UBS Tactical Beta Fund – Growth

mFund UAM08

April 2021

Fund description

The Fund is a diversified Australian and global portfolio with the long term neutral (or average) exposure to income and growth assets expected to be 30% / 70% respectively of the total portfolio.

Investment strategy

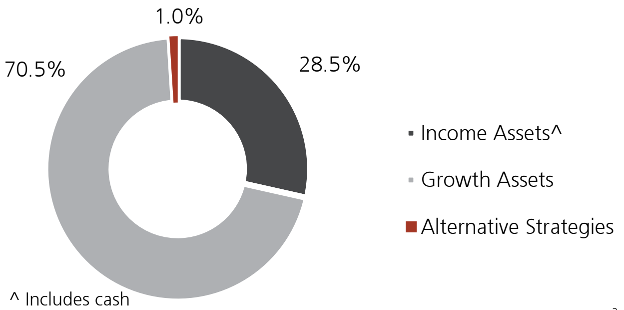
Our portfolio management team will build a diversified portfolio of income and growth assets largely by using exchange traded funds (ETFs), both onshore and offshore, index funds, cash funds and derivatives. They will tactically allocate between asset classes and currencies based on their relative value, whilst managing the overall risk and return of the portfolio. Currency exposure is actively managed through an overlay strategy to take advantage of mis-valuations that arise.

Investment return objective

The Fund aims to outperform (after management costs) the Benchmark over rolling five year periods. The Benchmark is based on the return on the market indices based on the Neutral Allocation of assets (refer to the individual asset class benchmark weights opposite in the 'Fund tactical and strategic allocations' graph).

Growth Income Asset split strategy

Tactical asset allocations



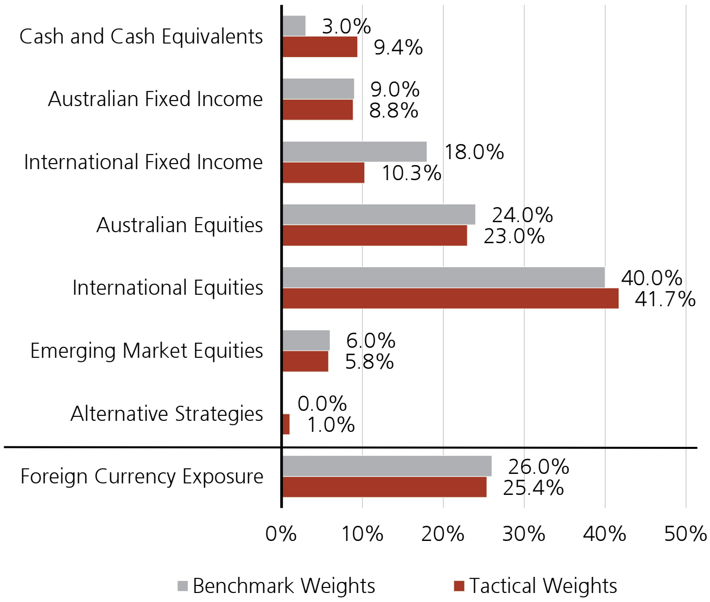
^ Includes cash

Fund information

Inception date	14 May 2012
Fund size	$152.4 m
Management fee	0.29% pa
Indirect costs	0.04% pa[1]
Minimum initial investment	$10,000 (via mFund and online application $5,000)
Distributions	Quarterly
Buy/sell spread[2]	+ 0.09% / - 0.09%
APIR code	UBS0037AU
mFund code	UAM08

[1] Estimate of the fees the Fund will incur through the Fund's investment in underlying funds. These fees and expenses will vary from time to time.

Fund tactical and strategic allocations[3]



[2] Asset allocation includes derivatives used to hedge market exposures

Investment performance

Fund

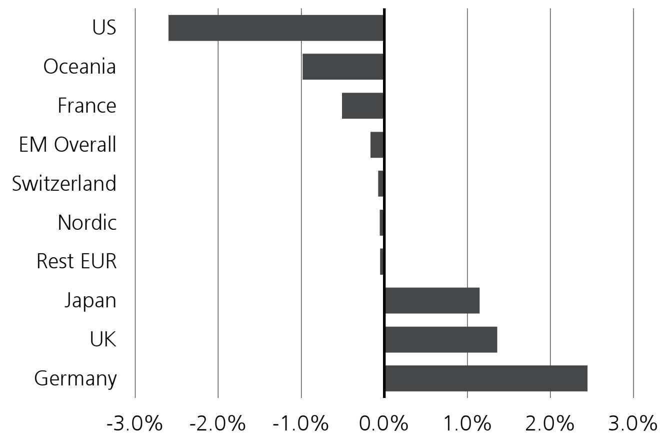
	1 month %	3 months %	1 year %	3 years % pa	5 years % pa	Since inception* % pa
Total return	2.31	5.44	23.78	7.83	8.52	8.91
Benchmark**	2.49	5.63	24.44	8.89	9.37	9.76
Added Value	**(0.18)**	**(0.19)**	**(0.66)**	**(1.06)**	**(0.85)**	**(0.85)**

*Inception date: 14 May 2012. **Neutral Allocation (refer to PDS).

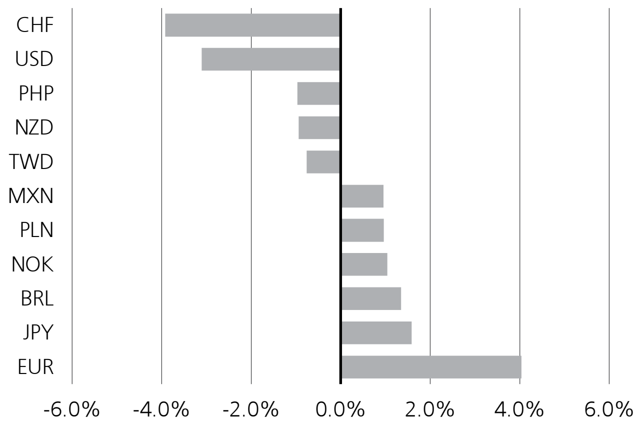
Performance figures are net of ongoing fees and expenses. T he performance figures quoted are historical, calculated using end of month redemption prices, and do not allow for the effects of income tax or inflation. Total returns assume the reinvestment of all distributions. Performance can be volatile and future returns can vary from past returns.

Active portfolio positioning

Equities (%)



Foreign currency (%)



Market review

Global equities reached record highs April led by US equities, supported by an accelerating US economic recovery and continuing support from fiscal and monetary policies. US treasury rates fell at the beginning of the month and then remained broadly range-bound for the rest of the month while German Bund yields moved up in the opposite direction. In credit markets, both IG and HY segments performed well as spreads narrowed further.

Locally, Australian equities also delivered positive return but to a lesser degree as compared to global equities. Australian 10-year government bond yield finished down which was similar to the move down in US Treasury yields over the month. The Australian dollar strengthened against the US dollar on the back of commodity strength as well as a dovish toned US Federal Reserve.

Performance review

After fees and expenses, the portfolio return of 2.31% (gross of fees return of 2.34%) in April underperformed the benchmark return of 2.49% by 18bps. At the end of April, the Fund's equity weight was 0.5% overweight relative to the benchmark. We've further trimmed the overall equites weight over the month and rotated into Global Property on the back of strong earnings revisions and catch up potential relative to other defensive sectors. We maintained our exposure to pro-cyclical relative value trades such as US equal weighted relative to the US market cap index and long Euro banks versus Euro equities. In terms of regional equity views, we continue to hold a preference for UK, German and Japanese equities. We've also added a preference for European equities over US and Australian equities this month.

Duration was kept short relative to the benchmark over the month. We remained broadly neutral in Australian and US dollar duration, underweight to Europe and Japan and added overweight to hard currency EMD in April.

Foreign currency exposure was at 25.4% with key underweights in CHF, NZD, PHP, TWD, KRW and USD and overweights in BRL, EUR, JPY, SEK, MXN, NOK and PLN.

Asset allocation & security selection

Asset Allocation and currency decisions in aggregate detracted this month. Our overweight to German and Japanese equities detracted but it was partially offset by overweight to UK equities. A preference for European equities relative to US equities was opened mid-month, and was fairly neutral for performance in the second half of April. Our preference for value-oriented equities detracted as growth equities regained some ground and outperformed value in April. We closed our overweight to the global value factor at the end of the month in preference for increasing the size of our European equity overweight relative to the US. A position opened to developed market listed property early in the month performed strongly and aided in reducing relative underperformance. Duration positioning was additive this month as our underweight to Europe was additive while underweight to Japan and our neutral stance in Australia and the US had a more muted impact. An addition of hard currency EMD to the portfolio in preference of core bonds earlier in April also contributed positively to performance.

Active currency trades in aggregate were additive this month driven by positive contributions from overweight to BRL and NOK as rise in commodity prices and hawkish central banks led to strengthening of both currencies. Overweight to MXN and PLN also contributed positively while overweight to SEK and JPY were neutral to the relative performance. This was partially offset by detractions from underweight to CHF, NZD, TWD, KRW and PHP. Over the month we closed our tactical overweight to USD in preference for EUR, trading both early and late in the month as our conviction strengthened, as well as JPY in the middle of the month. We also closed our overweight to GBP and opened an overweight in SEK.

Outlook

Our outlook for stocks over the next 12 months remains positive. However, we believe much of the equity market returns in 2021 have been front-loaded, particularly in the US. The global economic recovery to date has been stronger than expected, which we believe is not fully reflected in the performance of more economically-sensitive segments of the equity market. Given the magnitude of the equity rally in recent months, we see more upside in relative value opportunities that offer attractively priced exposure to the turn in global growth. The long end of sovereign curves is serving as a release valve for any signs of economic optimism as central bank commitments to keep policy rates low remain credible. We expect both increases in real rates and market-based measures of inflation compensation to contribute to further increases in yields.

Client Services
Telephone: (03) 9046 4041 Freecall: 1800 572 018 Email: ubs@unitregistry.com.au www.ubs.com/am-australia

Investors should consider the PDS and seek professional financial and taxation advice before deciding whether the product is appropriate for them and whether to acquire, or to continue to hold the investment. Your investment in the Fund does not represent deposits or other liabilities of UBS or any member company of the UBS Group including UBS Asset Management (Australia) Ltd (ABN 31 003 146 290) (AFS Licence No. 222605), the issuer of the Fund. Your investment is subject to investment risk, including possible delays in repayment and loss of income and capital invested. The repayment of capital or income is not guaranteed by any company in the UBS Group. Offers of interests in the Fund are contained in the Product Disclosure Statement dated 15 December 2020. The PDS is available from our website www.ubs.com/am-am-pds or by calling (03) 9046 4041.

The PDS for this fund is only available to persons receiving the PDS (electronically or otherwise) while physically in Australia, unless expressly authorised by us in writing. The offer does not constitute an offer or invitation in any place in which, or to any person to whom, it would be unlawful to make such an offer or invitation. This Fund (or the PDS) has not been registered under the laws of any jurisdiction outside Australia. The Fund may not be offered or sold in the United States of America or to 'U.S. Persons' (as defined in 'Regulation S' of the Securities Act of 1933, as amended).

UBS