

GLOBAL HIGH INCOME FUND INC
Form DEF 14A
December 29, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Under Rule 14a-12

Global High Income Fund Inc.

(Name of Registrant as Specified In Its Charter)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

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1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

Global High Income Fund Inc.

(New York Stock Exchange Trading Symbol: GHI)

Notice of annual meeting of shareholders

February 19, 2015

To the shareholders:

The annual meeting of shareholders of Global High Income Fund Inc., a Maryland corporation (the Fund), will be held on February 19, 2015 at 10:00 a.m., Eastern time, on the 14th Floor of the UBS Building located at 1285 Avenue of the Americas, New York, New York 10019-6028 for the following purposes:

(1) To elect three (3) directors to serve as Class II directors for three (3) year terms and until their successors are elected and qualify; and

(2) To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

You are entitled to vote at the meeting and any adjournment or postponement thereof if you owned Fund shares at the close of business on December 19, 2014. If you attend the meeting, you may vote your shares in person. **If you do not expect to attend the meeting, please complete, date, sign and return the enclosed proxy card in the enclosed postage paid envelope.**

By order of the board of directors,

Mark F. Kemper

Vice President and Secretary

December 29, 2014

1285 Avenue of the Americas

New York, New York 10019-6028

Your vote is important no matter how many shares you own

Please indicate your voting instructions on the enclosed proxy card, date and sign it, and return it in the postage paid envelope provided. If you sign, date and return the proxy card but give no voting instructions, your shares will be voted FOR the nominees for director named in the attached proxy statement and, in the proxies' discretion, either FOR or AGAINST any other business that may properly arise at the annual meeting. In order to avoid the additional expense to the Fund of further solicitation, we ask your cooperation in mailing in your proxy card promptly.

Instructions for signing proxy cards

The following general guidelines for signing proxy cards may be of assistance to you and avoid the time and expense to the Fund of validating your vote if you fail to sign your proxy card properly.

- 1. Individual accounts:** Sign your name exactly as it appears in the registration on the proxy card.
- 2. Joint accounts:** Either party may sign, but the name of the party signing should conform exactly to the name shown in the registration on the proxy card.
- 3. All other accounts:** The capacity of the individual signing the proxy card should be indicated unless it is reflected in the form of registration. For example:

Registration

Corporate accounts

- (1) ABC Corp.
- (2) ABC Corp.
- (3) ABC Corp. c/o John Doe, treasurer
- (4) ABC Corp. profit sharing plan

Partnership accounts

- (1) The XYZ partnership
- (2) Smith and Jones, limited partnership

Trust accounts

- (1) ABC trust account
- (2) Jane B. Doe, trustee u/t/d 12/18/78

Custodial or estate accounts

- (1) John B. Smith, Cust. f/b/o
JohnB. Smith, Jr. UGMA/UTMA
- (2) Estate of John B. Smith

Valid signature

ABC Corp.
John Doe, treasurer
John Doe, treasurer
John Doe
John Doe, trustee

Jane B. Smith, partner
Jane B. Smith, general partner

Jane B. Doe, trustee
Jane B. Doe

John B. Smith
John B. Smith, Jr., executor

Global High Income Fund Inc.

1285 Avenue of the Americas

New York, New York 10019-6028

Proxy statement

Annual meeting of shareholders to be held on February 19, 2015

This proxy statement is furnished to the shareholders of Global High Income Fund Inc. (the Fund) in connection with the solicitation by the board of directors of proxies to be exercised at the annual meeting of the shareholders of the Fund to be held on February 19, 2015, at 10:00 a.m., Eastern time, on the 14th Floor of the UBS Building located at 1285 Avenue of the Americas, New York, New York 10019-6028, or any adjournment or postponement thereof. This proxy statement and the related proxy card will first be mailed to shareholders on or about December 30, 2014.

Shareholders of record at the close of business on December 19, 2014, are entitled to notice of and to vote at the meeting. The presence in person or by proxy of shareholders entitled to cast a majority of the votes entitled to be cast at the meeting is necessary to constitute a quorum for the transaction of business at the meeting. In the event that a quorum is not present at the annual meeting, or if a quorum is present at the annual meeting but sufficient votes to approve any of the proposals are not received, the chairman of the meeting has the power to adjourn the meeting, to a date not more than 120 days after the original record date for the meeting, without notice other than announcement at the meeting. The shareholders present, either in person or by proxy, at a meeting which has been duly called and at which a quorum has been established, may continue to transact business until adjournment, notwithstanding the withdrawal from the meeting of enough shareholders to leave fewer than required to establish a quorum.

Broker non-votes are proxies for shares held in street name for which the broker indicates that instructions have not been received from the beneficial owners or other persons entitled to vote and for which the broker does not have discretionary voting authority. Abstentions and broker non-votes will be counted as shares present for purposes of determining whether a quorum is present but will not be voted for or against any proposal. Abstentions and broker non-votes will have no effect on Proposal 1, for which the required vote is a plurality of the votes cast on the matter.

The individuals named as proxies on the enclosed proxy card will vote in accordance with your direction as indicated thereon if your proxy card is received by the Fund properly executed by you or by your duly appointed agent or attorney-in-fact. If you give no voting instructions, your shares will be voted FOR the three nominees for Class II director named herein and, in the proxies' discretion, either FOR or AGAINST any other business that may properly be presented at the annual meeting. You may revoke any proxy card by giving another proxy or by submitting a written notice of revocation to the Fund's Secretary care of UBS Global Asset Management (Americas) Inc., UBS Tower, One North Wacker Drive, Chicago, IL 60606. To be effective, your revocation must be received by the Fund prior to the meeting and must indicate your name and account number. In addition, if you attend the annual meeting in person you may, if you wish, vote by ballot at the meeting, thereby cancelling any proxy previously given.

As of the record date, December 19, 2014, the Fund had 21,591,836 shares of common stock outstanding. The solicitation of proxies, the cost of which will be borne by the Fund, will be made primarily by mail but also may include telephone or oral communications by regular employees of UBS Global Asset

Management (Americas) Inc. (UBS Global AM) or UBS Financial Services Inc., who will not receive any compensation therefore from the Fund. Each full share of the Fund outstanding is entitled to one vote, and each fractional share of the Fund outstanding is entitled to a proportionate share of one vote.

UBS Global AM serves as the Fund's investment advisor and administrator. UBS Global AM is an indirect asset management subsidiary of UBS Group AG. UBS Group AG is an internationally diversified organization with headquarters in Zurich, Switzerland. UBS Group AG operates in many areas of the financial services industry. Principal business offices of UBS Global AM are located at 1285 Avenue of the Americas, New York, New York 10019-6028 and at One North Wacker Drive, Chicago, Illinois 60606. The principal business address of UBS Group AG is Bahnhofstrasse 45, Zurich, Switzerland.

The Fund's annual report containing financial statements for the fiscal year ended October 31, 2014, is being mailed to shareholders concurrently with this proxy statement.

Proposal 1. Election of directors

The board proposes the election of Richard Q. Armstrong, Alan S. Bernikow and David Malpass to serve as Class II directors for a three year term expiring in 2018 and until their successors are duly elected and qualify, or until they resign or are otherwise removed. Each nominee has indicated his or her willingness to serve if elected. Each of Messrs. Armstrong and Bernikow was last elected director at an Annual Meeting of Shareholders held on February 17, 2012. The board of directors of the Fund elected David Malpass to serve as a Class II director of the Fund, effective May 20, 2014. If you properly execute and return the enclosed proxy card, unless you give contrary instructions on the proxy card, then your shares will be voted FOR the election of the three nominees. If any of the nominees should withdraw or otherwise become unavailable for election, your shares will be voted FOR such other nominee or nominees as the board may recommend.

Directors, including any who are not interested persons of the Fund as that term is defined in the 1940 Act (Independent Directors), shall be elected by a plurality of votes cast, provided a quorum is present. Proxies cannot be voted for a greater number of persons than the number of nominees named. None of the current directors and executive officers (22 persons) beneficially owned any shares of the Fund on December 5, 2014.

Listed in the table below is a brief description of the experience of each nominee and each other director, both as a director or trustee of other funds, as well as other recent professional experience.

Nominees:

Name, address, and age Independent directors:	Position(s) held with Fund	Term of office* and length of time served	Principal occupation(s) during past 5 years	Number of portfolios in Fund complex overseen by nominee	Other directorships held by nominee
Richard Q. Armstrong; 79 c/o Keith A. Weller Assistant Fund Secretary UBS Global Asset Management (Americas) Inc. 1285 Avenue of the Americas 12th Floor New York, NY 10019	Class II Director and Chairman of the Board of Directors	Current term expires 2015; since 1995 (Director); since 2004 (Chairman of the Board of Directors)	Mr. Armstrong is chairman and principal of R.Q.A. Enterprises (management consulting firm) (since 1991 and principal occupation since 1995). Mr. Armstrong was president or chairman of a number of packaged goods companies (responsible for such brands as Canada Dry, Dr. Pepper, Adirondack Beverages and Moët Hennessey) (from 1982 to 1995).	Mr. Armstrong is a director or trustee of 11 investment companies (consisting of 43 portfolios) for which UBS Global AM serves as investment advisor or manager.	None
Alan S. Bernikow; 74 207 Benedict Ave. Staten Island, NY 10314	Class II Director	Current term expires 2015; since 2006	Mr. Bernikow is retired. He was a consultant on non-management matters for the firm of Deloitte & Touche (international accounting and consulting firm) (from 2003 to 2007). Previously, he was Deputy Chief Executive Officer at Deloitte & Touche.	Mr. Bernikow is a director or trustee of 11 investment companies (consisting of 43 portfolios) for which UBS Global AM serves as investment advisor or manager.	Mr. Bernikow is also a director of Revlon, Inc. (cosmetics) (and serves as the chair of its audit committee and as the chair of its compensation committee), a director of Mack-Cali Realty Corporation (real estate investment trust) (and serves as the chair of its audit committee) and a director of the Casual Male Retail Group, Inc. (menswear) (and serves as a member of its audit committee and as a member of its nominating and corporate governance committee). He is also a director of Premier American Bank, N.A.

Name, address, and age	Position(s) held with Fund	Term of office* and length of time served	Principal occupation(s) during past 5 years	Number of portfolios in Fund complex overseen by nominee	Other directorships held by nominee
David Malpass; 58 Encima Global, LLC 645 Madison Avenue 5th Floor New York, NY 10022	Class II Director	Current term expires 2015; since May 2014	Mr. Malpass is the President and founder of Encima Global, LLC (economic research and consulting firm) (since 2008). From 1993 until 2008, he was Chief Economist and Senior Managing Director at Bear, Stearns & Co. (financial services).	Mr. Malpass is a director or trustee of 11 investment companies (consisting of 43 portfolios) for which UBS Global AM serves as investment advisor or manager.	Mr. Malpass is also a director of New Mountain Finance Corporation (business development company) (and serves as a member of its audit committee).

Other Directors:

Name, address, and age	Position(s) held with Fund	Term of office* and length of time served	Principal occupation(s) during past 5 years	Number of portfolios in Fund complex overseen by director	Other directorships held by director
Interested director: Meyer Feldberg; 72 Morgan Stanley 1585 Broadway 36th Floor New York, NY 10036	Class III Director	Term expires 2016; since 1996	Professor Feldberg is Dean Emeritus and Professor of Leadership and Ethics at Columbia Business School, although on an extended leave of absence. He is also a senior advisor to Morgan Stanley (financial services) (since 2005). Professor Feldberg also serves as president of New York City Global Partners (an organization located in the Office of the Mayor of the City of New York that promotes interaction with other cities around the world) (since 2007). Prior to 2004, he was Dean and Professor of Management of the Graduate School of Business at Columbia University (since 1989).	Professor Feldberg is a director or trustee of 19 investment companies (consisting of 51 portfolios) for which UBS Global AM or one of its affiliates serves as investment advisor or manager.	Professor Feldberg is also a director of Macy's, Inc. (operator of department stores), Revlon, Inc. (cosmetics), and the New York City Ballet.

Name, address, and age	Position(s) held with Fund	Term of office* and length of time served	Principal occupation(s) during past 5 years	Number of portfolios in Fund complex overseen by director	Other directorships held by director
Independent directors:					
Richard R. Burt; 67 McLarty Associates 900 17th Street, N.W. 8th Floor Washington, D.C. 20006	Class III Director	Term expires 2016; since 1995	Mr. Burt is a managing director of McLarty Associates (a consulting firm) (since 2007). He was chairman of IEP Advisors (international investments and consulting firm) until 2009. Prior to 2007, he was chairman of Diligence Inc. (information and risk management firm).	Mr. Burt is a director or trustee of 11 investment companies (consisting of 43 portfolios) for which UBS Global AM serves as investment advisor or manager.	Mr. Burt is also a director of The Central Europe & Russia Fund, Inc., The European Equity Fund, Inc. and The New Germany Fund, Inc. (and serves as a member of each such fund's audit, nominating and governance committee).
Bernard H. Garil; 74 6754 Casa Grande Way Delray Beach, FL 33446	Class I Director	Term expires 2017; since 2006	Mr. Garil is retired (since 2001). He was a managing director at PIMCO Advisory Services (from 1999 to 2001) where he served as president of closed-end funds and vice-president of the variable insurance product funds advised by OpCap Advisors (until 2001).	Mr. Garil is a director or trustee of 11 investment companies (consisting of 43 portfolios) for which UBS Global AM serves as investment advisor or manager.	Mr. Garil is also a director of the OFI Global Trust Company (commercial trust company), and the Leukemia & Lymphoma Society (voluntary health organization) and a trustee for the Brooklyn College Foundation, Inc. (charitable foundation).
Heather R. Higgins; 55 c/o Keith A. Weller Assistant Fund Secretary UBS Global Asset Management (Americas) Inc. 1285 Avenue of the Americas 12th Floor New York, NY 10019	Class I Director	Term expires 2017; since 2006	Ms. Higgins is the president and director of The Randolph Foundation (charitable foundation) (since 1991). Ms. Higgins also serves (or has served) on the boards of several non-profit charitable groups, including the Independent Women's Forum (chairman) and the Philanthropy Roundtable (vice chairman). She also serves on the board of the Hoover Institution (from 2001 to 2007 and since 2009).	Ms. Higgins is a director or trustee of 11 investment companies (consisting of 43 portfolios) for which UBS Global AM serves as investment advisor or manager.	None

* Following the expiration of his or her term, each director holds office until his or her successor is elected and qualifies, or until he or she resigns or is otherwise removed.

Professor Feldberg is deemed an interested person of the Fund as defined in the 1940 Act because he is a senior advisor to Morgan Stanley, a financial services firm with which the Fund may conduct transactions.

Information about nominee/other director beneficial ownership of fund shares

	Dollar range	
	of equity	
	securities	Aggregate dollar range of equity securities in all registered investment companies overseen by nominee/other director for which UBS Global AM or an affiliate serves as investment advisor or manager
Nominee/other director	in Fund	
Interested director:		
Meyer Feldberg	None	Over \$100,000
Independent nominee/other directors:		
Richard Q. Armstrong	None	Over \$100,000
Alan S. Bernikow	None	Over \$100,000
Richard R. Burt	None	Over \$100,000
Bernard H. Garil	None	Over \$100,000
Heather R. Higgins	None	Over \$100,000
David Malpass	None	Over \$100,000

Information regarding ownership of shares of the Fund is as of December 5, 2014; information regarding ownership of shares in all registered investment companies overseen by the nominee/other director for which UBS Global AM serves as investment advisor or manager is as of December 31, 2013, except for Mr. Malpass, who became a director in May 2014 and for whom share ownership information is as of July 25, 2014.

It is the board's policy that each member invest more than \$100,000, in the aggregate, in the UBS Global AM funds he or she oversees. Such investments by a board member may be dispersed across a number of funds, and may not necessarily be made in any one particular fund.

Additional information about the board

Leadership structure and qualifications of board of directors

The board is responsible for oversight of the Fund. The board is currently composed of seven directors, six of whom are Independent Directors. The remaining director is independent of UBS Global AM but is an interested person of the Fund within the meaning of the 1940 Act because he is employed by a registered broker-dealer that may execute transactions with the Fund from time to time. The board members have selected an Independent Director to act as chairman of the board. The chairman of the board's role is to preside at all meetings of the board and generally to act as a liaison with service providers, officers, attorneys and other directors between meetings. The chairman may also perform such other functions as may be delegated by the board from time to time. The board has established an Audit Committee and a Nominating and Corporate Governance Committee, both comprised only of non-interested directors, to assist the board in the oversight and direction of the business and affairs of the Fund, and from time to time may establish ad hoc committees, informal working groups or designate one or more members to review and address the policies and practices of the Fund or to liaise with the Fund's Chief Compliance Officer or service providers, including staff of UBS Global AM, with respect to certain specified matters. The board meets in-person at regularly scheduled meetings five times throughout the year. In addition, the directors may meet in-person or by telephone at special meetings or on an informal basis at other times. Each committee meets as appropriate to conduct the oversight functions delegated to the committee by the board and reports its findings to the board. The board and Audit Committee

conduct annual assessments of their oversight function and structure. The Independent Directors have also engaged independent legal counsel to assist them in performing their oversight responsibilities. The directors have determined that the board's leadership and committee structure is appropriate because it allows the board to exercise informed and independent judgment over the matters under its purview and to allocate areas of responsibility among committees of Independent Directors and the full board in a manner that enhances the full board's oversight.

The Fund has engaged UBS Global AM to manage the Fund on a day-to-day basis. The board is responsible for overseeing UBS Global AM and other service providers in the operations of the Fund in accordance with the 1940 Act, applicable state and other laws, and the Fund's charter. The board reviews, on an ongoing basis, the Fund's performance, operations and investment strategies and techniques. The board also conducts reviews of UBS Global AM and its role in running the operations of the Fund.

The board has concluded that, based on each nominee's and other director's experience, qualifications, attributes or skills on an individual basis and in combination with those of the other nominees and other directors, each nominee and other director should serve as a director. In determining that a particular nominee or other director is qualified to serve as a director, the board has considered a variety of criteria, none of which, in isolation, was controlling. The board believes that, collectively, the nominees and other directors have balanced and diverse experience, skills, attributes and qualifications, which allow the board to operate effectively in governing the Fund and protecting the interests of shareholders. Among the attributes common to all nominees and other directors are their ability to review critically, evaluate, question and discuss information provided to them, to interact effectively with other board members, UBS Global AM, other service providers, counsel and the independent registered public accounting firm, and to exercise effective business judgment in the performance of their duties as directors. In addition, where applicable, the board has taken into account the actual service and commitment of the directors during their tenure in concluding that each should continue to serve. A nominee's/director's ability to perform his or her duties effectively may have been attained through a nominee's/director's educational background or professional training; business, consulting, public service or academic positions; experience from service as a director of the Fund, other funds in the fund complex, other investment funds, public companies, or non-profit entities or other organizations; and/or other life experiences. Set forth below is a brief discussion of the specific experience, qualifications, attributes or skills of each nominee or other director that led the board to conclude that he or she should serve as a director.

Mr. Armstrong has served as a director of the Fund and as a director/trustee of other funds in the fund complex for well more than a decade, including as a member and/or chair of various board committees. Mr. Armstrong has served as chairman of the board since 2004. Most recently, Mr. Armstrong has been chairman and principal of a management consulting firm. From 1982 through 1995, Mr. Armstrong had been president or chairman of several international consumer packaged goods companies, including (1) chairman of the board, chief executive officer and co-owner of Adirondack Beverages (producer and distributor of soft drinks and sparkling/still waters); (2) partner of the New England Consulting Group (management consulting firm); and (3) managing director of LVMH U.S. Corporation (US subsidiary of the French luxury goods conglomerate, Louis Vuitton Moët Hennessey Corporation) and chairman of its wine and spirits subsidiary, Schieffelin & Somerset Company (responsible for such brands as Canada Dry and Dr. Pepper, among many others). He also served as president of Cluett Peabody & Company (textile/apparel, including such well-known brands as Arrow shirts and Gold Toe socks).

Amb. Burt has also served as a director of the Fund and as a director/trustee of other funds in the fund complex for well more than a decade, including as a member and/or chair of various board committees.

Amb. Burt has many years of experience in advising companies regarding international investment and risk management. Amb. Burt also currently serves, or has served, on the boards of directors of several funds outside of the UBS Global AM fund complex and has served as a director on other corporate boards. Amb. Burt was the chief negotiator in the Strategic Arms Reduction Talks with the former Soviet Union (1989-1991) and the US Ambassador to the Federal Republic of Germany (1985-1989). He had also been a partner of McKinsey & Company (management consulting firm).

Prof. Feldberg has served as a director of the Fund and other mutual funds in the fund complex for over two decades. Prof. Feldberg has held several prestigious positions at Columbia Business School and the Graduate School of Business at Columbia University, including Dean and Professor of Management. He is also a senior advisor to Morgan Stanley and serves on the boards of several public companies.

Mr. Bernikow, Mr. Garil and Ms. Higgins were elected as directors of the Fund and the other funds in the fund complex during 2005-2006. Mr. Bernikow, Mr. Garil and Ms. Higgins also serve as members and/or chairs of various board committees.

Mr. Bernikow has extensive accounting and finance experience (being a certified public accountant and having served for many years as the Deputy Chief Executive Officer of Deloitte & Touche LLP, one of the four largest independent registered public accounting firms in the US) and currently serves, or has served, on the boards and committees of various public companies and a national bank.

Mr. Garil has four decades of experience in the fund management business and for much of that time he served as an executive of a fund adviser and as a member of fund boards. He began his career at the US Securities and Exchange Commission.

Ms. Higgins has experience as a portfolio manager for a major US trust bank and has held senior executive positions and/or directorships at several major charitable organizations.

Mr. Malpass became a director of the Fund in May 2014. Mr. Malpass is currently president of Encima Global, LLC, an economic research and consulting firm. In addition to having been the Chief Economist at Bear, Stearns & Co., he has held positions with the US Department of State (Deputy Assistant Secretary for Interamerican Affairs), the US Treasury Department (Deputy Assistant Secretary for Developing Nations, Legislative Manager) and the US Congress Joint Economic Committee staff, in addition to other government positions. He also is a director of an exchange listed business development company and serves on its audit committee. Mr. Malpass is also a certified public accountant.

Additional details about each nominee and other director's professional experience is included above in the table under Proposal 1. That table contains information regarding other directorships currently held by board members. In addition, during the five years ended November 30, 2014, the following directors were members of the boards of the following companies: (1) Prof. Feldberg - SAPPI, Ltd. (producer of paper); and (2) Amb. Burt - director of IGT, Inc. (provides technology to gaming and wagering industry).

Risk oversight

The Fund is subject to a number of risks, including investment, compliance, operational and valuation risks, among others. Risk oversight forms part of the board's general oversight of the Fund's investment program and operations and is addressed as part of various regular board and committee activities. Day-to-day risk management with respect to the Fund is the responsibility of UBS Global AM or other service providers (depending on the nature of the risk), subject to supervision by UBS Global AM. Each of UBS Global AM and other service providers have their own independent interest in risk management and their

policies and methods of risk management may differ from the Fund's and each other's in the setting of priorities, the resources available or the effectiveness of relevant controls. As a result, the board recognizes that it is not possible to identify all of the risks that may affect the Fund or to develop processes and controls to eliminate or mitigate their occurrence or effects, and that some are simply beyond any control of the Fund or UBS Global AM, its affiliates or other service providers. As part of its regular oversight of the Fund, the board, directly or through a committee, reviews reports from, among others, management, the Fund's Chief Compliance Officer, its independent registered public accounting firm, counsel, and internal auditors for UBS Global AM or its affiliates, as appropriate, regarding risks faced by the Fund and UBS Global AM's risk oversight programs. The board has appointed a Chief Compliance Officer, who oversees the implementation and testing of the Fund's compliance program and reports to the board regarding compliance matters for the Fund and its service providers; the board has designated one of its members to liaise with the Chief Compliance Officer between board meetings to assure that significant compliance issues identified by the Chief Compliance Officer will be brought to the attention of the full board in a timely and appropriate manner. The board may, at any time and in its discretion, change the manner in which it conducts risk oversight.

Board and shareholder meetings

The board of directors of the Fund met seven times during the fiscal year ended October 31, 2014. Each director attended 75% or more of the board meetings during the last fiscal year. The Fund's directors are not required to attend the Fund's annual meetings, and no directors attended the annual meeting of shareholders in 2014.

Committees

The board has established an Audit Committee that acts pursuant to a written charter (Audit Committee Charter) and is responsible for, among other things: (i) overseeing the scope of the Fund's audit; (ii) overseeing the Fund's accounting and financial reporting policies, practices and internal controls; and (iii) approving, and recommending to the board for ratification, the selection, appointment, retention or termination of the Fund's independent registered public accounting firm, as well as determining the compensation thereof. The Audit Committee Charter is attached as Exhibit A. In furtherance of its duties, the Audit Committee is also responsible for, among other things: receiving reports from the Fund's independent registered public accounting firm regarding its independence and discussing any disclosed relationships or services that may diminish the objectivity and independence of the independent registered public accounting firm; inquiring of UBS Global AM and the Fund's independent registered public accounting firm as to the Fund's qualification under Subchapter M of the Internal Revenue Code and the amounts distributed and reported to shareholders; and reviewing with the independent registered public accounting firm any problems or difficulties the independent registered public accounting firm may have encountered during the conduct of the audit.

Although the Audit Committee has the responsibilities set forth in its Audit Committee Charter and described above, it is not responsible for planning or conducting the Fund's audit or determining whether the Fund's financial statements are complete and accurate and are in accordance with US generally accepted accounting principles. In fulfilling their responsibilities under the Fund's Audit Committee Charter, it is recognized that (i) the members of the Audit Committee are not full-time employees of the Fund; (ii) it is not the duty or the responsibility of the Audit Committee or its members to conduct field work or any other types of auditing and accounting reviews or procedures or to set auditor independence standards; and (iii) each member of the Audit Committee shall be entitled to rely on: (a) the integrity of those persons within or outside of the Fund from whom he or she receives information; (b) the accuracy of the financial and other information provided to the Committee absent actual knowledge to the contrary (which shall be promptly reported to the board); and (c) statements made by the officers and employees of the Fund, UBS Global AM or other third parties as to any information technology, internal

audit and other non-audit services provided by the independent registered public accounting firm to the Fund. The review of the Fund's financial statements by the Fund's Audit Committee is not of the same quality as the audit performed by the independent registered public accounting firm.

None of the members of the Audit Committee has any relationship to the Fund that may interfere with the exercise of his or her independence from management or the Fund, and each is independent as defined under the listing standards of the New York Stock Exchange (NYSE) applicable to closed-end funds. Each member of the Fund's Audit Committee is also a member of a similar committee established by the boards of certain other investment companies for which UBS Global AM serves as investment advisor or manager. The Audit Committee met seven times during the fiscal year ended October 31, 2014, and all members of the Audit Committee attended 75% or more of those meetings.

The Fund's Audit Committee has: (a) reviewed and discussed the Fund's audited financial statements with management; (b) discussed with the independent registered public accounting firm the matters required to be discussed by Statement on Auditing Standards No. 61, as amended, as adopted by the Public Company Accounting Oversight Board (PCAOB) in Rule 3200T; (c) received written disclosures and the letter from the independent registered public accounting firm required by Independence Standards Board Standard No. 1, as adopted by the PCAOB in Rule 3600T, and has discussed with the independent registered public accounting firm its independence; and (d) based upon its review of the above, recommended to the board that the Fund's audited financial statements be included in the Fund's annual report to shareholders for the fiscal year ended October 31, 2014. The members of the Audit Committee are Richard Q. Armstrong, Alan S. Bernikow, Richard R. Burt, Bernard H. Garil, Heather R. Higgins and David Malpass. In addition to serving on the Audit Committee, Mr. Bernikow currently serves as a member of the audit committees of at least three other public companies not affiliated with the UBS Global AM funds he oversees. The Board has determined that Mr. Bernikow's simultaneous service on the audit committees of these other public companies does not impair his ability to effectively serve on the Audit Committee.

The board has also established a Nominating and Corporate Governance Committee that acts pursuant to a written charter (Nominating and Corporate Governance Committee Charter). The Nominating and Corporate Governance Committee is responsible for, among other things, identifying, selecting, evaluating and recommending to the board candidates to be nominated as additional Independent Directors of the board; making recommendations to the board with respect to compensation of board and committee members; overseeing an annual evaluation of the board and its committees; reporting on such evaluation to the board; and performing such other governance functions as the board may from time to time delegate to the Nominating and Corporate Governance Committee. A copy of the Nominating and Corporate Governance Committee Charter is not available on UBS Global AM's Web site, but a copy of the Nominating and Corporate Governance Committee Charter is attached as Exhibit B. The Nominating and Corporate Governance Committee currently consists of Messrs. Burt and Garil and Ms. Higgins, none of whom is an interested person for purposes of the 1940 Act, and all of whom are independent as defined under the listing standards of the NYSE applicable to closed-end funds. The Nominating and Corporate Governance Committee met six times during the fiscal year ended October 31, 2014, and each member attended 75% or more of those meetings.

In nominating candidates, the Nominating and Corporate Governance Committee believes that no specific qualifications or disqualifications are controlling or paramount, and does not believe that specific qualities or skills are necessary for each candidate to possess. In identifying and evaluating nominees for director, the Nominating and Corporate Governance Committee takes into consideration such factors as it deems appropriate. These factors may include: (i) whether or not the person is an interested person as defined in

the 1940 Act, meets the independence and experience requirements of the NYSE applicable to closed-end funds and is otherwise qualified under applicable laws and regulations to serve as a member of the board; (ii) whether or not the person has any relationships that might impair his or her independence, such as any business, financial or family relationships with Fund management, the investment advisor and/or sub-advisors of the Fund, Fund service providers or their affiliates; (iii) whether or not the person is willing to serve, and willing and able to commit the time necessary for the performance of the duties of a board member; (iv) the person's judgment, skill, diversity and experience with investment companies and other organizations of comparable purpose, complexity and size and subject to similar legal restrictions and oversight; (v) the interplay of the candidate's experience with the experience of other board members; and (vi) the extent to which the candidate would be a desirable addition to the board and any committees thereof.

The Nominating and Corporate Governance Committee will consider nominees recommended by shareholders if a vacancy occurs. In order to recommend a nominee, a shareholder should send a letter to the chairperson of the Nominating and Corporate Governance Committee, Mr. Richard Burt, care of the Secretary of the Fund at UBS Global Asset Management (Americas) Inc., UBS Tower, One North Wacker Drive, Chicago, IL 60606 and indicate on the envelope Nominating and Corporate Governance Committee. The shareholder's letter should state the nominee's name and should include the nominee's *résumé* or *curriculum vitae* and must be accompanied by a written consent of the individual to stand for election if nominated by the board and to serve if elected by shareholders. In addition, the shareholder's letter must satisfy the requirements of the Fund's Bylaws as in effect from time to time, including disclosure requirements to be satisfied by proponents of matters to be submitted to a vote of shareholders. A copy of the related requirements of the Fund's Bylaws as in effect as of the date of this proxy statement is attached as Exhibit C.

The board does not have a standing compensation committee. Shareholders can send other communications to the board care of its Chairman at the following address: Mr. Richard Q. Armstrong c/o Keith A. Weller, Assistant Fund Secretary, UBS Global Asset Management (Americas) Inc., 1285 Avenue of the Americas, 12th Floor, New York, NY 10019.

Information about independent director ownership of securities issued by UBS Global AM or any company controlling, controlled by or under common control with UBS Global AM

As of December 31, 2013, the Independent Directors or their immediate family members did not own any securities issued by UBS Global AM or any company controlling, controlled by or under common control with UBS Global AM.

Compensation

Each Independent Director receives, in the aggregate from the UBS Global AM funds he or she oversees, an annual retainer of \$120,000 and an \$20,000 fee for each regular joint board meeting of the boards of those funds (and each in-person special joint board meeting of the boards of those funds) actually attended. Independent Directors who participate in previously scheduled joint in-person meetings of the boards of the UBS Global AM funds by telephone to accommodate other business obligations are paid \$2,000 for such meetings. Independent Directors who participate in previously scheduled in-person joint meetings of the boards of the UBS Global AM funds by telephone because of illness or other unavoidable circumstances are paid the full meeting fee. Each Independent Director receives from the relevant fund \$2,000 for each special in-person meeting (not held as a joint meeting) of the board of that fund actually attended where a fund's board must meet separately from the regularly scheduled joint board meetings. Independent Directors who participate in scheduled telephonic meetings of the board(s) of one or more UBS Global AM funds are paid \$1,000 for each such meeting actually attended.

The chairman of the boards receives annually an additional \$60,000; the chairperson of the Audit Committee receives annually an additional \$35,000; the chairperson of the Nominating and Corporate Governance Committee receives annually an additional \$25,000. In addition, a board member who undertakes a special assignment to provide special assistance in coordinating the board's oversight of compliance matters, contract reconsideration matters or efforts to comply with money market fund reform rules adopted by the US Securities and Exchange Commission (currently Heather R. Higgins, Bernard H. Garil, and David Malpass (for whom such additional fees are allocated to the UBS money market funds only), respectively) receives annually an additional \$25,000. Independent Directors who are also members of the Audit Committee and/or the Nominating and Corporate Governance Committee are paid in the aggregate from the UBS Global AM funds he or she oversees, annual retainers of \$10,000 and \$5,000, respectively, in connection with his or her membership on the Audit Committee and/or Nominating and Corporate Governance Committee. The foregoing fees are allocated among all such funds (or each relevant fund in the case of a special meeting) as follows: (i) one-half of the expense is allocated pro rata based on the funds' relative net assets at the end of the calendar quarter preceding the date of payment; and (ii) one-half of the expense is allocated according to the number of such funds. No officer, director or employee of UBS Global AM or one of its affiliates presently receives any compensation from the funds for acting as a board member or officer. All board members are reimbursed for expenses incurred in attending meetings.

The table below includes certain information relating to the compensation of the Fund's nominees/other directors.

Compensation table

Name of person, position	Aggregate	Total compensation
	compensation	from the Fund and
	from the Fund*	the Fund complex**
Richard Q. Armstrong, director	\$ 4,117	\$ 263,000
Alan S. Bernikow, director	3,792	\$ 248,000
Richard R. Burt, director	3,720	\$ 224,000
Meyer Feldberg, director	None	\$ 251,972
Bernard H. Garil, director	3,703	\$ 238,000
Heather R. Higgins, director	3,703	\$ 238,000
David Malpass, director	1,580	None

Except as discussed elsewhere herein, only Independent Directors were compensated by the funds for which UBS Global AM serves as investment advisor or manager.

Professor Feldberg is an interested person of the Fund by virtue of his position as senior advisor with Morgan Stanley, and not by reason of affiliation with UBS Global AM. He is compensated (i) by funds for which the management, investment advisory and/or administration contract between the fund and UBS Global AM provides that the fund may bear a portion of the compensation to a director who is not an interested person of the fund by reason of affiliation with UBS Global AM or any of UBS Global AM's affiliates, and (ii) otherwise by UBS Global AM. Accordingly, the compensation amounts listed above for Professor Feldberg represent only (1) those amounts paid by other funds within the fund complex for which UBS Global AM does not serve as investment advisor, sub-advisor or manager, and (2) funds within the fund complex that have management, investment advisory and/or administration contracts providing that the fund may bear a portion of his compensation. Professor Feldberg is compensated by UBS Global AM with respect to his service on the Board of the Fund.

Mr. Malpass became a director of the Fund in May 2014.

* Represents fees paid to each director during the fiscal year ended October 31, 2014.

** Represents fees paid during the calendar year ended December 31, 2013 to each board member by: (a) 13 investment companies in the case of Messrs. Armstrong, Bernikow, Burt and Garil and Ms. Higgins; and (b) 22 investment companies in the case of Professor Feldberg for which UBS Global AM or one of its affiliates served as investment advisor or manager. No fund within the UBS Fund Complex has a bonus, pension, profit sharing or retirement plan.

Information concerning independent registered public accounting firm

The Fund's financial statements for the fiscal year ended October 31, 2014, were audited by Ernst & Young LLP (Ernst & Young), independent registered public accounting firm. In addition, Ernst & Young prepares the Fund's federal and state annual income tax returns and provides certain non-audit services. The Audit Committee has considered whether the provision of those non-audit services is compatible with maintaining Ernst & Young's independence. The Audit Committee of the Fund has selected Ernst & Young as the Fund's independent registered public accounting firm, and such selection has also been approved by the Fund's board for the fiscal year ending October 31, 2015. Ernst & Young has been the Fund's independent registered public accounting firm since July 25, 2001. Ernst & Young has informed the Fund that it has no material direct or indirect financial interest in the Fund.

Representatives of Ernst & Young are not expected to be present at the meeting but have been given the opportunity to make a statement if they so desire and will be available should any matter arise requiring their response.

Audit fees

The aggregate audit fees billed by Ernst & Young for professional services rendered to the Fund for the audit of each of the last two fiscal years ended October 31, 2014 and October 31, 2013 were approximately \$70,564 and \$69,564, respectively.

Fees included in the audit fees category are those associated with the annual audits of financial statements and services that are normally provided in connection with statutory and regulatory filings.

Audit-related fees

The aggregate audit-related fees billed by Ernst & Young for services rendered to the Fund that are reasonably related to the performance of the audits of the financial statements, but not reported as audit fees, were approximately \$4,490 and \$4,444, respectively, in each of the fiscal years ended October 31, 2014 and October 31, 2013.

Fees included in the audit-related fees category are those associated with (1) the reading and providing of comments on the 2014 and 2013 semiannual financial statements and (2) review of the consolidated 2013 and 2012 reports on the profitability of the UBS funds to UBS Global AM and its affiliates to assist the board members in their annual advisory/administration contract reviews.

With respect to Rule 2-01(c)(7)(i)(C) of Regulation S-X, there were no audit-related fees that were required to be approved by the Audit Committee pursuant to the *de minimis* exception for the fiscal years ended October 31, 2014 and October 31, 2013 on behalf of (i) the Fund's service providers that relate directly to the operations and financial reporting of the Fund, or (ii) the Fund itself. There were no audit-related fees required to be approved pursuant to paragraph (c)(7)(ii) of Rule 2-01 of Regulation S-X during the fiscal years indicated above.

Tax fees

The aggregate tax fees billed by Ernst & Young for services rendered to the Fund for each of the fiscal years ended October 31, 2014 and October 31, 2013 were approximately \$7,000 and \$6,142, respectively.

Fees included in the tax fees category comprise all services performed by professional staff in the independent accountant's tax division except those services related to the audits. This category comprises fees for review of tax compliance, tax return preparation and excise tax calculations.

With respect to Rule 2-01(c)(7)(i)(C) of Regulation S-X, there were no tax fees that were required to be approved by the Audit Committee pursuant to the *de minimis* exception for the fiscal years ended October 31, 2014 and October 31, 2013 on behalf of (i) the Fund's service providers that relate directly to the operations and financial reporting of the Fund, or (ii) the Fund itself. There were no tax fees required to be approved pursuant to paragraph (c)(7)(ii) of Rule 2-01 of Regulation S-X during the fiscal years indicated above.

All other fees

For the fiscal years ended October 31, 2014 and October 31, 2013, there were no fees billed by Ernst & Young for other products and services provided to the Fund other than the services reported above. Fees included in the all other fees category would consist of services related to internal control reviews, strategy and other consulting, financial information systems design and implementation, consulting on other information systems, and other tax services unrelated to the Fund.

There were no fees billed by Ernst & Young for the most recent fiscal year for professional services rendered for financial information systems design and implementation services provided to the Fund, UBS Global AM and entities that control, are controlled by or are under common control with UBS Global AM that provide services to the Fund.

With respect to Rule 2-01(c)(7)(i)(C) of Regulation S-X, there were no fees within this category that were required to be approved by the Audit Committee pursuant to the *de minimis* exception for the fiscal years ended October 31, 2014 and October 31, 2013 on behalf of (i) the Fund's service providers that relate directly to the operations and financial reporting of the Fund, or (ii) the Fund itself. There were no all other fees required to be approved pursuant to paragraph (c)(7)(ii) of Rule 2-01 of Regulation S-X during the fiscal years indicated above.

The Audit Committee Charter contains the Audit Committee's pre-approval policies and procedures. Reproduced below is an excerpt from the Audit Committee Charter regarding pre-approval policies and procedures:

The Audit Committee shall:

Pre-approve (a) all audit and permissible non-audit services¹ to be provided to the Fund and (b) all permissible non-audit services to be provided by the Fund's independent auditors to UBS Global [Asset Management (Americas) Inc. (UBS Global [AM])] and any Covered Service Providers, if the engagement relates directly to the operations and financial reporting of the Fund. In carrying out this responsibility, the Committee shall seek periodically from UBS Global [AM] and from the independent auditors a list of such audit and permissible non-audit services that can be expected to be rendered to the Fund, UBS Global [AM] or any Covered Service Providers by the Fund's independent auditors, and an estimate of the fees sought to be paid in connection with such services. The Committee may delegate its responsibility to pre-approve any such audit and permissible non-audit services to a sub-committee consisting of the Chairperson of the Committee and two other members of the Committee as the Chairperson, from time to time, may determine and appoint, and such sub-committee shall report to the Committee, at its next regularly scheduled meeting after the sub-committee's meeting, its decision(s). From year to year, the Committee shall report to the Board whether this system of pre-approval has been effective and efficient or whether this Charter should be amended to allow for pre-approval pursuant to such policies and procedures as the Committee shall approve, including the delegation of some or all of the Committee's pre-approval responsibilities to other persons (other than UBS Global [AM] or the Fund's officers).

Aggregate non-audit fees

For the fiscal years ended October 31, 2014 and October 31, 2013, the aggregate non-audit fees billed by Ernst & Young of approximately \$277,517 and \$134,421, respectively, included non-audit services rendered on behalf of the Fund of approximately \$11,490 and \$10,586, respectively, and non-audit services rendered on behalf of the Fund's investment advisor (not including any sub-advisor whose role is primarily portfolio management and is subcontracted with or overseen by another investment advisor) and any entity controlling, controlled by, or under common control with the investment advisor that provides ongoing services to the Fund of approximately \$266,027 and \$123,835, respectively.

The Audit Committee was not required to consider whether the provision of non-audit services that were rendered to the Fund's investment advisor (not including any sub-advisor whose role is primarily portfolio management and is subcontracted with or overseen by another investment advisor), and any entity controlling, controlled by, or under common control with the investment advisor that provides ongoing services to the Fund that were not pre-approved pursuant to paragraph (c)(7)(ii) of Rule 2-01 of Regulation S-X was compatible with maintaining Ernst & Young's independence.

¹ The Committee will not approve non-audit services that the Committee believes may taint the independence of the auditors. Currently, permissible non-audit services include any professional services (including tax services) that are not prohibited services as described below, provided to the Fund by the independent auditors, other than those provided to the Fund in connection with an audit or a review of the financial statements of the Fund. Permissible non-audit services may not include: (i) bookkeeping or other services related to the accounting records or financial statements of the Fund; (ii) financial information systems design and implementation; *(footnote continued on next page)*

Executive officers

Officers of the Fund are appointed by the directors and serve at the pleasure of the board. None of the Fund's officers currently receives any compensation from the Fund. The executive officers of the Fund are:

Name, address, and age	Position(s) held with the Fund	Term of office and length of time served
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