



UBS ETF Capital Markets  
Weekly Flow Update  
(19<sup>th</sup> of February – 23<sup>rd</sup> of February)

### Market Commentary

MSCI World in USD ended the week up 1.51% with the index being driven upwards by Information Technology (1.65%), Financials (1.57%) and Industrials (1.90%) offset by relative weakness in Real Estate (0.69%).

This week was dominated by earnings season and especially the earnings release from Nvidia. The reporting season is nearly 70% complete in Europe and 85% complete in the US. EPS growth y/y continues to be better than expected in both Europe and the US. Ex-Energy EPS growth is 5% in Europe and 10% in the US respectively according to analysts from Barclays. Beats still look relatively weak for Europe and Cyclical while Energy and Financials have delivered strongly. In addition, company guidance appears to be more positive than what was stated in Q3 and as earnings seasons has progressed sell side EPS revisions have stopped declining in the last couple of weeks as companies have been delivering decent numbers.

With respect to the US, average EPS surprise within the S&P 500 is tracking at 7%, well above the 7-year pre-pandemic average of 5.24%. 81% of companies beat the consensus EPS estimate, also surpassing the long-term trend average of 76%. Tech companies delivered beats more often than any other sector with almost 89% of prints coming in above the consensus estimate. Staples, Industrials, Healthcare and Energy also surpassed the overall index in terms of the proportion of beats versus misses whilst Communication Services underperformed. Currently, EPS growth of 8% in the US is ahead of the long-term trend of 6.3% but what is more startling is the huge divergence between Big Tech (where y/y EPS growth is tracking at 63%, leading the index by a wide margin), and SPX ex-Tech (where y/y EPS growth is negative, tracking at -2.4%). Energy & Healthcare are the primary drivers of ex-Tech earnings contraction, but are being completely outweighed by Big Tech. Consistently strong Big Tech earnings growth led to a second straight quarter of margin expansion. Margins within Healthcare, Staples and the commodity-linked sectors compressed from year-ago levels.

Investor sentiment received a boost after Nvidia's quarterly results came out stronger than the most bullish expectations. For the quarter ending in January, the chipmaker's revenue of USD22.1bn beat consensus estimates, with earnings exceeding expectations by over 10%. More importantly, the company gave a strong revenue guidance of USD24bn for the quarter ending in April, on solid AI demand with Nvidia itself up 16.4%. That added roughly USD 230bn to the company's market capitalization, breaking a record set only earlier this month by Meta for the largest one-session increase in value in history.

The latest rise left the S&P 500 index up 6.9% YTD, with gains led by large-cap US tech and growth stocks. The FANG+ index, which tracks the top 10 most traded tech stocks in the US, is up 15.1% so far this year, building on last year's 96% advance. The rally has come despite investors continuing to

revise down the likely speed of rate cuts by the Fed, amid strong economic data. The minutes of the most recent FOMC meeting released earlier this week confirmed that officials are in no rush to reduce rates, with Fed President Barkin also expressing fears this week that services inflation could remain elevated. Markets are now implying around 80bps of rate reductions this year, down from a peak of 170bps in January. The yield on the 10-year US Treasury was at 4.28% at the time of writing, up from around 3.88% at the start of 2024.

Next week, US new home sales for January is released on Monday, Eurozone M3 money supply for January on Tuesday, US Q4 q/q GDP growth on Wednesday, PCE Deflator on Thursday and US ISM Manufacturing and Eurozone CPI on Friday.

- Monday: Israel rate decision; Singapore industrial production and US new home sales.
- Tuesday: Hong Kong trade; Japan CPI; Mexico international reserves, trade; Nigeria rate decision; Taiwan export orders and US Conf. Board consumer confidence, durable goods.
- Wednesday: Chile unemployment; Eurozone economic confidence, consumer confidence; Hong Kong GDP; New Zealand rate decision; Russia unemployment, industrial production; Sri Lanka trade and US wholesale inventories, GDP.
- Thursday: Australia retail sales, private sector credit; Brazil unemployment; Canada GDP; Chile industrial production; Colombia unemployment; Finland GDP; France CPI, GDP; Germany CPI, unemployment; India GDP; Japan industrial production, retail sales; Mexico unemployment; Serbia GDP; South Africa trade balance; Spain CPI; Sri Lanka CPI; Sweden GDP; Switzerland GDP; Taiwan jobless rate, industrial production, GDP; Thailand trade; Turkey GDP; US consumer income, initial jobless claims and Vietnam industrial production, CPI, trade.
- Friday: Brazil GDP; China official PMI, Caixin manufacturing PMI; Czech Republic GDP; Eurozone S&P Global Manufacturing PMI, CPI, unemployment; France S&P Global Manufacturing PMI; Germany S&P Global / BME Manufacturing PMI; Hong Kong retail sales; India S&P Global Manufacturing PMI; Indonesia CPI; Italy unemployment, CPI; Japan unemployment; Macau GDP, casino revenue; New Zealand building permits; Pakistan trade, CPI; South Korea trade; Thailand CPI; UK S&P Global / CIPS Manufacturing PMI and US construction spending, ISM Manufacturing, University of Michigan consumer sentiment, light vehicle sales.

|   |             |
|---|-------------|
| <b>UBS ETF - Top 5 Net Inflows</b>  | <b>USD</b>  |
| Swiss Equities Sustainable  | 257,629,420 |
| Global Equities Sustainable   | 245,402,816 |
| S&P Dividend Aristocrats ESG Elite  | 91,368,949  |
| European Equities   | 60,625,005  |
| Asian Equities  | 28,340,679  |
| <b>UBS ETF - Top 5 Net Outflows</b>   | <b>USD</b>  |
| Global Equities (hedged)  | -79,502,284 |
| Global Equities   | -73,422,703 |
| Commodity   | -63,498,389 |
| European Equities SmartBeta (Small Cap)   | -18,044,939 |
| US Equities Sustainable (hedged)  | -13,515,390 |
| <b>UBS ETF - Top 5 Primary Market Creations</b>                                     | <b>USD</b>  |
| UBS (Irl) ETF plc – MSCI ACWI ESG Universal Low Carbon Select UCITS ETF (USD) A-dis | 121,751,447 |
| UBS (Irl) ETF plc – S&P Dividend Aristocrats ESG Elite UCITS ETF (USD) A-dis        | 79,724,832  |
| UBS ETF (CH) – SPI® ESG (CHF) A-acc   | 50,153,978  |
| UBS (Irl) ETF plc – MSCI World Socially Responsible UCITS ETF (USD) A-acc           | 49,618,386  |
| UBS (Irl) ETF plc – MSCI ACWI Socially Responsible UCITS ETF (USD) A-acc            | 46,646,135  |
| <b>UBS ETF - Top 5 Primary Market Redemptions</b>                                   | <b>USD</b>  |
| UBS (Irl) Fund Solutions plc – MSCI ACWI SF UCITS ETF (hedged to EUR) A-acc         | -64,330,224 |
| UBS (Irl) Fund Solutions plc – CMCI Composite SF UCITS ETF (USD) A-acc              | -57,576,426 |
| UBS (Irl) Fund Solutions plc – MSCI ACWI SF UCITS ETF (USD) A-acc                   | -51,823,785 |
| UBS (Irl) Fund Solutions plc – MSCI ACWI SF UCITS ETF (USD) A-acc                   | -47,579,196 |
| UBS (Irl) ETF plc – S&P 500 ESG UCITS ETF (USD) A-acc                               | -32,486,760 |

| <b>UBS ETF - Top 10 Secondary Market Trades</b>   | <b>USD</b>  |
|---|-------------|
| UBS (Irl) Fund Solutions plc – MSCI ACWI SF UCITS ETF (USD) A-acc<br><i>Tradeweb – Risk</i>                     | -83,230,000 |
| UBS (Irl) ETF plc – MSCI ACWI Socially Responsible UCITS ETF (USD) A-acc<br><i>Tradeweb – Risk</i>              | 56,710,000  |
| UBS (Irl) Fund Solutions plc – CMCI Composite SF UCITS ETF (USD) A-acc<br><i>Systematic Internaliser – Risk</i> | -54,390,000 |
| UBS (Irl) Fund Solutions plc – MSCI ACWI SF UCITS ETF (USD) A-acc<br><i>Systematic Internaliser – NAV</i>       | -52,390,000 |
| UBS (Irl) Fund Solutions plc – CMCI Composite SF UCITS ETF (USD) A-acc<br><i>Systematic Internaliser – Risk</i> | -50,600,000 |
| UBS ETF (CH) – SPI® ESG (CHF) A-acc<br><i>Bloomberg RFQE – NAV</i>  | 50,420,000  |
| UBS (Irl) ETF plc – MSCI World Socially Responsible UCITS ETF (USD) A-acc<br><i>Tradeweb – Risk</i>             | 49,710,000  |
| UBS ETF (CH) – SPI® ESG (CHF) A-acc<br><i>Bloomberg RFQE – NAV</i>  | 48,290,000  |
| UBS ETF (CH) – MSCI Switzerland IMI Socially Responsible (CHF) A-acc<br><i>Bloomberg RFQE – NAV</i>             | 46,610,000  |
| UBS ETF (CH) – SPI® ESG (CHF) A-acc<br><i>Bloomberg RFQE – NAV</i>  | 41,850,000  |

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