

March, 2015

In the Matter of
the Securities Legislation of
Ontario,
Alberta, British Columbia, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova
Scotia, Newfoundland and Labrador,
Prince Edward Island, Yukon, Northwest Territories, Nunavut
(the **Jurisdictions**)
And

In the Matter of
the Process for Exemptive Relief Applications in Multiple Jurisdictions
and
In the Matter of
UBS Global Asset Management (Canada) Inc. (the **Applicant**)
as manager of the UBS (Canada) Global Allocation Fund and
UBS (Canada) American Equity Fund (the **Funds** and together with the Applicant, the **Filers**)

Decision

Background

The securities regulatory authority or regulator in each of the Jurisdictions (**Decision Maker**) has received an application from the Filers for a decision under the securities legislation of the Jurisdictions (the **Legislation**) that the Funds no longer be reporting issuers under the Legislation (the **Exemptive Relief Sought**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a coordinated review application):

- (a) the Ontario Securities Commission is the principal regulator for this application, and
- (b) the decision is the decision of the principal regulator and evidences the decision of each other Decision Maker.

Interpretation

Terms defined in National Instrument 14-101 *Definitions* have the same meaning if used in this decision, unless otherwise defined.

Representations

This decision is based on the following facts represented by the Filers:

The Applicant

1. The Applicant is a corporation existing under the laws of the Province of Nova Scotia with its head office located in Toronto, Ontario.

2. The Applicant is registered under the *Securities Act* (Ontario) (the **OSA**) as a dealer in the category of exempt market dealer, as an adviser in the category of portfolio manager and as an investment fund manager and, under the *Commodity Futures Act* (Ontario), as an adviser in the category of commodity trading manager. The Applicant is also registered as a dealer in the category of exempt market dealer and as an adviser in the category of portfolio manager in all other provinces and territories of Canada, as an investment fund manager in Québec and Newfoundland and Labrador and as an adviser under the *Commodity Futures Act* in Manitoba.
3. The Applicant is currently the portfolio manager and investment fund manager of the Funds.
4. The Applicant and the Funds are not in default of securities, commodity futures or derivatives legislation in any jurisdiction in Canada.

The Funds

5. The Funds are established as Ontario domiciled trusts.
6. The Funds are reporting issuers in each of the Jurisdictions and are not in default of any of their respective obligations thereunder.
7. The details of the simplified prospectuses for the Funds are as follows:
 - a) UBS (Canada) Global Allocation Fund, Series A, D and F Units – Simplified Prospectus dated as of June 2, 2014; and
 - b) UBS (Canada) American Equity Fund, Series A, D and F Units – Simplified Prospectus dated February 19, 2014,(collectively, the **Simplified Prospectuses**).
8. The Funds are authorized to issue one class of units (**Units**) and within each class an unlimited number of series of Units (each a **Series**) and an unlimited number of Units of each Series. Each Fund has three Series of Units that are qualified by the Simplified Prospectuses and at least one other Series that is not qualified by the Simplified Prospectuses.
9. As at the date hereof, there are no unitholders in the Series of the Funds that are qualified by the Simplified Prospectuses. The purpose of creating these series was part of making the Funds available for retail distribution. Shortly after the simplified prospectuses were receipted, there was a change of priorities which did not include the distribution of retail funds. The Applicant does not intend to sell any Units under the Simplified Prospectuses and does not intend to renew the Simplified Prospectuses following their lapse date.

10. The unitholders in the other (non-prospectus qualified) Series of Units of these Funds are either institutional accredited investors that do not rely on the Simplified Prospectuses to purchase Units or are clients of an affiliate of the Applicant who is also a registrant (UBS Investment Management Canada Inc., hereinafter, the "Affiliate"). The Affiliate offers investment management and financial counselling services, primarily to high net worth individuals (each, a "Client") through a managed account ("Managed Account"). Each Client who wishes to receive the investment management services of the Affiliate executes a written agreement whereby the Client appoints the Affiliate to manage the investment portfolio of the Client with discretionary authority to trade in securities for the Managed Account without obtaining the specific consent of the Client on the underlying securities that will be held in the Managed Account. At no time have these underlying Clients of the Affiliate been provided with the simplified prospectus or advised that there was a simplified prospectus. The Funds are only distributed to Managed Account Clients of the Affiliate or institutional accredited investors of the Applicant and therefore not widely distributed.
11. The Funds do not charge a commission or a management fee directly to investors of the Affiliate. The Applicant and the Affiliate have entered into a bulk subscription agreement whereby the Affiliate pays the Applicant a fee based on the assets under management. With respect to the relationship between the Client and the Affiliate, under its agreement, the Client agrees to pay the Affiliate a management fee. The terms of the fees are detailed in each Client's agreement. However, there are no redemption fees applicable to the Funds.
12. Each institutional accredited investor receives a monthly statement showing current holdings and a summary of all transactions carried out in their account as well as a comprehensive quarterly portfolio reporting package that includes current holdings, capital allocation, asset mix and performance. The Applicant will send a notice to each institutional accredited investor that holds units of the Funds in their next comprehensive quarterly portfolio reporting package advising that the Funds have ceased to be reporting issuers and explaining the implications of such fact. As there are no redemption charges payable by unitholders in the Funds, all institutional accredited investors will be permitted to instruct the Applicant if they no longer wish to be invested in the Funds and there will be no fees associated with such redemption. In addition, the Affiliate has confirmed that they send each Client a monthly statement showing current holdings and a summary of all transactions carried out in their Managed Account during the month as well as a comprehensive quarterly portfolio reporting package that includes current holdings, capital allocation, asset mix and performance. The Applicant will send a notice to the Affiliate to distribute to all Clients of the Funds in their next comprehensive quarterly portfolio reporting package advising that the Funds have ceased to be reporting issuers and explaining the implications of such fact. All Clients will be permitted to instruct the Affiliate if they no longer wish to be invested in the Funds and there will be no fees associated with such redemption.

13. Investors in the Funds are only comprised of and will in the future only be comprised of investors who qualify as "accredited investors" as defined in NI 45-106. In the bulk subscription agreement with the Affiliate, the Affiliate represents to the Applicant that all investors that the Affiliate puts into the Funds are accredited investors falling within either the income test or the asset test as set forth in NI 45-106 Part 1, definition of Accredited Investor, paragraphs (j), (k) and (l). This is confirmed annually by the Affiliate to the Applicant in a certificate addressed to the Applicant.
14. Ceasing to be a reporting issuer for each of these Funds will reduce the regulatory and financial burdens associated therewith, such as the costs of the preparation of Management Reports of Fund Performance and maintenance of an Independent Review Committee. This will be a benefit to the Unitholders, as the management expense ratio of the Funds will be reduced to the extent the costs and expenses associated with these requirements will no longer be applicable.
15. Each of the Funds will continue as pooled funds subject to NI 81-106 (being mutual funds in Ontario) and the regulatory obligations therein, and will continue to be subject to the self-dealing and conflict of interest requirements in Part XXI of the OSA.
16. The UBS (Canada) Global Allocation Fund is not eligible to use the simplified procedure under CSA Staff Notice 12-307 *Applications for a Decision that an Issuer is not a Reporting Issuer* because it is a reporting issuer in British Columbia. The UBS (Canada) Global Allocation Fund does represent that:
 - a. the outstanding units of the UBS (Canada) Global Allocation Fund including debt securities, are beneficially owned, directly or indirectly, by fewer than 15 security holders in each of the jurisdictions in Canada and fewer than 51 security holders in total in Canada.

The UBS (Canada) American Equity Fund is not eligible to use the simplified procedure under CSA Staff Notice 12-307 *Applications for a Decision that an Issuer is not a Reporting Issuer* because (a) it is a reporting issuer in British Columbia and (b) it has more than 51 unitholders in Canada.

The Funds represent that:

- a. no securities of any of the Funds are traded on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*;
- b. the Applicant is applying for a decision that the Funds are not a reporting issuer in all of the jurisdictions in Canada in which they are currently a reporting issuer;
- c. the Funds are not in default of their obligations under the Legislation as a reporting issuer.


Decision

Each of the Decision Makers is satisfied that the decision meets the test set out in the Legislation for the Decision Maker to make the decision.

The decision of the Decision Makers under the Legislation is that the Exemptive Relief Sought is granted.

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Commissioner
Ontario Securities Commission

Handwritten signature in cursive, written over a horizontal line.

Commissioner
Ontario Securities Commission

