

UBS International Share Fund

March 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
Hess Corp	Apple Inc
Ameriprise Financial	Nvidia
Spectris Plc	Alphabet Inc-Cl A
Ingersoll-Rand Inc	Alphabet Inc-Cl C
Mondelez International	Tesla Inc

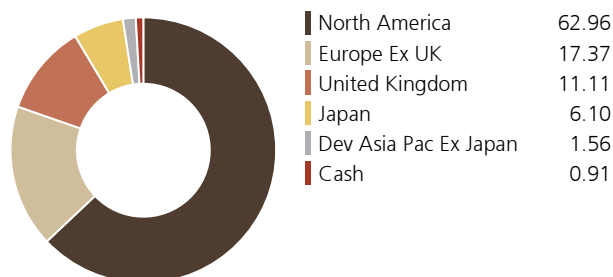
Active industry positions

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

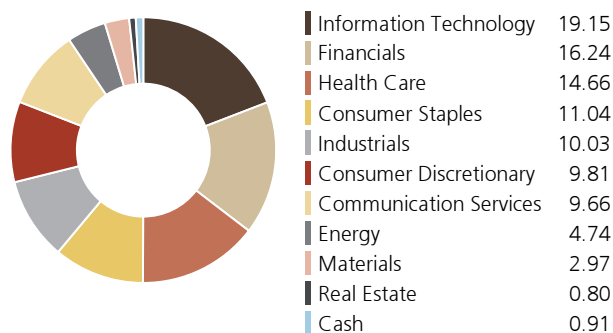
Fund information

Inception date	15 October 1992
Fund size	\$ 79.2m
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
APIR 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	1.05	6.00	5.75	14.95	10.32	6.95
Benchmark**	3.88	9.20	4.31	12.88	11.02	7.95
Added Value	(2.83)	(3.20)	1.44	2.07	(0.70)	(1.00)

* 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

In March, the International Share Fund underperformed the benchmark.

Our overall positioning in Financials was the main detractor, followed by stock selection in Industrials. Meanwhile, our overweight to Communication Services and our underweight to Real Estate contributed positively to relative performance. From a country perspective, the United States and France detracted the most, while our exposure to Switzerland and the Netherlands had a modest positive effect.

Largest stock contributors

- **Salesforce** shares rallied after delivering topline growth (\$8,384m, +14% year-on-year) and operating margins (29.2%, +14% y-o-y) well ahead of consensus. Additionally, an announcement made by top investor, Elliott Management, stated that Salesforce was making substantial progress towards regaining investor trust and that the company's commitment to responsible capital-return priorities is consistent with their recommendations.
- **Koninklijke Philips** jumped after they announced that litigation around their DreamStation 1 CPAP machine would likely reach an agreement in 2023 with the possibility of settlement, improving overall cash flow.
- **AMD's** share price increased on the news of an activist investor, Third Point, taking a stake in the company and increasing overall investor confidence.
- **Novartis** shares traded up after their new breast cancer drug showed to significantly reduce the risk of disease recurrence in early-stage patients when used with another existing therapy. The trial represents a \$3-4B opportunity and a doubling of peak sales potential.
- Not owning **JPMorgan Chase** contributed positively to relative performance this month as financials stocks sold off amid volatility in the broader banking sector.

Largest stock detractors

- **SVB Financial Group** was the main detractor as shares sharply sold off following an announcement to raise equity capital while also realizing a significant loss in their bond portfolio. This combined with a rapid deposit run led the bank to be closed by regulators.
- **Wells Fargo** sold off in line with the banking sector volatility that was driven by the collapse of Silicon Valley Bank and Signature Bank.
- Not owning **Apple** also detracted from relative performance as big tech outperformed the broader market, and their share price was also boosted by news that they were delaying bonuses, expanding their cost-cutting efforts and streamlining operations against an uncertain economic backdrop.
- **Ameriprise Financial** shares were dampened amid global turmoil in the financial sector following the collapse of Silicon Valley Bank and Signature Bank.
- **SocieteGenerale** sold off amid volatility in the broader banking sector.

Market review

The yield on the 2-year US Treasury, which hit a peak of 5.06% prior to the turmoil in the banking sector, ended the month at 4.03%. The yield on the 10-year US Treasury declined from a high of over 4% to 3.47% by the end of the month. Equity markets also gained in March and over the first quarter, pointing to confidence that regulators had acted with sufficient speed and force to avert a full-blown banking crisis. Global stocks (MSCI All Country World index) delivered a total return of 3.1% on the month, for a gain of 7.3% in the first quarter overall. The S&P 500 gained 3.7% in March, for a return of 7.5% on the quarter.

Outlook

While last year the Fed and monetary policy were firmly center stage, the macroeconomic picture has broadened and become increasingly complex with heightened investor scrutiny on financial institutions. Central banks are faced with the challenge of fighting inflation which continues to be elevated and driven by a still tight labor market and pockets of commodity price inflation, but also reinstate confidence in the global banking system. We believe we are likely to see higher interest rates for longer and broadly anticipate volatility in the market to persist through a resetting of capital market expectations amid the banking concerns, though we do see some positive signs that these will be relatively confined and not lead to broader contagion.

Our base case remains that this year the market will be driven by heightened earnings risk, where we are seeing volumes start to be pressured due to pricing, and margin compression as a result. Against this backdrop, we continue to be balanced in our positioning and focus on companies with strong cash flows, attractive valuations, and asymmetric risk/reward profiles - in particular, those that have the ability to reset their cost structures and deliver on earnings in what is likely to be a challenging economic environment. Currently, the portfolio's largest overweights are to Consumer Staples and Financials; and we are mostly underweight to Information Technology and Utilities.

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 26 September 2022. 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.

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).

This document may not be reproduced or copies circulated without prior authority from UBS Asset Management (Australia) Ltd.

© UBS Group AG 2023. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.

