

SERVOTRONICS INC /DE/
Form 10-Q
August 14, 2012

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549
Form 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2012

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File No. 1-07109

SERVOTRONICS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

16-0837866
(I. R. S. Employer
Identification No.)

1110 Maple Street
Elma, New York 14059
(Address of principal executive offices) (zip code)

(716) 655-5990

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by checkmark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at July 31, 2012
Common Stock, \$.20 par value	2,383,013

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SERVOTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(\$000's omitted except share and per share data)

	June 30, 2012 (Unaudited)	December 31, 2011
Assets		
Current assets:		
Cash and cash equivalents	\$4,266	\$4,948
Accounts receivable, net	6,162	6,031
Inventories, net	11,684	11,607
Prepaid income taxes	447	133
Deferred income taxes	754	754
Other assets	808	505
Assets held for sale	650	-
Total current assets	24,771	23,978
Property, plant and equipment, net	5,881	6,103
Other non-current assets	353	342
Total Assets	\$31,005	\$30,423
Liabilities and Shareholders' Equity		
Current liabilities:		
Current portion of long-term debt	\$191	\$202
Current portion of capital lease related party	81	81
Accounts payable	1,439	1,451
Accrued employee compensation and benefit costs	1,515	1,434
Dividends payable	358	-
Other accrued liabilities	191	327
Total current liabilities	3,775	3,495
Long-term debt	2,845	2,855
Long-term portion of capital lease related party	292	333
Deferred income taxes	496	496
Shareholders' equity:		
Common stock, par value \$.20; authorized 4,000,000 shares; issued 2,614,506 shares; outstanding 2,148,992 (2,074,257 – 2011) shares	523	523
Capital in excess of par value	13,926	13,774
Retained earnings	12,158	12,490
Accumulated other comprehensive loss	(67) (67
Employee stock ownership trust commitment	(1,266) (1,266
Treasury stock, at cost 230,400 (305,135 – 2011) shares	(1,677) (2,210
Total shareholders' equity	23,597	23,244
Total Liabilities and Shareholders' Equity	\$31,005	\$30,423

See notes to consolidated financial statements

SERVOTRONICS, INC. AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF INCOME
 (\$000's omitted except per share data)
 (Unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2012	2011	2012	2011
Revenue	\$ 7,856	\$8,147	\$16,007	\$16,191
Costs, expenses and other income:				
Cost of goods sold, exclusive of depreciation and amortization	5,534	5,698	11,991	11,619
Selling, general and administrative	1,272	1,230	2,573	2,494
Interest expense	14	15	27	30
Depreciation and amortization	169	166	340	331
Other income, net	(2) (4)	

The Insured shall not bring legal proceedings against the Underwriter to recover any loss hereunder prior to sixty (60) days after filing such proof of loss or subsequent to twenty-four (24) months after the discovery of such loss or, in the case of a legal proceeding to recover hereunder on account of any judgment against the Insured in or settlement of any suit mentioned in General Agreement C or to recover court costs or attorneys' fees paid in

any such
suit,
twenty-four
(24) months
after the
date of the
final
judgment in
or settlement
of such suit.
If any
limitation in
this Bond is
prohibited by
any
applicable
law, such
limitation
shall be
deemed to
be amended
to be equal
to the
minimum
period of
limitation
permitted by
such law.

Notice
hereunder
shall be
given to
Manager,
Professional
Liability
Claims, ICI
Mutual
Insurance
Company,
P.O. Box
730,
Burlington,
Vermont
05402-0730.

SECTION 5. DISCOVERY

For all purposes under this Bond, a loss is discovered, and discovery of a loss occurs, when the Insured

- (1) becomes aware of facts, or
- (2) receives notice of an actual or potential claim by a third party which alleges that the Insured is liable under circumstances,

which would cause a reasonable person to assume that loss covered by this Bond has been or is likely to be incurred even though the exact amount or details of loss may not be known.

SECTION 6. VALUATION OF PROPERTY

For the purpose of determining the amount of any loss hereunder, the value of any Property shall be the market value of such Property at the close of business on the first business day before the discovery of such loss; except that

- (1) the value of any Property replaced by the Insured prior to the payment of a claim therefor shall be the actual market value of such Property at the time of replacement, but not in excess of the market value of such Property on the first business day before the discovery of the loss of such Property;
- (2) the value of Securities which must be produced to exercise subscription, conversion, redemption or deposit privileges shall be the market value of such privileges immediately preceding the expiration thereof if the loss of such Securities is not discovered until after such expiration, but if there is no quoted or other ascertainable market price for such Property or privileges referred to in clauses (1) and (2), their value shall be fixed by agreement between the parties or by arbitration before an arbitrator or arbitrators acceptable to the parties; and
- (3) the value of books of accounts or other records used by the Insured in the conduct of its business shall be limited to the actual cost of blank books, blank pages or other materials if the books or records are reproduced plus the cost of labor for the transcription or copying of data furnished by the Insured for reproduction.

SECTION 7. LOST SECURITIES

The maximum liability of the Underwriter hereunder for lost Securities shall be the payment for, or replacement of, such Securities having an aggregate value not to exceed the applicable Limit of Liability. If the Underwriter shall make payment to the Insured for any loss of securities, the Insured shall assign to the Underwriter all of the Insured's right, title and interest in and to such Securities. In lieu of such payment, the Underwriter may, at its option, replace such lost Securities, and in such case the Insured shall cooperate to effect such replacement. To effect the replacement of lost Securities, the Underwriter may issue or arrange for the issuance of a lost instrument bond. If the value of such Securities does not exceed the applicable Deductible Amount (at the time of the discovery of the loss), the Insured will pay the usual premium charged for the lost instrument bond and will indemnify the issuer of such bond against all loss and expense that it may sustain because of the issuance of such bond.

If the value of such Securities exceeds the applicable Deductible Amount (at the time of discovery of the loss), the Insured will pay a proportion of the usual premium charged for the lost instrument bond, equal to the percentage that the applicable Deductible Amount bears to the value of such Securities upon discovery of the loss, and will indemnify the issuer of such bond against all loss and expense that is not recovered from the Underwriter under the terms and conditions of this Bond, subject to the applicable Limit of Liability.

SECTION 8. SALVAGE

If any recovery is made, whether by the Insured or the Underwriter, on account of any loss within the applicable Limit of Liability hereunder, the Underwriter shall be entitled to the full amount of such recovery to reimburse the Underwriter for all amounts paid hereunder with respect to such loss. If any recovery is made, whether by the Insured or the Underwriter, on account of any loss in excess of the applicable Limit of Liability hereunder plus the Deductible Amount applicable to such loss from any source other than suretyship, insurance, reinsurance, security or indemnity taken by or for the benefit of the Underwriter, the amount of such recovery, net of the actual costs and expenses of recovery, shall be applied to reimburse the Insured in full for the portion of such loss in excess of such Limit of Liability, and the remainder, if any, shall be paid first to reimburse the Underwriter for all amounts paid hereunder with respect to such loss and then to the Insured to the extent of the portion of such loss within the Deductible Amount. The Insured shall execute all documents which the Underwriter deems necessary or desirable to secure to the Underwriter the rights provided for herein.

SECTION 9. NON-REDUCTION AND NON-ACCUMULATION OF LIABILITY AND TOTAL LIABILITY

Prior to its termination, this Bond shall continue in force up to the Limit of Liability for each Insuring Agreement for each Single Loss, notwithstanding any previous loss (other than such Single Loss) for which the Underwriter may have paid or be liable to pay hereunder; PROVIDED, however, that regardless of the number of years this Bond shall continue in force and the number of premiums which shall be payable or paid, the liability of the Underwriter under this Bond with respect to any Single Loss shall be limited to the applicable Limit of Liability irrespective of the total amount of such Single Loss and shall not be cumulative in amounts from year to year or from period to period.

SECTION 10. MAXIMUM LIABILITY OF UNDERWRITER; OTHER BONDS OR POLICIES

The maximum liability of the Underwriter for any Single Loss covered by any Insuring Agreement under this Bond shall be the Limit of Liability applicable to such Insuring Agreement, subject to the applicable Deductible Amount and the other provisions of this Bond. Recovery for any Single Loss may not be made under more than one Insuring Agreement. If any Single Loss covered under this Bond is recoverable or recovered in whole or in part because of an unexpired discovery period under any other bonds or policies issued by the Underwriter to the Insured or to any predecessor in interest of the Insured, the maximum liability of the Underwriter shall be the greater of either (1) the applicable Limit of Liability under this Bond, or (2) the maximum liability of the Underwriter under such other bonds or policies.

SECTION 11. OTHER INSURANCE

Notwithstanding anything to the contrary herein, if any loss covered by this Bond shall also be covered by other insurance or suretyship for the benefit of the Insured, the Underwriter shall be liable hereunder only for the portion of such loss in excess of the amount recoverable under such other insurance or suretyship, but not exceeding the applicable Limit of Liability of this Bond.

SECTION 12. DEDUCTIBLE AMOUNT

The Underwriter shall not be liable under any Insuring Agreement unless the amount of the loss covered thereunder, after deducting the net amount of all reimbursement and/or recovery received by the Insured with respect to such loss (other than from any other bond, suretyship or insurance policy or as an advance by the Underwriter hereunder) shall exceed the applicable Deductible Amount; in such case the Underwriter shall be liable only for such excess, subject to the applicable Limit of Liability and the other terms of this Bond.

No Deductible Amount shall apply to any loss covered under Insuring Agreement A sustained by any Investment Company named as an Insured.

SECTION 13. TERMINATION

The Underwriter may terminate this Bond as to any Insured or all Insureds only by written notice to such Insured or Insureds and, if this Bond is terminated as to any Investment Company, to each such Investment Company terminated thereby and to the Securities and Exchange Commission, Washington, D.C., in all cases not less than sixty (60) days prior to the effective date of termination specified in such notice.

The Insured may terminate this Bond only by written notice to the Underwriter not less than sixty (60) days prior to the effective date of the termination specified in such notice. Notwithstanding the foregoing, when the Insured terminates this Bond as to any Investment Company, the effective date of termination shall be not less than sixty (60) days from the date the Underwriter provides written notice of the termination to each such Investment Company terminated thereby and to the Securities and Exchange Commission, Washington, D.C.

This Bond will terminate as to any Insured that is a Non-Fund immediately and without notice upon (1) the takeover of such Insured's business by any State or Federal official or agency, or by any receiver or liquidator, or (2) the filing of a petition under any State or Federal statute relative to bankruptcy or reorganization of the Insured, or assignment for the benefit of creditors of the Insured.

Premiums are earned until the effective date of termination. The Underwriter shall refund the unearned premium computed at short rates in accordance with the Underwriter's standard short rate cancellation tables if this Bond is terminated by the Insured or pro rata if this Bond is terminated by the Underwriter.

Upon the detection by any Insured that an Employee has committed any Dishonest or Fraudulent Act(s) or Theft, the Insured shall immediately remove such Employee from a position that may enable such Employee to cause the Insured to suffer a loss by any subsequent Dishonest or Fraudulent Act(s) or Theft. The Insured, within two (2) business days of such detection, shall notify the Underwriter with full and complete particulars of the detected Dishonest or Fraudulent Act(s) or Theft.

For purposes of this section, detection occurs when any partner, officer, or supervisory employee of any Insured, who is not in collusion with such Employee, becomes aware that the Employee has committed any Dishonest or Fraudulent Act(s) or Theft.

This Bond shall terminate as to any Employee by written notice from the Underwriter to each Insured and, if such Employee is an Employee of an Insured Investment Company, to the Securities and Exchange Commission, in all cases not less than sixty (60) days prior to the effective date of termination specified in such notice.

SECTION 14. RIGHTS AFTER TERMINATION

At any time prior to the effective date of termination of this Bond as to any Insured, such Insured may, by written notice to the Underwriter, elect to purchase the right under this Bond to an additional period of twelve (12) months within which to discover loss sustained by such Insured prior to the effective date of such termination and shall pay an additional premium therefor as the Underwriter may require.

Such additional discovery period shall terminate immediately and without notice upon the takeover of such Insured's business by any State or Federal official or agency, or by any receiver or liquidator. Promptly after such termination the Underwriter shall refund to the Insured any unearned premium.

The right to purchase such additional discovery period may not be exercised by any State or Federal official or agency, or by any receiver or liquidator, acting or appointed to take over the Insured's business.

SECTION 15. CENTRAL HANDLING OF SECURITIES

The Underwriter shall not be liable for loss in connection with the central handling of securities within the systems established and maintained by any Depository ("Systems"), unless the amount of such loss exceeds the amount recoverable or recovered under any bond or policy or participants' fund insuring the Depository against such loss (the "Depository's Recovery"); in such case the Underwriter shall be liable hereunder only for the Insured's share of such excess loss, subject to the applicable Limit of Liability, the Deductible Amount and the other terms of this Bond.

For determining the Insured's share of such excess loss, (1) the Insured shall be deemed to have an interest in any certificate representing any security included within the Systems equivalent to the interest the Insured then has in all certificates representing the same security included within the Systems; (2) the Depository shall have reasonably and fairly apportioned the Depository's Recovery among all those having an interest as recorded by appropriate entries in the books and records of the Depository in Property involved in such loss, so that each such interest shall share in the Depository's Recovery in the ratio that the value of each such interest bears to the total value of all such interests; and (3) the Insured's share of such excess loss shall be the amount of the Insured's interest in such Property in excess of the amount(s) so apportioned to the Insured by the Depository.

This Bond does not afford coverage in favor of any Depository or Exchange or any nominee in whose name is registered any security included within the Systems.

SECTION 16. ADDITIONAL COMPANIES INCLUDED AS INSURED

If more than one entity is named as the Insured:

- A. the total liability of the Underwriter hereunder for each Single Loss shall not exceed the Limit of Liability which would be applicable if there were only one named Insured, regardless of the number of Insured entities which sustain loss as a result of such Single Loss,
- B. the Insured first named in Item 1 of the Declarations shall be deemed authorized to make, adjust, and settle, and receive and enforce payment of, all claims hereunder as the agent of each other Insured for such purposes and for the giving or receiving of any notice required or permitted to be given hereunder; provided, that the Underwriter shall promptly furnish each named Insured Investment Company with (1) a copy of this Bond and any amendments thereto, (2) a copy of each formal filing of a claim hereunder by any other Insured, and (3) notification of the terms of the settlement of each such claim prior to the execution of such settlement,

- C. the Underwriter shall not be responsible or have any liability for the proper application by the Insured first named in Item 1 of the Declarations of any payment made hereunder to the first named Insured,
- D. for the purposes of Sections 4 and 13, knowledge possessed or discovery made by any partner, officer or supervisory Employee of any Insured shall constitute knowledge or discovery by every named Insured,
- E. if the first named Insured ceases for any reason to be covered under this Bond, then the Insured next named shall thereafter be considered as the first named Insured for the purposes of this Bond, and
- F. each named Insured shall constitute [the Insured] for all purposes of this Bond.

SECTION 17. NOTICE AND CHANGE OF CONTROL

Within thirty (30) days after learning that there has been a change in control of an Insured by transfer of its outstanding voting securities the Insured shall give written notice to the Underwriter of:

- A. the names of the transferors and transferees (or the names of the beneficial owners if the voting securities are registered in another name), and
- B. the total number of voting securities owned by the transferors and the transferees (or the beneficial owners), both immediately before and after the transfer, and
- C. the total number of outstanding voting securities.

As used in this Section, [control] means the power to exercise a controlling influence over the management or policies of the Insured.

SECTION 18. CHANGE OR MODIFICATION

This Bond may only be modified by written Rider forming a part hereof over the signature of the Underwriter's authorized representative. Any Rider which modifies the coverage provided by Insuring Agreement A, Fidelity, in a manner which adversely affects the rights of an Insured Investment Company shall not become effective until at least sixty (60) days after the Underwriter has given written notice thereof to the Securities and Exchange Commission, Washington, D.C., and to each Insured Investment Company affected thereby.

IN WITNESS WHEREOF, the Underwriter has caused this Bond to be executed on the Declarations Page.

ICI MUTUAL INSURANCE COMPANY

INVESTMENT COMPANY BLANKET BOND

RIDER NO. 1

INSURED	BOND NUMBER	
UBS Cashfund Inc.	87118108B	

EFFECTIVE DATE	BOND PERIOD	AUTHORIZED REPRESENTATIVE
December 15, 2008	December 15, 2008 to December 15, 2009	/S/ Catherine Dalton

In consideration of the premium charged for this Bond, it is hereby understood and agreed that Item 1 of the Declarations, Name of Insured, shall include the following:

- UBS Master Series, Inc., a series fund consisting of:
 - UBS Money Market Fund
- UBS Managed Municipal Trust, a series fund consisting of:
 - UBS RMA California Municipal Money Fund
 - UBS RMA New York Municipal Money Fund
- UBS RMA Money Fund, Inc., a series fund consisting of:
 - UBS Retirement Money Fund
 - UBS RMA Money Market Portfolio
 - UBS RMA U.S. Government Portfolio
- UBS RMA Tax-Free Fund, Inc.
- UBS Series Trust, a series fund consisting of:
 - U.S. Allocation Portfolio
- UBS PACE Select Advisors Trust, a series fund consisting of:
 - UBS PACE Alternative Strategies Investments
 - UBS PACE Global Fixed Income Investments
 - UBS PACE Global Real Estate Securities Investments
 - UBS PACE Government Securities Fixed Income Investments
 - UBS PACE High Yield Investments
 - UBS PACE Intermediate Fixed Income Investments
 - UBS PACE International Emerging Markets Equity Investments
 - UBS PACE International Equity Investments
 - UBS PACE Large Co Growth Equity Investments
 - UBS PACE Large Co Value Equity Investments
 - UBS PACE Money Market Investments
 - UBS PACE Municipal Fixed Income Investments
 - UBS PACE Small/Medium Co Growth Equity Investments
 - UBS PACE Small/Medium Co Value Equity Investments
 - UBS PACE Strategic Fixed Income Investments

Strategic Global Income Fund, Inc.
Global High Income Fund Inc.
Managed High Yield Plus Fund Inc.
Investment Grade Municipal Income Fund Inc.
Insured Municipal Income Fund Inc.
UBS Index Trust, a series fund consisting of:
 UBS S&P 500 Index Fund
UBS Investment Trust, a series fund consisting of:
 UBS U.S. Allocation Fund
UBS Municipal Money Market Series, a series fund consisting of:
 UBS RMA New Jersey Municipal Money Fund
UBS Money Series, a series fund consisting of:
 UBS Cash Reserves Fund
 UBS Liquid Assets Fund
 UBS Select Prime Capital Fund
 UBS Select Prime Investor Fund
 UBS Select Prime Institutional Fund
 UBS Select Prime Preferred Fund
 UBS Select Tax-Free Institutional Fund
 UBS Select Tax-Free Preferred Fund
 UBS Select Treasury Institutional Fund
 UBS Select Treasury Preferred Fund
 UBS Select Tax-Free Capital Fund
 UBS Select Tax-Free Investor Fund
 UBS Select Treasury Capital Fund
 UBS Select Treasury Investor Fund
The UBS Funds, a series fund consisting of:
 UBS Absolute Return Bond Fund
 UBS Dynamic Alpha Fund
 UBS Emerging Markets Debt Fund
 UBS Emerging Markets Equity Fund
 UBS Global Allocation Fund
 UBS Global Bond Fund
 UBS Global Equity Fund
 UBS Global Frontier Fund
 UBS High Yield Fund
 UBS International Equity Fund
 UBS Tax Free Short Intermediate Bond Fund
 UBS U.S. Bond Fund
 UBS U.S. Equity Alpha Fund
 UBS U.S. Large Cap Equity Fund
 UBS U.S. Large Cap Growth Fund
 UBS U.S. Large Cap Value Equity Fund
 UBS U.S. Mid Cap Growth Equity Fund

UBS U.S. Real Estate Equity Fund

UBS U.S. Small Cap Equity Fund

UBS U.S. Small Cap Growth Fund

UBS Relationship Funds, a series fund consisting of:

UBS Absolute Return Investment Grade Bond Relationship Fund

UBS Absolute Return Bond Relationship Fund

UBS Corporate Bond Relationship Fund

UBS Emerging Markets Debt Relationship Fund

UBS Emerging Markets Equity Completion Relationship Fund

UBS Emerging Markets Equity Relationship Fund

UBS Enhanced Yield Relationship Fund

UBS Global Aggregate Bond Relationship Fund

UBS Global Equity Relationship Fund

UBS Global (ex-U.S.) Bond Relationship Fund

UBS Global (ex-U.S.) Smaller Cap Equity Completion Relationship Fund

UBS Global Securities Relationship Fund

UBS High Yield Relationship Fund

UBS International Equity Relationship Fund

UBS Large Cap Select Equity Relationship Fund

UBS Opportunistic Emerging Markets Debt Relationship Fund

UBS Opportunistic High Yield Relationship Fund

UBS Opportunistic Loan Relationship Fund

UBS Short Duration Relationship Fund

UBS Small Cap Equity Relationship Fund

UBS U.S. Bond Relationship Fund

UBS U.S. Cash Management Prime Relationship Fund

UBS U.S. Core Plus Relationship Fund

UBS U.S. Equity Alpha Relationship Fund

UBS U.S. Equity Alpha Value Relationship Fund

UBS U.S. Large Cap Equity Relationship Fund

UBS U.S. Large Cap Growth Equity Relationship Fund

UBS U.S. Large Cap Select Growth Equity Relationship Fund

UBS U.S. Large Cap Value Equity Relationship Fund

UBS U.S. Securitized Mortgage Relationship Fund

UBS U.S. Smaller Cap Equity Completion Relationship Fund

UBS U.S. Small-Mid Cap Core Equity Relationship Fund

UBS U.S. Small-Mid Cap Growth Equity Relationship Fund

UBS U.S. Treasury Inflation Protected Securities Relationship Fund

Fort Dearborn Income Securities, Inc.

SMA Relationship Trust, a series fund consisting of:

Series A

Series M

Series T

Master Trust

Prime Master Fund
Treasury Master Fund
Tax-Free Master Fund

Except as above stated, nothing herein shall be held to alter, waive or extend any of the terms of this Bond.

ICI MUTUAL INSURANCE COMPANY

INVESTMENT COMPANY BLANKET BOND

RIDER NO. 2

INSURED		BOND NUMBER
UBS Cashfund Inc.		87118108B

EFFECTIVE DATE	BOND PERIOD	AUTHORIZED REPRESENTATIVE
December 15, 2008	December 15, 2008 to December 15, 2009	/S/ Catherine Dalton

In consideration of the premium charged for this Bond, it is hereby understood and agreed that the Deductible Amount for Insuring Agreement E, Forgery or Alteration, and Insuring Agreement F, Securities, shall not apply with respect to loss through Forgery of a signature on the following documents:

- (1) letter requesting redemption of \$50,000 or less payable by check to the shareholder of record and addressed to the address of record; or
- (2) letter requesting redemption of \$50,000 or less by wire transfer to the record shareholder's bank account of record; or
- (3) written request to a trustee or custodian for a Designated Retirement Account (DRA) which holds shares of an Insured Fund, where such request (a) purports to be from or at the instruction of the Owner of such DRA, and (b) directs such trustee or custodian to transfer \$50,000 or less from such DRA to a trustee or custodian for another DRA established for the benefit of such Owner;

provided, that the Limit of Liability for a Single Loss as described above shall be \$50,000 and that the Insured shall bear 20% of each such loss. This Rider shall not apply in the case of any such Single Loss which exceeds \$50,000; in such case the Deductible Amounts and Limits of Liability set forth in Item 3 of the Declarations shall control.

For purposes of this Rider:

- (A) Designated Retirement Account means any retirement plan or account described or qualified under the Internal Revenue Code of 1986, as amended, or a subaccount thereof.
- (B) Owner means the individual for whose benefit the DRA, or a subaccount thereof, is established.

Except as above stated, nothing herein shall be held to alter, waive or extend any of the terms of this Bond.

ICI MUTUAL INSURANCE COMPANY

INVESTMENT COMPANY BLANKET BOND

RIDER NO. 3

INSURED		BOND NUMBER
UBS Cashfund Inc.		87118108B

EFFECTIVE DATE	BOND PERIOD	AUTHORIZED REPRESENTATIVE
December 15, 2008	December 15, 2008 to December 15, 2009	/S/ Catherine Dalton

In consideration of the premium charged for this Bond, it is hereby understood and agreed that this Bond does not cover any loss resulting from or in connection with the acceptance of any Third Party Check, unless

- (1) such Third Party Check is used to open or increase an account which is registered in the name of one or more of the payees on such Third Party Check, and
- (2) reasonable efforts are made by the Insured, or by the entity receiving Third Party Checks on behalf of the Insured, to verify all endorsements on all Third Party Checks made payable in amounts greater than \$100,000 (provided, however, that the isolated failure to make such efforts in a particular instance will not preclude coverage, subject to the exclusions herein and in the Bond),

and then only to the extent such loss is otherwise covered under this Bond.

For purposes of this Rider, Third Party Check means a check made payable to one or more parties and offered as payment to one or more other parties.

It is further understood and agreed that notwithstanding anything to the contrary above or elsewhere in the Bond, this Bond does not cover any loss resulting from or in connection with the acceptance of a Third Party Check where:

- (1) any payee on such Third Party Check reasonably appears to be a corporation or other entity; or
- (2) such Third Party Check is made payable in an amount greater than \$100,000 and does not include the purported endorsements of all payees on such Third Party Check.

It is further understood and agreed that this Rider shall not apply with respect to any coverage that may be available under Insuring Agreement A, Fidelity.

Except as above stated, nothing herein shall be held to alter, waive or extend any of the terms of this Bond.

ICI MUTUAL INSURANCE COMPANY

INVESTMENT COMPANY BLANKET BOND

RIDER NO. 4

INSURED		BOND NUMBER
UBS Cashfund Inc.		87118108B

EFFECTIVE DATE	BOND PERIOD	AUTHORIZED REPRESENTATIVE
December 15, 2008	December 15, 2008 to December 15, 2009	/S/ Catherine Dalton

In consideration of the premium charged for this Bond, it is hereby understood and agreed that, notwithstanding anything to the contrary in General Agreement A of this Bond, Item 1 of the Declarations shall include any Newly Created Investment Company or portfolio provided that the Insured shall submit to the Underwriter within fifteen (15) days after the end of each calendar quarter, a list of all Newly Created Investment Companies or portfolios, the estimated annual assets of each Newly Created Investment Company or portfolio, and copies of any prospectuses and statements of additional information relating to such Newly Created Investment Companies or portfolios, unless said prospectuses and statements of additional information have been previously submitted. Following the end of a calendar quarter, any Newly Created Investment Company or portfolio created within the preceding calendar quarter will continue to be an Insured only if the Underwriter is notified as set forth in this paragraph, the information required herein is provided to the Underwriter, and the Underwriter acknowledges the addition of such Newly Created Investment Company or portfolio to the Bond by a Rider to this Bond.

For purposes of this Rider, Newly Created Investment Company or portfolio shall mean any Investment Company or portfolio for which registration with the SEC has been declared effective for a time period of less than one calendar quarter.

Except as above stated, nothing herein shall be held to alter, waive or extend any of the terms of this Bond.

ICI MUTUAL INSURANCE COMPANY

INVESTMENT COMPANY BLANKET BOND

RIDER NO. 5

INSURED		BOND NUMBER
UBS Cashfund Inc.		87118108B
EFFECTIVE DATE	BOND PERIOD	AUTHORIZED REPRESENTATIVE
December 15, 2008	December 15, 2008 to December 15, 2009	/S/ Catherine Dalton

In consideration for the premium charged for this Bond, it is hereby understood and agreed that notwithstanding anything to the contrary in this Bond (including Insuring Agreement I), this Bond does not cover any loss resulting from any On-Line Redemption(s) or On-Line Purchase(s) involving an aggregate amount in excess of \$250,000 per shareholder account per day, unless before such redemption(s) or purchase(s), in a procedure initiated by the Insured or by the entity receiving the request for such On-Line Redemption(s) or On-Line Purchase(s):

(i) the Shareholder of Record verifies, by some method other than an Electronic Transmission effected by computer-to-computer over the Internet or utilizing modem or similar connections, that each such redemption or purchase has been authorized, and (ii) if such redemption or purchase is to be effected by wire to or from a particular bank account, a duly authorized employee of the bank verifies the account number to or from which funds are being transferred, and that the name on the account is the same as the name of the intended recipient of the proceeds.

It is further understood and agreed that, notwithstanding the Limit of Liability set forth herein or any other provision of this Bond, the Limit of Liability with respect to any Single Loss caused by an On-Line Transaction shall be Ten Million Dollars (\$10,000,000) and the On-Line Deductible with respect to Insuring Agreement I is Two Hundred and Fifty Thousand Dollars (\$250,000).

It is further understood and agreed that notwithstanding Section 8, Non-Reduction and Non-Accumulation of Liability and Total Liability, or any other provision of this Bond, the Aggregate Limit of Liability of the Underwriter under this Bond with respect to any and all loss or losses caused by On-Line Transactions shall be an aggregate of Ten Million Dollars (\$10,000,000) for the Bond Period, irrespective of the total amount of such loss or losses.

For purposes of this Rider, the following terms shall have the following meanings:

□On-Line Purchase□ means any purchase of shares issued by an Investment Company, which purchase is requested by computer-to-computer transmissions over the Internet (including any connected or associated intranet or extranet) or utilizing modem or similar connections.

□On-Line Redemption□ means any redemption of shares issued by an Investment Company, which redemption is requested by computer-to computer transmissions over the Internet (including any connected or associated intranet or extranet) or utilizing modem or similar connections.

□On-Line Transaction□ means any Phone/Electronic Transaction requested by computer-to-computer transmissions over the Internet (including any connected or associated intranet or extranet) or utilizing modem or similar connections.

Except as above stated, nothing herein shall be held to alter, waive or extend any of the terms of this Bond.

ICI MUTUAL INSURANCE COMPANY

INVESTMENT COMPANY BLANKET BOND

RIDER NO. 6

INSURED		BOND NUMBER
UBS Cashfund Inc.		87118108B

EFFECTIVE DATE	BOND PERIOD	AUTHORIZED REPRESENTATIVE
December 15, 2008	December 15, 2008 to December 15, 2009	/S/ Catherine Dalton

In consideration for the premium charged for this Bond, it is hereby understood and agreed that, with respect to Insuring Agreement I only, the Deductible Amount set forth in Item 3 of the Declarations (☐Phone/Electronic Deductible☐) shall not apply with respect to a Single Loss, otherwise covered by Insuring Agreement I, caused by:

- (1) a Phone/Electronic Redemption requested to be paid or made payable by check to the Shareholder of Record at the address of record; or
- (2) a Phone/Electronic Redemption requested to be paid or made payable by wire transfer to the Shareholder of Record☐s bank account of record,

provided, that the Limit of Liability for a Single Loss as described in (1) or (2) above shall be the lesser of 80% of such loss or \$40,000 and that the Insured shall bear the remainder of each such Loss. This Rider shall not apply if the application of the Phone/Electronic Deductible to the Single Loss would result in coverage of greater than \$40,000 or more; in such case the Phone-initiated Deductible and Limit of Liability set forth in Item 3 of the Declarations shall control.

For purposes of this Rider, ☐Phone/Electronic Redemption☐ means any redemption of shares issued by an Investment Company, which redemption is requested (a) by voice over the telephone, (b) by Telefacsimile, or (c) by computer-to-computer transmission over the Internet (including any connected or associated intranet or extranet) or utilizing modem or similar connections.

Except as above stated, nothing herein shall be held to alter, waive or extend any of the terms of this Bond.

ICI MUTUAL INSURANCE COMPANY

INVESTMENT COMPANY BLANKET BOND

RIDER NO. 7

INSURED		BOND NUMBER
UBS Cashfund Inc.		87118108B

EFFECTIVE DATE	BOND PERIOD	AUTHORIZED REPRESENTATIVE
December 15, 2008	December 15, 2008 to December 15, 2009	/S/ Catherine Dalton

In consideration of the premium charged for this Bond, it is hereby understood and agreed that notwithstanding anything to the contrary in this Bond (including Insuring Agreement I), this Bond does not cover loss caused by a Phone/Electronic Transaction requested:

- by use of an automated telephone tone or voice response system; or
 - by wireless device transmissions over the Internet (including any connected or associated intranet or extranet),
- except insofar as such loss is covered under Insuring Agreement A Fidelity of this Bond.

Except as above stated, nothing herein shall be held to alter, waive or extend any of the terms of this Bond.

ICI MUTUAL INSURANCE COMPANY

INVESTMENT COMPANY BLANKET BOND

RIDER NO. 8

INSURED	BOND NUMBER	
UBS Cashfund Inc.	87118108B	
EFFECTIVE DATE	BOND PERIOD	AUTHORIZED REPRESENTATIVE
December 15, 2008	December 15, 2008 to December 15, 2009	/S/ Catherine Dalton

In consideration of the premium charged for this Bond, it is hereby understood and agreed that notwithstanding Section 2.Q of this Bond, this Bond is amended by adding an additional Insuring Agreement J as follows:

J. COMPUTER SECURITY

Loss (including loss of Property) resulting directly from Computer Fraud; provided, that the Insured has adopted in writing and generally maintains and follows during the Bond Period all Computer Security Procedures. The isolated failure of the Insured to maintain and follow a particular Computer Security Procedure in a particular instance will not preclude coverage under this Insuring Agreement, subject to the specific exclusions herein and in the Bond.

1. Definitions. The following terms used in this Insuring Agreement shall have the following meanings:
 - a. [Authorized User] means any person or entity designated by the Insured (through contract, assignment of User Identification, or otherwise) as authorized to use a Covered Computer System, or any part thereof.
 - b. [Computer Fraud] means the unauthorized entry of data into, or the deletion or destruction of data in, or change of data elements or programs within, a Covered Computer System which:
 - (1) is committed by any Unauthorized Third Party anywhere, alone or in collusion with other Unauthorized Third Parties; and
 - (2) is committed with the conscious manifest intent (a) to cause the Insured to sustain a loss, and (b) to obtain financial benefit for the perpetrator or any other person; and
 - (3) causes (x) Property to be transferred, paid or delivered; or (y) an account of the Insured, or of its customer, to be added, deleted, debited or credited; or (z) an unauthorized or fictitious account to be debited or credited.

- c. "Computer Security Procedures" means procedures for prevention of unauthorized computer access and administration of computer access as provided in writing to the Underwriter.
- d. "Covered Computer System" means any Computer System as to which the Insured has possession, custody and control.
- e. "Unauthorized Third Party" means any person or entity that, at the time of the Computer Fraud, is not an Authorized User.

2. Exclusions. It is further understood and agreed that this Insuring Agreement J shall not cover:

- a. Any loss covered under Insuring Agreement A, "Fidelity," of this Bond; and
- b. Any loss resulting directly or indirectly from Theft or misappropriation of confidential or proprietary information, material or data (including but not limited to trade secrets, computer programs or customer information); and
- c. Any loss resulting from the intentional failure to adhere to one or more Computer Security Procedures; and
- d. Any loss resulting from a Computer Fraud committed by or in collusion with:
 - (1) any Authorized User (whether a natural person or an entity); or
 - (2) in the case of any Authorized User which is an entity, (a) any director, officer, partner, employee or agent of such Authorized User, or (b) any entity which controls, is controlled by, or is under common control with such Authorized User ("Related Entity"), or (c) any director, officer, partner, employee or agent of such Related Entity; or
 - (3) in the case of any Authorized User who is a natural person, (a) any entity for which such Authorized User is a director, officer, partner, employee or agent ("Employer Entity"), or (b) any director, officer, partner, employee or agent of such Employer Entity, or (c) any entity which controls, is controlled by, or is under common control with such Employer Entity ("Employer-Related Entity"), or (d) any director, officer, partner, employee or agent of such Employer-Related Entity; and

- e. Any loss resulting from physical damage to or destruction of any Covered Computer System, or any part thereof, or any data, data elements or media associated therewith; and
- f. Any loss not directly and proximately caused by Computer Fraud (including, without limitation, disruption of business and extra expense); and
- g. Payments made to any person(s) who has threatened to deny or has denied authorized access to a Covered Computer System or otherwise has threatened to disrupt the business of the Insured.

For purposes of this Insuring Agreement, [Single Loss,] as defined in Section 1.X of this Bond, shall also include all loss caused by Computer Fraud(s) committed by one person, or in which one person is implicated, whether or not that person is specifically identified. A series of losses involving unidentified individuals, but arising from the same method of operation, may be deemed by the Underwriter to involve the same individual and in that event shall be treated as a Single Loss.

It is further understood and agreed that nothing in this Rider shall affect the exclusion set forth in Section 2.0 of this Bond.

Coverage under this Insuring Agreement shall terminate upon termination of this Bond. Coverage under this Insuring Agreement may also be terminated without terminating this Bond as an entirety:

(a) by written notice from the Underwriter not less than sixty (60) days prior to the effective date of termination specified in such notice; or

(b) immediately by written notice from the Insured to the Underwriter.

Except as above stated, nothing herein shall be held to alter, waive or extend any of the terms of this Bond.

ICI MUTUAL INSURANCE COMPANY

INVESTMENT COMPANY BLANKET BOND

RIDER NO. 9

INSURED	BOND NUMBER
UBS Cashfund Inc.	87118108B
EFFECTIVE DATE	BOND PERIOD
December 15, 2008	December 15, 2008 to December 15, 2009
	AUTHORIZED REPRESENTATIVE
	/S/ Catherine Dalton

Most property and casualty insurers, including ICI Mutual Insurance Company ("ICI Mutual"), are subject to the requirements of the Terrorism Risk Insurance Act of 2002 (the "Act"). The Act establishes a Federal insurance backstop under which ICI Mutual and these other insurers will be partially reimbursed for future **"insured losses"** resulting from certified **"acts of terrorism."** (Each of these **bolded terms** is defined by the Act.) The Act also places certain disclosure and other obligations on ICI Mutual and these other insurers.

Pursuant to the Act, any future losses to ICI Mutual caused by certified **"acts of terrorism"** will be partially reimbursed by the United States government under a formula established by the Act. Under this formula, the United States government will reimburse ICI Mutual for 90% of ICI Mutual's **"insured losses"** in excess of a statutorily established deductible until total insured losses of all participating insurers reach \$100 billion. If total **"insured losses"** of all property and casualty insurers reach \$100 billion during any applicable period, the Act provides that the insurers will not be liable under their policies for their portions of such losses that exceed such amount. Amounts otherwise payable under this bond may be reduced as a result.

This bond has no express exclusion for **"acts of terrorism."** However, coverage under this bond remains subject to all applicable terms, conditions and limitations of the bond (including exclusions) that are permissible under the Act. The portion of the premium that is attributable to any coverage potentially available under the bond for **"acts of terrorism"** is one percent (1%).

UBS GLOBAL ASSET MANAGEMENT (US) INC.
UBS GLOBAL ASSET MANAGEMENT (AMERICAS) INC.
REGISTERED INVESTMENT COMPANIES

AGREEMENT BY AND AMONG
JOINTLY INSURED PARTIES

THIS AGREEMENT is made as of December 15, 2008, by and among the following registered investment companies, which are referred to herein individually as a "Fund" and collectively as the "Funds" or the "insured parties": UBS CASHFUND INC.; UBS MANAGED MUNICIPAL TRUST, a series fund consisting of UBS RMA California Municipal Money Fund and UBS RMA New York Municipal Money Fund; UBS MASTER SERIES, INC., a series fund consisting of UBS Money Market Fund; UBS RMA MONEY FUND INC., a series fund consisting of UBS Retirement Money Fund, UBS RMA Money Market Portfolio and UBS RMA U.S. Government Portfolio; UBS RMA TAX-FREE FUND INC.; UBS SERIES TRUST, a series fund consisting of U.S. Allocation Portfolio; STRATEGIC GLOBAL INCOME FUND, INC.; INVESTMENT GRADE MUNICIPAL INCOME FUND INC.; INSURED MUNICIPAL INCOME FUND INC.; GLOBAL HIGH INCOME FUND INC.; UBS PACESM SELECT ADVISORS TRUST, a series fund consisting of UBS PACE Money Market Investments, UBS PACE Government Securities Fixed Income Investments, UBS PACE Intermediate Fixed Income Investments, UBS PACE Strategic Fixed Income Investments, UBS PACE Municipal Fixed Income Investments, UBS PACE Global Fixed Income Investments, UBS PACE Large Co Value Equity Investments, UBS PACE Large Co Growth Equity Investments, UBS PACE Small/Medium Co Value Equity Investments, UBS PACE Small/Medium Co Growth Equity Investments, UBS PACE International Equity Investments, UBS PACE International Emerging Markets Equity Investments, UBS PACE Alternative Strategies Investments, UBS PACE High Yield Investments and UBS PACE Global Real Estate Securities Investments; UBS MUNICIPAL MONEY MARKET SERIES, a series fund consisting of UBS RMA New Jersey Municipal Money Fund; UBS INVESTMENT TRUST, a series fund consisting of UBS U.S. Allocation Fund; MANAGED HIGH YIELD PLUS FUND INC.; UBS INDEX TRUST, a series fund consisting of UBS S&P 500 Index Fund; UBS MONEY SERIES, a series fund consisting of UBS Cash Reserves Fund, UBS Liquid Assets Fund, UBS Select Prime Institutional Fund, UBS Select Treasury Institutional Fund, UBS Select Tax-Free Institutional Fund, UBS Select Prime Preferred Fund, UBS Select Treasury Preferred Fund, UBS Select Tax-Free Preferred Fund, UBS Select Prime Investor Fund, UBS Select Treasury Investor Fund, UBS Select Tax-Free Investor Fund, UBS Select Prime Capital Fund, UBS Select Treasury Capital Fund, UBS Select Tax-Free Capital Fund; MASTER TRUST, a series fund consisting of Prime Master Fund, Treasury Master Fund, Tax-Free Master Fund; SMA RELATIONSHIP TRUST, a series fund consisting of Series A, Series M and Series T; THE UBS FUNDS, a series fund consisting of UBS U.S. Large Cap Value Equity Fund, UBS U.S. Mid Cap Growth Equity Fund, UBS U.S. Small Cap Equity Fund, UBS U.S. Small Cap Growth Fund, UBS U.S. Real Estate

Equity Fund, UBS Emerging Markets Debt Fund, UBS Emerging Markets Equity Fund, UBS Global Allocation Fund, UBS Global Equity Fund, UBS Global Bond Fund, UBS Dynamic Alpha Fund, UBS Absolute Return Bond Fund, UBS U.S. Large Cap Equity Fund, UBS U.S. Large Cap Growth Fund, UBS U.S. Bond Fund, UBS High Yield Fund, UBS International Equity Fund, UBS U.S. Equity Alpha Fund, UBS Global Frontier Fund and UBS Tax Free Short Intermediate Bond Fund; UBS RELATIONSHIP FUNDS, a series fund consisting of UBS U.S. Securitized Mortgage Relationship Fund, UBS U.S. Bond Relationship Fund, UBS Global Aggregate Bond Relationship Fund, UBS U.S. Treasury Inflation Protected Securities Relationship Fund, UBS Global Securities Relationship Fund, UBS Small Cap Equity Relationship Fund, UBS High Yield Relationship Fund, UBS Emerging Markets Equity Relationship Fund, UBS Emerging Markets Debt Relationship Fund, UBS Cash Management Prime Relationship Fund, UBS U.S. Large Cap Equity Relationship Fund, UBS Large-Cap Select Equity Relationship Fund, UBS U.S. Large-Cap Value Equity Relationship Fund, UBS International Equity Relationship Fund, UBS U.S. Core Plus Relationship Fund, UBS Short Duration Relationship Fund, UBS Enhanced Yield Relationship Fund, UBS Opportunistic Emerging Markets Debt Relationship Fund, UBS Opportunistic High Yield Relationship Fund, UBS Corporate Bond Relationship Fund, UBS Absolute Return Investment Grade Bond Relationship Fund, UBS Emerging Markets Equity Completion Relationship Fund, UBS U.S. Small-Mid Cap Growth Equity Relationship Fund, UBS U.S. Equity Alpha Relationship Fund, UBS Global Equity Relationship Fund, UBS U.S. Smaller Cap Equity Completion Relationship Fund, UBS Global ex U.S. Smaller Cap Equity Completion Relationship Fund, UBS U.S. Large Cap Growth Equity Relationship Fund, UBS U.S. Large-Cap Select Growth Equity Relationship Fund, UBS Global (ex-US) Bond Relationship Fund, UBS Absolute Return Bond Relationship Fund, UBS U.S. Equity Alpha Value Relationship Fund and UBS Opportunistic Loan Relationship Fund; and FORT DEARBORN INCOME SECURITIES, INC.

WHEREAS, each Fund is a registered investment company under the Investment Company Act of 1940 (the "Act");

WHEREAS, the insured parties are named as insureds under a joint fidelity bond (the "Bond"); and

WHEREAS, the insured parties desire to confirm the criteria by which recoveries under the Bond shall be allocated among insured parties;

NOW, THEREFORE, it is agreed as follows:

1. In the event that recovery is received under the Bond as a result of a loss sustained by a Fund and one or more other insured parties, each Fund shall receive an equitable and proportionate share of the recovery in relation to the respective claims, but at least equal to the amount it would have received had it provided and maintained a single insured bond with the minimum coverage required under Rule 17g-1 under the Act.

2. The obligations of a Fund under this Agreement are not binding upon any of the board members of a Fund or Fund shareholders individually, but are binding only with respect to the assets of that Fund.

3. The insured parties consent to having any other registered investment company for which UBS Global Asset Management (Americas) Inc. serves as manager, investment adviser or investment sub-adviser become a party to this Agreement.

IN WITNESS WHEREOF, the insured parties have caused this Agreement to be executed by their officers thereunto duly authorized.

UBS CASHFUND INC.

By: /s/ Keith A. Weller

Keith A. Weller
Vice President and Assistant Secretary

UBS MANAGED MUNICIPAL TRUST

By: /s/ Keith A. Weller

Keith A. Weller
Vice President and Assistant Secretary

UBS MASTER SERIES, INC.

By: /s/ Keith A. Weller

Keith A. Weller
Vice President and Assistant Secretary

UBS RMA MONEY FUND INC.

By: /s/ Keith A. Weller

Keith A. Weller
Vice President and Assistant Secretary

UBS RMA TAX-FREE FUND INC.

By: /s/ Keith A. Weller

Keith A. Weller
Vice President and Assistant Secretary

UBS SERIES TRUST

By: /s/ Keith A. Weller

Keith A. Weller
Vice President and Assistant Secretary

STRATEGIC GLOBAL INCOME FUND,
INC.

By: /s/ Keith A. Weller

Keith A. Weller
Vice President and Assistant Secretary

INVESTMENT GRADE MUNICIPAL
INCOME FUND INC.

By: /s/ Keith A. Weller

Keith A. Weller
Vice President and Assistant Secretary

INSURED MUNICIPAL INCOME FUND
INC.

By: /s/ Keith A. Weller

Keith A. Weller
Vice President and Assistant Secretary

GLOBAL HIGH INCOME FUND INC.

By: /s/ Keith A. Weller

Keith A. Weller
Vice President and Assistant Secretary

UBS PACESM SELECT ADVISORS TRUST

By: /s/ Keith A. Weller

Keith A. Weller
Vice President and Assistant Secretary

UBS MUNICIPAL MONEY MARKET
SERIES

By: /s/ Keith A. Weller

Keith A. Weller
Vice President and Assistant Secretary

UBS INVESTMENT TRUST

By: /s/ Keith A. Weller

Keith A. Weller
Vice President and Assistant Secretary

MANAGED HIGH YIELD PLUS FUND INC.

By: /s/ Keith A. Weller

Keith A. Weller
Vice President and Assistant Secretary

UBS INDEX TRUST

By: /s/ Keith A. Weller

Keith A. Weller
Vice President and Assistant Secretary

UBS MONEY SERIES

By: /s/ Keith A. Weller

Keith A. Weller
Vice President and Assistant Secretary

MASTER TRUST

By: /s/ Keith A. Weller

Keith A. Weller
Vice President and Assistant Secretary

SMA RELATIONSHIP TRUST

By: /s/ Joseph J. Allessie

Joseph J. Allessie
Vice President and Assistant Secretary

THE UBS FUNDS

By: /s/ Joseph J. Allessie

Joseph J. Allessie
Vice President and Assistant Secretary

UBS RELATIONSHIP FUNDS

By: /s/ Joseph J. Allessie

Joseph J. Allessie
Vice President and Assistant Secretary

FORT DEARBORN INCOME SECURITIES,
INC.

By: /s/ Joseph J. Allessie

Joseph J. Allessie
Vice President and Assistant Secretary

CERTIFICATE OF THE ASSISTANT SECRETARY OF FORT DEARBORN INCOME SECURITIES, INC. CERTIFYING RESOLUTIONS APPROVING THE JOINT FIDELITY BOND

THE UNDERSIGNED, the duly appointed Assistant Secretary of Fort Dearborn Income Securities, Inc., an Illinois corporation (the "Fund"), registered as a management investment company under the Investment Company Act of 1940, as amended (the "1940 Act"), does hereby certify that the resolutions set forth below were approved by the Board of Directors of the Fund (the "Board"), including a majority of the Directors who are not "interested persons" of the Fund, as defined in Section 2(a)(19) of the 1940 Act (the "Independent Directors"), on December 4, 2008 at a meeting of the Board:

WHEREAS, each Board has considered all relevant factors relating to the participation of The UBS Funds, UBS Relationship Funds, SMA Relationship Trust and Fort Dearborn Income Securities, Inc. under a fidelity bond issued by ICI Mutual Insurance Company ("ICI Mutual") in the amount of \$70 million (the "Joint Fidelity Bond"), which Joint Fidelity Bond provides for joint coverage of each Fund, or each series of the Funds, as applicable, and other investment companies managed or advised by UBS Global Asset Management (Americas) Inc. (collectively, the "UBS Family Funds"), as joint insureds under the Joint Fidelity Bond, including but not limited to, the amount of coverage provided by the Joint Fidelity Bond and those factors set forth in Rule 17g-1 (the "Rule") under the 1940 Act; and

WHEREAS, each Board, including the Independent Trustees/Directors, has concluded that it is consistent with the best interests of each Fund, and each series of the Funds, as applicable, to maintain the fidelity bond coverage required under the Rule, jointly with the UBS Family Funds; and

WHEREAS, the Joint Fidelity Bond will provide adequate coverage for each Fund, or each series of the Funds, as applicable, taking into consideration all relevant factors, including the number of the parties to be named as insureds, their respective assets, the requirements of the Rule, the nature of the business activities of such other parties, the amount of the Joint Fidelity Bond and the

amount of the premiums for such Bond, the ratable allocation of the premiums among all parties named as insureds, the extent to which the share of the premium allocated to a Fund, or a series of a Fund, as applicable, is less than the premium that each Fund, or each series of the Funds, as applicable, would have to pay if it had provided and maintained a single insured bond and the coverage provided under the Joint Fidelity Bond;

NOW, THEREFORE, BE IT

RESOLVED, that Fidelity Bond No. 87118108B (the "Fidelity Bond" or "Bond"), issued by ICI Mutual, which Fidelity Bond provides for joint coverage for each Fund, and the series of the Funds, as applicable, and the UBS Family Funds, in the amount of \$70 million, will provide adequate coverage for each Fund, and each series of the Funds, as applicable, and such Bond, including the portion of the premium to be paid by each Fund, or each series of the Funds, as applicable, is hereby approved by each Board, including the Independent Trustees/Directors, taking into consideration all relevant factors, including, but not limited to, the number of the other parties named as insureds, the nature of the business activities of such other parties, the amount of the Fidelity Bond, the amount of the premiums for such Bond, the ratable allocation of the premiums among all parties named as insureds and the extent to which the share of the premium for the Fidelity Bond allocated to each Fund, or each series of the Funds, as applicable, is less than the premium the Fund or series would have to pay if it provided and maintained a fidelity bond that covered only that Fund or series as the insured; and

FURTHER

RESOLVED, that the Agreement By and Among Jointly Insured Parties by and among The UBS Funds, UBS Relationship Funds, SMA Relationship Trust, Fort Dearborn Income Securities, Inc. and the other covered persons under the Bond, relating to the division of proceeds in the event of a joint fidelity loss, as required by subparagraph (f) of the Rule, and reflecting the provisions of said Bond, is hereby approved; and

FURTHER

RESOLVED, that the appropriate officers of each Fund be, and each of them hereby is, authorized to execute and deliver such documents and to make such regulatory filings as may be necessary to effect the fidelity bond coverage contemplated hereby in accordance with the 1940 Act, the rules thereunder and each Fund's by-laws; and

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FURTHER

RESOLVED, that the Secretary of each Fund be, and such officer hereby is, designated as the officer to make filings with the U.S. Securities and Exchange Commission and to give notices as may be required, from time to time, pursuant to Rule 17g-1(g) and Rule 17g-1(h) under the 1940 Act.

IN WITNESS WHEREOF, I have hereunto set my hand as such officer of the Fund this 28th day of January, 2009.

FORT DEARBORN INCOME
SECURITIES, INC.

/s/ Keith A. Weller
Keith A. Weller
Assistant Secretary

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