

# UBS International Share Fund

July 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.

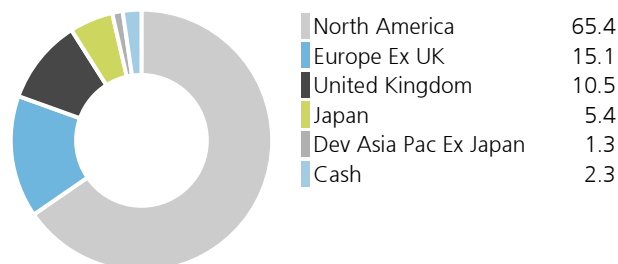
## Investment objective

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

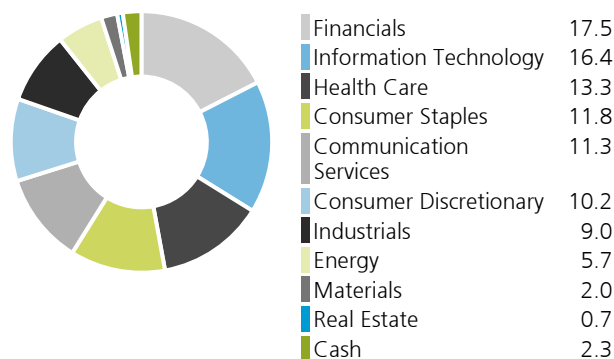
## Fund information

Inception date	15 October 1992
Fund size	\$ 78.8m
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 (%)



## Sector allocation (%)



## Active security positions

Overweight	Underweight
Take Two Interactive Software	Apple Inc
Mondelez International	Nvidia
Hess Corp	Tesla Inc
Spectris Plc	Alphabet Inc-Cl C
Ingersoll-Rand Inc	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	Capital Goods
Software & Services	Materials

## Investment performance

Fund	1 month %	3 months %	1 year %	2 years % pa	3 years % pa	5 years % pa	Since inception* % pa
Total return	3.41	7.31	18.73	6.64	16.00	10.77	7.23
Benchmark**	2.09	6.52	17.62	6.05	14.03	11.36	8.19
<b>Added Value</b>	<b>1.32</b>	<b>0.79</b>	<b>1.11</b>	<b>0.59</b>	<b>1.97</b>	<b>(0.59)</b>	<b>(0.96)</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

In July, the International Share Fund outperformed the benchmark.

This is led primarily by positive stock selection in Communication Services, followed by Industrials. Meanwhile, stock selection in Information Technology and Consumer Discretionary detracted slightly. As it relates to country attribution, United States and United Kingdom were the top contributors to performance, though exposure to Finland and Hong Kong detracted the most.

### Largest stock contributors

- **Ocado Group** shares traded up on Q2 results, and in parallel the company demonstrated optimism around their new business that plans to sell automated solutions outside of groceries.
- **Lyft** shares rose following reports that demand for their services had seen an increase, and that the company were considering strategic options for their bike business in a bid to increase profitability.
- **Bunge** shares rallied amid rising commodity prices this month as news of additional Ukrainian grain export limitation is pushing wheat prices up. Inclement weather, including flooding in South-America, may support elevated food prices for some time.
- **OCI** benefited from recent strength in underlying nitrogen markets and still-strong agriculture fundamentals. The recent surge in gas prices in Europe is expected to benefit fertilizer producers.
- **APA** shares were boosted along with rebounding commodity prices.

### Largest stock detractors

- Not owning **NVIDIA** continued to weigh on relative performance this month.
- **Koninklijke Philips** shares fell after a decline in new orders was reported in their quarterly earnings as investors' fear this might be the first indicator of a trend. Yet, half of this short-term decline is explained by Russia and orders year-on-year are still up 3%.
- **FANUC** shares sold off after the company reduced operating profit guidance to historic lows of 15.8%, mainly due to lower utilization rate on the back of high inventories.
- **Spectris** shares detracted in anticipation of the half year results, which showed that some of the key investment end-markets, such as life sciences, are experiencing slower growth than expected. However, other businesses are still very strong and Spectris posted another record-high order book.
- Not owning **Meta Platforms** also detracted from relative performance.

## Market Review

Global markets reflected investors' increasing embrace of the potential for a soft landing in July, with a risk-on tone as data continued to signal US economic strength while inflation prints from most developed market showed price pressures ebbing by more than anticipated. Global equities posted another strong month of gains. Chinese stocks led the way, as stimulus hopes and increasingly pro-business rhetoric from Beijing buoyed sentiment. US Treasury yields moved higher over the course of the month despite softening inflation, as labor market and production data continued to post solid results. The Bloomberg Commodity Index posted back-to-back monthly gains for the first time in 2023; its 5.8% gain was the largest since March 2022. Continued confidence in the durability of the US expansion, curbs in OPEC+ supply, a falling US dollar, and hopes that Chinese stimulus would spur a pick-up in activity helped buoy commodity prices.

## Outlook and strategy

While the market performance has been narrowly focused year-to-date on mega cap, growth-tech stocks, over the past couple of months, earnings have been rather positive across the board, reinforcing the sentiment that a soft landing may be achievable – a trend which has benefitted the portfolio's performance recently.

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. 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 amid an uncertain economic environment. As such, we remain disciplined in our price-to-intrinsic value investment philosophy, identifying companies that we believe are attractively valued and have earnings resiliency amid a potential economic slowdown. Currently, the portfolio's largest overweights are to Consumer Staples and Communication Services; while we are underweight to Information Technology and Utilities.

### Client Services

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