

Portfolio report

UBS International Share Fund

Global Equity

Client report from 01.04.2024 to 30.06.2024



Performance Comments

After fees and expenses, the fund decreased by 3.35% over the quarter, underperforming its benchmark.

% Return (Net)	Fund ¹	Benchmark*	Difference
3 months	(3.35)	0.28	(3.63)
1 years	11.80	19.92	(8.12)
3 years	8.29	11.17	(2.88)
5 years	11.02	12.99	(1.97)
Calendar Year to Date	6.69	14.37	(7.68)
Since inception (11/92)	7.28	8.49	(1.21)

¹ Performance figures are net of ongoing fees and expenses.

*MSCI World Equity Accumulation Index ex Australia (in \$A)

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.

Source: UBS Asset Management. These figures refer to the past. Past performance is not a reliable indicator of future results.

The International Share Fund (ISF)'s underperformance in Q2 2024 was mainly a result of negative stock selection in Information Technology, followed by Industrials. Meanwhile, stock selection in Health Care and Financials had a positive effect.

Largest stock contributors (Quarter):

Koninklijke Philips shares rallied on news of signing a consent decree over the Respiroics recall and reaching a \$1.1 billion settlement over the US class action lawsuits with patient associations over personal injury and medical monitoring litigation, which was much lower than expected by the market. The company is expected to receive €540m from insurance to settle the product liability claims, which helped to offset concerns over the company's legal liabilities.

Banco De Sabadel shares jumped after forecasting continued growth in its lending income during 2024, after beating net profit forecasts in the first quarter on the back of higher than expected interest rates. Shares were also supported by the execution of an already announced €340 million share buyback programme, and news of a merger proposal by rival BBVA, which said it would offer an estimated 30% premium.

Sandoz Group shares traded up after it announced the European Commission had granted it the right to market Pyzchiva as a gastroenterology, dermatology, and rheumatology treatment. Pyzchiva is a key biosimilar value driver for the

company over the mid-term, with this approval representing a major step in advancing Sandoz's growth strategy.

International Flavors shares rose on positive Q1 results on the back of strong consumer demand for high end food ingredients, as well as the completion of the company's divestment from their pharmaceutical, Savory Solutions and cosmetic ingredients businesses.

Micron Technology performed well on continued investor sentiment regarding rising demand for high-bandwidth memory, which is increasingly of interest in the artificial-intelligence boom.

Largest stock detractors (Quarter):

Not owning **NVIDIA** detracted from relative performance as shares rallied on strong revenue, bullish forward guidance and a liquidity-raising stock split. Data centre revenue was up 427% year on year, driven by strong demand for current generation Hopper GPUs.

Not owning **Apple** contributed negatively to relative performance after the company delivered strong Q1 results, achieving revenue records across more than two dozen countries and regions, with strong double-digit growth in emerging markets.

Lyft shares fell after Tesla's earnings release, citing investment in hardware and software ecosystems as an essential component of vehicle autonomy and ride-hailing services. Musk's comments regarding plans to operate a ride-hailing network, with owners renting out cars for a fee, grew concerns over market share for incumbent taxi services.

Regal Rexnord shares were weighed as the company lowered their full year revenue guidance, mainly in the Power Efficiency Solutions. Weak demand was noted in residential HVAC and factory automation markets; however, this was guided to improve in the second half of the year.

Estee Lauder shares fell on news that forecast annual organic sales would fall to 2% following continued weakness in Chinese consumer consumption on premium products.

Stock Contributors & Detractors (%)

Company name	Return	Contribution	Over / underweight
Koninklijke Philips	31.51	0.45	OW
Banco De Sabadell	22.53	0.37	OW
Sandoz Group	18.80	0.13	OW
International Flavors	8.61	0.13	OW
Micron Technology	8.99	0.12	OW
Total of top 5 Contributors		1.20	
NVIDIA	33.57	(1.18)	UW
Apple	20.15	(0.78)	UW
Lyft	(28.82)	(0.55)	OW
Regal Rexnord	(26.47)	(0.43)	OW
Estee Lauder	(32.21)	(0.42)	OW
Total of top 5 Detractors		(3.36)	

Note: Position at quarter-end, which may be different to the position during the quarter.

Market Attribution (%)

Market Name	Contribution	Over / underweight
Spain	0.40	OW
Netherlands	0.33	OW
Switzerland	0.30	OW
France	0.16	UW
Japan	0.13	OW
Total of top 5 Contributors	1.32	
United States	(4.37)	OW
Australia	(0.19)	OW
United Kingdom	(0.13)	OW
Canada	(0.05)	UW
Denmark	(0.04)	UW
Total of top 5 detractors	(4.78)	

Note: Position at quarter-end, which may be different to the position during the quarter.

Sector Attribution (%)

Sector Contributors	Contribution	Over / underweight
Health Care	0.79	OW
Financials	0.60	OW
Real Estate	0.13	UW
Consumer Discretionary	0.09	OW
Materials	0.03	OW
Sector Detractors		
Information Technology	(2.67)	UW
Industrials	(0.86)	UW
Consumer Staples	(0.72)	OW
Communication Services	(0.44)	OW
Energy	(0.24)	OW
Utilities	(0.06)	UW

Note: Position at quarter-end, which may be different to the position during the quarter.

Portfolio Positioning

Active Positions by Stock (%)

Top 5 Overweights		Top 5 Underweights	
Take-Two Interactive Software	3.15	Apple	(4.76)
ServiceNow	3.01	NVIDIA	(4.75)
Amazon.com	2.95	Microsoft	(1.81)
Fidelity National Information Services	2.84	Meta Platforms	(1.70)
AIB	2.36	Eli Lilly	(1.13)

Active Positions by Sector (%)

Overweights		Underweights	
Financials	6.75	Information Technology	(3.56)
Communication Services	5.73	Real Estate	(2.03)
Health Care	4.44	Utilities	(1.79)
Consumer Discretionary	4.23	Industrials	(0.83)
Materials	1.49		
Energy	1.11		
Consumer Staples	1.05		

Active Positions by Market (%)

Top 5 Overweights		Top 5 Underweights	
United Kingdom	6.12	Germany	(2.20)
United States	4.51	Canada	(1.46)
Switzerland	3.24	Denmark	(1.01)
Netherlands	3.11	Sweden	(0.81)
Japan	3.08	Italy	(0.70)

Note: Position at quarter-end, which may be different to the position during the quarter.

Market Review

Encouraging inflation prints in the US and the ongoing AI theme lifted up global stocks in June. The SPX made new all-time highs, topping 5'500 before pulling back slightly to end the month up 3.6%. Technology stocks continued to lead the market higher. Nasdaq was up strongly by 6%. European stocks underperformed driven by the ongoing uncertainties around the French election. US Treasury yields ended the month with 10 bps lower vs last month, depressed by the lower inflation readings and relatively disappointing economic data.

Outlook & Strategy

Coming into 2024, our base case was that we would witness a broadening out in market returns as inflation slows and we approach the end of the rate hiking cycle. While this year saw a retreat to much of the narrow leadership witnessed in 2023, we have been looking ahead to signs of a broadening out of equity markets. In particular, we believe the portfolio is well positioned to benefit from a reversal in earnings momentum as we see an acceleration in 2025 earnings growth and positive earnings revisions in areas of the market that have lagged in 2023 and year-to-date 2024.

In this environment, we continue to focus on earnings achievability and a margin of safety across our holdings and aim to build a portfolio where we believe there is asymmetric risk/reward. Currently, our largest overweights are to Financials and Communication Services, while we are underweight to Information Technology and Real Estate.

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