

# Notice of changes for UBS Cash Fund

**Date: 30 November 2020**

**Issuer: UBS Asset Management (Australia) Ltd**

**Fund: UBS Cash Fund (ARSN: 090 431 039, APIR: SBC0811AU)**

This significant event notice is to advise that the product disclosure statement (PDS) of the UBS Cash Fund (Fund) has been updated with effect from **30 November 2020**. The revised sections refer to:

1. Description of benefits of investing in the Fund;
2. Summary of significant risks of investing in the Fund;
3. Explanation on how your money is invested in the Fund; and
4. The Fees and Costs estimate for the financial year ending 30 June 2020.
5. **Management fee reduced from 0.25% p.a. to 0.10% p.a. effective 30<sup>th</sup> November 2020**

## 1. Material changes to the PDS:

### i. Section 3 – Benefits of investing in the Fund

As described in Section 3 of the Fund PDS, 'Benefits of Investing in the Fund' (PDS issue date 29 August 2019), you gain access to an actively managed portfolio predominantly comprising Australian cash and cash equivalent investments. The revised PDS states:

The Responsible Entity considers "cash equivalent" investments to include short term (less than 3 months) highly liquid investments (including deposits, bank bills, money market instruments and Australian Commonwealth and State government bonds) that are readily convertible to known amounts of cash.

The Fund may also investment in investment grade corporate bonds and asset backed securities, and longer term Australian Federal and State government bonds.

An "investment grade" security means a security rated as investment grade (BBB-/Baa3 or higher) by a licensed credit rating agency selected by the RE.

### ii. Section 4.2 – Summary of significant risks of the Fund

As described in Section 4.2 of the Fund PDS, 'Summary of significant risks of the Fund' (PDS issue date 29 August 2019), there are risks associated with an investment in the Fund. The revised PDS states:

- a) **Interest rate risk** – There is a risk that interest rates or returns, including after fees can be low, zero or negative for prolonged periods. In particular, during the current low interest rate environment (relative to historical trends), even without any investment default or other impairment, it is possible that the Fund's gross return may be less than the fees and costs borne by the Fund, such that net returns on your investment are negative.
- b) **Credit risk** – The issuer of a credit instrument (debt securities and deposits) may fail to meet its obligation to repay the principal or the interest payments. The value of the Fund will be affected by the perceived or actual creditworthiness of the Fund's investments. A perceived or actual

deterioration of the credit quality of one or more securities in the Fund (which may be associated with a credit rating downgrade, or a perceived risk of a downgrade) will likely adversely impact the value of such securities and, as a result, the value of the Fund. The debt securities held by the Fund generally rank, in respect of the order of payment on a default of the issuer, behind secured debt (if any) and any other mandatorily preferred obligations (e.g. tax and employee payments and certain other obligations such as bank deposits or protected accounts).

Although the Fund's portfolio will be predominantly invested in "investment grade" rated securities, credit ratings merely reflect the rating assigned by the credit rating agency to represent the issuer's creditworthiness (its ability to make interest repayments and repay the principal amount borrowed), and do not provide any assurance regarding the bond issuer's ability to meet its payment obligations in relation to a bond. Credit ratings are not intended to be an investment recommendation or used as a basis for assessing investment merit. They are limited in scope and may be changed or withdrawn at any time. Higher rated borrowers with an "investment grade" rating generally allow companies to pay lower interest rates on their debt when compared with lower rated borrowers. Upon becoming aware that a security held by the Fund has lost its investment grade rating (i.e. it suffers a ratings downgrade), the Responsible Entity will seek to sell the security, ordinarily within 30 days, or longer if the Responsible Entity considers it to be in the interests of members. Credit ratings are intended to be used by wholesale investors only and should not be relied on by retail investors when making a decision about an investment in the Fund.

- c) **Liquidity risk** – Assets held by the Fund may not be able to be readily sold. The fixed income market is largely 'over the counter', meaning most instruments are not traded on an exchange. They are traded bi-laterally with a counterparty and in some market conditions, there may not be a counterparty willing to buy or sell an asset of the Fund at fair value (or at all).

### iii. **Section 5 – How we invest your money**

Section 5 of the Fund PDS describes 'How we invest your money' (PDS issue date 29 August 2019). Effective 30 November 2020, The revised PDS reflects updates made across the 'Investment strategy' section, the amalgamation of the 'investment guidelines' and 'investment universe' section from the previous version of the PDS with enhanced clarification around the Fund's eligible investments and indicative ranges as outlined below:

- a) **Investment strategy** – The Fund is actively managed, based on fundamental research that draws upon the investment insights of our fixed income teams. The approach employs both "top-down" research, including analysis of economic factors, market data and macro credit themes, and "bottom-up" research in respect of particular securities, including analysis of earnings and cash flow stability, balance sheet strength, industry and valuation.
- b) **Investment guidelines** – The Fund invests predominantly in Australian cash and cash equivalent investments. The Responsible Entity considers "cash equivalent" investments to include short term (less than 3 months) highly liquid investments (including deposits, bank bills, money market instruments and Australian Commonwealth and State government bonds) that are readily convertible to known amounts of cash. The Fund may also invest in investment grade corporate bonds and asset backed securities, and longer term Australian Federal and State government bonds. An "investment grade" security means a security rated as investment grade (BBB-/Baa3 or higher) by a licensed credit rating agency selected by the Responsible Entity.

The investment strategy and investment guidelines may be changed. If this occurs, investors will be notified in accordance with the requirements of the Corporations Act.

### iv. **Section 6.1 – Fees and costs**

Section 6.1 of the Fund PDS provides an overview of the fees and costs you will incur as a result of investing in the Fund (PDS issue date 29 August 2019) being 0.25%. **Effective 30 November 2020**, the PDS reflects a **fee reduction to 0.10%**. Refer to the updated table below:

## Fees and costs

Type of fee or cost	Amount
<b>Fees when your money moves in or out of the fund</b>	
Establishment fee	Nil
Contribution fee	Nil
Withdrawal fee	Nil
Termination fee	Nil
<b>Management costs</b>	
The fees and costs for managing your investment	
<b>Management fee*</b>	<b>0.10%#</b> p.a. of the net asset value of the Fund We charge a fee for administering and managing the Fund. This fee is calculated daily and paid to us (as Responsible Entity for the Fund) on a monthly basis from the Fund's assets. This fee reduces the net asset value of the Fund and is reflected in the unit price. The fee is not charged separately to your investment.
<b>Indirect costs**</b>	0.00% p.a. of the net asset value of the Fund. Indirect costs are generally any amount that arises from investing in interposed vehicles and certain over-the-counter derivatives. These costs are not an additional fee paid to us, are not charged separately to your investment and are reflected in the unit price. They are estimated amounts quoted with reference to the financial year ended 30 June 2020 and may vary over time. Indirect costs are paid from the Fund's assets as and when they are incurred.
<b>Total Management costs</b>	<b>0.10% p.a. of the net asset value of the Fund.</b>

\*The amount of this fee can be negotiated, rebated or waived in whole or in part for certain direct investors such as IDPS operators, sophisticated or professional investors, or wholesale clients, as defined in the Corporations Act, depending on factors such as the amount invested.

\*\* Information about the calculation of the indirect costs is set out in Section 5 of the UBS Additional Information Booklet.

# The net amount of the management fee including GST, net of reduced inputs tax credits to be claimed by the Fund.

The information in this template can be used to compare costs between different simple managed investment schemes. Fees and costs can be paid directly from your account, or deducted from investment returns (i.e. the Fund's assets).

We encourage you to read the PDS carefully and seek independent financial advice to understand any changes, having regard to your personal objectives, financial situation and needs.

## Contact information

The information in this notice is general information only and does not take into account your personal objectives, financial situation or needs. If you require any further information relating to the changes outlined in this letter, please contact your adviser or call Client Services on (03) 9046 4041 or toll free on 1800 572 018 between 8:30 am and 5:30 pm (Sydney time) Monday to Friday.

Kind regards



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