

# UBS International Share Fund

January 2023

## Fund description

The Fund is an actively managed fund investing in a portfolio of 70–90 listed global equity securities.

## Target market

The Target Market Determination (TMD) for the UBS International Share 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. For more information visit our website.

## Investment strategy

The Fund seeks to invest across a wide number of countries and currencies in order to deliver a diversified investment strategy aimed at achieving the investment objective of the Fund. Currency exposure to each country may be fully hedged, partially hedged to \$A, or may exceed the Fund's securities exposure to that country.

## Investment objective

The Fund aims to outperform (after management costs) the MSCI World ex Australia net total return Index (unhedged) over rolling five year periods.

## Active security positions

Overweight	Underweight
Ameriprise Financial	Apple Inc
Hess Corp	Alphabet Inc-Cl A
Ingersoll-Rand Inc	Alphabet Inc-Cl C
Aib Group Plc	Nvidia
Mondelez International	Exxon Mobil Corporation

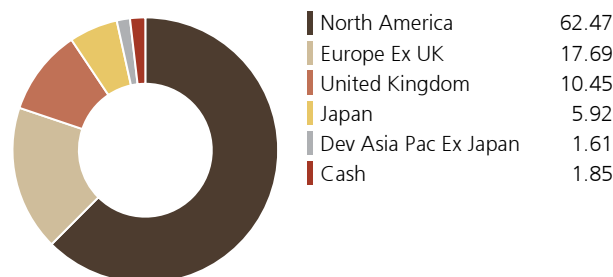
## Active industry positions

Overweight	Underweight
Food, Beverage & Tobacco	Technology Hardware & Equipment
Banks	Utilities
Software & Services	Real Estate
Media & Entertainment	Semiconductors & Semiconductor Equipment
Diversified Financials	Materials

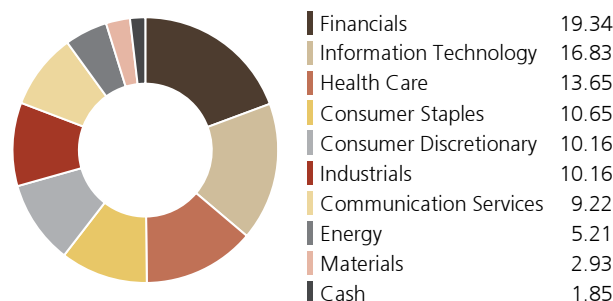
## Fund information

Inception date	15 October 1992
Fund size	\$ 78.1m
Management fee	1.00% pa
Minimum initial investment	\$ 50,000
Typical number of holdings	70 to 90
Distributions	Annually
Buy/sell spread	+/- 0.25%
Currency management	Actively managed
APR code	SBC0822AU

## Country/regional allocation (%)



## Fund positioning (%)



## Investment performance

Fund	1 month %	3 months %	1 year %	3 years % pa	5 years % pa	Since inception* % pa
Total return	3.73	2.22	(4.28)	7.54	9.66	6.91
Benchmark**	2.97	(0.72)	(7.90)	5.75	9.51	7.78
<b>Added Value</b>	<b>0.76</b>	<b>2.94</b>	<b>3.62</b>	<b>1.79</b>	<b>0.15</b>	<b>(0.87)</b>

\* The UBS Asset Management price/value equities process was adopted on 1 April 1996.

\*\* MSCI World ex Australia net total return Index (unhedged)(\$A).

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.

## Performance/attribution comments

January, the International Share Fund outperformed the benchmark.

Positive stock selection in Industrials and Financials added the most value, while stock selection in Materials and Energy detracted. In general, the best performing sectors were Industrials (0.66% total effect), Financials (0.6%) and Health Care (0.3%). On the other hand, Materials (-0.37%), Information Technology (-0.21%) and Energy (-0.14%) weighed on performance. As it relates to country attribution, United States and Japan were the top contributors to performance, at the same time exposure to Netherlands and the United Kingdom detracted the most.

### Largest stock contributors

- **World Wrestling Entertainment** share price jumped in January on news that Vince McMahon – former CEO and chairman – would return to WWE as executive chairman and would pursue strategic alternatives ahead of the upcoming media rights renewal this year.
- **Las Vegas Sands** share price jumped in January on news that Vince McMahon – former CEO and chairman – would return to WWE as executive chairman and would pursue strategic alternatives ahead of the upcoming media rights renewal this year.
- **Banco de Sabadell** shares were up on strong earnings and a surprise stock buyback, and the bank expects to generate 10% ROE in 2023 with further ROE improvement on a sustainable basis.
- **Spirit AeroSystems Holdings** continued to trend higher as investors are optimistic that supply chain issues in aerospace broadly would ease this year.
- **Wayfair's** share price bounced on news of the company's cost efficiency plan, underpinned by a 10% global workforce reduction. The company also reinforced that business momentum continues to strengthen with December revenue trends up, and overall strong topline performance and additional cost savings are driving faster progress toward profitability.

### Largest stock detractors

- Not owning **Tesla** also detracted from relative performance as shares rebounded in January following a weak share price performance in 2022 as the company recently reported a strong order book for EVs.
- **OCI** saw a pullback in its share price as concerns around energy storage in Europe were alleviated recently, leading to a decline in natural gas and nitrogen fertilizer prices.
- Not owning **NVIDIA** detracted from relative performance this month.
- **APA's** share price corrected slightly in January amid falling energy prices.
- **UnitedHealth Group** underperformed the broader market, despite a solid quarter driven by EBIT beats in their UHC and Optum Health segments. Their medical-loss ratio (MLR) came in slightly higher than expected due to the early flu season, and the Medicare Advantage rates process continued to be an overhang on managed care stock.

## Market review

After a tough 2022, global equity markets have made a strong start to 2023, with all major indexes delivering a positive total return in January. The MSCI ACWI gained 7.2%. Chinese equities performed especially well, returning 11.7% for the month as the economy reopened. China's performance boosted emerging market equities more broadly, with the MSCI EM returning 7.9% in January. Better-than-expected Eurozone economic data helped the region's equity market advance 9.6%. US equities rallied 6.3%, driven by a combination of falling inflation, hopes that the Fed is nearing the end of its rate-hike cycle, and technical factors. Swiss stocks gained 5.4%, while the Japanese and UK markets returned 4.7% and 4.1%, respectively.

## Outlook

While inflation and interest rates were firmly center stage in 2022, we believe that markets will be increasingly focused on employment and consumer health as global economies grapple with the aftermath of a challenging 2022 and elevated recession risks. We anticipate downside earnings risk will be a key focus for equity markets as stock correlations start to come down, and we are aiming to identify segments of the market where downside revisions are expected to moderate. As such, we continue to focus on stock specific fundamentals, identifying companies with good earnings achievability and with attractive price value. We continue to take advantage of this price dislocations in the market by buying stocks at more attractive entry points and adding to companies with positive free cash flow and a strong focus on profitable growth.

We also maintain our overweight to Europe which is attractively valued and where some recent positive economic data may point to a milder recession than initially anticipated: for example, we have seen improved sentiment coming out of Germany and a warmer than expected winter in Europe which alleviates some of the concerns around energy storage for next year, and indeed in December we saw a sharp pullback in natural gas prices.

Generally speaking, we believe that investors are not paid to take excessive factor risk in this environment, and we aim to construct a balanced portfolio that highlights idiosyncratic risk while muting common factor exposure. Currently, the portfolio's largest overweights are to Financials, Consumer Staples, and Communication Services; and we remain underweight to Information Technology, Utilities, and Real Estate.

## Client Services

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