

UBS Tactical Beta Fund – Growth

April 2022

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.

Target market

The Target Market Determination (TMD) for the Fund sets out the class of consumers for whom the product, including its key attributes, would likely be consistent with their likely objectives, financial situation and needs. To access to the TMD and other Fund documentation visit our [website](#).

Investment strategy

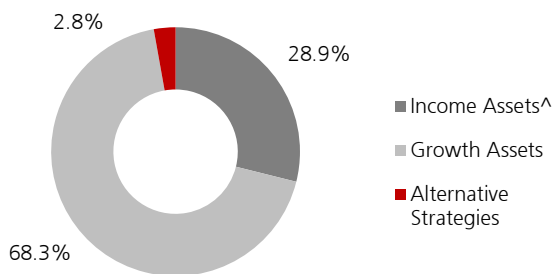
The Fund comprises a diversified portfolio of income and growth assets predominantly using passive funds, exchange traded funds (ETFs), direct securities, cash, cash equivalents and derivatives. The Fund tactically allocates between asset classes and currencies based on their relative value, in light of the overall risk and return of the portfolio. The Fund is not permitted to use leverage to amplify the exposure of the Fund to an investment.

Investment return objective

The Fund aims to outperform (after management costs) the Benchmark (see investment guidelines) over rolling five year periods.

Key statistics

Tactical asset allocations



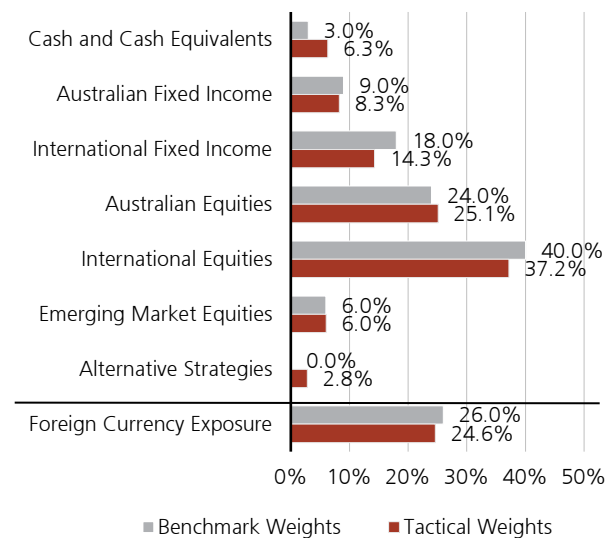
[^] includes cash

Fund information

Inception date	14 May 2012
Fund size	\$ 72.0 m
Management fee	0.29% pa
Indirect costs	0.04% pa ¹
Minimum initial investment	\$50,000
Distributions	Quarterly
Buy/sell spread ²	+ 0.09% / - 0.09%

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 allocations²



² Asset allocation includes derivatives used to hedge market exposures.

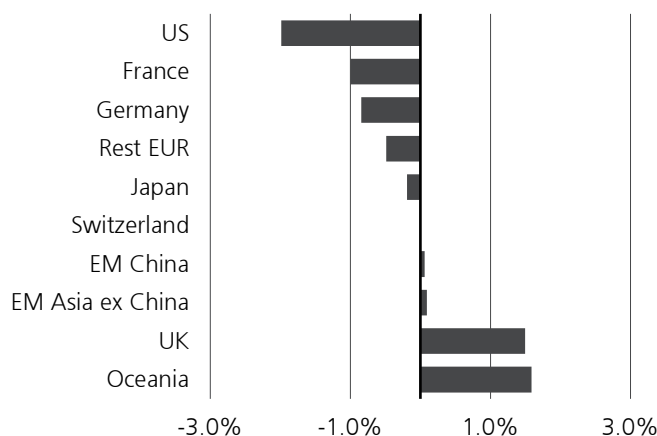
Investment performance

Fund	1 month %	3 months %	1 year %	3 years % pa	5 years % pa	Since inception* % pa
Total return	(2.55)	(3.28)	(0.08)	5.42	5.88	7.98
Benchmark**	(2.97)	(3.74)	0.67	6.32	6.81	8.81
Added Value	0.42	0.46	(0.75)	(0.90)	(0.93)	(0.83)

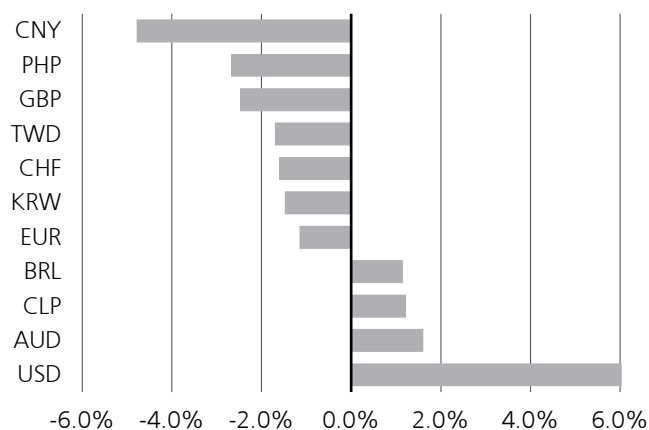
*Inception date: 14 May 2012. **Neutral Allocation (refer to PDS). Performance figures are net of ongoing fees and expenses. The performance figures quoted are historical, calculated using end of month redemption prices, and do not allow for the effects of income tax or inflation. Total returns assume 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 lost ground in April with continued macro-uncertainty over the war in Ukraine, increasingly hawkish central bank policy and concerns about the economic growth outlook against the backdrop of elevated inflation and commodity prices. The 2-year/10-year portion of the US yield curve inverted briefly in early April which is seen by some investors as a recession signal. With the US Federal Reserve raising interest rates by 25bps in March as expected, markets are currently pricing in roughly five 50bps hikes for the remainder of 2022.

Locally, Australian equities outperformed global equities as risk sentiments deteriorated over the month and we saw a higher outflow from growth tilted indices. Australian 10-year government bond yields increased sharply, in line with US 10-year treasury yields which reflected more rate hikes by developed central banks are expected. The Australian dollar depreciated against the US dollar over the month.

Commodity prices were relatively stable in April, proving resilient in a challenging market environment. Oil demand eased from weaker consumption prospects from China in light of the current covid-19 situation, while Europe flagged intention to become less reliant on Russian energy. Despite this, Brent crude prices finished the month flat.

Performance review

After fees and expenses, the portfolio return of -2.55% (gross of fees return of -2.53%) in April outperformed the benchmark return of -2.97% by 42bps. At the end of April, the Fund's equity weight was -1.7% underweight relative to the benchmark as we further reduced our directional equity risk and made various tactical adjustments to our relative value trades over the month. We retained our regional preference for UK which we took partial profits on and increased our Australian equity position to overweight. In addition, we entered an underweight to US equities and further reduced our exposure to European equities at the end of the month. We maintained our relative value trades such as long European banks versus European equities and US equal weight versus US equities. We maintained our sector preference for healthcare, financials, agriculture and energy equities while maintaining our long position in commodities and gold.

We continue to remain slightly underweight duration at the end of April. We opened an underweight to European government duration at the beginning of the month, which was funded out of Japanese government bonds until it was closed at the end of the month. We maintain our neutral position in USD duration, however continue to fund a small overweight to Asia high yield hard currency from US Treasuries.

Foreign currency exposure was at 24.6% with key underweights in CNY, PHP, GBP, TWD and KRW and overweight in USD, AUD, CLP and BRL. We opened an overweight to AUD and added to USD (on the back of rising yields) and MXN which was funded out of a new underweight to CNY and our existing positions in CHF, EUR and CLP.

Asset allocation

Asset Allocation decisions contributed positively to performance in April. Our directional underweight to equities which we reduced to underweight early in the month, was additive. From a relative value equity perspective, our regional overweight to UK contributed positively. Our sector views were also additive, as our overweight to energy performed well, while our preference for financials marginally detracted. Our preference for US equal weight and European banks also detracted. Our overweight to commodities made a positive contribution driven by a slight pickup in commodity prices over the month. On the contrary, our overweight to Gold marginally detracted from performance this month.

Short duration positioning contributed positively to performance over the month. Our underweight to European duration was additive in April, as was our position in Asian hard currency.

Active currency trades in aggregate made a positive contribution this month. Contributors to performance this month was mainly driven by overweight to USD, which we added to significantly over the month, and an underweight to PHP, KRW, TWD. This was partially offset by marginal detractions from overweight to BRL, AUD, CLP and NOK as well as underweight to EUR. Our underweight exposure to GBP remained flat.

Outlook

Our outlook for stocks over the next 12 months is cautious. We believe global stocks will continue to face valuation pressure from central bank tightening and slowing growth. We prefer relative value opportunities that have strong structural upside, undervalued cyclicals that have priced in too much of growth deceleration and higher quality and defensive segments that we expect to continue to post robust profit growth if activity moderates but remains above-trend.

The risks to long term bond yields are well-balanced after the markets have priced in aggressive central bank tightening over the coming year. We expect real rates to rise as inflation peaks and the Federal Reserve tightens policy even more in the coming months, but for this to be offset by decrease in market-based measures of inflation compensation.

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 29 September 2021. Any potential investor should consider the relevant product disclosure statement (PDS) in deciding whether to acquire, or continue to hold, units in a fund. UBS has also issued a target market determination (TMD) that describes the class of consumers that comprises the target market for each UBS fund and matters relevant to their distribution and review. A copy of the PDS, PDS addition information and TMD is available from UBS Asset Management (Australia) Ltd, the issuer of the UBS Funds, on our website <https://www.ubs.com/au/en/asset-management.html> or by calling (03) 9046 4041 or 1800 572 018.

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