A UBS Asset Management
For Professional / Qualified / Institutional Investors only
All data as at 30 June 2023

UBS International Share Fund

June 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.

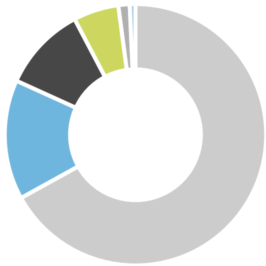
Investment objective

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

Fund information

Inception date	15 October 1992
Fund size	$ 80.8m
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 (%)



North America	66.9
Europe Ex UK	14.8
United Kingdom	10.5
Japan	5.6
Dev Asia Pac Ex Japan	1.4
Cash	0.7

Sector allocation (%)

Financials	18.0
Information Technology	17.0
Health Care	13.7
Communication Services	12.4
Consumer Staples	11.4
Consumer Discretionary	10.5
Industrials	9.0
Energy	4.7
Materials	1.7
Real Estate	0.7
Cash	0.7

Active security positions

Overweight	Underweight
Take Two Interactive Software	Apple Inc
Mondelez International	Nvidia
Spectris Plc	Tesla Inc
Ingersoll-Rand Inc	Alphabet Inc-Cl C
Koninklijke Philips Nv	Meta Platforms Inc

Active industry positions

Overweight	Underweight
Media & Entertainment	Technology Hardware & Equipment
Food, Beverage & Tobacco	Semiconductors & Semiconductor Equipment
Banks	Utilities
Health Care Equipment & Services	Materials
Software & Services	Capital Goods

Investment performance

Fund	1 month %	3 months %	1 year %	2 years % pa	3 years % pa	5 years % pa	Since inception* % pa
Total return	2.97	7.25	22.23	6.59	14.22	10.57	7.13
Benchmark**	3.12	7.63	22.59	7.05	13.48	11.46	8.14
Added Value	**(0.15)**	**(0.38)**	**(0.36)**	**(0.46)**	**0.74**	**(0.89)**	**(1.01)**

* 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 June, the International Share Fund underperformed the benchmark.

This is driven primarily by positive stock selection in Communication Services and Industrials. Meanwhile, stock selection in Information Technology and Consumer Discretionary detracted the most. Regarding attribution by countries, the Netherlands and UK were the top contributors to performance, while the US and France detracted the most.

Largest stock contributors

- **Ocado Group** shares traded up on rumors that Amazon and other companies were putting together a £8 per share bid for Ocado.
- **MSA Safety** shares gained as optimism on the earnings prospects of the company drove estimates and the share price higher. Management are monitoring macroeconomic impacts, but continue to see a strong demand trend and raised full year guidance in Q1 earnings call.
- **Ingersoll Rand** shares traded well this month as the company is being increasingly recognized in the market as a high quality hydrogen play.
- **Five9** shares rose on the back of a broader technology rally, following the recent surge in the value of AI-related companies.
- **Koninklijke Philips** shares rallied as investors begin to appreciate the attractive valuation of the shares as the company moves on from the sleep apnea recall. In May, Philips also published the independent test results of the devices, which concluded that "the exposure to VOC emissions is unlikely to result in an appreciable harm to health in patients". The FDA is currently reviewing the results.

Largest stock detractors

- Not owning **Tesla** or **Apple** detracted from relative performance this month.
- **Mondelez International** shares pulled back slightly after outperfomance year-to-date. MDLZ lagged the broader market amid recent risk-on sentiment.
- **Salesforce** shares corrected slightly after strong price performance this year.
- **Spectris** shares fell following the company's announcement on the acquisition of MicroStrain Sensing Systems Business. Although the target company is reported to have shown strong growth, limited details on the valuation were released causing volatility in the stock price.

Market Review

Global equities rose 5.8% in June, with Japanese and US stocks once again outperforming. Global markets priced out recession risk in June, particularly for the US, as data showed the continued resilience of the US economy amid more signals that disinflationary pressures in the world's largest economy would expand in the months ahead. Global equities posted their best month since January, breaking out of their year-long range to the upside with strong breadth across regions. Longer-term government bond yields rose across developed-market economies, as central banks either continued tightening campaigns or warned that rates would stay at elevated levels or go even higher for a prolonged period. UK gilts and US Treasuries lagged due to signs of still-hot inflation and wage growth in the former and resilient activity in the latter. The Bloomberg Commodity Index posted its first advance since November, in line with enhanced investor confidence on the persistence of global inflationary pressures and US activity.

Outlook and strategy

Year-to-date we have seen limited breadth in equity markets with mega cap tech stocks driving the majority of market returns in 2023, and more recently with market exuberance being spurred primarily by the AI rally. However, we expect valuations to come back into focus and some mean reversion in stock price performance. Against this backdrop, we remain disciplined in our price-to-intrinsic value investment philosophy, identifying companies that we believe are attractively valued.

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 as a result, margin compression. We believe we are likely to see higher interest rates for longer and broadly anticipate volatility to pick up again through a resetting of capital market expectations amid a potential economic slowdown. As such, 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 Communication Services and Consumer Staples, while we are underweight to Information Technology and Utilities.

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