBS Diversified Fixed Income Fund</b>	%
<b>As at 30 June 2023</b>	
Managed Investment Scheme -UBS International Bond Fund	47.49
Managed Investment Scheme - UBS Australian Bond Fund	46.43
Managed Investment Scheme - UBS Income Solution Fund	6.10
Others - aggregated concentration made up of other securities less than 5%	<u>(0.02)</u>
<b>Total</b>	<u><b>100.00</b></u>

UBS Diversified Fixed Income Fund	%
As at 30 June 2022	
Managed Investment Scheme - UBS Australian Bond Fund	48.47
Managed Investment Scheme - UBS International Bond Fund	47.31
Others - aggregated concentration made up of other securities less than 5%	<u>4.22</u>
Total	<u>100.00</u>

**UBS Income Solution Fund**

No concentration of risk for the financial year ended 2023 and 2022 because no concentration to industry sector that is greater than 5%.

<b>UBS International Bond Fund</b>	%
<b>As at 30 June 2023</b>	
Managed Investment Scheme - UBS Global Credit Fund	26.26
US Treasury	14.08
China Development Bank	6.44
Japanese Government Bond	5.51
Others - aggregated concentration made up of other securities less than 5%	<u>47.71</u>
<b>Total</b>	<u><b>100.00</b></u>

UBS International Bond Fund	%
As at 30 June 2022	
Managed Investment Scheme - UBS Global Credit Fund	21.90
US Treasury	12.25
Japanese Government Bond	8.58
China Development Bank	7.62
Others - aggregated concentration made up of other securities less than 5%	<u>49.65</u>
Total	<u>100.00</u>

**UBS Investment Funds**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2023**  
**(continued)**

**14 Financial risk management (continued)**

**(d) Concentration risk (continued)**

<b>UBS Cash Fund</b>	<b>%</b>
<b>As at 30 June 2023</b>	
National Australia Bank Limited	7.16
ING Bank N.V.	6.94
Bank of Nova Scotia	6.92
Royal Bank of Canada	6.91
Commonwealth Bank of Australia	6.88
Australia & New Zealand Banking Group	6.84
Westpac Banking Corporation	6.82
Suncorp-Metway Limited	6.56
Overseas Chinese Banking Corporation	5.90
Sumitomo Mitsubishi Banking Corporation	5.66
MUFG Bank Limited	5.10
Others - aggregated concentration made up of other securities less than 5%	<u>28.31</u>
<b>Total</b>	<u><b>100.00</b></u>

<b>UBS Cash Fund</b>	<b>%</b>
<b>As at 30 June 2022</b>	
Bank of Nova Scotia	8.32
Canadian Imperial Bank of Commerce	7.55
ING Bank Australia Limited	7.48
Commonwealth Bank of Australia	7.47
MUFG Bank Limited	7.34
Sumitomo Mitsubishi Banking Corporation	7.34
Overseas Chinese Banking Corporation	7.23
Suncorp Group Limited	7.08
Westpac Banking Corporation	6.01
National Australia Bank Limited	5.89
Australia & New Zealand Banking Corporation Limited	5.52
Macquarie Bank Limited	5.50
Others - aggregated concentration made up of other securities less than 5%	<u>17.27</u>
<b>Total</b>	<u><b>100.00</b></u>

**UBS Investment Funds**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2023**  
**(continued)**

**14 Financial risk management (continued)**

**(d) Concentration risk (continued)**

<b>UBS Short-Term Fixed Income Fund</b>	<b>%</b>
<b>As at 30 June 2023</b>	
Suncorp-Metway Limited	6.86
Westpac Banking Corporation	5.82
National Australia Bank	5.57
Commonwealth Bank of Australia	5.23
Australia and New Zealand Banking Group	5.22
Others - aggregated concentration made up of other securities less than 5%	<u>71.30</u>
<b>Total</b>	<b><u>100.00</u></b>

UBS Short-Term Fixed Income Fund	%
As at 30 June 2022	
Suncorp Group Limited	6.95
Westpac Banking Corporation	5.01
Others - aggregated concentration made up of other securities less than 5%	<u>88.04</u>
Total	<u>100.00</u>

<b>UBS Australian Bond Fund</b>	<b>%</b>
<b>As at 30 June 2023</b>	
Commonwealth of Australia	11.67
New South Wales Treasury Corporation	8.44
Treasury Corporation of Victoria	8.14
Others - aggregated concentration made up of other securities less than 5%	<u>71.75</u>
<b>Total</b>	<b><u>100.00</u></b>

UBS Australian Bond Fund	%
As at 30 June 2022	
Commonwealth Government of Australia	22.56
Westpac Banking Corporation	6.83
Treasury Corporation of Victoria	6.61
Others - aggregated concentration made up of other securities less than 5%	<u>64.00</u>
Total	<u>100.00</u>

14 Financial risk management (continued)

(e) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. This risk is controlled through the Schemes' investment in financial instruments, which under normal market conditions are readily convertible to cash. In addition, the Schemes maintain sufficient cash and cash equivalents to meet normal operating requirements.

Investors can submit redemption requests for the Schemes at any time which results in some liquidity risk. However, while the time allowed for the satisfaction of redemption requests varies from Scheme to Scheme, the Responsible Entity has the power to suspend redemptions in certain circumstances, including if the relevant Scheme is not liquid (as set out in section 601KA of the *Corporations Act 2001*).

The Schemes may, from time to time, invest in indirect physical securities and derivative contracts traded over the counter, which may be illiquid. As a result, the Schemes 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.

In accordance with the Schemes' policy, the Investment Manager monitors the Schemes' liquidity position on a daily basis.

(i) Maturity of financial liabilities including Swaps and Forward Foreign Exchange contracts

The table below analyses the Schemes' net settled financial instruments including Swaps and Forward Foreign Exchange contracts into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

To determine each Scheme's liquidity risk position as at 30 June 2023, the net basis table below should be read in conjunction with the gross basis table on page 82 - 84.

UBS Global Credit Fund

	Less than 3 months \$'000	3-12 months \$'000	12-60 months \$'000	Over 60 months \$'000
<b>As at 30 June 2023</b>				
Payables	353	-	-	-
Financial liabilities at fair value through profit or loss	192	-	-	-
<b>Total financial liabilities</b>	<b>545</b>	<b>-</b>	<b>-</b>	<b>-</b>
	Less than 3 months \$'000	3-12 months \$'000	12-60 months \$'000	Over 60 months \$'000
<b>As at 30 June 2022</b>				
Payables	31	-	-	-
Financial liabilities at fair value through profit or loss	2,444	-	-	-
<b>Total financial liabilities</b>	<b>2,475</b>	<b>-</b>	<b>-</b>	<b>-</b>

UBS Investment Funds  
Notes to the Financial Statements  
For the year ended 30 June 2023  
(continued)

14 Financial risk management (continued)

(e) Liquidity risk (continued)

UBS Diversified Fixed Income Fund

	Less than 3 months \$'000	3-12 months \$'000	12-60 months \$'000	Over 60 months \$'000
<b>As at 30 June 2023</b>				
Distribution payable	1,019	-	-	-
Payables	1,651	-	-	-
Financial liabilities at fair value through profit or loss	422	-	764	-
<b>Total financial liabilities</b>	<b>3,092</b>	<b>-</b>	<b>764</b>	<b>-</b>

	Less than 3 months \$'000	3-12 months \$'000	12-60 months \$'000	Over 60 months \$'000
<b>As at 30 June 2022</b>				
Payables	11,754	-	-	-
Financial liabilities at fair value through profit or loss	11	-	-	2,444
<b>Total financial liabilities</b>	<b>11,765</b>	<b>-</b>	<b>-</b>	<b>2,444</b>

UBS Income Solution Fund

	Less than 3 months \$'000	3-12 months \$'000	12-60 months \$'000	Over 60 months \$'000
<b>As at 30 June 2023</b>				
Distributions payable	665	-	-	-
Payables	2,932	-	-	-
Financial liabilities at fair value through profit or loss	1,250	-	-	-
<b>Total financial liabilities</b>	<b>4,847</b>	<b>-</b>	<b>-</b>	<b>-</b>

	Less than 3 months \$'000	3-12 months \$'000	12-60 months \$'000	Over 60 months \$'000
<b>As at 30 June 2022</b>				
Distributions payable	13,498	-	-	-
Payables	13,301	-	-	-
Financial liabilities at fair value through profit or loss	3,256	-	23	-
<b>Total financial liabilities</b>	<b>30,055</b>	<b>-</b>	<b>23</b>	<b>-</b>



UBS Investment Funds  
Notes to the Financial Statements  
For the year ended 30 June 2023  
(continued)

14 Financial risk management (continued)

(e) Liquidity risk (continued)

UBS International Bond Fund

	Less than 3 months \$'000	3-12 months \$'000	12-60 months \$'000	Over 60 months \$'000
<b>As at 30 June 2023</b>				
Payables	5,404	-	-	-
Financial liabilities at fair value through profit or loss	560	-	-	-
<b>Total financial liabilities</b>	<b>5,964</b>	<b>-</b>	<b>-</b>	<b>-</b>

	Less than 3 months \$'000	3-12 months \$'000	12-60 months \$'000	Over 60 months \$'000
<b>As at 30 June 2022</b>				
Payables	12,610	-	-	-
Financial liabilities at fair value through profit or loss	7,694	-	-	-
<b>Total financial liabilities</b>	<b>20,304</b>	<b>-</b>	<b>-</b>	<b>-</b>

UBS Cash Fund

	Less than 3 months \$'000	3-12 months \$'000	12-60 months \$'000	Over 60 months \$'000
<b>As at 30 June 2023</b>				
Distributions payable	3,323	-	-	-
Payables	5,663	-	-	-
<b>Total financial liabilities</b>	<b>8,986</b>	<b>-</b>	<b>-</b>	<b>-</b>

	Less than 3 months \$'000	3-12 months \$'000	12-60 months \$'000	Over 60 months \$'000
<b>As at 30 June 2022</b>				
Distributions payable	849	-	-	-
Payables	3,031	-	-	-
<b>Total financial liabilities</b>	<b>3,880</b>	<b>-</b>	<b>-</b>	<b>-</b>

UBS Investment Funds  
Notes to the Financial Statements  
For the year ended 30 June 2023  
(continued)

14 Financial risk management (continued)

(e) Liquidity risk (continued)

UBS Short-Term Fixed Income Fund

	Less than 3 months \$'000	3-12 months \$'000	12-60 months \$'000	Over 60 months \$'000
<b>As at 30 June 2023</b>				
Distributions payable	1,455	-	-	-
Payables	75	-	-	-
<b>Total financial liabilities</b>	<b>1,530</b>	<b>-</b>	<b>-</b>	<b>-</b>

	Less than 3 months \$'000	3-12 months \$'000	12-60 months \$'000	Over 60 months \$'000
<b>As at 30 June 2022</b>				
Distributions payable	811	-	-	-
Payables	244	-	-	-
<b>Total financial liabilities</b>	<b>1,055</b>	<b>-</b>	<b>-</b>	<b>-</b>

UBS Australian Bond Fund

	Less than 3 months \$'000	3-12 months \$'000	12-60 months \$'000	Over 60 months \$'000
<b>As at 30 June 2023</b>				
Distribution payable	2,714	-	-	-
Payables	851	-	-	-
Financial liabilities at fair value through profit or loss	-	-	1,577	-
<b>Total financial liabilities</b>	<b>3,565</b>	<b>-</b>	<b>1,577</b>	<b>-</b>

	Less than 3 months \$'000	3-12 months \$'000	12-60 months \$'000	Over 60 months \$'000
<b>As at 30 June 2022</b>				
Payables	1,610	-	-	-
Financial liabilities at fair value through profit or loss	-	-	-	3,066
<b>Total financial liabilities</b>	<b>1,610</b>	<b>-</b>	<b>-</b>	<b>3,066</b>

14 Financial risk management (continued)

(e) Liquidity risk (continued)

(ii) Maturity of financial liabilities including Futures and Options

The table below analyses the Schemes' net settled financial instruments including Futures and Options into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The Schemes may, at its discretion, settle financial instruments prior to their original contractual settlement date, in accordance with its investment strategy, where permitted by the terms and conditions of the relevant instruments.

UBS Global Credit Fund

	Less than 3 months \$'000	3-12 months \$'000	12-60 months \$'000	Over 60 months \$'000
<b>As at 30 June 2023</b>				
Futures				
- Outflows	(135)	-	-	-
- Inflows	40	-	-	-

	Less than 3 months \$'000	3-12 months \$'000	12-60 months \$'000	Over 60 months \$'000
<b>As at 30 June 2022</b>				
Futures				
- Outflows	(254)	(34)	-	-
- Inflows	77	-	-	-

UBS Diversified Fixed Income Fund

	Less than 3 months \$'000	3-12 months \$'000	12-60 months \$'000	Over 60 months \$'000
<b>As at 30 June 2023</b>				
Futures				
- Outflows	(2,036)	-	-	-
- Inflows	4	-	-	-

	Less than 3 months \$'000	3-12 months \$'000	12-60 months \$'000	Over 60 months \$'000
<b>As at 30 June 2022</b>				
Futures				
- Outflows	(617)	(1,829)	-	-
- Inflows	199	295	-	-

UBS Investment Funds  
Notes to the Financial Statements  
For the year ended 30 June 2023  
(continued)

14 Financial risk management (continued)

(e) Liquidity risk (continued)

UBS Income Solution Fund

	Less than 3 months \$'000	3-12 months \$'000	12-60 months \$'000	Over 60 months \$'000
<b>As at 30 June 2023</b>				
Futures				
- Inflows	<u>165</u>	<u>-</u>	<u>-</u>	<u>-</u>

	Less than 3 months \$'000	3-12 months \$'000	12-60 months \$'000	Over 60 months \$'000
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As at 30 June 2022

Futures				
- Outflows	(275)	-	-	-
- Inflows	151	-	-	-
Options				
- Outflows	(253)	-	-	-
- Inflows	<u>148</u>	<u>-</u>	<u>-</u>	<u>-</u>

UBS International Bond Fund

	Less than 3 months \$'000	3-12 months \$'000	12-60 months \$'000	Over 60 months \$'000
<b>As at 30 June 2023</b>				
Futures				
- Outflows	(545)	-	-	-
- Inflows	<u>175</u>	<u>-</u>	<u>-</u>	<u>-</u>

	Less than 3 months \$'000	3-12 months \$'000	12-60 months \$'000	Over 60 months \$'000
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As at 30 June 2022

Futures				
- Outflows	(612)	-	-	-
- Inflows	<u>366</u>	<u>18</u>	<u>-</u>	<u>-</u>

**UBS Investment Funds**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2023**  
**(continued)**

**14 Financial risk management (continued)**

**(e) Liquidity risk (continued)**

**UBS Cash Fund**

As at 30 June 2023 there are no derivative financial instruments held by UBS Cash Fund (2022: Nil).

**UBS Short-Term Fixed Income Fund**

	<b>Less than 3 months \$'000</b>	<b>3-12 months \$'000</b>	<b>12-60 months \$'000</b>	<b>Over 60 months \$'000</b>
<b>As at 30 June 2023</b>				
Futures				
- Inflows	<u>51</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Less than 3 months \$'000	3-12 months \$'000	12-60 months \$'000	Over 60 months \$'000

As at 30 June 2022

Futures				
- Outflows	<u>(81)</u>	<u>(110)</u>	<u>-</u>	<u>-</u>

**UBS Australian Bond Fund**

	<b>Less than 3 months \$'000</b>	<b>3-12 months \$'000</b>	<b>12-60 months \$'000</b>	<b>Over 60 months \$'000</b>
<b>As at 30 June 2023</b>				
Futures				
- Outflows	<u>(2,049)</u>	<u>-</u>	<u>-</u>	<u>-</u>
- Inflows	<u>110</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Less than 3 months \$'000	3-12 months \$'000	12-60 months \$'000	Over 60 months \$'000

As at 30 June 2022

Futures				
- Outflows	<u>(980)</u>	<u>(983)</u>	<u>-</u>	<u>-</u>
- Inflows	<u>1,585</u>	<u>-</u>	<u>-</u>	<u>-</u>

## **14 Financial risk management (continued)**

### **(f) Estimation of fair values of financial assets and financial liabilities**

The carrying amounts of all the Schemes' financial assets and financial liabilities at the end of the financial year approximated their fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Schemes' accounting policy on fair value measurement is set out in Note 2(c). The methods and assumptions used in the determination of the fair value of each class of financial instruments are also set out in Note 2(c).

Note 2(r) outlines further the nature of management's judgments, estimates and assumptions that might have been used in the determination of the fair values of these financial instruments.

### **(g) Fair value hierarchy**

The Schemes 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:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); quoted prices for similar securities in active and/or inactive markets; market-corroborated inputs; inputs that are developed based on available market data and reflect assumptions that markets would use when pricing similar securities.
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, 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 Schemes. The Schemes 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 measurements disclosed are recurring fair value measurements.

14 Financial risk management (continued)

(g) Fair value hierarchy (continued)

The table next page sets out the Schemes' financial assets and financial liabilities (by class) measured at fair value according to the fair value hierarchy at the reporting date.

UBS Global Credit Fund - as at 30 June 2023

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets at fair value through profit or loss</b>				
Forward foreign exchange contracts	-	125	-	125
Futures	40	-	-	40
Fixed interest bonds	-	45,381	-	45,381
Fixed interest annuities	-	82	-	82
Covered bonds	-	436	-	436
Floating rate notes	-	10,478	-	10,478
<b>Total</b>	<b>40</b>	<b>56,502</b>	<b>-</b>	<b>56,542</b>
<b>Financial liabilities at fair value through profit or loss</b>				
Forward foreign exchange contracts	-	192	-	192
Futures	135	-	-	135
<b>Total</b>	<b>135</b>	<b>192</b>	<b>-</b>	<b>327</b>

UBS Global Credit Fund - as at 30 June 2022

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets at fair value through profit or loss</b>				
Forward foreign exchange contracts	-	95	-	95
Futures	77	-	-	77
Fixed interest bonds	-	45,089	-	45,089
Fixed interest annuities	-	84	-	84
Covered bonds	-	182	-	182
Floating rate notes	-	11,888	-	11,888
<b>Total</b>	<b>77</b>	<b>57,338</b>	<b>-</b>	<b>57,415</b>
<b>Financial liabilities at fair value through profit or loss</b>				
Forward foreign exchange contracts	-	2,444	-	2,444
Futures	288	-	-	288
<b>Total</b>	<b>288</b>	<b>2,444</b>	<b>-</b>	<b>2,732</b>

**UBS Investment Funds**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2023**  
**(continued)**

**14 Financial risk management (continued)**

**(g) Fair value hierarchy (continued)**

**UBS Diversified Fixed Income Fund - as at 30 June 2023**

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets at fair value through profit or loss</b>				
Forward foreign exchange contracts	-	254	-	254
Futures	4	-	-	4
Unlisted managed investment schemes	-	478,472	-	478,472
Fixed interest bonds	-	2,861	-	2,861
<b>Total</b>	<b>4</b>	<b>481,587</b>	<b>-</b>	<b>481,591</b>
<b>Financial liabilities at fair value through profit or loss</b>				
Swaps	-	764	-	764
Forward foreign exchange contracts	-	422	-	422
Futures	2,036	-	-	2,036
<b>Total</b>	<b>2,036</b>	<b>1,186</b>	<b>-</b>	<b>3,222</b>

**UBS Diversified Fixed Income Fund - as at 30 June 2022**

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets at fair value through profit or loss</b>				
Forward foreign exchange contracts	-	4	-	4
Futures	494	-	-	494
Unlisted managed investment schemes	-	614,871	-	614,871
Fixed interest bonds	-	3,449	-	3,449
<b>Total</b>	<b>494</b>	<b>618,324</b>	<b>-</b>	<b>618,818</b>
<b>Financial liabilities at fair value through profit or loss</b>				
Swaps	-	2,444	-	2,444
Forward foreign exchange contracts	-	11	-	11
Futures	2,446	-	-	2,446
<b>Total</b>	<b>2,446</b>	<b>2,455</b>	<b>-</b>	<b>4,901</b>



UBS Investment Funds  
Notes to the Financial Statements  
For the year ended 30 June 2023  
(continued)

14 Financial risk management (continued)

(g) Fair value hierarchy (continued)

UBS Income Solution Fund - as at 30 June 2023

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets at fair value through profit or loss</b>				
Swaps	-	92	-	92
Futures	165	-	-	165
Fixed interest bonds	-	220,194	-	220,194
Floating rate notes	-	97,564	-	97,564
Discount securities	-	1,464	-	1,464
<b>Total</b>	<b>165</b>	<b>319,314</b>	<b>-</b>	<b>319,479</b>
<b>Financial liabilities at fair value through profit or loss</b>				
Forward foreign exchange contracts	-	1,250	-	1,250
<b>Total</b>	<b>-</b>	<b>1,250</b>	<b>-</b>	<b>1,250</b>

UBS Income Solution Fund - as at 30 June 2022

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets at fair value through profit or loss</b>				
Swaps	-	606	-	606
Forward foreign exchange contracts	-	47	-	47
Futures	151	-	-	151
Options	-	148	-	148
Fixed interest bonds	-	241,047	-	241,047
Floating rate notes	-	93,691	-	93,691
<b>Total</b>	<b>151</b>	<b>335,539</b>	<b>-</b>	<b>335,690</b>
<b>Financial liabilities at fair value through profit or loss</b>				
Swaps	-	23	-	23
Forward foreign exchange contracts	-	3,256	-	3,256
Futures	275	-	-	275
Options	-	253	-	253
<b>Total</b>	<b>275</b>	<b>3,532</b>	<b>-</b>	<b>3,807</b>

UBS Investment Funds  
Notes to the Financial Statements  
For the year ended 30 June 2023  
(continued)

14 Financial risk management (continued)

(g) Fair value hierarchy (continued)

UBS International Bond Fund - 30 June 2023

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets at fair value through profit or loss</b>				
Forward foreign exchange contracts	-	1,833	-	1,833
Futures	175	-	-	175
Unlisted managed investment schemes	-	59,710	-	59,710
Fixed interest bonds	-	112,267	-	112,267
Covered bonds	-	5,095	-	5,095
Indexed bonds	-	15,952	-	15,952
Floating rate notes	-	5,678	-	5,678
Mortgage backed securities	-	22,319	-	22,319
Asset backed securities	-	4,995	-	4,995
Discount securities	-	443	-	443
<b>Total</b>	<b>175</b>	<b>228,292</b>	<b>-</b>	<b>228,467</b>
<b>Financial liabilities at fair value through profit or loss</b>				
Forward foreign exchange contracts	-	560	-	560
Futures	545	-	-	545
<b>Total</b>	<b>545</b>	<b>560</b>	<b>-</b>	<b>1,105</b>

UBS International Bond Fund - as at 30 June 2022

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets at fair value through profit or loss</b>				
Forward foreign exchange contracts	-	637	-	637
Futures	384	-	-	384
Unlisted managed investment schemes	-	60,114	-	60,114
Fixed interest bonds	-	167,802	-	167,802
Covered bonds	-	7,486	-	7,486
Indexed bonds	-	9,120	-	9,120
Floating rate notes	-	3,425	-	3,425
Mortgage backed securities	-	28,375	-	28,375
Asset backed securities	-	5,430	-	5,430
<b>Total</b>	<b>384</b>	<b>282,389</b>	<b>-</b>	<b>282,773</b>
<b>Financial liabilities at fair value through profit or loss</b>				
Forward foreign exchange contracts	-	7,694	-	7,694
Futures	612	-	-	612
<b>Total</b>	<b>612</b>	<b>7,694</b>	<b>-</b>	<b>8,306</b>

UBS Investment Funds  
Notes to the Financial Statements  
For the year ended 30 June 2023  
(continued)

14 Financial risk management (continued)

(g) Fair value hierarchy (continued)

UBS Cash Fund - as at 30 June 2023

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets at fair value through profit or loss</b>				
Floating rate notes	-	74,552	-	74,552
Discount securities	-	799,817	-	799,817
<b>Total</b>	<b>-</b>	<b>874,369</b>	<b>-</b>	<b>874,369</b>

UBS Cash Fund - as at 30 June 2022

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets at fair value through profit or loss</b>				
Floating rate notes	-	61,027	-	61,027
Discount securities	-	752,749	-	752,749
<b>Total</b>	<b>-</b>	<b>813,776</b>	<b>-</b>	<b>813,776</b>

UBS Short-Term Fixed Income Fund - as at 30 June 2023

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets at fair value through profit or loss</b>				
Futures	51	-	-	51
Fixed interest bonds	-	22,877	-	22,877
Covered bonds	-	7,490	-	7,490
Floating rate notes	-	53,194	-	53,194
Discount securities	-	48,503	-	48,503
<b>Total</b>	<b>51</b>	<b>132,064</b>	<b>-</b>	<b>132,115</b>

**UBS Investment Funds**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2023**  
**(continued)**

**14 Financial risk management (continued)**

**(g) Fair value hierarchy (continued)**

UBS Short-Term Fixed Income Fund - 30 June 2022

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets at fair value through profit or loss</b>				
Fixed interest bonds	-	25,927	-	25,927
Covered bonds	-	7,981	-	7,981
Floating rate notes	-	78,846	-	78,846
Mortgage backed securities	-	4,852	-	4,852
Asset backed securities	-	963	-	963
Discount securities	-	55,705	-	55,705
<b>Total</b>	<b>-</b>	<b>174,274</b>	<b>-</b>	<b>174,274</b>
<b>Financial liabilities at fair value through profit or loss</b>				
Swaps	191	-	-	191
<b>Total</b>	<b>191</b>	<b>-</b>	<b>-</b>	<b>191</b>

UBS Australian Bond Fund - as at 30 June 2023

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets at fair value through profit or loss</b>				
Futures	110	-	-	110
Fixed interest bonds	-	699,830	-	699,830
Covered bonds	-	45,242	-	45,242
Floating rate notes	-	82,761	-	82,761
Mortgage backed securities	-	5,202	-	5,202
<b>Total</b>	<b>110</b>	<b>833,035</b>	<b>-</b>	<b>833,145</b>
<b>Financial liabilities at fair value through profit or loss</b>				
Swaps	-	1,577	-	1,577
Futures	2,049	-	-	2,049
<b>Total</b>	<b>2,049</b>	<b>1,577</b>	<b>-</b>	<b>3,626</b>

**14 Financial risk management (continued)**

**(g) Fair value hierarchy (continued)**

UBS Australian Bond Fund - as at 30 June 2022

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss				
Swaps	-	484	-	484
Futures	1,585	-	-	1,585
Fixed interest bonds	-	731,125	-	731,125
Covered bonds	-	40,268	-	40,268
Floating rate notes	-	33,720	-	33,720
Mortgage backed securities	-	7,894	-	7,894
Discount securities	-	39,516	-	39,516
<b>Total</b>	<b>1,585</b>	<b>853,007</b>	<b>-</b>	<b>854,592</b>
Financial liabilities at fair value through profit or loss				
Swaps	-	3,066	-	3,066
Futures	1,963	-	-	1,963
<b>Total</b>	<b>1,963</b>	<b>3,066</b>	<b>-</b>	<b>5,029</b>

The fair value of investments that are accounted for using quoted market prices in active markets, are classified as level 1 instruments. The level 1 instruments include all active listed equities and exchange traded derivatives that are traded on recognised stock exchanges.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. The observable inputs include prices and/or those derived from prices. The level 2 instruments include investment-grade corporate bonds, and over-the-counter derivatives. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Level 2 investments could include those that are not traded in active markets and/or are subject to transfer restrictions (e.g. redemption restrictions). Valuations for these investments may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. Typically, prices of units in unlisted managed investment trusts that are either published on the investment manager's website and/or circulated among market participants as executable quotes are categorised as level 2.

Investments classified within level 3 have significant unobservable inputs, as they are infrequently traded. Level 3 instruments include certain unlisted unit trusts and corporate debt securities. As observable prices are not available for these securities, the Schemes have applied valuation techniques to derive fair value.

Level 3 instruments could include distressed debt instruments, certain private equity and real estate investments that are not based on market inputs or securities that are in an inactive/illiquid market and are valued using models and internal data. Level 3 investments may be adjusted to reflect illiquidity and/or restrictions; however, the adjustments are not based on available market information. Level 3 instruments also include those that have stale price that is, where the pricing for a particular security has remained static for an extended period of time.

Level 3 valuations are reviewed quarterly by the relevant management. The management considers the appropriateness of the valuation inputs, methods and techniques used in the valuations. The valuation inputs are generally sourced from independent third-party pricing sources without adjustment such as stock exchanges, pricing agencies and/or fund managers. Where the inputs are considered stale, unobservable, proprietary or from an inactive market, they are categorised as level 3.

Where a valuation model technique is applied, the Schemes consider other liquidity, credit and market risk factors, and adjust the model as deemed necessary. There have been no changes to the valuation techniques used for financial instruments classified as level 2 and 3.

There were no transfers between levels during the financial year ended 30 June 2023 (2022: Nil).

There was no movement in level 3 instruments by class of financial instrument during the financial year 30 June 2023 (2022: Nil).

**15 Offsetting financial assets and financial liabilities**

The disclosures set out in the Tables below show the recognised financial instruments that are currently offset in the Statements of Financial Position, Schemes' Constitutions and/or are subject to master netting agreements (or similar) irrespective of whether they are offset.

**UBS Global Credit Fund**

<b>Financial assets - 30 June 2023</b>	<b>Gross amounts \$'000</b>	<b>Gross amounts of recognised financial liabilities set off in the Statements of Financial Position \$'000</b>	<b>Net amounts of financial assets presented in Statements of Financial Position \$'000</b>	<b>Amounts related to recognised financial instruments that do not meet offsetting criteria \$'000</b>	<b>Cash collateral \$'000</b>	<b>Marketable security collateral \$'000</b>	<b>Net amount \$'000</b>
Forward foreign exchange contracts	58,908	58,783	125	125	-	-	-
Futures	40	-	40	40	-	-	-
<b>Closing balance</b>	<b>58,948</b>	<b>58,783</b>	<b>165</b>	<b>165</b>	<b>-</b>	<b>-</b>	<b>-</b>

**UBS Global Credit Fund**

<b>Financial liabilities - 30 June 2023</b>	<b>Gross amounts \$'000</b>	<b>Gross amounts of recognised financial assets set off in the Statements of Financial Position \$'000</b>	<b>Net amounts of financial liabilities presented in Statements of Financial Position \$'000</b>	<b>Amounts related to recognised financial instruments that do not meet offsetting criteria \$'000</b>	<b>Cash collateral \$'000</b>	<b>Marketable security collateral \$'000</b>	<b>Net amount \$'000</b>
Forward foreign exchange contracts	58,975	58,783	192	125	-	-	67
Futures	135	-	135	40	-	-	95
<b>Closing balance</b>	<b>59,110</b>	<b>58,783</b>	<b>327</b>	<b>165</b>	<b>-</b>	<b>-</b>	<b>162</b>

**UBS Investment Funds**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2023**  
**(continued)**

**15 Offsetting financial assets and financial liabilities (continued)**

UBS Global Credit Fund

Financial assets - 30 June 2022	Gross amounts \$'000	Gross amounts of recognised financial liabilities set off in the Statements of Financial Position \$'000	Net amounts of financial assets presented in Statements of Financial Position \$'000	Amounts related to recognised financial instruments that do not meet offsetting criteria \$'000	Cash collateral \$'000	Marketable security collateral \$'000	Net amount \$'000
Forward foreign exchange contracts	83,189	83,094	95	95	-	-	-
Futures	<u>77</u>	<u>-</u>	<u>77</u>	<u>77</u>	<u>-</u>	<u>-</u>	<u>-</u>
Closing balance	<u>83,266</u>	<u>83,094</u>	<u>172</u>	<u>172</u>	<u>-</u>	<u>-</u>	<u>-</u>

UBS Global Credit Fund

Financial liabilities - 30 June 2022	Gross amounts \$'000	Gross amounts of recognised financial assets set off in the Statements of Financial Position \$'000	Net amounts of financial liabilities presented in Statements of Financial Position \$'000	Amounts related to recognised financial instruments that do not meet offsetting criteria \$'000	Cash collateral \$'000	Marketable security collateral \$'000	Net amount \$'000
Forward foreign exchange contracts	85,538	83,094	2,444	95	-	-	2,349
Futures	<u>288</u>	<u>-</u>	<u>288</u>	<u>77</u>	<u>-</u>	<u>-</u>	<u>211</u>
Closing balance	<u>85,826</u>	<u>83,094</u>	<u>2,732</u>	<u>172</u>	<u>-</u>	<u>-</u>	<u>2,560</u>

15 Offsetting financial assets and financial liabilities (continued)

UBS Diversified Fixed  
Income Fund

Financial assets - 30 June 2023	Gross amounts \$'000	Gross amounts of recognised financial liabilities set off in the Statements of Financial Position \$'000	Net amounts of financial assets presented in Statements of Financial Position \$'000	Amounts related to recognised financial instruments that do not meet offsetting criteria \$'000	Cash collateral \$'000	Marketable security collateral \$'000	Net amount \$'000
Forward foreign exchange contracts	28,499	28,245	254	254	-	-	-
Futures	4	-	4	4	-	-	-
<b>Closing balance</b>	<b>28,503</b>	<b>28,245</b>	<b>258</b>	<b>258</b>	<b>-</b>	<b>-</b>	<b>-</b>

UBS Diversified Fixed  
Income Fund

Financial liabilities - 30 June 2023	Gross amounts \$'000	Gross amounts of recognised financial assets set off in the Statements of Financial Position \$'000	Net amounts of financial liabilities presented in Statements of Financial Position \$'000	Amounts related to recognised financial instruments that do not meet offsetting criteria \$'000	Cash collateral \$'000	Marketable security collateral \$'000	Net amount \$'000
Forward foreign exchange contracts	28,667	28,245	422	254	-	-	168
Futures	2,036	-	2,036	4	-	-	2,032
Swaps	764	-	764	-	-	-	764
<b>Closing balance</b>	<b>31,467</b>	<b>28,245</b>	<b>3,222</b>	<b>258</b>	<b>-</b>	<b>-</b>	<b>2,964</b>



**UBS Investment Funds**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2023**  
**(continued)**

**15 Offsetting financial assets and financial liabilities (continued)**

UBS Diversified Fixed  
Income Fund

Financial assets - 30 June 2022	Gross amounts \$'000	Gross amounts of recognised financial liabilities set off in the Statements of Financial Position \$'000	Net amounts of financial assets presented in Statements of Financial Position \$'000	Amounts related to recognised financial instruments that do not meet offsetting criteria \$'000	Cash collateral \$'000	Marketable security collateral \$'000	Net amount \$'000
Forward foreign exchange contracts	3,633	3,629	4	4	-	-	-
Futures	494	-	494	494	-	-	-
Closing balance	<u>4,127</u>	<u>3,629</u>	<u>498</u>	<u>498</u>	<u>-</u>	<u>-</u>	<u>-</u>

UBS Diversified Fixed  
Income Fund

Financial liabilities - 30 June 2022	Gross amounts \$'000	Gross amounts of recognised financial assets set off in the Statements of Financial Position \$'000	Net amounts of financial liabilities presented in Statements of Financial Position \$'000	Amounts related to recognised financial instruments that do not meet offsetting criteria \$'000	Cash collateral \$'000	Marketable security collateral \$'000	Net amount \$'000
Swaps	2,444	-	2,444	-	-	-	2,444
Forward foreign exchange contracts	3,640	3,629	11	4	-	-	7
Futures	2,446	-	2,446	494	-	-	1,952
Closing balance	<u>8,530</u>	<u>3,629</u>	<u>4,901</u>	<u>498</u>	<u>-</u>	<u>-</u>	<u>4,403</u>

15 Offsetting financial assets and financial liabilities (continued)

UBS Income Solution  
Fund

Financial assets - 30 June 2023	Gross amounts \$'000	Gross amounts of recognised financial liabilities set off in the Statements of Financial Position \$'000	Net amounts of financial assets presented in Statements of Financial Position \$'000	Amounts related to recognised financial instruments that do not meet offsetting criteria \$'000	Cash collateral \$'000	Marketable security collateral \$'000	Net amount \$'000
Swaps	92	-	92	-	-	-	92
Forward foreign exchange contracts	62,962	62,962	-	-	-	-	-
Futures	165	-	165	-	-	-	165
<b>Closing balance</b>	<b>63,219</b>	<b>62,962</b>	<b>257</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>257</b>

UBS Income Solution  
Fund

Financial liabilities - 30 June 2023	Gross amounts \$'000	Gross amounts of recognised financial assets set off in the Statements of Financial Position \$'000	Net amounts of financial liabilities presented in Statements of Financial Position \$'000	Amounts related to recognised financial instruments that do not meet offsetting criteria \$'000	Cash collateral \$'000	Marketable security collateral \$'000	Net amount \$'000
Forward foreign exchange contracts	64,212	62,962	1,250	-	-	-	1,250
<b>Closing balance</b>	<b>64,212</b>	<b>62,962</b>	<b>1,250</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,250</b>

**UBS Investment Funds**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2023**  
**(continued)**

**15 Offsetting financial assets and financial liabilities (continued)**

UBS Income Solution  
Fund

Financial assets - 30 June 2022	Gross amounts \$'000	Gross amounts of recognised financial liabilities set off in the Statements of Financial Position \$'000	Net amounts of financial assets presented in Statements of Financial Position \$'000	Amounts related to recognised financial instruments that do not meet offsetting criteria \$'000	Cash collateral \$'000	Marketable security collateral \$'000	Net amount \$'000
Swaps	606	-	606	23	-	-	583
Forward foreign exchange contracts	101,880	101,833	47	47	-	-	-
Futures	151	-	151	151	-	-	-
Options	148	-	148	148	-	-	-
Closing balance	<u>102,785</u>	<u>101,833</u>	<u>952</u>	<u>369</u>	<u>-</u>	<u>-</u>	<u>583</u>

UBS Income Solution Fund

Financial liabilities - 30 June 2022	Gross amounts \$'000	Gross amounts of recognised financial assets set off in the Statements of Financial Position \$'000	Net amounts of financial liabilities presented in Statements of Financial Position \$'000	Amounts related to recognised financial instruments that do not meet offsetting criteria \$'000	Cash collateral \$'000	Marketable security collateral \$'000	Net amount \$'000
Swaps	23	-	23	23	-	-	-
Forward foreign exchange contracts	105,089	101,833	3,256	47	-	-	3,209
Futures	275	-	275	151	-	-	124
Options	253	-	253	148	-	-	105
Closing balance	<u>105,640</u>	<u>101,833</u>	<u>3,807</u>	<u>369</u>	<u>-</u>	<u>-</u>	<u>3,438</u>

15 Offsetting financial assets and financial liabilities (continued)

UBS International Bond  
Fund

Financial assets - 30 June 2023	Gross amounts \$'000	Gross amounts of recognised financial liabilities set off in the Statements of Financial Position \$'000	Net amounts of financial assets presented in Statements of Financial Position \$'000	Amounts related to recognised financial instruments that do not meet offsetting criteria \$'000	Cash collateral \$'000	Marketable security collateral \$'000	Net amount \$'000
Forward foreign exchange contracts	270,038	268,205	1,833	560	-	-	1,273
Futures	175	-	175	175	-	-	-
<b>Closing balance</b>	<b>270,213</b>	<b>268,205</b>	<b>2,008</b>	<b>735</b>	<b>-</b>	<b>-</b>	<b>1,273</b>

UBS International Bond  
Fund

Financial liabilities - 30 June 2023	Gross amounts \$'000	Gross amounts of recognised financial assets set off in the Statements of Financial Position \$'000	Net amounts of financial liabilities presented in Statements of Financial Position \$'000	Amounts related to recognised financial instruments that do not meet offsetting criteria \$'000	Cash collateral \$'000	Marketable security collateral \$'000	Net amount \$'000
Forward foreign exchange contracts	268,765	268,205	560	560	-	-	-
Futures	545	-	545	175	286	-	84
<b>Closing balance</b>	<b>269,310</b>	<b>268,205</b>	<b>1,105</b>	<b>735</b>	<b>286</b>	<b>-</b>	<b>84</b>

**UBS Investment Funds**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2023**  
**(continued)**

**15 Offsetting financial assets and financial liabilities (continued)**

UBS International Bond  
Fund

Financial assets - 30 June 2022	Gross amounts \$'000	Gross amounts of recognised financial liabilities set off in the Statements of Financial Position \$'000	Net amounts of financial assets presented in Statements of Financial Position \$'000	Amounts related to recognised financial instruments that do not meet offsetting criteria \$'000	Cash collateral \$'000	Marketable security collateral \$'000	Net amount \$'000
Forward foreign exchange contracts	383,577	382,940	637	637	-	-	-
Futures	<u>384</u>	<u>-</u>	<u>384</u>	<u>384</u>	<u>70</u>	<u>-</u>	<u>(70)</u>
Closing balance	<u>383,961</u>	<u>382,940</u>	<u>1,021</u>	<u>1,021</u>	<u>70</u>	<u>-</u>	<u>(70)</u>

UBS International Bond  
Fund

Financial liabilities - 30 June 2022	Gross amounts \$'000	Gross amounts of recognised financial assets set off in the Statements of Financial Position \$'000	Net amounts of financial liabilities presented in Statements of Financial Position \$'000	Amounts related to recognised financial instruments that do not meet offsetting criteria \$'000	Cash collateral \$'000	Marketable security collateral \$'000	Net amount \$'000
Forward foreign exchange contracts	390,634	382,940	7,694	637	-	-	7,057
Futures	<u>612</u>	<u>-</u>	<u>612</u>	<u>384</u>	<u>-</u>	<u>-</u>	<u>228</u>
Closing balance	<u>391,246</u>	<u>382,940</u>	<u>8,306</u>	<u>1,021</u>	<u>-</u>	<u>-</u>	<u>7,285</u>

**UBS Cash Fund**

No offsetting financial assets and financial liabilities for the financial year ended 2023 and 2022.

15 Offsetting financial assets and financial liabilities (continued)

UBS Short-Term Fixed  
Income Fund

Financial assets - 30 June 2023	Gross amounts \$'000	Gross amounts of recognised financial liabilities set off in the Statements of Financial Position \$'000	Net amounts of financial assets presented in Statements of Financial Position \$'000	Amounts related to recognised financial instruments that do not meet offsetting criteria \$'000	Cash collateral \$'000	Marketable security collateral \$'000	Net amount \$'000
Futures	51	-	51	-	-	-	51
Closing balance	51	-	51	-	-	-	51

UBS Short-Term Fixed  
Income Fund

Financial liabilities - 30 June 2023	Gross amounts \$'000	Gross amounts of recognised financial assets set off in the Statements of Financial Position \$'000	Net amounts of financial liabilities presented in Statements of Financial Position \$'000	Amounts related to recognised financial instruments that do not meet offsetting criteria \$'000	Cash collateral \$'000	Marketable security collateral \$'000	Net amount \$'000
Nil	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-

UBS Short-Term Fixed  
Income Fund

Financial assets - 30 June 2022	Gross amounts \$'000	Gross amounts of recognised financial liabilities set off in the Statements of Financial Position \$'000	Net amounts of financial assets presented in Statements of Financial Position \$'000	Amounts related to recognised financial instruments that do not meet offsetting criteria \$'000	Cash collateral \$'000	Marketable security collateral \$'000	Net amount \$'000
Nil	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-

UBS Short-Term Fixed  
Income Fund

Financial liabilities - 30 June 2022	Gross amounts \$'000	Gross amounts of recognised financial assets set off in the Statements of Financial Position \$'000	Net amounts of financial liabilities presented in Statements of Financial Position \$'000	Amounts related to recognised financial instruments that do not meet offsetting criteria \$'000	Cash collateral \$'000	Marketable security collateral \$'000	Net amount \$'000
Futures	191	-	191	-	-	-	191
Closing balance	191	-	191	-	-	-	191

UBS Investment Funds  
Notes to the Financial Statements  
For the year ended 30 June 2023  
(continued)

15 Offsetting financial assets and financial liabilities (continued)

UBS Australian Bond Fund

Financial assets - 30 June 2023	Gross amounts \$'000	Gross amounts of recognised financial liabilities set off in the Statements of Financial Position \$'000	Net amounts of financial assets presented in Statements of Financial Position \$'000	Amounts related to recognised financial instruments that do not meet offsetting criteria \$'000	Cash collateral \$'000	Marketable security collateral \$'000	Net amount \$'000
Futures	110	-	110	110	-	-	-
<b>Closing balance</b>	<b>110</b>	<b>-</b>	<b>110</b>	<b>110</b>	<b>-</b>	<b>-</b>	<b>-</b>

UBS Australian Bond Fund

Financial liabilities - 30 June 2023	Gross amounts \$'000	Gross amounts of recognised financial assets set off in the Statements of Financial Position \$'000	Net amounts of financial liabilities presented in Statements of Financial Position \$'000	Amounts related to recognised financial instruments that do not meet offsetting criteria \$'000	Cash collateral \$'000	Marketable security collateral \$'000	Net amount \$'000
Swaps	1,577	-	1,577	-	-	-	1,577
Futures	2,049	-	2,049	110	-	-	1,939
<b>Closing balance</b>	<b>3,626</b>	<b>-</b>	<b>3,626</b>	<b>110</b>	<b>-</b>	<b>-</b>	<b>3,516</b>

UBS Australian Bond Fund

Financial assets - 30 June 2022	Gross amounts \$'000	Gross amounts of recognised financial liabilities set off in the Statements of Financial Position \$'000	Net amounts of financial assets presented in Statements of Financial Position \$'000	Amounts related to recognised financial instruments that do not meet offsetting criteria \$'000	Cash collateral \$'000	Marketable security collateral \$'000	Net amount \$'000
Swaps	484	-	484	484	-	-	-
Futures	1,585	-	1,585	1,585	-	-	-
<b>Closing balance</b>	<b>2,069</b>	<b>-</b>	<b>2,069</b>	<b>2,069</b>	<b>-</b>	<b>-</b>	<b>-</b>

UBS Australian Bond Fund

Financial liabilities - 30 June 2022	Gross amounts \$'000	Gross amounts of recognised financial assets set off in the Statements of Financial Position \$'000	Net amounts of financial liabilities presented in Statements of Financial Position \$'000	Amounts related to recognised financial instruments that do not meet offsetting criteria \$'000	Cash collateral \$'000	Marketable security collateral \$'000	Net amount \$'000
Swaps	3,066	-	3,066	484	-	-	2,582
Futures	1,963	-	1,963	1,585	-	-	378
<b>Closing balance</b>	<b>5,029</b>	<b>-</b>	<b>5,029</b>	<b>2,069</b>	<b>-</b>	<b>-</b>	<b>2,960</b>

**15 Offsetting financial assets and financial liabilities (continued)**

The agreements, where relevant, could include derivative clearing agreements, global master repurchase agreements and others. Similar financial instruments could include derivatives, sale and repurchase agreements, reverse sale and repurchase agreements, securities lending agreements, short sales etc.

The International Swaps and Derivatives Association ("ISDA"), master netting agreements or similar agreements do not generally meet the criteria for offsetting. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the entity or the counterparties.

From time to time, the Schemes may receive or pledge collateral which could be in the form of cash or marketable securities or both in respect of the above instruments. Such collateral, if transacted, is generally subject to the industry standard in terms of ISDA's Credit Support Annex. This means that collateral received/pledged can be re-pledged or sold during the term of the transaction but have to be returned on maturity of the transaction. The terms also generally give each counterparty the right to terminate the related transactions on the counterparty's failure to post collateral.

Financial instruments, cash collateral and securities collateral not offset in the Statements of Financial Position in the above tables have been limited to the net amount of financial assets and liabilities presented in the Statements of Financial Position to eliminate the effect of over collateralization.



## **16 Related party transactions**

### **Responsible Entity**

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

### **Key management personnel**

The directors of UBS Asset Management (Australia) Ltd are considered key management personnel.

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

The directors of the Responsible Entity in office at any time during the financial year and up to the date of this report are listed as follows:

#### **(a) Directors**

A Telfer, Chairman  
G W Rice  
N A Hughes  
J Benady (Appointed 20 September 2022)  
J Pieterse (Appointed 20 September 2022, Resigned 18 August 2023)  
C Charnock (Appointed 25 September 2023)

#### **(b) Other key management personnel**

In addition, the Responsible Entity, UBS Asset Management (Australia) Ltd is considered to be a key management personnel with the authority for the strategic direction and management of the Schemes.

### **Relationship with UBS AG Australia Branch and UBS Securities Australia Limited**

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

Fees paid to these related companies for their services are on normal commercial terms and conditions.

### **Responsible Entity's fees and other transactions**

The Responsible Entity received a total fee of \$9,405,719 for administering and managing the Schemes in accordance with the Schemes' Constitutions for the financial year ended 30 June 2023 (2022: \$10,974,890).

Where the Schemes invest into other schemes managed by the Responsible Entity, the Responsible Entity's fee is calculated after rebating fees charged in the underlying schemes.

In addition to the Responsible Entity's fees, the Responsible Entity is entitled to be reimbursed out of the Schemes for costs including expenses in connection with the keeping and preparation of accounting records and the maintenance of the registers. For the financial years ended 30 June 2023 and 30 June 2022, all these costs and expenses have been borne by the Responsible Entity.

The Responsible Entity's fees paid and payable or rebateable (inclusive of GST, net of RITC) calculated in the manner described above are disclosed in the Statements of Comprehensive Income. Amounts payable to the Responsible Entity at the financial year end are detailed in Note 12. Any fee rebates receivable from the Responsible Entity are included in Receivables - Other receivables in Note 10.

All related party transactions are conducted on normal commercial terms and conditions.

**UBS Investment Funds**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2023**  
**(continued)**

**16 Related party transactions (continued)**

**Related party unitholdings**

The related party unitholdings (including units held by UBS Asset Management (Australia) Ltd, their related parties and other Schemes managed by UBS Asset Management (Australia) Ltd) are recorded at ex-redemption price, which are recognised after provision for distributions at the financial year end. Related parties that held units in the Schemes are listed as follows:

<b>UBS Global Credit Fund</b>	<b>Number of units held opening</b>	<b>Number of units held closing</b>	<b>Fair value of investment</b>	<b>Interest held</b>	<b>Number of units acquired</b>	<b>Number of units disposed</b>	<b>Distributions paid/payable by the Schemes</b>
<b>2023</b>							
<b>Unitholder</b>	<b>Units</b>	<b>Units</b>	<b>\$</b>	<b>%</b>	<b>Units</b>	<b>Units</b>	<b>\$</b>
UBS International Bond Fund	74,824,352	74,824,352	59,709,833	99.92	-	-	-
<b>2022</b>							
<b>Unitholder</b>							
UBS International Bond Fund	108,387,579	74,824,352	60,113,885	99.92	9,802,749	43,365,976	-
<b>UBS Diversified Fixed Income Fund</b>	<b>Number of units held opening</b>	<b>Number of units held closing</b>	<b>Fair value of investment</b>	<b>Interest held</b>	<b>Number of units acquired</b>	<b>Number of units disposed</b>	<b>Distributions paid/payable by the Schemes</b>
<b>2023</b>							
<b>Unitholder</b>	<b>Units</b>	<b>Units</b>	<b>\$</b>	<b>%</b>	<b>Units</b>	<b>Units</b>	<b>\$</b>
UBS Balanced Investment Fund	91,576,683	68,310,248	50,310,498	10.05	412,097	23,678,532	408,633
UBS Defensive Investment Fund	59,601,074	42,143,408	31,038,620	6.20	280,077	17,737,743	208,027
UBS Diversified Fixed Income Feeder Fund	125,783,301	95,126,202	70,060,448	14.00	1,154,636	31,811,735	648,043
<b>2022</b>							
<b>Unitholder</b>							
UBS Balanced Investment Fund	94,408,531	91,576,683	68,288,733	10.69	15,343,886	18,175,734	1,049,008
UBS Defensive Investment Fund	61,510,757	59,601,074	44,444,521	6.96	9,906,793	11,816,476	709,013
UBS Diversified Fixed Income Feeder Fund	-	125,783,301	93,796,608	14.69	132,767,611	6,984,310	-
<b>UBS Income Solution Fund</b>	<b>Number of units held opening</b>	<b>Number of units held closing</b>	<b>Fair value of investment</b>	<b>Interest held</b>	<b>Number of units acquired</b>	<b>Number of units disposed</b>	<b>Distributions paid/payable by the Schemes</b>
<b>2023</b>							
<b>Unitholder</b>	<b>Units</b>	<b>Units</b>	<b>\$</b>	<b>%</b>	<b>Units</b>	<b>Units</b>	<b>\$</b>
UBS Defensive Investment Fund	6,016,047	7,075,028	5,931,562	1.83	1,774,133	715,152	132,770
UBS Diversified Fixed Income Fund	32,725,231	34,806,653	29,181,202	9.00	2,081,422	-	710,357
UBS Balanced Investment Fund	25,358,077	43,192,680	36,211,879	11.17	17,834,603	-	735,227
<b>2022</b>							
<b>Unitholder</b>							
UBS Defensive Investment Fund	4,265,831	6,016,047	4,937,581	1.46	2,095,892	345,676	303,076
UBS Diversified Fixed Income Fund	31,624,729	32,725,231	26,858,745	7.92	1,100,502	-	1,651,528
UBS Balanced Investment Fund	-	25,358,077	20,812,263	6.14	33,384,794	8,026,717	1,307,997

**UBS Investment Funds**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2023**  
**(continued)**

**16 Related party transactions (continued)**

**Related party unitholdings (continued)**

<b>UBS International Bond Fund</b>	<b>Number of units held opening</b>	<b>Number of units held closing</b>	<b>Fair value of investment</b>	<b>Interest held</b>	<b>Number of units acquired</b>	<b>Number of units disposed</b>	<b>Distributions paid/payable by the Schemes</b>
<b>2023</b>							
<b>Unitholder</b>	<b>Units</b>	<b>Units</b>	<b>\$</b>	<b>%</b>	<b>Units</b>	<b>Units</b>	<b>\$</b>
UBS Diversified Fixed Income Fund	345,880,292	273,734,894	227,172,588	98.65	-	72,145,398	-
<b>2022</b>							
<b>Unitholder</b>							
UBS Diversified Fixed Income Fund	409,891,966	345,880,292	290,435,681	95.39	-	64,011,674	-
<b>UBS Cash Fund</b>	<b>Number of units held opening</b>	<b>Number of units held closing</b>	<b>Fair value of investment</b>	<b>Interest held</b>	<b>Number of units acquired</b>	<b>Number of units disposed</b>	<b>Distributions paid/payable by the Schemes</b>
<b>2023</b>							
<b>Unitholder</b>	<b>Units</b>	<b>Units</b>	<b>\$</b>	<b>%</b>	<b>Units</b>	<b>Units</b>	<b>\$</b>
UBS Balanced Investment Fund	208,283	213,871	223,163	0.02	5,588	-	6,445
UBS Defensive Investment Fund	2,876	2,953	3,081	-	77	-	89
UBS Tactical Beta Fund - Growth	100,206	-	-	-	1,166	101,372	1,113
UBS Tactical Beta Fund - Conservative	33,824	-	-	-	309	34,133	287
UBS Tactical Beta Fund - Balanced	12,508	-	-	-	146	12,654	139
<b>2022</b>							
<b>Unitholder</b>							
UBS Balanced Investment Fund	208,164	208,284	217,253	0.03	120	-	338
UBS Defensive Investment Fund	2,874	2,876	3,000	-	2	-	5
UBS Tactical Beta Fund - Growth	100,149	100,207	104,522	0.01	58	-	163
UBS Tactical Beta Fund - Conservative	33,805	33,824	35,281	-	19	-	55
UBS Tactical Beta Fund - Balanced	12,501	12,508	13,047	-	7	-	20
<b>UBS Australian Bond Fund</b>	<b>Number of units held opening</b>	<b>Number of units held closing</b>	<b>Fair value of investment</b>	<b>Interest held</b>	<b>Number of units acquired</b>	<b>Number of units disposed</b>	<b>Distributions paid/payable by the Schemes</b>
<b>2023</b>							
<b>Unitholder</b>	<b>Units</b>	<b>Units</b>	<b>\$</b>	<b>%</b>	<b>Units</b>	<b>Units</b>	<b>\$</b>
UBS Diversified Fixed Income Fund	316,739,779	235,919,629	222,118,331	26.08	-	80,820,150	3,088,193
<b>2022</b>							
<b>Unitholder</b>							
UBS Diversified Fixed Income Fund	374,490,885	316,739,779	297,577,023	33.34	-	57,751,106	4,025,815

UBS Short-Term Fixed Income Fund does not have related parties as investing unitholders as at 30 June 2023 (2022: Nil).

**UBS Investment Funds**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2023**  
**(continued)**

**16 Related party transactions (continued)**

**Investments**

The Schemes held investments in the following Schemes which are also managed by UBS Asset Management (Australia) Ltd or their related parties:

	Fair value of investment		Interest held		Distributions received/receivable	
	2023	2022	2023	2022	2023	2022
	\$	\$	%	%	\$	\$
<b>UBS Diversified Fixed Income Fund</b>						
UBS Australian Bond Fund	222,118,331	297,577,023	26.08	33.34	3,088,193	4,025,815
UBS International Bond Fund	227,172,588	290,435,681	98.65	95.39	-	-
UBS Income Solution Fund	29,181,202	26,858,745	9.00	7.92	710,357	1,651,528
Total	478,472,121	614,871,449			3,798,550	5,677,343

	Fair value of investment		Interest held		Distributions received/receivable	
	2023	2022	2023	2022	2023	2022
	\$	\$	%	%	\$	\$
<b>UBS International Bond Fund</b>						
UBS Global Credit Fund	59,709,833	60,113,885	99.92	99.92	-	-
Total	59,709,833	60,113,885			-	-

Schemes that held no investment in related parties are UBS Global Credit Fund, UBS Cash Fund, UBS Short-Term Fixed Income Fund, UBS Income Solution Fund and UBS Australian Bond Fund as at 30 June 2023 (2022: Nil).

**Other transactions within the Schemes**

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

**UBS Investment Funds**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2023**  
**(continued)**

**17 Reconciliation of profit/(loss) to net cash inflows/(outflows) from operating activities**

	UBS Global Credit Fund		UBS Diversified Fixed Income Fund		UBS Income Solution Fund	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>(a) Reconciliation of profit/(loss) to net cash inflows/(outflows) from operating activities</b>						
Profit/(loss) for the financial year	(376)	(12,401)	(811)	(86,272)	15,417	(19,062)
Proceeds from sale of financial instruments at fair value through profit or loss	25,737	59,163	144,531	204,904	109,516	104,516
Purchase of financial instruments at fair value through profit or loss	(29,185)	(25,278)	(11,841)	(34,172)	(85,210)	(167,798)
Net (gains)/losses on financial instruments at fair value through profit or loss	(93)	14,286	3,955	91,465	(4,010)	27,998
Net foreign exchange (gains)/losses	2,312	233	668	820	1,022	1,271
Net change in receivables	(40)	353	(411)	44,075	(473)	(448)
Reinvested distribution income	-	-	(1,719)	(991)	-	-
Net change in payables	(5)	(18)	(10)	(45)	(23)	21
<b>Net cash inflows/(outflows) from operating activities</b>	<b>(1,650)</b>	<b>36,338</b>	<b>134,362</b>	<b>219,784</b>	<b>36,239</b>	<b>(53,502)</b>
<b>(b) Components of cash and cash equivalents</b>						
Cash as at the end of the financial year as shown in the Statements of Cash Flows is reconciled to the Statements of Financial Position as follows:						
Cash and cash equivalents	<u>3,189</u>	<u>4,795</u>	<u>23,206</u>	<u>35,056</u>	<u>6,640</u>	<u>25,447</u>
<b>(c) Non-cash financing and operating activities</b>						
Distribution payments were satisfied by the issue of units under the distribution reinvestment plans	-	9,215	1,101	11,570	3,634	2,655
Distribution receipts were satisfied by the issue of units under distribution reinvestment plans	-	-	1,719	991	-	-

**UBS Investment Funds**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2023**  
**(continued)**

**17 Reconciliation of profit/(loss) to net cash inflows/(outflows) from operating activities (continued)**

	UBS International Bond Fund		UBS Cash Fund		UBS Short-Term Fixed Income Fund	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>(a) Reconciliation of profit/(loss) to net cash inflows/(outflows) from operating activities</b>						
Profit/(loss) for the financial year	(3,630)	(38,411)	28,558	398	5,048	(398)
Proceeds from sale of financial instruments at fair value through profit or loss	233,593	417,484	2,188,385	2,199,036	179,800	291,843
Purchase of financial instruments at fair value through profit or loss	(198,162)	(292,298)	(2,242,334)	(2,066,015)	(137,270)	(239,279)
Net (gains)/losses on financial instruments at fair value through profit or loss	3,269	46,327	(6,644)	35	(562)	1,725
Net foreign exchange (gains)/losses	3,885	(3,972)	-	-	-	(1)
Net change in receivables	209	9,396	(283)	(51)	(198)	146
Reinvested distribution income	-	(9,216)	-	-	-	-
Net change in payables	(32)	(37)	89	(13)	(4)	(33)
<b>Net cash inflows/(outflows) from operating activities</b>	<b>39,132</b>	<b>129,273</b>	<b>(32,229)</b>	<b>133,390</b>	<b>46,814</b>	<b>54,003</b>
<b>(b) Components of cash and cash equivalents</b>						
Cash as at the end of the financial year as shown in the Statements of Cash Flows is reconciled to the Statements of Financial Position as follows:						
Cash and cash equivalents	7,082	38,396	32,429	43,513	1,732	1,380
<b>(c) Non-cash financing and operating activities</b>						
Distribution payments were satisfied by the issue of units under the distribution reinvestment plans	-	41	203	6	1,379	14
Distribution receipts were satisfied by the issue of units under distribution reinvestment plans	-	9,216	-	-	-	-

17 Reconciliation of profit/(loss) to net cash inflows/(outflows) from operating activities (continued)

	UBS Australian Bond Fund	
	2023	2022
	\$'000	\$'000
<b>(a) Reconciliation of profit/(loss) to net cash inflows/(outflows) from operating activities</b>		
Profit/(loss) for the financial year	15,282	(109,173)
Proceeds from sale of financial instruments at fair value through profit or loss	452,243	593,870
Purchase of financial instruments at fair value through profit or loss	(441,714)	(433,673)
Net (gains)/losses on financial instruments at fair value through profit or loss	9,656	128,476
Net foreign exchange (gains)/losses	(78)	47
Net change in receivables	(2,776)	409
Reinvested distribution income	-	-
Net change in payables	2	(122)
<b>Net cash inflows/(outflows) from operating activities</b>	<b>32,615</b>	<b>179,834</b>

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

Cash as at the end of the financial year as shown in the Statements of Cash Flows is reconciled to the Statements of Financial Position as follows:

Cash and cash equivalents	17,420	38,123
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**(c) Non-cash financing and operating activities**

Distribution payments were satisfied by the issue of units under the distribution reinvestment plans

1,294	8,354
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Distribution receipts were satisfied by the issue of units under distribution reinvestment plans

-	-
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## 18 Events occurring after the financial year

No significant events have occurred since the end of the financial year which would impact on the financial position of the Schemes disclosed in the Statements of Financial Position as at 30 June 2023 (2022: Nil) or on the results and cash flows of the Schemes for the financial year ended on that date.

## 19 Contingent assets and liabilities and commitments

There are no outstanding contingent assets and liabilities or commitments as at 30 June 2023 (2022: Nil).

## 20 Investment in subsidiaries

The Schemes have the following unconsolidated entities:

	Principal activities	Country of domicile	Fair value		Equity holding **	
			30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 %	30 June 2022 %
<b>UBS Diversified Fixed Income Fund</b>						
UBS International Bond Fund	International fixed income securities	Australia	227,173	290,436	98.65	95.39

	Principal activities	Country of domicile	Fair value		Equity holding **	
			30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 %	30 June 2022 %
<b>UBS International Bond Fund</b>						
UBS Global Credit Fund	International fixed income securities	Australia	59,710	60,114	99.92	99.92

\*\* The proportion of ownership holding is equal to the proportion of voting power held and the exposure %.

The Schemes acquired units in the above entities at their application price and is valued at their redemption price at the reporting date which reflects the fair value of the investments.

The Schemes qualify for and have applied the investment entity exemption and therefore are no longer required to consolidate their subsidiaries.

The Schemes account for the above investments at fair value through profit or loss and include them as part of the financial statements caption of 'Financial assets at fair value through profit or loss', with any changes in its fair value are taken to profit or loss and recorded as part of 'Net gains/(losses) on financial instruments at fair value through profit or loss'.

As at the reporting date, the Schemes and their subsidiaries did not impose any significant restrictions, borrowing arrangements, regulatory requirements, or contractual arrangements on the ability of an entity to transfer funds to the Schemes in the form of dividends or to repay loans or advances made to the entity by the Schemes.

As at the reporting date, the Schemes and their subsidiaries do not have any current commitments or intentions to provide financial or other support to an entity, including commitments or intentions to assist the entity in obtaining financial support.



**Directors' Declaration**

In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 7 to 111 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the financial position of the Schemes as at 30 June 2023 and of their performance, as represented by the results of their operations and cash flows, for the financial year ended on that date.
- (b) there are reasonable grounds to believe that the Schemes will be able to pay their debts as and when they become due and payable.
- (c) the financial statements are in accordance with the Schemes' 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.



A Telfer  
Chairman



G W Rice  
Director

Sydney  
25 September 2023



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working world**

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## Independent auditor's report to the unitholders of UBS Investment Funds

For the following UBS Investment Funds (“the Schemes”)

- ▶ UBS Global Credit Fund
- ▶ UBS Diversified Fixed Income Fund
- ▶ UBS Income Solution Fund
- ▶ UBS International Bond Fund
- ▶ UBS Cash Fund
- ▶ UBS Short Term-Fixed Income Fund
- ▶ UBS Australian Bond Fund

### Opinion

We have audited the financial report of the above Schemes, which comprises the Statement of Financial Position as at 30 June 2023, the Statement of Comprehensive Income, Statement of Changes in Equity and 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, the accompanying financial report of the Schemes is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Schemes' financial position as at 30 June 2023 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### 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 Schemes in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also 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.

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

The directors of UBS Asset Management (Australia) Ltd as Responsible Entity of the Schemes 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Schemes' ability 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 Schemes or to cease operations, or have no realistic alternative but to do so.

## **Auditor's responsibility 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 the 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 the 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 Schemes' 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 and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Schemes' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit

evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Schemes 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 report represents 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.



Ernst & Young



Elliott Shadforth  
Partner  
Sydney  
25 September 2023