



Portfolio report

UBS International Share Fund

Global Equity

Client report from 01.10.2023 to 31.12.2023



Performance Comments

After fees and expenses, the fund rose by 4.42% over the quarter, underperforming its benchmark.

% Return (Net)	Fund ¹	Benchmark*	Difference
3 months	4.42	5.31	(0.89)
1 years	19.13	23.23	(4.10)
3 years	11.66	11.79	(0.13)
5 years	13.69	13.57	0.12
Calendar Year to Date	19.13	23.23	(4.10)
Since inception (11/92)	7.18	8.17	(0.99)

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 Q4 2023 was mainly a result of negative stock selection in Financials and Communication Services. Meanwhile, stock selection in Information Technology and Industrials had a positive effect.

Largest stock contributors (Quarter):

Lyft shares continued to rally following positive quarterly results which highlighted the substantial progress they have made over the quarter with regards to streamlining operations and focusing on growth enabling profitability.

ServiceNow contributed positively to performance following momentum from their Q3 results which highlighted strong topline growth driven by strength in their Federal business, in addition to positive deal developments. The company exceeded expectations across bookings, revenue, and margins; and subsequently raised their FY guidance.

Dollar Tree shares trended higher after CEO transition plans signalled that the company was changing course following a period of falling demand, excess inventory levels and intensifying competition. The release of Q3 print shows signs of strong momentum with solid overall traffic and market share gains offsetting weak Family dollar results.

Not owning **Exxon Mobil** contributed positively to relative performance this quarter.

Dexcom shares rose following positive Q3 results driven by a 24% uptick in domestic business sales and improved guidance on FY23 outlook. Investors also took a more balanced view on the GLP-1 effect for medtech in the wake of Novo Nordisk's positive Select trial.

Largest stock detractors (Quarter):

APA and **Hess** shares fell broadly in line with the decline in oil prices.

AIB Group detracted after a long stretch of outperformance, as the company upgraded their guidance three times in 2023. Also, the ECB warned banks to prepare for "more volatile" funding sources which dampened investors' appetite for European banks.

Bunge's share price began showing signs of weakness attributable to expectations that strong earnings performance may begin to degrade after substantial gains over the last three years.

Aptiv shares fell as a result of continued negative outlook on the future demand for Electric Vehicles. Despite this, the company reported Q3 earnings in line with expectations.

Stock Contributors & Detractors (%)

Company name	Return	Contribution	Over / underweight
Lyft	34.52	0.51	OW
ServiceNow	19.55	0.30	OW
Dollar Tree	26.22	0.28	OW
Exxon Mobil	(18.84)	0.21	UW
Dexcom	38.75	0.21	OW
Total of top 5 Contributors		1.51	
APA	(16.94)	(0.39)	OW
Hess	(10.61)	(0.31)	OW
AIB Group	(10.12)	(0.27)	OW
Bunge	(11.24)	(0.24)	OW
Aptiv	(13.93)	(0.24)	OW
Total of top 5 Detractors		(1.45)	

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

Market Attribution (%)

Market Name	Contribution	Over / underweight
United States	0.50	UW
Australia	0.20	OW
France	0.08	UW
Singapore	0.03	UW
Norway	0.02	UW
Total of top 5 Contributors	0.83	
Canada	(0.27)	UW
Ireland	(0.27)	OW
Switzerland	(0.22)	OW
Netherlands	(0.17)	OW
United Kingdom	(0.09)	OW
Total of top 5 detractors	(1.02)	

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

Sector Attribution (%)

Sector Contributors	Contribution	Over / underweight
Industrials	0.25	UW
Materials	0.22	OW
Consumer Discretionary	0.18	OW
Health Care	0.13	OW
Information Technology	0.12	UW
Utilities	0.02	UW
Sector Detractors		
Financials	(0.63)	OW
Communication Services	(0.43)	OW
Energy	(0.26)	UW
Consumer Staples	(0.14)	OW
Real Estate	(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	2.69	Apple	(5.10)
ServiceNow	2.38	Microsoft	(2.43)
Ingersoll Rand	2.09	NVIDIA	(2.07)
Fidelity National Information Services	1.86	Meta Platforms	(1.33)
Koninklijke Philips	1.79	Tesla	(1.20)

Active Positions by Sector (%)

Overweights		Underweights	
Communication Services	3.77	Information Technology	(5.71)
Financials	3.65	Industrials	(3.39)
Consumer Staples	2.86	Utilities	(2.64)
Health Care	1.87	Real Estate	(1.47)
Materials	0.61	Energy	(0.99)
Consumer Discretionary	0.04		

Active Positions by Market (%)

Top 5 Overweights		Top 5 Underweights	
United Kingdom	4.20	United States	(5.54)
Netherlands	3.05	Germany	(2.36)
Switzerland	1.33	Canada	(1.92)
Ireland	1.30	Denmark	(0.92)
Hong Kong	0.93	Sweden	(0.86)

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

Market Review

Signs that cooling inflation would allow central banks to begin lowering interest rates in 2024 without deterioration in economic growth fueled another month of strong gains in financial markets during December. The vast majority of regional equity indexes rose over the course of the month. Global yield curves made a near parallel shift lower as traders priced in more interest rate cuts and term premia declined. Credit spreads tightened over the course of the month to end 2023 close to their lows of the year. The Bloomberg Commodity Index fell 3.1 percent in December as a continued retreat in energy prices and agricultural commodities offset an increase in most metals.

Outlook & Strategy

Despite concerns over the macro environment and restrictive monetary policy, economic growth has been fairly resilient and corporate earnings estimates have gradually improved over the course of this year. We believe some risks have already been priced into the market for some time, such as tighter credit conditions and declining consumer spending. Against this backdrop, we remained cautiously optimistic that a soft landing scenario may be achievable.

While the dominant narrative in the market this quarter has centered around disinflation momentum and the end of the rate hiking cycle with markets pricing in several rate cuts in 2024, we remain cautious as there remains a degree of uncertainty around the sustainability of recent risk-on sentiment. There may be pockets of risk in Q4 earnings, and investors remain vigilant on FY2024 guidance where expectations of the magnitude of the rebound next year is driving the majority of price action. In this environment, we continue to focus on stock specific fundamentals and identify companies with good earnings achievability, such as those with inflation protected earnings or new essential technologies for example.

Positioning in the portfolio remains well diversified across sectors and markets; currently, the portfolio's largest sector overweights are to Communication Services and Financials, while underweight to Information Technology and Industrials, though sector bets remain muted on balance.

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